



# MEIKO ELECTRONICS CO., LTD.

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# MEIKO CSR REPORT 2013



# Meiko's ethical business practices are known throughout the world.

## Meiko's CSR Declaration

Meiko's Business Principles and activities align with the global social responsibilities and in turn support an environmentally sustainable society.

### CSR promotion framework

Our CSR promotion framework is made up of site-specific committee members representing individual plants, sales offices and other premises and area-specific committee members operating on a groupwide basis. This makes it possible to organize activities covering all areas of the group's operations in line with our CSR Declaration and respond in good faith to input from our stakeholders.



### Conducting CSR activities throughout our value chain

Meiko fulfills its corporate social responsibility in the full range of its business activities, through materials procurement and manufacturing, as it delivers products to customers, and achieves further improvements through research and development. By conducting consistent CSR activities throughout our value chain, Meiko strives to conduct its business activities in a manner worthy of the trust of all relevant stakeholders.



### Editorial policy

#### In publishing the CSR Report 2013 (English version)

We published our sixth CSR Report 2013 (Japanese version) in late July. This report has been organized to be comprised of the Message from the President, Special Feature, Sociality Report, Environmental Report and Management Report. We hope that many people will read this report, and will find in the Report that we are united in a constant commitment to earn your trust by acting responsibly as a good corporate citizen.

#### Intended audience

All stakeholders with an interest in Meiko Electronics Co., Ltd.

#### Coverage

Meiko Electronics Co., Ltd. and affiliated companies

#### Reporting period

This report refers to CSR activities undertaken during Fiscal 2012 (April 1, 2012 to March 31, 2013) as a rule. Sections outlining past activities however may include details relating to before that period. Similarly, in order to provide the very latest information, this report may also contain details relating to April 2013 onwards.

#### Reference guidelines

"Environmental Reporting Guideline (Fiscal Year 2007 Version)" (Ministry of the Environment)

"Sustainability Reporting Guidelines 2006"

#### Date of publication

Previous report: July 2012

This report: July 2013

\* For the purposes of this report, "Meiko" refers to the Meiko Group as a whole, consisting of Meiko Electronics Co., Ltd. and its affiliated companies.

### ISO26000 Comparison



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Message from the President



Meiko will continue to earn the public's trust by contributing to the establishment of a sustainable society.

President and CEO  
**Yuichiro Naya**  
 石屋 悟一郎

The world's population now exceeds 7 billion, and is expected to top 9 billion by the year 2050. In addition to problems such as food and resource shortages and global warming, the world's attention is increasingly turning to issues such as human rights and poverty and, especially since the nuclear power plant disaster of 2011, to safe and reliable renewable energy.

Under such circumstances, here at Meiko, we will contribute to the establishment of a sustainable society by responding sincerely to various emerging issues as we remain aware of our role that we need to fulfill, and strive to grow independently to be a company worthy of the public's trust.

In our business activities, we are making efforts to reduce environmental burdens and risks produced from our production processes and enhance resource efficiency in order to reduce the environmental impact on our society as a whole. For example, last year we succeeded at developing new technology which greatly reduces the amount of copper and energy needed for the manufacturing of PCBs

(Printed Circuit Boards), and expect to utilize this technology in our mass-production work. In our products, as well, we quickly initiated production of High Electric Current PCBs and Heat Dissipation PCBs, essential for the products such as photovoltaic power generation, hybrid cars, electric vehicles, LED lights, and smart grid society, which will contribute to realization of an environmental society. Our supply chain approach does not consist merely of "procuring materials from low cost countries," but takes into consideration resource depletion and ecological degradation, as well as recognizes the pressing human rights issues of conflict minerals from areas beset by civil wars and ethnic conflicts, which is a topic of gaining attention in recent years. Our Group policy is to completely eliminate the procurement of materials which include conflict minerals in order to contribute to the resolution of these human rights issues.

In manufacturing, once you start to have issues in terms of quality, not only do you lose all of the trust

**Meiko Group Business Principles**

Provide the best quality and service to customers and contribute to the betterment of society.  
 Strive to create "the best".  
 Elevate our corporate value to improve the well-being of our employees and society.

that you earned, but you also create problems for customers using your products and all of other stakeholders with an interest in the company. For Meiko, the quality of our products is one of the key priorities. As we appreciate just how important quality is here at Meiko and reflect the awareness in our Business Principles, we are committed to achieving levels of quality and reliability that guarantee the highest possible levels of customer

satisfaction.

All of our employees recognize Meiko's efforts at creating a sustainable society to be vital to earning the trust of our customers, investors, local communities, and society itself, and will continue to dedicate themselves to implementing our CSR activities.

I hope we can continue to rely on your support and cooperation in the future.

**Stakeholders**

A company's business revolves around interaction with the various stakeholders who have an interest in the company. Here at Meiko, all of our employees around the world recognize that CSR is central to every aspect of our business activities and fulfill their responsibilities at the local level as a member of society with the aim of establishing trust in the company.



**Corporate Charter**

The Meiko Group aims to become a useful presence to as many members of society as possible. Acting in accordance with the following nine principles, we aim to act as a global company contributing to the creation of a sustainable society.

- 1 We will develop and supply products and services that are both useful to society and highly reliable in order to guarantee customer satisfaction and earn their trust, paying full attention to quality, safety and customer data protection.
- 2 We will strive to develop creative technology and pave the way for new business in order to help create a brighter future.
- 3 We will engage in fair, free and transparent competition and fair trade and will maintain sound, healthy relationships with political and administrative bodies.
- 4 We will communicate with our shareholders, customers, investors, business partners, employees and other stakeholders and actively disclose corporate information in a fair and timely manner to ensure that our corporate activities are as transparent as possible.
- 5 We will respect diversity and individual employee's personalities and ensure that all working environments are safe, motivating and comfortable.
- 6 We will reduce environmental impact and contribute to the creation of a sustainable society, in recognition of the fact that we all need to do our part to tackle environmental issues.
- 7 We will actively engage in social contribution activities as a good corporate citizen, including research, education, environmental preservation and community services, and will resolutely oppose antisocial individuals and organizations.
- 8 We will comply with all applicable rules, laws and regulations, at both the local and global levels, as part of our international business activities and will respect local cultures and customs and contribute to the development.  
 Management will enforce this charter within the company, leading by example in recognition that it is their responsibility to put the spirit of this charter into practice, and raise awareness amongst group companies and suppliers.
- 9 Management will continually monitor internal and external feedback, exercise effective governance and rigorously implement corporate ethics.

# Meiko's Challenge Aiming for the realization of a sustainable society

through co-existence and co-prosperity with all the stakeholders

Fulfill social responsibility as a good corporate citizen and contribute to the sustainable development of the environment through our business activities.

Meiko will, based on the CSR Declaration, take on initiatives to realize the above through our business activities. Under our special focus, as part of our initiatives towards stakeholders such as the environment and local communities, we will introduce the following.

- 1. The Unflagging Efforts of the Fukushima Factory, which Resumed Operations after the Great East Japan Earthquake
- 2. Environmental Assessment of Overseas Factories



CASE  
1

## The Unflagging Efforts of the Fukushima Factory, which Resumed Operations after the Great East Japan Earthquake

### Overview of the Fukushima Factory

The Fukushima Factory began operations in 1990. Surrounded by nature in Hirono-cho, Futaba-gun, Fukushima Prefecture, it has engaged in manufacturing activities guided by considerations for the environment and nearby society, placing harmony with communities including local industrial parks as its highest priority. It concentrates on the manufacturing of products for office equipment and amusement customers, capable of rapid turnaround mass-production of medium-sized lots of double-sided/multi-layer through-hole PCBs. The Fukushima Factory devotes special attention to quality

management, using its in-house quality management standards in strict quality checks on production lines.

The factory, blessed with a large tract of land and natural environment, places emphasis on environmental harmony and conservation. It is fully equipped with water treatment system, and engaged in environmental conservation measures focused on resource recycling and energy savings. It works every day to improve itself in order to earn the trust of the local communities, customers, and all other stakeholders.



Yamagata Factory (Yamagata Meiko Electronics Co., Ltd.)



Kanagawa Factory



Ishinomaki Factory



Fukushima Factory





Special Roundtable on Reopening of the Fukushima Factory

# Never Forget the Spirit of Recovery!

The Great East Japan Earthquake, which struck Japan at 2:46 p.m. on March 11, 2011, left lasting wounds on many towns and their residents, as well as damaging Japan's economy and industry. The Meiko Fukushima Factory was directly hit by the earthquake, and was forced to suspend operations due to the evacuation orders issued as a result of the nuclear power plant disaster.

In this special feature, Fukushima Factory restoration members, who faced various difficulties caused by the Great East Japan Earthquake as they worked to resume operations at the plant, discussed their thoughts on the recovery of the region, and their plans to take on future challenges.

## Steps Leading up to Resuming Operations at the Factory

2011.03.11	The Great East Japan Earthquake occurred. Emergency Headquarters was set up	2011.04.11	Kanagawa Factory manufacturing support started (home standby employees)
03.12	Hydrogen explosion at Unit 1 of TEPCO (Tokyo Electric Power Company) Fukushima Daiichi Nuclear Power Station	04.13	Visual inspection of Fukushima Factory (third inspection)
03.14	Hydrogen explosion at Units 3 and 4 of TEPCO Fukushima Daiichi Nuclear Power Station	04.25	Fukushima Factory recovery work started with 8 employees
03.18	Some affected employees evacuated to Ayase City Seniors' Welfare Center	06.13	Tentative manufacturing began on work-in-progress from before the earthquake
03.28	Kanagawa Factory manufacturing support started (evacuated employees)	06.20	Manufacturing of newly ordered products began
03.30	Visual inspection of Fukushima Factory (first inspection)	07.01	Full-fledged manufacturing began
04.05	Visual inspection of Fukushima Factory (second inspection)	08.17	Two-shift manufacturing began

## Decision to Restore the Fukushima Factory –We Must Secure a Place for Everyone to Return To–

**Yamaguchi** Please tell us about what went into the decision to restore the factory.

**Matsumoto** Operations were suspended at the Ishinomaki Factory\*, due to the tsunami that followed the earthquake, and we were extremely worried that the Fukushima Factory would also be closed down. I felt "We can't let this take away the Fukushima Factory, which all of us employees have worked together as one to create!" After the earthquake, we set up Emergency Headquarters in the head office in Kanagawa Prefecture, which kept in

contact with employees who had evacuated, and considered plans for restoring the Fukushima Factory. There were several on-site inspections to assess, for example, how much damage there was to the buildings, how far infrastructure recovery had progressed, and what the level of radiation dose was. These inspections showed solid recovery potential, so the president authorized the start of recovery operations.

\* The factory resumed operations from May 20, 2013.

## Unprecedented Difficulties

**Yamaguchi** Could you please explain to us about the conditions when recovery work first began?

**Ota** Recovery work began with a team of eight colleagues on April 25. It was impossible to make ones way through the inside of the factory, due to equipment which had fallen over, collapsed ducts, and the like, so recovery work started with a thorough cleanup. Perhaps it's because people show their true capabilities when confronted with unprecedented difficulties, but those first members performed incredible work, completing the debris removal phase within a single week. Then, with cooperation from business partners, we worked on equipment restoration and building construction, but creating cleanup and recovery plans was the hardest part.



Interior of factory (after earthquake) Interior of factory (after restoration)

**Yamaguchi** What were the biggest difficulties encountered during the recovery work?

**Ota** During the month and a half that nobody could enter the factory due to the nuclear plant situation, etching process chemicals had leaked and evaporated, so the entire factory was covered in rust. It looked like rust removal would only take a few days, but in the end it took a whole week, and lines were completely shut down as we polished everything, even the inside of the drying oven. That was essential for us to restore the factory to a condition where the products it manufactured would satisfy quality requirements.

Supplying of products to customers was covered by other Group plants, primarily the Kanagawa Factory, as well as the Yamagata Factory and Wuhan Plant, but the PCBs were completely custom-made, with different specifications for each and every board, so switching manufacturing plants required close specification coordination with customers, including rebuilding manufacturing data.

**Matsumoto** The manufacturing factory migration placed an extremely large burden on customers. Nonetheless, there were many customers who not only kept ordering from us, but switched ordering back to the Fukushima Factory once it resumed operations. The support of these customers was a tremendous driving force behind the recovery of the factory.



The drying oven interiors covered with rust and dust were also thoroughly cleaned.

## Feedback from a Customer

Two years passed since the clock in the Meiko Fukushima Factory stopped on March 11, 2011. These two years were special, for the Meiko Group, the Fukushima Factory, and ourselves.

When the operations were shut down due to the nuclear power plant disaster, the Kanagawa Factory and the Wuhan Plant in China provided backup manufacturing, and we believe that our close partnership with Meiko is what allowed us to continue providing our services without affecting our own customers. For this, we would like to express our deep gratitude to Meiko.

