

Environmental Management



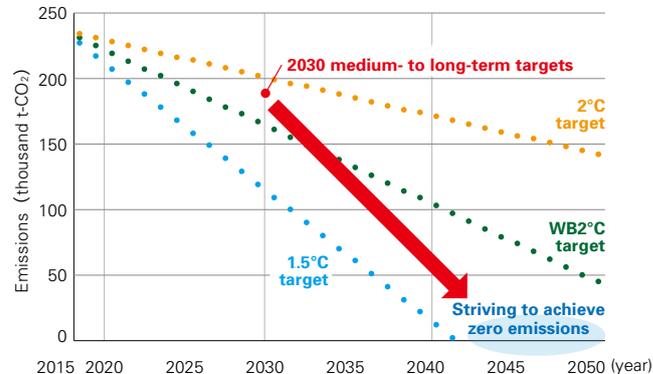
Our Company Group's Environmental Vision for 2050 (CO₂ reduction)

Our Group relies upon the earth's natural resources and energy in order to do business. However, doing business will generate garbage and air and water emissions. For this reason, we believe it is important for our Group to adhere to environmental laws and regulations, conduct business in an environmentally friendly manner, and engage in initiatives that reduce the environmental impact on the entire society through our products and services.

In fiscal 2018 our Group established a plan with medium- to long-term targets ending in fiscal 2030, and has been promoting activities based on this. However, in light of the environmental challenges that will only grow more severe from this year on, we felt it was necessary to promote activities from an even longer-term perspective. Therefore, we formulated our Environmental Vision for 2050 (CO₂ reduction) ending in 2050.

For the future, we will continue to promote activities aimed at our challenges for the year 2050 by using SBT^{*1} as one of the indicators for this.

▶ Striving to achieve zero CO₂ emissions and SBT



*1 SBT: Abbreviation for "science-based targets." It refers to an initiative that aims to achieve the Paris Agreement target of "keeping a global temperature rise this century well below 2 degrees Celsius" through the public declaration, setting, and implementation of a greenhouse gas emissions reduction target by corporations that is consistent with science. It is a joint, international initiative. The target level was raised in October 2019 and has become a greenhouse gas reduction target consistent with the requirements of the Paris Agreement (Aiming to keep a global temperature rise well below 2 degree Celsius and 1.5 degree Celsius below pre-industrial levels).

Environmental Vision for 2050 (CO₂ reduction)

① Strive to achieve zero CO₂ emissions (Scope 1 and 2) by 2050

- Reduce CO₂ emissions via energy conservation activities, MFCA activities, and improving process efficiency
- Increase the share of our energy from renewable sources by getting a grasp of the electric power conditions in each country

② Contribute to reducing CO₂, including along supply chains.

- Develop products that factor in reducing CO₂ throughout their life cycle (Improve efficiency, reduce weight, lengthen service lives, recycle, switch to mono-material design, etc.: Use LCA)
- We will work together with our supply chain

Initiatives for the Climate Change Program

CDP (headquartered in London)^{*2} is an international NGO established in 2000 in partnership with institutional investors from around the world. It carries out projects in which it sends out questionnaires to major companies and municipal governments around the world on issues such as climate change, water security, and forests, and that seek climate change strategies and specific declarations related to emissions of greenhouse gases.

With the CDP's 2019 survey, survey activities were conducted on behalf of 525 institutional investors with net invested assets totaling 96 trillion U.S. dollars. More than 8,400 companies, accounting for over 50% of global market capitalization,

disclose environmental data on their initiatives for climate change programs via the CDP.

We complied with the CDP's request to respond to its 2019 climate change survey, and we were awarded a "B" rating on January 20, 2020. For fiscal 2020, we have been requested to reply to the survey on water security in addition to the one on climate change, and we intend to respond.

We will continue to reduce our environmental impact, conserve resources and energy, control chemical substances, develop products that contribute to the environment, and contribute to countering climate change, while also promoting the disclosure of environmental information in the future.

*2 This was formerly known as The Carbon Disclosure Project, but now its official name is the CDP.

