

# TSUNAGU – Connecting to the Future

## Harmony with the Global Environment Initiatives to achieve carbon neutrality (climate change mitigation strategies)

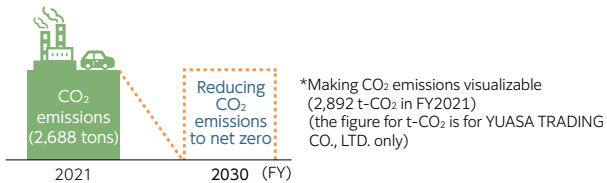
Besides promoting carbon neutrality for the YUASA TRADING Group, we will also utilize the environmental solution know-how that we have accumulated over the years to contribute toward the realization of the post-carbon society.

### ▶ Medium- and long-term environmental objectives

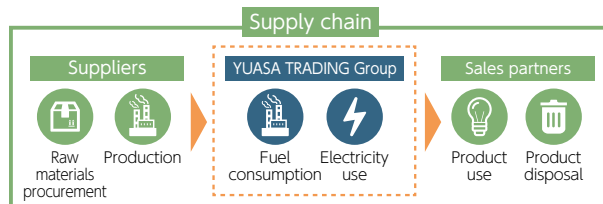
The YUASA TRADING Group recognizes that the need to respond to climate change is a pressing issue. In October 2021, we formulated a Sustainability Declaration, and we are aiming to make the Group as a whole carbon-neutral by FY2030. To work toward our goal of achieving carbon neutrality, besides making the CO<sub>2</sub> emissions of the entire Group visualizable from 2022 onwards, we are also implementing CO<sub>2</sub> reduction potential diagnostics with surveys of air conditioning and lighting facilities at each business site. Henceforth, in addition to reducing the amount of electricity purchased, through measures such as operations improvements and updating to more efficient equipment, we will also be considering the adoption of renewable energy. We will be steadily replacing company vehicles that consume substantial amounts of gasoline with more eco-friendly vehicles.

In addition, in March 2022, we announced our support for the TCFD, and we are promoting disclosure of climate change related information.

### ■ Pursuing carbon neutrality across the entire YUASA TRADING Group



### ■ Striving to reduce the burden on the environment throughout the entire supply chain

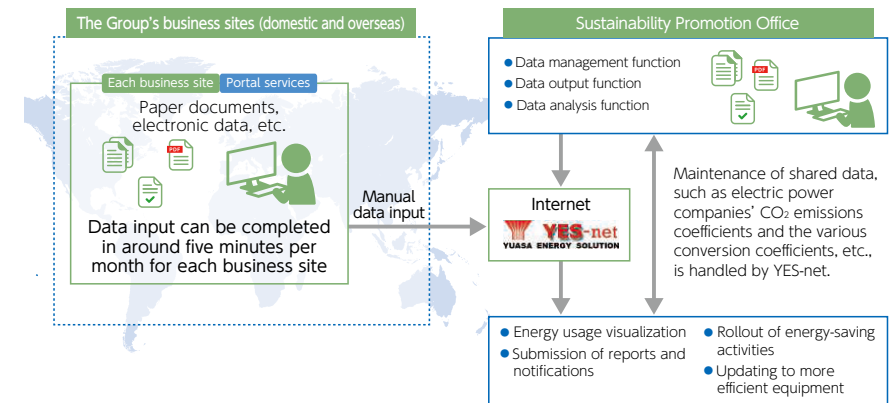


### ▶ Initiative to monitor the energy usage of YUASA TRADING and of our business partners (YES-net)

In 2009, YUASA TRADING led the industry in the adoption of an integrated energy management system, YES-net, which has helped our business partners to enhance their environmental performance and supported the visualization and reduction of companies' CO<sub>2</sub> emissions. We view the global trend toward carbon neutrality as a business opportunity for the Group, and we will be promoting this business area further in the future.

To realize the calculation of CO<sub>2</sub> emissions within the Group, we are using YES-net to calculate energy usage at all of the Group's business sites (a combined total of 192 sites, both domestic and overseas).

#### ■ Usage within YUASA TRADING Group



### What is YES-net?

Carbon neutrality can be achieved through the visualization of CO<sub>2</sub> emissions.

YES-net is a system that efficiently collects, collates and manages energy usage data for the company as a whole to enable visualization of CO<sub>2</sub> emissions.



**Easy input**

The only data that needs to be inputted is the usage figure given on the monthly bill (taking around five minutes per month to complete).