Another thing that stands out sharply in my memory is that this all occurred when we had announced our entry into a new business field in April, and were preparing for mass-production from June. Meiko's diligent efforts resulted in the factory being restored in June, allowing our new business to start as scheduled. This is something we will not forget.

I feel that these memories, of struggling together, are memories that could not be created as a result of sheer transaction volume alone. I know there must be challenges and hurdles that we cannot comprehend, but it is my sincere hope that the Fukushima Factory continues to rise to the occasion.



Ricoh Company, Ltd.  
PC Unit Products Company  
Group Control Center  
Group Procurement Office  
General Manager

Mr. Naoki Sato

**Yamaguchi** What were the difficulties for the employees?

**Ota** Because of alternate manufacturing, the other factories found themselves without sufficient personnel to handle the increase in manufacturing volume. Therefore, we had to reassign Fukushima Factory employees, and I'm sure that coordinating reassignment, taking into consideration the individual situations of each family, must have been difficult for employees. We are very grateful to Ayase City in Kanagawa Prefecture for providing us with a public emergency shelter.

**Matsumoto** As restoration work at the factory made progress, and it came time to call back employees, there



were even more difficulties in finding places for them to live in Fukushima, as half of them were unable to return to their homes. The apartments were mostly taken by recovery personnel that had gathered from around the country, and there was little available for our company to rent. I can't even remember how many times I visited real estate agents.

**Endo** I joined the recovery work midway in June, and went every single day to real estate agents, explaining our company's situation over and over again and negotiating with them to contact us whenever properties became available. However, the housing arrangements employees want vary depending on their family makeup and we're still having a hard time securing places for them to live.

**Yamaguchi** Were any improvements made as a result of the recovery work?

**Matsumoto** One of the major measures we implemented after resuming the factory operations was the substantial shortening of manufacturing lead time. We were able to shorten the contracted processing cycle time, which normally took quite a few days. This enabled us to shorten delivery times for four-layer PCBs from 12 days to 5 days. We were able to achieve this thanks to the dedicated support of our business partners. Our production capacity is still around 70% of pre-earthquake

levels, but even if we return to full production, I'm certain we can maintain this lead time by optimally balancing our input and output.

**Shimokawa** From the perspective of disaster preparedness, the strengthening work using diagonal reinforcement pillars was performed, tip-resistant measures for equipment were taken, and a seismometer was installed in order to determine the timing of initial response activities. We are also working on launching a Group-wide safety confirmation system. From the perspective of business continuity, the Group is reviewing its BCP, based on what we have learned from the Great East Japan Earthquake.

**Yamaguchi** The speedy recovery of the Fukushima Factory has been highly praised within the company as well, right?

**Matsumoto** Our manufacturing and management divisions worked as hard as they could to rise to the expectations of our customers and all who have supported us. This helped lead to the operating in the black at the time of test manufacturing in June. Not to sing our own praises, but we were awarded the "President's Award (note)" for 2011. This was tremendously encouraging for all employees.

**Yamaguchi** Have there been any changes in the employees themselves?

**Matsumoto** Before the earthquake, the atmosphere at the Fukushima Factory was rather strict. We wanted employees to be able to relax and unwind at least in the cafeteria area, so we used the President's Award money and other donations we received to build a relaxation room. It was designed by Ms. Endo.

**Endo** We used light colored floor, and put in an aquarium, a massage chair, and a blood pressure meter. I would have preferred to have brighter chairs at the counter. (laughs) The atmosphere when you enter the cafeteria is very different than what it used to be.



(Note) Presented in recognition of the most effective improvement measures throughout the Group.

## Further Restoration Efforts

**Yamaguchi** Please share your opinions on further restoration.

**Matsumoto** Two years have passed since the earthquake, and recovery work has made quite a bit of progress, but the majority of employees are still unable to return to their homes, and have to live in temporary housing. When I was able to temporarily return home, I was sometimes overwhelmed by the fact that I couldn't return for good and by the emptiness of the neighborhood. In a lot of cases, people have merely gotten used to this situation — it hasn't actually improved. I hope that the factory can provide a place where employees can let go of their fears and uncertainties, while they're carrying out their duties, and that the factory can maintain steady operations and thereby provide them with support.

**Shimokawa** A lot of construction related personnel work in Hirono-cho. It is full of activity, but, unfortunately, still lacks ordinary people spending their day to day lives and industrial activities. I hope that the restoration of the Hirono industrial park, which includes Meiko, will help bring back industry to the town itself, creating a chain reaction of increased vitality to Fukushima Prefecture and the whole Tohoku region.



**Endo** The Meiko Fukushima Factory has more employees than the other companies in the Hirono industrial park, and has an especially large number of women and young people. Currently there are quite a few people involved in decontamination and construction work, but as the decontamination process makes progress and residents begin returning, I hope that the fact that companies such as ours are operating will relieve their anxiety and provide them peace of mind. I would like our company to bring vitality to the communities, serving as a model company in the area's restoration.

**Ota** I joined Meiko 22 years ago when the factory was established. I've grown attached to the Fukushima Factory, and would like to work there my whole life. Immediately after the earthquake, I was worried about its continued existence, and I'm sure that I have the strongest feelings of anyone towards the Fukushima Factory. The situation is still tense, but I hope to continue to fulfill my responsibilities here, with my colleagues who I have worked under the same roof, to further contribute to the recovery, not only of the factory, but of the entire community.

**Matsumoto** Wrapping up, I believe that we owe our ability to restore the factory so quickly to the boundless support we've received from our customers, local municipalities, and our business partners. I would like to extend my deep gratitude to them once again. We still face many challenges, but I will never forget the spirit of recovery, doing my utmost together with all my fellow colleagues to make this into an even better factory. We look forward to your continuing support and guidance.

### A message from the local community

Ever since the Meiko Fukushima Factory started operations as the first company located in the Hirono industrial park in May 1989, it has supported the local economy of our town, and for this we are filled with gratitude.

Furthermore, despite the Great East Japan Earthquake, the disaster caused by the Fukushima Daiichi Nuclear Power Plant accident, and concerns of the harmful rumors it would cause, Meiko rapidly restored the Fukushima Factory, making a tremendous contribution to the recovery and restoration of the communities.

For this as well, I wish to express my deep respect and thankfulness. Our area still faces many problems, but we hope that Meiko continues its firm foundation in the area, and that it enjoys continued success.



Mayor of Hirono-cho,  
Fukushima Prefecture  
Mr. Motohoshi Yamada

# Environmental Assessment of Overseas Factories

In addition to its production bases in Guangzhou and Wuhan in China, Meiko has opened a large scale manufacturing site in Vietnam. These overseas factories account for over 80% of the Group's total production. It is therefore important that Meiko assesses the impact their business activities have on the environment, and gives careful consideration to environmental conservation.

In this section, we will look at the environmental assessment initiatives being carried out for our three overseas factories.



### Meiko Electronics (Wuhan) Co., Ltd.

Start of Operations: 2006

From cutting-edge HDI PCBs that include AnyLayer PCBs for smartphones to highly dependable PCBs for mounting in automobiles, this strategic plant carries out production in step with market changes.

### Meiko Electronics Vietnam Co., Ltd.

Start of Operations: 2011 (EMS began in 2009)

Vietnam is our third-largest overseas production facility. Focused on HDI PCBs for mobile phones, this plant will ultimately be the Group's largest and most advanced production facility.



China

Wuhan

Guangzhou

Hanoi

Vietnam

Japan



### Meiko Electronics (Guangzhou Nansha) Co., Ltd.

Start of Operations: 2001

Meiko's first overseas production facility. This plant handles a wide range of high-end products that include PCBs for automobiles and other HDI PCBs.

## Meiko's Environmental Assessments

In our efforts related to environmental assessments, our basic policy is to predict the impact on the surrounding environment of such factors as exhaust, wastewater, noise, and waste material generated during factory operations, and we construct environmentally friendly facilities and employ the proper means of dealing with above factors. These efforts are aimed at creating a society where the natural environment is in harmony with human endeavors. To minimize environmental risks, we manage the concentration and volume of pollutants in air and water, sound levels, and other elements that affect the surrounding environment, by employing strict internal standards that are several levels beyond the required public standards. At our factories overseas, assessments of environmental impact are particularly rigorous for our plating business, which uses large amounts of energy and chemicals.

### What is environmental assessment?

Before carrying out development projects, proponents perform their own surveys, forecasts, and evaluations of the impact these projects will have on the environment. They release their findings publicly, listen to outside opinions, and use them to establish better business plans from the perspective of environmental conservation. This process is called environmental assessment. Laws in individual countries specify the procedures for carrying out environmental assessments for large-scale projects with the potential for major environmental impacts.

The contents of our Group's certified environmental assessments are submitted in the form of environmental impact reports to the relevant authorities.

## Initiatives at Meiko Electronics (Guangzhou Nansha) Co., Ltd.

At Meiko Electronics (Guangzhou Nansha) Co., Ltd. (the "Guangzhou Plant"), our environmental assessment was certified by the Guangzhou Environmental Protection Bureau for our 1st Factory in September 2001 and our 2nd Factory in January 2007.

The Guangzhou Plant is taking an active approach to reducing its CO<sub>2</sub> emissions and energy consumption in its efforts to prevent global warming. As a result, the company was selected as a certified cleaner production factory by the city of Guangzhou in September 2011. Thanks to its environmental standard compliance efforts, it was also recognized by the Nansha District Environmental Protection Bureau for having zero environmental infractions in 2012. The plant will continue its business activities, led by its fundamental policy of reducing CO<sub>2</sub> emissions and complying with environmental standards.



Cleaner Production Factory Certificate



Online Wastewater Measurement Room



## Initiatives at Meiko Electronics (Wuhan) Co., Ltd.

At Meiko Electronics (Wuhan) Co., Ltd. (the "Wuhan Plant"), our environmental assessment was certified by the Wuhan Environmental Protection Bureau for our 1st Factory in January 2007 and our 2nd Factory in December 2011. The 2nd Factory passed its opening environmental assessment in January 2013, and is currently operating as a mass-production facility.

The Wuhan Plant has also hermetically reduced CO<sub>2</sub> emissions through the more efficient use of equipment, and it has conserved even more energy in its efforts to prevent global warming. The company was consequently selected as the only corporate model for energy conservation in Wuhan City by the Hubei National Development and Reform Commission in December 2012. This was followed by being selected as a Hubei environmental protection monitoring model company with the deployment of an online monitoring system for preventing wastewater pollution in March 2013.

## Initiatives at Meiko Electronics Vietnam

At Meiko Electronics Vietnam (the "Vietnam Plant"), our environmental assessment was certified by the Ha Thi Province People's Committee (now the Hanoi City People's Committee) in October 2007. In Vietnam, environmental assessments consist of regulatory compliance and accident prevention measure assessments of risk management systems for potential emissions of aerial pollutants, wastewater discharge, waste disposal, chemical leaks, and other causes of environmental pollution.

The Vietnam Plant has water treatment facilities capable of processing 8,500 m<sup>3</sup> of wastewater per day. Contaminants in wastewater are removed during the pretreatment process optimally tailored to contained materials. The treated wastewater is combined with general cleansing water for final water treatment and the cleaned water is discharged into a river. As part of the environmentally conscious wastewater management in the plant, the company sets its own standards for the water quality analysis to be conducted before discharge, which exceed those required by law.



Vietnam Wastewater Treatment Facility

# SOCIAL REPORT

At Meiko, we manufacture and sell PCBs, devices that are essential for industrial development, by interacting with diverse people in various countries, regions, and communities.

We recognize that we are social entity, and we fulfill our responsibilities accordingly. At the same time, we give consideration to our stakeholders as we engage in our business activities.

## For Customers — Initiatives for Quality Assurance

### Major Activities in 2012

- Monitored market complaints and their causes at overseas plants, and carefully scrutinized countermeasures and their impacts on products (plant audits)
- Developed and deployed high temperature checkers
- Thoroughly implemented 5M1E management and change point management
- Streamlined customer accreditation systems
- Domestic ISO9001 and ISO14001 combined audit was conducted

### Future Plans

- Rapid identification of major defects
- Eliminate crisis management defects
- Thorough organization-level handling of major complaints
- Verification of high temperature checker effectiveness
- Further thorough change point management
- Implementation of global ISO
- Updating MES standards to Meiko-wide latest version

At Meiko, we have defined a Quality Policy aimed at achieving one of our Business Principles: We will provide our customers with outstanding value and services and make a contribution to society. We improve the reliability of our products to guarantee the highest possible levels of customer satisfaction and contribute to society.

