

Environmental Management

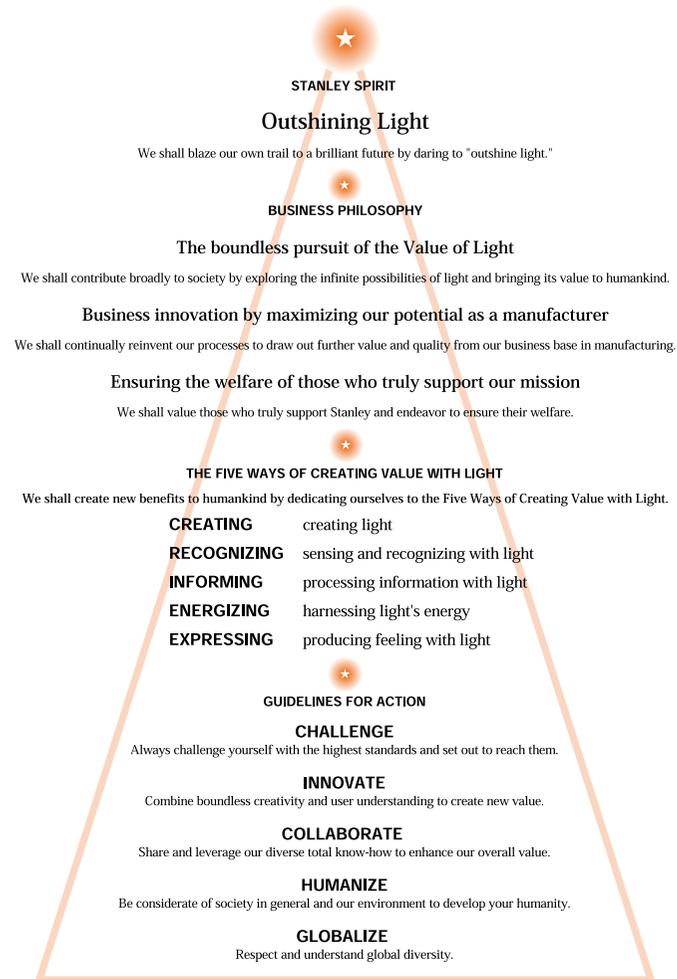
Stanley Group Vision

In April 2000 the Stanley Group enacted the Stanley Group Vision, which establishes our basic values, the significance of our role in society, and our lasting mission in aiming for a sustainable society. In realizing the vision, it is essential to collaborate and cooperate with many stakeholders while sharing values, and by sharing the vision with the entire group we fully exploit the total power of the group, thereby addressing the challenge of creating a sustainable society through business activities.

Environmental Management

With our business base in manufacturing with a mastery of the boundless possibilities of light under the Stanley Group Vision, the Stanley Group provides products considered necessary by society while promoting environmental management designed to pass on the immeasurably rich and momentous blessings of our Earth to the next generation in a healthy state.

