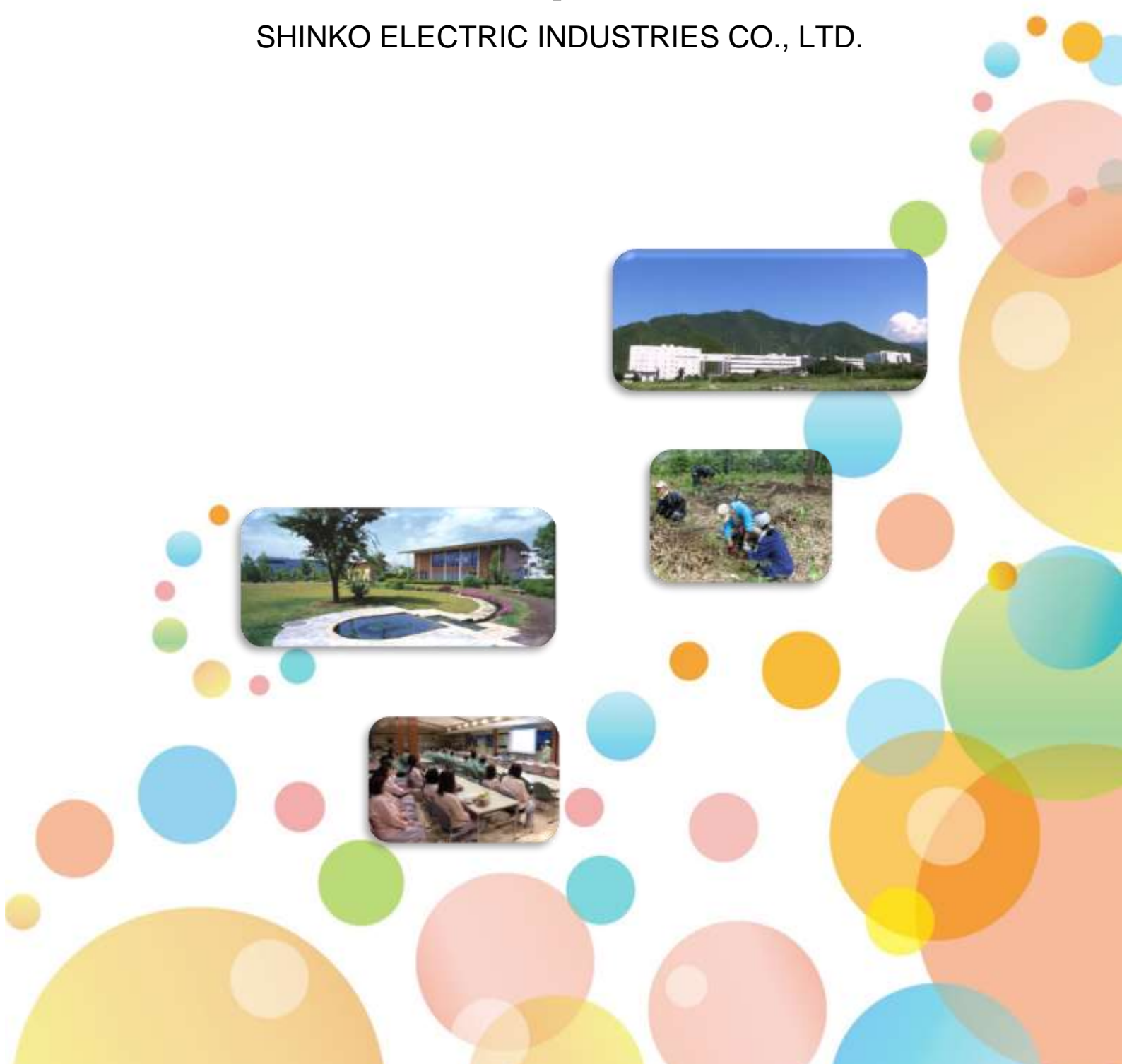




Environmental and Social Report 2016

SHINKO ELECTRIC INDUSTRIES CO., LTD.



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Message from the President

By practicing the Shinko Way, which gathers together our corporate vision, the values that we hold dear, and the standards that we should follow in our daily behavior, the Shinko Group aims to contribute to both local communities and international society. To contribute, as a public entity of society, to the development of a sustainable society, present-day companies are required to develop their business operations in a way that takes into account the environment, society and governance (ESG). Within the Shinko Group, employees work together with a common purpose to promote activities related to ESG.

With regard to protecting the environment, as part of our social responsibility as a manufacturing company, we positioned this as one of the most important issues for management and implemented measures from early on to deal with global warming, improving energy saving and reducing waste generation. To utilize limited resources and energy more efficiently in our business operations, we established resource and energy-reduction projects in FY2013, and our efforts to meet these challenging targets resulted in improvements to our traditional activities.

On a number of other issues, including human rights and health and safety, targets have been set in accordance with the Shinko Way and a succession of activities developed in each implementation department. We also benefit from the understanding and cooperation of our suppliers in our initiatives and aim to promote social responsibility through the supply chain as a whole.

Moreover, as we regard them as the foundation of the Group's ability to achieve sustainable growth and contribute to society, we will also focus on strengthening corporate governance, implementing thorough compliance and promoting risk management. As part of this strategy, Shinko obtained a resolution at the Ordinary General Meeting of Shareholders in June 2016 to shift from the previous Board of Auditors system to an Audit and Supervisory Committee system, to further bolster the corporate governance framework.

Going forward, we will work to make these initiatives more effective by reflecting the expectations and opinions of all our stakeholders in the activities of the Shinko Group, enhancing them to open the way to further improvements in corporate value. It is my sincere hope that this report facilitates your understanding of the initiatives of the Shinko Group that are introduced within and that you will continue to favor us with your support and encouragement.

In 2016, Shinko celebrated the 70th anniversary of its founding. Since it was established in the postwar era, Shinko has overcome many challenges, achieved through the support of many persons including our customers, suppliers, shareholders and members of local communities. Once again, I express our deepest gratitude.

Seizing the opportunity of our 70th anniversary, we are preparing for another leap forward while always keeping in mind our role as a company that is both widely trusted and that continues to take an active part in the creation of a prosperous society.



A handwritten signature in black ink, which appears to read "M. Shimizu". The signature is fluid and cursive.

Mitsuharu Shimizu
President and Representative Director
SHINKO ELECTRIC INDUSTRIES CO., LTD.

The Shinko Group's Products and Business Fields

Overview of Products

Shinko was established in September 1946. We began by recycling lamps for home use, expanded into lamps for telephone switchboards, and then moved into the field of semiconductors, developing into a comprehensive manufacturer of semiconductor packages.

The Shinko Group draws on the vacuum technology, metallic material processing technology and glass sealing technology that we cultivated in the lamp business, as well as the improved versions of these technologies, in developing and manufacturing our diverse lineup of semiconductor packages.

◆ PLASTIC LAMINATED PACKAGES

Our plastic laminated packages using organic resin materials were created to meet the need for high-speed and high-density packaging.

They are mainly used in microprocessing units (MPUs) in computers and servers as well as a range of microcomputers, memories, ASICs, graphic accelerators, and automotive applications.



Flip-Chip Type Packages



Plastic BGA Substrates

◆ COMPONENTS

Hermetic glass-to-metal seals with excellent electrical properties are used in semiconductor lasers and automotive sensors.

We also manufacture components such as ceramic electrostatic chucks for semiconductor manufacturing equipment and heat spreaders that efficiently disperse heat from IC chips.



Various Glass-to-Metal Seals



Ceramic Electro Static Chucks

◆ LEAD FRAMES

Our lead frames are highly versatile IC packages made with thin metal sheets. They are used in a range of microcomputers, memories, and ASICs. Our lineup includes super fine-pitched lead frames suitable for microchips, quad flat non-leaded packages (QFNs) suitable for smaller and thinner devices, lead on chips (LOCs) for memories, and lead frames with heat slugs for automotive applications and power ICs requiring high heat dissipation.



Super Fine-Pitched Lead Frames



QFN-Type Lead Frames

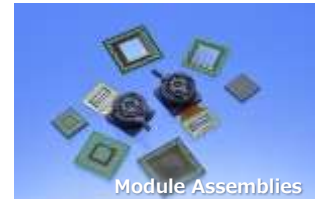
◆ ASSEMBLIES

We undertake contract processing of semiconductor devices that meet demands for high-performance, multi functionality, and miniaturization.

We offer flip-chip assemblies that are superior in terms of high-speed and miniaturization, IC assemblies with embedded active and passive components, as well as modules mounted with multi IC chips and passive components.



IC Assemblies with Embedded Active Components



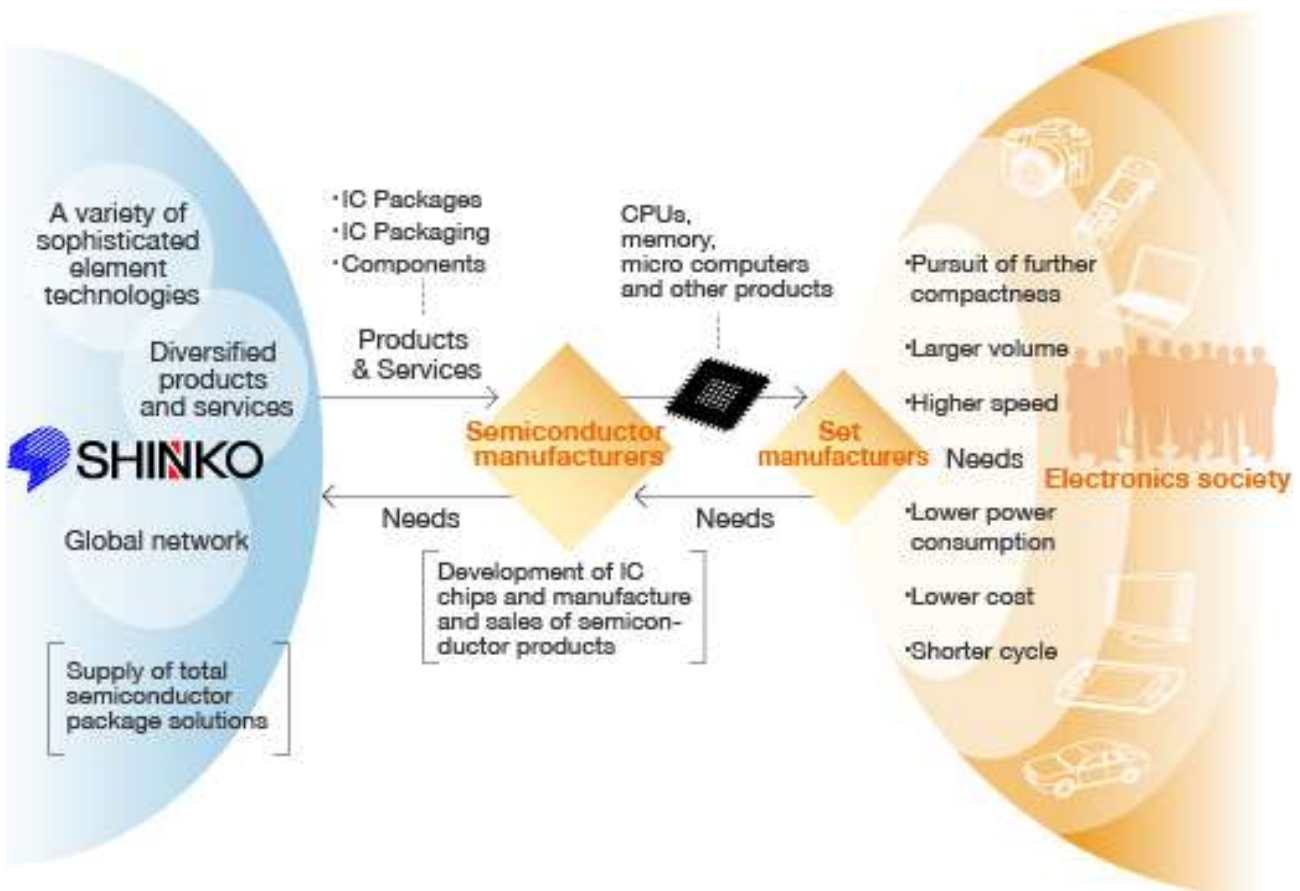
Module Assemblies

The Shinko Group's Business Fields

◆Interconnecting Our Future

Personal computers, mobile devices, digital appliances and other electronic products are indispensable in contemporary society, and their rapid dissemination supports people's abundant lives worldwide. A range of functions and information are compacted into IC chips, which serve as the "brain" for these products. These chips work only when they are connected electrically to other devices, and semiconductor packages—our mainstay products—have an important role in maximizing the potential functionality.

As an integrated manufacturer of semiconductor packages, the Shinko Group responds to needs such as more compactness and higher functionality that are requested by semiconductor and electronics manufacturers to contribute to manufacturing products that make people's lives more abundant.





Celebrating the 70th Anniversary of Our Founding

In September 2016, Shinko—which was founded in 1946—celebrated its 70th anniversary.

We wish to express again our gratitude for the support of all, including customers, suppliers, shareholders and members of local communities.

In the following pages, we will explain some of the background to the founding of Shinko and the philosophy that has been passed down through the years to the present day, as well as introduce part of the 70th anniversary commemorative activities.

A Foundation with its Roots in the Evacuee Factory

The history of the founding of Shinko dates back to the Nagano branch of the research department of Fuji Electric Manufacturing Co., Ltd. (now Fuji Electric Co., Ltd.), which had moved for safety to Nagano City, an area untouched by the destruction of war. Following the end of the war, the Nagano branch was destined to be shut down, but the two people responsible for managing the Nagano branch, the head of Fuji Electric Manufacturing research department and the factory manager who reported to him, resigned from Fuji Electric Manufacturing to prevent the dispersal of the technology and facilities as well as to protect the employment of those working at the Nagano branch. They resolved to continue their operations as a recycling factory for household light bulbs.

In this way, Nagano Katei Denki Saisei-jo was established in February 1946 with about 60 employees. This marked our corporate beginning. In September of the same year, Shinko took its first step forward when it was reorganized and renamed Shinko Electric Industries Co., Ltd.

The technology cultivated to recycle household light bulbs during the founding era later became the foundation for expanding manufacturing of many types of lamps, and for the development and manufacturing of Glass-to-Metal Seals and even for the move into the field of semiconductor packages. These inherited technologies are still key to the Shinko Group's business today.

A Business that Began with Recycling

The business began with the reuse of light bulbs, which one might call a kind of recycling and, from the founding to the present day, a concern for the environment, including recycling, has been one of the most important issues for management over the years as it has developed its operations. The Group has taken the initiative from an early stage in the reuse (recycling) of wastewater, heat and exhaust gases from the manufacturing process, in overseas production sites as well as in Japan.

As a manufacturing company with a duty to harmonize its corporate activities with the global environment, the Shinko Group drew up an Environmental Charter (now the Environmental Policy) in 1994. Since then, it has expanded environmental protection initiatives, such as the development of products and manufacturing processes with reduced environmental impact, throughout the Group.

Date	Main events (Shinko)
Feb. 1946	Nagano Katei Denki Saisei-jo established
Sep. 1946	Reorganized and renamed to Shinko Electric Industries Co., Ltd.
Nov. 1949	Began supplying No.2 lamps to Ministry of Telecommunications (now NTT)
May 1953	Began manufacturing and sales of Glass-to-Metal Seals
Jun. 1957	Fujitsu Ltd. made capital investment in Shinko, as it prepared to expand into semiconductor field
Dec. 1957	Opened Kurita Plant in Nagano City, Nagano Prefecture
Sep. 1960	Shinko Labor Union is formed
Jun. 1963	Opened Kohoku Plant (Kohoku Village of Nagano Prefecture, now Nagano City)
Jan. 1967	Company emblem (SD mark) created
Apr. 1968	Began manufacturing and sales of lead frames
Oct. 1974	Awarded the Labour Hygiene Management Award by the Minister of Labour
Sep. 1978	Opened Arai Plant (Arai City, Niigata Prefecture, now Myoko City)
Jul. 1979	Began sales of IC Assembly Number of employees exceeds 1,000
Sep. 1980	Opened Takaoka Plant (Nakano City, Nagano Prefecture)
Mar. 1984	Number of employees exceeds 2,000
Dec. 1984	Shares listed on the Second Section of the Tokyo Stock Exchange
Apr. 1985	Number of employees exceeds 3,000
Aug. 1988	Established Freon Gas Measures Committee (renamed to Ozone Layer Preservation Measures Committee in 1992 and to Environment Measures Committee in 1993)
Apr. 1990	Created new symbol / logo mark
Nov. 1991	Opened Wakaho R&D Center (now the Wakaho Plant) in Nagano City, Nagano Prefecture
Apr. 1992	Number of employees exceeds 4,000
Dec. 1993	Opened Kyogase Plant (Kyogase Village, Niigata Prefecture, now Agano City)
Jan. 1994	The Environmental Charter drawn up (renamed to the Environmental Policy in 2002)
Apr. 1995	Began manufacturing and sales of Plastic Laminated Package (PLP)
Sep. 1996	Shares listed on the First Section of the Tokyo Stock Exchange Ceremony held to commemorate the 50th anniversary of the founding
Oct. 2001	Environmental Management Report published (renamed to Environmental and Social Report in 2013)
Feb. 2002	Opened Shinko R&D Center (Nagano City, Nagano Prefecture)
Apr. 2004	Environmental Measures Committee reorganized, Environmental Committee and Environmental Measures Execution Committee established
Jul. 2004	Kurita Sogo Center (previously Kurita Plant) completed
May 2010	The Shinko Way drawn up
Apr. 2013	Adopted the GBS (Global Business Standards)
Jun. 2016	Shifted to a company with audit and supervisory committee



Signboard for Nagano
Katei Denki Saisei-jo

Inheriting the Founding Philosophy

Having inherited the founding philosophy of protecting the employment of the staff during the chaos of the postwar period, we continue to this day with the approach that putting down roots in the communities in which we develop our operations is fundamental to our business. We also place great emphasis on the concept of “human warmth toward others” and on creating a workplace environment in which each and every employees is motivated and fulfilled by their work.

Our aim for the future is to continue to win the regard of both local and international communities as a widely trusted company, to cooperate in local events and social contribution activities that are aligned with local needs, and to continue to contribute to local communities through a variety of activities.



Oshima cherry planted to commemorate the
70th anniversary (Kurita Sogo Center)

Social Contribution Activities to Commemorate the 70th Anniversary of Our Founding

On the occasion of the 70th anniversary of our founding, we conducted various commemorative activities. From among these we have selected some of the social contribution activities to explain in more detail.

Adopt-a-Forest Program

As part of the adopt-a-forest program promoted by Nagano Prefecture, Shinko worked jointly with the labor union in Iizuna Town to plant trees in June 2016. On the day in question, more than 80 employees and family members attended, planting a total of 800 mountain cherry, magnolia and oak saplings along the lakeside promenade.

In the upper section of the promenade, a new bower was created to offer a place of rest to those strolling and taking therapeutic walks in the woods.

Feedback from participant (Tsuyoshi Watanabe, Procurement Division)

On this occasion, I attended tree planting with my daughter for the first time. Due to the heat and humidity and the sloping ground the work was more demanding than I expected, but it was a great opportunity to enjoy nature together as father and daughter.

I am looking forward to the trees we planted growing along with my children and hope they will one day form an abundant forest.



Beautification activities around the plants

Each June, we carry out beautification activities around the plants, but this time we expanded the scope to pick up litter around trunk roads and community roads, as well as cutting the grass and tidying up dead branches and the like along rivers. Around 300 people took part in the activities at all our plants.

Feedback from participant (Kozue Takeuchi, Environmental Management Division)

I took part in beautification activities with my co-workers. Because I commute by car I had not really noticed, but we found a lot of cigarette butts and litter on the roads and in roadside ditches around the office. I hope that by continuing these activities we can maintain a cleaner environment as well as improve awareness and behavior.



Our CSR Policy

Since its establishment, the Shinko Group has set the highest value on the practice of better manufacturing, with customers taken as the starting point of our ideas and actions; the development of human resources; the thorough practice of economizing; the pursuit of dreams; and community contribution.

In May 2010, we established the Shinko Way based on this philosophy, which has been put into practice over the years by our employees.

The Shinko Group's CSR embodies the practice of the Shinko Way. And it is through such practice of the Shinko Way, together with our consistent functioning as a corporate group, that we can mobilize the power of each employee and continuously expand our corporate value.

The Shinko Way

The Shinko Way embodies the philosophy of the Shinko Group, our reason for existence, values and the principles that we follow in our daily activities.

By practicing the Shinko Way, we strive to work in harmony with all stakeholders including customers, business partners, shareholders/investors, the local community and employees. Our aim is to enrich the lives of people all over the world and contribute to the development of society through manufacturing.

