

# Sustainability Report 2024

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

Focusing on initiatives in FY2023 (from April 1, 2023 to March 31, 2024) 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 2024

Japanese original : September 2024

Next issue: September 2025 (previous issue: September 2023)

### Reference Guidelines

- GRI, *Sustainability Reporting Standards*
- Ministry of the Environment, *Environmental Reporting Guidelines* (Fiscal Year 2018 version)

## Contact Information

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

CSR Promotion Department, Sustainability Promotion Division

# Message from the President

**Building on leading-edge technology  
to work to create products that enrich people's lives  
and contribute to the creation of a bright future.**

**Susumu Kurashima**

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

The environment surrounding us is in a difficult phase in which various issues are becoming more serious, such as climate change, increasing poverty and disparity, and rising geopolitical risks, while the evolution of technology, including the rapid expansion of the use of AI and the progress of digital transformation (DX), is bringing great benefits to people's lives and business, and dramatically changing the structure of society and the economy. In this environment, the role of companies in addressing globalized and increasingly serious social issues is also increasing.

In this environment, the Shinko Group, in line with the Shinko Way, which embodies the Group's reason for existence, values, and principles of action, will aim to contribute to the creation of new value in society through the development and provision of products and services based on advanced technologies, as well as the creation of a glorious future by working to solve various sustainability issues as a company fulfilling its social responsibility. In addressing increasingly diverse and complex sustainability issues, we have identified material issues that should be prioritized and focused on by our Group, and are effectively promoting activities to address these material issues throughout the Group.

## Aiming for harmony between the global environment and corporate activities

The Shinko Group has focused on reducing environmental impact by positioning contribution to a healthy environment as one of the most important management issues. In 2022, we formulated "Environmental Vision 2050" to clarify our goals and basic stance of "climate change," "resource circulation," and "living in harmony with nature" toward 2050, and have performed various activities in line with medium- to long-term targets in each area.

In response to "climate change", we recognize that this is an urgent environmental issue that must be addressed with the highest priority, and are developing decarbonization initiatives centered on measures to promote energy conservation and efficiency in manufacturing processes and plant utility equipment, and to switch to green power by creating and introducing renewable energy, while putting in place a promotion system at all of our production sites in Japan and overseas. In addition, for a new plant and buildings to be constructed for the purpose of strengthening our production system, we are promoting initiatives aimed at plants with the lowest possible environmental impact by, for example, using 100% renewable energy for electricity consumption. In our "resource circulation" activities, we are continuously promoting zero-emission initiatives through waste generation curbing and recycling to maximize the effective use and recycling of the earth's limited resources, while promoting reduction and recycling of water resources used in manufacturing



processes, etc. at all plants. In our activities for "living in harmony with nature," we are implementing biodiversity conservation activities using in-house facilities, education and awareness activities for all employees in order to reduce the impact of our business activities on biodiversity, and cooperating with a local government.

In light of the critical situation where environmental issues are becoming more serious on a global scale, our Group will further accelerate various activities to harmonize our corporate activities with the global environment as a responsibility of a manufacturing company.

## To support the growth of diverse employees

One of the Corporate Values set in the Shinko Way is to respect the diversity of its employees and support their growth. We believe that by creating an environment in which employees with diverse personalities and perspectives can exercise their abilities and achieve personal growth, we can generate innovation within the company and achieve sustainable growth.

As part of our efforts to create an organizational culture in which the diversity of our employees is respected and, at the same time, employees from various backgrounds and environments can work comfortably, we are continuously working to harmonize work and personal/family life. Through the development and expansion of systems to support employees with childcare, nursing care, medical treatment, and other circumstances, as well as other measures, we aim to achieve both work-life balance through diverse and flexible work styles and to enhance productivity.

In order to improve the abilities and expertise of our employees, moreover, we have established our Human Resource Development Policy and created a training system, and are focusing on the operation and improvement of our training programs. The SHINKO Techno Academy was established in 2021 as an educational institution for employees working at manufacturing sites, and provides specialized training for the manufacturing sector, including practical skills training and hazard perception training, which are fundamental to the manufacturing site. The academy is continuously working to broaden the scope of target participants and enhance training programs with the aim of developing human resources who will become the core of the manufacturing site.

We will continue to create an organizational culture in which employees, who form the foundation of the company's growth, can fully demonstrate their abilities and diversity, and work with pride and satisfaction.

## Toward a new stage of growth

To earn the trust of our stakeholders and continue to be an indispensable company in international and local communities, we are working to improve corporate value by strengthening corporate governance and compliance, and by implementing various measures in line with the Shinko Way. We are also committed to fostering a challenging corporate culture in which all employees of the Shinko Group, both in Japan and overseas, work together as one and can boldly take on the challenge of achieving high goals without fear of failure.

Going forward, the implementation of the tender offer is planned for the company shares by the tender offeror that is focused on JIC Capital, Ltd. In the semiconductor industry, which is expected to grow over the medium- to long-term, we aim to privatize the company shares through the tender offer and the series of transactions, promoting the next-generation semiconductor business and reinforcing the Company's market competitiveness in next-generation products, as well as building a flexible and robust corporate foundation, toward a new stage of growth. Therefore, we aim to achieve sustainable growth and to enhance our corporate value.

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, 2024)

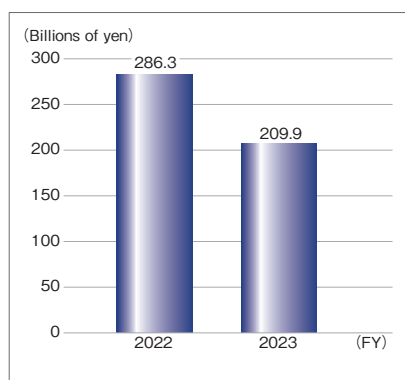
|                      |   |
|----------------------|---|
| Corporate name       | SHINKO ELECTRIC INDUSTRIES CO., LTD.  |
| Established          | September 12, 1946  |
| Head office          | 80, Oshimada-machi, Nagano-shi, Nagano 381-2287, Japan  |
| Capital              | 24,223 million yen  |
| Number of employees  | 4,808 (Consolidated 5,553)  |
| Major business lines | Manufacturing and sales of plastic laminated packages (PLPs), leadframes, glass-to-metal seals, heat spreaders, and ceramic electrostatic chucks<br>IC assembly |

## Financial Highlights (Consolidated)

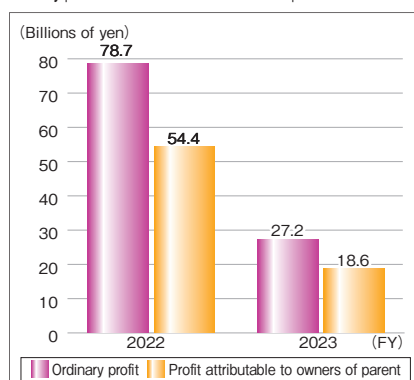
(Millions of yen)

| Item                                    | FY2022  | FY2023  |
|---|---------|---------|
| Net sales                               | 286,358 | 209,972 |
| Ordinary profit                         | 78,755  | 27,257  |
| Profit attributable to owners of parent | 54,488  | 18,609  |
| Total assets                            | 251,014 | 264,977 |
| Net assets                              | 386,934 | 393,750 |
| Capital expenditure                     | 25,758  | 63,693  |
| Depreciation                            | 34,511  | 27,435  |

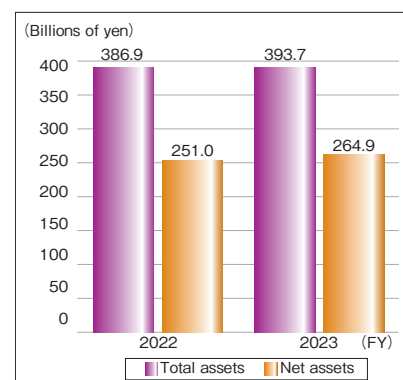
## Net Sales



## Ordinary profit/Profit attributable to owners of parent (Consolidated)



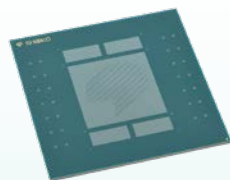
## Total assets/Net assets



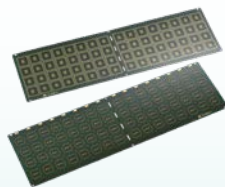
## Business Overview by Segment

### Plastic Packages

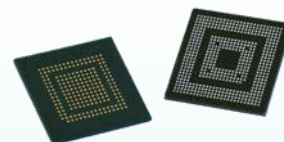
The Plastic Packages segment consists of flip-chip type packages, plastic BGA substrates, and IC assemblies.



Flip-Chip Type Package



Plastic BGA Substrates



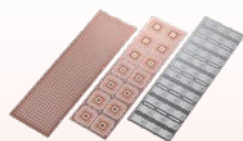
IC Assemblies

#### Applications:

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

### Metal Packages

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



Leadframes



Ceramic Electrostatic Chuck



Glass-to-Metal Seals

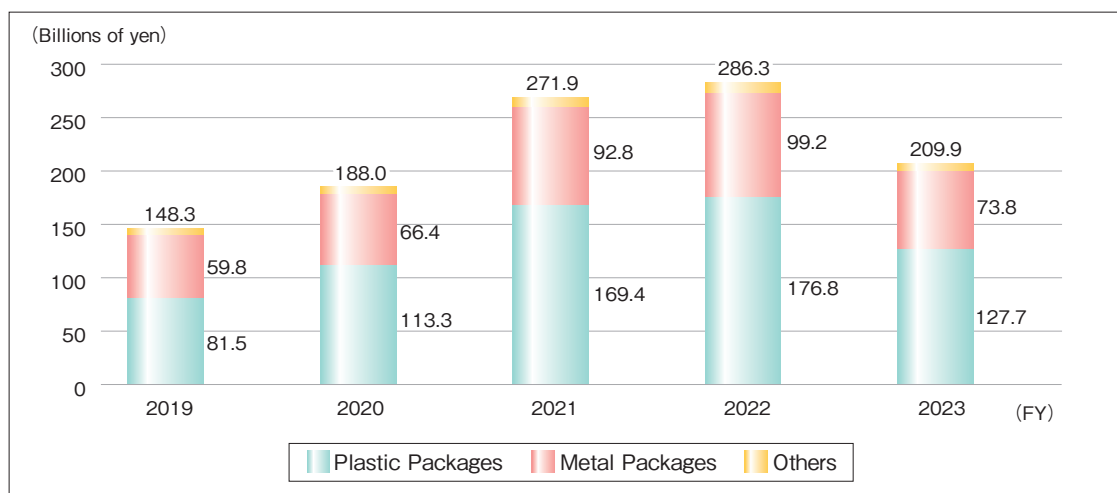


Heat Spreaders

#### Applications:

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

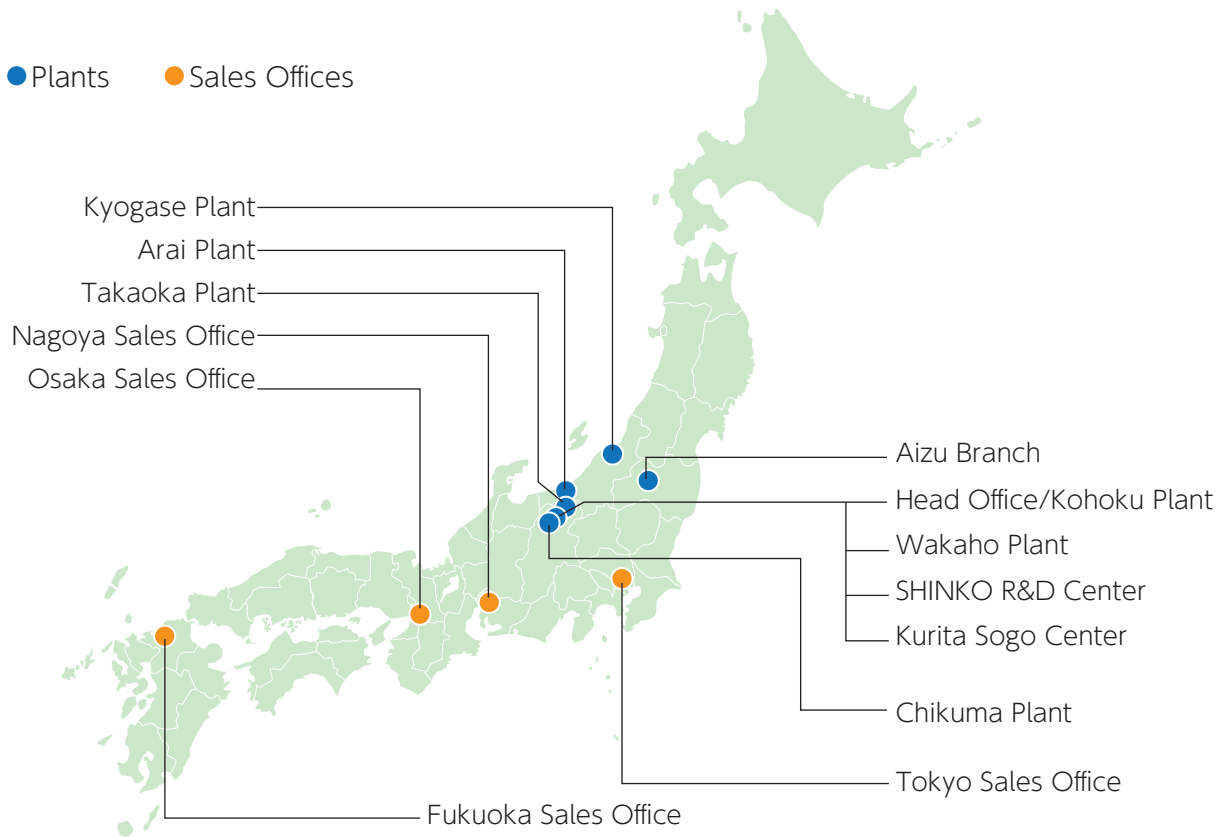
Net Sales by Business Segment (Consolidated)



# Global Network

## Domestic

● Plants    ● Sales Offices



## Major Sites



Head Office/Kohoku Plant (Nagano City)



Wakaho Plant (Nagano City)



Chikuma Plant (Chikuma City, Nagano Pref.)



Takaoka Plant (Nakano City, Nagano Pref.)



Arai Plant (Myoko City, Niigata Pref.)



Kyogase Plant (Agano City, Niigata Pref.)



Kurita Sogo Center (Nagano City)

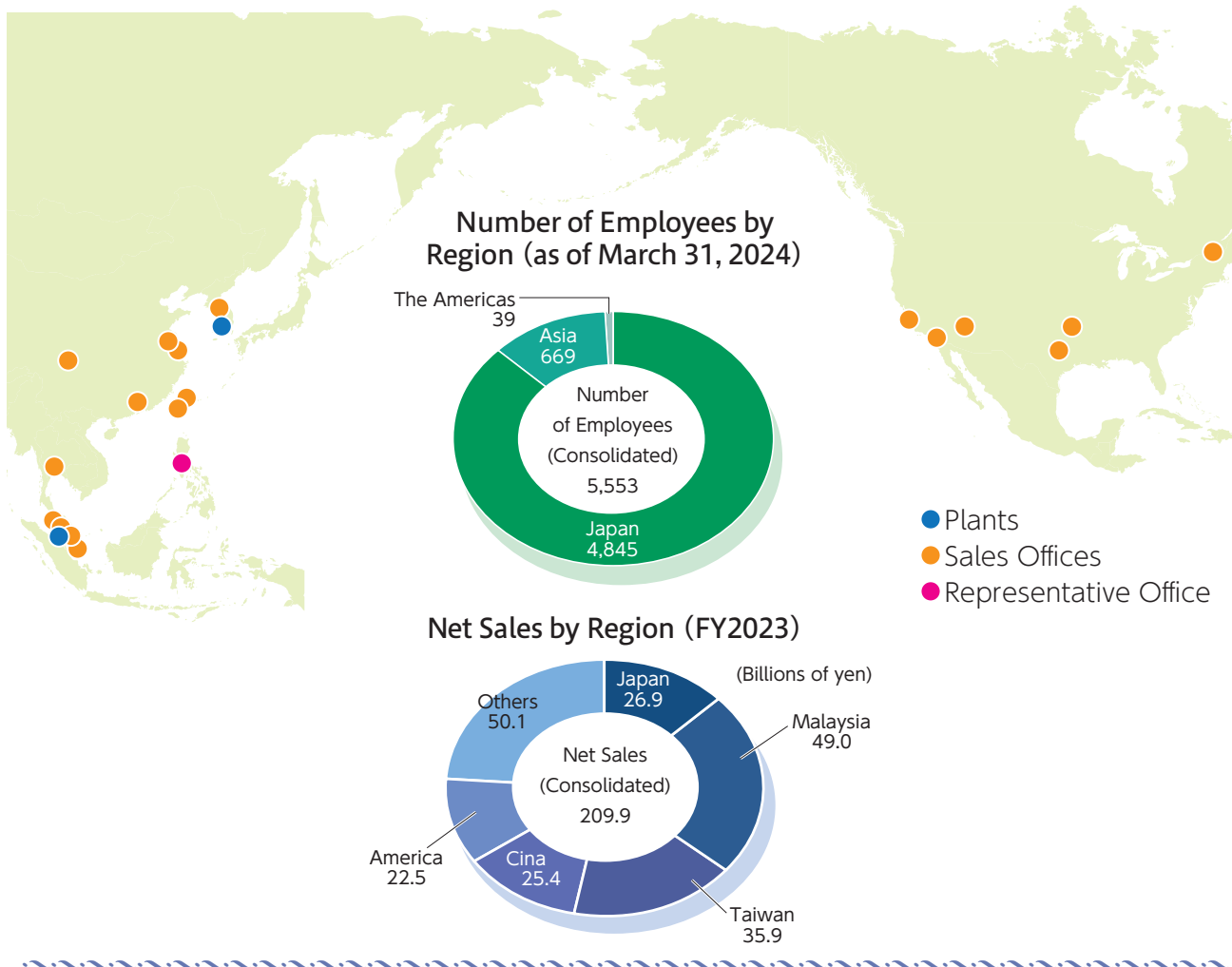
### Sales Offices

Tokyo/Osaka/Nagoya/Fukuoka

### Group Company

SHINKO TECHNOSERVE CO., LTD. (Nagano City)





## Asia

### Group Companies (Manufacturing)

KOREA SHINKO MICROELECTRONICS CO., LTD. (Korea)

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



### Group Companies (Sales)

SHINKO ELECTRONICS (SINGAPORE) PTE. LTD. (Singapore)

KOREA SHINKO TRADING CO., LTD. (Korea)

TAIWAN SHINKO ELECTRONICS CO., LTD. (Taiwan)

SHANGHAI SHINKO TRADING LTD. (China)

SHINKO MICROELECTRONICS (THAILAND) CO., LTD. (Thailand)

### Representative Office

Manila (Philippines)

## North America

### Group Company (Sales)

SHINKO ELECTRIC AMERICA, INC. (U.S.A.)

# 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

### 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.

### What we strive for

### Shareholders and Investors

We seek to continuously increase our corporate value.

### Global Perspective

We think and act from a global perspective.

### Employees

We respect diversity and support individual growth.

### Customers

We seek to be their valued and trusted partner.

### What we value

### 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.

A glass globe with a world map etched on it, resting on green grass. The globe is positioned in the lower-left quadrant of the page, with the continents clearly visible. The background is a soft-focus green field.

# Sustainability Management

How We Are Promoting Sustainability

Promotion System for Sustainability  
Activities

Material Issues (Materiality)

Material Issue Targets

Initiatives for SDGs

RBA Code of Conduct Initiative

Communication with Stakeholders  
and External Evaluation

# How We Are Promoting Sustainability

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.

The Shinko Group aims to contribute to lives of abundance for people around the world by developing, manufacturing, and selling advanced products that meet the needs of an increasingly sophisticated market. By implementing the Shinko Way, which embodies the spirit inherited from our founder and our Group's reason for existence in society, the Group aims to promote activities that address a variety of sustainability issues and contribute to the realization of a sustainable society and the creation of a bright future.

In response to sustainability issues, we identify material issues from the perspective of both the Shinko Group's business and the stakeholders, establish specific action themes and targets for resolving these issues, and promote activities centered on each division in charge.

We also aim to contribute to the achievement of the Sustainable Development Goals (SDGs) advocated by the United Nations by addressing climate change and other worsening environmental issues, as well as social issues that are growing more diverse and complex.

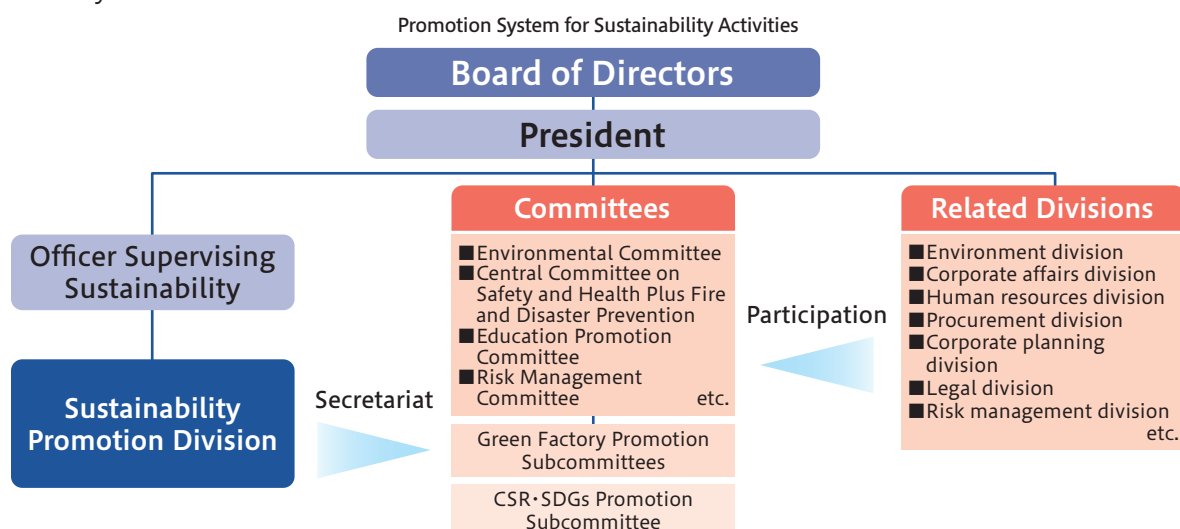
## Promotion System for Sustainability Activities

As the person responsible for promoting the sustainability activities of the Shinko Group, the Representative Director of Board, President oversees all activities, and the Sustainability Promotion Division serves as company-wide secretariat. In response to each sustainability issue, committees composed of members from related divisions are established for each field, and the divisions responsible for each issue implement various measures to address sustainability issues throughout the Group.

In addition, the Green Factory Promotion Subcommittees established at each plant promote activities to address environmental issues such as reducing greenhouse gas emissions, waste generation, and use of water resources. The CSR・SDGs Promotion Subcommittee, in which relevant divisions participate, strengthens activities taken to address social issues and the SDGs.

Our overseas manufacturing subsidiaries, in addition to establishing a sustainability promotion system, have set specific targets for various issues and are taking measures to strengthen their sustainability activities.

The Board of Directors periodically receives reports on the progress and results of initiatives that address sustainability issues.