Stanley Group Vision



Basic Stance on Environmental Management

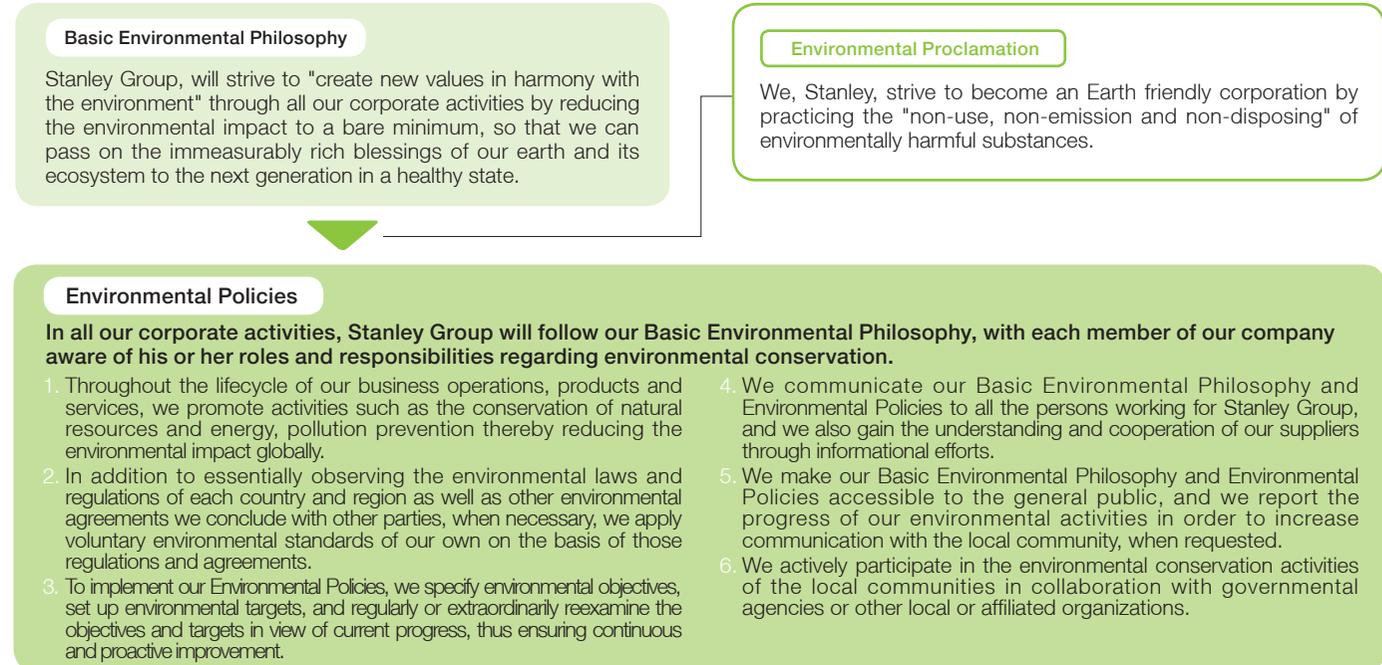
Under the Stanley Group Vision we have enacted our Basic Environmental Philosophy, Environmental Proclamation, and Environmental Policies, through which we are proactively working to address environmental conservation.

The Stanley Group seeks to reduce its environmental impact and aspires to achieve both environmental protection and economic development.



Underlying Concepts of Ecological Activities

Under our Basic Environmental Philosophy, the Stanley Group aims for the sustainable development of society and business. In addition, through the implementation of our Environmental Policies, we are working towards the conservation of the Earth's environment. Curbing emissions of greenhouse gases to prevent global warming, resource conservation activities that aim for a recycling-oriented society, curbing emissions of harmful chemical substances, and the development of environmentally friendly products are among the activities that we promote.



Environmental Long-Term Management Plan

In order to achieve the sustainable development of society and business, we have formulated an Environmental Long-Term Management Plan (April 2010 to March 2020) in order to promote environmental management, and are working to address environmental challenges such as the prevention of global warming.

Environmental Activities of the Stanley Group

Basic Environmental Philosophy

Environmental Proclamation

Environmental Policies

Environmental Long-Term Management Plan

Activities that Aim for the Sustainable Development of Society and Business

Strengthening management systems

Prevention of global warming

Resource recycling / waste reduction

Prevention of pollution

Phase IV Environmental Mid-Term management Plan (April 2010 to March 2014)

Phase V Environmental Mid-Term management Plan (April 2014 to March 2017)

Phase VI Environmental Mid-Term management Plan (April 2017 to March 2020)

The Stanley Group's Second Environmental Long-Term Management Plan

	Phase IV Environmental Mid-Term Management Plan (April 2010 to March 2014)	Phase V Environmental Mid-Term Management Plan (April 2014 to March 2017)	Phase VI Environmental Mid-Term Management Plan (April 2017 to March 2020)
Second Environmental Long-Term Management Plan	Achieve sustainable development for society and business/carry out manufacturing that contributes to the Earth's environment to achieve both social contribution and profit creation.		
	Create a foundation for environmental management	Promote environmental management and start expanding it globally	Promote the global expansion of environmental management
Strengthening initiatives for our Environmental Management System (EMS)	Regulate a global Environmental Management System		
	Domestic Improve the efficiency of operation through EMS integration	Strengthen the regulated EMS activities	Promote self-sufficient EMS activities at each base
	Overseas Prepare for global EMS integration	Promote global EMS	Promote self-sufficient EMS activities globally
Initiatives for environmental regulations	Continue complying with regulations related to business activities		
Design for Environment	Offer products designed for the environment that will contribute to the Earth's environment (continuously)		
Prevention of global warming	Promote the prevention of global warming / reduce greenhouse gas emissions through business processes		
	Domestic Reductions of 1% a year or more relative to FY 2009 in basic added value units	Overseas Reductions of 1% a year or more relative to FY 2013 in basic added value units	
	<Distribution region> Reductions of 1% a year or more relative to FY 2009 in sales basic units	<Distribution region> Reductions of 1% a year or more relative to FY 2012 in sales basic units	
Resource recycling / waste reduction	Deploy and strive for activities that do not generate waste globally Continue with zero emissions		
	Reduce waste - Reductions of 1% a year or more relative to FY 2009 in basic added value units	Reduce waste - Reductions of 1% a year or more relative to FY 2012 in basic added value units	
Prevention of pollution / product environment	Completely eliminate environmental accidents by thoroughly ensuring that no substances of environmental concern are used		
	Strengthen management foundations to accommodate global expansion	Continue with zero environmental defects	
Initiatives for biodiversity	Actively contribute to regional ecosystem protection activities		

