

Creating Inspirational Value Report

CMC Group Sustainability Report, March 2024



INTRODUCTION

MESSAGE FROM OUR CEO

In October 2023, we established the CMC Group's approach to sustainability, which aims "to achieve sustainability of information value."

For us, sustainability means working alongside our clients to deliver "inspirational value" to all stakeholders.

To achieve this, it is essential that we understand the true nature of the challenges faced both by our clients and by society as a whole, and constantly strive to find solutions to these issues.







We are pleased to share our vision and progress on creating inspirational value with you here in the "Creating Inspirational Value Report".

佐々幸恭

Yukiyasu Sasa
President and CEO
CMC Corporation
March 2024



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Editorial Policy

This report has been published as a tool to facilitate dialogue with our stakeholders. Here, we introduce our strategic story and how we are working to realize the CMC Group's vision. We will continue working to improve the content of the report.

Information Disclosure

Information on our sustainability policies and initiatives can be found on the following pages.

 [Sustainability](https://www.cmc.co.jp/english/sustainability/) <https://www.cmc.co.jp/english/sustainability/>

 [IR News | Investor Relations*](https://www.cmc.co.jp/ir/) <https://www.cmc.co.jp/ir/>

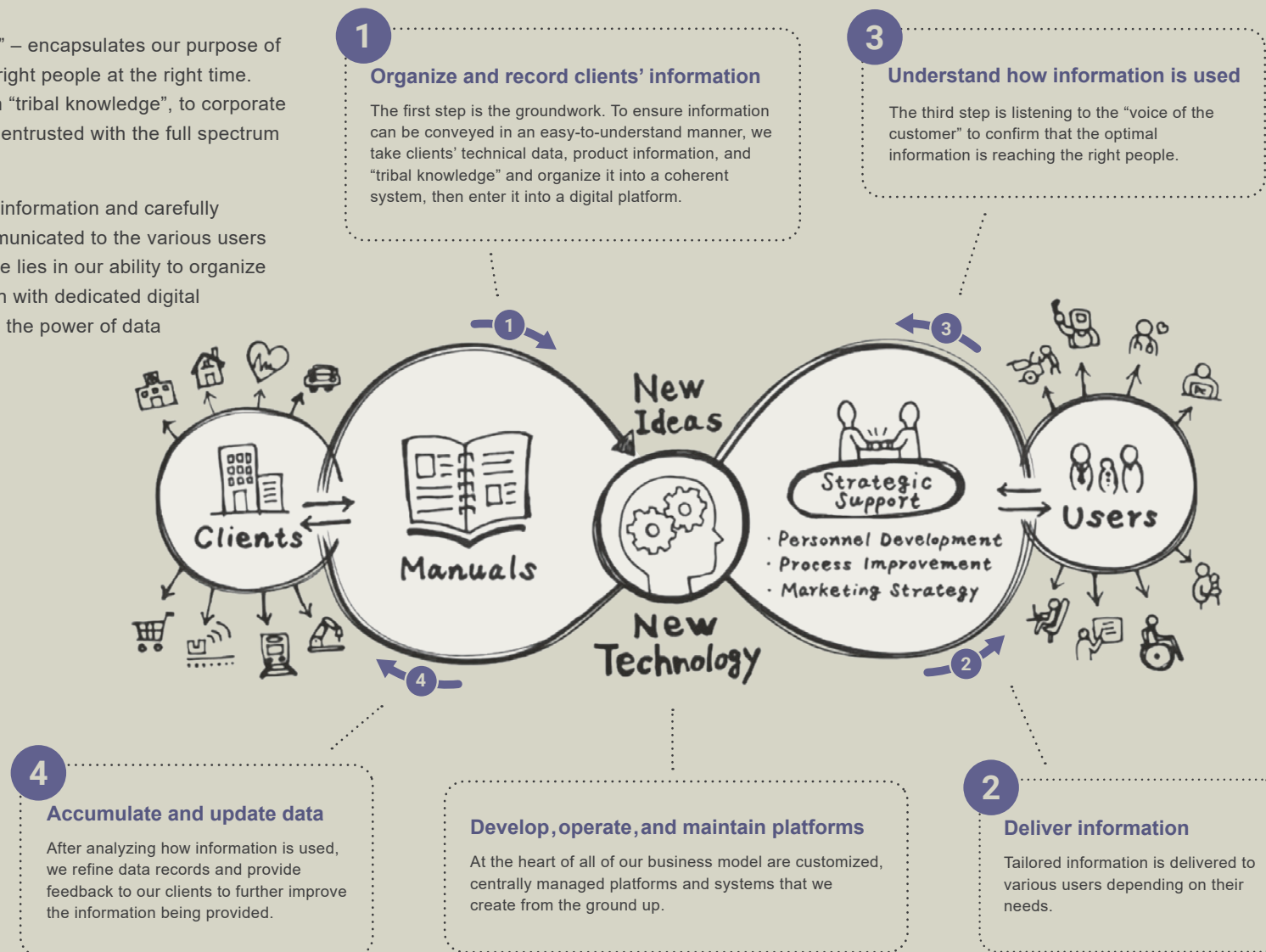
* Information currently available in Japanese only.

