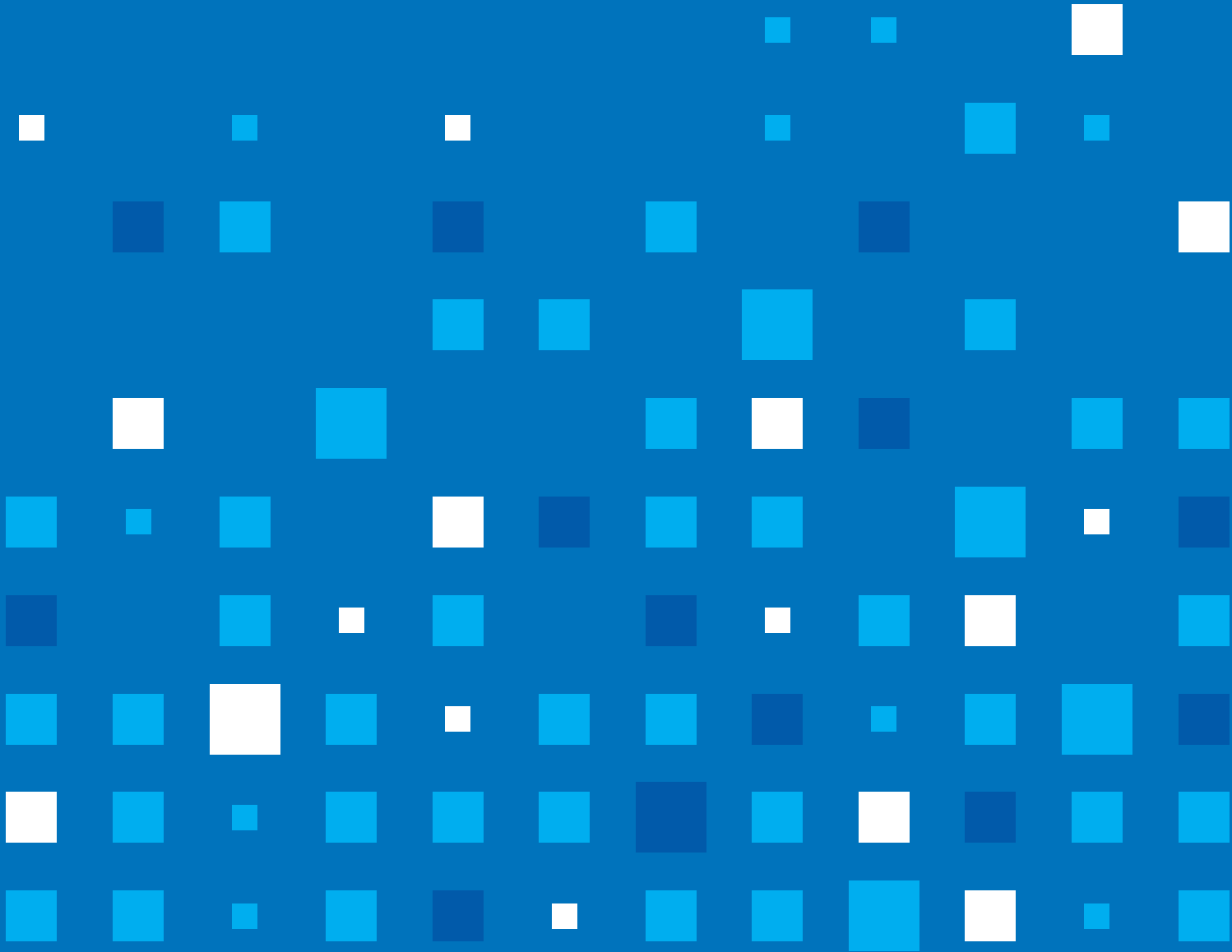


2019

Meiden Group CSR

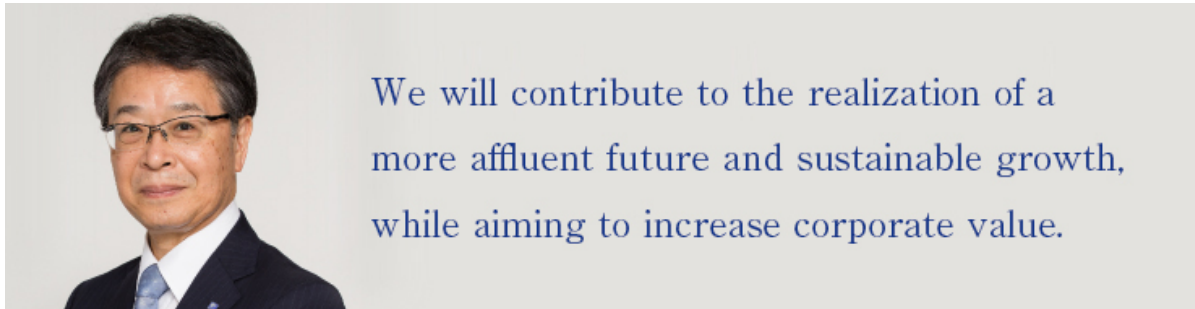


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Sustainability

The President's Commitment



The Meiden Group considers compliance, corporate governance, and risk management to be the foundations of management. In particular, with respect to corporate governance, we are working to further improve the management's efficiency and fairness through initiatives that contribute to the improved effectiveness of executive functions—based on the executive officer system and the decision making and oversight functions of the board of directors—along with appropriate information disclosure to stakeholders, including shareholders, through Investor R and other activities.

Furthermore, we will satisfy our social responsibilities by focusing on three key areas: the environment, society, and human resources.

First, to focus on the environment, we will strategically promote environmental management, contribute to society from an environmental and energy perspective through our products and services, and work to reduce the environmental impact of our business activities. Second, to address society, we will not only solve customer problems through our products and services, but also provide the value needed by society as corporate citizens through active communication with local communities.

Third, with regard to human resources, I feel that the Meiden Group's growth is dependent on the continued development of our employees. We are actively promoting human resource policies to create an environment where people with various abilities can use their individual abilities to work in a variety of ways.

As a manufacturer with a history spanning more than 120 years, we have created a variety of technologies, products, and services as well as investigated ways to contribute to society on a daily basis. The root of this has been our sense of purpose, the will to challenge ourselves to meet the expectations of our customers and society, and our "passion for manufacturing excellence." Going forward we will steadily implement measures in line with the current business environment to contribute to the realization of a prosperous future society and sustainable growth, while also improving corporate value. We appreciate and thank you for your continued support.

The Meiden Group is working to take a "powerful step forward" in the Medium-term Management Plan 2020 put into place during FY2018. During the "jump" period following this medium-term management plan, we will actively invest and take measure of equipment, personnel, research and development, and strengthen partnerships, while at the same time expanding our business and creating a balanced business structure. We aim to realize quality growth by improving profit margins.

The strength of the Meiden Group, and the source of value creation, is a strong sense of mission to support the social infrastructure that we have cultivated through long-term relationships with customers, connections such as networks with customers and collaboration within the group, and a power and mobility that responds quickly and flexibly to customer requests and issues. Going forward, we aim to maximize corporate value by continuing to develop each of these three strengths.

We will continue to actively challenge ourselves to create new technologies and new value, in order to contribute to the realization of a more affluent and environmentally conscious society.

Representative Director and President
Takeshi Miida

三井田 健

Sustainability

CSR from the Meiden Group Perspective

We believe that CSR begins with each employee working to realize the Group’s corporate philosophy to become a Meiden Group that is integral to society.

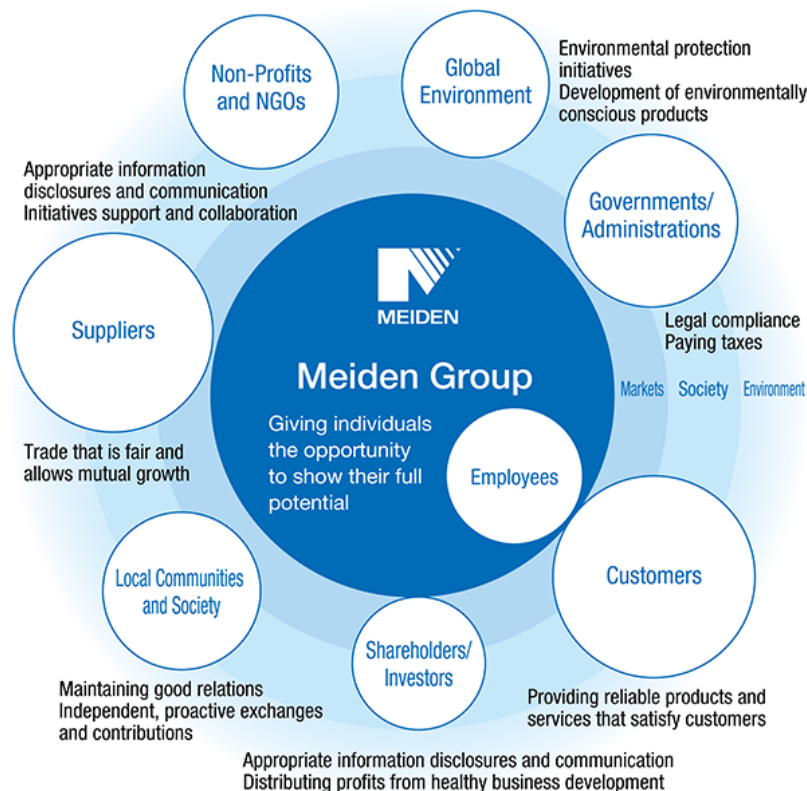
Relationships with Stakeholders

“Society” in the phrase “a Meiden Group that is integral to society” is defined as all Meiden Group stakeholders. To be integral to society, it is necessary to meet the diverse expectations of various stakeholders and increase the satisfaction of all stakeholders as a whole.

We seek to learn what challenges we need to address by maintaining an interactive, two-way communication with the Meiden Group’s stakeholders. We believe that recognizing issues and taking various measures for improvement will lead to understanding and positive evaluations from our stakeholders.

By actively disclosing not only financial information related to laws and regulations, but also non-financial information on environmental and social aspects, we eliminate risks that could lead to a loss of stakeholder trust. We will remain aware of the role expected of us and strive to fulfill that role.

The Meiden Group has adopted the President’s CSR Policy Statement for each employee to practice our social responsibility and corporate philosophy in their daily work. Departments in charge of specific CSR themes play a central role in forming the policy, taking into account the current business environment, and CSR issues.



President's CSR Policy Statement

The environment, society, and human resources are the three key issues for each employee to put the Group's corporate philosophy into practice. By taking on these three key issues with initiatives built on the fundamental management elements of compliance, corporate governance, and risk management, we fulfill our responsibility to our customers and other stakeholders.



Management foundation of our business activities

Compliance, Corporate Governance, Risk Management

By strengthening these building blocks of management foundation, we hope to further cultivate the corporate culture necessary for CSR management.

We work for prompt, efficient business management that is fair and transparent, maintaining a system to ensure proper work processes. Our efforts in compliance involve not only complying with the law, but also with social norms and ethics. We also strive to inspect risk items and develop a risk management system in order to strengthen our response to those risks.

1. "Environment"—Promote strategic environmental management

We contribute to society through the offering of products and services for the environment and energy. At the same time, we will work to reduce the environmental impact of our business activities.

2. "Society"—Provide values needed by society

We accept our responsibilities as good corporate citizens through many initiatives, including: resolution of customer issues; promotion of community involvement and proactive communication; proper information disclosure at the correct time, etc.

3. “Human Resources”—Produce work that gives pride to our employees and creates positive working environments

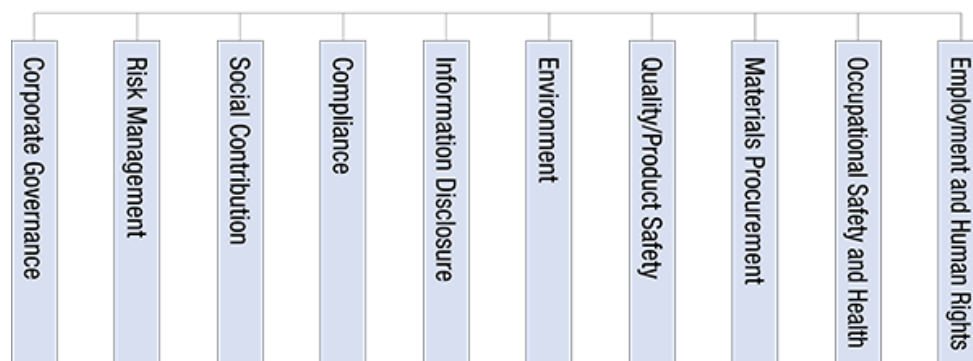
We will tackle these issues: create a positive working environment that brings out the best potential and unique talents of each employee; promote better work-life balance; and develop abundant and diverse talent, as human resources are precious to the Group.

CSR Management Promotion Structure

The Meiden Group conducts activities under the ten CSR themes under the direction of the in charge of environmental and CSR initiatives. With each theme, we develop a concrete action plan led by the department supervising that theme. Then, we actively pursue initiatives, including cross-sectional committee activities, which advance the work on those themes. We refer to ISO26000, the international standard on social responsibility, when we prepare our action plans.

The secretariat summarizes the plans and results for each theme we pursue, promotes initiatives through the PDCA cycle, and raises CSR awareness in the Meiden Group as a whole.

10 Themes Related to CSR Management Promotion



Meiden Group Initiatives for Sustainable Development Goals (SDGs)

At the UN Sustainable Development Summit in 2015, the world adopted common goals known as the Sustainable Development Goals (SDGs)*. The SDGs are challenges the international community is addressing over the 15 years from 2016 to 2030.

The targets of the SDGs are very compatible with the President’s CSR Policy Statement and business activities of the Meiden Group. They include many areas where we can contribute to a solution with technologies and expertise we have cultivated over the years. Thus, to really learn and take advantage of the opportunities and challenges presented by the SDGs, we laid out the effects that our business activities have on the environment and society. This process considered the entire value chain and issues specific to the countries where we do business. It even included any negative impacts of our business activities.

[Click here to view the approach to SDGs.](#) >

External Support Initiatives

- CDP*1
- Children's Rights and Business Principles*2

※ *1 An initiative begun by a coalition of major institutional investors around the world. It calls on the world's enterprises to disclose their climate change strategies (risks and opportunities) and their GHG emissions, among other information.

※ *2 These principles offer a comprehensive framework for understanding and working on the impact that business activities have on children's rights and happiness. They were presented by Save the Children, the UN Global Compact, and UNICEF.

Group Membership Credentials

- KEIDANREN (Japan Business Federation)
- The Japan Electrical Manufacturers' Association (JEMA)
- The Institute of Electrical Engineers of Japan (IEEJ)
- Electric Technology Research Association
- The Japan Electric Association
- The Japan Society of Mechanical Engineers

Sustainability

The Approach to SDGs

Meiden Group Initiatives for Sustainable Development Goals (SDGs)

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The Meiden Group will continue to pursue manufacturing excellence that benefits society, create value, and help solve social issues that include those addressed by the SDGs.

Sustainable Development Goals (SDGs): Seventeen goals incorporated into the 2030 Agenda for Sustainable Development adopted by world leaders at the United Nations Sustainable Development Summit in September 2015. Based on these new goals—universally applied to all nations—each nation will end all forms of poverty, combat inequality, and take steps to address climate change while ensuring that no one is left behind over the next 15 years.

Status of SDG initiatives

Understanding of SDGs FY2018	Identifying Priority Issues FY2019
<ul style="list-style-type: none"> · Organize impact areas in countries where we conduct business and business activities · Arrange related initiatives in accordance with each SDG · Conduct training for management 	<ul style="list-style-type: none"> · Consideration of the connections between business activities and SDGs; establishing areas that contribute to the solution of social issues through our business strategies

Conducting SDGs Training for Management

In FY2018, we invited outside instructors to give seminars about SDGs (Sustainable Development Goals) for management. At the seminars, we received instruction on topics such as “Why are SDGs attracting attention?” “The need for companies to work toward SDGs,” and “Challenges the Meiden Group is facing to achieve SDGs.” These seminars provided an opportunity to share ideas linking SDGs and management through active question and answer sessions.











The Meiden Group’s Approach to SDGs




As a heavy electric equipment manufacturer supporting the future of social infrastructure, the evolution of industry, and achieving sustainable growth and development, the Meiden Group contributes to the Seventeen goals of the SDGs through all business activities. Furthermore, in order to continue contributing to the SDGs in the future, it is necessary to seriously address the expectations of society and accurately grasp key social issues as important issues for the company. To do this, we have established areas that contribute to solving social issues through business strategies.


The Meiden Group will continue to actively challenge itself to create new technologies and new value, in order to contribute to the realization of a vibrant and comfortable future society.



Goals	Relevance	Major Business Activities Contributing to Solution
	★	<ul style="list-style-type: none"> Transformer business and railway system business in Southeast Asia (Thailand, Indonesia, etc.): Through these businesses, we contribute to the development of the rail and transformer industries, increase access to railroads for the impoverished, and help build resilience
	★★★	<ul style="list-style-type: none"> Workplace safety and health: We actively work to prevent workplace accidents and harm to health, for example by offering hands-on safety experience training (to increase sensitivity to hazards) using VR technology within and beyond the Group We promote management of chemical substances, including at suppliers Automobile testing equipment: We contribute to the spread of next-generation automobiles such as electrified vehicles for the global environment, safety measures, and ensuring freedom of movement for all people Electric power/energy: We contribute to electric power supply stability with, for example, cogeneration systems for medical facilities Water treatment systems: We provide clean water with our water treatment plants and contribute to water pollution prevention with our sewage treatment plants
	★★	<ul style="list-style-type: none"> We create positive working environments through consideration of human rights and labor (including fair and equitable employment and respect for diversity) and workforce training By donating school facilities (Thailand) and endowing courses (Thailand and India), we help create educational opportunities for young people We hold “manufacturing workshops” and science teaching sessions and support education with internships for university and technical college students
	★★★	<ul style="list-style-type: none"> We create positive working environments by considering human rights and labor (including practicing fair employment, honoring diversity, and giving training on human rights and diversity) We promote consideration for human rights and labor at suppliers by practicing CSR procurement
	★★★	<ul style="list-style-type: none"> We contribute to safe water supplies by providing one-stop service for water supply and wastewater infrastructure, from equipment manufacturing to maintenance, inspection, maintenance management, and operation management. Specific examples include the substation equipment and monitoring and control systems essential to water supply and wastewater infrastructure, cloud services to support operation management,

		<p>and flat-sheet ceramic membranes with outstanding filtering performance</p> <ul style="list-style-type: none"> · We help solve the variety of social challenges facing local governments in Japan, such as population declines and aging facilities, by developing public-private partnership projects and one-stop services in the water treatment business
<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>★★★</p>	<ul style="list-style-type: none"> · We help ensure the stable supply of electric power by manufacturing, marketing, and providing equipment for emergency and non-emergency power generation, hydroelectric power generation, and power transmission, conversion, and distribution and by providing energy solution services such as smart grids · We help build a carbon-free society by manufacturing, selling, and supplying power generation systems for renewable energy sources like solar power and small-to-medium size hydro power · We contribute to the electrification of automobiles by manufacturing and selling motors and inverters for electric forklifts, PHEVs, and EVs · We achieve energy conservation by providing energy-recovering water treatment using anammox and community-based water treatment systems (developing new aeration air flow rate control)
<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>★★★</p>	<ul style="list-style-type: none"> · We practice work style reform and make work more efficient by implementing RPA*1 · We give locally-hired staff in Southeast Asia training in specialized technologies like design, construction, and maintenance (including quality control and safety management) to improve comprehensive engineering and support infrastructures around the world with high-quality engineering services
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>★★★</p>	<ul style="list-style-type: none"> · We contribute to a stable supply of electric power by developing, marketing, and providing energy solution services such as smart grids · With the online smart diagnostic service using IoT, we can provide appropriate maintenance of social infrastructures and the prevention of serious failures such as power outages · We help achieve leading-edge technology and contribute to the development of a prosperous society through technological innovation in semiconductor and FPD manufacturing equipment components (vacuum capacitors, industrial controllers, pulse power supplies, etc.) · We contribute to comfortable water treatment and stabilization of industrial infrastructure with drainage solutions using methods such as water treatment systems and flat-sheet ceramic membranes · We contribute to technological innovation in the automobile industry with our industry-academic-government partnerships, by

		<p>developing and selling test devices for automobile research institutes, universities, and manufacturers of automobiles and auto components</p> <ul style="list-style-type: none"> · We help increase industrial productivity and reduce labor burdens in all industries, including manufacturing, through labor-saving, space-saving, and efficiency improvements in factory transport using automated guided vehicles (AGV). · We contribute to technological innovation in the semiconductor, film, and other industries, by establishing room-temperature deposition technology through OER technology*2 using pure ozone
	<p>★★★</p>	<ul style="list-style-type: none"> · We employ fair employment practices and respect diversity · Aiming to realize respect for human rights, the Meiden Group undertakes human rights awareness initiatives throughout the organization · We appoint local staff to management positions at overseas affiliates · We communicate the principles of CSR (including human rights and labor) and the Meiden Group's CSR approach to our business partners and conduct supplier evaluations
	<p>★★★</p>	<ul style="list-style-type: none"> · We promote urban development and help to alleviate traffic congestion through railroad projects such as KVMRT*3 in Malaysia and MRT*4 in Singapore · We contribute to the construction of transportation infrastructure using overhead contact line inspection equipment and transformer equipment for electric railways · We prevent equipment breakdown by diagnosing the early signs of irregularities in large motors, generators, transformers, and switchgears and make optimal equipment upgrades · Our elevator hoisting machines and inverters for higher-rise cities and barrier-free support (home elevators), and elevator rope testers reduce inspection time and improve efficiency · We help make communities resilient to disaster with mobile power supply cars, building power generators, and other emergency power generation equipment · We provide sustainable, inexpensive, and good services for waterworks through public-private partnerships
	<p>★★★</p>	<ul style="list-style-type: none"> · We promote eco-friendly design by making products smaller and more efficient, controlling chemical content, practicing life cycle assessment (LCA), etc. · Through CSR procurement, we promote the management of chemical substances, consideration for reducing environmental impact, and response to conflict minerals issues at suppliers · By implementing a range of initiatives to improve product and service quality, we improve our development and design quality,

		<p>preventing defects, rework prevention, quality control technology training, and more</p> <ul style="list-style-type: none"> · We provide 24-hour support of customer equipment operation (troubleshooting, responding to inquiries, remote monitoring service) · We develop our workforce to support the provision of high-quality products
	★★★	<ul style="list-style-type: none"> · We help to build a carbon-free society through our renewable energy-related business · We provide eco-friendly products and B39:G49 · We installed a solar power generation system at one of our major manufacturing sites (Numazu Works) · Through CSR procurement, we promote the reduction of GHG emissions at our suppliers · We help build disaster prevention platforms for local governments and support disaster prevention through our urban flooding monitoring service (flash flood countermeasures using manhole antennas) · We promote the spread of renewable energy through the wind power business of M WINDS Co., Ltd. (power generation, power sales, and maintenance)
	★★	<ul style="list-style-type: none"> · We help prevent marine pollution with ceramic flat-sheet membranes for advanced wastewater treatment · Water treatment systems: We provide clean water with our water treatment plants and prevent water pollution with our wastewater treatment plants · We conduct aquatic organism impact studies in rivers where sewage treatment water is discharged
	★	<ul style="list-style-type: none"> · We make effective use of the sludge generated at water treatment plants · We reduce the use of printing paper and ink by implementing managed print services (e.g., increasing the number of multifunction printers)
	★★	<ul style="list-style-type: none"> · Through consideration for human rights and labor (prohibiting child labor, prohibiting practices such as corruption and bribery, and providing compliance training), we create a comfortable, positive workplace · We communicate the principles of CSR (including prohibitions on child labor, corruption, bribery, and other acts) and the Meiden Group's CSR approach to our business partners and conduct supplier evaluations
	★★	<ul style="list-style-type: none"> · We support the infrastructure development of developing nations by delivering equipment through Official Development Assistance (ODA)

17 PARTNERSHIPS
FOR THE GOALS



- We promote partnerships with local businesses in Southeast Asia (transformer business, switchgear business, etc.)
- We expand public-private projects by building partnerships with other industry sectors in the water treatment field
- We provide sustained water supply service that is both good and inexpensive through public-private partnerships
- We contributed to the realization a safe and secure water supply through comprehensive operations in waterworks by establishing the Gunma Tobu Suido Kigyodan (an amalgamation of several local water services in Eastern Gunma Prefecture)

*1 RPA (robotic process automation): The use of robots to make work more efficient.

Programming robots to do white color work and other tasks that humans have always done helps to automate typical, repetitive tasks. By teaching robots a set of rules, it is possible for them to do work that includes decision-making based on certain standards. Software robots are being used to automate typical PC operation without changing existing systems.

*2 OER technology: A proprietary Meiden technology that produces hydroxyl (OH) radicals at room temperature by causing a reaction between high purity ozone and ethylene gas.

*3 KVMRT (Klang Valley Mass Rapid Transit): This urban transit system travels east to west for 51 km across the capital, Kuala Lumpur.

*4 Singapore MRT (Mass Rapid Transit) : Singapore's Mass Rapid Transport System

Sustainability

Environment

Promotion of Strategic Environmental Management >	Environmental Management >
Product Initiatives (Expand businesses that contribute to the environment) >	Product Initiatives (Promote Environmentally Conscious Design) >
Product Initiatives (Examples of Meiden Green Product registered in fiscal 2018) >	Product Initiatives (Management of chemical substances in products) >
Climate Change >	Prevention of Pollution and Effective Utilization of Resources >
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Overview of Environmental Impacts by Our Business Activities >	Environmental Impact Data (Fiscal 2018) from the Four Main Manufacturing Sites (Domestic Manufacturing Sites) >
Third-Party Verification >	Issue of Green Bonds >

Environment

Promotion of Strategic Environmental Management

Policy

The Meiden Group promotes environmental management by ensuring that each employee contributes to the protection of the global environment and the creation of a prosperous society through their day-to-day work according to our Basic Environmental Philosophy.

Basic Environmental Philosophy

With our basic environmental philosophy: “Contribute to people, society and the global environment to make a world a better place to live,” Meiden Group aims to help build a sustainable society and to realize the growth of the Group and actively implement environmental management to tackle important issues: mitigating climate change, efficient use of resources (building a recycling society) and conserving biodiversity.

Environmental Policies

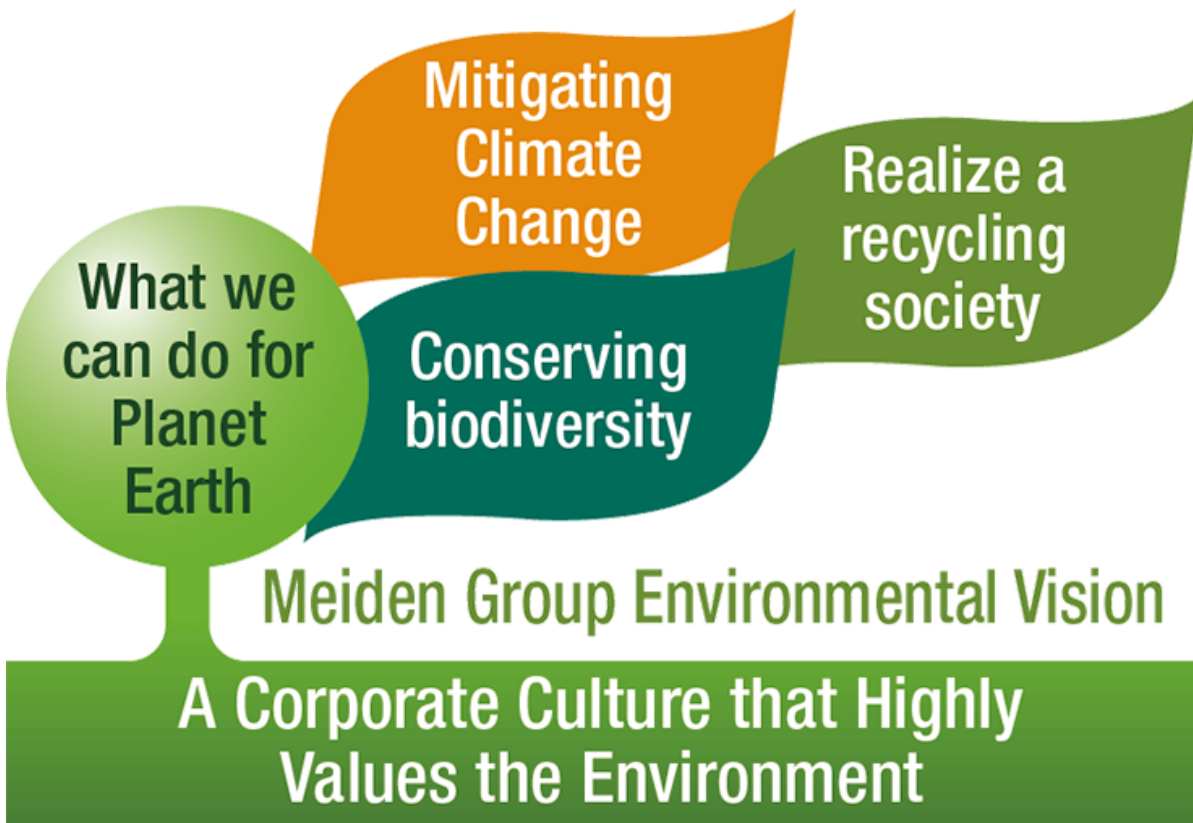
1. By promoting the development of new products and innovative technologies and providing such products to wider global markets, we endeavor to positively contribute to the society.
2. We strive to design and develop environmentally conscious products by conducting environmental impact evaluation for the product's life cycle, from initial material procurement to final disposal.
3. We strive:
 - To reduce the environmental impacts from our business activities at home and abroad
 - To reduce greenhouse gas emissions
 - To promote the 3Rs (reduce, reuse and recycle)
 - To reduce the releasing amount of hazardous substances that are harmful to humans and the environment
4. We strive to comply with the related environmental laws, regulations, rules and other required matters and establish our internal guidelines. We strive to prevent the pollutions from our operations at home and abroad and make efforts to protect the environment.
5. After establishing an environmental management system, we strive to maintain and improve it through the QC tool of the PDCA (Plan-Do-Check-Act) Cycle and we aim to improve our environmental performance.
6. We strive to implement environmental education programs in order to increase all of our employees' understanding of environmental management and environmental protection and in so doing, we aim to activate our environmental programs.
7. Through the broader communication with our stakeholders inside and outside the Group, we endeavor to publicize and share the information on our environmental initiatives and the results and we work on to realize a sustainable society in cooperation with our related stakeholders.

Environmental Vision

As a medium-term guideline to assist us in advancing environmental management, the Meiden Group has formulated an Environmental Vision that indicates the stance that we should adopt and the appropriate direction for our environmental activities. We seek to contribute to the realization of a sustainable society by means of the reduction of the environmental impact resulting from our business activities and the deployment of the business activities, products, technologies, and services that we have developed to date in the fields of energy and water treatment to support social infrastructure.

Our Environmental Vision identifies the mitigation of climate change, the building of a recycling society, and the conservation of biodiversity as the missions of a 21st century company, and establishes targets for how we should perform in our business activities and what we should aim for in our products. We work to implement environmental management with a corporate culture that highly values the environment as the foundation that helps us to achieve these targets.

Outline of the Environmental Vision



Targets that Express Our Environmental Vision

A. Mitigating Climate Change

- 1 Contribute to the reduction of CO₂ emissions through the sale of energy-related products and systems (i.e., products for renewable energy resources, etc.)
- 2 Promote environmentally conscious product design and reduce CO₂ emissions in the product life cycle.
- 3 Reduce CO₂ emissions in our production activities.

B. Conserving Resources (Building a Recycling Society)

- 1 Promote the 3Rs (Reduce, Reuse and Recycle) of waste materials in the various stages of the product life cycle.
- 2 Promote zero emissions of waste products from our production activities.

C. Conserving biodiversity

- 1 Contribute to securing water resources through our water processing systems business.
- 2 Conduct risk management on chemical materials and promote the reduction of very risky hazardous chemical materials, as well as initiatives to find alternative materials on a basis to reduce or replace harmful chemicals.

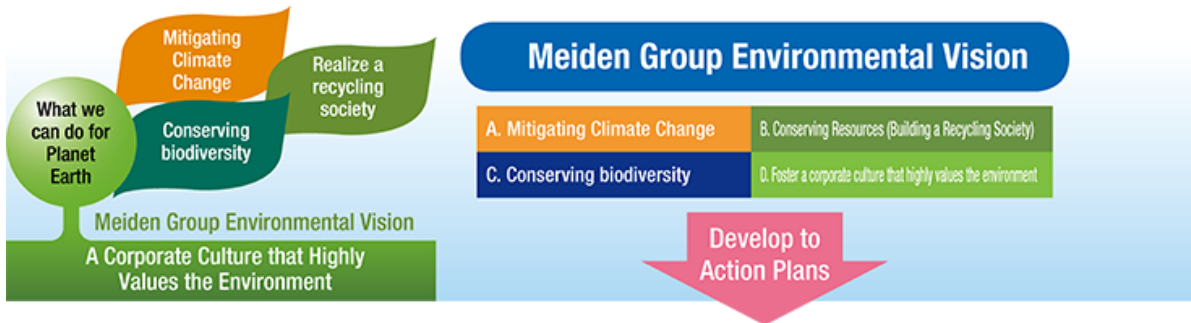
D. Foster a corporate culture that highly values the environment

- 1 Promote environmental communication: Actively disclose our environmental activities and results and promote two-way communication with our stakeholders.
- 2 Foster environmental awareness: For mitigating Climate Change, increase environmental literacy to promote environmentally conscious R&D and product development and cultivate the Group's individuals who actively perform local community and social contribution programs by acting on their own initiative.

Promotion of Ongoing Activities

We have developed an action plan as part of the Meiden Group Medium-term Management Plan 2020 (FY2018 to FY2020) with an eye to achieving our environmental vision. The targets listed in the environmental vision are "A. mitigate climate change," "B. realize a recycling society," "C. conserve biodiversity," and "D. foster a corporate culture that highly values the environment." We have come up with actions to achieve the five strategic targets under Medium-term Management Plan 2020 and incorporated them into an action plan for continuous improvement.

Deployment of Action Plans



Medium-term Management Plan 2020, an Action Plan for Fiscal 2018–Fiscal 2020

Strategic Targets	Actions	Corresponding “Environmental Vision”
1. Contribute to environment through products and services	1) Expand businesses that contribute to the environment	
	2) Promote environmentally conscious design	
	3) Manage chemicals in products	
2. Reduce the environmental impact of business operations	1) Reduce greenhouse gas emissions	
	2) Manage chemicals properly	A. Mitigating Climate Change
	3) Promote the 3Rs (reduce, reuse, recycle)	B. Realize a recycling society
	4) Maintain water resources	
	5) Maintain biodiversity	C. Conserve biodiversity
3. Promote environmental communication	1) Disclose information, conduct PR	
	2) Contribute to sustainable society	
4. Improve employees’ environmental awareness	1) Strengthen management of Meiden Group companies	
	2) Strengthen value chain management	
5. Reform environmental awareness	1) Develop environmental management personnel	D. Foster a corporate culture that highly values the environment
	2) Conduct environmental training and awareness raising	

Results Data

Fiscal 2018 Environmental Targets and Results

Fiscal 2018 targets and level of achievement are as follows. New measures are considered depending on the level of achievement of targets, which ties in to future planning. Please refer to the corresponding page for details of each item.

Fiscal 2018 Environmental Target Achievement Status (Japan)

Strategic Targets	Actions	Fiscal 2018 Targets (Japan)	Fiscal 2018 Results	Achievement
Contribute to environment through products and services	Promote environmentally conscious design	Contribute a 800,000 t/year reduction in CO ₂ emissions by ECBs	841,000 t/year	○
		Increase percentage of Green Products (as measured by Meidensha's standards)	21 Green Products	×
Reduce the environmental impact of business operations	Reduce greenhouse gas emissions	Total emissions (Scope 1+2): -1% (compared to FY2017)	-18% (compared to FY2017)	○
	Manage chemicals properly	VOC emissions: 80 tons or less	96 tons	×
	Promote the 3Rs	Total wastes: -1% (compared to FY2017)	'+4% (compared to FY2017)	×
		Zero emissions*1 at 9 sites*2	Achieved at all 9 sites	○
	Conserve water resources	Measure and analyze water data: 4 main manufacturing sites*3	Extension of flowmeters, etc.	○
	Conserve biodiversity	Survey of ecosystems (plants, etc.): 4 main manufacturing sites*3	Conducted at each site	○
Promote environmental management	Strengthen value chain management	Green procurement rate (as measured by Meidensha's standards): 80% or greater	85%	○

*1 Meiden Group definition of zero emissions: To achieve a non-recycling rate of less than 1.0% of the total volume of waste (including industrial waste, general waste, and saleable waste, but excluding construction sludge, etc.).

