

## Meiden Group Corporate Philosophy

### Corporate Mission

It defines the raison d'être and corporate mission

**Illuminating a more affluent tomorrow**

We continue to create value and technologies for the realization of a more affluent and environmentally conscious society.

### Value Provision

It defines the unique value provision and core competence

**For customer peace of mind and satisfaction**

We offer complete environmental consideration and appropriate support for our customers. From product design to commissioning, our highly skilled staff help customers solve various issues and realize their dreams by providing high-quality, socially responsible products and services.

### CSR Definition

Under the Meiden Group's definition of CSR, "Each and every employee shall work to realize the Group's corporate philosophy so that the Meiden Group is needed by society."

### Corporate Code of Conduct

This code defines compliance in conducting our CSR programs and activities.

### President's CSR Policy

This policy sets forth the policy of our CSR programs and activities in the medium term. The Policy asks each Group employee to implement CSR programs and activities in their daily work. We will draw up specifications that reflect the given business climate and CSR challenges under the current stage of the Medium-term Management Plan.

### MEIDEN CYCLE

MEIDEN CYCLE shows the guiding spirits shared by all members of the Group in realizing the Group's corporate philosophy.

## Quality connecting the next

### Corporate Slogan

Expressing the corporate philosophy in a single phrase

The Meiden Group Corporate Philosophy is as follows: "We seek to delight customers by offering high quality products and services to help solve their problems. Through these business activities, we aim to fulfill our corporate social responsibility (CSR) by proactively solving global environmental problems and other social issues and helping achieve a more affluent future. We must continually tackle these challenges."

This is our legacy from Hosui Shigemune, who founded our company as a local factory to manufacture and repair electrical machinery. His will remains our common sense of values, even as these have evolved with the times, and remains at the core of all our business activities. Staying true to this Corporate Philosophy, the Meiden Group aims to grow with society and be indispensable to it. With that as our goal, we continually take the challenge of creating new technologies and value.

## MEIDEN CYCLE



In order to realize our Group Corporate Philosophy, we must identify the direction for each individual employee to aim towards and provide signposts to help them proceed without losing their way. To enable us to do so, we have made these five actions our watchwords. The actions are mutually linked, with one action calling forth the next, creating a cycle of action and growth. Based on this image, we call this the Meiden Cycle.

By sharing and practicing the Meiden Cycle as the ethos underlying our actions, we seek to maximize the growth cycle for each of our employees.

### 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, at the Meiden Group, we are working to strategically promote future CSR by conducting communication activities during the process of creating reports to understand changes in the external environment and share future issues and trends, exchanging opinions within the company based on the reports that have been created, and each department reflecting on its own activities, taking into account external perspectives.

### Report Media

#### Meidensha Report print edition and web edition (this document)

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



#### Meiden Group CSR web edition (Japanese only)

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



### Reporting Period

This report mainly covers initiatives taken in fiscal 2017 (April 1, 2017 - March 31, 2018)

It also includes some information from prior to fiscal 2017 and until July 2018.

### 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 37 major affiliated companies (19 in Japan and 18 overseas).

### Publication

- Publication of this report: August 2018
- Next scheduled publication: August 2019

### Guidelines Used as References

- IIRC (International Integrated Reporting Council) "International Integrated Reporting Framework"
- GRI "Sustainability Reporting Standards"
- Ministry of the Environment "Environmental Reporting Guidelines (Fiscal Year 2012 Version)"

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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.

