



Brightening the Future

2021

Environmental  
and  
Social Report

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  
Innovation by manufacturing site**

**"Dreams in one hand, and a soroban in the other."  
Responsibility to Individual**

## Corporate Values

What we strive for:

**Society and Environment:** In all our actions, we protect the environment and contribute to society.

**Profit and Growth:** We strive to meet the expectations of customers, employees and shareholders.

**Shareholders and Investors:** We seek to continuously increase our corporate value.

**Global Perspective:** We think and act from a global perspective.

What we value:

**Employees:** We respect diversity and support individual growth.

**Customers:** We seek to be their valued and trusted partner.

**Business Partners:** We build mutually beneficial relationships.

**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.

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## 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

FY2020 (focusing on initiatives from April 1, 2020 to March 31, 2021 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 2021

Next issue: September 2022 (previous issue: September 2020)

### Reference Guidelines

•GRI, *Sustainability Reporting Standards*

•Ministry of the Environment, *Environmental Reporting Guidelines* (Fiscal Year 2019 version)

## Contact Information

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

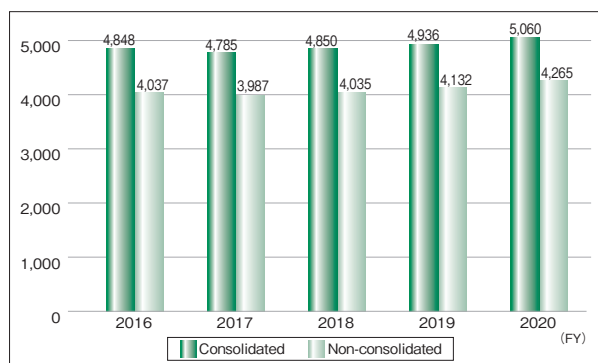
Public & Investor Relations Department, Corporate Planning Division (Tel: +81 (26) 283-6450)

# Shinko Group Outline

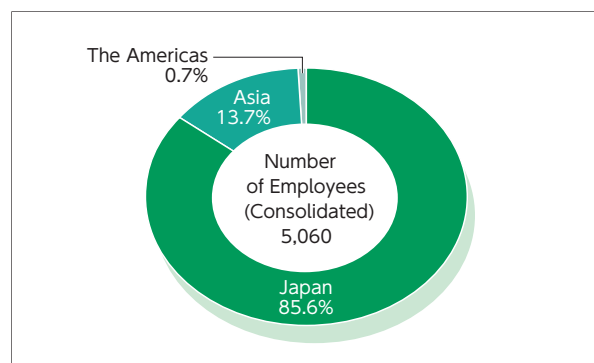
Corporate Name	SHINKO ELECTRIC INDUSTRIES CO., LTD.
Head Office	80, Oshimada-machi, Nagano-shi, Nagano 381-2287, Japan
Date of Establishment	September 12, 1946
Capital	24,223 million yen (as of March 31, 2021)
Fiscal Year and Listing Market	Ending March 31 First Section of the Tokyo Stock Exchange
Consolidated Subsidiaries (10 companies)	<p>Domestic: two companies</p> <p>SHINKO PARTS CO., LTD. (Nagano City, Nagano Prefecture)</p> <p>SHINKO TECHNOSERVE CO., LTD. (Nagano City, Nagano Prefecture)</p> <p>Overseas: eight companies</p> <p>KOREA SHINKO MICROELECTRONICS CO., LTD. (KSM: Korea)</p> <p>SHINKO ELECTRONICS (MALAYSIA) SDN. BHD. (SEM: Malaysia)</p> <p>SHINKO ELECTRIC INDUSTRIES (WUXI) CO., LTD. (SEW: China)</p> <p>SHINKO ELECTRIC AMERICA, INC. (SEA: U.S.A.)</p> <p>SHINKO ELECTRONICS (SINGAPORE) PTE. LTD. (SES: Singapore)</p> <p>KOREA SHINKO TRADING CO., LTD. (KST: Korea)</p> <p>TAIWAN SHINKO ELECTRONICS CO., LTD. (TSE: Thailand)</p> <p>SHANGHAI SHINKO TRADING LTD. (SST: China)</p>
Affiliated Company (One company)	SHINKO MICROELECTRONICS (THAILAND) CO., LTD. (SMT: Thailand)

## Number of Employees

<Number of Employees>

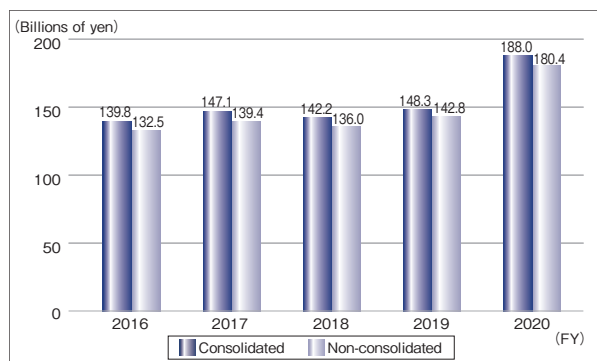


<Employee Ratio by Region (as of March 31, 2021)>

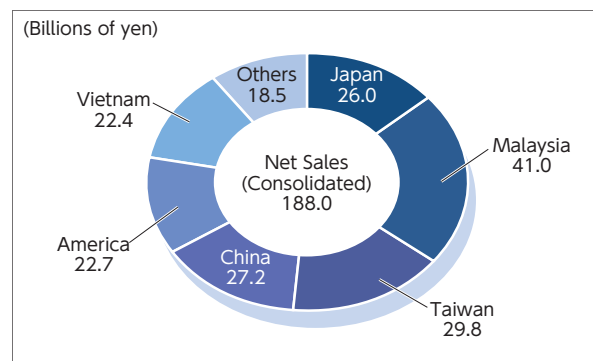


## Net Sales

<Net Sales>

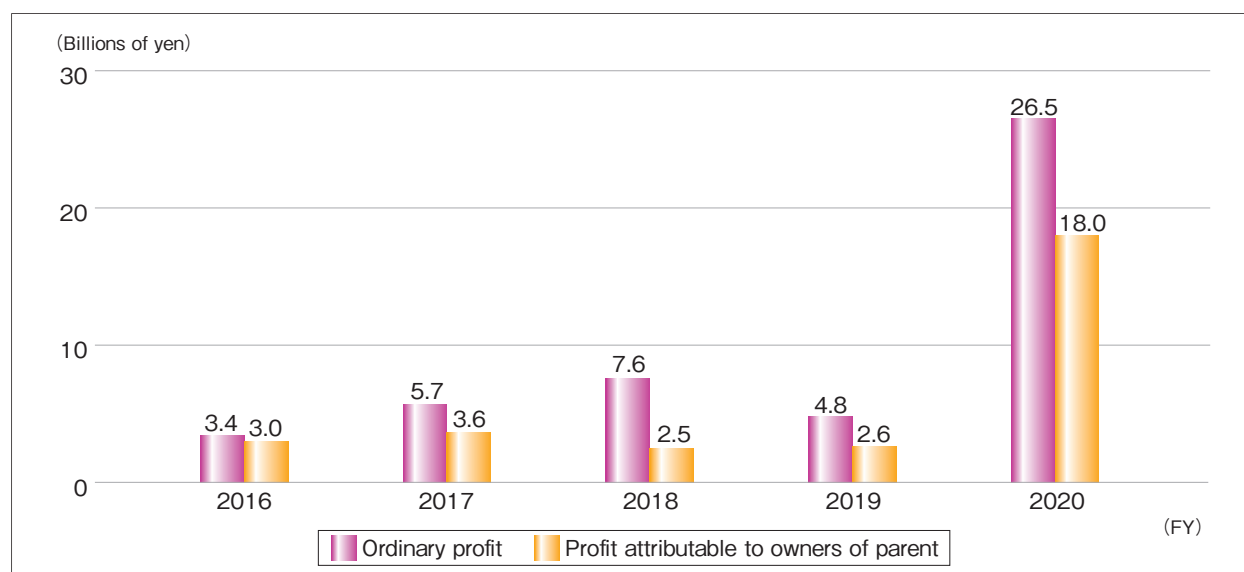


<Net Sales by Region (FY2020)>



## Profit (Consolidated)

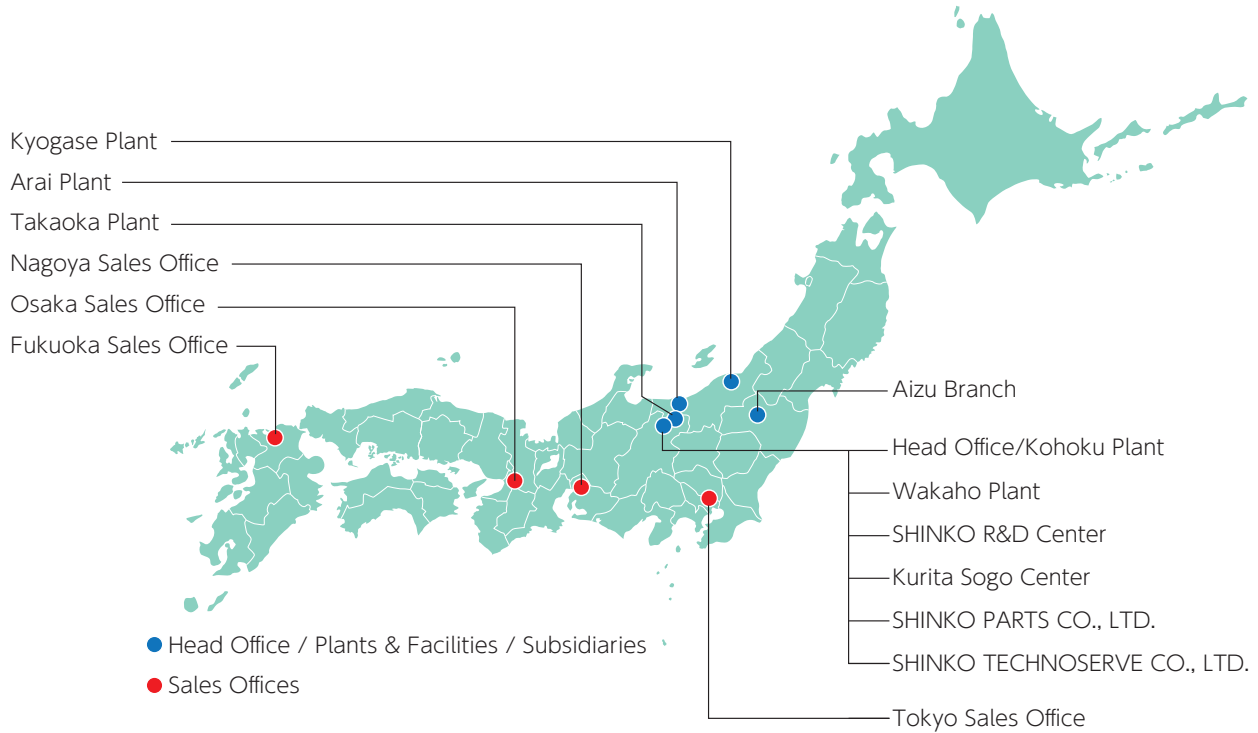
<Ordinary profit/Profit attributable to owners of parent>



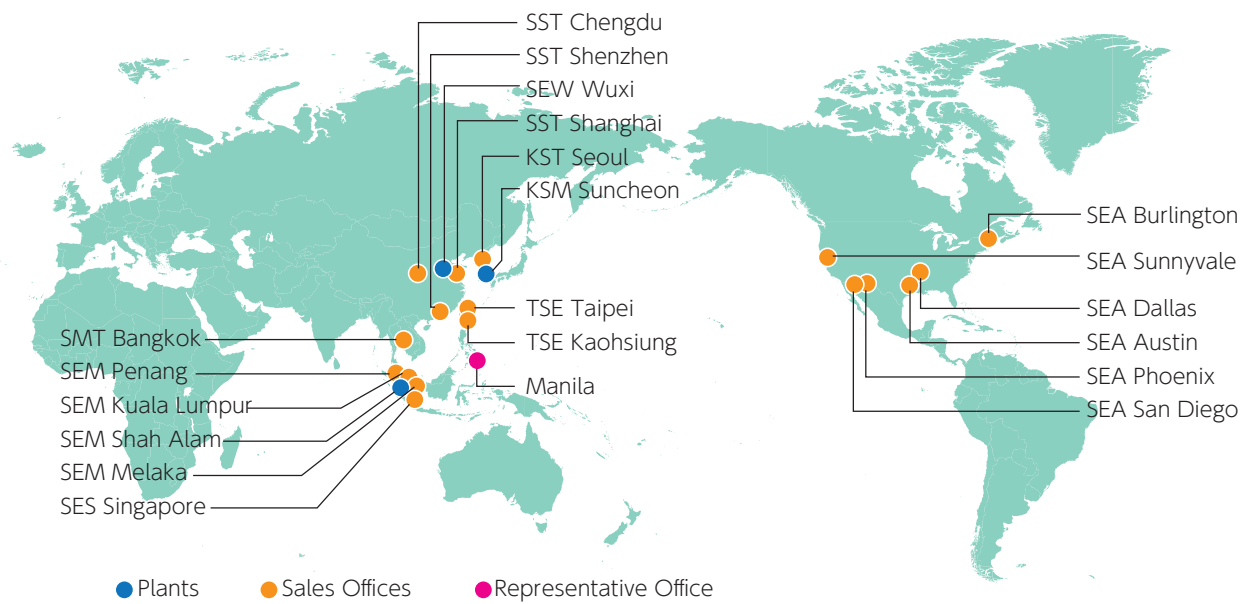
## Business Locations

<Domestic Network>

As of September 30, 2021



<Global Network>



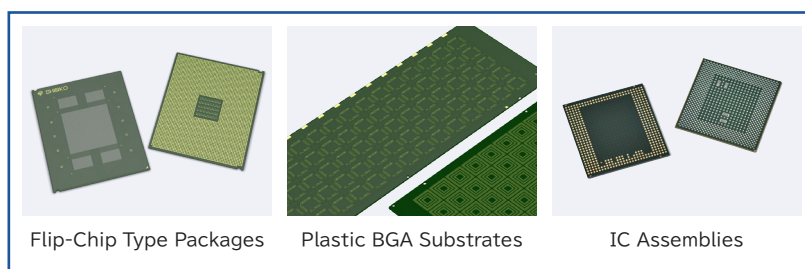
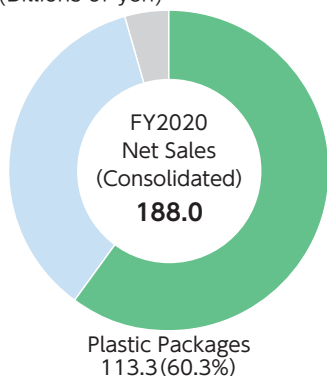
## Business Overview by Segment

### Plastic Packages

The Plastic Packages segment consists of flip-chip type packages, plastic BGA substrates, and IC assemblies.

Flip-chip type packages are mainly used for high-performance ICs such as CPUs in PCs and servers, and are also used in consumer products. Plastic BGA substrates are used for smartphones and are also used in automobiles. In addition, this segment also includes IC assemblies for high-end smartphones and other applications.

(Billions of yen)



Applications:

PCs, servers, smartphones, consumer products, etc.

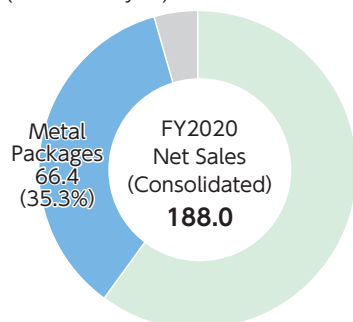
### Metal Packages

The Metal Packages segment includes such products as leadframes, heat spreaders, and ceramic electrostatic chucks and glass-to-metal seals.

Made of metal, leadframes are exceptionally reliable and extremely versatile including automobiles.

Heat spreaders for CPUs are used for PCs and servers, ceramic electrostatic chucks are used in semiconductor manufacturing equipment, while glass-to-metal seals' uses include and optical devices among others.

(Billions of yen)



Applications:

Automobiles, smartphones, consumer products, semiconductor manufacturing equipment, communication equipment, etc.

# Message from the President



I would like to express my sincerest sympathy to those affected by COVID-19 as well as my deep gratitude to everyone who has been working hard to treat and prevent the spread of infection.

The COVID-19 pandemic has brought an unprecedented crisis around the world and changed the way we live and work. On top of this, right now we are entering a turning point in history, with the rapid digitalization of society and the economy against the backdrop of the spread and evolution of 5G, AI, IoT, in addition to major global trend toward a carbon-neutral society. New lifestyles and values that were unpredictable just a few years ago are becoming commonplace, and even social and economic systems are changing dramatically, creating an era of uncertainty that we have never experienced before.