*2 Scope of zero emissions initiatives: manufacturing sites in Japan (Numazu Works, Ota Works, Nagoya Works, KOFU MEIDENSHA ELECTRIC MFG. CO., LTD., MEIDEN CHEMICAL CO., LTD. (Sagami Works), HOKUTO DENKO CORPORATION (Atsugi Works)), Engineering Service Business Units and two Construction Service Business Units

*3 Main four manufacturing sites: Numazu Works, Ota Works, Nagoya Works, and KOFU MEIDENSHA ELECTRIC MFG. CO., LTD.

Targets

At the Meiden Group, we formulated Medium-term Management Plan 2020 to cover the three years from fiscal 2018, we developed an action plan to achieve our targets under the medium-term management plan, and we are working to implement environmental management.

Medium-term Management Plan 2020 - Fiscal 2019 Environmental Targets

Fiscal 2019 environmental targets are as follows.

Fiscal 2019 Environmental Targets (Japan)

Strategic Targets	Actions	Fiscal 2019 Environmental Targets (Japan)
Contribute to environment through products and services	Promote environmentally conscious design	Contribute a 800,000 t/year reduction in CO ₂ emissions by ECBs
		Reduction in emissions over the life cycle of new products (specific areas)
Reduce the environmental impact of business operations	Reduce greenhouse gas emissions	Total emissions (Scope 1+2): -2% (compared to FY2017)
	Manage chemicals properly	VOC emissions: 80 tons or less
	Promote the 3Rs	Total wastes: -1% (compared to FY2017)
		Zero emissions*1 at 9 sites*2
	Conserve water resources	Measure and analyze water data: 4 main manufacturing sites*3
Conserve biodiversity	Conservation of ecosystems: 4 main manufacturing sites*3	
Promote environmental management	Strengthen value chain management	Green procurement rate (as measured by Meidensha's standards): 80% or greater

*1 Meiden Group definition of zero emissions: To achieve a non-recycling rate of less than 1.0% of the total volume of waste (including industrial waste, general waste, and saleable waste, but excluding construction sludge, etc.).

*2 Scope of zero emissions initiatives: manufacturing sites in Japan (Numazu Works, Ota Works, Nagoya Works, KOFU MEIDENSHA ELECTRIC MFG. CO., LTD., MEIDEN CHEMICAL CO., LTD. (Sagami Works), HOKUTO DENKO CORPORATION (Atsugi Works)), Engineering Service Business Units and two Construction Service Business Units

*3 Main four manufacturing sites: Numazu Works, Ota Works, Nagoya Works, and KOFU MEIDENSHA ELECTRIC MFG. CO., LTD.

Environment

Environmental Management

Policy

The Meiden Group practices environmental management that brings together business strategy and environmental initiatives.

We continually improve our environmental management system as we evaluate its validity and effectiveness.

Organization

Environmental Management Promotion Organization

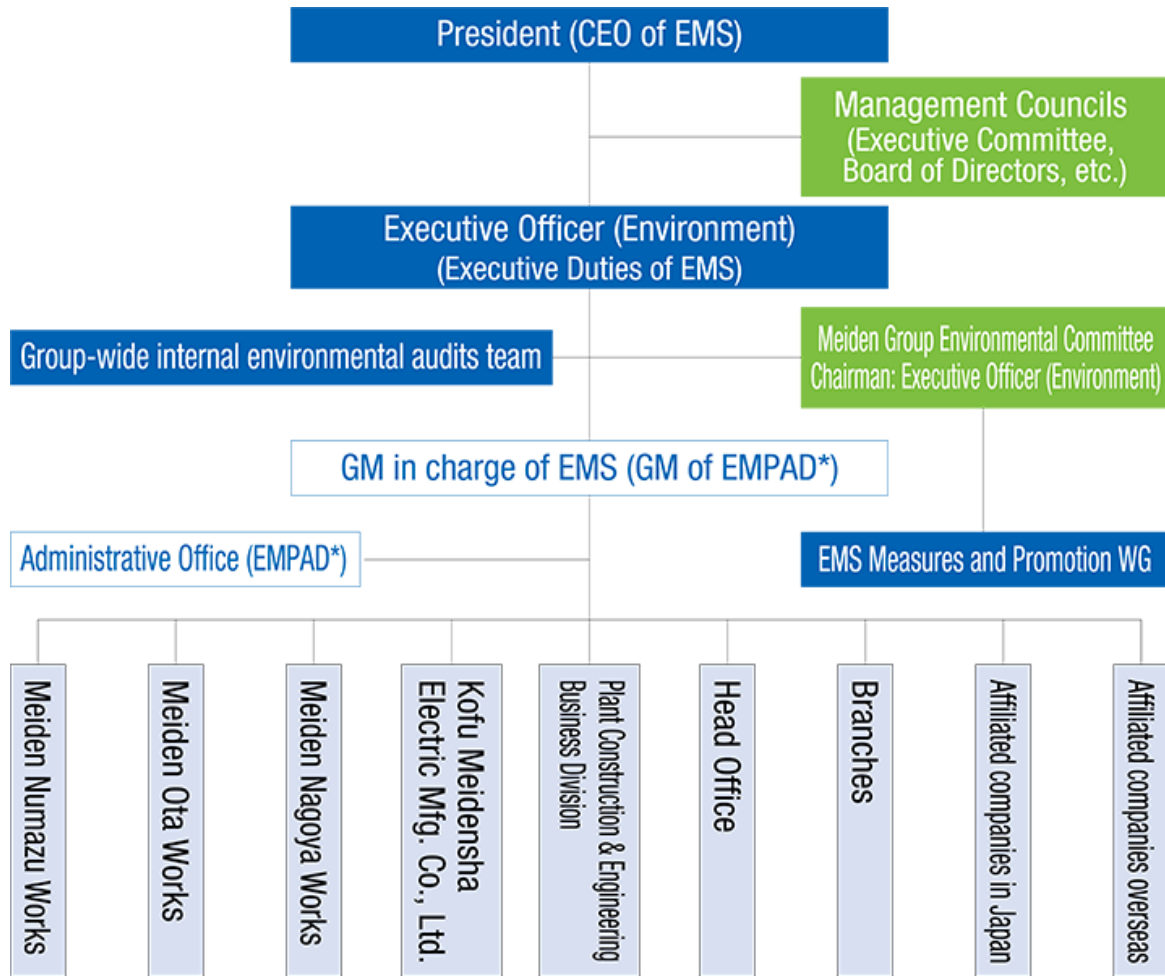
Under the leadership of the President, who is our chief executive officer, the executive officer (environment) oversees the environment management of the Meiden Group overall, while the general manager (GM) in charge of EMS works to maintain and improve the environmental management system (EMS).

In addition, our Group-wide internal environmental audit team, an independent organization, audits environmental management initiatives, legal compliance, EMS effectiveness, and more, and offers ideas for improvement.

The executive officer (environment) chairs the Meiden Group Environmental Committee (MGEC), our highest decision-making body for environmental initiatives. The MGEC identifies issues to address, including risks relating to climate change and the like, sets environmental targets and formulates action plans, conducts management reviews, responds to emergency situations, reviews and reports on environmental measures and working groups (WGs), and sets environmental management policy directions.

For the most important issues, the executive officer (environment) and GM in charge of EMS consult with the executive committee, Board of Directors, and the like and then acts as decided by top management.

Meiden Group Environmental Management Organization



*Environmental Management Program Administration Division

Responding to Environmental Risks and Opportunities

Phenomena (issues) related to environment		Risks	Opportunities	Carrying out initiatives
Government (political) Laws and Regulations	<ul style="list-style-type: none"> • Revision of Feed-in Tariff Scheme for Renewable Energy • Deregulation of electric power industry, revision of power supply structure • Flow of processes to implement carbon pricing • Energy conservation regulations & standards (business operations, products) • Stronger regulations on hazardous chemical substances 	<p>Short-term cost increases</p> <ul style="list-style-type: none"> • Rising cost of energy increases our costs (procurement, shipping, manufacturing, scrapping, etc.) directly and indirectly. <p>Decline of product competitiveness</p> <ul style="list-style-type: none"> • It will get harder to sell products that do not meet environmental regulations and standards. • We will lose share if we cannot meet the needs of a market looking for environmentally conscious products. 	<p>Growth of new markets</p> <ul style="list-style-type: none"> • Markets for products and services related to renewable energy and energy conservation are growing. <p>Differentiation with environmentally conscious products</p> <ul style="list-style-type: none"> • Being among the first to bring products that meet regulations, etc., to market and offering low-environmental impact products and services make us more competitive. <p>Better business performance through environmental management</p> <ul style="list-style-type: none"> • By running businesses 	<p>Expand products' contribution to the environment</p> <ul style="list-style-type: none"> • Expand sales of products related to renewable energy and energy conservation (wind, hydroelectric, and solar power equipment, EV/PHEV electric equipment, transformers, motors, inverters, etc.) • Develop environmentally conscious products, implement new technologies (which are more compact, lightweight, efficient, energy-conserving, etc.) <p>Diversify financial assets</p>
Economy	<ul style="list-style-type: none"> • Expanded ESG investment • Price competition (low cost, premium pricing) 	<p>Decline of corporate value</p> <ul style="list-style-type: none"> • Our image, evaluations (credit ratings, etc.), and share 		

Phenomena (issues) related to environment		Risks	Opportunities	Carrying out initiatives
Society	<ul style="list-style-type: none"> • Spread of responsibility to entire value chain (upstream and downstream) • Improvement of employment / labor conditions 	<p>prices will decline if our business is not seen as environmentally conscious.</p> <p>Increase of local disasters</p> <ul style="list-style-type: none"> • Flooding and other disasters can stop operations and cut the supply chain. 	<p>that help solve environmental issues, we can enhance our corporate value and business performance.</p> <p>Responding to natural disasters</p> <ul style="list-style-type: none"> • Demand for flood control and disaster prevention and response (e.g., securing the power supply) is rising. 	<ul style="list-style-type: none"> • Issue green bonds, etc. <p>Reduce the environmental impact of business operations</p> <ul style="list-style-type: none"> • Promote energy conservation (capital investment, visualization, etc.) • Promote the 3Rs, eliminate harmful chemicals • Maintain water resources, consider biodiversity <p>Improve business efficiency</p> <ul style="list-style-type: none"> • Promote Smart Work, etc. <p>Promote environmental management</p> <ul style="list-style-type: none"> • Promote business risk management • Strengthen value chain management • Practice environmental communication
Technology	<ul style="list-style-type: none"> • Enhanced efficiency of electric power conversion • Advancement of ICT, IoT technology • Development of new energy / alternative energy technology 			
Reputation / Needs	<ul style="list-style-type: none"> • Demand for information disclosure (accountability) • Lifestyle changes (ecology-oriented) 			

Phenomena (issues) related to environment		Risks	Opportunities	Carrying out initiatives
Natural Environment	<ul style="list-style-type: none"> • Changes of temperature and precipitation volume • Increase of local disasters (sudden downpours, tornadoes, etc.) • Ecosystem irregularities (increase of organisms that carry infectious disease) 			<p>(information disclosure, etc.)</p> <p><i>Deploy infrastructure-support products during disaster</i></p> <ul style="list-style-type: none"> • (emergency power supply equipment, mobile power supply cars, UPSs, remote monitoring systems, etc.)

ISO 14001 Certification Status

We are expanding the scope of bodies certified under ISO 14001, the international standard for environmental management systems. In Japan, Meidensha and 17 affiliated companies have finished earning certification. Overseas, 11 companies, mainly manufacturing sites, have finished the process.

Certification Status in Japan

Company Name	Date of Certification Acquisition
MEIDENSHA CORPORATION*	February 24, 1998
MEIDEN KOHSAN CO., LTD.	
MEIDEN SHOJI CO., LTD.	
KOFU MEIDENSHA ELECTRIC MFG. CO., LTD.*	
MEIDEN SYSTEM SOLUTIONS CORPORATION	
MEIDEN PLANT SYSTEMS CORPORATION*	
MEIDEN SYSTEM MANUFACTURING CORPORATION*	
MEIDEN KIDEN KOGYO CO., LTD.*	
M WINDS CO., LTD.	
MEIDEN AQUA BUSINESS COMPANY	
MEIDEN UNIVERSAL SERVICE LTD.	
ANOTSUGIKEN CO., LTD.*	
MEIDEN TECHNO SYSTEMS CO., LTD.*	
MEIDEN O&M CORPORATION	July 31, 2003
MEIDEN ENGINEERING CORPORATION	
MEIDEN CHEMICAL CO., LTD.*	November 20, 2012
MEIDEN FACILITY SERVICE CORPORATION	November 18, 2015
HOKUTO DENKO CORPORATION*	October 3, 2013

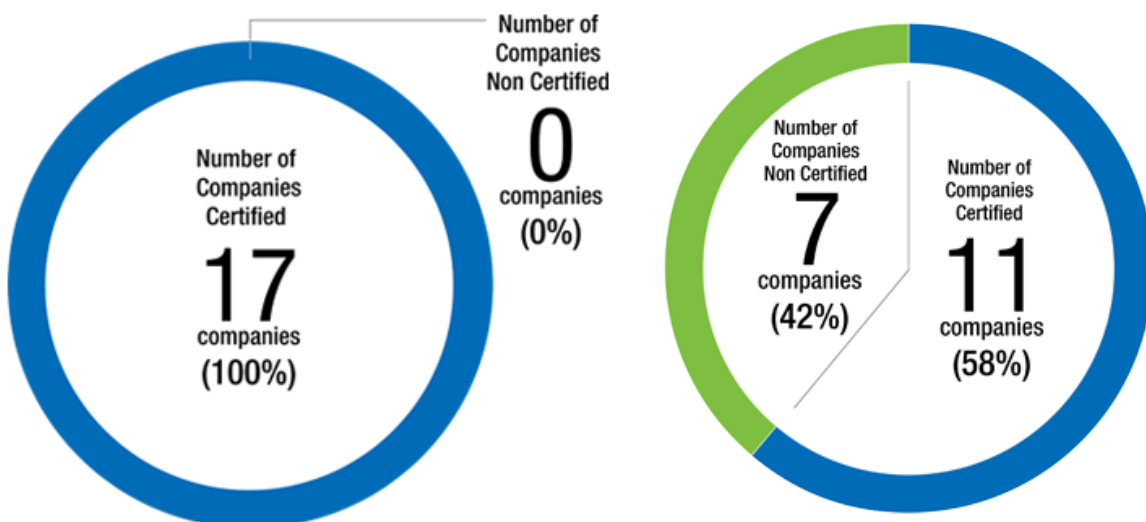
Certification Status Overseas

Company Name	Area	Date of Certification Acquisition
MEIDEN ZHENGZHOU ELECTRIC CO., LTD.*	Zhengzhou, China	October 9, 2013
MEIDEN HANGZHOU DRIVE SYSTEMS CO., LTD.*	Hangzhou, China	April 7, 2008
SHANGHAI MEIDENSHA CHANGCHENG SWITCHGEAR CO., LTD.*	Shanghai, China	January 11, 2016
P.T. MEIDEN ENGINEERING INDONESIA	Indonesia	December 19, 2018
MEIDEN MALAYSIA SDN. BHD.	Malaysia	October 10, 2018
MEIDEN METAL ENGINEERING SDN.BHD.*	Malaysia	October 9, 2014
MEIDEN SINGAPORE PTE. LTD.*	Singapore	February 8, 2010
THAI MEIDENSHA CO., LTD.	Thailand	July 1, 2009
MEIDEN ELECTRIC(THAILAND)LTD.*	Thailand	September 30, 2013
TRIDELTA MEIDENSHA GmbH.*	Germany	July 13, 2015
PRIME MEIDEN LIMITED*	India	January 26, 2015

* Company with production work

Number of certified companies in Japan

Number of certified companies overseas



Percentage of Companies Certified in Japan/Overseas

Internal Environmental Audits

We conduct internal environmental audits separate from the external audits we get from ISO 14001 registrars. Internal audits confirm the state of improvement on concerns pointed out in external audits and check up on audit items that are marked as priorities for that fiscal year. At overseas manufacturing sites such as in China and Southeast Asia, audits are specially focused on topics like chemicals and waste that are under increasingly tighter regulation.

In fiscal 2018, our audits prioritized Medium-term Management Plan 2020 initiatives and activity status, compliance obligations, retained documents and decommissioned documents, and legal requirements, among others. We determined that overall the Group was conforming to ISO 14001:2015 requirements and functioning effectively.

If any concerns are pointed out during internal environmental audits, we take them as an opportunity for improvement and incorporate them into further improvement initiatives.

Environmental Information Management System

The Meiden Group uses an “environmental information management system” that we put in place to manage and analyze environmental impact in our business activities.

The system collects and centrally manages information on environmental impact of business activities (such as automotive fuel, energy, waste, chemical substances, and water use) at Meiden Group manufacturing sites and offices, even those outside Japan.

The information so collected is used as basic data for efforts to lower environmental impact. It is also useful to ensure proper filings of information as required by the Act on the Rational Use of Energy, Act on Promotion of Global Warming Countermeasures, the electrical equipment industry’s “Commitment to a Low Carbon Society,” and Japanese PRTR system for reporting chemical releases and transfers.



Analysis of environmental impact with environmental information management system

Compliance with Environmental Regulations

Each Meiden Group work site and affiliated company sets and follows voluntary standards stricter than applicable laws and regulations. This ensures we remain in legal compliance. If a legal violation or incident does occur, our rules state that management shall be notified within three hours.

Results Data

Environmental Accounting (fiscal 2018)

We quantify such data as costs of environmental initiatives.

Environmental Protection Costs		Investment (million yen)
Business area costs	Implementation of new energy-saving devices, etc.	74
R&D costs	R&D costs for environmentally conscious products, etc.	448

*Scope of calculation: Meidensha (non-consolidated); period covered: April 2018–March 2019

Environment

Product Initiatives (Expand businesses that contribute to the environment)

Policy

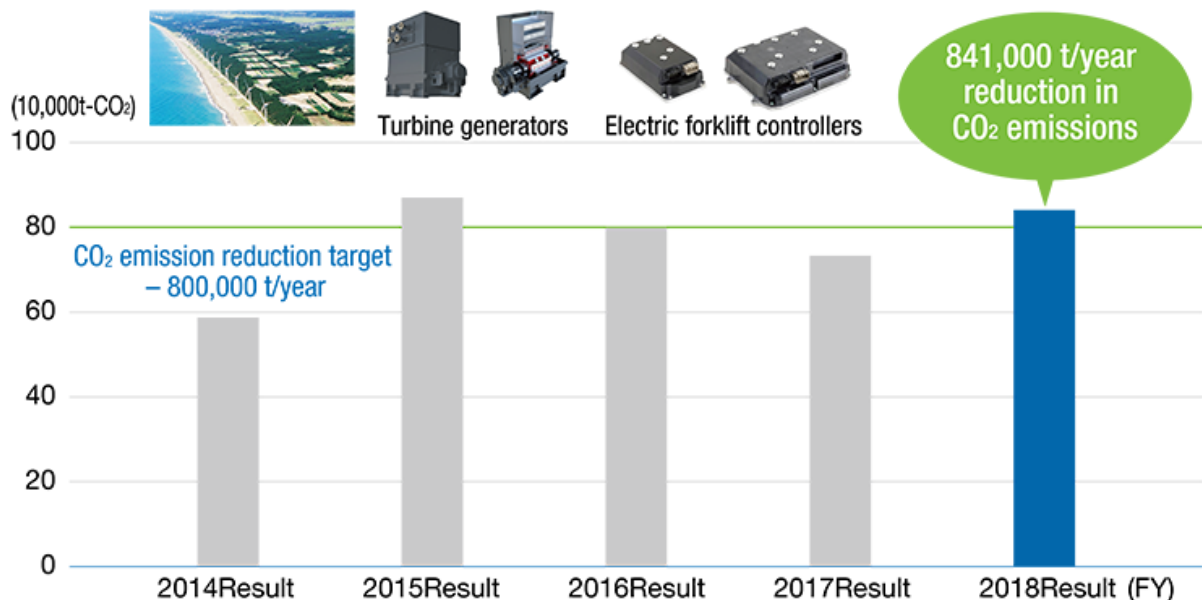
We are actively promoting initiatives that contribute to the environment in order to “realize a more affluent future” by leveraging our technology and experience honed over many years.

Performance Data

Contributions to the Mitigation of Climate Change by Reducing Product CO₂ Emissions

The Meiden Group aims to benefit the environment by using renewable energy like solar, wind and hydroelectric power and by supplying products and services that are more efficient and thus energy saving.

In fiscal 2018, we aimed to provide environmental contribution (the expected curbing effect of CO₂ emissions from products sold) of about 800,000 t/year. We increased shipment of electric vehicles and transformers and high-voltage inverters for the overseas market, enabling us to achieve our target for the fiscal year, reaching emissions reductions totaling 841,000 t/year.



The reasoning behind calculation of environmental contributions of products and services is as follows.

Applicable products/businesses	CO ₂ reduction volume
Power conditioners for solar power generation	Emissions reduction if grid power is substituted with renewable energy
Wind power sales business	
Hydroelectric generators*	
Electrical equipment for electric vehicles	Emissions reduction if substituted for gasoline vehicles of the same grade
Power conditioners for storage batteries	Emissions reduction from substitution of pumped hydroelectric generation (high efficiency)
Electrical equipment for electric forklifts	Emissions reduction from the Company's existing products (reduction in lost energy)
Engines and turbine generators	
Transformers	
Inverters	
Uninterruptible power supplies	
Total: 800,000 t	

*Calculated by multiplying the difference in volume of CO₂ emissions at the point of use, by the expected life and annual sales volume. However, wind power generation is calculated based on annual power generation performance.

Initiatives

Wind Power Generation Business

M WINDS Co., Ltd. and its affiliates operate a wind power generation business and supply renewable energy.

M WINDS conducts electricity sales from wind power generators at three locations* in Japan (30 wind turbines with a generating capacity of 51,000 kW). It conducts environmental assessments when constructing and installing wind power generators.

*Hachiryu Wind Farm (Akita Prefecture): 18 wind turbines with a generating capacity of 28,000 kW

Wajima Community Wind Farm (Ishikawa Prefecture): 10 wind turbines with a generating

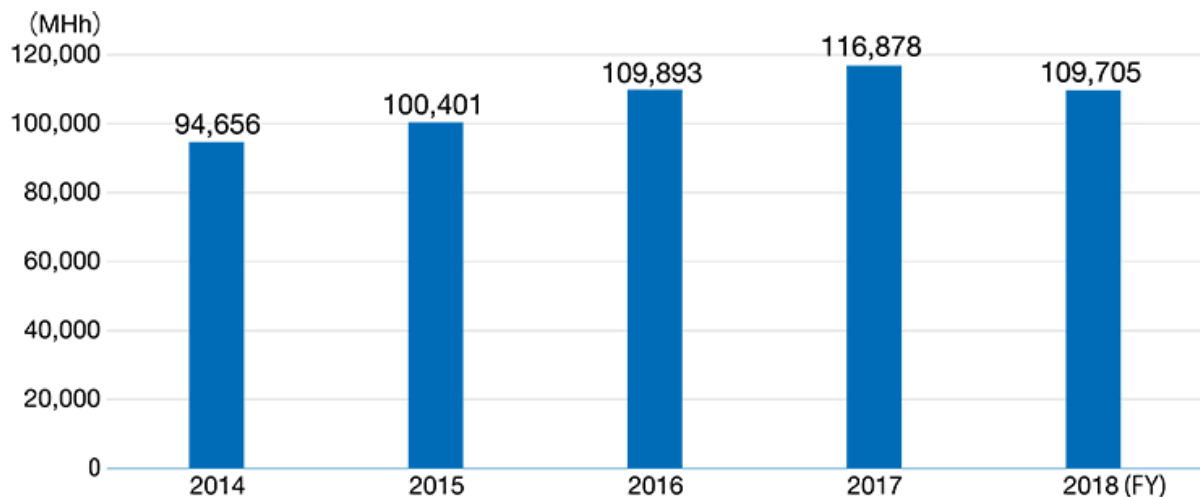
capacity of 20,000 kW

Choshi Shiosai Wind Farm (Chiba Prefecture): 2 wind turbines with a generating capacity of 3,000 kW

| Aiming for increased utilization of wind power

We generated 109,705 MWh of electricity in fiscal 2018, following on from fiscal 2017 when we also generated more than 100,000 MWh of power. Going forward, we aim to further improve the utilization rate in order to increase our environmental contributions.

| Total Power Generation Performance of the Meiden Group



Motors and Inverters for Electric Vehicles

Meidensha provided motors and inverters to be fitted to electric vehicles, which are becoming more common throughout the world. These products achieved improvements in miniaturization, lightness, efficiency, and quietness by leveraging the motor and inverter technology developed by the Meiden Group over many years.

We are currently developing drive systems for next-generation green vehicles such as inverters fitted with SiC modules.

Turbine Generators

Turbine generators are generally powered by steam or gas turbines and are widely used by industry and power companies as emergency, non-emergency, and peak-shaving power supplies.

The uptake of the four models of turbine generator produced by of Meidensha has been increasing and we have been conducting development in order to transition from cylindrical rotors to salient pole rotors since fiscal 2014, which will increase our competitiveness.

We are increasing the scope of our foundational technology such as insulation, cooling, and

loss reduction, and promoting increased output in order to achieve further increases in output volume, efficiency, and lightness.

Forklift Control Devices

We have been supplying motors that provide the thrust for battery-powered forklifts as well as controllers for over 50 years, so that we are now an integral part of the forklift industry. Until now, the forklift market has mainly comprised Japan, North America, and Europe; however, the recent growth of Asian countries, and China in particular, has been remarkable. Also, in the forklift industry, expectations concerning increased forklift efficiency and reduced CO₂ emissions have been increasing.

In order to meet these expectations, we must secure a solid foothold for Meidensha in new markets, provide high-performance products at a low price, and contribute to the reduction of environmental impact.

Uninterruptible Power Supplies

The volume and importance of electronic data has been increasing in a number of areas of society, creating a need for data servers to have 24-hour stable power supply without even a moment of outage. Meidensha provides high-quality, reliable power supplies, including the highly efficient, power-saving THYRIC Series.

Meidensha has achieved a greater than 40% reduction in power loss and industry-best efficiency in the three-phase output UPS transformer 200 V class.

Environment

Product Initiatives (Promote Environmentally Conscious Design)

Policy

Promote environmentally conscious design

The Meiden Group is promoting development of environmentally conscious products that reduce our impact on the environment

Product environmental assessment

Any time we develop a new product, we evaluate it for energy and resource conservation, recyclability, environmental safety, and more, based on our Product Environmental Assessment Standard. If a product meets those standards, we certify it as a Meiden Green Product. For the evaluation item “consideration of lifecycle,” we calculate CO₂ emissions according to a life cycle assessment (LCA), and we encourage environmentally conscious design in order to reduce CO₂ emissions.

Initiatives

Life cycle assessment (LCA) initiatives

The Meiden Group conducts an assessment of the environmental impact of a product throughout its life cycle, from procurement of components through to disposal, in accordance with our Guidelines for Environmental Action. We use the LCA method to quantify the environmental impact of products and services, which helps us to improve environmental performance at the design and development stage and to conduct product explanations to customers and PR, etc.



Environment label (type II) indicating conformity with Meidensha Green Product standards



Product environmental assessment standards

Classification	項目
Product volume reduction	○ Weight reduction
	○ External dimensions and capacity
	○ Reduction of number of components
Energy and resource conservation	○ Reduction of power consumption
	○ Water efficiency
	○ Reduction of consumables
	○ Reduction of packaging volume
Recycling	○ Use of recycled materials
	○ Separability of materials
	○ Ease of collection and transport
Long life	○ Maintainability
	○ Reliability and durability
Management of chemical substances	○ Environmental friendliness
Life cycle consideration	○ Reduction of life cycle environmental impact
	○ Disclosure of information concerning evaluation of environmental impact
Environmental safety	○ Danger of fire or explosion
	○ Danger at time of dismantlement
	○ Environmental measures
Information disclosure	○ Provision of information concerning a product's environmental impact

Environment

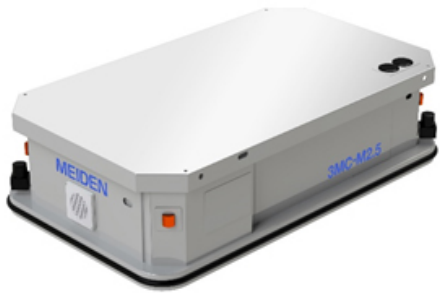

Product Initiatives (Examples of Meiden Green Product registered in fiscal 2018)

A Meiden Green Product registered in fiscal 2018

[Product] MEIDACS II Measurement Control System							
<p>MEIDACS II is a measurement control system that is used when testing automotive parts. It improves functionality through human centered design, improves operability by using the docking window method, and enables efficient work. Compliant with the WLTP*1 standard.</p>							
<p>This product has the following advantages over its predecessor (MEIDACS DY 6000P).</p> <ul style="list-style-type: none"> ● 13% saving in power consumption through a high-performance multi-core CPU ● Improved maintainability through front-access maintenance 							
<p>Life cycle CO₂ emissions</p> <p style="text-align: center;">92%</p> <p>* Comparison against equivalent earlier Meiden product</p>	<p>Life cycle CO₂ emissions</p>  <table border="1"> <thead> <tr> <th>Product</th> <th>Life cycle CO₂ emissions</th> </tr> </thead> <tbody> <tr> <td>This product</td> <td>92</td> </tr> <tr> <td>Previous product (develop in FY2005)</td> <td>100</td> </tr> </tbody> </table>	Product	Life cycle CO ₂ emissions	This product	92	Previous product (develop in FY2005)	100
Product	Life cycle CO ₂ emissions						
This product	92						
Previous product (develop in FY2005)	100						

※1 WLTP : Worldwide harmonized Light vehicles Test Procedure

[Click here for related products and details.](#) >

[Product] Automatic Guided Vehicle (AGV) 3MC-M2.5							
<p>Automatic Guided Vehicle (AGV) 3MC-M2.5 is an omnidirectional automatic guided vehicle. It is compatible with magnetic guidance, laser guidance, and SLAM guidance.*2 (Multi-sensing functionality) Maximum load: 400 kg (including transfer</p>							
<p>This product has the following advantages over its predecessor (ACBM2.5).</p> <ul style="list-style-type: none"> ●21% lighter and 35% smaller due to new drive method and less wiring ●Improved maintainability through brushless motors 							
<p>Life cycle CO₂ emissions</p> <p style="text-align: center;">98%</p>	<p>Life cycle CO₂ emissions</p>  <table border="1"> <thead> <tr> <th>Product</th> <th>Life cycle CO₂ emissions (%)</th> </tr> </thead> <tbody> <tr> <td>This product</td> <td>98</td> </tr> <tr> <td>Previous product (develop in FY2002)</td> <td>100</td> </tr> </tbody> </table>	Product	Life cycle CO ₂ emissions (%)	This product	98	Previous product (develop in FY2002)	100
Product	Life cycle CO ₂ emissions (%)						
This product	98						
Previous product (develop in FY2002)	100						

*2 SLAM: Simultaneous Localization and Mapping

[Click here for related products and details.](#) >

[Product] Ultra-high Capacity Inverter for Low Inertia Dynamometers THYFREC VT350DY-21K

THYFREC VT350DY-21K is a high-performance inverter for evaluation of large vehicle drive trains. Achieves both a large capacity and high responsiveness. Maximum capacity: 600 kW



This product has the following advantages over its predecessor (VT340DY-21K).

- 11% lighter and 18% smaller due to improved cooling
- 7% saving in power consumption through a new IGBT

Life cycle CO₂ emissions

92%

* Comparison against equivalent earlier Meiden product

Life cycle CO₂ emissions



[Click here for related products and details.](#) >

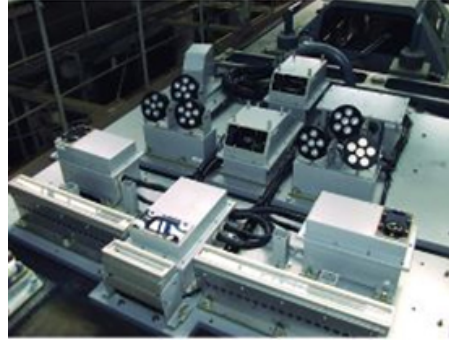
[Product] Improved functionality of CATENARY EYE Overhead Catenary Inspection System

CATENARY EYE is a device that conducts high-precision inspection of areas of railway overhead catenaries that require inspection using image processing technology to analyze footage of catenaries taken with a camera.

We have added a machine learning function and developed diagnostic technology, etc., in order to evolve into an integrated diagnostic system for railway line equipment.

This product has the following advantages over its predecessor (CATENARY EYE).

- Improved maintenance of railway line equipment through improved diagnostic technology



[Click here for related products and details.](#) >

Environment

Product Initiatives (Management of chemical substances in products)

Initiatives

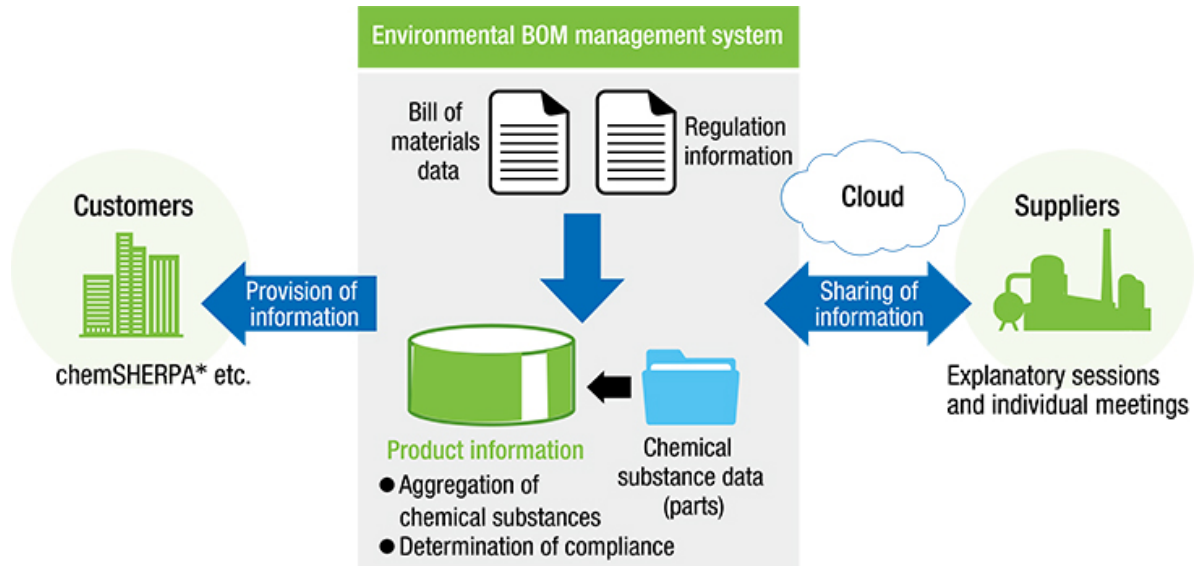
Management of chemical substances in products

We use an Environmental BOM* as a mean to collect and convey information concerning chemical substances in products. We have updated this Environmental BOM to a cloud-based system that supports chemSHERPA* endorsed by the Ministry of Economy, Trade and Industry. This allows us to share information such chemSHERPA our suppliers through a cloud-based web system.

In fiscal 2018, we conducted two chemSHERPA explanatory sessions for our suppliers (Numazu City and Ota City).

*BOM: Bill of Materials

Diagram of Environmental BOM



*chemSHERPA: An information transfer sheet which is maintained and managed by the Joint Article Management Promotion-consortium (JAMP) to disclose and convey information on chemical substances.

Environment

Climate Change

Awareness

Since its establishment in 1897, Meidensha has produced a range of technologies, products, and services and contributed to the development of a sustainable society in its role as a manufacturing company. In particular, we are deeply involved with reducing and eliminating carbon emissions through power generation systems that utilize renewable energy sources such as solar, wind, and small to medium hydroelectric, as well as energy solution services such as smart grids. Through these environmentally conscious products, we aim to contribute to the achievement of a sustainable society and we are working to reduce greenhouse gas emissions from business activities.

Governance

Monitoring of Climate Change by the Board of Directors

Monitoring of the Risks and Opportunities Created by Climate Change at the Level of the Board of Directors

Under the direction of the President, who is the Chief Executive Officer, the Executive Officer (Environment) oversees the environmental management of the entire Meiden Group, while the Environmental Manager in Charge of EMS promotes maintenance and improvement of the environmental management system.

As the highest decision-making body with regard to environmental activities, the Meiden Group Environmental Committee, which is chaired by the Executive Officer (Environment), identifies issues including risks posed by climate change and deliberates concerning environmental targets, action plans, and emergency response, etc., as well as determining environmental management direction. As part of its role, the Environmental Committee refers important matters to the Executive Committee and the Board of Directors, etc., to initiate activities based on executive-level decision-making.

