

Takasago Group Water Stewardship Guideline

✓ Our way of thinking about water

The Takasago Group believes that it is extremely important for our business to have high-quality fresh water always available at all our sites and value chains. In addition, we believe that ensuring appropriate wastewater management is an extremely important facet of how we conduct business, as the wastewater from our manufacturing sites may impact the local environment.

The water environment can be associated with various environmental issues, such as climate changes and deforestation issues. We are always working to improve the water environment by responding to all environmental issues, and not limited only to water security. The Takasago Group's "Water Stewardship Guidelines" refers to the Global Compact CEO Mandate and WWF Stewardship Guidelines. The Sustainable Development Goals (SDGs) has set a target of Goal 6, "Ensure availability and sustainable management of water and sanitation for all", and we will further strengthen our water management and develop water-related technologies for achieving the SDGs and contributing to the improvement of the global water environment.

✓ Indicators and goals

The Takasago Group measures and keeps track of water-related indicators, such as water withdrawal and water discharge at our manufacturing sites. Water-related data are disclosed in our annual sustainability report and publicly available website.

Based on the water-related data, we set quantitative goals aimed at strengthening the water management across the globe. Especially for reduction of water withdrawal, we are aiming to improve production efficiency with a goal of 10% reduction of absolute water withdrawal by 2030 vs. 2020. The progress of reduction of water withdrawal is monitored through "Sustainability 2030", which is our mid- to long-term sustainability plan. In addition, we have established qualitative goals and strive to improve water environment alongside reducing water withdrawal.

✓ Compliance

In our global activities, the Takasago Group observes local laws and regulations, as well as international practices. We pledge to comply with water-related laws and regulations especially for water withdrawal and wastewater management in our operations. Furthermore, we are working on environmental protection activities by introducing our own standards that are more stringent than the related local laws and regulations.

✓ Fair use of water (human rights related to water and sewage)

Water is essential for maintaining good health and basic standard of living is stated in the Universal Declaration of Human Rights. Therefore, water is considered as the most important element from a human rights perspective.

The Takasago Group has its guiding principle on respect for human rights described in the Corporate Charter and Code of Conduct revised in 2018, "Takasago Group Human Rights Policy", which have been formulated referring to international initiatives such as the International Labor Organization Declaration, United Nations Global Compact, and recognize basic access to safe water, toilets and good hygiene (WASH) services should be kept to protect human rights. We provide employees with WASH services at all sites as an appropriate working environment. In addition, we manage and maintain the water environment, and share water public services together with the local communities, without monopolizing the water source.

✓ Collective actions with stakeholders

The water-related issues cannot be solved by our group alone and the Takasago Group firmly believes that a cooperative effort by all of the stakeholders are essential in improving the water environment. We actively work with stakeholders to work together for a better future and improve the understanding of the stakeholders through education as needed.

✓ Water-related risk

Now, the water-related risks are globally drawing attention due to the impact on climate changes. The water-related risks are generally classified into physical risks, regulatory risks, reputation risks (Refer to appendix). The Takasago Group assesses water-related risks, and proactively manage to ensure a better future for all.

Appendix

Water Risk Factors and Main Impacts

Risk Factors	Main Impacts
Water shortages	Reduction in research and production activities when water supply is stopped or restricted
Water quality deterioration	Impact on manufacturing water (increases in water purification costs, etc.)
Floods/storm surges/heavy rain	Flooding of facilities due to rising rivers, overloaded drainage systems, etc.
Mandating water efficiency, recycling, etc.	Increased cost of equipment installation, etc., due to mandatory use of reclaimed water
Wastewater quality/volume enhanced regulations	Cost increases due to rising sewerage fees and stricter wastewater quality regulations resulting in higher equipment installation costs
Drought	Damage of agricultural products used as raw materials
Changes in water supply season/passage of time	Impact on operational stability due to changes
Increased water prices	Increased operating costs due to rising water prices
Local communities	Respond to land subsidence due to pumping groundwater