The Shinko Group has been developing business under a corporate philosophy of supporting enriched lives for people all over the world and contributing to the sound development of society. Even in today's turbulent environment, we recognize that our reason for existence is evident by our continuing practice of this philosophy—the same as always. In this way, we intend to contribute to people's lives and society by providing excellent products and services to customers and consumers around the world.

To fulfill our social responsibility as a member of the international community and local communities, the Shinko Group is addressing an array of sustainability issues, with the target of creating the sustainable society visualized by the UN's Sustainable Development Goals (SDGs). Among our initiatives for sustainability, we are currently focusing on addressing climate change, an urgent issue in the global environment, and we are strengthening the human resources that are the foundation of the Group's growth. These are the most important medium- to long-term issues for our business. Consequently, we intend to contribute to the sustainability of society as well as achieve continued growth of the Shinko Group.



## Tackling Climate Change

To contribute to the creation of a sustainable environment for future generations, the Shinko Group has made environmental protection a top management priority. We have been conducting business in Japan and overseas based on the idea of treating environmental protection as a responsibility of a manufacturing company.

For tackling climate change—the biggest issue in the global environment—we recently revamped our promotion system and started company-wide initiatives based on international guidelines, such as the Paris Agreement. Having established new medium- to long-term targets for climate change, we are pursuing carbon neutrality, seeking to reduce our greenhouse gas (GHG) emissions to virtually zero by 2050.

Going forward, we will contribute to the realization of a decarbonized society through initiatives taken from the twin angles of the development and the supply of products that help to reduce the environmental impact and improve energy efficiency, as well as reducing greenhouse gas emissions from our business operations.

## Strengthening Our Human Resources Base

Since our founding, the Shinko Group has been striving to foster a corporate culture where diverse employees can augment their abilities and expertise as well as achieve personal growth based on our people-friendly management approach. We are strengthening our human resources base with human resource development programs aimed at systematically supporting the growth of every employee and maximizing their abilities, as well as programs for a better work-life balance that enable diverse employees to work with pride and job satisfaction.

For human resource development, we have established a new human resource development policy, and are currently improving our education system in line with this policy. The goal is to develop excellent human resources who can respond to the needs of an increasingly sophisticated market. As part of this initiative, we recently established the Shinko Techno Academy, with the aim of developing employees who will be core assets at our manufacturing sites. The Academy's objectives are to further strengthen our manufacturing sites—the foundation of our business—and to contribute to manufacturing that leverages highly technical abilities by providing intensive systematic education to employees working in manufacturing.

Going forward, the Shinko Group, acting in alignment with our stakeholders, will achieve sustainable growth as a company through practice of the Shinko Way, the embodiment of the Group's reason for existence, our values, and our principles.

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

*S. Kurashima*

Susumu Kurashima  
Representative Director of Board, President  
SHINKO ELECTRIC INDUSTRIES CO., LTD.

# Initiatives for the 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 were Sustainable Development Goals (SDGs) covering 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 local employment during the chaos of the postwar period, we launched our 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 objectives of the SDGs, including tackling climate change, securing sustainable forms of production and consumption, and promoting decent work.

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

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

SDGs	Shinko Group Initiatives
 <p>5 GENDER EQUALITY</p> <p>Achieve gender equality</p>	<ul style="list-style-type: none"> <li>◆ Promote the active participation of women (support career development, working environment improvements)</li> </ul>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote sustainable economic growth, decent work</p>	<ul style="list-style-type: none"> <li>◆ Human rights initiatives</li> <li>◆ Respect for diversity, promoting work-life balance</li> <li>◆ Strengthen human resource development</li> </ul>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> <li>◆ Reduce waste</li> <li>◆ Reduce water use</li> <li>◆ Proper control of chemical substances</li> </ul>
 <p>13 CLIMATE ACTION</p> <p>Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> <li>◆ Reduce greenhouse gas emissions</li> <li>◆ Expand use of renewable energy</li> <li>◆ Promote green procurement</li> </ul>
 <p>15 LIFE ON LAND</p> <p>Protect terrestrial ecosystem and halt biodiversity loss</p>	<ul style="list-style-type: none"> <li>◆ Participate in adopt-a-forest programs</li> <li>◆ Engage in biodiversity conservation in the Kurita Sogo Center</li> <li>◆ Implement environmental education and awareness activities to foster consciousness of biodiversity</li> </ul>

## Specific Initiatives, Part 1: Responding to Climate Change



The Paris Agreement,<sup>\*1</sup> an international framework for global warming countermeasures from 2020 onward, set the goal of “holding the increase in the global average temperature to well below 2°C above pre-industrial levels.” The Agreement entered into force in November 2016. To achieve the 2°C target, and preferably to limit the increase to 1.5°C, the Agreement also indicated the goal of achieving a balance between greenhouse gas (GHG) emissions and absorption in the second half of this century, establishing the need to shift to a decarbonized society after 2050.

In a global society, it is predicted that CO<sub>2</sub> emission regulations will be tightened, that more countries will adopt carbon pricing, such as carbon taxes, and that carbon taxes will soar. Moreover, ESG (environmental, social, and governance) investment is growing, having a significant impact on market rules.

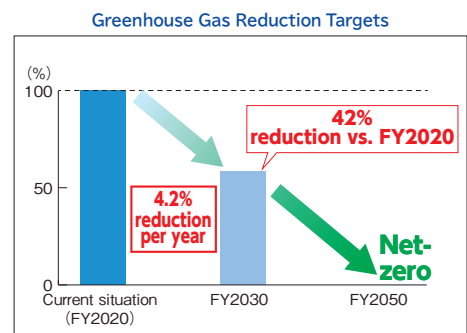
Given this situation, the Shinko Group is strengthening efforts to address climate change, aiming to contribute to the realization of a decarbonized society.

\*1 Paris Agreement: An international framework for the prevention of global warming agreed at the 21st Session of Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) held in Paris in 2015.

### Medium- to Long-term Targets Related to Climate Change

To contribute to realize a decarbonized society and to respond to climate change, we have recently established medium- to long-term targets related to climate change. Aiming to achieve net-zero greenhouse gas emissions and a rate of renewable energy use of 100% by FY2050, we back cast from these FY2050 targets to establish targets for FY2030 and the Environmental Action Program (Stage 10). In line with these targets, we will take specific actions that address global social issues.

	FY2030 Targets	FY2050 Targets
Net reduction in greenhouse gas emissions	42% reduction (vs. FY2020)	Net-zero emissions
Rate of renewable energy use	40%	100%



### Climate Change Countermeasures Promotion System

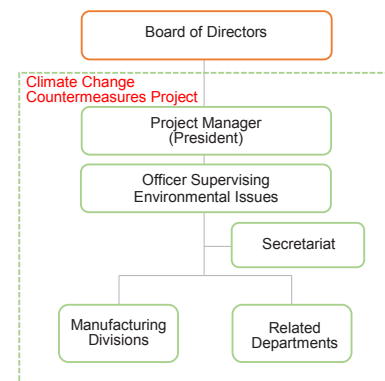
The Shinko Group regards climate change as one of our most important management issues. To achieve our medium- to long-term targets, we recently revised our promotion system, launched a new climate change countermeasures project and are starting activities.

The President serves as the project manager, with all manufacturing divisions and related departments participating in a system that involves the whole company.

In addition to reducing GHG emissions, we have also started new activities to use renewable energy, such as the introduction and expansion of renewable energy use and the generation of renewable energy itself.

We report on climate change initiatives to the Board of Directors as needed, and the system is designed to ensure effective supervision by the Board of Directors.

Climate Change Countermeasures Promotion System



### Participation in International Climate Change Initiatives

The Fujitsu Group’s GHG reduction target was approved by SBT<sup>\*2</sup> and Fujitsu Group is a member of RE100.<sup>\*3</sup> As part of the Fujitsu Group, the Shinko Group recognizes the role that we should play, and we will contribute to realizing a decarbonized society.

\*2 SBT: Science Based Targets. Greenhouse gas emission reduction targets consistent with the levels required by the Paris Agreement.

\*3 RE100: Renewable Energy 100%. An international initiative that aims to source 100% of the energy consumed by business activities from renewable energy.

## Specific Initiatives, Part 2: Strengthening Human Resource Development



To further strengthen our human resource development, we have newly established a human resource development policy and are reviewing our training system.

Based on our human resource development policy, we will continue to enhance our education programs and improve individual training sessions in order to develop excellent employees who can meet the requirements of an increasingly sophisticated semiconductor market.

### Human Resource Development Policy

Employees are the Shinko Group's most valuable asset. Based on the philosophy encapsulated in the Shinko Way, the Shinko Group supports employees so that they can improve their abilities and expertise to achieve growth through their own work.

#### Professional

**Develop employees who are proud of their work and constantly pursue evolution in their respective fields of expertise**

#### Autonomy and Challenge

**Develop employees who continue to take on the challenge of personal growth to create new value**

#### Integrity and Trust

**Develop employees who, using sound ethics and integrity, can build relationships of trust with stakeholders**

Representative Director of Board, President  
SHINKO ELECTRIC INDUSTRIES CO., LTD.

### Establishing the SHINKO Techno Academy

In February 2021, we established the SHINKO Techno Academy at our Kohoku Plant (Nagano City) with the aim of increasing the knowledge and skills of employees working at manufacturing sites.

Currently, we are conducting Practical Skills Education (Beginner's Course) for new graduates and mid-career hires to provide intensive education combining safety, health, and material engineering with practical training, such as equipment handling. In the future, we plan to have courses for those with work experience at our company. The Academy will gradually improve educational programs so that employees can systematically learn while practicing the knowledge needed on manufacturing lines.

Our goal is to further strengthen our manufacturing sites, which are the foundation of our business, and to contribute to manufacturing by utilizing our advanced engineering.



Main gate of SHINKO Techno Academy



Technical training



Group work

## Specific Initiatives, Part 3: Countermeasures Against COVID-19



COVID-19 has been raging around the world since 2020. To prevent infections and halt the spread of the virus, we have continually adopted countermeasures, including those to avoid the 3Cs—closed spaces, crowded places, and close-contact settings—directed by a basic policy. In this way, we are working to keep our business running.

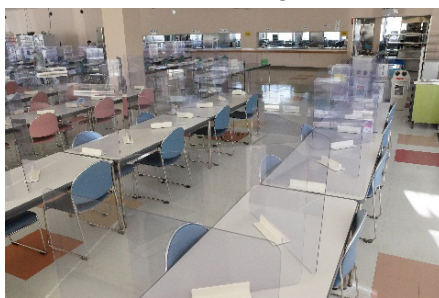
### Basic Policy

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 including customers, suppliers, local community members, and employees.

### Key Ways of Preventing Infection and Stopping the Spread of COVID-19

In response to the spread of COVID-19 from 2020, we have taken the following measures to prevent infection and halt the spread of the virus:

1. Remote working from home for indirect departments, such as administrative and sales departments, etc.
2. Thorough measures to prevent the 3Cs (closed spaces, crowded places, and close-contact settings) in our facilities:
  - Changed the layout of offices and cafeterias, installed dividers; limited the number of people
  - Postponed or canceled internal meetings; switched to online meetings, used stricter rules for meeting rooms, etc.
3. Generally prohibited overseas and domestic business trips as well as social gatherings and dinners with meals and drinks
4. Restricted entrance of visitor
5. Checked temperature and physical condition of employees before coming to work, and prohibited any employee from coming to work if they felt unwell
6. Urged employees to hold off on private travel to areas where the virus is spreading
7. Instructed employees to fully implement basic infection prevention (wearing masks, strict observance of washing hands, and hand sanitization avoiding the 3Cs, etc.)



Installation of acrylic dividers in cafeterias



Remote working from home

At overseas locations, we are working to minimize the impact on operations through infection countermeasures, including remote working, following the policies and guidance of national and local governments in each country.

### Support for Healthcare Professionals

In March 2021, we donated 10 million yen to Nagano Prefecture and 5 million yen to Niigata Prefecture to support medical professionals who are working hard on tackling COVID-19.

We have several sites in Nagano and Niigata Prefectures, and our business activities are dependent on the understanding and cooperation of local residents. We made these donations with the hope that they will help people working on the medical front lines, where the workload is increasing due to the vaccination campaign and other factors. Governor Shuichi Abe of Nagano Prefecture presented a letter of appreciation to us, along with the words, “I hope we will overcome the COVID-19 pandemic through mutual support in the local community.”




















Presentation ceremony (left: Chairman Fujita of Shinko, right: Governor Abe)




# CSR Activity Management

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

## Our Targets and Results for FY2020

Shinko Way Corporate Values	Theme	FY2020 Targets	FY2020 Results	SDGs
Society and Environment	Promoting activities to lower our environmental impact	●Reductions in CO <sub>2</sub> emissions Hold below 176,233 t-CO <sub>2</sub>	●CO <sub>2</sub> emissions Emissions: 165,702 t-CO <sub>2</sub>	       
		●Reductions in generation of waste Hold below 7,423.1 tons *Revised in FY2020	●Generation of waste Generation: 5,827.7tons	
		●Reductions in use of water resources Reduce by 90,500m <sup>3</sup> *Revised in FY2020	●Reductions in use of water resources Reduction: 101,557m <sup>3</sup>	
		●Contributing to biodiversity	●Established guiding principles for biodiversity and an action program; implementing ecological survey in the Kurita Sogo Center, etc.	
		●Green procurement (reductions in CO <sub>2</sub> 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	●Promoted green procurement · Performed environmental surveys on 100% of applicable suppliers · Survey response rate: 100% · Made requests and provided support to 100% of 1st tier suppliers that have 2nd tier suppliers	
	Promoting reductions in environmental and safety risk	●Promote hazard prediction (HP) activities	●Implemented HP activities during maintenance work at all plants	
		●Reduce environmental and safety risk	●Implemented inspections based on annual comprehensive safety inspection plans	
	Initiatives to protect the local environment	●Conduct environmental volunteering cosponsored by labor union and management through the adopt-a-forest program in Iizuna Town, Nagano Prefecture	●Removed underbrush with adopt-a-forest program in Iizuna Town, Nagano Prefecture in October	
		●Conduct environmental beautification activities at all plants	●Activity canceled due to the spread of COVID-19	
	Coexistence and dialogue with local communities	●Engage with local communities through plant tours	●Hosted plant tours for nearby high school students	
Profit and Growth / Shareholders and Investors	Strengthen corporate governance	●Improve initiatives that encourage adherence to the principles of the Corporate Governance Code and information disclosure	●Promoted initiatives that encourage adherence to the principles of the Corporate Governance Code and information disclosure	
	Enriching dialogues with shareholders and investors	●Promote constructive dialogues with shareholders and investors	●Some activities canceled due to the spread of COVID-19; made use of web conferences, etc.	
		●Improve information distribution to stakeholders	●Improved information distribution with redesigned official website	

Shinko Way Corporate Values	Theme	FY2020 Targets	FY2020 Results	SDGs
Profit and Growth / Shareholders and Investors	Strengthen compliance	●Implement countermeasures to reduce compliance risks	●Held training sessions related to compliance	  
	Strengthen information management	●Operate an information protection and a personal information protection management system	●Operated an information protection and a personal information protection management system and conducted training on information security	
	Risk management	●Conduct risk management	●Conducted potential risk survey and management review	
●Business continuity initiatives		●Countermeasures against COVID-19 infection and wind and flood damage		
Global Perspective	Strengthening overseas compliance system	●Reinforce compliance and reduce compliance risks in line with the Global Compliance Program (GCP)	●Provided compliance related e-Learning at each site	 
	Providing opportunities and active support for skills development	●Expand training programs for developing globally aware human resources	●Held online foreign language training	
Employees	Creating a vibrant corporate culture that takes into account work-life balance	●Improve productivity and achieving work-life balance by strengthening the Transforming Work Styles initiative	●Introduced remote working from home, expanded the using of shorter working hours, increased reasons for taking accumulated vacations, introduced departmental commendation system, etc.	  
		●Support career development and improvement of working environments to encourage the active participation of women	●Held various training sessions and seminars to raise awareness	
	Providing opportunities and active support for skills development	●Enhance training to develop human resources that will lead in the future	●Established human resource development policy, opened the SHINKO Techno Academy, bolstered education programs, etc.	
	Promoting health, safety, and fire and disaster prevention activities; achieving a safe, comfortable, and accident-free workplace	●Conduct health, safety, and fire and disaster prevention activities in accordance with 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 fires and on disaster prevention activities	
		●Promote detailed safety awareness and safe behavior of employees, and prevented accidents due to carelessness and unsafe behavior	●Conducted safety education programs throughout the company as well as periodic patrols and inspections, traffic safety awareness raising campaigns, education, guidance, etc.	
		●Conduct continual 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	
●Improve employees' awareness of health management, and create a healthy workplace where everyone can work energetically		●Certification as an Outstanding Health and Productivity Management Organization, activities to reduce smoking rates, specific health guidance, company-wide cancer education, etc.		












