

Resource Circulation

Resources such as raw materials and water are indispensable for the manufacturing of the Shinko Group. However, there are now concerns that resources may become depleted due to loss of biodiversity and other factors. To prevent resource depletion, we recognize the importance of sustainable resource utilization and have made resource circulation one of the Shinko Group's material issues. Therefore, we have set medium- to long-term environmental targets for "waste reduction" and "reduction of water use" to maximize effective use of resources and recycling, and are promoting activities aimed at transitioning to a circular economy and realizing a recycling-oriented society, while reducing risks to business continuity.

Waste Reduction

The Shinko Group utilizes various resources such as metals and plastics to manufacture its products. We view the waste generated from this process as valuable resources from a resource circulation perspective and continuously strive to recycle them.

We are actively promoting waste generation control, efficient use of raw materials, and conversion to resources with lower environmental impact based on Basic Act on Establishing a Sound Material-Cycle Society, which stipulates (1) reduction of waste generation, (2) reuse, (3) recycling, and (4) heat recovery.

Reporting boundary: Shinko Group in Japan

Risks and Opportunities

Key risks and opportunities related to waste

| | Risks | Opportunities |
|-------|---|--|
| Waste | <ul style="list-style-type: none"> ■ Increased response costs due to stricter waste-related laws and regulations ■ Decrease in corporate value due to deviation from waste related laws and regulations ■ The burden of restoration costs, etc. and impact on operations due to administrative guidance and punishment, resulting from improper disposal and illegal dumping, etc. by industrial waste disposers. ■ Delays or stoppages in waste transportation and treatment caused by natural disasters and resulting plant shutdowns | <ul style="list-style-type: none"> ■ Reduce processing costs and environmental impact by reducing input materials and waste emissions in the manufacturing process ■ Realization of resource circulation through promotion of recycling, improvement of plastic waste recycling rate, and switching to alternative materials, etc. |

Environmental Targets

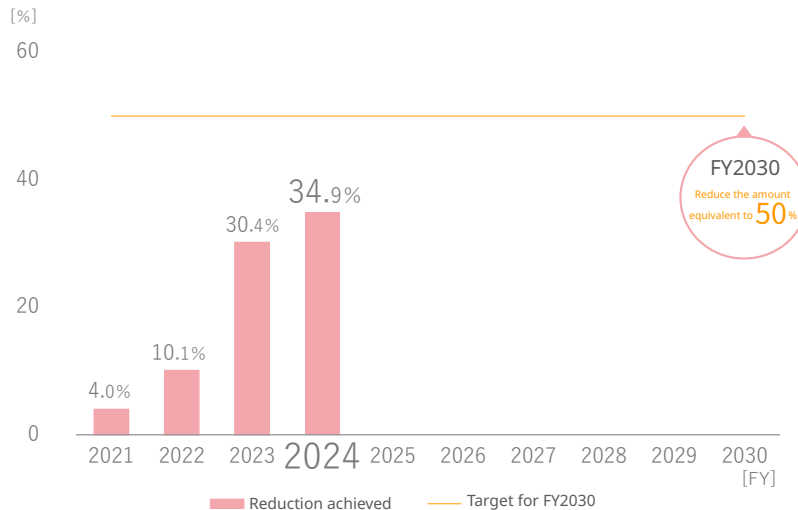
Medium- to Long-Term Environmental Targets

Targets

| | FY2030 Targets | FY2050 Targets |
|-----------------|--|---------------------|
| Waste reduction | Reduce the amount equivalent to 50 % of the base year FY2020 | Minimization |

Boundary: Shinko Group in Japan

Status of progress



Environmental Action Program (Stage 11) (FY2023 – FY2025: 3 years), and FY2024 targets and results

| Environmental Action Program (Stage 11) | | | FY2024 | |
|---|----------------|--|---|---|
| | | | Targets | Results |
| Resource circulation | Reducing waste | Implement measures to achieve a cumulative reduction of at least 1,375 tons equivalent to 23 % of the FY2020 waste emissions | Implement measures to achieve a cumulative reduction of at least 203 tons equivalent to 3.4 % (Combined with FY2023, reduction of 19.6% (1,173 tons)) | Implemented reduction measures equivalent to 4.5 % (269 tons) (Combined with FY2023, reduction of 24.9% (1,487 tons)) |
| | | Promote measures to reduce amount of plastic materials used and amount of waste plastic | Effective utilization rate of plastic wastes Maintain 99 % or more | 99.9 % |

Boundary: Shinko Group in Japan

Results of Activities

In FY2024, we exceeded our target of "reducing waste at least by equivalent to 3.4% of FY2020 waste emissions," achieving a reduction equivalent to 4.5% (269 tons) and successfully meeting the goal. As a result, through our initiatives in FY2023 and FY2024, we reduced waste by the equivalent of 24.9%, surpassing the Environmental Action Program's target of "reducing waste at least by equivalent to 23% of the FY2020 waste emissions," and achieved this target one year ahead of schedule.

