SMK

Environmental Report

2003

SMK Environmental Charter

Basic Philosophy
(Established 1995, Revised 2003)

The SMK Group pursues environmental preservation 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.

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

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About This Report

Reporting Period

This report presents data for the period between April 2002 and March 2003.

Scope of Data

The data in this report was compiled for SMK's domestic offices and primary subsidiaries in Japan.

Guidelines Used in Creating This Report

This report adheres to the Environmental Reporting Guidelines 2002 and the Environmental Accounting Guidelines 2002 published by Japan's Ministry of the Environment.

Message from the Management

Working Toward Sustainable Growth for Society

Management Prioritizes Environmental Concerns

Our corporate philosophy is, “SMK is committed to the advancement of mankind through development of the information society, by integrating its current technological strengths and creating advanced technology.” In the electronics industry, which has been continously internationalized, SMK has been developing transnational management with the aim of becoming “an open corporation in the highly advanced network era.”

As a responsible corporate citizen, SMK is pursuing a wide range of environmental initiatives as part of its environmental management approach. We have established the SMK Environmental Charter, which stresses that preservation of our global environment plays a critical role in the management of our company.

The 21st century has been referred to as the Environmental Age. Initiatives to conserve the environment are being pursued through the creation of global standards such as the Kyoto Protocol, and at the government, corporate and individual level. The most important issue faced by mankind is the goal of living in harmony with the global environment, and it is SMK’s duty as a corporate citizen to contribute to the creation of a sustainable society.

Corporate Initiatives

SMK promotes 3R initiatives (reduce, reuse, recycle) as the basis for its product development and product design efforts. We are attempting to establish manufacturing technologies that are free of lead, which can be harmful to the environment when disposed. Furthermore, SMK has taken the initiative to develop environmentally friendly products that conserve both energy and resources. We are also working to acquire ISO 14001 certification for all domestic and overseas locations, and are systematically promoting the environmental conservation activities of the entire SMK group by ensuring that our practices satisfy strict in-house guidelines.

This report provides an overview of the environmental conservation initiatives being conducted at SMK, with the hope of providing readers with a better understanding of our corporate initiatives. SMK is committed to the sustainable growth of the global community and is making every effort to develop environmentally friendly products and engage in environmentally friendly manufacturing activities.

June 2003

Terutaka Ikeda
Chairman and Chief Executive Officer

Tetsuya Nakamura
President and Chief Operating Officer

President and COO Tetsuya Nakamura (left)
and Chairman and CEO Terutaka Ikeda

Corporate Data
(As of March 31, 2003)

Name	SMK Corporation
Established	January 15, 1929
Primary Businesses	Manufacturing and sales of electronic components for use in electrical equipment, communications equipment, electronic equipment, industrial machinery, IT equipment and other applications

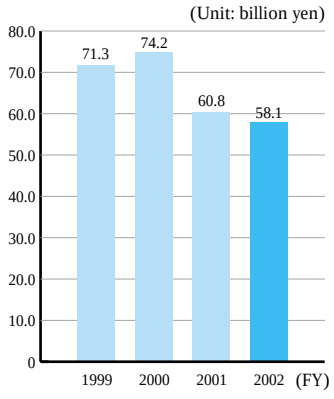
Major Products

Jacks	Pin jacks
Modular jacks	Terminals
Antennas	Interface connectors
Coaxial connectors	Optical connectors
FPC connectors	Crimp connectors
CRT sockets	Switches
Remote controllers	Keyboards
Touch panels	Operating panels
AC chargers	DC-DC converters

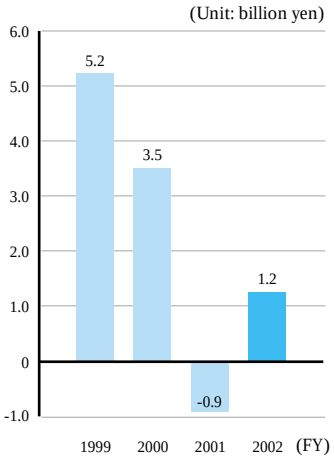
Capital	7.996 billion yen
No. of Employees	933

Head Office: 5-5, Togoshi 6-chome, Shinagawa-ku, Tokyo 142-8511 Japan
Tel: (03) 3785-1111
Fax: (03) 3785-1878
URL: http://www.smk.co.jp/

