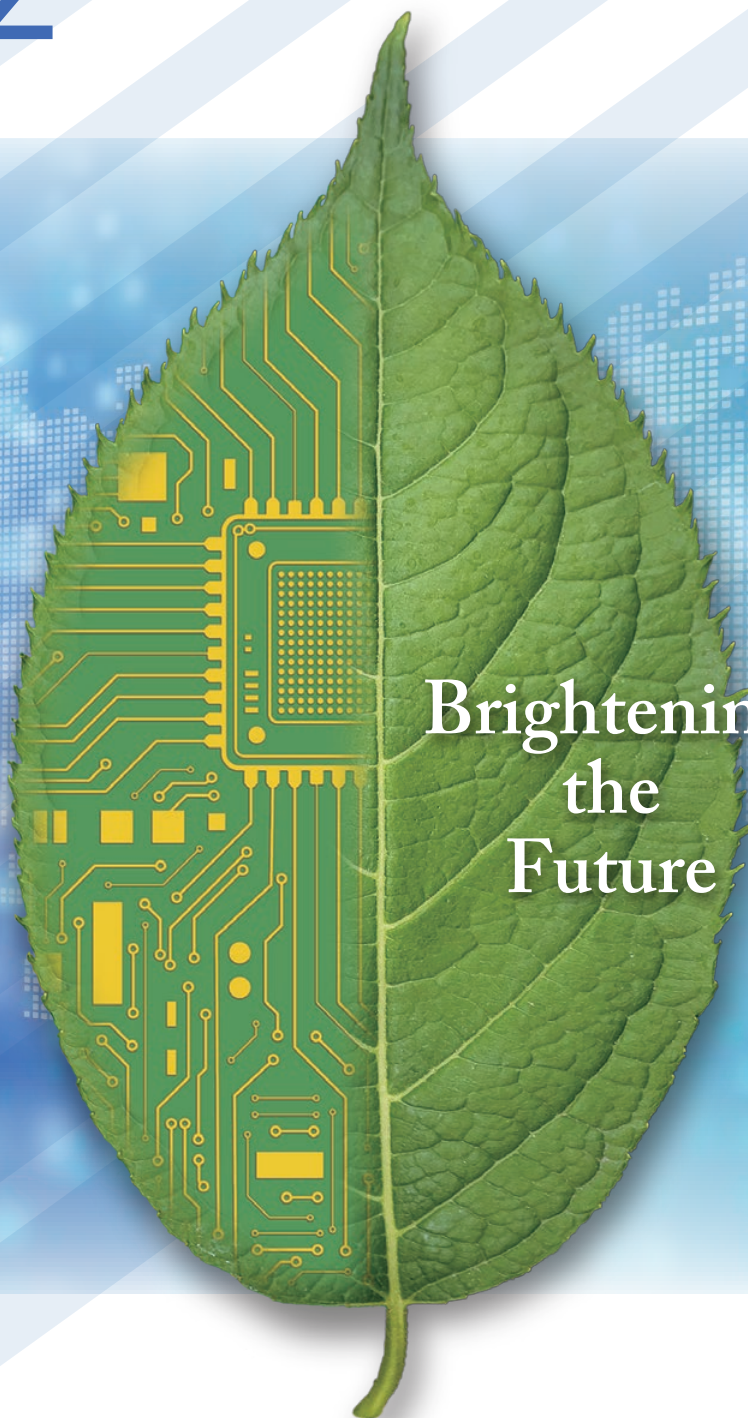


Sustainability Report 2022



Brightening
the
Future



SHINKO ELECTRIC INDUSTRIES CO., LTD.

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Editorial Policy

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

Period Covered

FY2021 (focusing on initiatives from April 1, 2021 to March 31, 2022 and including some of our prior and most recent initiatives)

Boundary of the Report

As a general rule, the report focuses on initiatives and data for the Shinko Group as a whole. The boundary 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."
- 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

English translation : December 2022

Japanese original : September 2022

Next issue: September 2023 (previous issue: September 2021)

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

CSR Promotion Department, Sustainability Promotion Division (Tel: +81 (26) 283-6450)

Message from the President

We aim to contribute to building a sustainable society by providing products that meet increasingly sophisticated market needs and by addressing diverse sustainability issues.

Susumu Kurashima

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



With the global spread of COVID-19 still not under control, times are changing at an unprecedented pace, as demonstrated by the rapid progress of digitalization in society and the economy as well as dramatic changes in work styles and lifestyles. In addition, the global trend toward realization of a decarbonized society, backed by international frameworks, such as the Paris Agreement and the Sustainable Development Goals (SDGs), has become even stronger, making it even more important for companies to work to help resolve social issues.

In this environment, the requirements for semiconductors are expected to become more sophisticated and diverse as key devices that support the progress of digitalization and the “new normal” in society, and that help to create energy and power saving for decarbonization. The Shinko Group develops, manufactures, and sells advanced products that support the evolution of semiconductors and that maximize the outstanding functionality of semiconductor devices. We also promote ways to address a range of sustainability issues. In these ways, the Shinko Group aims to contribute to the creation of enriched lives and a bright future for people all over the world.

Together with the Global Environment

The Shinko Group has made environmental protection a top management priority. We have always aimed to contribute to the global environment and an abundant society through manufacturing, keeping in mind the harmony between the global environment and corporate operations. Among the various sustainability issues, tackling climate change is the most pressing issues that we must prioritize as among the highest needs. Last year, the Shinko Group, for the first time, established medium- to long-term targets for achieving carbon neutrality, revamped the promotion system, and started company-wide initiatives. To further accelerate our initiatives to decarbonize our business operations, we have stepped up our initiatives by establishing a new department dedicated to the promotion of carbon neutrality, and we recently revised our medium- to long-term targets. We will continue to accelerate group-wide initiatives aimed at achieving carbon neutrality

in our business operations as early as possible, in this way contributing to the realization of a decarbonized society.

In addition, we have recently expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations from the viewpoint of analyzing the risks and opportunities that climate change poses to our business, reflecting them in our management strategies, and moving ahead with full information disclosure. Going forward, we will continue to improve our information disclosure based on the TCFD recommendations.

Together with a Diverse Workforce

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.

Currently, the Shinko Group is expanding the business base by opening a new production plant and constructing new buildings to expand and boost production capacity for products for markets where high growth is expected and to link market growth to the Group's rapid growth. The foundation of this growth as a company is our human resources. Employees with different personalities and ways of thinking are the driving force that creates new innovations and enhances corporate value. We will continue to secure and develop a diverse workforce, while developing a work environment where every employee can improve their value and work with pride and a sense of fulfillment, while building a personnel system that responds to changes in the environment and society.

Aiming for a Strong Corporate Foundation

In the rapidly changing environment in the semiconductor industry, it is essential for the Shinko Group to strengthen its corporate foundation in order to continue to grow sustainably. We are striving to establish a governance system that ensures a high level of transparency and rapid decision-making, working to ensure compliance in line with the Shinko Way—the embodiment of the Group's reason for existence, our values, and our principles—and strengthening our risk management system to respond to increasingly varied and sophisticated risks.

Further, we are strengthening the Shinko Group's activities through the establishment of a new division this year to promote company-wide initiatives that address sustainability. Our goal is to fulfill our social responsibility as a member of local and international communities by addressing increasingly serious social issues as an obligation of a company with global operations.

Through these efforts, we will continue to aim for sustainable improvements of our corporate value by building a stronger corporate foundation.

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.

Shinko Group Outline

(as of March 31, 2022)

Corporate name	SHINKO ELECTRIC INDUSTRIES CO., LTD.
Head office	80, Oshimada-machi, Nagano-shi, Nagano 381-2287, Japan
Established	September 12, 1946
Capital	24,223 million yen
Fiscal year and listing market	Ending March 31 Prime Market of the Tokyo Stock Exchange
Major business lines	Manufacturing and sales of plastic laminated packages (PLPs), leadframes, glass-to-metal seals, heat spreaders, and ceramic electrostatic chucks IC assembly
Plant	Kohoku, Wakaho, Takaoka, Arai, Kyogase
Sales offices	Tokyo, Osaka, Nagoya, Fukuoka
Representative office	Manila
Consolidated Subsidiaries (Domestic)	SHINKO PARTS CO., LTD. (Nagano City, Nagano Prefecture) SHINKO TECHNOSERVE CO., LTD. (Nagano City, Nagano Prefecture)
Consolidated Subsidiaries (Overseas/Manufacturing)	KOREA SHINKO MICROELECTRONICS CO., LTD. (Korea) SHINKO ELECTRONICS (MALAYSIA) SDN. BHD. (Malaysia) SHINKO ELECTRIC INDUSTRIES (WUXI) CO., LTD. (China)
(Overseas/Sales)	SHINKO ELECTRIC AMERICA, INC. (U.S.A.) SHINKO ELECTRONICS (SINGAPORE) PTE. LTD. (Singapore) KOREA SHINKO TRADING CO., LTD. (Korea) TAIWAN SHINKO ELECTRONICS CO., LTD. (Taiwan) SHANGHAI SHINKO TRADING LTD. (China)
Affiliated Company	SHINKO MICROELECTRONICS (THAILAND) CO., LTD. (Thailand)

Main Manufacturing Plants

Domestic

Kohoku Plant (Nagano City, Nagano Pref.)



Wakaho Plant (Nagano City, Nagano Pref.)



Takaoka Plant (Nakano City, Nagano Pref.)



Arai Plant (Myoko City, Niigata Pref.)



Kyogase Plant (Agano City, Niigata Pref.)



Overseas

KOREA SHINKO MICROELECTRONICS CO., LTD.(Korea)

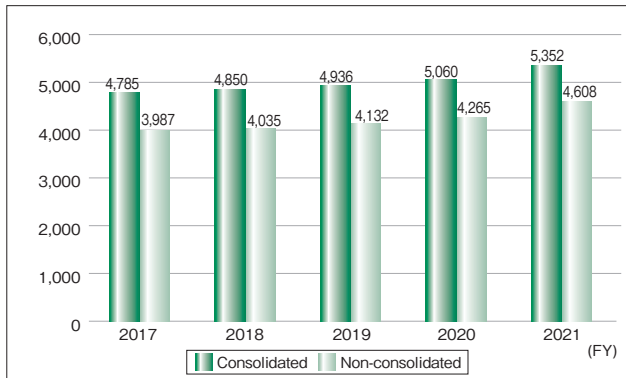


SHINKO ELECTRONICS (MALAYSIA) SDN. BHD.(Malaysia)

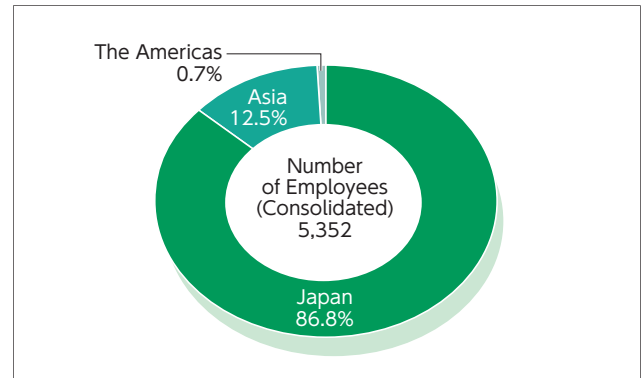


Number of Employees

<Number of Employees>

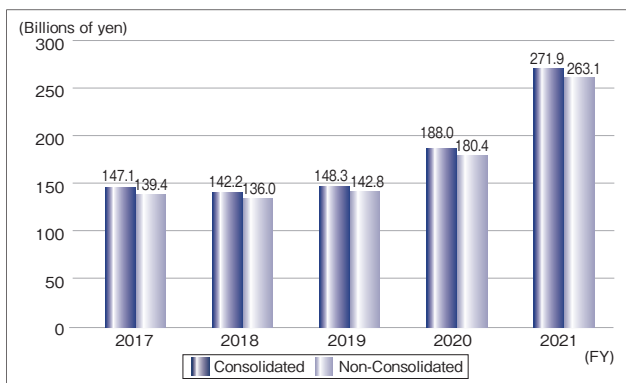


<Employee Ratio by Region (as of March 31, 2022)>

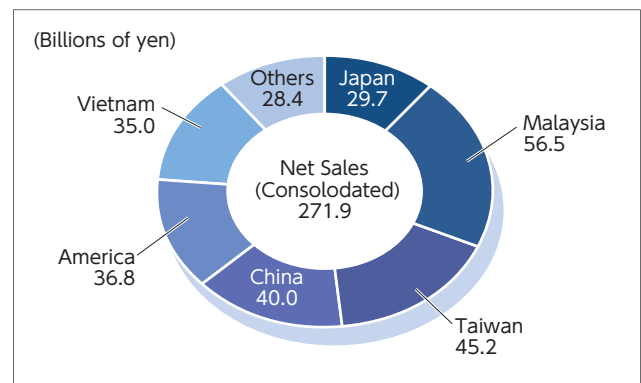


Net Sales

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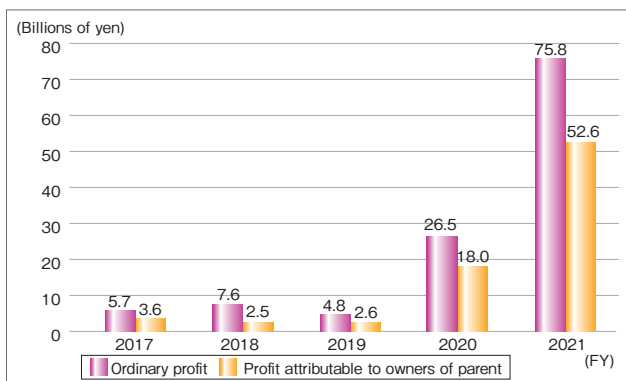


<Net Sales by Region (FY2021)>



Profit (Consolidated)

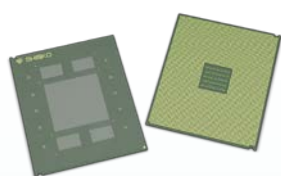
<Ordinary profit/Profit attributable to owners of parent>



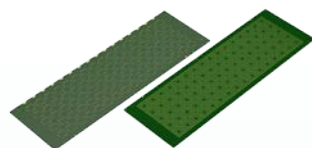
Business Overview by Segment

Plastic Packages

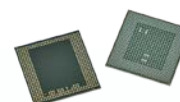
The Plastic Packages segment consists of flip-chip type packages, plastic BGA substrates, and IC assemblies.



Flip-Chip Type Packages

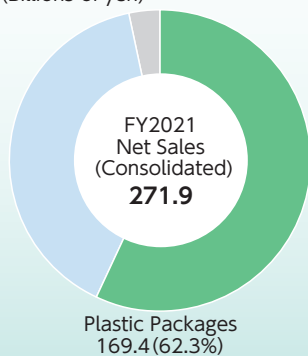


Plastic BGA Substrates



IC Assemblies

(Billions of yen)

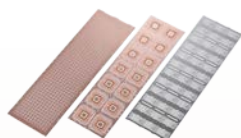


Applications:

PCs, servers, smartphones, automobiles, consumer products, etc.

Metal Packages

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



Leadframes



Heat Spreaders

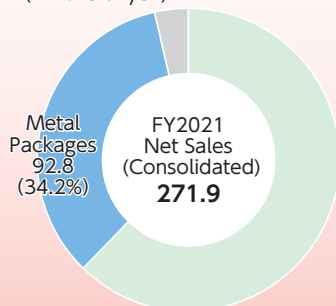


Ceramic Electrostatic Chuck



Glass-to-Metal Seals

(Billions of yen)



Applications:

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

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 protect and respect intellectual property.
- We comply with all laws and regulations.
- We maintain confidentiality.
- We act with fairness in our business dealings.
- We do not use our position in our organization for personal gain.

Sustainability Management

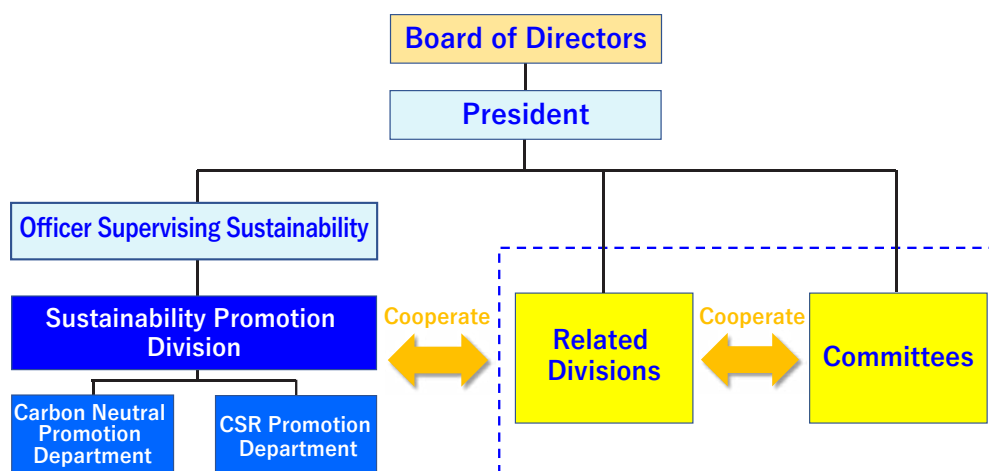
In 1946, with the main aim of ensuring local employment during the chaos of the postwar period, we launched our business starting with the refurbishment/recycling of unusable lightbulbs. From that time until now, the Shinko Group has consistently carried out business operations that always take into account coexistence with local communities, consideration for the global environment, and respect for humanity. In keeping with this spirit, from our beginnings up to today, the Shinko Way embodies the philosophy of the Shinko Group, our reason for existence, our values, and the principles that we follow in our daily activities. By providing superior products and technologies, 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 while contributing to the realization of a sustainable society as a company that continues to be trusted by the local and international community.

This basic stance of the Shinko Group is also in line with the Sustainable Development Goals (SDGs) advocated by the United Nations. We will continue to develop activities that address climate change, ensure sustainable production and consumption, and promote employment that is fulfilling and sympathetic, as well as the goals of the SDGs.

Promotion System

In April 2022, we established the Sustainability Promotion Division to accelerate initiatives that address sustainability issues in the Shinko Group.

The Sustainability Promotion Division consists of dedicated staff and managers from manufacturing divisions as well as those from environmental, procurement, human resources, corporate affairs, and other divisions. We are working on ways to strengthen activities that address sustainability issues throughout the Group as well as to boost our corporate value and achieve the sustainable growth of the Group.



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

Process for Identifying Material Issues

Identify sustainability issues

Identified a list of 171 issues based on internal and external factors

Assessment of materiality

Assessed from the points of view of their materiality for stakeholders and for the businesses of the Company, respectively

Identification of material issues

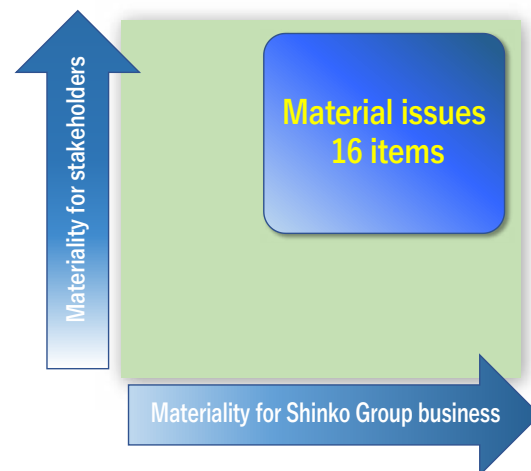
16 items were identified as material issues based on materiality assessments

Validity of the 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



Material issues (16 items)

- Activities to lower our environmental impact
 1. Responding to climate change
 2. Reducing waste
 3. Reducing water use
 4. Biodiversity conservation
 5. Reducing resource use, energy consumption
- Environmental management system
 1. Comply with environmental laws and regulations
 2. Management and reduction of toxic substances
- Coexistence with local communities
- Social contribution activities
- Respecting diversity
- Creating a dynamic corporate culture
- Hiring, training, and employing human resources
- Safe and pleasant workplaces
- Respecting human rights
- Customer and public confidence based on quality
- Promoting social responsibility in the supply chain

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.

