



# 2021

1 July 2020 – 30 June 2021

## ENVIRONMENTAL REPORT



We deliver the “Convenience”, “Genuine Pleasure” and “Trust & Safety” required by society all over the world based on our philosophy of manufacturing long life products, in order to protect the environment.

Shachihata's history began back in 1925 with the release of the “Mannen (everlasting) Stamp Pad”, a ground breaking design as we led the way in a refillable ink pad, and it went on to become a huge seller. Since then, Shachihata has maintained a philosophy of manufacturing long life products. We now find ourselves in an age of increased concern for the environment. We continue our efforts to apply ingenuity and flexible ideas unbound by conventional thinking to create demand that goes beyond traditional concepts, to deliver the ultimate in “Convenience”, “Genuine Pleasure” and “Trust & Safety” to our customers all over the world.

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### Company overview

Company name: Shachihata Inc.

Headquarters: 4-69 Amazuka-cho, Nishi-ku, Nagoya 451-0021

Phone: +81-52-521-3600

Established: September 1941

Founded: January 1925

Representative: President Masayoshi Funahashi

Capital: 100 million yen

Employees: 361 (non-consolidated) (as of June 2021)

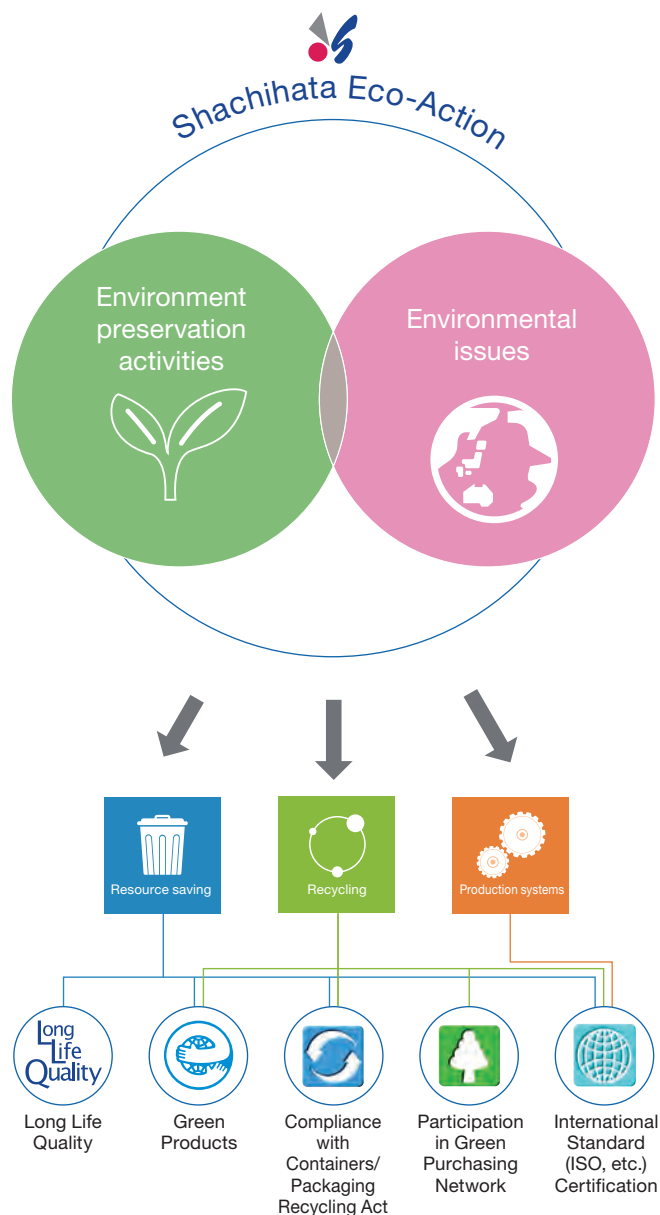
## Shachihata Eco-Action

Co-existence and in harmony with the environment is a crucial issue and must be taken seriously by global companies. We continue to put eco-action into practice, in order to save resources, promote recycling and implement low waste production systems.

The Shachihata Environmental Report is to describe Shachihata Group environmental activities to our stakeholders, and also as a communication tool. We take your feedback into account in expanding our activities and what we disclose. The main points covered in this report are listed below.

- We incorporate content in accordance with the 2018 Environmental Report Guidelines, and disclosed comprehensive information on our website in order to share the latest information.
- We view climate change as an extremely important management issue, and have identified important Shachihata Group issues such as reducing CO<sub>2</sub> emissions. We describe these initiatives and their relations to the SDGs.
- We have disclosed the results of initiatives conducted over several years in response to important issues, as well as our corporate structure for managing environmental issues.

The Shachihata Group **recognises social issues the Shachihata Group must help to resolve** as well as **risks and opportunities with which the Shachihata Group must engage over the course of business**, within the business activities of the group throughout its worldwide value chain, from upstream to downstream. We will continue to ensure the sustainability of the entire corporate group by enhancing our response throughout the entire value chain.



### Editing policy

This report was published to provide information in a sincere and easy-to-understand manner, with regard to Shachihata initiatives for helping to realise a sustainable society. We welcome your feedback on this report and our initiatives. We hope you will read through this and provide your comments and feedback.

### Guidelines used as reference

Ministry of the Environment, "Environmental Reporting Guidelines 2018"

- Applicable scope  
Shachihata Inc., Shachihata Techno Inc. and Shachihata Business and Customer Support Inc.
- Applicable period  
FY2020 (1 July 2020 to 30 June 2021)
- Published  
December 2021
- Previous report  
December 2020 ("Shachihata Environmental Report 2020")
- Next report  
Planned for March 2023

## Responding to the demands of our users: Providing “the value of the sign” and creating new markets

President **Masayoshi Funahashi**



The global economic situation had fallen rapidly due to the spread of COVID-19, but began to gradually improve as countries began implementing economic and financial policies and the number of vaccinations increased. However, we still find ourselves in an uncertain situation due to factors such as the spread of COVID-19 variants and trade friction.

The issue of marine plastic waste has been attracting international attention in recent years. This is a truly important issue as this waste could have a negative impact on marine ecosystems and even on human health. Resolving this issue will require cooperation between countries all over the world, including newly developing countries. As a stationary manufacturer, Shachihata contributes to the environment through our products, but also through efforts to reduce the environmental impact of our business activities.

