

MEIKO CSR REPORT  
2017



# 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 group wide 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 2017 (English version)

We published CSR Report 2017, our tenth CSR report, consisting of Message from the President, 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

Meiko Electronics Co., Ltd. and affiliated companies

#### Coverage

Meiko Electronics Co., Ltd. and affiliated companies

#### Reporting period

This report primarily refers to CSR activities undertaken during Fiscal 2016 (April 1, 2016 to March 31, 2017). Sections outlining past activities might include details relating to prior periods. Similarly, to provide the latest information, this report might also contain details occurring after April 2017.

#### Reference guidelines

"Environmental Reporting Guideline (Fiscal Year 2012 Version)" (Ministry of the Environment)

"G4 Sustainability Reporting Guidelines"

#### Date of publication

This report: October 2017

\* 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



### EICC Framework



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# Contributing to local regions and communities to earn their trust

A company is closely tied to the communities and regions in which it operates, as well as to the earth, existing as a member of those social spheres. We at Meiko always bear in mind the role that we need to fulfill in these spheres as we seek to be accepted and grow to be a company worthy of the public's trust. Furthermore, we believe that it is an important social responsibility to actively disclose our results with regard to these issues and to create greater value through communication with our stakeholders. Recently, for example, the earth has been facing various challenges, including environmental destruction, resource and energy issues, human rights issues, and natural disasters and food shortages. These challenges are common to all of humanity, and they require international organizations, national governments, companies and individuals to work together and address their respective roles. We at Meiko are fully aware of the role we need to fulfill and are working earnestly on these challenges.



President and CEO  
**Yuichiro Naya**

In our business activities, we are working to reduce the environmental burden and risks of our production processes and enhance resource efficiency, thereby contributing to a sustainable society. We proceeded with the commercialization of various products, including high electric current PCBs, high heat dissipation PWBs and high-frequency PWBs. These products are important components for photovoltaic power generation, hybrid cars, electric vehicles and other applications that contribute to the realization of an environmental society or enable various functions relating to the safety and security of driving vehicles. Our supply chain approach does not consist merely of low-cost procurement but also takes into consideration resource depletion and ecological degradation. In addition, we address the problem of conflict minerals from and child labor in areas beset by civil wars and ethnic conflicts by setting forth a Group policy of eliminating the procurement of materials from the relevant areas and companies. As regards compliance, we provide regulations and manuals for all employees with due respect to various norms and ethics around the world. Each of our employees is working on compliance

issues in awareness of the global standards with regard to corporate social responsibility.

In June 2015 we constructed Solar Park Fukushima within the premises of Meiko Fukushima Factory. On the land adjacent to the Solar Park, additional solar panels have been set and started photovoltaic power generation in April 2017.

The new power generating area is approximately 7,500m<sup>2</sup> installed with 2,016 solar panels, and the generating capacity is 534KW. The total generating capacity including the original Solar Park is around 3,000KW. The Solar Park has achieved stable power generation every month. With the launch of the additional facility, the business will grow further.

We believe that our activities will contribute further in promotion of renewable energy, building of sustainable society and global environmental preservation, which are actively promoted by Hirono-cho and Fukushima Prefecture since the Great East Japan Earthquake.

## 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.
- 9 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. Management will continually monitor internal and external feedback, exercise effective governance and rigorously implement corporate ethics.

## Meiko Group Business Principle

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.

## 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.





# SOCIAL REPORT

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 a 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 2016

- Supervised defective items identified by customer complaint and factors thereof and conducted in-process quality improvement activities.
- In order to reinforce the sharing of past problems, the Quality Assurance Headquarters held Defect Communication Committee meetings to improve the system of identifying and sharing major material defects.
- Conducted an internal audit of manufacturing processes for all factories to analyze and compare the strengths and weaknesses of each factory, followed by meetings to share case reports of each factory.
- Implemented a review on our system to reinforce and strengthen the 5M1E change management.
- Restructured activities of the Standardization Committee to promote the company-wide standardization of the MES.

### Future Plans

- Make improvements in terms of design and management, based on customer complaint and information on in-process defects, in order to achieve the target of "zero" market defects.
- Continue to share cases of past problems among relevant parties to prevent the occurrence of defective products.
- Continue to conduct and upgrade the internal audit of manufacturing processes.
- Further perform thorough management of modifications.
- Develop a company-wide system to address and manage abnormalities (review of the system).
- Involve the Standardization Committee in promoting the standardization of the MES.

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.

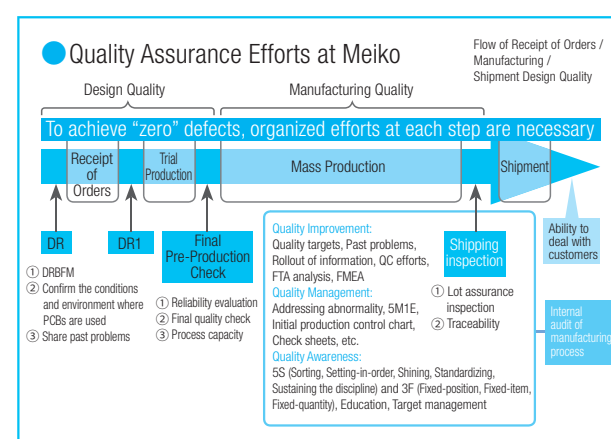
### Our approach to quality assurance and organizational efforts to ensure high quality

Recently, market recalls due to defective automobile components have attracted media attention, which is becoming an increasingly serious risk that could threaten corporate management.

Because Meiko products are chiefly incorporated into automobiles and enjoy many other applications as well, ensuring high quality has increasingly become a critical issue. To address quality-related risk, we must totally change our conventional attitude and set our goal at achieving "zero" defects.

To enhance the quality of design and manufacturing, we are working to optimize our quality management systems at all stages to eliminate the occurrence of defective products.

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



Based on the Fiscal 2016 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 enhanced quality assurance and management that includes plants around the globe, we will implement manufacturing practice to fulfill our customers' demands.

### Receiving awards from our customers

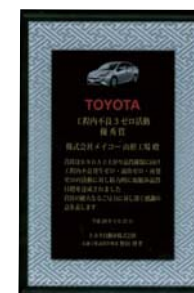
#### Received an award from Panasonic Automotive & Industrial Systems Company

On March 17, 2016, the Wuhan Plant won the "Best Supplier Award" of Panasonic Automotive & Industrial Systems Company for its activities in the PCB quality improvement project.



#### Received an award from Hirose Plant, Toyota Motor Corporation

On May 27, 2016, the Yamagata Plant won the excellence award of Toyota Motor Corporation for its development of the "Activities for In-process Three Zero-Defects," the basis of direct transactions with Toyota Motor Corporation.



### 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).
- Nov. 29, 2006 Wuhan Plant in China obtained certification.
- Feb. 20, 2008 Extended certification obtained by Metal Mask Dept.
- Jun. 18, 2010 Vietnam Plant obtained certification.
- Jan. 15, 2014 Ishinomaki Factory obtained certification again.
- Apr. 24, 2015 Thang Long Plant obtained certification.



ISO9001 (Japan)

#### ISO/TS16949

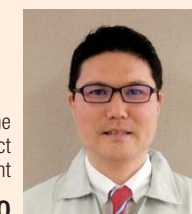
- Apr. 19, 2004 Guangzhou Plant in China obtained certification.
- Mar. 22, 2011 Wuhan Plant in China obtained certification.
- Jan. 9, 2013 Vietnam Plant obtained certification.