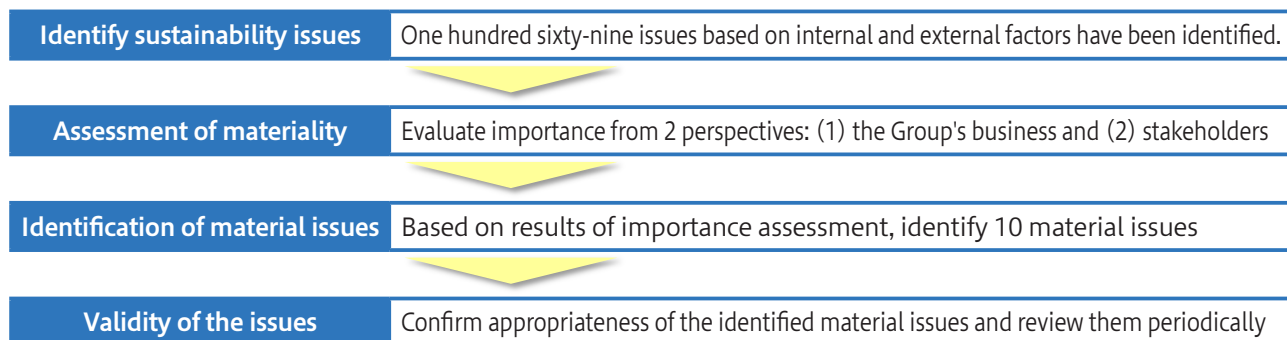


# Material Issues (Materiality)

Based on internal factors such as the Corporate Values of the Shinko Way and management policies, as well as external factors such as major international sustainability-related guidelines and social requirements, the Shinko Group identifies material issues (materiality) to prioritize among the various sustainability issues. When identifying material issues, we evaluate their importance from two perspectives: their importance to the Shinko Group's business and their importance to stakeholders.

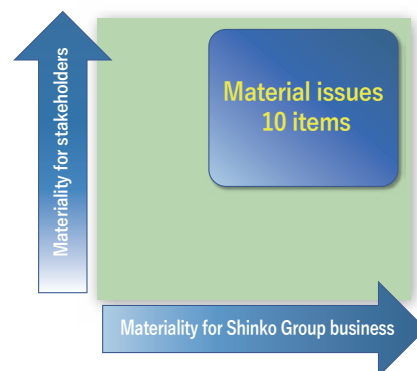
We confirm the appropriateness of the selected material issues and periodically review them.

## Process for Identifying Material Issues



### ● International Reference Guidelines on Sustainability

- (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)



## Material Issues (Materiality)

Each year, the divisions in charge set specific targets for the 10 material issues (materiality) that have been identified and then conduct various activities while monitoring progress and issues. The activities are continuously improved through a PDCA cycle that leads to the next year's activities.

| Field                              | Materiality   | Action Themes                                       |
|------------------------------------|---|---|
| Environmental issues               | 1. Climate change   | (1) Responding to climate change                    |
|                                    |   | (2) Reducing energy consumption                     |
|                                    | 2. Resource circulation                                   | (1) Reducing waste                                  |
|                                    |   | (2) Reducing water use                              |
|                                    |   | (3) Reducing raw material use                       |
|                                    | 3. Living in harmony with nature                          | (1) Biodiversity conservation                       |
| (2) Prevention of pollution        |   |   |
| (3) Management of toxic substances |   |   |
| Social issues                      | 4. Contributing to and coexistence with local communities | (1) Dialogue and coexistence with local communities |
|                                    | 5. Respect for human rights and diversity                 | (1) Respecting human rights                         |
|                                    |   | (2) Use of diverse employees                        |
|                                    |   | (3) Responding to LGBTQ issues                      |
|                                    | 6. Creating a dynamic corporate culture                   | (1) Work-life balance                               |
| (2) Human resource development     |   |   |

| Field         | Materiality   | Action Themes  |
|---------------|---|--|
| Social issues | 6. Creating a dynamic corporate culture                   | (3) Fair evaluation  |
|               |   | (4) Labor relations  |
|               | 7. Creating a safe and comfortable working environment    | (1) Occupational safety and health                               |
|               |   | (2) Emergency Preparedness                                       |
| Social issues | 8. Promoting social responsibility in the supply chain    | (1) Promotion of green procurement                               |
|               |   | (2) Responsible minerals sourcing                                |
| Governance    | 9. Contributing to society through technology and quality | (3) Respecting human rights in the supply chain                  |
|               |   | (1) Contributing to society through technology and manufacturing |
|               | 10. Strengthening governance                              | (2) Fulfilling social responsibility by pursuing quality         |
|               |   | (1) Corporate governance   |
| Governance    |   | (2) Compliance   |
|               |   | (3) Risk management  |
|               |   | (4) Information protection                                       |

# Material Issue Targets

In order to meet the expectations of our stakeholders from the perspective of sustainability, we set activity targets each year, focusing on material issues, and implement activities accordingly.

Through these activities, we also aim to contribute to the achievement of the Sustainable Development Goals (SDGs).

## Our Targets and Results for FY2023

### Environment

| Materiality                   | Action Themes                | FY2023 Targets  | FY2023 Results  |
|-------------------------------|------------------------------|---|---|
| Climate change                | Responding to climate change | <ul style="list-style-type: none"> <li>● Reduce greenhouse gas emissions               <ul style="list-style-type: none"> <li>• Reduce CO<sub>2</sub> emissions at all domestic sites: 16.8% or more (compared to FY2020)</li> <li>• Rate of renewable energy use: 34.1% or more</li> </ul> </li> <li>● Conduct survey of greenhouse gas emissions of major suppliers and assess actual conditions</li> <li>● Promote green procurement (reduction of CO<sub>2</sub> emissions upstream of the supply chain)               <ul style="list-style-type: none"> <li>• Conduct surveys on 100% of target suppliers, with a questionnaire recovery rate of 90% or more</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>● Reduction of greenhouse gas emissions               <ul style="list-style-type: none"> <li>• Reduced CO<sub>2</sub> emissions at all domestic sites: 29.4% (compared to FY2020)</li> <li>• Rate of renewable energy use: 45.9%</li> </ul> </li> <li>● Survey of greenhouse gas emissions of major suppliers: Conducted on 25 companies</li> <li>● Promotion of green procurement (reduction of CO<sub>2</sub> emissions upstream of the supply chain)               <ul style="list-style-type: none"> <li>• Conducted surveys on target suppliers: 31 companies (100%), with a questionnaire recovery rate of 100%</li> </ul> </li> </ul>   |
|                               |                              | <ul style="list-style-type: none"> <li>● Waste reduction: Reduce by at least 970 tons, equivalent to 16.2% of the FY2020 waste emissions</li> <li>● Promote measures to reduce amount of plastic materials used and amount of waste plastic</li> </ul>  | <ul style="list-style-type: none"> <li>● Waste reduction: Reduced 1,218 tons</li> <li>● Reduced amount of waste plastic: 74.8 tons</li> </ul>   |
|                               |                              | <ul style="list-style-type: none"> <li>● Reduce water use: Reduce by at least 38,270m<sup>3</sup>, equivalent to 1% of the FY2020 water use</li> <li>● Promote green procurement (conservation of water resources upstream of the supply chain)               <ul style="list-style-type: none"> <li>• Conduct surveys on 100% of target suppliers, with a questionnaire recovery rate of 90% or more</li> </ul> </li> </ul>  | <ul style="list-style-type: none"> <li>● Reduction of water use: Reduced 59,166m<sup>3</sup></li> <li>● Promotion of green procurement (conservation of water resources upstream of the supply chain)               <ul style="list-style-type: none"> <li>• Conducted surveys on target suppliers: 31 companies (100%), with a questionnaire recovery rate of 100%</li> </ul> </li> </ul>  |
| Living in harmony with nature | Biodiversity conservation    | <ul style="list-style-type: none"> <li>● Promote biodiversity conservation activities               <ul style="list-style-type: none"> <li>• Forest maintenance through participation in the adopt-a-forest program in Nagano Prefecture (Iizuna Town, Nagano Prefecture)</li> <li>• Biodiversity conservation at the Kurita Sogo Center</li> <li>• Biodiversity education and awareness activities</li> </ul> </li> <li>● Reduce negative impacts on ecosystems               <ul style="list-style-type: none"> <li>• Promote climate change and resource circulation initiatives</li> <li>• Proper management of chemical substances</li> </ul> </li> </ul>                            | <ul style="list-style-type: none"> <li>● Promotion of biodiversity conservation activities               <ul style="list-style-type: none"> <li>• Forest maintenance: Conducted twice</li> <li>• Conducted natural environment surveys and extermination of invasive alien species at the Kurita Sogo Center</li> <li>• Conducted biodiversity education and awareness activities</li> </ul> </li> <li>● Reduction of negative impacts on ecosystems               <ul style="list-style-type: none"> <li>• Promoted climate change and resource circulation initiatives</li> <li>• Conducted measurement to ensure compliance with environmental laws and regulations, and conduct trainings on the assumption of leakage accidents</li> </ul> </li> </ul> |

## Social

| Materiality  | Action Themes  | FY2023 Targets  | FY2023 Results  |
|--|--|---|---|
| Contributing to and coexistence with local communities | Dialogue and coexistence with local communities          | <ul style="list-style-type: none"> <li>● Continue and expand environmental beautification activities at each plant</li> </ul>   | <ul style="list-style-type: none"> <li>● Environmental beautification activities at each plant               <ul style="list-style-type: none"> <li>• Each plant: 1 time (June)</li> <li>(Conducted twice (June and December) at the Kohoku Plant)</li> </ul> </li> </ul>   |
|  |  | <ul style="list-style-type: none"> <li>● Conduct tours at each plant</li> <li>● Participate in and sponsor local events; sponsor a soccer team</li> </ul>   | <ul style="list-style-type: none"> <li>● Plant tours: 221 high school students and 26 university students (including those who led the students)</li> <li>● Participation in and sponsorship for local events; sponsorship for a soccer team: Implemented as planned</li> </ul>   |
| Respect for human rights and diversity                 | Respecting human rights                                  | <ul style="list-style-type: none"> <li>● Promote human rights education for all employees</li> </ul>  | <ul style="list-style-type: none"> <li>● Implemented human rights education through company-wide Shinko Way education</li> <li>● Company-wide human rights education "Toward Creating an Environment Where Diverse Human Resources Can Thrive"</li> <li>● Implementation of human rights education as part of rank-specific training</li> </ul>   |
|  | Diversity & Inclusion                                    | <ul style="list-style-type: none"> <li>● Develop a working environment that promotes the active participation of women</li> <li>● Hire international students</li> <li>● Create a workplace environment where employees with disabilities can exercise their individual abilities and work easily</li> </ul>  | <ul style="list-style-type: none"> <li>● Selection of female leaders; training for female leaders and their mentors</li> <li>● Recruitment of international students (2 people)</li> <li>● Establishment of special subsidiary</li> <li>● Promoted employment of persons with disabilities (employment rate of 2.56% as of June 2024)</li> </ul>  |
| Creating a dynamic corporate culture                   | Work-life balance  | <ul style="list-style-type: none"> <li>● Improve productivity and achieve work-life balance by strengthening the Transforming Work Styles initiative</li> <li>● Increase male childcare participation rate</li> </ul>   | <ul style="list-style-type: none"> <li>● Labor Management Council on Transforming Work Styles</li> <li>● Implemented a Work-Life Balance Seminar</li> <li>● Conducted questionnaires and encourage male employees to take childcare leave to increase the rate of male employees taking childcare leave</li> </ul>  |
|  | Human resource development                               | <ul style="list-style-type: none"> <li>● Improve the training system for developing employees who will lead in the future</li> <li>● Expand training programs for developing globally aware employees</li> <li>● Support career development to encourage the full participation of women</li> </ul>   | <ul style="list-style-type: none"> <li>● Capacity building training for manufacturing process leaders</li> <li>● Expansion of business English courses and introduction of seminars on learning methods at the beginning of the courses</li> <li>● Selection of female leaders; training for female leaders and their mentors</li> <li>● Provided training on the promotion of women's activities in rank-specific training programs</li> </ul> |
| Creating a safe and comfortable working environment    | Occupational safety and health<br>Emergency Preparedness | <ul style="list-style-type: none"> <li>● Promote safety and health, fire prevention, and disaster prevention activities in compliance with laws and regulations, etc.</li> </ul>  | <ul style="list-style-type: none"> <li>● Promoted safety and health activities in accordance with safety and health management manual based on RBA<sup>1</sup> Code of Conduct</li> <li>● Implemented fire prevention and disaster prevention activities, and conducted evacuation drills for all employees</li> </ul>  |
|  |  | <ul style="list-style-type: none"> <li>● Engage in disaster prevention activities by raising employee safety awareness and complying with work procedure and rules</li> <li>● Number of serious accidents: 0</li> </ul>   | <ul style="list-style-type: none"> <li>● Implemented safety education for all employees, and Hazard Perception Education</li> <li>● Performed periodic on-site patrols, inspections, etc.</li> <li>● Conducted standing guard activities for traffic safety</li> <li>● Number of serious accidents: 0</li> </ul>  |
|  |  | <ul style="list-style-type: none"> <li>● Conduct continual risk reduction activities by identifying and assessing hazards and adverse factors</li> </ul>  | <ul style="list-style-type: none"> <li>● Conducted risk assessments (during Safety Week, for non-routine work, and when new equipment is introduced)</li> <li>● Risk extraction and improvement by employees, and company-wide deployment and promotion of similar disaster prevention measures</li> </ul>  |
|  |  | <ul style="list-style-type: none"> <li>● Raise employee awareness of health care and promote the creation of a workplace environment in which employees can work with robust physical and mental health</li> <li>● Specific health guidance implementation rate: 75%</li> <li>● Increase attendance at health-promoting walking events by 10% year-on-year</li> </ul> | <ul style="list-style-type: none"> <li>● Obtained certification as an Outstanding Health and Productivity Management Organization and took measures to prevent long overtime hours</li> <li>● Specific health guidance implementation rate: 82.8%</li> <li>● Increased attendance at a walking event (in November) by 23% year-on-year</li> </ul>   |

<sup>1</sup> RBA : Responsible Business Alliance

| Materiality   | Action Themes  | FY2023 Targets   | FY2023 Results  |
|---|--|--|---|
| Promoting social responsibility in the supply chain | Responsible minerals sourcing                                | ●Upstream surveys of raw materials using the RMI <sup>2</sup> template and improvement activities to promote due diligence | ●Conducted surveys using RMI templates<br>●Conducted risk assessments, hearing, and requested improvement of RMI-compliant procurement rate based on survey responses |
|   | Promote CSR and respect for human rights in the supply chain | ●Disseminate purchasing policy to suppliers  | ●Disseminated our purchasing policy: 709 companies in Japan and 20 companies overseas   |
|   |  | ●Conduct CSR questionnaire surveys of major suppliers  | ●Conducted CSR questionnaires of main suppliers: 33 companies   |
|   |  | ●Confirm CSR status of on-site contractors   | ●Conducted CSR questionnaire and on-site checks for on-site contractors: 9 companies  |

<sup>2</sup> RMI : Responsible Minerals Initiative

## Governance

| Materiality              | Action Themes                                      | FY2023 Targets  | FY2023 Results   |
|--------------------------|--|---|--|
| Strengthening governance | Strengthening corporate governance                 | ●Respond to requests for disclosure of non-financial information  | ●New disclosures on diversity, such as wage disparity between men and women, and on specific matters deliberated by the Board of Directors, etc.   |
|                          | Strengthening compliance                           | ●Implement countermeasures to reduce compliance risks<br>• Hold training sessions related to compliance<br>• Operate an internal whistleblowing system<br>• Conduct monitoring to understand risks  | ●Implementation of countermeasures to reduce compliance risks<br>• Implemented various types of compliance training<br>• Operated and handled internal whistleblowing system<br>• Conducted employee awareness survey  |
|                          | Strengthening compliance systems at overseas sites | ●Implement compliance risk reduction measures<br>• Implement various types of compliance education<br>• Disseminate information on the whistleblowing system  | ●Implementation of countermeasures to reduce compliance risks<br>• Implemented compliance training for all employees<br>• Operated internal whistleblowing system  |
|                          | Building trusting relationships with customers     | ●Conduct education and training for applicable departments on the security trade control system and the specified export declaration system   | ●Education on security trade control, etc. (for sales departments, all executives and employees, etc.)<br>● Implemented education on the specified export declaration system (manufacturing divisions, etc.), etc.   |
|                          | Strengthening risk management                      | ●Conduct risk assessment and hearings based on survey of potential risks; review and revise measures for addressing important risks in advance<br>●Conduct training to raise risk awareness<br>●Enhance and implement company-wide disaster prevention and business continuity management education | ●Conducted potential risk surveys and reported the results of the surveys<br>●Training to raise risk awareness (for Corporate Officers, managers, and manufacturing process leaders)<br>●Implemented company-wide disaster prevention and business continuity management education<br>●Implemented rank-specific risk management education |
|                          |  | ●Review and strengthen risk management system<br>●Strengthen ability to respond to natural disaster risks   | ●Establishing a risk management system for overseas sites<br>●Assessment of natural disaster risks by external experts, as well as study and implementation of countermeasures based on the results of the assessment<br>●Conducted training for the central disaster response headquarters  |
|                          | Strengthening information management               | ●Operate an information protection management system (in-house, other companies, and for individuals)<br>• Conduct periodic inventory checks<br>• Raise employee awareness of information management<br>• Comply with other countries' legal systems applied outside those countries                | ●Operated an information protection management system<br>• Conducted periodic inventory checks<br>• Information security education and related training<br>• Revision of English version of Privacy Policy   |
|                          | Respecting the intellectual property of others     | ●Provide intellectual property education to engineers   | ●Implemented intellectual property education   |



# Our Targets for FY2024

## Environment

| Materiality                   | Action Themes                | FY2024 Targets   |
|-------------------------------|------------------------------|--|
| Climate change                | Responding to climate change | <ul style="list-style-type: none"> <li>● Reduce greenhouse gas emissions               <ul style="list-style-type: none"> <li>• Reduce CO<sub>2</sub> emissions at all domestic sites: 22.4% or more (compared to FY2020)</li> <li>• Rate of renewable energy use: 49.9% or more</li> </ul> </li> </ul>  |
| Resource circulation          | Reducing waste               | <ul style="list-style-type: none"> <li>● Waste reduction: Conduct measures to reduce by at least 203 tons</li> <li>● Promote measures to reduce amount of plastic materials used and amount of waste plastic</li> <li>● Effective utilization rate of plastic wastes: maintain 99% or more</li> </ul>  |
|                               | Reducing water use           | <ul style="list-style-type: none"> <li>● Reduce water use: Conduct measures to reduce by at least 38,270m<sup>3</sup></li> </ul>   |
| Living in harmony with nature | Biodiversity conservation    | <ul style="list-style-type: none"> <li>● Promote biodiversity conservation activities               <ul style="list-style-type: none"> <li>• Forest maintenance through participation in the adopt-a-forest program in Nagano Prefecture (Iizuna Town, Nagano Prefecture)</li> <li>• Biodiversity conservation at the Kurita Sogo Center</li> <li>• Biodiversity education and awareness activities</li> </ul> </li> <li>● Reduce negative impacts on ecosystems               <ul style="list-style-type: none"> <li>• Promote climate change and resource circulation initiatives</li> <li>• Proper management of chemical substances</li> </ul> </li> </ul> |

## Social

| Materiality  | Action Themes  | FY2024 Targets  |
|--|--|---|
| Contributing to and coexistence with local communities | Dialogue and coexistence with local communities  | <ul style="list-style-type: none"> <li>● Conduct tours at each plant</li> </ul>   |
|  |  | <ul style="list-style-type: none"> <li>● Conducting standing guard activities for traffic safety in the vicinity of each plant</li> </ul>   |
|  |  | <ul style="list-style-type: none"> <li>● Participate in and sponsor local events</li> </ul>   |
|  |  | <ul style="list-style-type: none"> <li>● Sponsor soccer teams</li> </ul>  |
| Respect for human rights and diversity                 | Respecting human rights  | <ul style="list-style-type: none"> <li>● Promote human rights education for all employees</li> </ul>  |
|  | Use of diverse employees   | <ul style="list-style-type: none"> <li>● Expanding educational content to promote active participation by women</li> <li>● Create a workplace environment where employees with disabilities can exercise their individual abilities and work easily</li> </ul>  |
| Creating a dynamic corporate culture                   | Work-life balance  | <ul style="list-style-type: none"> <li>● Improve productivity and achieve work-life balance by strengthening the Transforming Work Styles initiative</li> <li>● Increase male childcare participation rate</li> </ul>   |
|  | Human resource development   | <ul style="list-style-type: none"> <li>● Improve the training system for developing employees who will lead in the future</li> <li>● Expand training programs for cultivating global human resources</li> <li>● Expand support for career development to encourage the full participation of women</li> </ul> |
| Creating a safe and comfortable working environment    | Occupational safety and health   | <ul style="list-style-type: none"> <li>● Promoting safety and health, plus fire and disaster prevention-activities in compliance with laws and regulations related to safety and health, plus fire and disaster prevention, as well as internal rules and regulations</li> </ul>                              |
|  |  | <ul style="list-style-type: none"> <li>● Conduct continual risk reduction activities by identifying, analyzing and assessing hazards and adverse factors</li> </ul>   |
|  |  | <ul style="list-style-type: none"> <li>● Eliminating carelessness and unsafe behavior that cause industrial accidents</li> <li>● Number of serious accidents: 0</li> </ul>  |
|  |  | <ul style="list-style-type: none"> <li>● Improving safety awareness and management standards through ongoing education and training</li> </ul>  |
| Promoting social responsibility in the supply chain    | Promotion of green procurement   | <ul style="list-style-type: none"> <li>● Promoting efforts to reduce CO<sub>2</sub> emissions and conserve water resources upstream in the supply chain</li> <li>● Confirming initiatives by major suppliers</li> </ul>   |
|  | Responsible minerals sourcing  | <ul style="list-style-type: none"> <li>● Upstream surveys of raw materials using the RMI template and improvement activities to promote due diligence</li> </ul>  |
|  | Promotion of green procurement / Responsible minerals sourcing / Respecting human rights in the supply chain | <ul style="list-style-type: none"> <li>● Disseminate Shinko Procurement Policy and Procurement Guidelines to suppliers</li> <li>● Confirm CSR status of major suppliers</li> <li>● Confirm CSR status of on-site contractors</li> </ul>   |

## Governance

| Materiality              | Action Themes          | FY2024 Targets   |
|--------------------------|------------------------|--|
| Strengthening governance | Corporate governance   | ● Respond to requests for disclosure of non-financial information  |
|                          | Compliance             | ● Implement countermeasures to reduce compliance risks at domestic sites <ul style="list-style-type: none"> <li>• Hold training sessions related to compliance</li> <li>• Operate an internal whistleblowing system</li> <li>• Conduct monitoring to understand risks</li> </ul>   |
|                          |                        | ● Implement countermeasures to reduce compliance risks at overseas sites <ul style="list-style-type: none"> <li>• Hold training sessions related to compliance</li> <li>• Disseminate information on the whistle-blowing system</li> <li>• Conduct monitoring to understand risks</li> </ul>   |
|                          |                        | ● Provide intellectual property education to engineers   |
|                          |                        | ● Conduct education and training for applicable departments on the security trade control system and the specified export declaration system   |
|                          | Risk management        | ● Conduct risk assessment and hearings to related divisions based on survey of potential risks; review and revise measures for addressing important risks in advance   |
|                          |                        | ● Enhance and implement company-wide disaster prevention and business continuity management education  |
|                          |                        | ● Reinforcing disaster risk countermeasures  |
|                          |                        | ● Strengthen ability to respond to natural disaster risks  |
|                          | Information protection | ● Operate an information protection management system (in-house, other companies, and for individuals) <ul style="list-style-type: none"> <li>• Conduct periodic inventory checks</li> <li>• Raise employee awareness of information management</li> <li>• Comply with other countries' legal systems applied outside those countries</li> </ul> |

# Initiatives for SDGs

The Sustainable Development Goals (SDGs) are included in the 2030 Agenda for Sustainable Development, which was adopted at the Sustainable Development Summit held at the United Nations Headquarters in 2015. The SDGs consist of 17 goals and 169 targets that are common issues for the entire international community, regardless of level of development. As a common language that transcends different cultures and positions, the SDGs aim to ensure that no one on the planet is left behind.

