

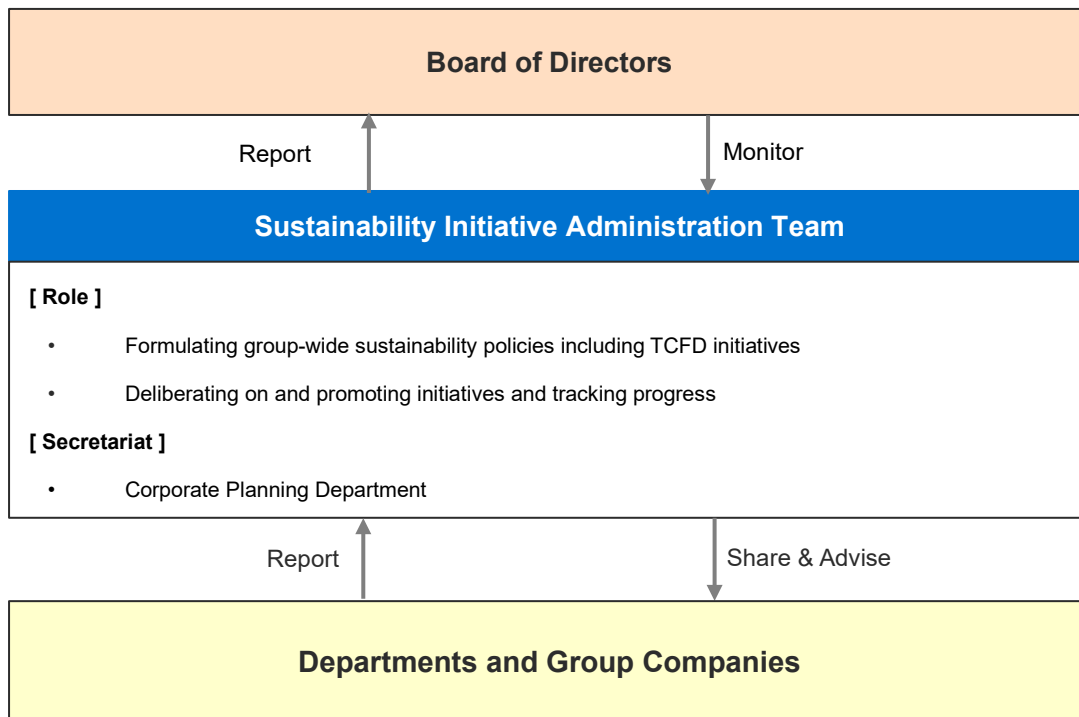
# Lasertec's TCFD Disclosure

## Policy on Climate Change

Lasertec is actively engaged in efforts to address the growing challenge of global warming and other environmental issues as part of its efforts to contribute to solving social issues through business activities. Based on the framework recommended by Task Force on Climate-related Financial Disclosures (TCFD), we analyze our climate change-related risks and opportunities and strive for risk mitigation and opportunity expansion while proactively making disclosures.

## Governance

Our Board of Directors monitors the status of our ESG and climate change-related initiatives by receiving reports periodically. Our Corporate Planning Department is the secretariat responsible for administering these initiatives, making necessary coordination among our group companies, and formulating future policies.



## Strategy: Analysis Targets and Methodology

We conducted a scenario analysis focused on the semiconductor-related equipment market and estimated its state as of 2030. We identified risks and opportunities, looked at changes in society and their potential impact on our business, and examined what actions we should take to mitigate these risks and impacts. The scenarios used were a 1.5°C scenario, where global efforts to achieve a carbon-neutrality will be made, and a 4°C scenario, where the physical risks of climate change will materialize because no climate-related measures are taken. We predicted how society would change in each of these scenarios while referring to the scenarios created by various organizations and panels and used this information to analyze the financial impacts of climate change on our business.

### Scenarios

Scenario	Summary	Main references
1.5°C Scenario	<ul style="list-style-type: none"><li>This scenario assumes that countries around the world will advance their climate-related policies and regulations beyond those of the 2°C scenario by pushing to achieve net-zero CO2 emissions by 2050 and taking other measures to suppress global warming and keep the average temperature to less than 1.5°C above pre-industrial revolution levels. People will have a significantly higher level of awareness about environmental issues and climate change than the current level.</li></ul>	<ul style="list-style-type: none"><li>IEA World Energy Outlook 2021. Sustainable Development Scenario / Net Zero Emissions by 2050 Scenario</li><li>IPCC SSP1-1.9</li></ul>
4°C Scenario	<ul style="list-style-type: none"><li>This scenario assumes that countries around the world will only take environmental policies already in place or announced, a weak response compared to the 1.5°C and 2°C scenarios. CO2 emissions are likely to increase in the foreseeable future, and public awareness of environmental issues and climate change will remain unchanged from today.</li></ul>	<ul style="list-style-type: none"><li>IEA World Energy Outlook 2021. Stated policies Scenario</li><li>IPCC SSP5-8.5</li></ul>

## Strategy: Major Risks and Opportunities

We used the framework of risk and opportunity analysis provided in the TCFD recommendations to examine the climate change-related risks and opportunities in the semiconductor-related equipment market and identified those that are likely to have a significant impact on our business.

