

# 2014 CSR REPORT

Corporate Social Responsibility Report



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## ◆ Reporting period

Data: April 1 2013 - March 31 2014 Written content: up to June 2014

## ◆ Guidelines Referenced

- ISO 26000 ("Guidance on social responsibility")
- Ministry of the Environment's Environmental Reporting Guidelines (2012 version)

## ◆ Inquiries regarding Report

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E-mail : kankyou@cmk.co.jp

## Editing Policy

Our basic policy and approach to CSR, as well as the details of our main initiatives for each fiscal year, are classified and archived for the reference of each stakeholder.

This report is also available on our company's website. It is provided as a tool to further deepen communication with our stakeholders.

## Information on Our Website

This report and other information related to environmental topics are made available on our website.

<http://www.cmk-corp.com/csr/>

## Applicable companies

CMK CORPORATION  
and affiliated companies

### Domestic CMK Group

#### CMK CORPORATION

- Head Office
- SE Center
- G Station Factory
- Technical Center Factory
- KIBAN Center Factory
- Sales Office (9)

### Affiliated companies

- CMK MECHANICS CORPORATION
- CMK MULTI CORPORATION
- CMK PRODUCTS CORPORATION
- CMK KANBARA ELECTRONIC CORPORATION JAPAN

### Overseas Affiliated Companies

#### S i t e s

- CMK ELECTRONICS (WUXI) CO.,LTD.
- CMKC (DONG GUAN) LTD.
- CMK CORPORATION (THAILAND) CO.,LTD.

#### Sales facilities

- CMKC (HONG KONG) LIMITED.
- CMKC (SHENZHEN), LTD.
- CMK ASIA (PTE.) LTD.
- CMK EUROPE N.V.
- CMK AMERICA CORPORATION

# Top Message

## Achieving Sustainable Growth

Issues related to climate change, such as global warming and extreme weather, have been growing in severity in recent years. In addition to these problems, the birth rate has been declining in developed countries, while international society also faces a number of other social issues. These issues include world population growth, food shortages, securing energy resources, environmental pollution, human rights, and poverty.

CMK Corporation is a specialized manufacturer of printed wiring boards. Through our business, we aspire to continue to contribute to the greater society.

Our motto of Development and Lasting Prosperity was created with the intention of expressing the very nature of CSR itself, which all corporations must observe. Since its foundation more than half a century ago, CMK has been operating at the forefront of the industry. This is the result of the continued support we have received from our customers. We are grateful to know that our business is needed by society.

We know what we need to do to achieve sustainable growth and respond to the needs of society. Motivated by the slogan of “wholehearted manufacturing,” we will continue moving forward with our business.



President and Chief Executive Officer

## CSR Charter and Education of Human Resources

We believe that CSR stands as a statement for “what we need to do to contribute to society through business.” To fulfill this aim, we must establish and promote a clear management policy and vision.

Beginning with our starting base as a manufacturer, we must consider manufacturing from the perspective of our customers. They are our stakeholders, and it is essential we give them our full attention in order to identify their needs. Operating under the slogan of “wholehearted manufacturing,” we have succeeded in encouraging our employees to change their way of thinking. We constantly listen to society, ask ourselves what is expected of us, and seek to determine what we can do. Adopting this frame of mind, we aim to be a corporation that continues to contribute to society.

To install this awareness and attitude within all of our employees, we will establish a system that incorporates the basic philosophy and policy of the CMK Group, including the company motto. We also intend to compile a compliance handbook that provides basic knowledge about compliance, which lies at the heart of CSR, and make it known to all employees. In addition, we will also update part of the CMK Group Action Statement in the CSR Charter, which is based on the international standard ISO26000, to prepare a system for globalization. In accordance with the policy we set, the driving force for practical implementation is people. We place special emphasis on cultivating human resources who can be active in the global market, and capable of effectively using IT technology to conduct education on compliance so that our employees can learn the basics of CSR.

Likewise, we pursue product quality rooted in safety and security. This report introduces the different activities through which we seek to earn the trust of all our stakeholders.

## Future CSR Activities

We anticipate future growth for the entire electronic circuit board industry within which our company operates. This growth will be spurred by the needs for safer and greener vehicles and the widespread use of smartphones and digital appliances. At the same time, we expect the business environment to remain harsh as global competition intensifies in terms of pricing and technology.

Adopting a broader perspective within these conditions, we believe we must be fully aware of the relationship between CSR and our business, and work to promote and develop our operations on a global scale.

We will continue striving to determine “what we need to do to contribute to society through business,” and aim to be a corporation that continues to fulfill this aim.

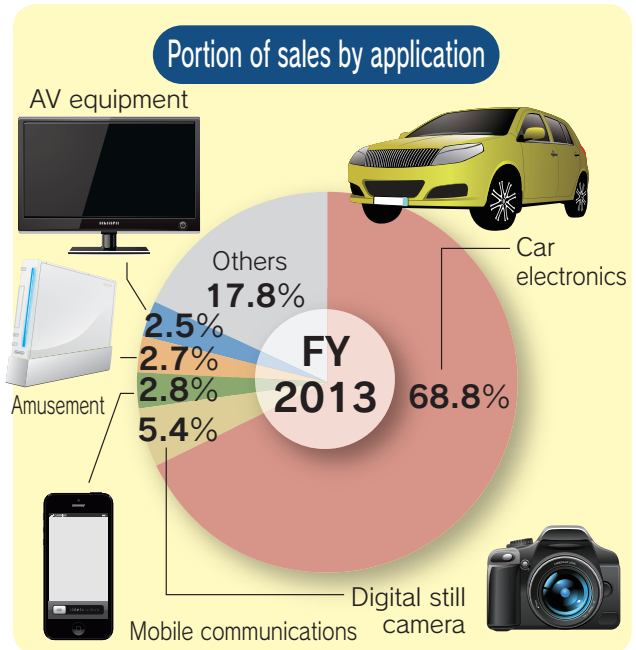
We humbly ask for your continued guidance and support in the future.

# Printed Wiring Boards

## Printed Wiring Boards

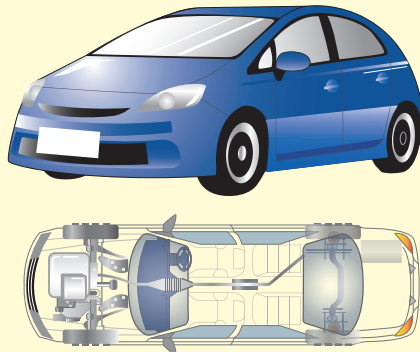
The printed wiring boards (electronic circuit board) our company manufactures are used in all the electrical appliances that support our daily lives. A printed wiring board acts as the base for parts, and also helps to connect parts to transmit electric signals. It resembles the network of bone, blood vessels, and nerves inside the human body, and stands at the core of electrical products. The printing wiring board industry is an extremely important industry, with the combined production volume of all Japanese companies\* projected to be worth 1.4 trillion yen.

※Production figures are based on the status survey conducted by the Japan Electronics Packaging and Circuits Association.



### Vehicles

Printed wiring boards are used in driving systems, including engine management systems and anti-lock braking systems (ABS), infotainment systems such as car navigation systems and information displays, and safety and energy-saving systems like camera and regenerative braking systems. In recent years, printed wiring boards are also increasingly being used in hybrid cars and electric vehicles.



### Offices

Printed wiring boards can be found in personal computers and peripheral devices, such as multifunction printers. They are also used in phones and smartphones.



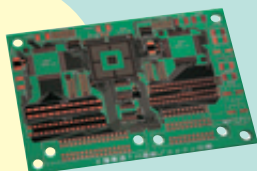


# Connect Our Life to the Future

## Printed wiring boards come in a wide range of sizes, shapes, and types

### Vehicle-mounted Printed Wiring Boards (wiring boards exclusively for vehicles)

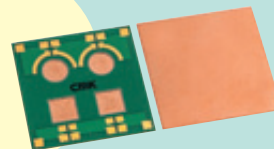
The advancement of car electronics has led to the increased use of a variety of highly functional and reliable printed wiring boards within a wide range of parts (ECU, ABS, power steering, meter panels, car audio/navigation systems, and inter-vehicle gap keeping systems). These printed wiring boards also support double-sided through-hole constructions, multilayer perforated constructions, and build-up constructions.



### CMK-COMP

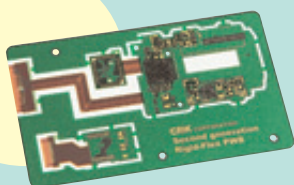
(high heat dissipation metal composite wiring board)

Today there is a rapidly growing need for high heat dissipation wiring boards with discharge features. We respond to demands for heat dissipation through our wiring boards. Our MC (Metal Core) series provides large current and high heat resistance for mounted electric equipment and power supply equipment. Our MB (Metal Base) series is for LED modules and power transistor modules. It represents the ideal heat dissipation wiring board, with one side coated with a heat dissipation metal.



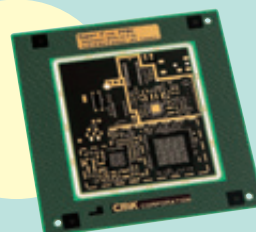
### 2G-RF

We improve the flexibility of our designs to provide highly-functional module products and motherboards for tablets and in-vehicle equipment. One example is the second-generation rigid flexible wiring board, which allows for ultrathin and high-density wiring.



### Super Fine PPBU

This is an ultrahigh-density wiring technology that makes it possible to construct lighter and smaller mobile devices, such as smartphones and tablets. It also enables wiring to be installed between the terminals of an extremely narrow pitch CSP.



## Cities

Printed wiring boards are used within city infrastructure, such as security cameras, large screen displays, traffic lights, and LED lighting.

## Homes

Printed wiring boards can be found in televisions, air conditioner units, smartphones, tablets, video game consoles, and other common household devices.



## Corporate Profile

|                        |                   |
|------------------------|-------------------|
| Name of listed Company | CMK CORPORATION   |
| Date of establishment  | February 25, 1961 |
| President              | Takeo Takai       |
| Capital                | 22,306,200,000yen |

|                        |   |
|------------------------|---|
| Stocks First Section   | Tokyo Stock Exchange  |
| Address of head office | 6-5-1 Nishi-Shinjuku, Shinjuku-Ku,<br>Tokyo 163-1388, Japan   |
| Line of business       | Development, production and marketing<br>of various printed circuit boards for a<br>consumer and industrial use arena |

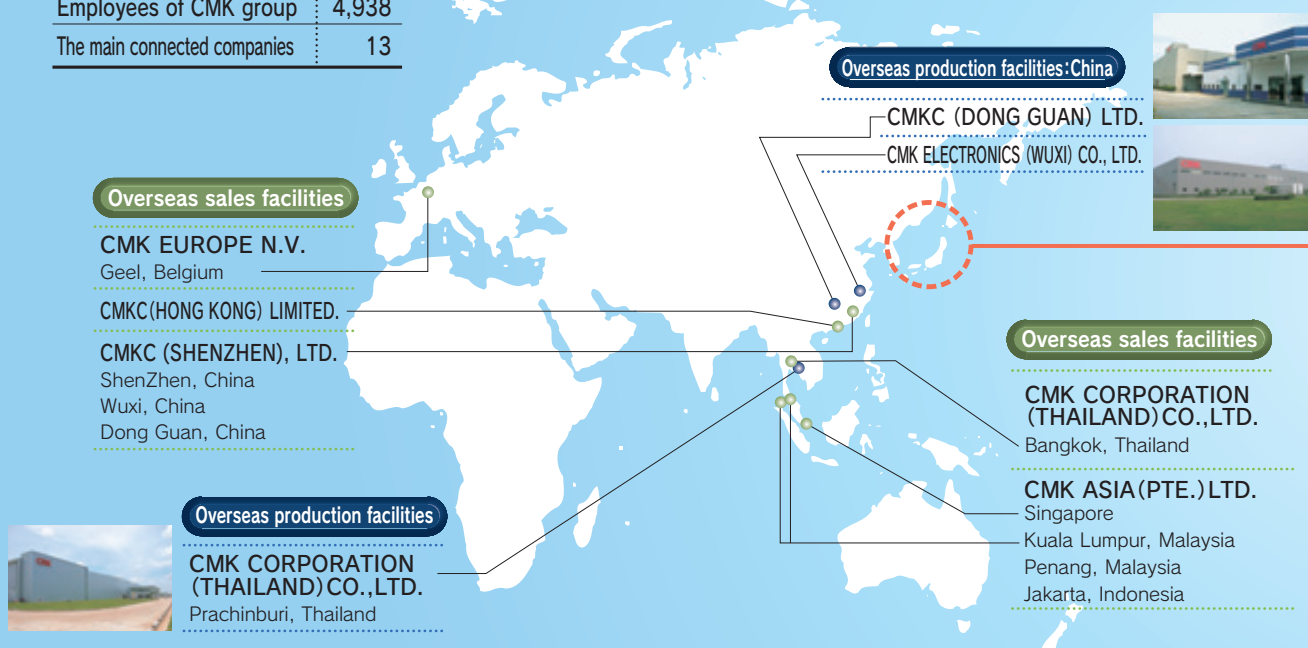
## Management Policy

### For Development and Lasting Prosperity

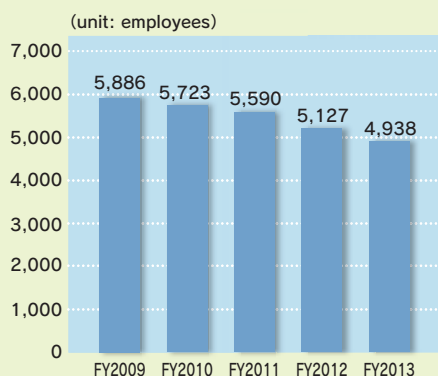
- We aim to be a corporation recognized by society for fulfilling its responsibility as a corporate citizen.
- We will maintain our position as a frontrunner in the industry through constant renewal and innovation.
- We will make every effort to earn the trust of customers and provide them with satisfaction, delight and excitement through our products.
- We strive to be a thriving company of proud employees and corporate excellence.
- We are committed to providing a workplace that promotes trust among our employees.