**Low fees**

Two payment plans are available. Monthly usage charge: Starting from 1,000 yen per site

**A convenient system**

Company-wide CO<sub>2</sub> emissions can be displayed in tabular or graphic form to view at a glance.

**YES-net**

YES-net provides support for monitoring CO<sub>2</sub> emissions

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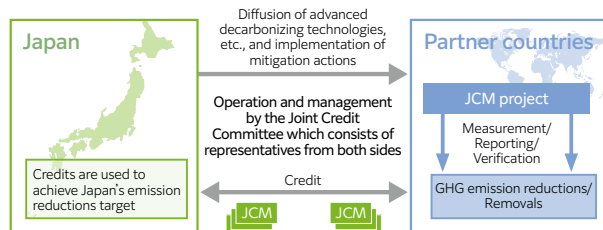
## ▶ Participating in the City-to-City Collaboration for Zero Carbon Society programme

The YUASA TRADING Group has been striving to improve the global environment by conducting initiatives that utilize the Joint Crediting Mechanism (JCM, a bilateral carbon credit system), which contributes to the reduction of greenhouse gases in developing countries.

We have been participating in the City-to-City Collaboration for Zero Carbon Society programme which Japan’s Ministry of the Environment developed, in order to further strengthen our overseas infrastructure presence through the JCM.

In FY2021, we took part in an online workshop with Ho Chi Minh City, and gave a talk about our initiatives in relation to the JCM system. Hereforth, we will be contributing toward helping developing countries to balance economic growth with environmental protection through the provision of support for JCM project formation.

### ■ Overview of JCM



### ■ Workshop in progress



Content of the lecture given by YUASA TRADING



The venue in Ho Chi Minh City

## ▶ Forests × Decarbonization Challenge 2022 (YUASA LUMBER)

Our Group company, YUASA LUMBER CO., LTD., has been conducting tree thinning and planting activities in a total of 102.26 hectares of forest in three areas that it owns in Hokkaido. In the Forestry Agency’s “Forests × Decarbonization Challenge 2022” initiative, YUASA LUMBER has been recognized as a “Green Partner 2022” that has contributed toward decarbonization through its forest improvement activities. The amount of CO<sub>2</sub> absorbed by the forests that YUASA LUMBER conducted improvement work on over the period between 2020 to 2021 was 22 t-CO<sub>2</sub> per year.

Henceforth, YUASA LUMBER will be contributing toward the industrial revitalization of the local community by promoting the utilization of timber obtained through thinning, and through forestry education\* activities and workshops for educational institutions.

### \*Forestry education

The term “forestry education” is used to refer to activities aimed at cultivating citizens who will contribute toward strengthening ties with forestry, creating enriched lifestyles, developing society, and developing forests.



The company-owned forest in Hokkaido that tree thinning was conducted for forest restoration



The Green Partner 2022 designation that YUASA LUMBER received

## ▶ Promoting wooden construction

The YUASA TRADING Group is promoting medium- and large-scale wooden construction through the adoption of the “Ichu Wood Frame Structure,” a new wooden construction technique, and by strengthening coordination with YUASA LUMBER, a Group company.

Japan is a heavily forested country, with forested land accounting for around two-thirds of the country’s land area. The trend toward the adoption of wooden structures and wooden interior decoration has received highly positive evaluation, as aiming to foster the effective utilization of timber and realize forest resource circulation can help to combat global warming, safeguard national land resources, and invigorate the local economy.

Having started with the construction of a hospital using the “Ichu Wood Frame Structure” technique, going forward we will contribute toward the building of a post-carbon society and a sustainable society through the adoption of wooden structures and wooden interior decoration.

### ■ Adoption of wooden structures and wooden interior decoration



Hospital built using the “Ichu Wood Frame Structure” technique



Use of wood for interior decoration



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# Harmony with the Global Environment

**Initiatives aimed at realizing a resilient society**

In response to the increasing severity of natural disasters, we are promoting the development of our Resilience & Security business, aiming to contribute toward the building of communities and societies characterized by safety and security.

## ▶ Eight consecutive years of winning the Japan Resilience Award

The Japan Resilience Awards are a system of discovering, assessing, and awarding forward-thinking initiatives across Japan for the construction of a resilient society for the next generation. The Awards were established by the Association for Resilience Japan in November 2014.

In FY2022, the YUASA TRADING Group received a total of two awards, including one award for excellence and one award for superior performance.

Henceforth, in order to respond to diverse needs relating to national resilience, we will be focusing on initiatives that effectively utilize our extensive networks, and on the development, sale and dissemination of related products and systems.



