



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.”

The Company became independent from Hitachi Kokusai Electric Inc. on June 1, 2018. Accordingly, on pages 18 to 22, the scope of the report is the Thin Film Process Solutions Segment of Hitachi Kokusai Electric Group on the performance for the period until the end of fiscal 2017.

KOKUSAI ELECTRIC Action Guidelines for Environmental Conservation

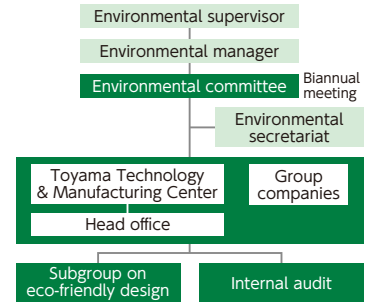
[Purpose]

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

The Toyama Technology & Manufacturing Center is committed to conducting business activities in line with its environmental policies and to reducing its environmental impact. To this end, members of the Center conduct environmental conservation activities under the instructions of environmental managers appointed by the environmental supervisor, with the heads of each department serving as members of the environmental committee. The Center also has a subgroup on eco-friendly product design, including ensuring compliance with overseas

laws and regulations and managing chemicals used in its products, and members of the related departments discuss on the design through the subgroup. This environmental management system is internally audited to check if it effectively functions.



Education of Internal Environmental Auditors

The Group has been inviting external lecturers to provide instruction so as to promote the uniform education of internal environmental auditors, aiming to improve their abilities and ensure that environmental audits are carried out from the same perspective across the Group.

In fiscal 2017, we included case studies in the group training of these auditors based on the findings of the previous year’s ISO 14001 inspections, with an eye to enhancing their abilities.



Group training

Targets and Results of Environment Activities in Fiscal 2017 (Toyama Technology & Manufacturing Center)

The results and evaluation of the Environmental Action Plan in fiscal 2017 are as follows. As from fiscal 2016 onward, we are vigorously promoting environmental activities toward the targets set for 2018 under the new medium-term plan.

Category	Action goal	Index	Final fiscal year (2018) targets	Fiscal 2017		Evaluation		
				Targets	Results			
Management	Nurture an environmental mindset in all employees	Participation ratio	100%	100%	100%	🌳🌳🌳		
	Raise the level of environmental activities (Indicator of the level of environmental activities)	GP of GREEN 21-2018	480GP	360GP	366GP	🌳🌳🌳		
Products and Services	Improve environmental performance of products	Reduction rate in CO ₂ emissions	—	40%	53%	🌳🌳🌳		
Factories & Offices	Global Warming Prevention	Improve energy use per unit	Improvement rate of energy use per unit (reference year 2005)	18%	8%	11%	🌳🌳🌳	
		Reduce transportation energy per unit	Reduction rate (reference year 2006)	60%	70% or lower	56%	🌳🌳🌳	
	Effective Use of Resources	Improve waste and valuables generation per unit	Improvement rate (reference year 2005)	54%	49%	55%	🌳🌳🌳	
Ecosystem Preservation	Contribute to ecosystem preservation (Number of ecosystem preservation activities implemented)	Number of discussions/surveys, plans, activities implemented	New	Discussion/survey	0	0	0	🌳🌳🌳
			Ongoing	Planning	0	1	0	
				Implementation	5	0	5	
Partnership with Stakeholders for the Environment	Make social contributions through environmental activities (Number of environment-related social contribution activities implemented)*	Number of activities implemented	13	14	23	🌳🌳🌳		

* 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%



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“GREEN 21-2018” Evaluation Results (the Company)

The Toyama Technology & Manufacturing Center implements “GREEN 21,” a mechanism for the self-evaluation of its environmental activities in order to improve and upgrade the quality of such activities. More specifically, GREEN 21 is a mechanism for classifying 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, under the “GREEN 21-2018 program,” we are working to enhance the quality of environmental activities while evaluating achievements and progress toward Environmental Action Plan targets. Our target for fiscal 2018 has been set at 480 green points (GPs).

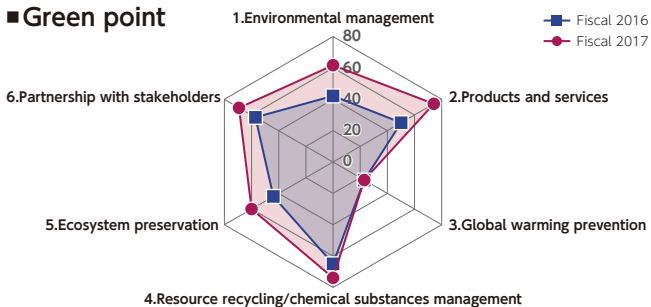
In fiscal 2017, the Company surpassed its target of 360 GPs with a score of 366.

In fiscal 2017, our performance received a high evaluation, particularly in “Environmental management” and “Products and services” categories due to the introduction of environmentally conscious design assessment.

■ GREEN 21 evaluation items

	Category	Main Evaluation Indicators
1	Environmental management	Environmental control, 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	Partnership with stakeholders	Environmental education, tree-planting, community cleanup activities

■ Green point



Environmental Accounting (the Company)

The Toyama Technology & Manufacturing Center calculates environmental conservation costs and environmental conservation effects with reference to the Japanese Ministry of the Environment’s Environmental Accounting Guidelines. Environmental conservation 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	FY2015	FY2016	FY2017	Overview
Business area costs	194.6	174.1	307.4	Costs of maintenance of equipment with low environmental impact, depreciation, etc.
Upstream/downstream costs	0	0	0	Costs for green procurement and recycling
Management activity costs	41.5	32.2	38.5	Personnel expenditures for environmental management, maintenance costs for environmental management system
Research and development costs	0	0	0	R&D for the reduction of environmental impact caused by products and production processes, product design expenses
Social activity costs	0.6	0	0.2	Environmental improvements such as afforestation and beautification, PR and publicity expenses
Environmental damage costs	0	0	0	Environment-related measures, contributions and levies
Total	236.6	206.3	346.2	—

Investments (in millions of yen)

Item	FY2015	FY2016	FY2017	Overview
Investments in environmental conservation	49.9	15.6	65.6	Direct investments in environmental load reduction facilities such as energy conservation facilities

■ Economic effects of environmental conservation

Economic effects (in millions of yen)

Item	FY2015	FY2016	FY2017	Overview
Net income effects	7.8	8.5	17.0	Profit on sale of recycled waste, etc.
Expenditure reduction	3.0	1.1	5.3	Cost-saving effects, etc. by saving energy
Total	10.8	9.6	22.3	—

Winning a Prize of Excellence as a Business Establishment in Toyama City’s Green Curtain Contest 2017

The Toyama Technology & Manufacturing Center implements a green curtain project in line with an initiative promoted by the Japanese Ministry of the Environment. It won a prize of excellence as a business establishment in Toyama City’s Green Curtain Contest 2017, in recognition of the greening activity conducted as part of its anti-global warming measures.

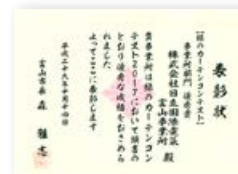
The Center conducted the activity proactively. Specifically, it increased the diversity of cultivated plants, donated seedlings for green curtains to local preschools, helped the children plant the seedlings while providing them with environmental education, and reported the growth status of plants to employees through SNS*.

Also, to raise environmental awareness, goya seedlings were planted and their fruit harvested and consumed by employees, enhancing their sense of unity and awareness of environmental issues such as global warming.

* SNS stands for social networking services, which are provided at community-type websites.



Snail flower



Certificate of commendation given at the Green Curtain Contest



Commendation plaque