Recently, the COVID-19 pandemic has been having a serious impact on corporate performance while contributing to growing uncertainty about the future of the economy. At the same time, however, the requirements of the current era are compelling businesses to pursue their operations from the perspective of the UN’s sustainable development goals, or SDGs. Initiatives for reducing environmental impact have become indispensable for those who are committed to meeting their corporate social responsibility and contributing to the emergence of a sustainable society.

Our management policy has always incorporated an environmental theme. It emphasizes that we will continue to protect the global environment and contribute to the ongoing development of local communities. In fiscal 2019, in keeping with our own medium-term management plan, we have entered into an Expansion and Development Phase and have undertaken improvements to various initiatives in the interests of overall optimization. These include quality improvements, reduction of labor hours, and an increased customer focus. Moreover, as a result of our efforts to eliminate waste and inefficiencies within the company, we were able to improve our energy efficiency and thus reduce our environmental impact.

Going forward, we intend to implement additional concrete initiatives through business operations that emphasize safety, quality, and the environment in order to meet the goals set forth in the SDGs.

This Environmental Report 2020, published for the benefit of our customers and all who support our Group, presents easy-to-understand information about our environmental initiatives in fiscal 2019 and is mainly focused on the operations and achievements of our Head Office and Kyoto Plant, Shiga Plant, and Azuchi Plant.

Outline of the Head Office and Kyoto Plant, Shiga Plant, and Azuchi Plant

Head Office and Kyoto Plant
Location: 1-1, 2-chome, Higashi-Hatari, Nagaokakyo-shi, Kyoto, Japan
Start of operation: 1940
Employees: Approx. 920
Site area: 44,509 m² (including partner companies)

Shiga Plant
Location: 578 Chokoji-cho, Ominamichinami-ku, Shiga, Japan
Start of operation: 1970
Employees: Approx. 1000
Site area: 228,000 m² (including partner companies)

Azuchi Plant
Location: 8-1 Nishioiso, Azuchi-cho, Omihachiman-shi, Shiga, Japan
Start of operation: 1991
Employees: Approx. 300
Site area: 68,794 m² (including partner companies)

Environmental Initiatives

Burnable Waste (domestic solid waste) Generated
We have reduced the amount of burnable waste generated by continuing our regular patrols and by seeking the cooperation of employees in our various workplaces. While our Kyoto Plant has hit a ceiling in this area, we were able to reduce significantly the amount of burnable waste generated at our Shiga Plant by reviewing our sorting standards. At our Azuchi Plant, on the other hand, the amount of burnable waste has increased.

CO₂ Emissions
Following the transfer of production of some models from our Kyoto and Azuchi Plants to the Shiga Plant, emissions decreased at the Kyoto and Azuchi Plants and increased at the Shiga Plant.

Electricity Consumption
Electricity consumption decreased at the Kyoto Plant and increased at the Shiga and Azuchi Plants. This can be attributed to two causes: the transfer of production of some models from the Kyoto and Azuchi Plants to the Shiga Plant; and the introduction of air conditioners at the Shiga and Azuchi Plants in an effort to improve the working environment in the summer.

Water Consumption
Following the transfer of production of some models from the Kyoto and Azuchi Plants to the Shiga Plant, water consumption decreased at the Kyoto and Azuchi Plants and increased at the Shiga Plant.
Compliance with Laws and Ordinances

At the Shiga and Azuchi Plants, we established wastewater treatment tanks that purify sewage and wastewater from factory processes before it is discharged from the plants. This purified water is discharged into Industrial Waterways of neighboring rivers. At the Kyoto Plant, drainage is discharged into tributary waterways of neighboring rivers. At the Kyoto Plant, drainage is discharged into tributary waterways of neighboring rivers. This purified water is discharged into the drainage system after proper treatment. At the Shiga Plant, the turbidity value was observed to be within the limits. At the Azuchi Plant, the turbidity value was observed to be within the limits.

