

# Company Outline

● Corporate name	HORIBA, Ltd.
● Head Office	2 Miyanohigashi-cho, Kisshoin, Minami-ku, Kyoto 601-8510, Japan
● Founded	October 17, 1945
● Incorporated	January 26, 1953
● Paid-in Capital	12,011 million yen
● Representative	Atsushi Horiba, Chairman, President & CEO
● Employees	5,530 (Consolidated) 1,440 (Unconsolidated)
● Financial Closing Date	December 31
● Stock Listings	Tokyo Stock Exchange First Section Osaka Securities Exchange First Section
● Scope of Business (items sold, etc.)	Manufacture and sale of automotive, environmental, medical, semiconductor, and scientific measuring instruments  Manufacture and sale of peripheral instruments related to analysis and measurement  Construction work related to analysis and measurement, other construction work, and manufacture and sale of related equipment and instruments

As of December 31, 2012

**KEYWORDS**

● Head Office | Founded | Incorporated | Paid-in Capital | Representative | Number of Employees | Financial Closing Date | Stock Listings | Scope of Business

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# CSR Report Outline

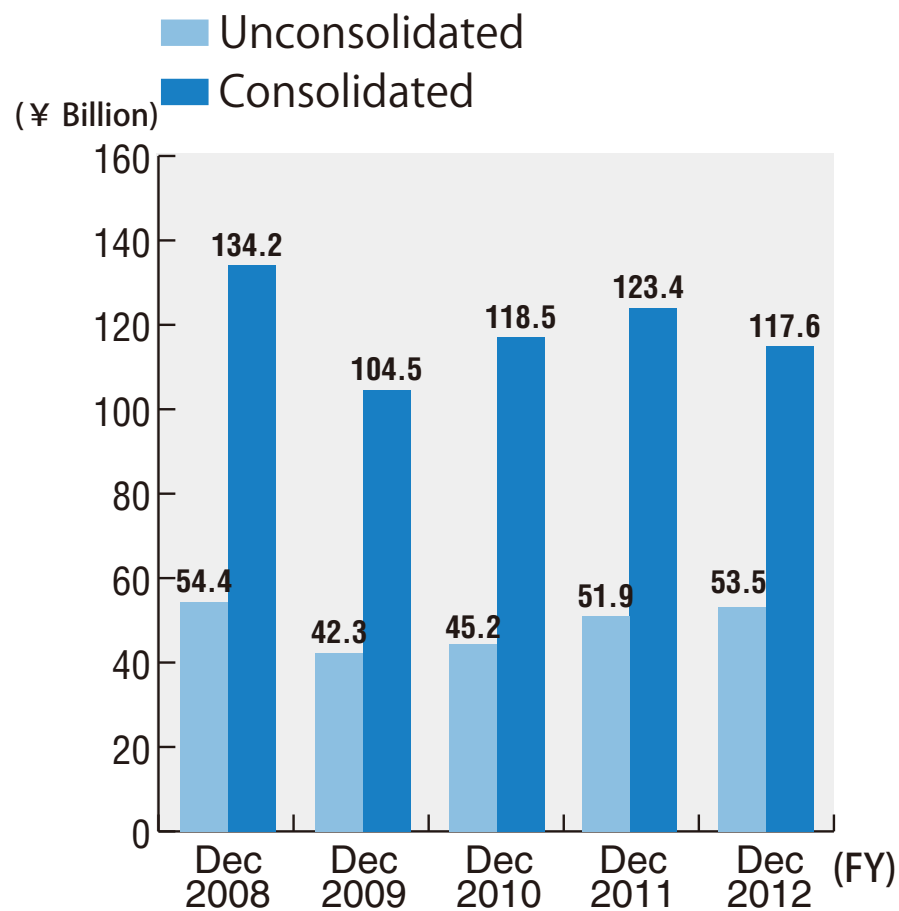
● Reference Guidelines	Ministry of the Environment, Environmental Report Guidelines (2007 edition)
● Report Coverage	Reporting period: January 1, 2012 to December 31, 2012 (This report also contains some data from fiscal year 2013.) Reporting organizations: HORIBA, Ltd., HORIBA Advanced Techno Co., Ltd., HORIBA STEC, Co., Ltd., HORIBA Techno Service Co., Ltd., and a number of the overseas group companies
● Publication Date	May 31, 2013
● Planned Publication Date of Next Report	May 2014
● Contact	Corporate Communications Office, HORIBA, Ltd. Tel: (81)-75-325-5073 (Dial-in)

**KEYWORDS**

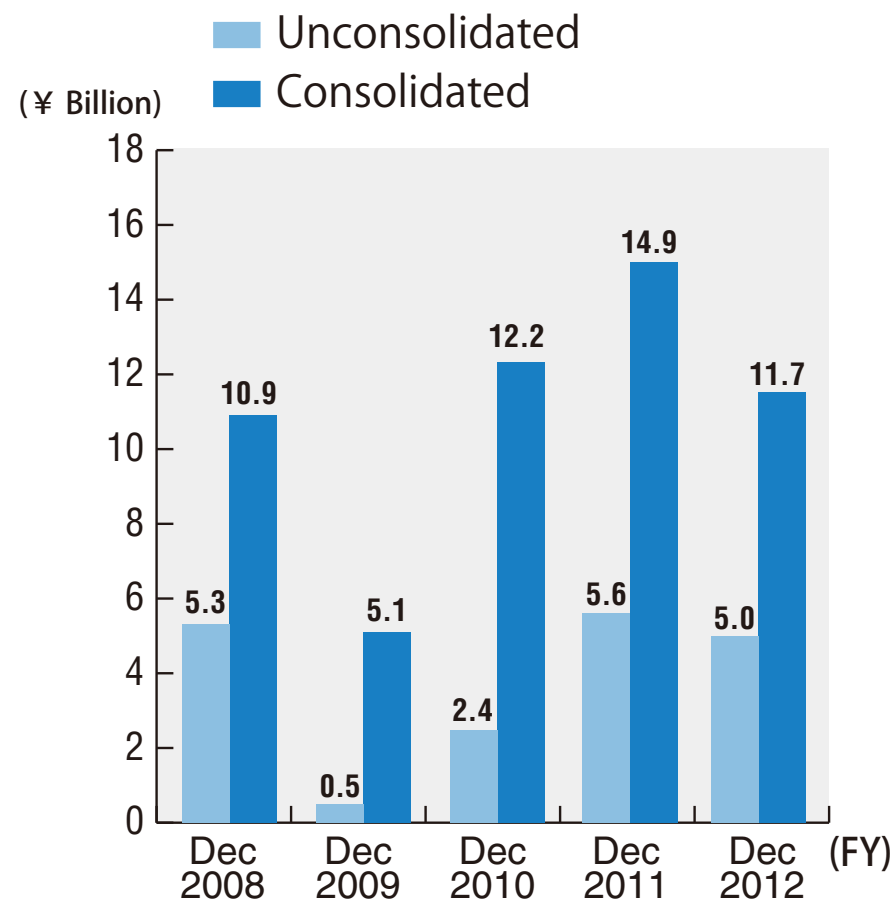
Guidelines | Reporting Period | Reporting Organizations | Publication Date | Planned Publication Date of Next Report | Contact

# A-a Financial Results: Net Sales and Operating Income

## Net Sales



## Operating Income

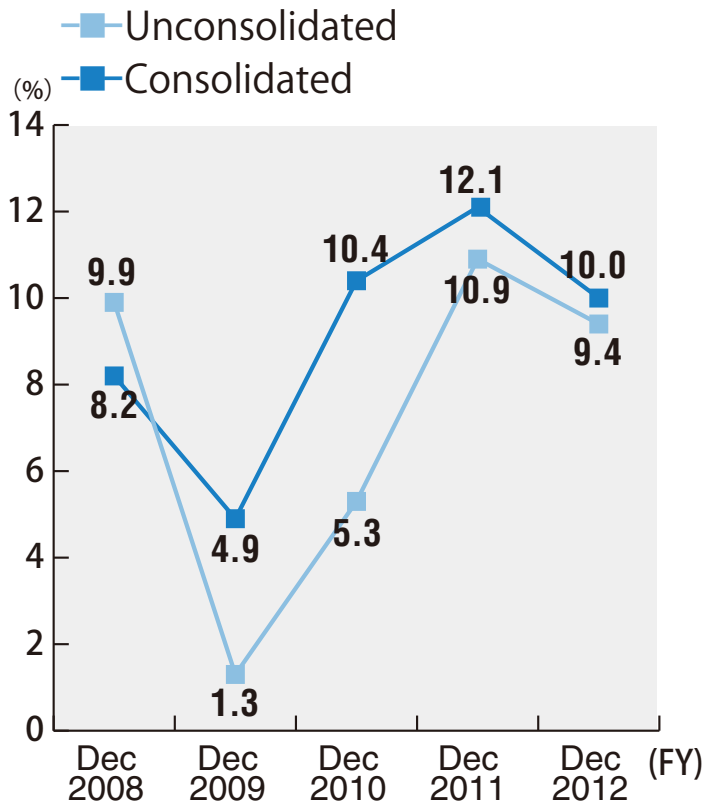


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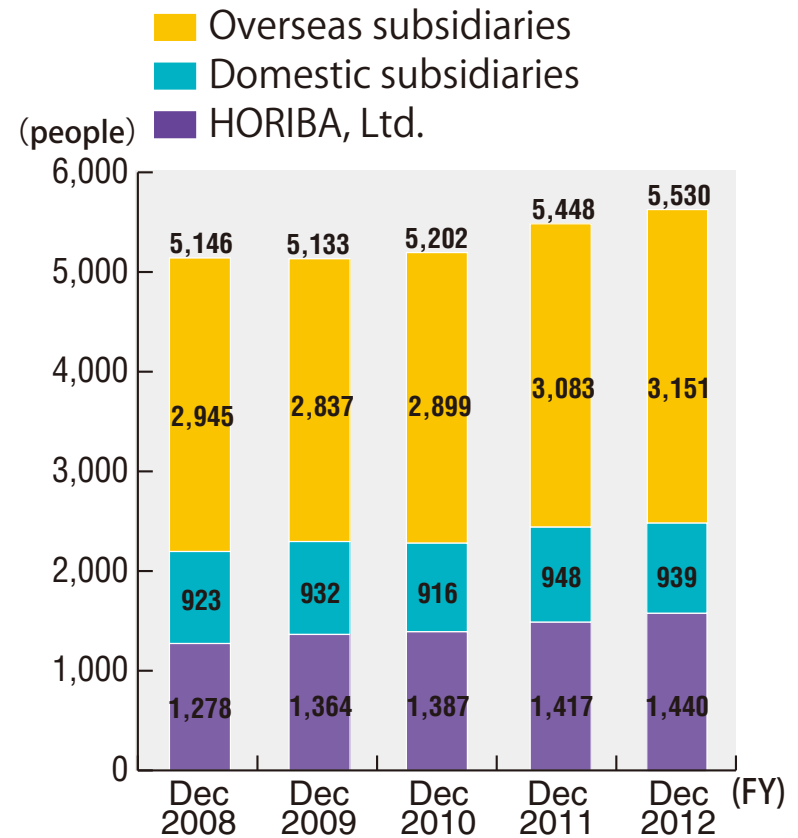
Net Sales | Operating Income | Number of Employees | Net Sales by Segment | Net Sales by Region

# A-a Financial Results: Operating Income to Net Sales and Number of Employees

## Operating Income to Net Sales



## Number of Employees

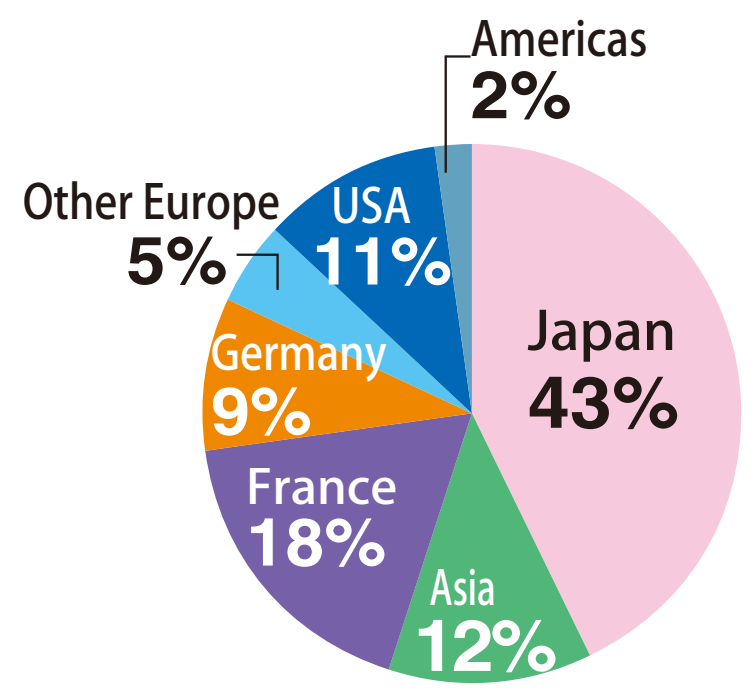


**KEYWORDS**

Net Sales | Operating Income | Number of Employees | Net Sales by Segment | Net Sales by Region

# A-a Financial Results: Employees by Region

### Employees by Region



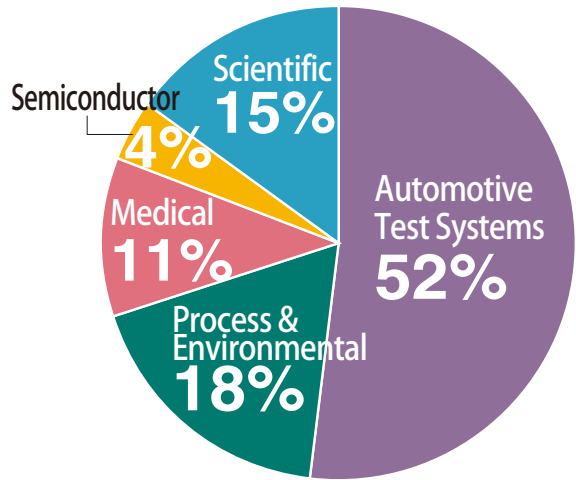
Total Number of Employees	
As of December 31, 2012	
<b>5,530</b>	
Total Asia: 3,050	<b>55.1%</b>
Total Europe: 1,730	<b>31.3%</b>
Total Americas: 750	<b>13.6%</b>

HORIBA Gaiareport 2013

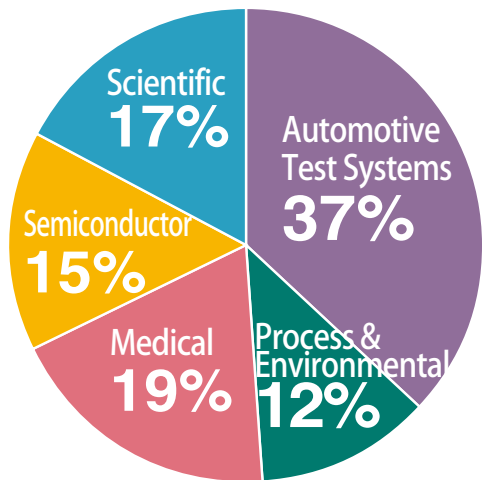
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# Financial Results: Share of Net Sales by Segment and by Region

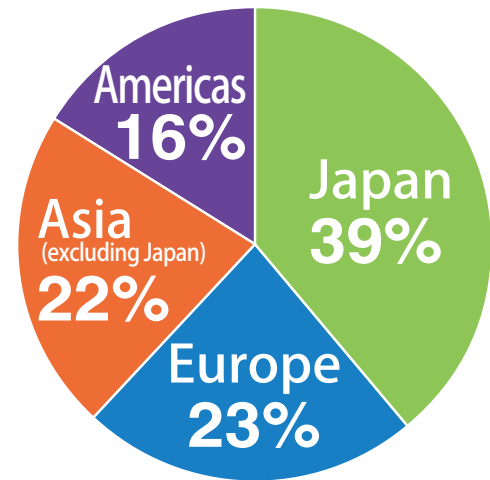
Share of Net Sales in 2012  
by Segment  
(Unconsolidated)



Share of Net Sales in 2012  
by Segment  
(Consolidated)



Share of Net Sales in 2012  
by Region  
(By sales region)  
(Consolidated)



HORIBA Gaiareport 2013

KEYWORDS

Net Sales | Operating Income | Number of Employees | Net Sales by Segment | Net Sales by Region

## A-b Company Motto, Corporate Principle and Action Guidelines

### Company Motto

Joy and Fun

### Corporate Principle

Infinite Growth toward a Great Future

Contributing to the protection of the Global Environment and Achieving Harmony between Human Society and Nature

### Action Guidelines

1. Pursuing total customer satisfaction
2. Achieving the highest possible technical standards
3. Maintaining the spirit of challenge
4. Developing creativity
5. Promoting better communication

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# HORIBA Corporate Philosophy

HORIBA's Company Motto:

## Joy and Fun

HORIBA's company motto originates from the belief that if we take interest and pride in the work that occupies most of the active time in our lives, in the place where we spend the large part of each day, then as a result our satisfaction with life will increase, and we will be able to enjoy our lives even more. Taking interest and pride in our work leads us to "Joy and Fun."

### Business Operation

We, at HORIBA, apply our most advanced analytical technologies to provide highly original analytical and measuring products and equipment in such fields as engine emissions, scientific analysis, industrial and process control, environment monitoring, semi-conductor process control, medical and health-care, and biotechnology, thereby contributing to the progress of science and technology, improvement in the quality, development and benefit of human health. We are engaging in the new businesses for derivative and peripheral products aim to develop scientific technology and improve the life of the community, while at the same time minimizing the impact on the environment.

We strictly abide by all environmental protection laws and regulations in our business activities. In addition, all HORIBA group

companies are required to attain the highest levels of quality for establishing, developing, and maintaining environmental systems, including implementing internal control standards that minimize the impact that our business activities have on the environment.

We strive to deliver higher value-added products and services in the shortest possible time to customers all over the world, combining the functions and specialties of development, production, sales, and services from globally located points throughout the world.

Furthermore, we aim to be the leader in the global market in the fields and product segments in which we operate, to meet all customers' needs consistently, and to effectively maximize our limited resources through a policy of selective investment.

KEYWORDS

:| Company Motto | Corporate Principle | Action Guidelines | HORIBA Corporate Philosophy | Code of Ethics



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# **HORIBA Corporate Philosophy**

## **Customer Responsiveness**

We maintain a philosophy of pursuing technology to the ultimate degree in both the fundamental and applied technology fields, supplying products that continuously satisfy customers' requirements. We are committed to offering top-quality, highly reliable products and services with a consistent level of excellence throughout the world. We are obliged to observe the highest standards for establishing, developing, and maintaining quality control systems. To provide products and services to customers in the fastest delivery time possible, we have adopted the slogan "Ultra-Quick Supplier" for all our activities. This slogan encompasses not only production lead times but also development, marketing and sales, service, and control functions.

## **Responsibility to Shareholders and Investors**

Our basic policy is to calculate annual dividends on an allocated rate of net income. Important information regarding management and business operations are fully disclosed on a regular basis to shareholders and potential investors. A timely responsive management control system should be maintained by HORIBA group companies to ensure that company objectives are met, profit generated and the information disclosed represents the true performance of the company as well as its management.

## **Employees**

We are proud of the entrepreneurial spirit that led to the creation of HORIBA group companies. Each employee is made aware of this heritage, and we actively encourage ideas and innovations from individual employees. HORIBA promotes an open and fair business environment that allows all employees to achieve their individual goals and maximize their potential. To further each employee's personal and professional growth, we encourage thinking from a global perspective and have established a global personnel development program and performance evaluation system. We value employees who challenge their personal abilities and recognize their own accomplishments.

## A-b Code of Ethics

- **Code of Conduct** A universal norm that companies should practice regardless of the times.
- **Behavioral Criteria** A guideline formulated as a means of putting our Code of Conduct into effect in our corporate activities.

### ● Code of Conduct

HORIBA has drawn the Code of Conduct that encompasses the following eight articles, in compliance with the company motto of “Joy and Fun” and our HORIBA Corporate Philosophy. Board members and employees of HORIBA strictly observe them in order to constantly be aware of our mission and role as well as to pursue sustainable development into the future as an international enterprise.

Our board members and employees value this code, take initiative in practicing it as Horibarians\*, and commit to educating and disseminating its content throughout the corporation. Moreover, we will continue to appreciate opinions from both inside and outside the corporation, reflect them to improve efficiency of internal systems and to strengthen our corporate ethics. Should a situation arise that is contrary to the code, we shall promptly disclose accurate information, ensure accountability, carry out an investigation into the cause, and endeavor to prevent a recurrence.

1. We shall comply with all laws, regulations, and social norms.
2. We shall contribute to society by providing excellent products and services.
3. We shall engage in fair, transparent, and free competition. We shall also maintain sound, normal relationships with governments.
4. We shall respect our employees' individuality and create safe, healthy, and comfortable workplaces.
5. We shall respect the opinions of our stakeholders (interested parties).
6. We shall make an active social contribution as a good corporate citizen.
7. We recognize that environmental initiatives are essential to the existence of our company, and we shall voluntarily commit ourselves to them.
8. We shall confront antisocial groups and organizations that threaten the social order and the safety of citizens, and we shall absolutely reject any unlawful or unjustified requests.

\* Horibarian : The common designation for all employees of the HORIBA Group

# A-b Code of Ethics

## ● Behavioral Criteria

We have formulated our Behavioral Criteria (containing 21 sub-items) as a means of putting our Code of Conduct into effect in our corporate activities. This Code of Conduct sets forth principles that HORIBA's board members and employees are required to follow when conducting corporate business. These detailed Behavioral Criteria address important matters and can be practices in our day-to-day business activities.

### I. Promotion of Business Activities

#### 1. Research and development

We shall create new products and businesses through invention, discovery, and improvements realized based on a spirit of bold creativity and ceaseless diligence. By doing so, we shall improve the quality of life of people around the world and contribute to the global environment. We shall devote our expertise and technologies to the development and advancement of the welfare of humanity, and we shall not conduct research and development contrary to public welfare.

#### 2. Procurement

We shall remember that we build business activities upon the support and cooperation of our suppliers who provide us with the raw material and parts used in production, and those who support us in other ways. We highly value the trusting relationship we have established with our suppliers who are located in Japan and other countries. It is an honor to work with them to procure materials and services, and we are pleased to grow together with them.

#### 3. Production

We shall commit to daily production activities to fulfill our mission as a producer in order to develop

quality goods that are truly useful, to produce such goods as efficiently as possible, and to supply such goods in the needed quantities at appropriate prices.

#### 4. Sales

We always endeavor to provide high quality products and appropriate services in order to increase customer satisfaction and earn our customers' trust. We also work to contribute to society through fair, free market price competition. To realize this goal, we never forget gratitude in our dealings with our customers. We also follow common sense when engaging in fair sales activities, always aware that each individual employee is a representative of the company.

#### 5. Public relations

We shall increase the visibility and enhance the value of our brand by widely disseminating information such as that concerning management policies, products, technologies, and other activities through our public relations efforts. We shall encourage sales and develop business by increasing people's affection for and trust of our brand.

#### 6. Product safety

We shall strive to ensure product safety throughout all work processes so that our products may be worthy of our customers' trust.

#### 7. Information management

We shall take measures to manage classified information concerning our company that we obtain through our business activities, classified information concerning other companies that we obtain from our suppliers, and other private information concerning interested parties.

#### 8. Compliance with laws, regulations, and corporate ethics

In addition to applicable laws and regulations and our articles of association, at all times we shall conduct business in compliance with corporate ethics, which we consider to be business rules, and social norms. We shall observe laws and regulations, our articles of association, corporate ethics, and social norms in all aspects of our business, regardless of whether such business is conducted in Japan or other countries; this is the main premise of a company's existence and the foundation of management so long as such company is part of society. Through compliance with applicable laws and regulations, our articles of association, corporate ethics, and social norms, we shall strive to continue to remain a company trusted by society.

#### 9. Import/export control system

From the viewpoint of maintaining international peace and security by stopping the proliferation of weapons of mass destruction and other such efforts, we have established import/export controls in accordance with the basic policy on observing import/export-related laws and regulations. We shall act to ensure that articles and technologies subject to control under laws and regulations are not illegally exported or offered in violation of such laws.

