

Environmental Management System

Living in harmony with the environment

CKD is engaged in companywide efforts to improve the environment, including efforts in regard to pollution and in ensuring compliance with product-based environmental regulations, such as the European RoHS Directive. We recognize that the realization of a low-carbon society is indispensable to the needs of the international community, and believe that not only can business be conducted while maintaining the environment in a beautiful state, but that the environmental activities undertaken by each of our employees can produce significant positive results. CKD will continue to contribute to the preservation of the environment by developing and supplying to our customers environmentally friendly products that comply with relevant laws and regulations thanks to our years of experience in automation and fluid control technologies.

Policy

We have established our environmental policies in line with our commitment to ensure that CKD business activities, products, and services have an appropriate environmental impact and contribute to the prevention and reduction of pollution.

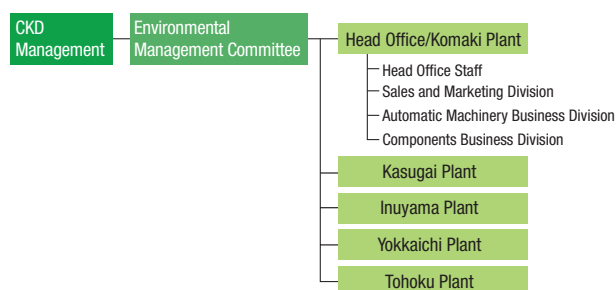
[Environment]

1. We will promote the development and expanded sales of environmentally friendly products.
2. We will clarify and comply with all environmental laws and regulations, while working to prevent pollution and CO₂ emissions, including by those working at CKD in their social life.
 - a) We will promote the conservation of energy and resources and build energy-saving production lines
 - b) We will reduce environmental pollutants
 - c) We will reduce waste

We are developing and expanding sales of environmentally friendly products, focusing not only on the conservation of energy and resources, but also on the environmental impact of the product throughout its life cycle. While maintaining compliance with all environmental laws and regulations, we are also working to reduce our environmental impact as much as possible by conducting our business in recognition of our social responsibilities and continually striving to reduce CO₂ emissions and pollution.

Structure

Companywide efforts to reduce our environmental impact.



Environmental Regulations and Compliance

There are a number of environmental laws and regulations that apply to CKD operations, including the Air Pollution Control Law, the Water Pollution Control Law, and the Waste Disposal and Public Cleansing Act. In May 2019, there was a violation of the Water Pollution Control Law at the Head Office/Komaki Plant. This violation was swiftly reported to the authorities, dealt with, and measures were implemented to prevent a reoccurrence. There were no other incidents of regulatory violations resulting in fines or other disciplinary measures or accidental spillages of chemicals or other substances that might impact the environment.

Environmental targets and results

	Target	Result
Develop and expand sales of products with low environmental impacts	Develop and release environmentally friendly products in line with our standards	Established annual development and sales targets. Achievement rate in fiscal 2019 was 93%.
	Expand sales of products with low environmental impacts	The target in sales of component products has been increased by 5% year on year. The target achievement rate in fiscal 2019 was 87%.
	Collect requests from customers for improvements in products with low environmental impacts, and propose development and improvement plans	Established sales division targets. Achievement rate in fiscal 2019 was 334%.
Reduce environmental pollutants	Accumulate data related to chemical substances within products in line with REACH regulations	Promoting the collection of substance data in order to comply with customer requests.
Promote the conservation of energy and resources	Improve infrastructure and reduce energy consumption	The target reduction in energy consumption per unit is 1% which is in line with the Energy Conservation Act. In fiscal 2019, our energy consumption volume increased 3% compared to the previous fiscal year, and energy consumption per unit was up 16%. The five-year average energy consumption per unit increased 2% in the period from fiscal 2015 to fiscal 2019.

Soil and Groundwater Purification at the Head Office/Komaki Plant

The results of a soil survey conducted during the construction of a plant building in May 2014 showed amounts of hazardous substances above standard levels. We notified and filed reports with authorities, and we have been implementing response measures in a planned and continuous manner. Additionally, no groundwater pollution has spread beyond the site.

Excavation and disposal of polluted soil	Soil that exceeded standards was excavated in October and November 2014 and has been transported to and disposed of at an authorized facility
Pumping and purification of polluted groundwater	Pumping and purification began in July 2015 and changes in concentration are monitored
Biological purification of polluted groundwater	Since June 2018, we have implemented biological purification as an additional countermeasure to speed up purification and prevent spread outside of the site

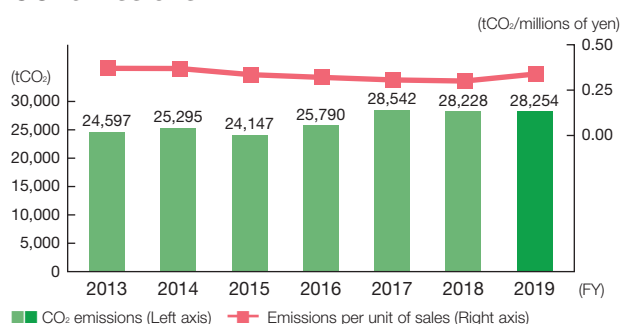
Initiatives Aimed at Combatting Global Warming

We are reducing CO₂ emissions intensity by enacting continuous improvement activities including systematically introducing renewable energy (solar power generation equipment), introducing (and upgrading) highly efficient equipment, and building energy-saving production lines.

- CO₂ emissions rose 0.1% overall due to an increase of 2,647 tCO₂ from the Tohoku Plant which was completed in January 2019. While emissions have increased by 15% compared to fiscal 2013 (3,657 tCO₂), they have decreased per unit of sales by 8% over the same period.

Note: Domestic plants and sales offices

CO₂ emissions



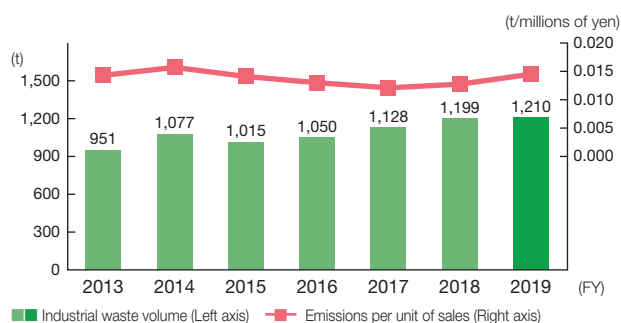
Initiatives Aimed at Reducing Industrial Waste

We are working to separate and recycle waste generated at the Company's plants and reduce waste consigned to landfill with the aim of reducing overall waste volumes and the amount of waste per unit.

- The volume of industrial waste generated decreased 0.6% overall despite an increase of 46 t from the Tohoku Plant which was completed in January 2019. The volume of waste has increased 27% compared to fiscal 2013 (259 t), and it has increased per unit of sales by 1% over the same period.

Note: Domestic plants

Industrial waste volume



Initiatives Aimed at Reducing Water Consumption

We are promoting the effective use of water resources at each of our plants through measures such as reusing discharged water with the aim of reducing overall water consumption volumes and the amount used per unit.

- Water use rose 9% overall due to an increase of 47,000 m³ from the Tohoku Plant which was completed in January 2019. While use has increased 23% compared to fiscal 2013 (77,000 m³), it has decreased per unit of sales by 2% over the same period.

Note: Domestic plants

Water usage

