

ESG Initiatives

Nippon Chemi-Con incorporates ESG (environment, social, governance) into our corporate strategies to pursue sustainable growth. We outline activity goals and promote company-wide participation.



► ESG Activities (Major activities/goals for FY2019)

	Core issues / Materiality	FY2019 major activities and goals	Related pages
E	Global environment conservation	Global warming prevention and energy conservation activities	P.37 P.40
		Appropriate management of chemical substances used by factories	P.37
		Management of chemical substances contained in the products (environmentally conscious products)	P.10 P.40
		Effective use of resources and waste reduction, promotion of 3Rs	P.38 P.40
		Continuous improvements based on environment management system (ISO14001)	Website CSR/Environment
		Biodiversity conservation activities	P.38
		Contributions to local society	P.39
		Compliance with environmental laws	P.10 Website CSR/Environment
S	HR/benefits	Development of energy-efficient products	Website CSR/Environment
		Reform HR system in 2020	
	Worker health and safety	Continue welcome back program (re hiring program)	Website Careers
		Reduce overtime to average 29 hours per worker per month	P.30
	Human resource development	Increase paid leave usage rate and childcare leave usage rate to 70% and higher	P.30
		Continue mandatory rest between shifts	
		Continued implementation of healthy company activities	P.30
		Conduct position-specific training (15 times/year)	P.29
	Diversity	Continue to offer Japan training program for overseas local workers	P.29
		Continue overseas assignments via the global human resources development program (application based)	P.29
		Continue implementing measures to maintain 5-year turnover rate of 12% or less for young employees	
		Proactive hiring of foreign students studying in Japan	P.29
	Social welfare	Increase rate of hiring for disabled workers to 2.5% or higher by 2020	P.29
		Increase rate of female hiring to 30% or higher for technical and manufacturing positions and 40% or higher for sales and administrative positions	P.29
Increase number of female managers by 50% by 2020		P.29	
Provide support such as vaccines and clothing to developing nations		P.28	
Next-generation development	Support wheelchair purchases	P.28	
	Adoption of internship system	P.29	
G	Corporate governance	Dispatch instructors for next-generation human resource development conducted by industry organizations	
		Increased participation in management by outside officers and creation of environment that promotes engagement	P.31 P.35
		Reflect results of internal controls efficacy evaluations on management	
		Compliance with basic policy on corporate governance	
	Risk management	Constructive communication with shareholders (continue investor visits)	
		Hold IR conferences (twice)	P.36
	Compliance	Regular BCP validation, reviews (head office, factories)	P.33
		Reinforce information leak prevention (data center, thin client, internal audits, etc.)	
		Continued systematic implementation of compliance education	P.32
		Continued participation in UN Global Compact (participating since 2012)	P.28
		Continue internal audits related to competition laws, export management, ethics, labor, and health and safety	

CSR Management

► Basic CSR Policy

In 2003, the Nippon Chemi-Con Group released the Nippon Chemi-Con Group Charter of Corporate Behavior as an internal and external declaration of our commitment to business activities that ensure our position as a corporation that contributes to society through fair and transparent business activities. Based on the spirit of this Charter of Corporate Behavior, the Nippon Chemi-Con Group Business Conduct Guidelines outline the character that every executive and employee of the Nippon Chemi-Con Group must apply to our daily corporate activities. As a company that provides products and services capable of contributing to the lifestyles of people around the world, we strive for harmony with international society while maintaining our commitment to the local community and stakeholders. We are committed to compliance with the laws and regulations of each country and practice honest business activities based on sound corporate ethics and a strong awareness of our position as a corporate citizen.

► Positioning of CSR Activities

The Nippon Chemi-Con Group engages in CSR activities to pursue not only profits, but also to contribute widely to society by fulfilling our corporate social responsibility. We maintain an awareness of the impact and risks related to Nippon Chemi-Con Group activities. To ensure stable growth, we prioritize the non-financial aspects of CSR and engage in CSR activities to promote high rates of satisfaction among both employees and customers, and to maintain our position as a company that is trusted by society. The Nippon Chemi-Con Group positions CSR activities as part of our management strategy for reducing business risks and achieving sustainable growth.

► CSR Promotion System

The Nippon Chemi-Con Group has established a CSR promotion system within the Nippon Chemi-Con Administration Department to work with each department and factory on specific activities. We go beyond simple corporate activities. For example, in the area of social contributions, we collaborate with labor unions on activities such as purchasing wheelchairs through soda can pull tab collections, providing vaccinations to developing countries through PET bottle cap collection, and donating clothing to developing countries.

