



2020

**Environmental
and
Social Report**

**Brightening
the Future**

**SHINKO ELECTRIC
INDUSTRIES CO., LTD.**

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. The Shinko Group continuously increase corporate value through practice of the Shinko Way, together with our consistent functioning as a corporate group.

Through the provision of products and services to customers and society, we help to enrich the lives of people all over the world, and by practicing the Shinko Way, we aim to fulfill our social responsibility as a company and contribute to the development of society.

Corporate Vision

Technology Leadership: Our company has adopted technological development as one of the most important guidelines of its management since its foundation. It aims to make great strides with the development and the accumulation of new technologies as its driving force.

The Art of Manufacturing: We aim to be the most excellent manufacturing company in the world by concentrating our wisdom and ideas towards the manufacturing site where profits are generated for the enterprise.

Long Term Vision: We aim for unlimited progress, while retaining enthusiasm for sustained creation and development in the field of electronics, which is advancing at a very quick pace.

Global Outlook: We promote business by meeting globally diversifying needs, while bearing in mind coexistence and co-prosperity in the international society as an international corporation.

Responsibility to Individual: Society and enterprises are comprised of groups of people that cannot coexist without good human relations. We will promote business through management plans based on a people-friendly approach.

Founder's Philosophy

Economizing
"Dreams in one hand, and a soroban in the other."

Innovation by manufacturing site
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.

Technology: We seek to create new value through innovation.

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

- 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.

Contents

The Shinko Way	1
Contents, Editorial Policy and Contact Information	2
Shinko Group Outline	3-5
Message from the President	6
Initiatives for SDGs	7-8
CSR Activity Management	9-13

Initiatives for Environmental Issues

Environment

Consideration of the Environment 14-21

Initiatives for Social Issues

Social

Respecting Human Rights and Diversity 22-25 / Health and Safety at Work, and Labor 26-28
Contributing to Local Communities 29-31 / Contributing to Customers and to Society Through Technology and Manufacturing 32-33 / Promoting Social Responsibility in the Supply Chain 34-37

Governance

Governance

Corporate Governance 38-40 / Compliance 41-43 / Risk Management 44-48

Financial and Non-financial Data	49-52
Assessment of Materiality and Identification of Material Issues	53
Dialogue with Stakeholders	54
GRI Standard Comparison Table	55-59

Editorial Policy

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

Period Covered

FY2019 (focusing on initiatives from April 1, 2019 to March 31, 2020 and including some of our prior and most recent initiatives)

Scope of the Report

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

Date of Publication

September 2020

Next issue: September 2021 (previous issue: September 2019)

Reference Guidelines

- GRI, *Sustainability Reporting Standards*
- Ministry of the Environment, *Environmental Reporting Guidelines* (Fiscal Year 2019 version)

Contact Information

SHINKO ELECTRIC INDUSTRIES CO., LTD.

80, Oshimada-machi, Nagano-shi, Nagano 381-2287, Japan

Public & Investor Relations Department, Corporate Planning Division (Tel: +81 (26) 283-6450)

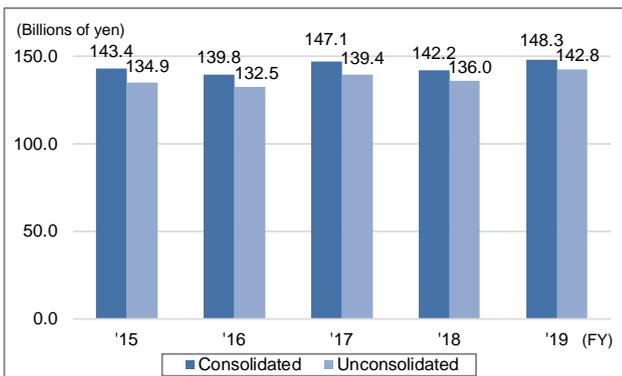
Environmental Engineering Department, Environmental Management Division (Environmental Report) (Tel: +81 (26) 283-2955)

Shinko Group Outline

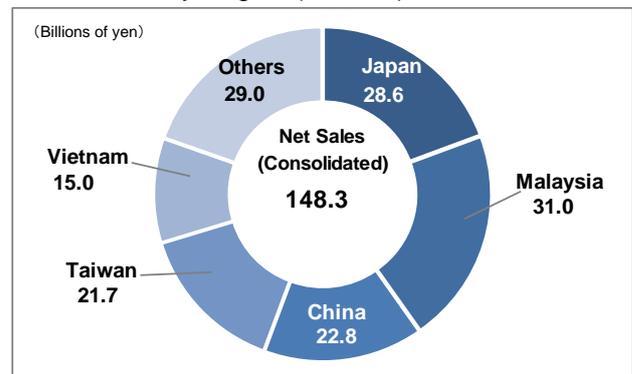
Corporate Name	SHINKO ELECTRIC INDUSTRIES CO., LTD.
Head Office	80, Oshimada-machi, Nagano-shi, Nagano 381-2287, Japan
Date of Establishment	September 12, 1946
Capital	24,223 million yen (as of March 31, 2020)
Fiscal Year and Listing Market	Ending March 31 First Section of the Tokyo Stock Exchange
Consolidated Subsidiaries (10 companies)	Domestic: two companies SHINKO PARTS CO., LTD. (Nagano City, Nagano Prefecture) SHINKO TECHNOSERVE CO., LTD. (Nagano City, Nagano Prefecture) Overseas: eight companies KOREA SHINKO MICROELECTRONICS CO., LTD. (KSM: Korea) SHINKO ELECTRONICS (MALAYSIA) SDN. BHD. (SEM: Malaysia) SHINKO ELECTRIC INDUSTRIES (WUXI) CO., LTD. (SEW: China) SHINKO ELECTRIC AMERICA, INC. (SEA: U.S.A.) SHINKO ELECTRONICS (SINGAPORE) PTE. LTD. (SES: Singapore) KOREA SHINKO TRADING CO., LTD. (KST: Korea) TAIWAN SHINKO ELECTRONICS CO., LTD. (TSE: Thailand) SHANGHAI SHINKO TRADING LTD. (SST: China)
Affiliated Company (One company)	SHINKO MICROELECTRONICS (THAILAND) CO., LTD. (SMT: Thailand)

Net Sales

<Net Sales>

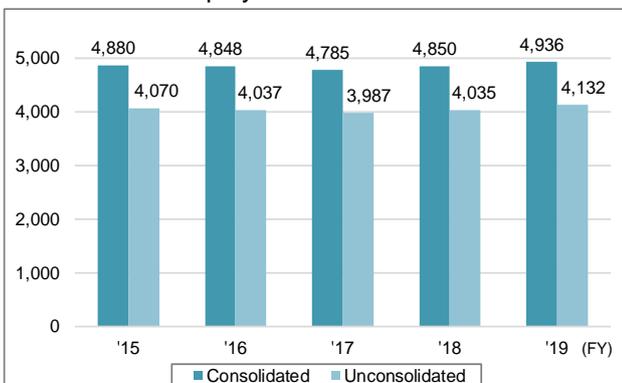


<Net Sales by Region (FY2019)>

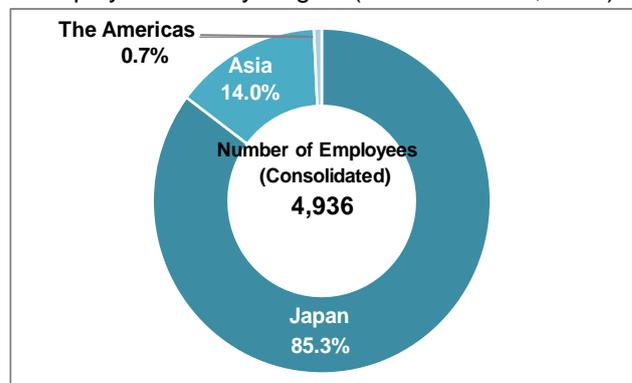


Number of Employees

<Number of Employees>

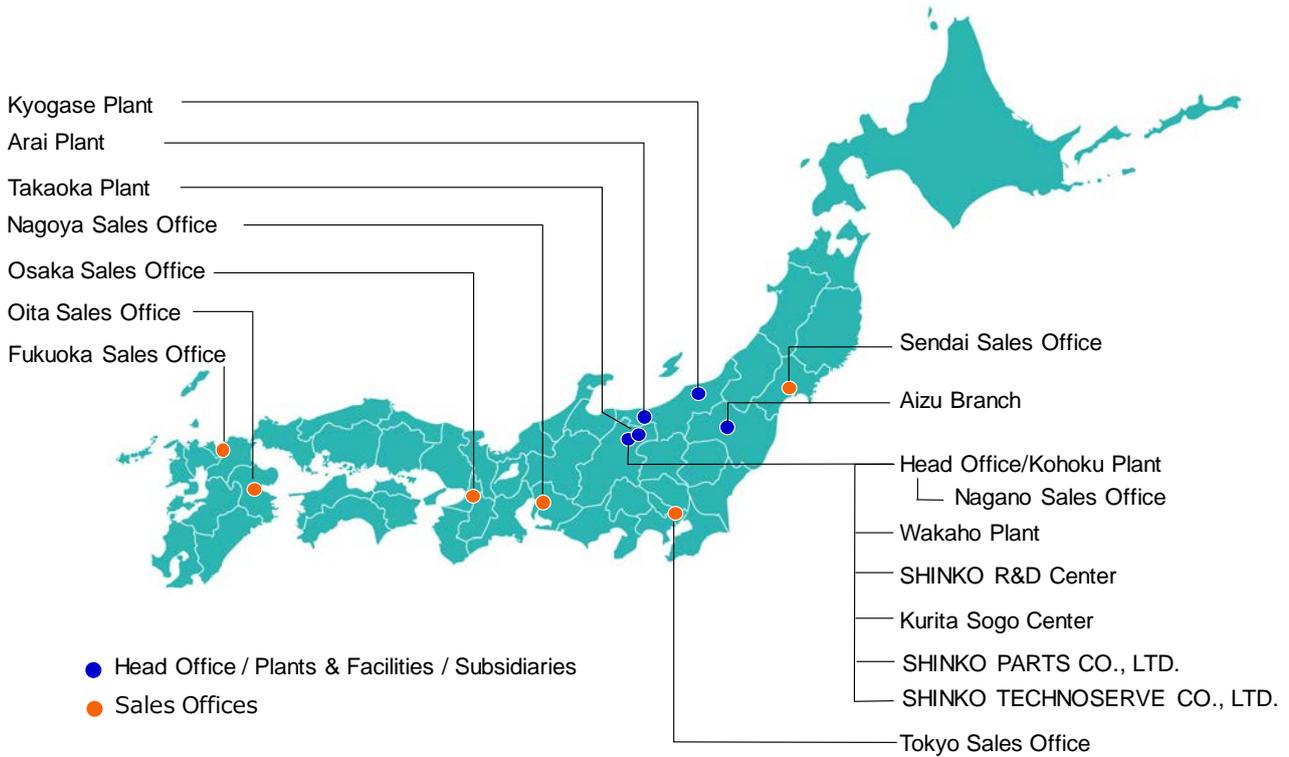


<Employee Ratio by Region (as of March 31, 2020)>



Business Locations

<Domestic Network>



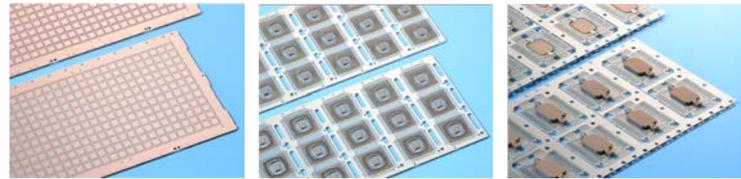
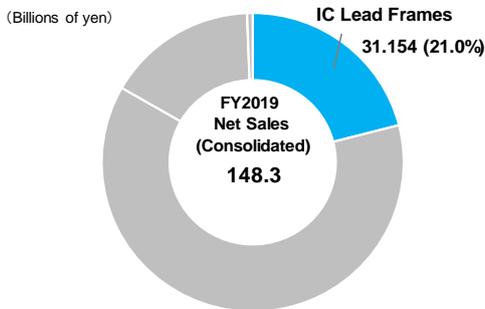
<Global Network>



Business Overview by Product Category

IC Lead Frames

The IC Lead Frames segment consists of stamping lead frames and etched lead frames. Made of metal, lead frames are exceptionally reliable and extremely versatile.

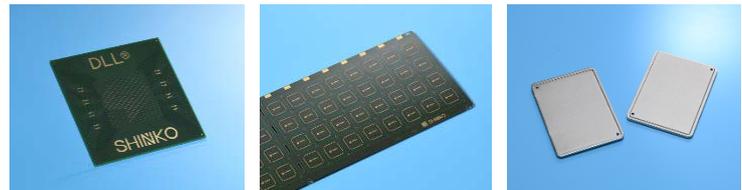
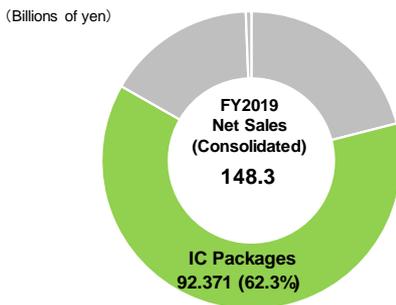


QFN-Type Lead Frames Stamping Lead Frames Riveting Lead Frames

Applications: Smartphones, automobiles, PCs, home appliances, industrial equipment, etc.

IC Packages

The IC Packages segment includes such products as flip-chip type packages, plastic BGA substrates, heat spreaders, and IC assemblies. They are used in PCs, servers, smartphones and, in recent years, the automotive applications among other areas.

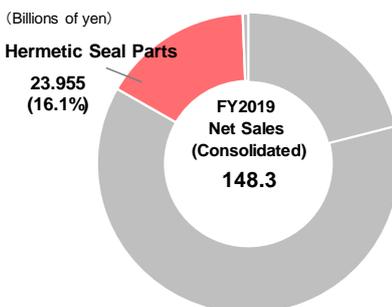


Flip-Chip Type Package Plastic BGA Substrates Heat Spreaders

Applications: PCs, servers, smartphones, consumer products, etc.

Hermetic Seal Parts

The Hermetic Seal Parts segment consists of ceramic electro static chucks and glass-to-metal seals. Ceramic electro static chucks are used in semiconductor manufacturing equipment, while glass-to-metal seals' uses include automotive sensors and optical devices among others.



Ceramic Electro Static Chuck Glass-to-Metal Seals for Optical Communication Equipment Glass-to-Metal Seals for Optical Devices

Applications: Semiconductor manufacturing equipment, automobiles, consumer products, communications equipment, etc.

Message from the President



I would like to express my sincerest sympathies to those affected by COVID-19 as well as my deep gratitude to everyone who has been working hard night and day to treat and prevent the spread of infection. At the Shinko Group, we are doing our best to prevent the spread of COVID-19 based on national and local government policies, and we will continue to ensure business continuity, including providing products to our customers, while prioritizing the health and safety of all stakeholders.

The spread of COVID-19, with an unprecedented impact on the global economy, has dramatically changed our lives and ways of working. Moreover, COVID-19 is expected to significantly change various industries and people's values, bringing about a new society where we try to find the way to coexistence with the virus.

In this new society, the role that companies will play is expected to be more important than ever. Despite the rapidly evolving environment, we are in an era when continuity and sustainability are exactly what are expected of companies. The

question now is how do we keep businesses running and maintain relationships with stakeholders, such as customers, suppliers, local communities, and employees? In other words, companies that contribute to the sustainability of society are the ones that will be needed the most.

Since our founding, the Shinko Group has sought to exist in harmony with society as a community-based company and contribute to sustain the well-being of society through our business activities based on relationships of trust with diverse stakeholders. Today, we are in a difficult environment where the whole of society is deeply affected by the global spread of COVID-19. Nevertheless, we will once again return to the spirit of our founding and strive to keep our business running to fulfill our social responsibilities as a company, and we will deal with change, aiming for achieving progress without limits.

Even when it is difficult to foresee the future, we will continue to place the Shinko Way—embodying the Group's reason for existence, values, and principles for activities—at the core of our management; achieve sustainable growth as a company through its practice; and work toward the realization of a society that aims to achieve the Sustainable Development Goals (SDGs) advocated by the United Nations.

I hope that this report helps you to understand the Shinko Group's initiatives introduced herein, and we look forward to your further support and encouragement.

M. Fujita

Masami Fujita
President and Representative Director
SHINKO ELECTRIC INDUSTRIES CO., LTD.

Initiatives for SDGs

Sustainable Development Goals (SDGs)

At the World Summit on Sustainable Development held at the United Nations Headquarters in September 2015, the members of the United Nations adopted The 2030 Agenda for Sustainable Development. Included in the agenda are Sustainable Development Goals (SDGs) that cover the period 2016 to 2030.

The SDGs consist of 17 goals and 169 targets to achieve a sustainable world. As a global issue shared by developing and developed countries alike, the SDGs aim to not leave anyone in the world behind.

Under the SDGs, the private sector is expected to play an important role in addition to the activities carried out by national and local governments, international organizations, community-based organizations, and educational institutions.



Promoting SDGs Activities in the Shinko Group

In 1946, with the main aim of ensuring the local employment during the chaos of the postwar period, we launched business starting with the refurbishment/recycling of unusable lightbulbs. From that time until now, the Shinko Group has consistently carried out business operations that always take into account coexistence with local communities, consideration for the global environment, and respect for humanity.

Shinko was founded with the purpose of contributing to society and making effective use of resources. Our management philosophy and approach, from our beginnings up to today, have shared the same direction as the goals of the SDGs, including tackling climate change, securing sustainable forms of production and consumption, and promoting decent work.

