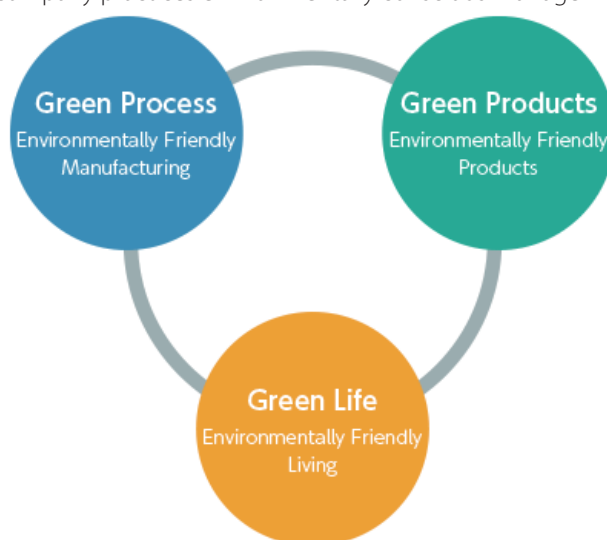


Green Plan and Environmental Policy

SII Green Plan Concept

The SII Group has formulated the Green Plan based on the "Three Green" concept of "Green Process, Green Products, and Green Life," under which the company practices environmentally conscious management.



SII Group Environmental Policy Revised in January 2013

Environmental Concept

The SII Group will continue to harmonize its corporate activities with the global environment, designate the "Three Green" concept consisting of Green Process, Green Products and Green Life as our basic concept, promote and conduct environmental activities, and contribute to the establishment of a sustainable society that can coexist with nature.

Environmental Activity Guidelines

We will strive to

1. Continue to improve our environmental management system and environmental performance, while performing advanced activities that respond to the requirements of society to enhance stakeholder value.
2. Not only observe all laws, rules, regulations and agreements related to the environment, but also mitigate environmental risks and prevent environmental pollution.
3. Carry out our tasks with a focus on the following activities based on "SYO"ism*1:

1. Providing products and services that minimize their impact on the environment throughout their lifecycles and can contribute to environmental conservation.
 2. Proactively promoting eco-friendly, efficient manufacturing.
 3. Fully enforcing energy conservation measures in the entire business activities and addressing global warming.
 4. Recognizing the finite nature and the preciousness of resources of the earth, and encouraging their responsible use.
 5. Reducing risks arising from chemical substances and promoting the elimination of harmful substances.
4. Promote SII Green Purchasing and ensure proper and strict management of chemical substances contained in products.
5. Be aware of our impact on biodiversity and all the benefits we receive from it, and make efforts toward biodiversity conservation.
6. Raise environmental awareness of all employees and encourage them to protect the environment in their personal lives.
7. Make a social contribution to and achieve accountability for environmental protection, while facilitating communication with the society.
8. Ask our suppliers for their cooperation in following this policy.

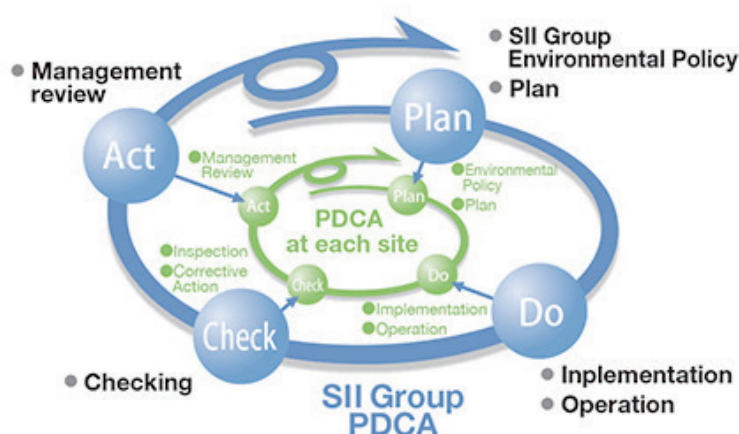
*1 "SYO"ism: SII technology philosophy

Environmental Management System

We established the environmental management systems in compliance with ISO 14001 at each site and throughout the Group. The Plan-Do-Check-Act cycle has been steadily implemented to improve our environmental performance.

Our mid-term and annual goals are established based on the "SII Group Environmental Policy," and pursued by the environmental management system at each site.

The Corporate Environmental Administration Department at the head office operates the entire SII Group environmental management system and achievements of each site are reported on a regular basis.

