

Outshining Light

2016 Environmental Report



STANLEY ELECTRIC CO., LTD.



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Editorial Policy

Embracing the bold Stanley Spirit of "outshining light," the Stanley Group strives to contribute to society and achieve both environmental protection and economic development through the boundless pursuit of the value of light. This report provides information on our basic stance on environmental management and the status of our environmental protection activities in an easy to understand manner. It was issued in the aim of further increasing communication with our shareholders, suppliers and investors, residents of local communities, the people who use our products, and employees, as well as to reassure them and gain their confidence.

● Applicable Scope of the Report

This report covers Stanley Electric Co., Ltd., 8 affiliate companies in Japan, and 15 major overseas production affiliate companies. The data for our major overseas production affiliate companies is on the amounts of various kinds of energy and water they consume, their CO₂ emissions, and their waste output.

● Applicable Period of the Report

FY 2015 (April 1, 2015 to March 31, 2016)
Some parts of the report include environmental activities from FY 2016.

● Business Changes related to the Environment during the Report Period

- [Domestic]
 - Completion of and relocation to Stanley Miyagi Works Co., Ltd.'s new factory
- [Overseas]
 - Establishment of Tianjin Stanley Electric Technology Co., Ltd.

● Guidelines Consulted

The Environmental Reporting Guidelines 2012

● Month Issued / Next Scheduled Issuance

Month Issued: July 2016
Next Scheduled Issuance: July 2017
(Issued every year since 2002)

For more information, please contact

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TEL: 81-463-80-3956 FAX: 81-463-80-1926 URL: <http://www.stanley.co.jp/>



Top Message

Aiming for the Sustainable Development of Society and Business



President
Takanori Kitano

In recent years, violent, concentrated heavy rains, or so-called localized torrential downpours, have been occurring over short periods of time in extremely limited locations on the outskirts of urban areas with increasing frequency.

Furthermore, we are hearing about more unexpected natural disasters on the news than ever before, possibly as a result of the global increase in abnormal weather due to global warming, the El Nino phenomena, and other instances of climate change. We have come to the keen realization that the conflict between nature and civilization is growing more serious year by year.

The role that companies must play as part of this in resolving environment issues is growing larger and larger, and it is crucial that they respond to the various demands and requests of society with regard to the environment.

For the Stanley Group, for whom “manufacturing” lies at the core of our corporate activities, pursuing a balance between environmental conservation and economic activities is a major challenge, and we act with the understanding that this is our social responsibility.

In particular, our activities to thoroughly eliminate waste through production innovations are directly tied to conserving resources and energy and reducing waste, while also contributing to striking a balance between environmental conservation and economic development. As such, we place a great deal of focus on this, and will continue with such efforts moving forward.

In addition, we are proactively working to develop environmentally friendly products. Examples of these include the development of energy-saving LED floodlights through the use of our proprietary photometric technology, as well as our LED lighting units for growing plants that cut power consumption by 60% compared to fluorescent lights.

Moreover, in the previous fiscal year we started the Environmental Award System, which commends employees who have contributed to boosting our business performance, as well as those who have made significant contributions to the conservation of the global environment. We will continue to further ramp up such activities.

In this manner, we in the Stanley Group will continue on with our various activities that aim for the sustainable development of society and our company. We do this in order to pass on the immeasurably rich blessings of our Earth and its ecosystems to the next generation in a healthy state.

Here, we have compiled the environmental protection activities of the Stanley Group over the previous fiscal year in the form of our 2016 Environmental Report.

This report is designed to raise understanding of our company's initiatives, attitudes, and specific activities for environmental conservation. We welcome your candid opinions with a view toward strengthening our future activities.



Introduction to the Stanley Group's Business

Business Overview

Company Profile (as of March 31, 2016)

Corporate name: Stanley Electric Co., Ltd.
 Address: 2-9-13, Nakameguro, Meguro-ku, Tokyo 153-8636, Japan
 Phone : 81-3-6866-2222
 Founding : December 29, 1920
 Establishment : May 5, 1933
 President : Takanori Kitano
 Capital stock : ¥30,514 million

Major Lines of Business

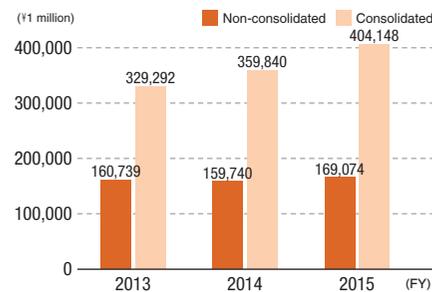
- ① Manufacture, sales, and export/import of automotive and other lamps
- ② Manufacture, sales, and export/import of semiconductors, electronic parts, and other electric devices
- ③ Manufacture, sales, and export/import of automotive electric parts and other automotive accessories
- ④ Manufacture, sales, and export/import of measuring, medical, and other instruments and equipment
- ⑤ Development and sales of software programs
- ⑥ Investment in various business projects
- ⑦ Business operations relating to the above items 1 through 6

Domestic Branches

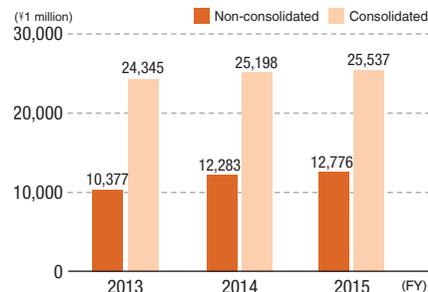
Head Office : (Meguro-ku, Tokyo)
Laboratories : Research and Development Laboratory (Yokohama), Utsunomiya Technical Center, Yokohama Technical Center, Opto Technical Center (Yokohama)
Branch offices : Osaka, Nagoya
Marketing offices, etc. : Omiya, Sayama, Suzuka, Sendai, Mizushima, Asaka
Factories : Hatano, Okazaki, Hamamatsu, Hiroshima, Yamagata, Iwaki

Summary of the Stanley Group

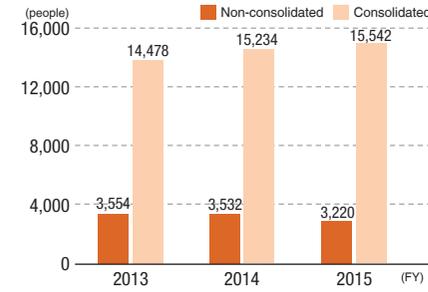
Changes in Sales



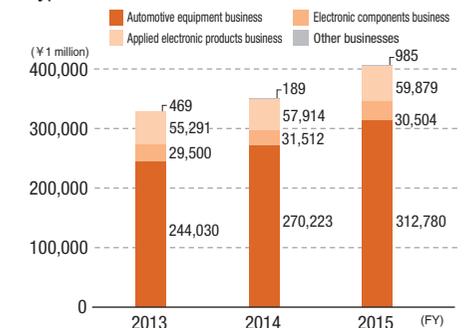
Changes in Net Profit

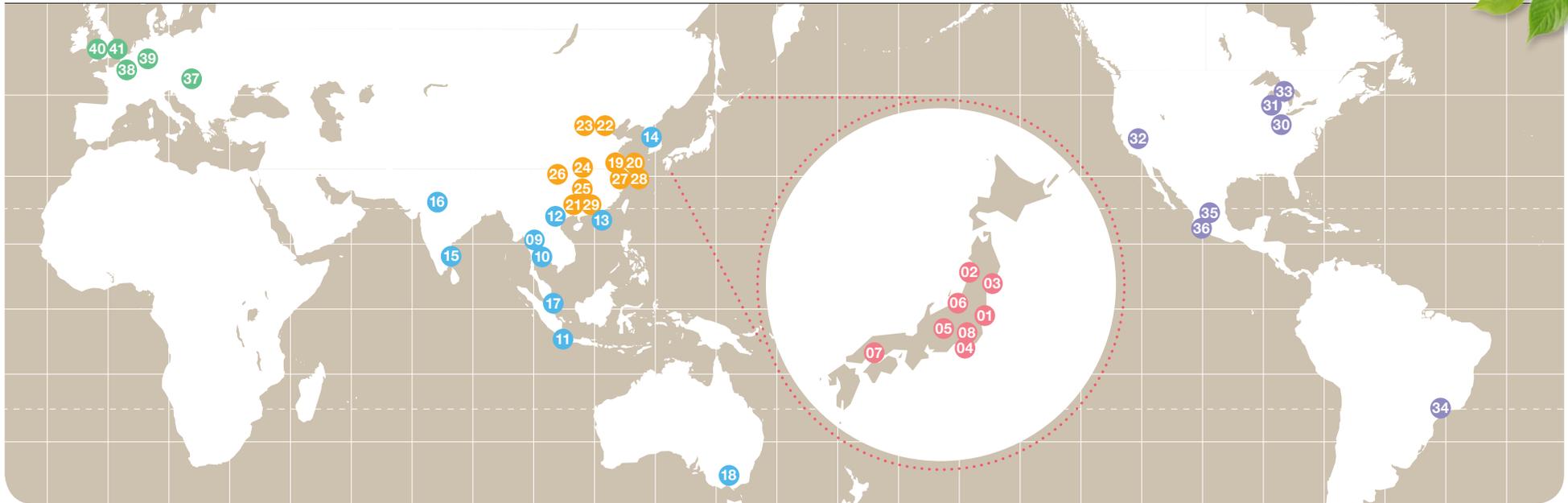


Changes in the Workforce



Changes in Consolidated Segment Sales by Type of Business





Introduction to the Stanley Group's Business

Major Affiliate Companies

Japan

- 01 Stanley Iwaki Works Co., Ltd.
- 02 Stanley Tsuruoka Works Co., Ltd.
- 03 Stanley Miyagi Works Co., Ltd.
- 04 Stanley Well Corp.
- 05 Stanley Ina Works Co., Ltd.
- 06 Stanley Niigata Works Co., Ltd.
- 07 Matsuo Electric Co., Ltd.
- 08 Stanley Pal Co., Ltd.

