



ENVIRONMENTAL REPORT 2016





Environmental Report 2016

(April 1, 2015 - March 31, 2016)

no.01 ENVIRONMENTAL POLICY

BASIC POLICY ON THE ENVIRONMENT

01

no.02 ENVIRONMENTAL MANAGEMENT

ENVIRONMENTAL MANAGEMENT SYSTEM

02

ENVIRONMENTAL TARGETS AND RESULTS

03

ENVIRONMENTAL ACCOUNTING FOR FY2015

04

no.03 ENVIRONMENTAL CONSERVATION

ENVIRONMENTAL IMPACT ASSOCIATED WITH BUSINESS ACTIVITIES

06

CHANGES IN ENVIRONMENTAL PERFORMANCE

07

MANAGEMENT OF CHEMICAL SUBSTANCES

09

BASIC POLICY ON THE ENVIRONMENT

Management philosophy

Visionary Technology, Reliable Quality, and Meticulous Service

Making use of our greatest strength our ability to develop our core technology with interface treatment related to electronics, we will expand our global business activities to help create a rich and wonderful society with the principles of Visionary Technology, Reliable Quality, and Meticulous Service.

COMPANY MOTTO

“Enjoy your work”

COMPANY RULES

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

Based on the above-mentioned management policy, we have established the following environmental policies to guide us in taking our environmental protection activities. In accordance with this policy, we are making efforts to protect the environment and conserve resources and energy, and we will continue to contribute to the creation of a sustainable and rich society in harmony with the global environment.

Environmental policy

In accordance with the environmental management system in compliance with ISO14001, we are promoting environmental protection.

1. Recognizing the environmental aspects in our activities, we will comply with environmental laws and regulations and other requirements, while at the same time striving to continuously improve our environmental management system and increase the management level.
2. In order to make efficient use of resources, prevent pollution and protect the environment, we will:
 - Measures to save energy
 - Reduction of waste, promotion of recycling
 - Provide of products that were manufactured while considering the product life cycle
 - Implement of chemical management
3. We will make this environmental policy well known to all those who work in our company, and also disclose it to the general public.

April 1, 2015
Kazuo Maeda, President & CEO
MEC COMPANY Ltd.

ENVIRONMENTAL MANAGEMENT SYSTEM

Acquisition of ISO14001

The Company has established an environmental management system (EMS) that conforms to ISO14001 in order to promote ongoing environmental protection activities. We have obtained ISO14001 certification in all our places in Japan. We will continue working.

