Disclosure Based on TCFD* Recommendations for FY2024

July 2025
Sumitomo Riko Company Limited

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*TCFD: Task Force on Climate-related Financial Disclosures

●Climate Change Initiatives and TCFD Compliance

The Sumitomo Riko Group has positioned climate change as an important management issue, under the Sumitomo Riko Group Management Philosophy, “We will strive to protect the global environment and to contribute to creating better communities.” In addition, in our Long-Term Vision (2029V) announced in May 2023 for 2029, the 100th anniversary of our founding, we have included “business activities that consider climate change and natural capital” as one of the materialities, and have incorporated responses to climate change into our business strategies. In addition, we have formulated our Long-Term Environmental Vision 2050 and its back-cast, Environment 2029Vision (Environment 2029V), as action guidelines focused on solving environmental issues, including decarbonization. We are working as one to achieve these goals.

From the perspective of facilitating communication with our stakeholders, we are conducting our analysis in line with the TNFD recommendations and are disclosing our findings as follows. We will continue to deepen our analysis based on the TNFD recommendations as well as trends in international sustainability disclosure standards such as ISSB standards and the Corporate Sustainability Reporting Directive (CSRD).

1. Governance

The CSR Sustainability Committee, chaired by the president and composed of executive officers, approves the company's activity policies and checks and follows up on the progress of activities related to sustainability, including climate change.

The CSR Sustainability Committee reports its findings to the Board of Directors at least twice a year and receives instructions from the Board, thereby establishing an appropriate supervisory framework.

■ CSR Sustainability Committee Overview

Committee members	Committee Chairperson: Representative Director, President and Chief Executive Officer Committee members: Outside directors, executive officers, and executives in charge of each division
Secretariat	Corporate Planning Department
Frequency of meetings	Meetings: 2 times/year Reports to the Board of Directors: 2 times/year
Themes under the Jurisdiction	Deliberations on themes such as "Environment," "Health and Safety," "Social Contribution," "Diversity and Human Rights," "Supply Chain", etc.
Most recent agenda item related to climate change	Approval of the Sumitomo Riko Group Long-Term Environmental Vision 2050 and Environment 2029V, monitoring of targets, etc. Sumitomo Riko's policy on natural capital and biodiversity, not limited to climate change (TNFD, CSRD disclosure policy, etc.)

To promote activities related to environmental themes, we have established the Company-wide Environmental Activities Council under the CSR Sustainability Committee, which is chaired by the executive officer in charge of the environmental field.

In addition, regional environmental subcommittees have been organized by representatives of environment-related operations at each of our plants and group subsidiaries to share information on revisions to laws and regulations, ordinances, and environmental accidents, thereby strengthening environmental management throughout the group.

■ Company-wide Environmental Activity Council

Council Members	Council Chairperson: Executive officer in charge of the environmental field

	Council members: One from each business division One from each of the R&D division, Purchasing division, CSR division, and Production Function Headquarters
Secretariat	Environmental Promotion Department
Frequency	At least once a year
Activities	・ Proposal of environmental policy and action guidelines to the CSR Sustainability Committee ・ Report and proposal on environmental issues and targets based on the Environmental Policy and Action Guidelines to the CSR Sustainability Committee ・ Establishment, revision, or abolition of specialized subcommittees as necessary to solve environmental issues and achieve targets ・ Evaluate the appropriateness of environmental activities and provide advice (Business Headquarters, Specialty Subcommittees, and the Environmental Promotion Department) ・ Approval by the Council to hold a company-wide safety and environment conference to review the implementation of environmental preservation activities

■ Regional Environment Subcommittee

Members of the Subcommittee	Environmental representatives of the production base and offices of Sumitomo Riko Company Limited, Environmental Representatives of domestic subsidiaries, Environmental Representatives of Business Division (Supervisors of Subsidiaries), Global Promotion Office
Secretariat	Environmental Promotion Department
Frequency	4 times/year
Activities	・ Sharing of information on the status of environmental target achievement, revisions to laws and ordinances, and environmental accidents ・ Evaluate the potential and actual environmental impact risks to the community, and deliberate and make proposals on the necessity of countermeasures and the means of countermeasures ・ Inform the group widely of “Recurrence Prevention” and “Prevention Measures” as a result of utilizing information on environmental accidents in our group

■ Global Management Meeting (GMM) Environment & Carbon Neutrality Subcommittee

Participants	Heads of domestic and overseas subsidiaries and bases, Local executives
Secretariat	Environmental Promotion Department, Carbon Neutral Promotion Office
Frequency	Once a year
Activities	・ Explanation of Environment 2029V and company-wide activities ・ Explanation of initiatives to reduce environmental risks and environmental data collection policy ・ Introduction of examples of decarbonization (carbon neutrality) from each production base

2. Strategy

a. Scenario Analysis

The Sumitomo Riko Group conducted a scenario analysis to gain a concrete understanding of the various risks and opportunities that climate change poses to our business. The scenario analysis was conducted around a time horizon of 2030, based on two scenarios: a scenario toward a “carbon neutral world” where impacts become apparent in terms of transition (1.5°C scenario), and a scenario toward a “tragic world” where impacts become apparent in terms of physics (4°C scenario).

