

2022

CMK Report



Development and Lasting Prosperity

Basic Philosophy

We in the CMK Group pursue the mental and material happiness of employees, and manufacture and sell safe and secure products with awareness and responsibility to increase our value to society and contribute to the latter's development.

Management Policy

1. We will implement open and aboveboard manufacturing.
2. We will create dynamic workplaces where employees can anticipate environmental changes and respond flexibly.
3. We will respect each other, think carefully and talk often to deepen understanding, and cooperate to make profits regardless of individual attributes such as base, division, position or nationality.
4. We will strive to improve yields and strengthen the quality assurance system by making quality improvement a daily task.
5. We will increase the operating rates of production plants.
6. We will use resources efficiently and promote environmental protection.
7. We will continue to develop, manufacture and sell printed circuit boards into the future to be of use to customers and society.

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Abbreviation of names of CMK Group Companies in this report

: CMK Products Corporation = CMK Products	: CMK Corporation (Thailand) Co., Ltd. = CMK Thailand
: CMK Electronics (Wuxi) Co., Ltd. = CMK (Wuxi)	: CMKC (HK) Limited = CMKC (HK)
: CMKC (Dong Guan) Ltd. = CMKC (Dong Guan)	

Other information regarding business locations

- In July 2022, the SE Center in Miyoshi, one of our sales and administration bases, was relocated to the Kawagoe Office in Kawagoe City.

Message from the President



Isao Osawa President and CEO

We contribute to the happiness of our employees and the advancement of society through the sustainable growth of the CMK Group and the creation of value over the medium- to long-term.

The COVID-19 pandemic has not yet subsided, and as well as affecting the health of individuals, it has also caused disruption to global supply chains due to lockdowns. Furthermore, in Eastern Europe, Russia's invasion of Ukraine began in February of this year, and even at the time of writing this, some six months later, the conflict continues to impact the global economy and people's hearts.

Meanwhile, the world has shifted course greatly toward creating a sustainable society, and initiatives such as the disclosure of risks and opportunities presented by human capital and climate change are increasing in importance for companies at an ever faster pace.

Under this backdrop, with the restructuring of the Tokyo Stock Exchange on April 4, 2022, CMK Corporation transitioned to the TSE Prime Market. Companies listed on the Prime Market face more advanced governance requirements, and CMK Corporation is promoting the further strengthening of our corporate governance. We are working to ensure that discussions at Board of Directors meetings among the internal and outside directors are highly transparent and held on an equal footing. We also regularly disseminate the message that our employees' happiness and the advancement of the CMK Group are two halves of the whole, both of them indispensable, and we have strived to maintain good communication with employees through questionnaire surveys and company newsletters.

In the belief that meeting the expectations of our stakeholders means realizing our company motto of "Development and Lasting Prosperity," in 2020, as a first step to realize that motto, we stated clearly in our Basic Philosophy that we would pursue the mental and material happiness of our employees.

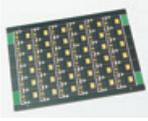
Further, with the aim of raising the fundamental wellbeing of our employees to a higher level, in 2021, we launched multiple project teams in which employees and directors worked together to promote the establishment of in-house programs and working environments with the aim of achieving communication that is free of hierarchical boundaries.

As values in the surrounding community change with the times in various ways, we believe that the sharing of values between the company and our employees is an unwavering and crucial theme. To this end, the CMK Group will engage in activities that place greater emphasis on gaining the understanding of our stakeholders who support us, including shareholders, business partners, and local communities.

The CMK Group will strive to enhance corporate value even further, as we aim to realize a safe and comfortable society through the continued supply of printed wiring boards.

The Reliability Standards and Technology Behind Printed Circuit Boards.

Car Electronics



Information and communication systems

Navigation
 Infotainment
 V2V, V2X Communication Modules
 Back monitor



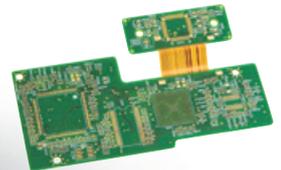
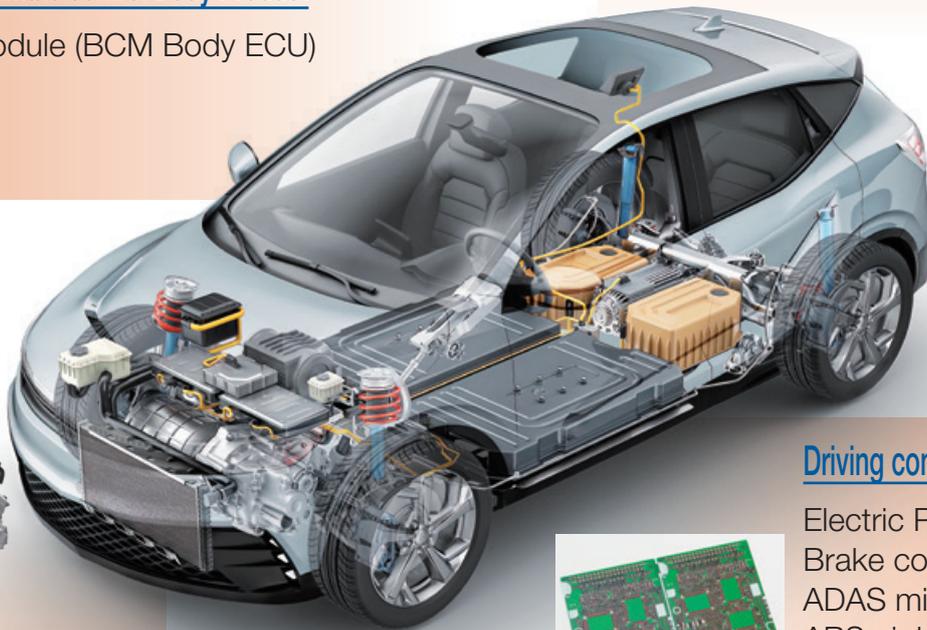
Body electronics / climate control Body Product

Body Control Module (BCM Body ECU)
 Dashboard
 Air Condition
 Lighting



Powertrain

Integrated ECU
 Ev motor Control ECU
 DC/AC Inverter
 DC/DC Converter
 Intelligent Power Module



Driving control and safety systems

Electric Power Steering
 Brake control
 ADAS millimeter-wave radar
 ABS air bag system
 VSC sensing camera
 LKAS driver monitor

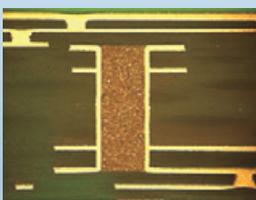


High reliability
 Fine and compact
 High frequency/High heat dissipation
 High heat resistance

Approaches to CASE

C Connected コネクテッド

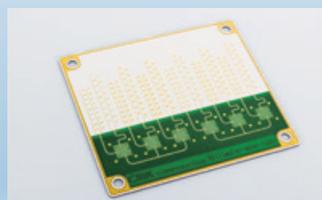
Multi-layered HDI PCBs are being used in the evolution of the connected car.



Multi-layered HDI PCB (cross-section)

A Autonomous 自動運転

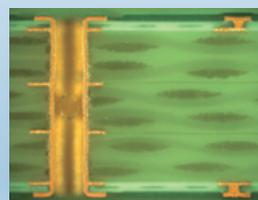
The receiver antenna in Advanced Driver Assistance Systems (ADAS) require PCBs with Higher resolution circuits.



High-resolution and fine-circuit MSAP (external view)

S Shared シェアリング

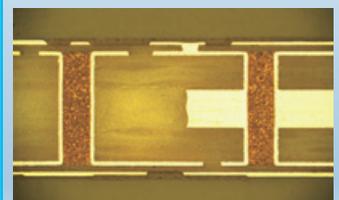
"From ownership to sharing." As the volume of information processed by vehicles increases, hybrid-structured PCBs with conventional and high-frequency materials are being adopted.



High-frequency hybrid PCB (cross-section)

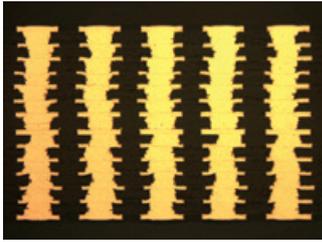
E Electric 電動化

In the electrification of automobiles, heavy-copper PCBs are used to accommodate high voltage currents and high heat dissipation. We will strive to keep pace with the further evolution of integrated ECUs.



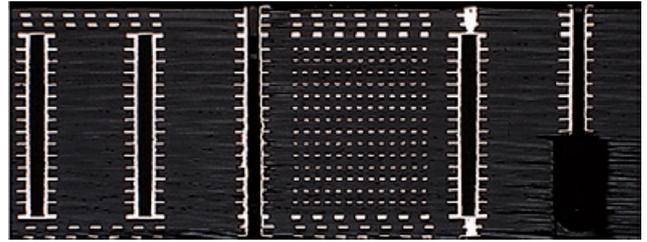
Inner/outer layer of heavy-copper PCB (cross-section)

Mobile Devices and Smartphones



14-layer AnyLayer PCB for smartphone (cross-section)

Approaches to 5G Communications

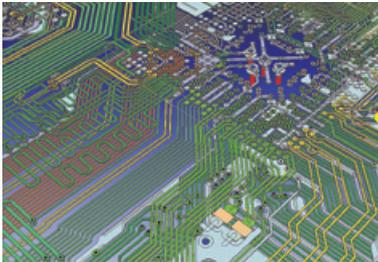


Multi-layered HDI PCB for base station (cross-section)

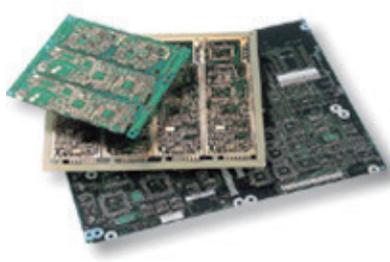
One-stop Solutions

One-stop responses from design/simulation to PWB manufacturing and PCB Assembly

PCB design/simulation



PCB manufacturing



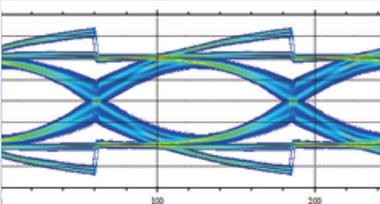
PCB Assembly



Simulation Analysis Technology

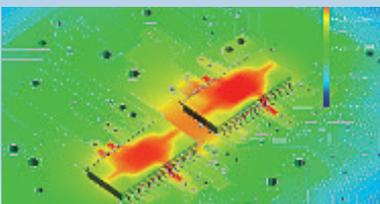
Signal system analysis

Optimize circuits to prevent errors caused by signal deterioration



Heat analysis

Improve heat dissipation by reducing heat resistance on the heat dissipation route



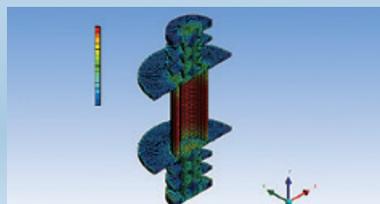
Anti-noise measures

Reduce noise diffusion inside and outside PCB



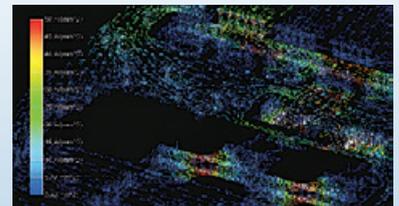
Structure analysis

Predict malfunction by thermal stress analysis on local area of PCB



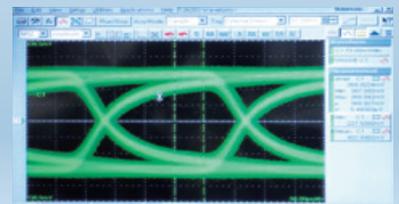
Power system analysis

Prevent IC malfunction caused by voltage variation and drop



High-speed transmission measurement (actual measurement)

Confirm simulation + manufacturing + actual measurement = appropriateness



Sustainability Promotion Structure

Under the company motto, “Development and Lasting Prosperity,” in the pursuit of our goals of sustainable growth and the creation of medium-to long-term corporate value, we will actively promote CSR activities as part of our corporate purpose, by directly addressing social issues through business.

Basic Sustainability Policy

The CMK Group has had Development and Lasting Prosperity as its company motto since its founding. We strive to realize a sustainable society and improve corporate value by fulfilling the expectations of society and stakeholders by supplying “the world’s top-class safe and secure printed circuit boards” that meet the new society and values.

1. We strive to reduce the environmental footprint of our business activities, aiming to achieve decarbonization.
2. We provide safe and secure products to provide value to society and contribute to the realization of a sustainable society.
3. We recognize the importance of compliance and realize healthier and more transparent management.

CMK Group Action Statement (excerpt)

Working with customers

By providing safe and secure products and services, the CMK Group strives to be a group that customers can continue to rely on.

Working with shareholders and investors

The CMK Group will endeavor to gain the understanding of shareholders and investors through appropriate and proactive communication.

