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Management

In an effort to continuously enhance its corporate value, the Company is striving to ensure transparency of management and compliance, along with the maintenance and operation of an adequate governance framework while reinforcing its risk management framework.

Corporate Governance

Our philosophy of corporate governance

The Group's business activities are based on the business principles that "prioritize ethics and contribute to the prosperity of customers and society as a whole." We therefore strive to attain sound corporate management through strengthening and reinforcing corporate governance, fully appreciating the significance of compliance based on corporate ethics. At the same time, we review as appropriate our management monitoring system to ensure its conformity to the changes in the business environment including social environment and relevant legislation.

Corporate governance

We are a company with a board of statutory auditors, furnished with corporate bodies established in accordance with laws and regulations as well as the Articles of Incorporation, and include the Board of Directors, Statutory Auditors, the Board of Statutory Auditors, Accounting Auditors, along with the General Meeting of Shareholders and Directors. At its regular monthly meetings as well as extraordinary meetings held when appropriate, the Board of Directors discusses and decides on important management matters such as reports on Directors' business execution and matters to be decided solely at the discretion of the Board of Directors, while supervising Directors' business execution. In addition, the Company has meeting bodies including the Management Strategy Meeting and Executive Officer Liaison Meeting. Through these bodies, critical management matters including matters related to their execution of duties and/or those subject to the deliberation of the Board of Directors are reported to the President by the general managers of business execution departments, and are deliberated and discussed preliminarily.

Internal audit and statutory auditor's audit

Action plans and results of internal audits are reported to the Board of Directors and Statutory Auditors by the Audit Division under the direct control of the President as a function independent of all business operations subject to audit, as part of an effort to reinforce corporate governance. Statutory Auditors hold preliminary meetings with Accounting Auditors after the Ordinary General Meeting of Shareholders to exchange opinions regarding the audit plan. Statutory Auditors receive the results of quarterly reviews from Accounting Auditors both verbally and in writing, and confirm their action plans (if required by the reviews) to be taken at a fiscal year-end audit. Statutory Auditors also receive the results of the reviews on the fiscal year-end audit from Accounting Auditors in a

statutory document along with verbal reviews. Furthermore, Statutory Auditors are in principle required to be present at inventory taking or on-site inspection at subsidiaries by Accounting Auditors.

External Statutory Auditors and Outside Directors

Although the Company has established neither guidelines nor policies regarding the independence required for a candidate for its External Statutory Auditor, we used criteria for the independence of members of an independent committee established by stock exchanges as reference in appointing the two External Statutory Auditors, who both have excellent insight in their areas of expertise with no interest in the Company or in its major suppliers. One of them is engaged in the auditing activities for the Company, drawing on his wealth of experience and broad knowledge developed in his service at a financial institution. The other is a certified public accountant who utilizes his professional expertise in the area of corporate financial accounting for the Company's auditing work. Meanwhile, the Company has appointed Mr. Ikeda as a member of the Independent Committee and registered him as such at stock exchanges.

The Board of Directors consists of Directors who are familiar with the Company's business operations, so that maintenance and enhancement of management efficiency can be ensured. External Statutory Auditors are in place to thoroughly perform auditing functions to ensure management soundness. As such, the Company has not appointed Outside Directors as of this report's date of issue.

Executive remuneration

Amounts of remuneration for Directors and Statutory Auditors are decided by a resolution at the General Meeting of Shareholders. Basic remuneration for Directors is a fixed salary while a bonus is payable as determined by each Director's contribution to management as well as business results of the Company. Basic remuneration for both Standing and Part-time Statutory Auditors is a fixed salary without bonus payments.

Category of executives	Number of executives applicable	Total amount of remuneration (Unit: Million yen)
Directors	9	125
Statutory Auditors (excluding External Statutory Auditors)	2	27
Outside Executives (External Statutory Auditors)	2	11

Internal Control/Compliance

Internal control

The Company has developed an internal control system based on the Rules for the Internal Control Oversight Committee established in June 2006. The system reasonably ensures the achievement of objectives including effectiveness and efficiency of operations, reliability of financial reporting, compliance with relevant laws and regulations and protection of corporate assets. The Company has also introduced a self-inspection system to enhance monitoring so that an effective functioning of internal control can be ensured.

Furthermore, the Company has developed and operates an internal control system appropriately to ensure the reliability of its financial reporting, based on the Financial Instruments and Exchange Act (the so-called J-SOX Law). Accordingly, we determined that the internal control with respect to the Group's financial reporting was effective as of fiscal 2012, and we submitted an internal control report to the relevant authorities in August 2013. The report has been endorsed as adequate by an audit report submitted by the Accounting Auditor.

Principles of compliance

The Company has set "1. adherence to rules," "2. observance of confidentiality," "3. distinction between private and public matters," "4. strictness with money," "5. prohibition of side jobs," and "6. prohibition of discriminatory and sexually suggestive statements or behavior" as principles of compliance.