ISO/TS16949 (Vietnam Plant)

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

### Employee's VOICE



Section Manager in charge of the Vietnam Plant certification project  
Quality Assurance Department

#### Toshinobu Yamamoto

I am Yamamoto, and I am in charge of the Vietnam Plant project to acquire certification as a supplier from European clients that manufacture car-mounted components. The automobile industry is not only experiencing electrification, as seen in the shift from engines to motors, but also the accelerating progress of electronic device technologies particularly in automated driving. The technical requirements for PCBs have advanced accordingly, and the demand for higher quality, including durability, also has increased.

Meiko supplies its products to manufacturers of car-mounted components chiefly in Japan. In recent years, however, we have received an increasing number of inquiries from manufacturers based in Europe. The Vietnam Plant, which will be a leading location to serve these potential clients, is making all-out efforts to acquire client certification as early as possible.

Although doing business with European manufacturers involves various difficulties due to the differences in language, ways of thinking, mindset and culture, we provide our younger staff with opportunities to take charge of such global projects so that they can accumulate valuable experience and expertise from overcoming such difficulties.

To survive in the drastically changing automobile industry market, we will fully utilize our accumulated experience and expertise so that we can supply products of high quality and reliability to manufacturers of car-mounted components throughout the world.

### Customer Satisfaction Survey

Meiko performs a survey every year to measure customer satisfaction with its products and services in order to improve its product and service quality.

In Fiscal 2016, 45 companies answered the survey, responding to questions about (1) product quality, (2) product prices, (3) product delivery times, (4) service, and (5) technological response.

In their comments, many customers indicated satisfaction; some, however, expressed complaints, which we will take as a guide for the improvement of products and services as we strive to achieve even greater customer satisfaction in the future.

### 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.

## For Customers Product Development

### Major Activities in 2016

- Newly developed onboard communication PCBs and sensing PCBs.
- Developed copper inlay PCBs.
- Newly developed high-heat releasing, insulating resin materials for metal base PCBs.
- Developed in-vehicle embedded passive devices PCBs(Power IC).

### Future Plans

- Prepare for mass production of onboard communication PCBs and sensing PCBs.
- Prepare for mass production of copper inlay PCBs.
- Newly develop onboard FPCs (Flexible printed circuits).
- Research for high-heat releasing resin and PCBs for energy harvesting

**Meiko promotes product development aiming to “challenge for the best” in order to provide the most appropriate PCBs to meet various customer demands. Through optimization of materials, structures and manufacturing methods, we develop small-sized high-density products as well as products suitable for high-frequency and high-speed, or high-current and high-heat releasing, which are highly reliable PCBs.**

In this world where automobile is expected to become a moving computer, PCBs are used in many forms. Onboard units are explained here in 5 groups (Chart 1).

Communication system and information system: In communication modules and navigation, multi-layer piled high-density module PCBs are used. In addition to the densification technology developed through smartphone, we aim to enhance the reliability of onboard standards.

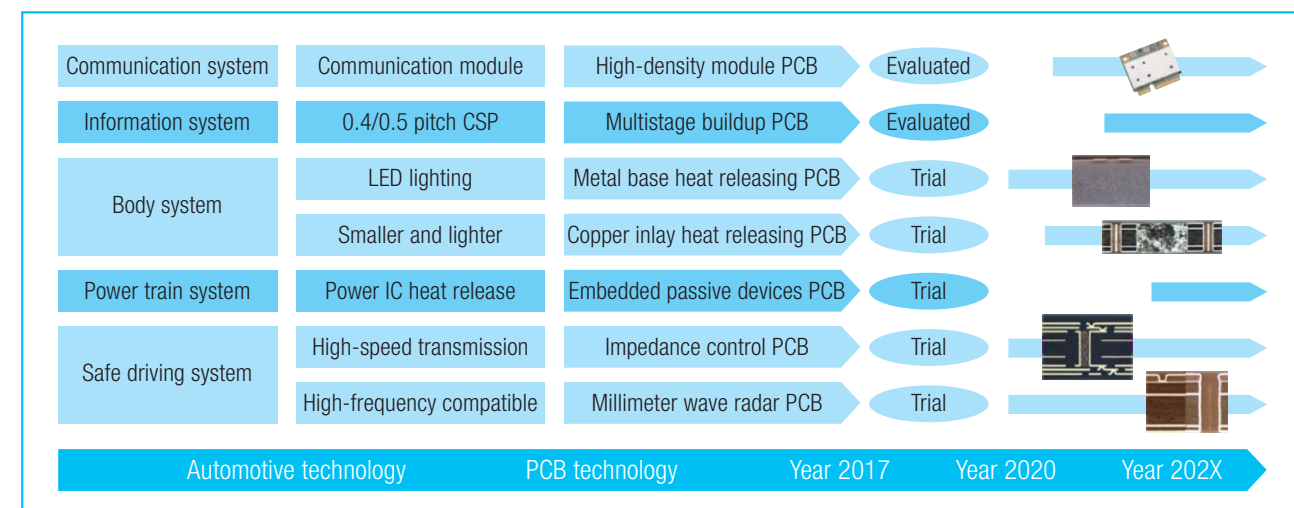
Body system: Metal base heat releasing PCBs are used for headlight. By developing high-heat releasing insulating resin materials, we realized lineup of resins with 10W/m·K heat conductivity. On top of that, we are preparing for mass production of copper inlay heat releasing PCBs aiming for smaller and lighter products.

Power train system: Heat releasing ability of inverter,

converter and junction box was improved by embedding Power IC to the passive devices PCBs. Apart from this we are developing the manufacturing method for super heavy copper (up to 0.4mm) for heavy copper PCBs.

Safe driving system: For millimeter wave radar, manufacturing method for PCB combining low dielectric materials and FR-4 has been completed and preparation is underway for practical use.

As you can see there are many types of PCBs for in-vehicle use. We will strive for further development of these PCBs. At the same time we are ready to make efforts to extend the usage of PCBs, by developing impedance control PCBs for high-speed transmission aiming at system integration, and through industry-academia joint research on new type of PCB for energy harvesting.



## For Business Partners Supply Chain

### Major Activities in 2016

- Established purchasing crisis management standards and carried out purchasing audits in an effort to minimize procurement risks
- Performed conflict mineral survey in October 2012, using EICC standard format
- Performed an environmental measure survey based on the latest version of regulations such as REACH regulations <SVHC169 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

Recently, market recalls due to defective automobile components have attracted media attention, which is becoming an increasingly serious risk that could threaten corporate management.

Because Meiko products are chiefly incorporated into automobiles and enjoy many other applications as well, ensuring high quality has increasingly become a critical issue.

To address quality-related risk, we must totally change our conventional attitude and set our goal at achieving “zero” defects.

To enhance the quality of design and manufacturing, we are working to optimize our quality management systems at all stages to eliminate the occurrence of defective products.

#### ● Basic Procurement Policy

1. Procurement activities optimized for our global production in accordance with the Action Guidelines for Purchasing Deals
2. Smooth, fair, appropriate procurement activities based on closer communication and strengthened cooperation with our business partners
3. Strengthened environmental measures (chemical substances / green procurement)
4. Promotion of elimination of conflict minerals by supply chains and surveys on the employment of young workers.

### Request to 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 2016 include the implementation of initiatives such as establishing purchasing crisis management standards and conducting purchasing audits to minimize procurement risks, conflict mineral surveys and surveys on employment of young workers based on the EICC standard format and environmental measure surveys based on the latest version of regulations such as REACH regulations.