Working with business partners

The CMK Group will endeavor to build good partnerships with its business partners through fair and equitable commercial transactions.

Working with employees

The CMK Group will endeavor to create environments in which each employee can work confidently and energetically.

Working with society

The CMK Group will contribute to the realization of a sustainable society through its corporate activities.

For sustainable growth and medium-to long-term value creation

Under the company motto, “Development and Lasting Prosperity,” we are strengthening our sustainability promotion structure to pursue sustainable growth and medium-to long-term value creation.

Led by the director in charge of CSR, and with a newly appointed executive officer in charge of sustainability we will strengthen this structure, while promoting initiatives to deal with climate change and other material issues.

Activity Themes and Status of Initiatives in FY2021

We have announced the following activity themes and are pursuing initiatives based on these themes. Details of some of the activities undertaken in FY2021 are provided on individual pages.

Status in Areas of CSR Activities

ESG	ISO26000 Core Subjects	Activity Theme	FY2021 Evaluation	Details of Major Activities (Issues)	SDGs
G Governance	Organizational governance	Enhancement of corporate value		Strengthen internal control, risk management and BCP systems	
				IR activities, communication with shareholders and investors	
		Maintenance and raising of information security level		Initiatives to mitigate risks of confidential information leaks	
				Activities for improvement through self-evaluation	
S Society	Human rights/ Labor practices	Promotion of diversity		Promote recruitment of foreign nationals Promote employment of people with disabilities Promote career development for female employees	
		Development of global human resources		Promote study abroad program	
		Employees' health and safety		Ensure and improve workplace safety environment	
				Initiatives for mental health issues	
		Work-life balance		Promote use of various leave programs Initiatives for shorter working hours	
		Improvement of the workplace environment		Initiatives on food waste	
	Fair operating practices	Fair trade		Conduct CSR survey Conduct training on Anti-Monopoly Act and Subcontractor Payment Act	
	Consumer issues	Technological innovation		Innovation in response to needs, such as AI, use of robots, and labor-saving	
		Response to customer needs		Conduct CS survey	
				Improve customer evaluation and satisfaction Continue to exhibit at trade shows	
		Product development to match customer needs		Promote new product development	
	Improvement of product quality/ensuring safety		Build and embed integrated management system		
	Community involvement and development	Contribution to local communities		Promote activities for contributions to local communities Promote involvement in local communities	
	E Environment	The environment	CO ₂ reduction activities		Action on Scope 3
Activities in line with energy conservation promotion plan					
Management of substances of concern				Chemical management in response to regulations and customer requirements	
Biodiversity conservation activities				Promote community-based environmental protection activities	
Waste reduction		Promote zero-emission activities			

*Icons in each category indicate the connection between the SDGs and the CMK Group's action themes

Approach to the Sustainable Development Goals (SDGs)



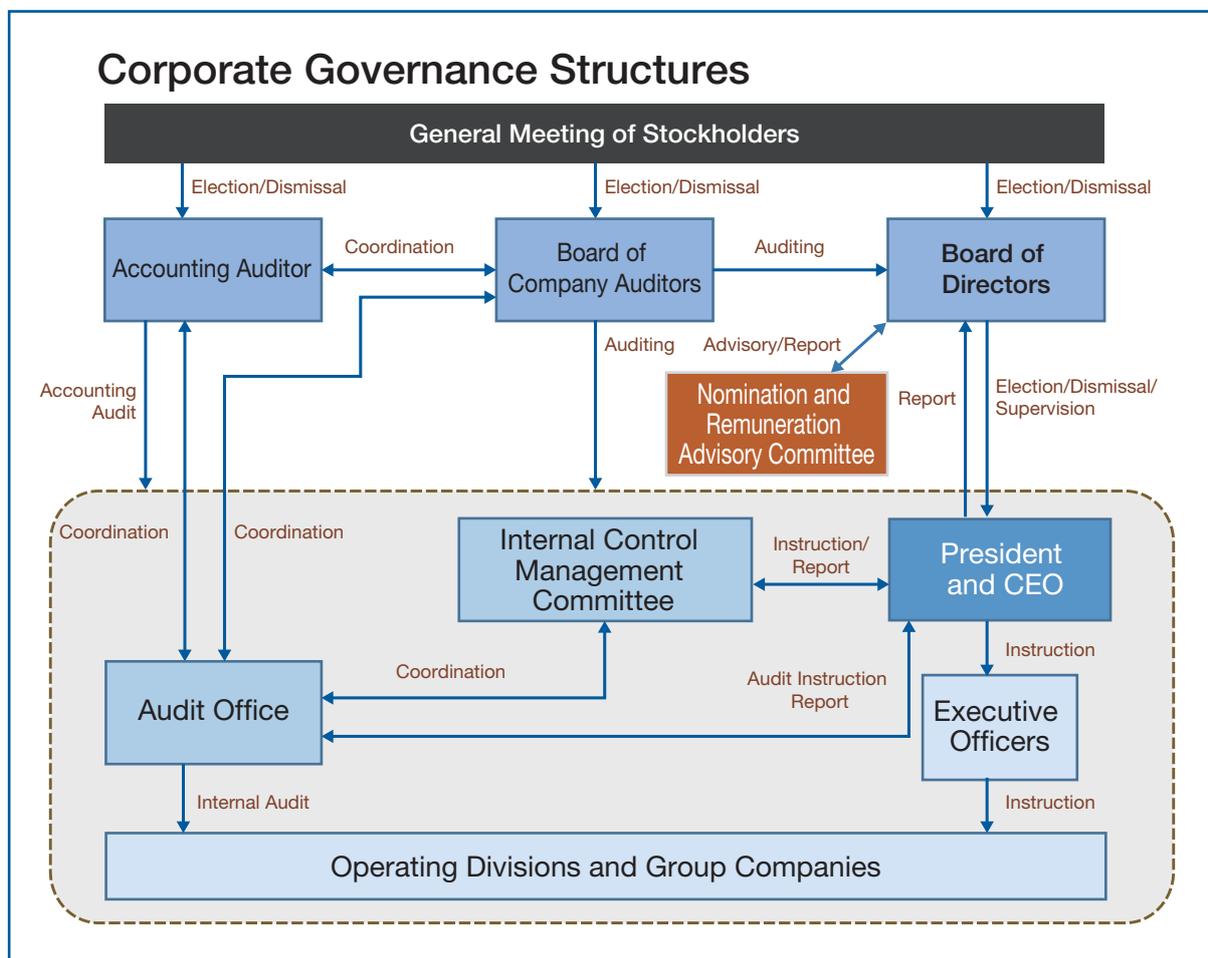
The Sustainable Development Goals (SDGs), which were adopted at the UN Summit in September 2015, consist of 17 goals and 169 targets covering areas such as poverty, environment, education and employment. They are common goals for the world to achieve by 2030. CMK Corporation will strive to contribute to realizing a sustainable society through its business activities.

Corporate Governance & Management

Corporate Governance Structure

CMK Corporation employs the corporate auditor system. The Board of Directors consists of eight directors, three of whom are outside directors, and the Board of Company Auditors consists of four corporate auditors, two of whom are outside auditors. In addition, we have established an executive officer structure that enables us to make important management decisions and execute business operations quickly and rationally. This structure also clarifies the authority and responsibilities of officers. Outside directors monitor the decision-making of the Board of Directors and supervise business operations from an objective and neutral viewpoint. In addition to attendance at the Board of Directors meetings, outside corporate auditors receive explanations of important management matters from

the directors and express their opinions on those matters, as well as auditing the directors' execution of their duties. The supervisory function of the outside directors and the auditing function of the outside corporate auditors ensure the objectivity and neutrality of the management monitoring function. We have also established a Nomination and Remuneration Advisory Committee as an advisory organization for the Board of Directors, with the aim of enhancing the fairness, transparency, and objectivity of processes concerning the nomination and remuneration of directors. The committee is composed of two internal directors and three independent outside directors, with one of the independent outside directors serving as chair.

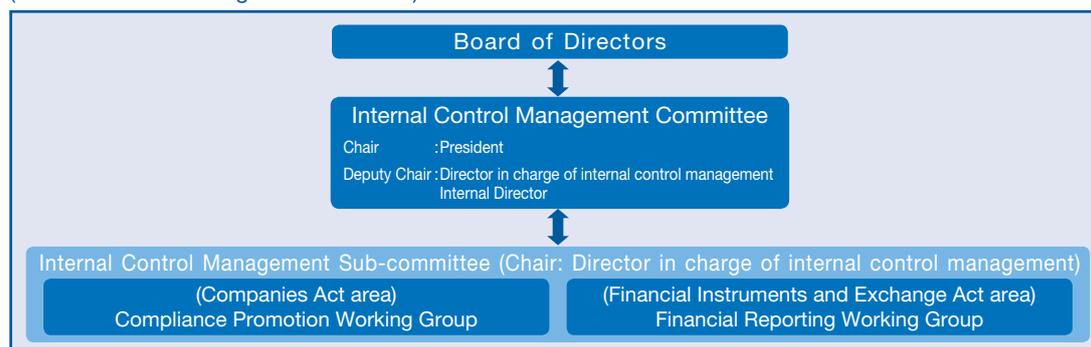


Internal Control System

Pursuant to the Basic Policy on Internal Control determined by the Board of Directors, the Group works to make continuous improvements to its internal control system. The Internal Control Management Committee, a standing committee composed of internal directors, plays a leading role in the framework and overall design of internal control system promotion. Two working groups under the

Committee, the Compliance Promotion Working Group and the Financial Reporting Working Group, handle their respective areas, with executive officers playing a central role. The Internal Control Management Committee checks and evaluates the status of establishment and operation of initiatives in each area and reports to the Board of Directors on a regular basis.

(Internal Control Management Structure)



Risk Management Structure

To deal with risks surrounding the Company, we have established a company-wide, cross-departmental risk management framework and are working to enhance our risk management in accordance with company-wide policies. To prepare for unforeseen events and ensure that immediate and appropriate action can be taken should such an event occur, we have established a Risk Management Committee and are developing systems and conducting operational simulations and training during normal times. In this

way, we are working to strengthen our company-wide risk management. As part of our emergency response, we have also established the BCP Risk Management Office, a dedicated organization under the direct supervision of the president, which is charged with building mechanisms for ensuring business continuity. In this way, we are promoting of mechanisms that will contribute to sustainable development and the enhancement of corporate value over the medium-to long-term.

Compliance

Positioning compliance as our most important management issue, CMK Corporation strictly complies with laws and ordinances, the Articles of Incorporation, and social norms, and is engaged in the establishment of compliance standards and systems and the strengthening of operations to ensure compliance. In terms of structures, led by the director in charge of compliance, we are promoting initiatives for maintaining and increasing awareness of compliance among all directors and employees of the Group, as well as the management team. Specifically, we have revised the CMK Group Action Statement, which provides guidelines for employee conduct, and we

conduct compliance training, including information security and risk management training, on a continual basis. We also strive to understand the degree of awareness of our employees regarding compliance and the situation in the workplace environment by conducting questionnaire surveys of all employees. In addition, concurrently with the enhancement of our helplines, including raising awareness of our internal whistle-blowing systems, we are working on the establishment of systems to ensure that signs of compliance violations are not overlooked. This includes workplace-based monitoring by the internal audit division.

Nomination and Remuneration Advisory Committee

We are working to strengthen governance with the establishment of the Nomination and Remuneration Advisory Committee, which plays important roles such as the discussion of important matters, including personnel and remuneration of directors, etc. and the provision of advice to the Board of Directors from the perspectives of objectivity, transparency, and appropriateness. This Committee met four times in FY2021.

