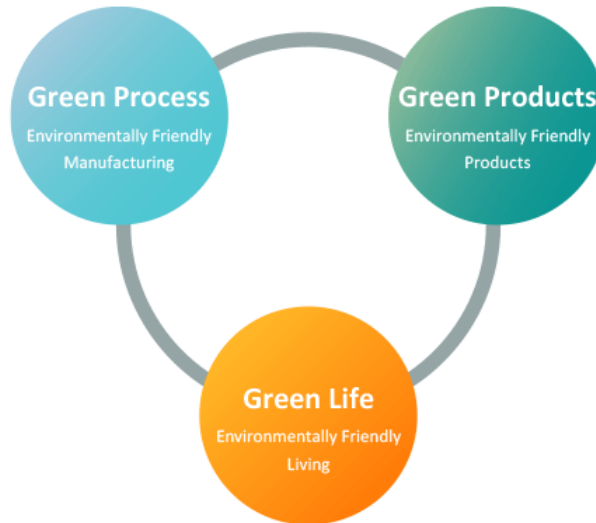


Green Plan and Environmental Policy

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^{*1}:

1. Providing products and services that minimize their impact on the environment throughout their lifecycles and can contribute to environmental conservation.
2. Proactively promoting eco-friendly, efficient manufacturing.
3. Fully enforcing energy conservation measures in the entire business activities and addressing global warming.
4. Recognizing the finite nature and the preciousness of resources of the earth, and encouraging their responsible use.
5. Reducing risks arising from chemical substances and promoting the elimination of harmful substances.

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.

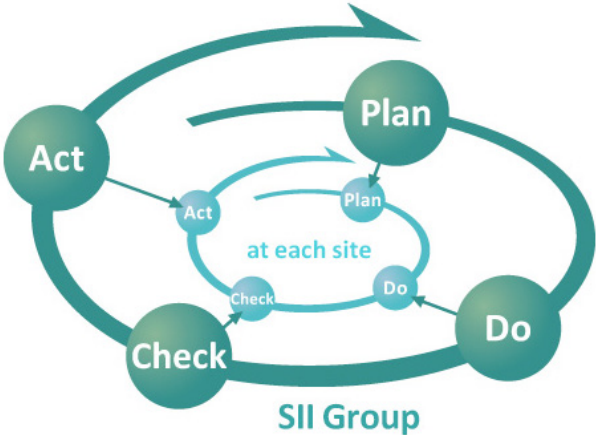
*1 "SYO"ism: SII technology philosophy

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.

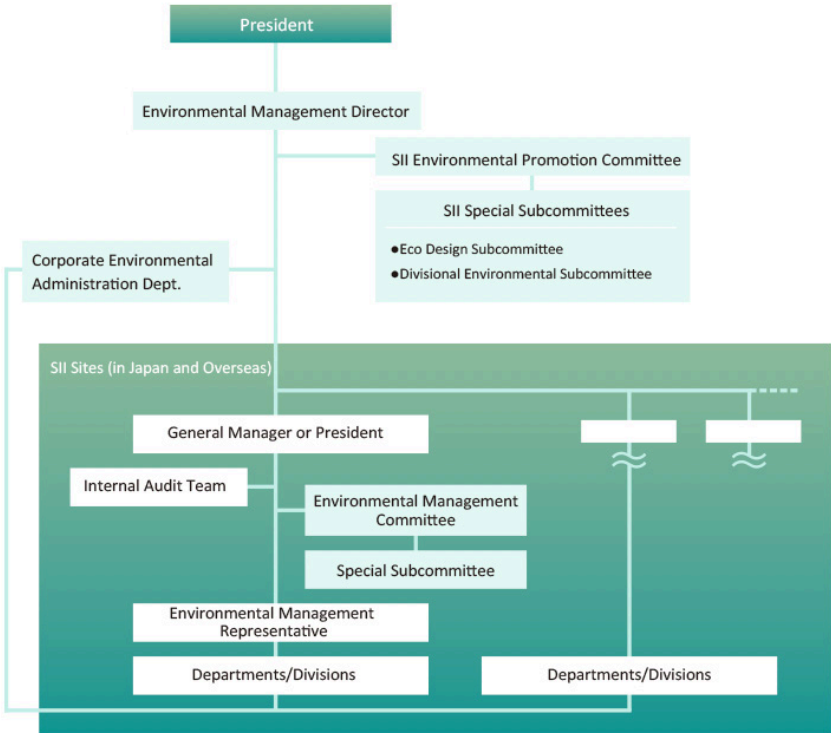
The Corporate Environmental Administration Department at the head office operates the entire SII Group environmental management system and achievements of each site are reported on a regular basis.



