



Environmental and Social Report 2014

SHINKO ELECTRIC INDUSTRIES CO., LTD.

Editorial Policy

We have published the Shinko Group's environmental initiatives as an Environmental Management Report in Japanese each year since 2001. As of 2013, we have changed the report's name to the Environmental and Social Report and are introducing our initiatives with enhanced content, including information on our efforts in social and economic matters as well as the environment.

We have now published the Environmental and Social Report 2014 in English. This is a translation of the Japanese version of the Environmental and Social Report 2014, which summarizes the Shinko Group's CSR initiatives in FY2013 (April 1, 2013 to March 31, 2014).

The Environmental and Social Report 2014 reports to stakeholders on the Shinko Group's CSR initiatives, mainly from aspects of corporate governance, the environment, and society. It also includes features that explain our products, using illustrations and photos to help describe how they are used in final products and applications.

Reference Guidelines

- GRI, *Sustainability Reporting Guidelines* (Version 3.1)
- Ministry of the Environment, *Environmental Reporting Guidelines* (Fiscal Year 2007 version)
- Ministry of the Environment, *Environmental Accounting Guidelines* (Fiscal Year 2005 version)

Period Covered

FY2013 (focusing on initiatives from April 1, 2013 to March 31, 2014 and including some of our prior and most recent initiatives)

Date of Publication

September 2014

Next issue: September 2015

(previous issue: October 2013)

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."

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Business Performance and Financial Information

Shinko publishes reports such as the Year-End 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.

Message from the President

Today's semiconductor industry supports people's comfortable, reliable, and safe lives around the world through the development and creation of innovative applications based on high integration and increased cost performance. The industry is anticipated to continue its growth in the future.

The Shinko Group accurately meets market needs in the semiconductor industry, which is evolving on a daily basis. We have defined our mission as providing products and services at the world's highest level based on the world's top level of manufacturing and technical capabilities, and we aim to contribute to people's lives and society's sound development.



We are also committed to harmony with our stakeholders, including customers, suppliers, shareholders, community members, and employees, and we are determined to contribute to the international and local communities through the practice of the "Shinko Way," the Shinko Group's corporate philosophy. The Shinko Way consists of a fundamental vision and a philosophy that have been cultivated over many years since our establishment, as well as important values, principles, and a code of conduct. Sharing the Shinko Way and acting with common purpose by all Group employees will not only establish us as necessary companies for the market but also expand our business so that we can continue to be trusted and required by society.

We also include environmental protection among our top management priorities as a manufacturer's social responsibility, and we are systematically and continuously taking actions accordingly. Looking ahead, we will continue to implement a range of initiatives to steadily fulfill our responsibility with regard to human rights, labor, environmental protection, and other issues throughout the supply chain.

I hope that this report gives you an understanding of the Shinko Group's initiatives, and we look forward to your continued support and encouragement.

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

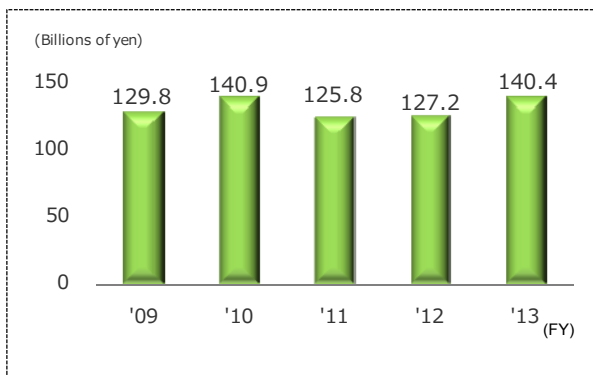
Mitsuharu Shimizu
President and Representative Director
SHINKO ELECTRIC INDUSTRIES CO., LTD.

Corporate Outline

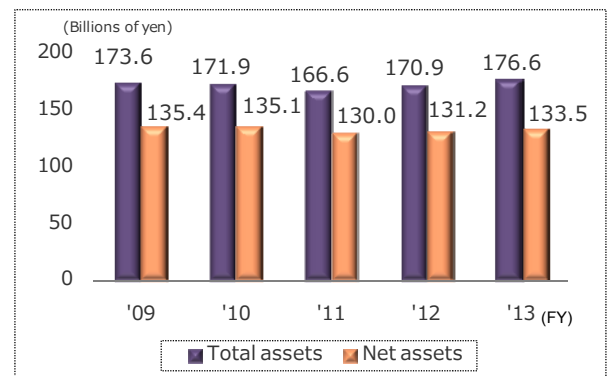
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|-----------------------|---|-------------|-----------------|
| Corporate Name | SHINKO ELECTRIC INDUSTRIES CO., LTD. | | |
| Head Office | 80, Oshimada-machi, Nagano-shi, Nagano 381-2287, Japan | | |
| President | Mitsuharu Shimizu | | |
| Date of Establishment | September 12, 1946 | Fiscal Year | Ending March 31 |
| Major Business Lines | Manufacturing and Sales of Plastic Laminated Package (PLP), Tape BGA, Lead Frame, Glass-to-Metal Seals, Electro Static Chuck, Surge Arrester, IC Assembly, Multi-Chip Package (MCP) and System Modules | | |
| Capital | 24,223 million yen (as of March 31, 2014) | | |
| Employees | 4,165 (consolidated: 4,950) (as of March 31, 2014) | | |
| Plants and Offices | (Plants and Facilities) Kohoku Plant (Head Office), Wakaho Plant, Takaoka Plant, Arai Plant, Kyogase Plant, SHINKO R&D Center, Kurita Sogo Center, Aizu Branch (Sales Offices) Tokyo, Osaka, Sendai, Nagano, Nagoya, Oita, Fukuoka (Representative offices) Frankfurt, Manila | | |
| Subsidiaries | [Japan] SHINKO PARTS CO., LTD. SHINKO TECHNOSERVE CO., LTD. [Overseas] (Manufacturing) SHINKO ELECTRONICS (MALAYSIA) SDN. BHD. (Malaysia) KOREA SHINKO MICROELECTRONICS CO., LTD. (Korea) SHINKO ELECTRIC INDUSTRIES (WUXI) CO., LTD. (China) (Sales) SHINKO ELECTRIC AMERICA, INC. (U.S.A.) KOREA SHINKO TRADING CO., LTD. (Korea) TAIWAN SHINKO ELECTRONICS CO., LTD. (Taiwan) SHANGHAI SHINKO TRADING LTD. (China) SHINKO ELECTRONICS (SINGAPORE) PTE. LTD. (Singapore) | | |

◆ Consolidated Financial Highlights

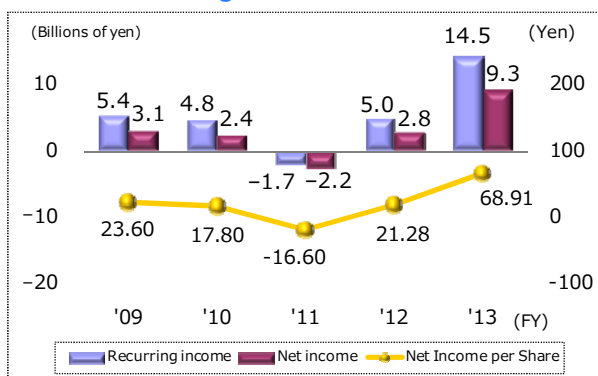
Net sales



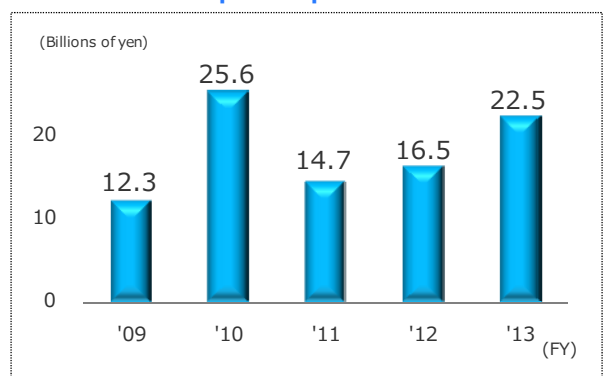
Total assets/Net assets



Recurring income/Net income



Capital expenditure



◆ Overview of Products

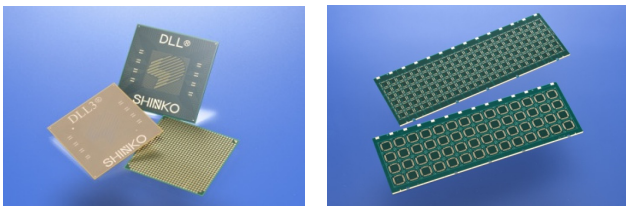
Shinko was established in September 1946. We began by recycling lamps for home use, expanded into lamps for telephone switchboards, and then moved into the field of semiconductors, eventually developing into a comprehensive manufacturer of semiconductor packages.

We draw 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 were created to meet the need for high-speed and high-density packaging.

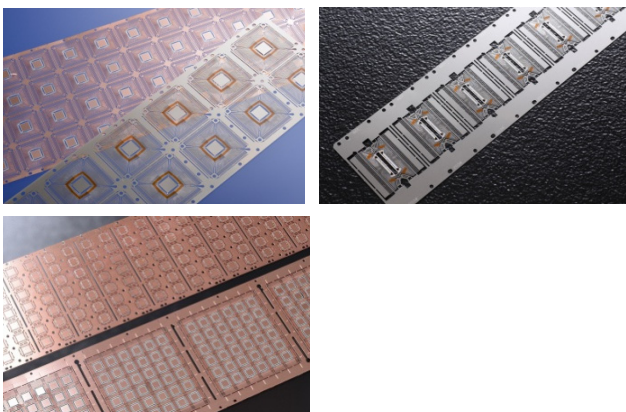
They are mainly used in microprocessing units (MPUs) in computers and servers, various memories, ASICs, and graphic accelerators.



LEAD FRAMES

Our lead frames are highly versatile IC packages that are used in a range of microcomputers, memories, and ASICs.

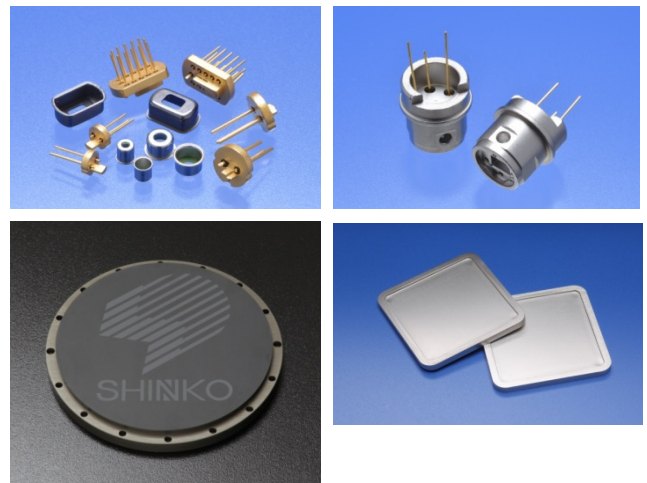
Our lineup includes super fine-pitched lead frames, lead on chips (LOCs) for memories, and quad flat non-leaded packages (QFNs) suitable for smaller and thinner devices.



COMPONENTS

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

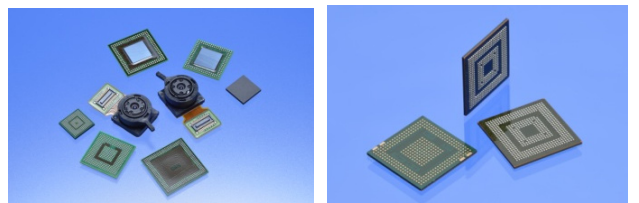
We also manufacture components such as ceramic electrostatic chucks for semiconductor manufacturing equipment and heat spreaders that efficiently disperse heat from IC chips.



ASSEMBLIES

We undertake contract processing of semiconductor devices using product lines that are designed and manufactured in-house.