Composition of Nomination and Remuneration Advisory Committee

Chair	Rika Sato (Independent Outside Director)
Members	Isao Osawa (President and CEO) Kazuto Ono (Director and Executive Officer) Tsuyoshi Ukyo (Independent Outside Director) Mitsuru Kaitoh (Independent Outside Director)

Major Agenda Items	
Matters concerning nomination	- Appointment of new directors and executive officers - Changes in areas of responsibility of officers
Matters concerning remuneration	- Policies for determining remuneration of directors - Introduction of non-monetary remuneration (stock-based remuneration) - Performance-linked remuneration

List of Directors and Company Auditors and Skill Matrix (As of June 28, 2022)

Name		Career background	Attendance at Board of Directors and Board of Company Auditors meetings in FY2021	
Directors			Board of Directors	
Isao Osawa	1989 2014 2016 2018	Joined CMK Kanbara Electronics Corporation Joined the Company CMK Corporation. Deputy General Manager of Domestic Operations Head Office and Kanbara Manufacturing Operation Director and Executive Officer President (current position)	100% (13/13)	
Kunihiko Tedo	1980 2007 2012 2021	Joined Canon Inc. General Manager of Accounting Department of Office Imaging Products Division of Canon Inc. SVP & CFO and Treasurer of Canon USA, Inc., and President & CEO of Canon Financial Services, Inc. Director and Executive Officer (current position)	100% (10/10)	
Yoshihisa Yamaguchi	1991 2004 2021	Joined the Company General Manager of Corporate Planning Department of the Company Director and Executive Officer (current position)	100% (10/10)	
Yoshiaki Ishizaka	1988 2005 2021	Joined the Company General Manager of Department III of East Japan Region Sales Division Director and Executive Officer (current position)	100% (10/10)	
Kazuto Ono	1980 2013 2019 2022	Joined Canon Inc. Director and Group Executive of Human Resources Management & Organization Headquarters of Canon Inc. Senior Managing Director of Japan Audit & Supervisory Board Members Association Director and Executive Officer (current position)	—*2	
Tsuyoshi Ukyo	1992 2012 2015	Assistant, Division of Mechanical Engineering and Materials Science, Yokohama National University Professor, Division of System Research and Course of Systems Design, Faculty of Engineering, Yokohama National University (current position) Outside Director (current position)	100% (13/13)	
Rika Sato	1992 2016 2018 2019	Registered as an attorney Partner, Ota & Sato Outside Director (current position) Representative, Sato & Partners (current position)	100% (13/13)	
Mitsuru Kaitoh	1978 2011 2020	Joined ROKU-ROKU SANGYO, LTD President of ROKU-ROKU SANGYO, LTD (current position) Outside Director (current position)	100% (13/13)	
Corporate Auditor			Board of Directors	Board of Company Auditors
Masashi Koike	1989 2006 2012 2019	Joined the Company Senior General Manager of East Japan Region Sales Division President of Yamanashi Sanko Co., Ltd. Standing Corporate Auditor (current position)	100% (13/13)	100% (14/14)
Akihiro Okabe	1984 2010 2011 2021	Joined the Company General Manager of Accounting Department Director of Yamanashi Sanko Co., Ltd. Standing Corporate Auditor (current position)	100% (10/10)	100% (11/11)
Yuji Yamanashi	1979 2012 2018 2021	Joined the Tokyo Tomin Bank, Limited (now Kiraboshi Bank, Ltd.) Managing Executive Officer of the Tokyo Tomin Bank, Limited Audit & Supervisory Board Member of Tokyo Kiraboshi Lease, Inc. (current position) Corporate Auditor (current position)	100% (10/10)	100% (11/11)
Masaki Ashibe	1981 2010 2013 2021	Joined the Sumitomo Bank, Ltd. Executive Officer of Sumitomo Mitsui Banking Corporation Representative Director and President of SMBC Guarantee Co., Ltd. Corporate Auditor (current position)	100% (10/10)	100% (11/11)

*1. The above list does not represent all the knowledge and experience of each person.

*2. As Kazuto Ono assumed the office of Director on June 28, 2022, he did not attend any meetings in FY2021.

Expected roles, expertise and background**

★ Chair ● Member

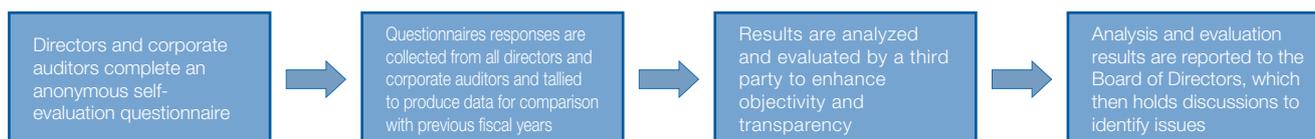
Corporate management	Finance / Accounting	Manufacturing / Technology / Development	Sales / Marketing	Global experience	Law	Personnel and labor Human resources development	Nomination and Remuneration Advisory Committee
●		●		●			●
●	●			●			
●	●			●			
●			●	●			
●				●		●	●
		●		●			●
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●		●	●				●
●			●	●			
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●	●		●				
●	●		●				

Evaluation of the Effectiveness of the Board of Directors

With the aims of achieving sustainable growth and enhancing corporate value over the medium-to long-term, the Company evaluates the effectiveness of the Board of Directors every fiscal year in an effort to strengthen its functions and achieve continuous improvement. In FY2021, directors and corporate

auditors were asked to complete a self-evaluation questionnaire that covered various perspectives, including the composition of the Board of Directors, operation, functions, roles, and the provision of information to outside directors and corporate auditors.

Evaluation Process



Remuneration of Directors and Corporate Auditors

The following is a summary of the policies regarding decisions on remuneration and other details of individual directors.

Basic policy

Regarding the remuneration of directors, we have adopted a structure in which remuneration is linked to shareholder profits, to enable adequate functioning as an incentive to achieve sustainable growth in corporate value. Our basic policy is that, in the determination of the remuneration of individual directors, such remuneration should be at an appropriate level based on the responsibilities of each director. Specifically, remuneration of directors and executive officers consists of basic remuneration, performance-linked remuneration, and non-monetary remuneration (restricted share-based remuneration). Meanwhile, outside directors, who have a supervisory function, will be paid basic remuneration only, in light of their duties.

Basic remuneration

Basic remuneration of directors is a fixed monthly salary determined on the basis of a comprehensive consideration of other companies' standards, the Company's business performance, and employee salary levels, according to the position, responsibility and contribution of individual directors.

Performance-linked remuneration and non-monetary remuneration

Performance-linked remuneration is cash remuneration that reflects performance indicators, with the aim of raising awareness of improving performance each fiscal year. The amount is calculated by multiplying the average amount of consolidated ordinary income for the most recent

three years by a certain percentage and it is paid together with the monthly fixed remuneration. Non-monetary remuneration is paid in the form of restricted shares, in which the transfer of the shares is restricted for the duration of the director's term of office. The number of restricted shares is determined based on a comprehensive consideration of the Company's business performance and share price, according to the individual directors' positions, responsibilities, and other considerations. These shares are granted at a specific time every year.

Determination of remuneration, etc.

Determination of the specific details of remuneration, etc., of individual directors is entrusted to the president, based on a resolution of the Board of Directors. Pursuant to the basic policy, the president determines remuneration amounts for individual directors after seeking the deliberation and consent of the Nomination and Remuneration Advisory Committee regarding basic remuneration and performance-linked remuneration. For non-monetary remuneration, after deliberation by the Nomination and Remuneration Advisory Committee, the number of restricted shares to be allotted to individual directors is determined by the Board of Directors.

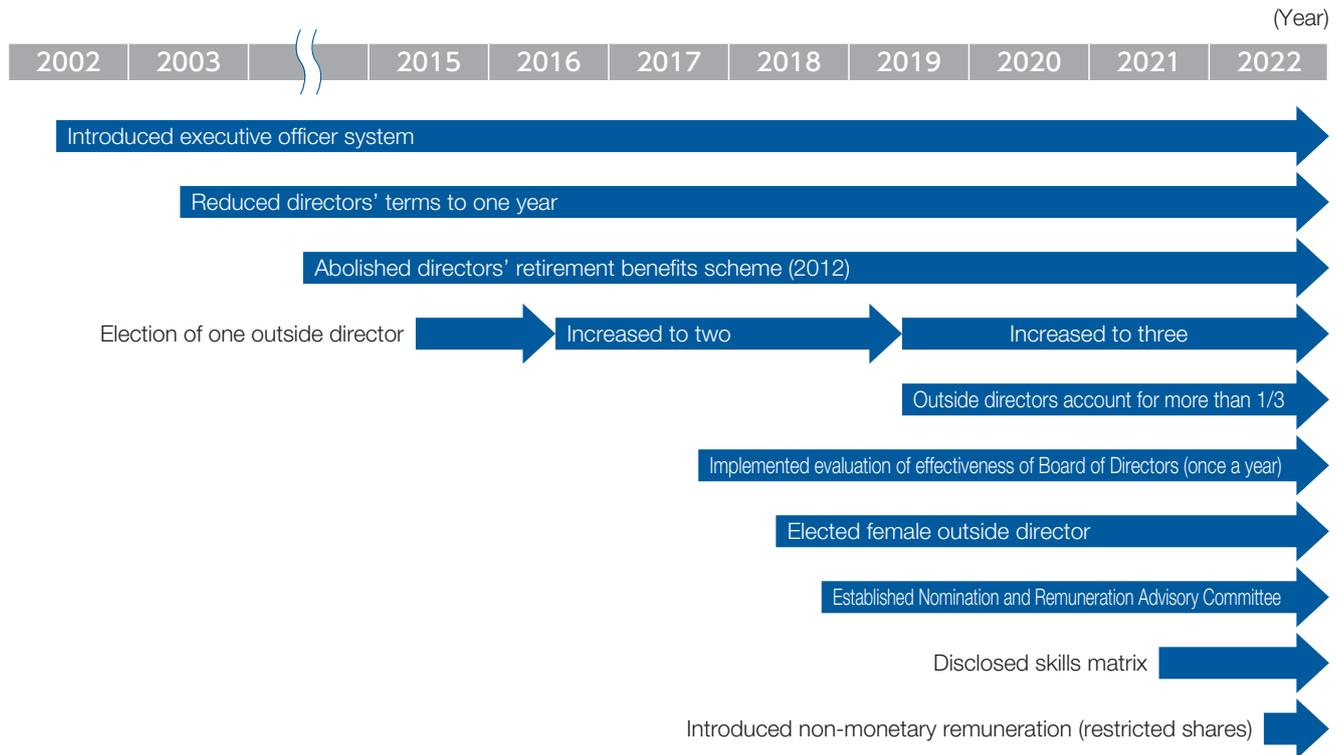
Remuneration of corporate auditors

Corporate auditors are paid basic remuneration only, in light of the fact that their role is to audit the Directors' execution of their duties. Basic remuneration is determined separately for the standing and non-standing corporate auditors within the limit decided by resolution of the General Meeting of Shareholders and is decided upon discussion with the corporate auditors.

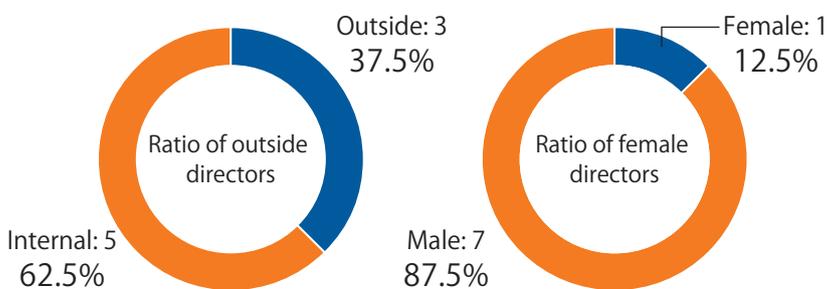
Initiatives for Strengthening Corporate Governance

To enhance corporate value over the medium- to long-term, we are working to improve the effectiveness of the Board of Directors. This includes ensuring diversity in the Board, allowing the outside directors to demonstrate their functions, improving the quality of deliberations, and strengthening the execution auditing functions. Further, with the

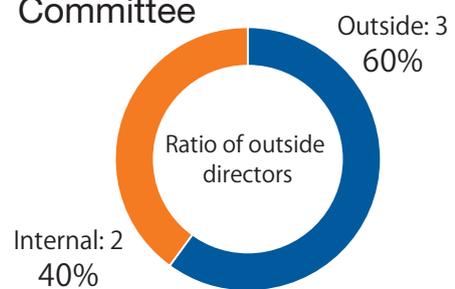
establishment of the Nomination and Remuneration Advisory Committee, we are working to improve transparency and fairness and to strengthen monitoring functions. We will continue in our efforts to make ongoing improvements to corporate governance into the future.



■ Composition of Directors



■ Composition of Nomination and Remuneration Advisory Committee



Information Security

With the increasing sophistication and diversity of cyber attacks and the rise in information security threats, we have placed the highest priority on protecting the information provided by our customers. To ensure that information assets are protected and handled safely, we are working to eliminate risks by undertaking a range of initiatives to maintain and improve information security measures.

In the belief that risk management is crucial, we are working to enhance awareness of information security, while proceeding with activities for continuous improvement through the PDCA cycle.

PLAN

Policy and relevant rules

To ensure that information assets have strong protection and are used and shared appropriately, we have established an Information Security Policy and Information Security Management Rules. Regarding personal information, we have established a Personal Information Protection Policy, Personal Information Protection Rules, and Specific Personal Information Handling Rules, and we comply strictly with these policies and rules.

CMK Group Information Security Policy

The CMK Group believes that the appropriate management of information assets, one of its managerial resources, is most important. Under this Basic Policy, we will endeavor to maintain and enhance information security in a systematic and continuous manner.

1. We will comply with relevant laws, regulations, internal rules, other social norms, etc.
2. In order to appropriately manage the information assets that we have, we will ensure information security according to the degree of importance and risk.
3. We will provide officers and employees with education regarding information security
4. We will establish and maintain the relevant management systems through continuous activities for enhancing information security.

Response to risks

In the "Plan" stage of the PDCA cycle, we identify information assets, clarify high-risk assets, and analyze their confidentiality, completeness, and availability. Based on the likely impacts in the event a risk is manifested, we envisage what measures should be taken against those impacts and decide on those measures.

