



▶ Environmental Policy

Basic Policy

Recognizing that environmental issues are a challenge common to all mankind, Nippon Pillar Packing is aware of its social responsibility as a corporation, and as a good corporate citizen, we are actively working to preserve the global environment. We will also contribute to the development of local communities, aiming for the sustainable development of society and the Company.

(1) Compliance with laws and regulations

In addition to complying with domestic and international environmental laws and regulations, we pledge to establish and adhere to our own voluntary standards that take into account the needs of society.

(2) Development of products that contribute to environmental protection

As a manufacturer of fluid control equipment, we develop technologies and products that contribute not only to improved performance but also to the emergence of a society committed to sustainability through environmental protection initiatives.

(3) Controlling environmental pollution in our business operations

We strive to prevent pollution and protect the environment by

reducing the amount of waste generated, recycling the waste generated, reducing the use of environmentally hazardous substances, while complying with pollution control regulations intended to protect the environment.

(4) Improvement of environmental management system

Recognizing the environmental impact of our business operations, we strive to continuously improve our environmental management system.

(5) Cooperation with society

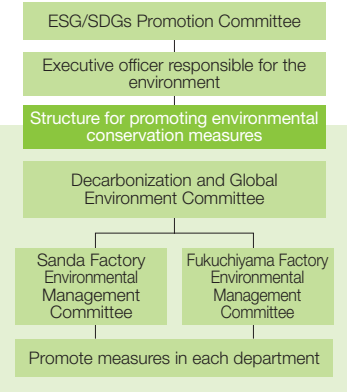
We develop environmental conservation initiatives in cooperation with stakeholders in an effort to meet the expectations of society.

March 1, 2022

▶ Structure for Promoting Environmental Conservation Measures

In September 1999, our Sanda Factory obtained ISO 14001 certification. The Fukuchiyama Factory was also certified in September 2002. We have an ongoing environmental improvement program at these two sites. In terms of environmental management, we have established an environmental management system, and the Decarbonization and Global Environment Committee, headed by the executive officer in charge of the environment, oversees the environmental management system and works to reduce regional and global environmental impacts.

Furthermore, each site has established an Environmental Management Committee with the aim of reducing the environmental impact of our business activities and developing environmentally conscious products. These initiatives are reported to the ESG/SDGs Promotion Committee, chaired by the President, to enhance the effectiveness of each committee, and management reviews are conducted at the Management Meeting and meetings of other bodies to ensure continuous improvement.



Initiatives for TCFD



The scope and extent of the impacts of climate change on the global environment and the lives of citizens are expanding, including more frequent and severe wind and flood disasters and instability in the energy market. The role that companies should play in mitigating and adapting to climate change is becoming increasingly important, and we consider climate change to be an important social issue.

In addition, our customers and markets are rapidly moving toward decarbonization and carbon neutrality. Demand for semiconductors, which are indispensable for the shift to new clean energies and more efficient energy use, is expected to rise, and we intend to further increase our contribution to the decarbonization of markets and society through our technologies and products.

Based on this recognition and conviction, we believe it is important to deepen dialogue with our stakeholders on the impact of climate change-related risks and opportunities on our business, strategy, and finances, and have disclosed our systems, initiatives, etc. based on the TCFD recommendations.



Director, Senior Executive Officer
Ikuo Hoshikawa

Governance

Basic policies and important matters related to climate change are discussed and decided by the ESG/SDGs Promotion Committee and reported to the Board of Directors on a regular basis, and a governance system is in place to ensure appropriate oversight by the Board of Directors.

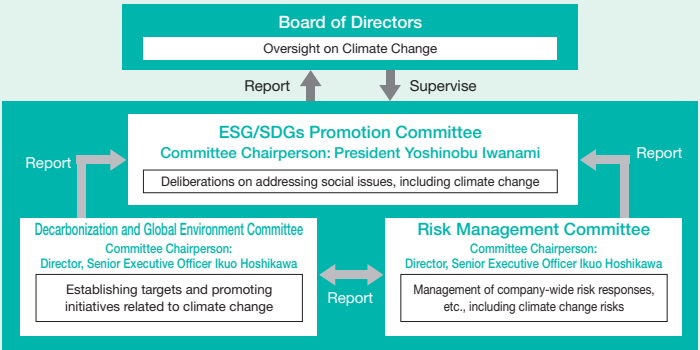
Our overall efforts regarding climate change are overseen by the Decarbonization and Global Environment Committee, which reports to the ESG/SDGs Promotion Committee in a timely manner on the progress of our goals and other matters.

Risk Management

Our Decarbonization and Global Environment Committee takes the lead in identifying climate-related risks and opportunities, and identifies them based on a comprehensive assessment of degree of impact, timing of occurrence/realization, and likelihood of occurrence/realization with reference to external information such as climate change scenarios.

