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Report period: April 1, 2015 to March 31, 2016
 IBIDEN Electronics (Beijing) Co., Ltd

目录
Contents

01	P3 Message from the chairman
02	P4-P5 IBIDEN Group's CSR Management
03	P6 Internal control
04	P7-P9 Human Resources Management
05	P10-P13 Environmental Management
06	P14 Social Contribution
07	P15 Company Profile



Message from the Chairman

IBIDEN Electronics (Beijing) Co., Ltd. CSR Report 2016

◆ Message from the chairman ◆



◆ To be more actively committed to environmental improvement

We are active in curbing global warming and enhancing waste recycling by making the manufacturing procedures and products eco-friendly, cutting emissions, conserving energy and achieving pollution-free production among other concrete moves.

◆ To systematically promote the global CSR management

Acting upon IBIDEN WAY and its company charter, IBIDEN is striving to build trust between corporate world and civil society by making business operation more trustworthy and transparent. As a rule-based business, we have incorporated CSR into our practices so as to achieve sustainable development and propel social progress.

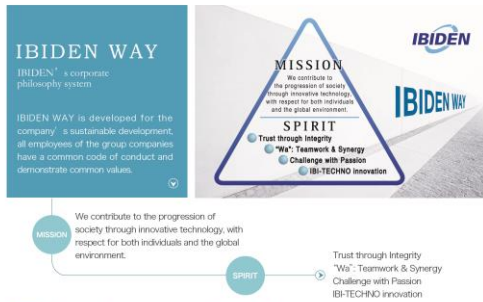
◆ To pursue real management and fully participated business activities

To mark the 100 anniversary of IBIDEN and follow the new IBIDEN WAY, we devote ourselves to the company's sustainable development. With greater solidarity, we are moving towards higher aim and bigger ambition. The "Inter-department Cooperation" we launched this year has brought everyone on board in a real-sense all-employee-in-business operation.



To build a better society and achieve sustainable development for IBIDEN, we take concrete measures to incorporate CSR into our operations.

董事长：陈 明



CSR Operation conception and promotion system

IBIDEN Group's CSR follows the corporate philosophy of "having respect for both individuals and the global environment, contributing to the progression of society through innovative technology". We are committed to promoting reliability and transparency of corporate operations, and build the trustworthy relations between the enterprise and society, aiming to seek the group company's permanent existence and contribute to social development.

"IBIDEN Group Charter of Behavior" reflects the responsibilities of transnational corporations and its requirements for stakeholders represented by world's leading customers, which reflects the goal of CSR activities, and also is the striking direction of all employees of the group companies.

[CSR promotion system]

The company appoints Operating & Planning Departments the promotion department of CSR activities. All departments have appointed persons in charge of promotions in their respective departments' CSR and compliance activities, supervising the execution of compliance activities and training department employees. In addition, Operating risk management promotion committee plans social contribution activities and follow EICC (Electric Industry Code of Conduct and other international norms to advance development of causes, thereby strengthening CSR management.

To strengthen CSR management, we must raise each employee's awareness of CSR, to popularize the importance of CSR, we will continue to implement enlightenment education.



IBIDEN Group Charter of Behavior

Compliance with laws, regulations and ethics

We comply with laws, regulations and ethical requirements in countries and regions where its business operations are based. We fight against corruption of all forms, carry out open and fair corporate activities and are committed to be a company widely trusted by international community. At the same time, we also protect and properly manage personal and customer data and information of other forms.

Development Together with Stakeholders

We develop with our stakeholders because we increase management transparency and build trustworthy relationship through communication. In addition, as a good corporate citizen, we actively carry out community-based activities that contribute to society.

To provide customers with satisfaction

We provide customers with satisfaction, because we can well understand social trends, future needs and development. Through the progressive development of IBI-Techno, we provide safe and reliable products and services to maximize our customers' satisfaction.

