



C S R R E P O R T
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MEC COMPANY LTD.



Enjoy your work



Contribute to society

The Company motto is “Enjoy your work”
 Our desire is to ensure our members enjoy to the fullest the work that they spend their precious time on in each of their lives.
 Whatever the job, it’s very enjoyable if you take it seriously and the results help people live a better life.
 We will bring about an enjoyable society through the efforts of people who enjoy their work.
 We will pursue our own rich and happy lives and contribute to a bright and enjoyable society at the same time.



Creating and Fostering Value at Various Interfaces



CSR REPORT 2021

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Editorial policy

Since issuing the Environmental Report in 2006, we have striven to report information on our overall environmental conservation activities to all our stakeholders. In the 2020 edition, activities related to social aspects are included in the Environmental Report as items and released as “Social Activities and Environmental Report”. In this report, we have decided to further classify information on our activities related to corporate social responsibility from the perspective of the environment, society, and governance (ESG) and publish it as a CSR Report.

Referenced guidelines

- The RBA Code of Conduct version 7.0
- ISO26000 : 2012
- Environmental Reporting Guidelines 2018
- Environmental Accounting Guidelines 2005

Reporting period

Period reported : Our activities from January to December 2020.
 Some reports include activities since January 2021.

Scope of this report

MEC Co., Ltd. Amagasaki HQ. (concerning the Head Office / R&D center / the Amagasaki Factory), Higashi-hatsushima R&D Center, Nishinomiya Factory, Nagaoka Factory and Tokyo Sales Office Contains some information about overseas subsidiaries

About our business

The MEC group will contribute to the society by “Creating and Fostering Value at Various Interfaces”.

MEC's Philosophy

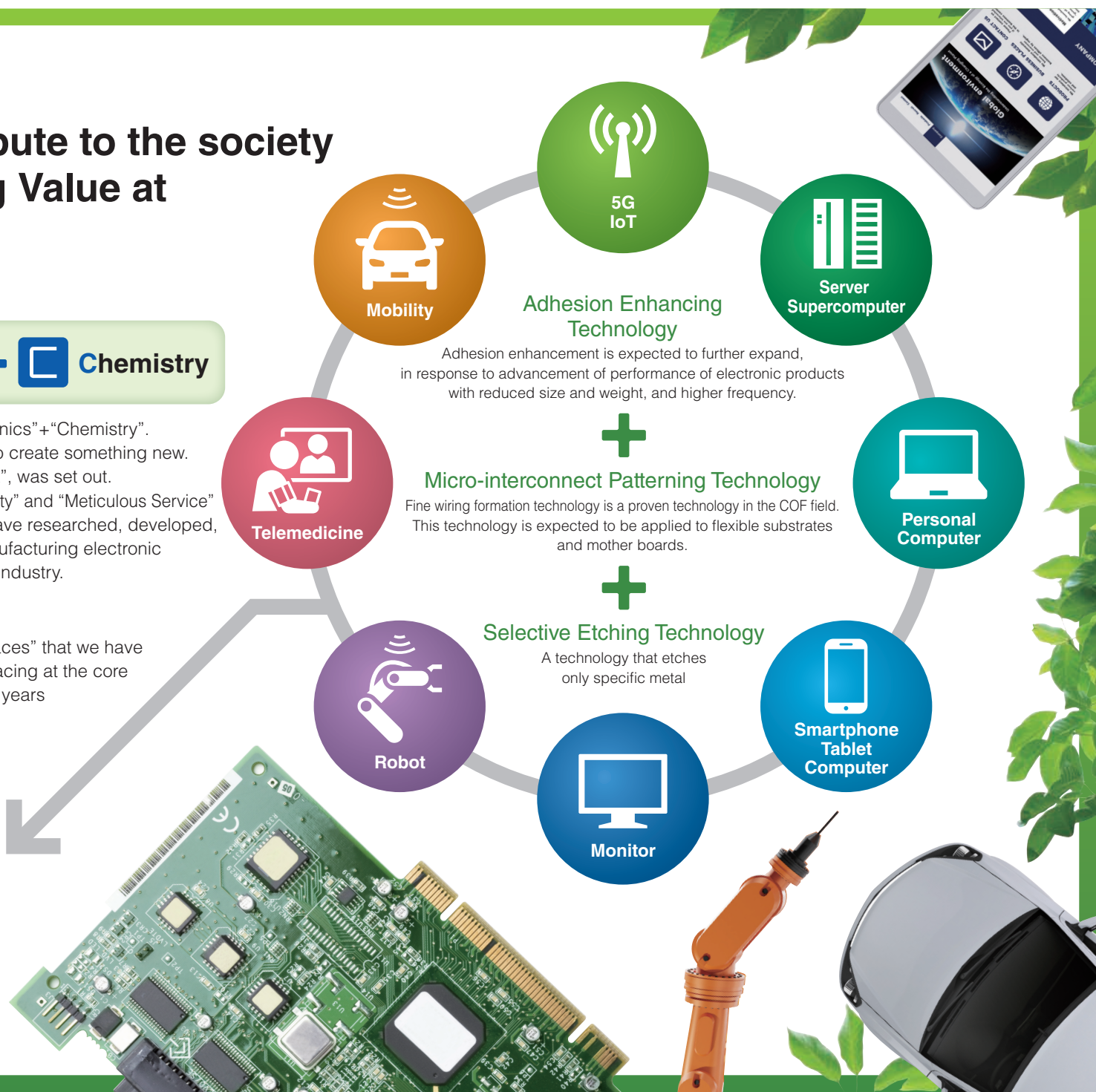
M Machinery + E Electronics + C Chemistry

The origin of the Company name MEC is “Machinery”+“Electronics”+“Chemistry”. It was named with the idea of fusing these elements together to create something new. Shortly after its founding, the company motto, “Enjoy your work”, was set out. Based on our principles of “Visionary Technology”, “Reliable Quality” and “Meticulous Service” we have freely conceived ideas; and since our founding, we have researched, developed, manufactured, and sold chemicals used in the process of manufacturing electronic substrates, and supported the development of the electronics industry.

MEC's strength

Our strength is “Creating and Fostering Value at Various Interfaces” that we have been researching and developing. We have done this while placing at the core the copper surface treatment technology cultivated over many years in the chemicals business for electronic substrate parts. Our products create an invisible “interface” at the boundary where metal and resin meet.

We will continue to contribute to society by providing high-value-added and optimal products and services. We will do so based on the technology we have cultivated in developing chemicals for manufacturing electronic substrates in response to changes in the Fourth Industrial Revolution, brought about by the IoT and AI that will continue to progress in the future.

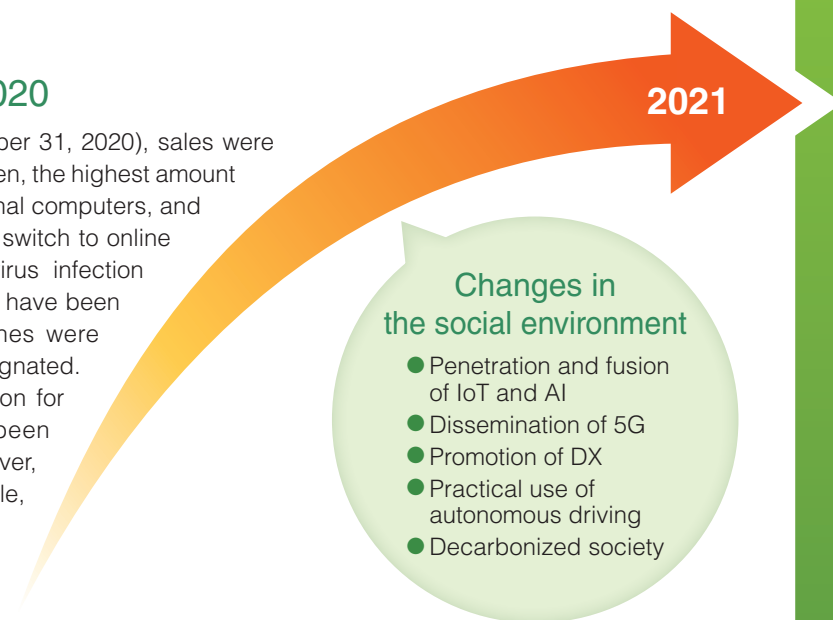


Summary of business activities in FY2020 and FY2021 outlook

Achieve sustainable growth through business activities

Summary of business activities in FY2020

Looking back on FY2020 (from January 1, 2020 to December 31, 2020), sales were 11,956 million yen and operating income was 2,370 million yen, the highest amount ever. We achieved this because demand for servers, personal computers, and tablets increased significantly in conjunction with the rapid switch to online operations triggered by the spread of the new coronavirus infection (hereinafter referred to as COVID-19), and related products have been performing well. On the other hand, sales of smartphones were sluggish worldwide, and hence sales of related products stagnated. Regarding the 5G market, which we have been focusing on for some time, I have the impression that progress has been somewhat delayed due to the effects of COVID-19. However, the Group's products are beginning to be used little by little, and we look forward to seeing steady growth in the future.