Asia and Oceania

- Thailand 09 Asian Stanley International Co., Ltd. (ASI)
- 10 Thai Stanley Electric Public Co., Ltd. (THS)
- Indonesia 11 PT. Indonesia Stanley Electric (ISE)
- Vietnam 12 Vietnam Stanley Electric Co., Ltd. (VNS)
- Hong Kong 13 Stanley Electric (Asia Pacific) Ltd. (SAP)
- Korea 14 Stanley Electric Korea Co., Ltd. (SEK)
- India 15 Stanley Electric Sales of India Pvt. Ltd. (SSI)
- 16 Lumax Industries Ltd. (LMX)
- Singapore 17 Stanley Electric Holding Asia-Pacific Pte. Ltd. (SEAP)
- Australia 18 Hella-Stanley Holding Pty Ltd. (HESA)

China

- 19 Suzhou Stanley Electric Co., Ltd. (SEZ)
- 20 Suzhou Stanley LED Lighting Technology Co., Ltd. (SLT)
- 21 Shenzhen Stanley Electric Co., Ltd. (SSZ)
- 22 Tianjin Stanley Electric Co., Ltd. (TSE)
- 23 Tianjin Stanley Electric Technology Co., Ltd. (TST)
- 24 Wuhan Stanley Electric Co., Ltd. (WSE)
- 25 Guangzhou Stanley Electric Co., Ltd. (GSE)
- 26 Chongqing Hua-yu Stanley Electric Co., Ltd. (CHS)
- 27 Shanghai Stanley Electric Co., Ltd. (SSE)
- 28 Stanley Electric (China) Investment Co., Ltd. (SECN)
- 29 Stanley Electric Trading (Shenzhen) Co., Ltd. (SST)

Americas

- U.S 30 Stanley Electric U.S. Co., Inc. (SUS)
- 31 I I Stanley Co., Inc. (IIS)
- 32 Stanley Electric Sales of America, Inc. (SSA)
- 33 Stanley Electric Holding of America, Inc. (SEAM)
- Brazil 34 Stanley Electric do Brasil Ltda. (SEB)
- Mexico 35 Stanley Electric Mexico S.A. de C.V. (SEM)
- 36 Stanley Electric Manufacturing Mexico S.A. de C.V. (SMX)

Europe

- Hungary 37 Stanley Electric Hungary Kft. (SEH)
- France 38 STANLEY-IDESS S. A. S. (SID)
- Germany 39 Stanley Electric GmbH (SED)
- England 40 Stanley Electric (U.K.) Co., Ltd. (SEU)
- 41 Stanley Electric Holding Europe Co., Ltd. (SEEU)



Introduction to the Stanley Group's Business: Main Products

Stanley's Lights Create New Possibilities

A Automotive equipment business

- LED Headlamps
- HID Headlamps
- Halogen Headlamps
- Rear Combination Lamps
- Motorcycle LED Headlamps
- Motorcycle Halogen Headlamps
- Motorcycle Taillamps
- High-mount Stoplamps
- Fog Lamps
- LED Bulbs
- Automotive Bulbs

B Electronic components business

- Light Emitting Diodes (LED)
- Infrared LED
- Photodetector
- Optical Sensors
- Liquid Crystal Display (LCD) Elements
- Sub-miniature Lamps

C Applied electronic products business

- Center Panel Modules for Automobiles
- Electrical Sensors for Automobiles
- Operating Panels
- Backlighting Units for LCD
- Flash Units for Camera
- Plant Grow Lights
- LED Lights for Scenery / Production
- LED Lights for Facilities
- LED Lights for Roadways





– Highlights of Our Environmental Activities in FY 2015 –

Creating Value from Light and Illuminating a Bright Future

Here we will report on the new environmental activities that the Stanley Group has been working on, as well as activities that are worth taking note of.



Realizing slim lamps with outstanding design qualities

State of the art combination headlamps

Our products come equipped on the Clarity Fuel Cell, a next generation fuel cell electric vehicle (FCEV) by Honda Motor Company. This includes combination headlamps, as well as DRL* and position lamps, that use LED light sources for all functions. For this, we have realized slim lamps with outstanding design qualities by adopting a new optical system (a type that uses multi-light reflectors). This resulted in a state of the art combination headlamp that is suited to vehicles in the cutting-edge category of FCEVs.



* DRL: Daytime Running Lights

▶ See Page 22 for details



Creating a sense of presence while saving energy and space

Ultra-narrow angle LED floodlights that illuminate the Maman sculpture in Roppongi Hills with a mere 25W of electricity

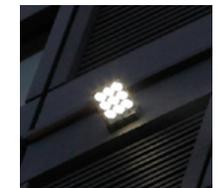


The Roppongi Hills Public Art & Design Project was initiated as part of an idea to transform Roppongi Hills into the cultural center of Tokyo. Visitors to 66 Plaza, which is the main entrance to Roppongi Hills, are greeted by Maman, a sculpture of an enormous spider that stands 9m tall created by Louise Bourgeois.

Our ultra-narrow angle LED floodlights are used to illuminate this enormous spider at nighttime. These lights can produce light efficiently via an optical lens, and are capable of providing illumination with a mere 25W of electricity. What is more, they generate virtually no heat and achieve a slim profile and reduced weight, thereby making it possible to install them in places with limited space.



Maman is illuminated via pinpoint lights that are roughly 80m away on the 20th floor of Mori Tower. It causes numerous passers-by to stop in their tracks as they are overwhelmed by its sense of presence.



Client: Mori Building Co., Ltd.



—Highlights of Our Environmental Activities in FY 2015—

Creating Value from Light and Illuminating a Bright Future



Making it possible to cut down on the energy and space used for plant production
 Making significant contributions to the challenges faced by plant factories

Ginza Itoya is a long-standing stationary store in Tokyo. When the company renovated its main store in summer of 2015, at the plant factory on the building's 11th floor it adopted energy-saving LED lighting units for growing plants that we jointly developed together with Taisei Corporation. The newly developed LED lights achieve the optimal wavelength and amount of light for promoting plant growth and development. Moreover, through their slimmed-down design they make it possible to cut down on the space used for plant production. They also cut energy consumption by 60% compared with fluorescent lights, thereby contributing to reducing electricity costs, which is a major challenge for operating plant factories.



◀ Views

Saving energy and achieving a comfortable lighting environment

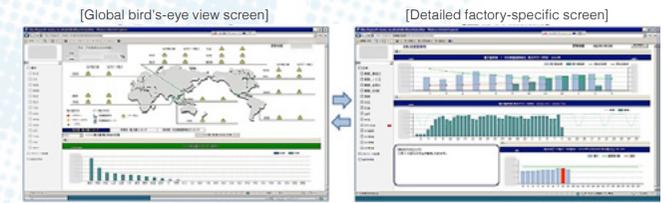
Nobuhisa Kanemitsu
 Sales Department, Yokohama Technical Center

Nowadays, the installation of plant factories is increasing, with one challenge for them being the question of how to cut the electricity costs that make up their running costs. For this, it is important to achieve a lighting environment that is suited to plant growth, and so we have taken great pains to find a comfortable lighting environment. We have undergone a great deal of trial and error, but as a result the energy savings of our lighting has received praise and Taisei Corporation has adopted it in its plant factory system.



Visualization of the energy used at 27 major factories in Japan and overseas
 Promoting energy savings via integrated power monitoring systems

In our Environmental Long-term Management Plan, the Stanley Group has set forth targets for cutting emissions of greenhouse gases, and we are proactively promoting activities to reduce energy at all of our locations in Japan and overseas, including factories and offices. As part of such initiatives, we have established a system that performs centralized monitoring in real time by aggregating together the amount of power used at 27 of our major factories, including those of group companies. This system was sequentially adopted at our factories starting from July 2015, and at present it has begun operating at all of our factories within Japan. This system allows us to visualize data like the power usage status for each factory in real time, the achievement status for targets for saving energy, and comparisons between factories in an easy to understand manner. This allows everyone from management-level employees and factory heads to individual managers to get an accurate grasp of the conditions. Through this, we strive to further promote rapid and accurate decisions by those in charge, as well as reduction initiatives and activities by the actual workers.





—Highlights of Our Environmental Activities in FY 2015—

Creating Value from Light and Illuminating a Bright Future



An environmentally friendly factory

Completion of a new factory for our Miyagi Works

In August 2015, the new factory for Stanley Miyagi Works was completed and the company relocated to it. The new factory will not only produce the conventional electronic parts for LED lights and liquid crystal backlights, but also automobile parts such as headlamps. At the new factory, Stanley LED lights have been adopted for all of the lighting to cut emissions of CO₂. We have also installed motion sensors for the lights in places like hallways and sinks in moving forward with even more proactive activities to save energy.