The Risk Management Committee and the Decarbonization and Global Environment Committee collaborate and deliberate the identified material risks and opportunities, and integrate them into the company-wide risks as necessary. The Risk Management Committee reports the management status of company-wide risk to the ESG/SDGs Promotion Committee when appropriate.

Governance/Risk Management Structure for Climate Change



Strategy

In identifying climate-related risks and opportunities affecting our business, strategy, and finances, we have identified and organized the climate-related drivers that are expected to have a significant impact on our Company under each scenario, based on (1) a 1.5 to 2°C temperature-rise worldview in which decarbonization progresses and (2) a 3 to 4°C temperature-rise worldview in which warming progresses. Based on the above, we have identified our climate-related risks and opportunities and evaluated their degree of impact, timing of occurrence/realization, and likelihood of occurrence/realization in reference to these climate change scenarios. In addition, we have identified the risks and opportunities that are important for our Company, and have organized our future measures and countermeasures to address these risks and opportunities.

Going forward, we will steadily advance our measures to address climate-related risks and contribute to the decarbonization of markets and society and to enhancing their resilience to climate change through the development of technologies and the supply of products that help mitigate and adapt to climate change.

Indicators and Targets

Greenhouse gas emissions	Sales of products that help create a decarbonized society	In-house carbon pricing
CO ₂ Emission Reduction Targets (Consolidated/Scope 1+2) • CO ₂ emissions in FY2050 Virtually zero	Sales Forecast for FY2030 • Energy-saving products Approx. 4 billion yen • Carbon neutral products Approx. 2 billion yen	Introduced an internal carbon price system and operated it as one of the investment indices related to energy conservation and energy creation, etc. 9,200 yen/t-CO ₂ (as of October 2021)

Nippon Pillar Packing discloses detailed information based on the TCFD on its website. Please also see this page.

▶ Environmental Audit

We have undergone an external ISO 14001:2015 audit of our Sanda Factory and Fukuchiyama Factory, which are ISO 14001 certified sites, to verify that the environmental management system is being properly operated and that continuous improvements are being implemented.

As for the audit results, no nonconformities were pointed out as in fiscal 2020. In addition, the follow-up survey on industrial waste disposal and the efforts to improve the corporate brand

▶ Environmental Risk Management

In order to respond to situations that could significantly affect lives, property, and the living environment, we regularly conduct emergency response drills organized by the Disaster Prevention and Pollution Prevention Subcommittee.

In fiscal 2021, we conducted large-scale earthquake evacuation drills for all employees at our head office, Sanda Factory, Fukuchiyama Factory, and Kyushu Factory.

Decarbonization and Energy Saving

▶ Energy Conservation Activities

We use electricity, kerosene and gas as the main sources of energy for our factories and primarily conduct activities to reduce electricity because of the large amount consumed.

In fiscal 2021, although electricity consumption increased due to higher production output, energy reduction efforts were made through rational production planning, the use of LED lighting, the shutdown of large dust collectors during weeknights and holidays, and a change to load-linked

through environmental conservation in the new construction of our technology development center were evaluated as good examples of environmental management system activities.

In addition, the Sanda Factory and Fukuchiyama Factory conduct internal environmental audits every year for all departments to confirm their environmental initiatives and to continuously improve their environmental management systems.

In addition, the President, board members, and other management personnel conducted disaster preparedness training based on the assumption of a large-scale power outage in the head office region. We will continue to strengthen our life-saving drills, the initial phase of our BCP (Business Continuity Plan).

Voluntary Environmental Activity Targets and Track Record (Decarbonization and energy saving)

Efforts	FY2021 target	Track record
Reduction per unit shipped	2% reduction	4.5% reduction

control.
Due in part to these activities, energy emissions per unit of sales in fiscal 2021 were 20.2% lower than in fiscal 2020.

Circular Economy and Resource Conservation

▶ Product Repair

We contribute to the circular economy by providing after-sales service even after the delivery of our products. We provide repair services for mechanical seals mainly used in the industrial equipment-related market and bellows pumps

employed in the electronic equipment-related market. By repairing products and allowing customers to use our products for longer periods of time, we are contributing to the effective use of resources.

▶ Disposal of Industrial Waste

Industrial waste generated by our business activities includes scrap metal, fluorocarbon polymers scrap, waste oil, waste plastic, glass and ceramic scrap, and wood waste.

Each factory works to curb the amount of waste generated, while also working toward ongoing communication with industrial waste disposal and recycling companies to

promote recycling and reduce the volume of waste disposed. Recyclers recycle used paper and cardboard, which are general waste. For used paper containing confidential information, not only each factory but also the head office and branches have the paper dissolved directly at paper mills every year, thereby preventing leaks of confidential information.

