Green Plan and Environmental Policy

SII Green Plan Concept

The SII Group has formulated the Green Plan based on the “Three Green” concept of “Green Process, Green Products, and Green Life,” under which the company practices environmentally conscious management.

SII Group Environmental Policy  Revised in January 2017

Environmental Concept

The SII Group will continue to harmonize its corporate activities with the global environment, designate the “Three Green” concept consisting of Green Process, Green Products and Green Life as our basic concept, promote and conduct environmental activities, and contribute to the establishment of a sustainable society that can coexist with nature.

Environmental Activity Guidelines

We will strive to

1. Continue to improve our environmental management system and environmental performance, while performing advanced activities that respond to the requirements of society to enhance stakeholder value.
2. Not only observe all laws, rules, regulations, agreements and other duties, but also mitigate environmental risks and prevent environmental pollution.
3. Carry out our tasks with a focus on the following activities based on “SYO”ism”:

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<td>1.</td>
<td>Providing products and services that minimize their impact on the environment throughout their lifecycles and can contribute to environmental conservation.</td>
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<td>3.</td>
<td>Fully enforcing energy conservation measures in the entire business activities and addressing global warming.</td>
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<td>4.</td>
<td>Recognizing the finite nature and the preciousness of resources of the earth, and encouraging their responsible use.</td>
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<td>5.</td>
<td>Reducing risks arising from chemical substances and promoting the elimination of harmful substances.</td>
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4. Promote SII Green Purchasing and ensure proper and strict management of chemical substances contained in products.
5. Be aware of our impact on biodiversity and all the benefits we receive from it, and make efforts toward biodiversity conservation.
6. Raise environmental awareness of all employees and encourage them to protect the environment in their personal lives.
7. Make a social contribution to and achieve accountability for environmental protection, while facilitating communication with the society.
8. Ask our suppliers for their cooperation in following this policy.

*1 “SYO”ism: SII technology philosophy
Environmental Management System

We established the environmental management systems in compliance with ISO 14001 at each site and throughout the Group. The Plan-Do-Check-Act cycle has been steadily implemented to improve our environmental performance.

Our mid-term and annual goals are established based on the "SII Group Environmental Policy," and pursued by the environmental management system at each site.

The Corporate Environmental Administration Department at the head office operates the entire SII Group environmental management system and achievements of each site are reported on a regular basis.

Environmental Management Framework

SII established the environmental management system consisting of the SII President as well as the Environmental Management Director serving as a chief executive. Having two organizational structures on a unit and divisional basis, the Corporate Environmental Administration Department at the head office cooperates with each unit and division and takes a leading part in addressing their issues.

The SII Environmental Promotion Committee discusses the SII Group targets and exchanges information including activity report submitted by each site. We strive to promote the environmental activities steadily throughout the group. In the FY 2017 committee, the participants shared the review of the FY 2016 theme "water risks" and the FY 2018 key measures carried out at each site.
Eco-friendly Products that Contribute to Environmental Conservation

Evolution of Green Products —Eco-friendly Products that Contribute to Environmental Conservation—

The basic concept of SII environmental management is the “Three Green” concept: Green Process, Green Products, and Green Life.

Among these, Green Products (in other words, creating eco-friendly products that can contribute to environmental conservation) are a manufacturer’s mission. We keep evolving based on the SII’s technological philosophy of “SYO” ism.

SII Green Products
SII introduced the SII Green Product Label System in December 2001 and the SII High Grade Green Product Label System in October 2006, which have ensured the improvement of environmental performance of our own products.

Green Products plus
In addition to improving the environmental performance of our own products, the concept of “improving the environmental performance of our clients’ products in which SII devices or components are incorporated” and “contributing to conserving the environment we all share” is called “Green Products plus,” and we have been focusing on developing the products and services.

Expansion of Scope — Software and Services—
In addition to hardware products such as equipment and components, the scope of the SII Green Products certification system has been expanded to include software and services.

The SII “SYO” ism technology that backs SII products
SII’s technological philosophy
“SYO” ism is based on advanced skills and techniques, miniaturization technologies, environmentally friendly products, and their fabrication technology.
Action against Global Warming

Our Concepts and Current Status

The Paris Agreement was adopted in December 2015, and a global framework for ratifying plans to take measures against global warming after 2020 was set forth and every participating country has determined a target value. Corporate roles and responsibilities in finding solutions for global warming issues are becoming bigger and bigger.

SII, as a manufacturing company, works toward reducing greenhouse gas emissions not only at manufacturing sites but also throughout the full range of our business activities, with energy-saving activities including the provision of energy-saving products and services.

Reducing CO₂ Emissions and FY 2017 Overview

In FY 2017, the total amount of CO₂ emissions from our sites in Japan was 55,901 tons-CO₂, which was above the target of 54,216 tons-CO₂*. The total volume was 566 tons-CO₂, or 1.0%, greater than the volume for FY 2016. This was due to a production increase. On the other hand, we promoted our continued energy-saving activities including the introduction of highly-efficient equipment, efficient operation of production facilities, and replacing lighting equipment with LED sources.

The total amount of CO₂ emissions at our sites outside Japan was 34,696 tons-CO₂ in FY 2017, which was 3.7% below the total for FY 2016. These sites also made efforts by changing lighting equipment to LED sources, efficiently operating production facilities, and recycling exhaust heat.

* The amount includes the semiconductor business that was spun off from the SII Group in January 2018.

