

# E: Environmental - Policy and Products

## Environmental Action Policy

YUSHIN will contribute to the environment in product development and work to reduce environmental impact as a common initiative for all employees

### Product Development Initiatives

#### 1 Continuous development of energy-saving products

##### Details

YUSHIN will endeavor to develop products that have low environmental impact, and that are compatible with environmental conservation by using technologies that are friendly to people and the environment.

<Recent Examples>

- Awarded at the Energy-Efficient Machinery and System Awards of the Japan Machinery Federation (FRA series)
- Developed new products that are environmentally conscious and contribute to Carbon Neutral (Smart ECO Vacuum: RC-SE Series, YD Series)

### Company-Wide Initiatives

#### 2 Paperless promotion

##### Details

Reduction in paper consumption by promoting more efficient operations

#### 3 Reduction of CO<sub>2</sub> emissions

##### Details

- YUSHIN will take the option of reducing the environmental impact when constructing and expanding the plants or purchasing company vehicles. (use of LED lighting, purchase of electricity from renewable energy sources, purchase of environmentally conscious vehicles)
- YUSHIN will cut down the use of company vehicle by working-at-home and video meeting.

## Reduction of Environmental Impact

### Constant Effort to Develop Energy Saving Products

We constantly develop energy saving products working 24/7 at customers' site.

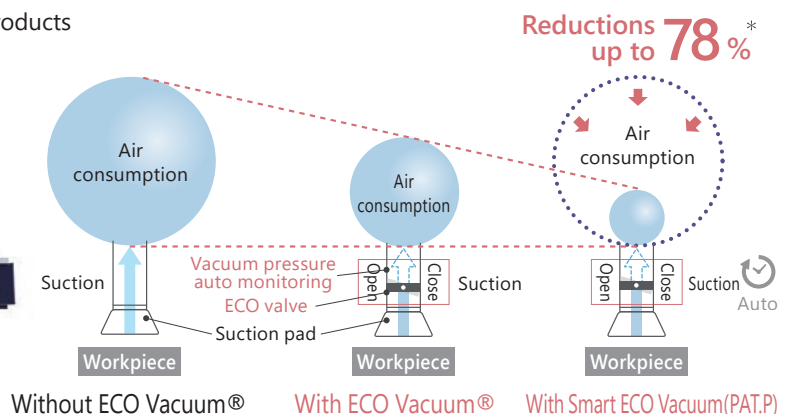
In 2019, FRA robots, our flagship model, received the JMF's President Award at the Energy-Efficient Machinery and System Awards of the Japan Machinery Federation. This Awards was formerly called Energy-Efficient Machine Award which our YC robots had received. We are confident that our continuous efforts to develop energy saving products

such as design optimization, are highly evaluated.

In July 2021, we have rolled out a new robot RC-SE which has Smart ECO Vacuum (PAT.P) evolved from ECO Vacuum® – our unique technology to save air consumption. This feature can reduce up to 78% of air consumption maximum, and can lower electricity consumption of the compressor.



Take-out robot RC-SE series



\* YUSHIN measurements

# E: Environmental - Efforts to Fight Climate Change and Decarbonization

## Reduction of CO<sub>2</sub> Emissions

- We aim at reducing the total of Scope 1 and 2 in Japan by 70% at the end of FY2031 compared to FY2021 levels. Scope 1 emissions are direct emissions from in-house fuel use. Scope 2 emissions are indirect emissions from electric power we buy and heat.