(Reference) Main scenarios referenced

Scenario toward a “carbon neutral world” (1.5°C scenario)	・ IEA, “World Energy Outlook 2024”: Net zero emissions by 2050 Scenario (NZE), Announced Pledges Scenario (APS) ・ Inevitable Policy Response, “Supply Chain Analysis (SCA)” ・ IPCC, “Sixth Assessment Report”: SSP1-1.9/SSP1-2.6
Scenario toward a “tragic world” (4°C scenario)	・ WRI Aqueduct Water Risk Atlas 4.0: SSP5-8.5 ・ IPCC “Sixth Assessment Report”: SSP3-7.0, SSP5-8.5

b. Identification and Analysis of Risks and Opportunities

Based on the above scenario, we have identified the risks and opportunities that we assume as shown in the table below. For each of the risks and opportunities identified, we evaluated their impact on our financial figures and determined the direction of our response to each item.

◆ Transitional Risks and Opportunities

Category	Important Themes	Risk	Time of Occurrence	Impact	Opportunity	Time of Occurrence	Impact	Direction of Response
Regulations	GHG Regulations	Increased costs due to the introduction of carbon pricing	Medium-term	Medium	Cost reductions due to improved production efficiency	Short to medium term	Large	●Steady GHG emission reduction based on the Long-Term Environmental Vision ・Actively utilize renewable energy sources, such as the introduction of solar power generation ・Promote energy conservation activities by improving production processes and introducing new equipment ・Develop low-emission manufacturing methods and designs ・Use internal carbon pricing for capital investment considerations ●Smart factories using DX ・Automation and manpower saving of processes, including automation of product inspections by AI ・Reduction of design and development time through digitalization and construction of an energy aggregation system
		Increased labor costs due to stricter emissions reporting requirements	Short term	Medium				
Market/ Technology	Raw Materials	Concerns about procurement due to increased costs and decreased supply from higher natural rubber prices	Short to Long term	Large	Strengthen competitiveness through the active use of low environmental impact materials in response to changing customer preferences	Short to Long Term	Medium	●Reduction of material procurement through the effective use of resources ・Reduction in material loss (waste) by reducing defective products ・Promote recycling of resources by utilizing microorganisms to recycle waste as raw materials ●Collaboration with suppliers to expand the use of low environmental impact materials ・Dialogue on application of bio-derived materials and recycled materials
		Increased costs due to substitution of petroleum-derived raw materials	Medium-term	Medium				
		Increased procurement costs due to tight metals supply and demand and the substitution of low-carbon metals	Medium to Long term	Medium				
	EV Shift	Decrease in demand for products for internal combustion engines and decrease in component usage fees due to simplification of mechanisms	Short to Long term	Large	Increased demand for high-performance products for EVs	Short to Long Term	Large	●Build an appropriate product portfolio in line with customer requirements and market trends ・Ensure demand for products for internal combustion engines is at a turning point ・Launch of high-performance products for EVs ●Establish a system to expand sales to overseas automakers ・Establish a development and production system tailored to the local market by utilizing our global network. ・Consideration of new R&D bases for rapid response to market and technological trends
		Decrease in sales due to decline in market share of our existing customers, caused by the rise of new EV makers, etc.	Short to Long term	Medium	Expand our market share by leveraging our technological capabilities to increase sales to overseas automakers	Short to Long Term	Medium	
	Support for new technologies	Increase in development investment costs to support next-generation technologies	Medium-term	Large	Improve competitiveness by developing new decarbonization-related products utilizing next-generation technologies Enter markets that are expected to grow in line with the transition to a decarbonized society	Short to Long Term	Large	●Establishment of production technology for products using materials with a low environmental impact ・Product development using plant-derived materials (biohydrin rubber) ・Use of biomass materials in cooling hose parts for EVs ●Development of high-performance products to meet EV needs ・Development of anti-vibration products that contribute to suppression of high-frequency vibrations and noise generated by motors ・Development of products that contribute to improvement of electricity costs, such as advanced thermal management and weight reduction ・Development of products for fuel cell vehicles, such as highly sealed hydrogen hoses ●The expansion of advanced technologies for automobiles to other applications ・Development to meet the demand for infrastructure renewal in line with the shift to clean energy ・Expand sales of vibration-isolation products for infrastructure repair and large-scale wooden buildings, etc., utilizing vibration-isolation technology ・Expand applications of new products to meet demand for thermal management
Reputation	Stakeholders	Increased costs of responding to requests from investors, employees, and climate change measures	Short to medium term	Medium	Lower financing costs due to the recognition of climate change measures	Medium-term	Medium	●Building trust with stakeholders ・Steady progress on climate change measures based on dialogue with diverse stakeholders ・Utilization of sustainable finance in financing

