



Expertise – Passion – Automation



**BCP**  
Formulated

## SMC Business Continuity Plan

The customer's trust is earned with our manufacturing, engineering, sales, management, and financial continuity efforts with a sustainable product supply.

**"Uninterrupted operations and a resilient supply chain"**

# Working toward a sustainable world

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**As a comprehensive manufacturer of automatic control equipment, SMC aims to fulfil our product supply responsibilities and maintain the trust of our customers by contributing to both sustainable growth and the expansion of technological innovations.**

SMC's mainstay products, pneumatic components are used within automatic control machinery utilizing compressed air. Compressed air is an environmentally friendly power source that can be safely released to the atmosphere. SMC foresees that the demand for pneumatic components will increase and that the expansion of the possible applications will directly lead to a reduction in the environmental burden of industry as a whole.

While taking advantage of the advanced technological capabilities we've accumulated over our many years of business, SMC plans to continue contributing to the sustainable growth of industries and the expansion of technological innovations by developing and supplying automatic control equipment. The products we develop and supply will be even more energy efficient, compact, and lightweight in order to not only meet but exceed the needs of our customers around the world.

In addition, SMC will assure that each and every process within our company's business activities will take the protection of the environment into consideration. This will include the removal of environmentally hazardous substances and materials, the conservation of energy and resources, the reduction of the use of packing materials, the reduction of noise, and the reduction of and the proper disposal of waste water and other waste materials.

In recent years, we've seen an increase in not only natural disasters such as heavy rains and large earthquakes but also in the spread of infectious diseases, political and military conflicts, and material cost increases and shortages.

As a leading comprehensive manufacturer of automatic control equipment that supports automation, we strive to do everything in our power to be able to promptly — no matter the circumstances — provide products that meet the needs of our customers worldwide.

We are committed to ensuring that SMC is prepared for any emergency and that our business activities will not stop in the event of such an emergency. This includes maintaining a system that can quickly resume operations in the event of an unavoidable termination. At the same time, we're also introducing the latest security technology in order to fully protect our customer's information.

SMC is further refining its rock solid BCP, which is unrivalled amongst other companies in the our industry. We promise to do our utmost to fulfil our main responsibility; to provide our customers the products they require.



President  
Yoshiki Takada

**SUSTAINABLE DEVELOPMENT GOALS**

# Sustainable BCP Initiatives

(BCP: Business Continuity Plan)

\* As of August 2022

## Production department BCP

**Risk hedging is achieved by dispersing the location of mass production factories and logistics centres.**

- A sustainable product supply is provided by consistently managing the flow of information and goods from procurement to production and distribution.
- Measures are taken with a long-term perspective in order to implement flexibility and rapid responses to the risks of sudden changes in the production environment.

**SMC's supply system provides coverage of the world's major countries.**

Production Bases located in about 30 countries and regions with an extensive local inventory system.

## Technical department BCP

**Global engineering network established**

- The BCP is implemented with collaboration between the Japan, Asia, US, and European Technical Centres, providing a quick response with 1,700 engineering staff members.
- Accurate and rapid responses to customer issues on a global basis.
- Technical services are provided worldwide through information sharing and close collaboration.

**Other technical centres, working in parallel to each other can provide operational backups.**

**Product development conducted by the JTC (Japan Technical Centre) is backed up by the other technical centres.**

## Sales department BCP

**With approximately 500 sales offices in about 80 countries and regions around the world SMC provides support for customers with 8300 person strong global sales staff.**

SMC offers a full range of sales offices and staff in order to meet every customer request from diverse countries and regions. By doing this, we can deliver additional satisfaction to our customers within the global market.

**Customer relationship management via SalesConnect (CRM).**

## Management and finance related BCP

**Establishment of an advisory committee.**

Established an emergency business continuity system with the Chinese, Italian, American, and Singaporean subsidiary general managers.

**A strong financial foundation.**

In the event of an emergency, SMC can provide a safe and solid financial base (with cash, deposits, and equity capital) that will sufficiently cover the working capital and funds needed to rebuild buildings and equipment required for business continuity. This is done to provide our customers and workers alike with a peace of mind.

## Information security (applicable to all departments)

**Strengthened information security with a globally maintained unified infrastructure.**

(Server, Firewall, Network Equipment, PCs, Security Tools)

**Prevention of cyber attacks, automatic detection, and strengthening of the monitoring system.**

**Installation of data centres to establish a disaster recovery system.**

# Business continuity risks and countermeasures

## Business continuity risks

No matter how cautiously we strive to manage our businesses, there is always the risk of an unavoidable accident or disaster occurring.

In order to be as best prepared as possible for such unforeseen circumstances, it is essential to create a system to minimize damage and speed up recovery, that is, to formulate a business continuity plan (BCP).