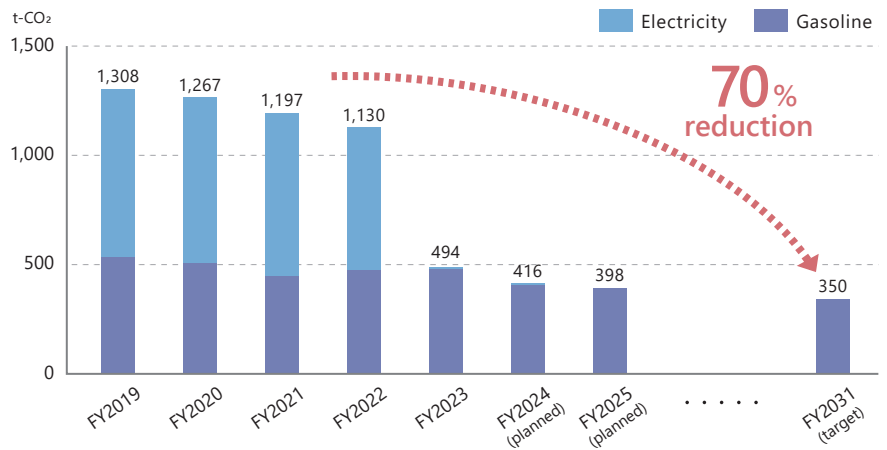
<\*Calculated based on the following assumptions>

- Electricity: All domestic bases use the renewably generated powers.
- Vehicles: All vehicles in the domestic bases are hybrid.

## CO<sub>2</sub> emissions in Japan

	(t-CO <sub>2</sub> )				
	FY2019	FY2020	FY2021	FY2022	FY2023
Scope1 (gasoline)	538	511	455	479	492
Scope2 (electricity)	769	755	742	650	2

\*Figures for overseas offices are currently being calculated



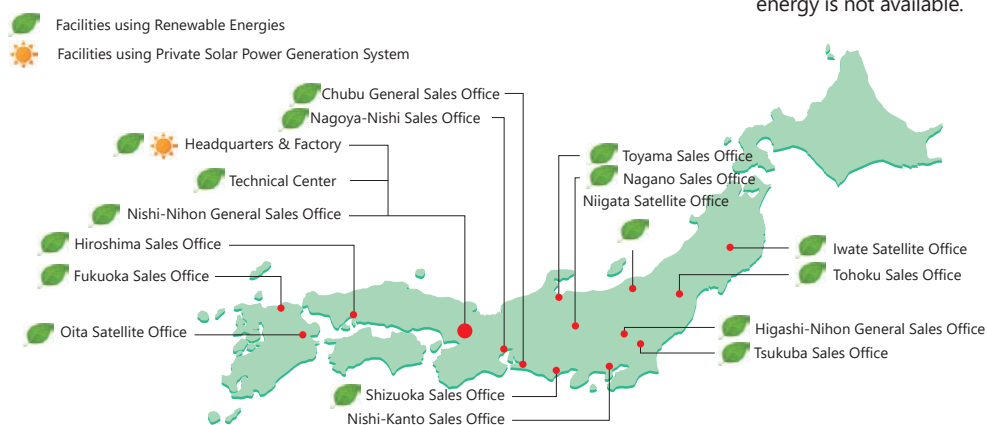
## Switching to Electricity Derived from Renewable Energies

YUSHIN has switched all of power consumption at the headquarters/Technical Center and the regional sales offices directly contracted with power supply companies, to renewably generated powers since April 2022. This is achieved by purchasing the renewable powers and using the solar power generated on site. The facilities consume about 2 million kWh electricity per year. The switch reduces CO<sub>2</sub> emissions by about 740 tons per year.



Solar panels on the roof of the headquarters

The panels generate as much power as the branch office requires where the renewable energy is not available.



## Gradual Transition to Environmentally Friendly Vehicle (hybrid vehicles)

- In March 2022, we have decided to gradually switch to environmentally friendly vehicles (hybrid vehicles). We will promote further environmental friendliness through the active introduction of hybrid vehicles and our existing efforts to promote eco-driving.

Percentage of hybrid vehicles among company cars

6%(FY2022, actual) → 77%(FY2031, target)

# E: Environmental - Disclosure Based on TCFD Recommendations



In April, 2022, YUSHIN has declared to support for the recommendations of Task Force on Climate-related Financial Disclosures which is created by Financial Stability Board (FSB.) YUSHIN will further promote its effort against climate change to date, and enhance its disclosure based on the recommendations of TCFD.