## CMK Group's Main Business Sites

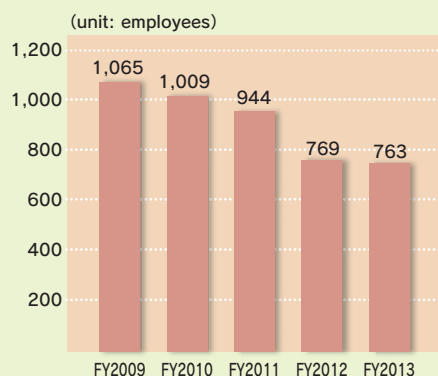
|                              |       |
|------------------------------|-------|
| Number of employees          | 763   |
| Employees of CMK group       | 4,938 |
| The main connected companies | 13    |



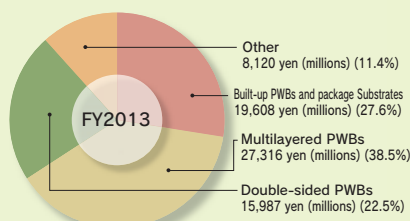
## Trends in CMK Group (consolidated) number of employees



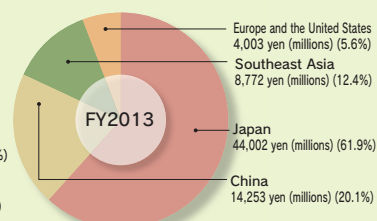
## Trends in CMK Japan (non consolidated) number of employees



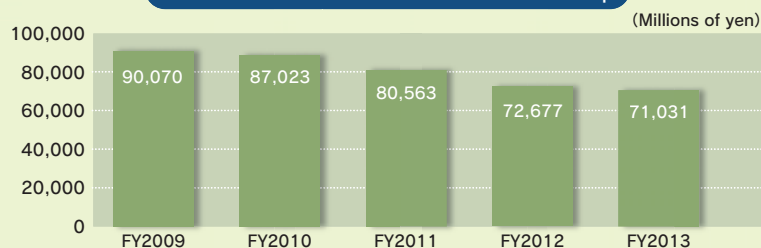
## Portion of sales by product



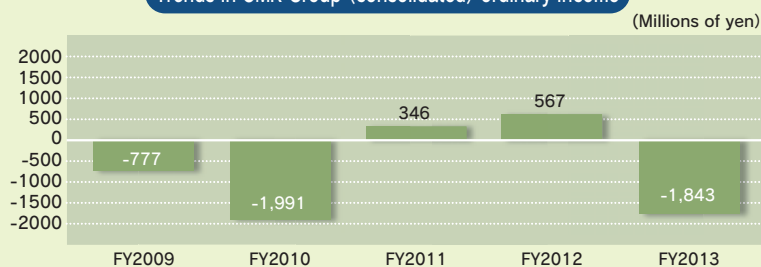
## Portion of sales by region



## Trends in Consolidated Sales for CMK Group



## Trends in CMK Group (consolidated) ordinary income



**CMK MULTI CORPORATION**  
Seiro-machi, Niigata

**CMK KANBARA ELECTRONIC CORPORATION JAPAN**  
Gosen-shi, Niigata

**CMK MECHANICS CORPORATION**  
Chichibu-shi, Saitama

**KIBAN Center Factory**  
Isesaki-shi, Gunma

**G Station Factory**  
Isesaki-shi, Gunma

**Technical Center Factory**  
Isesaki-shi, Gunma

**SE Center**  
Miyoshi-machi, Saitama

**Head office**  
Shinjuku-ku, Tokyo

**CMK PRODUCTS CORPORATION**  
Sagamihara-shi, Kanagawa

## Domestic sales facilities

Sendai, Gunma, SE Center, Matsumoto, Yokohama, Hamamatsu, Nagoya, Osaka, Hiroshima, Fukuoka



## Overseas sales facilities

**CMK AMERICA CORPORATION**  
Atlanta, U.S.A

# CSR Charter

## About the CSR Charter

The CSR Charter formulated by CMK CORPORATION represents a combination of the CMK Group Action Statement and the CSR Principles for the sustainability of our corporate value. The CSR principles provide a basis for all employees to pursue CSR activities in order to share the Development and Lasting Prosperity of the company motto among all stakeholders.

### CSR Principles

CMK CORPORATION is unwaveringly committed to fulfilling its corporate responsibilities as a good corporate citizen to the broader society as espoused in the management policy.

### CMK Group Action Statement (summary of key points)



#### Working with society

CMK strives to build trust and confidence and enhance mutual understanding with the general public to promote harmonious coexistence with the broader society.



#### Working with customers

Support from the customer base is vital for healthy corporate activity. CMK strives to foster solid and supportive relationships with our customers.



#### Working with stockholders

Promoting awareness and understanding of our company and boosting stockholder numbers represents the key to future growth and development. CMK is committed to full and impartial information disclosure to ensure the support of the stockholders.



#### Working with business partners

Maintaining solid partnerships with our suppliers and other business partners is vital to the continuing prosperity of the company.



#### Working with employees

Employees represent the life force of the company. Ensuring that employees are properly compensated for their endeavors is directly linked to future growth and development. CMK is actively involved in personal skills development and growth programs for use both within and outside the company.

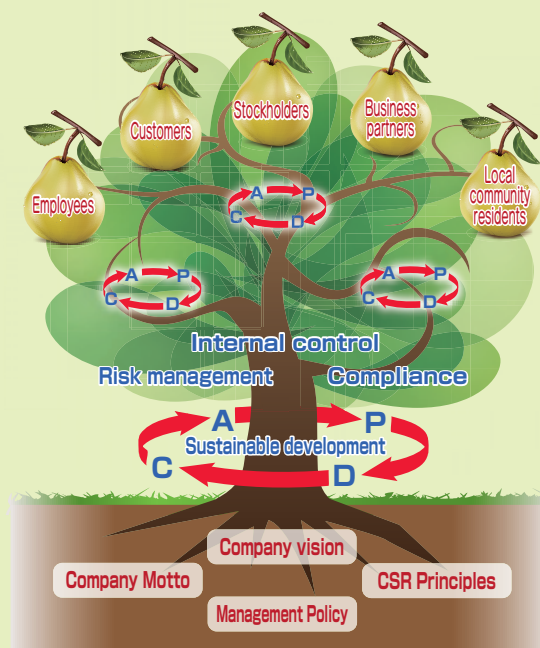
(The CMK Group Action Statement was devised in October 2002 and amended in April 2008 and January 2013.)

### CSR Management Concept

The basis of our company's CSR management are the Company Motto, Management Policy and CSR Charter.

As per our management vision, we build various types of business activities founded on the basic system of internal controls, compliance and risk management activities.

If we liken it to a tree, we believe that making the basic system permeate – everywhere from the branches and the leaves to the tips and the veins of the leaves – and grow based on the roots and trunk of the Company Motto, Management Policy and CSR Charter would lead to sustainable development. Just as there is spring, summer, fall and winter in a year, we will promote growth by thinking about the PDCA cycle and letting it continuously circulate so that we are able to share the fruit of our harvest with all stakeholders.





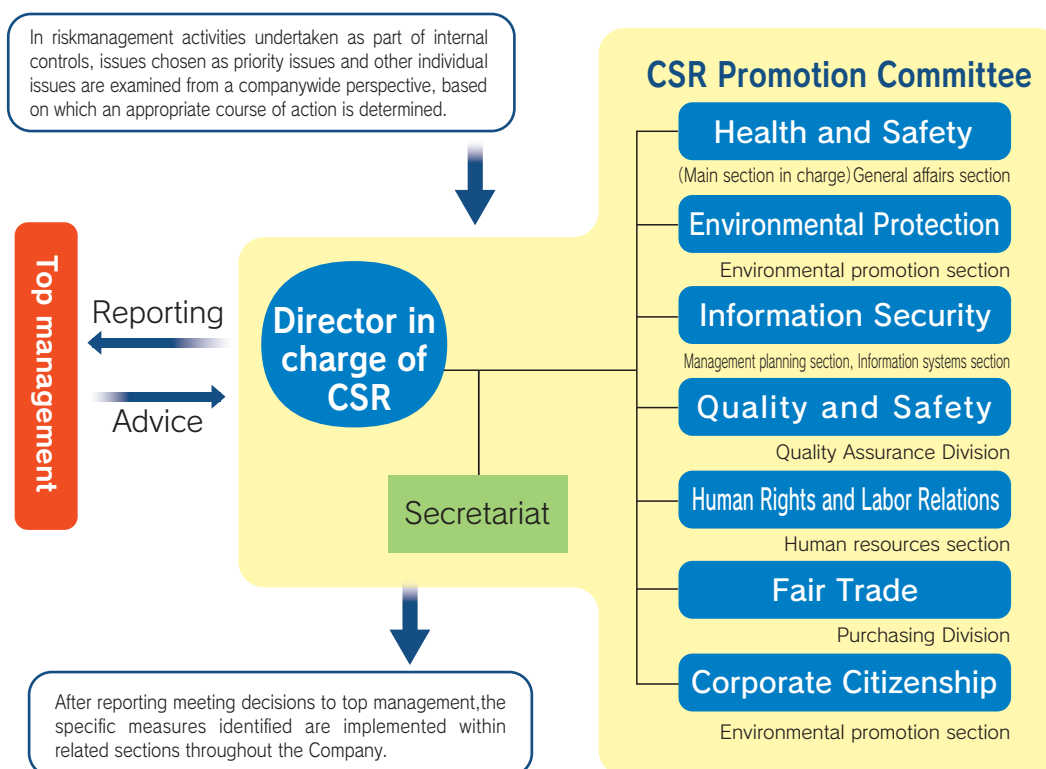
# CSR Promotion Structure

## Promotion Policy

We believe that it is our mission to respond to problems and expectations of society and all stakeholders through our business activities. Another important part of this mission is building relationships rooted in trust, which in turn we feel helps to improve the corporate value. To do this, it is important to promote real activities in accordance with our CSR Charter.

## Promotion structure and key areas

CMK has established a CSR Promotion Committee chaired by the Director in charge of CSR. With a membership consisting of Division General Managers with strong connections to Company CSR efforts, the Committee serves as a body determining the Group's course of action and assessing its progress in CSR. The Committee also reports its findings to management to allow the deployment of relevant measures within the Company.



The categories of the above items to be studied have been established based on the areas covered in the CSR Supply Chain Promotion Guidelines, created by the Japan Electronics and Information Technology Industries Association (JEITA), and ISO26000 and other international CSR guidelines, taking the views of stakeholders into consideration.

