

CSR Activity Management

Our Results for FY2017 and Our Targets for FY2018

1. Environmental and Social Efforts

Level of achievement: ○ = Target achieved; △ = Target nearly achieved

Theme	Medium-term target	FY2017 target	FY2017 results	Level of achievement	FY2018 target
Promoting activities to lower our environmental impact	Development of activities from FY2016 to FY2018 in accordance with the Environmental Protection Program (Stage 8)	<ul style="list-style-type: none"> • Reductions in CO₂ emissions Hold to an increase of 13.1% over the base year • Reductions in generation of waste Hold to an increase of 39.3% over the base year • Reductions in use of water resources Implement measures to reduce water use by 1.5% of amount used in base year • Green procurement <ul style="list-style-type: none"> • Make requests and provide support to 100% of primary suppliers that have secondary suppliers • Perform surveys on 100% of applicable suppliers • Survey response rate: 90% 	<ul style="list-style-type: none"> • Reductions in CO₂ emissions Held to an increase of 11.3% • Reductions in generation of waste Held to an increase of 18.9% • Reductions in use of water resources Implemented measures to reduce water use by 1.8% • Green procurement <ul style="list-style-type: none"> • Requests made and support provided to primary suppliers that have secondary suppliers: 100% • Surveys performed on applicable suppliers: 100% • Survey response rate: 100% 	○	<ul style="list-style-type: none"> • Reductions in CO₂ emissions Hold to an increase of 13.8% over the base year • Reductions in generation of waste Hold to an increase of 25.0% over the base year • Reductions in use of water resources Implement measures to reduce water use by 1.3% of amount used in base year • Green procurement <ul style="list-style-type: none"> • Make requests and provide support to 100% of primary suppliers that have secondary suppliers • Perform surveys on 100% of applicable suppliers • Survey response rate: 90%
Promoting reductions in environmental and safety risk	Reduce environmental and safety risk by promoting hazard prediction (HP) activities and strengthening plant patrols	<ul style="list-style-type: none"> • Promote HP activities • Reduce environmental and safety risk 	<ul style="list-style-type: none"> • Implemented HP during maintenance work (all plants) • Implemented inspections based on annual comprehensive safety inspection plans 	○	<ul style="list-style-type: none"> • Promote HP activities • Reduce environmental and safety risk
Initiatives to protect the local environment	<ul style="list-style-type: none"> ◆ Conduct environmental volunteering ◆ Conduct beautification activities around plants and in the community 	<ul style="list-style-type: none"> • Conduct environmental volunteering co-sponsored by labor and management through an adopt-a-forest program in Iizuna Town • Conduct environmental beautification activities at all plants 	<ul style="list-style-type: none"> • Iizuna Town adopt-a-forest program Conducted tree planting, etc. twice a year (June and October) • Conducted beautification activities at all plants (June–July) 	○	<ul style="list-style-type: none"> • Conduct environmental volunteering co-sponsored by labor and management through an adopt-a-forest program in Iizuna Town • Conduct environmental beautification activities at all plants
Coexistence and dialogue with local communities	Engage with local communities through participation in local events and plant tours, etc.	<ul style="list-style-type: none"> • Engage with members of local communities through participation in local events and contribute to community revitalization • Engage with local communities through plant tours 	<ul style="list-style-type: none"> • Gave support to various local events, participated in summer festivals, and held dialogues with local governments • Provided plant tours for neighborhood residents and students 	○	<ul style="list-style-type: none"> • Engage with members of local communities through participation in local events and contribute to community revitalization • Engage with local communities through plant tours

