



Eco-Mind & Global Environmental Management

We have established an environmental management system in accordance with our Guidelines and Commitments and our Action Guidelines for Environmental Conservation, and work to cultivate an “eco-mindset.”

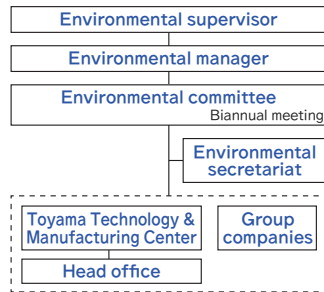
KOKUSAI ELECTRIC Action Guidelines for Environmental Conservation

[Purpose]

In order to realize an environmentally harmonious and sustainable society through the provision of products and services, KOKUSAI ELECTRIC is committed to meeting its social responsibilities by promoting globally applicable *Monozukuri* aimed at reducing the environmental impacts of products throughout their entire life cycles, thereby ensuring global environmental conservation.

Environmental Management System

In line with the Company’s Action Guidelines for Environmental Conservation, the environmental supervisor sets the environmental policies and the environmental committee composed of the heads of each division promotes environmental conservation activities across the Group. We mainly conduct the following activities in the three categories.



Granted a Prize for the Environmental Human Resources Development Corporate Awards

On March 28, 2019, we were granted an Encouragement Award in the 2018 Environmental Human Resources Development Corporate Awards sponsored by the Japanese Ministry of the Environment and the Environmental Consortium for Leadership Development, which commends companies that are implementing measures to encourage employees to voluntarily take actions for eco-friendly corporate management.

We were given the award in recognition of our commitment in global manufacturing to reducing the environmental impact of our products and services throughout their life cycles for the realization of an environmentally harmonious and sustainable society and our implementation of a range of initiatives to make employees more environmentally aware. More broadly, we believe that we won the prize as a result of having steadily conducted environmental education, environmental volunteer and other activities.



Award ceremony (May 27, 2019)
Chairman of the Board, Environmental Consortium for Leadership Development (Left) and Deputy General Manager of the Toyama Technology & Manufacturing Center

Photo provided by the secretariat of the Environmental Consortium for Leadership Development

Eco-management Promotion of environmental education, improvement activities conducted under the departments’ environmental management programs, and environmental volunteer activities

Eco-product Compliance with overseas product-related laws and regulations, management of chemical substances used in products, and eco-friendly product design

Eco-factory Reduction of energy use and waste generation

Targets and Results of Environment Activities in Fiscal 2018 (Toyama Technology & Manufacturing Center)

The results and evaluation of the Environmental Action Plan in fiscal 2018 are as follows. Since fiscal 2016, we have been vigorously promoting environmental activities toward the targets set for 2018, which is the final year of the medium-term plan.

Category	Action goal	Index	Final fiscal year (2018)		Fiscal 2017 Results	Evaluation	
			Target	Results			
Eco-management	Nurture an environmental mindset in all employees	Participation ratio	100%	100%	100%	🌳🌳🌳	
	Indicator of the level of environmental activities	Green points	480GP	498GP	366GP	🌳🌳🌳	
	Ecosystem Preservation	Number of ecosystem preservation activities implemented	New	Discussion/survey	0	0	🌳🌳🌳
				Planning	0	0	
			Implementation	5	5		
Ongoing	Ongoing activities	28	28	28			
Collaboration with Stakeholders for the Environment	Number of environment-related social contribution activities implemented*	Number of activities implemented	13	13	23	🌳🌳🌳	
Eco-product	Environmental design assessment	Assessment rate	100%	100%	100%	🌳🌳🌳	
Eco-factory	Global Warming Prevention	Improve energy use per unit	Index: “Energy Use per Unit” (reference year 2005)	82 or below	95	89	🌳
		Reduce transportation energy per unit	Index: “Transportation Energy Used per Unit of Production” (reference year 2006)	60 or below	45	56	🌳🌳🌳
	Effective Use of Resources	Improve waste and valuables generation per unit	Index: “Waste and Valuables Generation per Unit” (reference year 2005)	45 or below	45	45	🌳🌳🌳

* Number of activities implemented in such areas as environmental education, information exchange, ecosystem preservation through afforestation, etc., community contribution through cleanup projects, etc., lights-off campaigns, and community energy-saving activities

[Evaluation standard] 🌳🌳🌳 : Achieved 100% 🌳🌳 : Achieved 80% or more 🌳 : Achieved less than 80%

Green Points (The Company)

We use green points (GPs) for the self-evaluation of our environmental activities in order to improve and upgrade the quality of such activities. GPs provide a mechanism for classifying our environmental activities into six categories, evaluating the degree to which the targets of environmental activities were achieved and the contents of said activities, and visualizing the results in the form of radar charts.