Management based on global standards

We manage our group with global standards. We respect human rights and other international norms of behavior. Also, when conducting our corporate activities, we respect the culture and customs of each relevant country or region.

Harmony with Nature

We are in harmony with nature in all areas of our corporate activities. We are trying to develop technologies and maintain a good balance between environment and business, actively promote energy and resource conservation activities, and provide environmentally friendly products and services.

Attractive and dynamic company

According to our fair, impartial and performance-linked personnel appraisal system, we are committed to being an attractive and dynamic company. We aim to have a safe and comfortable working environment. We create a corporate culture that can motivate and satisfy employees' sense of achievement. We have respect for diversity of talents, and fully exercise their skills and abilities.

[CSR Policy]

- We aim to enhance our corporate value
- By raising awareness of the need for IBIDEN to act responsibly and honestly in the interest of sustainable operations.
 - By fulfilling our responsibilities in a well-balanced manner from an economic, environmental and social standpoint.
 - By working in partnership with all of our stakeholders.

Conduct activities widely in internal control, talents management, environmental management and social contribution, build relationships with our stakeholders based on mutual trust.



• CSR operation concept diagram •

Internal Control

Internal Control

We recognize the building a system to ensure the reasonable operation internal control is the foundation for sustainable development for improving the enterprise rules and governance. It is a key priority on which we will concentrate all the resources.

Effective internal control aims at stronger function of internal control and transparent and trustworthy corporate governance through compliance and risk management activities. Staff members are also mobilized to participate in building institutional and frameworks for that purpose. Improve effectiveness and efficiency, abide by the law and regulations related to corporate operations, maintain the validity of assets, deal with daily routines such as drafting precisely actual budget and financial report set so as to ensure the sound and stable operation of the group.

[Compliance Activities]

Compliance Committee was established with general manager as the chair to raise the awareness of compliance among staff members. The committee reports the promotion of compliance activities, reviews them, makes decisions on policies and plans and organizes activities accordingly. Committee members meet twice a year and 2015 saw two meetings respectively in June and December.

Compliance Education: To ensure compliance, we need to maintain a good knowledge of compliance among staff members. For that purpose, specific activities and events have been organized by each department for each month, e.g. educating and training employees on rules, regulations, corporate code of conducts and CSR related to our daily business. IBIDEN revised the regulations on business secret management in 2015 by introducing stringent standards. At the same time, a company-wide training was organized to improve the management of business secrets.

Review of Compliance: The review of compliance has started since the second half of 2009 in every July, the operational planning department assesses the compliance on rules and regulations of each department, besides, the evaluation of compliance based on Q&A and Q&S&I&K procedures. Any wrong behaviors are asked to be corrected immediately. By doing so, we have improved our compliance level across the board.

Risk Management Activities

Basic Principles

Based on the evaluation of risks occurring in every aspect of business operation, we appropriately address the losses in resources that have huge operational impact so as to curb losses and impact on safety and operation for shareholders, board members, clients and other stakeholders and to sustain corporate development. We also ensure that such risk never appear again.

Risk management targets are set every six month in accordance with related regulations and basic principles.

External and Internal Scrutiny: The company is subject to scrutiny both internal (by the planning department) and external (clients and parent company). Internal scrutiny includes face-to-face talks with staff members, checking account book etc. The result will be submitted to the inspection office at the headquarters, making the scrutiny system more efficient. External scrutiny includes assessing the performance of the company as a whole, the compliance record, financial status and corporate assets. Any wrongdoings will be subject to corporation-wide correction to constantly improve the governance.

Energy and carbon emission management system: As an important step to cut emissions and conserve energy, building such a system employs the PDCA recycling management philosophy for a long-term mechanism. IBIDEN began to build the system in early 2015, completed the review of the system in August of 2015 and received government examination and evaluations.