EMS Promotion Organizations >

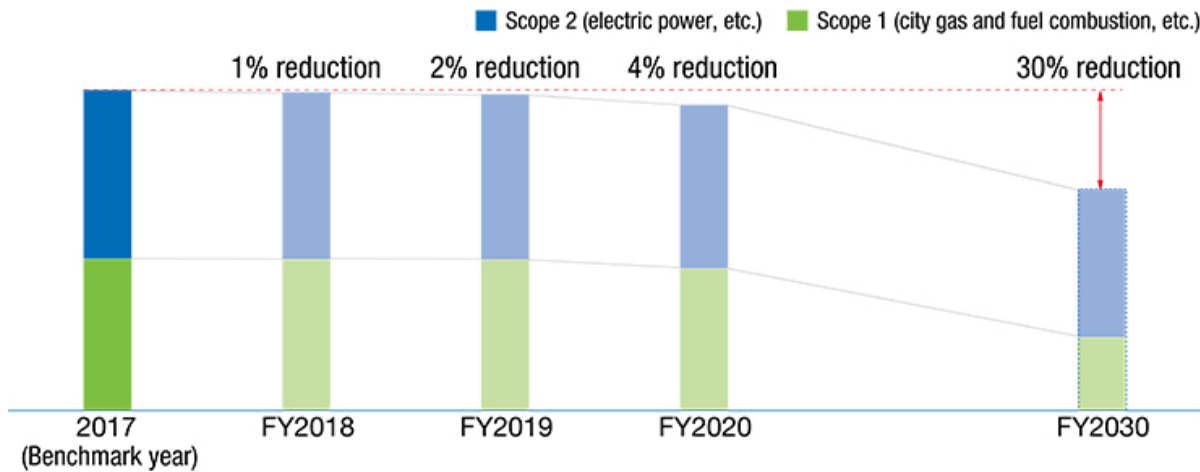
Medium to Long-Term Environmental Targets at the Meiden Group

The Meiden Group aims to reduce greenhouse gas emissions from business activities by 30% by fiscal 2030 (compared to fiscal 2017 levels).

This target was determined using Science Based Targets (SBT) in conformity with the Paris Agreement *1. We work for with stakeholders in the Meiden Group’s supply chain, including customers and business partners, to set common objectives for the challenges we share. Under the Medium-term Management Plan 2020, our targets for fiscal 2018, fiscal 2019, and fiscal 2020 are reductions of 1%, 2%, and 4%, respectively (compared to emissions in Japan in fiscal 2017). These steps were decided to help us achieve our aims for 2030. We will periodically revise those targets.

*1 Paris Agreement: A new framework for tackling global warming from 2020, adopted by the 21st Conference of the parties (COP21) to the UN Framework Convention on Climate Change.

Amount of Greenhouse gas emissions from business activities



To address emissions stemming from energy consumption, we are working thoroughly to conserve energy through production streamlining, capital investments, etc., and converting to renewable energy. In addition, we are practicing strict control and making technological innovations to address direct emissions of GHGs like SF6 gas.

Indicators

Amount of Greenhouse Gas Emissions

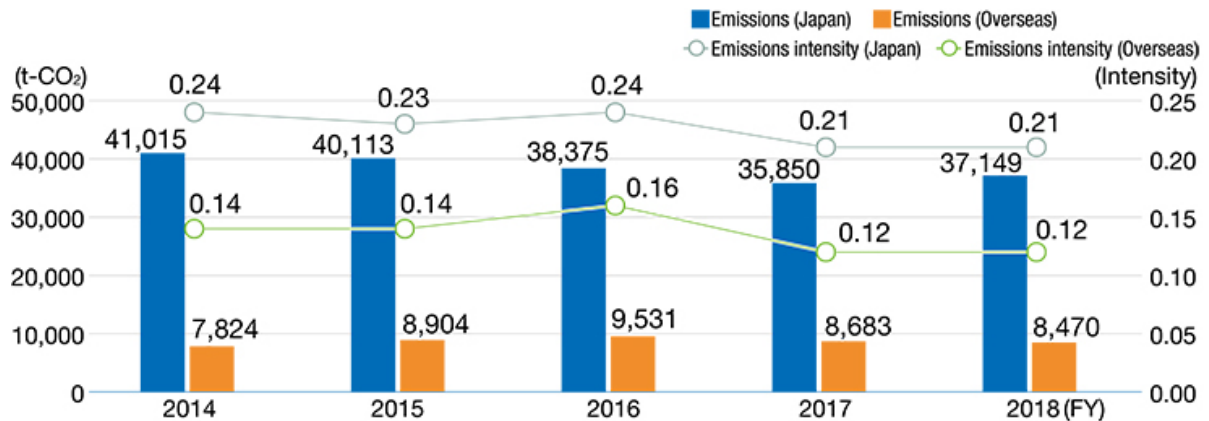
Scope 1 and Scope 2 emissions

(t-CO₂)

		FY2017		FY2018	
		Japan	Overseas	Japan	Overseas
Scope 1 Direct emissions from in-house use of fuel, etc.		27,197	5,723	18,137	4,886
Scope 2 Indirect emissions from power or heat purchased from an outside source	Location basis	27,309	6,757	27,212	6,943
	Market basis	25,868	7,177	25,573	7,480

Results Data

Amount of CO₂ emissions from energy sources



* The electric power CO₂ coefficient used was the CO₂ emissions coefficient proposed by the Electric Power Council for a Low Carbon Society. For figures through fiscal 2017, we used the adjusted factor for each fiscal year; for fiscal 2018, we used the adjusted fiscal 2017 factor.
 *For the factor for electricity usage in each overseas country, we used the average values from 2010 to 2012 as stated in CO₂ Emissions from Fuel Combustion (2014 Edition) issued by the International Energy Agency (IEA). For fuel oil and fuel gas, we used the emissions factors for each country published in the Greenhouse Gas Protocol Initiative (GHG Protocol).
 *Basic units are emissions (t-CO₂) divided by net sales (million yen).

Reduction of CO₂ Emissions from Business Activities

The Meiden Group is conducting strategic capital investment in order to reduce greenhouse gas emissions from energy consumption, such as by replacing lighting and air conditioning equipment with highly efficient models. Furthermore, we are working to improve operation of equipment by enabling visualization of power consumption and strictly managing power consumption, particularly at night and on holidays.

In fiscal 2018, we pursued energy-efficiency measures such as work efficiency and improving the operation of air conditioners and compressors, however, our domestic CO₂ emissions increased due to increased production. On the other hand, CO₂ emissions per sales unit remained steady at fiscal 2017 levels.

Going forward, we will further streamline energy usage through capital investment and operation.

| TOPICS

Numazu Works: Introduction of a Solar Power and Battery Storage System

At the Numazu works, we installed a solar power system with battery storage on the roof of the south office block and in the adjacent green area. It commenced operation in May 2018.

This system has a power output of 100 kW and we introduced it for the following purposes as environmental equipment for the future.

[Purposes of introduction]

- (1) Reduction of environmental impact: Reduction of greenhouse gas emissions
- (2) BCP measure: To be used as a power supply system for essential services by fully utilizing PV power in the event of a grid blackout
- (3) It can be used as a product PR facility for customers and viewings are possible
- (4) It can be used as a field laboratory for equipment testing

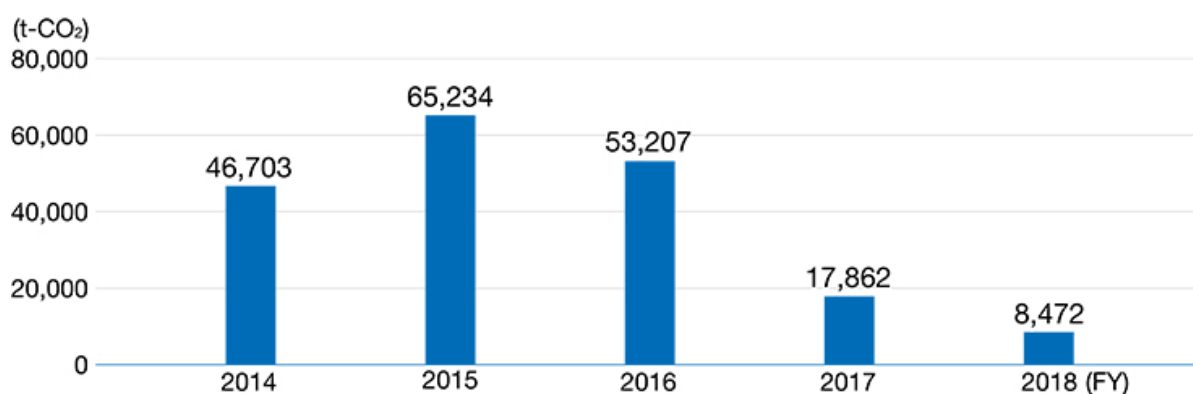


Reducing Emissions of Greenhouse Gasses Other than CO₂

The Meiden Group's emissions of greenhouse gasses other than CO₂ include SF₆ gas, which is used for lightning arresters and circuit breakers, etc., and CFCs, which are used as refrigerants in air conditioners.

With regard to SF₆ gas, which contributes greatly to the greenhouse effect, we are working to reduce emissions and conducting technical investigations and trials of substitute gasses. Furthermore, in order to reduce CFC emissions, we are promoting stricter management and replacement of air conditioners.

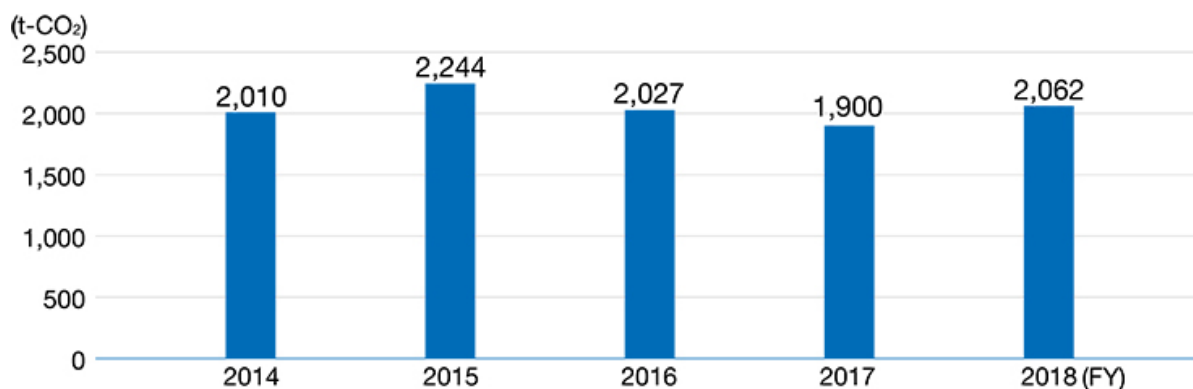
Emissions of greenhouse gasses other than CO₂ (Japan)



Reduction of CO₂ Emissions from Product Transport

The transport division is conducting product transport efficiency reforms such as mixed loads and modal shift, as well as initiatives to reduce CO₂ emissions from transport. There are many issues relating to product transport, including diversification of forms of delivery, but going forward, we will work to reduce CO₂ emissions by promoting efficient transportation.

CO₂ Emissions from Product Transport (Japan)



Calculation of Greenhouse Gas Emissions in the Supply Chain

Meidensha is working to calculate greenhouse gas emissions, including indirect emissions in the upstream and downstream supply chain in addition to those produced in the course of its business activities

Meidensha is facing the issue of producing a large proportion of its emissions from “use of sold products” (scope 3, category 11) and “purchased goods and services” (scope 3, category 1). We are promoting environmental measures throughout the entire supply chain, including reducing downstream greenhouse emissions through environmentally considerate product design and reducing upstream impact through green procurement.

Meidensha’s Greenhouse Gas Emissions in the Supply Chain (Scope 3)

Category	Calculation Method		Emissions Volume (t-CO2 eq)
	Amount of Activity	Basic Unit	
1. Purchased goods and services	Purchase price (materials, consumables, services, etc.)	3EID	740,064
2. Capital goods	Amount invested in fixed assets	Ministry of the Environment Basic Unit - DB	18,502
3. Fuel and energy related activities not included in Scopes 1 or 2	Amount of energy consumption (electricity, etc.)	CFP-DB	1,901
4. Transportation and delivery (upstream)	Transportation cost (freight, storage, packing, etc.)	3EID	799
5. Waste generated by operations	Emissions of each type of waste	Ministry of the Environment Basic Unit - DB	1,174
6. Business travel	Transportation expenses provided (travel expenses, etc.)	3EID	2,420
7. Employee commuting	Transportation expenses provided (travel allowance, etc.)	3EID	776
8. Leased assets (upstream)	Not applicable as included in scope 1 and scope 2	—	—
9. Transportation and delivery (downstream)	Amount of activity of sales agents, etc.	3EID	842

10. Processing of sold products	Not applicable as the Company's products include many formed items	—	—
11. Use of sold products	Estimated with given operating conditions such as availability	3EID	8,380,700
12. End-of-life treatment of sold products	Expected cost of disposal of sold goods	3EID	3,927
13. Leased assets (downstream)	Energy usage at leased real estate	Ministry of the Environment Basic Unit - DB	13,002
14. Franchises	Not applicable as outside of the scope of the Company's business	—	—
15. Investments	Not applicable as shares held by the Company are not for the purpose of investment	—	—
Other	Excluded from the scope of calculation as item is optional	—	—
Total			9,164,107

*We calculate for our supply chain with reference to Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Ver. 2.2 published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry

Environment

Prevention of Pollution and Effective Utilization of Resources

Policy

Commitment to Waste and Pollution Prevention

The Meiden Group is working to reduce the environmental impact of all domestic and overseas business activities, as well as achieve energy efficiency, promote the 3Rs in relation to waste, and reduce emissions of hazardous chemicals as stipulated in our Guidelines for Environmental Action. Furthermore, we will establish our own internal standards and work towards preventing environmental contamination while complying with all environmental laws, regulations, and other requirements.

[Guidelines for Environmental Action >](#)

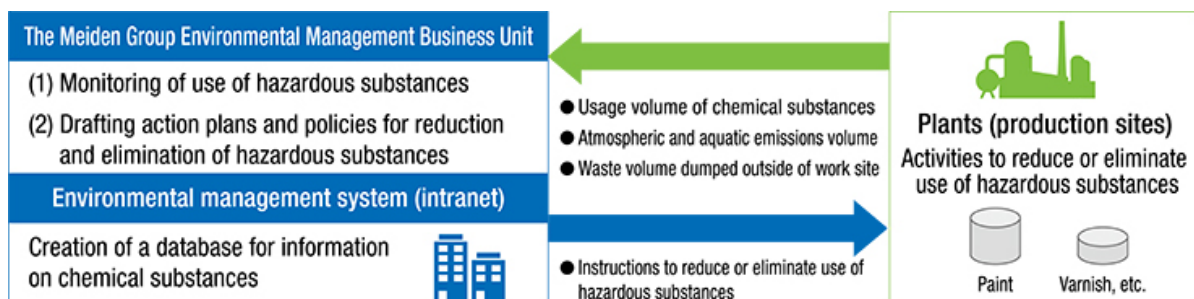
Initiatives and Results Data

Tightening Management of Chemical Substances

We conduct risk assessment of chemical substances used at production sites, etc., and we are improving the workplace environment.

In order to prevent workplace accidents, health impairment, and fire or environmental pollution due to leakage or discharge of chemical substances, we ensure workers remain aware by conducting daily monitoring of sites where chemical substances are used, and implement corrective measures where management of chemical substances is found to be lacking.

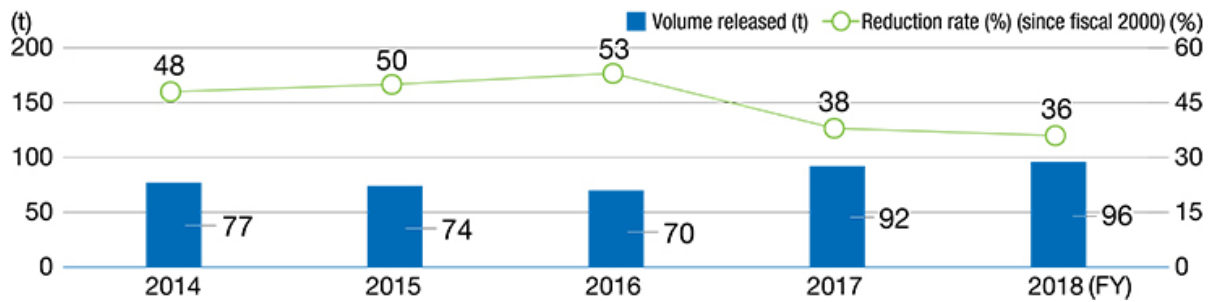
Tightening management of chemical substances



Reduction of Volume of Volatile Organic Compounds (VOC) Released

In fiscal 2018, we released 96 tons of VOC. Going forward, we will promote improvement of varnish impregnation processes, collection of organic solvents, and reduction of VOCs released.

Volume of VOCs Released and Reduction Rate (Japan)



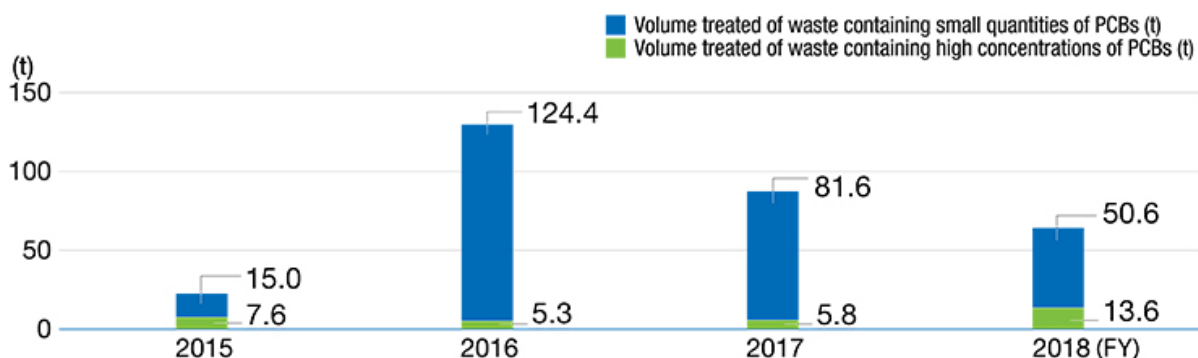
Promotion of Disposal and Processing of Devices that Include PCBs

As directed by the Act Concerning Special Measures for Promotion of Proper Treatment of PCB Wastes (PCB Special Measures Act) we are gradually conducting disposal and processing of devices that include PCBs (polychlorinated biphenyls) such as transformers and condensers that we previously manufactured and stored for close to 40 years.

In fiscal 2018, we disposed of 13.6 tons of waste containing high concentrations of PCBs and treated 50.6 tons of waste containing low concentrations of PCBs.

Meidensha has been promoting disposal of PCB waste since 2007, and by fiscal 2018, we had disposed of approximately 102 tons of waste containing high concentrations of PCBs and treated 268 tons of waste containing low concentration of PCBs.

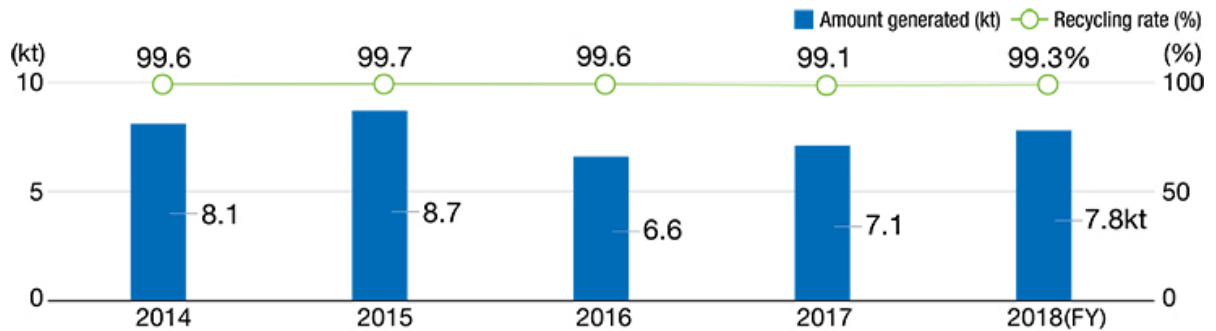
Volume Treated of Harmful Waste (Waste Containing PCBs)



Promoting reduction of waste discharge by the 3Rs (Reduce, reuse, and Recycle)

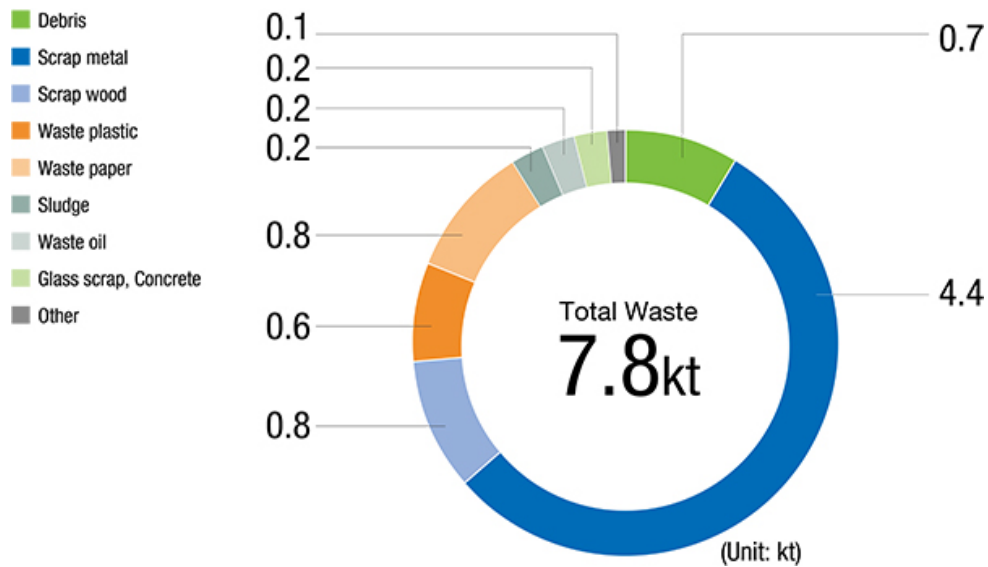
Meidensha is working to recycle waste generated at production sites and work sites. The recycling rate of waste for the entire domestic group was 99.3% in fiscal 2018 and we achieved zero emissions at 9 domestic production sites, Engineering Service Business Units, and Construction Service Business Units.

Trends in Generation of Waste, etc., and Recycling Rate (Japan)



*Construction sludge, etc., is excluded from the amount of waste, etc., generated.

Breakdown of waste generated in FY2018 (Japan)



Water Resources

Water Risk Assessments

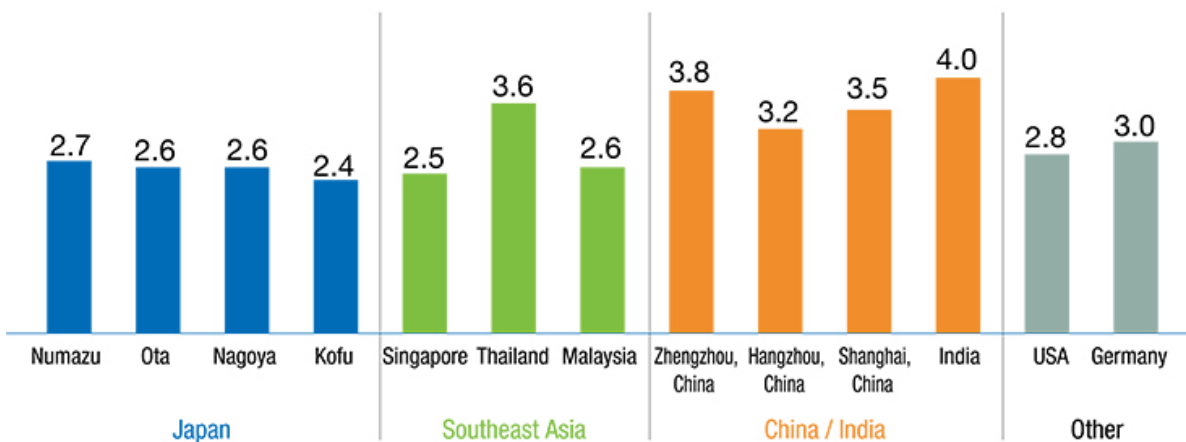
In recent years, there has been increasing global awareness of “water risks” such as water shortages and localized heavy rain as a factor that can greatly affect business due to increasing population and global warming, etc.

The Meiden Group conducts evaluation of water risk for initiatives to conserve water and comply with effluent standards. Using the free water risk evaluation tool, Water Risk Filter, provided by the World Wide Fund for Nature, we conducted evaluations for 13 production sites in 8 countries, and although many sites were assessed low risk, some sites in India and China were considered to be located in comparatively high-risk areas, and we found that risks relating to securing volume and quality of water were particularly high.

These sites do not use large quantities of water for production so there is no great concern at this time; however, based on the results of the evaluation, the Meiden Group takes the optimal countermeasures for each site based on the water risk assessment results.

Water Risk Assessment Results for Regions Where Production Bases are Located

*The numbers indicate the degree of risk from 1 to 5



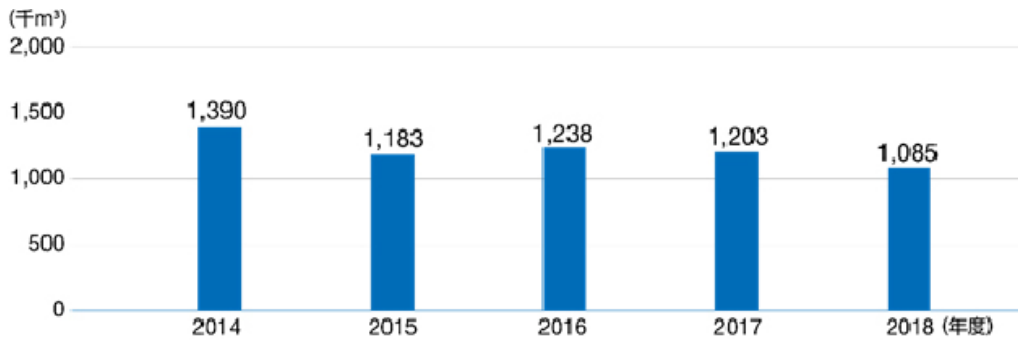
Reducing Water Consumption

We are concerned about the possibility of water leaks from buried water supply pipes on factory grounds as our facilities age. We are systematically updating pipes and placing more pipes above ground for easy maintenance and inspections.



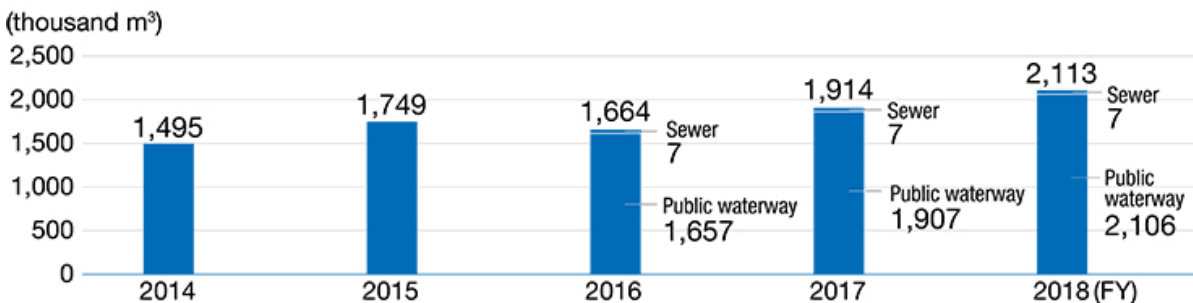
Above-ground water supply pipes

Trends in Water Usage Volume (Japan)



*Water usage volume includes tap water, water for industrial use, and ground water.

Trends in Effluent by Discharge Location (Japan)



*Only total values are available for FY2014 and FY2015.

Initiatives

Conservation of Water Resources: Initiatives through Business

Contributing to the Solution of a Range of Issues Relating to Conservation of Water Resources

In addition to design, construction, and execution of water treatment plants, the Meiden Group provides total support through to operation and maintenance as a general water treatment manufacturer, based on our record of involvement with construction and development of water and sewerage systems in Japan. We are contributing to the solution of a range of issues relating to the conservation of water resources through or water infrastructure systems business, which is one of our core businesses.

[Click here for details of products and services relating to water treatment.](#) >

| TOPICS

First Order of Ceramic Flatsheet Membrane for the Siemens PACT® MBR System

In October 2018, Meidensha received an order from Siemens for ceramic flatsheet membrane for effluent treatment at petrochemical plants in China. This was the first product order since the decision was made to adopt Meidensha's ceramic flatsheet membrane for the Siemens PACT® MBR (powdered activated carbon treatment membrane bioreactor) system in December 2016.

The ceramic flatsheet membrane employed by the PACT® MBR system are filters used to purify sewerage and effluent. The PACT® MBR system is a new, extremely compact effluent treatment system that combines activated charcoal, biological treatment, and membrane filtration. The reason for adopting ceramic flatsheet membrane is that they are more long-lived and hardwearing compared to the organic membranes that had been used in previous systems.

Siemens' PACT® technology has a history spanning 40 years and has been installed at over 100 locations. Adopting ceramic flatsheet membrane for this new technology that combines PACT® with MBR is a testament to their long life and reliability.

The PACT® MBR for which ceramic flatsheet membrane will be delivered on this occasion belongs to Tianjin Bohua Chemical Development Co., Ltd. which is a Chinese petrochemical manufacturer, and it will be used to treat effluent from production processes.

The water treatment business, which uses ceramic flatsheet membrane will contribute to the solution of issues such as those posed by Goal 6, "ensure access to water and sanitation for all," and Goal 14 "conserve and sustainably use the oceans, seas and marine resources" of the UN Sustainable Development Goals (SDGs). Meidensha will continue to pursue manufacturing that contributes to society, achieve sustainable value creation and work towards the solution of social issues, including those posed by the SDGs.

*PACT is a registered trademark of Siemens.

Policy

Policy on the Conservation of Biodiversity

The Meiden Group relies on the blessings of nature, which has biodiversity at its core, while its activities also have an effect on the natural environment. The Meiden Group aims to minimize this effect and contribute to the creation of a sustainable society.

The Meiden Group understands that the conservation of biodiversity is a major issue to be faced in order to achieve a sustainable society and the Meiden Group's Basic Environmental Philosophy and Environmental Action Guidelines, as well as the Meiden Group Environmental Vision reflect our ethos in relation to the conservation of biodiversity.

Furthermore, we have drafted guidelines on the conservation of biodiversity in order to clearly state the relationship between our business activities and preserving biodiversity and we are applying them in our business activities.

Meiden Group Biodiversity Guidelines

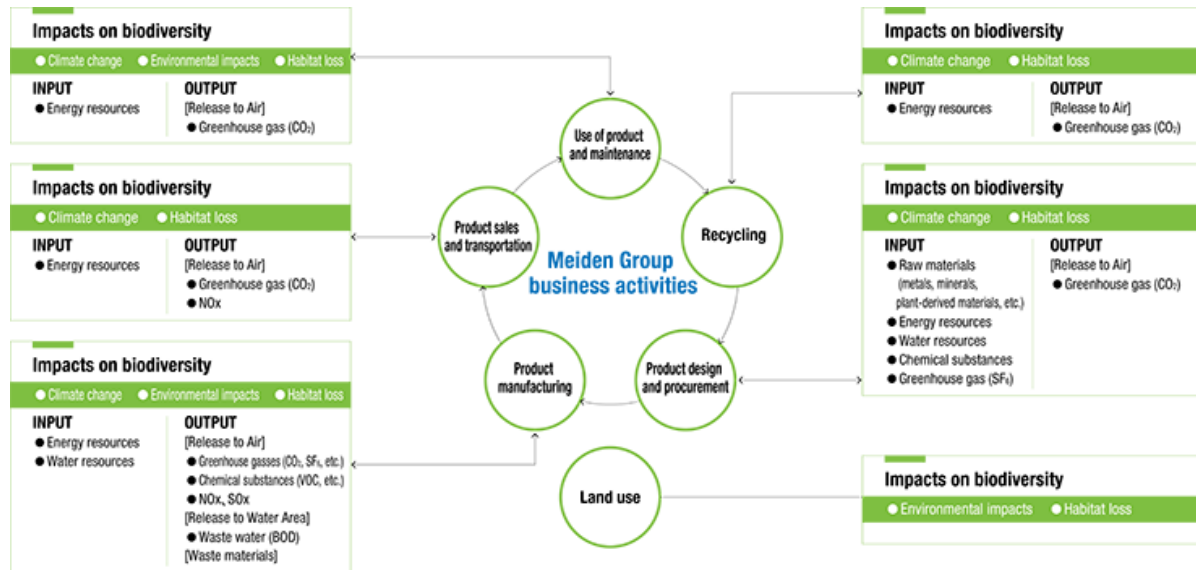
| Basic Policy

We understand that our business activities benefit from the blessings of nature and at the same time, give various environmental impacts. We will deepen our people's understanding of the importance of "Conserving Biodiversity" and contribute to realizing a sustainable society through our products and innovative technologies.

| Action Guidelines

- ① We will contribute to conserving biodiversity through the development and supply of environmentally conscious products and innovative related technologies and thus promote our water processing business and renewable energy-related business and reduction of the use of hazardous chemical substances in our products.
- ② We will clarify how our business activities interrelate with biodiversity and we will help to conserve biodiversity by reducing the environmental impacts of our business activities.
- ③ We will comply with applicable laws, regulations and international rules relating to biodiversity.
- ④ We will deepen our people's understanding of "conserving biodiversity" and we will take voluntary related initiatives at home and abroad.
- ⑤ We will undertake activities in cooperation with our stakeholders such as local communities, non-profit organizations (NPOs), and non-governmental organizations (NGOs), governments, etc., and we will promote environmental communication with such activities' information.

Map of Relationships between Business Activities and Biodiversity



* This map is based on the Business & Biodiversity Interrelationship Map® of the Japan Business Initiative for Biodiversity (JBIB).

Initiatives

A Head Office Building that is Considerate of Biodiversity

The ThinkPark Tower head office building in Osaki, Shinagawa City, Tokyo, is surrounded by the ThinkPark Forest on a block that is approximately 40% greenery. It is an oasis in the city and provides a relaxing space for employees and the local community.

Also, the Kazenomichi Path, which was designed so that the prevailing wind blows from the Meguro River and Tokyo Bay, provides relief from the heat island effect.

ThinkPark Forest has been certified as an “urban oasis” by the Social and Environmental Green Evaluation System (SEGES).*

*A certification system for evaluation of green initiatives.

SEGES 



ThinkPark Tower



ThinkPark Forest

Nature Appreciation Events

The Meiden Group holds nature appreciation events on or near its premises around the country and we encourage participation in these events as an opportunity to encourage employees to gain understanding and appreciation of biodiversity.

| Head Office Area

Each year, we hold nature appreciation events in the green area (ThinkPark Forest) surrounding our head office (ThinkPark Tower), where we receive instruction from the Nature Conservation Society of Japan. In fiscal 2018, we held a nature appreciation event for the students at a local elementary school with the theme of “search for cicadas in the Osaki forest” as part of our community contribution activities. At the nature appreciation event, the children searched for cicadas and cicada shells through outdoor field work, and learned about cicada calls and shells through indoor lectures. This was a great opportunity for both children and adults with an interest in cicadas or nature.



Initiatives at Each Site for the Preservation of Biodiversity

At each site of the Meiden Group, we are working to preserve biodiversity on the grounds of each site and nearby.

Head Office Area

| Ikimono Log

In the head office area of Osaki, Shinagawa City, Tokyo, we take pictures of the organisms that live in the vicinity of the head office building and post them on the Ikimono Log website operated by the Ministry of the Environment. We hope to create a database with information on the organisms that live in the area.



Common bluebottle butterfly



Japanese tit



いきものログ

[Click here to view Ikimono Log.](#) 

| Release of the ThinkPark Forest wild bird watering area monitoring report

We placed a motion-activated camera at the wild bird watering area we created in ThinkPark Forest. The footage from the camera shows visits from birds such as warbling white eyes and brown-eared bulbuls, while also providing evidence that the watering area is used as a stopover by migratory birds including being used by narcissus flycatchers as they pass by in summer. Since fiscal 2016, we have compiled observation reports based on the recorded camera footage with the assistance of the Nature Conservation Society of Japan.

Numazu Works

The Numazu works is blessed with the bounty of nature such as a green zone (area = approximately 65 thousand m²) and groundwater. We are conducting activities use these natural resources in a sustainable manner and contribute to the community.

| Summer Holiday Eco Classroom for Parents and Children

At the Summer Holiday Eco Classroom for Parents and Children held by Numazu City, we introduced the environmental activities undertaken at the Numazu works. In fiscal 2018, there were 30 participants from 12 families living in Numazu City. They participated in surveys of organisms, test rides in electric vehicles, events featuring rhinoceros beetles and stag beetles, made possible by the support of Meiden System Manufacturing Corporation, and a tour of the solar power system at the south office block, which was completed in May, 2018. This event was a good opportunity to provide fond memories of the summer holidays for both parents and children while teaching them about the appeal of connections with nature.



| Ikimono Map

We survey the diverse range of organisms that inhabit the grounds and include them in the Meidensha Numazu Works Ikimono Map.

