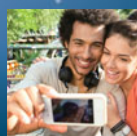


Integrated Report 2015

For the year ended March 31, 2015



Aiming to deliver Smart Life

Supporting Smart Life Peace of mind & cheer around people

While preserving our founding fundamental philosophy which is “harmony and cooperation,” “working with heart and soul,” and “being of service to society,” Maxell develops unique products that make diverse aspects of life more convenient and comfortable. In this way, we will contribute to creating peace of mind and cheer for people around the world as an essential part of the smart life.

Focusing on three key growth areas





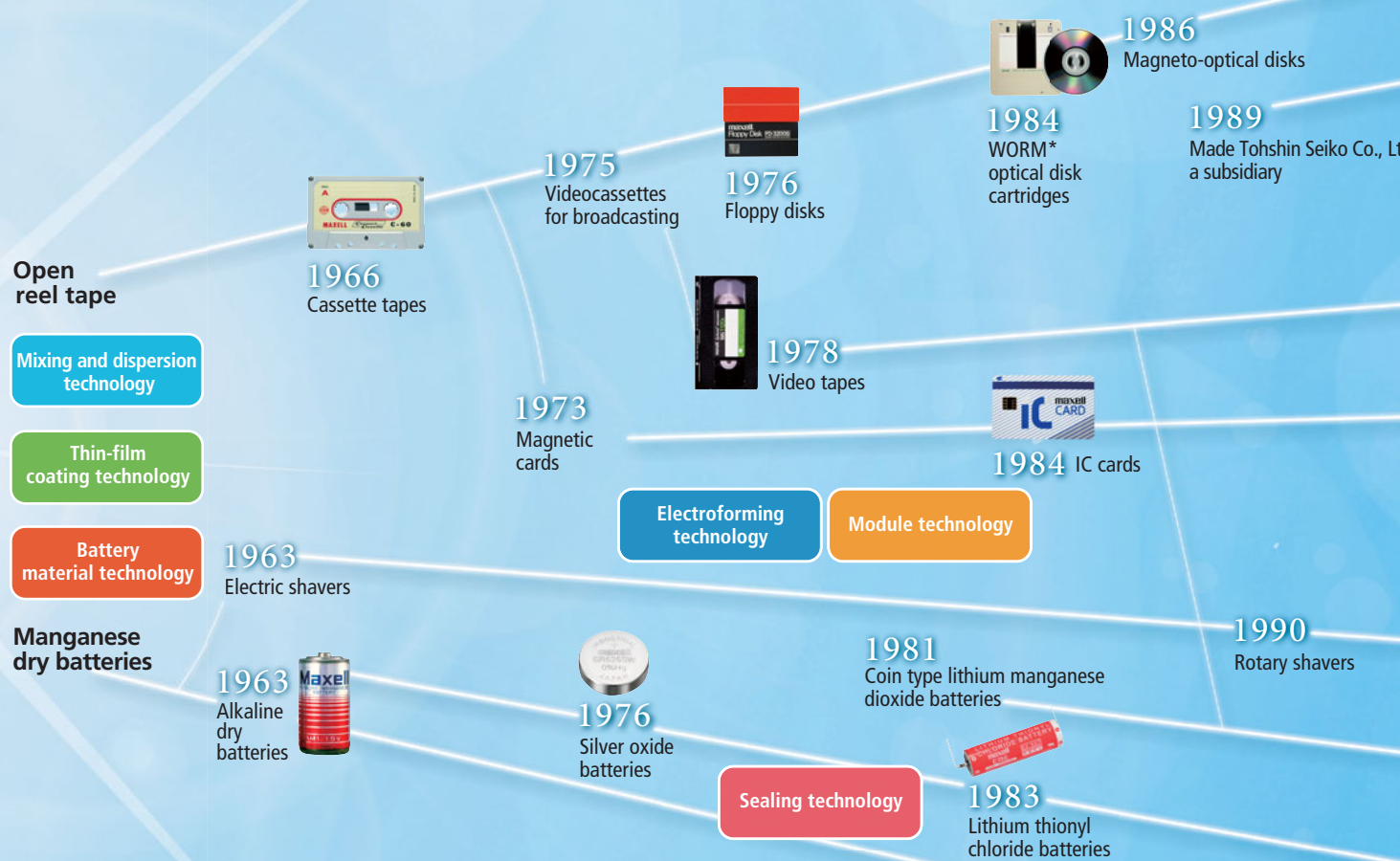
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Innovating products demanded by the times through analog core technologies and “Monozukuri” manufacturing capabilities

Maxell's unique analog core technologies glean subtle areas that cannot be quantified to create unique functions and quality. Maxell, which started out with magnetic tapes and dry batteries, has developed many unique products, incorporating analog core technologies from the stage of materials.

We will continue to exploit diverse basic technologies and analog core technologies to develop and supply products demanded by the times now and into the future.



Maxell's “Monozukuri” manufacturing capabilities

Maxell's “Monozukuri” manufacturing capabilities that fuse extensive basic technologies, including materials, chemical, electrical, optical, and other technologies, and analog core technologies to create unique, high quality products are also one of our strengths.

We will further promote “Monozukuri” that links digital and analog technologies, aiming for absolute quality to produce performance that exceeds expectations.

1961

1980



Automotive



Home Life & Infrastructure



Health & Beauty Care

1995
Recordable
CDs

2000
Recordable
DVDs

2003
Recordable
Blu-ray Discs



2003
Pickup lens /
mobile phone
camera lens units

Optical design
technology

2005
Automobile
camera lens units

High-precision
molding technology

Imaging technology

2013

Integrated projector related
business of Hitachi Consumer
Electronics Ltd.

Disc media



Optical components



Projectors



Magnetic tapes



2000
Computer backup tapes



2004
Commercial use pigment inks

2001
Coil-on-Chip RFID

Adhesion processing
technologyFunctional materials
Devices

2007

Made Siontec Corporation
a subsidiary

Adhesive tapes



2000
Alkaline water
ionizers



2001
Massage chair units

Healthcare
Beautycare products

1996
Lithium ion rechargeable batteries

Laminated lithium ion
rechargeable batteries

2009

Coin type lithium ion
rechargeable batteries

2004

Heat resistant coin type lithium
manganese dioxide batteriesLithium ion rechargeable
batteries

Micro batteries



Dry batteries



2000

2015

Maxell will accelerate expansion in the three key growth areas through our capabilities to develop preeminently unique technologies and products to steadily accomplish the Medium-term Management Plan



Yoshihiro Senzai

President and
Chief Executive Officer

Q1

Please tell us about the results in fiscal year 2014.

Net sales increased year on year but income decreased, and net sales and income increased compared to forecasts.

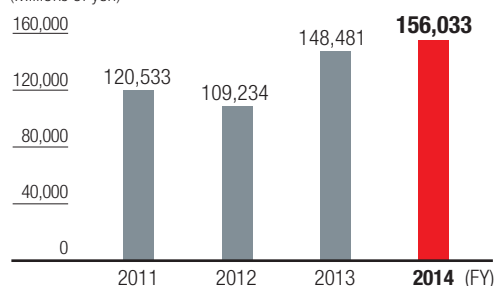
It has been a year since the Company was relisted on the Tokyo Stock Exchange in March 2014. In fiscal year 2014, we decided to implement business restructuring, including an early retirement support program. This decision was made in consideration of the truly unfortunate downward revision of the consolidated financial forecasts in October 2014, influenced by declining sales of consumer use lithium ion rechargeable batteries in the Energy segment with the impact of sudden changes in the structure of the smartphone market. It was also based on future trends in the smartphone market, and the high-end market in particular.

On the other hand, there was steady growth in businesses that the Company has positioned as growth areas, including coin type lithium batteries and optical components for the automobile market where major market expansion is expected due to increasing use of electrical devices in cars. Additionally, the projector related business became favorable. Consequently, although challenging conditions continued for consumer use lithium ion rechargeable batteries for smartphones and consumer products in Japan and Europe, net sales increased by 5.1% from the previous fiscal year to 156.0 billion yen. In terms of profitability, while the Company endeavored to reduce costs, including fixed costs, operating income decreased by 29.4% to 5.2 billion yen, due to such factors as the decline in sales of consumer use lithium ion rechargeable batteries. Net income decreased by 8.2% to 6.8 billion yen even though the Company recorded extraordinary income that included gain on sales of non-current assets and gain on sales of investment securities, we also recorded extraordinary loss that included business structure improvement expenses and impairment loss of non-current assets.

Compared to the consolidated financial forecasts that were revised in October 2014, net sales were 1% better than expected, operating income was 2% better, and net income was largely in line with the forecasts as we steadily advanced our foothold in growth areas.

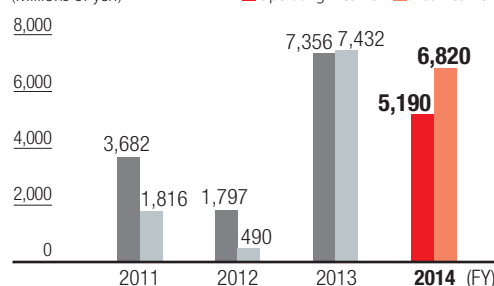
Net Sales

(Millions of yen)



Operating Income / Net Income

(Millions of yen)



	FY 2013		FY 2014				Changes	
	Result		Forecast*		Result		Year on year	Compared to forecasts
	100 Million yen	Profitability	100 Million yen	Profitability	100 Million yen	Profitability	100 Million yen	100 Million yen
Net Sales	1,485	—	1,540	—	1,560	—	+75	+20
Operating Income	74	5.0%	51	3.3%	52	3.3%	-22	+1
Ordinary income	81	5.4%	49	3.2%	55	3.5%	-26	+6
Net Income	74	5.0%	68	4.4%	68	4.4%	-6	0
Free cash flow	58		—		238		+180	
ROE (Return on Equity)	6.3%		—		6.0%		-0.3 point	
Exchange rate (USD rate)	100 yen		—		110 yen		10 yen	

*Forecasts announced October 22, 2014

Q₂ Please give us an overview of New Maxell Innovation (NMI) 17, the Medium-term Management Plan announced in January 2015.

Maxell is using technology and reliability to accelerate growth in each area.

Under New Maxell Innovation (NMI) 17, the Medium-term Management Plan for the Maxell Group, we have set targets of over 7% for the operating profit margin and 8% for ROE in fiscal year 2017. In order to achieve these targets, we will further strengthen BtoB operations, which currently account for approximately 80% of net sales, in addition to steadily expanding our three key growth areas of Automotive, Home Life & Infrastructure, and Health & Beauty Care and giving active consideration to the investment of management capital both internally within the Group (human resources, technology, facilities) and externally (M&As). With a focus on our three key growth areas, we will achieve differentiation by showing the true value of the Maxell Group's strengths, which are our global organization, "Monozukuri" manufacturing capabilities, and analog core technologies. We hope to foster and grow businesses that are truly needed by the market in fields that other companies are unable to easily imitate or enter.

Meanwhile, we will continue to sharpen our differentiated technologies and strengthen the power of our brand to promote further improvement in profitability in the Stable Business & Consumer area, which arguably forms the roots of our "Monozukuri" manufacturing capabilities and the Maxell brand, including consumer use lithium ion rechargeable batteries, packaging tape, and AV related products.

At the same time, we will maintain efforts to reform our portfolio, reduce costs, and activate our organization and human resources with the aim of establishing an even tougher management culture to steadily accomplish the Medium-term Management Plan.

Growth areas set out under management strategy

Focus Areas for Growth					
		 Automotive Area	 Home Life & Infrastructure	 Health & Beauty Care	 Stable Business & Consumer
Business Segment	Energy	Heat resistant coin batteries for sensor nets and electrode and battery materials, etc. 	Coin batteries, cylindrical lithium batteries, energy storage systems for HEMS, etc. 	Coin type lithium ion rechargeable batteries 	Consumer use prismatic lithium ion rechargeable batteries 
	Industrial Material	Automotive optical components / harness fastening tapes, etc. 	Construction and masking tapes, etc. 	Massage units (Units for massage chairs), etc. 	Functional materials (Packaging tape, etc.) 
	Electronic Appliance and Consumer Product	Wireless chargers, etc. 	Projectors, etc. 	Household beauty treatment products, etc. 	AV related products 

Automotive Area

Cars have increasingly become equipped with intelligent devices, such as automotive sensing, in recent years, and Maxell has been promoting product development and sales expansion targeting areas such as batteries and optical components that exploit the core technologies that are the Company's strengths. These include the CR coin type battery*¹ for TPMS*², which not only achieves advanced product specifications using the Company's core technologies, but is also expected to experience significant growth backed by worldwide mandatory fitting of TPMSs. In January 2015, as one strategy to further strengthen this growth area, we expanded production facilities for automotive CR coin type batteries at the Ono Works. In order to meet the future increase in demand, we plan to invest an approximate total of 1.8 billion yen by the end of fiscal year 2015 to increase production capacity to around 1.5 times*³ the previous level.

