

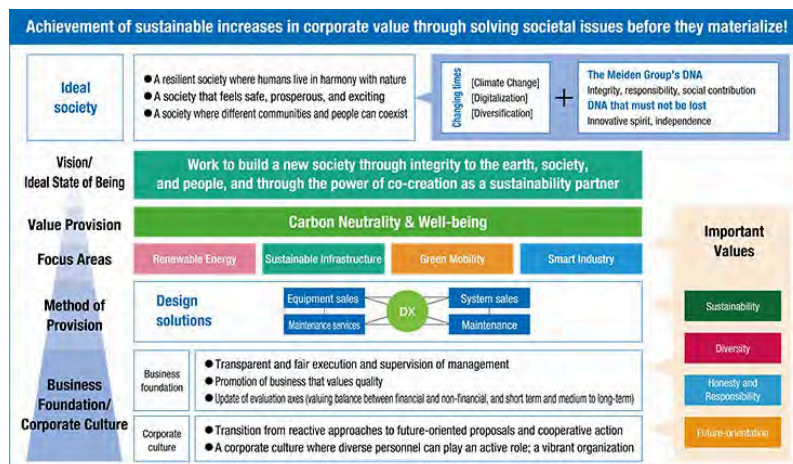
# Sustainability Management

## The Meiden Group's Sustainability Management

Currently, the social environment in which the Meiden Group operates, continues to undergo drastic changes, such as the impact of accelerating climate change since the industrial revolution, digitalization through technological innovation, and diversification of values and lifestyles of people.

Amid such profound social changes, we have depicted the Meiden Group's ideal society of 2030 with an eye to the worldview of 2050, by combining Meiden's DNA of "integrity," "responsibility," and "social contribution," which are our strengths since the establishment of the Group, with the DNA that we must not lose of "innovative spirit" and "taking-initiative mind." This ideal society is "a resilient society where humans live in harmony with nature," "a society that feels safe, prosperous, and exciting," and "a society where different communities and people can coexist." With such a mindset, the Meiden Group has set its vision of an ideal state of being, which is sustainability partnerships that "work to build a new society through integrity to the earth, society, and people, and through the power of co-creation."

In order to contribute to the creation of a new society through business activities, we will focus on the four areas of "renewable energy," "sustainable infrastructure," "green mobility," and "smart industry," based on the infrastructure-related technology and know-how that we have developed over many years, and the trust and results of our customers. The values that must be held by everyone who works in the Meiden Group are "sustainability," "diversity," "integrity and sense of responsibility," and "future orientation" to achieve this society. We will apply these four values to our day-to-day activities, and under Medium-term Management Plan 2024, which commenced in FY2021, the Meiden Group aims to take a "Big Jump" in our growth and achieve sustainable corporate growth, by promoting management focused on ESG and sustainability.



## Sustainability Partnerships

We defined the term “Sustainability Partnerships” to specifically articulate the Meiden Group’s ideal form.

“Sustainability Partnerships” fulfil dual roles to realize the Meiden Group’s goals of achieving people’s happiness and a sustainable global environment.

The first is that we partner with society as a member of society to achieve a sustainable global environment. The other indicates our role as a partner to work with various stakeholders such as employees, shareholders, investors, and customers, to achieve sustainability.

Our main contributions include contributing to carbon neutrality, which enables environmentally considerate lifestyles of people and industry and another is wellbeing, the idea that focuses on building a society based on people’s happiness.

Firstly, contributing to “carbon neutrality” requires supporting a carbon-free society based on environmentally considerate products, as well as, making the Meiden Group shift toward becoming carbon-free.

Secondly, wellbeing requires the provision of infrastructure and services for safe and secure lifestyles, the creation of a society with a feeling of connection and diversity, and the provision of excitement to society by the Meiden Group taking the lead in depicting a new world.

The role of “Sustainability Partnerships” combine these two aspects, and fulfilling this role through our business activities will lead to the realization of our ideal society.

## Promoting Sustainability Management

### (1) Governance

To enhance its corporate value in terms of sustainability, the Meiden Group is strengthening its sustainability promotion structure. The Representative Director, President and Executive Officer has ultimate responsibility for management decisions related to sustainability.

Since FY2022, the ESG Management Promotion Committee, which had been in place until the previous year, has been reorganized into a two-tiered structure consisting of the Sustainability Management Strategy Committee and the Sustainability Management Promotion Committee. The aim is to separate management decisions from the monitoring of progress. Matters discussed by these bodies are regularly reported to the Executive Officers’ Meeting and the Board of Directors twice a year.

Relevant divisions are currently discussing the selection of target indicators and evaluation ratios to tie executive compensation to sustainability.