In fiscal 2018, we conducted a survey of the organisms in the green zone in the grounds and discovered organisms such as the Asian swallowtail butterfly and the blue rock thrush. The results of the survey will be used in future activities.

[Click here to view the Meidensha Numazu Works Ikimono Map.](#) 

| Maintaining Biotopes

Through the survey of organisms, we discovered atrocalopteryx atrata dragonflies, which are classified as class II endangered species, at the Numazu works. We hope to maintain a biotope where these dragonflies will lay their eggs.



Ota Works

| Botanical Survey of On-Site Green Zone

At the Ota works, we conducted an on-site botanical survey and found more than 30 varieties of trees. We included the results of the survey on the Ota Works Green Zone Map and we will apply the knowledge gained for future utilization of the green zone.



Ota Works Green Zone
Map

| Kanayama Red Pine Forest Conservation Activities

The red pine forest in Kanayama is the most well-known natural landscape in Ota City. Kanayama castle was created using the natural contours of Kanayama and it is a precious historic site that is listed in the top 100 castles in Japan. The Ota works is registered as part of the “red pine management owner system” and we work to preserve the red pine forest by participating in activities such as weeding.



Nagoya Works

| On-Site Botanical and Ornithological Survey

In fiscal 2018, we conducted a botanical and ornithological survey of the Nagoya works. As a result of the survey, we discovered many varieties of trees, including trees that are native to the area such as holly, and cleyera japonica. Also, we found seven species of bird, including swallows and white wagtails. We will use the knowledge gained about the features of the works and the issues we are facing that were uncovered by this survey in future conservation activities.



Lawn area and grass lizard
at the works

The Biodiversity Working Group, The 4 Electrical and Electronic Industry Associations

Meidensha has participated in the Biodiversity Working Group since its creation by the four electrical and electronic industry associations* in fiscal 2011. Through this working group, we have promoted the biodiversity initiatives of industry associations and maximized the

effectiveness of our own initiatives as a part of the electrical and electronics industry. In fiscal 2018, Let's Try Biodiversity! (LTB), which was launched by the working group in May 2018, was awarded a Biodiversity Action Award 2018 in the Let's Show division.



[Click here to view information on the Electronic Industry Associations Biodiversity Working Group.](#)



*The Japan Electrical Manufacturers' Association (JEMA), the Japan Electronics and Information Technology Industries Association (JEITA), the Communications and Information Network Association of Japan (CIAJ), and the Japan Business Machine and Information System Industries Association (JBMIA)

Environment

Promotion of Environmental Communication

Policy

The Meiden Group engages in two-way communication with all of our stakeholders, which is intrinsically linked to the success of our environmental activities. We also actively disseminate information on our activities and their results.

Initiatives

Promotion of Environmental Communication

The Meiden Group is working to create relationships of trust in order to remain a company that is relied on by society.

We actively release information concerning our environmental conservation activities and environmental impact through our website. We reflect the opinions and needs expressed by our stakeholders in the Meiden Group's environmental activities and environmental training.

Environmental Communication



FY2018 Initiatives

M WINDS Co., Ltd.

Global Wind Day in Mitane, Akita Prefecture

For the last 12 years, M WINDS, which conducts the Meidensha Group's wind power generation business, has held Global Wind Day in conjunction with Sand Craft in Mitane, which is held each year in Mitane, Akita Prefecture, in order to encourage understanding of wind power generation. The event is held at the Hachiryu Wind Farm, which is located at Kamayahama in Mitane, Yamamoto District, Akita Prefecture and has wind turbines arranged in a neat row spanning approximately three kilometers.

The fiscal 2018 Global Wind Day was held on July 28, and it will provide an opportunity for guests to enjoy gaining an understanding and appreciation of wind power generation through a 360° VR experience at the top of the turbine, which is 80 m above ground, and the release of a new video of the workings of a turbine. Furthermore, at Sand Craft in Mitane, M WINDS created its first ever sand craft (sand sculpture).

The Meiden Group will foster greater understanding of the wind power generation business and contribute to the creation of sustainable energy that is rooted in local communities through interaction with local community members.



Head Office Area

Participation in the Ohana Ippai Osaki Movement

At the Ohana Ippai Osaki movement (held by the Osaki Machi Unei Kyougikai and the Shinagawa Yumesanbashi Committee) a broad range of volunteers such as Osaki businesses and local preschool children plant flowers in the flower beds around Osaki Station in June and December. Meidensha has participated in this movement since 2012.

In fiscal 2018, the Osaki Machi Unei Kyougikai and the Shinagawa Yumesanbashi Committee jointly received the Shinagawa Environmental Conservation Activity Commendation Award for this movement.

Going forward, we will actively participate in local activities such as the Ohana Ippai Osaki movement.



Environment

Foster Environmental Awareness

Policy

The Meiden Group believes that increasing each person's environmental awareness leads to environmental contributions to society.

Initiatives

Foster Environmental Awareness

We conduct education relating to environmental initiatives such as environmental management and environmentally conscious design as part of the curriculum for employee education, which is conducted for each level of employee such as new employees, new managers, and candidates for executive roles.

Furthermore, we promote environmental activities at each site, conduct internal auditor education, etc., for personnel that are involved with work that impacts the environment, and conduct specialist education as necessary.

Environmental Education (e-learning) for All Employees

Each year, we conduct environmental education for all employees of the Meiden Group through e-learning. In fiscal 2018, we conducted education for the whole group with the theme of "the Meiden Group's medium to long-term environmental targets," in order to work towards environmental management.

Promoting Acquisition of Certification Test for Environmental Specialists (Eco Test)® Certification

We promote acquisition of Certification Test for Environmental Specialists (Eco Test)® certification provided by the Tokyo Chamber of Commerce and Industry, and provide support for examination costs and provide sample questions, etc., through e-learning. In fiscal 2018, Meidensha had a pass rate of over 90% and Meidensha had a total of 712 certified employees (including loan workers) as of March 2019.

*Eco Test® is a registered trademark of the Tokyo Chamber of Commerce and Industry.

Specialist Education

We promote environmental activities at each site, conduct internal auditor education, etc., for personnel that are involved with work that impacts the environment, and conduct specialist education as necessary. In fiscal 2018, we conducted education concerning the management of chemical substances at factories. In the past, we have conducted education for branches concerning the Waste Management Act and education for the sales business unit and the

development and design business unit concerning management of chemical substances in products (RoHS directive and REACH regulations, etc.), etc.

Education Concerning Environmental Laws

We conduct education relating to environmental laws as part of our compliance training. As part of this, in fiscal 2018, we held lectures concerning the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act) and the Waste Disposal Act, etc. Employees were made aware of the importance of compliance in advance through analysis of examples of breaches.

Environmental Management Seminars for Management-Level Employees

We invite outside experts to give environmental management seminars from time to time. In fiscal 2018, we paid particular attention to analyzing Sustainable Development Goals (SDGs) and gave consideration to Meidensha's activities.

Environment

Overview of Environmental Impacts by Our Business Activities

The Meiden Group finds out the overview of environmental impacts by our business activities and uses this information to plan specific activities.

Overview of Environmental Impacts by Our Business Activities (FY2018)

Our rate of use of major resources (INPUT) and our environmental impacts from our business activities (OUTPUT) are shown below.

INPUT	Japan	Overseas	
Energy			
Electricity (buying electricity)	54,436	12,376	MWh
Electricity (renewable energy)	212	25	MWh
Fuel oil	1,122	361	kL
Fuel gas	3,200	122	1,000m ³
Heat	3,709	-	GJ
Water			
Tap water	57	55	1,000m ³
Industrial water	80	15	1,000m ³
Groundwater	947	-	1,000m ³
Chemical substances			
VOC	438	40	t
Greenhouse gas			
SF ₆	13,467	13,140	kg

OUTPUT	Japan	Overseas	
Release to air			
CO ₂ (energy)	33,986	8,293	t-CO ₂
CO ₂ (automobile fuel)	1,842	714	t-CO ₂
VOC	96	40	t
SF ₆	348	149	kg
SO _x	0.2	-	t
NO _x	8.2	-	t
Release into public water area			
Wastewater	2,113	70	1,000m ³
BOD	7,389	-	kg
Wastes			
Amount not recycled	53	158	t
Amount recycled	7,788	2,267	t
Construction sludge	53	-	t
Transportation			
Product weight	41,554	-	t
CO ₂ release by transportation	2,062	-	t-CO ₂

Environment

Environmental Impact Data (Fiscal 2018) from the Four Main Manufacturing Sites (Domestic Manufacturing Sites)

Numazu Works

Message from the Environmental Manager

The Numazu works is the main factory of the Meiden Group and conducts development, design, and manufacture of monitor and control equipment, power conversion equipment, substation equipment, variable speed drives, electronic devices, and lightning arresters, installation of control devices, development of unit software, and on-site installation, and after-sales service for products.

In fiscal 2018, we focused on reducing environmental impact through business efficiency and preventing pollution. Going forward, we will roll out environmental activities that contribute to improvements in productivity.



Numazu Works
Environmental
Manager
Katsunori Ozawa

Environmental Impact Data (Fiscal2018)

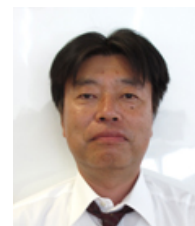
INPUT		
Energy		
Electricity	32,041	MWh
Fuel oil	42	kL
Fuel gas	2,258	1,000m ³
Water		
Tap water	19	1,000m ³
Industrial water	0	1,000m ³
Groundwater	938	1,000m ³
Chemical substances		
VOC	61,778	kg
Greenhouse gas		
SF ₆	13,467	kg

OUTPUT		
Release to air		
CO ₂ (energy)	20,221	t-CO ₂
CO ₂ (automobile fuel)	81	t-CO ₂
VOC	59,990	kg
SF ₆	348	kg
Release into public water area		
Wastewater	2,038	1,000m ³
BOD	7,174	kg
Wastes		
Amount not recycled	35	t
Amount recycled	3,631	t
Construction sludge	0	t

| Message from the Environmental Manager

The Ota works conducts development and manufacture of large electric generators, generation equipment, dynamometer systems, and control equipment, etc.

In fiscal 2018, we engaged in energy efficiency activities, applying the 3Rs to waste, reducing harmful substances, environmental contribution through products, and community contribution activities (including weeding beneath Kanayama pines, which are the symbol of Ota City). Going forward, we will promote activities to reduce our environmental impact in order to become a green factory.



Ota Works
Environmental
Manager
Manabu Fujikawa

Environmental Impact Data (Fiscal2018)

INPUT		
Energy		
Electricity	6,914	MWh
Fuel oil	191	kL
Fuel gas	370	1,000m ³
Water		
Tap water	11	1,000m ³
Industrial water	80	1,000m ³
Groundwater	0	1,000m ³
Chemical substances		
VOC	31,887	kg
Greenhouse gas		
SF ₆	0	kg

OUTPUT		
Release to air		
CO ₂ (energy)	4,595	t-CO ₂
CO ₂ (automobile fuel)	62	t-CO ₂
VOC	20,735	kg
SF ₆	0	kg
Release into public water area		
Wastewater	50	1,000m ³
BOD	120	kg
Wastes		
Amount not recycled	0	t
Amount recycled	749	t
Construction sludge	0	t

| Message from the Environmental Manager

The Nagoya Works conducts development and manufacture of logistics and transport products and ceramic flat membranes that are used in water treatment.

In fiscal 2018 we engaged in reduction of greenhouse gasses, reduction of environmental impact from business activities, reduction of waste discharge by the 3Rs, eliminating harmful substances, and responding to water risk. Going forward, we will promote biodiversity preservation and visualization of water usage, and electricity, and actively promote improved efficiency of energy usage.



Nagoya Works
Environmental
manager
Minako Yotsuya

Environmental Impact Data (Fiscal2018)

INPUT		
Energy		
Electricity	1,403	MWh
Fuel oil	6	kL
Fuel gas	294	1,000m ³
Water		
Tap water	5	1,000m ³
Industrial water	0	1,000m ³
Groundwater	5	1,000m ³
Chemical substances		
VOC	216	kg
Greenhouse gas		
SF ₆	0	kg

OUTPUT		
Release to air		
CO ₂ (energy)	1,313	t-CO ₂
CO ₂ (automobile fuel)	13	t-CO ₂
VOC	5	kg
SF ₆	0	kg
Release into public water area		
Wastewater	13	1,000m ³
BOD	95	kg
Wastes		
Amount not recycled	0	t
Amount recycled	59	t
Construction sludge	0	t

| **Message from the Environmental Manager**

Since its foundation in 1943, Kofu Meidensha Electric Mfg. Co., Ltd. has mainly manufactured small to medium industrial motors, fork lift motors, and EV motors.

In fiscal 2018, we undertook various initiatives relating to prevention of global warming, elimination of harmful substances, reduction of waste discharge by the 3Rs, preservation of biodiversity, promotion of green procurement, and working with local communities based on our environmental policy. In particular, we promoted ensuring that periodic inspections of air conditioners are carried out at each workplace and visualization of electricity.

In fiscal 2019, we will work with the whole Kofu community to conduct environmental activities to minimize increases in environmental impact from new factories for EV motors.

Environmental Impact Data (Fiscal2018)



Kofu Meidensha Electric Mfg. Co., Ltd.
Environmental Manager
Shigehiro Oda

INPUT		
Energy		
Electricity	5,843	MWh
Fuel oil	0	kL
Fuel gas	262	1,000m ³
Water		
Tap water	2	1,000m ³
Industrial water	0	1,000m ³
Groundwater	4	1,000m ³
Chemical substances		
VOC	37,994	kg
Greenhouse gas		
SF ₆	0	kg

OUTPUT		
Release to air		
CO ₂ (energy)	3,358	t-CO ₂
CO ₂ (automobile fuel)	26	t-CO ₂
VOC	14,618	kg
SF ₆	0	kg
Release into public water area		
Wastewater	7	1,000m ³
BOD	0	kg
Wastes		
Amount not recycled	0	t
Amount recycled	608	t
Construction sludge	0	t

Environment

Third-Party Verification

In order to ensure that we release accurate and reliable environmental performance data for fiscal 2018, we have undergone an assessment by Bureau Veritas Japan Co., Ltd.



Relevant Items

Energy usage (automobile fuel usage is included)

Greenhouse gas emissions (Scope 1 and Scope 2): CO₂ from energy use (CO₂ emissions from automobile fuel use are included), HFCs, HCFCs and SF₆

Reporting Boundary

Meidensha and 18 Group companies in Japan

Assessment Standards

ISAE3000: International Standard on Assurance Engagements (ISAE) 3000

ISO14064-3: Specification with guidance for the validation and verification of greenhouse gas assertions

Environment

Issue of Green Bonds

In July 2019, we issued green bonds through public offering for the purpose of funding mass-production equipment for Motors and Inverters for Electric Vehicles.

In June 2018, Meidensha pledged to reduce greenhouse gas emissions by 30% by fiscal 2030 (compared to fiscal 2017 levels) and as part of the First Meiden Environmental Vision and we are promoting reduction of environmental impact. Furthermore, we understand that contributing to the achievement of sustainable development goals (SDGs) is a major management issue facing the Company and we are promoting the environmental contribution business by rolling out environmentally conscious products and services.

By issuing green bonds, we plan to expand our capital procurement resources and deepen the understanding of a wide range of stakeholders regarding our active environmental initiatives.

Meidensha Green Bonds

Outline

Name of bonds	"Meidensha Corporation 2nd Series Unsecured Straight Bonds (with pari passu agreement limited to corporate bonds) (Green Bonds)"
Also known as	Meidensha Corporation Green Bonds
Maturity	5 years
Total amount of issue	6.0 billion yen
Coupon rate	0.260%
Issue price	100 yen for each 100 of corporate bonds
Date of issue/date of maturity	July 23, 2019 to July 23, 2024
Redemption method	Bullet payment at maturity
Subscription method	Open invitation
Security/guarantee	Unsecured and non-guaranteed
Rating	BBB+ (Japan Credit Rating Agency, Ltd./Rating and Investment Information, Inc.)
Use of proceeds	To provide partial funding of enhancement of mass-production facilities for electric vehicle components
Lead managing underwriter	SMBC Nikko Securities Inc.
Green Bond Structuring Agent	SMBC Nikko Securities Inc.
Principles with which to confirm compliance	Climate bond standard version 2.1 Low Carbon Transport (Land) Standard Version 1.0 (CBI) Green Bond Principles 2018 (ICMA) Green Bond Guidelines 2017 Edition (MOE)

List of investors that have declared their investment in corporate bonds

(As of July 17, 2019 in alphabetical order)

- Aichi Shinkin Bank
- Daitokyo Shinyokumiai
- Fukoku Mutual Life Insurance Company
- Hanno-Shinkin Bank
- JA Bank Fukuoka
- JA Bank Ibaraki
- JA Bank Iwate
- Kameari Shinkin Bank
- Kesenuma Shinkin Bank
- Kiryu Shinkin Bank
- Kitami Shinkin Bank
- Meiji Yasuda Asset Management Company Ltd.
- Sugamo Shinkin Bank
- Sumitomo Mitsui DS Asset Management Company, Limited
- Sumitomo Mitsui Trust Asset Management Co., Ltd.
- Taiyo Life Insurance Company
- THE BANK OF NAGOYA, LTD.
- THE DAIDO FIRE AND MARINE INSURANCE COMPANY LIMITED
- THE KAGAWA BANK, Ltd.
- THE TOWA BANK, LTD.
- Tokio Marine & Nichido Fire Insurance Co., Ltd.
- Tokio Marine Asset Management Co., Ltd.

External Evaluation of Compliance

Green bond framework

Meidensha Green Bonds are issued and managed according to the Green Bond Framework developed in accordance with the Green Bond Principles 2018*1 drafted by the International Capital Market Association, the Green Bond Guidelines 2017*2 Edition drafted by the Ministry of the Environment, and the Climate Bond Standard Version 2.1*3 drafted by the Climate Bonds Initiative (CBI).

Second-party opinion and ratings

Compliance with these green bonds is assessed by the Japan Credit Rating Agency (hereinafter JCR) according to the JCR Green Bond Evaluation, and the bonds received a rating of Green 1, which is the highest rating, as they fulfilled the Green Bond Principles 2018 and the Green Bond Guidelines 2017.

JCR green bond assessment attached 

Verification

DNV GL Business Assurance Japan K.K. (DNV GL), one of the world's leading organizations to evaluate and accredit the ESG performance, has verified that Meidensha Green Bonds cleared the requirements in the Climate Bonds Standard Version 2.1 as well as related technological standards.

Pre-assessment report issued by DNV GL 

Certification

Meidensha has received certification from Climate Bonds Initiative (CBI), an international nongovernmental organization dedicated to promoting large-scale investments to realize a low-carbon society that sets stringent standards for the issuance of such bonds. Meidensha is the first Japanese private enterprise to receive the CBI certification.

Additionally, JCR and DNV GL has received the notification of Green Finance Organization JAPAN's decision to grant as subsidy as part of the Financial Support Programme for Green Bond Issuance of MOEJ's FY 2018*4.



Green bond framework

1. Use of Proceeds

Eligible green project: Equipment for mass production of electric vehicle components

Outline of facility expansions (Total investment: Approx. 7 billion yen)

Nagoya Works: Renovation of existing buildings and introduction of new facilities	
Location	496 Ittangosewari, Nishibiwajimacho, Kiyosu City, Aichi Prefecture
Parts to be produced	Inverter-Integrated Motor Units for EVs
Start of operations	Scheduled for November 2019
Total floor space	4,620m ²
Production capacity	Maximum annual production of 170,000 units

Kofu Meidensha Electric Mfg. Co., Ltd.: Construction of new building and introduction of new facilities	
Location	825 Nakadate, Chuo City, Yamanashi Prefecture
Parts to be produced	Motors for EVs
Start of operations	Scheduled for November 2019
Total floor space	2,660m ²
Production capacity	Maximum annual production of 170,000 units

Numazu Works: Expansion of facilities	
Location	515 Kaminakamizo, Higashimakado, Numazu City, Shizuoka Prefecture
Parts to be produced	Inverters for EVs
Start of operations	Scheduled for April 2019
Total floor space	240m ²
Production capacity	Maximum annual production of 120,000 units

2. Process for Projects Evaluation

Nominated green bond projects were selected and evaluated by Meidensha Accounting & Financing Group Financing Division, after the consideration of conformity to qualified criteria, based on the Group's management philosophy, environmental vision, and CSR critical issues. Final approval of the project selection is implemented by the director of treasury executives of the company decision making committee. Furthermore, we also conduct verification of negative environmental impact of eligible projects.

3. Management of Proceeds

The proceeds from the Green Bonds will be fully allocated to eligible projects and assets and tracked. Fund allocation will be implemented in one year after bond issuance. The proceeds will be managed by the Meidensha Accounting & Financing Group Financing Division. The proceeds outstanding balance will be managed by internal Meidensha forms (earmarked by numbering) and its budget and actual expense tracked with Meidensha internal protocol (accounting management scheme) quarterly. These will be requested to receive approval from the Meidensha General Manager of Financing Division to avoid deviation (financial outflow). Meidensha also manages the preservation of documents related to cash management by using the accounting document retention term list and through the accounting regulations of Meidensha concerning the scope and preservation of accounting documents. Until the allocation of procurement funds is decided, we will manage cash or cash equivalents equal to funds.

4. Reporting

| Funding status reporting

We will report the status of funding once a year until the full amount of funds to be procured is applied to projects that meet qualified criteria. Disbursement status disclosed is as follows: (1) Amount of funds appropriated, (2) Approximate amount or ratio in case of unappropriated funds, operation schedule of allocated time, and unappropriated period, (3) Estimated amount or percentage when the refund is applied.

We will disclose in a timely manner if there is a major change in the procurement funding plan or when there is a significant change in the fund status after the procurement funds have started to be appropriated.

| Impact reporting

Until Green Bonds are redeemed, the following indicators showing the progress status of qualified projects funded and the environmental improvement effect are scheduled to be disclosed once a year on our website.

KPI in Impact Reporting: Annual CO₂ emission reduction from eligible projects*5

*1 The guideline regarding green bond Issuance is written by Green Bond Principles Executive Committee which is facilitated by ICMA (International Capital Market Association.)

*2 MOEJ (Ministry of the Environment of Japan) has established “the Green Bond Guidelines, 2017” in March 2017 with the purpose of spurring issuances of Green Bonds and investments in them in Japan. The Guidelines, with due consideration to the consistency with the GBP, which is widely accepted in the Green Bond markets in the world, provide issuers, investors and other market participants with illustrative examples of specific approaches and interpretations tailored to the characteristics of the Japan's bond market which will aid these market participants to make decisions on working-level matters related to Green Bonds.

*3 Climate Bonds Standards (CBS) is a standard developed by Climate Bonds Initiative (CBI), the UK's international nongovernmental organization, which includes certification process, pre issuance and post-issuance requirements and sectoral eligibility and guidance. And is aimed with the objective of “Ensuring credibility and transparency of Green Bond's contribution to the environment. CBS imposes a sectoral standard, and it is necessary to meet the applicable sectoral standard in judging the eligibility of projects and assets covered by the green bond.

*4 A program where subsidies will be provided for the expenses that are required by those who support companies, municipalities and other bodies who seek to issue Green Bonds, in the form of granting external reviews, consultation on establishing a Green Bond framework, etc.

(1) A Green Project that meets one of the following criteria:

1. Contributes mainly to domestic decarbonization (renewable energy, energy efficiency, etc.)
 - Projects for which equal to or more than half of the procured amount, or equal to or more than half of the number of projects is domestic decarbonization-related project.
2. Has high decarbonization and effects on vitalization of local economy
 - Decarbonization effects Those whose subsidy amount per ton of domestic CO₂ reduction is less than the specified amount.
 - Effects on vitalization of local economy Projects that are expected to contribute to effects on vitalization of local economy as part of the ordinance and plan, etc. decided by the municipality, projects for which investment by municipalities can be anticipated, etc.

(2) Compliance with the Green Bond Guidelines to be confirmed by an external review organization before issuance.

(3) It cannot be “Green wash” bonds.

*5 The formula for calculation differs from Meidensha's calculation of environmental contribution and CO2 emissions reduction, which are stated under Meidensha's environmental targets, as they are calculated according to the ICMA Green Bond Principles 2018, the MOE Green Bond Guidelines 2017, the CBI Climate Bond Standard Version 2.1, and the Low Carbon Land Transport and the Climate Bonds Standard (v1.0).

This content is provided for the sole purpose of publicly announcing the Company's issuance of the Bonds, and not for the purpose of soliciting investment or engaging in any other similar activities within or outside of Japan.

Sustainability

Corporate Governance

Corporate Governance



Risk Management



Compliance Policy and System



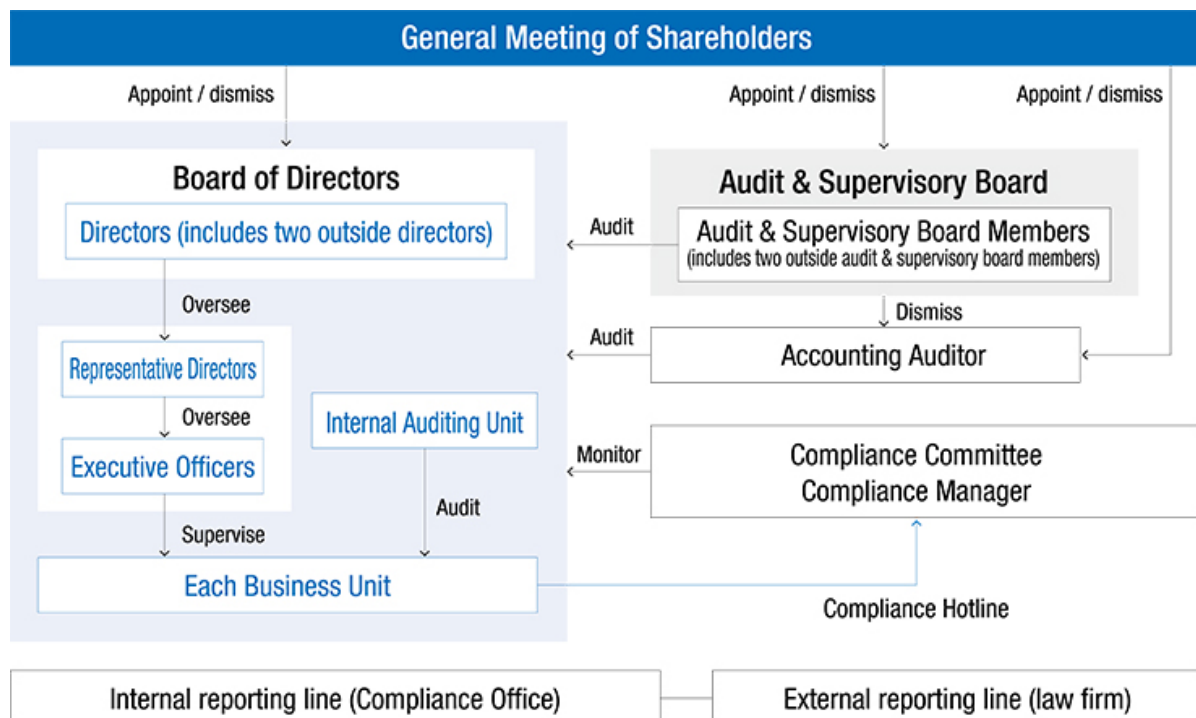
Corporate Governance

Policy

Basic Approach

Under our corporate mission of “illuminating a more affluent tomorrow” and our corporate philosophy of providing the value “for customer peace of mind and satisfaction,” our group of companies takes the basic stance that we maintain fair and steady business activities with respect for people and the global environment, operate businesses focusing on profit while constantly pursuing new technology and high quality, and endeavor to contribute to prosperity of society. In order to implement this basic stance, we formulated the “Basic Policy to Improve the Governance to Secure Fair Business Practices” at the regular Board of Directors meeting held in May 2006 (this basic policy was later amended at the regular Board of Directors meeting held in May, 2015, to reflect the revision of the Companies Act). The Company will work to further improve the efficiency and fairness of management by promoting initiatives to enhance corporate governance in accordance with the Corporate Governance Code.

Corporate Governance Structure: Supervision and Management and Internal Control System



Outline of Corporate Governance Structure

Form of Organization	Company with audit & supervisory board members
Directors	Number of directors (outside directors): 9 (2)
Audit & Supervisory Board Members	Number of audit & supervisory board members (outside audit & supervisory board members): 4 (2)
Number of Independent Officers	4 (2 outside directors and 2 outside audit & supervisory board members)

Organization and Initiatives

Corporate Governance Structure and Initiatives

Meidensha clearly separates important management decision-making and operational decision-making in the rules of the Board of Directors and the rules of internal approval procedures, and ensures flexible executive functions.

The executive committee, which comprises executive directors and executive officers, has been created for executive decision-making, and decides matters based on the rules of internal approvals, as well as matters for which consultation from a whole company perspective is required.

Furthermore, we have established review meetings as an advisory body that operates separately from the decision-making structure in order to create a system for in-depth discussion and consideration of important management matters.

(1) Features of Institutional Design

① Executive Officer System

Meidensha introduced an executive officer system in June 2003 in order to streamline the Board of Directors so as to “speed up corporate decision-making and enhance its supervisory function.” At the same time, we strengthened the functions of the Board of Directors and separated the “decision-making and supervisory functions” and the “executive functions” that the Board of Directors used to have. The former functions were assigned to the Board of Directors and the latter to the executive directors and executive officers to whom the duties were delegated by the representative directors.

Executive functions for business operations are carried out according to resolutions and decisions of the executive committee, which is a decision-making body for executive functions, and the executive directors and executive officers, who have the authority to carry out executive functions, under the supervision of the Board of Directors. In this way, business

operations are executed autonomously, flexibly, and swiftly.

Furthermore, with the Board of Directors having broadly assigned authority to conduct executive functions to the executive officers, directors and executive officers in charge of operations are required to submit status reports on the execution of operations to the Board of Directors at least once every three months in order to ensure that the supervisory function of the Board of Directors properly works.

② Composition of Directors

There are currently nine directors, and we believe that this number is appropriate to ensure thorough consideration to make appropriate and swift decisions to address the drastically changing business environment.

Furthermore, two of the nine directors are outside directors who carry out a supervisory function for execution of operations in order to strengthen corporate governance.

Meidensha's outside directors satisfy the requirements of independent directors as stipulated in the rules of the Tokyo Stock Exchange.

③ Policy for Appointment of Candidates for Director and Appointment/Dismissal Process

When appointing Meidensha's directors, it is our basic policy to appoint appropriate personnel that will ensure diversity and balance of the Board of Directors and contribute to increasing Meidensha's corporate value based on individual directors' abilities, knowledge, and experience, etc.

The number of directors is a number that we deem appropriate to fully deliberate on the management issues of the Company, with an upper limit of fifteen members.

Based on the above, we conduct a selection of candidates for director that will contribute to the enhancement of the Board of Directors decision-making function and oversight function, by resolution of the Board of Directors, with advice from the Nomination and Remuneration Committee* (voluntary committee), which is chaired by an independent outside director. The candidates are then presented at the General Meeting of Shareholders.

Furthermore, with regard to the dismissal of directors, if it is discovered that a director has breached the law or the Articles of Incorporation, or committed acts that flagrantly breach the director's selection policy, the Board of Directors will take the necessary steps to dismiss said director with the advice of the Nomination and Remuneration Committee.

*Meidensha established a voluntary Remuneration Committee in December 2017. In December 2018, the Committee took on the functions of a voluntary nomination committee to become the Nomination and Remuneration Committee. The Nomination and Remuneration Committee is chaired by an independent outside director and is comprised of two outside directors, the chairman of the Board of Directors, and the president of the Board of Directors.

(2) Effectiveness Evaluation of the Board of Directors

Meidensha has a mechanism in place to conduct an analysis and evaluation of the effectiveness of the Board of Directors in order to strengthen the supervisory function of the Board of Directors.

With regard to the activities of the Board of Directors in fiscal 2018, all the directors and

auditors, including the outside directors and outside audit & supervisory board members, conducted a self-evaluation of the effectiveness of the Board of Directors, and the following discussions took place at the meeting of the Board of Directors in May 2019.

i. Items Evaluated

Composition and operation (resolution and deliberation methods, etc.) of the Board of Directors, self-evaluations concerning effectiveness of the Board of Directors, other opinions

ii. Outline of Analysis and Evaluation Results

The results of the evaluation of each director and audit & supervisory board member were collected, and after deliberation by the Board of Directors, it was determined that the quality of operation and deliberation is sufficient, sufficient opinions and advice have been received from outside directors and outside audit & supervisory board members, and the effectiveness of the Board of Directors is currently secure.

Also, further revitalization of deliberations of the Board of Directors was confirmed through these evaluations. We will also increase understanding of Meidensha's business environment and strategy and provide ongoing opportunities for discussion such as through explanations in advance, meetings to exchange opinions, and explanatory programs outside of the initiatives of the Board of Directors referred to below.

Training of Directors and Audit & Supervisory Board Members

Legal training is conducted for officers on an annual basis, for the purpose of improving the effectiveness of the Board of Directors and internal control.

In fiscal 2018, we promoted risk management at each department and conducted training relating to governance, which was conducted by outside lawyers, for our officers, as part of internal control activities conducted at all companies.

The Meiden Group conducted training on the Companies Act for new officers of Meidensha and affiliated companies.

(3) Initiatives to Utilize Outside Directors

Meidensha seeks active participation in management by outside officers, in order to enhance the supervisory function of the Board of Directors. As such, we are conducting the following initiatives to ensure free and active debates.

① Initiatives at the Board of Directors

i. Advance Explanation of Agendas of the Board of Directors

We give explanations in advance so that directors are able to confirm the content of agenda items prior to participating in meetings of the board of directors. Our system allows us to accept questions, etc., relating to the content of agendas in advance and prepare an explanation to be given at the meeting of the Board of Directors, and this revitalizes and enriches deliberations.

ii. Timely and Appropriate Sharing of Information

Besides the agenda for the meeting, Meidensha provides briefings on current topics relating to the company at meetings of the Board of Directors, with the aim of timely and appropriate sharing of information with outside directors, so that they can share the status of the Company in a timely fashion.

② Initiatives Outside of the Board of Directors

i. Introductory Sessions

Primarily for newly appointed outside directors and outside audit & supervisory board members, we provide opportunities for them to understand the Company's business. The officers or general managers in charge of each business explain their business and Meidensha's governance system to the outside officers, answer their questions and exchange opinions with them.

ii. Meeting for Exchange of Opinions

Besides legally-required board meetings, we organize monthly meetings for an exchange of opinions in order to best use the knowledge of the outside directors and outside audit & supervisory board members.

In these meetings, participants vigorously exchange opinions, mainly concerning matters relating to corporate governance and the Company's management issues and strategy. The meetings also serve as preliminaries to discuss matters prior to passing resolutions at the Board of Directors.

(4) Audit & Supervisory Board Members and the Audit & Supervisory Board

Meidensha is a company with audit & supervisory board members. Each audit & supervisory board member (two of the four audit & supervisory board members are outside audit & supervisory board members) performs his assignment of duties in accordance with the auditing policies and the auditing rules for audit & supervisory board members stipulated by the Audit & Supervisory Board. They communicate with directors, the internal auditing department, and other relevant departments, attend meetings of the Board of Directors and other important meetings, and investigate the business and financial conditions, in order to audit the execution of directors' duties.

The Company also has Internal Auditors Office to assist the Audit & Supervisory Board under the direct control of the Board.

(5) Internal Auditing System

We have an internal auditing division under the direct control of the President. The Internal Auditing Division conducts internal audits to check the effectiveness and efficiency of business operations, the reliability of financial reporting, the status of compliance with laws and regulations, and the maintenance of assets, covering the Company and all Group companies at home and abroad.

Since fiscal 2016, we have conducted risk management using control self assessment (CSA) at

each Meidensha factory and each Japanese subsidiary in order to enhance internal control and increase the efficiency of risk audits at each business unit.

In fiscal 2018, we conducted joint audits with other existing internal business units in the course of overseas internal audits and joint audits with third parties through outside consulting at three locations in China to enhance internal control functions.