#### 10. Maintenance and promotion of fair and free competition

While conducting business activities, we shall endeavor to maintain and promote fair and free competition by observing antitrust laws in Japan and other countries. In addition, we shall also observe the Subcontract Law, which prohibits purchasing divisions from abusing dominant bargaining positions to demand that suppliers carry out unfair transactions.

## A-b Code of Ethics

### 11. Strong and solid relationships with suppliers, etc.

We shall act in moderation based on sound judgments by taking strict precautions against engaging in offering or obtaining unjust benefits through internal or external trade, thereby preventing our actions from being misunderstood and our reputation from being disgraced in the eyes of society.

### 12. Protection of intellectual property

We shall make every effort to create and protect intellectual property. In addition, we shall exercise adequate care to avoid infringing upon the intellectual property rights of third parties. Intellectual property refers to intangible assets, such as intangible creations realized through human intellectual activity and intangible assets such as the goodwill resulting from carrying out business activities over an extended period of time. Intellectual property includes industrial property rights (e.g., patent rights, utility model rights, design rights, and trademark rights) and copyrights, which are recognized for academic works, works of art, and computer software. Other types of intellectual property include know-how, which is protected by laws and the illegal use of which is prohibited. Strong protection of intellectual property for which rights are recognized, including know-how as well as other types, is given around the world as a source of corporate competitiveness in today's economic society.

## II. Relationship of the Company to Society

### 13. Coexistence with the global environment

We shall make the utmost effort to minimize the worldwide burden imposed by our business activities and the products and services we offer globally by bearing in mind that the global environment is invaluable to humanity and that we benefit

tremendously from the earth (e.g., the use of resources and energy required for our business activities). We aim to pass on to the next generation a global environment in better condition than when we began our business activities.

### 14. Information disclosure

We shall ensure that our corporate activities are conducted fairly and transparently in line with common sense by always communicating with society by disclosing truly necessary information (except corporate secrets and other information which we are obliged to protect under contract) in a timely and appropriate manner. "Truly necessary information" refers to not only information the disclosure of which is mandated by law but also all information necessary for all parties involved in our company, whether customers, suppliers, employees, shareholders, investors, or local communities. We shall voluntarily provide such information. In addition, we will endeavor to accurately understand which parties in which positions require which pieces of information through our day-to-day communications, and we shall respond to their requests sincerely through the relevant departments in our public relations and general affairs divisions.

### 15. Contributions to local communities

We shall maintain good relationships with local communities through close ties and collaboration. In addition, we shall independently and actively engage in social interactions with local communities. In the event of the occurrence of an untimely disaster, we shall actively conduct rescue and disaster management activities in close cooperation with local communities.

### 16. Compliance with laws and regulations

We shall conduct corporate activities based on laws and regulations, our articles of association, social

norms, and common sense. All of our employees shall be fully aware that major violations, particularly those that result in criminal punishment, may directly lead to a crisis in which the survival of the company is jeopardized, and employees shall not conduct such offenses. Employees shall remember that orderly compliance with the following laws and regulations is mandatory, and employees shall sincerely commit to ensuring the company is in compliance.

#### (1) Financial Instruments and Exchange Act

Employees shall observe the Horiba Group's Internal Information Management and Insider Trading Regulations. In addition, when an employee learns of important company information that may affect investors' investment decisions, such employee shall never trade stocks before such information is released.

#### (2) Political Funds Control Act and Public Offices Election Act

Employees shall observe the Political Funds Control Act and the Public Offices Election Act, thereby ensuring impartiality and fairness in the company's political activities.

#### (3) Laws and regulations prohibiting bribery, etc.

Employees shall never give unjust benefits or other compensation in exchange for favors from government workers in Japan or other countries.

### 17. Rejection of antisocial forces

We shall avoid all involvement with any individuals or organizations that adversely affect the public order or impair healthy corporate activities. In particular, company management shall take the lead in adopting a suitably respectful attitude without fear of reprisal from such forces. In principle, we shall deal with racketeering resulting from intervention in civil disputes "resolutely, without fearing, provoking, or

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# Code of Ethics

despising the parties involved in such acts, and without making any improper remarks or bowing to any demands,” and act as an organization instead of isolating individual employees. In addition, we shall seek as much support as possible from the police and lawyers. Here, “racketeering resulting from intervention in civil disputes” refers to acts of organized crime groups and other such organizations to intervene in disputes or make threats by instigating various events, such as product complaints, for illegal financial gain.

### III. Relationship of the Company to its Employees

#### 18. Respect for employees' personalities and individuality

We shall endeavor to realize an open and fair working environment that allows each employee to achieve our management goals while maximizing his or her potential. We value employees with international mindsets who challenge themselves to achieve their individual goals related to improving business performance, and we assess their accomplishments by noting positive points; this serves as the core of our various systems for evaluation, compensation, and education. We take great care to communicate with our employees.

We support employees who are attempting to balance work and family in the face of changes in working conditions due to raising a family, performing nursing care, or making a job transfer; through such support, we realize a workplace where employees can feel a sense of security in their jobs. In addition, we shall build diverse human resource and employment systems for both male and female employees in order to allow employees to challenge themselves to improve their personal abilities individually.

#### 19. Respect for employees' privacy

We shall respect individual employees' privacy, and we shall exercise the utmost caution in handling and appropriately managing personal information.

#### 20. Prohibition of all forms of discrimination and mandate of respect for human rights

We shall secure a healthy workplace which is free of harassment and discrimination based on race, creed, skin color, sex, religion, nationality, language, physical characteristics, property, hometown, etc. We shall forbid unwelcome sexual speech and behavior (sexual harassment) as well as violations of human rights resulting from abuses of one's position or authority in the workplace (workplace bullying). In the event a problem related to these topics occurs, we shall promptly investigate the matter and take strict measures to assist the victims and prevent recurrence.

#### 21. Securing of a safe, healthy working environment

We shall place the highest priority on ensuring the safety and health of all people involved in any of our business activity processes. To this end, we shall observe internal regulations, rules, and operation standard sheets as well as the various relevant laws and regulations.

##### (1) Elimination of employment injuries

We value human safety and health, as these are irreplaceable, and thus we shall observe rules, including internal regulations related to safety and sanitation, in order to eliminate employment injuries. In addition, we shall refine our ability to detect dangers and hazards in advance during the course of our day-to-day business, and we shall systematically take measures to eliminate such dangers and hazards.

##### (2) Environmental conservation and disaster prevention

To fulfill one of our social responsibilities as a community-based company, we shall observe environment-related laws and regulations and actively engage in improvement activities aiming toward global environmental conservation. We shall regularly check the status of improvements in the environment surrounding our business offices and local communities in order to protect such environments, and we shall endeavor to make the most of these activities at each workplace as well as during the course of each employee's work.

##### (3) Work/life balance and promotion of employees' health

We shall place the highest priority on our employees' mental and physical health throughout all processes of our business activities. In addition, in order for employees to work positively and achieve balance between their work and private lives, each employee shall be encouraged to understand the importance of mental and physical health and to always conduct business by remaining aware of and taking responsibility for safety and health. Through health checks, education, and awareness-building activities as well as other initiatives, we shall promote health and encourage communication so that all employees can work cheerfully and healthily. From the viewpoint of enhancing work/life balance, we shall attempt to achieve flexible and autonomous working styles so that each individual can display his or her abilities according to the work situation and working conditions.

# The HORIBA Group CSR Policy and Lead Issues

## Group CSR Policy – Promoting CSR activities through our operations –

With our commitment to energy, human health, the environment, and safety, we will pursue corporate initiatives to contribute to the goal of “a life of content for all.”

## Lead issues **HORIBA PREMIUM: Create First Class Value for MLMAP**

- 1 Enhance communication with stakeholders
- 2 Achieve IMS\* targets \*See A-d "Integrated Management System"
- 3 Adhere to compliance

# Corporate Governance / Internal Controls

By upholding the basic principles of open and fair, HORIBA, Ltd. is striving to maximize managerial transparency and corporate value. We have put the following organizations and systems in place to promote corporate governance and internal controls:

## External directors

External directors improve the quality and transparency of management decision making and enhance the function for monitoring business operations.

## Board of Auditors

Three auditors (including two outside auditors) supervise and monitor the business operations conducted by the Board of Directors.

## Independent directors

Three external executives are designated as independent directors as specified by the securities exchange.

## Internal auditing

The Internal Auditing Division provides advice and guidance to ensure that business operations throughout all HORIBA Group companies are conducted legally and fairly in accordance with laws, statutes and company regulations.

## Internal controls

We have adopted the Basic Policies for the Development of Internal Control Systems to establish systems to ensure legal compliance and for risk management.

# Basic Policies on the Development of Internal Control Systems

## Basic Policies on the Development of Internal Control Systems

### 1. Systems for ensuring compliance of director and employee business operations with laws and statutes

① We shall stipulate the obligations of directors and employees to comply with laws and statutes when conducting business operations in accordance with the HORIBA Corporate Philosophy and our Code of Ethics to create a corporate culture that facilitates legal compliance, and to prevent violations of laws and statutes.

Directors and employees who discover violations of laws and statutes committed by other directors and employees shall report such violations in accordance with the Compliance Management Provisions, and the Compliance Chief Management Officer shall verify reported violations and take appropriate measures to maintain and enhance the governance system, including reporting the violations to relevant company organizations as necessary.

② We shall ensure all directors and employees thoroughly understand our Code of Ethics and Compliance Management Provisions, which form the basis of our compliance system, in order to promote the development, maintenance and improvement of our internal control system. We shall also provide training

for directors and employees as necessary.

③ A division established independently of the executive divisions shall conduct internal audits in order to detect and prevent violations of laws and statutes, and to issue instructions for improving business operation processes.

④ In addition to the company system outlined in ① above regarding the reporting of facts relating to compliance, including violations of laws and statutes, we have already created a reporting system that allows employees to report directly to external lawyers and other groups based on our Compliance Management Provisions. We shall continue to ensure that this system is properly maintained.

⑤ Auditors shall be required to state their opinions on issues related to the implementation of company systems for compliance with laws and statutes, and shall be required to formulate measures to make necessary improvements.

⑥ In order to improve the system for supervision and monitoring by directors and auditors, we have appointed external board members and external auditors with the knowledge and experience required for the proper management of business operations. We shall continue the practice of appointing appropriate external members.

### 2. Systems for the preservation and management of information concerning the execution of duties by directors

Information concerning the execution of duties by directors, including information related to the execution of duties by employees who conduct business operations under the direction and supervision of directors, shall be preserved and managed properly and securely in accordance with rules pertaining to documents, such as our Document Management Provisions and Document Preservation Standards, in such a way as to allow access to the information when necessary.

### 3. Rules and other systems on the management of risk of loss

We shall establish risk management rules for the development and operation of a risk management system to manage risk of loss.

We shall also provide directors and employees with education and training in risk management as required.



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# Basic Policies on the Development of Internal Control Systems

## 4. Systems for ensuring the efficient execution of duties by directors

In order to ensure the efficient execution of duties by directors, the Board of Directors shall, as a general rule, meet once a month, with special meetings of the Board to be held as necessary.

Directors and executive officers shall take appropriate measures, including delegating responsibilities among themselves, to ensure the efficient execution of duties in accordance with decisions made by the Board of Directors.

## 5. Systems for ensuring good management practice within the corporate group (our company and subsidiaries)

① Group companies shall set out rules based on HORIBA's corporate philosophy, which is designed to ensure proper management of business operations in all HORIBA group companies. Group companies shall also manage and monitor the business operations of subsidiaries as appropriate, via reporting and approval systems implemented by HORIBA in accordance with the management rules of related companies. Directors and employees who identify serious compliance issues such as violations of laws and statutes by group companies shall report this information in accordance with our Compliance Management Provisions.

② Subsidiaries that identify compliance issues such as violations of laws and regulations in relation to the business management instructions of HORIBA shall report this information to the division responsible for either auditing or compliance. This division shall immediately report the issue to the auditors and to the relevant internal officers as appropriate. Auditors shall be required to state their opinions and formulate measures to make any necessary improvements. The relevant division and internal officers that have received such a report shall take appropriate measures in accordance with the Compliance Management Provisions, risk management rules and other relevant regulations.

## 6. Employees who have been requested to assist auditors to perform their duties and the independence of such employees from the directors

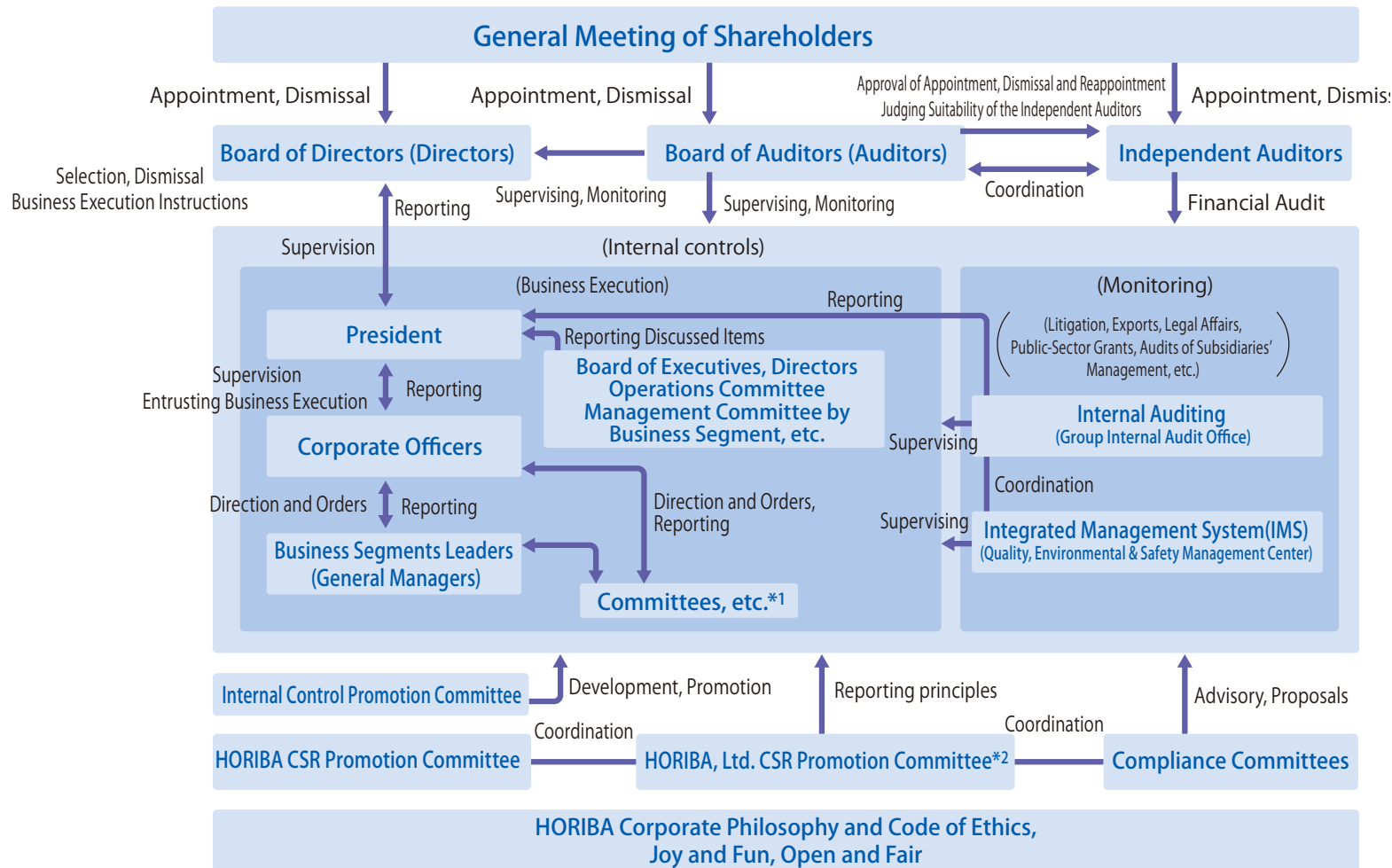
Auditors shall be allowed to request the appointment of audit assistants, chosen from among company employees, to assist them in the performance of their auditing duties. Auditor consent shall be required for all appointments, dismissals, transfers, performance evaluations and wage variations of audit assistants.

## 7. Systems for enabling directors and employees to report to auditors, systems regarding other matters related to reporting to auditors, and systems for ensuring the effective implementation of audits by auditor

- ① Directors and employees who identify serious issues that may impact upon company business operations or performance shall report this information to auditors. In addition to such voluntary reporting, auditors shall be allowed to request reports from directors and employees when required.
- ② We shall maintain the proper operation of reporting systems based on Compliance Management Provisions for internal reporting in order to ensure that compliance issues such as violations of laws and statutes are properly reported to auditors.
- ③ Every effort shall be made to ensure coordination between auditors and external experts, including lawyers and certified public accountants, and auditing divisions and other internal organizations.

# A-c Corporate Governance Structure Chart

## Corporate Governance Structure Chart



\*1: Committees, etc. refer to committees and conferences that are established and registered based on the "Regulations concerning conferences and committees," such as the Promotion Committee for Management of Business with Public Subsidies and the Safety and Health Committee.

\*2: The CSR Promotion Committee decides on the CSR Policy and priority measures and organizes CSR-related specific activities. In addition, it discusses and approves issues and measures concerning the promotion of risk management.

# The CSR Promotion System

## The CSR Promotion System

The concept behind HORIBA's CSR initiative is to fulfill our CSR through our business operations. Moreover, our stakeholders now expect more from us. We contribute to society in order to fulfill the role expected of us as a corporate citizen. It is important that HORIBA's significant awareness of, and initiatives to support CSR become well known by our stakeholders through our actions.

The HORIBA Group formed the HORIBA CSR

Promotion Committee in April 2005; it is currently engaged in CSR initiatives with the full-fledged support of the Group companies.

This committee meets every six months, bringing together the directors in charge of CSR at HORIBA STEC, Co., Ltd.; HORIBA Advanced Techno Co., Ltd.; and HORIBA Techno Service Co, Ltd. under the chairmanship of Kozo Ishida Dr. Eng., Executive Vice President of HORIBA, Ltd. They determine the CSR policies and priority challenges for all Group companies. The members of this committee deliberate the details and approve issues in this

committee, and seek to reflect the results of the meeting in their workplaces through their respective CSR Promotion Committees.

The member companies convene their committees every three months and prepare reports on the results of detailed surveys of specific initiatives targeting issues determined by the HORIBA CSR Promotion Committee. Reports are also prepared for social initiatives such as those focused on education, the environment, and local community.

### ● HORIBA CSR Promotion System



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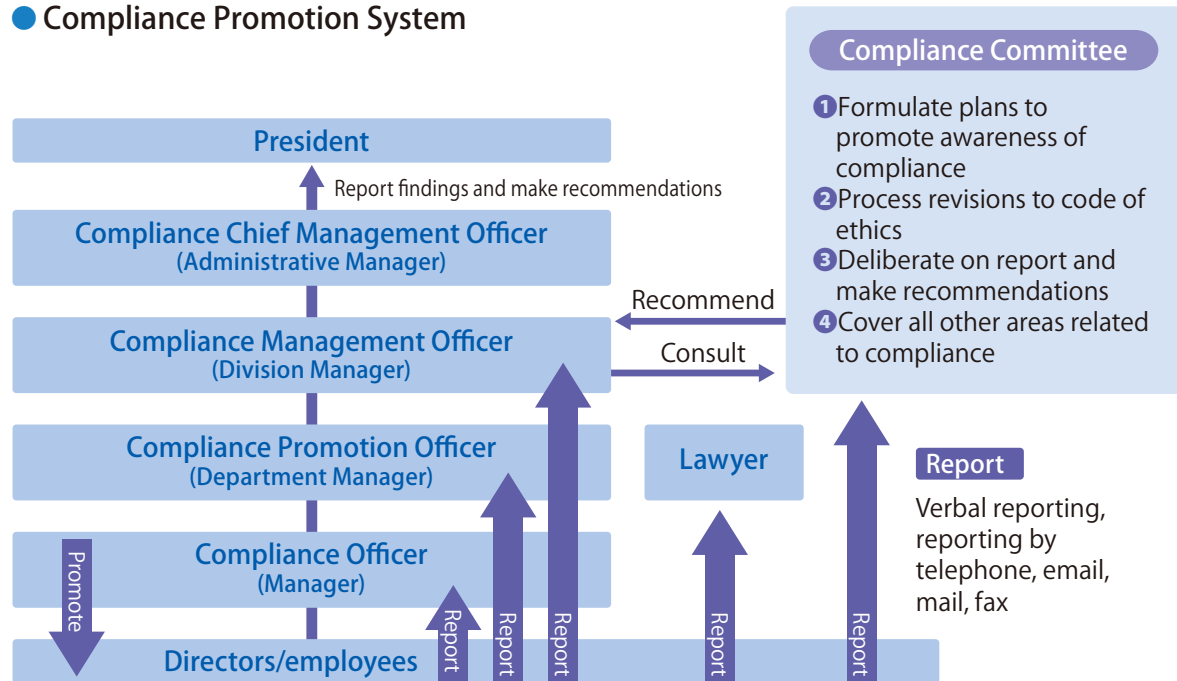
# Compliance Promotion System

## Compliance Promotion System

The Compliance Committee, which was established under the CSR Promotion Committee, formulates plans to promote awareness of compliance issues, deliberates on the content of internal reports, and makes recommendations.

We established the HORIBA Corporate Philosophy, our Compliance Management Provisions, and our Code of Ethics to enhance our compliance framework and to prevent illegal acts. To facilitate early detection and correction of illegal acts, we also established an internal reporting system that includes a lawyer consultation service as well as an internal e-mail reporting system. Through this system, we will continue to raise employee awareness and enforce observance of laws and regulations. In addition, we will hold seminars on compliance for employees in management positions and request participants to provide guidance to their staff members.

### ● Compliance Promotion System



#### KEYWORDS

CSR Policy | Corporate Governance | Internal Controls | Compliance | Risk Management | Legal Training | Global Compact

# Risk Management

## Risk Management

Managing risk is a major challenge for every company, as risk factors can impede goal achievement within an organization. When an incident or accident occurs that impacts a company's operations and causes the company to fall behind its objectives, the cost and the labor required to deal with it can be enormous, particularly if the company is slow to respond. In such cases, the critical factor in a successful crisis management approach is a well-focused initial response based on sound information.

At HORIBA, we adopted our Group Risk Management Regulations in August 2007 to strengthen our risk management system. We created major classifications of risks to operations, risks to development and manufacturing, risks to sales, and risks to financial affairs. We stipulated a management system for addressing these risks and a responsibility system that will manage crisis situations whenever they occur.

The HORIBA CSR Promotion Committee

undertakes the responsibility of discussing and approving the tasks required to promote risk management and risk countermeasures. We maintain a system for implementing precise, responsible actions whenever we face a challenge. Moreover, we provide periodic awareness campaigns and training programs so that all employees of the HORIBA Group—from top management to the responsible personnel—remain fully aware of their specific responsibilities.

# A-c Legal Training

## Legal Training

Many business operations are affected by laws, and it is important that each employee develop an awareness of the law in order to prevent legal problems from arising. We must discipline ourselves through our own initiative by acquiring adequate legal knowledge of the rules of market competition, and applying this knowledge wisely and strategically.