The Shinko Group aims to contribute to the realization of the kind of society that meets the SDGs through efforts to address diverse sustainability issues, with a focus on coexistence with local communities, consideration for the global environment, and kindness toward people.

## Basic Policy for Achieving SDGs

Through the implementation of the Shinko Way, our corporate philosophy, we aim to harmonize with our diverse stakeholders and contribute to the sound development of society by supporting lives of abundance for people around the world through manufacturing. This basic policy aligns with the achievement of the SDGs adopted by the United Nations. Our Group will contribute to the realization of a sustainable society by providing products and services of high value to its customers and society, and by developing activities for addressing various sustainability issues in order to fulfill its social responsibility as a member of the international and local communities.

### Relationship between Our Group's Material Issues and SDGs

| Materiality | 1 NO POVERTY   | 2 ZERO HUNGER | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 5 GENDER EQUALITY | 6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 14 LIFE BELOW WATER | 15 LIFE ON LAND        | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | 17 PARTNERSHIPS FOR THE GOALS |
|-------------|--|---------------|------------------------------|---------------------|-------------------|------------------------------|-------------------------------|-----------------------------------|---|-------------------------|---------------------------------------|---|-------------------|---------------------|------------------------|---|-------------------------------|
| Environment | Climate change   | 1.5           | 2.4                          |                     |                   |                              | 7.2<br>7.3                    |                                   | 9.4                                       |                         |                                       |   | 13.1<br>13.3      |                     |                        |   |                               |
|             | Resource circulation                                   |               |                              |                     |                   | 6.4                          |                               | 8.4                               | 9.4                                       |                         | 11.6                                  | 12.2 12.5<br>12.4                         |                   |                     |                        |   | 17.17                         |
|             | Living in harmony with nature                          |               | 2.4<br>2.5                   | 3.9                 |                   | 6.3                          |                               |                                   |   |                         | 11.7                                  | 12.4                                      |                   | 14.1                | 15.1 15.4<br>15.2 15.5 |   |                               |
| Social      | Contributing to and coexistence with local communities |               |                              | 3.6                 | 4.3               |                              |                               |                                   |   |                         |                                       |   |                   |                     | 15.1 15.4<br>15.2      |   | 17.17                         |
|             | Respect for human rights and diversity                 |               |                              | 4.5 4.a<br>4.7      | 5.1<br>5.5        | 6.2                          |                               | 8.7<br>8.8                        |   | 10.2 10.7<br>10.3       |                                       |   |                   |                     |                        |   |                               |
|             | Creating a dynamic corporate culture                   |               |                              | 4.2 4.4<br>4.3 4.7  |                   |                              |                               | 8.2<br>8.5                        |   |                         |                                       |   |                   |                     |                        |   |                               |
|             | Creating a safe and comfortable working environment    |               |                              | 3.6<br>3.d          |                   |                              |                               | 8.8                               |   |                         |                                       |   |                   |                     |                        |   |                               |
|             | Promoting social responsibility in the supply chain    |               |                              |                     |                   | 6.4                          | 7.3                           | 8.7<br>8.8                        | 9.4                                       | 10.7                    |                                       | 12.4                                      | 13.1<br>13.3      |                     |                        | 16.2 16.4<br>16.3                         | 17.17                         |
|             | Contributing to society through technology and quality |               |                              |                     |                   |                              |                               |                                   | 9.4<br>9.5                                |                         |                                       |   |                   |                     |                        |   |                               |
| Governance  | Strengthening governance                               |               |                              | 3.3                 |                   |                              |                               |                                   |   |                         | 11.5                                  |   |                   |                     |                        | 16.3 16.7<br>16.5 16.10                   |                               |

## Registration as an SDG Promoting Company in Nagano Prefecture

Nagano Prefecture has established the Nagano Prefecture SDG Promoting Company Registration System as a way to promote concrete action on the SDGs while enhancing the value and competitiveness of companies with headquarters and branch offices in Nagano Prefecture. In order to further promote efforts to achieve the SDGs through its registration as an SDG-promoting company in Nagano Prefecture, Shinko applied and was registered as an SDG-promoting company in October 2022. At the time of registration, we formulated a "Declaration for Achieving the SDGs" (Requirement 1) and "Specific Initiatives for Achieving the SDGs" (Requirement 2). We have positioned reduction of net greenhouse gas emissions, reduction of waste, and increasing the ratio of female managers as priority issues and have been developing activities for addressing them.

[Declaration for Achieving the SDGs \(Requirement 1\) \(Japanese version only\)](#)

[Specific Initiatives for Achieving the SDGs \(Requirement 2\) \(Japanese version only\)](#)



### Topic

#### Sponsorship of Expo 2025 Osaka, Kansai, Japan

We are pleased to announce that we have decided to co-sponsor the pavilion "null²" (theme: "Forging Lives") produced by media artist Yoichi Ochiai, as a partner, among the Thematic Project Signature Pavilions of Expo 2025 Osaka, Kansai, Japan (hereinafter referred to as "the Expo") to be held on Yumeshima, Osaka from Sunday, April 13 to Monday, October 13, 2025.

Based on the concept of "A Laboratory for a Future Society," the Expo will be a place to gather the world's wisdom, including cutting-edge technology, to create and disseminate new ideas to solve common human problems, and its goals are "to contribute to the achievement of the Sustainable Development Goals (SDGs)" and others.

With the theme of "Forging Lives" null² also plans to advance digital technology and create groundbreaking services through a new future experience of the fusion of humans and AI, with the aim of building a better society.

Based on the technology that supports the evolution of semiconductors and links the superior functions of semiconductors to people's lives, we are committed to manufacturing products that enrich the lives of people around the world, and by promoting our business with management plans based on people- and environment-friendly approaches, we aim to contribute to the sound development of society and to the creation of a glorious future.

We have decided to sponsor the Expo because of the strong affinity between our initiatives and the philosophy of the Expo and null², such as contributing to the achievement of the SDGs and creating new value through social implementation of cutting-edge technologies. Through this sponsorship, the Company will contribute to the realization of "Future Society for Our Lives," which is the goal of the Expo.

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# RBA Code of Conduct Initiative

The Shinko Group has adopted "Global Outlook" as one of the Corporate Visions of the Shinko Way, and is developing its business with a view to coexistence and co-prosperity in the global community. We will also strive to fulfill our corporate social responsibility by guiding our actions based on "Global Citizenship."

## RBA (Responsible Business Alliance)

The RBA was established primarily by international electronics companies to establish a common code of conduct and to continuously improve the social, environmental, and ethical responsibilities of the supply chain. Our client companies are also members of the RBA, and we respect the code of conduct set forth by the RBA and promote its activities.

We also request cooperation from our suppliers in complying with the Code of Conduct.

[See Promoting Social Responsibility in the Supply Chain \(page 73\)](#)

## RBA Code of Conduct

The RBA Code of Conduct was established with reference to the Universal Declaration of Human Rights, ILO International Labor Standards, and OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. The Code of Conduct defines the four aspects of the Labor; Health and Safety; Environment; and Business Ethics, and a management system that implements these aspects is also stipulated.

## Code of Conduct Practices

We have clarified who is responsible for each of the four aspects and the organization in charge of each, and we ensure that the following processes are implemented in accordance with the management system.



Each person responsible for these activities reports to top management for review, confirms the effectiveness of the management system, and reflects their opinions in the following year's activities and beyond.

In addition, we are promoting continuous improvement through the following initiatives to further ensure that the Code of Conduct is put into practice.

### ■ Conducting Self-Assessment Questionnaire (SAQ)

The RBA has an evaluation tool that allows companies to score themselves by answering questions about the status of their actual efforts in the four aspects of the Code of Conduct, as well as their assessment of risks related to corporate social responsibility. Using this tool, we conduct a self-assessment once a year to review whether its initiatives are in line with the Code of Conduct, what risks it faces, etc. The results are referred to and used to determine the next activity goals to improve its score. We also share the answers and scores with our customers who are RBA members. In addition, we respond to questionnaires inquired individually by our customers, and communicate with them to deepen our understanding of the requirements in line with the Code of Conduct.

### ■ Conducting third-party audits (VAP: Validated Assessment Program)

RBA provides a program for a third-party organization to evaluate the status of compliance with the RBA Code of Conduct. In response to requests from RBA member customers, the Company implemented an audit program at its Kohoku Plant and Wakaho Plant, both in Nagano City, most recently in July 2024. Based on the results of the audits, we will improve compliance with the standards and promote continuous improvement activities.





# Communication with Stakeholders and External Evaluation

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.



## External Evaluation: Status of Inclusion in Major ESG Index

|  |   |   |
|--|---|---|
| FTSE4Good Index Series                   | Created by FTSE Russell, a global index provider, this is a representative index designed to measure the performance of companies that are doing a good job of addressing environmental, social and governance (ESG) issues. Our company has been selected for inclusion since 2022.                  | <br>FTSE4Good                                |
| FTSE Blossom Japan Index                 | This index of Japanese stocks was designed by FTSE Russell to measure the performance of companies with superior ESG practices and is one of the ESG indices adopted by GPIF <sup>1</sup> . Our company has been selected for inclusion since 2021.   | <br>FTSE Blossom Japan Index                 |
| FTSE Blossom Japan Sector Relative Index | This index of Japanese stocks reflects the performance of companies with relatively superior environmental, social, and governance practices in each sector, and it is one of the ESG indices used by GPIF. Our company has been selected for inclusion since the index was first calculated in 2022. | <br>FTSE Blossom Japan Sector Relative Index |
| MSCI Japan Empowering Women Index        | This index of Japanese stocks created by MSCI is composed of companies that are making superior efforts in gender diversity. It is one of the ESG indices adopted by GPIF.  | <b>2024 CONSTITUENT</b> MSCI日本株女性活躍指数 (WIN)   |
| S&P/JPX Carbon Efficient Index           | This ESG index jointly developed by S&P Dow Jones Indices and Japan Exchange Group (JPX) considers the status of environmental information disclosure and carbon efficiency when determining constituent selection and weighting. It is one of the ESG indices adopted by GPIF.                       |    |

<sup>1</sup> GPIF: The Government Pension Investment Fund

<sup>2</sup> The inclusion of SHINKO ELECTRIC INDUSTRIES CO., LTD. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of SHINKO ELECTRIC INDUSTRIES CO., LTD. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.



# Initiatives for Environmental Issues

Environmental Policy

Environmental Vision 2050

Medium- to Long-Term  
Environmental Targets

Environmental Action Program

Environmental Management

Climate Change

Resource Circulation

Living in Harmony with Nature

Initiatives at Overseas Plants

# Environmental Policy

The Shinko Group states, in the Shinko Way, that contributing to society and protecting the environment are one of our Corporate Values.

Based on our Corporate Values, 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.

# Environmental Vision 2050

The Shinko Group formulated its Environmental Vision 2050 in 2022 to further strengthen its activities designed to help solve environmental problems from a long-term perspective. It is our responsibility of a manufacturing company to contribute to the realization of a sustainable society by working to reduce environmental impact. To this end, we have established goals in the 3 areas of "climate change," "resource circulation" and "living in harmony with nature."





# 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.



## Climate Change

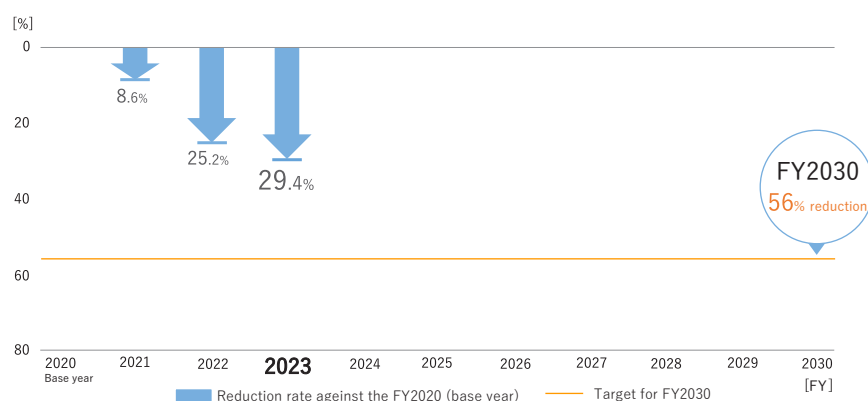
### Targets

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

Boundary: Shinko Group in Japan

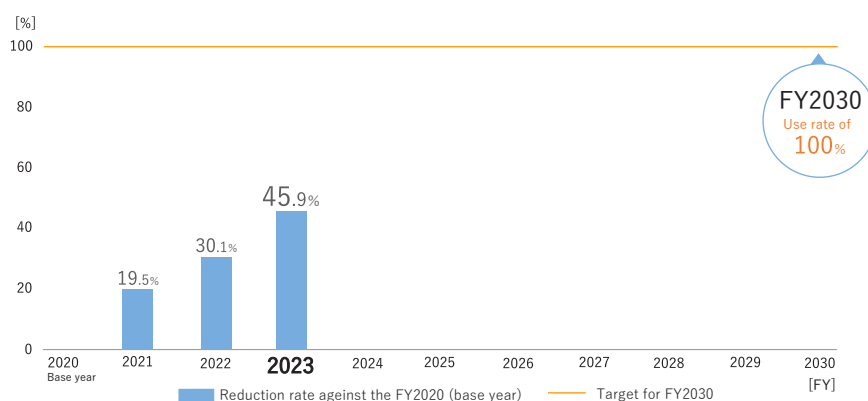
### Status of progress

Reduction rate in net greenhouse gas emissions



Note: Net greenhouse gas emissions: FY2021, Scope 1 (energy source) + Scope 2 (location-based)  
From FY2022 onwards, Scope 1 + Scope 2 (market-based)

Rate of renewable energy use



See "Climate Change" (page 33) for details of activities



## Resource Circulation

### Targets

|           | FY2030 Targets  | FY2050 Targets |
|-----------|---|----------------|
| Waste     | Reduce the amount equivalent to<br><b>50%</b> of the base year FY2020 | Minimization   |
| Water use | Reduce the amount equivalent to<br><b>5%</b> of the base year FY2020  | Minimization   |

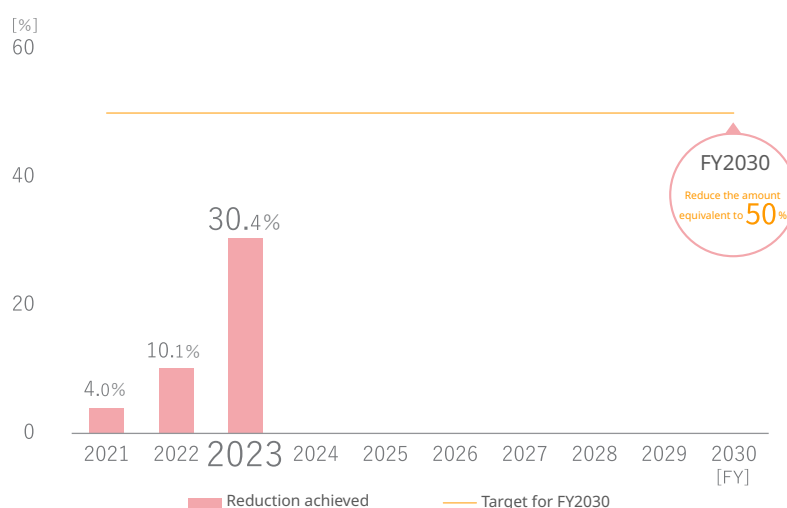
Boundary: Shinko Group in Japan

Note: Target figures for FY2030

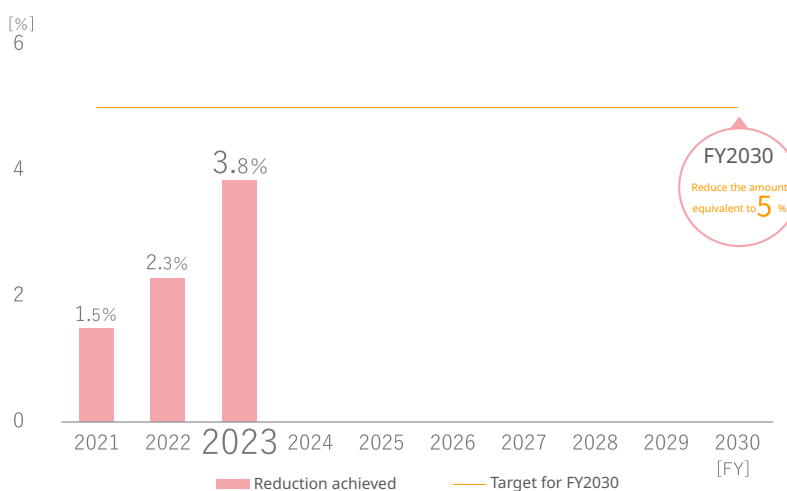
- The waste target is to reduce the amount of waste equivalent to 50% of the base year FY2020
- The water use target is to reduce the amount of water use equivalent to 5% of the base year FY2020

### Status of progress

#### Waste reduction



#### Reduction of water use



See "Resource Circulation" (page 40) for details of activities



## Living in Harmony with Nature

### 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.                                      |

Boundary: Shinko Group in Japan

### Status of progress

|                      | FY2030 Targets  | Index                                     | Single-year targets | Results |         |         |
|----------------------|---|---|---------------------|---------|---------|---------|
|                      |   |   |                     | FY2021  | FY2022  | FY2023  |
| Local communities    | Work with the local community to contribute to continuing biodiversity conservation activities. | Forest conservation activities            | 2 times/year        | 2 times | 2 times | 2 times |
| Inhouse green spaces | Robust conservation of the healthy ecosystems in the Kurita Sogo Center.                        | Survey of natural environment             | Survey              | ○       | ○       | ○       |
|                      |   | Index selection (FY2021)                  | Selection           | ○       | —       | —       |
|                      |   | Effect measurement (In FY2022 and beyond) | Measurement         | —       | ○       | ○       |
| Employees            | Work to improve each employee's awareness of biodiversity.                                      | Environmental education                   | 3 times/year        | 3 times | 3 times | 3 times |
|                      |   | Awareness raising activities              | 2 times/year        | 3 times | 2 times | 2 times |

For details of activities, see page 47, "Living in Harmony with Nature"

# Environmental Action Program





The Shinko Group in Japan sets an Environmental Action Program, which is a short-term goal to achieve its medium- to long-term environmental targets. The Environmental Action Program defines specific activities to achieve the medium- to long-term environmental targets, and evaluates performance and effectiveness.

## Environmental Action Program (Stage 11)

Environmental Action Program (Stage 11) sets forth specific environmental targets to be achieved in the 3 years from FY2023 to FY2025. Under the theme of "resource circulation," we have launched new activities related to plastic reduction. In addition, under the theme of "living in harmony with nature," we are striving to reduce the negative impact on ecosystems by promoting activities based on the recognition that efforts to reduce environmental impact in our business activities contribute to living in harmony with nature.

To complete this Environmental Action Program, we set annual targets and conduct activities.

The FY2023 targets were met in all categories.

| Environmental Action Program (Stage 11)   |  |  | FY2023   |   |
|---|--|--|--|---|
|   |  |  | Targets  | Results   |
| <b>Climate change</b><br>                  | <b>Reduction of GHG emissions</b><br>(GHG: greenhouse gas) | Reduce CO <sub>2</sub> emissions at all business sites in Japan by 28% or more (compared to FY2020)                                      | Reduce by 16.8% or more  | 29.4% reduction   |
|   |  | Increase rate of renewable energy use by 4% or more every year   | Rate of renewable energy use 34.1% or more   | 45.9%   |
| <b>Resource circulation</b><br>          | <b>Reducing waste</b>                                      | Implement measures to achieve a cumulative reduction of at least 1,375 tons equivalent to 23% of the FY2020 waste emissions              | Reduce 970 t or more   | Reduction of 1,218 t  |
|   |  | Promote measures to reduce amount of plastic materials used and amount of waste plastic  | Promote measures   | As planned  |
|   | <b>Reducing water use</b>                                  | Implement measures to achieve a cumulative reduction of at least 114,810 m <sup>3</sup> equivalent to 3% of the FY2020 water consumption | Reduce 38,270 m <sup>3</sup> or more   | Reduction of 59,166 m <sup>3</sup>  |
| <b>Living in harmony with nature</b><br> | <b>Conservation of biodiversity</b>                        | Maintenance of town-owned forest in Iizuna Town, Nagano Prefecture   | 2 times  | Conducted 2 times   |
|   |  | Biodiversity conservation at the Kurita Sogo Center  | Extermination of invasive alien species<br>Rare species protection<br>Implementation of monitoring surveys | Implemented activities to exterminate invasive alien species.<br>Implemented activities to protect rare species.<br>Implemented monitoring surveys. |
|   |  | Biodiversity education and awareness   | Education 3 times<br>Awareness-raising 2 times   | Conducted education 3 times<br>Conducted awareness-raising 2times   |
|   | <b>Reduction of negative impact on ecosystems</b>          | Promotion of climate change and resource circulation initiatives   | Promote initiatives  | As planned  |
|   |  | Proper management of chemical substances   | Proper management  | As planned  |
| <b>Supply chain</b><br>                  | <b>Promoting green procurement</b>                         | Promotion of initiatives to reduce CO <sub>2</sub> emissions upstream of the supply chain  | Conduct environmental survey on target suppliers   | Conducted on 100% of the target   |
|   |  | Strengthen awareness of water resource conservation upstream of the supply chain   |  |   |

Boundary: Shinko Group in Japan

From Stage 11, in line with the scope of activities for medium- to long-term environmental targets, all Shinko Group sites in Japan are covered, including the SHINKO R&D Center, which was not covered until Stage 10.

# Environmental Management

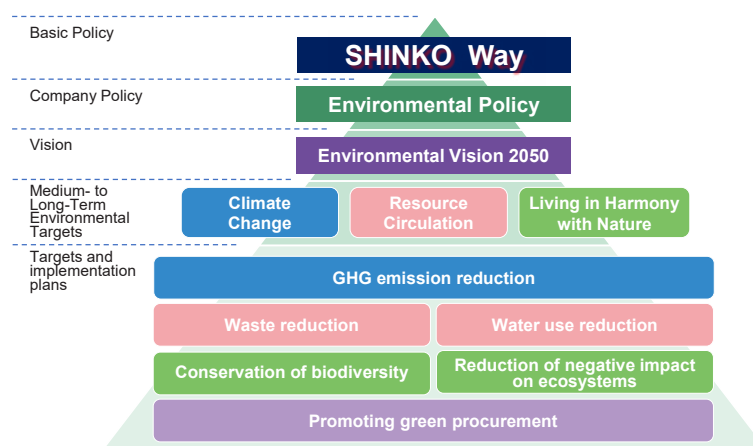
To promote environmental management, the Shinko Group has established an environmental management system based on the international standard ISO 14001 as a framework for balancing business activities with social needs and environmental issues. Through the PDCA cycle, we strive for continuous improvement and betterment of our environmental performance.