### Our approach to quality assurance and organizational efforts to ensure high quality

In the Quality Policy, we have stipulated that we need to continuously improve the quality of our operations as well as our products by ensuring that the CAPDO\* operates in every process of our operations. The CAPDO targets continuous innovations in technologies and operations. In terms of quality assurance, we assure the quality of all products within the plant where they are manufactured. In the middle of globalization, we intend to assure quality as promptly as possible by strengthening our cooperation with our plants and sales offices.

\* CAPDO: Check-Act-Plan-Do cycle. The term "PDCA" is more commonly used.

### Quality Policy



**Quality design improvement**  
 → Crisis management defects are substantially affected by design factors

1. "Quality assurance in response to customer demands"  
 Confirm customer's demands → Clarify product structure, material evaluations, and specifications → DRBFM\*/Verification/Viability confirmation

2. "Quality assurance of manufacturing process"  
 Material selection, 4M changes, change point management, defect handling, personnel skill improvement → Respond to customer needs

\* DRBFM: Design Review based on Failure Modes

### Assurance of quality that meets customer needs Horizontal deployment of the group's three overseas factories

Based on the Fiscal 2013 Group management policy, we are proceeding with a product quality assurance system for both overseas and Japanese factories that ensures our products meet our customers' needs. Aiming at quality assurance and consistent quality on a global level, we will implement manufacturing practice to fulfill our customers' demands.

### Receiving awards from our customers

#### Received an award from Panasonic Corporation

At the Panasonic Excellent Partners Meeting, where companies which had made major contributions to quality improvement during Fiscal 2011 were recognized, we were selected as an award recipient due to major reduction in the number of shipped defective products during Fiscal 2011.



#### Received an award from Fuji Xerox Co., Ltd.

At the Fuji Xerox Procurement Partners' Forum 2012, Fuji Xerox selected and recognized its Premier Partners. We were selected as Premier Partner for the second consecutive year. 63 premier partners were selected out of approximately 250 general suppliers and we were the only PCB manufacturer selected.



### Acquisition of ISO9001 and ISO/TS16949 certifications

At Meiko, we have obtained ISO9001 and ISO/TS16949 certifications, which are global standards, and have been working on continuous improvements.

#### The ISO9001 and ISO/TS16949 certifications we have obtained

##### ISO9001

May 13, 1997	Meiko Electronics Co., Ltd. obtained certification for its PCBs.
May 1, 2002	Guangzhou Plant in China obtained certification.
Jan. 27, 2003	ISO9001:2000 became the unified standard in Japan.
Jan. 27, 2003	Extended certification obtained by MD SYSTEMS Co., Ltd. (Design of PCBs)
Jan. 27, 2006	Extended certification obtained by the Miyagi Plant
Nov. 29, 2006	Wuhan Plant in China obtained certification
Feb. 20, 2008	Extended certification obtained by Metal Mask Dept.
Jan. 27, 2010	Extended certification obtained by Tool Department.
Jun. 18, 2010	Vietnam Plant obtained certification.



ISO9001 (Japan)

##### ISO/TS16949

Apr. 19, 2004	Guangzhou Plant in China obtained certification.
Mar. 22, 2011	Wuhan Plant in China obtained certification.
Jan. 9, 2013	Vietnam Plant obtained certification



ISO/TS16949 (Guangzhou Plant, China)

\* The plants in Japan obtained certification from Japan Electrical safety & Environment Technology Laboratories (JET). The plants in China obtained certification from TÜV Rheinland. The Vietnam Plant obtained certification from Bureau Veritas Certification (BVC).



### Employee's VOICE

Meiko's Quality Assurance Department works to provide customers with products that meet their satisfaction based on "quality assurance in response to customer demand." I am responsible for Automotive & Industrial Systems Company of Panasonic Corporation. We first received an inquiry from them in overseas business in January 2009. While production started smoothly, we began seeing quality defects about six months later, and went through a tough period which placed quite an imposition on the customer.

We decided to participate in a joint quality countermeasure project with other PCB manufacturers, and implemented product quality improvement measures with the guidance of our customer, which culminated in our receiving a quality improvement award in 2011 and a quality contribution award in 2012. We have now received accreditation at another overseas factory, and expect an even greater number of orders in the future. We will use what we've learned through our quality improvement activities with our customers and strive for further quality improvements to maintain our customers' trust.



Quality Assurance Department Assistant Manager  
**Takeshi Morita**

### Customer Satisfaction Survey

Meiko performs a customer satisfaction survey every year in order to improve its product and service quality. In Fiscal 2012, 56 companies answered the survey. The survey asks customers to evaluate (1) product quality, (2) product prices, (3) product delivery times, (4) service, and (5) technological response. Many customers indicated their satisfaction. However, some expressed complaints, and our future product and service improvement policy will be to strive for even greater customer satisfaction.

## For Customers — Research and Development

### Major Activities in 2012

- Completed preparation for MDiM\* PCB mass-production

\*Molecular Direct Metallizing

### Future Plans

- Launch of MDiM PCB mass-production

The evolution of electronics means the evolution of PCBs. In line with the needs of the PCB (Printed Circuit Board) market, at Meiko we have created a number of state-of-the-art technologies, including the AnyLayer PCB, Flexible PCB, Rigid-Flex PCB, Package Module PCB, and Embedded Devices PCB.

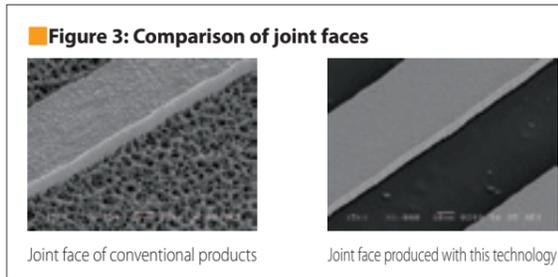
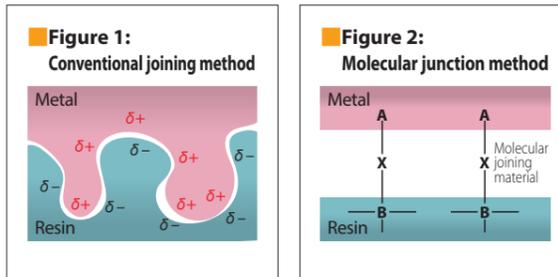
### Successful Development and Mass-Production of High Precision Flexible PCBs (MDiM PCBs)

Meiko has recently succeeded in development and mass-production of high performance and high precision flexible PCBs which do not require copper foil that is normally used in PCBs. This greatly reduces the amount of copper and electric power used in PCB production, leading to reduction of manufacturing costs and energy usage, and makes significant contributions to resource conservation and the environment.

Conventional PCBs use a raised copper profile on the copper wiring placed on the resin (polyimide) base, and use the anchoring effect to fuse the copper foil and the resin (Fig. 1).

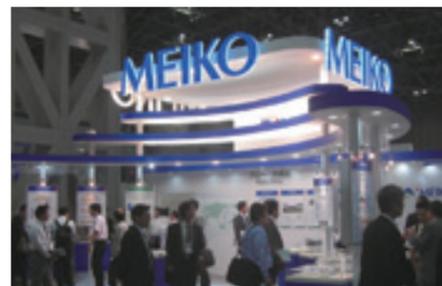
This newly developed technology uses molecular junction technology to directly chemically fuse the resin and copper, directly metallizing a thin layer of copper on the surface of the resin (Fig. 2). This not only eliminates the need for copper foil, but also removes the protrusions where the resin and copper are joined, for a completely flat PCB surface. This reduces electrical signal high frequency transmission loss, producing a flexible PCB which offers higher speed and high frequency performance (Fig. 3). It also uses the semi-additive process to directly form patterns, making even greater precision possible. By avoiding the use of copper foil, the method also makes PCBs lighter, thinner, and more flexible, cutting copper usage by up to 1/4, and thickness by up to 2/3. The resulting PCBs are therefore soft and have low resilience, making them extremely flexible and easy to embed in devices.

Because these PCBs offer such superior features, we are now working on applying this technology not only to flexible PCBs but to a wide range of PCBs, including rigid PCBs. We will continue our research and development work, turning these next generation PCB manufacturing processes into a global de facto standard.



### Participating in exhibitions

We took part in the JPCA Show 2012 in June 2012 and the Printed Wiring Board Expo in January 2013. In addition to attracting a lot of attention with energy-saving, eco-friendly products such as our Aluminum Base Heat Dissipation PCBs and High Electric Current PCBs, the Meiko booths at both exhibitions also showcased Embedded Devices PCBs using state-of-the-art technology. A great many customers came to see our booths and shared their honest opinions and requests, making both events a great success.



A scene from the JPCA Show 2012

## For Business Partners — Supply Chain

### Major Activities in 2012

- Established purchasing crisis management standards and carried out purchasing audits in an effort to minimize procurement risks (audited 22 companies in Japan)
- Performed conflict mineral survey since October 2012, using EICC standard format
- Performed environmental measure survey based on the latest version of regulations such as REACH regulations <SVHC138 substances>

### Future Plans

- Continue performing purchasing audits based on crisis management standards
- Perform continued investigation for manufacturers for whom sourcing locations are unknown
- Perform latest version management and clarify non-use guarantees

Currently, a company is required to have, as its basic framework, a consistent supply chain covering the entire process from material procurement from business partners through to production, distribution, and sales of products.

### Basic Procurement Policy

At Meiko, we encourage the continuation of procurement activities based on the Basic Procurement Policy below.

In line with this trend, we at Meiko believe that the most important aspect of our procurement activities is to establish win-win relationships and relationships of mutual trust with our business partners. We ensure cooperation not only between the production and sales bases in Japan but also with overseas bases, and select business partners through a comprehensive assessment of quality, delivery punctuality, price, and management, as well as business continuity in case of an accident and a disaster under the basic principles of (1) understanding our Basic Procurement Policy, (2) compliance with laws, ordinances, and social norms, (3) environmental protection and (4) exclusion of antisocial forces. In this way, we are strongly emphasizing CSR practices within our supply chain.

### Request for our business partners

In accordance with the measures for the environment included in our Basic Procurement Policy, we are calling for more than 300 business partners to understand and practice matters concerning the four points below. In addition to control of greenhouse gas emissions, waste reduction, and management of specified chemical substances, which we naturally undertake in our internal production activities, we also implement a variety of measures to ensure environmentally friendly procurement. We ask our business partners to implement and recommend green procurement, and also request that distribution and sales activities be undertaken in an environmentally friendly manner.

Specific results of activities for 2012 include implementation of initiatives such as establishing purchasing crisis management standards and carrying out purchasing audits in an effort to minimize procurement risks, conducting conflict mineral survey based on EICC standard format, and environmental measure survey based on the latest version of regulations such as REACH regulations

### Basic Procurement Policy

- Procurement activities best suited to our global production
- Smooth, fair, appropriate procurement activities based on closer communication and strengthened cooperation with our business partners
- Strengthened environmental measures (chemical substances / green procurement)
- Promotion of elimination of conflict minerals by supply chains

- Focus on green procurement, compliance with the green procurement standard, provision of information concerning "eco products"
- No idling
- Waste reduction
- Cooperation with contact in case of an emergency

◆◆ Business Partner's VOICE ◆◆

Panasonic Corporation of China  
Electronic Materials Business Division General Manager  
**Mr. Hisamitsu Misaka**

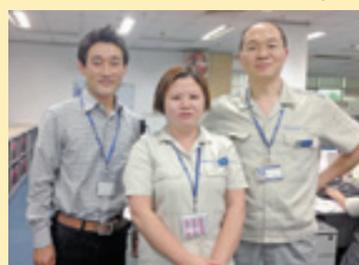
We appreciate the patronage of Meiko Electronics Co., Ltd., with whom we have an ongoing supply relationship of environmentally friendly halogen-free multilayer PCB materials, both inside and outside Japan.

The greatest societal issue the world is facing is that of the global environment, which includes ever-increasing serious global warming, concerns about resource depletion, and threats to the ecosystem. Panasonic aims to become the No. 1 Green Innovation Company in the Electronics Industry looking to 2018, the 100th anniversary of its founding. Making the "environment" central to all of our business activities, Panasonic will engage in "green life innovation" and "green business innovation."

We actively develop low-environmental impact products, which we call "green products." While engaging in product development with a strong focus on the reduction of environmental impact throughout the entire product lifecycle from design to disposal, we plan to provide solutions which fit your Basic Procurement Policy, such as reducing resource usage by making PCB materials thinner and issuing proposals for the optimization of processing conditions, which would reduce environmental impacts.

We hope to continue to our environmental impact

reduction activities through our business with Meiko, and look forward to your continued patronage.



Panasonic Corporation of China  
Electronic Materials Business Division  
Persons in Charge

Measures concerning purchasing and procurement

Internal control and compliance

At Meiko, we undertake smooth operations with our business partners by complying with the following rules on purchasing and procurement.