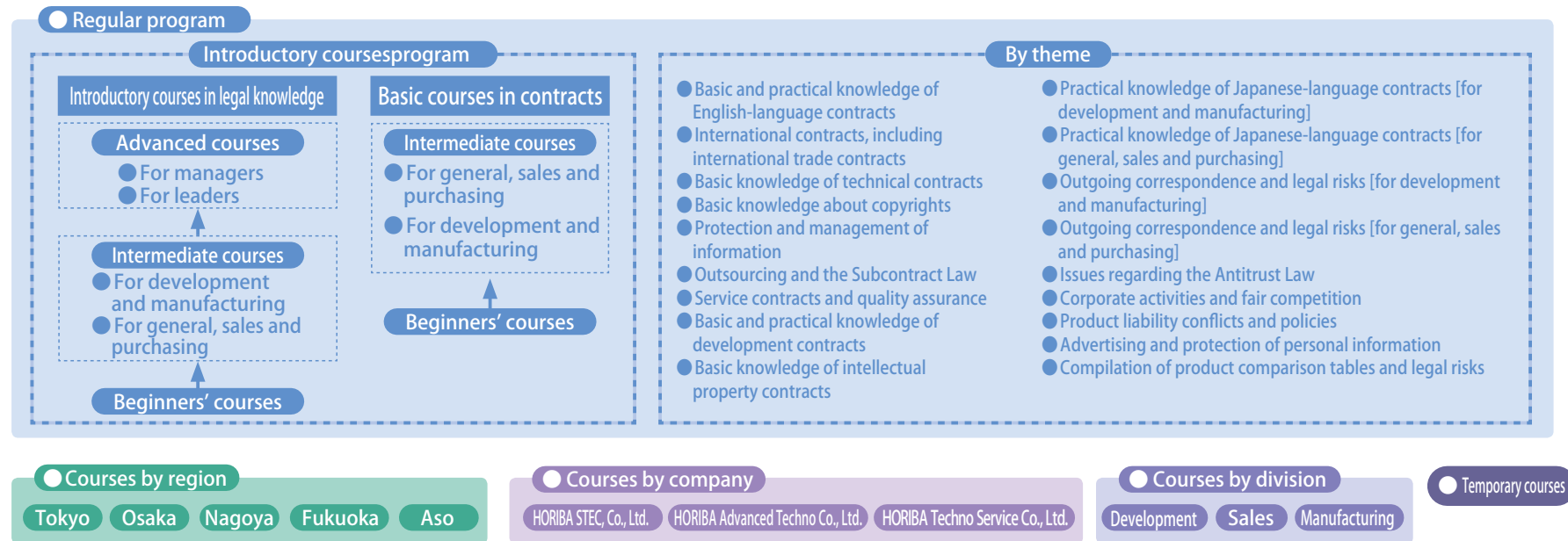
We provide legal training to assist employees acquire an awareness of the law and the

necessary legal knowledge required for their level of business operations.

We offer several training courses to cultivate legal awareness and provide the general legal knowledge required by the employees of our domestic Group companies for day-to-day operations. The regular program comprises introductory courses, which are held continuously, as well as courses on specific themes. In addition to these courses we also

offer temporary courses that are given on request from various divisions and regions, and courses for specific companies that are held by the Group companies.

Starting in 2013, we will additionally provide temporary courses for specific divisions to enrich training as such divisions require.



# HORIBA, Ltd. signed the United Nations Global Compact

## HORIBA, Ltd. signed the United Nations Global Compact

Mr. Atsushi Horiba, President & CEO of HORIBA, Ltd., signed the Letter of Commitment of the United Nations Global Compact (UNGC) and submitted it to the United Nations through the office of Global Compact Japan Network. On April 28th, HORIBA, Ltd. was registered as a participant in the UNGC.

The UNGC is a strategic policy initiative for businesses with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

We are determined to take a proactive approach to these issues in order to continue a sustainable growth as a global corporation.



### The Ten Principles of the United Nations Global Compact

#### Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and  
Principle 2: make sure that they are not complicit in human rights abuses.

#### Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
Principle 4: the elimination of all forms of forced and compulsory labour;  
Principle 5: the effective abolition of child labour; and  
Principle 6: the elimination of discrimination in respect of employment and occupation.

#### Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;  
Principle 8: undertake initiatives to promote greater environmental responsibility; and  
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

**As of May 31, 2013, 33 local governments have filed lawsuits against HORIBA for damages associated with the company's alleged violations of the Antimonopoly Law noted by Japan FTC in 2008. This section explains the circumstances of these legal actions.**

In November 2008, together with two other companies in the industry, we were ordered by the Japan Fair Trade Commission to end practices (so-called “bid rigging”) that violated the Antimonopoly Law. The Japan FTC claimed that three companies violated the law with respect to the bidding for automatic measuring instruments for constantly monitoring the air (air pollution monitoring systems), which were ordered by government and municipal offices.

Later, some of the local governments that are the users of these instruments demanded payment of damages from us and the other two

companies, claiming that because of the illegal acts, they had been forced to purchase the instruments at unreasonably high prices.

These claims for damages included some that we found unacceptable in terms of the scope of the transactions covered by the claims, the calculation of damages, and so forth. As a result, we thought that some of the claimed damages were too high. For this reason, while consulting with our lawyers, we negotiated with the local governments in good faith to solve this issue, but unfortunately we were unable to reach an agreement. Under these circumstances, the local

governments took legal action against us in the courts of their respective districts.

As these lawsuits progress, we will offer further details. At present, we have received some settlement proposals and are actively working to negotiate and reach settlements.

We continue to endeavor to prevent any company practices or acts that may violate the Antimonopoly Law.

We ask for all our stakeholders understanding regarding the state of affairs described above.



# A-d Integrated Management System (IMS)

## Integrated Management System (IMS)



The HORIBA Group employs IMS (Integrated Management System), which integrates the ISO9001 quality standard, the ISO14001 environmental standard, and the occupational health and safety certification OHSAS18001. In addition, HORIBA, Ltd. and HORIBA STEC, Co., Ltd. have obtained a registration certificate for IMS in combination with the ISO13485 quality management system for medical devices. We are aiming to have our major overseas production bases obtain accreditation for

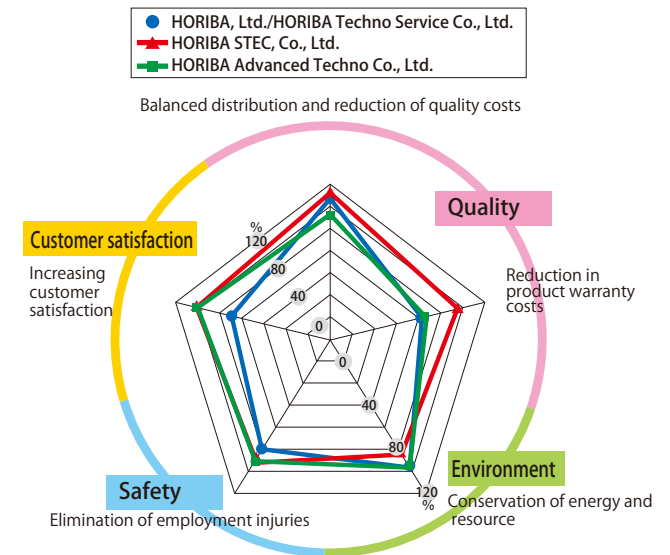
ISO9001 (quality) and ISO14001 (environmental) standards.

In April 2011, the Japan Quality Assurance Organization (JQA) granted the JQA Integrated Management System Certification (JQAIG0001) to the HORIBA Group.

In March 2013, JQA granted HORIBA, Ltd. and HORIBA STEC, CO., Ltd. the JQA Management System Certification (JQA-MD0010) for the ISO13485 quality management system for medical devices.

In addition, the Kyoto Analysis Application Center of HORIBA, Ltd. was approved by the Japan Accreditation Board as a test station for ISO/IEC 17025:2005 (RTL00880) (chemical testing) in June 2001. Also the CS of the HQ at HORIBA Techno Service Co., Ltd., one of our group companies, was accredited by the National Institute of Technology and Evaluation as a CAB for ISO/IEC 17025:2005 (ASNITE 0033C) Calibration of Emission Test Facilities in August 2009.

## IMS Target Achievement Radar Chart for 2012



## A-d Integrated Management System (IMS): Results of IMS Initiatives for 2012 (1)

### Results of IMS Initiatives for 2012

#### Quality

At HORIBA, we place high priority on improving quality and strive to increase customer satisfaction by providing products and services of the same quality across all global regions. We also exchange information with partner companies at the HORIBA Group Meeting for Production Partner Companies to improve the quality of our design, manufacturing, and purchasing processes with the goal of reducing the percentage of faulty products.

#### Environment

Our environmental initiatives included reducing CO<sub>2</sub> emissions at business sites by replacing old devices with more energy efficient models and shifting to high-efficiency lighting.

Moreover, in addition to responding to the 2010 Revised Energy Conservation Act, we continued to carry out in-house power- and energy-saving activities in response to the government's and electric power companies' requests for electricity conservation, such as controlling room temperatures during summer and winter, reducing the use of some lamps, turning off unnecessary lighting, stopping some elevators, and switching off equipment not in use.

These activities helped reduce total CO<sub>2</sub>

emissions compared to 2011 levels, enabling the company to achieve its IMS objectives which were established based on the Energy Conservation Act.

Other ongoing initiatives include promoting modal shifts in transportation, incorporating more eco-friendly designs in new products, and giving concrete form to some of the ideas submitted during our in-house 2010 Energy Conservation Idea Contest and applying them to the HORIBA Group.

#### Occupational health and safety

Despite our efforts to implement a smooth PDCA cycle through risk assessment initiatives aimed at occupational safety leading to eliminating employment injuries, we had seven accidents across all HORIBA Group companies in Japan this year. We implemented measures to share knowledge about these accidents among all HORIBA Group companies in Japan mainly by providing related divisions with training intended to prevent future accidents.

#### Health management

By developing the Promotion of Employees' Mental and Physical Health policy, which we announced in May 2012, into action guidelines by incorporating them into the HORIBA Group IMS Policy, we are promoting employees' health. In addition, full-time occupational health staff, including an occupational

physician and a public health nurse, interview and provide guidance to employees according to their working styles and lifestyles based on the results of periodic medical examinations.

In addition, mental health promotions that focus on manager and employee training aim to realize a comfortable work environment for all employees so that our company motto of "Joy and Fun" may be realized. We are also implementing an employee health promotion project organized by cross-sectional members aiming to promote employees' physical and mental health in order to help employees maintain and promote their overall health further.

In order to maintain a balance between our goals for quality, environment, and occupational health and safety, we implement quality improvement measures after carefully examining their impact on quality, the environment, and occupational health and safety and considering them comprehensively, endeavoring for a consistent implementation.

In order to live up to our customers' expectations and moreover to fulfill our social responsibilities, we are attempting to support increasingly complex operations while continuing to focus on our core businesses.

A-d

# Integrated Management System (IMS): Results of IMS Initiatives for 2012 (2)

2012 HORIBA Group IMS Policy, Items, and Objectives

Group IMS Policy	Group IMS Items	Group IMS Objectives	Group IMS Targets	Evaluation
<p>① At the HORIBA Group, we meet customer needs through our first class quality products and services in countries all around the world.</p> <p>② We use our skills for the development of science and technology and for the conservation of health, energy, and the environment. At the same time, we comply with laws, regulations, and social norms, promote harmony with stakeholders and contribute actively to society.</p> <p>③ We formulate plans based on the HORIBA Group management policy to increase the enterprise value of our group and we continually work to improve them.</p>	<p>HORIBA Group Policy for 2012: HORIBA PREMIUM—Create First Class Value for MLMAP</p> <p>IMS Items</p> <p>① Create corporate value</p> <p>1) Promote the construction of the Group IMS</p> <p>② Enhance the HORIBA brand (Manufacturing aimed at increasing customer satisfaction)</p> <p>2) Improve overall quality</p> <p>3) Respond to customer demands quickly</p> <p>4) Observe rules and codes of ethics both inside and outside the company</p> <p>⑤ Promote creation of safe and efficient Clean Factories (Prevent corporate losses)</p> <p>5) Contribute to environmental protection</p> <p>6) Improve production/administrative efficiency</p> <p>7) Strive for no employment and commuting injuries</p>	Reduce quality costs (prevention, assessment and loss) Increase rates of costs for prevention and assessment and decrease the rate of cost for loss (Reduce warranty costs)	Reduce warranty costs to less than that of last year	△
		Conserve energy and resources (Comply with the revised Energy Conservation Act; reduce energy and resource usage to less than that of last year)	Reduce the basic unit of CO <sub>2</sub> emissions by more than 1% of last year's total	○
		Eliminate employment injuries	Reduce the number of employment injuries and employment traffic accidents (accidents resulting in lost work time and accidents not resulting in lost work time) to zero	○
			Reduce the number of occupational sickness cases to zero	○
			Reduce the number of commuting injury (accidents resulting in lost work time) to zero	○
		Promote employees' mental and physical health	Increase the consultation rate of secondary examinations for health check	○
			Reduce the number of employees with mental disorders	○
		Reduce work-related traffic accidents	Reduce the number of accidents that result in injury or death to zero	△
			Reduce the number of self-reproach accidents (accidents resulting in injury or death and self-inflicted accidents) to zero	△
		Increase customer satisfaction Improve rankings in designated important customers' evaluations	Increase further customer satisfaction	○

○: Achieved; △: Improving; ×: Worsening

KEYWORDS

Integrated Management System | Results of IMS Initiatives | Action Plan | Priority Measures

# A-d Integrated Management System (IMS): IMS Priority Measures for 2013

## 2013 HORIBA Group Policy

HORIBA Premium—Create First Class Value for MLMAP—  
Create High Quality Value—Toward Achieving Medium- and Long-term Management Plan 2015

## 2013 Action Plan Basic Principles of Policies, Items, and Objectives

1. To reflect the HORIBA Group's management policies, we formulate Group IMS policies from the perspective of the group management policy, "HORIBA Group is One Company".
2. We establish Group IMS objectives while taking into consideration their compatibility with IMS policies and organization-wide goals.
3. We establish Group IMS objectives while prioritizing the building of customer confidence.  
In addition, we added the policy of "Promotion of Employees' Mental and Physical Health" that we announced in May 2012.

## Priority Measures for 2013

### ① Reduce quality costs (prevention, assessment and loss) Increase rates of costs for prevention and assessment and decrease the rate of cost for loss

- Provide safe and secure products to customers
- Ensure customers our quick responses
- Shorten periods for repairs
- Provide all customers with products with high and consistent quality
- Improve design quality (including that of outsourced designs)
- Improve manufacturing quality (including that of outsourced manufacturing)
- Improve the quality of parts

### ② Conserve energy and resource

- Use effectively energy and resources
- Maintain zero emissions
- Use effectively chemicals
- Develop new eco-friendly products compliant with the RoHS Directive 2011/65/EU

### ③ -1 Safety management

- Eliminate employment injuries
- Promote traffic safety

### ③ -2 Health maintenance

- Promote employees' health
- Promote mental health countermeasures

### ④ Increase customer satisfaction

- Increase customer satisfaction with respect to both products and services

# A-d 2013 IMS Action Plan

## 2013 HORIBA Group IMS Policy, Items, and Objectives

Group Integrated Management System (IMS) policy	Group IMS items	Group IMS objectives	Group IMS targets
<p>① At the HORIBA Group, we meet customer needs through our first class quality products and services in countries all around the world.</p> <p>② We use our skills for the development of science and technology and for the conservation of health, energy, and the environment. At the same time, we comply with laws, regulations, and social norms, promote harmony with stakeholders and contribute actively to society.</p> <p>③ We value employees' mental and physical health and promote cheerful and vibrant workplaces.</p> <p>④ We formulate plans based on the HORIBA Group management policy to increase the enterprise value of our group and we continually work to improve them.</p>	<p>HORIBA Group Policy for 2013: HORIBA PREMIUM—Create First Class Value for MLMAP</p> <p>IMS items</p> <p>① Create corporate value</p> <p>1) Promote the construction of the Group IMS</p> <p>② Enhance the HORIBA brand (Production aimed at increasing customer satisfaction)</p> <p>2) Improve overall quality</p> <p>3) Respond to customer demands promptly</p> <p>4) Observe rules and codes of ethics both inside and outside the company</p> <p>③ Promote the creation of safe and highly efficient Clean Factories (Prevent corporate losses)</p> <p>5) Contribute to environmental protection</p> <p>6) Improve production/administrative efficiency</p> <p>7) Strive for no employment and commuting injuries</p>	<p>Reduce quality costs (prevention, assessment and loss)</p> <p>Increase rates of costs for prevention and assessment and decrease the rate of cost for loss (Reduce warranty costs)</p>	<p>Reduce warranty costs to less than that of last year</p>
		<p>Conserve energy and resources</p> <p>(1) Improve the energy usage efficiency rate by 1% compared with last year</p> <p>(2) Implement waste reduction activities</p>	<p>(1) Reduce CO<sub>2</sub> emissions by 1% compared with last year</p> <p>(2) Implement waste reduction activities</p>
		<p>[Safety management]</p> <p>(1) Prevent employment injuries</p> <p>(2) Promote traffic safety</p>	<p>(1) Prevent employment injuries [Reduce to zero the number of employment injuries and employment traffic accidents, occupational sickness cases, and commuting injuries]</p> <p>(2) Reduce to zero the number of traffic accidents [accidents causing death, accidents resulting in injury or death, and self-inflicted accidents (resulting in injury or death)]</p>
		<p>[Occupational health]</p> <p>(1) Safeguard employees' health</p> <p>(2) Promote employees' mental health</p>	<p>(1) Safeguard employees' health [Ensure a 100% consultation rate for health examinations; increase the consultation rate for secondary examinations]</p> <p>(2) Promote employees' mental health [Reduce the number of persons with newly developed mental disorders to less than that of last year] [Reduce the number of persons suffering from relapses of mental disorders to less than that of last year]</p>
		<p>Increase customer satisfaction</p> <p>Improve rankings in designated important customers' evaluations</p>	<p>Increase further customer satisfaction</p>

**B-a** Working Alongside Our Customers—Improvement in customer satisfaction

**Working Alongside Our Customers—  
Improvement in customer satisfaction**

[Activities and policies]

We always provide high-quality products and appropriate services in a timely manner in order to increase customer satisfaction and earn our customers' trust. We also work to contribute to society through fair, free market price competition.

## B-a Customer Support Center

### Customer Support Center

At our Customer Support Center, we appropriately respond to all kinds of inquiries and comments related to product information that we receive from customers.

In addition to the primary objective of providing basic instructions on how to use high-volume sales products like pH meters and basic information about such products, we appropriately feed back information received from customers to other divisions of the company. Specifically, we forward

customer comments related to product development to our development divisions and comments regarding our services to our service divisions.

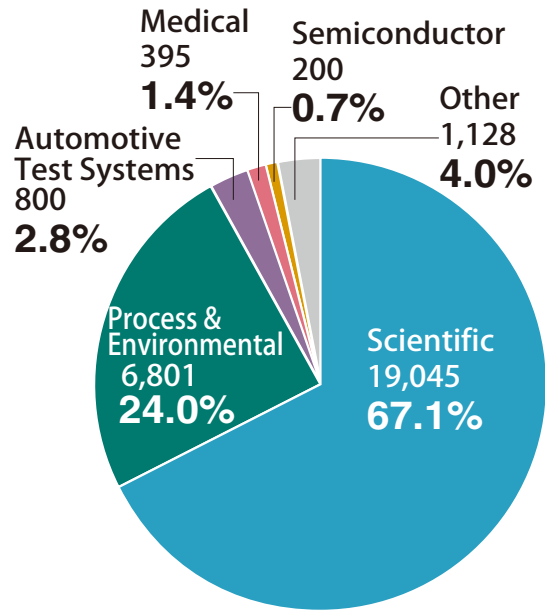
In 2012, we received approximately 84% of the total number of inquiries we received last year. We believe this to be due to the fact that the number of inquiries concerning HORIBA's PA-1000 environmental radiation monitors, which increased last year following the Great East Japan Earthquake,

returned to a level consistent with the annual average. Also, we received many new inquiries about our LAQUAtwin-series compact water quality meters, which we released in September 2012. Going forward, we will continue to assist customers with using our products for many years to come by more actively responding to individual customers' comments and analysis needs.

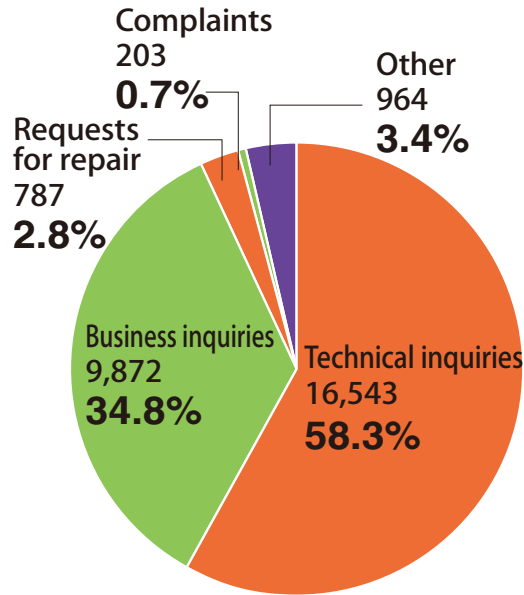
**B-a**

# Number of Customer Inquiries and Visits to the Company Website

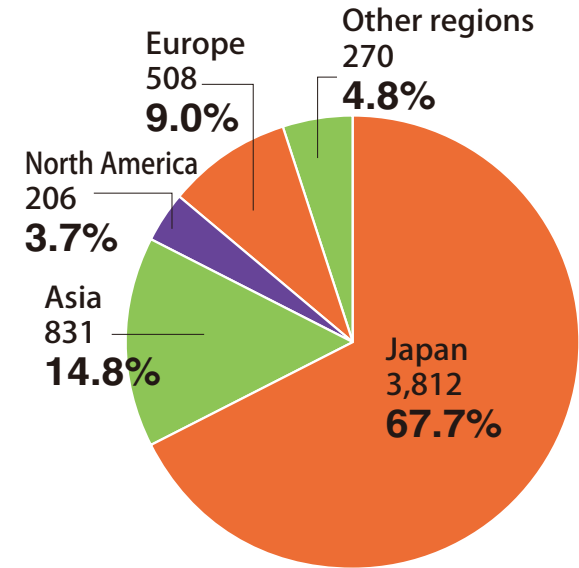
Breakdown of Inquiries in 2012  
(By Segment)



Breakdown of Inquiries in 2012  
(By Content)



Breakdown of Visits to the Company Website in 2012 by Region  
(5,627 Visits)



Total number of inquiries in 2012 : 28,369

Customers

HORIBA Gaiareport 2013



# B-a Service System

## Service System

Since the occurrence of the Great East Japan Earthquake, local governments and other organizations have been using HORIBA's PA-series environmental radiation monitors to monitor radiation and check radiation doses to verify decontamination. In March 2012, HORIBA Techno Service Co., Ltd. opened a Fukushima service station for such customers in order to allow them to continually use their monitors with a sense of security. The service station features automatic equipment for helping customers accurately calibrate their environmental radiation monitors quickly.

We are also focusing on meeting market needs in the medical field. In October, we consolidated repair of returned medical products at the Aso Repair Center and significantly strengthened our medical equipment maintenance capability.

Further, we have proactively been carrying out initiatives overseas. We enhanced skill improvement training for overseas field engineers, disseminated technical know-how information, and improved parts supply systems in order to provide customers with quality global-standard service.

Going forward, we will focus on providing the best technology services throughout product lifecycles, thereby continually meeting customers' needs.



Aso Repair Center  
Strengthened medical products  
service system



Fukushima service station  
Automated calibration equipment  
for environmental radiation monitors

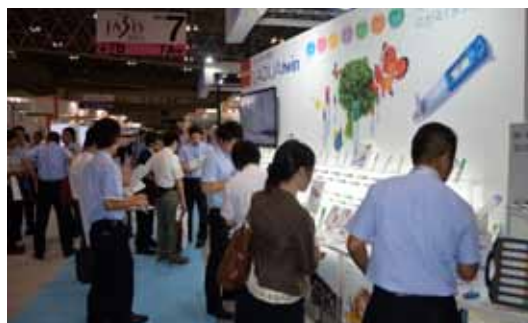
Customers

# B-a Exhibitions and Networking

HORIBA Group companies participate in a total of about 40 exhibitions each year to actively advertise their new products and technological expertise. At the same time, the Group places great importance on further improving its hospitality. It does this by for example through initiatives such as the HORIBA Hospitality Suite. This provides HORIBA with invaluable communication opportunities not only to listen directly to customer views and reactions but also to deepen its relationships with its customers.



Automotive Engineering Exposition 2012, Japan's largest automotive engineering exhibition



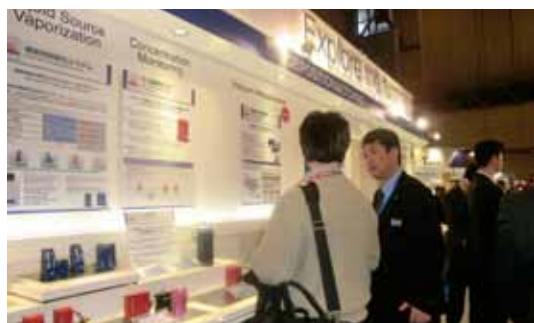
JASIS2012, Asia's largest exhibition featuring the latest analysis and scientific equipment



### HORIBA Hospitality Suite

We organize IR seminars, presentations for investors, and other events concurrently with exhibitions, so that we can let as many people as possible know about HORIBA.