We offer flip-chip assemblies that supply excellent and high speeds as well as smaller size, together with modules equipped with multiple IC chips and passive components.

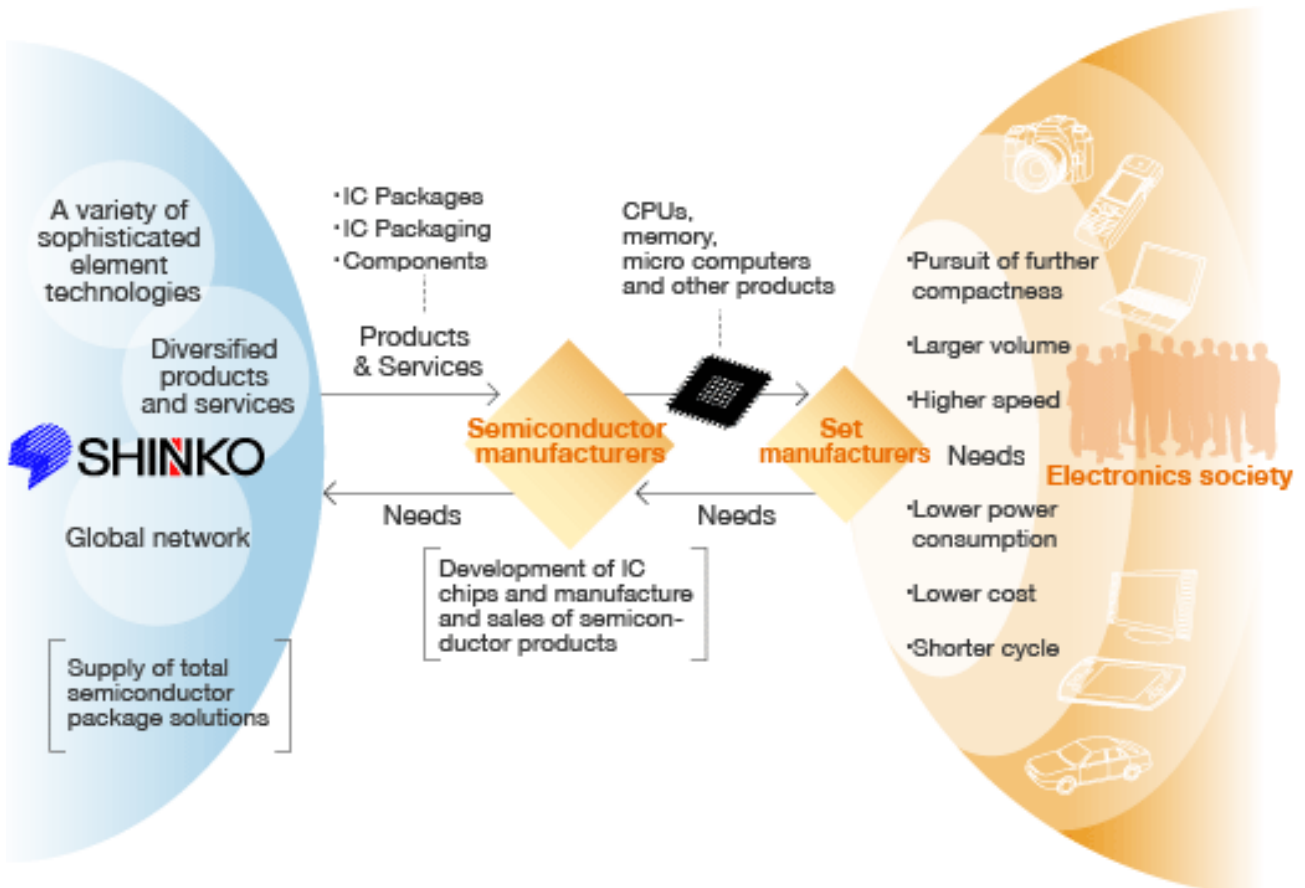


The Shinko Group's Business Fields

Interconnecting Our Future

Personal computers, mobile devices, digital appliances and so on. These 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.

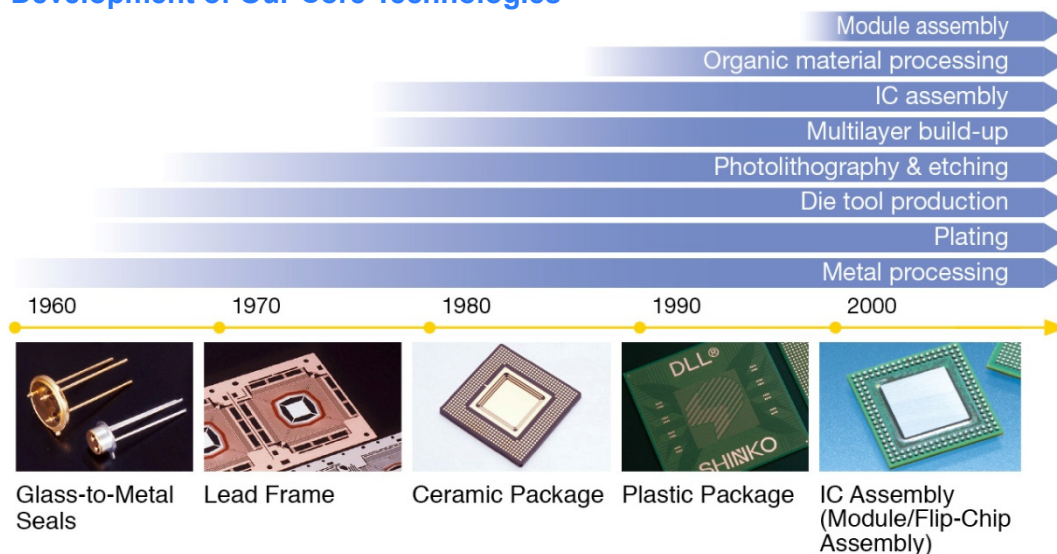


◆Based on a Variety of Leading-Edge Technologies

The Shinko Group has worked to always meet the demands of the mainstay semiconductor package market in a timely manner. At the same time, we have accumulated proprietary technologies and extended our product lineup to meet diversifying market needs. As a consequence, we now have a wide range of products for semiconductor packaging in composing core technologies.

Although many dedicated manufacturers specialize in specific product fields or technologies, we cover the entire semiconductor packaging area and are unparalleled in the world. This original corporate feature has become a real strength in exerting our competitive edge in the global market.

Development of Our Core Technologies



◆In View of the Global Market

The Shinko Group has established a global network with sales offices around the world to meet customized global needs. With a swift response to needs and careful support of customers at nearby sales locations, we focus on establishing speedy customer response systems for all stages from research, design and development to mass production and the provision of products, in close cooperation with our respective customers.

Moreover, we promote innovative production activities to ensure the stable provision of highly competitive products and improve the product quality and yield rate for production, as well as lead-time reduction, by fully taking advantage of original production process/equipment development technologies.

◆As a Good Corporate Citizen

The Shinko Group aims to be a good corporate citizen that pursues coexistence and co-prosperity with the Company's various stakeholders, including close coordination with local communities and employees, as well as the global environment.

To this end, to co-develop business activities and preserve the global environment, we promote activities for environmental load reduction such as energy conservation at plants and local exchange activities with neighboring residents. In addition, we focus on labor safety and health and are committed to establishing a comfortable worksite environment and improving the balance between work and life for employees.

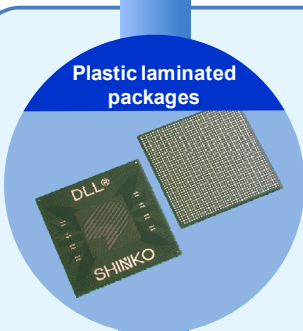
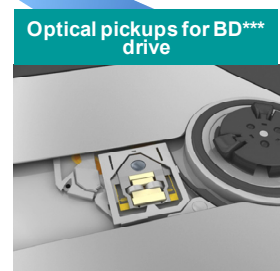
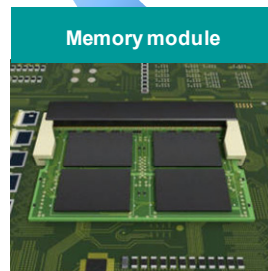
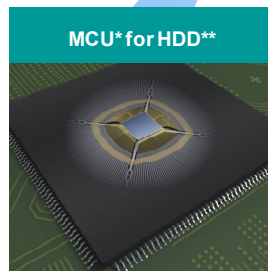
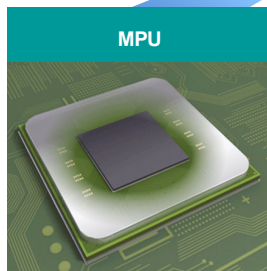
Cutting-Edge Technologies behind the Scenes —The Product Lineup That Underpins Key Devices—

All of the Shinko Group's products are small—just several millimeters thick and a few milligrams in weight—but they offer a wide range of functions. Packing cutting-edge technology into miniaturized forms, our products play a key role in a variety of electronics, such as personal computers (PCs), smartphones, digital appliances, and automobiles.

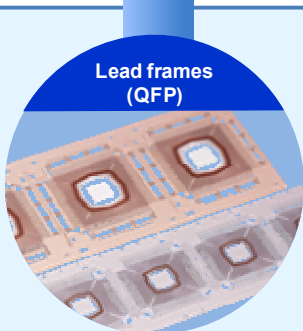


Personal Computers

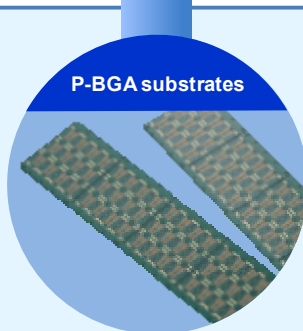
Many of our products that incorporate innovative technology are used in PCs, including our plastic laminated packages for MPUs, which function as the “brains” of computers.



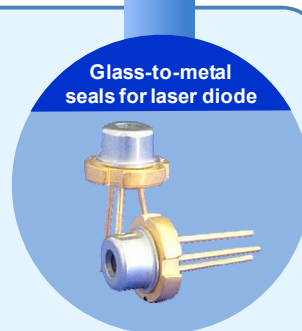
Plastic laminated packages



Lead frames (QFP)



P-BGA substrates



Glass-to-metal seals for laser diode



Heat spreaders

Numerous-pin QFP typed lead frames are used in MCUs, which control parts such as the HDD.

Substrates for DRAMs included in the memory module facilitate the increased speed of DRAMs through micro wiring and thinner profiles.

Glass-to-metal seals with superior hermeticity and heat dissipation are used for the blue-violet laser diodes mounted in optical pickups for BD drives.

Plastic laminated packages facilitate MPUs' increasing speed and greater integration through fine pitch and multilayer technology.

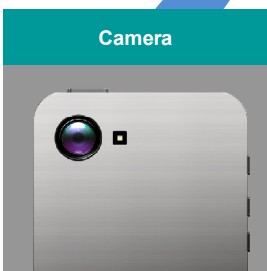
Heat spreaders help to ensure stable operation by efficiently dissipating heat from IC chips.

 : Our products

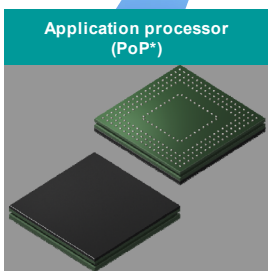
* MCU: Micro Control Unit
** HDD: Hard Disk Drive
*** BD: Blu-ray Disk

Smartphones

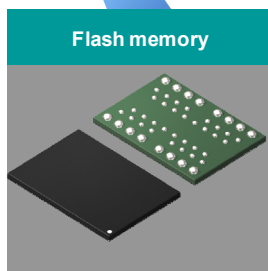
Our products also play a key role in smartphones, whose market continues to expand. We expect that demand will grow for these products, which offer ever greater sophistication and are increasingly small and light.