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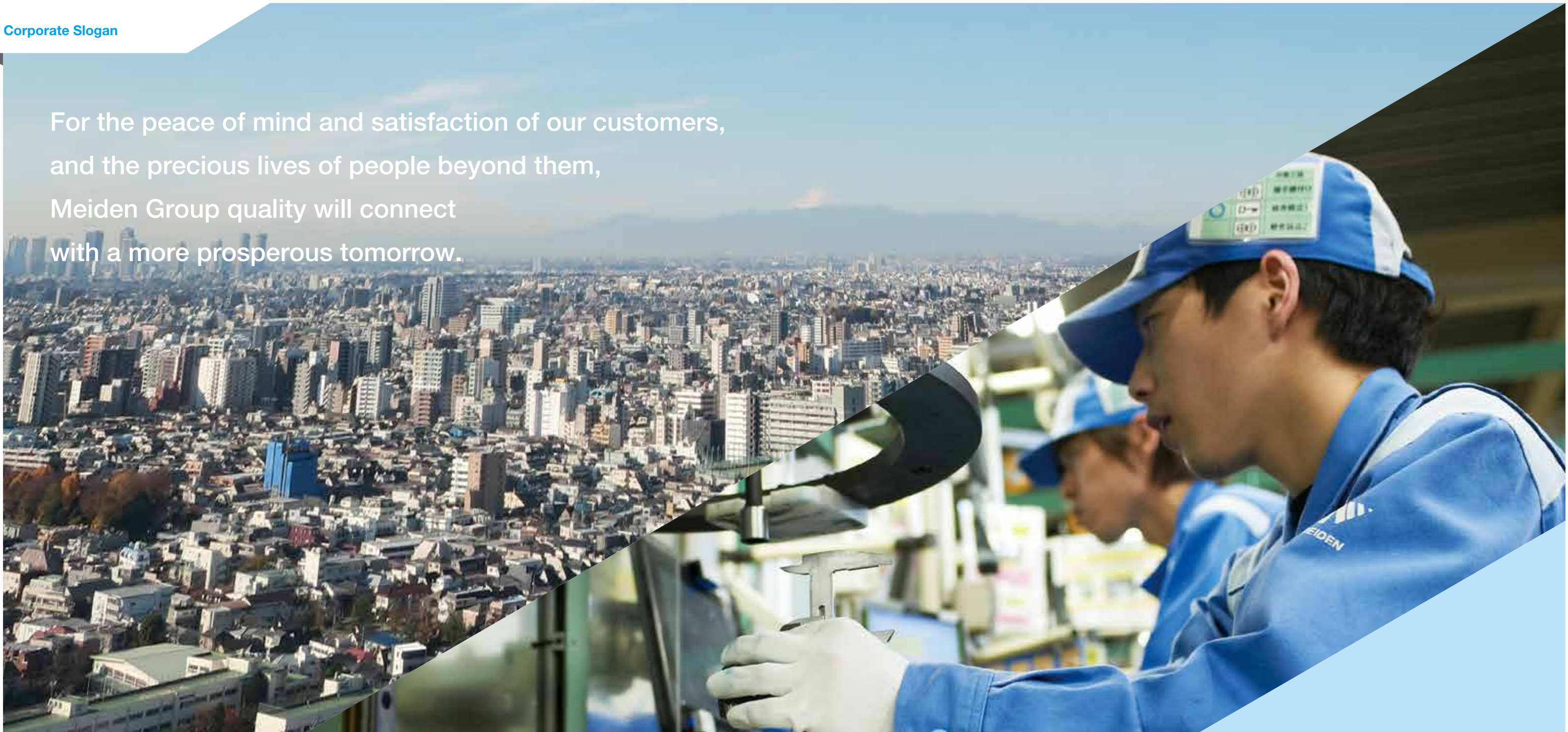
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For the peace of mind and satisfaction of our customers,  
and the precious lives of people beyond them,  
Meiden Group quality will connect  
with a more prosperous tomorrow.



For us, our “quality” is not only about the quality of our products and services. There are two things that make our quality: “people” and “technology”. People at Meiden Group strengthen ties with customers around the world by being truthful and flexible. Meiden Group technology contributes to society with truly original products and reliable services created with expertise. These two attributes make Meiden Group’s unique quality, and create new connections with the future. Making connections with our customers, society, and people living in it. These connections will expand, and the power we have built will become the energy for the next generation.

For the peace of mind and joy of our customers, and the precious lives of people beyond them, Meiden Group quality will connect with a more prosperous tomorrow. This is our never-changing mission.

**MEIDEN**  
Quality connecting the next

# The present of the Meiden Group, which has been involved with the manufacture of heavy electrical equipment and developed businesses in the field of social infrastructure for 120 years

## Seven Meiden Electrical Technologies that Support Our Society

Meidensha Behind Every Electricity Scene

### Create - creating electricity -

Meidensha manufactures equipment for the creation of electricity, or in other words, electricity generation. We have a wide-ranging product lineup, from high-capacity items that are used in power stations, such as large turbine generators, generator equipment that utilizes renewable energy, such as photovoltaic power generation and hydroelectric generation, and emergency generators for use in the event of a disaster, through to portable power equipment.