Furthermore, lens units for in-car cameras are similarly expected to undergo growth, driven by increased demand for cameras fitted to automatic braking systems and the mandatory fitting of rearview monitors to automobiles in the United States. Among them, lens units for so-called sensing cameras for which future market expansion can be anticipated require particularly advanced levels of technology in order to achieve high safety levels and diverse functions. Consequently, we hope to gain a secure position in the market by fully demonstrating our unique high-precision technology.

We believe that we are currently in a period of expansion in demand for these and other optical components and have decided to increase production first at our Malaysian plant. Going forward, while market expansion is anticipated for these in-car products, the level of technology required by products will continually become more advanced. Therefore, in addition to requiring commensurate investment in the development of technology, we will promote the strengthening of manufacturing capacity.

*¹ CR coin type battery: coin type lithium manganese dioxide batteries

*² TPMS: Tire Pressure Monitoring System

*³ 1.5 times the previous level: Maxell's production capacity for CR batteries as of March 31, 2016 compared to September 2014



Quantitative Targets under New Maxell Innovation (NMI) 17 Medium-term Management Plan

**Achievement of target operating income
Appropriate shareholder returns**

OP Margin **7%**
above
ROE **8%**

	FY 2014 (Result)	FY 2017 (Target)	Compared to fiscal year 2014
Net Sales	¥156 billion	¥170 billion	+¥14 billion
Operating Income	¥5.2 billion	¥12 billion	+¥6.8 billion
OP Margin	3.3 %	7.1 %	+3.8 points
Net Income	¥6.8 billion	¥9.9 billion	+¥3.1 billion
ROE	6.0 %	8.0 %	+2.0 points



Home Life & Infrastructure

In the home life & infrastructure area, we are bolstering our lineup of projectors, construction and masking tapes, and other unique products that take advantage of Maxell's technologies. In regard to projectors, we are currently making deliveries to overseas corporate customers primarily in China, and we are developing a number of distinctive products that exploit our strengths, including short-throw and ultra-short-throw projection models and high-end models with superior luminance, with a focus on the education sector.

Moreover, in May 2015, we announced our entry into the multi-copter^{*4} market, which has been the focus of attention in recent years. We have established a strategic cooperation in development, production and sale of lithium ion battery packs and battery chargers with enRoute RC, Japan's leading manufacturer in development and sales of industrial use multi copters.

In addition, in the area of household use energy storage systems, we launched the full-scale roll out of Hemlia, a domestic assistance HEMS.^{*5} In addition to its energy management function, Hemlia provides support for the elderly and child care through monitoring. In the future, we will strengthen its security functions and functions for assisting with health and beauty care with the hope of supporting smart life in diverse aspects of living.

^{*4} Multi-copter: a multi-copter is a variety of helicopter and refers to a rotorcraft with more than two rotors

^{*5} HEMS: Home Energy Management System

Health & Beauty Care

In the health & beauty care area, we are seeing substantial growth in sales of shavers, which have traditionally been placed among mainstay products, and recently sales growth has also been brisk for facial care equipment and other beauty treatment products in Asia, including Japan. Furthermore, we are bolstering our lineups of unique health products, such as the massage units for massage chairs that employ the expertise characteristic of Maxell. We will continue to promote the strengthening of electronic beauty appliances for women, which are performing strongly, as well as ambitiously taking initiatives in new areas, such as proposals in the solutions business in the future.

Stable Business & Consumer

At the same time as continually pursuing greater efficiency and striving to ensure profitability, we are focusing efforts on developing and diffusing products that the market requires. For example, in lithium ion battery business, we are promoting the development of a range of small-size batteries, including small-size prismatic and sheet type batteries suitable for wearable devices for which demand is expected to rise in the future, by applying advanced technologies cultivated in consumer use batteries in the lithium ion battery business. We are also seeking to expand into growth areas such as Home Life & Infrastructure and Health & Beauty Care.

Moreover, in the area of BtoC products, which are in a key position for maintaining and strengthening the Maxell brand, we are proposing a number of attractive products required in each region while promoting the development of new applications and markets in the area of adhesive tape for packaging and packing.

Q₃ Please explain your philosophy on CSR.

Maxell wants to contribute to the realization of a sustainable society as a global company.

We recognize that fulfilling our social responsibility with a global perspective is vital for the Maxell Group, which operates business inside and outside Japan. In addition, as a manufacturer, we think that it is important to not only respond to all kinds of regulations and ensure compliance, but also to contribute to society through our technologies and products.

Based on this approach, the Maxell Group promotes initiatives that are essential for achieving a sustainable society inside and outside Japan, with the aim of becoming a company that is truly necessary for society. These initiatives concern not only highly transparent corporate governance and thorough compliance but also fair business practices, consideration of human rights, appropriate labor practices, environmental conservation, a sincere response to consumer issues, and community development.

Q₄ Please explain your financial strategy.

We aim to provide appropriate returns in step with steady growth, aiming to achieve 8% ROE.

The basic policy of the Company on profit distribution supposes that three points, the distribution to shareholders, the capital expenditure fund underway, and the investment capital that anticipated future business deployment, are comprehensively taken into consideration. With regards to dividends from surplus, we hope to provide a dividend payout ratio of 30 – 40% as a guide based on dividends that reflect business performance with comprehensive consideration of factors such as financial conditions and investment in the future. Going forward, we will steadily accomplish the Medium-term Management Plan NMI17 as well as striving for high profitability while implementing management with awareness of capital efficiency from a financial perspective, aiming to achieve the management target of 8% ROE in the medium term.

Q₅ Please tell us about the outlook for the future.

Maxell will aim for long-term growth through strategic investment that secures the footholds of business.

In this way, we will steadily push forward with the development and sale of new products in promising markets. In addition to maintaining these efforts, we will actively carry out investment in research and development and capital expenditure with an eye on long-term growth. In order to utilize our strengths, we will actively invest in research and development aimed at technical innovation over the period from fiscal year 2015 through fiscal year 2017.

Going forward, we will refine our distinctively unique technical strengths and product development capabilities and expand the areas in which we are the only one, paving the way to medium and long-term growth. We hope that our shareholders, investors, and all other stakeholders will look forward to the future for Maxell.

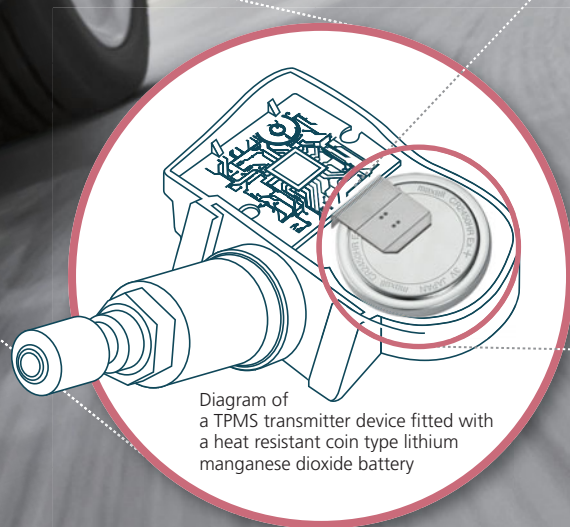


President and Chief Executive Officer



Contributing to better fuel efficiency

Developing and supplying the high durability batteries essential for TPMS (Tire Pressure Monitoring System)



Further improving vehicle safety and fuel efficiency

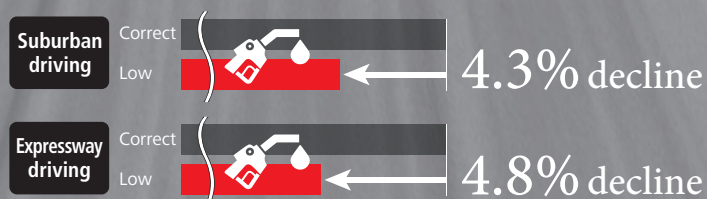
Tires are essential for a car to run. Incorrect tire pressure not only decreases fuel efficiency, but also impedes safe driving. In recent years, TPMSs have been increasingly introduced around the world in order to ensure better fuel efficiency and vehicle safety.

Maxell's heat resistant coin type lithium manganese dioxide batteries are the essential power source for these TPMSs.

Worldwide trend toward introduction of TPMSs



Rate of decline in fuel efficiency due to low tire pressure



* For tire pressure 50kPa too low (Vehicle: Passenger car with 2,000cc displacement)
Source: The Energy Conservation Center, Japan

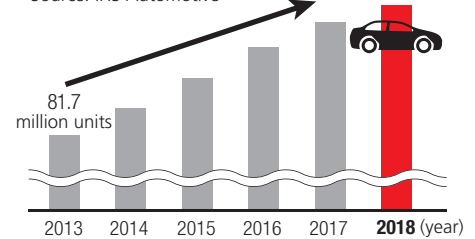
Stable operation of vehicle-mounted electronic components for use in harsh environments

Automobiles are made up of tens of thousands of components. The required functions of these components vary depending on factors like the place of use and the application. The area around the tires is a harsh environment involving heat, water, impacts, and other conditions, and the components used are also required to be extremely durable.

One of these components is the TPMS, which monitors tire pressure. Exploiting our outstandingly durable materials and unique sealing technology, Maxell developed the heat resistant coin type lithium manganese dioxide battery which is fit for use as the TPMS sensor power source. With automobile sales forecasted to rise in the future, we will strive to increase supply of the batteries, as a product that supports the stable operation of TPMSs.

Forecast of annual automobile sales

Source: IHS Automotive



Heat resistant coin type lithium manganese dioxide batteries



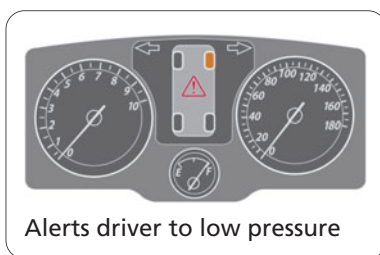
Using materials that only Maxell, which has full knowledge about battery technologies, can select and our unique sealing technology, the heat resistant coin type lithium manganese dioxide battery achieves a wide operating temperature range. The product produces outstanding performance even under high temperature and acceleration conditions. It can even operate under 2,000G of acceleration (equivalent to driving at 300km/h).

Environmental temperature

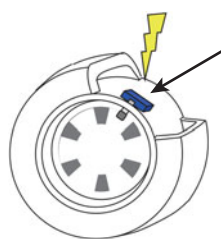
-40°C ~ 125°C



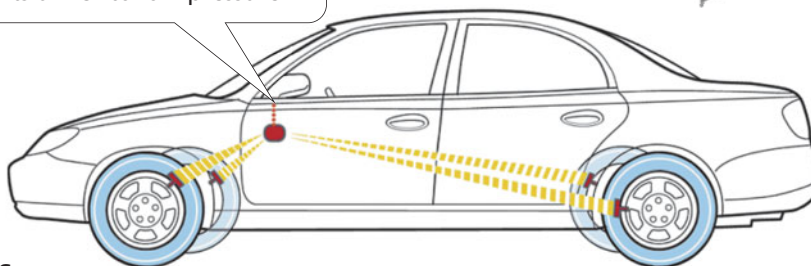
System overview



Alerts driver to low pressure



Batteries used in valve integrated sensors (each tire)



TPMS

TPMS is an acronym for Tire Pressure Monitoring System, which is a system that alerts the driver to low tire pressure. Tire pressure and temperature is measured by a sensor inside the transmitter, and the information is sent wirelessly to a receiver in the vehicle. When the tire pressure falls below the correct value, it causes significant problems with safety while driving such as an increase in braking distance and decline in cornering performance. It also leads to a decline in fuel efficiency due to an increase in surface resistance. A TPMS is a system that prevents these kinds of tire problems and avoids a decline in fuel efficiency.

Maxell strives to ensure safety during use with exhaustive product quality control

Maxell puts a focus on product reliability and safety from the design and development stage because the batteries are a product that will be used in a harsh environment. We also increase product safety using our manufacturing expertise and exhaustive quality control for small-size batteries cultivated over many years.





Supporting safe driving

Developing and supplying the lens units for the in-car cameras essential for automobile sensing and view

As introduction of advanced driving assistant systems progresses, the size of the market for in-car cameras is also expanding.

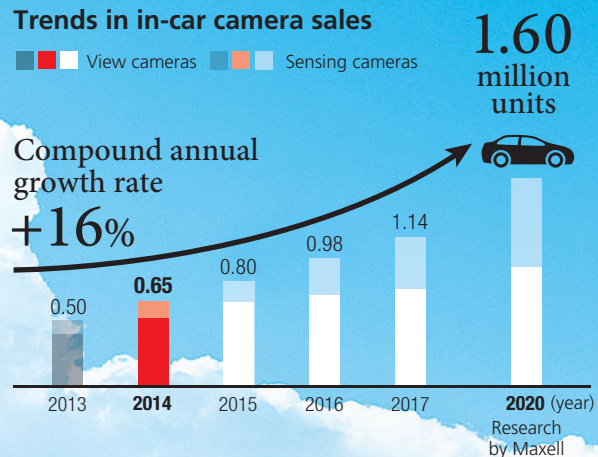
The introduction of advanced driving assistant systems, such as automatic braking systems and rear view monitors, is progressing. Sensing cameras and view cameras are essential devices for these systems.