Compliance promotion framework

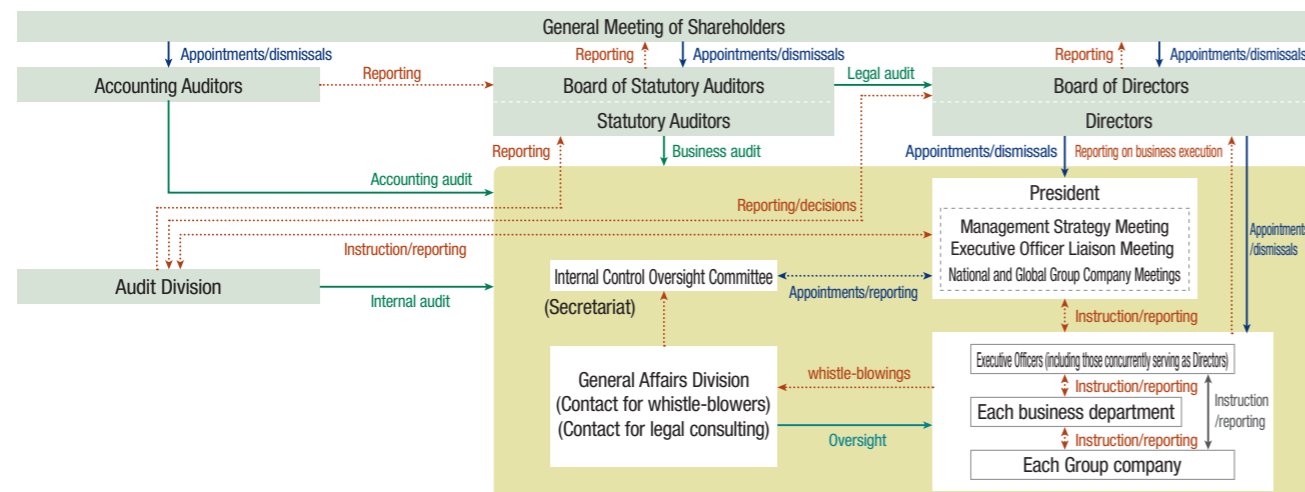
To focus on business principles and fulfill its social responsibility, the Company has provided all officers and employees with a copy of the Compliance Manual (Toyo Denki Seizo Ethical Standards) that stipulates its code of conduct. The move is part of an effort to have the code and the basic rules of work fully known.

The Company has also introduced a whistle-blowing system that allows employees to provide information directly to the management. The system is aimed at ensuring that any illegal or inappropriate conduct within the Company is detected at the earliest possible stage and that adequate measures are taken promptly and as needed so that such conduct is rectified.

Compliance education

The Company is organizing scheduled and systematic training sessions based on a compliance training master plan to enhance knowledge on compliance while promoting a conscious respect for corporate ethics.

Corporate governance framework



Risk Management

Basic policy

The Company is engaged in developing rules and a framework for risk management according to the Basic Rules for Risk Management established in August 2006.

Promotion framework

The Company has established the Internal Control Oversight Committee, an advisory body chaired by the President and has some of its authority delegated from the Board of Directors. It analyzes and assesses all the risks that exist in the Group and develops an effective risk management framework capable of dealing precisely with the risks of the types and degrees that the Group is exposed to. The committee specifically reviews the way such a risk management framework ought to be, and it reports periodically to the Board of Directors on the recommendations resulting from its deliberations.

Furthermore, the committee is committed to enhancing the Group-wide risk management framework in accordance with the Basic Rules for Risk Management.

Development of Business Continuity Plan (BCP)

In 2008, the Company developed a Business Continuity Plan (BCP) for its main production site, the Yokohama Plant. In the event of crises such as natural disasters, accidents or emerging pandemics, the BCP shall be launched without delay to ensure the continuity of minimum essential work while facilitating an early recovery of business operations.



Disaster drill by the company's fire brigade (Yokohama Plant)

Information Security

Basic policy

The Company holds a vast amount of information assets including information presented by customers related to its business execution and confidential information concerning the Group's proprietary technologies and its trade. Each Group company is taking various measures in this respect based on an awareness of shared security under the Group's Information Security Guidelines, which have been established to adequately manage and use these information assets.

Information security training

The Company is conducting educational activities to develop information security awareness among all employees including various training sessions, some involving the use of educational DVDs.



A training session

With Our Customers

The Company makes it one of our business principles to “build trust by focusing on quality first.” As such, we strive to enhance customer satisfaction through our commitment to thorough-going quality control as we believe delivering safe and secure products and services to customers is the Company’s most important mission.

Quality Control – Providing Safe and High-Quality Products

● Basic policy on quality control

The Company’s electrical equipment for rail vehicles is installed in many rail vehicles. These extremely important products play a direct role in ensuring the safety of human life and property during rail transportation. In the Industrial Systems and Information Equipment Systems segments as well, the Company’s products and services are used in customers’ production facilities, development sites and in the field of social infrastructure, and they form the foundation supporting the sustainable development of a society that is safe and comfortable to live in.

In order to ensure the high quality of our products and services, the Company has established a “Basic Policy on Quality Control” which is deployed at all production bases as we strive to maintain and improve our human resources education, compliance with rules, and our facilities.

● Promotion framework

With regard to quality control, each fiscal year the Company develops policies and the promotion framework aimed at further maintaining and improving quality in each business unit, along with specific policies pertaining to the reduction of flaws and other issues. The Company’s Corporate Quality Control Division works together with the quality control department or quality assurance department in each business unit to put together a report on the status of quality control and results in each unit. The report is delivered to top management at the monthly Executive Officer Liaison Meeting where measures are debated and decided. Furthermore, in the event that a flaw is discovered after a product has been shipped, the necessary steps are swiftly taken, mainly by the quality assurance department in each business unit, while at the same time the causes that led to the flaw and its mechanism are investigated, and this information is put into a database so that the information can be shared in-house in an effort to prevent recurrence.

● Quality management system

The Company has created and operates a quality management system at its production bases, the Yokohama Plant and the Shiga Factory, and has obtained ISO 9001 certification.

● Year ISO 9001 certification obtained

Yokohama Plant	1994
Shiga Factory	2000
Extended companywide	2007

● Improvement activities

The Company promotes improvement activities focused on our production bases for the purpose of improving operational efficiency across the board, from the design and development stage through to manufacturing and quality assurance. These involve activities by groups or circles in which all employees participate, with targets set for each employee to carry out improvements and submit case reports. The Circle of Excellence is an activity we are implementing to raise employee motivation. Commendations are awarded twice a year, and a presentation and awards ceremony is held at the Yokohama Plant where individual improvement case studies are evaluated and cash bonuses are given.



Improvement Activities Presentation Ceremony (Yokohama Plant)

● Passing on skills

In order to maintain high quality, the Company actively promotes the transmission of outstanding skills. To this end, employees with exceptional manufacturing skills or expertise are recognized as “My Star” internally, and are given responsibility to instruct and train younger workers.