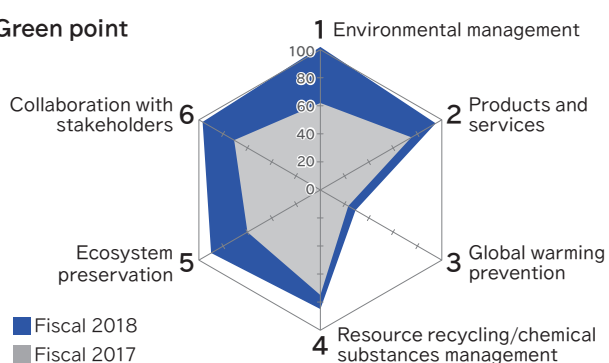
During the period from fiscal 2016 to 2018, we worked to enhance the quality of environmental activities while evaluating achievements and progress toward Environmental Action Plan targets. In fiscal 2018, the Company far surpassed the predefined target with a score of 498 GPs.

In fiscal 2018, the final year of the three-year period, the Company earned a high score for environmental management as a result of visiting its overseas sites to give them advice on environmental activities and by increasing employees' e-learning attendance rate to 100%. We also collaborated with stakeholders to give environmental education to local preschool-aged children and conduct local cleanup activities. In recognition of these activities, we were granted the aforementioned Encouragement Award in 2018. These contributed to the high GPs.

GP evaluation items

Category	Main Evaluation Indicators
1 Environmental management	Environmental management, Observation of laws and regulations
2 Products and services	Improvement of environmental performance, Environmental design assessment
3 Global warming prevention	Improvement of energy use per unit, Reduction of energy use during transportation
4 Resource recycling/chemical substances management	Improvement of waste and valuables generation per unit, Reduction in water use per unit
5 Ecosystem preservation	Implementation of ecosystem preservation activities
6 Collaboration with stakeholders	Environmental education, tree-planting, community cleanup activities

Green point



Note: For "3. Global warming prevention," please refer to "Prevention of Global Warming and Energy Saving" on page 18.

Environmental Accounting (The Company)

We calculate environmental conservation costs and environmental conservation effects with reference to the Japanese Ministry of the Environment's Environmental Accounting Guidelines. Environmental conservation expenses costs include plant/equipment investments and R&D expenses related to the environment. Environmental conservation effects are determined based on profits from the sale of recycled items, expenditure

reduction through investments in energy-saving equipment, etc. We use the results of environmental accounting to improve our environmental return on investment.

Environmental conservation cost Expenses (in millions of yen)

Item	FY			Overview
	2016	2017	2018	
Business area costs	174.1	307.4	310.9	Costs of maintenance of equipment with low environmental impact, depreciation, etc.
Upstream/downstream costs	0.0	0.0	0.0	Costs for green procurement and recycling
Management activity costs	32.2	38.5	45.6	Personnel expenditures for environmental management, maintenance costs for environmental management system
Research and development costs	0.0	0.0	0.0	R&D for the reduction of environmental impact caused by products and production processes, product design expenses
Social activity costs	0.0	0.2	0.3	Environmental improvements such as afforestation and beautification, PR and publicity expenses
Environmental damage costs	0.0	0.0	0.0	Environment-related measures, contributions and levies
Total	206.3	346.2	356.8	—

Investments (in millions of yen)

Item	FY			Overview
	2016	2017	2018	
Investments in environmental conservation	15.6	65.6	153.8	Direct investments in environmental load reduction facilities such as energy conservation facilities

Economic effects of environmental conservation

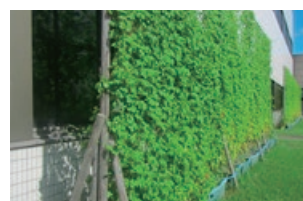
Economic effects (in millions of yen)

Item	FY			Overview
	2016	2017	2018	
Net income effects	8.5	17.0	17.0	Profit on sale of recycled waste, etc.
Expenditure reduction	1.1	5.3	7.1	Cost-saving effects, etc. by saving energy
Total	9.6	22.3	24.1	—

Winning a Prize of Excellence as a Business Establishment in Toyama City's Green Curtain Contest 2018

The Group implements a green curtain project in line with an initiative promoted by the Japanese Ministry of the Environment. In November 2018, we won a prize of excellence as a business establishment in Toyama City's Green Curtain Contest for the second consecutive year. The contest is held to encourage citizens and companies to save energy in an enjoyable and easy manner.

We received the honor as a result of the Toyama Technology & Manufacturing Center having conducted environmental activities proactively, including increasing the diversity of cultivated plants, donating seedlings for green curtains to local preschools, and helping the preschool children plant the seedlings while providing them with environmental education.



Bitter gourds



Planting seedlings together