As demand for automobiles grows in emerging countries, including China, the number of in-car cameras installed to be used in various advanced driving assistant systems will also increase, with the average rate of growth forecast at approximately 16% per year.

Trends in in-car camera sales

■ View cameras ■ Sensing cameras

Compound annual growth rate
+16%



1.60
million
units



Global expansion of high-performance lens units for in-car cameras that achieve a compact, lightweight, high resolution, and high durability product.

Maxell develops and supplies lens units for in-car cameras that are essential for vehicle sensing cameras and view cameras.

We adopted an aspherical plastic lens that exploits our unique materials technology and optical technology to achieve a compact, lightweight, high

resolution, and high durability product. Supporting advanced driving assistant systems, which have a key role in increasing vehicle safety, to meet the needs of an expanding market is also an important business strategy.

Therefore, we are planning to expand

production capacity for optical components, including lens units for in-car cameras, and we have already increased production at our Malaysian plant.

Going forward, we will expand our highly reliable, high performance products that the market demands globally.

Lens units for in-car cameras



Our lens units for the in-car cameras are a compact, lightweight, high resolution product achieved by adopting an aspherical plastic lens. The high-performance product also possesses outstanding heat resistance through the combination of the unique heat resistant AR* technology we developed with heat resistant resin. In general, the narrow angle lens units with a 30° - 80° horizontal viewing angle are used for forward sensing applications while ultra-wide angle lens units with a 120 - 210° horizontal viewing angle are used for rear, side, and surround viewing applications.

* AR: anti-reflection



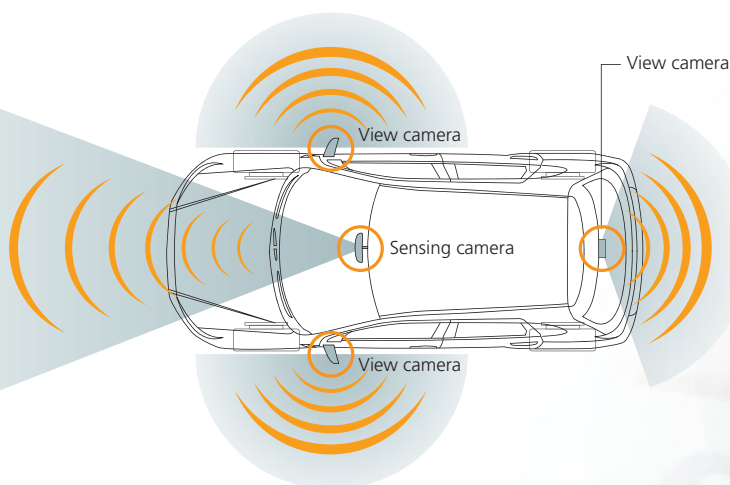
Horizontal viewing angle

30° ~ 210°

Environmental temperature

-40°C ~ 105°C

Installation points of in-car camera lens units



Sensing camera/view camera

Sensing cameras are mainly installed to the front section of a vehicle to pick up road, other vehicle, and pedestrian conditions and relay the image information to the automatic braking system and other systems. View cameras are installed to the front section, door mirrors, and rear section of a vehicle and have functions to project the peripheral image of the vehicle through a rear monitor, etc. Ultra-wide angle cameras are used for a surround viewing monitor that can show an image as if looking down on the vehicle from above.

Maxell supplies high quality products through integrated production from optical design through to manufacturing

A high quality lens unit is required to project the target image accurately. Maxell combines high precision components and fabrication technologies to supply units that comprehensively increase quality and functions. Exploiting the strength of our capability for integrated production from optical design through to manufacturing, we supply uniquely high quality products.

Value of U

The potential to meet needs

A unique manufacturer that turns certain “solutions” into “comfort”

Creating value
that cannot be
quantified

Analog
Core
Technologies

Three Key
Growth Areas

Automotive

Home Life &
Infrastructure

Health &
Beauty Care



uniqueness

Aiming to be a unique company that can contribute to customers
in diverse situations

We hope that our products will create enjoyment, happiness, and prosperity for many people.
In order to realize this hope, we will further refine our unique technologies and “Monozukuri” manufacturing capabilities.
We have always gone back to the materials that form the source of our products to solve challenges
using our analog core technologies, which create value that cannot be quantified,
while developing and supplying a number of unique products that other companies do not offer.
Going forward, we will aim to be a unique company close to our customers that acknowledges diverse requests and
can deliver true value to customers through our ideas and
technological potential that can turn “solutions” into “comfort.”

At the Maxell Group, one of our basic management policies is to pursue enhanced corporate value through the implementation of management measures that reflect the viewpoints of all stakeholders, including shareholders and other investors, customers, and employees.

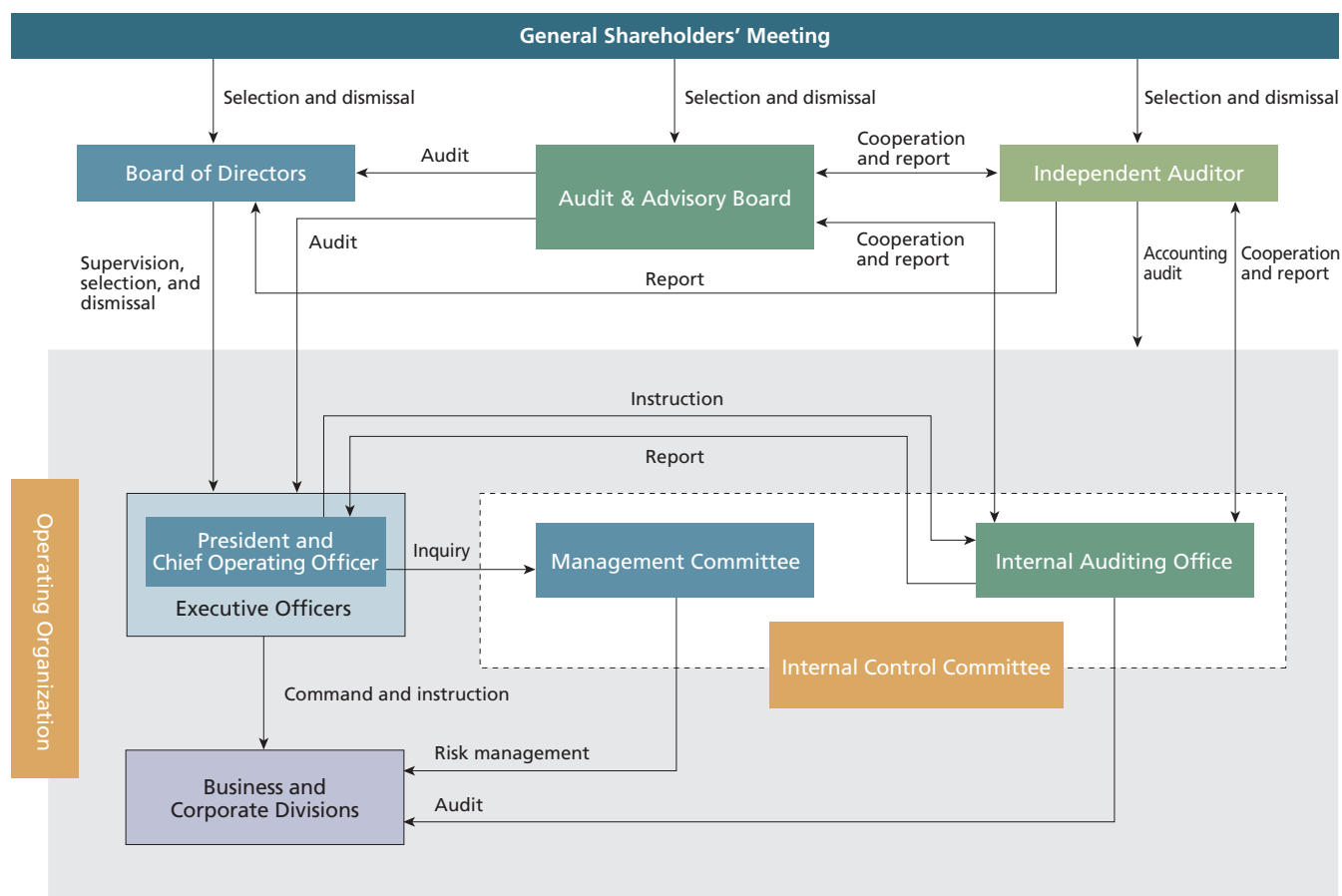
Accordingly, we regard expediting both management

decision making and operational implementation, while simultaneously strengthening oversight systems, and ensuring stringent compliance management as fundamental to sound corporate governance and subsequently the enhancement of corporate value.

Characteristics of Corporate Governance System (as of June 26, 2015)

System	Company with Auditors
Reason for adoption of system	Appointing corporate auditors to ensure the effectiveness of corporate governance, by reinforcing and enhancing oversight systems, was judged to be the optimal approach based on the size of the Company and nature of its business.
Number of directors	5
Of which, outside directors	1
Number of audit & advisory board members	3
Of which, outside auditors	2
Term of directors	1 year
Executive officer system in place	Yes
Independent auditor	Ernst & Young ShinNihon LLC

Overview of Corporate Governance System



Outside Director and Outside Auditors (as of June 26, 2015)

The Company has one outside director. Outside Director Akira Shimizu has worked as an executive of Hitachi, Ltd., and of numerous Hitachi Group companies. The Company has an ongoing business relationship with Hitachi, Ltd., and certain Hitachi Group companies that includes sales of dry batteries and outsourcing of research and development.

The Company has two outside auditors. Outside Auditor Kouji Kihira has served as the senior managing executive officer in charge of the Specialty Chemicals & Products Company at Ube Industries, Ltd. The Company has an ongoing business relationship with Ube Industries, Ltd., that includes the purchase of raw materials. Outside Auditor Wataru Kitao has worked as an executive in charge of management strategies at Nitto Denko Corporation. The Company has an ongoing business relationship with Nitto Denko Corporation that includes sales of adhesive tapes.

The Company has entered into agreements with each

Attendance of outside director and outside auditors to board of directors meetings (April 1, 2014 – March 31, 2015)

Classification	Name	Attendance	Attendance ratio
Outside director	Akira Shimizu	12 of 13 meetings	92.3%
Outside auditors	Kazuhiro Ueda*	15 of 15 meetings	100.0%
	Kouji Kihira	15 of 15 meetings	100.0%
	Wataru Kitao	15 of 15 meetings	100.0%

*Retired effective June 26, 2015

outside director and outside auditor whereby their liability is limited to the minimal amount provided for in Article 427, Paragraph 1, and Article 425, Paragraph 1, of the Companies Act of Japan.

Stance with Regard to the Appointment of Outside Director and Outside Auditors

The outside director and outside auditors currently appointed are fulfilling their anticipated function and role of providing objective and appropriate supervision, oversight, and advice based on their highly independent position and specialized insight. As such, we believe that these individuals are making large contributions to the effectiveness of the Company's corporate governance system.

Independence Standards and Policies for Selecting Outside Director and Outside Auditors

The Company has not defined independence standards or policies for selecting outside directors and outside auditors. However, the standards for deciding the independence of independent directors and auditors defined by the Tokyo Stock Exchange are observed when making selection decisions.

Outside Director Akira Shimizu has been designated as an independent director and outside auditors Kouji Kihira, and Wataru Kitao have been designated as independent auditors in accordance with the standards defined by the Tokyo Stock Exchange. The necessary reports have been submitted.

Compensation of Directors and Audit & Advisory Board Members (fiscal year 2014)

Classification	Total compensation (millions of yen)	Compensation by type (Millions of yen)				Applicable individuals (people)
		Basic compensation	Stock options	Bonuses	Retirement benefits	
Directors (excluding outside directors)	176	134	—	42	—	11
Audit & advisory board members (excluding outside auditors)	—	—	—	—	—	—
Outside directors and auditors	28	25	—	3	—	5

Note: 1. The amount of total compensation above includes provision for directors' bonuses of ¥45 million recorded in fiscal year 2014 (¥42 million in provision for the 4 internal directors and ¥3 million in provision for the one outside director).

2. In addition to the amount of total compensation above, the Company paid ¥11 million as directors' retirement benefits to a retired director who is not an outside director.

Strengthening Compliance

The Maxell Group has continuously engaged in building an appropriate management structure, pursuing the enhancement of internal control systems, and developing its compliance structure.

The Company relisted on the first section of the Tokyo Stock Exchange in March 2014. To coincide with this, we are promoting a variety of activities more than ever before. These activities include holding a lecture on preventing insider trading with a guest speaker from Japan Exchange Regulation attended by 414 employees and the provision of e-learning on compliance for all employees.