Environmental Management System

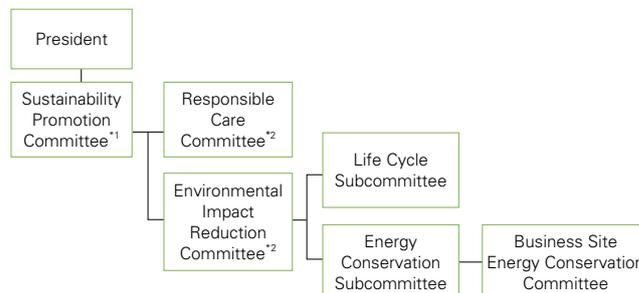
Under our newly established Environmental Vision for 2050, our Group will work to address environmental conservation across the entire Group based on our Policy on Responsible Care Activities in aiming to contribute to the sustainable development of society.

To actively reduce environmental impacts, conserve biodiversity, and prevent soil and groundwater pollution, our Responsible Care Committee and Environmental Impact Reduction Committee take the lead in checking compliance with environmental laws and regulations as well as conducting environmental assessments throughout the entire life cycle, from R&D to raw materials procurement, production, sales and final disposal. Based on the results, each workplace and work site take appropriate actions.

From January 2020, our Responsible Care Committee and Environmental Impact Reduction Committee began carrying out activities as subordinate committees under the

Sustainability Promotion Committee. We will continue to promote environmental management under this sustainability promotion structure.

► Environmental Management Structure



*1 The Sustainability Promotion Committee is a committee that is chaired by the president, and was launched in April 2019. See pages 39 and 40 for details.

*2 The above system diagram is just an excerpt of our committees related to environmental management. See page 39 regarding our Responsible Care Committee and Environmental Impact Reduction Committee.

Activities of the Environmental Impact Reduction Committee

The Environmental Impact Reduction Committee recaps each year's progress toward medium- to long-term environmental targets at the end of the fiscal year and determines the targets for the following fiscal year. It carries out its activities with the approval of the Sustainability Promotion Committee, which serves as its parent body. Two subcommittees were established within the committee in order to achieve its objectives, and these subcommittees work to reduce our environmental impact.

The Life Cycle Subcommittee aims to establish production systems with minimal environmental impacts through scientific, quantitative, and objective assessments of environmental impacts, from the R&D phase onward, under the Policy on Responsible Care Activities. The subcommittee is moving forward with its activities under its set target of ensuring that 25% of its researchers are capable of performing life cycle assessments (LCA) at all research and development departments and instituting energy conservation on their own by fiscal 2022 by continuing to foster said researchers and developers. In fiscal 2019 the number of certified personnel was hovering above the target line. In addition, as part of its efforts to expand the aggregation of environmentally friendly products company-wide, it has revised the phrasing from "environmentally friendly products (non-consolidated)" to "SDG-contributing products and technologies (consolidated)."

In fiscal 2020, the Life Cycle Subcommittee will work to enhance educational opportunities, horizontally deploy LCA evaluations on baseline products, and expand items on which LCA evaluations have been carried out for SDG-contributing products.

The Energy Conservation Subcommittee worked to establish, across all business sites in Japan, a mechanism for continuously soliciting and trying out ideas for saving energy through such means as voluntary implementation initiatives in business sites. In fiscal 2019, the subcommittee successfully reduced

energy consumption by as much as 1,424 kL (55,181 GJ) in crude oil equivalent, or 2,748t-CO₂, compared with fiscal 2018, primarily by reducing city gas and electricity consumption. Furthermore, the subcommittee established and successfully achieved targets by carrying out unique activities to conserve electricity in the summer and winter months. Outside of Japan, the subcommittee worked to ensure a similar level of activities as in Japan and continued to promote the roll out of activity methods and best practices.

The subcommittee has established an energy conservation target for fiscal 2020 too, and will continue efforts aimed at achieving energy consumption reduction plans at the workplace level. In particular, the subcommittee will focus on creating a system across business sites in Japan for sharing practices for reducing energy consumption and technical information related to energy conservation in order to improve the level of energy-saving technology throughout our Company; and having the mother plants in Japan provide technical support to their affiliated sites through a tie-up with the Company-wide Energy Conservation Secretariat.



LCA training in progress