

# Future Environmental Conservation Activities

The Nitto Denko Group has set an environmental management indicator and environmental conduct indicator with which it will collect and manage environmental impact data of all Group companies to promote the entire Group's environmental conservation activities. In fiscal 2006, we will launch an environmental database that will be available to all Group companies in the world to realize full-scale environmental management by the Group.

## Environmental Management Indicator and Environmental Conduct Indicator

### Preventing Global Warming and Effectively Using Limited Resources through Concerted Efforts by Group Companies in Fiscal 2006 and Onwards

The Kyoto Protocol came into effect on February 16, 2005, and the public is paying even more attention to measures that prevent global warming. Some argue that oil resources will be depleted in 40 years, and the effective use of limited resources and creation of a recycling-based society are becoming increasingly more important. Under these circumstances, companies are now required to recognize global warming and the depletion of resources as two management risks. To continue its business activities for further growth under these situations, the Nitto Denko Group needs to specifically show its approach to and activities in global environmental conservation.

Accordingly, we have set an environmental management indicator to comprehensively evaluate our environmental efficiency (comparing the value created with the environmental impact caused) and defined a medium- and long-term target based on the indicator.

It is, however, difficult to show our specific approach to preventing global warming and resource productivity, the two great concerns of society, by using only the environmental

management indicator. We therefore set an additional indicator—the environmental conduct indicator—to evaluate our environmental activities. This indicator is to replace the Voluntary Environmental Plan. Starting in fiscal 2006, the Nitto Denko Group will make concerted efforts towards the prevention of global warming and improvements in resource productivity (effective use of limited resources) as a whole.

### Environmental Conduct Indicator

This indicator is composed of seven items (targets) under three themes.

Effective use of energy	Reduction in industrial waste	Management of chemical substances
<ul style="list-style-type: none"> <li>Unit energy consumption</li> </ul>	<ul style="list-style-type: none"> <li>Unit industrial waste generation</li> <li>Amount incinerated and sent to landfills</li> <li>Recycling rate</li> <li>Industrial waste value ratio</li> </ul>	<ul style="list-style-type: none"> <li>Unit amount of organic solvents purchased</li> <li>Emissions of organic solvent vapors into the air</li> </ul>

### What is an environmental management indicator?

#### Concept

- To reduce all environmental impact caused by business operations
- To identify the quantity of environmental impact in CO<sub>2</sub> equivalent to implement global warming countermeasures

(Identify the quantity of all environmental impact in CO<sub>2</sub> equivalent by calculating all harmful emissions as deemed CO<sub>2</sub> emissions and not be limited to greenhouse gases defined in the Kyoto Protocol.)

- To compare the amount of environmental impact caused and the value created and try to produce more value

#### Target

- To double environmental efficiency (environmental management indicator value) in fiscal 2015 as compared to the fiscal 2005 level

#### Environmental management indicator

Used to compare value added and environmental impact caused by business operations

$$\text{Environmental management indicator} = \frac{\text{Valued added}}{\text{Environmental impact (in CO}_2\text{ equivalent)}}$$

Value added means value created by corporate activities, such as operating profit, sales administrative expenses, and manufacturing expenses.

### Environmental Impact Caused by Business Operations

Factors Causing Environmental Impact			Environmental Impact Calculated to Set the Environmental Management Indicator (in CO <sub>2</sub> equivalent)		
			Direct emission (targeted by the Kyoto Protocol)	Indirect emission (voluntarily calculated)	Deemed emission (voluntarily calculated)
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	
	Emission into the air				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	