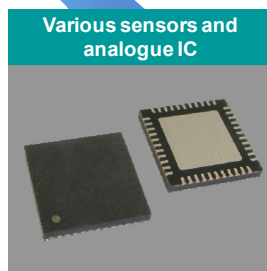
Camera



Application processor (PoP*)



Flash memory

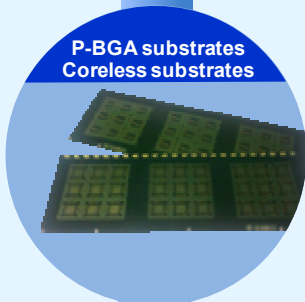


Various sensors and analogue IC

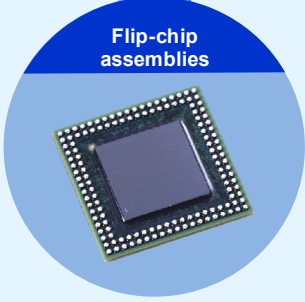


Camera module assemblies

We provide camera modules with small and low-profile form factors through high-density mount technology.



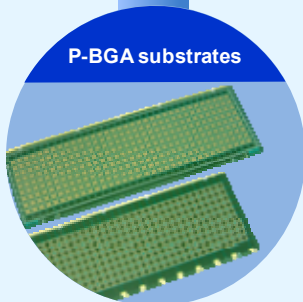
P-BGA substrates
Coreless substrates



Flip-chip assemblies

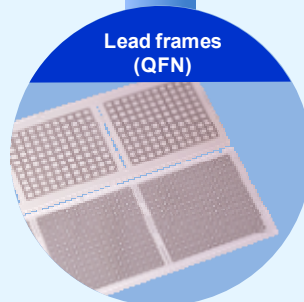
High-density substrates with small and thinner structure are used for mobile DRAM and application processors, which are the heart of smartphones.

We also offer flip-chip assemblies that support small package sizes and high speeds.



P-BGA substrates

Thinner structure P-BGA substrates are used in flash memory for data storage such as images and music.



Lead frames (QFN)

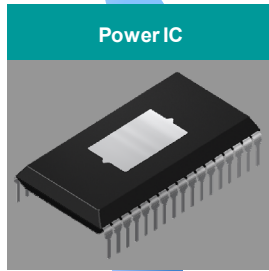
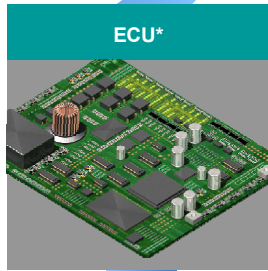
QFN typed lead frames, which are excellent for reducing size, are widely used in the sensors that are included in smartphones.

 : Our products

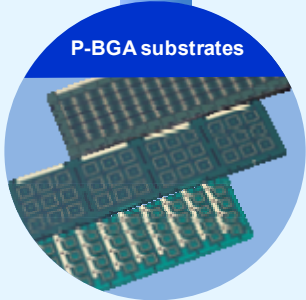
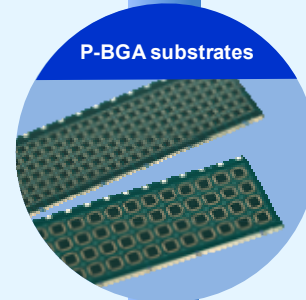
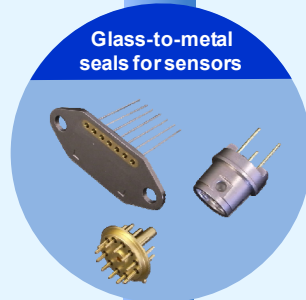
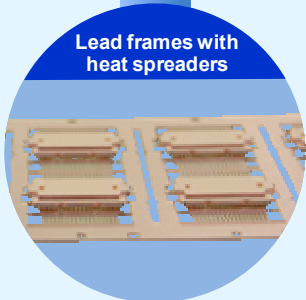
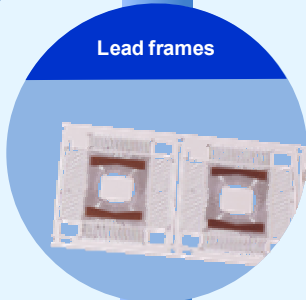
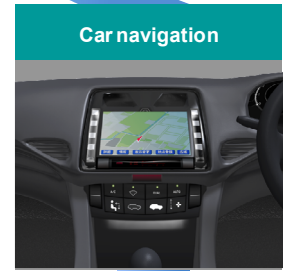
* PoP: Package on Package

Automobiles

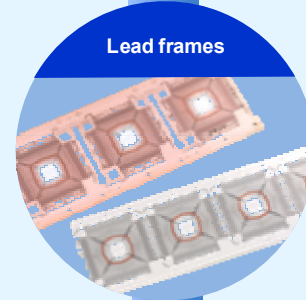
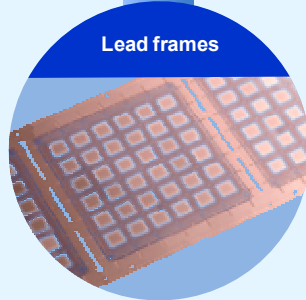
Many of our highly reliable product lines, including glass-to-metal seals and lead frames, are used in automobiles, in which electronics are becoming more and more common.



- A range of sensors**
- Pressure sensors
 - Acceleration sensors
 - Angular velocity sensors
 - Flow sensors
 - Magnetic sensors
 - Current sensors, etc.



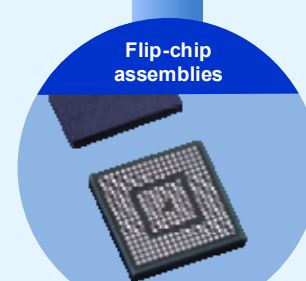
Lead frames with high heat dissipation properties are used in power ICs, which require their characteristics.




MCUs and a variety of semiconductors are mounted on ECUs, which electronically control automobile engines as well as safety and information systems. Accordingly, numerous lead frames and P-BGA substrates are used in automobiles.

We anticipate that a growing number of semiconductor packages will be utilized in the future as automobiles become more electronic and electric-driven.

Highly reliable glass-to-metal seals and small lead frames are used in various sensors that are essential for safe driving and automobile safety and comfort.



 : Our products

* ECU: Electronic Control Unit

P-BGA substrates and high pin count QFP typed lead frames are used in processors that process a variety of information for car navigation.

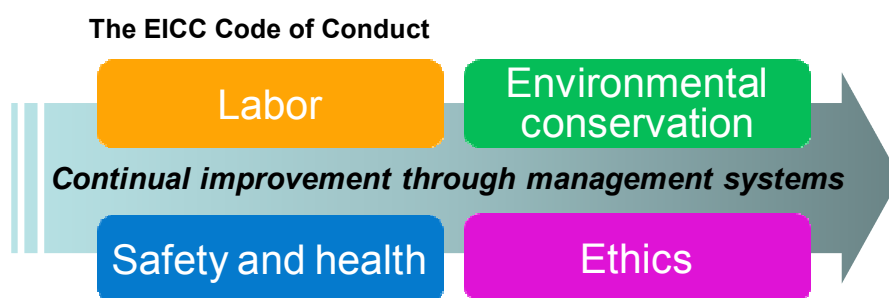
The EICC Code of Conduct

Shinko strives continuously to develop and improve its internal systems in the four areas of labor, safety and health, environmental conservation, and ethics. This is done, based on the Code of Conduct established by the Electronic Industry Citizenship Coalition (EICC).

◆What Is the EICC?

The EICC was formed in 2004 to improve CSR within the electronics industry as a whole. Today, it comprises nearly 100 companies, including many of our customers.

The EICC established a Code of Conduct “to ensure that working conditions . . . are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically.” Member companies are required to put the Code into practice not only within their own organization but also throughout their supply chains.



◆Our Initiatives

Shinko receives written questionnaires from its customers about its compliance with the Code of Conduct. We decided to undergo an audit by an EICC-designated auditor based on a customer request. So, since the second half of FY2012, we had reviewed our systems based on the Code.

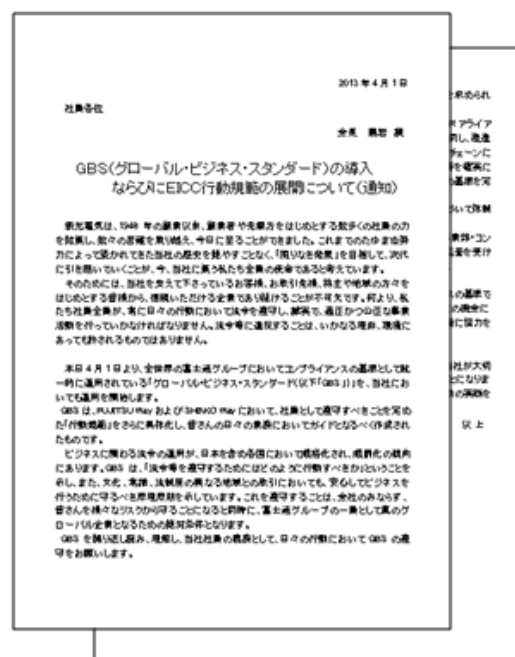
The audit was conducted over five days in May 2013 at three plants: Kohoku, Wakaho, and Takaoka. Auditors checked our internal management systems and the status of initiatives based on the Code, on-site investigations of plant facilities (including the cafeteria), and interviews with many employees selected at random. During the interviews, auditors verified working conditions and our compliance with the Code.

The audit results were extremely positive, leading to a high commendation from the customer that had requested it.

◆Future Plans

One reason for the high marks we received is that the corporate vision embodied in the Shinko Way and our initiatives based on it were basically consistent with the EICC Code of Conduct. The audit has enabled us to confirm that our initiatives thus far are in line with global trends.

At the same time, we recognized the need for improvements on a number of points. Going forward, we will strive to meet the expectations of our stakeholders and improve our corporate value even further by continuing and expanding initiatives in accordance with the Code of Conduct while implementing improvements.



The chairman's message on the EICC

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.

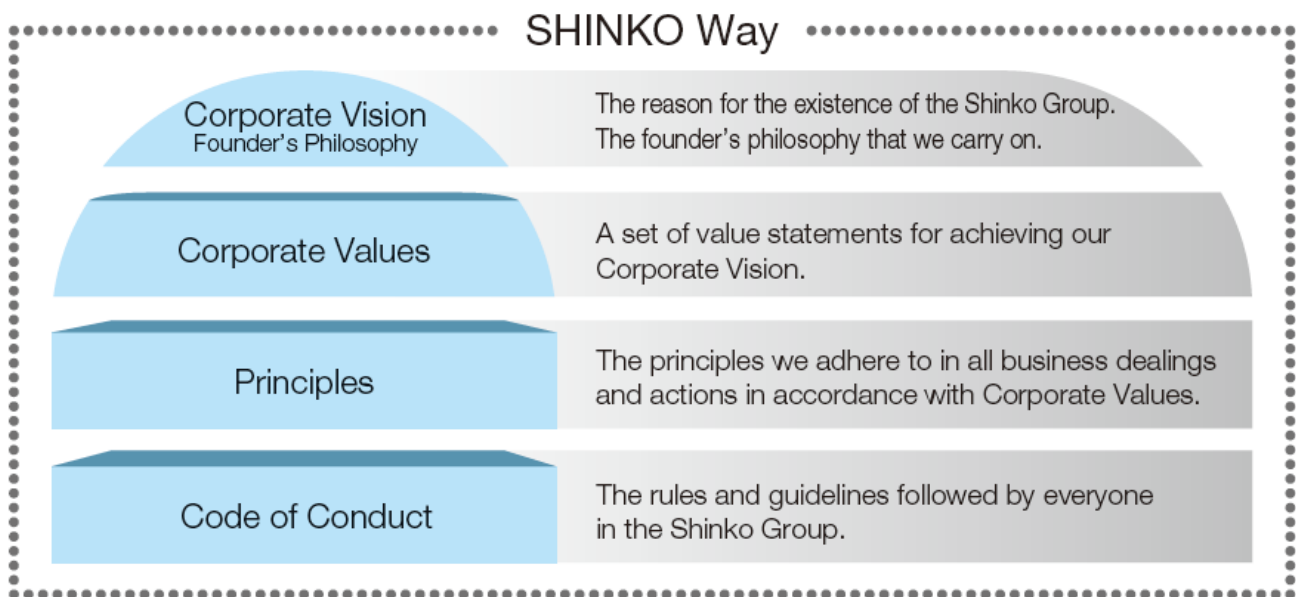
The Shinko Way

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 Founder's Philosophy | Corporate Vision | | | | |
| | Technology Leadership | The Art of Manufacturing | Long Term Vision | Global Outlook | Responsibility to Individual |
| | Founder's Philosophy | | | | |
| | Economizing | Innovation by manufacturing site | "Dreams in one hand, and a soroban in the other." | | Responsibility to Individual |

| | | |
|------------------|----------------------------|--|
| Corporate Values | 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. |
| | Quality | We enhance the reputation of our customers and the reliability of social infrastructure. |

| | | |
|------------|------------------------------|---|
| Principles | 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. |

| | |
|-----------------|--|
| Code of Conduct | <ul style="list-style-type: none"> ■ 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. |
|-----------------|--|

Corporate Governance

Shinko has strengthened corporate governance and developed a risk management system so that we can be a company that earns even greater trust. We do this by continuously increasing corporate value within the incessantly changing environment of the semiconductor market.

