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MEIKO CSR Report

2012

MEIKO Corporate Social Responsibility



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.



S U S T A I N A B I L I T Y

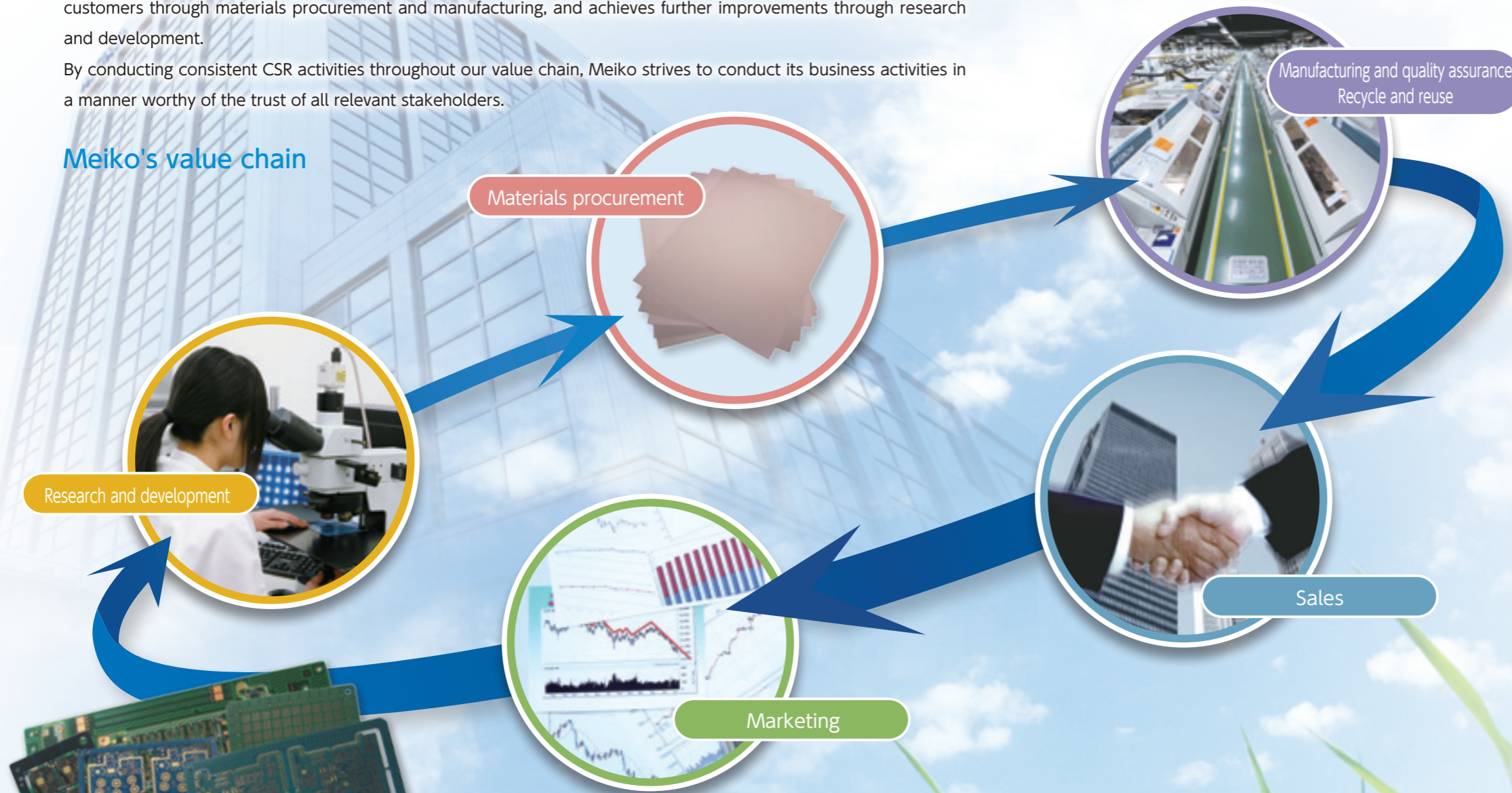
Meiko recognizes that CSR is central to every aspect of our business activity and carries out its duties at the local level with the aim of establishing trust in the company. Through our CSR activities, we will continue to fulfill our responsibilities as a member of society. We strive to establish a sustainable society through environmental and social contribution initiatives.

Conducting CSR Activities throughout Our Value Chain

Meiko fulfills its corporate social responsibility in the full range of its business activities as it delivers products to customers through materials procurement and manufacturing, 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.

Meiko's value chain



Meiko's product lineup



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Editorial policy

In publishing the CSR Report 2012 (English version)

We published our fifth CSR Report 2012 (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

*Please see page 37 for a list of organizations

Reporting period

This report refers to CSR activities undertaken during Fiscal 2011 (April 1, 2011 to March 31, 2012) 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 2012 onwards.

Reference guidelines

- "Environmental Reporting Guideline (Fiscal Year 2007 Version)" (Ministry of the Environment)
- "Sustainability Reporting Guidelines 2006"

Date of publication

Previous report: July 2011

This report: July 2012

* 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.

Meiko will continue to earn the public's trust through our environmentally focused efforts and practices that are consistent with achieving a safe and secure society.



The Meiko Group faced a series of unprecedented challenges during the previous fiscal year, as it was forced to suspend operations at two domestic factories due to the Great East Japan Earthquake and the accident at the nuclear power plant. The Group was then confronted with supply chain interruptions, power shortages, record-high yen appreciation, increasing raw materials prices, the floods in Thailand, and a reduction in orders due to intensified global competition in the electronics industry. Then, during the fall, we were forced to suspend operations at the 2nd Factory of Wuhan Plant in China for three months due to an issue concerning environmental assessment licensing procedures. We are deeply sorry for any inconveniences or problems this may have caused our customers.

Following the accident at the nuclear power plant caused by the Great East Japan Earthquake last year, there have been significant changes in the level of awareness toward the environment and safety around the world. As people begin to lose their confidence in the safeness of nuclear power generation, movements in global society toward achieving a safe and secure society, rather than just activities aimed at countering global warming and saving energy, have begun to accelerate. There has been no wavering in our belief that if we are to continue to thrive on this planet, coexisting with the environment has to be our top priority. However, more focus is being put on the fact that the need for safety and security is an issue that is very much related to our daily lives. Through the safeness of products and services and the management and reduction of harmful substances, making a contribution to this process is one of our top priorities as a company here at Meiko.

In this manner, the Earth's environment and issues such as energy, global warming, safety, and security are always changing, and we are forced to respond to new issues accordingly. Here at Meiko, we believe that adapting to these changes as quickly as possible and responding sincerely as we remain aware of the new roles that we need to fulfill will contribute to the development of society and enable us to grow independently to be a company worthy of the public's trust.

Meiko Group Business Principles

Provide the best quality and service to customers and contribute to betterment of society.

Strive to create "the best".

Elevate our corporate value to improve the well-being of our employees and society.

In addition to trying to make reasonable profit through fair competition, our aim is to establish the Meiko Group as a useful presence to as many members of society as possible. Acting in accordance with the following nine principles, we are therefore committed to the respect of human rights and compliance with the law and other applicable rules, in letter and in spirit, both at home and overseas.

By upholding these lofty ideals, our aim is to act as a global company contributing to the creation of a sustainable society.

Corporate Charter

- 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 employees' 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.

We are making efforts to reduce environmental burdens and risks produced from our production process and enhancing resource efficiency in order to contribute to reduction of the environmental impact on our society as a whole and to promote the construction of a sustainable society. For the achievement of an environmental society that would provide safety and security, attention has been focused on photovoltaic power generation, and products such as hybrid cars, electric vehicles, LED TVs, LED lighting, as well as the potential for a smart grid society. For our part, we have quickly established production lines for the likes of high-power and Heat Dissipation PCBs (Printed Circuit Boards), without which such products couldn't function, at the 2nd Factory of Wuhan Plant in China.

In addition to incorporating environmentally friendly production technology and expertise into the manufacturing process for PCBs, we intend to actively produce PCBs that are capable of making a difference to the environment on the product front as well.

In addition to focusing on the environment, it is crucial that we also gain trust from all of our stakeholders, including our customers, investors, employees and members of the local community, in order to sustain our corporate activities within our modern day society. Each and every one of our employees here at Meiko is aware of this fact and promotes CSR initiatives. In terms of

compliance, the bare minimum that we can do to earn the public's trust is to ensure that we comply with the law and adhere to rules, regulations, and ethical standards in different societies around the world. With that in mind, we have formulated a set of Compliance Regulations and a Compliance Manual to ensure our all employees are well aware of these requirements.

As a manufacturer, once you start to have issues in terms of quality, not only do you lose all of the trust that you worked so hard to earn, but you also create problems for customers using your products and all of the 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.

Meiko will advance initiatives to protect the Earth's environment through activities such as these to contribute to the achievement of a safe and secure society as we strive to earn the public's trust. I hope we can continue to rely on your support and cooperation in the future.

President and CEO
Yuichiro Naya

石屋 悟一郎



● Special Focus

Our Green Society Initiatives

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. Under this Basic Environmental Policy, we aspire to create an environmentally friendly society through our business activities.

In this edition, we will introduce the initiatives that are underway at Meiko Group's newest overseas production base, Meiko Electronics Vietnam, and our plants in China.



● CASE 1 ●

~Meiko Electronics Vietnam initiatives~

Overview of Meiko Electronics Vietnam

Meiko Electronics Vietnam (Hanoi, Socialist Republic of Vietnam) was established as the third large-scale overseas production base within the Meiko Group that develops, manufactures, and sells PCBs, following Meiko Electronics (Guangzhou Nansha) Co., Ltd. and Meiko Electronics (Wuhan) Co., Ltd. in China. Operations at the EMS plant were launched in November 2008 and the PCB plant in November 2011. With a land area of approximately 170,000 square meters and a current building area of approximately 70,000 square meters, there are plans to make this the Meiko Group's largest and most cutting-edge production base. Production will focus on mainly HDI PCBs for mobile phones and Multi Layer PCBs for automobiles and audiovisual equipment. Vietnam's geographical advantages will be leveraged to ship products to the other ASEAN countries in addition to customers around the world in locations such as Japan and Europe.



Meiko Electronics (Wuhan) Co., Ltd.



Meiko Electronics (Guangzhou Nansha) Co., Ltd.