Shinko Way Corporate Values	Theme	FY2020 Targets	FY2020 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"> <li>● Increase compliance awareness through education and training for relevant departments on the security trade control system</li> </ul>	<ul style="list-style-type: none"> <li>● Conducted training on the security trade control system for sales department, related departments, new managers, new hires, etc.</li> </ul>	
Business Partners	Promoting CSR throughout the supply chain	<ul style="list-style-type: none"> <li>● Make sure suppliers are aware of our procurement policy</li> </ul>	<ul style="list-style-type: none"> <li>● Made sure all suppliers in and outside Japan are aware</li> </ul>	  
		<ul style="list-style-type: none"> <li>● Give CSR questionnaires to main suppliers</li> </ul>	<ul style="list-style-type: none"> <li>● Gave CSR questionnaires and feedback to main suppliers (implementation rate: 100%)</li> </ul>	
		<ul style="list-style-type: none"> <li>● Confirm CSR compliance of subcontractors working on company premises</li> </ul>	<ul style="list-style-type: none"> <li>● Checked the situation on premises using the CSR questionnaire (twice yearly, implementation rate: 100%)</li> </ul>	
	<ul style="list-style-type: none"> <li>● Develop mechanism to ensure new suppliers are aware of our procurement policy and evaluate their compliance</li> </ul>	<ul style="list-style-type: none"> <li>● Established a system for ensuring awareness and evaluating; introduced it for new suppliers</li> </ul>		
	Promoting conflict minerals surveys and due diligence	<ul style="list-style-type: none"> <li>● Promote upstream surveys of raw materials using the RMI<sup>*1</sup> template and conduct due diligence</li> </ul>	<ul style="list-style-type: none"> <li>● Implemented a questionnaire survey using the RMI template, conducted interviews and risk assessment based on the survey results, and made procurement improvement requests</li> </ul>	
	Promoting BCP <sup>*2</sup> surveys of purchased goods and formulating BCP	<ul style="list-style-type: none"> <li>● Reduce risk through BCP questionnaire surveys and formulation of BCP</li> </ul>	<ul style="list-style-type: none"> <li>● Conducted BCP questionnaire surveys, interviews based on survey results and risk assessments, and made improvement requests</li> </ul>	

\*1 RMI: Responsible Minerals Initiative









\*2 BCP: Business Continuity Plan



## Our Targets for FY2021

Shinko Way Corporate Values	Theme	FY2021 Targets	SDGs
Society and Environment	Promoting activities to lower our environmental impact	<ul style="list-style-type: none"> <li>● Reductions in greenhouse gas emissions                             <ul style="list-style-type: none"> <li>• Reduce CO<sub>2</sub> emissions by 4.2% or more from the base year (FY2020)</li> <li>• Increase renewable energy use by 4%</li> </ul> </li> </ul>	
		<ul style="list-style-type: none"> <li>● Reductions in generation of waste Reduced generation to 7,269 tons or less</li> </ul>	
		<ul style="list-style-type: none"> <li>● Reductions in use of water resources Reduced consumption by 19,000 m<sup>3</sup></li> </ul>	
		<ul style="list-style-type: none"> <li>● Conservation of biodiversity                             <ul style="list-style-type: none"> <li>• Conservation activities through participation in adopt-a-forest program</li> <li>• Conduct biodiversity conservation activities in the Kurita Sogo Center, etc.</li> </ul> </li> </ul>	
		<ul style="list-style-type: none"> <li>● Green procurement (reductions in CO<sub>2</sub> emissions and maintenance of water resources)                             <ul style="list-style-type: none"> <li>• Perform environmental surveys on 100% of applicable suppliers</li> <li>• Survey response rate: over 90%</li> <li>• Make requests and provide support to 100% of 1st tier suppliers that have 2nd tier suppliers</li> </ul> </li> </ul>	
	Initiatives to protect the local environment	<ul style="list-style-type: none"> <li>● Conduct environmental volunteering cosponsored by labor union and management through the adopt-a-forest program in Iizuna Town, Nagano Prefecture</li> </ul>	
		<ul style="list-style-type: none"> <li>● Conduct environmental beautification activities at all plants</li> </ul>	
	Coexistence and dialogue with local communities	<ul style="list-style-type: none"> <li>● Human resource exchange with local communities; contribute to human resource development and social activities in the region</li> </ul>	
		<ul style="list-style-type: none"> <li>● Support for social contributions by employees</li> </ul>	
		<ul style="list-style-type: none"> <li>● Contribute to local culture and social infrastructure</li> </ul>	
Profit and Growth / Shareholders and Investors	Strengthen corporate governance	<ul style="list-style-type: none"> <li>● Respond to revisions to the Corporate Governance Code; improve information disclosure on corporate governance, etc.</li> </ul>	
	Enriching dialogues with shareholders and investors	<ul style="list-style-type: none"> <li>● Promote constructive dialogues with shareholders and investors</li> </ul>	
		<ul style="list-style-type: none"> <li>● Improve dissemination of information to stakeholders</li> </ul>	
	Strengthen compliance	<ul style="list-style-type: none"> <li>● Implement countermeasures to reduce compliance risks</li> </ul>	
	Strengthen information management	<ul style="list-style-type: none"> <li>● Operate an information protection and a personal information protection management system</li> </ul>	
	Risk management	<ul style="list-style-type: none"> <li>● Conduct risk management                             <ul style="list-style-type: none"> <li>• Strengthen escalation system in the event of a risk occurring</li> <li>• Understand important risks; consider and revise measures in advance</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>● Strengthen business continuity initiatives (COVID-19, natural disasters, etc.)</li> </ul>			

- The Shinko Way
- Introduction
- President Message
- SDGs
- CSR
- Environment
- Social
- Governance
- Others

Shinko Way Corporate Values	Theme	FY2021 Targets	SDGs
Global Perspective	Strengthening overseas compliance system	● Reinforce compliance and reduce compliance risks in line with the Global Compliance Program (GCP)	
	Providing opportunities and active support for skills development	● Expand training programs for developing globally aware human resources	
Employees	Creating a vibrant corporate culture that takes into account work-life balance	● Improve productivity and achieve 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	● Enhance training to develop human resources that will lead in the future	
	Achieving a safe, comfortable, and accident-free workplace	● Conduct health, safety, and fire and disaster prevention activities in accordance with the laws and regulations	
		● Promote detailed safety awareness and safe behavior of employees, and prevent accidents due to carelessness and unsafe actions	
	● Conduct continual risk reduction activities ● 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	● Education and training for relevant departments on the security trade control system and specified export declaration system	
Business Partners	Promoting CSR throughout the supply chain	● Make sure suppliers are aware of our procurement policy	
		● Give CSR questionnaires to main suppliers ● Confirm CSR compliance of subcontractors working on company premises	
	Promoting conflict minerals surveys of purchased goods and due diligence	● Promote upstream surveys of raw materials using the RMI <sup>*1</sup> template and conduct due diligence	
	Promoting BCP <sup>*2</sup> surveys of purchased goods and formulating BCP	● 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 are promoting environmental management to realize a sustainable society.

## Environmental Policy

We developed the “Shinko Environmental Charter” in January 1994 to hand down our irreplaceable Earth to the next generation with a healthy environment. In December 2002, we revised the Charter to the “Shinko Environmental Policy” because environmental problems have been increasingly diversifying and environmental management has become more important.

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

Through the implementation of the Shinko Way, our fundamental vision is to harmonize our corporate activities with the global environment to maintain and improve the global environment through our product manufacturing.

#### Guiding Principles

1. Prioritize environmental conservation as a critical management focus and reduce our impact to the environment.
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. Contribute to the creation of an abundant society through countermeasures for climate change, effective utilization of resources and conservation of biodiversity.

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

Representative Director of Board, President  
SHINKO ELECTRIC INDUSTRIES CO., LTD.



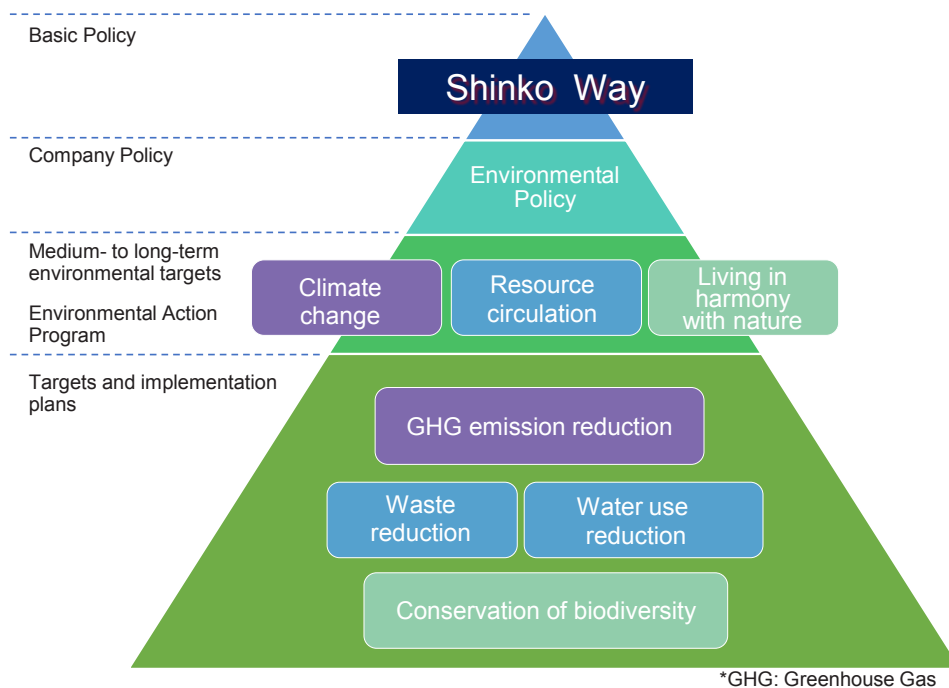
Kurita Sogo Center

## To Promote Efforts to Achieve a Sustainable Society

### Revising Our Environmental Activity Promotion System

In conjunction with determining the medium- to long-term environmental targets related to climate change and the Environmental Action Program (Stage 10), we revised our systems for promoting environmental activity. The medium- to long-term environmental targets and environmental action programs cover three areas: climate change, resource circulation, and living in harmony with nature. We are working to reduce our environmental impact for helping to mitigate these social issues.

Environmental Activity Promotion System



Specifically for climate change, we are promoting activities that address global social issues with the aims of achieving net-zero greenhouse gas emissions and a 100% renewable energy use by FY2050.

For resource circulation, we are promoting ways to maximize the more effective use and recycling of resources. We have formulated targets and environmental action programs targeting the year 2030 for the reduction of waste and reduction use water.

For living in harmony with nature, we will promote ways to reduce our impact on ecosystems and biodiversity based on our Guiding Principles for Biodiversity with the aim of preserving biodiversity in our corporate activities.

### Climate Change Initiatives

Guided by the international framework for global warming countermeasures established in recent years, the Shinko Group will contribute to realizing a decarbonized society by strengthening our initiatives that address climate change.

Aiming to achieve net-zero greenhouse gas emissions and 100% renewable energy use, we have recently established medium- to long-term targets, launched a climate change countermeasure project headed by the president, and began taking action.

We see tackling climate change as a top priority management issue, and we will work company-wide to help mitigate it.

For details, please refer to Specific Initiatives, Part 1: Responding to Climate Change on page 10.

## Resource Circulation Initiatives

Securing resources and resource circulation have also become important issues, especially for climate change, deforestation, and population and economic growth in emerging and developing countries. In order to create a sustainable society and reduce risks to business continuity, we have established medium- to long-term targets for reducing waste and cutting water use, and we are promoting activities aimed at utilizing resources effectively and maximizing recycling.

### ●Medium- to Long-Term Environmental Targets for Resource Circulation

	Vision	FY2030 Targets
Waste reduction	Aim to reduce and minimize waste	50% reduction vs. FY2020 levels
Water use reduction	Aim to reduce and minimize water use	5% reduction vs. FY2020 levels

## Environmental Management

The Shinko Group 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 individually.

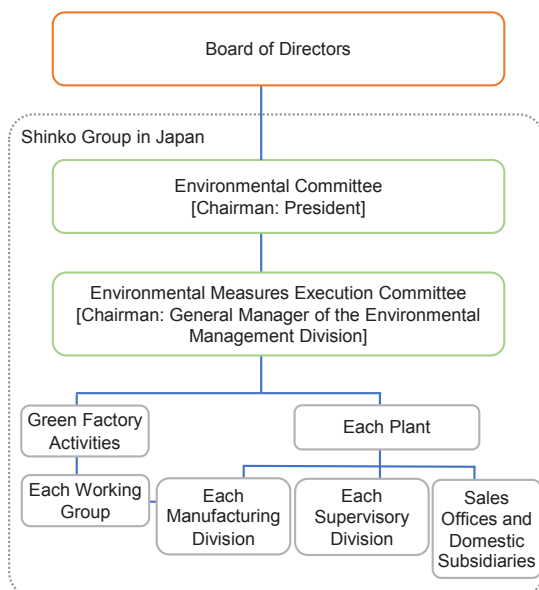
Below is a report on the activities of the Shinko Group in Japan.

### Promotion System

We have established an environmental committee chaired by the President to promote environmental management. As the highest decision-making body for environmental initiatives, the committee drafts, deliberates on, and reaches decisions on matters concerning environmental management, including examination of medium- and long-term issues, formulating policies, and countermeasures against business risks, and opportunities caused by climate change. The results are reported to the Board of Directors through the Environmental Committee.

We have also established an Environmental Measures Execution Committee as a subordinate organization under the Environmental Committee to deliberate 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.

Environmental Management Promotion System



### 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. In FY2020, we added biodiversity as an initiative issue and started new activities.

### 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.

In FY2020, we also conducted a remote audit for the first time as a countermeasure against COVID-19. By using a digital network, we were able to conduct an audit equivalent to an onsite audit. The remote audit had several advantages: participation from other plants, which is difficult for onsite audits, and live sharing of the audit's contents. We will use these advantages in the future to further improve our 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 FY2020.

### Environmental Education

To encourage each and every employee to always act with the environment in mind, both when performing corporate activities and when acting as an individual

member of 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.

In addition, during Environment Month in June, we used this as an opportunity to think about a sustainable global environment and to raise environmental awareness by holding events, such as beautification around our plants, as well as environmental quizzes.

### Environmental Risk Measures

The Shinko Group is continually making improvements to prevent and minimize environmental risks using our environmental management system. We anticipate environmental risks by climate change scenarios analysis, and then carry out mitigation and adaptation measures.

We are also promoting business continuity management (BCM) to prepare for natural disasters associated with climate change. Based on the Company-wide Disaster Prevention Guidelines, we are taking action and performing drills to minimize environmental risks, even for unforeseen events.

[Risk Management Company-wide Disaster Prevention \(page 58\)](#)

Some Environmental Risks and Opportunities Envisioned Based on Climate Change Scenario Analysis

#### ●Risks

- Coping with a decarbonized society (tightening regulations, increasing costs due to the shift to green power, etc.)
- Increasing and more serious natural disasters (damage to production bases, inability to obtain raw materials, etc.)

#### ●Opportunities

- Increasing corporate value by realizing low-carbon manufacturing processes (increasing orders, etc.)
- Improving business resilience by responding to each risk (improving customer confidence)

#### ●Exhaust Gas Treatment

Some exhaust gases from manufacturing equipment or wastewater treatment facilities contain hazardous

substances. Under thorough control, such exhaust gas is input to a unit called a “scrubber” so that hazardous substances can be removed and discharged to air. (Shinko is not subject to the Air Pollution Control Act.)

#### ●Wastewater Treatment

Wastewater from our manufacturing processes is detoxified by wastewater treatment facilities, and discharged to sewers or rivers under thorough control. Water discharged from plants to sewers or rivers is regulated by the Water Pollution Prevention Act and the Sewerage Act.

We thoroughly control wastewater by measuring water quality regularly depending on our voluntary standard values stricter than national and prefectural wastewater standard values.

#### ●Preparing for a Large-Scale Blackout

As part of our business continuity planning, we installed emergency power generators at all plants in case of a large-scale blackout due to an accident or disaster, ensuring power for lights, fire alarm systems, and other equipment during a blackout.



Emergency power generator (Arai Plant)

#### ●Safety Measures for Chemical Solution and Waste Liquid Equipment

Tanks for storing chemical solutions and waste liquids are systematically updated after a certain number of years, based on the material and the contents. Also, to prevent leaks in and outside our premises, we have installed liquid containment walls around our tanks. Liquid containment walls, tanks, piping, etc. are regularly inspected to detect deterioration and abnormalities at an early stage, leading to the prevention of leaks.