Through communication with stakeholders, we aim to fulfill our social responsibility and contribute to the sustainable growth of society by understanding the expectations and wishes of our group as well as the social issues we face.






















Sustainability Targets and Progress

We set annual activity targets for addressing material issues, improving corporate value, strengthening governance, etc.

We intend to contribute to the UN's Sustainable Development Goals (SDGs) by achieving these targets.

Our Targets and Results for FY2021

















Shinko Way Corporate Values	Theme	FY2021 Targets	FY2021 Results	Related SDGs
Society and Environment	Promoting activities to lower our environmental impact	<ul style="list-style-type: none"> ●CO₂ emissions Reduction of 4.2% or more of base year (FY2020) ●Renewable energy use 4% 	<ul style="list-style-type: none"> ●CO₂ emissions 8.3% reduction from base year (FY2020) ●Renewable energy use 20% (Domestic manufacturing sites) 	      
		<ul style="list-style-type: none"> ●Generation of waste Hold below 7,269 tonnes 	<ul style="list-style-type: none"> ●Generation of waste Generation: 6,648 tonnes 	
		<ul style="list-style-type: none"> ●Use of water resources Reduce by 19,000m³ 	<ul style="list-style-type: none"> ●Use of water resources Reduced by 56,671m³ 	
		<ul style="list-style-type: none"> ●Conservation of biodiversity 1) Participate in the adopt-a-forest program in Nagano Prefecture (2 times) 2) Engage in biodiversity conservation in the Kurita Sogo Center • Nature survey 100% • Survey of the actual condition of the ecosystem 100% • Selection of indicators based on survey of actual conditions 100% 3) Implement environmental education and awareness activities to foster consciousness of biodiversity (5 times) 	<ul style="list-style-type: none"> ●Conservation of biodiversity 1) Result of participate in the adopt-a-forest program in Nagano Prefecture: 2 times 2) Result of activities engaged in biodiversity conservation in the Kurita Sogo Center • Nature survey: 100% • Survey of the actual condition of the ecosystem: 100% • Selection of indicators based on survey of actual conditions: 100% 3) Result of implementation of environmental education and awareness activities to foster consciousness of biodiversity: 6 times 	
	Initiatives to protect the local environment	<ul style="list-style-type: none"> ●Promote green procurement (reductions in CO₂ emissions and maintenance of water resources) • Perform environmental surveys on 100% of applicable suppliers • Survey response rate: over 90% • Make requests and provide support to 100% of 1st tier suppliers that have 2nd tier suppliers 	<ul style="list-style-type: none"> ●Promoted green procurement • Performed environmental surveys on 100% of applicable suppliers • Survey response rate: 100% • Made requests and provided support to 100% of 1st tier suppliers that have 2nd tier suppliers 	
		<ul style="list-style-type: none"> ●Conduct environmental volunteering cosponsored by labor union and management through the adopt-a-forest program in Iizuna Town, Nagano Prefecture ●Conduct environmental beautification activities at all plants 	<ul style="list-style-type: none"> ●Planted saplings and removed underbrush with adopt-a-forest program in Iizuna Town, Nagano Prefecture (June and October) ●Conducted environmental beautification activities at all plants (April to June) 	
	Coexistence and dialogue with local communities	<ul style="list-style-type: none"> ●Human resource exchange with local communities; contribute to human resource development and social activities in the region ●Support for social contributions by employees 	<ul style="list-style-type: none"> ●Cooperation with lectures and classes at nearby universities and hosted plant tours for nearby high school students, etc. 	
		<ul style="list-style-type: none"> ●Contribute to local culture and social infrastructure 	<ul style="list-style-type: none"> ●Sponsorship and participation in local events, donation of postcards and stamps to tree-planting activities, etc. 	
	Profit and Growth / Shareholders and Investors	Strengthen corporate governance	<ul style="list-style-type: none"> ●Respond to revisions to the Corporate Governance Code, improve information disclosure on corporate governance, etc. 	<ul style="list-style-type: none"> ●Responded to revisions to the Corporate Governance Code, improved information disclosure on corporate governance, etc.
Enriching dialogues with shareholders and investors		<ul style="list-style-type: none"> ●Promote constructive dialogues with shareholders and investors 	<ul style="list-style-type: none"> ●Enhanced dialogue with institutional investors via telephone and web conferencing, improved website, etc. 	
		<ul style="list-style-type: none"> ●Improve information distribution to stakeholders 	<ul style="list-style-type: none"> ●Improved information distribution with updating official website 	
Strengthen compliance	<ul style="list-style-type: none"> ●Implement countermeasures to reduce compliance risks 	<ul style="list-style-type: none"> ●Held training sessions related to compliance, etc. 		












Shinko Way Corporate Values	Theme	FY2021 Targets	FY2021 Results	Related SDGs
Profit and Growth / Shareholders and Investors	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	● Strengthen escalation system; understand important risks; review countermeasures	● Strengthened emergency communication system; conducted potential risk management review, etc.	
		● Strengthen risk response capabilities	● Responded to COVID-19; started using the Typhoon and Flood Damage Timeline, etc.	
Global Perspective	Strengthening overseas compliance system	● Reinforce compliance and reduce compliance risks in line with the Global Compliance Program (GCP)	● Implemented compliance e-learning at all sites, etc.	
	Providing opportunities and active support for skills development	● Expand training programs for developing globally aware human resources	● Expanded English conversation courses; increased opportunities to take the TOEIC test in-house and made them free of charge	
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	● Stepped up initiatives to reduce long working hours (reviewing overtime work management standards, making onsite announcements for no overtime days, 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	
	Achieving a safe, comfortable, and accident-free workplace	● Conduct safety and health plus fire and disaster prevention activities in accordance with the laws and regulations	● Promoted activities based on the RBA Code of Conduct; raised awareness and provided education for preventing unsafe behavior; conducted yearly fire and disaster prevention drills based on the annual plan, etc.	
		● Promote detailed safety awareness and safe behavior of employees, and prevent accidents due to carelessness and unsafe behavior	● Conducted safety education programs for all employees and periodic patrols and inspections by Safety & Health Committee members; conducted campaigns for raising awareness of traffic safety, education, guidance, etc.	
		● Conduct continual risk reduction activities	● Conducted risk assessments for all operations; rolled out similar accident prevention measures throughout the company	
● 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; initiatives to curb long overtime work hours, etc.			
Customers	Thoroughly grounding our activities in the customer's point of view and strengthening relationships of trust with customers	● Increase compliance awareness through education and training for relevant departments on the security trade control system and authorized exporters' program	● Conducted training on the security trade control system and authorized exporters' program	
Business Partners	Promoting CSR throughout the supply chain	● Make sure suppliers are aware of our procurement policy	● Made sure all suppliers in and outside Japan are aware	
		● Give CSR questionnaires to main suppliers	● Gave CSR questionnaires and feedback to main suppliers (implementation rate: 100%)	
		● Confirm CSR compliance of subcontractors working on company premises	● Checked the situation on premises using the CSR questionnaire (twice yearly, implementation rate: 100%)	
	Promoting conflict minerals surveys and due diligence	● Promote upstream surveys of raw materials using the RMI ¹ template and conduct due diligence	● Implemented a questionnaire survey using the RMI template, conducted interviews and risk assessment based on the survey results, and made procurement improvement requests	
Promoting BCP ² surveys of purchased goods and formulating BCP	● Reduce risk through BCP questionnaire surveys and formulation of BCP	● Conducted BCP questionnaire surveys, interviews based on survey results and risk assessments, and made improvement requests		









*1 RMI : Responsible Minerals Initiative

*2 BCP : Business Continuity Plan

Our Targets for FY2022

Category	Theme	FY2022 Targets	Related SDGs
Environment	Climate change	●Reduction of CO ₂ emissions at our facilities by at least 11.2% of the base year (FY2020)	
		●Increase renewable energy use by 8%	
		●Collect market and customer requirements and share information with related departments	
		●Survey and understand greenhouse gas (GHG) emissions at major suppliers • Conduct a survey of 10 major suppliers of production materials	
	Resource circulation	●Reductions in generation of waste Hold below 7,254 tonnes	
		●Reductions in use of water resources Reduction: 19,329m ³ or more	
	Living in harmony with nature	●Promotion of local biodiversity conservation activities • Participate in the adopt-a-forest program in Nagano Prefecture (2 times)	 
		●Engage in biodiversity conservation activities in the Kurita Sogo Center • Natural environment surveys • Survey of the actual condition of the ecosystem • Biodiversity conservation activities based on the survey of the actual condition of the ecosystem	  
		●Implement environmental education and awareness activities to foster consciousness of biodiversity (5 times)	 
	Initiatives to protect the local environment	●Continuation and expansion of environmental volunteering through the adopt-a-forest program	
●Continuation and expansion of environmental beautification activities at all plants			
Promote green procurement	●Promote upstream initiatives in the supply chain to reduce CO ₂ emissions and contribute to the maintenance of water resources • Perform surveys on 100% of applicable suppliers • Survey response rate: more than 90%		

Category	Theme	FY2022 Targets	Related SDGs
Social	Respect for human rights	●Promote human rights education for all employees	
	Work-life balance	●Improve productivity and achieve work-life balance by strengthening the Transforming Work Styles initiative	
		●Increase male childcare participation rate	
	Diversity & Inclusion (D&I)	●Improve working environments to encourage the full participation of women	
		●Acquire Platinum Kurumin certification (childcare support company certification system by Japan's Ministry of Health, Labor and Welfare)	
		●Hire international students	
		●Create a workplace environment where employees with disabilities can demonstrate their abilities and work comfortably	
		●Establish a system that allows older employees who are willing to work to exercise their abilities and play an active role	
	Human resource development	●Improve the training system for developing employees who will lead in the future	
		●Expand training programs for developing globally aware employees	
		●Support career development to encourage the full participation of women	
	Worker safety and health management	●Conduct safety and health plus fire and disaster prevention activities that are required by laws and regulations	
		●Prevent accidents by raising awareness of safety and following all work procedures and work rules	
●Number of serious accidents: 0			
●Conduct continual risk reduction activities by identifying and assessing hazards and adverse factors			
●Improve employees' health management awareness and create workplace environments where they can work enthusiastically in good physical and mental health			
●Specific health guidance implementation rate: 75%			
Community contribution / Youth development / Sports promotion	●Conduct tours at every plant		
	●Fully participate in and sponsor local events		
	●Sponsor a soccer team		
Enriching communication with stakeholders	●Promote constructive dialogues with shareholders and investors		
	●Improve dissemination of information to stakeholders		
Promoting CSR throughout the supply chain	●Make sure suppliers are aware of our purchasing policy	 	
	●Give CSR questionnaires to main suppliers		
	●Confirm CSR compliance of subcontractors working on company premises		
Initiatives for and promotion of the responsible sourcing of minerals	●Upstream surveys of raw materials using the RMI template and improvement activities to promote due diligence		
Conducting BCP questionnaire surveys of purchased goods and for formulating BCPs	●Improve risk reduction through BCP questionnaire surveys and by formulating BCPs		

Category	Theme	FY2022 Targets	Related SDGs
Governance	Strengthening corporate governance	<ul style="list-style-type: none"> ● Respond as a TSE Prime listed company (establish a Special Committee; make TCFD disclosures) ● Respond to unimplemented rules 	
	Strengthening compliance	<ul style="list-style-type: none"> ● Implement countermeasures to reduce compliance risks <ul style="list-style-type: none"> • Hold training sessions related to compliance • Operate an internal whistleblowing system • Conduct monitoring to understand risks 	
	Strengthening compliance systems at overseas sites	<ul style="list-style-type: none"> ● Reinforce compliance and reduce compliance risks in line with the Fujitsu Group's Global Compliance Program (GCP) 	
	Building trusting relationships with customers	<ul style="list-style-type: none"> ● Conduct education and training for applicable departments on the security trade control system and the specified export declaration system 	
	Strengthening risk management	<ul style="list-style-type: none"> ● Understand risks through potential risk surveys; consider and revise measures in advance for important risks 	
		<ul style="list-style-type: none"> ● Raise risk awareness by implementing and improving company-wide education 	
		<ul style="list-style-type: none"> ● Address climate change risks 	
		<ul style="list-style-type: none"> ● Strengthen ability to respond to COVID-19 	
	Strengthening information management	<ul style="list-style-type: none"> ● Strengthen ability to respond to the risk of natural disasters 	
		<ul style="list-style-type: none"> ● Operate an information protection management system (in-house, other companies, and for individuals) <ul style="list-style-type: none"> • Conduct periodic inventories • Raise employee awareness of information management • Comply with other countries' legal systems applied outside those countries 	
Protecting and strengthening our intellectual property	<ul style="list-style-type: none"> ● Operate an information protection management system (in-house, other companies, and for individuals) 		
	<ul style="list-style-type: none"> • Conduct periodic inventories • Raise employee awareness of information management • Comply with other countries' legal systems applied outside those countries 		
Respecting the intellectual property (IP) of others	<ul style="list-style-type: none"> ● Strengthen patent applications by conducting technology creation program ● Proactively file overseas patent applications based on product markets 		
	<ul style="list-style-type: none"> ● Prevent infringement by conducting periodic searches of other companies' patents related to our technology ● Raise awareness of intellectual property issues through IP education 		

Environmental Policy



We have defined our responsibilities toward the global environment in an Environmental Policy, so that we can contribute to a healthy environment and rich society that will be handed down to future generations. We developed the “Shinko Environmental Charter” to clarify our basic stance on environmental conservation in January 1994, and 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.

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

Environmental Vision 2050



In 2022, the Shinko Group published *Environmental Vision 2050*.

The Paris Agreement^{*1} and the Sustainable Development Goals (SDGs)^{*2} and other movement are accelerating international action to create a sustainable society, and Japan has declared the goal of achieving carbon neutrality and decarbonizing by 2050. In addition, there is an accelerating movement to resolve social issues, such as the transition to a circular economy, the problem of plastics in the ocean, conserving water resources, and biodiversity.

Against this background, we clarified our goals for the global environment, which is the foundation of a sustainable society, as a responsibility of a manufacturing company.

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

*2 Sustainable Development Goals (SDGs): 17 social goals, adopted by the United Nations in 2015, that the international community should achieve by 2030 for sustainable development

Environmental Vision 2050

The Shinko Group contributes to creating a sustainable society by reducing our environmental impact as a responsibility of a manufacturing company.

Shinko Group's Goals

Climate change	We will help realize a decarbonized society by reducing greenhouse gas emissions.
Resource circulation	We intend to help build a recycling-oriented society by maximizing the effective use of resources and through recycling.
Living in harmony with nature	We aim to realize a society in harmony with nature by reducing the impact of our business activities on biodiversity.

Medium- to Long-Term Environmental Targets



The Shinko Group in Japan has established medium- to long-term environmental targets (for FY2030 and FY2050) and is working to achieve the Shinko Group’s goals in the three areas set out in our *Environmental Vision 2050*.

In particular, climate change is requiring stronger actions to reduce greenhouse gas emissions that will prevent the increase in risk. For this reason, in September 2022, we revised our FY2030 target for early progress in reducing greenhouse gas emissions. The target for the net reduction in greenhouse gas emission was revised upward significantly, from a 42% reduction compared to FY2020 to a 56% reduction compared to FY2020, and the target for the rate of renewable energy use was significantly revised upward from 100% in FY2050 to 100% in FY2030, a 20-year advance from the previous target of 100% in FY2050. We have also set new targets for resource circulation and living in harmony with nature for FY2050, and we will continue to take actions that address global social issues from a long-term perspective.

Climate Change

	FY2030 Targets	FY2050 Targets
Net reduction in greenhouse gas emissions	56% reduction (vs. FY2020)	Net-zero emissions
Rate of renewable energy use	100%	100%

For specific activities, see [Climate Change \(P27\)](#) Boundary: Shinko Group in Japan

Resource Circulation

	FY2030 Targets	FY2050 Targets
Waste	50% reduction (vs. FY2020)	Minimization
Water use	5% reduction (vs. FY2020)	Minimization

For specific activities, see [Resource Circulation \(P32\)](#) Boundary: Shinko Group in Japan

Living in Harmony with Nature

	FY2030 Targets	FY2050 Targets
Local communities	Work with the local community to contribute to continuing biodiversity conservation activities.	Work with the local community to contribute to continuing biodiversity conservation activities.
Inhouse green spaces	Robust conservation of the healthy ecosystems in the Kurita Sogo Center.	Robust conservation of the healthy ecosystems in the Kurita Sogo Center and at all plants.
Employees	Work to improve each employee’s awareness of biodiversity.	Work to improve each employee’s awareness of biodiversity.

For specific activities, see [Living in Harmony with Nature \(P35\)](#) Boundary: Shinko Group in Japan

Environmental Action Program



The Shinko Group in Japan has established the Environmental Action Program, our short-term goals to achieve medium- to long-term environmental targets. The Environmental Action Program defines the actions required to achieve the medium- to long-term environmental targets that we use to evaluate performance and effectiveness.

Environmental Action Program (Stage 10)

Our Environmental Action Program (Stage 10) sets out environmental goals to be achieved over two years: FY2021 to FY2022. We have added a new theme, living in harmony with nature, to what we have been working on: the mitigation of climate change and resource circulation. In FY2021, we were able to achieve results that far exceeded our goals, particularly in increasing the use of renewable energy and reducing water use.

Environmental Action Program (Stage 10)			Targets	FY2021 Achievements	Percent complete
Climate change	Reduction of GHG emissions (GHG: greenhouse gas)	● Reduce CO ₂ emissions by 4.2% or more per year from the base year (FY2020)	Reduction of 4.2% or more (vs. FY2020)	8.3% reduction	196 %
		● Increase renewable energy use by 4% per year	Ratio of electricity from renewable energy sources: 4% or more	20 %	500 %
Resource circulation	Reducing waste	Hold generation of waste to within 7,254 tonnes by the end of FY2022	Amount generated: 7,269 tonnes or less	6,648 tonnes	109 %
	Reducing water use	Reduce water use to 1% (38,000m ³) of that used in FY2020 by the end of FY2022	Reduction of 0.5% or more (19,000m ³ or more)	1.5% reduction (56,671m ³)	298 %
Supply chain	Promoting green procurement	● Promote upstream initiatives in the supply chain to reduce CO ₂ emissions ● Strengthen awareness of water resource conservation upstream in the supply chain	Applicable suppliers: 100% compliance	100% implementation	100 %
Living in harmony with nature	Conservation of biodiversity	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.			
		● Participate in the adopt-a-forest program in Nagano Prefecture	Forest maintenance: 2 times	Conducted 2 times	100 %
		● Engage in biodiversity conservation in the Kurita Sogo Center	Natural environment survey Indicators selection	Survey implementation Indicators selected	100 %
		● Implement environmental education and awareness activities to foster consciousness of biodiversity	Environmental education: 3 times Awareness raising activities: 2 times	Education: 3 times Awareness raising: 3 times	120 %

***Reduction of greenhouse gas emissions**

Based on a review of our medium- to long-term environmental targets, we have revised our target upward to reduce greenhouse gas emissions by 11.2% from the base year (FY2020) for the two-year period from FY2021 to FY2022, and are promoting activities to achieve this target.

***Reduction of water use**

Reflecting the results for FY2021, we have revised our goal upward and are promoting activities to reduce water use by 2% (76,000 m³) of that used in FY2020 by the end of FY2022 for the two-year period from FY2021 to FY2022.

