Environment

We will contribute to realizing a sustainable society both in our Group and in our business based on harmony with the global environment.

Approach to the Environment

Code of Conduct (excerpt)

Yuasa Trading Group shall satisfy the increasingly diverse social needs of consumers and strive to provide safe and useful products and services, while fully considering product liabilities, resource and energy conservation, environmental issues, environmental preservation, etc. We shall also pay adequate attention to the social aspects of handling products and services.

Environmental Policy

The YUASA TRADING Group strives to reduce environmental impact through all its business operations and will contribute to harmony with the global environment and the creation of a sustainable society.

Environmental Policy & Environmental Management
https://www.yuasa.co.jp/en/sustainability/environment/management/

Governance

We have assigned sustainability promotion officers in all business sectors and sites to monitor indicators, manage targets, and handle risk management for the advancement of climate change initiatives across the entire YUASA TRADING Group. A full-time IR & sustainability promotion officer has been established within the General Affairs Department and, serving as secretariat, regularly reports on the progress of these initiatives to the Sustainability Promotion Committee. We also collaborate with the Environmental and Resilience Committee to effectively advance activities aimed at maintaining and improving the global environment through our business operations as well as ensuring business continuity.

Strategy

The YUASA TRADING Group promotes environmental management based on our environmental policy, utilizing ISO 14001 multi-site certification, an international standard for environmental management. We are striving to continuously improve our environmental performance through Plan, Do, Check, Act (PDCA) cycles in aiming to reduce the environmental impact of our organizational activities, products, and services.

Environmental Management Promotion System

As a "TSUNAGU" Service Integrated 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.

We held discussions with business sector representatives and administrative department sustainability promotion officers and conducted scenario analyses to more objectively evaluate the impacts of climate change and changes in the business environment. We are also working to seize business opportunities during the transition periods that arise from changes in government policies, regulations, and the market environment, with the aim of realizing sustainable growth, while we manage transformation and risk with regard to those businesses and fields that are affected.

Categories	Item	Details	Risks	Timeframe	Severity	Opportunities	Timeframe	Severity
Transition (decarbonization)	Policy and legal	● Introduction of a carbon tax ● Strengthening of environmental regulations for products	● Cost increases caused by government regulations, such as introduction of carbon tax ● Cost increases due to strengthening of environmental regulations for products	Medium- to long-term	Low to medium	● Expansion in demand for products with high energy efficiency ● Expansion in demand for products related to resource recycling ● Expansion in demand for renewable energy ● Increased demand for switching to energy-saving products and high-efficiency devices due to rising energy prices ● Drive for GX (Green Transformation) propelled by the government	Short- to long-term	Medium to high
	Technology	● Promoting the development of low-carbon technology	● Decrease in demand for existing products due to low carbon technology	Short- to medium-term	Low to medium			
	Market and reputation	● Soaring prices of raw materials and other resources accompanying decarbonization ● Increasing energy costs ● Strengthening of disclosure standards related to decarbonization	● Cost increases due to soaring prices of raw materials, etc. and rising energy prices due to decarbonization ● Decline in external reputation and lower supply chain competitiveness due to delays in taking action and inadequate information disclosure	Short- to long-term	Medium to high			
Physical (disaster responses)	Acute	● Increasing severity of typhoons and other large-scale natural disasters	● Temporary shutdowns or disruption of Group sites and the supply chain due to large-scale natural disasters ● Delays in supplier production	Short- to long-term	Medium to high	● Expansion in demand for products related to resilience	Short- to long-term	Medium to high
	Chronic	● Depletion of resources	● Stagnation of production activities due to water and power shortages (outages)	Short- to long-term	Medium to high			

Notes: 1. Definition of timeframes: Short-term: 1 to 3 years; medium-term: 3 to 10 years; long-term: 10 to 30 years
2. Reference scenarios
Transition risk: Net Zero Emissions by 2050 Scenario (+1.5°C)
(Scenario involving achievement of the goal of limiting the global average temperature rise to below 1.5°C compared to pre-industrial levels)
Physical risk: IPCC Sixth Assessment Report SSP5-8.5 (+4.4°C) (Scenario in which the global average temperature rises by approximately 4°C by 2100)

Environment

Risk Management

Our business consists primarily of dealings with large, small, and medium-sized companies across a diverse range of industries in Japan. The risks associated with climate change are wide-ranging, including changes in legislation and policies, customer demand, and economic and social conditions.

Each of our business sectors evaluates and responds to changes in regulatory and market conditions with respect to risks involving the Company.