Shachihata has committed to manufacture in an environmentally friendly manner. When our company was founded in 1925, we developed and manufactured a type of ink that absorbs moisture from the air, for use in “Mannen Stamp Pad” that can be used for many years. Our vermilion stamp pads and Xstamper products can also be refilled and used for many years. All of our products still inherit the spirit of manufacturing reusable products.

Two initiatives have become crucial to

manufacturing in recent years: reducing the amount of energy used in the manufacturing process, and identifying and managing chemical substances contained in products. It is a task for companies to work toward reducing the amount of energy they use, in order to reduce greenhouse gas emissions (specifically CO<sub>2</sub>) and prevent global warming.

At the same time, companies also need to appropriately manage their materials and manufacturing processes so that heavy metals and other harmful substances are not contained in products. This is crucial to ensure that products can be used safely and securely. In order to reduce our impact on the environment throughout the entire life cycle of a product, we continue to establish methods for visualizing the environmental impact of each stage of the life cycle, and strive to develop products in harmony with the environment. Having said that, much of our environmental impact cannot be visualized. In addition to increasingly reducing our environmental impact through such means as promoting recycling, we have put life cycle assessment (LCA) into practice to quantify the results of our efforts, and continue to visualize our environmental impact.

We contribute to society through our products, and also strive to protect the environment. We will continue these efforts as we approach our 100th anniversary. We hope to have your support.

Shachihata evaluates the impact of its business on society after identifying social issues. We identify several key issues (materialities) based on two factors: stakeholder interest/impact and importance for Shachihata. These issues are included in our strategic management plan as environmental focus topics. We set goals for each topic and work to achieve them.

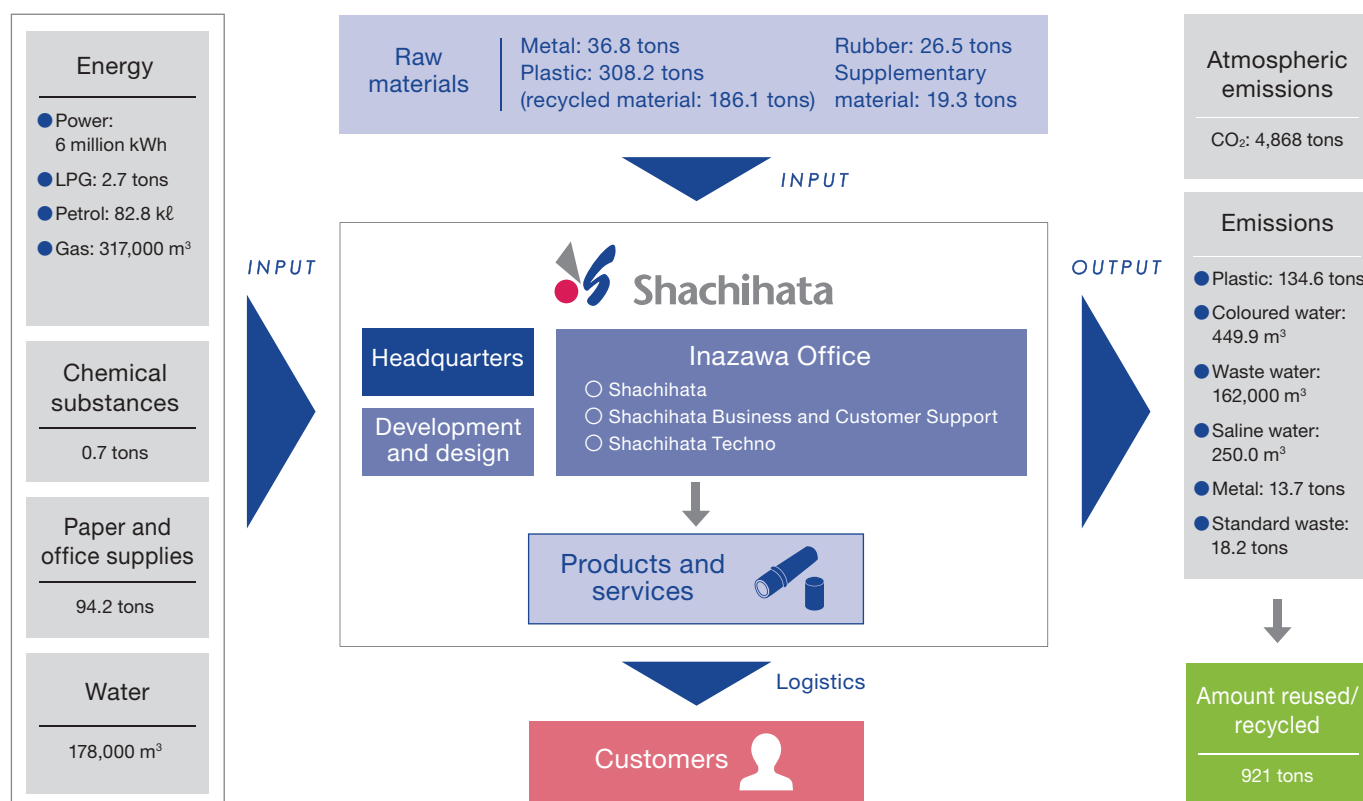
#### Five key environmental issues

- 01 | Recognise environmental issues as the social responsibilities of the company, and aim to help realise a low-carbon society.
- 02 | Help to preserve the environment by providing environmentally friendly products and services with a low environmental impact.
- 03 | Seek methods that are best for the environment, and aim to reduce emissions to zero.
- 04 | Co-exist with the environment through means such as managing chemical substances.
- 05 | Expand company activities in a manner trusted by customers, the supply chain, and employees.

#### Environmental activity highlights

		2016	2017	2018	2019	2020
CO <sub>2</sub> emissions (tons)		4,494	4,949	4,584	5,019	4,867
Total waste emissions (tons)		985	1,144	1,032	1,121	939
Waste final disposal amount (tons)		16	17	18	17	18
Total waste recycling (including standard waste) (%)		98	98	98	98	98
Reworked material usage ratio	Raw material plastic (%)	64	60	50	52	60
	Cleaning alcohol (%)	100	100	100	100	100
Green product sales ratio (%)		59	60	59	56	38
Amount of PRTR Act chemical substances handled per year (tons)	Ethylene glycol monomethyl ether	0.0	0.0	0.0	0.0	0.0
	Ethylene glycol monoethyl ether	0.0	0.0	0.0	0.0	0.0
	Xylene	0.364	0.312	0.294	0.274	0.290

#### FY2020 Shachihata material balance (INPUT-OUTPUT diagram)



Totals include: Headquarters, Inazawa Office, Sales Office, Logistics Centre



## We continue to engage in company-wide environmental preservation to achieve co-existence and in harmony with the environment.