► Participation in UN Global Compact

On January 26, 2012, the Nippon Chemi-Con Group announced our support for and participation in the United Nations Global Compact (UNGC). The UNGC is comprised of 10 universal principles related to four areas: human rights, labour, environment, and anti-corruption. The Nippon Chemi-Con Group is working to incorporate the 10 principles of the UNGC into our daily business activities in order to achieve a high level of corporate social responsibility and meeting the expectations of all our stakeholders.

The Ten Principles of the UN Global Compact

- | | | |
|--------------------------|---------------------|--|
| 1 Human Rights | Principle 1 | Businesses should support and respect the protection of internationally proclaimed human rights; and |
| | Principle 2 | make sure that they are not complicit in human rights abuses. |
| 2 Labour | Principle 3 | Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; |
| | Principle 4 | the elimination of all forms of forced and compulsory labour; |
| | Principle 5 | the effective abolition of child labour; and |
| | Principle 6 | the elimination of discrimination in respect of employment and occupation. |
| 3 Environment | Principle 7 | Businesses should support a precautionary approach to environmental challenges; |
| | Principle 8 | undertake initiatives to promote greater environmental responsibility; and |
| | Principle 9 | encourage the development and diffusion of environmentally friendly technologies. |
| 4 Anti-Corruption | Principle 10 | Businesses should work against corruption in all its forms, including extortion and bribery. |



SDGs

We aim to contribute to the sustainable development goals (SDGs) outlined in the 2030 Agenda for Sustainable Development adopted at the September 2015 UN Summit. Through the outside-in approach (method of establishing corporate goals based on societal needs and social issues outside the company), we will work to proactively create business opportunities focused on resolving social issues.

SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



Human Resources Strategy / Healthy Company

Diversity

Aiming to diversify management by promoting global HR development and utilization of females in the workplace

Amid continuing globalization, overseas production accounts for approximately 66% of production (in volume) at Nippon Chemi-Con and of our approximately 7,000 employees, about 63% are outside Japan. Regardless of age, gender, or nationality, we emphasize individuality among our diverse human resources. We believe that the new ideas created as a result of this diversity will contribute to the creation of technology that benefits both the environment and people.

Also, Nippon Chemi-Con faces the reality that women only represent 2.0% of employees in management positions. To address this and the Women's Workplace Utilization Promotion Act enacted in April 2016, we drafted a plan to (1) increase the number of women in management positions by 50% by 2020 and, (2) increase the percentage of female hires to 30% and higher for technical and manufacturing positions, and 40% and higher for sales and administrative positions. We will continue to promote various initiatives aimed at promoting the utilization of women in the workplace.

Composition of employees

Japan **37%**

Overseas **63%**

Utilization of Foreign Students in Japan

Nippon Chemi-Con practices the hiring of foreign students studying in Japan. Amid continuing globalization, our belief is that the hiring of human resources who live in Japan and have an understanding of Japanese culture is vital. Since 2012, we have aggressively recruited foreign students in Japan. We newly hired two foreign students in this fiscal year. As of April 2019, we have 22 such personnel on staff who are involved in a variety of roles in the company.



Promoting the Hiring of Persons with Disabilities

Nippon Chemi-Con proactively conducts the hiring of persons with disabilities. Not only does this include staff on site in our various factories and offices, but we also work to allow telecommuting to ensure a comfortable working environment for persons with disabilities. We are aiming for persons with disabilities to represent at least 2.5% of hiring by 2020. The Nippon Chemi-Con Group will continue working to expand our overall hiring and provide work opportunities for persons with disabilities.

Internships

From winter 2018, we began offering internships as part of our practical training program for students. The first internship program was held over a course of five days with a product development department (Tokyo) welcoming three interns and a basic research department (Kanagawa) hosting two interns. We plan to offer internships regularly and hope to promote familiarity with Nippon Chemi-Con by offering various experiences such as dismantling and analyzing electronic components and designing circuits.

Nippon Chemi-Con Education Policy

In our 8th medium-term management plan, we outline developing the human resources for 10 years ahead as one of our core strategies. What is happening on the global stage? What is our position and what must we study? To achieve continuous innovation, we ensure that all our employees understand the following education policy.