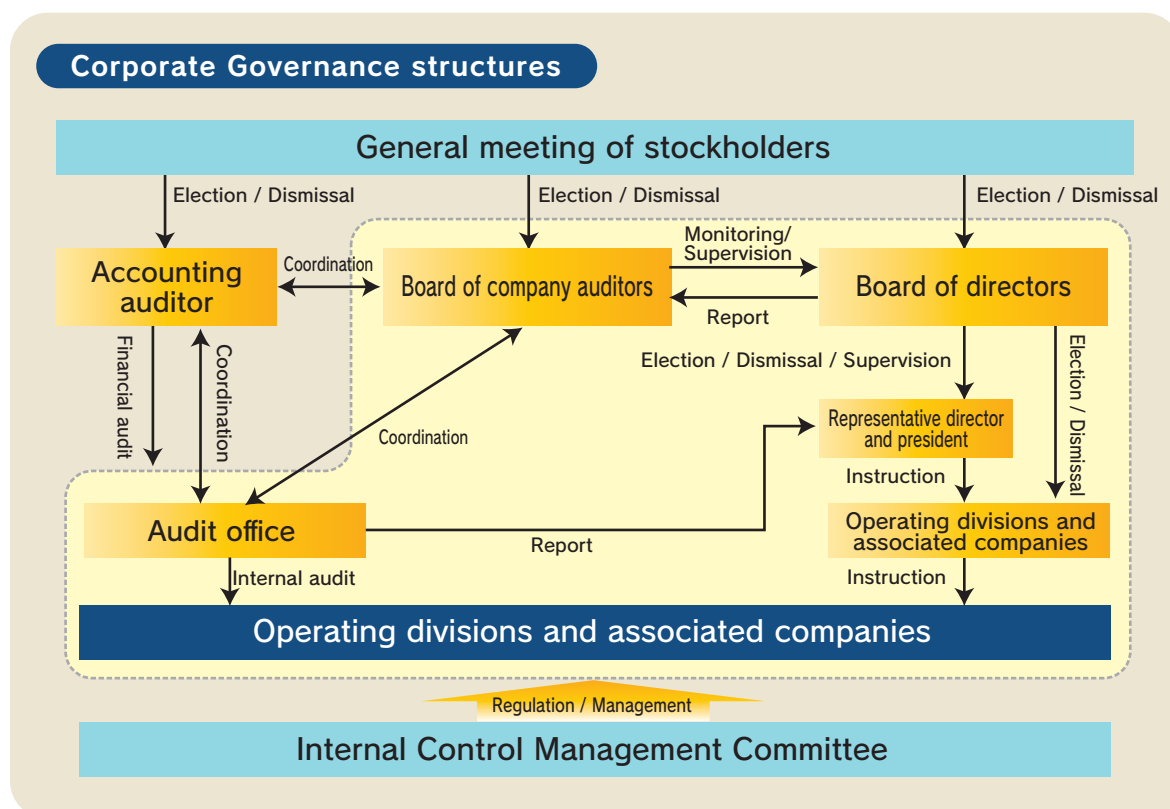
## Releasing the CSR Report

In 2007, CMK published its first CSR Report as an overhaul of the Environmental Report published yearly over the preceding eight years. The Report will be improved further by referring to guidelines that become international indexes and by continually improving our CSR activities.

# Corporate Governance

Our company recognizes the basic mission of corporate management to be the enhancement of corporate values, based on a strict adherence to laws, regulations, social norms, and ethics.

In particular, the Board of Directors is supposed to supervise the business strategies and operations that shareholders have entrusted to it, and the Board of Auditors is supposed to oversee the above. By strengthening these two functions, our company will seek to enhance the efficiency of management, consolidate management's supervisory functions, and strive to achieve thorough compliance.



## Internal control systems

According to the Basic Policy on Internal Control, we have established an Internal Control Management Committee to identify potential risks and strengthen the systems to prevent them through continuing activities.

Also, an internal audit is being conducted by selected members based on the audit plan that was prepared at an early stage, and the results are reported to top management to further consolidate our internal control system.

## Compliance

Our company has established the CMK Group Action Statement, which serves as the fundamental rules for all management and employees to act as good corporate citizens. In our efforts to secure people's trust, this Statement is the anchor for increasing awareness of compliance.

We provide regular education and training (group-based, e-learning, and other forms) related to internal controls and compliance to instill and establish this awareness. This education and training is extended to new graduates, team leaders, and the heads of departments and divisions.

# Topics

This section highlights and introduces the work of CMK CORPORATION (THAILAND) CO., LTD. (CMK Thailand).

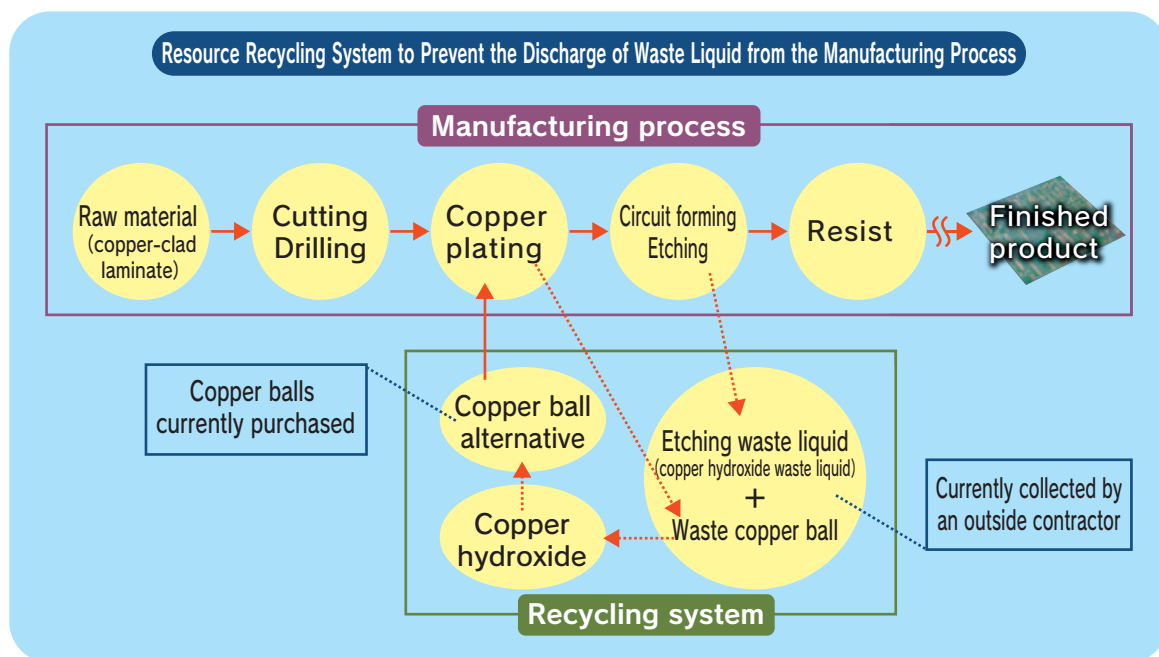
## Recycling Resources

There are a number of important steps in the manufacturing process of printed wiring boards, including electrode copper plating and circuit forming.

The electrode copper plating step consists of dissolving a high-purity copper metal ball, which is referred to as a "copper ball," in an electrolytic copper plating tank. The copper plating, which is used to conduct electricity, is applied to the inner side of the hole (through-hole: TH) of the printed wiring board.

To make the circuits, an etching solution (copper hydroxide) is applied to an electrical conductive board. It melts the excess copper to form an electrical circuit on the printed wiring board.

The copper oxide team at the plant in Thailand has been working on a recycling system. In this system, copper is extracted from the etching waste liquid that is generated during the manufacturing process. This copper is then changed into a more useful form like copper hydroxide, which is fully utilized as an alternative resource for the copper ball used in the copper plating step. These steady efforts have paid off, and full-scale operation has finally begun. With this system, we now have the means for recycling waste liquid.



In this system, used copper balls are collected and are melted into copper hydroxide. This helps to boost the production of copper hydroxide, resulting in a substantial improvement of the recycling rate.

Today, we are able to supply copper hydroxide to our affiliated companies. Our customers have praised this system and have commended us in our efforts to establish it. It was extremely difficult to build a recycling system to boost production, but we were able to construct it on our own thanks to the careful thought and planning of all the staff.

Finally, our copper oxide team realizes that additional efforts to promote the resource recycling and zero emission efforts not only contribute to the betterment of our company, but also society as a whole. They intend to continue to working to help improve our operations. Keep your eye on the work being done by CMK Thailand.



From all the staff of the copper oxide team at CMK Thailand



## Foundation of environmental management

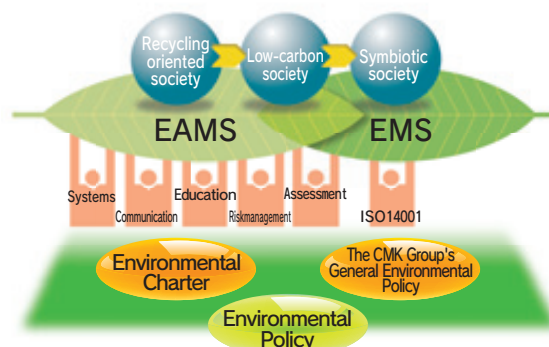
Our company recognizes environmental conservation as one of the main management challenges, and as such, to clarify our basic stance, we have built the foundation of our activities today by creating the Environmental Policy and General Environmental Policy as our Environmental Charter based on the Management Policy formulated in January 1998.

Based on this Environmental Charter, we created the CMK Group Environmental Protection Activity Program and with employees united as one, we are working on realizing a society in which Development and Lasting Prosperity are possible while coexisting with the earth by promoting various environmental conservation activities.

Further, we have been stepping up our environmental conservation activity by building our own Environmental Activities Management System (EAMS<sup>※</sup>) starting in FY2011.

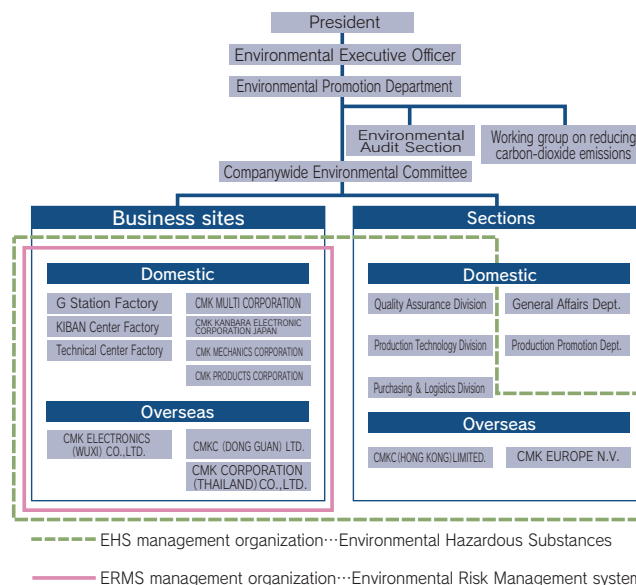
※ Environmental Activities Management System

## Environmental Activities Management System (EAMS)



## Environmental Protection Promotion System

Since August 2006, the CMK Group, including overseas sites, has renewed its structure for promoting environmental protection activities and promoted related activities.



## ISO 14001 Certification Status

ISO 14001 Certification has been obtained at all production sites in Japan and overseas.

|          | Site (company)                           | Date of certification acquisition | Certifying organization | Registration No. |
|----------|--|-----------------------------------|-------------------------|------------------|
| Domestic | KIBAN Center Factory                     | Sep. 1998                         | JQA                     | JQA-EM1060       |
|          | G Station Factory                        | Oct. 2000                         |                         |                  |
|          | Technical Center Factory                 | Oct. 2004                         |                         |                  |
|          | CMK MULTI CORPORATION                    | Aug. 1999                         | JACO                    | EC99 J 1059      |
|          | CMK PRODUCTS CORPORATION                 | Dec. 1999                         | JACO                    | EC99 J 1104      |
|          | CMK KANBARA ELECTRONIC CORPORATION JAPAN | Dec. 2002                         | JQA                     | JQA-EM5108       |
|          | CMK MECHANICS CORPORATION <sup>※</sup>   | Sep. 2004                         | ASR                     | E1003            |
| Overseas | CMKC (DONG GUAN) LTD.                    | Dec. 2003                         | AQA                     | 6441             |
|          | CMK ELECTRONICS (WUXI) CO., LTD.         | Nov. 2004                         | BSI                     | EMS84393         |
|          | CMK CORPORATION (THAILAND) CO., LTD.     | Jan. 2008                         | SGS                     | TH08/1152        |

※The certification body for CMK MECHANICS CORPORATION has changed.

## Environmental Policy

Based on one of our management policies "fulfillment of the Company's social responsibility as a good corporate citizen" CMK CORPORATION makes the best efforts to all the business operation in order to protect the global environment.

## The CMK Group's General Environmental Policy

Based on the belief that all of us living in the world today are responsible for maintaining harmony with the global environment and for protecting our precious natural blessings, CMK promotes qualitative and continuous improvements in environmental conservation activities in which all employees participate.

- ① We seek to establish and promote the CMK Group environmental conservation system and clarify details of environmental improvement activities.
- ② We abide by all laws, regulations, and customer requirements related to the environment and rigorously monitor and control upstream corporate activities.
- ③ We strive to use limited resources with care, to promote energy-saving and recycling, and to reduce waste.
- ④ We perform environmental assessments as part of our corporate activities to minimize environmental impact and to promote substitutions for hazardous substances.
- ⑤ We perform environmental audits with the goal of confirming and continuously improving our environmental control activities.
- ⑥ We perform environmental risk assessments to eliminate environmental risks.
- ⑦ We make every effort to protect our precious green surroundings and natural blessings and to coexist harmoniously with the local environment in regions where we operate facilities.
- ⑧ We seek to raise awareness of conservation issues through education and to promote public outreach activities related to the environment.