🗣️ Plant Manager's VOICE

Plant manager's VOICE



Meiko Electronics Vietnam General Director/Plant Manager **Junya Wada**

Meiko Electronics Vietnam was established in 2007 as the third large-scale overseas production base for the Meiko Group. Although construction was commenced in April 2007, we had to revise our plans following the global downturn stemming from the bankruptcy of Lehman Brothers. After overcoming a series of complications, we were finally able to have the opening ceremony for the PCB factory in November 2011. One of Meiko Group's Business Principles is to strive to create the best. Based on this principle, we always deliver the best products and services to our customers through the best technology, quality, and production. In doing this, we hope to contribute to the happiness of the employees that work at our plants and the development of the local community. In our business activities at Meiko Electronics Vietnam, we plan to develop our production base so the plant is capable of supplying top-quality electronic PCBs that can contribute to propelling progress in the world, while making important contributions to the development of the local community and the rest of the world.



Vietnam opening ribbon cutting ceremony in November 2011

Environmental initiatives

In accordance with the Meiko Group's Environmental Action Guidelines, at Meiko Electronics Vietnam, 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.

Maximizing energy efficiency within the company campus

At Meiko Electronics Vietnam, which has the largest building area within the Group, it is expected that enormous quantities of energy will be consumed. For this reason, it will be important to maximize energy efficiency within the campus to minimize the environmental burdens of our business activities here.

With this awareness, by proceeding with innovations based on the combined wisdom of the Environment Preservation Department and all our employees, we have been achieving top-level energy efficiency in the Group production bases.

ACTION-1 Innovative management of energy

By implementing many of the innovation proposals that were submitted by employees, such as keeping the settings at half of the standard values by optimizing installation of air conditioning and cooling equipment at the manufacturing site, having lighting outside the plant automatically switch depending on the surrounding brightness, and improving thermal efficiency by applying heat preventing film to the glass surfaces within the plant, costs were reduced by approximately USD 150,000 from 2009 to 2010. Due to this series of improvement activities, Meiko Electronics Vietnam was awarded with the second place prize in the Energy Innovative Management division in a contest sponsored by the Vietnamese Ministry of Industry and Trade honoring buildings that use energy efficiently and energy management at buildings and factories for the purpose of promoting a greener economy through more efficient use of energy at factories and office buildings throughout Vietnam.



Energy Innovative Management Award trophy

Working toward zero emissions

In the production of PCBs, the three most important factors from the perspective of environmental preservation are reducing the large amounts of electricity and water used in the production process; trying to reduce as much as possible the inclusion of acids, alkali, and metals; and trying to reduce as much as possible the wastes that are discharged in large quantities during

production. Based on the successes that have been achieved Japan and China, Meiko Electronics Vietnam has been striving toward zero emissions as a cutting-edge environmentally-friendly plant that prioritizes environmental preservation.

ACTION-2 Use of reverse osmosis water

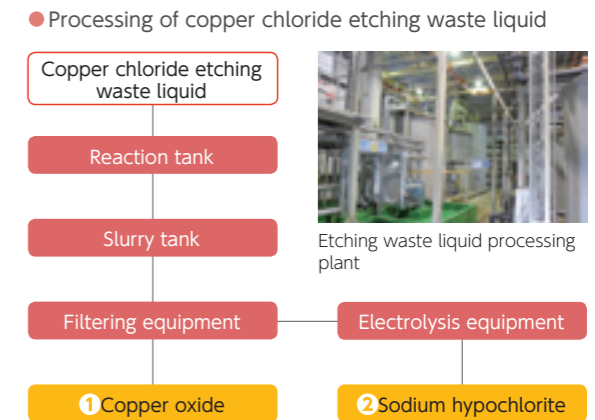
Reverse osmosis water is water that has been purified using reverse osmosis to filter out impurities, making it close to pure water. Since Meiko installed refining equipment at the Yamagata Meiko Electronics in 2004 to convert groundwater to reverse osmosis water, by adopting a system in which industrial drainage water would be purified at plants for later use as reverse osmosis water, the Group has actively worked to conserve water resources. Meiko Electronics Vietnam has carried on the high-level filtering technologies that have been developed up until now and installed the latest reverse osmosis water refining equipment.



Reverse osmosis water refining equipment

ACTION-3 Recycling copper chloride etching waste liquid

In the circuit forming process for PCBs, circuits are formed by using copper chloride solution to dissolve copper foil (etching). At Meiko Electronics Vietnam, we have acted as a pioneer in our industry by installing a dedicated plant to recycle the copper chloride etching waste liquid that is generated in the circuit forming process into a valuable resource that can be collected. At this plant copper chloride etching waste liquid is recycled into two valuable resources ((1) copper oxide and (2) sodium hypochlorite) after filtration through filtering equipment and electrolysis equipment. The facility does not generate any hazardous substance as a by-product, with the only residual product being common salt, making it a very safety-conscious system.



Employee initiatives

Based on the Meiko Group's Business Principle of striving to create the best, at Meiko Electronics Vietnam we always deliver the best products and services to our customers through the best technology, quality, and production. In order to achieve this, we conduct various initiatives aimed at providing the highest level of support for the employees that work at our plant.

ACTION-4 Provision of company housing with three meals a day

We support the day-to-day life of our employees by offering company housing adjacent to the factory that provides our employees from all regions of Vietnam the reassurance of a living environment and the opportunity to capitalize on their individual skills. We provide residents with three meals a day, a program that is extremely popular with our employees. As of March 2012, approximately 35% of all employees were residents of these facilities. Construction of new company housing facilities is underway in line with our plans to expand the plant in the future.



Company housing

ACTION-5 Green commuting with our commuter bus



Commuter bus

There are concerns that individuals using means of transportation such as cars and motorized bicycle in their commute could contribute to various problems, including traffic congestion in the surrounding region and global warming. In response, Meiko Electronics Vietnam has provided six commuter buses per day between the company campus and central Hanoi. Commuting in groups reduces commuting-related costs allows us to proactively achieve green commuting that is environmentally-friendly. Approximately 20% of all employees used this green commuting service in their commute to and from the company as of March 2012.

ACTION-6 Deepening friendships among employees

To help our employees feel refreshed and encourage more communication, Meiko Electronics Vietnam conducts various events to deepening friendships among its employees, including company trips and sports meets.

Many employees participate in these events whenever they are held, events which help our employees to feel released from the stress of their daily work. These events allow employees to build friendships with employees from other departments that don't have a direct relation to their everyday work, providing a good opportunity for international exchange between the Vietnamese and Japanese employees at the company.



Company trip in 2012



Local community initiatives

In establishing a production base at a new location, the most important thing is working and prospering in partnership with the local community. It would not be possible for businesses to prosper in the local community without the understanding of that community. Meiko Electronics Vietnam focuses on community-based activities to ensure it will continue to be a company that is trusted by the local community.

ACTION-7 Playing soccer with locals for constructive exchange with the community!

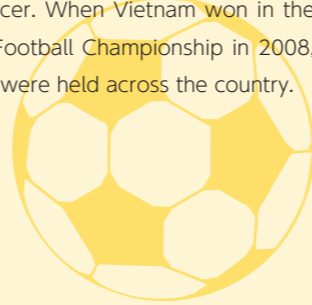
As part of efforts to contribute to the local community, we provided financial support for refurbishment of a soccer stadium located in Phung Xa village, Hanoi where Meiko Electronics Vietnam is located. The opening ceremony was held on April 11, 2011, and a friendly soccer match was held between a team representing the local community and the Meiko team. We plan to use the stadium in the future as a location for local exchange and community events.



Friendly match at the soccer stadium opening ceremony

Few countries are as enthusiastic toward soccer as Vietnam

Soccer is so popular in Vietnam that it could be considered the national sport, where things often both start and end with soccer. When Vietnam won in the ASEAN Football Championship in 2008, parades were held across the country.



CASE 2

Improvement Activities at the plants in China

Meiko has two production bases in China, and their production quantity accounts for over 80% of the Group's total output. For this reason ensuring quality at our Chinese plants and improving customer satisfaction levels is essential for our business. We would like to introduce here the overall improvement activities that are being conducted at Meiko Electronics (Guangzhou Nansha) Co., Ltd. and Meiko Electronics (Wuhan) Co., Ltd.

Promoting total productive maintenance (TPM)

We started conducting TPM at Meiko Electronics (Guangzhou Nansha) Co., Ltd. and Meiko Electronics (Wuhan) Co., Ltd. from 2010.

At Meiko Electronics (Guangzhou Nansha) Co., Ltd., in an aim to prevent in advance the occurrence of losses or waste that would impede production efficiency through the entire life cycle of facilities, all employees work together through TPM as they strive toward the internal reform of employees, facilities, and the company. At Meiko Electronics (Wuhan) Co., Ltd., all employees participate in TPM, starting from the stage of initial cleaning, based on the slogan that "cleaning is subject to inspection," and in this manner, we aim for zero breakdowns. As of March 2012, we have mostly completed step 1 of TPM Autonomous Maintenance (Jishu Hozen) analysis, and we now plan to proceed with initiatives to complete steps 2 and 3.



Meiko Electronics (Guangzhou Nansha) Co., Ltd.



Meiko Electronics (Wuhan) Co., Ltd.

What is total productive maintenance (TPM)?

Total productive maintenance (TPM) is a form of productive maintenance that has mostly been adopted in the manufacturing industry. It is defined by Japan Institute of Plant Maintenance as follows: "TPM is aimed at creating a corporate culture that seeks to improve the efficiency of production systems to the fullest extent (total efficiency improvement) by constructing a framework based on actual place, actual thing principles that prevents all types of losses through zero accidents, zero product defects, and zero equipment unplanned failures throughout the entire production system life cycle. All divisions are to participate, including the production, development, sales, and management divisions, and all employees are to participate as well, from top management to front-line employees, working in multiple small groups to achieve zero losses."

Implementing New "5S" Activity

At Meiko Electronics (Guangzhou Nansha) Co., Ltd., the New "5S" Activity Committee was established and commenced operations in November 2011 based on the instructions of the Factory Manager. By renewing activities that had become stagnant as no set name had been decided for them as "5S" Activities, we continue to enthusiastically conduct activities such as getting rid of all unneeded items, painting walls, instilling proper greeting etiquette, drawing lines on floors, wiping work surfaces with dust cloths, cleaning sources of dust, based on the slogan of "protecting your plant by yourself." Through these efforts the plant has become visibly cleaner and these activities have also made a direct contribution to quality improvement. Note that "5S" refers to activities that begin with the letter S in Japanese, consisting of the most basic activities for plants. The concept consists of more than keeping the plant clean. The "5S" are (1) seiri (arrangement; throwing away things that are not needed) (2) seiton (proper arrangement; standardization), (3) seiso (cleaning; subject to inspection), (4) seiketsu (clean and hygienic; maintain this condition), and (5) shitsuke (discipline; obeying the rules).