◆The Elements of the Shinko Way

The Shinko Way comprises four core elements:



Corporate Vision

Technology Leadership	The Art of Manufacturing	Long Term Vision	Global Outlook	Responsibility to Individual
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Founder's Philosophy

Economizing	Innovation by manufacturing site	"Dreams in one hand, and a soroban in the other."	Responsibility to Individual
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What we strive for:

Society and Environment	In all our actions, we protect the environment and contribute to society.
Profit and Growth	We strive to meet the expectations of customers, employees and shareholders.
Shareholders and Investors	We seek to continuously increase our corporate value.
Global Perspective	We think and act from a global perspective.

What we value:

Employees	We respect diversity and support individual growth.
Customers	We seek to be their valued and trusted partner.
Business Partners	We build mutually beneficial relationships.
Technology	We seek to create new value through innovation.
Quality	We enhance the reputation of our customers and the reliability of social infrastructure.

Global Citizenship	We act as good global citizens, attuned to the needs of society and the environment.
Customer-Centric Perspective	We think from the customer's perspective and act with sincerity.
Firsthand Understanding	We act based on a firsthand understanding of the actual situation.
Spirit of Challenge	We strive to achieve our highest goals.
Speed and Agility	We act flexibly and promptly to achieve our objectives.
Teamwork	We share common objectives across organizations, work as a team and act as responsible members of the team.

- We respect human rights.
- We comply with all laws and regulations.
- We act with fairness in our business dealings.
- We protect and respect intellectual property.
- We maintain confidentiality.
- We do not use our position in our organization for personal gain.

Consideration of the Environment

To contribute to the creation of a sustainable environment for future generations, the Shinko Group has made environmental protection a top management priority. With environmental goals set for all our business areas, we conduct our business activities in a well-planned and sustainable manner.

Environmental Policy

We have defined our responsibilities toward the global environment in an Environmental Policy, so that we can contribute to a healthy environment and rich society that will be handed down to future generations.

Environmental Policy

Based on the philosophy of the Shinko Way, we contribute to the protection and improvement of the global environment by pursuing harmony between the global environment and corporate activities, through manufacturing.

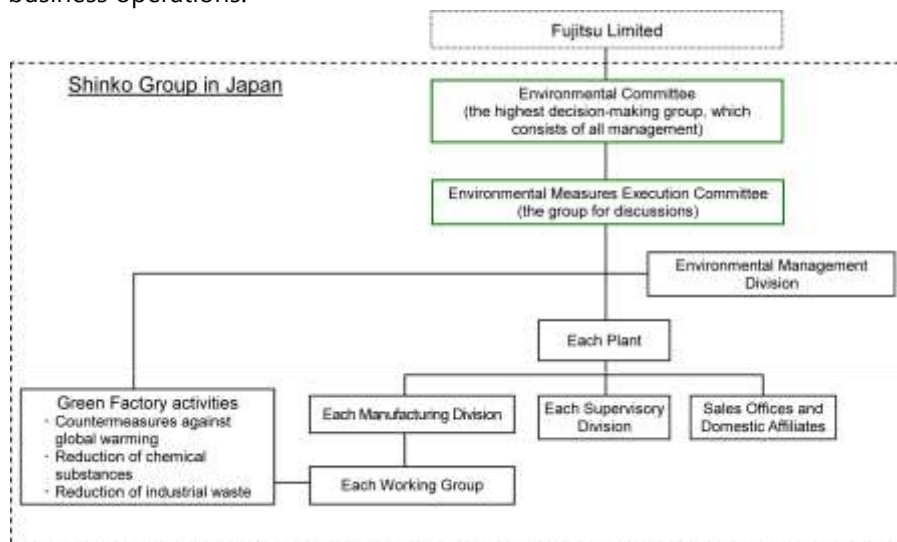
Guiding Principles

1. Accept that environmental challenges are fundamental to business continuity, and reduce our environmental impact.
2. Seek to reduce risk to human health and the environment.
3. Make every effort to perform our social responsibility by observing environmental regulations and standards in Japan and abroad.
4. Strive for continuous improvement of our environmental management system in order to enhance environmental performance.
5. Encourage our employees to contribute to global environmental conservation by tackling climate change, preserving biodiversity and using resources effectively.

We set environmental objectives to achieve this environmental policy, and this policy and the objectives are reviewed at least once a year.

Promotion System

The Shinko Group in Japan has acquired ISO 14001 certification through the Fujitsu Group's integrated certification. We have set targets for each manufacturing division and work to reduce the environmental impact as part of our regular business operations.



Maintaining and Improving Our Environmental Management

◆ Environmental Education

To encourage each and every employee to always act with the environment in mind and to continue to act as a good corporate citizen, the Shinko Group in Japan provides general employee education every two years to all employees as well as education focusing on specialized technology and skills to environmental affairs personnel every year.

Moreover, we operate a unique education program for new hires that not only explains Shinko's environmental initiatives and the connections between corporate activities and biodiversity but also includes new employees' selection of common energy-saving activities and commitment to practice them.

◆ Raising of Environmental Awareness

Every month, employees are sent information on familiar ecological themes matched to the season, specialist topics such as trends in legislation that affect regulated chemical substances used in electronic products (for example, the RoHS Directive), environmental challenges relevant to Shinko, and targets that must be achieved. On the issue of saving energy in particular, with the joint aims of sharing information and revitalizing energy-reduction projects, an easy-to-understand Energy Saving News bulletin is published five times a year, containing explanations of keywords and specific actions to be taken when an energy-saving item is discovered.

In addition, to avoid disseminating only general information on the Environment Department's website, we have created a page where employees can freely submit requests and opinions. The department replies to these as well and discloses its response on the website in an effort to share information.

◆ Response to Environmental Laws and Regulations

Among the environmental laws and regulations in Japan that apply to the Shinko Group, there are around 50 for which the state of compliance must be tracked continuously. In addition, we have recorded another roughly 80 prefectural and city regulations and about 20 other request items (pollution prevention agreements, industry guidelines, environmental requests from customers) that we regularly update with the latest information.

◆ Compliance with Environmental Laws and Regulations

For environmental laws and regulations for which there is a duty to submit notifications or reports, we implement measurements and quarterly checks on the state of compliance.

Furthermore, we work on appropriate responses to applicable environmental laws and regulations, such as by confirming the effectiveness of our state of compliance through the Fujitsu Group internal environmental audit.

In FY2015, the Shinko Group in Japan did not cause any environmental accidents, committed no infringements of the environmental laws and regulations and was not subject to administrative requests or guidance, fines or litigation.

◆ Shinko Internal Environmental Audits

Within Shinko, departments that are subject to auditing are divided into the two categories of departments subject to internal audit and departments subject to self-check, with departments in each category coming under internal audit every other year. During internal audits, the internal auditors visit the department in question and conduct checks, but the self-check method, which consists of responses on checklist sheets, is an approach that encourages autonomous improvement by pushing the department to discover its own problems and its own points of improvement.

In FY2015, internal audits were carried out for 44 departments, out of a total of 97. There were nine findings of "Observation required," but corrective action and operational improvements were implemented.

Audit results

Details	No.	Details of response
Observation required	9 cases	Corrective action taken for all and operational improvements implemented
Opportunity for improvement	12 cases	Improvements made
Positive points	43 cases	Posted on internal electronic bulletin board

"Opportunity for improvement" is not a finding, but rather a proposal for further enhancements to the system.

Many points that set an example for other departments are included in "Positive points." So that they can be used as a reference for the activities of all departments, they are posted, along with the audit results, on the internal electronic bulletin board so that they can be viewed by all employees.

In FY2015 the self-check approach was used by 43 departments, but no particular problems were found, and it was judged that the PDCA cycle for the environmental management system was functioning reliably.

In addition, the 10 departments not covered by internal audit and the self-check approach underwent Fujitsu Group internal environmental audits.

◆ Fujitsu Group Internal Environmental Audits

In FY2015, the Fujitsu Group conducted internal environmental audits on our head office and all five plants, observing our environmental management system, compliance, plants, and 10 departments chosen as samples of departments.

The auditors identified five findings for observation required. Corrective actions and operational improvements were carried out for all of them.

◆ Management Review Results

A summary of actions taken in FY2015 following the FY2014 management review

Comments during the FY2014 review	Actions taken in FY2015
1. FY2015 is the final year of the Environmental Protection Program (Stage 7). We will carry out company-wide actions to achieve each environmental goal and reduce the environmental impact.	Each division succeeded in achieving the environmental targets (CO ₂ , waste, green procurement, social contribution) set as part of the Environmental Protection Program (Stage 7).
2. We will carry out energy-saving activities, focused on halving energy use, and firmly establish these activities as ones that lead reliably to results.	Since FY2014, some plants have even achieved the demanding objective of halving energy usage. (FY2014: Kohoku/Arai, FY2015: Arai) Through cooperation among the divisions, steady reductions have been accomplished through such new measures as waste heat recovery.
3. We will contribute to the local community as a good corporate citizen by giving consideration to the local environment and participating actively in social contribution activities, including environmental protection activities.	- Total time participating in social contribution activities: FY2015 target: 3,112 hours (+20% compared to FY2013) Actual result: 5,332 hours (+106% compared to FY2013) Individual social contribution activities turned out to be more firmly established than anticipated, while internships and plant tours exceeded the forecast, leading to a significant overshoot of targets.

Results of the FY2015 management review

(Comments from the environmental management supervisory manager)

- (1) In FY2016, of the Environmental Protection Program (Stage 8) begins.
While developing environmentally friendly business operations we will carry out activities that, while based on Fujitsu Group plans, are appropriate to the Company.
- (2) We will promote energy-efficient activities, focused primarily on resources and energy reduction project activities, incorporate energy savings from the design stage, and move ahead with the implementation of measures such as waste heat recovery and the use of LEDs that lead to clear results. We will also pay careful attention to controlling discharges of waste and effluent.
- (3) This year, the 70th anniversary of our founding, we will take an even more active part in social contribution activities, including environmental protection initiatives that focus on the local environment, and in doing so contribute to local communities.
- (4) The revised ISO standard requires the unification of business goals and environmental goals. We accept that environmental challenges are fundamental to business continuity and develop environmentally friendly business operations.

The Environmental Protection Program (Stage 7)

The Environmental Protection Program (Stage 7) sets out environmental goals for FY2013 to FY2015. Based on this plan, we have worked to support social contribution activities in addition to reduce the environmental impact of our business operations. Despite changes stemming from the review of the sales plan during the course of Stage 7, in FY2015, the final year of the plan, we succeeded in achieving all our targets.

* Self-assessment: ○ = Target achieved × = Target not achieved

Item	Environmental Protection Program (Stage 7) target	FY2015 target (Last year of Environmental Protection Program (Stage 7))	FY2015 results (Environmental Protection Program (Stage 7))	Self-assessment*
Our Business Operations	【Reducing CO₂ emissions from energy consumption】 ・Hold CO ₂ emissions from energy consumption to within a 11.2% increase from the average for FY2007–FY2011 by the end of FY2015. (Hold to within a 33.2% increase per unit of sales.)	Hold CO ₂ to within a 11.2% increase from the average for FY2007–FY2011. (Hold to within a 33.2% increase per unit of sales.)	Held to within a 9.3% increase from the average for FY2007–FY2011. (Held to within a 26.3% increase per unit of sales.)	○
	【Reducing waste】 ・Reduce generation of waste by 26.9% from the average for FY2007–FY2011 by the end of FY2015. (12.4% improvement per unit of sales)	Reduce by 26.9% from the average for FY2007–FY2011. (12.4% improvement per unit of sales)	Reduced by 29.9% from the average for FY2007–FY2011. (18.8% improvement per unit of sales)	○
	【Promoting green procurement】 ・Promote CO ₂ emissions reductions with suppliers. Expand CO ₂ reduction initiatives to all types of suppliers.	By the end of FY2015, expand CO ₂ reduction initiatives to all types of suppliers and raise our procurement ratio from suppliers who have implemented these initiatives to 100%.	Procurement rate: 100%	○
Social Contribution Activities	【Efforts as a good corporate citizen】 ・Support increases in social contribution activities conducted by employees together with society. The numerical target shall be the total hours of participation in activities. Set the goal for FY2015 as 20% increase from FY2013.	Total time spent participating: more than 3,112 hours. (A 20% improvement over FY2013 results of 2,593 hours)	Actual results: 5,332 hours	○
Operations Management	【Using water resources efficiently】 ・Continue using water resources efficiently, such as by conservation and reuse of water.	Continue efforts.	Continued efforts.	○
	【Controlling chemical substances】 ・Hold emissions of PRTR substances and VOCs below the average for FY2009–FY2011.	Continue efforts and ascertain numbers.	Continued efforts and ascertained numbers.	○
	【Cooperating with society】 ・Support efforts to resolve social and environmental challenges such as biodiversity.	Continue efforts. Collect used stamps and prepaid cards and send them to a foundation. (They are used to fund seedlings for tree planting outside Japan.)	Continued efforts.	○

Matters subject to goals management under the Environmental Protection Program define the scope of environmental management systems (EMS) initiatives.

The targets in the Environmental Protection Program (Stage 7) were reconsidered and revised in February 2016 following a revision of our sales plan.

The Environmental Protection Program (Stage 8)

The Environmental Protection Program (Stage 8) sets out environmental goals for FY2016 to FY2018. The Shinko Group in Japan established specific targets to achieve in a range of fields during these three years. Our principal new targets are specific numerical targets aimed at reducing water use and the extension of green procurement activities among secondary suppliers.

Item	Environmental Protection Program (Stage 8) target	FY2016 target
Our Business Operations	【Reducing CO₂ emissions from energy consumption】 ・ Hold CO ₂ emissions from energy consumption to within a 17% increase from the average for FY2013 by the end of FY2018.	Hold growth in CO ₂ emissions from energy consumption to the end of FY2016 to within 10.8 % of the results for FY2013
	【Reducing waste】 ・ Hold growth in generation of waste to the end of FY2018 to 25% of the average level for FY2012–FY2014.	Hold growth in generation of waste to the end of FY2016 to 10.6% of the average level for FY2012–FY2014.
	【Reduction in water use】 ・ Implement measures to reduce water use by the end of FY2018 by an amount equivalent to 5% of that used in FY2014.	Implement measures to reduce water use by the end of FY2016 by an amount equivalent to 1% of that used in FY2014.
	【Promoting green procurement】 ・ Promote initiatives to reduce CO ₂ emissions in the supply chain. ① Submit requests and support to 100% of primary suppliers that have secondary suppliers ② Perform surveys of 100% of applicable suppliers ③ Survey response rate: 90%	Promote initiatives to reduce CO ₂ emissions in the supply chain. ① Submit requests and support to 100% of primary suppliers that have secondary suppliers ② Perform surveys of 100% of applicable suppliers ③ Survey response rate: 90%
Operations Management	【Controlling chemical substances】 ・ Hold emissions of chemical substances below the average for FY 2012–2014.	Continued efforts.
	【Social Contribution Activities】 Efforts as a good corporate citizen ・ Support increases in social contribution activities conducted by employees together with society.	Continued efforts and ascertained numbers.
	【Cooperating with society】 ・ Support efforts to resolve social and environmental challenges such as biodiversity.	Continued efforts.

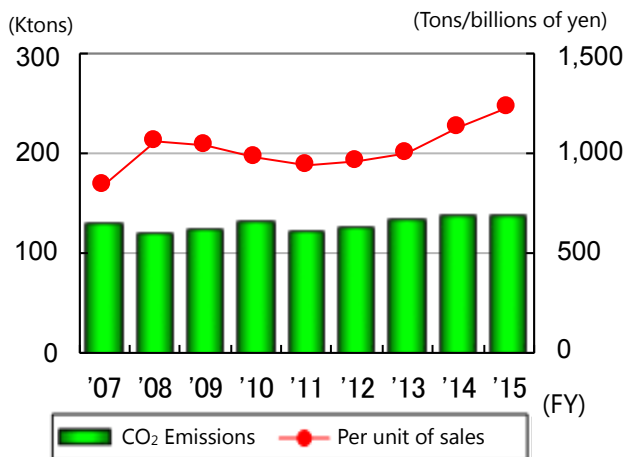
Matters subject to goals management under the Environmental Protection Program define the scope of environmental management systems (EMS) initiatives.

Global Warming Countermeasures

◆ Results of Activities

CO₂ emissions as a result of energy usage in FY2015 came to 137,070 tons, more or less unchanged from the level of FY2014, but CO₂ emissions per unit of sales rose by 8.7%. This was due primarily to increased complexity in the manufacturing process caused by a move to higher-density products, a more diversified product lineup, and a shift toward products that require electric furnaces and other equipment with high energy needs. Another factor was test production and start up of new processes that did not lead directly to sales.

CO₂ Emissions



◆ Resource and Energy-Reduction Projects

In FY2013 we reviewed our energy-saving activities up to that point, and as a result launched new resource and energy-reduction projects, continuing our activities with a focus on the challenging goal of cutting energy usage in half by FY2020.

As a result of the initiatives outlined below, these projects already achieved significant energy savings in FY2014 and FY2015.

- Implemented energy-saving review meetings and patrols of manufacturing areas that involve all relevant employees, including officers
- Tighter focus on energy-saving design for manufacturing equipment
- Unearthing of new technology for, and horizontal deployment of, reduction measures, etc.



On-site energy-saving review meeting

Here we present a number of specific activities that are currently under way.

<Recovering and using waste heat>

We are putting significant effort into recovering the energy embedded in effluent and exhaust gases discharged by manufacturing equipment.

On the cleaning lines, we use special heat exchangers to extract the heat from warm effluent and use it to heat incoming water, reducing water supply heating energy by 37%.

For process areas with high ambient temperatures, we are moving forward with the examination of heat pumps to recover and use the heat within the air itself.



Waste heat recovery heat exchanger (prototype)

<Other major measures>

- Surveying items that radiate heat and thoroughly implementing heat-preservation measures
- Converting manufacturing equipment to use standby modes (operating only when actually processing products)
- Improving the efficiency of the equipment supplying chilled water and conditioned air to plants etc.

Raw Material Reduction Initiatives

Products are created with the use of energy and raw materials, and they are shipped in packaging. The energy and materials used up to this point in defective items and debris generated during processing are wasted. We aim to improve yields to reduce this waste as much as possible. In addition, we are working on recycling resources that have been used once, to reduce the new resources committed.

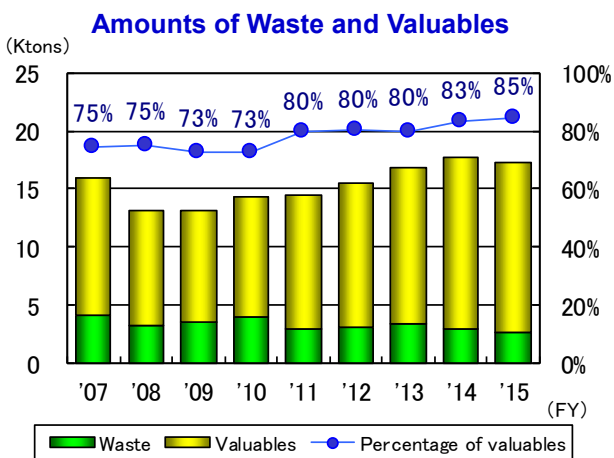
◆ Case Studies of Reductions in Raw Materials

- Improving yields through reductions in debris and lower defect rates
- Using process waste liquids as neutralizing agents for effluent, thus cutting the use of neutralizing chemicals
- Recycling of alcohol to reduce the use of new fluids
- Reducing packaging materials
- Recycling use of indirect materials to reduce the use of new materials

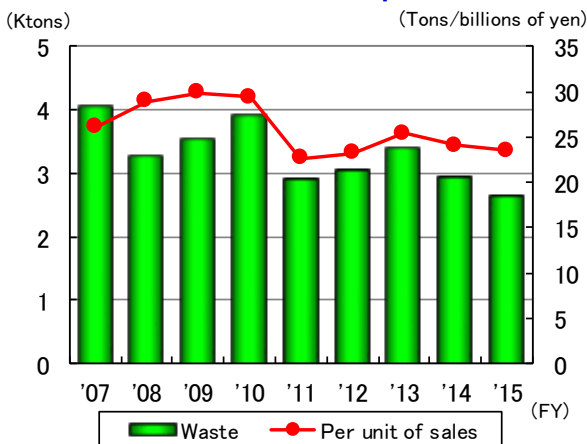
Reducing Waste

◆ Achievements

Gross output in FY2015 (amount of waste + valuable material) declined by about 2% from the trend of increase that had been recorded up to the previous fiscal year. The amount of waste was cut by 11% (298 tons), while the valuable material ratio came to 85%. The amount of waste per unit of sales improved by 2.3%. Moreover, because of the reduction in the market value of waste plastic and metals and other items, there is a trend for valuable material to become waste, so going forward we will pay careful attention to market trends while working to cut waste.



Amount of Waste and Amount per Unit of Sales



◆ Topics

1. Continuing from the previous fiscal year, push ahead with the in-house processing of waste liquid from flux cleaning and expand the number of processes to which it is applied
2. Promote in-house processing of amine (alkaline) waste liquid
3. In-house processing of hydrofluoric acid

Controlling External Emissions of Chemicals

◆ Achievements

For chemical substances during of the Environmental Protection Program (Stage 7), we set a target of holding external emissions (to air and water systems) of substances containing VOCs and substances subject to PRTR regulations to within the average level of FY2009–FY2011. Due to increases in production volume over the base year, however, changes in product specification and model changes, use of substances containing VOCs and substances subject to PRTR regulations rose, resulting in an upward trend in emissions.