See [Percentage of Shinko Group Business Sites with ISO 14001 Certification \(page 105\)](#)

Reporting boundary: Shinko Group in Japan

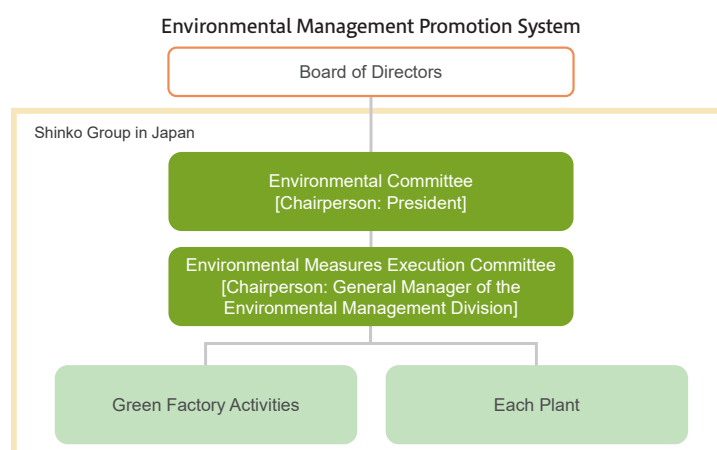
## Environmental Activity Promotion System

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 Management Promotion System

To promote environmental management, we have established an Environmental Committee chaired by the Representative Director of Board, President. As the highest deliberative body for environmental measures, the Committee reviews medium- and long-term issues, formulates policies, and proposes, deliberates, and decides upon matters related to environmental management, including measures to address business risks and opportunities related to climate change, resource circulation, and living in harmony with nature. These results are reported to the Board of Directors, which oversees environmental activities. We have established a structure that is described above. 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. While strengthening governance through the establishment of this promotion system, we are promoting the maintenance and improvement of our environmental management system.





## Identifying Environmental Challenges

The Paris Agreement<sup>1</sup> and the Sustainable Development Goals (SDGs) are accelerating efforts to realize a globally sustainable society, and Japan has declared that it will "Aim for carbon neutrality and a decarbonized society by 2050." In tandem with efforts to fight climate change, global movements to solve social issues are accelerating in such areas as transitioning to a circular economy<sup>2</sup>, tackling the marine plastic problem, conserving water resources, and achieving a nature-positive<sup>3</sup> world.

In light of this situation, we identify the effects that our business activities have on the environment, clarify the challenges and requests from stakeholder related to the environment, risks and opportunities, then determine the environmental issues to be addressed during the year, taking into consideration their importance and urgency. We reflect these environmental challenges in the activities of our environmental management system, and are deploying our initiatives to resolve them.

<sup>1</sup> 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

<sup>2</sup> Circular economy: A circular economic system that is designed on the premise that recycling and reuse will occur starting at the stage where goods and services are produced. It maximizes the value of resources and products and minimizes resource consumption and waste generation by reducing the input and consumption of new resources as much as possible. Intended to replace the conventional economic system based on the premise of "mass production, mass consumption, and mass disposal."

<sup>3</sup> Nature positive: The nature positive initiative seeks to arrest the loss of biodiversity and put the environment on a recovery path. Natural restoration.

### Risks and Opportunities Related to Major Environmental Issues

#### ■ Climate Change

See [Climate Change](#) (page 33)

#### ■ Resource Circulation

|                 | Risks   | Opportunities  |
|-----------------|---|--|
| Waste           | <ul style="list-style-type: none"> <li>■ Increased response costs due to stricter waste-related laws and regulations</li> <li>■ Decrease in corporate value in case of violation of waste-related laws and regulations</li> <li>■ The burden of restoration costs, etc. and impact on operations due to administrative guidance and punishment, resulting from improper disposal and illegal dumping, etc. by industrial waste disposers.</li> <li>■ Delays or stoppages in waste transportation and treatment caused by natural disasters and resulting plant shutdowns</li> </ul> | <ul style="list-style-type: none"> <li>■ Reduce processing costs and environmental impact by reducing input materials and waste emissions in the manufacturing process</li> <li>■ Realization of resource circulation through promotion of recycling, improvement of plastic waste recycling rate, and switching to alternative materials, etc.</li> </ul> |
| Water resources | <ul style="list-style-type: none"> <li>■ Increased response costs due to restrictions on water withdrawal and stricter environmental standards for wastewater discharge, etc.</li> <li>■ Decrease in corporate value due to noncompliance with related laws and regulations</li> <li>■ Inappropriate groundwater withdrawal causing drought and land subsidence</li> </ul>  | <ul style="list-style-type: none"> <li>■ Improving the efficiency of water use in manufacturing processes and facilities; reducing water withdrawal and costs through the use of recycled water</li> <li>■ Ecosystem conservation and reduction of water stress through appropriate water withdrawal and drainage management</li> </ul>                    |

See [Water Risk and Water Stress Assessment](#) (page 44)

#### ■ Living in Harmony with Nature

|                     | Risks   | Opportunities  |
|---------------------|---|--|
| Biodiversity        | <ul style="list-style-type: none"> <li>■ Restrictions on extraction and use of natural capital, and restrictions on use and alteration of land, as well as violations of related restrictions</li> <li>■ A decline in corporate value due to negative evaluations from stakeholders reflecting delays in responding to natural capital and biodiversity</li> </ul>  | <ul style="list-style-type: none"> <li>■ Biodiversity conservation and restoration activities and reduction of the establishment rate of invasive alien species</li> <li>■ Reduction of production costs through recycling and improved treatment technologies</li> <li>■ Building supply chains that are less susceptible to natural capital reduction and degradation</li> </ul> |
| Chemical substances | <ul style="list-style-type: none"> <li>■ Increased costs in response to stricter laws and regulations on chemical substances in Japan and overseas</li> <li>■ Decrease in corporate value in the event of non-compliance with laws and regulations related to chemical substances</li> <li>■ Negative evaluation from stakeholders and decrease in corporate value due to increased use of chemical substances</li> </ul> | <ul style="list-style-type: none"> <li>■ Reduction of costs and impact on the ecosystem by reducing the use of chemical substances</li> <li>■ Reduction of ecological impact by switching to chemical substances with lower environmental impact</li> </ul>  |

|                         | Risks  | Opportunities  |
|-------------------------|--|--|
| Environmental pollution | <ul style="list-style-type: none"> <li>■ Increased response costs due to stricter laws and regulations</li> <li>■ Decrease in corporate value due to non-compliance with laws and regulations</li> <li>■ Decrease in corporate value due to pollution, increased restoration costs, and plant shutdowns</li> <li>■ Health hazards and ecosystem damage due to improper use and management of chemicals and other substances</li> </ul> | <ul style="list-style-type: none"> <li>■ Prevention of the spread of contamination outside the premises and prevention of health hazards and ecosystem damage through the implementation of response training for leaks, etc.</li> <li>■ Reduction of contamination risk by installing equipment to prevent contamination</li> </ul> |

See Biodiversity Risk Assessment (page 47)

## Supply Chain

|             | Risks   | Opportunities   |
|-------------|---|---|
| Procurement | <ul style="list-style-type: none"> <li>■ Shortage of raw materials and increased procurement costs due to resource depletion, conflicts, trade friction, bans on the use of certain resources, etc.</li> <li>■ Delays in raw materials/shipments and plant shutdowns due to supply chain disruptions caused by natural disasters</li> </ul> | <ul style="list-style-type: none"> <li>■ Reduction of procurement costs through reduced use and recycling of raw materials</li> <li>■ Stable procurement by switching to alternative materials with less procurement risk and by diversifying procurement sources</li> <li>■ Realization of resource circulation procurement through collaboration with the supply chain</li> </ul> |

See Business Continuity Management in Promoting Social Responsibility in the Supply Chain (page 75)

## 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

#### Prevention of Air Pollution

Thorough management through the following measures:

##### ●Boiler Fuel

We use natural gas because it produces the lowest CO<sub>2</sub> emissions among fossil fuels and releases the smallest amounts of the environmentally harmful substances that are contained in soot and smoke (dust, sulfur oxides, and nitrogen oxides) during combustion.

##### ●Soot and smoke measurement

We regularly measure soot and smoke by setting voluntary control standards that are stricter than the national and prefectural emission standards. There were no exceedances of either the voluntary control standards or the emission standards in FY2023.

##### ●Exhaust treatment

Some exhaust emissions from manufacturing equipment and wastewater treatment facilities also contain hazardous substances. Such exhaust gas is input to a unit called a "scrubber" so that hazardous substances can be removed and discharged to air.

#### Response to the Act on Rational Use and Proper Management of Fluorocarbons

##### ●Management of equipment

Each piece of equipment that uses fluorocarbons is registered in a ledger and given an equipment ID, and a label with the ID is attached to the equipment to manage inspection records and disposal.

##### ●Inspection

We strive to prevent leakage of fluorocarbons and detect leakage at an early stage by conducting inspections every three months. If any equipment malfunction is found as a result of these inspections, etc., the equipment is repaired as soon as possible.

#### Prevention of Water Pollution

Wastewater discharged from plants is detoxified, and its discharge into sewers or rivers is strictly controlled. The water discharged from our plant is regulated by the Water Pollution Control Act and the Sewerage Act, but

we have established voluntary control standards that are stricter than the national and prefectural effluent standards, and we measure water quality regularly to ensure thorough wastewater management. There were no exceedances of voluntary control standard values or effluent standard values in FY2023.

## ■ Preventing Leaks of Chemical Solutions and Waste Liquids

### ● Storage

We are taking thorough measures to prevent leakage in the storage of 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.

### ● Inspection

Liquid containment walls, tanks, piping, etc. are regularly inspected to detect deterioration and anomalies at an early stage, leading to the prevention of leaks.

### ● Training

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

There was no leakage in FY2023.

## ■ Prevention of Soil and Groundwater Contamination

We have established voluntary control standards for items based on the Soil Contamination Countermeasures Act and ordinances, which are stricter than the legal standards, and conduct periodic inspections. We confirmed that there was no soil or groundwater contamination in the FY2023.

## ■ Plant Safety Management

To ensure early responses to any problems, every plant's facilities management department conducts comprehensive safety inspections of each equipment twice a year to achieve compliance, environmental protection, and the prevention of accidents. The results of the inspections are horizontally disseminated as necessary to improve safety.

## Disaster Response

Based on the Company-wide Disaster Prevention Guidelines and Business Continuity Management (BCM), we prepare for the occurrence of natural disasters, and implement measures and training to minimize environmental risks in the event of unforeseen circumstances.

[See Risk Management \(page 86\)](#)

### Adaptation measures to climate change

[See Climate Change \(page 33\)](#)

### 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. In addition, outdoor equipment is raised on platforms so that even if water damage does occur, it will be minimized.

At the newly opened Chikuma Plant (Chikuma City, Nagano Prefecture), watertight doors and shutters have been installed to strengthen flood prevention measures.

### Earthquake Countermeasures

Seismic reinforcement work for buildings built under the old earthquake-proofing standards has been completed at all plants, and seismic reinforcement work for rooftop facilities (piping and ducts) is currently underway in sequence.

### 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.

## Environmental Education and Awareness

We conduct environmental education for all employees in Japan at least once a year to ensure that each employee always acts in an environmentally conscious manner, both in conducting corporate activities and in living as a member of society.

In FY2023, we reincorporated the structure of the environmental management system and the importance of compliance with laws and regulations into our educational materials and provided education.

We disseminate information on a variety of topics throughout the company on a monthly basis, including familiar seasonal themes and environmental issues surrounding our company. In June, Environment Month provides an opportunity to think about a sustainable global environment. We conduct activities such as beautifying the area around our plants and holding environmental quizzes to contribute to the community and raise environmental awareness.

Environmental Education Achievements in FY2023 [Shinko Group in Japan]

| Training   | Participants |
|--|--------------|
| General Environmental Education                  | 5,240        |
| Education for Environmental Operations Personnel | 3,693        |
| Rank-specific Training                           | 240          |

## 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. When nonconformity items are revealed by audits, we analyze the causes from multiple perspectives and promptly make improvements. In addition, the results of audits, including conforming items, were shared in the entire company in an effort to continuously improve the management system.

In FY2023, compliance with laws and regulations and recognition of internal standards were added as priority check items.

We have taken corrective action on all audit findings.

## 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 FY2023, there was one case of failing to observe obligation to comply with laws and regulations, which was appropriately responded to and corrected.

There were no litigation issues, fines, or penalties resulting from violations of environment-related laws and regulations, and there were no accidents with serious environmental impact. Similarly, there were no litigation issues, fines, penalties, or serious accidents at overseas production sites.

Number of Environmental Laws and Regulations Violations or Complaints (Unit: cases)

|   | Item  | FY2021 | FY2022 | FY2023 |
|---|---|--------|--------|--------|
| Environmental laws and regulations violations | Water quality                               | 0      | 0      | 0      |
|   | Atmosphere                                  | 0      | 0      | 0      |
|   | Noise                                       | 0      | 0      | 1      |
|   | Odors                                       | 0      | 0      | 0      |
|   | Waste                                       | 0      | 0      | 0      |
|   | Other (authorizations, notifications, etc.) | 1      | 2      | 0      |
| Complaints                                    |   | 2      | 4      | 0      |

Boundary: Shinko Group in Japan



## Climate Change

The Shinko Group is engaged in a variety of activities to fulfill the responsibility of a manufacturing company to reduce environmental impact. Among these, the greatest priority is given to responding to climate change, and related activities are conducted throughout the company.

International frameworks such as the Paris Agreement, together with the strengthening of global regulations and expanded application of carbon taxes, are accelerating the trend toward decarbonization in many countries throughout the world. The Shinko Group is working to respond to climate change by clarifying its goals in accordance with its Environmental Policy and Environmental Vision 2050 and by setting medium- to long-term environmental targets. We are strengthening our activities to achieve carbon neutrality as soon as possible and contribute to the realization of a decarbonized society.

### 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.

The Shinko Group actively discloses information on climate change to investors and other stakeholders.

### Governance and Promotion System

We have established the Environmental Committee chaired by the Representative Director of Board, President, and the Environmental Measures Execution Committee as a subordinate organization under the Committee, as a framework for promoting environmental management. They deliberate on environmental issues, including Environmental Policy, specific environmental targets, and environmental management systems, etc. (assessments, monitoring, and management of business risks and opportunities due to climate change), while sharing and managing the progress on activities addressing climate change and other environmental issues. Furthermore, at each of our plants in Japan, we have established Green Factory Promotion Subcommittees consisting of manufacturing divisions and related divisions to implement specific climate change measures, including the promotion of energy conservation and the introduction of high-efficiency equipment in manufacturing processes and plant utility equipment. The results of these measures are reported regularly (twice a year) to the Board of Directors by the Environmental Committee, so that appropriate supervision by the Board of Directors is ensured.

Our overseas manufacturing subsidiaries are also working to reduce their environmental impact, including climate change, under their own sustainability promotion systems.

The Risk Management Committee, chaired by the Representative Director of Board, President, has been established as a company-wide risk management system, including responses to climate change risk, to promote risk management for 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, our Group has established an environmental management system based on ISO 14001 certification, and the results of activities are reported to the Board of Directors.



Climate Change Promotion Structure (in Japan)



## Strategy

### Evaluation of the Importance of Risks and Opportunities

To begin our scenario analysis, we identify the current and future climate change risks and opportunities facing our group and assess their importance based on the magnitude of their impact on our business.

#### Evaluation of the Importance of Risks

| Classification | Broad category              | Narrow category                                  | Period covered |          |           | Content  | Importance |
|----------------|-----------------------------|--|----------------|----------|-----------|--|------------|
|                |                             |  | Short-term     | Mid-term | Long-term |  |            |
|                |                             |  | ~2025          | ~2030    | ~2050     |  |            |
| Transition     | Policy and regulatory risks | Introduction of carbon pricing                   |                |          |           | Increase in raw material procurement costs due to the introduction of a carbon tax   | High       |
|                |                             | Not reaching emissions targets                   |                |          |           | Decline in corporate value due to negative evaluations from stakeholders reflecting delays in responding to climate change   | Medium     |
|                | Market risks                | Increase in energy and raw material prices       |                |          |           | Rising energy prices due to the promotion of renewable energy (investment, etc.); increased raw material procurement costs accompanying increased demand for low-carbon products and environmentally friendly services   | High       |
|                |                             | Changing customer behavior                       |                |          |           | Missed business opportunities due to delays in responding to growing demand for low-carbon products and environmentally friendly services  | High       |
|                | Reputation risks            | Not reaching emissions targets                   |                |          |           | Decline in corporate value due to negative evaluations from stakeholders reflecting delays in responding to climate change   | Medium     |
| Physical       | Physical risks              | Extremely severe disasters due to climate change |                |          |           | Risks such as suspension of operations due to disasters such as storm and flood damage; delays in procurement of materials and goods and shipment of products due to damage to suppliers and disruption of supply chains | High       |

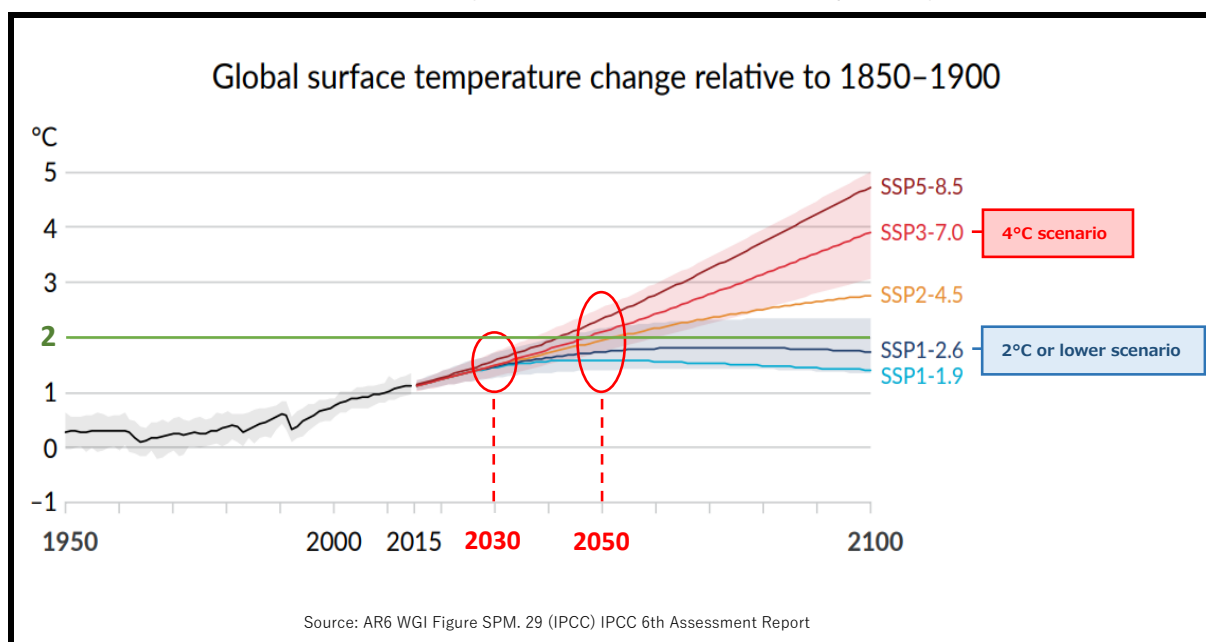
#### Evaluation of the Importance of Opportunities

| Classification | Broad category                    | Narrow category   | Period covered |          |           | Content   | Importance |
|----------------|-----------------------------------|---|----------------|----------|-----------|---|------------|
|                |                                   |   | Short-term     | Mid-term | Long-term |   |            |
|                |                                   |   | ~2025          | ~2030    | ~2050     |   |            |
| Transition     | Resource Efficiency Opportunities | Realization of high-efficiency manufacturing processes<br>Reduction of energy use   |                |          |           | Realization of low-carbon manufacturing processes by reducing energy use through more efficient manufacturing processes, the promotion of energy-saving design in manufacturing facilities, and improvement of the efficiency of utility facilities, and by introducing and creating renewable energy | High       |
|                | Product and Service Opportunities | Development and manufacture of energy-saving products<br>Changing customer behavior |                |          |           | Increasing 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 energy saving  | High       |

### Defining Scenario Groups

Based on the sixth assessment report released by the Intergovernmental Panel on Climate Change (IPCC), the Shinko Group has established a "2° C or lower scenario" and a "4° C scenario." We are using external information such as the International Energy Agency's (IEA) STEPS (Stated Policies Scenario), APS (Announced Pledges

Scenario), and NZE (Net Zero Emissions by 2050 Scenario) as references up to the year 2050.



In the 2°C or lower scenario, we expect tighter regulations, such as the introduction of a carbon tax, and the risk of higher prices for electricity and raw materials like metal. We also expect opportunities in the form of increased sales of low-carbon, energy-saving products thanks to efficiency improvements in manufacturing facilities achieved by meeting the decarbonization needs of markets and customers, and stabilization of costs associated with the creation of renewable energy. In the 4°C scenario, physical risks are assumed to increase due to an increase in the frequency and scale of disasters such as windstorms and floods, resulting from the intensification of disasters caused by extreme weather events.

## Business impact assessment

Based on the scenario analysis, the business impact assessment of transition risk in the 2°C or lower scenario is as follows.

In the below 2°C scenario, the financial impact of the introduction of a carbon price in 2050 is significant.

Based on these results, we will take measures to respond to future risks.

The 4°C scenario and other risks and opportunities will be evaluated in the future.

| 2° C or Lower Scenario |                             |  |  |                 |        |
|------------------------|-----------------------------|--|--|-----------------|--------|
| Classification         | Broad category              | Narrow category                            | Calculation Details  | Business Impact |        |
|                        |                             |  |  | FY2030          | FY2050 |
| Transition             | Policy and regulatory risks | Introduction of carbon pricing             | Annual cost increase due to introduction of carbon tax           | Medium          | Large  |
|                        | Market risks                | Increase in energy and raw material prices | Annual cost increase due to higher electricity prices            | Medium          | Medium |
|                        |                             |  | Annual cost increase due to increase of renewable energy charges | Small           | —      |

### Evaluation Criteria and Assumptions

- (1) Business impact is defined as small for less than 1 billion yen, medium for 1 billion yen to less than 5 billion yen, and large for 5 billion yen or more.
- (2) Calculated based on results for the FY2022.
- (3) Outlook for carbon prices is based on IEA WEO2022.
- (4) Outlook for electricity prices is based on IEA WEO2018.
- (5) Outlook for renewable energy charges is based on data from Central Research Institute of Electric Power Industry.
- (6) Outlook for renewable energy charges in 2050 is omitted due to lack of such data.

In order to respond to risks and realize opportunities based on these assessments and analyses, we are working to achieve carbon neutrality, which means virtually zero greenhouse gas emissions by 2050, in line with our medium- to long-term environmental targets established in 2021.

## Risk Management

### Risk Management Process

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, each division and group company conduct assessments on risk threats, such as the impact and likelihood of the occurrence of risks, and the status of countermeasures. 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.