Corporate Governance System

Shinko strives to enhance its corporate governance system, to ensure management transparency and facilitate appropriate and swift decision-making in response to change.

Specifically, we adopted a corporate officer system to build a flexible business operational structure based on a supervisory and audit system centered on administrative supervision by the Board of Directors and auditing by the auditors. In this way, we have further strengthened our corporate governance and boosted the efficiency of corporate management.

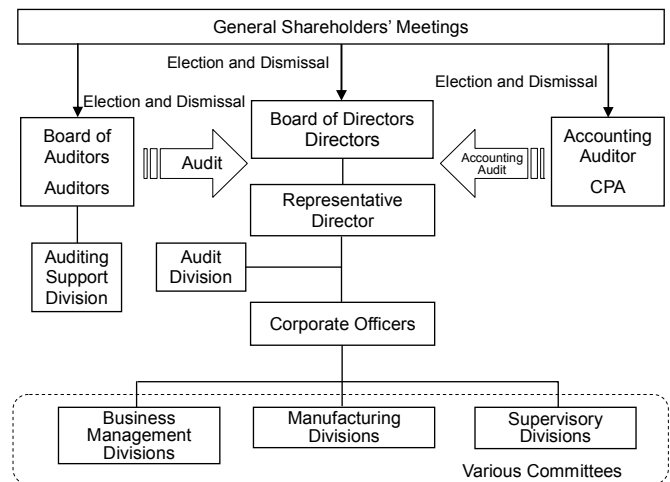
The Board of Directors decides basic policy, matters specified by laws and regulations, and the articles of incorporation as well as important management issues, and supervises the status of business execution. It meets once a month, and extraordinary meetings are convened when necessary.

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.

Each auditor audits the execution of operations by the directors through attendance at board meetings, corporate officers' meetings, and other important meetings and through business reports received from directors and others.

We have chosen Ernst & Young ShinNihon LLC as our accounting auditor and established the Audit Division as an internal auditing division. The Audit Division conducts internal audits to verify that specific operations are implemented appropriately and efficiently based on laws and regulations. Auditors, 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



Risk Management System

Identifying and responding appropriately to risks that could affect the Group is an important management issue. Accordingly, we conduct an investigation of potential risks once a year. The investigation is conducted to establish and revise proactive measures to prevent risks that could have serious consequences by identifying, analyzing, and assessing potential risks in each department and group company.

During the investigation, each department and risk management promotion department exchange information through meetings. By verifying new risks in light of each department's situation and by horizontally deploying proactive measures, risk assessment is strengthened and revisions are made to boost effectiveness, all of which enhances the investigation content.

In February 2014, we established the Corporate Risk Management Department, which supports risk management in each department, to further strengthen our company-wide risk management system.

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, we practice 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.

Additionally, as of FY2013 we began using the Global Business Standards (GBS). The GBS are compliance standards 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 operations as a guide.

◆ Compliance Training

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

In FY2013, in conjunction with our adoption of the GBS, we spread the chairman’s message that “adherence to the GBS is an absolute requirement in conducting business globally, including in regions with different cultures, legal systems and so on.” We also provided opportunities for self-study about the GBS to all employees at Group companies in and outside Japan, and gave them a comprehension test to instill understanding and ensure the GBS adherence as a guide to behavior in employees’ daily work.

In addition, we provide group training to relevant departments on laws that significantly affect our business.

Moreover, we offer training on compliance-related matters in rank-specific training for new hires, mid-career employees, and managers.

Going forward, we will use a variety of opportunities to continue enhancing our compliance training.



Group training

◆ 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.

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

Corporate Ethics Helpline

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 corporate ethics. We have also prepared consultation contacts for our overseas locations.

Relationship with Customers

The Shinko Group has focused on developing and manufacturing superior products that meet customers' expectations, aiming to be No. 1 in *monozukuri* (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.

Aiming to Be Our Customers' Best Partner

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, our engineers visit customers and actively make technical proposals, working with customers to develop safe, high-quality products.

We exhibit at trade shows both in and outside Japan to clearly explain our new products and new technologies and to directly receive customer feedback. We then reflect this feedback in our future product and technology development and sales activities.



Offering proposals at a trade show to anticipate customer needs

Supporting Customer and Societal Trust with Quality

We aim to contribute to the development of society and people's rich lives through manufacturing. Toward this end, we focus on providing products that satisfy customers and earn their trust.

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

Commit to the success of the customer by providing the world's best products and services.

Guiding Principles

We make quality the top priority for Shinko products by building robust and rugged processes.

To improve quality and service, we establish goals and seek to meet them through continuous enhancement and change.

With unwavering quality and safety, we will meet our customers' expectations and trust.

From early on, we have worked to establish a quality management system. In FY2012, we began acquiring ISO/TS 16949 certifications. We strive to increase customer satisfaction through such ongoing initiatives.

Status of Quality-Related ISO/TS Certifications

ISO 9001

| Product | Date certified |
|--|----------------|
| Lead frame products | Dec. 28, 1994 |
| Glass-to-metal seals, Electrostatic chucks, etc. | Jun. 16, 1995 |
| Assembly products | Mar. 8, 1996 |
| PLP products | Jan. 10, 2003 |

ISO/TS 16949

| Product unit | Date certified |
|---------------------|----------------|
| Lead frame products | Oct. 21, 2012 |

Relationship with Suppliers

The Shinko Group sees our suppliers as invaluable contributors, enabling us to add value to the products we provide to our customers. We seek to build close relationships with our suppliers, working to create long-term mutual benefit and learning from each other. As good business partners, we wish to enhance each other's capabilities, aiming at the common goals of sustained growth and prosperity.

Shinko Procurement Policy

◆ Shinko Procurement Policy

Shinko procures needed goods, components, software, and services based on the Shinko Procurement Policy that we established to carry out business operations while taking into consideration such matters as protection of the global environment, compliance, respect for human rights, labor, health and safety, ensuring the safety and quality of products and services, maintenance and promotion of information security, fair trade, and corporate ethics.

Shinko Procurement Policy

1. Coexistence with suppliers

We strive to establish a relationship of coexistence in which Shinko and our suppliers, as good business partners, build a long-term trustful relationship and close cooperation based on continuous efforts and improvements on both sides and thereby prosper together.

2. Fair trade (fair, transparent, proper evaluation and selection)

We promote fair, transparent and free competition and do not engage in any illicit trade.

We provide open and fair access to companies that wish to become new suppliers.

We evaluate and select suppliers comprehensively based on such criteria as credibility as an enterprise; technology; quality, price and delivery of procurement items; and the level of engagement with environmental protection initiatives.

3. Compliance with laws and social norms

We adhere to applicable laws and social norms in our procurement operations and are committed to working with suppliers to fulfill our social responsibility in the supply chain.

4. Protection of the global environment

We promote green procurement throughout the entire supply chain by requesting suppliers to establish environmental management systems and control of chemical substances.

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 (Excerpt)

1. Protection of the global environment
2. Compliance
3. Respect for human rights, labor, health and safety
4. Assurance of safety and quality of products and services
5. Maintenance and promotion of information security
6. Fair trade and corporate ethics
 - (1) Fair trade
 - (2) Protection of confidential information
 - (3) Protection of intellectual property
 - (4) Prohibition of bribes

◆ Sharing Our Procurement Guidelines

To disseminate our Procurement Guidelines throughout the supply chain, Shinko uses our procurement website to highlight matters that we would like suppliers to pay attention to. As of 2013, we ask suppliers to commit in writing to follow the Procurement Guidelines. (The procurement website currently is available only in Japanese.)

◆ Dialogue with Suppliers

Since 2013, Shinko has sent questionnaire surveys about corporate social responsibility to our main suppliers. 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.

We also held sessions about corporate social responsibility and the EICC Code of Conduct in April 2013 with suppliers to whom we contract some processes within our plants. In May 2013, we conducted a questionnaire survey about compliance with the EICC Code of Conduct and the operation of management systems followed by two on-site inspections (conducted in July 2013 and March 2014) of work sites based on the surveys. We confirmed no legal issues during the on-site inspections.

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.

Addressing Conflict Minerals

◆ Actions for the Issue of Conflict Minerals and Ensuring Transparency

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.

Specifically, we take initiatives every year to avoid the risk of procuring conflict minerals by identifying applicable suppliers and purchases, investigating and verifying procurement routes for the applicable minerals all the way back upstream through the use of designated survey forms, and the confirmation and assessment of risk.

Through this survey, we request the applicable suppliers to ensure the transparency of procurement routes for the applicable minerals and to develop internal systems for avoiding the procurement of minerals that could fund armed groups.

Business Continuity Management

◆ Addressing 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.

Since 2013, Shinko has sent questionnaire surveys about business continuity management to our main suppliers of raw materials and components.

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, we make sure to maintain several suppliers for primary raw materials and components to reduce procurement risks.

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 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.

Relationship with Employees

Employees are the Shinko Group's most valuable asset. We respect diversity of our employees and aim to create workplaces where every employee can work 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.

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.

The Shinko Group has stipulated policies 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 FY2013, we put up human rights awareness posters and provided education on the theme of human rights to all employees in conjunction with Human Rights Week in December. All of the approximately 4,300 employees of the Shinko Group in Japan took the course, 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.

◆ Human Rights Consultation Services

Shinko has established internal Corporate Ethics Helpline 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

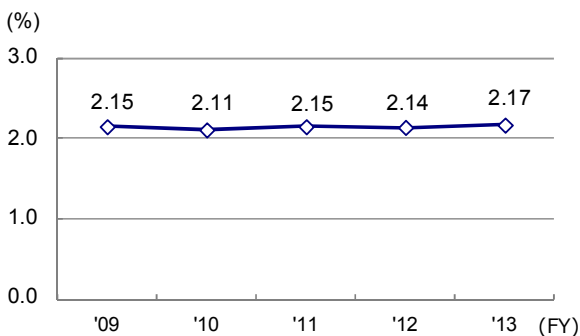
By combining the talents of employees, each with their own unique qualities and way of thinking, our corporate value increases. We, therefore, respect the diversity of our employees and strive to create workplaces that are pleasant for all, to improve each employee's well being by working.

◆Embracing Diversity and Inclusion

Shinko seeks forms of diversity including those expressed by 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 the different organizations and project teams 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.