The Company’s tradition of technical education has continued unbroken since the establishment of the Toyo Denki School for Young People in 1937. In April 2013, the Technical Training Center was newly established within the Yokohama Plant, where training is carried out for technical staff through lectures and various hands-on workshops.



Technical Training Center



Hands-on technical training workshop

Responding to the Global Market

● Proper export control

The Corporate Quality Control Division is responsible for export management as an export management control department. We have created a system for the proper management of exports in order to ensure compliance with the laws and regulations concerning export management in the countries and regions where we engage in business activities as well as to avoid involvement in transactions that could hinder the maintenance of international peace and security.

The Corporate Quality Control Division handles cargo and technology parameters used in determining whether or not export permits are required, as well as investigation of transactions. In addition, the Division carries out employee education and instruction and support for Group companies.

Towards Greater Customer Satisfaction

● Customer satisfaction survey

Through its sales department, the Company regularly conducts surveys on topics such as customer requests and customer satisfaction. The results are reported to the top management at Executive Officer Liaison Meetings, and the information is shared within the Company. We strive to maintain good relations with our customers by identifying problems that need to be solved and swiftly addressing them in order to raise customer satisfaction.

TOPICS

Measures to prevent the recurrence of shipments of products containing asbestos

On March 4, 2013, the Company released an “Apology and Notice Concerning Shipment of Products Containing Asbestos.” Due to the inadequacy in some of our policies on asbestos, it was discovered that insulating sheets with asbestos backing had been used in some equipment for rail vehicles, namely “conductor’s switches,” that were manufactured and shipped by the Company.

In addition to offering an apology to our customers in the railway business that received the products in question, after consulting with the railway operators and based on the law and regulations, we implemented measures to

replace the relevant products with products in which asbestos was not used. Furthermore, we have repeatedly conducted thorough investigations into the situation with regard to use of asbestos-containing products within the Group, and as a result have confirmed that asbestos is not used in any of our products.

We offer our deepest apologies for the problems we caused for the railway operators and all others involved in this matter, while at the same time taking this accident as a lesson to take thorough steps to prevent a recurrence in the future.

With Our Suppliers

The Company responds to the needs of our customers through the strong network we have built with suppliers in line with our unique characteristics as a business based on an individual build-to-order/multi-product small lot manufacturing model.

Towards Just and Fair Procurement

Communication with suppliers

The Company's products possess various distinctive characteristics such as being individually built-to-order, manufactured in multi-product small lots, and demanding high reliability. Therefore, the Company can be affected by the performance of our suppliers as a result of issues such as delays in supply due to fluctuations in production quantity or delays in processing due to the quality of products received.

In order to reduce these risks as much as possible, the Company carries out instruction and support related to quality, technology, and skills for our suppliers, as well as guidance for improvement of manufacturing sites, in order to ensure stable procurement of even better quality products. In addition, we actively promote information sharing through the "Toyo Denki Cooperation Association" to which our leading suppliers belong.

Thorough incoming inspection

Many of the Company's products are related to railways or social infrastructure and a high degree of reliability is required of these products.

When procuring materials, we have in place a system in which procured items undergo a thorough incoming inspection, and only those that pass the strict inspection are accepted. The incoming inspection records are kept to provide a trail that can be used in quality checks later on.

When a variation occurs in a procured item, the nature of the variation is verified from the perspective of four management points, "the 4Ms": Man, Machine, Material, and Method. This mechanism allows us to confirm with

regard to the variation whether or not a problem arises during processing before making a change.



Incoming inspection

Training for material procurement officers

The Company endeavors to maintain proper execution of operations by implementing a variety of training programs for material procurement officers to deepen their knowledge of the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors and related laws and regulations and to cultivate awareness of legal compliance.

External whistle-blower system (for suppliers)

The Company has established an external whistle-blower system to receive consultations or reports on compliance from our suppliers. The legal compliance department handles complaints and consultations about transactions, and the Company's retained lawyer resolves issues when necessary.

TOPICS

Efforts with regard to local procurement of materials overseas

As the Company's business development expands overseas, it has become more and more important to press ahead with local procurement of materials while striking a balance between reducing costs and ensuring quality. In particular, in the Transportation Systems segment, when submitting a tender for electrical equipment for rail vehicles used overseas, one of the conditions sometimes required is to meet a certain ratio of local procurement, and as such the Company is stepping up cultivation of local procurement sources and reinforcing the

quality check system for materials.

Furthermore, by moving ahead with measures such as central purchasing that also includes Group companies and joint purchasing with FUJI ELECTRIC and Hitachi with whom we have business alliances in the field of electrical equipment for rail vehicles for railways overseas, we are also advancing local procurement of materials in India and Southeast Asia where the Company will be expanding in the future.

With our Shareholders and Investors

Through the timely and proper disclosure of information and various modes of communication, we strive to receive an appropriate evaluation of the Company from our shareholders and investors.

Towards Enhancement of Corporate Value

Basic philosophy

Through timely and appropriate disclosure of information to our shareholders and investors, the Company accurately conveys our management policy and business conditions while making use of IR tools such as our website to promote a full range of IR activities that contribute to the improvement of our corporate value.

Development of IR activities

IR activities for institutional investors and securities analysts

The Toyo Denki management team holds a financial results briefing each quarterly period and gives a report including the state of progress of the medium-term management plan, an overview and forecast for each segment, major orders, and other topics.

In addition, we strive to deepen understanding of the Company through individual visits to institutional investors or holding factory tours, participating in small meetings organized by securities companies, and so on.

IR activities for individual shareholders and individual investors

The Company website includes a "For Individual Investors" page which offers a clear introduction to our business activities and our results, as well as making available a variety of IR materials.