Changes in the social environment

- Penetration and fusion of IoT and AI
- Dissemination of 5G
- Promotion of DX
- Practical use of autonomous driving
- Decarbonized society

Outlook for 2021

Renewal of record high profits



Further expansion of needs of CZ Series of adhesion improvers

FY2021 consolidated business results (Expected)

Sales	Operating income
13.6 billion yen	3.1 billion yen

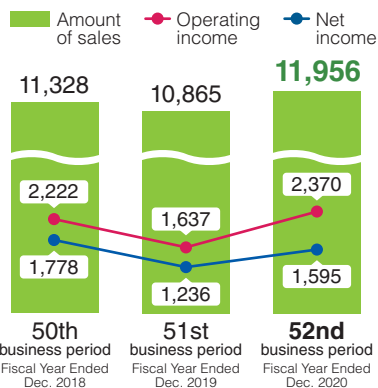
In the electronics industry, the market is expanding against the backdrop of earnest efforts related to the IoT, AI, and 5G and strong demand. However, due to strong demand for semiconductors, there is a possibility that supply will become tighter, and we need to keep an eye on future trends. Given such an expected external environment, we at the Group believe that demand in our markets related to the electronics industry will get stronger. In particular, we expect sales of the CZ Series to increase against the backdrop of stronger demand for package substrates on which semiconductors are mounted. The EXE Series is mainly used for displays, and we are making sure we capture opportunities to have them adopted for HDI boards for smartphones. Based on the above, the Group's consolidated financial results for FY2021 are expected to be net sales of 13.6 billion yen (up 13.7% year on year) and operating income of 3.1 billion yen (up 30.8% year on year).

(As of July, 2021)

Consolidated financial data

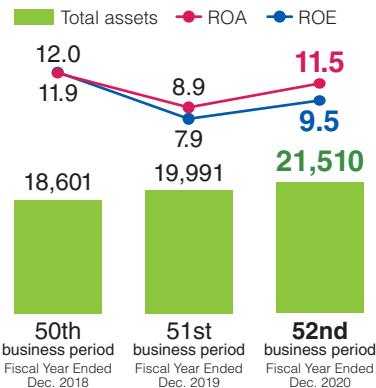
Amount of sales (million yen)

Operating income
Net income



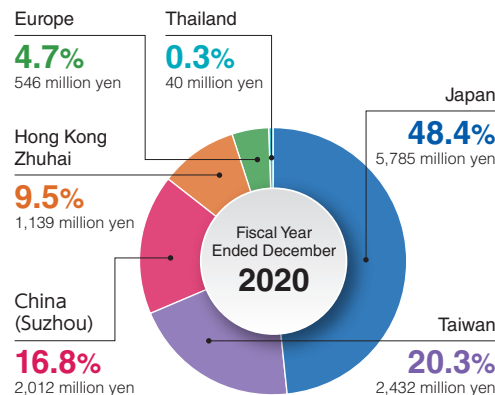
Total assets (million yen)

ROA (%)
ROE (%)



Sales by region (%)

Amount of sales (million yen)



■ Top Message

Provisioning of new value to the society with “Creating and Fostering Various Interfaces Adhesion Technology”, and We will work to improve corporate value in the ESG field.

Kazuo Maeda
CEO & President



The pandemic of COVID-19 has continued for over a year and is still affecting both people's lives and the economy.

We would like to express our deepest gratitude and respect to those who have supported the medical field at the forefront of treatment for a long period of time. We hope that the pandemic will end as soon as possible, and we will do everything we can for that.

We have supported growing industries with our unique technologies

The living environment surrounding us is undergoing a major transformation with the rapid evolution of digital technology through the development of the Internet of Things (IoT), artificial intelligence (AI), and the 5G communication network that supports them.

Our Company was established in 1969, and along with the progress of digitalization in society, we have built a

foundation as a manufacturer that develops, produces, and sells chemicals for manufacturing electronic substrates. Our technology, which adds value to the interface between metal and resin, supports the evolution and sophistication of electronic products and plays a role in helping people live rich lives.

We have been able to continue business for more than half a century because we have been involved in growth industries based on our management principle, and because we have delivered high-quality products and services backed by reliable technology. That has been our strength.

Management Philosophy

The MEC group will contribute to the creation of a prosperous and diverse society and sustainable environment, inspired by an unconventional approach based on the principles of “Visionary Technology”, “Reliable Quality” and “Meticulous Service”, thereby creating and fostering value at various interfaces through our global activities.

Company Motto

“Enjoy your work”

Company Rules

- Let's always aim to achieve new targets without fear of failure. Repeatedly try new ideas and improvements with unyielding curiosity.
- Let's make improvements with an insatiable curiosity.
- Let's carry out work with our combined power and a feeling of gratitude and cooperation.
- Let's make a fun workplace where people pay attention to health and safety.
- Let's contribute to society.

Although 5G has started to be used in earnest, it is still in its infancy from the perspective of widespread use. And chemical adhesion, which is a state-of-the-art technology that led to developments in roughening technology for which hopes are placed on us in this field, will advance in the future. We believe that this will be a major axis in our growth strategy. In addition, we believe that our technology can contribute to the practical application of autonomous driving and telemedicine made possible by high-performance IoT terminals (cars, displays, smartphones, etc.) that will come through establishing a new infrastructure called the 5G communication network. By flexibly responding to social changes, we will expand the fields in which we can play an active role and not be limited to our existing businesses.

Our concept of CSR

We see our corporate social responsibility or CSR as “creating social value through our business”. Our chemicals for electronic substrates alone cannot dramatically change the world, but we are proud to have supported cutting-edge technology from the sidelines. In the future, we will continue striving to ensure we live up to the expectations placed in us, and play a role in realizing a sustainable society.

From the perspective of preventing the spread of COVID-19, it is a time where we must to pay close attention to the movement of people and things. As for the movement of goods, especially between countries, the number of journeys made by ship and air has fallen, so we will do our best to move things so that there is no delay in procurement and delivery. In addition, with regards to the

movement of people, remote working is recommended as the infection spreads. But in the case of our Company, more than half of the employees are involved in R&D work or factory work and need to be present on site. Hence, we are working to prevent infections and thoroughly implement rules while putting the safety and security of our employees first. On the other hand, we will continue to fulfill our social responsibilities, recognizing that we are also “essential workers” as we make “products that support people's daily lives” and do “work that is incorporated into important supply chains”.

I believe that a company that can create new value is “one where employees can work with a sense of satisfaction”. I think that the most important role of a company and a manager is to create an environment where people who are in charge can work hard and enjoy themselves, not only in fields that create new things such as R&D but in all types of business. “Creating value” simply means “creating value, not only for yourself but also for those around you, and not only for the present but also for future generations”. We will sincerely tackle our own work, aware that the value created through our social activities will lead to the joy of our customers, business partners, shareholders and employees. That is our basic stance with regards to value creation.

Business environment in FY2020 and future growth strategy

In FY2020, a state of emergency was announced on April 7. And although there were concerns about the effects of the COVID-19, demand for personal computers and the like grew due to an increase in remote working and online lessons at companies and schools. As a result of this, overall performance was solid.



Improving corporate value in the field of ESG

Nowadays, it is not enough for companies to only make profits and give back to employees and shareholders; they also have various responsibilities as members of society. We will work harder than ever to improve corporate value in the field of ESG.

Since we have from the start been operating with the limited blessings of nature such as water and chemicals, in Environmental management, we are working to develop and manufacture products with a very keen awareness of the need to reduce environmental burden. In addition, since a large amount of water is used in our manufacturing processes, we are also focusing on cultivating and maintaining forests that are a water source. As an entity that handles chemical substances, we also carry out meticulous management.

Recognizing that “people are a company’s treasure”, we have created an environment in which each employee can demonstrate their various abilities regardless of their nationality, gender, age, or disability. In recent years, many companies have been working to encourage the active participation of women in the workforce and improve the

ratio of female managers. But since our founding in 1969, we have thought that “men and women should have equal opportunities”, and we have employed the necessary human resources regardless of their gender. Continuing our business on a level playing field without discrimination is our corporate culture, and I think the fact that we do not make special efforts for women, on the contrary, is the reason why there are no negative opinions expressed by men or any dissatisfaction shown among our female members. By striving to create an environment where employees can work comfortably, we believe that we help them to demonstrate their individual abilities more and this leads to the growth and development of the Company.

For Sociality, based on the company motto of “Enjoy your work”, we value the good “work-life balance” and “diversity” that allows for both a rich work and private life, and we have in place a system and environment that enables flexible working styles. Therefore, both men and women take maternity leave and childcare leave. We believe the fact that we have organized a way of thinking for the management staff, including myself, a corporate culture, and a structure, with the aim of becoming a company that can perform fulfilling social activities has led to our present situation.

For Governance, for a long time the majority of our board of directors have been outside directors, and we have introduced a social perspective to management. We have also established the Director Nomination Committee and the Compensation Advisory Committee. Hence, we are continuing to strengthen our governance system.