Nippon Chemi-Con Group Education Policy

Requirements of a Nippon Chemi-Con Group employee common to both domestic and international offices

1. Employees who can take on increasingly difficult challenges
2. Employees with high communication skills
3. Employees who can independently think and act from a global perspective

About Nippon Chemi-Con Group Education and Training System

At Nippon Chemi-Con, we have established various education systems of tiered training for personnel development, including position-based training, distance learning (Nippon Chemi-Con Business School), and OJT. Tiered training is a system of curriculum that serves as the foundation for long-term personnel development. Our main office sponsors 15 tiered training sessions where we provide education on the skills required for each tier. In 2016, we established an additional system for employees who have been with the company for five years. We are focused on providing training that is in line with the needs of society and the company. Since 2017 we also have conducted OJT leader training at domestic affiliate companies. We aim to equip new hires with the ability to quickly engage in and contribute to business operations. This training will also help develop the basic management skills of supervisors in charge of education and training. Additionally, our domestic production division conducts global leadership training for select young employees. This training covers themes that transcend position and office and provide education that cannot be gained through tier-based training.

With the goal of increasing employee skill levels at our overseas affiliates, since 2006 we have selected employees from overseas offices to participate in training conducted in Japan. Since then, already over 150 overseas employees have participated. In fiscal 2018, 26 overseas employees participated from Taiwan, Indonesia and Malaysia. Among those who have completed the training are numerous employees who are already working as managers overseas. We also started an overseas training program in FY2018. Through this program, employees in Japan selected through an open enrollment system are sent for training at an overseas affiliate. Four employees

participated during the initial year of the program, all of whom completed the three-month training. Moving forward, we will continue striving to develop human resources capable of thinking, deciding, and acting based on a global perspective and who are able to lead a team comprised of a diverse range of individuals towards goal achievement. Furthermore, we have partnered with a distance learning provider to offer distance learning courses covering nearly 200 subjects twice a year. This system enables employees to freely select courses to promote skill improvement. As an incentive, employees who complete courses with high scores are eligible for partial tuition subsidies from the

company. Also, employees who complete coursework are allotted “career points,” which are a parameter in the evaluation of promotions and raises. Linking this education system to our HR system helps promote self-improvement.



Healthy Company

Slogan

Increasing health awareness through independent action

▶ Activity details

Based on the approach that the mental and physical health of employees is a benchmark of company management, we are collaborating with health insurance unions to enhance employee health management efforts. When employees and their families are healthy, employees are able to work with peace of mind, which leads to growth for the company. In particular, we identify keywords such as rate of smokers, metabolic syndrome prevention, and mental health to implement initiatives that help improve the health awareness of each employee.

Also, we participate in the METI Survey on Health and Productivity Management and will further quantify “health”

to promote effective health-related initiatives.

For insurer-specific implementation rates for the designated health exams and designated health guidance published by the MHLW, the Nippon Chemi-Con Health Insurance Union rate of implementation for designated health guidance during FY2017 was 85.2%, ranking Nippon Chemi-Con No. 10 among Japanese health insurance unions (total of 1,635 unions). We will work to further improve implementation rates in order to contribute to the health maintenance and improvement of health insurance union enrollees.

Activities for FY2019

I Reinforcing smoking rules, reducing smoking – Reaching national smoking average (17.7%)

Society is paying greater attention to measures against smoking because tobacco impacts not only the smoker but also the health of non-smokers due to second-hand smoke. Tobacco increases the risk of lung cancer and ischemic heart disease, and can greatly impact future health. We promote various anti-tobacco measures from the desire to promote health maintenance.

II Metabolic syndrome prevention measures – Reducing BMI of 25 or higher to 20% or lower by fiscal year 2020

We believe that obesity (BMI of 25 or higher) leads to severe diabetes and other future health risks. As such, we promote obesity prevention and improvement among employees by providing instruction regarding lifestyle changes. As obesity is spreading among younger generations, from the time of hiring we conduct blood tests as part of health examinations in order to emphasize the importance of health from an early stage. Furthermore, we promote improved health awareness by using internal magazine to introduce improvement case studies. We also conduct behavior modification seminar at all sites once a year to provide an opportunity for our employees to think about health management and lifestyle diseases prevention.

III Mental health support – Continuation of stress check system

We conduct the stress check system at all workplaces to expand opportunities for discovery with a focus on prevention. In doing so, we are working to prevent the rate of workers who suffer from mental illness or require a leave of absence. At the same time, we provide line care training for management personnel to provide opportunities for learning how to respond to consultations from subordinates.

IV Achieving work-life balance

We work to create a comfortable work environment that enables balance between work and childcare or family care in order to provide all employees with the opportunity to reach their full potential.

We also have established an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children. Through this plan, we aim for paid leave utilization rates and child care leave utilization rates of 70% and higher, and to reduce average overtime to 29 hours or less per month, per employee. We are near achievement of these goals.

