

Environmental Report

2020



Make changes for New SMK

The year 2020 was supposed to be full of joy with the holding of the Tokyo Olympic and Paralympic, but the world has completely transformed, and we are currently facing great difficulties due to the spread of the novel coronavirus.

While this disease has robbed us of our everyday lives, new living patterns have rapidly emerged.

We now have to try to move forward and not back, and to build a better society. It has been reported that greenhouse gas emissions have reduced dramatically due to deceleration of economic activities, but this will inevitably increase again once economic activities recover. We must also take in mitigation measures to global warming, while balancing the economic recovery and environmental conservation.

The EU announced to raise a target of greenhouse gas emission reduction to combat global warming. The strategic energy plan has started to be reviewed in Japan, and phasing out lower efficiency coal-fired generation and expanding renewable energy such as offshore wind power will be on the agenda. The application of IoT and AI to the use of energy has a lot of potential. To connect this to new business, we have to try new challenges without being caught in the past.

We have started to recognize once again the advantages of plastic for its sanitary aspects in anti-infection measures, but we must continue to avoid wasteful use of plastic and careful disposal is crucial. Disposal management underpins all environmental conservation activities and in addition to the effective use of resources (3R: Reduce, Reuse, Recycle), we must shoulder more responsibility to achieve the sustainable development of society.

SMK carries out corporate activities under the management strategy vision "Challenge, Creativity, Solutions." We intend to move forward as a company that globally solves problems, creates new values, and contributes to society.

October 2020
President, Chief Executive Officer
and Chief Operating Officer
Yasumitsu Ikeda

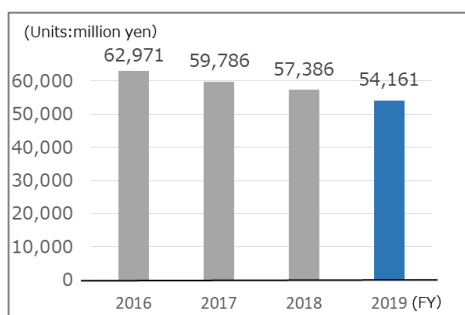
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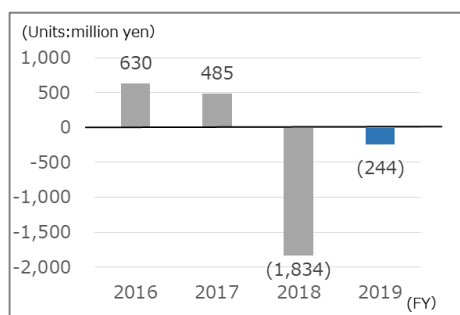
Corporate Profile (as of March 31, 2020)

Name	SMK Corporation
Established	April 3, 1925
Primary Businesses	Manufacturing and sales of electronic components for use in electrical equipment, communications equipment, electronic equipment, industrial machinery, IT equipment and other applications.
Capital	7,996 million yen
Number of Employees	5,593 (in the Group)
Head office	5-5, Togoshi 6-chome, Shinagawa-ku, Tokyo 142-8511, Japan TEL: +81-3-3785-1111 FAX: 81-3-3785-1068 URL: https://www.smk.co.jp/
Major Products	High-frequency coaxial connectors / FPC-to-board connectors / Board-to-board connectors / Jacks / Remote controls / Switches / Wireless modules / Camera modules / Resistive touch panels / Capacitive touch panels

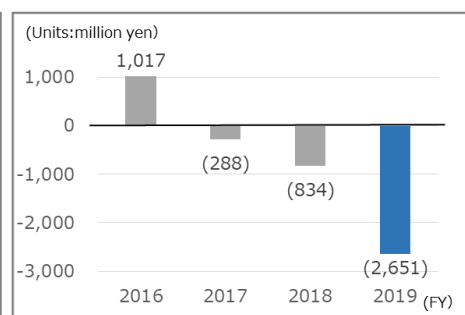
Consolidated Net Sales



Consolidated Operating Income



Consolidated Net Income



About this Report

Reporting period FY2019 (April 1, 2019 – March 31, 2020)

Scope of calculations SMK Corporation (nine sites in Japan) and consolidated subsidiaries (three in Japan and 18 overseas)

CO₂ emissions

- The factors that was publicly known at the Electricity Council for the Creation of a Low Carbon Society are used for the purchased power in Japan site. In overseas site, for emissions from FY2005 to FY2011 the factors that was publicly known at the IEA (International Energy Agency) and for emissions from FY2012 DEFRA (Department for Environment Food & Rural Affairs) are used.
- The factors defined the Ministry of the Environment are used for fuel.
- Past results have been revised due to the update of CO₂ conversion factors.