This enhancement of corporate value in the field of ESG leads to the provision of new value to customers, and as a result, is widely recognized by society, which also is

connected to our motivation and excitement. I want us to become a company that can create this kind of virtuous cycle.

From now, we will position this CSR Report as a two-way communication tool that connects our Company and stakeholders, and will widely introduce our various CSR activities. I hope that not only our employees but also our stakeholders will read it and give us their frank opinions.



About CSR basic policy

To face and respond to the expectations and interests of all stakeholders, we, the MEC Group, will promote CSR of the entire Group.

The MEC Group has established the MEC Group's Charter of Corporate Behavior as the guidelines for its basic CSR behavior.

Through our principal operations of metal surface processing, we will contribute to the creation of a safe and secure society that connects people and communities.


 [MEC Group's Charter of Corporate Behavior](https://www.mec-co.com/en/about/philosophy/)
<https://www.mec-co.com/en/about/philosophy/>

Relationships with stakeholders




Compliance with the RBA Code of Conduct

Compliance with the Responsible Business Alliance (RBA) Code of Conduct, which is the CSR Code of Conduct in the electronic equipment industry, the automobile industry, and such like, is an important theme for our Company, belonging as it does to the electronic equipment industry. The Code of Conduct is divided into the fields of labor, health & safety, the environment, and ethics, and each shows what companies should do to solve the issues that are of concern in working environments around the world. In order to comply with this Code of Conduct, we formulate and distribute the "Labor and Ethics Guidelines" to enlighten our members, and conduct surveys on labor and ethics within the department.

 [Version 7.0 of the RBA Code of Conduct](http://www.responsiblebusiness.org/media/docs/RBACodeofConduct7.0_English.pdf)
http://www.responsiblebusiness.org/media/docs/RBACodeofConduct7.0_English.pdf

SUSTAINABLE DEVELOPMENT GOALS



 The MEC Group supports the purpose of the Sustainable Development Goals (SDGs) advocated by the United Nations and will strive to help achieve the goals.

Company-wide CSR initiatives - 1

ESG classification	Classification by item	Related SDGs	FY2020 implementation details	
 Environment	Environment		<ul style="list-style-type: none"> ● [Exhaust gas control] Efficient delivery arrangements of orders received from customers ● Accurate response to environmental laws and regulations, and compliance with laws and regulations ● Development of products that reduce environmental impact ● Proposals for products that reduce environmental impact ● Proper management of waste ● Management of wastewater and waste liquid at appropriate values ● Recycling and reuse of plastic containers for products 	
	Chemical substance management and compliance with laws and regulations		<ul style="list-style-type: none"> ● Maintaining the mechanism of non-use of prohibited substances ● Sharing of information on chemical substances ● Appropriate response to laws and regulations, and compliance with laws and regulations ● Appropriate application for new chemical substances 	
 Social	Customers		Further improvement of customer satisfaction	<ul style="list-style-type: none"> ● Proposal of products and support suitable for customer usage ● Implementing a customer satisfaction survey
			Development and provision of products for innovation and solving social issues	
			Technical collaboration and technical exchange meetings	<ul style="list-style-type: none"> ● Holding of presentations and briefing sessions at customers' sites
	Suppliers		Collaborative efforts	
			<ul style="list-style-type: none"> ● Strengthening of relationships with suppliers ● Matching between new raw material procurement and sales, and exchange of information on industry trends ● Obtaining qualification for better transactions [CPP Certified Purchasing Professional] ● Education to raise awareness of procurement within the production / procurement department ● [Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors] <ul style="list-style-type: none"> ● Compliance with applicable suppliers ● Education for personnel in the department 	
	Shareholders / Investors		Briefing sessions such as financial results briefing	<ul style="list-style-type: none"> ● Briefing session held in Tokyo, information session using web conferencing system × 3
Individual interviews / meetings			<ul style="list-style-type: none"> ● Visits, Remote meetings (300 times in total) ● March 2021 : Technical briefing session for institutional investors using web conferencing system 	
Local Communities		Community contribution activities	<ul style="list-style-type: none"> ● Regular cleaning near the Amagasaki Headquarters (Monday, Wednesday, Friday) ● Tokyo Sales Office : Traffic Safety Week (Spring / Autumn), guidance to school at intersections 	
		Dealing with complaints from neighbors	<ul style="list-style-type: none"> ● Amagasaki Headquarters : Set up a line to indicate a temporary stop and called attention to it 	

Company-wide CSR initiatives ■ 2

ESG classification	Classification by item	Related SDGs	FY2020 implementation details	
<p>Social</p>	Employees		Work-life Balance	<ul style="list-style-type: none"> ● Overtime management ● Introduction of flextime system ● Encouragement for employees to take paid leave ● Start of telecommuting system ● Enhancing the leave system (in response to the closure of children's schools)
			Respect for human rights and fair labor practices	<ul style="list-style-type: none"> ● Compliance with Article 36 of the Labor Standards Act ● Implementation of employee satisfaction survey
			Promotion of work style reform	<ul style="list-style-type: none"> ● Introduction of full-time employee system for senior members ● Review of managerial wage system ● Setting up of satellite offices ● PC settings for telecommuting
			Improvement of learning opportunities and human resources	<ul style="list-style-type: none"> ● Support for self-study of foreign language (English)
			Occupational safety and health	<ul style="list-style-type: none"> ● Safety and health committee activities (Regularly)
			Education and training	<ul style="list-style-type: none"> ● Production Unit, R&D Unit : Work Skills Certification System ● Production Unit, R&D Unit : Implementation of risk prediction training ● Stress check (once a year), health checkup / special checkup ● Disinfection of fingers, Body temperature measurement ● R&D Unit : Training on intellectual property rights ● R&D Unit, Sales Department : Legal / contract training ● For all employees : Education on insider trading (e-learning) ● Company-wide : ISO activities ● Remote implementation of internal auditor training (quality / environment) ● Implementation of security education for all employees ● Thorough security education especially for researchers
<p>Governance</p>	Governance		Strengthening of effectiveness of governance	<ul style="list-style-type: none"> ● Responding to CGC revisions, etc., conducting board of directors evaluation
			Compliance, Risk management	<ul style="list-style-type: none"> ● Holding of internal control committee ● Compliance education (e-learning)
			Enhancement of whistleblowing system	
	Information		Security	<ul style="list-style-type: none"> ● Holding of Information security committee, creation and disclosure of in-house standards, regular enlightenment ● Strengthening of rules on handling of information security for each department
			System configuration	<ul style="list-style-type: none"> ● Construction of security-compatible system, construction of IT infrastructure for the future

Environment

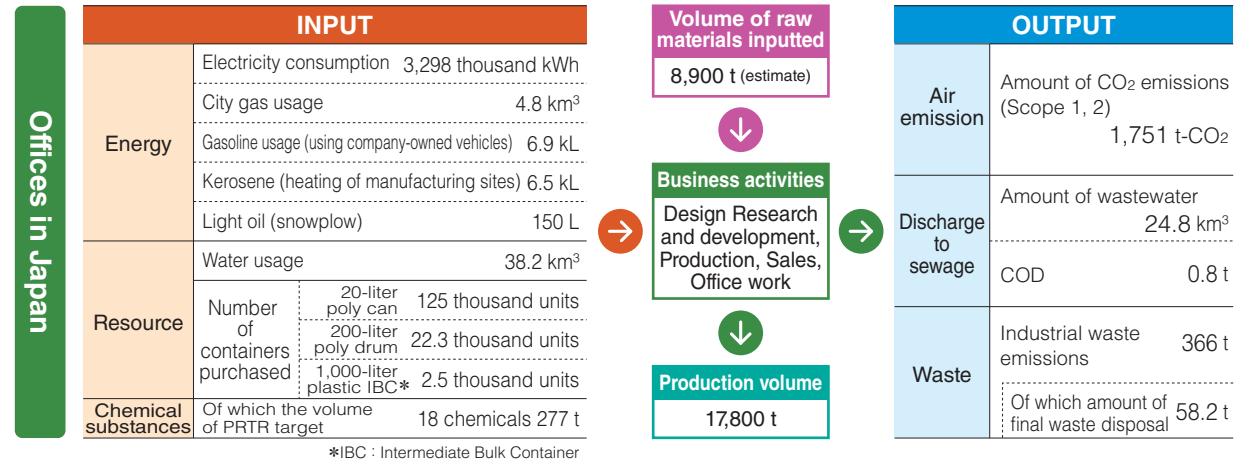
Report on environmental conservation

The Company develops, manufactures, and sells chemicals for manufacturing electronic substrates. Recognizing that our business activities consume energy and resources, we will work to reduce the environmental burden.

In addition to complying with environmental laws and regulations related to business activities, we provide products that take into consideration energy conservation measures, waste reduction, proper management of chemical substances, and product life cycle. The aim is to make effective use of resources, prevent pollution, and conserve the environment.