We also evaluate physical risks at the Group's Japanese sites and manage them based on compliance with our internal business continuity plan (BCP).

Physical Risk Assessments

We have assessed the physical risks from climate change-related events such as torrential rainfall, typhoons, and heatwaves using the WWF Water Risk Filter (2024 Edition) for all 210 domestic and overseas sites we own or operate. For domestic sites, we further investigated flood risk status of applicable sites at risk of floods, landslides, and which are in low-lying areas, while also assessing flood risk status for sites in the United States and Taiwan.

Two overseas sites (in India and Thailand) from among all our sites have comparatively high physical risks. As both sites are buildings (indoor), we believe that potential impacts would be minor. We have instituted risk mitigation measures at the Thailand site, including raising floor levels and extensive pile driving work across the site premises, to address flooding and land subsidence risks.

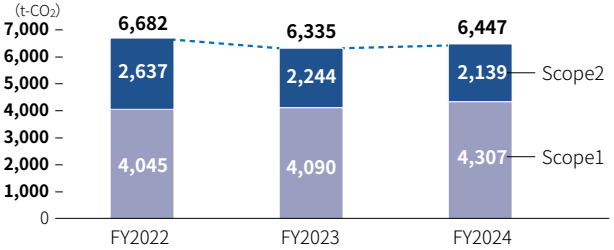
For domestic sites, there are 10 Company or Group company owned sites situated in areas with moderately high flood risk. While the extent of assets at these sites which could be affected by flooding is limited, we will promote regular preventive management at these sites.

Indicators and Targets

Besides aiming to make the Group as a whole carbon neutral for Scope 1 and Scope 2 emissions by FY2030, we will also be striving to reduce environmental burden throughout the supply chain. As the first step toward making the Group carbon neutral, we are aiming for a 30% reduction in CO_2 emissions compared with the fiscal year ended March 31, 2023, by the fiscal year ending March 31, 2026, the final year of the Medium-term Management Plan.

CO_2 emissions in the supply chain

Scope 1, Scope 2 (for the entire YUASA TRADING Group)



*While the above does not include LINE-UP CO., LTD., which became a YUASA TRADING Group company in February 2025, this data also will be included as soon as the data aggregation system is established.

Summary for FY2024

Emissions decreased by 3.5% compared to those of the base year (FY2022) but increased by 1.8% compared to those of FY2023. The primary factor for this increase was higher levels of gasoline consumption.

For Scope 1 emissions, the increase is attributable primarily to an increase in business activities at overseas Group companies. Additionally, newly available gasoline refueling data for business vehicles used at construction site offices operated by domestic Group companies also contributed to a 6.5% increase compared to those of the base year.

For Scope 2 emissions, we installed an in-house consumption solar power generation system on the roof of the new head office building of Group company YUASA TRADING (THAILAND) CO., LTD. Additionally, we achieved an 18.9% reduction compared to those of the base year due to the introduction of electricity derived from renewable energy sources, with progress in this area being achieved as planned.

We are prioritizing the introduction of electricity derived from renewable energy sources at YUASA-owned buildings and leased sites. Approximately 70% of the target facilities have completed the switchover to electricity derived from renewable energy sources (as of May 2025).

Solar power generation equipment installed on the rooftop of the new head office of YUASA TRADING (THAILAND) CO., LTD. These are expected to contribute to reductions of approximately 50 tons of CO_2 annually.

Scope 3 (non-consolidated)

Scope 3 emissions account for approximately 90% of the YUASA Trading Group's supply chain emissions. Emissions are notably high for product procurement and use. We are accordingly committed to contributing to reductions in emissions across our entire supply chain by supporting decarbonization in manufacturing processes and expanding sales of energy-saving products (see below table), around the core of our promotion of Green Business, which is among the Group's growth strategies.

Note: Refer to the summary of "Non-financial Data" on P.60 for CO_2 emissions by Scope 3 category.

Segment	Key products and services contributing to climate change response
Industrial Equipment	Power-saving units, etc.
Machine Tools	Energy-saving machine tools, etc.
Housing, Air & Fluidic Control Systems	High-efficiency air conditioning, solar power generation systems, storage cells, etc.
Building Supplies & Exterior	Solar car ports, solar houses, etc.
Construction Machines	Energy-saving construction machinery, CO_2 monitoring systems, etc.