The Shinko Group will continue to promote efforts to achieve the SDGs in order to deepen awareness of the role that the Group should play through communication with stakeholders and contribute to the realization of a sustainable society.

The Shinko Group's main initiatives for the SDGs are as follows.

SDGs		the Shinko Group Initiatives
	Achieve gender equality	<ul style="list-style-type: none"> ◆Promote the active participation of women (support career development, working environment improvements)
	Promote sustainable economic growth, decent work	<ul style="list-style-type: none"> ◆Human rights initiatives ◆Respect for diversity, promoting work-life balance ◆Create safe and comfortable workplaces
	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> ◆Reduce raw material and water use ◆Reduce waste ◆Control chemical substances
	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> ◆Reduce CO₂ emissions ◆Reduce resource and energy consumption ◆Promote green procurement
	Protect terrestrial ecosystem and halt biodiversity loss	<ul style="list-style-type: none"> ◆Participate in adopt-a-forest programs ◆Contribute to activities for tree planting through the donation of used pre-paid cards, etc.

Examples of Specific Initiatives for the SDGs

Participating in the Adopt-a-Forest Program

For biodiversity and ecosystem conservation, we have participated in the Adopt-a-Forest program promoted by Nagano Prefecture. So far, we have worked in the Kinasa district of Nagano City and Izuna Town.

In October 2014, we concluded an Adopt-a-Forest agreement with Izuna Town and have been doing forest maintenance together with the labor union in forests owned by the town around Lake Reisenji. Twice a year, employees and their families help to maintain the forest by planting saplings and clearing undergrowth. In October 2019, we renewed our five-year agreement with Izuna Town to carry out more forest maintenance in the area.

Currently, due to the effects of the COVID-19, we have no choice but to limit our activities, but we will contribute to the SDGs by promoting this activity from a medium-to long-term perspective.



Tree planting in June 2019



Sign commemorating the renewed agreement with Izuna Town

Development Activities Taking the SDGs into Account

We are working on development activities on a variety of themes that take the SDGs into account. The following are representative initiatives in line with the SDGs.

【Our Development Activities】



Ensure healthy lives and promote well-being for people of all ages



Product development for healthcare and medical devices



Ensure access to affordable, reliable, sustainable, and modern energy for all



Product development for high-efficiency power devices



Build a resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

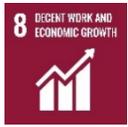


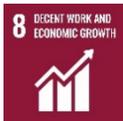
Clean technology and product development for building the social infrastructure needed for ICT

CSR Activity Management

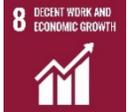
We set a target every year in accordance with the Corporate Values of the Shinko Way and develop our activities. Targets are set by promotion departments in light of factors including identified material issues.

Our Targets and Results for FY2019

Shinko Way Corporate Values	Theme	FY2019 target	FY2019 results	SDGs
Society and Environment	Promoting activities to lower our environmental impact	<ul style="list-style-type: none"> ● Reductions in CO₂ emissions Hold below 158,702 t-CO₂ *Reviewed in FY2019 	<ul style="list-style-type: none"> ● Reductions in CO₂ emissions Emissions: 152,525 t-CO₂ 	  
		<ul style="list-style-type: none"> ● Reductions in generation of waste Hold below 4,676 tons 	<ul style="list-style-type: none"> ● Reductions in generation of waste Generation: 4,117 tons 	
		<ul style="list-style-type: none"> ● Reductions in use of water resources Reduce 16,475m³ (0.5% of amount used in base year) 	<ul style="list-style-type: none"> ● Reductions in use of water resources Reduction: 42,207m³ 	
		<ul style="list-style-type: none"> ● Promote green procurement (reductions in CO₂ emissions and maintenance of water resources) • Perform environmental surveys on 100% of applicable suppliers • Survey response rate: over 90% • Make requests and provide support to 100% of 1st tier suppliers that have 2nd tier suppliers 	<ul style="list-style-type: none"> ● Promoted green procurement • Performed environmental surveys on 100% of applicable suppliers • Survey response rate: 100% • Made requests and provided support to 1st tier suppliers that have 2nd tier suppliers: 100% 	
	Promoting reductions in environmental and safety risk	<ul style="list-style-type: none"> ● Promote hazard prediction (HP) activities 	<ul style="list-style-type: none"> ● Implemented HP activities during maintenance work (all plants) 	 
		<ul style="list-style-type: none"> ● Reduce environmental and safety risk 	<ul style="list-style-type: none"> ● Implemented inspections based on annual comprehensive safety inspection plans 	
	Initiatives to protect the local environment	<ul style="list-style-type: none"> ● Conduct environmental volunteering cosponsored by labor union and management through the adopt-a-forest program in Iizuna Town 	<ul style="list-style-type: none"> ● Conducted tree planting, etc. at the adopt-a-forest program in Iizuna Town (June) 	
		<ul style="list-style-type: none"> ● Conduct environmental beautification activities at all plants 	<ul style="list-style-type: none"> ● Conducted beautification activities at all plants (May and June) 	
	Coexistence and dialogue with local communities	<ul style="list-style-type: none"> ● Engage with members of local communities through participation in local events and contribute to community revitalization 	<ul style="list-style-type: none"> ● Gave support to various local events, participated in summer festivals, and held dialogues with local governments 	
		<ul style="list-style-type: none"> ● Engage with local communities through plant tours 	<ul style="list-style-type: none"> ● Provided plant tours for neighborhood residents and students 	
Profit and Growth Shareholders and Investors	Strengthen corporate governance	<ul style="list-style-type: none"> ● Promote initiatives that encourage adherence to the principles of the Corporate Governance Code; disclose information 	<ul style="list-style-type: none"> ● Promoted initiatives that encourage adherence to the principles of the Corporate Governance Code and information disclosure. 	
	Enriching dialogues with shareholders and investors	<ul style="list-style-type: none"> ● Promote constructive dialogues with shareholders and investors and enhance dissemination information 	<ul style="list-style-type: none"> ● Visited institutional investors, participated in IR forums, and improved information disclosure for individual investors, etc. through website renewal 	

Shinko Way Corporate Values	Theme	FY2019 target	FY2019 results	SDGs
Profit and Growth Shareholders and Investors	Strengthen compliance	● Strengthen protection of personal information	● Created a bylaw for personal information management system adhere to complied with GDPR, etc.	
		● Implement countermeasures to reduce compliance risks	● Provided training programs on high-risk areas and compliance in general, etc.	
	Risk management	● Conduct risk management	● Conducted potential risk survey and management review	
		● Reinforce disaster prevention systems across the whole company	● Conducted firefighting drill, evacuation drill and other training	
		● Business continuity initiatives	● Conducted risk management training and desk-top exercises (drills), etc.	
		● Strengthen information management	● Operated an information protection management system and conducted training on information security	
Global Perspective	Provide opportunities and active support for skills development	● Expand training programs for developing globally aware human resources	● Expanded in-house foreign language classes, held correspondence and online training throughout the year and sent more employees to optional external training programs	
	Strengthen overseas compliance system	● Reinforce compliance in line with the Global Compliance Program (GCP) and risk reduction	● Conducted group trainings for relevant staff and provided compliance related e-Learning at each site	
Employees	Creating a vibrant corporate culture that takes into account work-life balance	● Strengthen initiatives on Transforming Work Styles	● Reduced overtime and promoted taking days off (after labor-management consultations), expanded the application of shorter working hours, introduced telecommuting, etc.	  
		● Supporting career development and improvement of working environments to encourage the active participation of women	● Held various training sessions to raise awareness and rolled out activities based on our action program (achieved first plan and created second plan)	
	Providing opportunities and active support for skills development	● Enhance training to develop human resources that will lead in the future	● Sent more employees to optional external training programs, and enhanced training including rank-specific training etc.	
	Promoting health, safety, and fire and disaster prevention activities, achieving a safe, comfortable, and accident-free workplace	● Promote health, safety, and fire and disaster prevention activities that adhere to the laws and regulations	● Promoted activities based on the RBA Code of Conduct and management manuals, conducted awareness-building and training on how to prevent falls and fire and disaster prevention activities	
		● Raise every employee's safety awareness, and promote and reinforce the 5S* program	● Conducted safety education programs throughout the Company as well as periodic patrols and inspections, traffic safety awareness raising campaigns, education, and guidance, etc.	
		● Promote continuing risk reduction activities	● Carried out risk assessments (safety week, chemical substances, before major holidays), identified and mitigated risks, and took measures to prevent similar accidents	
		● Reduce employee fatigue and stress, and promote prevention of lifestyle diseases	● Certified as an Outstanding Health and Productivity Management Corporation, made every effort to reduce rate of smoking, provided specific health guidance, conducted mental health training, etc.	

* 5S: Sort, Set in order, Shine, Standardize, Sustain

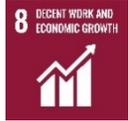
Shinko Way Corporate Values	Theme	FY2019 target	FY2019 results	SDGs
Customers	Thoroughly grounding our activities in the customer's point of view and strengthening relationships of trust with customers	<ul style="list-style-type: none"> ● Increase compliance awareness through education and training for relevant departments on the security trade control system 	<ul style="list-style-type: none"> ● Conducted training for officers, relevant departments, new managers, new hires, etc. 	
Business Partners	Promoting CSR throughout the supply chain	<ul style="list-style-type: none"> ● Make sure suppliers are aware of the procurement policy 	<ul style="list-style-type: none"> ● Made sure all suppliers in and outside Japan were aware 	  
		<ul style="list-style-type: none"> ● Give CSR questionnaires to main suppliers 	<ul style="list-style-type: none"> ● Gave CSR questionnaires and feedback to main suppliers (implementation rate: 100%) 	
		<ul style="list-style-type: none"> ● Confirm CSR compliance of subcontractors working on company premises 	<ul style="list-style-type: none"> ● Checked the situation on premises using the CSR questionnaire (twice yearly, implementation rate: 100%) 	
		<ul style="list-style-type: none"> ● Develop mechanism to ensure new suppliers are aware of the procurement policy and evaluate their compliance 	<ul style="list-style-type: none"> ● Conducted a survey and analyzed the current situation 	
	Promoting conflict minerals surveys and due diligence	<ul style="list-style-type: none"> ● Promote upstream surveys of raw materials using the RMI^{*1} template and conduct due diligence 	<ul style="list-style-type: none"> ● Implemented a questionnaire survey using the RMI template, conducted interviews and risk assessment based on the survey results, and made procurement improvement requests (100% procurement from CFS^{*2}) 	
	Promoting BCP ^{*3} surveys of purchased goods and formulating a BCP	<ul style="list-style-type: none"> ● Reduce risk through BCP questionnaire surveys and formulation of BCP 	<ul style="list-style-type: none"> ● Conducted BCP questionnaire surveys, interviews based on survey results and risk assessments, made improvement requests 	

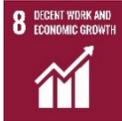
*1 RMI: Responsible Minerals Initiative

*2 CFS: Conflict-Free Smelter

*3 BCP: Business Continuity Plan

Our Targets for FY2020

Shinko Way Corporate Values	Theme	FY2020 target	SDGs
Society and Environment	Promoting activities to lower our environmental impact	<ul style="list-style-type: none"> ● Reductions in CO₂ emissions Hold below 176,223 t-CO₂ 	   
		<ul style="list-style-type: none"> ● Reductions in generation of waste Hold below 8,137.3 tons 	
		<ul style="list-style-type: none"> ● Reductions in use of water resources Reduce 16,475m³ 	
		<ul style="list-style-type: none"> ● Green procurement (reductions in CO₂ emissions and maintenance of water resources) · Perform environmental surveys on 100% of applicable suppliers · Survey response rate: over 90% · Make requests and provide support to 100% of 1st tier suppliers that have 2nd tier suppliers 	
	Promoting reductions in environmental and safety risk	<ul style="list-style-type: none"> ● Promote hazard prediction (HP) activities 	 
		<ul style="list-style-type: none"> ● Reduce environmental and safety risk 	
	Initiatives to protect the local environment	<ul style="list-style-type: none"> ● Conduct environmental volunteering cosponsored by labor union and management through the adopt-a-forest program in Iizuna Town 	
		<ul style="list-style-type: none"> ● Conduct environmental beautification activities at all plants 	
	Coexistence and dialogue with local communities	<ul style="list-style-type: none"> ● Engage with local communities through plant tours 	
	Profit and Growth Shareholders and Investors	Strengthen corporate governance	<ul style="list-style-type: none"> ● Improve initiatives that encourage adherence to the principles of the Corporate Governance Code and information disclosure
Enriching dialogues with shareholders and investors		<ul style="list-style-type: none"> ● Promote constructive dialogues with shareholders and investors 	
		<ul style="list-style-type: none"> ● Improve dissemination of information to stakeholders 	
Strengthen compliance		<ul style="list-style-type: none"> ● Implement countermeasures to reduce compliance risks 	
Strengthen information management		<ul style="list-style-type: none"> ● Operate an information protection management system 	
		<ul style="list-style-type: none"> ● Operate a personal information protection management system 	
Risk management	<ul style="list-style-type: none"> ● Conduct risk management 		
	<ul style="list-style-type: none"> ● Business continuity initiatives 		

Shinko Way Corporate Values	Theme	FY2020 target	SDGs
Global Perspective	Providing opportunities and active support for skills development	<ul style="list-style-type: none"> ● Expand training programs for developing globally aware human resources 	
	Strengthening overseas compliance system	<ul style="list-style-type: none"> ● Reinforce compliance and reduce compliance risks in line with the Global Compliance Program (GCP) 	
Employees	Creating a vibrant corporate culture that takes into account work-life balance	<ul style="list-style-type: none"> ● Improve productivity and achieved work-life balance by strengthening initiatives on Transforming Work Styles ● Support career development and improvement of working environments to encourage the active participation of women 	
	Providing opportunities and active support for skills development	<ul style="list-style-type: none"> ● Enhance training to develop human resources that will lead in the future 	
	Promoting health, safety, and fire and disaster prevention activities, achieving a safe, comfortable, and accident-free workplace	<ul style="list-style-type: none"> ● Conduct health, safety, and fire and disaster prevention activities in accordance with the laws and regulations 	
		<ul style="list-style-type: none"> ● Promote detailed safety awareness and safe behavior of employees, and prevented accidents due to carelessness and unsafe actions 	
		<ul style="list-style-type: none"> ● Conduct continual risk reduction activities 	
		<ul style="list-style-type: none"> ● Improve employees' awareness of health management, and create a healthy workplace where everyone can work energetically 	
Customers	Thoroughly grounding our activities in the customer's point of view and strengthening relationships of trust with customers	<ul style="list-style-type: none"> ● Increase compliance awareness through education and training for relevant departments on the security trade control system 	
Business Partners	Promoting CSR throughout the supply chain	<ul style="list-style-type: none"> ● Make sure suppliers are aware of the procurement policy 	  
		<ul style="list-style-type: none"> ● Give CSR questionnaires to main suppliers 	
		<ul style="list-style-type: none"> ● Confirm CSR compliance of subcontractors working on company premises 	
		<ul style="list-style-type: none"> ● Develop mechanism to ensure new suppliers are aware of the procurement policy and evaluate their compliance 	
	Promoting conflict minerals surveys of purchased goods and due diligence	<ul style="list-style-type: none"> ● Promote upstream surveys of raw materials using the RMI*1 template and conduct due diligence 	
Promoting BCP*2 surveys of purchased goods and formulating BCP	<ul style="list-style-type: none"> ● Reduce risk through BCP questionnaire surveys and formulation of BCP 		

*1 RMI: Responsible Minerals Initiative

*2 BCP: Business Continuity Plan

Consideration of the Environment



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

Environmental Policy

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

Environmental Policy

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

Guiding Principles

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

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

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



The Kurita Sogo Center

Environmental Management

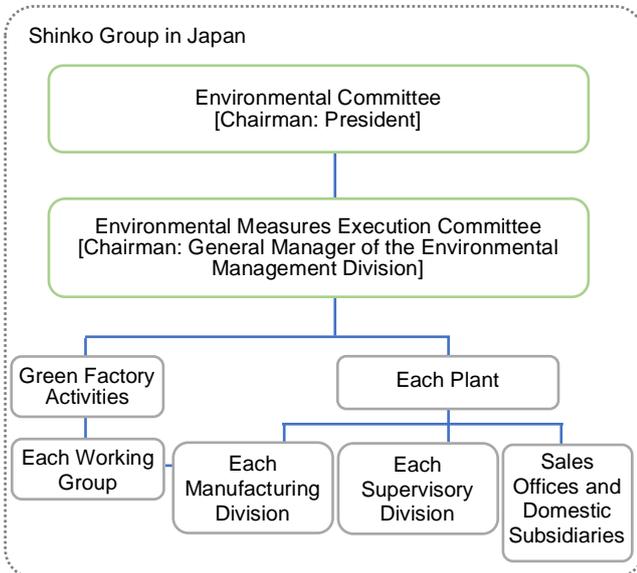
The Shinko Group in Japan has developed an environmental management system and employs the PDCA cycle in an effort to make continual improvements and enhance its environmental performance to practice eco-friendly business operations under its Environmental Policy. The Shinko Group in Japan has acquired ISO 14001 integrated certification as a member of the Fujitsu Group, and overseas manufacturing subsidiaries are certified by each company.

Below is a report on the activities of the Shinko Group in Japan.

Promotion System

We have established an environmental committee chaired by the President to promote environmental management. As the highest decision-making body related to environmental measures, the committee drafts, deliberates, and decides matters concerning environmental management.