* In 2013 we revised our Environmental Long-Term Management Plan so that Phase V started from April 2014.

Environmental Management System

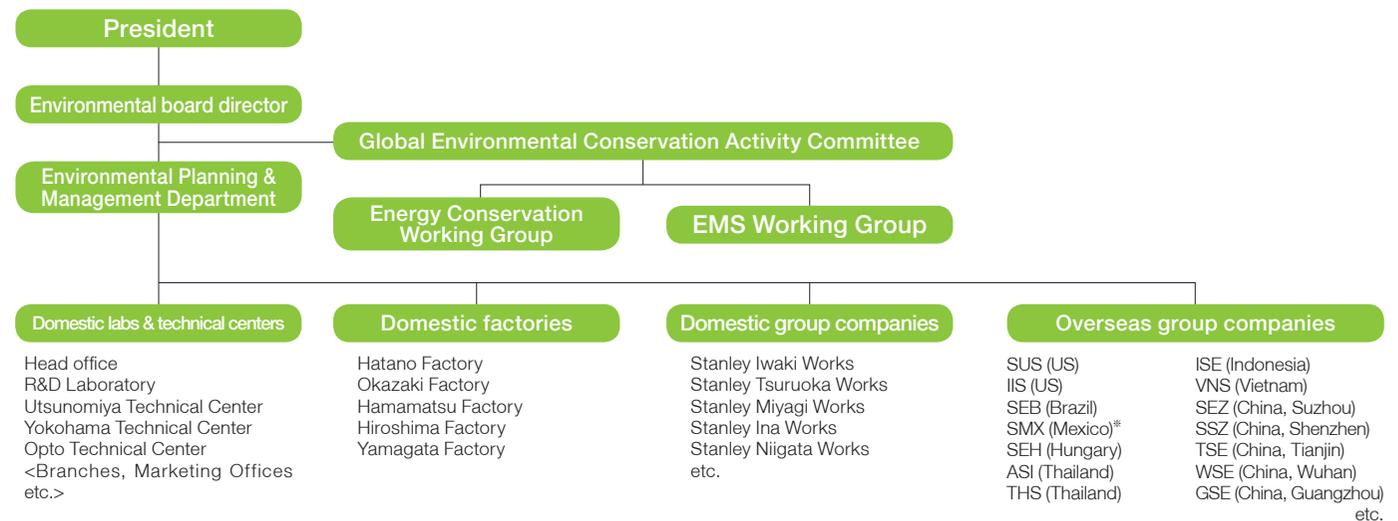
The Stanley Group has erected an Environmental Management System (EMS) based upon ISO 14001 international standards and promotes long-term environmental management plans and addresses environmental activities based on our Environmental Policies across the group as a whole.

In FY 2017 we plan to complete our changeover to the 2015 edition of ISO 14001 at the global level.



Environmental Management Structure

We have created an environmental management structure with an environmental board director as its highest officer under the president. What is more, we have set up the Environmental Planning & Management Department as a department to promote environmental management, and we work to ensure administrative control. We also established the Global Environmental Conservation Activity Committee in order to oversee the Stanley Group as a whole to promote environmental activities through the combined efforts of our domestic and overseas group companies.



*Branches that have yet to acquire ISO14001 certification. These are the informal names of our overseas group companies. See P04 for their official names.

Global Environmental Conservation Activity Committee	Discusses environmental strategies and regulatory affairs from a global standpoint; optimizes and maintains the environmental management system to realize the Basic Environmental Philosophy and the Environmental Policies.
Energy Conservation Working Group	Facilitates energy conservation by drafting and promoting policies related to the Stanley Group's energy management.
EMS Working Group	Optimizes and makes continuous improvements to environmental management systems with a view towards galvanizing and increasing the efficiency of environmental activities and strengthening monitoring functions.
Environmental Planning & Management Department	Advances the environmental management system of the whole Stanley Group, including domestic and overseas subsidiaries, and works to plan and undertake administrative control for the full spectrum of our environmental activities.

