ENVIRONMENTAL
REPORT

2019

Logisnext

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Logisnext

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REPORT 2019

MITSUBISHI LOGISNEXT CO., LTD.
Head Office and Kyoto Plant, Shiga Plant, Azuchi Plant

Message from the President

御子神 隆

Takashi Mikogami
President and CEO

On the Publication of the 2019 Environmental Report

In the current business environment, private enterprises are expected to conduct their business operations in a manner that contributes to the development of a sustainable society through safe workplaces, legal compliance, global environment preservation, and support of local communities and the world at large.

One of our management policies is to address environmental issues; specifically, we are committed to protecting the global environment from an international perspective and contributing to the ongoing development of local communities.

Under our medium-term management plan, fiscal 2019 is positioned as our Expansion and Development Phase, a year during which it is essential that we attempt a significant leap forward.

Toward this end, our Company is implementing a variety of in-house initiatives targeting comprehensive optimization. These include improving quality, reducing labor-hours, and renewing our focus on the customer; notably, the results of these efforts will contribute to reduced environmental load through greater energy efficiency, resource conservation, and waste reduction.

As we continue to pursue our business operations, we are confident that our conscientious efforts to eliminate wastefulness, irregularities and excesses will shore up our corporate foundation. As a result, our business operations will remain dedicated to incorporating environmental, quality, and safety considerations.

Written in easy-to-understand language, the 2019 edition of this Environmental Report enables us to present to our customers, and all who support our Group, the environmental initiatives that were taken by our Head Office and Kyoto Plant, Shiga Plant, and Azuchi Plant in fiscal 2018.

Going forward, we will continue to promote the emergence of a sustainable society by offering global markets our innovative environment-friendly products.

Outline of the Head Office and Kyoto Plant, Shiga Plant, and Azuchi Plant

Head Office and Kyoto Plant

Location: 1-1, 2-chome, Higashikotari, Nagaokakyo-shi, Kyoto, Japan
Start of operation: 1940
Employees: Approx. 910 (including partner companies)
Site area: 44,509 m²

Shiga Plant

Location: 578 Chokoji-cho, Omihachiman-shi, Shiga, Japan
Start of operation: 1970
Employees: Approx. 820 (including partner companies)
Site area: 228,000 m²

Azuchi Plant

Location: 8-1 Nishioiso, Azuchi-cho, Omihachiman-shi, Shiga, Japan
Start of operation: 1991
Employees: Approx. 380 (including partner companies)
Site area: 68,794 m²

Environmental Policies & Organizational Structure

Environmental Policies

Environmental Policy

We are committed to protecting the global environment from an international perspective and contributing to the ongoing development of local communities.

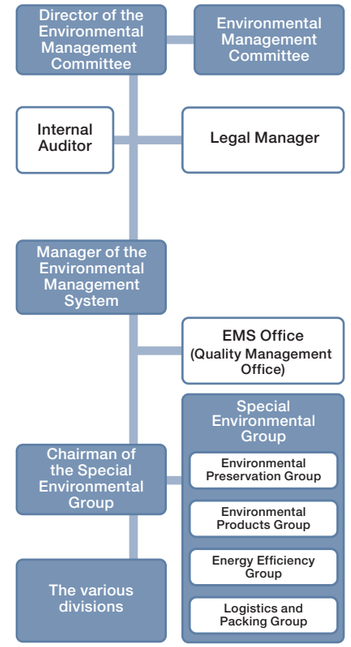
Environmental Action Guidelines

Mitsubishi Logisnext Co., Ltd. and its affiliates are committed to proactively implementing the following environmental policies through our business operations, which encompass the development, manufacture, sales, and servicing of forklifts and other industrial vehicles, distribution systems, and logistics products. In keeping with our environmental philosophy, we aim to reduce our environmental impact and improve society on a sustainable basis through our business operations.

1. We recognize that preserving the environment and maintaining harmony with the global ecosystem are among the most important management issues, and we shall continue to systematically promote environmental initiatives through our business operations.
2. Under our environmental management system, we shall strive to control environmental pollution and promote environmental preservation activities by accurately monitoring the environment impact of our business operations.
3. We shall strictly comply with all environmental laws, regulations, and ordinances as well as all agreements and other requirements to which we are party; adopt voluntary standards; and takes steps to preserve the environment.
4. In acknowledging the environmental impact of our business operations, we shall adopt the following important initiatives.
   (1) We shall manufacture eco-friendly products.
   (2) We shall reduce, recycle, and properly dispose of all industrial waste resulting from our business operations.
   (3) We shall become more efficient and reduce our consumption of raw materials, fuel, and energy, and we shall promote environmental preservation in our manufacturing activities.
   (4) We shall improve the transportation efficiency of our product and parts distribution, reduce the use of packing materials, and decrease our environmental load.
5. We shall implement in-house training sessions and awareness campaigns to inform all our employees and trading partners of our environmental policies and shall disclose them to the public.