Getting rid of all unneeded items

Implementing local community beautification activities

Since November 2011, all employees at Meiko Electronics (Wuhan) Co., Ltd. have been conducting cleaning following their lunch break in the neighborhood surrounding the plant. These activities not only beautify the local community, but also improve awareness toward taking the initiative and setting a good example for others as our employees make their surrounding more clean with their own hands. These activities serve to encourage the "5S" Activities and quality improvement activities that are being conducted at the plant and also ensure that anyone can feel free to visit the plant at any time and be assured of a clean environment.



Local community beautification activities

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

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 management cycle operates in every process of our operations. The management cycle 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.

Aiming to eliminate progressive defects and market complaints

Based on the Fiscal 2012 management policy of eliminating progressive defects, we will conduct initiatives at both overseas and domestic plants aiming for zero market complaints as we work to eliminate major defects and spreading defects, and cut complaints from users in half. In addition, we aim to further increase customer satisfaction levels by conducting improvements through 4M changes, materials accreditation, and improving response for process and customer accreditation systems.

* 4M changes: Improving quality based on four business resources: man, machine, material, and method.

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.
March 22, 2011	Wuhan Plant in China obtained certification.



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).

Receiving awards from our customers

Received an award from Automotive Systems Company of Panasonic Corporation.

Our Guangzhou Plant placed first and was awarded The Best Quality Award 2011 in the Board Quality Emergency Countermeasures Project held among board makers by Automotive Systems Company of Panasonic Corporation.



Received an award from Mitsubishi Electric Corporation Nagoya Works

In the Quality Face Activity conducted by Mitsubishi Electric Corporation Nagoya Works with 200 of its suppliers, Meiko was nominated as one of the five top companies according to a quality evaluation and a report within the analysis period.



Examples of our activities

1 Design Review (DR) meeting using a video conference call system

Based on design data, specifications, and drawings from customers, we review the design of the product (DR meeting) by linking our plant, sales office, and Headquarters via a video conference call system. The aim of the meeting is to prevent problems with mass production through initial production control.

2 Use of four-terminal electric checkers

It is difficult to ensure the connection reliability of HDI PCBs with the two terminal electric checkers we used previously. Through introduction of four terminal electric checkers, we now utilize a method that detects changes in conductor resistance to supply highly-reliable products.

3 Pursue cause of defects by introducing FT-IR and identifying foreign matter

The cause of defects is investigated by introducing FT-IR and analyzing foreign matter. Through in-house analysis, the cause can be determined and measures to deal with the problem can be devised more quickly.

* Fourier Transform Infrared Spectroscopy (FT-IR) is a method of acquiring information about molecular structure by measuring infrared ray absorption through vibration of molecules of a compound.

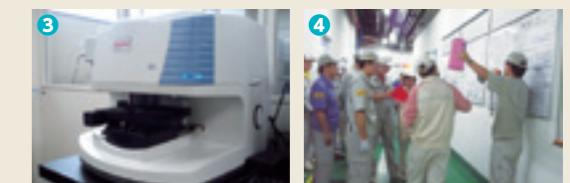
4 On-the-spot inspection quality meetings at the Chinese plants

Every day at a specified time production supervisors voluntarily gather around quality management boards that have been installed in passages and manufacturing areas at our Chinese plants to have on-the-spot inspection quality meetings while they remain standing. These steady and vigorous activities play a part in our quality activities, as currently pressing quality issues are discussed in an aim to eliminate defects by coming up with on-the-spot solutions.



DR meeting (video conference call)

Four-terminal electric checker



FT-IR

On-the-spot inspection quality meeting at the Guangzhou Plant

For Customers—Research and Development

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.

Activities in Fiscal 2011

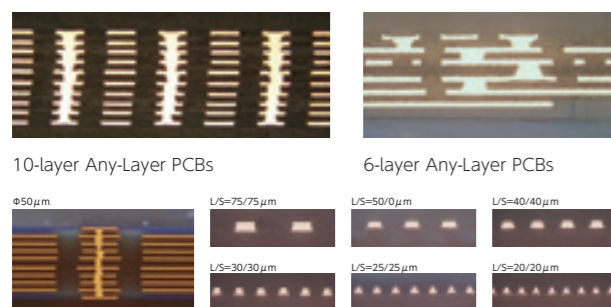
In Fiscal 2011, our research and development activities were conducted by the following: the Meiko Research and Development Center, which is responsible for the development of elements for state-of-the-art technologies; the Product Development Dept., which is responsible for developing products and manufacturing processes two or three years in advance, including any-layer PCBs and embedded PCBs; and engineers from individual plants who commercialize those products using the developed technologies.

The following sections introduce our research and development efforts with regard to advanced PCBs.

1 Development of AnyLayer PCBs

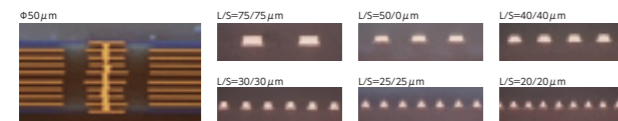
Smartphones, the market for which is expected to expand the most among mobile devices, have strict requirements for PCBs in terms of thinner profile and higher function, use AnyLayer PCBs that realize the most advanced high-density wiring. AnyLayer PCBs permit unlimited connections between layers. They combine laser technologies and filled plating technology, which permit ultra-fine processing and allow free connection between all layers by via filling. We produce AnyLayer PCBs and provide them to many users in Japan and overseas.

We are currently working on higher density by finer wiring and smaller diameter of laser via.



10-layer AnyLayer PCBs

6-layer AnyLayer PCBs



Smaller diameter of laser via Ultra fine wiring

2 Development of Embedded Devices PCBs

Embedded Devices PCBs have active devices (IC chips) and passive devices (chip capacitors or chip resistors, etc.) embedded in them. We developed these PCBs in response to the increasing density and higher performance of PCBs. The use of these PCBs has contributed to three-dimensional mounting and consequently, smaller equipment dimensions. It has also enabled the shortest possible wiring distance between the surface-mount IC and Embedded Passive Devices PCB, thereby improving the electric properties. Since starting mass production in 2009 for camera modules, we have striven to achieve thinner circuit boards capable of higher density. In 2010, we developed a basic connection process using laser via and plating for the layer-to-layer connection of embedded devices, in addition to connection by solder. Then since 2011, we are advancing the basic development of Embedded Active Devices PCBs. These efforts contribute to enhanced heat resistance and higher mounting density for a wide variety of applications.



[Mass production of product] [Development product] Plate Solder connection embedded PCBs connection embedded PCBs

2009	Mass production commenced at plants in Japan
2010	Plating connection process development promotion
2011	Advanced development of Embedded Active Devices PCB
2012	Advanced development of Active Devices and Passive Devices mixed embedded PCB

Plans and objectives of activities for Fiscal 2012

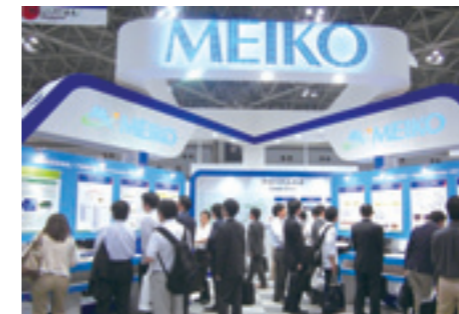
1. Next model CSP support motherboard development
2. Embedded Devices PCB process development (module PCB, motherboard)
3. Carrying out new development projects

Level we aim to reach within three to five years

1. Mass production of products under development (thin, embedded HDIs, PCBs for 0.3mm-pitch CSP Wiring, etc.) (within one to two years)
2. Furthering the development projects of the Research and Development Center
3. Studying, selecting, and undertaking new development projects in line with the road map

Participating in exhibitions

We took place in the JPCA Show in June 2011 and the Printed Wiring Board Expo in January 2012. 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 2011 in June 2011

Developer's VOICE

MEIKO Research and Development Center

Supervisor Kohei Shibata



Based on a basic policy of aiming to become the global de facto standard for PCBs by producing low-cost environmentally-friendly PCBs at half the cost, Meiko conducts unique technological development with the cooperation of various research institutions and companies here at the Meiko Research and Development Center.

Of the many development themes, I am mostly involved with the development of new PCB technologies for High Electric Current PCB, focusing on automotive PCBs. Because the copper circuits for High Electric Current PCB are particularly thick, a large quantity of copper must be disposed if traditional etching methods are used, causing both a large environmental and financial burden. In response to this issue we are developing a crafting technique for circuit forming in a short period of time that does not waste copper.

Although high-level development themes give us much to think about every day, we feel an important sense of purpose as we aim to develop innovative technologies that overthrow current ones. We will continue to face new challenges every day in the future so that Meiko's technologies are adopted as the de facto standard.

Developer's VOICE

For Business Partners—Supply Chain

● Supply Chain

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. 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.

● Basic Procurement Policy

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

Basic Procurement Policy

1. Procurement activities best suited to our global production
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)

● 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.

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

TAIYO INK MFG. CO., LTD. Sales and Marketing Division
Mr. Eiji Takehara, General Manager

Meiko is constantly going one step beyond in the business they do with us. For example, their switching of solder mask containers from plastic containers to aluminum containers resulted in a large reduction of wastes produced. In addition, Meiko has actively conducted improvements that have led to improvements in our work efficiency and allowed us to reduce wastes, for example increasing in the quantity per package for products. In this manner, Meiko always takes into consideration cooperative relationships with its suppliers.

Based on a philosophy of fulfilling our corporate social responsibility through compliance, environmental preservation, thorough quality management, and social contribution, our company aims to achieve harmony with the local community and the Earth's environment and actively conducts various corporate social responsibility activities to this end.

In accordance with Meiko's Basic Procurement Policy and while keeping aware of our impact on the Earth's environment and human health, our company will continue in its aim to conduct manufacturing that achieves both high performance and a reduced environmental burden.



Customer's VOICE

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.

For Shareholders and Investors—Improvement and Expansion of IR Activities

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.

Communication with shareholders

We hold a "Discussion Session with Shareholders" after the shareholder meeting every year. In this session, our president reports on our business activities during the past year and explains our business strategies for the future. This is followed by informal discussions and exchanges of opinions between our executives and shareholders.