The HORIBA Hospitality Suite is an event that we hold during exhibitions. We invite customers and other people involved in relevant industries to provide them with an opportunity to network and to strengthen our relationships with customers.



SEMICON Japan 2012, the world's largest exhibition on semiconductor production systems and materials



Automotive Testing Expo Europe 2012 (Stuttgart, Germany), a trade fair of the European automotive measurement industry

Customers

HORIBA Gaiareport 2013

## B-a Quality Improvement Initiatives

### Quality Improvement Initiatives

The HORIBA Group's quality assurance activities cover the following three stages: the first stage, covering product planning to design; the second stage, covering material procurement to manufacture; and the third stage, covering shipment to after-sales services. In order to satisfy the needs of our customers, we strive to develop the highest quality standards in the world at each stage, in addition to producing safe and ecofriendly products of outstanding quality.

To this end, we are working to reduce quality costs (prevention, assessment and loss). We are also working to increase rates of costs for prevention and assessment and to decrease the rate of cost for loss.

- Design review as an important function to ensure product quality
- Stepping up change order control to maintain consistent quality
- On-the-spot assessment to examine whether customers' needs are being met
- Reliability assessment tests on essential product parts

- Organizing Product Quality Improvement (PQI) competitions to eliminate issues
- Organizing the Technical Olympics

We also collaborate with HORIBA Group and suppliers to establish a comprehensive quality assurance system so that we can provide customers with high quality products with consistency throughout the world.



#### PQI Competition

The Sixth HORIBA Group PQI Competition was held on October 3 to compete over the results of quality improvement initiatives. The HORIBA Group and its partner companies commit to quality improvement activities, and thereby building a system of working together in harmony.



#### Technical Olympics

On July 3, we held our fifth Technical Olympics in which members from the HORIBA Group and our production partner companies competed with one another to determine who had the best skills. A total of 59 people, including 22 from the HORIBA Group and 37 from 10 of our production partner companies, participated in the competitions. These competitions aim to allow engineers to demonstrate their skills honed by working with HORIBA Group products and to raise their skill levels. In four categories (lead free soldering, tightening of screws, plumbing, and general skills), engineers displayed their skills to the fullest and competed at a high level with one another.

By sharing knowledge of basic manufacturing skills among all members, we are able to establish processes for eliminating faulty products, and aim to produce reliable and high-quality products for our customers.

## B-a Business Operation Improvement Initiatives—Blackjack Initiatives

### Blackjack Initiatives Aimed at Improving Employee Awareness and Behavior

Blackjack initiatives, which are aimed at improving employee awareness and behavior, cover a wide range of activities, from greeting campaigns for new employees to activities for improving quality, cost and delivery. Employees express their “omoi” (convictions) to all company members and strive to achieve their own ideals with the help of their supporters, regardless of affiliation or age. Fourteen years have passed since the Blackjack project was introduced and many project themes have been proposed during this time. Blackjack initiatives are developed by all HORIBA group companies around the world and form the basis of their business activities. The initiatives are an important part of HORIBA-style management for boosting quality standards, fostering corporate spirit, developing human assets and stimulating organizations.



Symbol of Blackjack initiatives, which represents the growth of the “omoi” of individual employees based on strong mutual bonds



#### Blackjack Award World Cup

The participants for the final presentation at the Blackjack Award World Cup 2011, which recognizes the best initiative for the year.

**C-a** Working Together with Our Owners—Responsibility to owners and investors

**Working Together with Our Owners—  
Responsibility to owners and investors**

[Activities and policies]

We appropriately distribute profits to our owners (shareholders) and periodically report on our management status to investors and stakeholders in order to maintain management transparency.

## C-a Two-Way Communication

### Two-Way Communication

To ensure that the market value (stock price) is consistent with the true value of the company, HORIBA provides information to owners (i.e., shareholders) and investors (through IR—investor relations) under the slogan “Accurate, timely and fair disclosure.”

We deliver quarterly reports to owners, hold a general meeting of shareholders on a Saturday and hold shareholder-briefing sessions as a way of providing opportunities for shareholders to communicate directly with company executives. We update information on our official website as frequently as possible and work to improve the content of various information booklets for the purpose of providing individual investors with accurate information in a timely manner.

We also make great efforts to hold company

briefing sessions and explain our business policies and financial results in easy-to-understand language in order to gain as much support for HORIBA as possible. Furthermore, our president and executives hold biannual financial briefing sessions for institutional investors and take an active part in establishing face-to-face communication by visiting investors and developing overseas IR.

We conduct more than 300 interviews in addition to holding product briefing sessions at company exhibitions, thereby facilitating two-way communication with investors and providing detailed information on HORIBA’s business philosophy, strategies and financial results.

### Change in the dividend policy: A policy of returning profits based on consolidated profits

Until the fiscal year ending in December 2012, we had a dividend policy of returning 30% of HORIBA, Ltd.’s unconsolidated net profits to owners. However, starting from the fiscal year ending in December 2013, in light of the expansion of our business and increase in group companies’ profitability, as the total amount of returns to shareholders (dividends and share buybacks), we have changed our policy to allocate up to 30% of the HORIBA Group’s consolidated net profits as dividends to owners.

Owners

# C-a Company Briefing Sessions and Information Disclosure

## Company Briefing Sessions

### ① For domestic institutional investors

- Annual financial briefing session (February 15, 2012 in Tokyo)
- Mid-term financial briefing session (August 7, 2012 in Tokyo)
- Individual interviews conducted by the president, executives and staff members in charge (more than 300 times annually)
- Exhibition booth and briefing tours (four times annually)

### ② For overseas investors

- Visits to investors by the president (July 2012 in the U.S. October 2012 in London)
- Briefing by the president at an IR forum (November 2012 in Japan)
- Individual interviews by the president, executives and staff members in charge (more than 50 times annually in Japan)

### ③ For individual investors

- General meeting of shareholders (Saturday, March 24, 2012; a briefing session with executives after the general meeting held at the Kyoto Head Office)
- Briefing session for investors (April 12, 2012 in Kyoto)



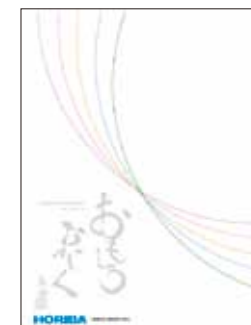
Exhibition booth tour



IR activities by our president in the U.S.

## Information Disclosure

- Annual report (annual publication)
  - Business report (semi-annual publication)
  - Earnings digest (quarterly publication)
  - Company website: Investor Relations (updated as needed)
- <http://www.horiba.com/investor-relations/>



Annual report



Business report

**D-a** Working Together with Our Suppliers—Establishment of partnerships with production partner companies

## Working Together with Our Suppliers— Establishment of partnerships with production partner companies

[Activities and policies]

We maintain relationships of trust with our suppliers and learn from each other based on the awareness that our activities would be impossible to carry out without their cooperation and support.



D-a

# Fair Transaction—Purchasing and Procurement Policy / Global Purchasing

## Purchasing and Procurement Policy

Giving consideration to the global environment and local communities, we place value on collaborative and trusting relationships with suppliers that are based on fair transactions. In addition, to strengthen the connection with suppliers in Japan and other countries, we implement supply-chain management and maintain active communications with suppliers so that we can grow up together.

When purchasing parts, materials, or equipment, we observe Japanese and foreign laws and regulations as well as social codes and when choosing suppliers, we make objective assessments based on indicators of quality, price, delivery, environmental friendliness, and CSR activities in order to ensure fair and just market transactions. We also implement purchasing policies that place high priority on ensuring compliance and reducing environmental impact, including exchanging memorandums with our suppliers to cease any possible relations with antisocial groups, requesting that they support restrictions on trade of conflict minerals, and recommending the use of reusable packaging to deliver parts and materials.

## HORIBA Group Purchasing and Procurement Policy

### 1. Partnerships

We shall build long-term relationships of trust with suppliers and aim to achieve harmonious relationships through mutual collaboration.

### 2. Fair and just market transactions

We shall strengthen the connection with suppliers in Japan and other countries; we shall choose suppliers by making objective assessments based on indicators of quality, price, delivery, environmental friendliness, and other factors to promote fair and just market transactions.

### 3. Environmental considerations

We shall establish Green Procurement Guidelines and promote purchasing of environmentally friendly parts and materials.

### 4. Information confidentiality

We shall not disclose information obtained through transactions to third parties without approval.

## Green Procurement

We are promoting environmental load-reducing production throughout all the product life cycle. To achieve this, Procurement Group must procure parts and materials which can reduce the effects on the environment. We strive to promote green procurement\* primarily by revising as necessary our Green Procurement Guidelines, which we issued in 2003, so that those guidelines meet statutory

regulations and keep pace with social trends as well as by inviting our suppliers to briefing sessions and training programs and also giving priority to suppliers intent on pursuing environmental initiatives during purchasing.

\* For more information, visit the following page of the HORIBA website: <http://www.horiba.com/social-responsibility/relation-with-business-partner/green-procurement/>

## Promotion of global procurement

HORIBA Group companies hold meetings in periodically to aim parts standardization, joint purchasing, quality improvement and achieving high productivity without boundaries across group companies by applying common indicators. In promoting global purchasing, one concern is how to ensure the export control mandated by the Foreign Exchange and Foreign Trade Act. To cope with this issue, export control committee members play a central role in establishing close cooperation with the export control division and providing periodic training. Thus we work to ensure compliance with relevant laws and ordinances.

Suppliers

KEYWORDS

| Purchasing and Procurement Policy | Global Purchasing | Green Procurement | Production Corporative Partner Company

# D-a Relations with Production & Assembly Partner Companies

Our business activities are carried out with the cooperation and support of all our suppliers, especially our partners who provide materials and parts required for product manufacturing. We work and aim to improve our technology with our suppliers based on the trust and contribution to society as a leading company.

## Relations with Production Corporative Partner Companies

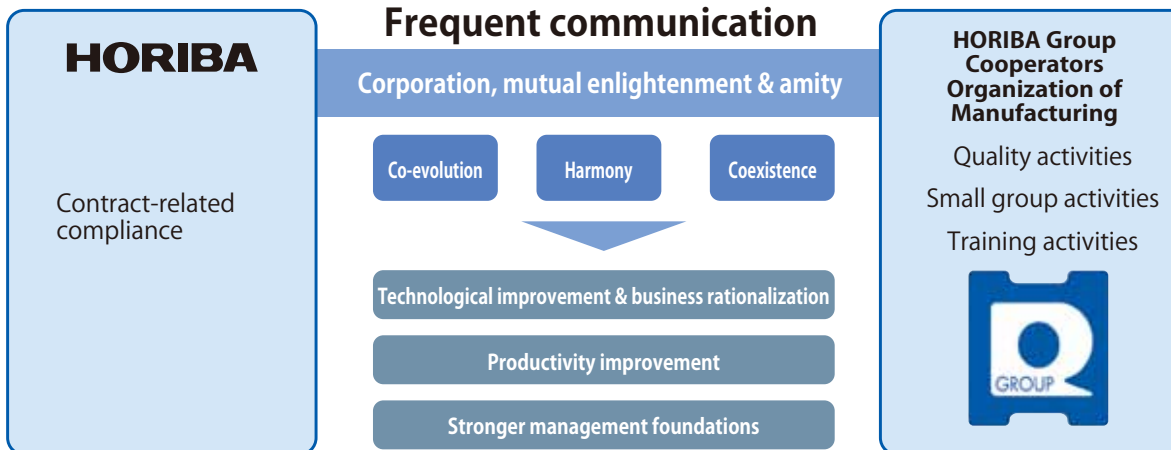
We consider suppliers as "production corporative partner companies" who can work and grow together. We maintain strong relationships with not only our material suppliers but also with our outsource assembly companies. We have created an organization with our suppliers named the "HORIBA Group Production Partner Companies' Association" for the HORIBA Group companies in Japan. We try to improve each other by adopting "Co-evolution, Harmony and Coexistence" as our motto.

In 2012, we worked with production partner companies to jointly hold the following events:

- HORIBA product workshops/Factory Tour
- Quality lectures at HORIBA COLLEGE
- Craftsmanship competition
- QC activity conferences
- Improvement activity report sessions
- Technological study sessions

For example, at the HORIBA product workshops, we showed our production partner companies the level of quality that is expected of HORIBA products by having them learn about HORIBA products and observe the products at our factories with their own eyes in order to allow them to see how the parts, which they supply us with, are used for the HORIBA products and what roles such parts play.

Thus we endeavor to raise both our own and their quality awareness, improve production sites and increase technological capabilities by establishing close cooperation and coordination between our suppliers and HORIBA through encouraging learning from one another.



Scene from a HORIBA factory tour (June 2012)

# D-a Interview with a HORIBA Group Production Partner

## Interview with a HORIBA Group Production Partner

Futaku Precision Machinery Industry Company was established in 1917. The company was the first in the world to realize integrated production of beta-titanium small-diameter seamless tubes thanks to its years of pursuit of fine processing technology. The company's relationship with HORIBA stretches back about 50 years, and during this time they have helped us in our manufacturing.

We interviewed Mr. Ryozo Futaku, President and Representative Director of Futaku Precision Machinery Industry Company, who has been developing businesses that meet the needs of the times and the market, about his company's commitment to manufacturing as well as its feelings for HORIBA.



**Mr. Ryozo Futaku**  
President and Representative Director  
Futaku Precision Machinery Industry Company

By pursuing technological innovations that meet the needs of the times, Futaku was the first in the world to develop a technology that is expected to be used in a wide range of fields!

“We at Futaku Precision Machinery Industry Company have mainly been involved in metal precision cutting, and we have been supplying parts to HORIBA since the time of the president who preceded your former president. Today, we offer not only parts, but also complete units. In addition to our specialty, fine processing using lasers and laser welding, we take pride in our various processing technologies for handling challenging areas, such as polishing the inner diameters of small-diameter metal tubes. Recently, we successfully mass-produced beta-titanium alloy extra-thin tubes for the first time in the world.

Due to beta-titanium's characteristics, such as being robust, lightweight, and rustproof in addition to showing flexibility in bending, we expect use across a variety of fields. For example, while stainless steel surgical instruments rust or bend after 10 operations, beta-titanium surgical instruments can be used for more than 100 operations. Our needle products have a performance record that demonstrates they have one-fourth the deterioration rate of conventional products. In addition, our company's endoscope prototypes and other products have drawn a great deal of

attention from medical companies in Japan and overseas.

By the way, our beta-titanium tubes are also used in fishing equipment, such as spinning reels and the tips of fishing rods for sweetfish fishing. Going forward, we will focus on consumer products. We also received an inquiry from a famous French brand asking if our beta-titanium tubes could be used to make accessories. We are very grateful for the opportunity to offer our technologies for use in various fields.”



Beta-titanium



Titanium needle

The technologies and thoughts that we want to use for HORIBA, a company that makes unique products

It has been half a century since HORIBA started using our products. During this time, for about 25 years (when our current CEO was our president), we served as chairman and directors of HORIBA's production partner companies. Absolutely, we worked together with HORIBA. Currently, most of our projects are related to MEXA motor exhaust gas analyzers.

In short, stubbornness is our impression of HORIBA (laughs). Fortunately, HORIBA's

# D-a Interview with a HORIBA Group Production Partner

reputation for stubbornness has quite a history. We hope that HORIBA will continue to create unique products, and we will fully cooperate with HORIBA in activities aiming to achieve such a goal. Today, many companies flip-flop regarding their management policies. However, HORIBA keeps its word both on what must and what must not change.

In December 2012, to prepare for mass production, we newly established our Kyoto Factory and R&D Center in Kisshoin in Kyoto's Minami-ku. We selected the location in order to make an appeal of our technology to HORIBA, which is located nearby. So, we invited people in HORIBA's development and technology sections to visit the factory as our first guests. Personally, I just like HORIBA, and I hope it will become the number one company in many other fields as well—and I hope to be of help to HORIBA in its achieving that goal. For example, HORIBA has about an 80% share of the global motor exhaust gas analyzer market, and about a 43% share in the global market for mass flow controllers, which are essential for semiconductor manufacturing lines. We believe that HORIBA can maintain its originality and advantages if we can cooperate in developing products that will lead to further growth in market share and the installation of one or two highly sophisticated parts that no other companies can supply. In the future, we will make such proposals to HORIBA.

HORIBA's top adviser has been helping us to grow our business for many years. Thanks to his help, the Kyoto Venture Business Judgment Committee judged us to be an A-rank company. The results of a long history of business with HORIBA have led us to grow as a company that is now capable of committing completely to work. Generating better products through processing is possible by expanding cross-industry networks, and it is important for us to have many options in responding to customer orders. For example, we can fulfill some orders by ourselves, while others can be fulfilled in collaboration with one of our

partner companies. Going forward, we will associate with various companies and exchange information as we continue to improve our strengths. We will place importance on receiving both orders for production and orders in which products are to be developed from scratch in collaboration with those involved in technological development. Of course, we hope to continue to collaborate with HORIBA to the best of our abilities in our current projects, projects under development, and future projects that will lead us to the next stage of our business.



Headquarters



Yagi Factory



Kyoto Factory/R&D Center

**Corporate profile**

Futaku Precision Machinery Industry Company  
 Founded: March 1917  
 Incorporated: January 1953  
 Chief Executive Officer: Hirokazu Futaku  
 President: Ryozo Futaku

**Location:**

[Head Office] 33-3 Karahasi-keiden-cho, Minami-ku, Kyoto  
 [Yagi Factory] 8-1 Oyabu Shimokawaharada, Yagi-cho, Nantan-shi, Kyoto  
 [Kyoto Factory/R&D Center] 20-1 Kishoin-uchigawara-cho, Minami-ku, Kyoto  
 No. of employees: 90

**Types of business:**

- Cutting and polishing precision instrument parts
- Manufacturing, selling, and proposing small-diameter beta-titanium alloy tubes
- Selling eyeglass screws that stay tight, etc.

**E-a** Working Together with Our Employees—Respect for employees' human rights, personalities and individuality

## Working Together with Our Employees— Respect for employees' human rights, personalities and individuality

[Activities and policies]

We consider each employee an invaluable asset and respect their personalities and individuality. We actively maintain communication with employees and create opportunities for education to develop each individual's potential to the maximum possible extent. We also provide an open and fair working environment.

## E-a Basic Personnel Management Policies

Staying true to our company motto, "Joy and Fun," we are making efforts to create an open and fair working environment where all HORIBA Group company employees may challenge themselves through their work.

### Basic Personnel Management Policies

#### Open & Fair

We believe in disclosing all necessary company information and personnel rules to every employee. This policy ensures open competition and allows free communication between executives and employees, managers and staff, and among employees themselves. We also believe that all employees should have an equal chance and rewards in proportion to their contributions in a fair work environment.

#### Positive Evaluation System

Challenges always involve the risk of failure. If employees do not accept a challenge, they get no points in our evaluation system, even if they do not fail. If they accept a challenge, they receive a positive evaluation; and if their challenge brings them success, they will get extra points. We determine employee evaluations by how they attack their challenges.

#### Communication

Information is not what you communicate to others, but what you share with others. We have designed communication systems to allow staff to express their opinions and make proposals instead of managers passing information to their staff in one-way communications.

### Birthday Parties for employees



To facilitate communication between executives and employees, buffet parties are hosted by the President and other executives for employees celebrating their birthdays each month (head office: once per month; Tokyo: four times per year; Nagoya: three times per year).

### Ranked among the Best Workplaces in Japan for Seven Consecutive Years

The results of the seventh survey on Best Workplaces in Japan, conducted by Great Place to Work® Institute (GPTW) Japan, showed that HORIBA, Ltd. ranked among the top 23 companies. Since the survey started in Japan, HORIBA, Ltd. has been chosen among the best workplaces for seven consecutive years. GPTW Japan defines the best companies to work for as companies where employees can trust their managers and administrators, work with a sense of pride, and enjoy camaraderie with their co-workers. The survey includes a questionnaire for company executives concerning the company system and corporate culture, as well as questions for a random sample of employees. Employee responses account for two-thirds of the survey, thereby allowing employees' opinions to be more strongly reflected in the final evaluation. The results of the questionnaire conducted among our employees showed many positive responses to survey questions, such as "Our company has an atmosphere that welcomes new employees" or "Our company makes great contributions to local communities and society."

At HORIBA, we work in line with the company motto, "Joy and Fun," and have basic policies of open and fair competition, positive evaluation and communication. Based on these policies, we will continue to maintain a corporate culture that makes HORIBA one of the best companies to work for in Japan.

E-a

# Promotion of Diversity

HORIBA considers its employees to be important assets, and we appoint personnel to different jobs based on standards for evaluating abilities, achievements, commitments, and goal achievement processes in accordance with our basic personnel management policies, which support open and fair competition.

## Appointment of female managers

Against the backdrop of our global corporate activities, we will continue to employ diverse personnel using the percentage of female managers as a key indicator of diversity.

[Number and Percentage of Female Managers]

Targeted companies	No. of female managers	% of female managers
4 domestic companies	8	2.7%
15 major overseas companies*	74	18.0%

\* Companies targeted for company-wide internal controls on financial reporting

## Promotion of the employment of people with disabilities

In order to provide greater employment opportunities for people with disabilities, we collaborate with Job-placement offices to accept employees through on-the-job training. In 2012, we employed two persons with disability through on-the-job training.

## Employment of Personnel from Overseas

We employ skilled personnel irrespective of nationality in a wide range of areas, including research and development as well as administration and sales. Personnel of various nationalities (French, Indian, Chinese, South Korean, Russian, etc.) are working both inside and outside our companies.

We also take the initiative in recruiting new graduates. This year, we employed graduates with foreign citizenship, including those who graduated from school in 2013, for a sixth consecutive year (a total of nine graduates, including those from China, South Korea, Indonesia, and Myanmar).

# E-a Work-life Balance

## Support for Work-life Balance

In response to changes in employees' family circumstances, we have introduced the employees with reduced working time system and the work from home system to maintain and improve employees' work-life balance. We are also working to make these systems known to all employees and to provide training for managers in order to create a work environment where employees can easily apply for our work-life balance support programs, including childcare leave.

### Employees who started taking childcare leave

#### HORIBA Group companies in Japan

HORIBA, Ltd.; HORIBA Advanced Techno Co., Ltd. HORIBA STEC, Co., Ltd.; and HORIBA Techno Service Co., Ltd.;

(Unit: person)

		2008	2009	2010	2011	2012
Women	No. who gave birth	20	19	28	24	33
	No. on childcare leave	20	18	28	26	33
	No. of managers	0	0	1	0	0
Men	No. on childcare leave	2	3	3	3	5
	No. of managers	1	0	0	1	0

Nearly 100% of women who gave birth took childcare leave and returned to work.

## HORIBA Open House

Since 2002, every year we have held a HORIBA Open House event, in which we invite employees' families to see the workplace at HORIBA.

In 2012, we organized the event for the Kyoto head office region as well as for the Tokyo office.





# E-a Human Resource Development

## HORIBA COLLEGE

HORIBA COLLEGE offers 280 training courses designed to raise participants' levels of knowledge, skills and business literacy, and to support individual employees in building independent careers. More than 2,500 employees participated in the project in 2011.

We are developing global "human assets," i.e., personnel who are able to flexibly respond to changes in the business environment and develop different strategies.



Built in a rich natural environment, FUN HOUSE is used for various training programs and meetings, including HORIBA COLLEGE programs.

## Open Application Overseas Training Program

HORIBA, Ltd. launched an open-application overseas training program in 1984 to allow our employees to develop international ways of thinking by working in HORIBA Group companies abroad. Then, in 1999, this program was made available to all employees of HORIBA Group companies. In 2012, including those on the Overseas On-the-job Training Program, we sent 19 Japanese employees to our overseas bases and we have sent 17 Japanese employees as well in 2013. A total of more than 180 employees have participated in such overseas training so far and worked on the global stage.

## Employees sent to overseas business sites for training (cumulative total through February 2013)

Target: HORIBA Group companies in Japan  
HORIBA, Ltd.; HORIBA STEC Co., Ltd.; HORIBA Techno Service Co., Ltd.; and HORIBA Advanced Techno Co., Ltd.