What is more, the factory is the first in the Stanley Group to establish an "environmental observation area" in order for it to check on its impact on the natural environment in the surrounding region.

- ▶ Adoption of LED lights: See page 20 for details
- Establishment of environmental observation areas: See page 26 for details



Support for and exhibition at Soene Akari Park 2015

Highlighting our environmental initiatives to a large crowd of visitors

Soene Akari Park 2015: Enjoying Light Grand Festival is a special event that was held in Ueno Park for five days starting on October 30, 2015. We lent our support for the event and held an exhibition at it. At our display booth, we deepened visitors' understanding of our environmental initiatives, such as by introducing examples of our energy-saving activities and with a piece of light artwork that used sensors. Moreover, a beautiful, pyramid-shaped piece of light artwork incorporating our light technology was a focal point of attention for many of the visitors within the venue.



Overall production and lighting design:
Motoko Ishii +Motoko Ishii Lighting Design Inc.



Commending employees who have contributed significantly to our environmental activities

Start of the Environmental Award System

We enacted and started the Environmental Award System in April 2015. This system commends employees who have made a significant contribution to environmental-related activities, for which everyone employed by the Stanley Group (within Japan) is eligible. It aims to boost awareness of participation in environmental activities by each and every one of our employees by getting them involved in our environmental initiatives in an effort to jump-start our environmental activities. It is also designed to contribute to boosting our performance and contributing to the conservation of the earth's environment. We commend employees who contribute to environmental activities as part of our overall business activities, with examples of this including creating outstanding products designed for the environment; reducing CO₂ through energy conservation activities and reducing waste through resource conservation activities; as well as activities to raise awareness, educate, and contribute to society.

The first Environmental Award System ceremony was held in June 2016, at which 16 awards were given out.



Environmental Management

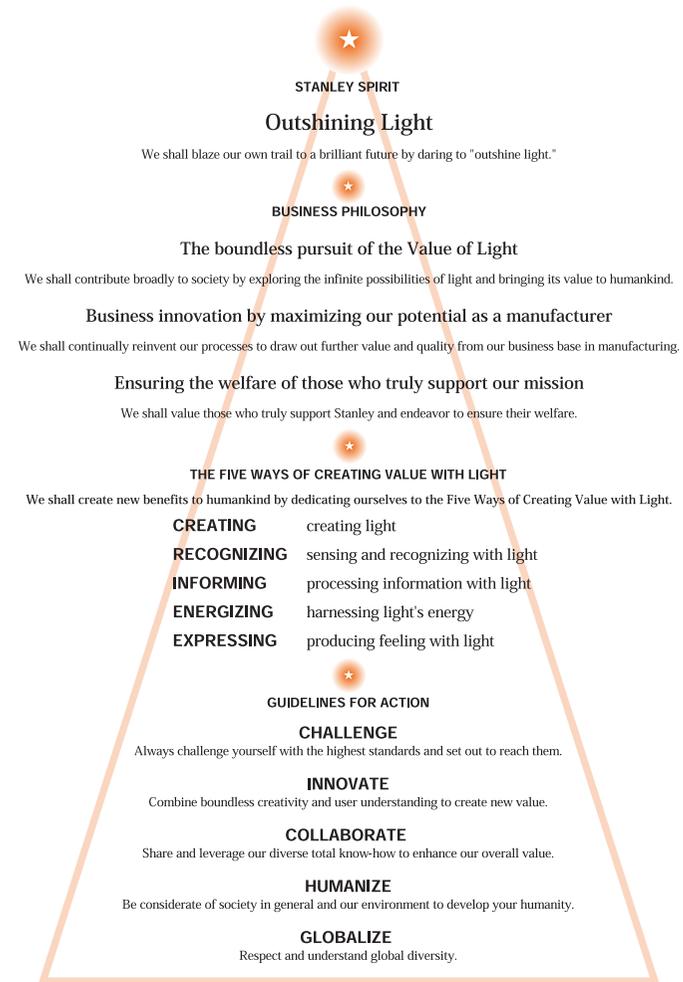
Stanley Group Vision

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.

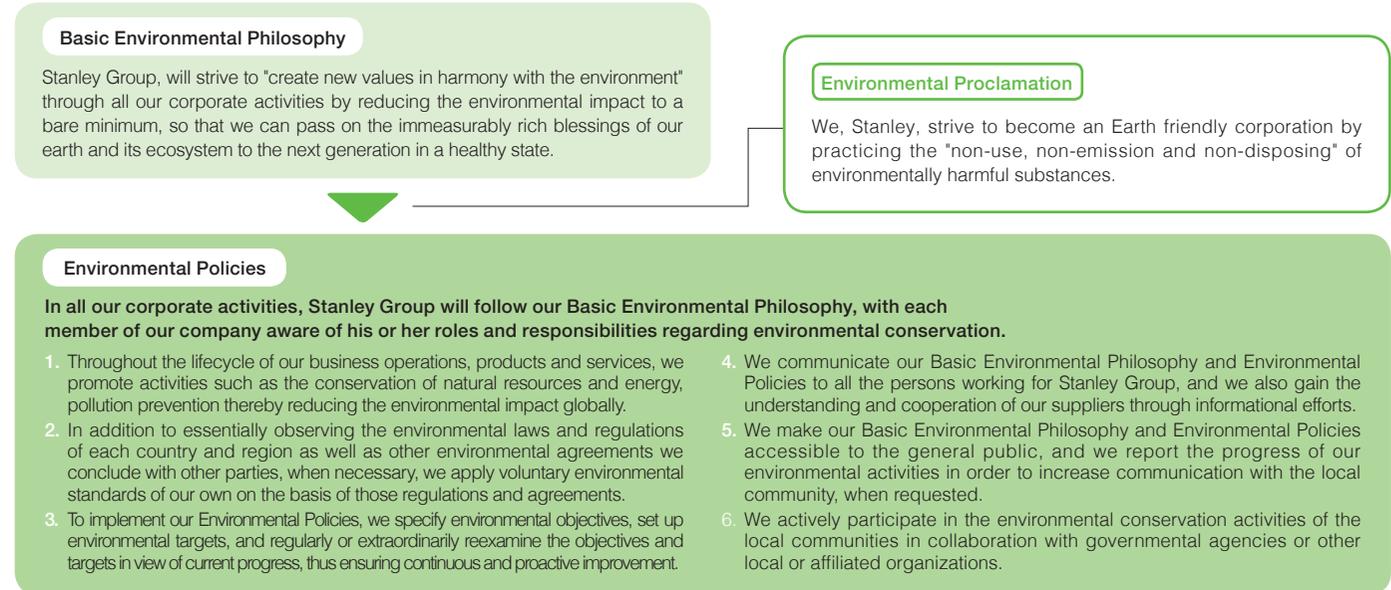
The Stanley Group seeks to reduce its environmental impact and aspires to achieve both environmental protection and economic development.



Underlying Concepts of Ecological Activities

Under our Basic Environmental Philosophy, the Stanley Group aims for the sustainable development of society and business as it works 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.

Fourteen years have gone by since our Basic Environmental Philosophy and Environmental Policies were formulated, and so we revised these in May 2013 in order to respond to the changing environments both within and outside of the company. We are working to address environmental protection in an ongoing manner by getting everyone who is involved with the Stanley Group to soundly understand our new Basic Environmental Philosophy and put our Environmental Policies into practice.





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.



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.



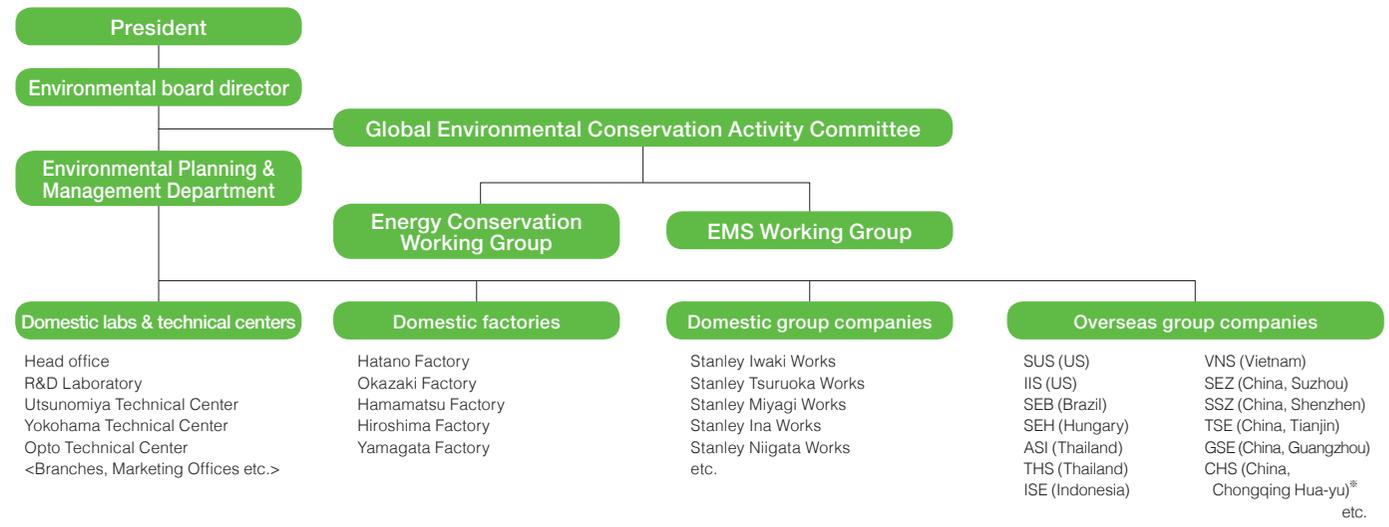
Environmental Management System

The Stanley Group has erected an environmental management system (EMS) based upon ISO 14001 international standards and promotes environmental improvement activities across the group as a whole. Furthermore, we have erected an environmental management structure in order to implement our Environmental Long-Term Management Plan, which is grounded in our environmental policies.