DO

Employee education

As damage caused by cyber attacks is on the rise, our Company regularly distributes an Information Systems Newsletter to employees to teach them how to recognize methods of attack and suspicious e-mails, as well as how to respond if they suspect that their computer may have been infected with a virus. We also conduct training for managers every year in our efforts to enhance security awareness among employees. In addition, we conduct training exercises in which a mock attack e-mail is sent, and the recipient actually experiences how to respond to such suspicious e-mails. This trains employees to deal with any suspicious e-mails that may slip through other security measures.

CHECK

System-based security measures

To guard against information leaks due to the loss of IT devices or cyber attacks, we implement various system-based measures and check the status of penetration of these measures on the ground. Such measures include installing antivirus software on terminal devices, encrypting PC hard disks, and prohibiting the use of external storage devices such as USB flash drives in principle.

Measures against natural disaster risks

To prepare for natural disaster risks, we conduct status checks of disaster preparation measures at our data centers. We have also made arrangements to ensure that operations are not impeded even if a cloud environment becomes unavailable, through decentralized use and introduction of redundancy in cloud environments.

ACT

Improvement activities

Based on the examination of the impacts of risk exposure, countermeasures and decision-making regarding those impacts, and the appropriateness of those countermeasures and decisions, we manage information assets appropriately while flexibly correcting course as needed, including making amendments as required.

[Examples of measures (excerpt)]

- Detection and blocking of suspicious e-mails
- Monitoring and detection of terminal devices using EDR system
- Encryption of personal computer hard disks
- Data storage on designated clouds
- Remotely locking operations and acquiring location information of smartphones
- Restriction and management of connection with external storage devices such as USB memory sticks

*EDR: Endpoint Detection and Response A solution in response to cyber attacks through the detection and investigation of suspicious behavior or traces at endpoints such as personal computers connected to the network.

Environmental Protection

Recognizing environmental protection activities as an important management issue, we formulated a Medium-to Long-Term Environmental Action Plan under our Environmental Policy to clarify our basic stance, and we are promoting related activities under this plan. ALL CMK employees will work together to realize a sustainable society in co-existence with the Earth.

Responses to Climate Change

The CMK Group has endorsed the Task Force on Climate-related Financial Disclosure (TCFD), and we are pursuing initiatives to mitigate climate change.



Governance

Monitoring by Board of Directors

- The Board of Directors, which is accountable for ESG risks and opportunities, including climate change, and the company's responses to them, receives regular reports on these matters from the Company-wide Environmental Committee. The Board is also responsible for deliberating and making decisions on key related policies. Further, it takes such matters into account in the deliberation and decision of annual plans and budgets.
- The Board of Directors supervises progress on climate-related indicators and targets and, if necessary, deliberates and decides on measures.

Roles of management in evaluation and management of climate-related risks and opportunities

- The Company-wide Environmental Committee was established as a body for evaluating and managing of risks and opportunities related to climate change, with the Executive Officer in charge of the environment serving as the responsible officer. The Sustainability Promotion Department serves as the secretariat of this committee.
- The Company-wide Environmental Committee checks climate change-related risks and opportunities and progress on related indicators and targets, identifies key issues, and proposes measures to the Board of Directors.



Strategies

Having identified "climate change" as a medium-to long-term risk, for the purpose of discussing strategies and organizational resilience based on related risks and opportunities, we have conducted scenario analyses with a primary focus on the automotive products business in Japan to consider the long-term impacts on our Company up to 2050, while referring to the climate change scenarios (*below 2°C Scenario and 4°C Scenario) of the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC).

*Below 2°C Scenario: Refer to external scenarios such as IEA's WEO SDS. Scenario in which measures such as strengthening of regulations and market changes are taken to keep temperature rise to a minimum

4°C Scenario: Refer to external scenarios such as IPCC's RCP 8.5. Scenario in which physical impacts, such as extreme weather events, occur as a result of temperature rise

Risk management

Risk identification and evaluation process

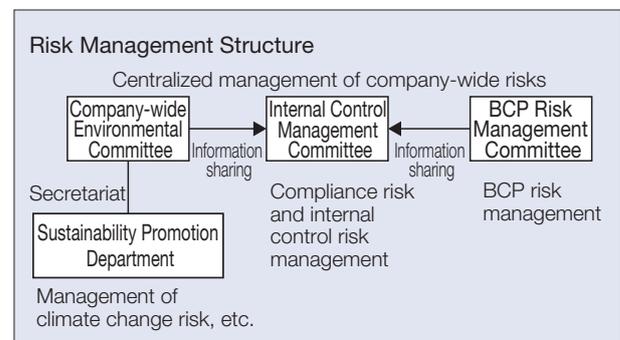
- The Company-wide Environmental Committee identifies and evaluates climate change risks in collaboration with relevant departments.

Risk management process

- As the process for managing climate-related risks, the Company-wide Environmental Committee analyzes climate-related risks, develops and promotes countermeasures, and manages progress on an ongoing basis.
- We assign an order of priority to climate-related risks based on the probability of the occurrence of the risks and opportunities and their likely impact.

Integration status of organization-wide risk management

- We have established a cross-sectional risk management structure based on the company-wide policy and are strengthening our risk management.
- The Internal Control Management Committee conducts centralized management of company-wide risks, including climate change risks, and reports to the Board of Directors as necessary.



Major Risks, Opportunities, and Responses Related to Climate Change
(Evaluation focused on automotive products business in Japan)

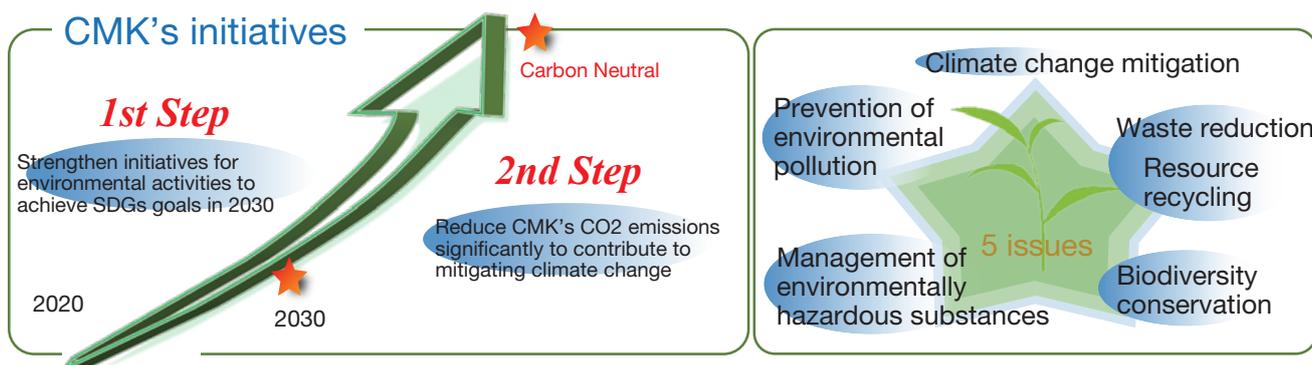
Risk High ↓ Opportunity High ↑
 Medium ↓ Medium ↑
 Low ↓ Low ↑

Scenario	Factors	Changes	Risk/ Opportunity	Degree of Impact	Impact on CMK	CMK Countermeasures
Below 2°C (Transition)	Impact of carbon tax	- Transfer of carbon tax to raw materials costs - Imposition of carbon tax on operating costs	Risk	↓	- Increase in raw material costs - Increase in operating costs due to imposition of carbon tax for Scope 1&2 emissions	- Encourage business partners to reduce CO2 emissions, consider low-emitting materials, etc. - Increase ratio of renewable power
	Strengthening of decarbonization policies	- Transfer of raw materials manufacturers' renewable energy introduction costs to product prices	Risk	↓	- Increase in raw material costs	- Develop and procure materials with higher energy efficiency
		- Increase in unit price of surcharges for promoting renewable energy generation and procurement	Risk	↓	- Increase in operating costs	- Reduce power usage through energy-saving measures
		- Increasing importance of energy conservation for decarbonization	Opportunity	↑	- Lower power costs, carbon tax cuts	- Upgrade to facilities with higher energy-saving effectiveness and lower CO2 emissions - Increase utilization rates of production equipment - Promote visualization of energy consumption
	Changes in customer behavior, demand for responsible action against climate change	- Demands from customers for providing of LCA-like CO2 emissions and for CO2 reduction - Increased risk of reputational damage, etc. due to inability to disclose responsible climate change response activities (and investment potential through the evaluation of disclosures)	Risk	↓	- Lower sales due to failure to respond adequately to requests from customers - Loss of reputation, lower recruitment capability and market share, higher capital costs due to failure to disclose climate change responses	- Promote calculation and disclosure of CO2 emissions, reduce CO2 emissions through energy-saving measures and procurement of renewable energy - Disclose climate change response activities
Progress in shift to EVs and FCVs	- Increase in demand for products used in EVs with progress in shift to EVs and FCVs	Opportunity	↑	- Higher sales of products for EVs	- Invest in and develop market channels for products for EVs - Strengthen collaboration with customers - Secure multiple suppliers, consider alternative materials	
	- Increase in demand for products for dedicated charging devices and other EV-related equipment in proportion with popularization of EVs	Opportunity	↑	- Higher sales of products for EV-related equipment		
4°C (Physical)	Natural disasters (Acute)	- Suspension of operations due to damage to factories and offices, damage to customers, and damage to materials suppliers caused by natural disasters	Risk	↓	- Lower sales due to suspension of operations at own factories	- Confirm the actions to be taken in the event of a disaster with suppliers and customers, formulate recovery plans
	(Chronic)	- Increased load on air conditioning due to rising temperatures	Risk	↓	- Higher costs for temperature control of clean rooms and storage warehouses	- Upgrade to facilities with higher energy efficiency

Indicators and Targets

CMK Corporation has been promoting environmental initiatives under our Medium-to long-term Environmental Action Plan "Smart e-change 30" established in 2020. As responses to climate change to achieve carbon neutrality are a matter of urgency, we have revised our 2030 medium-term targets and will make a fresh start with "Smart e-changes 30 plus." Recognizing the identification and reduction of supply chain emissions as key issues, we will engage in achieving this new plan.

Indicators	Targets
1. CO2 emissions (Scope 1, 2)	Medium-term CO2 emissions target (Japan): 46% reduction (2030, compared with FY2013)
2. Energy consumption	Energy reduction target (CMK Group): 1% energy intensity reduction (compared with previous fiscal year)



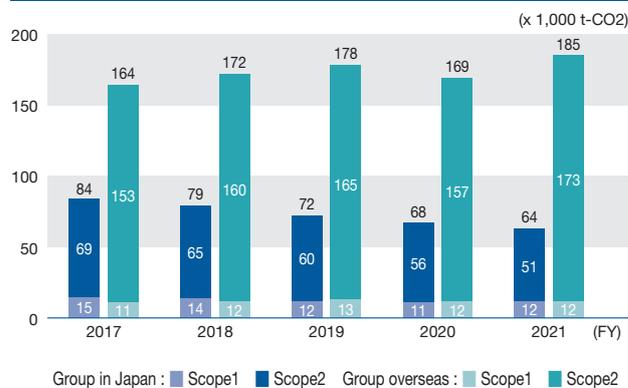
CO2 Emissions

The CMK Group promotes energy conservation activities in both manufacturing and back office divisions to reduce CO2 emissions, which are a cause of global warming. In FY2021, we implemented 20 energy conservation initiatives, including upgrading to highly energy-efficient air compressors and swapping out electric lighting for LEDs. Through these efforts, we expect to reduce power consumption by about 4 million kWh, which is equivalent to a reduction of 2,192 t-CO2. In FY2021, CO2 emissions of the Group in Japan amounted to 64,000 t-CO2 (down by 5.6% year-on-year), with overseas emissions amounting to 185,000 t-CO2 (up by 9.3% year-on-year).

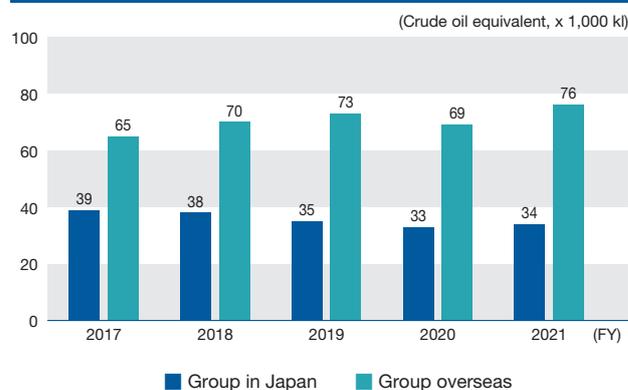
We are actively working on awareness-raising activities, such as displaying posters and setting up special environmental awareness zones to educate employees about the issues.