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

Environmental Management

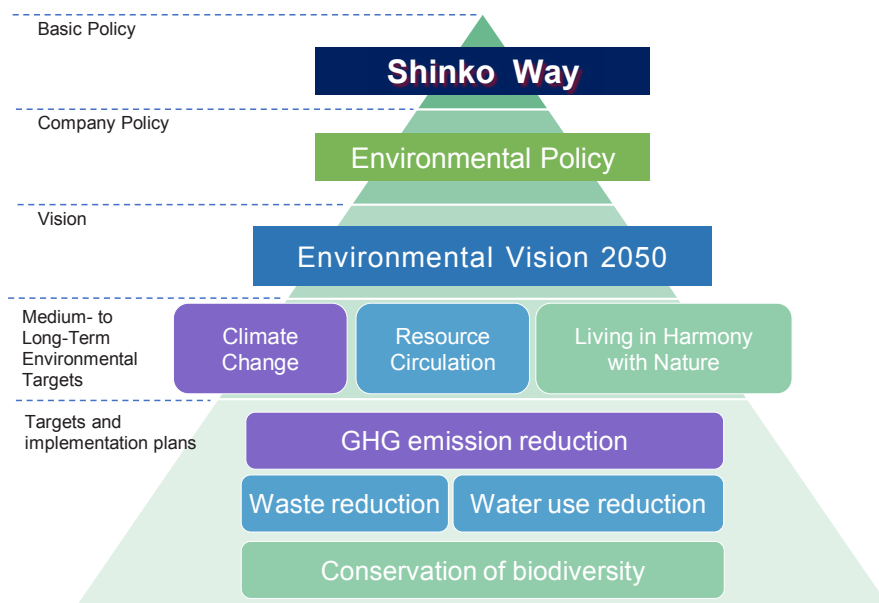


The Shinko Group has developed an environmental management system and employs the PDCA cycle in an effort to make continual improvements and enhance our environmental performance to practice eco-friendly business operations under its Environmental Policy. The Shinko Group in Japan has acquired ISO 14001 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.

Environmental Activity Promotion System

We have made environmental protection a top management priority and are engaged in environmental preservation activities based on a promotion system established in accordance with the Shinko Way, the basic philosophy of the Shinko Group.

Environmental Activity Promotion System

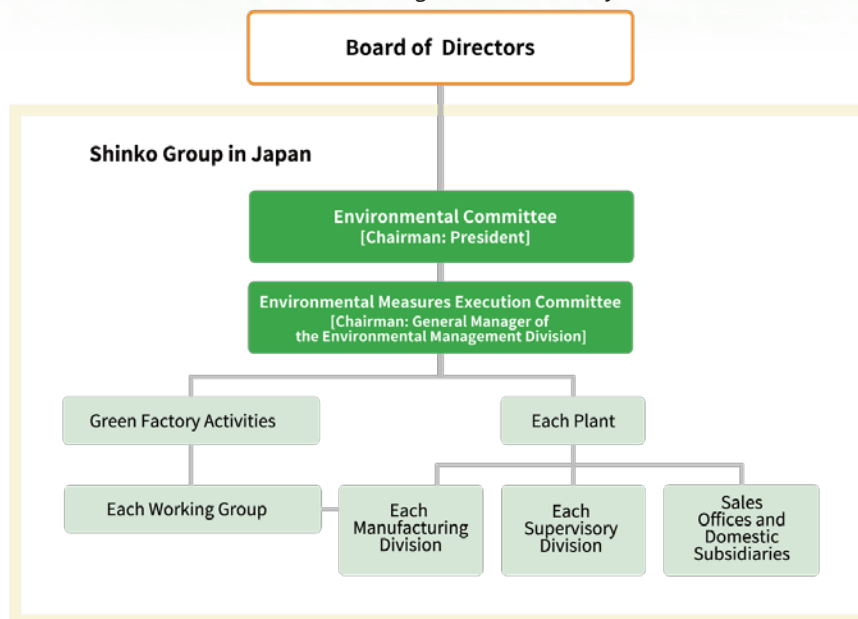


Environmental Management Promotion System

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.

Risks and Opportunities Related to Major Environmental Issues

■ Climate Change

Policy and regulatory risks	The risk of increased financial burdens, such as carbon taxes and higher energy costs due to stricter regulations on greenhouse gas emissions, as well as the risk of lower corporate value in the event of noncompliance
Market risks	The risk of losing business opportunities due to delayed responses to the demand for low-carbon products and environmentally friendly services and the risk of higher raw material costs
Reputation risks	The risk of a decline in corporate value due to negative assessments by stakeholders as a result of a delayed response to climate change, etc.
Physical risks	The risk of shutting down production lines or plants due to disasters, such as high winds and flood damage, etc., and the risk of delays in purchasing components and materials, and shipping products due to damage to suppliers or disrupted supply chains
Opportunities for resource efficiency	Creating low-carbon manufacturing processes by reducing energy consumption through countermeasures, such as improving the efficiency of manufacturing processes, promoting energy-saving design of manufacturing equipment, and boosting the efficiency of utility equipment, as well as introducing and producing renewable energy
Opportunities for products and services	Increased sales by providing products and services with high environmental value that match market needs, and by providing energy-saving products, such as semiconductor packages that contribute to higher performance, higher speed, and energy savings

■ Others

	Risks	Opportunities
Waste	<ul style="list-style-type: none"> ◆ Increased costs, such as higher waste disposal fees ◆ Shortage of waste disposal sites 	<ul style="list-style-type: none"> ◆ Cost cutting by saving resources in the manufacturing process and promoting waste reductions and the material recycling of waste
Water resources	<ul style="list-style-type: none"> ◆ Plant operation restrictions and shipping delays due to groundwater depletion and water restrictions 	<ul style="list-style-type: none"> ◆ Creating a process for saving water during manufacturing by promoting water saving and efficiency in manufacturing processes ◆ Cost cutting by reducing water use
Biodiversity	<ul style="list-style-type: none"> ◆ Climate change and resource depletion due to biodiversity loss 	<ul style="list-style-type: none"> ◆ Sustainable business activities through biodiversity conservation
Resources and energy	<ul style="list-style-type: none"> ◆ Raw material shortages and procurement delays, plant operation restrictions, and shipping delays due to resource and energy depletion ◆ Increased costs due to soaring raw material prices 	<ul style="list-style-type: none"> ◆ Avoiding operation restrictions by responding to the call for a circular economy ◆ Developing a process for saving resources by promoting more efficient manufacturing process and energy-saving design of equipment ◆ Cost reduction through reduced use
Environmental laws and regulations	<ul style="list-style-type: none"> ◆ Increased cost of compliance due to stricter laws and regulations, reduced corporate value in the event of noncompliance, and impact on ecosystems 	<ul style="list-style-type: none"> ◆ Maintaining stakeholder trust by complying with laws and regulations ◆ Environmental protection, resource conservation, waste reduction, and cost reduction through compliance with laws and regulations
Hazardous substances	<ul style="list-style-type: none"> ◆ Impact on the ecosystem from using chemical substances 	<ul style="list-style-type: none"> ◆ Reduced impact on the ecosystem and environmental preservation around production bases through more effective management and reducing the use of chemical substances

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 FY2021, as in the previous year, we conducted remote audits as a measure to prevent the spread of COVID-19. By using a digital network, we conducted audits equivalent to onsite 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. In FY2021, there was one case of delayed notification and two complaints, which were addressed and corrected. For other incidents, there were no legal violations or accidents having a serious impact on the environment, including at overseas production bases.

[See Environmental Measurement Data, Water quality \(P86\)](#)

Environmental Education

To encourage 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 environmental education to all employees at least once a year. 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.

Environmental Education Achievements in FY2021 [Shinko Group in Japan]

Training	Participants
General Environmental Education	4,952
Education for Environmental Operations Personnel	3,537
Rank-specific Education	152

Raising 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 also prepare to minimize damage in the event of a disaster.

● Preventing Environmental Pollution

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.

Preventing Leaks of Chemical Solutions and Waste Liquids

We carefully manage safety when we store chemical solutions and waste liquids. Tanks are systematically updated after a certain number of years, based on the material and the contents. Also, we have installed liquid containment walls around our tanks to prevent leaks in and outside our premises. In addition, liquid containment walls, tanks, piping, etc. are regularly inspected to detect deterioration and anomalies at an early stage, leading to the prevention of leaks.

We also conduct practical response training and protective equipment training in preparation for minimizing environmental risks in the event of a leak.

Plant Safety Management

To ensure early responses to any problems, every plant's facilities management department conducts monthly comprehensive safety inspections of each equipment to achieve compliance, environmental protection, and the prevention of accidents.



Leak response training (Arai Plant)

● Disaster Response

Flood Control

In response to the frequent flood damage caused by heavy rains and typhoons in recent years, we have implemented flood control measures, after referring to hazard maps. We installed waterproof barriers to stop the flow of water as a measure against indoor flooding. Outside, we have installed stands and raised up some facilities to minimize damage from flooding.

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).

Preparing for a Largescale Blackout

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

Promoting Business Continuity Management (BCM)

We are 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.

[See Risk Management \(P71\)](#)

Climate Change



The Paris Agreement^{*1}, 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 CO₂ 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 in Japan has set medium- to long-term environmental targets to reduce greenhouse gas emissions and contribute to realize 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.

Reporting boundary: the Shinko Group in Japan

Medium- to Long-term Targets

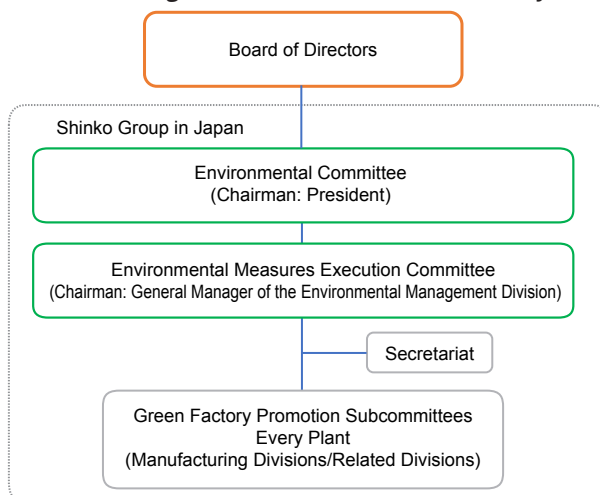
	FY2030 Targets	FY2050 Targets
Net reduction in greenhouse gas emissions	56% reduction (vs. FY2020)	Net-zero emissions
Rate of renewable energy use	100%	100%

Climate Change Countermeasures Promotion System

The Shinko Group in Japan regards addressing climate change as one of the most important management issues. To achieve our medium- to long-term environmental targets, we have established Green Factory Promotion Subcommittees, consisting of all manufacturing divisions and related divisions, at all plants. In order to reduce CO₂ emissions, the Green Factory Promotion Subcommittees promote climate change countermeasures, such as introducing energy-saving and high-efficiency equipment for manufacturing processes and utilities, as well as reducing the air conditioning load by strengthening heat retention, etc. We are also working to reduce waste and water use.

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

In May 2022, we expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)^{*2}.



Moreover, the Fujitsu Group's GHG reduction target was approved by SBT^{*3} and Fujitsu Group is a member of RE100^{*4}. 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.



RE100

CLIMATE GROUP



- *2 Task Force on Climate-related Financial Disclosures (TCFD): The TCFD was established by the Financial Stability Board (FSB) at the request of the G20 to reduce the risk of instability in financial markets related to climate change. In June 2017, it issued a proposal recommending that companies and organizations voluntarily identify and disclose information on the risks and opportunities posed by climate change.
- *3 SBT: Science Based Targets. Greenhouse gas emission reduction targets consistent with the levels required by the Paris Agreement.
- *4 RE100: Renewable Energy 100%. An international initiative that aims to source 100% of the energy consumed by business activities from renewable energy.

Information Disclosure Based on TCFD Recommendations

The Financial Stability Board (FSB) has established the Task Force on Climate-related Financial Disclosures (TCFD) to reduce the risk of instability related to climate change in financial markets. Responding to the TCFD recommendations in 2017, the Shinko Group has committed to making disclosures in line with the recommendations, and as SHINKO ELECTRIC INDUSTRIES CO., LTD., we expressed our support for the TCFD recommendations in May 2022.

● Governance

We have established the Environmental Committee chaired by the Representative Director of the Board, President, as a framework for promoting environmental management. The Committee deliberates on environmental issues, including policies, specific targets, and management systems (assessments and management of business risks and opportunities due to climate change). As well, the committee shares and manages progress on addressing climate change and other environmental issues. Those results are reported to the Board of Directors.

Further, as part of a company-wide risk management system, we have established the Risk Management Committee chaired by the Representative Director of the Board, President, to promote risk management throughout the entire Group. To fully understand and respond to risks that could impact our business operations, including climate change, we analyze and respond to risks Groupwide. The Board of Directors receives regular reports on the important risks that have been identified, analyzed, and evaluated.

In addition, as a member of the Fujitsu Group, the Shinko Group in Japan has established an environmental management system (EMS) based on ISO 14001 certification, and the results of EMS activities are reported to the Board of Directors.

● Strategy

The Shinko Group has conducted scenario analyses using the 2°C or lower scenario, and the 4°C scenario, considering the period up to 2050. The results, indicating risks and opportunities, are shown in the table below. In the 2°C or lower scenario, some risks have been anticipated, such as tighter regulations and introducing a

carbon tax, while opportunities for sales growth through energy-saving products and decarbonizing energy technologies, etc. are also expected. Under the 4°C scenario, the physical risks from disasters are considered more significant, especially from high winds and flood damage.

To capitalize on these opportunities and respond to risks, we have established medium- to long-term environmental targets. To help create a decarbonized society and help respond to climate change, we are working to achieve carbon neutrality, which means net-zero greenhouse gas emissions by 2050.

Risks/Opportunities	Content
Policy and regulatory risks	The risk of increased financial burdens, such as carbon taxes and higher energy costs due to stricter regulations on greenhouse gas emissions, as well as the risk of lower corporate value in the event of noncompliance
Market risks	The risk of losing business opportunities due to delayed responses to the demand for low-carbon products and environmentally friendly services and the risk of higher raw material costs
Reputation risks	The risk of a decline in corporate value due to negative assessments by stakeholders as a result of a delayed response to climate change, etc.
Physical risks	The risk of shutting down production lines or plants due to disasters, such as high winds and flood damage, etc., and the risk of delays in purchasing components and materials, and shipping products due to damage to suppliers or disrupted supply chains
Opportunities for resource efficiency	Creating low-carbon manufacturing processes by reducing energy consumption through countermeasures, such as improving the efficiency of manufacturing processes, promoting energy-saving design of manufacturing equipment, and boosting the efficiency of utility equipment, as well as introducing and producing renewable energy
Opportunities for products and services	Increased sales by providing products and services with high environmental value that match market needs, and by providing energy-saving products, such as semiconductor packages that contribute to higher performance, higher speed, and energy savings

● Risk Management

To fully understand and respond to risks that could affect the business operations of the Shinko Group, including climate change, we identify, assess, and manage risks across the Group. In order to conduct regular company-wide risk assessments, we prepare analysis tools, distribute them to the managers responsible for risk management in each division and Group company, and gather responses. Every division and Group company uses these tools to conduct assessments on items such as the impact and likelihood of the occurrence of risks, the status of countermeasures, and to provide responses to risks. For the risks related to climate change, we use information collected from across the Group to assess policies, reputation, natural disasters, the supply chain, products and services, etc. The results of the assessments, answered by each division, are conducted using a centralized matrix analysis to investigate the possible impact and likelihood of occurrence, then high-priority risks are identified at the company-wide level. The results of these analyses are reported to the Board of Directors.

The Environmental Committee shares business risks, opportunities, and countermeasures related to climate change, and manages progress. In addition, as a member of the Fujitsu Group, the Shinko Group in Japan has established an environmental management system based on ISO 14001. Under this system, we monitor risks on compliance, etc.

● Metrics and Targets

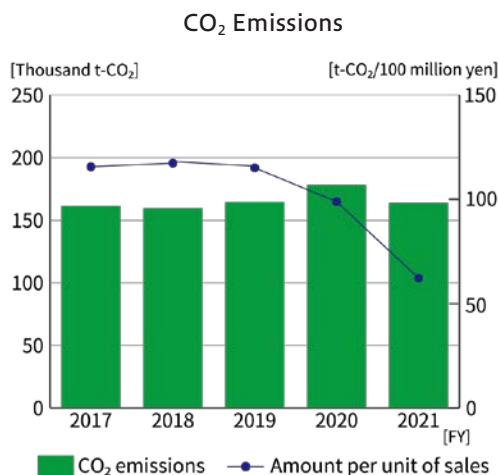
The Shinko Group, recognizing the importance of reducing greenhouse gas emissions and adopting renewable energy for countering climate-related risks, uses greenhouse gas emissions and renewable energy adoption rates as key metrics. As medium- to long-term targets, we have established a FY2050 target to achieve net-zero greenhouse gas emissions and a FY2030 reduction target backcast from the FY2050 target as well as 100% renewable energy use. In addition, we have also established the Environmental Action Program for short-term targets, and monitor indicators to manage the progress of our strategy and associated risks.

Promoting Energy Conservation

● Results of Activities

In FY2021, CO₂ emissions from energy use were reduced by approximately 15,000 t-CO₂ compared with FY2020 by energy reduction activities through energy saving and efficiency improvements and the creation and introduction of renewable energy. We were also able to reduce CO₂ emissions per unit of sales^{*5} by 36.7 t-CO₂/100 million yen compared with FY2020.

We anticipate a further increase in energy use as we strengthen our production system. Based on this situation, we are focusing on energy saving and efficiency improvements to further advance energy conservation.



*5 CO₂ emissions per unit sales: CO₂ emissions per 100 million yen of sales

*6 CO₂ emissions calculation coefficient: 0.444 t-CO₂/MWh (for understanding the actual results of our activities)
 (Using the FY2019 location standard used to calculate results for FY2020, the base year)
 However, the coefficient for electricity derived from renewable energy is 0 t-CO₂/MWh.

<Examples of Energy Saving Activities>

In manufacturing divisions, the manufacturing, design, and engineering departments cooperate in energy-saving activities through trial and error on a daily basis. One example is the reduction of product processing time in the manufacturing process and reduction of standby power use by manufacturing equipment. This contributes not only to CO₂ emissions reduction, but also to productivity improvement and cost reduction.

Effects of reducing product processing time in the manufacturing process and reducing standby power use of manufacturing equipment (FY2021)

- Power reduction: 870 MWh
- CO₂ reduction: 380 t-CO₂
- Cost reduction: 17 million yen

In addition, we are continuing to carry out a series of steady activities, such as switching to LED lighting in plants and offices, and have also begun trialing Internal Carbon Pricing (ICP)^{*7}. From the perspective of promoting energy efficiency and the introduction of low-carbon equipment, ICP converts the CO₂ emission reductions resulting from capital investment into monetary values, which are used as information for making investment decisions. We will verify the results of our efforts and translate them into future reductions in CO₂ emissions.

*7 Internal Carbon Pricing (ICP): A system for companies to independently price their CO₂ emissions and use this information to make investment decisions

Creation of Renewable Energy

We installed solar panels on the roof of the newly constructed warehouse building at the Wakaho Plant in FY2021. Together with the solar panels already installed on the existing building, these panels will cover a portion of the electricity used at the plant. Going forward, we will continue to put effort into the creation of renewable energy such as solar power generation.



Solar panels installed on the roof of the warehouse building at the Wakaho Plant

Introduction of Renewable Energy

In FY2021, we began introducing renewable energy power, with the medium- to long-term environmental targets of achieving a 100% renewable energy usage rate by FY2030.

In FY2021, we achieved a usage rate of 20%, well above the target of 4% or more.

As a result, CO₂ emissions were reduced by approximately 29,000 t-CO₂, contributing to a net reduction in greenhouse gas emissions.

Topic

Commended by Nagano Prefecture for Excellence in the System of Planned Global Warming Countermeasure in Business Activities

In March 2022, we were commended as an excellent business by Nagano Prefecture for our proactive efforts to reduce greenhouse gas emissions under the System of Planned Global Warming Countermeasure in Business Activities.

The award was given in recognition of the content of our greenhouse gas emission reduction plan and our activities taken toward our target of net-zero greenhouse gas emissions in FY2050.