Water Quality

<table>
<thead>
<tr>
<th>Summary of Environmental Impact (Fiscal 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>INPUT</td>
</tr>
<tr>
<td>Kyoho Plant</td>
</tr>
<tr>
<td>Electricity</td>
</tr>
<tr>
<td>City Gas</td>
</tr>
<tr>
<td>Bunker A</td>
</tr>
<tr>
<td>Kerosene</td>
</tr>
<tr>
<td>Diesel oil</td>
</tr>
<tr>
<td>Gasoline</td>
</tr>
<tr>
<td>LPG</td>
</tr>
<tr>
<td>Water</td>
</tr>
</tbody>
</table>

OUTPUT

<table>
<thead>
<tr>
<th>Kyoho Plant</th>
<th>Shiga Plant</th>
<th>Azuchi Plant</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂</td>
<td>3,533,000 kWh</td>
<td>6,700,000 kWh</td>
</tr>
<tr>
<td>Chemical substances (kg)</td>
<td>42 t</td>
<td>82.3 t</td>
</tr>
<tr>
<td>General waste</td>
<td>15 t</td>
<td>29 t</td>
</tr>
<tr>
<td>Industrial waste</td>
<td>674 t</td>
<td>831 t</td>
</tr>
<tr>
<td>Chemical substances (kg)</td>
<td>40 t</td>
<td>47.3 t</td>
</tr>
</tbody>
</table>

Environmental Initiatives

<table>
<thead>
<tr>
<th>Logisitcs and Packing Group</th>
</tr>
</thead>
</table>

- To promote the introduction of safe handling methods for hazardous substances as stipulated under local ordinances.
- To reduce VOC emissions intensity by 2% relative to fiscal 2017 levels at the Kyoto, Shiga, and Azuchi Plants.
- To achieve a recycling rate exceeding 75% at the Kyoto, Shiga, and Azuchi Plants.
- To achieve a 2% improvement in relative to fiscal 2017 levels.
- To participate in planned events.
- To increase our understanding of environmental accounting and disseminate it to all employees.
- To improve CO₂ emissions by 2% relative to previous models of development vehicles (model update) relative to fiscal 2017 levels.
- To ensure the correct calculation method.
- To provide guidance regarding submission of REACH compliance and non-use/non-inclusion declarations.
- To achieve a recycling rate exceeding 97.5% at the Kyoto Plant, 97.5% at the Shiga Plant, and 94% at the Azuchi Plant.
- To achieve 90% relative to previous models of development vehicles.
- To improve the level of data input and visualization.
- To visualize the implementation rate of the REACH survey and provide appropriate support.
- To reduce energy intensity by 2% relative to fiscal 2017 levels.
- To reduce water intensity by 2% relative to fiscal 2017 levels.
- To reduce packaging waste by 2% relative to fiscal 2017 levels.
- To achieve a recycling rate exceeding 75%.
- To reduce the amount of packaging material manufactured to 10%.
- To maintain the current tonne-kilometer level.

Noise

We undertook periodic noise measurements at the site boundary.

<table>
<thead>
<tr>
<th>Noise Summary</th>
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</thead>
<tbody>
<tr>
<td>Plant</td>
</tr>
<tr>
<td>Kyoto</td>
</tr>
<tr>
<td>Shiga</td>
</tr>
<tr>
<td>Azuchi</td>
</tr>
</tbody>
</table>

Atmosphere

We periodically undertake measurement of the concentrations of particulates in the atmosphere around warm air heating units. We also measure for hazardous substances as stipulated under local ordinances.

Odor

We undertake periodic odor measurements at the site boundary.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Plant</td>
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</tr>
<tr>
<td>Shiga</td>
</tr>
<tr>
<td>Azuchi</td>
</tr>
</tbody>
</table>

To ensure the correct calculation method.

E N V I R O N M E N T A L  R E P O R T  2 0 2 0
New 1–2 Tonne Counterbalanced Electric Forklift

Our new ECO Mode extends operating time by about 7%.