Resource Recycling

Our Concepts

As resource depletion has a critical impact on corporate management, SII regards efforts for the responsible use of earth’s finite resources as an extremely important form of corporate responsibility.

We are striving to effectively utilize the resources in our business activities toward creating a sustainable recycling-oriented society.

FY 2017 Overview

Waste

The FY 2017 recycling rate at our sites in Japan achieved the target of 90% or more, in fact, our actual performance was 92%. Total waste generation was 2,183 tons*, which was 3% more than the total for FY 2016. This was due to production increase.

The recycling rate at our overseas sites improved to 71% and total waste generation was 2,252 tons. Both of these figures slightly increased from the respective results for FY 2016.

Water Use

The amount of water used in FY 2017 at our sites in Japan was 568,000 m³*, which was 25,000 m³ more than the corresponding amount for FY 2016, due to production increase.

Water usage at our sites outside Japan was 342,000 m³, which was 19,000 m³ less than the corresponding amount for FY 2016.

* The amount includes the semiconductor business that was spun off from the SII Group in January 2018.
Conservation of Biodiversity

Our Concepts

The SII Group’s business activities depend, to some extent, on ecosystem services. We consider biodiversity conservation to be a key issue of environmental management that needs to be addressed in our daily business activities. SII established a “Biodiversity Action Agenda” in April 2011 to specifically work on the conservation of biodiversity.

FY 2017 Overview

FY 2017 was regarded as the second stage of ongoing conservation activities based on the “SII Group Land-use Guidelines on the Conservation of Biodiversity.” Each site advanced their specific activities that utilize the characteristics of their sites, including the installation of nest boxes and biological research.

Assessment of Land Use and Nature Watching

Morioka Seiko Instruments Inc. (MSI) has been carrying out an assessment of land use from the viewpoint of biodiversity since FY 2012. This activity conforms to “Guidelines for Sustainable Business Sites” issued by “General Incorporated Foundation JAPAN BUSINESS INITIATIVE FOR BIODIVERSITY” (JBIB), and is assisted by outside specialists and supported by their advice.

In FY 2017, in order to soundly conserve the local forest into the future, they carried out nature watching activities based on the theme of “maintenance of the forest,” including measuring every one of the 707 trees in the forest.

In February 2015, MSI was able to acquire the first ABINC * certification (factory version) from an organization called ABINC, the Association for Business Innovation in harmony with Nature and Community.

In addition, MSI received a special ABINC award established by ABINC in October 2016 for excellence in communication through activities aimed at conserving biodiversity, and they renewed the ABINC certification in January 2018.

Chemical Substances Control

Our Concepts

The SII Group believes that the safe and appropriate chemical substances control is corporate responsibility and important activity for risk management. In terms of chemical substances used in our manufacturing processes at sites in Japan, we control the use and emission of PRTR* substances, SII voluntarily specified 22 substances, and 100 VOC (volatile organic compounds) substances.

* PRTR (Pollutant Release and Transfer Register): This system is designed to assess, gather and disclose data on the volume of chemical materials handled, amounts released into the environment, and volumes transferred in waste materials to points outside of plant locations. Companies collect data on the relevant substances and report them to the appropriate government agency once a year.

Reduction of Chemical Substances Subject to Control/FY 2017 Overview

The FY 2017 total emission of chemical substances subject to control in manufacturing process was 34.6 tons*, which was approximately 1 ton greater than the total for FY 2016.

The amount of handled PRTR substances was 106.6 tons. The breakdown of the amount handled and emitted is shown below.

* The amount includes the semiconductor business that was spun off from the SII Group in January 2018.
Business Activities and Environmental Impact

The SII Group believes that understanding environmental impact properly throughout the product life cycle is the basic practice of environmental activities. The overview of FY 2017 environmental impact is explained below.

**INPUT**

- **Resources**
  - Materials: 691 tons
  - Office paper: 31 tons

- **Chemical Substances**
  - Chemical Substances: 310 tons

- **Energy**
  - Japan: 1,380 Tj
  - Electricity: 130 million kWh
  - Gas: 1,255 K m
  - LP Gas: 215 K m
  - Fuel: 316 t
  - Heavy Oil: 446 t
  - Overuse: 89 t
  - Gas: 250 K m

**OUTPUT**

- **Into the Atmosphere**
  - CO2: 55,901 tons-CO2
  - NOx: 2.5 tons
  - SOx: 0.1 tons
  - Chemical Substances: 34 tons
  - Overuse: 34,696 tons-CO2

- **Into Water**
  - Waste Water: 375 K m
  - Chemical Substances: 0.1 tons
  - COD: 0.7 tons
  - BOD: 0.8 tons

- **Waste**
  - General Waste: 308 tons
    - Amount generated: 308 tons
    - Recycling rate: 77%
  - Industrial Waste: 236 tons
    - Amount generated: 1,875 tons
    - Recycling rate: 95%
    - Amount recycled: 1,776 tons
    - Landfill rate: 0.7%
  - Transportation based Discharge into the Atmosphere: 247 tons-CO2

**Water**

- Water: 568 K m
  - Overuse: 342 K m

**Energy/SI Internal Transportation**

- Gasoline: 33 t
- Light Oil: 63 t
- Electricity: 195 million kWh

**Energy Consumed by Green Products**

*1: Transportation among the SII Group companies in Japan
*2: Estimated annual energy consumption of SII Green Products certified up to FY 2017.

The calculation method was reviewed for certain products to make the definition of products in use closer to actual reality.