(Revised : May, 2010)



## Implementation of environmental education

The CMK Group incorporates environmental education into employee education programs and provides a range of environmental education through annual scheduled seminars.

All CMK's business sites engage in various environmental education activities through their EAMS and ISO 14001 programs. Also in FY 2013, various environmental education programs were conducted for new and existing employees.



Briefings on social responsibility based on ISO26000

| Environmental education conducted in FY 2013  | No. of trainees<br>(Total number) |
|---|-----------------------------------|
| General environmental education<br>(for new employees as well as those who were appointed overseas) | 17                                |
| Briefings on social responsibility based on ISO26000  | 44                                |
| Presentation meeting for the ISO50001-based energy management system                                | 56                                |
| Presentation meeting on environmental risk management   | 13                                |

## Results of Environmental Activities in FY 2013 and Targets for FY 2013

Explanation of evaluation symbols ◎: Target reached ○: Target nearly reached △: Target partially unaccomplished ×: Not included

| Classification of activity | Activity theme   | Target for FY 2013   | Evaluation |
|----------------------------|--|--|------------|
| 1                          | Management activity  | Construction of environmental management system                          | ◎          |
|                            |  | Implementation of environmental accounting                               | ○          |
|                            |  | Abidance by environmental laws   | ◎          |
|                            |  | Implementation of environmental audit                                    | ○          |
|                            |  | Implementation of environmental education                                | ○          |
|                            |  | Implementation of environmental risk management                          | ○          |
|                            |  | Initiatives to Protect Biodiversity                                      | ◎          |
| 2                          | Environmental measure applicable to product                    | Discontinuation of use of environmental hazardous substances in products | ◎          |
|                            |  | Response to REACH regulations  | ◎          |
|                            |  | Proposal of "E-spec" eco-products  | ◎          |
| 3                          | Environmentally conscious production process / office activity | Management of chemical substances  | ◎          |
|                            |  | Saving energy and Prevention of global warming                           | ◎          |
|                            |  | Waste reduction  | ○          |
|                            |  | Promotion of green purchasing  | ◎          |
| 4                          | Environmental communication                                    | Disclosure of environmental activity information                         | ◎          |
|                            |  | Participation in local activities  | ◎          |
|                            |  | Participation in citizen's movements                                     | ○          |

\*Please refer to the Environmental Data posted on the company's official website for details of the Environmental Protection Activity Program and its activities.



## Themes for FY 2013

### Governance Survey of Environmental Activities

We set out the appropriate level of supervision at each office within the organizational framework for environmental activities at offices in Japan and other countries. We also define the documentation framework, including rules and regulations, along with established operations and environmental risk assessment. Together these serve as our frameworks for governance. To maintain and improve our governance system, we perform on-site inspections of offices in Japan, and use a teleconferencing system to inspect offices in other countries.

This is the second year we have conducted this survey. In this fiscal year, we conducted the survey at the offices of our group companies.

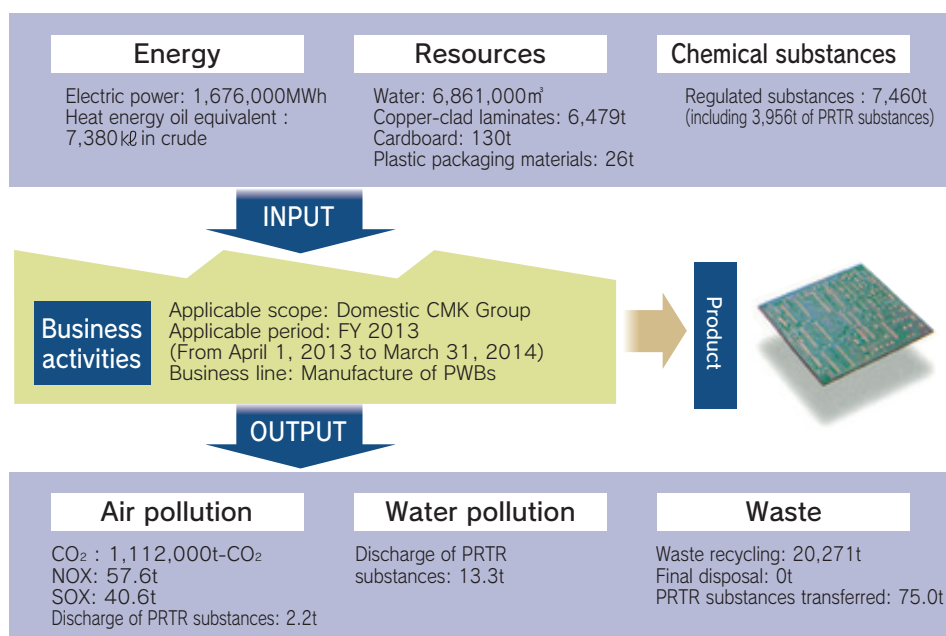
We were able to take a step forward towards standardizing the environment-related operations throughout all our offices. By communicating closely with offices both inside and outside Japan, we aim to continue promoting standardized environmental protection activities within the Group.



Scene from a meeting on the environmental governance survey

### Relationship Between Business Activities and the Environment

By appropriately clarifying the resources and energy consumption necessary for our business activities and the resulting emissions of greenhouse gases and waste, we have carried out even more effective environmental practices.



In accordance with the Environmental Performance Indicators Guideline for Organizations

### Environmental protection costs

At CMK, we regard environmental accounting as an index for assessing environmental activities. We established applicable guidelines in FY 1999 based on the Environmental Accounting Guidelines issued by the Ministry of the Environment in Japan. Environmental protection costs account for 1.1% of sales.

#### Environmental protection costs for FY2013

Unit: million yen

| Environmental protection costs           | Facility costs |                   | Total costs |
|--|----------------|-------------------|-------------|
|  | Facility costs | Maintenance costs |             |
| 1) The costs of business activities      | 62.0           | 578.3             | 640.3       |
| ①Pollution prevention costs              | 45.7           | 392.5             | 438.2       |
| ②Global environmental protection costs   | 3.7            | 6.2               | 9.9         |
| ③Resources recycling costs               | 12.6           | 179.6             | 192.2       |
| 2) Up- and down-stream costs             | 0.0            | 2.2               | 2.2         |
| 3) The costs of control activities       | 2.3            | 170.1             | 172.4       |
| 4) The costs of research and development | 0.2            | 0.3               | 0.5         |
| 5) The costs of social activities        | 0.0            | 0.0               | 0.0         |
| 6) The costs of environmental damage     | 0.0            | 0.0               | 0.0         |
| 7) Other environmental protection costs  | 0.0            | 0.1               | 0.1         |
| Total                                    | 64.5           | 751.0             | 815.5       |

#### Monetary effects for FY2013

Unit: million yen

|  |       |
|--|-------|
| Actual effects resulting from energy-saving measures   | 16.5  |
| Profits from sales of waste  | 626.0 |
| Impact of reducing waste-processing expenses   | 7.3   |
| Survey Conditions Survey period: April 1, 2013 to March 31, 2014<br>Survey targets: Domestic CMK Group |       |

# Environmental risk management activities

Risks are inherent to company activities, and risk management grows more important each year.

In environmental activities, environmental risk management has been adopted from the 2007 fiscal year.

## Environmental risk management

On May 5, 2008, our company established its Basic Targets for Environmental Risk Management and began to build an environmental risk management system. The system is gradually being developed and expanded. At the same time, we are also moving ahead with review of our systems and documentation, such as fixing stagnant systems and revising our system for calculating and assessing risk.

## Implementing the 5th round of environmental risk management

In FY 2013, the fifth year of this initiative, we detected approximately 800 environmental risks. We determined which risks were high priority, and formulated a plan to address them. Likewise, we also compiled a database for centrally controlling the continued monitoring of risks. Also, continuing from the previous year, we conducted an irregular survey on environmental risks in FY 2013 on the backdrop of legal amendments and actual accidents to re-confirm the risks that exist at each site.

## Observing Environmental Laws and Ordinances

From the perspective of environmental risk, we broadcast information on enactments and amendments of environmental laws that are related to business activities in a timely manner within the domestic group by using various information sources that include official government newsletters.

The information we collected is being included in the Checklist for Compliance with Environmental Laws and Regulations, aimed at a thorough awareness of and compliance with environment-related laws and regulations. This checklist is distributed to domestic group companies once a year.

In addition to the conventional compliance check, in FY 2013 we also checked the status of compliance focused on rules and regulations related to environmental pollution standards concerning high-risk business activities in Japan and other countries.

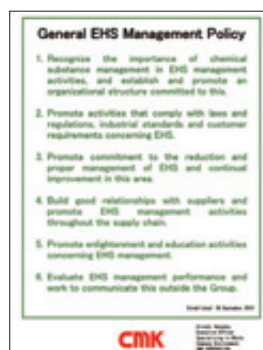
## Efforts in Soil and Underground Water Preservation

Self-directed soil and groundwater surveys have been carried out at all members of the CMK Group in Japan since 1998, as part of the Group's environmental risk management.

These have been based on records of chemical substances used.

The survey revealed that the amount of chlorinated organic solvent in the soil and groundwater exceeded standard values in several areas around the manufacturing site, but purification measures were immediately implemented at the site, and no impact was observed outside the land lot. We plan to continue regular observation and management.

The phase-out of chlorinated organic solvents launched in 1998 was successfully completed in March 2004 at all domestic CMK Group companies.



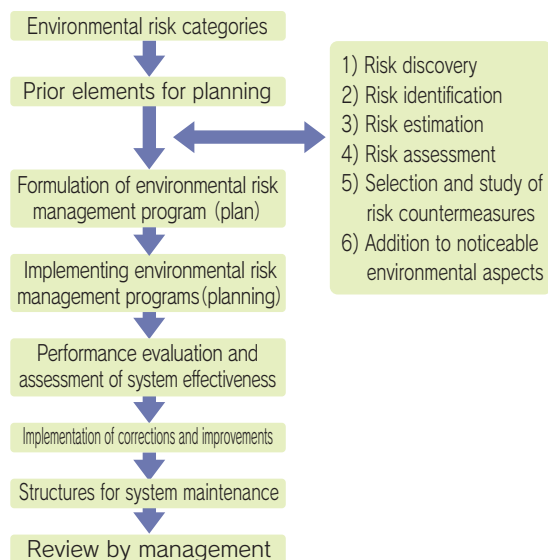
Basic objectives of and regulations for environmental risk management

### Environmental risk categories

| No | Classification  | Details   |
|----|---|---|
| 1  | Environmental pollution due to natural disasters or accidents               | Risk stemming from cases of force majeure, including natural disasters, and errors in the form of accidents and other incidents   |
| 2  | Environmental pollution due to daily activities                             | Risk stemming from continual and cumulative environmental pollution having limited and local impact. Impact on human beings, known as "kogai" (common harm) in Japan                  |
| 3  | Violation of environmental regulations, etc.                                | Risk stemming from violations of domestic or overseas regulations related to plant activities, including government orders, ordinances, and community agreements                      |
|    |   | Risk stemming from violations of domestic or overseas regulations related to products produced at the plant. Well-known examples include EU RoHS and ELV directives                   |
| 4  | Demand for environmental management and environmental management assessment | Risk stemming from assessments of headquarters or sites based on demands from communities, the supply chain, and society at large   |
| 5  | Inadequate management system  | Risk stemming from flaws in communication of information, gathering information on or interpreting laws and regulations, or risk awareness and training, inherent to relevant systems |

Note: Excerpted from the Guidelines on Adoption of the Environmental Risk Management Manual

### Environmental risk management flowchart





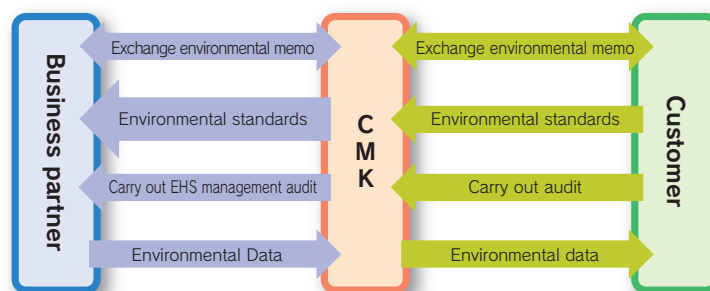
## Activities to control substances with environmental impact

A variety of chemicals are used in the production of printed wiring boards. Among those used, there are substances that potentially contribute to the destruction of the earth's environment and damage our health. Our company believes that managing these chemicals is a global issue, and has taken a number of steps to address this issue.