### Major Risks and Opportunities in the 1.5°C Scenario

Category		Item		Impact
<b>Risks</b>	Transition Risks	Policy and Legal	Increased pricing of GHG emissions	The introduction of carbon taxes would increase fuel-related expenses.
			Enhanced emissions-reporting obligations	If Scope 3 emission reporting becomes mandatory, it would increase personnel, outsourcing and other expenses associated with data gathering and analysis.
		Technology	Unsuccessful investment in new technologies	If our efforts to launch new products fail, we would lose market share to competitors and incur a significant loss.
		Market	Changing customer behavior	If we are unable to respond to changes in customer need properly, for example, to meet increased demand for energy-efficient products, the impact on our business would be significant.
			Increased cost of raw materials	A higher cost of raw materials would impact our profits.
<b>Opportunities</b>	Products and Services	Service Development	Development and/or expansion of low emission goods and services	If we continue to develop new products including EUV mask inspection systems, which are used for leading-edge semiconductor production, and SiC wafer inspection systems, which contribute to energy efficiency improvement, our profits would increase.
		Innovation	Development of new products or services through R&D and innovation	If we keep searching for new customer needs and developing new products to meet them, our profits would increase.
		Consumer Behavior	Changing consumer behavior	

## Major Risks and Opportunities in the 4°C Scenario

Category		Item		Impact
<b>Risks</b>	Transition Risks	Technology	Unsuccessful investment in new technologies	If our efforts to launch new products fail, we would lose market share to competitors and incur a significant loss.
		Market	Increased cost of raw materials	A higher cost of raw materials would impact our profits.
	Physical Risks	Acute	Increased severity of extreme weather events such as typhoons and floods	The suspension of business activities due to transportation and supply chain disruptions would cause profits to decline.  If we are unable to maintain workforce, our ability to provide products and services would decline.
		Chronic	Changes in precipitation patterns and extreme variability in weather patterns	The cost of air-conditioning for cleanrooms and others would rise.
<b>Opportunities</b>	Products and Services	Service Development	Development and/or expansion of low emission goods and services	If we continue to develop new products including EUV mask inspection systems, which are used for leading-edge semiconductor production, and SiC wafer inspection systems, which contribute to energy efficiency improvement, our profits would increase.
		Innovation	Development of new products or services through R&D and innovation	If we keep searching for new customer needs and developing new products to meet them, our profits would increase.
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## **Strategy: Examining Changes in Society and Measures to Take**