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 group companies in Japan and overseas.



*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
<p>New manager training Management of environment related laws and regulations and our environmental challenges</p> <p>New supervisors training General environmental knowledge and awareness, and environmental knowledge pertaining to environment-related laws and regulations and duties as a supervisor</p> <p>Mid-career recruits trainings General environmental knowledge and awareness, and environmental knowledge pertaining to duties</p> <p>New recruits training General environmental knowledge and awareness required of employees as members of society</p>
Trainings by work skill (strategic education)
<p>Qualification training for in-house environmental auditors Understanding of ISO 14001 requirements and learning auditing techniques</p> <p>Skill-up training for in-house environmental auditors Auditing expertise training for sustained environmental improvements and improving auditing techniques</p> <p>Train environmental regulations Understanding of environmental regulations</p> <p>Train substances of environmental concern investigation instructors Gaining of skills to analyze and detect substances of environmental concern in products</p>
Trainings by work skill (functional education)
<p>EMS education & training</p> <ul style="list-style-type: none"> ● Education based on the divisional education plan ● Seminars outside the company ● Jobs relating to education/training <ul style="list-style-type: none"> Jobs with the potential to cause a considerable environmental impact ● Education relating to awareness (policies, objectives, emergency actions, etc.) <ul style="list-style-type: none"> Subject to all employees, outside personnel working at Stanley, personnel of commissioned agents ● Education & training for qualification <ul style="list-style-type: none"> 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. Stanley Electric and Stanley Group companies in Japan conduct 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. In addition, audits by the environmental management supervisors at each base are implemented on a reciprocal basis to promote the maintenance and improvement of the EMS level at each base.

External Audits

Checking to confirm whether corrections are needed through annual external audits

Stanley Electric Co., Ltd., which includes group companies in Japan, undergoes external audits regularly once per year, as well as renewal inspections once every three years, through third party certifying agencies. Upon undergoing a regular inspection in FY2015, it was pointed out that improvements were required in four cases involving operational management, including the storage of chemical substances and industrial waste. We have completed taking the corrective actions for all of these.





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 FY2015

- Holding of a training session for overseas group companies –Standardizing our level of management globally–

In July 2015 we held a training session on adopting a database for managing the chemical substances contained within our products. This was held for the employees who are actually involved in the management of chemical substances at our overseas group companies with the goal of achieving globally standardized management for the information on the chemical substances contained within our products across the Stanley Group. We are working to increase the efficiency of and strengthen our management of chemical substances globally in response to the laws and regulations concerning chemical substances that are being enhanced in countries around the world. For the future, we will continue to move forward in standardizing our level of management globally by holding training to increase skills in a phased manner.





Initiatives through Our Supply Chain

Revision of 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

Major Initiatives for FY2015

Streamlining the management of substances of environmental concern

In April 2016 we revised the Stanley Group's Green Procurement Guidelines in an effort to reassess our management criteria for substances of environmental concern. With this round of revisions, we dramatically overhauled our management criteria for substances of environmental concern to ensure that they were in line with industry standards. We also worked to further streamline our management of substances of environmental concern throughout our supply chain.

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 FY2015, we are making efforts designed to reduce our basic units for CO₂ emission by 1% or more over the entirety of our supply chain.

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 in FY 2015 with our Green Procurement Award. We will continue to enhance reductions over the entirety of our supply chain.





Environmental Risk Management



PRTR Substances

Introducing basic unit management for chemical substances starting in FY 2015

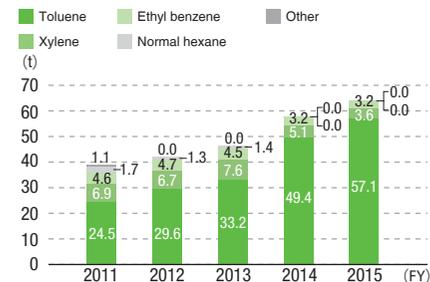
Pursuant to the PRTR Law, we determine the emissions and transfer of chemical substances which are subject to said law. In FY 2015 our emissions and amount transferred came to 63.9t (an increase of 10.6% YOY) and 18.9t (an increase of 10.5% YOY), respectively.

Furthermore, starting in FY 2015, we adopted basic unit management for chemical substances, including substances subject to PRTR. In terms of basic added value units for FY 2015, we worked to achieve the goal of 1.09t/1 billion yen or less (a reduction compared to FY 2014), which we achieved by coming in at 1.00t/1 billion yen (a reduction of 8.3% compared to FY 2014).

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

	Objective	FY2011	FY2012	FY2013	FY2014	FY2015
Emissions	Atmospheric emissions	38.8t	42.4t	46.7t	57.8t	63.9t
	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	38.8t	42.4t	46.7t	57.8t	63.9t
Amount transferred	Transfer to sewage	0.0t	0.0t	0.0t	0.0t	0.0t
	Transfer to outside	17.7t	16.8t	14.8t	17.1t	18.9t
	Total amount transferred	17.7t	16.8t	14.8t	17.1t	18.9t

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 equipment containing low concentrations of PCB

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 2015 we finished disposing of equipment (1,914 units) containing low concentrations of PCB 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 for other equipment with a waste treatment contractor, and will treat them in sequence.

PCB storage equipment

Equipment	No. of units
Capacitor	150
Stabilizer	16
Total	166

Soil Contamination Surveys

Surveys were carried out at three locations

The survey results for FY 2015 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
Okazaki Factory	Following the reconstruction of our Okazaki Factory, we performed a survey pursuant to the Soil Contamination Countermeasures Act and confirmed that there was no soil contamination
Sayama Marketing Office	We performed a voluntary survey on the former site of the warehouse at the marketing office and confirmed that there was no soil contamination
Suzuka Marketing Office	//

Responding to Complaints

Striving to coexist with local communities

The complaints we received from neighboring areas in FY 2015 are listed below, which we promptly took countermeasures against.

Branch	Period complaint arose (period countermeasures were taken)	Details of the complaint	Details of the response
Hatano Factory	May 2015 (August 2015)	Noise in the company parking lot	<ul style="list-style-type: none"> The vehicles in question were identified and instructions were given Commuter's vehicles are checked when they arrive at the company, and patrols have been strengthened through safety patrols, etc.



Compliance Status with Laws and Ordinances

The compliance status will be monitored periodically and appropriate measures will be taken

The Stanley Group periodically verifies our compliance status established for environment-related laws and ordinances, and promotes improvements.

In FY 2015, some of our branches were deficient in their notifications, so we confirmed their current conditions and responded appropriately. We will continue to verify our compliance status through regular management, internal audits, and so forth.

Branch	Deficiency	Response status
Okazaki Factory	Failure to provide notification via a felling notice due to insufficient confirmation when trees and shrubs were felled	Notification made
	Failure to provide notification via a usage report for equipment using insulating oil containing PCB	Notification made
Stanley Ina Works	Failure to provide notification via the Factory Location Act when the site area was augmented due to a business expansion	Notification made

Compliance with the Act on Rational Use and Proper Management of Fluorocarbons (Fluorocarbon Emissions Control Act)

Following the revisions to the Fluorocarbon Emissions Control Act, we established compliance mechanisms at all of the Stanley Group locations in Japan in order to fully complete the creation of lists of targeted equipment, preparation of ledgers, and the preparation and implementation of inspections by August 2015.

In FY 2015 we had 1.6t-CO₂ (CO₂ equivalent) worth of fluorocarbons leak throughout the Stanley Group as a whole within Japan. We will continue to properly manage fluorocarbons, which have an enormous impact on global warming, on the basis of legal compliance.

Environment-related Awards

Our Hiroshima Factory won awards

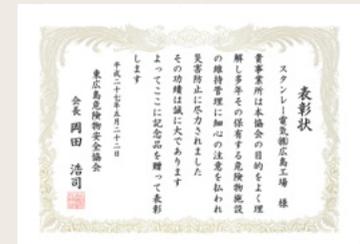
At the Stanley Group, for the sake of environmental risk management we undertake various initiatives to prevent environmental accidents at each of our offices and to reduce our impact on the environment.

In FY 2015 our day-to-day activities were commended by relevant agencies as described below.

Awards for our Hiroshima Factory

● Meticulous Management of Hazardous Materials

In May 2015 our Hiroshima Factory was given an award by the Higashi Hiroshima Association for Safety of Hazardous Materials for its contributions to preventing disasters in connection with its maintenance of its facilities for hazardous materials. As part of its activities to prevent disasters, the factory engages in pollution prevention activities such as preventing accidents involving spills of hazardous materials. Going forward, we will work to improve the environment through improvements aimed at reducing the amount of hazardous materials that we handle.