Commendation ceremony for excellent businesses

Resource Circulation



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

Reporting boundary: Shinko Group in Japan

Medium- to Long-term Environmental Targets

	FY2030 Targets	FY2050 Targets
Waste	50% reduction (vs. FY2020)	Minimization
Water use	5% reduction (vs. FY2020)	Minimization

Waste Reduction

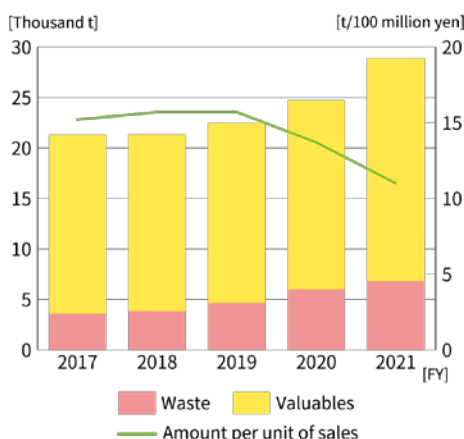
● Results of Activities

Waste is increasing due to the increased production of flip-chip type packages and plastic BGA substrates. On top of this, waste plastics and other waste materials end up as waste because they cannot be sold for value. With this, our gross output of waste (amount of waste + valuable material) increased by approximately 17% over FY2020. Although the gross output of waste increased, the amount per unit of sales^{*1} decreased mainly due to six waste reduction measures (see below). Going forward, we will continue making efforts to reduce the output of waste.

< 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

Gross Output of Waste, and Amount per Unit of Sales



*1 Amount per unit of sales: Amount of waste per 100 million yen of sales

● 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 to help create a recycling-oriented society. With this, our rate of effective utilization of waste has remained steady at nearly 100%, and we have maintained the status of zero emissions.

* 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.



● 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 FY2021, we used documents and remote verification of contractors, with a view to preventing the spread of COVID-19. 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

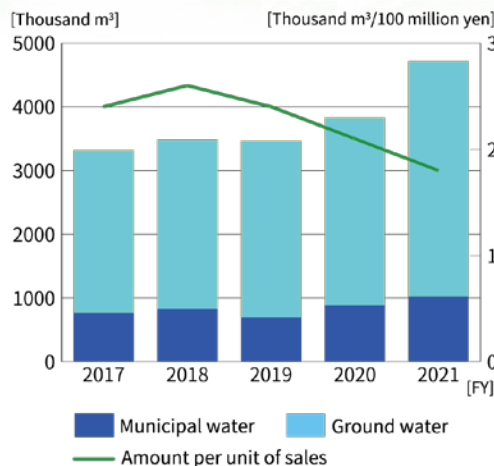
● Results of Activities

In FY2021, we reduced water use by 1.5% (56,671 m³), far exceeding our target of reducing water use by 0.5% (19,000 m³) of FY2020 use.

In this activity, we take equipment and process approaches. We focus on recycling the water used in the manufacturing process and reviewing and optimizing the water supply for product rinsing and other uses. Since these measures have produced significant results, we revised the target in the Environmental Action Program (Stage 10) upward to “reduce by 2% (76,000 m³) or more” and will continue to make efforts in FY2022.

Although our total water withdrawal has increased due to expanded production, the amount per unit of sales^{*2} has decreased. Going forward, we will continue making efforts to reduce water use.

Total Water Withdrawal and Amount per Unit of Sales



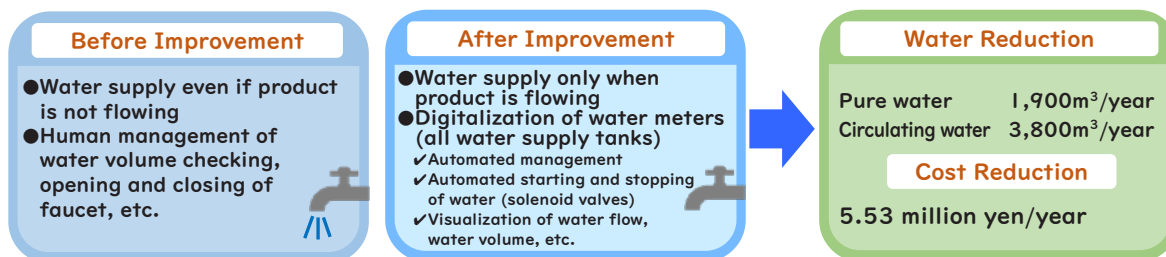
*2 Amount per unit of sales: Amount of water withdrawal per 100 million yen of sales

Here is an example of our activities.

< Water Reduction through Automation of Water Management >

The manufacturing divisions work closely with the facilities management departments to ensure consistency from the design of manufacturing processes to the offsetting the specifications for manufacturing equipment.

At the Takaoka Plant, management of the water supply tanks was automated when the electrolytic barrel plating equipment was upgraded. By performing water management on a tank-by-tank basis, optimal conditions can be set for each tank, resulting in a reduction of 5,700 m³ of water use per year. While this measure was designed to reduce our environmental impact, it also had a positive impact on improving operations by reducing the workload on workers and human error in water management. Therefore, these actions achieved a balance between manufacturing and reducing environmental impact.



Living in Harmony with Nature



The Shinko Group has the Environmental Policy to contribute to the creation of an abundant society through countermeasures for climate change, effective utilization of resources and conservation of biodiversity. Recognizing that our business benefits from, as well as influences, biodiversity, we have established medium- to long-term environmental targets to reduce the impact of our business activities on biodiversity and to help realize a society in harmony with nature.

Reporting boundary: Shinko Group in Japan

Medium- to Long-term Targets

	FY2030 Targets	FY2050 Targets
Local communities	Work with the local community to contribute to continuing biodiversity conservation activities.	Work with the local community to contribute to continuing biodiversity conservation activities.
Inhouse green spaces	Robust conservation of the healthy ecosystems in the Kurita Sogo Center.	Robust conservation of the healthy ecosystems in the Kurita Sogo Center and at all plants.
Employees	Work to improve each employee's awareness of biodiversity.	Work to improve each employee's awareness of biodiversity.

Conservation of Biodiversity

Aiming to conserve biodiversity, which is the foundation of a sustainable and abundant society, we have established the Guiding Principles for Biodiversity in order to work with society to pursue the ideal state for people and nature.

Guiding Principles for Biodiversity

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



● Results of Activities

1. Conduct the adopt-a-forest program in Nagano Prefecture

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

Activity	FY2021 Target	Results
Forest maintenance	Conduct 2 times	2 times

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

- Certified amount of CO₂ absorption in FY2021: 0.1 t-CO₂/year (0.19 ha)

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



Activities in the adopt-a-forest program (sapling planting)

2. 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. The FY2021 survey identified 258 plants and 102 living species, more than the survey conducted in FY2020. However, some of these were found to be nonnative species that are considered a threat to the ecosystem. We are exterminating and monitoring them as indicator species to identify problems and make improvements. We will continue our activities to improve biodiversity at the Kurita Sogo Center.

Activities	FY2021 Targets	Results
Natural environment survey	Implement survey	Implemented survey
Selection of indicator species	Conduct selection	Conducted selection



Kurita Sogo Center (Kurita, Nagano City)



Living things at Kurita Sogo Center

3. Conduct environmental education and awareness activities to foster consciousness of biodiversity

We are strengthening our education and awareness-raising activities related to biodiversity to ensure that each employee understands the importance of biodiversity and its relationship to our business activities, and to develop human resources capable of taking action in their own work and daily lives, starting with everyday things.

Activities	FY2021 Targets	Results
Environmental education	Conduct 3 times	3 times
Awareness-raising activities	Conduct 2 times	3 times

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^{*1}. When previously unused chemical substances are to be processed, they will be used properly after conducting a risk assessment to identify any environmental risks.

*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.

● Control of Chemical Substances Contained in Products

The information on the chemical substances contained in purchased products is identified and controlled based on chemSHERPA^{®*2}, and we have built a system which enables us to respond to customer requests and so that various laws and regulations can be met. We request major suppliers of materials and components to build the CMS (Chemical substances Management System) as a measure to keep hazardous substances out of our products. In addition, we audit chemical substance control status periodically and continually. If an insufficiency is detected, we request that the supplier to correct it and support its improvement.

[See Managing Chemical Substances in Products\(P62\)](#)

*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.

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)

	FY2021 Targets	FY2021 Results
Energy reduction	Reduce CO ₂ emissions from energy consumption by 2% compared to FY2020 and hold it below 5.33 t-CO ₂ /100 million won per year (amount per unit of sales)	5.50 t-CO ₂ /100 million won (achievement rate: 96.8%)
Waste reduction/ recycling	Reduce generation of waste by 2% compared to FY2020 and hold it below 0.121 t/100 million won per year (amount per unit of sales)	0.064 t/100 million won (achievement rate: 147.1%)
Water use reduction	Reduce water use by 2% compared to FY2020 and hold it below 199.6 t/million pieces per month (amount per unit of production)	209.9 t/million pieces (achievement rate: 94.8%)

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

	FY2021 Targets	FY2021 Results
Energy reduction	Reduce electricity use for air conditioning by 2% compared to FY2020 and hold below 3,480 MWh/year.	2,861 MWh/year (achievement rate: 117.8%)
	Reduce electricity use for air compressors by 2% compared to FY2020 and hold below 4,289 MWh/year.	4,231 MWh/year (achievement rate: 101.4%)
	Reduce diesel fuel consumption by 2% compared to FY2020 and hold below 944 thousand L/year.	1,034 thousand L/year (achievement rate: 90.5%)
Waste reduction/ recycling	Increase recycling rate for packaging materials to 63% or higher per month	48% (achievement rate: 76.2%)
Water use reduction	Hold water use below 47.1 m ³ /million pieces per month (amount per unit of production)	43.6 m ³ /million pieces (achievement rate: 107.4%)

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

	FY2021 Target	FY2021 Result
Energy reduction	Reduce power consumption by 300 kWh by switching to LED lighting	Reduced 300 kWh (achievement rate: 100%)

Respecting 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.

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 Education

Shinko promotes awareness of human rights throughout the year by providing rank-specific training on human rights, e-Learning and training in the workplace to all employees, and through active participation in human rights workshops held outside the Company. In FY2021, we conducted education on the Shinko Way for all employees to deepen their understanding of topics such as harassment, disabilities, and unconscious bias (assumptions and prejudices) that are related to human rights. All employees, including dispatched workers but not those on leave, have completed this training. We also provided training on harassment prevention using case studies for new managers, focusing on power harassment, sexual harassment, and harassment related to pregnancy, childbirth, childcare, and nursing care.

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.

Through education and enlightenment on human rights, we are promoting the creation of an organizational culture that makes it easy for everyone to realize their full potential.

Human Rights Training Achievements in FY2021 (Shinko Group in Japan)

Training	Participants
Shinko Way Education	4,996
Business and Human Rights	2,232
Rank-specific Training	689

Human Rights Consultation Services

Shinko Group has established internal and external Corporate Ethics Helplines for consultation about human rights in Japan. In particular, we have also established consultation services in each plant for issues, such as sexual harassment, to make it easy for employees to seek consultation. Additionally, we have established whistleblowing 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.

In FY2021, there were no serious cases of violation of workers' rights reported to the Group's internal whistleblowing helplines.

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 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 the extension of systems to accommodate diverse life circumstances, including childcare and nursing care, as well as initiatives to achieve flexible work styles, by continually encouraging everyone to take annual leave at the same time and by strengthening 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.

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.



■ Main Programs to Support Work-Life Balance

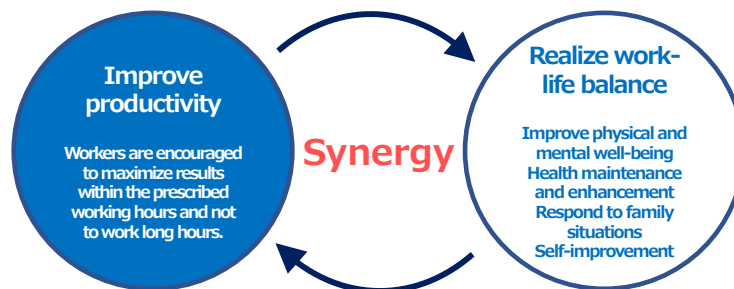
Category	Program	Overview
Childcare	Childcare leave	Can be taken until the child reaches one year. The period can be extended for the longest up to the first April 20th after the child’s second birthday, depending on the circumstances at the daycare center.
	Shorter parental leave (paid leave)	If the period is for one month or less, leave can be paid to the extent that the remaining multipurpose leave days are held.
	Shorter workhours for childcare	Available until March 31st of the child’s first year of elementary school. Also available until March 31st of the 6th grade of elementary school for a reason specified by the company.
	Exemption from working overtime	Exemption from working in excess of the prescribed working hours for those with children up to the age of elementary school graduation.
	Paternity leave	Can be taken for 20 days within 8 weeks before and after childbirth by a spouse.
Nursing care	Family care leave	Can be taken up to 1 year per eligible family member.
	Shorter workhours for family care	Can be taken until the reason for care ends.
	Exemption from working overtime	Exemption from working in excess of the prescribed working hours when caring for a family member in need of nursing care.
Rehiring	Rehiring employees who had resigned to raise children, care for a family member, or due to the transfer of a spouse	An employee who resigns at his/her own request to raise children, care for a family member, or due to the transfer of a spouse can be rehired, if the employee has registered before resigning.
Medical treatment	Leave for infertility treatment	Can be taken for periods deemed necessary by the company. (up to 1 year)
	Shorter workhours for care	Employees suffering from cancer, stroke, heart disease, diabetes, hepatitis, renal failure, and other serious chronic diseases recognized by the Ministry of Health, Labor and Welfare, as well as those undergoing infertility treatment, can work shorter hours for their treatment plans, if they want to.
Multi-Purpose	Accumulated paid leave	Five days of multipurpose leave is provided per year and can be accumulated up to 20 days. Leave can be taken for any of the following reasons (in increments of one day or one hour): (1) Treatment for personal injury or illness for three or more consecutive days, (2) Volunteer work for a public organization, (3) Nursing care for a child, (4) Child care, (5) Nursing caring for a family member, (6) Symptoms during pregnancy, (7) Infertility treatment, (8) Treatment for cancer, stroke, heart disease, diabetes, hepatitis, renal failure, and other serious chronic disease recognized by the Ministry of Health, Labor and Welfare, etc.

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.”

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. Holding internal meetings, internal training, and other online events has taken root, and improvements are being made to increase their effectiveness, such as the digitization of 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.



- Measure to reduce working hours
 - Lowering the upper limit on overtime work
 - Maximum weekly working hours and management
 - Setting and managing the maximum number of consecutive working days
 - Requiring employees to leave the office on time every Wednesday and on the second and fourth Fridays every month
 - Ensuring a fixed amount of rest by adopting a rule on work shift intervals
 - Understanding work hours, including for managers, etc.

- Measure to promote taking days off
 - Labor and management set specific numerical targets to promote annual leave taking
 - Establish a single day for taking annual leave
 - Eliminate the limit on half-day annual leave
 - Establish a multipurpose leave system (can be taken in hourly units and leave in the middle of the day is possible), etc.

- Set up work systems to create “diverse and flexible work styles”
 - Establish programs to support balancing work with childcare, nursing care, and medical treatment
 - Remote work system
 - Flexible working hours with no core time, etc.

Labor Relations

Since Shinko has adopted a union shop system, all ordinary employees are members of SHINKO ELECTRIC WORKERS UNION. The union participation rate is 89.4%.* 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. Labor and management regularly share information and work together to balance the company's development and growth with a fulfilling and healthy lifestyle for every employee. Specifically, this includes negotiations on wage levels and various systems, the Labor Management Council on Transforming Work Styles to resolve issues related to work styles, and the Safety & Health Committee organized by labor and management to create safe and comfortable workplaces at every business site.

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

Respect for Diversity



Recognizing that our corporate value is increased by the combined talents of our employees—each with their own unique qualities and way of thinking—one of our Corporate Values defined in the Shinko Way is to respect diversity and support individual growth for our employees. Based on our Corporate Values, we have established a human resource development policy and are working to improve our education system. We also strive to foster a corporate culture where all employees can increase their own value and work with pride and confidence, and to create workplaces that are pleasant for all employees.

Initiatives to Promote Active Participation by Women

Under the second phase of the action plan based on the Law for the Promotion of Women's Activities, training is conducted every year for younger employees and employees who are caring for children. In FY2021, 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, we conducted two training programs with the aim of fostering female leaders: For female leaders, we conducted leadership training and, for the managers of female leaders, we held leader development training. 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. We conducted female leadership training and studied the importance of female leadership development and communication skills to support the progress of women, while sharing the issues they face.

We also provide training from the perspective of promoting diversity in rank specific training as well as introductory training for mid-career hires to promote gender equality within the Company.

Looking at the ratio of women in management positions, in our second stage action plan based on the Act to Advance Women's Success in Their Working Life, the actual ratio as of April 2022 was 5.6%, compared with the target of 6.6% at the end of March 2025. Going forward, we will continue to encourage the participation of women, as 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. In this way, we provide support so that personnel with different cultures and languages can actively deepen relationships of trust beyond nationality.

We have one employee from overseas in a management position, and we will strive to raise this number.



Training for foreign technical intern trainees

Mid-Career Hires

Shinko is hiring mid-career employees because we are making aggressive investments for future growth and plan to open a new plant and construct new buildings at existing plants. We have always provided opportunities for promotion to management positions to both mid-career hires and new graduates. Currently, mid-career hires account for 17.6% of our managers. We will continue to maintain the current level by providing equal opportunities for promotion to management promotions.

Supporting the Active Participation of Elderly Workers

We introduced a post-retirement rehiring program to capitalize on the knowledge, techniques, and skills cultivated by employees over many years. As of July 2022, 402 employees benefited from this program. In April 2022, we reviewed this program so that employees who are willing to work can make the most of their abilities and play an active role regardless of their age, and if their motivation and skills match the company's needs, they can work after the age of 65. We also reviewed the compensation for those over 60 so that all employees working under our post-retirement rehiring system can contribute to the company with a sense of fulfillment and satisfaction in their work.

Developing and Utilizing Human Resources



Recognizing that our employees are the Shinko Group’s most valuable asset, one of our Corporate Values in the Shinko Way is to support our employees to improve their abilities and expertise with the goal of achieving growth through their own work.

To further develop human resources, we have established a training system based on our human resource development policy to improve our training programs and individual training.

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

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.

Training systems							
	Rank-specific	Course optional	Chosen person		Theme-based	Global perspective	
Managerial	Rank-specific management training New manager training	Business skill e-Learning	Selective management training		Workplace management training	Various English courses TOEIC tests in the Company Prior to overseas assignment training	
Mid-level	Management candidate training Rank-specific leadership training Career development support training Mid-career entry training		Selective global perspective training	Female leadership training			Shinko Way training Safety and health training, etc.
New hire	On-the-job training New hires entry training		New hires e-Learning				
	External dispatch Universities and other research institutions External seminars Legal qualification examinations Legal training sessions		Specialized education Statistics education Quality system education Environmental education Information security education	Skills and knowledge improvement SHINKO Techno Academy Qualifications of production Technical skills test Intradepartmental education			

We promote the development of human resources who will lead the future with On-the-Job-Training in the workplace and Training System.

In February 2021, we established the SHINKO Techno Academy with the aim of increasing the knowledge and skills of employees working at manufacturing sites.

We launched business skills courses using online learning (e-learning) with the aim of strengthening business skills according to employees’ responsibilities. We offer opportunities for self-directed learning so that many

employees can choose the skills and knowledge necessary to perform their jobs from a range of courses. In FY2021, we established an Education Promotion Committee consisting of the training implementation divisions and manufacturing divisions to further improve training systems for strengthening our human resources base and to reinforce support for manufacturing divisions. We also restructured our training programs for management-level employees and expanded training opportunities by implementing training for new general managers as well as new department managers, and we began selective management training for department managers and section managers. The average training cost per employee was 10,600 yen and the training time was 19.2 hours.