Through these initiatives, we have achieved a reduction equivalent to 34.9% of the 2030 target—reducing waste by an amount equivalent to 50% of the base year emissions—over the four years starting in FY2021. This progress indicates steady advancement toward achieving our medium- to long-term targets.

From FY2025 onward, we anticipate an increase in waste volume due to new line launches and production expansions, and will therefore pursue further waste reduction.

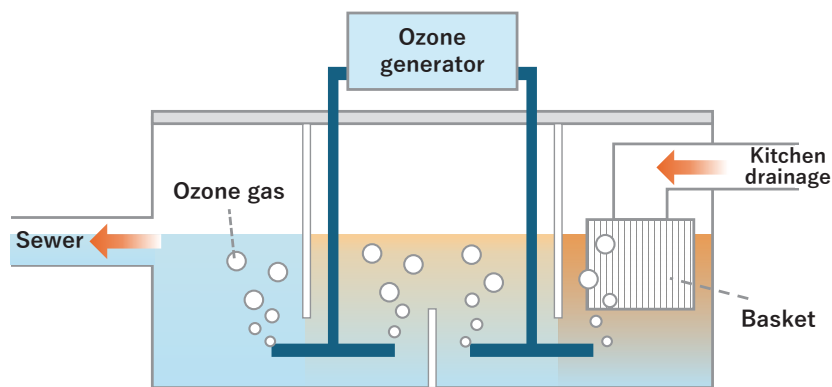
Examples of Waste Reduction Activities

1. Promotion of the conversion of waste into valuable resources through thorough sorting
2. Reduction of debris and waste through process improvement
3. Weight reduction through dewatering treatment of high-moisture-content waste
4. In-house processing of waste liquids
5. Promotion of regeneration and reuse

●Waste reduction through equipment installation (reduction of sediment in grease traps in cafeterias) – Kohoku Plant (Nagano City), Wakaho Plant (Nagano City), Takaoka Plant (Nakano City, Nagano Prefecture)

Wastewater from our employee cafeteria is drained through a grease trap to separate oils and food waste from the wastewater before it is discharged into the sewer system. Grease and food waste collected in grease traps not only cause pipe clogs and foul odors, but also require regular cleaning and the accumulated grease becomes waste.

To solve this problem, we installed an ozone generator that decomposes and sterilizes oil and other substances by injecting ozone gas into the grease trap. This resulted in reduced oil content and sediment, decreased foul odors and cleaning frequency, as well as a reduction of 27.6 tons in waste over the eight-month period from August 2024 to March 2025. Another advantage is that it can be decomposed and sterilized with minimal environmental impact.



[Image diagram inside the grease traps]

●Waste reduction through manufacturing process improvements (reduction of non-standard products) – Kohoku Plant (Nagano City)

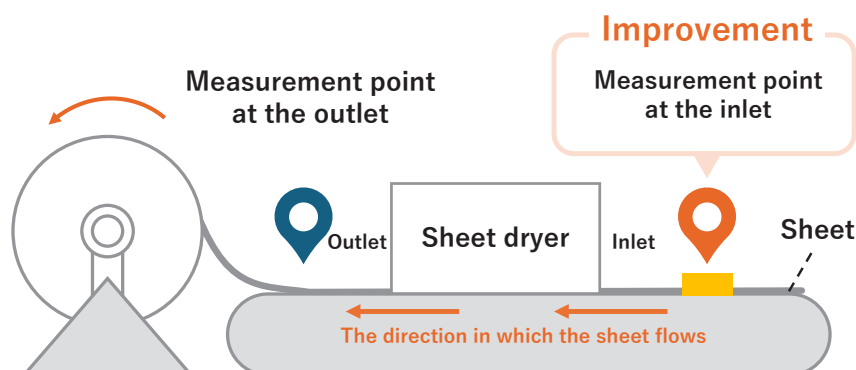
We successfully reduced waste by adding a measurement point for sheet thickness during the sheet forming process for ceramic sheets used in ceramic electrostatic chucks.