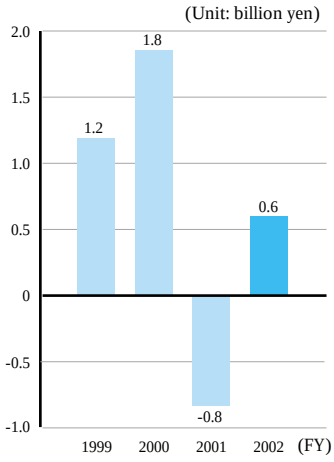
Consolidated Net Sales



Consolidated Operating Income



Consolidated Net Income

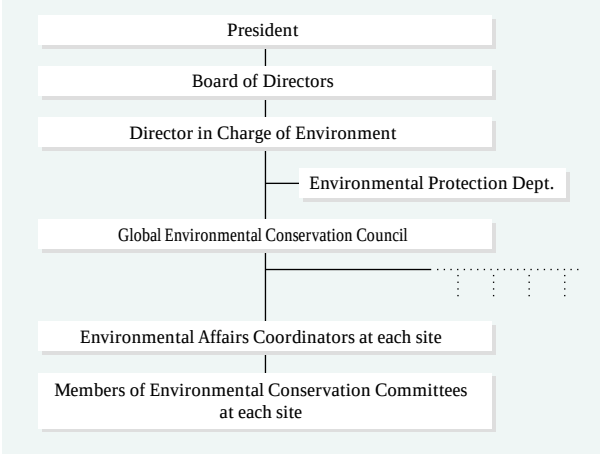


Environmental Management

Organizational Framework

At SMK, decision-making for corporate policies and initiatives related to environmental conservation is conducted by the Global Environmental Conservation Council, which is chaired by the Director of Environmental Affairs. Environmental policies and initiatives are also reviewed at the Board of Directors level when the need arises.

At the works, sales office and branch level, corporate policies and initiatives are implemented by Environmental Conservation Committees, which have been established at each site. These committees are responsible for establishing policies and targets to guide the implementation of environmental initiatives. The Environmental Conservation Committees at each location are further responsible for addressing additional environmental issues relevant to each site.



Environmental Management Systems

SMK's environmental management systems adhere to ISO 14001 standards, which require that the company establish environmental policies on a company-wide level and for each of its locations. These policies serve as the basis for creating environmental action plans that guide the implementation of environmental initiatives within SMK. SMK also conducts internal audits to assess the effectiveness of its environmental initiatives and improve upon initiatives for the future.

Senior management also plays a role in assessing the effectiveness of SMK's environmental management systems by mandating improvements that are reflected in future corporate environmental policies and future environmental action plans. This system of reviews and checks is conducted on a regular basis to ensure that SMK's environmental management systems are continually improved.

ISO 14001 Certification

SMK is committed to acquiring ISO 14001 certification at its head office and at each of its manufacturing facilities in Japan and abroad. The company's domestic manufacturing works in Toyama and Hitachi have already acquired ISO 14001 certification. Further preparations are also underway to acquire ISO 14001 certification at SMK's head office.

As of FY2002, six of SMK's nine overseas manufacturing facilities have acquired ISO 14001 certification, covering subsidiaries in the United States, Mexico, UK, and Malaysia, and both Shenzhen and Dongguan subsidiaries in China. The remaining overseas manufacturing subsidiaries in the Philippines, Hungary and South Korea are working to acquire ISO 14001 certification in the near future.

FY2002 Environmental Achievements

SMK has established a roadmap to guide its environmental conservation initiatives. The following table summarizes the company's major environmental targets and achievements in FY2002.

	Mid-Range Target (by FY2005)	FY2002 Target	FY2002 Achievement	Page
Global deployment of environmental management systems	Acquisition of ISO 14001 certification at head office and all manufacturing facilities in Japan and abroad	Acquisition of ISO 14001 certification at manufacturing subsidiary in Dongguan, China	September 2002 acquisition of ISO 14001 certification by manufacturing subsidiary in Dongguan, China	4
Energy conservation	8% reduction in energy consumption on a production value basis, compared with FY2001 levels (Target for FY2005: 0.068 kl/million yen*)	2% reduction in energy consumption on a production value basis, compared with FY2001 levels (Target: 0.073 kl/million yen)	Achieved 5.4% reduction in energy consumption compared with FY2001 levels (0.078 kl/million yen)	5
Reduce landfill waste	20% reduction in landfill waste compared with FY2001 levels (Target for FY2005: 95 tons/year)	5% reduction in landfill waste compared with FY2001 levels (Target: 113 tons/year)	Achieved 2.1% reduction in landfill waste compared with FY2001 levels (117 tons/year)	5
Reduce the use of environmentally harmful chemical substances	Reduce the use of chemical substances designated under Pollutant Release and Transfer Register (PRTR) Law	- Complete elimination of chlorine-based organic substances - Reduce use of hydrofluorocarbons (HFCs)	- Nearly eliminated chlorine-based organic solvents (used approx. 10 kg) - Completely eliminated use of hydrofluorocarbons (HFCs)	7
Reduce use of environmentally harmful chemical substances in products	- Convert to lead-free solder and lead-free plating - Complete elimination of hexavalent chromium - Reduce use of halogen compounds	- Commence supply of products that use lead-free solder and lead-free plating - Create framework for management of environmentally harmful substances	- Began supplying products that use lead-free solder - Created guidelines and company-wide framework for management of environmentally harmful substances	8

* Kiloliters crude oil equivalent per million yen of production value.