URL "For Individual Investors"

http://www.toyodenki.co.jp/html/ir_individual.html

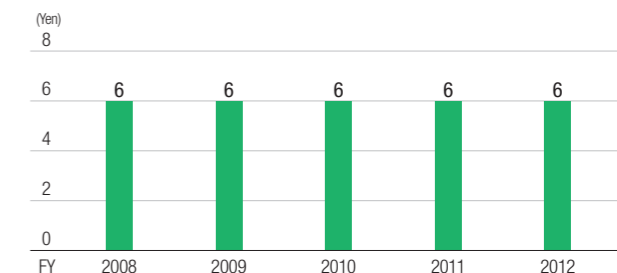


Financial results briefing for the fiscal year ended May 31, 2013 by former President Hiroshi Tsuchida (held in July 2013)

Dividends

Maintenance of stable dividends forms the basis of the Company's distribution of profit, and the dividend for the fiscal year ended May 31, 2013 was 6 yen per share (interim dividend of 0 yen, fiscal year-end dividend of 6 yen). The Company also intends to maintain dividends at 6 yen or more per share from the fiscal year ending May 31, 2014 onward.

Dividend per share



Record of 152nd Ordinary General Meeting of Shareholders
Date held: Tuesday, August 27, 2013
Attendance: 112 people

TOPICS

IR activities for individual investors

The Company received valuable comments from our shareholders through the Questionnaire to Shareholders inserted in the Interim Business Report for fiscal 2012 issued in early February 2013. Based on the valuable answers and opinions that were submitted, we will enhance our IR activities for individual investors as follows.

IR activities launched in response to the results of the questionnaire

- Establishment of a web page for individual investors (June 2013)
- Company presentation for individual investors (From September 2013)
- Hold factory tours for shareholders (Scheduled to be held in spring of 2014)

With Our Employees

The Company seeks to cultivate a dynamic corporate culture and to create a pleasant and safe workplace where each and every employee can unleash his or her diverse capabilities.

Towards the Development of Human Resources with Competitive Strengths

Human resources development policy

The Company has set the following policy on human resources development and carries out education and training.

Fundamental policy

- To develop human resources who understand and practice our business principles and code of conduct and who are of value both as company employees and as members of society.
- To develop human resources who are professionals, each possessing a high degree of specialized expertise, by enhancing the knowledge, techniques, and skills they need to carry out their duties.
- To provide a variety of educational opportunities in order to promote personal development, with emphasis on a self-directed approach to study and growth.

Establishing and promoting a dynamic corporate culture

The Company engages in a range of communication activities to realize the “establishment and promotion of a dynamic corporate culture” set as a fundamental policy under the Dash 2015 medium-term management plan. These are implemented in-house through the Dynamism Committee and include initiatives such as exchanges between employees and between different business types as well as opportunities for personal development.

The Dynamism Committee, made up of members from the Company’s administrative professionals and general employees, draws up policies related to these activities and develops them independently.

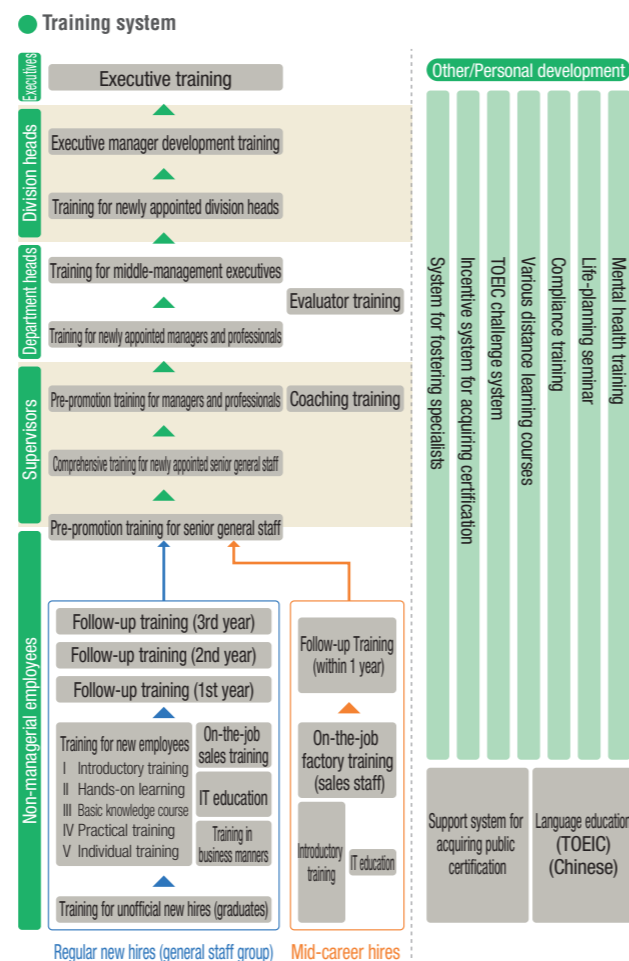


In-house exchange event “Area Night”

Education and training system

Training programs at the Company are divided into several categories according to the employee’s year of service, type of work and role, and training is carried out after clarifying what part each employee is expected to play.

Furthermore, in response to globalization of the Company’s operations, we offer English and Chinese language programs. The Company covers the full cost for a variety of courses tailored to the level of the participating employees, including distance learning, enrollment in schools, and classes provided by teachers in-house.



Creating a Pleasant Workplace

Safety and hygiene initiatives

The Company holds monthly meetings of the Safety and Hygiene Committee jointly with labor and management, where ongoing discussions are held in order to build a safer working environment and to reduce workplace injuries to zero, and to find solutions to mental health issues at each of our bases. In particular, sub-committees are set up to address important topics related to safety and hygiene at production bases in an effort to create an even better workplace.

Initiatives to support a balance between work and family

The Company has put in place a full range of systems in order to allow each and every employee to realize a balance between work and family. Details about the contents of these systems are published in a PR pamphlet for employees called the “Guidebook on Childcare and Family Care Leave,” and are posted on the company intranet where employees can consult them at any time.

