



Living in Harmony with Nature

The Shinko Group has the Environmental Policy to contribute to the creation of an abundant society through countermeasures for climate change, effective utilization of resources and conservation of biodiversity. Based on the recognition that "our business benefits from, as well as influences, biodiversity," we have established medium- to long-term environmental targets and are working on them. Globally, loss of biodiversity has become a pressing issue along with climate change. In order to halt the loss of biodiversity and create a sustainable society, we will reduce the negative impact of our business activities on ecosystems and promote biodiversity conservation activities.

Conservation of Biodiversity

In light of our dependence on and impact on biodiversity, we aim to conserve biodiversity, which is the foundation of a sustainable and prosperous society, and we have established the Guiding Principles for Biodiversity to collaborate with society in pursuing the ideal way for people to live in harmony with nature.

Guiding Principles for Biodiversity

1. Practice conservation and sustainable use of biodiversity in our business activities.
2. Contribute to creating a society that can achieve biodiversity conservation.
3. Human resource development through biodiversity conservation.

Addressing biodiversity risks

■ Background of Nature Positive

Global Risks Report 2024, published by the World Economic Forum (WEF), lists "loss of biodiversity and ecosystem collapse" as the third most serious global risk in the next 10 years, and "natural resource crisis" as the fourth most serious global risk. Both of these risks have moved up the rankings since FY2023 and have increased in severity over the past year. The G7 2030 Nature Compact also agreed on the "Nature-Positive (nature revitalization)" goal of "halting and reversing biodiversity loss by 2030 to put nature on a recovery path," thus integrated action to realize "Carbon Neutrality (zero emissions of greenhouse gases)" as well as "Nature-Positive (nature revitalization)" is considered as crucial in the future.

■ Risk Assessment

In order to assess the impact of our business activities on biodiversity, the Shinko Group has conducted biodiversity risk assessments, including physical and reputational risks, at our domestic and overseas production sites, using the World Wildlife Fund (WWF) Biodiversity Risk Filter.

As a result of the assessment, it was confirmed that none of our production sites have levels of physical risk or reputational risk that are High or Very High.

At the same time, using the Integrated Biodiversity Assessment Tool (IBAT), we confirmed that there are no protected areas¹ within a 3 km radius of any of the Shinko Group's production sites. We also consider our impact on ecosystems and are assessing water risk and water stress. [See Response to Water Risks \(page 44\)](#)

We will continue engaging in activities that aim to reduce the negative impact of business activities on the ecosystem and help to realize a society in harmony with nature.

¹ Protected areas: Areas essential for biodiversity conservation and serving as an assessment indicator of IBAT, including: categories Ia, - III in IUCN Management, Ramsar Convention Wetlands, UNESCO Parks, IBAs (Important Bird and Biodiversity Areas), Alliance for Zero Extinction Sites, and KBAs (Key Biodiversity Areas).

Assessment of Biodiversity Risk at Production Sites² (FY2023)

(Number of Production Sites/Percentage)

WWF Biodiversity Risk Filter Level ³	Physical Risk ⁴				Reputational Risk ⁵			
	Japan	Asia	Total	Percentage	Japan	Asia	Total	Percentage
Very low (1.0-1.8)	0	0	0	0%	0	0	0	0%
Low (1.8-2.6)	5	1	6	86%	2	0	2	29%
Medium (2.6-3.4)	0	1	1	14%	3	2	5	71%
High (3.4-4.2)	0	0	0	0%	0	0	0	0%
Very high (4.2-5.0)	0	0	0	0%	0	0	0	0%
Total	5	2	7	100%	5	2	7	100%

² Production sites Japan: Kohoku Plant, Wakaho Plant, Takaoka Plant, Arai Plant and Kyogase Plant

Asia: KOREA SHINKO MICROELECTRONICS CO., LTD. (KSM)

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

³ WWF Biodiversity Risk Filter Criteria⁴ WWF Risk Type "Scape Physical Risk"⁵ WWF Risk Type "Scape Reputational Risk"

Results of Activities

Reporting boundary: Shinko Group in Japan

■ Conduct the adopt-a-forest program in Nagano Prefecture

Shinko and the labor union participate in the adopt-a-forest program promoted by Nagano Prefecture. Every year, employees and their families participate in forest maintenance work in the area around Lake Reisenji, which is owned by Izuna Town.

FY2023 Target	Results
Maintenance of forests owned by the town 2 times	Conducted 2 times



(Group photo of the participants)



(Scene of participants planting seedlings)

In addition, starting in FY2021, we use the Nagano Prefecture Forest CO₂ Absorption Assessment Certification System to visualize (quantify) the amount of CO₂ absorption per year in the maintained forests.