Employment Rate of Persons with Disabilities



◆ Balance between Employees' Personal and Professional Lives

Shinko has developed diverse working conditions and strives to support a work-life balance, so that all employees can perform at their full potential.

In recognition of these efforts we were twice certified, in July 2007 and May 2013, by the Nagano Labor Bureau as a general business that conforms to standards based on the Law for Measures to Support the Development of the Next Generation, and we received the Next-Generation Approval Mark.

Furthermore, our return-to-work rate after child care leave was 100% in FY2013.



Our Initiatives

1. A longer child care leave period than legally mandated
2. A system allowing child care leave to be paid if it lasts no longer than one month
3. A wider scope of employees eligible for the child care 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 child care
5. Child care support based on allowance system
6. Developing a working environment with work-life balance consciousness

Numbers of Employees Using the Care Leave Support System (FY2013)

| System | Users |
|-----------------------|-------|
| Child care leave | 19 |
| Family care leave | 1 |
| Reduced working hours | 144 |
| Paternity leave | 32 |

Additionally, gradually we have expanded the scope of use of multipurpose leave (accumulated leave), which we introduced in 1992 separately from annual paid leave. In 2014, we relaxed the requirements for use of this 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 child care or family care to play an active role, no matter which life stage they are at.

Average Age / Years of Service (FY2013 [Shinko])

| | Average age | Average years of service |
|------------------|-------------|--------------------------|
| Male employees | 43.3 | 20.8 |
| Female employees | 43.2 | 22.8 |
| Total | 43.3 | 21.2 |

◆ Labor Relations

All ordinary employees of Shinko join the Shinko Labor Union. 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.

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 supports employees so that they can enhance their abilities and expertise through work and achieve personal growth.

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.

◆ Supporting Abilities Development

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

■ General Training

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

■ Specialized Training

This includes group training to acquire specialized knowledge and skills needed in specific departments and jobs, OJT, statistics and quality systems training, and environmental education, etc.

◆ 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 128 employees have made use of this system.

◆ 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 subsidizing the fees for correspondence training courses, we provide in-house business English conversation classes and in FY2013 we added an English negotiation skills class. We will continue enhancing our programs to strengthen employees' global business skills.



In-house English conversation class

◆ Personnel Systems Based on Fair Evaluation and Fair Pay

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.

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. In addition, we encourage the pursuit of more challenging goals through management-by-objectives programs.

We regard these as opportunities for the development of subordinates through communication between subordinates and their supervisors.

Creating Safe and Comfortable Working Environments

In line with the Corporate Values of the Shinko Way, Shinko provides environments where employees can work safely and comfortably and also strive to ensure employee safety.

Toward this end, we have adopted a management system approach that we use to pursue continual improvements in health, safety and the level of disaster prevention through active participation in health, safety, and disaster prevention initiatives by all employees.

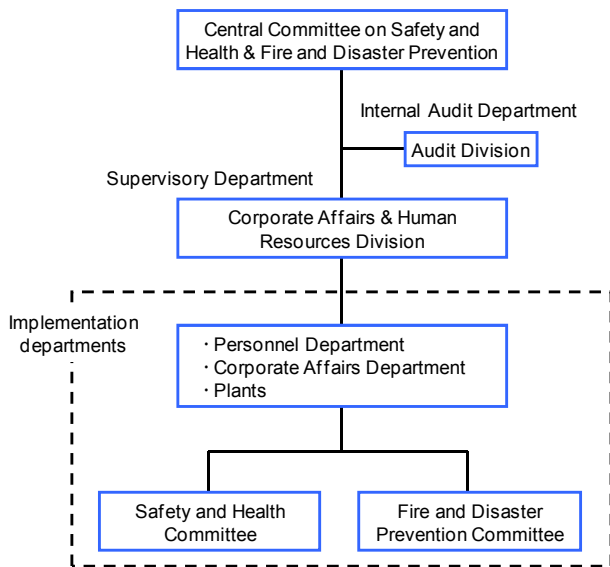
Shinko Electric Industries Co., Ltd. Company-Wide Basic Policy on Safety and Health Plus Fire and Disaster Prevention

We are committed to complying with relevant laws, including the Industrial Safety and Health Act, and to earnestly engaging in safety and health initiatives as well as fire and disaster prevention initiatives as corporate responsibilities, based on company rules pertaining to safety and health and to fire and disaster prevention.

In accordance with the following policy, we will make concerted, company-wide efforts to enhance safety and health plus fire and disaster prevention, to create disaster-free, safe, and comfortable working environments and ensure the safety and health of all employees.

1. All employees will help to eliminate risk and hazard factors in the workplace and continuously improve the level of safety and health, with the aim of creating intrinsic safety and achieving zero occupational accidents.
2. We will strive to form comfortable working environments and promote health, to relieve employees' fatigue and stress.
3. We will enhance risk management by establishing a system for responding to emergencies and providing necessary and sufficient education and training to ensure employee safety.

Safety and Health System, and Fire and Disaster Prevention Promotion System



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 whole 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No. | 氏名 | 所属 | | | |
| 工程・装置名 | 場所 | 種 | 階 | | |
| 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。○○なので○○になる、○○した時に○○になる等 | | | | |
| リスク低減対策案 | リスクを低減するための対策について、提案を記入して下さい | | | | |
| | | | | | 所長 |

Risk identification sheet used to document risks in the manufacturing workplace

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.

In FY2013, we provided safety and health training to all managers with the aim of strengthening company-wide safety and health initiatives.

Through such initiatives, we are striving to boost the safety and health awareness of all employees.

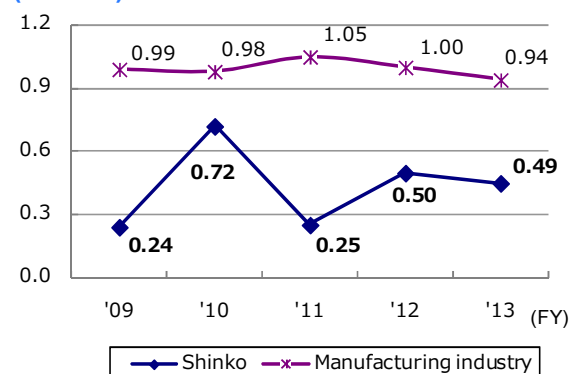


Safety and health training in the manufacturing workplace



Safety and health training for all managers

Frequency Rate of Industrial Accidents (Shinko)



◆ 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 to manage and promote the health of employees.

- 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.

◆ Mental Health Care

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

Shinko provides rank-specific mental health training to managers, mid-career employees, and new hires to raise awareness of mental health. To prevent mental diseases, we attempt to detect and deal with mental issues at an early stage through self-care and line care.



Fostering employees' self-care awareness through the Health Room Newsletters

Relationship with 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.

Initiatives to Protect the Local Environment

◆ 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 FY2013, a total of 258 employees participated in such beautification efforts.

Korea Shinko Microelectronics Co., Ltd. (KSM) also conducts annual cleanups along the roads and river near its plant.

◆ Participating in an Adopt-a-Forest Program

Shinko participates in an adopt-a-forest program promoted by the government of Nagano Prefecture, engaging in environmental protection initiatives in cooperation with local residents in the Kinasa Matsubara area of Nagano City.

We maintain the buffer zone that delineates the boundary between the forest and the village, plant vegetation, cut grass and perform other maintenance work.



Participation in an adopt-a-forest program

◆ 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 FY2013, we collected and donated items sufficient for about 800 saplings.

Participating in Local Events and Volunteering

◆ 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 2013, a total of 123 employees participated as dancers, interacting with local residents.

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

◆ Volunteering

Shinko has established an accumulated paid leave program that allows employees to accumulate and take up to 20 days of paid leave for specific purposes, including volunteering.

In FY2013, employees volunteered in such activities as Myoko City Clean Partners (community beautification) and coastal cleanups along the Sea of Japan.



Participation in a Sea of Japan coastal cleanup

Supporting Youth Development

◆ Supporting the Hokushin Scholarship Foundation

Shinko's 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 so far granted scholarships to a total of 390 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 FY2013, the Kohoku Plant, Takaoka Plant, and other plants gave tours to junior and senior high school students.



Plant tour for junior high school students

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 FY2013, students underwent practical training at the Kohoku Plant, SHINKO R&D Center, and Takaoka Plant.

Additionally, the Arai Plant provided a workplace experience to junior high school students, who tried their hands at shipment packaging and conveyance.

Relationships with Community Members

◆ Plant Tours for Community Members

Shinko held tours at the Kohoku and Wakaho plants to explain to community members our business and initiatives to reduce the environmental impact and to give them a chance to actually see inside the plants.

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



Plant tour for community members

◆ Use of the Kurita Sogo Center

The Kurita Plant operated as the head office and main plant since it was opened in December 1957. In September 2004, it was converted into the verdant Kurita Sogo Center.

Located in downtown Nagano City, the center is used by nearby residents as a community road, walking course, and rest area.

The Kurita Sogo Center's green tract of land also plays a role as a temporary place of refuge for the neighborhood in the event of a disaster. It has become a facility with a deep connection to community members.



The Kurita Sogo Center

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

Environmental Management

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

We will make every effort to protect and improve the global environment through harmony between the environment and corporate activities.

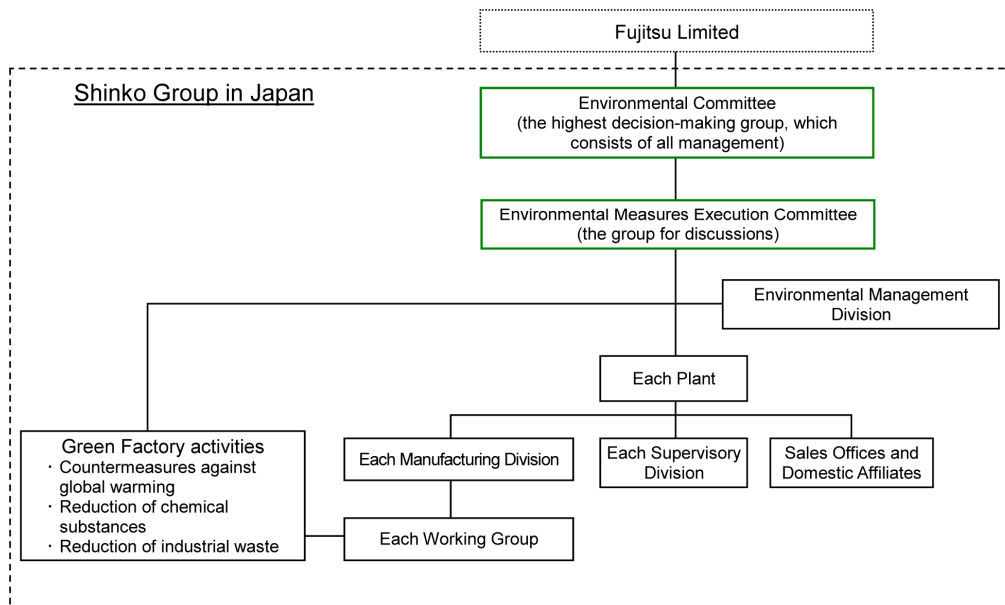
Guiding Principles

1. Endeavor to reduce the environmental impact incurred by our business activities throughout the product lifecycle.
2. Seek to reduce risk to human health and the environment.
3. Make every effort to protect the environment by observing environmental regulations and standards.
4. Strive for continuous improvement of our environmental management system.
5. Encourage our employees to work on global environmental conservation such as tackling climate change and preservation of biodiversity.

We set up environmental objectives and a target to achieve them. These objectives are reviewed more than once a year.

Environmental Management 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.



Maintenance and Improvement of Our Environmental Management System

◆ 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, in our environmental education for new hires we provide an original education program that includes issues such as the bounty of biodiversity and the relationship between corporate operations and biodiversity, in addition to the usual topics in the environmental field.