Initiatives for diverse work-styles

The Company has implemented a flexible work-style including a flextime system for sales staff and those involved in development. Furthermore, in order to encourage retention and utilization of employees with knowledge and skills, we have put in place the “System for Rehiring Employees” for employees who have resigned

due to life events that occur in the course of their career (childbirth, childcare, family care, spouse’s transfer, etc.), so that they can be rehired when they reach the stage when it is possible to return to work.

As for employees who wish to be rehired after they reach the mandatory retirement age (60), in principle, we continue to employ them until the age of 65.

Initiatives for employment of the disabled

The Company makes improvements to the workplace environment and carries out workplace training with the aim of creating a workplace where the disabled and those in normal health can work together energetically. We also promote collaboration with local governing agencies and special-needs schools regarding employment of the disabled.

Mental health measures

As measures to address mental health, the Company conducts “Line care training” for administrative professionals and “Self care training” for employees. In addition, we have partnered with an external medical institution to set up a telephone and e-mail consultation service to provide support for prevention, treatment, and return to work.

Work and family life balance

Leading a busy but fulfilling life, encouraged by the smiling faces of my child and family

Asami Isaka (Financial Affairs Division), Tsutomu Isaka (Industry Business Unit)

I work in the Financial Affairs Division, and my husband is in the Sales Division of the same company. When our first child was born, I took maternity and childcare leave. My initial plan was to return to work when our child turned one, but I extended the childcare leave until our child was one and a half years old because we could not find a place in daycare, and then I went back to work.

After returning to work, my husband and I both took advantage of the system of shorter work hours for childcare, so my husband can drop the baby off at daycare in the mornings, and I handle the pickup in the evening. The three of us are making the effort to maintain a balance between childcare and work.

It can be tough to strike that balance when time is limited, for example, when I found out I was pregnant with our second baby after I returned to work, or when I get a sudden call from the daycare because our child is ill or not

feeling well. It is thanks to the people at my workplace who understand my situation, my husband who helps out with housework and child rearing, and my parents who lend a hand when the baby is sick that I am able to work, and I am grateful for that. It is pretty hectic when I get home, as I have to get dinner ready and prepare the bath, but I am leading a busy but fulfilling life, encouraged by the smiling faces of my child and family.



Reports by Stakeholder

Data Concerning Personnel and Labor

Data concerning personnel and labor (at Toyo Denki Seizo K.K.)

Item	Unit	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Number of employees	Total	673 ^{*1}	700 ^{*1}	748 ^{*2}	744 ^{*2}	791 ^{*3}
	Men	629	649	697	693	735
	Women	44	51	51	51	56
Ratio of female employees	%	6.5	7.3	6.8	6.9	7.1
Number of administrative professionals	Total	163	170	171	155	152
	Men	162	169	170	153	151
	Women	1	1	1	2	1
Ratio of female administrative professionals	%	0.6	0.6	0.6	1.3	0.7
Average age	Overall	39.7	39.7	40.8	41.1	41.0
	Men	40.0	40.0	41.1	41.4	41.1
	Women	35.7	35.7	36.5	38.2	38.9
Average years of employment	Overall	15.8	16.2	16.4	16.5	16.1
	Men	16.0	16.4	16.6	16.7	16.3
	Women	13.0	13.3	13.5	14.6	14.5
Average annual salary	Yen	5,899,196	5,831,972	5,953,210	6,039,332	5,885,559
Overturn rate (within 3 years of joining the Company)	%	0.0	5.9	5.9	13.5	3.8
Number taking childcare leave	Persons	1	0	1	2	3
Number taking family care leave	Persons	0	0	0	0	0
Number of temporary staff (including part-timers)	Persons	180	222	155	149	167
Notes		^{*1} Number of regular employees excluding Executive Officers ^{*2} Number of regular employees including Executive Officers and number of special employees, temporary employees and temporary and part-time employees ^{*3} Number of regular employees including Executive Officers, and number of special employees, temporary employees, contract employees and staff on loan from other companies, etc.				

Reference data I: Number of Officers (at Toyo Denki Seizo K.K.)

Item	Unit	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Number of Officers	Total	10	10	12	10	10
	Men	10	10	12	10	10
	Women	0	0	0	0	0
Notes		For each fiscal year as of May 31 (Executives include Directors, Internal Statutory Auditors, and External Statutory Auditors)				

Reference data II: Number of employees at the Group Companies in Japan and overseas (at the 6 consolidated subsidiaries of Toyo Denki Seizo K.K.)

Item	Unit	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Number of employees at Group companies in Japan and overseas	Persons	374	373	429	431	379
Number of temporary staff (including part-timers)	Persons	154	131	107	86	89
Notes		As of May 31 for each fiscal year				

Reference data III: System for support of work-family balance (at Toyo Denki Seizo K.K.)

Maternity and childcare related	Prenatal leave	Can be taken from 8 weeks prior to due date (14 weeks prior in the case of multiple births.) (6 weeks is required by law)
	Maternity leave	Can be taken for up to 8 weeks after birth.
	Childcare leave	In principle, childcare leave can be taken for a period as needed from the day after 8 weeks have elapsed since birth (completion of maternity leave), until the day before the child turns 1 year old. In cases where it is difficult to find a place in daycare, etc., it is possible to apply for an extension of childcare leave until the child is 1 year and 6 months, or until the last day of the month of March after the child has reached the age of 1 year, whichever is longer.
	Repeat childcare leave (Mom and Dad Childcare Leave Plus)	If an employee has taken childcare leave within the 8-week period after his spouse has given birth, he may take repeat childcare leave until the child reaches one year of age. Further, if the employee and spouse both take childcare leave, the childcare leave period can be extended until the child reaches 1 year and 2 months.
	Shorter working hours for childcare	Working hours may be set at 5 hours 45 minutes or 6 hours 45 minutes per day for a period as needed from the end of childcare leave until the child graduates from elementary school.
	Nursing leave	Up to 5 special days off may be taken per family member for nursing care for pre-elementary school age children.
Family care related	Family care leave	A total of up to 3 years of family care leave may be taken per person needing care.
	Family care work hours	Employees not taking family care leave may limit working hours to 5 hours and 45 minutes or 6 hours and 45 minutes per day.
Other	System for Rehiring Employees	Employees who have resigned due to marriage, infertility treatment, childbirth, childcare, family care, or spouse's transfer, etc., may be rehired when they are able to return to work depending on the employee's request and workplace needs.