One way in which we do this is by labeling chemicals considered to substantially affect the earth's environment and the human body as EHS\*. This label helps us to avoid using materials that contain these substances, as well as to avoid using these chemicals during the manufacturing process. We strictly monitor and manage the use of these chemicals and comply with the corresponding laws and regulations. We also respond sincerely to requests from our customers and conduct initiatives that help us fulfill our social responsibility.

※ EHS stands for environmentally hazardous substances.

Our company is a processing company, and thus it is positioned in the middle of the supply chain. With the rising global trend towards stricter laws and regulations, it has become increasingly important to convey information about chemicals. In light of this trend, greater cooperation is needed within the supply chain. Our company works closely with customers and clients in an effort to promote better communication.



### General EHS Management Policy

1. Recognize the importance of chemical substance management in EHS management activities, and establish and promote an organizational structure committed to this.
2. Promote activities that comply with laws and regulations, industrial standards and customer requirements concerning EHS.
3. Promote commitment to the reduction and proper management of EHS and continual improvement in this area.
4. Build good relationships with suppliers and promote EHS management activities throughout the supply chain.
5. Promote enlightenment and education activities concerning EHS management.
6. Evaluate EHS management performance and work to communicate this outside the Group.

### The Five Rules for EHS Management

Large posters featuring the slogan for EHS management activities and the five EHS management rules in English, Japanese, and Chinese have been distributed to all production centers and other operations in the CMK Group to enhance awareness of and familiarity with handling of environmental hazardous substances.

#### Slogan for EHS management activities

CMK never accept any prohibited environmental hazardous substances into CMK Group.

### Five Rules for EHS Management

- ① We do not incorporate the use of EHS in plans or designs.
- ② We do not purchase EHS.
- ③ We do not produce EHS.
- ④ We do not discharge EHS.
- ⑤ We do not skip any steps in EHS management.





## Green Procurement Activities

At CMK, we promote green procurement activities to contribute to protecting the global environment and building a recycling-oriented society.

This initiative is consistent with green purchasing standards. In assessing clients and the materials that we purchase, we place an emphasis on environmental awareness, as well as factors such as quality, cost, and the delivery schedule.

In regards to environmental awareness, we have included the two following standards as factors to be assessed.

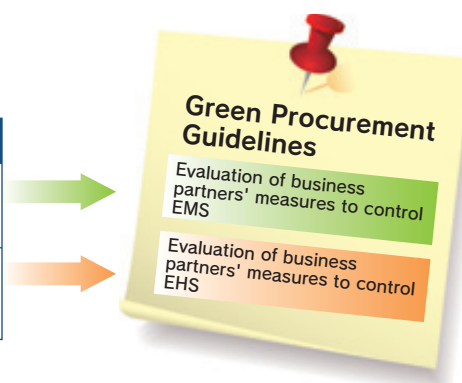
- (1) Criteria related to the environmental management system
- (2) Criteria related to control of environmentally hazardous substances

We ask our clients to annually conduct a self-assessment of their green purchasing practices to confirm that the requirements of green purchasing standards are properly met. In addition, to improve our clients' management performance, we generally conduct on-site audits that emphasize the confirmation of EHS management once every three years. In 2013, we conducted on-site audits of six clients and confirmed that EHS management was correctly implemented. We have established an in-house certification system to train the auditors who handle the on-site audits.

### Basic idea of green procurement

〈evaluation factor〉

|   | Environmental management system                                 | Performance   |
|---|---|---|
| Environmental management system activities (EMS)                      | Environmental management in connection with business activities | Status of regulatory compliance<br>Activities to reduce environmental load  |
| Environmental hazardous substances management system activities (EHS) | Management of environmental hazardous substances in products    | Guarantees that products do not contain Environmental Hazardous Substances, or that they are below the standard value |



## “E-spec” environmentally friendly PWBs

At CMK, we sell products that meet our own environmental standards as “E-spec”, as an effort to reduce the impact that our products have on the environment.

In compliance with customer wishes, products meeting requirements may display the E-spec marks.

Sales of E-spec in FY 2013 totaled 13.2% of overall sales.

### Required standards

- Factory that has obtained ISO14001 certification
- Nonuse of ozone-depleting substance
- Nonuse of chlorinated organic solvent
- Nonuse of polyvinyl chloride (PVC) for packaging materials
- Nonuse of internally designated prohibited substances including six substances banned under RoHS



### Optional standards

- ① Halogen-free products
- ② Pb-free products
- ③ Halogen-free, Pb-free products

### E-spec marks

- ① CMK HF
- ② CMK PF
- ③ CMK HF PF

As of December 2003, these marks are registered trademarks of CMK.





## Environmental protection activities

As reduce environmental impact associated with our business activities, we are working on activities realization of reduction of CO<sub>2</sub>, reduction of waste, such as chemicals management.

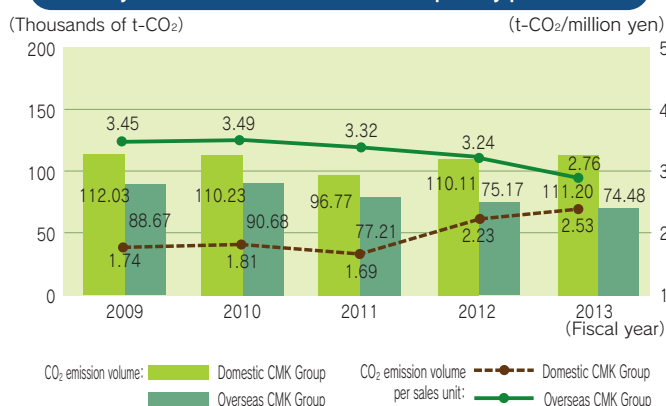
### Prevention of Global Warming

To reduce carbon dioxide emissions, a cause of global warming, CMK is promoting energy-conservation efforts in various business activities at both production facilities and offices.

CO<sub>2</sub> emissions in FY 2013 were 111,119 tons of CO<sub>2</sub> for domestic group companies (1.0% Increase than the previous year) and 74,483 tons of CO<sub>2</sub> (0.9% less than the previous year).

We have also been involved in initiatives to reduce CO<sub>2</sub> emissions in households. We produced the original CMK environmental accounting book with examples of energy conservation in the household for distribution to all employees. In FY 2013, 160 persons participated., Many of them told us that keeping the environmental accounting book changed their thinking about energy conservation and global warming.

#### Year-to-year trend in CO<sub>2</sub> emissions and quantity per sales unit



#### New formula for converting electrical energy to CO<sub>2</sub>

From FY 2006, CMK switched from an industry group's carbon dioxide emissions coefficient to that used by Japan's Ministry of the Environment.

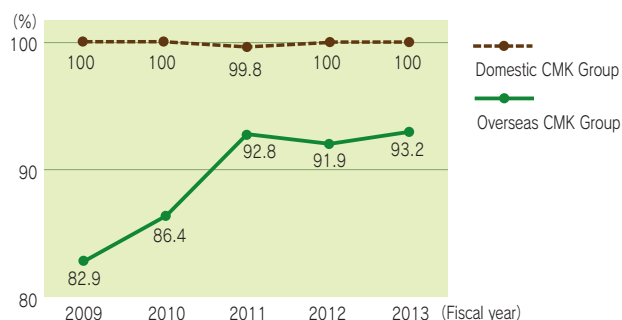
A default value (0.000555t-CO<sub>2</sub>/kWh) is used for overseas data. For the Thai factory only, we recalculate by replacing the value with the coefficient for power generation at the industrial park (0.000197t-CO<sub>2</sub>/kWh).

### Efforts toward Zero Emissions

CMK defines "zero emissions" as a condition in which the amount of waste to be disposed of through burial is zero, and has implemented measures to achieve this condition.

In FY 2013, our Group maintained a zero emission rate of 100% throughout our group companies in Japan. For our group companies in other countries, the rate rose by 1.3 points from the previous fiscal year to 93.2%.

#### Annual trends in zero-emissions rates



### Evaluation and Management of Chemical Substances

Chemical substances used in corporate activities are subject to voluntary control and management, such as monitoring of consumption volume and other parameters in line with our own control classification system\* and corresponding designated substances, based on legislation and regulations as well as industry reduction targets, primarily in the context of site-specific ISO14001 management activities.

In FY 2013, the volume of chemicals subject to controls handled by the domestic CMK Group was 7,460 tons, including 90.5 tons of PRTR emissions and displacement volume.

\*Three classifications: unconditionally banned substances, conditionally banned substances and controlled substances.

# Biodiversity protection activities

In June 2008, the Basic Act on Biodiversity went into effect and a guideline for participation in the private sector. In Japan, active efforts are being made to protect biodiversity. Each office of our company performs activities focused on ecological preservation and biodiversity protection.

## Activities of Our Company

In May 2010, our company added biodiversity protection activities to the General Environmental Policy. We published a manual and a guideline for biodiversity, and made efforts to promote this awareness among our clients through the Green Procurement Briefing.

In addition, at each office we assess the effect of our business activities on biodiversity protection. We also consider and promote biodiversity protection activities adjusted to the needs of each individual community. We will continue working to protect biodiversity and ensure the sustainable use of resources to create a society that coexists in harmony with nature.



## Activities of CMK KANBARA ELECTRONIC CORPORATION JAPAN

CMK KANBARA ELECTRONIC CORPORATION JAPAN has a plant in Gosen City, Niigata Prefecture, Japan. It has focused on addressing the issue of water discharged by the plant into the Nodaigawa River that runs through the city. Because salmon return to the Nodaigawa River each year to lay their eggs, in FY 2013 the company decided to begin supporting the work performed by the Nodaigawa River Salmon and Trout Breeding Association. CMK KANBARA ELECTRONIC CORPORATION JAPAN cleaned up the area around the Salmon Park, which is set aside as a place for salmon to lay their eggs, two times in FY 2013. These cleaning efforts helped to prepare a place that can also be used to teach local children about rivers and fish. With the cooperation of our employees, we are working to protect the natural environment of Nodaigawa River and the ecological system of salmon. We will continue to clean up around the river and conduct other activities in 2014 and the years beyond.



## Activities in the Gunma Region

In the Gunma region, since FY 2012 we have taken part in the Red Pine Ownership Plan, a volunteer program run by Isesaki City. The Hachisu Gongen-yama Park, which is largely situated in a flat part of Isesaki City, is an ecological area where wild birds can build nests and rest. Unfortunately, dozens of Japanese red pines in this park die each year. To address this problem, the Red Pine Ownership Plan seeks to recruit volunteers to help protect the Japanese red pine. The following year in FY 2013, volunteers cleared the underbrush on three separate occasions to help protect the trees and establish an environment in which the Japanese red pine is kept safe from the hated pine weevil. Each year our employees take part as volunteers, with a total of 38 participating in FY 2013. We will continue working with Isesaki City and help protect the biodiversity of the region through ongoing activities.



# Working with customer –Quality and Safety–



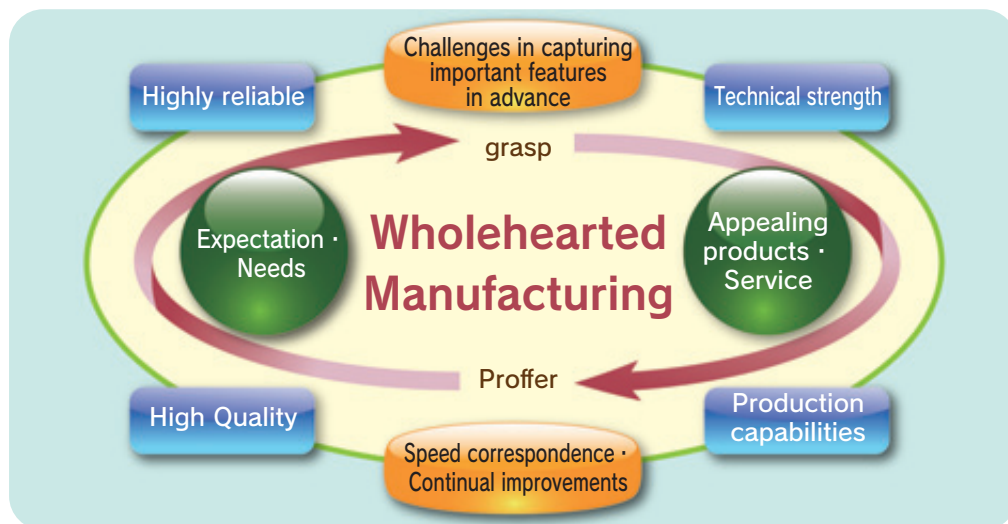
We make regular efforts to further improve quality and safety. These efforts leave a positive impression on our customers and ensure they remain satisfied.