BUSINESS MODEL STRATEGY | Infinity Loop

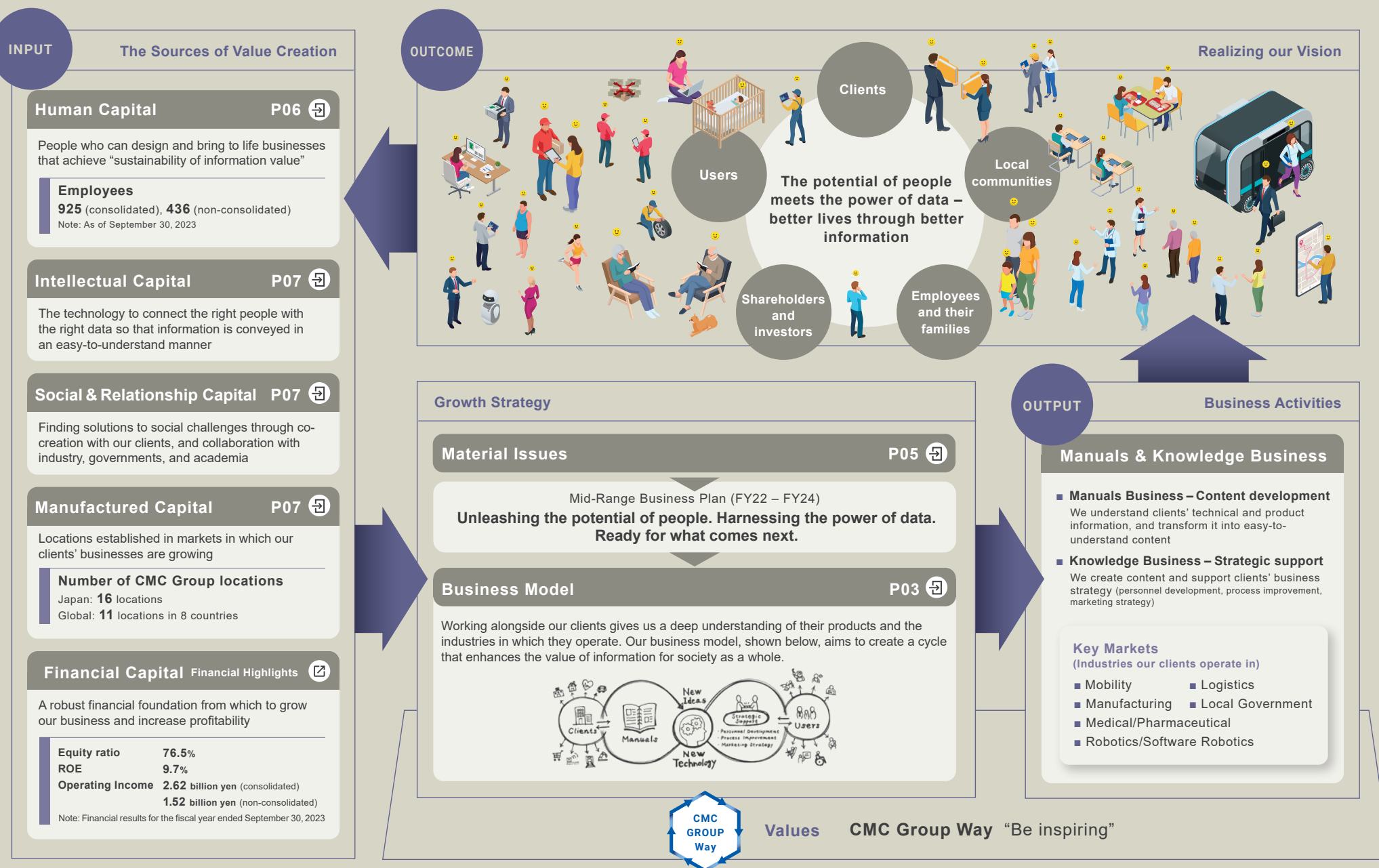
How We “Achieve Sustainability of Information Value”