1. Focus on green procurement, compliance with the green procurement standard, provision of information concerning “eco products”
2. No idling
3. Waste reduction
4. Cooperation with contact in case of an emergency



**Business Partner's VOICE**

Hitachi Chemical Company, Ltd  
Marketing & Sales Operations  
Global Market Strategy Integration Division

**ISAO HARADA**

We are sincerely grateful to Meiko Electronics Co., Ltd. for its longtime patronage of our photosensitive dry film "Photec" and PCB material "MCL" at Meiko's business bases in Japan, China and Vietnam. In order to realize a sustainable society in harmony with the global environment, Hitachi Chemical is making efforts to reduce environmental burden on a global basis in terms of our business activities, products and services. Hitachi Chemical regards harmonization with the global environment as one of the top managerial issues. The common environmental visions for the Hitachi Group as a whole, "Prevention of global warming", "Cyclical use of resources", and "Preservation of ecosystem" also stand as the three pillars of environmental visions for Hitachi Chemical.

We see that "strengthening of environmental measures (chemical substances measures/green procurement)" is part of the Meiko's Basic Procurement Policy. Accordingly Hitachi Chemical is working to reduce waste at the time of delivery, as well as to supply more halogen free materials.

In our valuable business partnership with Meiko, we will continue to lessen the damages to the environment. Your continued patronage of our products would be appreciated.

**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 activities. 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. Efforts shall be geared toward eliminating antisocial forces, procurement of conflict minerals and young labor.

**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. 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 2016**

- Promoted the creation of a comfortable working environment and system for women
- Developed next-generation leaders who epitomize the values to be shared by all employees
- Initiated management training for employees stationed overseas and the dispatch of employees to overseas locations

**Future Plans**

- Continue promotion efforts
- Cultivate next-generation management
- Provide intensive education on manufacturing technologies and reinforce self-development programs

**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.**

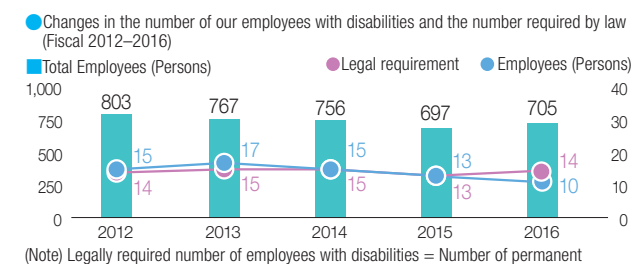
**Respect for diversity**

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, a reduced work hour system is promoted for those returning from maternity or parental leave. In fiscal 2016, three employees took parental leave, two employees returned to work and twenty-two 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, except for Fiscal 2010 and Fiscal 2011. In Fiscal 2016, however, we were not able to meet the legal requirement, because the overall number of employees increased while some employees with disabilities retired. We will make efforts to fulfill the legal requirement for the number of employees with disabilities in Fiscal 2017.



**Employment and exchanges of global human resources**

Currently, approximately 41 employees from overseas countries, including China and Vietnam, are working at Meiko's business establishments in Japan, while 84 Japanese employees are working overseas. Until Fiscal 2016, a total of 227 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. of employees with disabilities in Fiscal 2017.

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



Supervisor  
Finance Headquarters  
**YOSHIE ISHIZAWA**

Giving birth to my first child in October 2012 and second in December 2014, I took parental leave twice. I have now returned to work using reduced work hour system for child care.

I still remember how much support I received from my supervisor and coworkers when I returned to work after having my first child. I did not think of quitting work because of having kids. By having work, I can live a lively life at home, too. Thanks to the reduced work hour system I work from 9 to 16 while keeping a good frame of mind and body for housework and child care also. Without the system, it would have been difficult for me return to work physically. Due to often change of children's physical conditions I sometimes need to ask for a sudden absence. I appreciate the system and understandings by my colleagues.

After returning to work I was given the opportunity to challenge a new task. I am expecting my third child soon. Work style differs among people. I hope that reduced work hour system will be utilized to meet the individuals' lifestyle.

Global Employee's VOICE

Manager, Mechatronics Department  
Meiko Trading and Engineering Co., Ltd.  
**Nguyen Van Thuan**



After joining Meiko Vietnam in 2007, I was transferred to the Meiko Headquarters where I was engaged in development of internal system and maintenance operations at Information System Department for about 4 years. In June 2012, I was sent to the Vietnam Plant, in my home country, as a manager for information system department.

At that time the plant had just started its production operation. Based on my experience and knowledge acquired at the Headquarters, I worked to set up various structures to support the plant operation, such as network system, operation administration system, fire prevention/fighting system, etc.

In April 2017 I was transferred to MTE (Meiko Trading and Engineering), Meiko's subsidiary in Vietnam, where I mainly work as a set-up team member for new businesses including automated system, design of soldering robot, visual business-related software development, etc.

Since my current task of setting up new businesses require know-hows and skills which are not related to PCB manufacturing, I must learn new things every day. However, here in Vietnam where significant economic growth is expected, challenging new tasks gives me great satisfaction. At the same time I feel my growth as a human through work.

I am grateful to my company for giving me the chance to be responsible for such an important task. I will keep on working so that the business which I am in charge of will contribute to the whole Meiko Group very soon.

**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 promote 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**

- Business simulation training
- Manufacturing and sales hands-on training and problem-solving

**Mid-career employees**

- MBA (Meiko Board Academy)
- Cultivation of next-generation management

**Managerial employees**

- MAPS (Management Academy for Problem Solving)
- Problem solving capability improvement

**Department heads**

- President school
- Cultivation of an implementer of Meiko's corporate DNA in order to produce even greater results

● **Field-specific training**

**Technical personnel training**

- Meiko PCB school (basic and advanced courses)
- Improve technical abilities of new recruits, midcareer employees, and core technical personnel

**Global training**

- Regular TOEIC Institutional Tests and incentive system
- English training for selected employees
- Chinese and Vietnamese language trainings

● **Self-development**

**Distance learning**

- Subsidize 80% of fees when language courses are completed

**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 2016**

- Held meetings including results briefings for institutional investors, analyst meetings, and small meetings, also made several investor calls
- 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.

**For foreign investors**

In order for foreign investors to have a better understanding of our business activities, we have been promoting the globalization of IR activities, including the production of IR tools in English, such as convocation notice of the shareholders' meeting, presentation documents, shareholders' report and documents for results briefing.

**Shareholders' report**

To ensure a better understanding of Meiko, we publish the MEIKO REPORT twice a year to provide shareholders with information on Meiko.



MEIKO REPORT



## For Local Communities Social Contribution

### Major activities in 2016

- Implemented CSR activities addressing local issues at each site
- Improved information sharing to enable sites to implement activities performed at other sites.

### Major activities in 2016

- Create a framework that 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.**

#### Wuhan

- Local clean-up activities

#### Thang Long

- Local clean-up activities

#### Vietnam

- Pay visit to employees family members who are seriously sick
- Sponsorship of a local wrestling tournament
- Presentation of new year gifts to the blind

#### Guangzhou

- Participation in a blood donation activity held by the Nansha District government (67 participants in June)
- Donation to Nansha District Elementary School and Dachongcun Elementary School on "Children's Day" to support the local school education
- Visit to Nansha Fire Brigade to promote interactions with Fire Department and handed the appreciation banner
- Awarded "Guangzhou City Labor Relationship Harmony Company-Class A" by Guangzhou City Human Resources and Social Security Department

#### Miyagi

- Weeding at harbor area of Ishinomaki

#### Yamagata

- Provision of internships for students from local high schools
- Local clean-up activities / Yach Industrial Park
- Semiannual participation in blood donation activities (20 participants in June, 25 in October)

#### Fukushima

- Co-sponsoring the Hirono-cho Summer Festival (provided co-sponsorship money and fireworks)
- Semiannual participation in blood donation activities (15 participants in September, 13 in March)

#### Headquarters and Kanagawa

- Co-sponsoring the Ayase Environmental Network
- Co-sponsoring the Ayase Commerce and Industry Fair
- Co-sponsoring the "Ayase Fureai-no-ie" managed by the Ayase Council of Social Welfare
- Co-sponsoring the Ayase City Fireworks Display
- Held the spring game of the Ayase City Children's Baseball Foundation and the Meiko Cup
- Co-sponsoring the 15th Kanagawa Prefecture's Skills Competition for People with Disabilities, Abilympics 2017
- "Prevention of car accident" campaign, donation to neighboring elementary and middle schools



### Action 1

#### Plant visit for neighboring high schools

In cooperation with the neighboring high schools, Meiko holds plant visit and accepts internship so that the students can learn about the society and local business through practical experience. Fukushima Plant received three students for work experience and 20 to 30 students for plant visit from two neighboring high schools. The students enjoyed importance and pleasure of manufacturing through the new world of actual operation and manufacturing processes.