We will continue enhancing systems that promote flexible and diverse working styles.

Corporate Governance / Compliance

Corporate Governance

▶ Basic Concept

Nippon Chemi-Con's basic concept of corporate governance is to ensure the transparency and efficiency of management for shareholders and all other stakeholders. In addition to legal functions such as General Meeting of Shareholders, the Board of Directors, the Audit & Supervisory Board, and Accounting Auditor, the company established the internal control systems, and continuously provided information on business conditions through briefing session on financial results and timely disclosure to implement sound, efficient and transparent corporate management.

▶ Our Corporate Governance System

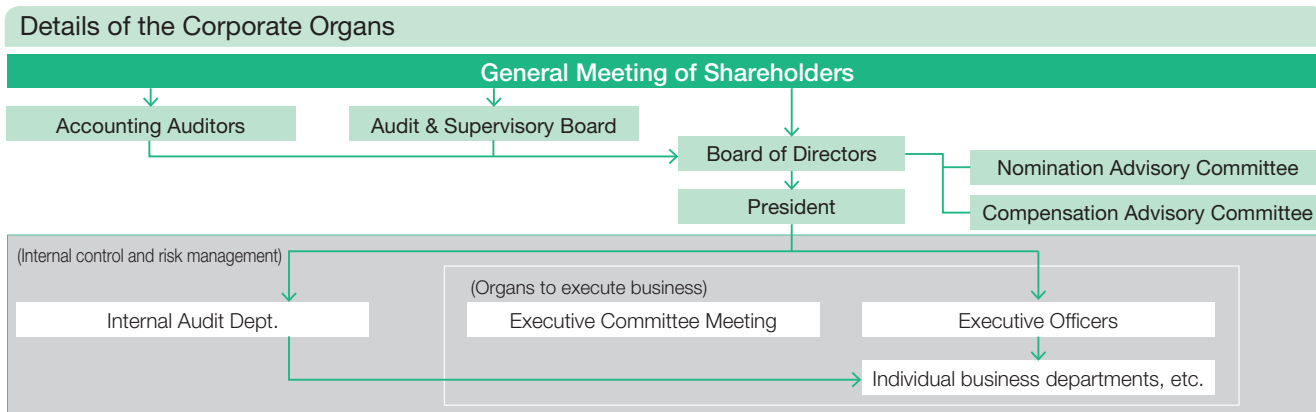
Nippon Chemi-Con is a company with an Audit & Supervisory Board. The company has introduced an executive officer system in the company since June 2014 in order to have a distinct separation between inspection and supervision of management and execution of operations. The company concurrently reduced the number of directors but appointed one outside director to strengthen the function of inspecting and supervising management. In June 2015, the number of outside directors was increased to two to reinforce the function. Additionally, to supplement the function of the Board of Directors, in November 2015 we established a Nomination Advisory Committee and a Compensation Advisory Committee. For both the Nomination Advisory Committee and the Compensation Advisory Committee, the chairperson is an independent outside director and the majority of members are independent outside directors. Our Audit & Supervisory Board comprises four members.

The board audits decisions made by directors and operational executions carried out by executive officers, the business and financial positions of Nippon Chemi-Con and its subsidiaries in Japan and overseas.

▶ Business Supervision and Audit Function

Nippon Chemi-Con uses an executive officer system to separate the business monitoring and supervision function and the business execution function of company directors in order to strengthen the business monitoring and supervision function of directors.

The Audit & Supervisory Board monitors the state of governance and business management, and also monitors daily business activities, including the activities conducted by directors. Specifically, Audit & Supervisory Board Members working under guidelines outlined in auditing policies and audit plans created by the Audit & Supervisory Board attend board of directors meetings and conduct factory visits to investigate and validate the status of work implementation and business management, and conduct audits to determine the existence of circumstances that violate laws or the Articles of Incorporation, or that could harm the interests of shareholders and other stakeholders. In addition to Audit & Supervisory Board Members fulfilling a role as a legal entity, we also have established the internal audit department which reports directly to the company president. The internal audit department works to strengthen monitoring functions for transactions and other general business activities. The internal audit department conducts regular internal audits of management systems related to all aspects of business and provides detailed advice and recommendations aimed at improvement of work processes and reinforcing compliance.



