

Environmental Report

2022

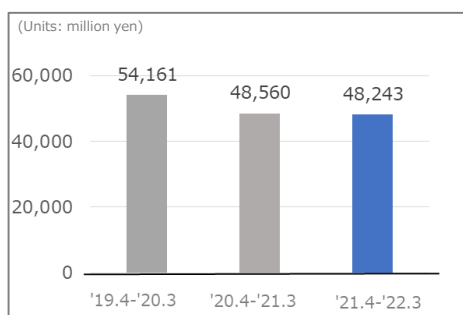
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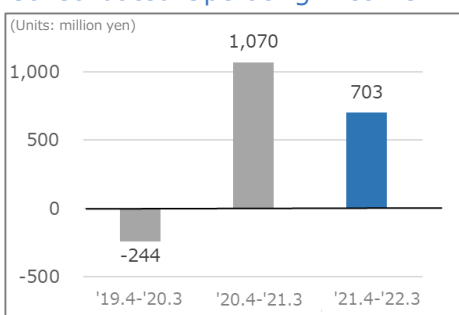
Corporate Profile (as of March 31, 2022)

Name	SMK Corporation
Established	April 3, 1925
Primary Businesses	Manufacturing and sales of electronic components for use in electrical equipment, communications equipment, electronic equipment, industrial machinery, IT equipment and other applications.
Capital	7,996 million yen
Number of Employees	4,963 (in the Group)
Head office	5-5, Togoshi 6-chome, Shinagawa-ku, Tokyo 142-8511, Japan TEL: +81-3-3785-1111
Major Products	Connectors / Jacks / Remote controls / Switches / Wireless modules / Camera modules / Touch panels / Sensors

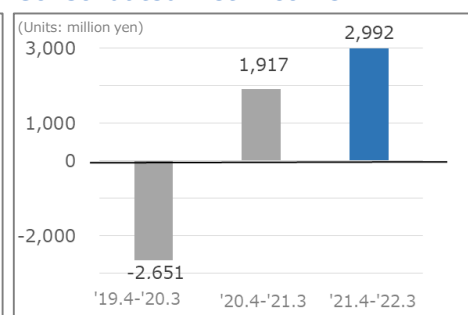
Consolidated Net Sales



Consolidated Operating Income



Consolidated Net Income



About this Report

Reporting period FY2021 (April 1, 2021 – March 31, 2022)

Scope of calculations SMK Corporation (seven sites in Japan) and consolidated subsidiaries (three in Japan and 16 overseas)

CO₂ emissions factor

- The amount of CO₂ emissions from power purchased domestically is calculated by the conversion factor publicized by the "Electric Power Council for a Low Carbon Society."
- The amount of CO₂ emissions from power purchased internationally is calculated by the conversion factor publicized by the IEA (International Energy Agency) for emissions from FY 2005 to FY 2011 and by DEFRA (Department for Environment Food & Rural Affairs) for emissions from FY 2012.
- The amount of CO₂ emissions from fuel is calculated by the conversion factor publicized by the Department of Environment.
- Previous years results have been amended by updating the CO₂ conversion factor.

Calculation Methodology of Environmental Accounting

- The method was based on the "Environmental Accounting Guidelines (2005 version)" of the Ministry of the Environment of Japan.
- Economic impacts are limited to those where the evidence is clear (so-called "presumptive effects" are not included).
- Environmental Hazardous Substances in the environmental conservation effects were calculated for substances controlled by the PRTR Law (Pollutant Release and Transfer Register Law).

Access to corporate information

Our website discloses data profiling our company, IR information, product descriptions, and past environmental reports.
<https://www.smk.co.jp/>

CSR information : <https://www.smk.co.jp/csr/>



Environmental Management

SMK Environmental Charter

1. Basic Philosophy

The SMK Group pursues environmental conservation as well as economic development by integrating its current technological strengths and creating advanced technology. As a good corporate citizen, every one of us will contribute to the promotion of sustainable global development.

2. Action Guidelines

- (1) Develop environmentally friendly products
- (2) Reduce waste by using everything to its fullest extent
- (3) Preserve natural resources and saving of energy
- (4) Encourage 3R (reduce, reuse, and recycle)
- (5) Realize waste-free procurement and manufacturing

Organization to Promote Environmental Conservation

SMK Group's environmental conservation policies are determined by the Environmental Conservation Committee, chaired by the Officer in Charge of Environment Div., and important matters are decided by the Executive Officer's Meeting.