Relationship between business activities and the environment

We make efforts to grasp the amount of energy and resources consumed in our business activities, the amount of wastewater discharged, the amount of industrial waste discharged, and the amount of CO₂ emitted, and connect that information to environmental activities.



Offices in Japan

Office name	INPUT						
	Electricity consumption	City gas usage	Gasoline usage (Company-owned car)	Kerosene (heating of manufacturing sites)	Light oil (snowplow)	Water usage	Volume of PRTR target
Amagasaki HQ. (Amagasaki Factory)	928 thousand kWh	—	410 L	—	—	6.1 km ³	134.5 t
Nagaoka Factory	568 thousand kWh	1,815 m ³	181 L	6.5 kL	150 L	20.0 km ³	100 t
Nishinomiya Factory	216 thousand kWh	3,021 m ³	Included in Amagasaki Factory	—	—	2.9 km ³	20.7 t
Amagasaki HQ. (R&D Center)	777 thousand kWh	—	773 L	—	—	8.5 km ³	21.4 t
Higashi-hatsushima R&D Center	334 thousand kWh	—	86 L	—	—	0.78 km ³	Included in Amagasaki HQ. (R&D Center)

OUTPUT					
Production volume	Amount of CO ₂ emissions	Amount of wastewater	COD	Industrial waste emissions	Of which amount of final waste disposal
2,949 t	478 t-CO ₂	5.5 km ³	0.064 t	Included in Amagasaki HQ. (R&D Center)	Included in Amagasaki HQ. (R&D Center)
14,212 t	317 t-CO ₂	10.1 km ³	0.65 t	99.1 t	1.8 t
600 t	117 t-CO ₂	2.6 km ³	0.03 t	19.4 t	3.4 t
—	401 t-CO ₂	5.7 km ³	0.066 t	192 t*	50.4 t*
—	171 t-CO ₂	0.78 km ³	0.004 t	55.0 t	2.7 t

* Calculated for the entire Amagasaki Headquarters.

Global base

MEC FINE CHEMICAL (ZHUHAI) LTD.

INPUT	
Electricity consumption	224 thousand kWh
Water usage	9.9 km ³
OUTPUT	
Production volume	4,220 t
Amount of wastewater	4.4 km ³
Industrial waste emissions	116 t

MEC CHINA SPECIALTY PRODUCTS (SUZHOU) COMPANY LTD.

INPUT	
Electricity consumption	436 thousand kWh
Water usage	16.8 km ³
OUTPUT	
Production volume	8,070 t
Amount of wastewater	1.6 km ³
Industrial waste emissions	98 t

MEC TAIWAN COMPANY LTD.

INPUT	
Electricity consumption	2.7 thousand kWh
Water usage	2.7 km ³ (Excluding groundwater)
OUTPUT	
Production volume	6,060 t
Amount of wastewater	6.1 km ³
Industrial waste emissions	69 t

MEC EUROPE NV.

INPUT	
Electricity consumption	75.6 thousand kWh
Water usage	2.6 km ³ (For manufacturing)
OUTPUT	
Production volume	2,200 t
Amount of wastewater	—
Industrial waste emissions	43 t

MEC SPECIALTY CHEMICAL (THAILAND) CO., LTD.

INPUT	
Electricity consumption	280 thousand kWh
Water usage	6.2 km ³
OUTPUT	
Production volume	44 t
Amount of wastewater	6.2 km ³
Industrial waste emissions	29 t

ENVIRONMENTAL ACCOUNTING FOR FY2020 (Information on offices in Japan)

We use environmental accounting to calculate cost (expense) and effect (quantity) as a mechanism to quantitatively evaluate our environmental conservation efforts.

Table Environmental conservation cost in FY2020

Our environmental conservation cost for FY2020 was 593,466,000 yen. Of which, 85% is R&D costs. In FY2020, costs increased significantly due to the expansion and remodeling of R&D processing lines for products with a low environmental impact. The ratio of “upstream and downstream costs” related to the collection of used containers and consignment of container cleaning was as low as 1%, but it was about the same as in FY2019.

Development standards

- Data gathering period : 12 months from January to December 2020.
- Scope : MEC CO., LTD. [Amagasaki HQ. (Head Office / R&D Center / Amagasaki Factory), Nishinomiya Factory, Nagaoka Factory, Tokyo Sales Office, Higashi-hatsushima R&D Center.]
- Environmental conservation cost only targets cost whose objectives are clearly related to environmental conservation activities.
- For the research and development cost, costs which can be categorized into themes are individually processed, while costs which cannot be directly categorized are distributed in proportion based on theme-specific work hours.
- The amount of the cost includes depreciation costs and maintenance and management costs of facilities, as well as labor costs which are used for the purpose of environmental conservation.

Category	Main activities	Cost (thousand yen)
(1) Cost within business areas		72,122
1. Cost of preventing pollution	Maintenance and management of wastewater treatment facilities, prevention of water contamination, etc.	32,387
2. Cost of protecting the global environment	Energy conservation measures	0
3. Resource recycling cost	Cost of outsourcing the disposal of industrial wastes	39,734
(2) Upstream and downstream costs	Cost of outsourcing work to collect containers and wash them, etc.	6,280
(3) Management activity cost	Cost of maintaining and operating environmental management systems, cost of planting plants around business sites	8,165
(4) Research and development cost	Research and development of products with lower environmental load	506,057
(5) Cost of social activities	Global environment conservation activities, etc.	842
(6) Cost of responding to environmental damage	Not applicable	0
Total		593,466

Item	Amount (thousand yen)	Item	Amount (thousand yen)
Total amount of investment during the applicable period	719,032	The monetary amount of valuable goods sold in regards to (1)-3	780
Total cost of research and development during the applicable period	1,359,359	The monetary amount of valuable goods sold in regards to (2)	0
		Other (solar power generation) sold amount	5,052

Table Environmental conservation effects in FY2020

The environmental conservation effect is expressed based on the change in the absolute amount from the previous year (FY2019 conversion).

Primary units (the amount per ton of production) are also used for some indexes.

We are continuing to be actively involved in environmental conservation activities based on the recognition that one of our important missions is to reduce environmental loads.

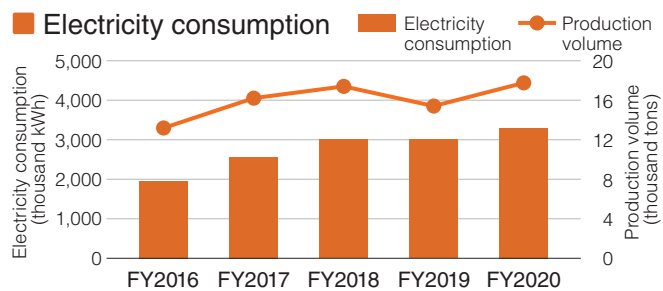
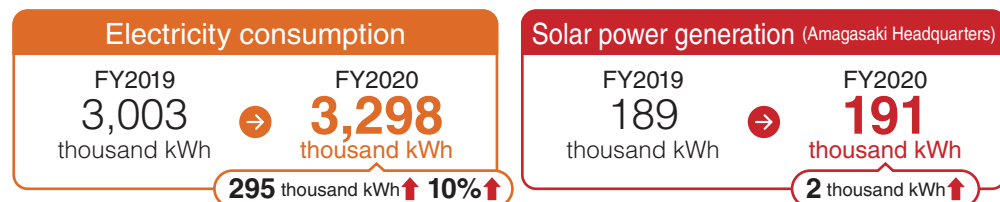
Category of environmental conservation effects	Environmental performance index	Value of the index (amount)	Comparison from the last fiscal year	Value of the index (intensity)	Comparison from the last fiscal year
(1) Effects in response to costs within the business areas					
Effects in regards to the input of resources into business activities	Amount of electricity input	3,298 thousand kWh	+294.5 thousand kWh	186 kWh/t	-4.7%
	Amount of city gas input	4.8 km ³	-0.1 km ³	0.3 m ³ /t	-14.9%
	Amount of water input	38 km ³	-0.7 km ³	2.2 m ³ /t	-14.8%
Effects in regards to the environmental load of business activities and associated wastes	Amount of CO ₂ emissions	1,751 t-CO ₂	+134.0 t-CO ₂	99 kg-CO ₂ /t	-6.0%
	Amount of COD emissions	0.8 t	±0.0 t		
	Total amount of industrial waste emissions	366 t	+21.3 t		
(2) Effects corresponding to the upstream and downstream costs					
Effects in regards to assets and services produced from business activities	Number of reused containers (total number)	plastic containers	53 thousand units	-3.4 thousand units	
		plastic drums	3.4 thousand units	-1.0 thousand units	