Our business model strategy – the “Infinity Loop” – encapsulates our purpose of continuing to deliver the right information to the right people at the right time. From highly confidential blueprints and unwritten “tribal knowledge”, to corporate value systems and marketing strategies, we are entrusted with the full spectrum of our clients’ information.

Our job is to make sense of this vast quantity of information and carefully consider what, when, and how it should be communicated to the various users who need it. The CMC Group’s point of difference lies in our ability to organize and streamline the flow of our clients’ information with dedicated digital platforms and feedback mechanisms that unlock the power of data to identify what users really want.



HOW WE CREATE INSPIRATIONAL VALUE



MATERIAL ISSUES

Working alongside our clients to solve material issues is how we contribute to the creation of a sustainable society.
We strive to deliver inspirational value to our clients and all other stakeholders by finding solutions to challenges that society faces.

Material Issues and Examples of Initiatives

Target SDGs	 	   	 	   
Major opportunities and risks	<ul style="list-style-type: none"> - Evolving digital technology - Aging of experienced workers and need to pass on skills to next generation - Declining working-age population 	<ul style="list-style-type: none"> - Evolution and increasing complexity of products and services - Enforcement of legal obligations pertaining to safe use of products 	<ul style="list-style-type: none"> - People living longer, healthier lives - Movement and outflows of talent ("brain drain") 	<ul style="list-style-type: none"> - Evolving digital technology - Addressing the needs of our clients' environments
Material issues	<p>1</p> <p>Facilitating behavioral changes that increase productivity and alleviate labor shortages</p>	<p>2</p> <p>Helping to create environments in which products and services can be used safely and with peace of mind</p>	<p>3</p> <p>Creating working environments where a diverse range of employees can thrive</p>	<p>4</p> <p>Building the foundation on which next-generation businesses can be developed</p>
Initiatives	<ul style="list-style-type: none"> • Promoting digital transformation (business transformation, manpower reduction, etc.) • Business process management (streamlining, increasing productivity, etc.) 	<ul style="list-style-type: none"> • Frameworks for ensuring the right information reaches the right people • Strengthening Group governance 	<ul style="list-style-type: none"> • Developing people • Promoting QOL/QOW* <p>* QOL: Quality of life; QOW: Quality of work</p>	<ul style="list-style-type: none"> • Helping clients make their businesses more environmentally friendly • Building partnerships with industry, governments, and academia • Harnessing the power of the latest technology

Process for Identifying Material Issues

1. Selection of Potential Issues	2. Materiality Assessment	3. Identification of Material Issues
With reference to the Sustainable Development Goals, Sustainability Promotion Committee Members (representatives from each organization) select potential material issues relevant to the CMC Group.	The selected issues are assessed from two perspectives: "the importance to stakeholders", with emphasis on the expectations and interests of our clients, and "the impact on the CMC Group's business".	Items assessed as high priority from both perspectives are discussed with members of the board of directors to identify the Group's material issues.

