

September 30, 2020

Meidensha Corporation

To members of media organizations

Meiden signs contract for sustainability-linked loan

Meidensha Corporation (Meiden) has signed a contract for a sustainability-linked loan (SLL) with Sumitomo Mitsui Banking Corporation (SMBC) for the third consecutive year since 2020, when Meiden became the first company in the electrical machinery industry to do so.

An SLL is a financial product that offers benefits such as favorable interest rates based on reaching sustainability performance targets (SPTs) set by the borrower. By linking performance and loan terms, SLLs are designed to promote environmentally and socially sustainable economic growth.

The latest SLL is tied to a commitment line for syndicated loans based on an assessment of environmental, social and governance (ESG) factors, together with Sustainable Development Goals (SDGs). This loan program started in fiscal 2019.

Under a condition of the loan aimed at motivating the Meiden Group to attain its SPTs, Japan Research Institute, Ltd. will issue a written assessment of the Meiden Group's progress in enhancing sustainability management. The cost of the assessment will be exempted under the terms of the loan.

With the loan contract, Meiden plans to implement more effective sustainability management policies by setting ambitious SPTs for the Group; by actively disclosing information on the progress being made on the targets; and by obtaining an objective assessment by a third party.

Under its Medium-term Management Plan 2024, the Meiden Group defined its ideal situation in 2030 as a company that “works to build a new society through honesty to the Earth, society, and people and through the power of co-creation.” It has thus committed itself to business management that is centered on sustainability.

The Meiden Group will take on challenges to create new technologies and values to make the world more affluent and a better place to live.

*For this loan, Meiden obtained a second opinion from the Japan Research Institute confirming that the loan complies with sustainability-linked loan principles stipulated by the Loan Market Association and the 2020 Green Loan and SLL Guidelines set by the Environment Ministry, as well as the appropriateness of Meiden's sustainability goals. Meiden also received a letter to that effect from DNV GL Business Assurance, Japan.

For details, please refer to the attached documents: [the second opinion by the Japan Research Institute \(PDF\)](#) and [the letter from DNV GL Business Assurance, Japan \(PDF\)](#).

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Meiden received the highest rating in this fiscal year's ESG/SDGs assessment conducted by the Japan Research Institute as part of the assessment-based commitment line of syndicated loans. It is the fourth consecutive year that Meiden has received the highest rating in the ESG/SDGs assessment since the contract began in 2019.

■ **Points evaluated in FY2022 ESG/SDGs assessment-based commitment line of syndicated loans**

E (Environment)	To tackle climate change, the company set the goal of achieving carbon neutrality in 2050. It also set medium- and long-term numerical targets: Achieving RE100 (100% renewable energy) in 2040; reducing greenhouse gas emissions in Scope 1 and 2 by 30% and those in Scope 3 by 15% in fiscal 2030 over that in fiscal 2019. These targets have been endorsed as SBTs (science-based targets). The company is also addressing climate change by providing goods and services. They include the promotion of EV businesses; expanding sales of products that do not use the greenhouse gas sulfur hexafluoride (SF6); and expanding renewable energy-related businesses.
S (Society)	The company accelerates the planning, development and commercialization of new business models that meet

	<p>society's increasingly diverse needs. It also helps ensure the safety of water infrastructure through the sophistication in operating water treatment facilities with the use of AI; improvement of water treatment technologies abroad; and the provision of smart leveling rods capable of immediately conveying information about regional flooding situations, etc. Furthermore, it discloses employee-related data, such as the ratio of deaths or injuries due to industrial accidents per million working hours; the number of employees who go on leave for child rearing or nursing; the ratio of women in managerial positions, etc. Those data were disclosed in a way that highlighted changes that have taken place over the years.</p>
G (Governance)	<p>The company is willing to update its Medium-term Management Plan 2024 to further promote its sustainability management. It also discloses the targets of reducing greenhouse gas emissions (Scope 1, 2, 3); the target number of female executives, etc., as non-financial indicators. Furthermore, it identifies issues related to ESG and analyzes the risks involved; stipulates medium- and long-term action plans and key performance indicators (KPI), etc., related to its overall sustainability-related undertakings.</p>
SDGs	<p>It identifies areas in which the company will contribute to solving social issues under its business strategies and narrows down SDG targets that it will focus on. As specific undertakings toward achieving SDGs through its main business operations, it will develop services and businesses that help solve social issues, such as energy solution services and business related to social infrastructure (inputs). Through their wider adoption in society (outputs), it realizes reducing environmental impacts by its clients (outcomes). It thus helps attain Goal 7 (Affordable and Clean Energy), Goal 11 (Sustainable Cities and Communities) and Goal 13 (Climate Action) and other SDG goals.</p> <p>Furthermore, it identifies areas in which it will contribute to solving social issues under its business strategies and</p>

	discloses SDG-related targets it focuses on in Meidensha Report 2022, etc.
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