#### ●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).

### ●Flood Control

Due to the frequent flood damage caused by heavy rains and typhoons in recent years, we installed stands and raised up outdoor facilities as a flood control measure. Also, in anticipation of inundation indoors, we installed waterproof barriers to stop the flow of water.

### ●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)



















## The Environmental Action Program

We have established the Environmental Action Program with concrete activity goals to achieve the medium- to long-term targets under the Environmental Policy.

We promote environmental activities to achieve our corporate social responsibility goals, while working to maintain harmony between the global environment and our corporate activities.

### Environmental Action Program (Stage 9)

The Environmental Action Program (Stage 9) sets out environmental goals for FY2019 to FY2020. FY2020 was the final year of the Environmental Action Program (Stage 9). Although, in FY2020, due to an increase in production, we changed our target in some areas, we were able to achieve significant results in reducing water use by revising our initial targets.




















Item	Environmental Action Program (Stage 9)	Environmental Action Program (Stage 9) Results
Climate change 	<b>Reducing CO<sub>2</sub> emissions from energy consumption</b>	
	Hold CO <sub>2</sub> emissions from energy consumption at our facilities to within 176,233 t-CO <sub>2</sub> by the end of FY2020 <small>*We changed our target in FY2019.</small>	CO <sub>2</sub> emissions from energy consumption: 165,702 t-CO <sub>2</sub> (FY2020)   Achieved
Resource circulation 	<b>Reducing waste</b>	
	Hold generation of waste to within 7,423.1 tons by the end of FY2020 <small>*We changed our target in FY2020.</small>	Generation of waste: 5,827.7 tons (FY2020)  Achieved
	<b>Reducing water use</b>	
	Reduce water use to 4% of that used in FY2017 by the end of FY2020 <small>*We changed our target in FY2020.</small>	Implemented measures amount equivalent to 4.4% of that used in FY2017 (FY2019–FY2020)  Achieved
	<b>Controlling chemical substance emissions</b>	
	Hold emissions of chemical substances below the average for FY2012–2014	Implemented effective management   Achieved
Supply chain 	<b>Promoting green procurement</b> <ul style="list-style-type: none"><li>Promote upstream initiatives in the supply chain to reduce CO<sub>2</sub> emissions and contribute to the maintenance of water resources</li></ul> <ol style="list-style-type: none"><li>Perform surveys on 100% of applicable suppliers</li><li>Survey response rate: more than 90%</li><li>Make requests and provide support for CO<sub>2</sub> reduction activities to 100% of 1st tier suppliers that have 2nd tier suppliers</li></ol>	<ol style="list-style-type: none"><li>Surveys performed on applicable suppliers: 100%</li><li>Survey response rate: 100%</li><li>Requests made and support provided to 1st tier suppliers that have 2nd tier suppliers: 100%</li></ol>    Achieved
SDGs 	<b>Contributing to the achievement of the SDGs</b>	
	Contribute to the achievement of the SDGs through business activities	<ul style="list-style-type: none"><li>Participated in tree planting (adopt-a-forest program)</li><li>Collected and donated used prepaid cards</li><li>Implemented beautification around our plants</li></ul>    Achieved

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

## Environmental Action Program (Stage 10)

Our Environmental Action Program (Stage 10) sets out concrete environmental goals to be achieved over two years: FY2021 to FY2022. We have added a new theme, Living in harmony with nature, to the activities that we have been working on for mitigating climate change and for resource circulation, and we will further strengthen our activities to realize a sustainable society.

### Environmental Action Program (Stage 10)

Climate change 	<b>Reduction of GHG emissions (GHG: greenhouse gas)</b>
	<ul style="list-style-type: none"> <li>● Reduce CO<sub>2</sub> emissions by 4.2% or more per year from the base year (FY2020)</li> <li>● Increase renewable energy use by 4% per year</li> </ul>   
Resource circulation 	<b>Reducing waste</b> Hold generation of waste to within 7,254 tons by the end of FY2022 
	<b>Reducing water use</b> Reduce water use to 1% (38,000m <sup>3</sup> ) of that used in FY2020 by the end of FY2022  
Supply chain 	<b>Promoting green procurement</b> <ul style="list-style-type: none"> <li>● Promote upstream initiatives in the supply chain to reduce CO<sub>2</sub> emissions</li> <li>● Strengthen awareness of water resource conservation upstream in the supply chain</li> </ul>  
Living in harmony with nature 	<b>Conservation of biodiversity</b> Recognizing that our business benefits from, as well as influences, biodiversity, we will aim for a sustainable and rich society as we contribute to preserving biodiversity through our business operations. <ul style="list-style-type: none"> <li>● Participate in the adopt-a-forest program in Nagano Prefecture</li> <li>● Engage in biodiversity conservation in the Kurita Sogo Center</li> <li>● Implement environmental education and awareness activities to foster consciousness of biodiversity</li> </ul>       

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

## Tackling Climate Change

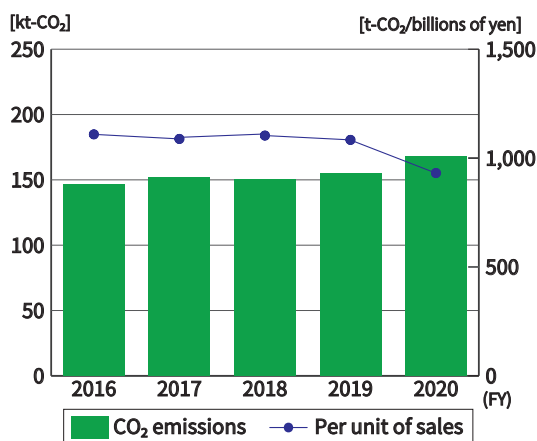
### Reducing CO<sub>2</sub> Emissions from Energy Consumption

#### ●Results of Activities

In FY2020, CO<sub>2</sub> emissions from energy use increased by approximately 14,000 t-CO<sub>2</sub> compared with FY2019, but we were able to reduce CO<sub>2</sub> emissions intensity per unit of sales by 153 t-CO<sub>2</sub>/billion yen compared with FY2019.

We anticipate an increase in energy use due to increase of production capacity for flip-chip type packages, for plastic BGA substrates, and other products. Based on this situation, we are focusing on energy reduction activities for existing and new equipment.

CO<sub>2</sub> Emissions



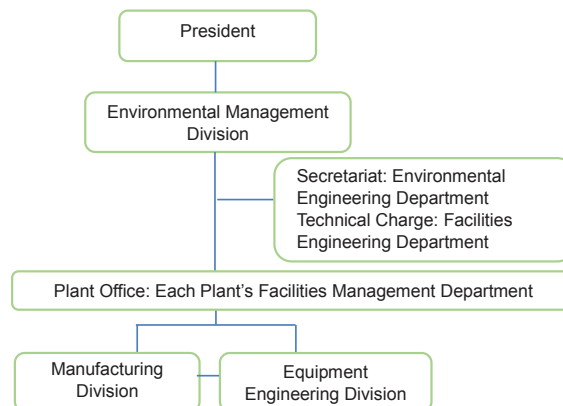
### Resource and Energy-Reduction Projects

In order to curb the amount of energy use that increases year by year, we launched Resources and Energy-Reduction Projects in FY2013. We have continued activities aimed at the challenging goal of cutting energy use to 61,000 t-CO<sub>2</sub>, which is equivalent to half the amount in FY2012, by FY2020.

With these projects, we have established a cooperative system that transcends the boundaries of plants and manufacturing divisions by conducting energy-saving patrol by the president and officers, holding onsite review meetings, and sharing successful examples of initiatives. In addition, though in the past these activities mainly centered on equipment designers, we now include process design personnel to further reduce energy from another perspective.

Although our target was not achieved, we succeeded in reducing CO<sub>2</sub> by the equivalent of 50,300 t-CO<sub>2</sub> over eight years.

### Resource and Energy-Reduction Projects Structure



Here is an example of the sizable results achieved during this activity.

#### <Changed the Way of Dehumidifying Product Storage Boxes>

Storage boxes are supplied low-humidity air to prevent quality from degrading during storage.

We used to use two dehumidification processes to make this air: cooling to dehumidify, followed by removing humidity through adsorption. However, we revised this procedure by eliminating the process for adsorbing moisture. This contributed significantly to reducing CO<sub>2</sub> emissions and costs.

Since this initiative also changes the product storage conditions, we fully investigated and experimented to make certain that product quality was not affected, and made further changes in the facility to overcome any quality issues. This took a lot of effort, but it produced a big result.

#### Effects

- Reduced power consumption: 1,500 MWh/year
- CO<sub>2</sub> emissions: Reduction of 600 t-CO<sub>2</sub>/year
- Electricity cost: Reduction of 32 million yen/year

Although this project ended in FY2020, we will effectively utilize the system we have changed in the process of our activities to reduce environmental impact in the future. In addition, climate change is an issue that is becoming increasingly important, and we will continue to strengthen our measures to reduce greenhouse gas emissions, including the introduction of renewable energy.

**<Examples of Activities in FY2020>**

- Implemented energy-saving inspection patrols at manufacturing sites
- Increased the high efficiency of utility equipment
- Improved the energy-saving design of new manufacturing equipment
- Reduced air conditioning loads to prevent heat dissipation and to retain heat in high-temperature equipment (dryers, etc.)
- Improved efficiency by changing our manufacturing specifications
- Converted manufacturing equipment to use standby modes (operating only when processing products)
- Switched to LED lighting in plants
- Made use of waste heat

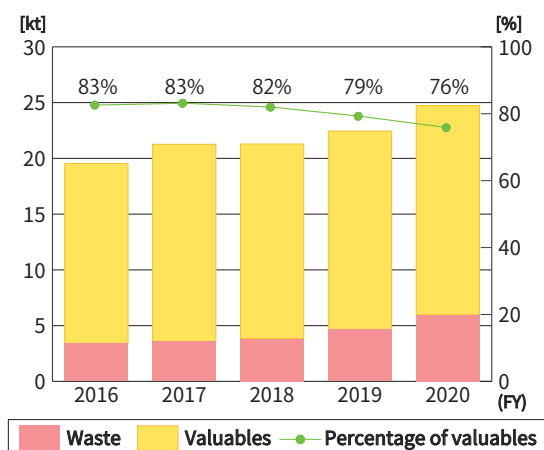
## Resources Circulation

### Waste Reduction Activities

#### ●Results of Activities

Gross output (amount of waste + valuable material) in FY2020 increased by approximately 10% over FY2019. Waste is increasing due to changes in the chemicals used and expanded production with the shift to next-generation products. On top of this, waste plastics are still the main items that end up as waste because they cannot be sold for value. These are factors in the increase in waste volume and the decrease in the rate of valuable resources. 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. Cutting weight by reducing moisture content
6. In-house processing

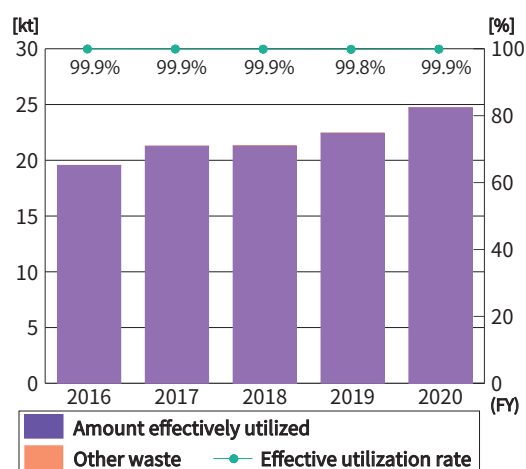
#### ●Effective Utilization of Waste

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. In FY2020, from the perspective of preventing the spread of COVID-19, some contractors were subject to document verification.

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

In FY2020, we cut back on our water use by 3.1% (101,557 m<sup>3</sup>) against the target of reducing water use by 2.7% (90,500 m<sup>3</sup>) in FY2017. So, the Environmental Action Program (Stage 9) target was achieved with a 4.4% (143,764 m<sup>3</sup>) reduction, combining the 1.3% (42,207 m<sup>3</sup>) result for FY2019 with the result for FY2020.

In this activity, we expanded the scope of our activities by taking actions for equipment and process. In particular, we have strengthened the recycling of water used in the manufacturing process and the review of water supply for pure water used for rinsing product.

Here is an example of our activities.

#### <Recycling Polishing Wastewater>

At the Arai Plant, we introduced a recycling system for wastewater from polishing during the surface treatment process.

In the conventional cleaning process, all polishing wastewater was dumped out. In response, we introduced a recycling system using filtering equipment for polishing wastewater to remove contamination from the water used for polishing, making it usable again.

This has significantly reduced the amount of water supplied and the wastewater that is treated.

#### Before Taking Action

All polishing wastewater was dumped out.



#### After Taking Action

Filtering equipment was introduced to recycle wastewater from polishing.



#### <Results>

- Recycling rate for polishing wastewater: approx. 90% (36,000 m<sup>3</sup>/year)
- Water supply and volume of wastewater discard: reduced by about 90%
- Cost cutting: 6 million yen/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

## Controlling Emissions from Chemical Substances

Chemical substances make our lives convenient, but the improper use of some of them may have a negative impact on people's health and the environment. The Shinko Group appropriately manages and uses chemical substances to eliminate negative effects on people and the environment.

### ●Chemical Substance Control

Chemical substances used in product development and manufacturing are controlled by checking the transaction volume and the amount of emissions and movement to the environment (atmospheric air, water, and soil) based on the PRTR system<sup>\*1</sup>. When previously unused chemical substances are to be processed, they will be used properly after conducting a risk assessment to identifying any environmental risks.

### ●Control of Chemical Substances Contained in Products

The information on the chemical substances contained in purchased products is identified and controlled based on chemSHERPA®<sup>\*2</sup>, and we have built a system which enables us to respond to customer requests and so that various laws and regulations can be met.

We request major suppliers of components to build the CMS (Chemical substances Management System) as a measure to keep hazardous substances out of our products. In addition, we audit chemical substance control status periodically and continually. If an insufficiency is detected, we request that the supplier to correct it and support its improvement.

\*1. PRTR system: Pollutant Release and Transfer Register system is the system for collecting and reporting information about chemical substances that are emitted and moved to the environment. This system is defined in the Ordinance for Enforcement of the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof and is imposed on business operators handling chemical substances.

\*2. chemSHERPA®: Chemical information SHaring and Exchange under Reporting PArtnership in supply chain. chemSHERPA® is the data generation tool for obtaining and disseminating information on the

chemical substances contained in products and can be used by all business operators involved in processes from raw material procurement to product finishing.

## Living in Harmony with Nature

### Conservation of Biodiversity

The Shinko Group spouses the Environmental Policy for Contribute to the creation of an abundant society through countermeasures for climate change, effective utilization of resources and conservation of biodiversity. We aim to create a sustainable and rich society, we have established the Guiding Principles for Biodiversity in order to work with society to pursue the ideal state for people and nature.

Recognizing that our society both benefits from and affects biodiversity, we are promoting actions that conserve biodiversity through our business activities.

#### Guiding Principles for Biodiversity

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

#### Initiatives

1. Advance the adopt-a-forest program in Nagano Prefecture.
2. Engage in biodiversity conservation activities in the Kurita Sogo Center.
3. Foster consciousness of biodiversity through environmental education and awareness activities.



### Action Plan for Biodiversity

We will work on activities toward our ideal state, based on our Guiding Principles for Biodiversity.

Action Plan for Biodiversity	Our Ideal State
1. Advance the adopt-a-forest program in Nagano Prefecture ➔ Forest maintenance: Twice a year (planting saplings, removing underbrush, etc.)	Work with the local community to contribute to continuing biodiversity conservation activities.
2. Engage in biodiversity conservation activities in the Kurita Sogo Center ➔ Environmental maintenance (removal of invasive species, and conservation of native and rare species, etc.); monitoring	Robust conservation of the healthy ecosystems in the Kurita Sogo Center.
3. Foster consciousness of biodiversity through environmental education and awareness activities ➔ Environmental education and activities	Work to improve each employee's awareness of biodiversity.

### Medium-Term Targets

Action plan	FY2020	FY2021	FY2022	FY2023	After FY2024
1. Advance the adopt-a-forest program in Nagano Prefecture	Planting saplings and removing underbrush, etc. (twice a year)				
2. Engage in biodiversity conservation activities in the Kurita Sogo Center	Natural environment surveys				
		Indicator selection	Periodic measurement of effectiveness	• Continued measurement of effectiveness • Review of activities	
3. Foster consciousness of biodiversity through environmental education and awareness activities	Environmental education (three times a year) / Environmental awareness activities (twice a year)				



### Biodiversity Conservation in Cooperation with the Local Community

Shinko and the labor union participate in the adopt-a-forest program promoted by Nagano Prefecture. We help to maintain forests owned by Iizuna Town around Lake Reisenji.