### Background and history

Shachihata has from its founding continued to deliver high quality products that can be used for many years. Our products can be refilled with ink and reused, and this concept of “long life quality” can help us save resources. In order to manage the quality of our products under a global standard, Amazuka Factory obtained ISO9002 quality certification in 1993. We obtained the same certification for our production headquarters, development business, and Shachihata Malaysia, and now have obtained ISO9001 certification. Our production headquarters (Inazawa Factory) obtained ISO14001 environmental management certification in 2000. As members of a global society, each of our employees is also engaged in environment preservation efforts.

### Environmental policy

#### Environmental Charter

As an enterprise that enriches people's daily lives and culture, Shachihata regards environmental preservation as a corporate responsibility and is dedicated to the realisation of a low-carbon society. We also seek to provide environmentally friendly products and services with a low impact on the environment in line with its basic philosophy of balancing the needs of the environment with corporate activities.

#### Guiding Principles

- ① We shall seek to create products that enrich people's lives and culture while finding the optimal way to manufacture them from the standpoint of the preservation of the global environment.
- ② We shall make our environmental activities a management priority and encourage all employees to do their utmost to support these efforts.
- ③ We shall set our own standards for eco action and take steps to prevent the further destruction of the environment. In addition to adhering to relevant laws, regulations and other requirements.
- ④ We shall undertake periodic reviews of our environmental practices and standards with the aim of sustaining progress made in preserving the environment.
- ⑤ Steps shall be taken to make our environmental policies known not only to all employees but the general public as well with the goal of cultivating a shared understanding among all.

Masayoshi Funahashi  
President

### Management philosophy

Since our founding, we have continued to follow a management philosophy that expresses the will of our founder. We will continue to maintain this philosophy.

- We will continue to seek ideals for the future, and increasingly contribute to international society based on new ideas.

- Time is life. Running a company is a battle with time.
- Be creative, identify goals and issues, and commit yourself.
- The foremost dog catches the hare. Taking initiative is the first step toward prosperity.

Shachihata began by manufacturing and selling products that used vegetable oil as an ingredient, and has over many years responding to water environment issues and global climate change through providing products and engaging in communication. We have positioned promoting initiatives for a sustainable environment as an important issue, and aim to achieve both sustainable society and our business development.

### Environmental management system

- Company-wide: We engage in environment preservation efforts that include our headquarters along with factories and sales offices.
- Inazawa Office (production headquarters): Obtained ISO14001 certification in September 2000.



Inazawa Factory

#### Factory overview

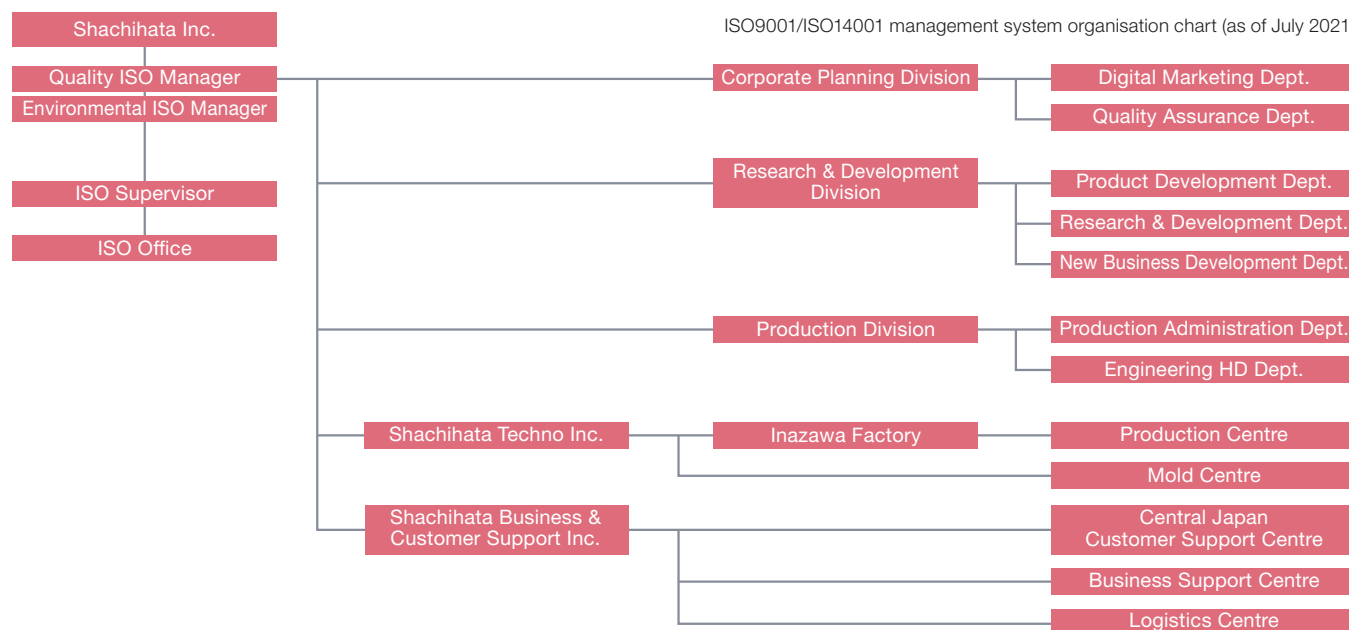
**Location:** 37 Kowashinmei-cho, Inazawa, 492-8102  
**Site area:** 16,400 m<sup>2</sup>  
**Floor area:** 13,900 m<sup>2</sup>  
**Employees:** 331 (as of March 2021)

### Environmental management promotion organisation

The Shachihata Group has established the “Environmental Administration Committee” with the Environmental Manager as chairperson. The committee sets environmental goals, monitors progress, works toward increasing the environmental performance of the entire group, and is engaged in helping resolve other environmental issues.