In of the Environmental Protection Program (Stage 8) that starts in FY2016 as well, we will work to set targets and introduce initiatives to control and reduce emissions.

Chemical Substance Emissions

	FY2009–FY2011 average (base year)	FY2015	Percentage change
VOCs	74.2 tons	78.5 tons	Up 5.8%
PRTR	3.4 tons	4.7 tons	Up 38.2%

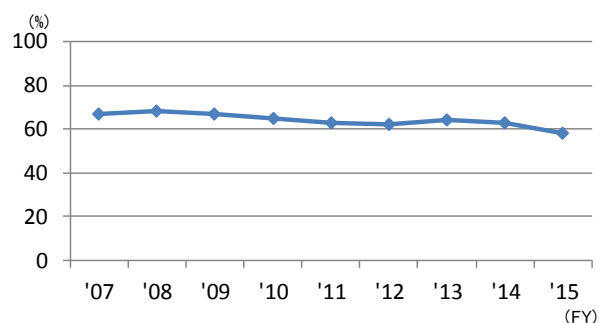
Using Water Resources Efficiently

“Do not use water.” “Clean contaminations efficiently using only a little water.” “Recycle used water.” These are the key concepts when considering how to use water resources efficiently.

We reuse all lightly contaminated water, but we are also working to introduce technology such as filtration equipment that will make it possible to reuse even heavily contaminated water.

We will continue to seek ever more efficient ways of using water, from a variety of perspectives.

Recycling Rate for Water Resources



Environmental Risk Countermeasures

◆ Earthquake Countermeasures

We analyzed damage caused by earthquakes in the past to buildings, utility equipment, manufacturing equipment and the like, and implemented more effective countermeasures.

In FY2015, we installed toggle-brace-damper quake control devices to reduce the deformation of buildings caused by earthquakes.

Going forward, we will implement earthquake countermeasures appropriate to the circumstances of the plants and offices.



Toggle-brace-damper quake control devices

◆ Safety Measures for Equipment

With regard to the safety measures we have been prioritizing since FY2013, in FY2014 we continued to work on preventing danger when working in high places. Accordingly, we have installed fences around rooftops, and fitted work platforms and hand rails to the upper sections of facilities such as cooling towers as part of our safety measures to prevent falls.



Installing fences to prevent falls

◆ Renewal of Utility Equipment

We are systematically renewing these facilities based on considerations of their working life, energy efficiency, required supply volume and so on. In FY2015, we renewed the emergency generator at the Wakaho and Kohoku plants and the nitrogen supply facilities at the Takaoka Plant.



Nitrogen supply facilities

◆ Emergency Response Training

To prepare for situations that might be caused by the torrential rain and floods that have occurred frequently in recent years, we have implemented training aimed at preventing water ingress to the plants.

The previous method used was to pile up sandbags, which required significant effort and time, whereas the new method we have adopted employs a simple structure consisting of a tubular bladder (Tiger Dams) that is filled with water. This process requires little effort and can be deployed rapidly, and its effectiveness has been confirmed by training.



Prevention of water ingress training

Initiatives at Overseas Plants

At the overseas plants of the Group we have also rolled out a range of activities suitable for the situation in each country and region.

◆ SHINKO ELECTRIC INDUSTRIES (WUXI) CO., LTD. (SEW)

SEW received certification as a Cleaner Production approved plant in March 2016.

This certification is based on the Cleaner Production Promotion Law of the PRC. It is awarded to companies that conduct sustained production practices which are aimed at reducing the production and discharge of environmental pollutants and at raising the use of clean energy and improving the efficiency of resource usage, and ultimately at mitigating the damage to the health of mankind and to the environment.

In contrast to ISO14001, which covers the entire environmental management system, Cleaner Production involves an inspection of more specific activities for the following eight points.

- (1) Raw materials, indirect materials and energy
- (2) Engineering processes
- (3) Facilities
- (4) Process control
- (5) Products
- (6) Waste
- (7) Management
- (8) Employees

SEW's activities aimed at the recycling and reuse of indirect materials that it has been promoting since 2012 have led to reductions of waste and improvements in resource utilization, and these have been certified as contributing to Cleaner Production. This amounts to a public recognition of SEW's clean activities.

Going forward, we will continue with these activities while working actively on initiatives for other clean activities.



A lecture in progress on clean activities



Certificate

◆ SHINKO ELECTRONICS (MALAYSIA) SDN. BHD. (SEM)

<Conversion of lighting to LED>

As part of its initiative to reduce the environmental impact, SEM is promoting the introduction of LED lamps.

These are being introduced as a priority in areas of the plant that operate for long hours, and by the end of March 2016 the ratio of LED lamp deployment was 22%.

In addition, to prevent corrosion in processes with conditions of high heat and humidity, we are employing such tactics as installing lamp covers.



LED lamp with cover installed

<Risk mitigation through suspending water supply>

The water supply system in Malaysia remains unstable, and supply interruptions caused by insufficient water are a regular occurrence. Situations in which supply cannot be started for long periods and unexpected supply stoppages have a major impact on products in the midst of processing.

When water supplies are suspended, this results in suspension of pure water and process stoppages, which cause lower yields and losses in energy and materials committed, which in turn can lead to delays in delivery. To avoid such situations and maintain stable operations at the plant, a large-scale water storage tank has been installed. It stores enough water to mitigate the effects of water supply interruptions within about a day on operations.



Large-scale water storage tank

◆ KOREA SHINKO MICROELECTRONICS CO., LTD. (KSM)

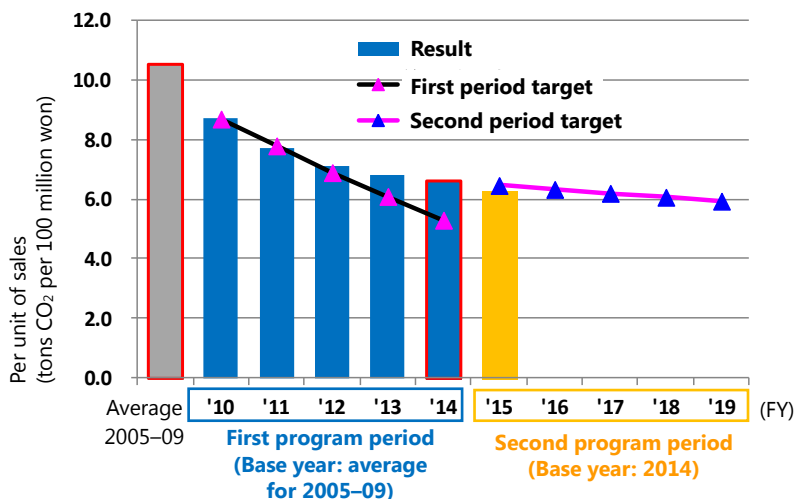
KSM actively promoted a halving of its energy usage during FY2010 to FY2014 (the period of the first program). To continue these reduction initiatives, the period from FY2015 to FY2019 has been designated as the second program period, and KSM has begun working on a target of cutting 10% of the FY2014 level, or 5.94 t CO₂/100 million won over five years (2% annually).

FY2015 saw a result of 6.26 t CO₂/100 million won versus a target of 6.46 t CO₂/100 million won, achieving 103% of the targeted reductions.

<Details of focus activities>

1. Conversion of utility equipment (air conditioning, air scrubbers, compressors, etc.) to use inverters
2. Improvements in the operation of production equipment (welding furnaces, plating equipment, etc.)
3. Conversion of utility equipment and production equipment to use high-efficiency motors
4. Improvements to lighting fixtures (introduction of LED lighting, replacing light fittings, etc.)
5. Conversion of boilers to use inverters and replacing existing parts with low-NO_x burners (reducing LNG)
6. Thorough controlling of the indoor managed temperature through changes and internal education
 Heating: 23°C → 20°C,
 Air conditioning: 23°C → 26°C
7. More thorough control of heat and humidity levels due to improvements to air conditioning systems
8. Raised capacity utilization of No. 2 welding furnace (74.5% → 80.8%)
9. Raised NP plating capacity utilization by 25% (60.7% → 70.5%)
10. Optimized exhaust chamber air supply fan capacity (1.5 kw → 0.9 kw)

CO₂ Emissions (Intensity per Unit of Sales)

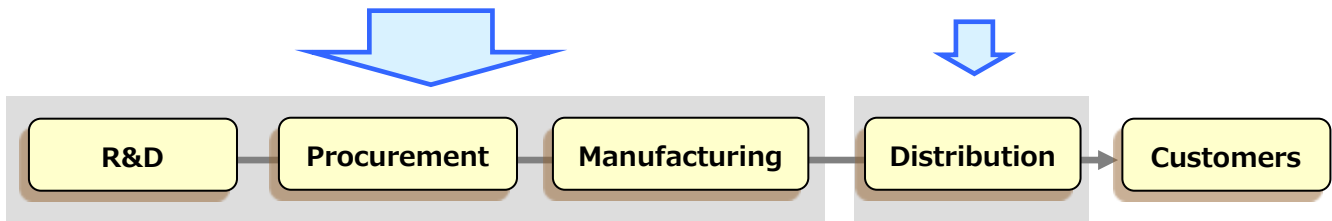


FY2015 Environmental Impact

{INPUT}

Energy input	2,962,187 GJ	Materials input	16,447 tons
• Electricity	258,363 MWh	• Raw materials	13,873 tons
• Heavy oil	35 kl	• Chemical substances	2,546 tons
• Diesel	1 kl	• OA paper	28 tons
• Natural gas, LPG	15,191 km ³	Water input	2,899 km ³
• Natural energy	47 MWh	Water recycling rate	58%

Energy input
Diesel 1,632 kl



{OUTPUT}

Emissions into the air		Emissions into the water	
• CO ₂ (Scope 1)	31,912 tons-CO ₂	• Effluent	2,521 km ³
• CO ₂ (Scope 2)	105,154 tons-CO ₂	• BOD	244 tons
• Greenhouse gases besides CO ₂ (Scope 1)	1,435 tons-CO ₂	Discharge	17,303 tons
• NO _x	20 tons	• Valuables	14,671 tons
• SO _x	0 tons	• Effectively used waste	2,569 tons
Chemical substances	5 tons	• Processed waste	63 tons
		• Effective utilization rate	99.6%

Emissions into the air
CO ₂ 4,313 tons-CO ₂

INPUT	
Energy	Amount of energy such as electricity, heavy oil, and natural gas related to production operations
Natural energy	Amount of electricity generated from solar power
Water	Amount of new water input to plants, etc.
Raw materials	Amount of raw materials used in products
Chemical substances	Amount of PRTR-subject substances handled
OA paper	Amount of office paper used
Energy (distribution)	Amount of transportation energy used to deliver products to customers in Japan

OUTPUT	
CO ₂	Emissions of carbon dioxide associated with consumption of energy used at plants, etc. (computed based on the Fujitsu Group GHG Protocol) / Scope 1 is emission of CO ₂ from heavy oil, gas, diesel, and Scope 2 is from electricity
Greenhouse gases besides CO ₂	Greenhouse gases besides CO ₂ (CH ₄ , CF ₄ , and SF ₆) emitted from plants, etc., according to the Global Warming Potential (GWP) measure (Scope1)
NO _x	Amount of NO _x emitted from boilers at plants, etc.
SO _x	Amount of SO _x emitted from boilers at plants, etc.
Effluent	Amount of water discharged from plants, etc., to sewerage and rivers, etc.
BOD	Amount of BOD (biochemical oxygen demand; an indicator of organic pollution in rivers) discharged in effluent from plants, etc.
Chemical substances	Emissions of PRTR-subject substances
Discharge	Gross discharge of unneeded material from plants, etc.
Valuables	Amount of discharge sold as valuable resources
Effectively used waste	Amount of discharge sent for recycling
Processed waste	Amount of discharge discarded through simple incineration and burial (including waste not subject to zero emissions calculations)
Effective utilization rate	(Valuable + effectively used waste) / Discharge
CO ₂ (distribution)	Emissions of CO ₂ associated with consumption of transportation energy used to deliver products to customers in Japan

* Target of the Input and Output is the Shinko Group in Japan.

History of Environmental Initiatives

FY	Main initiatives
2015	<ul style="list-style-type: none"> Started recovering and using waste heat in plants Acquisition of Cleaner Production Plant certification at SHINKO ELECTRIC INDUSTRIES (WUXI) CO., LTD.
2014	<ul style="list-style-type: none"> Started a second-stage social contribution project in Iizuna Town (organized by the labor union) Adopted electronic manifests
2013	<ul style="list-style-type: none"> Formulated the Environmental Protection Program (Stage 7) Started the second phase of construction on the environmentally friendly new facility at the Takaoka Plant Started operating a mega-solar system at the Kyogase Plant
2012	<ul style="list-style-type: none"> Completed an environmentally friendly new facility at the Takaoka Plant Won a Fujitsu Group environmental contribution award
2011	<ul style="list-style-type: none"> Revised the Environmental Policy Won a Fujitsu Group environmental contribution award Started discharging plant effluent to sewerage at the Kohoku
2010	<ul style="list-style-type: none"> Formulated the Environmental Protection Program (Stage 6) Changed boiler fuel to gas at the Kohoku Plant
2009	<ul style="list-style-type: none"> Launched a project to halve resource and energy usage The Arai Plant received a Heart-to-Heart Award from Myoko Started a first-stage social contribution project in the Kinasa area (organized by the labor union)
2008	<ul style="list-style-type: none"> Acquisition of ISO 14001 certification at SHINKO ELECTRIC INDUSTRIES (WUXI) CO., LTD. Started full-scale implementation of measures for volatile organic compounds (VOCs) Started discharging plant effluent to sewerage at the Wakaho
2007	<ul style="list-style-type: none"> Formulated the Environmental Protection Program (Stage 5) Switched to a gas boiler at the Takaoka Plant (changing fuel from heavy oil) Won a Fujitsu Group environmental contribution award Installed a seismograph and notification system at each plant
2006	<ul style="list-style-type: none"> Completed an environmentally friendly new facility at the Wakaho Plant Switched to gas boilers at the Kyogase and Wakaho plants (changing fuel from heavy oil) The Arai Plant received a commendation for Excellence in Environmental Protection from the Niigata Prefecture Environmental Protection Association Updated the Environmental Initiatives section on Shinko's
2005	<ul style="list-style-type: none"> Integrated the environmental management system company- The Wakaho Plant was certified by Nagano Prefecture as an environmentally friendly enterprise Switched to a gas boiler at the Arai Plant (changing fuel from heavy oil) Combined the Environment Management System (EMS) and green factory initiatives
2004	<ul style="list-style-type: none"> Acquired Fujitsu Group Integrated EMS certification as well as certification for all sites in Japan, including all domestic sales offices and subsidiaries The Research & Development Division received the LCA Japan Forum Encouragement Prize from the First Life Cycle Assessment Society (LCA) of Japan Inaugurated the Kurita Sogo Center Reorganized the Environmental Measures Committee and established the Environmental Committee and Environmental Measures Execution Committee Formulated the Environmental Protection Program (Stage 4)

FY	Main initiatives
2003	<ul style="list-style-type: none"> Acquisition of ISO 14001 certification at KOREA SHINKO MICROELECTRONICS CO., LTD. Made the LD cap lead-free The Kohoku Plant received the Governor's Award at the Nagano Prefecture High-Pressure Gas Industry Convention Achieved 99% green procurement for components Achieved zero emissions at all production plants in Japan
2002	<ul style="list-style-type: none"> Acquisition of ISO 14001 certification at the Kohoku Plant, completing such certification at all plants in Japan The Kohoku Plant was certified as Gold by Nagano City's Eco Circle Established the Environmental Policy (the former Environmental Charter) Achieved zero emissions at the Kyogase Plant Achieved 100% green procurement for office supplies
2001	<ul style="list-style-type: none"> Launched the Lead-Free Promotion Project and the Green Procurement Promotion Project within the Environmental Measures Committee Established SHINKO Eco 21 Achieved zero emissions at the Kohoku Plant Published the first Environmental Report Added a section on environmental initiatives to the Company's website
2000	<ul style="list-style-type: none"> Acquisition of ISO 14001 certification at SHINKO ELECTRONICS (MALAYSIA) SDN. BHD. The Takaoka Plant received an award from the Nagano Prefecture Industry Environmental Conservation Association as an excellent place of business promoting the effective use of industrial waste
1999	<ul style="list-style-type: none"> Acquisition of ISO 14001 certification at the Wakaho Plant Acquisition of integrated ISO 14001 certification at the Takaoka and Kyogase plants
1998	<ul style="list-style-type: none"> Acquisition of ISO 14001 certification at the Arai Plant Adopted an environmental accounting system
1997	<ul style="list-style-type: none"> The Takaoka Plant received the Prize for Creativity from the Science and Technology Agency Acquisition of ISO 14001 certification at the Takaoka Plant
1995	<ul style="list-style-type: none"> Joined Fujitsu's Environmental Protection Council
1994	<ul style="list-style-type: none"> The Takaoka Plant received a group commendation from the Nagano Prefecture Industrial Pollution Control Association Fully phased out all chlorinated organic solvents
1993	<ul style="list-style-type: none"> Fully phased out 1,1,1-trichloroethane Reorganized the Environmental Measures Committee Established the Shinko Electric Environmental Charter
1991	<ul style="list-style-type: none"> Fully phased out specified Freon
1988	<ul style="list-style-type: none"> Established the Freon Gas Measures Committee

ISO 14001 Certifications

◆ Sites in Japan (Sites Registered Under the Fujitsu Group Integrated ISO Certification)

Head Office, Plants and Facilities

Head Office/Kohoku Plant, Wakaho Plant, Takaoka Plant, Arai Plant, Kyogase Plant, Aizu Branch,
SHINKO R&D Center

Subsidiaries in Japan

SHINKO PARTS CO., LTD., SHINKO TECHNOSERVE CO., LTD.

◆ Production Sites outside Japan

SHINKO ELECTRONICS (MALAYSIA) SDN. BHD.

KOREA SHINKO MICROELECTRONICS CO., LTD.

SHINKO ELECTRIC INDUSTRIES (WUXI) CO., LTD.

Details at: <http://www.shinko.co.jp/english/environment/ems.html>

Environmental Accounting

The Shinko Group in Japan prepares our environmental accounting based on the Japanese Ministry of the Environment's Environmental Accounting Guidelines 2005 and the Fujitsu Group Environmental Accounting Guidelines (which includes estimated effects based on the Fujitsu Group's unique perspective).

◆ FY2015 Results

(Millions of yen)

Category		Main scope	Investment (YoY change)	Costs (YoY change)	Economic effect (YoY change)
In business areas	Pollution prevention	Prevention of air and water pollution, etc.	213.2 (101%)	1,945.7 (97%)	3,175.5 (105%)
	Protection of the global environment	Energy conservation, prevention of global warming, etc.	50.5 (1,629%)	1,219.6 (88%)	290.1 (173%)
	Resources recycling	Waste processing, efficient utilization of resources, etc.	0 (-%)	298.9 (99%)	6,914.9 (93%)
Management activity		ISO 14001, environmental education, environmental protection, etc.	9.3 (107%)	294.6 (113%)	13.4 (46%)
R&D		Research into environmental friendliness of products, etc.	0 (-%)	30.8 (46%)	759.0 (90%)
Total			273.0 (122%)	3,789.6 (94%)	11,152.9 (97%)

Respecting Human Rights and Diversity

Employees are the Shinko Group’s most valuable asset. We respect the human rights and the diversity of employees and aim to create a workplace where everyone can work with an energetic spirit. This workplace is characterized by statements such as the following: “Employees with different personalities and values all should respect each other’s diversity and draw on their individuality to maximize their abilities,” and “All employees should continue to spark innovation and create new knowledge and technology through uninhibited discussion from diverse points of view.” We aim to create workplaces that accept differences, including gender, age, disabilities, nationality, and values, where every employee can work together energetically. We will also promote business through management plans based on a people-friendly approach and are committed to being an organization wherein all employees are strongly motivated, have ample opportunities for advancement and work with pride and confidence.

Efforts Promoting Respect for Human Rights

The first item in the Code of Conduct within the Shinko Way, which expresses the values common across the Shinko Group, is “We respect human rights.” This is an explicit statement of our corporate stance of acting on the basis of a spirit of respect for human rights in all business operations. We strive to ensure that all Group employees show this spirit in their actions.

We uniformly use Global Business Standards (GBS) as guidelines for the Code of Conduct in terms of employee actions, and we share the concept of respect for human rights throughout the Shinko Group worldwide.

The Shinko Group has stipulated the SHINKO Guiding Principles of Respect for Human Rights in Employment. We continue to work for equal employment opportunities, respect for human rights, elimination of discrimination, and the prohibition of forced labor and child labor.