● Promoting Eco Driving Practices

In June 2015 the Hiroshima Prefectural Safety Driving Supervisor's Council commended the Hiroshima Factory for its efforts to enhance safe driving management efforts and promote both traffic safety education and activities to prevent traffic accidents, through which it has contributed to the achievement of a safe and secure driving culture. Striving to drive safely using eco driving practices like maintaining the proper distance between vehicles and gently accelerating are conducive to environmentally friendly conduct. Our Hiroshima Factory offers traffic safety education once a year for new employees and inexperienced drivers. It also carries out activities to raise awareness that encourage employees to engage in eco driving practices when commuting to and from work and going out for company business. As such, it was commended for these sorts of initiatives.





Environmental Performance

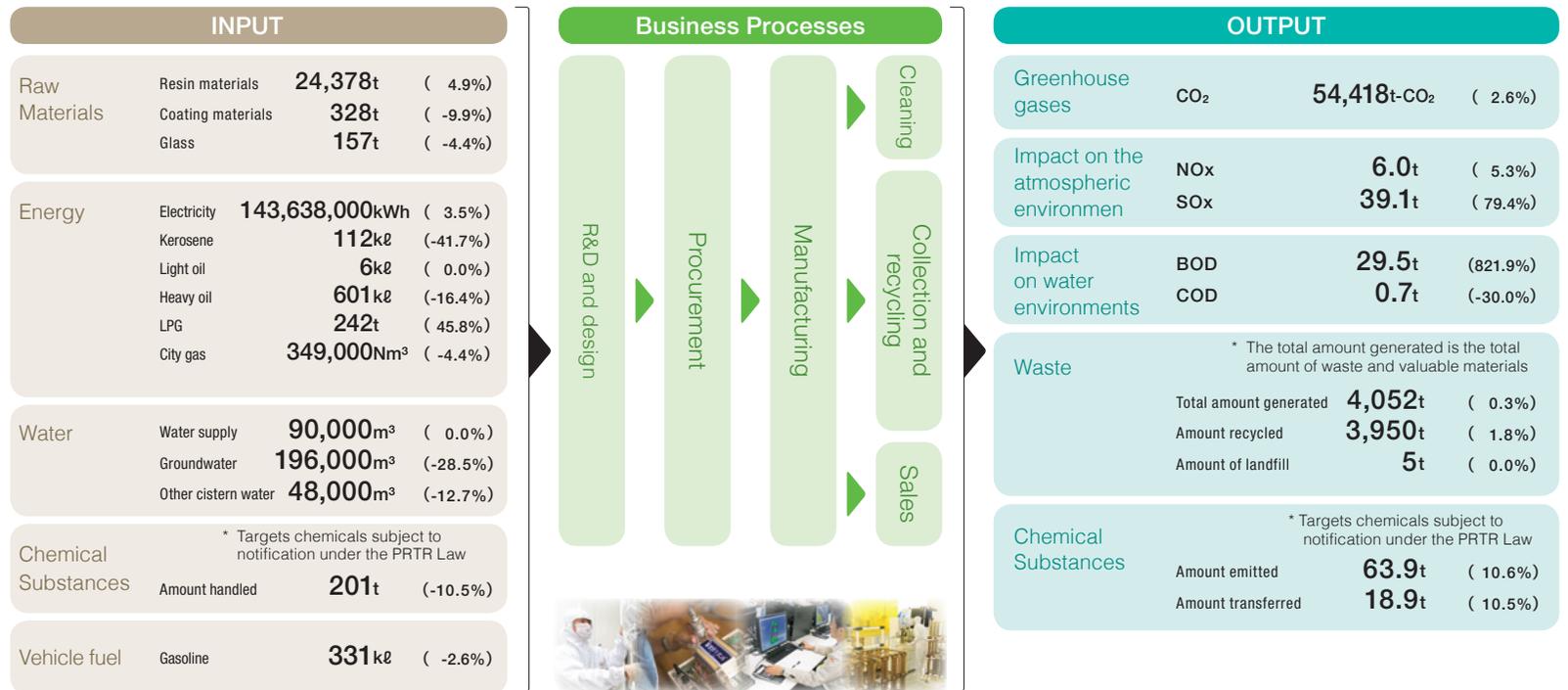
The Stanley Group promotes a variety of different environmental conservation initiatives for the prevention of global warming and the like. In order to continue to effectively advance our activities, we quantitatively determine the impact on the environment from our business activities and the results of our countermeasures to this. We address this in an ongoing manner with the understanding that it is important to continue evaluating our environmental performance.

The Environmental Impact of our Business Activities

The major INPUT items for the environmental impact accompanying our business activities are the use of raw materials, energy, water, chemical substances, and vehicle fuel. Conversely, the OUTPUT items include CO₂ gas, NO_x, and SO_x for the atmosphere, while the impacts in water environments include biochemical oxygen demand (BOD) and chemical oxygen demand (COD). This also includes factors like emissions of waste and chemical substances.

Our environmental impact for FY 2015 is listed on the right. We quantitatively determine the environmental impacts from these and carry out environmental conservation activities such as the conservation of resources and energy, as well as measures to reduce emissions of waste and chemical substances, in an ongoing manner.

Environmental Impact of Our Business Activities in FY 2015 (Data for Domestic Branches)





Results of Activities from FY 2015

The Stanley Group's major targets for FY 2015 and their achievement status are listed below.

For items on preventing global warming and waste reduction that didn't reach the target, we will continue to soundly institute initiatives and countermeasures at each branch to serve as activities for reducing our environmental impact.

We also take opportunities to proactively provide education designed to encourage a raised awareness of the environment among our employees, such as including environmental information in our internal newsletter and providing environmental e-learning.

In FY 2015 we established the Environmental Award System, which awards employees who have made significant contributions to environment-related activities in the aim of invigorating and strengthening our environmental activities.

Item	Target	Status
Initiatives for environmental regulations	Target	Continue complying with regulations related to business activities
	Actual performance	Continue complying with regulations related to the environment
Design for Environment	Target	Offer products designed for the environment that will contribute to the Earth's environment (continuously)
	Actual performance	100% implementation of designs for the environment checklists Provide training for design-related departments
Prevention of global warming	Target	Basic added value units of CO ₂ : 78.9t-CO ₂ /1 billion yen or less (reduction of 6% or greater relative to FY 2009)
	Actual performance	Basic added value units of CO ₂ : 80.2t-CO ₂ /1 billion yen (reduction of 4.4% relative to FY 2009)
	Target	Distribution region Sales basic units: 2.26t-CO ₂ /1 billion yen or less (reduction of 3% or greater relative to FY 2012)
	Actual performance	Distribution region Sales basic units: 2.38t-CO ₂ /1 billion yen (increase of 2.1% relative to FY 2012)
Resource recycling / waste reduction	Target	Basic added value units for the amount of waste generated: 5.57t/1 billion yen or less (reduction of 3% or greater relative to FY 2012)
	Actual performance	Basic added value units for the amount of waste generated: 5.78t/1 billion yen (increase of 0.7% relative to FY 2012)
	Target	Continue with zero emissions (landfill disposal rate of 0.50% or less)
	Actual performance	Continue with zero emissions (landfill disposal rate of 0.13%)
Prevention of pollution / product environment	Target	Basic added value units for the amount of water used: 650m ³ /1 billion yen or less (decrease relative to FY 2014)
	Actual performance	Basic added value units for the amount of water used: 490m ³ /1 billion yen or less (decrease of 24.2% relative to FY 2014)
	Target	Continue with zero environmental defects
	Actual performance	We verify the content of substances of environmental concern through x-ray fluorescence inspections and other means to continue with zero environmental accidents
Initiatives for biodiversity	Target	Contribute to regional ecosystem protection activities
	Actual performance	Institute social contribution activities and volunteer activities Stanley Miyagi Works and Stanley Ina Works have set up environmental observation areas for the conservation of ecosystems

Initiatives for the Prevention of Global Warming

Eliminating waste and minimizing energy use serves as the foundation for preventing global warming.

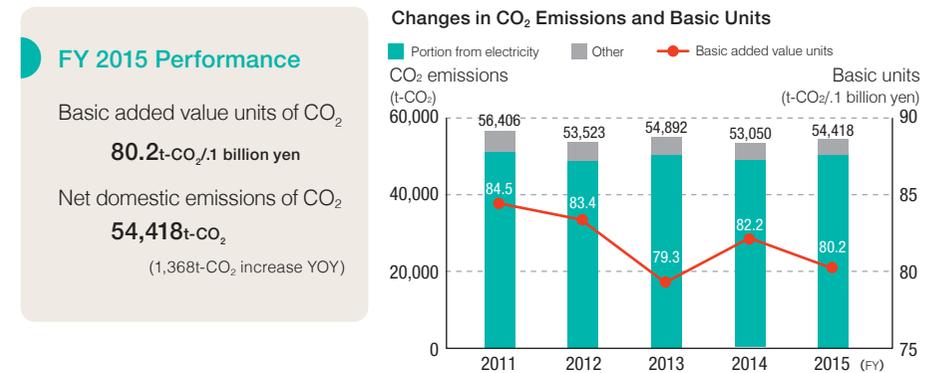
Electricity accounts for approximately 96% of the energy used by the Stanley Group, and so in order to prevent global warming we consider it of the utmost importance to reduce our power consumption and curb peak power usage, while also promoting reduction initiatives.