THE SOURCES OF VALUE CREATION | Human Capital

We believe the CMC Group's greatest asset is our people. Our professional employees are the key to value creation, and we go to great lengths to position them for success.

Personnel Development

Our training programs are geared to developing employees who, while working alongside our clients, can design and bring to life businesses that achieve "sustainability of information value".

Main Initiatives*1

- **Spreading awareness of and instilling core values**
(CMC Group Way Promotion Committee)
- **Professional training tailored to markets/ functions/job roles**
(Product/Service workshops, skills training, etc.)
- **Developing expertise**
(CEO-led training for high performers, training for next-generation leaders, "Tongaru Camp" online training platform, etc.)
- **Quality improvement awareness raising**
(CS Promotion Committee)
- **Support for individual career development**
(Career training, 1-on-1 guidance from supervisors)
- **Support for self-development**
(Subsidized training, qualification allowances)



Creating a Work Environment Where People Can Thrive

We want our work environments to be places that respect our employees' diversity and allow them to work safely and happily.

Main Initiatives*1

- **Creation of systems and a workplace culture that supports diverse ways of working**
(Flexible working hours (no "core time"), telecommuting, childcare leave, nursing care leave, permission to work side jobs, re-employment of older workers, etc.)
- **Health Promotion**
(Periodic health checkups above and beyond statutory requirements, seminars on health promotion and mental wellbeing, CMC Group Way calisthenics, mental health worker consultation service, etc.)

External Evaluations

CMC Corporation



Main Corporation

- **Certified Health & Productivity Management Outstanding Organization** (Small and Medium-Sized Corporation department; fourth consecutive year in 2024)
- **Excellent Corporation for Health Management** (Silver Level Certification)
- **Recognition of activities to promote women's participation and advancement in the workplace***7
- **Tokyo Work-Life Balance Certification**
- **Tokyo Father's Childcare Leave Promotion Project 2023**
- **Minato City Work-Life Balance Promotion Certification**
- **Sports Yell Company 2024**

CMC Xmedica Corporation

- **Excellent Corporation for Health Management** (Silver Level Certification)

CMC Group Human Capital at a Glance* * With the exception of total (consolidated) employee numbers and employees with ICT expertise, figures are for CMC Corporation (non-consolidated), as of September 30, 2023.

Total Employees
(Consolidated)

925



CMC Corp. Employees
(Non-consolidated)

436 *2

Group Employees
with ICT Expertise 223

Group Employees who
are Qualified Mechanics 206

...of which, qualified Class 1
Auto Mechanics 42

Average
Length of
Service 15.5 years*2



Annual Leave
Utilization Rate

80 %

No-Overtime
Day Rate

77 %



Percentage of Women in
Management/Leadership
Positions*3, 4

17.8 %

Paternity Leave
Utilization Rate*3, 5

55.6 %

Maternity Leave
Utilization Rate*6

100 %



*1 Includes initiatives conducted by CMC Corporation on a standalone basis. *2 Excludes employees seconded to other organizations; includes employees seconded to the CMC Group from other organizations. *3 Includes employees seconded to other organizations, including other CMC Group companies; excludes directors, part-time employees, employees seconded to CMC Group from other organizations (Denominator: 422 employees). *4 The percentage of women in management positions is: CMC Corporation: 6.2%; CMC Solutions: 22.2%; CMC Xmanicom Corporation: 31.3%; and Main Corporation: 42.9%. *5 Period of leave taken: At least 2 weeks; Main Corporation utilization rate: 100%. *6 Period of leave taken: At least 12 months (including maternity leave). *7 "Kurumin" Certification 2023: Based on the Act on Advancement of Measures to Support Raising Next Generation Children, this program recognizes organizations that are supportive of childcare; "Eruboshi" Certification (3 Stars): Based on the Act on Promotion of Women's Participation and Advancement in the Workplace, this accreditation system recognizes workplaces that are conducive to promoting women's empowerment.