For each risky program, we assign a department to manage it. Besides, evaluation is carried out at a regular basis, during which aspects with huge operational impacts have been prioritized to reduce risks and ensure a stable and sustained operation. In 2015, we launched a campaign for ensuring non-stopping supply of products and reducing hazardous discharges during the World Athletics Championship and the 70th anniversary of anti-fascist war. Except the regular work above, the company is seeking to conduct risk management for ensuring labor protection and business ethics. By doing so, we will not only better serve the clients but also raise the management of CSR.

Human Resources Management

Human Resources Management

IBIDEN Being is following the principle of "people coming first and corporate management". We believe employees and business can develop in tandem by optimizing human resource management system, improving skills and managerial expertise, encouraging staff participation in corporate governance, and enriching their life in spare time. As a result, employees will have a sense of satisfaction, pride and energy in their work.

Skill training

Our "double-tower" talent development mode is aimed at improving the overall workforce quality, business abilities, and optimizing staff structure. Employees at different positions, with different ranks, skills and ages will get tailored training so as to lay a solid foundation for better development.

[Staff training]

During the reporting period, the company had already completed a training system tailored for the employees at different levels. The various forms and course options have helped improve the workforce quality and productivity. Training programs such as the "frontier manager training camp", "IB-technical training camp", "experience-sharing work shop", "on-job training series" have been organized to satisfy the need of different positions. A total of 198 training programs have been organized with an overall time span of 97755 hours, benefiting 17025 trainees with 48 training hours per person.



[Skill contest]

In order to improve skill set of the frontier employees, an "On-spot Skill Competition Campaign" was held in which workers honed their skills and set up good examples for others to follow. It also helped raise the awareness of self-improvement. It took workers 2 months to prepare for the competition and different departments hosted 58 competitions designed for different working procedures. Among 600 participants, 20 were awarded for their eminent performance.

[Creating a caring corporate culture]

We care about employees' wellbeing. Diverse entertaining activities and physical exercises that are well-received among employees have been organized off the work. They are kindling employees' creativity and enthusiasm both for work and life. Events of various forms such as Fun Games in the Spring, Activities at the World Reading Day, Festival Parties in Parks, Chinese Valentine Day Parties, the New Year Parties have been held. Moreover, outdoor activities are also organized every year to release employees from the work pressure and improve the cohesion in the group as a whole and enhance the sense of belonging.



TPM Promotion Activities

In order to support the Block Management Campaign initiated by manufacturing department and improve worker's skills to protect themselves, TPM Promotion Office invited seasoned engineers to train the security engineers on the maintenance of cylinders, solenoid valves, straps, flanges, pumps, motors, screws and other daily tools.

[Training Orientation]



Guidance Session: TPM experts are invited regularly to guide activities and improve TPM level.



Fruit 1: A comfortable and efficient working environment was created thanks to the participation of all staff members.



Improving the 5s level: To maintain and improve the 5s level in our Beijing factory (EB), make 5s take hold among employees and create a comfortable and efficient working environment. TPM Promotion Office launch a campaign of rating working zones for 5s Demonstration Zones.

[Event Orientation]



Improvement session: We mobilize all employees to put theories into practice to improve the productivity.



Fruit 2: Effective improvement practices were released, shared and replicated in the company and the group headquarter.



In 2016, thanks to the company-wide efforts, TPM 9 pillar activities were organized on the basis of 5s and three maintenance activities. Activities such as Ji-koutei Kanketsu, BLOCK management, cross-department cooperation have been conducted in a systemic way. We have achieved zero break-down, disaster and complaint in the process.

Workplace Safety and Health Activities

[Occupational health and safety basic policy]
We conduct the health and safety activity done with all concerned people under IBIDEN WAY, and aim to harmonize "health and safety" and "operation" with the fundamental rule to minimize the risk that may affect the life and health of person participating to company's operations.