Upon determination, they are deployed at all Japan and overseas works. At each business site, the Local Environmental Conservation Committee decides local policies, targets, and initiatives in accordance with the Group policies, targets, and initiatives taking locally specific issues into consideration and puts them into practice.

Environmental Management Systems

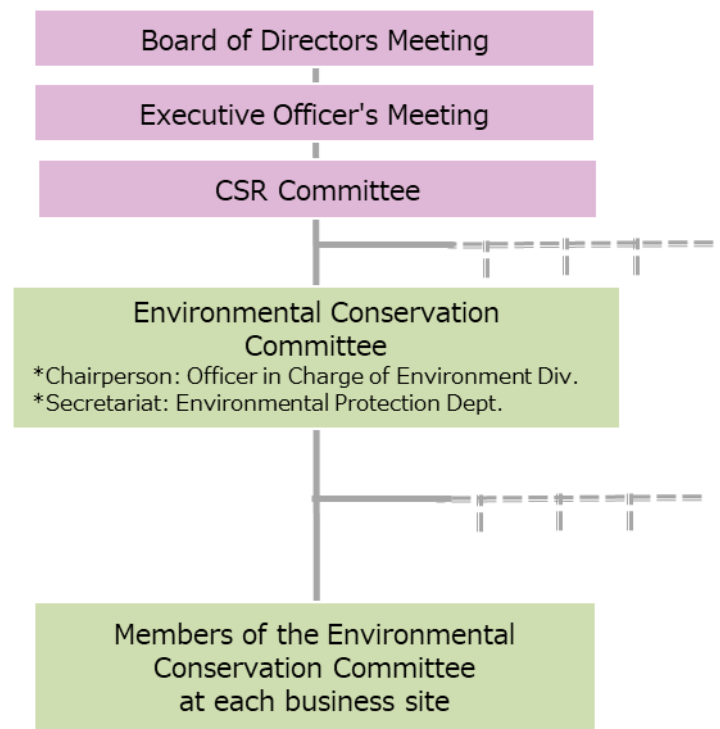
SMK has an ISO 14001-based environmental management system in place in all its production facilities, domestic and overseas.

The Environmental Conservation Committee shares information on revisions to laws and regulations pertaining to each business site and checks the status of compliance with laws and regulations and the existence of accidents related to the environment or ecosystems.

In the 2021 financial year, there were no violations of environment-related laws or fines in the SMK Group.

We request that our business partners environmental conservation activities in accordance with our Green Procurement Guidelines. Specifically, we ask them to promise not to use environmentally hazardous substances prohibited by SMK and to establish a system based on ISO14001. For those our business partners that have not obtained ISO 14001 certification, we visit them to check the status of their environmental conservation activities and provide guidance for improvement as necessary.

Organizational Structure for Environmental Conservation



ISO14001 audit (Head Office)

Aiming for Carbon Neutrality

SMK has set a target to become carbon neutrality by 2045.

In addition, SMK is promoting activities in accordance with the "Carbon Neutrality Action Plan" of the electrical and electronics industries, targeting an improvement of energy consumption per unit at an annual average of 1% or more.

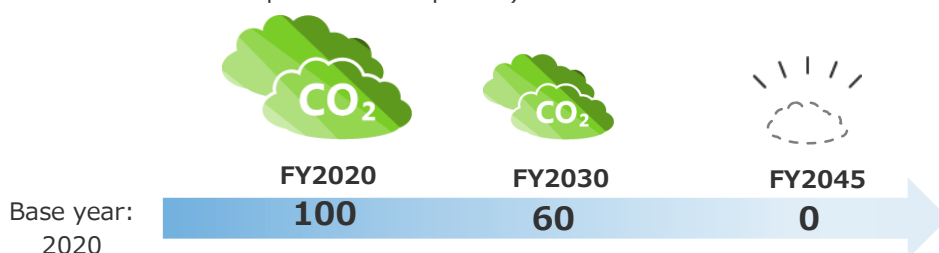
■ FY2045: Achieve carbon neutrality

■ FY2030 energy consumption per unit : 9.56% reduction from FY2020

In September 2021, we established a Carbon Neutrality Task Force under the Environmental Conservation Committee umbrella and developed a system to ensure that knowledge is passed on from one generation to the next and is promoted steadily. In FY2021, we drew up a plan to reduce basic unit consumption by 2030 at the head office and all Works in Japan and overseas. The main measures are the expansion of energy-saving and renewable energy generation facilities. The entire company will work together to realize the plan in a single fiscal year, while pursuing the most appropriate measures based on the situation.