## Governance

YUSHIN takes climate change as an issue to be addressed in the governance and management system for sustainability.

The management meeting is the supreme decision-making body for business execution. The meeting and the Sustainability Committee are both chaired by the Representative Director and President. At the meeting and

the committee, all inside Directors discuss the progress of their commitments on climate change and the identification and assessment of risks and opportunities. The basic policy resolved at the management meeting and Sustainability Committee, and the result of the enforcement are to be reported to the Board of Directors.

## Strategy and Scenario Analysis

YUSHIN's "Environmental Action Policy" is that all employees are committed to contributing to the environment in product development and reducing environmental impact.

The worldwide movement for environment is changing drastically from day to day, which has to be addressed properly. YUSHIN identifies risks and opportunities related to

climate change and assess the impact on business.

YUSHIN clarifies the impact of climate change on procurement risks on energy and raw materials, risk in customer needs change, risk of extreme weather, average temperature rise, and sea level rise. YUSHIN will reduce these risks and turn them to opportunities.

## Climate change-related risks

Type	Detail	Impact on business	Frequency of occurrence*			Risk Evaluation	How YUSHIN responds to the risk		
			Short	Medium	Long				
Risks related to the transition to a low-carbon economy	Policies and regulations	Carbon tax Introduction and its hike by governments	• Rise in raw material procurement costs	YES	YES	YES	Low	View the costs should be borne by the entire supply chain for the benefit of a sustainable society	
		Political interventions such as GHG emission regulations and energy efficiency improvement targets	• Rise in renewable energy procurement costs • Rise in cost of switching company car from gas vehicle to environmentally friendly vehicles	YES	YES	YES	Medium		
	Technology	The development cost of robots with low-carbon technologies cannot be recovered at an early stage.	• Rise in investment costs	YES	YES		Medium	View this as future growth investments	
	Market	The material shortage due to the spread of low-carbon technologies	• Cost rise due to higher procurement prices • Impact on the production due to the parts unavailability		YES	YES		Medium	Purchase from multiple companies by cultivating suppliers
		Stricter environmental policy by customers	• Loss of sales opportunities due to delay in addressing environment issues in YUSHIN Group	YES	YES			Medium	Actively develop environmentally friendly products such as improved energy-saving functions
Reputation	Changes in stakeholder behavior	• Decline in corporate evaluation due to delays in responding to environmental considerations and a lack of disclosure of environmental information	YES	YES			Medium	Promote information disclosure with the support of Task Force on Climate-related Financial Disclosures (TCFD)	
Risks Related to "Physical" Changes due to Climate Change	Acute	Occurrence of extreme weather (typhoon, flood, tornado, heavy snow)	• Decrease in sales and increase in expenses due to the shutdown of the headquarters and Technical Center, which are responsible for production	YES	YES	YES	Low to Medium	• Implement Business Continuity Plan (BCP) • Take measures against typhoons and floods	
	Chronic	Average temperature rise	• Electricity consumption rise and cost increase for measures against heat stroke in order to maintain a comfortable working environment for factory workers and service workers	YES	YES	YES	Low	Prioritize the improvement of the work environment for employees (Costs are absorbable and have a small impact.)	
		Sea level rise	• Need to relocate production sites where water-related disaster risk exceeds acceptable levels			YES		Low to Medium	Conduct risk assessment continually

\*Short-term means it happens within 3 years, medium-term by 2030, and long-term by 2050.