Reduction Status for Emissions of CO₂

Net CO₂ emissions rose 2.6%, and we did not achieve our target for basic added value units

In FY 2015 our net emissions of CO₂ increased by 1,368t-CO₂ compared to the previous fiscal year to come in at 54,418t-CO₂ (an increase of 2.6% YOY). In terms of basic added value units, we made efforts to achieve our target of 78.9t-CO₂/1 billion yen or less (a decrease of 6% or more relative to FY 2009), but failed to achieve our target when this came in at 80.2t-CO₂/1 billion yen (a decrease of 4.4% relative to FY 2009).

We aim to strengthen our initiatives for reducing net emissions of CO₂ in order to achieve our basic unit targets.



FY 2015 Performance

Basic added value units of CO₂
80.2t-CO₂/1 billion yen

Net domestic emissions of CO₂
54,418t-CO₂
(1,368t-CO₂ increase YOY)

* The CO₂ emission basic unit for the usage side announced by the Federation of Electric Power Companies of Japan was applied for the calculations of the amount of CO₂ pertaining to electricity.



Initiatives for the Prevention of Global Warming



Initiatives at the Renewed Miyagi Works

Significantly contributing to reducing CO₂ emissions

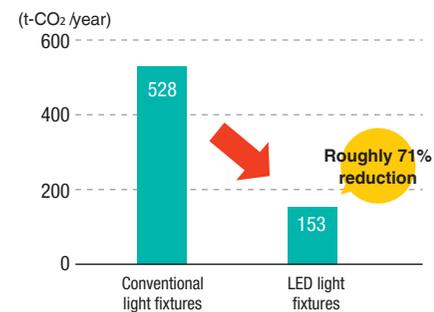
With the construction of its new factory, Stanley Miyagi Works aspires to be an environmentally friendly factory and is working on a number of environmental measures for this.

● Adopting LED Lighting

Reducing emissions by 375t-CO₂

At the newly completed Stanley Miyagi Works, our own LED lights were completely adopted for all of the 2,149 light fixtures. The new factory began operating in August 2015, and this measure has made it possible to cut roughly 375t-CO₂ from its annual CO₂ emissions relative to those from conventional light fixtures.

CO₂ reduction results from adopting LED lighting



● Adoption of Gas Heat Pumps

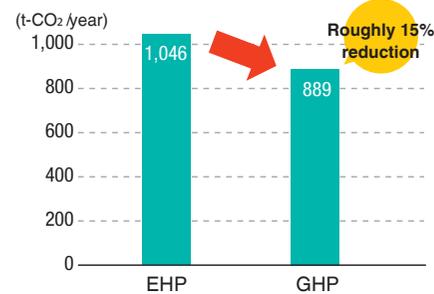
Contributing to cutting electricity peaks

Out of consideration for reducing its environmental impact, gas heat pump (GHP) air conditioners, which have less in the way of CO₂ emissions compared with electric heat pump (EHP) air conditioners, were adopted at the new factory. This has enabled it to reduce its CO₂ emissions by roughly 15% annually.

These make it easier to curb electricity demand, and are expected to contribute to cutting electricity peaks.



CO₂ reduction results from adopting GHP



* When converted to the same area

Energy Conservation Patrol Initiatives

Reducing electricity through regular patrols

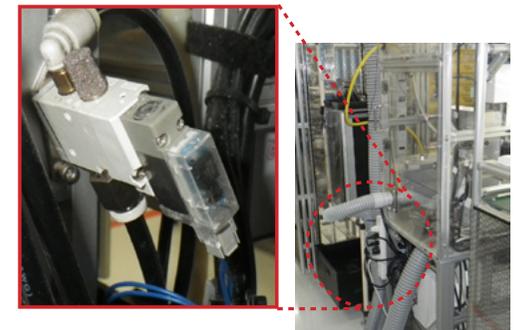
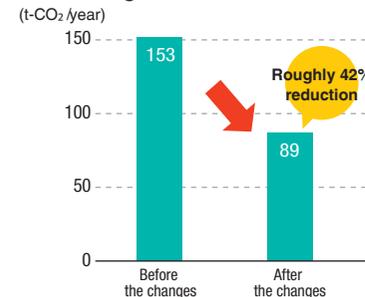
The Stanley Group regularly holds energy conservation patrols with the goal of reducing CO₂ emissions. Led by equipment maintenance people, these patrols inspect to make sure there are no air leaks, that non-operational equipment is not running, and that the lights haven't accidentally been left on, primarily during production downtimes at the factories. Any problems they discover are reported to the managers in charge of the equipment so that improvements can be made promptly.

● Saving Energy by Installing Electromagnetic Valves

Reducing CO₂ emissions by preventing air leaks

At Stanley Niigata Works, ionizers have been installed on all of the equipment as a countermeasure against static electricity. But an energy conservation patrol discovered that these were leaking air. Therefore, the equipment was fitted with electromagnetic valves that open and close when the equipment is connected to a power source. These stop air flow when the equipment is not operating and make it possible to reduce the burden on the compressor, thereby saving energy by reducing 64t-CO₂ annually.

CO₂ reduction results from installing electromagnetic valves





Initiatives for Resource Recycling (Waste / Water)

By way of resource recycling and waste reduction activities, at the development and design stages we curb the generation of waste by reducing the size and weight of our products, while at the manufacturing and disposal stages we implement measures like recycling activities through activities to improve yields and for sorting waste, while also working on zero emission activities to reduce landfill waste to close to zero.

Furthermore, when it comes to water we work to curb the amount of water we use and reuse it by means of water conservation through awareness-raising activities and reassessing our manufacturing processes.

Status for Reducing the Total Waste Generated

Due to an increase in the amount of waste generated, we did not achieve our goal for basic added value units

The amount of waste we generated in FY 2015 increased by 14t compared to the previous fiscal year to 4,052t (an increase of 0.3% YOY). In terms of basic added value units, we worked towards our goal of 5.57t/1 billion yen (a 3% or more reduction compared to FY 2012) but were unable to reach it when this came to 5.78t/1 billion yen (a 0.7% increase compared to FY 2012). For FY 2016, we will strengthen our initiatives to reduce the amount of waste we generate.

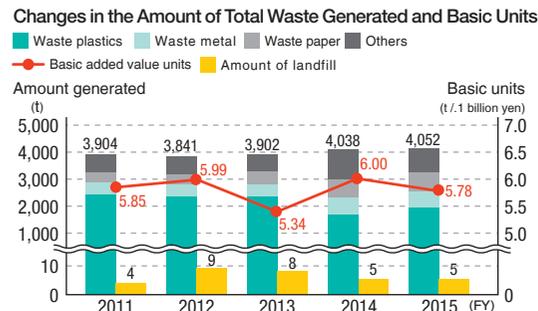
What is more, our amount of landfill was the same as in the previous fiscal year at 5t, giving us a 0.13% landfill disposal rate and enabling us to continue to achieve zero emissions.

From FY 2015 onward, we are changing our definition of zero emissions as a value for our amount of landfill for the amount of waste we generate, from less than 1% to less than 0.5% in terms of its ratio by weight, and will strive to continue to achieve zero emissions under this stricter standard.

FY 2015 Performance

Basic added value units
5.78t /1 billion yen

Amount of total waste generated
4,052t
(an increase of 14t YOY)



* Since FY 2013 we have set targets for reducing waste that exclude waste equipment and molds that were generated temporarily, and changed to a 1% or more reduction compared to FY 2012 in basic added value units.

Initiatives to Decrease Waste

Recycling waste plastic and turning it into pallets



As part of our efforts to reduce waste, we carry out activities to internally recycle some of the waste plastic generated through our production processes. In FY 2014 we remade this into power-saving tags that we installed on lighting canopy switches. In FY 2015 we took this activity a step further and converted the polypropylene (PP) used in our automobile lamp products into pallets used for transporting products. Pallets are loading trays used for the storage, onsite transfer, and transportation of products. Previously, the majority of these were made of wood, but we are currently switching over to plastic pallets. We recently made a request to our pallet manufacturer that they make them using our waste plastic. Through this initiative, we have been able to remake roughly 25t of waste into pallets.

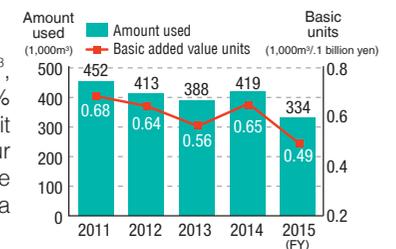
Water Usage Status

Reduction of 20.3% YOY

Our water usage for FY 2015 came to 334,000m³, a decrease of 85,000m³ YOY (representing a 20.3% decrease YOY). We adopted basic added value unit management starting in FY 2015, and achieved our target of 650m³/1 billion yen or less (a decrease relative to FY 2014) by coming in at 490m³/1 billion yen (a decrease of 24.2% relative to FY 2014).

For the future, we will continue working to effectively use our precious water resources.