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 FY2021, we expanded our business foreign language courses based on participants' requirements. We also introduced an online system for taking TOEIC tests inhouse and increased opportunities to take the test by holding it every three months. We will continue to proactively improve the environment for our employees so that they can gain more 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. In addition, based on the principle of equal pay for equal work, as required by law, we confirm the working conditions of employees at different employment levels and does not allow any unreasonable differences in treatment.

Award System for Improving the Manufacturing Process

We introduced an internal award 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.

Occupational Safety and Health



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

We have established a company-wide basic policy on Safety and Health Plus Fire and Disaster Prevention to promote these activities.

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.

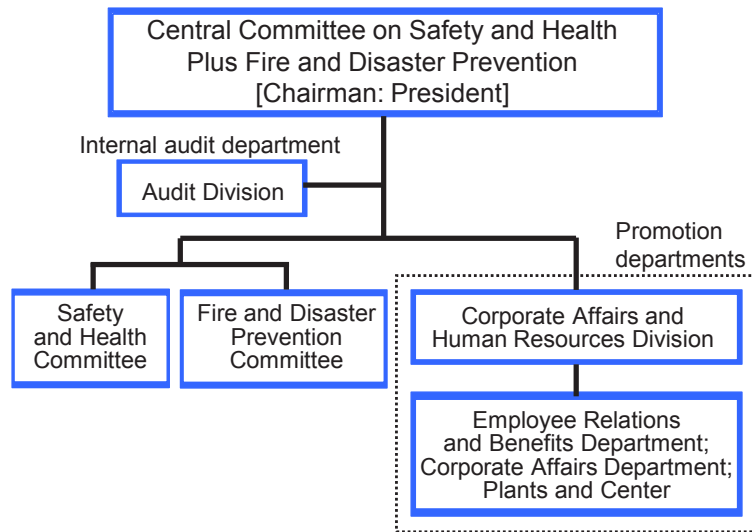
1. We will promote safety and health initiatives as well as fire and disaster prevention initiatives in accordance with laws, regulations, and requirements related to safety and health as well as fire and disaster prevention.
2. We will promote systematic safety awareness and the safety of every employee 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.

Safety and Health Plus Fire and Disaster Prevention Promotion System

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



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.

Safety and Health Training Achievements in FY2021 (Shinko Group in Japan)

Training	Participants
Practical Skills Training for New Employees	198
General Safety and Health Education	5,188
Rank-specific Training	689
Traffic Safety Training	581

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.

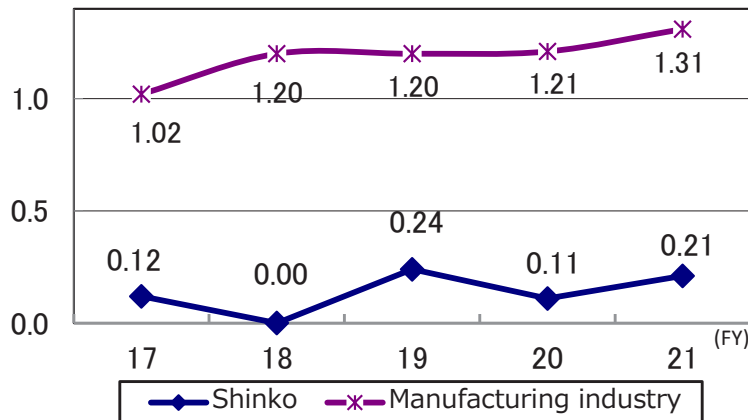
リスク抽出表 —2021年度安全通関—(直接部門用)			
従業員名	氏名	所属	
工程・装置名	場所	種	階
作業内容	経路		
リスク内容	当該作業のある作業について、具体的に入力してください。(OOOのままでOOIなら、OOIのままでOOIなら等)		
リスク削減対策	リスクを低減するための対策について、具体的に記入してください。		
作成者	承認者		
リスクアセスメント実施報告書には記載したリスクアセスメント改善計画を行う 担当部門の対応が滞り、他部門へ安全衛生事務局と連携し、対応を行う 改善等による発生率低下 等に努めます その他() ※必ずお忘れなくチェックをつけてください。			

Check sheet used to identify risks on production lines

Status of Occupational Accidents

Our occupational accident frequency rate remains at a level below the nationwide average for the manufacturing industry, and in FY2021, we had no accidents resulting in death or residual disability nor any similarly serious accidents. In FY2022, we will continue to promote safety and health with the goal of achieving zero accidents resulting in death or disability as well as similar 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 exams, we have specific health exams based on an employee's age (with 100% participation) and provide specific health guidance based on the results. In FY2021, 70.1% of those eligible for health guidance completed it, exceeding the target (45%) in the government's basic guidelines. In FY2022, we will work toward a 75% completion rate.
- 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. In FY2021, a health education program on understanding headaches and how to cope with them was attended by 4,706 employees.
- We subsidize the cost of gynecological, neurological, and lung checkups for early detection and treatment of disease. We also give inhouse seasonal flu shots as a way to subsidize their cost and protect against infectious

diseases.

- 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.



Employee cafeteria menu: smart meals

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 2022

In March 2022, Shinko was recognized as an Outstanding Health and Productivity Management Organization 2022 (Large Enterprise Category) for the fourth 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.

About Kurita Sogo Center

The Kurita Plant, the former head office plant, had been the main plant for about half a century, since being established in 1957, and it supplied a range of products to the market. When the plant opened, the surrounding area was a tranquil environment with rice paddies spreading out in every direction. However, with the rapid development of the area and its transformation into a residential neighborhood, the entire plant was demolished and rebuilt. Today, the Kurita Sogo Center, the replacement, is surrounded by lush greenery to harmonize with the local community.



Kurita Sogo Center

The Kurita Sogo Center is a place of recreation and relaxation where people passing by can experience a breath of nature in each of the four seasons, including cherry blossoms in the spring and autumn leaves in the fall.

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.

Awareness Campaigns on Traffic Safety

In conjunction with the National Traffic Safety Campaign, we conduct awareness campaigns on traffic safety. We are working to prevent traffic accidents involving children by calling out to local elementary school students and watching over them so that they can safely go to school. To help realize a society with zero traffic accidents, we will work together with local residents to encourage people to observe all traffic rules and to practice traffic safety.



Awareness Campaigns on Traffic Safety

Initiatives to Protect the Local Environment

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 FY2021, in June and October, we took part in forest maintenance, including tree planting and clearing of 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.

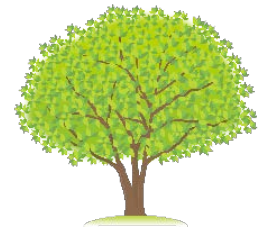


Tree planting in June, 2021

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 FY2021, we collected and donated enough items to purchase about 1,000 saplings.



Beautification around Our Plants

We pick up trash around our plants, and cut the grass and remove dead branches along the banks and rivers, mainly during Environment Month in June every year. 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 (Kohoku Plant)

Supporting Youth Development

Plant Tours and Internships

Shinko provides opportunities to nearby schools for learning through plant tours. In FY2021, the Kohoku Plant 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.

Classroom Support for Educational Institutions

Our employees give lectures at high schools and universities for the purpose of fostering human resources who can play an active role in industry and for career education.

Employees visit their alma maters and explain the nature of work in the manufacturing industry and Shinko's profile, as well as introduce their own experiences. This is an opportunity to help students choose their future career paths.



Career support education activities for 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 551 engineering and medical students who are either from Nagano Prefecture or studying at universities in Nagano Prefecture (including exchange students).

Shinko helps run the foundation by serving as its secretariat.



Initiatives at Overseas Plants

SHINKO ELECTRONICS (MALAYSIA) SDN. BHD. (SEM; Malaysia) accepts interns for interaction with local university students and for employment support.



Internship orientation at SEM

Topic

Medal with Dark Blue Ribbon Received for Donation to Medical Professionals

In 2021, Shinko made donations to the municipalities where we operate for supporting medical personnel who are dealing with COVID-19.

In December of that year, the Company received the Medal with Dark Blue Ribbon in recognition of our support.



Improving Reliability and Contributing to Customers through Quality



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 Month Initiatives

Every year in November, the Union of Japanese Scientists and Engineers, the Japanese Standards Association, the Japan Productivity Center, and other organizations (supported by the Ministry of Education, Culture, Sports, Science and Technology, etc.) hold a nationwide Quality Month to promote quality control activities through the concerted efforts of various organizations. The Shinko Group, in consideration of the themes presented by the above organizations and current trends, set our own theme for 2021—“Now is the time for change: Rethinking with sincerity and bringing the highest quality to a new society”—and took concerted action to foster a quality mindset.

■ Company-wide Quality Improvement Report Meeting

We hold a Quality Improvement Report Meeting as the main event of Quality Month. Each manufacturing division is invited to submit a report on actions taken to address quality-related issues, such as process

improvements and establishing new systems. These reports are shared not only among manufacturing divisions but also with the accounting and finance, research and development, and equipment engineering divisions, with the aim of improving quality throughout the entire company.

In addition, we present awards for outstanding reports from among those submitted that are then used as a reference for quality improvement throughout the company. Our goal is to motivate employees to develop proposals for quality improvements.

Participation in Exhibitions

To capture the needs of our customers and the market, and to provide easy-to-understand explanations of the Shinko Group's products, especially new products and technologies, we have continually participated in exhibitions held in and outside Japan. In FY2020, we decided not to exhibit to help prevent the spread of COVID-19, but in FY2021, we participated in the following exhibitions in online, hybrid, and in-person formats, while taking infection control measures.

No.	Date	Exhibition Name	Products Exhibited	Type of Exhibition
(1)	21-22 April, 2021	MEMS Engineer Forum 2021	Sensing Edge Device* (Trans-nail Pulse Oxygen Saturation Measurement Module)	Online
(2)	13-15 July, 2021	SEMI partner search - For Power & Compound -	Power Device Package (POL)*	Online
(3)	10-12 November, 2021	IEEE CPMT Symposium Japan 2021	Power Device Package (POL)* Co-packaged Optics (2.3D i-THOP based)*	Hybrid
(4)	19-21 January, 2022	14th Int'l Automotive Electronics Technology Expo	Power Device Package (POL)* Freely Bendable Advanced Build-up Substrate (F-Babuls)* Device Embedded Package (MCeP) Lidded Flip-Chip Package Glass-to-Metal Seals	Real event

* Under development

Exhibits at shows

IEEE CPMT Symposium Japan 2021



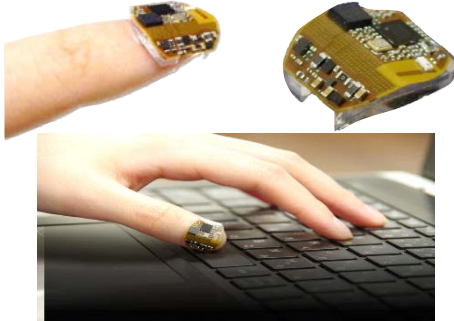
14th Int'l Automotive Electronics Technology Expo



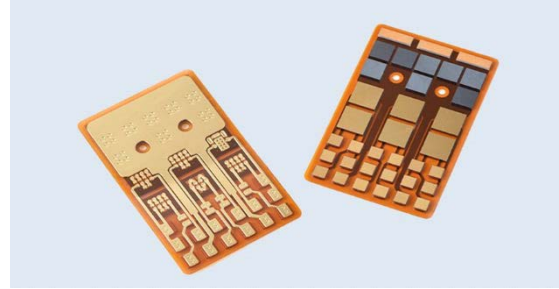
Products exhibited

MEMS Engineer Forum 2021

Sensing Edge Device (Trans-nail Pulse Oxygen Saturation Measurement Module)



SEMI partner search - For Power & Compound - Power Device Package (POL)



Customer Support

Due to COVID-19, our customers are also continuing to restrict activities and practice telecommuting to prevent infection. Continuing from the previous fiscal year, we have been responding to customer requests with a flexible system that is adapted to the situation while maintaining and strengthening communication through online conferences and other means. In particular, we will strive to meet customer expectations by focusing on the development of products that anticipate future needs (sensing edge devices, power device packages, freely bendable advanced build-up substrates, substrates with optical waveguides, etc.) and propose them to our customers.

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.

AEO Business Certification

The Authorized Economic Operator (AEO) system is a global framework of cooperation among national customs offices.

We have been certified as an AEO Exporter since 2008. This certification enhances our credibility as a company that handles exported goods and enables expedited customs clearance procedures.

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 FY2021, we sent To Our Suppliers to 749 companies (725 domestic and 24 overseas), asking them to understand and cooperate with us on our Procurement Guidelines.

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 FY2021 we sent a questionnaire to our main 36 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 FY2021.

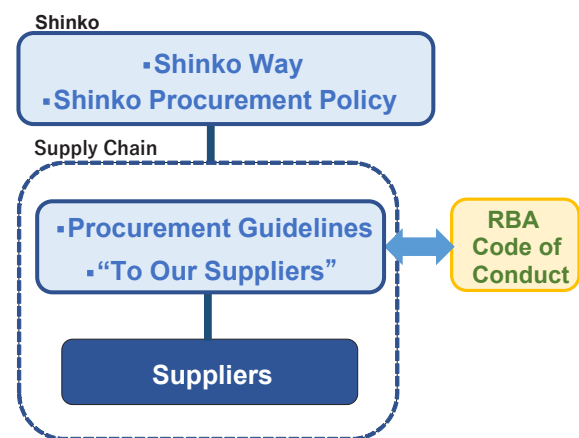
Going forward, we will continue striving to promote social responsibility throughout the supply chain through various dialogues with suppliers, including monitoring based on questionnaire surveys, on-site audits, and interviews.

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/>

Supply Chain CSR Promotion System



Human Rights in the Supply Chain

In recent years, more and more emphasis has been placed on addressing human rights in the supply chain. 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 the supply chain as well as the practice of responsible mineral purchasing based on the Fujitsu Group Policy on Responsible Minerals Sourcing and following the guidelines of the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. We work hard to avoid procuring minerals that contribute to conflicts or relate to a high risk of human rights abuses and labor problems.

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. Department of State, as conflict minerals.

In addition to these minerals, we also investigate the supply chain for cobalt in light of growing concerns about child labor at unsafe small-scale mining sites.

When dealing with this matter, we first identify the applicable suppliers and purchased goods. Then, using the survey form Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) 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 FY2021, we conducted a survey of 58 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. In FY2021, we surveyed 286 major purchases.

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 27 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 FY2021, 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 CO₂ Emissions and Maintenance of Water Resources with Suppliers

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

In Stage 10 of our Environmental Action Program (FY2021–2022), as in Stage 9 (FY2019–2020), we set the target of promoting upstream initiatives in the supply chain to maintain water resources in addition to reducing CO₂ emissions. Accordingly, we requested our suppliers to call on their suppliers (second-tier suppliers from Shinko's

point of view) to reduce CO₂ emissions and maintain water resources.

In FY2021, 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 eight of our suppliers have asked 266 second-tier suppliers to reduce CO₂ emissions. To help maintain water resources, we confirmed that four of our suppliers have requested 91 second-tier suppliers to conserve more water.

In addition, we analyzed suppliers' replies, provided them with feedback on activity trends as a reference for future activities, and asked that they step up their own activities and expand initiatives to their suppliers. Going forward, we will continue making efforts to promote reductions in CO₂ emissions and maintenance of water resources throughout the supply chain.

Thorough Compliance in Procurement Activities

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/terms02/>

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.



In the rapidly changing semiconductor industry environment, Shinko works to ensure management transparency and to facilitate swift and appropriate decision making in response to changing situations, giving top priority to compliance and aiming to improve and develop our corporate value.

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

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

Corporate Governance System

Outline

Shinko adopted the structure of a company with an Audit and Supervisory Committee, in which a majority of 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 who are Audit and Supervisory Committee Members, in addition to audits and supervision by the Audit and Supervisory Committee. We have appointed three Outside Directors to ensure management transparency and to strengthen our function for supervising the fairness of the execution of our operations. Moreover, we have introduced a Corporate Officer system with the goal of building a flexible structure for the execution of operations, by speeding up decision making by 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 corporate management efficiency.

■ The Board of Directors

The Board of Directors decides basic policy, matters specified in laws, regulations and our Articles of Incorporation, and important management issues, and supervises the status of the execution.

Regular meetings are convened once a month and extraordinary meetings are convened when necessary.

The Board of Directors is chaired by Representative Director of Board, Chairperson, and is comprised 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 the effectiveness of the Board of Directors, by asking Directors to respond to a survey regarding its constitution and operation in order to analyze and evaluate its effectiveness.

■ The Audit and Supervisory Committee

In addition to investigating the state of our operations and finances in accordance with our audit policy and audit plan, the Audit and Supervisory Committee audits the execution of duties by Directors and others through the attendance of committee members at important meetings, including meetings of the Board of Directors, and by receiving reports from Directors who are not Audit and Supervisory Committee Members, Corporate Officers, and the internal auditing division, and so on. The Audit and Supervisory Committee is comprised 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.

■ Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee is responsible for examining matters related to the nomination and remuneration of Directors and reporting their recommendations to the Board of Directors.

The Committee is comprised of Representative Director of Board, Chairperson, Independent Outside Directors who are not Audit and Supervisory Committee Members, and Directors who are Audit and Supervisory Committee Members. Members are selected by resolution of the Board of Directors.

■ **Special Committee**

The Special Committee is responsible for deliberating and reviewing material transactions or actions that conflict with the interests of the controlling shareholder and minority shareholders and reporting their recommendations to the Board of Directors. The Committee is comprised of independent persons, including Independent Outside Directors and members are selected by resolution of the Board of Directors.

■ **Management Council**

Management Council meetings are generally held three times a month with the goal of discussing, examining, reporting, and managing the progress of important matters and challenges facing management, and having free and open dialogue among high-level executives. The Management Council is comprised of Representative Directors, Directors who are also Corporate Officers, and Corporate Officers who are in charge of divisions such as manufacturing, sales, and accounting & finance.

■ **Corporate Officers' Meeting**

Corporate Officers' Meetings are held monthly to deliberate and report on general management matters, including the situation in each division and at Group companies as well as the state of compliance and risk management initiatives. The Corporate Officers' Meeting is chaired by Representative Director of Board, President and is comprised of all Corporate Officers.

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

Outside Directors

Shinko has three Outside Directors, one of whom is a Director who is not an Audit and Supervisory Committee Member and two of whom are Directors who are Audit and Supervisory Committee Members.

We have established Independence Standards and Qualification for Outside Directors aimed at securing effective independence of Outside Directors. Three Outside Directors satisfy the requirements of these standards.

