1 Meidensha Corporation

	Companies' approach
☐ **Background and purpose of accounting**	• The Meiden Group provides social infrastructure products and services such as heavy electric machinery, so we believe that environmental impacts in the market are huge. • Also, environmental impacts at our consignees, such as subcontractors and outsourcees are also in our scope of responsibilities. • Occasions, in which our Scope3 emission calculating circumstances being asked from our clients and environmental rating organizations through questionnaires have been increasing, so we, as a company, must fulfill accountability • “Life cycle perspective” is required, due to the revision of ISO14001 in 2015, so we believe emissions are an effective quantitative index, upon considering the entire supply chain.
☐ **Utilization of accounting results**	• First, we roughly calculate the emissions throughout all categories, in order to understand the entire supply chain. From that, we specify the contents we should preferentially cope with, and advance partial refinement as necessary. • We disclose our accounting results through CSR reports (website, booklets) and so on, along with the avoided emissions by products and services, and appeal are products, services, and environmental activities.
☐ **Benefits of accounting**	• By conducting quantification (emissions calculations), we can visualize the environmental impacts across the entire supply chain.
☐ **Internal system for accounting**	• The environmental management department collects primary data from each other department (accounting, information system, development and design), use secondary data (emission factor DB), and then totalizes the data. • We conduct third party verification of only Scope1 and Scope2 emissions, and we verify Scope3 emissions by a review with involvement of other departments.

Meidensha Corporation

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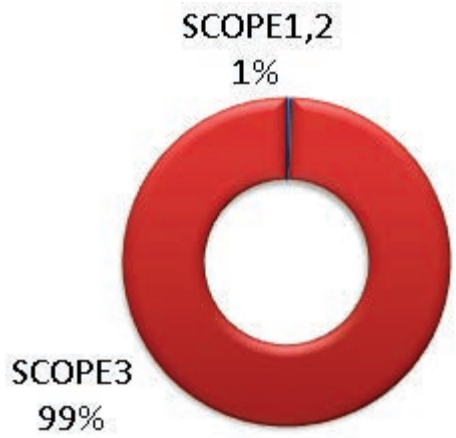
	Companies' approach
☐ **Efforts to reduce supply chain emissions**	• For us, we believe that category 11: “Use of sold products”, and then category 1 “Purchased goods and services” is important from our emission ratio. • We have conventionally approached in Life Cycle Assessment (LCA) of products, and we conduct calculations of avoided emissions (mainly avoided emissions in the usage phase) on part of our products and services, and we use it as an index for the goals of our Medium-Term Management Plan. • The purchasing department communicates with suppliers through regular meetings, and works on such as green procurement activities and support to obtain certification under Eco Action 21. • One of the other categories which had huge environmental impacts is category 13 “Downstream leased assets”. We implement energy saving measures in our rental property (ThinkPark, Ohsaki, Shinagawa district) by such as a thermal storage air conditioning system and gas cogeneration, with its operating company. • In addition, we work on emissions reduction during transportation, such as modal shifts. • In the years ahead, we will continue to develop the initiatives written above, and promote environmental measures across the entire supply chain.
☐ **Issues in supply chain emissions accounting**	• Currently, primary data is collected only from the activities by Meidensha Corporation itself. We regard consolidated subsidiaries, including overseas business bases, have the same type of businesses, and indicate the same trend, so we will expand the scope of calculation as necessary in the future.
☐ **Other remarks**	• Supply chain emissions, including future emissions (estimates) along the axis of time, are uncertain values. Even if we demand primary data from related divisions and suppliers, and get 100 percent responses, that does not mean that the accuracy is 100 percent. In order to know something (purpose), we need to see through how much accuracy is needed, and what kind of data and how much that data should be collected, in order to obtain the necessary accuracy, and calculations is needed to be conducted efficiently.