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

### Adaptation to Climate Changes

As part of our efforts to adapt to climate change, we are strengthening our internal countermeasures to reflect the increasing severity and frequency of typhoons and floods caused by extreme weather events. Specifically, in addition to taking preliminary measures based on hazard maps and other information at each site, we are working to minimize damage by establishing a "Typhoon and Flood Damage Timeline" for each site and division that defines action criteria and outlines of actions to take in the event of a disaster, and by conducting training on an ongoing basis.

## 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. With regard to the reduction of net greenhouse gas emissions, we aim to achieve carbon neutrality with net-zero emissions by FY2050. Backcasting from that, we have established a target for FY2030 and are conducting activities to help us meet it. In the area of renewable energy utilization, we have set a target of 100% utilization by FY2030 and are working toward that target. We have also set annual targets and are monitoring metrics to manage the progress of our strategy and associated risks.

Note: Boundary of the targets is Scope 1 and Scope 2 at all business sites in Japan.

#### Medium- to Long-term Environmental Targets

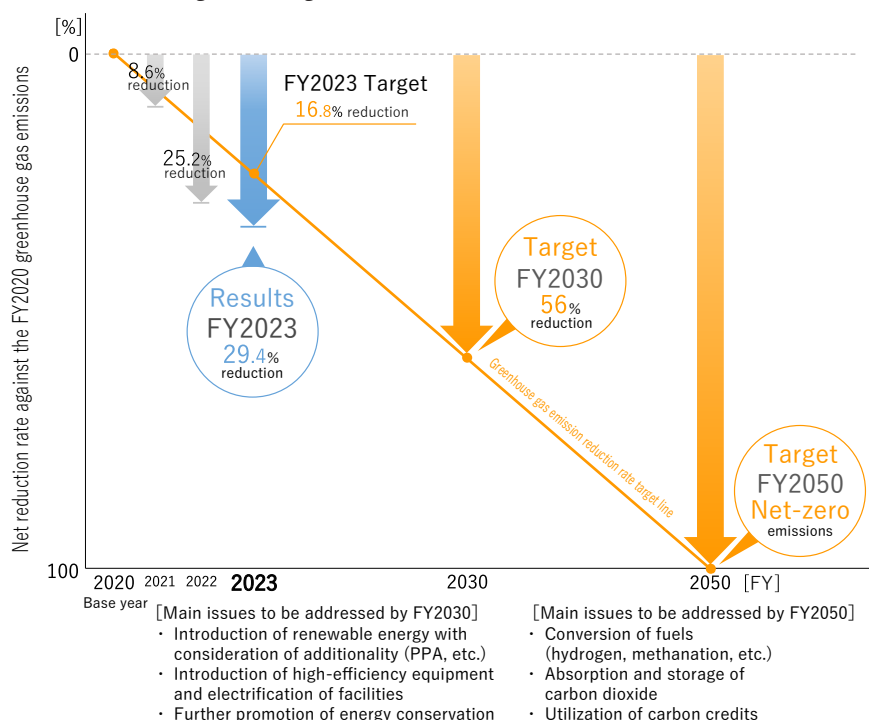
| Target items   | FY2030 Targets | FY2050 Targets     |
|--|----------------|--------------------|
| Net reduction in greenhouse gas emissions<br>(Base year: FY2020) | 56% reduction  | Net-zero emissions |
| Rate of renewable energy use                                     | 100%           | 100%               |

### Results

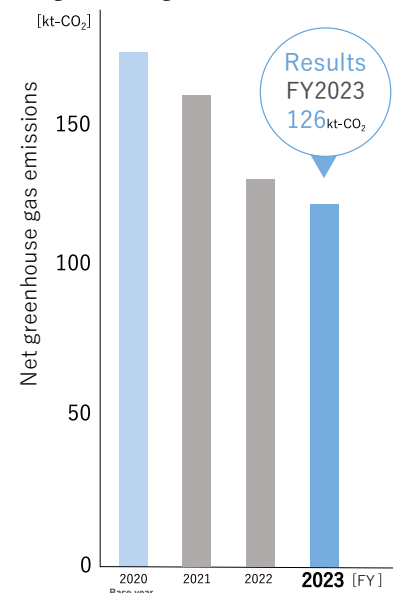
#### Yearly Targets and Results

| Target items   | FY2021         |                | FY2022          |                 | FY2023          |                 |
|--|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
|  | Targets        | Results        | Targets         | Results         | Targets         | Results         |
| Net reduction in greenhouse gas emissions<br>(Base year: FY2020) | 4.2% reduction | 8.6% reduction | 11.2% reduction | 25.2% reduction | 16.8% reduction | 29.4% reduction |
| Rate of renewable energy use                                     | 4.0% or more   | 19.5%          | 8.0% or more    | 30.1%           | 34.1% or more   | 45.9%           |

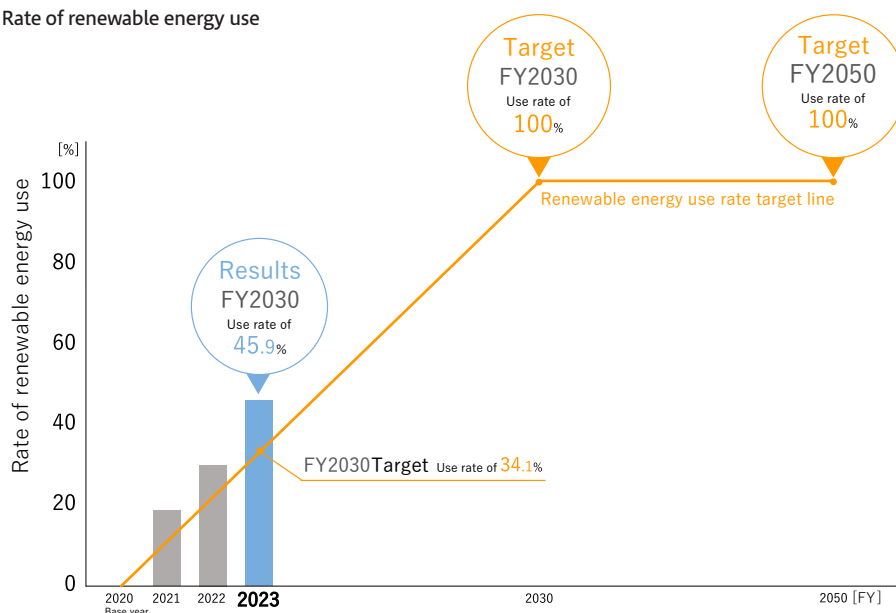
## Net reduction rate of greenhouse gas emissions



## Net greenhouse gas emissions



## Rate of renewable energy use



## Activities

Reduction of CO<sub>2</sub> emissions by promoting energy conservation and improving efficiency

At each plant, the Green Factory Promotion Subcommittee, in which all manufacturing divisions, facilities management divisions, and related divisions participate, is central to promoting the reduction of CO<sub>2</sub> emissions through energy conservation and energy efficiency improvements in manufacturing and utility facilities. By implementing various measures at plants in Japan, including consolidation of equipment, reduction of standby power, and the switch to LED lighting, we are strengthening company-wide efforts to realize low-carbon manufacturing processes and facilities through efficient energy use.

In addition, we have introduced the concept of internal carbon pricing (ICP)\*, which converts CO<sub>2</sub> emissions from capital investments into monetary amounts and uses them as a basis for making investment decisions,

and we are using it to reduce CO<sub>2</sub> emissions.

Although energy consumption is expected to increase in the future due to the construction of a new plant and buildings and the expansion of production facilities in line with the strengthening of the production system, we will further strengthen various measures to reduce CO<sub>2</sub> emissions.

\* Internal Carbon Pricing (ICP): A mechanism whereby companies set their own price for CO<sub>2</sub> emissions and use it to make investment decisions

#### < Examples of Activities >

At the Takaoka Plant (Nakano City, Nagano Prefecture) and Arai Plant (Myoko City, Niigata Prefecture), hot exhaust air of several hundred degrees Celsius was constantly generated in the electric furnace process. In an effort to reduce energy loss, a system was adopted to return a portion of this exhaust back into the electric furnace and reuse it for heating.

This system significantly reduced the amount of electricity required for heating, leading to a reduction in CO<sub>2</sub> emissions and costs.

Effects of using waste heat from the electric furnace (FY2023)

- Power savings: 218 MWh
- CO<sub>2</sub> reduction: 92 t-CO<sub>2</sub>
- Cost reduction: 5.7 million yen



(Equipment Using Waste Heat from Electric Furnaces)

## Creation and introduction of renewable energy

CO<sub>2</sub> from electricity purchased from external sources accounts for a large proportion of the CO<sub>2</sub> emitted in the course of the Shinko Group's business activities. We have been installing photovoltaic power generation equipment at our business sites to expand the use of renewable energy.

In FY2023, we installed a photovoltaic power generation system on the roof of the Chikuma Plant (Chikuma City, Nagano Prefecture), which was newly established in December 2023, and are using the power generated for part of the electricity used at the plant.

In addition, through the purchase of CO<sub>2</sub>-free electricity from electric power companies and the use of non-fossil certificates, we were able to procure approximately 149 GWh of renewable energy, resulting in a use rate of approximately 45.9%, which significantly exceeded our target. At the same time, CO<sub>2</sub> emissions were reduced by approximately 69,000 t-CO<sub>2</sub>.

Aiming to achieve a 100% renewable energy use rate, we will continue to focus on the creation and introduction of renewable energy by expanding the installation of solar power generation facilities at existing plants and newly constructed plants/buildings, as well as by purchasing CO<sub>2</sub>-free electricity and expanding the use of non-fossil certificates.

We will continue to contribute to the achievement of carbon neutrality and the realization of a decarbonized society by strengthening and accelerating various company-wide initiatives.



## Topic

## Measures to Reduce Environmental Impact at the New Chikuma Plant

In December 2023, we opened the Chikuma Plant in Chikuma City, Nagano Prefecture, as our sixth plant in Japan.

As an environmentally friendly plant, the Chikuma Plant has introduced equipment and measures to reduce its environmental impact.



## 100% renewable energy plant

The plant uses 100% renewable energy sources, including solar power generation equipment, purchase of CO<sub>2</sub>-free electricity from power companies, and the use of non-fossil fuel certificates, making it a plant with virtually zero CO<sub>2</sub> emissions from electrical power.



(Solar power generation system on rooftop)

## Resource circulation

The water recycling rate at the Chikuma Plant is expected to be 1.3 times that of our existing plants. Separate collection of wastewater enables the amount of wastewater collected by contractors to be reduced to about 1% of water use, which will greatly contribute to the reduction of waste.



(Wastewater treatment area)

## Conversion of all lighting facilities to LED

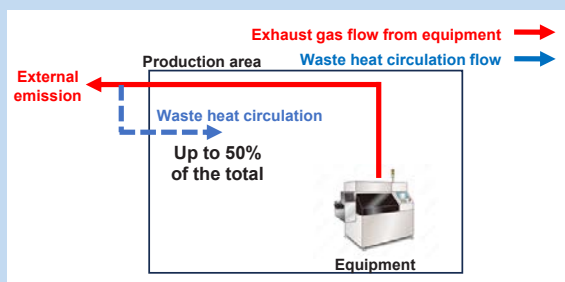
All lighting facilities use LED lighting.  
In addition, motion sensors are installed to conserve energy.  
Number of LEDs: approximately 5,000 units  
CO<sub>2</sub> reduction: 211 t-CO<sub>2</sub>/year (compared to fluorescent lamps)



(Manufacturing area)

## Waste Heat Utilization

We are reducing environmental impact by reusing heat exhaust from equipment instead of discarding it.  
CO<sub>2</sub> emissions reduction: 167 t-CO<sub>2</sub>/year (estimate)



(Waste heat utilization flow)

## Resource Circulation

Resources such as raw materials and water are indispensable for the manufacturing of the Shinko Group, and resource circulation is also a material issue for the Group in order to create a sustainable society and reduce the risk of business continuity. Therefore, we have set medium- to long-term environmental targets for "waste reduction" and "reduction of water use" to maximize effective use of resources and recycling, and are promoting activities aimed at realizing a recycling-oriented society.

### Waste Reduction

The Shinko Group regards waste as a valuable resource and continues to work to recover and use it as an energy source.

We are actively promoting waste reduction and recycling in accordance with the Basic Act on Establishing a Sound Material-Cycle Society, which stipulates (1) reduction of waste generation, (2) reuse, (3) recycling, and (4) heat recovery.

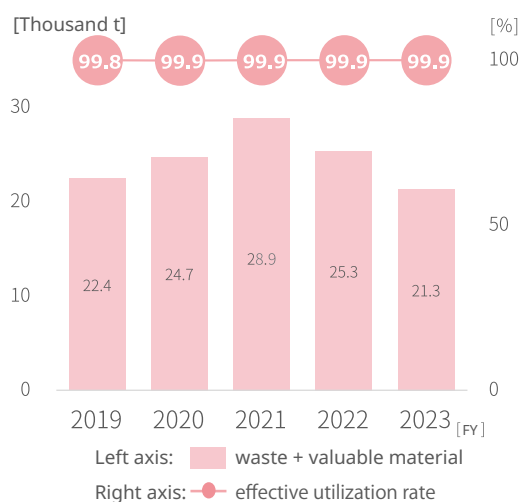
Reporting boundary: Shinko Group in Japan

### Effective Utilization of Waste

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

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

Trends in Waste + Valuable Material and Effective Utilization Rate



## Proper Disposal of Waste

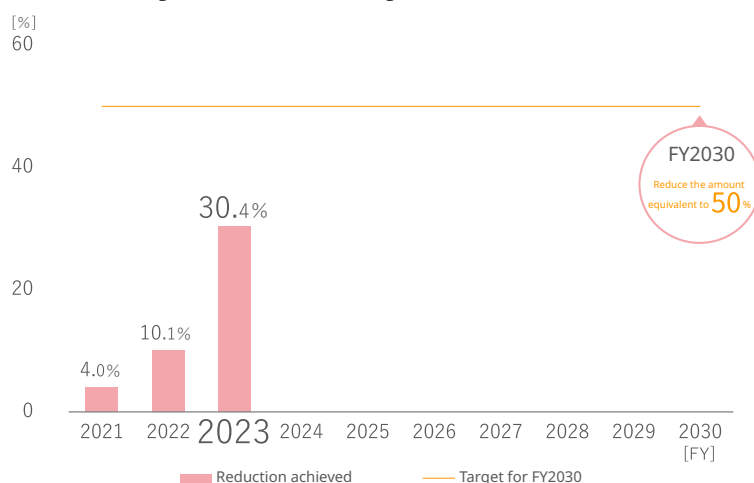
In accordance with the Act on Waste Management and Public Cleaning, we outsource disposal properly to industrial waste disposal contractors and confirm proper disposal once a year through on-site inspections, etc. No improper disposal was found at the contractors in FY2023. We also properly dispose of 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.

## Results of Activities

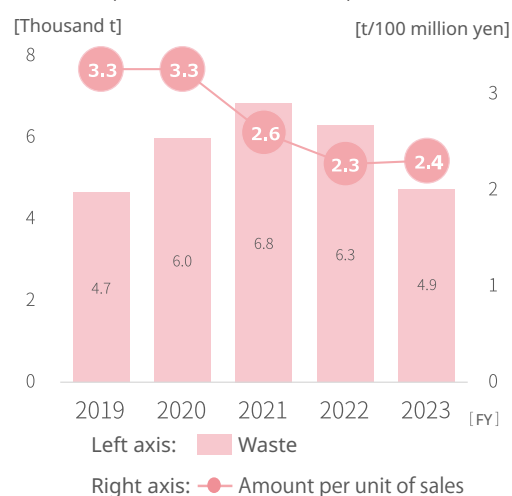
Since FY2023, we have divided our activities into two divisions, the manufacturing division and the facility management division, and clarified the targets of each division's activities. The manufacturing division mainly promoted the conversion of solid waste into valuable resources through thorough sorting, while the facility management division reduced waste by processing liquid waste from production in-house. As a result, we reduced waste by 1,218 tons, equivalent to 20.3% of the amount of waste generated in FY2020, the base year for the medium- to long-term environmental targets.

As a result, we were able to reduce waste by the equivalent of 30.4% over the three-year cumulative total since FY2021, in line with our medium- to long-term environmental target (FY2030) which is to reduce the amount equivalent to 50% of the base year.

Medium- to Long-term Environmental Targets Cumulative Waste Reduction Results



Gross Output of Waste, and Amount per Unit of Sales<sup>1</sup>



<sup>1</sup> Amount per unit of sales: Amount of waste per 100 million yen of sales

### Examples of Waste Reduction Activities

1. Promotion of the conversion of waste into valuable materials through thorough sorting
2. In-house processing of waste liquids
3. Extending the period of use of cleaning liquid, plating solutions, and recycling waste liquids
4. Promotion of regeneration and reuse
5. Cutting weight by reducing moisture content
6. Reduction of debris and waste through process improvement

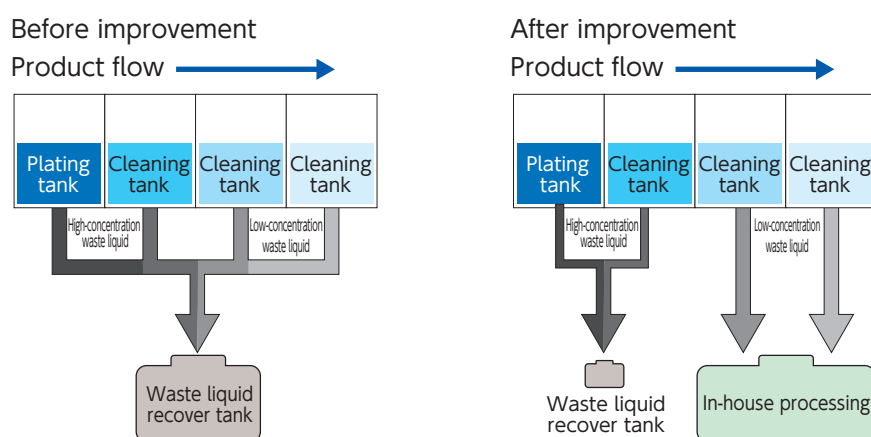
## ●Reduction of waste through in-house treatment of liquid waste

Waste liquids that are not treated in-house are discharged as waste, and we are analyzing our processes and studying and implementing measures to treat the waste liquids in-house to the greatest extent possible.

In order to treat the wastewater in-house, the concentration of the wastewater must be low. In the process where the measures were taken this time, however, all wastewater of different concentrations were recovered to the same tank, which increased the concentration of the recovered wastewater.

Therefore, we separated the low-concentration liquid waste that could be treated in-house from the high-concentration liquid waste and recovered it through piping, thereby realizing in-house treatment of approximately 90% of the liquid waste.

As a result, we were able to reduce waste by 838 tons (in FY2023).



## ●Response to plastic resource recycling law

Plastic is a widely used material because of its usefulness, but it is also cited as a factor in various problems such as marine plastic pollution, climate change, and waste. In response to this global situation, Japan enacted the "Plastic Resource Circulation Act" in June 2021. As a major emitter as defined in this Law, we have newly established the "Promote measures to reduce amount of plastic materials used and amount of waste plastic" as part of the Environmental Action Program (Stage 11) in order to contribute to the resolution of issues related to plastics, and we are promoting this initiative.

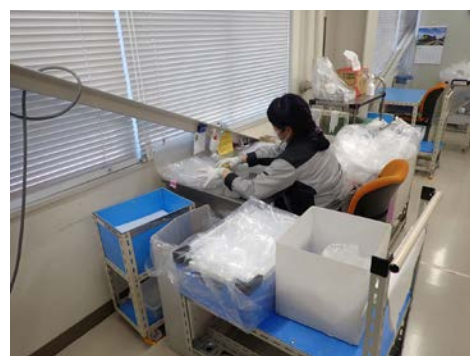
### Activities in FY2023

| Initiatives                       | Results          | Main initiatives  |
|-----------------------------------|------------------|---|
| Reduction of plastic material use | 0.17 t reduction | • Switching product packaging tape from plastic to paper  |
| Reduction of waste plastic        | 74.8 t reduction | • Conversion of waste plastic into valuable resources through thorough sorting<br>• Extending the life of plastic parts using newly devised manufacturing processes |

We will continue our efforts to reduce the amount of plastic materials used and waste plastic.

## ●Waste plastic sorting for conversion into valuable resources

Shinko Technoserve Co., Ltd. ("STS"), a Group company, is responsible for sorting waste plastic to convert it into valuable resources (recycling). In order to do so, a large number of man-hours are required to remove foreign substances such as labels and to sort the waste plastic. In addition, waste plastics that are too small to be converted into valuable resources on a plant-by-plant basis are collected from each plant and sorted into a large quantity to be converted into valuable resources. Although this is a time-consuming process, it contributes to the reduction of waste and the recycling of plastics.



(Label removal by STS)

### ● Conversion of film cores into valuable resources

The core that remains after the film material is used is a valuable material that can be recovered, but because the film remains on the core, it has been treated as waste. It is necessary to separate the core from the film for making the core valuable, however, manual sorting was inefficient and difficult because a portion of the film would fly off in small pieces, then adhere to the surroundings and workers due to static electricity.

STS therefore manufactured a device for separating cores and film using waste materials. This equipment facilitated the separation of cores and films, and achieved the following significant results.

We will continue to improve the equipment for more efficient sorting.

Effects of sorting (FY2023)

- Reduction of waste plastic and conversion of plastic materials into raw materials: 26 tons
- Cost reduction: 3,191 thousand yen/year



(Separator for core and film)



## Reducing Water Use

Global water scarcity risk is growing due to the increasing world population, economic growth in developing countries, and climate change. As a business group that uses a large amount of water in its manufacturing processes, the Shinko Group recognizes the importance of water resources as a material issue from the standpoint of business continuity, and we are promoting efforts to reduce water use and recycle water.

### Response to water risks

The effects of increasingly severe water risks such as water scarcity, water pollution, floods and droughts, and competition for water resources are becoming more apparent worldwide.

The Shinko Group uses the World Resources Institute's (WRI) Aqueduct, one of the global assessment tools for water risk, to assess water risk, including physical risk, regulatory risk, and reputational risk, at its production sites in Japan and overseas to confirm the status of its production sites.

As a result of this assessment, it was found that none of our production sites have water risk or water stress levels that are High or Extremely High. Therefore, at the time of the assessment, there was no water withdrawal or water discharge in areas with "High" or "Extremely High" water stress.

