



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

The CMK Group is committed to the realization of a safe and comfortable society attaching great importance to sustainability.

More than one year has passed since Russia started the invasion into Ukraine. Yet no sign of ending has been seen. The geopolitical risk is increasing because the US-China confrontation constantly stays. Such conditions are making the world economy more divided and uncertain. The environment around us is changing greatly according to the age. Our initiatives toward the realization of a sustainable society should be carried out rapidly and definitely. When the social problems regarding human rights and the environmental problems are arousing concerns, recently sustainability is focused on.

We have serious environmental problems of extreme weather with record-breaking temperatures and heavy rainfall across the world and its seriousness starting with global warming is impacting the society and the economy, CMK Corporation, since its foundation in 1961, has been incorporating technology and creativity into our printed circuit board business, expanded our business globally based on our management philosophy symbolized by the company motto, “Development and Lasting Prosperity”, and striving enthusiastically to enhance our corporate value by committing to the social requirements and the environmental problems.

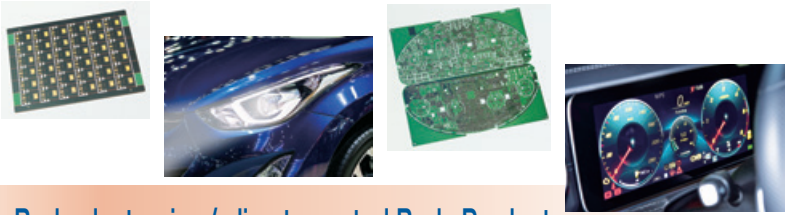
The primary medium-term management plan which started in FY2022, focuses on productivity and quality improvement, and aims at establishing the growth cycle involving the CASE demand after accomplishing the secondary medium-term management plan starting in FY2025.

Regarding the climate change issue, we approved TCFD (Task force on Climate-related Financial Disclosures) and developed the slogan “Smart e-changes30 plus” raised to accomplish the medium-term target by 2030. Under the new slogan “Smart e-changes NetZero”, we aim at carbon neutral zero and proceed. In order to survive in this age of drastic changes and address the social challenges, we established the basic sustainability policy and the CMK group human rights policy in FY2022 which are the milestones to carry out human rights due diligence.

The CMK Group will continue to address various social issues through our business activities. We strive to enhance our corporate value and contribute to the society based on our reliable technological capability we have cultivated. We prioritize the comprehension of many stakeholders, i.e., the stock holders, the clients and the local communities when operating our activities because their support is essential. We aim at a safer and more comfortable society by supplying stably the printed circuit boards that meet social needs.

The Reliability Standards and Technology Behind Printed Circuit Boards.

Car Electronics



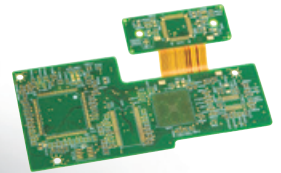
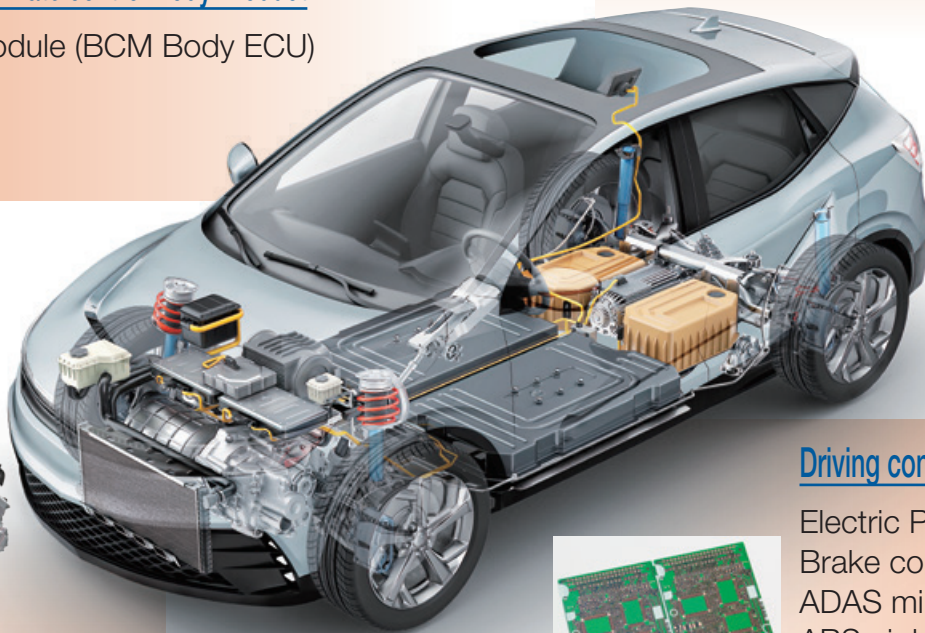
Information and communication systems

Navigation
 Infotainment
 V2V, V2X Communication Modules
 Back monitor



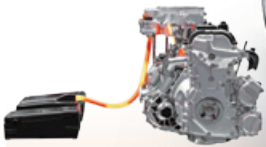
Body electronics / climate control Body Product

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



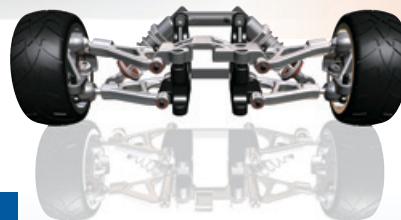
Powertrain

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



Approaches to CASE

C Connected

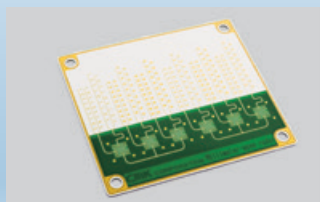
Multi-layered HDI PCBs are being used in the evolution of the connected car.



Multi-layered HDI PCB (cross-section)

A Autonomous

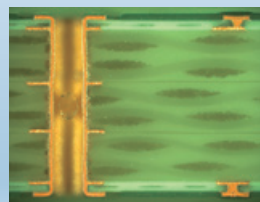
The receiver antenna in Advanced Driver Assistance Systems (ADAS) require PCBs with Higher resolution circuits.



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

S Shared

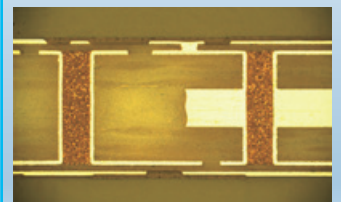
"From ownership to sharing." As the volume of information processed by vehicles increases, hybrid-structured PCBs with conventional and high-frequency materials are being adopted.



High-frequency hybrid PCB (cross-section)

E Electric

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)



Initiatives for Advanced Air Mobility



Advanced Air Mobility

Into Space

ReAMO “Realization of Advanced Air Mobility Project”

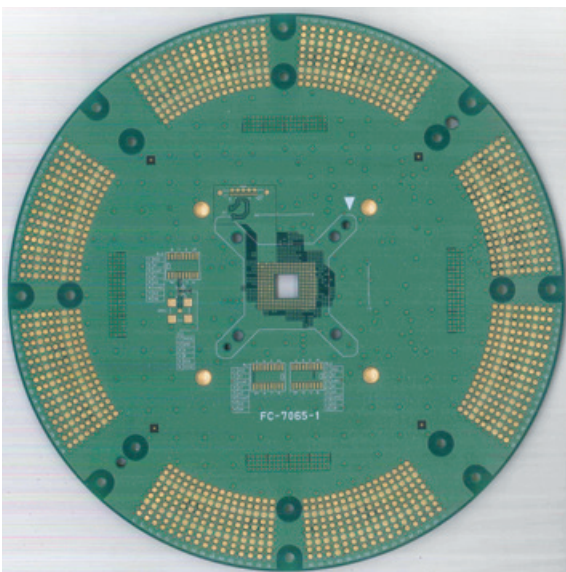
METI and NEDO (New Energy and Industrial Technology Development Organization) are promoting the 5-year plan starting from 2022 named ReAMO “Realization of Advanced Air Mobility Project” in coordination with MLIT and the realization of advanced air mobility such as drones and flying cars is proceeding.

Our company has already received customer inquiries related to VTOL (Electric Vertical Take-Off and Landing aircraft) and has already started testing and evaluating samples in the process of a joint development.

This year, as a stepping stone, our products were recognized as Jaxa’s qualified space parts. We contribute to Jaxa’s space activities under the slogan “Launch our reliable technology cultivated in the car electronics into space”. We accelerate our new business development into the aerospace field promoting our technological capability and product quality, and looking ahead to take part in private-sector space development.

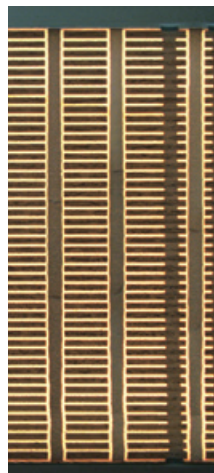


CMK Products’ high multilayer technology

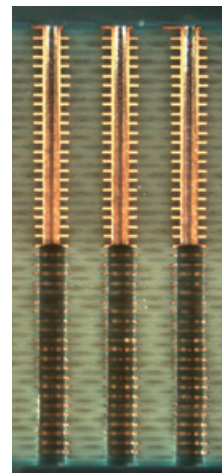


Manufactured by CMK Products
Probe card circuit board for semiconductor testing
Thickness 4.5mm/ 32 layers

Cross section before
pack drill processing



Cross section after
pack drill processing



Manufactured by CMK Products
Cross section of high multilayered printed circuit
board, cross section of pack drill processing

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.

Sustainability Promotion Structure Chart



‘Subcommittee on social issues’ and ‘Subcommittee on environmental issues’ are placed under ‘Sustainability Promotion Committee and altogether the Committee is taking the initiative in realizing the sustainable society and enhancing our corporate value through their activities.

Activity Themes and Status of Initiatives in FY2022

We have announced the following activity themes and are pursuing initiatives based on these themes. Details of some of the activities undertaken in FY2022 are provided on individual pages.