Access to corporate information

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

Environmental Management

SMK Environmental Charter

1. Basic Philosophy

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

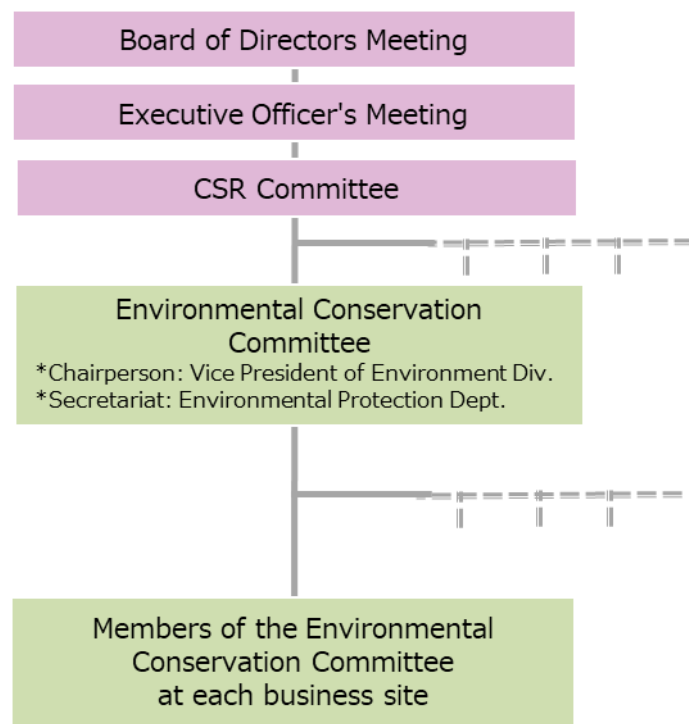
2. Action Guidelines

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

Organization to Promote Environmental Conservation

In SMK, the Group policies, targets, and initiatives related to environmental conservation are deliberated upon and determined by the Environmental conservation Committee, which is chaired by the Vice President of the Environment Division. Major items are subject to deliberation and determination at the Executive Officer's Meeting. Upon determination, they are deployed at all Japan and overseas works. At each business site, the Local Environmental Conservation Committee decides local policies, targets, and initiatives in accordance with the Group policies, targets, and initiatives taking locally specific issues into consideration and puts them into practice.

Organizational Structure for Environmental Conservation



Environmental Management Systems

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

Since fiscal 2007, in addition to individual activities at each site, we have been setting targets and themes to be shared by all members of the SMK Group, reinforcing linkage among our sites, and working to strengthen group-wide systemic arrangements.

SMK's environmental conservation activities are not limited to our Group. The Green Procurement Guidelines that we published in 2004 also make demands on our business partners. Specifically, we request our business partners to pledge not to use any environmental hazardous substances prohibited by SMK, and to put in place ISO 14001-based systems. We visit business partners who have not obtained ISO 14001 certification to check on the status of their environmental conservation activities, and to suggest any necessary improvements.



Waste laws and regulations training(Head Office)

FY2019 Environmental Conservation Activities

Preventing Global Warming

CO2 emissions were expected to rise, but they are lower than last year due to energy-saving efforts. We were unable to attain our targets for CO2 emissions per unit of production value.

Conserving Biodiversity

SMK-J held an environmental learning course for elementary school children in the neighborhood. Through this course, they understood the relationship between environmental conservation and biodiversity and its importance.

Effective Use of Resources

As a result of efforts to eliminate waste in manufacturing processes, we reduced the total amount of discharged waste and achieved our target. The Industrial waste discharge per unit of production value was around the same as the previous year.

The landfill disposal amount was greatly reduced by finding new waste recycling companies overseas, but we did not reach our target.

Effective Responses for the Management of Environment-related Substances

We greatly improved the environment-related substance management system by adding new features.

Strengthening Eco-friendly Design Approach

To integrate product assessment and environmentally friendly (eco) products, we tried and tested a new re-configured eco-product management system. We will carry out more detailed activities in line with the integration plan during the 2020 financial year.