Features
1. ECO Mode (Fig. 1)
Our new and innovative ECO Mode limits the maximum traveling speed and lift speed to minimize power consumption. This contributes to longer operating times while offering environmental advantages. Our standard 1.5-tonne model achieves 10 hours and 40 minutes in P + ECO Mode, compared with only 10 hours of operation in P Mode (with 415 Ah battery, JIVAS F30 pattern). Similarly, it achieves 11 hours and 30 minutes in N + ECO Mode, compared with only 10 hours and 45 minutes in N Mode alone, representing a roughly 7% increase in operating time.

2. Custom Handling (Fig. 2)
As a standard feature, this model offers customizable handling to suit a variety of driver preferences and skill levels. The acceleration, response, lever characteristics, and other parameters can be set as desired to operator preference.

Since the nature of the cargo in a distribution warehouse can change over time, forklift trucks must accommodate a wide variety of tasks, from those requiring an emphasis on speed to those that require more careful handling. In addition, our design goal was to support safer and more reliable cargo handling by ensuring compliance with the particular safety management policies of each logistics site. We first adopted this approach in the Platter reach-type forklift we launched in 2015, which offered a greater variety of settings as well as finer adjustments.

Regarding operation mode settings, while our conventional model offered P (power), N (normal) and E (economy) modes, this model offers P and N Modes as well as our new C (custom) Mode. Seven C Mode settings are available for selecting driving parameters: acceleration, response, accelerator characteristics, braking force, regenerative braking, and lift speed to minimize power consumption. This contributes to longer operating times. The reduced power consumption settings make this unit suitable for applications that require power consumption to be as low as possible.

Initiatives of the Special Environmental Group

Forklift Trucks

3.5–5.0 tonne Diesel Engine Forklift

We have reduced the environmental impact by equipping this model with a new turbodiesel engine that complies with the latest domestic diesel emission regulations.4

Features
1. A new clean turbo-equipped engine for heavy-duty applications
   - Low soot emissions are achieved with a combustion chamber designed with an optimal shape as a result of combustion analysis. What’s more, harmful substances contained in the exhaust gas are reduced through the use of EGR and DOC.
   - The system includes an Economy Mode that achieves even lower fuel consumption while maintaining a practical level of power.
   - The result is a reduction of about 10% in terms of CO₂ emissions and fuel consumption compared with Power Mode.

2. Reduced running costs
   - Low fuel consumption has been achieved through a common rail system for highly efficient fuel combustion. As a result, fuel efficiency is improved compared with the conventional model.4
   - The system includes an Economy Mode that achieves even lower fuel consumption while maintaining a practical level of power. The result is a reduction of about 10% in terms of CO₂ emissions and fuel consumption compared with Power Mode.4

3. A more welcoming work environment
   - Now with improved sound quality and quieter operation compared with the conventional model.

A more welcoming work environment

Low fuel consumption has been achieved through a common rail system for highly efficient fuel combustion. As a result, fuel efficiency is improved compared with the conventional model. The system includes an Economy Mode that achieves even lower fuel consumption while maintaining a practical level of power. The result is a reduction of about 10% in terms of CO₂ emissions and fuel consumption compared with Power Mode.4

Laser-guided Unmanned Forklift Trucks

Contributing to the environment

Unlike the magnetic induction method used with conventional unmanned forklift trucks, the laser-guided method requires no modifications to the floor. This approach reduces the amount of water consumed during construction and the amount of concrete waste that must be discarded.

In 2019, deliveries of laser-guided unmanned forklift trucks increased significantly, reducing the consumption of water generated by cutting work by about 2,850 liters (2,800 kg) and floor concrete waste by about 400 kg, for a total reduction of about 3,200 kg.
Initiatives of the Special Environmental Group

Environmental Preservation Group

“3 R” Initiatives
Each of our departments is working diligently to ensure that equipment that is surplus to company needs is put to effective use. We continue to adhere to the belief that even relatively small efforts can contribute to the emergence of a society devoted to recycling, thus reducing the environmental load from waste incineration and landfill disposal by ensuring our planet’s limited resources are used effectively.

Environmental Patrols
For several years now, we have been addressing the issue of waste reduction. Although our various workplaces have achieved progress, room for improvement remains with regard to waste-sorting. As a result, we conduct regular environmental patrols to discuss solutions together with employees at our various workplaces, and examples of successful practices are shared across the company.