ESG	ISO26000 Core Subjects	Activity Theme	FY2022 Evaluation	Details of Major Activities (Issues)	SDGs	
G	Organizational governance	Enhancement of corporate value		IR Activities, communication with stockholders and investors Strengthen risk management and BCP systems	 	
		Maintenance and raising of information security level		Initiatives to mitigate risks of confidential information leaks Activities for improvement through self-evaluation		
S	Human rights/ Labor practices	Promotion of Human Rights Enlightenment Activities		Promotion of Human Rights Due Diligence	 	
		Promotion of diversity		Promote recruitment of foreign nationals Promote employment of people with disabilities Promote career development for female employees	 	
			Employees' health and safety		Ensure and improve workplace safety environment Initiatives for mental health issues	
			Development of global human resources		Promote study abroad program	
		Work-life balance		Promote use of various leave programs Initiatives for shorter working hours		
		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	 	
				Conduct CS survey		
		Response to customer needs		Improve customer evaluation and satisfaction Continue to exhibit at trade shows		
		Product development to match customer needs		Promote new product development		
	Community involvement and development	Contribution to local communities		Promote activities for contributions to local communities	 	
				Promote involvement in local communities		
	E	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)



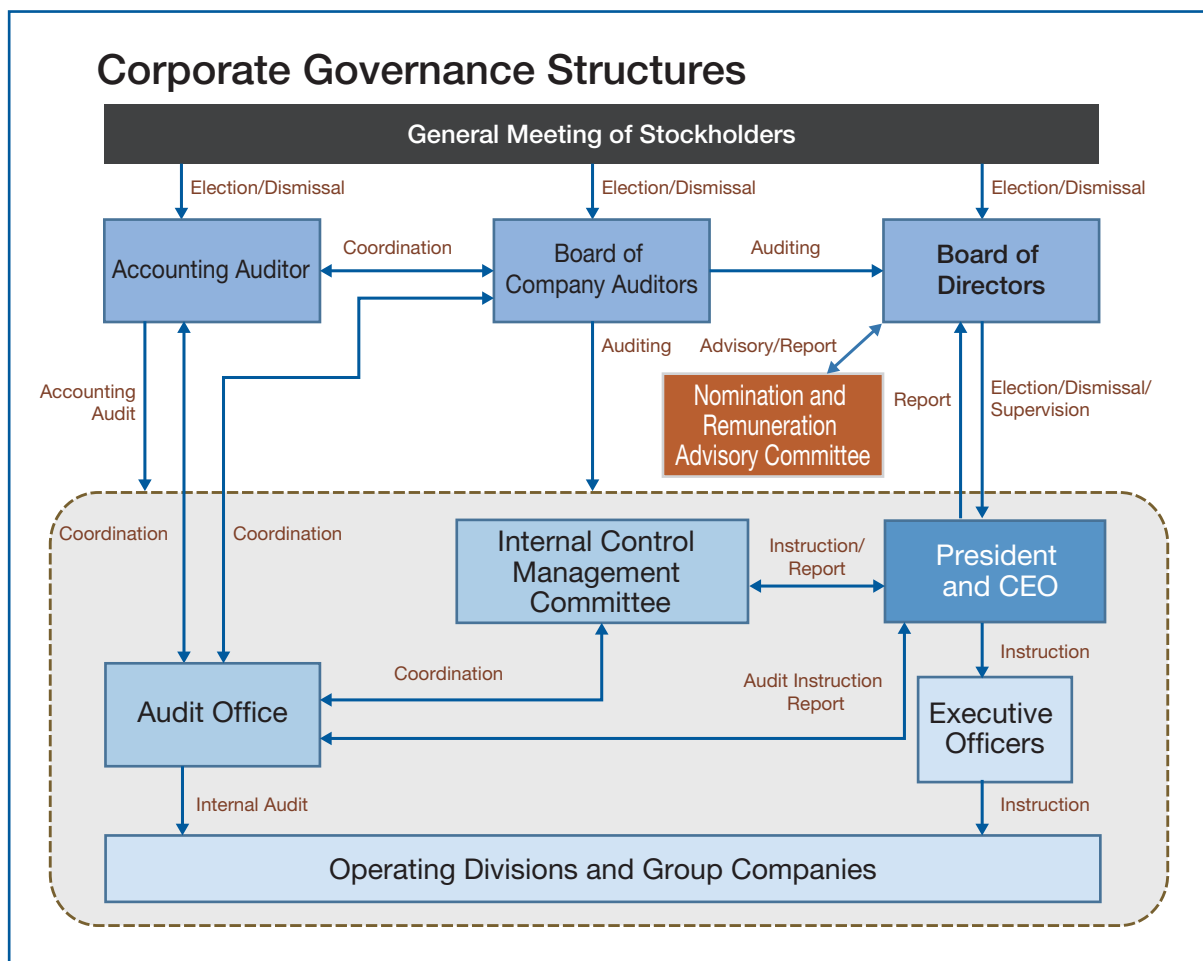
The Sustainable Development Goals (SDGs), which were adopted at the UN Summit in September 2015, consist of 17 goals and 169 targets covering areas such as poverty, environment, education and employment. They are common goals for the world to achieve by 2030. CMK Corporation will strive to contribute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

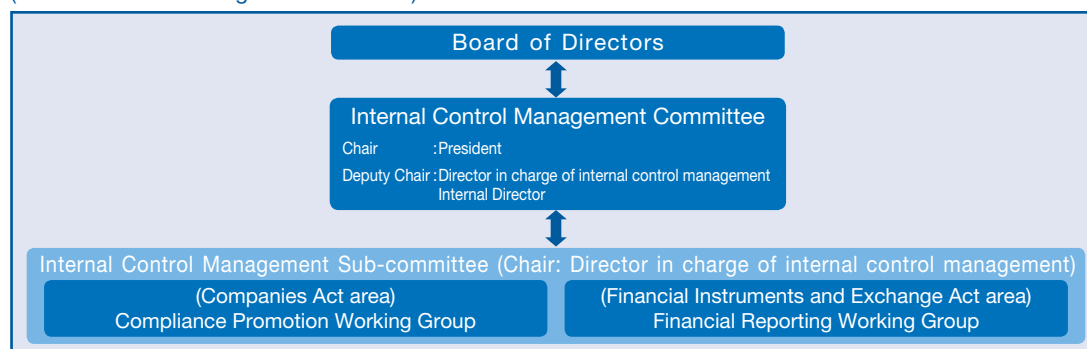


Internal Control System

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 the building 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 perspective of objectivity, transparency, and appropriateness. The Committee met four times in FY2022.

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) Mitsuru Kaitoh (Independent Outside Director) Shoshiro Taneichi (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 (As of June 27, 2023)

Name (Attendance at Board of Directors)		Sex	Expected roles, expertise and background*1	Nomination and Remuneration Advisory Committee ★Chair ●Member			
Directors							
Isao Osawa	(13/13)	male	Co TD GE	●			
Kunihiko Tedo	(13/13)	male	Co FA GE				
Yoshihisa Yamaguchi	(13/13)	male	Co FA GE				
Yoshiaki Ishizaka	(12/13)	male	Co SM GE				
Kazuto Ono	(10/10)	male	Co GE PH	●			
Toru Nishizawa	— *2	male	Co TD GE				
Rika Sato	(13/13)	female	GE La	★			
Mitsuru Kaitoh	(13/13)	male	Co TD SM	●			
Shoshiro Taneichi	— *2	male	Co TD GE	●			
Corporate Auditors							
Akihiro Okabe	(13/13)	male	Co FA GE				
Masaki Ashibe	(13/13)	male	Co FA SM				
Kiyotaka Yokokoji	— *2	male	Co PH				
Co	Corporate management	FA	Finance/Accounting	TD	Technology/Development	SM	Sales/Marketing
GE	Global experience	La	Law	PH	Personnel and Labor/ Human resources development		

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

*2. Director Toru Nishizawa, Director Shoshiro Taneichi and Auditor Kiyotaka Yokokoji assumed office on June 27, 2023 and didn't attend any meeting in FY2022. As for each director's and auditor's brief personal record, refer to 'FY2022 Annual Securities Report'.

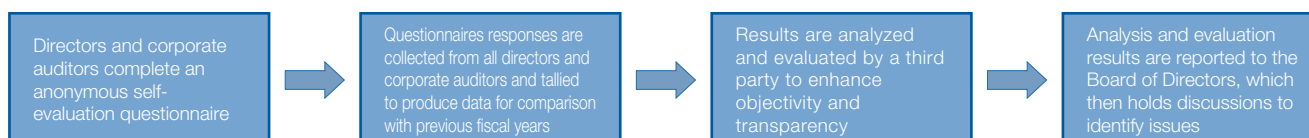
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Evaluation of the Effectiveness of the Board of Directors

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 FY2023, 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.

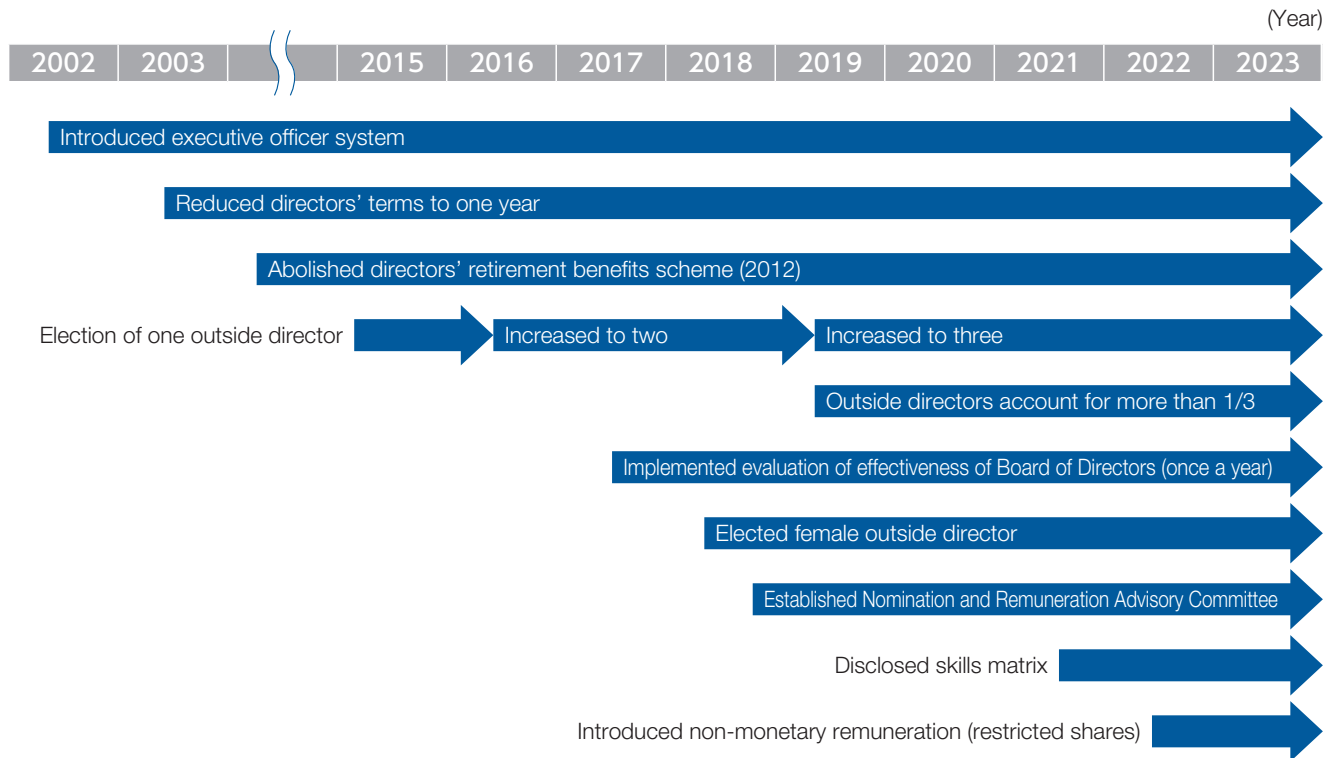
Remuneration of corporate auditors

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.