We carry out appropriate transactions with our business partners by undertaking internal training and confirming compliance in relation to adherence to laws, ordinances, and social codes, including the Act against Delays in the Payment of Subcontract Proceeds to Subcontracts in Japan, as well as compliance with customs regulations and the relevant regional and national laws, ordinances, and social codes in our global procurement activities.

1. Fair, appropriate operations with business partners shall be undertaken through compliance with laws and ordinances concerning purchasing and procurement activities.
2. Business partners' information that we obtain through purchasing and procurement activities shall be kept confidential and the information security system for preventing the leakage of confidential and personal information shall be strengthened.
3. Entertainment and gifts for business partners shall be permitted to the extent that would normally be considered reasonable, but shall be prohibited if such acts result in personal profits.
4. Exclusion of antisocial forces shall be exercised.

Environmental measures (green procurement)

In accordance with the "standards concerning the environment," we encourage environmentally-friendly purchasing and procurement activities together with our business partners.

1. We confirm laws and regulations (RoHS Directive, ELV Directive, and REACH Regulations) and the content of environmentally hazardous substances to encourage the procurement of compliant products and maintain and improve the environmental quality of our products.
  - (1) RoHS Directive : EU restriction on the use of certain hazardous substances in electrical and electronic equipment
  - (2) ELV Directive : A directive adopted by the EU to reduce the environmental burdens of end-of-life vehicles
  - (3) REACH Regulations : EU law for protecting people's health and the environment
  - (4) JIG (1-R) : Legally controlled substances specified in the guidelines concerning the disclosure of information regarding chemical substances contained in electrical and electronic equipment
  - (5) Customers' standards
2. We encourage the signing of the Memorandum on Environmental Protection and Guarantee of Non-Use of Environmentally Hazardous Substances to ensure environmental protection together with our business partners. We are pursuing the signing this Memorandum and Guarantee with our major business partners, including manufacturers to whom we outsource processing.
3. We strive to reduce the discharge of industrial waste and encourage the use of this waste as a valuable resource by recycling it or using it in other ways together with our business partners.

Conflict-Free Procurement Policy

In August 2012, the U.S. Securities and Exchange Commission (SEC) adopted the rules on conflict minerals under the Dodd-Frank Wall Street Reform and Consumer Protection Act. This launched a study on the minerals (gold, tin, tungsten, and tantalum) originated in the Democratic Republic of the Congo and adjoining countries to identify minerals of which trade profits may lead to human rights abuses and environmental destruction. Meiko is eliminating conflict minerals from its supply chains. Meiko has defined a Conflict-Free Procurement Policy which consists of using EICC/GeSI questionnaire-based surveys, response disclosure, and follow-up actions to eliminate resource procurement which includes conflict minerals.

For Employees — Creation of a Comfortable Working Environment

Major Activities in 2012

- Promoted the creation of a comfortable working environment and system for women
- Cultivated next generation managers from mid-career employees
- Enriched our systems for concentrated manufacturing technology training and self-development
- Implemented TOEIC Institutional Test regularly, established an incentive system, and carried out language training courses

Future Plans

- Continue promotion efforts
- Identify which specific values should be shared by all employees, and raise next generation leaders that epitomize these values
- Continue manufacturing technology training, establishing manufacturing plant operation methods as systematic methods for company-wide training
- Begin management training for employees stationed overseas or temporarily dispatched to overseas locations

In line with the concept that "the greatest asset of a company is its human resources," we focus on the creation of a comfortable working environment that is safe, secure, hygienic for all our employees, respects their diversity, and allows them to develop.

Respect for diversity

At Meiko, we respect human rights and strive to recruit, evaluate, and treat our employees without discrimination on the basis of race, creed, religion, nationality, age, gender, disability, and other attributes, so that diverse employees are able to exercise their abilities. For women employees, reduced work hour system is promoted for those returning from maternity or parental leave. In Fiscal 2012, 9 employees took parental leave, 4 employees returned to work, and 2 used the reduced work hour system (excluding Group companies).

At overseas locations, many Japanese employees are at work in addition to local employees, and in Japan as well, dozens of foreign national employees are at work. We also transfer personnel and exchange employees between Meiko Group companies, both in Japan and overseas, to develop global human resources and stimulate the further revitalization of our human resources.

Employment of persons with disabilities

Since Fiscal 1991, Meiko Electronics Co., Ltd. (excluding its Group companies) has continued to achieve the legally required number of employees with disabilities in accordance with the Act on Encouraging the Employment of Persons with Disabilities up until Fiscal 2009. In Fiscal 2010 and Fiscal 2011, however, we were not able to meet the legal requirement, partly because the overall number of employees increased. We achieved the legally required number of employees with disabilities in Fiscal 2012 and 2013.

Changes in the number of our employees with disabilities and the number required by law (Fiscal 2009 – 2013)



(Note) Legally required number of employees with disabilities = Number of permanent employees × Legal rate of employment (rounded down to the nearest whole number)

Employment and exchanges of global human resources

Currently, approximately 33 employees from overseas countries, including China, are working at Meiko's business establishments in Japan, while approximately 130 Japanese employees are working overseas. These numbers have been increasing every year. In addition, as of Fiscal 2012, a total of 152 persons had completed the language and skill training in Japan intended for future executives of our overseas subsidiaries, which has been offered every year since Fiscal 2003.

◆◆ Parental Leave and Reduced Work Hour System User's VOICE ◆◆

In July 2011, I returned to work after having taken seven months of parental leave, and began using Meiko's reduced work hour system. Meiko provides parental leave regulations to all eligible employees, and after employees return, always check with them if they wish to use the reduced work hour system, so there are already many using the system, and those wishing to make use of the system can do so without feeling guilty or worried.

Under the reduced work hour system, I currently work from 9:00 a.m. to 4:00 p.m. I leave the house at 7:00 a.m., drop my son off at daycare at 7:30 a.m., and spend around 1 hour commuting to work. At 5:00 p.m., I go to pick my son up from daycare. I work six hours per day, so I make conscientious efforts to always meet deadlines despite these time restrictions, scheduling work during downtime and eliminating waste and inefficiency, striving to work efficiently.

Thanks to these systems, I can manage to work and raise my child, improving my work efficiency and attaining an even richer work-life balance than I did before giving birth.



Human Resources Department  
**Yoko Ozawa**

◆◆◆ Global Employee's VOICE ◆◆◆

I joined Meiko from a Japanese electrical machinery manufacturer in 2010, but knew little about PCBs, so I underwent manufacturing training in a factory in Japan before being stationed in China.

I had no prior experience with Chinese culture or the Chinese language, but after arriving, I began working on my language skills in order to be able to communicate using the local language, and I am still polishing my Chinese. In addition to Chinese, I have also learned Pakistan, Indian, English and Japanese languages. This is the perfect work environment for someone like myself, who wants to work around the world.

I am currently responsible for a global manufacturer known for its strictness, and I feel that the world we live in now is not one in which we must merely make our customers happy, but we must provide value added services which satisfy our customers' customers, and their customers as well.

Meiko is actively hiring international personnel and implementing a border-free personnel strategy as it works to achieve part of its medium-term plan of having overseas customers account for 50% or more of its overall customer base. I dedicate myself to my work as an employee just as hard as the president does. This positive approach is well received by customers, and I am certain that it contributes to the realization of a Global Village Society.

Guangzhou Plant  
Sales Headquarters Section Manager

Nadeem Qadir



Educational programs

At Meiko, we provide job-class-specific training to new recruits, midcareer employees, and executives. We also hold departmental training specific to functions and job categories. These training programs are aimed at extracting the potential ability of individual employees, strengthening their ability to work in teams, and improving their overall abilities that are universal to all organizations. In addition, we offer qualification programs and provide financial assistance with correspondence courses to help our employees with their self-development and encourage them to obtain technical qualifications. In particular, we position training for next generation leaders as a primary task, and started a one-of-a-kind research to extract the shared distinctive values that must be passed on from the leaders of today to those of next generation, and to reflect these to the training program.

In addition, we offer qualification programs and provide financial assistance with correspondence courses to help our employees with their self-development and encourage them to obtain technical qualifications, as well as operate foundation schools by foreign instructors and full financial assistance of examination fees for TOEIC Institutional Test.

Moreover, we are also developing employees who are able to work globally at the forefront of overseas establishments which are increasing its importance, by improving and expanding foreign language training programs for domestic workers and the training of overseas workers in Japan. In addition, we are planning to develop management ability as well as overseas assignment (trainee system).

● Job-class-specific training

New recruits	<ul style="list-style-type: none"> <li>Business simulation training</li> <li>Manufacturing and sales hands-on training and problem-solving</li> </ul>
Mid-career employees	<ul style="list-style-type: none"> <li>MBA (Meiko Board Academy)</li> <li>Cultivation of next generation management</li> </ul>
Managerial employees	<ul style="list-style-type: none"> <li>MAPS (Management Academy for Problem Solving)</li> <li>Problem solving capability improvement</li> </ul>
Department heads	<ul style="list-style-type: none"> <li>President school</li> <li>Become an implementer of Meiko's corporate DNA in order to produce even greater results</li> </ul>

● Field-specific training

Technical personnel training	<ul style="list-style-type: none"> <li>Meiko PCB school (basic and advanced courses)</li> <li>Improve technical abilities of new recruits, mid-career employees, and core technical personnel</li> </ul>
Global training	<ul style="list-style-type: none"> <li>Regular TOEIC Institutional Tests and incentive system</li> <li>English training for selected employees</li> <li>Chinese and Vietnamese language trainings</li> </ul>

● Self-development

Distance learning	<ul style="list-style-type: none"> <li>Subsidize 80% of fees when language courses are completed</li> </ul>
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MAPS training for managerial employees

Employee safety and health initiatives

We conduct safety and health initiatives at Meiko based on our Industrial Safety and Health Guidelines for the purpose of eliminating work accidents and improving the working environment in all workplaces, and encouraging the good health of all employees.

To ensure that problems are found efficiently, not to mention prevent work accidents, we have arranged for our workplaces to be audited by industrial physicians, industrial health consultants, and other experts. In addition, our Safety and Health Committee members undertake audits of the plants.

What is more, we estimate risks through risk assessments, based upon which we implement measures to prevent work accidents and improve the level of our safety and health management.

Industrial Safety and Health Guideline

In line with the concept that "the greatest asset of a company is its human resources," at Meiko Group we focus on the creation of a working environment that is safe and secure for the mental and physical health of all our employees, and allows them to fully demonstrate their individual capabilities .

1. We will comply with the regulations and in-house rules related to industrial health and safety as we endeavor to eliminate dangers in all workplaces.
2. We will conduct risk assessments for our workplaces, set goals for work environment improvements and continually work toward reducing work accident risks.
3. We will ensure that each and every employee is aware of industrial safety and health initiatives as we endeavor to improve awareness of safety and health.
4. We will endeavor to actively support the maintenance and improvement of the mental and physical health of our employees.

For Shareholders and Investors — Improvement and Expansion of IR Activities

Major Activities in 2012

- Held results briefings for institutional investors, analyst meetings, and small meetings
- Produced English versions of IR tools for foreign investors

Future Plans

- Continue holding explanatory meetings
- Continue globalization and deliver valuable information for investors

One of the pledges made in our Code of Conduct is:

"We will ensure that our corporate activities and management practices are sound and transparent, and we will continue to be a trustworthy company to our shareholders and investors to generate corporate value." Based on this pledge, we are striving to maximize our corporate value by engaging in sound, fair corporate activities while complying with laws and ordinances.

Timely and adequate disclosure of information

In accordance with the timely disclosure regulations, we adequately disclose key information considered to influence the investment decisions of our shareholders and investors. We also disclose other key information via prompt, adequate, and fair means to ensure the transparency of our management practices.

presentation documents, shareholders' report, documents for results briefing. As a result, for Fiscal 2012, the Meiko website was awarded with a Good Corporate Website Award in the emerging markets division of the Fiscal 2012 Website Completeness Ranking for All Listed Companies released by Nikko Investor Relations Co., Ltd.



Enhancing IR tools

To provide a better understanding of Meiko, we have enhanced the IR page of our website by providing a message from the President and other content for private investors, as well as an IR library that includes past and present financial statements and annual reports. For Fiscal 2012, we produced IR tools for foreign investors, such as convocation notice of the shareholders' meeting,



MEIKO REPORT

# For Local Communities — Social Contribution

## Major Activities in 2012

- Implemented CSR activities addressing local issues at each site

## Future Plans

- Improve information sharing to enable sites to implement activities performed at other sites, and create a framework which enables more employees to participate autonomously

At Meiko, we encourage social contributions by our Headquarters and group companies to build close relationships with local communities. We will continue to actively participate in environmental beautification activities and other events organized by the local governments in the various areas. At the same time, we will fulfill our responsibility as a good corporate citizen by encouraging social contribution activities in each local community.