Officers' Remuneration

Directors remuneration policy

i. Level of Remuneration

The level of remuneration of Meidensha's directors is determined based on external objective remuneration market data, economic conditions, industry trends, and Meidensha's business circumstances, etc., and it is confirmed by the Nomination and Remuneration Committee referred to above.

ii. Composition of Remuneration

Remuneration of directors is performance-linked annual remuneration, and comprises basic remuneration and incentive remuneration according to each role. Of these types of remuneration, incentive remuneration comprises remuneration that is linked to business performance as a short-term incentive and stock remuneration as a medium to long-term incentive.

| Target Proportion of Each Type of Remuneration (if 100% of targets were achieved)



iii. Incentive Remuneration System

Performance-linked remuneration, which is a short-term incentive, varies from 0 to 140 depending on the degree of achievement of targets, with perfect achievement of targets counting as 100. We use operating income, which is also used for our financial targets in Medium-term Management Plan 2020, as a performance evaluation indicator, and also give consideration to revisions according to operating conditions and changes to the roles of each officer, etc.

| Calculation Formula



Stock remuneration, which is a medium to long-term incentive, grants shares to the Officers' Shareholders Association for the purpose of further promoting sharing of profit and loss with shareholders.

iv. Remuneration Determination Procedures

The Nomination and Remuneration Committee confirms and considers the content of the remuneration system and the amount of remuneration from an objective perspective prior to determination by the Board of Directors.

FY2018 Results

Classification	Total Amount of Remuneration, etc. (millions of yen)	Total Amount of Each Type of Remuneration, etc. (millions of yen)		Number of People
		Basic remuneration	Incentive remuneration	
Directors (excluding outside directors)	393	343	50	11
Corporate Auditors (excluding outside audit & supervisory board members)	44	44	-	3
Outside Officers	20	20	-	4

1. The amount paid to directors includes performance-linked remuneration for fiscal 2018.
2. The amount of remuneration paid to directors that concurrently serve as employees does not include the amount of remuneration paid to them as employees.

Composition of the Nomination and Remuneration Committee

Name	Position	Chairman
Yuji Hamasaki	Representative Director, Chairman	
Takeshi Miida	Representative Director, President	
Hiroyuki Takenaka	Director (Outside/Independent Officer)	○
Junji Yasui	Board Director (Outside/Independent Officer)	

Dialogues with Shareholders and Investors

| Basic Approach and IR System

When any shareholders wish a dialogue with the Company that will contribute to medium to long-term improvement of the Company's corporate value, it is Meidensha's policy that the Company's management conducts the dialogue to the extent reasonably possible.

A system is in place where an executive officer is placed in charge of IR matters and an IR-specialist department conducts activities to enhance constructive dialogue with shareholders, including institutional investors and strengthens external communication.

| Results Briefings

We hold results briefings twice a year in May and November.

We also commenced briefings for individual investors in fiscal 2018.

We will continue to work to ensure an even fuller disclosure of information through results briefings, individual IR sessions, conferences, the website, and this report, etc., and continue to engage in dialogue with shareholders and investors.

| Main IR Activities in Fiscal 2018

Individual Sessions	Number
Japanese Investors	78
Foreign Investors	64
Total	142

The materials for the results briefings are available for viewing. Please visit "Fact Sheet for Account Settlement Briefing Session" under "Investors" on the Corporate website.

[Fact Sheet for Account Settlement Briefing Session >](#)

Board of Directors & Executive Officers as of July, 2019

Representative
Director,
Chairman



Yuji Hamasaki

[Record of
Attendance]
Board of Directors'
Meetings:
100% (13 out of
13)

Representative
Director,
President



Takeshi Miida

[Record of
Attendance]
Board of Directors'
Meetings:
100% (13 out of
13)

Representative
Director,
Executive Vice
President



**Masamichi
Kuramoto**

[Record of
Attendance]
Board of Directors'
Meetings:
100% (13 out of
13)

Director,
Executive Vice
President



Shosuke Mori

(Newly appointed in
June of 2019)

Director & Senior Managing Executive officer



**Nobutoshi
Ohashi**

[Record of
Attendance]
Board of Directors'
Meetings:
100% (10 out of
10)



**Norio
Takekawa**

[Record of
Attendance]
Board of Directors'
Meetings:
100% (10 out of
10)



**Nobuaki
Tamaki**

[Record of
Attendance]
Board of Directors'
Meetings:
100% (10 out of
10)

Outside Director



**Hiroyuki
Takenaka**

[Record of Attendance]
Board of Directors' Meetings:
100% (13 out of 13)



Junji Yasui

[Record of Attendance]
Board of Directors' Meetings:
100% (13 out of 13)

Audit & Supervisory Board Member



Taketora Ito

[Record of Attendance]
Board of Directors' Meetings:
100% (13 out of 13)
Audit & Supervisory Board Meetings:
100% (6 out of 6)



Seiji Kato

[Record of Attendance]
Board of Directors' Meetings:
100% (10 out of 10)
Audit & Supervisory Board Meetings:
100% (6 out of 6)

Outside Director



Yoshiaki Shin

[Record of Attendance]
Board of Directors' Meetings:
100% (13 out of 13)
Audit & Supervisory Board Meetings:
100% (6 out of 6)



**Mitsuru
Nawata**

[Record of Attendance]
Board of Directors' Meetings:
92.3% (12 out of 13)
Audit & Supervisory Board Meetings:
83.3% (5 out of 6)

Managing Executive officer	Kazumi Ikarashi Michihiko Kato Satoru Kameyama Masayuki Iwao Tatsuki Mochizuki Kuniake Yasukawa Masahiko Suzuki
Executive officer	Kazuhiko Furukawa Noritaka Matsushita Isamu Suto Akio Inoue Hiroshi Toke Minoru Kaneda Hisahiro Murashima Satoshi Momenya Norio Mizutani Hideki Miyazawa Akio Ikemori Takashi Furuta Takeo Suzuki Katsunori Suzuki

Risk Management

Policy

Basic Approach

With regard to business activities in the near future, we must precisely understand various business risks that may manifest in the future and ensure that we provide for them in order to implement our business strategy and increase corporate value in unstable global circumstances with increasing complexity and lack of clarity. With this awareness, we consider that it is necessary for each business unit of the Meiden Group to increase their sensitivity when considering business risks, and establish their own PDCA risk management systems. Furthermore, we aim to create a system that is capable of responding to constant change and all risks by creating a risk management system for all companies that incorporates Business Continuity Management (BCM) in order to respond to risks to the business continuity of the entire Group.

Organization and Initiatives

Initiatives to Establish a Risk Management System

At the Meiden Group, comprehensive risk management has been conducted since fiscal 2018 for each business unit using Control Self Assessment (CSA) at each domestic works and affiliate. Through this method, each business unit defines future uncertainties that may impede the fulfillment of business plans as risks from a wide range of factors such as external environment and business processes and devises and implements measures to respond to these risks according to an evaluation of the severity of each risk. In addition, each business unit re-evaluates the success of this series of control activities in their own business unit, which will lead to further ongoing control activities.

With regard to internal auditing of the business risks of each business unit, we ensure that risk management is conducted through top-down style local interviews with pre-prepared questions conducted by the internal auditing division and the aforementioned bottom-up style Control Self Assessment (CSA) conducted by each business unit.

Crisis Management System

Operation of the Enterprise Crisis Management Committee

The Meiden Group has a unified risk management system and we have established a Enterprise Crisis Management Committee (CMC), chaired by the President, with the Chief Crisis Officer (director and senior managing executive officer, Nobutoshi Ohashi) serving as the Deputy Chairman and members comprising directors (excluding outside directors), in order to respond to severe cross-organizational crises.

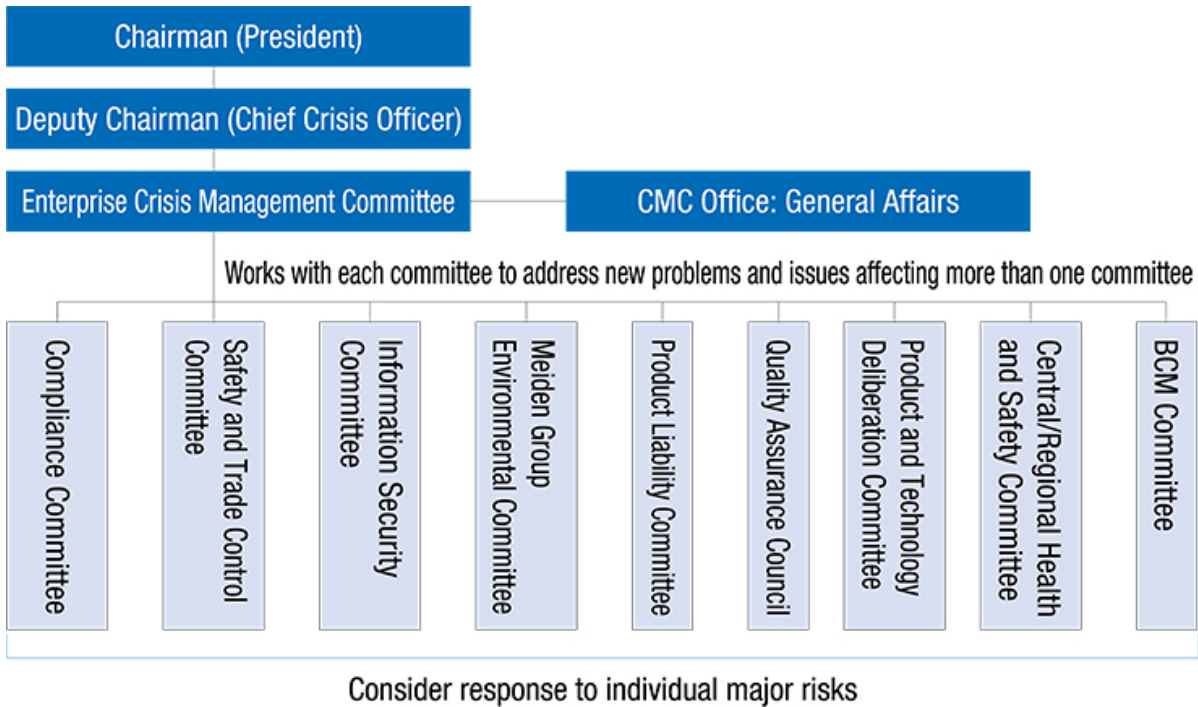
The CMC works with each working group committee (WGC) and meets, as a rule, at least once a year to maintain countermeasures to critical crises threatening the business continuity. They perform risk surveys to discover new crises and study measures against them.

Role of the Enterprise Crisis Management Committee

- 1. Establishing basic policies on major and cross organizational crises
- 2. Encouraging measures to prevent crises before they happen
- 3. Deciding company policies on the crises that are actually happening

Furthermore, from fiscal 2018, we have established the BCM Committee as a specialist committee to formulate and implement business continuity plans (BCPs), and enhance the Group’s business continuity initiatives.

Enterprise Crisis Management Committee



Business Continuity Plan (BCP)

Formulation of Business Continuity Plan (BCPs)

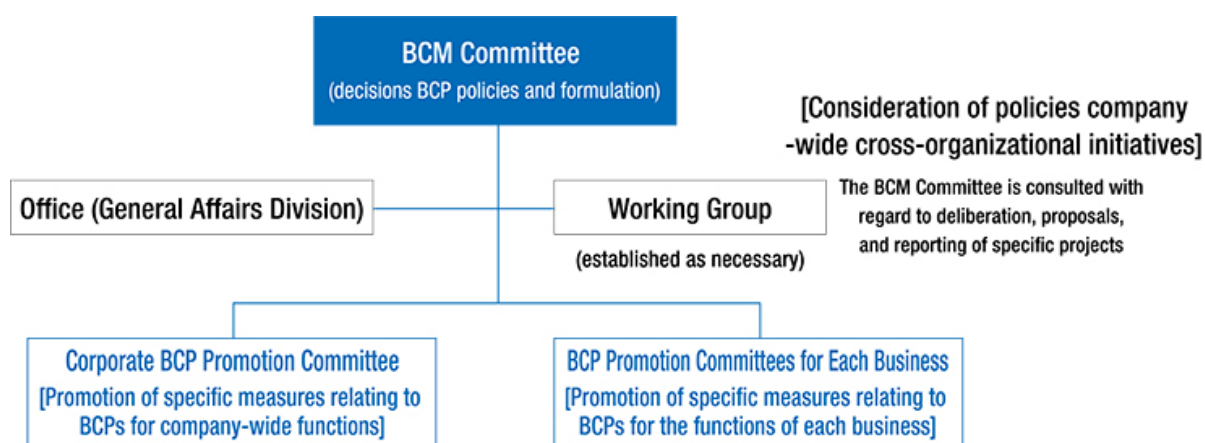
We conducted the following initiatives to promote formulation of BCPs as a Group-wide project in fiscal 2018.

1. Conducting BCP introduction education: We conducted BCP introduction education for the heads of each business unit, disseminated information about the importance of BCPs and announced the commencement of formulation of a Group-wide BCP.

2. Establishing and operating the BCM Committee: We established the BCM Committee as the final decision-making body with regard to the Meiden Group’s business continuity. It comprises members of managing executive officer level and above and it is independent from the Enterprise Crisis Management Committee.

In fiscal 2018, the Committee convened for the second time, and adopted (a) the Meiden Group BCM Promotion System and (b) the Business Continuity Plan (BCP) Basic Policy. Furthermore, in order to promote implementation, the Corporate BCP Promotion Committee and BCP promotion committees of each business were created to enhance company-wide promotion.

BCM Promotion System



Increasing Effectiveness of BCPs

Based on resolutions of the BCM committee, we conducted the following initiatives to enhance disaster response measures.

1. Distributing disaster response cards to all employees (including employees of Group companies) and formulating a natural disaster response manual (for the disaster response headquarters)

2. Improving functionality (renewal) of the safety confirmation system and ensuring implementation

3. Restructuring the corporate disaster response headquarters and conducting training (first)



Corporate disaster response headquarters training



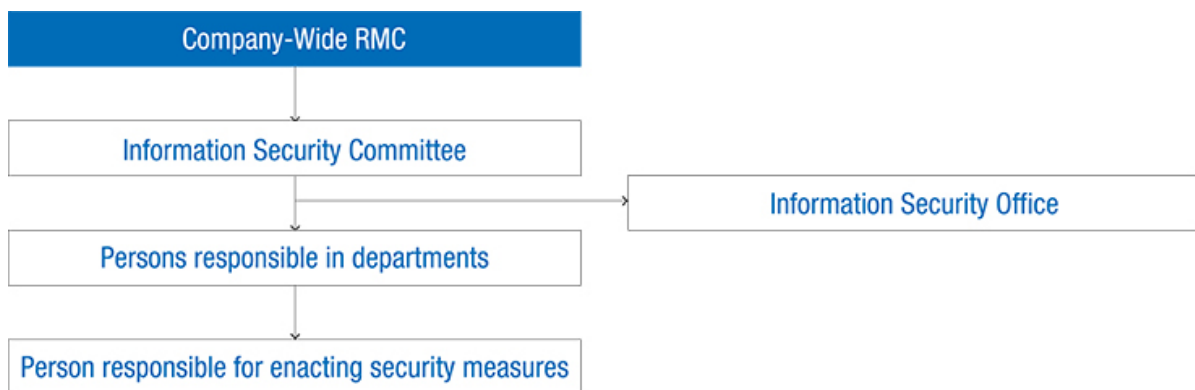
New disaster response card

Policy, Organization, and Initiatives

Strengthening Information Security Management

The Meiden Group understands that ensuring the security of the information we handle is a most critical issue. We therefore protect information assets from disasters, accidents, criminal acts, errors, and other threats. We also maintain and enhance information management to prevent leaks, tampering, or theft.

Information Security Control System



Initiatives

In fiscal 2019, we are continuing to implement initiatives to reinforce information security for the entire Meiden Group.

1 Analysis of Incidents and Countermeasures for Each Cause

We conducted analyses and implemented measures to cover both aspects of hardware/software and human factors: the former includes data protection from unauthorized logins, virus infections from suspicious emails, targeted email attacks, etc. as well as and the latter theft, loss, or mishandling of information devices.

2 Sustainable Information Security Measures

We had previously conducted initiatives based on “defense,” but we are now working to implement sustainable security measures in the areas of “prediction,” “defense,” “detection,”

and “response.”

Since introducing the Security Operation Center (SOC) in fiscal 2017 in order to enhance detection, we promoted the establishment of an internal system to speed up responding to incidents in order to enhance response. Furthermore, we hold study meetings and explanatory sessions for suppliers as a first step to enhance supply chain security.

In fiscal 2019, we plan to introduce next-generation antivirus software, strengthen hardware and software measures, and continue to conduct human measures, such as information security education and suspicious email drills. We are continuously rolling out both proactive and reactive measures basis for information security on a group-wide basis.

Compliance

Policy and System

Compliance Policy and System

Meiden Group Code of Conduct (COC) defines that we shall strive to ensure compliance with applicable laws and regulations of our business-related matters, other applicable laws and regulations at home and abroad, social and ethical norms, and its underlying spirit, and we shall conduct our businesses with strong corporate ethics and good social common sense.

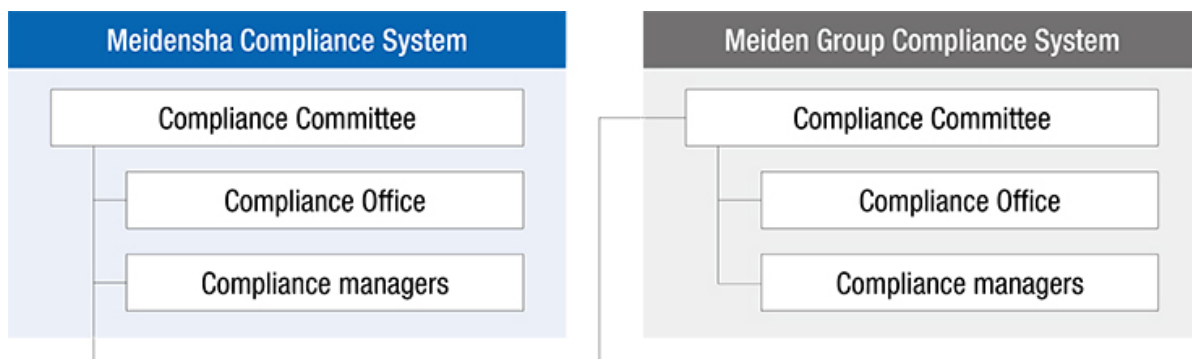
Under this policy, the Meiden Group aims to sincerely engage in activities to live up to the trust of customers and society. Directors, executive officers, and general managers of Meidensha and each Group company, play a central role in promoting compliance in each of their workplaces, in accordance with the Meiden Group Compliance Promotion Rules.

Besides such workplace schemes, we also have a Compliance Committee set up in place, which lays down policies concerning compliance activities, organizes compliance training, handles whistleblowers, and expresses opinions and provides solutions to problems relating to a range of compliance issues that may arise.

In order to enhance the communication and reporting system, we appointed a Compliance Manager in each workplace to serve as a link between the Compliance Committee and the workplace by reporting to the Committee issues discussed and problems found in the workplace. Thus, we are engaged in activities that promote compliance, while ensuring communication among the Meiden Group companies.

In fiscal 2018, we enhanced management and expanded systems in accordance with the Consumer Affairs Agency’s Guidelines for Whistleblower Systems as group-wide compliance initiatives. Also, in order to enhance overseas compliance, we are continuing to promote the implementation of internal control systems at overseas group companies.

Meiden Group Compliance System



Anti-Corruption Policy

The Board of Directors has passed a resolution that forbids providing unfair advantage and business activities in contravention of the Anti-Monopoly Act as three strictly prohibited matters. From now on, the Compliance Committee will receive reports concerning the status of activities to ensure compliance.

Whistleblower System on Compliance

Meidensha has a whistleblower system for compliance. This is to prevent illegal actions and misconduct and to solve problems as early as possible.

This whistleblower system includes the Compliance Hotline for discussing a broad range of compliance issues including breaches of laws such as the Antimonopoly Act and bribery regulations, breaches of internal or external rules, and labor problems, the Harassment Consultation Hotline, which is specifically designed to deal with harassment, and the Public Whistleblower Hotline for early detection and rectification of unlawful acts, etc. Furthermore, we established a supplier-specific whistleblower hotline in fiscal 2018.

The Internal Hotline System is an internal measure to receive anonymous whistleblower reports from employees, through a dedicated phone line, letters, or emails to a dedicated address. The Public Whistleblower System handles external communications at a law firm as well as internal communications, and may be used by employees of the Meiden Group (including retirees), temporary staff and subcontractors, and suppliers.

The Compliance Committee studies information that is brought to the above points of contact, and, if necessary, consults with a lawyer before resolving issues. We are working to increase the dependability of management of information, such as the names of whistleblowers, of and the whistleblower system as a whole, in accordance with national guidelines, to ensure that whistleblowers are not disadvantaged by using the system. In fiscal 2018, the Meiden Group received 56 reports and consultations, of which we thoroughly confirmed which cases required a response and dealt with them accordingly. The system undergoes internal audits by the Auditing Unit.

Initiatives to Avoid Infringement of Human Rights

| Harassment Prevention System

Harassment is one of the compliance issues regarding which consultation is most frequently sought, so we established the Harassment Prevention Committee to create a system that is specifically designed to handle harassment issues, and we are working to centralize handling of confidential information and responses as well as enhance activities to promote understanding. When a report of harassment is made, responses are required that are considerate of personal relationships, and particularly those of the reporter, so we created a system to avoid infringement of human rights by establishing a hotline that is specifically designed to deal with harassment issues and creating an environment that is conducive to talking about issues.

Furthermore, we have enhanced anger management instruction as an activity to promote understanding of measures to combat harassment.

Initiatives

Compliance Education

The Compliance Committee conducts compliance training at our business locations throughout Japan, in order to maintain and improve awareness of compliance and internal control systems while collecting opinions from workplaces. Compliance training aimed at employees, including Compliance Managers at each company in the Meiden Group, provides updated information and education on compliance activities, and an opportunity to exchange opinions with the Compliance Committee.

In fiscal 2018, we conducted compliance training at locations around Japan, with 1,254 participants. The Committee made reports concerning the status of compliance activities at the company as a whole, and the Legal Affairs Division gave further training using case-studies aiming at sales and manufacturing activities in compliance with the Anti-Monopoly Act, and the Subcontracting Act.

Otherwise, we conducted education concerning compliance with the Construction Business Act, etc., as well as harassment and environmental laws, and we are working to increase awareness of a broad range of compliance issues.

Also, we are continuing to conduct training for officers administered by external instructors and group-work education for heads of business units, in order to enhance internal control. During such educational sessions, the Committee received opinions, requests, and many questions from participants concerning the state of their workplaces, which we will reflect in our activities in fiscal 2019.



Compliance training

Group Corporate Code of Conduct Aimed at Globalization

The Meiden Group has the “Meiden Group Corporate Code of Conduct” in place and is working to ensure compliance with laws and other social norms. In addition, we compiled the corporate philosophy system and guidance into a booklet in three languages (Japanese, English and Chinese) in preparation for globalization.

Furthermore, we have released the Bribery Prevention Policy and Fair Competition Policy in three languages, as guidelines to supplement the aforementioned code of conduct, in order to observe laws and regulations relating to bribery prevention and competition.

These standards and policies can be viewed on the Group’s portal.

Sustainability

Social

Product Responsibility



Supply Chain Management



Human Rights



Labor Practices



HR Development



Occupational Safety and Health



Community



Social

Product Responsibility

Policy

For customer peace of mind and satisfaction, we understand customers' needs and concerns, and help customers solve various issues and realize their dreams by providing high-quality products and services. The Meiden Group strives to be trusted and depended on by customers and society.

Quality Policy

Basic Policy

For customer peace of mind and satisfaction

Each of our employees is aware that we are a partner that helps our customers solve their problems and of the social responsibility of Meidensha's products and services and the severity of the negative impact that defects can have on management. We aim to provide high-quality products and services resulting in customer satisfaction by conducting business in accordance with clear procedures.

Plan and Targets

Under Medium-term Management Plan 2020, we will promote initiatives to improve quality with the quantitative target of reducing the number of defects and the cost of rectifying defects by half in comparison with 2017 results and contribute to increased profits by increasing customer satisfaction and reducing unnecessary costs.

Organization

Quality Assurance System

Under the direction of the President, who is our chief executive officer, and the Executive Committee, the head of the Quality Control Management Unit (Director and Senior Managing Executive Officer, Norio Takekawa) oversees quality management for the whole Meiden Group. The quality assurance (QA) promotion system comprises the General Manager of the Quality Control Management and Remote Monitoring Service Division, who is responsible for promoting quality at a company-wide level, and members under the direction of the quality assurance managers of each business unit. We conduct activities such as sharing quality information and roll-out of policies to other business units at meetings of the Company-wide Quality Assurance Meeting and each business unit's Quality Assurance Meeting, etc.

Quality Assurance System



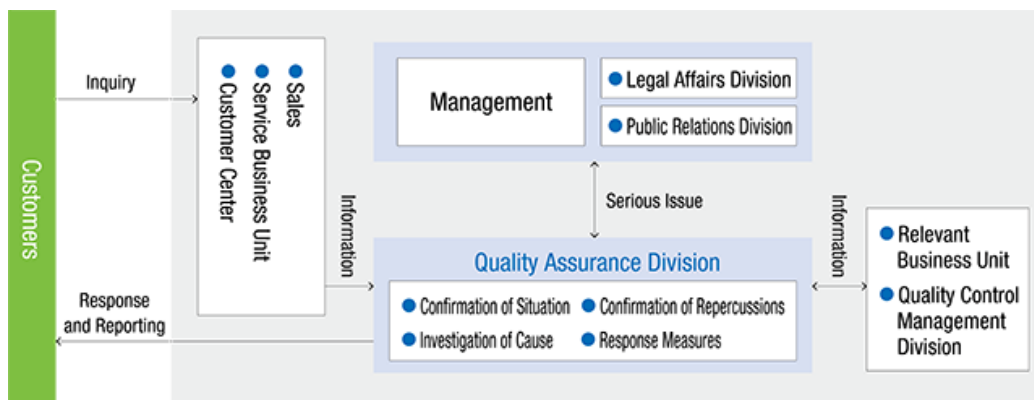
Quality Assurance Activities and Quality Risk Management

The Meiden Group conducts initiatives in each business unit for quality assurance and quality improvement according to the President's Quality Management Policy. We comply with relevant laws, we have created quality management systems based on ISO9001 not only for production divisions, but for each business unit including a sales division and for each Group company, with a focus on manufacturing companies, and we are implementing quality assurance measures.

In order to maintain and improve said systems, we conduct ISO9001 internal auditor education for all Group companies in order to improve the skills of internal auditors.

Furthermore, if there is a quality issue that is likely to have a severe effect on society, such as a blackout, a stoppage of water supply, or a recall, we handle the matter in accordance with stringent rules to ensure swift and appropriate action through reporting to management and sharing information with specialist divisions, relevant divisions, and relevant business units, etc.

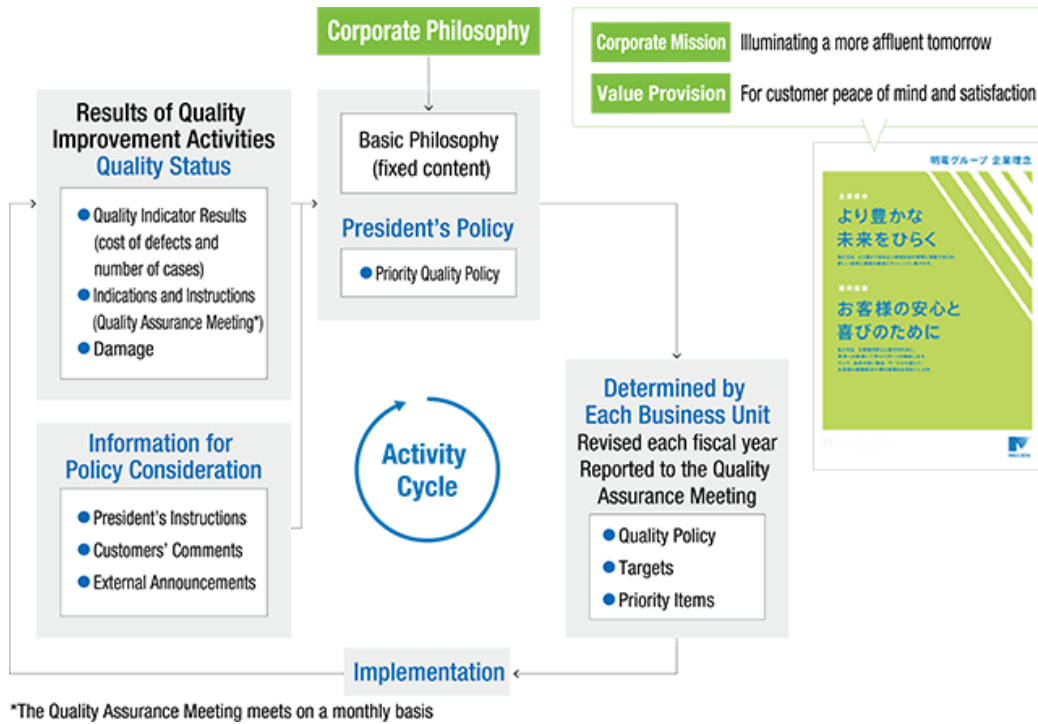
Response Flow for Quality Issues



Quality Activity Cycle

Each fiscal year, each business unit drafts a priority quality policy for their own business unit, promotes activities such as CS activities and defect elimination activities based on the President's Quality Management Policy and the directions of the top management, etc., with the aim of increasing customer satisfaction.

Quality Activity Cycle



Initiatives

Initiatives to Improve Quality

Improving Product Development and Design Quality through Mechanisms to Incorporate Quality and Multifaceted Design Reviews (DR)

The Meiden Group has determined items that need to be managed from the perspectives of “no defective unit accepted,” “no defective unit made here,” and “no defective unit shall leave here,” in order to improve quality in each internal process, such as development, design, manufacture, testing, and inspection, including purchasing parts and materials, etc., from affiliates, and we conduct activities accordingly.

DR

Activities ○ : Particularly Relevant	Meidensha		
	Partner Companies	Development, Design, and Manufacture	Testing and Inspection
	No defective unit accepted	No defective unit made here	No defective unit shall leave here
3H Measures		○	○
Quality Improvement of DR		○	○
Management of Remaining Work for DR		○	○
Applying Lessons from Past Defects		○	
Implementing and Complying with Standards and Procedures		○	○
Auditing and Instructing	○	○	○
4M-Change Management	○		

In particular, we are strengthening activities relating to the quality of such development and design that has the risk of a defect with potential widespread influence.

The main content of those activities is as follows.

| 3H Measures

Specific risks increase if one of the three elements (3H: Hajimete “first time,” Henkou “change,” Hisashiburi “returning after a break”) is applied to the four main elements of manufacturing (4M: Man, Machinery, Method, Materials). Therefore, we identify these three elements and consider them through DR, etc., and respond to them in advance, which leads to reduction of risk.

| Improved Quality of DR (design review)

Experts in each product field are nominated each time DR is conducted and these experts have a duty to participate in DR. With their involvement, we create an environment where extensive content is considered and risks can be identified, which results in high-quality DR. Furthermore, in order to facilitate nominating and requesting the participation of experts in DR throughout the organization, we have published a company-wide list of experts.

| Management of Remaining Work for DR

We have created and we implement and strictly manage a system of notifying managers and administrators of remaining items so that processes do not proceed without resolving matters that have been identified and matters that require consideration, etc., through DR by the deadline that has been set, in order to reduce the risk of defects arising from unresolved matters.

| Applying Lessons from Past Defects

We have created and operate a system to convert information about trouble that has arisen into easily applicable knowledge and to facilitate the accumulation and application of this knowledge. We then apply this knowledge to subsequent development and design to ensure that similar defects do not arise in the future.

| Establishing and Complying with Standards and Procedures

We comprehensively articulate management items and methods in each process in the Quality Control Process Chart (QC Process Chart) in each process, and we reduce the risk of defects due to disparity between persons in charge by ensuring that required actions are conducted. Furthermore, we encourage filling in the Quality Control Process Chart (QC Process Chart) so that the implementation status can be confirmed by third parties.

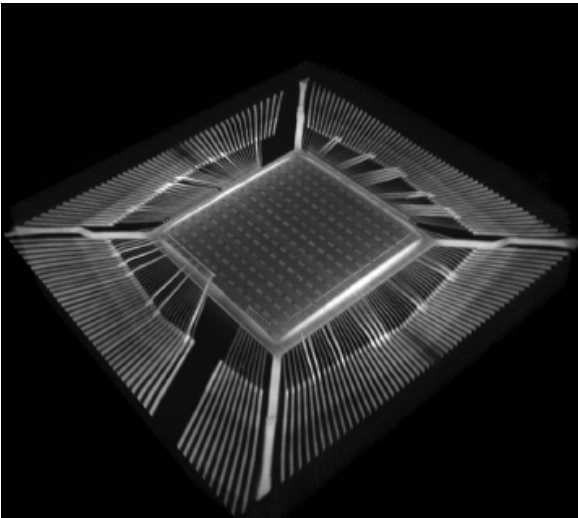
Quality Analysis of Parts and Materials to Prevent Defects

At the Materials & Semiconductor Device Analysis Center, we promote activities to improve product quality and prevent defects through analysis and reliability evaluation of semiconductor devices and materials that are used in our products, adopting “improving

product quality,” “creating new products,” and “consideration for the environment” as our basic policies.

If new parts and components such as semiconductor devices are used, they do not only undergo evaluation of variation in electrical characteristics and failure analysis, but (1) they undergo non-destructive inspection, (2) they are removed from packaging and further examined, and (3) the internal structure is examined by taking cross-sections etc., to evaluate whether they comply with internal standards. We also actively work to achieve long-term reliability and have a system of checking the potential effects of a range of stresses such as heat, humidity, and corrosive gasses.

Also, we are improving screening technology for plastics that contain phthalates, in accordance with trends in environmental regulations and amendments to the RoHS directive, in order to provide products that customer can use with confidence.



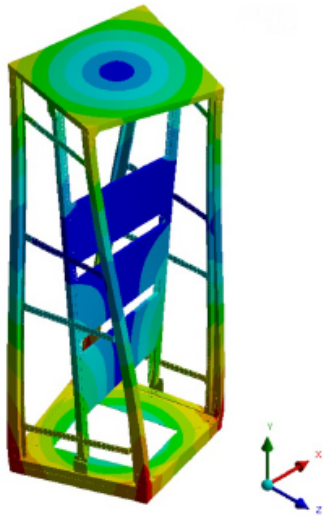
X ray transmission observation of electronic components



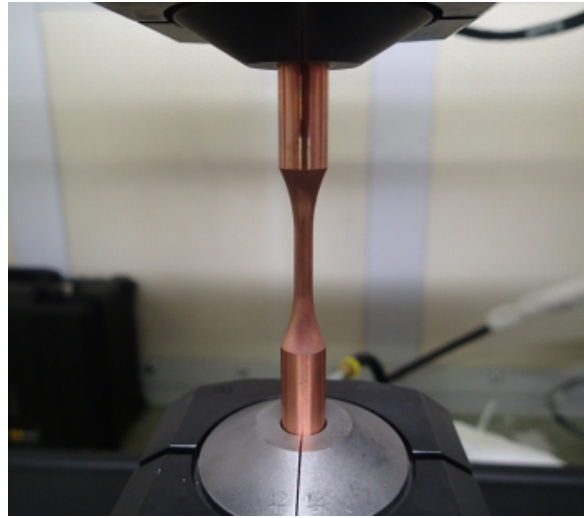
Evaluation of electrical characteristics of semiconductor devices (power device analyzer)

Coexistence of Marginal Design and Product Quality

At the Analytic Simulation and Material Evaluation Center, we conduct research and development relating to improving the precision of vibration analysis and obtaining more material strength data in order to achieve both marginal design and product quality to enhance product competitiveness. If product components are made as small and light as possible, vibrations being transmitted to the components can make strength an issue where it wasn't in the past. Therefore, we are conducting vibration analysis and in-product evaluation of each component material and connection and improving the precision of vibration analysis for whole products. Also, we have introduced high-speed fatigue testing equipment to obtain more complete strength data for materials such as copper, which is used in heavy electrical products. For example, when conducting vibration resistant design for the switchboard of electrical equipment, we achieve reliable products by conducting vibration resistance analysis simulations from the initial design stage, and conducting detailed evaluations of equivalent models once design is complete. Furthermore, we conduct evaluation of product life by comparing results of vibration analysis of rotating machinery and materials strength data.