Energy and Resource Conservation Initiatives

Management Philosophy Driven by Global Environmental Conservation

SMK's dedication to environmental conservation is based upon an understanding of the importance of individual awareness to ensure that the actions of its employees reflect the company's commitment to environmental conservation. SMK's major initiatives are focused on reducing energy consumption and industrial waste output, and implementing recycling of resources. SMK is committed to quantifying its environmental performance and mapping the direction of future environmental initiatives in order to successfully implement environmental initiatives within the company.

Scope of Data

SMK

Head Office, Gate City Office, Toyama Works and Hokuriku Sales Office, Hitachi Works and Ibaraki Sales Office, Yamato Works and Kanagawa Sales Office, Osaka Branch, Nagoya Branch, Fukuoka Sales Office

Domestic subsidiaries

Toyama Showa Co., Ltd., Showa Denshi Co., Ltd., Yatsuo Denshi Kogyo Co., Ltd., Ibaraki SMK Co., Ltd., SMK-Engineering Co., Ltd., SMK R&D Co., Ltd.

Period

Target period FY2003 (April 2003 to March 2004)

Previous data FY2002 (April 2002 to March 2003)
FY2001 (April 2001 to March 2002)
FY2000 (April 2000 to March 2001)
FY1999 (April 1999 to March 2000)

Energy Consumption

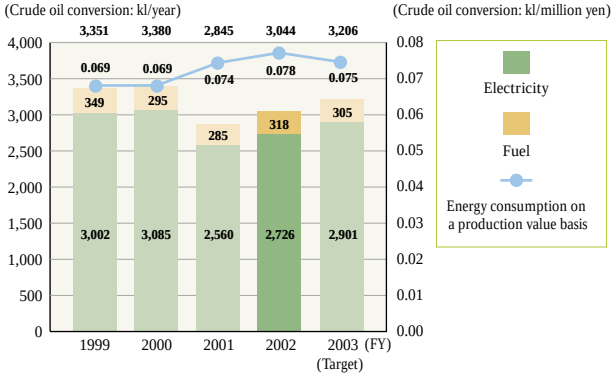
Energy consumption on a production value basis[1]: 106% (vs. FY2001)

Major Initiatives

- Reduce electrical consumption from manufacturing and office activities
- Reduce consumption of fossil fuels used for air-conditioners

In the future, SMK will strive to further reduce its energy consumption as measured on a production value basis.

Energy Consumption
(fuel, electricity and energy consumption on a production value basis)



Industrial Waste Output

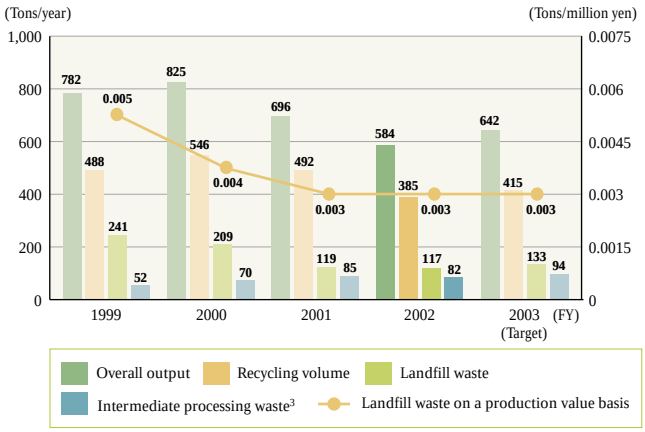
- Industrial waste output by volume: 84% (vs. FY2001)
- Recycling by volume: 78% (vs. FY2001)
- Landfill waste by volume: 98% (vs. FY2001)

Major Initiatives

- Establish target for zero emissions[2] of industrial waste
- Reduce landfill waste

SMK is actively working to reduce its output of industrial waste and landfill waste at all of its works.