Initiatives to Deal with the Environment and Local Communities

Initiatives to Protect the Environment

With a view to realizing an environment-friendly society, the Company will further strive to provide more efficient and energy-saving products that generate lower noise, while promoting the reduction of environmental burden.

● Environmental Philosophy ●

The Toyo Denki Group sets initiatives to protect the global environment as its priority task and contributes to the development of a sustainable society.

● Action Guidelines ●

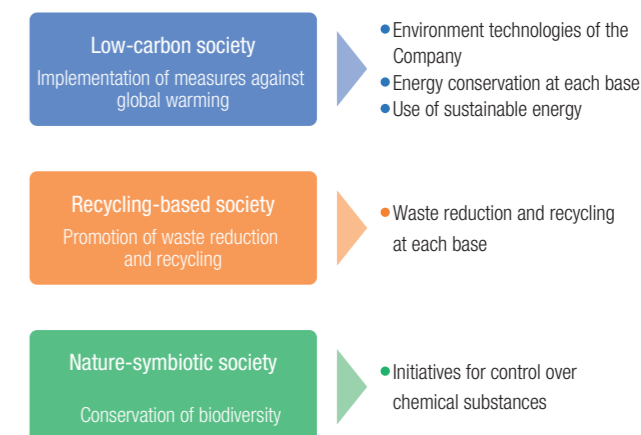
We will continue to provide products and services that are considerate of the burden on the global environment by drawing on our "future-oriented technologies friendly to the Earth and mankind."

1. We will comply with all environmental requirements including those under the relevant laws and regulations.
2. We will strive to minimize environmental burden through a reduction of energy consumption and other measures at all stages of product lifecycle, namely planning, development, design, production, sales, use and disposal.
3. We will establish and execute a system to continuously promote activities to protect the global environment.
4. We will raise environmental awareness among individuals through enlightenment activities within the Group

Aiming for realization of a Sustainable Society

A sustainable society as envisaged by the Company is the combination of a "low-carbon society," a "recycling-based society" and a "nature-symbiotic society."

The Company has produced numerous products that facilitate the efficient use of energy, including high efficiency motors and inverters that capitalize on the amalgamation of our outstanding motor drive technology and other state-of-the-art technologies. In the meantime, the Company has been striving to reduce the size and weight of its products as part of its efforts to conserve resources, while lowering the level of noise involved in their use to make them friendlier to the surrounding environment. As a member of society, the Company will make further contribution to make society more sustainable, fully utilizing on its environmental technologies on a global scale, while following through various environmental actions at each of its bases.



Environmental Management System

In order to tackle environmental issues on an independent and continuous basis, the Company has developed and operates an environmental management system and thereby obtained ISO 14001 certification. This certification has been acquired for all offices and the production bases Yokohama Plant and Shiga Factory.

● Years of ISO 14001 certification

Shiga Factory	2001
Yokohama Plant	2004
Extended to all offices	2010

Initiatives to Prevent Global Warming

Initiatives to reduce greenhouse gas (CO₂) emissions

The Company is promoting energy conservation at each of its production bases and offices to reduce its CO₂ emissions.

At the production bases in particular, the progress of energy-saving efforts at workplaces is checked on a monthly basis to encourage an energy-saving awareness among employees, along with general power-saving and streamlining at production facilities.

Targeted reduction of CO₂ emissions and progress status

At the Company's main production base, the Yokohama Plant, the targeted 1% year-on-year reduction of CO₂ emissions per unit of production output has not been achieved this year, which is primarily attributable to a decrease in the production volume at the plant as well as an increase in the actual CO₂ emission factor at the Tokyo Electric Power Company.

Use of sustainable energy

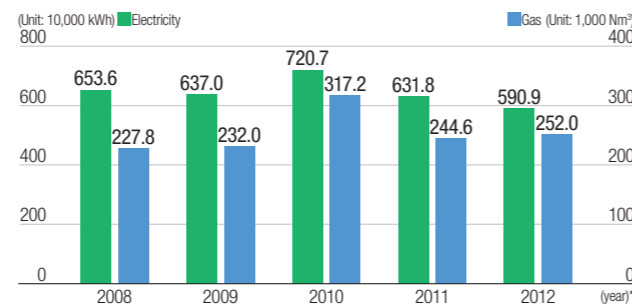
The Company in July 2012 installed a 500 kW solar power system on the roof of the Yokohama Plant for the purpose of cutting power use at peak times. Electricity generated by this system is used entirely within the plant. A more than 5% reduction in the use of externally supplied electricity was achieved in the one-year period following its installation.

Thanks to the in-house electricity generation by the solar power system, the plant is capable of securing a sufficient supply of power on its own during daytime to operate its communication infrastructure and maintain a minimum level of business execution, even in the event of major disasters such as earthquakes.