◆ Raising of Environmental Awareness

Each month, our personnel involved in environmental affairs disseminate a variety of information to employees, from their different professional standpoints, on seasonal ecological topics such as the annual campaign to reduce the use of lighting and the Cool Biz and Warm Biz campaigns as well as specialized topics such as recovery of Freon, the dangers of familiar chemicals, and prevention of environmental pollution from electronics.

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

◆ Compliance with Enactments and Revisions of Legislation

The Head of Corporate Environmental Strategy Unit of Fujitsu centrally manages information on the enactment and revision of legislation related to the environment. It has created a system for quickly notifying Fujitsu Group companies of the information it obtains.

The Fujitsu Group has also adopted a catalogue of legal requirements and a compliance evaluation table in a uniform format to replace the lists of legal requirements that were previously managed

separately by each Fujitsu Group company. The Fujitsu Group began using these in FY2014 for legal requirements that are common across Fujitsu Group companies, to eliminate any disparity in the level of management within the Fujitsu Group and ensure compliance with applicable legal regulations.

◆ Compliance with Environmental Laws and Regulations

We comply with environment-related laws that are applicable to our company as well as pertinent industry guidelines and voluntary standards, in an effort to prevent environmental pollution.

We monitor regulatory matters based on environment-related laws through quarterly compliance checks and measurements. We promote appropriate responses to issues by checking the effectiveness of measures through the Fujitsu Group's internal environmental audits.

In FY2013, we experienced no serious regulatory violations or accidents with any serious consequences for the environment. Nor were there any requests or guidance from the government as a result of exceeding regulatory standards for exhaust gas, effluent, noise, vibration and others, nor any fines or lawsuits related to the environment.

◆ Shinko Internal Environmental Audits

In FY2013, a total of 50 findings for observation were pointed out based on the results of internal environmental audits conducted on 50 departments. Corrective actions and operational improvements were carried out for all of them.

◆ Fujitsu Group Internal Environmental Audits

In FY2013, the Fujitsu Group conducted internal environmental audits on our head office and all five plants, observing our environmental management system, compliance, plants, and eight departments chosen as samples of departments.

The auditors identified one minor defect and six findings for observation. Corrective actions and operational improvements were carried out for all of them.

◆ Management Review Results

A summary of actions taken in FY2013 following the FY2012 management review.

| Comments during the FY2012 review | Actions taken in FY2013 |
|--|--|
| <p>1. So that actions can be carried out toward medium- and long-term goals for CO₂ reduction and waste reduction, each department should cooperate to tie actions closely to the situation on the manufacturing floor.</p> | <p>Manufacturing and back-office departments worked together to reduce resources and energy use based on on-site energy-saving review meetings and project initiatives. Efforts were started toward the clear goal of halving energy use by 2020.</p> |
| <p>2. Pursue early startup of operations as a plant that is highly advanced in terms of energy and resource conservation, ahead of the launch of mass production at the Takaoka Plant's new facility.</p> | <p>We installed high-efficiency utility devices, adopted LED lighting, enabled energy recycling through waste heat recovery, and took other measures to actively save energy and resources at the Takaoka Plant's new facility before starting round-the-clock mass production in March 2014.</p> <p>Going forward, we will verify the results of reduction during mass production.</p> |
| <p>3. Contribute to the community by participating actively in social contribution activities, including environmental protection efforts, as a good corporate citizen.</p> | <p>In FY2013, the first year of our Environmental Protection Program (Stage 7), we mainly quantified the hours of participation in our conventional social contribution activities.</p> <p>From the next year, we will set improvement goals and use internal campaigns to raise employees' awareness and support their activities. We will also quantify activities besides those in the environmental field.</p> |

Results of the FY2013 management review

(Comments from the environmental management supervisory manager)

1. Real chances for generating creative ideas come from being on the factory floor. Actions closely tied to the manufacturing floor should be carried out increasingly for each environmental goal.
2. Steadily carry out actions following roadmaps for the start of mass production at the Takaoka Plant's new facility and toward the halving of energy use in 2020.
3. Contribute to the community by participating actively in social contribution activities, including environmental protection efforts, as a good corporate citizen.

The Environmental Protection Program (Stage 7)

The Environmental Protection Program (Stage 7) sets out environmental goals for FY2013 to FY2015.

The Shinko Group in Japan established specific targets to achieve in a range of fields during these three years.

Our principal new goals are enhancing social contribution activities and using water resources efficiently.

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

| Item | Environmental Protection Program (Stage 7) Target | FY2013 Target (after review in January) | FY2013 Results | Self-assessment* |
|--------------------------------|--|---|--|------------------|
| Our Business Operations | [Reducing CO ₂ emissions from energy consumption] <ul style="list-style-type: none"> Hold CO₂ emissions from energy consumption to within a 20.8% increase from the average for FY2007–FY2011 by the end of FY2015. (0.7% improvement per unit of sales) | Hold CO ₂ to within a 7.7% increase from the average for FY2007–FY2011. (Hold to within an 8.9% increase per unit of sales.) | Held to within a 6.4% increase from the average for FY2007–FY2011. (Held to within a 3.6% increase per unit of sales.) | ○ |
| | [Reducing waste] <ul style="list-style-type: none"> Hold generation of waste to within a 16.0% increase from the average for FY2007–FY2011 by the end of FY2015. (4.5% improvement per unit of sales) | Reduce by 0.7% from the average for FY2007–FY2011. (2.3% improvement per unit of sales) | Reduced by 8.2% from the average for FY2007–FY2011. (10.5% improvement per unit of sales) | ○ |
| | [Promoting green procurement] <ul style="list-style-type: none"> Promote CO₂ emissions reductions with suppliers. Expand CO₂ reduction initiatives to all types of suppliers. | Increase the rate of procurement from suppliers that conduct CO ₂ control and reduction initiatives to 60% by the end of FY2013. | Procurement rate: 100%. All applicable suppliers met our requests. | ○ |
| Social Contribution Activities | [Efforts as a good corporate citizen] <ul style="list-style-type: none"> Support increases in social contribution activities conducted by employees together with society. The numerical target shall be the total hours of participation in activities. Ascertain the current status for FY2013 and set an improvement goal for FY2014. | Continue efforts and ascertain current status. | Continued efforts and ascertained current status. | ○ |
| Operations Management | [Using water resources efficiently] <ul style="list-style-type: none"> Continue using water resources efficiently, such as by conservation and reuse of water. | Continue efforts. | Continued efforts. | ○ |
| | [Controlling chemical substances] <ul style="list-style-type: none"> 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] <ul style="list-style-type: none"> Support efforts to resolve social and environmental challenges such as biodiversity. | Continue efforts. | Continued efforts. | ○ |

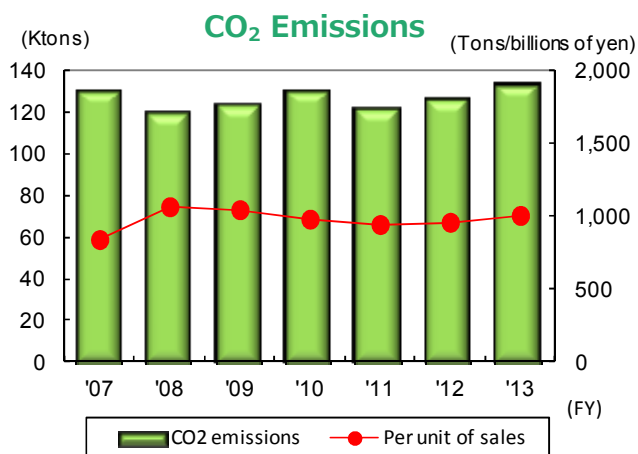
Matters subject to goals management under the Environmental Protection Program define the scope of environmental management systems (EMS) initiatives.

Initiatives to Combat Global Warming

◆ Achievements

CO₂ emissions of the Shinko Group in Japan in FY2013 totaled 133,511 tons, up 6.4% from FY2012 as well as up 4.9% per unit of sales. The increases were mainly attributable to the start-up of the Takaoka Plant's new facility and a rise in energy use due to growing complexity of manufacturing processes with the expanded use of high-density packaged products. Emissions per unit of sales also grew as a result.

The main measures we took to reduce emissions were boosting productivity through production innovation, adopting an energy-saving air-conditioning control system, and installing a high-efficiency heat pump. Differing from conventional steam heating, the heat pump installed for heating water is a groundbreaking system that can provide cold air at the same time as heating. Combined with air-cooling energy reductions, it made possible a doubling of the emissions reduction effect.



◆ Energy-Saving Projects

We have launched energy-saving projects with the aim of halving energy use by 2020, and we continue to develop our activities. The Manufacturing Departments, Equipment Management Departments, and Utilities Management Departments cooperated across departmental boundaries, working together to achieve our targets.

In FY2014, we increased the number of review meetings conducted on the manufacturing floor and accelerated efforts to achieve the targets.



An on-site review meeting

Controlling External Emissions of Chemicals

◆ Achievements

With respect to chemical substances, the Environmental Protection Program (Stage 7) sets out the goal of holding external emissions (i.e., to air and water systems) of VOCs and PRTR-subject substances to within the average for FY2009 to 2011.

To accurately ascertain inputs and outputs of the applicable substances, the Shinko Group in Japan established a system to count input amounts and ensure the analysis of concentrations for and management of all discharge systems.

Production volume recently increased compared to the base year, and use of chemicals containing VOCs and PRTR-subject substances has expanded with changes in product specifications and models, putting our chemical substance emissions on an upward trend.

Chemical Substance Emissions

| | FY2009–FY2011 average (base year) | FY2013 | Percentage change |
|------|-----------------------------------|-----------|-------------------|
| VOCs | 74.2 tons | 80.5 tons | Up 8.5% |
| PRTR | 3.4 tons | 4.4 tons | Up 28.5% |

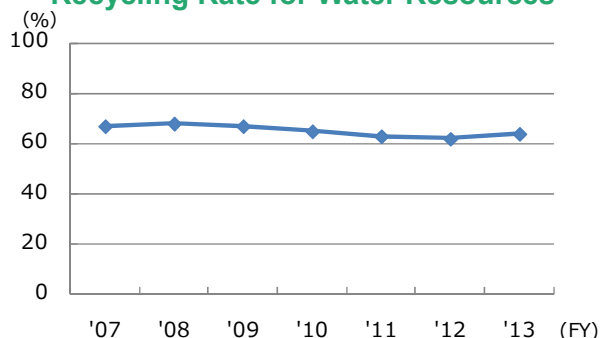
Using Water Resources Efficiently

“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.

Since water is used to eliminate contaminations from products, we have sought to adjust our cleaning methods, to reduce the use of water.

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

Recycling Rate for Water Resources



Reducing Waste

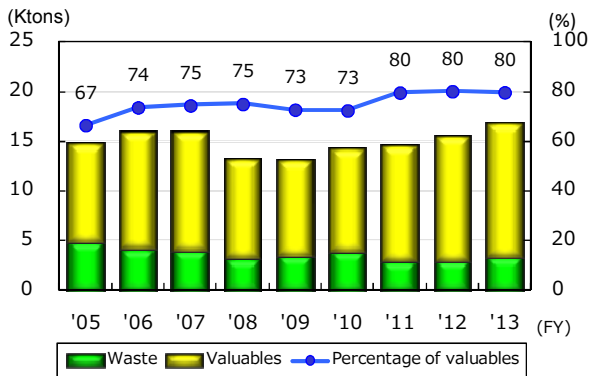
◆ Achievements

In FY2013, the Shinko Group in Japan recorded an increase of 19% in gross output (the amount of waste plus valuables) compared to FY2007 to 2011. However, the amount of waste was reduced by 4.4% (154 tons).