Through this activity, we continue to contribute to biodiversity conservation in cooperation with the local community.



Activities in the adopt-a-forest program (removing underbrush)

### Education and Awareness Building on Biodiversity

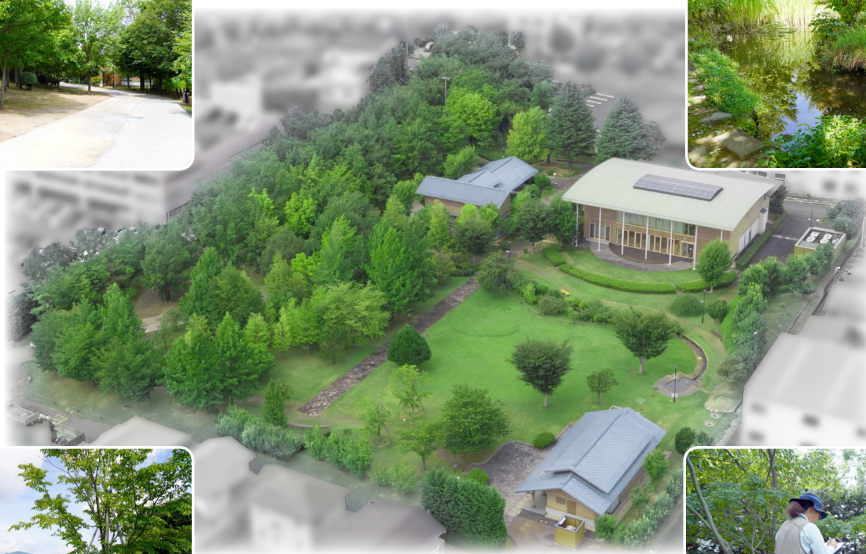
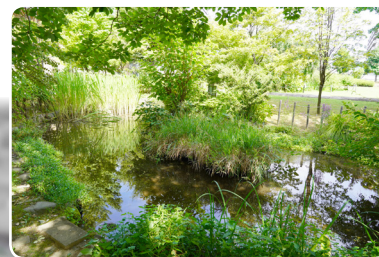
We had already been conducting education and awareness building on biodiversity, but we are now working to further strengthen these initiatives based on the Guiding Principles for Biodiversity.

We will develop human resources so that each and every employee understands the importance of biodiversity and its relationship with business activities, as well as behavior that is biodiversity-aware, not only at work but also in daily life.

In FY2020, we established an action plan for FY2021 and beyond, and published educational materials on biodiversity.

### Engage in Biodiversity Conservation Activities in the Kurita Sogo Center

Our Kurita Sogo Center, located near Nagano Station, spreads out like an oasis in an urban area. Here, we continually conduct natural environment surveys. In FY2020, we conducted two surveys to understand the current situation of diversity for 159 species of plants and 75 species of other living things. We will compile the results of the surveys and use them in future activities.



Kurita Sogo Center (Kurita, Nagano City)



Natural environment survey

## 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.

To continually conduct business operations that do not burden the environment, we have established an environmental management system, implement environmental impact reduction activities, provide environmental education, and conduct beautification activities around our plants.

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

	FY2020 Targets	FY2020 Results
Energy reduction	Reduce CO <sub>2</sub> emissions from energy consumption by 2% compared to FY2019 and hold it below 69.3 t-CO <sub>2</sub> /billion won per year (amount per unit of sales)	54.4 t-CO <sub>2</sub> /billion won (achievement rate: 121.5%)
Waste reduction/recycling	Reduce generation of waste by 2% compared to FY2019 and hold it below 1.45 t/billion won per year (amount per unit of sales)	1.23 t/billion won (achievement rate: 115.2%)
Water use reduction	Reduce water use by 2% compared to FY2019 and hold it below 225.8 t/million pieces per month (amount per unit of production)	203.7 t/million pieces (achievement rate: 109.8%)

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

	FY2020 Targets	FY2020 Results
Energy reduction	Reduce electricity use for air conditioning by 2% compared to FY2019 and hold below 3,817 MWh/year.	3,636 MWh/year (achievement rate: 104.7%)
	Reduce electricity use for air compressors by 2% compared to FY2019 and hold below 3,575 MWh/year.	4,197 MWh/year (achievement rate: 82.6%)
	Reduce diesel fuel consumption by 2% compared to FY2019 and hold below 897,000 L/year.	963,000 L/year (achievement rate: 92.6%)
Waste reduction/recycling	Increase recycling rate for packaging materials to 52% or higher per month	61.5% (achievement rate: 118.3%)
Water use reduction	Hold water use below 48.06 m <sup>3</sup> /million pieces per month (amount per unit of production)	40.3 m <sup>3</sup> /million pieces (achievement rate: 116.1%)

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

	FY2020 Targets	FY2020 Results
Energy reduction	Reduce power consumption by 600 kWh by switching to LED lighting	Reduced 608 kWh (achievement rate: 101.3%)

# 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 all employees 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 to Promote 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.

## 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. In FY2020, we conducted e-Learning and workplace education that deepened understanding—through case studies of unconscious bias—of the kinds of assumptions and prejudices that can arise. Through education on human rights, we are promoting the creation of an organizational culture that makes it easy for everyone to realize their full potential. During Human Rights Week in December each year, we post relevant articles to our intranet, and conduct other activities to raise awareness of respect for human rights by creating environments where all employees 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 as well as 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 caregiving is no longer necessary, (3) a system of leave for infertility treatment, and (4) increased hourly time off for parenting, symptoms



during pregnancy and specified diseases as well as shorter workhours for childcare in addition to (5) continually encouraging 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, Labor and Welfare as well as employees who are undergoing infertility treatment.

Going forward, we will continue to improve systems and foster a corporate culture that enables employees in a variety of circumstances to be active, no matter their life stage.

## 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 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. 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 our countermeasures against COVID-19, we introduced a remote work system. The system was officially adopted in August 2020 because, on top of enabling business continuity in the event of a disaster, it is a work style that makes it easier for employees dealing

with various life circumstances, such as parenting and caregiving, to continue to work. Even now, we are making process improvements, such as establishing online meetings and digitizing paper documents. 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.

### Adoption of a New Commendation System

We have introduced a new commendation system with the aim of adopting discoveries at manufacturing sites and using them to reduce the risk of defects in products as well as failures and accidents in the manufacturing process. Every month, valuable discoveries made by employees are recognized with a Good Job Award. The details of the discovery that merited the award are shared on our intranet, inspiring other discoveries based on a heightened awareness of manufacturing to spread within the company.

### 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

In FY2020, we conducted training for young employees and employees with parenting children, which we are continuing, guided by our second stage action plan based on the Act to Advance Women's Success in Their Working Life. At a Work-Life Balance Seminar for male and female employees raising children, managers who have experience with childrearing talked about their experiences, and we raised awareness of achieving a balance between work and childcare, including managing the health of working parents and children, and of awareness of medium- to long-term career development. At the Career Development Support Seminar for Young Employees in their second year at the Company, participants focused on studying future career development and gender equality.

Also, as a new initiative from FY2020, we conducted two training programs with the aim of fostering female leaders. In the female leader training conducted for female leaders, we improved motivation for work by fostering understanding of the various styles of leadership and the expectations of others. For the managers of female leaders, we conducted female leader development training and studied the importance of female leadership development and communication skills to support the progress of female leaders, while sharing the issues they face.

We also provide training from the perspective of

promoting diversity in rank specific training and introductory training for mid-career hires to promote gender equality within the Company.

Going forward, we will continue to encourage the active participation of women, and we aim to achieve our targets.

#### 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)

##### Targets

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

##### Initiatives

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



Female leader training

### 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 616 employees have made use of this system.

### Developing and Utilizing Human Resources

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 promotes the development of human resources who will lead the

future.

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.

### Human Resource Development Policy and Training System

To further advance human resource development, we have newly established a human resource development policy and are reviewing our training system.

As part of this effort, we established the Shinko Techno Academy in February 2021 as an in-house educational institution that will improve and hone the knowledge and skills of employees working at manufacturing sites. (For specific activities related to the Academy, please see Specific Initiatives, Part 2: Strengthening Human Resource Development on page 11.)

#### Human Resource Development Policy

Employees are the Shinko Group's most valuable asset. Based on the philosophy encapsulated in the Shinko Way, the Shinko Group supports employees so that they can improve their abilities and expertise to achieve growth through their own work.

**Professional**

**Develop employees who are proud of their work and constantly pursue evolution in their respective fields of expertise**

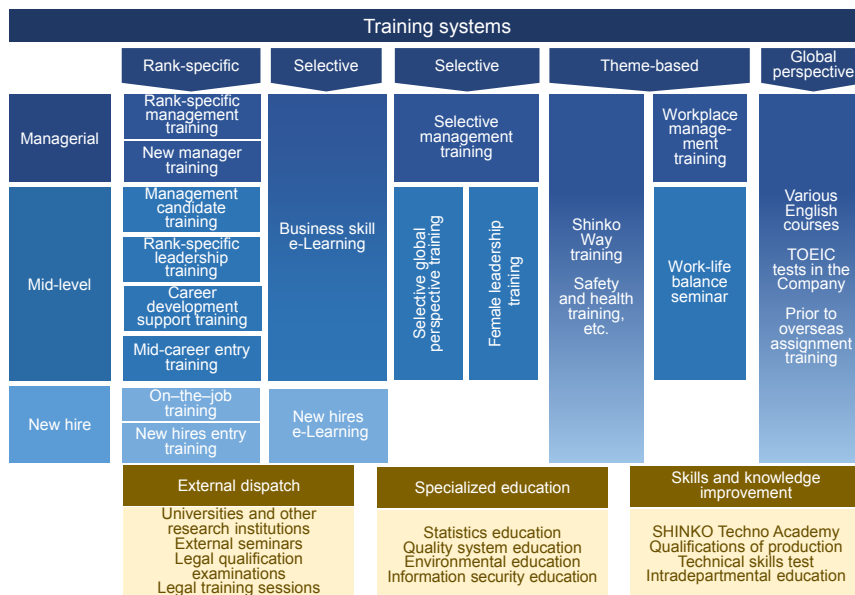
**Autonomy and Challenge**

**Develop employees who continue to take on the challenge of personal growth to create new value**

**Integrity and Trust**

**Develop employees who, using sound ethics and integrity, can build relationships of trust with stakeholders**

Representative Director of Board, President  
SHINKO ELECTRIC INDUSTRIES CO., LTD.



In FY2020, for one of our new educational programs, we launched business skills e-Learning with the aim of strengthening business skills according to employees' responsibilities. We offer opportunities for autonomous learning in which many employees choose the skills and knowledge necessary to perform their jobs from a range of courses.

Based on our human resource development policy, we will continue to enhance our education programs and improve individual training sessions in order to develop excellent employees who can meet the requirements of an increasingly sophisticated semiconductor market.

### 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 FY2020, we significantly improved the learning environment to improve the foreign language skills of the participants, such as making available online business foreign language courses and specialized English business skills 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.

### 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 treatment of employees based 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.

## Labor Relations

Since Shinko has adopted an union shop system, all ordinary employees are members of SHINKO ELECTRIC WORKERS UNION. The union participation rate is 90.0%.\* 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 negotiation, we respect each other's position, and work with the union to resolve various issues.

In FY2020, we worked at balancing corporate development and growth by providing fulfilling, healthy lives for all employees by regularly sharing information about initiatives to reduce overtime, encourage the taking of leave, relocating smoking areas to outdoor areas, establishing rules for not smoking, etc. based on a joint labor-management declaration for Transforming Work Styles. Going forward, we will continue initiatives to 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

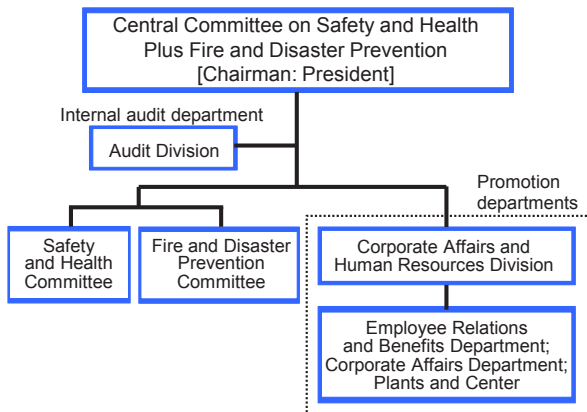
### Safety and Health Plus Fire and Disaster Prevention Promotion System

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.

Representative Director of Board, President  
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.

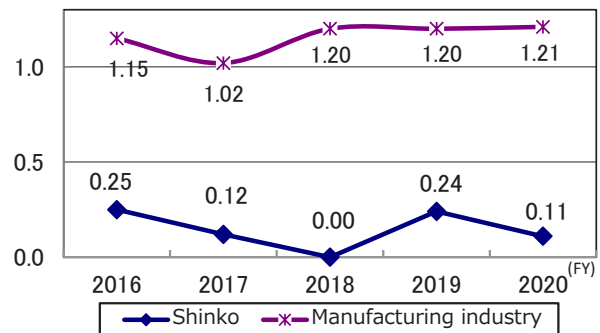
リスク抽出表 —2020年度安全週間—(直接部門用) 年 月 日			
従業員No.	氏名	所属	
工程・装置名	作業内容	場所	棟 階
リスク内容	危険性のある作業について、具体的に記入してください。(〇〇なので〇〇になる、〇〇した時に〇〇になる等)		
リスク低減対策案	リスクを低減するための対策について、提案を記入してください。		
◎所属記入欄			所属長
<input type="checkbox"/> 「リスクアセスメント実施報告書」に記載しリスクアセスメント改善対応を行う <input type="checkbox"/> 自部門の対応が困難で、他部門・安全衛生事務局と連携し、対応を行う <input type="checkbox"/> 表示等による注意喚起済み <input type="checkbox"/> 既に改善済み <input type="checkbox"/> その他 ( )			
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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 FY2020, 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 examination results indicate findings, to manage employee health. In addition, we subsidize the cost of gynecological, neurological, and lung checkups for early detection and treatment, and we give seasonal influenza vaccinations in-house as a measure against infectious diseases.
- 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, and blood pressure gauges, 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 offer 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, we cooperate with employee cafeterias and health insurance association to help employees maintain and increase their health.



Dietary education menu posters in 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.

## Certified as an Outstanding Health and Productivity Management Organization 2021

In March 2021, Shinko was recognized as an Outstanding Health and Productivity Management Organization 2021 (Large Enterprise Category) for the third year in a row. These organizations are 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.

### Commendation from a Local Government

In October 2020, we received a traffic safety merit award from the director of the Nagano Prefecture Traffic Safety Association (the Governor of Nagano Prefecture).

This award is for organizations that have contributed to traffic safety. It was presented to recognize the awareness of traffic safety that our Wakaho Plant has been carrying out at intersections around the plant for many years.

We will cooperate with local residents around our plants to prevent traffic accidents and further promote traffic safety.



Award certificate



Traffic safety activity at the Wakaho Plant

## Initiatives to Protect the Local Environment and Volunteering

### Adopt-a-forest Program

We participate in the adopt-a-forest program promoted by Nagano Prefecture and are working with Iizuna Town on forest maintenance in forests owned by the town around Lake Reisenji. In 2014, we concluded an adopt-a-forest Agreement with Iizuna Town, and in October 2019 renewed the agreement.

In FY2020, we took part in forest maintenance, including clearing underbrush in collaboration with the labor union. There was a smaller number of people than usual, and we took countermeasures, such as ensuring social distancing, to prevent the spread of COVID-19. Going forward, we will continue helping to manage forests in cooperation with the local community.

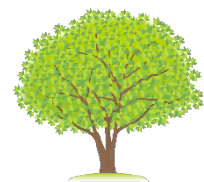


Forest maintenance

### 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 campaign, until the end of FY2020, we collected and donated enough items to purchase about 995 saplings.



## Initiatives at Overseas Plants

KOREA SHINKO MICROELECTRONICS CO., LTD. (KSM: Korea) conducted cleanups along the roads and a river near their plant. We will continue to work steadily to ensure that the beautiful environment around the plant is passed on to future generations.



Cleanup activities around the plant being conducted by KSM

## Supporting Youth Development

### Plant Tours and Internships

Shinko provides opportunities to nearby schools for learning through plant tours. In FY2020, the Kohoku, Takaoka, and Arai Plants held tours for high school students, while taking measures against COVID-19.

The Shinko Group also provides internships in the hope that these internships will provide an effective foothold for students who will lead the next generation to establish their outlook on work and discover their abilities.



Tour of the Arai Plant by high school students

### Supporting the Hokushin Scholarship Foundation

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 523 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.



# 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

The Shinko Group is based on the Corporate Vision of the Shinko Way, which derives the trust of our customers and society through quality and continuing to truly provide the level of products and services that they expect.