The Carbon Neutrality Task Force also considers the visualization of supply chain emissions (Scope3) to be an important issue and will work closely with partner companies to identify and resolve issues to reduce environmental impacts.

Reduction of CO₂ emission per unit (Scope1+2)



Solar Power Generation Results

- SMK Philippines rooftop installation: 16,000 kWh



In order to systematically promote capital investment in photovoltaic facilities, a dedicated team shares knowledge and aims to spread awareness within the Group to support the activities of each business site.

In FY2022, we plan to install solar power generation equipment at one of our works.

FY2021 Environmental Conservation Activities

Preventing Global Warming

Through promotion of energy-saving improvements, we achieved our targets for both CO₂ emissions per unit of production*¹ and total CO₂ emissions.

Biodiversity Conservation

To prevent the spread of COVID-19, we continued to forgo holding environmental study courses for nearby elementary school students as we did in the previous year.

Effective Use of Resources

Although we failed to achieve the targets for both waste discharge per unit of production*² and total waste discharge, we improved on the previous year by promoting waste elimination activities in manufacturing processes.

The landfill disposal volume target was achieved by promoting recycling overseas.

Ensuring Environment-related Substance Management

The environment-related substance management system was regularly upgraded to promote efficient operation.

Raising the Level of Product assessment

We worked on integrating product assessment with the Eco product system, but integration was not possible due to the addition of some system specifications.

Self-assessment:

A: Target achieved

B: Target not achieved (improved on the previous year)

C: Target not achieved

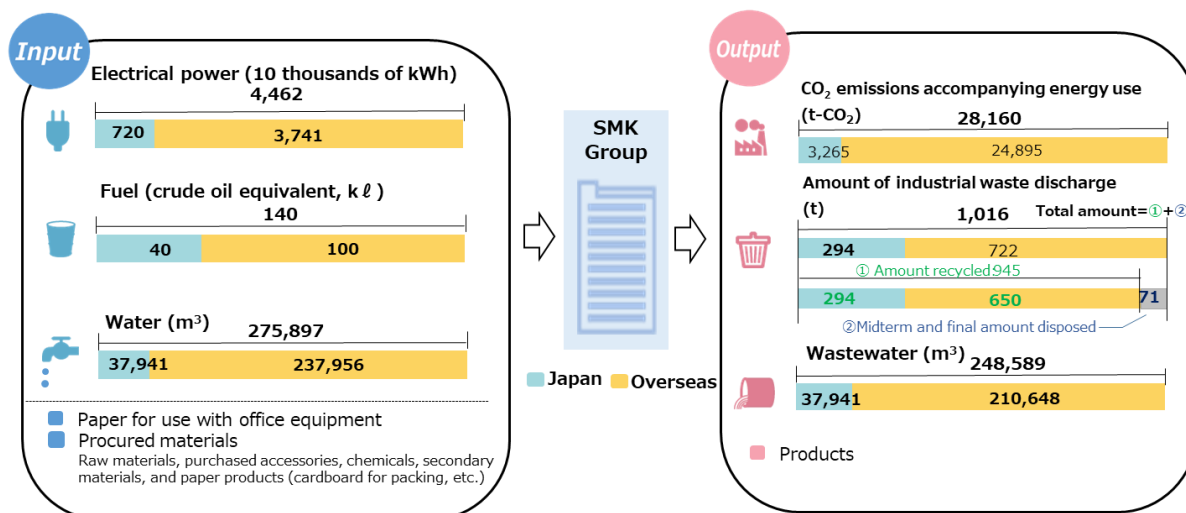
Nature of initiative	FY2021		Self assessment
	Target	Achievement	
Preventing Global Warming	CO ₂ emissions per unit of production* ¹ : Reduction of 11% or more from the previous year	CO ₂ emissions per unit of production* ¹ : 14% reduction from the previous year	A
	Total CO ₂ emissions 28,837t-CO ₂ or less	Total CO ₂ emissions 28,160t-CO ₂	A
Biodiversity Conservation	Spreading awareness of biodiversity conservation	Environmental study course was postponed to prevent spreading of COVID-19	C
Effective Use of Resources	Waste discharge per unit of production* ² : Reduction of 14% or more from the previous year	Waste discharge per unit of production* ² : 9% reduction from the previous year	B
	Total waste discharge: 952t or less	Total waste discharge: 1,016t	B
	Landfill disposal amount: 82t or less	Landfill disposal amount: 71t	A
Ensuring Environment-related Substance Management	Component Composition Information Registration and EU-REACH Compliance Efficient System Operation	Regularly upgrade management systems to promote efficient operations	A
Raising the Level of Product assessment	Integration of Product Assessment and Eco Product System	Not achieved, in progress	C