(Unit: person)

Area	Country	No. of persons
Americas	U.S.A.	74
	Brazil	3
Europe	Austria	1
	France	44
	Germany	28
	U.K.	9
Asia	China	7
	India	3
	South Korea	9
	Singapore	6
	Taiwan	1
	Vietnam	1
<b>Total</b>		<b>186</b>

**E-b** Working Together with Our Employees—Assurance of safety, health and comfortable work environments for employees

## Working Together with Our Employees— Assurance of safety, health and comfortable work environments for employees

[Activities and policies]

We give the highest priority to human safety and health in all of our business activities and take an active part in raising each employee's awareness of safety and health issues in order to promote physical and mental health.

E-b

# Annual Safety and Health Plan for 2013

In 2012, in accordance with the HORIBA Group policy, "HORIBA PREMIUM -Create First Class Value for MLMAP-", we formulated an annual safety and health management plan for the HORIBA Group. In order to achieve our annual goals, all group employees made united efforts to implement safety and health programs.

Shared services were launched for HORIBA Group companies in Japan (HORIBA, Ltd.; HORIBA STEC Co., Ltd.; HORIBA Techno Service Co., Ltd.; and HORIBA Advanced Techno Co., Ltd.) Safety and health officers at group companies are working together to manage and promote safety and health initiatives for the entire group in an integrated manner.

In 2013, we will continue to work to provide safer and more comfortable workplaces for all those who work at HORIBA. We will also undertake various safety and health activities at our sales offices and Aso and Biwako factories through concerted efforts of all our group companies.

## Annual Safety and Health Plan for 2013

### Annual Slogan

Stay true to our corporate motto, "Joy and Fun," and promote physical and mental health to realize comfortable, lively workplaces.

### Annual Targets

#### [Safety and health]

- (1) **Prevent employment injuries**  
Eliminate employment-related and traffic accidents, employment-related illnesses, and commuting injuries
- (2) **Promote traffic Safety**  
Eliminate fatal accidents, traffic accidents caused by employees which result in the injury or death of the victim(s), and traffic accidents caused by employees (those which result in injury or death on the part of the victim(s) as well as those where losses are sustained due to employees' negligence)

#### [Occupational health]

- (1) **Safeguard employees' health**  
Ensure a 100% consultation rate for health examinations, increase the number of employees undergoing secondary examinations
- (2) **Promote employees' mental health**  
Reduce the number of persons with newly developed mental disorders to less than that of last year  
Reduce the number of persons suffering from recurrence of mental disorders to less than that of last year

Occupational Safety and Health

# E-b 2012 Occupational Safety and Health Initiatives

## Workplace Inspections and Patrols

We accord top priority to workplace inspections and patrols. In order to promote disaster and accident prevention as well as inspection and patrol improvement activities, executives, a general safety and health manager, an occupational physician, department managers, safety managers, and health managers each check potential risks regarding workplaces, facilities, work processes and employees from their own perspectives.



Workplace Inspections and Patrols

## Safety and Health Training

We provide various training programs on safety, physical and mental health, as well as traffic safety. The purpose of these programs is to raise employees' awareness of the risks of accidents that occur in various situations, including work-related accidents and accidents on the way to work, and to help employees maintain and promote their health so that they can work safely and healthily (safe and secure).

Since last year, motorcycle training has been held by inviting the Kyoto Prefectural Police's Traffic Mobile Unit to come in-house, allowing employees to receive top-quality lessons from the police, a rare experience. Practical training allows participants to reconfirm the importance of basic operational procedures and safety checks.



Safe Driving Lecture for Motorcycle Commuters



Foreman Training at the Kutsuki Training Center (FUN HOUSE)



Lifesaving Training on AEDs (Automated External Defibrillators)

**KEYWORDS**

Occupational Safety and Health | Work Accidents | Risk Assessment | Health Management and Promotion

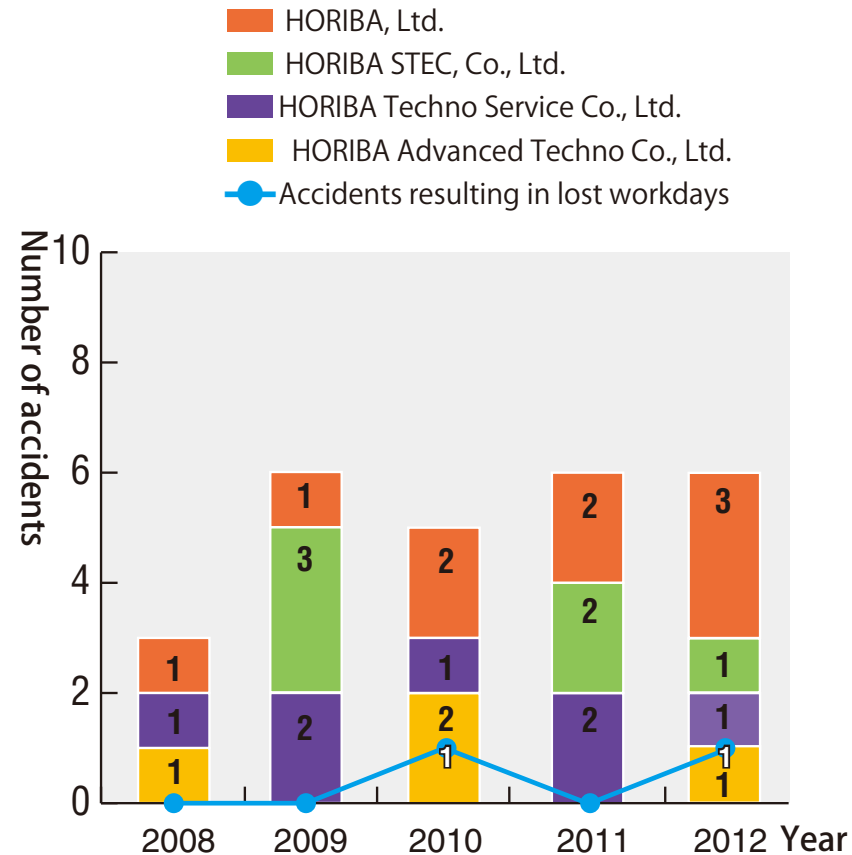
## E-b Results of Initiatives Implemented to Achieve Annual Goals (1) Employment injuries

### Employment Injuries

Regarding occupational safety and health, we aimed for zero occupational accidents by promoting smooth implementation of the PDCA cycle using risk assessment. However, one serious accident resulting in temporary absence from work and five accidents that did not result in temporary absence from work occurred at HORIBA Group companies.

Humbly acknowledging these results, under a principle of compliance with safety and health rules as well as traffic regulations, we carried out a training initiative on this issue across Group companies by providing accident prevention training to related departments by illustrating the accidents that occurred.

Number of Accidents (Employment injuries)



Occupational Safety and Health

# E-b Results of Initiatives Implemented to Achieve Annual Goals (2) Risk Assessments

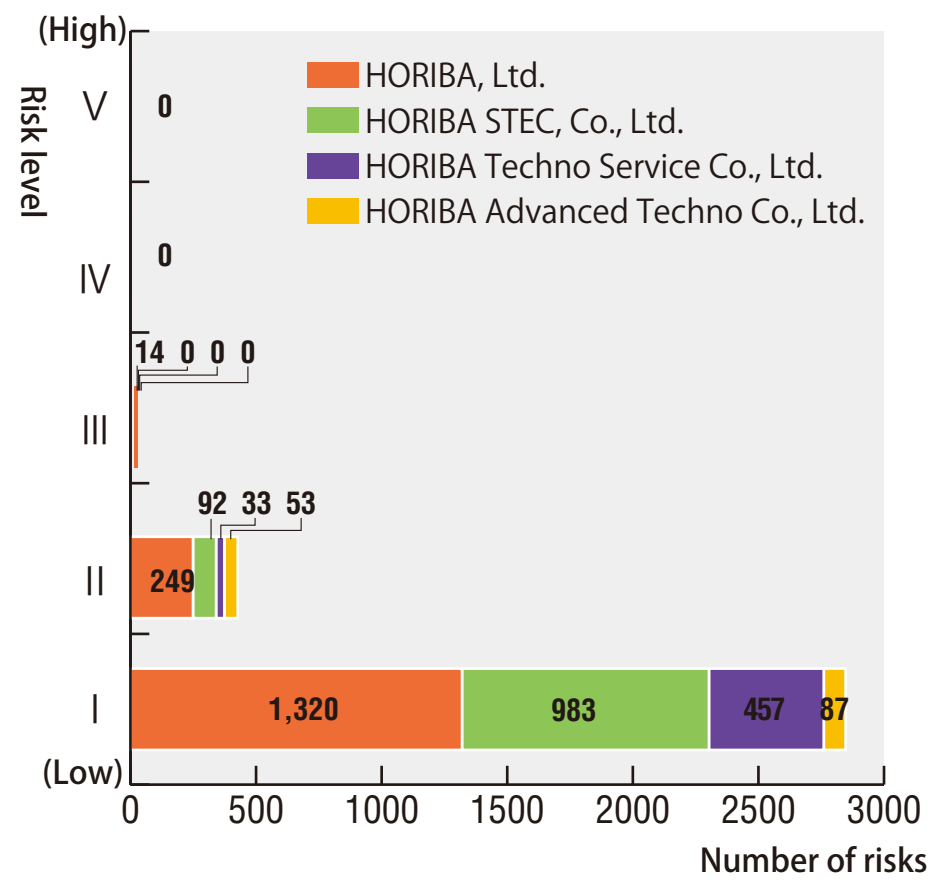
## Risk Assessments

We undertake risk assessments at different work sites by identifying the causes of work accidents, traffic accidents, near accidents, and risks identified during work site patrols as well as by analyzing risk factors under different conditions—i.e., before installing new equipment or before making changes to any of the four production factors\*. Risk assessment results are grouped into five levels of risk (V is the highest and I is the lowest), and based on these results, we formulate measures to reduce risks, implement these measures and check their effectiveness.

We unified risk assessment standards for group companies in Japan and put into place a system that enables all employees to register and view risk assessment information in a database accessible from the group network. This helps employees obtain information on residual risks in their own division and use information from other divisions on hazards, risks, and favorable improvements in their own division.

\* Four production factors: man, machine, material, or method

Results of Risk Assessment for 2012



Occupational Safety and Health

HORIBA Gaiareport 2013

# E-b Health Management and Promotion Initiatives

## Physical and Mental Health Promotion Activities

To promote employees' physical and mental health, we provide not only education but also opportunities for exchanges among employees (by planning and recommending exchange programs among employees). Through this effort to stimulate communication, we commit to creating a comfortable office, thereby staying true to our motto of "Joy and Fun." In addition, on May 7, 2012, HORIBA's president issued the Declaration on the Promotion of Physical and Mental Health, which aims to promote employees' physical and mental health. Based on this declaration, we have been further promoting maintenance of employees' health mainly under the cross-sectional Physical and Mental Health Promotion Project (members include the Health Management Office, Global Human Resources Department, General Affairs Department, IMS (Integrated Management System) authentication management divisions, health insurance association, and labor union).

### Physical and Mental Health Promotion Declaration (May 7, 2012)

To stay true to the "Joy and Fun" motto, the HORIBA Group promotes its employees' physical and mental health in order to help them live fulfilling lives with a sense of purpose in both life and work as well as to realize comfortable and lively workplaces.



Chairman, President & CEO, HORIBA, Ltd.

### Physical and Mental Health Promotion Action Guidelines (May 7, 2012)

To realize the Declaration on the Promotion of Physical and Mental Health, the HORIBA Group is committed to three types of prevention and four healthcare measures.

#### ◆ Promotion of three types of prevention

- Primary prevention :** Promote physical and mental health; prevent illnesses and injuries.
- Secondary prevention :** Take measures for early detection and treatment of illnesses/injuries; prevent development of serious symptoms.
- Tertiary prevention :** When employees become ill or injured, health management staff in or outside the workplace shall not only observe confidentiality and prevent recurrence of such illnesses or injuries after employees return to work, but also make efforts to minimize the disadvantages incurred by the employees and their workplaces.
- PDCA :** HORIBA's health promotion divisions collaborate with the HORIBA Group's Safety and Health Committee to set medium-term targets, and develop action plans for the primary, secondary, and tertiary prevention and indicators to measure the effectiveness of the plans. The divisions evaluate the achievement of the indicators and reflect evaluation results in new action plans.

#### ◆ Enhancement of four healthcare measures

- Self-care :** Each HORIBARIAN pays attention to his/her level of health and stress, quickly and appropriately dealing with any unwelcome health conditions.
- Line care :** Superiors routinely monitor the working situations and levels of health of their employees to become aware of at an early stage those who are suffering from unwelcome health conditions.
- Care by internal health management staff :** Internal health management staff members assist each HORIBARIAN in promoting his/her health by providing necessary information and advice.
- Care by outside experts :** Through collaboration with external institutions of experts, HORIBA has developed a system for each HORIBARIAN to use freely and confidentially.
- Work-life balance :** In addition to enhancing the four healthcare measures, HORIBA assists each HORIBARIAN in promoting his/her health in collaboration with his/her family as necessary.

\* Horibarian : The common designation for all employees of the HORIBA Group

Occupational Safety and Health

HORIBA Gaiareport 2013

**KEYWORDS**

Occupational Safety and Health | Work Accidents | Risk Assessment | Health Management and Promotion

# E-b Health Management and Promotion Initiatives

## Health Management System

At the Health Management Office, which plays a central role in health management, by occupational physician and nurse, and these professionals commit to managing and promoting the health of HORIBA Group employees nationwide. They monitor employees' physical and mental health; the industrial physician and public health nurse interview and provide guidance to employees based on the results of periodic medical examinations. Our aim is to pay close attention to the physical and mental health of our employees, thereby contributing to the creation of a comfortable work environment where employees can work lively.

## Opening of the HORIBA Farm

In April 2012, the HORIBA Farm opened in Shiga Prefecture's Takashima City to start organic cultivation of blueberries and other seasonal vegetables without the use of chemicals. In 2012, a total of 209 HORIBA employees and their families participated in farming. We will make use of these farming experiences in promoting the physical and mental health of employees and their families. In addition, we will serve the vegetables and fruits grown and harvested by employees and their families at the cafeterias in companies and a training center of the HORIBA Group in Japan.



Farming at the HORIBA Farm

KEYWORDS

Occupational Safety and Health | Work Accidents | Risk Assessment | Health Management and Promotion



**F-a** Working Together with Society—Prevention and alleviation of environmental problems

## Working Together with Society— Prevention and alleviation of environmental problems

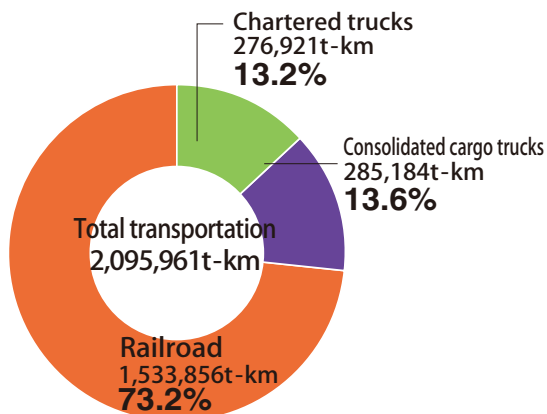
[Activities and policies]

We abide by all environmental laws and regulations and strive to the utmost to improve and protect the environment by setting internal control standards based on our integrated management system. Further, we work to obtain the best environmental management systems such as accreditation for ISO14001 (environmental) standards.

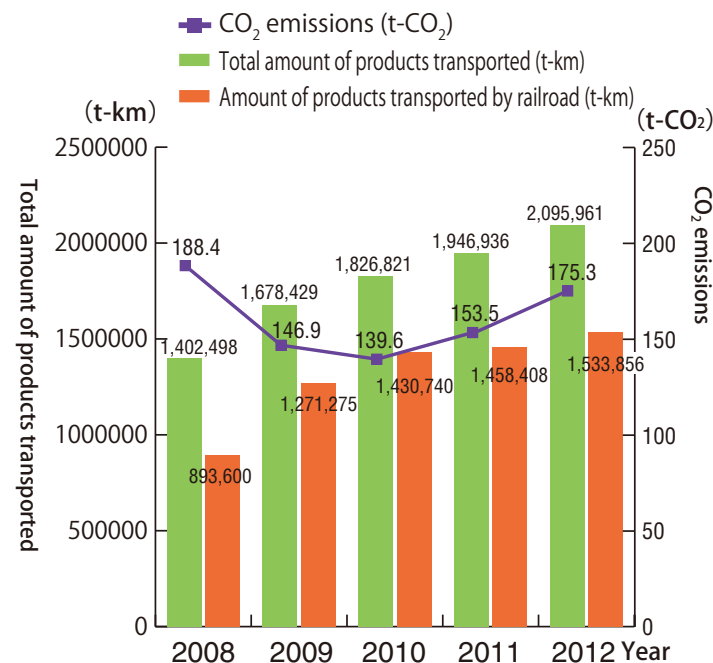
# F-a-1 Initiatives for Reduction of CO<sub>2</sub> Emissions during Distribution

HORIBA is committed to reducing the amount of CO<sub>2</sub> emitted during the transportation of products. We started transporting products by railroad between sites in Kyoto and Tokyo as a measure for a modal shift in 2004 and using railroad to transport reagents for medical products produced at our Aso Factory in 2006. The amount of products transported by railroad continues to increase each year, and 73.2% of all transportation was by railroad in 2012, up 5.1% compared to the previous year. However, since total use of transportation increased at the same time, the percentage of products transported by railroad in 2012 decreased to 73.2%, down 1.7% compared to the previous year. HORIBA Group companies will continue to work together to reduce CO<sub>2</sub> emissions by promoting efficient transportation methods.

**Railroad Utilization Rate for the Transportation of Products in 2012**  
(Scope: Domestic production sites\*)



**The Amount of Products Transported and the Amount of CO<sub>2</sub> Emissions**  
(Scope: Domestic production sites\*)



\* Domestic production sites include the HORIBA, Ltd. head office/factory and Biwako Plant, HORIBA STEC Co., Ltd. head office/factory and Aso Factory and HORIBA Advanced Techno Co., Ltd. head office/factory.

## F-a-2 Overview of the Environmental Impacts: Material in balance

We provide a range of analytical and measuring equipment and peripheral equipment required for environmental measurement. In order to fulfill social responsibilities, we also develop products designed to be environmentally friendly with life cycles in mind, and which comply with environmental laws and regulations. At the same time, together with our suppliers, we have made consistent efforts to conserve resources and energy during production. Our employees also have a strong interest in environmental issues and participate in environmental volunteer work, including cleaning and collecting trash in areas such as alongside rivers and around company offices, conducting environmental classes in elementary and junior high schools, and working at environmental events organized by government organizations.

### Environmental Initiatives

In 2012, the domestic HORIBA Group companies adopted the following goals for environmental conservation under the Integrated Management System (Quality, Environment and Occupational Health and Safety) in order to promote efforts to build safe and highly efficient clean factories as well as to contribute to the protection of the global environment.

- ① Develop energy and resource conservation activities in order to reduce CO<sub>2</sub> emissions per unit of sales
- ② Maintain and expand zero-emission
- ③ Efficient use of chemical substances

### Overview of the Environmental Impacts: Material in Balance

We work hard to obtain an overview of the environmental impact caused by the domestic HORIBA Group as a whole during each stage of our business activities. Although expansion of Group company offices was a significant factor contributing to our environmental impact in 2012, power consumption increased only 3% and gas consumption dropped by 5%.

In addition, the amount of resource consumption (e.g., metals and packing materials) decreased compared to the previous year.

In 2013, we will continue our efforts to reduce the total environmental impact of our activities, including initiatives for electricity and energy conservation.

#### KEYWORDS

Environmental Impacts | Material in balance | Production Sites | Non-production Sites

# F-a-2 Overview of the Environmental Impacts: Balancing Environmental Impacts

## Material Flow Chart for 2012 to Determine Environmental Impacts

Scope: Domestic production sites

HORIBA, Ltd. head office/factory and Biwako Plant, HORIBA STEC, Co., Ltd. head office/factory and Aso Factory, and HORIBA Advanced Techno Co., Ltd. head office/factory

Environment

### IN PUT

Energy	
Electricity	17.80 mil kWh
City gas	646 km <sup>3</sup>
Fuel	80 kL
Water	
Service water	78 km <sup>3</sup>
Materials	
Metal	884.5 tons
Glass	1ton
Packaging materials	291 tons
Chemical substances	7 tons
Office paper	25 tons
Liquid gas (LN <sub>2</sub> )	1,166 tons

<b>Electricity</b>	Electricity purchased from an electric power company
<b>City gas</b>	City gas as an energy source
<b>Fuels</b>	Gasoline, diesel and kerosene
<b>Service water</b>	Groundwater and city water
<b>Metal</b>	Production material
<b>Glass</b>	Production material

### Business processes



<b>Products</b>	Weight of shipments
<b>CO<sub>2</sub></b>	Carbon dioxide caused by the consumption of energy, such as electricity and gas, and by nonenergy greenhouse gases used for production
<b>Chemical substances</b>	Substances emitted mainly during manufacturing processes
<b>Amount of drainage</b>	Wastewater released into sewers and rivers

<b>Total amount discharged</b>	The total amount of valuable objects, general waste and industrial waste discharged from different divisions
<b>Final amount of landfill waste</b>	The amount of landfill waste discarded after reuse, recycling and intermediate treatment
<b>Recycled materials</b>	Discharged paper, wood and plastics that are recycled

**CO<sub>2</sub>:** Carbon dioxide emitted during the transportation of products

**CO<sub>2</sub>:** Carbon dioxide emitted during the use of products

**Reused and recycled:** Resale  
**Disposal:** Disposal treatment

### OUT PUT

<b>Products</b>	5,741 tons
<b>Emissions to air</b>	
CO <sub>2</sub>	10,395tons
Chemical substances	3tons
<b>Discharge water</b>	
Amount of drainage	78km <sup>3</sup>
<b>Waste</b>	
Total amount discharged	428tons
Final amount of landfill waste	7tons
Recycled materials	393tons
Recycled valuable objects	182tons

<b>Emissions to air</b>	
CO <sub>2</sub>	175 tons

<b>Emissions to air</b>	
CO <sub>2</sub>	2,859tons

<b>Reused, recycled, and disposal</b>	
Reuse and recycling	8tons
Disposal	3tons

HORIBA Gaiareport 2013

**KEYWORDS**

Environmental Impacts | Material in balance | Production Sites | Non-production Sites

# F-a-2 Overview of the Environmental Impacts: Environmental Impact of Production Sites

Environment

## Group Companies (Production Sites)

Company Name	Abbreviation	Location	Company Name	Abbreviation	Location
HORIBA Instruments Incorporated Irvine Facility	HII (Irvine)	U.S.A. (California)	HORIBA ABX SAS	HMFR	France (Montpellier)
HORIBA Instruments Incorporated Ann Arbor Facility	HII (AnnArbor)	U.S.A. (Michigan)	HORIBA Jobin Yvon SAS	JYFR	France (Longjumeau)
HORIBA Instruments Incorporated Troy Facility	HII (Troy)	U.S.A. (Michigan)	HORIBA (Austria) GmbH	HA	Austria (Tulln)
HORIBA Instruments Incorporated Edison Office	HII (Edison)	U.S.A. (New Jersey)	HORIBA, Ltd	HOR	Japan (Kyoto)
HORIBA Instruments Incorporated Austin Office	HII (Austin/Santa Clara)	U.S.A. (Texas)	HORIBA STEC, Co., Ltd.	STEC	Japan (Kyoto)
HORIBA Instruments Incorporated Santa Clara Office		U.S.A. (California)	HORIBA Advanced Techno Co., Ltd.	HAT	Japan (Kyoto)
HORIBA Europe GmbH	HE	Germany (Oberursel, Darmstadt)	HORIBA KOREA LTD.	HKL	South Korea (Kyunggido)
HORIBA UK Limited	HUK	U.K. (Northampton)	HORIBA INSTRUMENTS (SHANGHAI) CO., LTD.	HSC	China (Shanghai)

## Environmental Impact of Group Production Sites for 2012

	Item/Region	U.S.A					Europe					Asia				
		Group Company Name (Abbreviation)	HII (Irvine)	HII (AnnArbor)	HII (Troy)	HII (Edison)	HII (Austin/Santa Clara)	HE	HUK (Northampton)	HMFR	JYFR	HA	HOR	STEC	HAT	HKL
INPUT	Electricity consumption MW·h	327	922	3,484	1,442	1,049	1,496	435	2,794	3,932	38	10,047	7,481	270	61	697
	City gas consumption km <sup>3</sup>	-	47	69	81	3	679	5	-	194	6	420	226	0.05	-	-
	Water consumption km <sup>3</sup>	3	7	3	8	-	3	0.7	28	11	123	42	32	4	0.1	4
	Consumption of fuel oil & fuel for vehicles kL	-	100	51	-	27	228	4	-	56	12	39	28	11	3	12
	Quantity of chemicals consumed t	-	-	-	-	-	4	-	26	-	0.002	6.5	-	0.07	-	-
	Office paper t	1	2	8	3	1	11	1	22	5	-	19	5	1	0.3	0.5
	Packing materials t	-	-	-	10	-	4	-	687	-	-	275	16	-	4	-
OUTPUT	CO <sub>2</sub> emissions t-CO <sub>2</sub>	193	873	2,319	1,022	759	1,378	215	140	734	47	5,576	4,671	148	27	269
	Wastewater discharge km <sup>3</sup>	3	1	3	8	-	3	0.7	-	11	123	42	32	4	0.1	3
	Waste emissions t	49	28	30	64	-	35	-	197	109	9	339	84	4	1	5
	Number of employees 人	68	117	80	186	58	400	97	567	308	26	1,198	374	111	25	91

\* Data on HORIBA Europe GmbH Oberursel and Darmstadt Offices were listed separately until Gaiareport 2010. Starting with Gaiareport 2011, data on these offices are combined into a single category.