## ■ YUASA TRADING's performance in the Japan Resilience Awards to date

- 1st Japan Resilience Awards:  
Gold Medal for "National Resilience Communication Activities in the Fields of Industry and Daily Life"
- 2nd Japan Resilience Awards:  
Chairman's Award for "Initiatives Aimed at Building Resilient Distribution Platform Infrastructure"
- 3rd Japan Resilience Awards:  
Award for Excellence for "Development of the Tourist Terminal Togendai Station in Hakone as a Resilient Station"
- 4th Japan Resilience Awards:  
Outstanding Resilience Award for "Development and Dissemination of the City Connect 'Light Station'"  
(in collaboration with KIKUKAWA KOGYO CO., LTD. and PIJIN Co., Ltd.)
- 5th Japan Resilience Awards:  
Award for Excellence for "Mirainnovation Project" (in collaboration with seven other companies)
- 6th Japan Resilience Awards:  
Award for Superior Performance for "Development and Dissemination of a 'Disaster-preparedness Electricity Storing Warehouse' that Combines a Disaster-resistant Warehouse with a Solar Power Electricity Storage System" (in collaboration with INABA SEISAKUSHO Co., Ltd. and San-Eisha Ltd.)
- 7th Japan Resilience Awards:  
Outstanding Excellence Award for "ElepHunter Sanitation Robot"  
Outstanding Excellence Award for "Infection Reduction House" (FUJI QUALITY HOUSE CO., LTD.)  
Award for Excellence for "Bollard with Flooding Sensor" (in collaboration with SUNPOLE CO., LTD. and OYO Corporation)  
Award for Excellence for "ITENE Reservation Management System for All Construction Types" (YUASA QUOBIS Co., Ltd. and DandoLi Works)
- 8th Japan Resilience Awards:  
Award for Excellence for "YACHIBEI®" (in collaboration with Inahachi Co., Ltd. and Kankyo Exterior Co., Ltd.)  
Award for Superior Performance for "Resilience, Security and ESG Initiatives Making Effective Use of the Company's Own Original Exhibition Events"

## ▶ An aluminum privacy fence, YACHIBEI®, used for improving concrete walls

YUASA TRADING worked together with Inahachi Co., Ltd. and Kankyo Exterior Co., Ltd. to develop YACHIBEI®, an aluminum privacy fence system. Customers can use the existing pillars of concrete fencing and replace the heavy concrete panels with the light aluminum panels of YACHIBEI® in order to reduce costs, cut construction times, and limit industrial waste emissions.

Large numbers of pre-cast reinforced concrete fences were constructed in Japan from the 1950s through into the 1970s, and they are still a common sight. However, as these fences have grown older and deteriorated, the risk of them collapsing in the event of an earthquake has grown. Unfortunately, rebuilding or repairing this type of fencing can be very expensive, so many of them have been left in a dangerous condition. YACHIBEI® uses the existing foundations and pillars of concrete fencing, thereby reducing costs, cutting construction times, and limiting industrial waste emissions. In addition, the use of lightweight aluminum panels significantly reduces the risk of injury in the event of collapse. YACHIBEI® also allows more flexibility in terms of design, so fencing can be modified to suit the appearance of the particular street or site where the fencing is installed. YACHIBEI® fencing is already in use at 18 facilities, including locations belonging to a major gas company, temples and shrines, etc. The widespread adoption of this product will contribute toward urban development that is characterized by greater safety and security.



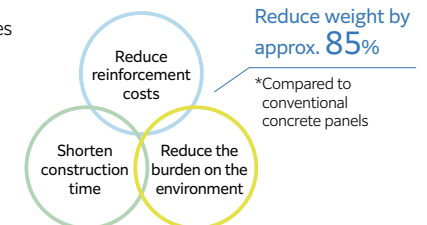
Before



After

## ■ Advantages of YACHIBEI®

- Mitigate the damage caused by collapsing due to earthquakes through the use of lightweight aluminum panels
- By reusing the existing pillars and foundations:
  - (1) Reduce reinforcement costs (reducing costs by approx. 35% compared to conventional repair methods)
  - (2) Shorten construction time
  - (3) Environmentally-friendly product that reduces emissions of industrial waste
- Improves design flexibility with pillar covers and top rails



## / TSUNAGU – Connecting to the Future

# Harmony with the Global Environment

## Initiatives related to climate change (TCFD-based information disclosure)

Climate change is an issue of great importance that must be addressed on a global scale. Having decided to set ourselves the goal of making the YUASA TRADING Group as a whole carbon neutral by FY2030, in March 2022 we expressed our support for the recommendations of the TCFD. Our initiatives in this area to date are outlined below. Henceforth, we will continue to expand our information disclosure in this regard.