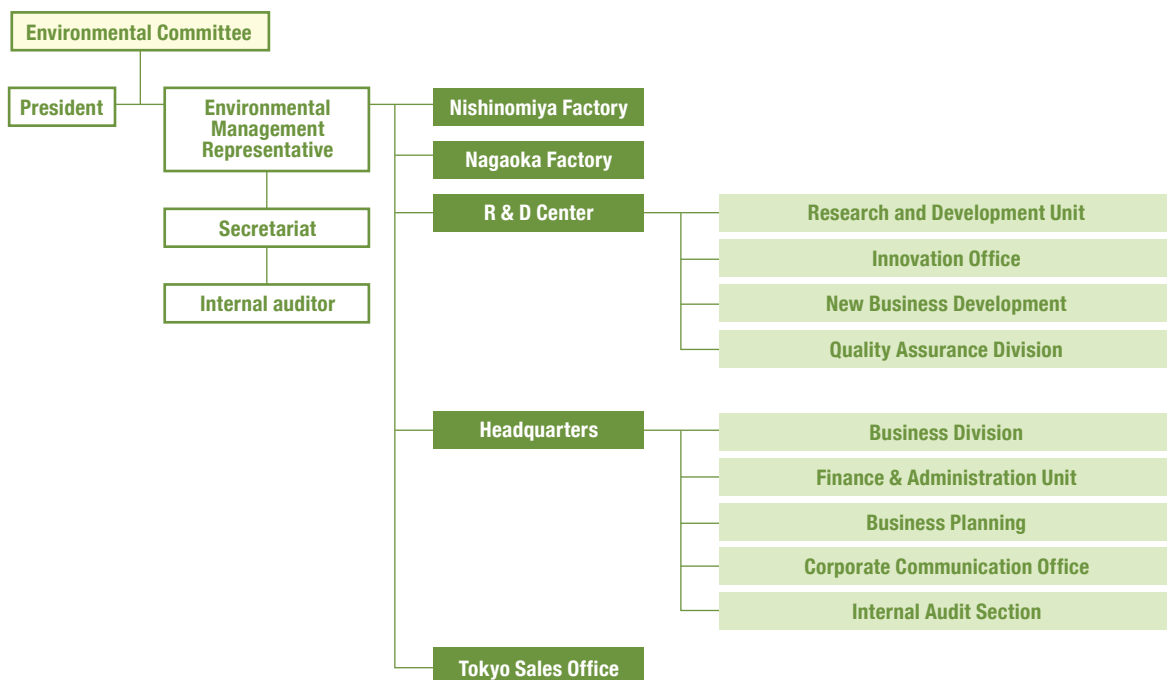
Internal audit

We conducted the FY2015 internal audit between November 2015 and January 2016. Mainly, we checked the progress of the operational status of our environmental management system and improvement activities. And in addition, we checked the status of compliance with laws, regulations and other requirements, and the status of correcting the matters pointed out in the previous external audit and internal audit. One case of noncompliance found in the audit has already been corrected. Moreover, with regards to observations and opportunities for improvement pointed out in the audit, we are working to improve them according to their degree of importance. We plan to check the improvement situation in the FY2016 internal audit.

The external audit of February 2016 found two cases of noncompliance, but we corrected them and maintained EMS certification. In FY2015, eight people became newly certified internal environmental auditors, bringing the total number of internal auditors to 52 as of March 2016.

Environmental promotion

The Company assigns the Head of the Quality Assurance Office as an Environmental Management Representative and positions the Committee, composed of persons with responsibility at the offices, Secretariat, and committee members who are elected from each office, at the center of environmental activities. The Company is grasping and pushing forward with various activities and aiming to achieve goals at each office. We are making efforts to protect the environment, under the following organizational structure. (as of April 2016)



ENVIRONMENTAL TARGETS AND RESULTS

The following shows the results of our efforts to achieve major environmental targets for FY2015.

Environmental targets for FY2015

No.	Environmental objectives	Environmental objectives for FY2015	Results for FY2015	Evaluation
1	Compliance with wastewater standards	Zero cases exceeding the voluntary standard value for wastewater [Nishinomiya Factory]	Zero cases exceeding the voluntary standard value for wastewater	○
		Less than one case exceeding the voluntary standard value for wastewater [Nagaoka Factory]	One case exceeding the voluntary standard value for wastewater No problem with compliance with laws or regulations	○
2	Reduction of wastewater leakage risks	A proposal of measures to prevent leaks from wastewater treatment facilities to the Safety & Sanitation Committee [R & D Center]	Identification of risks and a proposal of wastewater prevention measures to the Safety & Sanitation Committee	○
3	Contribution to the improvement of the environment with important customers	30 proposals for measures to reduce environmental load with important customers [Headquarters]	Proposals: 17 cases	△
		11 adopted proposals for measures to reduce environmental load with important customers [Tokyo Sales Office]	Adopted proposals: 4 cases	×
4	Improvement of the efficiency of environmental activities (within Research Facility)	Clarification of environmental record management methods [R & D Center]	Clarifying the document storage period and disposal method and management files made it easier to search for the necessary documents.	○
5	Carry out green activities	Keeping electricity consumption at the same level (as FY2014) [Headquarters]	8th Floor: 9% decrease, 7th Floor: 19% decrease (from FY2014)	○
		Stationery reuse project (donation in the same amount as FY2014) [Headquarters]	80% (from FY2014)	△
		Social contribution activities using used books (Effective use and prevention of the disposal of used books stored in homes, and participation in education support activities for children in developing countries) [Headquarters]	Gathered 130 books and donated 1,600 yen	○

ENVIRONMENTAL ACCOUNTING FOR FY2015

Environmental accounting is made up environmental conservation costs (expenses) and conservation effects (quantitative). The environmental conservation cost in FY2015 was 99,900 thousand yen. Research and development cost, the cost to research and develop products with lower environmental burden, accounts for 58% of the cost. The upstream and downstream costs account for 7%. This is because we collect empty containers such as 20-liter plastic containers and 200-liter plastic drums after using chemicals and outsource container cleaning operations so they can be reused as products.