In order to implement the above environmental policies, we shall establish environmental goals and targets within our technical and economic scope and periodically review our progress. We shall remain committed to continuously improving our environmental management system and environmental performance.

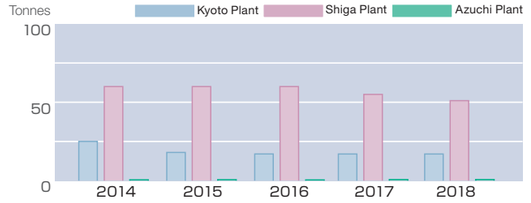
Organizational Structure



Environmental Initiatives

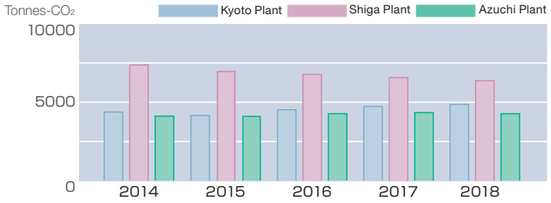
Burnable Waste (domestic solid waste) Generated

We reduced burnable waste by continuing our regular patrols and by seeking the cooperation of employees in our various workplaces. Over time, however, these efforts have tended to plateau. We will continue to improve our sorting accuracy as well as our recycling rate. The waste reduction initiative we implemented at our Shiga Plant in 2018 has already borne fruit, achieving a 12% reduction year-on-year in waste generated.



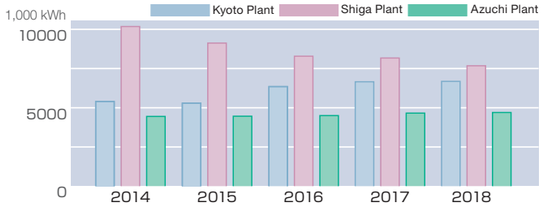
CO_2 Emissions

At the Kyoto Plant, emissions rose due to increased production and a revised calculation method. At our Shiga Plant, on the other hand, emissions decreased due to a decline in production and a warm winter. Emissions from our Azuchi Plant decreased despite increased production due to a warm winter and the benefits accrued from investments in energy-efficient environmental upgrades.



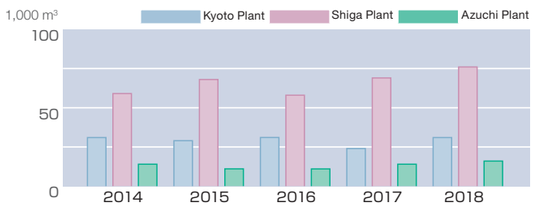
Electricity Consumption

At our Kyoto and Azuchi Plants, electricity consumption increased compared with the previous fiscal year as a result of increased production and increased air conditioning load resulting from temperature fluctuations. At the Shiga Plant, a production decrease led to a year-on-year decline in electricity consumption.



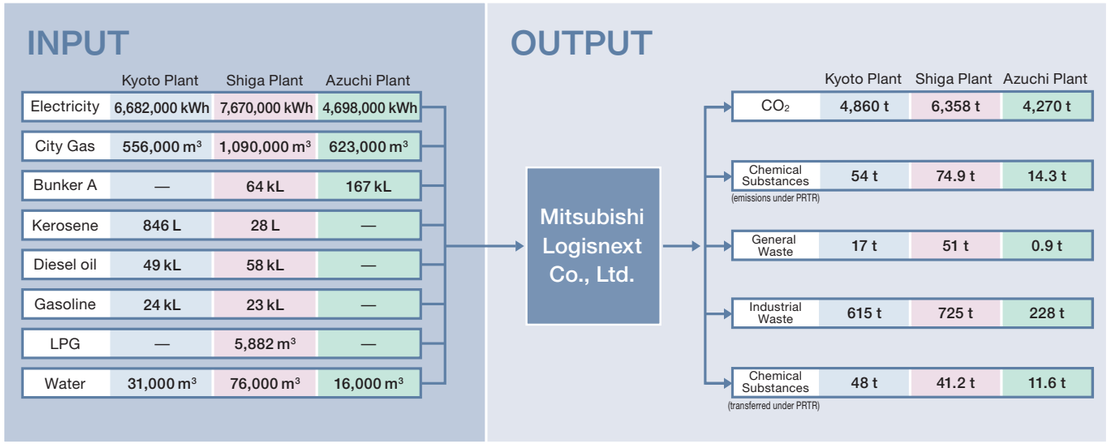
Water Consumption

Our Kyoto and Azuchi Plants increased their water consumption compared with the previous fiscal year due to increased production. The Shiga Plant uses groundwater as its water source.