Structure Analysis of Switchboard



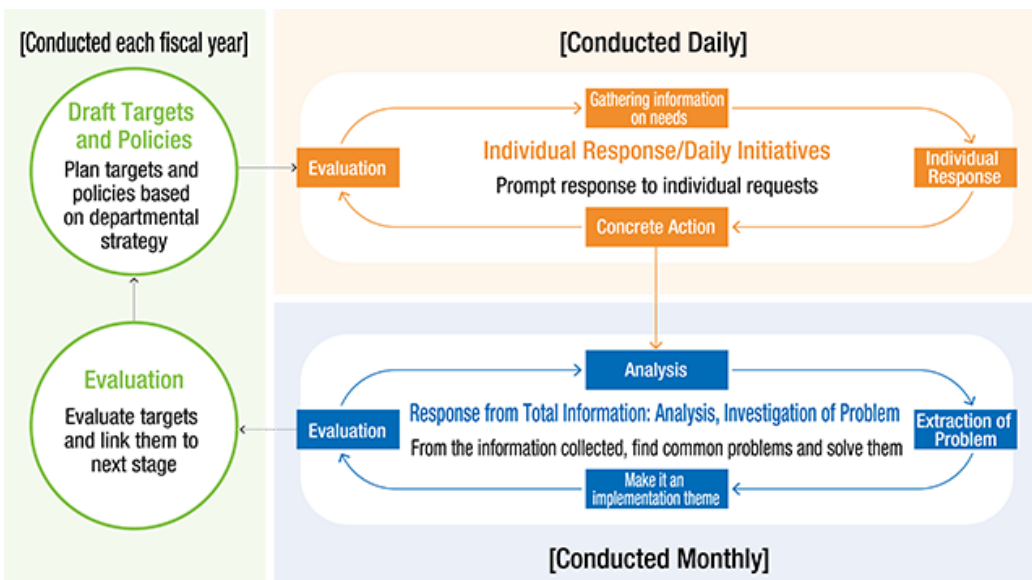
Ultra-high cycle fatigue testing of copper

Promoting Initiatives to Collect Customers' Needs

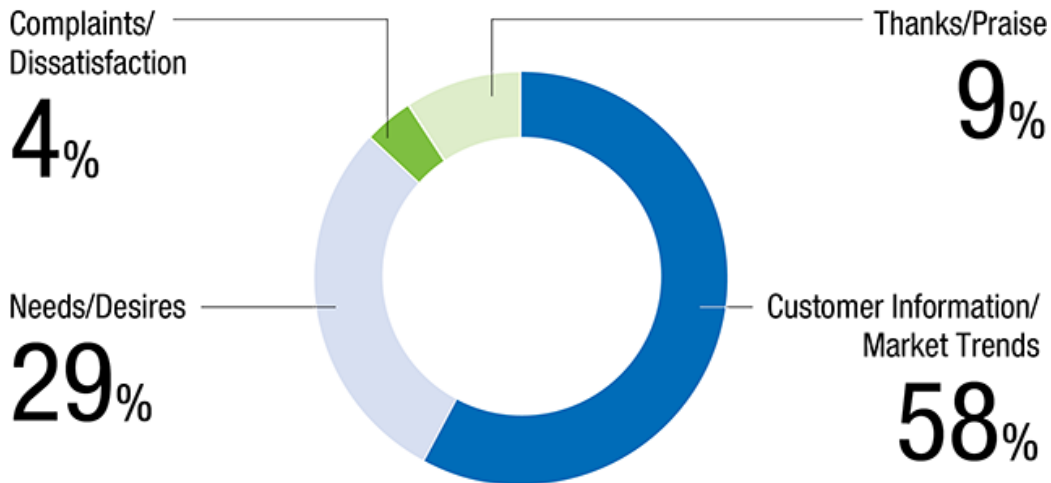
In order to provide products and services that satisfy our customers, we are gathering and analyzing the needs of our customers on a daily basis, including information and requests provided by customers, complaints, and market trends, and implementing activities that lead to concrete actions such as proposing solutions, developing new products, and engaging in servicing and various improvement activities.

In development, sales, engineering, manufacturing, and local construction departments that have contact with customers, we work to improve our activities through the PDCA cycle, by reviewing and evaluating tasks being conducted at each department, creating a plan for the next fiscal year in each fiscal year, and conducting self-evaluation of the results of activities. Furthermore, we will revitalize CS activities through increasing the efficiency of information transmission by rebuilding our system to collect information on customers' needs and through the activities of the Company-wide Committee.

Flow of Initiatives for Finding Customer Needs



Composition of Customers' Needs (FY2018)



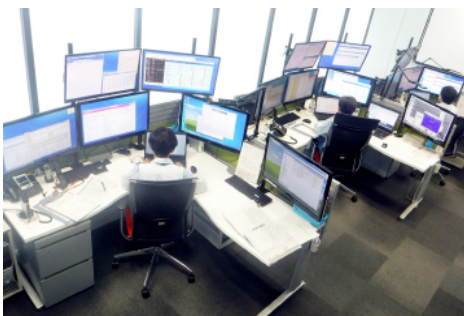
24 Hour Support for Customers' Facilities

In order to respond to urgent trouble or product enquiries in a timely fashion, the Customer Center has staff ready to provide support to customers 24 hours a day. We also use the Center to provide remote monitoring services for substation equipment and wind power generation equipment, etc.

We contribute to the optimal operation of our customers' equipment.



ISMS certification
(ISMS: Information Security Management System)



24 hour Customer Center

Developing Human Resources to Support the Supply of High-quality Products

Education Relating to Quality Management Technology

In order to increase all employees' awareness of quality and impart basic knowledge of quality management, we conduct education relating to quality management technology for all employees that are involved with manufacturing, even if they are not directly connected to the Production Business Unit. We conduct training that includes drills relating to the role of quality management, how to promote reform, seven tools for quality control, analysis based on the five whys, preventing human error, and preventing defects and recurrence, etc., for each level of employee such as new employees and group leaders. We are in the process of rolling out the curriculum for Japanese and overseas subsidiaries.



Training scene

Technical Skills Maintenance Training for Safety and Security

At the technology center adjacent to Numazu Works, we conduct training programs for workmanship and technical skills maintenance engineers. We raise engineers who contribute to the stable, safe, and efficient operation of customers' equipment through practical training using real equipment.

Instructors are veteran engineers with extensive real-world experience and the curriculum is formulated to allow participants to touch and experience actual equipment, such as extra high-voltage and high-voltage receiving substation equipment, computers, power converter equipment, generators, and rotating machinery. Maintenance training is conducted each year for customers to whom Meidensha's products have been supplied. Participants deepen their understanding of the internal composition of machinery through cross-sectional models of products, and gain experience of actually operating disconnecting switches and circuit breakers, testing protective relays, and using generating equipment and inverters, etc.

As one of our 120th anniversary projects, we granted internships to two Thai university students in fiscal 2017, and we granted two more internships to university students in fiscal 2018.



Thai university student internships



wiring of rotating machinery and product observation



Technology training (high voltage inverter)

Social

Supply Chain Management

Policy

The Meiden Group promotes supply chain CSR when procuring materials

The Corporate Code of Conduct and the Meiden Group President’s CSR Policy Statement are based on the Corporate Philosophy. With the Basic Procurement Policy, we ask all of our business partners to conduct business activities in accordance with our activities about all CSR items.

| The Meiden Group Basic Procurement Policy

- Compliance with applicable laws and social norms
- Fair trade based on free competition
- Consideration for the environment
- Building healthy partnerships

Plan and Targets

The Meiden Group promotes enhanced supply chain management based on the basic policy of “Medium-term Management Plan 2020.”

We are working to conduct fair and impartial transactions, and to improve CSR further while strengthening partnerships to help business partners understand the importance of promoting CSR in the supply chain.

We are continuing activities to support the acquisition of EMS certification by our business partners and supporting CSR promotions such as through follow-up education after EMS certification has been acquired and education concerning information security measures.

Organization

Promotion of CSR that Involve the Entire Supply Chain

Promotion of CSR that Involve the Entire Supply Chain

We practice CSR to maintain equal and fair relationships that allow for mutual growth for material procurement. Based on CSR that are promoted throughout all business activities, the Meiden Group requests that its business partners and their suppliers promote CSR, including such issues as “human rights, labor, health and safety, and the environment.” In order for them to understand the Meiden Group approach to CSR supply chain management, we have prepared the “Meiden Group Supply Chain CSR Promotion Guidebook”^{*1} and distributed it to approximately 1,800 of our business partners in Japan.

The content is based on the Supply Chain CSR Deployment Guidebook produced by the Japan

Electronics and Information Technology Industries Association (JEITA) (published in August 2006).

We request that all new business partners (100%) disseminate it and apply it at the time of the first transaction.



The Meiden Group Supply Chain CSR Promotion Guidebook

Risk Evaluation

Evaluation of Suppliers

We convey the importance of CSR and our philosophy to our business partners, including legal compliance, environmental protection, and community contribution, which are the basic policies of the procurement section. In addition to quality, delivery date, price, technological development proficiency, and environmental certification, etc. we evaluate our business partners' social responsibility for the risks of environment and social issues such as human rights and labor, fair trade principles, social contribution, environmental conservation, and management of chemical substances.

Through this evaluation, we work to gain an understanding of business conditions relating to social issues such as climate change, biodiversity, environmental management, human rights, and working environments, and then to identify suppliers which have a high-risk.

We conduct appropriate, fair, and impartial procedures for all business partners through surveys relating to CSR promotion and environmental conservation activities at the time of the first transaction.

Furthermore, we evaluate suppliers through "our business partners' evaluation system" and issue a score card each year based on the results.

Green Procurement Guidelines to clarify our policies and request even greater understanding and cooperation from our business partners.

We provide the Green Procurement Guidelines to Japanese business partners and we request all new business partners (100%) to disseminate and apply at the time of the first transaction. Furthermore, by issuing CSR surveys (including environmental activities surveys), we are able to understand our business partners' CSR promotion activities and environmental activities, and conduct risk assessment. They cooperate with our CSR procurement activities including green procurement.

We have recently revised the Green Procurement Guidelines to meet the needs of the times. We engage with a broad range of environmental issues that need to be considered by companies such as promotion of reducing greenhouse gasses and efficient use of water resources and consideration for biodiversity. We work with business partners to promote climate change countermeasures.

We ask our business partners to understand the importance of global environmental conservation activities and to cooperate our activities. Please refer to the Green Procurement Guidelines (revised April 2019) for details.

Initiatives

Activities to Reduce Environmental Impact in the Supply Chain

Environmental Management Initiatives

When promoting environmentally conscious design, which forms part of our environmental management activities, we operate an environmental BOM* management system that is compliant with the regulations governing chemical substances in products.

The Meiden Group has stipulated two risk levels (prohibition and reduction) for hazardous substances regulated by laws and regulations relating to chemical substances such as the RoHS directive and REACH regulations. Based on the Green procurement guideline, we conduct surveys of chemical substances contained in procured materials and expand environmentally conscious products by promoting the elimination of hazardous substances.

*BOM: Bill of materials

Reducing Environmental Impact by Building Environmental Management Systems for Business Partners

We provide assistance not only for the Meiden Group but also for business partners, to build environmental management systems (EMS) and promote the reduction of environmental impact. We ask our partners to participate in these activities too, and promote the reduction of environmental impact throughout the entire supply chain.

We ask our business partners to create environmental management systems. In particular, we strongly recommend acquiring external system certification such as ISO14001 and Eco-Action 21.

Promoting and Supporting Eco-Action 21 Certification and Registration

In fiscal 2018, for the fourth consecutive year, we held a study group for the Eco-Action 21 environmental management system (greening program) for small and medium-sized enterprises without environmental management systems, which is endorsed by the Ministry of the Environment, in the Meiden Group's four regions, for the fourth consecutive year, and we promoted and supported certification and registration. As a result, 16 participating business partners received certification, and a ceremony to confer certification and registration certificates was held at each production location. (A total of 90 suppliers have an EMS and hold Eco-Action 21 certification.)

Also, we conducted follow-up education and individual visits for the 74 companies that had received certification up to 2017, and created opportunities for discussing and sharing information with educators.

We will continue providing support for our business partners in relation to Eco-Action 21 certification and registration activities, and aim to spread environmental management systems and environmental improvements throughout the entire value chain.



Certification ceremony in the Numazu district



Follow-up education in the Numazu district

Communication with Business Partners

The Meiden Group is conducting the following activities to build relationships with business partners.

1. Holding Meidensha Partners Meetings

We recommenced Meidensha Partners Meetings in fiscal 2019 in order to enhance two-way communication with Business Partners and strengthen relationships. The President gives messages to business partners concerning future Meidensha policies, and awards to praise the assistance and contribution towards business activities and production activities. We appreciate them face-to-face, and reward exceptional activities and results.



President's message



Partners meeting



Companies that received awards in FY2018

2. Holding Production Plan Explanatory Meetings for Suppliers

Each year, we invite our major business partners to each production site in order to directly share information, inform, exchange opinions, and communicate with our business partners.

- Explanation of the Meiden Group's procurement policy (purchase record and plan)
- The record and plan of the business status of Meidensha and each business unit
- Announcement of examples of notable improvement and sharing information to increase technical ability from business partners
- Explanation of the Meiden Group's environmental policy and green procurement policy, and request for cooperation from business partners

3. Holding Various Seminars

We hold various seminars at business partners' manufacturing plants concerning subjects such as reforming processes and information security in order to increase the capabilities of our suppliers. In fiscal 2018, we conducted a survey to expand penetration of information security measures, and we conducted education on how to introduce these measures for high-risk suppliers in each region. Also, with the assistance of the Shizuoka Industrial Foundation, we held four practical seminars for business partners on how to make use of the IoT. (These will be continued in fiscal 2019.)

4. Seeking Procured Items on the Website

The Meidensha website has introduced "instructions for initial transactions" and "transaction application form" on material procurement, and we collect information on a broad range of business partners.

5. Using the Supplier Portal (web)

We are using the supplier portal (web) to increase the efficiency of estimates, ordering, ATP and delivery tasks, and promote paperless operations through electronic information. We are conducting various investigations including the conflict minerals investigation, which takes the form of a survey, and confirmation of BCP implementation and damage incurred from earthquakes and typhoons, etc.

6. Establishment of the Public Whistleblower System

Meidensha has established the Public Whistleblower System: contact person is an outside lawyer (Law Office Hironaka), for the officers and employees of our business partners, in order to promote appropriate dealings. Please use the system to make a report or for a consultation if you discover that Meidensha employees have committed breaches of the law or inappropriate acts in relation to our dealings.

Please refer to “Public Whistleblower System” on the “existing procurement” page of our website for details regarding management of information, protection of consultants and reporters, and responses to consultations and reports, etc.

Enhancing Group Procurement Systems (education of procurement managers)

Thoroughness of Absolute Compliance and Prohibited Matters of the Procurement Group

In order for the member of procurement group to behave in a proper manner, we have devised “absolute compliance matters” and “absolute prohibitions” as a code of conduct for the procurement group so that all employees reflect on their own actions and do not commit any inappropriate conduct.

We read the following items at every morning meeting and ensure that all employees know them as a daily education; legal compliance, prevention of corruption, respect for human rights, labor practices, consideration for the environment, quality, safety, and information security, etc.

Enhancing Group Procurement Systems

The whole Meiden Group is working to enhance procurement systems. We conduct regular Meiden Group Procurement Meetings, and promote initiatives to improve our procurement base and sharing of information.

| Initiatives to Improve Our Procurement Base

- Be thorough with legal compliance
- Be thorough with CSR procurement
- Enhance risk management (BCP and internal control)
- Enhance professional development

Social

Human Rights

Policy

Compliance with ILO Labor Standards

Based on a fair and just employment system, we are creating workplaces that are conducive to work, and where each of the Meiden Group's employees showcase their abilities as much as possible.

Furthermore, we respect the basic human rights such as protection of association's freedom and the right to organize, prohibition of forced labor, abolition of child labor, and elimination of discriminatory treatment in respect of employment and occupation, which are among the ILO's* core labor standards, and going forward, we will continue and promote initiatives to protect human rights through human rights training, etc.

* ILO (International Labor Organization): A UN organization that gives recommendations and guidance to national governments with regard to improving labor conditions and social welfare.

Organization

Risk Management

Establishment of an Internal Hotline System for Compliance Violations (Internal Hotline System)

We introduced a whistleblower system that enables direct reporting to the internal compliance manager (business unit) or an external law firm in order to prevent, quickly discover, and immediately rectify illegal and inappropriate conduct, and we established an Internal Hotline System for Compliance Violations.

This system may be used by employees of the Meiden Group (including retirees), temporary staff and subcontractors, and business partners. Furthermore, we are working to increase the dependability of information management, such as the names of whistleblowers and of the whistleblower system as a whole, in accordance with national guidelines, to ensure that whistleblowers are not disadvantaged by using the system.

We investigate all reports and promptly take appropriate measures as necessary having confirmed the facts of the matter.

[Whistleblower System on Compliance >](#)

Promotion of Respect for Human Rights

Human Rights Education for Officers and Employees

The entire Meiden Group understands international norms (Universal Declaration of Human Rights and International Bill of Human Rights) and is working to conduct education activities focused on human rights, with the aim of ensuring “respect for human rights,” which is listed in the Meidensha Corporate Code of Conduct.

We conduct periodic group training and video educational activities, relating to compliance and harassment for all Group employees and improve understanding and awareness by providing opportunities for individuals to reexamine their workplace and views.

With regard to mental health, we conduct education as part of our level-dependent education in the second year after joining the company, and we are reinforcing our efforts in relation to younger employees.

Content of Human Rights Training (FY2018)

Content of Initiatives	Targets
Workplace discussions relating to compliance and human rights	All employees
Anti-compliance and harassment training	All employees
Mental health training	Second-year employees

Social

Labor Practices

Policy

Basic HR Management Philosophy

As issues facing our customers and society as a whole become increasingly complicated and unclear, it is important to have personnel with the abilities to think flexibly and act courageously, creating the value necessary to solve these issues in order to enhance corporate competitiveness. For this reason, we are determined to achieve sustainable growth by focusing on employing and developing competent personnel and creating an environment where each person can derive pride and fulfillment from their work.

In order for the employees to maximize their abilities, it is important to promote diversity management and create a workplace in which a diverse range of employees can participate with a healthy mind and body. Specifically, by engaging as a group in initiatives such as achieving a work-life balance, and improving occupational health and safety, we will enhance the corporate value for the entire group.

Labor Practices Policy

Employment Policy

We are creating an employment framework that enables a diverse range of employees to maximize their potential, irrespective of attributes such as age, gender, nationality, religion, sexual orientation, or disability. We are focusing on diversity education at all levels, rethinking human resource management systems and evaluation systems that can shape careers, and creating an environment where each person's individuality can be expressed.

Policy and Initiatives

Ensuring Fair and Impartial Evaluation and Treatment

Meidensha conducts evaluation of results and roles as part of an HR treatment system that places weight on the results of both executives and regular employees in order to reform and enhance corporate character, with the key word of professional development. Therefore, we have introduced management by objectives to ensure that results are reflected in impartial treatment of employees. We hold discussions to mutually confirm objectives and results indicators, etc., between superiors and subordinates through objective-setting interviews and objective management results interviews to ensure that there is no discrepancy in expected results.

Furthermore, we disclose our evaluation standards through the Company's intranet and the explanatory leaflet issued by the trade union, we periodically hold evaluation feedback interviews for all employees that are subject to evaluation, and we focus on developing and fostering the abilities of individuals. In order to ensure impartial evaluation and treatment of employees, communication between superiors and subordinates is essential, so we conduct evaluator training, which includes evaluation and interview exercises, for new managers.

Promoting Diversity Management

Even though we are in an age of changing business models and technical innovation, personnel remain an essential part of business growth. We believe that creating an environment where diverse personnel can participate and providing opportunities for that participation is the key function of businesses. We value each individual employee and actively promote diversity to enable diverse working styles without concern for the age, gender, nationality, or culture of workers, in order to maximize the abilities of each individual and be a company that is fulfilling and conducive to work.

Promotion of Opportunities for and Participation by Female Personnel

Meidensha is renowned for promoting female participation in the workplace, and in November 2017, we received the grade 3 Eruboshi mark, which is the highest level.

Going forward, we will formulate an action plan in accordance with the intent of the Act on the Promotion of Women's Participation, and promote policies such as the promotion of accessing childcare leave for men and actively hiring and training female technology-related staff.

| Main policies that were newly established or expanded in fiscal 2018

- Expanded taking accumulated leave in half-day or quarter-day increments
- Expanded allowing leave to access conception clinics to be taken in quarter-day increments and revised the rate of reduction
- Expanded scope of employees able to access childcare leave
- Expanded scope of employees able to access shorter work hours to conduct nursing care
- Expanded period to access shorter work hours to conduct childcare
- Changed calculation of lump-sum payment for resignation for childcare or nursing care
- Expanded system to take leave for infertility treatment and established a system of shorter work hours for employees receiving infertility treatment



Re-Employment System

Meidensha has introduced a re-employment system enabling employees to continue working after they have reached the mandatory retirement age of 60. This allows employees to work until the age of 65 if they wish to be re-employed, in order to pass on the knowledge, experience, and skills possessed by older employees. In recent years, approximately 90% of employees have used this system.

Furthermore, in January 2017, we introduced the “elder system,” which enables employees to further extend their employment for 65 to 70 years of age depending on the needs of the workplace. This has resulted in increased quality and improved customer service by leveraging high-level knowledge and skills of older workers.

Going forward, we will create a workplace environment where employees that have reached the mandatory retirement age can feel secure to continue working.

| Systems to allow continued work after reaching the mandatory retirement age

- September 2001: Introduction of the extended employment system
- April 2006: Introduction of the re-employment system
- April 2013: Revision of the re-employment system (extended to all employees that apply)
- January 2017: Introduction of the elder system

Initiatives to Employ People with Disabilities

We established the special subsidiary company, MEIDEN UNIVERSAL SERVICE LTD., in order to create opportunities for people with intellectual disabilities to work, and thereafter we have been expanding the scope of employment at each manufacturing facility through branch development, etc. In 2015, MEIDEN UNIVERSAL SERVICE LTD. received a commendation from the governor of Gunma Prefecture as a “business of excellence for the employment of persons with disabilities in Gunma Prefecture” for its contributions to employment and occupational independence for people with disabilities over many years.

Meidensha also promotes employment of people with disabilities. From 2019, we aim to increase the number of workplaces that welcome people with disabilities and promote company-wide hiring activities.

Ratio of Employees with Disabilities (Meidensha and MEIDEN UNIVERSAL SERVICE)

Item	June, 2014	June, 2015	June, 2016	June, 2017	June, 2018
Ratio of Employees with Disabilities (%)	2.18	2.19	2.27	2.24	2.24

Promotion of Participation by Foreign Employees

As an aspect of promoting diversity, the Meiden Group hires employees irrespective of nationality, and these workers participate in various fields, including sales, development and design after joining the Company. Also we provide various kinds of support to help foreign employees quickly adjust to the work and lifestyle in Japan, as well as tailored support to improve work skills with a personal development manager assigned to each individual, etc.

Creating a Workplace Environment that is Considerate of the Diverse Cultural Backgrounds of Employees

Since fiscal 2017, some work sites have provided a prayer space, and we are working to create a workplace environment that is considerate of the diverse cultural backgrounds of employees.

Work Style Reform

Rolling Out “Smart Work 2020”- Working towards a reduction in annual total hours worked -

An employee survey showed that many employees of the Meiden Group have strong opinions concerning matters that relate to long working hours, such as “insufficient number of staff,” “consciousness reform,” and “operations review.” As such, we have identified the issue of long working hours as a business challenge.

Under the previous medium-term management plan, we started an initiative to reduce total actual working hours per year as part of Smart Work V120. Under Medium-term Management Plan 2020, we will enhance initiatives aimed at production efficiency to promote productivity reform activities, increase business efficiency through Robotic Process Automation (RPA), etc., and utilize telework, etc., to achieve flexible work styles, based on the reflection on the results of V120, under the banner of Smart Work 2020.

Smart Work 2020 vision and targets

We will achieve work styles based on legal compliance by reviewing and reforming work styles, themselves, and eliminating working on holidays and excessive overtime on business days.

People that worked 80 hours of overtime per month	People that worked 720 hours of overtime per year	Average days of paid leave taken	Average hours of overtime	Annual total hours worked
Zero	Zero	20 days per person per year	24 hours per person per month	1,950 hours per person

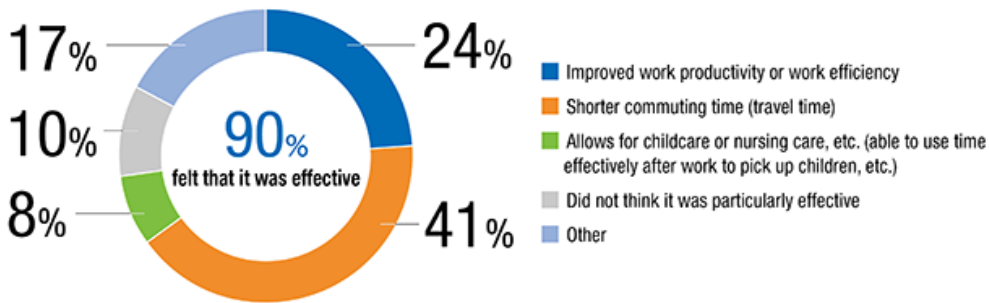
Support for Flexible Work Styles

Meidensha instituted work from home and satellite office systems in fiscal 2015 as options to achieve a balance between work and childcare, etc., and increase productivity. In fiscal 2018, we participated in Telework Days, which is promoted by the Ministry of Internal Affairs and Communications and other relevant ministries and agencies in order to ensure further uptake and expand the user base. A total of 369 Meidensha employees took part over the three-day period of July 23 to 25.



The renovated Numazu satellite office

Employee Survey Results (results and impressions of telework)

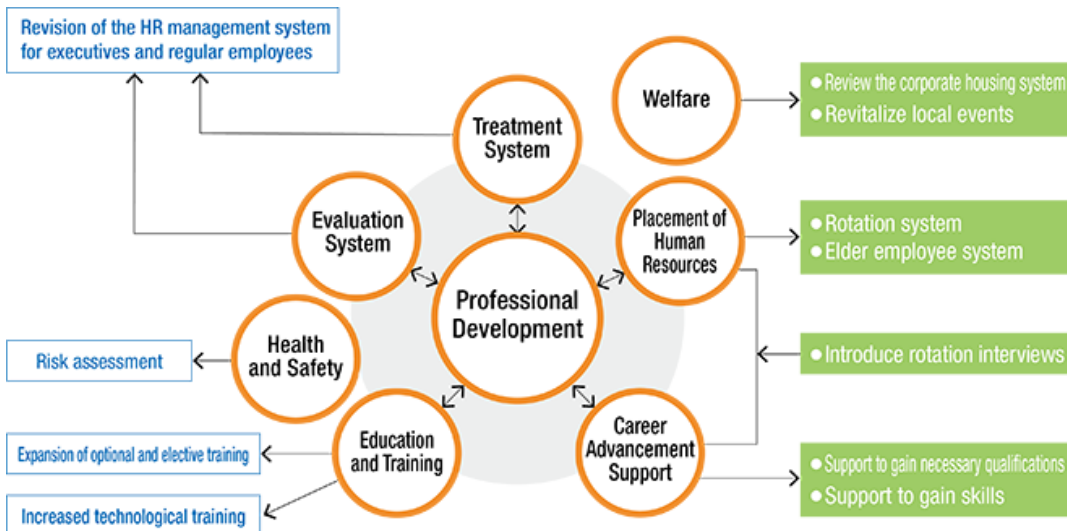


Creating a Fulfilling Workplace

Personnel Treatment System

In April 2015, we revised our personnel treatment system for general employees to provide incentives for employee contributions in order to increase motivation. This system aims to treat employees according to their actual contributions by rewarding employees with greater contributions through a multi-track qualification system that balances role and contribution. Furthermore, management allows employees to adopt work styles that are limited to their own regions in order to cater to a diverse range of working styles.

Diagram of the Personnel Treatment System



Major Initiatives

1. MBO Performance Measuring System	In order to ensure high evaluation transparency, we use the MBO (management by objectives) performance measuring system coordinated with MAP activities*. *Meidensha's reform and improvement activities (MAP = Meiden Advantage Program)
2. Self-Reporting System	The self-reporting system helps employees develop personal talent and form career plans.
3. Meister Program	The Meister program gives special benefits to employees who contribute to Meiden Group through excellent craftsmanship. We treat them as high-level experts. So far, we have certified 15 employees as Meister between fiscal 2008 and fiscal 2018.
4. Job Rotation System	We have adopted a job rotation program to develop the abilities of our young employees.

Ensuring a Complete Welfare System to Support the Lifestyles of Employees and Help Them to Refresh

(1) Housing Lease System

We have a housing lease system that caters to people at all stages of life, from single dormitories for people that have newly joined the company through to family housing and houses for married couples. In addition, we offer full support systems for transferees in order to relieve any strain placed on them, including a system of providing assistance to rent appliances in addition to leasing corporate housing.

| (2) Welfare Service

We have introduced a general welfare service in order to respond to the diversifying needs of employees. We have prepared a full menu of leisure activities to allow employees to take family vacations and refresh themselves, and we aim to further expand this system such as by adding company subsidies to specific menu items such as accommodation.

| (3) Cultural Events and Club Activities

At each works and site, we plan and host a range of cultural and sporting events for the socialization and refreshment of employees and to address lack of exercise, etc. In particular, sports events held on holidays such as our softball tournament provide opportunities for employees and their families to socialize, and they have become regular events each year. Furthermore, each site is home to a range of cultural and sporting clubs recognized by the Company, and employees deepen their friendships through these activities regardless of workplace and age.



Internal softball tournament



Internal bowling tournament



Soccer spectator tour



Meiden Group Sports Festa

Communication Revitalization Initiatives

Industrial relations

Meidensha has concluded a labor agreement with the Meidensha Union and we periodically exchange opinions and conduct consultations about management policies, business outline, and

the working conditions of employees at the Central Management Conference and the Central Staff Gathering. We are promoting the creation of an environment where employees can securely work without interruption because labor and management respect each other's positions and sincerely engage in dialog.

Employee Awareness Survey

We conduct an annual employee awareness survey for all employees. The survey comprises seven sections, which are "vision and management policy," "motivation," "career," "management," "understanding and implementation of systems," "diversity," and "workplace environment." It allows the company to understand the feelings of employees about work, working conditions, and other general matters concerning the Company on a statistical basis. The survey not only provides numerical data, but it also allows us to evaluate our policies and initiatives based on the opinions expressed by employees in the free comments column, which is useful when formulating future policies.

Furthermore, the head of each business unit is provided feedback about their own business unit, which is then reflected in the following year's business unit targets.

HR Data

Basic Data

Employees (only Meidensha)

		Units	FY2016	FY2017	FY2018
Number of employees	Male	People	3,214	3,240	3,294
	Female	People	481	529	519
	Total	People	3,695	3,769	3,813
Number of consolidated employees*1	Male	People	-	-	-
	Female	People	-	-	-
	Total	People	8,474	8,995	9,297
Number of foreign employees	Male	People	19	21	16
	Female	People	4	5	7
	Total	People	23	26	23
Number of foreign consolidated employees*1		People	1,349	1,730	1,923
Proportion of all employees accounted for by contractors and temporary workers		%	11.4	12	11.8
Average age	Male	Age	43.2	43.4	43.4
	Female	Age	43.9	43.7	44
	Total	Age	43.3	43.4	43.5
Years of employment	Male	Years	18.4	18.1	18.3
	Female	Years	20.6	19.7	20.1
	Total	Years	18.7	18.3	18.6
Number of managers*2	Male	People	858	806	820
	Female	People	29	32	33
	Foreigners	People	1	2	3
Managers of level of department chief or above*2	Male	People	175	164	174
	Female	People	2	2	3
	Foreigners	People	0	0	0
Officers*2	Male	People	33	33	34
	Female	People	0	0	0
	Foreigners	People	0	0	0

		Units	FY2016	FY2017	FY2018
Officers that are executive officers*2	Male	People	23	23	23
	Female	People	0	0	0
	Foreigners	People	0	0	0
Proportion of women*2	Managers	%	2	3.3	3.6
	Managers of level of department chief or above	%	0.2	0.5	0.8
	Officers	%	0	0	0
	Officers that are executive officers	%	0	0	0
Number of people with disabilities employed*3 *4		People	94	93	94
Rate of employment of people with disabilities*3 *4		%	2.27	2.24	2.24
Number of employees leaving the company (voluntary)	Male	People	38	42	46
	Female	People	5	8	11
	Total	People	43	50	57
Rate of employees leaving the company (voluntary)*5 *6	Male	%	-	-	1.2%
	Female	%	-	-	0.3%
	Total	%	-	-	1.5%
Rate of union membership		%	64.7	65.5	64.4
Annual average salary*7>		Yen	7,407,094	7,186,313	7,707,752

*1 Applicable organizations: The Meiden Group

*2 As of March each year

*3 Applicable organizations: Meidensha and special subsidiary

*4 Legally mandated employment rate: 2.0% (rising to 2.2% from April 1, 2018)

The number was calculated in consideration of those with severe disabilities, etc. The specific number was 66.

*5 Ratio of employees leaving the company is calculated as follows: Number of people that have voluntarily left their position in the last fiscal year as of the end of each fiscal year/number of employees as of April 1 each fiscal year

*6 Ratio of employees leaving the company is for fiscal 2018

*7 There is no difference in basic salary between men and women at the Meiden Group.

Number of Employees by Age (only Meidensha) (as of March 31, 2019)

	Male	Female	Total
Under 30	610	72	682
30-39	605	74	679
40-49	907	208	1,115
50-59	878	141	1,019
60 or over	294	24	318

Graduate Recruits (only Meidensha)

	University graduate			Junior/technical college graduates	High school graduates/other	Total
	Male	Female	Total			
Joined April 2017	54	14	68	6	29	103
Joined April 2018	59	11	70	0	27	97
Joined April 2019	60	15	75	5	47	127

Mid-Career Hires (only Meidensha)

	University graduate			Other		Total
	Male	Female	Total	Male	Female	
2016.4 – 2017.3	26	2	28	5	1	34
2017.4 – 2018.3	29	3	32	2	5	39
2018.4 – 2019.3	28	4	32	24	7	63

Work Style-Related (only Meidensha)

		Units	FY2016	FY2017	FY2018
People taking maternity leave		People	10	5	16
People taking parental leave*4	Male	People	2	0	1
	(within 1 week)		-	-	34
	Female	People	22	15	23
	Total	People	24	15	49
Rate of return after leave of absence for child care purposes	Male	%	-	-	100
	Female	%	-	-	100
	Total	%	100	100	100
People taking family care leave		People	3	3	1
Days of paid leave available		Days	23	23	23
Days of paid leave taken		Days	15	14	14
Rate of taking paid leave		%	65.2	61	61
Annual total hours worked*5		hours/year/person	2,016	2,002	2,019

*4 The number of males includes special leave (nonstatutory) when the spouse gave birth.

*5 Annual total hours worked: The actual hours worked over the course of a year, comprising official working hours plus overtime minus leave taken.

Proportion of Employees that Undergo a Periodic Review of Results and Career Development (only Meidensha)

		Units	FY2016	FY2017	FY2018
Proportion of employees that receive feedback interviews	Male	%	97.5	94.1	96.5
	Female	%	96.6	95.1	98.8
	Total	%	97.3	94.2	96.9
	Managers*	%	-	93.4	98.4
	Regular employees	%	97.3	94.7	96.1
	Total	%	97.3	94.2	96.9

* Not conducted for managers until 2017.

Social

HR Development

Policy

HR Development Policy

We see our employees as the foundation of the Company's development and growth and support each employee to grow and fulfill their potential.

1. We support and advocate for raising the level of each employee's abilities through education and training (skill development) and improving the level of organizational performance (results improvement) in line with our corporate philosophy and guiding spirit, and thereby providing increased value to customers.
2. We will enrich our range of selective, optional, technical and language trainings, etc., establishing a training system that is more targeted rather than being something for everyone.

Plan and Targets

We implement many training programs to encourage employee growth in different aspects as employees, members of society, and professionals.

As the business environment under Medium-term Management Plan 2020 becomes increasingly unclear, we are focusing on creating the value necessary to solve these issues in order to enhance corporate competitiveness and training personnel to think flexibly and act courageously.

Furthermore, as development of global operations accelerates, there are increasing opportunities for technical collaboration, etc., with foreign companies, as well as working with people with different viewpoints or abilities.

We are enhancing initiatives through opportunities to work with diverse personnel, such as the system of offering exchanges in Japan for foreign students, the foreign trainee system, and the overseas loan worker system.

Training system

Age	20s	30s	40s	50s	60s
Career Path System (job experience)		Job Rotation	CDM (new professional development program)		
Education and Training System	Level-Dependent Program	New Employee Training Second-Year Training	New Leader Training	New Managers and Class 1 High-Level Roles Management Training	Career Design Seminar for workers in their 40s and 50s
	Elective Program	Overseas Trainee System Overseas Internship	Next-Generation Executive Candidate Training	Executive Candidate Training	Top Management Training
	Optional Program		South-East Asia Technology Training South-East Asia Management Training China Management Training		
Technical Education	Meiden Youth Academy Product Technology Education	Level Up Academy	Technical Leadership Training		
					Self-Development (distance education, language training, TOEIC test)

Level-Dependent Curriculum

This training facilitates understanding of the roles, abilities, and skills required of each age group and qualification level and results in smooth growth and implementation.

Selective Program

This training hones skills, thought patterns, and practical abilities to solve problems faced by management, in order to enhance management capabilities.

Optional Program

This training teaches the knowledge and skills necessary for employees to achieve their own career goals.