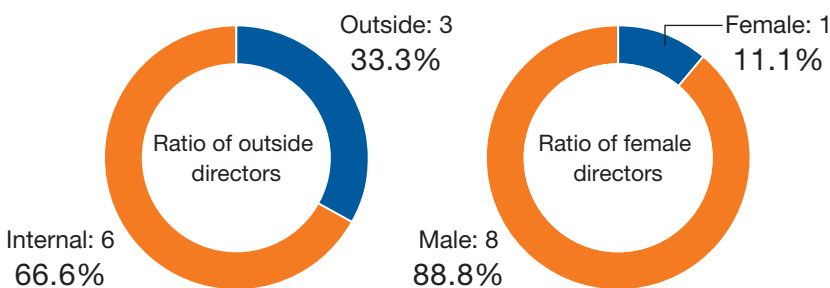
Initiatives for Strengthening Corporate Governance

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

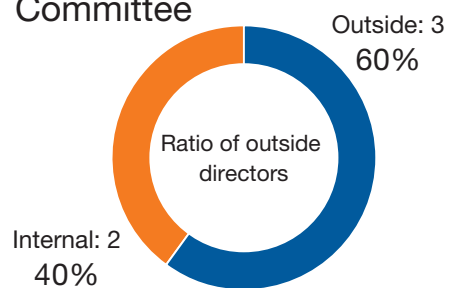
establishment of the Nomination and Remuneration Advisory Committee, we are working to improve transparency and fairness and to strengthen monitoring functions. We will continue in our efforts to make ongoing improvements to corporate governance into the future.



■ Composition of Directors



■ Composition of Nomination and Remuneration Advisory Committee



Information Security

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 undertaking appropriate risk management and 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

We are regularly sending the information to the employees on the methods of cyber attacks, how to find suspicious e-mails and how to respond if they suspect that their computer may have been infected with a virus. This year we also conducted training for our expatriates and we hope for the enhancement of the security awareness as the whole group.

Countermeasures against suspicious e-mails

We have compiled the procedures when an employee received a suspicious e-mail. One step to take for him (her) is to email to the specified address for reporting of the System Department. The department finds out if there is any employee who have received the same e-mail. If there is, the department promptly alert him/her and prevents the expansion. Thus we are reducing the infection risks systematically.

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.

Challenge for Carbon Neutrality



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.



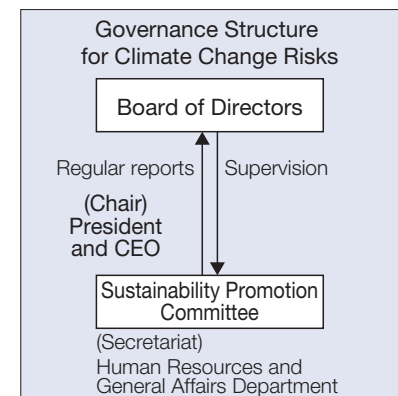
Governance

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 Sustainability Promotion 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

- We have established the Sustainability Promotion Committee composed of the President, as its chairperson, the Director in charge of CSR, as its vice chairperson, and other internal directors. The Human Resources and General Affairs Department is its secretariat.
- The Sustainability Promotion 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 Management Structure

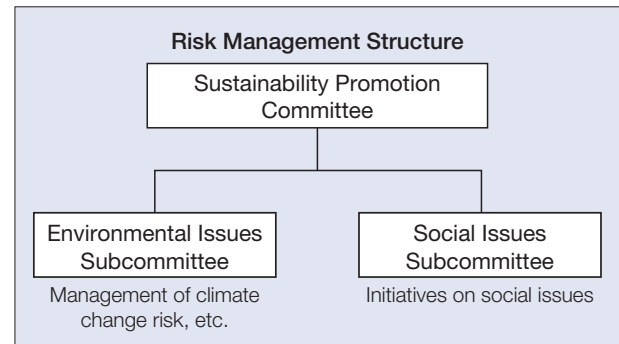
- Environmental Issues Subcommittee which is established under the Sustainability Promotion Committee examines climate changes.

Risk identification and evaluation process

- Environmental Issues Subcommittee identifies and evaluates climate change risks and opportunities in coordination with the related divisions.

Risk Management Process

- As the process for managing climate-related risks, the Environmental Issues Subcommittee analyzes climate-related risks, develops and promotes countermeasures, and managed progress on an ongoing basis.
- We assign an order of priority to climate-related risks based on the occurrence of the risks/opportunities and their likely impact.
- Serious risks and countermeasures are reported and shared at the Sustainability Promotion Committee. After the Committee reexamines these including the evaluation's validity, they are regularly reported to the Board of Directors.



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.

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	
	- 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	- Secure multiple suppliers, consider alternative materials	
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

Initiatives on Carbon Neutrality

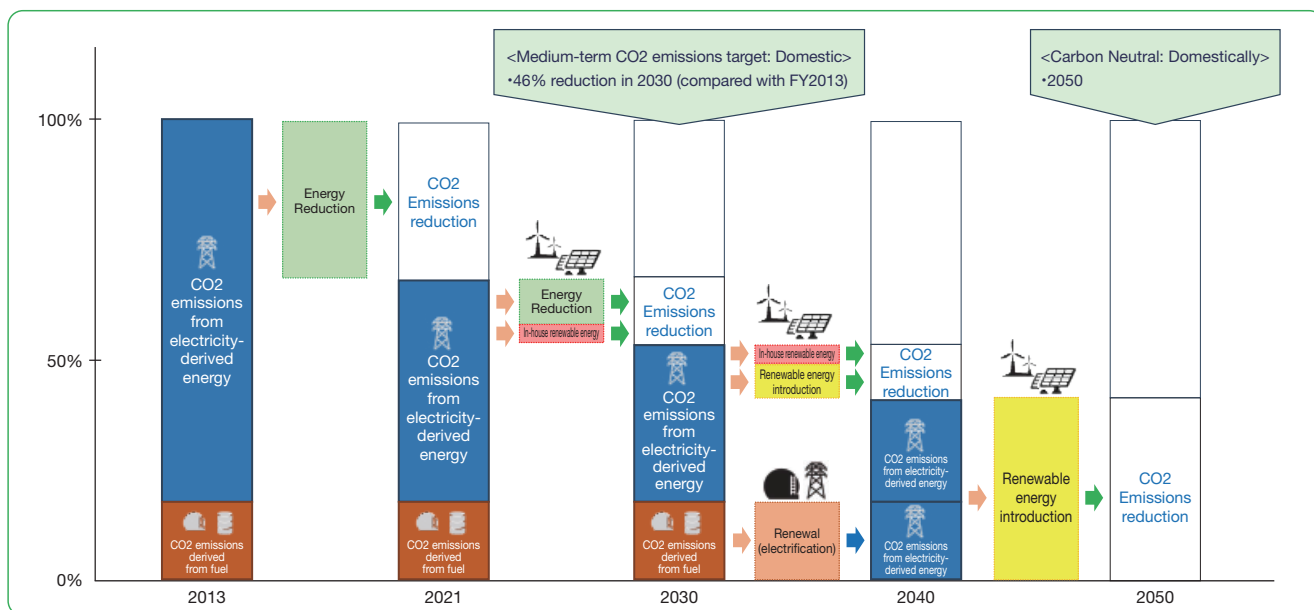
In order to contribute to mitigation of climate change, CMK corporation is aiming at realization of carbon neutrality. We promote our initiatives to reduce our own CO2 emissions.

Road Map toward Carbon Neutrality in 2050

		2023	2024	2025	2026	2027	2028	2029	2030	2040	2050
Power reduction	Initiatives on energy saving (Equipment upgrade, etc.)	[Timeline bar from 2023 to 2050]									
	Renewal of old-style refrigerant air conditioners	[Timeline bar from 2023 to 2050]									
In-house renewable energy	In-house solar power (Domestic area 1)	[Timeline bar from 2024 to 2050]									
	In-house solar power (Domestic area 2)	[Timeline bar from 2025 to 2050]									
	In-house solar power (Domestic area 3)	[Timeline bar from 2026 to 2050]									
Introduction of renewable energy	PPA, In-house consumable type, CO2-free menu	[Timeline bar from 2040 to 2050]									
Others	Renewal of gas equipment (electrification)	[Timeline bar from 2030 to 2050]									
	Renewal of company cars (with EVs)	[Timeline bar from 2023 to 2050]									

※The target of carbon neutral in 2050 is for our domestic operations.

Image Diagram of CMK’s carbon neutrality achievement (CO2 emissions)



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	Target
1. CO2 emissions (Scope 1, 2)	<Medium-term CO2 emissions target: Domestic> • 46% reduction in 2030 (compared with FY2013) <Carbon Neutral: Domestically> • 2050
2. Energy consumption	Energy reduction target (CMK Group): 1% energy intensity reduction (compared with previous fiscal year)

Internal Publicity and Initiatives

To let all the employees share the importance of carbon neutrality, we are informing them of related information through the company newsletter, ‘CMK NEWS’. We encourage each employee to work positively toward CO2 emissions reduction in the process of his (her) job in coordination with the company-led actions.