◆Promoting Human Rights Education

Shinko promotes awareness of human rights throughout the year by providing rank-specific training on human rights and through active participation in human rights training sessions held by local governments. In FY2015, we provided workplace management training to all managers, with the aim of creating workplaces where people respect each other’s human rights.

Furthermore, we provided e-learning and training in the workplace to all employees. All of the approximately 4,300 employees of the Shinko Group in Japan received the training, for a completion rate of 100%. In rank-specific training, we try to raise awareness of respect for human rights, mainly through discussions, and create environments where all employees think about and talk with each other about human rights.

We also provide training about the protection of personal information and privacy as well as fair recruitment to managers and staff members involved in human resources management and recruitment, and encourage care to avoid violating human rights.

SHINKO Guiding Principles of Respect for Human Rights in Employment

With a view to realizing our growth and profits, respect for human rights must be an integral part of our business culture. SHINKO is committed to creating a culture in which employees respect the dignity and worth of individuals.

To this end, SHINKO will strive to foster respect for human rights in all the countries and regions where we operate our business while providing an environment that encourages employees to understand and realize importance of human rights.

1. Equal Employment Opportunity and Respect for Human Rights

SHINKO strives to provide equal employment opportunities.

SHINKO is committed to treat our employees with no illegal discrimination based on race, color, religion, creed, sex, social status, lineage, physical or mental disability, sexual orientation and any other legally protected category that is unrelated to the legitimate interests of SHINKO.

2. Compliance with Employment Laws and Regulations

SHINKO adheres to the applicable laws and regulations of the countries and regions in which it operates in treating our employees.

3. Prohibition of Forced Labor/Child Labor

SHINKO will not use any form of forced or compulsory labor.

SHINKO will not use child labor.

4. Work Environment

SHINKO strives to achieve and maintain a healthy and safe work environment that motivates its employees.

◆Human Rights Consultation Services

Shinko has established an internal and external Corporate Ethics Helplines for employees to consult about actual or suspected transgressions of human rights or corporate ethics, or when they face difficulty in making a judgment.

In particular, we have established human rights consultation services in each plant for consultation about human rights, such as sexual harassment. We have developed a system for quickly gathering information and responding appropriately in the case of a situation involving abuse of human rights.

Additionally, we operate internal whistle-blowing helplines at all sites outside Japan. We distribute cards and put up posters with information on how to use the helplines to ensure that all employees working in the Shinko Group outside Japan can use them.

Going forward, we will continue to create systems and provide guidelines to enable smooth communication in the workplace and encourage the use of human rights consultation services, in order to discover and address problems early.

Creating a Dynamic Corporate Culture

By combining the talents of employees, each with their own unique qualities and way of thinking, our corporate value increases. We, therefore, respect the diversity of our employees and strive to create workplaces that are pleasant for all, to improve each employee's well being by working.

◆Balance between Employees' Personal and Professional Lives

We have long promoted respect for diversity, based on our Corporate Values, "Employees: We respect diversity and support individual growth." We have also worked continuously to support a work-life balance. We were twice certified, in 2007 and 2013, by the Nagano Labor Bureau as a general business that conforms to standards based on the Act on Advancement of Measures to Support Raising Next-Generation Children, and we have received the Next-Generation Approval Mark.

In July 2015, we received special certification in recognition of our higher standard of initiatives.

In FY2015, we worked to support a better balance between work and childcare. We achieved this through measures to improve working flexibility such as introducing days on which everybody takes annual



The Next-Generation Approval Mark (Special certification)

leave at once, and strengthening restrictions on overtime.

Our Initiatives

1. A longer childcare leave period than legally mandated
2. A system allowing childcare leave to be paid if it lasts no longer than one month
3. A wider scope of employees eligible for the childcare reduced working hours system and an exemption from overtime system than legally mandated
4. Development of systems to encourage use of internal systems that support childcare
5. Childcare support based on allowance system
6. Developing a working environment with work-life balance consciousness

Additionally, gradually we have expanded the purposes of use of multipurpose leave (accumulated leave), which we introduced in 1992 separately from annual paid leave, to provide nursing of a child or care for family members, in an effort to create an environment where it is even easier to achieve a work-life balance. These kinds of initiatives have resulted in women having a longer average number of service years than men at Shinko. This average is at a high level even on a nationwide basis.

Going forward, we will continue to enhance systems and foster a corporate culture that enables employees with certain conditions such as childcare or family care to play an active role, no matter which life stage they are at.

◆Initiatives to Promote Active Participation by Women

Shinko had until recently implemented diversity seminars in rank-specific training, promoting dissemination within the firm of gender equality. In FY2015, we implemented training for employees returning to work after taking maternity or childcare leave, with an emphasis on forming a career.

Moreover, in recognition of the Act to Advance Women's Success in Their Working Life, which came into effect on April 1, 2016, we drew up a business owner action plan in March 2016 and set an objective of doubling the number of women in managerial roles by 2020, using 2015 as a baseline.

Going forward we will hold seminars on forming a career aimed at younger employees and for those returning from childcare leave. We will also promote efforts to raise awareness of the active participation of women in managerial roles, using such initiatives to achieve our targets.

Health and Safety at Work, and Labor

In line with the Corporate Values of the Shinko Way, the Shinko Group provides environments where employees can work safely and comfortably, and strives to ensure employee safety. Shinko has put in place a company-wide safety and health plus fire and disaster prevention promotion system. And we have adopted a management system approach to pursue continual improvements in the level of health-safety and disaster prevention. As part of this, all employees participate actively in health, safety, and disaster prevention initiatives. Shinko also supports employees as they enhance their skills and expertise in the course of work and achieve personal growth through the challenge of pursuing goals.

Creating Safe and Comfortable Working Environments



Shinko Electric Industries Co., Ltd.
Company-Wide Basic Policy on Safety and Health Plus Fire and Disaster Prevention

Ensuring employee safety and health is a top-priority issue for us, and we put the protection of safety as well as mental and physical health first in all our business operations. In accordance with the following policy, we will make concerted, company-wide efforts to participate actively in safety and health initiatives as well as fire and disaster prevention initiatives, to create accident-free, safe, and comfortable working environments.

1. We will promote safety and health initiatives as well as fire and disaster prevention initiatives in accordance with laws, regulations, and requirements related to safety and health as well as fire and disaster prevention.
2. To create workplaces with a high sensitivity to safety, we will raise the safety awareness of each and every employee and also push and strengthen our 5S program of workplace optimization (sort, set in order, shine, standardize, and sustain), which is the foundation of safety and health.
3. In addition to identifying and assessing dangers and causes of harm in the workplace and continuously striving to strengthen and promote risk reduction activities, we seek to take preventive measures against disaster and to fundamentally improve safety by actively promoting the visualization of residual risk.
4. We will strive to create comfortable working environments and maintain and promote health, to relieve employees' fatigue and stress and prevent lifestyle-related diseases.
5. We have established a fire and disaster prevention system based on "Company-wide Disaster Prevention Guidelines" and we provide necessary and sufficient education and training to employees on an ongoing basis, with the aim of minimizing casualties in the event of a disaster.

◆ Initiatives to Raise Employee Awareness of Safety and Health

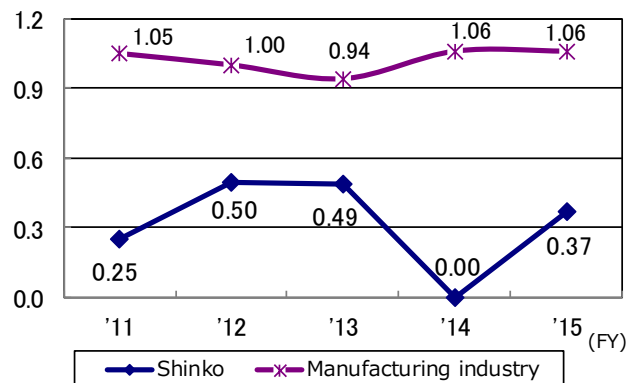
In addition to providing everyday safety guidance in the manufacturing workplace, Shinko conducts safety and health training for all employees once a year as well as periodic emergency drills, based on a yearly plan.

In conjunction with nationwide activities such as the national Safety Week in July and Occupational Health Week in October, we encourage all employees to participate in initiatives such as the solicitation of safety and health slogans. Through such initiatives, we are striving to boost the safety and health awareness of all employees.



Safety and Health Education in Each Department

Frequency Rate of Industrial Accidents (Shinko)



◆Autonomous Safety Initiatives in the Manufacturing Workplace

Based on our safety and health system and fire and disaster prevention management system, Shinko has established goals for the entire company and each plant, and we are working to create safe, secure, and comfortable working environments.

In particular, in addition to safety patrols conducted at each manufacturing site, workers use risk identification sheets to document risks, reveal and assess potential risks, and carry out efforts to rectify dangerous points.

リスク抽出表				年 月 日	
従業員名	氏名	所属			
工程・装置名		場所		種	類
作業内容		頻度			
リスク内容	危険性のある作業について、具体的に記入して下さい。○○○は○○○になる、○○○は○○○になる等				
リスク発生対策	リスクを軽減する為の対策について、具体的に記入して下さい				
					所属長

Risk identification sheet used to document risks in the manufacturing workplace

◆Hygiene Management, Health Management, and Health Promotion Initiatives

Shinko is committed to creating workplaces where employees can work safely and comfortably. Accordingly, in addition to regular monitoring of the work environment (noise, luminance, and heatstroke indicators), we have industrial doctors and nurses (public health nurses or registered nurses) perform the following actions.

- In addition to statutory general and special health examinations, we provide health examinations focused on lifestyle-related diseases according to age (with a 100% examination rate) in an effort to detect and treat diseases early. Industrial doctors and nurses provide health advice as needed to persons whose exam results indicate findings, to manage employee health.
- We issue a regular Health Room Newsletter based on analyses of health examination results and provide information related to health promotion to foster self-care awareness among each and every employee.

- We have established the Health Measurement Corner in rest areas that lends pedometers and tape measures. The Health Measurement Corner offers health measurement devices such as body composition analyzers, blood pressure gauges, and Smokerlyzers that employees are free to use.

Our employee cafeterias also offer low-salt, low-fat, healthy, balanced meals in an effort to help employees maintain and increase their health.

◆Mental Health Care

Industrial doctors and nurses consult with employees about mental health care at the Health Room in each plant.

Mental health education with the goal of raising awareness of mental-health issues had previously been implemented according to rank, such as managerial, mid-career and new-hire employees. In FY2015 we broadened the scope of education to all employees and worked on preventive measures for mental illness among employees, while promoting both self care and managerial care to detect and treat issues at an early stage.

◆Initiatives to Reduce Long Work Hours

Excessive long work hours are a risk that could cause employee health problems. We have strengthened our efforts to eliminate constant, long work hours, to protect the mental and physical health of employees. These efforts include designating every Wednesday as well as the second and fourth Fridays of the month as no-overtime days and thoroughly managing limits on overtime work.

In FY2015, days on which all employees take leave at once were established, and as well as encouraging the taking of leave, we implemented initiatives to reduce working hours.

Labor Relations

All ordinary employees of Shinko are members of the Shinko Labor Union, and the union participation rate is 91.0%. Based on labor-management agreements with the labor union, labor and management representatives hold the Labor Council on a periodic basis (or whenever needed) to explain management policies and business conditions and hold discussions about various employment conditions.

We have also established the collective bargaining rights of the union and work with the union to resolve various issues. In one initiative, a labor-management exploratory committee has held regular meetings about issues such as working hours and the taking of leave. While sharing information, labor and management have worked together to shorten overtime, encourage the taking of leave and improve other conditions.

In each business location, a Safety and Health Committee formed from representatives from labor and management meets once a month to work on creating a safe and pleasant workplace.

We will continue working together to create pleasant workplaces based on healthy labor-management relations, with the aim of "progress without limits."

Developing and Utilizing Human Resources

Shinko has adopted personnel systems based on a fair and open compensation structure for job responsibilities, with each person's responsibilities and their weight clearly defined, regardless of academic background, age, or years of service. Moreover, we actively promote the development and utilization of valuable human resources by improving training programs and various measures, to maximize the abilities of each and every employee.

◆ Personnel Systems Based on Fair Evaluation and Fair Pay

We believe that true fairness means appropriately evaluating and rewarding outcomes when an employee maximizes his or her abilities, embraces the challenge of pursuing goals, and contributes to our objectives and performance. Shinko enforces the personnel system of basing treatment of employees on job responsibilities and the outcomes of work, not on personal factors such as continued service and academic background.

In addition, we encourage the pursuit of more challenging goals through management-by-objectives and objectives interview programs. We regard these as opportunities for the development of subordinates through communication between subordinates and their supervisors.

◆ Supporting the Active Participation of Older Workers

In 1992, ahead of relevant legislation, Shinko introduced a post-retirement rehiring system, to make use of the knowledge, techniques, and skills cultivated by employees over many years. Since April 2006, when the Act on Stabilization of Employment of Elderly Persons was amended, we have expanded the original system to provide opportunities for active participation to retirees who wish to continue working after reaching the mandatory retirement age of 60 and who have a great drive to exercise their abilities. Thus far, a total of 241 employees have made use of this system.

We have also set up a reemployment system to provide opportunities for those who leave employment to care for children, family members or others to get involved once again, which aids in retaining and utilizing valuable personnel.

◆ Supporting Abilities Development

Shinko uses on-the-job training (OJT) in the workplace as the basis of human resources development and supplements it with general training and specialized training.

Furthermore, in FY2015 the average annual study time per employee was 9.2 hours. (However, this excludes on-the-job training and education in the workplace.)

■ General Training

- This includes rank-specific training (new employees, mid-career employees, managers)
- Training delivered to outside educational institutions, etc.
- Internationalization training (English conversation classes, dispatching at outside classes, etc.)
- Promotion of self-development, etc.

■ Specialized Training

- This includes group training to acquire specialized knowledge and skills needed in specific departments and job.
- On-the-job training (OJT)
- Statistics and quality systems training.
- Environmental education, etc.

◆ Supporting the Learning of English

Shinko supports the learning of English by employees, to develop human resources who can take charge of global business.

In addition to correspondence training courses for English and in-house business English conversation classes, we provide English business skills classes and subsidize the fees for these educational initiatives.

In FY2015, we expanded provision of correspondence training courses, business English conversation classes and English business skills classes with content tailored to the level and needs of the students, to support individuals wishing to improve their skills.

We will continue enhancing our programs to strengthen employees' global business skills.



In-house English conversation class

Contribution to Local Communities

The Shinko Group takes a leading role in sustaining the well-being of society through our business activities.

We have developed deep roots in communities and engage in social activities in harmony with these local communities.

The Kurita Sogo Center lies like an urban oasis at a location close to the east entrance of Nagano Station. The center is a place that can present the Company's history to future generations, but it has also become a rich natural environment where community members and employees can relax.

This expansive green space also plays the role of a temporary evacuation site for the surrounding area, and is deeply intertwined with the lives of local people.



28th Nagano City Good Landscape Award Winner (August 2015)

Coexistence and Dialogue with Local Communities

◆ Social Contributions Deeply Rooted in Local Communities

The Shinko Group aims to coexist harmoniously with local communities through its business operations, in addition to which it has, since its founding, worked to create and maintain stable employment.

Through these activities, the Group seeks to remain a widely trusted company that is needed by society and that contributes to the local activities of communities.

◆ Awards from Local Authorities

In April 2015, the Arai Plant received a Municipal Meritorious Citizen Award from Myoko City. Marking the 10th anniversary of Myoko City, this award recognized the our record of contribution to municipal development.



The Municipal Meritorious Citizen Award and commemorative item received from Myoko City (Arai Plant)

◆ Participating in Local Events

Each August, employees participate in the Nagano Binzuru Festival held in Nagano City and the Arai Festival in Myoko City.

In 2015, a total of 143 employees participated as dancers, interacting with local residents.

In addition, each plant sponsors and cooperates with local events held throughout the year.

◆ Promoting Traffic Safety around Plants

During the nationwide traffic safety campaign period, all of our plants post personnel along the streets to engage in traffic safety activities.

In addition, Shinko has implemented safety measures, including traffic restrictions on roads, to ensure the safety of community residents who drive and walk nearby our plants.

◆Communication with Community Members

Shinko tries to take the lives of community members into consideration in our business operations. Accordingly, we investigate feedback and requests from the community and strive to promptly take responsive measures. In addition, we host plant tours to explain to community residents our business operations and our initiatives to reduce the environmental impact

These were opportunities for important communication leading to a better understanding of Shinko.

In the years ahead, we will continue to aim for coexistence in harmony with local society as a community-based company.



Plant tour of the Wakaho Plant for community members

Initiatives to Protect the Local Environment and Volunteering

◆Beautification Efforts around Plants

Each year, Shinko picks up trash and cut grass and dead branches along embankments and rivers around all of our plants, mainly during June, which is Environment Month.

In FY2015, a total of 270 employees participated in such beautification efforts.

KOREA SHINKO MICROELECTRONICS CO., LTD. (KSM) also conducts annual cleanups along the roads and river near its plant.



Cleanup activities around plants being conducted by KSM

◆Participating in an Adopt-a-Forest Program

Taking advantage of the adopt-a-forest program promoted by Nagano Prefecture, we concluded an agreement in October 2014 to conduct maintenance in collaboration with Iizuna Town in forests owned by the town around Lake Reisenji. In June 2015, we carried out planting of mountain cherry and magnolia, and in November conducted work to clear undergrowth.

◆Participation in a Tropical Rainforest Restoration Project

SHINKO ELECTRONICS (MALAYSIA) SDN. BHD. (SEM) actively participates in the Fujitsu Group's tropical rainforest restoration project in Borneo, site of one of the world's three great rainforests. This restoration project, which has been active continuously since 2002, aims to preserve an ecosystem that can provide a habitat to a vast number of living creatures. In FY2015, a survey was carried out to ascertain the state of tree planting and cultivation of saplings.



Tropical rainforest restoration project (Borneo)

◆Collecting and Donating Pre-Paid Cards

Shinko collects used pre-paid cards, stamps, and other items, which we donate to funds for tree planting. From July 2005, when we started this effort, until the end of FY2015, we collected and donated items sufficient for about 880 saplings.



◆Volunteering

In FY2015, employees volunteered in such activities as Myoko City Clean Partners (community beautification), coastal cleanups along the Sea of Japan and a wheelchair marathon held in Nagano City. Additionally, Shinko has an accumulated paid leave program that allows employees to accumulate and take up to 20 days of paid leave for specific purposes, including volunteering at public organizations.

Supporting Youth Development

◆Supporting the Hokushin Scholarship Foundation

Shinko's co-founder and former president Takekio Mitsunobu donated the retirement money he received when he stepped down as a director, as well as company stock that he held, to establish the Hokushin Scholarship Foundation, a public interest incorporated foundation.

Based on former president Mitsunobu's belief that the establishment of a high-tech prefecture starts with human resources development, the foundation has thus far granted scholarships to a total of 424 engineering and medical students who are either from Nagano Prefecture or studying at a university in Nagano Prefecture (including exchange students).

Shinko helps run the foundation by serving as its secretariat.

◆Plant Tours and Internships

Shinko provides opportunities for learning to nearby schools through plant tours. In FY2015, the Kohoku Plant, Takaoka Plant, and Arai Plant gave tours to students of elementary, junior and senior high school as well as university students.



Plant tour for junior high school students at Kohoku Plant

We also provide internships in the hope that they will become an effective foothold for students who will lead the next generation to establish their outlook on work and discover their abilities.

In FY2015, students underwent practical training at the Kohoku Plant, SHINKO R&D Center, and Takaoka Plant.

Topic

◆Activities Supporting the Areas Hit by the Kumamoto Earthquake

In terms of reconstruction support for the areas hit by the Kumamoto Earthquake in April 2016, Shinko donates contributions using the Japanese Red Cross Society, and conducts activities to raise funds that are then donated to the affected areas.

We also sent relief supplies to customers and suppliers with sites within the disaster area.



Preparing to transport relief supplies

Contributing to Customers and to Society Through Technology and Manufacturing

The Shinko Group has focused on developing and manufacturing superior products that meet customers' expectations, aiming to be No. 1 in *monozukuri* (the art of manufacturing) in the industry and to offer the best quality in the world. We always make customers the starting point of our ideas and actions, aiming to be a trusted business partner of our customers around the world by contributing to their success and growing together with them.

Supporting Customer and Societal Trust with Quality

The Shinko Group seeks to contribute to the development of society and enrich people's lives through manufacturing. In pursuit of this goal, we focus on providing products that offer satisfaction to customers and earn their trust. The Shinko Group regards quality as fundamental to our business operations, and we work unceasingly each day to maintain and enhance quality.

Based on our Quality Policy, all employees continually pursue the quality and service sought by our customers, keeping in mind our commitment to these customers' success, which demands that we give top priority to the incorporation of quality.

Quality Policy

Our Quality Policy shall commit to the success of the customer by providing the world's best products and services.

To accomplish this, all employees will act on the following guiding principles.

Guiding Principles

1. We make quality the top priority for Shinko products by building robust and rugged processes.
2. To improve quality and service, we establish goals and seek to meet them through continuous enhancement and change.
3. With unwavering quality and safety, we will meet our customers' expectations and trust.