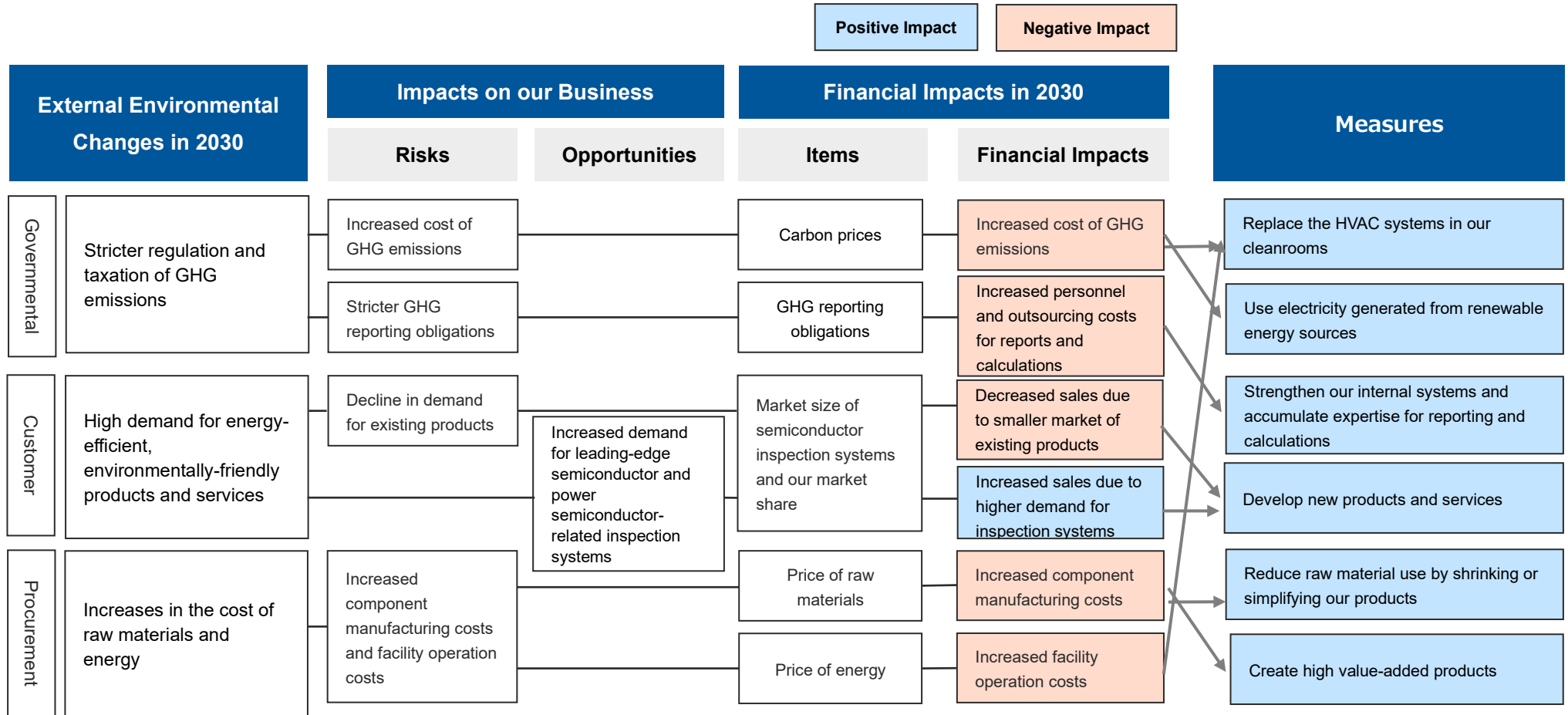
### **The 1.5°C Scenario**

In this scenario, we expect that we would be able to capture opportunities from the market growth of leading-edge semiconductor and power semiconductor-related systems, but we also anticipate that the costs of GHG emissions, raw materials, and energy would increase.

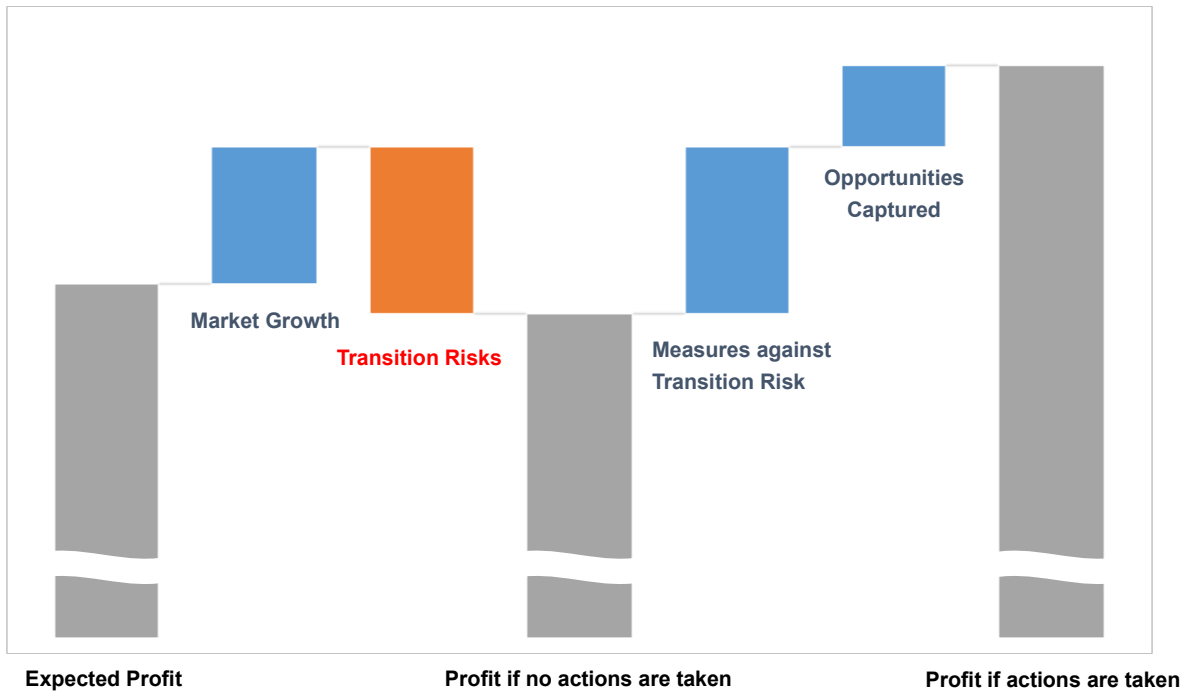
As our measures to take in this scenario, we would reduce GHG emissions by replacing the air-conditioning systems in our cleanrooms and using electricity from renewable energy sources and would reduce our raw material costs by simplifying and downsizing our products to address transition risks. We would also strive to offer added value and expand market share through new product development.