Previously, sheet thickness was measured only at the outlet of the sheet dryer. In this case, if the sheet thickness was found to be out of specifications after passing through the dryer, the portion that had entered the dryer at that point became non-standard and was discarded. We therefore added a sheet thickness measurement point at the inlet of the dryer as well. This reduced the number of non-standard sheets, resulting in a waste reduction of 21.8 tons over the 11-month period from May 2024 to March 2025.

[Sheet thickness measurement point]

Before improvement: exit-side measurement only

After improvement: added entrance-side measurement

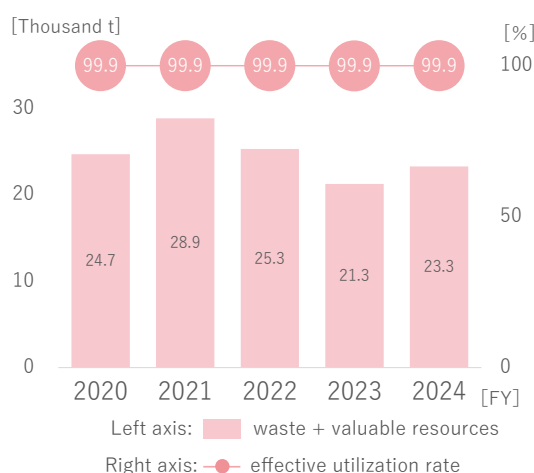


Effective Utilization of Waste

The Shinko Group in Japan achieved zero emissions in FY2003 by effectively utilizing wastes and reducing landfill disposal and simple incineration (disposal methods not making effective use of waste heat from incineration or residual materials after incineration) to zero in order to create a recycling-oriented society. Since then, the effective utilization rate for waste has remained close to 100%, and we continue to maintain zero emissions.

Note: The effective utilization rate will not reach 100% since waste for which there is no effective utilization method and waste brought to local government-operated disposal sites that do not practice effective utilization (general waste from business activities) is not subject to zero emissions calculations.

Trends in Waste + Valuable Resources and Effective Utilization Rate



● Making chemical containers into valuable resources – Takaoka Plant (Nakano City, Nagano Prefecture)

We also succeeded in reducing waste by 1.4 tons over FY2024 by converting polyethylene containers that had held chemicals and previously been treated as waste due to chemical residue into valuable resources through cleaning. It will also be implemented at Arai Plant (Myoko City, Niigata Prefecture) starting in FY2025.



(Polyethylene chemical container)

Promoting Measures to Reduce the amount of Plastic Material Usage and Waste Plastic

Plastic is a widely used material because of its usefulness, but at the same time, its mass production and disposal have been cited as a factor in various global problems such as climate change and marine plastic pollution. To address such plastic-related issues, Japan enacted the "Plastic Resource Circulation Act" in June 2021. As a major emitter as defined in this Law, we have established the "Promote measures to reduce amount of plastic materials used and amount of waste plastic" as a new item of the Environmental Action Program (Stage 11) and have set the annual target of "Effective utilization rate of plastic wastes: maintain 99% or more" in order to contribute to the resolution of issues related to plastics, and we are promoting this initiative. The result of FY2024 is 99.9%, achieving the target.

Key Initiatives

- Switching from plastic to paper and other materials for packaging materials
- Switching from disposable to reusable items (e.g. switching from disposable containers to reusable containers)
- Converting waste plastics into valuable resources by ensuring thorough separation

We will continue to work on reducing waste plastic and promoting its recycling.

Reducing Water Use

Recent years have seen the expansion of water risks such as water shortages and water pollution worldwide, driven by factors including droughts and frequent extreme weather events caused by climate change, rapid population growth, and increased water demand accompanying economic development. For the Shinko Group, which uses a large amount of water in its manufacturing processes, water resources are of high importance, and reducing water use is one of our critical issues. We are promoting the reduction of water use by advancing water recycling, water reuse, and review of water usage.

Risks and Opportunities

Key risks and opportunities related to water resources

| | Risks | Opportunities |
|-----------------|--|---|
| Water resources | <ul style="list-style-type: none"> ■ Increased response costs due to restrictions on water withdrawal and stricter environmental standards for wastewater discharge, etc. ■ Decrease in corporate value due to noncompliance with related laws and regulations ■ Inappropriate groundwater withdrawal causing drought and land subsidence | <ul style="list-style-type: none"> ■ Improving the efficiency of water use in manufacturing processes and facilities; reducing water withdrawal and costs through the use of recycled water ■ Ecosystem conservation and reduction of water stress through appropriate water withdrawal and drainage management |

Identifying Water Risks at Manufacturing Sites

The world faces various water risks¹, including those already materialized such as water scarcity, water pollution, floods, droughts, and water conflicts. The Shinko Group assesses water risk, including physical risk, regulatory risk, and reputational risk, at its production sites in Japan and overseas, using the World Resources Institute's (WRI) Aqueduct, in order to understand the impact of water risks on its business activities.