*¹: CO₂ emissions per unit of production= CO₂ emissions divided by production value

*²: Waste discharge per unit of production= Waste discharge divided by production value

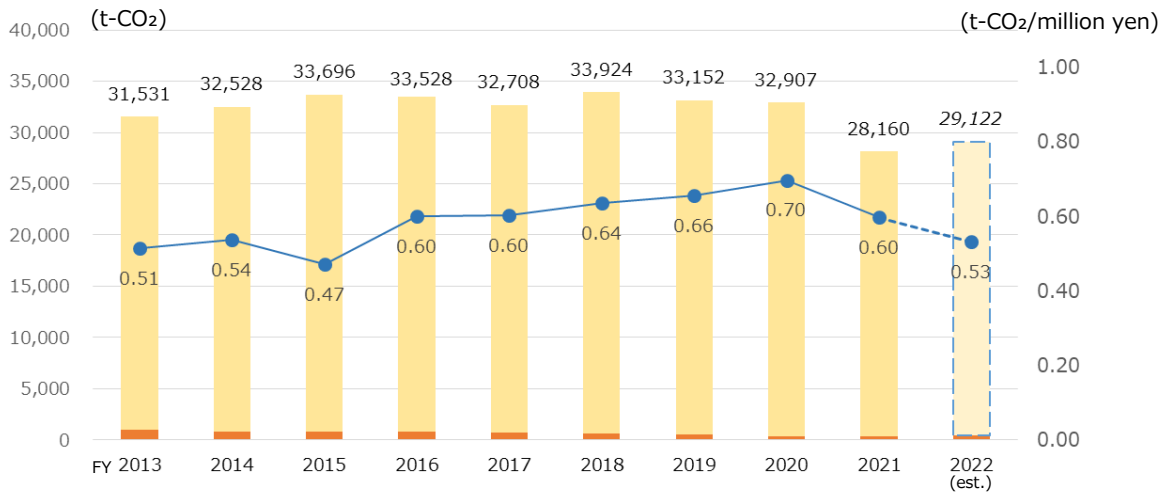
Material Balance

At SMK, we work to track, analyze, and reduce the material balance (environment footprint) of each process throughout the Group, from product design and development to manufacturing and sales.



Energy and Resource Saving Results

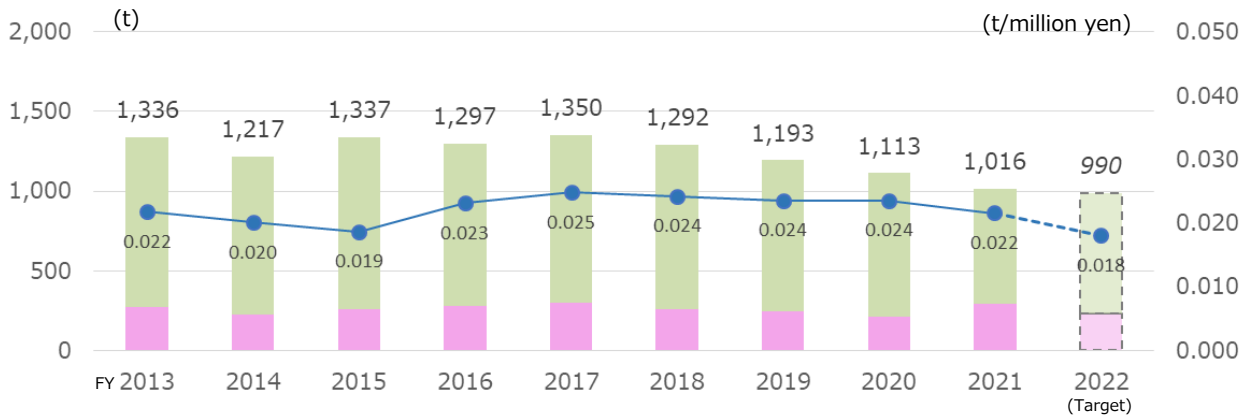
CO₂ emissions



	Year on Year		
	Japan	Overseas	SMK Group
CO ₂ emissions per unit of production	90%	88%	86%
CO ₂ emissions	95%	84%	86%