Board of Directors	Nippon Chemi-Con's Board of Directors comprises six members. The Board of Directors with this small number has enabled to make swift decisions and appointed two independent outside directors who are disinterested in the company to reinforce the function of inspecting and supervising management.
Executive Officer System	Nippon Chemi-Con has introduced an executive officer system to make separation between the function of the Board of Directors' decision making in management and of directors' inspecting and supervising operations and the function of executive officers' executing operations. Executive officers swiftly execute operations based on decisions in management by executing matters determined by the Board of Directors.
Audit & Supervisory Board	The Audit & Supervisory Board inspects the state of the corporate governance, the steering situations, and daily activities in management including those performed by directors.
Nomination Advisory Committee	The Nomination Advisory Committee consult with other members about the content of a draft to be proposal to a General Meeting of Shareholders concerning selection and dismissal of directors and members of the Audit & Supervisory Board and the content of a draft to be proposed to the Board of Directors concerning selection and dismissal of executive officers. Such consultations are conducted prior to determination of such proposals in light of the "Standards for Selection of Directors and Executive Officers" and the "Standards for Selection of Members of the Audit & Supervisory Board" set by the company, the conclusions of which are recommended to the Board of Directors.
Compensation Advisory Committee	The Compensation Advisory Committee consult with other members about matters concerning compensation of directors and executive officers and expenses opinions and advice to the Board of Directors. Such consultations are conducted after the committee considers the business scale and levels of compensation of employees of the company, and decent third party's study conducted periodically on compensation of corporate management, etc. in addition to levels of compensation of other competitors, socio-economic conditions, etc.
Executive Committee Meeting	Nippon Chemi-Con has established the Executive Committee Meeting for making swift decisions. The committee, which is the consultation organ on operational execution policies, holds weekly meetings, in principle, in order to examine important subjects in management.

▶ Selection of Outside Officers

Of the six directors of Nippon Chemi-Con, two are outside directors. Also, of our four Audit & Supervisory Board Members, two are outside Audit & Supervisory Board Members.

In addition to the parameters outlined in the Companies Act, we established our own “Criteria for appointment of outside officers that ensure independence from Nippon Chemi-Con” to ensure highly-independent audits and supervision by our outside officers. Outside officers are selected based on these standards.

All four outside officers are registered with the Tokyo Stock Exchange as independent officers.

▶ Officer Compensation

Compensation for Nippon Chemi-Con directors is designed and managed as a system that is both linked to performance and investor long-term income and to the promotion of personnel growth and development. Our basic policy is to achieve an appropriate and fair balance that

further increases director motivation toward maximizing corporate value.

For the purpose of enhancing the independence and objectivity of functions related to determining directors' compensation, we establish a Compensation Advisory Committee to deliberate on matters related to directors' compensation, after which a decision is made by the Board of Directors.

Furthermore, compensation for executive directors is comprised of monthly compensation and performance-linked compensation, which is determined based on company performance for the given fiscal year and individual performance. As performance-linked compensation is not appropriate for non-executive directors and outside directors, their compensation consists solely of monthly compensation.

Compensation for Audit & Supervisory Board Members is monthly compensation only, which is determined as individual fixed compensation based on deliberations by Audit & Supervisory Board Members.

Officer category	Total compensation (million yen)	Total compensation by type (million yen)			Number of applicable officers
		Fixed compensation	Performance-linked compensation	Retirement bonuses	
Directors (excluding outside directors)	159	128	30	0	5
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	43	43	0	0	2
Outside officers	36	36	0	0	4
Total	238	208	30	0	11

(For the fiscal year ended March 31, 2019)

Compliance

▶ Compliance Promotion System

In addition to our Compliance Regulations, the Nippon Chemi-Con Group has established various internal regulations related to compliance and appoints a managing compliance officer (executive officer in charge of the Nippon Chemi-Con Administration Department) as the chief officer in charge of compliance promotion and enforcement. This chief compliance officer oversees a compliance committee, which works to draft compliance policy that is applied to the entire Group, draft action plans related to compliance, and conduct monitoring of implementation progress for these initiatives. Each department in Nippon Chemi-Con and Group company has assigned a compliance officer and compliance staff, who work to promote and reinforce policy related to compliance.

To further ensure overall compliance, we conduct CSR internal audits of each factory to confirm that management systems related to labor, health and safety, and ethics at all factories are constantly operating effectively.

As CSR education, we include compliance education related to competition laws and insider trading regulations in new hire training and continuous training conducted at each employee level. We teach all employees that compliance is at the forefront of all our corporate activities.

One initiative related to ensuring compliance with competition laws is to invite external lecturers (attorneys) to hold competition law seminars. At the same time, we drafted the Basic Policies Concerning Compliance with Competition Laws and other internal regulations, manuals, etc., which are applied to internal audits conducted by the legal affairs department every year.

