

## 1

## MEIDENSHA CORPORATION

	<b>Companies' approach</b>
① <b>Background and purpose of accounting</b>	<ul style="list-style-type: none"> <li>We have provided 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.</li> </ul>
② <b>Utilization of accounting results</b>	<ul style="list-style-type: none"> <li>We roughly calculate the environmental impacts throughout the value chain.</li> <li>We specify the contents we should preferentially cope with.</li> <li>We disclose our accounting results through CSR reports, our website, and so on to our stakeholders.</li> <li>To respond to environmental questionnaires from our consumers and research agencies.</li> <li>The results can be used as reference values for avoided emissions from products and services.</li> </ul>
③ <b>Benefits of accounting</b>	<ul style="list-style-type: none"> <li>We can visualize the environmental impacts across the entire supply chain, and identify the achievements of our environmental impacts reduction activities.</li> <li>We can identify issues and create measures (by business, by product, by department, etc.) analysis.</li> </ul>
④ <b>Internal system for accounting</b>	<ul style="list-style-type: none"> <li>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.</li> <li>We verify Scope 3 emissions by review with involvement of the other departments.</li> <li>We have undergone third-party reviews to Scope 3 category 1,11 in fiscal 2020. We have received certification for category 1 by a third-party.</li> </ul>

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## MEIDENSHA CORPORATION

	<b>Companies' approach</b>
<p><b>⑤ Efforts to reduce supply chain emissions</b></p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• In the years ahead, we will continue to develop the initiatives written above, and promote environmental measures across the entire supply chain.</li> </ul>
<p><b>⑥ Issues in supply chain emissions accounting</b></p>	<ul style="list-style-type: none"> <li>• Aiming to accelerate decarbonization of society toward carbon neutrality in 2050, we have revised up its greenhouse gas emission reduction target for fiscal 2030, which is in the middle stage. As a part of the Second Meiden Environmental Vision, we strive to reduce emissions from business activities (Scope 1 + 2) by 30% and emissions from product use (Scope 3 Category 11) by 15% from fiscal 2019 levels by fiscal 2030. The goal was approved by SBTi (Science Based Targets initiative), and we have obtained SBT certification.</li> <li>• In order to realize the goal, We will review the reduction measures and the plan as needed and improve it.</li> </ul>

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## MEIDENSHA CORPORATION

Category	Accounting methods ※Accounting period : : April 2020- March 2021	
	Activity data	Emission factor
Category 1: Purchased goods and services	• Purchase amount (materials, expendables, services etc.)	• 3EID
Category 2: Capital goods	• Investments in fixed assets	• Emission factor database created by Ministry of Environment
Category 3: Fuel and energy related activities not included in Scope 1 or 2	• Electricity consumption (electricity etc.)	• Emission factor database created by Ministry of Environment
Category 4: Transportation and delivery (upstream)	• Transportation expenses (freight charges, storage fees, packaging costs etc.)	• 3EID
Category 5: Waste generated in operations	• Amount of waste discharged, by type	• Emission factor database created by Ministry of Environment
Category 6: Business travel	• Transportation expenses paid (travel expenses etc.)	• Emission factor database created by Ministry of Environment
Category 7: Employee commuting	• Transportation expenses paid (commuting allowance etc.)	• Emission factor database created by Ministry of Environment
Category 8: Leased assets (upstream)	• Rent	• 3EID
Category 9: Transportation and delivery (downstream)	• Activity data at distributor etc.	• 3EID
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
Category 12: End-of-life treatment of sold products	• The assumed disposal costs of the sold products	• 3EID
Category 13: Leased assets (downstream)	• Energy consumption at rental property	• Emission factor database created by Ministry of Environment
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	—

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## MEIDENSHA CORPORATION

## Supply chain emissions : Accounting results

Category	Accounting methods		Emissions (t-CO <sub>2</sub> eq)
	Activity data	Emission factor	
Category 1: Purchased goods and services	• Purchase amount (materials, expendables, services etc.)	• 3EID	1,180,468
Category 2: Capital goods	• Investments in fixed assets	• Emission factor database created by Ministry of Environment	51,042
Category 3: Fuel and energy related activities not included in Scope 1 or 2	• Electricity consumption (electricity etc.)	• Emission factor database created by Ministry of Environment	1,893
Category 4: Transportation and delivery (upstream)	• Transportation expenses (freight charges, storage fees, packaging costs etc.)	• 3EID	1,346
Category 5: Waste generated in operations	• Amount of waste discharged, by type	• Emission factor database created by Ministry of Environment	2,004
Category 6: Business travel	• Transportation expenses paid (travel expenses etc.)	• Emission factor database created by Ministry of Environment	1,007
Category 7: Employee commuting	• Transportation expenses paid (commuting allowance etc.)	• Emission factor database created by Ministry of Environment	940
Category 8: Leased assets (upstream)	• Rent	• 3EID	2,124
Category 9: Transportation and delivery (downstream)	• Activity data at distributor etc.	• 3EID	1,056
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	6,050,000
Category 12: End-of-life treatment of sold products	• The assumed disposal costs of the sold products	• 3EID	5,418
Category 13: Leased assets (downstream)	• Energy consumption at rental property	• Emission factor database created by Ministry of Environment	16,837
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	—	—
<b>TOTAL</b>			<b>7,314,136</b>

※We account our supply chain emissions based on “Basic Guideline for Greenhouse Gas Emissions Throughout the Supply Chain (ver. 2.3)”