In relation to security export control, we have established an Export Control Committee. We are committed to making an accurate evaluation of export license requirements and conducting rigorous audits of applications and users (catch-all control audit). This is done for the purposes of preventing the diversion of our company's products to use in weapons of mass destruction and conventional weapons and complying with relevant laws and regulations. In November 2014, we obtained special general bulk license approval*, and we are committed to responsible self-management in the future.

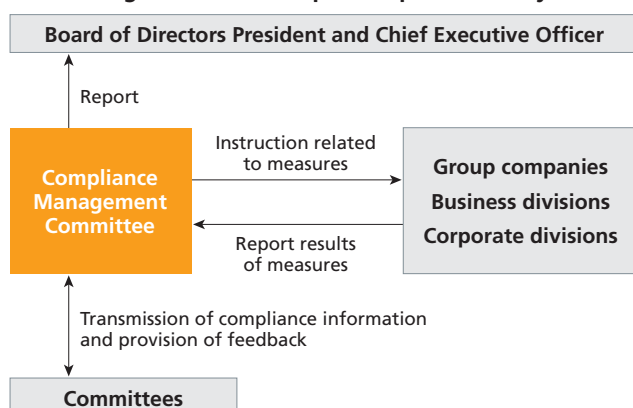
*Special general bulk license approval: a system under which the Minister of Economy, Trade and Industry certifies a corporation with an appropriate internal management system and track record to act on behalf of the national government with regard to some export licensing operations.

Risk Management

Every year, the Maxell Group conducts risk assessments that also focus on compliance in each of its departments. The results of these assessments are reported to the Compliance Management Committee, which is comprised entirely of directors.

We handle priority issues by cutting across and over organizational boundaries.

Risk management and compliance promotion system



Information Security

The Maxell Group promotes the establishment of regulations, systems, and safety measures based on the Information Security Policy. At the same time, we also focus on educational activities to raise the awareness of every single employee.

In fiscal year 2014, we provided training on themes that included Recent Information Security Situation and Initiatives to Protect Personal Information. In April 2013, we acquired privacy mark certification, which was renewed in July 2015.

Respect for Human Rights

The Maxell Group established the Hitachi Maxell Group Human Rights Policy in September 2013, based on the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO).

In fiscal year 2014, as human rights education, we held a lecture for all managers on the theme of creating a workplace where handicapped people can carry on working actively.

Approach to CSR Activities

The Maxell Group promotes initiatives that are essential for achieving a sustainable society inside and outside Japan. These initiatives concern not only having highly transparent corporate governance and thorough compliance but also fair business practices, consideration of human rights, appropriate labor practices, environmental conservation, a sincere response to consumer issues, and community development. We seek to contribute to society through the fulfillment of our social responsibility and through our technologies and products.

The Maxell Group has established the Corporate Credo that specifies the mission and duties to be performed by the Group and has formulated a CSR Policy. The purpose is to promote an environment in which CSR activities are conducted in a systematic and continuous way, as well as to encourage employees to take pragmatic action to uphold these policies and standards. Furthermore, we have created the Hitachi Maxell Group Codes of Conduct in order to pursue business activities rooted in corporate ethics and statutory compliance, with the aim of becoming a company that is truly necessary for society.

Directors and Audit & Advisory Board Members

(As of June 26, 2015)

Directors



Yoshihiro Senzai

President and Chief Executive Officer

Apr. 1971 Joined the Company
Aug. 1998 General Manager of Rechargeable Battery Business Department, Battery Business Group of the Company
Jun. 1999 Director of the Company
Jun. 2003 Vice President and Executive Officer of the Company
Apr. 2006 Senior Vice President and Executive Officer of the Company
Jun. 2006 Director, Senior Vice President and Executive Officer of the Company
Apr. 2008 Director, Representative Executive Officer, Senior Vice President and Executive Officer of the Company
Jun. 2010 Representative Executive Officer, Senior managing Director of the Company
Apr. 2011 President and Representative Director of the Company
Jun. 2014 President and Representative Director, Chief Executive Officer of the Company



Meiro Iwasaki

Director

Apr. 1974 Joined Hitachi, Ltd.
Jul. 2009 General Manager of Hitachi Consumer Electronics Co., Ltd.
Oct. 2009 Executive Officer of the Company
Jun. 2010 Director of the Company
Apr. 2011 Managing Director of the Company
Jun. 2014 Director, Senior Vice President and Executive Officer of the Company



Masao Okafuji

Director

Apr. 1981 Joined the Company
Oct. 2001 General Manager of Advanced Tape Business Department, Information Storage Media Business Group of the Company
Apr. 2006 Executive Officer of the Company
Jun. 2010 Director of the Company
Apr. 2011 President and Representative Director of Hitachi Maxell Energy Ltd.
Jan. 2012 Director of the Company, President and Representative Director of Hitachi Maxell Energy Ltd.
Jan. 2013 Managing Director of the Company
Jun. 2014 Director, Vice President and Executive Officer of the Company



Kenichi Yoshitake

Director

Apr. 1974 Joined Hitachi, Ltd.
Apr. 2009 General Manager of Marketing Department, Consumer Business Group of Hitachi, Ltd.
Jul. 2009 Director of Hitachi Consumer Electronics Co., Ltd.
Apr. 2011 President and Representative Director of Hitachi Joei Tech Co., Ltd.
Jul. 2013 Director of the Company
Jun. 2014 Director, Vice President and Executive Officer of the Company



Akira Shimizu

Outside Director

Apr. 1979 Joined Hitachi, Ltd.
Apr. 2010 Managing Director of Hitachi Europe Ltd.
Oct. 2012 General Manager of International Strategy Division and Deputy General Manager of International Marketing Division, Corporate Sales & Marketing Group of Hitachi, Ltd.
Apr. 2013 Vice President and Executive Officer, General Manager of International Strategy Division, and Deputy General Manager of International Marketing Division, Corporate Sales & Marketing Group of Hitachi, Ltd.
Oct. 2013 Vice President and Executive Officer, Deputy General Manager of Corporate Sales & Marketing Group, General Manager of Regional Strategies Division, Corporate Sales & Marketing Group, and General Manager of Strategy Support Group of Hitachi, Ltd.
Apr. 2014 Vice President and Executive Officer, Deputy General Manager of Corporate Sales & Marketing Group, General Manager of Regional Strategies Division, and Corporate Sales & Marketing Group of Hitachi, Ltd. (incumbent)
Jun. 2014 Director of the Company

Audit & Advisory Board Members

Katsunori Ikegami

Auditor (Full-time)

Apr. 1980 Joined the Company
Jun. 2008 General Manager of Business Strategy Division
Apr. 2011 Director of the Company
Jun. 2014 Executive Officer of the Company
Apr. 2015 Special-purpose contract employee
Jun. 2015 Auditor of the Company

Kouji Kihira

Outside Auditor

Apr. 1968 Joined Ube Industries, Ltd.
Apr. 2001 Executive Officer of Ube Industries, Ltd.
Apr. 2003 Managing Executive Officer of Ube Industries, Ltd.
Apr. 2005 Senior Managing Executive Officer of Ube Industries, Ltd.
Nov. 2013 Outside Auditor of the Company

Wataru Kitao

Outside Auditor

Apr. 1974 Joined Nitto Electric Industrial Co., Ltd. (currently Nitto Denko Corporation)
Jun. 2003 Director of Nitto Denko Corporation
Jun. 2007 Senior Vice President of Nitto Denko Corporation
Jun. 2010 Corporate Advisor of Nitto Denko Corporation (incumbent)
Nov. 2013 Outside Auditor of the Company

Environmental Conservation Action Guidelines

The Maxell Group has established Environmental Conservation Action Guidelines as its guiding principles for activities to preserve the environment.

These guidelines support the Global Environment Charter

set forth by the KEIDANREN (Japan Business Federation), and, with the Hitachi Maxell Corporate Credo as their basis, establish initiatives that address environmental issues involving the business operations of the Group.

Environmental Conservation Action Guidelines (Global Environmental Charter)








Drawing upon the Hitachi Maxell Corporate Credo as their fundamental philosophy, these guidelines indicate standards for conduct to be followed in our initiatives to address environmental issues involving our business operations.

Action Guidelines

1. Recognizing that global environmental issues are critical challenges shared by humans, we will act across the company to make harmony with the environment as one of our management priorities.
2. Members of the board and departments in charge of environmental issues will promote and enforce environmental conservation activities through means including improving environmental conservation promotion systems and environment-related rules and regulations, and setting goals for environmental burden reduction. We will also strive to check and continually improve activities through environmental audits.
3. We will accurately assess needs related to the resolution of global environmental issues, and, by developing advanced and reliable technologies and products to address these, will strive to contribute to society.
4. We will consider the reduction of environmental burdens at every stage including product research and development, design, production, distribution, usage, and final disposal.
5. We will investigate and review the environment impact caused in the course of our business operations. We will also introduce excellent technologies and materials useful to safeguard the environment, in other words, to reduce environmental burdens through energy and resource saving.
6. Our environmental conservation efforts are not only to be focused on observing international environmental regulations and those of national and local governments, but also on conserving the environment by implementing voluntary environmental standards when necessary.
7. We will consider the impacts of our overseas business operations and product exports on local regions, and will strive to implement countermeasures in accordance with requests from local communities.
8. We will work to raise awareness of the environment among employees and, with a view toward society as a whole, will contribute to society through environmental conservation activities from a wide range of perspectives.
9. In the event of an environmental issue caused by our business operations, we will enact appropriate measures to minimize environmental burdens.

Note: The Environmental Conservation Action Guidelines were established in June 1996.

Environmental action objectives and results for fiscal year 2014

Category	Activity	Fiscal year 2014 Target	Fiscal year 2014 Results	Self-evaluation
Eco-mind & Global Environmental Management	Nature environmental literacy	Promote enrollment in ecological mindset education (e-learning)	100% enrollment	
Next Generation Products and Services	Promote environmental CSR manufacturing	Comply with REACH regulations	Implemented study of used substances	
	Promote Eco-Products	89% of total sales accounted for by eco-products* ¹	90%	
Environmentally conscious factories and offices	Prevent global warming	40% reduction in CO ₂ emissions (Japan, compared with fiscal year 1990)	54% reduction	
		22.1% or more reduction in energy consumption rate per unit (Japan / overseas, compared with fiscal year 2005)* ²	27.5% improve	
	Use resources efficiently	50.1% or more reduction in waste and value-bearing waste output rate per unit (Japan / overseas, compared with fiscal year 2005)* ²	54.6% improve	
	Chemical substance management	35.7% or more reduction in atmospheric emissions rate for volatile organic compounds per unit* ³ (Japan / overseas, compared with fiscal year 2006)* ²	45.6% improve	

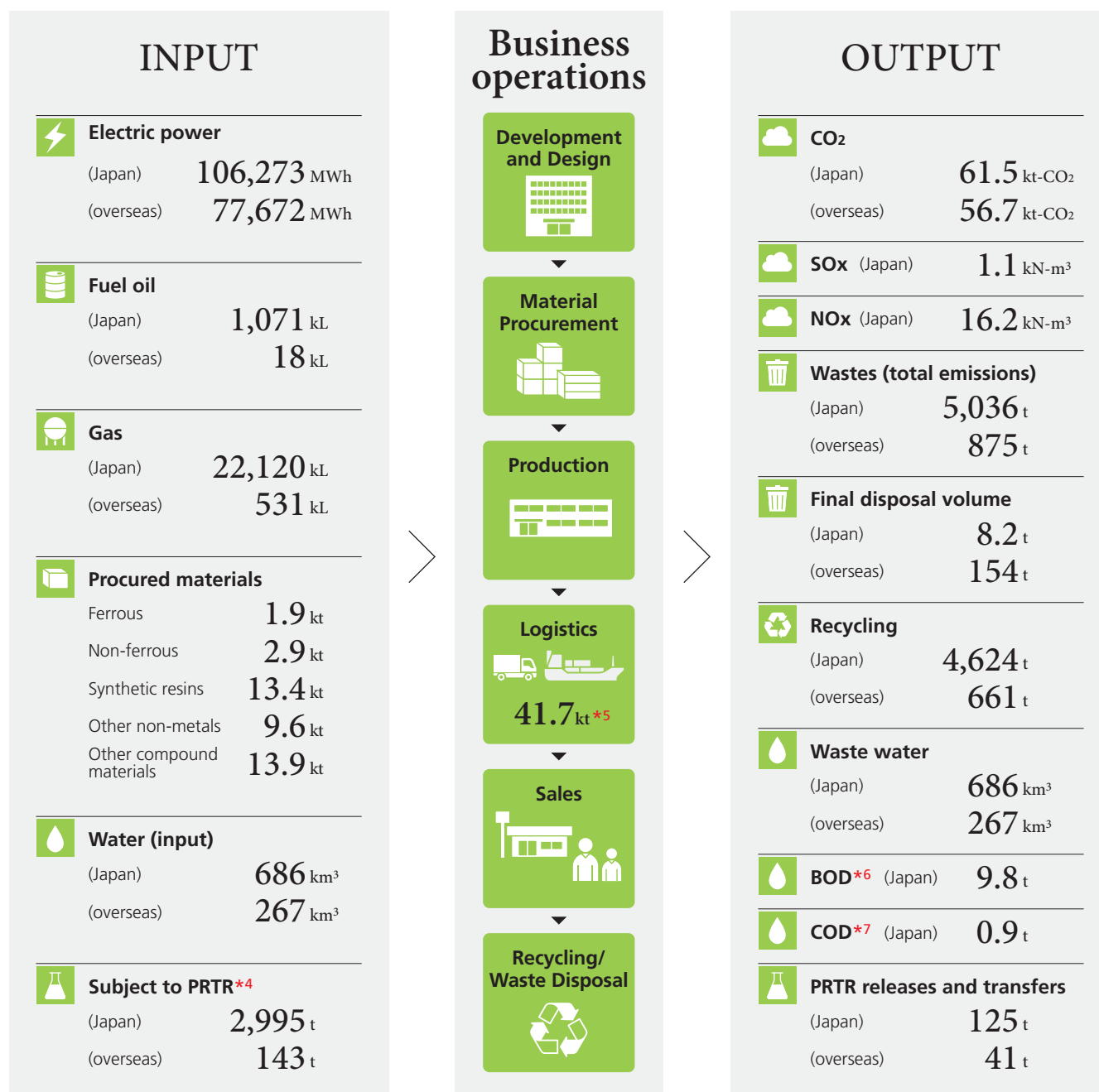
*¹ Ratio of Sales = (Eco-Products Sales) / (Maxell Group Sales)

*² Improvement rate per unit: Numerical values obtained by performing weighted average by the load ratio on the percent improvement per unit (load/activity) with respect to a reference year

*³ Volatile Organic Compounds: General terms for organic compounds containing toluene, methyl ethyl ketone, and other substances that evaporate and form a vapor in the atmosphere.