Certification year	FY2021	FY2022	FY2023
Amount of carbon dioxide (CO ₂) absorbed	0.1 t-CO ₂ /year	0.2 t-CO ₂ /year ⁶	0.5 t-CO ₂ /year ⁶
Area maintained	0.19 ha	0.32 ha ⁷	0.72 ha ⁷

⁶ Amount of CO₂ absorbed by trees growing in area described in the footnote 7 in FY2023⁷ Total area maintained, including area newly certified in FY2023 + previously certified area

Through these activities, we will strive to continue and contribute to biodiversity conservation activities in cooperation with local communities.

Engage in biodiversity conservation activities in the Kurita Sogo Center (Nagano City)

Our Kurita Sogo Center, located near Nagano Station, spreads out like an oasis in an urban area. Here, we continually conduct natural environment surveys.

In the natural environment survey conducted in FY2023, 152 species of plants, 93 species of terrestrial insects, and 22 species of aquatic organisms were found to inhabit the area, many of which were confirmed to be native species.

However, a small number of alien species that threaten the ecosystem of the Kurita Sogo

Center and the surrounding area were also found. We are exterminating and monitoring them as indicator species. We will continue our activities to improve biodiversity at the Kurita Sogo Center.



(Living things at Kurita Sogo Center)

FY2023 Targets	Results
Extermination of invasive alien species	We implemented activities to exterminate invasive alien species.
Rare species protection	We implemented activities to protect rare species.
Implementation of monitoring surveys	We implemented monitoring surveys.

Conduct environmental education and awareness activities to foster consciousness of biodiversity

We are striving to strengthen our biodiversity education and awareness activities so that each employee will understand the importance of biodiversity and the relationship between biodiversity and business activities. We want each employee to be able to take action in their work and daily life, beginning with what is familiar to them.

FY2023 Targets	Results
Education 3 times	Conducted education 3 times
Awareness-raising 2 times	Conducted awareness-raising 2 times

Controlling Emissions from Chemical Substances

Chemical substances make people's lives more convenient, but they can have a significant impact on human health and ecosystems. However, chemical substances are indispensable for the manufacture of electronic components. In order to reduce the negative impact of chemicals on people and ecosystems, the Shinko Group in Japan has established Control Standards for Chemical Substances, and we control and use chemical substances properly. In addition, we are working to reduce the use and emission of chemical substances.

Chemical Substance Control

Chemical substances used in product development and manufacturing are controlled by checking the transaction volume and the amount of emissions and movement to the environment (atmospheric air, water, and soil) based on the PRTR system⁸. When previously unused chemical substances are to be processed, they will be used properly after conducting a risk assessment to identify any environmental risks.

⁸ PRTR system: Pollutant Release and Transfer Register system is the system for collecting and reporting information about chemical substances that are emitted and moved to the environment. This system is defined in the Ordinance for Enforcement of the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof and is imposed on business operators handling chemical substances.

Control of Chemical Substances Contained in Products

The information on the chemical substances contained in purchased products is identified and controlled based on chemSHERPA^{®9}, and we have built a system which enables us to respond to customer requests and so that various laws and regulations can be met. We request major suppliers of materials and components to build the CMS (Chemical substances Management System) as a measure to keep hazardous substances out of our products. In addition, we audit chemical substance control status periodically and continually. If an insufficiency is detected, we request that the supplier to correct it and support its improvement.

[See Managing Chemical Substances in Products\(P76\)](#)

⁹ chemSHERPA[®]: Chemical information SHaring and Exchange under Reporting PArtnership in supply chain. chemSHERPA[®] is the data generation tool for obtaining and disseminating information on the chemical substances contained in products and can be used by all business operators involved in processes from raw material procurement to product finishing.

Thorough Measures to Prevent Environmental Pollution

In order to prevent chemical substances from leaking into the natural environment and causing environmental pollution, we have implemented thorough control measures to prevent leakage of chemicals and other substances, and to comply with environmental laws and regulations as well as pollution control agreements.

[See Environmental Risk Measures \(page 30\)](#)

Efforts to Reduce Chemical Substance Use

● Reducing the use of chemicals in pure water production equipment

The Kohoku Plant (Nagano City) has introduced a "continuous regeneration-type pure water system" to reduce the amount of chemicals used.

In conventional deionized water production equipment, unnecessary components removed from the water remain in the ion exchange resin inside the equipment, so chemicals must be used to remove them and they must be discharged as waste liquid. The "continuous regeneration-type pure water system" uses ion exchange membranes and electricity to remove unwanted components, eliminating the need for chemicals. As a result, there is no need for chemicals to remove unwanted components in the pure water production equipment or for waste liquid treatment. In addition to reducing the amount of chemicals used, the system has reduced the amount of waste liquid from the system to zero.

Reduction of Chemical Substance Use through Introduction of Continuous Regeneration-type Pure Water System (FY2023)

- Reduction of chemicals used during regeneration of ion exchange resins: 280 t/year -> zero
- Reduction of chemicals used for wastewater treatment of liquid waste: 72.6 t/year -> zero