

ESG Goals

Results of the Medium-Term ESG Plan (Fiscal 2020-2022)

Field	Theme	Goals	Results	Status of Achievement	
E Environment	Greenhouse gas emissions reduction¹	Total greenhouse gas emissions in Japan Fiscal 2022: 26% reduction (As compared to fiscal 2014)	36% reduction (As compared to fiscal 2014) Achieved the goal by renewing to energy-saving facilities and the reduction measures, such as production rationalization	●	
	Promotion of the use of renewable energy	Renewable energy utilization ratio: 50% or more	50% Maintained the target level through the stable operation of biomass boilers	●	
	Promotion of carbon fixation	Amount of carbon fixation by the wood industrial materials business (MDF and insulation board) 1,100,000 t-CO ₂ /year	1,044,000 t-CO ₂ /year Although it increased compared to fiscal 2019 through the increase in production of MDF production, the goal could not be achieved	×	
	Promotion of recycle and conversion of waste into valuables	Final disposal rate (ratio of volume disposed of in landfill outside the company): 5% or below	5.8% Although it improved by 1.8 points compared to fiscal 2019 by promoting the material use of waste, the goal could not be achieved	×	
	Promotion of effective use of water resources	Water resource input: 3% reduction (As compared to fiscal 2019) (Group production bases in Japan)	4% reduction (As compared to fiscal 2019) Achieved the goal by improving the production processes, such as the loss in using water when starting production processes each time	●	
	Appropriate management and reduction of chemical substances	Release/transfer amount of the substances subject to the PRTR law: 70% reduction (As compared to fiscal 2019)	59% reduction (As compared to fiscal 2019) Although reduction of methylene chloride progressed as the establishment of technology for the product specification change completed, the goal could not be achieved	×	
	Procure wood in a biodiversity friendly way	Utilization of domestic timber for flooring substrates: 45%	51% Achieved the goal by promoting the switch from lauan wood	●	
	Strengthen environmental risk management	Number of environmental accidents and violations: 0 (Those with administrative guidance or penal charge)	0 (continued) Maintained 0 cases by operating and continuously improving the environmental management system	●	
	S Social	Enhancement of the quality control structure¹	Serious product accidents: 0 Product safety and quality improvement education execution rate: 100% Product audit implementation cover rate: 100%	One case respectively in FY 2020 and FY 2021, and 0 cases in FY 2022 100% 100%	×
		Fair transactions	Rate of acquisition of the agreement on the CSR procurement standards at home and abroad: 100% Serious violations of the Anti-Monopoly Act and Subcontract Act: 0	Japan: 98% Progressed in the suppliers of the new consolidated subsidiaries Global: Preparations for the trial survey to suppliers completed 0 (continued)	×
Promotion of diversity¹		Total diversity index ² : +20 pt (As compared to fiscal 2019)	+30 pt (As compared to fiscal 2019) Achieved the goal as taking childcare leave among male employees progressed	●	
Promotion of workstyle reform		Total work time reduction rate: 3% (As compared to fiscal 2019) Rate of taking annual paid leave: 70% Employee satisfaction ³ : +5 pt (As compared to fiscal 2020)	3.5% reduction (As compared to fiscal 2019) 61.4% -0.8 pt (As compared to fiscal 2020)	● × ×	
Reinforcing human resources development		Job separation rate within three years: Within 15% Young employees' career plan training attendance rate: 100% Attendance rate for the prioritized market enhancement program: 50% Management staff training program attendance rate: 70%	15.4% 100% 42% 55.8%	× ● ▲ ▲	
Enhancement of the occupational safety and health		Serious disaster: 0 Plant mutual safety diagnosis execution rate: 100%	0 (continued) Although diagnosis by visiting the plants was suspended, online information sharing by the safety supervisor was enhanced	● ▲	
Human rights promotion activities		Human rights enlightenment training attendance rate: 100% Supervisor harassment training execution rate: 100%	96% 100%	▲ ●	
Social contribution activities by cooperating with local communities		Holding of the event planned by cooperating with local communities: Once a year (Each group production bases)	A total of 62 events held in 18 bases among 20 bases at home and abroad	▲	
G Governance		Enhancement of the governance system¹	Group corporate philosophy penetration program execution rate: 100% Degree of penetration of the group corporate philosophy ⁴ : +10 pt (As compared to fiscal 2018)	80% Newly established and operating the collection of cases of practicing philosophy and the good case awards program +5 pt (As compared to fiscal 2018)	▲ ×
		Promotion of risk management	System BCP 3-year proactive measure completion rate: 100% Procurement BCP 3-year proactive measure completion rate: 100%	100% Grasping and evaluation of risks completed, and responses have been continuing	●
	Strict compliance	Serious compliance violations: 0 Compliance consciousness degree ⁵ : +5 pt (As compared to fiscal 2020)	0 (continued) +3.1 pt (As compared to fiscal 2020)	● ×	