## Topics of Discussion by the Two Committees (FY2023)

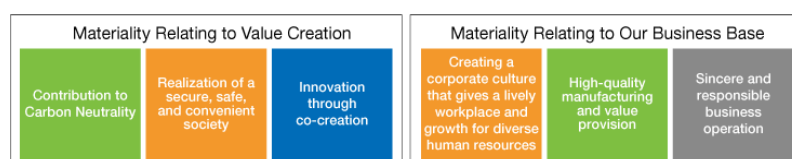
	When	Topic
Sustainability Management Strategy Committee	Session 1	Review of medium-term environmental targets Progress of human capital management
	Session 2	Review of medium-term environmental targets
Sustainability Management Promotion Committee	Session 1	Lookback on FY2022 + FY2023 action plans
	Session 2	Progress of human capital management, corporate culture reform, and human rights
	Session 3	Progress of environment, human capital, and corporate culture reform

### (2) Risk Management

The Risk Management Committee manages risk for the entire Meiden Group. Working with related divisions, the Sustainability Management Promotion Division, which promotes sustainability management, plays a central role in identifying risks related to sustainability in general. These risks are incorporated into company-wide risks and managed together with them.

### (3) Strategy

The Meiden Group strives to realize a sustainable society and sustainable growth. Our 2030 Ideal State of Being/Vision is “Work to build a new society through integrity to the earth, society, and people, and through the power of co-creation - Sustainability partnerships -.” To achieve our three societal goals and sustainable growth for the Group, we have established four business domains that can leverage Meidensha’s unique characteristics. We have furthermore defined our value creation process and identified six material issues to address in particular. The Corporate Policy Planning Group takes the lead in identifying materiality. To do so, it exchanges opinions with each business group and cross-functional divisions, then holds discussions at the Sustainability Management Strategy Committee, Executive Officers’ Meeting, and Board of Directors.



Identification of Materiality >

#### (4) Indicators and Targets

In light of the above, the Group has set non-financial indicator targets in Medium-term Management Plan 2024.

	Targets	FY2023results
GHG emissions from business activities (Scope 1 and 2, compared with FY2019)	FY2024: Reduce by 6% FY2030: Reduce by 30%	Scope 1 and 2 reduced by 8%
GHG emissions during product use (Scope 3, compared with FY2019)	FY2024: Reduce by 6% FY2030: Reduce by 15%	Scope 3, Category 11 reduced by 13%
Achieve RE100 by 2040 and carbon neutrality by 2050		
Female officer class (inside officers)	FY2024: At least 1 FY2030: At least 3 (of which, at least 1 executive officer)	1
Non-Japanese presidents of local subsidiaries	FY2024: At least 3 FY2030: At least 5 (of which, at least 1 executive officer)	1
eNPS (NPS® for employees) *(compared with FY2021)	FY2024: 10% improvement (-63.6%→-53.6%)	2.6% poorer
New businesses net sales	Fiscal 2024 net sales: ¥5 billion	¥600 million

\* eNPS (NPS® for employees): Abbreviation of Employee Net Promoter Score, an indicator that measures employee loyalty (i.e., employees' level of trust in and attachment to their workplace)

\* NPS® is a registered trademark of Bain & Company, Fred Reichheld, and Satmetrix Systems.

## Spreading the Sustainability Vision

### Meiden Mirai Meeting: A Conversation between Employees and Management

Meidensha has long provided opportunities for dialogue between management and employees, but we believe that creating more settings for two-way dialogue is crucial for firmly establishing sustainability management internally. Therefore, we started the Meiden Mirai Meeting in FY2022 and President's Town Hall Meeting in FY2023, respectively. At the President's Town Hall Meeting, the President spoke about his own "MY Vision" of exemplifying change in terms of people and organizations to create a new society and ensure that Meidensha as a company provides value suited to the times. He also engaged in dialogue with employees. At Meiden Mirai Meetings, division officers spoke about their own "My Vision" and talked with employees of their divisions. These exchanges foster a culture where it is standard practice to take on challenges by our own choice.



Meiden Mirai Meeting (Numazu Works)



President's Town Hall Meeting

## My Vision/ My Challenge

Meidensha strives to respect individual diversity and draw out each employee's taking-initiative mind and motivation. To that end, we launched "My Vision/My Challenge," an initiative for employees to reflect on their own life vision, compare it with the company's vision, and put into words what challenges they will take on in the Meiden Group. We believe that employees take true sustainability management personally when the vision and mission of the company and each division overlap with the individual's vision. We furthermore believe that increasing the overlap and our efforts to support employees who take these challenges will lead to greater individual satisfaction and growth as well as to the achievement of the vision and mission of the company and each division at the same time. In FY2022, members of upper management put their "My Vision/My Challenge" into words. We plan to expand this to executive officers and employees with management responsibilities in FY2023.