Categories of risk	Risk factors
External risks	Natural disasters, cyberattacks, geopolitical risks, conflicts between nations, terrorism, exchange rate fluctuations, soaring material costs, difficulty obtaining materials, transportation issues, compliance violations by partner companies, power shortages/failures, communication issues, nuclear accidents, infectious diseases, etc.
Internal risks	Non-compliance, environmental compliance/decarbonisation, antitrust law violations, labour issues, insufficient production capacity, poor product quality, information leakages, employee scandals, improper accounting

## Most common risks to production activities

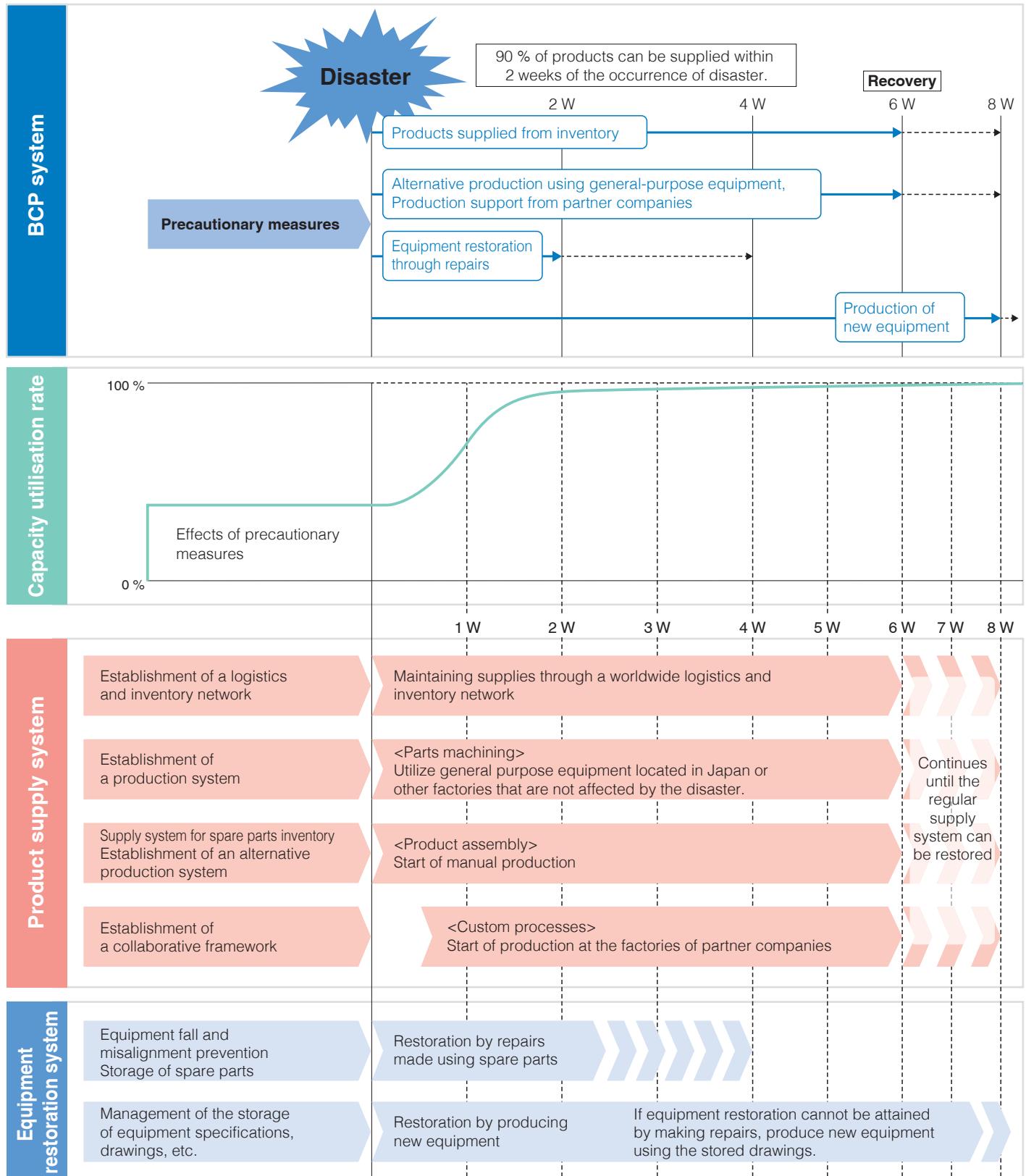
<b>Natural risks</b>	<b>Earthquakes, fires, typhoons, floods, sedimentation, eruptions, heavy snowfall, lightning, tornados, pandemics, etc.</b>
	