[Basis of preparation]

- Data collection period: April 1, 2015 to March 31, 2016
- Scope of data collection: MEC Co., Ltd. only (excluding subsidiaries) (Nishinomiya Factory, Nagaoka Factory, R & D Center, Headquarters, and Tokyo Sales Office)
- Environmental costs are only considered if it can be determined that they are clearly related to conservation activities.
- With regards to research and development costs, individual items that can be calculated by each theme are aggregated, and items that cannot be directly calculated are prorated based on the working hours of each theme.
- Costs include depreciation of equipment used for the purpose of environmental conservation, maintenance costs, and personnel costs.

Environmental conservation costs for FY2015

[thousand yen]

Classification		Main activities	Amount of investment	Amount of costs
(1) Cost in the business area			0	30,434
Breakdown	(1)-1 Cost of pollution prevention	Maintenance of equipment for wastewater treatment, water pollution prevention, etc.	0	12,268
	(1)-2 Global environmental conservation costs	Measures to save labor and energy	0	0
	(1)-3 Measures to save labor and energy	Cost of outsourcing the processing of industrial waste	0	18,166
(2) Upstream and downstream costs		Costs for outsourcing the recovery of containers and re-commodifying them	0	6,580
(3) Management cost		Costs for maintaining and operating the environmental management system, cost of greening around the places of business	0	3,158
(4) Research and development costs		Costs of research and development of products with a low environmental impact	0	58,351
(5) Cost of social activities		Activities to protect the local environment	0	1,376
(6) Environmental remediation costs		N/A	0	0
Total				99,900

[thousand yen]

Item	Amount
Total investment amount in the corresponding period	2,142,150
Total research and development expenses in the corresponding period	798,240
Proceeds from sales of valuable items pertaining to (1)-3	322
Proceeds from sales of valuable items pertaining to (2)	0