**KEYWORDS**

: | Environmental Impacts | Material in balance | Production Sites | Non-production Sites

# F-a-2 Overview of the Environmental Impacts: Environmental Impacts of Non-production Sites

Environment

## Environmental Impacts of Non-production Sites

(HORIBA, Ltd. sales offices and training and recreation facilities/HORIBA Techno Service Co., Ltd. service stations)

	Number of locations and category		HORIBA, Ltd. sales offices (13 locations)			HORIBA Techno Service Co., Ltd. service stations (26 locations)			HORIBA, Ltd. training and recreation facilities (2 locations)		
			2010	2011	2012	2010	2011	2012	2010	2011	2012
INPUT	Electricity consumption	MWh	894	836	590	436	380	409	266	240	258
	LP gas consumption	km <sup>3</sup>	0	0	0	0	0	0	13	11	13
	Fuel consumption	kL	63.7	58.6	80.7	191	194	183	-	-	-
	Office paper	t	5.0	5.1	3.1	3.8	3.7	3.2	-	-	-
	Packing materials	t	1.2	0.9	1.9	3.2	3.8	4.1	-	-	-
OUTPUT	CO <sub>2</sub> emissions	t-CO <sub>2</sub>	486	452	413	609	596	587	161	173	190
	Amount of waste generated	t	8.5	6.2	96.8	14.6	20.0	23.8	-	-	-

**Sales Offices (13 locations):** Tokyo, Sendai, Fukushima, Utsunomiya, Tsukuba, Yokohama, Nagoya, Toyota, Hamamatsu, Osaka, Takamatsu, Hiroshima, Fukuoka

**Service stations (26 locations):** Sapporo, Sendai, Fukushima, Utsunomiya, Ichihara, Kashima, Tsukuba, Kawaguchi, Tokyo, Kokubunji, Yokohama, Fuji, Hamamatsu, Toyota, Nagoya, Toyama, Yokkaichi, Osaka, Himeji, Kurashiki, Hiroshima, Yamaguchi, Takamatsu, Fukuoka, Oita, Kumamoto

**Training and recreation facilities (2 locations):** Takashima (Shiga Prefecture) and Kyoto

# F-a-3 Energy Conservation and CO<sub>2</sub> Emission Reduction Initiatives

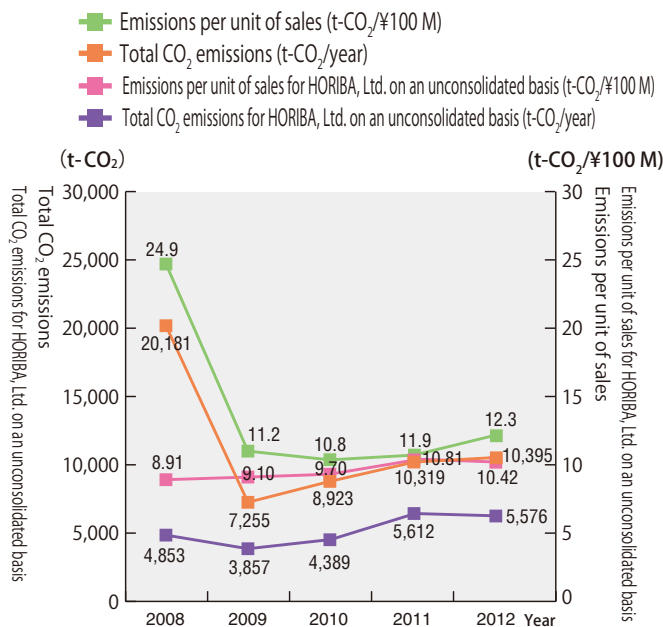
Environment

Total CO<sub>2</sub> emissions generated by domestic HORIBA Group companies in 2012 increased by 0.7% compared to the previous year to 10,395 tons. Total CO<sub>2</sub> emissions per unit of sales increased by 3.8% over 2011.

Also, CO<sub>2</sub> emissions for HORIBA, Ltd. alone fell by 0.6% compared to 2011 to 5,576 tons. Emissions per unit of sales were down 3.7% compared to the previous year. The major reason for these increases was the

start of full operation of expanded Group company offices. However, we minimized these increases by continuing to implement electricity and energy conservation measures.

## Total CO<sub>2</sub> Emissions

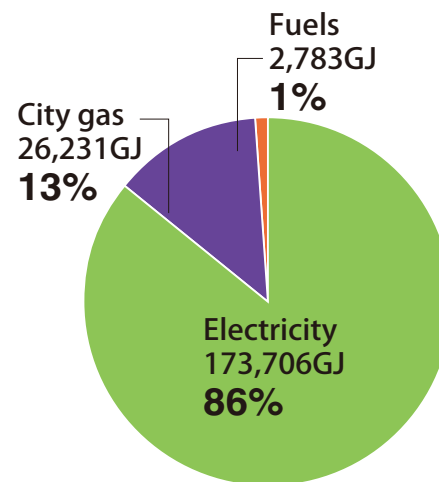


**\*1 CO<sub>2</sub> emission factor:** CO<sub>2</sub> emission factor values were calculated based on the average (0.378 kg of CO<sub>2</sub> per kWh) for all electric companies in Japan in 2000. The official values of the Kansai Electric Power Company are adopted for the Kyoto District for 2005 onward. Values for city gas are calculated using the official values of Osaka Gas Co., Ltd.

**\*2 City gas consumption:** Values are converted to those in standard conditions (0° C, 1 atmospheric pressure).

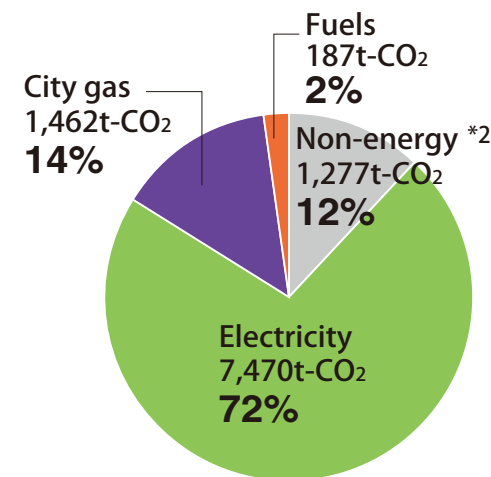
## Energy Consumption by Type in 2012

(Scope: Domestic production sites\*1)



## Greenhouse Gas Emissions (CO<sub>2</sub> Equivalent) by Type of Energy in 2012

(Scope: Domestic production sites\*1)



\*1 Domestic production sites include the HORIBA, Ltd. head office/factory and Biwako Plant, HORIBA STEC Co., Ltd. head office/factory and Aso Factory, and HORIBA Advanced Techno Co., Ltd. head office/factory.

\*2 Non-energy: Sulfur hexafluoride, perfluoromethane, etc.

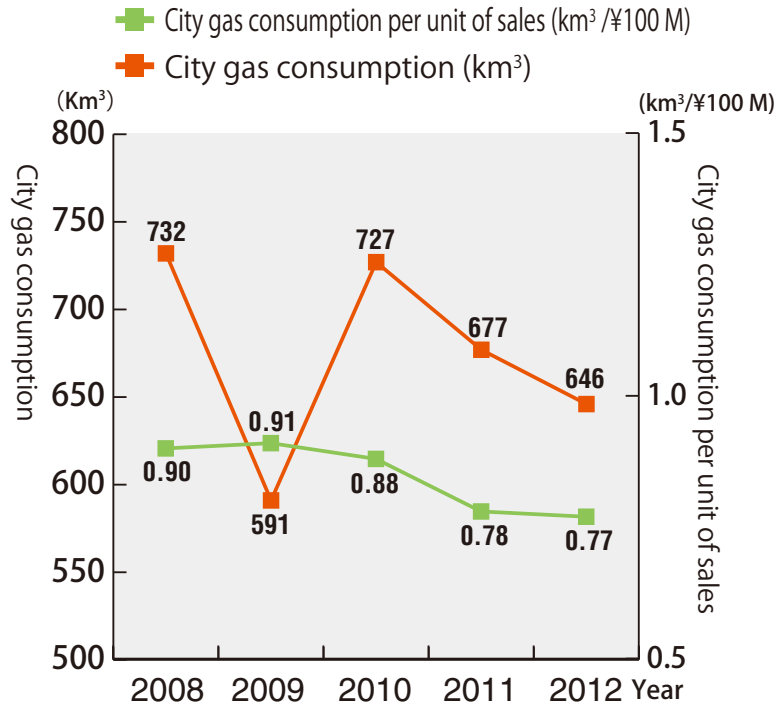
KEYWORDS

:| Reduction in CO<sub>2</sub> Emissions | Energy Conservation | City Gas | Electricity

# F-a-3 Energy Consumption

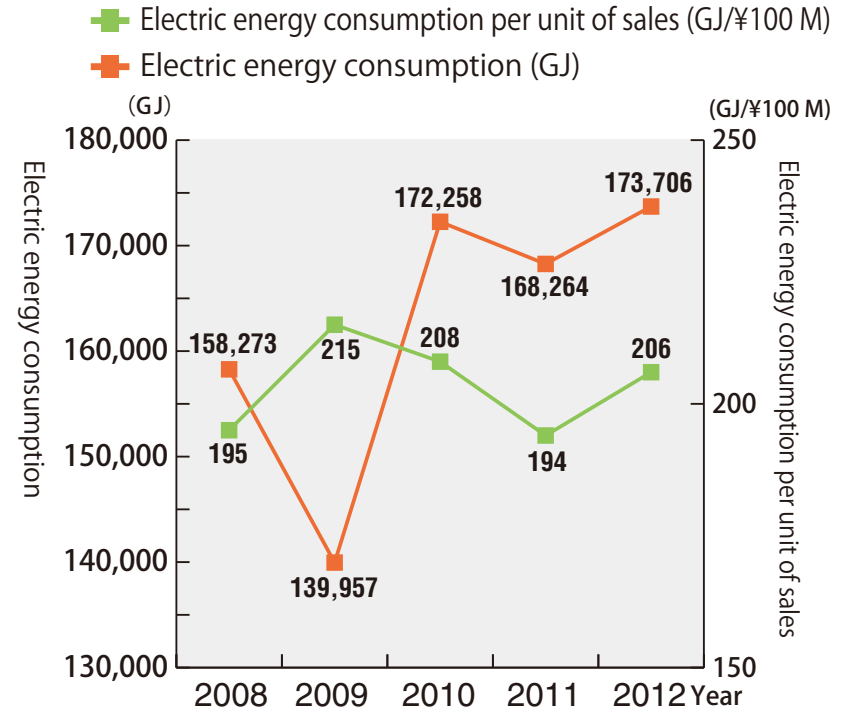
### City Gas Consumption

(Scope: Domestic production sites\*)



### Electric Energy Consumption

(Scope: Domestic production sites\*)



\* Domestic production sites include the HORIBA, Ltd. head office/factory and Biwako Plant, HORIBA STEC Co., Ltd. head office/factory and Aso Factory, and HORIBA Advanced Techno Co., Ltd. head office/factory.

**KEYWORDS**

Reduction in CO<sub>2</sub> Emissions | Energy Conservation | City Gas | Electricity



## F-a-3 Response to Requests for Electricity Conservation

The principal measures we took on a company-wide scale in response to the requests of the government and other parties for electricity conservation in 2012 were as follows:

### ● Common matters

- All-out efforts to achieve “no overtime-work days” and reductions in overtime hours through increased productivity
- Unplugging equipment not in use (reduction of stand-by power consumption)

### ● Air-conditioning systems and ventilation

- Thorough efforts to maintain room temperatures at 28°C and turn off air-conditioning systems 30 minutes prior to closing the office
- Limiting of the operating time of air conditioning systems in common spaces and hallways
- Installation of heat-blocking film

### ● Lighting

- Review of room temperature-controlled areas
- Thorough efforts to turn off lights during lunchtime
- Thorough efforts to turn off unnecessary lights during overtime hours
- Removal of some lights in common-use spaces, lavatories, and hallways
- Reduction in the brightness of signboard lighting
- Turning off vending machine lighting completely or partially
- Use of LED lighting

### ● OA equipment

- Adjustment of PC/CRT monitor brightness, reduction of standby power consumption
- Centralization of copiers and printers

### ● Elevators

- Reduction of the number of elevators in operation and encouragement of the use of stairs

### ● Work areas

- Removal of some lights and the lowering of window blinds to block sunlight
- Turning off of some shared equipment (e.g., refrigerators and electric kettles)

### ● Production and development equipment

- All-out efforts to stop equipment from idling when not in use
- Review of the operation of continuously-operated equipment (for production and development)
- Hastening the production schedule to reduce energy loads during energy conservation periods

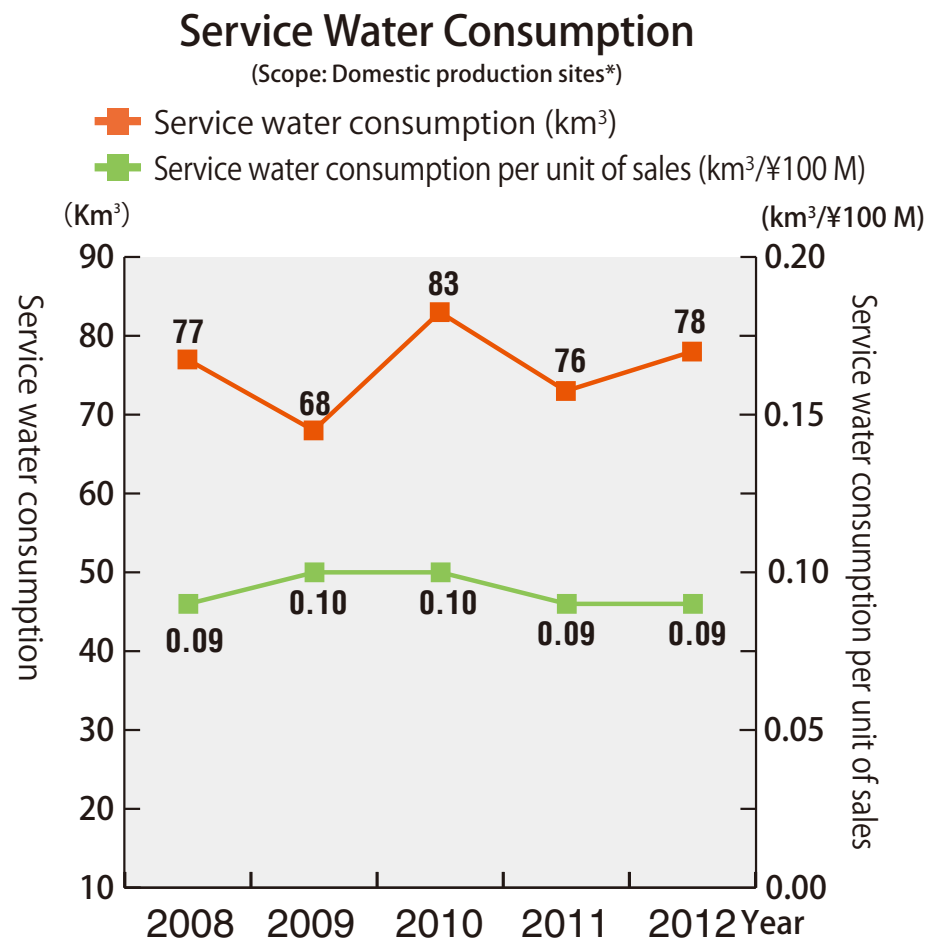
#### KEYWORDS

Reduction in CO<sub>2</sub> Emissions | Energy Conservation | City Gas | Electricity

# F-a-3 Monitoring of Wastewater and Use of Service Water

Due in part to continuous monitoring by our round-the-clock monitoring system, HORIBA, Ltd. has not caused any accidents that have resulted in wastewater being discharged in amounts exceeding the legal limit over the past several years. We maintained this record in 2012 and we intend to maintain it for many years to come.

Meanwhile, in 2010 the amount of service water used by domestic group companies increased by about 23% compared to the previous year due to a rapid increase in the production of the group companies. However, compared to 2010, the amount decreased by about 9% in 2011 and by 6.5% in 2012 due to spillover effects from the electricity saving and energy conservation measures. In the future, we will continue to make efforts to make more efficient use of water by monitoring the amount of service water used.



\* Domestic production sites include the HORIBA, Ltd. head office/factory and Biwako Plant, HORIBA STEC Co., Ltd. head office/factory and Aso Factory, and HORIBA Advanced Techno Co., Ltd. head office/factory.

# F-a-3 Wastewater Measurement Categories and Trends in Measured Values

Environment

Scope: HORIBA, Ltd. head office/factory

(Units: mg/L) except pH \* Under detection limit so omitted

Regulation Category	Kyoto City Regulations	HORIBA Standards	Measured Result (maximum)			Detection Limit Value	
			2010	2011	2012		
Environmental categories	pH	5 ~ 9	-	6.3 ~ 8.0	6.5 ~ 7.9	6.1 ~ 8.2	/
	n-Hexane extract	5	3.5	0.2	0.3	0.4	0.2
	Phenol	1	0.3	*	0.02	*	0.01
	Copper	3	0.9	0.076	0.035	0.075	0.002
	Zinc	2	1.0	0.15	0.15	0.10	0.002
	Iron (soluble)	10	3.0	0.04	0.04	0.06	0.01
	Manganese (soluble)	10	3.0	0.01	*	*	0.01
	Nickel	2	0.6	*	0.01	0.02	0.01
Toxic substances	Boron and its compounds	10	3.0	0.2	0.2	0.2	0.1
	Fluorine and its compounds	8	4.5	1.5	1.3	1.9	0.1
	Cadmium and its compounds	0.1	0.03	*	*	*	0.005
	Cyanogen compounds	1	0.3	*	*	*	0.1
	Lead and its compounds	0.1	0.07	*	*	*	0.01
	Hexavalent chromium	0.5	0.15	*	*	*	0.02
	Arsenic and its compounds	0.1	0.03	*	*	*	0.005
	Mercury and its compounds	0.005	0.0015	*	*	*	0.0005
	Trichloroethylene	0.3	0.09	*	*	*	0.03
	Dichloromethane	0.2	0.14	*	*	*	0.02
	Carbon tetrachloride	0.02	0.014	*	*	*	0.002
	1,1,1-trichloroethane	3	0.9	*	*	*	0.3

Note: Regulation figures are from Kyoto City sewage and drainage standards.

\* There has been no case over the past three years where factory wastewater has exceeded legal control standards

# F-a-3 Chemical Substance Use

Environment

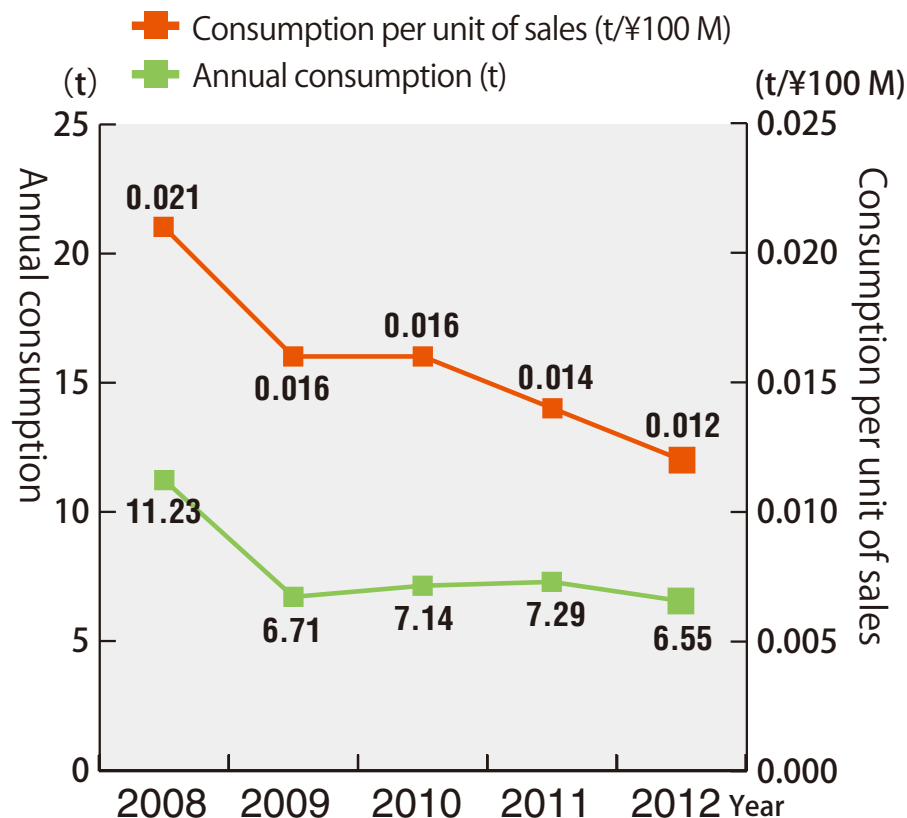
The total amount of chemical substances (measured by weight) used by HORIBA, Ltd. in 2012 was 6.55 tons, 0.74 tons less than in 2011. Meanwhile, we have implemented measures regarding chemical substances specified in the revised PRTR Law since 2010, and there were no chemical substances whose annual use exceeded the legally specified standard (1 ton; 0.5 tons for type I specified substances) in 2012 as well.

In 2013, we plan to revise our system in order to further reduce the risks involved in the use of chemical substances through our IMS activities.