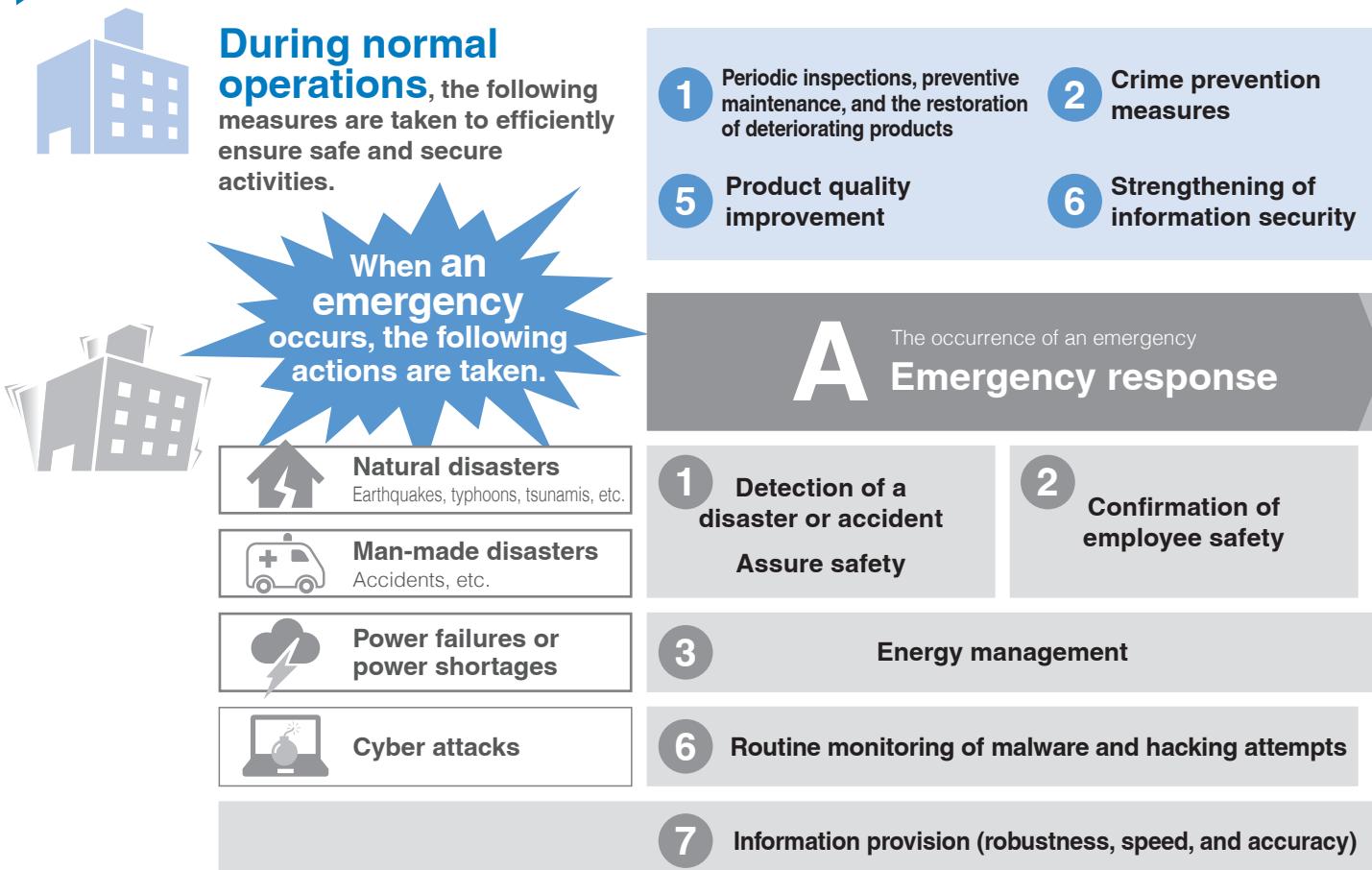
SMC has evaluated the degree of impact on our production in the event of an earthquake. As a result of this evaluation we've set targets for the product supply recovery time and have formulated proactive measures and business continuity plans in the event of such a disaster.

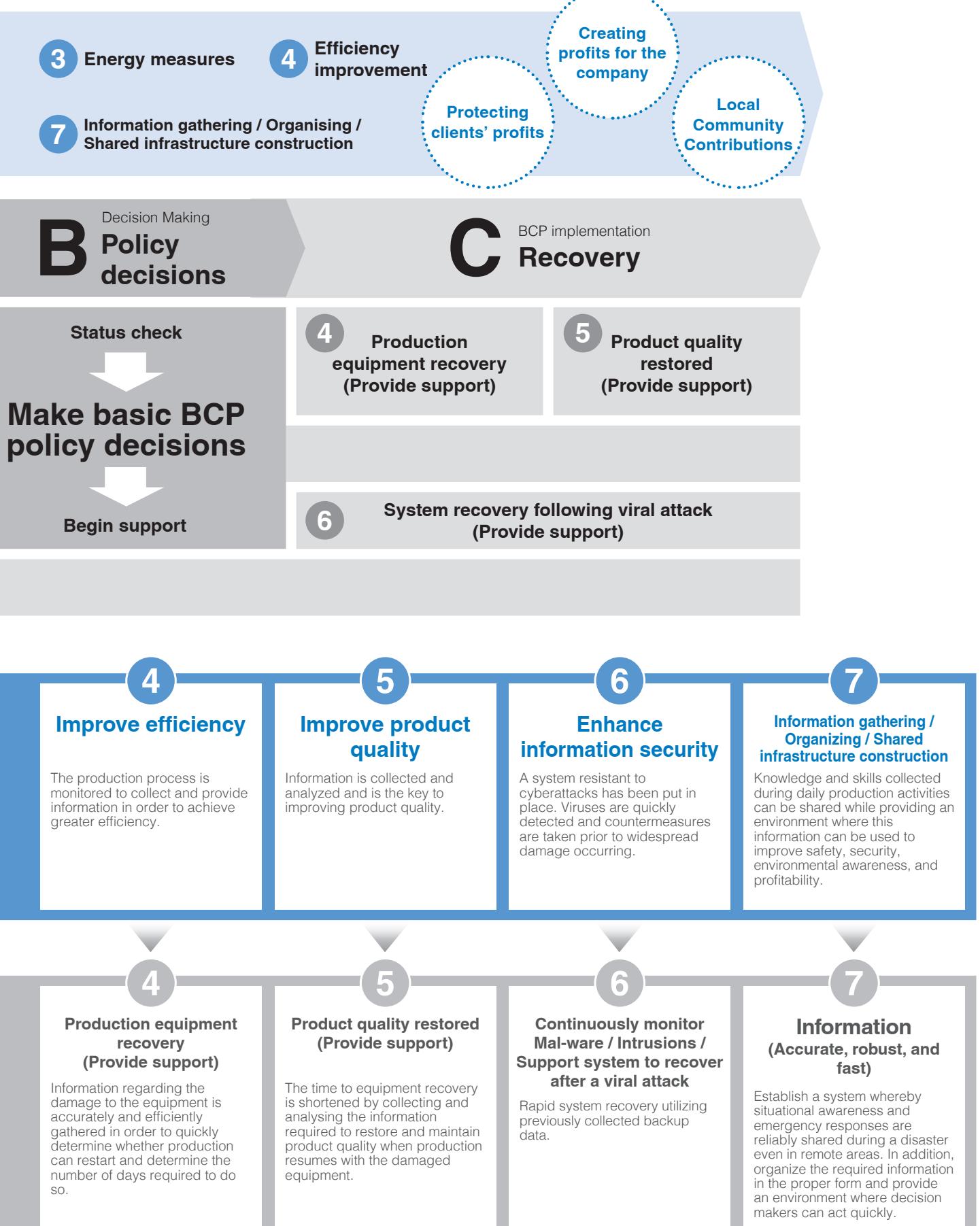
## Systems for the restoration of equipment and product supply