We have also established an environmental measures execution committee as a subordinate organization to the environmental committee that deliberates matters such as the progress of activities to achieve environmental goals. Based on this promotion system, we maintain and improve our environmental management system and work to integrate activities to reduce environmental impacts into our business operations.



Identifying Environmental Challenges

To pursue even better, more eco-friendly business operations, we have decided on the environmental challenges to work on each year. In addition to identifying the effects that our business activities have on the environment, we clarify the challenges and requests from stakeholder related to the environment and make them the issues to work on that year, while gauging the importance and urgency of their potentially deleterious impact (risks) or

beneficial impact (opportunities). We reflect these environmental challenges in the activities of our environmental management system, and are deploying our initiatives to resolve them.

Environmental Audits

Every year we conduct our own internal environmental audit, in addition to one conducted by the Fujitsu Group, to check ISO 14001 conformance, the effectiveness of our environmental management system and legal compliance.

The audits are conducted by internal environmental auditors, including environmental management system examiners (personnel qualified to examine ISO 14001 conformance). We continually improve our management system through the internal audits.

Response to Environmental Laws and Regulations

We strive to comply with national environmental laws and regulations as well as prefectural and city regulations, pollution prevention agreements, industry guidelines, and environmental requests from customers

There were no legal violations or accidents having serious impacts on the environment in FY2019.

Environmental Education

To encourage each and every employee to always act with the environment in mind and to continue to act as not only corporate activities but a good member living in society, the Shinko Group in Japan provides periodic environmental education to all employees. We incorporate global trends, such as the SDGs and the Paris Agreement, into training materials to help develop human resources who have a broad perspective, in this way leading to sustainable development.

Raising of Environmental Awareness

Every month, employees are sent information such as familiar themes matched to the season and environmental challenges relevant to Shinko.

During Environment Month in June, we hold events, such as beautification around our production plants, environmental quizzes, and a stationery giveaway. The stationery giveaway is an opportunity to raise awareness of the environment, such as recycling and not having unnecessary stuff, focusing on unneeded stationery belonging to individual employees.

The Environmental Action Program (Stage 9)

The Environmental Action Program (Stage 9) sets out environmental goals for FY2019 to FY2020. The Shinko Group in Japan established specific targets to achieve in a range of fields during these two years. In FY2019, due to an increase in production, we changed our target for reducing CO₂ emissions from the energy we consume. Nevertheless, we kept emissions below the pre-change target as a result of our activities. In addition, we achieved strong results for reducing water use.

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

Item	Environmental Action Program (Stage 9) target	FY2019 target	FY2019 results	Self-assessment*
Climate change	Reducing CO ₂ emissions from energy consumption · Hold CO ₂ emissions from energy consumption of our facilities to within 162,176 t-CO ₂ by the end of FY2020	Hold CO ₂ emissions from energy consumption in FY2019 to within 158,702 t-CO ₂	CO ₂ emissions from energy consumption 152,525 t-CO ₂	○
	Reducing waste · Hold generation of waste to within 4,715 tons by the end of FY2020	Hold generation of waste in FY2019 to within 4,676 tons	generation of waste 4,117.2 tons	○
Resource circulating	Reducing water use · Reduce water use to 1% of that used in FY2017 by the end of FY2020	Implement measures to reduce water use in FY2019 by an amount equivalent to 0.5% of that used in FY2017, reducing use by 16,475 m ³	Implemented measures to reduce water use by an amount equivalent to 1.3%, reducing it by 42,207 m ³	○
	Controlling chemical substances emission · Hold emissions of chemical substances below the average for FY2012–2014	Continue efforts	Continued efforts	○
Supply chain	Promoting green procurement · Promote upstream initiatives in the supply chain to reduce CO ₂ emissions and contribute to the maintenance of water resources 1. Perform surveys of 100% of applicable suppliers 2. Survey response rate: more than 90% 3. Submit requests and support for CO ₂ reduction activities to 100% of 1st tier suppliers that have 2nd tier suppliers	Promote upstream initiatives in the supply chain to reduce CO ₂ emissions and contribute to the maintenance of water resources 1. Perform surveys of 100% of applicable suppliers 2. Survey response rate: more than 90% 3. Submit requests and support for CO ₂ reduction activities to 100% of 1st tier suppliers that have 2nd tier suppliers	1. Surveys performed on applicable suppliers: 100% 2. Survey response rate: 100% 3. Requests submitted and support provided to 1st tier suppliers that have 2nd tier suppliers: 100%	○
SDGs	Contributing to the achievement of the SDGs · Contribute to the achievement of the SDGs through business activities	Contribute to the achievement of the SDGs through business activities	Continued efforts	○

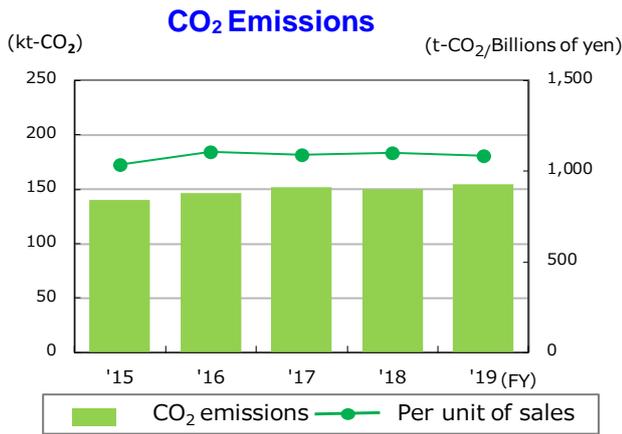
Matters subject to goals management under the Environmental Action Program define the scope of environmental management system (EMS) initiatives.

Tackling Climate Change

Reducing CO₂ Emissions from Energy Consumption

Results of Activities

In FY2019, CO₂ emissions resulting from energy use increased by approximately 4,700 t-CO₂ compared with FY2018. We anticipate an increase in energy use due to mass production for next-generation flip-chip type packages and for next-generation plastic BGA substrates, among other efforts. Based on this situation, we are focusing on energy reduction activities for existing and new equipment.



*Reviewed calculation method of per unit of sales

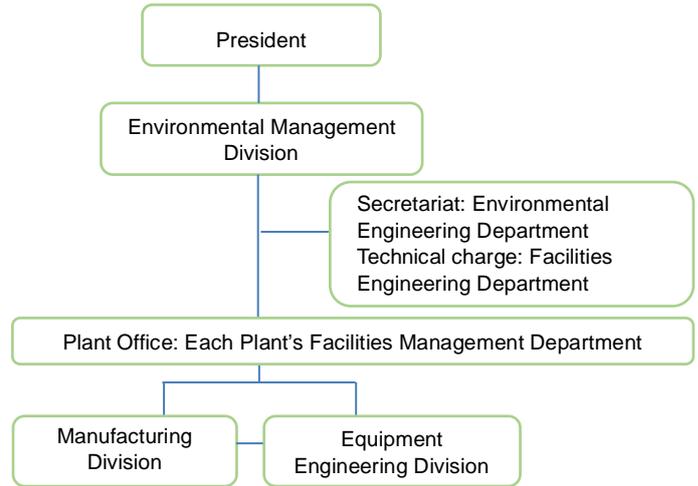
Resource and Energy-Reduction Projects

In order to curb the amount of energy use that increases year by year, we launched the Resources and Energy-Reduction Projects in FY2013. We are continuing activities aimed at the challenging goal of cutting energy use to 61,000 t-CO₂, which is equivalent to half the amount in FY2012, by FY2020.

In the seven years since we began activities, we succeeded in reducing CO₂ by the equivalent of 42,200 t-CO₂ as the result of a number of initiatives.

To strengthen our activities, we conduct on-site energy-saving review meetings and patrols of manufacturing areas with all relevant employees, including the president and officers. We share information within the Company by publishing articles about the review meetings and examples of initiatives as *Energy Saving News*. In these ways, we intend to further reduce resources and energy as well as manufacture better quality products.

Resource and Energy-Reduction Projects Structure



<Examples of activities in FY2019>

- Implemented on-site energy-saving review meetings and patrols of manufacturing areas that involve all relevant employees, including the president and officers
- Upgraded utility equipment to highly energy-efficient equipment
- Tighter focus on energy-saving design for new manufacturing equipment
- Reduced air-conditioning load through measures to prevent radiation and insulate heat from heat-radiating equipment (dryers, etc.)
- Efficiency improvement by reconsidering our manufacturing specifications
- Converting manufacturing equipment to use standby modes (operating only when processing products))
- Conversion to LED lighting in plants
- Recovery and use of waste heat (heat exchange)

Here we present a specific activity that is currently under way.

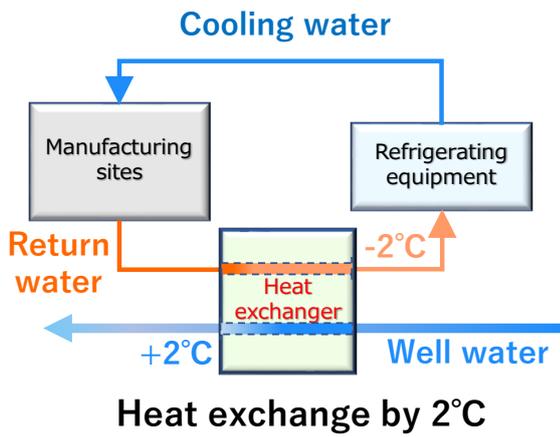
<Reducing the load on refrigerating equipment>

The cooling water used for production at manufacturing sites comes back as warm water and is then cooled with refrigerating equipment and reused as cooling water.

Refrigerating the return water puts a huge power load on the refrigerating equipment. So, we installed a heat exchanger using well water (cooled by natural energy) to lower the temperature of the water returning from the manufacturing site by 2 degrees Celsius before it is sent to the refrigerating equipment, which reduced the power load on the refrigerating equipment.

[Effect]

- Reduced power consumption: 245 MWh/year
- Electricity cost: Reduction of 3.6 million yen/year
- CO₂ emission: Reduction of 100 t-CO₂/year



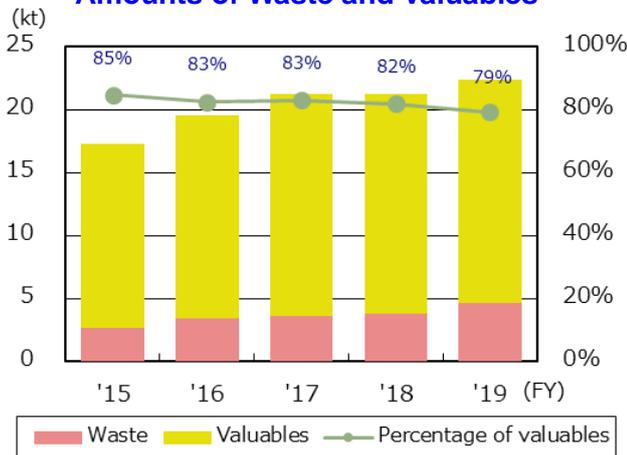
Resources Recycling

Waste Reduction Activities

Results of Activities

Gross output in FY2019 (amount of waste + valuable material) increased by approximately 5% over FY2018. But we anticipate increased waste in the future due to changes in the chemicals used and expanded production with the shift to next-generation products. Waste plastics are still the main items that end up as waste because they cannot be sold as valuables due to market changes. It is a factor for the declining valuable material ratio. While this is a difficult situation, we will continue making efforts to reduce the output of waste.

Amounts of Waste and Valuables



<Examples of waste reduction>

1. Reduction of debris and waste through process improvement
2. Elimination of a cleaning solvent through chemical changes
3. Extending the period of use of cleaning liquid, plating solutions, and recycling waste liquids.
4. Extending the period of use of filters.
5. In-house processing

Effective Utilization of Waste

We achieved zero emissions, eliminating landfill and simple incineration (disposal that does not make effective use of waste heat during incineration or residues left after incineration) of waste in FY2003 and have maintained that status to help create a recycling-oriented society. With this, our rate of effective utilization of waste has remained steady at nearly 100% in recent years.

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

Rate of Effective Utilization of Waste



Proper Disposal of Waste

We consign waste to industrial waste disposal operators for proper disposal in accordance with the Waste Management and Public Cleansing Act and verify proper disposal through annual on-site inspections of disposal operators.

We also properly dispose of equipment containing PCBs possessed by the Shinko Group in Japan in accordance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes.

Reducing Water Use

●Results of Activities

Under our Environmental Action Program (Stage 9), during the two years from FY2019 to FY2020 our initiatives aimed to reduce water use by 32,950 m³, an amount equivalent to 1% of that used in FY2017.

Under our Environmental Action Program (Stage 8), the scope of activities included plants with high water use (the Wakaho, Takaoka, and Arai plants), but under the Environmental Action Program (Stage 9), we expanded the scope to all plants that use water (adding the Kohoku and Kyogase plants) and bolstered our actions to reduce water use.

In FY2019, we cut back on our water use by 1.3% (42,207 m³) against the target of 0.5% (16,475m³), achieving the Environmental Action Program (Stage 9) target with one year remaining.

●Measures to Reduce Water Use

In FY2019, we strengthened the recycling of water used in the manufacturing process and the review of water supply for pure water for rinsing products. In past years, this was mainly carried out by equipment engineers, but this year, process design engineers also joined the reduction project, resulting in doing things from a different perspective than last year.

Here we present a specific activity that is currently under way.

<Introducing a Pure Water Recycling Cleaner>

At the Takaoka Plant, we introduced a pure water recycling cleaner to reduce the amount of water used during product cleaning.

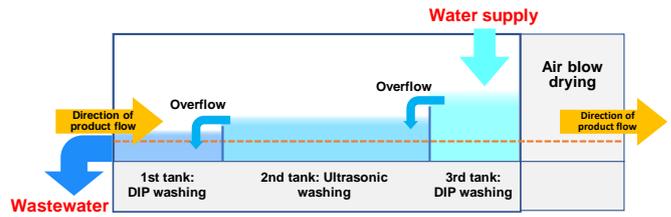
In the conventional cleaning process, pure water was supplied continually as washing water, and all the dirty water after washing was discarded as wastewater.

So, we introduced a pure water recycling cleaner to remove contamination from the water used for washing, making it usable again as cleaning water.

This reduced the supply of water required without lowering the cleaning level, and it helped reduced wastewater to zero. Wastewater treatment is no longer required, so the environmental impact of wastewater has also been reduced.

【Before taking action】

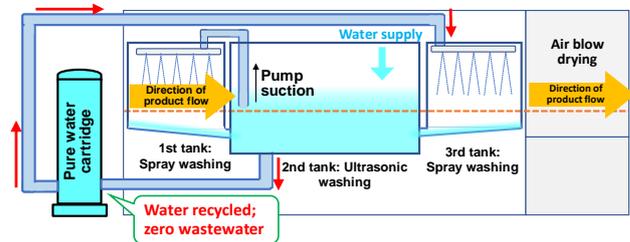
Pure water continually supplied; all of it later discarded



【After taking action】

A pure water recycling cleaner was introduced, so pure water (after washing) is recycled, reducing the water required and resulting in zero wastewater

Water supply: 1,240 m³/year ⇒ 165 m³/year



Raw Material Reduction Initiatives

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

<Examples of reductions in raw materials>

- Improving yields through reductions in debris and lower defect rates
- Using process waste liquids as neutralizing agents for effluent, thus cutting the use of neutralizing chemicals
- Discontinuing use of a cleaning solvent by changing the chemicals applied to components
- Extending the life of jigs and tools and changing their time for replacement
- Recycling indirect materials to reduce the use of new materials

Environmental Risk Measures

Preparing for a Large-Scale Blackout

As part of our business continuity planning, in FY2019 we installed an emergency power generator in the Kyogase Plant in case of a large-scale blackout due to an accident or disaster. Emergency power generators have now been installed at all plants, ensuring power to the lights, fire alarm systems, and servers during a blackout.



Emergency power generator (Kyogase Plant)

Earthquake Countermeasures

Seismic strengthening work for buildings constructed under the old quake-resistance standards has been completed at all plants, and we are now seismically retrofitting rooftop equipment (piping and ducts). In FY2019, we retrofitted the Kohoku Plant, reducing the risk of shutdown due to an earthquake with a seismic intensity of about 6 plus.



Fixed the equipment to the building (Kohoku Plant)

Safety Measures for Chemical Solution and Waste Liquid Equipment

We conduct periodic inspections to avoid leaks of chemical solutions and waste liquids due to aging equipment. We also upgrade old piping, tanks, and other equipment to ensure work safety. In FY2019, we consolidated two chemical tanks into one and renewed the piping at the Takaoka Plant, reducing the risk of leaks.



Upgraded chemical solution tank (Takaoka Plant)

Plant Safety Management

Each plant's facilities management department conducts monthly comprehensive safety inspections of each facility to achieve compliance, environmental protection, and the prevention of accidents.

We also conduct emergency response training and protective equipment training in an effort to reduce environmental risks and ensure safety management.



Emergency response training (Kohoku Plant)

Initiatives at Overseas Plants

At the Shinko Group's overseas plants, we have also rolled out a range of activities suitable for the conditions in each country and region.