Plant visit

### Action 2

#### Meiko is actively involved in blood donation activities at bases in Japan and overseas.

At the Fukushima Factory, 15 employees in September and 13 employees in March donated blood as a small part of their contribution to society, hoping they can help save someone's life. Also at the Yamagata Factory, 20 employees in June and 25 employees in October donated blood. From the Guangzhou Plant, as many as 67 employees participated in a blood donation activity in June held by the Nansha District government.



Blood donation activity at the Guangzhou plant



### Action 3

#### Social contribution activities suited to the local community

Meiko's Guangzhou Plant was awarded "Guangzhou City Labor Relationship Harmony Company-Class A" by Guangzhou City Human Resources and Social Security Department.

Guangzhou Plant also made donation to Nansha District Elementary School and Dachongcun Elementary School on "Children's Day" to support the local school education.

From Meiko's Vietnam Plant, visits were paid to the employees family members who are seriously sick. Other activities closely related to the local community includes sponsoring of the Wrestling Festival in Phung Xa Village.



"Guangzhou City Labor Relationship Harmony Company-Class A" plaque



Dachongcun Elementary School



Nansha District Elementary School



Visiting the sick family members



Sponsoring the Wrestling Festival in Phung Xa Village



# ENVIRONMENT REPORT

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 2016

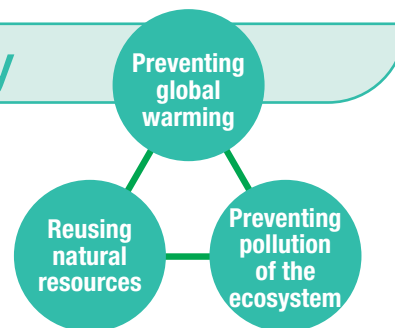
- CO2 emissions increased slightly compared with the previous year
- Added eco-friendly cars to the company-owned vehicle fleet
- Maintained a 99% or higher waste recycling rate (Plants in Japan only)
- Employed systems such as our waste exchange system to utilize disused items
- Stayed abreast of the added SVHCs and performed supplier surveys

## Future Plans

- Reduce energy per production volume by 1% or more
- Promote the replacement of fluorescent lamps with LED lamps
- Strive for 100% waste recycling rate
- Stay abreast of additional restricted substances under the RoHS Directive and perform supplier surveys

## 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:

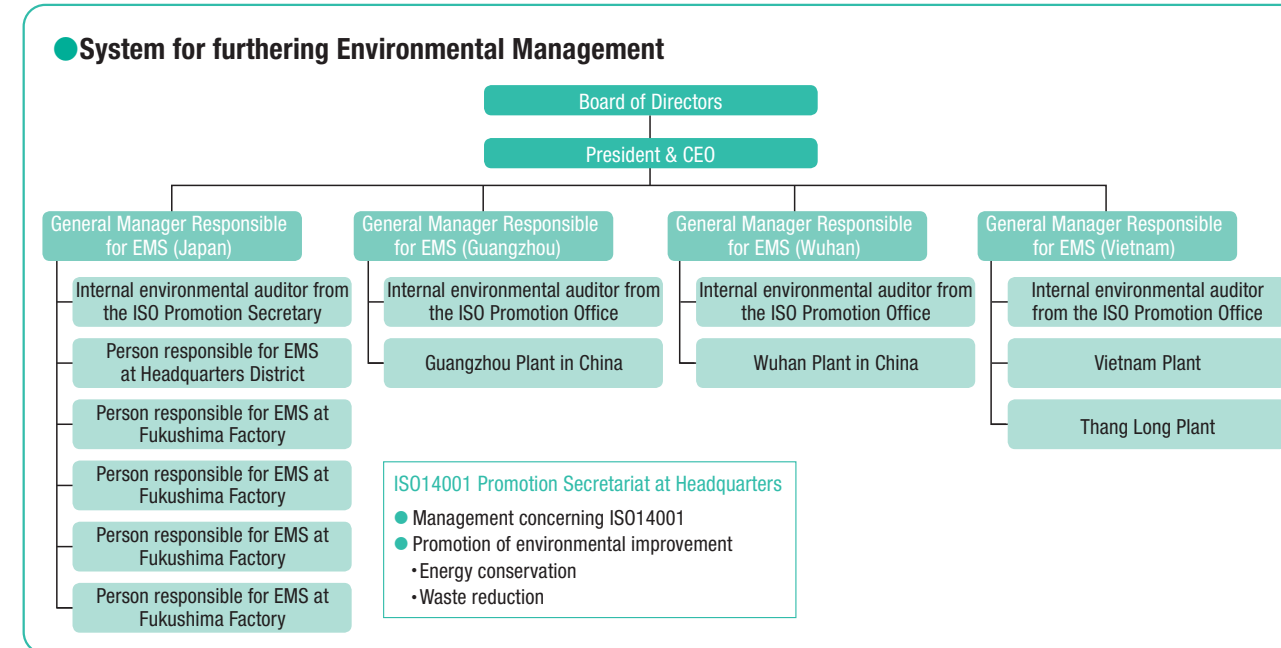
- We have established a structure for strengthening our environmental conservation activities, and we develop and revise our environmental management system, operate the system appropriately to reduce our impact on the environment, and work continuously to improve both.
- We contribute to environmental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

October 19, 2017

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 CO2 reduction and zero emissions activities, etc. conducted by the cross-company Energy Saving Committee.



### 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 ISO14001 certification

- 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 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 Jig Division
- Jun. 18, 2010 Extended certification obtained by Thach That Plant in Vietnam
- Jan. 15, 2014 Ishinomaki Branch Factory obtained certification again
- Apr. 24, 2015 Thang Long Plant in Vietnam obtained certification



ISO14001 Certificate for factories in Japan



ISO14001 Certificate for Wuhan Plant in China



ISO14001 Certificate for Guangzhou Plant in China



ISO14001 Certificate for Thang Long Plant in Vietnam



### 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. In Fiscal 2016, we reset the benchmark and targets and continued action toward the new targets. We will continue to improve production efficiency and conduct further energy-saving initiatives to achieve steady reductions in per production volume metrics.

#### Management's VOICE

General Manager Responsible for EMS/Director and Managing Executive Officer  
**Takahiro Matsuda**



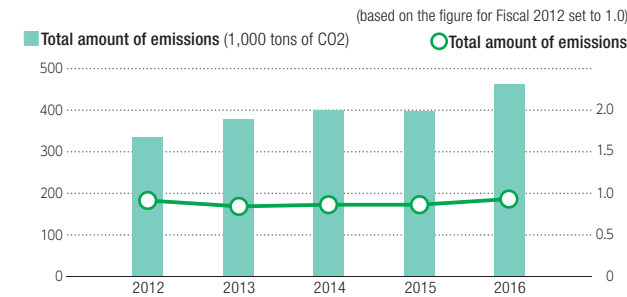
Based on Meiko's environmental policy, we are taking measures to conserve resources and energy, reduce waste, encourage recycling and properly manage chemical substances contained in products, as well as those in the production processes, to limit their usage and reduce their environmental impact.