In addition, we publish, send, and post on our website the MEIKO REPORT for our shareholders at the halfway point and at the end of each fiscal year to improve their understanding of the Meiko Group as a whole.



Discussion session with shareholders

Communication with investors

For institutional investors and securities analysts, we hold not only biannual results briefings but also individual explanatory meetings to communicate better with them. We provide the materials used for the results briefings to general investors on our website so that they can obtain the information of Meiko fairly.



Results briefings

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 2011, the Meiko website was awarded with a Good Corporate Website Award in the emerging markets division of the Fiscal 2011 Website Completeness Ranking for All Listed Companies released by Nikko Investor Relations Co., Ltd.



For Employees — Creation of a Comfortable Working Environment

At Meiko, we have accelerated the progress of our globalization in recent years. We already have plants in Guangzhou and Wuhan in China, and we have also newly set up a plant in Vietnam. We have also opened sales offices in Europe and the United States in addition to Asia.

A large number of local people work at these overseas plants and offices.

In addition, numerous Japanese employees are dispatched overseas, while dozens of workers from overseas, including China, work at our Headquarters and plants in Japan.

This means that employees of different nationalities and from diverse cultural backgrounds are involved in the business activities of Meiko.

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.

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.

We have established a PDCA cycle, in which problems found during safety and health audits by Safety and Health Committee members are deliberated by the Committee, corrective measures are introduced to workplaces, and the results of the measures are validated. These efforts are aimed at creating better working environments, not to mention preventing work accidents.

To ensure that problems are found efficiently, 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.

We also strive to raise each employee’s awareness of safety and health. Our measures to this end include accident-free record activities, training in predicting dangers, and continued safety and health training for each job class.

In recent years, damage to health caused by long



Safety and health audit by Safety and Health Committee members

working hours and mental health problems have been social issues. At Meiko, we encourage the good health of all employees by providing training on mental health problems to managerial workers, having those in charge of occupational health conduct interviews with workers, offering counseling provided by mental healthcare professionals, and implementing a variety of other measures through cooperation between employers and workers.

Meiko Electronics Co., Ltd. Industrial Safety and Health Guidelines

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.

Meiko Electronics Co., Ltd.
President & CEO **Yuichiro Naya**

Staff's VOICE

General Affairs Dept.
Supervisor **Shigeki Kuzumoto**



As the pace of globalization here at Meiko picks up, we now have many production and sales bases both overseas and in Japan, and as well as approximately 10,000 employees in the Group. For that reason it is extremely important to create a working environment that is safe and secure for the mental and physical health of all our employees.

During Fiscal 2012, we are conducting a risk assessment that focused on chemical substances and took steps to reduce risks at our Meiko Headquarters and Kanagawa Factory. We are also focusing on making improvements to the working environment by adding items to the working environment measurement list for our manufacturing sites.

We will continue improving safety and health management in the future as we aim for zero work accidents at all of our workplaces.

Staff's VOICE

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 selfdevelopment and encourage them to obtain technical qualifications.

We are also developing employees who can work globally by improving and expanding foreign language training programs for domestic workers and the training of overseas workers in Japan.



Training session for new recruits (manufacturing simulation training)

Educational and training programs for Fiscal 2011

Rank	Job-class-specific training	Departmental training				Global	OJT	Self-development
		Engineering	Sales	Manufacturing	Clerical work			
Executive	Executive training							Correspondence course program
Department head	Department head training	FMEA and quality/statistics training	Sales skill training	Plant manager and supervisor training	Specialized training	Foreign language training for overseas employees	TOEIC registration/evaluation program	
Managerial employee	Follow-up training for managerial workers Training for new managerial workers							
Supervisory employee	Assistant manager training	Safety and health training	Program to support qualification acquisition	Safety and health training	Program to support qualification acquisition			
General employee	Mid-career employee training Follow-up training New recruit training							

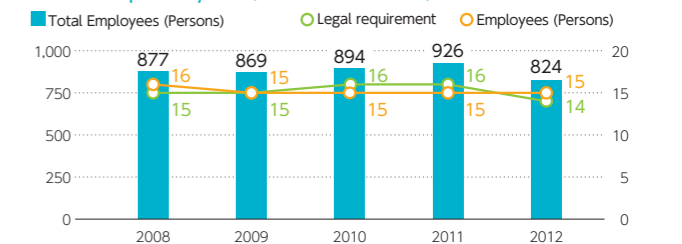
Respect for diversity

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. 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.

Changes in the number of our employees with disabilities and the number required by law (Fiscal 2008 - 2012)



(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 40 employees from overseas countries, including China, are working at Meiko’s business establishments in Japan, while approximately 100 Japanese employees are working overseas. These numbers have been increasing every year. In addition, as of Fiscal 2011, 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.

For Local Communities—Social Contribution

At Meiko, we encourage social contributions by our Headquarters and group companies to build close relationships with local communities. We will continue to ensure harmony between all our business bases, includ-

ing the Headquarters and local communities, and undertake activities for mutual development.

Wuhan

- Huanggang City, Hubei Province Donation to subsidy for students from poor families
- Local clean-up activities

Guangzhou

- Participation in blood donation activities (Yashan, Guangzhou)
- Continued relief activities for victims of the Sichuan Earthquake in China
- Fengmasan Village, Nansha District Donation to subsidy for poor families
- Fengmasan Village, Nansha District Donation to subsidy for improvements to village office

Vietnam

- Donation of educational equipment and supplies to local elementary, middle, and high schools
- Sponsorship of traditional wrestling meet held at Phung Xa village

Headquarters and Kanagawa

- Assistance with the Ayase Commerce and Industry Fair organized by the Ayase City Commerce and Industry Association
- Assistance with the Ayase Iki Iki Matsuri Festival organized by the Youth Group of Ayase City Commerce and Industry Association
- Assistance with the Spring Tournament (Meiko Cup) of the Ayase City Children's Baseball Federation organized by the Ayase City Children's Baseball Federation
- Provision of manufacturing practical training for an external organization
- Local clean-up activities/Participation in a local event to clean-up around Koza District rivers

Yamagata

- Acceptance of local junior high school students to help them learn through work experience
- Provision of internships and factory visits for local high school students
- Participation in blood donation activities
- Provision of factory visits for an external organization and chamber of commerce
- Local clean-up activities / Yachi Industrial Park

Activities in local communities

At Meiko, we deepen exchanges with communities where our business bases are located by actively participating in environmental beautification activities and other

events organized by the local governments in the various areas. We will continue to fulfill our responsibility as a good corporate citizen by encouraging social contribution activities in each local community.

Action 1 Rebuilding of elementary school that was damaged in the Sichuan Earthquake

As part of Meiko's relief efforts in response to the Sichuan Earthquake (magnitude 8.0) that occurred in Sichuan province in China on May 12, 2008, we have provided support since immediately following the earthquake for the reconstruction of an elementary school so that the local children can quickly return to school. The reconstruction work was completed over this past fiscal year, with the opening ceremony being held on September 16, 2011. The reconstructed new school building is equipped with a computer room, laboratory, art room, library, and other class rooms. Currently, approximately 200 students are studying at the school



New school during the completion ceremony

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 2011 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 on edge 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."



Hands-on work experience event for local middle school students



Factory visit with local high school students

Action 3 Planting activities

We assisted with the planting activities organized by Ayase City, Kanagawa Prefecture, where our Headquarters is located. In addition, our employees from the Headquarters and the Kanagawa Plant planted flowers in the green belt on the walkway in front of our main gate as part of our own activities for beautifying the local area. We planted salvias, begonias, and marigolds in the spring and pansies, violas, and tulips in the autumn. The pedestrians enjoyed the beautiful flowers as they passed down the walkway. We will continue to plant flowers twice every year to help beautify the local area.



Kanagawa area planting activities

Action 4 Activities to beautify the local areas

Each Meiko plant undertakes activities to beautify the local area and participates in the environment beautification activities organized by the local government. We clean up the area surrounding the Headquarters and the Kanagawa Plant every year. In Fiscal 2011, a large number of workers participated voluntarily in the activities and picked up garbage in a nearby park and the area around our premises. In addition, employees of our other plants in Japan have also actively participated in beautification activities organized by the industrial parks.

Kanagawa Prefecture has recognized these beautification activities by awarding us with an Environmental Protection Achievement Award on June 24, 2011.



Kanagawa Prefecture Environmental Protection Achievement Award

Action 5 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 2, 2012 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.



Yamagata Plant blood donation activity

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.



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 manufacture of printed wiring boards and the manufacture of metal masks, as well as the development and manufacture 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:

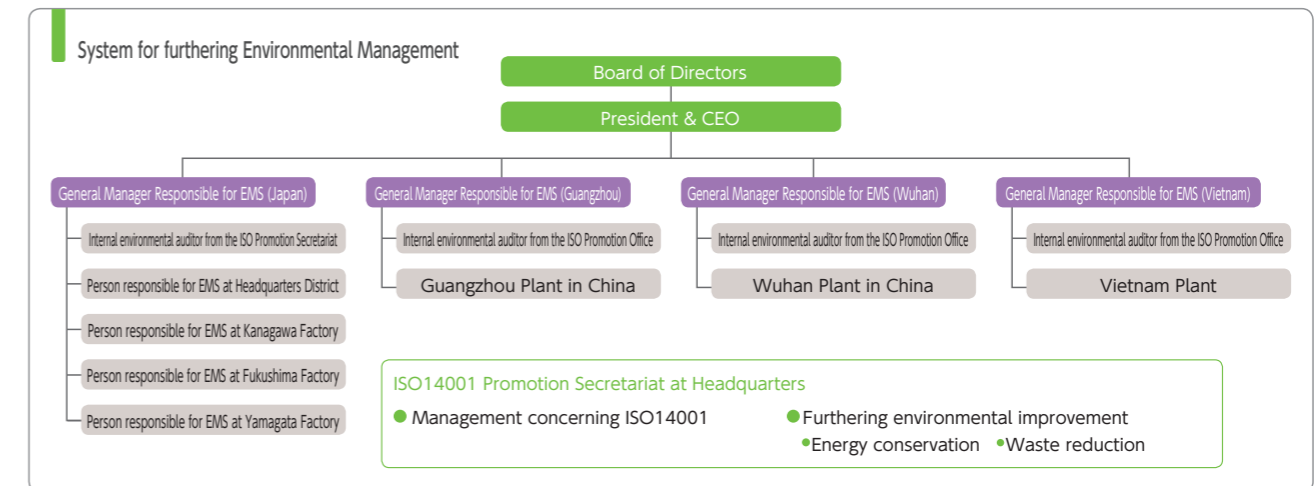
1. We have established a structure for strengthening our environmental conservation activities, and we develop and revise our environmental management system, operate the system appropriately to reduce our impact on the environment, and work continuously to improve both.
2. We contribute to environmental 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 CO₂ 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



Our two factories in Miyagi Prefecture and Fukushima Prefecture were heavily impacted by the Great East Japan Earthquake last year. Although the Fukushima Factory was forced to suspend operations after an evacuation order was issued following the nuclear power plant disaster, operations were resumed in July 2011. However, the Miyagi Factory suffered intense tsunami damage, and as a result operations have been still suspended. In response to the tsunami damage, Meiko has conducted decontamination work for hazardous materials, worked to save energy, and made adjustments for peak-hour cuts in response to the shortages in power supply. As we reflect on the possible suspension of nuclear power plant operations in the future, we will work to improve production efficiency while giving consideration to promoting measures such as smart grids, strive to reduce further environmental risks, 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 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 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 Miyagi 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.