KOREA SHINKO MICROELECTRONICS CO., LTD. (KSM)

	FY2019 target	FY2019 results
Energy reduction	Hold CO ₂ emissions from energy consumption below 59.4 t-CO ₂ /billion won per year (emissions per unit of sales)	70.7 t-CO ₂ /billion won (achievement rate: 81.0%)
	(Working to achieve this target based on the 10% reduction goal in the second five-year energy reduction plan)	
Waste reduction/recycling	Reduce generation of waste by 2% compared to FY2018 and hold it below 1.51 t/billion won per year (amount per unit of sales)	1.48 t/billion won (achievement rate: 102.0%)
Water use reduction	Reduce water use by 2% compared to FY2018 and hold it below 215.1 t/million pieces per month (amount per unit of production)	230.3 t/million pieces (achievement rate: 92.9%)

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

	FY2019 target	FY2019 results
Energy reduction	Reduce electricity use for air conditioning by 2% compared to FY2018 and hold below 4,265 MWh/year.	3,895 MWh/year (achievement rate: 108.7%)
	Reduce electricity use for air compressors by 2% compared to FY2018 and hold below 3,686 MWh/year.	3,648 MWh/year (achievement rate: 101.0%)
	Reduce diesel fuel consumption by 2% compared to FY2018 and hold below 853,000 L/year.	915,000 L/year (achievement rate: 92.7%)
Waste reduction/recycling	Increase recycling rate for packaging materials to 52% or higher per month	47% (achievement rate: 90.4%)
Water use reduction	Hold water use below 41.8 m ³ /million pieces per month (amount per unit of production)	49.0 m ³ /million pieces (achievement rate: 82.8%)

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

As SEW is a small company with few employees, it cannot carry out large-scale activities, but it is committed to reducing and recycling waste. SEW trains employees on topics such as environmentally controlled substances and environmental laws as well as conducts emergency response trainings in order to consistently conduct operations that do not impact the environment.

Respecting Human Rights and Diversity



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

Efforts Promoting Respect for Human Rights

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

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

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

Promoting Human Rights Education

Shinko promotes awareness of human rights throughout the year by providing rank-specific training on human rights, workplace management training to all managers, e-Learning and training in the workplace to all employees, and through active participation in human rights workshops held outside the Company. The e-Learning implemented for all employees in FY2019 has deepened understanding of how we create workplaces that are pleasant for everyone through case studies of various harassment issues in the workplace. To foster an organizational culture free of harassment, e-Learning for managers provided training on the roles of managers and on workplace management thoroughly grounded in the Shinko Way. During Human Rights Week in December each year, we post thought-provoking articles to our intranet, put up human rights posters in each plant, and conduct other activities to raise awareness of respect for human rights by creating environments where all employees can consider and discuss human rights.

SHINKO Guiding Principles of Respect for Human Rights in Employment

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

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

1. Equal Employment Opportunity and Respect for Human Rights

SHINKO strives to provide equal employment opportunities.

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

2. Compliance with Employment Laws and Regulations

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

3. Prohibition of Forced Labor/Child Labor

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

SHINKO will not use child labor.

4. Work Environment

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

Human Rights Consultation Services

Shinko has established internal and external Corporate Ethics Helplines for consultation about human rights. In particular, we have also established consultation services in each plant for consultation about issues, such as sexual harassment, to make it easy for employees to seek consultation. Additionally, we have established whistle-blowing helplines at sites outside Japan, and employees at all sites outside Japan can give reports to and seek consultation through these systems.

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

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

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

Creating a Dynamic Corporate Culture

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

Balance between Employees’ Personal and Professional Lives

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

We are promoting initiatives to achieve flexible work styles, such as through (1) a program for rehiring employees who had resigned to raise children, care for a family member, or due to the transfer of a spouse, (2) a program for working shortened hours until the need to provide



caregiving disappears, (3) a system of leave for infertility treatment, and (4) increased time off for parenting and specified diseases as well as shortened working hours for child care in addition to (5) continual efforts to encourage everyone to take annual leave at the same time and to strengthen restrictions on overtime.

These kinds of initiatives have resulted in women having a longer average number of service years than men at Shinko. This average is at a high level even on a nationwide basis.

In addition, to help employees balance medical treatment and work, employees can now work shorter hours (per day and per week) according to their treatment plan. This program is available for employees suffering from cancer, stroke, heart disease, diabetes, hepatitis, renal failure, and intractable diseases designated by Japan’s Ministry of Health, Labour and Welfare as well as employees who are undergoing infertility treatment.

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

Providing a Pleasant Workplace Environment: Transforming Work Styles

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

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

Also, as part of countermeasures for COVID-19 infections, we have adopted a telecommuting system and expanded the application of staggered work shifts to keep business going through flexible working styles. Going forward, we will continue transforming work styles in terms of both increasing

productivity and achieving a work-life balance with the aim of creating a dynamic corporate culture and workplaces that are pleasant for all.

Respect for Diversity

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

Initiatives to Promote Active Participation by Women

According to our first action plan based on the Act to Advance Women's Success in Their Working Life, in FY2019 we provided training on harassment prevention via e-Learning to raise the awareness of managers. We also implemented diversity seminars in rank specific training to promote gender equality within the Company.

We have achieved the goals of our first action plan through a variety of initiatives, such as the work-life balance seminar and seminars on career development support for younger employees.

We will continue to promote the active participation of women and aim to achieve our targets through initiatives such as career development support and enhancement of training programs based on our newly devised second action plan.

Excerpt of the Action Plan Based on the Act to Advance Women's Success in Their Working Life (Stage 2) (April 1, 2020–March 31, 2025)

<Target>

- (1) Double the ratio of women in managerial roles by the end of March, 2025 (compared with the end of March, 2020)
- (2) For average hours of overtime per month through the plan period maintain 30 hours or less

<Initiatives>

- Hold training programs to develop female management candidates
- Continuation of seminars on career development support for younger employees and for male and female employees who are raising children

Acceptance of Personnel of Different Nationalities

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

In the case of foreign technical intern trainees, we provide in-house Japanese communication training

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

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



Training for foreign technical intern trainees

Supporting the Active Participation of Elderly Workers

In 1992, ahead of relevant legislation, Shinko introduced a post-retirement rehiring system, to make use of the knowledge, techniques, and skills cultivated by employees over many years.

Since April 2006, when the Act on Stabilization of Employment of Elderly Persons was amended, we have expanded the original system to provide opportunities for active participation to retirees who wish to continue working after reaching the mandatory retirement age of 60 and who have a great drive to exercise their abilities. Thus far, a total of 511 employees have made use of this system.

Developing and Utilizing Human Resources

Shinko has adopted personnel systems based on a fair and open compensation structure for job responsibilities, with each person's duties and the weight of their responsibilities clearly defined, regardless of academic background, age, years of service, or gender.

Moreover, we actively promote the development and utilization of valuable human resources by improving training programs and various measures, to maximize the abilities of each and every employee.

Personnel Systems Based on Fair Evaluation and Fair Pay

We believe that true fairness means appropriately evaluating and rewarding outcomes when an employee maximizes his or her abilities, embraces the challenge of pursuing goals, and contributes to our objectives and performance.

Shinko enforces the personnel system of basing treatment of employees on job responsibilities and the outcomes of work, not on personal factors such as continued service and academic background.

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

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

🌱 Initiatives to Cultivate Global Human Resources

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

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

In FY 2019, based on the needs of the students, we actively enriched the learning environment to improve the foreign language skills of the students, such as expanding online courses and increasing the number of the courses. With an increase in employees engaged in training, we expanded opportunities to take the TOEIC test in the Company and extended the period of foreign language training.

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

🌱 Supporting Abilities Development

In order to support the growth of all employees and to train core and global human resources, Shinko provides general training and specialized training, including on-the-job training in the workplace, and promoting the development of human resources who will lead the future through active dispatch of employees to external training and the use of external lecturers.

In FY 2019, we increased the number of employees sent to selective external training programs to develop their management skills, and conducted new e-Learning on problem solving and financial accounting for recently promoted employees.

We will continue to enhance our educational programs and improve all training sessions so that employees can improve their abilities and expertise and realize their own growth.

Furthermore, in FY2019 the average annual study time per employee was 15.3 hours. (However, this

excludes on-the-job training and education in the workplace.)



Logical communication skill training

Labor Relations

Since Shinko has adopted a union shop system, all ordinary employees are members of SHINKO ELECTRIC WORKERS UNION. The union participation rate is 90.6%.* Based on labor-management agreements with the labor union, labor and management representatives hold the Labor Council on a periodic basis (or whenever needed) to explain management policies and business conditions and hold discussions about various employment conditions.

We have also established the collective bargaining rights of the union with negotiating respect each other's position, and work with the union to resolve various issues.

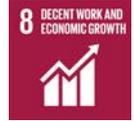
In FY2019, we worked at balancing corporate development and growth with providing fulfilling, healthy lives for all employees by regularly sharing information about initiatives to reduce overtime, encourage the taking of leave and review the smoking rules etc. based on a joint labor-management declaration for Transforming Work Styles. Going forward, we will continue initiatives to move push forward with Transforming Work Styles.

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

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

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

Health and Safety at Work, and Labor



In line with the Corporate Values of the Shinko Way, the Shinko Group provides environments where employees can work safely and comfortably, and strives to ensure employee safety. Shinko has put in place a company-wide safety and health plus fire and disaster prevention promotion system. We have adopted a management system approach to pursue continual improvements in the level of health, safety, and disaster prevention. As part of this, all employees participate actively in health, safety, and disaster prevention initiatives.

Creating Safe and Comfortable Working Environments

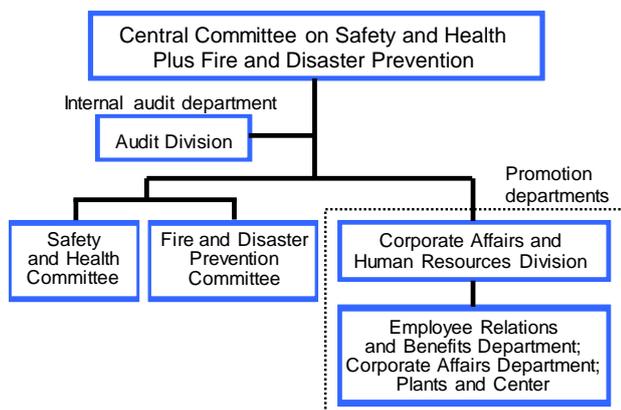
Safety and Health Plus Fire and Disaster Prevention Promotion System

We have established a company-wide basic policy on safety and health plus fire and disaster prevention to promote these activities.

To promote these systems, each plant sets up a safety and health committee and a fire and disaster prevention committee to deliberate and implement plant-based initiatives related to safety and health as well as fire and disaster prevention. Plants also share information with each other about accidents that have occurred within the Company and countermeasures taken in an effort to prevent similar accidents.

We have also established a central committee on safety and health plus fire and disaster prevention, chaired by the President, to oversee each plant's activities, analyze accidents that have occurred, establish company-wide measures and goals related to safety and health plus fire and disaster prevention, manage the progress of measures, work through the PDCA cycle to verify the effects of measures and make improvements, and raise the level of safety and health.

Safety and Health Plus Fire and Disaster Prevention Promotion System



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

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

1. We will promote safety and health initiatives as well as fire and disaster prevention initiatives in accordance with laws, regulations, and requirements related to safety and health as well as fire and disaster prevention.
2. We will promote systematic safety awareness and the safety of every employee to prevent accidents caused by carelessness and unsafe behavior.
3. In addition to identifying and assessing dangers and causes of harm in the workplace and continuously striving to strengthen and promote risk reduction activities, we will seek to take preventive measures against disaster and to fundamentally improve safety by actively promoting the visualization of residual risk.
4. We will improve employees' health management awareness and create workplace environments where employees can work energetically in good physical and mental health.
5. We have established a fire and disaster prevention system based on "Company-wide Disaster Prevention Guidelines" and we provide necessary and sufficient education and training to employees on an ongoing basis, with the aim of minimizing casualties in the event of a disaster.

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

Initiatives to Raise Employee Awareness of Safety and Health

In addition to providing everyday safety guidance in the manufacturing workplace, Shinko conducts safety and health training for all employees once a year as well as periodic emergency drills, based on a yearly plan. In conjunction with nationwide activities such as the national Safety Week in July and Occupational Health Week in October, we encourage all employees to participate in initiatives such as the solicitation of safety and health slogans. Through such initiatives, we are striving to boost the safety and health awareness of all employees.

Autonomous Safety Initiatives in the Manufacturing Workplace

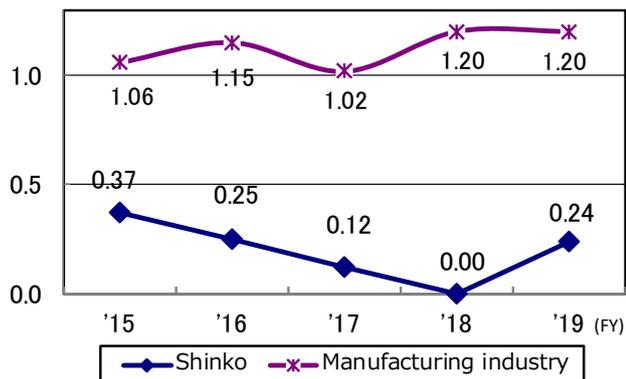
We have established Risk Assessment Standards and conduct risk assessments when starting a new operation, when changing an operational method, and for all operations once a year to reveal and assess potential risks, and carry out efforts to rectify dangerous points. To systematically reduce the danger of identified risks, each plant manages the progress of corrections and reports to the central committee on safety and health plus fire and disaster prevention.

Risk identification sheet used to document risks in the manufacturing workplace

Status of Occupational Accidents

Our occupational accident frequency rate remains at a level below the nationwide average for the manufacturing industry, and in FY2019, we had no accidents resulting in death or residual disability nor any similarly serious accidents.

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.

- In addition to statutory general and special health examinations, we provide health examinations focused on lifestyle-related diseases according to age (with a 100% examination rate) in an effort to detect and treat diseases early. Industrial doctors and nurses provide health advice as needed to persons whose exam results indicate findings, to manage employee health.
- We issue a regular Health Room Newsletter based on analyses of health examination results and provide information related to health promotion to foster self-care awareness among each and every employee.
- We have established a Health Measurement Corner in rest areas. The Health Measurement Corner lends out pedometers and tape measures and offers health measurement devices such as body composition analyzers, blood pressure gauges, and Smokerlyzers that employees are free to use.

We also promote healthy activities, such as walking, using a smartphone app and events that encourage people to stop smoking. Our cafeterias offers nutritionally balanced “smart meals” containing food items that contribute to health, as well as meals tailored to healthy themes on Food Education Day (19th of every month). In these ways, different departments cooperate to help employees maintain and increase their health.



“Smart meals” provided in our employee cafeterias.

Mental Health Care

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

Also, mental health education with the goal of raising awareness of mental-health issues is implemented according to rank, such as managerial, mid-career and new-hire employees. We work on preventive measures for mental illness among employees while promoting both self-care and managerial care to detect and treat issues at an early stage.

In addition, we conduct annual stress checks with the aim of preventing (primary prevention) poor mental health and we provide general managers of divisions with feedback on group analysis results. We also promote active efforts to improve the workplace environment and enrich dialogue, including through skills development training for the leader class.



Communication skill development training

Certified as an Outstanding Health and Productivity Management Organization 2020

In March 2020, Shinko was recognized as a Outstanding Health and Productivity Management Organization 2020 (Large Enterprise Category), which is a group of companies with outstanding health and productivity management jointly selected by Japan's Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi. We place the highest priority on management issues involving employee safety and health maintenance and engaged in a variety of initiatives in support of these efforts. By verifying and assessing their results, we will maintain our pursuit of continuous improvements to increase the efficacy of these measures and tailor them to individual situations.



Contributing to Local Communities



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

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

Coexistence and Dialogue with Local Communities

Social Contributions Deeply Rooted in Local Communities

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

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

Communication with Community Members

Shinko tries to take the lives of community members into consideration in our business operations. Accordingly, we investigate feedback and requests from the community and strive to promptly take responsive measures.

In addition, we host plant tours to explain to community residents our business operations and our initiatives to reduce our environmental impact. These were opportunities for important communication leading to a better understanding of Shinko.

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

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 2019, a total of 161 employees participated as dancers, interacting with local residents.

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



Dancing at the Nagano Binzuru Festival

Initiatives at Sites Outside Japan

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

Once a year, SHINKO ELECTRONICS (MALAYSIA) SDN. BHD. (SEM: Malaysia) makes donations to an orphanage. In FY2019 it donated food and clothing, in addition to money. Moreover, around 40 employees visited the orphanage and spent time with the children.



2 on the left side: orphanage staff
right side: SEM staff

Supporting Youth Development

Plant Tours and Internships

Shinko provides opportunities for learning to nearby schools through plant tours. In FY2019, Takaoka Plant and Arai Plant provided tours from elementary school students to university students.

The Shinko Group also provides 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 FY2019, SEM (Malaysia) provided internships to college students majoring in chemistry or mechanical engineering.



Tour of the Takaoka Plant by elementary school students

Supporting Youth Development

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

Based on former president Mitsunobu's belief that the establishment of a high-tech prefecture starts with human resources development, the foundation has thus far granted scholarships to a total of 497 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.

Participation in "See Your Future Course Live Nagano Venue" – "Future View Nagano"

As in the previous year, in FY2019, we participated in See Your Future Course Live Nagano Venue – Future View Nagano held in Nagano City. This event was held to encourage finding a job in local companies with the purpose of getting high school students—who are thinking about their future courses after graduation, such as whether to pursue higher education or find a job—to understand the connection between and expanding horizons of learning and work. Another purpose is to convey the attraction of local companies and jobs.

The theme of Shinko's booth was "Explore the Inner Workings of Electronics!" We prepared samples of Shinko products on which were designed micro-scale circuit mazes for students to try and get through using a microscope.



Shinko's booth at Future View Nagano

Initiatives to Protect the Local Environment and Volunteering

Beautification Efforts around Plants

Each year, Shinko employees pick 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 FY2019, a total of 267 employees participated in such beautification efforts.