2. Profit and Growth / Shareholders and Investors

Theme	Medium-term target	FY2017 target	FY2017 results	Level of achievement	FY2018 target
Enhancing corporate value through strengthened governance	Reinforce the corporate governance system by centering it on adherence to the Corporate Governance Code	<ul style="list-style-type: none"> Promote initiatives that encourage adherence to the principles of the Corporate Governance Code 	<ul style="list-style-type: none"> Dealt with unimplemented items (reduced from 3 to 1), enhanced initiatives in line with the principles of the Code 	○	<ul style="list-style-type: none"> Promote initiatives that encourage adherence to the principles of the Corporate Governance Code; respond to code revisions
Enriching our dialogues with shareholders and investors	Examine and implement measures to put in place systems that facilitate constructive dialogue with shareholders and investors	<ul style="list-style-type: none"> Examine and implement measures to enhance constructive dialogue Enhance disclosed information 	<ul style="list-style-type: none"> Participated in an IR forum; made individual visits and responded to institutional investors Added and improved information on our IR website; complied with disclosure rules 	○	<ul style="list-style-type: none"> Consider and implement measures to promote constructive dialogue with shareholders and investors Improve dissemination of information to shareholders and investors
Risk management	<ul style="list-style-type: none"> Strengthen preventive measures for all kinds of risks, enhance ability to respond at times of risk and to deal with and recover from risks when they occur Reinforce disaster prevention systems across the whole company Promote business continuity management (BCM) 	<ul style="list-style-type: none"> Understand important risks and consider and review countermeasures beforehand Establish emergency response systems, ensure safety through continuous education and training for employees Bolster countermeasures for safety of buildings and equipment Raise employees' risk awareness, firmly establish business continuity management (BCM) 	<ul style="list-style-type: none"> Conducted potential risk survey and management review Conducted simultaneous self-defense fire-fighting and evacuation drill across the company and other training Reinforced buildings' earthquake resistance, prevented communal use equipment and production equipment from falling over Conducted rank-specific education and company-wide BCM education 	○	<ul style="list-style-type: none"> Understand important risks and consider and review countermeasures beforehand Establish emergency response systems, ensure safety through continuous education and training for employees Bolster countermeasures for safety of buildings and equipment Raise employees' risk awareness, promote business continuity management (BCM)

3. Global

Theme	Medium-term target	FY2017 target	FY2017 results	Level of achievement	FY2018 target
Providing opportunities and active support for competence development	Nurture human resources who can play an active role at a global level	<ul style="list-style-type: none"> Strengthen education to enhance English skills 	<ul style="list-style-type: none"> Provided in-house English conversation classes, business skills classes, and correspondence/online classes, and sent employees to global competency training 	○	<ul style="list-style-type: none"> Expand training programs for developing global-minded human resources
Strengthening overseas compliance system framework	Reduce risk and reinforce compliance framework by promoting the Global Compliance Program (GCP)	<ul style="list-style-type: none"> Examine and implement measures in line with the GCP (prepare rules, compliance education, etc.) Check and follow up on the risk situation, strengthen the checking system 	<ul style="list-style-type: none"> Provided compliance related e-Learning and education for relevant persons Checked risk through hearings at sites and implemented follow-up 	○	<ul style="list-style-type: none"> Reinforce compliance in line with the GCP Understand risks, reduce risks by planning and implementing countermeasures

4. Employees

Theme	Medium-term target	FY2017 target	FY2017 results	Level of achievement	FY2018 target
Creating a vibrant corporate culture that takes into account the work-life balance	Provide a workplace environment that enables employees to continue to grow by supporting a balance between work and childcare	<ul style="list-style-type: none"> Promote initiatives aimed at Transforming Work Styles 	<ul style="list-style-type: none"> Established a Labor-Management Council, drew up and announced a Joint Labor-Management Declaration, promoted various initiatives, etc. 	○	<ul style="list-style-type: none"> Strengthen initiatives on Transforming Work Styles Support female employees in forming a career and develop a working environment to promote active participation
		<ul style="list-style-type: none"> Promote initiatives to encourage active participation by women 	<ul style="list-style-type: none"> Enhanced the content of rank-specific education, raised awareness through manager training 		
Fair evaluation and fair pay	Strengthen the appropriate operation of personnel systems built on compensation structures that match the responsibility shouldered by each person	<ul style="list-style-type: none"> Improve newly appointed managers' understanding of personnel systems 	<ul style="list-style-type: none"> Conducted evaluator training for new managers and employees in line for promotion to a manager 	○	(Removed from targets but will continue activities)
		<ul style="list-style-type: none"> Improve understanding among persons whose duties have changed of the discharging of duties according to one's role 	<ul style="list-style-type: none"> Enhanced the content of rank-specific education 		
Providing opportunities and active support for competence development	Support younger employees in forming a career so as to allow a stream of female leaders and senior staff to emerge	<ul style="list-style-type: none"> Bolster support of career continuation for female employees 	<ul style="list-style-type: none"> Conducted seminars to support younger employees in forming a career, a work-life balance seminar for employees who are raising children 	○	(Integrate into the above target, "Support female employees in forming a career and develop a working environment to promote active participation")
	Enhance training to develop human resources that will forge the future (from FY2018)	-	-	-	<ul style="list-style-type: none"> Enhance training to develop human resources that will forge the future
Promoting health, safety and fire and disaster prevention activities, achieving a safe, comfortable and accident-free workplace	<ul style="list-style-type: none"> Thorough implementation of safe operation through systematic safety measures for equipment, etc., in addition to strengthening and promotion of autonomous health and safety activities Creation of a comfortable workplace and maintaining / enhancing employee health 	<ul style="list-style-type: none"> Promote health, safety and fire and disaster prevention activities that adhere to relevant health, safety and fire and disaster prevention laws, regulations and requirements 	<ul style="list-style-type: none"> Formulated targets and implemented activities based on management manual; strengthened management of protective equipment related to chemicals 	○	<ul style="list-style-type: none"> Promote health, safety and fire and disaster prevention activities that adhere to relevant health, safety and fire and disaster prevention laws, regulations and requirements Raise safety awareness among all employees, promote and reinforce our "5S" program Promote continuing risk reduction activities by identifying and evaluating dangers and causes of harm Reduce employee fatigue and stress and encourage prevention of lifestyle diseases
		<ul style="list-style-type: none"> Raise safety awareness among all employees, promote and reinforce our "5S" program 	<ul style="list-style-type: none"> Conducted safety education programs throughout the company (traveling / e-Learning), as well as patrols before consecutive holidays, traffic safety awareness raising campaigns and education, etc. 		
		<ul style="list-style-type: none"> Promote continuing risk reduction activities by identifying and evaluating dangers and causes of harm 	<ul style="list-style-type: none"> Carried out risk assessments (safety week, before major holidays, chemical substances), identified risks through patrols by members of the Safety and Health Committee 		
		<ul style="list-style-type: none"> Reduce employee fatigue and stress and encourage prevention of lifestyle diseases 	<ul style="list-style-type: none"> Specific health guidance, deterring long amounts of overtime, feedback trainings on stress checks, mental health training, etc. 		