Technical Training

This training teaches product knowledge according to the technical level of the employee.

Self-Development and Acquisition of Qualifications

We cover 60% of course fees and cover the full amount if completed with high grades, if the required distance education has been completed.

We provide incentives for acquiring designated public qualifications at the time those qualifications are acquired.

Initiatives

Development of Personnel that are able to Implement and Promote Our Business Strategy

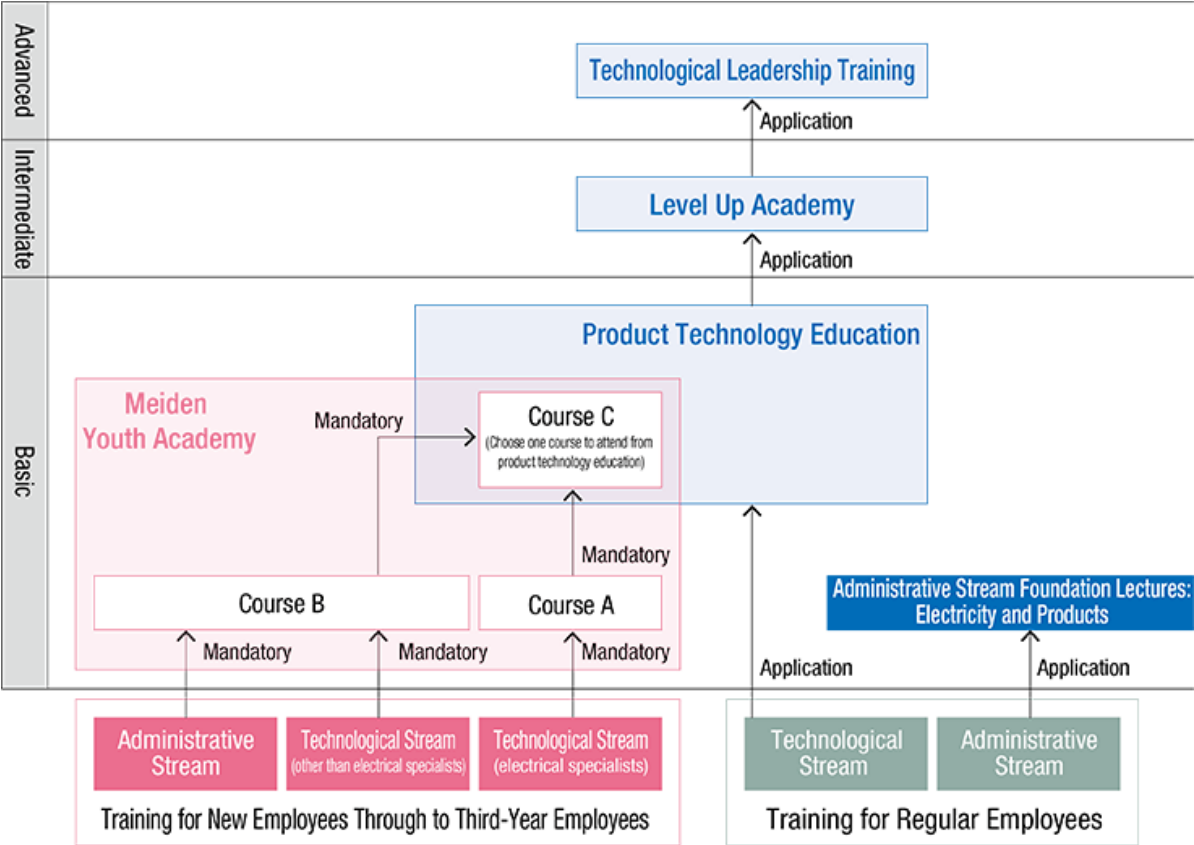
Creating Diverse Training Systems

In fiscal 2018, we established the Meiden Youth Academy in order to enhance technical education for young employees. In the past, we conducted technical education for technical employees; however at Meiden Youth Academy, we provide opportunities to gain fundamental knowledge about electricity, which is essential to understand Meidensha’s products and technologies, for all workers in their first three years at the company, irrespective of whether they are in a technical or administrative role.

Furthermore we have revised correspondence education in order to make it more user-friendly, such as by systematizing courses to be conducted in conjunction with on the job training (OJT). We now provide education to support the learning and growth of each employee and develop personnel that are able to implement and promote our business strategy.

Furthermore, in fiscal 2019, Meidensha newly established the Career Development Management Program for the purpose of systematically and strategically developing the next generation of personnel. We aim to conduct initiatives such as sending young and mid-level personnel to attend business school and conducting professional exchange for people in different business units and develop personnel that can think and act with a broad perspective and outlook that exceed the bounds of their areas of specialty and roles.

Technical Education System

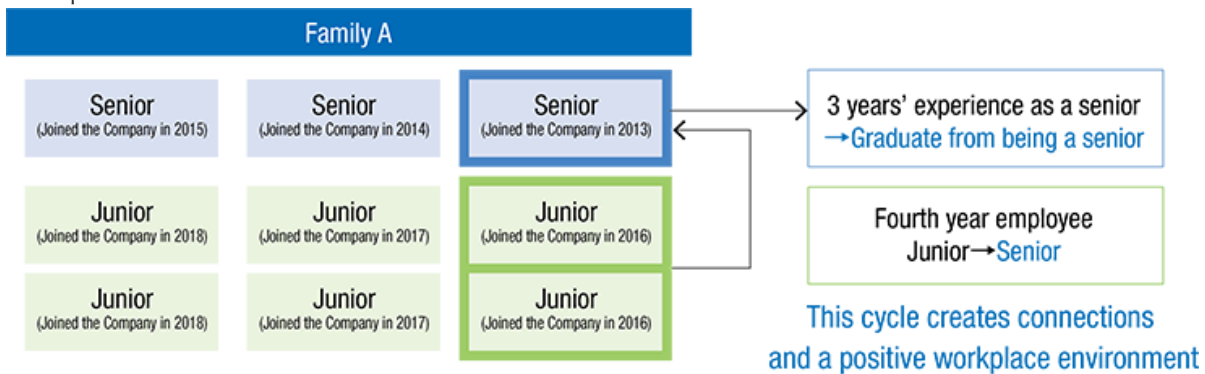


Strengthening Internal Connections and Fostering an Atmosphere of Professional Development

Revitalizing the MFC Mentor System

In fiscal 2016, we introduced the MFC mentor system for the purpose of strengthening internal connections between young employees and fostering an atmosphere of professional development. The MFC in the name stands for “Meiden family chain” with the idea that staff would form a supportive familial bond where they would support each other like links in a chain. Meidensha refers to its mentors as “seniors” and its mentees as “juniors.” We also have groups consisting of multiple pairs, which we call “families,” and which create bonds that go beyond divisions and business units. We provide further impetus to activities such as by holding social events, etc., for families and by establishing a Promotion Committee for young employees to plan and implement company-wide activities.

Composition of MFC Families



Developing the Next Generation of Group Personnel

Local staff development

Since fiscal 2018, the Meiden Group has been conducting a Japanese exchange program for local staff (employees of overseas subsidiaries) in order to develop personnel who are candidates for leadership positions at overseas subsidiaries. The program includes interaction with Meidensha management, observations at Japanese sites and factories to which products are delivered, and on-the-job training at various workplaces for the purpose of increasing preparedness to take on leadership roles and the knowledge necessary for top management positions in the Meiden Group.



Establishment of the Career Development Management Program

In fiscal 2019, Meidensha established the Career Development Management Program, which is a program for developing new personnel for the purpose of systematically and strategically developing the next generation of personnel. We aim to develop personnel that can think and act with a broad perspective and outlook that exceed the bounds of their own areas of specialty and roles by selecting and recruiting young and mid-level personnel to attend business school and engage in professional exchange with people outside of their own business divisions, factories, and business units, engage in personal exchange with overseas subsidiaries and Japanese subsidiaries, and engage in cultural exchange through placement outside of the Group and at government institutions, etc.

Results Data

Data

Number of Participants in Each Type of Training

Training Type	FY2016	FY2017	FY2018
Level-dependent training	570	468	587
Technical training	416	574	623
Selective training	68	64	67
Optional training	177	112	85
Distance education	1,022	1,187	1,063
Language training	670	739	695
Other	618	525	347
Total	3,541	3,669	3,467

Data Concerning Professional Development

Item	FY2016	FY2017	FY2018
Total education and training expenses*1	84,108,000 yen	92,473,000 yen	97,591,000 yen
Education and training time*2	44,879 hours	46,064 hours	46,183 hours

*1 Excludes personnel expenses for trainers and management and administrative expenses for training facilities, etc.

*2 Training days x designated work hours x number of participants (excludes OJT and distance education)

Social

Occupational Safety and Health

Policy

Rolling out safety and health activities based on the President's Safety and Health Management Policy

The Meiden Group develops the "President's Safety and Health Management Policy" each year, and rolls out occupational health and safety activities based on this.

The President's policy is also drafted in English and Chinese, it is distributed to overseas affiliates, and it is comprehensively implemented, not only at each production site and work site, but also for contractors, whether in Japan or overseas.

We are aware that ensuring the safety and health of each employee is at the core of corporate management, and we aim to eliminate workplace accidents and maintain and improve health under the basic policy of "working to ensure a safe environment that is conducive to work and achieving comfort and affluence for employees."



Safety and health education



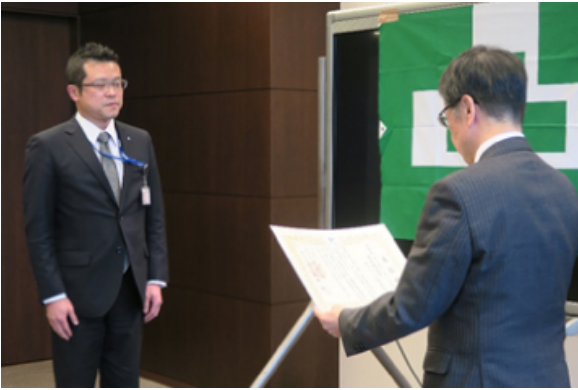
On-site safety patrol by officers



Anti-smoking class



Safety patrol



Awards for no accidents and no disasters



Emergency first aid workshop

FY2019 President's Safety and Health Management Policy

“Safety is our first priority” and “nothing is more valuable than good health”

Organization

The Meiden Group Occupational Safety and Health Organizational

1. Basic Policy

The Meiden Group views the safety and health of employees as being central to management value, and we implement our corporate action guidelines of “working to ensure a safe environment that is conducive to work and achieve comfort and affluence for employees,” through increased personal awareness of safety and health at businesses in all countries and regions and ongoing improvement of the 4M elements.* Through these activities, we aim to achieve safe and healthy workplace environments at the Meiden Group and be a leading company when it comes to safety and health.

*4M: Management, machine, method, man

2. Action Guidelines

(1) Based on the recognition that securing the safe and positive & clean workplaces will be realized through good communication between the top management and the employees and as such, the top management shall highly value the occasions of the discussions with the employees and shall actively participate in such meetings with the employees.

(2) Abide by applicable legislation and other regulations and strictly obey the existing internal (each BU or workplace level) rules regarding OH&S. In so doing, aim to improve the Meiden Group's OH&S management level.

(3) Promote the OH&S Management System and perform the Plan-Do-Check-Act Cycle on a continuous basis. In so doing, improve the overall Meiden Group's OH&S level.

(4) Eliminate occupational accidents, eliminate and reduce risks to an acceptable level in all workplaces, and realize safe and positive & clean workplaces.

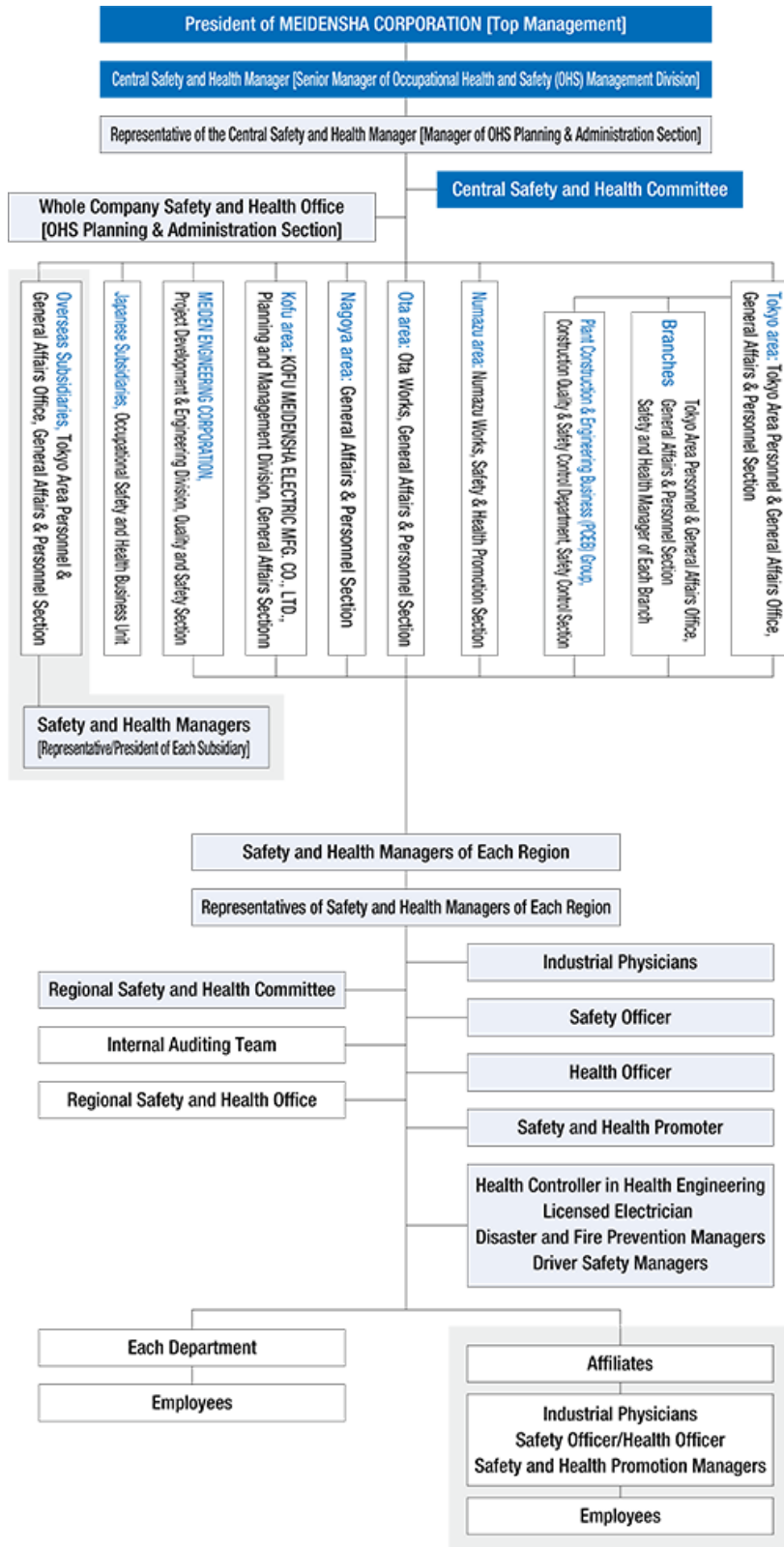
(5) Work on to make the workplace to be a better place to work through the collective efforts by all employees and aim to revitalize the workplaces and improve the productivity level.

(6) Conduct OH&S education programs in the repeated manner, acquire correct knowledge and skills, improve awareness on the OH&S on a daily basis, increase opportunities to experience the importance of safety, and increase "the sensitivity of each person on the risks." * *Note: This means one should be fully aware that there are some hidden dangers even in the daily activities. For example, when you walk down stairs under rain, you need to exercise your care on the risk of slippery surface and take a walk.

(7) All employees shall raise awareness of their own health and strive to improve mental and physical health.

(8) Properly implement three occupational health managements (work management, work environment management, health care management) and prevent health damage by the work.

The Meiden Group Occupational Safety and Health Organizational Chart (as of April 1, 2019)



Supervision of Safety and Health Led by Top Managers

The Meiden Group believes that occupational safety and health is an important process for promoting businesses. At Meidensha, the President is responsible for accountability as the top safety and health manager, and the head of Occupational Health and Safety (OHS) Management Unit (Director and Senior Managing Executive Officer, Norio Takekawa) oversees tasks relating to safety and health. Under the supervision of the top manager, the whole group promotes the occupational safety and health management system and works to conduct various safety and health activities including initiatives to raise the level of safety and health at all companies and initiatives tailored to the state of affairs at individual companies in order to prevent industrial accidents such as injuries to employees. If an accident occurs, we will respond promptly and roll out recurrence prevention measures at all companies and business units in order to raise the level of safety and health management based on the precedent set by the industrial accident. Furthermore, if new employees or dispatch workers are employed, we conduct safety and health education and workplace instruction to promote early understanding of work procedures and dangers, etc.

Also, in Japan, we comply with laws, hold monthly meetings of the Safety and Health Committee at each site, where we encourage participation by unions and employees, and conduct consultation and information sharing relating to matters such as the causes and responses to industrial accidents, the status of employees that have taken time off work due to illness, and other matters that require attention. The Central Safety and Health Committee, which is chaired by the President, consults and makes decisions with regard to matters relating to group-wide policies and targets

Risk Assessment

Risk Assessment Relating to Safety and Health

If a serious industrial accident occurs at the Meiden Group, irrespective of whether in Japan or overseas, the Executive Committee releases a status report and the top level of management gives instructions regarding response measures. From fiscal 2019, we have introduced an occupational safety and health system led by the top level of management, and we are working to develop and promote specific improvement plans from both the top down and the bottom up. We are working to uncover the causes of accidents that have occurred, reduce the risk of accidents through revision of risk assessments, restructure the company-wide safety management system, and enhance management in relation to safety, hygiene, and health. In addition, we are conducting initiatives to evaluate Meidensha's safety and health activities from a third-party perspective such as factory risk surveys that cover fire and environmental risks and workplace inspections by outside consultants.

Promoting the Occupational Safety and Health Management System

We completed acquisition of OHSAS18001 for all of our four main Japanese production sites in fiscal 2015, including for all on-site affiliates at the Ota Works in October 2015, the Numazu Works in December 2015, and the Nagoya Works and KOFU MEIDENSHA ELECTRIC MFG. CO., LTD. in January 2016. Furthermore, we acquired OHSAS18001 for MEIDEN SINGAPORE PTE. LTD., which is our main overseas production site, in fiscal 2013, and for MEIDEN ZHENGZHOU ELECTRIC CO., LTD. in fiscal 2017. In fiscal 2018, we ensured compliance with ISO45001 and transitioned from conducting activities at individual sites to a group-wide occupational safety and health management system. In fiscal 2019, we will transition from OHSAS18001 to ISO45001.

Going forward, we will promote our occupational safety and health management system and work to create safe, secure, and healthy workplace environments for all Group employees at both Japanese and overseas sites.

Certification Status of the Occupational Safety and Health Management System

Area	Scope
Ota area	Meidensha factories, research and development headquarters, staff business unit, on-site affiliates* *On site affiliates: MEIDEN KIDEN KOGYO CO., LTD. / MEIDEN KOHSAN CO., LTD., Ota Branch / MEIDEN FACILITY SERVICE CORPORATION / MEIDEN SYSTEM SOLUTIONS CORPORATION, Ota Branch / MEIDEN UNIVERSAL SERVICE LTD., Headquarters
Numazu area	Meidensha factories, research and development headquarters, staff business unit, on-site affiliates* *On site affiliates: MEIDEN SYSTEM MANUFACTURING CORPORATION / MEIDEN KOHSAN CO., LTD., Numazu Branch / MEIDEN SHOJI CO., LTD., Numazu Branch / MEIDEN SYSTEM SOLUTIONS CORPORATION, Headquarters / MEIDEN UNIVERSAL SERVICE LTD., Numazu Branch / MEIDEN TECHNO SYSTEMS CO., LTD., Headquarters / MEIDEN PLANT SYSTEMS CORPORATION, Equipment Factory / MEIDEN FACILITY SERVICE CORPORATION / MEIDEN CHEMICAL CO., LTD., Headquarters (extended certification in December 2016)
Kofu area	KOFU MEIDENSHA ELECTRIC MFG. CO., LTD. / MEIDENSHA CORPORATION, EV Business Division (located in Kofu) / Electromotive Application Business Division

Area	Scope
Nagoya area	<p>Meidensha factories, research and development headquarters, staff business unit, on-site affiliates*</p> <p>*On site affiliates: MEIDEN SYSTEM SOLUTIONS CORPORATION, Nagoya Branch / MEIDEN UNIVERSAL SERVICE LTD., Nagoya Branch</p>
Overseas subsidiaries	<p>SHANGHAI MEIDENSHA CHANGCHENG SWITCHGEAR CO., LTD. / MEIDEN ZHENGZHOU ELECTRIC CO., LTD. / MEIDEN SINGAPORE PTE.LTD. / P.T. MEIDEN ENGINEERING INDONESIA / PRIME MEIDEN LTD.</p>

Occupational Safety and Health Indicators (Meiden Group)

Meiden Group	Occupational Accidents (cases)		Occupational Diseases (cases)	Days Off Work Due to Illness		Traffic Accidents (cases)
	Lost Time Accidents	No Lost Time Accidents		Total (including mental)	Mental	
FY2018 (established values)	9	5	0	12,305 days	8,788 days	37
8,788 days (target values)	6 (20% reduction compared to the previous year)	3 (30% reduction compared to the previous year)	0	11,690 days (5% reduction compared to the previous year)	7,909 days (10% reduction compared to the previous year)	33 (10% reduction compared to the previous year)

FY2019 targets (Meiden group)

Industrial Accidents	<ul style="list-style-type: none"> Lost Time Accidents 20% reduction compared to FY2018 No Lost Time Accidents 30% reduction compared to FY2018 	Occupational Diseases	· 0 cases	Traffic Accidents	10% reduction compared to FY2018
		Days Off Work Due to Illness Compared to the previous Year	<ul style="list-style-type: none"> Employees that took time off work due to illness 5% reduction compared to FY2018 10% reduction compared to FY2018 		

Priority items

Safety and Health Promotion Measures

With regard to the one accident that occurred in fiscal 2018 in which an employee of a contractor died at a worksite under the control of Meidensha, we take this situation very seriously, and we are working to increase employees' sensitivity to danger by further enhancing

management systems and following up danger prediction. In fiscal 2019, we plan to put a hands-on safety experience truck into operation for internal education, and educate all employees. Based on this, we will further increase the level of our safety and health and implement the following matters.

(1) Promotion of the Safety and Health Management System

We will promote risk management and safety and health activities and systematically strengthen our safety and health management framework based on the safety and health management system.

1. We will follow up the targets and issues to be dealt with in each organization's management system and improve the level of safety and health.
2. We will conduct activities based on PDCA and improve occupational safety and health performance.
3. We will correct industrial accidents and nonconformity as quickly as possible and conduct ongoing improvements.
4. We will apply risk assessment to work processes and promote risk reduction through advance consideration.
5. We are aware of the roles, rights, and responsibilities at each level, and we will manage operations as appropriate.
6. We will introduce management systems and raise the level of safety and health at overseas subsidiaries.

(2) Compliance with Legal Requirements

We will manage, maintain, and evaluate the status of compliance with legal requirements in order to achieve thorough compliance.

(3) Improvement of Employees' Safety and Health Awareness

We will increase the sensitivity of employees with regard to danger and hazards.

1. We will increase awareness of personal safety and health and prevent accidents caused by inattention.
2. We will clarify our chain of command (safety and health management framework) for our clients.
3. We will roll out safety and health activities in conduction with each of our contractors.
4. We will strengthen specific written work directives, as well as enhance reporting, communication, and consulting.

(4) Promotion of Activities to Prevent Industrial Accidents

We will promote activities to prevent accidents with a high risk of occurring, focusing on accidents relating to overturning, work in high places, and electricity, as well as risk factors such as being performed by inexperienced or elderly workers, based on the specifics of Meidensha's and Japan's industrial accidents.

1. We will promote activities to prevent overturning accidents.

2. We will not only check work methods and comply with the law with regard to working in high places, but we will create an environment where work can be conducted appropriately and prevent accidents due to falling.
3. With regard to work relating to electricity, we will investigate and conduct improvements for work methods, use of protective equipment, and other equipment, and prevent industrial accidents due to electrocution or electric shocks.
4. We will create workplaces that are considerate of elderly workers, give consideration to work methods, provide workplaces and roles that are comfortable for everyone, and prevent industrial accidents for elderly workers.
5. We will revise OJT (On-the-Job Training) instruction methods and how directives are given, and prevent industrial accidents during OJT.
6. We will conduct safety education for young experienced workers and improve the sensitivity to danger of young experienced workers.

(5) Promotion of a Healthy Work Environment and Its Appropriate Management

We will conduct the three forms of occupational health management (work environment management, work management, and health management) as appropriate, improve, maintain, and manage work environments, and prevent occupational diseases.

1. With regard to work environments, we will take measurements of work environments, etc., and make improvements to environments based on the results. In particular, in the case of an evaluation as management classification 3, we will promptly draft and implement an improvement plan.
2. We will install equipment such as local ventilation systems and manage its adequacy through inspections.
3. We will manage work methods, work posture, and working hours, and reduce physical burden and exposure.
4. We will appropriately manage dangerous and hazardous substances such as specified chemical substances, organic solvents, and dangerous substances.
5. We will conduct appropriate use and management of safety and health protective equipment (dust masks, gas masks, protective gloves, protective glasses, earplugs, etc.).
6. We will conduct special health examinations without exception and prevent occupational diseases for employees.
7. We will create a system and structure that enables storage of special health examination results for the legally mandated period.
8. We will promote measures to prevent heat stroke and prevent industrial accidents due to heat stroke.

(6) Achieving a Safe Workplace Environment

We will promote the 5 S's with a focus on the 2 S's, and achieve a safe and clean workplace environment.

1. We will conduct periodic patrols of the 2 S's for each section and improve the status of the 2 S's in workplaces.
2. We will place items in a fixed position and maintain workplaces in a constant state.
3. We will promote the 2 S's with regard to items both inside and outside buildings.

4. We will maintain a clean and sanitary state at regular designated times for both equipment that is regularly used and equipment that is not regularly used.
5. We will investigate unnecessary equipment and trees that impede walking and reduce items that are impediments or are unnecessary.
6. We will promote the 5 S's, and we will constantly maintain and improve an orderly and clean workplace environment.

(7) Measures to Reduce Traffic Accidents

We will prevent and implement measures against traffic accidents and promote activities aimed at preventing traffic accidents, particularly with regard to traffic accidents when commuting to and from work.

1. We will create a map of traffic accidents in the area around work sites, and increase employees' awareness of accidents by identifying areas with a high risk of accidents.
2. We will ensure that employees comply with traffic rules as stipulated by the Road Traffic Act, and improve driving manners.
(absolute prohibition of driving under the influence, elimination of speeding and parking infringements, and improving the manners of employees that commute by bicycle)
3. Educate employees about safe driving awareness and manners by conducting traffic danger prediction and road safety education, etc.
4. We will create instruction programs and recurrence prevention measures for employees to replay accidents.
5. We will promote ongoing instruction to prohibit driving when tired, fatigued, or under the influence of alcohol, etc.
6. We will clearly state response methods when the risk of an accident is high, etc., due to weather, etc.

(8) Measures to Prevent Traffic Accidents on Premises

1. We will ensure total compliance with all on-site traffic rules and appropriate implementation of vehicle management regulations.
2. We will ensure road safety within facilities such as factories and grounds and ensure pedestrian safety including for visitors.

(9) Comprehensiveness and Revitalization of Safety Activities

We will ensure comprehensiveness and revitalization of the safety activities conducted on a daily basis, including at factories, worksites, and staff business units, and foster improvements in workplace safety and a culture that values safety.

1. We will revitalize safety and health activities conducted on a daily basis, including workplace inspections, danger prediction, safety proposals, and analysis of near-miss incidents.
2. We will spread the practice of pointing and calling in the workplace and prevent human errors.
3. We will follow up danger prediction at all sites and offices, share information about danger, and increase sensitivity to danger.
4. We will confirm safety and health prior to work through a self-administered questionnaire (solo danger prediction), and conduct solo work in a safe manner.

5. We will conduct periodic patrols of construction units at all levels including management level.
6. During safety week, we will conduct cross-patrols to enable patrols of workplaces from a range of perspectives.
7. We will distribute information of industrial accidents to all companies and prevent similar accidents from occurring.
8. After industrial accidents have occurred, we will roll out measures to prevent similar accidents from occurring.
9. We will promote visualization of danger through safety and health signage, etc.

(10) Promotion of Risk Assessment and Continuous Improvements through Risk Reduction Measures

We will promote discovery of risk in work processes, formulate improvement plans for high-risk work, and promote risk reduction.

1. We will promote the utilization of unified risk assessment for all companies and ensure that risk management techniques that rely on risk assessment are implemented throughout the entire Meiden Group.
2. We will appoint and train risk assessors and improve the level of risk assessment.
3. We will substantially increase the safety of risk reduction measures and strengthen hard measures.
4. We will conduct risk assessment and prevent industrial accidents for regular work.
5. We will review work for which soft risk reduction measures have been implemented and work to implement high-priority risk reduction measures.
6. We will conduct risk assessment of chemical substances as appropriate and reduce the risk of exposure to chemical substances.

(11) Thorough Safety and Health Education

We will conduct thorough education, which is a major pillar of preventing industrial accidents and impairments to health.

1. We will conduct education for managers and overseers to improve abilities relating to safety and health-related roles and safety and health instruction, and we will create workplaces where managers and overseers take the lead in making safety the top priority.
2. We will ensure that we conduct and report safety and health education when hiring or transferring employees for dangerous or hazardous work.
3. We will periodically conduct and report safety and health education for employees engaging in dangerous or hazardous work.
4. We will conduct education to improve the abilities of work leaders and reconfirm the required number of employees.
5. We will create and implement a program to improve the abilities of safety and health management staff (safety managers, health managers, and work leaders, etc.) through education and training, etc.
6. We will conduct safety and health education for dispatch workers and new workers.
7. We will conduct education for workers that we dispatch.
8. We will ensure storage and management of education records.
9. We will promote acquisition of qualifications and training of successors.

Health Promotion Policies

(1) Enhancement of Health Promotion Systems

We will enhance health management systems, work to reduce comments in health examinations, and improve each employee's awareness of self-management.

1. We will achieve a 100% rate of undergoing legally mandated health examinations.
2. We will follow up comments after health examinations have been conducted, and in particular, we will achieve a follow up rate of at least 80% (by email, telephone, or face-to-face, etc.) for employees with a rating of D or above according to Meidensha's standards.
3. We will conduct various activities such as health education in order to improve health maintenance.
4. We will promote prevention of infectious diseases such as influenza. We will reduce influenza infections by 10% year on year.
5. We will manage work environments and make health inquiries in hot conditions and work to prevent heat stroke.

(2) Promotion of Measures to Prevent Health Impairment Due to Overwork

We will promote overwork prevention measures and health management measures, and reduce the number of employees working more than 80 hours outside of regular working hours to zero in order to reduce the risk of physical and mental illness from overwork.

1. We will maintain an appropriate understanding of work hours and comply with the 36 Agreement.
2. We will promote improved awareness of management and reduce overtime through the Safety and Health Committee and Workplace Productivity Promotion Office, etc.
3. We will promote utilization of time off in lieu and annual paid leave, and we will ensure that all employees access at least five days of paid leave per year.
4. We will implement measures to prevent health impairment from overwork and conduct follow ups as appropriate according to the results of health examinations of those that have engaged in excess overtime.

(3) Creation of a Comfortable Workplace Environment and Health Promotion Policies

We will work with health insurance associations to revitalize individuals and workplaces through ongoing improvements to workplace environments.

1. We will review smoking locations, build completely separate smoking facilities, and create workplace environments where passive smoking does not occur.
2. We aim to reduce the smoking rate by holding anti-smoking classes and providing assistance for anti-smoking treatment.
3. We will promote exercise activities (radio calisthenics and stretching, etc.).
4. We will revitalize communication within workplaces and aim for workplaces to be low-stress environments.
5. We will keep track of employees' diets and promote employees' health through dietary improvement.

6. We will conduct education for managers relating to workplace health management and improve awareness of health in the workplace.
7. We will conduct education for young employees relating to health promotion and encourage employees to think about their current and future health.
8. We will promote measures to prevent illness by providing support for influenza vaccinations.
9. We will ensure that 100% of health examinations are conducted for all employees.

(4) Enhancement of the Mental Health Promotion System and Promotion of Workplaces that Do Not Result in Mental Illness

We will enhance measures to prevent negative impacts on mental health, promote early discovery and early response to mental illness, and provide support for sufferers to return to work.

1. We will develop mental health plans and increase awareness of employees' mental health.
2. We will implement education through the company-wide education system and further promote self-care and line-care and provide comprehensive support by utilizing outside institutions and industrial health staff.
3. We will conduct annual stress checks for all employees of the Japanese Meiden Group, give employees tools to become aware of their own stress levels, and promote self-development (self-care awareness).
4. We will use the group analysis results of stress checks to improve workplace environments.
5. We will provide full support to employees that have repeated mental illness relapses.
6. We will ensure uptake of our program that supports returning to work in order to provide support to the afflicted party and their superiors and prevent relapses.
7. We will establish a system that allows all employees to consult by widely advertising our mental health consultation system.

Occupational Safety and Health Data

Occupational Safety and Health Data (only Meidensha)

Item		2015	2016	2017	2018
Lost time accidents rate*1	All industries	1.61	1.63	1.66	1.83
	Electrical industry	0.13	0.17	0.19	0.16
	Meidensha	0.44	0.96	0.29	0.99
Severity rate of lost time accidents*2	All industries	0.07	0.10	0.09	0.09
	Electrical industry	0.02	0.04	0.02	0.03
	Meidensha	0.01	0.02	0.01	1.28
Number of fatalities (people)	Meidensha	0	0	0	1
Number of lost time accidents (cases)		3	6	2	6
Number of no lost time accidents (cases)		4	7	5	3

*1 Accidents rate = (Number of fatalities and injuries caused by occupational accidents/Number of hours worked) x 1,000,000

If the same person is hurt in more than one accident, the number of people that have been killed or injured reflects the number of accidents.

*2 Severity rate = (Number of days of work lost/Number of hours worked) x 1,000

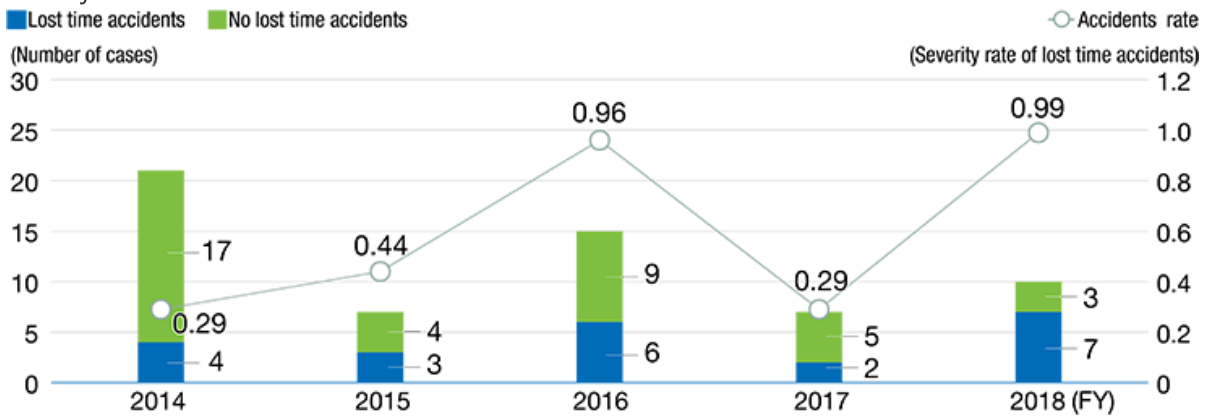
People that have taken time off work for mental health reasons (only Meidensha)

Item	FY2015	FY2016	FY2017	FY2018
Employees that took time off work due to illness (people)	11	19	18	12

Number of participants in occupational safety and health education (Meiden Group)

Item	FY2015	FY2016	FY2017	FY2018
Occupational safety and health education (including hands-on safety training) (people)	1,003	965	1,873	2,114

Safety record



*Minor injuries are not included in the number of cases.

