

1 MEIDENSHA CORPORATION

	Companies' approach
□ Background and purpose of accounting	<ul style="list-style-type: none"> The MEIDEN Group provides social infrastructure products and services such as heavy electric machinery, so we believe that environmental impacts in the market are huge. Also, environmental impacts at our consignees, such as subcontractors and outsources are also in our scope of responsibilities.
□ Utilization of accounting results	<ul style="list-style-type: none"> We roughly calculate the environmental impacts throughout the value chain. We specify the contents we should preferentially cope with. We disclose our accounting results through CSR reports, our website, and so on to our stakeholders. To respond to environmental questionnaires from our consumers and research agencies. The results can be used as reference values for avoided emissions from products and services.
□ Benefits of accounting	<ul style="list-style-type: none"> We can visualize the environmental impacts across the entire supply chain, and identify the achievements of our environmental impacts reduction activities. We can identify issues and create measures (by business, by product, by department, etc.) analysis.
□ Internal system for accounting	<ul style="list-style-type: none"> The environmental management department collects primary data from each other department (accounting, information system, development and design), use secondary data (emission factor DB), and then totalizes the data. We conduct third party verification of only Scope1 and Scope2 emissions, and we verify Scope3 emissions by a review with involvement of other departments.

2

MEIDENSHA CORPORATION

Companies' approach

□ Efforts to reduce supply chain emissions

- For us, we believe that Category 11: “Use of sold products”, and then Category 1 “Purchased goods and services” is important from our emission ratio.
- We promote eco-friendly design in Category 11: “Use of sold products”. We conduct environmental assessments during product development, and we work on reducing resource consumption and CO2 throughout the lifecycle. We set environmental contribution (avoided emissions in the market) by core products and services (sales of solar PCS, hydro electric power, and others) as mid-term goal.
- We work on green procurement in Category 1 “Purchased goods and services” . From FY2015 , we have helped suppliers obtain EMS, by holding Eco Action 21 workshops.
- We implement energy saving measures in our rental property (ThinkPark, Ohsaki, Shinagawa district) related to Category 13: Leased assets (downstream) by such as a thermal storage air conditioning system and gas cogeneration. In addition, we work on reducing Category 4: Transportation and delivery (upstream) emissions , such as modal shifts.
- In the years ahead, we will continue to develop the initiatives written above, and promote environmental measures across the entire supply chain.

□ Issues in supply chain emissions accounting

- As of December 2017, we work on setting medium to long term targets based on SBT(Science Based Targets). In order to reduce our supply chain emissions, we also set goals, draw up measures and track performance. Expanding the accounting boundary and improving granularity are urgent task, because we need quantitative data to communicate to stakeholders and to build the internal consensus.

3 MEIDENSHA CORPORATION

Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> Purchase amount (materials, expendables, services etc.) 	<ul style="list-style-type: none"> 3EID
Category 2: Capital goods	<ul style="list-style-type: none"> Investments in fixed assets 	<ul style="list-style-type: none"> Emission factor database created by Ministry of Environment
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> Electricity consumption (electricity etc.) 	<ul style="list-style-type: none"> CFP - DB
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> Transportation expenses (freight charges, storage fees, packaging costs etc.) 	<ul style="list-style-type: none"> 3EID
Category 5: Waste generated in operations	<ul style="list-style-type: none"> Amount of waste discharged, by type 	<ul style="list-style-type: none"> Emission factor database created by Ministry of Environment
Category 6: Business travel	<ul style="list-style-type: none"> Transportation expenses paid (travel expenses etc.) 	<ul style="list-style-type: none"> 3EID
Category 7: Employee commuting	<ul style="list-style-type: none"> Transportation expenses paid (commuting allowance etc.) 	<ul style="list-style-type: none"> 3EID
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> Out of scope because calculations are included in SCOPE1,2 	—
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> Activity data at distributor etc. 	<ul style="list-style-type: none"> 3EID
Category 10: Processing of sold products	<ul style="list-style-type: none"> Out of scope because many of our products are molded products 	—
Category 11: Use of sold products	<ul style="list-style-type: none"> Roughly calculated by setting operating conditions such as operating ratio 	<ul style="list-style-type: none"> 3EID
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> The assumed disposal costs of the sold products 	<ul style="list-style-type: none"> 3EID
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"> Energy consumption at rental property 	<ul style="list-style-type: none"> Emission factor database created by Ministry of Environment
Category 14: Franchises	<ul style="list-style-type: none"> Out of scope because it is not our business 	—
Category 15: Investments	<ul style="list-style-type: none"> Out of scope because our stocks are not for investment 	—
Other	<ul style="list-style-type: none"> Not included in the scope of calculations, because it is an option 	—

4

MEIDENSHA CORPORATION

● Supply chain emissions

MEIDENSHA CORPORATIONS' supply chain GHG emissions (SCOPE3)

Category	Accounting methods		Emissions (t-CO2eq)
	Activity data	Emission factor	
Category 1: Purchased goods and services	• Purchase amount (materials, expendables, services etc.)	• 3EID	430,168
Category 2: Capital goods	• Investments in fixed assets	• Emission factor database created by Ministry of Environment	17,199
Category 3: Fuel and energy related activities not included in Scope 1 or 2	• Electricity consumption (electricity etc.)	• CFP-DB	1,913
Category 4: Transportation and delivery (upstream)	• Transportation expenses (freight charges, storage fees, packaging costs etc.)	• 3EID	799
Category 5: Waste generated in operations	• Amount of waste discharged, by type	• Emission factor database created by Ministry of Environment	1,336
Category 6: Business travel	• Transportation expenses paid (travel expenses etc.)	• 3EID	2,246
Category 7: Employee commuting	• Transportation expenses paid (commuting allowance etc.)	• 3EID	849
Category 8: Leased assets (upstream)	• Out of scope because calculations are included in SCOPE1,2	—	—
Category 9: Transportation and delivery (downstream)	• Activity data at distributor etc.	• 3EID	845
Category 10: Processing of sold products	• Out of scope because many of our products are molded products	—	—
Category 11: Use of sold products	• Roughly calculated by setting operating conditions such as operating ratio	• 3EID	7,418,550
Category 12: End-of-life treatment of sold products	• The assumed disposal costs of the sold products	• 3EID	3,476
Category 13: Leased assets (downstream)	• Energy consumption at rental property	• Emission factor database created by Ministry of Environment	13,426
Category 14: Franchises	• Out of scope because it is not our business	—	—
Category 15: Investments	• Out of scope because our stocks are not for investment	—	—
Other	• Not included in the scope of calculations, because it is an option	—	—

※We account our supply chain emissions based on “Basic Guideline for Greenhouse Gas Emissions Throughout the Supply Chain (ver. 2.2)”