**90 % production supply system recovery within 2 weeks** after a disaster



# Routine efforts and emergency response efforts





# A global production and logistics network providing the world with a stable and continuous supply of high-quality products



Production department

**90 % production supply system recovery within 2 weeks after a disaster**

## Mass production factory Risk hedging

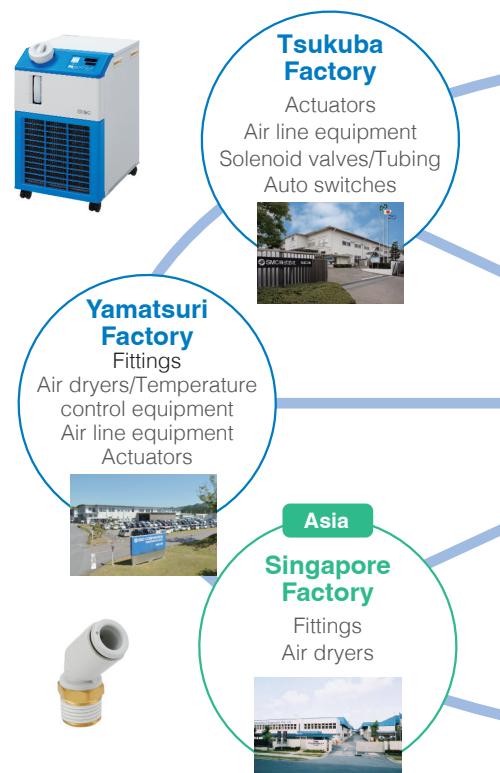
### Production system BCP

#### <Product supply system>

- 1 Maintaining supplies with a worldwide logistics and inventory network
- 2 Transferring production to factories outside the disaster
- 3 Backup production performed by cooperating companies
- 4 Equipment recovery: Recovery possible with new equipment installations and repairs.

#### <Product supply system>

- 1 Disaster cooperation arrangement with local governments (domestic)  
Tsukubamirai City, Kamaishi City, Tono City, Town of Yamatsuri
- 2 Tono Supplier Park (Scheduled to start operation in spring 2023) Integrated production system allowing for the timely supply of high-quality products through collaboration.



## Distribution warehouse Risk hedging



\* BCPs are supported with product inventory held at each of the global sales offices.



\*1 To be supported soon

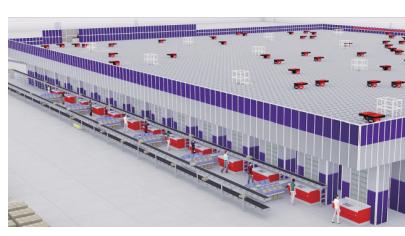
### West Japan Logistics Centre



### China Warehouse

Scheduled to start operation in 2025

### U.S. Central Warehouse



Automated warehouse introduction

SMC provides products to world markets from six domestic production facilities, including our Soka (Saitama Pref.) and Tsukuba (Ibaraki Pref.) factories, as well as from overseas production facilities in China, Singapore, India, Vietnam, and the Czech Republic.

Additionally, in order to respond quickly and flexibly to the demands of local markets outside of Japan, overseas production facilities have been established in SMC subsidiaries around the world.



Production department

## 1 Domestic production facilities (Japan)



Soka Factory (Saitama Pref.)



Kamaishi Factory  
(Iwate Pref.)



Tsukuba Factory (Ibaraki Pref.)



Tono Factory (Iwate Pref.)



Shimotsuma Factory  
(Ibaraki Pref.)