Assessment of Water Risk and Water Stress at Production Sites<sup>2</sup> (FY2023)

(Number of Production Sites/Percentage)

| Risk Level <sup>3</sup> | Water Risk <sup>4</sup> |          |          |             | Water Stress <sup>5</sup> |          |          |             |
|-------------------------|-------------------------|----------|----------|-------------|---------------------------|----------|----------|-------------|
|                         | Japan                   | Asia     | Total    | Percentage  | Japan                     | Asia     | Total    | Percentage  |
| Low                     | 4                       | 0        | 4        | 57%         | 3                         | 1        | 4        | 57%         |
| Low-Medium              | 1                       | 2        | 3        | 43%         | 2                         | 0        | 2        | 29%         |
| Medium-High             | 0                       | 0        | 0        | 0%          | 0                         | 1        | 1        | 14%         |
| High                    | 0                       | 0        | 0        | 0%          | 0                         | 0        | 0        | 0%          |
| Extremely high          | 0                       | 0        | 0        | 0%          | 0                         | 0        | 0        | 0%          |
| <b>Total</b>            | <b>5</b>                | <b>2</b> | <b>7</b> | <b>100%</b> | <b>5</b>                  | <b>2</b> | <b>7</b> | <b>100%</b> |

<sup>2</sup> Production sites Japan: Kohoku Plant, Wakaho Plant, Takaoka Plant, Arai Plant and Kyogase Plant

Asia: KOREA SHINKO MICROELECTRONICS CO., LTD. (KSM)

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

<sup>3</sup> According to Aqueduct 3.0 assessment criteria

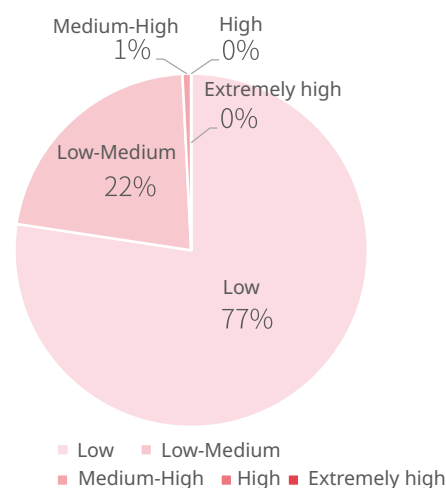
<sup>4</sup> Aqueduct 3.0 assessment index "Overall Water Risk"

<sup>5</sup> Aqueduct 3.0 assessment index "Baseline Water Stress"

As for the amount of water withdrawal, 99% of the water is taken from areas with water stress levels of "Low-Medium" or lower, as shown in the pie chart on the right.

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

Water Withdrawal Rate According to Water Stress Level<sup>6</sup> (FY2023 Results for Production Sites)



<sup>6</sup>Water stress levels defined by aqueduct 3.0

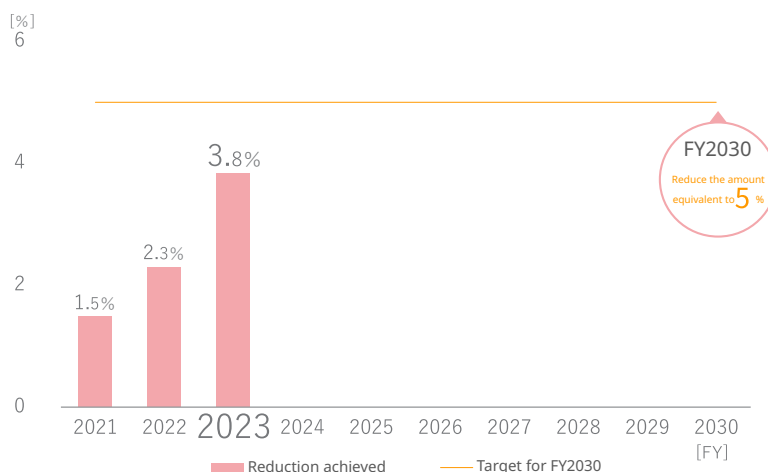
## Results of Activities

Reporting boundary: Shinko Group in Japan

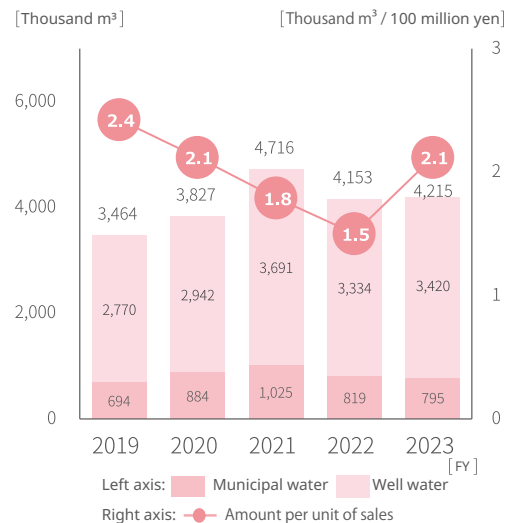
In FY2023, we achieved the rate of reducing water use at 1.5% (59,166 m<sup>3</sup>), far exceeding our target of reducing water use by at least 1.0% (38,270 m<sup>3</sup>) of the FY2020 level. From the viewpoint of resource input, we were able to avoid the input of 59,166m<sup>3</sup> of new water resources. As a result, we have reduced water use by 3.8% (146,811m<sup>3</sup>) in the three years since FY2021, when we started the activities for the medium- to long-term environmental targets, and we are on track to achieve the target for FY2030 of a 5% reduction.

We will continue to promote initiatives to further reduce water use, as water use is expected to increase due to the launch of a new plant and increased production.

Medium- to Long-term Environmental Targets Cumulative Results of Water Use Reductions



Total Water Withdrawal and Amount per Unit of Sales<sup>7</sup>



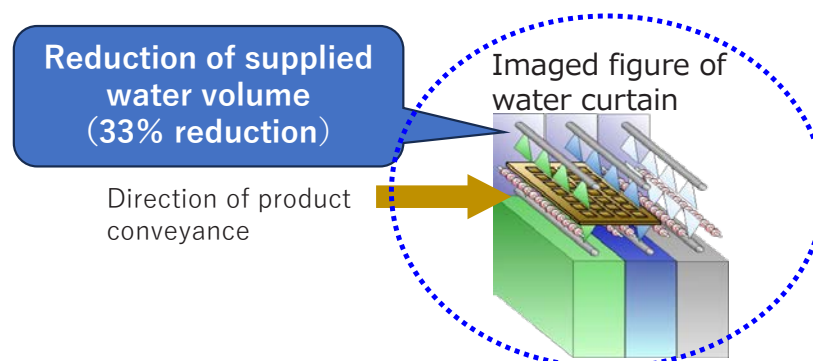
<sup>7</sup> Amount per unit of sales: Amount of water withdrawal per 100 million yen of sales

## Examples of Water Use Reduction Activities

Water use reduction activities are approached from both facility and process perspectives, focusing on water reuse, review of water supply for product cleaning, and rationalization of production lines.

### Water reduction through process review

At the Takaoka Plant (Nakano City, Nagano Prefecture), water use was reduced by reviewing the usage of existing equipment. The plant has water curtains to prevent air containing chemicals in the plating process from leaking out of the equipment, and it was confirmed that cutting the amount of water supplied for the water curtains by about 33% that no adverse effect. We were able to reduce water use by a total of 2,310 m<sup>3</sup> by extending the project horizontally to other equipment.



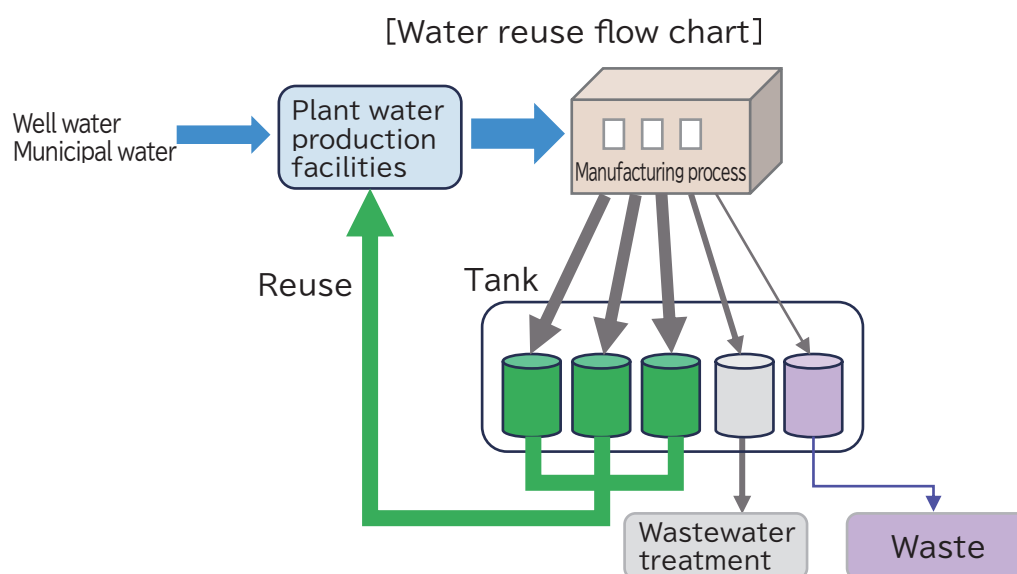
## Reuse of Wastewater from Manufacturing Processes

We have long been working to recycle wastewater discharged from manufacturing processes back to clean water, which is then used again in the manufacturing process. The average water recycling rate for all plants is over 40%, contributing to the reduction of new water withdrawal.

### ●Improving the water recycling rate through the separate recovery of wastewater

The Chikuma Plant (Chikuma City, Nagano Prefecture), which was completed in December 2023, has adopted, from the design when the plant was built, a wastewater treatment flow that recovers wastewater discharged from the manufacturing process by sorting it into small pieces, with the aim of further using water effectively. This has made it possible to recycle a larger amount of water.

When the Chikuma Plant reaches the operating rate expected at the time of plant construction, the water recycling rate at the Chikuma Plant is expected to be 1.3 times higher than that of our existing plants.





# 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. Based on the recognition that "our business benefits from, as well as influences, biodiversity," we have established medium- to long-term environmental targets and are working on them. Globally, loss of biodiversity has become a pressing issue along with climate change. In order to halt the loss of biodiversity and create a sustainable society, we will reduce the negative impact of our business activities on ecosystems and promote biodiversity conservation activities.

## Conservation of Biodiversity

In light of our dependence on and impact on biodiversity, we aim to conserve biodiversity, which is the foundation of a sustainable and prosperous society, and we have established the Guiding Principles for Biodiversity to collaborate with society in pursuing the ideal way for people to live in harmony with 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.

## Addressing biodiversity risks

### Background of Nature Positive

Global Risks Report 2024, published by the World Economic Forum (WEF), lists "loss of biodiversity and ecosystem collapse" as the third most serious global risk in the next 10 years, and "natural resource crisis" as the fourth most serious global risk. Both of these risks have moved up the rankings since FY2023 and have increased in severity over the past year. The G7 2030 Nature Compact also agreed on the "Nature-Positive (nature revitalization)" goal of "halting and reversing biodiversity loss by 2030 to put nature on a recovery path," thus integrated action to realize "Carbon Neutrality (zero emissions of greenhouse gases)" as well as "Nature-Positive (nature revitalization)" is considered as crucial in the future.

### Risk Assessment

In order to assess the impact of our business activities on biodiversity, the Shinko Group has conducted biodiversity risk assessments, including physical and reputational risks, at our domestic and overseas production sites, using the World Wildlife Fund (WWF) Biodiversity Risk Filter.

As a result of the assessment, it was confirmed that none of our production sites have levels of physical risk or reputational risk that are High or Very High.

At the same time, using the Integrated Biodiversity Assessment Tool (IBAT), we confirmed that there are no protected areas<sup>1</sup> within a 3 km radius of any of the Shinko Group's production sites. We also consider our impact on ecosystems and are assessing water risk and water stress. [See Response to Water Risks \(page 44\)](#)

We will continue engaging in activities that aim to reduce the negative impact of business activities on the ecosystem and help to realize a society in harmony with nature.

<sup>1</sup> Protected areas: Areas essential for biodiversity conservation and serving as an assessment indicator of IBAT, including: categories Ia, - III in IUCN Management, Ramsar Convention Wetlands, UNESCO Parks, IBAs (Important Bird and Biodiversity Areas), Alliance for Zero Extinction Sites, and KBAs (Key Biodiversity Areas).

Assessment of Biodiversity Risk at Production Sites<sup>2</sup> (FY2023)

(Number of Production Sites/Percentage)

| WWF Biodiversity Risk Filter Level <sup>3</sup> | Physical Risk <sup>4</sup> |      |       |            | Reputational Risk <sup>5</sup> |      |       |            |
|---|----------------------------|------|-------|------------|--------------------------------|------|-------|------------|
|   | Japan                      | Asia | Total | Percentage | Japan                          | Asia | Total | Percentage |
| Very low (1.0-1.8)                              | 0                          | 0    | 0     | 0%         | 0                              | 0    | 0     | 0%         |
| Low (1.8-2.6)                                   | 5                          | 1    | 6     | 86%        | 2                              | 0    | 2     | 29%        |
| Medium (2.6-3.4)                                | 0                          | 1    | 1     | 14%        | 3                              | 2    | 5     | 71%        |
| High (3.4-4.2)                                  | 0                          | 0    | 0     | 0%         | 0                              | 0    | 0     | 0%         |
| Very high (4.2-5.0)                             | 0                          | 0    | 0     | 0%         | 0                              | 0    | 0     | 0%         |
| Total   | 5                          | 2    | 7     | 100%       | 5                              | 2    | 7     | 100%       |

<sup>2</sup> Production sites Japan: Kohoku Plant, Wakaho Plant, Takaoka Plant, Arai Plant and Kyogase Plant

Asia: KOREA SHINKO MICROELECTRONICS CO., LTD. (KSM)

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

<sup>3</sup> WWF Biodiversity Risk Filter Criteria<sup>4</sup> WWF Risk Type "Scape Physical Risk"<sup>5</sup> WWF Risk Type "Scape Reputational Risk"

## Results of Activities

Reporting boundary: Shinko Group in Japan

## ■ 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. Every year, employees and their families participate in forest maintenance work in the area around Lake Reisenji, which is owned by Iizuna Town.

| FY2023 Target                                    | Results           |
|--|-------------------|
| Maintenance of forests owned by the town 2 times | Conducted 2 times |



(Group photo of the participants )



(Scene of participants planting seedlings)

In addition, starting in FY2021, we use the Nagano Prefecture Forest CO<sub>2</sub> Absorption Assessment Certification System to visualize (quantify) the amount of CO<sub>2</sub> absorption per year in the maintained forests.

| Certification year                                   | FY2021                      | FY2022                                   | FY2023                                   |
|--|-----------------------------|--|--|
| Amount of carbon dioxide (CO <sub>2</sub> ) absorbed | 0.1 t-CO <sub>2</sub> /year | 0.2 t-CO <sub>2</sub> /year <sup>6</sup> | 0.5 t-CO <sub>2</sub> /year <sup>6</sup> |
| Area maintained                                      | 0.19 ha                     | 0.32 ha <sup>7</sup>                     | 0.72 ha <sup>7</sup>                     |

<sup>6</sup> Amount of CO<sub>2</sub> absorbed by trees growing in area described in the footnote 7 in FY2023<sup>7</sup> Total area maintained, including area newly certified in FY2023 + previously certified area

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



## Engage in biodiversity conservation activities in the Kurita Sogo Center (Nagano City)

Our Kurita Sogo Center, located near Nagano Station, spreads out like an oasis in an urban area. Here, we continually conduct natural environment surveys.

In the natural environment survey conducted in FY2023, 152 species of plants, 93 species of terrestrial insects, and 22 species of aquatic organisms were found to inhabit the area, many of which were confirmed to be native species.

However, a small number of alien species that threaten the ecosystem of the Kurita Sogo

Center and the surrounding area were also found. We are exterminating and monitoring them as indicator species. We will continue our activities to improve biodiversity at the Kurita Sogo Center.



(Living things at Kurita Sogo Center)

| FY2023 Targets                          | Results  |
|---|--|
| Extermination of invasive alien species | We implemented activities to exterminate invasive alien species. |
| Rare species protection                 | We implemented activities to protect rare species.               |
| Implementation of monitoring surveys    | We implemented monitoring surveys.                               |

## Conduct environmental education and awareness activities to foster consciousness of biodiversity

We are striving to strengthen our biodiversity education and awareness activities so that each employee will understand the importance of biodiversity and the relationship between biodiversity and business activities. We want each employee to be able to take action in their work and daily life, beginning with what is familiar to them.

| FY2023 Targets            | Results                             |
|---------------------------|-------------------------------------|
| Education 3 times         | Conducted education 3 times         |
| Awareness-raising 2 times | Conducted awareness-raising 2 times |

## Controlling Emissions from Chemical Substances

Chemical substances make people's lives more convenient, but they can have a significant impact on human health and ecosystems. However, chemical substances are indispensable for the manufacture of electronic components. In order to reduce the negative impact of chemicals on people and ecosystems, the Shinko Group in Japan has established Control Standards for Chemical Substances, and we control and use chemical substances properly. In addition, we are working to reduce the use and emission of chemical substances.

### Chemical Substance Control

Chemical substances used in product development and manufacturing are controlled by checking the transaction volume and the amount of emissions and movement to the environment (atmospheric air, water, and soil) based on the PRTR system<sup>8</sup>. When previously unused chemical substances are to be processed, they will be used properly after conducting a risk assessment to identify any environmental risks.

<sup>8</sup> 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<sup>®9</sup>, and we have built a system which enables us to respond to customer requests and so that various laws and regulations can be met. We request major suppliers of 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\(P76\)](#)

<sup>9</sup> chemSHERPA<sup>®</sup>: Chemical information SHaring and Exchange under Reporting PArtnership in supply chain. chemSHERPA<sup>®</sup> 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.

### Thorough Measures to Prevent Environmental Pollution

In order to prevent chemical substances from leaking into the natural environment and causing environmental pollution, we have implemented thorough control measures to prevent leakage of chemicals and other substances, and to comply with environmental laws and regulations as well as pollution control agreements.

[See Environmental Risk Measures \(page 30\)](#)

### Efforts to Reduce Chemical Substance Use

#### ● Reducing the use of chemicals in pure water production equipment

The Kohoku Plant (Nagano City) has introduced a "continuous regeneration-type pure water system" to reduce the amount of chemicals used.

In conventional deionized water production equipment, unnecessary components removed from the water remain in the ion exchange resin inside the equipment, so chemicals must be used to remove them and they must be discharged as waste liquid. The "continuous regeneration-type pure water system" uses ion exchange membranes and electricity to remove unwanted components, eliminating the need for chemicals. As a result, there is no need for chemicals to remove unwanted components in the pure water production equipment or for waste liquid treatment. In addition to reducing the amount of chemicals used, the system has reduced the amount of waste liquid from the system to zero.

Reduction of Chemical Substance Use through Introduction of Continuous Regeneration-type Pure Water System (FY2023)

- Reduction of chemicals used during regeneration of ion exchange resins: 280 t/year -> zero
- Reduction of chemicals used for wastewater treatment of liquid waste: 72.6 t/year -> zero

## 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. We have established an environmental management system based on the international standard ISO 14001 for conducting business in a sustained manner while striving to reduce environmental impact, and we engage in activities to reduce environmental impact, educate people about the environment, and beautify the area around our plants.



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

|                           | FY2023 Targets  | FY2023 Results  |
|---------------------------|---|---|
| Energy reduction          | Reduce annual CO <sub>2</sub> emissions from energy consumption to 7.60 t-CO <sub>2</sub> /100 million won (units per sales) or less. | 8.89 t-CO <sub>2</sub> /100 million won<br><Examples of Activities><br>• Shortened cleaning tower operation time and air conditioner operation time, etc.                                 |
| Waste reduction/recycling | Reduce generation of waste by 2% compared to FY2022 and hold it below 0.109 t/100 million won per year (amount per unit of sales)     | 0.174 t/100 million won<br><Examples of Activities><br>• Prolonged life of indirect materials and improved reuse rate<br>• Sorting renewable waste  |
| Water use reduction       | Reduce water use by 2% compared to FY2022 and hold it below 355.3 t/million pieces per month (amount per unit of production)          | 302.5 t/million pieces<br><Examples of Activities><br>• Reduced amounts of pure water and circulating water supply in plating process<br>• Reduced amounts of water supplied to washrooms |



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

|                           | FY2023 Targets  | FY2023 Results   |
|---------------------------|---|--|
| Energy reduction          | Reduce electricity use for air conditioning by 2% compared to FY2022 and hold below 3,383 MWh/year. | 3,314 MWh/year<br><Examples of Activities><br>• Reduced power consumption by using high-efficiency equipment   |
|                           | Reduce electricity use for air compressors by 2% compared to FY2022 and hold below 4,602 MWh/year.  | 4,085 MWh/year<br><Examples of Activities><br>• Reduced power consumption by using high-efficiency equipment   |
|                           | Reduce diesel fuel consumption by 2% compared to FY2022 and hold below 1,008 thousand L/year.       | 840.9 thousand L/year<br><Examples of Activities><br>• Reduction of heavy oil consumption by updating boiler equipment   |
| Waste reduction/recycling | The rate of reused products to account for at least 21% of all interlayer paper used                | 29%<br><Examples of Activities><br>• Interlayer paper used in the previous process is rolled back and recovered for reuse as interlayer paper in the subsequent process. |
| Water use reduction       | Hold water use below 44.7 m <sup>3</sup> /million pieces per month (amount per unit of production)  | 64.36 m <sup>3</sup> /million pieces<br><Examples of Activities><br>• Reduction of water use by controlling water supply to equipment                                    |

# Initiatives for Social Issues

Respecting Human Rights

Respect for Diversity

Creating a Dynamic Corporate Culture

Developing and Utilizing Human Resources

Occupational Safety and Health

Contributing to Local Communities

Improving Reliability and Contributing to Customers through Quality

Promoting Social Responsibility in the Supply Chain



# Respecting Human Rights

The first item in the Code of Conduct within the Shinko Way 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.

## Basic Policy

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 to all employees, and through active participation in human rights workshops held outside the Company.

### ■ Shinko Way Education

The Shinko Way education for all employees covered topics such as harassment related to human rights and internal systems for balancing work with childcare, nursing care, and medical treatment (including infertility treatment) to deepen understanding toward the realization of diverse work styles. All employees, including dispatched workers but not those on leave, have completed this training.



## ■ Rank-specific Training

In training for new managers and leaders and other rank-specific training, we provide education on harassment prevention using case studies, focusing on power harassment, sexual harassment, and harassment related to pregnancy, childbirth, childcare, and nursing care. In addition, training for new managers includes education on how to respond when consulted by subordinates regarding harassment.

## ■ Human Rights Week

During Human Rights Week in December, we conducted an e-Learning program "Toward Creating an Environment Where Diverse Human Resources Can Thrive" for all employees. The program deepened understanding and interest in disability and gender diversity, thereby raising awareness of human rights for each and every one of our employees.

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

### Human Rights Training Results in FY2023 (Shinko Group in Japan)

| Training  | Participants |
|---|--------------|
| Shinko Way Education  | 5,794        |
| Toward Creating an Environment Where Diverse Human Resources Can Thrive | 5,653        |
| Rank-specific Training  | 471          |

## Response to Human Rights Consultation

### ■ Putting Various Consultation Services in Place

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. In addition, we have established systems for reporting and consulting at all overseas sites through providing a multilingual whistleblower system for overseas sites.

### ■ Response to Consultations and Reports

All employees working in the Shinko Group can use 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.

In FY2023, there were no serious cases of violation of workers' rights reported to the Group's internal whistleblowing helplines.

In the future, we will continue to create systems and provide guidance to facilitate smooth communication. At the same time, we will continue to disseminate information through the Shinko Way education and promote the use of Human Rights Consultation Services to enable us to detect and respond to problems as early as possible.



# Respect for Diversity

The Shinko Way's Corporate Values state that we respect the diversity of our employees and support their growth, and we recognize that corporate value is enhanced when employees with different personalities and perspectives bring their abilities together. Based on our Corporate Values, we 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

### ■ Stage 2 Action Program in Accordance with Act on the Promotion of Women's Active Engagement in Professional Life

Based on the Stage 2 Action Program (period: April 1, 2020 - March 31, 2025), which has been submitted to the Nagano Labor Bureau in accordance with the Act on the Promotion of Women's Active Engagement in Professional Life, we conduct annual training to develop female leaders and that for younger employees and those raising children.