In fiscal 2021, despite efforts to reduce the amount of waste disposal by decreasing the defect rate of products and promoting recycling, the amount of waste disposal increased from the previous fiscal year due to an increase in orders at the Fukuchiyama Factory.

Going forward, we will continue promoting efforts to lower the amount of waste discharged, both to make effective use of limited resources and to further curb the waste generated by our business activities.

Prevention of Chemical Pollution and Conservation of Water Resources

▶ Compliance with Measures for Laws, Regulations and Other Obligations

We always obtain the most up-to-date information to ensure we comply with environmental laws, agreed values of municipalities, etc., clearly setting out all compliance requirements in the “Environmental laws, regulations, and other requirements list.” We also conduct regular surveillance and measurement to ensure scheduled reporting and record-keeping to prevent violation of laws and regulations and contamination of the local environment.

The facilities governed by laws and regulations and the regulated items at the Sanda, Fukuchiyama, and Kyushu Factories are summarized in the table to the right. We conduct regular surveillance and measurement to improve matters of concern and to maintain and preserve the environment.

In response to the growing risk of water shortages worldwide, we are working to reduce our water consumption, and we have set a reduction target of 1.32 thousand m³ for fiscal 2022 and will continue to promote efforts to achieve this goal.

Voluntary Environmental Activity Targets and Track Record (Circular economy and resource conservation)

Efforts	FY2021 target	Track record
Reduction of defective product waste	0.08 kg/million yen	0.04 kg/million yen
Reduction of defect rate of injection molded products	2.0% or less	Average annual defect rate of 1.6%
Decline in foreign material defects in pump materials	2.0% or less	Average annual defect rate of 1.82%
Reduction of general waste	5% reduction	Reduction rate 61%
Recycling rate of waste paper and cardboard	5% improvement	21% increase in recycling rate
Activities to prevent complaints and nonconformance	12 activities/year	19 activities
Activities to prevent recurrence of nonconformities	24 activities/year	24 activities
Reduction of food loss	10% reduction	Reduction rate 11.2%
Reduction of paper towel use	10% reduction in number of paper towels used per person	Reduction rate 17%
Sales and supply of environmentally friendly products to customers	12 activities/year	20 instances of supplying customers

	Applicable laws	Applicable facilities	Regulated items
Atmosphere system	Air Pollution Control Act	Absorption-type water cooler/heater	Soot and dust, sulfur oxides, nitrogen oxides
		Exhaust gas cleaning system	Items stipulated in Fukuchiyama City Environmental Conservation Charter
		Factory dust collector	Smoke and soot
Water system	Sewerage Law	Factory wastewater	Items stipulated in the Sanda municipal sewerage ordinance wastewater standard
			Items stipulated in Fukuchiyama City Environmental Conservation Charter
	Water Pollution Control Law	Storm drainage	Chromium compounds, dichloromethane
Soil contamination	Environmental standards for soil contamination	Groundwater on site	Soil study of substances used, in association with geographical history survey
Noise	Noise Regulation Law	All factory facilities	Noise at site boundary

▶ Response to Toxic Substances

Under the provisions of the Pollutant Release and Transfer Register (PRTR), which requires companies to manage specified chemical substances that have an environmental impact, we notify the competent authorities every year regarding these substances. We also have an ongoing program of considering switching to non-specified alternatives and cutting usage, emission, and transfer of specified substances.

Substances Subject to Notification under the PRTR Law (nonconsolidated) (kg)

Name of substance	Decree number	FY2017			FY2018			FY2019			FY2020			FY2021		
		Amount used	Atmospheric emissions	Waste transfer	Amount used	Atmospheric emissions	Waste transfer	Amount used	Atmospheric emissions	Waste transfer	Amount used	Atmospheric emissions	Waste transfer	Amount used	Atmospheric emissions	Waste transfer
Xylene*1	80	1,472	11	76	1,980	11	110	1,801	11	56	1,432	7	12	983	5	17
Chromium and trivalent chromium compounds	87	3,411	0	2,400	4,067	0	4,100	3,630	11	2,500	2,650	0	1,700	2,895	0	2,001
Methylene chloride	186	30,900	27,000	3,900	29,300	24,800	4,500	34,800	30,800	4,000	57,700	53,000	4,700	109,100	104,000	5,100
1,2,4-Trimethylbenzene*1	296	2,291	11	86	2,282	11	130	2,050	11	40	1,651	8	13	5	5	19

Xylene, chromium and trivalent chromium compounds, methylene chloride, and 1,2,4-trimethylbenzene are subject to notification under the PRTR Law.
*1 Kerosene fuel consumed by combustion is not included in the amounts of emissions and transfer.
(Note) Listed here are substances used 1,000 kg or more annually.