Environmental Education

We provide environmental education divided into the categories of training according to personnel position and job type, training according to occupational abilities (strategic education) such as certification education for internal environmental auditors, and training according to occupational abilities (function segmented education) which is aimed at employees engaged in operations related to the environment.

Trainings by personnel position, job type

New manager training

Management of environment related laws and regulations and our environmental challenges

New supervisors training

General environmental knowledge and awareness, and environment al knowledge pertaining to environment-related laws and regulations and duties as a supervisor

Mid-career recruits trainings

General environmental knowledge and awareness, and environmental knowledge pertaining to duties

New recruits training

General environmental knowledge and awareness required of employees as members of society

Trainings by work skill (strategic education)

Qualification training for in-house environmental auditors

Understanding of ISO 14001 requirements and learning auditing techniques

Skill-up training for in-house environmental auditors

Auditing expertise training for sustained environmental improvements and improving auditing techniques

Train environmental regulations

Understanding of environmental regulations

Train substances of environmental concern investigation instructors

Gaining of skills to analyze and detect substances of environmental concern in products

Trainings by work skill (functional education)

EMS education & training

- Education based on the divisional education plan
- Seminars outside the company
- Jobs relating to education/training
 - Jobs with the potential to cause a considerable environmental impact
- Education relating to awareness (policies, objectives, emergency actions, etc.)
 - Subject to all employees, outside personnel working at Stanley, personnel of commissioned agents
- Education & training for qualification
 - Jobs that have a considerable environmental impact (i.e. designated environmental jobs)

Environmental Management Auditing

We consider Environmental Management System (EMS) auditing to be essential for the sake of continuously improving the EMS. The Stanley Group conducts auditing through internal environmental auditors, as well as external audits through third party certifying agencies.

Internal Environmental Audits

Striving to maintain and improve our level of environmental management

We carry out internal environmental audits by forming independent in-house auditor teams comprised of internal environmental auditors who have been certified internally. Our domestic group companies implement audits by environmental management supervisors at each base on a reciprocal basis to promote the maintenance and improvement of the EMS level at each base.

External Audits

Checking to confirm items that need improvement through regular external audits

Our domestic group companies have received integrated authentication as Stanley Electric Co., Ltd., and include all of our factories and laboratories, our head office, branch offices, and affiliates in Japan. These companies and our overseas group companies undergo external audits regularly once per year, as well as renewal inspections once every three years at each base, through third party certifying agencies.

The results of an external audit from FY 2016 indicated that issues that had previously been pointed out had already been completely corrected, and we have finished deploying these corrections laterally at each base around the globe.

In FY 2017 we plan to complete our changeover to the 2015 edition of ISO 14001 at the global level.

Environmental Risk Management

Initiatives for Environmental Risk Management

Observing domestic and foreign regulations and promoting the reduction and elimination of harmful chemical substances

We observe all domestic and foreign environmental regulations, and work to reduce and eliminate harmful chemical substances (substances which are contained in products and those which are used during their manufacture). One such initiative is to carry out development, design, and purchasing management for products that do not contain harmful chemical substances on the basis of management criteria for substances of environmental concern.

With regard to regulations and controls, we are promoting compliance with the PRTR Law and the revised Law concerning the Rational Use of Energy, as well as the Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and others. To prevent environmental accidents in advance, we have instituted environmental patrols and checks during internal environmental audits.

Management of Substances of Environmental Concern

Gathering information on related regulations and customer demands, and promoting sound regulatory compliance

In recent years, laws and regulations on chemical substance management have been growing stricter and stricter around the world as the globalization of regulations advances.

The Stanley Group gathers and complies with information on related regulations and customer demands, and promotes the initiatives listed on the right for the sake of sound regulatory compliance.

Internal Structure for Managing Information on Substances of Environmental Concern

Promoting the Development of Design for the Environment through the Use of a Database of Substances of Environmental Concern

We meticulously collect and confirm the suitability of information on the substances of environmental concern contained in the parts and raw materials that make up our products with the understanding and cooperation of our suppliers. Moreover, by recording this information on the substances of environmental concern to an internal database and sharing this we make efforts to select components that do not contain such harmful chemical substances, while also working to design and develop environmentally conscious products.

