

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 established 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, workplace management training to all managers, e-Learning and training in the workplace to all employees, and through active participation in human rights workshops held outside the Company. e-Learning implemented among all employees in FY2018 deepened understanding of various human rights issues including workplace harassment, the human rights of persons with disabilities and of foreigners, and Buraku discrimination. In an effort to foster an organizational culture free of harassment, e-Learning given to all managers also illuminated the trends of actual harassment examples and the roles of managers in handling and reporting harassment problems. During Human Rights Week in December each year, we post thought-provoking articles to our intranet, put up human rights posters in each plant, and conduct other activities to raise awareness of respect for human rights by creating environments where all employees can consider and discuss 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 internal and external Corporate Ethics Helplines for consultation about human rights. In particular, we have also established consultation services in each plant for consultation about issues, such as sexual harassment, to make it easy for employees to seek consultation. Additionally, we have established whistle-blowing helplines at sites outside Japan, and employees at all sites outside Japan can give reports to and seek consultation through these systems.

All employees working in the Shinko Group can use these consultation services, and company rules clearly stipulate such matters as the protection of personal information and privacy when seeking consultation or blowing the whistle and the prohibition of unfair treatment of employees who seek consultation.

When employees contact the corporate ethics helplines for consultation about human rights or to report an issue, the call or e-mail is taken by a personnel department manager designated in advance as a person to handle consultations. If an investigation and response are deemed necessary, action will be quickly taken to check the facts with the relevant parties and to find a solution to the problem.

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

Among the Corporate Values stated in the Shinko Way, the Shinko Group has declared that it will "create a dynamic corporate culture that promotes a balance between employees' personal and professional lives." We strive to create workplaces that are pleasant for all employees.

Balance between Employees' Personal and Professional Lives

We have also worked continuously to support a work-life balance. We received certification due to our action plan based on Japan's Act on Advancement of Measures to Support Raising Next-Generation Children and have been given approval to use the Next-Generation Approval Mark.

We are promoting initiatives to achieve flexible work styles, such as through



(1) a program for rehiring employees who had resigned to raise children, care for a family member, or due to the transfer of a spouse, (2) a program for working shortened hours until the need to provide caregiving disappears, (3) a system of leave for infertility treatment, and (4) increased time off for parenting and specified diseases as well as shortened working hours for child care in addition to (5) continual efforts to encourage everyone to take annual leave at the same time and to strengthen restrictions on overtime.

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.

Providing a Pleasant Workplace Environment: Transforming Work Styles

Shinko is focusing on transforming work styles in pursuit of corporate development and growth as well as healthy, fulfilling lives for each and every employee. In April 2017, we established a Labor-Management Council on Transforming Work Styles and affirmed that labor and management would work together to transform work styles. The leadership announced a Joint Labor-Management Declaration on Transforming Work Styles in July 2017. The Shinko Group is now working as one to implement and achieve "work styles that do not take long hours as a given" and "diverse and flexible work styles."

We are continuously working to establish work styles that do not require long working hours by lowering the upper limit on overtime work, establishing upper working hours limit per week, lowering the limit on the maximum number of consecutive working days, requiring employees to leave the office on time every Wednesday and on the second and fourth Fridays each month, ensuring that a fixed period of rest through the adoption of a work shift interval rule, and grasp of manager's working hours among other measures. In addition, we are also working to promote taking days off through the establishment of rules to encourage the taking of annual leave, elimination of the limit on the frequency of half-day annual leave, establishment of the annual off acquisition date and other measures.

Going forward, we will continue transforming work styles in terms of both increasing productivity and achieving a work-life balance with the aim of creating a dynamic corporate culture and workplaces that are pleasant for all.

Respect for Diversity

By combining the talents of employees, each with their own unique qualities and way of thinking, our corporate value increases. The Shinko Group respects the diversity of its employees and strives to foster a corporate culture wherein all employees can increase their own value and work with pride and confidence.