Yamatsuri Factory  
(Fukushima Pref.)



Shimotsuma Second Factory





## Production facilities in about 30 countries and regions

**Countries and regions in Asia and Oceania**  
(Japan, China, Korea, Singapore, India, etc.)

**Countries in Europe and Africa**

(Germany, England, France, Spain, Czech Republic, etc.)

**Countries in North, Central and South America**

(United States of America, Mexico, Brazil, etc.)

## Distribution warehouses: 5 countries and regions

(Japan, United States of America, Belgium, China, and Korea)

## 2 Key overseas production facilities



China Factory (Beijing)



China Factory (Tianjin)



Singapore Factory



India Factory



Vietnam Factory



Czech Factory

## 3 Overseas local production facilities

### Americas



United States of America



Brazil



Mexico

Argentina  
Chile

### Europe and Africa



Germany



United Kingdom



Italy

Austria  
Switzerland  
Spain  
Turkey

France  
South Africa

### Asia and Oceania



Australia



Korea



China (Guangzhou)

Indonesia  
Thailand  
Taiwan  
New Zealand

Philippines  
Hong Kong  
Malaysia

# SMC's global engineering network



Technical department

## ■ Global engineering network established

Technical centres have been established in Japan, the U.S., Europe, and China in order to provide accurate and rapid responses to the requests of our customers around the world. In addition, our strong global engineering network, which facilitates information sharing between technical centres, has allowed us to put solid BCPs in place in order to prepare for any possible emergency. This allows us to provide homogenous technical servicing anytime, anywhere in the world.

### Technical division global backup system

We are continuously working to improve our backup systems so that operations can continue from home, satellite offices, and overseas technical centres in the event of a disaster, pandemic, etc.

## ■ Backup of business systems

Through the strengthening of our data centres, we are able to strengthen our data backup system as a whole (CAD, drawing data, technical data, etc.).

## ■ Japan Technical Centre (JTC) function backup

This allows overseas technical centres to be able to cover the functions of the JTC, namely product design development and technical support, in the event of an emergency.

### JTC Japan Technical Centre (Japan)



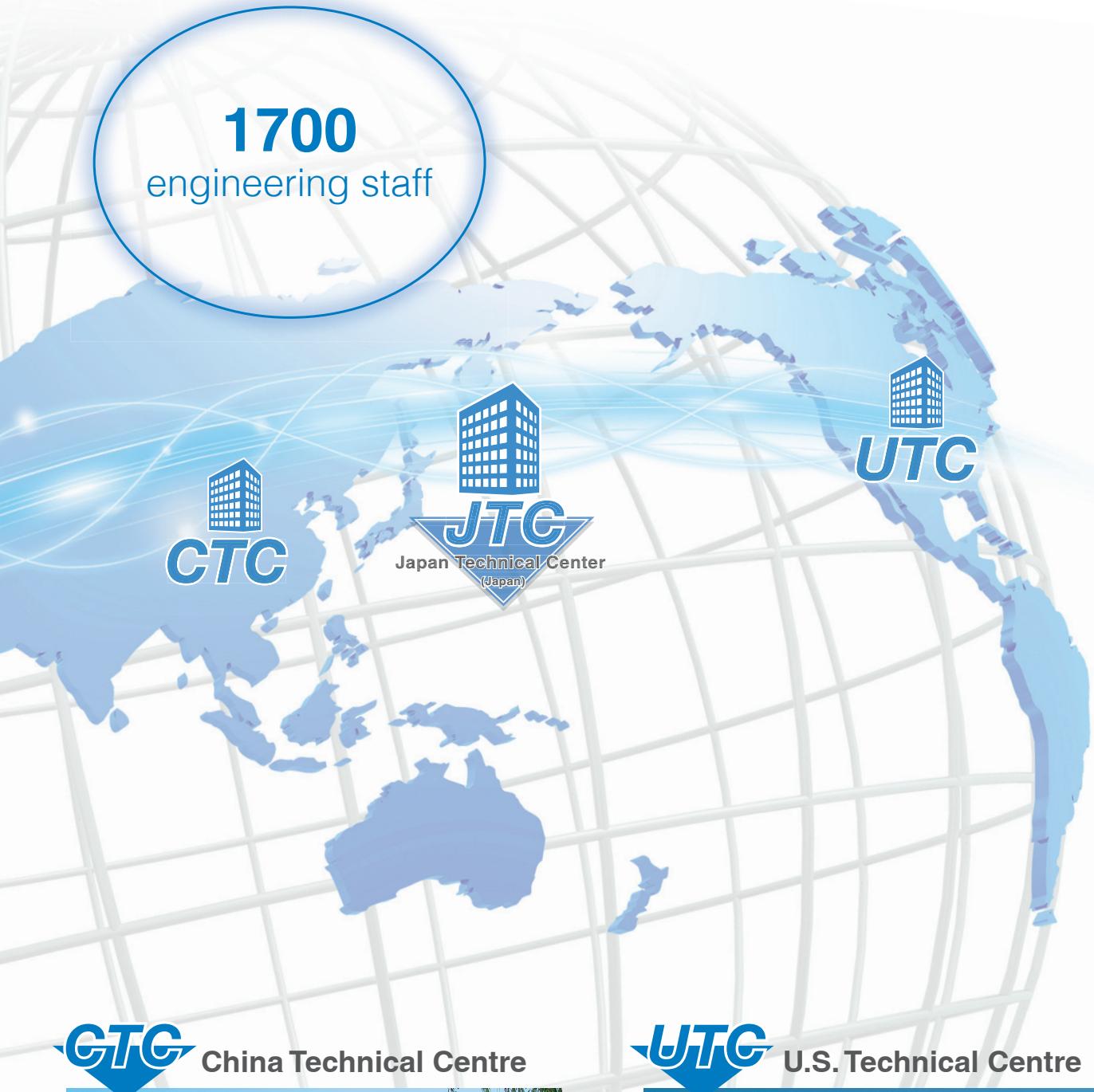
### ETC European Technical Centre (United Kingdom)