Establish and Strengthen a Structure for Managing Substances of Environmental Concern

We periodically carry out audits on our structure for managing substances of environmental concern at our production bases in Japan and overseas and promote initiatives to strengthen this.

Major Initiatives for FY2016

Offering group education to overseas group companies Standardizing our level of management for the chemical substances contained within our products

As regulations on chemical substances grow stricter at the global level, the Stanley Group is working to improve the efficiency of and enhance our management of chemical substances. In FY 2016 we offered the following education.

For the future, we will continue to offer education in an ongoing manner in aiming to standardize our level of management for chemical substances at the global level.

Group education in Japan

In September 2016, we held group education at our Hatano Factory based on the Education for product EMS auditors and our Database of substances of environmental concern by gathering together the staff involved in the actual management of chemical substances at our overseas bases. This was designed to unify our management of the chemical substances contained within our products globally.



Group education at a base in China

China is home to a large number of our bases. As such, in December 2016 we gathered together the staff involved in the actual management of chemical substances at various bases, in Suzhou, where we offered group education via our environmental managers from Japan.



Initiatives through Our Supply Chain

Promoting our Green Procurement Guidelines

For our environmental conservation activities, we must reduce the environmental impact over the entire lifecycle of our products, from the procurement of materials through to their production, sale, use, disposal, and recycling. As it is not enough to work towards this through the initiatives of individual companies alone, the Stanley Group actively engages in the procurement of environmentally friendly products and promotes the reduction of our environmental impact through mutual cooperation with our suppliers.

We have established Green Procurement Guidelines for the Stanley Group to allow us to continue promoting initiatives through our supply chain, and work to reduce our environmental impact through coordination with our suppliers.

In our Green Procurement Guidelines, we primarily ask the following five requests of our suppliers.

1. Understand and cooperate with our environmental goals, targets, and requirements
2. Establish an environmental management system (EMS)
3. Thoroughly manage substances of environmental concern
4. Promote initiatives to determine and reduce emissions of greenhouse gases (GHG)
5. Promote the recycling of resources

Green Procurement Policies

Holding yearly meetings to explain our purchasing policies

Stanley Electric holds yearly meetings to explain our purchasing policies to our major suppliers based on our green procurement policies, and continues to further strengthen and promote environmental initiatives and green procurement.

As for our activities to reduce greenhouse gas emissions starting in FY 2015, we are making efforts designed to reduce our basic units for CO₂ emission by 1% or more over the entirety of our supply chain.

Continuing on from the previous fiscal year, in FY 2016 we commended two of our suppliers that reduced CO₂ emissions by 1% or more on a basic unit-basis and carried out outstanding initiatives to improve the environment during the target period with our Green Procurement Award. We will continue to enhance reductions over the entirety of our supply chain.



Environmental Risk Management

PRTR Substances

We reduced the amount of chemical substances we used by 20.2% YOY, thus achieving our basic unit target

Pursuant to the PRTR Law, we determine the emissions and transfer of chemical substances which are subject to said law. In FY 2016 our emissions and amount transferred came to 59.9t (decrease of 6.3% YOY) and 17.6t (decrease of 6.9% YOY), respectively.

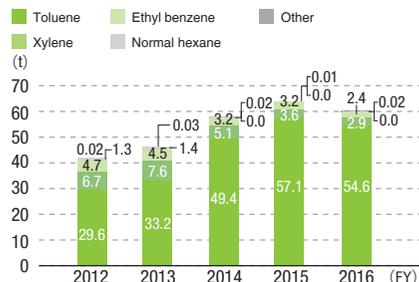
Furthermore, starting in FY 2015, we adopted basic unit management for chemical substances, including substances subject to PRTR.

We worked towards our goal of 1.09t/.1 billion yen or less for basic added value units for FY 2016 (decrease relative to FY 2014), which we achieved by coming in at 0.87t/.1 billion yen (decrease of 20.2% relative to FY 2014).