## Action 1 Blood donation activities

Meiko is actively involved in blood donation activities at bases in Japan and overseas. The blood donation activity was conducted at Yamagata Meiko Electronics Co., Ltd. on February 7, 2013 in keeping with the annual tradition that has continued for more than 10 years now. There have been comments from the staff about wanting to do what they can as part of their contribution to society.



Blood donation activities at Yamagata Meiko

## Action 2 Providing programs for local middle school and high school students

For the purpose of raising vocational awareness of students through hand-on experience in actual society and increasing awareness of local companies, we conduct hands-on work experience events and factory visits every year for local middle school and high school students at Yamagata Meiko. During Fiscal 2012 we invited students from four middle school and high schools. Having experiences in the manufacturing process for Meiko's PCBs, they could understand first-hand the difficulty, importance, as well as the enjoyment of manufacturing. We received valuable feedback from students after they completed the workplace experience. Students commented how "I was very impressed and interested as I watched how one small mistake could lead to a critical large mistake" and "I felt that I really grew as I was able to do things on day two that I couldn't do on day one."



Factory visit for Kahoku Specialized Skill Technical High School students



Internship for Sagae Industrial High School

## Action 3 Support for poor families and students in China

Meiko actively offers support, such as through academic subsidies, to children living in poverty and families which have been struck by natural disasters. In China, we have been implementing a support program for poor families and areas affected by disasters since Fiscal 2008 and our Guangzhou and Wuhan Factories offered support to areas designated by the government as high poverty areas in Fiscal 2012. Examples of these support activities include visits by Wuhan Factory personnel to Hong'an County in Hubei Province in May 2012, engaging in one-on-one discussions with and providing support for 40 students, as well as donation of school supplies for 70 students in Liang Shan Prefecture of Sichuan Province in November 2012. We will continue to contribute to solving the problem of poverty through these support activities.



Certificate of appreciation from the China Foundation for Poverty Alleviation



Visit to Fengmasan Village of Hengli Town in Nansha District

## Action 4 Donation of teaching materials to elementary schools

On September 30, 2012, Children's Day of the Mid-Autumn Festival, the Vietnam Plant donated teaching equipment and materials to a local elementary school. A ceremony was held in appreciation on a later date, and broadcasted on television by a local television station. Meiko will continue to carry out community-based CSR activities.



Presents are handed out to children



### Community's VOICE

Since it was founded in 2007, Meiko Electronics Vietnam has actively contributed to the community in a variety of fields.

Its contributions to employment have been particularly notable, and many young people have begun working at Meiko Electronics Vietnam, lowering the unemployment rate and boosting the economic vitality of the area. It has also engaged in a wide range of other support activities, such as promoting local culture and sports by building a new athletic field in the Lan Bun village and supporting education through its donations of teaching materials, stationery, and study supplies to junior high and high school students. During traditional Vietnamese holidays and New Year, Meiko employees also visited injured war veterans and their families.

On behalf of community leadership and residents, I would like to express my gratitude to Meiko Electronics Vietnam for its tremendous role in the development of Phung Xa village and Hanoi City, and extend my hopes for its continued bold growth.



Thach That, Hanoi City Chairman of Phung Xa Village People's Committee Mr. Chu Van Bay

# ENVIRONMENT REPORT

At Meiko, we believe that minimizing the environmental burdens of our business activities is our mission and our responsibility as a company helping to achieve a sustainable society.

## Major Activities in 2012

- Held Energy Saving Committee meetings
- Added hybrid vehicles to the company-owned vehicle fleet (6 vehicles)
- Maintained 99% or higher waste recycling rate (Plants in Japan only)
- Utilized systems such as our waste exchange system to utilize disused items
- Stayed abreast of the added SVHCs and performed supplier study

## Future Plans

- Reduce CO<sub>2</sub> emissions by 1% or more
- Add more hybrid vehicles to the company-owned vehicle fleet
- Strive for 100% waste recycling rate
- Strengthen communication of information in supply chains

## Basic Environmental Policy

“Meiko recognizes that protecting the global environment and committing to clean air and water are critical responsibilities that we have for the generations that come after us. We use resources effectively and operate in a way that is compatible with our living environment.”



### Environmental Action Guideline

Meiko's businesses include the pattern design and manufacturing of printed wiring boards and the manufacturing of metal masks, as well as the development and manufacturing of electronic devices. We consider the implications of these activities for the environment, and emphasize the importance of reducing their impact in terms of prevention of global warming, cyclical use of resources and prevention of contaminating the ecosystem.

In accordance with our basic environmental policy, we fully comprehend the impact our business activities have on the environment. We make every effort to prevent environmental pollution and reduce our environmental footprint through the following measures:

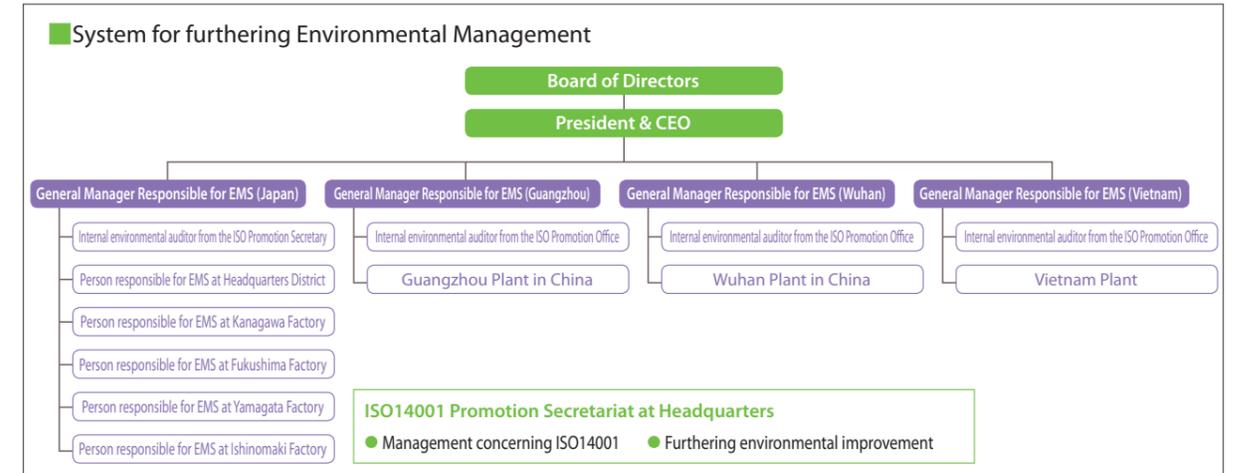
1. We have established a structure for strengthening our environmental conservation activities, and we develop and revise our environmental management system, operate the system appropriately to reduce our impact on the environment, and work continuously to improve both.
2. We contribute to environmental conservation by making efforts to conserve resources and energy, reduce waste, and encourage recycling.
3. We will properly manage chemical substances in products so that the product does not contain harmful chemicals.
4. We properly manage chemical substances contained in our products and make sure our products do not contain toxic chemical substances.
5. We properly manage chemical substances in the production process to limit their usage and reduce their environmental impact.
6. We observe all laws, regulations, ordinances, and other requirements concerning the environment.
7. We set environmental goals and objectives, conduct environmental conservation activities, and strive to improve these activities.
8. We provide training and instruction to all our employees with the aim of instilling a strong awareness of environmental conservation activities in them.
9. We are documenting this environmental policy and distributing it to all our employees, and are also making it available to the public.

Revised (No. 6) on December 1, 2010  
Established on March 6, 2000

President & CEO Yuichiro Naya

## System for complying with environmental laws and ordinances

To implement our Basic Environmental Policy, we have established an ISO environmental management system, and have appointed a person responsible for controlling the environmental management system (EMS) at each plant in Japan and overseas. We also strive to protect the environment through CO<sub>2</sub> reduction and zero emissions activities, etc. conducted by the cross-company Energy Saving Committee.



### General Manager Responsible for EMS Director, Managing Executive Officer Haruyuki Naya



Two years have passed since the Great East Japan Earthquake, and our Tohoku Factory has been active in restoration efforts.

The Ishinomaki Factory suffered significant damage due to the tsunami, but all of our employees have come together as one, enabling the plant to resume operations in May 2013.

I would like to extend my deep gratitude for the people of Miyagi Prefecture and Ishinomaki City for their support for recovery.

The shutdown of nuclear power plants in Japan following the earthquake has caused electrical supply problems, which we have had to grapple with. In Fiscal 2012, in order to make up for these electricity supply shortages, we reduced peak power usage, adjusted room temperature, shifted operations to night hours, and actively implemented other power conservation measures.

In the future, we will continue to reduce environmental risks in order to help conserve the global environment and contribute to society as we aim to conduct environmentally-friendly manufacturing.

### Acquisition of ISO14001 certification

We view ISO14001 as an important standard for environmental management, began to take action toward obtaining certification in Fiscal 2000, and have since continued these initiatives at our plants in Japan and overseas.

#### Our acquisition of ISO 14001 certification

##### ISO9001

Mar. 27, 2001	Headquarters and Kanagawa Factory
Sept. 25, 2001	Yamagata Factory
Apr. 17, 2003	Extended certification obtained by the Fukushima Factory
Apr. 30, 2003	Guangzhou Plant in China obtained certification
Apr. 22, 2005	Integrated certification obtained by the three Factories in Japan
Apr. 22, 2005	Extended certification obtained by M. D. Systems Co., Ltd.
Apr. 28, 2006	Extended certification obtained by Miyagi Factory
Apr. 28, 2006	Extended certification obtained by Solder Stencil Dept.
Feb. 20, 2007	Wuhan Plant in China obtained certification
Mar. 26, 2009	Extended certification obtained by Meiko Research and Development Center, Yamato Technology Center, and Tool Department
June 18, 2010	Extended certification obtained by Vietnam Plant

\* The factories in Japan obtained certification from Japan Electrical Safety & Environment Technology Laboratories (JET). The plants in China obtained certification from TÜV Rheinland. The Vietnam Plant obtained certification from Bureau Veritas Certification (BVC).  
\* Because operations were suspended at the Ishinomaki Factory due to the Great East Japan Earthquake, this factory is temporarily outside the scope.



(From the left), ISO14001 Certificate for factories in Japan, Guangzhou Plant in China, Wuhan Plant in China, and Vietnam Plant

## Complying with environmental laws and Ordinance

Environmental laws and ordinances have been amended due to increasing awareness of environmental impact. We believe that ensuring our compliance with all the amended laws and ordinances of individual regions will lead to our contributing to environmental protection in each local community. In accordance with ISO14001, we identify the laws and ordinances of individual regions that are related to our business activities, and watch for any amendments to ensure full compliance.

## Promotion of environmental targets plan

Meiko conducted an assessment of the environmental impact of our corporate activities. As a result, we found that the types of energy that have a significant impact on the environment including electricity, heavy oil, gas, and gasoline. Also closely related to environmental impact are resources such as raw materials, water, and paper, and waste, including plastic waste, sludge, waste acid, and waste alkali. Given these results, we have been taking actions under a new medium and long-term plan from Fiscal 2012. During Fiscal 2012, production efficiency deteriorated due to production adjustments and the economic downturn. A particular result of this is that the quantity of energy consumed per reduction volume increased. We aim to improve production efficiency, conduct further energy saving initiatives, and make steady reductions in per production volume metrics.

## Prevention of Global Warming

Meiko views the issue of greenhouse gas as a significant threat to our precious earth. We have focused on the reduction of CO<sub>2</sub> emissions, and to this end we have held a regular Energy Saving Committee since Fiscal 2009 throughout the company via television conferences in which we share information on energy saving improvement plans and improvement examples for each factory/plant.

Accompanying the expansion of production base and production adjustment due to the slowdown of economy, total CO<sub>2</sub> emissions as well as CO<sub>2</sub> emission per production volume increased for Fiscal 2012. We will continue to reduce CO<sub>2</sub> emissions with further initiatives, particularly those involving efficient operation of facilities.



Energy Saving Committee

### Examples of energy saving improvements

#### 1 Fukushima Factory

##### Energy savings through the installation of inverters in hydraulic press pumps

Heating platen presses are used in the manufacture of our multi-layer PCBs.

These presses are controlled with hydraulic pumps, with electromagnetic relief valves which release hydraulic pressure.

The hydraulic pumps have far more than sufficient capacity to handle even maximum press pressure, and this excess capacity is wasted energy.

By installing inverters in the hydraulic pumps to reduce their output, we reduced per-press power consumption by approximately 48%.

##### Power usage per press



#### 2 Yamagata Factory

##### Compressor air usage reduction through usage of air saving units

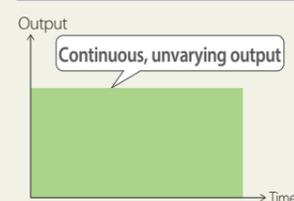
Compressor air is used by several processes when manufacturing PCBs.

The amount of compressor air used within the factory is controlled based on equipment, purpose, and the type of valves and solenoid valves it is used with.