Industrial Waste Output



Recycling

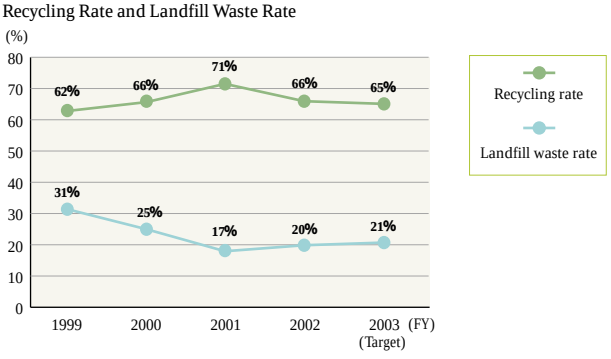
- Recycling rate: 66%(93% of FY2001)

Major Initiatives

- Promote recycling utilizing both thermal recycling[4] and material recycling[5]
- Promote strict separation and collection of recyclable materials

SMK is striving to improve its recycling rate by separating and collecting waste from its manufacturing works and offices, and by finding new applications for the use of recycled materials. Furthermore, SMK is making every effort to reach its goal of zero emissions of industrial waste.

Recycling Rate and Landfill Waste Rate



Notes

1 Energy consumption on a production value basis: Volume of energy consumed (kl) measured per million yen in production value.
2 Zero emissions: Elimination of industrial waste through recycling and reuse of materials.
3 Intermediate processing waste: Waste that is crushed, separated or subjected to a process such as thermal processing, chemical fusion, chemical neutralization or chemical detoxification. Intermediate processing is conducted for recycling purposes. (Industrial waste is categorized as recycling waste, landfill waste or intermediate processing waste.)
4 Thermal recycling: Reuse of industrial waste as an alternative fuel for industrial boilers and other equipment.
5 Material recycling: Recovery of raw materials from industrial waste for recycling purposes.

Initiatives in the Toyama Region

Initiatives by SMK locations and subsidiaries in the Toyama region of Japan: Toyama Works*, Hokuriku Sales Office*, Toyama Showa Co., Ltd.*, Showa Denshi Co., Ltd. and Yatsuo Denshi Kogyo Co., Ltd.

Locations with an asterisk (*) have ISO 14001 certification.

Energy Consumption

- Energy consumption on a production value basis: 109% (vs. FY2001)
- Energy consumption: 111% (vs. FY2001)

Future Initiatives

In the future, SMK will strive to further reduce its energy consumption as measured on a production value basis.

Industrial Waste Output

- Industrial waste output by volume: 102% (vs. FY2001)
- Recycling by volume: 99% (vs. FY2001)
- Landfill waste by volume: 109% (vs. FY2001)

Future Initiatives

1. Achieve zero emissions of industrial waste
2. Reduce and reuse waste to minimize industrial waste output

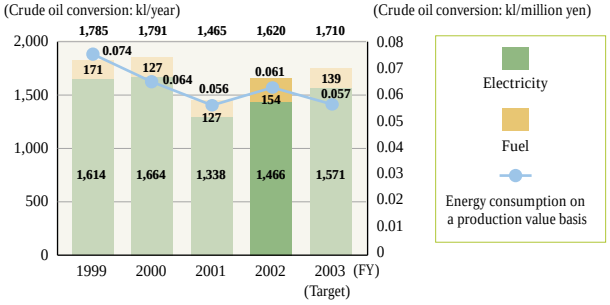
Recycling

- Recycling rate: 59%(97% of FY2001)
- Switched from thermal recycling to material recycling as part of commitment to renew resources

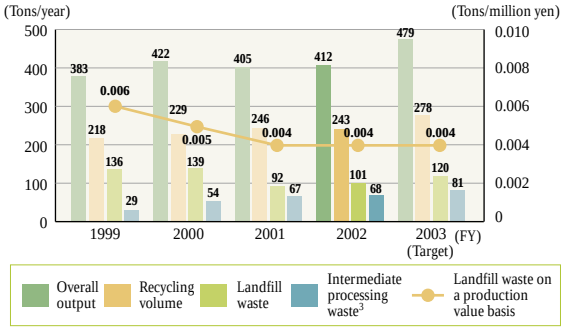
Future Initiatives

Target 100% material recycling

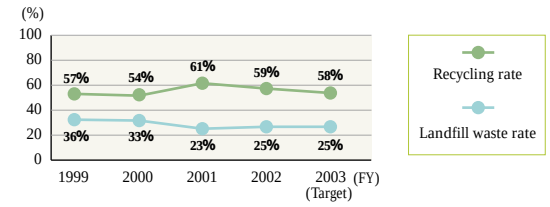
Energy Consumption in the Toyama Region
(fuel, electricity and energy consumption on a production value basis)



Industrial Waste Output in the Toyama Region



Recycling Rate and Landfill Waste in the Toyama Region



Initiatives in the Ibaraki Region

Initiatives by SMK facilities and subsidiaries in the Ibaraki region of Japan: Hitachi Works*, Ibaraki Sales Office*, SMK Engineering Co., Ltd.* and Ibaraki SMK Co., Ltd.*

Locations with an asterisk (*) have ISO 14001 certification.