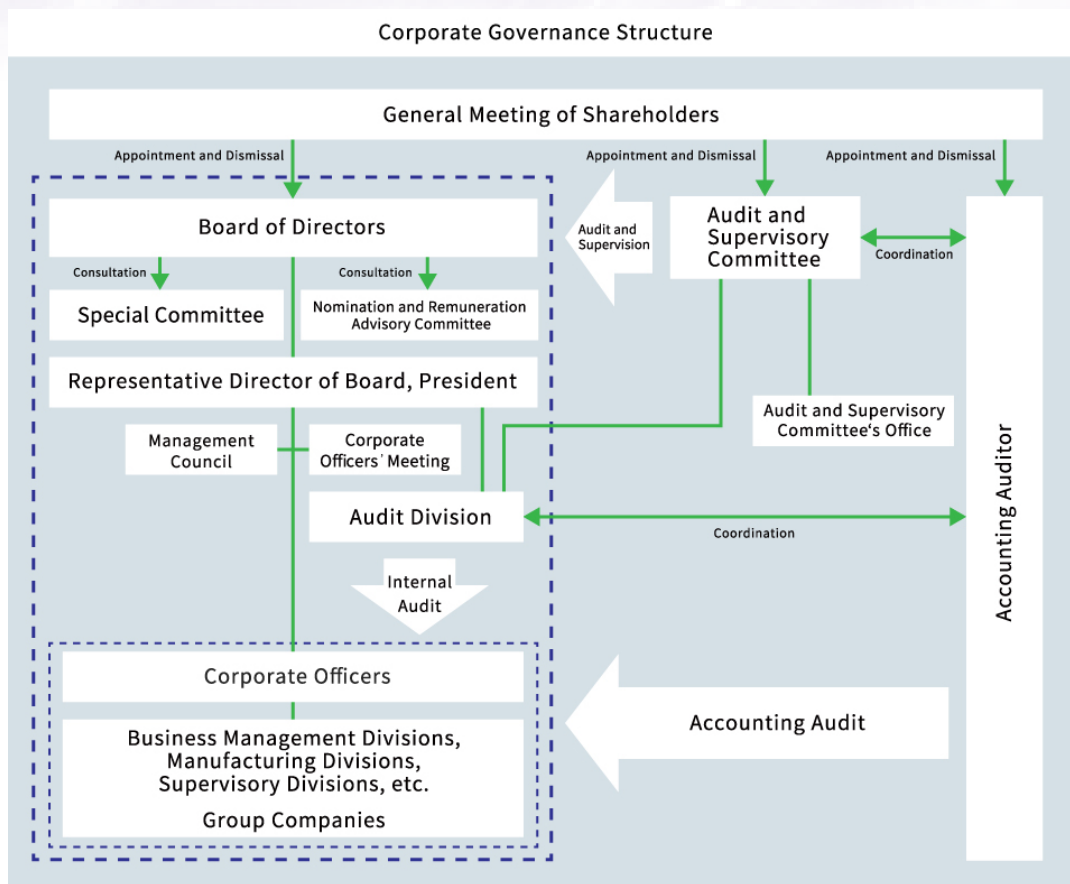
The Company has submitted notification to the Tokyo Stock Exchange that each Director has been designated as an Independent Director prescribed by the aforementioned exchange.

Internal Audit and Accounting Audit Systems

The Audit Division, which is our internal auditing division, conducts internal audits of the Company's overall operations based on our Internal Audit Regulation to contribute to the appropriate and effective implementation of operations, by examining and evaluating systems and the state of execution of operations. Outlines of the results of internal audits are reported to the Board of Directors periodically and as necessary. 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 to conduct additional audits and investigations, in response to its report, the Audit Division gives priority to responding to such instructions.

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

We have appointed 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 resolution of the Board of Directors Meeting, the Company has adopted a policy on decisions on the content of the remuneration, etc. for individual Directors. At the time of the resolution, this policy had already been examined by the Nomination and Remuneration Advisory Committee, in which a majority of members are Independent Outside Directors, and considered by the Audit and Supervisory Committee, but no objections were raised.

The policy on decisions on the content of the remuneration, etc. for individual Directors is shown below. The basic policy is to set director remuneration at an appropriate level and composition for promoting outstanding talent to handle management of the Group and as an incentive to improve corporate value, and to ensure objectivity and transparency in calculating and determining the remuneration of individual Directors.

■ Remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members)

The amount of remuneration, etc. for individual Directors is calculated based on the above-mentioned policy within the range approved by resolution of the General Meeting of Shareholders and is determined by the Board of Directors following examination by the Nomination and Remuneration Advisory Committee and considered by the Audit and Supervisory Committee, and then this committee determines an opinion on the matter. Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors who are not Audit and Supervisory Committee Members) is based on a level derived from executive remuneration survey data of companies in the same industry and on a similar scale compiled by an external investigative agency. It is comprised of base remuneration (fixed remuneration) paid according to duties and role and incentive remuneration (variable remuneration). Variable remuneration is a combination of performance-based bonuses (short-term incentive) and Restricted Shares (medium- to long-term incentive).

From the standpoint of integrated company-wide management, the ratios of these different types of remuneration are set at 5:5 for base remuneration and variable remuneration and 5:3:2 for base remuneration, performance-based bonuses, and Restricted Shares, so that they will function as an effective incentive for steady growth of business performance in each fiscal period and improvement of corporate value over the medium- to long-term. Three evaluation indicators are used for performance-based bonuses: (i) net sales of the Group from the perspective of aiming for the growth and expansion of the Group; (ii) ordinary profit, which is emphasized as an indicator of profitability; and (iii) ROIC (ordinary income/invested capital [average of the sum of net assets and interest-bearing debt during the period]) from the perspective of capital efficiency-conscious management. These are evenly weighted in performance evaluations.

Restricted Shares are allocated to Eligible Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors who are not Audit and Supervisory Committee Members; the same applies hereafter) based on their duties and role, etc. for the purpose of providing an incentive to sustainably increase the Company's corporate value and to further promote shared value with shareholders. Eligible Directors shall not transfer to a third party, pledge as collateral, create a security interest in, gift before death, bequest, or otherwise dispose of until the date when they retire or otherwise terminate all of his/her positions as a Director, Corporate Officer, and employee of the Company. In addition, as a matter of course, the Company shall acquire all or a portion of the Shares without contribution in the event that an Eligible Director commits an act that causes damage to the Company or that degrades the social credibility or corporate value of the Company, and he/she is subjected to disciplinary action or equivalent treatment by the Company. In light of their duties and role of supervising the Company's management from an objective standpoint independent of the execution of operations, Outside Directors who are not Audit and Supervisory Committee Members shall only be paid base remuneration and shall not be eligible for performance-based bonuses or Restricted Shares. The level of base remuneration is determined according to duties and other factors based on a level derived from executive remuneration survey data of companies in the same industry and on a similar scale compiled by an external investigative agency.

■ Remuneration, etc. for Directors who are Audit and Supervisory Committee Members

In light of their responsibilities based on their role of auditing and supervising the Company's management from an objective standpoint independent of the execution of operations, Directors who are Audit and Supervisory Committee Members shall only be paid base remuneration and shall not be eligible for performance-based bonuses or Restricted Shares. The level of base remuneration is determined according to duties and other factors based on a level derived from executive remuneration survey data of companies in the same industry and on a similar scale compiled by an external investigative agency. The amount of remuneration for individual Directors who are Audit and Supervisory Committee Members is determined through discussion with Audit and Supervisory Committee Members based on the prescribed method of calculation and paid in accordance with internal rules established by the Audit and Supervisory Committee within the range approved by resolution of the General Meeting of Shareholders.

Amount of Remuneration, etc. for Directors (FY2021)

Category	Number of members	Amount
Directors who are not Audit and Supervisory Committee Members (Paid to Outside Director)	7 (1)	256 million yen (6 million yen)
Directors who are Audit and Supervisory Committee Members (Paid to Outside Directors)	3 (2)	37 million yen (12 million yen)
Total	10	294 million yen

*The above number of members and amount of remuneration includes two Directors (excluding Directors who were Audit and Supervisory Committee Members) who resigned at the conclusion of the 86th Ordinary General Meeting of Shareholders held on June 25, 2021.



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

Global Business Standards (GBS) contents

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

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 FY2021, for employees in Japan we provided e-Learning on compliance in general, such as the prevention of cartels and bid rigging, anti-bribery, and security trade control. We also continued to provide training on quality compliance as in the previous fiscal year. For employees outside Japan, we provided e-Learning on the prevention of cartels, anti-bribery, and security trade control at all sites.

FY2021 Compliance Training Results (Shinko Group)

	Participants
For employees in Japan ^{*1}	4,996
For employees in Overseas ^{*2}	272

*1 Including domestic subsidiaries *2 Overseas subsidiaries and affiliate

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 whistleblowing reports or seek consultation on compliance. We have also developed an environment outside Japan that gives access to a whistle-blowing system operated by outside organizations.

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

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 whistleblowers 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 following four sections—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 improved the compatibility with the standards. Going forward, we will continue to strengthen our efforts in each section according to the RBA Code of Conduct.



Risk Management

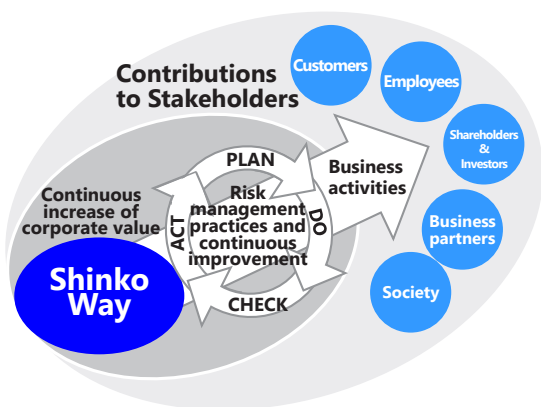


The Shinko Group's goal is to enhance corporate value by means of our business operations and, in doing so, make contributions to all our stakeholders, including customers and local communities. We believe that one of the most important issues facing management is to properly understand risks that could influence our ability to achieve this goal, take preventive measures against them, minimize their impact when they occur and prevent recurrence.

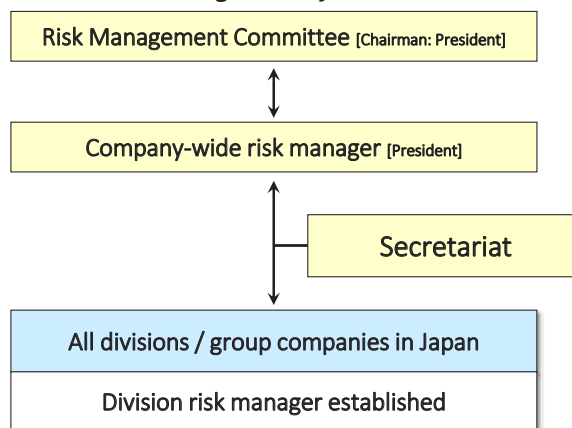
Promoting Risk Management

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 fully understand and deal with the risks that affect the Shinko Group, a survey of potential risks is periodically conducted. 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 periodically for the entire Shinko Group, as well as the implementation 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, and trends in capital markets) | 7. Risks related to information security |
| 2. Risks related to defective or flawed products and services | 8. Risks related to the environment and climate change |
| 3. Risks related to suppliers | 9. Risks related to customers |
| 4. Risk of natural disasters and sudden emergencies | 10. Risks associated with large capital expenditure |
| 5. Risks related to competition and industry | 11. Risks related to public regulations, policies, and taxes |
| 6. Risks related to intellectual property | 12. Risks related to compliance |
| | 13. Risks related to human resources |

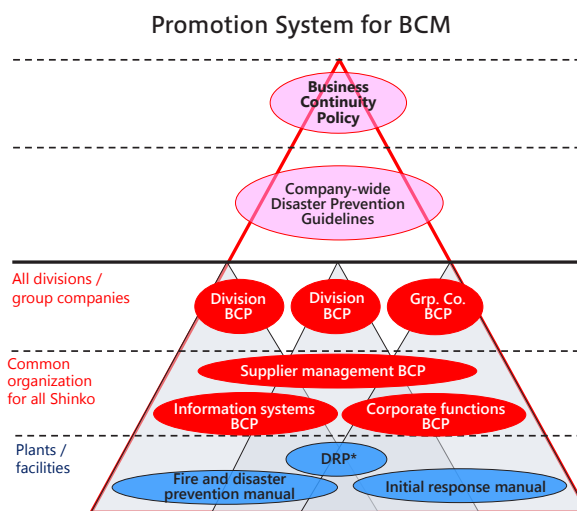
* The items listed in Risk of Business, Etc. do not include all risks faced by the Shinko Group.

Business Continuity Initiatives

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

Business Continuity Management (BCM)

To promote business continuity management (BCM), the Shinko Group has established the Shinko Group Business Continuity Policy as the basic policy for the Shinko Group. Based on Company-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 FY2021, we established a Typhoon and Flood Damage Timeline, a guide that sets out the conduct and the types of action to be taken when huge typhoons and large-scale flood damage are expected. All divisions hold desktop drills that identify issues by checking responses at every point in the timeline, from when a response is activated to when the warning is lifted. 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.



*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. 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. In preparation for progressive disasters, such as typhoons and flooding, we have established a Typhoon and Flood Damage Timeline that sets out the conduct and the types of action required when huge typhoons and large-scale flood damage are expected. We will implement countermeasures to ensure the safety of employees and minimize damage by having every employee take effective action and evacuate before a disaster occurs.

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.

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



Rescue drill at KOREA SHINKO MICROELECTRONICS CO., LTD.

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 business trips, limiting domestic business trips
4. Prohibited social gatherings and dinners with meals and drinks with colleagues
5. Restricted entrance of visitor
6. Checked temperature and physical condition of employees before coming to work, and prohibited any employee from coming to work if they felt unwell
7. Urged employees to hold off on private travel to areas where the virus is spreading
8. Instructed employees to fully implement basic infection prevention (wearing masks, strict observance of washing hands, and hand sanitization avoiding the 3Cs, etc.)



Display showing rules for using meeting rooms

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.

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 see the appropriate handling of all business information as fundamental to doing business. For this reason, we have established our Information Security Policy as a companywide approach based on the Shinko Way. We have also developed related regulations including our Privacy Policy and Information Management Regulations and are working to maintain 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

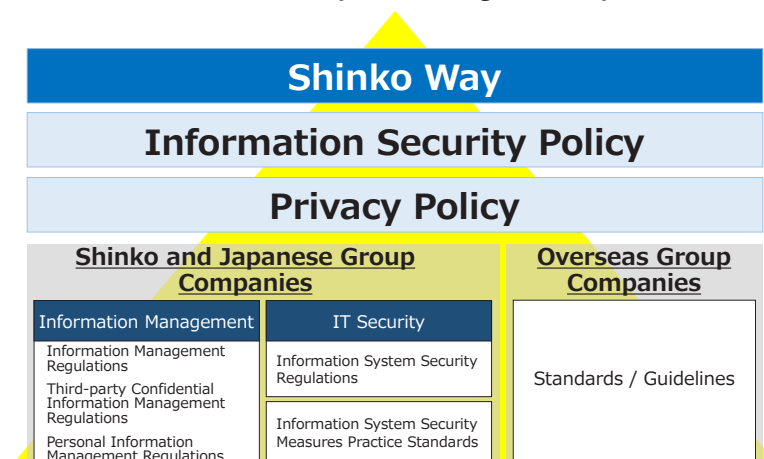
The Shinko Group will take the items below as the principles of its initiatives for information security.

- (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 one initiative to raise employee awareness, we provide training on information security for all Group employees in Japan through rank-specific training, e-Learning, and workplace training.

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 our Privacy 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.

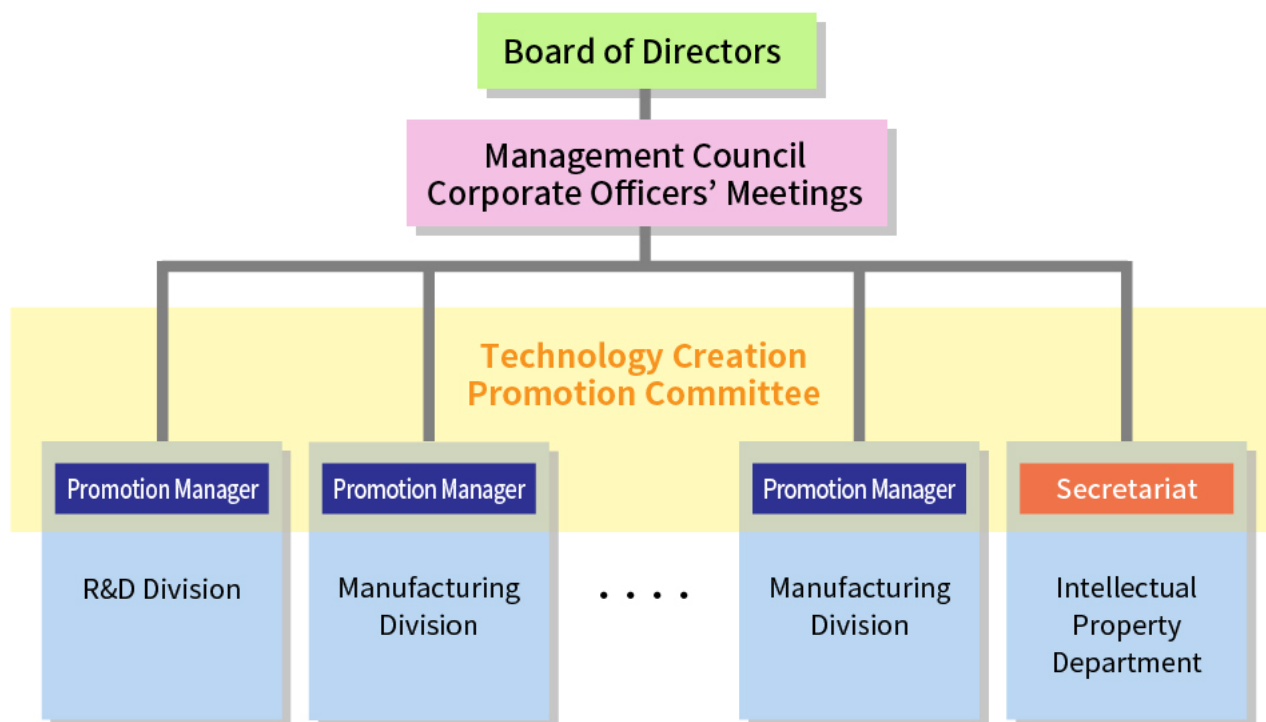
Initiatives for Intellectual Property Management

Since our establishment, the Shinko Group has adopted technological development as one of the most important guidelines of its management. We recognize intellectual property (IP) as an important company management resource and consider research and development (R&D), the source of our intellectual property, to be indispensable. (R&D: <https://www.shinko.co.jp/english/rd/rd/>)

The IP coming from R&D is protected by patent rights, and technologies that are secret are kept strictly confidential and protected from public disclosure. With the globalization of business, we obtain patent rights not only in Japan but also in major overseas markets. To stimulate the creation of intellectual property, we have appointed a manager in charge of promoting IP in each manufacturing division and R&D division to systematically promote technological development. The Shinko Group has also set respect for intellectual property as part of the Shinko Way Code of Conduct. We are committed to obtaining, protecting, and using our own intellectual property, as well as to respecting the intellectual property of others and ensuring that their rights are not infringed upon.

Technology Creation Program

Shinko has long been engaged in Company-wide programs that create technology with the aim of “strengthening our technological development and creating new products that will lead to the development of our business.” Activity groups have been organized under the supervision of the managers in charge of promoting technology creation in the manufacturing divisions and R&D division, where activities such as invention and creation are carried out. In addition, we hold an R&D workshop and other events every year to encourage technical exchanges among engineers and to share technical information, which leads to the more efficient development of new technologies and products as well as invention and creation.



Intellectual Property Education

To deepen our engineers' understanding of intellectual property, Shinko regularly provides education that focuses on patent-related issues. This education includes wide-ranging content aligned with the skills of the engineers, as well as an overview of the patent system, invention discovery, how to comprehend patent gazettes, and how to use patent search tools so that engineers can conduct their own searches. We believe that these educational programs motivate engineers to create inventions, develop their ability to comprehend patents in depth, and encourage them to create high-quality inventions. In addition to our engineers, our IP Department also improves their practical skills through external training programs.