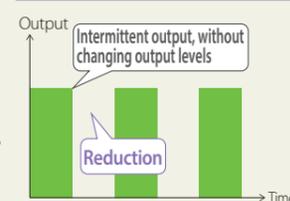
In the past, this control approach used an unvarying output level, but by installing air saving units, we have been able to produce intermittent output without changing output levels.

Through this, we reduced compressor air usage, saving 127,200 kWh of electricity per year.

##### Before improvement



##### After improvement



## Cyclical Use of Resources

### Water consumption

A large amount of water is used in the manufacture of PCBs for cleaning. We have reduced the amount of water used by managing the amount used at each facility and using reverse osmosis (RO) water. We carried out our efforts to use the minimum amount of water required to maintain product quality in each process and to use discharged water through the introduction of a reverse osmosis system. These efforts have proven effective in achieving reductions.

\* RO water refers to water purified using reverse osmosis. It is used for cleaning the PCBs.

### Paper consumption

We have been making comprehensive efforts by employing electronic media for all company data, eliminating unnecessary copying, and introducing electronic certification system, etc., to help protect forest resources.

### Reduction and recycling of waste

We have been reducing waste based on the 3R strategy (reuse, reduce, and recycle). Continuing on from Fiscal 2011, efforts were actively made to recycle wastes into

valuable resources. The recycling rate of waste, the percentage of waste that was used for purposes other than landfill, exceeded 99% at our plants in Japan in Fiscal 2012.

\* "Recycling" above includes thermal recycling.

\* The recycling rates at our plants in China (Guangzhou and Wuhan) and Vietnam are excluded.

### Examples of waste reduction efforts

#### Kanagawa Factory

##### Utilization of "Waste exchange system"

Meiko is using Kanagawa Prefecture's "waste exchange system" to reuse waste products.

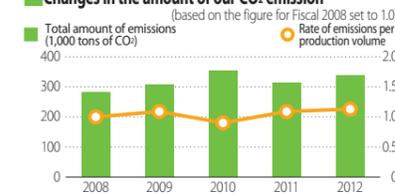
The "waste exchange system" is a system that collects reusable but no longer necessary items from businesses operating in the prefecture, and providing them free of charge to other businesses via the Chambers of Commerce in each municipality.

The Kanagawa Factory has a local business pick up its unneeded wooden pallets, allowing approximately 3 tons of what would otherwise have been waste to be reused.

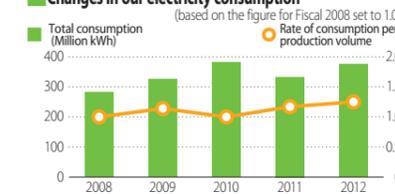
By using this system, the Kanagawa Factory has reduced its waste wood disposal volume to 1/6 of previous levels.

### Changes in usage amount of environmental resources

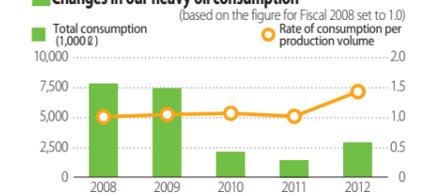
#### Changes in the amount of our CO<sub>2</sub> emission



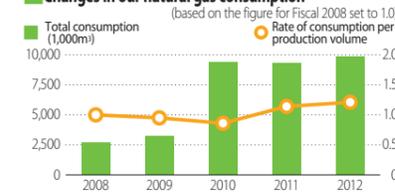
#### Changes in our electricity consumption



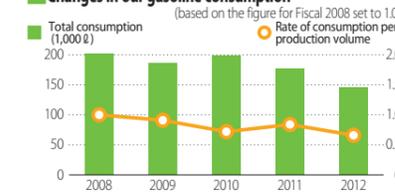
#### Changes in our heavy oil consumption



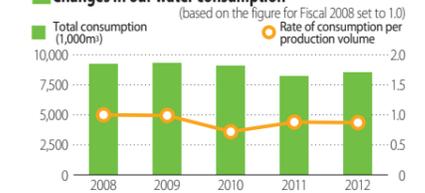
#### Changes in our natural gas consumption



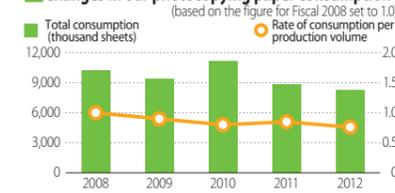
#### Changes in our gasoline consumption



#### Changes in our water consumption



#### Changes in our photocopying paper consumption



\* Guangzhou Plant switched from heavy oil to natural gas from Fiscal 2010.

\* Although the Miyagi Plant results are included in the data up until Fiscal 2010, operations at the Miyagi Plant were suspended in Fiscal 2011 and 2012 due to the Great East Japan Earthquake.

\* Results of the Vietnam Plant are included in the data from Fiscal 2012.

# Preventing pollution of the ecosystem

## Measures for Reducing Environmental Burdens

Meiko is aware of the significance of the impact of its plant operations on the local environment and believe it has a duty to reduce these burdens. Specifically, we comply strictly with laws and ordinances for preventing pollution and the standards agreed on with local communities. We are also striving to reduce the total emissions, water consumption, and paper consumption confirmed in accordance with the PRTR Act.

### Activities for reducing environmentally hazardous emissions

We control the quality of the water we discharge and the state of the gases we emit into the atmosphere by measuring them on a regular basis to help maintain the local environment. The table below shows the levels of the substances we have emitted from our plants, all of which are below the standard.

### Measured values for discharged water quality and atmospheric measurements

Plant name	Water quality					Atmosphere			
	Measurement unit	pH	BOD	COD	SS	Equipment	Substance	Soot and dust concentration	Nitrogen oxide concentration (NOx)
Kanagawa Plant	Measurement unit	—	mg/L	mg/L	mg/L	Steam boiler	Measurement unit	g/m <sup>3</sup> N	v/ppm
	Actual value	8.4	18.0	9.0	—		Actual value	0.003	58.0
	Standard value	5.7~8.6	25	25	70		Standard value	0.3 Air Pollution Control Act	180 Air Pollution Control Act
Fukushima Plant	Measurement unit	—	mg/L	mg/L	mg/L	Steam boiler	Measurement unit	g/m <sup>3</sup> N	v/ppm
	Actual value	8.1	19.0	10.4	1.2		Actual value	0.033	57.0
	Standard value	5.8~8.6	25	25	70		Standard value	0.3 Air Pollution Control Act	180 Air Pollution Control Act
Yamagata Plant	Measurement unit	—	mg/L	mg/L	mg/L	Steam boiler	Measurement unit	g/m <sup>3</sup> N	v/ppm
	Actual value	7.2	18.0	23.0	9.0		Actual value	0.006	52.0
	Standard value	5.8~8.6	25	160	60		Standard value	0.3 Air Pollution Control Act	180 Air Pollution Control Act
Guangzhou Plant	Measurement unit	—	mg/L	mg/L	mg/L	boiler	Measurement unit	mg/m <sup>3</sup> N	mg/m <sup>3</sup> N
	Actual value	7.5	49.2	161.0	39.0		Actual value	26.8	118.7
	Standard value	6~9	300	500	400		Standard value	National std: 100 Local std: 80	400
Wuhan Plant	Measurement unit	—	mg/L	mg/L	mg/L	Steam boiler	Measurement unit	mg/m <sup>3</sup> N	mg/m <sup>3</sup> N
	Actual value	7.2	10.0	55.4	30.0		Actual value	42.5	184.0
	Standard value	6~9	20	80	50		Standard value	50	400
Vietnam Plant	Measurement unit	—	mg/L	mg/L	mg/L	boiler	Measurement unit	mg/m <sup>3</sup> N	mg/m <sup>3</sup> N
	Actual value	8.2	22.0	59.0	15.0		Actual value	62.7	27.0
	Standard value	6~9	30	75	50		Standard value	200	850

- The water quality measurement items are partial disclosures of the living environment items of the Water Pollution Control Act.
- The water quality measurement values are maximum values.

## Table showing environmental burdens

At Meiko, we take measures to gain an understanding of the full scope of our environmental burdens. The table below shows our environmental burdens for Fiscal 2011. We will aim to achieve greater by accurately classifying the inputs into energy, water, materials, and chemical agents, and the outputs into atmospheric release, water discharge, waste and resources, and recycling.

Environmental burdens of our business activities					
<b>Scope:</b> Headquarters and the 6 major plants		<b>Period:</b> Fiscal 2012 (April 1, 2012 - March 31, 2013)			
<b>Outline of business:</b> Manufacture of PCBs					
<b>INPUT</b>		<b>OUTPUT</b>			
Energy input	Electricity (MWh)	375,510	Atmospheric release	CO <sub>2</sub> emissions (kt)	343
	Heavy oil (kℓ)	1,310		NO <sub>x</sub> emissions (t)	34
	Natural gas (km <sup>3</sup> )	9,822		Soot and dust (t)	4.1
	Light oil (kℓ)	1,501		PRTR substances (t)	3.2
	Gasoline (kℓ)	147			
Resources	Water (km <sup>3</sup> )	8,546	Discharge into water table	PRTR substances (t)	0.26
	Photocopying paper (thousand sheets)	8,263			
Chemical substances	PRTR substances (t)	322	Chemical substances	Amount of waste generated (t)	3,260
				Amount of chemical substances discharged (t)	15

## Management of Chemical Substances Contained in Products

In accordance with our Environmental Action Guidelines, we strictly manage our production process in accordance with our chemical substance control rules that stipulate prohibited substances to ensure that our products do not contain hazardous substances prohibited by the RoHS Directive and other laws and regulations. We request that our business partners submit environmental data such as guarantees of non-use and analysis reports, so that we can properly communicate this information in response to our customers' requests for research.



### Rules for chemical substances contained in products

- \* RoHS Directive: An EU regulation on hazardous substances used in electrical and electronic equipment
- \* ELV Directive: An EU directive aimed at reducing the burden of end of life vehicles (ELV) on the environment
- \* REACH Regulations: An EU regulation aimed at protecting people's health and the environment Chemical substance



### Employee's VOICE

I work in Environmental Management Department at Vietnam Plant, responsible for environmental facilities, such as wastewater processing, exhaust gas processing, and purified water manufacturing facilities and waste management. As a member of the environmental auditing office, I help promote environmental standard compliance activities. Every six months the manufacturing scale of the Vietnam Plant is increasing, and our environmental facilities are updated each time to accommodate the expansion. Our plant is the youngest of Meiko's three overseas plants, and we plan to look to examples provided by the other plants to raise our own level of environmental conservation.

Vietnam Plant, Environmental Facilities Management Department, Environment Section  
**Truong Quy Son**



# Management Report

To ensure that operations are efficient and appropriate, Meiko has improved its transparency and established a management framework that will earn the trust of its stakeholders, establishing a system that allows audits and internal control to function appropriately.

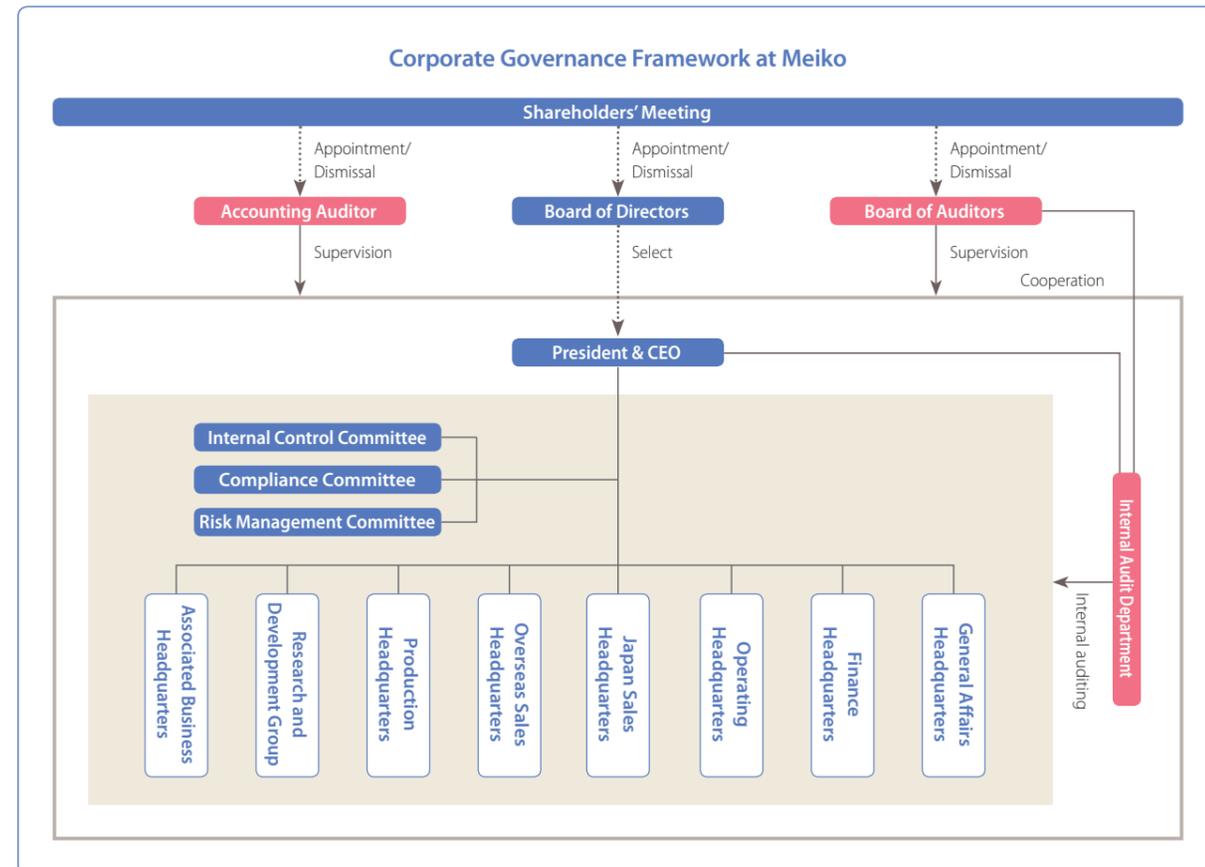
## Corporate Governance

### Our organization

At the Meiko Group, the Board of Directors is the principal decision-making body.