Scope1,2 Annual CO2 Emissions (Japan/Overseas)



Annual Energy Consumption (Japan/Overseas)

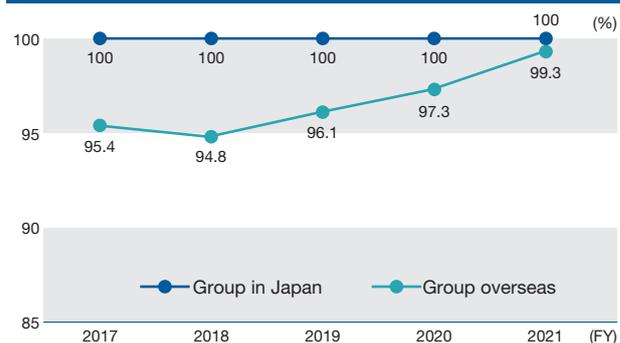


Waste Reduction/Resource Recycling

Zero-emission initiatives

The CMK Group defines zero emissions as “to achieve zero emissions of waste destined for direct landfill disposal (not including landfill disposal of residue from intermediate treatment outsourced to independent operators)” and is working to achieve this goal. In FY2021, the Group in Japan maintained its 100% record of zero emissions, while overseas, the result was 99.3% (up 2.0 points year-on-year).

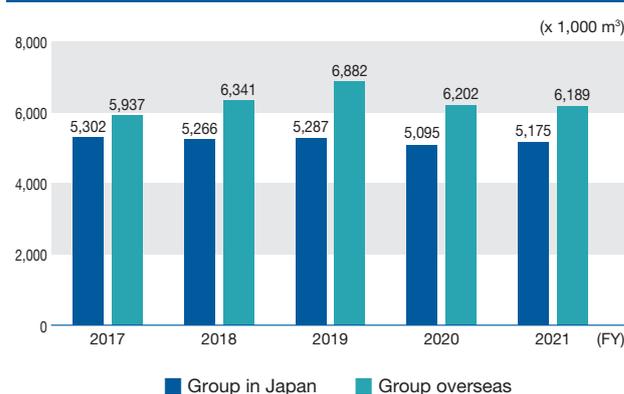
Zero Emissions Rate



Effective use of water resources

We actively promote various initiatives for effectively using water resources and reducing water consumption, such as the introduction of water recycling equipment and the installation of water saving functions in our production facilities. Our overseas factories implement recycling campaigns as a countermeasure against water resources risk. In FY2021, water recycling volumes achieved by overseas factories were as follows: 305,000 m³ by CMK Thailand, 384,000 m³ by CMK (Wuxi), and 184,000 m³ by CMKC (Dong Guan).

Annual Water Consumption



Biodiversity Conservation

As community-based biodiversity conservation activities, CMK Corporation is engaged in collaborative initiatives with local governments and volunteer groups near each business site and in the local communities. In FY2021, we raised juvenile salmon hatched from eggs and released them into the Nodai River in Niigata. We also worked on the extermination of alien species and protection of native species in the Gunma region.



Management of Environmental Hazardous Substances

The CMK Group defines chemical substances contained in materials, etc. or used in manufacturing processes that have been determined to have significant effects on the global environment or human health in accordance with the laws and regulations of Japan and overseas jurisdictions, customer requirements, and industry standards as Environmental Hazardous Substances (EHS) and manages them accordingly. By setting the five matters on the right as basic matters for EHS management, we are working to prevent banned substances from contaminating our products and contaminated products from being shipped.

1. Approve and register supplied materials and their suppliers
2. Choose registered materials
3. Confirm that supplied materials are registered materials.
4. Prove through voluntary scientific analysis that registered materials and CMK's final products do not contain banned substances.
5. Confirm that items 1-4 are being implemented reliably.

Green procurement activities

CMK Corporation develops environmentally-friendly products and engages in environmentally-conscious production. As part of this approach, we implement green procurement, which prioritizes the purchase of materials with low environmental impact from business partners that have well-established environmental management systems. In evaluating business partners, we check their EHS management mechanisms and their rules and operation records according to a checklist produced by the Joint Article Management Promotion-consortium (JAMP). We also consider their legal compliance and biodiversity conservation initiatives. In FY2021, we conducted such evaluations of some 200 business partners in Japan and overseas.

EHS management certification scheme

We also conduct EHS management audits of our business partners with the aim of confirming, maintaining, and improving EHS management activities. Business partners that receive high overall scores in these audits are certified as "CMK Green Partners."

Environmentally-friendly PCB "E-spec"

We label products that meet our own environmental standards as "E-spec" products and engage in reducing our environmental footprint through the supply of these products.



E-spec label (registered as trademark in 2000)

*The E-spec label is attached to products that meet the E-spec criteria on request.

Prevention of Environmental Pollution

As activities for preventing environmental pollution accidents, we incorporate environmental risk assessments and strive to prevent environmental risks. Further, under our environmental management system, we constantly monitor the establishment and revision of laws and regulations, etc., to clarify the latest compliance matters on which our business activities are based. At the same time, we regularly check the status of compliance and, in the unlikely event that there are any concerns, we make improvements and corrections, ensuring that legal compliance is our top priority.

Fair trade

Following the CMK Group Procurement Policy, we aim for sustainable development of our mutual corporate activities with our business partners.

CMK Group Procurement Policy

Based on the recognition that our suppliers are good partners, we will value mutual growth. By conducting procurement activities based on the following policy, we will fulfill our corporate social responsibility together with our business partners with the aim of achieving the mutual development of corporate activities in a sustained manner.

Basic Policy

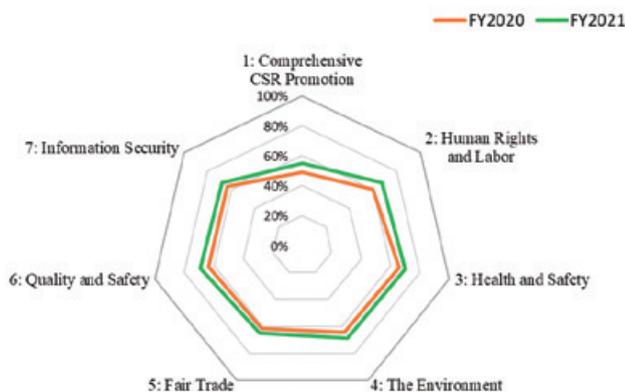
1. Compliance with laws and societal norms
We will comply with the laws, regulations and social norms of the countries and regions in which we conduct procurement activities.
2. Fair and equitable transactions
We will provide equal opportunities for transactions to all companies in Japan and overseas. We will not engage in abuse of a superior bargaining position and will not accept or demand gift-giving, entertainment or other benefits beyond socially prevailing standards and common sense.
3. Responsible procurement
We will conduct responsible procurement activities by considering human rights and the global environment.

Supplier Selection Policy

- In commencing and continuing transactions, we will evaluate and select suppliers in a fair and impartial manner, by comprehensively taking the following items into account with the aim to build good partnership with suppliers.
1. Compliance with laws and societal norms
 2. Initiatives regarding human rights/labor, safety and health, the environment, ethic/fair transactions, information security, etc.
 3. Management soundness
 4. Quality maintenance and enhancement, optimal prices, observance of delivery date
 5. Supply chain continuity capability and degree of cooperation during times of disaster and other unforeseen circumstances

CSR Surveys of Business Partners

With the aim of enhancing our partnerships with our business partners, we conduct CSR surveys on a regular basis. In FY2021, we surveyed 55 business partners. The results showed improved ratings for all items, confirming that awareness of CSR activities has further improved among our business partners. These surveys give our business partners an opportunity to better understand our Company's approach to CSR, and we will continue to conduct them in the years ahead.



Responsible Procurement of Mineral Resources

Violations of human rights by armed groups and environmental destruction in conflict-affected and high-risk areas (CAHRAs), such as the Democratic Republic of the Congo and neighboring countries, have become global concerns. As armed groups are funded by illegally mined mineral resources, surveys are conducted every year to trace the use of such minerals back through the global supply chain.

To ensure that we are not complicit in human rights violations and environmental destruction, we actively conduct these surveys, as well as asking our business partners for their cooperation for the responsible procurement of mineral resources.

Establishment of BCP Framework

With the cooperation of our business partners, we hold regular meetings on BCP and promote initiatives to establish strong procurement and production frameworks, in order to share BCP policies and frameworks between the CMK Group and our business partners.

Human Rights and Labor

Under the Basic Philosophy, we recognize the diverse values of individuals and respect their human rights, maximize the potential of every individual employee, foster an environment in which employees engage in their duties with a sense of reward, and pursue their mental and physical happiness.

CMK Group Human Rights Policy

Based on our management policy of mutual respect regardless of individual attributes, the CMK Group established the Human Rights Policy in accordance with the Guiding Principles on Business and Human Rights, which was endorsed by the United Nations Human Rights Council in 2011, and other international norms, to protect the human rights of all people involved in our business activities.

Human Resources Development (Diversity & Inclusion)

We actively promote the recruitment of diverse personnel and the development of employees' capabilities, regardless of gender, nationality, age, and whether or not they have a disability, and aim to create workplaces that enable each and every employee to work energetically. We also aim to develop human resources who have vitality and abundant creativity by turning their diverse personalities and values into a force for our organization.

Education programs for human resources development

Our Company formulates various education and training programs to develop human resources with vitality and abundant creativity. We operate and develop education programs on a continual basis, taking into consideration changes in the external environment and risk status based on essential themes, such as grade-based education, job-based education, global human resources development, and compliance education. Education plans are reviewed annually based on their effectiveness.

Major education programs

- ◇ Grade-based education and personnel evaluation education
- ◇ Job-based education
- ◇ Global education (study abroad program in Japan)
- ◇ Expat candidate education
- ◇ Grade-based compliance education
- ◇ Women's advancement promotion education
- ◇ Support for self-development and acquisition of qualifications

Promotion of active participation of diverse human resources

Promotion of active participation of foreign nationals

We currently have 30 participating technical interns from Thailand under the Technical Intern Training Program for Foreign Nationals.

These interns are working hard to improve their language skills, and three of them have already passed Level 3 of the Japanese Language Proficiency Test.

We are striving to develop a working environment that is comfortable for foreign nationals and to help them acquire skills.

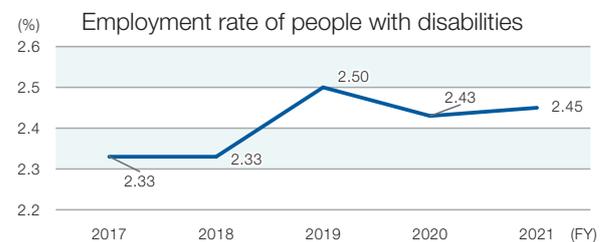


Promotion of active participation of seniors

With the extension of the retirement age to allow full-time employees to work until the age of 65, our Company has been enhancing opportunities for employees who want to work to maintain high motivation and participate actively in the workplace, regardless of their age.

Promotion of active participation of persons with disabilities

We will work to provide working environments where diverse employees, with or without disabilities, can fully demonstrate their abilities and work energetically.



Promotion of women's advancement

We have formulated and are engaging in a General Employer Action Plan under the Act on the Promotion of Women's Participation and Advancement in the Workplace, with the aim of realizing a workplace where women can fully demonstrate their individuality and abilities. With the aim of increasing the percentage of women in management positions, we will also establish an environment where women can fully demonstrate their abilities, employing various measures such as actively employing women and actively promoting women to supervisor (team leader) rank, who will then become future management candidates.

Work-life Balance

We are establishing and promoting various systems to make working easier for employees and to achieve a good work-life balance for our employees.

Balancing work and private life

We believe that the pursuit of employees' mental and physical happiness is an important factor that leads to the development of human resources. We aim to realize a good balance between work and private life that allows employees to choose various options, taking each employee's value awareness and lifestyle into account. Believing that achieving that aim will be a driving force that underpins our corporate purpose, we plan to continue our efforts to establish such an environment. We are enhancing the various systems to allow employees to work enthusiastically while balancing their work and private life in line with their own lifestyles. In FY2020, we allowed a portion of childcare leave to be taken as paid leave and lifted the age limit of leave to care for sick children to the end of junior high school. In these ways, we are striving to improve our systems related to childcare and family care.

Rewarding workplaces

In the Personnel (Evaluation) System Reform project in 2021, we revamped the previous company goals management system, changing it to a system that clarifies the link between company goals and individual goals. Also, we are working to improve fairness and transparency to ensure that the results of personnel evaluations are properly reflected in employees' pay and conditions. In doing so, we are working to ensure that personnel evaluations are conducted properly and that the achievement of goals will give employees a greater sense of reward for their work.