Status of Quality Management System ISO9001 & ISO/TS16949 Certifications

From early on, the Shinko Group has worked to establish a quality management system and strives to increase customer satisfaction.

In July 2015, the IC Assembly Division (with the Arai Plant and the Takaoka Plant) acquired ISO/TS 16949 certification. ISO/TS 16949 certification is an industry standard for the automotive industry. It is based on ISO 9001, which is the international standard for quality management systems, with the addition of rigorous requirements specific to the automotive industry. In acquiring certification, we are required to meet customer requests and practice a high level of quality management, including continuous improvement and prevention of defects.

ISO 9001

Company	Product	Date certified	
SHINKO ELECTRIC INDUSTRIES CO., LTD.	LEADFRAME DIV.	Lead frame products	Dec. 28, 1994
	COMPONENT DIV.	Glass-to-metal seals, Electrostatic chucks, etc.	Jun. 16, 1995
	IC ASSEMBLY DIV.	Assembly products	Mar. 8, 1996
	PLASTIC LAMINATED PACKAGE DIV.	Substrate for semiconductor devices	Jan. 10, 2003
	PLASTIC LAMINATED PACKAGE DIV.	Substrates for semiconductors	Mar. 5, 2004
SHINKO ELECTRONICS (MALAYSIA) SDN. BHD.	Lead frame products	Dec. 29, 2003	
SHINKO ELECTRIC INDUSTRIES (WUXI) CO., LTD.	Lead frame products	Oct. 5, 2008	
KOREA SHINKO MICROELECTRONICS CO., LTD.	Glass-to-metal seals, Ceramic surge arrester	Jun. 5, 1997	

ISO/TS 16949

Company	Product	Date certified	
SHINKO ELECTRIC INDUSTRIES CO., LTD.	LEADFRAME DIV.	Lead frame products	Oct. 21, 2012
	IC ASSEMBLY DIV.	Assembly products	Jul. 16, 2015
SHINKO ELECTRONICS (MALAYSIA) SDN. BHD.	Lead frame products	Dec. 12, 2014	

Exhibiting at Trade Shows

To take the opportunity to capture a sense of customer and market needs, and to explain in an easy-to-understand format primarily our newer products and technologies, we exhibit at trade shows both in Japan and overseas. In this way, we incorporate feedback from customers into our product and technology development as well as our marketing activities.

◆IC Packaging Technology Expo

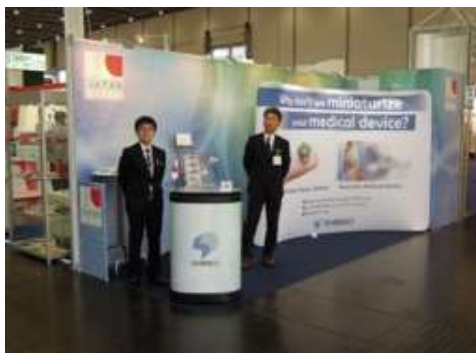
In January 2015, the Shinko Group exhibited at the 16th IC Packaging Technology Expo held at Tokyo Big Sight, showing its package substrates, assembly technology and products in development. The number of customers visiting our booth was 1.8 times larger than in the previous year. In addition, the products exhibited by the Shinko Group attracted much attention and many questions were asked regarding their leading-edge technology.



16th IC Packaging Technology Expo

◆COMPAMED 2015

In November 2015, we exhibited at COMPAMED 2015 (an international trade show for medical device technology and parts) in Düsseldorf, Germany. We introduced products in which the Shinko Group's packaging technology had been applied to the medical field, and welcomed many customers from around the world to the Shinko Group's booth.



COMPAMED 2015

Initiatives to Boost Customer Satisfaction

Customer and market needs change rapidly. To accurately grasp these changes and to anticipate them, the Shinko Group believes that it is important to approach our manufacturing from the customer's point of view.

Our sales department, which is the point of contact for our customers, continually maintains close communication with them. In addition, we visit customers with our engineers and actively make technical proposals, working with customers to develop safe, high-quality products.

◆Customer Satisfaction Survey

We conduct customer satisfaction surveys on a regular basis to incorporate feedback from customers. By working to enhance customer satisfaction, we have won high praise from customers in Japan and overseas for the Shinko Group's technology, quality and service, as a result it has helped us to earn a number of customer awards.

◆Sales Department Training

For the sales department, which is the point of contact for customer support, we carry out regular training over a wide range of subjects, such as the latest market and product trends, compliance and contractual issues. Our goal is to nurture sales personnel who can be trusted by customers.

Promoting Social Responsibility in the Supply Chain

The Shinko Group sees our suppliers as invaluable contributors, enabling us to add value to the products we provide to our customers. Shinko, together with its suppliers and the supply chain as a whole, promotes procurement activities that take into account protection of the global environment; compliance; respect for human rights, labor, health and safety; assurance of safety and quality of products and services; maintenance and promotion of information security; fair trade and corporate ethics, and so on.

Shinko Procurement Policy

We strive to build long-term relationships of trust with our suppliers, acting as good business partners that enhance each other's capabilities for mutual prosperity and productive coexistence together. With regard to the procurement of goods, materials, software, services and the like, we develop our procurement activities in accordance with the Shinko Procurement Policy drawn up by us.

Shinko Procurement Policy (Excerpt)

- 1. Coexistence with suppliers**
- 2. Fair trade (fair, transparent, proper evaluation and selection)**
- 3. Compliance with laws and social norms**
- 4. Protection of the global environment**

CSR-Conscious Procurement Activities

◆ Procurement Guidelines

In line with growing recognition of the importance of corporate social responsibility, Shinko drew up the Procurement Guidelines based on the Shinko Way and our Procurement Policy, to promote corporate social responsibility in our own business operations as well as throughout the supply chain. We follow these guidelines ourselves and ask suppliers to follow them as well, to promote procurement in line with societal demand.

In addition, we comply with the EICC Code of Conduct and promote understanding, compliance with, and spread of the EICC Code of Conduct among suppliers.

Procurement Guidelines

- 1. Protection of the global environment**
 - Promote the procurement of materials that have minimal environmental impact.
 - Promote thorough management procedures for chemical substances.
- 2. Compliance**
 - Comply with laws and regulations in Japan and overseas, as well as social norms.
- 3. Respect for human rights, labor, health and safety**
 - Respect the human rights of each individual.
 - Do not commit unfair discrimination or acts that infringe human rights.
 - Implement a pleasant working environment for the health and safety of employees.
 - Do not use child labor or forced labor.
- 4. Assurance of safety and quality of products and services**
 - Assure the safety and quality of products and services.
- 5. Maintenance and promotion of information security**
 - Provide appropriate protection for our own information and information systems and those of third parties.
- 6. Fair trade and corporate ethics**
 - (1) Fair trade**
 - Respect free, fair and transparent competition and do not conduct transactions through unfair means.
 - (2) Protection of confidential information**
 - Manage the confidential information of the Company and third parties, as well as personal information, in an appropriate fashion and in accordance with laws, regulations and rules.
 - (3) Protection of intellectual property**
 - Understand that intellectual property is a valuable management asset, respect the intellectual property of other companies while protecting the rights of our own.
 - (4) Prohibition of bribes**
 - Do not bribe public officials or use a business position to commit acts of bribery, extortion or embezzlement.

◆ Sharing Our Procurement Guidelines

~“To Our Suppliers”~

To disseminate our Procurement Guidelines in our supply chain, we provide on our procurement website a document entitled “To our suppliers” that contains the items we wish to promote. In addition, we ask suppliers, including those located overseas, to understand and cooperate with us in a written request to honor the procurement guidelines.

“To Our Suppliers” (Excerpt)

1. **Green procurement**
2. **Business continuity planning**
3. **Excluding antisocial forces**
4. **Conflict minerals**
5. **Corporate social responsibility**

◆ Dialogue with Suppliers

Shinko has sent questionnaire surveys about corporate social responsibility to our main suppliers every year. The questionnaire asks about each supplier’s compliance with the EICC Code of Conduct and their operation of management systems in the areas of labor, health and safety, the environment, and ethics. In FY2015 we sent a questionnaire to suppliers as usual, including those outside Japan. We are confirming on an ongoing basis the progress made by suppliers.

We have also sent questionnaire surveys about corporate social responsibility to all suppliers to whom we contract some processes within our plants every year. In addition, we have conducted on-site inspections of work sites (twice a year) based on the surveys. We confirmed no legal issues during the on-site inspections in FY2015 as well.

Going forward, we will continue striving to promote social responsibility throughout the supply chain through various dialogues with suppliers, including monitoring based on questionnaire surveys and interviews.

Supply Chain CSR Promotion System



Addressing Conflict Minerals

Shinko strives to avoid procurement of minerals produced in the Democratic Republic of Congo and adjoining countries that are closely connected to human rights infringements and labor problems and that could become a source of funds for armed groups. These minerals are tantalum, tin, gold, and tungsten.

When dealing with this matter, we first identify the applicable suppliers and purchased goods. Then, using the specified survey form (Conflict Mineral Reporting Template), we check and survey the procurement route and perform risk confirmation and evaluation for the applicable minerals, all the way back to the upper reaches of the supply chain. Based on the outcome of the above, we take initiatives on an annual basis to avoid the risk of procuring conflict minerals.

Specifically, by means of this survey, we request on an ongoing basis that the applicable suppliers procure 100% of their metals and minerals from smelting operators certified as Conflict-Free Smelters (CFSs) by third parties such as auditing companies, going all the way back to the upper reaches of the supply chain. In this way, we aim to achieve procurement route transparency for the applicable minerals and avoid the procurement of minerals that constitute a source of funding for armed groups.

Business Continuity Management

The strengthening of business continuity management throughout the supply chain is essential to maintain a stable supply of products and services needed by customers even during contingencies such as large-scale disasters.

Shinko has sent questionnaire surveys about business continuity management to our main suppliers of raw materials and components every year.

The survey confirms each supplier's problems with manufacturing sites and access to raw materials in the event of a contingency as well as their establishment of backup systems. We then ask suppliers to cooperate in strengthening their business continuity management by enhancing their business continuity plans (BCPs) and decentralizing sites.

In addition, as our own initiatives, we make sure to maintain several suppliers for primary raw materials and components to reduce procurement risks.

Green Procurement

As a member of the Fujitsu Group we promote green procurement—which takes into consideration the protection of the global environment—throughout the supply chain, including our suppliers. We do this by using designs and careful selection of materials that take into account energy-saving from the product development stage.

◆ Establishment of Environmental Management Systems (EMS)

We ask main suppliers from whom we purchase materials to establish EMS above a certain level, so that they engage continuously in initiatives to reduce the environmental impact.

◆ Managing Chemical Substances in Products

We ask suppliers to establish chemical substance management systems (CMSs), to ascertain the chemical substances contained in products and ensure compliance with laws and regulations. As a specific initiative, we periodically conduct CMS audits of raw material suppliers to strengthen the management of chemical substances contained in products in the supply chain.

◆ Promoting Cuts in CO₂ Emissions with Suppliers

As part of our activities within the Fujitsu Group, we respond to climate change caused by global warming by asking our suppliers to take initiatives actively to cut CO₂ emissions.

◆ Surveys of Suppliers' Initiatives

During Stage 7 of the Environmental Protection Program (FY2013–FY2015), one important theme in our activities was the expansion of initiatives to reduce CO₂ emissions to suppliers in all fields.

In concrete terms, we implemented environmental surveys to grasp the situation regarding not only CO₂ reductions but also construction of environmental management systems (EMS), protection of biodiversity and conservation of water resources.

Based on the results of these surveys, we ask suppliers that are not working to cut CO₂ emissions yet to devise an initiative and conduct goal-based CO₂ reduction initiatives. We provide them with a checklist for reference in terms of initiatives to assist in the implementation of concrete measures.

Compliance

◆ Training Procurement Personnel for Awareness

Shinko provides education and training opportunities for personnel in the Procurement Division to ensure that they understand well the Shinko Way, the Shinko Procurement Policy, the Procurement Guidelines, the Subcontract Act, and other laws relevant to procurement such as the Worker Dispatching Act. Through these efforts, we continue to strive to increase awareness of compliance.

◆ Compliance Hotline

Shinko has established a Supplier Compliance Hotline for whistle blowing in the event our employee has committed, or is suspected of having committed, an act in procurement operations that violates compliance.

In addition, we prohibit unfair treatment of the whistle blower and the supplier for their actions.

Corporate Governance

Shinko works unceasingly to enrich its system of corporate governance to ensure management transparency, and to facilitate swift and appropriate decision making in response to changing situations.

With the aim of strengthening the audit and supervisory functions and further enhancing corporate governance, based on resolutions adopted at the 81st Ordinary General Meeting of Shareholders, Shinko moved to a company with audit and supervisory committee, in which a majority of the committee members are outside directors. After this transition, the audit and supervisory system will be centered around the supervision of execution of duties by the board of directors, including directors serving as members of the audit and supervisory committee, in addition to audits and supervision by the audit and supervisory committee.

Moreover, we have introduced a corporate officer system with the goal of building a flexible business operational structure, by speeding up the decision making of the board of directors, strengthening the supervisory function and clarifying authority and responsibilities.

Based on this structure, we will strive to further bolster corporate governance and improve the efficiency of corporate management.

■ The Board of Directors decides basic policy, matters specified by laws and regulations, and the articles of incorporation as well as important management issues, and supervises the status of business execution. It meets once a month, and extraordinary meetings are convened when

necessary.

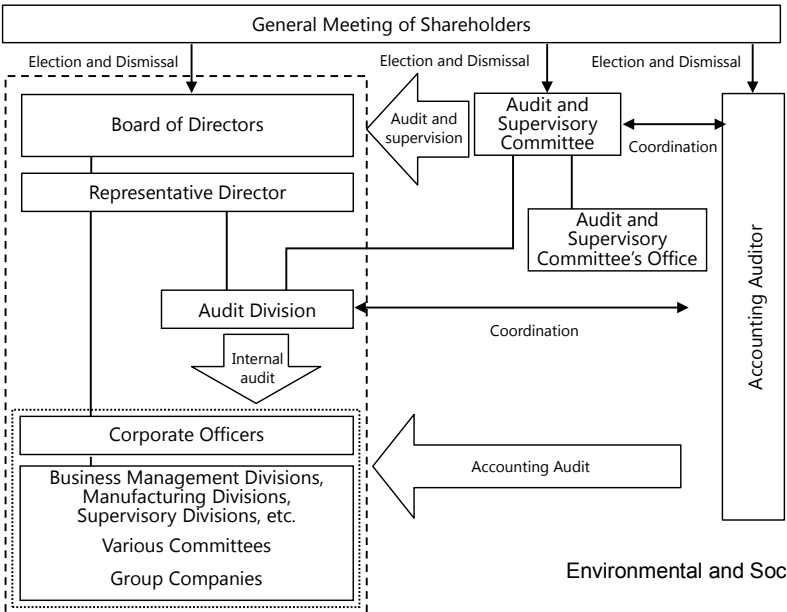
■ A corporate officers' meeting, consisting of directors and corporate officers, is held monthly to deliberate and report on general management, including reporting the status of each division and group company.

■ In addition to investigating the status of the operations and financial status of Shinko in accordance with the audit policy and the audit plan, the Audit and Supervisory Committee audits the execution of duties by the directors and others through the attendance of the committee members at important meetings, including those of the Board of Directors, and by receiving reports from directors who are not members of the Audit and Supervisory Committee, corporate officers, an internal auditing division and so on.

■ We have chosen Ernst & Young ShinNihon LLC as our accounting auditor and established the Audit Division as an internal auditing division.

■ The Audit and Supervisory Committee, the accounting auditor, and the Audit Division strengthen management transparency and compliance by increasing the effectiveness of their monitoring function through coordination and cooperation with each other, including the sharing of information and opinions.

Corporate Governance Structure



Compliance

To remain a company that is trusted by stakeholders and needed by society, it is more important than ever that directors, officers and employees (hereinafter referred to as "employees") comply completely with laws in their daily conduct and undertake fair and proper business operations with integrity. Accordingly, the Shinko Group practices thorough compliance based on the Code of Conduct of the Shinko Way.

Compliance Promotion System

Shinko has established the Shinko Way Promotion Committee and the Shinko Way Division to strengthen our corporate governance and compliance systems. By operating this committee, the Shinko Way Division accelerates the dissemination and instilment of the Shinko Way, which lays out the principles of behavior for the Shinko Group's employees, and carries out initiatives to ensure that the Shinko Way is practiced throughout the Group.

Furthermore, in each division of Shinko and in domestic and overseas Group companies, we are conducting initiatives to strengthen compliance throughout the Group, having first prepared a promotion system for each division and company.

◆ Spreading Knowledge and Practice of the Shinko Way

We have taken a number of measures to ensure that employees are aware of and can check the content of the Shinko Way. These measures have included distributing pamphlets of the Shinko Way to all employees, putting up posters inside company facilities, and producing a wallet-sized card containing the main points of the Shinko Way.

In addition, we have also developed an intranet environment so that employees can access documents related to the Shinko Way at any time.

Additionally, the Shinko Group has utilized the Global Business Standards (GBS). The GBS are compliance standards shared within the Fujitsu Group all over the world that give more concrete shape to the Code of Conduct of the Shinko Way, which stipulates what the employees should abide by in their daily behavior as a guide.

◆ Development of Detailed Regulations and Guidelines

To achieve more effective promotion of compliance, in FY2015 we prepared compliance regulations in Japan, selected compliance representatives for divisions based on the regulations and worked to reinforce the promotion system.

Overseas, we prepared various compliance guidelines that included observance of anti-trust and competition laws.

◆ Compliance Training

We systematically provide ongoing training to increase the awareness of compliance among each employee.

In FY2015, we also implemented group training programs with the goal of reconfirming knowledge on fair dealing, prevention of cartels and anti-bribery laws. The training, which is conducted in Japan every other year for all those involved, was attended on this occasion by 538 people.

In the years ahead, we will seek to ensure thorough compliance group-wide by developing compliance programs, including the provision of training conducted all over the world.



Group training on compliance

Internal Whistle-Blowing System

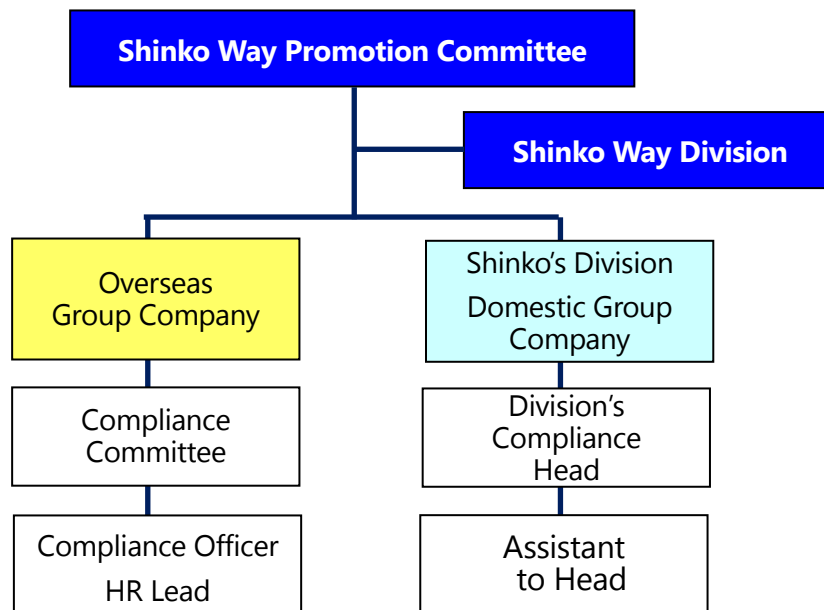
We have established a Corporate Ethics Helpline so that employees can feel secure about requesting consultation when they are unsure about a decision in the course of work in light of laws, regulations, company rules, or the Code of Conduct of the Shinko Way.

We are also working to establish an environment where it is easy to obtain advice, such as by setting up external helplines.

For overseas offices and plants, we have also set up external helplines so that employees in all locations can obtain advice, with their existence advertised to all employees by posters within offices.

Moreover, prejudicial treatment against somebody who has used or made a report to these services is strictly forbidden.

Compliance Promotion Organization



EICC code of conduct initiative

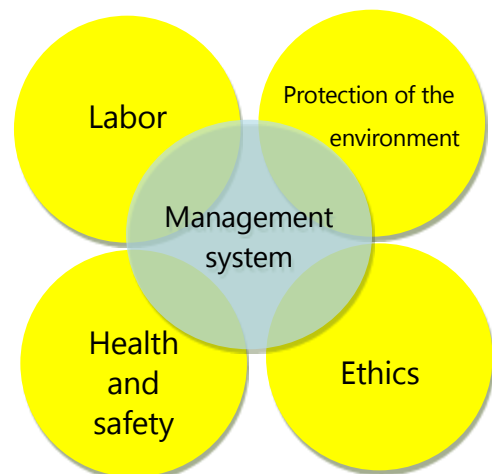
Shinko has a high regard for the code of conduct of the Electronic Industry Citizenship Coalition (EICC). To improve compatibility with the standards stipulated by the code of conduct in the four sections of labor, health and safety, the environment and business ethics, we are working unceasingly to enhance its management system and practice the processes described in this code of conduct.