5. Customers

Theme	Medium-term target	FY2017 target	FY2017 results	Level of achievement	FY2018 target
Thoroughly grounding our activities in the customer's point of view and strengthening relationships of trust with customers	<ul style="list-style-type: none"> Fair trade and compliance Acquisition of products and services knowledge, promotion of development and nurturing of communication competence 	<ul style="list-style-type: none"> Review management standards in security trade and ensure thorough control through education for relevant departments 	<ul style="list-style-type: none"> Reviewed a Security Trade Control Compliance Program, conducted training for overseas sales companies and representative office 	○	<ul style="list-style-type: none"> Increase compliance awareness through education and training for relevant departments on the security trade control system

6. Suppliers

Theme	Medium-term target	FY2017 target	FY2017 results	Level of achievement	FY2018 target
Promoting CSR throughout the supply chain	Disseminate and thoroughly establish the Shinko Procurement Policy and procurement guidelines	<ul style="list-style-type: none"> Make sure suppliers are aware of the procurement policy Give CSR questionnaires to main suppliers Check CSR situation for subcontractors working on the premises Develop mechanism to ensure new suppliers are aware of the procurement policy and evaluate them 	<ul style="list-style-type: none"> Made sure all suppliers in and outside Japan were aware Examined an evaluation method and feedback, conducted feedback on questionnaire (100% response rate) Checked the situation on premises using the CSR questionnaire (twice yearly) Not addressed, so carried over to activities for the next fiscal year 	△	<ul style="list-style-type: none"> Make sure suppliers are aware of the procurement policy Give CSR questionnaires to main suppliers Check CSR situation for subcontractors working on the premises Develop mechanism to ensure new suppliers are aware of the procurement policy and evaluate them
Promoting conflict minerals surveys and due diligence	Implement surveys of conflict minerals used in purchased products, promote due diligence with regard to raw materials all the way upstream	<ul style="list-style-type: none"> Promote upstream surveys of raw materials using the EICC template and due diligence 	<ul style="list-style-type: none"> Conducted surveys, interviews, and risk assessments, made procurement improvement requests based on risk assessments 	○	<ul style="list-style-type: none"> Promote upstream surveys of raw materials using the RMI template and due diligence
Promoting BCP surveys of purchased products and drawing up BCP	Implement BCP surveys for purchased products, promote drawing up of BCP	<ul style="list-style-type: none"> Reduce risk through BCP surveys and drawing up of BCP 	<ul style="list-style-type: none"> Conducted BCP surveys, interviews based on survey results and risk assessments, made improvement requests 	○	<ul style="list-style-type: none"> Reduce risk through BCP surveys and drawing up of BCP