◆ Physical Risk

Category	Important Themes	Risk	Time of Occurrence	Impact	Direction of Response
Chronic	Rising temperatures	Deterioration of labor conditions due to rising temperatures	Medium to Long term	Medium	●Improvement of production facilities and processes ・Elimination of heavy muscle work in hot environments through automation of vulcanization processes that use heat sources, etc.
	Change in precipitation	Cost increase and procurement concerns due to unstable natural rubber supply caused by changes in precipitation patterns	Medium-term	Large	●Reduction in material procurement through the effective use of resources ・Reduction in material loss (waste) by reducing defective products ・Promotion of resource recycling by recycling waste as raw materials using microorganisms
		Increased utilization costs due to tight demand for water resources, especially in areas of high water stress	Medium-term	Medium	●Conservation of water resources ・Reduction in water consumption by improving production processes and recycling wastewater ・Regular monitoring of water risks by region
Acute	Flooding, etc.	Increased operation shutdowns and restoration costs due to flooding	Medium to Long term	Small	●Enhancement of BCP ・Establishment of bridge production system among multiple sites ・Strengthening of BCP response at overseas bases, focusing on high-risk bases
		Increased transportation risks associated with typhoons and other disasters	Long term	Medium	

*Time of Occurrence----
Short-term: FY2025 (final year of the mid-term management plan),
Mid-term: FY2029 (final year of 2029V),
Long-term: 2050

*Impact----
Small: sales 5 billion yen/expenses less than 500 million yen,
Medium: sales 5 billion yen to less than 30 billion yen/expenses 500 million yen to less than 5 billion yen,
Large: sales 30 billion yen/expenses more than 5 billion yen
(Assumptions as of FY2029. Transition risk is based on the 1.5°C scenario and physical risk is based on the 4°C scenario.

c. Resilience of Strategy

We believed that in 2030, the world will be moving further toward a “carbon neutral world” that will transition to decarbonization with the goal of a global average temperature increase of 1.5°C or less. We believe that the risks that will emerge in such a transition are mainly transition risks, which may result in increased costs to comply with stricter GHG regulations, increased procurement costs of raw materials such as natural rubber, and decreased sales of products for internal combustion engines due to the shift to EVs. In particular, we recognize that the shift to EVs will have a particularly large impact on our business for our group, whose main market is the automotive market.

However, with the shift to EVs, our mainstay anti-vibration rubber products will be replaced by products for motor mounts, which are quieter than before, and urethane products will be able to add further value to products such as “sound control products” that suppress the unique noise generated by EV drive units.

In addition, demand is expected to increase for products that contribute to improving electricity costs, such as “hose products (cooling system hoses) and battery cooling plates,” which are essential for EV thermal management, and “heat insulators between battery cells,” which ensure the safety of batteries, the heart of EVs, instead of “fuel hose products,” which are unnecessary for EVs.

We believe that we can respond flexibly to social changes, including the shift to EVs, by developing new products that meet these changing market needs and by utilizing our technologies, including “polymer material technology,” which creates highly functional products by compounding, synthesizing, and modifying materials, and “comprehensive evaluation technology,” which precisely evaluates and verifies the reliability of products.

In the non-automotive business field, we will capture changes in market needs arising from the transition to a decarbonized society, such as the shift to clean power sources for construction machinery and rolling stock, toughening of social infrastructure for disaster prevention and disaster mitigation, and thermal insulation measures for a wide range of applications, including electronic equipment, housing, and structures requiring thermal measures. We will continue to develop corresponding products by leveraging our expertise in advanced technologies for automobiles and our proprietary technologies for industrial applications.

In the event that we move toward a “tragic world” (4°C scenario), mainly physical risks will materialize, and the extreme severity of extreme weather conditions, etc., may result in the suspension of operations and other impacts. Our Group recognizes such risks and will continue its risk assessment. In addition, we are steadily upgrading our response by continuously updating our BCP operation and management framework, including annual reviews of “initial response” and “recovery response” after a disaster at each site.

We will continue to update our analysis while keeping a close eye on changes in the social and market environment, and by making the promotion of various response measures more effective, we will further strengthen our resilience to the effects of climate change.