Energy Consumption

- Energy consumption on a production value basis: 99% (vs. FY2001)
- Energy consumption: 102% (vs. FY2001)

Despite a 3% increase in production compared with the previous year, energy consumption on a production value basis decreased by 1%.

Industrial Waste Output

- Industrial waste output by volume: 49% (vs. FY2001)
- Recycling by volume: 100% (same as FY2001)
- Landfill waste by volume: 0% (same as FY2001)

- Implemented initiatives to achieve zero emissions of industrial waste
- Achieved zero emissions of landfill waste in FY2001 and FY2002

Future Initiatives

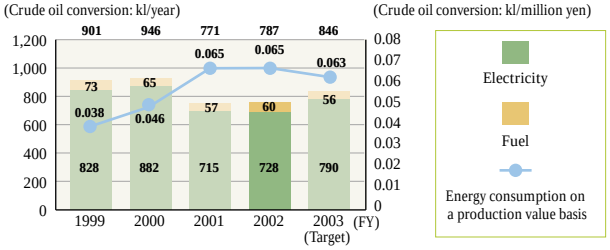
1. Further reduce industrial waste output
2. Promote recycling of products and components for disposal

Recycling

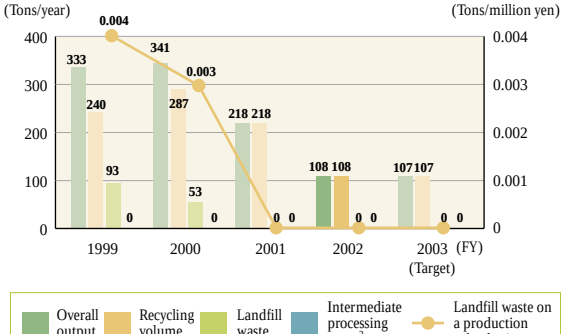
- Recycling rate: 100% (same as FY2001)

- Achieved 100% recycling rate in FY2001 and FY2002
- Implemented strict separation of waste to increase thermal recycling and material recycling

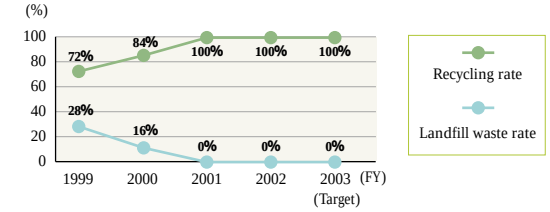
Energy Consumption in the Ibaraki Region
(fuel, electricity and energy consumption on a production value basis)



Industrial Waste Output in the Hitachi Region



Recycling Rate and Landfill Waste in the Ibaraki Region



Chemical Substance Management

Many different forms of chemical substances have been developed in order to enhance modern living standards. At SMK, chemical substances are used in a wide range of applications as part of manufacturing activities. Despite the convenience with which chemical substances can be used, chemical substances can cause significant environmental pollution and accidents if they are misused or improperly managed.

SMK is committed to initiatives designed to prevent environmental pollution resulting from the use of chemical substances in its manufacturing activities. SMK provides proactive training for its employees to prepare them to minimize the impact on the environment if an industrial accident were to occur.

Reducing the Environmental Impact of Works

SMK's manufacturing works are actively involved in initiatives to reduce the environmental impact resulting from manufacturing. Before introducing new manufacturing equipment or using new chemical substances, SMK considers performance factors and conducts environmental assessments as part of its decision-making process.

SMK has established its own standards for conducting environmental impact assessments. the company's works use these standards to assess the environmental impact of manufacturing equipment prior to the selection and deployment of new equipment. Environmental impact assessments are also conducted prior to the deployment of new chemical substances, based on material safety data sheets (MSDS) and composition data obtained by SMK. These assessments help the company to select chemical substances that have a low impact on the environment.

Starting from 2002, SMK's Hitachi Works has begun implementing assessments of its manufacturing methods in an effort to reduce the environmental impact of its manufacturing processes.

Using Alternative Chemical Substances

SMK is committed to eliminating its use of environmentally harmful substances in favor of chemical substances that have a low environmental impact. Until 1990, SMK had been using approximately 60 tons of ozone-depleting freon substances annually in its rinsing processes. By 1995, it had taken steps to completely eliminate use of ozone-depleting freon substances.