Changes in Water Usage and Basic Units





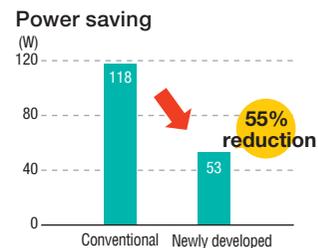
Design for Environment

In order to minimize our impact on the environment to the extent possible and achieve the "creation of new values in harmony with the environment," we in the Stanley Group promote energy and resource conservation and the prevention of pollution over the entire life cycle of our products, while also working to cut down on our environmental impact globally.

Achieving Power Savings and Weight Reductions through Lamps with LED Light Sources

Contributing to boosting vehicle fuel efficiency

Our products are equipped on the Clarity Fuel Cell FCEV (Honda Motor Company), with this including combination headlamps, as well as DRL and position lamps, that use LED light sources for all functions. Using LED light sources for every function allows us to achieve power savings. Moreover, using simulation techniques for the design of each of the parts made it possible to find the optimal shape and optimal thickness so as to achieve weight reductions with the lamps. This contributes to improving the vehicle's fuel efficiency.



Views

Overcoming a number of hurdles to reach the finish line

Mitsuru Yasuma
Design Development Department,
Utsunomiya Technical Center

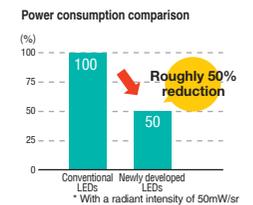
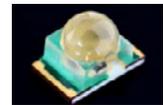
As this is one of Honda Motor Company's second-generation FCEVs, we set the hurdles even higher for ourselves in terms of power savings and weight reductions with our next-generation lamps that use LED light sources for every function. We forged ahead in developing these with the combined efforts of everyone involved.

As a result, we were able to achieve a better photometric performance while reducing power and weight. Moving forward, we will continue to design products that are environmentally friendly.

Achieving Energy and Resource Savings

Achieving energy and resource savings by boosting radiation efficiency and adopting high output elements

Our infrared chip LEDs are primarily used as lights for sensors and security cameras. For these LEDs, by improving their radiation efficiency and adopting high output elements we have achieved radiant intensity that is equivalent to conventional LEDs at roughly half the power. Reducing their power consumption minimizes the burden on the elements, which leads to even longer life spans. What is more, we have shrunk them roughly 22% on an area ratio, allowing for their installation in higher-density spaces compared with conventional LEDs.



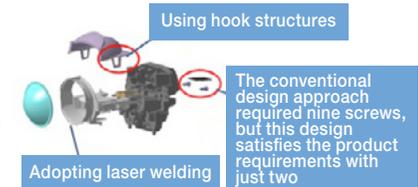
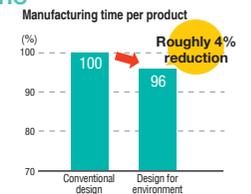
Improving Our Recycling Rate

Improving our recycling rate and achieving energy savings by improving product degradability and shortening manufacturing time

We have established Design for Environment Guidelines, through which we promote energy and resource conservation and pollution prevention by taking the entire life cycle of a product into consideration, starting from the design phase.

As one example of this, for the design of our headlamps we reassessed our conventional assembly of parts through the use of screws, and instead adopted methods like the use of hook structures and laser welding.

As a result, we reduced the number of screws used, improved the degradability of our products, and made it easier to recycle them once they are finished being used. What is more, changing our assembly methods has also allowed us to shorten the manufacturing time per product, which contributes to reducing CO₂ emissions.





Design for Environment



Life Cycle Assessment (LCA)

Promoting design for the environment through the use of a checklist

In order to promote the manufacture of products designed for the environment we use our Design for Environment Guidelines and apply them to the full range of our product design. We perform evaluations through the use of checklists in order to reduce our impact on the environment to the extent possible.

Our approach to evaluating these is to use an eight-item checklist that includes: ① energy conservation, ② regulations and standards, ③ resource conservation, ④ reuse and recycling, ⑤ degradability, ⑥ extended life span, ⑦ suitable packaging, and ⑧ provisions of information. Our designers personally quantify and evaluate these in an effort to improve our environmental friendliness.

What is more, our checklists allow us to determine the CO₂ emissions given off in every step from the selection of the raw materials to the manufacturing of the product and its delivery to customers.

Overview of the Evaluations

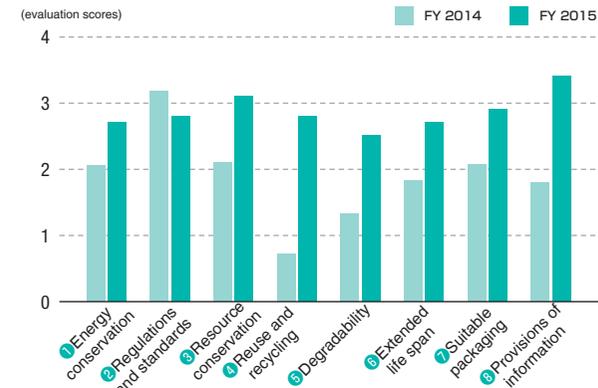
- Evaluations via Checklists**

As indicated in the figure on the right, we perform quantitative evaluations for different items on a five-point scale in the aim of creating more products designed for the environment.

*** Supplement to the evaluation items**

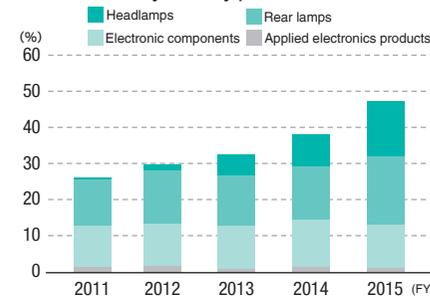
- ② Regulations and standards: We must meet standards like the REACH Regulations and RoHS Directive. But over and above these, we are aiming to meet our own, even stricter, voluntary standards.
- ⑧ Provision of information: We disclose environmental items that warrant attention as stipulated by law. On top of this, we aim to disclose information based on the guidelines of industry associations and the like.

Product evaluations via our FY 2015 checklist



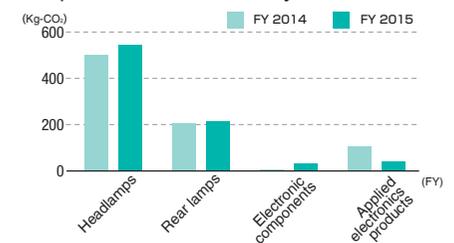
The averages for our product evaluations via the checklist are shown in the figure on the left. Through the use of the checklist, we can evaluate all of our products through the same indicators to determine their respective strengths and weaknesses. For FY 2015, the averages for all items were roughly one point higher than they were the previous fiscal year, with ④ Reuse and recycling and ⑧ Provision of information in particular up by two points and roughly 1.6 points, respectively. We will continue to use the checklist to work to improve the level of environmental responsiveness of our products through our product design.

Changes in the proportion of our environmentally friendly products



The percentage of our sales accounted for by products designed for the environment over the past five years is shown in the above graph. For FY 2015, headlamps and rear lamps using LEDs continued to increase, due to which the sales ratio of our products designed for the environment grew.

CO₂ emissions up through the manufacturing of our products and their delivery to customers



The above graph shows the CO₂ emissions for each of our product categories given off in every step from the extraction of the raw materials to the manufacturing of the product and its delivery to customers. Determining the CO₂ emissions for each product leads to boosting the environmental responsiveness of our products. Comparing the CO₂ emissions for each and every one of our products with those from the previous fiscal year reveals that these increased for products other than applied electronics products. We will continue with our initiatives to enhance design for environment, improve our production processes, and reduce transportation energy, through which we aim to cut CO₂ emissions across the entire life cycle of our products.



Initiatives at Our Overseas Production Bases

The environmental impact and contents of activities at our overseas group companies are listed below.

We quantitatively determine these environmental impacts and carry out activities to reduce them.

Environmental Impact of Our Business Activities in FY 2015 (Data for Our Overseas Group: 15 Companies)

INPUT		Business Processes	OUTPUT	
Energy			Greenhouse gases	
Electricity	478,727,000 kWh (5.9%)		CO ₂	375,629 t-CO ₂ (-3.7%)
Gasoline	721 kℓ (-23.5%)		Waste	
Kerosene	0.3 kℓ (50.0%)		Total Amount Generated	23,637 t (8.8%)
Light oil	547 kℓ (0.6%)			
Heavy oil	6 kℓ (100.0%)			
LPG	557 t (-51.1%)			
Natural gas	5,036,000 m ³ (10.6%)			
City gas	21,000 m ³ (-93.2%)			
Water				
Amount of Water Used	1,344,000 m ³ (2.8%)			

The figures in parentheses are the percentage change YOY

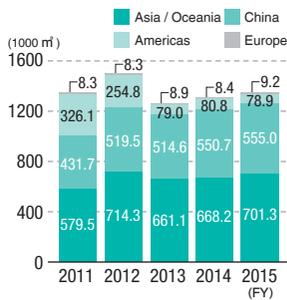
Changes in CO₂ Emissions



Changes in the Amount of Waste Generated



Changes in the Amount of Water Used



* The amount of CO₂ was calculated based on "The Estimated Report for the CO₂ Basic Units for Power Sector Emissions in Each Country - Ver. 3," edited by The Japan Electrical Manufacturer's Association (JEMA)



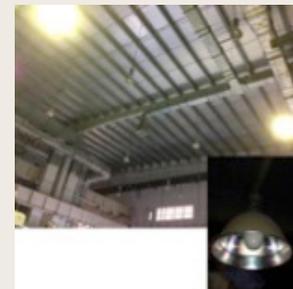
Initiatives for Conserving Energy

● Adopting LED Lighting

Stanley Vietnam upgraded 392 high pressure mercury lamps (500W) used at its No. 1 and No. 2 factories to 150 Stanley LED lights for high ceilings. This enabled it to reduce its annual electricity consumption by 1.468 million kWh achieving annual reductions of 668t-CO₂.