▶ Whistleblowing System

The Nippon Chemi-Con Group has established “Regulations Related to the Handling of Whistleblowing,” through which we established a consultation desk and whistleblowing help desk for employees (Nippon Chemi-Con in-house standing statutory member of the Audit & Supervisory Board and Administration Department manager) as part of a system for ensuring the early discovery and prevention of legal infractions and to protect whistleblowers. During compliance training, we explain the importance and effectiveness of whistleblowing to promote awareness about the whistleblowing system. During compliance training, we explain the importance and efficacy of whistleblowing and promote awareness of our whistleblowing system. To address questions that arise during daily operations, the department in charge of legal affairs serves as a help desk to provide legal consultation and help prevent compliance risks before they arise.

Environmental Management

▶ Nippon Chemi-Con's Environmental Policy (Summary)

- Structures organization that operates at every level for conserving the global environment
- Sets environmental goals and targets, Improves environmental performances, Continuous improvements of EMS
- Considers biodiversity
- Observes all environmental laws, regulations, agreements, and internal standards
- Promotes Energy conservation, Proper control of Chemical substances in the products, Effective use of resources, Waste reduction
- Promotes the development and marketing of products that have a less environmental loads
- Educates and enlightens our entire workforce
- Prevents the environmental risks, and maintains management systems that minimize the impacts from the risks such as climate changes
- Releases information to the public positively, and promotes sufficient communication with the local community and stakeholders

▶ Compliance to the Laws and Significant accidents occurrence status

In corresponding to the laws and regulations, depending on regulation parameters, Nippon Chemi-Con Group sets stricter independent standard value for management, and all legal standards are observed.

No significant accident occurred that impact the environment.

<Activities results>

Total volume of carbon dioxide emissions and breakdown

(t-CO₂)

Fiscal Year	2014	2015	2016	2017	2018
Purchased Electric Power	483,070	475,603	489,601	518,243	476,074
A-grade Heavy oil	23,921	23,446	27,127	29,378	23,351
Kerosene	1,489	1,507	1,581	1,799	1,458
City Gas	23,449	22,295	17,587	18,463	21,210
Gasoline	351	325	310	304	320
LPG	340	308	304	366	354
LNG	382	510	0	0	1,825
Gas oil	106	155	65	233	120
Industrial steam	2,557	2,465	2,430	2,561	2,486
Waste Materials – Oil, Plastics	0	0	0	0	0
Waste Materials – Paper, Wood	0	0	0	0	0
Total	535,665	526,614	539,005	571,347	527,198

Notes:

1. We have revised the energy-CO₂ conversion factor since FY2018 for the sites outside Japan.

2. Amount of energy-origin CO₂ emissions is calculated by using emission factor (adjusted emission factor) released from Federation of Electric Power Companies.

▶ Environmental Activities



The Nippon Chemi-Con group has the target of 1% and higher per unit of

improvement rate a year based on the Low-carbon society action Plan of Japanese 4 Industrial Associations from FY 2013, and we are promoting activities of the energy conservation working groups that are organized by the employees in charge of energy.

<Mid-term target>

In light of a "the Low-carbon society Action Plan" by the industrial associations:

Toward 2020
Improvement target in energy consumption per unit

Annual average : **1** % and higher

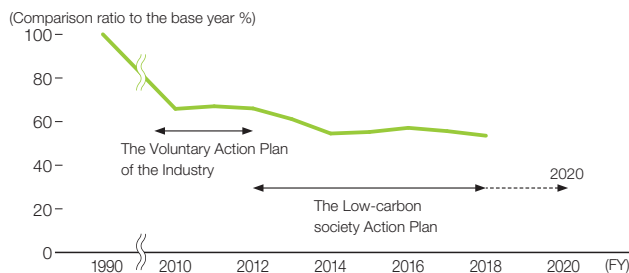
<Long-term target>

In light of a common target set by the industrial associations:

Toward 2030
Improvement target in energy consumption per unit

Annual average : **1** % and higher

Trends in volume of carbon dioxide emissions and unit energy consumption (sites in Japan)