Climate change and other important issues for management are reported to the board of directors. The board of directors supervises reported environmental issues through engaging in

discussion. Specialized committees have also been established in each business company and group company, in order to promote activities within each individual company.

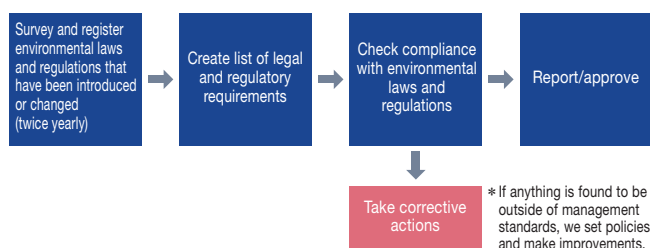


## Environment audits

Internal environment audits are conducted yearly under the instruction of the office. These audits are used to make continual improvements through confirming the validity and legal compliance of management systems, confirming progress of management programmes and taking corrective action. External environment inspections are also conducted yearly by a third-party inspector in order to maintain ISO14001 certification. Our inspection result indicated that we “continue to comply with ISO14001 requirements and are attempting to make continual improvements”.

## Compliance with laws and regulations

### Environmental law monitoring system



We have established the above environmental law monitoring system so that we can quickly make corrections when necessary. During FY2020, we had no violations, accidents or lawsuits with regard to environmental laws and regulations.

Shachihata is responsible for comprehensively managing the risks of the entire group, based on its “basic policy of building internal control systems”. Shachihata holds “Environmental Administration Meetings” with the Environmental Manager as chairperson, in order to enhance information gathering and management, and to reduce the frequency and impact of risks. Our executive officers strive to recognise risks, to confirm and evaluate risks as needed with the appropriate corporate structure and to discuss and determine policies for handling these risks,

even in managing risks related to business activities, ethics and legal compliance, financial reporting and information disclosure, and in ESG risks such as climate change that have become increasingly crucial in managing corporate risks in recent years. Our board of directors receives reports in order to monitor important Shachihata Group ESG risks.

## Risk management

In order to promote risk management, our supervisors control as risk management promotion supervisors and are responsible for the risk management of the entire Shachihata Group. This involves administering the risk management organisation based on our annual emergency drill planning and implementation cycle. In order to accomplish organisational goals and objectives, each department supervisor performs risk management duties including analysing and evaluating individual risks, establishing and implementing annual response plans, sharing information on organisational risk management, providing training and raising awareness.

In addition to emergency drills conducted based on ISO14001, we have also implemented measures to prevent sludge from escaping underground coloured water drainage tanks, to improve waste oil treatment and to help prevent gas leakage from the top of hydrochloric acid tanks.

## Environmental training

We conduct variety of training sessions in order to maintain ISO14001 certification. Some examples include annual training for new recruits, management programme training, emergency training and interdepartmental training on topics such as environmental work equipment and processes. We also held environment training sessions as needed on topics such as handling chemicals and hazardous substances, in order to raise the environmental awareness of every single employee. We also conduct training for internal auditors and employees handling environmental equipment, for certified employees.

## We continue to develop long life and high quality products that are environmentally friendly.

Since our founding, we have emphasised the importance of manufacturing reusable products. We continue to develop all of our products with this in mind.

In addition to manufacturing products that offer high quality and high durability, we continue our efforts toward developing green products that are environmentally friendly in terms of material safety, recyclability, and more.

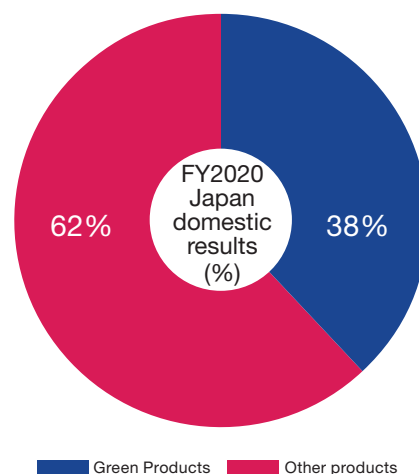




## High quality in harmony with the environment

In addition to producing high quality products, we are proactively engaged in developing our range in harmony with the environment. For example, we use materials with less impact on the environment, such as recycled plastic and non-PVC materials. Many of our “Green Products” including stamp pads, vermilion stamp pads and writing instruments are EcoMark certified.

## Green Product\*1 sales ratio



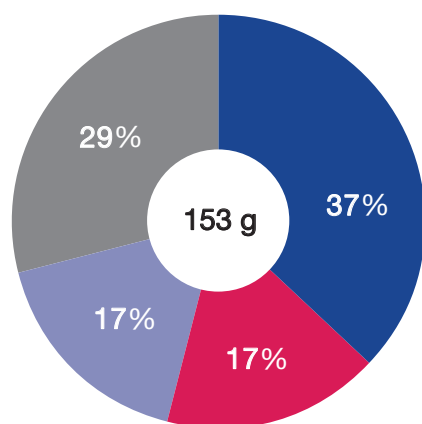
\*1 “Green Products” are those that meet certain internal standards.

## Applying life cycle assessment to steadily reduce our impact on the environment

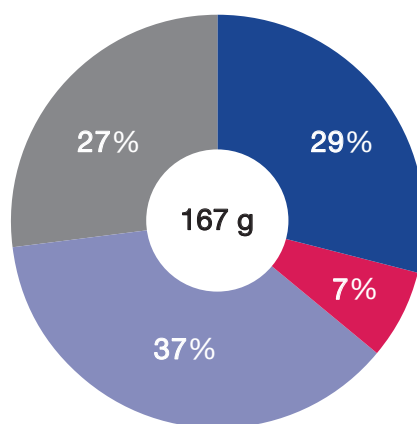
A life cycle assessment (LCA) is a means of comprehensively evaluating the environmental impact of stationery throughout all related processes from raw material procurement to production, distribution, usage and disposal. We conduct an LCA to evaluate the environmental impact at each stage. Our “KAWAKIMA PEN” product produces at least 15% less CO<sub>2</sub> emissions over its life cycle compared with a traditional product (permanent marker [Bullet 3mm or Chisel 5mm]).



