

OUR VALUE

# Materiality and Medium-term Management Plan 2024

◆ Major opportunities  
▲ Major risks  
★★★★ Result surpassed FY2024 target  
★★★ Good progress toward FY2024 target\*  
★ Progress toward FY2024 target needs more effort  
\*Means that score on progress since March 31, 2021, was at least 75%

Materiality	Major opportunities and risks	Medium-term Management Plan 2024	Items (including internal indicators)	Major KPIs*1	FY2024 target (as of May, 2022)	Progress in FY2023	Assessment
Contribution to carbon neutrality	<ul style="list-style-type: none"> <li>◆ Expansion of markets for businesses that contribute to the environment</li> <li>▲ Increased costs due to carbon taxes, etc.</li> <li>▲ Risks from frequent storms and floods</li> <li>▲ Decline in competitiveness due to late response</li> </ul>	<p><b>Basic Policy 1</b> Realization of high-quality growth</p> <p>1 Expansion of growth businesses ▶ Expansion of EV-related, renewable energy business, and environmentally-considerate products, and high profitability</p> <p><b>Basic Policy 2</b> Promotion of sustainability management</p> <p>▶ Promotion of decarbonization within the Company</p>	EV business net sales		47.0 billion yen	43.5 billion yen	★★
			GHG reduction contribution by Environment Contributing Businesses *2		10.00 million tons	9.37 million tons	★★
			Scope 3 reduction rate (compared to FY2019)		6% reduction	7% reduction	★★★★
			Renewable energy business net sales/Proportion of green products/Number of super green products		—	—	—
Realization of a secure, safe, and convenient society	<ul style="list-style-type: none"> <li>◆ Growing need for replacement and maintenance of infrastructure</li> <li>◆ Rebuilding local infrastructure</li> <li>◆ Growing need for semiconductors due to digitalization</li> <li>◆ Expansion of overseas markets</li> <li>◆ Creation of added value through digital transformation (DX)</li> <li>◆ Growing need for labor reduction and automation</li> <li>▲ Decline in competitiveness due to late response</li> </ul>	<p>1 Expansion of growth businesses ▶ Expansion of motor drive and semiconductor-related businesses</p> <p><b>Basic Policy 1</b> Realization of high-quality growth</p> <p>2 Enhancement of competitiveness of earnings-based businesses ▶ Expansion of the maintenance business ▶ Promotion of public private partnerships and provision of design solutions</p> <p>3 Improvement of profitability of overseas businesses ▶ Rebuilding and improving profitability of overseas businesses</p>	Maintenance business net sales		41.6 billion yen	42.3 billion yen	★★★★
			Overseas net sales		73.0 billion yen	80.2 billion yen	★★★★
			Motor Drive business net sales Semiconductor-related businesses net sales		—	—	—
			Innovation through co-creation	<ul style="list-style-type: none"> <li>◆ Growing new needs due to sustainability and ESG trends</li> <li>◆ Advancement of new technologies</li> <li>▲ Decline in competitiveness due to late response</li> </ul>	<p><b>Basic Policy 3</b> Promoting ambidextrous management</p> <p>▶ Creation of new business themes and promotion of commercialization through co-creation ▶ Development of and furnishing society with next-generation technology</p>	New businesses net sales	
Number of innovation themes Number of innovation personnel		—				—	—
Creating a corporate culture that enables diverse human resources to thrive and grow	<ul style="list-style-type: none"> <li>◆ Improvement of productivity through high engagement of employees</li> <li>◆ Generation of innovation by leveraging diversity</li> <li>▲ Outflow of personnel or insufficient personnel due to low engagement</li> <li>▲ Worse employee health due to factors including occurrence of industrial accidents and pandemics</li> </ul>	<p><b>Basic Policy 2</b> Promotion of sustainability management</p> <p>▶ Implementation of measures to improve engagement ▶ Expansion of diversity and inclusion measures ▶ Expansion and fulfillment of professional development programs ▶ Enhancement of occupational health and safety ▶ Promotion of health management</p>	Improvement rate of employee engagement metrics (compared to FY2021)		10% improvement -63.6% ▶ -53.6%	2.6% worse	★
			Female officer class: number of inside		at least 1	1	★★★★
			Number of non-Japanese presidents of local subsidiaries		at least 3	1	★★
			Total education and training expenses/Number of industrial accidents		—	—	—
High-quality manufacturing and value provision	<ul style="list-style-type: none"> <li>◆ Creating safe and secure infrastructure and industrial underpinnings</li> <li>▲ Loss of customer trust or orders by reason of lower quality</li> </ul>	<p><b>Basic Policy 2</b> Promotion of sustainability management</p> <p>▶ Establishment of the Meiden Monozukuri(Manufacturing) Standards to improve QCDSE ▶ Enhancement of quality assurance (QR map, reconstruction of the Meiden Customer Center, etc.)</p>	Number of defects and cost of dealing with defects (compared to FY2020)		reduced by 50%	reduced by 36%	★★
			Manufacturing process metrics (product production time, production time per unit, units produced per person, production/manufacturing lead time)		—	—	—
Sincere and responsible business operation	<ul style="list-style-type: none"> <li>▲ Infringement of human rights by the Meiden Group or suppliers</li> <li>▲ Information security risks</li> <li>▲ Insufficient compliance measures</li> </ul>	<p><b>Basic Policy 2</b> Promotion of sustainability management</p> <p>▶ Enhancement of stakeholder engagement ▶ Introduction of respect for human rights and human rights due diligence ▶ Enhancement of information security and internal training ▶ Enhancement of compliance ▶ Enhancement of corporate governance</p>	Stakeholder engagement improvement rate Human rights training attendance rate Information security training attendance rate Compliance training attendance rate		—	—	—

\*1 KPIs include some items that are still not set or are not disclosed. We will continue to consider and scrutinize the selection of measures and specific KPI figures going forward.  
\*2 We replaced the "environmental contribution" with "GHG reduction contribution" starting with FY2022.