Electricity consumption, water usage and discharge status in Japan

Electricity consumption

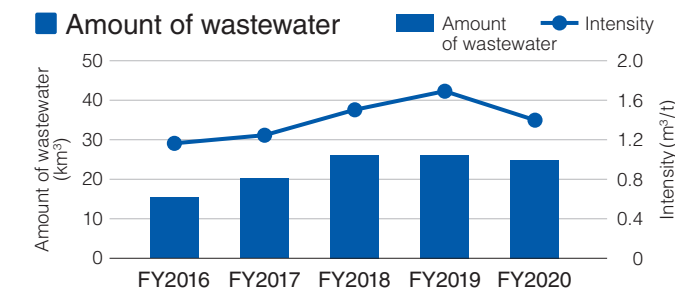
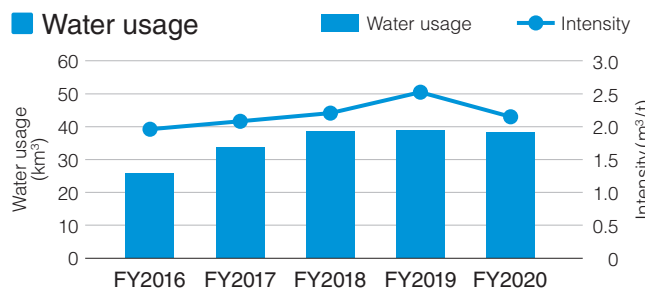
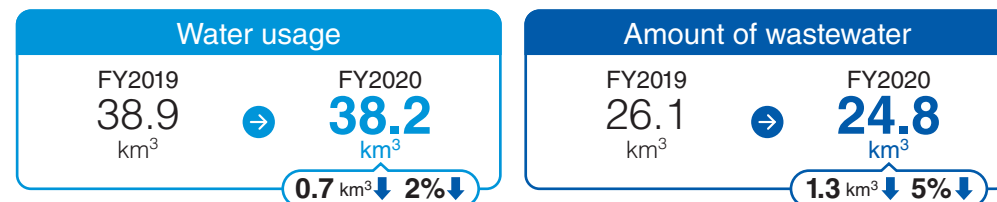
In FY2020, the three factories at Amagasaki, Nagaoka, and Nishinomiya will continue to operate, carrying on from FY2018, but the operation of the Nishinomiya Factory is shrinking (down 20% compared with FY2019, down 81% compared with FY2017), and it will be closed at the end of FY2021. After that, a two-factory system will be in operation. We believe that the increase in electricity consumption is necessary to increase the manufacturing volume, operate three factories, and improve the working environment. However, in order to reduce the environmental burden as much as possible, we generate electricity from sunlight on the roof of the Amagasaki Headquarters.



* Since FY2017 is a period of 9 months, the figure is calculated after converting it to 12 months.

Water usage and amount of wastewater

Water is an indispensable and main ingredient in our products. In addition, we use a lot of water for cleaning manufacturing equipment and for substrate processing lines used in R&D. Recognizing that a lot of water is used in our manufacturing processes and R&D processes, we strive to avoid unnecessary use in cleaning work and substrate processing line work. We have introduced automatic washing equipment to clean containers, and we are striving to manage and optimize our use of water.



Efforts for reuse of plastic containers

In order to effectively utilize the limited resources without waste, we are working to reuse containers. We sort out whether the containers collected from our customers can be reused, and we and our contractors clean and reuse the containers that can be reused.

Domestic customers are cooperating with this effort, but overseas shipments of poly cans and poly drums in particular are increasing (overseas shipment rate: poly cans 43.7%, poly drums 81.7%), and both recovery and reuse rates are declining.

In FY2020, the recovery rate was 41.0% for poly cans and 18.2% for poly drums, while the reuse rate was 73.9% for poly cans and 72.3% for poly drums.

Although the number of customers who receive delivery in plastic IBC is limited, the domestic shipment rate is as high as 72%, the recovery rate is 71.0%, and the reuse rate is 97.8%, and these tend to be higher than for other containers.

Proper disposal of wastes

In FY2020, the amount of waste we generated came to 366 tons, which was slightly increased as in FY2019 (22 tons increase, up 6.2%).

Of the amount of waste generated, the final disposal amount was 58 tons. We started collecting data on the final disposal amount from FY2018, and FY2020 was almost the same as FY2018 and FY2019.

We also sort metals and sell them as valuables, and no metal is discarded as waste metal. Going forward, we will strive to curb the generation of waste, and make efforts to reduce our environmental burden by thoroughly separating and recycling the generated waste.



Social

Report on sociality



■ Responsibility to Customers

Management of chemical substances in products

We work hard so as to prevent unintentional contamination of products with substances that should not be included in them (prohibited substances) based on laws and regulations, industry standards, and requests from customers. To this end, we have established a chemical substance management system and we monitor processes ranging from the purchase of raw materials to the shipment of products and provide thorough education for handlers. In July 2020, we revised our Management Standard for Chemicals in Products to improve the level of its utilization in operation.

■ Policy on chemical substances contained in products

- ① Prevent environmental pollution, reduce environmental load, reduce waste, and promote recycling
- ② Promote the development and improvement of environmentally friendly (less harmful) products
- ③ Comply with environmental laws and regulations and other requirements
- ④ Collect and disclose the latest information, and thoroughly ensure safety management

The PRTR System* Handling of target substances

Among the chemical substances we use, there are some subject to the PRTR system where we should report to the Ministry of Economy, Trade and Industry on the amount of emissions to the environment. Each factory and R&D Center uses substances while properly managing them. Currently, the Ministry of Economy, Trade and Industry is planning to revise the Cabinet Order of the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Chemical Control Act). We will proceed with changes in our internal management and SDS descriptions according to the revised content.

* A system by which administrative agencies grasp, summarize, and publish the amount of chemical substances released to the environment or contained in waste that goes outside the workplace based on companies' business reports and estimates.

Implementing a customer satisfaction survey

We carry out a satisfaction survey once a year on major customers that use our products a lot. This allows us to directly know their requests and dissatisfaction, utilize them for future product sharing, technical support, and in-house new product development, and strive to further satisfy them. We respond to requests and dissatisfaction in order from the ones that can be resolved.

■ Survey items

Product / technical support, Order support / counter support / after-sales service / price, Delivery dates / packing status, Environmental support

The average overall evaluation

FY2019		FY2020
4.3 out of 5 points	➔	4.4 out of 5 points

■ Responsibility to Suppliers

Basic idea of raw material procurement

When purchasing raw materials, we select suppliers based on clear criteria such as quality, cost, delivery time, and technical capabilities. We also attach great importance to the environmental conservation efforts of our suppliers.

When purchasing raw materials, we confirm the dangers and hazards while also complying with laws and regulations and protecting the environment.

In order to provide better products to our customers, we regularly evaluate the performance of our suppliers every year.

We asked major suppliers to confirm whether the requirements received from us were appropriate and point out what we should improve. In FY2021, we will start to work on the points to be improved that were pointed out and build a stronger relationship of trust with our suppliers.

CSR procurement

With the aim of promoting socially responsible activities and achieving continuous growth together with our suppliers, we also ask them to fulfill CSR and have business continuity plans (BCP*) in accordance with the above-mentioned RBA Code of Conduct.

* Business Continuity Plan : It predefines various countermeasure policies with the aim of securing human life while continuing business.

Response to conflict minerals

Because minerals illegally mined in some conflict areas in Africa (specifically, tin, tantalum, tungsten, and gold mined in the Democratic Republic of the Congo and nearby countries) are providing sources of funds for armed groups and other people, the international community avoids using minerals produced in these conflict areas.

The Responsible Minerals Initiative, which calls for non-use of conflict minerals in products, is also an important theme. To prevent the target minerals from being used in our products, we have built an internal system, carry out traceability surveys, and thoroughly monitor them from the stage of purchasing raw materials.

■ Relationship with local communities

MEC's activities related to forests

As a manufacturer of chemicals for electronic substrates, we use large quantities of water in our business activities. In the belief that we could make a contribution to the local community and environment, we grow forests to create water sources which will help to prevent global warming.

We are growing forests in Nagaoka City, Niigata Prefecture, where our Nagaoka Factory is located, and also in Amagasaki City, Hyogo Prefecture, where our headquarters is located.

In FY2020, we did not carry out maintenance activities, by the employee to reduce the risk of infection with COVID-19. However, with the cooperation of forestry cooperatives and other external parties, the necessary maintenance was carried out.



Nagaoka MEC Forest and past activities



Amagasaki MEC Forest and past activities



MEC's Forest Building → <https://www.mec-co.com/en/special/forest/>

As a temporary shelter in the event of a disaster

We offer our headquarters as a temporary evacuation shelter to the neighborhood associations in the event of a disaster since our headquarters are located in a residential area. In addition, we cooperate with evacuation drills at nearby nursery schools once a year. (Unfortunately, we could not conduct a disaster drill in 2020 due to the COVID-19.)

Beautification around business sites, Cooperation in Road Safety Week

With beautification of the environment around our sites in mind, we pick up garbage from gutters and roads three times a week except for the periods of intense heat in summer and severe cold in winter. The collected garbage is properly sorted and processed.

In addition, at the Tokyo Sales Office, we help and guide elementary school students using a crosswalk to ensure their safety during the traffic safety week in spring and autumn.