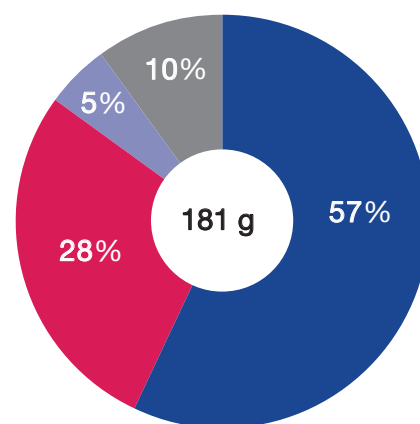
## CO<sub>2</sub> emissions by product (conventional data)



KAWAKIMA PEN (made in Malaysia)



KAWAKIMA PEN (made in Japan)



Permanent marker (Bullet 3mm or Chisel 5mm)

Legend: Raw materials procurement (Blue), Production (Red), Distribution (Purple), Waste recycling (Grey)

## Shachihata implements what it can to help prevent global warming.

In order to reduce its greenhouse gas emissions, Shachihata continues to implement various measures throughout the entire group, such as improving energy efficiency at production sites, introducing renewable energy, using energy-saving devices and conserving energy at office sites and improving logistics efficiency. We also continue to promote effective policies to help prevent global warming throughout our entire supply chain.

### Total greenhouse gas emissions for all group companies in Japan

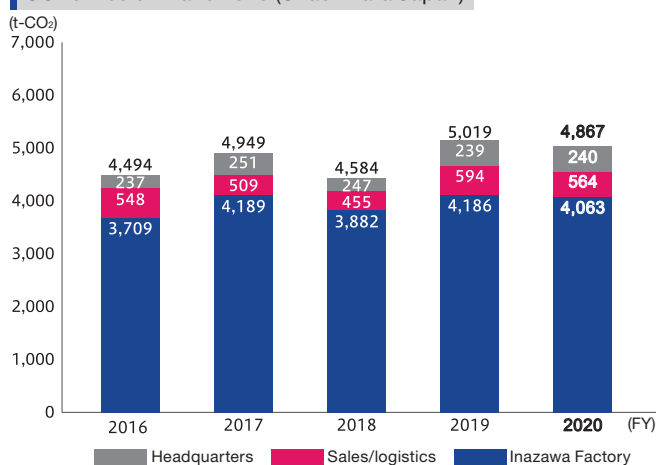
Shachihata recognises the importance of determining total greenhouse gas emissions for all group companies in Japan in order to help realise a low-carbon society, and began calculating our total greenhouse gas emissions in 2000.

We will continue to use and develop products that help to reduce emissions during the materials procurement phase (in which a large amount of greenhouse gases are emitted), in order to help reduce greenhouse gas emissions.

### CO<sub>2</sub> emissions

CO<sub>2</sub> emissions from all Shachihata companies in Japan totalled 4,867 tons in FY2020 —down 152 tons from 5,019 tons in FY2019. This was due to the decrease in emissions from Inazawa Factory in FY2020. We will continue our efforts to further reduce power consumption at our production factories. We will also continue to reduce emissions by measuring CO<sub>2</sub> emissions from locations other than production sites (including our Headquarters, other sales offices and indirect departments) and by reducing energy consumption, in response to the Energy Saving Act.

### CO<sub>2</sub> emission transitions (Shachihata Japan)

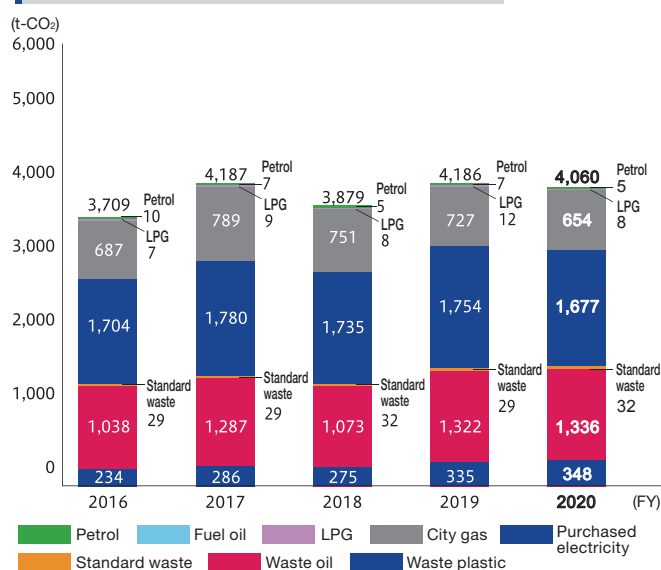


### CO<sub>2</sub> emissions by energy type

Our breakdown by energy type of CO<sub>2</sub> emissions during FY2020 in Inazawa Factory revealed 1,677 tons of CO<sub>2</sub> due to energy used, 1,336 tons of waste oil-derived CO<sub>2</sub>, 654 tons of CO<sub>2</sub> due to burning city gas and 348 tons of CO<sub>2</sub> due to waste plastic.

We also measured the amount of CO<sub>2</sub> thought to have been emitted due to standard waste and industrial waste (oil and plastic) incinerated by an external contractor responsible for final disposal. We recognise that it is our obligation to reduce this, and we continue to promote initiatives toward that end.

### CO<sub>2</sub> missions by energy type (Inazawa Factory)



## Energy conservation activities

Shachihata conducts energy conservation activities in its production departments and indirect departments.

We are attempting to do what we can to help prevent global warming.

This section introduces some of our major initiatives.

### Solar power system

In FY2012, we installed a solar power system using renewable solar power at the Inazawa Factory production site. We installed 1,022 solar panels on the roof of Inazawa Factory, and all of the power generated by this system is sold to a power company. We have also installed a monitor at the entrance to the factory, so that employees and visitors alike can see how much power is being generated.

We generated approximately 250,574 kWh of power during FY2020, and reduced CO<sub>2</sub> emissions approximately 92 tons for the year.



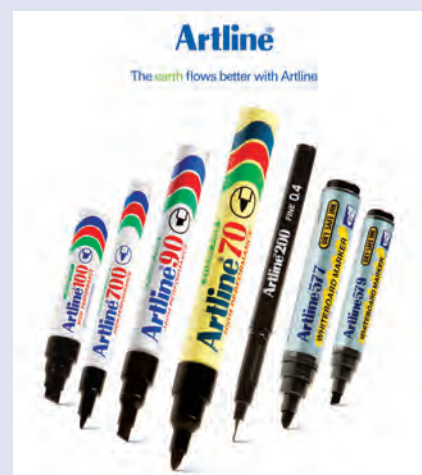
### Global warming initiatives

#### Shachihata Artline permanent markers

In 2010, we began implementing a carbon offset scheme for products released overseas.