Evaluation criteria  Target achieved  Target partially achieved

Business operations and environmental burdens



*4 PRTR: Pollutant Release and Transfer Register

*5 41.7kt: Amount from Maxell Group in Japan

*6 BOD: Biochemical Oxygen Demand

*7 COD: Chemical Oxygen Demand

*Environmental Accounting

Under challenging business circumstances in fiscal year 2014, we leveraged the Energy Use Rationalization Business Support and Subsidy Program of the Ministry of Economy, Trade and Industry and increased our environmental investments. Our environmental costs declined 3.6% from the previous fiscal year.

	(Millions of yen)	
	Fiscal year 2013	Fiscal year 2014
Costs	1,359	1,310
Investment	18	197
Economic benefits	859	790

* Figures for fiscal year 2013 and before in the existing Hitachi Maxell CSR Report have been revised to reflect the integration of the projector-related business of Hitachi Consumer Electronics Co., Ltd. in July 2013.

Eco-mind & Global Environmental Management

Key points in our initiatives

Recognizing environmental conservation and the protection of biodiversity as important undertakings, the Maxell Group supports the Global Environmental Charter set forth by the KEIDANREN (Japan Business Federation), and has formulated Environmental Conservation Action Guidelines in accordance with the Hitachi Maxell Group Corporate Credo. We also endorse the purpose of the Declaration of Biodiversity by KEIDANREN, part of the organization's Japan Business and Biodiversity Partnership.

To make our environmental management systems thoroughgoing, we acquired ISO 14001 consolidated certification for the domestic Group in 2008, covering nine regions. In fiscal year 2014, we added Maxell Smart Communications Co., Ltd. to our certified companies.

We did not have any environment-related accidents nor did we incur any environment-related fines or complaints in fiscal year 2014. During the year, we reviewed the appended tables in our chemical substance management guidelines with the primary intention of compliance with the latest laws and regulations, with particular attention paid to conformance concerning SVHCs*1 and controlled and approved substances under the European REACH regulations.

*1 SVHC: Substances of Very High Concern

Next Generation Product & Services

Expand Eco-Products lineup

The Maxell Group is making efforts to develop eco-products through which we can make contributions to society through our technologies and products.

In fiscal year 2014, we registered 49 products as eco-products, including our Energy Station Type C residential (indoor) energy storage system, LCD projector, and facial-cleansing esthetic product.

Moreover, we are promoting development of "eco-product select" products, for which environmental impacts are assessed at every stage of the product life cycle in accordance with the high environmental performance standards of Hitachi Group eco-design assessment criteria. As of the end of fiscal year 2014, we have registered 5 eco-product select products.

T O P I C S

Newly-developed wireless power transfer technology wins academic society's Innovative Technology & Product Award

Maxell's Wireless Power Transfer Technology based on Magnetic Resonance, which supplies electrical power wirelessly between coils at the separate place, won the fiscal year 2014 Innovative Technology & Product Award from The Magnetics Society of Japan.

Using original magnetic field control technology and circuit configuration, the technology is capable of transferring electrical power in the range of tens of watts, even when separated from the target device by a thick concrete wall. The technology is expected to contribute to extended operating hours and improvement of operating environments for a wide range of devices, including industrial equipment, medical devices, robots, and mobile devices.



Eco-friendly factories and offices

Prevent global warming

At each of our sites in Japan, we engaged in active energy conservation checks and energy conservation measures including electrical power demand management for equipment, constraint of peak electrical power, rotating stoppages of air conditioning equipment, reduction of compressor blower pressure, air conditioning equipment upgrades, use of LED lighting, stoppage of air conditioning in manufacturing areas during night-time, and installation of green curtains. As a result, the effect on energy usage in fiscal year 2014 was a 21% reduction compared with the budget.

In addition, in comparison to the Maxell Group's targeted 22.1% improvement in energy consumption rate per unit, we achieved a 27.5% improvement in fiscal year 2014.

T O P I C S

Expansion of solar power generation in factories

In January 2015, we began solar power generation at the Kobuchizawa Works as we did at the Ono Works and Fukuchiyama Works in February 2014.

Our planned power generation capacity is 16.4 MWh per year. The generated electricity will be used for lighting and production equipment inside workplaces.

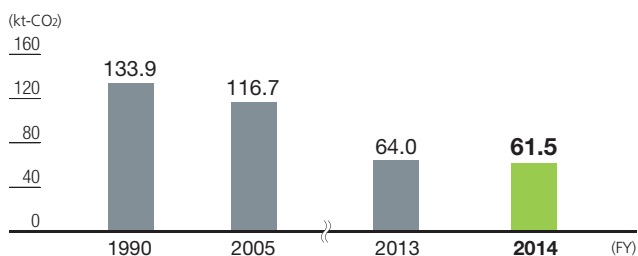
By carrying out power generation projects using renewable energy, Maxell will help work toward expanded use of natural energy, prevention of global warming, and reduction of environmental burdens in society overall.



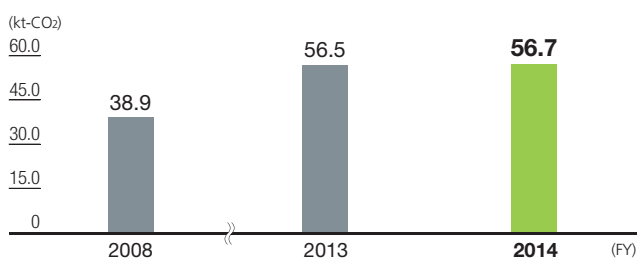
Solar power generation

CO₂ emissions*

Japan*2



Overseas*3



*2 Electrical power/CO₂ conversion factor: 0.417t-CO₂/MWh in fiscal year 1990, 0.423t-CO₂/MWh in fiscal year 2005
0.36t-CO₂/MWh used in fiscal year 2013 and fiscal year 2014

*3 Electrical power/CO₂ conversion factor: 0.787 for UK, 0.605 for Malaysia, 0.787 for China, 0.694 for Indonesia

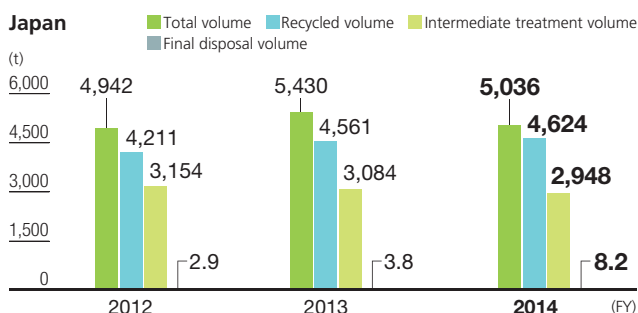
Use resources efficiently

In comparison to the Maxell Group's targeted 50.1% improvement in our waste and value-bearing waste output rate per unit, we achieved a 54.6% improvement in fiscal year 2014.

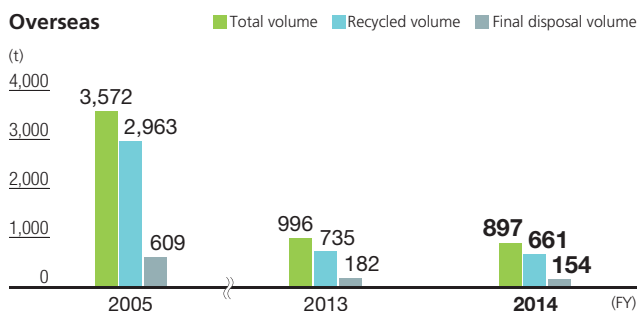
At manufacturing sites in Japan, we also achieved zero emissions for 14 consecutive years.

Situation of wastes, etc.*

Japan



Overseas



* Figures for fiscal year 2013 and before in the existing Hitachi Maxell CSR Report have been revised to reflect the integration of the projector-related business of Hitachi Consumer Electronics Co., Ltd. in July 2013.

Chemical substance management

In comparison to the Maxell Group's targeted 35.7% improvement in our atmospheric emissions rate per unit for volatile organic compounds, we achieved a 45.6% improvement in fiscal year 2014.

Environmental communication

Dialogues with stakeholders on the environment

As part of our continuing dialogues with communities, we established a forum for the seventh dialogue with 13 university students taking the Introduction to Global Environmental Studies course in the Division of Global Architecture in the Osaka University School of Engineering.

There, we engaged in an exchange of views with the students regarding the environmental vision of the Hitachi Group and the environmental activities of the Maxell Group.



Stakeholder dialogue

Our Activities

Contributed to reduce environmental burdens by raising goya gourds

The Kyushu Works has placed "green curtains" of the gourd plants on the south face of buildings from fiscal year 2011 as it works to reduce the impact of indoor air conditioning and raise employees' environmental awareness. On hot days, including weekends, the workplace waters the gourd plants for about 50 minutes two or three times per day to keep the plants from wilting. This ongoing, careful nurturing is an environmental measure that is expected to conserve energy.

The highly visible green curtains are also a good way of making our environmental initiatives known to our neighbors.



Green curtain

Together with Customers

Enhancing Customer Satisfaction

The Maxell Group places great importance on addressing consumer issues. In our efforts to improve customer satisfaction (CS), customer feedback is analyzed by the operating divisions responsible for the products in question, with the results reflected in future products and services.

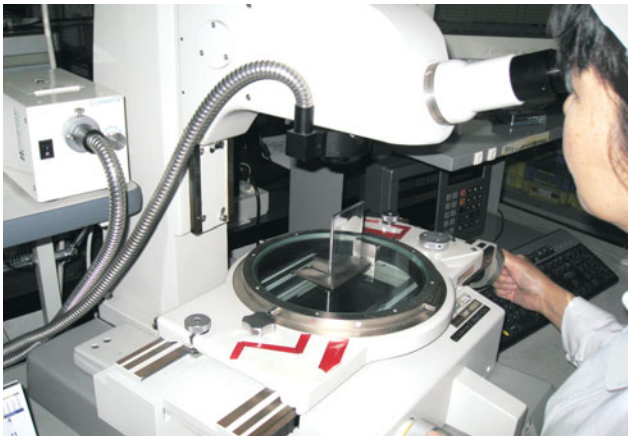
As part of our CS improvement efforts, the Customer Service Center uses response rate and rate of gratitude calls as indices so that it can respond promptly and appropriately to customer questions and requests for consultation. The response rate in fiscal year 2014 was unchanged from the previous year at 71%. The rate of gratitude calls was 5.7%, a 0.2 percentage point increase over the previous year.

Enhancing Product Liability and Quality

Quality is the core of "Monozukuri" manufacturing capability. We make every effort to provide our customers with products they can use with confidence.

Also, during product development, everyone in related departments such as design, production and quality assurance makes a concerted effort to prevent malfunctions occurring in products and services, and works to create safe and high-quality products.

In fiscal year 2014, there were no newly released malfunctions in products.



Quality inspection



TOPICS

New iV Blue model with Double iV Slots released in response to customer requests

Responding to customers' wishes to record more of their favorite television programs, watch recorded programs on the go, and easily create libraries of programs for each member of the family, in 2013 Maxell released the "iV Blue" Blue-ray HDD recorder that allows flexible use of three types of recording media. Favorable reaction to the product has made a positive contribution to our sales.