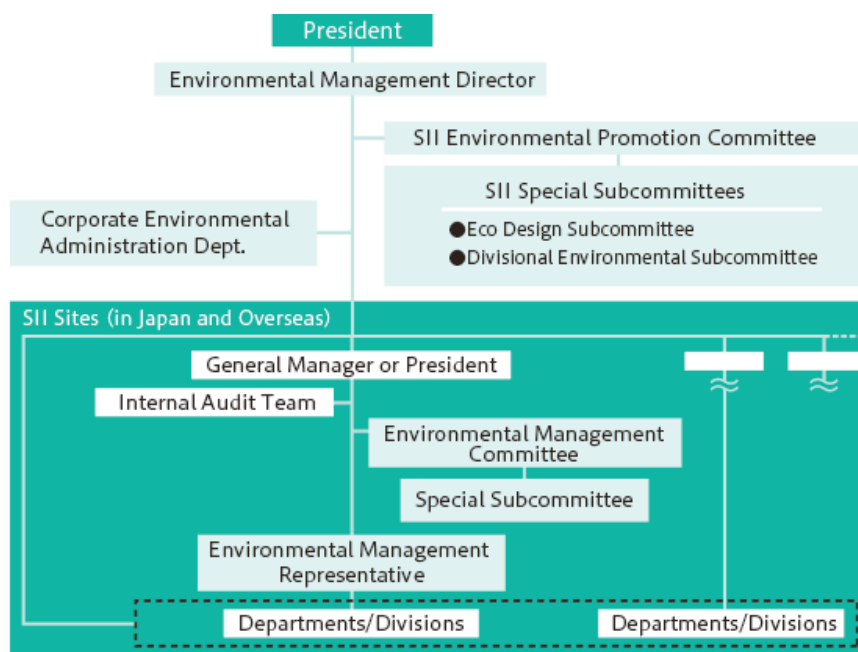


Environmental Management Framework

SII established the environmental management system consisting of the SII President as well as the Environmental Management Director serving as a chief executive.

The Corporate Environmental Administration Department at the head office takes a leading part in operating the system in cooperation with each site and division in Japan and overseas.

The SII Environmental Promotion Committee discusses the SII Group targets and exchanges information including activity report submitted by each site. We strive to promote the environmental activities steadily throughout the group.



Eco-friendly Products that Contribute to Environmental Conservation

Evolution of Green Products —Eco-friendly Products that Contribute to Environmental Conservation—

The basic concept of SII environmental management is the "Three Green" concept: Green Process, Green Products, and Green Life.

Among these, Green Products (in other words, creating eco-friendly products that can contribute to environmental conservation) are a manufacturer's mission. We keep evolving based on the SII's technological philosophy of "SYO" ism.

SII Green Products

SII introduced the SII Green Product Label System in December 2001 and the SII High Grade Green Product Label System in October 2006, which have ensured the Improvement of environmental performance of our own products.

Green Products plus

The concept of "improving the environmental performance of our clients' products in which SII devices or components are incorporated" and "contributing to conserving the environment we all share" in addition to improving the environmental performance of our own products is called "Green Products plus," and we have been focusing on developing the products and services since 2010 based on the concept.

Expansion of the Scope of Our Certification Systems

In addition to hardware products such as equipment and components, the scope of the SII Green Products certification systems has been expanded to include software and services since 2012.



The SII "SYO" ism technology that backs SII products

SII's technological philosophy

"SYO" ism is based on advanced skills and techniques, miniaturization technologies, environmentally friendly products, and their fabrication technology.

SII Green Products Certification System

In December 2001, SII introduced the SII Green Product Label System, which is equivalent to the ISO 14021 Type II environmental label. This aims to raise public awareness of our eco-friendly products.



SII High Grade Green Product Label System

In October 2006, the SII High Grade Green Product System was introduced as an upper grade certification of the SII Green Product. "HIGH GRADE" under the green product logo indicates that the product has high environmental performance.



Action against Global Warming

Our Concepts and Current Status

The Paris Agreement was adopted in December 2015, and a global framework for ratifying plans to take measures against global warming after 2020 was set forth and every participating country has determined a target value. Corporate roles and responsibilities in finding solutions for global warming issues are becoming bigger and bigger.

SII, as a manufacturing company, works toward reducing greenhouse gas emissions not only at manufacturing sites but also throughout the full range of our business activities, with energy-saving activities including the provision of energy-saving products and services.

