

ENVIRONMENTAL
REPORT

Vol. 9

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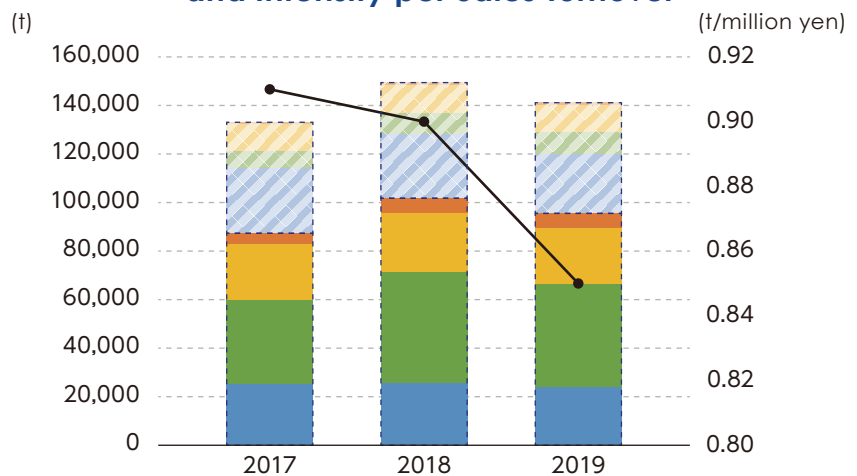
Fuji Seal Group Climate Change Initiatives

Each company in Fuji Seal Group has been working on climate change initiatives based on two axes: efforts in manufacturing and contributions through products. In March 2019, the target for greenhouse gas (GHG) reduction was expanded from a regionally focused approach to a company-wide target in order to reduce GHG emission intensity per sales turnover (Scope 1+2) by 6% from the fiscal year 2017 level (by the fiscal year 2023).

Specific examples of GHG reduction initiatives include: reducing energy use of gas and other fuels (Scope 1); switching from gas-fired boilers to waste heat boilers that utilize VOCs; upgrading to more energy-efficient printing machines; and preventing energy loss by insulating various boilers. In addition, in order to reduce electricity consumption (Scope 2), we are switching to more electrically efficient air conditioning systems at our plants in Japan and US, and strengthening thermal insulation at our plants in Japan and Europe. Both activities are intended to improve the efficiency of temperature management, which is essential in shrink label production. We are also working on the replacement of lighting equipment with LEDs throughout Fuji Seal Group.

As a result of these efforts, greenhouse gas emission intensity in Scope 1 and 2 at major manufacturing sites in Fuji Seal Group was 0.85 tons of CO₂ per million yen, a 7% reduction compared to fiscal 2017. The graph

Trends in GHG Emission Total and Intensity per Sales Turnover



GHG Emission Intensity per Sales Turnover : ●
 GHG Emission Total(Scope1) : Japan (diagonal lines), Americas (green), Europe (yellow), ASEAN (orange)
 GHG Emission Total(Scope2) : Japan (blue), Americas (green), Europe (yellow), ASEAN (orange)

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In addition to the substantive efforts described above, Fuji Seal Group recognizes climate change as an important management issue and has begun to verify countermeasures through scenario analysis. We are disclosing information on "Governance", "Risks and Opportunities" and "Business Strategy" as well as GHG emissions (Scope 1, 2 and part of Scope 3*) in our reply to CDP questionnaires. To ensure consistency, transparency, and accuracy of disclosed GHG emissions and energy consumption data, SGS Japan K.K. has conducted a third-party verification starting this fiscal year (data in fiscal 2019).