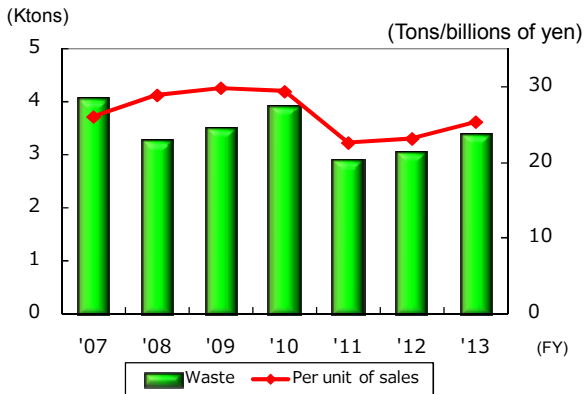
Although our gross output expanded reflecting an increase in production, the amount of waste declined as we promoted the conversion of waste to valuables.

In addition, the percentage of valuables out of gross output was maintained at 80% for the third consecutive year. We will continue to promote the conversion to valuables, so that waste can be recycled as usable materials.

Amounts of Waste and Valuables



Amount of Waste and Amount per Unit of Sales



◆ Topics

1. We reduced waste liquid from flux cleaning by 200 tons per year through partial in-house processing. Since FY2013, we have sought to expand the processes subject to in-house processing.
2. We increased the list of valuables by strengthening waste separation. We created 27 tons of valuables per year, including waste plastic, filters, and PET films.
3. We increased our equipment for in-house processing of alkaline waste liquid (in the first half of FY2013), resulting in a reduction of 250 tons per year in the second half of the year.

Green Procurement

◆ Achievements

Under the Environmental Protection Program (Stage 7) (FY2013–2015), the Shinko Group in Japan is expanding on the green procurement initiatives from the Stage 6 plan, placing priority on extending CO₂ emissions reduction efforts to suppliers in all areas. In FY2013, we achieved a 100% procurement rate from suppliers that implement efforts to control and reduce CO₂.

◆ Increasing the Level of EMS Initiatives

We ask suppliers from whom we recurrently purchase materials to establish environmental management systems (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), so that they manage chemical substances properly. 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. As of the end of FY2013, all applicable suppliers had been found to be in compliance.

◆ Using an Environmental Questionnaire to Grasp Suppliers' Initiatives

From the Stage 7 plan, we have been asking all types of suppliers, whether they supply components or not, to fill out an environmental questionnaire on the status of their environmental initiatives. This environmental questionnaire gives us a detailed understanding of the status of suppliers' initiatives on CO₂ reduction, EMS establishment, biodiversity preservation, and conservation of water resources.

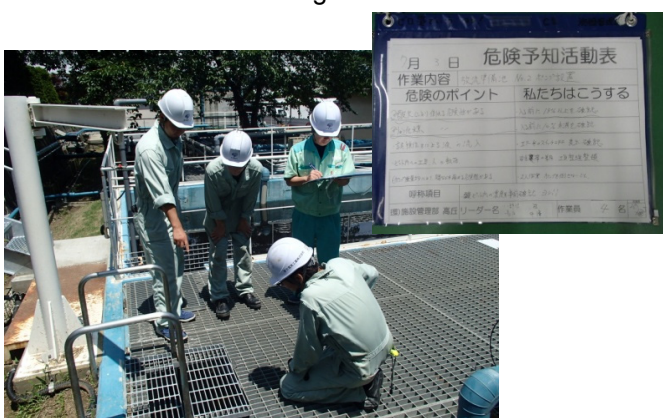
◆ Promoting Reduction of CO₂ Emissions with Suppliers

We review the replies on the environmental questionnaire and ask suppliers that are not working to cut CO₂ emissions 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.

Addressing Environmental Risk

◆ Promotion of Hazard Prediction (HP)

The Shinko Group in Japan expanded the hazard prediction (HP) practices that are customary before starting plant-related tasks and adopted a system for reliable use of HP during maintenance work by facilities management departments. HP sheets for recording the results of HP practices are saved together with maintenance records, and are referred to the next time maintenance work is conducted. We provided all relevant personnel with training when the system was adopted, and we also conducted three months of HP training.



HP during maintenance work

◆ Safety, Environmental, and Equipment Inspections and Drills

Each plant's facilities management department conducts comprehensive monthly safety inspections in terms of compliance, environmental protection, and accident prevention.

In addition, we conduct construction safety management patrols every other week, as well as periodic emergency response drills and protective equipment drills, to reduce environmental risk and ensure thorough safety management.



Emergency response drill

◆ Equipment Safety Measures

In FY2013, we reviewed the applicable spots on fans, pumps, agitators, and implemented as many as 715 safety measures company-wide. Employees carried out the majority of those measures in their own departments, which had the effect of boosting safety awareness.

In addition, we installed a roof over stairs on the operators' inspection route to help prevent falls from ice on stairs. This action also helped to reduce the number of man-hours needed for snow removal in the winter.



The roof and snow fence that were installed on the inspection route

◆ Upgrading of Utilities Equipment

We are gradually upgrading the water-processing equipment at each plant, setting priorities based on factors such as the age of equipment and its energy efficiency. In FY2013, we upgraded the recycling water equipment at the Takaoka Plant. This action reduced energy use by around 30%.



Upgraded recycling water equipment at the Takaoka Plant

Environmental Initiatives at Overseas Sites

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

KSM has been working to reduce waste since FY2009.

In FY2013, KSM reduced its waste per unit of sales by 8%, achieving its goal (with a 106% achievement rate), as a result of focusing on the priority initiatives below.

Since KSM started its waste reduction efforts in FY2009, it has steadily produced significant results, reducing its waste per unit of sales by 18%.

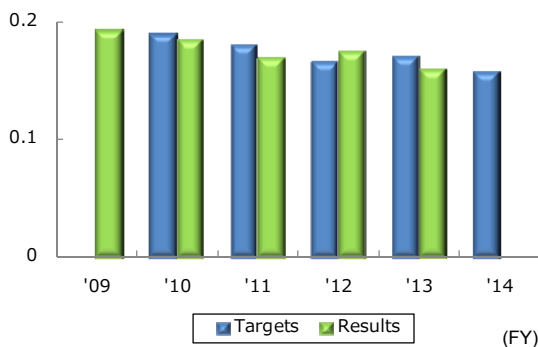
In the future, KSM will horizontally deploy effective measures, consider new measures, and continue its waste reduction efforts with the aim of engaging in manufacturing that generates less waste.

Priority Initiatives

1. Extending the life of components and indirect materials (carbon tools, finger cots, and bubble wraps)
2. Reusing indirect materials (carriers, plastic containers)
3. Recycling indirect materials (packaging papers, plastics)
4. Reducing related waste through yield improvement

Waste (per unit of sales)

(Tons/100 million won)



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

SEM replaced parts of the ceiling in its warehouse with transparent plastic plates, to reduce power usage for lighting.

The transparent plates allow sunshine into the warehouse, creating sufficient brightness with just sunlight so that SEM can turn off all lighting equipment during the daytime.

Since Malaysia is near the equator, sunlight can be used for approximately 12 hours nearly each day of the year, enabling the stable control of lighting.

Power usage: 50% reduction
(compared to FY2012)

CO₂ emissions reduction: 13 tons-CO₂/year

Cost savings: ¥350,000/year



Transparent plates in the ceiling

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

When upgrading manufacturing equipment, SEW carefully considered specifications and decided to install high-speed equipment. Productivity increased nearly twofold following installation, enabling the late-night shift to be eliminated.

Changing the production schedule from three shifts per day to two shifts per day also resulted in a reduction of energy use for manufacturing equipment, utilities, and lighting.

Power usage: 10% reduction
(compared to FY2012)

CO₂ emissions reduction: 14 tons-CO₂/year

Cost savings: ¥610,000/year

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).

◆FY2013 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. | 1,715.6 (582%) | 1,639.1 (108%) | 2,555.1 (104%) |
| | Protection of the global environment | Energy conservation, prevention of global warming, etc. | 10.8 (20%) | 1,221.7 (108%) | 167.6 (58%) |
| | Resources recycling | Waste processing, efficient utilization of resources, etc. | 0 (-%) | 328.8 (103%) | 7,792.3 (103%) |
| Management activity | | ISO 14001, environmental education, environmental protection, etc. | 13.9 (66%) | 229.3 (97%) | 10.0 (35%) |
| R&D | | Research into environmental friendliness of products, etc. | 0 (-%) | 19.6 (39%) | 784.3 (95%) |
| Total | | | 1,740.3 (466%) | 3,438.5 (106%) | 11,309.2 (101%) |

TOPIC

Solar Power Generation at the Kyogase Plant

Solar power generation can contribute to the spread of renewable energy use. Shinko installed a large-scale solar power generation system at the Kyogase Plant in Agano City, Niigata Prefecture. The Shinko Kyogase Mega-Solar system started operations on December 17, 2013.

Cenergy Co. installed and operates the system, and the electricity generated is sold to Tohoku Electric Power Co., Inc.

- Generation results: 1.96 million kWh (as of August 2014)
- Estimated annual generation: 2.67 million kWh

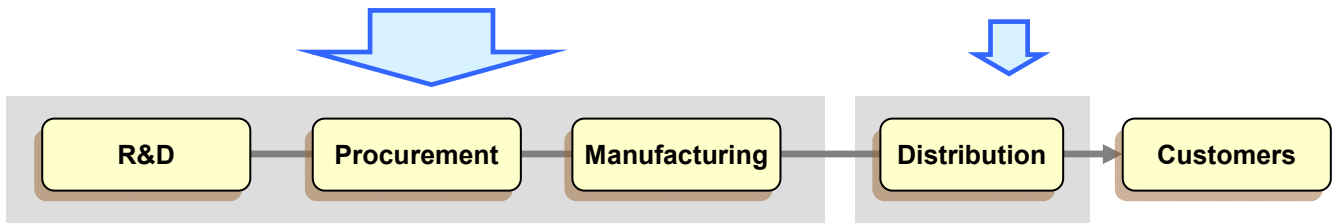


FY2013 Environmental Impact

[INPUT]

| | | | | |
|---------------------|------------------------|------------------------|-----------------------|--|
| Energy input | 2,881,416 GJ | Materials input | 19,258 tons | |
| • Electricity | 248,349 MWh | • Raw materials | 17,091 tons | |
| • Heavy oil | 186 kl | • Chemical substances | 2,140 tons | |
| • Diesel | 4 kl | • OA paper | 27 tons | |
| • Natural gas, LPG | 15,241 km ³ | Water input | 2,577 km ³ | |
| • Natural energy | 50 MWh | Water recycling rate | 64% | |

| | |
|----------------------------|----------|
| Energy input Diesel | 1,741 kl |
|----------------------------|----------|



[OUTPUT]

| | | | | |
|--|------------------------------|---------------------------------|-----------------------|--|
| Emissions into the air | | Emissions into the water | | |
| • CO ₂ (Scope 1) | 32,442 tons-CO ₂ | • Effluent | 2,233 km ³ | |
| • CO ₂ (Scope 2) | 101,078 tons-CO ₂ | • BOD | 187 tons | |
| • Greenhouse gases besides CO ₂ | 554 tons-CO ₂ | Discharge | 16,818 tons | |
| • NOx | 15 tons | • Valuables | 13,436 tons | |
| • SOx | 0 tons | • Effectively used waste | 3,374 tons | |
| Chemical substances | 4 tons | • Processed waste | 8 tons | |
| | | • Effective utilization rate | 99.9% | |

| | |
|-------------------------------|--|
| Emissions into the air | CO ₂ 4,602 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 carbon dioxide 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 |
| NOx | Amount of nitrogen oxides emitted from boilers at plants, etc. |
| SOx | Amount of sulfur oxides 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 carbon dioxide associated with consumption of transportation energy used to deliver products to customers in Japan |

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 | 0.10 | 0 ^{*3} | 0 ^{*3} |
| NOx ^{*1} | cm ³ /Nm ³ | (150) | 130 | 25 | 13.3 |