We expect that we would be able to mitigate the impacts of transition risks on our business and capture new opportunities by taking these measures.

# 1.5°C Scenario: Changes in Society and Measures to Take



## 1.5°C Scenario: Expected Financial Impacts



## **The 4°C Scenario**

In this scenario, we anticipate financial impacts from transition risks due to increased costs of raw materials and energy and from physical risks such as increased repair costs as a result of damage caused by natural disasters and decreased sales due to suspended business activities.

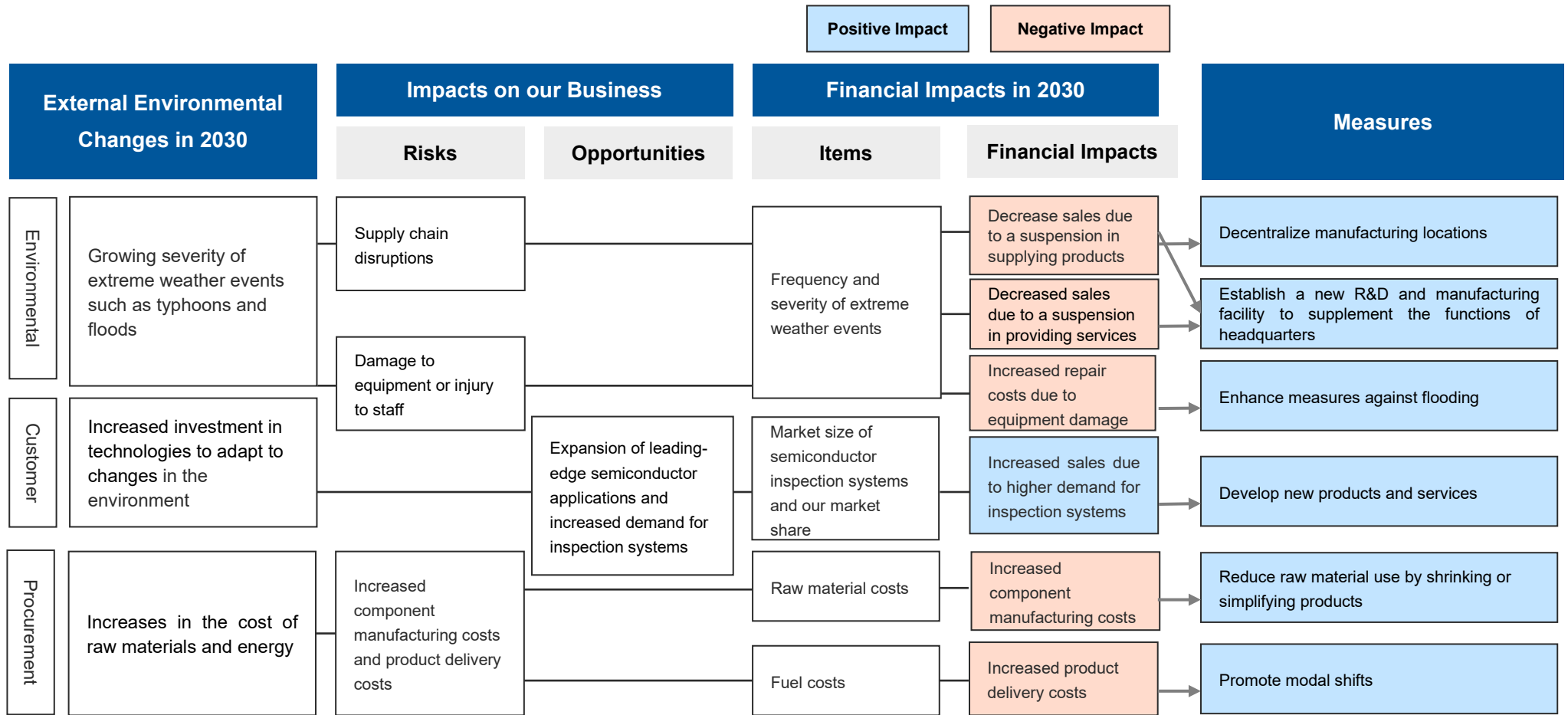
As our measures to take in this scenario, we would simplify and downsize our products to lower raw material costs, promote modal shifts to reduce transportation costs, and strengthen our business continuity measures. As our measures against physical risks, we would decentralize our manufacturing locations, establish a new R&D and manufacturing facility to supplement the functions of our headquarters, and enhance our measures against flooding. We would also strive to expand our market share by developing new products.