### Transmit - transmitting electricity -

Electricity generated at power stations passes through electrical equipment such as transmission lines, substations, and feeder lines, where the voltage is incrementally lowered, before being delivered to factories, buildings, and homes. We provide products that are essential to the safe and stable transmission of electricity, such as transformers that change the voltage of electricity and circuit breakers to shut off excess current in the event of an accident.



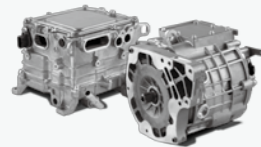
### Transform - transforming electricity -

Transforming, or power electronics, refers to converting and controlling electricity. Meidensha's power electronics initiatives, which began with mercury-arc valves, are now proving useful in a range of fields, including power supplies, railway facilities, production facilities, EVs, renewable energy, and battery storage systems, while responding to demands such as energy efficiency and increased reliability.



### Moving - moving with electricity -

Meidensha's environmentally friendly transport technology such as motors and automated guided vehicle (AGV) systems that are valuable to increase efficiency at manufacturing plants, environmentally friendly EV/PHEV drive systems, automobile testing systems that contribute to the development process, and elevator systems that enable a powerful yet smooth ride, supports more fulfilling lifestyles.



### Protecting - protecting society -

We continue to protect the peace of mind and satisfaction of our customers and the valuable lifestyles of the people that they serve through comprehensive services to protect equipment, from stable supply of electricity and systems that enable energy-efficient transportation through to installation, preventative maintenance, regular maintenance, and replacement of equipment.



### Supporting - supporting society -

We provide components that support various production equipment and services that support the safety of workplaces. Our mission is to stand alongside our customers and support them to resolve their issues through distinctive products and services.



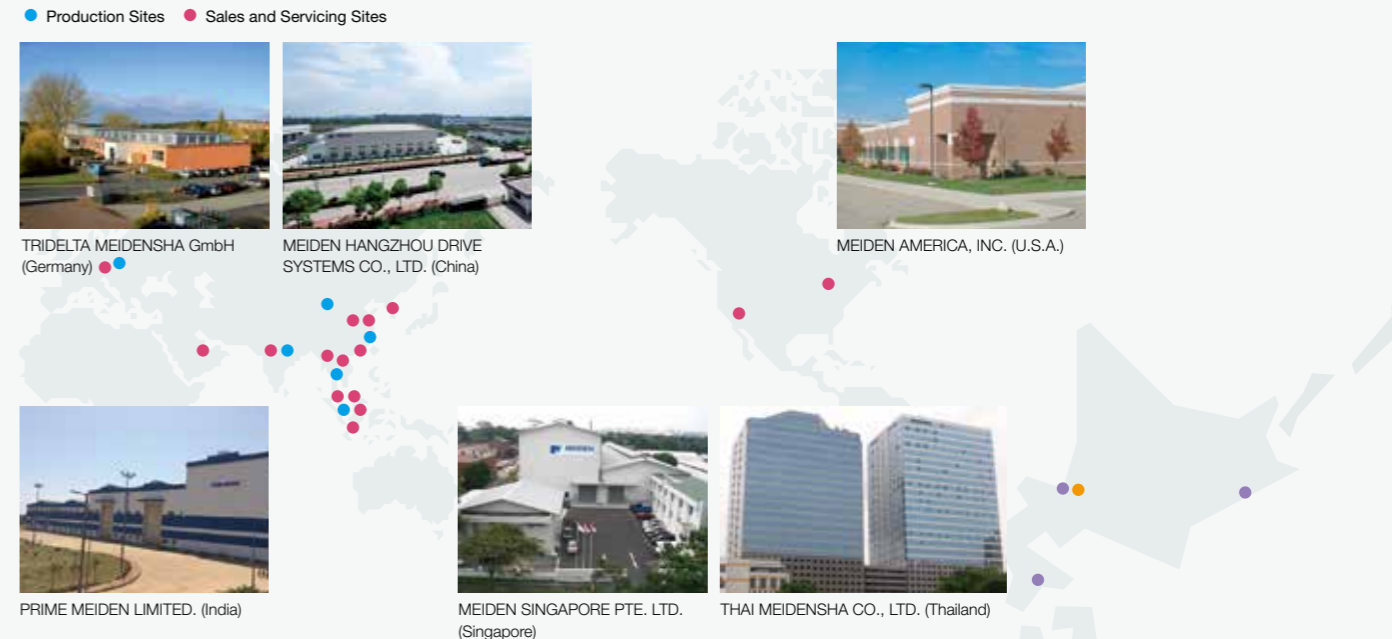
### Connecting - connecting with society -

By connecting our experience and knowhow developed at customers' actual worksites with ICT, we will create efficiency and optimize social infrastructure, leading to stable maintenance. We will create a more connected and vibrant future through the latest IoT and AI technology.