Environmental Initiatives

Summary of Environmental Impact (Fiscal 2018)



In fiscal 2018, we changed the method used to calculate energy usage.

Compliance with Laws and Ordinances

Water Quality

At the Shiga and Azuchi plants, we established wastewater treatment tank facilities that purify sewage and wastewater from factory processes before it is discharged from the plants. This purified water is discharged into tributary waterways of neighboring rivers. At the Kyoto Plant, drainage water is discharged into the drainage system after proper treatment.

Plant	Measured Item	Unit	Regulated Value	Observed Value
Kyoto	pH		5–9	7.0
	Biochemical oxygen demand (BOD)	mg/L	600	176
	Suspended solids (SS)	mg/L	600	34.4
	N-hexane extracts	mg/L	5	Less than 2.0
	Zinc	mg/L	2	Less than 0.2
Shiga	pH		6.5–8.0	7.0
	Biochemical oxygen demand (BOD)	mg/L	30	Less than 1
	Chemical oxygen demand (COD)	mg/L	30	2.7
	Suspended solids (SS)	mg/L	70	Less than 0.5
	Nitrogen	mg/L	12	2.0
	Phosphorus	mg/L	1.2	Less than 0.1
	N-hexane extracts	mg/L	3.0	Less than 0.5
Azuchi	pH		6–8.5	7.1
	Biochemical oxygen demand (BOD)	mg/L	40	4
	Chemical oxygen demand (COD)	mg/L	40	8.0
	Suspended solids (SS)	mg/L	90	Less than 0.5
	Nitrogen	mg/L	12	0.7
	Phosphorus	mg/L	1	Less than 0.1

Measurement dates: January 29, 2019 (Kyoto Plant); February 5, 2019 (Shiga Plant); March 7, 2019 (Azuchi Plant)

Odor

We undertake periodic odor measurements at the site boundary.

Plant	Measured Item	Unit	Regulated Value	Observed Value
Kyoto	Toluene	ppm	10	Less than 0.5
	Xylene	ppm	1	Less than 0.5
Azuchi	Toluene	ppm	10	Less than 1
	Xylene	ppm	1	Less than 0.1

Measurement dates: March 18, 2019 (Kyoto Plant); no measurement (Shiga Plant); November 7, 2018 (Azuchi Plant)

Noise

We undertake periodic noise measurements at the site boundary.

Plant	Measured Item		Unit	Regulated Value	Observed Value
Kyoto	Noise	8:00–18:00	dB	70	69
		18:00–22:00	dB	60	59
Shiga	Noise	8:00–18:00	dB	65	64
		18:00–22:00	dB	60	—
Azuchi	Noise	8:00–18:00	dB	70	57
		18:00–22:00	dB	70	41

Measurement dates: March 28, 2019 (Kyoto Plant); January 24, 2019 (Shiga Plant); November 7, 2018 (Azuchi Plant)

Atmosphere

We periodically undertake measurement of the concentrations of particulates in the atmosphere around warm air heating units. We also measure for hazardous substances as stipulated under local ordinances.

Plant	Measured Item		Unit	Regulated Value	Observed Value
Kyoto	Warm air heating unit (city gas)	Particulate	g/m³N	0.10	Less than 0.006
		NOx	ppm	150	59
Shiga	Cogeneration power generation equipment	Particulate	g/m³N	—	—
		SOx	m³N/h	—	—
		NOx	volppm	600	300
	Air conditioning equipment	Particulate	g/m³N	0.10	—
		SOx	m³N/h	—	—
		NOx	ppm	150	22
Azuchi	Warm air heating unit	Particulate	g/m³N	0.20	0.039
		SOx	m³N/h	1.2	0.011
		NOx	ppm	180	76

Measurement dates: January 11, 2019 (Kyoto Plant); September 11, 2018 and March 15, 2019 (Shiga Plant); February 5 and 7, 2019 (Azuchi Plant)