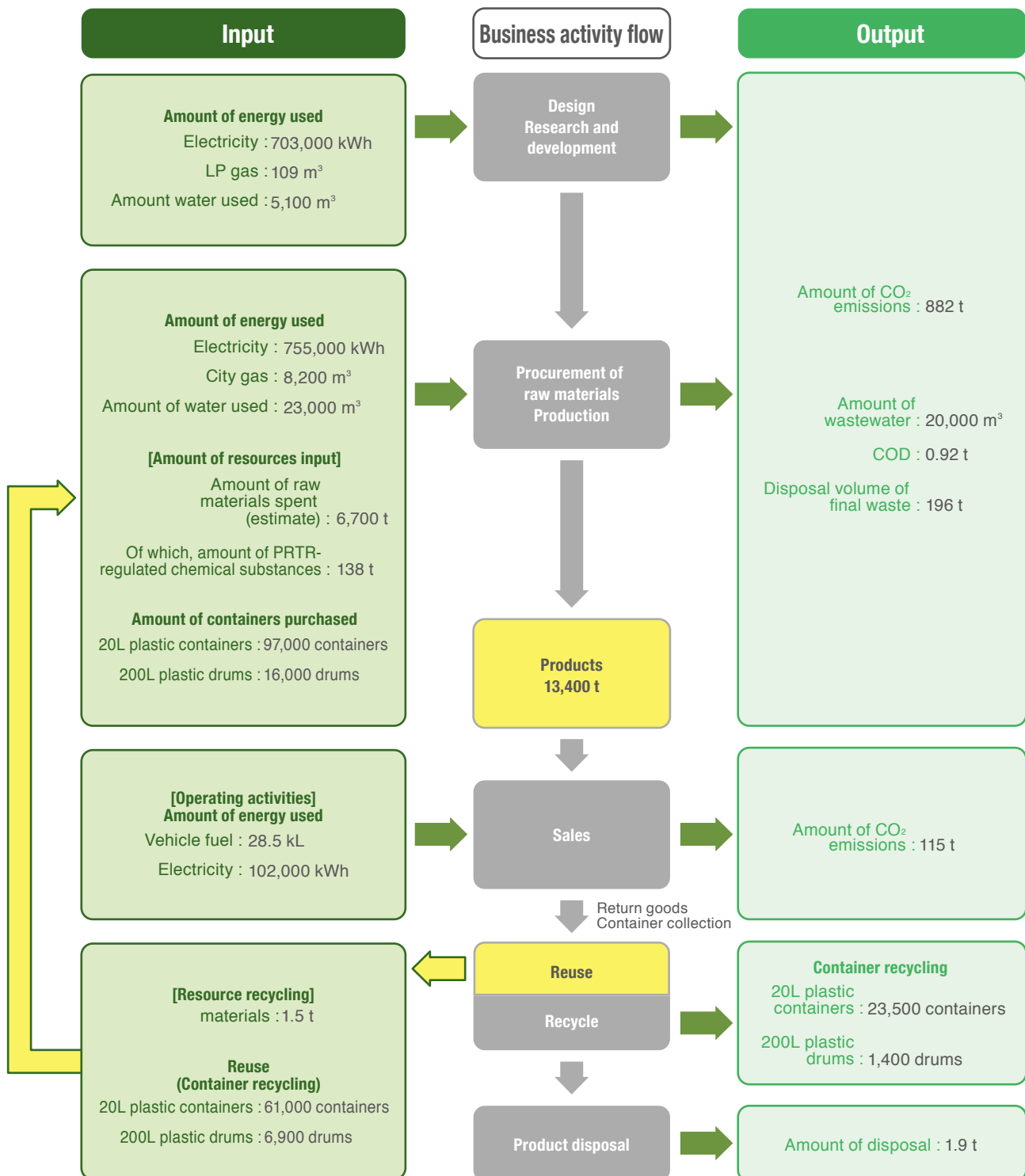
ENVIRONMENTAL ACCOUNTING FOR FY2015

The "environmental conservation effects" are shown as an increase or decrease in absolute amount compared with the previous year (FY2014). For certain indexes, the basic unit that represents the amount for 1 tons of production volume is also described.

Environmental conservation effects in FY2015

Content of the effect			Index environmental performance			
			Index (amount)	Year-on-year	Index (basic unit)	Year-on-year
(1) Effect corresponds to the business area costs	Effect on resources invested in business activities	Electrical power consumption	1,560 [thousand kWh]	+ 78 [thousand kWh]	116 [kWh/t]	+ 8.0 [%]
		City gas consumption	8.2 [thousand m ³]	- 1.8 [thousand m ³]	0.6 [m ³ /t]	- 15.4 [%]
		Water consumption	28 [thousand m ³]	+ 0.5 [thousand m ³]	2.1 [m ³ /t]	+ 4.6 [%]
	Effect on the environmental impact and waste emissions generated by business activities	Carbon dioxide emissions	997 [t-CO ₂]	+ 18 [t-CO ₂]	74 [kg-CO ₂ /t]	+ 4.5 [%]
		COD emissions	0.9 [t]	+ 0.1 [t]		
		Total emissions of industrial waste	250 [t]	- 81 [t]		
(2) Effect corresponds to the upstream and downstream costs	Effect on the goods and services generated by business activities	Reuse of containers (Plastic containers)	61 [thousand units]	- 3.1 [thousand units]		
		Reuse of containers (Plastic drums)	6.9 [thousand units]	- 2.0 [thousand units]		

ENVIRONMENTAL IMPACT ASSOCIATED WITH BUSINESS ACTIVITIES



The figures above show the entire amount with regards to the business and environmental activities of the Company for FY2015.