Specifically, we perform risk assessments of each section and checks on the extent of adherence to regulatory compliance and customer request items. Based on the results, a yearly target and an implementation plan is drawn up, and after review by top management, a range of measures are executed.

Adherence to the management system and regulatory compliance, compatibility with standards and the state of the implementation of the plan are audited, and adjustments are made to correct the system as necessary.

Activities conducted during the year and the outcome of the audit are reviewed by top management, and their opinions are reflected in the activities for the following year.

Furthermore, we ask our suppliers for their understanding with regard to the EICC code of conduct, and we are working on initiatives to promote the code of conduct throughout the supply chain as a whole by encouraging them to base their activities on the code.



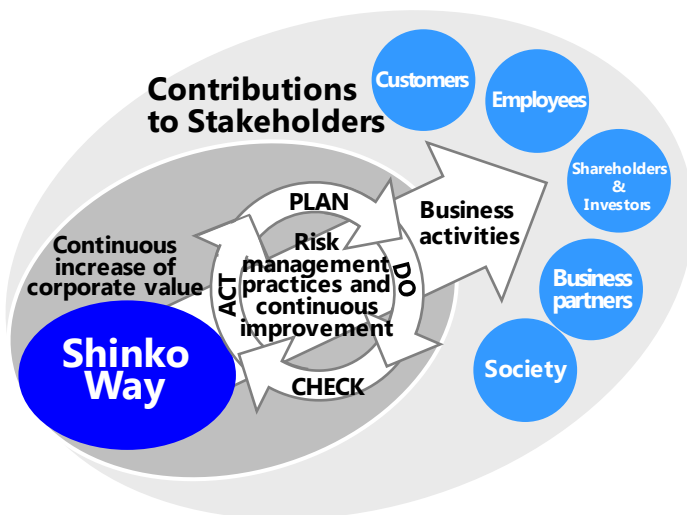
Risk Management

The Shinko Group’s goal is to enhance corporate value by means of our business operations and, in doing so, make contributions to all our stakeholders, including customers and local communities. We believe that one of the most important issues facing management is to properly understand risks that could influence our ability to achieve this goal, take preventive measures against them, minimize their impact when they occur and prevent recurrence. Accordingly, we are building risk management systems for the entire Group, grounded in the Shinko Way, and will run the systems and continually improve them.

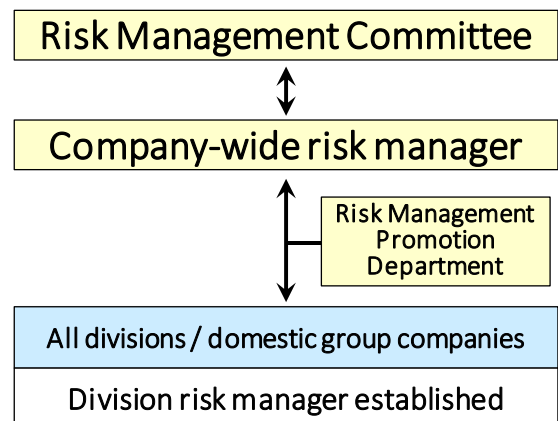
Promoting Risk Management

To promote risk management in every division and company of the Shinko Group, the Risk Management Committee has been established. The company-wide Risk Manager is appointed as chairman of this committee and assumes all responsibility and authority for risk management throughout Shinko Group, while each division is assigned its own division risk manager. Working as one—from the twin angles of preventing the occurrence of potential risk and dealing with risks that have arisen—we are building a system to encourage risk management.

Our Concept of Risk Management



Risk Management System Chart



◆ Risk Assessment throughout Business Operations

To properly understand and deal with the risks that affect the Shinko Group, a survey of potential risks is conducted annually. The potential risk survey identifies, analyzes and assesses the risks that could occur within each division and group company, then we seek countermeasures to avoid or mitigate their influence, while enabling a prompt response if risks arise.

Risk of Business, etc.*

1. Abnormal fluctuations in financial position, operating results or cash flows
2. Dependence on specific business partners, products or technologies, etc.
3. Occurrence of unique legal restrictions, trade practices or important cases of litigation
4. Disasters such as earthquakes, occurrence of accidents, infectious diseases such as new strains of influenza
5. Leaks of confidential or personal information

* The items listed in risk of business, etc., do not include all risks faced by the Group.

Business Continuity Initiatives

In recent years, the number of unexpected risks that threaten economic and social activity has been growing, including large-scale natural disasters such as earthquakes and flooding, serious accidents, and pandemics such as new strains of influenza.

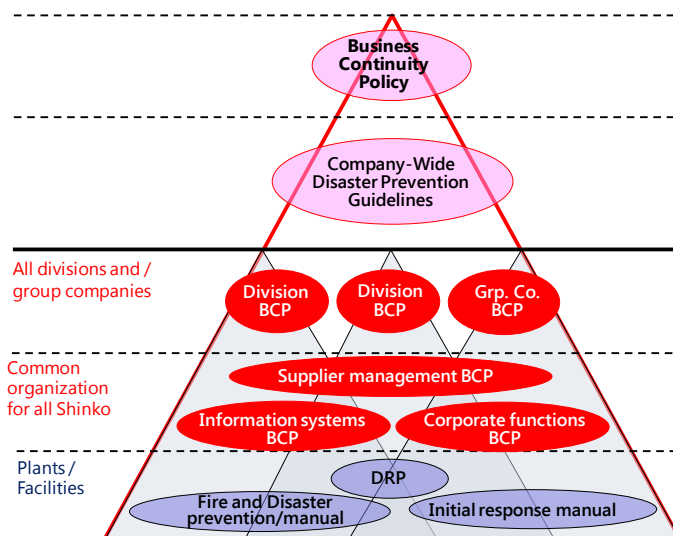
In times of unexpected disaster or serious accident, the Shinko Group makes protecting the lives of employees, employee families and people in the surrounding area and preventing secondary disasters its highest priority. While bearing in mind contributions to the public good, the Group will take the actions necessary to preserve the continuity of customers' important businesses.

◆ Business Continuity Management (BCM)

To promote business continuity management (BCM), the Shinko Group has established the Shinko Group Business Continuity Policy as the basic policy for the Group. Based on Shinko-Wide Disaster Prevention Guidelines, each division has drawn up a business continuity plan (BCP) to determine the initial response necessary to restart and continue, within the required time, operations that are important to the organization even after unexpected situations have occurred, and to prepare countermeasures ahead of time.

Going forward, we will take actions, such as implementation of the countermeasures, education, training, assessments and improvements, for the BCP to be practical in each workplace.

Promotion System for BCM



Shinko Group Business Continuity Policy

■ Basic philosophy

The Shinko Group works continually on initiatives to improve its ability to respond to and recover from any kind of risk, so that even in the event of unexpected natural disasters or serious accidents we can continue important operations, execute our social responsibility as a company, and achieve a stable supply of high-performance, high-quality products and services to meet customer demand.

Guiding principles (normal conditions)

- Each division decides which important operations should continue even after unexpected events as well as recovery time objective, and systematically puts in place measures to achieve this.
- Procedure manuals are created for recovery and continuation of business in case of an unexpected event, and systematic training is carried out.
- Changes in the business environment and the outcomes of training are reviewed at regular intervals, and based on the results the countermeasure plan and recovery procedure manuals are revised and improved.

Guiding principles (in unforeseen circumstances)

- Protecting the lives of employees, employee families and people in the surrounding area and preventing secondary disasters is made the highest priority.
- While bearing in mind contributions to the public good, we will take the actions necessary to preserve the continuity of customers' important businesses.
- We will establish emergency communications with stakeholders as quickly as possible and work to provide appropriate information.

Company-Wide Disaster Prevention

Shinko has drawn up Company-Wide Disaster Prevention Guidelines that determine the basic thinking for a company-wide disaster prevention system in preparation for an unforeseen large-scale disaster. Based on the guidelines, each plant has drawn up a plant fire and disaster prevention manual and a disaster response plan that take into account the special characteristics of the location and the facility, and we are moving ahead to build a system that enables effective action during the initial stages.

◆ Implementation of Company-Wide Disaster Prevention Training

Each year, to verify the efficacy of the disaster prevention system and strengthen our response capability, we run simulations and training that assume a variety of disasters, accidents (explosions, leaks, etc.) as well as conducting regular training and education for the in-house fire brigade and so on.



Disaster Prevention Training

◆ Implementing Disaster Preparedness Self Checks at Each Plant

To minimize damage to human life and property in the event of a disaster, the fire and disaster prevention manuals, disaster response plans, disaster prevention organization operations, and maintenance conditions of disaster prevention stocked items and facilities at each of Shinko's plants are inspected as part of a disaster prevention self-inspection according to a prescribed checklist of items.

Information Security

Due to advances in ICT, in recent years there is a growing risk of leaks of confidential information, and it is the duty of companies to implement thorough information security measures.

In the Shinko Group, we regard the appropriate handling of many types of business information as fundamental to our corporate activity and, in addition to putting in place regulations such as information management regulations, we strive to thoroughly observe rules for dealing with information.

◆ Handling of Many Types of Information

■ Handling Internal Information

During the execution of its business, a variety of confidential information routinely flows through and is stored within the Shinko Group. This information is given appropriate handling in accordance with prescribed rules and procedures on accessing, using and disclosing it externally.

■ Handling of Third-party Information such as that of Customers

With regard to the confidential information obtained from third parties such as customers and suppliers, the Shinko Group fulfills its duty of confidentiality by respecting the conditions prescribed in its contracts with such third parties pertaining to the use of the information, how it is managed and the period of retention.

■ Handling of Personal Information

The Shinko Group appropriately manages and uses the personal information that it gathers and accumulates during the course of its business in accordance with the relevant laws and regulations of each country.

◆ Information Security Education

To facilitate and understand the importance of information security, inculcating the rules and raising awareness, we have implemented in-house e-learning and rank-specific training for information security education.

Going forward, we will continually implement education and instruction to encourage behavior that is routinely and strongly aware of the need for information security and to raise awareness among employees.

CSR Activity Management

Our Results for FY2015 and Our Targets for FY2016

1. Environmental and Social Efforts

Theme	Medium-term target	FY2015 target	FY2015 results	Level of* achievement	FY2016 target
Activities to lower the environmental impacts	<p>Development of activities up to FY2015 in accordance with the Environmental Protection Program (Stage 7)</p> <p>* Some targets have been changed to reflect the shift to Stage 8 of the Environmental Protection Program from FY2016</p>	<ul style="list-style-type: none"> • Reductions in CO₂ emissions Hold to an increase of 11.2% over the base year • Reductions in generation of waste Cut by 26.9% over the base year • Green procurement Expand initiatives to all fields, raise our procurement ratio from companies that have implemented these initiatives to 100% • Promotion of social contribution activities Improve total time spent participating by 20% over the base year 	<ul style="list-style-type: none"> • Reductions in CO₂ emissions Hold to an increase of 9.3% • Reductions in generation of waste Reduced by 29.9% • Green procurement Procurement ratio 100% • Promotion of social contribution activities Total time spent participating improved by 105.6% 	S	<ul style="list-style-type: none"> • Reductions in CO₂ emissions Hold to an increase of 10.8% over the base year • Reductions in generation of waste Hold to an increase of 10.6% over the base year • Reductions in use of water resources Implement measures to reduce water use by 1% of amount used in base year • Green procurement Promote initiatives to primary suppliers that have secondary suppliers, perform surveys for all applicable suppliers
Promotion of reductions in environmental and safety risk	Reduce environmental and safety risk by promoting hazard prediction (HP) activities and strengthening patrols	<ul style="list-style-type: none"> • Promote HP activities • Promote activities to reduce environmental and safety risk 	<ul style="list-style-type: none"> • Implemented HP during maintenance work (all plants) • Implemented inspections, etc., based on annual comprehensive safety inspection plans 	A	<ul style="list-style-type: none"> • Promote HP activities • Promote activities to reduce environmental and safety risk
Initiatives to protect the local environment	<ul style="list-style-type: none"> ◆ Promote beautification activities around plants and in the community ◆ Promote volunteering for environmental activities 	<ul style="list-style-type: none"> • Beautification efforts around plants • Contribute to tree planting by collecting and donating used prepaid cards, etc. 	<ul style="list-style-type: none"> • Implemented beautification activities around each plant and nearby roads • Collected and donated used prepaid cards, etc. 	A	<ul style="list-style-type: none"> • Implement beautification activities around each plant (expanded scope) • Implement adopt-a-forest environmental volunteer activities through co-sponsorship by labor and management
Coexistence and dialogue with local communities	Participate in local events, network with local communities through plant tours, etc.	<ul style="list-style-type: none"> • Give support and make donations to local events, participate in summer festivals • Accept plant tours 	<ul style="list-style-type: none"> • Gave support and made donations to various local events, participated in summer festivals • Accepted plant tours for students and neighborhood residents 	A	<ul style="list-style-type: none"> • Give support and make donations to local events, participate in summer festivals • Accept plant tours
Social contribution activities	Promote activities that support social welfare programs, etc.	<ul style="list-style-type: none"> • Cooperate with requests to donate blood • Accept student internships 	<ul style="list-style-type: none"> • Implemented blood donations at each plant • Implemented student internship 	A	(No target, but activities to be continued)

2. Profit and growth / Shareholders and investors

Theme	Medium-term target	FY2015 target	FY2015 results	Level of* achievement	FY2016 target
Enhanced corporate value through strengthened governance	Reinforce the corporate governance system by centering it around responding to the Corporate Governance Code	<ul style="list-style-type: none"> Respond to the Corporate Governance Code Promote initiatives that are in conformity with the principles of the Code 	<ul style="list-style-type: none"> Drew up plans for responding to the Corporate Governance Code, disclosed them in corporate governance report Drew up measures for strengthening governance in conformance with the principles of the Code, implemented them as planned. 	A	<ul style="list-style-type: none"> Review organizational design (shift to a company with audit and supervisory committee) Continue to promote initiatives to strengthen governance in conformance with the principles of the Code
Enriching our dialogues with shareholders and investors	Examine and implement measures to put in place systems that facilitate constructive dialogue	<ul style="list-style-type: none"> Draw up and disclose basic policies to facilitate constructive dialogue Examine promotional frameworks built on basic policies as well as measures to facilitate dialogue 	<ul style="list-style-type: none"> Drew up and disclosed basic policies through a corporate governance report Strengthened promotional frameworks built on basic policies and considered specific measures to facilitate dialogue 	A	<ul style="list-style-type: none"> Reinforce cooperative framework between involved departments within company Continue to examine and implement measures to facilitate dialogue (IR forums, enhanced IR website, etc.)
Risk management (new item in FY2016)	<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 (potential risk surveys, etc.) Establish emergency response systems, maintain safety through continuous education and training Bolster countermeasures for safety of buildings and equipment Raise employees' risk awareness, firmly establish business continuity planning (BCP)

3. Global

Theme	Medium-term target	FY2015 target	FY2015 results	Level of* achievement	FY2016 target
Provide opportunities and active support for competence development	Nurture human resources who can play an active role at a global level	Strengthen education to enhance English skills	<ul style="list-style-type: none"> Held English conversation classes in-house (September to April) Implemented English correspondence training courses (October to March) 	A	Continuously boost education aimed at enhancing English skills (enrich in-house English conversation classes, improve support for personal development)
Strengthen overseas compliance system framework	Reduce risk and reinforce compliance framework by promoting the Global Compliance Program (GCP).	<ul style="list-style-type: none"> Spread awareness of compliance, implement education Check the risk situation, and provide support for its mitigation Strengthen check functions 	<ul style="list-style-type: none"> Implemented compliance education (United States) Prepared various guidelines (general compliance, anti-trust laws, etc.) Responded to risk issues 	B	<ul style="list-style-type: none"> Continuous implementation and strengthening of measures in line with the GCP (prepare guidelines, education, etc.) Continue and reinforce checking of the risk situation, and support risk mitigation

4. Employees

Theme	Medium-term target	FY2015 target	FY2015 results	Level of* achievement	FY2016 target
Creation of a vibrant corporate culture that takes into account work-life balance	Provide a workplace environment that enables employees to continue to grow by supporting a balance between work and childcare	Obtain the "Platinum Next-General Approval Mark" based on the Act on Advancement of Measures to Support Raising Next-Generation Children	<ul style="list-style-type: none"> Obtained the "Platinum Next-General Approval Mark" (introduced a system whereby there are days on which everybody takes annual leave at once, etc.) Provided support in forming a career for those returning from childcare leave (return to work training, courses at home, sharing of information, etc.) Strengthened management of overtime hours (thoroughly publicizing no-overtime days, etc.) 	A	<ul style="list-style-type: none"> Initiatives to promote active participation by women (enriched rank-specific training, raising managerial awareness) Handling a variety of work patterns (re-employment system, raising managerial awareness)
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 understanding of personnel systems Improve understanding of discharging duties according to one's role 	<ul style="list-style-type: none"> Implementation of training in personnel systems and evaluation for new managers Implemented personnel systems training as part of rank-specific training Implemented new diversity training 	A	<ul style="list-style-type: none"> Improve understanding of personnel systems (training for new managers) Improve understanding of discharging duties according to one's role (rank-specific training with enriched content)
Provide 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	Bolster support of career continuation for female employees	Implemented new training aimed at female employees returning to work from childcare leave	A	Strengthen support of career continuation for female employees
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 / furthering employee health 	<ul style="list-style-type: none"> Promotion of health, safety and fire and disaster prevention activities that adhere to relevant health, safety and fire and disaster prevention laws, regulations and requirements Raise employee safety awareness, 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 Maintain safety by establishing emergency response systems and through continuous education and training of employees 	<ul style="list-style-type: none"> Implemented response to amendment of the Industrial Safety and Health Act, etc., adopted the EICC management system Conducted safety education programs throughout the company (traveling / web training), as well as tours, patrols and traffic safety guidance Carried out risk assessments (safety week, before major holidays, etc.) Implemented mental health education program aimed at all employees and introduced specific health guidance Promoted earthquake resistance countermeasures (reinforcing earthquake resistance, preventing items from toppling), carried out various kinds of training (fluid leaks, gas generation), inspected and prepared disaster prevention fittings, implemented comprehensive disaster prevention training (all plants) 	A	<ul style="list-style-type: none"> Promote health, safety and fire and disaster prevention activities that adhere to relevant laws, etc. (such as chemical substance risk assessments) Raise safety awareness, strengthen and promote the "5S" program (safety education and so on) Promote continuing risk reduction activities Reduce employee fatigue and stress and encourage prevention of lifestyle diseases (stress checks, etc.) <p>(Emergency response has been combined with "Risk management" in "2. Profit and growth / shareholders and investors" above)</p>

5. Customers

Theme	Medium-term target	FY2015 target	FY2015 results	Level of* achievement	FY2016 target
Thoroughly ground our activities in the customer's point of view and strengthen relationships of trust	<ul style="list-style-type: none"> ◆ Acquisition of related knowledge by rebuilding the sales training program, promote development and nurture of communication competence ◆ Continually improve customer satisfaction based on customer satisfaction survey results 	<ul style="list-style-type: none"> ● Rebuild the sales group training program, advocate the importance of education and training ● Boost awareness of the customer's point of view by reconsidering how to analyze and use customer satisfaction surveys 	<ul style="list-style-type: none"> ● Reviewed group training (implemented new training for new employees and those being posted overseas, enriched content of existing training) ● Reviewed reporting methods regarding results of customer rating surveys, put follow-up structures in place to match increased reporting frequency 	A	<ul style="list-style-type: none"> ● Continue to rebuild sales group training program, enhance sales skills (sales basics, and for those being posted overseas) ● Improve customer satisfaction by continuing to review how customer satisfaction surveys are analyzed and used

6. Suppliers

Theme	Medium-term target	FY2015 target	FY2015 results	Level of* achievement	FY2016 target
Promotion of CSR throughout the supply chain	Disseminate and thoroughly establish the Shinko Procurement Policy and procurement guidelines	<ul style="list-style-type: none"> ● Disseminate and thoroughly establish procurement policy among suppliers both in Japan and overseas ● Implement CSR questionnaires for main suppliers ● Check CSR situation for all subcontractor working on the premises 	<ul style="list-style-type: none"> ● Carried out a recognition survey for suppliers in Japan and overseas (recognition ratio Japan 99.2%; overseas: 100%) ● Implemented a CSR questionnaire complying with the EICC code of conduct (100% response rate) ● Checked the situation regarding subcontractors working on premises using the CSR questionnaire (twice yearly) 	A	<ul style="list-style-type: none"> ● Disseminate procurement policy to suppliers in Japan and overseas ● Implement CSR questionnaires for major suppliers ● Check the state of CSR at subcontractors working on premises
Promote 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	Promote use of EICC templates for upstream surveys and due diligence	<ul style="list-style-type: none"> ● Implemented surveys of related suppliers ● Performed risk assessments, requested improvements and followed up, based on the outcome of surveys 	A	Continue to promote use of EICC templates for upstream surveys and due diligence
Promote BCP surveys and draw up BCP (new item in FY2016)	Implement BCP surveys for purchased products, promote drawing up of BCP	—	—	—	Reduce risk through BCP surveys and drawing up of BCP