Production Safety Month

June is the national Production Safety Month during which activities such as knowledge quiz, cartoon competition, bullet board competition and latent risks overhauling were organized with the participation of over 1,300 staff members. As a result, employees are more safety-conscious. 210 latent risks were disclosed and overhauled, making the working environment safer.

and 0 occupational diseases", we have prioritize educating workers on the importance of safety, checking the environment of workplace, and organizing emergency drills engaging all employees. Various campaigns and programs have also been designed to raise the safety awareness and incorporated it into the corporate culture and atmosphere. Zero work injury happened in 2015 with sickness absenteeism rate as low as 0.25. 1574 employees experienced physical examination.

Environment, Health and Safety Committee

Under the supervision of the general manager, who is the chairman, we convene sessions every month and attended by the team leaders, the junior managers at or above the production department level as well as staff representatives. At the sessions, the progress in the completion of safety indicators will be reported and safety priorities will be discussed. Such sessions are the highest level conference on safety in the group.

To build on that momentum, we have set the 2016 workplace safety targets as follows:		
1	Work injury incidence (per million working hours)	0
2	Work injury severity (per million working hours)	0
3	Emergency in a first aid box	0
4	Disseminated absence rate (annualized)	0.4

Examples of workplace safety campaigns: fire drills, highly toxic product campaign, safety month events



Environmental Management

Basic policy

We conduct the environmental load reduction activity with all concerned people under IBIDEN way, aim "Harmony with nature" by reducing the bad effect on global environment generated in our business operation, and fulfill the role as enduring company.

[Environmental Activities]

To better fulfill the CSR, IBIDEN has pressed ahead eco-friendly activities. Environmental targets have been set every year and activities have been organized around the theme of "reducing environmental risks", "conserving and recycling energy and resources" and "environment education". By doing so, all employees have been mobilized to do their bits for a better environment.

(1) Cutting burdens on environment by improving energy and resource efficiency

With pollution-free production as a pillar, we constantly upgrade our technologies, cut the amount of raw materials, energy consumption and waste discharged. Compared with the level of 2014, 2015 saw a reduction of 22% in the amount of agent used in production, 15% in energy consumption, 20% in water consumption, 32% in waste and 14% in CO2 emission.

(3) Improving the operation of the management system

In the early 2015, the company set about to establish an energy and carbon emission management system. We had a comprehensive evaluation on energy consumption in the group with technologies such as energy auditing, energy conservation test, and energy balance. Our energy policy was rolled out to quantify energy targets and indicators, and performance parameters and standards were set. Specific management plans and documents in line with the system were drafted. Management plans were put forward for major energy consumption. The energy and carbon emission management system was revised in August and gained the government approval.

(2) We have strengthened environmental compliance management, reduced environmental risks and improved clients' approval rate on environment.

We have established and improved the online discharge monitoring system and real-time environmental information disclosure system so that we can disclose information as fast as possible.

(4) Improving the management of hazardous chemical, investigating an devaluating the environmental commitment of suppliers

Green procurement investigation has been launched twice a year for our upper-stream suppliers. Whether they have set up and how they operate their environmental management systems must be assessed to ensure the compliance of the hazardous chemicals in procured products, and ensure the threshold and management indicators for those chemicals are in line with the system requirement.

(5) Improving eco-awareness and their working skills

An energy conservation task force has been set up to:

- Keep track of the progress in energy conservation of different departments and replicate the best practices;
- Convene an energy conservation conference every month at which guide lines are laid out;
- Set targets and ensure that they are met on time. We should revise and improve implementation scheme for the unmet targets;
- Organize regular energy conservation campaigns within the company ;

[Case Study on Energy Conservation]

Fundamental improvement and technological improvement are two ways to conserve energy.

