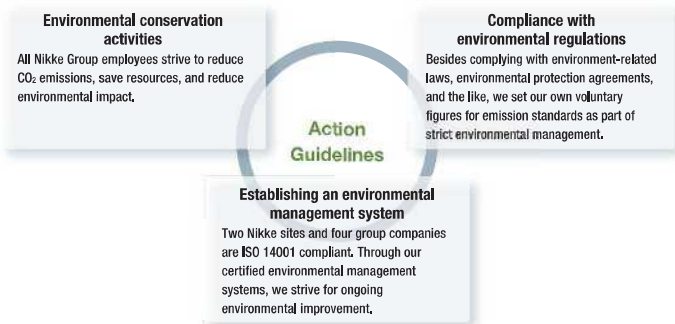


Environmental Management

Basic Environmental Philosophy of Nikke Group

As a corporate group that is gentle and warm toward people and the planet, we will continue to take on challenges with passion and pride.

Based on this management philosophy, Nikke Group has established its basic environmental policy to aim to be a corporate group trusted by society through its environmentally friendly business practices and high standards of corporate ethics. In particular, by prioritizing conservation of the global environment, we have established three action guidelines and four priority measures for conducting corporate activities toward the realization of an affluent and livable society. Moreover, all employees across Nikke Group are actively engaged in environmental conservation activities in all facets of business, from research and development to manufacturing, engineering, sales, and distribution.



Environmental Management System

Nikke Group has built a system in which all group companies engage in environmental conservation activities toward the same goal. The Nikke Group Global Environmental Committee determines the basic policies and measures. Meanwhile, the Divisional Global Environmental Committee

creates and implements specific plans. To ensure that our environmental conservation activities become embedded and stronger, we repeatedly implement the PDCA cycle, as shown in the Environmental Conservation Activity Flow on the next page.

Environmental Management System



Environmental Conservation Activity Flow



Medium-term Plan for Environmental Conservation

Objective	FY2021 targets	FY2021 results	Self-evaluation	FY2023 targets (medium- to long-term targets)
Energy saving	99.0% or less (intensity compared with FY2020)	100.1%	🌱🌱🌱	97.0% or less (intensity compared with FY2020)
Reducing CO ₂ emissions	99.0% or less (intensity compared with FY2020)	100.3%	🌱🌱🌱	97.0% or less (intensity compared with FY2020)
Reducing the amount of waste	99.0% or less (intensity compared with FY2020)	100.4%	🌱🌱🌱	97.0% or less (intensity compared with FY2020)

Self-evaluation criteria 🌱🌱🌱 Achieved well above the goal 🌱🌱 Achieved the goal 🌱 Couldn't achieve the goal, but came close

Acquisition Status of ISO 14001 Certification

In Nikke Group, two mills and four group companies have acquired ISO 14001 certification, an international environmental management system standard. In fiscal 2021, no group company acquired ISO 14001 certification.

Site	Registration date
Nikke Innami Mill	November 2000
Akatsuki Shoji Co., Ltd.	September 2001
Nikke Gifu Mill	October 2001
Ambic Co., Ltd.	November 2001
Nikke Machine Manufacturing Corp.	November 2004
Gosen Co., Ltd.	April 2005

Nikke Group strives to prevent global warming and contribute to a circular economy.
We list data and report on the current state of each environment-related item, such as energy saving activities, reduction of greenhouse gas emissions, reduction of water consumption, and waste reduction.

See **P.49**

Environmental Activities Report

Reducing Environmental Impact

1 Ambic's Zero Waste Initiative

Ambic Co., Ltd. and the Industrial Machinery & Materials Division have established three themes for achieving the SDGs: contribute to people's health and comfort, reduce impact on the global environment, and contribute to security

and safety for society. One effort to this end is Ambic's Zero Waste project, which it is undertaking to reduce industrial waste through the following activities,
Industrial Machinery & Materials Division; Ambic Co., Ltd.

1 Recycle through reprocessing

The company uses special equipment for processing reclaimed wool so that this material, which previously was thrown out, can be reused as raw material. Another way it strives to protect the environment is by selling its material remnants for use as organic fertilizer and for high-end cosmetics.

Reusing reclaimed wool



Sold as organic fertilizer



Reclaimed wool processing equipment



Five machines for making nonwovens from reclaimed wool felt

This high-priced European-made machine can process even thick felt

What is wool reprocessing?

Textile waste such as cotton and wool is shredded into raw fibers using a mechanical shredding machine.

2 Boost yield ratio to reduce loss

By thoroughly eliminating waste and irregularities in the production process, loss is reduced to the minimum.



Task management charts for each machine show how much has been cut for each product, and based on this instructs how much should be cut for the next production batch.

2 Construction Completed on Ambic's New ADMIREX® Plant

On December 28, 2021, a ceremony was held for the completion of a new plant to produce ADMIREX high-performance filter bags at Jiangyin Ambic Felts & Nonwovens Ltd., Ambic's affiliate in Jiangsu Province, China. All employees are currently working to get mass-production started. By producing ADMIREX, which can trap hazardous materials, the new plant is doing its part to contribute to improving environments around the world.

Industrial Machinery & Materials Division; Ambic Co., Ltd.; Jiangyin Ambic Felts & Nonwovens Ltd.



Completion ceremony at the new plant

Visitors got a tour of the new plant on the day of the ceremony

3 Production Increase for Breeza® Spun Yarn

During the fiscal year ended November 2021, we released Breeza, a spun yarn that is a mixture of wool, polyester, and other fibers and that we are promoting for use in uniforms for schools and companies.

Breeza achieves an approximately 75% reduction in lint on clothing that is normally generated when clothes are worn or washed. In response to the growing number of inquiries from uniform makers who are concerned about microplastics that cause ocean pollution, we plan to add new production equipment.

Textile & Clothing Materials Division; Nikke Gifu Mill



4 Nikke Tokyo Building Slated for Reconstruction

Nikke Group has decided to rebuild the Tokyo Building as a symbol of a "new normal" era of environmental consciousness. Scheduled for completion in the autumn of 2024, the building will incorporate state-of-the-art technology for a post-pandemic, new normal era to provide office space that is environmentally friendly and that considers comfort and security of workers. Besides the latest equipment and facilities, the building will achieve ZEB Ready* certification, as well as boast a spacious, open roof-top area that allows employees to work in whatever style suits them. And with the corner of the building sporting a highly visible design, the new structure is sure to become a landmark of the area.

Human & Future Development Division; Real Estate Development Department



Artist's conception of the completed Nikke Tokyo Building and its surroundings

Plan Outline

- Address: 1-2-8 Hatchobori, Chuo-ku, Tokyo
- Zoning: Commercial
- Site area: 883.58 m²
- Use: Office (2-12F), retail (1F), automobile parking (B1F)
- Scale: 12 stories above ground, steel frame, building height approx. 50 m

*ZEB (Net Zero Energy Building) Ready

A net zero energy building (ZEB) is one with a net energy consumption of zero, meaning it consumes only as much energy as can be produced onsite on an annual basis, without compromising the quality of the indoor environment. It achieves this by incorporating renewable energy and advanced architectural planning that results in large energy savings. A ZEB Ready building is one that aims to reduce by at least 50% the amount of primary energy (excluding renewable energy) consumed. It does this by, for example, improving the insulation efficiency of the building exterior and incorporating highly energy efficient equipment.

(Source: ZEB Roadmap Committee, Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry, December 2015)