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 2018 committee, the participants shared the review of the FY 2018 key measures, the FY 2019 key measures, and the most significant risks 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 2018 Overview

In FY 2018, the total amount of CO₂ emissions from our sites in Japan was 45,086 tons-CO₂, which was within the FY 2018 target of 53,562 tons-CO₂. This was also within the targets for FY 2019 and 2020. The total volume was 10,815 tons-CO₂, or 19%, lower than the volume for FY 2017. This was largely because the emission amount did not include the semiconductor business that was spun off from the SII Group in January 2018*. Therefore the mid- and long-term target amounts are to be reset while improving the precision of CO₂ emissions measurement.

As energy-saving activities, we replaced lighting fixtures with LED lighting and replaced other equipment in addition to ongoing initiatives such as efficient operation of production facilities and effective use of office spaces. The total amount of CO₂ emissions at our sites outside Japan was 36,007 tons-CO₂ in FY 2018, which was 3.8% more than the total for FY 2017. This was mainly due to a production increase. Although the emissions increased, the sites made efforts in energy-saving initiatives through improvement of operations, such as efficiently operating facilities and recycling exhaust heat.

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 2018 Overview

Waste

The FY 2018 recycling rate at our sites in Japan was within the target of 90% or more, with the actual performance being 92%. Total waste generation was 1,966 tons,* which was 10% lower than the total for FY 2017. This was mainly because the amount did not include the semiconductor business that was spun off from the SII Group in January 2018*.

The recycling rate at our overseas sites was 71%, which was the same as FY 2017, but the total waste generation was 2,768 tons, which was 23% more than the amount for FY 2017. This was mainly due to a production increase. On the other hand, efforts are progressing in the upstream manufacturing processes, including raw material reduction.

Water Use

SII considers water to be a valuable natural resource and actively implements 3R activities to conserve and reduce water usage. The amount of water used in FY 2018 at our sites in Japan was 503,000 m³, which was 25,000 m³ less than for FY 2017. This was mainly because the amount did not include the semiconductor business that was spun off from the SII Group in January 2018*. Water usage at our sites outside Japan was 378,000 m³, which was 35,000 m³ more than for FY 2017. This was mainly due to a production increase.

* The amount includes the result of the first half of FY 2018 (from April to September).

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 2018 Overview

Positioned as the third stage of conservation activities based on the SII Group Land-use Guidelines on the Conservation of Biodiversity, specific initiatives are being carried out at each site within Japan, such as conducting wildlife surveys, building flowerbeds, and developing green spaces, all making use of the particular features of each site.

Green space development and awareness-raising activities based on the guidelines have also been carried out at sites outside Japan.

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 and after FY 2015, MSI has held a nature watching event in addition to carrying out the assessment of land use, and has observed and learned about a variety of living nature inhabiting the forest in the MSI premises.

In FY 2018, a biological survey was conducted with a focus on summer insects, but also including soil life, mammals, and various other lifeforms. A wide variety of insects and soil lifeforms was verified, and in view of the degree of biodiversity up to this point, the effect of developing such green spaces could be seen.