Energy Efficiency Group

Conversion to LED Illumination at Our Plants
We have updated the lighting at our Kyoto Plant with LEDs. As part of this project, we replaced mercury lamps and fluorescent lamps with LED fixtures with high luminous efficiency. A total of 387 lamps were replaced, reducing our CO₂ emissions by 41.6 tonnes/year.

Reducing Compressed Air Leaks in Our Plants
We replaced the underground air piping at our Shiga D Plant with overhead piping. By reducing underground air leaks, we succeeded in reducing our CO₂ emissions by 63.9 tonnes/year.

Additional CO₂ Reduction Measures
We replaced three old air conditioners in our Kyoto Plant and 28 ceiling ventilation fans in our Shiga Plant with highly efficient devices, thus reducing CO₂ emissions by 18.5 tonnes/year.

Logistics and Packing Group

Promoting the Use of Returnable Containers
We consult with suppliers for the purpose of reducing waste when production parts are delivered. Moreover, to reduce the cost of containers, we constantly consider what other materials can be used in returnable boxes and introduce them from time to time.

Promoting the Reuse of Packing Materials
The buffer material used for delivery of production parts is sorted and stored for reuse in shipments of spare parts.

Streamlining Product Shipments
When transporting finished vehicles, we emphasize cargo loading efficiency in order to reduce the fuel consumption of transport trucks and the resulting exhaust emissions.

Improving the Wood Pallet Collection Rate
In order to reduce the amount of wood pallet waste generated, we place used wood pallets in fixed locations and request that our suppliers retrieve their used pallets whenever they make a delivery.
Our Shiga Plant participates as a partner in the Network to Protect Lake Biwa with Yuki Reed. In our participation in volunteer nature conservation initiatives, we promote the sound development of reeds that help preserve the lake environment, ecosystem and landscape of Lake Biwa. In fiscal 2018, the event was held on December 7 and our participants engaged in the work of cutting reeds with a sickle and bundling them.

Participating in Reed-Harvesting in Lake Ibe-naiko

Environmental Impact Reduction Initiatives

Environmental Management Systems

Environmental ISO Audits

By conducting internal audits twice yearly and undergoing an annual audit by external auditors from the certification organization, we confirm that ISO standards are used as effective business improvement tools to maintain or continuously improve our environmental management systems.

Internal Auditor Training

In order to upgrade the skills of our internal auditors, we held ISO Internal Auditor Skill Improvement Training Sessions on October 23 and on November 7 and 8. About 90 employees took part in these sessions.

Emergency Preparedness

Each plant launched an emergency preparedness initiative as a precautionary measure to reduce the likelihood of accidents and emergencies. In preparation for an emergency, we provide periodic emergency response training in the workplaces whose facilities have the potential to greatly impact the environment.

Opening of Regional Social Welfare Facilities

The Kyoto Plant runs out its grounds to various groups on request, including the Otokuni Fire-extinguishing Technique Association as well as the organizers of the Nagaokakyo Ganaha Festival and participants in golf (a type of croquet) competitions. In this way, the Kyoto Plant is helping to revitalize the region.

Providing Work Experience for Students from Neighboring Junior High Schools

From June 10 to 14 we hosted two junior high school students from schools in the Azuchi Plant neighborhood for work experience. These students were introduced to the Azuchi Plant and were able to deepen their understanding of the operations conducted on the production site. In addition, on July 4 and 5 and from November 6-8, we hosted four additional junior high school students from each of the two junior high schools near our On-site Training Center. They were able to put their hands on our products while learning about the work of our training center.

We hope these opportunities help these students make important decisions about their future careers and their choice of employer.

Cooperating with the Community

Cooperating with Blood Donation Drives

Our Kyoto, Shiga and Azuchi Plants donate blood through blood donation drives initiated in response to requests from the Blood Center of the Japanese Red Cross Society. In fiscal 2019, we welcomed the participation of a total 240 blood donors at the Kyoto Plant in addition to 133 at the Shiga Plant and 63 at the Azuchi Plant. In the future, we intend to continue participating in this endeavor as part of our contribution to the essential health of our communities.