Supply chain emissions (Scope1,2,3)

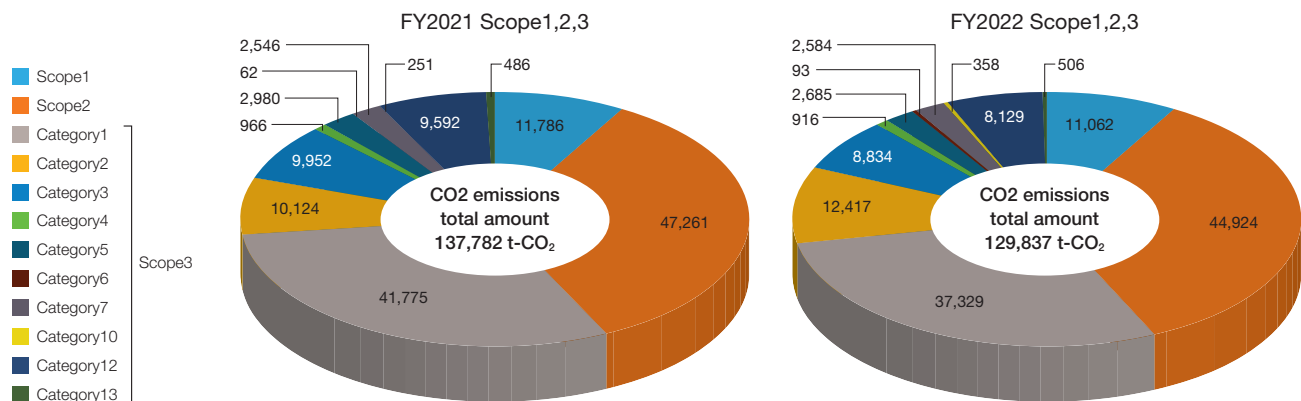
In order to contribute to mitigating climate change, we recognize the identification and reduction of supply chain emissions as a key issue. Thus we are positively addressing this issue.

In FY2022, the Scope 1 reduced CO2 by 724t and the Scope 2 reduced CO2 by 2,338t. year on year. Their ratio in the total CO2 emissions stayed almost the same as the previous year.

CO2 emissions of the Scope 3 which is 73,851t. occupy rather a large proportion and its biggest, Category1 (purchased products and service) sent out 37,329t.CO2. We keep on striving toward realization of decarbonized society, do our best to reduce the emission of our own, and promote carbon reduction throughout the supply chain by cooperating with our clients.

Scope 1,2	FY2022	Percentage of total
Direct emissions from business activities (Scope1)	11,062t-CO ₂	8.5%
Indirect emissions through purchasing (or other transaction) power (Scope2)	44,924t-CO ₂	34.6%

Scope 3	FY2022	Percentage of total
Upstream and downstream emissions	73,851t-CO ₂	56.9%



'Scope3 Specifics'

CO2 emissions : t-CO₂

Distinction	Scope 3 Category	Calculation target	Calculation method	FY2021	FY2022
Upstream	1	Purchased products/service Emissions in production procedures of materials, parts, purchased products, materials related to sales, etc.	• Emissions intensity ⇒DB 3.2 (based on purchased volume) • Investigation on supplier ⇒Scope1.2 and Scope3 of supplier (Category1) *1	41,775	37,329
	2	Capital goods Emissions along with in-house construction/production of capital goods	• Emissions intensity ⇒DB 3.2 (based on acquisition amount)	10,124	12,417
	3	Activities related to fuels and energy outside Scope1,2 ① Emissions along with procurement of fuels from outside Emissions along with procurement of necessary fuel for power generation for electricity procured from outside.	• Emissions intensity ⇒① IDEAv2 (based on purchased volume) ⇒② DB 3.2 (based on purchased power)	9,952	8,834
	4	Transport/Delivery (upstream) ① Emissions along with logistics (transport, cargo handling, storage), of products/ service from suppliers to CMK purchased in the fiscal year to report. ② Emissions along with logistics service (transport, cargo handling, storage)(whose cost CMK pays) of those purchased except ① in the fiscal year to report .	<exempted> • Impact is small • Emissions intensity ⇒DB 3.2 (based on monetary amount)	966	916
	5	Waste from operations Emissions along with transport/disposal of in-house waste	• Emissions intensity ⇒DB 3.2 (based on weight) ⇒IDEAv2 (based on weight)	2,980	2,685
	6	Business trip ① Transportation (Airplane, ship, railway, bus, taxi, owner-driver car) ② Accomodation expenses (expenses or number of nights)	• Emissions intensity ⇒DB 3.2 (based on monetary amount)	62	93
	7	Employee commuting Transportation(Railway, bus, owner-driver car) Covered by commuting allowance	• Emissions intensity ⇒DB 3.2 (based on monetary amount) ⇒IDEAv2 (based on individual/km)	2,546	2,584
	8	Lease Assets (upstream) Emissions along with operation of lease assets of CMK's (except for cases calculated in Scope 1,2)	<exempted> Emissions of lease assets we rent are calculated in Scope 1,2.	—	—
Downstream	9	Transport/Delivery (downstream) Emissions along with logistics (transport, cargo handling, storage, sales) (only those of which we do not pay for) of products sold by us to reach customers	<exempted> • Our products are intermediate products (parts) that are not sold to end users.	—	—
	10	Processing of sold products Emissions along with processing by other businesses (valuables in emissions which are sent out)	• Emissions intensity ⇒DB 3.2 (based on weight) ⇒IDEAv2 (based on weight)	251	358
	11	Usage of sold products Emissions along with usage of sold products by users (consumers/businesses)	<exempted> Not calculated because our products consume too little energy functionally.	—	—
	12	Disposal of sold products Emissions along with disposal of sold products by users (consumers/businesses)	• Emissions intensity ⇒IDEAv2 (based on weight) *Intermediate processing service for disposal (disassembling/dismantling-crushing/sorting) *Incineration service	9,592	8,129
	13	Lease Assets (downstream) Emission along with renting lease assets	• Hearing investigation about Scope1,2 of lessee	486	506
	14	Franchise Emissions by franchisee	<exempted> No such activities	—	—
	15	Investment Emissions along with investment activities	<exempted> No such activities	—	—

DB 3.2 : Emissions intensity data base to calculate such things as greenhouse gas emissions by organizations involved in supply chain(Ver.3.2)

IDEAv2 : IDEA(Inventory Database for Environmental Analysis)Database excel version for calculation of greenhouse gas emissions of supply chain

*1 For those of purchased products/service whose materials have big impact, secondary customer's Scope1,2 data is collected and calculated.

CO2 Emissions

Because we recognize that how we react to climate change is the urgent question, we strive toward carbon neutrality in 2050. CO2 emissions of the Domestic Group in FY2022 amounted to 60,859t-CO2, 95.5% of the previous year and 61.0% of FY2013. Co2 emissions of the Overseas Group amounted to 130,664t-CO2, 80.6% of the previous 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.

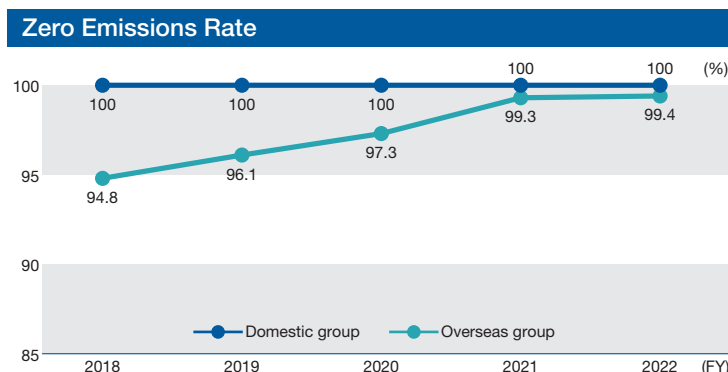
Energy Consumption/Power Consumption

CMK Group is promoting activities of saving energy both in the manufacturing sectors and in the administrative sectors. Energy consumption of the Domestic Group in FY2022 amounted to 301,000kl crude oil equivalent, 90.5% of the previous year. Energy consumption of the Overseas Group amounted to 627,000kl crude oil equivalent, 82.7% of the previous year. On the other hand, power consumption of the Group of Japan which accounts for more 80% or more of the energy consumption amounted to 101,231MWh, 89.9% of the previous year. Power consumption of the Group overseas amounted to 222,225MWh, 83.0% of the previous year. In FY2022, we realized 37 cases of energy saving such as upgrading to high-efficiency compressor and air conditioner, equipping with energy-saving type goods and replacing ordinary lights with LED. Thus we are supposed to have reduced power consumption by about 3,600,000kWh. Our Niigata Factory strengthened to monitor power consumption of each process as part of visualization of energy consumption. In FY2022, in response to soaring energy prices, we participated in saving energy campaign and achieved good results all together.

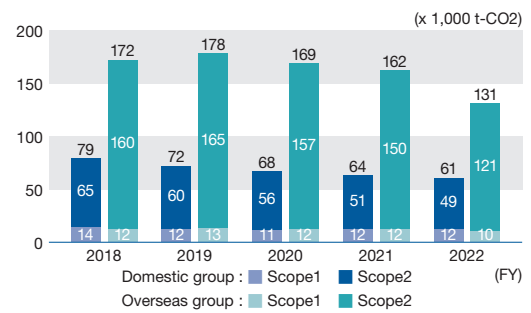
Waste Reduction/Resource Recycling

Zero-emission initiatives

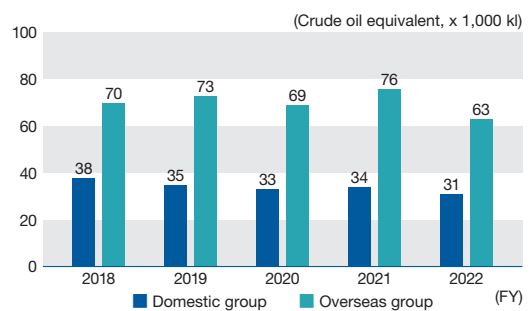
The CMK Group defines zero emissions “to achieve zero emissions of waste destined for direct landfill disposal (not including landfill disposal of residue from intermediate treatment outsourced to independent operators)” and is working to achieve this goal. In FY2022, the Domestic Group maintained its 100% record of zero emissions, while overseas, the result was 99.4% (up 0.1 point year-on-year).