## Overseas Network

The Meiden Group has developed its social infrastructure, industrial systems, and maintenance and servicing businesses in 13 countries.



## Domestic Network



## Features of the Meiden Group

A wealth of technology and manufacturing capabilities Development capabilities to produce environmentally friendly products

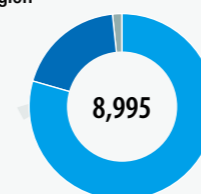
High-quality and extensive product lineup and the ability to guarantee quality

Complete maintenance service system

System engineering capabilities to meet our customers' needs

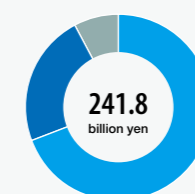
Strong trust relationships with our customers, partners, and employees

### A number of employees (consolidated) / A number of employee breakdown by region\*



Japan	79.6%	7,164
Asia	18.7%	1,687
Other regions	1.6%	144

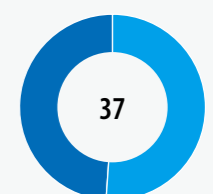
### Consolidated net sales (FY2017)



Japan	69.4%	167.6
Asia	23.0%	55.7
Other regions	7.6%	18.4

(billion yen)

### Group consolidated subsidiaries\*



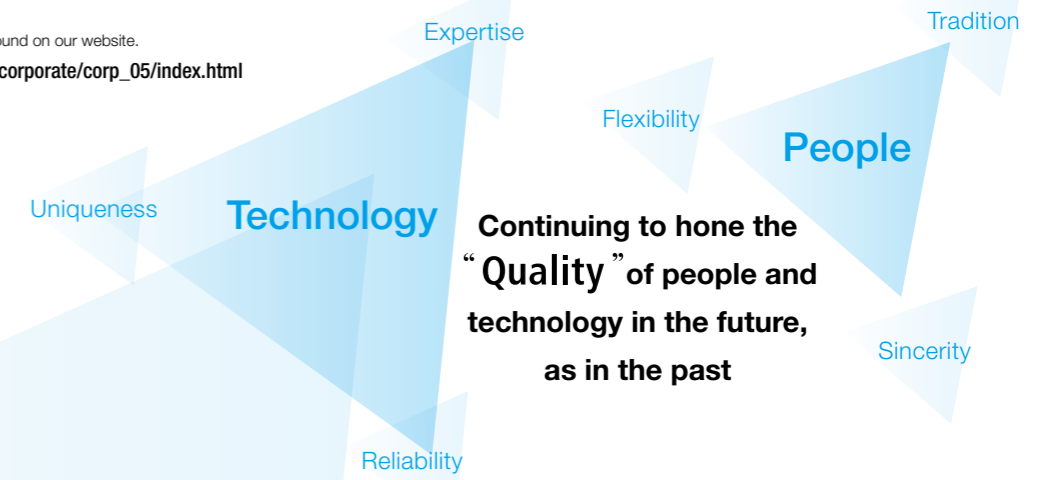
In Japan	19
Outside Japan	18

\* As of March 31, 2018

# Supporting social infrastructure for 120 years.

## The Meiden Group's quality will lead to a more affluent future.

A more detailed timeline may be found on our website.  
[http://www.meidensha.com/corporate/corp\\_05/index.html](http://www.meidensha.com/corporate/corp_05/index.html)



Continuing to hone the “Quality” of people and technology in the future, as in the past

### 1897

#### Founding and Birth of “Meiden a Motor Company”

In 1897, our founder Hosui Shigemune started a factory in the belief that one day Japan would build its own electric machinery. Meanwhile, Japan depended on imported products for much of its industrial machinery. His business at that time was mainly repair of electrical equipment and manufacture of switches. However, his efforts to build made-in-Japan motors gave him several new ideas for development of own products.