We expect that we would be able to mitigate the impacts of transition risks and physical risks on our business and capture new business opportunities by taking these measures.

We will continue to monitor changes in the environment and update/expand our quantitative analyses as necessary to enhance our resilience to climate change and offer value that fits those changes.

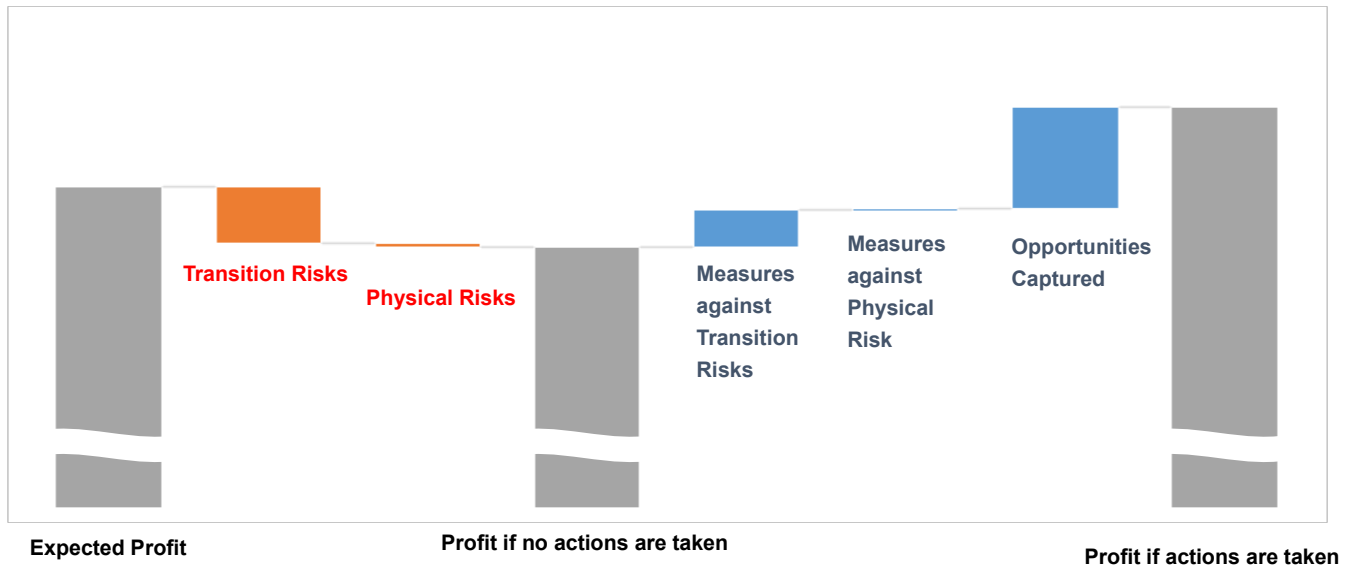


## Major Risks and Opportunities in the 4°C Scenario



Positive Impact      Negative Impact

## 4°C Scenario: Expected Financial Impacts



## **Risk Management**

We assess the various risks to the continuation of our business, identify the impacts they would have in the event they occur, and formulate appropriate responses and preparations for each. We assign a person with the task of implementing the necessary preparations and measures for each risk category. We conduct periodic reviews of these and make updates and improvements to our business continuation plan (BCP) to ensure that, even if any of the risks materialize, we can minimize the impacts on our business operations and continue to meet the obligations that we have to our customers.

## **Metrics and Targets**

We calculate the Scope 1 and Scope 2 GHG emissions of our headquarters and make this information publicly available on our website. The results show a continuous year-on-year decline in the intensity of our GHG emissions per revenue from FY2018 to FY2021.

We will establish metrics and targets in line with our strategy and risk management and take action to achieve them based on the result of our scenario analysis.