These environmental efforts have the best effect when both the tangibles, such as systems and equipment, and the intangibles, such as employees' persistent efforts, work together. Apart from introducing new initiatives, we also encourage the improvement of conventional efforts to produce better results companywide.

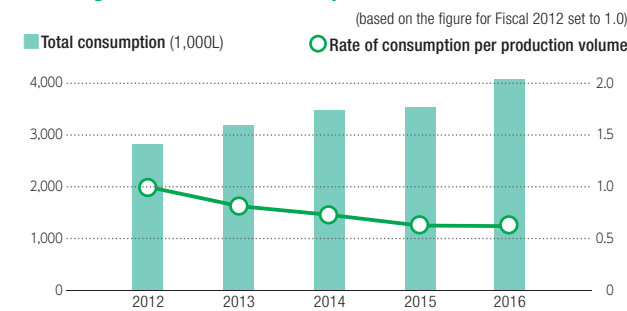
Recently the international framework for climate change has become widely known and people's awareness for protection of environment has increased significantly.

We will continue to reduce environmental risks to help conserve the global environment and contribute to society as we aim to conduct environmentally friendly manufacturing.

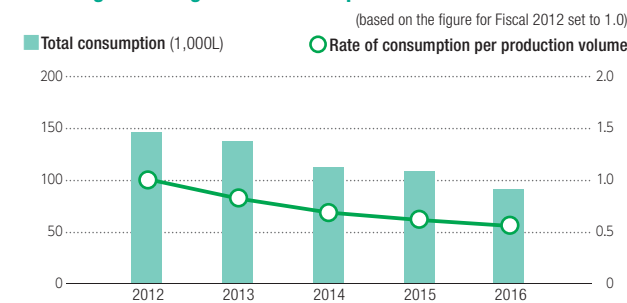
### Changes in the amount of our CO2 emissions



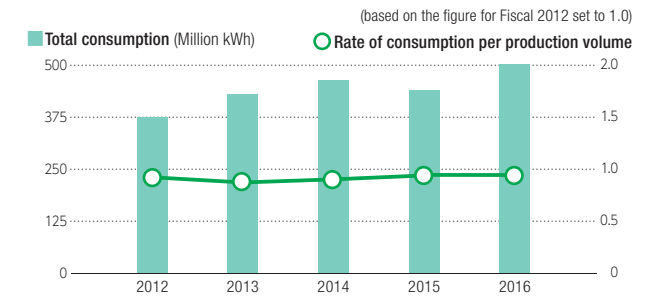
### Changes in our fuel oil consumption



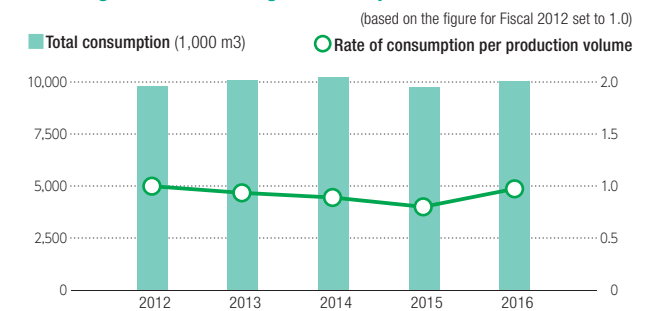
### Changes in our gasoline consumption



### Changes in our electricity consumption



### Changes in our natural gas consumption



\* Results of the Vietnam Plant are included in the data since Fiscal 2012, Ishinomaki Branch Factory since Fiscal 2013, and Thang Long Plant since Fiscal 2016, respectively.  
\* Although the volume of energy consumption has recently increased due to growth in production volume, the rate of consumption per production volume remains unchanged.

## Prevention of Global Warming

Meiko views the issue of greenhouse gases as a significant threat to our precious earth. Efforts to prevent global warming constitute energy saving activities to reduce the amount of CO2 emissions generated from energy consumption.

We have formulated and promoted the annual plans and the medium-to-long term plan to reduce the amount CO2 emissions in accordance with laws and regulations not only in Japan but also in overseas plants, through which we promote global activities to prevent global warming.

In Fiscal 2016, we conducted further energy saving activities at Plants and Administration Division. While some individual improvements were achieved, we could not achieve the target for reduction in energy per production volume as a whole, due to fluctuation in production volume. We will continue our efforts to reach the goal of energy saving.



Energy Saving Committee

### Examples of energy saving improvements

#### An example at the Vietnam Plant

Although we are already using the system to control the number of boilers in operation and combustion based on the demand for steam, we achieved further reduction of the amount of consumption of fuel by reviewing the pressure control of steam and the number of boilers on standby.

Reduction in CO2 emissions per year **1,070 tons**  
(23.5% reduced compared to the past)



Steam boilers

#### An example at the Thang Long Plant

Six compressors supply compressed air to the plant. Although we used to set the delivery pressure at high for facilities that need high pressure air such as drill machine, we were able to reduce the amount of electric power to operate the compressors by making adjustments to boost pressure at each facility and reviewing the level of air pressure for each facility.

Reduction in CO2 emissions per year **147 tons**  
(21.4% reduced compared to the past)



Compressors



## 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 continue to carry out 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 RO concentrated water 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.

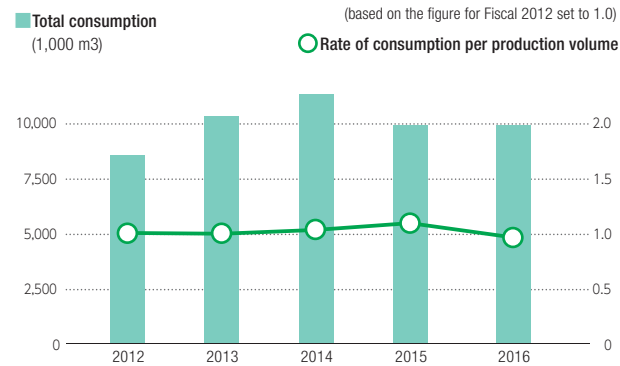
### Reduction and recycling of waste

We have been reducing waste based on the 3R strategy (reuse, reduce, and recycle). Continuing on from Fiscal 2015, efforts were actively made to recycle waste 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 2016.

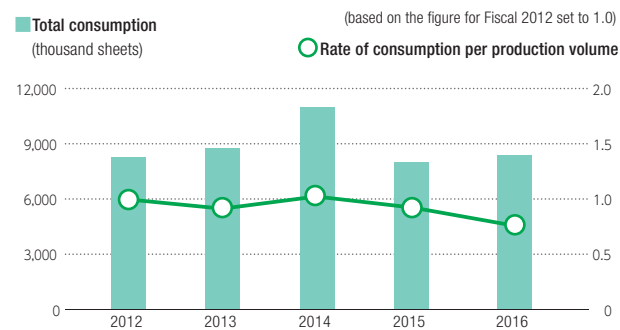
\* "Recycling" above includes thermal recycling

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

### Changes in our water consumption



### Changes in our photocopying paper consumption



### Examples of waste reduction efforts

#### Internal resource recovery

We collect resources from some industrial wastes generated in our plants through treatment plants and facilities established within the premises of the Company.

1. Collecting gold from gold plating waste liquid
2. Collecting copper from soft etching waste liquid
3. Collecting copper carbonate and copper sulfate generated from copper collected from etching waste liquid

The cyclical use of resources prevents the exhaustion of natural resources and contributes to the protection of the global environment.



Photo: Soft etching waste liquid processing equipment in Guangzhou Plant.