In 1901, Shigemune successfully developed a three-phase induction motor and sold 18 motors between

1903 and 1904. He continued with research and made prototypes in the desire to develop more products of his own. His efforts led him to devise an induction motor design method in 1905. In the following year, he started production of motors to his own design method.

Meidensha's motor production helped to modernize Japanese industry and became the cornerstone of value-building at Meidensha that still persists today.



### The 1970s -

#### Evolving into “Meiden a Power Electronics Company”

During Japan's postwar economic boom, Meidensha actively expanded into the industrial systems business and contributed to the development of industry in Japan. In about 1970, society was beginning to prize quality over quantity. Likewise, Meidensha switched its management strategy from quantity base to quality base. On the technical side, our aim was to develop new products that made full use of our employees' creativity. At this time, we began to cement our status as a manufacturer of heavy electrical equipment, having developed new products that combined heavy electrical technology (power) with the latest electronics technology.



### The 1980s -

#### Evolving into “Meiden a System Engineering Company”

In the latter half of the 1980s, economic expansion led Meidensha to boost its production capacity at factories and upgrade its production system. We added to our family of Group companies and developed a variety of businesses to make us a stronger enterprise.

We grew to have three core business areas, adding mechatronics and electronics to our existing power electronics field. The integration of technologies from each of these fields to create management, monitoring, and control systems, evolves our Group into a company known as “Meiden a System Engineering Company.”



### The 1990s -

#### Approaching Our Centenary

Meidensha celebrated its 100th anniversary in 1997. Japan's business environment changed drastically after the collapse of the bubble economy, and management had to deal with a time of crisis. However, the legacy we had inherited from our predecessors, technologies and well-developed human resources, became the base for a new era of expansion as we hit the 100-year milestone.

Upon our 110th anniversary in 2007, we christened ThinkPark Tower, a facility combining our head office building with pleasant greenery in Osaki, Shinagawa City, Tokyo, where our company was founded.



### The 2010s -

#### Aiming to Be “Meiden a Global Company”

Today, the Meiden Group is expanding its presence in markets outside Japan, especially in the ASEAN region. As part of this, we transferred to our overseas subsidiaries a stronger regional supervisory role; e.g. building partnerships with enterprises outside Japan, and opening training centers for local staff.

We are using IoT and AI to increase our product competitiveness and system technology. We also enhanced one-stop service business ranging from equipment manufacture to maintenance, inspection, and operations and management.

The world is undergoing vast change, but Meidensha will never stop endeavoring to contribute to the formation of an “affluent future society.”



#### Meiden Group History

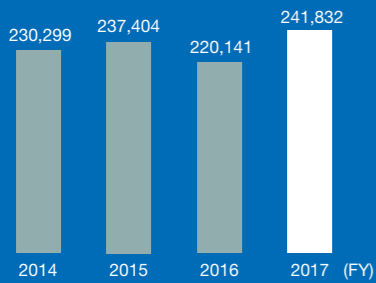
- 1897 Company founded as a privately operated factory for electrical machinery
- 1913 Osaki Factory established
- 1917 Private operation incorporated as “Meidensha”
- 1935 Nagoya Works established
- 1937 Shinagawa Works established
- 1939 Nishio Works established
- 1950 Kofu Meidensha Electric Mfg. Co., Ltd. established
- 1955 Technical transfer agreement with AEG for air circuit-breakers and transformers
- 1958 Opened the Head Office in Ohtemachi, Chiyoda-ku, Tokyo
- 1961 Numazu Works established
- 1967 Electronics Device Factory opened in Numazu
- 1968 Technical transfer agreement with General Electric for vacuum interrupters
- 1969 Technical transfer agreement with SEVCON for electrical equipment for forklift trucks
- Technical transfer agreement with AEG for thyristor rectifiers and processing lines
- 1973 Technical transfer agreement with General Electric for high-frequency thyristor inverters
- 1976 Gotanda Office opened
- 1977 Ohta Works established
- 1979 MEIDEN SINGAPORE PTE. LTD. established
- 1987 Technological exhibition held to celebrate the company's 90<sup>th</sup> anniversary
- 1993 R&D Center completed
- 1995 Head Office moved to Chuo-ku, Tokyo
- 1997 Celebrated 100<sup>th</sup> anniversary
- 2001 Japan AE Power Systems Corporation established
- 2003 Merger with Meiden Engineering Corporation
- 2005 Work started on a development project near the West Exit of Osaki Station
- 2006 Motor development and manufacturing business merged into Kofu Meidensha Electric Manufacturing Co., Ltd.
- 2007 Our 110<sup>th</sup> anniversary
- ThinkPark Tower completed and the head office moved to Shinagawa-ku, Tokyo
- 2009 Capital and business alliance with Ono Sokki Co., Ltd., for the automotive testing systems business
- 2012 Japan AE Power Systems Corporation joint venture dissolved
- 2013 Dissolved Meiden Foundry Industrial Co., Ltd.
- 2014 Stake acquired in Prime Electric (now PRIME MEIDEN LIMITED.)
- 2015 Maintenance and after-sales service businesses reorganized into Meiden O&M Corporation and Meiden Engineering Corporation
- Tridelta (now TRIDELTA MEIDENSHA GmbH) acquired from Tridelta GmbH
- Formulation of the Medium-term Management Plan V120
- 2017 Our 120<sup>th</sup> anniversary
- 2018 Formulation of Medium-term Management Plan 2020