CHANGES IN ENVIRONMENTAL PERFORMANCE

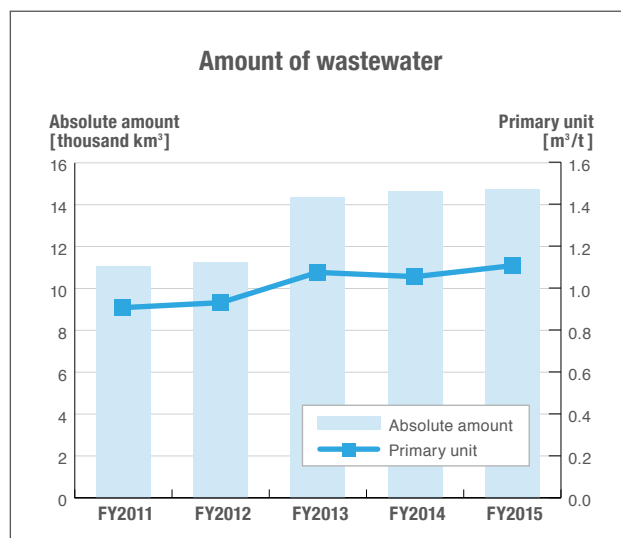
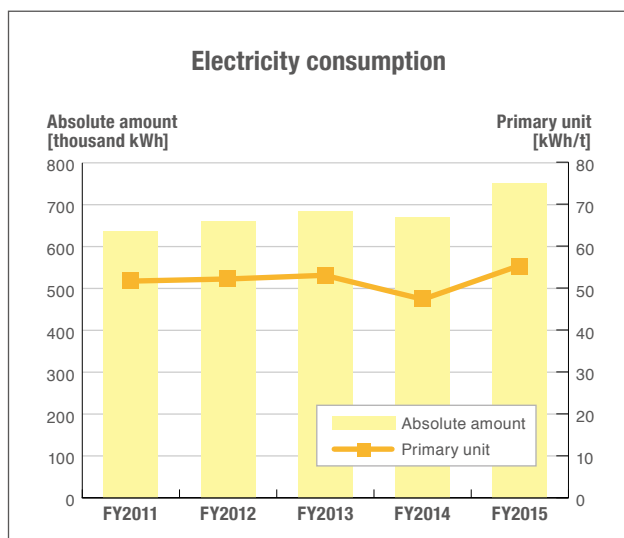
Electricity consumption

In FY2015, plants consumed 755,000 kWh of electricity, a 10% increase of 69,000 kWh compared with FY2014. Since the production volume has decreased slightly, the consumption per unit of raw material increased by 13%.

Amount of wastewater

Plants are using water as one kind of raw material. Other than that, a lot of water is used for activities such as cleaning production equipment. Also in order to promote the effective use of water resources, we have been working to enhance manufacturing operations, equipment cleaning methods, etc.

The amount of wastewater in FY2015 was 14.6 km³, a slight increase of about 0.4 km³ compared with FY2014, and it can be said that there was no change in this area.



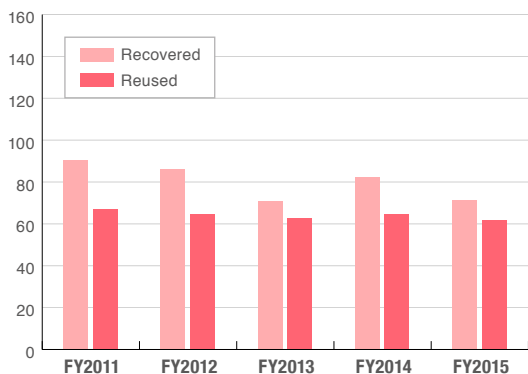
Activities related to the reuse of containers

We promote the reuse of containers in order to avoid wasting resources and to make effective use of them. The main containers we use are 20-liter plastic containers and 200-liter plastic drums. We outsource work to collect empty containers after the product has been used by our customers, and we separate the recovered containers into those that can and cannot be reused at each Factory. We clean plastic containers ourselves, and we clean some of the plastic drums and outsource the cleaning work for the rest, and we recycle them. The accompanying graph shows changes in the number of plastic containers and plastic drums that we collected and reused.

The collection rates of the plastic containers and plastic drums were 49.8% and 36.0%, respectively, in FY2015, a decrease of 9.6% and 6.5% from FY2014.