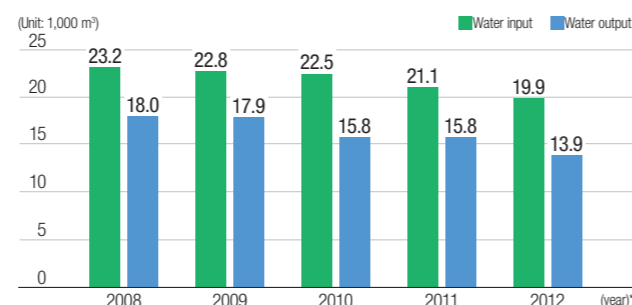


Solar power system at Yokohama Plant

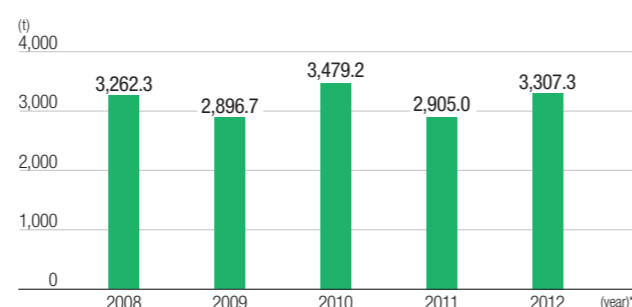
Total energy input at Yokohama Plant (electricity and gas)



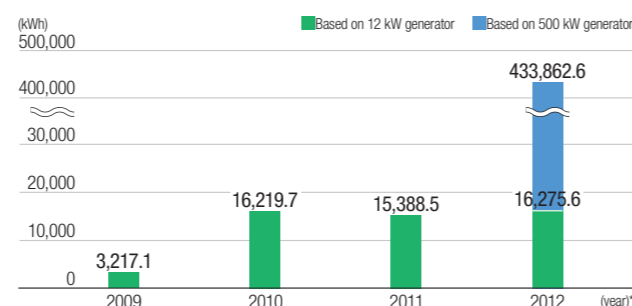
Total water input/output at Yokohama Plant



Total CO₂ emissions at Yokohama Plant



Total solar power generation at Yokohama Plant

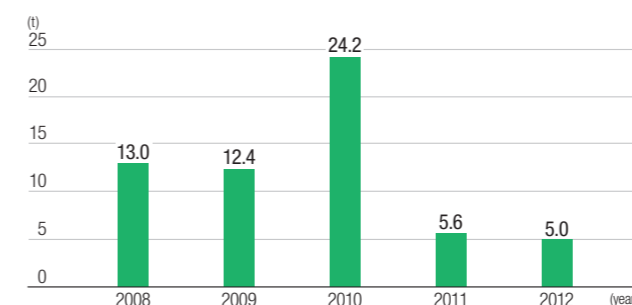


Initiatives for Reducing Disposed Waste as Well as Recycling

Main actions

The Company successfully reduced its landfill waste rate to 0.9% in fiscal 2012, as a result of thoroughly implementing waste processing rules, sorting of metal waste and recycling of paper resources.

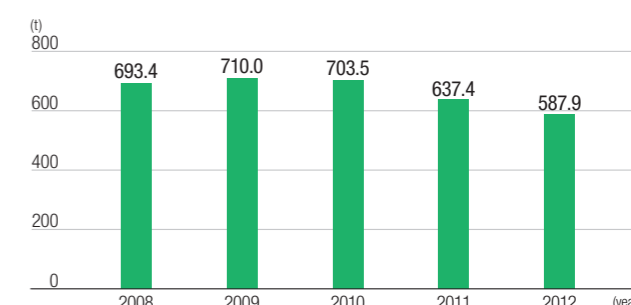
Volume of landfill waste



Promotion of green procurement

The Company is promoting green procurement with respect to office equipment and supplies, stationery and worker's clothes used at the Yokohama Plant. A 70% green procurement ratio was achieved in fiscal 2012 based on purchase value.

Output of general and valuable waste



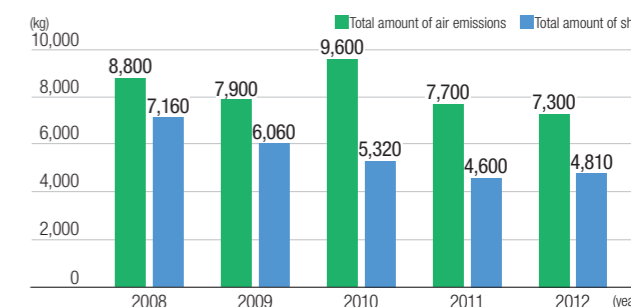
Initiatives for Control over Chemical Substances

Volatile organic compounds (VOCs) emitted as a result of our business activities are adequately controlled and the amount of emission is monitored under the Pollutant Release and Transfer Register (PRTR).

PCB waste is also subject to adequate control, storage and disposal in accordance with Japan's Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes.

We will further engage in the reduction of waste through such measures including using non-VOC materials and implementing recovery and reuse of solvents.

Notification volume for Pollutant Release and Transfer Register (PRTR) substances



*Period from April to following March.