Relationship with shareholders / investors

General meetings of shareholders

We set a date for our General Meeting of Shareholders, which is a place for direct communication with shareholders, so that it avoids many general meetings of shareholders being held at the same time. We send out the notice of convocation of the General Meeting of Shareholders at an early stage, utilize exercise of voting rights via the Internet, and post the convocation notice in Japanese and English on our website. In these ways, we are working to facilitate the exercise of voting rights by our shareholders.

Financial results briefing session, seminar for investors and analysts (briefing session)

We hold financial results briefing sessions for institutional investors and analysts (four times a year), have technical seminars, and hold meetings with domestic and overseas institutional investors and analysts. We also hold company briefing sessions for shareholders, have seminars for individual investors, and exhibit at exhibitions. Thus, we are working to enhance the environment for communicating with shareholders and investors. The opinions and questions obtained through these forms of communication are reported to the management as appropriate.

In FY2020, we utilized the Web conferencing system and telephone conferences to hold financial results briefing sessions (3 times) and meetings (about 200 times in total) as appropriate to continue communication. On the other hand, we have decided not to have face-to-face company briefing sessions, or exhibit or participate in exhibitions and various fairs.

Communication with shareholders

In order to deepen understanding of the Company, we hold company briefing sessions after the General Meeting of Shareholders and issue a shareholder newsletter (twice a year). We will carry out a shareholder questionnaire in the shareholder newsletter, and utilize the feedback we receive when we disseminate information, create a magazine, and conduct business activities.



Online company briefing session for shareholders



Investor Relations → <https://www.mec-co.com/en/ir/>



Relationship with employees

Working environment

The premise of our Company is respect for human rights, and we clearly state that treatment that ignores human rights, such as child labor and forced labor, is strictly prohibited. When hiring people, we check their age with official documents and make strict rules to ensure there is no dishonesty.

In addition, the “Labor and Ethics Guidelines”, created based on the RBA Code of Conduct, are distributed and disseminated to all officers and employees to raise awareness of the need to prevent harassment. They are also posted in the in-house database, and we disseminate specific cases of harassment, and conduct training. In these ways, we are striving to prevent harassment. The guidelines also state that we will not discriminate in terms of employment, promotion, or salary increases based on nationality, place of origin, gender, sexual minority (LGBTQ+), etc.

Changes in the number of employees

MEC proactively recruits highly capable personnel, through hiring new graduates and mid-career entrants, as well as concluding direct employment contracts with temporary workers. Our employee retention rate has been constantly at a high level.

		FY2016	FY2017	FY2018	FY2019	FY2020
Employees, fixed-term employees *1	Male (persons)	137	145	160	163	159
	Female (persons)	59	58	64	67	68
Part-timers, etc. (Average of the year)	Male (persons)	0	0	0	0	0
	Female (persons)	2	2	1	1	1
Total	Male (persons)	137	145	160	163	159
	Female (persons)	61	60	65	68	69
Average age	Male (years old)	41.7	41.4	41.1	41.8	42.0
	Female (years old)	42.6	42.7	42.8	42.8	42.5
Average years of service	Male (years)	12.7	12.5	11.9	12.5	12.7
	Female (years)	12.7	13.2	12.4	12.7	12.8
Average annual salary *2	(Thousand yen)	7,137	6,972	7,037	6,990	7,227

*1 Officers and loaned staff not included *2 Includes bonuses and non-standard wages

Acquisition of paid holidays

In FY2020, the rate of taking paid leave was 61.6%. With the revision of the Labor Standards Act, it is obligatory for each employee to take 5 days paid leave, and the number of violations was 0. The rate of taking such leave was 73.7% in FY2019.

One of the reasons for the decrease in this rate is that the introduction of the telecommuting system has made the working hours more flexible.

Annual days taken per person

FY2019 12.5 days → FY2020 10.7 days

Overtime management

To ensure that overtime work per month does not exceed 45 hours, we monitor the amount done by each employee each month to prevent overtime work that may affect their health.

Average monthly overtime hours per person

FY2019 About 17.0 hours → FY2020 19.0 hours

Employee satisfaction survey

In order to improve the work environment, we conduct an anonymous awareness survey every year to obtain the opinions of employees and measure their satisfaction.

In the FY2020 survey, the 14th, we received responses from almost everyone as usual, and confirmed that high satisfaction was maintained.

In addition to the questions, there is a free entry field so that opinions can be submitted anonymously. In FY2020, we received multiple opinions on the personnel system and internal systems, and in consultation with the departments in charge, we made the content of our efforts known and improved the system.

Relationship with employees

About work-life balance

Our company motto is “Enjoy your work”, and we are making various efforts to ensure a good work-life balance for our employees.

■ Flextime system

We have introduced a flextime system in all Group companies as a style of work that reduces working hours by allowing employees to work more efficiently while maintaining harmony between their lives and work.

■ Introduction of full-time employee system for senior members

Looking ahead to an “era when people live to 100”, after our members reach the retirement age of 60, we have established a system where they can continue working with peace of mind while maintaining motivation as a “regular employee in a broad sense” for 5 years until the age of 65. This is instead of continuing to employ them while renewing their contract every year until the age of 65.

■ Education and training

Various education / training programs are offered according to the position or job type. Participation in external seminars is also actively encouraged.

In the labor and ethics field, improvement activities are conducted based on the annual risk assessment and management review. In addition, training related to mental health is also carried out on a regular basis.

In FY2020, due to the effects of COVID-19, face-to-face education and training was canceled and remote training was conducted.

■ Nurturing global human resources

We have established a language training system to develop global human resources. “Selected language training” is conducted via a special program, with the Company selecting human resources and paying the full cost for their training. In FY2020, there were 6 users of this system (cumulative total of 15).

■ Support for self-development

The Company subsidizes the cost of attending external education that is certified by the Company. We also encourage self-development, such as by paying incentives for people to acquire official qualifications.

■ Reserved paid leave

We have set up a paid special leave for the purpose of continuing employment, and it allows a member to rest for one week or more for their own medical treatment or recuperation, or for family care or nursing. Up to 5 days of the annual paid leave that expires can be reserved, up to a maximum of 40 days.

■ Paternity leave

We have a system of granting male employees paternity leave for the purpose of being present during the childbirth of their spouses and other related purposes. For each occasion of childbirth, paternity leave of up to 5 non-consecutive days is being utilized.

■ Numbers of employees who used childcare and family-care support systems

We aim to create a working environment where every employee can balance work with family life, by using leave and benefit systems to support employees' childbirth, childcare, family care, and the like.

	FY2016	FY2017	FY2018	FY2019	FY2020
Employees who have taken maternity / paternity leave *1	1	2	2	1	2
Employees who have taken baby-care leave *1	3	2	1	2	2
Employees who have taken child-rearing leave	20	18	22	27	24
Employees who have taken leave for nursing sick children *2	1	0	2	2	0
Employees who have taken long-term family-care leave	1	0	0	2	0
Employees who have used the reduced working hour system for family care	0	0	0	0	0

*1 Employees who have taken leave across fiscal years are counted in the numbers of the years when their leaves started.

*2 In addition to this leave, employees can take child-rearing leave (paid special leave : 5 days a year).

■ Return to work

In our company, 92% of the employees who used the system of baby-care leave have so far returned to work. While we do not have any special systems compared with other companies, the above figure suggests that we have a working environment that encourages smooth return to work.

Relationship with employees

Occupational safety and health

We build and operate a management system, in order to create a safe and hygienic workplace environment through efforts to discover and tackle such problems as dangerous work and places and hygiene issues.

Industrial accidents

In FY2020, we had not industrial accidents involving lost time injuries. We will continue to improve our working environment.

Health and safety education and training

Each of our business facilities is engaging in education, training, and other activities concerning industrial safety and health. Factories in particular are engaging in various activities, including study meetings on chemicals, forklifts, and other items; safety patrols; activities for learning from near misses; and training for predicting hazards, in order to raise safety awareness and prevent accidents and disasters.

Ensuring employee health

In addition to conducting stress checks (implementation rate is almost 100%), regular health examinations (consultation rate is almost 100%), and special health examinations, we also carry out re-examinations and thorough treatment of those with abnormality findings. We attach great importance to improving the mental and physical health of our employees.

Measures to prepare for a disaster

In the event of a natural disaster such as an earthquake or infectious disease, in order to secure human life and continue business we implement various measures such as formulating a BCP, conducting various types of related training, and introducing regular evacuation drills and safety confirmation systems.

Implementation of ISO training for internal auditors

In February 2021, we conducted ISO integrated internal auditor training for two days based on our integrated manual. In order to prevent COVID-19, we conducted online training using web conferencing system, connecting external lecturers, the Amagasaki Headquarters, Nagaoka Factory, and Tokyo Sales Office online, and a total of 45 people participated. It was the first online training held in-house to connect four bases, but we were able to hold the training safely.

Our company group's handling of COVID-19

Since the outbreak of COVID-19, the Company President has been positioned as the head of the Emergency Response Headquarters and we have striven to ensure the health of employees while keeping in mind the need to “prevent the spread of infection and maintain a system to continue product supply”. And based on our BCP (Business Continuity Plan), we have continued our corporate activities carefully and flexibly. We hereby give an outline of the measures implemented mainly for inside the Company as follows.