Reducing CO₂ Emissions and FY 2015 Overview

In FY 2015, CO₂ emissions at our sites in Japan was 54,399-CO₂, successfully achieving the target of 63,668 tons-CO₂, which was 229 tons (0.4%) less than FY 2014. These positive outcomes are created by shifting lighting equipment to LED sources in renewal construction, and replacing high energy efficiency air-conditioning devices as well as partial air-conditioning systems: the result of continuous energy-saving activities.

The total amount of CO₂ emissions at our overseas sites was 36,544 tons-CO₂ in FY 2015, which was 0.8% less than in FY 2014. These positive effects, also the same as in Japan sites, may be a sign of continuous energy-saving activities.

Resource Recycling

Our Concepts

As resource depletion has a critical impact on corporate management, SII regards efforts for the responsible use of earth's finite resources as an extremely important form of corporate responsibility.

We are striving to effectively utilize the resources in our business activities toward creating a sustainable recycling-oriented society.

FY 2015 Overview

Waste

The FY 2015 recycling rate at our sites in Japan achieved 90% of our target. Our actual performance was 92% as a result of persistent efforts such as converting waste into resalable waste and reusing trays for parts. The FY 2015 total waste generation was 2,270 tons, which was 66 tons less than in FY 2014. The increase in FY 2014 was due to renewal construction work at some sites.

The recycling rate at our overseas sites was 71%, an improvement compared with FY 2014. Total waste generation was reduced to 2,068 tons, which was 213 tons less than in FY 2014.

Water Use

In FY 2015, the total amount of water used in Japan sites was 526,000m³, which is -8000m³ from FY 2014. For overseas sites, water usage was 373,000m³, -38000m³ from FY 2014.

Chemical Substances Control

Our Concepts

The SII Group believes that the safe and appropriate chemical substances control is corporate responsibility and important activity for risk management. In terms of chemical substances used in our manufacturing processes at sites in Japan, we control the use and emission of PRTR* substances, SII voluntarily specified 22 substances, and 100 VOC (volatile organic compounds) substances.

* PRTR (Pollutant Release and Transfer Register): This system is designed to assess, gather and disclose data on the volume of chemical materials handled, amounts released into the environment, and volumes transferred in waste materials to points outside of plant locations. Companies collect data on the relevant substances and report them to the appropriate government agency once a year.

Reduction of Chemical Substances Subject to Control/FY 2015 Overview

The FY 2015 total emission of chemical substances subject to control in manufacturing process was 30 tons, which was approximately 1 tons (+4.6%) increase from FY 2014.

The used PRTR substances was 82 tons, which was approximately 31 tons more than in FY 2014. The breakdown of the amount handled and emitted is shown below.

Conservation of Biodiversity

Our Concepts

The SII Group's business activities depend, to some extent, on ecosystem services. We consider biodiversity conservation to be a key issue of environmental management that needs to be addressed in our daily business activities.

SII established a "Biodiversity Action Agenda" in April 2011 to specifically work on the conservation of biodiversity.

FY 2015 Overview

In FY 2015, in addition to our commitment to continuing education activities and the Assessment of Land Use from the point of view of biodiversity, we also moved forward with efforts for activities such as nature watching and collaboration with local communities. We issued the "SII Group Land-use Guideline Working on the Conservation of Biodiversity" and made efforts to disseminate this Guideline to all sites in Japan and overseas.

Assessment of Land Use

Morioka Seiko Instruments Inc. has continuously been carrying out the assessment of land use and the biological research from the aspect of biodiversity since FY 2012. These activities conform to "Guidelines for Sustainable Business Sites" issued by "General Incorporated Foundation JAPAN BUSINESS INITIATIVE FOR BIODIVERSITY"(JBIB); participated by outside specialists and aided by their advice.

In FY 2015, MSI held a "Nature Watching" event in addition to the conventional assessment of land use. The participants fully observed through their senses that the sites are inhabited by a variety of living creatures, which turned out to be an enjoyable study of the creatures' behavior and ecology.

We keep going forward to promote visualization and put emphasis on communication with stakeholders.



Cooperation with Local Communities

Close contact and cooperation with stakeholders of various backgrounds including local governments and specialists are essential to promote biodiversity conservation. Three SII Units located in Chiba prefecture* are cultivating *Pinus pentaphylla* trees that are designated as an endangered species. These three units are registered as "Supporters Conserving the Strain of *Pinus pentaphylla*" under Chiba prefecture's *Pinus pentaphylla* restoration project. By caring for these seedlings, SII's contribution to the conservation of the genetic lineage of *Pinus pentaphylla* also deepens our understanding of this precious tree species.