Enhancement of child/family care leave system

- ◇Childcare leave
For employees with children aged up to three years
[First five (5) days of childcare leave are paid leave]
- ◇Exemptions and limitations on overtime work
Available until child finishes elementary school
- ◇Sick child care leave
Available until child finishes junior high school
[Paid leave]
- ◇Shorter time work for childcare
Available until child finishes elementary school
- ◇Family care leave
Available for up to 365 days for one (1) person in need of family care
- ◇Family care leave
[Paid leave]

VOICE

Comments from male employees who took childcare leave



Although it was only for a short period, taking childcare leave enabled me to share the childcare and housework, which reduced the burden on my wife. At the same time, I experienced for myself how hard childcare and housework are, and I felt even more gratitude to my wife. The two of us will continue to support each other into the future. (M.K.)



Thanks to childcare leave, I was able to spend time with my child. This experience made me realize anew what a tough job it is to care for a child, but I also enjoyed that time very much. I also gained a deep understanding of how hard housework chores that I do not usually do, such as cleaning and laundry, are. It was a significant time in terms of my wife and I raising our child together going forward. (Y.O.)

Comment from employee who took family care leave



My mother was assessed as requiring Level 5 care and is now in a nursing home. Last year, she fell and suffered a fracture, so I took family care leave to help her attend hospital visits. My family shares the care of my mother, but I sometimes feel that I want to spend a little more time with her. It is extremely difficult to care for my mother as she ages, but I hope to continue to make good use of this system and spend time with her. (T.K.)

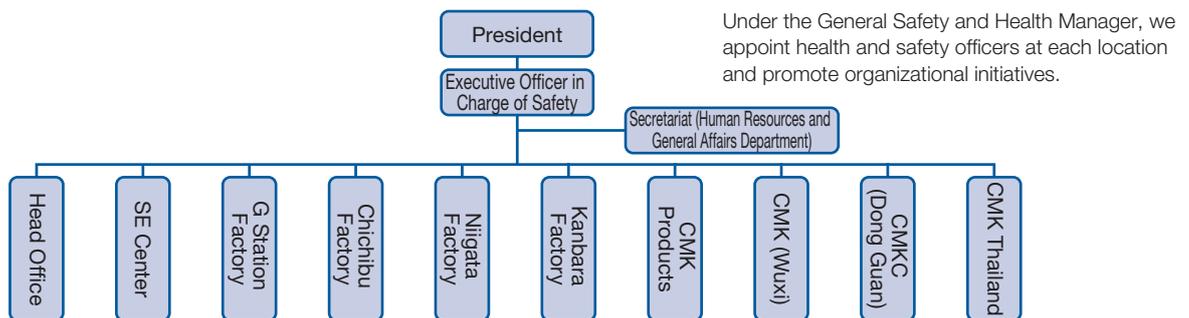
Health and Safety

Ensuring the health and safety of our employees is the foundation that underpins the “Development and Lasting Prosperity” of our business. In addition to raising each and every employee’s awareness of health and safety, our aim is for all employees to work together to create safe and comfortable workplaces that are free from danger, based on the philosophy of safety first in the workplace.

Health and Safety Management Structure

To manifest our company motto and Basic Philosophy, the CMK Group strives through our Safety and Health Policy to create a workplace environment where employees can work with peace of mind. As part of this initiative, we have appointed an executive officer in charge of corporate safety and are actively promoting health and safety activities within the CMK Group. The Company-wide Health and Safety Committee meets every six months to promote information sharing across the CMK Group and company-wide activities for preventing occupational accidents.

CMK Group Health and Safety Management Structure

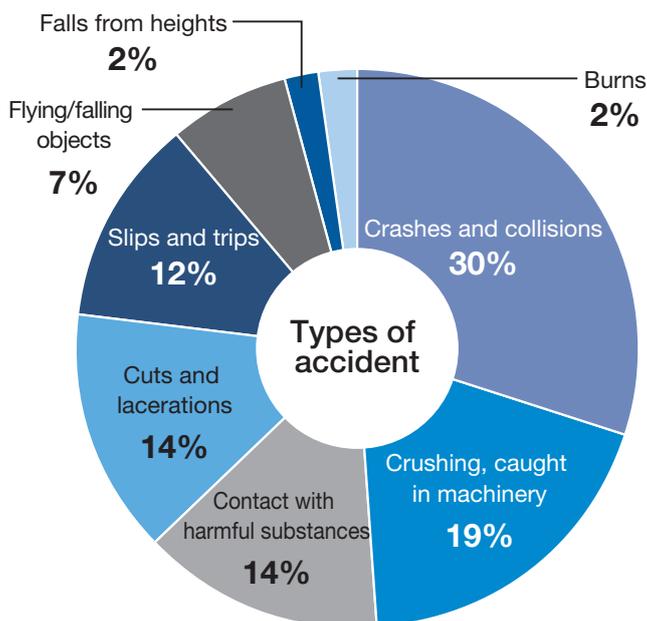


Initiatives for preventing occupational accidents (analysis of causes and reinforcement of countermeasures)

To improve and maintain the workplace safety environment, we share the results of analysis of information about past accidents from the perspective of preventing similar injuries.

In addition to health and safety patrols that include risk assessments, led by the Health and Safety Committee, we confirm the current situation, including the status of countermeasures, through head office audits led by the Human Resources and General Affairs Department (concurrently using web-conferencing, etc. due to the pandemic).

Our Thailand factory is working to improve health and safety by holding safety training sessions, which all employees attend, to educate them about health and safety. In addition, to prevent the recurrence of occupational accidents and raise safety awareness at our business sites, including overseas, we are working to strengthen occupational accident prevention in the CMK Group through measures such as holding workshops and displaying posters.



Breakdown of Occupational Accidents in FY2021



Poster showing 2022 company-wide health and safety slogan

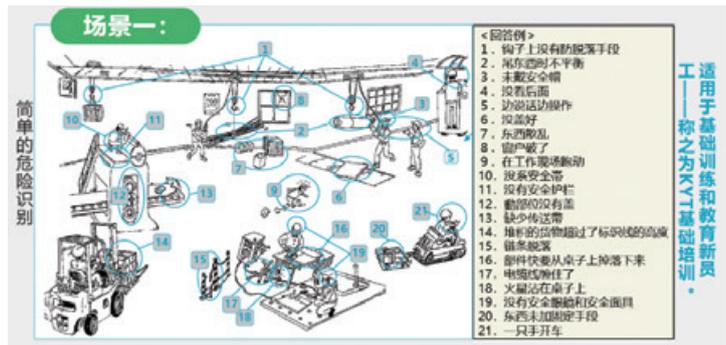
* Selected from a total of 1,324 entries in a competition open to all employees (including overseas locations)



Safety training session at Thailand factory

Overseas KYT (Risk Prediction Training) Activities

Our research found that there is a lack of awareness about “near misses” and “risk prediction” at our overseas locations. For this reason, in FY2021, we launched a campaign to promote the penetration of KYT activities, such as “Stop a second to detect near misses.”

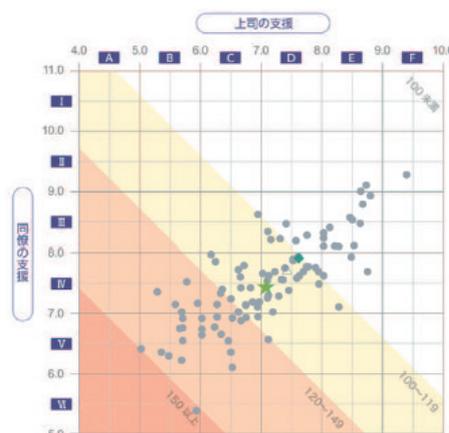


KYT materials used at China factory

Stress Checks

We conduct stress checks in October every year.

As well as encouraging employees to take note of their own stress levels, we conduct organizational analysis and are working to create comfortable workplaces where employees can fully demonstrate their abilities without being troubled by stress.



Sample of analysis results

Analysis results of stress checks in FY2021 revealed that there are departments in which employees feel a high degree of stress due to a lack of support from their colleagues and superiors. We conducted the following measures and have been monitoring their progress.

1. Counseling by external occupational counselors
2. Communication and compliance training for managers

Approaches to COVID-19

In response to the spread of COVID-19 infections, we placed top priority on the safety of our employees, their families, and other stakeholders, and we are working to prevent infections and the spread of disease. We will strive to reduce the risk of infection by taking timely and appropriate measures according to the situation that changes day by day. We will put our best efforts toward the continued provision of products to fulfill our supply responsibilities.

Internal response to the spread of COVID-19 infections

- Adoption of government-recommended attendance rates as a guide for hybrid style of work-from-home and in-person office attendance
- Preparation and management of temperature check and movement history data
- Application of strict controls regarding business trips and overseas travel
- Thorough implementation of disinfection and social distancing in every workplace
- Use of rapid antigen test kits to test for COVID-19 infection prior to visiting business sites in other prefectures
- Recommendations for new-normal lifestyles



Web conference

Promotion of BCP Initiatives (Approach to Fire and Natural Disaster Risks)

The frequency of natural disasters caused by climate change is increasing markedly, and the damage they cause is sometimes greater than expected. To reduce the risks of fire and natural disasters, we are implementing initiatives to ensure safety with thorough preventive activities, while assessing risks and identifying the status of countermeasures at individual business locations.



BCP drills at Shinjuku Head Office



Fire and disaster evacuation drill at Niigata factory

Quality and Safety

We are working to enhance quality and safety so that we can deliver attractive products and services that give greater satisfaction to customers.

Approaches to Product Quality Assurance

Under of Basic Philosophy of "... manufacture and sell safe and secure products with awareness and responsibility...", we will continue to contribute to society through highly reliable products that demonstrate innovation, by bringing together our skills and wisdom in manufacturing.

CMK Group Quality Policy

1. By complying with the relevant laws and regulations and responding to the demands and requirements of customers and society, we will conduct open and fair manufacturing operations.
2. We will enhance the Quality Assurance System by continuously improving our Quality Management System.
3. We will constantly aim at quality improvement through the formulation and implementation of action plans for establishing and achieving quality targets.

Quality/Environment Management

All business locations of the CMK Group have obtained ISO 9001 certification, the international quality management system standard, and ISO 14001 certification, the international environmental management system standard, both of which are recognized globally. With the CMK Group-wide integrated management system based on these international standards, we are enhancing our governance in quality and environment systems.

Currently, we have started to implement Group uniform standards in compliance with IATF 16949, the quality standard for automobiles.

Niigata and Kanbara factories, and head office functions, including sales, development, and engineering
ISO9001/ISO14001 certification



CMKC (Dong Guan) Ltd.
IATF16949/ISO14001 certification



CMK Products Corporation
ISO9001/ISO14001 certification



CMK Electronics (Wuxi) Co., Ltd.
IATF16949/ISO14001 certification



CMK CORPORATION (THAILAND)
CO.,LTD.
IATF16949/ISO14001 certification

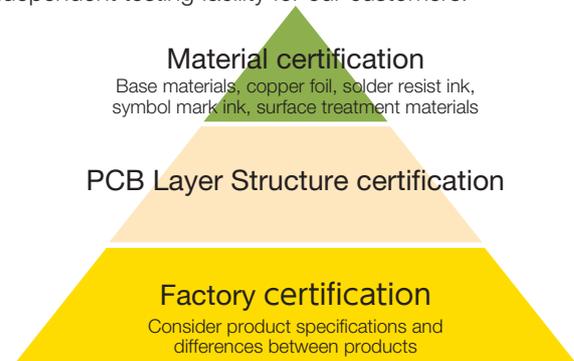
Product approval system and feedback on malfunctions

To enable our customers to use our products with peace of mind, we operate a three-step certification system, from material certification to PCB Layer Structure Certification to factory certification.

In consideration of how our products are used in the market and the quality assurance periods for each product specification, we deliver safe and secure products to our customers by conducting reliability tests to a higher standard.

In the analysis of malfunctions, we have installed various types of analytical equipment to determine causes and take countermeasures accurately and quickly. By sharing this know-how within the Group, we are striving to enhance quality so that we can manufacture products with consistent quality.

Our reliability testing and analysis lab is accredited as an independent testing facility for our customers.



Reliability testing equipment



X-ray analysis equipment



Lock-in infrared heat generation analysis equipment

Thorough change management

Changes in products and manufacturing processes are likely to have an impact on product quality. For changes in the 4 Ms (material, man, method, and machine), we have established a management structure under rules integrated Group-wide that is capable of providing reports to customers without delay.

Compliance with safety standards

We manufacture and deliver products made with materials and processes certified by UL, the safety standard of the United States.

Response to customer needs

To identify the needs of our customers, we create opportunities to understand their opinions, requests, and other matters through customer satisfaction surveys (CS survey) and active participation in trade shows. We aim to be a company that ensures customer satisfaction through ongoing improvement activities.

Customer Needs Research Activities

Conduct CS survey

We regularly conduct CS surveys in various categories, such as “products,” “sales,” “quality,” “delivery deadlines,” and “technology.”

Links to management goals

We have mechanisms in which the improve-check-correct cycle of processes naturally leads to achieving management goals and improving customer satisfaction, by incorporating the issues identified by the analysis of CS survey results into our management goals. Through these links, all employees work together to improve customer satisfaction.