SMK has also taken steps to eliminate its use of hydrofluorocarbons (HFCs). Hydrofluorocarbons were originally introduced as an alternative to freon substances, but they have also been discovered to contribute to the greenhouse effect. Accordingly, SMK has introduced an alternative substance and changed its manufacturing methods to eliminate rinsing processes that use hydrofluorocarbons. As a result, SMK entirely eliminated the use of hydrofluorocarbons in its manufacturing processes in FY2001.

SMK is also reducing its reliance on chlorine-based organic solvents used in rinsing processes. Prior to 1998, SMK had been using between 500 and 700 kg of chlorine-based organic solvents annually. In FY2001, the company used just 10 kg of chlorine-based organic solvents, and is working toward reducing this to zero.

Prevention of Accidental Environmental Pollution

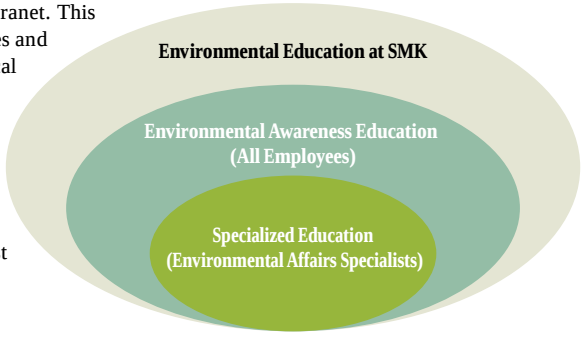
SMK's manufacturing works utilize storage tanks and warehouses containing fuels, acids, alkalis and other chemical substances. The company conducts routine inspections and monitoring of these facilities according to established procedures for chemical storage management, in order to avoid polluting the surrounding environment due to the accidental release of chemical substance stocks.

In addition, SMK has installed oil retaining walls at its works as a safeguard against natural disasters such as earthquakes, fire and torrential rain. The company also conducts training exercises that are designed to minimize the environmental impact in case of an industrial accident.

Environmental Education and Training

SMK's environmental education initiatives consist of education aimed at increasing the environmental awareness of all employees and specialized training for employees specifically involved in environmental affairs within the company.

SMK's environmental awareness initiatives start with group education for all new employees. This program is further augmented by position-specific education and environmental education conducted at each location. In addition, SMK provides environmental information for its employees via its corporate intranet. This information is designed to keep employees appraised of environmental issues and to emphasize the importance of environmental initiatives as a critical component of business operations.



In the course of developing the skills of its own environment specialists, SMK also conducts a variety of programs for internal environmental auditors and pollution prevention managers, who are given the task of managing regulatory compliance with environmental laws. These programs include off-site environmental seminars and corporate seminars led by guest speakers.

Environmentally Friendly Products

The SMK Environmental Charter includes a corporate mandate to develop products that have a low impact on the environment as part of its commitment to achieving a balance of economic growth and sustainability. SMK's ISO 14001-certified locations are responsible for conducting environmental product assessments as part of their environmental conservation initiatives. Furthermore, SMK is creating its own product assessment manual for eventual use throughout the Group.

SMK is also striving to reduce the use of environmentally harmful substances in its products. The company is prioritizing the switch to lead-free solder in its electronic components, and in October 1999 established a specialized subcommittee to guide its initiatives to move to lead-free solder.

Developing Environmentally Friendly Products through Product Assessments

SMK employs product assessments using objective standards, which enable the company to manufacture products that have a low impact on the environment. The product assessments are used to determine environmental factors such as the level of miniaturization, material savings and energy savings achieved. Other assessment factors include the recyclability and use of environmentally harmful substances in products.

Products using lead-free solder

Eliminating Lead and Reducing Halogen Compounds

SMK is committed to reducing its use of environmentally harmful substances, amid growing concerns regarding the environmental impact of the chemical substances used in electrical and electronic components. The company has placed a strong emphasis on reducing its use of lead, a substance which can lead to water and soil pollution. SMK is also reducing its reliance on halogen compounds, which may contribute to the release of dioxins.

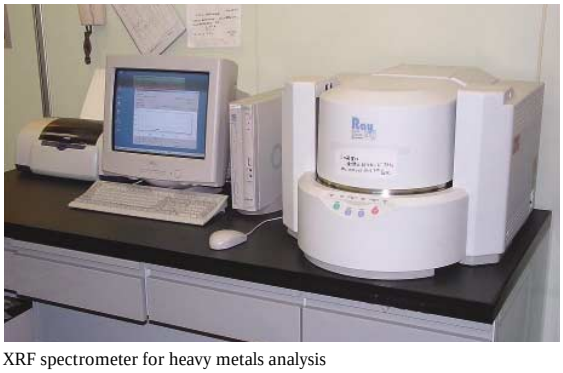
Lead is used at SMK in the form of solder used to attach components to circuit boards for electrical and electronic equipment. Lead is also used in plating processes for components. Use of lead for such applications is standard for the industry, but SMK has established a goal of completely eliminating its use of lead by March 2004.