We use emission credits from the Thai Waste Treatment Project to offset CO<sub>2</sub> emissions generated during manufacturing and other processes for our “Artline” permanent markers sold in Australia.

Offset type	Product/service offset
Offset cost paid by	Shachihata
Credit type	CER
Project type	Thai Waste Treatment Programme
Provider	WasteBox



## Building recycling-based production systems to eliminate emissions.

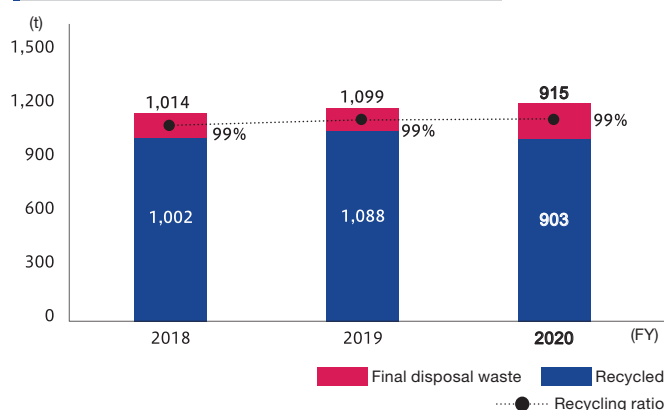
As described by the “Fundamental Plan for Establishing a Sound Material-Cycle Society”, Shachihata promotes five activities to appropriately reuse and dispose of waste: controlling the amount of waste generated, reusing, recycling, recovering heat and ensuring waste is properly disposed.

At Inazawa Factory, we attempt to reduce waste generation by separating waste and by promoting initiatives to increase waste recycling, such as reusing or recycling waste or recovering heat.

### Waste generation

The total amount of waste generated at Inazawa Factory during FY2020 was 915 tons - down 184 tons from FY2019. This was due to the decrease in emissions from Inazawa Factory in FY2020. We continue our efforts to reduce the final disposal of waste, by promoting the active recycling of waste and its safe return to nature.

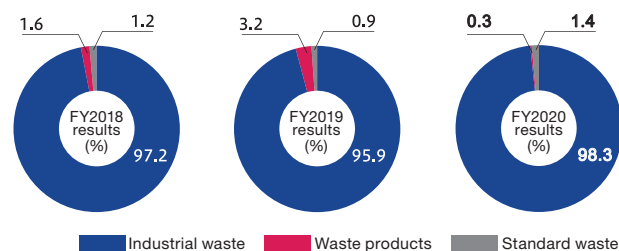
### Waste generation transitions (Inazawa Factory)



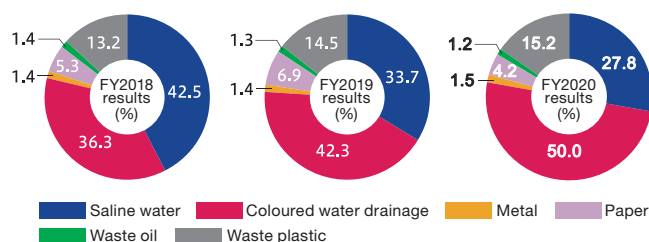
### Recycling

Shachihata has continued to install recycling systems both inside and outside the company, with the ultimate goal of eliminating emissions. In Inazawa Factory, saline water and coloured water account for 76% of total waste generated. We installed recycling systems for these substances and our total recycling ratio during FY2020 was 99%. Going forward, we will work with waste disposal companies to recycle waste plastic, rubber and products, as we continue to strive to maintain a high recycling ratio.

### Waste breakdown



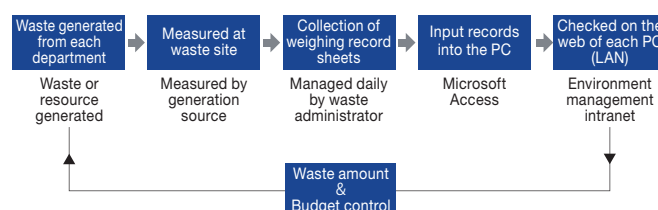
### Recycling breakdown



### Waste management system

Waste management systems are crucial for reducing the amount of waste that is generated and increasing the amount that is recycled. Shachihata has built a management system capable of monitoring waste generated in Inazawa Factory in real-time. This allows waste generation to be checked at any time on the intranet.

### Waste management system flowchart (Inazawa Factory)



## Providing and selling green products

As SDG's are increasingly focused worldwide, Shachihata was rapidly active on providing products that are compatible with pay plastic bags, which become a legal requirement in Japan.

BIC CAMERA had been considering supporting this plastic bag initiative, so we suggested switching to environmentally friendly biomass poly bag in agreement with BIC CAMERA policy. We established a stable supply system in COVID-19 pandemic.

The cost was also significantly reduced compared with the paper bag, which contributed to the reduction of the environmental impact of BIC CAMERA.



## Recycling and reusing waste plastic and rubber



Plastic collected from waste products.

The amount of waste plastic and rubber generated at Inazawa Factory during FY2020 totalled 134 tons, an increase of 5 tons from FY2019. Of this waste, we were able to recycle 100% during FY2020.



## Protecting the air and water in local environments through the responsible management of chemical substances.

There is increasing concern for hazardous chemical substances that impact the natural environment and human health, all over the world.

Japan, the EU and the U.S. have taken the lead in establishing laws and regulations on the management and use of hazardous chemical substances, and Shachihata is actively engaged in chemical substance management—beginning with compliance with the PRTR Act\*.

\* "Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof"

### Compliance with the PRTR Act

Shachihata has a basic policy of not using hazardous chemical substances whenever possible and of striving to reduce or replace such substances whenever possible.

In FY2009, Shachihata TAT comprehensively reviewed and revised its ink mixture, and changed the plasticizer used in Xstamper rubber. In FY2020, the total amount of chemical substances handled was below 1 ton, so there was no need to submit a PRTR Act report.