Targets and Results

Group	Fiscal 2018 Target	Fiscal 2018 Target (Qualitative/KPI)	Fiscal 2018 Results	Evaluation	Future Objectives
All Companies	To obtain “expanded certification of registration with ISO 2015 version” associated with business integration (July review)	To expand certification of the 2015 version to the former UniCarriers Corporation plants	Certification obtained in September as scheduled.	○	To expand scope of certification in fiscal 2019
	To establish a system for extending environmental initiatives to Group companies (Environmental data is reported to MHI semiannually.)	To establish a system for reporting environmental data to MHI semiannually (in May and November)	Established a system requiring the semiannual reporting of waste emissions, energy consumption, and water consumption.	○	To improve accuracy of data obtained from Group companies
Environmental Preservation Group	To reduce waste emissions intensity by 1% year-on-year (Kyoto, Shiga, and Azuchi Plants)	To reduce waste emissions intensity (excluding valuables and waste paper) by 1% year-on-year	Increased by 4.3% in total at the Kyoto, Shiga, and Azuchi Plants.	×	Although a change in processing facilities is considered to be the cause, we will consider measures to improve the intensity in the future.
	To achieve a recycling rate exceeding 97.5% (Kyoto, Shiga, and Azuchi Plants)	To achieve a recycling rate of 97.5%	Kyoto Plant 97.1%, Shiga Plant 100%, Azuchi Plant 98.7%	×	We will consider ways of increasing the number of recyclable items.
	To reduce VOC emissions intensity by 1% year-on-year (Kyoto, Shiga, and Azuchi Plants)	To unify the calculation method used by the 3 factories prior to improving intensity	Kyoto, Shiga, and Azuchi Plants decreased intensity by 1.8% in total.	○	
	To proactively participate in community activities (to increase participation rate and frequency)	To increase the overall participation, participation rate, and frequency of planned events	Participated in scheduled events. The three plants called for lights to be turned off after 20:00 on no-overtime days.	○	We will continue to improve participation rates.
	To ensure the costs of environmental protection are calculated and clearly disseminated in-house	To introduce to the former plants of UC (Shiga and Hanyu Plants) and disseminate in-house	Introduced at the Shiga and Hanyu Plants on October 1. The results for the 117th fiscal term were disseminated in-house on October 25.	○	
Environmental Products Group	To improve CO_2 emissions relative to previous models when using development vehicles (model updates/ minor changes)	To calculate CO_2 emissions of development vehicles and compare them with older vehicles	Old and new electric vehicles (JB) and diesel vehicles (JL) were compared. CO_2 emissions of major models were calculated.	○	We will extend this to other models.
	To improve CO_2 emissions relative to previous models when using logistics solution development vehicles	To calculate CO_2 emissions of development vehicles	An operation cycle standard for unmanned transport vehicles was formulated; a method of comparison with the old model was determined.	○	
	To reduce use of substances subject to ELV regulations (cadmium, lead, mercury, and hexavalent chromium; quantitative study conducted)	To reduce use of parts containing hexavalent chromium by visualizing their usage	Nagaokakyo and Shiga Plants: Trivalent chromium conversion of targeted parts for Model FBR 15-80-300 was started. Azuchi Plant: Hexagonal bolts and washers as well as integrated bolts and other parts were added to the transition to trivalent chromium.	○	We will consider the association with increased costs.
	To enhance REACH compliance and improve support for partner companies	• To visualize the implementation rate of the SVHC survey and provide implementation guidance	The implementation rate of the SVHC survey was determined and numbers close to 100% were achieved.	○	We will continue to raise environmental awareness by requesting the cooperation of our business partners.
		• To provide guidance regarding submission of non-use/ non-containment declarations applicable to banned substances and reflect them in supplier evaluations	All suppliers have submitted declarations.	○	
		• To provide guidance on acquisition of EMS registration and reflect this in supplier evaluations	Among the top 50 suppliers (by transaction amount), we have urged one as yet unregistered company to acquire EMS registration before the next re-evaluation.	○	
Energy Efficiency Group	To reduce energy intensity by 1% year-on-year	To reduce energy intensity by 1% year-on-year To convert implemented labor hours CD from environmental investment into CO_2 emissions	Reduced intensity by 8% (at 3 plants overall)	○	We will continue to monitor factors other than production increases and invest in facility improvements as needed.
	To reduce water intensity by 1% year-on-year	To reduce water intensity by 1% at the Kyoto and Azuchi Plants by repairing water leaks	Kyoto Plant: Increased by 14%, Azuchi Plant: Increased by 4% The Shiga Plant uses groundwater as its water source.	×	It has worsened even if we discount the intense heat; we are thus considering other measures.
Logistics and Packing Group	To reduce costs of purchasing packing materials used for parts shipping (quantitative study conducted)	To discard less than 13,000 kg of wooden pallets under the jurisdiction of the domestic CS Department at the Shiga Plant Purchase cost of packing materials for parts per unit of sales 11,260 yen/million yen max.	Cumulative disposal amount: 8,840 kg 10,570 yen/million yen	○	
	To promote the introduction of returnable containers (quantitative study conducted)	To improve the usage rate of returnable containers and determine the current situation under the ML new system	Shiga Plant: Submitted requests to 24 companies of which 11 companies agreed to cooperate, for an 18% improvement. Kyoto Plant: Submitted requests to 6 companies of which 3 companies agreed to cooperate.	○	We will continue to take steps to improve the usage rate of returnable containers.
	To respond appropriately to the Energy Saving Act (through specific shippers)	To determine the physical quantity and establish the management method	We determined the physical quantity (tonne kg) of product shipments as ML and streamlined the notification system under the Energy Saving Act.	○	