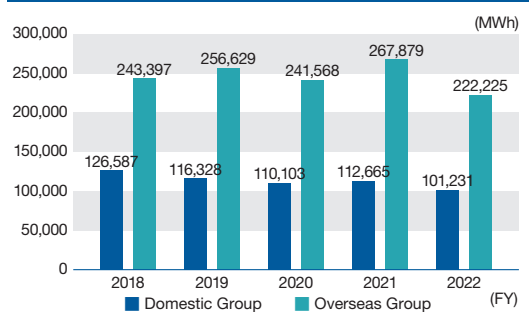
Scope1,2 Annual CO2 Emissions (Domestic/Overseas)



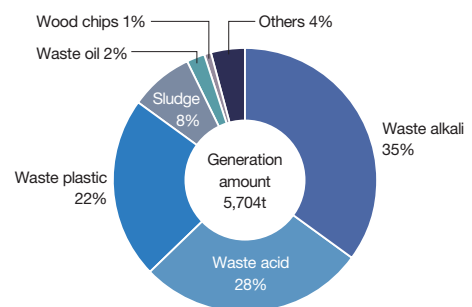
Annual Energy Consumption (Domestic/Overseas)



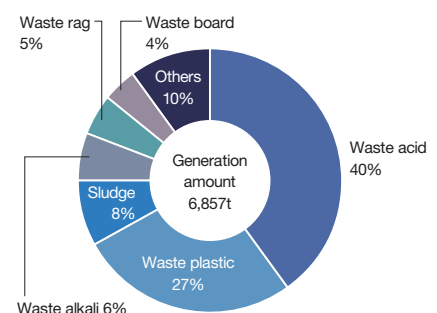
Annual Power Consumption (Domestic/Overseas)



Breakdown of Waste Generation by the Domestic Group



Breakdown of Waste generation by the Overseas Group



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 FY2022, water recycling volume achieved by overseas factories were as follows: 246,000m³ by CMK Thailand, 219,000m³ by CMK Wuxi, and 70,000m³ by CMKC Dong Guan

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. “CMK Group Management Standards of Environmental Hazardous Substances in purchased materials” which covers every kind of legal regulations and customers’ requirements is the foundation for us to deal with EHS inside and to ask for cooperation of our valued suppliers.

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. Based on the evaluation, we are implementing Green Procurement which prioritize the partners whose environmental load is less.

Biodiversity Conservation

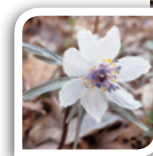
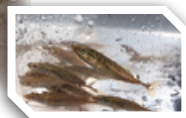
As community-based biodiversity conservation activities, CMK Corporation is engaged in collaborative initiatives with local governments and volunteer groups near each business site and in the local communities in FY2022, we raised juvenile salmon hatched from eggs and released them into the Nodai River in Niigata. We also worked on the extermination of alien species and protection of native species in the Gunma region. Chichibu, Saitama, is one of the largest regions where Setsubunso (Eranthis pinnatifida), near-threatened species, is growing in profusion. We cleaned and supervised the green area around the Chichibu factory. Also we did protective activities of the natural habitat.



NPO 'Togeso, Gosen'



Soft windflower

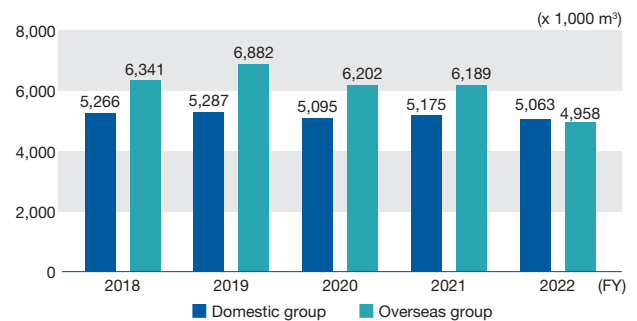


Setsubunso

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.

Annual Water Consumption



EHS management certification scheme

We also conduct EHS management audits of our business partners every few years with the aim of confirming, maintaining, and improving EHS management activities. We implement the audits by visiting or remotely via web conference systems. 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.

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

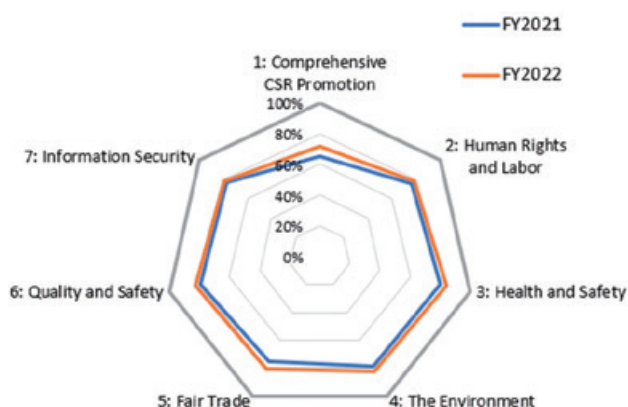
1. Compliance with laws and societal norms
We will comply with the laws, regulations and social norms of the countries and regions in which we conduct procurement activities.
2. Fair and equitable transactions
We will provide equal opportunities for transactions to all companies in Japan and overseas. 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 FY2022, 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.

Initiatives to abide by the Subcontract Act

CMK Corporation, as a parent company, has established the internal system where violations of the act hardly happen under restrictions in order to abide by the act whose purpose is to realize fair subcontract transactions to protect subcontractors' advantage.

Human Rights and Labor

Based on our management policy of mutual respect regardless of individual attributes, the CMK Group contribute to realization of the safe and comfortable society by continuously supplying products that adapt to the society and its values.

CMK Group Human Rights Policy

In June 2022, we established “CMK Group Human Rights Policy” which complies with “International Bill of Human Rights”, “ILO Core Labor Standards”

1. Basic policy on human rights
2. Scope of application
3. Commitment to respect of human rights
4. Compliance with applicable laws, regulations, rules, etc.
5. Identifying, treating, and disclosing human rights issues
6. Remedy / correction
7. Dialogue/discussion with stakeholders



Please check the website for details

You can see the details of "CMK Group Human Rights Policy" at the URL below

Japan CMK Corporation/Corporate Information/Human Rights Policy

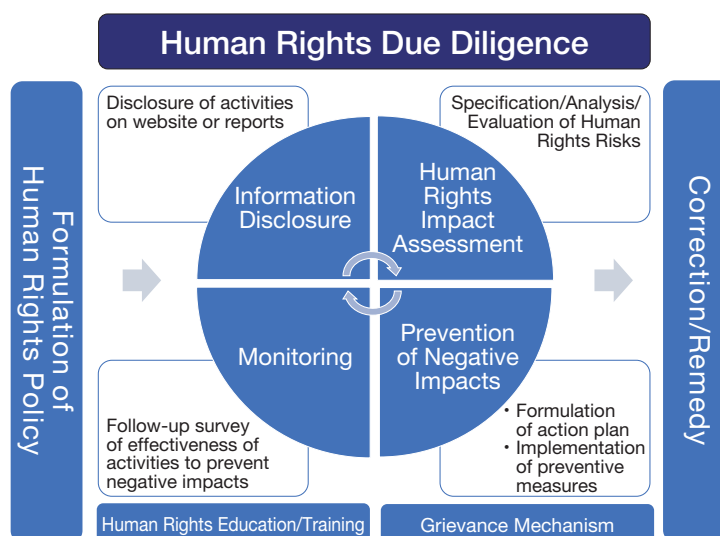
[\(http://www.cmk-corp.com/company/vision/\)](http://www.cmk-corp.com/company/vision/)

Promotion Structure

The CMK Group launched “Sustainability Promotion Committee” last fiscal year and installed “Social Issues Subcommittee” under it in order to strengthen cross-division collaboration that leads to the overall promotion of human rights activities.

Human Rights Due Diligence Activities

According to the establishment of “CMK Group Human Rights Policy” now we are promoting the human rights due diligence activities. Actually, to identify human rights impact assessments, promoting various activities such as compilation of a human rights risk map from the perspective of seriousness and probability, management of the supply chain to prevent negative impacts, setup of consultation counters for inside/outside human rights violation and so on.



Promotion of Diversity

We are aiming at realization sustainable society through our business activities.

Promotion of diversity is an essential initiative to create new values in the environment which changes daily. Based on the CMK Group Human Rights Policy, we are also aiming at developing together while each one fulfills his/her duties making the most of his/her characteristics regardless of gender, nationality, whether he/she has a disability.

(1)Promotion of women's advancement

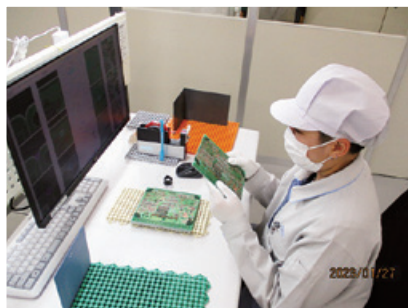
To promote women's advancement, we have worked to enhance their motivation by positive assignment and education/training for women who have a potential to join management. As a result, the percentage of women in management reached 4.2% in FY2022 and exceeded the average of the industry (3.2%). From the medium-term and long-term point of view, we are making the environment where women can be actively involved.

To correct gender disparities, to promote dispelling awareness of gender roles, and to expand job categories for women, we abolished the employment management classification, "General", which referred to general office work. In addition, we are promoting childcare leave acquisition rate of 100% for men, and supporting the child-rearing generation and nursing-care generation by expanding child-care and nursing-care systems that enable the employees to balance work with family.

Promotion of women's advancement		
Training	Career training for women	Cultivate motivation to build her career
	Education to raise awareness for superiors	Dispel awareness of gender roles in workplace
Employment management classification	General	Was abolished as general office work classification in 2022 192 people of this category were converted to region-specified staff
	Region-specified	Regular position in a specific region
	Regular	Regular position without regional limitation
Improvement of childcare and nursing care system	Childcare leave	Period is expanded to maximum 3 years (whose 5 days are paid)
	Childcare short-time work	Applicable period is expanded to the end of 9th grade
	Exemption from overtime work	Applicable period is expanded to the end of 9th grade
	Childcare with nursing care leave	Applicable period is expanded to the end of 9th grade *paid
	Nursing care leave	Period is expanded to maximum 365 days per one recipient (whose 5 days are paid)
	Nursing care day-off	Turned to be paid

(2)Promotion of active participation of foreign nationals

To promote active participation of foreign nationals, we provide them with education of techniques of plural procedures to become multi-skilled workers. Additionally, to let them have better working environment, we are promoting living environment improvement and supporting their administrative proceedings in cooperation with mediating agencies. Also, when they have finished the training program, we have a scheme to keep on hiring them in our overseas subsidiaries if they wish to work there.



‘ Foreign technical interns 33 trainees in FY2022.

(3) Promotion of active participation of seniors

For the senior employees, we extended the retirement age to 65 years old to let them keep and enhance their motivation, and actively participate in the workplace realizing 'Equal pay for equal work'.

We are also providing 'Life plan seminar for 50 years old' to let them make a safe life plan for the future, and 'Career training for 55 years old' to give them an opportunity to reconfirm their work styles and their recognition of roles, aiming at further enhancement of motivation.