Evaluation of effectiveness of improvement activities with CS survey

In response to issues identified by the CS survey, in a follow-up survey, we analyze whether or not any activities undertaken to improve those issues have been effective. We hope that this ongoing cycle of collecting, evaluating, and analyzing customer needs and undertaking improvement activities will lead to improved customer satisfaction.

Topics

We hold workshops aimed at developing proposals to customers and improving sales activities. More than 100 employees from Japan and overseas participated in an online workshop on business law, which was presented by staff from CMK Corporation’s Legal Affairs Department. We ensure thorough compliance by deepening our understanding of basic legal concepts through case studies.

The impact of the pandemic has changed the style of our sales activities significantly, with the incorporation of methods such as online business negotiations and meetings. With more opportunities to communicate via web-conferencing with distant customers whom we have not been able to meet face to face, we are working on improving our employees’ skills so that we can offer a broader range of proposals from the customer’s perspective.

Commendations from customers



Special Contribution Award at Denso Ten Limited’s FY2021 Supplier Appreciation Convention.

Trade show exhibits

[Nepcon Japan in Nagoya (physical trade show)] October 2021

We participated in various trade shows to research and collect customers’ needs. We were able to collect a wide range of customer requirements related to CASE technology and next-generation telecommunications technology targeting various related fields, such as automobiles, telecommunication, and aerospace.



Online response

[Tokyo Nepcon (live streaming)] January 2022

As the pandemic made it impossible to physically visit the venue from overseas, the event was delivered online via live streaming, with simultaneous interpretation provided in multiple languages (Korean and Chinese). Overall, the event was very well received, with more than 3,500 viewers and over 7,000 views, allowing us to directly exchange questions and answers with viewers.



[Online factory tour and audit]

For customers who are unable to visit due to the pandemic, we offer online factory tours and web auditing. In anticipation of living with COVID-19, we have established environments that allow us to respond to customers online, whether they are in Japan or overseas.

Global responses

[Participation in South Automotive Conference (SAC)] in Birmingham, Alabama, October 2021

We participated in SAC, the trade show for products related to automotive manufacturing. With various events held by the organizers, such as a B-to-B match making event and a number of receptions, we were able to not only hold business discussions but also to network with industry stakeholders.



Social Contribution

We promote social contribution activities in the belief that it is important for us, as a corporate citizen, to achieve harmony and co-existence with local communities and to build relationships of trust with those communities.

Donation to public facilities by CMK Thailand

In Thailand, the practice of making donations has firm roots, and CMK Thailand conducts donation activities as an ongoing initiative. Although these activities have been restricted due to the pandemic, CMK Thailand donated plastic panels and pallets to Prachin Buri Province.



Compost activities



At the Niigata Factory, leftover food from the canteen is being turned into compost. The G Station Factory also collects fallen leaves at the factory and gives them to employees and farmers free of charge.

In addition to reducing waste and CO2 emissions from waste disposal, the CMK Group continues to implement community-based activities.

Other activities

May	[CMKC (HK)] Cleanup at Dapeng Fortress
June	[Niigata Factory] Beach cleanup in Seiro-machi
August	[Niigata Factory] Accredited as Eco-office by Seiro-machi
September	[Niigata Factory] Beach cleanup and tree-planting activity in Seiro-machi
	[Kanbara Factory] Donation of discarded home appliances and tire wheels to working facility for people with disabilities
October	[CMK (Wuxi)] Cleanup hike at Huishan, Wuxi
November	[Niigata Factory, Kanbara Factory] Donation of discarded home appliances and tire wheels to working facility for people with disabilities
	[Kanbara Factory] Certified as disaster preparation leader in Gosen City's disaster preparation framework
December	[CMKC (Dong Guan)] Cleanup hike at Yin Ping Shan Forest Park
	[Niigata Factory, Kanbara Factory] Registered to participate in the Eco Office Commendation System
Winter	[G Station Factory] Fallen leaves donated to farmers
Year round	[SE] Sainokuni Road Support



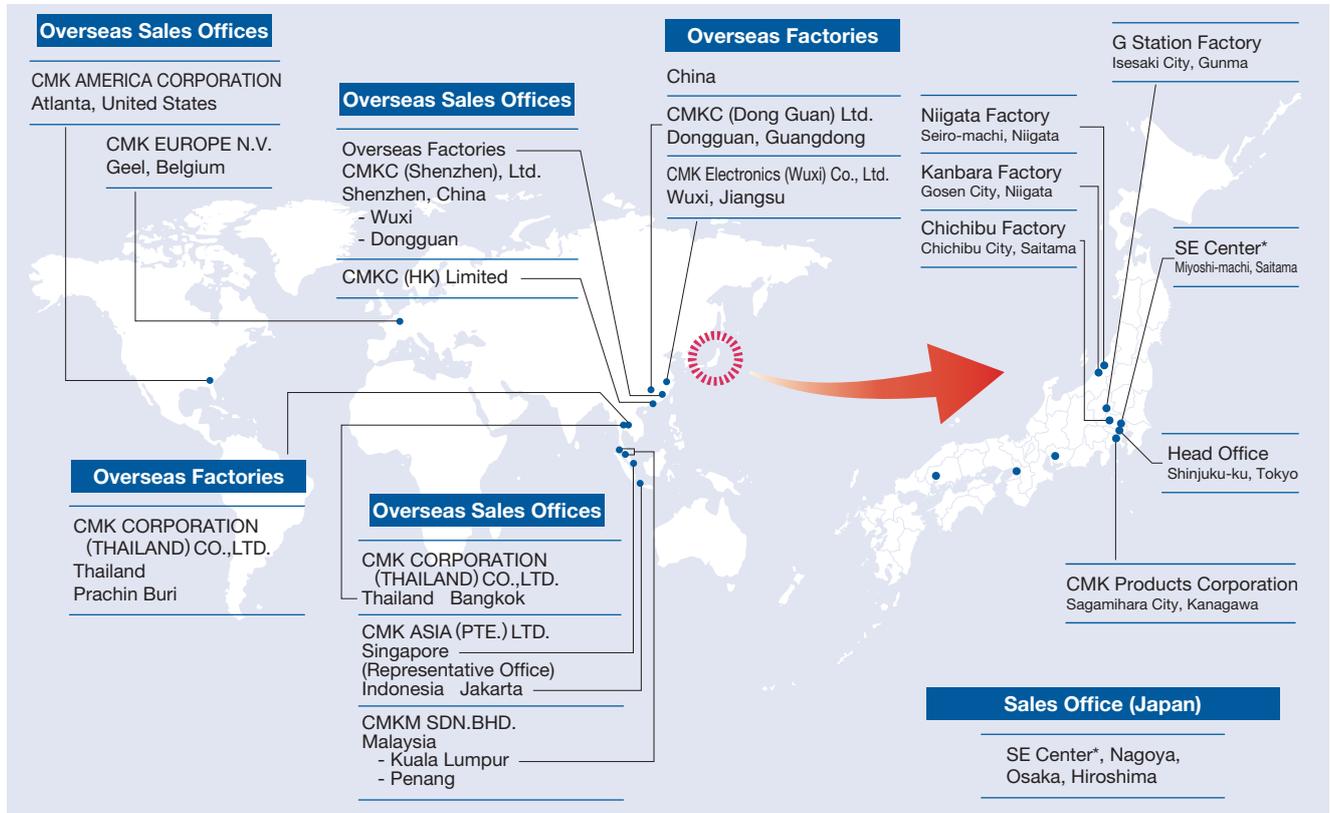
With people at working facility for people with disabilities



CMKC (Dong Guan)'s cleanup hike at Yin Ping Shan Forest Park

CMK Group Business Bases

Major Business Bases



*Relocated to Kawagoe in July 2022

Major Production Base



Niigata Factory



Kanbara Factory



CMK Products Corporation



CMK Electronics (Wuxi) Co., Ltd.



CMKC (Dong Guan) Ltd.



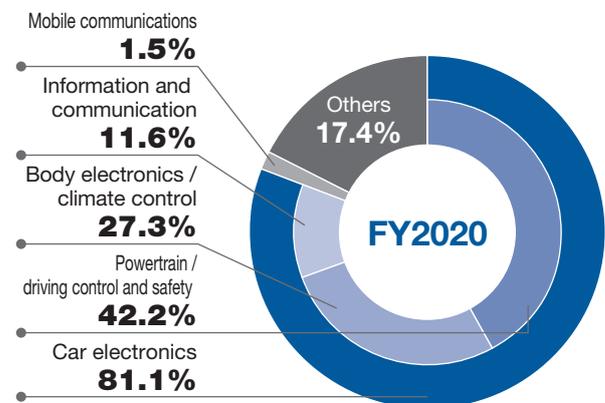
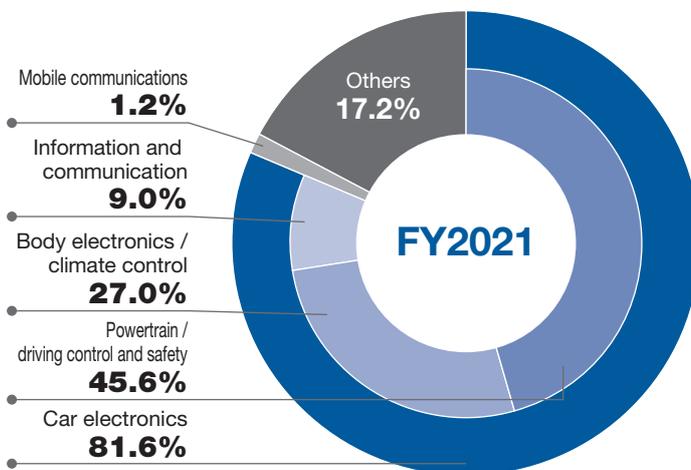
CMK CORPORATION (THAILAND) CO.,LTD.

Performance and Financial Highlights

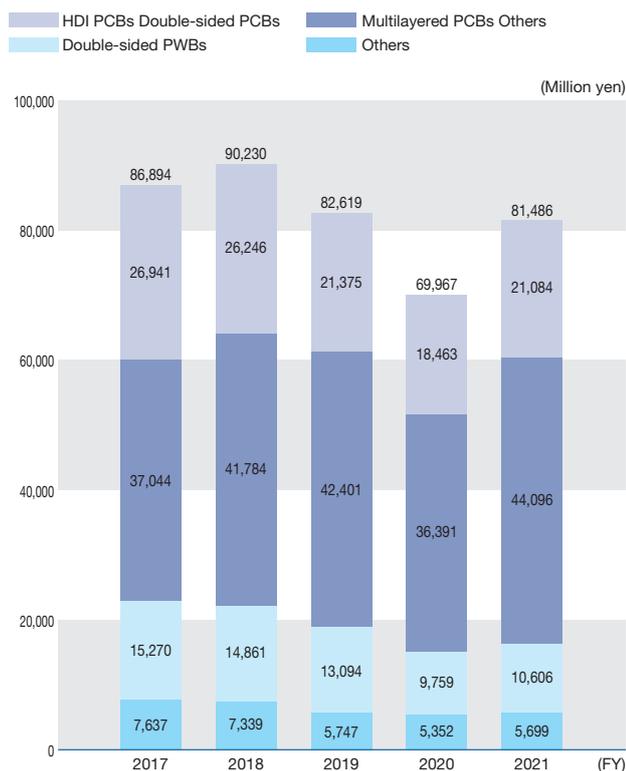
In FY2021, although the effects of shortages of semiconductors and other components remained uncertain, global automobile sales recovered, and orders in the car electronics field, the mainstay market of the CMK Group, remained strong.

Consolidated net sales in the CMK Group increased by 16.5% year-on-year to 81,486 million yen due to an increase in sales of car electronics products. In income figures, despite the impact of rising raw material costs, operating income was 3,021 million yen (operating loss of 1,676 million yen in the previous fiscal year) due to an increase in net sales and production efficiency improvements. Ordinary income was 3,305 million yen (ordinary loss of 1,511 million yen in the previous fiscal year) and profit attributable to owners of parent was 2,785 million yen (loss attributable to owners of parent of 1,868 million yen in the previous fiscal year) due to an increase in operating income and other factors.