At the same time, we also received many comments and requests concerning the product. In response to these, in 2014 we furthered the evolution of the product with new features including Double iV Slots, Favorite Recording, 4K up-conversion output compatibility, and DLNA (Digital Living Network Alliance) smartphone and tablet connectivity.



New iV Blue model

"maxell" brand certified as "Well-Known Trademark" in China

In December 2014, our "maxell" corporate brand was certified in China as a "Well-Known Trademark" for recording media products by the Trademark Review and Adjudication Board of the State Administration for Industry & Commerce of the People's Republic of China (SAIC). This designation is conferred by the SAIC or by some courts in China, and targets brands that are recognized as widely known trademarks throughout the country.

This certification expands the range of protection for the "maxell" trademark in China, expanding and strengthening protection for the brand against improper registration by third parties and facilitating the rejection of improper use.

Together with Business Partners

Promoting fair transactions with suppliers

The Maxell Group conducts procurement in accordance with the Guidelines for Procurement Activities in order to achieve fair business practices, and endeavors to engage in fair and impartial transactions with suppliers.

These guidelines have also been applied to our company regulations, and employees have been thoroughly familiarized with the guidelines.

Sharing CSR awareness with suppliers

As a part of our promotion of CSR procurement, the Maxell Group works to share CSR awareness with suppliers through the everyday procurement activities of all divisions and through events such as customary New Year's celebration forums.

In fiscal year 2014, acting through the purchasing

departments of our divisions, we again requested suppliers to cooperate in promoting CSR and thorough going observance of basics and ethics.

Also, we are globally pressing ahead with VE (Value Engineering) that makes full use of VE practical education in work for local staffs in overseas.



VE activities overseas

Promotion of CSR procurement

Extending our consideration of CSR to the supply chain as well, the Maxell Group promotes CSR procurement in accordance with the CSR Policy and the Hitachi Group Supply-Chain CSR Deployment Guidebook.

In fiscal year 2014, we posted our Green Procurement Guidelines on a dedicated site for suppliers, providing our suppliers with information on compliance with regulations for chemical substances in products and compliance with the European REACH regulations.

We requested suppliers' understanding and endorsement of the Maxell Group's Environmental Vision, which advocates the prevention of global warming, the cyclical use of resources, and the conservation of the ecosystem, and urged suppliers to include these priorities in their own environmental policies.

Specifically, we asked suppliers to engage in active environmental conservation and to give consideration to reducing environmental burdens of the goods they supply.

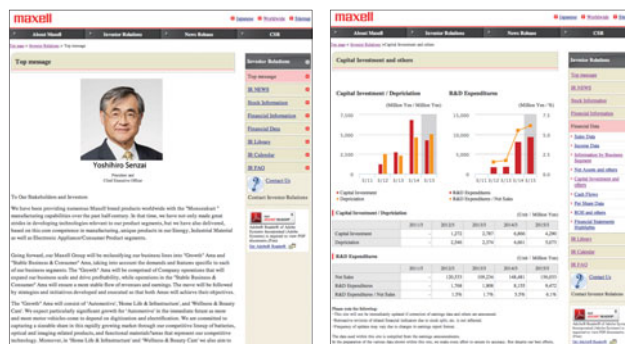
Together with shareholders and investors

Communicating appropriate and timely IR information

In addition to news releases aimed at shareholders and investors, the Maxell Group communicates financial data, information from presentation of Consolidated Financial Results and General Meeting of Shareholders, and other information through our website.

In May 2015, we renewed the design of the site's main page for shareholders and investors.

From here on out, we will continue working to increase the ease of use of our site and to communicate information with accuracy and ease of use in mind.



Our Activities

Keisuke Yamamoto
Procurement Management Section,
Logistics Management Department,
Business Transformation Division



To further promote CSR procurement

The terms "CSR" and "CSR procurement" have recently come to take hold within suppliers as well. From here on out, it will be increasingly important that all of our suppliers have a proper understanding of CSR procurement to the extent that they achieve it naturally in their daily work without overt consciousness.

Toward this end, we are working not only to present CSR information in the ordering systems that our suppliers use regularly, but also to instill awareness of CSR procurement in the procurement managers who talk to suppliers on a daily basis. I believe that by doing so, procurement managers' daily work itself will come to constitute procurement activities that naturally achieve CSR procurement.

Together with Employees

Basic policy on human resources and employment

To ensure that each employee can work with eagerness as a good corporate member and corporate citizen, the Maxell Group is attentive to the human rights of employees and values the individuality and motivation of each. At the same time, we endeavor to train and deploy human resources who have the ability to act on the global stage.

We work to construct fair and impartial employment and personnel systems, and engage in initiatives to increase awareness of human rights. We do so under the Hitachi Maxell Group Code of Ethics, which calls for respect for employees' personalities and human rights while prohibiting discrimination on the basis of gender, age, nationality, race, ethnicity, creed, religion, social status, or presence of disabilities.

Education and training systems that support employee growth

We believe that strengthening and invigorating our human resources is vital for Maxell to further develop and grow. Leadership by the section-level managers who orchestrate the workplace is particularly important.

In fiscal year 2014, in addition to the continuation of education for every level of the organization and training programs to screen managerial candidates, we began new leadership training for section-level managers, with 58 persons taking part. Under the theme of how to spark the innovation required for new business creation, trainees learned about key points of strategy, transformation, and leadership, as well as how to recognize and leverage their own strengths.

In fiscal year 2015, we will brush up our education programs and education content to strengthen human resources development, with plans to promote broader and more detailed education.

Based upon our educational principles, the Maxell Group strives to boost employees' skills through education, training, and capacity development.

Creating an employee friendly working environment

Maxell offers diverse work programs that allow employees to select flexible ways of work matched to their stages of life. Particularly with regard to childrearing and nursing, our programs go beyond statutory standards to support a balance between work and family life.

Promotion of diversity management

Maxell undertakes diversity – i.e. the deployment of diverse human resources – as a management strategy and a business strategy, with the aim of improving the problem solving ability, creativity, and flexibility of the organization by leveraging human resources who hold differing value perspectives, sensibilities, and experiences.

In fiscal year 2013, we launched a project to promote active participation by women, and are making efforts toward the continued employment and career advancement of women.

In fiscal year 2014, we made our top management commitment to promoting the reformation of employees' awareness and corporate culture. We further worked to identify issues from diverse perspectives through workshops for employees, including those in managerial positions. From here on out, we will continue advancing initiatives aimed at these issues, as participants themselves also become more active through the insights they have gained.



Diversity Workshop

Promotion of employment of persons with disabilities and re-employment of retired persons

Maxell is undertaking improvements to make our workplace environments more conducive to work by persons with disabilities.

In February 2015, we held a seminar for managerial staff under the theme of creating workplaces where persons with disability can continue to work with motivation. Attendees learned points of note for management of workplaces, and other knowledge required for the employment of persons with disabilities. We also discussed the mandatory employment of persons with mental disabilities that will take effect in April 2018, and are working to promote understanding of the social responsibilities demanded of companies.



Human resources
development training

Also in fiscal year 2014, out of 32 employees reaching mandatory retirement age, we re-employed 19 as senior employees. As of April 2015, 51 senior employees are active within the company.

We will continue to promote diversity management, and will work to create workplaces where senior employees can fully display the knowledge and technical abilities they have built up over the years.

Occupational health and safety activities

Maxell is advancing occupational health and safety activities in accordance with the Occupational Health and Safety Basic Policy.

In fiscal year 2014, with the Hitachi Maxell Group Health and Safety Committee taking the leading role, we strove to maintain and improve our occupational health and safety activities and to firmly establish the practice of risk assessment in every business division.

Continuing from fiscal year 2013, our offices in Japan also engaged in mutual safety patrols. Through measures such as these, we continue working to improve our level of occupational health and safety.



Mutual safety patrol

Strengthening mental health programs

Through its EAP*, Maxell works to resolve the worries of employees by offering counseling provided by outside consultation services.

In fiscal year 2014, we also conducted line (foreman) care training and distributed handbooks on mental health, with the goal of efficiently enhancing the prevention of mental health issues.

*EAP: Employee Assistance Program

TOPICS

We conduct a variety of disaster prevention drills to protect our employees and communities

At the Kyoto Works, we conduct joint disaster prevention drills with the public fire department twice per year during Fire Prevention week in spring and autumn.

In November and March of fiscal year 2014, we conducted evacuation drills for employees, along with firefighting drills for private fire brigades and public fire departments, under scenarios of a fire outbreak and a fire following an earthquake.

We are working to boost employees' disaster prevention awareness through ongoing training, so that we can calmly conduct prompt evacuation and rapid first-response firefighting in the event of emergency.



Disaster prevention drills

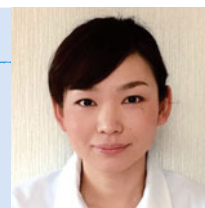


Joint disaster prevention drill with public fire department

Our Activities

Sachiho Inagaki

Labor Section,
General Affairs Department,
Business Transformation Division



Aiming for developing careers for women

Approximately 20 women recommended by each business division are active in the Project to Develop Careers for Women, initiated as part of the promotion of diversity. Issues are identified through workshops, and we are establishing quantitative and qualitative target to reinforce activities in order to build a company in which women can continue to actively participate.

As a first step in these activities, we are working to build a company in which anyone can work with ease and in which diverse human resources can be active. At the same time, we also hope to contribute to the creation of new markets, products, and processes.

Together with Local Communities and Societies

Expanding social contribution activities deeply rooted in regions around the world

The Maxell Group observes a Group CSR Policy that states, "We promote social contribution activities as a good corporate citizen to realize a better society." In line with this policy, and following the themes of "support for education and culture" and "protection and beautification of the environment," we engage in communication with stakeholders as well as a variety of activities that contribute to society.



Hitachi Maxell, Ltd.

To support education for the next generation, Hitachi Metals, Hitachi Maxell, and Hitachi jointly hold the Hitachi Science Seminar.

In fiscal year 2014, 19 elementary school students took part in a class on making dry batteries.



Hitachi Maxell, Ltd.

At the Ono Industrial Festival held every October, the Ono Works puts on an exhibit with a battery shop and a shooting game.

From the exhibit's sales, we donate about ¥100,000 each to a municipal welfare organization in Ono and a fund for orphans of traffic accidents.



Maxell Europe Ltd.

We conducted a special class on Japanese language and culture for high school students seeking to work in Japanese companies in the region. The class drew on the personal experiences of employee volunteers, and was well received by the 10 students in attendance for helping deepen their understanding of Japan.

We hope to continue this initiative in the future.



Hitachi Maxell Global Ltd.

We participate every year in Walk for Millions, a program sponsored by The Community Chest of Hong Kong that collects donations and boosts social recognition of disadvantaged households and children.

In fiscal year 2014, a total of 447 Hong Kong Hitachi Group employees and members of their families participated, walking a course of about 5.5km along the coast of Hong Kong's New Territories.



Maxell Corporation of America

During the Christmas season, we donated toys, games, and other items to children aged 12 and younger through an NPO that aids women and children in the state of New Jersey.

We hope to continue contributing to our community in partnership with the NPO.



Maxell (Shanghai) Trading Co., Ltd.

In December 2014, we made a donation through the Anhui Youth Development Foundation to aid 20 disadvantaged elementary school students in Anhui Province. In addition, we cooperated with tree-planting in the Jing'an District of Shanghai.

From here on out, we plan to continue heightening awareness toward social responsibilities through activities that contribute to our community.



Hitachi Digital Products China Co., Ltd.

In March 2014, we made a Hitachi Education Fund donation to aid excellent teachers and students, as well as impoverished students, at Shaxian Fenggang Central Elementary School and Shaxian Nanyang middle school. At the latter school, we also made signage promoting the school and conducted a Hitachi Environmental Protection Classroom for 40 students.

We will continue to conduct activities that support education for the next generation.



Maxell (Shenzhen) Trading Co., Ltd.

In November 2014, we took part in a volunteer activity to cultivate saplings at a farm in the Luohu district of Shenzhen.

With the participation of employees and their families, we improved the environmental awareness of employees and provided environmental education for the children.

In the future, we will continue to voluntarily undertake such activities.



Maxell Tohshin (Malaysia) Sdn. Bhd.

In January 2015, we organized an EMP campaign committee. At neighborhood supermarkets, we distributed eco-bags bearing the message "Environmentally considerate actions begin with you."

We plan to conduct a similar campaign again, targeting even more shoppers.



Wuxi Hitachi Maxell Co., Ltd.

To raise awareness of environmental protection among children, we hold the Hitachi Environmental Protection Classroom for elementary school students in the city of Wuxi.

In December 2014, we held an environment-related class and assembled microscopes with students. The children were surprised at the seriousness of environmental pollution, and thought seriously about what they themselves could do to improve the environment. We plan to continue with this activity in the future.