Our assessment identified no production sites classified as "High" or "Extremely High" for water risk. However, we identified a production site classified as "High" for water stress².

We have begun studying what actions are necessary based on these results. For the production site classified as "High," we have established water usage reduction targets and are actively working toward them.

¹ Water risk: risks that may impact corporate activities related to water.

Includes risks related to water intake and discharge quality (pollution), as well as risks from increased regulations and reputational damage.

² Water stress: water scarcity and deteriorating water quality causing demand for essential water to exceed supply, leading to a shortage of available water.

Assessment of Water Risk and Water Stress at Production Sites³ (FY2024)

(Number of Production Sites/Percentage)

| Risk Level ⁴ | Water Risk ⁵ | | | | Water Stress ⁶ | | | |
|-------------------------|-------------------------|----------|----------|---------------|---------------------------|----------|----------|---------------|
| | Japan | Asia | Total | Percentage | Japan | Asia | Total | Percentage |
| Low | 0 | 0 | 0 | 0.0% | 0 | 1 | 1 | 12.5% |
| Low-Medium | 6 | 1 | 7 | 87.5% | 6 | 0 | 6 | 75.0% |
| Medium-High | 0 | 1 | 1 | 12.5% | 0 | 0 | 0 | 0.0% |
| High | 0 | 0 | 0 | 0.0% | 0 | 1 | 1 | 12.5% |
| Extremely high | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0.0% |
| Total | 6 | 2 | 8 | 100.0% | 6 | 2 | 8 | 100.0% |

³ Production sites

[Japan]

Kohoku Plant, Wakaho Plant, Chikuma Plant, Takaoka Plant, Arai Plant and Kyogase Plant

[Asia]

KOREA SHINKO MICROELECTRONICS CO., LTD.(KSM)

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

⁴ According to Aqueduct 4.0 assessment criteria

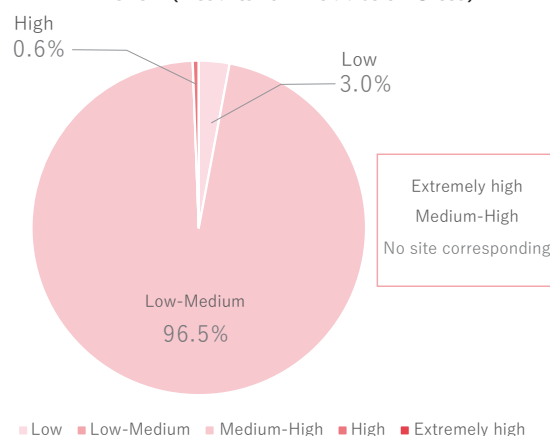
⁵ Aqueduct 4.0 assessment index "Overall Water Risk"

⁶ Aqueduct 4.0 assessment index "Baseline Water Stress"

As shown in the pie chart, when the amount of water withdrawal by the Shinko Group is broken down by water stress levels, water withdrawal from regions classified as "Low-Medium" level or below is 99%.

However, we will continue to reduce water use and improve the water recycling rate to maximize resource circulation, taking into account that the water risk and water stress situation is constantly changing and that risks vary by watershed.

Water Withdrawal Rate According to Water Stress Level⁷ (Results for Production Sites)