Although operations were temporarily suspended at the 2nd Factory at Meiko Electronics (Wuhan) Co., Ltd. on October 18, 2011 due to an issue concerning environmental assessment licensing procedures, corrective measures were taken immediately and operations were resumed from January 19, 2012.

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 for Fiscal 2009 to 2011, with Fiscal 2008 being the benchmark year.

During Fiscal 2011 production efficiency deteriorated due to production adjustments caused by the Great East Japan Earthquake and the economic downturn. A particular result of this is that the quantity of energy consumed per reduction volume increased compared to Fiscal 2008. We established a new medium and long-term plan in Fiscal 2012, through which we aim to improve production efficiency, conduct further energy saving initiatives, and make steady reductions in per production volume metrics.

Environmental laws and ordinances

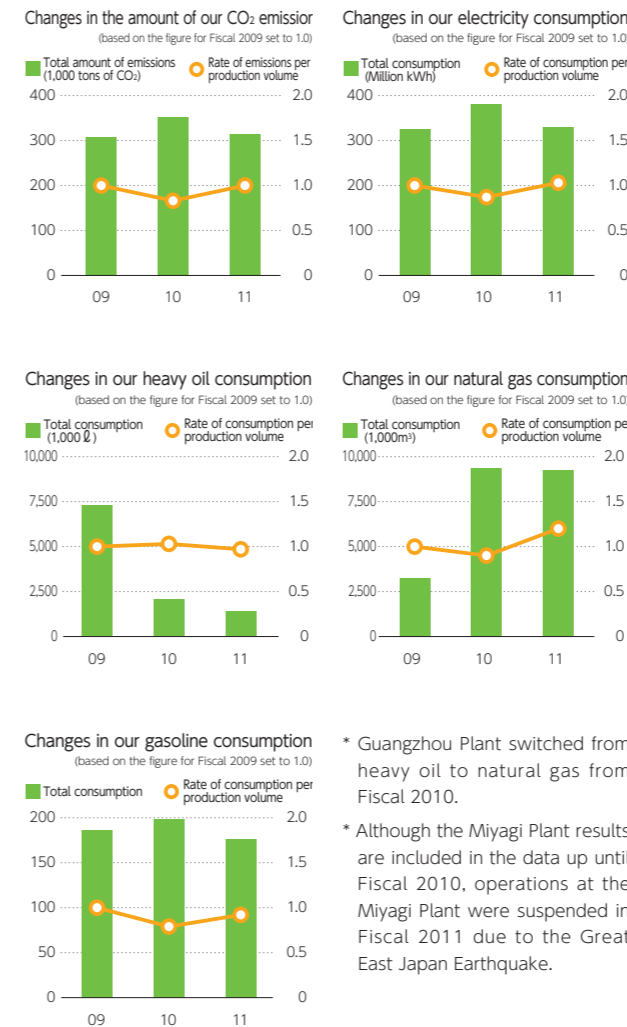
- Basic acts**
 - Basic Act on Establishing a Sound Material-Cycle Society
 - Act on Improvement of Pollution Prevention Systems in Specified Factories
- Pollution control**
 - Air Pollution Control Act
 - Sewerage Act
 - Vibration Regulation Act
 - Industrial Water Act
 - Purification Tank Act
 - Water Pollution Control Act
 - Noise Regulation Act
 - Offensive Odor Control Act
 - Soil Contamination Countermeasures Act
- Prevention of global warming**
 - Act on Promotion of Global Warming Countermeasures
- Waste regulation**
 - Waste Management and Public Cleansing Act
 - Act on the Promotion of Effective Utilization of Resources (Recycling Law)
 - Act on Recycling of Specified Kinds of Home Appliances (Home Appliance Recycling Act)
 - Act on Special Measures concerning Promotion of Proper Treatment of Polychlorinated biphenyls Wastes
- Toxic substance control**
 - Act on Confirmation, of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act)
 - Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. (Chemical Substance Control Law)
 - Fire Service Act (Hazardous Materials Regulations)
 - Poisonous and Deleterious Substances Control Act
 - Industrial Safety and Health Act
- Ozone layer protection**
 - Act on the Protection of the Ozone Layer through the Control of Specified Substances and Other Measures
 - Act on Ensuring the Implementation of Recovery and Destruction of Fluorocarbons concerning Designated Products
- Energy conservation**
 - Act on the Rational Use of Energy (Energy Saving Act)
- Ordinances and related regulations**
 - Kanagawa Prefecture Basic Environmental Ordinance
 - Kanagawa Prefecture Basic Environmental Plan
 - Kanagawa Prefectural Ordinance on Conservation of Living Environment
 - Ayase City Ordinance on Sewerage
 - Fukushima Prefecture Basic Environmental Ordinance
 - Fukushima Prefecture Basic Environmental Plan
 - Fukushima Prefectural Ordinance on Conservation of Living Environment
 - Yamagata Prefecture Basic Environmental Ordinance
 - Yamagata Prefectural Ordinance on Conservation of Living Environment

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 CO₂ 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 decrease in production quantity stemming from the economic downturn, total CO₂ emissions were down year on year for Fiscal 2011, however, the rate of CO₂ emission per production volume increased. We will continue reducing CO₂ emissions with further initiatives, particularly those involving efficient operation of facilities.



Energy Saving Committee



* 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 due to the Great East Japan Earthquake.

Examples of energy saving improvements

1. Fukushima Factory: Renewal of air conditioning to save energy
 Facilities deteriorate and become less efficient due to age. In response we replaced the air conditioning in clean rooms to high-performance equipment. Thanks to this renewal, we have managed to save 153,300kWh of power per year. In addition, as a result of changing the humidification method from boiler vapor to an electric method, we reduced the amount of heavy oil that was used in clean room air conditioning from 19,500 liters to zero, which in turn reduced the amount of heavy oil used at the entire factory by approximately 15%. We are making further energy savings by reducing the amount of clean room engine displacement and using the energy saving mode settings for business holidays.



New air conditioning

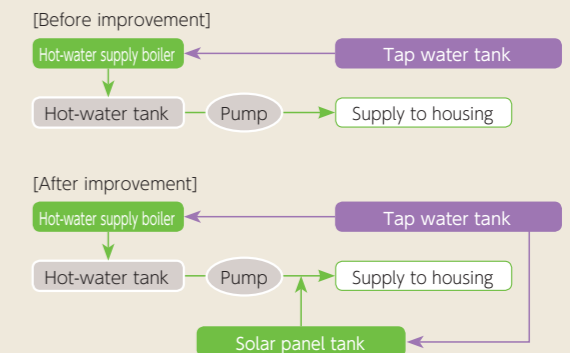
2. Wuhan Plant in China: Reduction in quantity of natural gas consumed through adoption of solar heating (solar panels)

Up until now, natural gas has been used as the energy source for the housing hot-water supply boiler. However, a solar panel was installed in March 2011 to increase the water temperature, to be operated parallel to the hot-water supply boiler using natural gas. As a result, we reduced the quantity of natural gas used in the housing hot-water supply boiler by approximately 43% year on year.



Solar panel

Hot-water supply cycle chart



● Article 27 of the Electricity Business Act

In order to achieve a 15% year-on-year reduction in power consumed during peak hours in accordance with the Electricity Business Act, we conducted measures such as reducing lighting, setting the air conditioning temperature to 28°C, and shifting the operation time of production facilities at our Meiko Headquarters and Kanagawa Factory.

Examples of initiatives

1 Meiko Headquarters

When the demand monitoring system detects that a set level of energy is consumed, an announcement is made in each department and automatic controls are simultaneously conducted, including a temporary increase in the air conditioning temperature setting.

2 Kanagawa Factory

Special air-conditioned clothing that lowers the sensible temperature by 2 to 3°C is utilized, an innovation that enables the air conditioning temperature setting to be raised without a change in the work environment or an impact on production.



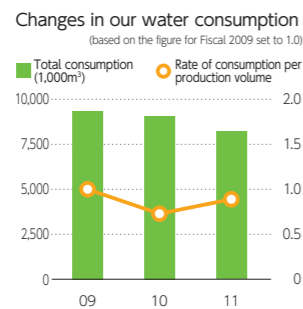
(From the left) Demand controller, air-conditioned clothing, fans for air-conditioned clothing

* Theory behind air-conditioned clothing: Two air circulation fans are installed in the area around the lower back to pull in air inside the workers' clothing and the sensible temperature is lowered to a comfortable level using the principal of heat vaporization to cause evaporation of sweat.

Cyclical Use of Resources

● Water consumption

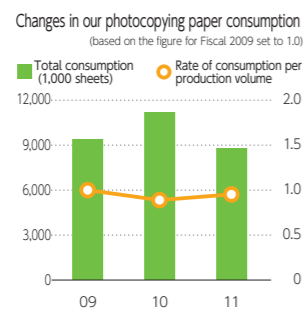
A large amount of water is used in the manufacture of PCBs for cleaning. We have reduced the amount of water used by managing the amount used at each facility and using reverse osmosis (RO) water. Continuing on from Fiscal 2010, in Fiscal 2011, we carried out our efforts to use the minimum amount of 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, 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 2010, in 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 2011.

*"Recycling" above includes thermal recycling.

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

Improvement cases

Kanagawa Factory
Introduction of internal treatment for waste acid liquid

Following the introduction of internal treatment device for waste alkali liquid last year, we made improvements over outsourced treatment for waste acid liquid treatment as well through the introduction of internal treatment device.