## 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 believes 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.

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/vppm
	Actual value	7.27	12.6	17.8	-		Actual value	0.0012	59
	Standard value	5.7~8.6	25	25	70		Standard value	0.3 <small>Air Pollution Control Act</small>	180 <small>Air Pollution Control Act</small>
Fukushima Plant	Measurement unit	-	mg/L	mg/L	mg/L	Steam boiler	Measurement unit	g/m <sup>3</sup> N	v/vppm
	Actual value	6.65	12.1	9.1	0.9		Actual value	0.004	58
	Standard value	5.8~8.6	25	25	70		Standard value	0.3 <small>Air Pollution Control Act</small>	180 <small>Air Pollution Control Act</small>
Yamagata Plant	Measurement unit	-	mg/L	mg/L	mg/L	Steam boiler	Measurement unit	g/m <sup>3</sup> N	v/vppm
	Actual value	6.8	8.5	8.8	2.0		Actual value	0.004	63
	Standard value	5.8~8.6	25	160	60		Standard value	0.3 <small>Air Pollution Control Act</small>	180 <small>Air Pollution Control Act</small>
Ishinomaki Plant	Measurement unit	-	mg/L	mg/L	mg/L	Steam boiler	Measurement unit	g/m <sup>3</sup> N	v/vppm
	Actual value	6.84	17.1	16.6	3.7		Actual value	0.012	46
	Standard value	5.8~8.6	25(20)	160(120)	60(50)		Standard value	0.3 <small>Air Pollution Control Act</small>	180 <small>Air Pollution Control Act</small>
Guangzhou Plant	Measurement unit	-	mg/L	mg/L	mg/L	Boiler	Measurement unit	g/m <sup>3</sup> N	mg/m <sup>3</sup> N
	Actual value	6.98	5.1	74.0	17.0		Actual value	14.25	122.66
	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	7.01	6.1	21.1	18.0		Actual value	17.2	128
	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	7.16	7.9	16.5	5.1		Actual value	41.8	65.00
	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 average 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 2016. 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				
Scope: Headquarters and the 8 major plants Period: Fiscal 2016 (April 1, 2016-March 31, 2017) Outline of business: Manufacture of PCBs				
INPUT			OUTPUT	
<b>Energy input</b>	Electricity	(1000kwh)	502,402	
	Heavy oil	(kℓ)	1,119	
	Natural gas	(km <sup>3</sup> )	10,209	
	Light oil	(kℓ)	3,001	
	Gasoline	(kℓ)	86	
<b>Resources</b>	Water	(km <sup>3</sup> )	10,706	
	Photocopying paper	(thousand sheets)	8,416	
<b>Chemical substances</b>	PRTR substances	( t )	345	
<b>Atmospheric release</b>	CO2 emissions	(kt)	467	
	NOx emissions	( t )	110	
	Soot and dust	( t )	6.6	
	PRTR substances	( t )	3.8	
<b>Discharge into water table</b>	PRTR substances	( t )	0.22	
<b>Chemical substances</b>	Amount of waste generated	( t )	3,263	
	PRTR substances	( t )	19	

(in Japan only)

# MANAGEMENT REPORT

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 and Executive Officers 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.

## 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.

### Management system for chemical substances contained in product



### Employee's VOICE

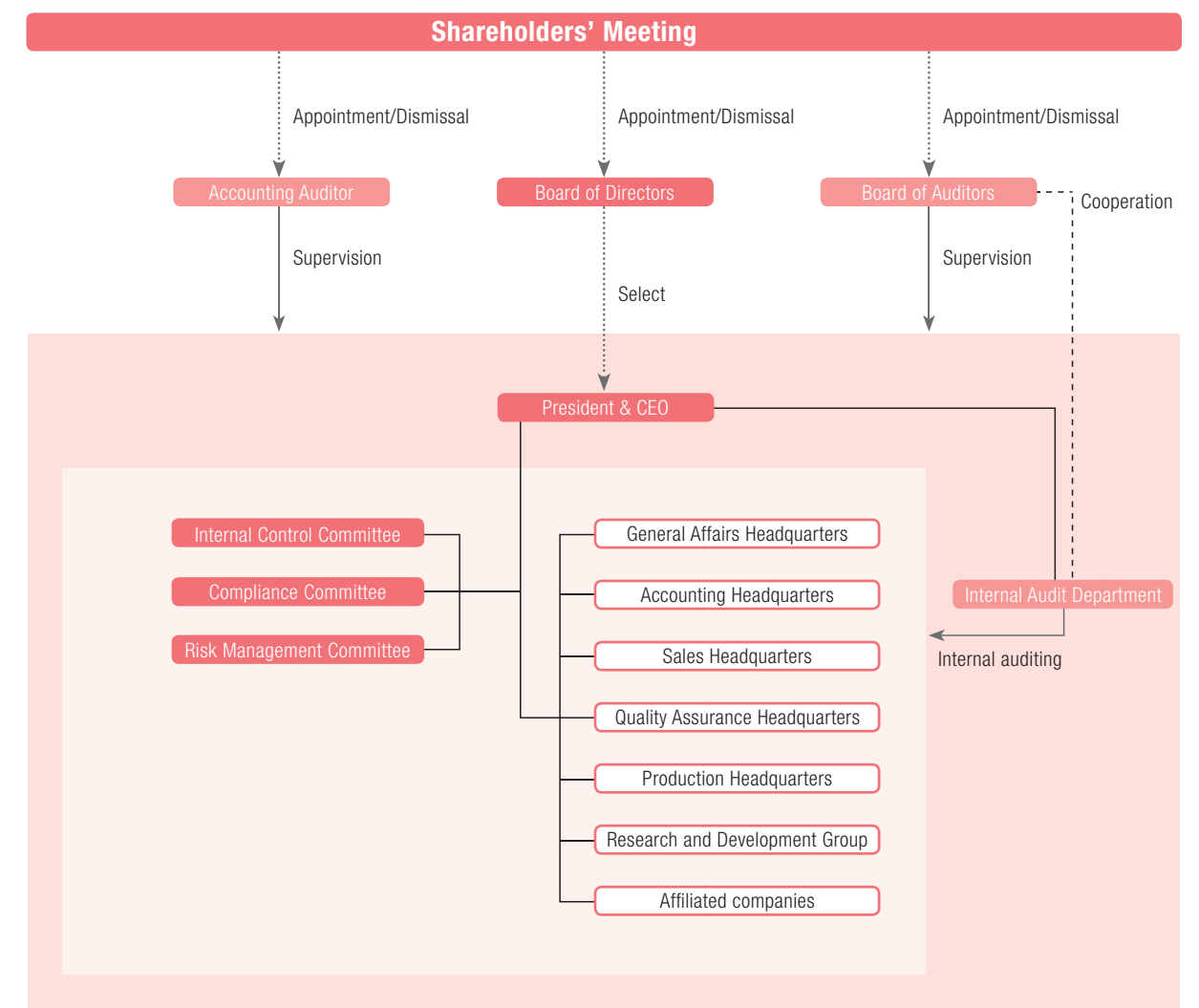
Manager, Production Engineering Section Thang Long Plant

**Nguyen Ba Cuong**



The Thang Long Plant began operations in September 2014 after passing the Vietnamese government's environmental assessment. In April 2015, the plant acquired the ISO 14001 certification. Currently, I am engaged in environment-related jobs which include the operation of wastewater and exhaust treatment facilities, efforts for waste reduction, proper disposal of waste and energy conservation. Through these efforts to reduce the environmental burden, I would like to contribute not only to our plant but also to the betterment of Vietnamese society.

### Corporate Governance Framework at Meiko





## Internal Control

### Major Activities in 2016

- Compliance with J-SOX
- Performed J-SOX evaluation of Chinese subsidiaries
- Expanded J-SOX evaluation to subsidiaries in Vietnam and the United States

### Future Plans

- Facilitate and implement internal controls on consolidated overseas subsidiaries

Meiko's corporate governance system includes external directors, auditors 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.