Ohno Unit is subscribed as one of the "Biodiversity Monitoring Members" of Ichikawa City and the staff members are monitoring indicator organisms.

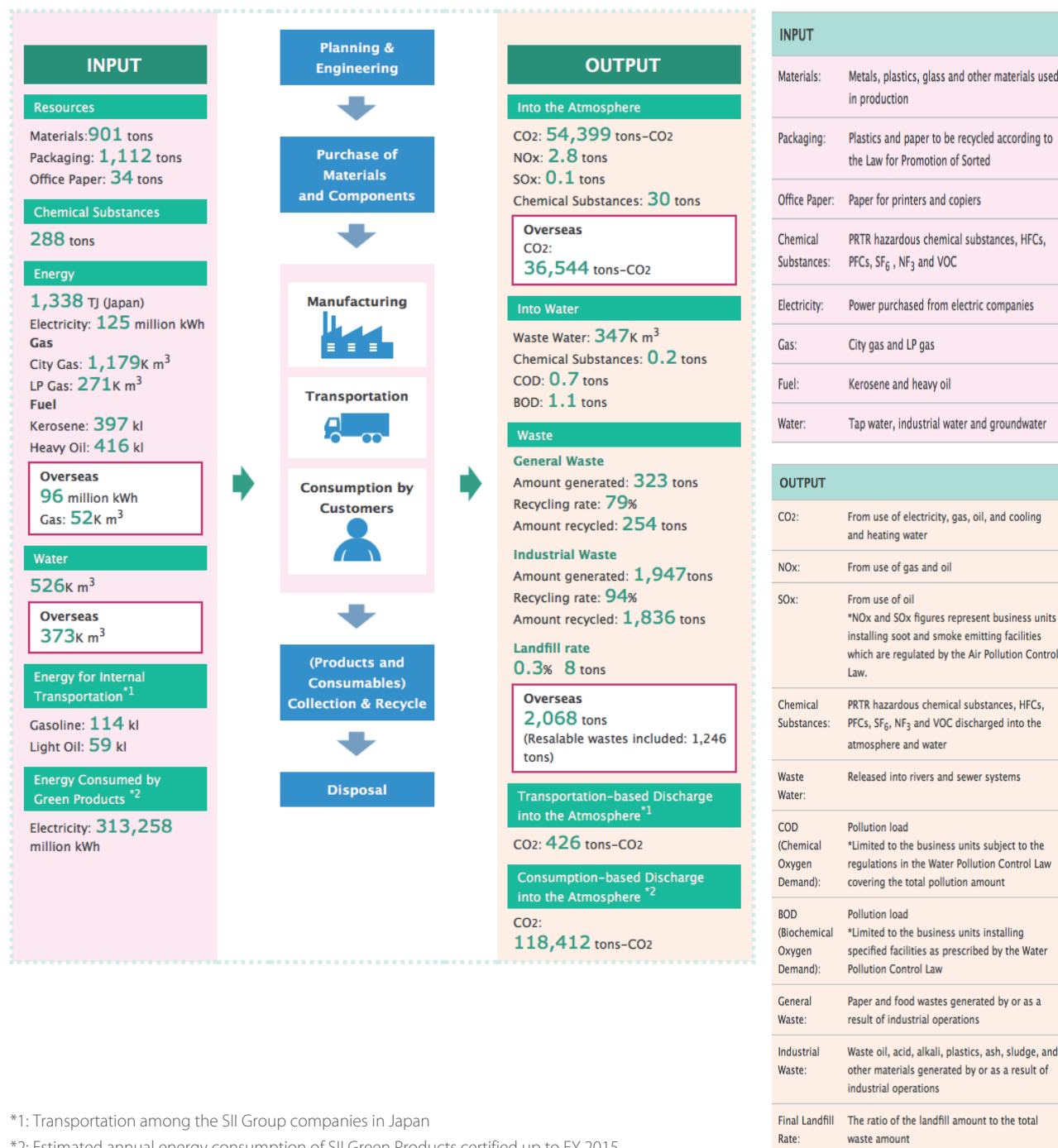


* Three units located in Chiba prefecture are Makuhari Unit (Chiba City), Takatsuka Unit (Matsudo City), and Ohno Unit (Ichikawa City.)

Business Activities and Environmental Impact

The SII Group believes that understanding environmental impact properly throughout the product life cycle is the basic practice of environmental activities.

The overview of FY 2015 environmental impact is explained below.



*1: Transportation among the SII Group companies in Japan

*2: Estimated annual energy consumption of SII Green Products certified up to FY 2015