Waste acid liquid treatment device

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

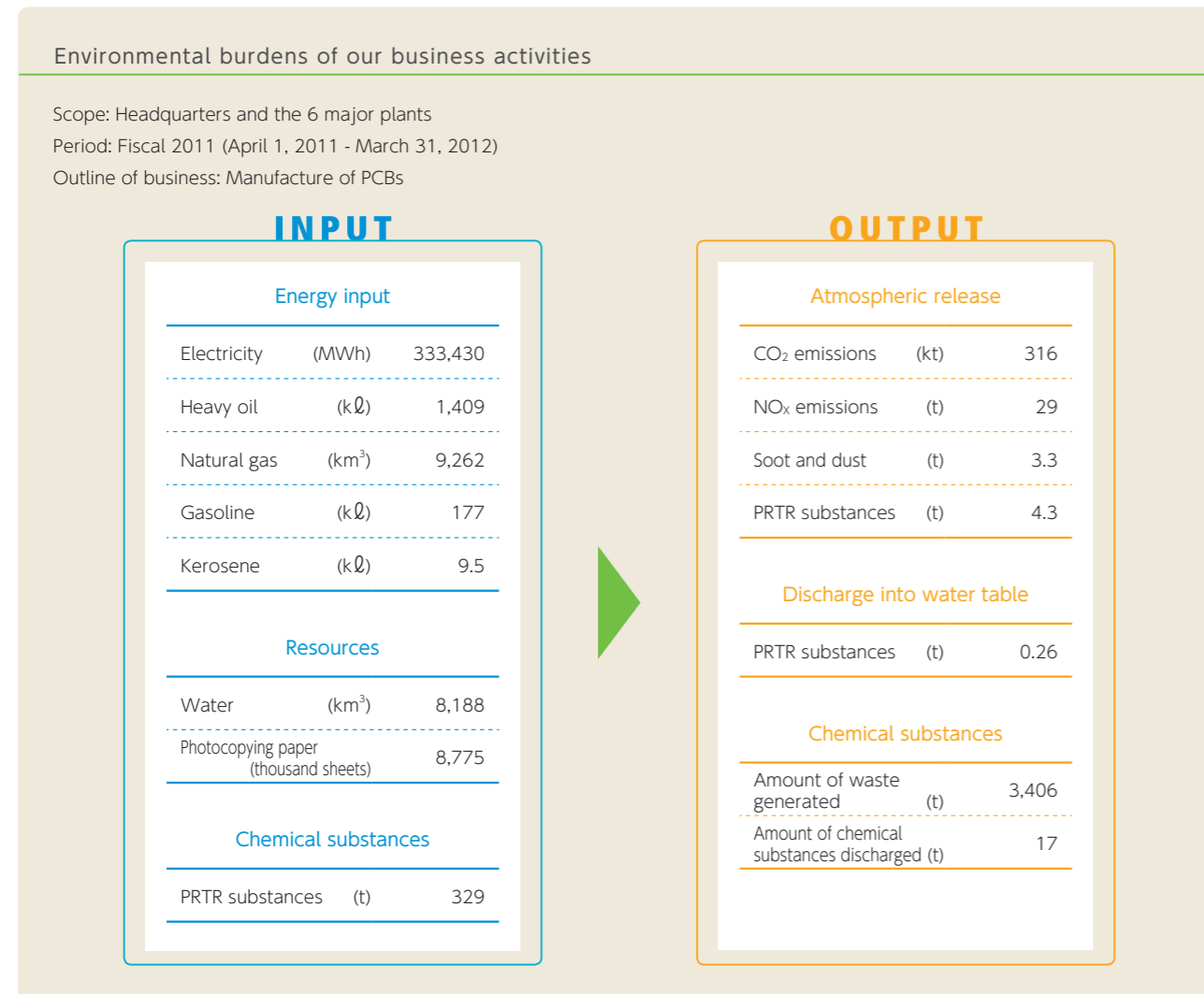
Plant name		Water quality				Equipment	Atmosphere		
		pH	BOD	COD	SS		Substance	Soot and dust concentration	Nitrogen oxide concentration (NOx)
Kanagawa Plant	Measurement unit	—	mg/L	mg/L	mg/L	Steam boiler	Measurement unit	g/m³N	v / v ppm
	Actual value	8.2	12.0	24.0	—		Actual value	0.0052	73
	Standard value	5.7~8.6	River: 25 Public sewerage: 300	River: 25 Public sewerage: -	River: 70 Public sewerage: 300		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/m³N	v / v ppm
	Actual value	7.7	24.0	10.3	5.4		Actual value	0.083	66
	Standard value	5.8~8.6	25(20)	25(20)	70(50)		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/m³N	v / v ppm
	Actual value	8.0	19.0	26.0	5.0		Actual value	0.004	71
	Standard value	5.8~8.6	25(20)	160(120)	60(50)		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/m³N	v / v ppm
	Actual value	7.3	45.5	113	10.0		Actual value	15.8	64.3
	Standard value	6~9	20 (300)*	90 (500)*	60 (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/m³N	v / v ppm
	Actual value	8.4	—	80.0	8.0		Actual value	42	357
	Standard value	6~9	20	80	50		Standard value	50	400

- The value in each "Standard value" column represents the upper limit per product, and the value in parentheses in the column represents the upper limit of the daily average.
- The water quality measurement items are partial disclosures of the living environment items of the Water Pollution Control Act.

* The value in the parentheses applies as a result of the connection of the pipes of the Guangzhou Plant to the sewage treatment center of Guangzhou City.

● 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.



☺ Employee's VOICE



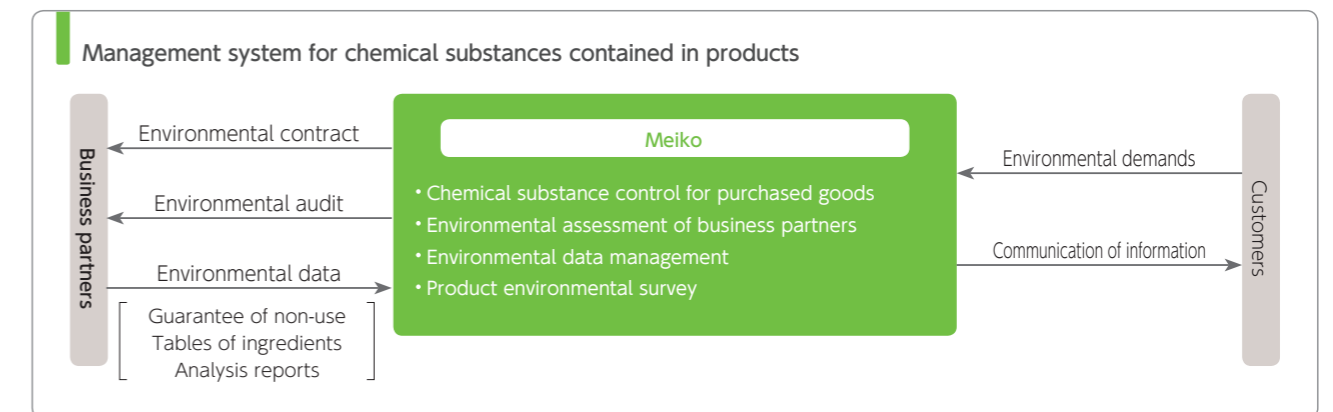
Wuhan Plant Environment Preservation Department Section Manager CHENG, Yuanwen

Six years have passed since we started operations at the Wuhan Plant in Fiscal 2006. During that time, the Environmental Preservation Department has contributed to the preservation of the environment by promoting preservation activities through environmental equipment that has reduced the amount of electricity, natural gas, and water used by more than 3% a year, in addition to conducting waste water management, air pollution prevention, and waste emissions management in accordance with rules and regulations. Although we did experience a problem concerning environmental assessment licensing procedures in Fiscal 2011, corrective measures were taken immediately and the problem has been resolved. We will continue to comply with laws and regulations on environmental protection activities in the future for the sake of the local community and our customers.

Employee's VOICE

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

● Acquisition of Green Certificate from customer

At Meiko, our initiatives for ensuring the superior environmental quality of our products have been highly rated by our customers. As a result, we have obtained Green Certificates from many of our customers.

Prohibited chemical substances

(substances the manufacturing and use of which is prohibited by the laws of Japan and other countries)

- Asbestos
- Azo dyes and pigments that form specific amines
- Cadmium and its compounds
- Hexavalent chromium and its compounds
- Lead and its compounds
- Mercury and its compounds
- Specific bromine series flame retardant (PBB/PBDEs)
- Cobalt chloride
- Polychlorinated terphenyls (PCTs)
- Polychlorinated biphenyls (PCBs)
- Polychlorinated naphthalene (with three or more chlorine atoms)
- Polyvinyl chloride (PVC)
- Short-chain chlorinated paraffins (C10 - C13)
- Specific organotin compounds (TBT, TPT, trisubstituted organotin compound)
- Radioactive materials
- Ozone depleting substances (CFCs, halons, carbon tetrachloride, 1,1,1-trichloroethane)
- Fluorinated greenhouse gases (PFC, SF6, HFC)
- Phthalic acid/phthalate compounds, di-isobutyl (DEHP, DBP, BBP, DINP, DIDP, DNOP, DIBP)
- Perfluorooctane sulfonate and its salts (PFOs)
- Chlorinated flame retardant (TCEP etc.)
- Dimethyl fumarate
- Specific benzotriazole
- Tetrabromo-bisphenol A
- Inorganic phosphorus flame retardant
- Dioxins (including dibenzofurans) Environmental Report CSR

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.