* Level of achievement S: Results significantly exceeded the target

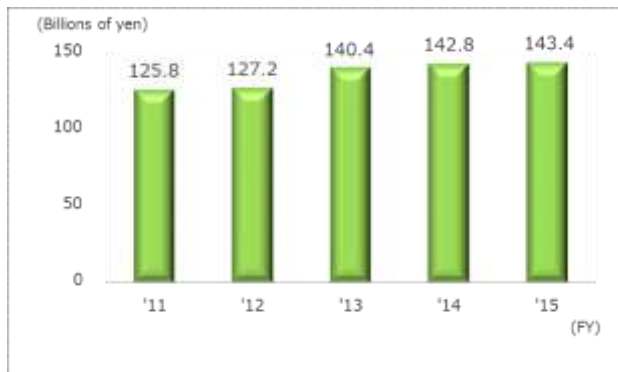
A: Results basically in line with the target

B: Results did not reach the target despite aggressive efforts

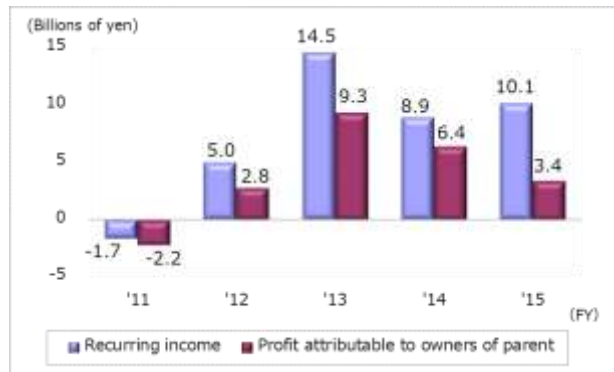
Financial and Non-financial Data

Consolidated Financial Highlights

Net sales



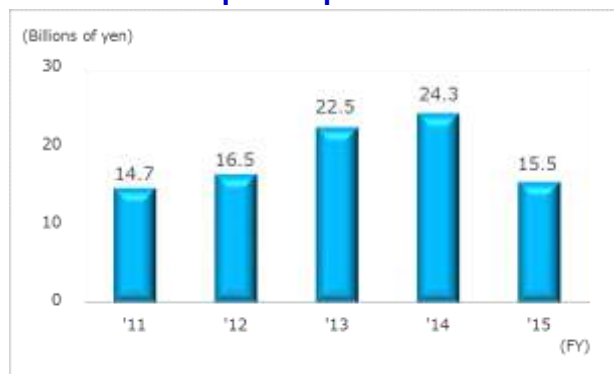
Recurring income/ Profit attributable to owners of parent



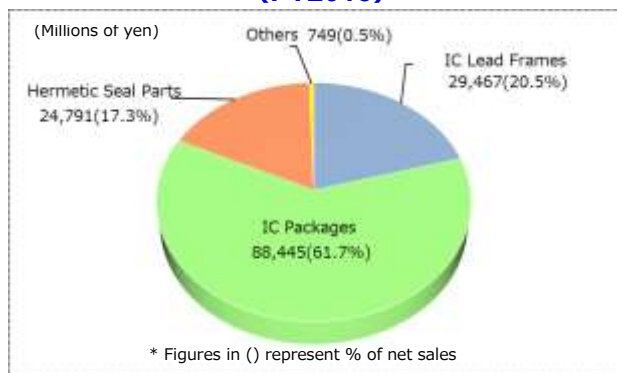
Total assets/Net assets



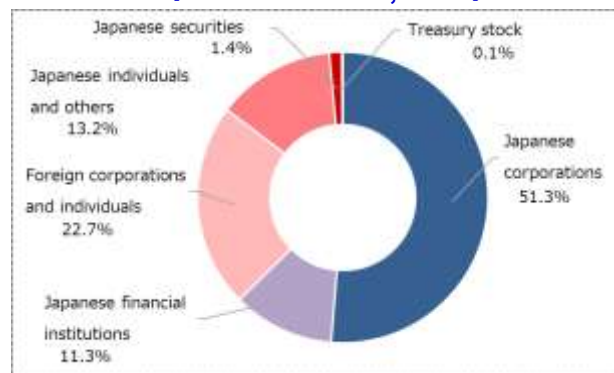
Capital expenditure



Net sales by product category (FY2015)



Distribution of stock by type of shareholder (As of March 31, 2016)



◆ Business Performance and Financial Information

Shinko publishes reports such as the Securities Report, as well as a semiannual overview of business performance and our financial condition. These reports are made available on our website.

We are committed to disclosing operations and financial information in a timely and appropriate manner and to increasing management transparency, to give shareholders and investors an understanding of our efforts to boost corporate value and the results of these efforts.

List of Employee Related Indicators

Employees in Shinko Group (As of the end of March)

		FY2013	FY2014	FY2015
Number of employees by region	Total (person)	4,950	4,905	4,880
	Japan (%)	86.0%	85.7%	85.1%
	Asia (%)	13.2%	13.5%	14.0%
	The Americas (%)	0.8%	0.8%	0.9%
Number of employees by Type of contract (person)	Full-time	4,950	4,905	4,880
	Non Full-time*	194	216	240

*Including fixed term employees (contracted, part-time, etc.) and excluding dispatched workers.

Diversity (Shinko) (As of the end of March)

(Trend in employment rate of people with disabilities includes employees of the Group companies in Japan and contract employees.)

		FY2013	FY2014	FY2015
Number of employees (person)	Total	4,165	4,117	4,070
Average age (year)		43.3	43.8	44.3
Average year of service (year)	Total	21.2	21.8	22.4
	Male	20.8	21.3	21.9
	Female	22.8	23.6	24.2
Number of employees by gender (person)	Male	3,264	3,224	3,190
	Female	901	893	880
Ratio of female employees (%)		21.6%	21.7%	21.6%
Ratio of female managers (%) (Including assignees to the Group companies and contract employees.)		1.4%	1.8%	1.8%
Number of non-Japanese employees (person)		9	6	6
Trend in employment rate of people with disabilities (%) (counted in every June)		2.17%	2.26%	2.26%

Employment (Shinko)

		FY2013	FY2014	FY2015
Hiring (person)	Total	26	42	48

Using the Care Leave and Short Work Hours System (Shinko)

		FY2013	FY2014	FY2015
Number of employees using child care leave (person)	Total	19	36	38
	Male	1	1	3
	Female	18	35	35
Return to work rate after child care leave (%)		100%	100%	100%
Continuous work rate after child care leave (%)*		100%	100%	100%
Number of employees using family care leave (person)	Total	1	0	1
	Male	0	0	0
	Female	1	0	1
Return to work rate after family care leave (%)		100%	-	-
Continuous work rate after family care leave (%)*		67%	50%	-
Paternity leave (person)		32	30	35

* Continuous work rate after child care leave and family care leave is the rate of employees still at the company 12 months after returning to work.

Environmental Data

Kohoku Plant

□ Air Data for: Small through-flow boiler

Item	Unit	National standards	Company standards	Results	
				Max.	Avg.
Particulate ^{*1}	g/Nm ³	(0.1)	0.02	— ^{*2}	— ^{*2}
SOx	Nm ³ /h	4.41	—	— ^{*3}	— ^{*3}
NOx ^{*1}	cm ³ /Nm ³	(150)	130	66	47

□ Water quality Units: Hydrogen ion concentration (pH) and other (mg/l)

Item	Sewage discharge standard	Company standards	Results	
			Max.	Avg.
pH	5.0~9.0	5.2~8.8	8.6	7.5
BOD	600	540	180	96
Suspended solids	600	300	44	15.5
n-Hexane	5	4.5	<1	<1
Copper	3	1	0.08	0.04
Zinc	2	1	0.16	0.07
Soluble iron	10	5	0.07	0.04

Takaoka Plant

□ Air Data for: Small through-flow boiler in Building C

Item	Unit	National standards	Company standards	Results	
				Max.	Avg.
Particulate ^{*1}	g/Nm ³	(0.1)	0.03	— ^{*2}	— ^{*2}
SOx	Nm ³ /h	3.68	—	— ^{*3}	— ^{*3}
NOx ^{*1}	cm ³ /Nm ³	(150)	130	72	41.2

Data for: Small through-flow boiler in Building K

Item	Unit	National standards	Company standards	Results	
				Max.	Avg.
Particulate ^{*1}	g/Nm ³	(0.1)	0.03	<0.005	<0.005
SOx	Nm ³ /h	7.40	—	— ^{*3}	— ^{*3}
NOx ^{*1}	cm ³ /Nm ³	(150)	130	22	18.4

□ Water quality Units: Hydrogen ion concentration (pH) and other (mg/l)

Item	National standards	Niigata prefectural standards	Company standards	Results	
				Max.	Avg.
pH	5.8~8.6	5.8~8.6	6.0~8.4	8.0	7.0
BOD	160	30	27	27.0	9.6
Suspended solids	200	50	25	22.0	11.5
n-Hexane	5	5	2	<1	<1
Copper	3	2	1	0.30	0.15
Zinc ^{*4}	5	3	1.5	0.04	0.02
Soluble iron	10	10	3	0.11	0.05
Soluble manganese	10	10	3	0.42	0.13
Chromium	2	1	0.5	<0.02	<0.02

*1 Not applicable at the moment based on supplementary provisions in the enforcement regulations to the Air Pollution Control Act (Ordinance 31 of June 6, 1985)

*2 There are no results for FY2015, because measures are taken once every three years.

*3 There are no measures because of gas fuel (without containing ingredients of sulfur).

*4 National and prefectural standards are provisional standards until December 10, 2016.

Wakaho Plant

□ Air Data for: Small through-flow boiler

Item	Unit	National standards	Company standards	Results	
				Max.	Avg.
Particulate ^{*1}	g/Nm ³	(0.1)	0.02	— ^{*2}	— ^{*2}
SOx	Nm ³ /h	5.5	—	— ^{*3}	— ^{*3}
NOx ^{*1}	cm ³ /Nm ³	(150)	135	89	38.2

□ Water quality Units: Hydrogen ion concentration (pH) and other (mg/l)

Item	Sewage discharge standard	Company standards	Results	
			Max.	Avg.
pH	5.0~9.0	5.2~8.8	7.9	7.6
BOD	600	540	480	356
Suspended solids	600	200	95	71.7
n-Hexane	5	4.5	<1	<1
Copper	3	2.7	0.53	0.53
Zinc	2	1	0.14	0.03
Soluble iron	10	3	0.04	0.02
Soluble manganese	10	4	0.55	0.28
Chromium	2	0.4	<0.02	<0.02

Arai Plant

□ Air Data for: Small through-flow boiler

Item	Unit	National standards	Company standards	Results	
				Max.	Avg.
Particulate ^{*1}	g/Nm ³	(0.1)	0.02	— ^{*2}	— ^{*2}
SOx	Nm ³ /h	7.1	0.2	— ^{*3}	— ^{*3}
NOx ^{*1}	cm ³ /Nm ³	(150)	120	— ^{*2}	— ^{*2}

□ Water quality Units: Hydrogen ion concentration (pH) and other (mg/l)

Item	National standards	Niigata prefectural standards	Company standards	Results	
				Max.	Avg.
pH	5.8~8.6	5.8~8.6	6.0~8.4	7.7	7.3
BOD	160	25	23	5.0	2.8
Suspended solids	200	50	32	7.0	3.8
n-Hexane	5	5	4	<1	<1
Copper	3	2	1	0.07	0.05
Zinc ^{*4}	5	5	1	0.03	0.03
Soluble iron	10	10	5	0.41	0.17
Soluble manganese	10	10	3	0.58	0.21
Chromium	2	2	0.5	<0.02	<0.02

Kyogase Plant

□ Air Data for: Small through-flow boiler

Item	Unit	National standards	Company standards	Results	
				Max.	Avg.
Particulate ^{*1}	g/Nm ³	(0.1)	0.03	<0.01	<0.01
SOx	Nm ³ /h	4.65	—	— ^{*3}	— ^{*3}
NOx ^{*1}	cm ³ /Nm ³	(150)	130	20	18

□ Water quality Units: Hydrogen ion concentration (pH) and other (mg/l)

Item	National standards	Niigata prefectural standards	Company standards	Results	
				Max.	Avg.
pH	5.8~8.6	5.8~8.6	6.2~8.2	7.0	6.9
BOD	160	160	80	7.5	4.8
Suspended solids	200	200	65	4.0	2.5
n-Hexane	5	5	2	<1	<1
Copper	3	3	1	0.05	0.01
Zinc ^{*4}	5	5	1	<0.02	<0.02
Soluble iron	10	10	3	0.10	0.07
Soluble manganese	10	10	3	<0.02	<0.02
Chromium	2	2	0.5	<0.02	<0.02

Business Outline

Corporate Outline

(as of March 31, 2016)

Corporate Name	SHINKO ELECTRIC INDUSTRIES CO., LTD.	
Head Office	80, Oshimada-machi, Nagano-shi, Nagano 381-2287, Japan	
President	Mitsuharu Shimizu	
Date of Establishment	September 12, 1946	
Major Business Lines	Manufacturing and Sales of Plastic Laminated Package (PLP), Tape BGA, Lead Frame, Glass-to-Metal Seals, Electro Static Chuck, Surge Arrester and Multi-Chip Package (MCP) / IC Assembly and assembly of System Modules	
Capital	24,223 million yen	
Fiscal Year	Ending March 31	
Listing Market	First Section of the Tokyo Stock Exchange	
Employees	Consolidated: 4,880 / Unconsolidated: 4,070	
Plants and Facilities	Head Office / Kohoku Plant (Nagano City, Nagano Prefecture) Wakaho Plant (Nagano City, Nagano Prefecture) Takaoka Plant (Nakano City, Nagano Prefecture) Arai Plant (Myoko City, Niigata Prefecture)	Kyogase Plant (Agano City, Niigata Prefecture) SHINKO R&D Center (Nagano City, Nagano Prefecture) Kurita Sogo Center (Nagano City, Nagano Prefecture) Aizu Branch (Aizuwakamatsu City, Fukushima Prefecture)
Sales Offices and Representative office	Tokyo (Shibuya-ku, Tokyo) Osaka (Osaka City, Osaka Prefecture) Sendai (Sendai City, Miyagi Prefecture) Nagano (Nagano City, Nagano Prefecture)	Nagoya (Nagoya City, Aichi Prefecture) Oita (Oita City, Oita Prefecture) Fukuoka (Fukuoka city, Fukuoka Prefecture) Manila Representative Office (Philippines)
Consolidated Subsidiaries	10 companies (Domestic: two companies, Overseas: eight companies)	
Affiliated Company	One company (Overseas)	



Head Office / Kohoku Plant



Wakaho Plant



Takaoka Plant



Arai Plant



Kyogase Plant

Shinko Group Business Locations

*Consolidated Subsidiaries

Japan

SHINKO ELECTRIC INDUSTRIES CO., LTD.

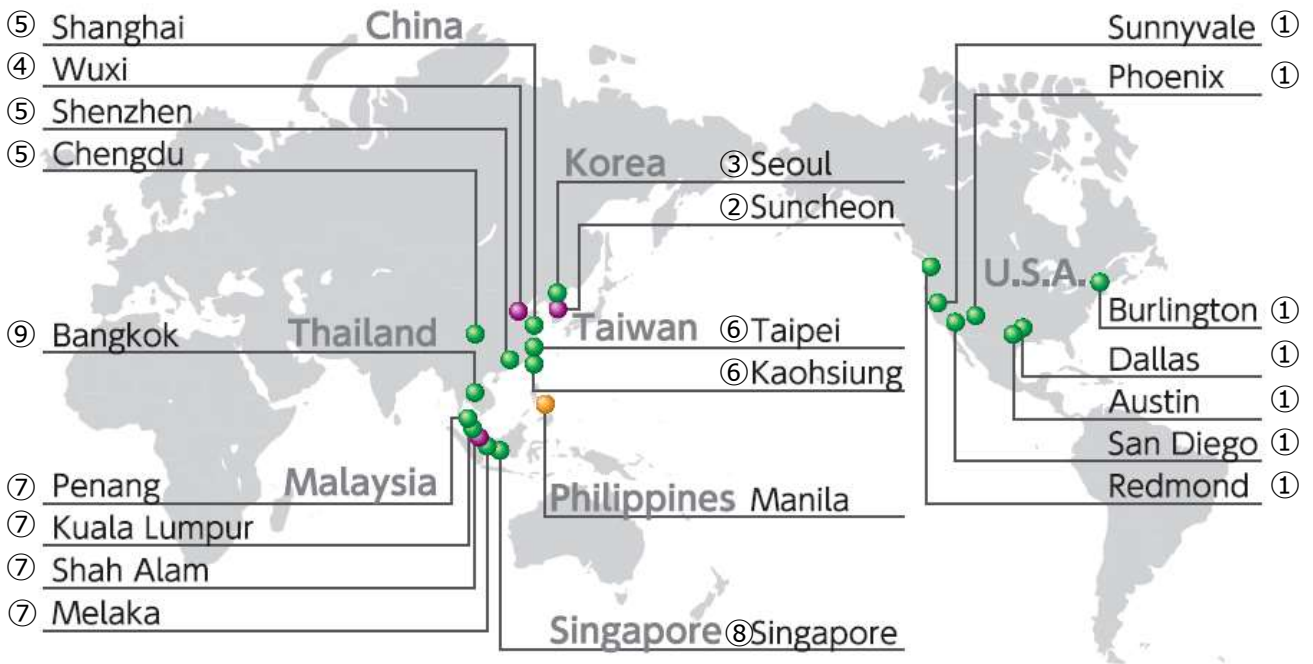
- * SHINKO PARTS CO., LTD. (Nagano City, Nagano Prefecture)
- * SHINKO TECHNOSERVE CO., LTD. (Nagano City, Nagano Prefecture)

North America

- * SHINKO ELECTRIC AMERICA, INC. (U.S.A.) ①

Asia

- * KOREA SHINKO MICROELECTRONICS CO., LTD. (Korea) ②
- * KOREA SHINKO TRADING CO., LTD. (Korea) ③
- * SHINKO ELECTRIC INDUSTRIES (WUXI) CO., LTD. (China) ④
- * SHANGHAI SHINKO TRADING LTD. (China) ⑤
- * TAIWAN SHINKO ELECTRONICS CO., LTD. (Taiwan) ⑥
- * SHINKO ELECTRONICS (MALAYSIA) SDN. BHD. (Malaysia) ⑦
- * SHINKO ELECTRONICS (SINGAPORE) PTE. LTD. (Singapore) ⑧
- SHINKO MICROELECTRONICS (THAILAND) CO., LTD. (Thailand) ⑨



● Sales offices ● Representative office ● Production sites

Evaluation of the Importance and Selection of Important Issues

When selecting important issues, we first referred to the global standard for sustainability information disclosure, namely version 4 of the GRI Sustainability Reporting Guidelines, then we evaluated the social issues we extracted in terms of importance from both the stakeholders' perspective and from our own business perspective.

In this report, we will give an account of not only the important issues that we selected but also details of those activities that we as a corporate group wish to communicate to our stakeholders.

1. Extracting the Sustainability Issues (social issues)

Based on internal factors (Corporate Values, management policies, etc.) and external factors (the major international sustainability-related standards, requests from stakeholders, etc.), we extracted a list of 154 sustainability issues (social issues).

- ◆ International sustainability-related standards consulted
 - (1) GRI Sustainability Reporting Guidelines v.4
 - (2) Electronic Industry Citizenship Coalition (EICC) Code of Conduct
 - (3) ISO26000
 - (4) United Nations Global Compact

2. Categorization and Combination of Extracted Issues

The 154 sustainability issues above were categorized, combined and rearranged into seven fields and 71 items.

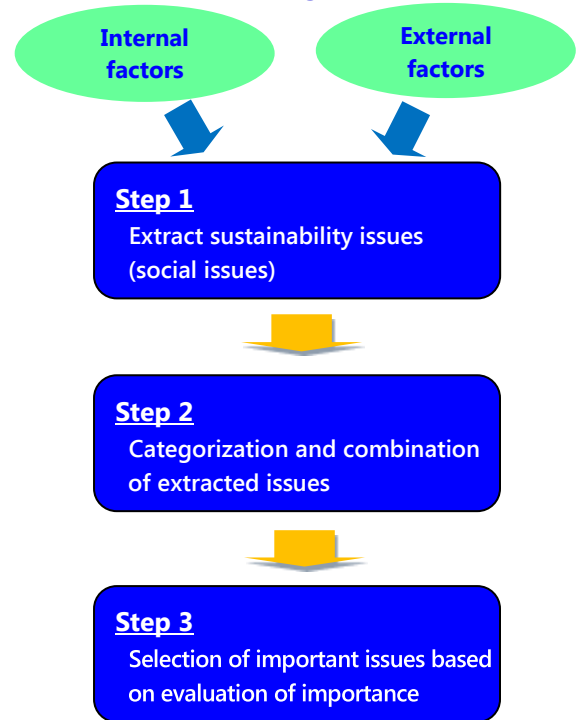
3. Selection of Important Issues based on Evaluation of Importance

The above seven fields and 71 items were evaluated from the points of view of their importance to stakeholders and to the businesses of the Group respectively (excluding issues related to management).