Our auditors audit and check the execution of duties by each Director in accordance with the policies of our

Board of Auditors. The Internal Audit Department improves and expands our internal check system and ensures that corporate governance and compliance function effectively based on the policy for our internal control system.



## Internal Control

### Major Activities in 2012

- Compliance with J-SOX
- Promotion of internal control based on the Companies Act

### Future Plans

- Perform J-SOX evaluation of Chinese subsidiaries in Chinese language
- Addition of consolidated overseas subsidiaries (Vietnam Plant)
- Establishment of internal control based on the Companies Act, and implementation in overseas factories

Our corporate governance system includes external directors, audit & supervisory board members as corporate monitoring function, accounting auditors, and the Internal Audit Department for ensuring fair management and high level of transparency. These coordinate with each other to establish corporate governance.

Internal control, as part of corporate governance, is essential for ensuring increased management efficiency and the fairness of all company activities. The effectiveness of Meiko's internal control is evaluated, and the results of these evaluations are used to make further management improvements. This is our mission to fulfill our corporate social responsibility and we, as the Meiko Group, will promote these activities.

### Internal Control System

Our Board of Directors passes resolutions and seeks to refine the following aspects of our system (Basic policy on Internal Control System) for ensuring proper operations in accordance with the Companies Act and Ordinance for Enforcement of the Companies Act.

#### Basic Policy on Internal Control System

1. A system for ensuring that the duties of our Directors and employees comply with laws and regulations and our Articles of Incorporation
2. A system for ensuring that the duties of our Directors are executed efficiently
3. A system for storage and management of information concerning the execution of duties by our Directors
4. A system regarding rules, etc. on the management of the risk of loss
5. Improvement of the auditing environment for our Auditors
6. A system for ensuring proper operations by Meiko Electronics Co., Ltd. and its Group companies

### Internal control concerning financial reporting

At Meiko, under the Basic Policy on Internal Control System shown above, we developed policies and plans concerning the policy, procedures, and methods of evaluating our internal control, the framework of evaluations, scope of evaluations, schedules of evaluations, and recording and storage of evaluation outcomes. We have established a framework for evaluations to be led by management. In this process, we followed the Practice Standards for Management Assessment and Audit concerning Internal Control over Financial Reporting set by the Financial Services Agency.

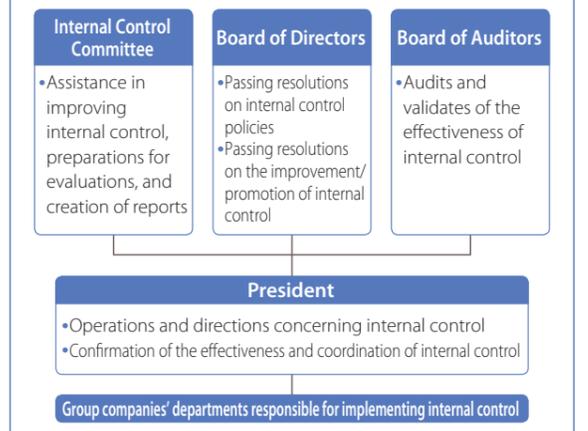
Based on these policies and plans, we again evaluated in Fiscal 2012 the effectiveness of our Companywide internal control (including account settlement and financial reporting processes) which would have a substantial influence on our overall consolidated financial reporting. Based on the outcome, we evaluated the effectiveness of our IT control and internal control, which is incorporated in our business process and executed in an integrated manner (internal control concerning business processes including account settlement, financial reporting, sales and inventory management, and purchases).

All issues with our internal control identified through the evaluation processes were rectified during the term.

As a result of these processes, we stated that "Our internal control over financial reporting has been effective" in our internal control report for Fiscal 2012, and received appropriate opinions from our auditors.

We have submitted our internal control report and financial reports for Fiscal 2012 to the Kanto Finance Bureau following a resolution by the Board of Directors.

#### Internal Control of the Meiko Group in Fiscal 2012



# Measures for Ensuring Compliance

## Major Activities in 2012

- Revised Compliance Regulations
- Reviewed Compliance Handbook

## Future Plans

- Confirm and review Compliance Regulations in the overseas factories
- Increase awareness and understanding of Compliance Handbook (in Japan and overseas)

Meiko positions compliance as a critical aspect of management. Each of our employees complies with laws and ordinances, social ethics, and morals in their work. We have codified our standards in the Corporate Charter of the Meiko Group and the Code of Conduct. We also explain the framework of our activities in our Compliance Regulations, while the Compliance Handbook shows more specific compliance rules to be observed by the Company and its employees.

## Compliance Regulations

The regulation rules, systems, and procedures regarding compliance rules of the Company and its affiliates are stipulated in the Compliance Regulations which explains in detail the rules to be observed by the executive and employees.

## Compliance Handbook

In order to raise awareness, the Company's own unique Compliance Handbook is distributed to all executives and employees, which can be accessed on our in-house website and education program is also implemented using e-learning.



Compliance Handbook

### Compliance Manual (Areas Requiring Compliance)

- 1. Compliance for our customers**
  - (1) Confidentiality obligation
  - (2) Sincere attitudes
  - (3) Product liability
  - (4) Eliminating inappropriate relationships with customers
  - (5) Prohibiting transactions based on personal considerations
- 2. Compliance for our suppliers**
  - (1) Fair selection of business partners
  - (2) Prohibition of requests for kickbacks
  - (3) Prohibition of excessive gifts and entertainment
  - (4) Prohibition of the reception of other conveniences and facilities
- 3. Compliance for our investors**
  - (1) Disclosure of appropriate corporate information
  - (2) Correct recording
  - (3) Comprehensive internal auditing
- 4. Compliance for our community**
  - (1) Compliance with related laws and ordinances, etc.
  - (2) Compliance with the Antimonopoly Act
  - (3) Compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors
  - (4) Compliance with laws and ordinances on insider trading
  - (5) Respect for intellectual property rights
  - (6) Confrontation with antisocial forces
- 5. Compliance for our employees**
  - (1) Respect for human rights
  - (2) Prohibition of sexual harassment
  - (3) Prohibition of power harassment
  - (4) Protection of personal information
  - (5) Compliance with labor laws
- 6. Compliance for the profits and assets of the Company**
  - (1) Compliance with internal rules
  - (2) Prohibition of conflicts of interest
  - (3) Respect for the Company's assets
  - (4) Fair reporting of expenses

## Provision of compliance education

At Meiko, we provide compliance education because we believe that the idea of compliance will be effective only when it is adopted by all executives and employees across the entire organization. We issue warnings on insider trading to all employees at the time of quarterly settlement. In addition, efforts are made to raise awareness by providing examples of compliance violations, in our newsletters and on our in-house website.



In-house newsletter

## Introduction of the Help Line

We have introduced a whistleblowing system (Helpline), which permits our employees to report violations or possible violations of laws, ordinances, or other regulations without hesitations. We protect information and conduct fact-finding with particular care so as to protect whistleblowers from any disadvantages. Whistleblowers can choose to remain anonymous.

## Antisocial forces

Meiko refuses to have anything to do with any individuals and organizations perceived as antisocial forces that threaten the social order and safety, not only its attributes, but pursuit of economic gain using violence, force or fraudulent techniques or its use, and is resolutely determined to work in close cooperation with external dedicated institutions such as the police in accordance with "Regulations for dealing with antisocial forces" and various "Manuals."

## Compliance Organizations

The Compliance Committee has been established as an organization that ensures compliance is being faithfully conducted throughout the Meiko Group. The Committee is convened regularly every year or as otherwise required by the Compliance Officer and Administrative Section (General Affairs Department), with activities focusing on the General Affairs Officer, the Business Management Officer, the Auditors, and other responsible executives from the relevant departments.



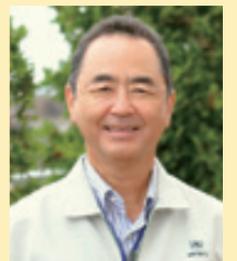
### VOICE from Person in Charge

The Meiko Group complies with laws and ordinances, and internal regulations, led by the spirit of the Company, encapsulated in our Business Principles and Corporate Charter. Our company activities place heavy emphasis on social and corporate ethics.

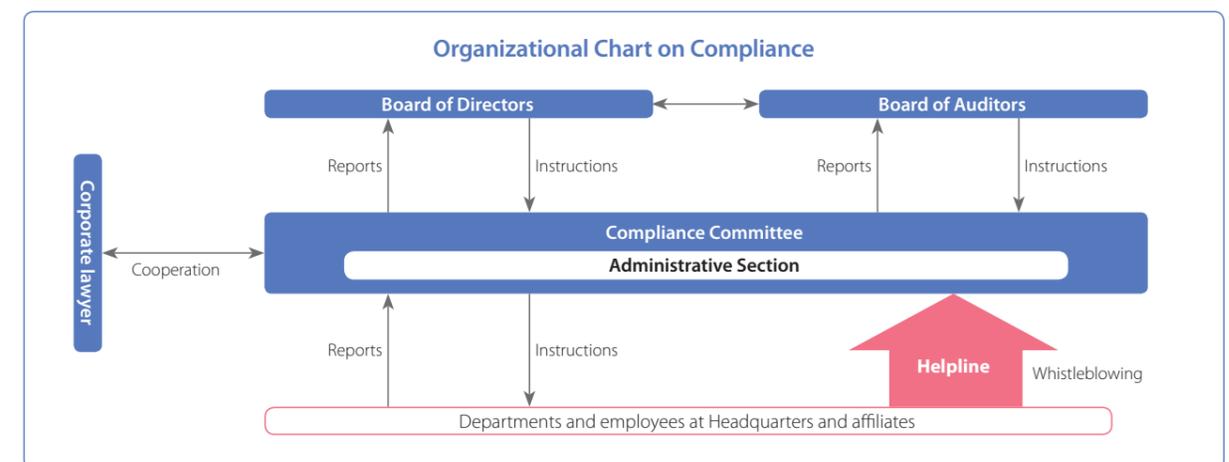
Our compliance initiatives are not meant merely to prevent misconduct and incidents, but to help us carry out our responsibilities as members of society, earning the trust of our customers, shareholders, investors, business partners, local communities, and employees. We consider these compliance initiatives to be essential to our continuing business operations.

Our Group has both large scale manufacturing sites in China and Vietnam, as well as sales bases in the Americas, Europe, and ASEAN countries, and our stakeholders possess an extremely diverse set of values. This is why it is extremely important for us to cultivate a high level of ethics and spirit of legal compliance worldwide.

We will continue coordination between the departments in charge at each of our sites and committees of experts, such as the Compliance Committee, and provide ongoing, systematic education, training, and awareness raising activities aimed at both executives and employees in order to build an even more robust compliance system.



General Manager of General Affairs Department  
**Hidetaka Maruyama**



# Measures for Information Security

## Major Activities in 2012

- Headquarters, Guangzhou, Wuhan: Renewed ISO27001 certification

## Future Plans

- Headquarters, Guangzhou, Wuhan: Renew ISO27001 certification
- Carry out IT business continuity plan drill

Our business is the manufacture and sales of electronic PCBs. To continue our business, we believe that it is essential that our customers have faith that our information security is sufficiently reliable that we will never leak important information.

As a company-wide initiative on information security, we have obtained ISO27001 certification in Information Security Management System (ISMS), with which we will strengthen information management systems with our customers.