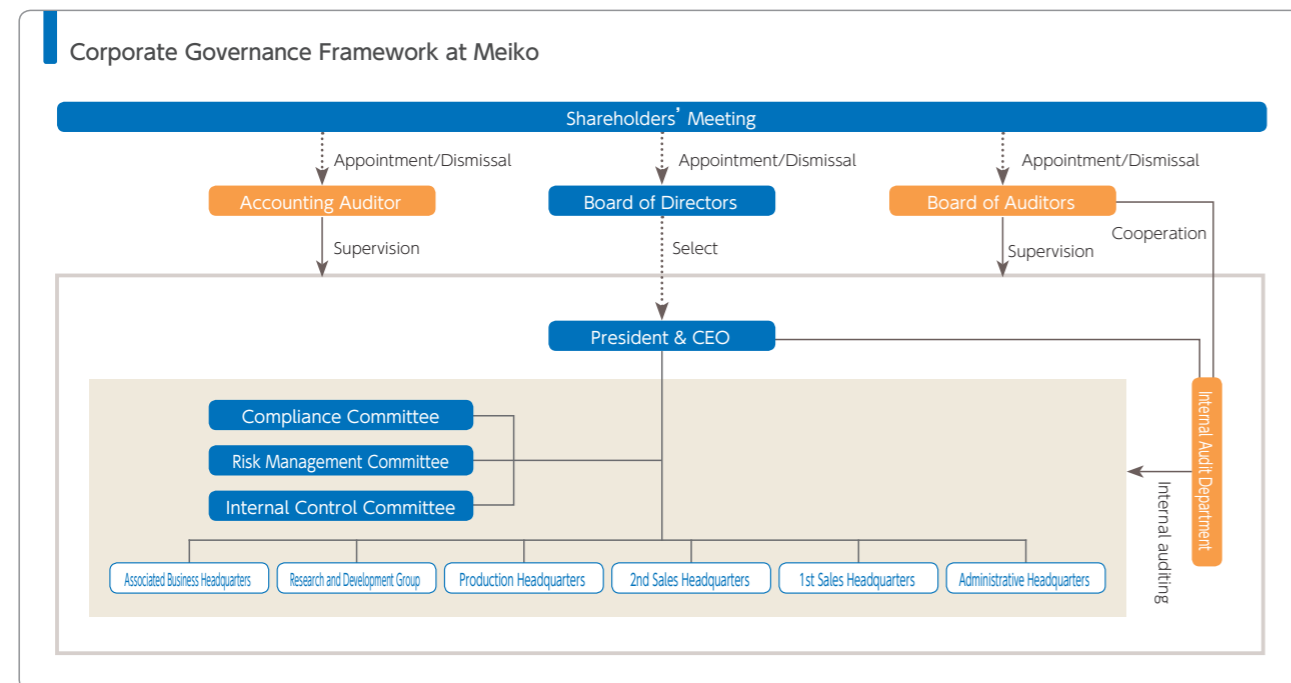
Corporate Governance

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 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 rdinance 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

With the full enforcement of the Financial Instruments and Exchange Act, it became mandatory in Fiscal 2008 for listed companies to evaluate their internal control over financial reporting and create and submit internal control reports based on the outcomes of the evaluations to ensure that their financial reporting was reliable.

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.

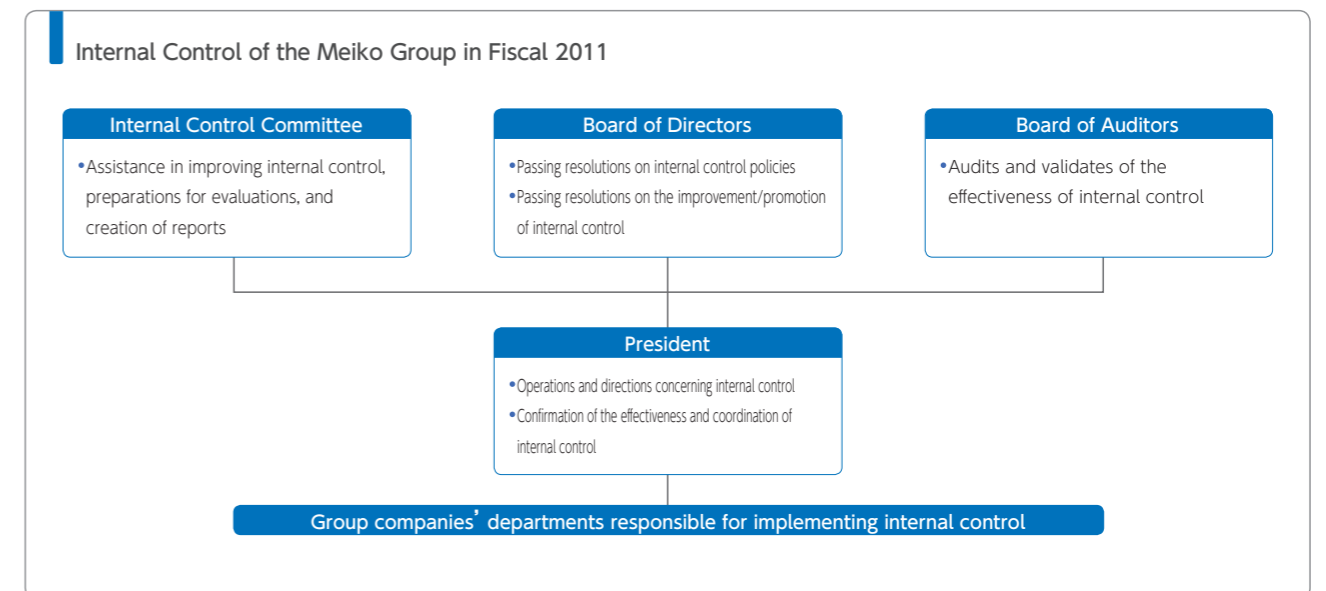
Based on these policies and plans, we again evaluated in Fiscal 2010 the effectiveness of our Companywide internal control (including account settlement and financial reporting processes) which would have a substantial influence on our overall consolidated financial reporting. Based on the outcome, we 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 2010, and received appropriate opinions from our auditors.

We have submitted our internal control report and financial reports for Fiscal 2010 to the Kanto Finance Bureau following a resolution by the Board of Directors.

Internal Control of the Meiko Group in Fiscal 2011



Measures for Ensuring Compliance

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 Manual shows more specific compliance rules to be observed by the Company and its employees.

system that spans across our business locations in both Japan and overseas.



Compliance Handbook

Past and Future Initiatives

The initiatives we have taken to ensure compliance include setting up a Compliance Committee, developing Compliance Regulations and a Compliance Manual. We have also introduced a whistleblowing system and set up the Help Line as a direct point of contact with employees. Matters reported under this system are discussed by the Compliance Committee as necessary and responses are considered by the Committee.

In order to have everyone in the Company striving for compliance, we believe it is essential not only to prepare a system, but to foster an atmosphere and sense of compliance awareness. The Company's own unique Compliance Handbook is distributed to all executives and employees in order to raise awareness, and can be accessed on our in-house website.

We will continue to fulfill our social responsibility in the future through the upkeep of our global compliance

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.

Compliance Manual

The Compliance Manual provides specific explanations of Meiko's approach to compliance, the compliance structure, and areas requiring compliance by executives and employees. These are listed below.

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

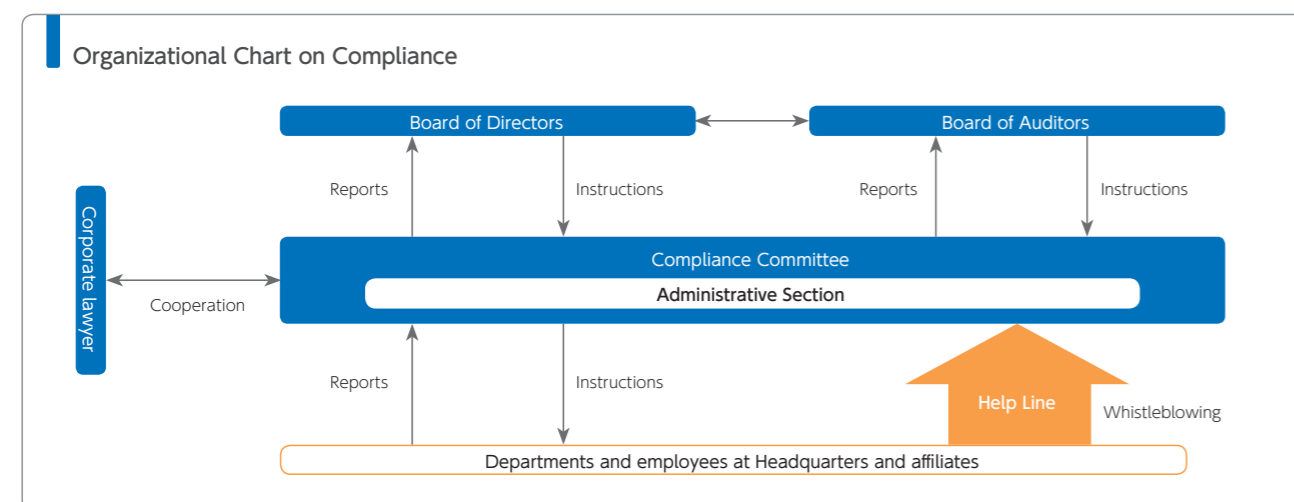
Antisocial forces

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".

Introduction of the Help Line

We have introduced a whistleblowing system (Help Line), 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.

Organizational Chart on Compliance



Measures for Information Security

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).

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.

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.

* The following is an excerpt from the "Confidentiality Obligations" section of the Compliance Manual.

We will never disclose to third parties any confidential information obtained through transactions with our customers, except when required to do so by laws or ordinances or when our customers have approved the disclosure for compelling business reasons.

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 obtained BS7799-2 certification.
January 2007	Transfer to ISO27001 certification was completed.
October 2009	Four applicable departments at Wuhan Plant in China obtained ISO27001 certification.
March 2010	We obtained ISO27001 certification after expanding the applicable range to 20 departments at the Headquarters and four sales branches.
December 2010	Six applicable departments at the Guangzhou Plant in China obtained ISO27001 certification
March 2011	We obtained ISO27001 certification after expanding the applicable range to all four PCB plants in Japan and four sales and research bases.
November 2011	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

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.

Impact caused by Great East Japan Earthquake

When the Great East Japan Earthquake occurred on March 11, 2011, we established the Emergency Headquarters immediately following the earthquake to confirm the safety of employees and visitors, conducted alternate production within the Group, and restoration of the damaged factories. The Fukushima Factory (Futaba-gun, Fukushima Prefecture) was designated as an evacuation area immediately following the earthquake due to the nuclear power plant disaster and an emergency evacuation of employees was conducted. However, operations were resumed in July 2011 when the evacuation area status was lifted. Operations at the Miyagi Factory (Ishinomaki City, Miyagi Prefecture) are currently suspended due to tsunami damage, and restoration efforts are currently underway.

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.