For fundamental improvements in 2015, we have:

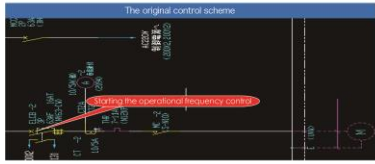
- Adjusting the ventilation in different seasons to minimize energy consumption;
- Replacing old generators with energy-efficient ones;
- Checking the steam condensate water quality daily and take measure whenever it's below the standard, so as to reduce water and natural gas consumption

We improved technological improvements in 2015 by:



[Key Improvement Project No. 1—Improving the efficiency in frequency converter of C-2 air blower at Factory II]

The Plan for Improving the Newly Installed Frequency Converter on PAU-C-2 Air Blowers



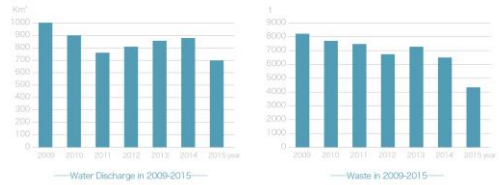
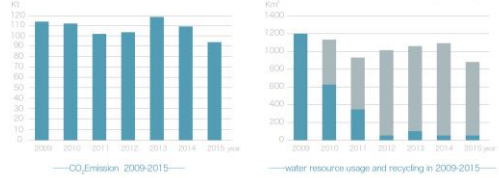
Original control methods
The original fan was controlled by opening or closing of the contactors. The starting current was big, and rotating speed cannot be automatically adjusted according to the temperature and humidity, resulting in energy waste.

[Key improvement project No. 2—energy-saving transformers]
Power Conservation Cost Reduction Report



Improvement
Due to the changes of the refrigerating machine in the 2nd workshop, there was no reasonable load for 1 # and 4 # transformers. The load was only the hydraulic cooling water pump. So the pump was moved to 1 # transformer of the 1 # power distribution room. Energy-saving stop was applied for 4 # transformer. With a total of three transformers stopped, 6% of the basic electricity bill was saved.

[Environmental Burden Data]



Emission point	Inspection Item	Unit	National standard	Beijing standard	Self-management standard	Average	Maximum
Acid mist purification tower	Sulfuric acid mist	mg/m ³	45	5	4.5	0.40	3.75
	Hydrogen chloride	mg/m ³	100	30	25	0.95	3.94
	Hydrogen cyanide	mg/m ³	0.5	0.5	0.45	0.03	0.06
Decoloration tower	Aeromonas	mg/m ³	—	30	25	0.64	1.15
	Hydrogen sulfide	mg/m ³	—	5	4.5	0.06	0.12
General exhaust	Dust	mg/m ³	120	20	18	4.72	7.10
	Toluene	mg/m ³	40	12	10	0.08	0.20
	MHC	mg/m ³	120	20	18	4.85	6.12

—Air Measurement—

Social Contribution

In 2015, we made contributions in the following three areas

[Protecting the global environment]

On Apr.18th, IBIDEN (Beijing) workers and their families planted over 200 trees in Huairou, Beijing to improve the environment and raise eco-friendly awareness.



[Fostering the next generation]

On Nov.9th, IBIDEN (Beijing) employee representatives visited Yijianfang Elementary School (Changde, Hebei) to provide supplies for students there. We donated 300 mattresses and one copy machine. By fulfilling the CSR, IBIDEN also created a better studying environment for under-privileged children.

[Contributing to local communities]

On July 18th, IBIDEN (Beijing) Team (13 players) participated in the final of the Forth Tug of War in Beijing on behalf of the Economic & Technical Development Zone of Beijing. The team beat over 40 participants and ranked the forth. Virtues such as teamwork spirit, perseverance and never giving up were promoted and morale was boosted, a positive contribution to the IBIDEN corporate culture.



Company Profile

Company Name: IBIDEN Electronics (Beijing) Co., Ltd.
Established: December 25, 2000
Ownership: Solely Japanese-owned enterprise
Parent Company: IBIDEN CO., LTD.
Main Products: High-density multilayer printed circuit boards
Total investment: USD 268,000,000-
Capital amount: USD 94,900,000-
Chairman: MR. Nishida Tsuyoshi
General Manager: MR. Yuan Benzhen
Number of employees: 1,600±
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*As of March 31, 2016