Initiatives to Promote Active Participation by Women

According to our action plan based on the Act to Advance Women's Success in Their Working Life, in FY2018 we held a work-life balance seminar for male and female employees who are raising children. Employees who have children who enter elementary school in the next fiscal year were newly eligible to attend and discuss the experiences of male and female managers with childcare experience, health management of working parents and children and other topics. This aimed to raise awareness of the work/parenting balance and medium- to long-term career formation. Also, in a seminar on career formation for younger employees, employees in their second year at the company learned to be aware of forming their future careers, with a focus on the foundation of gender equality. In addition, we also provided education on the prevention of harassment in the workplace using e-Learning for raise the awareness of managers and promote the active participation of women.

We also implemented diversity seminars in rank-specific training to promote gender equality within the Company.

We will continue to use such initiatives to promote women's active participation and achieve our targets.

Excerpt of the Action Plan Based on the Act to Advance Women's Success in Their Working Life (April 1, 2016–March 31, 2020)

<Target>

Double the number of women in managerial roles by 2020 (compared to 2015)

<Initiatives>

- Hold seminars on career formation for younger employees
- Hold seminars on career formation for employees returning to work after taking maternity or childcare leave
- Raise managers' awareness with the aim of promoting the active participation of women



Work-life balance seminar

Acceptance of Personnel of Different Nationalities

Shinko is increasing the diversity of its workforce to encourage innovation. We hire international students and accept personnel working at Shinko Group sites outside Japan as well as overseas technical intern trainees.

In the case of foreign technical intern trainees, we provide in-house Japanese communication training and provide Japanese staff in the accepting departments with communication training led by foreign instructors. In this way, we provide support so that personnel with different cultures and languages can actively deepen relationships of trust beyond nationality.

Going forward, we will continue these efforts through the recruitment of diverse talent to foster a corporate culture wherein various personalities and ways of thinking are accepted and each person can make the most of his or her abilities.



Training for foreign technical intern trainees

Supporting the Active Participation of Elderly 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 435 employees have made use of this system.

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 duties and the weight of their responsibilities clearly defined, regardless of academic background, age, years of service, or gender.

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 based on feedback from supervisors about the content of evaluations.

In FY2018, we provided evaluator training to persons in line for promotion to management in an effort to ensure fair evaluations and the appropriate administration of the management-by-objectives and objectives interview programs.

Initiatives to Cultivate Global Human Resources

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

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

In FY2018, in light of the needs of employees engaged in coursework, we began offering a new Chinese language course, increased the number of courses for each class, and expanded the number of sites offering classes to actively enhance the learning environment for improving foreign language skills.

With an increase in employees engaged in training, we expanded opportunities to take the TOEIC test in the Company and extended the period of foreign language training.

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

Supporting Abilities Development

In order to support the growth of all employees and to train core and global human resources, Shinko provides general training and specialized training, including on-the-job training in the workplace, and promoting the development of human resources who will lead the future through active dispatch of employees to external training and the use of external lecturers. We will continue to enhance our educational programs and improve all training sessions so that employees can improve their abilities and expertise and realize their own growth.

Furthermore, in FY2018 the average annual study time per employee was 15.4 hours. (However, this excludes on-the-job training and education in the workplace.)



Challenge resolution and leadership skill training

Labor Relations

Since Shinko has adopted a union shop system, all ordinary employees are members of SHINKO ELECTRIC WORKERS UNION. The union participation rate is 90.2%.* 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 with negotiating respect each other's position, and work with the union to resolve various issues.

In FY2018, we worked at balancing corporate development and growth with providing fulfilling, healthy lives for all employees by regularly sharing information about initiatives to reduce overtime and encourage the taking of leave based on a joint labor-management declaration for Transforming Work Styles. Going forward, we will continue initiatives to move push forward with Transforming Work Styles.

Moreover, in each business location, a Safety and Health Committee formed from representatives from labor and management meets once a month to report on and discuss workplace issues in an effort to create a safe and pleasant workplace.

We will continue working together to create pleasant workplaces based on healthy labor-management relations.

* Union participation rate: The percentage of ordinary employees out of all regular employees (including managers)