Self-assessment A: attained B: insufficiently-attained C: not attained

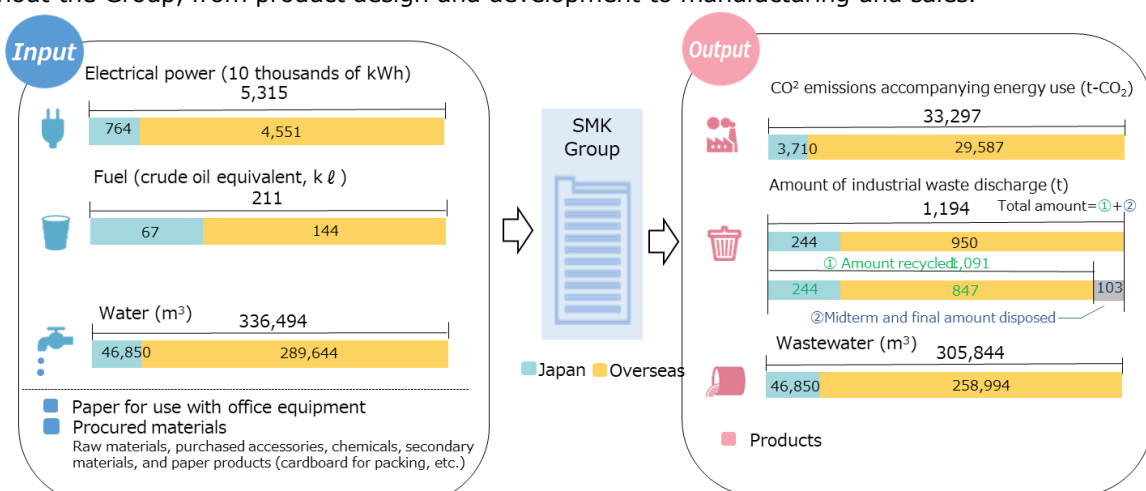
Nature of initiative	FY2019		Self assessment
	Target	Achievement	
Preventing global warming	CO2 emissions per unit of production value*1: 100% relative to FY2018. Target:0.64t-CO2/million yen	3% increase (0.66t-CO2/million yen)	C
	Total CO2 emissions: 3% increase relative to FY2018. Estimated: 34,792t-CO2	2% reduction (33,297t-CO2)	A
Preserving biodiversity	Creating awareness regarding preservation of biodiversity	Held environmental learning courses	A
Effective use of resources	Industrial waste discharge per unit of production value*2 4% reduction relative to FY2018. Target: 0.023t/million yen	100% relative to FY2018 (0.024t/million yen)	C
	Total industrial waste discharge amount: Reduction of 4% relative to FY2018. Target: 1,242t	8% reduction (1,194t)	A
	Landfill waste amount: Reduction of 48% relative to FY2018. Target: 88t	39% reduction (103t)	B
Effective responses for the management of environment-related substances	Register BOM information and efficient administration of the system to support EU-REACH directives	Improved substance information by adding new functions to the management system	A
Strengthening eco-friendly design	Enhancement of product assessments	Tried and tested a new eco-product management system	B

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

*2:Industrial waste discharge per unit of production value = industrial waste discharge divided by production value

Material Balance

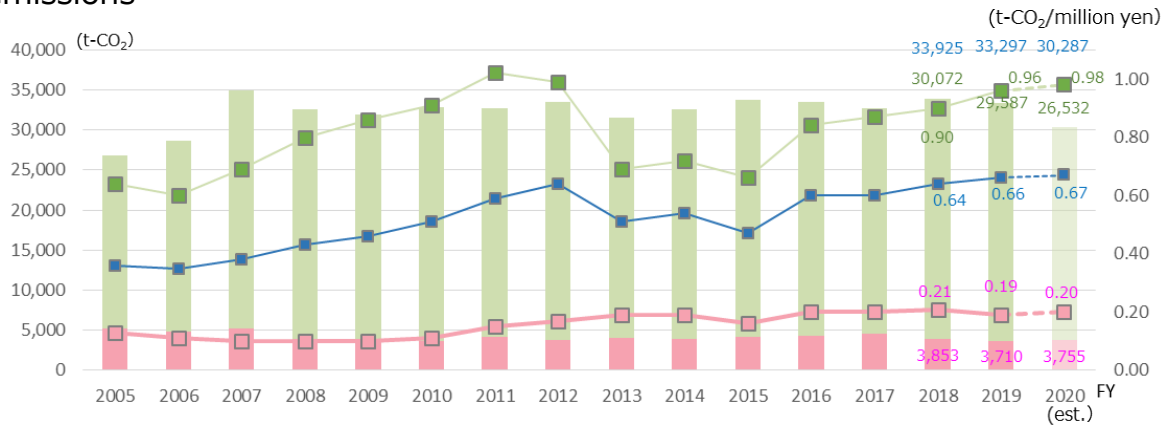
At SMK, we work to track, analyze, and reduce the material balance (environment footprint) of each process throughout the Group, from product design and development to manufacturing and sales.



