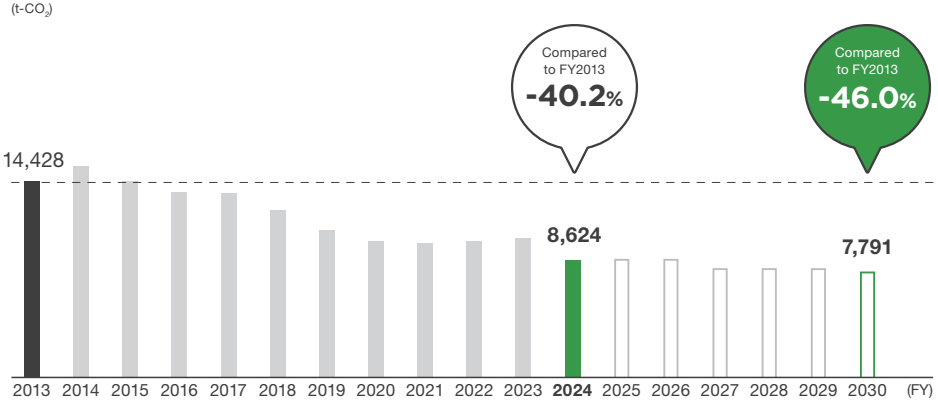
Environment

Towards carbon neutrality in 2050

The Sansha Electric Manufacturing Group aims to reduce its CO_2 emissions by 46% from the FY2013 level by FY2030 and to achieve carbon neutrality in its business activities in 2050 with a view toward the establishment of a decarbonized society. We are working to conserve energy and utilize renewable energy to help establish a sustainable future.

Reduction of CO_2 emissions — Achievements and goals (Scope 1 and 2)



In FY2024, we achieved CO_2 emissions that were lower than in FY2023. While this reduction includes a portion that was a result of external factors, such as the decrease in production volume due to the reduction of sales, it is absolutely also a reflection of our own initiatives.

Specifically, we switched the source of the energy used for the air conditioning equipment at our head office from gas to electricity to reduce emissions. We also installed new solar power generation systems on the Okayama Plant and some buildings of our subsidiaries so that they would be able to consume the power generated by these systems. We have thus expanded our use of renewable energy.

With these ongoing initiatives, including capital investments, we are taking steady steps toward the achievement of our medium- and long-term greenhouse gas (GHG) emissions reduction targets.

In FY2024 in recognition of our ongoing energy conservation activities, we were classified as a Class S operator with outstanding energy conservation initiatives under the benchmark program run by the Agency for Natural Resources and Energy which is a part of the Ministry of Economy, Trade and Industry. This rating is awarded to operators deemed to be conducting distinguished initiatives for the rationalization of energy use in regular reports under the Act on Rationalization of Energy Use and Shift to Non-fossil Energy. This is a recognition of our ongoing energy conservation activities.

Sansha Electric Manufacturing Group Environmental Policy
https://www.sansha.co.jp/eng/csr/environment.html

Initiatives for calculating Scope 3 emissions

Scope 3 emissions occur throughout the value chain, which includes business partners and customers that are related to the Group's business activities. It is imperative that the Group collect highly reliable data and incorporate it into its business processes. We recognize the importance of monitoring Scope 3 emissions in the context of working towards the establishment of a decarbonized society.

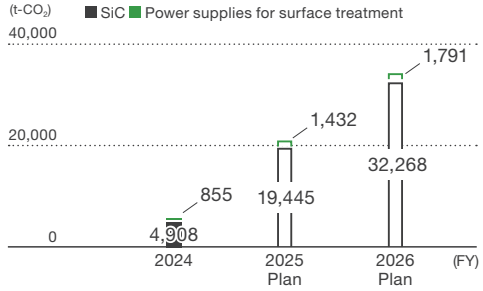
We will carry out the processes for calculating Scope 3 emissions step by step to visualize the GHG emissions from our entire supply chain. In FY2025, we will be carrying out surveys, collecting data and developing, or standardizing, the methods for calculating Scope 3 Category 1 emissions (purchased goods and services), which are considered to be a particularly significant component of the Group's emissions. We will be doing the same for Category 4 (upstream transportation and distribution) and Category 11 (use of sold products) emissions. We will start with the calculation of these categories and gradually expand the scope of calculation. We will regularly review calculation methods and data collection periods to improve the precision of the data.

We will continue our efforts to collaborate closely with related departments and business partners to ensure that we are prepared to calculate Scope 3 emissions and ensure that we are highly transparent in the information that we disclose.

CO_2 reduction effect of products due to their use

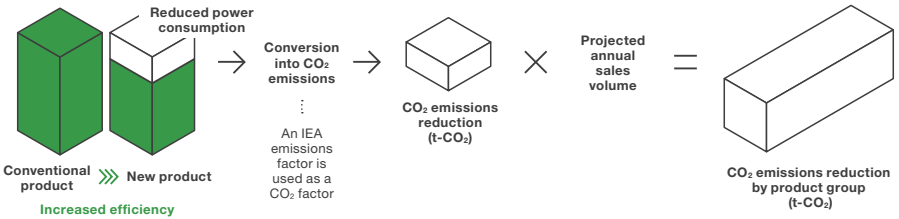
The Group works to develop products with enhanced power conversion efficiency to control CO_2 emissions. We quantitatively calculate CO_2 emissions reductions due to the use of our power supplies and semiconductor products to help reduce the GHG emissions of society as a whole. As shown in the diagram on the right, the reduction of environmental impact that is attributable to the use of our products is growing every year.