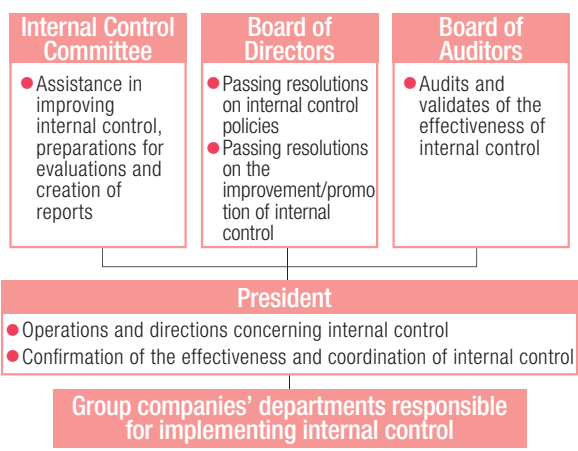
#### ● Basic Policy on Internal Control System

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 storage and management of information concerning the execution of duties by our Directors
3. A system regarding rules, etc., on the management of the risk of loss
4. A system for ensuring that the duties of our Directors are executed efficiently
5. A system for ensuring proper operations by the Meiko Group
6. Matters relating to employees if their placement has been requested by Auditors to assist with their duties
7. Matters relating to the independence of employees assisting with the duties of Auditors from Directors
8. Matters relating to ensuring the effectiveness of directions from Auditors to employees assisting with the duties thereof
9. A system for reporting to Auditors by Directors and Employees and other systems related to the reporting to Auditors
10. A system for ensuring that the person who has reported to Auditors shall not be treated adversely by reason of such report
11. Matters regarding the procedures for the advancement or indemnification of expenses arising from the execution of Auditors' duties and the policy for processing of expenses or liabilities arising from the execution of other duties
12. A system for ensuring the effective execution of audits by Auditors

### Internal control concerning financial reporting

Under its Basic Policy on Internal Control System and according to the Practice Standards for Management Assessment and Audit concerning Internal Control over Financial Reporting set by the Financial Services Agency, Meiko developed policies and plans concerning the policy, procedures and methods for evaluating our internal control, the framework of evaluations, the scope of evaluations, evaluation schedules and recording and storage of evaluation results, and we have set a framework for evaluations led by management. In line with these policies and plans, following Fiscal 2015, we evaluated the effectiveness of our Companywide internal controls (including account settlement and financial reporting processes) that could have a substantial effect on our consolidated financial reporting once again in Fiscal 2016. As a result of this evaluation, we stated that "Our internal control over financial reporting has been effective" in our internal control report for Fiscal 2016 and received appropriate opinions from our auditors.

#### ● Internal Control of the Meiko Group in Fiscal 2016



## Measures for Ensuring Compliance

### Major Activities in 2016

- Provided monthly updates showing examples that are helpful in compliance promotion activities on Meiko's internal website (examples are provided in easy-to-understand formats such as "e-mail magazines" and "four-frame cartoons")

### Future Plans

- Promote the training of compliance leaders

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 of compliance, the Company's own unique Compliance Handbook is distributed to all executives and employees.



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 Auditors and other responsible executives from General Affairs Department, Human Resources Department, and the relevant departments.

**VOICE** from Person in Charge

Deputy General Manager  
General Affairs Group  
Human Resources & General Affairs  
Department

**Naoki Saito**



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. 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 to build a compliance system well adapted to changing business and social environments, thereby promoting our growth in a harmonious way with society.

## Measures for Information Security

### Major Activities in 2016

- Maintain ISO27001 certification
- Develop ISMS at Vietnam Plant

### Future Plans

- Renew ISO27001 certification
- Obtain ISO27001 certification for Vietnam Plant

**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 we properly manage customers' 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 establish, maintain and strengthen information management systems with our customers.**

### Information Security Policy

Based on our Business Principles, we implement measures to strengthen our information security system in order to protect our customer information and information assets from threats including fraudulent access, disasters and criminal acts. We also take steps to raise awareness about information security amongst the management and employees. To this end, we have set out the following policy on information security and declare that, in line with our Business Principles, all management and employees should devote concerted efforts to implementing these policies.

1. We pursue continuous improvement in our information security system.
2. We provide every protection of our information assets and continuously enhance the information management function.
3. We comply with laws, ordinances, and norms and fulfill social responsibilities.
4. We conduct continuous education and training for the management and employees.
5. We swiftly respond to a problem as soon as it occurs and conduct risk management practices.

### 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. In addition, Meiko has modified the internal regulations in accordance with the renewed Personal Information Protection Law effective May 30, 2017, to comply with the changes in laws and regulations.

### 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.

### Protecting customer information

We take comprehensive measures to protect the confidential information of our customer in accordance with our Information Security Policy.

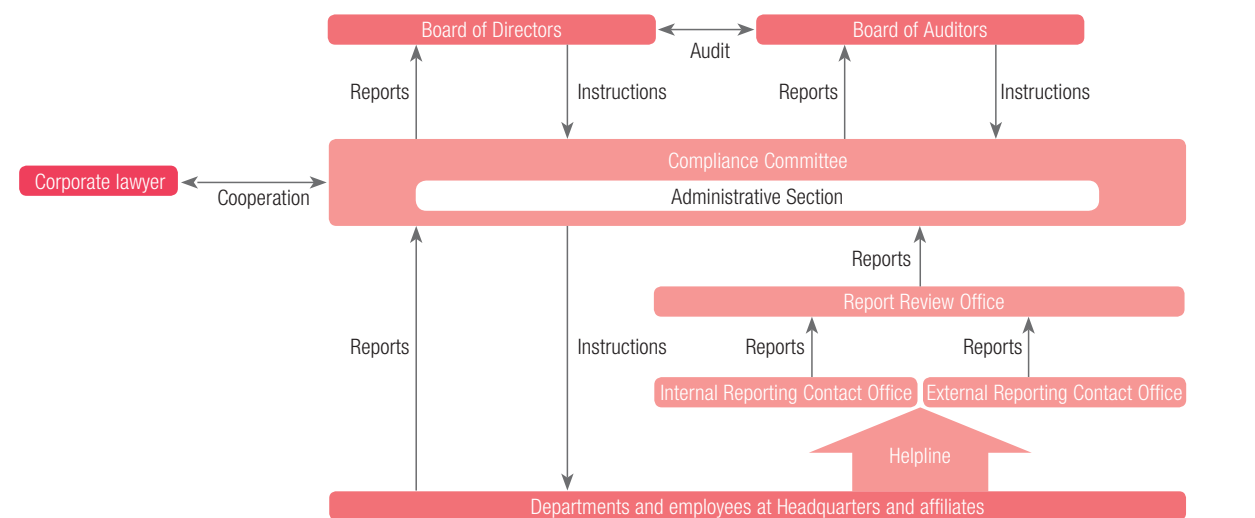
### Information Security Education

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

### Organizational Chart on Compliance



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.
December 2014	Transition to ISO27001:2013 certification has been completed for business locations in Japan and six departments of the Guangzhou Plant
February 2015	Transition to ISO27001:2013 certification has been completed for four departments of the Wuhan Plant



## Measures for Risk Management

### Major Activities in 2016

- Conducted safety confirmation drills twice during the year
- Review Emergency Communication System

### Future Plans

- Keep business continuity plans (BCPs) updated and re-organize the risk management system at each business site
- Establish an information-gathering system using the internal network

Meiko has created a set of Crisis Management Regulations, and also BCP Basic Policy and Emergency Manual thereunder, which assume a variety of risks associated with environments, disasters, quality and information security. We have also created a Business Continuity Plan (BCP) for each of our factories 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.