Energy and Resource Saving Results

SMK aims to improve efficiency of its energy usage as an important management policy to help prevent global warming. We are also working to reduce the discharge of industrial waste and achieve zero emissions (i.e. zero landfill waste) by using out resources more effectively.

CO2 emissions



CO₂ emissions

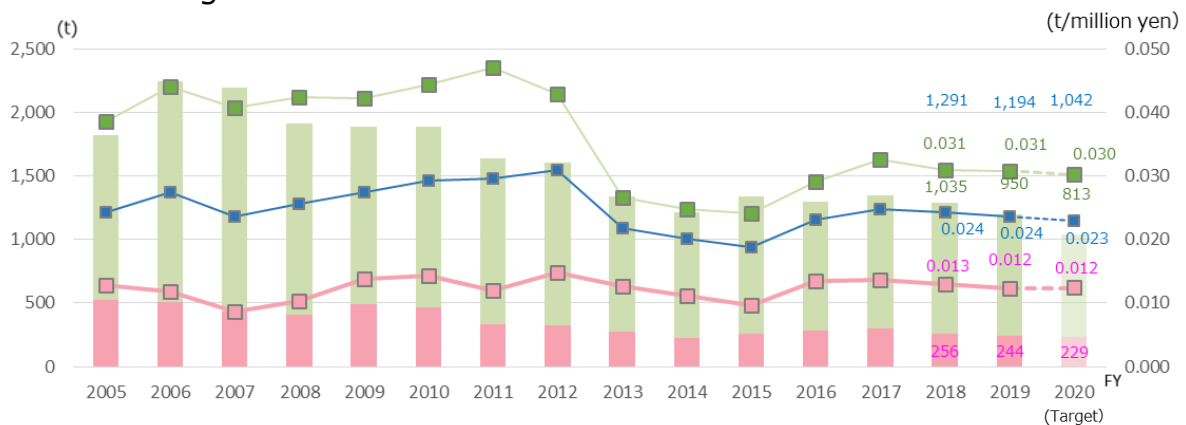
Blue figures : SMK Group
 Overseas
 Japan

CO₂ emissions per unit of production value

SMK Group
 Overseas
 Japan

	Year on Year		
	Japan	Overseas	Overall SMK Group
CO ₂ emissions per unit of production value	100%	107%	103%
CO ₂ emissions	96%	98%	98%

Resource-saving Results

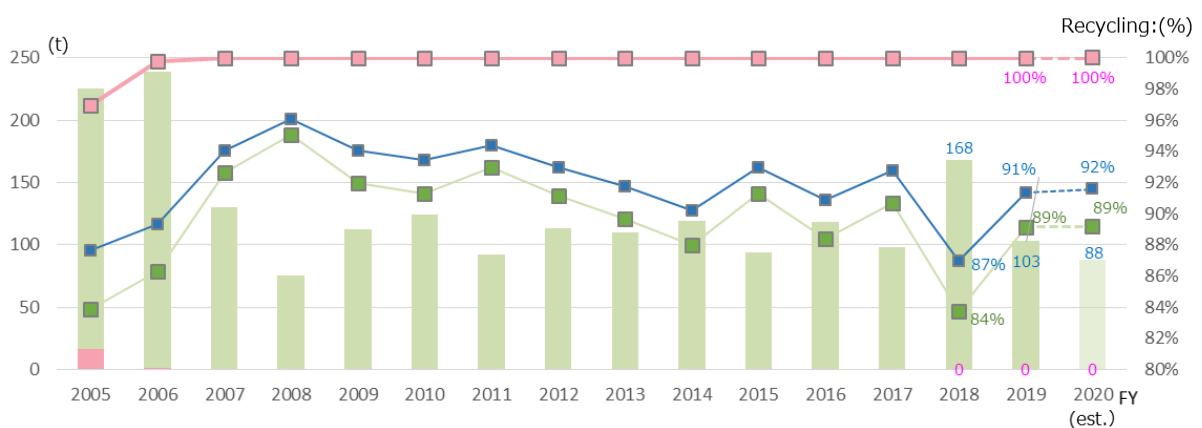


Industrial waste discharge per unit of production value

Blue figures : SMK Group
 Overseas
 Japan

	Year on Year		
	Japan	Overseas	Overall SMK Group
Industrial waste discharge per unit of production value	92%	100%	100%
Overall industrial waste discharge amount	95%	92%	92%