## Climate change-related opportunities

Type	Climate-related opportunities	Impact on business	Assumed time of occurrence*			Opportunity evaluation
			Short	Medium	Long	
Resource efficiency	Utilize energy-efficient building	<ul style="list-style-type: none"> <li>Improvement of employee satisfaction through utilization of head office factories, such as promoting comfortable temperature control and CO<sub>2</sub> concentration control, and improving workplace environments for employees</li> <li>Cost reductions associated with improved safety levels</li> </ul>	YES	YES	YES	Low
	Promote recycling	<ul style="list-style-type: none"> <li>Cost reductions through efforts to increase reuse opportunities</li> </ul>		YES	YES	Low
	Realize efficient transportation	<ul style="list-style-type: none"> <li>Reducing costs by pursuing efficient transportation by promoting product weight reduction and reduction of materials used for transportation</li> </ul>	YES	YES	YES	Low
	Decrease transportation use	<ul style="list-style-type: none"> <li>Reducing sea transport costs by promoting local production</li> </ul>		YES	YES	Low
Energy source	Utilize low-carbon energy sources	<ul style="list-style-type: none"> <li>Reducing the impact of possible cost increase in fossil fuel and GHG emission regulations by promoting renewable energy, and GHG emission regulations</li> </ul>	YES	YES	YES	Low
Products & Services	Expand development and sales of energy-saving and low-carbon products	<ul style="list-style-type: none"> <li>Sales increase due to increased demand for environmentally friendly robots</li> <li>Sales increase by increasing product value, including ECO Vacuum®, Smart ECO Vacuum(PAT.P), and Ecology mode</li> <li>Increase in service revenues due to the demand for long-life robots to reduce environmental impact</li> </ul>	YES	YES	YES	High
	Cope with to average temperature rise	<ul style="list-style-type: none"> <li>Increased need for automation as work environment worsens for workers</li> <li>Demand increase for the development of the products that can run in harsh environments</li> </ul>		YES	YES	Low
Markets	Sales increase due to market demand increase for heat stroke control products or medical-related products	<ul style="list-style-type: none"> <li>Demand increase for YUSHIN products as capital expenditures increase for those products</li> </ul>	YES	YES	YES	Medium
	Worldwide shift from gasoline-powered vehicles to environmentally conscious vehicles	<ul style="list-style-type: none"> <li>Demand increase for YUSHIN products due to production increase for plastic-related parts due to weight reduction and the newcomers to plastic related parts</li> </ul>	YES	YES		Medium
	Relocation of customers' production sites due to climate change	<ul style="list-style-type: none"> <li>Demand increase for YUSHIN products due to expansion of capital expenditures</li> </ul>			YES	Medium
Resilience	Establishment of multiple assembly partners and parts suppliers to observe delivery deadline strictly.	<ul style="list-style-type: none"> <li>Improve capability to meet demand increase of the products</li> </ul>	YES	YES	YES	Low

\*Short-term means it is assumed to happen within 3 years, medium-term by 2030, and long-term by 2050.

## Risk Management

YUSHIN sees what hampers business management as risk, and analyzes and assesses the urgent risks of climate change and the risks that may occur in the future.

To manage such risks, YUSHIN identifies, analyzes and evaluates the risks in all aspects of the businesses. Such

information is compiled in a timely manner and shared by the Board of Directors and the executive meetings. Under the leadership of Representative Director and President, YUSHIN takes prompt and appropriate measures to reduce the risks.

## Indicators and Targets

The end of FY2031: Reduce CO<sub>2</sub> emissions by 70% compared to FY2021

Following the adoption of the Paris Agreement in 2015, the Japanese government announced that it would aim to reduce greenhouse gas by 46% compared to 2013 by 2030.

YUSHIN aims to reduce the sum of Scope1 and 2 (direct emissions from in-house fuel use and indirect emissions from electric power YUSHIN buy and heat) in Japan by 70%

compared to FY2021 by the end of FY2031.

YUSHIN is promoting to purchase renewable-energy-based electricity and introduce environmentally friendly vehicles. YUSHIN will review its targets from a medium- and long-term perspective.

YUSHIN will set the reduction goal for Scope3 as well, and work to reduce CO<sub>2</sub> throughout the supply chain and disclose the goal.