We will continue to take measures in line with the actual situation.

Way of working

- Telecommuting recommended
- Introduction of (full) flextime system
- Increase in options for way of commuting
- Expansion of leave system ...And others

Office environment

- Thorough cleaning / hygiene management
- Implementation of disinfection / temperature measurement
- Introduction of CO₂ sensors
- Arrangement of splash prevention panels
- Recommendation of silent eating
- Arrangement of satellite offices ...And others

Business trips, actions, etc.

- Refraining from unnecessary business trips, participating in events
- Employees refraining from eating and drinking together

[At the time of the 1st Declaration of a State of Emergency]

- Prohibition of movement between offices ...And others

Other measures

- Distribution of a fixed amount of masks to all employees when it is difficult to obtain masks (implemented twice)
- When schools are closed, recommendation for telecommuting and compensation for leave ...And others



Governance

Report on corporate governance and compliance

About Corporate Governance

The MEC Group believes that to maximize shareholder return, continuous initiatives toward reinforcing corporate governance, thereby enhancing corporate value, are crucial. Specifically, we will promote initiatives for fair and transparent management, speedy and accurate information disclosure, and thorough accountability, and are acting in accordance with the concept of the Corporate Governance Code.

Under the policy of promoting diversity in management, we actively invite and appoint outside officers and women. 4 (approx. 36%) out of a total of 11 management executives, directors, and operating officers, are women.

 [Corporate Governance](https://www.mec-co.com/en/csr/governance/) → <https://www.mec-co.com/en/csr/governance/>

Overview of organization composition and operation (As of March 25, 2021)

- Form of organization : Company with audit and supervisory committee
- Chairman of the Board of Directors : President
- Number of Directors : 7 (The number specified under the articles of incorporation : 10), including 4 Outside Directors
- Appointment of independent officers : 4 Outside Directors are appointed

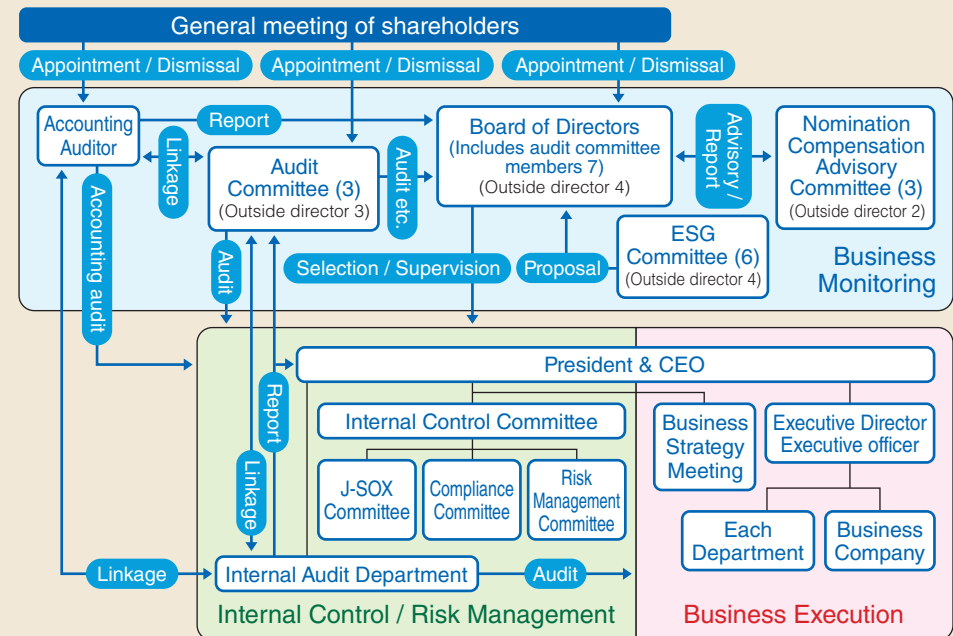
Overview of the corporate governance structure

By holding the Board of Directors every month, the Company oversees decisions of important matters related to management and the execution of duties by Directors. The Company has also established an operating officer system and a system in which Operating Officers can focus on business execution. In these ways, we are working to accelerate the decision-making of the Board of Directors. In addition, the Company also makes recommendations and proposals to the Board of Directors by internal committees. The Nomination and Compensation Advisory Committee, the ESG Committee, and the Internal Control Committee and its subordinate organizations has established the J-SOX Committee, Compliance Committee, Risk Management Committee, etc., and has established a governance system. These committees meet semi-annually or as needed.

About the Evaluation of the Effectiveness of the Board of Directors

Since FY2015, we have been conducting questionnaires and interviews with all internal and external directors regarding "evaluation of the effectiveness of the Board of Directors" in order to improve the functions of this. From that report, we evaluate that the board of directors of the company is functioning effectively in accordance with its roles and responsibilities.

Conceptual diagram of corporate governance



About Risk management

The Risk Management Committee, which has been established based on the Risk Management Regulations, takes the lead in working to prevent various kinds of risk and responding to risks that hinder the business of the company and the group companies as a whole.

Main agenda for FY2020

We discussed ways to identify and take countermeasures against management risks, countermeasures against COVID-19, revision of BCP-related standards, and so on.

About Compliance

Based on the “Compliance Regulations”, which specify the basic structure, roles of relevant parties, action guidelines and other matters concerning compliance, we set up the Compliance Committee chaired by the President. Thus, we are pushing ahead with the development of the structure to ensure compliance for the entire Group and use various opportunities to raise awareness of every officer and employee.

Main agenda for FY2020

We discussed the compliance-related measures, and the results, for the measures that each department worked on, including reports on the results of an employee awareness survey and reports on the results of a compliance test.

Formulating the standards for operational actions

The company has established the Employee Code of Conduct to ensure that all employees comply with rules, such as laws, prohibition of illegal profits, prohibition of anticompetitive agreement, checking of contracts by the legal department, prohibition of false advertising, respecting other companies’ intellectual property rights, etc.

[Compliance](https://www.mec-co.com/en/csr/compliance/) → <https://www.mec-co.com/en/csr/compliance/>

Internal control system

An overview of the system to ensure Directors’ performance of their duties is in compliance with laws and regulations and the Articles of Incorporation and other systems to ensure the appropriateness of the company’s business is as follows

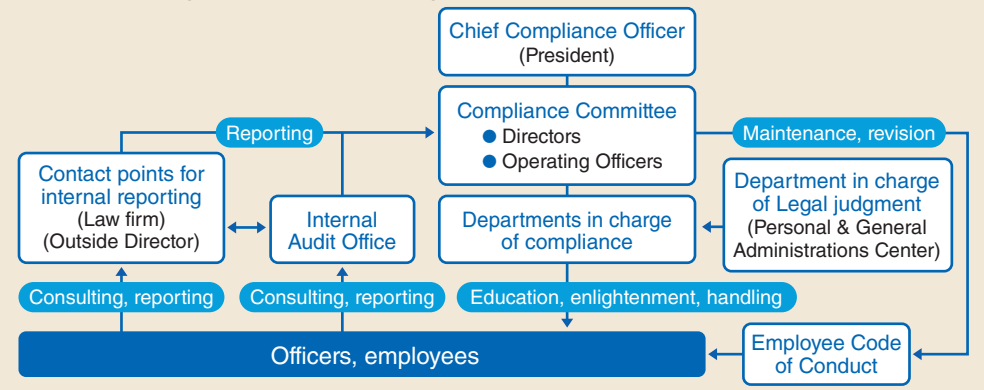
Basic policy of internal control system

- 1 System to ensure that the performance of duties of the MEC Group’s Directors and employees comply with laws and regulations and the Articles of Incorporation
- 2 System to ensure that the duties of the MEC Group’s Directors are performed efficiently
- 3 System for the storage and management of information related to the performance of duties by Directors of the MEC Group (Omitted below)

Whistle-blowing system

It stipulates that if any violations of laws or any misconduct occur or are likely to occur, they are to be reported internally. We have established contact points both inside and outside the Company for whistle-blowing of non-compliance, etc., and are building a system that makes it easy to report. The number of reports issued in FY2020 was 0.

Establishing the whistle-blowing system



About Information security

In order to properly manage and use the Company's information assets*, we have stipulated basic matters that officers and employees should comply with. And we are working to achieve uniform information security management by appropriately using them.

* All information that the Company legitimately obtains from itself or others and keeps; this covers all information including non-digitized information as well as human, physical, and environmental resources for using such information.

Management system

■ Operation of Information Security Committee

We have established the Information Security Committee, headed by the officer in charge of information security management, and it has representatives from each business site as members. It deliberates on and examines information security management within the Company. The latest committee deliberated on and examined how to ensure security when working from home and how to improve the environment for connecting to the internal network.

■ Implementation of information security audit

We regularly audit the actual state of information security management and strive to optimize it.

■ Main audit items for FY2020

Surveyed the optimization of account and access authority management, status of antivirus software updates, status of management of information media, etc. The management situation was appropriate.