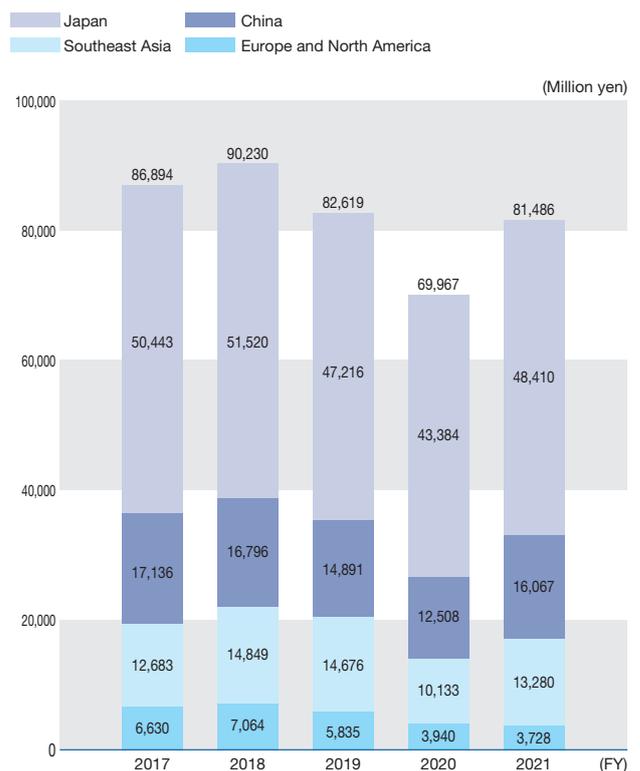
Sales by product



Sales by type of PCB



Sales by region

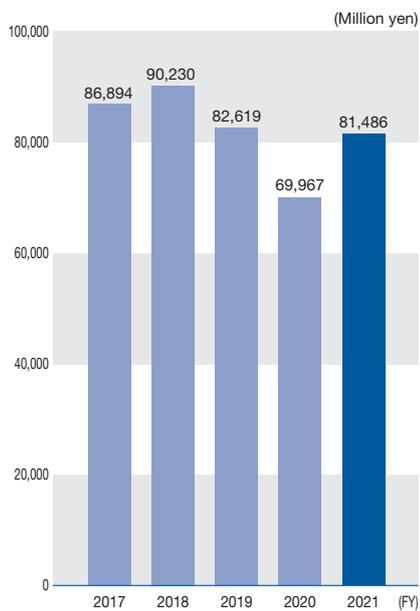


Performance Highlights

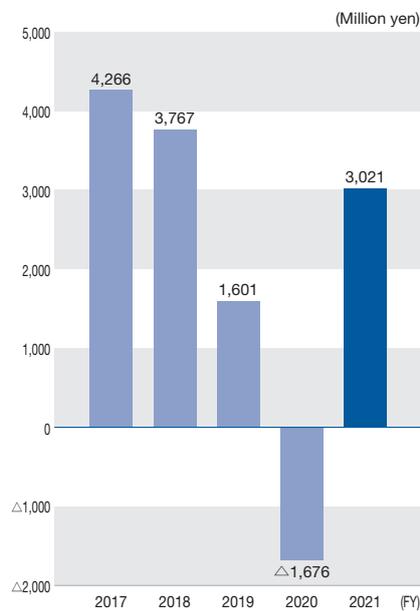
Consolidated Fiscal Year		2017	2018	2019	2020	2021
Net sales	(Million yen)	86,894	90,230	82,619	69,967	81,486
Operating income (loss)	(Million yen)	4,266	3,767	1,601	△ 1,676	3,021
Ordinary income (loss)	(Million yen)	3,917	3,770	792	△ 1,511	3,305
Net income (loss)	(Million yen)	3,638	2,015	△ 1,128	△ 1,868	2,785
Net assets	(Million yen)	55,892	55,849	54,932	51,519	54,466
Equity ratio	(%)	55.5	49.9	53.6	49.8	50.3
Number of employees	(Persons)	4,601	4,990	4,851	4,960	4,854

Profit (loss) attributable to owners of parent is presented as net income (loss).

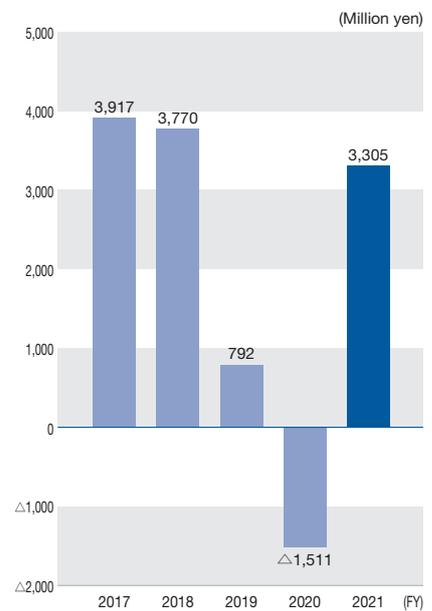
Net sales



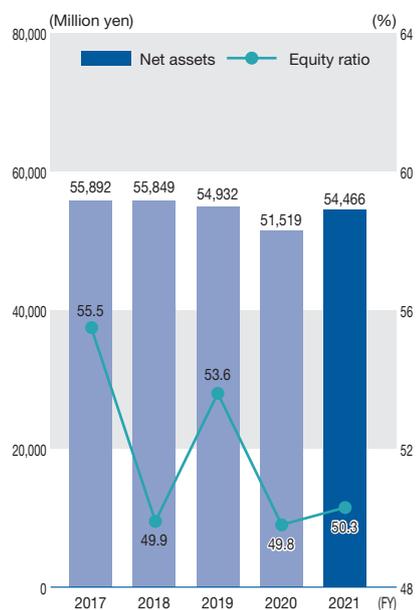
Operating income (loss)



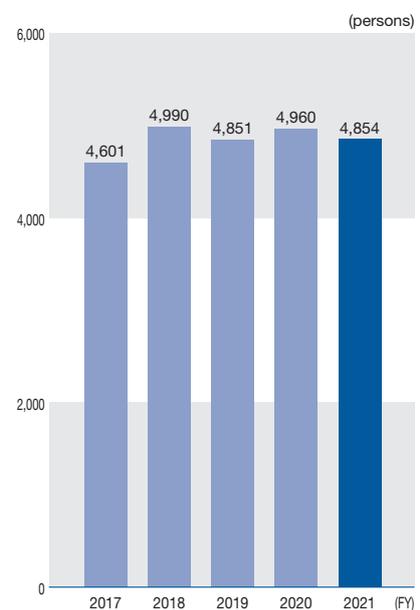
Ordinary income (loss)



Net assets and equity ratio



Number of employees



Corporate Data

Name of listed company	CMK CORPORATION
Date of establishment	February 1961
President and CEO	Isao Osawa
Capital	22,306.2 million yen
Stocks	Prime Market, Tokyo Stock Exchange

Head Office	6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo, Japan
Business description	Development, production and marketing of various printed wiring boards and electronics devices for consumer and industrial use
Number of employees	1,309 (CMK Group total: 4,854)
Average age	46.05

Executives (as of June 28, 2022)

Director and Corporate Auditors	
President and CEO	Isao Osawa
Director and Executive Officer	Kunihiko Tedo
Director and Executive Officer	Yoshihisa Yamaguchi
Director and Executive Officer	Yoshiaki Ishizaka
Director and Executive Officer	Kazuto Ono
Director	Tsuyoshi Ukyo
Director	Rika Sato
Director	Mitsuru Kaitoh
Standing Corporate Auditor	Masashi Koike
Standing Corporate Auditor	Akihiro Okabe
Corporate Auditor	Yuji Yamanashi
Corporate Auditor	Masaki Ashibe

Executive Officers	
Executive Officer	Junichi Ishibashi
Executive Officer	Takashi Izumisawa
Executive Officer	Takashi Okayasu
Executive Officer	Kazuhiro Kawaguchi
Executive Officer	Masanori Kawashima
Executive Officer	Masaya Kuriyama
Executive Officer	Tatsuya Koizumi
Executive Officer	Satoru Takahashi
Executive Officer	Yasuhiko Takahashi
Executive Officer	Masayoshi Hagiwara
Executive Officer	Toshikazu Fujino
Executive Officer	Naoki Matsuo

History

1959	Noboru Nakayama founded a private company that manufactured nameplates.	1990	CMK establishes the Niigata Satellite Factory in Seiro-machi, Niigata, now called Niigata Factory. CMK invests in CMK Kanbara Electronics Corporation (Gosen City, Niigata).
1961	Incorporation occurs and Chuo Meiban Kogyo Co., Ltd. (Suginami-ku, Tokyo) is founded.	1995	CMK relocates its head office to Shinjuku-ku, Tokyo.
1963	Chuo Meiban Kogyo starts PWB manufacturing.	1998	CMK invests in Yamanashi Sanko Co., Ltd. (Nirasaki City, Yamanashi).
1967	Chuo Meiban Kogyo opens Saitama Factory in Miyoshi-machi, Saitama, now called SE Center.	2000	CMK establishes CMKC (Dong Guan) Ltd. in China.
1970	Chuo Meiban Kogyo concentrates on PWB manufacturing.	2001	CMK establishes CMK Electronics (Wuxi) Co., Ltd. in China. CMK establishes CMKC (Hong Kong) Limited in Hong Kong.
1974	Chuo Meiban Kogyo opens Gunma Factory in Ivesaki City, Gunma, now called G Station Factory.	2006	CMK establishes CMK Corporation (Thailand) Co., Ltd. in Thailand.
1980	Chuo Meiban Kogyo establishes Chumei Engineering Co., Ltd. (trade name changed to CMK Mechanics Corporation) in Chichibu City, Saitama. Chuo Meiban Kogyo opens CMK Singapore (PTE.) Ltd., now called CMK Asia (PTE.) Ltd. in Singapore.	2007	CMK merges three domestic subsidiaries and changes its trade name to CMK Products Corporation. CMK establishes CMK America Corporation in the United States.
1984	Chuo Meiban Kogyo changes its name to CMK Corporation and relocates its head office to Miyoshi-machi, Saitama.	2012	CMK establishes CMKC (Shenzhen), Ltd. in China.
1985	CMK is listed on the Second Section of the Tokyo Stock Exchange.	2014	CMK absorbs and merges CMK Multi Corporation, CMK Kanbara Electronic Corporation, Yamanashi Sanko Co., Ltd, and CMK Mechanics Corporation.
1987	CMK establishes CMK Europe N.V. in Belgium.	2020	CMK absorbs CMK Finance Corporation. CMK establishes CMKM SDN.BHD. in Malaysia.
1989	CMK is listed on the First Section of the Tokyo Stock Exchange.		

Stock Information (As of March 31, 2022)

Total number of shares authorized 227,922,000

Total number of shares issued and outstanding 63,060,164

Number of shareholders 7,246

Share trading unit 100

Shareholder Breakdown

Other firms

11,228 thousand shares (17.8%)

Individuals and others

12,539 thousand shares (19.9%)

Foreign companies and individuals

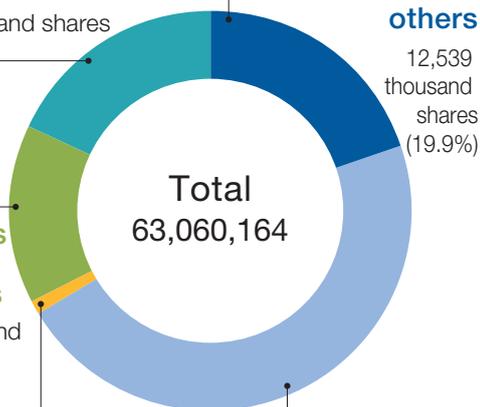
9,236 thousand shares (14.6%)

Securities firms

757 thousand shares (1.2%)

Financial

29,298 thousand shares (46.5%)



Major shareholders (10 largest)

Shareholders	Number of shares held (thousands)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	9,588	16.1
Custody Bank of Japan, Ltd. (Trust Account)	5,657	9.5
Mizuho Bank, Ltd.	2,576	4.3
The Foundation for Technology Promotion of Electronic Circuit Board	2,500	4.2
Custody Bank of Japan, Ltd. (securities investment trust account)	2,404	4.0
Takahiro Nakayama	1,975	3.3
The Dai-ichi Life Insurance Company, Limited	1,895	3.2
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust, Kiraboshi Bank Account Re-Trustee: Custody Bank of Japan, Ltd.	1,745	2.9
Akiharu Nakayama	1,668	2.8
Sumitomo Mitsui Banking Corporation	1,613	2.7

Notes

1. Although the Company holds 3,865,040 shares of treasury stock, it is not included in the above list of major shareholders.
2. Treasury shares were excluded in calculating the shareholding ratios.

Editorial Policy

About CMK Report

The Environmental Report, which our Company began publishing in 1999, evolved into the CSR Report in 2007, after which we continued to disclose and publish activities in the non-financial information area every year until 2017. Since fiscal 2018, we have added corporate information, such as financial, executive and stock information, in the report, and we now produce and disclose this report with the aim of continuously communicating our Company's activities to various stakeholders in a format that is easy to read and understand.

Website

This Report and our Environmental Data, which focuses solely on environmental information, are available on the website.

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

Other basic information about this Report

Period covered by the Report: April 1, 2021 - March 31, 2022 (however, articles and contents include information up to June 2022)

Date of publication: September 2022

Reference Guidelines

ISO 26000 Guidance on Social Responsibility
Environmental Reporting Guidelines 2018, Ministry of the Environment





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The CMK Report uses vegetable-based inks and FSC-certified paper. It is printed with a “waterless printing method” that does not produce harmful waste fluids during the printing process and is bound in an environmentally friendly manner.