SMK uses halogen compounds as a flame retardant in wire coatings and plastic materials in order to increase the fire-resistance of products. Technical obstacles currently prevent the company from completely eliminating its use of halogen compounds in the short term. However, it is working with suppliers to reduce the use of halogen compounds in products.

Lead-free reflow soldering machine

Cadmium, Mercury and Hexavalent Chromium

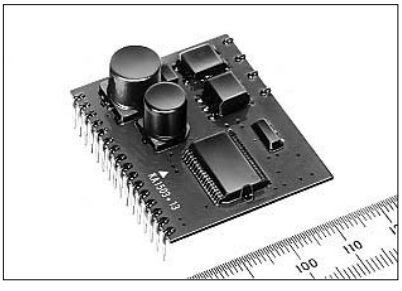
SMK is striving to eliminate or reduce its use of heavy metals such as cadmium, mercury, hexavalent chromium and their compounds. These heavy metals can affect the ecosystem through eventual release into water and soil. SMK has created its own standards for eliminating or reducing heavy metals used in its products. The content standards used by SMK are stricter than equivalent industry standards. The company's manufacturing facilities have also adopted analysis equipment for the testing of heavy metal concentrations in products.



XRF spectrometer for heavy metals analysis

Development of Low Power Modules with Reduced Standby Power Consumption

As a manufacturer of components for use in electrical and electronic equipment applications, SMK is committed to developing products that reduce environmental impact. For example, the company has developed low power modules that offer reduced standby power consumption for electrical and electronic equipment. SMK is also adopting technology to reduce the variety of materials used in its products in order to make them even easier to recycle.



Low power module offering reduced standby power consumption for electrical and electronic equipment applications

Environmental Accounting

Since 2000, SMK has used environmental accounting practices as part of its efforts to quantitatively assess its environment conservation initiatives. SMK's environmental accounting practices adhere to the Environmental Accounting Guidelines 2002 published by Japan's Ministry of the Environment and help to identify the company's environmental costs.

Environmental Conservation Costs and Benefits

(Unit: million yen)

Category		Environmental Conservation Cost					Economic Benefits Accrued		Environmental Conservation Benefit(Loss)	Page
		Major Initiatives	Investment		Expense					
			Amount	Year-on-year	Amount	Year-on-year	Amount	Year-on-year	Consumption/Output Savings(Loss)	
Business area costs	Pollution prevention costs	Operation and upkeep of processing facilities used to prevent pollution	0.5	88%	16.2	92%	0	—	Reduction of toxic substances: (1.7 tons)	—
	Global environmental conservation costs	Maintenance, inspection and efficient operation of energy conservation equipment, air-conditioners, etc.	0	—	2.4	92%	0	—	Energy consumption on a production value basis: (0.004 kl/million yen)	5, 6
	Resource circulation costs	Appropriate processing and recycling of industrial waste	0	—	31.2	92%	91.7	138%	Total industrial waste output: 107 tons Landfill waste: 2 tons	5, 6
	Sub-total		0.5	41%	49.8	92%	91.7	138%		
Upstream/downstream costs		Green procurement	0	—	0.3	36%	0	—		—
Administration costs		Education for environmental management; acquisition of ISO 14001 certification; auditing and assessment of environmental impact	8.2	—	176.0	517%	0	—		7
R&D costs		Development of environmentally friendly products	0	—	46.4	488%	0	—		8
Social activity costs		Initiatives to expand use of green space of manufacturing works	0	—	0.9	99%	0	—		—
Environmental remediation costs			0	—	0	—	0	—		—
Total environmental conservation costs			8.7	687%	273.4	275%	91.7	138%		

Overall investment by SMK and domestic subsidiaries: 2.058 billion yen
Overall R&D costs borne by SMK and domestic subsidiaries: 2.694 billion yen

Environmental Accounting Practices

1. SMK's environmental accounting practices adhere to the Environmental Accounting Guidelines 2002 published by Japan's Ministry of the Environment.

2. Environmental conservation costs cover all expenses including depreciation, equipment investments and benefits accrued from environmental conservation initiatives implemented between April 2002 and March 2003 by SMK and its domestic subsidiaries.

