




# Approach to ESG Issues

General Category	ESG Category	Materiality (Material CSR Issues)	Measures Implemented in FY2019 to Solve ESG Issues	Major Impacts on Our Corporate Activities		Major SDGs of Relevance
		Major Initiatives and Related Pages		Negative Impact: Trust of Stakeholders Declines	Positive Impact: Trust of Stakeholders is Gained	
Ensure management transparency	Governance (G)	Strengthen corporate governance Corporate Governance ▶ P.61	Abolished the advisor system To further increase management transparency, abolished the system under which former directors assumed the position of advisor	As a result of functional deficiency of corporate governance, • corporate value is damaged.	As a result of the enhancement of management supervision function, faster decision-making and ensuring of management transparency, • corporate value can be maintained or improved.	 
		Promote risk management and compliance behavior Promote Risk Management and Compliance Behavior ▶ P.65	Fostered systematic risk management globally Conducted an assessment of Group companies in Japan and abroad	As a result of the realization of risks and breaches of compliance, • business operations are interrupted or suspended; or • financial cost increases.	As a result of appropriate risk management, • competitiveness in the product market is maintained or improved; or • business operations can be continued. As a result of the reinforcement of the global compliance system, • corporate value can be maintained or improved.	
		Ensure proactive dialogue with stakeholders	Completed the establishment of a global internal reporting system Raised awareness of the system in China, other Asia region and Europe Held an ESG meeting Held our first ESG meeting to foster the disclosure of ESG information	As a result of the decline in trust of stakeholders, • competitiveness decreases; or • reputation is damaged.	As a result of cooperation with stakeholders and development of relationships of trust, • business operations can be continued and business opportunities can be generated; or • talented people can be secured; or • reputation can be maintained or improved.	
Provide safety, comfort and a sense of security	Society (S)	Enhance customer satisfaction, Ensure quality and safety Business Overview ▶ P.37 Producing Innovations ▶ P.67 Intellectual Property Activities to Support Innovation ▶ P.68 Manufacturing Innovation ▶ P.69 Management of Quality ▶ P.71 Management of Occupational Safety ▶ P.72	Fostered open innovation Made first investment via the corporate venture capital (CVC) fund Nurtured a quality and safety culture Enhanced cross functional activities across the quality assurance departments	As a result of the lack of meeting of customer and social needs, • competitiveness in the product market declines. As a result of deficiencies, accidents, etc., involving products, • business operations are interrupted/suspended or financial loss is incurred; or • financial cost increases.	As a result of the pursuit of customer needs, • in-house technologies are enhanced, or human resources are developed. As a result of the provision of products that provide safety, comfort and a sense of security, • trust of customers is gained. As a result of the contribution to solving social issues through business operations, • competitiveness in the product market is improved.	      
		Develop human capital and promote workplace diversity, Provide safe and comfortable workplaces Work Style Reforms ▶ P.73 Fostering Workplace Diversity ▶ P.74 Human Capital Development ▶ P.75 Increasing Employees' Awareness of The Nabtesco Way ▶ P.75	Fostered workplace diversity Enhanced measures to provide more work style options, including promoting teleworking	Due to the lack of ability to develop human resources and the lack of diversity, • organizational power and loyalty of employees decrease. As a result of labor issues or labor accidents, • productivity declines.	As a result of the acquisition and development of capable and versatile human resources, • organizational capabilities and loyalty of employees improve. As a result of the realization of safe and pleasant working environments, • productivity is enhanced.	
		Respect human rights and prevent corruption Human Rights Management ▶ P.75	Enhanced human rights management Carried out a systematic risk assessment based on the Nabtesco Group Human Rights Policy to check for any serious risks and certified there were no critical risks	As a result of the realization of human rights and corruption risks, reputation is damaged. As a result of the strengthening of relevant laws and regulations, • business operations are interrupted or suspended; or • financial cost increases.	As a result of preventing human rights and corruption risks, • reputation is maintained and improved.	
		Fair, proper and transparent procurement activities Nabtesco Group's Procurement Activities ▶ P.70	Enhanced Business Continuity Power across the supply chain Acquired Resilience Certification at nine plants in Japan and continued to support suppliers in formulating BCPs	As a result of the realization of procurement risks, • supply of raw materials and components is suspended. As a result of the interruption or suspension of business operations, • financial cost increases.	As a result of controlling procurement risks, • raw materials and components are procured sustainably. As a result of securing high-quality suppliers, • competitiveness in the product market is improved.	
		Local community development Nabtesco Group's Community Investment ▶ P.76	Promoted the Nabtesco Group Community Investment Policy Donated Assist Wheel electric wheelchairs to the Tokyo Metropolitan Park Association	As a result of sluggish local economy/society, • the product market shrinks and employment opportunities are lost.	As a result of the development of trust with local communities and contribution to local communities, • reputation is maintained and improved, or • the product market expands and employment opportunities are gained.	
	Environment (E)	Countermeasures for climate change Environmental Management ▶ P.77	Accelerated PDCA cycle aimed at long-term targets for CO <sub>2</sub> reduction Continued to conduct activities to achieve the long-term targets that were certified as the Science Based Targets (SBTs)	As a result of the realization of natural disaster risks and energy risks, • business operations are disrupted. As a result of the strengthening of climate change-related laws and regulations, • financial cost increases.	As a result of preventing natural disaster risks and energy risks, • business operations can be continued. As a result of contributing to mitigating climate change issues, • reputation is maintained and improved.	
		Environmentally friendly manufacturing Environmental Management ▶ P.77	Group's long-term targets < Global targets > Total CO <sub>2</sub> emissions (per unit of sales) FY2030 30% reduction FY2050 80% reduction (Relative to FY2015)	As a result of the realization of environmental risks (violation of environmental laws and regulations or environmental pollution caused by business operations), • financial cost due to damages, compensation, etc., increases.	As a result of the contribution to solving environmental issues, • reputation is maintained and improved.	
Reduction of environmental impact through products and services Environmental Management ▶ P.77		Promoted the Task Force on Climate-related Financial Disclosures (TCFD)-related project across the company Conducted examinations to disclose climate change-related information in line with the TCFD's recommendations	As a result of environmental pollution caused by the provision of products and services, • competitiveness in the product market declines. As a result of a shortage of resources, • business activities become stagnant. As a result of the lack of environmental performance for products, • competitiveness in the product market declines.	As a result of the provision of products and services with high environmental performance, • the product market expands and competitiveness is enhanced. As a result of the recycling of raw materials and components, • sustainability of business activities is improved. As a result of the contribution to developing a recycling-oriented society, • competitiveness in the product market increases.		
Recycling, reuse and remanufacture of products Environmental Management ▶ P.77						