Other social contribution activities

- Participation by total 949 people in cleanup campaigns around offices and in communities (Maxell offices in Japan, Hitachi Joei Tech Co., Ltd.)
- Interaction with 1,083 persons through plant tours, hands-on learning, and internships (Kyoto Works, Ono Works, Osaka Works, Kyushu Works, Miyagi Works)
- Flower campaign with elementary school children (Kyoto Works)
- Provision of recording media to an organization aiding children with handicaps (Maxell Europe Ltd.)
- Participation in blood drive (Maxell workplaces in Japan, Hitachi Digital Products China Co., Ltd., Wuxi Hitachi Maxell Co., Ltd., Maxell Tohshin (Malaysia) Sdn.Bhd.)
- Donation of diapers, infant milk powder, baby food, and other goods for infants up to age 2, through a non-profit welfare organization (Maxell Corporation of America)


Evaluation by society

- Received the Fukuoka Prefectural Governor's Award for excellent manufacturing companies (Kyushu Works)
- Received commendation as a Green Enterprise by the Wuxi City Environmental Protection Agency for the 14th consecutive year (Wuxi Hitachi Maxell Co., Ltd.)


Automotive




In-car Camera Lens Units




Harness fastening tapes



Automotive Use Lithium ion Batteries (Electrodes)




Wireless chargers and modules




Heat resistant coin type lithium manganese dioxide batteries for TPMSs


Home Life & Infrastructure




Lithium ion energy storage systems




Construction and masking tapes




Cylindrical type lithium manganese dioxide batteries



Silver oxide batteries



Projectors



Solar power generation



TOPICS

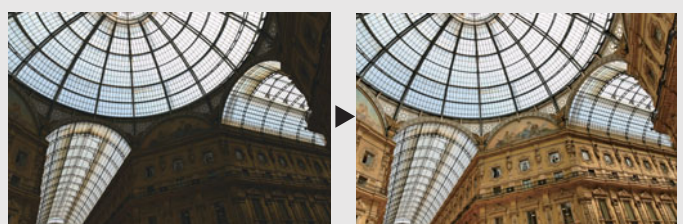
Achieving high-brightness and high-resolution 9000 series DLP® projectors

The 9000 series DLP® projectors are equipped with an ACCENTUALIZER that projects even clearer images through High Dynamic Contrast Range (HDCR), proprietary Hitachi technology that corrects the dark portions of images that tend to become blurred in a bright room with real-time processing, and local contrast correction to emphasize the sense of shadow, definition, and luster of an image.

The 9000 series offers high performance in enhancing the resolution of projected images and larger projection screen size, employing a dual-lamp system to achieve brightness levels of 10,000 Lumens.



9000 series DLP® projector




HDCR image: Off (left), On (right)


Health & Beauty Care



ME Batteries




Coin Type Lithium ion Rechargeable Batteries (CLBs)



Low concentration ozone sanitization deodorization units



Rotary shavers

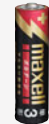


Massage units (Units for massage chairs)




"Hada more" Smartphone Skin Check Service


Stable Business & Consumer




"Voltage" Alkaline Dry Batteries




"iV" Cassette Hard Disks Compatible with Content Protection Technology




"iV Blue" Blue-ray HDD Recorders with iVDR Slots



Mobile type rechargeable batteries



Prismatic Lithium ion rechargeable Batteries



Wrapping and Packaging Tapes



life behind the scenes

Developing new, 0.4mm-thick lithium ion batteries

Maxell has developed a 0.4mm-thick sheet-type lithium ion battery suitable for wearable devices such as smart watches and smart glass for which market needs are increasing. We also use our unique gelation technology to ensure high safety levels.

Going forward, we will continue to actively propose battery solutions to match diverse settings and applications, in conjunction with conventional battery products.



Sheet-type laminated battery (045050 Type)

Diverse adhesive tapes supporting construction and civil engineering

We provide support behind the scenes for construction and civil engineering, including masking tape to hold curing sheets in place during interior construction and renovations, super butyl tape with outstanding waterproof and airtight properties, and a variety of metal foil tape suitable for thermal insulation of air-conditioning ducts and other areas.



Super butyl tape



Used as secondary waterproofing around sash

Providing unique, high quality

Maxell provides unique, high quality products around the world from production and sales bases inside and outside Japan.

We accurately identify market needs at sales bases in each area, which serve as the marketing frontline and produce high quality products required by society at highly efficient production bases, which we supply to the world.

Major Overseas Base Locations (As of August 1, 2015)

Production Bases Major Sales Bases



TOPICS

Increasing production capacity for optical components and other products at Malaysian plant

Maxell plans to double production capacity in order to strengthen the automotive optical components business. In the first round, we will seek to increase production capacity at Maxell Tohshin (Malaysia) Sdn. Bhd., which has built up key technologies related to the manufacture of optical components, such as molding technology and mold design technology.



Maxell Tohshin (Malaysia) Sdn. Bhd.



Lens unit for in-car camera

Increasing production of adhesive tape at Indonesian plant

Maxell plans to increase production capacity for automotive adhesive tape at PT. SLIONTEC EKADHARMA INDONESIA to meet increasing automobile demand, primarily in the Asia region.






PT. SLIONTEC EKADHARMA INDONESIA

Harness binding tape



products around the world

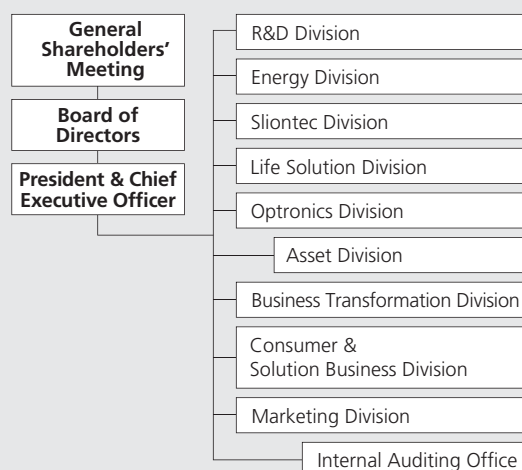
Major Domestic Base Locations (As of August 1, 2015)

-  Production Bases:
Miyagi, Kanagawa, Yamanashi, Gifu,
Toyama, Kyoto, Osaka, Hyogo, Fukuoka
-  R&D Bases:
Kyoto, Osaka
-  Major Sales Bases:
Tokyo, Kawasaki, Nagoya, Osaka,
Hiroshima, Fukuoka

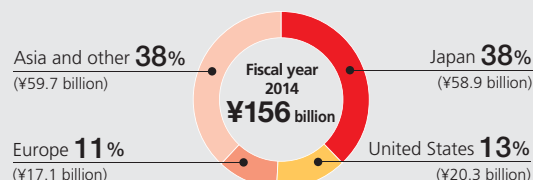
Japan



Organization (As of August 1, 2015)



Consolidated Net Sales by Region



1.5 times increase in domestic production capacity for automotive CR coin-type batteries

Maxell is implementing an expansion of production facilities at the Ono Works to meet expanding demand for automotive CR coin batteries (coin type lithium manganese dioxide batteries).

We plan to expand production capacity approximately 1.5 times* the previous level by fiscal year 2015.

* 1.5 times the previous level: production capacity for automotive CR coin type batteries as fiscal year 2015 compared to September 2014.



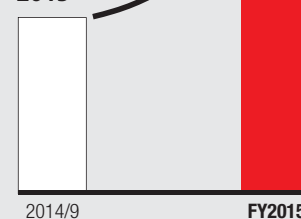
Ono Plant



Automotive CR coin type batteries

Plan for increasing production capacity

1.5 times by fiscal year 2015

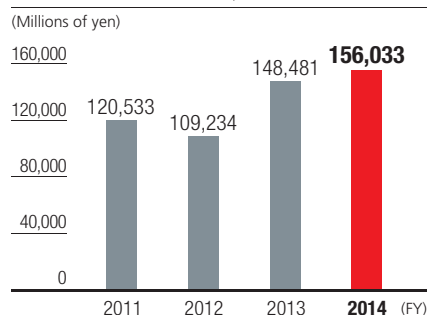


Financial highlights

Consolidated financial results

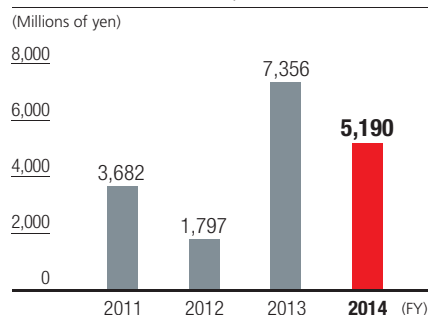
Net Sales

¥156,033 million



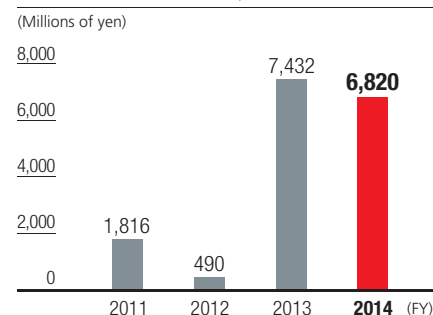
Operating Income

¥5,190 million



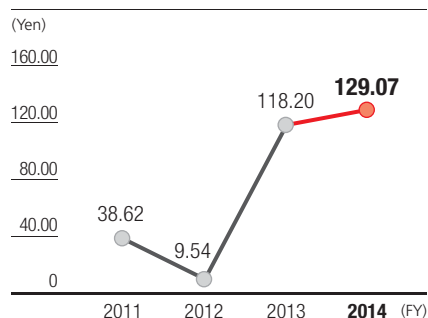
Net Income

¥6,820 million



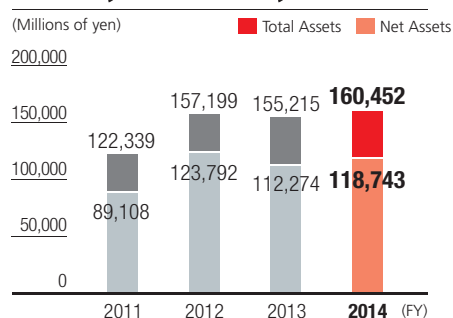
Net income per share

¥129.07 yen



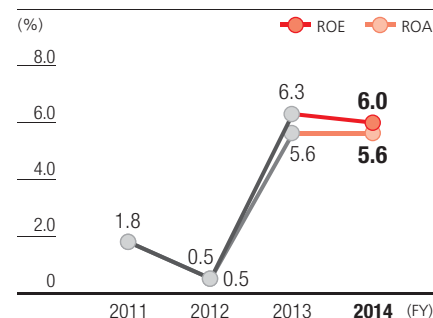
Total Assets/Net Assets

¥160,452/118,743 million



ROE/ROA

ROE **6.0%** ROA **5.6%**

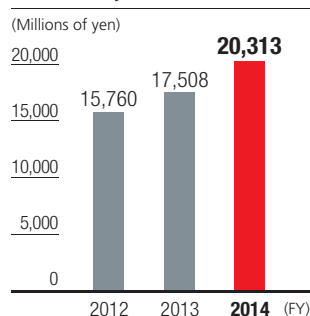


Notes 1. Net income per share is calculated based on average number of shares issued during the term after deduction of treasury shares. The Company implemented a one for two share consolidation of common stock effective January 22, 2014. The figures above state net income per share assuming that the share consolidation was implemented at the beginning of fiscal year 2011.
 2. ROE is calculated based on average shareholders' equity during the term.
 3. ROA is calculated based on average total assets during the term.

Trends in overseas consolidated net sales

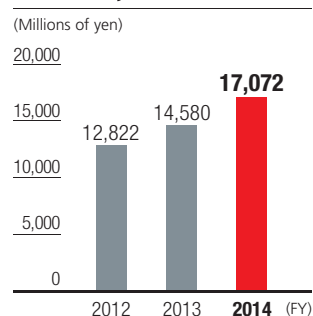
United States

¥20,313 million



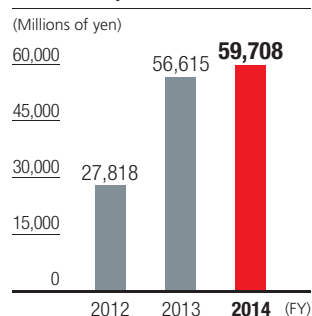
Europe

¥17,072 million



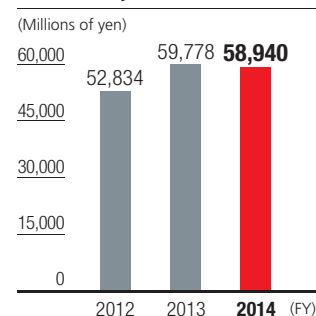
Asia and other

¥59,708 million



Japan

¥58,940 million



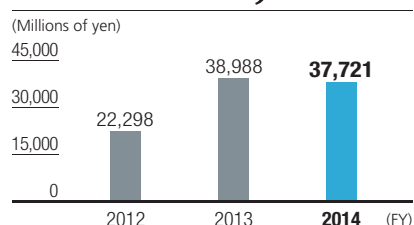
Segment Overview

Energy

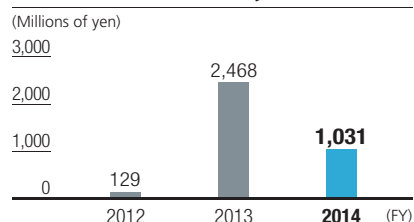


Although sales of coin-type lithium batteries for sensors for automobiles changed favorably, sales of prismatic lithium ion rechargeable batteries for high-end smartphones were depressed by the sudden change market structure of the smartphone, which is the main of lithium ion batteries for consumer use. Sales in the Energy segment decreased by 3.2% to 37,721 million yen. Operating income was influenced by the sales downturn for prismatic lithium ion rechargeable batteries despite cost reduction efforts, and it decreased by 58.2% to 1,031 million yen.