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



Cleanup activities around plants being conducted by KSM

Volunteering

Our employees volunteered in such activities as Myoko City Clean Partners (community beautification), Hakuba Village planting activities and a wheelchair marathon held in Nagano City.

In FY2019, in addition to the above activities, we recruited volunteers in-house to help with recovery and restoration for people affected by Typhoon Hagibis in October, and they helped, through a volunteer center, to remove debris and mud from houses.

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



Flower bed maintenance by volunteers to support the restoration of Hakuba Village

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 FY2019, we collected and donated items sufficient for about 970 saplings.



Topic

◆Comprehensive Partnership Agreement Signed with Shinshu University Faculty of Engineering

In July 2020, we concluded a comprehensive partnership agreement with Shinshu University's Faculty of Engineering with the aim of cooperating on research and development, creating new businesses, and personnel exchanges. The agreement period is three years (from July 2020).

The Company and Shinshu University's Faculty of Engineering are both based in Nagano City, and many of the faculty's graduates are now active in the Company. Intending to take advantage of these geographic and personal synergies, we concluded a comprehensive partnership agreement with the aim of contributing to the creation and realization of a new future by disseminating to the world new technologies and products from Nagano through active interaction including human resource development and joint R&D.

Under this comprehensive collaboration agreement, we aim to promote R&D and the development of industry, and to contribute to the local community and broader society through activities meant to create technologies and products of new value and to help realize the society envisioned by the SDGs.



Signing ceremony with Shinshu University Faculty of Engineering

Contributing to Customers and to Society Through Technology and Manufacturing



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

Supporting Customer and Societal Trust with Quality

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

Quality Policy

Based on our Quality Policy, we will continue to be a company trusted by customers and society by providing highly valued products and services.

Quality Policy

Based on the Corporate Vision of the Shinko Way, the Shinko Group will continue to be a company trusted by customers and society, by valuing quality, which is one of the aspect of the management base, and providing highly valued products and services.

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

Guiding Principles

1. We pursue quality from the customer's perspective.
2. We build in quality that anticipates change.
3. We achieve quality consistent with our social responsibilities.
4. We strive for continuous improvement through the concept of Gogen Shugi. (Onsite, Products, Reality, Principles, Rules)
5. We foster employees who think about quality.

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

Quality Basics Training to improve quality of our products and work

Customer and market needs change rapidly. To accurately grasp these changes and to further increase customer satisfaction, we continually provide quality basics training to the relevant departments. Trainers certified within the Company conduct training on topics such as quality management systems, statistical process control techniques, and quality engineering as well as provide support linked directly to practical work.

To further instill and improve the value of quality, we revised our conventional quality-related training system in FY2019.

Quality Basics Training 1

This course, mainly for employees involved in manufacturing for the first time, introduces the impact of quality issues on companies and employees showing them how to think and act to prevent problems with quality from occurring.

Quality Basics Training 2

Building on Quality Basics Training 1, this course is designed primarily for mid-career employees to learn more advanced quality control concepts and systems, the importance of quality control in business, and the methods and systems used within the Company.

These two courses were held 28 times with 407 participants in total.

Exhibiting at Trade Shows

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

COMPAMED 2019

From November 18 to 21, 2019, we exhibited for the fifth time in a row since our first exhibition in FY2015 at COMPAMED 2019 (an international trade show for medical device technology and parts) in Düsseldorf, Germany. We introduced such products as a specialized wireless sensor module for wearable devices in the medical field and other products that confirm market requirements.

12th AUTOMOTIVE WORLD

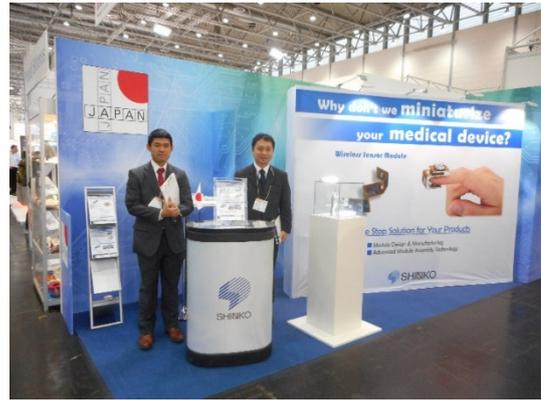
At the 12th AUTOMOTIVE WORLD held at Tokyo Big Sight in January 2020, our exhibit allowed visitors to imagine the use of our products, including inverter modules with power overlays (POLs). More than 100 people came to our booth over the three days and were very interested in the exhibit.

Initiatives for Safety and Reliability

Security Trade Control

Shinko complies with laws and ordinances related to security trade control. We have established a Security Trade Control Compliance Program as internal rules for preventing violations and have implemented appropriate security trade control.

We raise awareness of compliance through training given regularly to new hires, new managers, and employees involved with export products.



COMPAMED 2019



12th AUTOMOTIVE WORLD

Promoting Social Responsibility in the Supply Chain



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

Shinko Procurement Policy

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

*Shinko Procurement Policy

<https://www.shinko.co.jp/english/corporate/procurement/activities/>

CSR-Conscious Procurement Activities

Procurement Guidelines

We promote procurement activities in line with societal responsibility at our company, and have established the Procurement Guidelines based on the Shinko Way and the Procurement Policy with growing recognition of the importance of corporate social responsibility throughout the supply chain. We follow these guidelines ourselves and ask suppliers to follow them as well, to promote procurement in line with societal responsibility.

In addition, we comply with the Responsible Business Alliance (RBA) Code of Conduct and promote understanding, compliance with, and spread of the RBA Code of Conduct among suppliers.

Procurement Guidelines

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

Sharing Our Procurement Guidelines
— “To Our Suppliers” —

To disseminate our Procurement Guidelines in the supply chain, we have prepared a document entitled “To our suppliers” that contains the items we wish to promote and send it every year to all suppliers with whom we have ongoing transactions.

In FY2019, we sent the document to approximately 800 suppliers in and outside Japan, asking them to understand and cooperate with us in regards to the Procurement Guidelines.

“To Our Suppliers” contents

1. **Green procurement**
2. **Business continuity planning**
3. **Excluding antisocial forces**
4. **Initiatives for Responsible Minerals Sourcing**
5. **Corporate social responsibility**

* To Our Suppliers

<https://www.shinko.co.jp/english/corporate/procurement/activities/>

In the first half of FY2020, in addition to informing new suppliers of the Shinko Procurement Policy, etc., we established a system to confirm and evaluate the status of the new suppliers’ CSR initiatives through a questionnaire. At the start of trading, we seek to understand each other’s initiatives and to promote CSR-conscious procurement activities.

Dialogue with Suppliers

Shinko has sent questionnaire surveys about corporate social responsibility conforming to the RBA Code of Conduct to our main suppliers every year. The questionnaire confirms supplier compliance with the RBA Code of Conduct and their operation of management systems in the areas of labor, health and safety, the environment, and ethics. We continuously monitor the progress made by suppliers.

In FY2019 we sent a questionnaire to our main 38 suppliers as usual, including those outside Japan.

We also send these questionnaire surveys every year to all 10 suppliers to whom we contract some processes within our plants and, based on the survey results, we conduct on-site audits twice a year to confirm that there are no issues in the condition of work sites. We request improvements as needed. We confirmed that there were no issues in terms of the RBA Code of Conduct and relevant laws and regulations during on-site audits in FY2019.

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, on-site audits, and interviews.

Supply Chain CSR Promotion System



Initiatives for Responsible Minerals Sourcing

We work with our suppliers to ensure transparency in procurement and supply chain activities as well as the practice of responsible mineral procurement based on the Fujitsu Group Policy on Responsible Minerals Sourcing. We actively work to avoid the procurement of conflict minerals which promote conflicts or relate to acts of extreme violence, forced labor, and human rights atrocities. The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in the United States in 2010, requires the control of minerals from the Democratic Republic of the Congo (DRC) and neighboring countries and designates tantalum, tin, gold, tungsten and other minerals, as determined by the U.S. State Department, as conflict minerals.

When dealing with this matter, we first identify the applicable suppliers and purchased goods. Then, using the survey form Conflict Minerals Reporting Template (CMRT) established by the Responsible Minerals Initiative (RMI), we check and survey the procurement route and perform risk confirmation and evaluation for the applicable minerals, all the way back to the upper reaches of the supply chain. Based on the outcome of the above, we request on an ongoing basis that the applicable suppliers procure 100% of their metals and minerals from smelting operators certified as RMAP (Responsible Minerals Assurance Process) conformant smelters

and refiners by third-party organizations, such as auditing companies, going all the way back to the upper reaches of the supply chain to avoid risk in the procurement of conflict minerals.

In FY2019, we conducted a survey of 59 companies and confirmed that there were no problems.

Business Continuity Management

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

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

The survey confirms each supplier's status of development of their business continuity plans (BCPs), the establishment of recovery time objectives, the inventory status of products, and 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 BCPs and decentralizing sites.

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

Green Procurement

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

Establishment of Environmental Management System (EMS)

We ask our principle suppliers to establish environmental management system (EMS) based on third party certification including ISO 14001, so that they will engage continuously in initiatives to reduce their environmental impact.

Managing Chemical Substances in Products

For chemical substances in purchased products, aiming to reduce environmental impact by complying with laws and regulations, we revise our

Manual of Environmentally Controlled Substances Management for Suppliers from time to time and distribute it to our suppliers. We ask for their understanding and cooperation in green procurement, and investigate the chemical substances used in purchased products.

In addition, We ask approximately all 30 main suppliers of raw materials to establish chemical substance management systems (CMS), to ascertain the chemical substances contained in products and ensure compliance with laws and regulations. As a specific initiatives, our auditors visit targeted suppliers or by documents to conduct audits of management conditions, regularly and ongoing basis. If there are any shortcomings, we request corrections and provide support for improvements. Through these activities, we have strengthened the management of chemical substances contained in products in the supply chain.

Promoting Cuts in CO₂ Emissions and Maintenance of Water Resources with Suppliers.

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

In Stage 9 of our Environmental Action Program (FY2019–2020), we set the new target of promoting upstream initiatives in the supply chain to maintain water resources in addition to reducing CO₂ emissions. Accordingly, we requested our suppliers to call on their suppliers (second-tier suppliers from Shinko's point of view) to reduce CO₂ emissions and maintain water resources.

In FY2019, we used an environmental survey shared by the Fujitsu Group to verify the status of activities conducted by our 25 principal suppliers. The results showed that 5 our suppliers ask 350 second-tier suppliers to reduce CO₂ emissions, confirming an increase of 91 suppliers from the previous year. To help maintain water resources, we confirmed that three of our suppliers have requested 210 second-tier suppliers to conserve more water.

In addition, we analyzed suppliers' replies, provided them with feedback on activity trends as a reference for future activities, and asked that they step up their own activities and expand initiatives to their suppliers.

Going forward, we will continue making efforts to promote reductions in CO₂ emissions and maintenance of water resources throughout the supply chain.

Compliance

Supplier 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.

*Supplier Compliance Hotline (Japanese version only)

<https://www.shinko.co.jp/corporate/procurement/compliance/terms/index.php>

Training Procurement Personnel

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. We also provide training on matters such as anti-bribery to promote understanding of laws and regulations and the acquisition of pertinent knowledge as part of our ongoing efforts to ensure compliance.

Corporate Governance

Within the drastically changing semiconductor market environment, Shinko works unceasingly to enrich its system of corporate governance to ensure management transparency, and to facilitate swift and appropriate decision making in response to changing situations. Furthermore, we place the highest priority on compliance and aim to improve and develop corporate value.

*Please refer to our Corporate Governance Report for details. (Japanese version only)

<https://www.shinko.co.jp/corporate/governance/>

Corporate Governance System

Outline of Our Governance System

Shinko adopted the structure of a company with Audit and Supervisory Committee, in which a majority of the committee members are outside directors. The audit and supervisory system is centered around the supervision of the execution of duties by the Board of Directors, including directors serving as members of the Audit and Supervisory Committee, in addition to audits and supervision by the Audit and Supervisory Committee. We have appointed three outside directors to secure transparency of management, and to strengthen the supervisory function for fairness of the execution of operations. Moreover, we have introduced a corporate officer system with the goal of building a flexible structure of the execution of operations, by speeding up the decision making of the Board of Directors, strengthening the supervisory function, and clarifying authority and responsibilities. Based on this structure, we have striven to further bolster corporate governance and improve the efficiency of corporate management.

■The Board of Directors

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 the execution. It meets once a month, and extraordinary meetings are convened when necessary. The Board of Directors is chaired by the President and Representative Director and consists of five directors who are not Audit and Supervisory Committee members and three directors who are Audit and Supervisory Committee members.

*We strive to improve effectiveness of the Board of Directors by analyzing and evaluating it through a questionnaire to all directors on the Board of Directors' constitution and operation each year.

■The Audit and Supervisory Committee

In addition to investigating the status of operations and the financial status of Shinko in accordance with the audit policy and the audit plan, the Audit and Supervisory Committee audits the execution of duties by the directors and others through the attendance of the committee members at important meetings, including those of the Board of Directors, and by receiving reports from directors who are not members of the Audit and Supervisory Committee, corporate officers, an internal auditing division and so on. The Audit and Supervisory Committee consists of three members: one standing Audit and Supervisory Committee member and two Audit and Supervisory Committee members who are outside directors. We have also established an Audit and Supervisory Committee's office as an organization for assisting the Audit and Supervisory Committee's duties.

In the process of the appointment/ dismissal, and determining the remuneration of directors who are not Audit and Supervisory Committee members, proposals are presented in advance to the Audit and Supervisory Committee, which considers such proposals and determines an opinion. In this way, we seek appropriate involvement and advice from independent outside directors.

■Management Council

Management Council is generally held three times a month with the goal of discussing, examining, reporting, and performing progress management on important matters for management and agendas, and having an open dialogue among high-level executives. The Management Council consists of representative directors, directors who are also corporate officers, and corporate officers who are in charge of manufacturing divisions, sales division, and accounting & finance division etc.

■Corporate Officers' Meeting

Corporate Officers' Meeting is held monthly to

deliberate and report on general management, including the status of each division and group companies as well as the status of initiatives related to compliance and risk management. The Corporate Officers' Meeting is chaired by the President and Representative Director and consists of all corporate officers.

Additionally, meetings attended by and consisting of the relevant corporate officers and division managers are held regularly and as occasion demands regarding the status of profit and loss, sales, production, development, and other matters. In this and other ways, we have put in place a system that can respond flexibly and swiftly to a drastically changing semiconductor market environment, including by considering responses based on quick assessment of the situation and reflecting them in management decisions.

Outside Directors

Shinko has three outside directors, one of whom is a director who is not an Audit and Supervisory Committee member and two of whom are directors who are Audit and Supervisory Committee members. We have established the Independence Standards for Outside Directors as a standard for the independence of appointing outside directors. Three outside directors satisfy the requirements of these standards.

We have submitted notification to the Tokyo Stock Exchange that our three outside directors have been designated as independent directors prescribed by the aforementioned exchange.

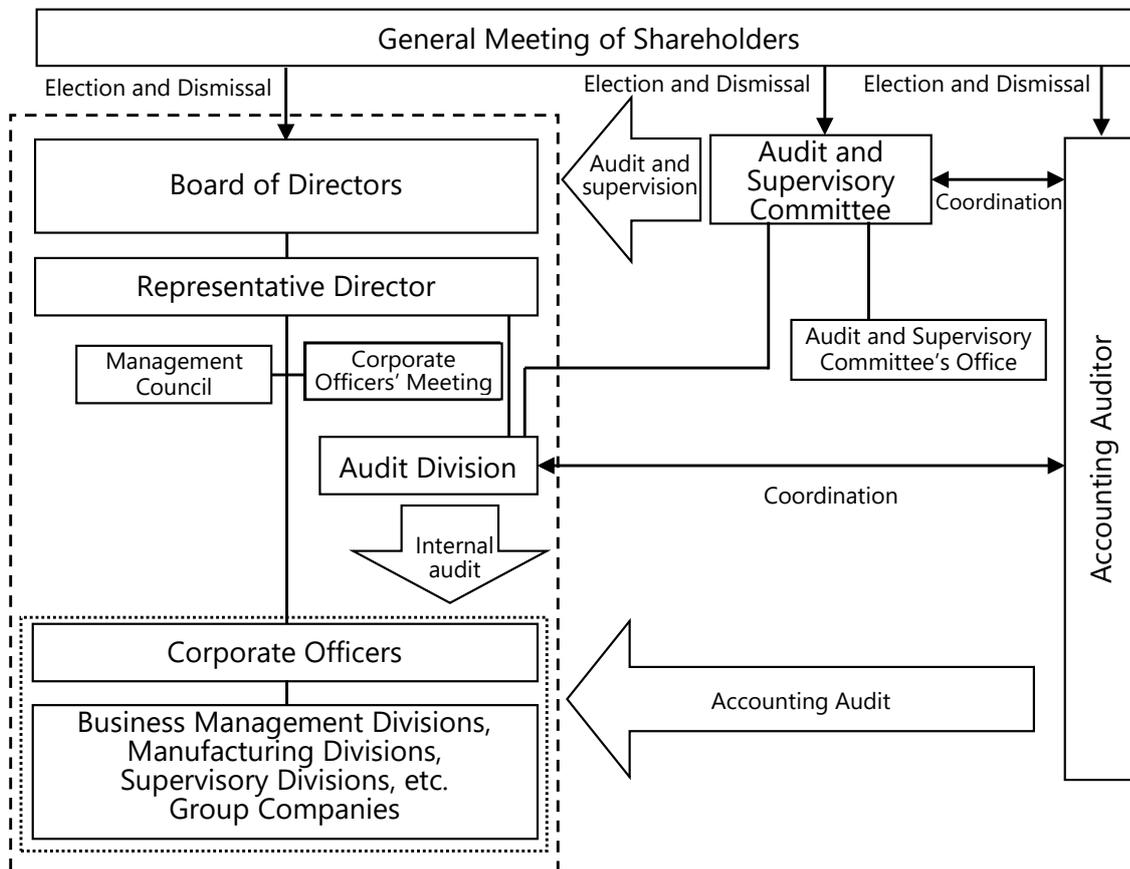
Internal Audit and Accounting Audit Systems

The Audit Division, which is our internal auditing division, conducts internal audits for the Company's overall operations based on our Internal Audit Regulation to contribute that all operations are carried out appropriately and effectively, by examining and evaluating the systems and status of the execution of operations. The Audit Division periodically, and when necessary, reports internal audit plans and results to the Audit and Supervisory Committee so that the Committee can conduct its audits effectively. When the Audit Division receives instructions from the Committee about additional audits and investigations, in response to its report, it takes care of them as a priority.