Amount of landfill waste and recycling rate



Landfill waste amount

Blue figures : SMK Group
 Overseas
 Japan

Recycling rate

SMK Group
 Overseas
 Japan

	Year on Year		
	Japan	Overseas	Overall SMK Group
Landfill waste amount	-	61%	61%

Environmental Accounting

Environmental Preservation Costs and Benefits

(Units: million yen)

Category	Major Activities	Environmental Preservation Costs				Economic Benefits		Environmental Preservation Benefits (Quantity)		
		Investments		Expenses		Amount	YoY	Consumption/ Output Savings	YoY	
		Amount	YoY	Amount	YoY					
Business area costs	Pollution prevention	0	-	39.7	120%	0	-	Use of Environmentally Hazardous Substances 27.5t	-	
	Global environmental preservation	14.1	82%	42.6	92%	22.4	88%	CO2 emissions per unit of production value:- 0.022t-CO2/million yen	56%	
	Resource circulation	0	-	27.4	109%	143.3	84%	Landfill waste amount: 65t Industrial waste discharge per unit of production value: 0.0006 t/million yen	- 100%	
	Sub-total	-	-	14.1	16%	109.8	105%	165.7	85%	-
Upstream / downstream	Green procurement, etc.	0	-	0.3	73%	0	-	-	-	
Administration	X-ray fluorescence spectrometer replacement, activities which aim to guarantee eliminating the use of environmentally hazardous substances in products, environmental management promotion, etc.	2.1	-	169.4	96%	0	-	-	-	
R&D	Development of environmentally friendly products, etc	0	-	10.4	57%	0	-	-	-	
Social activity	Initiatives to expand green areas in local communities and at works, etc.	0	-	7.3	75%	0	-	-	-	
Environmental damage	-	0	-	0	-	0	-	-	-	
Total	-	16.2	18%	297.2	96%	165.7	85%	-	-	

Environmental conservation costs: Regarding the cost of environmental conservation in FY2019, investment went down greatly compared to the previous year and costs also went down slightly. Investment went down so much because investment made in the previous year in pollution control facilities, such as exhaust fans, was not repeated in FY2019.

Economic Benefits: The economic effect in FY2019 was less than the previous year. The main reasons for this are 1) reduced profit on sales of waste and 2) reduced effect of reuse by production facilities.

Environmental Conservation Benefits (Reduction of waste): As a result of environmental conservation improvement activities, production CO2 output levels worsened but, otherwise, improvements were made in the amounts of environmental load substances, industrial waste landfill and production waste output levels.

Actual results of Power Generation at photovoltaic power systems

Photovoltaic power systems owned by SMK and subsidiaries generated 1.28 million kWh of electricity in FY2019. The CO2 reduction effect was 405 t-CO2.



Ibaraki Prefecture



Gunma Prefecture



Philippines Factory

Environmental Conservation Activity Reports

Effective Utilization of Resources

Donation of school chairs made from used wooden pallets

We have been donating school chairs produced within our company from used wooden pallets to local elementary schools. We donated 100 school chairs to the local day nursery and elementary school. We also conducted a presentation about garage separation at the elementary school.

SMK
Electronics
(Phils.)
Corporation



SMK
China
(Dongguan)
Factory

Environmental Communication

Factory tour

We organized a factory tour for employees' families in September 2019. The curriculum stressed the importance of environmental protection. It included a Q&A session and games, which were great fun for the children.



Introduction of Environmental Conservation Activities and Hands-on Manufacturing Experience

In August 2019, jointly with the Shinagawa Ward Environmental Information Activity Center, we held Introduction of Environmental Conservation Activities and Hands-on Manufacturing Experience.

This program, which is held every summer, teaches children the importance of environmental conservation and the fun of hands-on manufacturing. This time, 19 local primary school children and their families participated.

Head
Office



Environmental Conservation Activity Reports

Environmental Communication

Flower Planting Activity

As a member of the Shinagawa CSR Promotion Association, SMK participated in the Shinagawa Hanakaido flower planting project. A project managed by an NPO, Shinagawa Hanakaido nurtures rape blossoms and Mexican asters which grow along a 2 kilometer stretch of the Katsushima Canal dyke, which makes the area rich in nature and contributes to the creation of a society which is in harmony with nature.



Head Office

Cleanup activities and Conserving Biodiversity

Conservation activities in wildlife protection districts

Volunteers cut weeds in the local wildlife protection district. During these activities, volunteers encountered wild turkeys, butterflies and birds, and it was a fun and worthwhile experience for all.

Cleanup activities

SMK Group is actively engaged in community cleanup activities.



SMK America Group



Toyama Works (Japan)



Hitachi Works (Japan)