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

#### Guiding Principles

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

Representative Director of Board, President  
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. In FY2019, we revised our conventional quality-related training system. As well, we established two courses: Quality Basics Training 1 and 2.

At the same time, to further instill and improve the value of quality, Quality Basics Training 3 for quality-related personnel was also established to provide support linked directly to practical work

■Quality Basics Training 1 [mainly for employees involved in manufacturing for the first time]

This course 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 [mainly for mid-career employees]

Building on Quality Basics Training 1, this course is designed 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.

■Quality Basics Training 3 [for quality-related personnel]

This course is designed for participants to learn the specialized role of quality control and to understand the importance of evolving quality control in cooperation with related departments.

## Exhibiting at Trade Shows

We have exhibited 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.

With a view to preventing the spread of COVID-19, we have decided not to participate in the exhibition in FY2020.

## Customer Support

Due to the impact of COVID-19, our customers have also restricted some activities and adopted remote working to prevent infections, making it difficult to make face to face meeting, as we had done in the past.

To minimize the impact on customer support, we established a system for working from home (remote working) early on, and we are maintaining and strengthening communication by making full use of online meetings.

In addition, we have established a system that allows employees to work from home at our overseas bases guided by local restrictions and requests from government agencies. We are meeting customer requests with a system that can respond flexibly.

## 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.

## 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 the view to 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 our Procurement Guidelines based on the Shinko Way and our 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 FY2020, we sent the document to approximately 760 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 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.

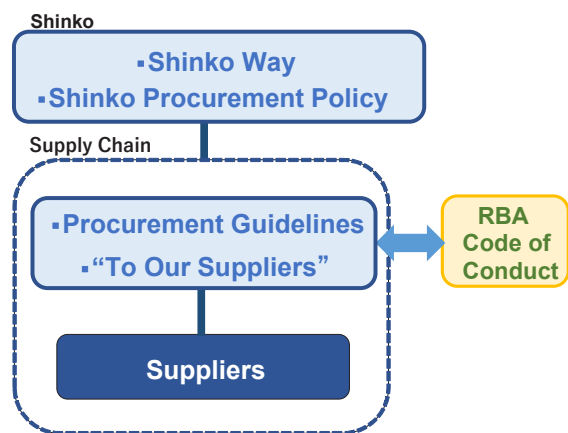
In FY2020 we sent a questionnaire to our main 37 suppliers as usual, including those outside Japan.

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 FY2020.

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



## Human Rights in the Supply Chain

The issue of human rights in the supply chain has become a concern in recent years. We plainly stated in the Shinko Way Code of Conduct, which expresses the values common across the Shinko Group, that “We respect human rights.”

Based on this philosophy, we have included items on human rights in our Procurement Guidelines. We comply with these ourselves and ask our suppliers to do the same.

Specifically, we have a high regard for and grapple with the RBA Code of Conduct. We use a questionnaire on corporate social responsibility conforming to the RBA Code of Conduct to confirm our main suppliers’ status of compliance with the Code. For suppliers contracted to perform processes at our plants, in addition to this questionnaire, we also conduct on-site audits at worksites. In this way, we make sure that there are no problems.



## 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 encourage 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 FY2020, we conducted a survey of 60 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 an Environmental Management System (EMS)

We ask our principle suppliers to establish an 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, we revise our Manual of Environmentally Controlled Substances Management for Suppliers from time to time and distribute it to our suppliers with the aim of reducing environmental impact by complying with laws and regulations. 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. Specifically, in FY2020, in response to the spread of COVID-19, our auditors conducted online audits of our suppliers to confirm the status of management, as well as written audits on a regular and ongoing basis, and if any inadequacies were found, we requested corrections and provided support for making improvements. Through these activities, we have strengthened the management of chemical substances contained in products in the supply chain.

### Promoting Cuts in CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> emissions. Accordingly, we requested our suppliers to call on their suppliers (second-tier suppliers from Shinko's point of view) to reduce CO<sub>2</sub> emissions and maintain water resources.

In FY2020, 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 six of our suppliers have asked 352 second-tier suppliers to reduce CO<sub>2</sub> emissions. To help maintain water resources, we confirmed that four of our suppliers have requested 212 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 CO<sub>2</sub> 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 an employee of Shinko 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  
<https://www.shinko.co.jp/english/corporate/procurement/complianceline/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

In the rapidly changing semiconductor industry environment, Shinko works unceasingly to improve 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 Representative Director of Board, Chairperson 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.

#### ■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 Representative Director of Board, President 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.

In FY2021, we established the Nomination and Remuneration Advisory Committee, the majority of whose members are independent outside directors, with the aim of further improving our corporate governance system. The Nomination and Remuneration Advisory Committee is responsible for examining on matters related to the nomination and remuneration of directors and reporting their recommendations to the Board of Directors.

### 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.

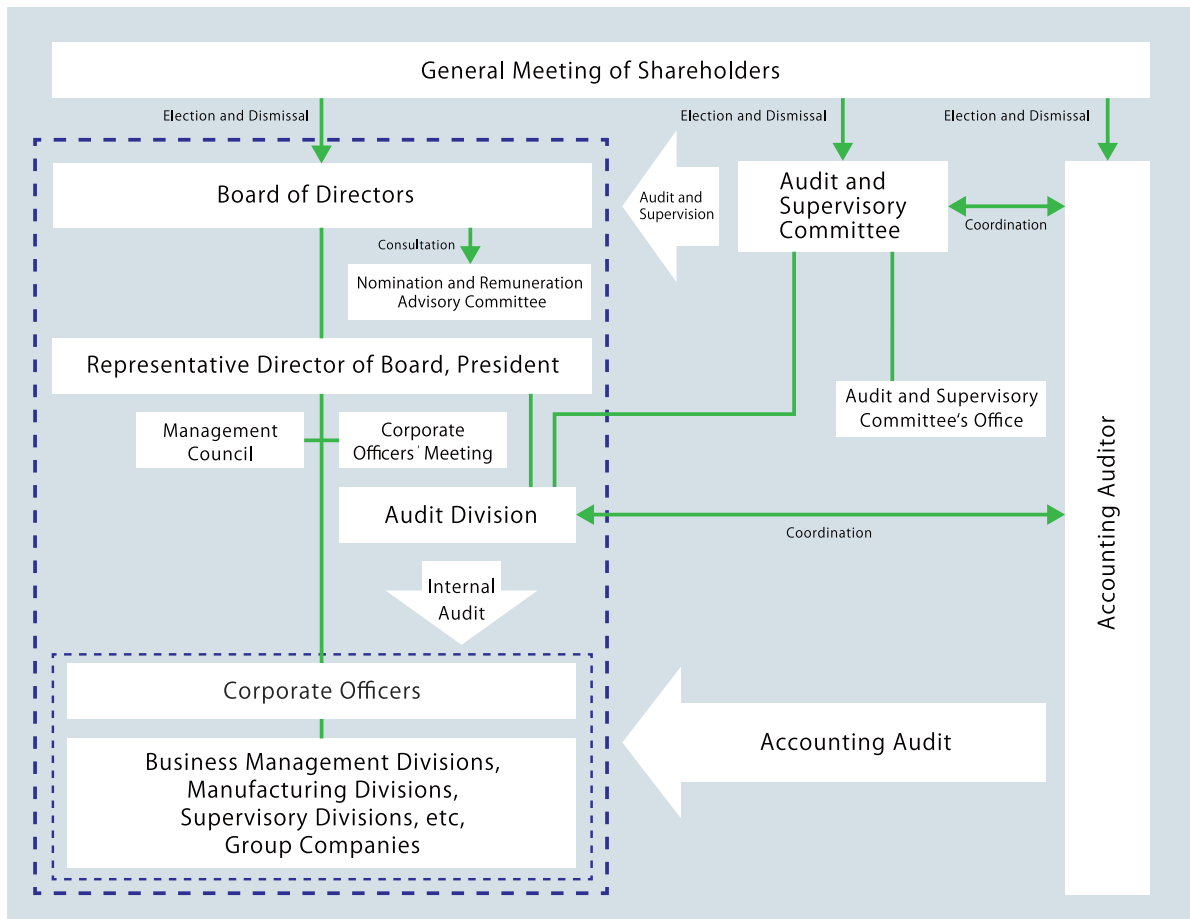
### Executive Remuneration

#### Policy and Procedures for Determining Executive Remuneration

By resolutions at Board of Directors' meetings, the Company has adopted a policy for making decisions on the content of the remuneration, etc. for individual directors.

The 81st Ordinary General Meeting of Shareholders,

Corporate Governance Structure



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. At the time of the said resolution, the number of Directors (excluding Directors who are Audit and Supervisory Committee members) was five, and the number of Directors who are Audit and Supervisory Committee members was three.

Separate from the resolution on the amount of remuneration, bonuses are paid after a resolution—put before the Ordinary General Meeting of Shareholders each year—for the approval of the total amount of payment of bonuses to directors (excluding directors who are Audit and Supervisory Committee members and an outside director who is not Audit and Supervisory Committee member).

The policy on decisions on the content of the remuneration, etc. for individual directors is shown below.

The remuneration, etc. for individual directors (excluding directors who are Audit and Supervisory Committee members and an outside director who is not an Audit and Supervisory Committee member) is based on a specified level derived from executive remuneration survey data of companies in the same industry compiled by an external investigative agency. Remuneration consists of a base remuneration (fixed remuneration) paid according to duties and role plus performance-based remuneration paid according to the level of achievement on important indicators. The proportion of base remuneration to performance-based remuneration is 50:50. Performance-based remuneration consists of a performance-based portion paid together with base remuneration, and bonuses paid after a resolution passed at the Ordinary General Meeting of Shareholders to approve the payment of bonuses.

Directors who are Audit and Supervisory Committee members and an outside director who is not an Audit and Supervisory Committee member are independent position from the execution of operations. Consequently, they are paid fixed remuneration considering their position and duties that is based on a specified level derived from executive remuneration survey data of companies in the same industry compiled by an external investigative agency.

Base remuneration and performance-based remuneration paid together with base remuneration are calculated based on this policy, and the Board of Directors has resolved to determine and pay the amount of remuneration for individual directors who are not Audit and Supervisory Committee members. This

amount is considered in advance by the Audit and Supervisory Committee, in which a majority of the committee members are outside directors, and this Committee determines an opinion on the matter. The individual amount of the bonuses is also calculated based on this policy, and bonuses are paid by a resolution of the Board of Directors. The bonuses are paid after a proposal is resolved at the Ordinary General Meeting of Shareholders each year. This amount is considered in advance by the Audit and Supervisory Committee, which determines an opinion on the matter.

The amount of remuneration for individual directors who are Audit and Supervisory Committee members is determined and paid after discussion among the Audit and Supervisory Committee using a specified calculation based on the internal rules resolved by the Audit and Supervisory Committee.

The amount of performance-based remuneration is calculated based mainly on the Company's ROE, an important indicator of profitability and efficient use of capital in management.

Performance-based remuneration is paid according to the level of achievement based on results of these indicators. The ROE used for calculating the remuneration of directors (excluding directors who are Audit and Supervisory Committee members and an outside director who is not an Audit and Supervisory Committee member) in FY2020 was 5%, and the result of the ROE was 12.3%.

In conjunction with the establishment of the Nomination and Remuneration Advisory Committee in FY2021, a new resolution will be resolved to amend this policy.

#### Amount of Remuneration for Directors (FY2020)

Category	Number of members	Amount
Directors who are not Audit and Supervisory Committee members (Paid to outside director)	5 (1)	216 million yen (4 million yen)
Directors who are Audit and Supervisory Committee members (Paid to outside directors)	4 (3)	37 million yen (12 million yen)
Total	9	253 million yen

\* The above number of members and amount of remuneration includes one director who was an Audit and Supervisory Committee member. The director resigned at the conclusion of the 85th Ordinary General Meeting of Shareholders held on June 24, 2020.

# 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.

## 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 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 are to 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 is to 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](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 that stipulates basic matters on compliance. Moreover, we developed bylaws and guidelines in areas that have an especially large impact on business, such as compliance with anti-monopoly 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 FY2020, we strengthened training on quality compliance, and provided e-Learning on compliance in general such as the prevention of cartels and bid rigging, anti-bribery, and security trade control for employees in Japan. For employees outside Japan, we provided e-Learning on the prevention of cartels, anti-bribery, and security trade at all sites.



Online learning

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.

## 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 whistle-blowing 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.

### 企業倫理ヘルプライン (内部通報/相談窓口)

#### 企業倫理ヘルプラインとは

企業倫理ヘルプラインは、法令違反行為、社内規程違反行為はもとより、人権の尊重等 [SHINKO Way](#) の「行動規範」に定められた、個々の従業員がいかに行動すべきかという基本ルールに関して、業務を通じて判断に迷うようなことがあった場合に、安心して相談していただくための窓口です。

万一問題が発生した場合に、会社だけでなく個人にも大きな影響を及ぼす可能性が高い各国の競争法や贈収賄等の法令違反行為、および品質不正等についても、本窓口にて通報・相談を受け付けています。通報・相談したことや、通報・相談内容等に関する調査に協力したことを理由として、通報者・相談者および調査に協力した者に対して不利益な取扱いをすることは、[内部通報規程](#)により禁止されています。また、通報内容については秘密保持を徹底し、情報の取扱いには細心の注意を払っています。

Spreading awareness of the system via our intranet

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

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 a high regard for the code of conduct of the Responsible Business Alliance (RBA). To improve compatibility with the standards stipulated by the code of conduct in the quarters—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.

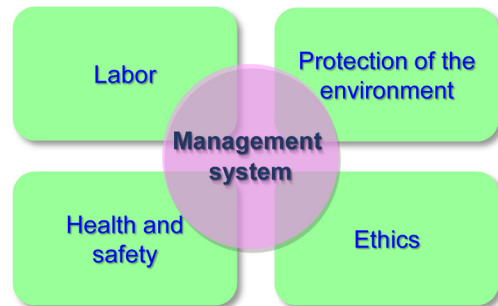
Adherence to the management system and regulatory compliance, compatibility with standards and the state of implementation of the plan are audited, and adjustments are made to correct the system as necessary.

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.

In addition, we conduct a Self-Assessment Questionnaire (SAQ) on the status of activities in the RBA Code of Conduct, report the results to the RBA, and share them with our customers who are RBA members. This activity is carried out not only in Japan but also at our overseas production bases.

RBA also has a Validated Assessment Program (VAP), a third-party assessment program to evaluate compliance with the RBA Code of Conduct. We received an assessment in FY2020 in response to requests from customers who are RBA members. Based on the assessment results, we will step up our activities guided by the RBA Code of Conduct.



- The Shinko Way
- Introduction
- President Message
- SDGs
- CSR
- Environment
- Social
- Governance
- Others





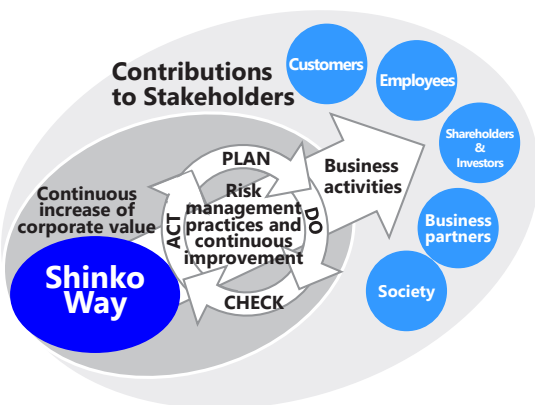
# Risk Management

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. In August 2020, we newly established a Risk Management Division to further strengthen risk management for the entire Shinko Group.

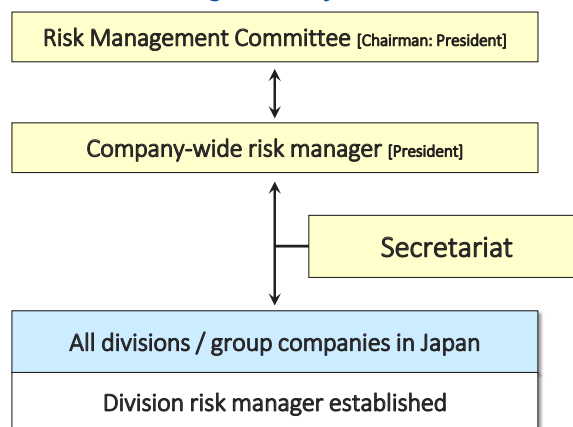
## Promoting Risk Management

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.

## Reporting to the Board of Directors

Reports to the Board of Directors include the results of the survey of potential risks conducted annually for the entire Shinko Group, as well as the status of countermeasures for important risks such as climate change, natural disasters, and infectious diseases.

Further, we have established a system in which the Board of Directors effectively supervises risks in business operations by reporting to the Board of Directors, as necessary, on the status of material risks that have emerged.