Initiatives of the Special Environmental Group

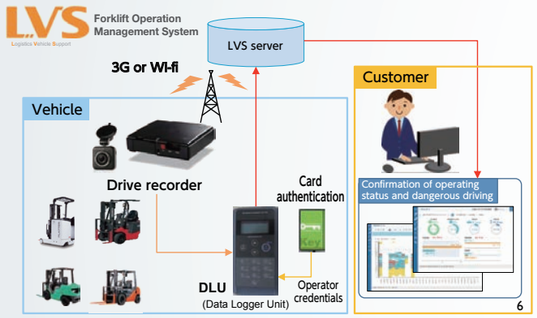
Environmental Products Group

New Operation Management System for Forklift Trucks Introduced

We have released LVS 2.0, our new forklift truck operation management system. Our LVS (Logistics Vehicle Support) is a management support tool that collects and analyzes forklift operation data. It monitors the operation status of the forklift and the operator, as well as any dangerous forklift operations, and creates daily and monthly reports. This numerical data can be viewed on any Internet-connected PC and is accessible from any web browser.

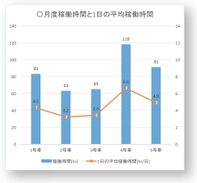
- By compiling and analyzing the operation status of a forklift, operators can learn to minimize wasteful energy consumption and operate the forklift more efficiently.
- Because the operation status of the forklift is recorded, operators are more likely to avoid rapid acceleration, minimize idling to reduce energy consumption, and thus decrease exhaust emissions.
- The operation status of multiple forklift units can be analyzed, which enables operators to determine the optimal number of units to operate at each worksite. Eliminating superfluous forklift units contributes to greater operational efficiency.

In short, by supporting visualization of the status of forklift operation, LVS contributes to reduced environmental impact as well as improved efficiency and reduced costs.



System configuration

LVS screen



FD Series 12-tonne Diesel Engine Forklift for the Domestic Market

We have reduced the environmental impact in compliance with domestic diesel emission regulations.*1

Features

1. Reducing environmental impact with a new clean engine and emissions system

- We have adopted a new clean engine featuring the eco-friendly common-rail fuel injection system for optimal combustion. It provides the power, durability, and performance to withstand heavy-duty work requirements.
- In addition, our new urea SCR*2 emissions system (Fig. 1) combines high power with low emissions.

2. Reduced running costs and a more welcoming work environment

- This model is equipped with the Eco mode that improves fuel economy by about 7% compared with the standard mode, all while maintaining satisfactory performance. Eco mode can be accessed with one button on the operating panel (Fig. 2).
- The new clean engine reduces maintenance costs by extending the coolant replacement cycle by up to 3.3 times and the engine oil replacement cycle by up to 2.5 times. Moreover, elimination of the DPF*3 further reduces maintenance costs.
- The engine cooling fan is a temperature-sensitive viscous fan, which allows the fan speed to be reduced to 50% or less of the maximum fan speed during low-load operation. This feature contributes to a more comfortable working environment for the operator and other workers nearby.

