

OUR APPROACH

# The carbon neutral transition plan

Meiden Group is taking the following actions to become carbon neutral by 2050.

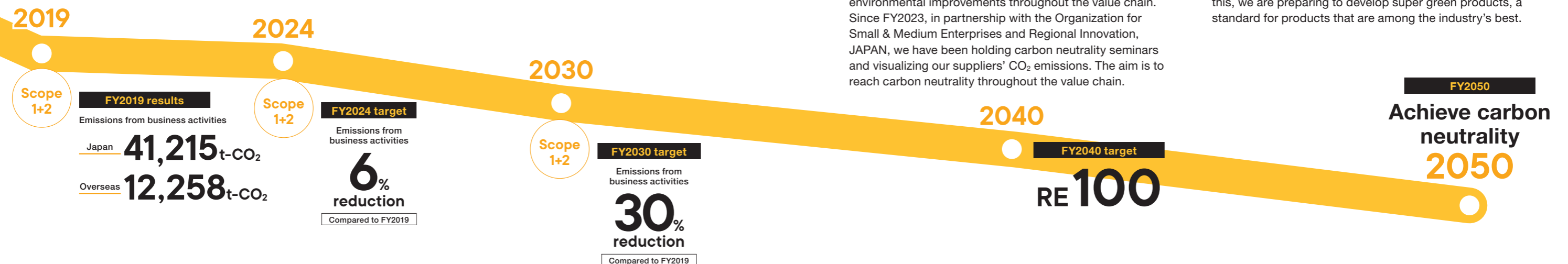
## Reducing emissions from business activities (Scope 1+2)

Among our strategic facility investments such as switching from gas to electric power and making lighting, A/C equipment, and manufacturing equipment with more efficient fixtures, we are introducing internal carbon pricing (ICP) as a metric for determining investment within the Company. To accelerate our efforts to decarbonize in FY2023, we revised our price of carbon from 3,000 yen/tCO<sub>2</sub> to 15,000 yen/t-CO<sub>2</sub>. We also experienced power shortages last year and so redoubled our commitment to reducing energy consumption. We now have power-saving initiatives in place at all our offices and factories.

### Using Energy More Efficiently

The Meiden Group makes capital investment systematically, such as introducing internal carbon pricing and replacing lighting and air-conditioning with high-efficiency equipment, to lower greenhouse gas emissions caused by energy consumption. We are in addition visualizing our power consumption and improving equipment operations, especially by practicing strict energy consumption control, such as cutting standby energy consumption on holidays and at night. To use energy more efficiently, expand energy conservation awareness, and reduce energy costs, each works and unit is endeavoring to save energy. Energy conservation rankings, showing energy use reductions, are posted on digital signage to foster awareness of energy conservation.

Image of Scope 1 & 2 reductions toward carbon neutrality by 2050



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Emissions category	Greenhouse gas reduction measures	FY2021	FY2022	FY2023	FY2024	FY2025 - FY2030	
Emissions from business activities (Scope 1 + 2)	Replacing SF <sub>6</sub> gas (replacement with dry air, etc.)	Electrical testing	Evaluate replacement gases for SF <sub>6</sub>		Replace SF <sub>6</sub> gas		
	Capital investment	Update older equipment	Use LED lighting, update air conditioning & production equipment		Implement high-efficiency equipment	Use leading transformers	
	Renewable energy procurement (non-fossil fuel certificate, power menu, etc.)		Procure renewable energy at R&D Center/Osaki Kaikan Hall, Ota Works		Procure renewable energy at Kofu		Procure renewable energy at Numazu, Head Office
			Procure renewable energy in Germany, use solar in India, partially use solar in USA, Vietnam, Thailand				Nagoya
	Switching company-owned cars to electric vehicles		Gradually acquire EVs/hybrids (as fleet is updated)				Entire fleet EVs/hybrid
Emissions from product use (Scope 3, Category 11)	Environmentally friendly product design		Compact, high-efficiency		SF <sub>6</sub> gas-free	Three elements of green products (reduce GHGs, promote the 3Rs, and eliminate hazardous substances)	
	Revising business portfolio		Increase percentage of EV-related, maintenance services, small to medium hydroelectric systems, etc				

## Reducing emissions in the product use stage (Scope 3 Category 11)

The product use stage (Category 11) accounts for 80% of Meiden Group's Scope 3. We have drafted medium- and long-term targets for greenhouse gas emission levels in the product use stage (Category 11) and are tracking our levels of achievement. We have proposed plans to incorporate environmental considerations into our products (SF<sub>6</sub> gasfree, reducing product size, increasing efficiency, etc.) and updating our business portfolio (expanding low-carbon businesses) as ways to reduce emissions.

### Building a Sustainable Supply Chain by Supporting Decarbonization

The Meiden Group supports supplier initiatives to acquire certification and registration under EcoAction 21, the environmental management system recommended by Japan's Ministry of the Environment. In this manner, we aim to promote environmental management systems and make environmental improvements throughout the value chain. Since FY2023, in partnership with the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN, we have been holding carbon neutrality seminars and visualizing our suppliers' CO<sub>2</sub> emissions. The aim is to reach carbon neutrality throughout the value chain.

### Developing Environmentally Friendly Products and Services

Scope 3, Category 11 is emissions from product use and connects directly to our customer's Scope 1 and 2 emissions. Developing and producing environmentally friendly products and services with a low carbon footprint through "a complete life cycle from material procurement through product use and disposal" will lead to the decarbonization of our Company, our customers, and society as a whole.

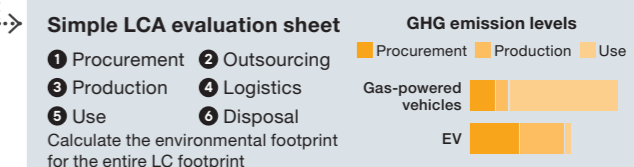
In FY2023, we conducted a series of LCA (life-cycle assessment) measurements of existing products and completed measurements of stand-alone product groups such as vacuum capacitors and inverters for electric forklifts. In parallel with this, we are reviewing our product environmental assessment, including LCA, with the aim of reconsidering standards for green products. As part of this, we are preparing to develop super green products, a standard for products that are among the industry's best.



A carbon neutrality seminar by the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (at Numazu Works)

### Product environmental assessment

- Product environmental assessment sheet**
- 1 Reduce product weight
  - 2 Reduce energy and resources
  - 3 3R
  - 4 Long-term use
  - 5 Banned substance
  - 6 Consider product lifecycle
  - 7 Environmental awards, Top runner products etc.



- Super green products** ..... Best-in-class environmental standards even among green products
- Green products** ..... Products that satisfy Meidensha's green product standards