### GTC German Technical Centre



**1700**  
engineering staff



**CTC** China Technical Centre



**UTC** U.S. Technical Centre



## SMC Support Program

By providing the latest pneumatic technology, SMC continues to create solutions for your automation needs.



### 1 Dedicated corporate account manager

An SMC Corporate Account Manager is assigned as your one-point person of contact. They work closely with your Corporate HQ Sponsors, Engineers and all production facilities - to deliver, create, manage and execute all collaborative program objectives.



### 2 Local factory support

SMC has over 6,000 local sales engineers in about 80 countries to support all of your local production facilities.



### 3 Design engineering support

To fully support your Engineers  
- SMC has 1700 dedicated R&D Engineers that can develop new products or solutions. SMC can quickly customize or modify existing components to meet design standards or unique applications.



### 7 Compressed air energy savings assessments

SMC has developed a Streamlined Energy Savings Assessment program for our Corporate Accounts. Our goal is to find innovative solutions to reduce waste of compressed air in the factory environment.



### 8 Machine analysis assessments

SMC will perform plant level machine analysis to improve machine performance, identify waste, reduce scrap rate and improve line efficiency.



### 9 Storeroom assessments

SMC will perform plant level storeroom assessments to reduce vendor base, eliminate duplication, standardize components, identify critical spares and offer cost savings solutions.

## ■ The sales network in about 80 countries and regions is supported by 8300 global sales staff members

Through our overseas network, SMC has established a solid reputation as a reliable international brand and currently holds the largest global market share of over 30 %. We aim to leave customers worldwide with nothing to be desired. By increasing the numbers of sales locations and staff, we hope to continue to exceed the expectations of our customers in different countries and regions.

## ■ Managing client data through Sales Connect (CRM)

Customer information from countries around the world is managed using CRM.



### **4 Machine safety support**

SMC will work with your engineering staff and local facilities for design assistance related to plant safety upgrades to meet Machine Directives, ISO 13849-1 or EN 62061.



### **5 OEM machine supplier support**

SMC will support your OEM Machine suppliers with the integration of SMC specified components. SMC will provide pricing support, innovative design assistance and SMC project management to ensure on-time delivery and commissioning of new machines or lines.



### **6 Critical spare parts for new OEM machines**

SMC will work with local factories receiving new OEM machines - to ensure all critical spare parts are available and onsite prior to production.



### **10 High usage spare parts analysis**

SMC will work with all local plants to identify high usage pneumatic components. SMC will conduct failure mode analysis and offer robust alternatives to ensure better performance and uptime on machines where components are used.



### **11 Improvement activity reports**

SMC will document all Corporate Account application successes with Improvement Activity Reports (IAR's). These IAR's are a one-page overview of the application - highlighting operational improvements, energy savings, cost savings details or plant process improvements. These IAR's are designed to be shared with other facilities to duplicate activity.



### **12 Onsite & online training classes**

SMC offers customized onsite and online training classes - on a variety of subjects related to pneumatic components, electric actuators, energy savings, optimal machine design and TPM methodologies.

# Global information security



Production  
Department

**Strengthening our management system to assure that our customers' vital information is utilized in the safest manner possible is a top priority.**

■ **Strengthened information security with a globally maintained unified infrastructure**

(Server, Firewall, Network Equipment, PCs, Security Tools)

■ **Prevention of cyber attacks, automatic detection, and strengthening of the monitoring system**

■ **Installation of data centres to establish a disaster recovery system<sup>\*1</sup>**

■ Implementation of strong security measures within several unified data centres.

- We'll build the latest disaster recovery system to detect and take countermeasures against the spread of virus and cyber attacks. The system will constantly monitor for malware and intruders. When an infection is detected, the system will recover in a short time span due to system redundancy.



\*1 A "Disaster Recovery" refers to a disaster preparation plan for a rapid recovery and repair of a system after a catastrophic failure due to natural disasters such as earthquakes, tsunamis, or man-made disasters from terrorism and unauthorised intrusions, etc. This plan maximizes efficiencies and minimizes downtime for early recovery.