Technical transfer agreement with ASEA for turbine generators

# Overview by Business Segment in Fiscal 2017

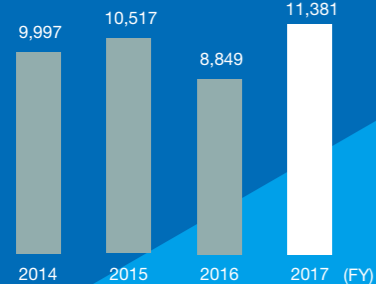
Net Sales (consolidated)

**241,832** millions of yen



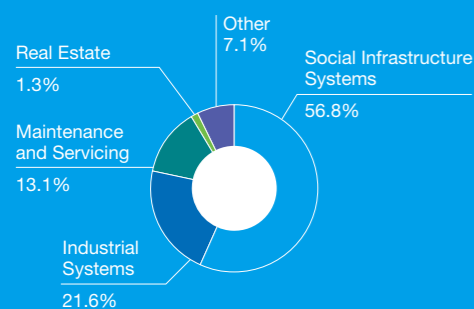
Operating Income\* (consolidated)

**11,381** millions of yen



\* Operating income for fiscal 2014 has been retroactively restated due to a change in presentation. (Starting in fiscal 2015, consolidated Group expenses associated with employees on loan are stated as "operating expenses" instead of "non-operating expenses.")

Segmental Sales Breakdown (FY2017)



## Social Infrastructure Systems Business

We manufacture and sell equipment for emergency and non-emergency power generation, hydroelectric power generation, and power transmission and distribution facilities, to power companies, government agencies, railways, and buildings and factories in Japan and abroad. The product offerings include power quality stabilization systems and power generation systems such as solar power and small and medium-sized hydro power, as well as energy solution services such as smart grid systems. We are also involved in the fields of drinking water and sewerage treatment for local governments in Japan. Our activities include manufacturing and sales of electrical facilities for water processing systems and process control systems and information networks. We also offer solutions services such as contract facility management services for drinking water treatment plants.

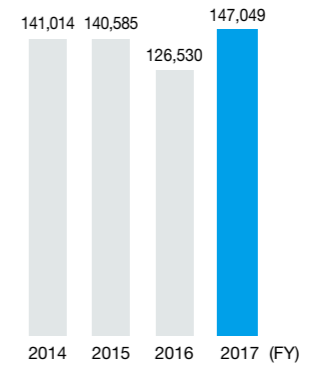
Net sales in the segment rose 16.2% over the previous fiscal year to ¥147,049 million, while operating income grew 23.8% to ¥4,080 million.

In our electric power and social infrastructure system business, although there was a fall in solar power products, products for power companies remained steady and there was a recovery in equipment for Japanese companies' production bases overseas, which resulted in increased revenue year on year.

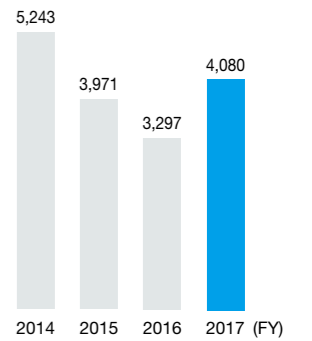
In the railway system business, although there was a trend towards intensifying competition in the domestic market, sales of large overseas rail projects firmed, which resulted in increased revenue year on year.