## Quality Assurance

At CMK, our management policy is Quality First in Management, and we promote quality assurance activities enabling us to fulfill our social responsibilities by providing highly reliable products and services that satisfy our customers. Considering the ideal of zero defects and zero complaints, and with "Wholehearted Manufacturing" as the watchword, the entire company is working as one, aiming to be No. 1 for customer satisfaction and No. 1 for employee satisfaction.

### Quality Policy

1. Provide attractive / appealing products and services based on solid understanding of the needs and expectations of customers to make our company become their natural choice.
1. Promote company-wide awareness of importance of quality and implement continual improvement for quality management system.
1. Set quality targets, identify the means for achieving the targets, and strive to achieve the targets rapidly and appropriately.

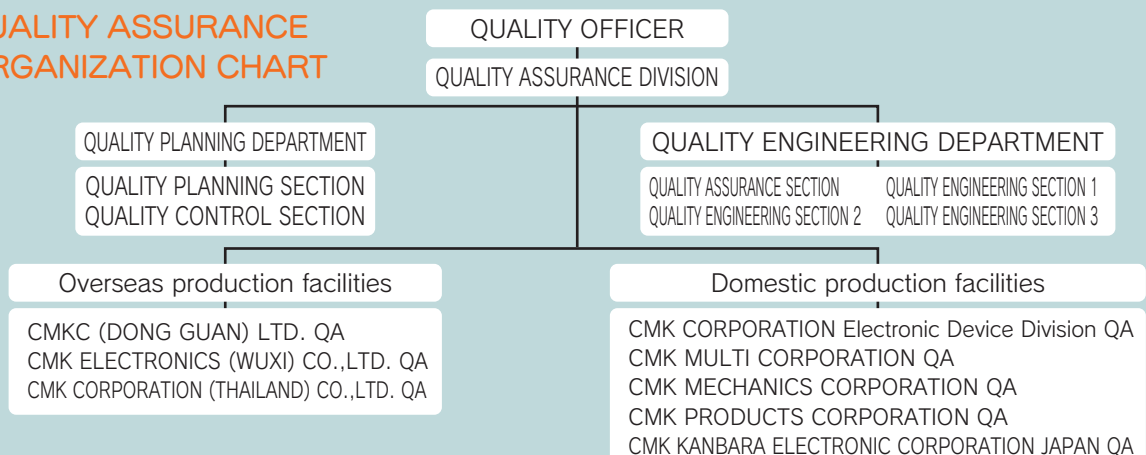


## Quality Assurance Scheme

In our company, the director in charge of quality plays a central role in quality control. This director helps to set up the quality assurance oversight division, which is the supervisory organization directly controlled by headquarters, as well as the quality assurance departments at each plant.

These quality assurance organizations are the driving force behind quality control. Each division is assigned a specific role, and they work in close cooperation with each other to share information related to quality control. Acting in line with the slogan of "wholehearted manufacturing," the entire company promotes organized and carefully planned quality assurance activities that seek to apply the feedback we have received from customers.

### QUALITY ASSURANCE ORGANIZATION CHART





## Quality Management System

To globally market products, it is important to have a system that ensures the same level quality for all the products produced at plants around the world. In order to establish this system, all the offices of our group have obtained ISO9001 certification, which is an international standard for quality management systems. Likewise, offices operating in the automotive industry have obtained ISO/TS16949 certification. The in-house quality assurance system we have built is based on these international standards, and helps to improve our quality on a global level.

### Certification status of domestic facilities

| Site (company)                           | Standard | Certifying organization | Registration No. | Date of certification acquisition |
|--|----------|-------------------------|------------------|-----------------------------------|
| CMK CORPORATION                          | ISO9001  | JQA                     | JMI-0276         | Sep.1993                          |
| CMK MULTI CORPORATION                    | ISO9001  | JACO                    | QC00J0015        | Nov.1994                          |
| CMK MECHANICS CORPORATION                | ISO9001  | ASR                     | Q2550            | Jul.1998                          |
| CMK PRODUCTS CORPORATION                 | ISO9001  | JACO                    | QC99J1054        | Feb.2000                          |
| CMK KANBARA ELECTRONIC CORPORATION JAPAN | ISO9001  | JQA                     | JQA-QMA12054     | Mar.2005                          |

※The certification body for CMK MECHANICS CORPORATION has changed.

### Certification status of overseas facilities

| Site (company)                       | Standard    | Certifying organization | Registration No. | Date of certification acquisition |
|--------------------------------------|-------------|-------------------------|------------------|-----------------------------------|
| CMKC (DONG GUAN) LTD.                | ISO/TS16949 | AQA                     | 6407             | Mar.2006                          |
| CMK ELECTRONICS (WUXI) CO.,LTD.      | ISO/TS16949 | BSI                     | TS84040          | Apr.2004                          |
| CMK CORPORATION (THAILAND) CO., LTD. | ISO/TS16949 | SGS                     | TH09/3123        | Jun.2009                          |

## Product Safety Efforts

Our company has also established a material accreditation scheme designed to help us provide customers with reliable products. In this scheme, we conduct evaluation tests on the materials used in printed wiring boards (such as the base materials and solder resists). Materials that pass the tests are registered as certified materials, which enable them to be used in our products.



Reliability assessment testing

As part of the accreditation process, suppliers are required to submit a "guarantee of non-use of EHS materials" and other documentation, including MSDS. Overseas, applications are submitted for new products and materials in accordance with the UL safety standards to ensure products comply with the standard.

CMK will supply safer, more reliable printed wiring boards manufactured from safe and responsible materials for use in an ever widening range of increasingly reliable and higher-density electron.

## Activities intended to raise quality awareness

Quality education is provided each fiscal year in a planned manner, in order to deepen the understanding of each of our employees regarding the concept of quality assurance and how it relates to practical business activities, in hopes of offering products and services that will satisfy customers.

We have incorporated various training programs into our annual schedule, including QC methods that clarify problems and quality ISO seminars aimed at teaching quality management systems that start with going over the basics.



Training session



### Participation in Exhibitions Held by Other Organizations

Each year we exhibit our products at NEPCON Japan in January, and the JPCA Show in June. These events provide us with the best opportunities to gather information about customer needs.

#### Two Booths at NEPCON Japan

We set up two different booths in the Printed Wiring Boards EXPO and the Automotive World 2014, to exhibit our products at NEPCON Japan 2014, which was held from January 15 to 17. These booths helped us obtain a wide range of information about customer needs. As a result of this approach, the number of visitors increased by 66% from the previous year. We also received a greater number of inquiries and orders for new products.



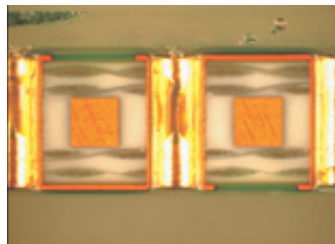
Exhibition at NEPCON Japan 2014

#### Exhibition at JPCA Show

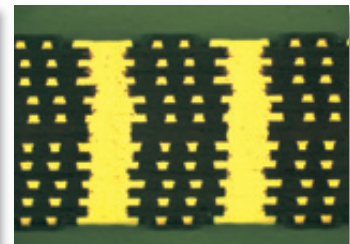
We exhibited our vehicle mounted and high-density/highly-functional products at the JPCA Show 2014, which was held from June 4 to 6. These products were presented as proposals intended to meet customer needs.

The underlying concept for our vehicle mounted wiring boards is to “deliver safety, comfort, and environmental harmony through our highly-reliable printed wiring board technology.” Based

on this concept, we presented high heat dissipation and large current resistant wiring boards for use in the power devices for hybrid vehicles and electric vehicles, for which demand is expected to grow in the future. We also exhibited a vehicle mounted wiring board that offers the best reliability and performance in the industry. In regards to high-density/highly-functional printed wiring boards, the basic concept is to “help make devices ‘thinner and smaller’ through the various forms of the latest printed wiring board technology we offer.” We exhibited a build-up wiring board ideal for next-generation mobile devices, and presented our latest micro-wiring technology.



Cross-section of high heat dissipation/  
large current resistant board



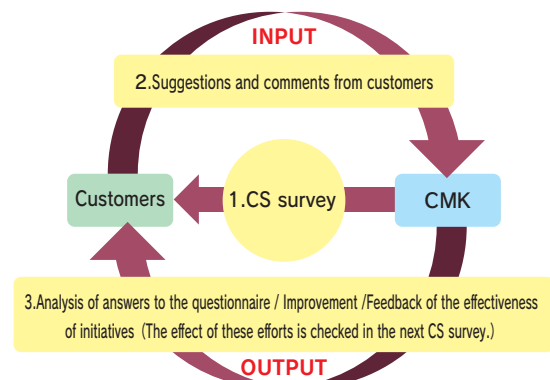
Cross-section of high-density/  
highly-functional board

### Initiatives aimed at improving customer satisfaction

Each year we conduct a regular customer satisfaction (CS) survey. We seriously consider opinions and complaints we directly receive from customers, and use this feedback as a means to identify the current status of our company and the issues it faces. We strive to be a corporation that satisfies customers through our ongoing improvement efforts.

#### Customer Satisfaction Survey (CS survey)

- Customers are asked to answer a questionnaire designed to determine their degree of satisfaction, collect feedback, and identify problems with our company.
- Responses are analyzed to identify issues our company needs to address.
- The results of improvement efforts to address issues are conveyed to customers, and the effect of these efforts is checked in the next CS survey.



# Working with stockholders



Pursuant to the CMK Group Action Statement, CMK is engaged in the following activities, recognizing that the more people who understand what our company is really like and become shareholders, the more our company will develop and the more our corporate values will improve.

## Timely disclosure system

CMK recognizes that the timely and appropriate disclosure of financial and other information to shareholders and investors is fundamental for sound business management, and we strive to disclose information in a prompt, accurate, fair, and equitable manner.

- Pursuant to the Securities Listing Regulations established by the Tokyo Stock Exchange, and other regulations, we are working to promptly disclose information through both our timely disclosure system (TDnet) and the media.
- Information that must be disclosed in a timely manner and other information that is considered to affect investment decisions is promptly disclosed on our corporate website.
- Complete Renewal of Our Company's Website in 2013 .We send information in a more visually clear manner.



<http://www.cmk-corp.com/>

## Communications with investors and shareholders

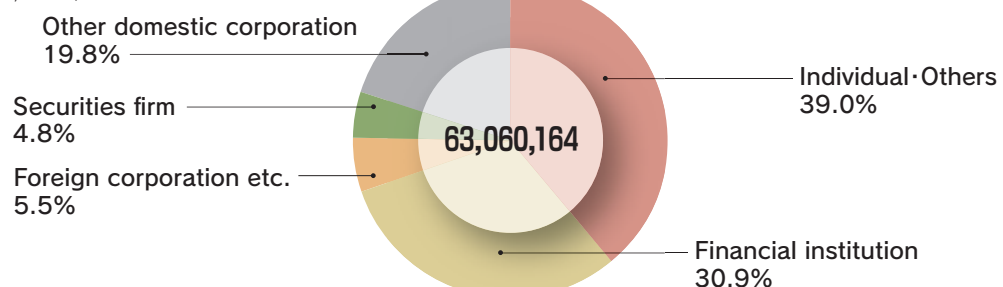
In view of fulfilling our CSR, we are engaged in the following activities to provide information to help increase the transparency and fairness of our business management.

- We publish semi-annual reports to facilitate understanding regarding our company's business status and future policies. We also publish book-closing materials on a voluntary basis.
- Those in charge of IR respond to individual interviews with stock market participants.
- As part of our outside publicity efforts, we strive to quickly respond to any inquiries we receive from shareholders and investors.
- Since it was founded, CMK has made public relations its top priority, and is also proactively engaged in environmental conservation activities. The results of each fiscal term are compiled in the CSR Report and we disseminate it inside and outside the company.

### Stockholders situation

(As of March 31, 2014)

#### Share distribution by owner



# Working with business partner –Fair Trade–



Our company places an importance on establishing a relationship of trust with clients. Based on the purchasing policy of the CMK Group, we continue to conduct business transactions in appropriate manner. We also promote CSR in purchasing throughout the supply chain by working together with clients to protect environment and comply with laws and regulations.

## CMK Group purchasing policies

CMK believes it is important to grow alongside our business partners based on a recognition of their role as capable partners. Seeking the mutual sustainable development of our corporate activities, we engage in our purchasing activities openly, fairly, and honestly.

### «Excerpts from purchasing policies»

1. CMK shall comply with laws, regulations, and social norms, and shall follow standard business practice without abusing its positions of superiority in transactions.
1. CMK shall provide equal opportunities to all companies and evaluate each one fairly and impartially.
1. CMK shall strive to purchase raw materials, products, and parts that have reduced impact on society and the global environment.
1. CMK acknowledges that its business partners will endeavor to maintain or improve quality, prices, delivery times, etc.