Participation in Local Disaster Drills

Our On-site Training Center participates in the Sugito Town Community Disaster Response Drill held as part of the town's disaster preparedness initiative. In fiscal 2019, this event was held on November 13 with 123 participants, including the organizing staff. We provided a site for this training to take place and helped raise local awareness among all neighborhood residents regarding the need to improve disaster preparedness. Participants were able to take part in the Earthquake Vehicle Experience, which enabled them to feel the sensations of a quake with a seismic intensity of 7 and really experience the sense of alarm triggered by an earthquake. At the Smoky Building Experience, participants learned about the power of smoke by enduring the suffocating effects of pure white smoke filling an interior space while proceeding toward the exit in crouching posture. They also took part in fire-fighting practice with fire extinguishers.

Participation in the Hataraku Norimono Collection 2019

We exhibited at Hataraku Norimono (“industrial vehicles”). Collection 2019, an industrial exhibition held at Mitsubishi Minatomirai Industrial Museum from May 29 to July 1. This event is held every year on a different theme. In 2019, the theme covered multiple projects such as model railroads and fire brigade workshops. The exhibits focused on actual examples of vehicles that support industry; safety and security; life and leisure; and community. We provided a forklift truck, a turret truck, and other exhibits that enabled visiting children to deepen their understanding of the purposes and functions of the vehicles that help support their lives.

Contributing to the Community

Participation in Reed-Harvesting in Lake Ibe-naiko

Our Shiga Plant participates as a partner in the Network to Protect Lake Biwa with Yuki Reed. In our participation in volunteer nature conservation initiatives, we promote the sound development of reeds that help preserve the lake environment, ecosystem and landscape of Lake Biwa. In fiscal 2018, the event was held on December 7 and our participants engaged in the work of cutting reeds with a sickle and bundling them.

Participating in the Nagaokakyo City’s Environmental Fair

According to the Environmental City Declaration of Nagaokakyo, the city’s environmental fair is held with the aim of raising the environmental awareness of members of the public regarding prevention of global warming. In fiscal 2019, this event was held at the Nagaokakyo City Central Community Hall on November 16.

On the day of the event, various immunze exhibits and exhibition booths were set up to raise awareness of environmental issues. Many agricultural products went on sale at the same time. The company, headquartered in Nagaokakyo, also exhibited at this event and presented information on its environmental initiatives.

Weeding Project in Collaboration with the Community Association

Every year in early July, the local community association located adjacent to the Shiga Plant carries out weeding work along the Sanmei River. The road that follows this river is also a route for commuters traveling to the company from the nearest train station. On July 7, 2019, about 30 individuals from our participants were assigned to community association. On the day, June 23 arranged by the adjacent local residents to remove the mud, sand, and waterweeds that had accumulated in the waterways.

Relationship with the Community

Participating in the Oiso Cleanup Initiative

In fiscal 2019, we participated in the Oiso Cleanup Initiative. In addition, on July 4 and 5 and from November 6–8, we hosted four additional junior high school students from each of the two junior high schools near our On-site Training Center. They were able to put their hands on our products while learning about the work of our training center.

Participating in the Cleaning and Beautification Initiatives of Neighboring Waterways

In June of each year, local community associations in the neighborhood of the Azuchi Plant hold a community beautification campaign known as the Oiso Cleanup Initiative. In fiscal 2019, we participated in this community cleanup initiative on June 23 arranged by the adjacent community association. On the day, our participants were assigned to waterways neighboring the Azuchi Plant. They worked together with local residents to remove the mud, sand, and waterways that had accumulated in the waterways.

Environmental Impact Reduction Initiatives

Encouraging Scheduled Light-Dimming

As measures intended to help prevent global warming, we have implemented our Workplace Light-Dimming initiative, which includes lowering air conditioning and shutting down PCs on a company-wide basis according to a regular work schedule set individually by each location. Moreover, initiatives intended to promote work efficiency and encourage the completion of work on schedule have been implemented.

Environmental Project in Collaboration with the Community Association

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