#### ● 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

##### <Work-Life Balance Seminar>

In FY2023, the "Work-Life Balance Seminar" was again held for male and female employees raising children. The seminar included stories from managers having experience with childrearing, health management for working parents and their children, and other topics to raise awareness of achieving a balance between work and childcare, as well as medium- to long-term career development.



(Career Development Support Training for Young Employees)

##### <Career Development Support Training for Young Employees>

At the Career Development Support Training for Young Employees in their second year at the Company, participants focused on studying future career development and gender equality.

##### <Female Leader Training>

For female leaders, we conducted "Female Leader Training" with the aim of fostering female leaders. We improved motivation for work by fostering understanding of the various styles of leadership and the expectations of others.

##### <Female Leader Development Training>

Similarly, for the purpose of developing female leaders, we conducted a "Female Leader Development Training" for supervisors of Female Leader Training participants. We 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.

#### ● Target Progress

Looking at the ratio of women in management positions, in our Stage 2 Action Program based on the Act on the Promotion of Women's Active Engagement in Professional Life, the result as of March 2024 was 6.0%, compared with the target of 6.6% at the end of March 2025. The average monthly overtime hours in FY2023 were 2.2 hours\*, staying below the target of 30 hours.

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

\*Average number of hours in excess of statutory working hours per worker per month, as published in the Ministry of Health, Labour and Welfare's "Database of Companies Promoting Women's Advancement".

## ■ Gender Pay Gap (FY2023 results)

The "ratio of female workers' wages to male workers' wages" calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life is as follows.

There is no difference in wages for equal work between men and women, and the male-female difference is due to differences in the number of employees at each job (qualification) level. However, we aim to further reduce the the gender pay gap through continuous training for human resources development, together with support for employees balancing work and childcare.

| Classification                            | Ratio of female wages to male wages |
|---|-------------------------------------|
| All workers                               | 81.7%                               |
| (Regular employees among all workers)     | 81.4%                               |
| (Non-regular employees among all workers) | 83.3%                               |

- Wages were defined as payments made to workers during the period as compensation for work, including basic salary, bonuses, and various allowances. (However, commuting allowances and retirement allowances are excluded.)

## 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. In addition, many of the technical intern trainees we have accepted to date have transitioned to specified skilled workers and are playing an active role in the company. For overseas students, we provide Japanese language training after they join the company and conduct periodic interviews with personnel in charge of human resources to support the success of human resources from different cultures and languages. We have one employee from overseas in a management position, and we will strive to raise this number.

## An Environment in Which Mid-career Hires Can Thrive

We are aggressively investing in our future growth and continue to recruit mid-career hires. 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 June 2024, 547 employees benefited from this program. In 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. At the same time, we 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.

## Promoting the Employment of Persons with Disabilities

Our Company has been expanding its employment of persons with disabilities, mainly through Shinko Technoserve Co., Ltd., which was certified as a special subsidiary in April 2023. In addition to building a work environment that meets the needs of employees with disabilities and providing facilities such as barrier-free toilets and ramps, we are also striving to raise employees' understanding of disabilities and create an appropriate workplace culture through rank-specific educations for managers and leaders, etc. The Shinko Group will continue to engage in employment of people with disabilities and strive to create workplaces where employees with disabilities can play an active role.

## Creating an Environment Where Diverse Employees Can Work Easily

Shinko's uniforms are gender-neutral and were designed from the standpoint of diversity and genderlessness. In addition, we are equipping each plant with barrier-free toilets with functions such as turning space for wheelchairs, handrails, and flushing facilities for ostomates. Through these efforts, we are working to create a work environment in which diverse employees can work with peace of mind.

# 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

Our company has been continuously taking the initiative in the support for balancing work and personal life. In addition to ongoing initiatives to enable all employees to take annual leave simultaneously and to strengthen restrictions on overtime work, Shinko is making efforts to expand various systems aimed at balancing work with childcare, nursing care, and medical treatment (including infertility treatment), and promoting initiatives to realize diverse and flexible work styles.

In recognition of these efforts, on December 15, 2022, we became the first company in Nagano Prefecture to receive Platinum Kurumin Plus certification based on the Act on Advancement of Measures to Support Raising Next-Generation Children. This certification is given only to companies that meet certain requirements, in addition to having implemented high-level initiatives as a "child-rearing support company," and are working to improve the workplace environment to help employees balance work and infertility treatment.

Thanks to various initiatives, the average length of service for women as of the end of March 2024 is 21.6 years, exceeding that of men (17.6 years). This is higher than the national average\* for the same industry (15.8 years).

\* From "'Average Value' in the criteria for the certification system based on the Act on the Promotion of Women's Active Engagement in Professional Life" (May 31, 2023), Ministry of Health, Labour and Welfare.



### 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.  |
|                   | Parental Leave  | Can be obtained within 8 weeks of the child's birth for a total of up to 4 weeks (28 days)   |
|                   | Shorter parental leave (paid leave)   | If childcare leave or parental leave extends for less than one month, it is possible to make it paid leave within the scope of the remaining number of days of multipurpose leave.   |
|                   | 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   | Employees who have children who have not yet graduated from elementary school can obtain exemption from overtime work beyond the regular working hours.  |
|                   | 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. |

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

## Providing a Pleasant Workplace Environment: Transforming Work Styles

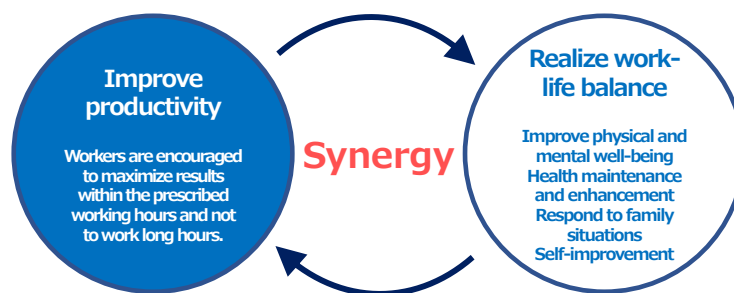
Shinko is focusing on Transforming Work Styles in pursuit of corporate development and growth as well as healthy, fulfilling lives for each and every employee.

### ■ Labor Management Council on Transforming Work Styles

In 2017, the Labor Management Council on Transforming Work Styles was established with company representatives, including the general managers of each manufacturing division, and labor union representatives as members, and a Joint Labor Management Declaration on Transforming Work Styles was made by top labor and management. The entire company is united in its efforts to implement and realize "work styles that do not presuppose long working hours" and "diverse and flexible work styles" based on the following policies.

#### Policy of Labor Management Council on Transforming Work Styles

- We will work at Transforming Work Styles by encouraging all employees to transform their mindset, rather than adhere to conventional practices, in pursuit of a balance between corporate development and growth and healthy, fulfilling lives for each and every employee.
- In carrying out Transforming Work Styles, we will take the dual approach of "increasing productivity" and "achieving work-life balance" and aim to create a dynamic corporate culture and establish workplace environments that are accepting of diversity and pleasant for all.
- We will make Transforming Work Styles one of the most important issues for management and carry out united initiatives for its realization.



- 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.

## ■ Remote Work System

In August 2020, we officially introduced a remote work system with the aim of improving the productivity of each individual and maximizing results as a team. In addition to being a way of working that makes it easier for employees dealing with various life circumstances, such as parenting and caregiving, to continue to be active, it is also an effective means of ensuring business continuity in the event of a disaster. 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.

## 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 91.7%.\* 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.

We regularly share information on negotiations involving wage levels and various systems, including the deliberations of the Work Style Reform Labor-Management Council, which aims to resolve issues related to work styles, and the Safety and Health Committee, which is organized by labor and management to create safe and comfortable workplaces at each business site. Labor and management work together to promote the development and growth of the company and help each employee live a fulfilling and healthy life.

In addition, both labor and management participate in Nagano Prefecture's adopt-a-forest program and are collaborating on environmental conservation and social contribution activities. We will continue to develop a variety of initiatives.

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

# 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.

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

In February 2022, the Education Promotion Committee, which includes members from the education implementation divisions and the manufacturing divisions, was established to further enhance education measures and strengthen support for the manufacturing divisions in order to strengthen the human resource base along with the Human Resource Development Policy.

### 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

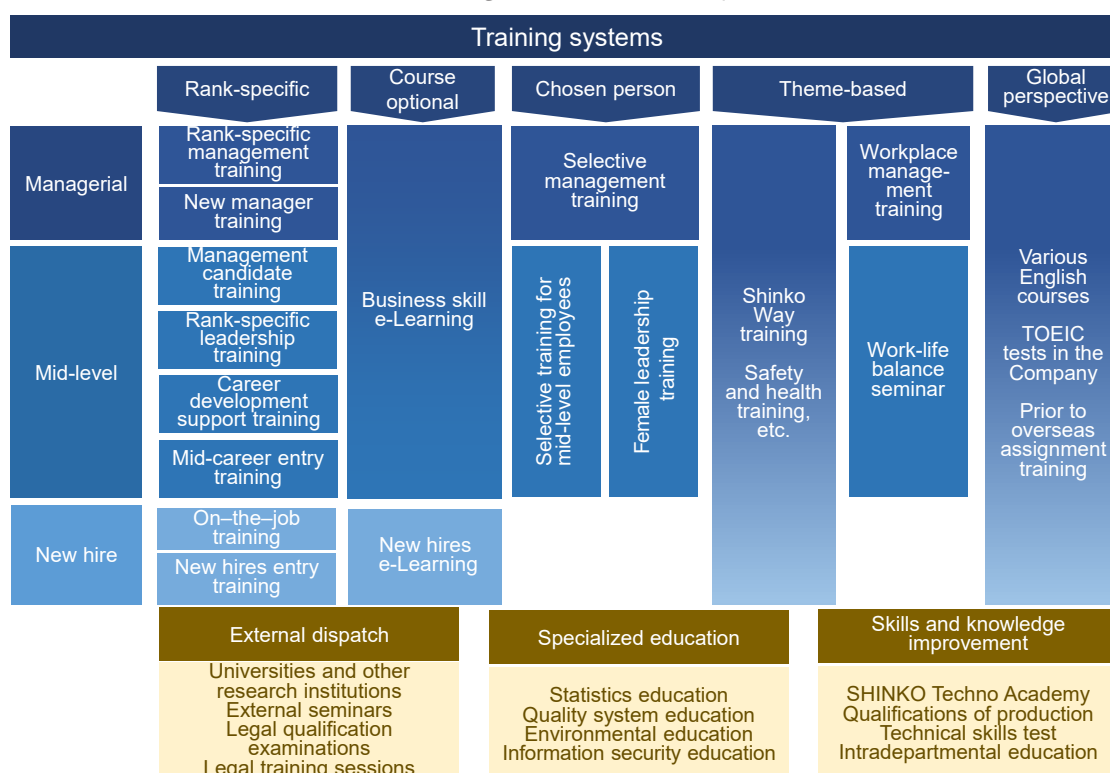
#### Integrity and Trust

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 System

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. We promote the development of future leaders through systematic training, including rank-specific training and selective training for next-generation leaders, as well as On-the-Job-Training (OJT) at each workplace.





## Education and Training Initiatives

### ■ 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. We offer correspondence training courses for foreign languages and English business skills classes, and our company subsidize the fees for these educational initiatives. We have also introduced an online system for taking TOEIC tests in-house and increased opportunities to take the test by holding it every three months.

In FY2023, we expanded our business foreign language courses based on the needs of participants and strengthened the provision of information to make it easier for each person to choose a course. To enhance motivation to learn, we hold a "Seminar on Methods of Learning English" for new employees. We will continue to proactively improve the environment for our employees so that they can gain more global business skills.

### ■ Conducting Selective Education

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.

Examples of selective courses: "Management", "Financial Accounting", "Problem Solving", "Leadership", "Marketing", etc.

### ■ Education for Manufacturing Sites

SHINKO Techno Academy was established in 2021 as an in-house educational institution to enhance the knowledge and skills of employees working at manufacturing sites. In FY2023, 317 employees, mainly new graduates and mid-career employees, received practical skills training and Hazard Perception Education. In addition, the scope of training for leaders at manufacturing sites was greatly expanded.

Examples of practical skills training programs at SHINKO Techno Academy: "Safety and Health," "Basic Chemicals," "Basic Manufacturing Practice," etc. (14 subjects, 88 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.

In FY2023, the average education cost per employee was 13.3 thousand yen, and the number of hours of education was 25.7 hours.

|  | FY2021 | FY2022 | FY2023 |
|--|--------|--------|--------|
| Average education cost per employee (Thousands of yen) | 10.5   | 12.5   | 13.3   |
| Number of hours of education per employee (Hours)      | 19.2   | 22.3   | 25.7   |

## 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

The Shinko Group upholds "Responsibility to Individual" in its Corporate Vision of the Shinko Way, and its Corporate Values are committed to ensuring the safety of its employees by providing a safe and comfortable working environment. 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.

## Company-wide Basic Policy on Safety and Health Plus Fire and Disaster Prevention

We have established the 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. And based on the following policies, we will actively and continuously promote health and safety and fire prevention activities with the participation of all employees, aiming to realize a safe and comfortable work environment free from disasters.

- 1. Compliance**  
Comply with all laws and regulations related to occupational health and safety, fire prevention, and disaster prevention, as well as internal regulations, standards, rules, and requirements.
- 2. Risk reduction activities**  
Identify, analyze, and evaluate hazardous and harmful factors in the workplace for essential safety, and promote continuous risk reduction activities in order to prevent occupational accidents and incidents from occurring and recurring.
- 3. Elimination of carelessness and unsafe behavior**  
Do not engage in carelessness or unsafe behavior (walking while distracted, not wearing protective equipment, deviating from rules, etc.) that could lead to the occurrence of occupational accidents.
- 4. Education and training**  
With the aim of eliminating accidents and disasters, continuously provide employees with necessary and sufficient education and training to improve their safety awareness and management standards.
- 5. Health management**  
Improve employees' health management awareness and create workplace environments where employees can work energetically in good physical and mental health.
- 6. Establishment of a fire and disaster prevention management system**  
Establish a fire and disaster prevention system based on "Company-wide Disaster Prevention Guidelines" and conduct ongoing reviews and trainings for disaster preparedness and measures to save lives, prevent the spread of damage, and restore operations in the event of a disaster, in order to minimize damage and strengthen response capabilities.
- 7. Allocation of management resources**  
In implementing the above, appropriate management resources will be allocated to implement effective improvements.

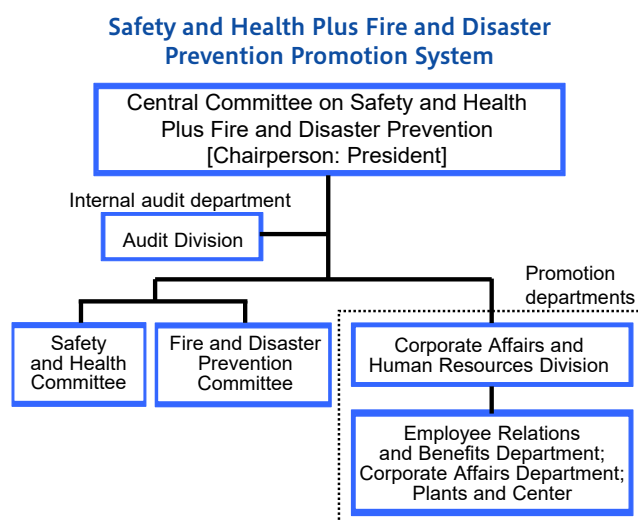
Representative Director of Board, President  
SHINKO ELECTRIC INDUSTRIES CO., LTD.

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

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

We have established a Central Committee on Safety and Health Plus Fire and Disaster Prevention, chaired by the President, to oversee each plant's activities, work through PDCA cycle by analyzing accidents that have occurred, establishing company-wide measures and goals related to safety and health plus fire and disaster prevention, managing the progress of measures, and verifying the effects of measures and make improvements, and raise the level of safety and health.

In addition, each plant has established a Safety and Health Committee and a Fire and Disaster Prevention Committee, as well as a Health and Safety Liaison Committee with dispatch and outsourcing companies, where we discuss and implement initiatives for each plant on a monthly basis. We also



share information between plants and companies about accidents that have occurred within the Company and the countermeasures taken, and work to prevent similar accidents.

### ■ Conducting Risk Assessments

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.

## Initiatives to Raise Employee Awareness of Safety and Health

### ■ Trainings and Drills

In addition to daily safety guidance, we provide practical skills training for new graduates and mid-career hires working at manufacturing sites, annual safety and health training for all employees, rank-specific safety and health training, and periodic emergency drills.

In FY2023, in order to improve the hazard sensitivity of workers, we conducted Hazard Perception Education again in which we used special equipment to simulate industrial accidents. A total of 119 employees participated in the program.

### ■ National Safety Week and National Occupational Health Week Initiatives

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 FY2023  
(Shinko Group in Japan)

| Training                                    | Participants |
|---|--------------|
| Practical Skills Training for New Employees | 198          |
| General Safety and Health Education         | 5,687        |
| Rank-specific Training                      | 471          |
| Hazard Perception Education                 | 119          |
| Traffic Safety Training                     | 716          |



(Hazard Perception Education to improve the hazard sensitivity)

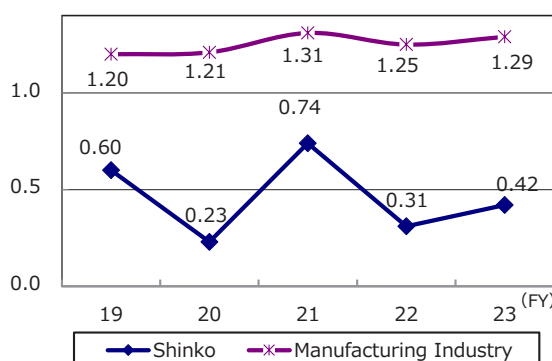
## Status of Occupational Accidents

Our occupational accident frequency rate remains at a level below the nationwide average for the manufacturing industry, and in FY2023, we had no accidents resulting in death or residual disability nor any similarly serious accidents.

In terms of accident types, as in the previous year, "falls" continued to be the most common type of accident, accounting for five cases.

In FY2024, 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)



Note: Frequency rate: An index indicating the frequency of industrial accidents, calculated based on the number of casualties due to industrial accidents (one day or more of absence from work and loss of body parts or functions) per 1 million total actual working hours

## 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.

### ■ Health Exams and Health Guidance

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. We aim to provide specific health guidance to 75% of employees who are eligible for it. This far exceeds the target set in the government's basic guidelines (45%). Moreover, 82.8% of eligible employees completed the health guidance in FY2023.

### ■ Providing Information Related to Health Promotion

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.

### ■ Various Cost-sharing and Subsidies

In addition to subsidizing the costs of gynecological checkups, brain checkups, and lung checkups for early detection and treatment, we also make available subsidized in-house vaccination against seasonal influenza as an infectious disease control measure, and in FY2023, 2,123 employees who requested were vaccinated within the company. Also, 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.



(Employee cafeteria menu: smart meals)

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.

## Mental Health Care

### ■ Consultation Service

As an internal consultation service, industrial doctors and nurses consult with employees about mental health care at the Health Room in each plant.

As an external consultation service, the contacts have been established at independent third-party counseling centers commissioned by the Company and at health insurance associations, where consultation is available through clinical psychologists and other professional counselors.

### ■ Prevention Initiatives

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. We also promote active efforts to improve the workplace environment and enrich dialogue, including through skills development training for the leader class.

In addition, we conduct annual stress checks with the aim of preventing (primary prevention) poor mental health. The results of stress check analysis are appropriately fed back to each department manager to promote proactive measures to improve the workplace environment.

## Certified as an Outstanding Health and Productivity Management Organization 2024

In March 2024, Shinko was recognized as an Outstanding Health and Productivity Management Organization 2024 (Large Enterprise Category) for the sixth 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 upholds "Responsibility to Individual" in its Corporate Vision of the Shinko Way, making it its Corporate Values to contribute to society and protect the environment.

In addition, we will always keep an eye on society and the environment, and each and every one of us will act accordingly, bearing in mind that we are conducting business activities in various countries and regions around the world while maintaining close ties with society.

### Contributions Deeply Rooted in Local Communities

#### Coexistence with 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.

#### 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.

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.



(Kurita Sogo Center)

#### Awareness Campaigns on Traffic Safety

In conjunction with the National Traffic Safety Campaign, we conduct awareness campaigns on traffic safety.

Especially, 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)

## Beautification around Our Plants

Shinko carries out beautification activities, such as picking up garbage, around its plants, mainly during Environment Month, which is held every June. 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))

## 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. Since the signing of the "adopt-a-forest program" in October 2014, we have conducted various forms of forest maintenance every year jointly with the labor union, and in FY2023, we planted saplings and cleared underbrush in June and October. We will continue to work with the local community to protect rich natural resources through sustainable forestation activities.



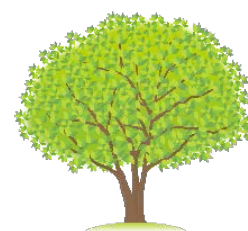
(Tree planting (June))



(Cutting of undergrowth (October))

### Collecting and Donating Stamps

Shinko collects used stamps, which we donate to funds for tree planting. In the past, we have also donated prepaid cards and unfinished postcards, etc. Through our donation activities that began in July 2005, we have collected and donated the equivalent of 1,039 saplings by the end of FY2023.





## Supporting Youth Development

### Plant Tours and Internships

Shinko provides opportunities to nearby schools for learning through plant tours. In FY2023, we invited local students to tour our Kohoku Plant (Nagano City), Takaoka Plant (Nakano City, Nagano Prefecture), and Arai Plant (Myoko City, Niigata Prefecture) so that they could see and experience the actual "The Art of Manufacturing" firsthand.

Shinko 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 602 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.



### Topic

#### Support for areas affected by the 2024 Noto Peninsula Earthquake

In order to fulfill our responsibility as a member of society, we have long provided donations and other assistance in the event of a major disaster.

In January 2024, we made a donation to the Japanese Red Cross Society to aid in the recovery of the victims of the Noto Peninsula Earthquake that occurred in January 2024.

## Initiatives at Overseas Plants

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

KSM (Korea) conducts annual clean-up activities on roads surrounding industrial parks where its plant is located. Along with clean-up activities, we also conduct educational activities to prevent unauthorized dumping of garbage.



(Cleaning activities around the plant)

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

SEM (Malaysia) has been making donations to orphanages, and in FY2023, employees from SEM visited orphanages to deepen exchanges with the children.



(Visit an orphanage)

# Improving Reliability and Contributing to Customers through Quality

The Shinko Group upholds "Technology Leadership" and "The Art of Manufacturing" in its Corporate Vision of the Shinko Way, and one of its Corporate Values is to sustain the trust of customers and society through quality. Furthermore, we have Principles that encourage us to think from the customer's perspective and act with sincerity. Our 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. Our 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 Management System

Under the quality management system, with the Representative Director of Board, President serving as the Chief Quality Officer, internal quality audits and company-wide quality management reviews are conducted twice a year to confirm that the management system complies with ISO/IATF standard requirements, and that the management system is functioning effectively to ensure continuous quality improvement and the prevention of quality problems.