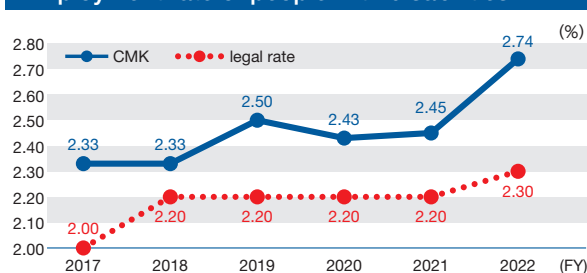
For the employees of 55 years old or over, we also have an early retirement incentive system called, 'New career support system' for those who are thinking of second career, hoping to help senior employees realize their dreams.

(4) Promotion of employment/active participation of persons with disability

We are actively employing people with disability and the rate of their employment is 2.74% (the average of all quarters) which exceeds the legal employment rate.

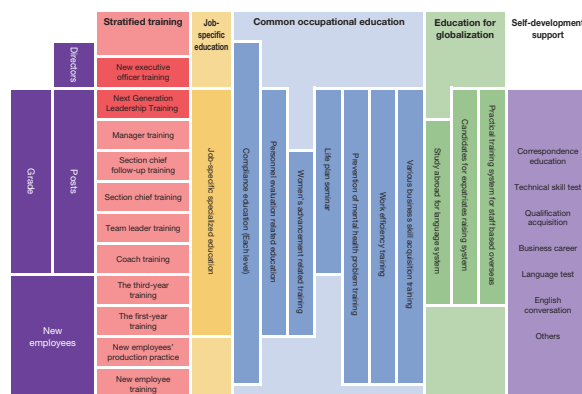
We are promoting expansion of job areas where they can work as they are and environmental arrangements to enable them to utilize their abilities.

Employment rate of people with disabilities



Human resources Development

We are carrying out business activities which adapt to the various values of the age. We are working to provide circumstances to develop human resources adjustable to changes, and opportunities to enhance possibilities for employees.



Work-life Balance

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 life style into account.

VOICE

Comments from male employees who took child care leave



I took the childcare leave when I had the third son. I had already shared housework as my routine. But when I changed diapers, let the child have a daytime nap, gave him a bath, and did other things for the kid, a day passed so quickly. I deeply realized how hard childcare is. If this leave gives other fathers much more opportunities to experience childcare, I say, "like!". (Y.Y.)



By taking this leave, I could support my wife who were exhausted from childbirth. Taking full responsibility for housework and childcare, I certainly realized hardships of child-rearing and gratitude to my wife. This precious experience led me to share housework and childcare with my wife. Based on this experience, my wife and I will continue to take charge of childcare together. (T.N.)

Comments from employee who took family care leave

My mother, who has been certified as needing long-term care at Level 5, resides in a special elderly care facility. Due to the ongoing COVID-19 pandemic, there have been prolonged periods during which direct visits have not been possible. However, necessary care cannot wait. I take caregiving leave to assist with outpatient visits and provide transportation for rehabilitation. The flexibility of being able to take leave for half-days or even by the hour has been so helpful. Caring for my aging mother can be challenging at times, but I plan to continue using this system effectively to spend time with her. (T.K.)

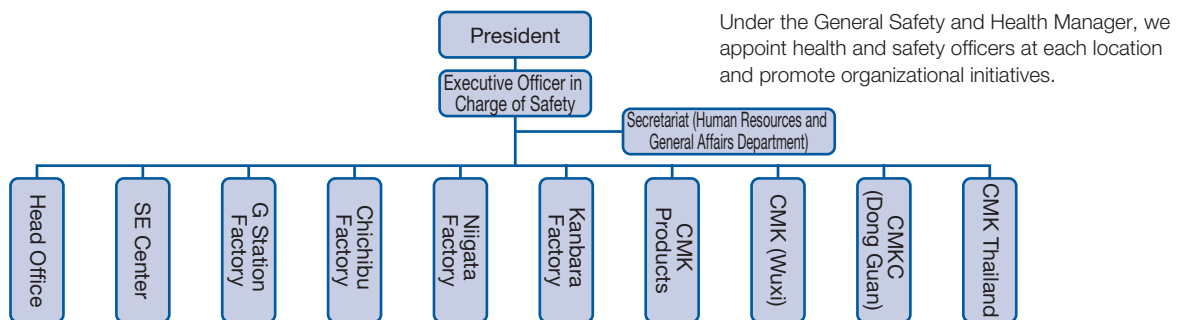
Health and Safety

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

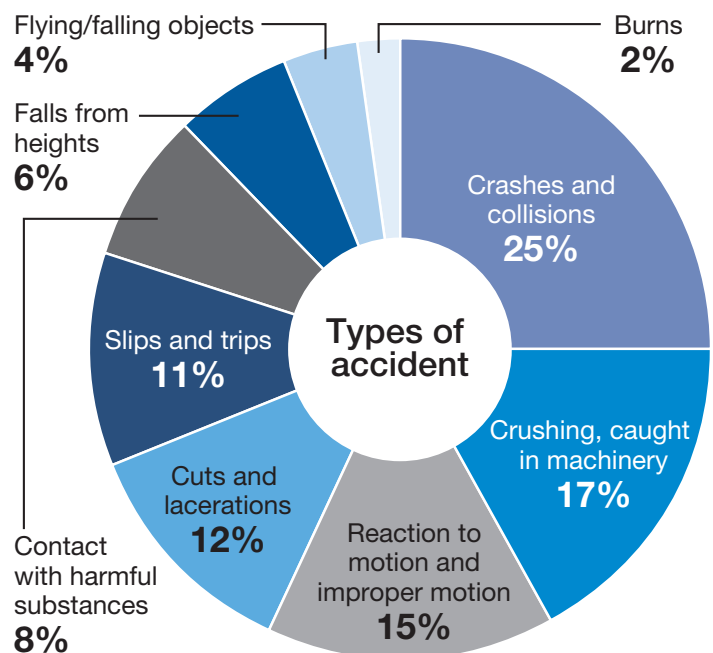
To manifest our company motto and Basic Philosophy, the CMK Group strives through our Safety and Health Policy to create a workplace environment where employees can work with peace of mind. As part of this initiative, we have appointed an executive officer in charge of corporate safety and are actively 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. 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 FY2022

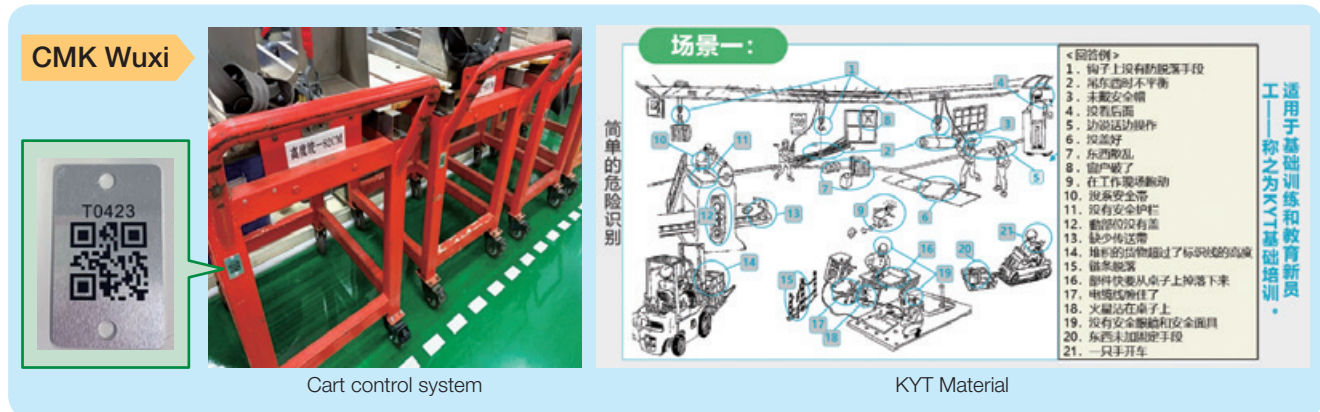


Poster showing company-wide health and safety slogan 2023

*Selected from a total of 1,214 entries in a competition open to all employees (including overseas locations)

Health and Safety activities in overseas factories

CMK Wuxi pastes a two-dimensional code on each cart and uses PDA for inspection and management. In order to raise awareness of "Near misses" and "risk prediction", which are very common words domestically but unfamiliar overseas, we are promoting KYT activities and such activities as 'Stop a second to detect near misses'. CMK Thailand is raising a poster, detecting 'Unsafe behaviors' and 'Unsafe situations' and appreciating good results with points.



Cart control system

KYT Material



[SAFETY POINT ACTIVITY] Poster

Implementation of Stress Check

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.

We are providing the employees with consultation counters by experts in specific fields. Counseling by outside industrial counsellors is also available.

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.



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.

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 Assurance System

We are clarifying and strengthening each organization's function and roles committed to technology, production and quality.

[PLAN]

Technology departments are committed to procedure design to assure quality.

[DO]

Production departments carry out just and fair production provided that top management of each section is responsible for quality.

[CHECK]

Quality departments are committed to strengthening quality assurance system by monitoring and managing activities, identifying real causes of defects and preventing recurrence, and establishing quality/environment management system.

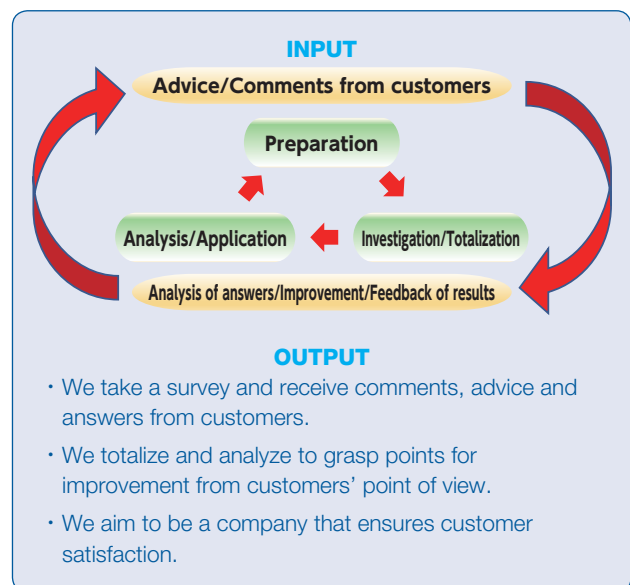
[ACTION]

Quality departments are promoters of PDCA (Plan-Do-Check-Action) who continuously improve Quality Management System across the company working together as one, who share the quality information having close and coordinated divisions of roles, and reflect customers' various needs.