## Implementing Fair and Impartial Transactions

In choosing and continuing transactions with suppliers, final decisions shall be based on fair criteria such as price, quality, delivery times, and business conditions, and on appropriate procedures.

As well as executing appropriate transactions in compliance with laws and ordinances and building business relations that place more emphasis on relationships of mutual trust, CMK also wants to be a good partner capable of mutual growth.

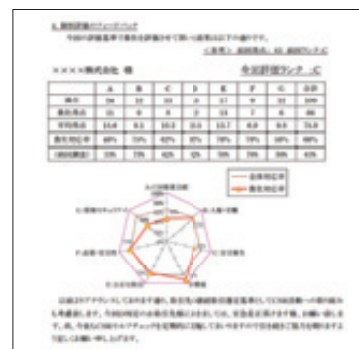
### Beginning the transaction and review process



## Surveying CSR (Corporate Social Responsibility) initiatives at business partners

We have asked our business partners on a regular basis to conduct self-assessments on CSR to confirm the progress of their CSR activities. This is the sixth survey we have conducted. In FY 2013 we surveyed a total of 21 companies, and asked them for improvement in areas that needed to be addressed. We believe that each year this survey helps to increasingly enhance our clients' awareness of CSR activities. This verification process gives us an important opportunity to help our business partners understand our concept of CSR, and we plan to continue these activities while striving to enhance them.

### Feedback of analysis results



## Response to Conflict Mineral

In recent years, serious human-rights violations and environmental destruction have occurred in the Democratic Republic of the Congo and neighboring countries. Some of the minerals that can be mined in this area are said to be sources of funding for antigovernment forces. Our company cooperates with our customers and clients to promote initiatives that ban the use of mined minerals (tantalum, tin, gold, and tungsten) used to fund these armed groups.

## Response to tighter legal compliance including the Subcontractors Protection Act

To comply with the Subcontractors Protection Act, which protects the profits of subcontractors in Japan, CMK is proactively participating in the activities of the Fair Trade Commission and industry groups, ascertaining the latest information on the Subcontractors Protection Act, and building up information at factories and subsidiaries in Japan. In addition, in FY 2013 we began promoting the conclusion of memorandums of understanding on requirements for prevention of bribery to completely eradicate this practice.





Based on our Management Policy and the Group Action Statement, our Company is striving to create an environment that motivates people to work vigorously by respecting to human rights, recognizing the diverse sets of values of an individual and making the most of the potential that exists in each and every employee.

## Respect for human rights, fair personnel

Based on the Group Action Statement, our company has eliminated discrimination based on areas such as sex, age, nationality and religion, and is working on fair evaluations and treatment when hiring and cultivating various types of talent in accordance with their performance and capabilities.

And in order to raise the awareness of compliance, we regularly provide education and conduct seminars on compliance for employees, from new employees all the way to executives, as well as work on preventing or resolving issues by setting up an internal reporting system and a contact for advice.

## Developing the Human Resources Our Company Seeks

CMK is committed to providing skill development programs for each and every employee to enhance their talents as corporate employees, and to train personnel with the ability to contribute to society through assertive action and rich creativity.

### An image of the kind of person we have in mind:

- Someone who thinks on his own, acts on his own and delivers results
- Someone who sets challenging targets, aims earnestly toward the targets, works avidly and delivers results
- Someone who proactively works on cultivating and motivating subordinates
- Someone who displays a high degree of specialized capabilities and contributes to achieving organizational targets
- Someone who is aware of being a professional
- Someone who proactively works on improving skills and capabilities
- Someone who is full of creativity and can contribute to society
- Someone who has strong international capabilities



CMK Training Center



A scene from managerial training

The diverse training curriculum consists of courses tailored to rank, department or select participants, general courses, personal development courses, and covers the full range from new recruits to managerial courses.

### 【Global Human Resources】

The global human resources at CMK are individuals with a wide range of management abilities and a high level of expertise. They are receptive to cultural differences, and take the initiative in operations in Japan and other countries. Our company aims to cultivate human resources who exhibit these traits, and who also are also capable of understanding the different ways of thinking and values held by people in other countries.

As part of these efforts to develop human resources, we have set up a system for sending young employees to another country for a brief period. This system helps to make them aware of cultural differences, cultivate a broader perspective, and improve their foreign language skills. In addition to sending employees to other countries, we also hired two foreign students last year. We will continue to promote the development of human resources, the diversification of these resources, and intercultural exchange to keep up with the rapid pace of globalization.



A scene from intercultural exchange



## Stepped employment extension system

For employees who have reached the compulsory retirement age of 60, we have adopted a stepped employment extension system that gradually re-hires in phases all those who desire to work until the age of 65. This is one way we are responding to social demands, such as in the hike in the eligible age for receiving welfare pension. Also, we conduct the Life Plan Seminar every year for employees who are to turn 50. We support our employees' life plan, such as in explaining the social security scheme, an overview of their pension, the stepped employment extension system and life design and planning.



Scenes from a Life Plan Seminar

## In-house open entry system/In-house job posting system

In order to promote the creation of a proactive career, our company has adopted the in-house open entry system and the in-house job posting system. We support our employees' efforts toward self-fulfillment and reinvigorate human resources as well as the organization by creating an opportunity for employees to choose the type of their profession of their own volition.

## Mental Health

Today more and more workers are experiencing stress at the workplace, and the importance of mental health measures implemented by corporations continues to grow with each passing year. Line care by managers and supervisors along with self-care are two essential measures for preventing employees from developing mental health problems.

Our company holds a mental health seminar each year. Using case studies, this seminar helps employees acquire accurate information and points related to mental health, and introduces ways for reducing stress. In this way, we work to look after the mental health of our employees, and enhance vitality and productivity of our organization.



Mental health prevention seminar

## Status of employment of persons with disabilities

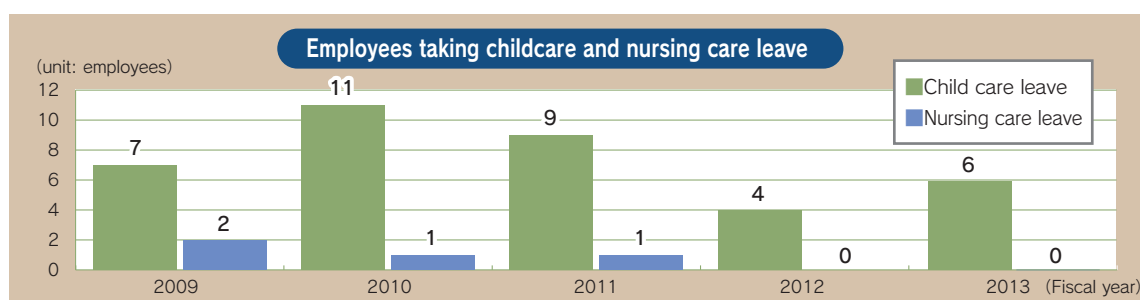
As established by laws and regulations, we believe that it is a company's social mission to employ those with disability, and as such, we work on employing those with disability by coordinating with related government ministries and agencies throughout the year.



※Statutory employment rate was revised from 1.8% to 2.0% in April 2013.

## Parenting and nursing care leave

We have adopted a shorted work hours system for childcare and nursing in order to support employees with a peace of mind as they balance their work and home life.





The health and safety of all CMK Group employees is vital to the development and lasting prosperity of the corporation.

## Health and Safety Declaration and Health and Safety Principles

### Health and Safety Declaration

CMK CORPORATION is committed to the health and safety of all employees in line with the management policy of the company: "We strive to be a thriving company of proud employees and corporate excellence." Our goal is an appealing workplace predicated on respect for others.

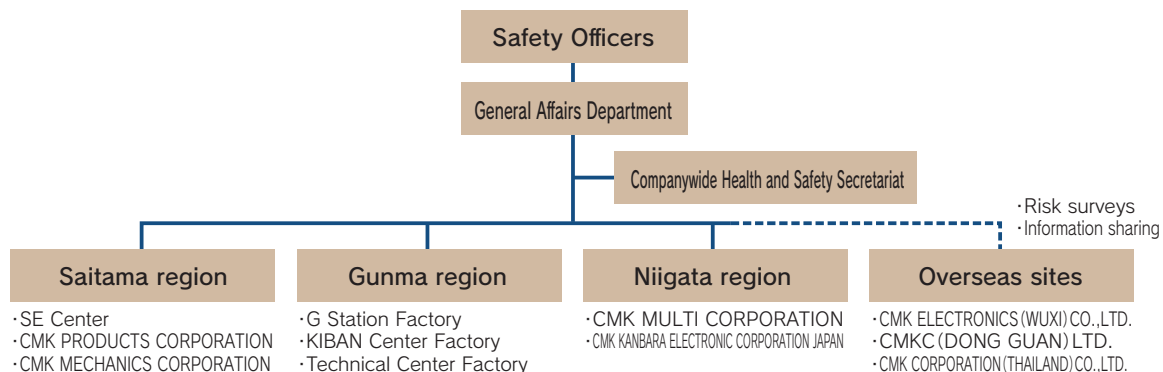
The Health and Safety Declaration, released on January 1, 2000, is designed to raise awareness of health and safety issues among all Group employees and thereby to help prevent workplace accidents.

### Basic Health and Safety Principles

CMK CORPORATION is committed to providing safe, secure workplaces in line with the overriding principle that safety is the most important goal. To this end, CMK promotes health and safety activities and programs as well as initiatives designed to encourage employee awareness of the relevant issues and self-responsibility.

Our goal is to galvanize all employees in line with the safety first principle to help render our workplaces comfortable, pleasant, safe, and free of hazards.

### Health and Safety Activities Structure



We have put in place safety officers who supervise all aspects of safety in the company while promoting fundamental principles and slogans throughout the domestic CMK Group, and striving to maintain safety.

Based on a system of responsibility for every facility in every region, they take a proactive approach to the implementation of activities to promote safety including safety information and staff collaboration among facilities such as reciprocal patrols. In addition, they carry out companywide safety audits and engage in horizontal deployments including information about companywide health and safety activities. Further, as of FY 2007, we have established a system for sharing information about health and safety, which includes overseas facilities.

### Responsibilities of the Companywide Health and Safety Secretariat

- ① Enunciate the basic health and safety principles, including slogans, targets and priority programs (initial period)
- ② Head-office audits of business sites where accidents have occurred
- ③ Issuing documents related to occupational safety and health (bulletins, notifications, and special publications)
- ④ Collating and analyzing workplace accident data for internal announcements (monthly and annually)
  - Horizontal deployment of information on workplace accidents with overseas sites began in FY 2007
- ⑤ Responding to serious workplace incidents-site inspections, guidance, horizontal deployment (at the time of occurrence)
  - Horizontal deployment of information on incidents occurring at overseas sites began in FY 2007
- ⑥ Operating regional safety secretariats
- ⑦ Maintaining the Companywide Health and Safety Notice board
- ⑧ Issuance of traffic safety news (once a month)

## Promotion of Occupational Health and Safety Management System

The Occupational Health and Safety Management System is a framework for preventing workplace accidents, promoting employee health, and building better workplace environments. Workplace safety management activities are carried out in an organized, planned, and sustained manner according to the PDCA cycle.

### Health and Safety Training (large-scale training sessions run by the Personnel Department)

| Training program                           | Description/objectives   |
|--|--|
| Health and safety seminar for team leaders | Understanding required duties and acquisition of knowledge for site supervisors (based on mandatory training for supervisors)        |
| Accident prediction training (KYT)         | Understanding the importance of ensuring workplace safety by identifying hazards in advance and acquisition of associated techniques |
| Equipment maintenance and safety issues    | Acquisition of equipment maintenance skills and expertise, including preventive maintenance  |
| Mental health seminar                      | All about stress - your own and your staff - early identification and preventive techniques  |

Other forms of training provided at individual sites include OJT and training to promote acquisition of various mandatory qualifications.