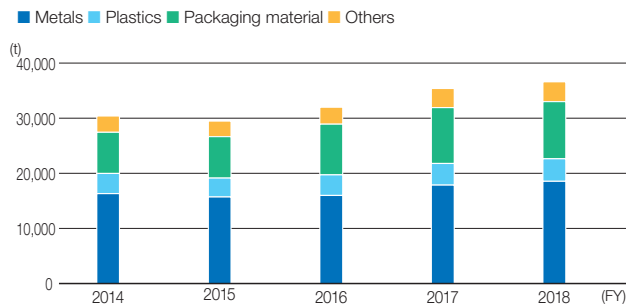
Resource conservation



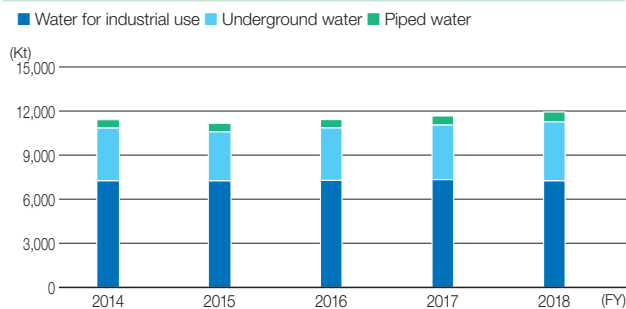
In the manufacturing activities of industries, the resources are essential

element. Efficient use of such resources will protect global environment and ecology. We encourage the “3R,” recycling, reusing, and reducing activities in order to contribute to the preservation of the environment.

Trends in volume of resources consumed by entire Nippon Chemi-Con Group



Trends in volume of water consumed by entire Nippon Chemi-Con Group



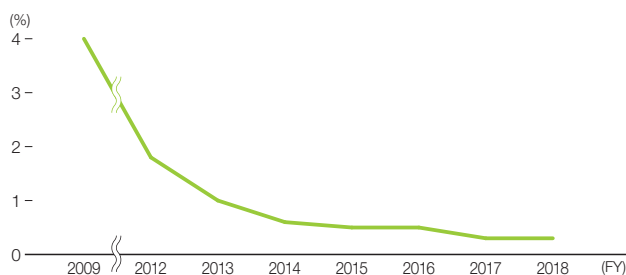
Waste reduction



The Nippon Chemi-Con Group has addressed activities for resource

recycling and reduction in landfill disposal volumes by reducing the amount of industrial waste generated. We further promote 3R, effective utilization and recycling of resources to reduce wastes including plastic waste and improve the final disposal rate.

Trends of final disposing rate (sites in Japan)



Biodiversity Initiatives



In the Nippon Chemi-Con Group’s activities to conserve

biodiversity, we will take actions for each of the three impacts on biodiversity.

- [Impact from procurement of raw materials] In cooperation with our suppliers, we share views and mutual understanding concerning biodiversity, and move continuously ahead with activities.
- [Impact on ecosystems caused by manufacturing] Our manufacturing processes use energy and resources, and they emit CO₂, waste water and other emissions. As this is an area where our Group’s business activities directly have an impact, effective and continuous activities are ongoing.
- [Impact on biodiversity due to changes in environments surrounding our workplaces caused by our use of land] Consideration to local environment and surrounding ecosystem by securing green space in our premises and the social contribution activities.

Biodiversity offers indispensable and vital bounties (ecosystem services) to all of humanity. The activities that we are able to perform are steady and modest ones, we think. Yet we believe that each workplace employing its ingenuity, and continuing with what small activities it can accomplish, is a very significant thing. We will roll out such steady and continuous activities.



◀ Chemi-Con Yamagata Corp. Nagai plant
Planting of nursery plant in the premises to protect specified natural monument of Yamagata Prefecture “butterfly” by our employee, with cooperation of children.

Niigata plant ▶ Promoting protection of specified natural monument of Niigata Prefecture “Kitano-Medaka,” and enlarging protection circle by contributing to nearby elementary school.



◀ Chemi-Con Fukushima Corp. Fukushima plant
Participating “Lots of flower movement” in the town of Yabuki, and planting many floral seeds in a roadside.



• For more information, please see the website below.

<https://www.chemi-con.co.jp/e/env/index.html>

Contributions to Local Community

The Nippon Chemi-Con Group values communication with local communities and actively promotes local contribution activities in a spirit of coexistence and coprosperity.

▶ Relationship with local community



“Shinai-motsugo” is a type of fish, registered as an endangered species by Ministry of Environment, found at Shinai-numa in Miyagi Prefecture.

Chemi-Con Miyagi Corp. has been attempting hatching of Shinai-motsugo in its premises.

By guidance from NPO, and by having exchange with elementary school which is participating in protection of Shinai-motsugo, we succeeded in difficult hatching in 2018.

In June, 2019, elementary school students and we released Shinai-motsugo to their home, “Katsurasawa-pond.”