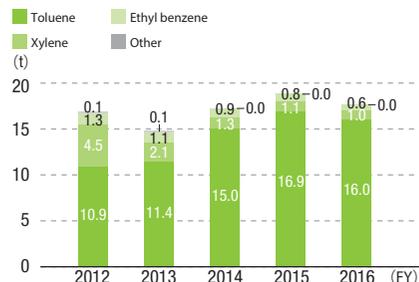
Records of PRTR-designated Class 1 Chemicals (Data from Notifying Factories)

	Objective	FY2012	FY2013	FY2014	FY2015	FY2016
Emissions	Atmospheric emissions	42.4t	46.7t	57.8t	63.9t	59.9t
	Emissions into public water systems	0.0t	0.0t	0.0t	0.0t	0.0t
	Emissions into the soil on premises	0.0t	0.0t	0.0t	0.0t	0.0t
	Landfill disposal on premises	0.0t	0.0t	0.0t	0.0t	0.0t
	Total emissions	42.4t	46.7t	57.8t	63.9t	59.9t
Amount transferred	Transfer to sewage	0.0t	0.0t	0.0t	0.0t	0.0t
	Transfer to outside	16.8t	14.8t	17.1t	18.9t	17.6t
	Total amount transferred	16.8t	14.8t	17.1t	18.9t	17.6t

Changes in Emissions by Type of Substance Requiring Notification under PRTR



Changes in the Amount Transferred by Type of Substance Requiring Notification under PRTR



Management of Polychlorinated Biphenyl (PCB)

Finishing the disposal of high-pressure capacitor equipment

PCB storage equipment

Equipment	No. of units
Capacitor	109
Stabilizer	16
Total	125

We promote rigorous storage, control, and treatment of PCB pursuant to the Special Measures Law for the Proper Treatment of Polychlorinated Biphenyl Wastes.

For FY 2016 we finished disposing of 41 high-pressure capacitors from among the equipment in storage. The results of this are shown in the table above. We have already finished registering the treatment of PCB wastes with a waste treatment contractor, and will treat them in sequence.



Soil Contamination Surveys

A survey was carried out at one location

The survey results for FY 2016 are listed below.

For the future, we will continue to carry out voluntary surveys and confirm the soil contamination conditions, which we will cope with based on laws and ordinances.

Branch	Survey results
Former Stanley Niigata Marketing Office	Through a voluntary survey it was confirmed that there is no soil contamination

*The data published on the page is relevant to Stanley's domestic group companies.

Compliance with Laws and Ordinances

We regularly confirm our compliance status

Our domestic group companies perform internal audits at each base based on the Checklist of Environmental Laws and Regulations prepared by our Environmental Management Department to confirm their compliance status. In addition, each of our bases performs reciprocal internal environmental audits on one another in an effort to thoroughly ensure compliance with laws and regulations.

For our overseas group companies, starting in FY 2016, our Environmental Management Department in Japan began using external agencies to get a grasp of legal and regulatory trends in different countries. A checklist is prepared based on this which is then used to regularly confirm their legal and regulatory compliance status in order to strengthen management for said compliance.

In addition, both our domestic and overseas group companies check to confirm whether the results of their legal and regulatory checks are appropriate via external audits in aiming to thoroughly ensure compliance.

Environment-related Awards

Appraisal for our environmental initiatives

At the Stanley Group, for the sake of environmental risk management we undertake various initiatives to prevent environmental accidents at each of our offices and to reduce our impact on the environment.

In FY 2016 our day-to-day activities were commended by relevant agencies as described below.

Awards for our Hiroshima Factory

Evaluating the Operation and Maintenance of Our Facilities for Hazardous Materials

In June 2016, our Hiroshima Factory was given an award by the Hiroshima Association for Safety of Hazardous Materials for its contributions to preventing disasters through the care it has shown regarding the operation and maintenance of its facilities for hazardous materials. This was the Hiroshima Factory's second year in a row for such a commendation, after having received an award from the Higashi Hiroshima Association for Safety of Hazardous Materials in 2015. This demonstrates the thorough operation and maintenance of such facilities by the factory.



Assessments from Society

Nikkei Environmental Management Level Survey

Every year, Nikkei Inc. carries out its Environmental Management Level Survey to assess major Japanese companies on their initiatives to balance their environmental measures with corporate management, and releases the results of this through scores and rankings. There are five evaluation criteria: "environmental management," "promotion structure," "measures against pollution / support for biodiversity," "resource recycling," "product measures," and "measures against global warming." These are rated out of 100 points for each of these, with a perfect score being 500 points in total.

The Stanley Group responds to this survey every year. In the FY 2016 survey we boosted our ranking to 86th place out of 396 companies (improving our rank by 32 places compared with FY 2015). Moving forward, we will continue working to improve the environment by taking the status of the Stanley Group's environmental activities as one indicator for objectively evaluating this through the survey in the future.