

Environmental Practice

Adjustments Made to Environmental Targets

The Voluntary Environmental Plan is an action plan drawn up by business enterprises as a strategic measure to work towards reducing their overall environmental impact. Given that the plan is voluntary, the onus is on individual corporations to ensure that strategies are set and that targets are met. The Nitto Denko Group since 1993 has been committed to this process and continues to work with its Voluntary Environmental Plan aiming to achieve the targets set out based on the Group's common environmental indicators.

Achieving Previously Set Environmental Targets

Nitto Denko Corporation (non-consolidated) achieved the fiscal 2005 Voluntary Environmental Plan targets set in 1993. As to the energy consumption per unit of production target, we have exceeded the target set for fiscal 2010. The globalization of Nitto Denko has resulted in considerable corporate growth. In consideration of this we were requested to take a new look at our targets for fiscal 2006. In the past Nitto Denko Corporation worked alone at reaching its targets. Now meeting environmental targets is a shared aim of the whole Nitto Denko Group. Previously our targets related to the reduction of

industrial waste, the prevention of global warming and the prevention of air pollution. More recently we have merged these three together creating one target now known as the Environmental Management Index. Our aim is to double our 2005 environmental efficiency level prior to fiscal 2015.

Environmental Management Index

The Environmental Management Index is an index used to evaluate our environmental efficiency through measuring the relationship between the value created by corporate activities and their environmental impact.

$$\text{Environmental Management Index} = \frac{\text{Value added}}{\text{Environmental impact (Quantity of CO}_2\text{ emission equivalent)}}$$

$$\text{Value added} = \text{Sales amount} - (\text{Material cost} + \text{Energy cost})$$

Environmental Impact Generated by Business Activities

Factors causing environmental impact			Environmental impact calculated to Environmental Management Index		
			(CO ₂ emission equivalent)		
			Direct emission	Indirect emission	Deemed emission
Energy	Used as energy in the production process		Greenhouse gases	—	—
Organic solvent	Internal processing	Incineration	Greenhouse gases	—	—
		Recovery	—	—	—
	External processing	Material recycling	—	—	Deemed emission
		Thermal recycling	—	Greenhouse gases	—
Atmospheric emission		—	—	Deemed emission	
Industrial waste	Internal processing	Material recycling	—	—	—
		Thermal recycling	Greenhouse gases	—	—
	External processing	Material recycling	—	—	Deemed emission
		Thermal recycling	—	Greenhouse gases	—
		Incineration/final disposal	—	—	Deemed emission
Other	Other greenhouse gases		Greenhouse gases	—	—
	Use of forklifts and company vehicles		Greenhouse gases	—	—
	Transportation of products		—	Greenhouse gases	—

We will set new measurable environmental targets for fiscal 2007, sharing international concern relating to global warming and the need for more responsible and efficient use of exhaustible

resources. We aim to ensure that all plants operate within the set targets.