#### Chemical substance generation/transport

Substance		Pilot survey (Sept. 2000)	FY2017	FY2018	FY2019	FY2020
Ethylene glycol monomethyl ether	Handled per year (kg)	3,299.6	(0.0)	(0.0)	(0.0)	(0.0)
	Amount generated/transported (kg)	59.6	—	—	—	—
Ethylene glycol monoethyl ether	Handled per year (kg)	6,591.6	(0.0)	(0.0)	(0.0)	(0.0)
	Amount generated/transported (kg)	310	—	—	—	—
Di-n-butyl phthalate	Handled per year (kg)	2,053.6	(0.0)	(0.0)	(0.0)	(0.0)
	Amount generated/transported (kg)	1,203.6	—	—	—	—
Xylene	Handled per year (kg)	—	(312.4)	(294.0)	(274.0)	(290.5)
	Amount generated/transported (kg)	—	—	—	—	—

\* Numbers in parentheses: No report required —: 1 ton or less handled/generated/transported

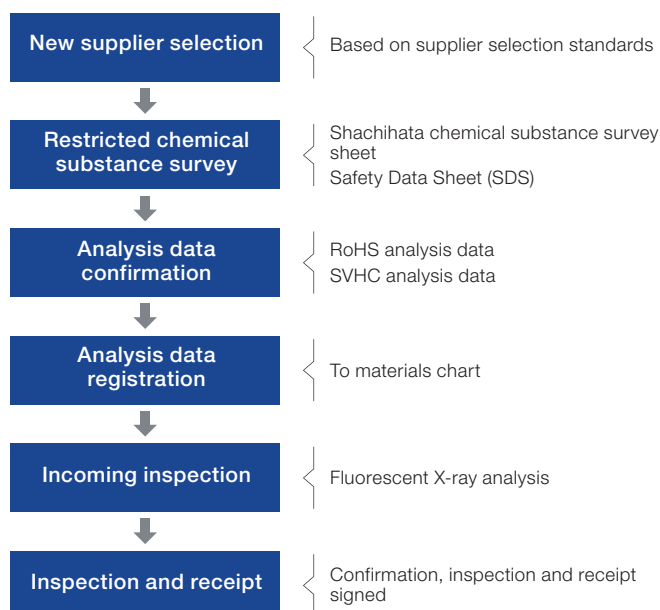
### Chemical substance management system promotion

Chemical substances are used to improve performance and ensure quality in products. However, because some substances may have a negative impact on the environment during use or disposal, regulations have been established at national and regional levels. The Shachihata Group has established the Analysis Centre within the Quality Assurance Dept., in order to strictly manage these chemical substances and attempt to continuously reduce our usage of these substances. We work with our partners while using the "Shachihata Green Procurement System" to manage chemical substance data and promote switching to alternate substances.

Since FY2019 we have continued in all of our factories to comply with the European "RoHS Directive" which generally prohibits the use of 10 restricted substances\*<sup>1</sup>. We request that all suppliers conduct surveys to identify any restricted chemical substances found in the materials or supplementary materials contained in parts, and monitor the situation. Through instituting this system to prevent such substances from entering the supply chain, we have established a means to ensure that restricted chemical substances are not included in products.

\*1: Cadmium, lead, mercury, hexavalent chromium, polybrominated biphenyls, polybrominated diphenyl ethers, bis(2-ethylhexyl) phthalate, dibutyl phthalate, benzyl butyl phthalate and diisobutyl phthalate

#### Purchased material chemical substance management flowchart (example)



## Legal compliance

Our Inazawa Factory production site is located on farmland in the suburbs of Inazawa city in Aichi Prefecture. In order to help preserve the natural environment around the factory, we comply with related national laws and with Aichi regulations and agreements. We also aim to meet strict internal standards.

### Water quality management

We conduct water quality surveys twice a year on drainage from Inazawa Factory, in order to determine the degree to which water quality is being managed.

#### Water quality management

Survey items	Drainage standard (Aichi regulation)	May 2020	Nov. 2020
Hydrogen ion concentration (pH)	5.8 to 8.6	6.4	7.3
BOD (mg/ℓ)	≤25	12	2.9
COD (mg/ℓ)	≤25	10	3.2
SS (mg/ℓ)	≤30	1	1
Normal-hexane extracts (mg/ℓ)	≤2	2	<1
Zinc content (mg/ℓ)	≤2	0.3	<0.1
Electrical conductivity (mg/ℓ)	≤50	13	9.5

### Noise management

We measure and control noise at the boundaries of the factory site.

#### Noise management

	<Daytime> Regulation value (dB)	April 2020 measured value (dB)	Oct. 2020 measured value (dB)
Point A	≤60	49.7	50.8
Point B		55.7	57.0
Point C		54.4	53.8
Point D		57.6	49.7
Point E		49.6	53.2
Point F		54.0	54.7
Point G		51.8	54.6
Point H		54.9	55.4

### Vibration management

We measure and control vibration at the boundaries of the factory site.

#### Vibration management

	<Daytime> Regulation value (dB)	April 2020 measured value (dB)	Oct. 2020 measured value (dB)
Point A	≤65	34.0	62.5
Point B		38.5	45.3
Point C		49.3	45.6
Point D		36.2	45.2
Point E		33.5	45.7
Point F		40.2	45.3
Point G		39.6	46.4
Point H		35.1	45.0

## We are working to reduce our environmental impact in the procurement and logistics stages.

We promote the use of reworked products when purchasing raw materials used during production at Inazawa Factory. We also aim to reduce our environmental impact during transport, by including our products with those produced by other companies in the same shipments. Finally, we recommend purchasing products compliant with the Act on Promoting Green Purchasing at our Headquarters and indirect departments.

### Green logistics

Our logistics functions for shipping and delivering products are aggregated in the Central Japan Logistics Centre (Ichinomiya in Aichi Prefecture) and East Japan Logistics Centre (Saitama in Saitama Prefecture). At these sites, we attempt to streamline operations through such means as simplifying order placement, enhancing form processing capability, accelerating shipments and deliveries and operating appropriate inventory management systems. Most Shachihata products are shipped in small lots, and can be mixed with other shipments to optimize transport.