\* **PRTR (Pollutant Release and Transfer Register) Law:** Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management

### Trend in Quantity of Chemical Substances Consumed

(Scope: Domestic production sites\*)



**KEYWORDS**

Monitoring of Wastewater | Use of Service Water | Chemical Substances | PRTR | Atmospheric Measurement

# F-a-3 Main Chemical Substances Handled

Environment

Scope: HORIBA, Ltd. head office/factory

Unit: kg

CAS No.	Substance (IUPAC)	Annual Amount Handled			Amount Transferred			Amount Recycled			Main Application
		2010	2011	2012	2010	2011	2012	2010	2011	2012	
67-63-0	Isopropyl alcohol	423	404	148	116	126	92	0	0	0	Clean printed circuit boards
64-17-5	Ethanol: more than 99.5%	384	406	345	102	99	113	2	0	0	Clean components
67-64-1	Acetone (dimethyl ketone)	229	403	406	203	382	360	0	0	0	Cleaning
507-55-1	HCFC – 225 ; Product: H-997	56	125	50	0	0	0	5	0	0	Solvent/Product inspection
62-56-6	Thiourea	26	23	33	1	0	0	0	0	0	Regents production
7439-92-1	Lead solder	175	165	211	0	0	0	111	107	105	Printed circuit boards
7664-93-9	Piranha solution	75	62	75	75	62	75	0	0	0	For semiconductors
7803-57-8	Hydrazine monohydrate	15	26	17	15	26	17	0	0	0	Product inspection
1330-20-7	Xylene	120	11	106	120	11	106	0	0	0	Clean semiconductors/ components

\*CAS No.: Numerical identification numbers for chemical substances managed by the Chemical Abstracts Service, a division of the American Chemical Society

**KEYWORDS**

| Monitoring of Wastewater | Use of Service Water | Chemical Substances | PRTR | Atmospheric Measurement

# F-a-3 PRTR Substances for 2012

Environment

Scope: HORIBA, Ltd. head office/factory

Minimum target treatment quantity: 10 kg Unit: kg

Ordinance No. *1	Substance	Annual Amount Handled	Added to Product	Amount Remove	Amount Emitted			Amount Transferred	Amount Recycled	Main Application
				Compounds Neutralized/Decomposed/Synthesized	Air	Water	Soil	Industrial Waste	Transferred Outside	
305	Lead compounds	210.7	105.5	0.0	0.0	0.0	0.0	0.0	105.2	Printed circuit board soldering
80	Xylene	106.3	0.0	0.0	0.0	0.0	0.0	106.3	0.0	Clean components, semiconductors
82	Silver and its water-soluble compounds	62.9	19.4	0.0	0.0	0.0	0.0	0.0	43.5	Printed circuit board soldering
185	Dichloropentafluoropropane (HCFC-225); product name H-997	49.5	0.0	0.0	49.5	0.0	0.0	0.0	0.0	Solvent/Product inspection
245	Thiourea	33.5	33.0	0.0	0.0	0.0	0.0	0.5	0.0	Reagent production
150	1,4-Dioxane	21.2	0.0	0.0	0.0	0.0	0.0	21.2	0.0	Product tuning
374	Hydrofluoric acid and its watersoluble salts	20.9	0.0	0.0	0.0	0.0	0.0	20.9	0.0	For semiconductors
394	Beryllium and its compounds	20.8	20.8	0.0	0.0	0.0	0.0	0.0	0.0	Product components
20	2-aminoethanol	17.9	0.5	0.0	0.0	0.1	0.0	17.3	0.0	For semiconductors
11	Sodium azide	15.9	2.0	0.1	0.0	12.2	0.0	1.6	0.0	Product tuning
13	Acetonitrile	10.0	0.0	0.0	0.0	0.0	0.0	10.0	0.0	Solvent /Product inspection
31	Antimony and its compounds	9.9	9.9	0.0	0.0	0.0	0.0	0.0	0.0	Product materials
Total		579.5	191.1	0.1	49.5	12.3	0.0	177.8	148.7	

\* PRTR (Pollutant Release and Transfer Register) Law: Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management

\*1 Ordinance No.: Numbers given in Table 1 of the Enforcement Ordinance for the Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management

HORIBA Gaiareport 2013

**KEYWORDS**

Monitoring of Wastewater | Use of Service Water | Chemical Substances | PRTR | Atmospheric Measurement

**F-a-3 Atmospheric Measurement Categories and Trends in Measured Values (at vents and site perimeters)**

Environment

Scope : HORIBA, Ltd. head office/factory

Measurement Category		Unit	Kyoto Prefecture Regulations	HORIBA Standards	Measured Result (maximum)		
					2010	2011	2012
At vents	Xylene	Vol ppm	300	28	< 2	< 2	< 2
	Fluorine compounds	mg/m <sup>3</sup> N	5	3.5	0.8	< 0.5	< 0.5
	Hydrogen chloride	Vol ppm	20	6	< 1	< 1	< 1
	Nitrogen oxide (NOx)	Vol ppm	100	30	< 10	< 10	< 10
At site perimeters	Xylene	Vol ppm	3	—	< 0.3	< 0.3	< 0.3
	Fluorine compounds	mg/m <sup>3</sup> N	0.05	—	< 0.01	< 0.01	< 0.01
	Hydrogen chloride	Vol ppm	0.2	—	< 0.02	0.11	0.12
	Nitrogen oxide (NOx)	Vol ppm	1	—	0.016	0.014	0.025

**Note:** Regulation figures are based on ordinances in place to protect Kyoto Prefecture environment.

\* There have been no cases over the past three years where the control standards for substances hazardous to the air specified by laws were exceeded.

# F-a-4 Initiatives for Waste Reduction

HORIBA, Ltd. achieved its zero-emission goal in the second half of 2006 and maintained it until the end of 2009. However, in 2010, we were unable to meet our zero-emission requirements due to the disposal of unrecyclable old equipment, which we had no choice but to deliver to landfill. In 2011, we again achieved our zero-emission goal by rectifying this situation.

In 2012, the total volume of waste generated by HORIBA, Ltd. alone increased by 5% compared to the previous year due to increased production. The amount generated by domestic HORIBA Group companies as a whole increased by 10 tons (up about 2%).

In 2013, the entire domestic HORIBA Group plans to achieve our goal of zero emissions.

**\* HORIBA's definition of zero emissions:**

"The total amount of landfill waste must not exceed 1 percent of total waste generated."

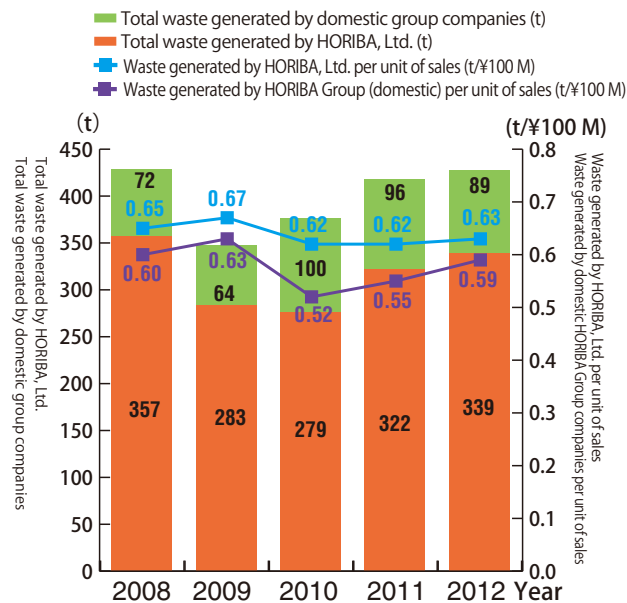
**Total waste generated:**

A generic term for waste discharged from all divisions because it is no longer required (includes valuable resources, general waste and industrial waste).

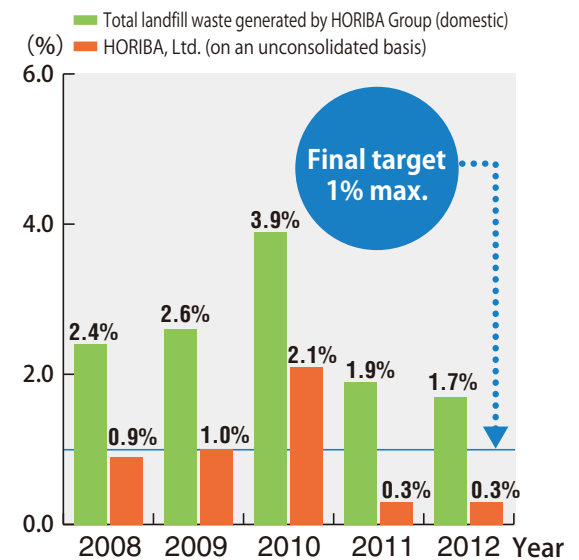
**Total amount of landfill waste:**

The total amount of waste delivered to landfill after processing for reuse, recycling, or intermediate treatment (including neutralization, change into nonhazardous substance, and incineration).

**Total Waste Generation and Waste Generation per Unit of Sales**



**Trend in Total Amount of Landfilled Waste**



Scope:

**Domestic production sites:**

HORIBA, Ltd. head office/factory and Biwako Plant, HORIBA STEC, Co., Ltd. head office/factory and Aso Factory and HORIBA Advanced Techno Co., Ltd. head office/factory

**Domestic group companies:**

HORIBA STEC, Co., Ltd. and HORIBA Advanced Techno Co., Ltd.

**HORIBA Group (domestic):**

HORIBA, Ltd., HORIBA STEC, Co., Ltd. and HORIBA Advanced Techno Co., Ltd.



# F-a-5 Environmental Accounting

The results of environmental accounting for HORIBA, Ltd. in 2012 show that among business area costs, global environmental protection costs increased by 137% compared to 2011. This is because we changed the lighting in factory buildings to LED lighting and conducted waterproofing of roofs and heat-blocking of office buildings. Meanwhile, in terms of environmental protection effects, 11 indicators such as total energy inputs and greenhouse gas emissions declined compared to the previous year for the second consecutive year. This is likely a manifestation of the direct and indirect effects of the electricity saving and energy conservation measures that we implemented.

Environmental Accounting Standards:

- 1) Investment/expenditure classification: Based on financial accounting standards
- 2) Costs: Includes personnel, management and R&D expenses (excl. depreciation)
  - i) Personnel costs: Average labor costs × no. hrs environmental protection activities
  - ii) R&D economic benefit: Contribution of eco-friendly products to operating income
- 4) Based on Environmental Accounting Guidelines by the Ministry of the Environment (2005 version)

## Environmental Protection Costs (by Business Activity)

Scope: HORIBA, Ltd. head office/Biwako Plant/13 sales offices and it's training center, HORIBA Techno Service Co., Ltd. 24 service stations  
Accounting period: January 1, 2012 to December 31, 2012

(Millions of yen)

Environmental Protection Costs (by Business Activity)						Economic Effect (Internal)		
Category	Key Actions	Amount Invested	Total Cost	Total	Year-on-year Comparison (%)	Benefits of Amount	Remarks	
(1) Business area cost		29.3	62.6	91.9	130.3	110.5		
Details	1. Cost of pollution prevention	Maintained existing exhaust and drainage facilities; provided regular and preventive maintenance	0.0	7.2	7.2	110.8	12.9	Power-saving in facilities, effective operational benefits
	2. Cost of global environmental protection	Switchover of all air conditioners from electricity to gas, promoted switchover to energy-efficient facilities, and other initiatives	29.3	7.8	37.1	237.1	33.3	Conversion to energy-efficient facilities, modification of equipment, effect of electricity conservation
	3. Cost of resource circulation	Water conservation and promoted zero emissions	0.0	47.6	47.6	98.2	64.3	Reduction of water consumption, etc.
(2) Upstream and downstream cost	Promoted green purchasing, and collection and reuse of used products	17.0	10.5	27.5	123.1	6.7	Promotion of green purchasing and reuse of collected used products	
(3) Administration cost	Improved operational efficiency of environmental management systems, promoted ecotraining and other initiatives	0.0	90.8	90.8	90.6	1.9	Benefit of environmental advertisements, etc.	
(4) R&D cost	Promoted design for environment, the leadfree initiative, and other initiatives	120.0	635.6	755.6	121.2	735.7	Expansion of eco-friendly products, contribution to operating income	
(5) Cost of social activities	Actively promoted awareness-raising activities related to environmental technology and other initiatives	0.0	14.8	14.8	94.9	0.2	Support of environmental improvement, promotion of enlightenment initiatives	
(6) Cost of environmental remediation	N/A	0.0	0.0	0.0	0.0	0.0	N/A	
<b>Total cost of environmental protection</b>		<b>166.3</b>	<b>814.3</b>	<b>980.6</b>	<b>117.8</b>	<b>855.0</b>		

# F-a-5 Environmental Accounting

Environment

## Environmental Protection Benefits

Scope: HORIBA, Ltd. head office/factory/13 sales offices and it's training center, and HORIBA Techno Service Co., Ltd. 26 service stations  
Accounting period: January 1, 2012 to December 31, 2012

Environmental Protection Benefits				
Category	Environmental Performance Indicator (unit)	2011 (standard)	2012	Difference from Standard (Environmental protection benefits)
Benefits in terms of resources invested	Total energy input (GJ)	141,455	139,544	△ 1,911 *1
	Power consumption (GJ)	112,450	110,333	△ 2,117 *1
	City gas consumption (GJ)	18,968	18,714	△ 254 *1
	Fuels (diesel, kerosene and gasoline)	10,037	10,497	460 *1
	Core production elements input (iron, SUS, aluminum, copper and glass) (t)	915	886	△ 29
	Recycled resource input (t) Office paper and packing materials (cardboard, wood and polystyrene)	355	300	△ 55
	Water input (km <sup>3</sup> )	45	47	2
	Groundwater input (km <sup>3</sup> )	17	15	△ 2
	City water input (km <sup>3</sup> )	28	32	4
Benefits in terms of environmental impact and waste	Greenhouse gas emissions (t-CO <sub>2</sub> )	6,828	6,765	△ 63 *2
	Greenhouse gas emissions through electric energy consumption (t-CO <sub>2</sub> )	5,097	5,015	△ 82 *2
	Greenhouse gas emissions through city gas consumption (t-CO <sub>2</sub> )	1,058	1,046	△ 12 *2
	Greenhouse gas emissions through fuel consumption (t-CO <sub>2</sub> )	673	704	31 *2
	Total waste generated (t)	348	460	112
	Final waste at landfill (t)	1	1	0 *3
	Total water drained (km <sup>3</sup> )	45	47	2
	Water quality (BOD/COD) (mg/L)	N/A	N/A	-
	NOx and SOx emissions (t)	N/A	N/A	-
	Malodor (max. density) (mg/L)	N/A	N/A	-

Environmental Protection Benefits				
Category	Environmental Performance Indicator (unit)	2011 (standard)	2012	Difference from Standard (Environmental protection benefits)
Benefits in terms of goods and services generated	Energy consumption during operation (GJ) (Total of eco-friendly energysaving products)	54,759	37,901	△ 16,858 *1
	Greenhouse gas emissions during operation (t-CO <sub>2</sub> ) (Total of eco-friendly energy-saving products)	2,121	1,468	△ 653 *2
	Hazardous substances emitted during disposal of used products and recycling of containers and packaging (t)	6	3	△ 3
	Amount of used products, containers and packaging recycled (t)	2	8	6
	Amount of product packing materials used (t)	329	276	△ 53
Other benefits	Greenhouse gas emissions from transporting products (t-CO <sub>2</sub> )	138	165	26 *2
	Products transported (t-km)	1,858,294	2,034,761	176,467
	Soil contamination (m <sup>2</sup> )	0	0	-
	Noise (dB) *at night	54	55	1
	Vibration (dB) *in evening	40	Less than 30	-

\*1: GJ (gigajoule): Converted and calculated at 0.00976 GJ/kWh (from the April 1, 2006 public notification of the Energy Conservation Center).

\*2: CO<sub>2</sub> emissions factor: Calculated assuming 0.378 kg of CO<sub>2</sub> per kWh, which is the average of all electric companies in Japan. The official value of the Kansai Electric Power Company is used for the Kyoto District.

\*3: Only for HORIBA, Ltd. head office/factory

## Economic Benefits from Environmental Protection Activities

(Millions of yen)

Economic Benefits from Environmental Protection Activities (Substantial Benefits)		
	Effect	Amount
Profit	Sales of solder residue, metal waste, etc. generated in production processes	2.1
	Gain on sale of recycled products	87.1
Total		89.2

**KEYWORDS**

:| Environmental Accounting | Cost of Environmental Protection | Environmental Protection Benefits

## F-b Working Together with Society—Eco-Design Products

### Working Together with Society— Eco-Design Products

[Activities and policies]

In order to provide society with products that are designed to be environmentally friendly throughout their life cycles in terms of longevity, energy-saving, ease of recycling, ease of dismantling and ease of processing, we certify products that meet our in-house standards as “Eco-Design products” and apply these standards when developing new products.

# F-b HORIBA's Eco-Design Products

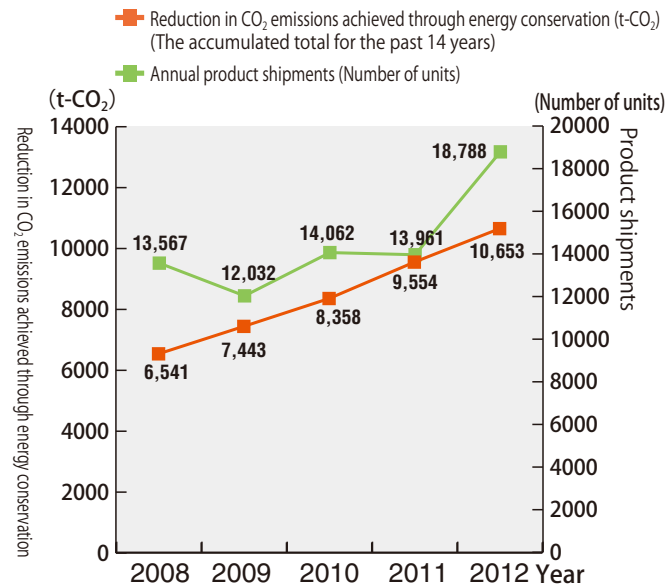
Environment

When developing new products, we design them to be environmentally friendly with life cycles in mind. We recognize products that meet our company standards as Eco-Design products. As a result of our efforts, the amount of CO<sub>2</sub> emitted during the use of our products, calculated based on the accumulated total for the past ten years, has decreased by approximately 36% compared to previous models.

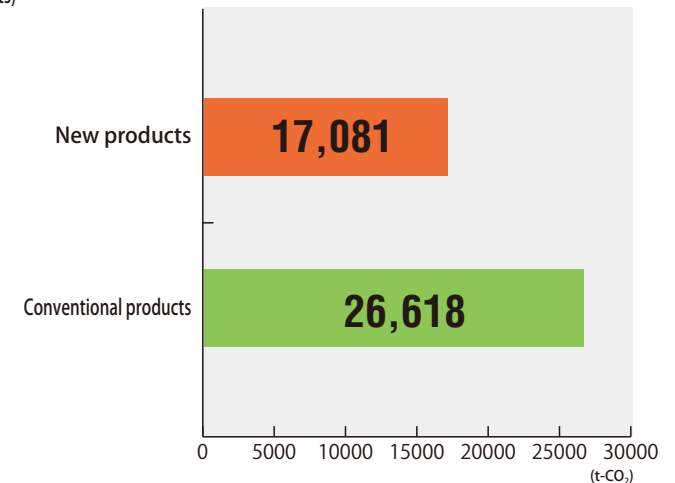
### Evaluation Categories of Design for Environment

1. Lightness
2. Longevity
3. Ease of recycling
4. Ease of dismantling
5. Ease of processing
6. Environmental friendliness
7. Energy-saving
8. Information provision

**Reduction in CO<sub>2</sub> Emissions through Energy-efficient Green Products**  
Scope: HORIBA, Ltd.



**Comparison of CO<sub>2</sub> Emissions between New and Conventional Energy-Efficient Green Products**



Calculated based on the cumulative number of units sold over the past decade

# F-b Eco-Design Product: HORIBA, Ltd.

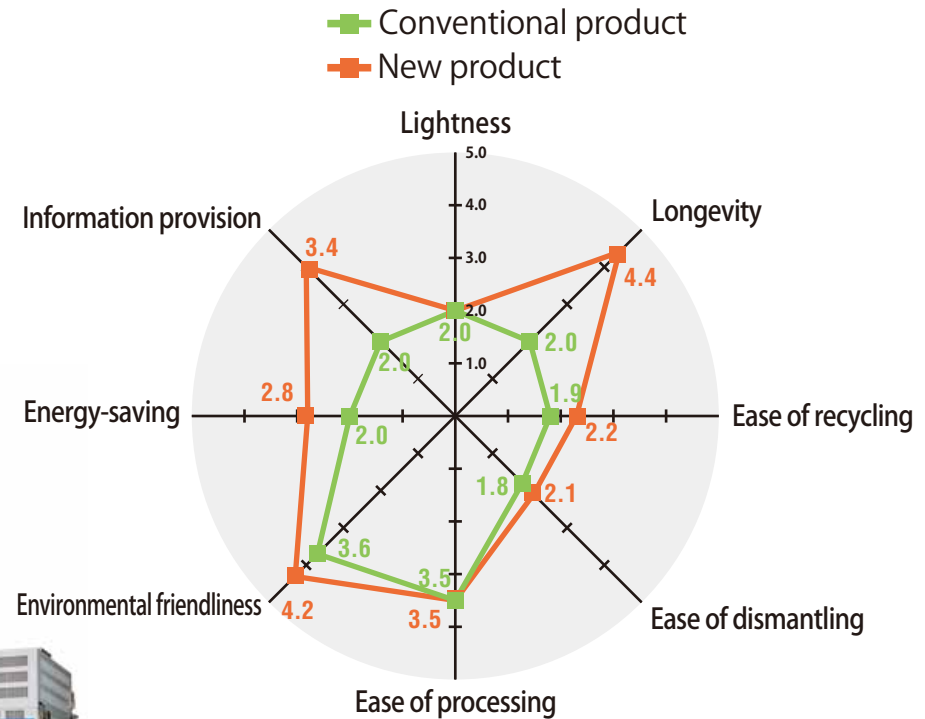
Environment

## Eco-Friendly Product Developed by HORIBA, Ltd. Motor Exhaust Gas Analyzer "MEXA-ONE" series

The MEXA-ONE series motor exhaust gas analyzer is a device for analyzing pollutants contained in automobile engine exhaust gases as well as for measuring quantities of chemical substances that are restricted by automobile exhaust gas regulations of various countries.

Automobile and engine manufacturers around the world use this analyzer to develop automobile engines and exhaust gas purification devices, etc.

This product showcases our accumulated know-how and is equipped with consolidated functions such as improved operability, automatic notification of the timing of regular maintenance, and shortened device shut-down for maintenance, thereby realizing efficient exhaust gas analysis for a variety of purposes.



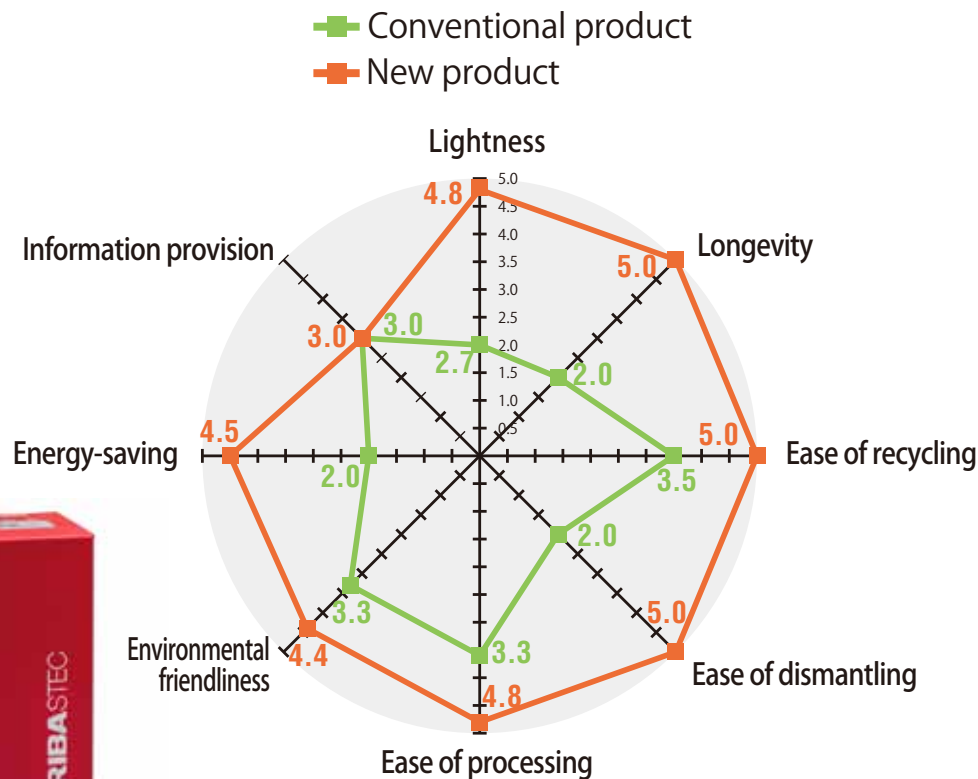
# F-b Eco-Design Product: HORIBA STEC, Co., Ltd.

Environment

## Eco-Friendly Product Developed by HORIBA STEC, Co., Ltd. Digital Mass Flow Controller SEC-Z550X/Z560X

The SEC-Z550X and SEC-Z560X series mass flow controllers (MFCs) are high flow models of the SEC-Z500X series mass flow controller, which controls the flow of fluids used in systems such as semiconductor production equipment and supports 300 to 500 slm. The addition of these models has led to the creation of a full lineup of mass flow controller products for covering low to high flows.