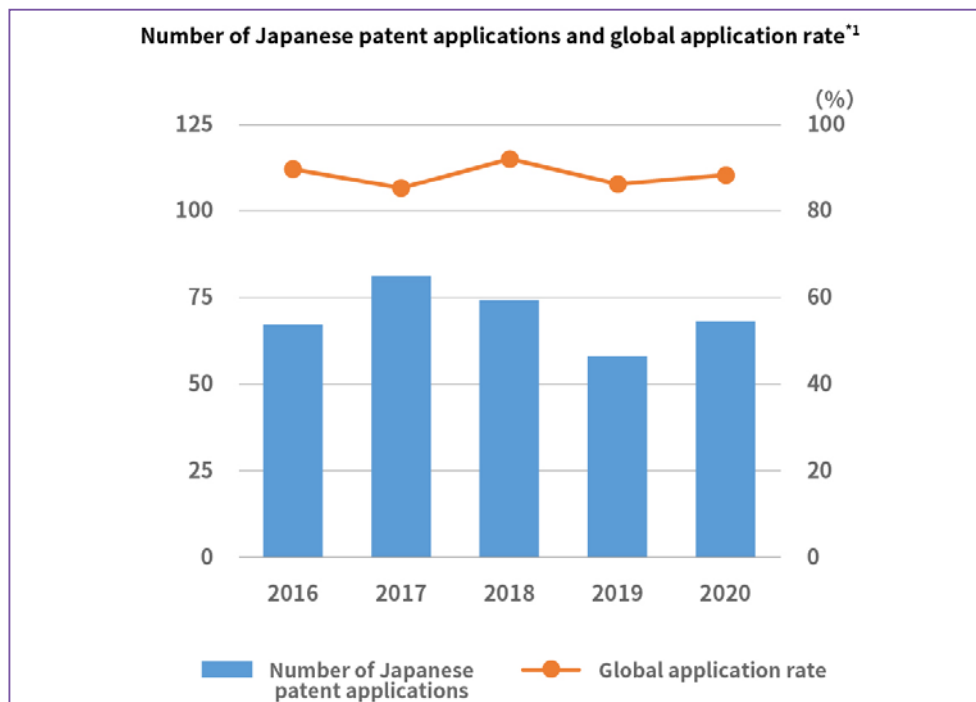
Invention Incentives

Shinko has an inhouse system to give incentives to persons who have developed inventions. Incentives are paid not only when a patent application is filed, but also on performance, based on the sale of patented products. For performance incentives, etc., the inventor is notified of the results after deliberation at an invention and innovation review meeting, and an appeal period is provided to ensure the fairness of the results.

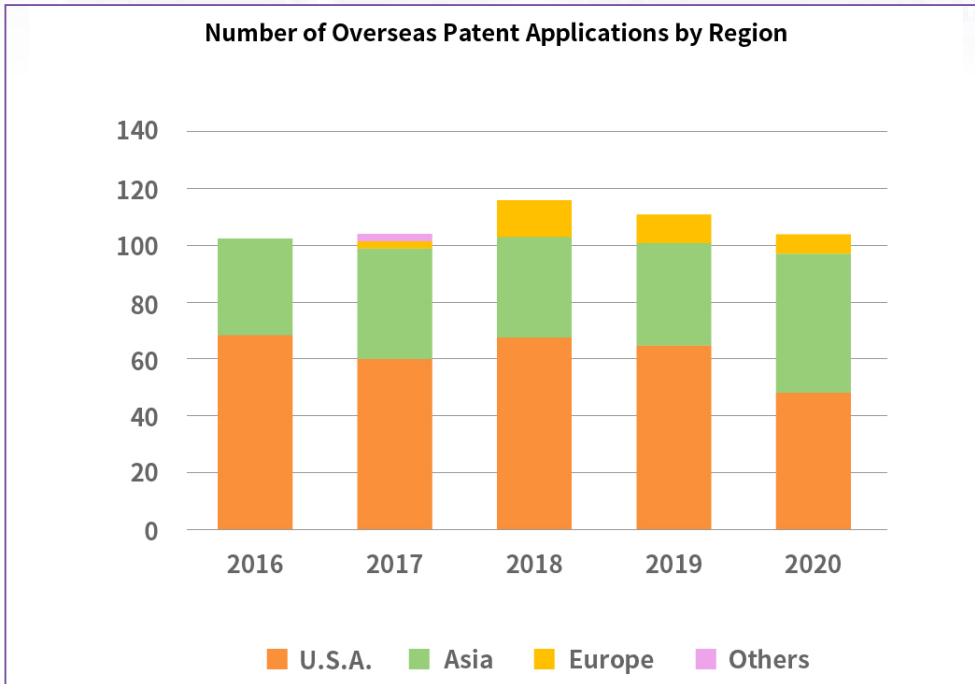
Intellectual Property Data

Number of Patent Applications

We strive to protect our intellectual property by filing applications overseas where patented products are distributed.

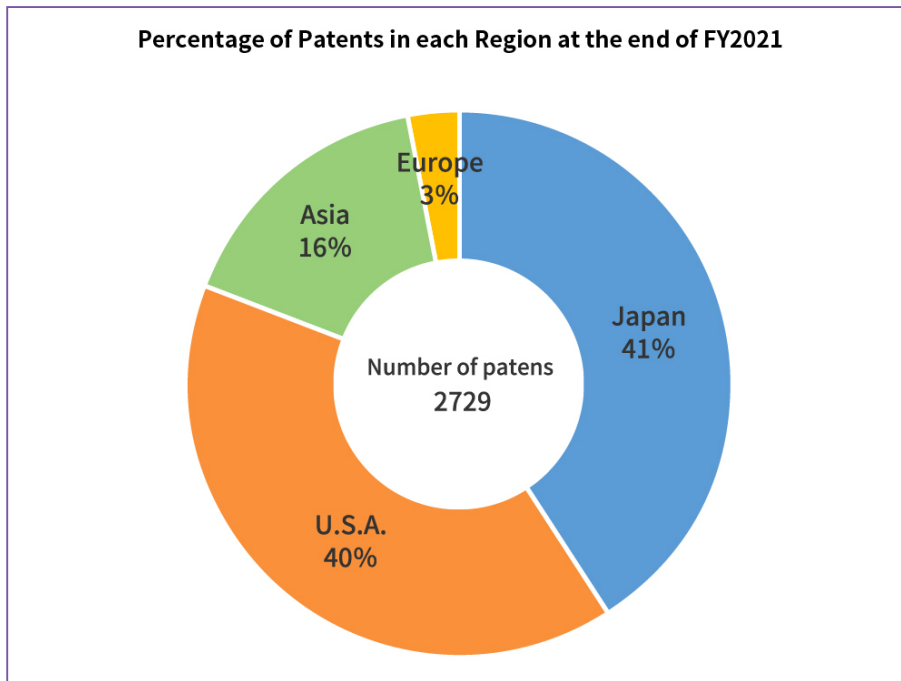


*1 Global application rate: Percentage of Japanese patent applications that were also filed overseas.



Number of Patents

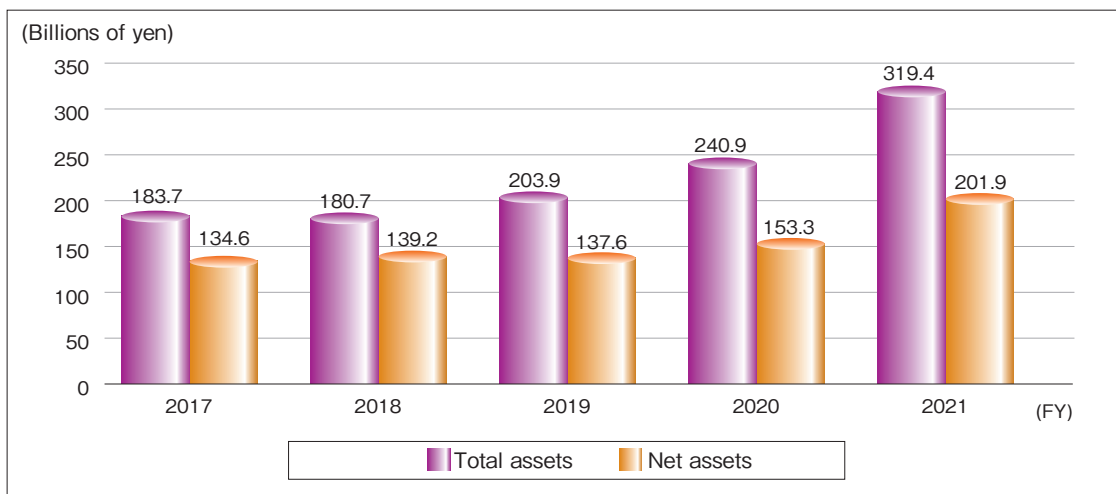
We go all-out to maintain effective patent rights based on a comprehensive assessment of our business strategy, patent value evaluations, cost effectiveness, and other factors.



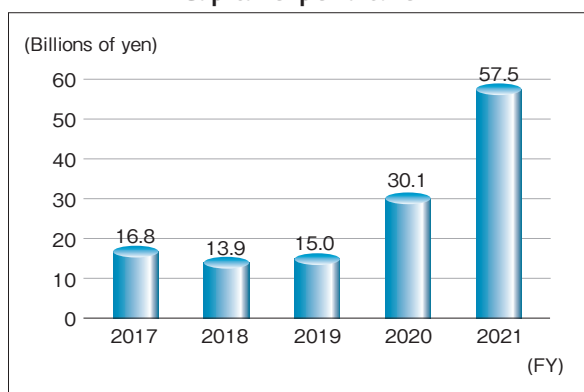
Financial and Non-financial Data

Consolidated Financial Highlights

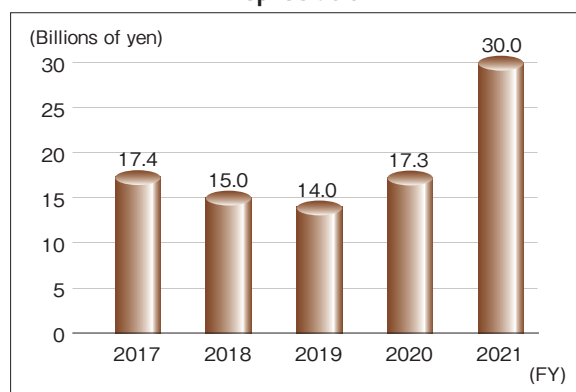
Total assets/Net assets



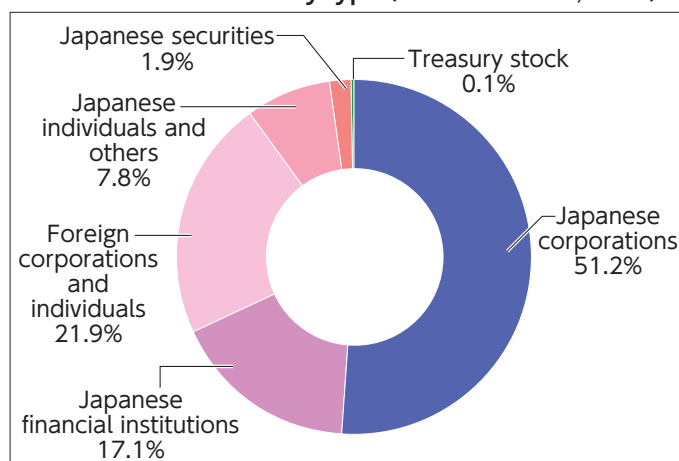
Capital expenditure



Depreciation



Distribution of stock by type (As of March 31, 2022)



List of Employee Related Indicators

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

		FY2019	FY2020	FY2021
Number of employees by region		4,936	5,060	5,352
	Japan (ratio)	85.3%	85.6%	86.8%
	Asia (ratio)	14.0%	13.6%	12.5%
	The Americas (ratio)	0.7%	0.7%	0.7%
Number of employees by type of contract	Regular	4,936	5,060	5,352
	Non Regular*	413	449	496

*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

		FY2019	FY2020	FY2021
Number of employees	Total	4,132	4,265	4,608
	Average age	44.5	44.1	43.2
Average years of service	Overall average	22.3	21.6	20.1
	Male	21.6	20.8	19.2
	Female	25.0	24.8	23.4
Number of employees by gender	Male	3,253	3,371	3,671
	Female	879	894	937
Ratio of female employees (%)		21.3%	21.0%	20.3%
Ratio of female managers (%) (Including assignees to Group companies)		3.3%	4.1%	5.0%
Number of non-Japanese employees (Including assignees from Group companies and contract employees)		41	54	53
Employment ratio of people with disabilities (%) (Calculated annually in June)		2.26%	2.16%	2.31%

■ Employment (Shinko)

		FY2019	FY2020	FY2021
Number of new graduate recruitment	Total	124	110	128
	Male	99	88	96
	Female	25	22	32
Number of mid-career recruitment	Total	125	161	351
	Male	115	148	304
	Female	10	13	47
Turnover headcount for regular employees*	Total	71	67	76
Turnover rate of regular employees*		1.7%	1.6%	1.7%

*Turnover by regular employees includes employees who retire upon reaching mandatory retirement age

■ System usage (Shinko)

		FY2019	FY2020	FY2021
Average days of paid leave taken (days)		12.9	12.5	12.7
Number of employees using child care leave	Total	24	27	27
	Male	1	7	8
	Female	23	20	19
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	2	2	3
	Male	1	2	3
	Female	1	0	0
Return to work ratio after family care leave (%)		0%	100%	100%
Continuous work ratio after family care leave (%)*		-	50%	100%
Number of employees taking Paternity leave		38	40	60

*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

	FY2019	FY2020	FY2021
Accidents resulting in death, disability or similar serious outcomes (number)	0	0	0
Frequency rate of industrial accidents (%)	0.24%	0.11%	0.21%
Special health guidance implementation rate (%)	61.5%	63.6%	70.1%
Union participation rate (%)*	90.6%	90.0%	89.4%
Average learning hours per person (Hours)	15.3	14.0	19.2
Average expenditure on learning per person (thousand ¥)	9.2	7.4	10.6

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

Environmental Data

Since FY2021, environmental data calculations have been assured by a third party to improve their reliability.

★: Indicators assured by a third party

See [Independent Assurance Report \(P87\)](#).

Environmental Impact Data

INPUT

		FY2019	FY2020	FY2021
Energy	GJ	3,267,857	3,843,784	★ 4,386,131
Electricity	MWh	286,038	331,515	361,089
Electricity purchased from renewable sources	MWh	—	—	66,118
Renewable energy generated in-house	MWh	47	24	31
Rate of renewable energy use	%	—	—	18
Heavy oil, light oil, gasoline	*1 kL	4	970	1,046
Natural gas, city gas	thousand m ³	16,724	*4 18,241	19,010
LPG · LNG	t	*2 40	*2 155	197
Materials	t	39,071	37,083	31,431
Raw materials	t	36,451	34,376	27,471
Chemical substances	t	2,620	2,707	3,960
Water resources	thousand m³	3,464	3,994	★ 4,902
Municipal water	thousand m ³	694	1,043	1,203
Ground water	thousand m ³	2,770	2,951	3,700
Recycling rate	%	48	55	*3 51

OUTPUT

		FY2019	FY2020	FY2021
Emissions into the air				
Scope 1	t -CO ₂	38,556	44,976	★ 46,870
Energy sources	t -CO ₂	37,415	43,749	★ 45,763
Non-energy sources	t -CO ₂	*4 1,141	*4 1,226	★ 1,108
Scope 2	Location-based t -CO ₂	131,863	151,821	★ 163,357
	Market-based t -CO ₂	—	—	★ 122,797
NOx	t	*4 18	*4 29	28
SOx	t	0	1	0
Chemical substances	t	5	5	★ 6
Water				
Drainage	thousand m ³	2,852	3,444	3,996
Discharge to rivers	thousand m ³	1,940	2,339	2,853
Discharge to sewage lines	thousand m ³	912	1,105	1,143
Waste, etc.	t	22,448	25,130	★ 29,382
Effectively used waste	t	22,409	24,988	★ 29,192
Other waste	t	39	142	190
Specified hazardous industrial waste	t	0	10	8
Effective utilization rate	%	99.8	99.4	99.4
(Landfill disposal)	t	3	22	★ 11

Glossary

Electricity purchased from renewable sources	Amount of electricity purchased from renewable sources (includes purchase of renewable energy certificates)
Rate of renewable energy use	(Electricity purchased from renewable sources + renewable energy generated in-house) / Electricity use
Chemical substances	Substances subject to PRTR system (boundary: in Japan)
Recycling rate of water resources	(Total use amount - Input of water resources) / Total use amount
CO ₂ from energy sources	Scope 1: Heavy oil, gas, light oil, natural gas, city gas, LPG, LNG Scope 2: Electricity
Greenhouse gases from non-energy sources	Non energy-related CO ₂ , methane (CH ₄), tetrafluoromethane (CF ₄), sulfur hexafluoride (SF ₆), nitrogen trifluoride (NF ₃), hydrofluorocarbon (HFCs) (GWP conversion) (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 (including thermal recycling)
Waste, etc.	Output of industrial waste, general waste, and valuables
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)

Data boundary: FY2019: Shinko Group in Japan

FY2020 onward: Shinko Group in Japan and overseas production bases

Overseas production bases:

KOREA SHINKO MICROELECTRONICS CO., LTD.(KSM)

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

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

Some items have totals that do not match due to rounding

No water intake from water stress areas

*1: Does not include energy used by vehicles outside of factory grounds

*2: Results were added retroactively to improve calculation accuracy

*3: Calculation method was changed to improve calculation accuracy

*4: Results were revised retroactively to improve calculation accuracy

Environmental Impact Data Calculation Method

Item	Calculation Method
Energy	Σ [(Annual use of electricity, fuel oil, gas) x calorie conversion factor for each energy] Conversion factor: Electricity) Enforcement Ordinance of the Act on Rationalizing Energy Use, Article 4, Appendix 3 - daytime/ nighttime factors Other) Ministry of the Environment "Greenhouse Gas Emissions Calculation and Reporting Manual" (Ver4.8) (January 2022)
CO ₂ from energy sources	
Scope 1	Σ [(Annual use of fuel oil, gas) x CO ₂ conversion factor for each energy] Conversion factor: Ministry of the Environment "Greenhouse Gas Emissions Calculation and Reporting Manual" (Ver4.8) (January 2022)
Scope 2	Electricity purchased x CO ₂ conversion factor Conversion factor: Location-based In Japan From the adjusted emission factors of the Electric Power Council for a Low Carbon Society FY2021: 0.441t-CO ₂ /MWh FY2020: 0.444t-CO ₂ /MWh FY2019: 0.461t-CO ₂ /MWh Overseas Latest IEA values (by country) Market-based In Japan We used the emission factor for each electric power company (adjusted emission factor) *Ministry of the Environment Greenhouse gas emission calculation, reporting, and disclosure system From "Emission Factor by Electricity Supplier" Overseas Latest IEA values (by country)
Greenhouse gases from non-energy sources (Scope 1)	Σ (Annual emissions of each type of gas x global warming factor for each type of gas) Global warming factor: Ministry of the Environment "Greenhouse Gas Emissions Calculation and Reporting Manual" (Ver4.8) (January 2022)

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

★ : Indicators assured by a third party

Category		Emissions (t -CO ₂)				
		FY2019	FY2020	FY2021		
Upstream	Scope 3	1 Purchased goods and services	—	686,905 *1	★ 270,919	
		2 Capital goods	—	84,253	97,072	
		3 Fuel and energy-related activities not included in Scope 1 or 2	—	28,143	32,086	
		4 Upstream transportation and distribution	—	8,215	9,555	
		5 Waste generated in operations	—	512	887	
In-house	Scope 1	Direct emissions *2	—	*3 42,026	★ 46,870	
		Carbon dioxide (CO ₂)	—	40,855	45,831	
		Methane (CH ₄)	—	0	0	
		Tetrafluoromethane (CF ₄)	—	978	577	
		Sulfur hexafluoride (SF ₆)	—	0	74	
		Nitrogen trifluoride (NF ₃)	—	0	0	
		Hydrofluorocarbon (HFCs)	—	*4 192	388	
	Scope 2	Indirect emissions from energy sources	Location-based	—	137,651	★ 163,357
			Market-based	—	—	★ 122,797
	Scope 3	6 Business travel	—	*3 207	225	
7 Employee commuting		—	*3 7,011	7,691		
8 Upstream leased assets		—	NA	NA		
Downstream	Scope 3	9 Downstream transportation and distribution	—	NA	NA	
		10 Processing of sold products	—	*5 NA	NA	
		11 Use of sold products	—	NA	NA	
		12 End-of-life treatment of sold products	—	NA	NA	
		13 Downstream leased assets	—	NA	NA	
		14 Franchises	—	NA	NA	
		15 Investments	—	NA	NA	
		Scope 1 + Scope 2 *6	—	*3 179,677	210,227	
		Scope 3	—	*3 815,246	418,435	

Data boundary: FY2020: Shinko Group in Japan

FY2021: Shinko Group in Japan and overseas production bases

Overseas production bases:

KOREA SHINKO MICROELECTRONICS CO., LTD.(KSM)

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

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

Started aggregating in FY2020

Some items have totals that do not match due to rounding

*1: Calculation method was changed in FY2021 to improve calculation accuracy

*2: Does not include CO₂ emitted due to energy consumption by vehicles outside of factory grounds

*3: Results were revised retroactively to improve calculation accuracy

*4: Results were added retroactively to improve calculation accuracy

*5: The calculation method was considered to be insufficiently accurate and precise calculation were difficult, so this item was considered "not applicable" and FY2020 results were revised retroactively to improve calculation accuracy.