The business management divisions report and submit materials to the Audit Division as needed and cooperate so that they can conduct their audits appropriately.

We have elected Ernst & Young ShinNihon LLC as our accounting auditor to conduct accounting audits, quarterly reviews, and internal control audits.

Corporate Governance Structure



Executive Remuneration

Policy and Procedures for Determining Executive Remuneration

Shinko's remuneration for executives follows an objective remuneration system based on the internal rules and takes the Company's performance into consideration. Remuneration for directors (excluding directors who are Audit and Supervisory Committee members and outside director who is not an Audit and Supervisory Committee member) is based on a specified level derived from executive remuneration survey data compiled by an external investigative agency. Such remuneration consists of fixed remuneration paid according to duties and role plus performance-based remuneration paid according to the level of achievement based on results—mainly the Company's ROE—as important indicators of profitability and efficient use of capital in management. The proportion of fixed remuneration to performance-based remuneration is 50:50. Performance-based remuneration consists of a performance-based portion paid together with fixed remuneration and bonuses.

As directors who are Audit and Supervisory Committee members and outside director who is not an Audit and Supervisory Committee member occupy a position independent from the execution of operations, they are paid fixed remuneration based on a specified level derived from executive remuneration survey data compiled by an external investigative agency.

The Board of Directors has resolved to determine and pay the amount of remuneration for directors who are not Audit and Supervisory Committee members using a specified calculation method based on the internal rules. The amount of remuneration for directors who are Audit and Supervisory Committee members is determined and paid through discussion among the Audit and Supervisory Committee using a specified calculation method based on the internal rules. The amount of remuneration for directors who are not Audit and Supervisory Committee members is considered in advance by the Audit and Supervisory Committee, which determines an opinion on the matter. Bonuses are paid after a resolution for the approval of a proposal on the payment of bonuses to directors put before the ordinary general meeting of shareholders each year.

Amount of Remuneration for Directors (FY2019)

Category	Number of members	Amount
Directors who are not Audit and Supervisory Committee members	5	182 million yen
Directors who are Audit and Supervisory Committee members (Paid to outside directors)	3 (2)	37 million yen (12 million yen)
Total	8	220 million yen

* The above number of members and amount of remuneration includes one director who was not an Audit and Supervisory Committee member. The director resigned at the conclusion of the 84th ordinary general meeting of shareholders held on June 25, 2019.

* The 81st ordinary general meeting of shareholders held on June 28, 2016, resolved that the amount of remuneration for directors who are not Audit and Supervisory Committee members is to be within 250 million yen per year and that the amount of remuneration for directors who are Audit and Supervisory Committee members is to be within 60 million yen per year.

Compliance



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

In August 2019, we established a legal, compliance & IP division to further strengthen group-wide compliance and promote the Shinko Way.

Compliance Promotion System

Each division in Shinko and each Group company in Japan promotes compliance in the division or company, having appointed persons responsible for compliance.

At Group companies outside Japan, we are making efforts to promote compliance, having first prepared a promotion system for each company. In this way we are strengthening compliance throughout the Shinko Group.

Spreading Knowledge and Practice of the Shinko Way

We have taken a variety of measures to further instill the Shinko Way and ensure that employees can always act in awareness of it. These measures have included distributing pamphlets on the Shinko Way and wallet-sized cards containing its main points to all employees, putting up posters in all workplaces, and adding reminders on the Shinko Way in annual training and messages from top management given to all employees.

Utilization of the Global Business Standards

The Global Business Standards (GBS) are compliance standards shared within the Fujitsu Group. The GBS give concrete shape to the Shinko Way Code of Conduct, which stipulates rules and guidelines that employees should follow.

The GBS are produced for uniform application in countries and regions around the world with different cultures, common sense, and legal systems. They provide standards, explained in the local language, of behavior that each and every employee should follow, organized by specific issues. They serve as a guidebook in daily business activities by explaining in detail wide-ranging compliance matters, including prevention of bribery and corrupt practices as well as compliance with competition law.

*Global Business Standards (GBS)

https://www.shinko.co.jp/english/assets/pdf/gbs_en.pdf

Global Business Standards (GBS) contents

1. We respect human rights
 - 1.1 Respect for human rights
 - 1.2 Discrimination or harassment
 - 1.3 Creating a work environment that promotes trust and respect
2. We comply with all laws and regulations
 - 2.1 Respect and observance of laws and regulations
 - 2.2 Financial Reporting and Company Records
 - 2.3 Environment and Products
 - 2.4 Health and Safety
 - 2.5 International Trade
 - 2.6 Money Laundering
3. We act with fairness in our business dealings
 - 3.1 Fair Competition
 - 3.2 Bribery
 - 3.3 Dealing with Governments
 - 3.4 Fair and Ethical Purchasing
 - 3.5 Marketing and Advertising
 - 3.6 Political and Media Activity
4. We protect and respect Intellectual Property
 - 4.1 Protecting IP
 - 4.2 Respect for Third Party IP
5. We maintain confidentiality
 - 5.1 General Principles
 - 5.2 Protecting confidential Company information
 - 5.3 Protecting confidential Customer or Third Party information
 - 5.4 Handling personal data
6. We do not use our position in our organization for personal gain
 - 6.1 General Principle
 - 6.2 Conflicts of Interest
 - 6.3 Gifts and Entertainment
 - 6.4 Insider Dealing
 - 6.5 Protecting Company Assets

Development of Regulations and Guidelines

The Shinko Group practices thorough compliance based on the Shinko Way Code of Conduct and Global Business Standards (GBS). To ensure compliance throughout the Shinko Group, we established Compliance Regulations and General Compliance Guidelines that stipulate basic matters on compliance. Moreover, we developed bylaws and guidelines in areas that have an especially large impact on business, such as compliance with antimonopoly and competition laws, anti-bribery and anti-corruption, and responses to antisocial forces.

In light of changes in the external environment, including the establishment and amendment of law systems in and outside Japan and growing risks, we establish and revise bylaws and guidelines as appropriate.

Compliance Training

We systematically provide ongoing training to increase the awareness of compliance among all employees. In particular, we try to lower risk through a system that ensures all relevant personnel in the Shinko Group routinely and periodically receive training related to the areas including bribery and corruption, and violation of competition laws, which pose a high business risk.

In FY2019, we provided group training programs on the prevention of cartels for sales department, etc., and group training on quality compliance for manufacturing divisions, etc., in Japan. We also provided e-Learning on compliance in general such as the prevention of cartels and bid rigging, anti-bribery, and security trade control.

Outside Japan, we provided e-Learning on the prevention of cartels, anti-bribery, and security trade at all sites as well as group training programs at every site in Southeast Asia.

In the years ahead, we will continue to implement various training programs in an effort to foster compliance awareness and reduce risk throughout the Shinko Group.



Group training on compliance (overseas plant)

Internal Whistle-Blowing System

The Shinko Group has established a corporate ethics helpline in Japan, with points of contact in and outside the Company, so that all employees can make whistleblowing reports or seek consultation on compliance. We have also developed an environment outside Japan that gives access to a whistle-blowing system operated by outside organizations.

We inform all employees about this system through compliance training, our intranet, posters, and distribution of wallet-sized cards printed with the contact information.



Wallet-sized card with the contact information for helplines

Furthermore, we have set up a Supplier Compliance Hotline to take whistle-blowing reports from suppliers.

Moreover, we also accept anonymous reports and requests for consultation through this system.

We do not allow whistle-blowers to be treated unfavorably because they used the whistle-blowing system to make a report or seek consultation, and we take great care in handling information so that whistle-blowers are not identified. When a whistle-blowing report has been made, we conduct an appropriate investigation. If the investigation finds a problem in light of the Code of Conduct and the GBS, we implement corrections (including disciplinary action) and take measures to prevent a recurrence.

Going forward, we will make sure everyone is informed about the internal whistle-blowing system, strive to encourage its use, and aim to foster an open organizational culture so as to prevent compliance violations and detect them early, should any occur.

RBA Code of Conduct Initiative

The Shinko Group has carried out initiatives reflecting its high regard for the code of conduct of the Electronic Industry Citizenship Coalition (EICC).

In light of circumstances such as the increase in the number of companies joining the EICC from outside the electronic industry recently, the EICC expanded the eligibility of participant companies in 2016 and then changed its name to the Responsible Business Alliance (RBA) in October 2017. With this, it changed slightly the content and structure of the code of conduct, changing its name from the EICC Code of Conduct to the RBA Code of Conduct.

The Shinko Group continues to have a high regard for the code of conduct of the RBA. To improve compatibility with the standards stipulated by the code of conduct in the four sections of labor, health and safety, the environment, and business ethics, we are working to enhance our management system and practice the processes stipulated by this code of conduct.

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

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

These annual activities and the audit outcome are reported to and reviewed by top management, and their opinions are reflected in the following year's activities.

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

Given that the Fujitsu Group joined the RBA in March 2017, the Shinko Group strives to enhance its activities based on the RBA Code of Conduct at overseas production bases as well as domestic ones.



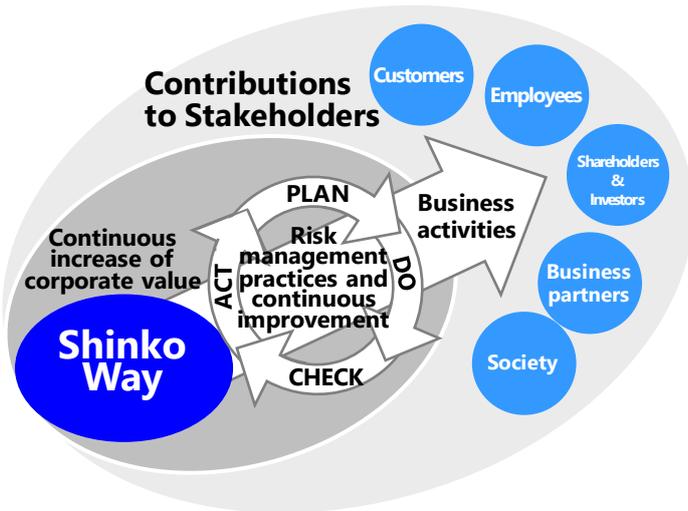
Risk Management

The Shinko Group’s goal is to enhance corporate value by means of our business operations and, in doing so, make contributions to all our stakeholders, including customers and local communities. We believe that one of the most important issues facing management is to properly understand risks that could influence our ability to achieve this goal, take preventive measures against them, minimize their impact when they occur and prevent recurrence. Accordingly, we are building risk management systems for the entire Group, grounded in the Shinko Way, and will run the systems and continually improve them. In August 2020, we newly established Risk Management Division to further strengthen risk management for the entire Shinko Group.

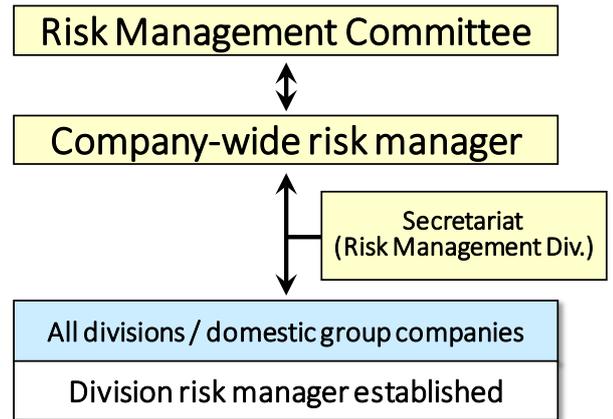
Promoting Risk Management

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

Our Concept of Risk Management



Risk Management System Chart



Risk Assessment throughout Business Operations

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

Risk of Business, etc.*

1. Risks related to trends in the economy and financial markets (economic trends in major markets, foreign exchange trends)
2. Risks related to defective or flawed products and services
3. Risks related to suppliers
4. Risk of natural disasters and sudden emergencies
5. Risks related to competition and industry
6. Risks related to intellectual property
7. Risks related to information security
8. Risks related to the environment and climate change
9. Risks related to customers
10. Risks associated with large capital expenditure
11. Risks related to public regulations, policies, and taxes
12. Risks related to compliance
13. Risks related to human resources

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

Business Continuity Initiatives

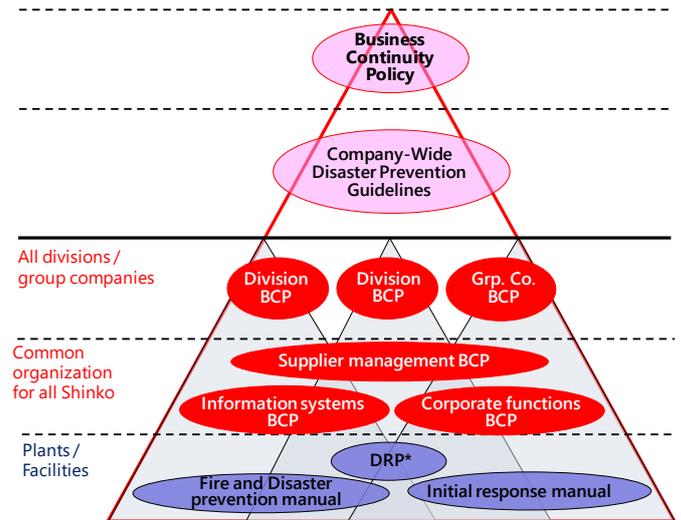
In times of unexpected disaster or serious accident, the Shinko Group makes protecting the lives of employees, employees' families, and people in the surrounding area and preventing secondary disasters its highest priorities. While bearing in mind contributions to the public good, the Shinko Group will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

Business Continuity Management (BCM)

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

In FY2019, we conducted disaster simulation drills at all plants based on the scenario of a large-scale power outage at the plant. Everyone checked the emergency power supplies, identified the unique risks at each location, and checked the procedures for starting up infrastructure equipment when power is restored. We will continue to implement BCP measures, conduct education, training, evaluation, and improvements, do management reviews, and carry out activities to firmly establish these practices.

Promotion System for BCM



*Disaster Response Plan



DRP-based simulation exercise

Shinko Group Business Continuity Policy

Basic philosophy

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

Guiding principles (normal conditions)

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

Guiding principles (in unforeseen circumstances)

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

Company-Wide Disaster Prevention

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

Initiatives to Strengthen the Disaster Prevention System and Response Capability

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

Furthermore, we have introduced a safety confirmation system and hold drills every year for all employees on its use to confirm the safety of employees quickly and certainly.

Implementation of Company-Wide Disaster Prevention Drills

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

We also conduct disaster prevention drills every year at each production site outside Japan in an effort to strengthen our response capability, so that every employee can quickly take precise initial responses in an emergency.



Fire extinguishing drill at SHINKO ELECTRONICS (MALAYSIA) SDN. BHD.

Countermeasures against COVID-19 infection

For dealing with COVID-19, which spread around the world in early 2020, we have implemented various countermeasures directed by a basic policy, in order to prevent infections and halt the spread of the disease.

Basic Policy

1. Strive to prevent the spread of COVID-19 guided by the policies of the Government of Japan, local governments, and other related authorities.
2. Strive to keep our business going, including providing products to our customers, by placing the highest priority on ensuring the health and safety of our stakeholders such as customers, suppliers, local community members, and employees.

Key Measures for Preventing Infection and Halting the Spread COVID-19

As of April 2020, when COVID-19 spread rapidly in Japan, we have mainly taken the following measures:

1. Telecommuting from home, mainly in the administrative and sales departments
2. General prohibition against overseas and domestic business trips, external meetings, social gatherings, and meals with others
3. Thorough measures to prevent the 3Cs (closed spaces, crowded places, and close-contact settings) in-house:
 - Changed the layout of offices and cafeterias; limited the number of people
 - Postponed or canceled internal meetings; switched to online meetings, etc.
4. Restrictions on visitors entering premises
5. If an employee has symptoms such as fever, or if an employee or a family member he or she lives with is found to be infected or to have had close contact with an infected person, he or she stops working and they are not allowed to come to work.
6. Employees are asked to strictly limit nonessential private travel.



Information Security

Due to advances in Information and communication technology, in recent years there is a growing risk of leaks of personal information and confidential information, and it is the duty of companies to strengthen information security measures.

At the Shinko Group, we regard the appropriate handling of many types of business information as fundamental to our corporate activity. In FY2017, we established an Information Security Policy as a company-wide policy based on the Shinko Way. We also developed related regulations including the Information Management Regulations and are working to ensure and improve information security.