3. Risk Management

In executing risk management, our Group has established a Risk Management Committee chaired by the President, and a Risk Management Office, an organization dedicated to risk management that functions as the secretariat of the Committee.

Based on the “Basic Rules for Risk Management” and the “Group Crisis Guidelines,” the Committee conducts annual risk surveys at Group companies in Japan and overseas. The Committee shares the risks recognized and identified as “significant risks” and works to understand the risks throughout the Group. Based on the analysis and evaluation, the Committee selects which risks to address and how to respond to them, and works to minimize their impact on business operations.

The Risk Management Office, as an executive division of the Risk Management Committee, promotes prevention and mitigation measures against natural disasters such as earthquakes and accidents such as plant explosions in normal times, formulation and maintenance of business continuity plans (BCP), risk investigation/assessment, risk monitoring and alerting, and development of guidelines and manuals in the event of a crisis.

In the event of an emergency, the Company will take initial action, instruct the divisions under its jurisdiction on their roles, collect information on the crisis that has occurred and assess its impact, and establish an emergency task force as necessary. In addition, we serve as a liaison for Group crisis information 24 hours a day, 365 days a year.

With our business expanding to more than 20 countries around the world, we have identified 14 major categories of risk and 56 medium categories of risk, and have designated a department in charge of each risk item to deal with them. Each risk is evaluated in terms of “likelihood of occurrence” and “impact of damage,” and a risk map is created to visualize the impact on management. In addition, we confirm that each department in charge is functioning adequately.

In addition, to address risks specific to each country, risk surveys are conducted at overseas and domestic Group companies to confirm the

status of countermeasures on a global basis.

In this risk survey, risks identified by each base are evaluated based on the extracted risk items and the status of countermeasures. Major risks identified from the assessment results are shared throughout the group, and measures are taken to prevent risks from materializing, thereby strengthening crisis management on a global basis. Furthermore, we are striving to create a system that implements the PDCA cycle, led by the Risk Management Committee, to continuously improve risk management for the entire group.

4. Metrics & Targets

Sumitomo Riko Goup has established greenhouse gas reduction targets with the aim of achieving carbon neutrality by 2050. We recognize the importance of understanding not only direct CO_2 emissions from fuel combustion (Scope 1) and indirect emissions from the use of purchased electricity (Scope 2) from our own business activities, but also indirect emissions generated throughout the supply chain, such as from the manufacture and procurement of raw materials and from the use and disposal of products sold (Scope 3). We are working on these according to the GHG protocol with clearly defined targets.

To reduce our own emissions, we are approaching the issue from both a production energy reduction as well as a conversion to renewable energy. We are also promoting climate change mitigation and adaptation by fully utilizing our core technologies in manufacturing, materials, and product development. In the supply chain, we are also planning and implementing measures to reduce CO_2 emissions from the purchase, transportation, and disposal of raw materials and parts.

○ 2025 Sumitomo Riko Group Medium-Term Management Plan

The Group has set a CO_2 emissions reduction target in the 2025 Sumitomo Riko Group Medium-Term Management Plan, which ends in FY2025. In fiscal 2023, we reduced greenhouse gas emissions by 26.6% compared to fiscal 2018.

Item	Target Year	CO_2 Emission Reduction Target	FY2023 Actual
2025 Sumitomo Riko Group Medium-Term Management Plan (2025P)	FY2025	Scope1+2 -20% (compared to FY2018)	-26.6%

○ 2029 Sumitomo Riko Group Vision

As an interim target for carbon neutrality in 2050, we have also set a CO_2 emission reduction target in our long-term vision (2029 Sumitomo Riko Group Vision), which ends in FY2029, and are implementing initiatives

from a long-term perspective.

Item	Target Year	CO_2 Emission Reduction Target	FY2023 Actual
2029 Sumitomo Riko Group Vision	FY2029	Scope1+2 -30% (compared to FY 2018) Scope3 -15% (compared to FY 2018)	-26.6% -2.8%
	Year 2050	Achievement of carbon neutrality	

To reduce our own emissions (Scope 1+2) in FY2029, we are working on the four pillars of (1) energy-saving activities, productivity improvement, (2) new technology development (innovative manufacturing methods, new products), (3) business structure reform, and (4) utilization of renewable and creative energy, as well as training personnel to promote CO_2 emission reduction.

While the actual results of Scope 1+2 reductions through the promotion of the above initiatives are already on par with the FY2029 target, emissions are expected to increase as production volume increases due to future sales growth, but we aim to achieve the target through further progress in our initiatives.

In addition, since Scope 3 accounts for 92.2% of the total CO_2 emissions in the Group's supply chain, we will continue our efforts to reduce emissions through the provision of environmentally friendly products, technological advancement, and new product development.