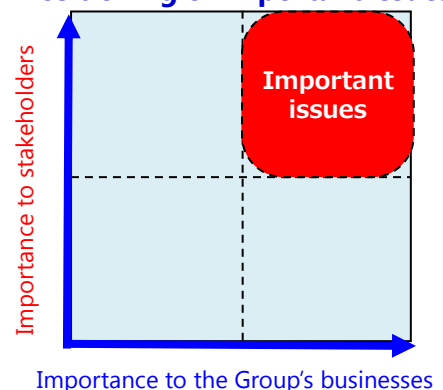
We performed an evaluation of the importance of these issues with reference to the following indicators. The outcome was that six fields and 22 items were selected as important issues.

Furthermore, the reasonableness of the selected important issues was then checked in-house. In addition, the list of issues will be reviewed on a regular basis going forward.

Process for selecting important issues



Positioning of important issues



Evaluation Indicators Used to Evaluate Importance

Importance to stakeholders	Importance to the Group's businesses
Impact on stakeholders	Level of impact on corporate continuity and operations
Opinions of stakeholders and level of interest	Degree to which related to business philosophy and management policies
Importance in international sustainability standards	Degree to which related to the Group's future ideal form
State of initiatives being taken by industry and industry peers	State of current CSR initiatives

Dialogue with Stakeholders

The business of the Shinko Group is supported by a wide range of stakeholders, including our customers, suppliers, shareholders and investors, employees and local communities. What is asked of the Shinko Group is for us to live up to the expectations of all our stakeholders by working to achieve stable, long-term generation of profit and by continually enhancing corporate value.

Through communication with our stakeholders to grasp their expectations and wishes and to better understand social issues, we aim to fulfil our social responsibility as a corporate group and contribute to the sustainable growth of society.

Going forward, we seek to further enrich our dialogues with all our stakeholders, to improve our relationships of trust and to strengthen our initiatives on social issues.



Principal Dialogues with Stakeholders

Stakeholders	Corporate Values in the Shinko Way	Dialogues (principal)	Main departments involved
Customers	Seek to contribute to the success of our customers and grow with them as an indispensable partner	<ul style="list-style-type: none"> ● Improve customer satisfaction through sales activities ● Respond to surveys related to CSR/EICC ● Trade shows in Japan and overseas, etc. 	Sales department Overseas sales companies
Suppliers	We strive to build long-term relationships of trust with our suppliers, acting as a good business partner for mutual prosperity and productive coexistence.	<ul style="list-style-type: none"> ● Disseminating the Procurement Guidelines ● CSR-related audits and questionnaires ● Conflict minerals surveys and visits ● Supplier compliance hotlines, etc. 	Procurement department
Shareholders/ Investors	In order to give shareholders and investors a better understanding of our initiatives to enhance corporate value and their outcomes, we disclose timely and appropriate information about our business operations and financial position.	<ul style="list-style-type: none"> ● General Meeting of Shareholders ● Broadcasting information using the website ● Dealing with telephone and email inquiries ● Providing information for ESG-related surveys, etc. 	Public and investor relations department
Local Communities	By getting involved in local social contribution activities, we seek to coexist harmoniously and put down deep roots in local communities	<ul style="list-style-type: none"> ● Regular networking events with community residents ● Participation in local events ● Plant tours ● Social contribution activities, etc. 	Corporate affairs department Each plant
Employees	Aims to enhance corporate value by respecting diversity, while supporting employee efforts to achieve personal growth	<ul style="list-style-type: none"> ● Labor Council ● Labor-management exploratory committee ● Safety and Health Committee ● Corporate Ethics Helpline ● Management-by-objectives and objectives interview programs, etc. 	Personnel department Corporate affairs department Each plant

Editorial Policy

We publish an annual Environmental and Social Report to give our stakeholders an understanding of the Shinko Group's CSR initiatives, centered on environmental, social, and corporate governance efforts.

In addition to reporting on the year's initiatives, on the occasion of the 70th anniversary of our founding, the Environmental and Social Report 2016 introduces Shinko's history and the commemorative activities in the Topics sections.

Reference Guidelines

- GRI, *Sustainability Reporting Guidelines* (Version 4)
- Ministry of the Environment, *Environmental Reporting Guidelines* (Fiscal Year 2012 version)
- Ministry of the Environment, *Environmental Accounting Guidelines* (Fiscal Year 2005 version)

Period Covered

FY2015 (focusing on initiatives from April 1, 2015 to March 31, 2016 and including some of our prior and most recent initiatives)

Scope of the Report

As a general rule, the report focuses on initiatives and data for the Shinko Group as a whole. The scope is narrowed to individual cases regarding matters for which group-wide data are not available.

Shinko Electric Industries Co., Ltd. is referred to as "Shinko." The overall group of companies including Shinko Electric Industries Co., Ltd. is referred to as the "Shinko Group," and the overall group of companies in Japan including Shinko Electric Industries Co., Ltd. is referred to as the "Shinko Group in Japan."

Date of Publication

September 2016

Next issue: September 2017 (previous issue: September 2015)

Contact Information

SHINKO ELECTRIC INDUSTRIES CO., LTD.
Public & Investor Relations Department,
Corporate Communications Division
80, Oshimada-machi, Nagano-shi, Nagano 381-2287, Japan
Tel: +81 (26) 283-6450

Environmental Engineering Department,
Environmental Management Division (Environmental Report)
80, Oshimada-machi, Nagano-shi, Nagano 381-2287, Japan
Tel: +81 (26) 283-2955

GRI Guideline Comparison Table

We referred to version 4 of the GRI Sustainability Reporting Guidelines (G4) when preparing the Environmental and Social Report 2016. We selected the Core option as the option of the Guidelines.

1. General Standard Disclosures

※ • • Indicator of the Core option

General Standard Disclosures			Pages	Corresponding Topics
Strategy and Analysis				
G4-1	※	a. Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	2	Message from the President
G4-2		a. Description of key impacts, risks, and opportunities.	2 39-41 42-45	Message from the President Risk Management CSR Activity Management
Organizational Profile				
G4-3	※	a. Name of the organization.	49	Corporate Outline
G4-4	※	a. Primary brands, products, and services.	3 49	Overview of Products Corporate Outline
G4-5	※	a. Location of the organization's headquarters.	49	Corporate Outline
G4-6	※	a. Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	50	Shinko Group Business Locations
G4-7	※	a. Nature of ownership and legal form.	36 46 49	Corporate Governance Consolidated Financial Highlights Corporate Outline
G4-8	※	a. Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	3 4 50	Overview of Products The Shinko Group's Business Fields Shinko Group Business Locations
G4-9	※	a. Scale of the organization, including: • Total number of employees • Total number of operations • Net sales (for private sector organizations) or net revenues (for public sector organizations) • Total capitalization broken down in terms of debt and equity (for private sector organizations) • Quantity of products or services provided	46 47 49 50	Consolidated Financial Highlights List of Employee Related Indicators Corporate Outline Shinko Group Business Locations
G4-10	※	a. Total number of employees by employment contract and gender. b. Total number of permanent employees by employment type and gender. c. Total workforce by employees and supervised workers and by gender. d. Total workforce by region and gender. e. Whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	47	List of Employee Related Indicators
G4-11	※	a. Percentage of total employees covered by collective bargaining agreements.	26	Labor Relations
G4-12	※	a. Describe the organization's supply chain.	33-35	Promoting Social Responsibility in the Supply Chain
G4-13	※	a. Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	36	Corporate Governance
Commitment To External Initiatives				
G4-14	※	a. Whether and how the precautionary approach or principle is addressed by the organization.	16 38 39-41	Environmental Risk Countermeasures EICC Code of Conduct Initiative Risk Management

General Standard Disclosures			Pages	Corresponding Topics
G4-15	※	a. Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	38	EICC Code of Conduct Initiative
G4-16	※	a. Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic	-	NA
Identified Material Aspects and Boundaries				
G4-17	※	a. All entities included in the organization's consolidated financial statements or equivalent documents. b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	49 50 53	Corporate Outline Shinko Group Business Locations Editorial Policy: Scope of the Report
G4-18	※	a. Process for defining the report content and the Aspect Boundaries. b. How the organization has implemented the Reporting Principles for Defining Report Content.	51	Evaluation of the Importance and Selection of Important Issues
G4-19	※	a. All the material Aspects identified in the process for defining report content.	54-61	GRI Guideline Comparison Table
G4-20	※	a. The Aspect Boundary within the organization for each material Aspect.	53	Editorial Policy: Scope of the Report
G4-21	※	a. The Aspect Boundary outside the organization for each material Aspect.	53	Editorial Policy: Scope of the Report
G4-22	※	a. Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	-	NA
G4-23	※	a. Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	-	NA
Stakeholder Engagement				
G4-24	※	a. A list of stakeholder groups engaged by the organization.	52	Dialogues with Stakeholders
G4-25	※	a. The basis for identification and selection of stakeholders with whom to engage.	7-8 52	Our CSR Policy Dialogues with Stakeholders
G4-26	※	a. The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	51 52	Evaluation of the Importance and Selection of Important Issues Dialogues with Stakeholders
G4-27	※	a. Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	42-45 52	CSR Activity Management Dialogues with Stakeholders
Report Profile				
G4-28	※	a. Reporting period (such as fiscal or calendar year) for information provided.	53	Editorial Policy: Period Covered
G4-29	※	a. Date of most recent previous report (if any).	53	Editorial Policy: Date of Publication
G4-30	※	a. Reporting cycle (such as annual, biennial).	53	Editorial Policy
G4-31	※	a. Contact point for questions regarding the report or its contents.	53	Contact Information
GRI Content Index				
G4-32	※	a. 'In accordance' option the organization has chosen. b. GRI Content Index for the chosen option (see tables below). c. Reference to the External Assurance Report, if the report has been externally assured.	54-61	GRI Guideline Comparison Table
Assurance				
G4-33	※	a. The organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, the scope and basis of any external assurance provided. c. Relationship between the organization and the assurance providers. d. Whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	-	NA

General Standard Disclosures			Pages	Corresponding Topics
Governance				
Governance Structure and Composition				
G4-34	※	a. Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	36	Corporate Governance
G4-35		a. Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	36	Corporate Governance
G4-36		a. Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	-	-
G4-37		a. Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	-	-
G4-38		a. Composition of the highest governance body and its committees by: <ul style="list-style-type: none"> • Executive or non-executive • Independence • Tenure on the governance body • Number of each individual's other significant positions and commitments, and the nature of the commitments • Gender • Membership of under-represented social groups • Competences relating to economic, environmental and social impacts • Stakeholder representation 	36	Corporate Governance (Corporate Governance Report)
G4-39		a. Whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	-	-
G4-40		a. Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: <ul style="list-style-type: none"> • Whether and how diversity is considered • Whether and how independence is considered • Whether and how expertise and experience relating to economic, environmental and social topics are considered • Whether and how stakeholders (including shareholders) are involved 		(Corporate Governance Report)
G4-41		a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum: <ul style="list-style-type: none"> • Cross-board membership • Cross-shareholding with suppliers and other stakeholders • Existence of controlling shareholder • Related party disclosures 	36	Corporate Governance (Corporate Governance Report)
Highest Governance Body's Role in Setting Purpose, Values, and Strategy				
G4-42		a. The highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	7-8 42-45	Our CSR Policy CSR Activity Management
Highest Governance Body's Competencies and Performance Evaluation				
G4-43		a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	-	-
G4-44		a. Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Whether such evaluation is independent or not, and its frequency. Whether such evaluation is a self-assessment. b. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	-	-

General Standard Disclosures			Pages	Corresponding Topics
Highest Governance Body's Role in Risk Management				
G4-45		a. The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	39-41	Risk Management
G4-46		a. The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	39-41	Risk Management
G4-47		a. Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	39-41	Risk Management
Highest Governance Body's Role in Sustainability Reporting				
G4-48		a. The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	-	-
Highest Governance Body's Role in Evaluating Economic, Environmental and Social Performance				
G4-49		a. Process for communicating critical concerns to the highest governance body.	39-41	Risk Management
G4-50		a. Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	-	-
Remuneration and Incentives				
G4-51		a. Remuneration policies for the highest governance body and senior executives for the below types of remuneration: • Fixed pay and variable pay: –Performance-based pay –Equity-based pay –Bonuses –Deferred or vested shares • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees b. How performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	-	-
G4-52		a. Process for determining remuneration. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	-	-
G4-53		a. How stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	-	-
G4-54		a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	-	-
G4-55		a. Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	-	-
Ethics and Integrity				
G4-56	※	a. The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	7-8 37-38	Our CSR Policy Compliance
G4-57		a. Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	22-23 37-38	Efforts Promoting Respect for Human Rights Compliance
G4-58		a. Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	22-23 35 37-38	Efforts Promoting Respect for Human Rights Compliance Compliance

2. Specific Standard Disclosures

■ • • Important Issues for the Shinko Group

Aspects	Specific Standard Disclosures		Pages	Corresponding Topics
Category: Economic				
	G4-DMA	a. Why the Aspect is material. Impacts that make this Aspect material. b. How the organization manages the material Aspect or its impacts. c. Evaluation of the management approach.	7-8 36 39 40 42-45 52	Our CSR Policy Corporate Governance Promoting Risk Management Business Continuity Initiatives CSR Activity Management Dialogues with Stakeholders
■ Economic Performance	G4-EC1	Direct economic value generated and distributed.	46	Consolidated Financial Highlights (Securities Report)
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	39	Promoting Risk Management
	G4-EC3	Coverage of the organization's defined benefit plan obligations.		(Securities Report)
	G4-EC4	Financial assistance received from government.		
Market Presence	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.		
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.		
■ Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported.	30	Supporting Youth Development
	G4-EC8	Significant indirect economic impacts, including the extent of impacts.	4	The Shinko Group's Business Fields
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation.		
Category: Environmental				
	G4-DMA	a. Why the Aspect is material. Impacts that make this Aspect material. b. How the organization manages the material Aspect or its impacts. c. Evaluation of the management approach.	7-8 9 10-11 12 13 33-34 42-45	Our CSR Policy Environmental Policy/Promotion System Maintaining and Improving Our Environmental Management The Environmental Protection Program (Stage 7) The Environmental Protection Program (Stage 8) CSR-Conscious Procurement CSR Activity Management
■ Materials	G4-EN1	Materials used by weight or volume.	19	FY2015 Environmental Impact
	G4-EN2	Percentage of materials used that are recycled input materials.		
■ Energy	G4-EN3	Energy consumption within the organization.	19	FY2015 Environmental Impact
	G4-EN4	Energy consumption outside of the organization.	19	FY2015 Environmental Impact
	G4-EN5	Energy intensity.		
	G4-EN6	Reduction of energy consumption.		
	G4-EN7	Reductions in energy requirements of products and services.		
■ Water	G4-EN8	Total water withdrawal by source.	19	FY2015 Environmental Impact
	G4-EN9	Water sources significantly affected by withdrawal of water.		
	G4-EN10	Percentage and total volume of water recycled and reused.	15 19	Using Water Resources Efficiently FY2015 Environmental Impact
Biodiversity	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		
	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		
	G4-EN13	Habitats protected or restored.	29	Initiatives to Protect the Local Environment and Volunteering
	G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		

Aspects	Specific Standard Disclosures		Pages	Corresponding Topics
■ Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	14 19	Global Warming Countermeasures FY2015 Environmental Impact
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	14 19	Global Warming Countermeasures FY2015 Environmental Impact
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).		
	G4-EN18	Greenhouse gas (GHG) emissions intensity.	14	Global Warming Countermeasures
	G4-EN19	Reduction of greenhouse gas (GHG) emissions.	14	Global Warming Countermeasures
	G4-EN20	Emissions of ozone-depleting substances (ODS).		
	G4-EN21	NOx, SOx, and other significant air emissions.	15 19	Controlling External Emissions of Chemicals FY2015 Environmental Impact
■ Effluents and Waste	G4-EN22	Total water discharge by quality and destination.	19	FY2015 Environmental Impact
	G4-EN23	Total weight of waste by type and disposal method.	15 19	Reducing Waste FY2015 Environmental Impact
	G4-EN24	Total number and volume of significant spills.	10	Maintaining and Improving Our Environmental Management
	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention ² Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.		
	G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.		
Products and Services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	14	Raw Material Reduction Initiatives
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.		
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	10	Maintaining and Improving Our Environmental Management
Transport	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	19	FY2015 Environmental Impact
Overall	G4-EN31	Total environmental protection expenditures and investments by type.	21	Environmental Accounting
■ Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that were screened using environmental criteria.		
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	33-34 35	CSR-Conscious Procurement Green Procurement
Environmental Grievance Mechanisms	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.		
Category: Social				
Sub-Category: Labor Practices and Decent Work				
	G4-DMA	a. Why the Aspect is material. Impacts that make this Aspect material. b. How the organization manages the material Aspect or its impacts. c. Evaluation of the management approach.	7-8 24-25 26-27 33-34 42-45	Our CSR Policy Creating Safe and Comfortable Working Environments Developing and Utilizing Human Resources CSR-Conscious Procurement CSR Activity Management
■ Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	47	List of Employee Related Indicators
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.		
	G4-LA3	Return to work and retention rates after parental leave, by gender.	47	List of Employee Related Indicators
■ Labor/ Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.		
■ Occupational Health and Safety	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	26	Labor Relations
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	24-25	Creating Safe and Comfortable Working Environments

Aspects	Specific Standard Disclosures		Pages	Corresponding Topics
■ Occupational Health and Safety	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.		
	G4-LA8	Health and safety topics covered in formal agreements with trade unions.	26	Labor Relations
■ Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category.	26	Developing and Utilizing Human Resources
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	23 26	Creating a Dynamic Corporate Culture Developing and Utilizing Human Resources
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	26	Developing and Utilizing Human Resources
■ Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	47	List of Employee Related Indicators
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.		
■ Supplier Assessment for Labor Practices	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.		
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	33-34	CSR-Conscious Procurement
Labor Practices Grievance Mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.		
Sub-Category: Human Rights				
	G4-DMA	a. Why the Aspect is material. Impacts that make this Aspect material. b. How the organization manages the material Aspect or its impacts. c. Evaluation of the management approach.	7-8 22-23 33-34 42-45	Our CSR Policy Efforts Promoting Respect for Human Rights CSR-Conscious Procurement CSR Activity Management
Investment	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.		
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	22-23	Efforts Promoting Respect for Human Rights
■ Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken.	22-23	Efforts Promoting Respect for Human Rights
■ Freedom of Association and Collective Bargaining	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.		
■ Child Labor	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	22-23 33-34	Efforts Promoting Respect for Human Rights CSR-Conscious Procurement
	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	22-23 33-34	Efforts Promoting Respect for Human Rights CSR-Conscious Procurement
Security Practices	G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.		
Indigenous Rights	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.		
Assessment	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.		
■ Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria.		
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	33-34	CSR-Conscious Procurement
■ Human Rights Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.		

Aspects	Specific Standard Disclosures		Pages	Corresponding Topics
Sub-Category: Society				
	G4-DMA	a. Why the Aspect is material. Impacts that make this Aspect material. b. How the organization manages the material Aspect or its impacts. c. Evaluation of the management approach.	7-8 28-29 33-34 42-45	Our CSR Policy Coexistence and Dialogue with Local Communities CSR-Conscious Procurement CSR Activity Management
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	28-29	Coexistence and Dialogue with Local Communities Dialogues with Stakeholders
	G4-SO2	Operations with significant actual and potential negative impacts on local communities.	10-11 15	Maintaining and Improving Our Environmental Management Controlling External Emissions of Chemicals
Anti-corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	39	Promoting Risk Management
	G4-SO4	Communication and training on anti-corruption policies and procedures.	37-38	Compliance
	G4-SO5	Confirmed incidents of corruption and actions taken.		
Public Policy	G4-SO6	Total value of political contributions by country and recipient/beneficiary.		
Anti-competitive Behavior	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.		
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		
Supplier Assessment for Impacts on Society	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.		
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	33-34	CSR-Conscious Procurement
Grievance Mechanisms for Impacts on Society	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.		
Sub-Category: Product Responsibility				
	G4-DMA	a. Why the Aspect is material. Impacts that make this Aspect material. b. How the organization manages the material Aspect or its impacts. c. Evaluation of the management approach.	7-8 31 33-34 42-45	Our CSR Policy Supporting Customer and Societal Trust CSR-Conscious Procurement CSR Activity Management
Customer Health and Safety	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	31	Supporting Customer and Societal Trust
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.		
Product and Service Labeling	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.		
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		
	G4-PR5	Results of surveys measuring customer satisfaction.	32	Initiatives to Boost Customer Satisfaction
Marketing Communications	G4-PR6	Sale of banned or disputed products.		
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.		
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	41	Information Security
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		