⁷ Water stress levels defined by aqueduct 4.0

Environmental Targets

Medium- to Long-Term Environmental Targets

Targets

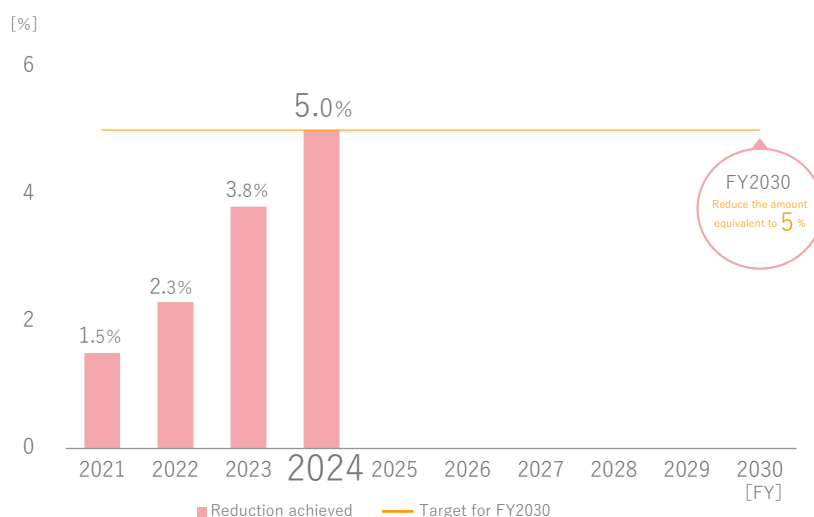
Reduction of water use

Reduce the amount equivalent to
5 % of the base year FY2020

Minimization

Boundary: Shinko Group in Japan

Status of progress



Environmental Action Program (Stage 11) (FY2023 – FY2025: 3 years), and FY2024 targets and results

| Environmental Action Program (Stage 11) | | | FY2024 | |
|---|--------------------|--|---|---|
| | | | Targets | Results |
| Resource circulation | Reducing water use | Implement measures to achieve a cumulative reduction of at least 114,810m ³ equivalent to 3 % of the FY2020 water use | Implement measures to achieve a cumulative reduction of at least 38,270m ³ equivalent to 1.0 % | Implemented reduction measures equivalent to 1.2 % (46,185 m ³) |
| | | | (Combined with FY2023, reduction of 2.0% (76,540 m ³)) | (Combined with FY2023, reduction of 2.7% (105,351 m ³)) |

Boundary: Shinko Group in Japan

Results of Activities

In FY2024, we achieved the rate of reducing water use at 1.2% (46,185 m³), exceeding our target of reducing water use by at least 1.0% (38,270 m³) of the FY2020 level.

As a result, a reduction equivalent to 5.04% (192,996 m³) was achieved over the four years starting in FY2021, when activities toward the medium- to-long-term environmental targets began. This accomplishment meets the FY2030 target of the medium- to-long-term environmental targets: a reduction equivalent to 5% (191,350 m³) of the base year water usage. Therefore, we plan to review the FY2030 target value for the medium- to long-term environmental targets.

Since water usage is expected to increase from FY2025 onwards due to new line launches and increased production, we will further promote water usage reduction initiatives.

Reporting boundary: Shinko Group in Japan

Examples of Water Use Reduction Activities

Water use reduction activities are approached from both facility and manufacturing process perspectives, focusing on review of water supply, water reuse, and rationalization of production lines. We will continue to drive the transition to environmentally conscious processes while maintaining product quality.

●Improvements to equipment and cleaning processes (cleaning lines) – Arai Plant (Myoko City, Niigata Prefecture)

By shortening cleaning times while ensuring no impact on product quality, and introducing equipment standby mode⁸, we have reduced water usage by 5,686 m³ over the seven-month period from September 2024 to March 2025.

⁸ Standby mode: a setting that automatically stops water supply when products are not flowing during the cleaning process.

●Improvements through equipment specification changes (water flow adjustment for exhaust gas treatment equipment (scrubber)) – Wakaho Plant (Nagano City), Arai Plant (Myoko City, Niigata Prefecture)

Since the gas used to remove the protective film (resist) from the substrate has a major greenhouse effect, we decompose it before releasing it into the atmosphere. At Wakaho Plant (Nagano City), we reduced water use by regulating the amount of water used to remove greenhouse gases via the exhaust gas treatment system (scrubber).

We also made similar adjustments at Arai Plant (Myoko City, Niigata Prefecture). Combined, these measures reduced water usage by 5,648 m³ over the seven-month period from September 2024 to March 2025.

●Water Recycling

Securing a stable supply of water resources is essential for our business activities, which involve significant water usage in the manufacturing process.

Recent water intake has increased due to new plant operations and the introduction of new equipment. We will continue our efforts to improve recycling rates.

For example, water used for rinsing in the cleaning process is not simply discharged. Instead, it is recovered according to the degree of contamination, treated to remove impurities using the plant's water production facilities, and reused in the manufacturing process.

In this way, we will continue pushing forward with water recycling to minimize the amount of new water resources introduced.

Simultaneously, we will continuously review water input levels and advance the shift to manufacturing processes that use less water overall.

Our Water Recycling Rate

Boundary: Shinko Group in Japan

| Fiscal year | FY2022 | FY2023 | FY2024 |
|--|--------|--------|--------|
| Total water withdrawal ⁹ (thousand m ³) | 4,153 | 4,215 | 4,968 |
| Recycled water (thousand m ³) | 2,977 | 2,510 | 2,319 |
| Recycling rate (%) | 42 | 37 | 32 |

⁹ Total water withdrawal includes water used outside of manufacturing processes.