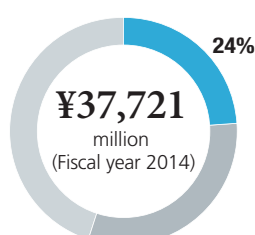
Net Sales **¥37,721 million**



Operating Income **¥1,031 million**



Composition of sales **24%**

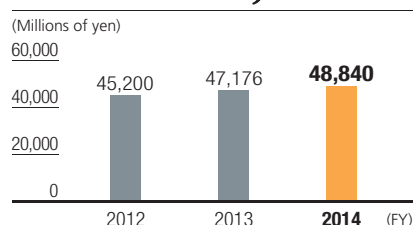


Industrial Material

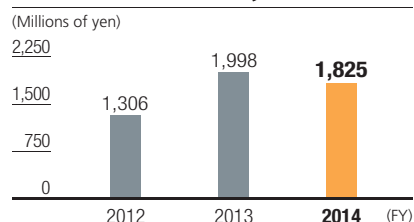


Although sales of magnetic tape, which are on a downward trend, decreased, optical components such as camera lenses for automobiles markets, which are one of the key growth areas, changed more favorably than expected at the beginning of the period. Sales in the Industrial Material segment increased by 3.5% to 48,840 million yen. Operating income decreased by 8.7% to 1,825 million yen, influenced by the decrease in sales of magnetic tape although the profitability of the optical component business improved.

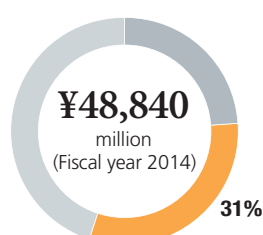
Net Sales **¥48,840 million**



Operating Income **¥1,825 million**



Composition of sales **31%**

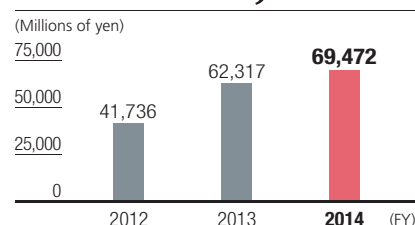


Electronic Appliance and Consumer Product

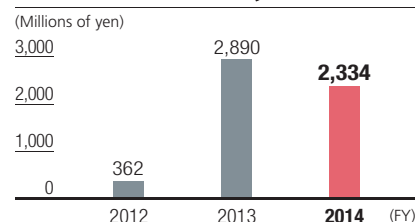


Although sales of consumer products decreased due to the influence of the decline of the consumer market in Japan and Europe, sales of the Electronic Appliance and Consumer Products segment increased by 11.5% to 69,472 million yen mainly due to the favorable change of the projector-related business and health and beauty care products. Operating income decreased by 19.2% to 2,334 million yen, mainly affected by the procurement cost increases due to the progress of the lower yen exchange rate as well as the decrease in consumer product sales although the projector-related business contributed.

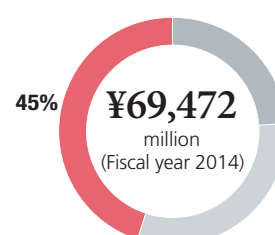
Net Sales **¥69,472 million**



Operating Income **¥2,334 million**



Composition of sales **45%**



Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2014		As of March 31, 2015	As of March 31, 2014
Assets			Liabilities		
Current assets	96,699	79,454	Current liabilities	31,116	32,763
Cash and deposits	38,770	15,297	Notes and accounts payable -trade	15,108	16,108
Notes and accounts receivable -trade	32,587	30,804	Short-term loans payable	—	1,694
Lease investment assets	1,110	1,064	Income taxes payable	865	408
Securities	—	1,004	Accounts payable -other	5,714	4,278
Inventories	18,657	21,285	Accrued expenses	6,234	6,701
Deferred tax assets	1,714	1,057	Provision for litigation and related expenses	515	—
Accounts receivable -other	2,883	3,897	Other	2,680	3,574
Other	1,317	5,454	Non-current liabilities	10,593	10,178
Allowance for doubtful accounts	(339)	(408)	Long-term loans payable	325	6
Non-current assets	63,753	75,761	Deferred tax liabilities	4,299	3,693
Property, plant and equipment	57,471	68,519	Provision for directors' retirement benefits	70	83
Buildings and structures, net	8,127	11,485	Net defined benefit liability	5,864	5,346
Machinery, equipment and vehicles, net	11,801	12,829	Other	35	1,050
Land	34,146	40,908	Total liabilities	41,709	42,941
Construction in progress	1,977	1,697	Net assets		
Other, net	1,420	1,600	Shareholders' equity	120,783	118,957
Intangible assets	1,025	1,288	Capital stock	12,203	12,203
Investments and other assets	5,257	5,954	Capital surplus	33,578	33,578
Investment securities	2,286	4,301	Retained earnings	75,998	74,172
Net defined benefit asset	1,768	—	Treasury shares	(996)	(996)
Deferred tax assets	535	534	Accumulated other comprehensive income	(3,935)	(8,138)
Other	909	1,328	Valuation difference on available-for-sale securities	529	954
Allowance for doubtful accounts	(241)	(209)	Foreign currency translation adjustment	(2,139)	(6,006)
Total assets	160,452	155,215	Remeasurements of defined benefit plans	(2,325)	(3,086)
			Minority interests	1,895	1,455
			Total net assets	118,743	112,274
			Total liabilities and net assets	160,452	155,215

Consolidated Statements of Income

(Millions of yen)

	April 1, 2014 through March 31, 2015		April 1, 2013 through March 31, 2014	
Net sales		156,033		148,481
Cost of sales		124,310		115,671
Gross profit		31,723		32,810
Selling, general and administrative expenses		26,533		25,454
Operating income		5,190		7,356
Non-operating income				
Interest income	76		156	
Dividend income	19		16	
Foreign exchange gains	273		377	
Compensation income	—		383	
Subsidy income	307		113	
Other	199	874	169	1,214
Non-operating expenses				
Interest expenses	32		31	
Sales discounts	146		186	
Share of loss of entities accounted for using equity method	22		20	
Loss on reduction of non-current assets	63		—	
Going public expenses	—		98	
Salaries paid to dispatched employees	70		25	
Other	261	594	144	504
Ordinary income		5,470		8,066
Extraordinary income				
Gain on sales of non-current assets	11,171		155	
Gain on sales of investment securities	593		962	
Gain on sales of securities	—		361	
Gain on sales of golf memberships	1		6	
Gain on insurance adjustment	—	11,765	136	1,620
Extraordinary losses				
Loss on sales and retirement of non-current assets	369		208	
Impairment loss	3,092		263	
Loss on valuation of investment securities	—		37	
Loss on sales of golf club memberships	8		2	
Business structure improvement expenses	3,966		382	
Other	977	8,412	97	989
Income before income taxes and minority interests		8,823		8,697
Income taxes -current	1,621		1,083	
Income taxes -deferred	163	1,784	32	1,115
Income before minority interests		7,039		7,582
Minority interests in income		219		150
Net income		6,820		7,432

Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets

(Millions of yen)

(April 1, 2014 through March 31, 2015)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the period	12,203	33,578	74,172	(996)	118,957
Changes of items during period					
Dividends of surplus			(4,994)		(4,994)
Net income			6,820		6,820
Purchase of treasury shares				(0)	(0)
Total changes of items during period	—	—	1,826	(0)	1,826
Balance at end of the period	12,203	33,578	75,998	(996)	120,783

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the period	954	(6,006)	(3,086)	(8,138)	1,455	112,274
Changes of items during period						
Dividends of surplus						(4,994)
Net income						6,820
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	(425)	3,867	761	4,203	440	4,643
Total changes of items during period	(425)	3,867	761	4,203	440	6,469
Balance at end of the period	529	(2,139)	(2,325)	(3,935)	1,895	118,743

Consolidated Statements of Cash Flows

(Millions of yen)

	April 1, 2014 through March 31, 2015	April 1, 2013 through March 31, 2014
Cash flows from operating activities	5,926	6,828
Cash flows from investing activities	17,827	(1,008)
Cash flows from financing activities	(6,499)	(30,598)
Effect of exchange rate change on cash and cash equivalents	2,013	814
Net increase (decrease) in cash and cash equivalents	19,267	(23,964)
Cash and cash equivalents at beginning of period	18,920	36,500
Increase in cash and cash equivalents from newly consolidated subsidiary	—	2,984
Increase in cash and cash equivalents from corporate division	—	3,400
Cash and cash equivalents at end of period	38,187	18,920

Corporate Profile

Company Name Hitachi Maxell, Ltd.

Head Quarter

21F, Taiyo Life Shinagawa Building 2-16-2, Konan,
Minato-ku, Tokyo 108-8248 Japan

Established September 1960

Paid-in Capital ¥12,203 million

Representative Director

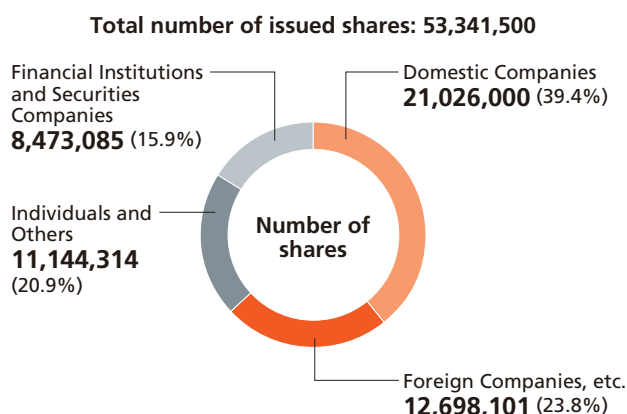
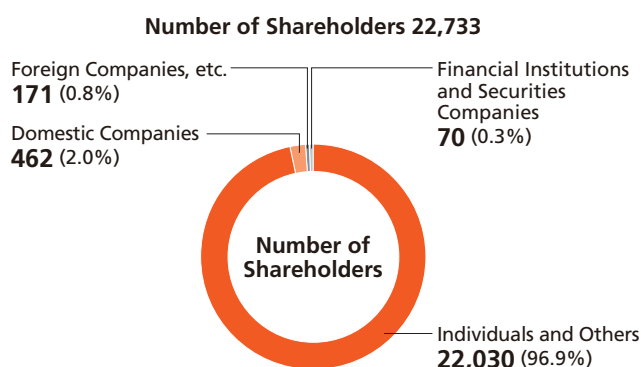
President and Chief Executive Officer Yoshihiro Senzai

Number of Employees (As of March 31, 2015)

Consolidated: 4,053

Non-consolidated: 1,911

Breakdown of Shareholdings (As of March 31, 2015)



Transfer Agent

Sumitomo Mitsui Trust Bank, Limited

Independent Auditors

Ernst & Young ShinNihon LLC

Editing Policy

This report is issued for the purpose of informing everyone about the Maxell Group's business, Financial Results and CSR (corporate social responsibility) activities and the results of those activities.

In this year's report, we introduce examples of activities aimed at achieving New Maxell Innovation (NMI) 17, the Medium-term Management Plan as a special feature.

In addition, we have organized our CSR activities, including corporate governance, global environmental conservation, and meeting responsibilities to stakeholders as ESG information in an effort to communicate the full story about the Maxell Group's activities in an easy-to-understand format.

Detailed financial and environmental information that could not be published in full in this report is disclosed on the Company website.

Reporting period

This report primarily covers fiscal year 2014 (April 1, 2014 – March 31, 2015). However, it includes some events from fiscal year 2015.

Guidelines referred to, etc.

Environmental Reporting Guidelines (2012), Ministry of the Environment, Environmental Consideration Law, The Guide for Contents to be disclosed in an Environmental Report, Third Edition (Ministry of the Environment, May 2014), Sustainability Reporting Guidelines (G 3.1 and 4), GRI*, ISO 26000:2010, Japanese Standards Association

*International sustainability reporting guidelines compiled by the Global Reporting Initiative

Issued

September 2015

Disclaimer Regarding Forward-Looking Statements

Discussions in this report of performance and business plans and strategies that are not historical facts are "forward-looking statements" based on the decisions of management after consideration of information available as of March 31, 2015. Accordingly these statements are subject to risks and contain a degree of uncertainty. We ask that readers refrain from making investment decisions based solely on these forward-looking statements.

Origin of company name

The company name Maxell originates from the brand name "Maxell"
(**Max**imum Capacity Dry **Cell** = dry cell with the highest performance) of the dry batteries that constituted its business at the time of foundation.