<Third-party verification on GHG emissions>

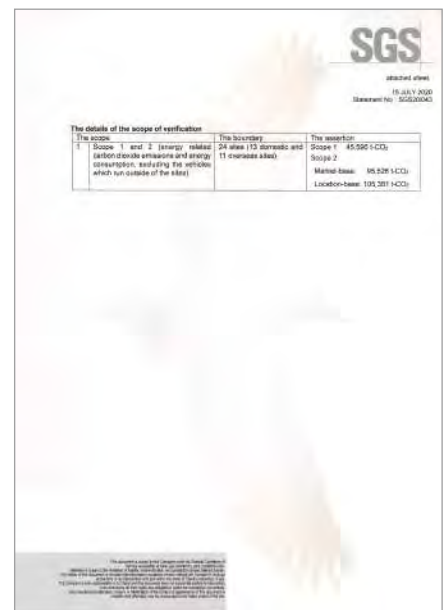
Criteria of Verification: ISO14064-3: 2006

Scope of Verification: Scope 1 and 2

(energy related CO₂ emissions and energy consumption)

Boundary: Fuji Seal Group 24 sites (all 13 sites in Japan and 11 oversea sites except Fuji Seal Engineering and PAGO Italy)

Conclusions: Nothing has been noted to believe that Fuji Seal Group's assertion was not calculated and reported in conformance with the criteria.



We will continue to make group-wide efforts to promote continuous GHG reductions, and we will strengthen our disclosure to our stakeholders, by expansion of accounting boundary in Scope 3, for example.

* Scope 3 reporting to CDP accounts mainly for Category 1 (158,556 t-CO₂ for purchased goods and services) in Japan and PAGO Switzerland where data were available by the time of reporting, which has not yet been verified independently.

Verification Statement

SGS

15 JULY 2020
Statement No : SGS20/043

Ms. Shigeko Okazaki
President and CEO
Fuji Seal International, INC.

Objective

SGS Japan Inc. (hereinafter referred to as "SGS") was commissioned by Fuji Seal International, INC. (hereinafter referred to as "the Organization") to conduct independent verification based on Criteria of Verification (ISO14064-3: 2006 and the SGS verification protocol) regarding the data prepared by the Organization on the scope of verification (hereinafter referred to as "the GHG assertion"). The objective of this verification is to confirm that the GHG assertion in the Organization's applicable scope has been correctly calculated and reported in the GHG assertion in conformance with the criteria, and to express our views as a third party.

Scope

The scope of verification is Scope 1 and 2 emissions, energy consumption.

The period subject to report is from 1 April 2019 to 31 March 2020 for Japan and from 1 January 2019 to 31 December 2019 for overseas.

Refer to the attached sheet for the detailed scope of verification.

Procedure of Verification

The assertion was verified in accordance with Criteria of Verification, and the following processes were implemented at a limited level of assurance:

- Verification of the calculation system: Interviews on the measurement, tabulation, calculation and reporting methods employed by the Organization as well as review of related documents and records.
- Verification of the assertion: On-site verification and vouchers review carried out remotely at Headquarters with Fuji Seal Inc. Nabari Factory and Tsukuba Factory via the remote meeting system as special measures due to COVID-19 outbreak. Analytical procedures and interviews for the other sites within the scope of verification carried out at Headquarters.

The criteria for this review are based on, Act on the Rational Use of Energy, GHG Emissions Calculation and Reporting Manual Ver. 4.4 and the protocol specified by the Organization.


Conclusion

Within the scope of the verification activities employing the methodologies mentioned above, nothing has come to our attention that caused us to believe that the Organization's assertion was not calculated and reported in conformance with the criteria.

SGS Japan Inc. affirms our independence from the organization, being free from bias and conflicts of interest with the Organization.

For and on behalf of SGS Japan Inc
Senior Executive & Director
Certification and Business Enhancement

Yuji Takeuchi



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The details of the scope of verification

The scope	The boundary	The assertion
<p>1 Scope 1 and 2 (energy related carbon dioxide emissions and energy consumption, excluding the vehicles which run outside of the sites)</p>	<p>24 sites (13 domestic and 11 overseas sites)</p>	<p>Scope 1: 45,596 t-CO₂ Scope 2: Market-base: 95,526 t-CO₂ Location-base: 105,381 t-CO₂</p>