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 2018 Overview

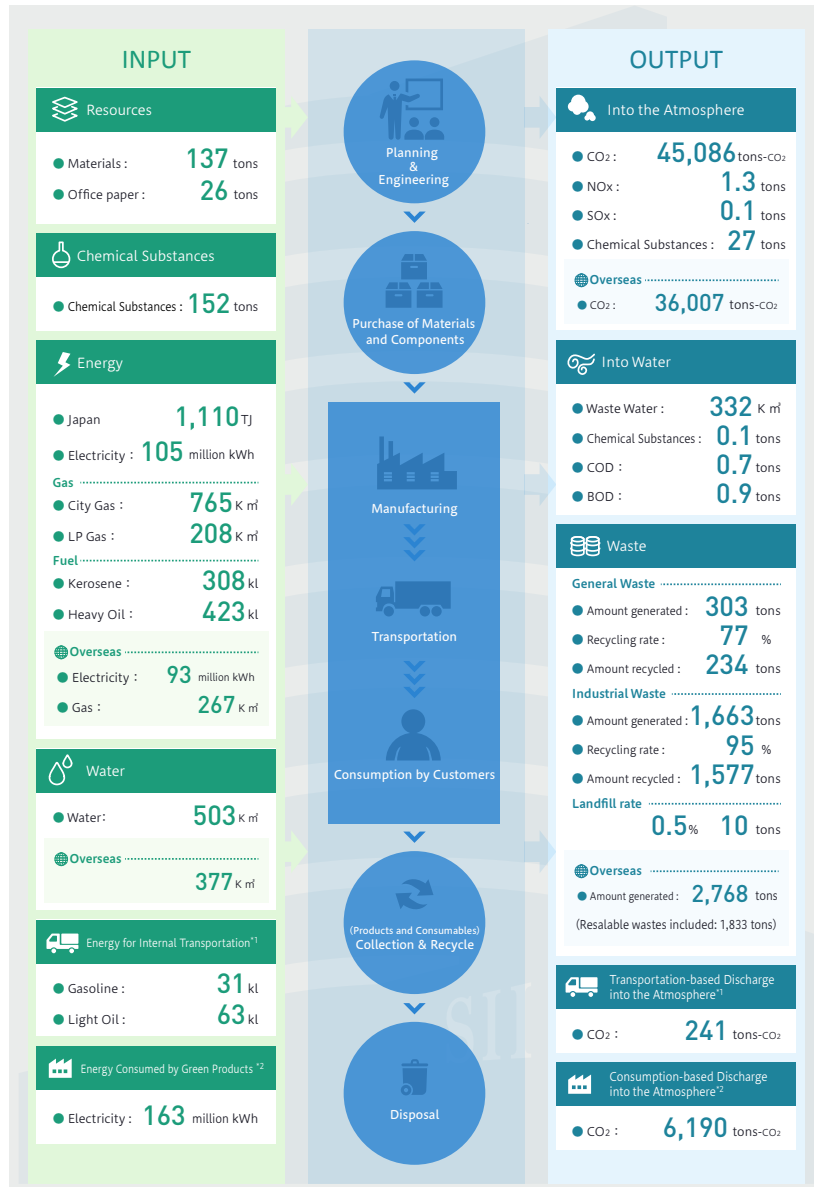
The FY 2018 total emission of chemical substances subject to control in manufacturing process was 26.5 tons, which was approximately 8 tons less than the total for FY 2017. This was largely because the emission amount did not include the semiconductor business that was spun off from the SII Group in January 2018.

The amount of PRTR substances handled was 66.2 tons, which was 40 tons less than the amount for FY 2017.

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 2018 environmental impact is explained below.



INPUT	
Materials:	Metals, plastics, glass and other materials used in production
Packaging:	Plastics and paper to be recycled according to the Law for Promotion of Sorted
Office Paper:	Paper for printers and copiers
Chemical Substances:	PRTR hazardous chemical substances, HFCs, PFCs, SF ₆ and VOC
Electricity:	Power purchased from electric companies
Gas:	City gas and LP gas
Fuel:	Kerosene and heavy oil
Water:	Tap water, industrial water and groundwater

OUTPUT	
CO ₂ :	From use of electricity, gas, oil, and cooling and heating water
NO _x :	From use of gas and oil
SO _x :	From use of oil *NO _x and SO _x figures represent business units installing soot and smoke emitting facilities which are regulated by the Air Pollution Control Law.
Chemical Substances:	PRTR hazardous chemical substances, HFCs, PFCs, SF ₆ , and VOC discharged into the atmosphere and water
Waste Water:	Released into rivers and sewer systems
COD (Chemical Oxygen Demand):	Pollution load *Limited to the business units subject to the regulations in the Water Pollution Control Law covering the total pollution amount
BOD (Biochemical Oxygen Demand):	Pollution load *Limited to the business units installing specified facilities as prescribed by the Water Pollution Control Law
General Waste:	Paper and food wastes generated by or as a result of industrial operations
Industrial Waste:	Waste oil, acid, alkali, plastics, ash, sludge, and other materials generated by or as a result of industrial operations
Final Landfill Rate:	The ratio of the landfill amount to the total waste amount

*1: Transportation among the SII Group companies in Japan
*2: Estimated annual energy consumption of SII Green Products certified up to FY 2018.