THE SOURCES OF VALUE CREATION | Intellectual Capital, Social and Relationship Capital, Manufactured Capital

Intellectual Capital | External Evaluations

DX Certification

Accredited by the Ministry of Economy, Trade and Industry as a company with the expertise to achieve digital transformation, both internally and for clients.



FSC® Certification*1

Our products are made with raw materials from well-managed, Forest Stewardship Council®-certified forests, recycled materials, and other resources sourced from properly managed suppliers.



The mark of responsible forestry
FSC® C179088

ISO27001 Certification (Information Security)



ISO9001 Certification*1, 2 (Quality)

ISO14001 Certification*1, 2 (Environment)



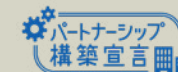
JIS Q 9001
JIS Q 14001
JSAQ330, JSAE379

*1 Registered organization: Nakagawa Office

*2 Scope of registration: Production of general printed materials (catalogs, manuals, etc.)

Social and Relationship Capital | External Endorsements and Memberships

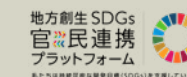
• Declaration of Partnership Building



• Aichi e-Sports Union



• Platform for Public Private Collaboration on SDG Regional Development



• MONET Consortium

• 3D Scanning Technology Association

• Chubu Marketing Association

• Japan Technical Communicators Association

• Japan Association of Graphic Arts Technology

• All Japan Federation of Printing Industry Associations

• Aichi Social Insurance Association

Manufactured Capital | Domestic and Global Locations

- Maruboshi Europe E.U.R.L.* (France)
- Maruboshi Europe B.V.* (Netherlands)
- Maruboshi Central & Eastern Europe Sp. zo.o. (Poland)



- GCMC Information Technology Co., Ltd.* (China; 2 locations) <http://www.cmc-china.cn>
- GCMC Network Technology Co., Ltd. (China) <http://www.cmc-china.cn>
- CMC Group Asia Co., Ltd.* (Thailand/Singapore) <https://www.cmcgroupasia.com>
- Taiwan Maruboshi Documentation Technology Co., Ltd. (Taiwan; 2 locations) <https://www.maruboshi.com.tw>