Environment

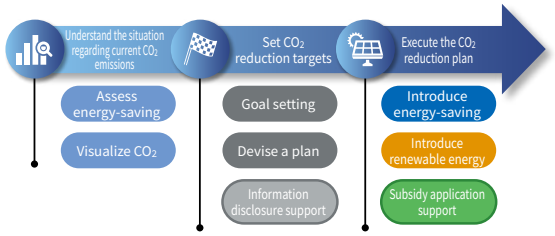
Decarbonization Initiatives

YUASA One-stop Solutions

Green Business, which contributes to the realization of a sustainable society, is becoming more important in today's world, which is characterized by increasing demands and challenges in responding to climate change. At the Group, we have a specialized energy-saving consulting team called YES (YUASA ENVIRONMENT SOLUTION) to support our business partners in their initiatives to achieve carbon neutrality.

YES provides a one-stop service ranging from energy analysis using YUASA's proprietary integrated energy management system "YES-net" to specific action plans for subsidized equipment upgrades and construction and maintenance. These are delivered by YES professionals with specialized qualifications such as Qualified Person for Energy Management and First-class Electrician.

They leverage remote diagnostics and other technologies to provide optimal solutions tailored to our business partners' needs. These range from comprehensive equipment upgrades for entire plants and buildings to smaller-scale equipment refurbishments and operational improvements, and are contributing to the realization of a sustainable society.



YES website redesign

The redesigned website is regularly updated with specific details on YUASA's one-stop solutions and the latest subsidy information.

YUASA ENVIRONMENT SOLUTION, YUASA TRADING CO., LTD.
https://www.yuasa.co.jp/en/yes/

Knowledge Sharing and Development of Human Resources for the Promotion of Green Business

We position the deepening of our knowledge in environmental fields, including carbon neutrality, as a priority issue in the promotion of the Group's Green Business. The YES team plays a central role in sharing the latest information on energy conservation, renewable energy, and various subsidies via internal portals, and is thereby enhancing our ability to propose solutions to our business partners. In addition, we hold briefings for employees as needed regarding the utilization of subsidies and, in FY2025, are implementing Green Business Seminars hosted by YES toward raising the levels of knowledge company-wide.

Contributions to the Reduction of CO_2 Supported by YES (FY2024)

The significant increase of approximately 130% compared to that of 2023 in the number of energy-saving business negotiations handled by YES is an indication of the growing demand for changeover to energy-saving products, particularly from the perspective of reducing utilities costs.

With the number of business negotiations for solar power generation equipment having increased by approximately 114% compared to that of 2023, it is estimated that the combined total of projects implemented by YES will facilitate reductions in CO_2 emissions of approximately 2,400 tons*.

* Estimated value calculated based solely on projects in which YES was involved

Topics

Automatic CO_2 Emissions Monitoring for Construction Machinery Using Telematics Services

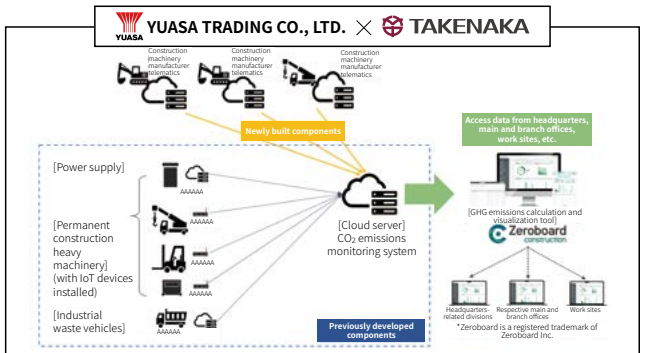
We have launched an automated monitoring initiative with Takenaka Corporation utilizing a telematics service* to track CO_2 emissions generated at construction sites. The CO_2 emissions monitoring system for construction sites involves mounting IoT devices on construction heavy machinery and equipment to automatically measure activity data, which is then transferred to the cloud. This system enables accurate, real-time visualization of CO_2 emissions at construction sites with minimal operational burdens by linking the data with the CO_2 emissions calculation and visualization cloud service "Zeroboard Construction." Use of this system has substantially cut down on processes which previously required manual measurement and inputs to contribute to improved productivity and visualization of CO_2 emissions.

However, time and effort were involved in attaching the IoT devices to construction heavy machinery and equipment on-site during operations. Thus, in an effort to achieve increasingly seamless levels of accessibility and to reduce operational burden, we developed a platform for data integration with remote monitoring systems and conducted verification tests.

As part of this development, we partnered with the telematics services of Kobelco Construction Machinery Co., Ltd. and Hitachi Construction Machinery Co., Ltd. We are also considering a further partnership with TADANO, Ltd., and have already commenced verification testing to this end.