Initiatives to Deal with the Environment and Local Communities

Environment-Related Data

		Indices	Applicable premises	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Remarks	
Input	Electric power (10,000 kWh)	Production bases total		653	662	756	667	624		
		Yokohama Plant		653	637	720	631	590		
		Shiga Factory		-	25	36	35	33	*2	
		Non-production bases total		-	-	18	16	20	*3	
	Urban gas (1,000 Nm ³)	Production bases total		227	232	317	244	252		
		Yokohama Plant		227	232	317	244	252		
	Water input (1,000 m ³)	Production bases total		23	22	22	21	19		
		Yokohama Plant		23	22	22	21	19		
	Domestic Output	CO ₂ emissions (t)	Production bases total		3,262	2,985	3,585	3,014	3,456	
			Yokohama Plant		3,262	2,896	3,479	2,905	3,307	
Shiga Factory				-	89	106	109	149	*5	
Non-production bases total				-	-	212	231	169	*6	
Solar power generation (kWh)		Yokohama Plant		-	3,217	16,219	15,388	450,138		
		Based on 500 kW generator		-	-	-	-	433,862	*7	
Water output (1,000 m ³)		Production bases total		18	17	15	15	13		
		Yokohama Plant		18	17	15	15	13		
Output		PRTR ^{*1}	Total amount of air emissions (kg)		8,800	7,900	9,600	7,700	7,300	
			Total amount of shift (kg)		7,160	6,060	5,320	4,600	4,810	
	Bisphenol A (kg)	Amount of air emissions	Production bases total		0	0	0	0	0	**10
			Yokohama Plant		0	0	-	-	-	**10
		Total amount of shift	Production bases total		1,600	940	0	0	0	**10
			Yokohama Plant		1,600	940	-	-	-	**10
	Ethylbenzene (kg)	Amount of air emissions	Production bases total		2,100	1,700	2,300	1,800	1,800	
			Yokohama Plant		2,100	1,700	2,300	1,800	1,800	
		Total amount of shift	Production bases total		150	230	450	550	330	
			Yokohama Plant		150	230	450	550	330	
Xylene (kg)	Amount of air emissions	Production bases total		3,700	2,900	4,000	3,300	2,900		
		Yokohama Plant		3,700	2,900	4,000	3,300	2,900		
	Total amount of shift	Production bases total		120	190	370	450	280		
		Yokohama Plant		120	190	370	450	280		
Tetrahydromethylphthalic anhydride (kg)	Amount of air emissions	Production bases total		0	0	0	0	0		
		Yokohama Plant		0	0	0	0	0		
	Total amount of shift	Production bases total		4,700	3,700	2,800	1,600	3,000		
		Yokohama Plant		4,700	3,700	2,800	1,600	3,000		
Toluene (kg)	Amount of air emissions	Production bases total		3,000	3,300	3,300	2,600	2,600		
		Yokohama Plant		3,000	3,300	3,300	2,600	2,600		
	Total amount of shift	Production bases total		590	1,000	1,700	2,000	1,200		
		Yokohama Plant		590	1,000	1,700	2,000	1,200		
Wastes	① Industrial waste (tons)	Production bases total		198	242	319	316	266		
		Yokohama Plant		198	242	292	282	230		
		Shiga Factory		-	-	27	34	35	**11	
	② General waste (tons)	Production bases total		115	113	130	114	101		
		Yokohama Plant		115	113	130	114	101		
		Shiga Factory		-	-	-	-	-		
	③ Valuable metal waste (tons)	Production bases total		379	354	280	240	255		
		Yokohama Plant		379	354	280	240	255		
		Shiga Factory		-	-	-	-	-		
	Waste output (①+②+③) (tons)	Production bases total		693	710	730	671	623		
Yokohama Plant			693	710	703	637	587			
Shiga Factory			-	-	27	34	35	**11		
Recycled amount (tons)	Production bases total		560	556	524	436	432			
	Yokohama Plant		560	556	524	436	432			
	Shiga Factory		-	-	-	-	-			
Volume of landfill waste (tons)	Production bases total		13	12	51	39	40			
	Yokohama Plant		13	12	24	5	5			
	Shiga Factory		-	-	27	34	35	**11		
Percentage of landfill waste (%) Yearly comparison	Production bases total		1.9	1.7	7.0	5.9	6.5			
	Yokohama Plant		1.9	1.7	3.4	0.9	0.9			
	Shiga Factory		-	-	100.0	100.0	100.0	**11		

*Non-production bases: Toyo Denki Seizo Head Office, Osaka Branch, Nagoya Branch, Hokkaido Branch, Kyushu Branch, Hiroshima Branch

*1 PRTR: Pollutant Release and Transfer Register

*2 Data collection started at Shiga Factory in fiscal 2009 due to a revision of Japan's Act on the Rational Use of Energy, prior to which no data existed.

*3 ISO14001 certification was acquired for non-production bases in June 2010.

*4 Production activities at Shiga Factory recorded close to zero water input.

*5 Data collection started at Shiga Factory in fiscal 2009 due to a revision of Japan's Act on the Rational Use of Energy, prior to which no data existed.

*6 Data collection started in fiscal 2010.

*7 500 kW solar panel became operational in July 2012.

*8 12 kW solar panel became operational in January 2010.

*9 Production activities at Shiga Factory recorded nearly nil water output.

*10 Bisphenol A has been inapplicable thus outside the scope of registration since fiscal 2010.

*11 Data collection started at Shiga Factory in fiscal 2010, prior to which no data existed.

Contributions to Local Communities

We are committed to various social contribution activities, to facilitate our own co-existence with communities and to foster young people who will represent the next generation.

To Convey the Mission and the Appeal of Electrical Industry as Well as of Toyo Denki

As an electrical manufacturer that contributes to the development of railways and industries in general, the Company is committed to providing young people, who will represent the next generation, with various educational opportunities. The goal is to have them appreciate the role manufacturers must play in achieving a sustainable society, and thus to nurture an environmental awareness among them.

Receiving interns

We are committed to activities that raise awareness and appreciation of our manufacturing expertise by accepting interns from local technical high schools and providing them with hands-on experience at manufacturing sites. This internship system serves as an effective means of recruiting outstanding technical staff on a consistent basis as some students in the schools apply for positions at the Company.



An intern at work

Environmental workshops at schools

The Company engages in enlightenment activities by dispatching its employees to hold lectures on the environment at educational institutions such as elementary schools. The idea is to inform the public of the fact that railways, particularly those using electric trains, is a mode of transport that produces less CO₂ emission than other modes, and of the Company's profound historical commitment to the development of environmental technologies used by railways.



An environmental workshop at an elementary school

On-demand lectures on career workshops

The Company also dispatches its employees, primarily engineers, for a career workshop at educational institutions. The employees provide useful information to promote autonomous career choice among the students at junior high schools and high schools. We offer audience-friendly presentations that provide practical information on the design and development work at manufacturers.

Aiming to be a Factory Trusted by All Members of Local Communities

Factory tours

We are conducting "factory tours" to provide opportunities for members of local communities to actually see our manufacturing facilities and products in order to develop deeper understanding about the business operations of the Company. During these tours, we inform the participants of our products as well as our actions for environmental protection, in an effort to build up relationships built on trust with local communities.



A factory tour attended by elementary school pupils

Contributions to blood donation campaign

As a gesture of support for the blood donation campaign by the Japanese Red Cross Society, our Yokohama Plant welcomes blood donation buses onto its premises on a regular basis. Many employees offer their blood through cooperative promotional activities organized by the Company and the labor union.



A blood donation site