3. Data was collected from SMK's domestic manufacturing works, branches and sales offices, and six of its domestic subsidiaries in Japan.
SMK: Head Office, Gate City Office, Toyama Works and Hokuriku Sales Office, Hitachi Works and Ibaraki Sales Office, Yamato Works and Kanagawa Sales Office, Osaka Branch, Nagoya Branch, Fukuoka Sales Office

Subsidiaries: Toyama Showa Co., Ltd., Showa Denshi Co., Ltd., Yatsuo Denshi Kogyo Co., Ltd., Ibaraki SMK Co., Ltd., SMK-Engineering Co., Ltd., SMK R&D Co., Ltd.

4. Benefits accrued consist of economic benefits measured on a monetary basis, and benefits accrued from consumption or output savings measured by volume.

5. Data for environmental conservation benefits indicated the decrease in volume compared with the previous fiscal year.

6. Economic benefits accrued are clearly demonstrable and do not include speculative benefits.

7. Depreciation on equipment investments was calculated at a climbing rate based on the preceding three years.

8. Administration costs include an investment of 8 million yen, compared with no investments for the previous fiscal year. Consequently, no comparison is available with the previous fiscal year.

Analysis and Future Policy

In FY2002, SMK's environmental conservation costs consisted of approximately 9 million yen in environmental investments and 273 million yen in environmental expenses, or a 7 million yen increase in investments and 174 million yen increase in expenses compared with FY2001. The increase in environmental investments was primarily attributable to an 8 million yen investment for the purchase of XRF spectrometers used for heavy metals analysis.

In terms of expenses, environmental administration costs and R&D costs increased significantly by 142 million yen and 37 million yen respectively compared with FY2001. The increases were primarily due to the following factors: (1) implementation of heavy metals content analysis for products; (2) labor costs incurred by initiatives designed to completely eliminate the use of heavy metals; and (3) costs related to content analysis by outside organizations. Responding to increasing worldwide efforts to avoid pollution from heavy metals such as cadmium and lead, SMK is rapidly working to replace these metals with alternative materials. These initiatives are expected to result in a further increase in environmental management costs and R&D costs in the future.

Environmental benefits totaled 92 million yen in FY2002. Compared with the previous fiscal year, use of toxic chemical substances increased by 1.7 tons and energy consumption increased by 0.004 kl per million yen on a production value basis. Industrial waste output decreased by 107 tons, and landfill waste output decreased by 2 tons compared with FY2001. The decrease in industrial waste output is due to a significant drop in waste output by the company's facilities in the Hitachi region.

Economic benefits gained from environmental conservation were comprised solely of benefits derived from spending on resource circulation, which increased by 25 million yen compared with the previous fiscal year. This increase is primarily due to better yields resulting from improvements to manufacturing processes, and from savings achieved through the reduced use of materials. As data for consumption and output savings for SMK and its domestic subsidiaries was first compiled in FY2001, no comparison with the previous fiscal year is provided.

In the future, SMK plans to expand its environmental accounting to include its overseas manufacturing works, and will create a systematic framework for efficiently compiling environmental accounting data. In addition, SMK will strive to improve the accuracy of its environmental accounting practices and further integrate its environmental accounting with its environmental management systems.

Offices and Subsidiaries

Offices in Japan

1. Head Office (Gate City Office)
2. Osaka Branch
3. Nagoya Branch
4. Kanagawa Sales Office
5. Ibaraki Sales Office
6. Hokuriku Sales Office
7. Fukuoka Sales Office
8. Toyama Works, Toyama Technology Center
9. Hitachi Works
10. Yamato Works

Major Subsidiaries in Japan

1. SMK R&D Co., Ltd.
2. Showa Denshi Co., Ltd.
3. Toyama Showa Co., Ltd.
4. Yatsuo Denshi Kogyo Co., Ltd.
5. Ibaraki SMK Co., Ltd.
6. SMK-Engineering Co., Ltd.

Overseas Manufacturing and Sales Subsidiaries

Asia

- SMK High-Tech Taiwan Trading Co., Ltd.
- SMK Electronics (H.K.) Ltd.
- SMK Trading (H.K.) Ltd.
- SMK Dongguan Gaobu Factory
- SMK Electronics (Shenzhen) Co., Ltd.
- SMK Electronics Singapore Pte. Ltd.
- SMK Electronics (Malaysia) Sdn. Bhd
- SMK Electronics (Philippines) Corporation
- SMK Korea Co., Ltd.

Europe

- SMK Europe N. V.
- SMK (U.K.) Ltd.
- SMK Hungary Kft.

North America

- SMK Electronics Corporation U.S.A.
- SMK Manufacturing Inc.
- SMK Electronics S.A. de C.V.

South America

- SMK Sao Paulo Industria Eletronica Ltda.

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