### Information Security Policy

To protect customer information and maintain stable corporate activities, security measures to protect our information assets from threats are vital.

To this end, Meiko Electronics Co., Ltd. has instituted the following policy on information security.

1. We protect customer information and in doing so build trust with our customers in accordance with one of our Business Principles, namely, "We will provide our customers with outstanding value and services and make a contribution to society."
2. We maintain and improve our corporate ethics and fulfill our corporate social responsibility by adopting information security measures and complying with relevant laws and ordinances.
3. We secure the resources needed to sustain our corporate activities.
4. To facilitate information security action, we ensure and continuously improve our Information Security Management System (ISMS).

### Protecting customer information

Protecting the confidential information of our customers is the most fundamental requirement. We take comprehensive measures to protect customer information in accordance with Section 1 of our Information Security Policy.

### Information Security Education

At Meiko, we hold an annual training program on information security through e-learning and lectures so as to ensure that internal rules are thoroughly complied.



Information security lecture

### Protection of personal information

To comply with laws concerning the protection of personal information and to handle personal information appropriately, Meiko has adopted the "Personal Information Protection Regulations." Based on these regulations, we handle information with particular care.

### Past information security initiatives

At Meiko, we receive important information from customers. We therefore recognize the importance of information security, and the Information System Division of our Headquarters obtained ISO27001 certification in 2006. Since then, we have been taking steps so that our entire company can obtain the certification.

January 2006	The Information System Division of our Headquarters obtained BS7799-2 certification.
October 2009	Four applicable departments at Wuhan Plant in China obtained the certification.
December 2010	Six applicable departments at the Guangzhou Plant in China obtained the certification
November 2012	Renewal of ISO27001 certification has been completed for business locations in Japan.

### Future information security initiatives

We will continue to strive to expand the scope of our certification. ISMS has been introduced for all domestic production, sales and R&D bases, and overseas Guangzhou, Wuhan and Vietnam production departments.

# Measures for Risk Management

## Major Activities in 2012

- Deployed safety confirmation system in all domestic Group companies, and for employees stationed overseas
- Carried out full overhaul of BCP, envisioning risks specific to domestic and overseas Group companies

## Future Plans

- Perform regular company-wide safety confirmation drills (twice a year)
- Perform practical drill on establishment of an Emergency Headquarters in the event of an earthquake directly striking Tokyo

Meiko has created a set of Crisis Management Regulations and also Emergency Manual, which assume a variety of risks associated with environments, disasters, quality and information security. We have also created a Business Continuity Plan (BCP) to minimize impact on the customer's production plan in preparation for emergencies. As a measure to prevent information related crises, we have set up a server at the Yamagata Factory as well as at Headquarters and we constantly back up our data to the additional server.

In the event of a disaster or accident, we will immediately set up an Emergency Headquarters led by the President & CEO, and we have prepared an organization to determine the cause, assess the situation and take comprehensive future measures, to quickly cope with risk and prevent reoccurrence.

### Type of crises and risks

Many risks could potentially affect the Meiko's operating environment, including risks of natural disasters such as earthquakes and tsunamis, changes in the management environment such as currency fluctuations and changes in macroeconomic conditions, and country risk at overseas bases relating to politics, economics, and infrastructure. Meiko has created Business Continuity Plan (BCP) for each factory/plant in preparation to each of these risks, and will continue to make improvements in the future in reflection of the lessons learned in the Great East Japan Earthquake.

### Introduction of employee safety confirmation system

We introduced a safety confirmation system for all employees in Group companies in Japan, as well as employees stationed overseas, in order to confirm the safety of employees and convey information in the event of an earthquake with a seismic intensity of 5 lower or higher, or other disasters or accidents. In Fiscal 2013, we will perform company-wide educational training on a regular basis, including employees working outside the office, to ensure that all employees can make full use of the system.

### Creation of Group BCP

We overhauled our former BCP, based on what we learned from the Great East Japan Earthquake. This process included business impact analysis, the setting of recovery time objective (RTO), initial emergency response system simulation, and the creation of manuals for each site. We will continue to regularly perform BCP reviews as well as simulation drills, equipment and supply preparation, and employee awareness raising in order to ensure that BCP can be carried out smoothly.

### Risk factors

<b>1. Management</b>	(1) Downturn in profitability (2) Competitive advantage (3) Market disruption (4) Decline/fluctuation in stock price (5) Shareholder lawsuit (6) Overstepping of authority (7) Unstable labor-management relations (8) Labor shortages (9) Violations of laws or ordinances
<b>2. Information</b>	(1) Leakage of important or confidential information (2) False information (3) Data falsification (4) Loss of information concerning customer, supplier, etc. (5) Internet harassment
<b>3. Plants and facilities</b>	(1) Damage to major plants and facilities (2) Damage to the supply route of major raw materials (3) Closure of major plants or facilities (4) Disruption to major plants
<b>4. Human resources</b>	(1) Estrangement of core management personnel or staff (2) Increase in absence without permission (3) Illegal acts (4) Increases in accidents (5) Violence and blackmail in the workplace (6) Discrimination and sexual harassment
<b>5. Trust</b>	(1) Slander (2) Gossip (3) Falsification of corporate logo (4) Problems related to intellectual property right (5) Collapse of credit (6) Pollution/environmental problems
<b>6. Antisocial acts</b>	(1) Product tampering (2) Kidnapping (3) Threats to business or intimidation (4) Terrorism (5) Connections with antisocial forces (6) Wars
<b>7. Natural disasters</b>	(1) Earthquakes and tsunamis (2) Fires (3) Floods (4) Typhoons (5) Lightning strikes, blackouts
<b>8. Organization</b>	(1) Organizational culture (2) Insufficient systems for internal checks (3) Deviations from standards and regulations (4) Dishonest acts (5) Overseas risks

**Headquarters** 5-14-15, Ogami, Ayase, Kanagawa, Japan 252-1104

**Plants**

- Kanagawa Factory  
5-14-15, Ogami, Ayase, Kanagawa, Japan 252-1104
- Fukushima Factory  
1-2, Iwasawa, Kamikitaba, Hirono-cho, Futaba-gun, Fukushima Prefecture, Japan 979-0401
- Ishinomaki Factory  
8-5, Shigeyoshi-cho, Ishinomaki, Miyagi, Japan
- Yamagata Factory (Yamagata Meiko Electronics Co., Ltd.)  
250, Maki, Yachi, Kahoku-cho, Nishimurayama-gun, Yamagata, Japan 999-3511
- Ebina Office  
1012, Kamigo, Ebina, Kanagawa, Japan 243-0434
- MEIKO Research and Development Center  
3-35-6, Sugikubo-minami, Ebina, Kanagawa, Japan 243-0414
- Yamato Technology Center  
1-2-1, Shibuya, Yamato, Kanagawa, Japan 242-0023
- Guangzhou Plant (Meiko Electronics (Guangzhou Nansha) Co., Ltd.)  
No.2 Guangsheng Road, Western Industrial District, Nansha Economic and Technological Development Zone, Guangzhou, Guangdong Province, P.R. China
- Wuhan Plant (Meiko Electronics (Wuhan) Co., Ltd.)  
No.9 Shenlong Road, Wuhan Economic and Technological Development Zone, Hubei Province, P.R. China
- Vietnam Plant (Meiko Electronics Vietnam Co., Ltd.)  
Lot LD4, Thach That -Quoc Oai Industrial Zone., Hanoi
- M. D. Systems Co., Ltd.  
4-9-14, Naka-machi, Atsugi, Kanagawa, Japan 243-0018

**Established** November 25, 1975

**Capital** 10,545.63 million yen

**Executives**

Yuichiro Naya,	President & CEO
Seiichi Naya,	Director and Senior Managing Executive Officer
Takahide Hirayama,	Director and Senior Managing Executive Officer
Masakuni Shinozaki,	Director and Senior Managing Executive Officer
Tetsuro Suzuki,	Director and Managing Executive Officer
Haruyuki Naya,	Director
Kunihiko Sato,	Director
Hitoshi Iyamoto,	Senior Corporate Auditor
Hiroshi Tsukii,	Auditor
Yasunobu Koshimura,	Auditor

**No. of Employees** 9,966 (Japan: 807; Overseas: 9,159)  
\*As of March 31, 2013

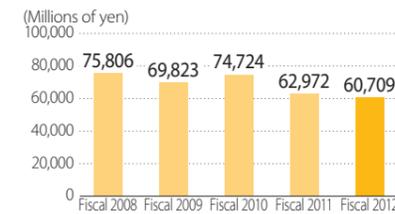
**Main Business** Design, manufacturing, and sales of PCBs  
Development, manufacturing, and sales of electronic equipment

**Five-year Financial Summary**

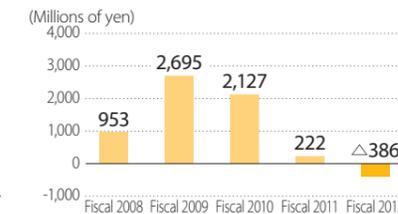
(Millions of yen)

	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Net sales	75,806	69,823	74,724	62,972	60,709
Operating income	1,760	3,793	3,297	812	(605)
Operating margin (%)	2.3	5.4	4.4	1.3	(1.0)
Net income (loss)	522	1,828	(3,094)	1,158	(1,567)
Net margin (%)	0.7	2.6	—	1.8	(2.6)
Net income (loss) per share	30.71	107.39	(166.32)	61.73	(83.52)
ROE (%)	1.5	5.0	(8.7)	3.4	(4.4)
ROA (%)	0.6	2.1	(3.5)	1.3	(1.6)

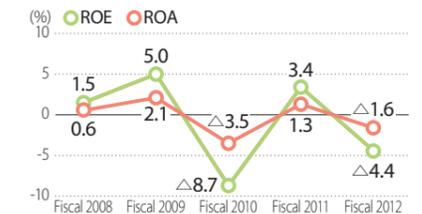
**Changes in consolidated net sales**



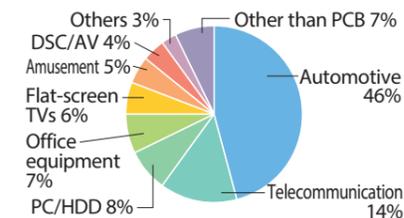
**Changes in consolidated ordinary income**



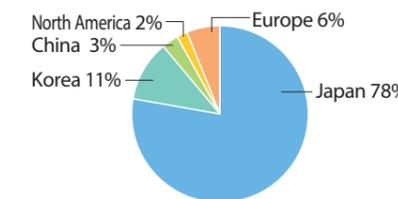
**Changes in ROE/ROA**



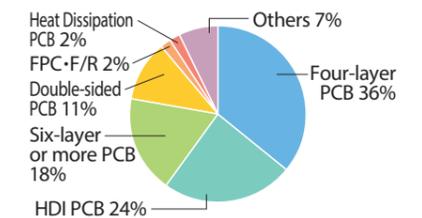
**Sales composition by printed wiring board (PCB) type (Fiscal 2012)**



**Sales composition by region (Fiscal 2012)**



**Sales composition by product (Fiscal 2012)**



**Product Lineup that Meet the New Needs of Our Changing World**

Meiko's PCBs contribute to a richer society and more comfortable lives.

**HDI PCB**

HDI PCBs are made by creating conductive patterns on insulation layers, and then stacking these layers to create a multi-layer board. The ability to place wires above connections on other layers makes it possible to achieve high density and integration. These PCBs can be used in mobile phones, digital cameras, and other devices which require high density wiring within a limited amount of space.

**Aluminum Base Heat Dissipation PCB**

Aluminum base heat dissipation PCBs are long-lasting and contain no harmful substances, and are used for mounting environmentally friendly LED chips. They are used in home and office lighting, as well as LCD television backlights.

**AnyLayer PCB**

AnyLayer PCBs are HDI PCBs which permit unlimited connections between layers thanks to cutting edge technologies such as ultraprecise CO<sub>2</sub> lasers and filled plating. These PCBs are mainly used in smartphones.

**High Electric Current PCB**

High electric current PCBs are used in products which use large amounts of electricity, such as solar power generation equipment and high powered eco-friendly car motors. Their copper circuit patterns are far thicker than those of conventional PCBs.

**Double-sided/Multi Layer PCB**

There is a variety of double-sided, multi-layer PCBs, from two layer PCBs to ten layer PCBs, from standard PCBs to PCBs with special high heat dissipation or physical characteristics, to suit a wide range of applications.

**Module PCB**

Module PCBs are ultra-thin HDI PCBs which support bare chip mounting and high density mounting. They are used in package modules such as transmission and camera modules.

**Embedded Passive Devices PCB**

Embedded passive devices PCBs contain embedded devices such as chip condensers and chip resistors. They use the shortest possible wiring distance between surface mounted ICs and embedded passive device PCBs to improve electrical characteristics.