In the water and environmental system business, amid difficult business conditions, such as lower demand arising from difficulties in implementing regional fiscal policies due to reduced budgets and the declining population, revenue increased year on year due to a rebound in orders for renewal projects due to improvements to proposal-related activities.

Net Sales (Millions of yen)



Net Operating Income (Millions of yen)



## Industrial Systems Business

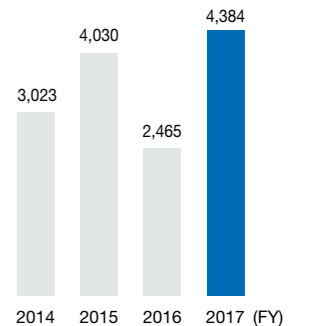
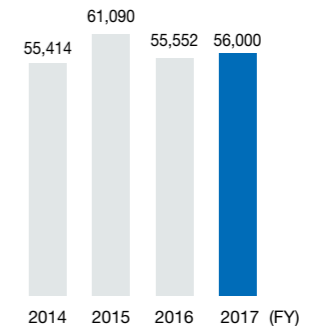
We manufacture and sell motors and inverters for elevators, textile machinery, industrial vehicles, and electric vehicles. Other products include vacuum capacitors and industrial computers for makers of semiconductor manufacturing equipment. We also manufacture and sell dynamometers and other testing systems for automobile manufacturers, and logistics support systems for factories and warehouses.

Net sales in the segment remained steady from the previous fiscal year at ¥56,000 million, while operating income grew 77.8% to ¥4,384 million over the previous fiscal year.

In the motor and drive business, motors and inverters for EVs/PHEVs firmed, resulting in increased revenue year on year.

In the electronic equipment business, against a backdrop of vigorous growth in the semiconductor manufacturing equipment market, vacuum capacitors and pulse power supplies, etc., were especially strong, resulting in increased revenue year on year.

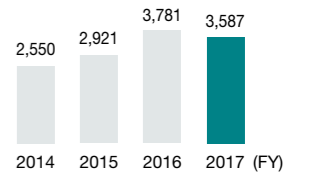
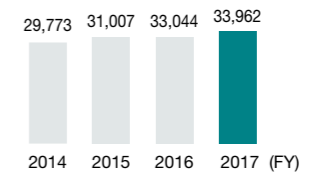
In the dynamometer and logistics systems business, orders are showing signs of recovery due to renewed investment in testing facilities automobile manufacturers, and increased investment in the logistics industry; however revenue was down year on year due to the effect of reduced orders in the previous fiscal year.



## Maintenance and Servicing Business

We provide services relating to the remote management and monitoring of facilities and the proposal of measures for extending the life of facilities, energy conservation, and other services related primarily to the maintenance of products we supply.

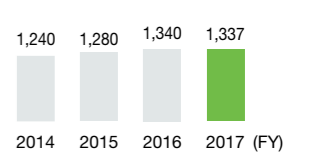
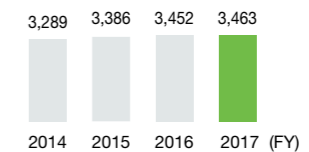
Net sales in the segment rose 2.8% over the previous fiscal year to ¥33,962 million, while operating income dropped 5.1% to ¥3,587 million, due to one-stop service initiatives, conducting diagnostics and making proposals, etc., from walk-throughs of private plants and facilities, and enhancing staff training and R&D to enable this.



## Real Estate Business

We offer property rentals, including office spaces at ThinkPark Tower (Osaki, Shinagawa City, Tokyo).

We are engaged in the real estate leasing business, centering on the office and commercial building ThinkPark Tower (Osaki, Shinagawa City, Tokyo). Net sales in the segment remained steady from the previous fiscal year at ¥3,463 million, while operating income was ¥1,337 million.



## Other Business

This sector includes marketing companies that handle a wide range of products, welfare services for employees, and others.

This segment includes categories not included in any of the above segments, such as manufacturing and marketing of electrochemical measuring equipment and electric insulation materials, welfare services for employees, and goods merchandising. Net sales in the segment declined 4.3% from the previous fiscal year to ¥18,327 million, and operating income increased 7.1% to ¥497 million.