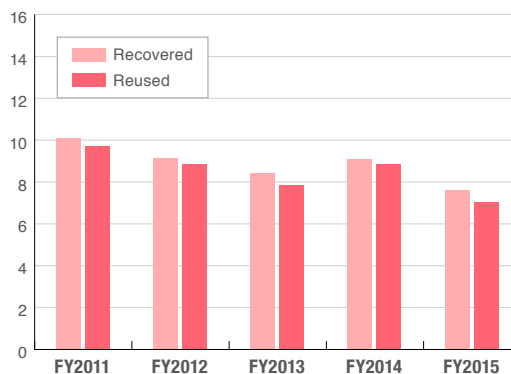
Number of plastic containers

Number of items
[thousand items]



Number of plastic drums

Number of items
[thousand items]



Proper disposal of wastes

The amount of waste generated in FY2015 was 250 tons, a 24% decrease from FY2014. A main factor in the decrease is that plants reduced the amount of defective raw materials and products, which resulted in a decreased amount of waste generated.

Plastic containers, plastic drums, pallets, etc. that can no longer be reused in the plants have been recycled as plastic since FY2008. In ways like this, we are making efforts to reduce the amount of waste we treat. In addition, we are making efforts to separate metals and sell them as a valuable resource.

Of the amount of waste generated, the amount of recyclable waste was comparable to the amount generated in FY2014.

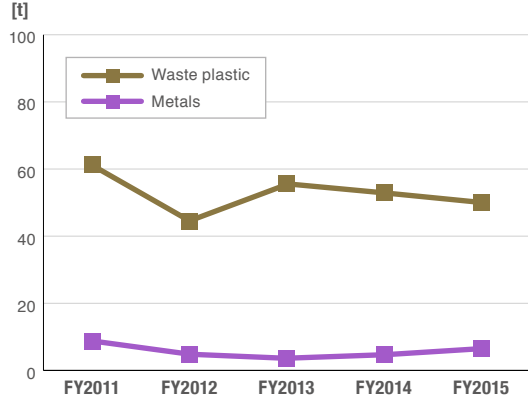
Other than this, the waste from individual offices is separated based on the separation rules of each office.

The final volume of waste disposed of in FY2015 was 196 tons, a 29% decrease from FY2014. Less waste was generated from plants and this directly resulted in a decreased amount of waste that was disposed of.

We will continue making efforts to reduce the amount of waste, while aiming to thoroughly sort any waste generated. We will also strengthen efforts for further recycling and strive to reduce the volume of waste disposed of.

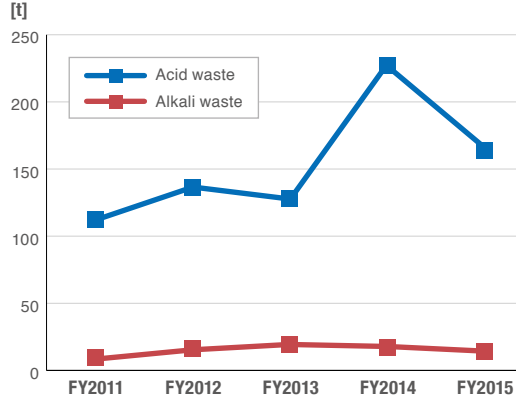
Emissions of waste plastics, metals

Amount of waste
[t]



Emissions of waste acids and alkalis

Amount of waste
[t]



MANAGEMENT OF CHEMICAL SUBSTANCES

● Management of chemicals in products

We have established a system to manage chemicals in products covering from the purchase of raw materials to the shipment of products to prevent products from being contaminated with prohibited chemicals. We are improving the operations of the system based on the Management Standard for Chemicals in Products which was revised in December 2015. We are striving to reinforce the system so that we can further improve the management of chemicals in products by having plants and suppliers involved in this area.

● PRTR

Among the chemicals we used in FY2015, 19 chemicals and 140 tons of them were PRTR substances. We are using them while properly managing them at plants and research facilities.

We recognize that

.....
environmental protection is an important issue,

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and we will continue to be actively engaged

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in environmental protection activities in the future.





<http://www.mec-co.com/en/>