Information Security Policy

1. Purpose

With deep recognition that information is the foundation for conducting business and of the risks in handling information, the Shinko Group addresses information security with the following purposes, to achieve its corporate values of “seeking to be a valued and trusted partner for our customers, and building mutually beneficial relationships with our business partners,” as expressed in the Shinko Way, and to ensure the “confidentiality” stipulated in our Code of Conduct as an important aspect of our social responsibility.

- (1) The Shinko Group will appropriately handle information received from individuals and organizations in its customers and business partners in the course of its business and will protect the rights and interests of those individuals and organizations.
- (2) The Shinko Group will appropriately handle trade secrets, technical information, and other valuable information in the course of its business and will protect the rights and interests of the Shinko Group.
- (3) The Shinko Group will appropriately manage information in the course of its business and will maintain its social function by providing a timely and stable supply of products and services.

2. Principles of Initiatives

The Shinko Group will take the items below as the principles of its initiatives for information security.

- (1) The purpose of our information security will be to maintain the confidentiality, integrity, and availability of information handled, and we will devise information security measures to achieve this purpose.
- (2) We will clarify systems and responsibility, to implement information security measures appropriately and reliably.
- (3) To maintain our information security measures, we will develop processes at each stage in the cycle of planning, implementation, evaluation, and improvement to maintain and raise the level of our information security.
- (4) To implement information security measures appropriately and reliably, we will provide officers and employees with awareness building and training on information security to impress its importance and make sure that people take action.
- (5) To implement information security measures appropriately, we will consider the risks involved in handling information and the investments required for countermeasures.

3. The Shinko Group’s Measures

To implement information security measures reliably based on the above purposes and principles of initiatives, the Shinko Group will develop and implement pertinent regulations.

Information Security-Related Regulations System



Appropriate Management of Information

We have established Information Management Regulations as rules for handling information distributed within the Company, classify information, and manage and operate it appropriately. In addition, the classified information is rated from multiple viewpoints such as legal requirements, value, and importance, and the information is protected by taking security measures according to the rating.

Information Protection by Information Protection Management System

In order to properly protect third-party confidential information and our confidential information, we have set up appropriate management for information handled with businesses. We are also striving to strengthen information protection by establishing an information protection management system that checks the status of activities through regular information protection initiatives and internal audits.

Information Security Education

To prevent information leaks, we believe it is important for every employee to be fully aware that neglecting information security rules is a risk that could lead to serious security incidents. We therefore see to it that the rules are followed without exception and work to increase awareness of security. As part of our measures to raise employee

awareness, we provide information security training through rank-specific training, e-Learning, and workplace training. In FY2019, we provided information management training to all employees of the Shinko Group in Japan (about 4,600 people) and achieved a 100% completion rate.

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

Protection of Personal Information

Based on the philosophy of respecting individuality, we are deeply aware that it is our corporate social responsibility to handle personal information appropriately. We have established Personal Information Protection Policy and Personal Information Management Regulations to protect and respect personal information.

With regard to personal information used in business operations, we are striving for proper management and operation through the personal information protection management system.

In addition, we are strengthening the protection of personal information in order to properly respond to personal information protection laws overseas including the EU General Data Protection Regulation (GDPR). In FY2019, we conducted training on the GDPR for relevant staff at each of our Southeast Asian sites.

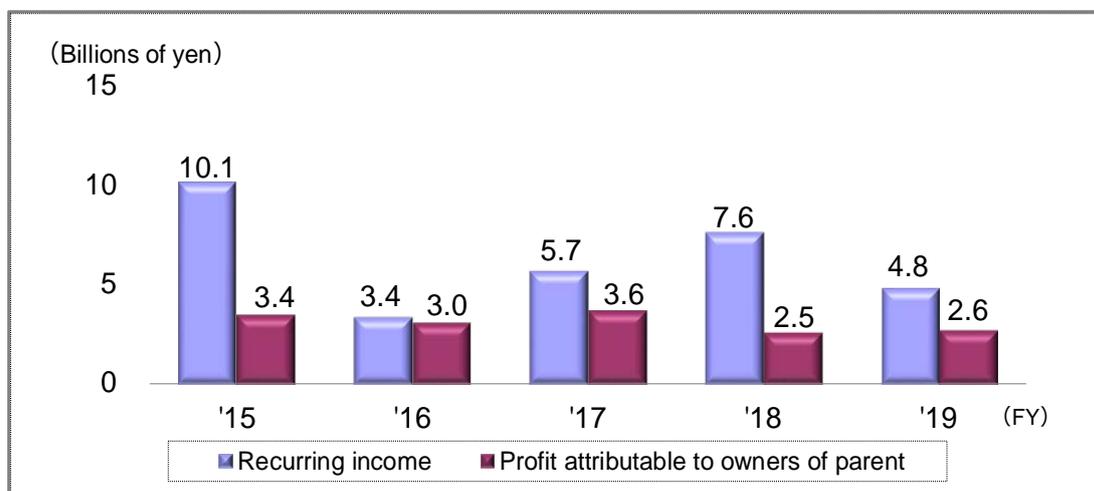
Information Classification

Information Classification			
Public Information		Refers to information made available to the public through public websites and catalogues.	
Confidential Information	Shinko Confidential Information	Internal-use-Only Information	Refers to information that must not be disclosed outside the Company. Internal rules and company newsletters are examples.
		Restricted Information	Refers to information that should not be known to unessential personnel, including personnel information, information on under development technologies, and customer lists.
	Third-party Confidential Information		Information contractually covered by a confidentiality obligation such as confidential information obtained from customers and other companies under non-disclosure agreements or license agreements.
			Personal information
			Each of the categories of information at left—both public and confidential information—includes diverse personal information related to customers, suppliers, and employees.

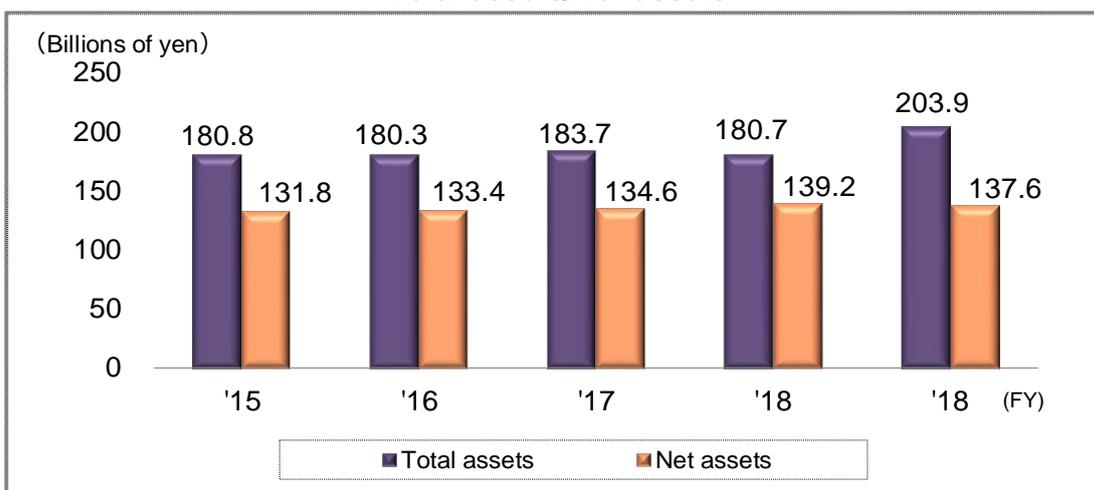
Financial and Non-financial Data

Consolidated Financial Highlights

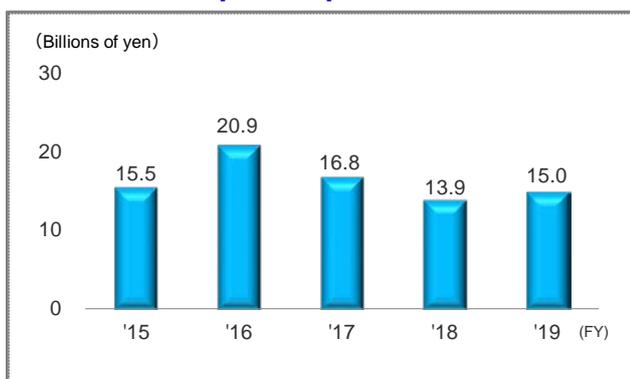
Recurring income/Profit attributable to owners of parent



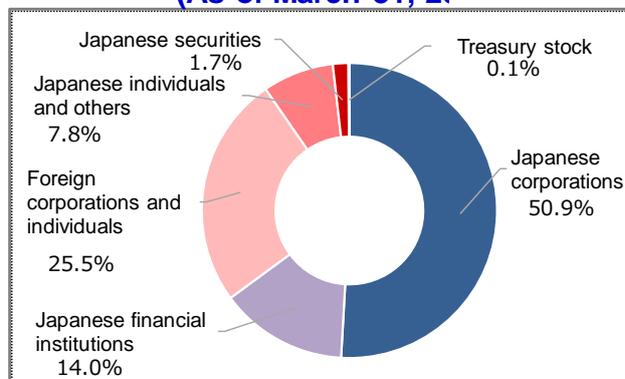
Total assets/Net assets



Capital expenditure



Distribution of stock by type (As of March 31, 2019)



List of Employee Related Indicators

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

		FY2017	FY2018	FY2019
Number of employees by region		4,785	4,850	4,936
	Japan (ratio)	84.9%	84.8%	85.3%
	Asia (ratio)	14.2%	14.4%	14.0%
	The Americas (ratio)	0.9%	0.8%	0.7%
Number of employees by Type of contract	Regular	4,785	4,850	4,936
	Non Regular*	295	339	413

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

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

		FY2017	FY2018	FY2019
Number of employees		3,987	4,035	4,132
Average age		45.2	44.9	44.5
Average years of service	Total	23.3	23.0	22.3
	Male	22.8	22.3	21.6
	Female	25.3	25.2	25.0
Number of employees by gender	Male	3,121	3,160	3,253
	Female	866	875	879
Ratio of female employees (%)		21.7%	21.7%	21.3%
Ratio of female managers (%)*		2.4%	2.6%	2.9%
Number of non-Japanese employees**		8	20	42
Employment ratio of people with disabilities (%)**		2.25%	2.37%	2.37%

*Including assignees to Group companies and contract employees.

**Including assignees from Group companies and contract employees.

***Including employees of Group companies in Japan and contract employees (counted every June).

Employment (Shinko)

		FY2017	FY2018	FY2019
Number of new graduate recruitment	Total	49	105	125
Number of mid-career recruitment	Total	18	83	127
Turnover rate of regular employees*		1.4%	1.4%	1.7%

*Including retired workers

Using Care Leave (Shinko)

		FY2017	FY2018	FY2019
Number of employees using child care leave	Total	19	29	24
	Male	0	2	1
	Female	19	27	23
Return to work ratio after child care leave (%)		100%	100%	100%
Continuous work ratio after child care leave (%)*		94%	100%	100%
Number of employees using family care leave	Total	2	1	2
	Male	1	0	1
	Female	1	1	1
Return to work ratio after family care leave (%)		100%	-	0%
Continuous work ratio after family care leave (%)*		100%	50%	-
Number of employees taking Paternity leave		44	39	38

*Ratio of employees still at the company 12 months after returning to work.

Environmental Data

Environmental Measurement Data

Kohoku Plant

□ Air Data for: Small through-flow boiler

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

□ Water quality Unit: mg/L (excluding hydrogen ion index)

Item	Sewage discharge standards	Company standards	Results	
			Max.	Avg.
Hydrogen ion index	5.0~9.0	5.2~8.8	7.9	7.3
BOD	600	540	520	196
Suspended solids	600	300	210	56
n-Hexane	5	4.5	<1	<1
Copper	3	1	0.42	0.17
Zinc	2	1	0.38	0.14
Soluble iron	10	5	0.45	0.14

Takaoka Plant

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

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

Data for: Small through-flow boiler in Building K

Item	Unit	National standards	Company standards	Results	
				Max.	Avg.
Particulate ^{*1}	g/m ³ N	(0.1)	0.03	— ^{*2}	— ^{*2}
SOx	m ³ N/h	7.40	—	— ^{*3}	— ^{*3}
NOx ^{*1}	cm ³ /m ³ N	(150)	130	— ^{*2}	— ^{*2}

□ Water quality Unit: mg/L (excluding hydrogen ion index)

Item	National standards	Nagano prefectural standards	Company standards	Results	
				Max.	Avg.
Hydrogen ion index	5.8~8.6	5.8~8.6	6.0~8.4	7.5	7.0
BOD	160	30	27	24	10
Suspended solids	200	50	25	22	7
n-Hexane	5	5	2	<1	<1
Copper	3	2	1	0.83	0.20
Zinc ^{*4}	5	3	1.5	0.04	<0.02
Soluble iron	10	10	3	0.21	0.09
Soluble manganese	10	10	3	0.33	0.09
Chromium	2	1	0.5	<0.02	<0.02

Notes:

- *1 Not applicable at the moment based on supplementary provisions in the enforcement regulations to the Air Pollution Control Act (Ordinance 31 of June 6, 1985).
- *2 There are no measures in FY2019, because measures are taken once every three years.
- *3 Measurement is not required because the fuel does not contain ingredients of sulfur.
- *4 National and prefectural standards are provisional standards until December 10, 2021.

Wakaho Plant

□ Air Data for: Small through-flow boiler

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

□ Water quality Unit: mg/L (excluding hydrogen ion index)

Item	Sewage discharge standards	Company standards	Results	
			Max.	Avg.
Hydrogen ion index	5.0~9.0	5.8~8.6	8.0	7.7
BOD	600	540	430	309
Suspended solids	600	200	72	57
n-Hexane	5	4.5	4.0	1.2
Copper	2	1.8	0.67	0.31
Zinc	3	1	<0.02	<0.02
Soluble iron	10	3	<0.02	<0.02
Soluble manganese	10	4	0.26	0.10
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/m ³ N	(0.1)	0.015	<0.004	<0.004
SOx	m ³ N/h	7.1	—	— ^{*3}	— ^{*3}
NOx ^{*1}	cm ³ /m ³ N	(150)	120	31	23

□ Water quality Unit: mg/L (excluding hydrogen ion index)

Item	National standards	Niigata prefectural standards	Company standards	Results	
				Max.	Avg.
Hydrogen ion index	5.8~8.6	5.8~8.6	6.0~8.4	7.5	7.2
BOD	160	25	23	6.0	2.9
Suspended solids	200	50	32	8	4
n-Hexane	5	5	4	<1	<1
Copper	3	2	1	0.14	0.11
Zinc ^{*4}	5	5	1	<0.02	<0.02
Soluble iron	10	10	5	0.39	0.12
Soluble manganese	10	10	3	0.38	0.11
Chromium	2	2	0.5	<0.02	<0.02

Kyogase Plant

□ Air Data for: Small through-flow boiler

Item	Unit	National standards	Company standards	Results	
				Max.	Avg.
Particulate ^{*1}	g/m ³ N	(0.1)	0.03	— ^{*2}	— ^{*2}
SOx	m ³ N/h	4.65	—	— ^{*3}	— ^{*3}
NOx ^{*1}	cm ³ /m ³ N	(150)	130	— ^{*2}	— ^{*2}

□ Water quality Unit: mg/L (excluding hydrogen ion index)

Item	National standards	Niigata prefectural standards	Company standards	Results	
				Max.	Avg.
Hydrogen ion index	5.8~8.6	5.8~8.6	6.2~8.2	7.5	7.0
BOD	160	160	80	5.8	4.5
Suspended solids	200	200	65	3	3
n-Hexane	5	5	2	<1	<1
Copper	3	3	1	0.02	<0.02
Zinc ^{*4}	5	5	1	0.09	0.02
Soluble iron	10	10	3	0.17	0.13
Soluble manganese	10	10	3	0.02	<0.02
Chromium	2	2	0.5	<0.02	<0.02

* Target: Shinko Group in Japan

INPUT	FY2017	FY2018	FY2019
Energy (GJ)	3,203,717	3,174,950	3,267,857
Electricity (MWh)	280,757	279,916	286,038
Diesel fuel (kL)	4	4	4
Gas (km ³)	16,366	15,791	16,724
Renewable energy (MWh)	46	33	47
Materials (t)	18,200	16,548	39,071
Raw materials (t)	15,251	13,589	36,451
Chemical substances (t)	2,949	2,959	2,620
Water resources (km³)	3,315	3,488	3,464
Municipal water (km ³)	770	830	694
Ground water (km ³)	2,545	2,658	2,770
Recycling rate (%)	50	50	48

(Glossary)

Renewable energy	Amount of electricity generated from solar power
Chemical substances	Amount of PRTR-subject substances handled
Recycling rate of water resources	(Total use amount – Input of water resources)/Total use amount

Distribution	FY2017	FY2018	FY2019
Input Energy			
Diesel fuel (kL)	894	852	809
Output Air			
CO ₂ (t-CO ₂)	2,363	2,251	2,139

(Glossary)

Input	Energy	Amount of energy used for delivery of products to customers (Distribution in Japan)
Output	CO ₂	Emissions of CO ₂ associated with consumption of transportation energy used to deliver products to customers (Distribution in Japan)