*6: Scope 2 values were calculated based on location criteria

Supply Chain Emissions Calculation Method

	Category	Calculation method
Upstream	1 Purchased goods and services	Calculated by multiplying the amount of goods procured within the fiscal year and the cost of outsourced production by the emission factors. Parts procured in Japan are calculated on a weight basis, and parts procured from domestic manufacturing consignment and overseas are calculated on a value basis. The top 90% of each category (by weight or value) is included in “purchased goods and services.” Emission factors: <ul style="list-style-type: none"> • Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.2 • IDEAv2.3 (for supply chain greenhouse gas emissions calculation)
	2 Capital goods	Calculated by multiplying the amount of equipment investment regarding capital goods in the relevant fiscal year by the emission factors. Emission factors: <ul style="list-style-type: none"> • Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.2
	3 Fuel and energy-related activities not included in Scope 1 or 2	Calculated by multiplying the annual amount of purchased fuel, gas, and externally procured electricity by the emission factors. Emission factors: <ul style="list-style-type: none"> • Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.2 • IDEAv2.3 (for supply chain greenhouse gas emissions calculation)
	4 Upstream transportation and distribution	(1) + (2) (1) Calculated by multiplying the transportation volume (for suppliers in the top 90% of procurement amount) within the fiscal year by the emission factors. Emission factors: <ul style="list-style-type: none"> • Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.2 • Domestic Emission factors Database (2) CO ₂ emissions from domestic transportation where the Shinko Group is the shipper Calculation method: Based on the Act on Rationalizing Energy Use (Energy Conservation Act) CO ₂ emissions from domestic transportation where the Shinko Group is the shipper Fuel consumption method (some vehicles) and improved ton-kilometer method (automobiles, railroads, aircraft)
	5 Waste generated in operations	Calculated by multiplying the annual amount of waste discharged by type/disposal method/recycled amount by the emission factors per annual amount disposed/recycled. Emission factors: <ul style="list-style-type: none"> • Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.2 • IDEAv2.3 (for supply chain greenhouse gas emissions calculation)
In-house	6 Business travel	(By means of transportation) Σ (transportation expenses paid x emission factors) Emission factors: <ul style="list-style-type: none"> • Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.2 For private and company-owned vehicles Σ (fuel consumption × emission factors)
	7 Employee commuting	Σ (Distance of commute x emission factors) Emission factors: <ul style="list-style-type: none"> • Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.2 • IDEAv2.3 (for supply chain greenhouse gas emissions calculation)

Environmental Accounting

Conforms to the Ministry of the Environment's Environmental Accounting Guidelines 2005

*Data boundary: Shinko Group in Japan (excluding Shinko Parts)

(millions of yen)

Item	Main contents	Amount invested			Expenses			Economic effect		
		FY2019	FY2020	FY2021	FY2019	FY2020	FY2021	FY2019	FY2020	FY2021
Within business area	Pollution prevention			612	-	-	2,158	-	-	13,245
	Global environmental conservation			196	-	-	1,657	-	-	63
	Resource circulation			0	-	-	529	-	-	13,486
Upstream, downstream	-	-	-	-	-	-	-	-	-	
Management activities	ISO 14001, environmental education, conservation, etc.	-	-	0	-	-	346	-	-	71
R&D	Research into environmentally friendly products, etc.	-	-	0	-	-	1	-	-	1,640
Social activities	-	-	-	0	-	-	0			
Environmental damage response	-	-	-	0	-	-	0	-	-	0
Total		-	-	808	-	-	4,691	-	-	28,505

Environmental Measurement Data

■ Water quality Unit: Other than hydrogen ion index (mg/L)

Kohoku Plant

Item	Sewage exclusion standard	Voluntary standards	Actual value	
			Maximum	Average
BOD	600	540	440	269
Amount of suspended solids	600	300	110	40
n-Hexane	5	4.5	<1	<1
Copper	3	1	0.30	0.17
Zinc	2	1	0.13	0.08
Soluble iron	10	5	<0.02	<0.02
Hydrogen ion exponent	5.0 ~9.0	5.2 ~8.8	Minimum	Maximum
			7.1	8.1
				7.5

Arai Plant

Item	National standards	Niigata Prefecture standards	Voluntary standards	Actual value	
				Maximum	Average
BOD	160	25	23	13	5.2
Amount of suspended solids	200	50	32	13	5
n-Hexane	5	5	4	<1	<1
Copper	3	2	1	0.04	0.02
Zinc ^{*1}	4	4	1	0.07	0.07
Soluble iron	10	10	5	1.60	1.06
Soluble manganese	10	10	3	0.46	0.37
Chromium	2	2	0.5	<0.02	<0.02
Hydrogen ion exponent	5.8 ~8.6	5.8 ~8.6	6.0 ~8.4	Minimum	Maximum
				7.0	7.6
					7.3

Wakaho Plant

Item	Sewage exclusion standard	Voluntary standards	Actual value	
			Maximum	Average
BOD	600	540	450	301
Amount of suspended solids	600	200	58	42
n-Hexane	5	4.5	<1	<1
Copper	2	1.8	0.42	0.33
Zinc	3	1	<0.02	<0.02
Soluble iron	10	3	<0.02	<0.02
Soluble manganese	10	4	0.11	0.05
Chromium	2	0.4	<0.02	<0.02
Hydrogen ion exponent	5.0 ~9.0	5.2 ~8.8	Minimum	Maximum
			7.2	7.9
				7.6

Kyogase Plant

Item	National standards	Niigata Prefecture standards	Voluntary standards	Actual value	
				Maximum	Average
BOD	160	160	80	4.8	3.7
Amount of suspended solids	200	200	65	3	2
n-Hexane	5	5	2	<1	<1
Copper	3	3	1	0.03	<0.02
Zinc ^{*1}	4	4	1	0.03	<0.02
Soluble iron	10	10	3	0.38	0.17
Soluble manganese	10	10	3	0.07	0.05
Chromium	2	2	0.5	<0.02	<0.02
Hydrogen ion exponent	5.8 ~8.6	5.8 ~8.6	6.2 ~8.2	Minimum	Maximum
				6.7	7.0
					6.9

Takaoka Plant

Item	National standards	Nagano Prefecture standards	Voluntary standards	Actual value	
				Maximum	Average
BOD	160	30	27	18	8.5
Amount of suspended solids	200	50	25	15	4
n-Hexane	5	5	2	<1	<1
Copper	3	2	1	0.14	0.08
Zinc ^{*1}	4	3	1.5	0.02	<0.02
Soluble iron	10	10	3	0.05	0.05
Soluble manganese	10	10	3	0.13	0.05
Chromium	2	1	0.5	<0.02	<0.02
Hydrogen ion exponent	5.8 ~8.6	5.8 ~8.6	6.0 ~8.4	Minimum	Maximum
				6.8	7.6
					7.2

*1 National and prefectural standards are provisional standards until December 10, 2024.

Independent Assurance Report

In order to ensure the reliability of information presented in Shinko Group Sustainability Report 2022, we engaged the third party KPMG AZSA Sustainability Co., Ltd. to conduct an assurance engagement of a set of specific environmental performance indicators.



Independent Assurance Report

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

We were engaged by SHINKO ELECTRIC INDUSTRIES CO., LTD. (the "Company") to undertake a limited assurance engagement of the environmental performance indicators marked with ★ (the "Indicators") for the period from April 1, 2021 to March 31, 2022 included in its Sustainability Report 2022 (the "Report") for the fiscal year ended March 31, 2022.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Making inquiries and reviewing materials including documented evidence of the Wakaho Plant selected on the basis of a risk analysis, as alternative procedures to a site visit.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Kazuhiko Saito, Partner, Representative Director
KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
December 22, 2022

GRI Standard Comparison Table

1. General Disclosures

* • • Indicator of the Core option

Topics		Pages	Corresponding Topics
Organizational profile			
102-1	* Name of the organization	5-8	Shinko Group Outline
102-2	* Activities, brands, products, and services	5-8	Shinko Group Outline
102-3	* Location of headquarters	5-8	Shinko Group Outline
102-4	* Location of operations	5-8	Shinko Group Outline
102-5	* Ownership and legal form	5-8 64-67 80	Shinko Group Outline Corporate Governance Consolidated Financial Highlights
102-6	* Markets served	5-8	Shinko Group Outline
102-7	* Scale of the organization	5-8 80 81	Shinko Group Outline Consolidated Financial Highlights List of Employee Related Indicators
102-8	* Information on employees and other workers	81	List of Employee Related Indicators
102-9	* Supply chain	59-63	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	10-17 22-26 27-31 48 70 71-76	Sustainability Management Environmental Management Climate Change Creating Safe and Comfortable Working Environments RBA Code of Conduct Initiative Risk Management
102-12	* External initiatives	28 70	Participation in International Climate Change Initiatives RBA Code of Conduct Initiative
102-13	* Membership of associations	-	*NA
Strategy			
102-14	* Statement from senior decision-maker	3-4	Message from the President
102-15	Key impacts, risks, and opportunities	3-4 10-17 22-26 71-76	Message from the President Sustainability Management Environmental Management Risk Management
Ethics and integrity			
102-16	* Values, principles, standards, and norms of behavior	9 68-70	The Shinko Way Compliance
102-17	Mechanisms for advice and concerns about ethics	39-40 63 68-70	Respecting Human Rights Thorough Compliance in Procurement Activities Compliance
Governance			
102-18	* Governance structure	64-67	Corporate Governance
102-19	Delegating authority	64-67	Corporate Governance
102-20	Executive-level responsibility for economic, environmental, and social topics	10-17 22-26 27-31 48 64-67 71	Sustainability Management Environmental Management Climate Change Creating Safe and Comfortable Working Environments Corporate Governance Promoting Risk Management
102-21	Consulting stakeholders on economic, environmental, and social topics	12 52-55	Dialogue with Stakeholders Contributing to Local Communities
102-22	Composition of the highest governance body and its committees	64-67	Corporate Governance

Topics		Pages	Corresponding Topics
102-23	Chair of the highest governance body	64-67	Corporate Governance
102-24	Nominating and selecting the highest governance body	64-67	Corporate Governance
102-25	Conflicts of interest	-	Corporate Governance Report
102-26	Role of highest governance body in setting purpose, values, and strategy	9 64-66	The Shinko Way Corporate Governance System
102-27	Collective knowledge of highest governance body	10-17	Sustainability Management
102-28	Evaluating the highest governance body's performance	10-17	Sustainability Management
102-29	Identifying and managing economic, environmental, and social impacts	11 71	Identification of Material Issues Promoting Risk Management
102-30	Effectiveness of risk management processes	71	Promoting Risk Management
102-31	Review of economic, environmental, and social topics	71	Promoting Risk Management
102-32	Highest governance body's role in sustainability reporting	10-17	Sustainability Management
102-33	Communicating critical concerns	64-66 71	Corporate Governance System Promoting Risk Management
102-34	Nature and total number of critical concerns	-	-
102-35	Remuneration policies	66-67	Executive Remuneration (Securities Report)
102-36	Process for determining remuneration	66-67	Executive Remuneration (Securities Report)
102-37	Stakeholders' involvement in remuneration	66-67	Executive Remuneration
102-38	Annual total compensation ratio	-	-
102-39	Percentage increase in annual total compensation ratio	-	-
Stakeholder engagement			
102-40	* List of stakeholder groups	12	Dialogue with Stakeholders
102-41	* Collective bargaining agreements	43	Labor Relations
102-42	* Identifying and selecting stakeholders	12	Dialogue with Stakeholders
102-43	* Approach to stakeholder engagement	11 12	Identification of Material Issues Dialogue with Stakeholders
102-44	* Key topics and concerns raised	11 12 13-17	Identification of Material Issues Dialogue with Stakeholders Sustainability Targets and Progress
Reporting practice			
102-45	* Entities included in the consolidated financial statements	5-8	Shinko Group Outline
102-46	* Defining report content and topic Boundaries	11	Identification of Material Issues
102-47	* List of material topics	11	Identification of Material Issues
102-48	* Restatements of information	82-86	Environmental Data
102-49	* Changes in reporting	20 21 82-86	Medium- to Long-Term Environmental Targets Environmental Action Program Environmental Data
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	88-92	GRI Standard Comparison Table
102-55	* GRI content index	88-92	GRI Standard Comparison Table
102-56	* External assurance	87	Independent Assurance Report

2. Topic Specific Disclosures

■ • • Material Issues for the Shinko Group

Topics		Pages	Corresponding Topics
Management Approach			
103-1	* Explanation of the material topic and its Boundaries	2 9 11	Editorial Policy: Boundary of the Report The Shinko Way Identification of Material Issues
103-2	The management approach and its components	10-17 21 22-26 27-31 39-40 48 56 59 70	Sustainability Management Environmental Action Program Environmental Management Climate Change Respecting Human Rights Creating Safe and Comfortable Working Environments Supporting Customer and Societal Trust with Quality CSR-Conscious Procurement Activities RBA Code of Conduct Initiative
103-3	Evaluation of the management approach	11	Identification of Material Issues
Economic			
Economic Performance			
201-1	Direct economic value generated and distributed	5-8	Shinko Group Outline (Securities Report)
201-2	Financial implications and other risks and opportunities due to climate change	27-31 71	Climate Change Promoting Risk Management
201-3	Defined benefit plan obligations and other retirement plans	-	(Securities Report)
201-4	Financial assistance from government	-	-
Market Presence			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	-
202-2	Proportion of senior management hired from the local community	-	-
Indirect Economic Impacts			
203-1	Infrastructure investments and services supported	54	Supporting Youth Development
203-2	Significant indirect economic impacts	-	-
Procurement Practices			
204-1	Proportion of spending on local suppliers	-	-
Anti-corruption			
205-1	Operations assessed for risks related to corruption	71	Promoting Risk Management
205-2	Communication and training about-corruption policies and procedures	63 68-70	Thorough Compliance in Procurement Activities Compliance
205-3	Confirmed incidents of corruption and actions taken	-	*NA
Anti-competitive Behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	*NA
Tax			
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	-	-
Environmental			
■ Materials			
301-1	Materials used by weight or volume	82-86	Environmental Data
301-2	Recycled input materials used	-	-
301-3	Reclaimed products and their packaging materials	-	-
■ Energy			
302-1	Energy consumption within the organization	82-86	Environmental Data
302-2	Energy consumption outside of the organization	82-86	Environmental Data
302-3	Energy intensity	-	-
302-4	Reduction of energy consumption	30 38	Promoting Energy Conservation Initiatives at Overseas Plants
302-5	Reductions in energy requirements of products and services	-	-
■ Water			
303-1	Interactions with water as a shared resource	33-34 82-86	Reducing Water Use Environmental Data
303-2	Management of water discharge-related impacts	82-86	Environmental Data

Topics		Pages	Corresponding Topics
303-3	Water withdrawal	82-86	Environmental Data
303-4	Water discharge	82-86	Environmental Data
303-5	Water consumption	82-86	Environmental Data
■ Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	-
304-2	Significant impacts of activities, products, and services on biodiversity	-	-
304-3	Habitats protected or restored	35-37 53	Living in Harmony with Nature Initiatives to Protect the Local Environment
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	-
■ Emissions			
305-1	Direct (Scope 1) GHG emissions	82-86	Environmental Data
305-2	Energy indirect (Scope 2) GHG emissions	82-86	Environmental Data
305-3	Other indirect (Scope 3) GHG emissions	82-86	Environmental Data
305-4	GHG emissions intensity	27-31	Climate Change
305-5	Reduction of GHG emissions	27-31	Climate Change
305-6	Emissions of ozone-depleting substances (ODS)	-	-
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	82-86	Environmental Data
■ Effluents and Waste			
306-1	Water discharge by quality and destination	82-86	Environmental Data
306-2	Waste by type and disposal method	32-34 82-86	Resource Circulation Environmental Data
306-3	Significant spills	22-26	Environmental Management
306-4	Transport of Hazardous waste	32-34	Resource Circulation
306-5	Water bodies affected by water discharges and/or runoff	-	-
■ Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations	22-26	Environmental Management
■ Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria	-	-
308-2	Negative environmental impacts in the supply chain and actions taken	59-60 62-63	CSR-Conscious Procurement Activities Green Procurement
Social			
■ Employment			
401-1	New employee hires and employee turnover	81	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	41-43 81	Creating a Dynamic Corporate Culture List of Employee Related Indicators
Labor/Management Relations			
402-1	Minimum notice periods regarding operational changes	-	-
■ Occupational Health and Safety			
403-1	Occupational health and safety management system	48-51	Occupational Safety and Health
403-2	Hazard identification, risk assessment, and incident investigation	48-51	Occupational Safety and Health
403-3	Occupational health services	48-51	Occupational Safety and Health
403-4	Worker participation, consultation, and communication on occupational health and safety	43 48-51	Labor Relations Occupational Safety and Health
403-5	Worker training on occupational health and safety	48-51	Occupational Safety and Health
403-6	Promotion of worker health	48-51	Occupational Safety and Health
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	48-51	Occupational Safety and Health
403-9	Work-related injuries	48-51	Occupational Safety and Health
403-10	Work-related ill health	48-51	Occupational Safety and Health
■ Training and Education			
404-1	Average hours of training per year per employee	46-47 81	Developing and Utilizing Human Resources List of Employee Related Indicators

Topics		Pages	Corresponding Topics
404-2	Programs for upgrading employee skills and transition assistance programs	44-45 46-47 81	Respect for Diversity Developing and Utilizing Human Resources List of Employee Related Indicators
404-3	Percentage of employees receiving regular performance and career development reviews	46-47	Developing and Utilizing Human Resources
■ Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employee	81	List of Employee Related Indicators (Securities Report)
405-2	Ratio of basic salary and remuneration of women to men	-	-
■ Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	39-40	Respecting Human Rights
■ Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the freedom of association and collective bargaining may be at risk	-	-
■ Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	39-40 59-60	Respecting Human Rights CSR-Conscious Procurement Activities
■ Forced or Compulsory Labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	39-40 59-60	Respecting Human Rights CSR-Conscious Procurement Activities
Security Practices			
410-1	Security personnel trained in human rights policies or procedures	-	-
Rights of Indigenous Peoples			
411-1	Incidents of violations involving rights of indigenous peoples	-	*NA
Human Rights Assessment			
412-1	Operations that have been subject to human rights reviews or impact assessments	70	RBA Code of Conduct Initiative
412-2	Employee training on human rights policies or procedures	39-40	Respecting Human Rights
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-	-
■ Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	12 35-37 52-55	Dialogue with Stakeholders Living in Harmony with Nature Contributing to Local Communities
413-2	Operations with significant actual and potential negative impacts on local communities	-	-
■ Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	59-60	CSR-Conscious Procurement Activities
414-2	Negative social impacts in the supply chain and actions taken	59-60 61	CSR-Conscious Procurement Activities Initiatives for Responsible Minerals Sourcing
Public Policy			
415-1	Political contributions	-	-
Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	56	Supporting Customer and Societal Trust with Quality
416-2	Incidents of non-compliance concerning the health and safety impacts and services	-	-
Marketing and Labeling			
417-1	Requirements for product and service information and labeling	-	-
417-2	Incidents of non-compliance concerning product and service information and labeling	-	-
417-3	Incidents of non-compliance concerning marketing communications	-	-
Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	75-76	Information Security
Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	-	*NA