As a member of community, we will perform activities that share the importance of passing on the rich nature to our future generations.



▶▶ Protection of “Shinai-motsugo” (June 2019)



▶ Certificate and Letter of appreciation in FY2018



The Nippon Chemi-Con Group received a certificate for its community contribution activities in 2018.

● Chemi-Con Iwate Corp.

“Global-environment Friendly site of Iwate”
4-star (Highest recognition)

Sponsorship: Iwate Prefecture

Iwate prefecture is awarding sites that are actively participating CO₂ reduction with “Global-environment Friendly site of Iwate” certification. Chemi-Con Iwate Corp. was awarded 4-star (the highest recognition) in 2018.



▶ Environmental Volunteer Activities



For the purpose of environment protection, Nippon Chemi-Con Group conducts environmental volunteer activities every year, including cleanup of near-by areas, by our employees and their family members.



▶ Cleaning activity of surrounding area by members of Chemi-Con Yamagata Corp. Yonezawa Plant (October 2018)

◀ Cleaning of Amishirohama beach in Seiro-machi by Niigata Plant members (June, 2018)

Green Procurement / Third-party Evaluation of Environmental Initiatives

▶ Management of chemical substances in the products



Revised EU laws is enacted since July, 2019 with 10 substances including 4 phthalic acid ester added newly. Moreover, same 4 phthalic acid esters will be regulated by threshold limit of 0.1% (total of phthalic acid esters) under EU REACH regulations from 2020. The regulatory environment surrounding our products are increasingly severe, and further comprehensive management system is required.

The Nippon Chemi-Con Group has constructed management system for chemical substances in the products based on JIS Z 7201 “JAMP* Guidelines for the Management of Chemical substances in Products (CiP)” with “Keep Out, Do not Use, Do not Deliver, Do not Mix” as our key words, at all production sites. To ensure thorough management of “Keep Out” from development stage of the products, we have introduced our original environmental approval system and material approval system to manage our purchasing materials and parts.

By combining those three management systems and the Green Procurement Guidelines, we are able to manage chemical substances in the products at various levels of corporate activities such as development, purchasing, production and sales.

Moreover, to ensure proper information distribution and to satisfy customer’s requirements, we have been actively using chemSHERPA (Ver.2) which was developed under guidance of the Ministry of Economy, Trade and Industry of Japan.

*JAMP: Joint Article Management Promotion-consortium

▶ Green procurement and Green Supplier Approval System



In order to achieve products development that meet diversified customer’s requirement, it is essential to construct cooperative relationship with suppliers and to share information in timely manner.

The Nippon Chemi-Con Group has established “Nippon Chemi-Con Group Green Procurement Guideline” from the viewpoint of procuring law-compliant raw materials and parts for ensuring a strict level of management. To cope with latest laws, regulations and requirements of automotive customers, we revised our Green Procurement Guidelines for more thorough management. We also conduct periodical and continuous audit and evaluation on our suppliers to confirm their chemical substances management and environmental protection activities.

Further, in order to support sustainable global procurement activities, we share regulatory information with suppliers through “Green supplier approval system,” and periodically and continuously audit and evaluate chemical substances / environment protection management of suppliers.

▶ Third-party evaluation on environmental initiatives



Yuji Kishi
Professor emeritus,
Keio University

I have read your company’s CHEMI-CON REPORT 2019 that summarizes your 2018 performance in the matters concerned, along with a report about the result of the authoritative Environmental Management Survey 2019 Company Ranking by The Nikkei. In the latter report I knew the remarkable fact that your 2018 performance has got a high rank, 43rd among the 360 applicants

of manufacturing industries, a significant leap from the 62nd place of previous year.

Your performance got significantly higher rating than average in every five domains evaluated, i.e., Environment Managing Promotion System, Pollution control / Biodiversity, Resource management, Products management and Measures

controlling Climate change. Among them I think your efforts in the domain of biodiversity especially those been carried out in many factory premises supporting regional endangered biodiversity might be noted with hope. Next year, 2020 is the target year of the Aichi Agenda of Convention on Biological Diversity as proposed by Japanese Government in 2010. Efforts like promoting ex-situ conservation of endangered species in factory area as done in several of your factories may be a model performance adaptable to the Aichi Target. Also some reported trial efforts to connect those activities to educational support to regional school children may be a hopeful SDGs contribution.

Sustained efforts in those activities, along with significant advance in the domains of Environment Managing Promotion System and Climate Change, may result as a further higher praise of your company in the 2020’s Environmental contribution.