Initiatives to improve customer satisfaction

We aim to be a company that ensures customer satisfaction through customer satisfaction surveys (CS survey).

We seriously accept customers' comments and advice, and work on improvement activities. We regularly inform them of results as feedback.



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.

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. The CMK Group-wide integrated management system based on these international standards, we are strengthening our governance in quality and environment systems.

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 verify/evaluate 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.

Trade show exhibits

We participate in various trade shows to research and collect customers' needs.

As usual, we participated in Nepcon in Nagoya and Nepcon in Tokyo as domestic exhibits. For our global development, as for Europe, we participated in Electronica (Germany) in Nov., 2022, as for North America, APEX Expo (USA) in Jan. 2023, both of which enabled us to communicate with many new customers including overseas mega suppliers. Recently, we receive many inquiries from foreign users. We regard our factory in Thailand as a base for global production. The sales from there are actually expanding.

To expand into new technology fields, we newly participated in

Topics

We hold monthly workshops aimed at sharing industry information and deepening our understanding of legal knowledge. We are putting in effort on improving our sales staff's ability to make proposals from the customers' perspectives.

Awarding

We awarded DENSO electronics CO., LTD for keeping the appointed dates for delivery.



Wireless Japan 2022 whose concept is products/service/ solutions utilizing latest wireless technology. In May this year, we participated in COMNEXT 2023. We also participated in Techno-Frontier 2023, the exhibit of power electronics, where we could introduce our thick copper high current PCBs which have high thermal conductivity and our thermal design technology utilizing thermal analysis simulation. We could have communication with new customers. In this new technology field, we propose a total solution composed of design-prototyping-mass production-mounting with active expansion from domestic production bases.



Nepcon in Tokyo 2022



Electronica(Germany)

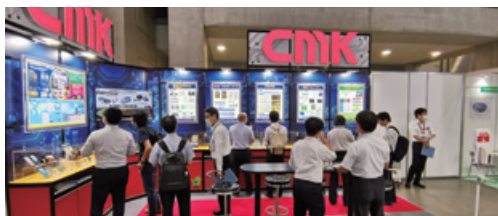


IPC APEX Expo (USA)

[Expansion into new technology fields]



Wireless Japan 2022



COMNEXT2023



Techno-Frontier2023

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, CMK Thailand conducts donation as an ongoing initiative. In FY2022, CMK Thailand donated the empty chemical tanks, wooden pallets and such to municipalities and schools (to serve as dust boxes, tables and chairs).



National Cleanup Campaign

Participation in the 'Zero marine waste week 2022'
To address the increasing marine waste, we participated in the National Cleanup Campaign, 'Zero marine waste week 2022', and cleaned up the Ajirohama Beach, Niigata in June, 2022.



Other Activities

April	[Niigata Factory]	Cleanup (inside and outside Niigata Factory)
June	[Niigata Factory]	invited local high school students and showed the factory.
August	[Niigata Factory]	donated 317 cleaning rags and 240L of bottled water to the Disaster Volunteer Center of Murakami City.
September	[Niigata Factory]	Cleanup of Ajirohama Beach, Seiro Town
October	[CMK Products]	Cleanup of the Sagami River
October	[Niigata Factory]	Cleanup (inside and outside Niigata Factory)
November	[CMKC(Dong Guan)]	Cleanup hike at Yin Ping Shan Forest Park
December	[Head Office]	participated in Year-end Big Cleanup, Shinjuku



Donation to the Disaster Volunteer Center,
Murakami City
[Niigata Factory]



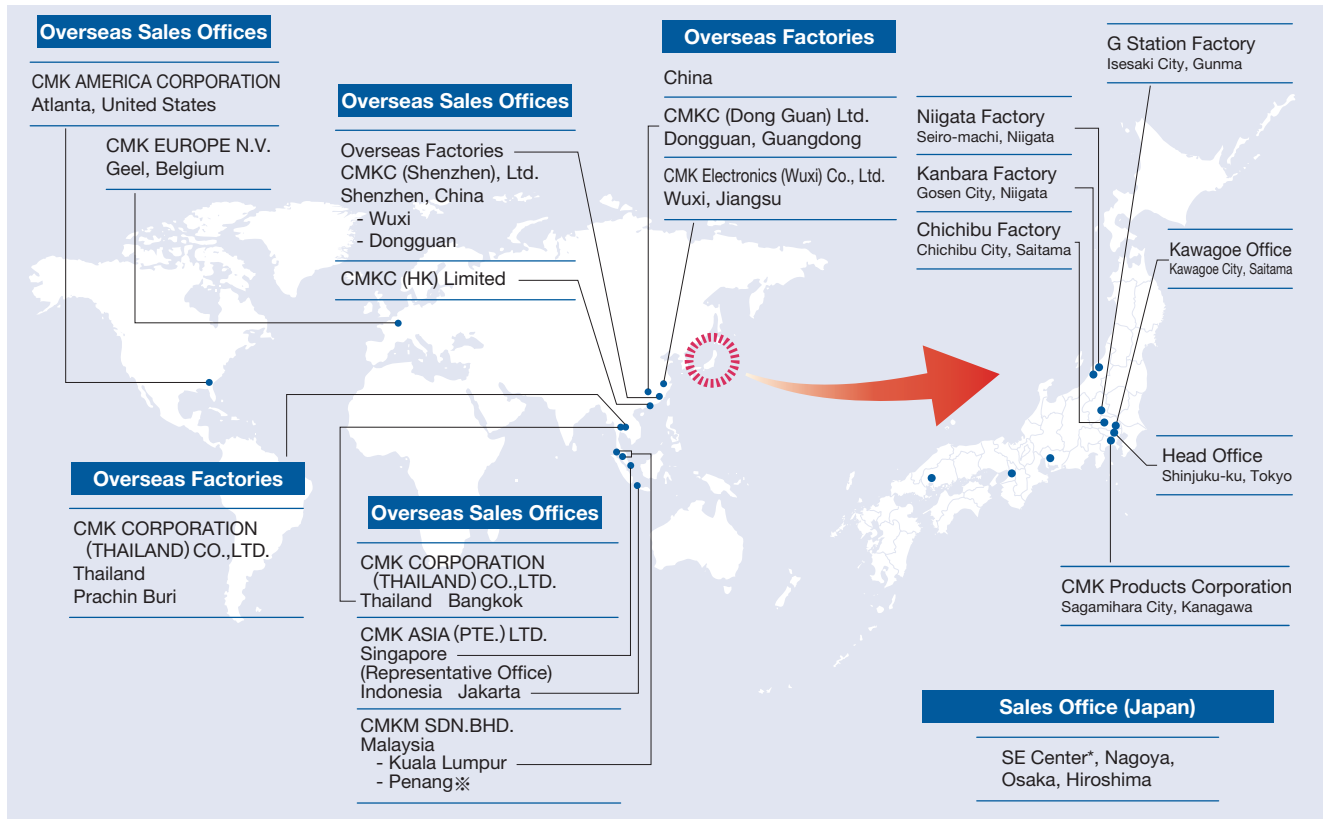
Year-end Big Cleanup, Shinjuku
[Head Office]



Cleanup hike at Yin Ping Shan Forest Park
[CMKC(Dong Guan)]

CMK Group Business Bases

Major Business Bases



※closed in April, 2023

Major Production Base



Niigata Factory



Kanbara Factory



CMK Products Corporation



CMK Electronics (Wuxi) Co., Ltd.



CMKC (Dong Guan) Ltd.



CMK CORPORATION (THAILAND) CO.,LTD.

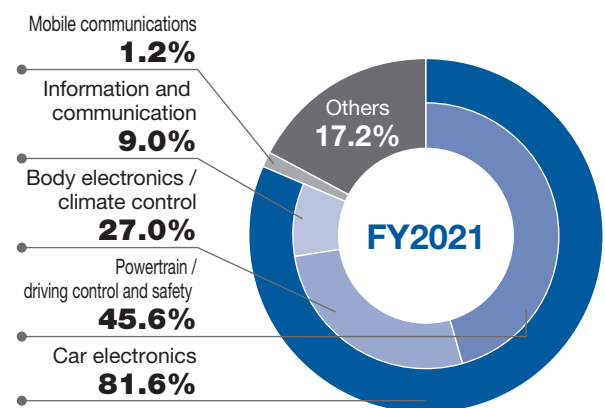
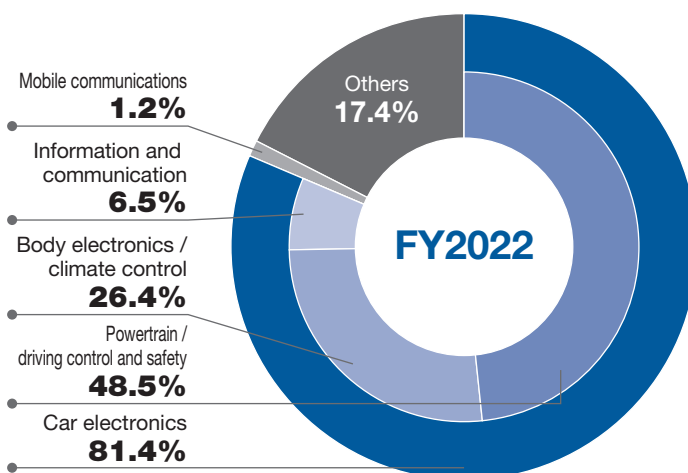
Performance and Financial Highlights

In FY2022, the mainstay market of the CMK Group had a very severe business environment because car manufacturers continued reduction in production due to the shortage of semiconductors and confusion of the supply chain.

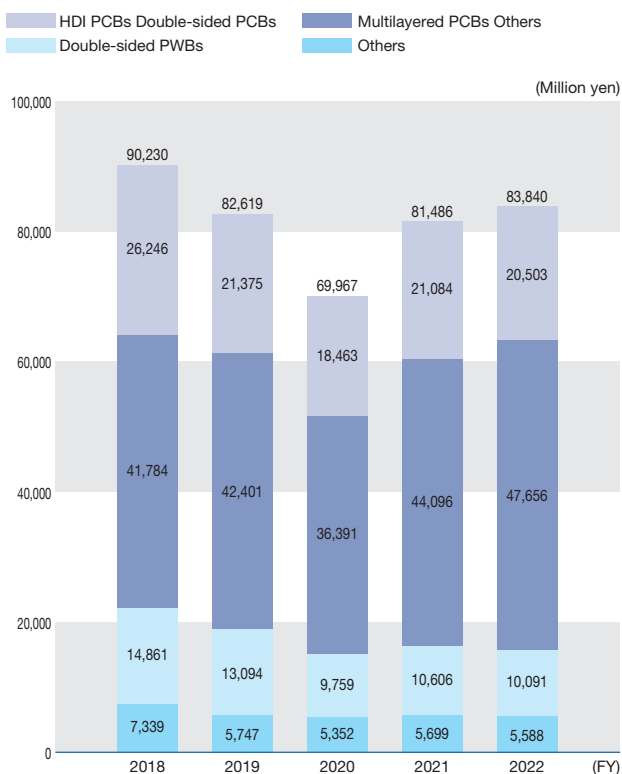
In the severe business environment, the CMK Group was able to increase the sales of products of power train and driving safety. Thus we could achieve the consolidated net sales of 83,840 million yen (2.9% increase year-on-year).