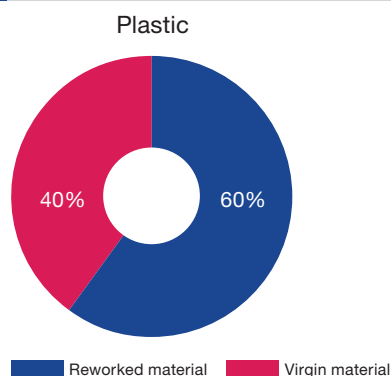
### Green procurement

In FY2020, we began actively promoting the purchase of reworked raw material plastic and cleaning isopropyl alcohol, at Inazawa Factory.

186 tons out of the 308 tons of raw material plastic we purchased was reworked material (60% reworked material ratio).

All of our cleaning alcohol is reworked material (100% reworked material ratio). We will continue to make active use of reworked material when purchasing raw materials.

#### Reworked material usage ratio (FY2020)



### Low-emission vehicles

When purchasing or replacing a company vehicle, Shachihata actively promotes the selection of low-emission vehicles. All of the 112 company vehicles we own are low-emission vehicles (100%), as of the end of FY2020.

#### Low-emission vehicles owned: 112 (100% of owned vehicles)

2005 standard compliant	1
2005 regulation 75% decrease	97
2005 regulation 50% decrease	1
2005 regulation 10% decrease	1
2007 regulation 75% decrease	1
2018 regulation 75% decrease	3
2018 standard compliant	8
Total (of 112)	112

## We disclose transparent and reliable information, and promote extensive environmental communication.

We take a range of opportunities to engage in environmental communication with our various stakeholders. We also engage in social contribution activities in order to help raise awareness throughout society, including participating in regional beautification activities and environmental education at schools.

### Environment/energy education support

In order to raise awareness of environmental issues among a wide range of age groups, Shachihata cooperates in holding environment/energy education training sessions for general consumers and environment/energy classes for children. We will continue to work with individuals involved in educating the next generation of students, in order to promote effective energy education support activities based on regional characteristics.

**We will continue to do business while valuing our relationship with stakeholders.**

We have been supported by various stakeholders since our founding, and it is thanks to their support that we are who we are today. In addition to complying with legal requirements, we aim to meet the expectations of all.



We conduct surveys to gain the understanding of stakeholders and determine their wants and expectations.

We also value dialogue during daily work, and attempt to communicate each other.

### Work with NPOs and NGOs:

Collaborating with Green Purchasing Network (GPN)

GPN is the largest environmental organisation with approximately 3,000 member organisations in Japan, and was founded in order to promote the use of green purchasing. In addition to cooperating on the formulation of the “Act on Promoting Green Purchasing (Stationery) Guidelines”, Shachihata also collaborates and participates in efforts such as the GPN Green Purchasing All Member Action Campaign.

### Factory tours

We held factory tours for local elementary school, junior high school and senior high school students, so that they can learn about career views and environments closely related to local society.



## A company trusted by society, our customers and our employees.

Considerable importance has been placed on corporate social responsibility in both Japan and the rest of the world. Companies are being asked to fulfil their responsibilities in terms of the economy, the environment and society. Shachihata continues to operate in a manner trusted by society, our customers and our employees, based on a policy of environmentally friendly manufacturing.

### Efforts to save the endangered Japanese killifish

“Biotope Nagaoka” is a biotope for Japanese killifish, located in Sobue-cho in Inazawa. The killifish arrive naturally to this biotope when agricultural water flows from Kiso River into the area. There are currently several thousand killifish living there.

This biotope environment is maintained by “Longhill Net”, a civic activity organisation.

Consisting of seven members, this organisation maintains the environment through such means as managing biotope water and cutting grass. It also runs the “Support a Killifish Programme” as a means of environmental education. In August of each year, the organisation holds “Learn about the Inhabitants of the Biotope”, in which local residents are provided with the opportunity to help preserve biodiversity.

Since 2019, Shachihata has participated as a volunteer in Biotope Nagaoka’s maintenance activities and in the “Learn about the Inhabitants of the Biotope” event. We decided to participate due to the “Biodiversity Matching Sheet” programme run by the Environment Bureau Natural Environment Division of Aichi Prefecture. This programme connects local activity organisations with companies, schools and governments in order to promote collaboration on biodiversity preservation activities being conducted in areas near companies.

Biotope Nagaoka’s work was selected in 2020 as an “Aichi/Nagoya Biodiversity Good Practice”, and the mayor of Inazawa visited our activities, which have gained increased recognition as a biodiversity preservation activity firmly rooted in the region. We will continue to engage in regional contribution activities.





## Removing tickseed, an invasive alien species

Tickseed is a plant with a vibrant yellow flower that blooms from May to July. It was brought into Japan from overseas during the Meiji era for enjoyment and greenification. However, because it is so sturdy and reproduces so quickly, it has grown throughout areas meant to grow other plants, making it difficult for native Japanese plants to grow. Tickseed has therefore been designated as an invasive alien species under the Invasive Alien Species Act. It is now prohibited to grow, store, transport, sell, transfer, import or release it into the wild. Violators are subject to penalties. The government has also ordered that the plant be removed in order to prevent it from spreading any further.



In June 2021, Shachihata participated in an activity to remove tickseed. This activity was run by EPOC (Environmental Partnership Organising Club), in Chubu area. Shachihata is a member of EPOC, and worked alongside two other companies during the removal.

The removal took place around DIY Store “Valor”, which is located in Niwa-gun Oguchi-cho in Aichi Prefecture. Participants pulled tickseed growing along the roadside out from the roots, and then placed the plants in garbage bags for eventual burning. Approximately 50 kg of tickseed was removed over the course of an hour.



## Eco-cap programme

Shachihata has continued to participate in the Eco-cap programme since the 2010 fiscal year. Under this programme, participants gather plastic bottle caps in order to donate vaccines. Incinerating a kilogram of caps (430 caps) generates 3,150 g of CO<sub>2</sub>. However, caps could instead be recycled as plastic materials, with 860 caps enough to purchase a polio vaccine for one person. We collected 31,542 caps during the 2020 fiscal year and sent them off to JCV (Japan Committee, Vaccines for the World's Children). Incinerating these caps would have generated 231 kg of CO<sub>2</sub>, but donating them instead allowed for vaccines for approximately 36 people to be purchased. We plan to continue to participate in this programme.





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