■ Scope2
■ Scope1
● per unit of production

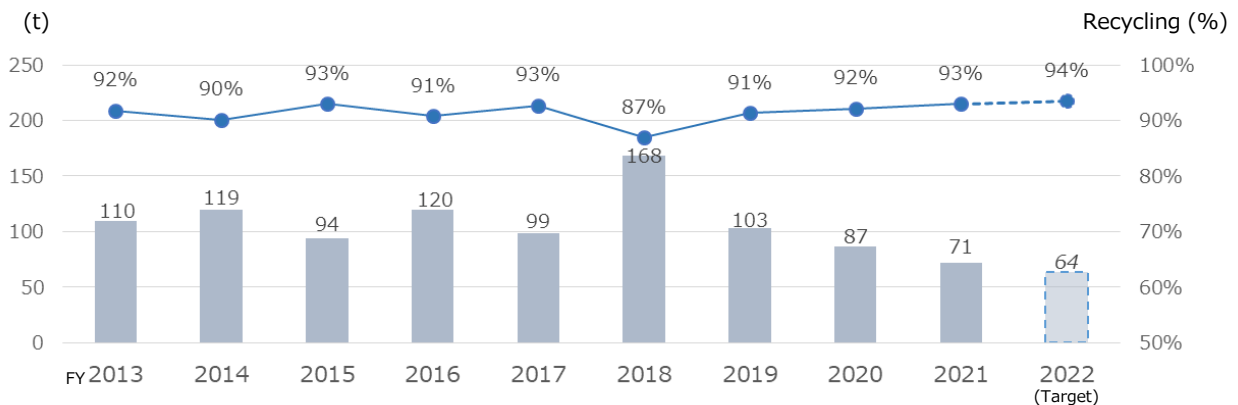
Waste discharge



	Year on Year		
	Japan	Overseas	SMK Group
Waste discharge per unit of production	132%	83%	91%
Waste discharge	140%	80%	91%

■ Overseas
■ Japan
● per unit of production

Landfill waste and recycling rate



	Year on Year		
	Japan	Overseas	SMK Group
Landfill waste	-	83%	83%

SMK Eco Products

Since FY2012, SMK has established internal criteria for SMK Eco Products.

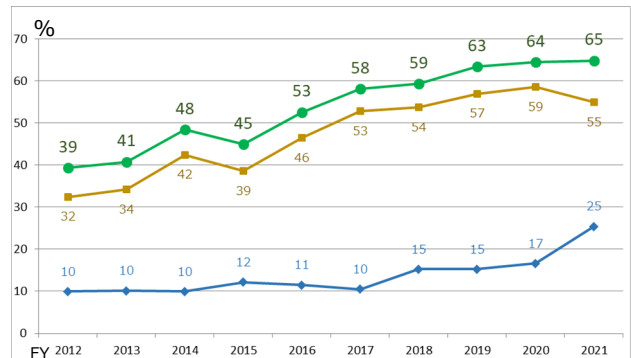
Eco products consist of "Eco-contributing products," which are classified by the end market of customer products, and "Eco-friendly design products," which are evaluated based on the level of environmentally friendly design.

		Details
Eco products *1	Eco-contributing products	SMK products used in products for environmental markets as defined by internal standards ex : Products for energy management, renewable energy, and energy-saving appliances
	Eco-friendly design products	SMK products that meet SMK's internal standards for energy conservation and higher efficiency, resource conservation, environmental protection and eco-friendliness, and reduced load on manufacturing processes

Percentage of sales of Eco Products

*1: **Eco products**
= **Eco-contributing products**
plus **Eco-friendly design products**
(If both are applicable, they will be counted unduplicated.)