Number of official participants in the Combined Labor and Management Safety and Health Committee as labor delegates

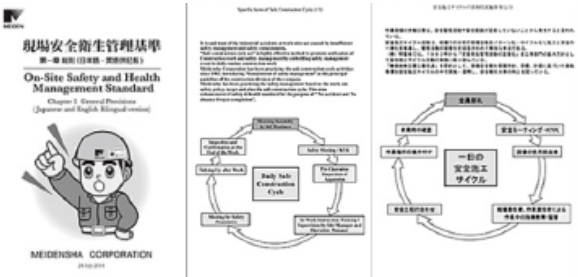
Item	FY2017	FY2018
Proportion of total workers (those whose work or workplace is under organizational control) that send delegates to the Combined Labor and Management Safety and Health Committee	1.96% (38 people (delegates)/1,936 people)	1.56% (37 people (delegates)/2,368 people)

Safety and Health Promotion Measures

Safety and Health Education at ASEAN Subsidiaries (including group-wide experiential education)

Since fiscal 2014, we have been conducting occupational safety and health education (including group-wide experiential education) and quality management education for local staff and workers at Southeast Asian subsidiaries, on an ongoing basis. We are spreading occupational safety and health management knowledge and quality management knowledge and technology according to Japanese standards, and contributing to lifting the occupational health and safety management standards and quality management standards of local subsidiaries. We are expanding the scope of this training from being limited to superintendents to include general workers.

The Meidensha Group hopes to continue to globally spread our corporate philosophies of “illuminating a more affluent tomorrow” and “for customer peace of mind and satisfaction” and to fulfill our social responsibility.



Meidensha’s original On-site Safety and Health Management Standards, Chapter 1 - General Provisions (combined Japanese and English edition)



Experiential Education Using VR

Since fiscal 2014, the Meiden Group has created hands-on safety experience containers and held hands-on safety experience education in various locations for people that work at sites with a high probability of an accident with the slogan of “if you can’t come to us, we will go to you.” In fiscal 2017, we completed the long-awaited hands-on safety experience truck, and since then, we have been actively conducting hands-on safety experience education activities

around Japan.

In addition, with regard to the content of the education, in May 2016, we introduced “VR Hands-on Safety Experience Equipment” that allows people to experience mock events through virtual reality (VR) relying on CG content. This educational activity realistically recreates workplace accidents that are difficult for employees to actually experience, such as “falling from a work platform” and “burns incurred when using a grinder” through equipment such as a head mounted display, which will lead to awareness of danger in the workplace.

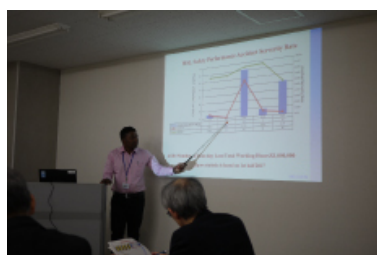
In fiscal 2017, we developed VR programs for factory-related work, including “collision with a forklift,” “dropping a load from a forklift,” “collision with a load hanging from a hoist,” “collision by a load being moved by a hoist with another party,” “falling when climbing to a transformer in a high location,” and “falling when passing tools while performing work on top of a transformer,” and we increased the quality of materials used for experiential education. Because of this, participants were able to undergo experiences that were even more closely related to their work.



Safety and Health that Extends beyond Individual Companies

Since fiscal 2017, the Meiden Group has provided opportunities to share information and exchange opinions about occupational safety and health management, and we hold conferences for the Meiden Group’s safety and health and health management managers for the purpose of raising the management level and fostering unity throughout the entire Group. The second conference, which was held in November 2018, was held at the Numazu Works, and participants exchanged opinions about safety and health, participated in factory observations, and experienced safety experience education. On this occasion, we also invited safety managers from MEIDEN SINGAPORE PTE. LTD., which is our Singapore subsidiary, to talk about overseas health and safety, which provided an opportunity for us to broadly learn about worksites and safety and health initiatives at an overseas subsidiary.

In fiscal 2019, we will invite safety managers from even more overseas subsidiaries with the aim of raising the level of safety, hygiene, and health throughout the entire Meiden Group, both in Japan and at overseas subsidiaries.



Health Promotion Measures

Health Promotion: Aiming to Maintain and Improve the Health of Employees

The President’s Safety and Health Management Policy states that “nothing is more valuable than good health,” and the Meiden Group is conducting measures and implementing a system to improve the health of employees. We have followed up employees that receive comments in their periodic health examination results and conducted initiatives such as mental health measures, health management of workers that work long hours, and various forms of health education on an ongoing basis. In order to further enhance these initiatives, we drafted the President’s Health and Wellness Management Policy Statement and commenced its implementation in fiscal 2019.

Furthermore, in order to realize the Meiden Group’s corporate philosophy of “illuminating a more affluent tomorrow,” it is important for employees to maintain their physical and mental health and work with vigor and purpose. We are promoting activities as an organization to support the health of each individual such as sharing the belief that “nothing is more valuable than good health” with all employees and actively supporting employees’ own health activities. Through these activities, we are working to become a company that enables employees and their families to live a vigorous and healthy lifestyle.

The Meiden Group will promote the following five core principles of health management initiatives.



Promotion of Mental Health Measures

| The Meiden Group's Mental Health Care Philosophy

With regard to the maintenance of our employees' health, we aim to create a workplace environment that is safe and conducive to work and achieves comfort and affluence for Meiden Group employees, and we are working to implement various mental health care measures for employees that have received comments relating to lifestyle illnesses in their periodic health examination results, employees that feel anxious or stressed in the workplace or in their daily lives, and employees dealing with mental health issues due to stress, etc., arising from long hours of overtime or work. These initiatives are discussed, considered, and promoted by the Central and Regional Safety and Health Committees, etc.

| FY2018 implementation status of stress checks

In fiscal 2018, we focused on individual care, as well as workplace improvements using group analysis results gained from stress check data. The whole group's rate of undergoing examinations was 93.4%, which is an improvement on the previous year (91.7%). We report the rate of undergoing examination and the results of the examinations to the executive committee, and we promote mental health measures. Furthermore, we have established a system to follow up stress check results, we are now in a position to work towards implementing meetings with doctors and workplace improvements for high-stress workplaces, and the whole Meiden Group is responding to stress as appropriate.

For the Safety and Security of Overseas Workers

As the number of overseas workers has increased, we have promoted initiatives to increase the safety and security of international dispatch workers, international transferees, and their families. Since fiscal 2012, we have worked with International SOS Japan Ltd., which is a medical security service company that operates in more than 700 locations around the world to create an environment that enables employees of the Meiden Group and their families to receive necessary emergency services such as consultations with doctors and hospital reservations, etc., in the location of their posting, and periodically receive security information and medical information.

Road Safety Promotion Measures

Road Safety Seminars

Road safety is an important aspect of both industrial safety and community participation. The Meiden Group conducts road safety seminars at two locations with the support of the police.

Attendance of the road safety seminars is mandatory for employees that drive as part of their work. At the seminars, we conduct education with regard to attitude towards driving a vehicle as a member of society as well as road safety knowledge and manners.



For Employees Traveling Overseas

Based on our health management policy, if an employee becomes infected with influenza, said employee or a representative of said employee shall promptly lodge a report through the Influenza Notification System and the Company shall take steps to prevent the infection spreading such as ensuring the infected employee will stay at home for a set period and notifying relevant departments.

Furthermore, we provide pre-departure explanations of overseas lifestyle, medical treatment, and safety, etc., as well as education concerning infectious diseases that are global health issues including malaria, tuberculosis, and HIV/AIDS for international transferees from industrial physicians. We are conducting initiatives such as promoting vaccinations as appropriate to the country visited, and otherwise working to maintain health.

Social

Community

Policy

Policy on Local Employment and Procurement

The Meiden Group gains awareness of issues and forms positive relationships with communities through lively two-way communication in countries and regions in which we conduct business. Furthermore, the Meiden Group is aware of the importance of local hiring and local procurement to contribute to sustainable development in these countries and regions. The Meiden Group is working to contribute to the economic development of countries and regions in which we conduct business through a range of initiatives.

Social Contribution Policies

| Meiden Group Social Contribution Policies

1. We shall contribute to the sustainable development of society through our main business of manufacturer and supplier of electromechanical products.
2. We appreciate the local communities that support our business activities and we shall execute social contribution that helps the progress of community development.
3. The Group's executive officers and employees shall voluntarily support our social contribution initiatives.

We are working to conduct positive communication with people in the local community and our stakeholders that support us on a day-to-day basis, through contributions to society according to the Meiden Group Social Contribution Policies.

In 1918, Take Shigemune, the second President of the Company and wife of our founder, Hosui Shigemune, used her own funds to establish Hosui Elementary School in Osaki (Shinagawa City, Tokyo), an area where the Company had a factory. Following in her footsteps, the Meiden Group will make a wide variety of social contributions through our active involvement with local communities and with society.

Policies to Support Local Communities

Conducting Social Contribution Activities that Contribute to the Development of Local Communities

The Meiden Group conducts business activities in various countries and regions and is supported by hiring workers from surrounding areas and building positive relationships. Based on Meiden Group Social Contribution Policy 2. “we appreciate the local communities that support our business activities and we shall execute social contribution that helps the progress of community development,” we conduct internships (job experience), support for education, volunteer activities, and environmental activities, etc. In Japan, each year, we actively conduct internships (job experience) for university, vocational college, and high school students, and provide career-path support and opportunities to deepen understanding of work and society. The Meiden Group will continue to engage in a range of social contribution activities and contribute to the development of local communities.

Results Data

CSR expenditure

	FY2016	FY2017	FY2018
CSR Expenditure (yen)	32,200,000	28,000,000	38,000,000

*CSR expenditure includes donations and sponsorship costs.

Initiatives

Contributions to Local Economies

Commencement of Comprehensive Water Supply Operation in Eastern Gunma Prefecture

In order to tackle a range of issues arising from aging plumbing personnel employed by local governments such as labor shortages, passing on of skills, and risk management, the Meiden Group not only designs and manufactures electrical equipment, but offers a one-stop service that includes maintenance services, and management of the operation of facilities. In April, 2017, a private sector group, for which Meidensha is the representative company, established East Gunma Water Supply Service Co., Ltd. along with the East Gunma Water Supply Industry Association through joint financing, and commenced water supply operations and comprehensive projects including extension works in three cities and five towns in the East Gunma region. Through this venture, we were able to achieve efficient business administration and transmission of skills to personnel, achieve public benefit, create new employment opportunities, and reduce maintenance costs, by leveraging the skills and knowhow of private enterprise.

Community Investment

In Support of Local Community and Government Initiatives: Donation of Facilities to Schools in Thailand

In the Kingdom of Thailand, we donated facilities for two schools in the mountainous regions of the north of Thailand, which are populated by ethnic minorities, in fiscal 2017, to celebrate Meidensha's 120th anniversary and the 50th anniversary of THAI MEIDENSHA CO., LTD. We donated a library and a water tank to Kalayaniwattana Secondary School, which was one of those schools. As these regions are surrounded by mountains, it takes a long time to travel to school and many students choose to live in dormitories. With this water tank to store the water that is necessary for life and this library to help students learn, Meidensha was able to support children's rights and business principles, improve the learning environment for children in accordance with these principles, and contribute to the provision of opportunities for children to receive reliable and high-quality education. Employees of THAI MEIDENSHA CO., LTD. visit the two schools to which facilities were donated on an ongoing basis, and maintain connections with learning activities, teachers, and the local community through activities with students.



Social Contribution Activities (FY2018 initiatives)

Meidensha Manufacturing Classes: Teaching children about the Joy of Manufacturing

Since fiscal 2007, which was our 110th anniversary, we have held Meidensha Manufacturing Classes at elementary schools located nearby each of our sites, including Hosui Elementary School. Through these Manufacturing Classes, we will enable children to experience the joy of manufacturing by having them assemble and operate toys that incorporate motors by themselves. In fiscal



2018, we held the first Manufacturing Class at Iwakuni Elementary School, which was attended by the founder, Hosui Shigemune.

Supporting the Cultural Exchange Project Conducted by Japanese and Thai Elementary Schools

We support cultural exchange between children at Hosui Elementary School in Shinagawa-ku, which was established at the behest of the founder, Hosui Shigemune and recently celebrated its 100th anniversary, and Mae Cam's Baan Thung Yao Primary School in Northern Thailand, to which we donated school buildings in 2017 as one of Meidensha's 120th Anniversary Projects. We held visiting lectures to learn about other cultures and we helped children, who carry the hopes of the future, feel the importance of coming into contact with other cultures by donating tools using the bell mark, and exchanging video letters and pictures between the schools.

Workplace Visits and Visiting Science Lectures for Junior High Schools Nearby Our Sites

At each of our sites, we actively encourage workplace visits by local junior high school students and conduct explanations of corporate initiatives, observations of facilities, and question and answer sessions with employees, etc., as part of children's career education. Furthermore, since fiscal 2017 we have held visiting lectures entitled "how does electricity reach us?" for second-year junior high school students in the areas around our sites, through which children can learn about the importance of electricity through experience.

Endowed Courses at Thai and Indian Universities

The Meiden Group conducts endowed courses at overseas universities in Thailand and India, which began as one of our 120th Anniversary Projects. We have rolled out a unique curriculum at the Ladkrabang Campus of Thailand's King Mongkut's Institute of Technology and India's NBKR Institute of Science & Technology in order to develop future engineers.

Environmental Beautification Activities at sites Around Japan

The Meiden Group engages in environmental beautification activities such as cleaning up litter and weeding at sites around Japan on a day-to-day basis, in order to coexist with local communities. Local residents value the contributions we have made over many years, and these beautification activities also contribute to a sense of social contribution and foster a sense of community amongst employees.

Sustainability

Evaluations from External Bodies

Status of incorporation of the ESG Index* (as of July 2019)

*ESG is an abbreviation of “environment,” “social,” and “governance.” Consideration is given to environmental and social factors, which are important elements to determine whether to make an investment, in addition to financial factors.

S&P/JPX Carbon Efficient Index

The S&P/JPX Carbon Efficient Index is an environmental index that was developed by S&P Dow Jones Indices LLC. It gives weight to companies with high carbon efficiency and that fully disclose carbon emissions. The S&P/JPX Carbon Efficient Index also serves as an ESG index for Japanese companies that are GPIF investment targets. Meidensha was added to the index in 2018.



SNAM Sustainability Index

Meidensha has been selected for the SNAM Sustainability Index, which was instituted by Sompo Japan Nipponkoa Asset Management (SNAM) in August 2012.

SNAM Sustainable Investment is a responsible investment product for pension funds and institutional investors that invests broadly in companies with a high ESG (environment/social/governance) rating.

Each year, revision of companies listed in the index is conducted based on the results of investigations conducted by Sompo Risk Management Inc. (environmental investigation) and IntegreX Inc. (social and governance investigation). Meidensha’s ESG initiatives have been highly rated by these investigations, leading us to be continuously selected by IntegreX since fiscal 2016.



Member of SNAM
Sustainability Index
2019

Other Major Evaluations from Outside the Company

CSR企業ランキング2019年版（東洋経済新報社）

CSR企業ランキングは、東洋経済新報社が毎年企業からのアンケート回答をもとに、人材活用、環境、企業統治、社会性、収益性、安全性、規模を評価し、CSR（企業の社会的責任）と財務の両面から総合的に評価・順位づけされるものです。明電舎は第13回（2019年）CSR企業ランキングの電気機器業種内において118社中56位の評価を受けました。

第22回環境経営度調査（日本経済新聞社）

環境経営度調査は、環境対策と経営効率の向上の両立に取り組む企業を評価するもので、明電舎は第22回環境経営度調査（製造業ランキング）で360社中95位の評価を受けました。

CDP (climate change and water)

CDP is an international NGO that operates a global information disclosure system to manage the environmental impact of investors, companies, cities, countries, and regions. It investigates, evaluates, and discloses information about environmental initiatives on behalf of institutional investors. Meidensha received a rating of C for climate change and C for water security from CDP in 2018.

Eruboshi

In 2017, Meidensha received the highest level of Eruboshi mark (grade 3). Eruboshi is a system under which certification is granted by the Minister of Health, Labour and Welfare to companies that have formulated and submitted action plans under the Act for the Promotion of Women's Participation in Working Life (Act for the Promotion of Women's Participation), that meet certain standards, and that have been exceptional in their implementation of initiatives. There are three levels of certification, and Meidensha has received grade 3, which is the highest level as it is recognized as having met the required standards in all five evaluation categories. Receiving Eruboshi certification also increases our rating for comprehensive evaluation bidding systems, etc., of public enterprise.



Action plan under the Act for the Promotion of Women's Participation and
Promotion of Diversity Management



Sustainability

Editorial Policy

Editorial Policy

The Meiden Group informs its stakeholders of its attitude and initiatives relating to social responsibility through the two media of the Meidensha Report (print edition and web edition) and the Meiden Group CSR (web edition).

With regard to the content of the reports, we work to collect and analyze information that meets our stakeholders' expectations and is of interest to our stakeholders, and distribute it through regular notices, IR activities, and interviews with each department.

Furthermore, the Meiden Group is conducting internal communication activities as part of the process of drafting reports in order to understand changes in the external environment and share future issues and trends. In addition, we work to strategically promote future CSR initiatives by exchanging opinions based on the reports that have been created, and having each department reflect on its own activities, taking into account outside perspectives.

Report Media

1. Meidensha Report print edition and web edition

A comprehensive collection of financial information concerning the Meiden Group and nonfinancial information such as initiatives that contribute to improving corporate value and management strategies.

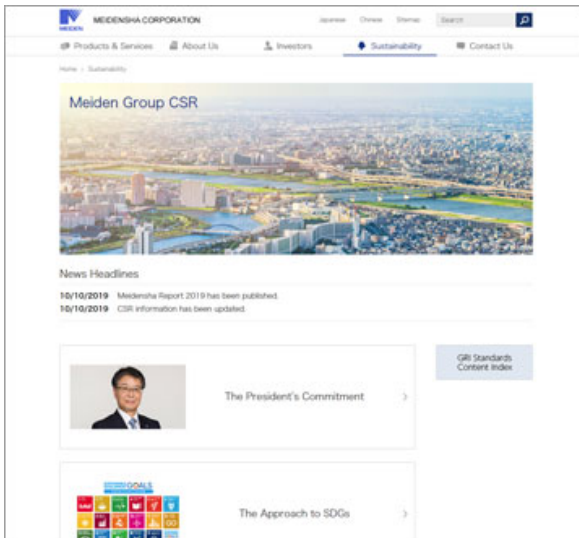


1. Booklet, PDF

[Meidensha Report >](#)

2. Meiden Group CSR web edition (this website)

A simple introduction focusing on specific initiatives to tackle CSR issues that the Meiden Group considers important.



2. Web edition

Reporting Period

This report mainly covers initiatives taken in fiscal 2018 (April 1, 2018 - March 31, 2019). It also includes some information from prior to fiscal 2018 and until July 2019.

Subject Organizations

The report mainly covers initiatives of Meidensha Corporation and its affiliated companies. Human resources data applies to affiliated companies in Japan, while environmental reporting data applies to Meidensha and its 33 major affiliated companies (16 in Japan and 17 overseas).

Publication

- Publication of this report: August 2019
- Next scheduled publication: August 2020

Guidelines Used as References

- GRI “Sustainability Reporting Standards”
*Although this report is based on the reporting principles, the content does not necessarily conform to them.
- Ministry of the Environment “Environmental Reporting Guidelines (Fiscal Year 2018 Version)”

Inquiries about This Report

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Disclaimer

In addition to past and current facts about the Meiden Group, this report contains forecasts for the future based on plans, outlooks and business policies and strategies in effect at the time of publication. These forecasts are our assumptions and judgments as based on information available at the time they were stated, and may differ from actual business activity results and events in future owing to changes in conditions.

GRI Standards Content Index

General Disclosures 2016

Disclosure Title		References
GRI102 : General Disclosures		
Organizational profile		
102-1	Name of the organization	▸ Company Profile
102-2	Activities, brands, products, and services	▸ Products & Services
102-3	Location of headquarters	▸ Company Profile
102-4	Location of operations	▸ Company Profile
102-5	Ownership and legal form	▸ Company Profile
102-6	Markets served	▸ Products & Services
102-7	Scale of the organization	▸ Company Profile
102-8	Information on employees and other workers	▸ Labor Practices > HR Data
102-9	Supply chain	▸ Supply Chain Management
102-10	Significant changes to the organization and its supply chain	Not applicable
102-11	Precautionary Principle or approach	▸ Risk Management
102-12	External initiatives	▸ CSR Management > External Support Initiatives
102-13	Membership of associations	▸ CSR Management > Group Membership Credentials
Strategy		
102-14	Statement from senior decision-maker	▸ The President's Commitment
102-15	Key impacts, risks, and opportunities	▸ The President's Commitment ▸ Medium-term Management Plan

Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	▸ Corporate Philosophy
102-17	Mechanisms for advice and concerns about ethics	▸ Compliance
Governance		
102-18	Governance structure	▸ Corporate Governance
102-19	Delegating authority	▸ Corporate Governance
102-20	Executive-level responsibility for economic, environmental, and social topics	<ul style="list-style-type: none"> ▸ CSR Management ▸ Environmental Management ▸ Product Responsibility ▸ Occupational Safety and Health ▸ Risk Management
102-21	Consulting stakeholders on economic, environmental, and social topics	—
102-22	Composition of the highest governance body and its committees	▸ Corporate Governance
102-23	Chair of the highest governance body	▸ Board of Directors & Executive Officers
102-24	Nominating and selecting the highest governance body	—
102-25	Conflicts of interest	—
102-26	Role of highest governance body in setting purpose, values, and strategy	<ul style="list-style-type: none"> ▸ Environmental Management ▸ Climate Change ▸ Corporate Governance
102-27	Collective knowledge of highest governance body	<ul style="list-style-type: none"> ▸ The Approach to SDGs ▸ Corporate Governance
		▸

102-28	Evaluating the highest governance body's performance	<ul style="list-style-type: none"> Environmental Management ▸ Climate Change ▸ Corporate Governance
102-29	Identifying and managing economic, environmental, and social impacts	<ul style="list-style-type: none"> ▸ The Approach to SDGs ▸ Environmental Management ▸ Climate Change ▸ Risk Management
102-30	Effectiveness of risk management processes	<ul style="list-style-type: none"> ▸ Risk Management
102-31	Review of economic, environmental, and social topics	—
102-32	Highest governance body's role in sustainability reporting	—
102-33	Communicating critical concerns	<ul style="list-style-type: none"> ▸ Compliance
102-34	Nature and total number of critical concerns	—
102-35	Remuneration policies	<ul style="list-style-type: none"> ▸ Corporate Governance
102-36	Process for determining remuneration	<ul style="list-style-type: none"> ▸ Corporate Governance
102-37	Stakeholders' involvement in remuneration	—
102-38	Annual total compensation ratio	—
102-39	Percentage increase in annual total compensation ratio	—
Stakeholder engagement		
102-40	List of stakeholder groups	<ul style="list-style-type: none"> ▸ CSR Management > Relationships with Stakeholders ▸ Environmental Communication
		▸

102-41	Collective bargaining agreements	Labor Practices
102-42	Identifying and selecting stakeholders	▸ · CSR Management > Relationships with Stakeholders
102-43	Approach to stakeholder engagement	▸ CSR Management > Relationships with Stakeholders ▸ Corporate Governance > Dialogues with Shareholders and Investors
102-44	Key topics and concerns raised	▸ CSR Management > Relationships with Stakeholders
Reporting practice		
102-45	Entities included in the consolidated financial statements	–
102-46	Defining report content and topic Boundaries	▸ Editorial Policy
102-47	List of material topics	▸ CSR Management > President's CSR Policy Statement
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	▸ Editorial Policy
102-51	Date of most recent report	▸ Editorial Policy
102-52	Reporting cycle	▸ Editorial Policy
102-53	Contact point for questions regarding the report	▸ Editorial Policy
102-54	Claims of reporting in accordance with the GRI Standards	▸ Editorial Policy * Although based on the reporting principle, this reporting is not prepared following the core option of the GRI

		Sustainability Reporting Standards.
102-55	GRI content index	▸ GRI Standards Content Index
102-56	External assurance	▸ Third-Party Verification

| Topic-specific Disclosures 2016

Disclosure Title		References
Material Topics		
200 series (Economic topics)		
Economic Performance		
103-1	Explanation of the material topic and its Boundary	–
103-2	The management approach and its components	▸ Environmental Management
103-3	Evaluation of the management approach	–
201-1	Direct economic value generated and distributed	▸ Company Profile
201-2	Financial implications and other risks and opportunities due to climate change	▸ Environmental Management
201-3	Defined benefit plan obligations and other retirement plans	–
201-4	Financial assistance received from government	Not applicable
Market Presence		
103-1	Explanation of the material topic and its Boundary	▸ Community
103-2	The management approach and its components	▸ Community
103-3	Evaluation of the management approach	–
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	–
202-2	Proportion of senior management hired from the local community	–
Indirect Economic Impacts		
103-1	Explanation of the material topic and its Boundary	▸ Community
103-2	The management approach and its components	▸ Community

103-3	Evaluation of the management approach	–
203-1	Infrastructure investments and services supported	▸ Community
203-2	Significant indirect economic impacts	▸ Community
Procurement Practices		
103-1	Explanation of the material topic and its Boundary	▸ Supply Chain Management
103-2	The management approach and its components	▸ Supply Chain Management ▸ Compliance
103-3	Evaluation of the management approach	▸ Promotion of Strategic Environmental Management
204-1	Proportion of spending on local suppliers	–
Anti-corruption		
103-1	Explanation of the material topic and its Boundary	–
103-2	The management approach and its components	▸ Corporate Code of Conduct ▸ Compliance
103-3	Evaluation of the management approach	–
205-1	Operations assessed for risks related to corruption	–
205-2	Communication and training about anti-corruption policies and procedures	▸ Compliance
205-3	Confirmed incidents of corruption and actions taken	Not applicable
Anti-competitive Behavior		
103-1	Explanation of the material topic and its Boundary	–
103-2	The management approach and its components	▸ Corporate Code of Conduct ▸ Compliance
103-3	Evaluation of the management approach	–

206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not applicable
300 series (Environmental topics)		
Materials		
103-1	Explanation of the material topic and its Boundary	–
103-2	The management approach and its components	–
103-3	Evaluation of the management approach	–
301-1	Materials used by weight or volume	–
301-2	Recycled input materials used	–
301-3	Reclaimed products and their packaging materials	–
Energy		
103-1	Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> ▸ Promotion of Strategic Environmental Management ▸ Climate Change
103-2	The management approach and its components	<ul style="list-style-type: none"> ▸ Promotion of Strategic Environmental Management ▸ Environmental Management ▸ Climate Change
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> ▸ Promotion of Strategic Environmental Management
302-1	Energy consumption within the organization	<ul style="list-style-type: none"> ▸ Climate Change ▸ Overview of Environmental Impacts by Our Business Activities ▸ Environmental Impact Data (Fiscal 2018) from the Four Main Manufacturing Sites (Domestic Manufacturing Sites)

302-2	Energy consumption outside of the organization	–
302-3	Energy intensity	▸ Climate Change
302-4	Reduction of energy consumption	▸ Climate Change
302-5	Reductions in energy requirements of products and services	▸ Product Initiatives (Examples of Meiden Green Product registered in fiscal 2018)
Water		
103-1	Explanation of the material topic and its Boundary	–
103-2	The management approach and its components	▸ Promotion of Strategic Environmental Management ▸ Environmental Management
103-3	Evaluation of the management approach	▸ Promotion of Strategic Environmental Management ▸ Water Resources
303-1	Water withdrawal by source	▸ Water Resources ▸ Overview of Environmental Impacts by Our Business Activities ▸ Environmental Impact Data (Fiscal 2018) from the Four Main Manufacturing Sites (Domestic Manufacturing Sites)
303-2	Water sources significantly affected by withdrawal of water	–
303-3	Water recycled and reused	–
Biodiversity		
103-1	Explanation of the material topic and its Boundary	▸ Promotion of Strategic Environmental Management ▸ Biodiversity
103-2	The management approach and its components	▸ Promotion of Strategic Environmental Management

		<ul style="list-style-type: none"> ▸ Environmental Management ▸ Biodiversity
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> ▸ Promotion of Strategic Environmental Management
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<ul style="list-style-type: none"> ▸ Biodiversity
304-2	Significant impacts of activities, products, and services on biodiversity	<ul style="list-style-type: none"> ▸ Biodiversity
304-3	Habitats protected or restored	<ul style="list-style-type: none"> ▸ Biodiversity
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<ul style="list-style-type: none"> ▸ Biodiversity
Emissions		
103-1	Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> ▸ Promotion of Strategic Environmental Management ▸ Climate Change
103-2	The management approach and its components	<ul style="list-style-type: none"> ▸ Promotion of Strategic Environmental Management ▸ Environmental Management ▸ Climate Change
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> ▸ Promotion of Strategic Environmental Management
305-1	Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> ▸ Climate Change ▸ Overview of Environmental Impacts by Our Business Activities ▸ Environmental Impact Data (Fiscal 2018) from the Four Main Manufacturing Sites (Domestic Manufacturing Sites)
305-2	Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> ▸ Climate Change

		<ul style="list-style-type: none"> ▸ Overview of Environmental Impacts by Our Business Activities ▸ Environmental Impact Data (Fiscal 2018) from the Four Main Manufacturing Sites (Domestic Manufacturing Sites)
305-3	Other indirect (Scope 3) GHG emissions	▸ Climate Change
305-4	GHG emissions intensity	▸ Climate Change
305-5	Reduction of GHG emissions	▸ Climate Change
305-6	Emissions of ozone-depleting substances (ODS)	▸ Climate Change
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	<ul style="list-style-type: none"> ▸ Prevention of Pollution and Effective Utilization of Resources ▸ Overview of Environmental Impacts by Our Business Activities ▸ Environmental Impact Data (Fiscal 2018) from the Four Main Manufacturing Sites (Domestic Manufacturing Sites)
Effluents and Waste		
103-1	Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> ▸ Promotion of Strategic Environmental Management ▸ Biodiversity
103-2	The management approach and its components	<ul style="list-style-type: none"> ▸ Promotion of Strategic Environmental Management ▸ Environmental Management ▸ Prevention of Pollution and Effective Utilization of Resources
103-3	Evaluation of the management approach	▸ Promotion of Strategic Environmental Management

306-1	Water discharge by quality and destination	<ul style="list-style-type: none"> ▸ Water Resources ▸ Overview of Environmental Impacts by Our Business Activities ▸ Environmental Impact Data (Fiscal 2018) from the Four Main Manufacturing Sites (Domestic Manufacturing Sites)
306-2	Waste by type and disposal method	<ul style="list-style-type: none"> ▸ Prevention of Pollution and Effective Utilization of Resources ▸ Overview of Environmental Impacts by Our Business Activities ▸ Environmental Impact Data (Fiscal 2018) from the Four Main Manufacturing Sites (Domestic Manufacturing Sites)
306-3	Significant spills	Not applicable
306-4	Transport of hazardous waste	<ul style="list-style-type: none"> ▸ Prevention of Pollution and Effective Utilization of Resources
306-5	Water bodies affected by water discharges and/or runoff	—
Environmental Compliance		
103-1	Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> ▸ Promotion of Strategic Environmental Management
103-2	The management approach and its components	<ul style="list-style-type: none"> ▸ Promotion of Strategic Environmental Management ▸ Environmental Management
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> ▸ Environmental Management
307-1	Non-compliance with environmental laws and regulations	Not applicable
Supplier Environmental Assessment		
		<ul style="list-style-type: none"> ▸

103-1	Explanation of the material topic and its Boundary	Supply Chain Management
103-2	The management approach and its components	▸ Supply Chain Management
103-3	Evaluation of the management approach	–
308-1	New suppliers that were screened using environmental criteria	▸ Supply Chain Management
308-2	Negative environmental impacts in the supply chain and actions taken	▸ Climate Change ▸ Supply Chain Management
400 series (Social topics)		
Employment		
103-1	Explanation of the material topic and its Boundary	▸ Labor Practices
103-2	The management approach and its components	▸ Labor Practices
103-3	Evaluation of the management approach	▸ Labor Practices
401-1	New employee hires and employee turnover	▸ Labor Practices
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	▸ Labor Practices
401-3	Parental leave	▸ Labor Practices
Labor/Management Relations		
103-1	Explanation of the material topic and its Boundary	–
103-2	The management approach and its components	▸ Labor Practices
103-3	Evaluation of the management approach	–
402-1	Minimum notice periods regarding operational changes	–
Occupational Health and Safety		
103-1	Explanation of the material topic and its Boundary	▸ Labor Practices

		▸ Occupational Safety and Health
103-2	The management approach and its components	▸ Occupational Safety and Health
103-3	Evaluation of the management approach	▸ Occupational Safety and Health
403-1	Workers representation in formal joint management-worker health and safety committees	▸ Occupational Safety and Health
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	▸ Occupational Safety and Health
403-3	Workers with high incidence or high risk of diseases related to their occupation	▸ Occupational Safety and Health
403-4	Health and safety topics covered in formal agreements with trade unions	▸ Occupational Safety and Health
Training and Education		
103-1	Explanation of the material topic and its Boundary	▸ Labor Practices
103-2	The management approach and its components	▸ HR Development
103-3	Evaluation of the management approach	–
404-1	Average hours of training per year per employee	▸ Labor Practices > HR Data
404-2	Programs for upgrading employee skills and transition assistance programs	▸ Labor Practices ▸ HR Development
404-3	Percentage of employees receiving regular performance and career development reviews	▸ Labor Practices > HR Data
Diversity and Equal Opportunity		
103-1	Explanation of the material topic and its Boundary	▸ Labor Practices
103-2	The management approach and its components	▸ Labor Practices
103-3	Evaluation of the management approach	▸ Labor Practices

405-1	Diversity of governance bodies and employees	▸ Labor Practices
405-2	Ratio of basic salary and remuneration of women to men	▸ Labor Practices > HR Data
Non-discrimination		
103-1	Explanation of the material topic and its Boundary	–
103-2	The management approach and its components	▸ Human Rights
103-3	Evaluation of the management approach	–
406-1	Incidents of discrimination and corrective actions taken	–
Freedom of Association and Collective Bargaining		
103-1	Explanation of the material topic and its Boundary	–
103-2	The management approach and its components	▸ Human Rights
103-3	Evaluation of the management approach	–
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	–
Child Labor		
103-1	Explanation of the material topic and its Boundary	–
103-2	The management approach and its components	▸ Supply Chain Management ▸ Human Rights
103-3	Evaluation of the management approach	–
408-1	Operations and suppliers at significant risk for incidents of child labor	–
Forced or Compulsory Labor		
103-1	Explanation of the material topic and its Boundary	–
103-2	The management approach and its	▸ Supply Chain Management

	components	▸ Human Rights
103-3	Evaluation of the management approach	–
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	–
Security Practices		
103-1	Explanation of the material topic and its Boundary	–
103-2	The management approach and its components	–
103-3	Evaluation of the management approach	–
410-1	Security personnel trained in human rights policies or procedures	–
Rights of Indigenous Peoples		
103-1	Explanation of the material topic and its Boundary	–
103-2	The management approach and its components	–
103-3	Evaluation of the management approach	–
411-1	Incidents of violations involving rights of indigenous peoples	Not applicable
Human Rights Assessment		
103-1	Explanation of the material topic and its Boundary	–
103-2	The management approach and its components	▸ Human Rights
103-3	Evaluation of the management approach	–
412-1	Operations that have been subject to human rights reviews or impact assessments	–
412-2	Employee training on human rights policies or procedures	▸ Human Rights
412-3	Significant investment agreements and	–

	contracts that include human rights clauses or that underwent human rights screening	
Local Communities		
103-1	Explanation of the material topic and its Boundary	▸ Community
103-2	The management approach and its components	▸ Community
103-3	Evaluation of the management approach	–
413-1	Operations with local community engagement, impact assessments, and development programs	▸ Biodiversity ▸ Community
413-2	Operations with significant actual and potential negative impacts on local communities	Not applicable
Supplier Social Assessment		
103-1	Explanation of the material topic and its Boundary	▸ Supply Chain Management
103-2	The management approach and its components	▸ Supply Chain Management
103-3	Evaluation of the management approach	–
414-1	New suppliers that were screened using social criteria	▸ Supply Chain Management
414-2	Negative social impacts in the supply chain and actions taken	▸ Supply Chain Management
Public Policy		
103-1	Explanation of the material topic and its Boundary	–
103-2	The management approach and its components	–
103-3	Evaluation of the management approach	–
415-1	Political contributions	–
Customer Health and Safety		
103-1	Explanation of the material topic and its	▸ Product Responsibility

	Boundary	
103-2	The management approach and its components	▸ Product Responsibility
103-3	Evaluation of the management approach	▸ Product Responsibility
416-1	Assessment of the health and safety impacts of product and service categories	—
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not applicable
Marketing and Labeling		
103-1	Explanation of the material topic and its Boundary	—
103-2	The management approach and its components	—
103-3	Evaluation of the management approach	—
417-1	Requirements for product and service information and labeling	—
417-2	Incidents of non-compliance concerning product and service information and labeling	—
417-3	Incidents of non-compliance concerning marketing communications	—
Customer Privacy		
103-1	Explanation of the material topic and its Boundary	—
103-2	The management approach and its components	—
103-3	Evaluation of the management approach	—
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not applicable
Socioeconomic Compliance		
103-1	Explanation of the material topic and its Boundary	—

103-2	The management approach and its components	–
103-3	Evaluation of the management approach	–
419-1	Non-compliance with laws and regulations in the social and economic area	Not applicable