Risk factors

1. Management	(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
2. Information	(1) Leakage of important or confidential information (2) False information (3) Data falsification (4) Loss of information concerning customer, supplier, etc. (5) Internet harassment
3. Plants and facilities	(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
4. Human resources	(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
5. Trust	(1) Slander (2) Gossip (3) Falsification of corporate logo (4) Problems related to intellectual property right (5) Collapse of credit (6) Pollution/environmental problems
6. Antisocial acts	(1) Product tampering (2) Kidnapping (3) Threats to business or intimidation (4) Terrorism (5) Connections with antisocial forces (6) Wars
7. Natural disasters	(1) Earthquakes and tsunamis (2) Fires (3) Floods (4) Typhoons (5) Lightning strikes, blackouts
8. Organization	(1) Organizational culture (2) Insufficient systems for internal checks (3) Deviations from standards and regulations (4) Dishonest acts (5) Overseas risks

Corporate Profile (As of July 1, 2012)

Headquarters	5-14-15, Ogami, Ayase City, Kanagawa Prefecture, Japan 252-1104
Plants	<ul style="list-style-type: none"> ● Kanagawa Factory 5-14-15, Ogami, Ayase City, Kanagawa Prefecture, Japan 252-1104 ● Fukushima Factory 1-2, Aza-Iwasawa, Kamikitaba, Hironomachi, Futaba-gun, Fukushima Prefecture, Japan 979-0401 ● Miyagi Factory 8-5, Shigeyoshi-cho, Ishinomaki City, Miyagi Prefecture, Japan 986-0844 ● Yamagata Factory (Yamagata Meiko Electronics Co., Ltd.) 250, Aza-Maki, Yachi, Kahoku-cho, Nishimurayama-gun, Yamagata Prefecture, Japan 999-3511 ● Ebina Office 1012, Kamigo, Ebina City, Kanagawa Prefecture, Japan 243-0434 ● MEIKO Research and Development Center 3-35-6, Sugikubo-minami, Ebina City, Kanagawa Prefecture, Japan 243-0414 ● Yamato Technology Center 1-2-1, Shibuya, Yamato City, Kanagawa Prefecture, 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

Established	November 25, 1975																				
Capital	10,545.63 million yen																				
Executives	<table border="0"> <tr> <td>Yuichiro Naya,</td> <td>President & CEO</td> </tr> <tr> <td>Seiichi Naya,</td> <td>Director and Senior Managing Executive Officer</td> </tr> <tr> <td>Takahide Hirayama,</td> <td>Director and Senior Managing Executive Officer</td> </tr> <tr> <td>Masakuni Shinozaki,</td> <td>Director and Senior Managing Executive Officer</td> </tr> <tr> <td>Haruyuki Naya,</td> <td>Director and Managing Executive Officer</td> </tr> <tr> <td>Tetsuro Suzuki,</td> <td>Director and Managing Executive Officer</td> </tr> <tr> <td>Kunihiko Sato,</td> <td>Director</td> </tr> <tr> <td>Hitoshi Iyomoto,</td> <td>Senior Corporate Auditor</td> </tr> <tr> <td>Hiroshi Tsukii,</td> <td>Auditor</td> </tr> <tr> <td>Yasunobu Koshimura,</td> <td>Auditor</td> </tr> </table>	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	Haruyuki Naya,	Director and Managing Executive Officer	Tetsuro Suzuki,	Director and Managing Executive Officer	Kunihiko Sato,	Director	Hitoshi Iyomoto,	Senior Corporate Auditor	Hiroshi Tsukii,	Auditor	Yasunobu Koshimura,	Auditor
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Hitoshi Iyomoto,	Senior Corporate Auditor																				
Hiroshi Tsukii,	Auditor																				
Yasunobu Koshimura,	Auditor																				
No. of Employees	9,948 (Japan: 822; Overseas: 9,126) *As of March 31, 2012																				
Business	Design, manufacturing, and sales of PCBs Design: Pattern design Manufacturing: Double-sided through-hole PCBs, multi-layer through-hole PCBs, HDI PCBs, flexible PCBs, Flex-rigid PCBs, high current copper thickness PCBs, Heat Dissipation PCBs, embedded PCBs, etc. EMS, Solder Stencil Development, manufacturing, and sales of electronic equipment PCB testers Simultaneous multi-image display systems																				

Fiscal 2011 Annual Report

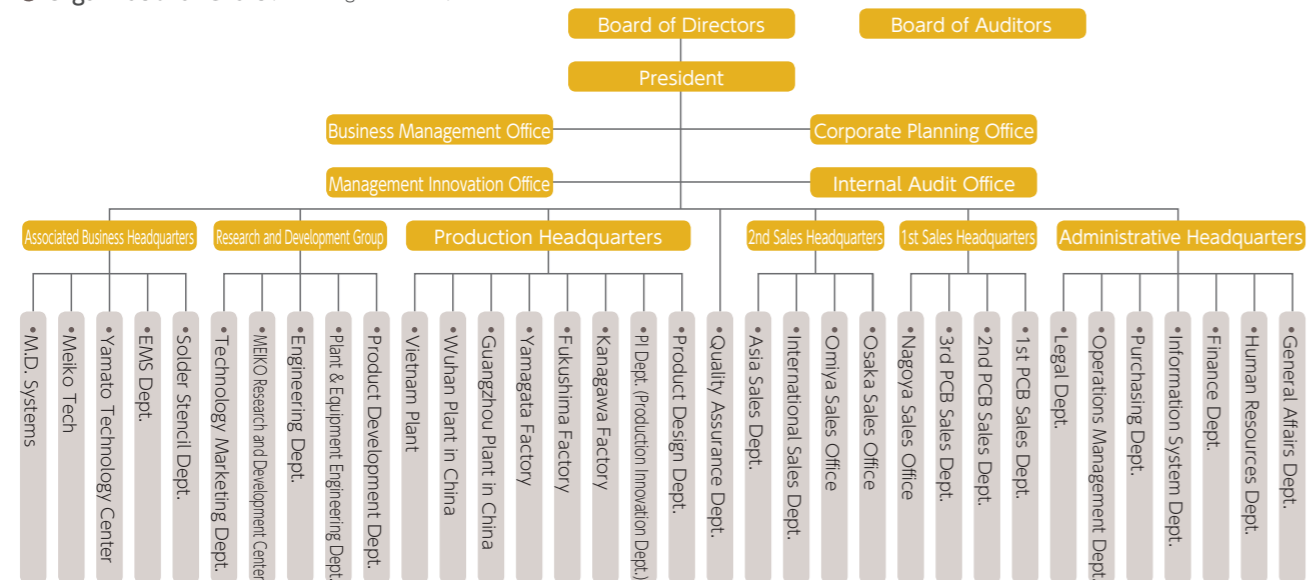
The global economy was sluggish overall during Fiscal 2011 due to the downturn in the United States and increasing uncertainty toward the monetary and fiscal crisis in Europe. Although the Japanese economy was faced with challenges including the impact of the Great East Japan Earthquake and record-high yen appreciation, the economy did show signs of hope toward the end of the fiscal year as the yen began to depreciate. The automobile industry, one of the Group's main business partners, was put to the test by impact of the Great East Japan Earthquake and the massive floods in Thailand on its operating environment. However, production showed signs of recovery following the prompt restoration of supply chains. Meanwhile, although smartphones and other mobile devices performed strongly in the electronics industry,

performance was sluggish for televisions and other digital household appliances due to intensifying international competition. Within this operating environment, the Group has addressed sales by actively taking steps to increase business with overseas corporations and develop new customers. In terms of production, the Group has continued to aggressively invest in fields where growth is expected. Nonetheless, due to factors including the impact of the earthquake, the temporary suspension of a plant at Meiko Electronics (Wuhan) Co., Ltd., and poor performance in the electronics industry, both net sales and income were down compared to the previous year.

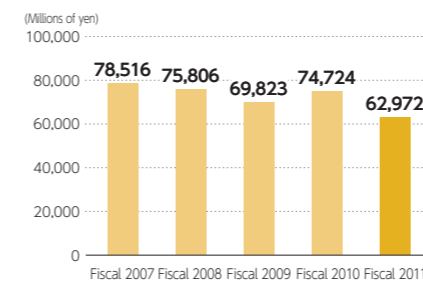
(Millions of yen)

	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011
Net sales	78,516	75,806	69,823	74,724	62,972
Operating income	7,307	1,760	3,793	3,297	812
Operating margin (%)	9.3	2.3	5.4	4.4	1.3
Net income (loss)	5,640	522	1,828	(3,094)	1,158
Net margin (%)	7.2	0.7	2.6	—	1.8
Net income (loss) per share	328.57	30.71	107.39	(166.32)	61.73
ROE (%)	16.7	1.5	5.0	(8.7)	3.4
ROA (%)	7.0	0.6	2.1	(3.5)	1.3

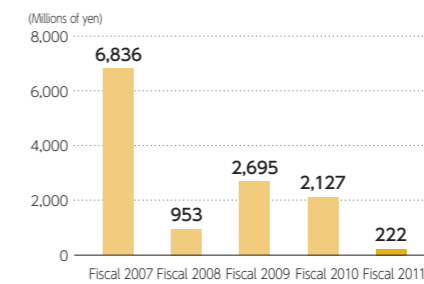
Organizational Chart (As of August 1, 2012)



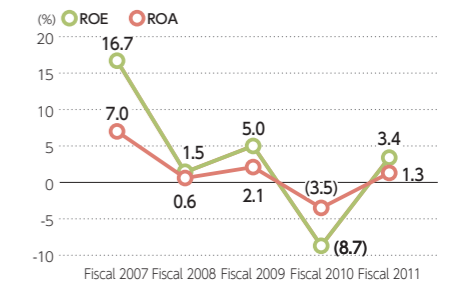
Changes in consolidated net sales



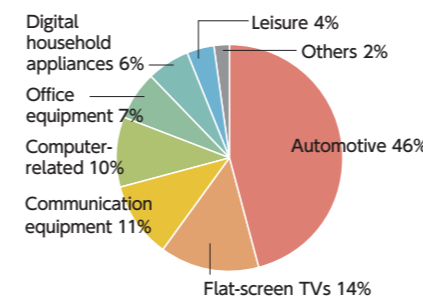
Changes in consolidated ordinary income



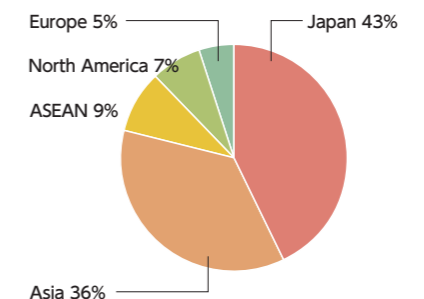
Changes in ROE/ROA



Sales composition by printed wiring board (PCB) type



Sales composition by region



Sales composition by product