3 Meidensha Corporation

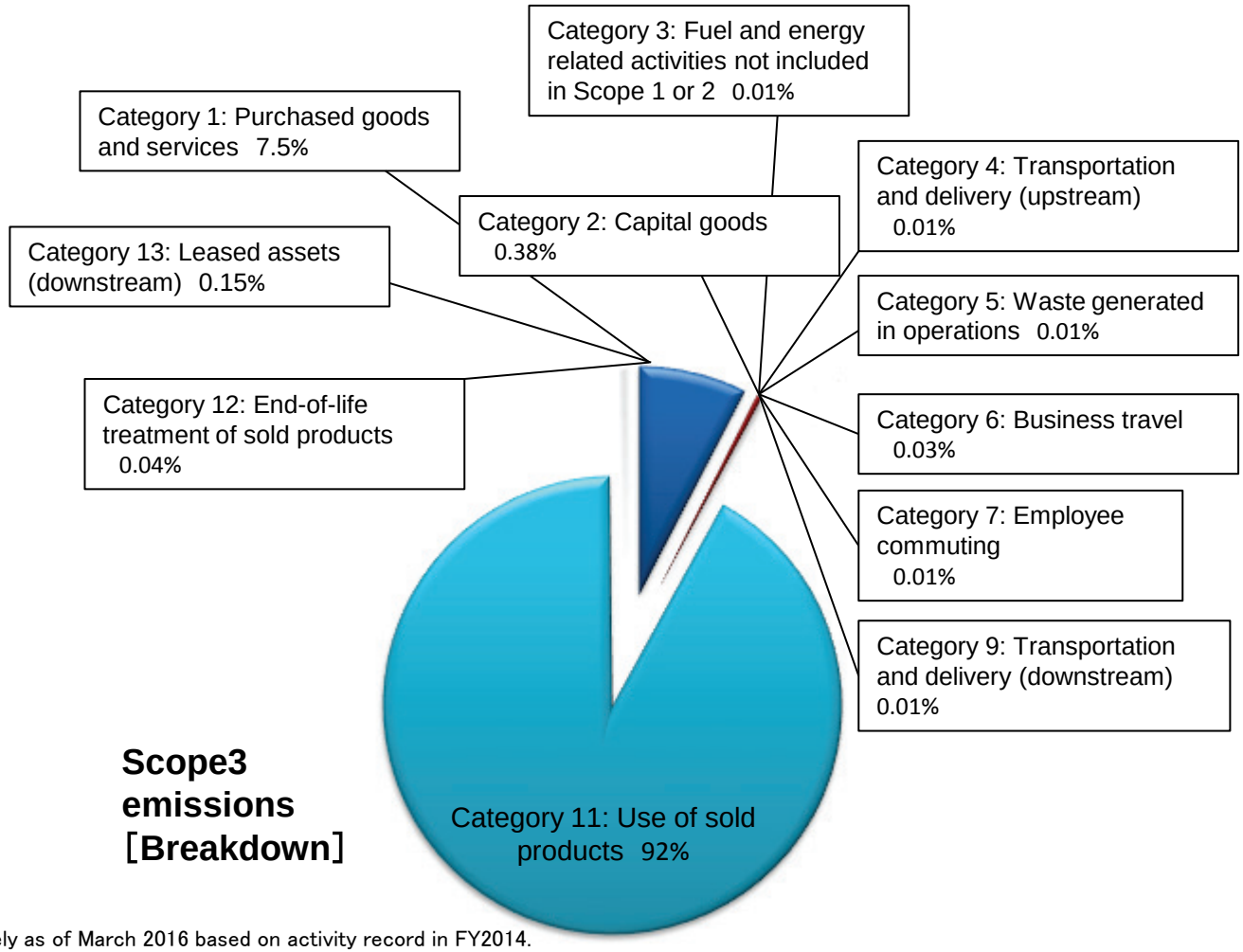
Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	• Purchase amount (materials, expendables, services etc.)	• 3EID
Category 2: Capital goods	• Investments in fixed assets	• Emission factor database created by Ministry of Environment
Category 3: Fuel and energy related activities not included in Scope 1 or 2	• Electricity consumption (electricity etc.)	• CFP-DB
Category 4: Transportation and delivery (upstream)	• Transportation expenses (freight charges, storage fees, packaging costs etc.)	• 3EID
Category 5: Waste generated in operations	• Amount of waste discharged, by type	• Emission factor database created by Ministry of Environment
Category 6: Business travel	• Transportation expenses paid (travel expenses etc.)	• 3EID
Category 7: Employee commuting	• Transportation expenses paid (commuting allowance etc.)	• 3EID
Category 8: Leased assets (upstream)	• Out of scope because calculations are included in SCOPE1,2	—
Category 9: Transportation and delivery (downstream)	• Activity data at distributor etc.	• 3EID
Category 10: Processing of sold products	• Out of scope because many of our products are molded products	—
Category 11: Use of sold products	• Roughly calculated by setting operating conditions such as operating ratio	• 3EID
Category 12: End-of-life treatment of sold products	• The assumed disposal costs of the sold products	• 3EID
Category 13: Leased assets (downstream)	• Energy consumption at rental property	• Emission factor database created by Ministry of Environment
Category 14: Franchises	• Out of scope because it is not our business	—
Category 15: Investments	• Out of scope because our stocks are not for investment	—
Other	• Not included in the scope of calculations, because it is an option	

Accounting results

Supply chain CO2 emissions［Breakdown］



Scope3 emissions［Breakdown］



※This accounting result is calculated tentatively as of March 2016 based on activity record in FY2014.
Those values can be amended after reviewing calculation when we disclose information in our environmental reports and so on.