### Types of crises and risks

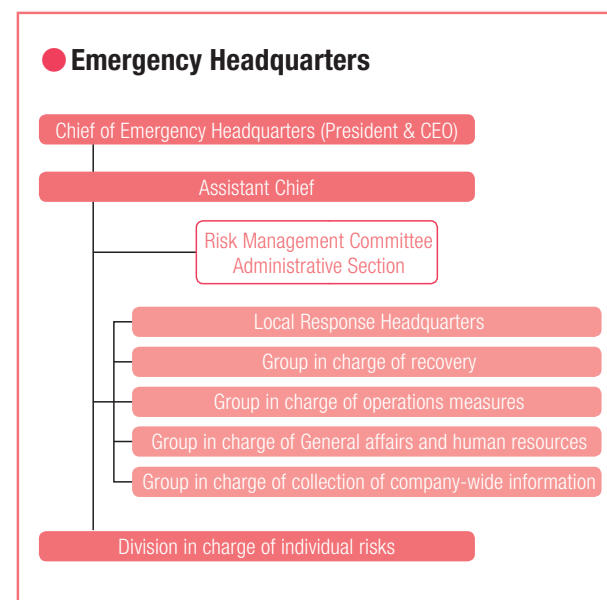
Many risks could potentially affect the Meiko's operating environment, including risks of natural disasters such as earthquakes and tsunamis, changes in the management environment such as currency fluctuations and changes in macroeconomic conditions, and country risk at overseas bases relating to politics, economics, and infrastructure. Meiko has created the Business Continuity Plan (BCP) for each site in preparation for emergencies. These plans describe various measures against relevant risk factors, ranging from a consideration of risk prevention measures to post-disaster recovery work.

### 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. We perform company-wide educational training twice a year to ensure effective use of the system in the event of disasters.

### Creation of Group BCP

Meiko conducts business impact analyses of various risk factors, and creates manuals for each site setting the recovery time objective (RTO) and simulating initial emergency response systems. 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.



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

Established November 25, 1975

Production Sites Kanagawa Factory 5-14-15, Ogami, Ayase, Kanagawa, Japan 252-1104

Capital 12,888.47 million yen

- Fukushima Factory 1-2, Iwasawa, Kamikitaba, Hirono-cho, Futaba-gun, Fukushima Prefecture, Japan 979-0401
- Yamagata Factory 250, Maki, Yachi, Kahoku-cho, Nishimurayama-gun, Yamagata, Japan 999-3511
- Ishinomaki Factory 8-5, Shigeyoshi-cho, Ishinomaki, Miyagi, Japan 986-0844
- MEIKO Research and Development Center 3-35-6, Sugikubo-minami, Ebina, Kanagawa, Japan 243-0414
- China 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
- 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
- Thang Long Plant (Meiko Electronics Thang Long Co., Ltd.) Lot J1-J2, Thang Long Industrial Park, Vong La Commune, Dong Anh district, Hanoi City
- Meiko Techno Co., Ltd. 1-14-1, Daikan, Yamato, Kanagawa, Japan 242-0025

Executives	
President & CEO	Yuichiro Naya
Director and Senior Managing Executive Officer	Takahide Hirayama
Director and Senior Managing Executive Officer	Masakuni Shinozaki
Director and Managing Executive Officer	Takahiro Matsuda
Director and Managing Executive Officer	Jyunya Wada
Director	Yoon Ho, Shin
Director	Hajime Nakano
Senior Corporate Auditor	Hitoshi Iyomoto
Auditor	Arifumi Sunada
Auditor	Takashi Harada

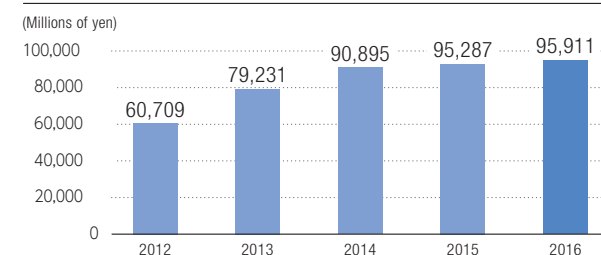
No. of Employees: 10,798 (consolidated)  
(Japan: 766; Overseas: 10,032)  
\*As of September 30, 2017

Main Business Design, manufacturing and sales of PCBs, associated electronics-related businesses

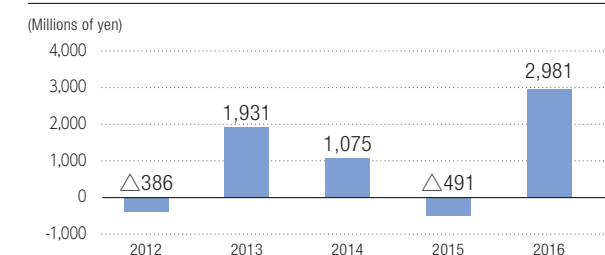
### Five-year Financial Summary

	2012	2013	2014	2015	2016
Sales (Millions of yen)	60,709	79,231	90,895	95,287	95,911
Operating income (Millions of yen)	△605	922	△2,865	3,325	5,788
Ordinary income (Millions of yen)	△386	1,931	1,075	△491	2,981
Net income (loss) (Millions of yen)	△1,567	23	△9,573	△11,250	1,767
Net income (loss) per share (yen)	△83.52	1.11	△365.76	△429.83	54.14

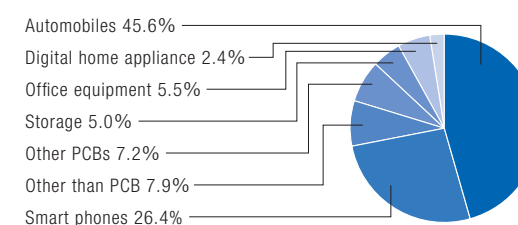
### Changes in consolidated net sales



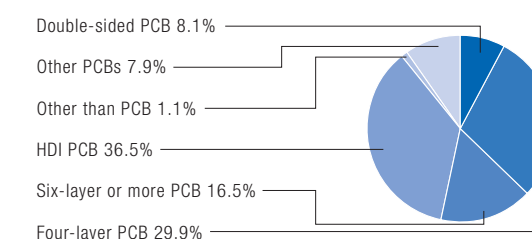
### Changes in consolidated ordinary income



### Sales composition by application (Fiscal 2016)



### Sales composition by product (Fiscal 2016)

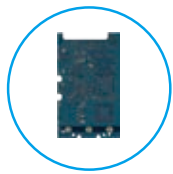


# Product Lineup that Meet the New Needs of Our Changing World

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

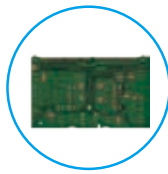
## AnyLayer PCB

AnyLayer PCBs are HDI PCBs which permit unlimited connections between layers thanks to cutting edge technologies such as ultraprecise CO2 lasers and filled plating. These PCBs are mainly used in smartphones.



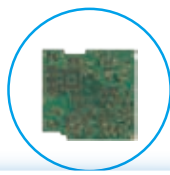
## Heavy copper PCB

Heavy copper 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, therefore they have improved the heat dissipation capacity.



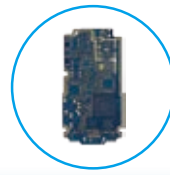
## Double-sided/Multi-Layer PCB

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.



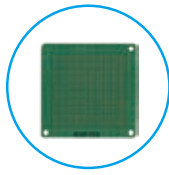
## HDI PCB

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.



## 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.



## Metal Base Heat Dissipation PCB

Metal base heat dissipation PCBs are long-lasting boards and are used for mounting environmentally friendly LED chips. They are used in home and office lighting, LCD television backlights, and automobile headlights, etc.



## Embedded Passive Devices PCB

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