What is more, by capitalizing on the characteristic of LEDs in which they provide the needed illumination immediately after they are turned on, the company is now able to perform finely-tuned management of the light's ON/OFF status.

Before the changes



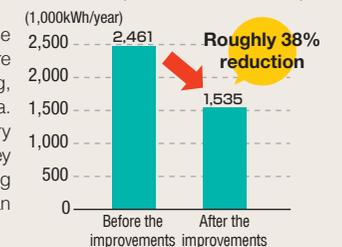
After the changes



● Reducing Electricity Use through Energy Conservation Patrols

Thai Stanley Electric has prepared an action plan for reducing energy, and is working on energy conservation activities. As one measure for this, it is cutting down on its electricity use by designating a day every month that is a holiday that the entire company takes off where they cut the power to everything, including production lines, offices, and the employee cafeteria. Moreover, they perform energy conservation patrols once every quarter during production downtimes at the factory. As a result, they were able to cut electricity that had been used by people coming in to work on holidays throughout the year by 926,000kWh, for an annual reduction of 551t-CO₂.

Electricity used on holidays





Scope 3

To date, the Stanley Group has determined and worked on reduction activities for Scope 1 and Scope 2, which represent emissions of greenhouse gases (GHG) for our company's section, from before, as well as "9. Transportation and delivery (downstream)," which is one of the items under Scope 3. This is done in an effort to prevent global warming and comply with regulations.

Since FY 2010, we have made efforts to determine "1. Purchased products and services," which is a supplier section under Scope 3. What is more, since FY 2015 we have been conducting surveys regarding "6. Business trips" for employees and "7. Employee commuting," with the results of these shown below.

Scope category		Emissions (t-CO ₂)		Subject to calculations	
		FY 2014	FY 2015		
Scope 1		4,489	4,145	Direct emissions from the use of fuel internally	
Scope 2		48,561	50,273	Indirect emissions from the use of electricity we purchased	
Scope 3	1	Purchased products and services	41,078	37,034	Emissions from activities leading up to the use of raw materials, the materials used in parts, and so forth in manufacturing
	6	Business trips	–	2,133	Emissions from employee business trips
	7	Employee commuting	–	4,778	Emissions from travel when employees commute to and from their branch
	9	Delivery and transportation (downstream)	3,563	4,017	Emission from the transport and storage of products
Total for Scopes 1, 2, and 3		97,691	102,380		

By way of reduction activities for "1. Purchased products and services," for the supplier section starting from FY 2015 we set a target of reducing CO₂ emissions by 1% or more in terms of basic units over the target period. We commend suppliers who achieve this target and have made outstanding environmental improvements with the Green Procurement Award in an effort to strengthen such reductions.

Moving forward, we will add new calculation categories, boost the accuracy of our calculations, further promote reduction activities, and work to reduce the environmental impact throughout our entire supply chain.

Capital Investments for Environmental Conservation Activities and Results

The Stanley Group (companies in Japan) determine the costs required for environmental conservation activities and the results obtained from these in order to promote environmental conservation activities efficiently and effectively. The values for FY 2015 are listed below.

By means of determining our environmental conservation results, we will continue to strive to carry out business activities that are environmentally friendly on into the future.

Major capital investments

Investment Item	Investment Amount (million yen)	Power Consumption Reduction (1,000 kWh)	Reduction of CO ₂ emissions (t-CO ₂)
Upgrading of production equipment	428	595	250
Upgrading of light fixtures (switch to LEDs)	61	1,024	430
Upgrading of air conditioning equipment	57	180	76
Upgrading of compressors	24	353	130

Environmental conservation results

Item	Details	Results (t-CO ₂)
Energy conservation	Energy conservation measures such as capital investments and operational improvements	1,956

Economic results from environmental conservation measures

Item	Details	Results (million yen)
Energy conservation	Cost savings from energy conservation measures	65
Resource conservation	Gains from the sale of waste that has been turned into valuables	138



Relations with Communities

As a member of society, the Stanley Group not only contributes to society through its business activities, but also makes efforts that enable us to maintain better relations with local communities. We also work to contribute to society through a variety of different activities, such as volunteer activities by our employees.

Environmental Communication

External Communication

Introduction of Initiatives at Exhibitions

The Stanley Group holds displays at exhibitions to introduce people to things like our environmentally conscious efforts through our products. We also strive for greater communication with a diverse array of stakeholders through various different activities.



Tokyo Auto Salon



CEATEC JAPAN Tokyo Motor Show

Internal Communication

Raising environmental awareness through our internal newsletter

We promote a work culture and human resource development that allows each and every employee of the Stanley Group to remain environmentally aware at all times and proactively engages in environmentally friendly conduct in all sorts of social, community, and corporate settings.

An environmental column is included in every edition of the Stanley Group's internal newsletter, and in FY 2015 we included the theme of biodiversity in an effort to raise environmental awareness.

The "Ecocco Eco Action Report" is a column that provides environmental information in our internal newsletter



Social Contributions

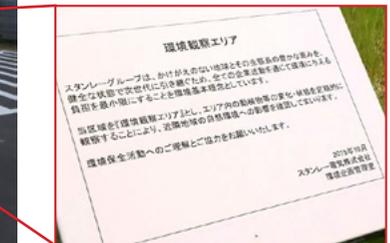
Initiatives for Biodiversity

The Stanley Group strives to improve the environment in communities by reducing our environmental impact by optimizing the amounts of energy and raw materials used, as well as by offering environmentally friendly products. These are just a few examples of how we work towards both biodiversity conservation through our business activities and social contribution activities like volunteering.

● Setting up Environmental Observation Areas

We have set up an "environmental observation area" near the entrance to our newly completed Stanley Miyagi Works. Periodic observations of the plants and animals within this area are performed to confirm the impact to the natural environment in the nearby region.

Moreover, a new environmental observation area was set up within the Stanley Ina Works in May 2016.





Social Contributions



Community Environmental Activities

Taking part in social activities

Hosting Charity Events to Support Reconstruction from the Great East Japan Earthquake

● Hosting the Stanley Ladies Golf Tournament

Every year Stanley Electric sponsors the Stanley Ladies Golf Tournament, which is sanctioned by the Ladies Professional Golfers' Association of Japan.

For FY 2015 we carried on in holding this as the Assistance for the Reconstruction from the Great East Japan Earthquake charity program. The prize money of 9.06 million yen, which was based on the scores of the participating golfers, was donated to activities that provide assistance to children orphaned by the earthquake in Iwate, Miyagi, and Fukushima Prefectures. In addition, we also carried out various other environmentally friendly activities, such as setting up eco stations at the venue to sort garbage and donating the equivalent of 9,040 saplings to the Shizuoka Prefecture Forest Union Association.



東日本大震災復興支援チャリティ	
選手の活躍が被災地の子どもたちを支えます	
現在の獲得ポイント	目標達成まであと
904 ポイント	9,040,000円
10/8 (木) フロア大会	288 ポイント
10/9 (金) 予選1日目	285 ポイント
10/10 (土) 予選2日目	299 ポイント
10/11 (日) 決勝ラウンド	72 ポイント
目標達成まであと	44,310,000円

Disabled employees held a used-book sales

● Taking Part in Regional Events

Upon a request from the Hadano City Japan National Council of Social Welfare, disabled employee of Stanley Well, which is a special subsidiary company, who belong to the council collected used books that had been lying idle at people's homes and regional welfare facilities. The employees then personally held a sale for the books at the Hadano City Social Welfare Event that was held on October 17, 2015. The aim was to put the used books to good use by reusing them rather than simply discarding them, and so it also served as an environmental activity conducive to reducing the volume of waste. It is held every year.

Moreover, the funds raised from the sale were donated to local welfare activities through the Hadano City Japan National Council of Social Welfare.



Community and Home Initiatives

Carrying out clean-up activities in different regions with community members

● Clean-up Activities



Views

Promoting factory-wide activities

Atsushi Osuka
Administrative Department, Hamamatsu Factory

Employees from our Hamamatsu Factory and their families took part in the Lake Hamana Cleaning Campaign, which is sponsored through the cooperation of Honda Motor Company.

Since 2012 the company has been urging facility-wide participation in the event. Through its continued participation every year a total of 74 people have engaged in clean-up activities around the shores of Lake Hamana. This campaign is an environmental activity through the concerted efforts of the community, and our factory will continue to take part in the future.



Hatano Factory
Mizunashi River grand clean-up campaign



Okazaki Factory
Joint labor/management clean-up



Hiroshima Factory
Clean-up



Nagoya Branch
Clean-up campaign organized by a nearby elementary school



Stanley Miyagi Works
Clean-up activities on the surrounding roads