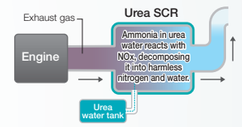


Fig. 1 Emissions system

Fig. 2 Operating panel

*1 Ministry of the Environment Emission Standards for Diesel Special/Nonroad Vehicles, 2014
*2 Selective Catalytic Reduction
*3 Diesel Particulate Filter

FB 1.4–2.0 Tonne Electric Forklift Models for the European Market

Equipped with 360° steering and other advanced features while providing 25% greater energy efficiency than the preceding model.

Features

1. 3-wheel model equipped with 360° steering for reduced turning time and reduced load loss

- When reversing direction, a conventional forklift typically has to shift into reverse, stop, and shift into forward in a multi-step operation. The advanced Model EDiA EM, however, features 360° steering, which enables the vehicle to be turned in one continuous steering operation without stopping or having to shift between forward and reverse (Fig. 1).
- This unique feature improves productivity at workplaces with narrow spaces requiring many turns. It also reduces energy consumption and minimizes the chance of cargo becoming dislodged or toppling from inertia and centrifugal force.

2. SDS*1 and ICS*2 both contribute to ease of operation and energy efficiency

- This model incorporates both SDS and ICS, two features that were already included in the 2.5–3.5 t Model EDiA EX released in 2014.
- The SDS controls the acceleration and deceleration of the vehicle and the cargo handling device according to the manipulation of the accelerator pedal and cargo handling lever. By optimizing the start/stop movement, it ensures smooth, agile operation and vehicle control as intended by the operator, reducing wasteful energy consumption.
- The ICS improves stability during cornering by sensing the angle of the turning and seamlessly reducing the vehicle speed early in the turn.

Three-wheeled model (left) and four-wheeled model

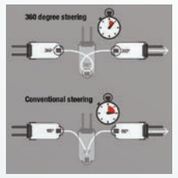


Fig. 1 Illustration of 360° steering in operation

*1 Sensitive Drive System
*2 Intelligent Cornering System

Laser-guided Unmanned Forklift Trucks

The Rack Fork Auto (laser-guided unmanned forklift truck) eliminates the floor modifications required by conventional magnetic-induction guidance systems. It also reduces the water consumption and waste disposal associated with installation of the conventional systems. For a given travel distance of 100 meters, the associated concrete cutting work would typically consume about 120 liters (120 kg) of water and generate about 17 kg of floor concrete (Fig. 1). In addition, the adoption of the Route Optimizer, a control system for multiple units, which has established a track record with the laser-guided Platter Auto, contributes to an average increase of about 23% in terms of the number of circuits per hour (with 2 to 10 vehicles) (Fig. 2). The resulting operational efficiency reduces the number of vehicles required as well as the amount of energy consumed. In addition, environmental impact is reduced, as the system requires roughly 2% fewer parts overall compared with the magnetic induction method.

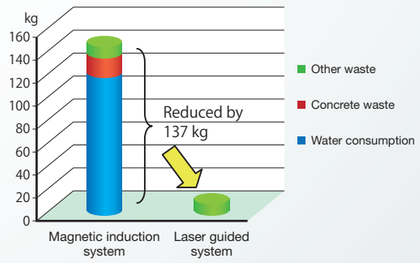


Fig. 1 Water consumption and waste generated (with 100-m travel distance)

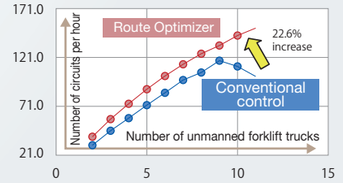


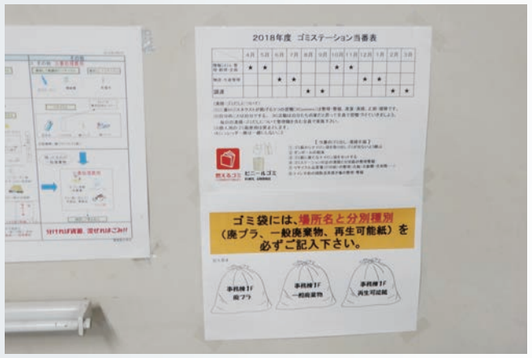
Fig. 2 Comparison of typical transport capacities

Initiatives of the Special Environmental Group

Environmental Preservation Group

Environmental Patrols

We have been addressing the issue of waste reduction for many years. After implementing improvements at each of our work places, we were able to reduce the amount of general waste to some extent. However, we recognized that our waste-sorting efforts could be improved further, so we continue to conduct regular environmental patrols in order to devise better solutions in collaboration with the employees at each workplace. Productive innovations are shared throughout the company as we continue to focus on waste-reduction strategies.