## Health and Safety Slogan and Key efforts

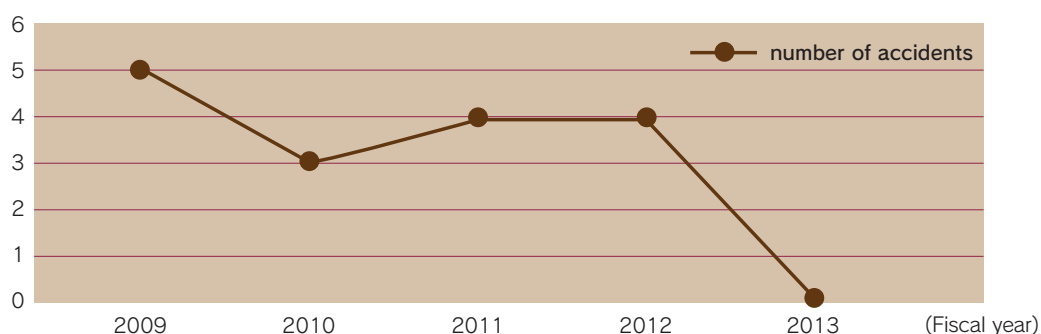
### FY 2014 CMK Group Health and Safety Slogan

**Working Together to Spot Small Risks  
and Eliminate Industrial Accidents!**

#### Key efforts

- Identify, eliminate, and reduce risks and harmful factors through risk prediction training and risk assessment
- Periodically revising job manuals and holding education and training sessions (including the addition of non-routine operations and safety items)
- Identifying danger spots through workplace patrols and carrying out necessary improvement activities (including the confirmation of preparing the appropriate protective equipment and the status of its use)
- Conducting operational health and safety activities, including assessments of work environments and health checkups
- Checking safety activities in planning stages, such as those for facilities adoption, renovation, and remodeling (including contractors)
- Awareness-raising activities to encourage safety driving (including eliminating drunk driving)

## Workplace accidents resulting in lost worktime (CMK Group total in Japan)



In FY 2013, there were no industrial accidents that required plants to be shut down. In addition, the number of industrial accidents decreased by half compared to the previous fiscal year. To eliminate industrial accidents, we continue to faithfully observe basic rules and thoroughly check, revise, and conduct training on procedures for handling emergency operations. We also work proactively on prevention and control activities, such as risk assessment.

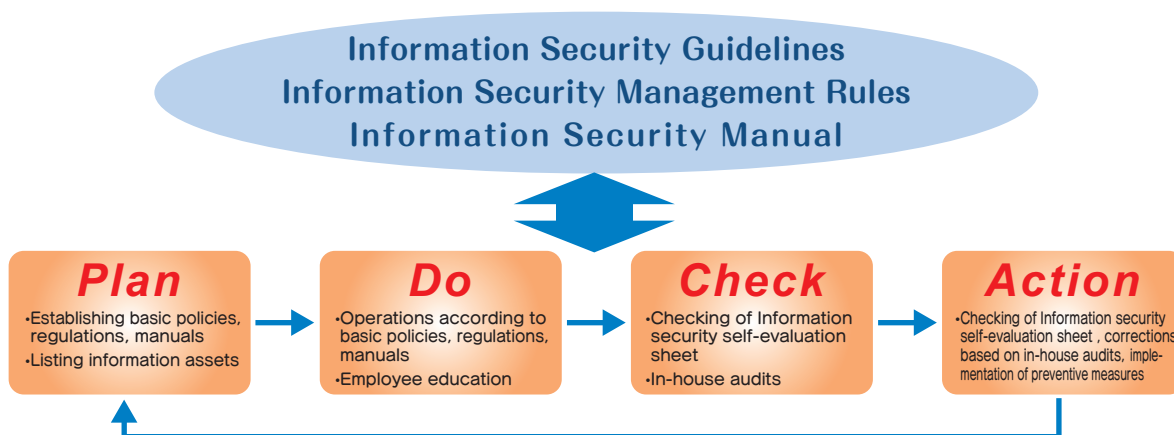


# Information Security

We believe that protecting information assets is one of the most important responsibilities of management. We assign top priority to the information assets we receive from customers. To ensure the safe and secure protection of the information assets held by the company, we make every effort to eliminate the risk of information being leaked or lost.

## Information Security Guidelines and Related Regulations

Our company has established and implemented Information Security Guidelines and related regulations to firmly protect classified information, and ensure that it is shared and used appropriately. In addition, in terms of risk management we continue efforts to enhance the security of information within the PDCA cycle and make sure our employees are familiar and aware of the importance of information security.



## Maintaining and Enhancing Information Security

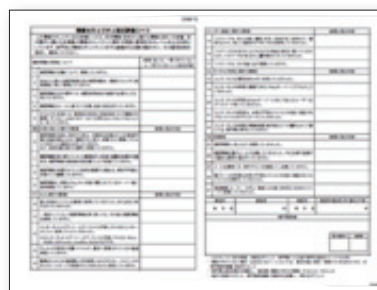
### [Regular Activities to Promote Awareness]

Threats to information security are continually evolving and becoming more complex. To stay on top of these threats, we ensure our employees are familiar and aware of how to properly handle IT equipment and information assets. We also promote protective measures to counter threats through the internal newsletter and other publications on a regular basis.

### [Inspection Based on Self-assessment Sheet]

We use a self-assessment sheet for information security to regularly conduct assessments and inspections. These help us to determine whether IT equipment and the classified information we receive from customers are properly managed and used. In this manner, we are able to confirm that information security is maintained. We also conduct reviews when needed, and implement corrective and preventive measures for risk management. We intend to introduce these information security efforts within our affiliated companies in Japan and other countries, and then later expand the scale of these efforts.

Information security self-evaluation sheet



### [Client Survey on Information Security]

Items related to information security are included in the survey on CSR activities for our clients. We ask them to conduct regular self-checks and make improvements when necessary. In the future we will continue to share our approach to information security, and work to enhance awareness and develop mutually beneficial relationships with our clients.

### [Protection for Laptops and Smartphones]

We implement strict control measures to prevent device theft and the leakage of information when devices are lost. These measures include the installation of a strong authentication system on computers used outside the company, encrypting hard disks, and installing mobile device management (MDM) tools on smartphones that delete data, lock all operations, and pinpoint the location of devices when they are lost.

## In-house audit on information security

Following our Information Security Manual, we conduct regular audits in the company to determine whether the information assets held by each division are properly managed. If improvements need to be made, we propose the necessary measures. These audits enable us to establish a means for managing information security and enhancing operations.

# Corporate Citizenship

## Communication with Local Communities

As a corporate citizen, CMK participates in regional community events, cooperating with regional communities and supporting their development.



Participation in the Environmental Festival sponsored by Isesaki City (Oct 6, 2013)



CMK KANBARA ELECTRONIC CORPORATION JAPAN Conducted green fundraising (Jun 18, 2013)



CMK MULTI CORPORATION takes part in regional greenery activities (Nov 4, 2013)



Supporting blood donation activities (Apr 8, 2014)

## Cleaning and Beautification Activities

Each of our business sites regularly cleans up the area around it, and participates in regional cleanup events to continue to work in close collaboration with regional communities.



Participation in spring environment beautification hosted by the City of Isesaki (May 26, 2013)



SE Center  
garbage cleaning along the central green belt of the Kawagoe-Kaido Road (every month)



CMK KANBARA ELECTRONIC CORPORATION JAPAN  
Outdoor cleanup around the factory (Jun 12, 2013)



CMK MECHANICS CORPORATION  
cleans up area roads (May 30, 2013)

## Internships

As part of our social contribution activities, pursuant to the CMK Group Action Statement, every year since 2006 we have taken on university students who are seeking employment as interns (as part of an industry-government-academia collaboration project). We created a post-doctoral internship in FY 2013 for those who have completed their doctoral degree.

In light of the social problem in which people depart from their jobs early because of mismatched employment, this endeavor allows candidates to experience work through the internship and by offering them the opportunity to thoroughly contemplate their vocational aptitude and labor, and we are, thereby fulfilling a role of invigorating the workplace.



# History and CSR activities

| Corporate History |  | CSR activities |   |
|-------------------|--|----------------|---|
| 1959              | Noboru Nakayama, the Senior Counselor of CMK CORPORATION, founded a private company for the manufacture of nameplates.   |                |   |
| 1961              | Incorporated the company and named it Chuo MeibanKogyo Co., Ltd.   |                |   |
| 1963              | Began production of printed wiring boards (PWBs).  |                |   |
| 1967              | Established the Saitama Factory (presently SE Center) in Miyoshi-machi, Saitama Prefecture.  |                |   |
| 1970              | Began specializing in the production of PWBs with the aim of becoming the No. 1 PWB manufacturer.  | 1972           | Adopted the use of copper sulfate plating solution to limit the use of ammonia.   |
| 1971              | Construction of additional factory building at Saitama Factory.  | 1976           | Adopted the use of photo-curing type ink.   |
| 1974              | Established the Gunma Factory (presently G Station Factory) in Iseaki City, Gunma Prefecture.  | 1978           | Changed from organic solvent development to alkali development.   |
| 1980              | Established CMK SINGAPORE (PTE.) LTD. as a strategic overseas base.  | 1985           | Adopted the use of water-soluble pre-flux.  |
| 1981              | Established the Technical Center (presently Technical Center Factory) as a base for technological development.   |                |   |
| 1983              | Acquired the highest share of the single-sided PWB market.   |                |   |
| 1984              | Changed the company name to CMK CORPORATION (present company name).  |                |   |
| 1985              | Listed on the Second Section of the Tokyo Stock Exchange. Acquired the highest share of the double-sided PWB market.   |                |   |
| 1986              | Established the KIBAN Center Factory (presently KIBAN Center Factory) to respond to globally expanding demand for AV equipment.  |                |   |
| 1987              | Established CMK EUROPE N.V. in Belgium as the company's first production base in Europe.   |                |   |
| 1989              | Listed on the First Section of the Tokyo Stock Exchange. Full-scale launch of multi-layered PWB business. Established CMKS (MALAYSIA)SDN. BHD.                               |                |   |
| 1990              | Established the Niigata Satellite (presently Niigata Satellite Factory) in Seiro-machi, Niigata. Prefecture in order to increase the production of silver through-hole PWBs. | 1992           | Abolished the use of Ethane, 1,1,1-trichloroethane.   |
| 1992              | Entered the IVH multi-layered PWB market. CMK SINGAPORE (PTE.) LTD. obtained ISO 9002 certification.   | 1995           | Established the Global Environment Committee.   |
| 1993              | G Station Factory obtained ISO 9002 certification. Other business sites followed suit.   | 1997           | Management philosophy established.  |
| 1994              | Established P.T. CMKS INDONESIA.   | 1998           | Dissolved the Global Environment Committee to form the Environmental Promotion Department, established CMK's environmental concept and general environmental policy. Established the Environmental Promotion Department and Environmental Specialist Sections. KIBAN Center Factory became the first CMK Group member to acquire ISO14001 certification, since which time other members have followed suit. |
| 1995              | Began mass production of build-up PWBs using a laser system for use in mobile phones.  |                |   |
| 1998              | Started production and sales of rigid substrates for semiconductor packages. Began production of ALIVH®.   | 1999           | Announced "E-spec" environment-friendly product specifications. Issued the first environmental report.  |
| 1999              | Established first production center CMKS(CHINA)FACTORY In China.   |                |   |
| 2000              | Established second production center: CMKC (DONG GUAN) LTD. In China.  | 2000           | CMK starts manufacturing E-spec (environmentally conscious PWB specification) products.   |
| 2001              | Established CMK ELECTRONICS (WUXI) CO.,LTD as a production base of build-up PWBs in China. Established CMKC (HONG KONG) LIMITED  | 2001           | Introduced Green Procurement. Started addressing lead-free issues.  |
| 2003              | Established CMK Global Brands Manufacture Limited.   | 2002           | CMK Group Action Statement established. Held the 1 st Vendors Conference.   |
| 2006              | Established CMK CORPORATION (THAILAND) CO., LTD.   | 2004           | Implemented a total ban on chlorinated organic solvents at all CMK Group companies in Japan. Held the second green procurement briefing. Inaugurated an EHS management committee for the purpose of establishing an internal management system to achieve compliance with the RoHS Directive.   |
| 2007              | Established CMK AMERICA CORPORATION  | 2006           | Set up the Internal Controls Committee. Released the Internal Control Principles. Environmental Promotion Department and EHS Management Committee combined to form the new Companywide Environmental Committee.   |
| 2008              | CMK SINGAPORE (PTE.) Ltd. changed its trade name to CMK ASIA (PTE.) Ltd.   | 2007           | Issued the first CSR report. First meeting of the CSR Promotion Committee. CSR Charter established.   |
|                   |  | 2008           | The Niigata Satellite Factory was recognized as the top recycling business in Niigata Prefecture. Fundamental policy on internal controls partially revised. Certified as an Authorized Exporter.   |
| 2012              | Established CMKC (SHENZHEN), LTD.  | 2010           | Held the third green procurement briefing.  |
| 2013              | CMKC (SHENZHEN), LTD. opens Dongguan Branch in the Dongguan district of China. CMKC (SHENZHEN), LTD. opens Wuxi Branch in the Wuxi district of China.                        | 2011           | The Gunma District Biodiversity Committee start. Held the 2nd Vendors Conference. Niigata Factory was commended (Minister of Economy, Trade and Industry Award) for its efforts to promote the 3R's.  |
|                   |  | 2012           | CMK MULTI CORPORATION Received a commendation for being one of the best companies on recycling in Niigata Prefecture.   |
|                   |  | 2013           | CMK Group compliance handbook issued.   |



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