## Meiden Group Initiatives for Sustainable Development Goals (SDGs)

At the UN Sustainable Development Summit in 2015, the world adopted common goals known as the Sustainable Development Goals (SDGs)\*. The SDGs are challenges the international community is addressing over the 15 years from 2016 to 2030.

The targets of the SDGs are very compatible with the ESG Vision and business activities of the Meiden Group. They include many areas where we can contribute to a solution with technologies and expertise we have cultivated over the years. Thus, to really learn and take advantage of the opportunities and challenges presented by the SDGs, we laid out the effects that our business activities have on the environment and society. This process considered the entire value chain and issues specific to the countries where we do business. It even included any negative impacts of our business activities.

The Meiden Group will continue to pursue manufacturing that contributes to society, achieve sustainable value creation and contribute to the solution of social issues, including those posed by the SDGs.

\* \* Sustainable Development Goals (SDGs): Seventeen goals incorporated into the 2030 Agenda for Sustainable Development adopted by world leaders at the United Nations Sustainable Development Summit in September 2015. Based on these new goals—universally applied to all nations—each nation will end all forms of poverty, combat inequality, and take steps to address climate change while ensuring that no one is left behind over the next 15 years.

## The Meiden Group's Approach to SDGs

As a heavy electric equipment manufacturer supporting the future of social infrastructure, the evolution of industry, and achieving sustainable growth and development, the Meiden Group contributes to the Seventeen goals of the SDGs through all business activities. Furthermore, in order to continue contributing to the SDGs in the future, it is necessary to seriously address the expectations of society and accurately grasp key social issues as important issues for the Company. To do this, we have established areas that contribute to solving social issues through business strategies.

The Meiden Group will continue to actively challenge itself to create new technologies and new value, in order to contribute to the realization of a vibrant and comfortable future society.



## Education for Application of SDGs in Business Strategy and Activities

At selective training that commenced in FY2019 for the purpose of developing young employees into the next generation of managers, we consider social issues such as SDGs, establish programs to create business strategies, and approach contribution to the solution of social issues and share ideas to incorporate SDGs in management and individual duties, through business strategies that are not swayed by past business.

## External Support Initiatives

Initiative	Outline	Date of agreement/participation
Carbon Disclosure Project (CDP)	An initiative begun by a coalition of major institutional investors around the world. It calls on the world's enterprises to disclose their climate change strategies (risks and opportunities) and their GHG emissions, among other information.	March 2017
Task Force on Climate-related Financial Disclosures (TCFD)	An initiative established by the Financial Stability Board to encourage disclosure of information about climate-related risks and opportunities.	June 2019
Japan Climate Initiative (JCI)	A network of diverse non-state actors such as corporations, municipal governments, groups, and NGOs, that actively work to combat climate change.	December 2020

Initiative	Outline	Date of agreement/participation
WIPO GREEN	An online platform established by the United Nations World Intellectual Property Organization (WIPO) to promote the transfer of environmental technologies by connecting providers of such technologies with those who wish to use them.	March 2022
United Nations Global Compact (UNGC)	A global framework that sets 10 principles implementation relating to protecting human rights, eliminating inappropriate labor, attending to the environment, and preventing corruption, in order to achieve sustainable growth.	September 2022
GX League	A forum for companies that aim to achieve sustainable growth in the present and future society by taking on the challenge of GX (Green Transformation) to achieve carbon neutrality and social transformation by 2050. Here, they can collaborate with other companies making similar efforts and with government and academia.	May 2023 (became a participating company)

## Group Membership Credentials

- KEIDANREN (Japan Business Federation)
- The Japan Electrical Manufacturers' Association (JEMA)
- The Institute of Electrical Engineers of Japan (IEEJ)
- Electric Technology Research Association
- The Japan Electric Association
- The Japan Society of Mechanical Engineers

## Active Participation in Industry Groups

The Meiden Group actively participates in the following industry groups and has declared our intention to decarbonize. The Meiden Group sees no disagreement or contradiction between its policies and directions on environmental issues and the policies and directions of these industry groups, and we are committed to furthering the initiatives of each.

- Ministry of the Environment Network for Promotion of Decarbonization Management
- JEMA Environmental Business Policy Committee
- JEMA Environmental Business Policy Steering Committee
- JEMA Environmental Technology Expert Committee
- Coalition of four electrical and electronic equipment groups, Environmental Strategy Liaison Committee
- Coalition of four electrical and electronic equipment groups, Product Chemical Substances Expert Committee
- Coalition of four electrical and electronic equipment groups, Expert Committee on Measures for Chemical Substances Related to Business Establishments

- Coalition of four electrical and electronic equipment groups, Expert Committee on Waste and Recycling Measures Related to Business Establishments
- Coalition of four electrical and electronic equipment groups, Liaison Committee on Global Warming Countermeasures for Electrical and Electronic Equipment