

## **Takasago Group Water Stewardship Guideline**

### **✓ Our way of thinking about water**

Takasago group believes that it is extremely important for our business that a sufficient amount of high-quality fresh water is always available at all our sites and value chains. In addition, we believe that wastewater management is also extremely important because the wastewater from our manufacturing sites may have a large impact to the water environment.

The water environment is associated with various environmental issues, such as climate change and forest issues. We are working to improve the water environment by responding to all environmental issues, not just water security. Takasago Group hereby formulates "Water Stewardship Guidelines" by referring to the Global Compact CEO Mandate and WWF Stewardship Guidelines. The 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 global water environment.

### **✓ Indicators and goals**

Takasago group appropriately measures water-related indicators such as water withdrawal and water discharge at our manufacturing sites. Water-related data are disclosed in our sustainability report and website.

Based on water-related data, we set quantitative goals and strengthen the water management. Especially for reduction of water withdrawal, we are trying to improve production efficiency with a goal which is 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. We also set qualitative goals and strive to improve the water environment. Specifically, we will do efforts to reduce water withdrawals by promoting the adoption of technologies and practices that recycle or reuse water and the introduction of cooling water circulation systems and equipment.

## **✓ Compliance**

In our global activities, Takasago group observes local laws and regulations as well as international rules. 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 stricter than related laws and regulations. Specifically, compliance is ensured through water quality surveys of water withdrawal and wastewater, wastewater management and groundwater management.

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

Water is essential for maintaining good health. A 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.

Takasago group has its guiding principle about 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 for protecting 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. Takasago group works together with our stakeholders to improve the water environment. In addition, we educate stakeholders as necessary.

## **✓ Water-related risk**

Now, water-related risks are globally drawing attention due to climate change. Water-related risks are generally classified into physical risks, regulatory risks, reputation risks (Refer to the appendix).

The Takasago group assesses water-related risks under the scope of not only our direct operations but also upstream in the value chain: supply chain and downstream in the value chain: product use phase. In particular, as our manufacturing processes have risks that depend on and affect water, we do risk assessment including the aspect of future water quantities available, future water quality-related risks, impacts on local stakeholders, and potential regulatory changes at a local level, at our manufacturing sites. Based on the results of the assessment, we are aware of the water-related risks on which our operations depend and risks that may have an impact on our operations, and manage and address them appropriately. Specifically, we have implemented measures such as the formulation of BCPs at each site and the introduction of rainwater harvesting systems to ensure that our operations can continue in the event of a water-related disaster.

## 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
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 result 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