### ► Governance

Viewing risks, opportunities and impacts relating to climate change as important matters to do with business strategy and sustainability, the Board of Directors deliberates on these matters and decides on related strategies, etc. In October 2021, we established a new Sustainability Promotion Committee (see [P.15](#) and [P.48](#)), which meets regularly for the members—including directors and executive officers—to discuss relevant matters.

To implement monitoring of climate change related indicators, as well as target management and various types of risk management, personnel in charge of sustainability promotion has been appointed at each business site, and we are undertaking management in this area on a Group-wide basis.

### ► Strategy

As an Integrated Service Shosha Group focused on the four key areas of manufacturing, home building, environment building and town building, we handle a diverse range of products and services, and as a result the impacts of climate change and the related changes in the business environment present us with both risks and opportunities. With regard to those businesses and fields that will be affected, besides making appropriate changes and implementing risk management, we are also working proactively to exploit business opportunities during the transition period that arise from changes in government policies, regulations and the market environment, with the aim of realizing sustainable growth.

Regarding our businesses, so that we can contribute toward emissions reductions by society as a whole, it is important for us to reduce emissions during the manufacturing and use of the products and services that we handle. In addition to providing support to help our suppliers introduce renewable energy at their manufacturing facilities, etc., in order to reduce emissions deriving from product use by our sales partners and their customers, we are expanding the range of energy-saving products and products for post-carbon society that we handle.

We are also continuing to promote the growth of our Resilience business, in response to the increasing severity of natural disasters, and to the physical risks associated with climate change.

To achieve our goal of bringing CO<sub>2</sub> emissions for the Group as a whole down to net zero by FY2030, we are combining the adoption of renewable energy (from solar power) with a switch to more efficient equipment and the purchase of electricity generated using renewable energy.

Name of division / business	Main products and services that can contribute toward saving energy and reducing emissions
Industrial Equipment & Tools	Compressors, motors, electric cylinders, etc.
Machine Tools	Various types of energy-saving machine tools, etc.
Housing, Air & Fluidic Control Systems	High-performance air-conditioning equipment, photovoltaic systems, storage batteries, etc.
Building Supplies & Exterior	LED lighting, roof greening, etc.
Construction Machines	Compressors, motors, etc.
Eco & Energy	Support for renewable energy adoption, software sales, etc.
Resilience & Security	Flooding detection transmission systems, warehouses with emergency power supply, etc.

### ► Risk management

YUASA TRADING's businesses are mainly built on transactions with large companies, larger medium-sized companies and SMEs across a wide range of industries in Japan. We are thus exposed to a wide variety of risks in relation to climate change, including regulatory and policy changes, changing customer needs, and the changing economic and social environment.

Regarding the response to the risks that relate to our businesses, each division undertakes an assessment of changes in relevant regulations and in the market environment, and responds appropriately. In addition, in order to implement risk management for the supply chain as a whole, we have formulated a transaction policy, and we are spreading awareness of this strategy both inside and outside the company.

As regards physical risk relating to climate change, we have performed surveys of flooding and landslide risk for each business site in Japan (a total of around 150 sites). In the case of sites located in areas where there is particularly high risk, we are proceeding with risk management to reconfirm that these sites are effectively integrated into the Group's business continuity planning (BCP).

Henceforth, we will be confirming the climate change related risk for each business site, both domestic and overseas, and for our key suppliers, and we will be implementing integrated management of this risk in conjunction with our internal risk response measures, etc.

### ► Indicators and targets

Besides aiming to make the YUASA TRADING Group as a whole carbon neutral by FY2030, we will also be striving to reduce the environmental burden throughout the supply chain.

Starting from FY2021, we have been calculating emissions for each Group company, both domestic and overseas, and we have begun implementing various measures aimed at reducing emissions. Furthermore, in order to drive a reduction in overall emissions in the entire supply chain through our business, we have also begun to calculate the emissions associated with manufacturing the products that we handle.

#### ■ YUASA TRADING Group's emissions (FY2021)

	Scope1	Scope2	Scope3
YUASA TRADING CO., LTD. (non-consolidated)	Approx. 2,900 t-CO <sub>2</sub>		Under calculation
Domestic and overseas Group companies	Under calculation		