Europe
3 locations

Asia
7 locations

Japan
16 locations

North America
1 location

• CMC Productions USA, Inc. (USA)
<https://cmcprousa.com>

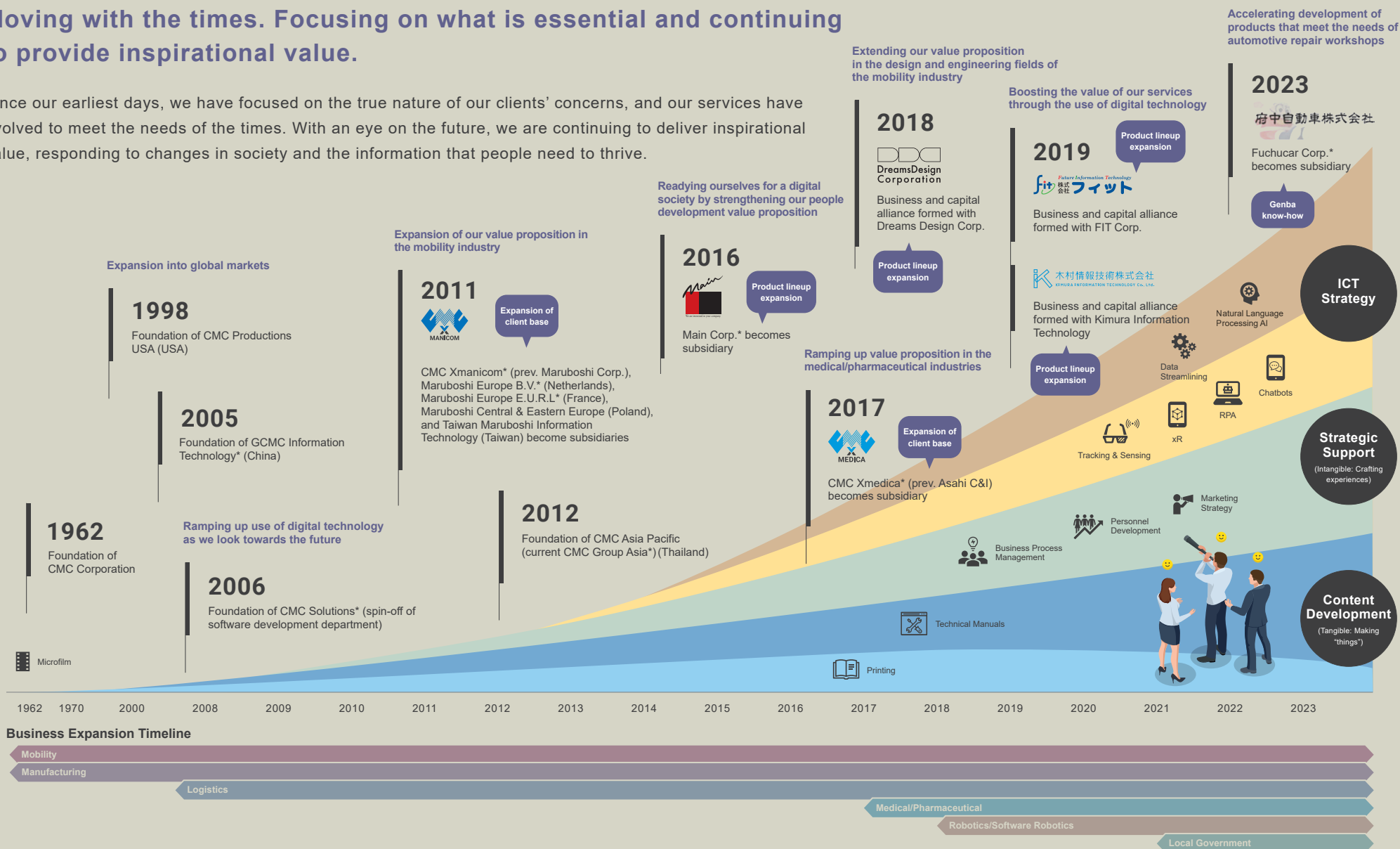
- CMC Corporation (8 locations) <https://www.cmc.co.jp>
- CMC Solutions, Inc.* <https://www.cmc-solutions.co.jp>
- CMC Xmanicom Co., Ltd.* <https://www.cmc-xmanicom.co.jp>
- Main Co., Ltd.* <https://www.cc-main.co.jp>
- CMC Xmedica Co., Ltd.* <https://cmc-xmedica.co.jp>
- Fuchucar Co., Ltd.* <http://www.fuchucar.co.jp>
- FIT Co., Ltd. <https://www.fit2001.com>
- Kimura Information Technology Co., Ltd. <https://www.k-idea.jp>
- Dreams Design Corporation <https://www.dreams-design.co.jp>

Companies marked with an asterisk (*) are consolidated subsidiaries
Note: Certifications and affiliations pertain to CMC Corporation.

OUR HISTORY OF VALUE CREATION

Moving with the times. Focusing on what is essential and continuing to provide inspirational value.

Since our earliest days, we have focused on the true nature of our clients' concerns, and our services have evolved to meet the needs of the times. With an eye on the future, we are continuing to deliver inspirational value, responding to changes in society and the information that people need to thrive.



Notes:

- We use the term "mobility industry" to collectively refer to clients of ours who provide products and services related to the movement of people and goods; it includes a wide range of industries from automotive to aviation and railways.
- Companies marked with an asterisk (*) are consolidated subsidiaries.

CMC GROUP

<https://cmc.jp/english/>

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