□ 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 | 8.7 | 7.3 |
| BOD | 600 | 540 | 260 | 154 |
| Suspended solids | 600 | 540 | 160 | 96.9 |
| n-Hexane | 5 | 4.5 | <1 | <1 |
| Copper | 3 | 2 | 0.05 | 0.015 |
| Zinc | 2 | 1.5 | 0.07 | 0.04 |
| Soluble iron | 10 | 5 | 0.05 | 0.02 |

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 | — | 0 ^{*3} | 0 ^{*3} |
| NOx ^{*1} | cm ³ /Nm ³ | (150) | 130 | 79 | 43 |

Data for: Small flue and smoke tube boiler in Building I

| Item | Unit | National standards | Company standards | Results | |
|---------------------------|----------------------------------|--------------------|-------------------|---------|--------|
| | | | | Max. | Avg. |
| Particulate ^{*1} | g/Nm ³ | (0.3) | 0.1 | 0.007 | 0.0065 |
| SOx | Nm ³ /h | 1.45 | 0.3 | <0.012 | <0.012 |
| NOx ^{*1} | cm ³ /Nm ³ | (180) | 170 | 81 | 80.5 |

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 | — | 0 ^{*3} | 0 ^{*3} |
| NOx ^{*1} | cm ³ /Nm ³ | (150) | 130 | 37 | 22.7 |

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

| Item | National standards | Nagano Prefectural standards | Company standards | Results | |
|--------------------|--------------------|------------------------------|-------------------|---------|-------|
| | | | | Max. | Avg. |
| pH | 5.8–8.6 | 5.8–8.6 | 6.0–8.4 | 8.4 | 7.4 |
| BOD | 160 | 30 | 27 | 26.0 | 10.7 |
| Suspended solids | 200 | 50 | 25 | 23.0 | 10.1 |
| n-Hexane | 5 | 5 | 2 | <1 | <1 |
| Copper | 3 | 2 | 1 | 0.78 | 0.12 |
| Zinc ^{*4} | 5 | 3 | 1.5 | 0.16 | 0.05 |
| Soluble iron | 10 | 10 | 3 | 0.28 | 0.09 |
| Soluble manganese | 10 | 10 | 3 | 1.13 | 0.17 |
| Chromium | 2 | 1 | 0.5 | <0.02 | <0.02 |

*1 It is 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 FY2013, because measures are taken once every three years.

*3 There are no emissions, because it is a gas boiler.

*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 | <0.005 | <0.005 |
| SOx | Nm ³ /h | 5.5 | — | 0 ^{*3} | 0 ^{*3} |
| NOx ^{*1} | cm ³ /Nm ³ | (150) | 135 | 74 | 29 |

□ 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 | 8.3 | 7.8 |
| BOD | 600 | 540 | 470 | 282 |
| Suspended solids | 600 | 540 | 110 | 76.6 |
| n-Hexane | 5 | 4.5 | <1 | <1 |
| Copper | 3 | 2.7 | 1.14 | 0.63 |
| Zinc | 2 | 1 | <0.02 | <0.02 |
| Soluble iron | 10 | 3 | 0.05 | <0.02 |
| Soluble manganese | 10 | 9 | 0.40 | 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 | 0 ^{*3} | 0 ^{*3} |
| NOx ^{*1} | cm ³ /Nm ³ | (150) | 120 | 34 | 25.9 |

□ 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 | 7.9 | 7.4 |
| BOD | 160 | 25 | 23 | 5.5 | 2.1 |
| Suspended solids | 200 | 50 | 32 | 8.0 | 4.8 |
| n-Hexane | 5 | 5 | 4 | <1 | <1 |
| Copper | 3 | 2 | 1 | 0.14 | 0.09 |
| Zinc ^{*4} | 5 | 5 | 1 | <0.02 | <0.02 |
| Soluble iron | 10 | 10 | 5 | 0.39 | 0.17 |
| Soluble manganese | 10 | 10 | 3 | 1.37 | 0.70 |
| Chromium | 2 | 2 | 0.3 | <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 | — | 0 ^{*3} | 0 ^{*3} |
| NOx ^{*1} | cm ³ /Nm ³ | (150) | 130 | 37 | 22.7 |

□ 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 | 7.1 | 6.9 |
| BOD | 160 | 160 | 80 | 4.1 | 3.1 |
| Suspended solids | 200 | 200 | 65 | 4.0 | 2.8 |
| n-Hexane | 5 | 5 | 2 | <1 | <1 |
| Copper | 3 | 3 | 0.5 | 0.02 | <0.02 |
| Zinc ^{*4} | 5 | 5 | 1 | 0.02 | <0.02 |
| Soluble iron | 10 | 10 | 3 | 0.11 | 0.07 |
| Soluble manganese | 10 | 10 | 3 | 0.02 | <0.02 |
| Chromium | 2 | 2 | 0.3 | <0.02 | <0.02 |

History of Environmental Initiatives

| FY | Main initiatives |
|------|--|
| 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 Plant |
| 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 City |
| 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 Plant |
| 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 website |
| 2005 | <ul style="list-style-type: none"> Integrated the environmental management system company-wide 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

Sales Offices

Tokyo, Sendai, Osaka, Nagoya, Oita, Fukuoka

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>

GRI Guideline Comparison Table

We referred to version 3.1 of the GRI Sustainability Reporting Guidelines (G3.1) when preparing the Environmental and Social Report 2014.

Application levels are defined as measures that objectively show the extent to which the framework of the GRI Sustainability Reporting Guidelines was applied in preparing a report. We evaluated this year's report in terms of achieving the C application level through self-assessment.

| Report Application Level | C | C+ | B | B+ | A | A+ |
|--------------------------|---|----|--|----|---|----|
| Standard Disclosures | Profile Disclosures Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15 | | Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17 | | Same as requirement for Level B | |
| | Disclosures on Management Approach Not Required | | Management Approach Disclosures for each Indicator Category | | Management Approach disclosed for each Indicator Category | |
| | Performance Indicators & Sector Supplement Performance Indicators Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.** | | Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.*** | | Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission. | |

* Sector supplement in final version
 ** Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines
 *** Performance Indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines

| Section | Indicator | Pages |
|---------------------------------|---|--------------|
| 1 Strategy and Analysis | | |
| 1.1 | Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy. | P. 2 |
| 2 Organizational Profile | | |
| 2.1 | Name of the organization. | P. 3 |
| 2.2 | Primary brands, products, and/or services. | Pp. 3-4, 7-9 |
| 2.3 | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures. | P. 3 |
| 2.4 | Location of organization's headquarters. | P. 3 |
| 2.5 | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | P. 3 |
| 2.6 | Nature of ownership and legal form. | Pp. 3, 13 |
| 2.7 | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). | Pp. 5-9 |
| 2.8 | Scale of the reporting organization, including: • Number of employees; • 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); and • Quantity of products or services provided. | Pp. 3-4, 7-9 |
| 2.9 | Significant changes during the reporting period regarding size, structure, or ownership including: • The location of, or changes in operations, including facility openings, closings, and expansions; and • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations). | NA* |
| 2.10 | Awards received in the reporting period. | NA |

| Section | Indicator | Pages |
|----------------------------------|---|------------|
| 3 Report Parameters | | |
| Report Profile | | |
| 3.1 | Reporting period (e.g., fiscal/calendar year) for information provided. | P. 1 |
| 3.2 | Date of most recent previous report (if any). | P. 1 |
| 3.3 | Reporting cycle (annual, biennial, etc.) | P. 1 |
| 3.4 | Contact point for questions regarding the report or its contents. | Back cover |
| Report Scope and Boundary | | |
| 3.5 | Process for defining report content, including: • Determining materiality; • Prioritizing topics within the report; and • Identifying stakeholders the organization expects to use the report. | Pp. 1, 11 |
| 3.6 | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). | P. 1 |
| 3.7 | State any specific limitations on the scope or boundary of the report. | P. 1 |
| 3.8 | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations. | P. 1 |
| 3.10 | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods). | NA |
| 3.11 | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report. | NA |
| GRI Content Index | | |
| 3.12 | Table identifying the location of the Standard Disclosures in the report. | Pp. 39-40 |

* Not applicable

| Section | Indicator | Pages |
|--|--|-----------|
| 4 Governance, Commitments, and Engagement | | |
| Governance | | |
| 4.1 | Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. | P. 13 |
| 4.2 | Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement). | P. 13 |
| 4.3 | For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members. | P. 13 |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | P. 13 |
| Stakeholder Engagement | | |
| 4.14 | List of stakeholder groups engaged by the organization. Examples of stakeholder groups are: civil society; customers; employees, other workers, and their trade unions; local communities; shareholders and providers of capital; and suppliers. | Pp. 11–12 |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage. | Pp. 11–12 |

| 5 Management Approach and Performance Indicators | | | |
|---|------------|--|-----------------------------|
| Economic Performance Indicators | | | |
| Aspect: Economic Performance | | | |
| EC3 | Core | Coverage of the organization's defined benefit plan obligations. | (Year-end Report Pp. 47–49) |
| Aspect: Indirect Economic Impacts | | | |
| EC8 | Core | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. | Pp. 24–25 |
| Environmental Performance Indicators | | | |
| Aspect: Material | | | |
| EN1 | Core | Materials used by weight or volume. | P. 35 |
| Aspect: Energy | | | |
| EN3 | Core | Direct energy consumption by primary energy source. | P. 35 |
| EN4 | Core | Indirect energy consumption by primary source. | P. 35 |
| Aspect: Water | | | |
| EN8 | Core | Total water withdrawal by source. | P. 35 |
| EN10 | Additional | Percentage and total volume of water recycled and reused. | P. 35 |
| Aspect: Emissions, Effluents, and Waste | | | |
| EN16 | Core | Total direct and indirect greenhouse gas emissions by weight. | P. 35 |
| EN17 | Core | Other relevant indirect greenhouse gas emissions by weight. | P. 35 |
| EN20 | Core | NO _x , SO _x , and other significant air emissions by type and weight. | P. 35 |
| EN22 | Core | Total weight of waste by type and disposal method. | P. 35 |
| EN23 | Core | Total number and volume of significant spills. | P. 27 |
| Aspect: Compliance | | | |
| EN28 | Core | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. | P. 27 |
| Aspect: Overall | | | |
| EN30 | Additional | Total environmental protection expenditures and investments by type. | P. 34 |

| Section | Indicator | Pages | |
|--|------------|---|-----------|
| Social Performance Indicators | | | |
| Labor Practices and Decent Work | | | |
| Aspect: Employment | | | |
| LA15 | Core | Return to work and retention rates after parental leave, by gender. | P. 19 |
| Aspect: Labor/Management Relations | | | |
| LA4 | Core | Percentage of employees covered by collective bargaining agreements. | P. 20 |
| Aspect: Occupational Health and Safety | | | |
| LA6 | Additional | 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. | P. 22 |
| LA7 | Core | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities, by region and by gender. | P. 22 |
| LA8 | Core | Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. | P. 23 |
| LA9 | Additional | Health and safety topics covered in formal agreements with trade unions. | P. 21 |
| Aspect: Training and Education | | | |
| LA11 | Additional | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | Pp. 20–21 |
| LA12 | Additional | Percentage of employees receiving regular performance and career development reviews, by gender. | Pp. 20–21 |
| Aspect: Diversity and Equal Opportunity | | | |
| LA13 | Core | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. | P. 19 |
| Human Rights Performance Indicators | | | |
| Aspect: Investment and Procurement Practices | | | |
| HR3 | Core | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. | P. 18 |
| Aspect: Child Labor | | | |
| HR6 | Core | Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor. | Pp. 16–19 |
| Aspect: Forced and Compulsory Labor | | | |
| HR7 | Core | Operations and significant 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. | Pp. 16–19 |
| Aspect: Security Practices | | | |
| HR8 | Additional | Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. | Pp. 16–19 |
| Society Performance Indicators | | | |
| Aspect: Local Communities | | | |
| SO1 | Core | Percentage of operations with implemented local community engagement, impact assessments, and development programs. | Pp. 24–25 |



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