● Eco products
■ Eco-friendly design products
◆ Eco-contributing products



Environmental Accounting

(Units: million yen)

Category	Environmental Conservation Costs			Economic Impact		Effects of Environmental Conservation (Quantity)		
	Major Activities	Investments	Expenses	Major Activities	Amount			
Business area costs	Pollution prevention	Operation and maintenance, etc. of facilities used to prevent pollution	5.0	39.1	-	0	Use of Environmentally Hazardous Substances	Increased 7.8t
	Global environmental preservation	Adoption of energy-saving equipment, efficient operation of air conditioning and other such equipment as well as related maintenance, inspection, etc.	35.5	49.4	Cost savings from energy conservation (electricity), electricity sales from photovoltaic power generation systems (FIT) in Japan, etc.	23.2	CO ₂ emissions	Reduced 4,747t-CO ₂
	Resource circulation	Appropriate processing and recycling promotion, etc. of industrial waste discharge	0	23.5	Gain on sale of waste, reuse effect of production facilities, etc.	133.9	Landfill disposal	Reduced 15.5t
							Waste discharge	Reduced 97t
	Sub-total	-	40.5	111.9	-	157.1	-	-
	Upstream / downstream	Green procurement, etc.	0	0.1	-	0	-	-
	Administration	Activities which aim to guarantee eliminating the use of environmentally hazardous substances in products, environmental management promotion, etc.	0	155.1	-	0	-	-
	R&D	Development of eco-products, etc	0	15.3	-	0	-	-
	Social activity	Initiatives to expand green areas in local communities and at works, etc.	0	7.3	-	0	-	-
	Environmental damage	-	0	0	-	0	-	-
	Total	-	40.5	289.7	-	157.1	-	-

- Environmental Conservation Costs:
Compared to the previous year, investments increased by 16.6 million yen and costs increased by 14.5 million yen. The reason for the large increase in investment was a 35.5 million yen capital investment in renewal of air conditioning equipment and lighting fixtures as energy conservation measures.
- Economic Impact :
Increased by 18.4 million yen over the previous financial year. The main factor was an increase in gains from the sale of waste materials. Economic benefits also include 7.2 million yen in electricity rate reductions due to investments in energy-saving equipment.
- Effects of Environmental Conservation (Reduction of Material Amounts) :
As a result of our improvement activities, CO₂ emissions (excluding environmentally hazardous substances), landfill disposal of waste, and waste emissions were reduced and improved. The estimated CO₂ reduction effect of 367 tons due to investment in energy-saving facilities also contributed to the improvement in CO₂ emissions.

See "About this Report" on page 2 for the calculation methodology

Environmental Conservation Activity Reports

Flower Planting Activity

As a member of the Shinagawa CSR Promotion Council, we have been participating in the planting of seeds for the "Shinagawa Hanakaido" since 2017. The "Shinagawa Hanakaido" project is maintained and managed by a non-profit organization, which grows a variety of flowers along a 2-km stretch of the Katsushima Canal seawall, contributing to the creation of a society rich in nature and harmony. As in previous years, the joint seed-sowing event by participating companies was cancelled, but each company staggered the dates for seed-sowing, so that visitors could enjoy the same beautiful flower sea paths as in previous years.



In June 2021, the company participated in a local government program to educate employees about environmental conservation and awarded plants to six outstanding production performance winners.



Effective Utilization of Resources

Used wooden pallets for packing were donated to a nearby park facility. The park is dinosaur-themed, and many of the facilities are wooden. Waste pallets are reused as materials for dinosaur sculptures and facility maintenance.



Environmental Conservation Activity Reports

Food Loss Reduction

Food Drive

In Japan, 6 million tons of "food loss," or food that can still be eaten but is thrown away as garbage, is generated annually. In FY2021, food drive activities were held twice, and a total of 503 items, including canned food, snacks, drinking water, dried noodles, and retort pouch foods, were collected from employees' homes and donated to the Council of Social Welfare and food banks.

We will continue to regularly conduct these activities as part of our efforts to reduce food waste.

Japan



Healthy Vegetable Garden Project

We planted vegetable seedlings donated by employees in the green space of our Philippine works and harvested 300 eggplants and 600 green beans through organic cultivation. The joy of the harvest was shared with employees to whom the harvested vegetables were distributed.

This project fosters employee health and awareness of not wasting food. In the future, we will continue this activity by making compost from vegetable peels and other materials discharged from the cafeteria and creating even more fertile soil.

SMK Electronics (Phils.) Corporation



Cleanup activities

Every year in June and December, the Hitachi works conducts a cleanup of the area around the plant. In recent years, the negative impact of plastic bottles and other plastic waste washed into the ocean on marine life has become an issue.

The Hitachi works is located within 1 km of the coastline and will continue cleanup activities to reduce plastic waste that reaches the ocean and to maintain the rich natural environment of the sea.

Hitachi Works (Japan)



The social contribution activities of the SMK Group are shown in our website. Please take a look.