Estimated contribution of major product groups to the reduction of CO_2 emissions



Calculating CO_2 emissions reductions

The amount that power consumption is reduced due to the improved efficiency of products is converted into a CO_2 emissions volume using the emissions factors published by the International Energy Agency (IEA). To calculate the CO_2 emissions reduction attributable to the product group, this figure is multiplied by the projected annual sales volume of each product group.



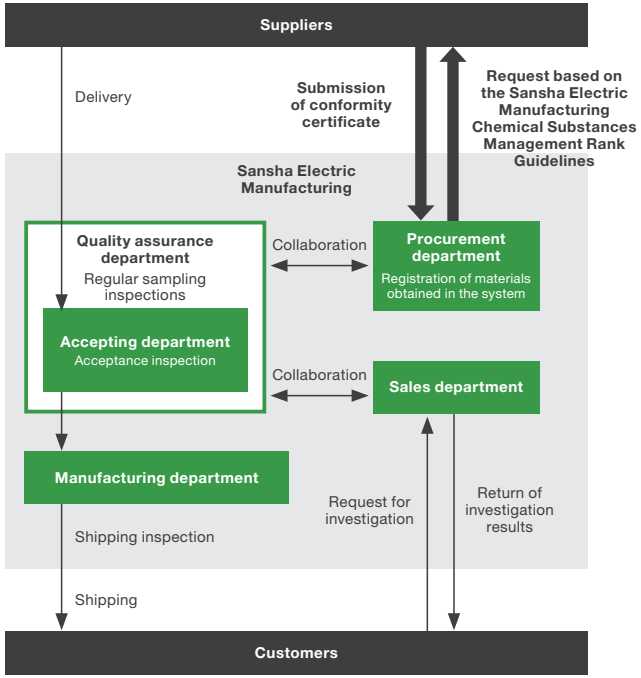
Environment

Initiatives for managing the chemical substances contained in products

The Group more strictly manages the chemical substances contained in our products to comply with the laws and regulations that impact our products. To follow the European Union's Directive on Restriction of Hazardous Substances (RoHS),*1 we are transitioning to lead-free solder and hexavalent chromium-free items. We are investigating the products that require response actions and confirming that we conform to the RoHS Directive, the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation*2 and similar regulations. Recently, we conducted a study on banned substances in accordance with the Act on the Regulation of Manufacture and Evaluation of Chemical Substances and introduced alternative substances as needed to comply with the law.

*1 RoHS Directive: A directive related to restriction on use of specific hazardous substances in electrical and electronic equipment, etc.
*2 REACH Regulation: The European Union's regulation on registration, evaluation, authorization and restriction of chemicals. It also applies to the chemicals contained in products. Products exported to the EU must comply with it.

Management system



Efforts to efficiently use water resources

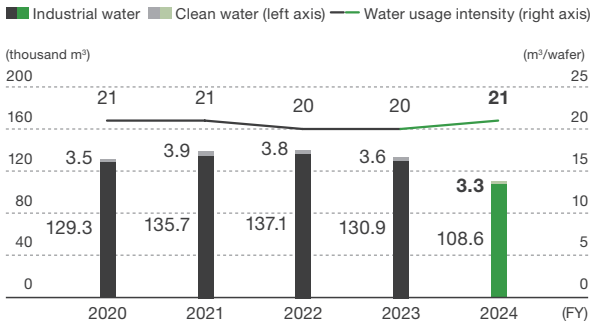
In recent years, climate change has resulted in many different water resource-related problems, including droughts and resulting water shortages and flooding. To establish a sustainable society, businesses must more efficiently use water resources.

The semiconductor manufacturing process necessarily consumes tremendous volumes of pure water for etching and cleaning and the cooling of equipment. Our target at our Okayama Plant is to reduce its water consumption intensity, the amount of water consumed per wafer of production volume, and we are continuously working to improve to effectively use water resources.

In FY2024, water consumption intensity was higher than in the previous fiscal year, but total water consumption decreased due to a decrease of production volume. This made us realize how changes in the production volume impact water consumption intensity. This provided us with suggestions for stepping up our initiatives in the future.

We will continue to review our processes to more efficiently use water resources and reduce our environmental impact. Through these activities, we will strive to build a sustainable production system.

Water consumption



The data covers the Okayama Plant of Sansha Electric Manufacturing Co., Ltd.

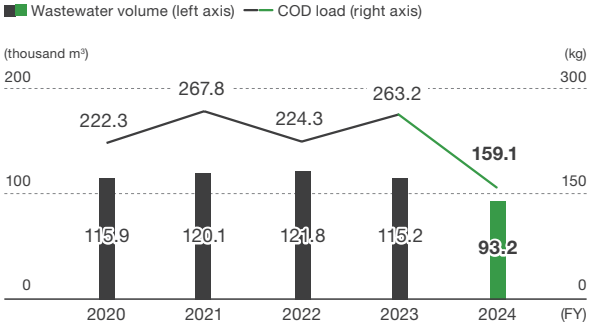
Initiatives for controlling water quality

The Okayama Plant properly treats the wastewater emitted from its manufacturing processes using our private wastewater treatment facility to ensure that the water we discharge meets our internal standards which are stricter than the laws and regulations. In addition to reducing and detoxifying hazardous substances, we thoroughly collect substances that are difficult to detoxify. Through these efforts, we are working to enhance our management activities to protect the quality of water.

To carefully monitor the quality of the water we discharge, we perform water quality inspections regularly, constantly improve operations and ensure that risks are managed.

In FY2024, the volume of water discharged and chemical oxygen demand (COD) were both lower than in the previous fiscal year due to the decrease of the production volume. We will continue our management activities and other efforts to minimize our impact on the water environment.

Wastewater volume and chemical oxygen demand (COD) load



The data covers the Okayama Plant of Sansha Electric Manufacturing Co., Ltd.

Wastewater treatment facilities at the Okayama Plant