The “Zero Waste” Campaign

Out of respect for local residents, we conduct a cleanup campaign around the Kyoto Plant twice a year and around the Azuchi Plant once a year. In fiscal 2018, about 240 people participated at the Kyoto Plant on May 28, while about 230 took part on October 22; at the Azuchi Plant, about 50 took part on May 21. We remain committed to our efforts to maintain a close relationship with local communities.

Encouraging Light Dimming on No-Overtime Days

In addition to the summer light-dimming campaigns that we participate in every summer solstice and on Star Festival Day, we conduct a light dimming campaign on no-overtime days that includes minimizing air conditioning and use of PCs at certain work locations. This effort was launched as a company-wide initiative. We will continue to promote initiatives to encourage all employees to work efficiently and finish their assigned tasks during regular working hours.

Energy Efficiency Group

Conversion to LED Illumination at Our Plants

We upgraded our factory lighting with LED lamps. Specifically, we upgraded a total of 518 lamps to LEDs with high luminous efficiency, thus reducing our CO_2 emissions by 194 tonnes/year.

Kyoto Plant: 2 buildings, 162 lamps Shiga Plant: 3 buildings, 193 lamps
Azuchi Plant: 2 buildings, 163 lamps

Updating of Air Conditioning Equipment

We have updated our aging air conditioners with the most advanced models available. A total of three units were upgraded to new energy-efficient models, reducing our CO_2 emissions by 7 tonnes per year.

Kyoto Plant: 2 units Shiga Plant: 1 unit

Reduction of Compressed Air Leaks in Plant

We repaired leaking air piping and replaced our air compressors with electric units. By reducing air leaks, we succeeded in reducing our CO_2 emissions by 23 tonnes/year.

Kyoto Plant: 52 air leaks repaired

Shiga Plant: 3 air compressors replaced with electric units

Logistics and Packing Group

Reducing Pallet Waste and Improving the Usage Rate of Returnable Containers

When one-way disposable containers are used to deliver production parts to the factory, they tend to be discarded as factory waste, increasing our environmental load. By promoting the use of returnable containers, we can reduce the amount of waste we generate while reducing the costs and energy consumed by the container materials.

Reducing the Cost of Buffer Materials Used for Packing

When we ship service parts, we protect the shipments with buffer materials to prevent any damage caused by interference between parts. Likewise, when we receive parts for production, similar buffer materials are used to protect many packages. Therefore, we are working to reduce costs and waste by collecting these buffer materials from inbound parts shipments and reusing them for outbound product shipments.

Streamlining Product Shipments

When transporting finished vehicles, we emphasize cargo loading efficiency in order to reduce the fuel consumption of transport trucks and the resulting exhaust emissions.

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Relationship with the Community

① Participating in the Nagaokakyo City's Environmental Fair

According to the Environmental City Declaration of Nagaokakyo, the city's environmental fair is held annually with the aim of raising the environmental awareness of members of the public regarding prevention of global warming. In fiscal 2018, this event was held at the Nagaokakyo City Central Community Hall on November 17.

In addition to disclosing information on our environmental initiatives, we provided toilet paper made from recyclable waste paper from the Kyoto Plant.

② Participating in the Cleaning and Beautification Initiatives of Neighboring Waterways

In June of each year, local community associations in the neighborhood of the Azuchi Plant hold a community beautification campaign known as the Oiso Cleanup Initiative.

On June 10, 2018, we participated in this community cleanup initiative. On the day, participants were assigned to waterways neighboring the Azuchi Plant, and all worked together to remove the mud, sand, and waterweeds that had accumulated in the waterways.

③ Participation in Reed-Harvesting in Lake Iba-naiko

The Shiga Plant participates in the Network to Protect Lake Biwa with *Yoshi* Reed, which is a natural conservation volunteer initiative to encourage the healthy development of *yoshi* reed, which is useful for preserving the water environment, ecosystem, and landscape of Lake Biwa. On December 1, 2018, we participated as a company in reed-harvesting in Lake Iba-naiko, where our volunteer participants helped to bundle the harvested reeds.

④ Weeding Project in Collaboration with the Community Association

Every year in early July, the local community association located adjacent to the Shiga Plant carries out weeding work along the Sanmei River. The road that follows this river is also a route for commuters traveling to the company from the nearest train station. On July 1, 2018, 32 individuals from our company, neighboring businesses, and the local community association participated in the project to remove weeds with weed cutters and collected the harvested grass.