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

\* The items listed in Risk of Business, Etc. do not include all risks faced by the Shinko Group.

## Business Continuity Initiatives

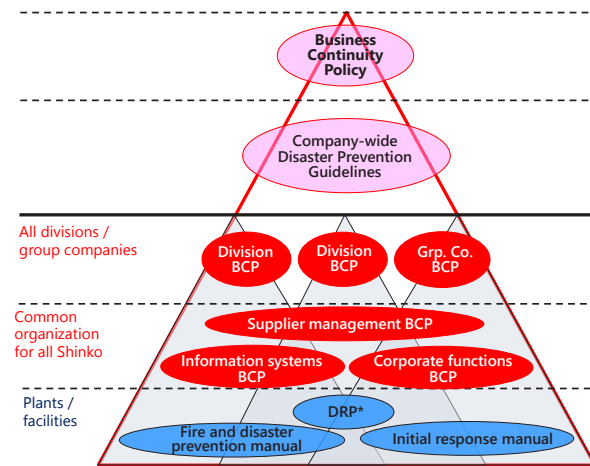
In times of unexpected disaster or serious accident, the Shinko Group makes protecting the lives of employees, employees' families, and people in the surrounding area and preventing secondary disasters its highest priorities. While bearing in mind contributions to the public good, the Shinko Group will 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 FY2020, each department conducted simulation drills on various disaster risks, such as drills on how to respond to a pandemic that could reduce the attendance rate and restrict operations in light of the spread of COVID-19 as well as drills to confirm response procedures in the event

of typhoons and floods, which have become more frequent and severe in recent years. 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

### 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. 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. In addition, in response to the disaster caused by Typhoon Hagibis in October 2019, we have established a Typhoon and Flood Damage Timeline that sets out standards of conduct and a summary of actions to be taken when large typhoons and large-scale flood damage are expected. For progressive disasters, such as typhoons and flooding, we work to ensure the safety of employees and minimize damage by taking effective measures and evacuating before a disaster occurs.

Based on the Company-wide Disaster Prevention 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 reliably.

### Implementation of 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.



Nighttime evacuation drill at Kohoku Plant

In FY2020, we held a nighttime evacuation drill at our Kohoku Plant, assuming a nighttime disaster. Many of our production bases operate 24 hours a day, so to ensure the safety of employees during night shifts, we have reviewed and improved our disaster prevention equipment from a more diversified perspective, such as considering the kinds of equipment that would be effective even during a nighttime evacuation.

## Countermeasures Against COVID-19 Infection

In light of the global spread of COVID-19, the Shinko Group is striving to thoroughly implement countermeasures for both preventing and halting infections—guided by the policies of governments—to maintain and continue our business operations, including providing products to customers.

For specific initiatives, please see Specific Initiatives, Part 3: Countermeasures Against COVID-19 on page 12.

## Information Security

Due to advances in information and communication technology, in recent years there has been 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 2017, we established an Information Security Policy as a companywide policy based on the Shinko Way. We also developed related regulations including 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 among 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 own confidential information, we have set up appropriate management for information handled in business. 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 FY2020, we provided information management training to all employees of the Shinko Group in Japan 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 a 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).

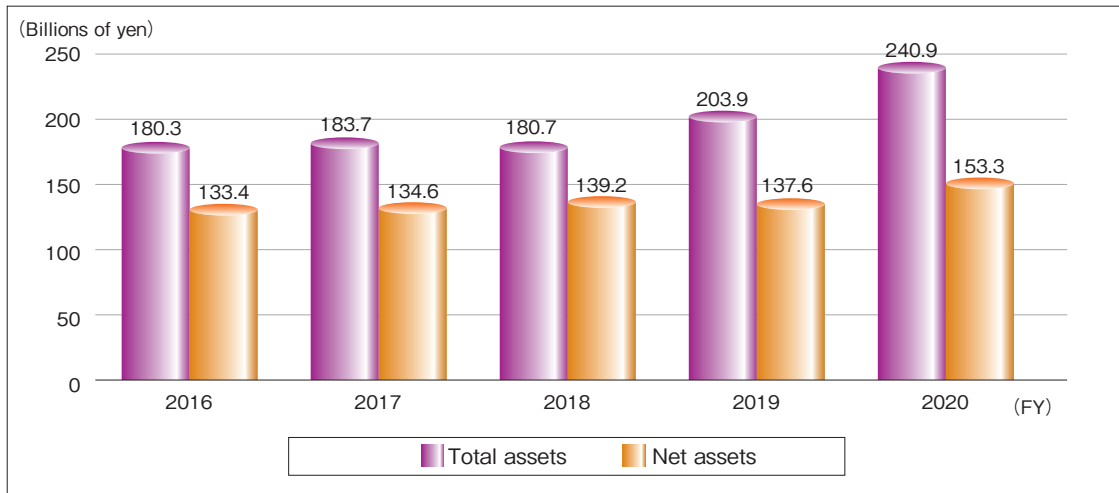
### Information Classification

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.

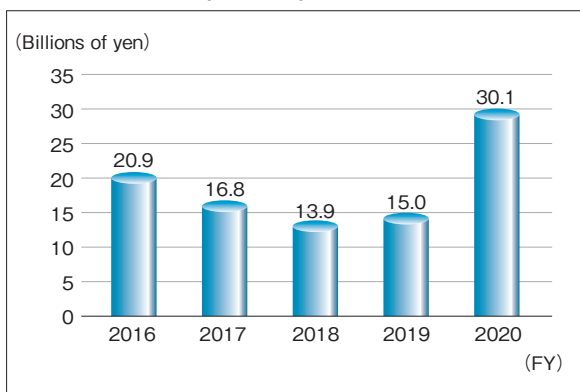
# Financial and Non-financial Data

## Consolidated Financial Highlights

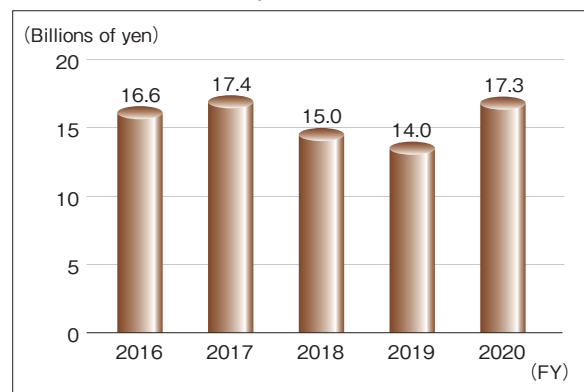
Total assets/Net assets



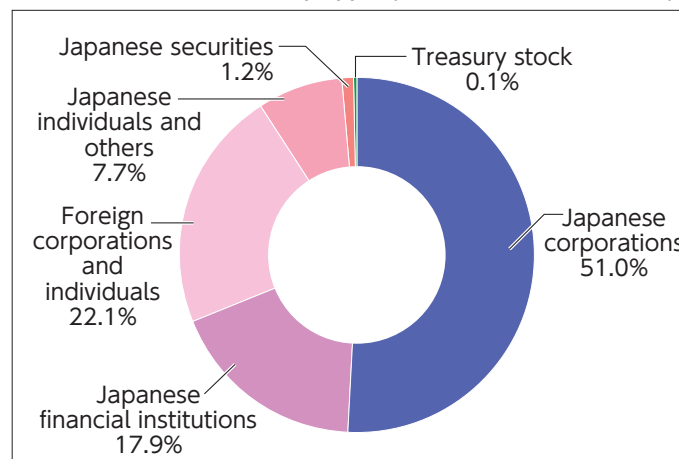
Capital expenditure



Depreciation



Distribution of stock by type (As of March 31, 2021)



## List of Employee Related Indicators

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

		FY2018	FY2019	FY2020
Number of employees by region		4,850	4,936	5,060
	Japan (ratio)	84.8%	85.3%	85.6%
	Asia (ratio)	14.4%	14.0%	13.7%
	The Americas (ratio)	0.8%	0.7%	0.7%
Number of employees by Type of contract	Regular	4,850	4,936	5,060
	Non Regular*	339	413	449

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

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

Employment ratio of people with disabilities: Including employees of Group companies in Japan and contract employees

		FY2018	FY2019	FY2020
Number of employees		4,035	4,132	4,265
Average age		44.9	44.5	44.1
Average years of service	Total	23.0	22.3	21.6
	Male	22.3	21.6	20.8
	Female	25.2	25.0	24.8
Number of employees by gender	Male	3,160	3,253	3,371
	Female	875	879	894
Ratio of female employees (%)		21.7%	21.3%	21.0%
Ratio of female managers (%) (Including assignees to Group companies.)		3.0%	3.3%	4.1%
Number of non-Japanese employees (Including assignees from Group companies and contract employees.)		20	41	54
Employment ratio of people with disabilities (%)		2.37%	2.37%	2.21%

### ■Employment (Shinko)

		FY2018	FY2019	FY2020
Number of new graduate recruitment	Total	105	125	110
Number of mid-career recruitment	Total	83	125	163
Turnover headcount for regular employees	Total	55	70	66
Turnover rate of regular employees		1.4%	1.7%	1.5%

### ■Using care leave (Shinko)

		FY2018	FY2019	FY2020
Number of employees using child care leave	Total	29	24	27
	Male	2	1	7
	Female	27	23	20
Return to work ratio after child care leave (%)		100%	100%	100%
Continuous work ratio after child care leave (%)*		100%	100%	100%
Number of employees using family care leave	Total	1	2	2
	Male	0	1	2
	Female	1	1	0
Return to work ratio after family care leave (%)		-	0%	100%
Continuous work ratio after family care leave (%)*		50%	-	50%
Number of employees taking Paternity leave		39	38	40

\* Continuous work ratio after child care leave and family care leave: Ratio of employees still at the company 12 months after returning to work.

### ■Others (Shinko)

		FY2018	FY2019	FY2020
Frequency rate of industrial accidents (%)		0.00%	0.24%	0.11%
Union participation rate (%)*		90.2%	90.1%	90.0%
Average learning hours per person (Hours)		15.4	15.3	14.0

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

## Environmental Data

### Environmental Impact Data

\*Target: FY2018 – FY2019: Shinko Group in Japan; FY2020: Shinko Group in Japan and overseas production bases

INPUT	FY2018	FY2019	FY2020
Energy (GJ)	3,174,950	3,267,857	3,843,784
Electricity (MWh)	279,916	286,038	331,515
Diesel fuel (kL)	4	4	970
Gas (km <sup>3</sup> )	15,791	16,724	18,434
Renewable energy (MWh) *In Japan	33	47	24
Materials (t)	16,548	39,071	37,083
Raw materials (t)	13,589	36,451	34,376
Chemical substances (t)*In Japan	2,959	2,620	2,707
Water resources (km <sup>3</sup> )	3,488	3,464	3,994
Municipal water (km <sup>3</sup> )	830	694	1,043
Ground water (km <sup>3</sup> )	2,658	2,770	2,951
Recycling rate (%)	50	48	55

#### (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
CO <sub>2</sub>	Emissions of carbon dioxide associated with consumption of energy used at plants, etc. ; Scope 1: emission of CO <sub>2</sub> from heavy oil, gas, diesel; Scope 2*1: emission from electricity
Emissions of greenhouse gases not associated with energy consumption	Emissions of greenhouse gases not associated with consumption of energy used at plants, etc. (computed based on GWP) (Scope 1)
NOx	Amount of NOx emitted from boilers at plants, etc.
SOx	Amount of SOx emitted from boilers at plants, etc.
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 (included in the amount of waste)

\*1 Scope 2 emissions calculation methods  
 In Japan: Location-based  
 Overseas production bases:  
 SHINKO ELECTRONICS (MALAYSIA) SDN. BHD.:  
 Market-based  
 KOREA SHINKO MICROELECTRONICS CO., LTD.:  
 Latest IEA value (by country)  
 SHINKO ELECTRIC INDUSTRIES (WUXI) CO., LTD.:  
 Latest IEA value (by country)

OUTPUT	FY2018	FY2019	FY2020
<b>Emissions into the air</b>			
CO <sub>2</sub> (Scope1) ( t -CO <sub>2</sub> )	35,332	37,415	43,749
Kohoku Plant	3,478	3,730	4,236
Wakaho Plant	10,584	10,690	11,320
Takaoka Plant	12,533	14,213	15,668
Arai Plant	7,611	7,572	8,297
Kyogase Plant	1,103	1,185	1,252
Others	24	26	30
Overseas production bases	—	—	2,947
CO <sub>2</sub> (Scope2) ( t -CO <sub>2</sub> )	139,118	131,863	151,821
Kohoku Plant	23,182	21,839	21,691
Wakaho Plant	34,138	31,290	31,251
Takaoka Plant	42,817	43,106	47,844
Arai Plant	32,379	29,603	30,810
Kyogase Plant	2,653	2,455	2,386
Others	3,949	3,570	3,669
Overseas production bases	—	—	14,169
Emissions of greenhouse gases not associated with energy consumption (Scope 1) (t-CO <sub>2</sub> )	889	852	1,034
NOx( t )	15	18	29
SOx( t )	0	0	1
Chemical substances (t) *In Japan	5	5	5
<b>Water</b>			
Drainage (km <sup>3</sup> )	2,777	2,852	3,444
Discharge to rivers	1,851	1,940	2,339
Discharge to sewage lines	926	912	1,105
Waste (t)	21,305	22,448	25,130
Effectively used waste (t)	21,280	22,409	24,988
Other waste (t)	25	39	142
Specified hazardous industrial waste	0	0	10
Effective utilization rate (%)	99.9	99.8	99.4
(Landfill disposal (t))	2	3	22

\*Some items have totals that do not match due to rounding.

\*Since the calculation methods of Scope 1 and Scope 2 emissions were revised in FY2020 and the figures from FY2018 onwards were recalculated, there are differences from past published values.



## Supply Chain Emissions (GHG Emissions based on the GHG Protocol Standard)

\*Target: Shinko Group in Japan

Category		Emissions( t -CO <sub>2</sub> )			
		FY2018	FY2019	FY2020	
Upstream	Scope 3	Purchased goods and services	—	—	686,905
		Capital goods	—	—	84,253
		Fuel and energy-related activities not included in Scope 1 or 2	—	—	28,143
		Transportation and delivery	—	—	8,215
		Waste generated by the business	—	—	512
in-house	Scope 1	Direct emissions	—	—	41,834
		Carbon dioxide (CO <sub>2</sub> )	—	—	40,855
		Methane (CH <sub>4</sub> )	—	—	0
		Tetrafluoromethane (CF <sub>4</sub> )	—	—	978
		Sulfur hexafluoride (SF <sub>6</sub> )	—	—	0
		Nitrogen trifluoride (NF <sub>3</sub> )	—	—	0
	Scope 2	Indirect emissions from energy sources	—	—	137,651
	Scope 3	Business travel	—	—	21
		Employee commuting	—	—	71
		Leased assets	—	—	NA
downstream	Scope 3	Transportation and delivery	—	—	NA
		Processing of sold products	—	—	472,138
		Use of sold products	—	—	NA
		End-of-life treatment of sold products	—	—	NA
		Leased assets	—	—	NA
		Franchise	—	—	NA
		Investment	—	—	NA
Scope 1 + Scope 2		—	—	179,485	
Scope 3		—	—	1,280,258	

\*Started aggregating in FY2020

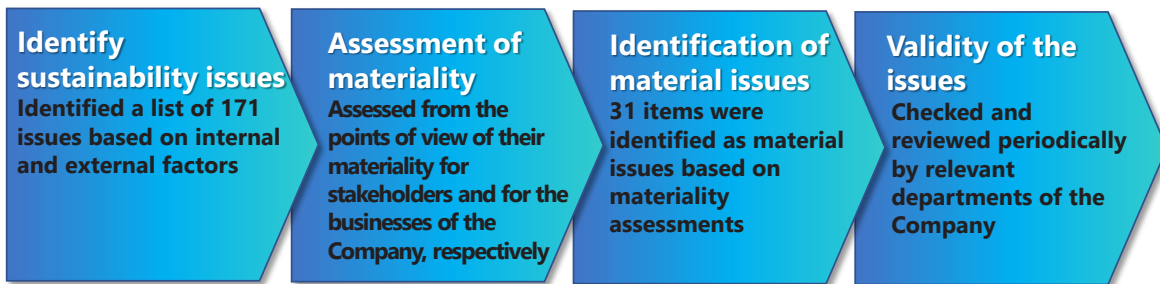
\*Some items have totals that do not match due to rounding.

# 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 identification process, we refer to various indicators, such as SDGs targets, when identifying sustainability issues.