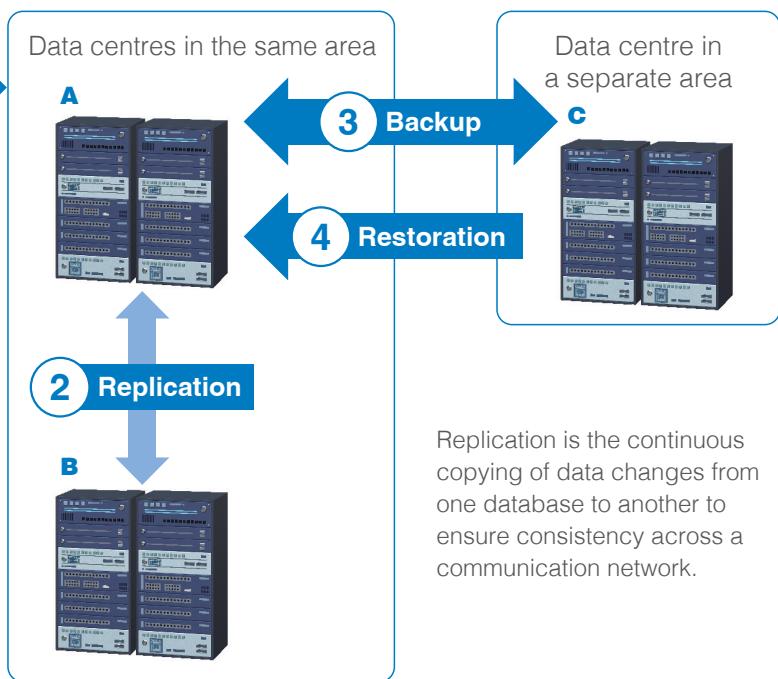
## Email security

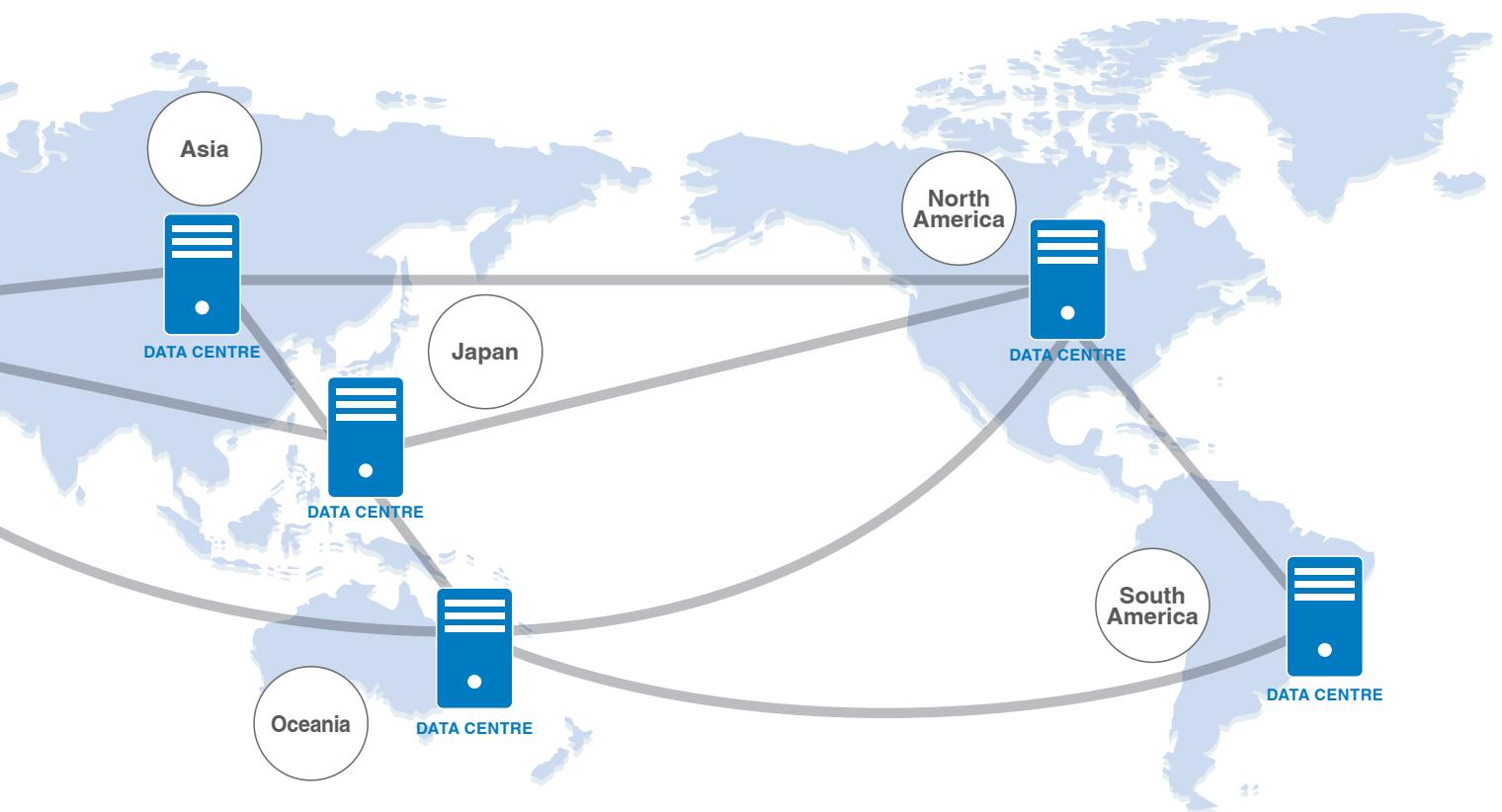


1 High security

## Client security

Cyber hygiene	An environment that makes it difficult for cyber incidents to occur is created through the strict cyber hygiene management of all PCs.
Management	Password and information leaks are prevented by managing the passwords of each employee.
Protection	Various measures are taken to protect PCs and servers against cyberattacks and prevent the spreading of viruses.
Incident handling	With the help of specialists, incident analysis and processing is conducted. Progress and results are stored until the incident has been completely dealt with.
Education	The "human firewall" is strengthened by raising awareness of information security among employees.