Status of achievement: ● Achieved × Not achieved ▲ The impact of postponement and suspension due to the restricted activities in the COVID-19 crisis

¹: Set as the non-financial management goals in the medium-term management plan
²: Our own indices in which diversity-related items, such as the female manager ratio, were indexed. Total Diversity Index 3rd Stage is used in and after fiscal 2023 and items related to the method of calculation are reviewed and reset
³: Our own index based on the survey using the employees' sense of satisfaction and pleasant workplaces as evaluation axes
⁴: Our own indices in which employees' understanding, sharing, and practice of the group corporate philosophy were indexed
⁵: Own indices to measure employees' compliance consciousness degree from the perspectives of legal compliance, a sense of ethics, structure, and corporate culture

ESG Goals (Fiscal 2023-2026)

We integrated the past medium-term ESG plan and the medium-term management plan in fiscal 2023 and set the important themes to work on from the perspective of ESG and goal values as the ESG goals.

Field	Theme	Goal (Fiscal 2026)
E Environment	Promotion of recycle and conversion of waste into valuables	Reduction of the final waste landfilling treatment amount (production departments in Japan and overseas) 15% reduction (Compared to fiscal 2022)
	Greenhouse gas emissions reduction	Total greenhouse gas emissions in Japan and overseas (Scope1+2) Total greenhouse gas emissions in Japan and overseas(Scope3) 10% reduction (As compared to fiscal 2022) 6% reduction (As compared to fiscal 2022)
	Promotion of the use of renewable energy	Renewable energy utilization ratio Japan: 50% or more Overseas: 40% or more
	Expansion of the amount of carbon storage by using timber	Amount of carbon storage by the wood industrial materials business (MDF and insulation board) 1,100,000 t-CO ₂ /year
	Procure wood in a biodiversity friendly way	Lauan usage rate in flooring substrates 50% reduction (Compared to fiscal 2022)
	Appropriate management and reduction of chemical substances	Release/transfer amount of the substances subject to the PRTR law 70% reduction (Compared to fiscal 2022)
	Promotion of effective use of water resources	Water resource input (Group production bases in Japan and overseas) 4% reduction (Compared to fiscal 2022)
	Reduction of the use of plastics derived from fossil fuels	Reduction of the use of plastic containers and packaging 4% reduction (Compared to fiscal 2022)
	Strengthen environmental risk management	Number of environmental accidents and violations at home and abroad (Those with administrative guidance and penal charge) 0
	S Social	Enhancement of the quality control structure
Promotion of CSR procurement		The rate of the CSR survey implementation in Japan and overseas 100%
Ensuring fair competition and transactions		Serious violations of the Anti-Monopoly Act and Subcontract Act Planning and holding of the enlightenment activities by division and job type 0 20 times/year
Promotion of diversity		Total diversity index 3rd Stage ² +30 pt (As compared to fiscal 2022) The ratio of female employees hired (New graduate nationwide course) The female full-time employee ratio The percentage of male employees taking childcare leave The female manager ratio Long-term care seminar attendance rate Diversity training attendance rate (Managers) The degree of attainment of the employment rate of persons with disabilities Personnel composition by age (Difference by generation) 50% 20% 50% 2% 90%/year 100% 100% Within the difference of 10 pt
Promotion of health management		The rate of receiving health promotion allowance Health score (Exercise, rest, and nutrition) Presenteeism loss rate 80% 20 pt 25%
Promotion of workstyle reform		Total work time reduction rate Rate of taking annual paid leave Employee satisfaction ³ 3% 70% 60pt
Reinforcing human resources development		Job separation rate within three years Young employees' career plan training attendance rate Attendance rate for the prioritized market enhancement program Management skill training attendance rate Within 15% 100% 50% 80%
Enhancement of the occupational safety and health		Serious disaster Plant mutual safety diagnosis execution rate 0 100%
Human rights promotion activities		Human rights enlightenment training attendance rate Supervisor harassment training attendance rate 100% 100%
Social contribution activities by cooperating with local communities		Holding of the event planned by cooperating with local communities (Each group production bases) 1 times/year
G Governance	Enhancement of the governance system	Female executive ratio (Director) Degree of penetration of the group corporate philosophy ⁴ 10% or more 60 pt or more
	Improvement of a dialog with stakeholders	Establishment of the index for the engagement with customers and business partners and the method, and setting of the goal Number of sessions on our IR site Implementation in fiscal 2023 200% (As compared to fiscal 2022)
	Strict compliance	Serious compliance violations Compliance consciousness degree ⁵ 0 +5 pt (As compared to fiscal 2022)