Going forward, we will expand the scope of coordination with telematics services provided by various construction machinery manufacturers and actively contribute to the achievement of carbon neutrality by further expanding the scope of their application and offering more comprehensive services.

* Telematics service: Telematics is a compound word which combines "telecommunications" with "informatics," and refers to services provided by construction machinery manufacturers and others involving the installation of communication systems on equipment.



Conceptual diagram of data coordination between telematics services and CO_2 emissions monitoring system

Environment

Water Resource Conservation and Risk Management

Business Activities in Water Risk Areas

Water resources are critical assets for the YUASA TRADING Group's operations and the products and services we handle. We have traditionally furthered initiatives to reduce water consumption as part of environmental conservation. However, we are now utilizing WRI Aqueduct (4.0) and the WWF Water Risk Filter (2024 Edition) to evaluate the available water resources and water stress levels at all domestic and overseas sites (210 sites), marking our first steps to advance water resource risk management throughout the entirety of our supply chain.

While the locations of some of the YUASA TRADING Group's overseas sites are in areas with high water risk, these are leased within commercial buildings and are characterized by comparatively low water consumption. We thus considered their actual associated risk as low.

In Japan, some Group company sites are characterized by high water consumption due to the nature of their business, and we will continue to reduce water consumption at these sites.

Going forward, we will also continue to actively explore the potential deployment of related products and solutions for the advancement of water resource conservation and water risk management throughout society.

Initiatives to Help Facilitate a Circular Economy (Resource Circulation)

YUASA Upcycling Solutions

The YUASA TRADING Group has developed YUASA Upcycling Solutions as an initiative to address the "waste problem," challenge within our value chain while simultaneously facilitating decarbonization, biodiversity conservation, and resource circulation.

Environmental challenges are not limited to decarbonization but also encompass such issues as a shortage of final disposal sites and resource depletion during manufacturing. We recognize that resource depletion has the potential to become a chronic risk for our Group, which is primarily engaged in wholesale operations. Recently, increasing importance is being placed on the pursuit of well-balanced transitions toward a decarbonized society alongside biodiversity conservation and resource circulation.

YUASA Upcycling Solutions is an initiative that leverages the relationships and technological capabilities of our Group to their greatest extent, to imbue items destined for disposal with stories, and bestow them with renewed life as new products.

The Concept of Upcycling

"Upcycling" refers to the process of transforming items destined to be disposed of into new products of greater value. Unlike recycling, it involves reusing the original materials as is, while adding value through design, creativity, and other innovations and thereby transforming them into high value products.

Focusing on the unique textures and diverse colors of respective materials, and incorporating design, storytelling, and creative usage concepts, are the keys to harnessing the distinctive appeal of upcycling.

Topics

Transforming Socially Problematic Waste and Nuisance Items into Building Materials

Resource Circulation × Biodiversity

Contributing to the red soil collection project through the deployment of red soil as building materials

Runoff of red soil in Okinawa is a major social issue. When red soil exposed due to development and other factors is washed into the sea by heavy rains, the fine-grained particles of which red soil is composed blanket coral and other natural features and destroy the coral reef ecosystem. While activities to remove this soil are underway, red soil thus removed cannot be reverted to soil as it is mixed with seawater salt. This is resulting in large amounts of waste.

An eating establishment in a traditional house in Aizu-Wakamatsu, Fukushima Prefecture

We finished the walls of an eating establishment in a traditional house using red clay-based plastering materials and tiles during the building's renovation. The texture and feel of this natural clay blend seamlessly with the traditional wooden structure of this building.

Incorporating red clay with the natural clay used for the interior finishing materials is also giving rise to new sales channels.

Utilizing Tree-thinning and Unused Wood Materials for Furniture and Novelty Items

Resource Circulation × Biodiversity × Decarbonization

A sustainable resource circulation system for tree-thinning and unused wood materials

YUASA LUMBER CO., LTD., a YUASA TRADING Group company, is creating a framework for the sustainable circular use of materials resulting from forest management activities, such as those derived from unused wood and thinning operations. For example, one of the primary ways in which the unspoiled lumber of the aforementioned operations is used is in the crafting of benches that are then installed in public parks. They subsequently replace the rectangular lumber of the seat posts every six months and repurpose that lumber for secondary use in wooden decking and similar applications. We are contributing to campaigns for the protection and maintenance of plentiful forests through resource circulation initiatives such as this.