In income figures, due to the decreased operation rate of production factories, the rising cost of energy, etc., operating income was 2,650 million yen (13.7% decrease year-on-year). According to the decreased operating income and other factors, ordinary income was 2,622 million yen (13.7% decrease year-on-year) and net profit attributable to owners of parent was 1,588 million yen (43.0% decrease year-on-year).

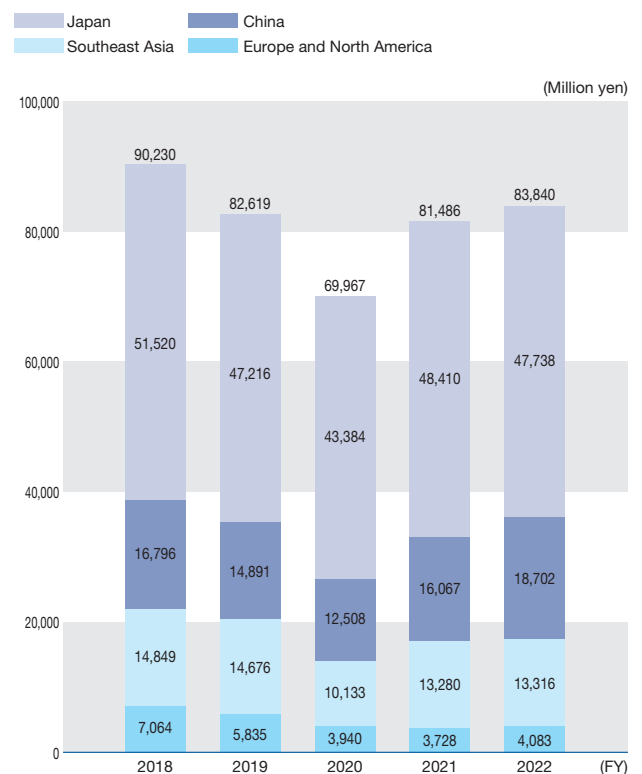
Sales by product



Sales by type of PCB



Sales by region

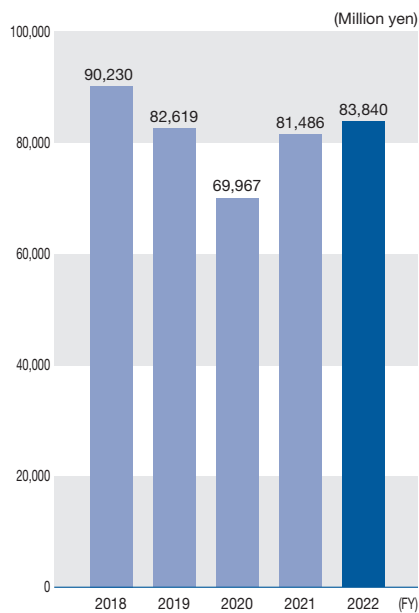


Performance Highlights

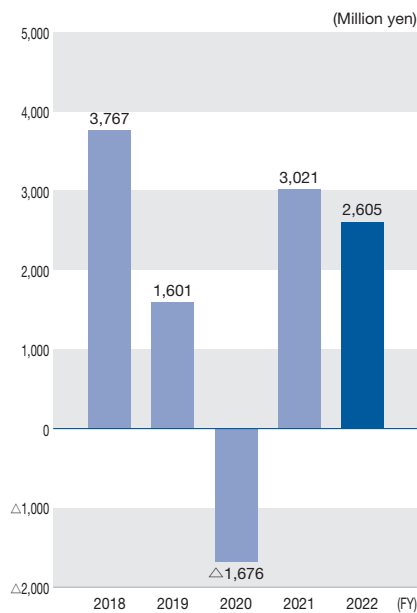
Consolidated Fiscal Year		2018	2019	2020	2021	2022
Net sales	(Million yen)	90,230	82,619	69,967	81,486	83,840
Operating income (loss)	(Million yen)	3,767	1,601	△ 1,676	3,021	2,605
Ordinary income (loss)	(Million yen)	3,770	792	△ 1,511	3,305	2,622
Net income (loss)	(Million yen)	2,015	△ 1,128	△ 1,868	2,785	1,588
Net assets	(Million yen)	55,849	54,932	51,519	54,466	58,779
Equity ratio	(%)	49.9	53.6	49.8	50.3	49.6
Number of employees	(Persons)	4,990	4,851	4,960	4,854	4,487

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

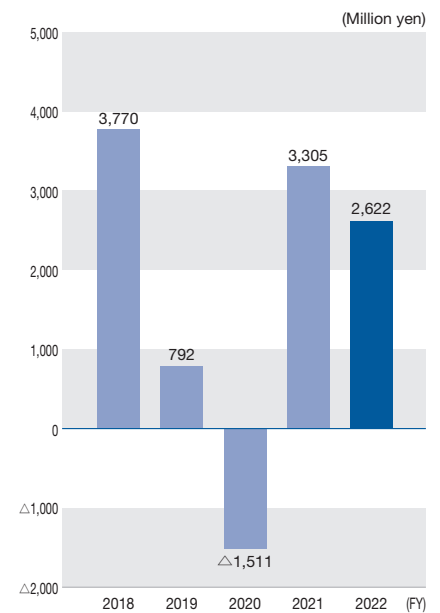
Net sales



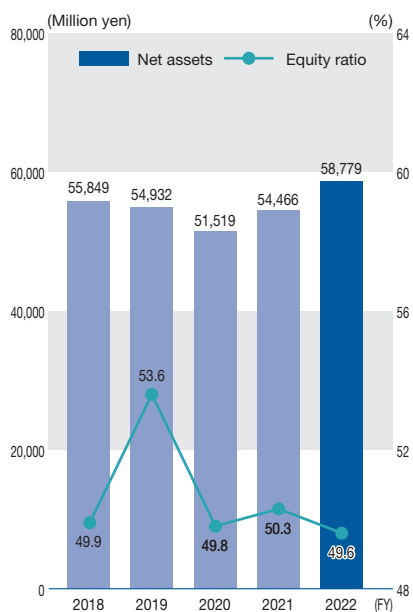
Operating income (loss)



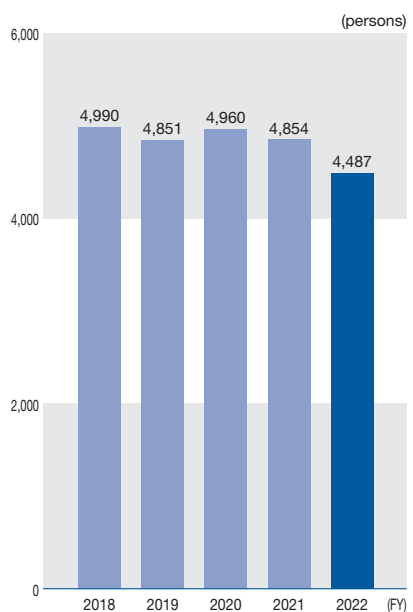
Ordinary income (loss)



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	22,310 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	1,268 (CMK Group total: 4,487)
Average age	47.13

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 and Executive Officer	Toru Nishizawa
Director	Rika Sato
Director	Mitsuru Kaitoh
Director	Shoshiro Taneichi
Standing Corporate Auditor	Akihiro Okabe
Corporate Auditor	Masaki Ashibe
Corporate Auditor	Kiyotaka Yokokoji

Executive Officers	
Senior Executive Officer	Toshikazu Fujino
Executive Officer	Junichi Ishibashi
Executive Officer	Masanori Kawashima
Executive Officer	Tatsuya Koizumi
Executive Officer	Satoru Takahashi

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 Isesaki 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.	2022	CMK moved to the prime market of the Tokyo Stock Exchange. CMK opened Kawagoe Office in Kawagoe, Saitama.

Stock Information (As of March 31, 2023)

Total number of shares authorized 227,922,000

Total number of shares issued and outstanding 63,077,770

Number of shareholders 7,762

Share trading unit 100

Shareholder Breakdown

Other firms

11,220 thousand shares (17.6%)

Individuals and others

12,614 thousand shares (20.0%)

Foreign companies and individuals

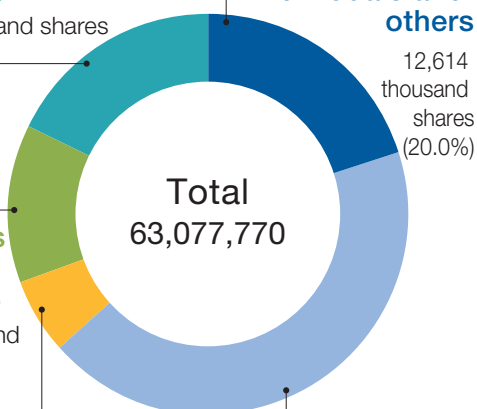
8,127 thousand shares (12.9%)

Securities firms

3,781 thousand shares (6.0%)

Financial

27,435 thousand shares (43.5%)



Major shareholders (10 largest)

Shareholders	Number of shares held (thousands)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	9,248	15.6
Custody Bank of Japan, Ltd. (Trust Account)	6,564	11.0
Mizuho Bank, Ltd.	2,576	4.3
The Foundation for Technology Promotion of Electronic Circuit Board	2,500	4.2
JP Morgan Securities Japan Co., Ltd.	1,957	3.3
The Dai-ichi Life Insurance Company, Limited	1,895	3.2
Kiraboshi Bank, Ltd.	1,745	2.9
Sumitomo Mitsui Banking Corporation	1,613	2.7
Takahiro Nakayama	1,515	2.5
Sato Shoji Corporation	1,216	2.0

Notes

1. Although the Company holds 3,865,795 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.

Other basic information about this Report

Period covered by the Report: April 1, 2022 – March 31, 2023 (however, articles and contents include information up to August 2023)
Date of publication: October 2023

Website

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

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

Reference Guidelines

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





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