One aspect of SEC-Z550X's and SEC-Z560X's environmentally friendly design is a significant reduction in weight to two-thirds that of conventional models with the installation of a small high-displacement piezo actuator and a review of their structures, including the flow rate detection section. In addition, these models comply with the RoHS directive and do not use harmful substances such as lead, the use of which is prohibited. This significantly increases the controllers' ability to protect the environment, too. In the future, we expect that demand for SEC-Z550X and SEC-Z560X will increase and that these devices will contribute to meeting the needs of industries such as those using solar cells and LEDs (light-emitting diodes) for mass flow technologies as they strive to reduce their environmental impact.



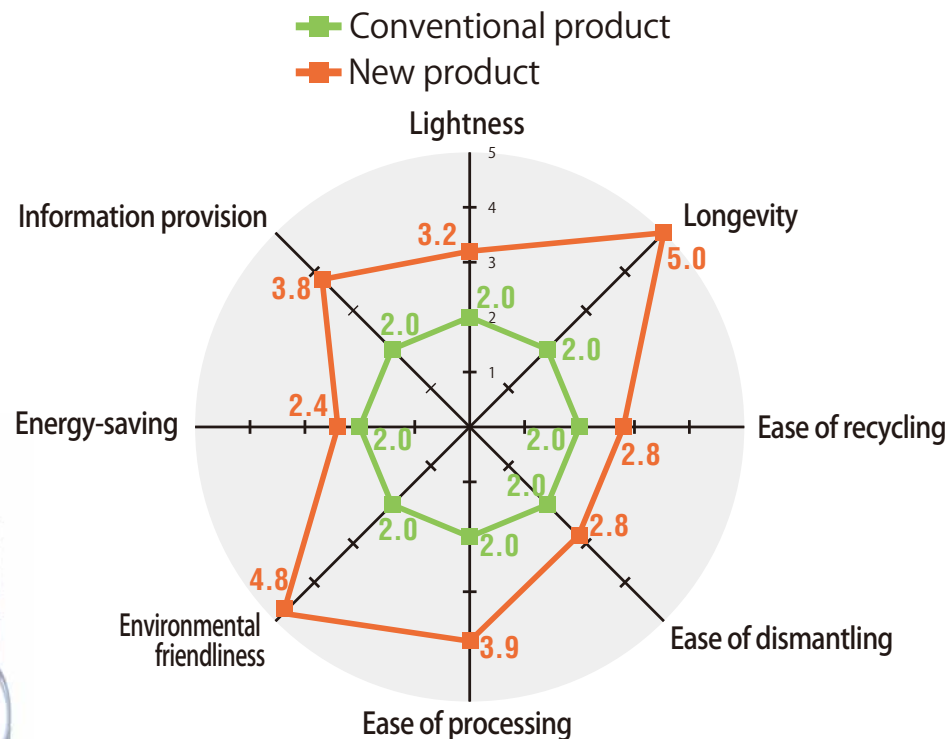
# F-b Eco-Design Product: HORIBA Advanced Techno Co., Ltd.

Environment

## Eco-Friendly Product Developed by HORIBA Advanced Techno Co., Ltd. (Automatic Calibration Function) pH Meter AH-151

The AH-151 pH meter, which features an automatic calibration function, can significantly reduce maintenance labor as it can perform pH measurement by automatically cleaning electrodes with liquid cleaner and calibrating with standard solutions. In addition, the AH-151 sprays calibration solution, which reduces the amount of solution necessary. Further, the amount of liquid cleaner sprayed can be adjusted based on the dirtiness of the electrode, thereby reducing costs. By cleaning and calibrating the electrode regularly, highly stable and reliable pH measurement can be realized with this product.

One aspect of the AH-151's environmentally friendly design is that it prolongs the life of the controller by reducing the amount of calibration solution used and the number of parts requiring regular replacement. In addition, harmful substances such as lead, the use of which is prohibited, are not used for parts or in production processes. This too significantly increases the meter's ability to protect the environment.



HORIBA Gaiareport 2013

KEYWORDS

! Eco-Design Products

## Working Together with Society—Dialogs with local communities

### Working Together with Society— Dialogs with local communities

[Activities and policies]

We serve as a responsible corporate citizen by performing an active and independent role in closely communicating, collaborating, and cooperating with local communities.



# 2012 Initiatives for Dialogue with Local Communities and Society

## Donation of a Pitching Machine to a Junior High School in the Disaster-affected Area

We donated the proceeds (355,938 yen) from a bazaar held at a HORIBA Thanks Day event along with a contribution from HORIBA, Ltd. (460,000 yen) to the area affected by the Great East Japan Earthquake as a contribution to relief efforts.

In the summer of 2012, this donation was used for a project to help support the restoration of regional elementary and junior high schools, and a pitching machine was donated to the baseball team of Hirota Junior High School in Rikuzen-Takata City. HORIBA received a letter from the members of the team expressing their joy and gratitude as well as a strong desire to improve their skills.



## Donations for Hurricane Sandy Victims

New Jersey, one of the states of the United States, was devastated by Hurricane Sandy, one of the largest hurricanes ever recorded, which struck the southern part of the state on October 29, 2012. At HORIBA Instruments Incorporated Edison Office, located in New Jersey, some employees' company housing and automobiles were damaged by flooding. HORIBA Group companies in Japan asked their employees for donations to support those affected by the hurricane and donated a total of \$40,000 USD to the Hurricane Sandy New Jersey Relief Fund.



Ms. Mary Pat Christie, Hurricane Sandy Relief Fund Chairperson (middle), and U.S. HORIBA representatives (at the appreciation ceremony held in April 2013)

## Holding of a Charity Boat Race in Scotland

An employee of HORIBA Jobin Yvon IBH Ltd., located in the UK's Scotland, hosted a charity boat race. The proceeds were donated to hospitals located near its office to help care for sick children.



Mr. Gordon Glen of HORIBA Jobin Yvon IBH who organized the charity boat race.

# F-C 2012 Initiatives for the Support for the Development of Society's Next Generation

## Environmental Delivering Classes

In order to provide elementary and junior high school students with opportunities to learn about various phenomena in our daily lives, we hold environmental delivering classes, in which participants can conduct experiments using familiar materials and biodiversity seminars on the amazing sensing abilities of animals and plants. In 2012, we held 66 seminars, with a total of 2,200 participants.



## Participation and Support for Events for Children

We hold various events to provide children with opportunities to learn about the joy of science and the wonders of animals through hands-on experience using HORIBA products.

### (Examples of events held in 2012)

- February 18: Kyo-aruki in Tokyo (Tokyo Branch Office, HORIBA, Ltd., Chiyoda-ku, Tokyo)
- March 30–April 1: Green College 2012 (Zamami Village Ama Beach Campsite, Shimajiri-gun, Okinawa Prefecture)
- July 24: Minami-ward Corporate Knowledge Utilization Promotion Business (Head Office, HORIBA, Ltd., Minami-ku, Kyoto City)
- July 29: Special Exhibition, “Play and Try! The Mystery of the Senses!” (Health Sciences Museum, Hiroshima City, Hiroshima Prefecture)
- August 4: Kids Engineer 2012 (Pacifico Yokohama, Yokohama City, Kanagawa Prefecture)
- August 6 and 11: Bikkuri! ECO 100sen-100 Surprising Ecological Topics (Takashimaya Kyoto Department Store, Kyoto City, Kyoto Prefecture; Takashimaya Shinjuku Department Store, Shinjuku-ku, Tokyo)
- August 13: Event to Experience HORIBA Sensors (Kyoto Municipal Center for Promotion of Environment Protection, Kyoto City, Kyoto Prefecture)
- October 6: Komatsu Science World (Ishikawa Prefecture Children’s Activity Center, Komatsu City, Ishikawa Prefecture)
- November 10 and 11: Youngsters’ Science Festival (Kyoto Municipal Science Center for Youth, Kyoto City, Kyoto Prefecture)
- December 22: HORIBA Environmental Delivering Classes (Ikiiki Chikyukan (Lively Earth Hall), Osaka City, Osaka Prefecture)



# F-C 2012 Initiatives for the Support for the Development of Society's Next Generation

## Manufacturing Training for Students of a National College of Technology

As part of engineering and design exercises conducted jointly by Maizuru National College of Technology and HORIBA, we offered manufacturing training and factory tours. This was the second year we provided training for this program, and some HORIBA employees gave lectures covering the flow from product development to delivery at HORIBA over a total of eight sessions in about two months. This was a meaningful opportunity for both students and employees.



## Lectures on Global Leadership for Graduate Students

In response to a request from Kyoto University's Center for Global Leadership Engineering Education (CGLEE), some HORIBA employees gave lectures to graduate students twice (in June and July). Students showed great interest in HORIBA's approach for human asset development and project management techniques.



## Hands-on Analytical Instrument Training for Junior and Senior High School Students

As part of JAIMA's (Japan Analytical Instruments Manufacturers Association) social contribution activities, we held a hands-on analytical instrument training session for junior and senior high school students at the National Museum of Emerging Science and Innovation (Miraikan). Serving as lecturers, HORIBA's employees provided unique training in which students analyzed the elements of stones having different colors using elementary analysis systems and measured changes in pH values by using exhaled air to form bubbles in water, thereby experiencing the joy of analysis.



KEYWORDS

Great East Japan Earthquake | Volunteer Activities | Environmental Delivering Class | Events in Local Communities

## F-d Working Together with Society—Unique corporate messages

### Working Together with Society— Unique corporate messages

[Activities and policies]

We demonstrate leadership in promoting the development of the analysis and measurement industry. Also, from our unique perspective as an analysis and measurement equipment manufacturer, we provide the public at large with messages that stimulate interest in analysis and the global environment.

## F-d Initiatives for the Growth of the Analysis and Measurement Industry

### HORIBA Products Certified as “Heritages of Analytical and Scientific Instruments”

The Japan Analytical Instruments Manufacturers Association and the Japan Scientific Instruments Association selected 20 “Heritages of Analytical and Scientific Instruments.”

As cultural heritages that contributed to the lives, economy, education, and culture of the Japanese people, HORIBA Group’s H-type pH meter (right side of the photograph), Standard Gas Divider SGD series (center of the photograph), and Mass Flow Controller SEC-4400 series (left side of the photograph) were selected and awarded certificates.

Going forward, HORIBA will continue to develop excellent technologies and equipment for the next generation to inherit.



### Masao Horiba Awards 2012

The Masao Horiba Awards were launched in 2003, a year that marked the 50th anniversary of HORIBA, Ltd., to support young researchers engaged in analysis- or measurement-related research. The theme for 2012 was “radiation measurement.” A specific theme is set for each year, encouraging researchers in Japan and abroad to conduct unique research on that theme.



## F-d Gaiapress

### Gaiapress—Communication with Nature, the Environment, Life and the Unknown

HORIBA has been hosting the website, Gaiapress, since the early days of the Internet in 1996. This website presents information on a wide range of topics to promote a better understanding of nature, the environment, life and the mysteries of science. These topics provide opportunities for people to think about the value and potential of analytical and measurement technology and sensors, which play essential roles in our lives and business activities. Gaiapress is also highly sensitive to

current social issues and is expanding its coverage of topics in response to readers' questions.

Based on our belief that scientific development always starts with the question "Why?" we will continue to promote communication with readers through Gaiapress.

Gaiapress  
<http://gaiapress.horiba.com/en/>



Gaiapress has continued to expand its coverage of topics since 1996. The total number of hits on the website was 132,630 in 2012.

#### KEYWORDS

Analysis and Measurement Industry | Masao Horiba Awards | Gaiapress | Website | Advertising Awards | Biodiversity

# F-d Gaiapress

## Major Web Pages of Gaiapress

### Red Data Animals

~ The Ark of Gaia ~

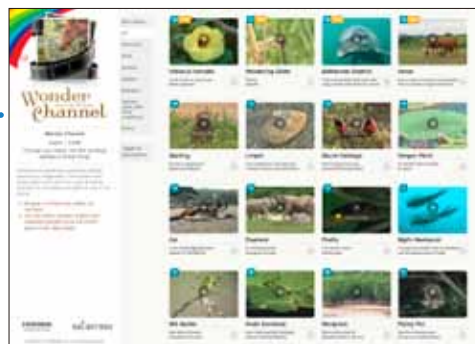
This web page contains information on endangered species of animals that have been listed in different versions of the Red List (IUCN Red List of Threatened Animals) up until 2004, published by the International Union for Conservation of Nature and Natural Resources (IUCN). It provides us with an opportunity to focus our attention on the importance of the rich diversity of life as an invaluable asset of the world.



### Wonder Channel

~ Amazing Abilities of Living Things Revealed through Images ~

The videos on these web pages highlight the amazing sensing abilities of animals, insects and plants, and enable us to appreciate the importance of feeling and measuring the existence of living things from different perspectives.



### SUPER SENSORIUM

These web pages provide information on the life networks, biodiversity and capabilities of living things. Readers are also able to learn about the Convention on Biological Diversity and the Biodiversity Center of Japan.



### Super Nature

~ Mystery Exploration Party ~

These web pages present many interesting mysteries in three different categories: the Mysterious World of Living Things, Communicating with the Unknown and the Mysteries of Science. Join us in as we explore unknown worlds that are the subject of scientific study.

# F-d Gaiapress

## Earthrium What does the Earth really look like?

Earthrium began in March 2006 on the Internet as a joint project between HORIBA, Ltd. and the Think the Earth Project team. This website provides views of planet Earth from different perspectives using computer-generated terrestrial globes.

How does global warming occur? What did the Earth look like three billion years ago? In what countries is English spoken? What does

an aurora look like when viewed from space? Which parts of the Earth were inhabited by tyrannosaurs?

Rotate the globe on your screen to reveal new and exciting information about planet Earth.



## SENSORIUM

This web page explains the mysteries behind measurement technology through Omoshiro Bunseki Zukan (Analysis with Amusing Illustrations) and Bunsekigaku Nyumon (Introduction to Analysis). We also answer readers' questions about analytical and measurement technology.



### KEYWORDS

| Analysis and Measurement Industry | Masao Horiba Awards | Gaiapress | Website | Advertising Awards | Biodiversity



## F-d TV Animation of the Animal Conference on the Environment

**HORIBA has supported the Animal Conference on the Environment, which has gained recognition worldwide, since it became Official Partner.**

Animal Conference on the Environment began in 1997 on Gaiapress, a website hosted by HORIBA, to coincide with the Third Session of the Conference of the Parties (COP3) held in Kyoto. HORIBA has continued to participate in the running of the Animal Conference as official program partner, even though it is now managed independently.

This website is designed to teach children the joy of thinking by providing opportunities for them to consider environmental issues in a fun and enjoyable manner with the help of unique animal characters gathered from around the world. The stories posted on the website have also been published as four picture books and translated into different languages including South Korean and Taiwanese. In South Korea they are used as supplementary readers in elementary schools, and are gaining widespread popularity in

other countries as well. The program has received recognition in various arenas: in 2008 it was chosen for an affiliated event at the Tokyo International Film Festival; and in 2009 it was invited to participate in the Forum International Cinéma & Littérature in Monaco, where it received international acclaim by animated film makers in Europe. Between March and October in 2010, which was declared by the United Nations as the International Biodiversity Year, 20 episodes were broadcast in Japan of an animated series entitled “The Animal Conference on the Environment” (NHK Educational Channel), based on the stories told on our website.

As official partner of the Animal Conference on the Environment, HORIBA will continue to create opportunities for children to experience the joy of thinking.



The Animal Conference on the Environment official website: <http://zomama.jp/>



© NURUE Inc.

Various animal characters representing different countries around the world

## F-d Grand Prize at the 2012 Japan B to B Advertising Awards

At the 33rd Japan B to B Advertising Awards in 2012, hosted by the B to B Advertising Association Japan, HORIBA received awards in three categories. A 2012 HORIBA calendar won the silver prize in the calendar category. The company's "ABIROH 2012" catalog won the bronze prize in the corporate catalogue category. In the website category, HORIBA's website received the bronze prize for the LAQUA benchtop pH/water quality analyzer.



Bronze Prize Winner in the Business Catalogue Category  
Catalogue title: "abiroh 2012"  
Advertising company: HORIBA, Ltd.  
Planned and produced by: L'union Publications, Inc./Kousakusha

"A business catalogue that could not be created by an average company"—that is the main concept behind this work. We will continue to create works that delight people.



Silver prize winner in the calendar category  
Calendar title: Japanese Botanical Art  
Advertising company: HORIBA, Ltd.  
Planned and produced by: L'union Publications, Inc./Kousakusha

The diverse organisms that live on earth are also part of the earth. In order to appropriately maintain the relationships between humans and other organisms, analytical technologies are essential. This time, we used flowering plants from the Edo period for our calendar. The calendar shows a slice of our country's unique culture, which has maintained a close relationship with nature throughout the ages. Since calendars are a medium seen daily by their audience for 365 days, we will continue to create high quality works that communicate our company's most important message.



Bronze prize winner in the website category  
Website title: LAQUA benchtop pH/water quality analyzer  
<http://www.horiba.com/laqua>  
Advertising company: HORIBA, Ltd.  
Planned and produced by: SHIROBOSHI

This series of advertisements contains catalogues and exhibitions that explain the functions and shape of LAQUA. We created a flow, from establishing the product's brand to receiving inquiries, which we started by presenting issues in image form and continued by providing explanations of products and solutions as well as a product selection function.

## F-d HORIBA Corporate Advertisement Awarded Two Advertising Awards

A HORIBA corporate advertisement received the Gold Prize and the Outstanding Designer Prize in the Magazine Advertisement category at the 51st Business Advertising Awards hosted by Fuji Sankei Business i as well as the runner-up award in the Newspaper category at the 47th Japan Industrial Advertisement Awards hosted by The Nikkan Kogyo Shimbun.



Advertisement title: "What we learn in history class is not necessarily about the past."

The Ashio copper mine once led Asia in copper production and made Japan the third largest producer of copper in the world. However, smoke and wastewater from smelters significantly changed the surrounding natural environment, leading to a major event in which Shozo Tanaka directly appealed to the Emperor. The benefits and drawbacks of modernization are embodied by the single remaining chimney at the site where a smelter previously stood. Upon the closing of the mine, the official history ended, but tree-planting activities and water purification are still being conducted even today in 2012. Only after the mountain had been stripped bare and the fish had died did the environmental problems faced by Ashio come to light for the first time. Analytical and measurement technologies must quickly catch any slight changes in the environment so that a heritage of damage is not passed on to succeeding generations. "At HORIBA, Ltd. we aim to be sensors of society."

Currently, in Tochigi Prefecture's Nikko City, people are making efforts to certify Ashio copper mine as a world heritage site.

## F-d Policies and Achievements Regarding Biodiversity Activities

Based on the HORIBA Group CSR Policies, we at HORIBA are conducting corporate activities using “energy,” “health,” “the environment” and “safety” as keywords. As part of our corporate responsibility, we have formulated the following HORIBA Biodiversity Activity Policies:

### HORIBA Biodiversity Activity Policies

- 1 Contribute to biodiversity through our analysis and measurement technologies
- 2 Send messages about the importance of biodiversity to society
- 3 Take an active part in working with related local organizations

### Achievements Regarding Biodiversity-related Activities

- 1 Created a corporate calendar with an endangered species theme
- 2 Presented video content related to biodiversity on HORIBA's official website  
Wonder Channel: <http://gaiapress.horiba.com/jp/>
- 3 Lectured on the sensors of animals and plants in on-site seminars  
(Kids Engineer 2012, etc.)



Kids Engineer 2012 in Yokohama

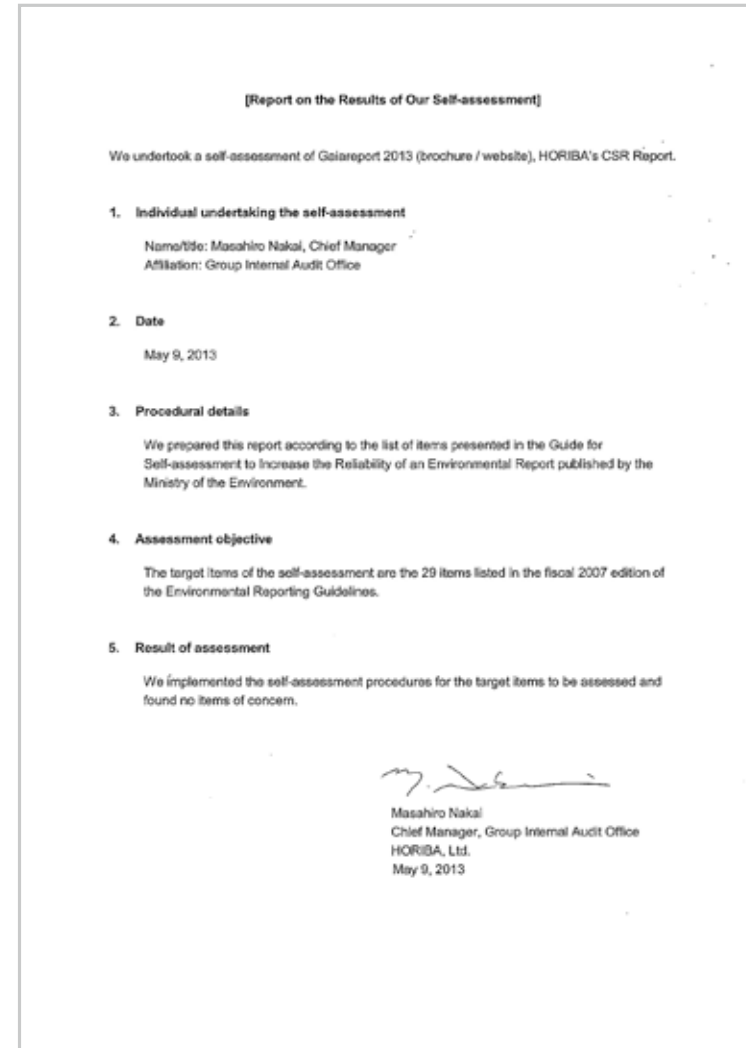


Wonder Channel : <http://gaiapress.horiba.com/jp/>

F-d

# Gaiareport: Self-assessment

Based on the Guide for Self-assessment to Increase the Reliability of an Environmental Report (Ministry of the Environment), HORIBA requested the Group Internal Audit Office to conduct a self-assessment of the data provided in Gaiareport 2013 (brochure and Web versions) and the system used to aggregate the data. We disclose the self-assessment results to stakeholders in this report. We will continue to make improvements through the effective use of self-assessments based on the guidelines provided by the Ministry of the Environment.



## F-d Self-assessment—The 29 Items Listed in the Environmental Reporting Guidelines (2007 Version)

### 1. Basic Information

- BI-1 CEO's statement
- BI-2 Fundamental requirements of reporting
- BI-3 Summary of the organization's business (including management indices)
- BI-4 Outline of environmental reporting
- BI-5 Material balance of organizational activities

### 2. Status of Environmental Management

- MP-1 Status of environmental management
- MP-2 Status of compliance with environmental regulations
- MP-3 Environmental accounting information
- MP-4 Status of environmentally conscious investment or financing
- MP-5 Status of supply chain management for environmental conservation
- MP-6 Status of green purchasing or procurement
- MP-7 Status of research and development of new environmental technologies and DfE
- MP-8 Status of environmentally friendly transportation
- MP-9 Status of biodiversity conservation and sustainable use of biological resources
- MP-10 Status of environmental communication
- MP-11 Status of social contribution related to environment
- MP-12 Status of products and services that contribute to the reduction of negative environmental impacts

### 3. Status of Activities for Environmental Impacts and Reduction Measures

- OP-1 Total amount of energy input and reduction measures
- OP-2 Total amount of material input and reduction measures
- OP-3 Amount of water input and reduction measures
- OP-4 Amount of materials recycled within an organization's operational area
- OP-5 Total amount of manufactured products or sales
- OP-6 Amount of greenhouse gas emissions and reduction measures
- OP-7 Air pollution, its environmental impacts on the living environment, and reduction measures
- OP-8 Amount of release and transfer of chemical substances and reduction measures
- OP-9 Total amount of waste generation and final disposal and reduction measures
- OP-10 Total amount of water discharge and reduction measures

### 4. Status of the Relationship between Environmental Considerations and Management

### 5. Status of Social Initiatives