Initiatives to Reduce Environmental Impact

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

The Sansha Electric Manufacturing Group views addressing climate change as both an important management issue for reducing the environmental impact of its business activities and a business opportunity to create new value by leveraging the Group's technologies. Through the provision of highly efficient products and services that leverage our power semiconductor technologies and power conversion and control technologies, we seek to help customers conserve energy and reduce CO_2 emissions, while capturing business opportunities in growing markets driven by decarbonization and increasing electricity demand, including renewable energy, data centers, and industrial equipment. In our own business activities, we also aim to reduce CO_2 emissions by 46% from the FY2013 level by FY2030 and achieve carbon neutrality by 2050. Through these initiatives, we seek to both reduce environmental impact and achieve business growth, thereby contributing to the sustainable enhancement of corporate value.

1 Reducing Environmental Impact from Business Activities (Scope 1 and 2)

We continuously work toward reducing CO_2 emissions by 46% from the FY2013 level by FY2030 and achieving carbon neutrality by 2050.

● Equipment Upgrades and Efficiency Improvements

We are optimizing energy use by upgrading and electrifying power receiving transformers, air-conditioning equipment, and other facilities.

● Conversion to LED Lighting

We are progressively converting lighting at our facilities to LED lighting to reduce electricity consumption.

● Use of Renewable Energy

We are installing solar power generation systems at the Okayama Plant and some subsidiaries and promoting the purchase of electricity from renewable energy sources.

● External Recognition

In recognition of our ongoing energy conservation activities, we were classified as a Class S operator with outstanding energy conservation initiatives by the Ministry of Economy, Trade and Industry.

* For detailed data, including trends in CO_2 emissions, see "Non-Financial Data (Environment)" on page 43. P43

2 Creating Environmental Value through Products and Services

Through the development of highly efficient power semiconductors and power supply equipment, we contribute to energy conservation and the reduction of CO_2 emissions, while creating business opportunities in growing markets.

● Development of High-Efficiency, Highly Reliable Products

Through the development of SiC power semiconductors and high-efficiency power supplies, we will contribute to energy conservation and drive business expansion in growing markets.

● Applications across a Wide Range of Fields

We are expanding our product offerings into growth sectors—such as renewable energy, data centers, and industrial equipment—where decarbonization is advancing and electricity demand is growing.

● Contribution to CO_2 Emissions Reduction through Our Products

We are strengthening technology development and solution proposals to help customers reduce electricity consumption and CO_2 emissions through the use of our products.

● Collaboration with Customers and Society

We will strengthen collaboration with customers and partner companies to promote decarbonization throughout the value chain.

Strengthening Environmental Management

Advancing the Calculation of Scope 3 Emissions

We are calculating Scope 3 emissions to better understand GHG emissions throughout our supply chain. We have calculated emissions for Category 1 (purchased goods and services), Category 4 (upstream transportation and distribution), Category 11 (use of sold products), and Category 12 (end-of-life treatment of sold products). Going forward, we will continue to expand the scope of calculation and further develop our calculation framework.

Management of Chemical Substances Contained in Products

To ensure compliance with product-related regulations, we rigorously manage chemical substances in accordance with the latest laws and regulations, including the RoHS Directive, the REACH Regulation, and Japan's Act on the Regulation of Manufacture and Evaluation of Chemical Substances. We collect and manage relevant information throughout the supply chain to reduce environmental impact and ensure regulatory compliance.

Promoting Water Resource Efficiency and Water Quality Conservation

We are working to improve water consumption intensity, while appropriately treating wastewater at the Okayama Plant to ensure that discharged water meets our internal standards, which are stricter than legal and regulatory requirements. Through regular water quality inspections and continuous improvement, we strive to use water resources efficiently and protect the water environment.