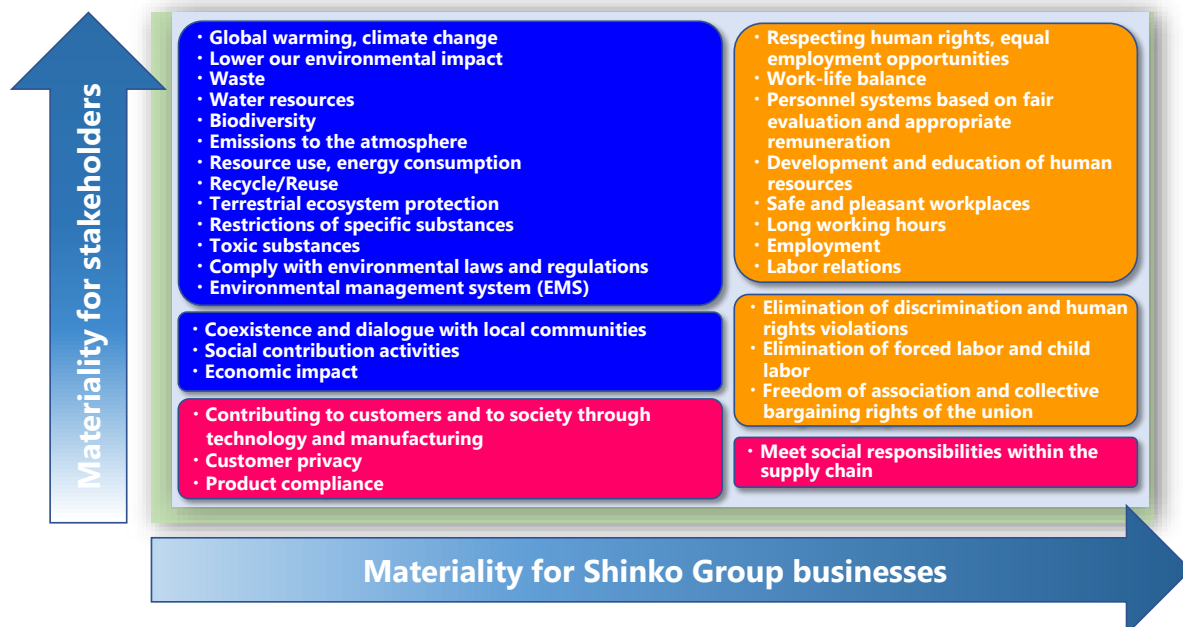
## Process for Identifying Material Issues



### ◆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 to live up to the expectations of all our stakeholders by working to achieve stable, long-term generation of profit and to continually enhance our corporate value.

Through various 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	Principal Dialogues	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"> <li>• Customer satisfaction surveys</li> <li>• Respond to customers' surveys and audits related to CSR/RBA</li> <li>• Trade shows in Japan and overseas</li> <li>• Disseminating information using our website, etc.</li> </ul>	Sales department Overseas sales companies Manufacturing divisions
Suppliers	Acting as a good business partner for mutual prosperity and productive coexistence, we strive to build long-term relationships of trust with our suppliers.	<ul style="list-style-type: none"> <li>• Disseminating our Procurement Guidelines</li> <li>• Surveys related to CSR and on-site audits</li> <li>• Questionnaire surveys related to BCM</li> <li>• Surveys and requests related to responsible minerals sourcing</li> <li>• Supplier Compliance Hotline, etc.</li> </ul>	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"> <li>• General Meeting of Shareholders</li> <li>• Business reports and interim financial statements</li> <li>• Disseminating information using our IR website</li> <li>• Dealing with inquiries</li> <li>• IR forum, etc.</li> </ul>	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"> <li>• Regular networking events with community residents</li> <li>• Plant tours (communities and nearby schools)</li> <li>• Participation in local events</li> <li>• Social contribution activities and volunteering</li> <li>• Dialogue with local governments, etc.</li> </ul>	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"> <li>• Labor Council and Labor-Management Council on Transforming Work Styles</li> <li>• Safety &amp; Health Committee</li> <li>• Internal whistle-blowing system</li> <li>• Management-by-objectives and objectives interview programs</li> <li>• Internal newsletter and intranet, etc.</li> </ul>	Personnel department Corporate affairs department

# GRI Standard Comparison Table

## 1. General Disclosures

\* · · Indicator of the Core option

Topics		Pages	Corresponding Topics
<b>Organizational profile</b>			
102-1	* Name of the organization	3-6	Shinko Group Outline
102-2	* Activities, brands, products, and services	3-6	Shinko Group Outline
102-3	* Location of headquarters	3-6	Shinko Group Outline
102-4	* Location of operations	3-6	Shinko Group Outline
102-5	* Ownership and legal form	3-6 50-52 61	Shinko Group Outline Corporate Governance Consolidated Financial Highlights
102-6	* Markets served	3-6	Shinko Group Outline
102-7	* Scale of the organization	3-6 61 62	Shinko Group Outline Consolidated Financial Highlights List of Employee Related Indicators
102-8	* Information on employees and other workers	62	List of Employee Related Indicators
102-9	* Supply chain	46-49	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	10	Specific Initiatives, Part 1: Responding to Climate Change
		12	Specific Initiatives, Part 3: Countermeasures against COVID-19
		19-20	To Promote Efforts to Achieve a Sustainable Society
		21-23	Environmental Management
		39-41	Creating Safe and Comfortable Working Environments
		55 56-60 65	RBA Code of Conduct Initiative Risk Management Assessment of Materiality and Identification of Material Issues
102-12	* External initiatives	55	RBA Code of Conduct Initiative
102-13	* Membership of associations	-	*NA
<b>Strategy</b>			
102-14	* Statement from senior decision-maker	7-8	Message from the President
102-15	Key impacts, risks, and opportunities	7-8	Message from the President
		13-17	CSR Activity Management
		21-23	Environmental Management
		56-60	Risk Management
		65	Assessment of Materiality and Identification of Material Issues
<b>Ethics and integrity</b>			
102-16	* Values, principles, standards, and norms of behavior	1 53-55	The Shinko Way Compliance
102-17	Mechanisms for advice and concerns about ethics	34-35	Efforts to Promote Respect for Human Rights
		49	Compliance
		53-55	Compliance
<b>Governance</b>			
102-18	* Governance structure	50-52	Corporate Governance
102-19	Delegating authority	50-52	Corporate Governance
102-20	Executive-level responsibility for economic, environmental, and social topics	10	Specific Initiatives, Part 1: Responding to Climate Change
		21	Environmental Management
		39-41	Creating Safe and Comfortable Working Environments
		50-52	Corporate Governance
		56	Promoting Risk Management
102-21	Consulting stakeholders on economic, environmental, and social topics	42	Coexistence and Dialogue with Local Communities
		66	Dialogue with Stakeholders

Topics		Pages	Corresponding Topics
102-22	Composition of the highest governance body and its committees	50-52	Corporate Governance
102-23	Chair of the highest governance body	50-52	Corporate Governance
102-24	Nominating and selecting the highest governance body	50-51	Corporate Governance System (Corporate Governance Report)
102-25	Conflicts of interest		(Corporate Governance Report)
102-26	Role of highest governance body in setting purpose, values, and strategy	1 50-51	The Shinko Way Corporate Governance System
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	56 65	Promoting Risk Management Assessment of Materiality and Identification of Material Issues
102-30	Effectiveness of risk management processes	56	Promoting Risk Management
102-31	Review of economic, environmental, and social topics	56	Promoting Risk Management
102-32	Highest governance body's role in sustainability reporting	-	-
102-33	Communicating critical concerns	50-51 56	Corporate Governance System Promoting Risk Management
102-34	Nature and total number of critical concerns	-	-
102-35	Remuneration policies	51-52	Executive Remuneration (Securities Report)
102-36	Process for determining remuneration	51-52	Executive Remuneration (Securities Report)
102-37	Stakeholders' involvement in remuneration	51-52	Executive Remuneration
102-38	Annual total compensation ratio	-	-
102-39	Percentage increase in annual total compensation ratio	-	-
<b>Stakeholder engagement</b>			
102-40	* List of stakeholder groups	66	Dialogue with Stakeholders
102-41	* Collective bargaining agreements	38	Labor Relations
102-42	* Identifying and selecting stakeholders	66	Dialogue with Stakeholders
102-43	* Approach to stakeholder engagement	65 66	Assessment of Materiality and Identification of Material Issues Dialogue with Stakeholders
102-44	* Key topics and concerns raised	13-17 65 66	CSR Activity Management Assessment of Materiality and Identification of Material Issues Dialogue with Stakeholders
<b>Reporting practice</b>			
102-45	* Entities included in the consolidated financial statements	3-6	Shinko Group Outline
102-46	* Defining report content and topic Boundaries	65	Assessment of Materiality and Identification of Material Issues
102-47	* List of material topics	65	Assessment of Materiality and Identification of Material Issues
102-48	* Restatements of information	63-64	Environmental Data
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	67-71	GRI Standard Comparison Table
102-55	* GRI content index	67-71	GRI Standard Comparison Table
102-56	* External assurance	-	*NA

## 2. Topic Specific Disclosures

### Material Issues for the Shinko Group

Topics		Pages	Corresponding Topics
<b>Management Approach</b>			
103-1	* Explanation of the material topic and its Boundaries	1 2 65	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	9-12 13-17 18 21-23 24-25 34-35 39-41 44 46-47 53-55 56-60 65	Initiatives for the SDGs CSR Activity Management Environmental Policy Environmental Management The Environmental Action Program Efforts to Promote Respect for Human Rights Creating Safe and Comfortable Working Environments Supporting Customer and Societal Trust with Quality CSR-Conscious Procurement Activities Compliance Risk Management Assessment of Materiality and Identification of Material Issues
103-3	Evaluation of the management approach	65	Assessment of Materiality and Identification of Material Issues
<b>Economic</b>			
■ Economic Performance			
201-1	Direct economic value generated and distributed	3-6	Shinko Group Outline (Securities Report)
201-2	Financial implications and other risks and opportunities due to climate change	21-23 56	Environmental Management Promoting Risk Management
201-3	Defined benefit plan obligations and other retirement plans		(Securities Report)
201-4	Financial assistance from government	-	-
<b>Market Presence</b>			
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	12 43	Specific Initiatives, Part 3: Countermeasures against COVID-19 Supporting Youth Development
203-2	Significant indirect economic impacts	-	-
<b>Procurement Practices</b>			
204-1	Proportion of spending on local suppliers	-	-
<b>Anti-corruption</b>			
205-1	Operations assessed for risks related to corruption	56	Promoting Risk Management
205-2	Communication and training about-corruption policies and procedures	49 53-55	Compliance Compliance
205-3	Confirmed incidents of corruption and actions taken	-	-
<b>Anti-competitive Behavior</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		No relevant cases.
<b>Tax</b>			
207-1	Approach to tax	-	-
207-2	Tax governance, control, and risk management	-	-
207-3	Stakeholder engagement and management of concerns related to tax	-	-
207-4	Country-by-country reporting	-	-
<b>Environmental</b>			
■ Materials			
301-1	Materials used by weight or volume	63-64	Environmental Data
301-2	Recycled input materials used	-	-
301-3	Reclaimed products and their packaging materials	-	-
■ Energy			
302-1	Energy consumption within the organization	63-64	Environmental Data
302-2	Energy consumption outside of the organization	63-64	Environmental Data

Topics		Pages	Corresponding Topics
302-3	Energy intensity	-	-
302-4	Reduction of energy consumption	-	-
302-5	Reductions in energy requirements of products and services	-	-
<b>■Water</b>			
303-1	Interactions with water as a shared resource	28-30 63-64	Resources Circulation Environmental Data
303-2	Management of water discharge-related impacts	63-64	Environmental Data
303-3	Water withdrawal	63-64	Environmental Data
303-4	Water discharge	63-64	Environmental Data
303-5	Water consumption	63-64	Environmental Data
<b>■Biodiversity</b>			
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	31-32 42-43	Living in harmony with Nature 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	-	-
<b>■Emissions</b>			
305-1	Direct (Scope 1) GHG emissions	63-64	Environmental Data
305-2	Energy indirect (Scope 2) GHG emissions	63-64	Environmental Data
305-3	Other indirect (Scope 3) GHG emissions	63-64	Environmental Data
305-4	GHG emissions intensity	26-27	Tackling Climate Change
305-5	Reduction of GHG emissions	26-27	Tackling Climate Change
305-6	Emissions of ozone-depleting substances (ODS)	-	-
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	63-64	Environmental Data
<b>■Effluents and Waste</b>			
306-1	Water discharge by quality and destination	63-64	Environmental Data
306-2	Waste by type and disposal method	28-30 63-64	Resources Circulation Environmental Data
306-3	Significant spills	21-23	Environmental Management
306-4	Transport of Hazardous waste	28-30	Resources Circulation
306-5	Water bodies affected by water discharges and/or runoff	-	-
<b>■Environmental Compliance</b>			
307-1	Non-compliance with environmental laws and regulations	21-23	Environmental Management
<b>■Supplier Environmental Assessment</b>			
308-1	New suppliers that were screened using environmental criteria	-	-
308-2	Negative environmental impacts in the supply chain and actions taken	46-47 48-49	CSR-Conscious Procurement Activities Green Procurement
<b>Social</b>			
<b>■Employment</b>			
401-1	New employee hires and employee turnover	62	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	62	List of Employee Related Indicators
<b>■Labor/Management Relations</b>			
402-1	Minimum notice periods regarding operational changes	-	-
<b>■Occupational Health and Safety</b>			
403-1	Occupational health and safety management system	39-41	Creating Safe and Comfortable Working Environments
403-2	Hazard identification, risk assessment, and incident investigation	39-41	Creating Safe and Comfortable Working Environments
403-3	Occupational health services	39-41	Creating Safe and Comfortable Working Environments
403-4	Worker participation, consultation, and communication on occupational health and safety	38 39-41	Labor Relations Creating Safe and Comfortable Working Environments
403-5	Worker training on occupational health and safety	39-41	Creating Safe and Comfortable Working Environments
403-6	Promotion of worker health	39-41	Creating Safe and Comfortable Working Environments
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-	-
403-8	Workers covered by an occupational health and safety management system	39-41	Creating Safe and Comfortable Working Environments
403-9	Work-related injuries	39-41	Creating Safe and Comfortable Working Environments

Topics		Pages	Corresponding Topics
403-10	Work-related ill health	-	-
<b>■ Training and Education</b>			
404-1	Average hours of training per year per employee	62	List of Employee Related Indicators
404-2	Programs for upgrading employee skills and transition assistance programs	36-37 37-38	Respect for Diversity Developing and Utilizing Human Resources
404-3	Percentage of employees receiving regular performance and career development reviews	37-38	Developing and Utilizing Human Resources
<b>■ Diversity and Equal Opportunity</b>			
405-1	Diversity of governance bodies and employee	62	List of Employee Related Indicators (Securities Report)
405-2	Ratio of basic salary and remuneration of women to men	-	-
<b>■ Non-discrimination</b>			
406-1	Incidents of discrimination and corrective actions taken	34-35	Efforts to Promote Respect for Human Rights
<b>■ Freedom of Association and Collective Bargaining</b>			
407-1	Operations and suppliers in which the freedom of association and collective bargaining may be at risk	-	-
<b>■ Child Labor</b>			
408-1	Operations and suppliers at significant risk for incidents of child labor	34-35 46-47	Efforts to Promote Respect for Human Rights CSR-Conscious Procurement Activities
<b>■ Forced or Compulsory Labor</b>			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	34-35 46-47	Efforts to Promote Respect for Human Rights CSR-Conscious Procurement Activities
<b>Security Practices</b>			
410-1	Security personnel trained in human rights policies or procedures	-	-
<b>Rights of Indigenous Peoples</b>			
411-1	Incidents of violations involving rights of indigenous peoples		No relevant cases.
<b>Human Rights Assessment</b>			
412-1	Operations that have been subject to human rights reviews or impact assessments	-	-
412-2	Employee training on human rights policies or procedures	34-35	Efforts to Promote Respect for Human Rights
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-	-
<b>■ Local Communities</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	38 42 66	Labor Relations Coexistence and Dialogue with Local Communities Dialogue with Stakeholders
413-2	Operations with significant actual and potential negative impacts on local communities	-	-
<b>■ Supplier Social Assessment</b>			
414-1	New suppliers that were screened using social criteria	-	-
414-2	Negative social impacts in the supply chain and actions taken	46-47 48	CSR-Conscious Procurement Activities Initiatives for Responsible Minerals Sourcing
<b>Public Policy</b>			
415-1	Political contributions	-	-
<b>Customer Health and Safety</b>			
416-1	Assessment of the health and safety impacts of product and service categories	44	Supporting Customer and Societal Trust with Quality
416-2	Incidents of non-compliance concerning the health and safety impacts and services	-	-
<b>Marketing and Labeling</b>			
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	-	-
<b>■ Customer Privacy</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	59-60	Information Security
<b>■ Socioeconomic Compliance</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	-	No relevant cases.