OUTPUT	FY2017	FY2018	FY2019
Emissions into the air			
CO ₂ (Scope 1) (t-CO ₂)	34,275	36,146	38,339
Kohoku Plant	3,401	3,678	3,945
Wakaho Plant	10,259	9,958	10,057
Takaoka Plant	12,182	13,262	15,041
Arai Plant	7,206	8,056	8,015
Kyogase Plant	1,204	1,168	1,254
Others	23	24	26
CO ₂ (Scope 2) (t-CO ₂)	114,268	113,926	116,417
Kohoku Plant	18,868	18,984	19,281
Wakaho Plant	26,810	27,956	27,625
Takaoka Plant	36,530	35,064	38,057
Arai Plant	26,375	26,515	26,135
Kyogase Plant	2,282	2,173	2,168
Others	3,403	3,234	3,152
Emissions of greenhouse gases not associated with energy consumption (Scope 1) (t-CO ₂)	913	889	852
NOx (t)	17	15	18
SOx (t)	0	0	0
Chemical substances (t)	6	5	5
Water			
Drainage (km ³)	2,820	2,777	2,852
Discharge to rivers	1,915	1,851	1,940
Discharge to sewage lines	905	926	912
Waste (t)	21,265	21,305	22,448
Effectively used waste (t)	21,249	21,280	22,409
Other waste (t)	16	25	39
Specified hazardous industrial waste	0	0	0
Effective utilization rate (%)	99.9	99.9	99.8
(Landfill disposal(t))	2	2	3

(Glossary)

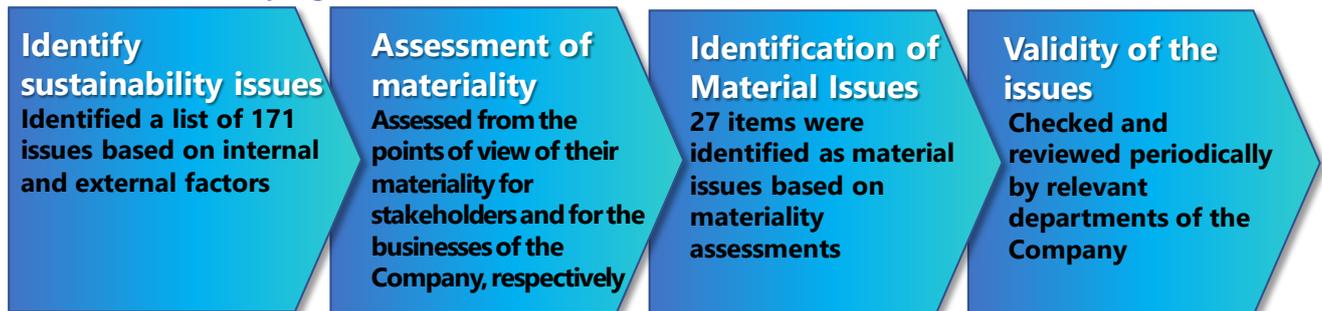
CO ₂	Emissions of carbon dioxide associated with consumption of energy used at plants, etc. (computed based on the Fujitsu Group GHG Protocol); Scope 1: emission of CO ₂ from heavy oil, gas, diesel; Scope 2 (location basis): emission from electricity
Emissions of greenhouse gases not associated with energy consumption	Emissions of greenhouse gases not associated with consumption of energy used at plant, etc. (computed based on GWP) (Scope 1)
NOx	Amount of NOx emitted from boilers at plant, etc.
SOx	Amount of SOx emitted from boilers at plant, etc.
Chemical substances	Emissions of PRTR-subject substances
Effectively used waste	Waste that has been used effectively
Other waste	Waste that has been discarded through simple incineration and landfill (waste – effectively used waste)
Specified hazardous industrial waste	Other waste that needs to be managed according to its characteristics
Effective utilization rate (%)	Effectively used waste/total amount of waste
Landfill disposal	The amount of residue buried in a landfill directly or after intermediate processing (not included in the amount of waste)

Assessment of Materiality and Identification of Material Issues

When identifying material issues, we identify sustainability issues (social issues) within internal factors such as corporate values and management policies etc., and external factors such as major international standards and social demands, and establish them as processes for assessing the social issues identified in terms of materiality from both the stakeholders' materiality and from our own business materiality. The validation of the identified material issues is confirmed and the issues are reviewed periodically by relevant departments of the Company.

Within the identify process, we refer to various indicators, such as SDGs targets, when identifying sustainability issues.

Process for identifying material issues



◆ International sustainability-related standards referenced

- (1) GRI Sustainability Reporting Standards
- (2) Responsible Business Alliance (RBA) Code of Conduct
- (3) ISO 26000
- (4) United Nations Global Compact
- (5) Sustainable Development Goals (SDGs)
- (6) Sustainability Accounting Standards Board (SASB)

Identification of Material Issues based on Assessment of Materiality



Dialogue with Stakeholders

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

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

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



Principal Dialogues with Stakeholders

Stakeholders	Corporate Values in the Shinko Way	Dialogues (principal)	Main departments involved
Customers	We seek to contribute to the success of our customers and grow with them as an indispensable partner.	<ul style="list-style-type: none"> • Customer satisfaction surveys • Respond to customers' surveys and audits related to CSR/ RBA • Trade shows in Japan and overseas • Disseminating information using our website, etc. 	Sales department Overseas sales companies Manufacturing divisions
Suppliers	We strive to build long-term relationships of trust with our suppliers, acting as a good business partner for mutual prosperity and productive coexistence.	<ul style="list-style-type: none"> • Disseminating the Procurement Guidelines • Questionnaires related to CSR/ BCM and on-site audits • Conflict minerals surveys • Supplier Compliance Hotline, etc. 	Procurement department
Shareholders/ Investors	In order to give shareholders and investors a better understanding of our initiatives to enhance corporate value and their outcomes, we disclose timely and appropriate information about our business operations and financial position.	<ul style="list-style-type: none"> • General Meeting of Shareholders • Business Reports and Interim Financial Statements • Disseminating information using our IR website • Dealing with inquiries • IR forum, etc. 	Public and investor relations department
Local Communities	By getting involved in local social contribution activities, we seek to coexist harmoniously and put down deep roots in local communities.	<ul style="list-style-type: none"> • Regular networking events with community residents • Plant tours (communities and nearby schools) • Participation in local events • Social contribution activities and volunteering • Dialogue with local governments, etc. 	Corporate affairs department Each plant
Employees	We aim to enhance corporate value by respecting diversity, while supporting employee efforts to achieve personal growth.	<ul style="list-style-type: none"> • Labor Council and Labor-Management Council on Transforming Work Styles • Safety & Health Committee • Internal whistle-blowing system • Management-by-objectives and objectives interview programs • Internal newsletter and intranet, etc. 	Personnel department Corporate affairs department

GRI Standard Comparison Table

1. General Disclosures

※ · · Indicator of the Core option

Topics		Pages	Corresponding Topics
Organizational profile			
102-1	※ Name of the organization	3	Shinko Group Outline
102-2	※ Activities, brands, products, and services	5	Business Overview by Product Category
102-3	※ Location of headquarters	3	Shinko Group Outline
102-4	※ Location of operations	4	Business Locations
102-5	※ Ownership and legal form	3 38-40 49	Shinko Group Outline Corporate Governance Consolidated Financial Highlights
102-6	※ Markets served	4 5	Business Locations Business Overview by Product Category
102-7	※ Scale of the organization	3 4 49 50	Shinko Group Outline Business Locations Consolidated Financial Highlights List of Employee Related Indicators
102-8	※ Information on employees and other workers	50	List of Employee Related Indicators
102-9	※ Supply chain	34-37	Promoting Social Responsibility in the Supply Chain
102-10	※ Significant changes to the organization and its supply chain	-	*NA
102-11	※ Precautionary Principle or approach	20 26-28 43 44-48 53	Environmental Risk Measures Creating Safe and Comfortable Working Environments RBA Code of Conduct Initiative Risk Management Assessment of Materiality and Identification of Material Issues
102-12	※ External initiatives	43	RBA Code of Conduct Initiative
102-13	※ Membership of associations	-	*NA
Strategy			
102-14	※ Statement from senior decision-maker	6	Message from the President
102-15	Key impacts, risks, and opportunities	6 9-13 15 44-48	Message from the President CSR Activity Management Environmental Management Risk Management
Ethics and integrity			
102-16	※ Values, principles, standards, and norms of behavior	1 41-43	The Shinko Way Compliance
102-17	Mechanisms for advice and concerns about ethics	22-23 41-43	Efforts Promoting Respect for Human Rights Compliance
Governance			
102-18	※ Governance structure	38-40	Corporate Governance
102-19	Delegating authority	38-40	Corporate Governance
102-20	Executive-level responsibility for economic, environmental, and social topics	15 26-28 38-40 44	Environmental Management Creating Safe and Comfortable Working Environments Corporate Governance Promoting Risk Management
102-21	Consulting stakeholders on economic, environmental, and social topics	29 54	Coexistence and Dialogue with Local Communities Dialogue with Stakeholders
102-22	Composition of the highest governance body and its committees	38-40	Corporate Governance
102-23	Chair of the highest governance body	38-40	Corporate Governance
102-24	Nominating and selecting the highest governance body	38-40	Corporate Governance (Corporate Governance Report)

Topics		Pages	Corresponding Topics
102-25	Conflicts of interest		(Corporate Governance Report)
102-26	Role of highest governance body in setting purpose, values, and strategy	1 38-40	The Shinko Way Corporate Governance
102-27	Collective knowledge of highest governance body	-	-
102-28	Evaluating the highest governance body's performance	-	-
102-29	Identifying and managing economic, environmental, and social impacts	44-48 53	Risk Management Assessment of Materiality and Identification of Material Issues
102-30	Effectiveness of risk management processes	44-48	Risk Management
102-31	Review of economic, environmental, and social topics	44-48	Risk Management
102-32	Highest governance body's role in sustainability reporting	-	-
102-33	Communicating critical concerns	38-39 44-48	Corporate Governance System Risk Management
102-34	Nature and total number of critical concerns	-	-
102-35	Remuneration policies	39	Executive Remuneration (Securities Report)
102-36	Process for determining remuneration	39	Executive Remuneration (Securities Report)
102-37	Stakeholders' involvement in remuneration	39	Executive Remuneration
102-38	Annual total compensation ratio	-	-
102-39	Percentage increase in annual total compensation ratio	-	-
Stakeholder engagement			
102-40	※ List of stakeholder groups	54	Dialogue with Stakeholders
102-41	※ Collective bargaining agreements	25	Labor Relations
102-42	※ Identifying and selecting stakeholders	54	Dialogue with Stakeholders
102-43	※ Approach to stakeholder engagement	53 54	Assessment of Materiality and Identification of Material Issues Dialogue with Stakeholders
102-44	※ Key topics and concerns raised	9-13 53 54	CSR Activity Management Assessment of Materiality and Identification of Material Issues Dialogue with Stakeholders
Reporting practice			
102-45	※ Entities included in the consolidated financial statements	2 3	Editorial Policy: Scope of the Report Shinko Group Outline
102-46	※ Defining report content and topic boundaries	53	Assessment of Materiality and Identification of Material Issues
102-47	※ List of material topics	53	Assessment of Materiality and Identification of Material Issues
102-48	※ Restatements of information	-	*NA
102-49	※ Changes in reporting	-	*NA
102-50	※ Reporting period	2	Editorial Policy: Period Covered
102-51	※ Date of most recent report	2	Editorial Policy: Date of Publication
102-52	※ Reporting cycle	2	Editorial Policy: Date of Publication
102-53	※ Contact point for questions regarding the report	2	Contact Information
102-54	※ Claims of reporting in accordance with the GRI Standards	55-59	GRI Standard Comparison Table
102-55	※ GRI content index	55-59	GRI Standard Comparison Table
102-56	※ External assurance	-	*NA

2. Topic Specific Disclosures

■ • • Material Issues for the Shinko Group

Topics		Pages	Corresponding Topics
Management Approach			
103-1	※ Explanation of the material topic and its Boundary	1 2 53	The Shinko Way Editorial Policy: Scope of the Report Assessment of Materiality and Identification of Material Issues
103-2	The management approach and its components	15 22-23 26-28 32 34-35 43 44-48 53	Environmental Management Efforts Promoting Respect for Human Rights Creating Safe and Comfortable Working Environments Supporting Customer and Societal Trust with Quality CSR-Conscious Procurement Activities RBA Code of Conduct Initiative Risk Management Assessment of Materiality and Identification of Material Issues
103-3	Evaluation of the management approach	53	Assessment of Materiality and Identification of Material Issues
Economic			
■ Economic Performance			
201-1	Direct economic value generated and distributed	49	Consolidated Financial Highlights (Securities Report)
201-2	Financial implications and other risks and opportunities due to climate change	17-18 44	Tackling Climate Change Promoting Risk Management
201-3	Defined benefit plan obligations and other retirement plans		(Securities Report)
201-4	Financial assistance received from government	-	-
Market Presence			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	-
202-2	Proportion of senior management hired from the local community	-	-
■ Indirect Economic Impacts			
203-1	Infrastructure investments and services supported	30	Supporting Youth Development
203-2	Significant indirect economic impacts	-	-
Procurement Practices			
204-1	Proportion of spending on local suppliers	-	-
Anti-corruption			
205-1	Operations assessed for risks related to corruption	44	Promoting Risk Management
205-2	Communication and training about anti-corruption policies and procedures	37 41-43	Compliance Compliance
205-3	Confirmed incidents of corruption and actions taken	-	-
Anti-competitive Behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		No relevant cases.
Environmental			
■ Materials			
301-1	Materials used by weight or volume	51-52	Environmental Data
301-2	Recycled input materials used	-	-
301-3	Reclaimed products and their packaging materials	-	-
■ Energy			
302-1	Energy consumption within the organization	51-52	Environmental Data
302-2	Energy consumption outside of the organization	51-52	Environmental Data
302-3	Energy intensity	-	-
302-4	Reduction of energy consumption	-	-
302-5	Reductions in energy requirements of products and services	-	-

Topics		Pages	Corresponding Topics
■ Water			
303-1	Water withdrawal by source	51-52	Environmental Data
303-2	Water sources significantly affected by withdrawal of water	-	-
303-3	Water recycled and reused	19 51-52	Reducing Water Usage Environmental Data
■ Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	-
304-2	Significant impacts of activities, products, and services on biodiversity	-	-
304-3	Habitats protected or restored	30-31	Initiatives to Protect the Local Environment and Volunteering
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	-
■ Emissions			
305-1	Direct (Scope 1) GHG emissions	17-18 51-52	Tackling Climate Change Environmental Data
305-2	Energy indirect (Scope 2) GHG emissions	17-18 51-52	Tackling Climate Change Environmental Data
305-3	Other indirect (Scope 3) GHG emissions	-	-
305-4	GHG emissions intensity	17-18	Tackling Climate Change
305-5	Reduction of GHG emissions	17-18	Tackling Climate Change
305-6	Emissions of ozone-depleting substances (ODS)	-	-
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	51-52	Environmental Data
■ Effluents and Waste			
306-1	Water discharge by quality and destination	51-52	Environmental Data
306-2	Waste by type and disposal method	18-19 51-52	Resources Recycling Environmental Data
306-3	Significant spills	15	Environmental Management
306-4	Transport of hazardous waste	18-19	Resources Recycling
306-5	Water bodies affected by water discharges and/or runoff	-	-
■ Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations	15	Environmental Management
■ Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria	-	-
308-2	Negative environmental impacts in the supply chain and actions taken	34-35 36-37	CSR-Conscious Procurement Activities Green Procurement
Social			
■ Employment			
401-1	New employee hires and employee turnover	50	List of Employee Related Indicators
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	-	-
401-3	Parental leave	50	List of Employee Related Indicators
■ Labor/Management Relations			
402-1	Minimum notice periods regarding operational changes	-	-
■ Occupational Health and Safety			
403-1	Workers representation in formal joint management-worker health and safety committees	25	Labor Relations
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	26-28	Creating Safe and Comfortable Working Environments
403-3	Workers with high incidence or high risk of diseases related to their occupation	-	-
403-4	Health and safety topics covered in formal agreements with trade unions	25	Labor Relations
■ Training and Education			
404-1	Average hours of training per year per employee	24-25	Developing and Utilizing Human Resources
404-2	Programs for upgrading employee skills and transition assistance programs	24 24-25	Respect for Diversity Developing and Utilizing Human Resources
404-3	Percentage of employees receiving regular performance and career development reviews	24-25	Developing and Utilizing Human Resources

Topics		Pages	Corresponding Topics
■ Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	50	List of Employee Related Indicators (Securities Report)
405-2	Ratio of basic salary and remuneration of women to men	-	-
■ Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	22-23	Efforts Promoting Respect for Human Rights
■ Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	-
■ Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	22-23 34-35	Efforts Promoting Respect for Human Rights CSR-Conscious Procurement Activities
■ Forced or Compulsory Labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	22-23 34-35	Efforts Promoting Respect for Human Rights CSR-Conscious Procurement Activities
Security Practices			
410-1	Security personnel trained in human rights policies or procedures	-	-
Rights of Indigenous Peoples			
411-1	Incidents of violations involving rights of indigenous peoples		No relevant cases.
Human Rights Assessment			
412-1	Operations that have been subject to human rights reviews or impact assessments	-	-
412-2	Employee training on human rights policies or procedures	22-23	Efforts Promoting Respect for Human Rights
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-	-
■ Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	29 54	Coexistence and Dialogue with Local Communities Dialogue with Stakeholders
413-2	Operations with significant actual and potential negative impacts on local communities	-	-
■ Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	-	-
414-2	Negative social impacts in the supply chain and actions taken	34-35 35-36	CSR-Conscious Procurement Activities Initiatives for Responsible Minerals Sourcing
Public Policy			
415-1	Political contributions	-	-
Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	32	Supporting Customer and Societal Trust with Quality
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	-
Marketing and Labeling			
417-1	Requirements for product and service information and labeling	-	-
417-2	Incidents of non-compliance concerning product and service information and labeling	-	-
417-3	Incidents of non-compliance concerning marketing communications	-	-
■ Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	47-48	Information Security
■ Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	-	-