2

Environmental Management Systems

① Environmental Audits

By conducting internal audits twice yearly and undergoing an annual audit by external auditors from the certification organization, we confirm that our environmental management systems (EMS) are maintained or continuously improved to ensure their use as effective business tools.

② Internal Auditor Training

In order to increase the number of internal auditors at our company, we held a QMS and EMS Internal Auditor Training Course at the Shin Kawasaki Office on February 21, 22 and 27.

③ Emergency Preparedness

Each plant launched an emergency preparedness initiative as a precautionary measure to reduce the likelihood of accidents and emergencies. In preparation for an emergency, we provide periodic emergency response training in the workplaces whose facilities have the potential to greatly impact the environment.

(Kyoto Plant)

(Shiga Plant)

(Azuchi Plant)

3

Environmental Impact Reduction Initiatives

① Participating in the Light-Dimming Campaign Targeting Reduced CO_2 Emissions

We participated in a light-dimming campaign sponsored by Japan's Ministry of the Environment. We turned off outdoor advertising signs at night during the "Summer Solstice Light Dimming" on June 21 and during the "Cool Earth Day and Star Festival" on July 7.

Moreover, our Kyoto, Shiga, and Azuchi Plants encouraged employees to leave the office by 19:00 in an effort to motivate all to do their part in fighting global warming.

4

Contributing to the Community

① Cooperating with Blood Donation Drives

Every year, our plants participate in blood donation drives in response to requests from the Blood Center of the Japanese Red Cross Society. In fiscal 2018, we welcomed the participation of a total 199 blood donors at the Kyoto Plant in addition to 142 at the Shiga Plant and 59 at the Azuchi Plant. In the future, we intend to continue participating in this endeavor as part of our contribution to the essential health of our communities.

② Opening of Regional Social Welfare Facilities

The Kyoto Plant rents out its grounds to various groups on request, including the Otokuni Fire-extinguishing Technique Association as well as the organizers of the Nagaokakyo Garasha Festival and participants in gateball (a type of croquet) competitions. In this way, the Kyoto Plant is helping to revitalize the region.

③ Providing Work Experience for Students from Neighboring Junior High Schools

From June 4 to 8, we hosted two junior high school students from schools in the Azuchi Plant neighborhood for work experience. These students were introduced to the Azuchi Plant and were able to deepen their understanding of the operations conducted on the production site.

From November 7 to 9, we hosted three more students from the local junior high school to our On-site Training Center. They were accepted for work experience and were introduced to our products while gaining an understanding of the work we do.

We hope these opportunities help these students make important decisions about their future careers and their choice of employer.

④ Cooperation with the Hakone Trust

We were a charity sponsor supporting the CAT Ladies Golf Tournament held on August 17–19, 2018, setting up the venue for an "approach shot for charity contest." The charity funds gathered were donated to the Hakone Town Resource Maintenance Foundation (Hakone Trust) for the protection of the natural environment and cultural assets of Hakone, a town designated as a national park.

⑤ Participation in the Hataraku Norimono Collection 2018

We presented a display at Hataraku Norimono ("industrial vehicles") Collection 2018, an exhibition held at the Mitsubishi Minatomirai Industrial Museum from June 20 to July 8. The event, which included displays of scale models as well as full-size vehicles, was held under the themes Supporting Industry, Supporting Safety and Security, Supporting Life and Leisure, and Supporting the Community. We displayed forklifts and other vehicles and visiting children gained a deeper understanding of the role and function of the vehicles that support society.

⑥ Participation in Local Disaster Drills

Our On-site Training Center participates in the Sugito Town Community Disaster Response Drill, which is held as part of the town's disaster preparedness initiative. The event, held on November 22, 2018, at a training site provided by the Training Center, helped to raise local awareness of the need for regional disaster preparedness training. On the day, participants were instructed on proper handling of fire extinguishers and were introduced to an "earthquake vehicle experience" and a "smoky building experience" and were shown the effects of an earth temblor of seismic intensity 7. About 100 people, including the organizer's staff, took part in events that highlighted the frightening effects of natural disasters.

⑦ Commendations Awarded for "Raising Awareness of Our Safety Management Philosophy"

Every year since 2007, we have been cooperating with the administrators of the Sugito Town Community Disaster Response Drill as a community contribution activity in Sugito Town, the location of our On-site Training Center. On May 23, 2018, the Saitama Prefecture Association for Safety of Hazardous Materials presented us with an award for outstanding achievements in "raising awareness of safety management philosophy." This recognition will no doubt encourage us to participate in more local contribution initiatives in the future.