■ Handling of confidential information of customers and business partners

Confidential information of customers and business partners is classified from our confidential information, and we have established an appropriate information management system according to customers and business partners and are implementing efforts to protect the information.

■ Compliance education (Web test)

We carry out a compliance test every year for all domestic employees (executives, full-time employees, contract employees, dispatched employees) regarding new legal regulations and ethical matters that must be observed in order to work.

■ About the compliance test in FY2020

- Number of people : 254
- Questions : 22 questions regarding compliance with insider trading regulations, Subcontract Act, etc.
- Result : Pass rate 98.1% (of which, 23.6% scored a full 100%).

After conducting the test, regardless of pass or fail, we explain the legal interpretation and norms to promote understanding.

Education and training on Information security

- Conducted information security training five times for people working at home and on business trips.
- A self-inspection on information security is conducted every year for all employees including indirect employees, the pass rate was 72%. After the implementation, regardless of pass or fail, we explain the rules and standards related to the problem and promote understanding.

About Protection of personal data

We are working to protect personal information by stipulating a personal information protection policy, establishing a mechanism for protecting personal information, and making all employees fully aware of the importance of protecting personal information.



Please see our Privacy Policy for more details.

→ <https://www.mec-co.com/en/etc/policy/>

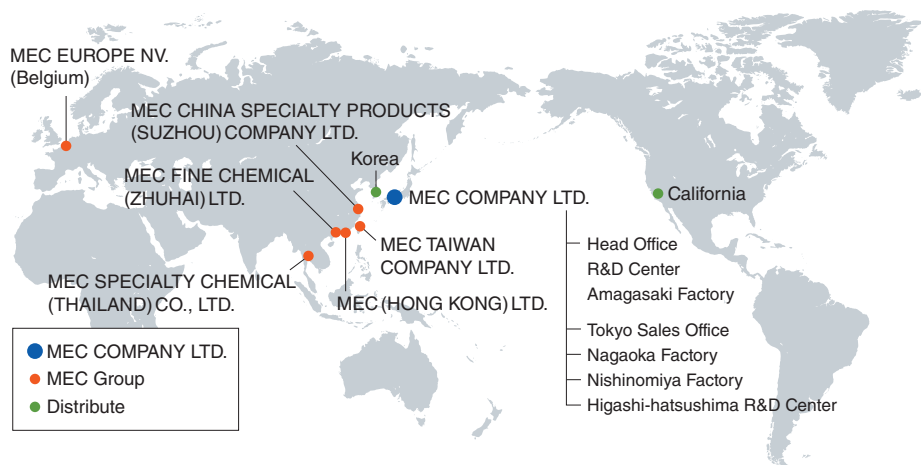
Implementation items and achievements of CSR activities

ESG classification	Classification by item	Implementation target for FY2020	Result	Judgment
Environment	Environmental conservation (Saving energy by improving efficiency)	Consider measures to improve the efficiency of the manufacturing process and thus improve productivity and reduce the environmental burden associated with it.	Completed the plan for the whole idea and concept of improving the efficiency of the manufacturing process. Substantial improvements such as introducing equipment will be carried over to FY2021.	△
	Environmental conservation (Saving energy by improving processing efficiency)	Improvement to efficiency of wastewater treatment by optimizing wastewater treatment equipment.	By improving the software of the sludge treatment equipment, we were able to improve the turnover rate for wastewater treatment. 1 rotation/day → 2 rotations/day	○
	Environmental conservation (Save energy by reducing defective rate)	Strengthening the mechanism to prevent the shipment of non-conforming products	Using Fault Tree Analysis (FTA), which is a method for analyzing the occurrence of errors in the manufacturing process, we analyzed and clarified the errors that are feared to occur at various stages of the manufacturing process. Processes that should be watched were dealt with by training and reviewing procedures. In the future, we plan to further improve the mechanism by modifying the system.	○
	Environmental conservation (Reduction of waste treatment costs, etc.)	Efforts to reduce waste treatment and water usage costs	By combining multiple measures such as waste treatment methods and contracts with treatment companies, we were able to achieve a significant reduction compared with FY2019. ● Reduction in costs in relation to waste treatment 10.9% ● Reduction in costs in relation to water usage 7.1%	○
Social	Customers	Introduce chemicals and equipment that can reduce the amount of liquid used and the amount of waste liquid, and contribute to reduce the environmental burden of our customers. ● 10 cases of newly adopting chemicals and equipment that can reduce environmental burden	● 12 cases of newly adopting related chemicals and machinery	○
	Suppliers	The following efforts will be made to stably procure raw materials. ① Build a cooperative system with subsidiaries ② Formulate and implement supplier strategies and policies	① We communicated the importance of promoting global procurement to subsidiaries and gained their understanding about a course of action for building a cooperative system. ② We began to build a system that allows us to enjoy further mutual benefits by strengthening relationships with suppliers in line with the current times.	○
	Employees	Dispel employees' anxieties about old age by holding life planning seminars and doing after-sales follow-ups. ● Target : Employees in their 40s or over	Seminars were held for the target members in collaboration with external financial institutions. Preparing four opportunities to attend in consideration of the impact of COVID-19. Highly evaluated by the participants.	○
Governance	Customers and Shipping companies	For SDS* that was created manually, we will introduce a system to automatically create it so that we can respond without omissions or leaks regarding legal requirements and others. In FY2020, we will formulate operational procedures and enter various pieces of data.	About 75% progress of the target We aim for 100% completion in FY2021.	△
	Others (Internal structure)	The following measures will be implemented with the goal of strengthening information infrastructure and BCP measures. ① Work to strengthen information infrastructure by strengthening backup lines for in-house networks (for Higashi-hatsushima R&D Center). ② Implement measures against momentary power outages in the event of a disaster and implement various measures to introduce remote working (for the entire company).	① The number of backup lines was increased as planned. ② We were able to take measures against momentary power outages and measures to introduce remote working.	○
		Expanded the maintenance and management system for the optimum equipment and machinery that is applied to the Amagasaki Headquarters so that it applies to the Higashi-hatsushima R&D Center.	It was confirmed that the Amagasaki Headquarters and Higashi-hatsushima R&D Center were operating without any problems.	○
	Compliance with laws and regulations	Thorough continuation of quantity control for poisonous substances	By introducing and properly operating the system to manage poisonous substances, we were able to continue thorough quantity management.	○

* A document that must be prepared and issued containing information on the hazards of chemical substances.

Company Profile

- **Company Name** MEC COMPANY LTD.
- **Head Quarters** 3-4-1, Kuise Minamishimmachi, Amagasaki, Hyogo 660-0822, JAPAN
TEL : +81-6-6401-8160
- **Kind of Business** R&D, production and sales of chemicals, equipment and related materials used in the production of PCB
- **Founded** May 1, 1969
- **Capital** 594,142,400 JPY
- **Stock Exchange Listings** Tokyo, 1st Section
- **Employee** 228(non-consolidated) 397(consolidated)
(As of December 31, 2020)



■ Status of acquisition of international certification at our Company and Group companies (ISO9001, 14001)

All MEC Group bases have acquired ISO9001 and 14001.

[ISO Certification](https://www.mec-co.com/en/about/iso/) → <https://www.mec-co.com/en/about/iso/>

■ Our quality and environmental policy

We strive to improve corporate value based on our Quality Policy and Environmental Policy.

[Quality Policy](https://www.mec-co.com/en/about/quality/) → <https://www.mec-co.com/en/about/quality/>

[Environmental Policy](https://www.mec-co.com/en/csr/env-policy/) → <https://www.mec-co.com/en/csr/env-policy/>

Comparison table of posted contents and international standards

We will post a table comparing the items in this report and international standards (ISO26000, RBA Code of Conduct).

MEC COMPANY CSR REPORT 2021	Page where it will be posted	ISO26000 Articles on ISO 26000's 7 Core Subjects							Articles related to the RBA Code of Conduct will be posted				
		Organizational governance	Human rights	Labor practices	The environment	Fair operating practices	Consumer issues	Community involvement and development	A Labor	B Health and safety	C Environment	D Ethics	E Management systems
About our business	02	—	—	—	—	—	●	—	—	—	—	—	—
Summary of business activities in FY2020 and FY2021 outlook	03	—	—	—	—	—	●	—	—	—	—	—	—
Top Message	04 - 06	●	●	●	●	●	●	●	●	●	●	●	●
Basic policy on CSR	07	●	●	●	●	●	●	●	●	●	●	●	●
Company-wide CSR initiatives	08,09	●	●	●	●	●	●	●	●	●	●	●	●
Environment Report on environmental conservation	10-12	—	—	—	●	—	●	—	—	●	—	—	●
Social Report on sociality	13-18	—	●	●	—	—	●	●	●	●	—	—	●
Governance Report on corporate governance and compliance	19-21	●	—	—	—	●	—	—	—	—	—	●	●
Implementation items and achievements of CSR activities	22	—	—	●	●	—	●	—	—	—	●	—	—



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