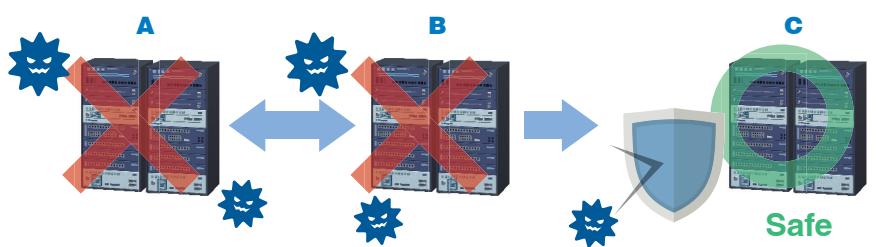


### When a disaster occurs



If system troubles occur in one location due to a disaster, another location can offer backup via the replication data. And in regular times, it is useful for load sharing.

### When a cyberattack occurs



Should the servers in locations **A** and **B** face system troubles due to a cyberattack, they can be restored quickly using backup data from location **C**.  
\* Due to replication, the servers in locations **A** and **B** will face the same system troubles in the case of a cyberattack.

# Great east Japan earthquake response: Kamaishi Factory —

Magnitude 7 earthquakes were not a rare occurrence in the Kamaishi area. Because of this, countermeasures had already been implemented when the Great East Japan Earthquake hit, allowing us to minimize damage and promptly restore production afterward. (Production resumed within 8 days of the quake.)

## 1 Infrastructure

Satellite telephones are installed at each factory to ensure calling capability.



Large electric power generators (with capacity sufficient to supply power for 2 days at 80 % operating level) are installed at every factory.



## 2 Layout viewable from the front to the back (no dead ends are formed)

In normal times: effective for the early discovery of problems, In times of emergency: widened pathway allows for prompt evacuation

- Layout change

### Double-I line



- Easier discovery of injured workers and improved evacuation routes

### Main access pathway



### Line intervals



## 3 Emergency supplies: Regular warehouse inspections to confirm that a 3 day supply of food is always available

- Emergency supplies warehouse



## 4 Measures to prevent the falling over, falling down, or falling off of supplies and equipment

### Measures to prevent equipment from falling over

- Large equipment secured by L-brackets



### Measures to prevent equipment and production materials from falling down

- Secured by wire



- Measures to prevent production materials from falling from shelves



# Structural resistance to natural disasters

Country	Factory name (Area)	Seismic intensity resistance	Estimated seismic intensity	Liquefaction risk	Sea level [m]	
Japan	Soka Factory (Saitama Pref.)	Upper 6 to 7 *2	Lower 6 *2	No	Slightly high	
	Tsukuba Factory (Ibaraki Pref.)				19 (9.8) *1	
	Kamaishi Factory (Iwate Pref.)				12	
	Yamatsuri Factory (Fukushima Pref.)				158	
	Tono Factory (Iwate Pref.)	Upper 5 *2	Lower 6 *2		360	
	Shimotsuma Factory (Ibaraki Pref.)				28	
	◇ Japan Technical Center (Ibaraki Pref.)				16	
	◇ Head Office (Tokyo)				Slightly high	
China	Beijing Factory	8 degrees	—	No	28	
	Tianjin Factory				3.8	
Singapore	Singapore Factory (Jurong)	No	No	No	4.5	
India	India Factory (Noida)	Zone 4 standards	Zone 4/IS standards (MSK VIII)	No	200	
Vietnam	Vietnam Factory (Ho Chi Minh)	Set according to local seismic force standards Seismic force of 0.0374	No	No	40	
Czech Republic	Czech Factory (Vyškov)	3 to 4	No	No	254	

\*1 The value in brackets is for the Tsukuba 3rd Factory.

◇ Non-factory locations included for reference purposes

United States of America	U.S. Factory (Indiana)	B standards	B standards	NEHRP standards C/D	236
Korea	Korea Factory (Daejeon)	Standards for seismic intensities of 6 *2	Standards for seismic intensities of 6 *2	No	36

\*2 Seismic intensity scale of Japan

3	Felt by most people in buildings. Felt by some people walking. Many people are awakened from sleep.
4	Most people startled. Felt by most people walking. Most people awakened from sleep.
5 Lower	Many people frightened enough to feel the need to hold onto something stable.
5 Upper	Many people find it hard to move. Walking is difficult within holding onto something stable.
6 Lower	Shaking makes it difficult to remain standing.
6 Upper & 7	Impossible to remain standing without crawling. People may be thrown into the air.



Expertise – Passion – Automation

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