## Quality Compliance Education

We conduct Quality Compliance Education every November in conjunction with Quality Month (organized by the Union of Japanese Scientists and Engineers, the Japanese Standards Association, and the Japan Productivity Center) to foster and establish a quality compliance mindset in all employees.

This training is offered to all employees, and has been extended to mid-career employees since 2020 and to foreign technical interns since 2021. Through these measures, we are continuously working to ensure that all employees involved in manufacturing are united in their efforts to address quality compliance issues from the perspective that data submitted to customers is part of our products and services, and that we value quality. In FY2023, we conducted e-learning education focusing on 5S\*, the basis of quality compliance education.

Quality Compliance Education in FY2023 [Shinko Group in Japan]

| Training                     | Participants |
|------------------------------|--------------|
| Quality Compliance Education | 5,591        |

We will continue to provide all employees with the opportunity to reaffirm the importance of customer trust through quality compliance education so that we can continue to deliver our company's important products and services in a safe, secure and honest manner.

\* 5S: *Seiri* (Sort), *Seiton* (Systematize), *Seiso* (Shine), *Seiketsu* (Standardize), *Shitsuke* (Sustain)

## Acquisition of Quality Management System Certification

The Shinko Group is actively working to obtain certification for its quality management system so that customers can adopt our Group's products with confidence. All of our manufacturing sites, including overseas sites, have ISO 9001 certification, an international standard for quality management systems. In automotive parts, an area in which market need is expected to increase, we have in recent years expanded the number of products certified under IATF 16949, an international quality management system standard for the automotive industry.

[Status of Quality Management System Certifications](#)

## 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 FY2023, our products under development were mainly exhibited at the following exhibitions.

| No. | Date                  | Exhibition Name                                   | Products Exhibited  |
|-----|-----------------------|---|---|
| (1) | August 25, 2023       | The 1st Industry-Academia Mirai Forum             | Sensing Edge Device<br>Substrate with Optical Waveguides<br>Roughening plating technology                           |
| (2) | September 13-15, 2023 | SENSOR EXPO JAPAN 2023                            | Sensing Edge Device   |
| (3) | November 15-17, 2023  | 12th IEEE CPMT Symposium Japan                    | 2.3D Package Substrate (i-THOP®)<br>Power Device Package (POL)<br>Co-Packaged Optics                                |
| (4) | December 13-15, 2023  | APCS (Advanced Packaging and Chiplet Summit) 2023 | 2.3D Package Substrate (i-THOP®)<br>Substrate with Optical Waveguides<br>Carbon Nanotube Thermal Interface Material |

Note: All products are under development

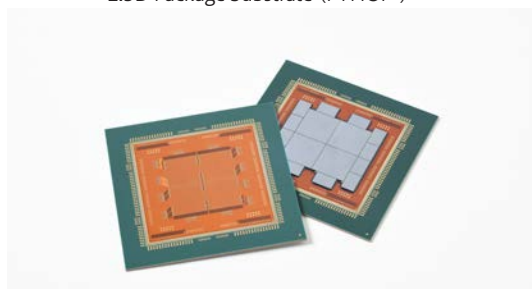
### Exhibits at shows

APCS2023

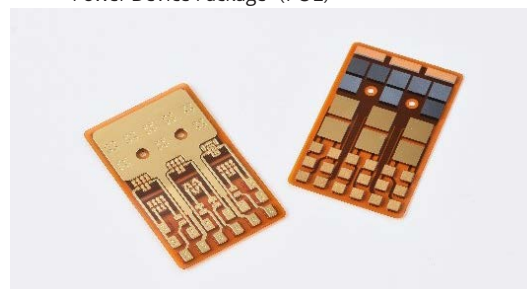


### Some of products exhibited

2.3D Package Substrate (i-THOP®)



Power Device Package (POL)



Note: i-THOP is a registered trademark of Shinko Electric Industries Co., Ltd.

## Customer Support

Following the spread of COVID-19, countries around the world and our customer have begun to reform the way they work, and responses such as remote work are becoming commonplace. We are responding to the needs of our customers by enhancing communication through flexible means according to their work cases. Furthermore, in order to prepare not only for COVID-19 but also for the kinds of large-scale natural disasters and pandemics that have recently occurred, we will work together with our customers to ensure business continuity and avoid supply insecurity by further strengthening our Business Continuity Management (BCM).

## 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.

Overseas manufacturing subsidiaries are also subject to this management, and similar training is being provided.

### AEO Business Certification

The Authorized Economic Operator (AEO) system is a global framework of cooperation among national customs offices. By obtaining certification under this system, we are able to improve our credibility as an export company and to expedite customs clearance procedures.

We have been certified as an AEO Exporter since 2008.



# Promoting Social Responsibility in the Supply Chain

Based on the elements of Shinko Way's Corporate Values and management policies, the Shinko Group, together with its suppliers, promotes procurement activities throughout the supply chain with consideration for global environmental conservation, legal compliance, respect for human rights, occupational safety and health, product and service safety and quality assurance, maintenance and promotion of information security, 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. For the procurement of goods, components, software, and services required in our business activities, we have established the Shinko Procurement Policy and are conducting procurement activities in accordance with the four policies.

### Shinko Procurement Policy

1. Coexistence with Suppliers  
We strive to establish a relationship of coexistence in which Shinko and our suppliers, as good business partners, build a long-term trustful relationship and close cooperation based on continuous efforts and improvements on both sides and thereby prosper together.
2. Fair Trade (Fair, transparent, proper evaluation and selection)  
We promote fair, transparent and free competition and do not engage in any illicit trade. We provide open and fair access to companies that wish to become new suppliers. We evaluate and select suppliers comprehensively based on such criteria as credibility as an enterprise; technology; quality, price and delivery of procurement items; and the level of engagement with environmental protection initiatives.
3. Compliance with Laws and Social Norms  
We adhere to applicable laws and social norms in our procurement operations and are committed to working with suppliers to fulfill our social responsibility in the supply chain.
4. Protection of the Global Environment  
We promote green procurement throughout the entire supply chain by requesting suppliers to establish environmental management systems and control of chemical substances.

## CSR-Conscious Procurement Activities

### Procurement Guidelines

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" —

In order to promote the "Procurement Guidelines" throughout our company's supply chain, we have compiled "To Our Suppliers," a list of items that we would like our suppliers to promote.

We also provide information annually to all suppliers that we continually do business with through our procurement website, which posts the Shinko Procurement Policy, Procurement Guidelines, and To Our Suppliers.

In FY2023, we also provided guidance to 729 companies, 709 in Japan and 20 overseas, asking them to understand and cooperate with our company policy posted on our procurement website.

In addition to informing new suppliers of the Shinko Procurement Policy and Procurement Guidelines, 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.

### 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

Note: To Our Suppliers  
<https://www.shinko.co.jp/english/corporate/procurement/activities/>

## Dialogue with Suppliers

### ■ Outline of CSR Survey for Suppliers

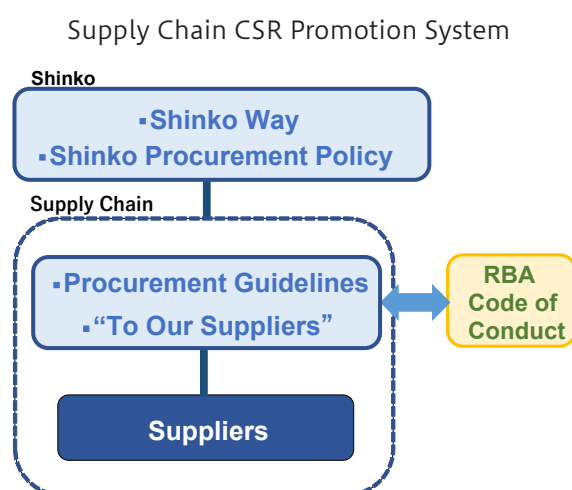
Shinko has sent questionnaire surveys about corporate social responsibility conforming to the RBA Code of Conduct to our main suppliers every year. The questionnaire confirms supplier compliance with the RBA Code of Conduct and their operation of management systems in the areas of labor, health and safety,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

### ■ Status and Results of CSR Survey

In FY2023, we surveyed 33 suppliers (including overseas suppliers) that accounted for at least 80% of our production materials purchases.

We also send these questionnaire surveys every year to all 9 suppliers to whom we contract some processes within our plants and, based on the survey results, we conduct on-site audits every year to confirm that there are no issues in the condition of work sites. 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 FY2023.

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.



## 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. In addition to this survey, we conduct on-the-spot inspections of work sites, etc., every year for in-house contractors at our plants. Through these activities, we have confirmed that there were no problems under the RBA Code of Conduct and related laws and regulations in FY2023.

## Initiatives for Responsible Minerals Sourcing

As part of our efforts to ensure supply chain transparency and responsible minerals sourcing in our procurement activities, we have been conducting studies on high-risk minerals as part of our due diligences, based on the Fujitsu Group Policy on Responsible Minerals Sourcing and following the guidelines of the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The Responsible Materials Initiative's (RMI) Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) are used in the studies.

In FY2023, we conducted a survey of 44 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 FY2023, we surveyed 293 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, and request them to establish a Chemical Substances Management System (CMS) with the aim of reducing environmental impact by complying with laws and regulations. In addition, we conduct periodic audits of 27 major suppliers of parts and materials to investigate the chemical substance content of purchased products and to check the management status of our suppliers. If any inadequacies are found in audit results, we request corrective action and provide support for improvement. Through these activities, we have strengthened the management of chemical substances contained in products in the supply chain.

### Promoting Cuts in CO<sub>2</sub> Emissions and Maintenance of Water Resources with Suppliers

We respond to climate change caused by global warming by asking our suppliers to take initiatives continuously to cut CO<sub>2</sub> emissions.

Stage 11 of our Environmental Action Program (FY2023-FY2025) sets specific targets for reducing CO<sub>2</sub> emissions and promoting initiatives to conserve water resources upstream in the supply chain, and requires each company to promote activities, including expansion to secondary suppliers.

In FY2023, 31 major suppliers were surveyed using the "Stage 11 Fujitsu Group Environmental Activity Survey Form" to confirm the status of their activities.

The survey results showed that 9 suppliers requested 2,674 secondary suppliers to reduce CO<sub>2</sub> emissions, and 7 suppliers requested 2,524 secondary suppliers to implement activities for water resource conservation.

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

Going forward, we will continue making efforts to promote reductions in CO<sub>2</sub> emissions and maintenance of water resources throughout the supply chain.

## 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.

Note: 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.



# Governance

Corporate Governance  
Compliance  
Risk Management  
Intellectual Property



# Corporate Governance

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.

Note: 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.

Note: 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.

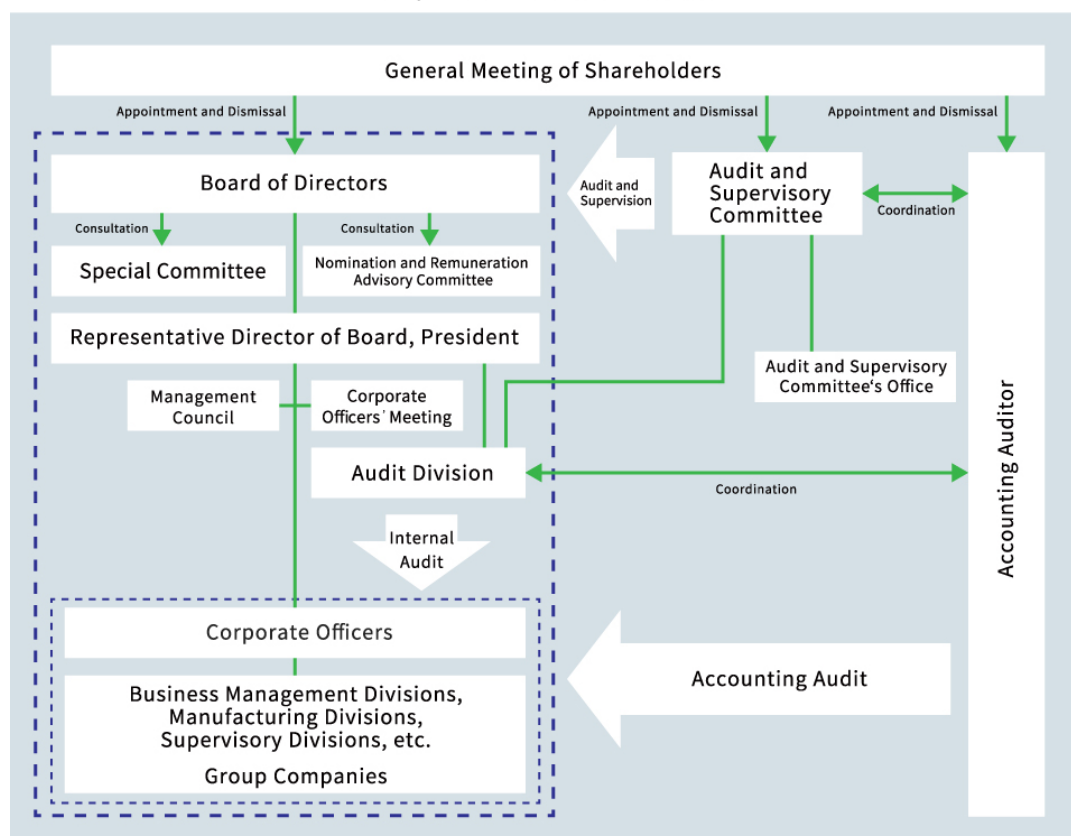
## Internal Audit and Accounting Audit Systems

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.

Corporate Governance Structure



## 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) consolidated net sales from the perspective of aiming for the growth and expansion of the Group; (ii) consolidated ordinary profit, which is emphasized as an indicator of profitability; and (iii) ROIC (consolidated ordinary profit/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. In addition, performance-based bonuses are not paid if consolidated profit (profit attributable to owners of parent) is in the red. 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. Given that JICC-04, Ltd. intends to acquire all Company Shares through the Tender Offer for Company Shares and a series of planned subsequent procedures and that the Company Shares will be delisted, the company resolved at its Board of Directors meeting held on June 26, 2024 to change a policy on decisions on the content of the remuneration, etc. for individual Directors and not to allocate Restricted Shares. In this case, the ratio of above remuneration will be set at 5:5:0 for base remuneration, performance-based bonuses, and Restricted Shares. 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 (fixed 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 (fixed 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.

# Compliance

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

## Compliance Promotion System

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

We are also working to strengthen compliance throughout the Group by having each overseas Group company establish its own compliance promotion system, and by annually confirming the status of compliance promotion at each company.

## 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)<sup>1</sup> 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.

<sup>1</sup> Global Business Standards (GBS)

[https://www.shinko.co.jp/english/assets/pdf/gbs\\_en.pdf](https://www.shinko.co.jp/english/assets/pdf/gbs_en.pdf)

### Global Business Standards (GBS) contents

- |   |   |
|---|---|
| 1. We respect human rights                                      | 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 addition, we have established Conflict of Interest Regulations which is designed to avoid, mitigate, and manage losses caused by conflicts of interest and defines necessary responses.

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 regulations, bylaws and guidelines as appropriate.

## Compliance Training

We systematically provide ongoing training to increase the awareness of compliance among all employees. In particular, in areas where business risks are high, such as bribery, corruption, and competition law violations, we conduct regular and repeated training for all parties involved in the Shinko Group to reduce risks.

In FY2023, 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 overseas employees, we also provided e-learning or group training on overall compliance at all sites.

### FY2023 Compliance Training Results (Shinko Group)

|  | Participants |
|--|--------------|
| For employees in Japan <sup>2</sup>    | 5,794        |
| For employees in Overseas <sup>3</sup> | 943          |

<sup>2</sup> Including a Group company in Japan <sup>3</sup> Group companies outside Japan

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.

### What is the Corporate Ethics Helpline?

The Shinko Group has established a Corporate Ethics Helpline (internal reporting and consultation service) in accordance with the Internal Reporting Regulations.

The Corporate Ethics Helpline is a contact point for employees to feel comfortable discussing any violations of laws, regulations, or internal rules, as well as basic rules on how individual employees should conduct themselves in accordance with the Shinko Way Code of Conduct, including respect for human rights, if they have any doubts about their judgment in the course of their work.

This contact point also accepts reports and consultations regarding violations of competition laws, bribery, and other legal violations in each country, as well as quality frauds. It is prohibited to treat the whistleblower/consulter or any person who cooperates in the investigation to a disadvantage because of the whistleblower/consulter's reporting or consultation or because of the person's cooperation in the investigation of the content of the reporting or consultation. In addition, who made the report and the content of the report are kept strictly confidential, and the information is handled with the utmost care.

(Contents of the intranet notification (excerpt))



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.

# Risk Management

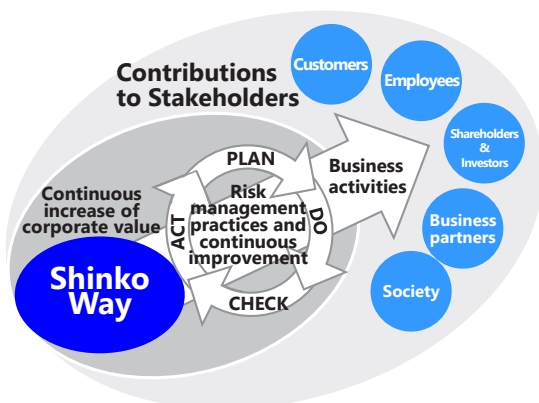
The Shinko Group's goal is to enhance corporate value by means of our business operations and, in doing so, make contributions to all our stakeholders, including customers and local communities. Recognizing and responding appropriately to risks that affect the achievement of these objectives is an important management issue. We have established a risk management system for the entire Group and are working to implement and continuously improve risk management practices.

## Risk Management Promotion System

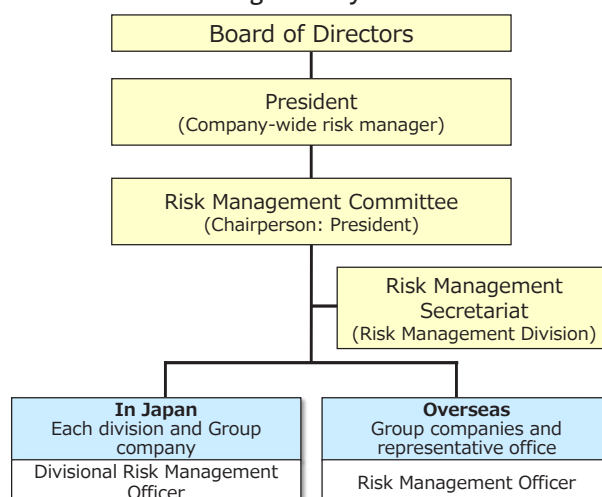
In order to promote risk management throughout the Group, the Shinko Group has established a Risk Management Committee based on the Risk Management Regulations approved by the Board of Directors to share information on the status of risk management within the Group and to thoroughly implement risk management policies and measures.

In the promotion of risk management, we have constructed a system in which the Representative Director of Board, President, who bears responsibility and authority for risk management throughout our entire Group, serves both as the Company-wide Risk Management Officer, who promotes risk management, and as the Chairperson of the Risk Management Committee. In addition, the Risk Management Division has been established to strengthen and promote risk management across the entire Group, and it plays the role of assisting the Company-wide Risk Management Officer and serves as the secretariat of the Risk Management Committee. In order to strengthen risk management in each division and at Group companies in Japan and overseas, a risk management officer is appointed for each division and Group company, and risk management is promoted in cooperation with the Company-wide Risk Management Officer and the Risk Management Division from the perspective of both the prevention of potential risks and the response to risks that have materialized.

Our Concept of Risk Management



Risk Management System Chart



### 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.

## Risk Management Process

The Shinko Group identifies, evaluates, and manages risks across the Group in order to appropriately assess and respond to risks that affect the Group's business activities. We regularly conduct potential risk surveys for all divisions and companies in our Group. After extracting, analyzing, and evaluating potential risks that could occur in each division or Group company, we design and implement measures to avoid, mitigate, transfer, or accept potential risks, as well as measures for responding to potential risks that have come to fruition. The risk to the entire Group is aggregated for potential risks extracted from each division and Group company, and matrix analysis is carried out on the two aspects of impact and probability of occurrence to extract material risks. When a risk materializes, the Risk Management Division in its capacity as the Risk Management Secretariat takes the lead in sharing information with the relevant divisions in a timely manner, and works to minimize the impact by taking appropriate measures in cooperation with each division. Moreover, the Risk Management Division regularly reports to the Board of Directors on the results of the analysis of important risks and the status of countermeasures extracted as a result of the survey of potential risks, and on the status of important risks that have materialized, as required.

## 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.

Typhoon and Flood Damage Timeline (Image)

| Event   | Phase I<br>Timeline<br>activation/<br>trend<br>monitoring   | Phase II<br>Disaster<br>alert  | Phase III<br>Operating<br>judgment                                     | Phase IV<br>Send<br>employees<br>home/Stop<br>plant<br>operation             | Phase V<br>Disaster<br>response              |
|---|---|--|--|--|--|
| <b>Typhoon</b><br>(special warning<br>grade)                    | Typhoon is<br>expected to<br>approach to the<br>area of our site  | Typhoon will<br>approach to the<br>area of our site<br>within 48 hours | Typhoon will<br>approach to the<br>area of our site<br>within 24 hours | Special warnings<br>and evacuation<br>orders issued                          | When the site is<br>in the storm<br>zone     |
|   | Prohibit employees from coming to work or returning home if a wind storm with an average wind speed of 20 m or more is expected |  |  |  |  |
| <b>Flood</b><br>(river flooding)                                | When flood<br>damage is<br>expected in the<br>area of our site  | When the river<br>level needs to<br>be monitored                       | When there is a<br>risk of river<br>flooding                           | Special warnings<br>and evacuation<br>orders issued                          | "Emergency<br>safety<br>assurance"<br>issued |
| <b>Basic employee<br/>behavior</b>                              | <b>Actions that place the highest priority<br/>on safety</b>  |  |  | <b>Do not report to work/Stand<br/>by at plant (vertical<br/>evacuation)</b> |  |
| <b>Activities of<br/>disaster<br/>response<br/>headquarters</b> | Timeline activation<br>Members of disaster response<br>headquarters stand by  |  | Set up<br>disaster<br>response<br>headquarters                         | Response to<br>shut down<br>plant  | Handle<br>stranded<br>people                 |

## Initiatives such as Disaster and Accident Response Training

Shinko conducts simulations and drills every year in response to various disaster and accident scenarios (explosions, leaks, etc.) to ensure safety in the event of a disaster, minimize human and physical damage, and prevent secondary disasters, as well as verify the effectiveness of its disaster prevention system and strengthen its response capabilities, and regularly conducts trainings by self-fire brigade, etc.

In addition, we conduct annual self-inspections of fire prevention and disaster prevention manuals, disaster response plans (DRPs), disaster prevention organizations, and maintenance status of disaster prevention equipment and facilities at each plant. We also conduct annual safety reporting and confirmation drills through a safety confirmation system for all employees.

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.



(Evacuation drills during disaster drills)



(Rescue drills during disaster drills)

### Topic

## Conducting Disaster Risk Surveys by an External Organization

In FY2023, in light of recent circumstances such as the increasing severity of natural disasters such as typhoons and flooding due to climate change, and the increasing possibility of large-scale earthquakes, we conducted on-site inspections of earthquake, fire, and flood risks by outside experts, focusing on production sites, and identified high-risk areas.

Based on the results of this inspection, we will continue to work to implement measures to prevent and reduce risk.

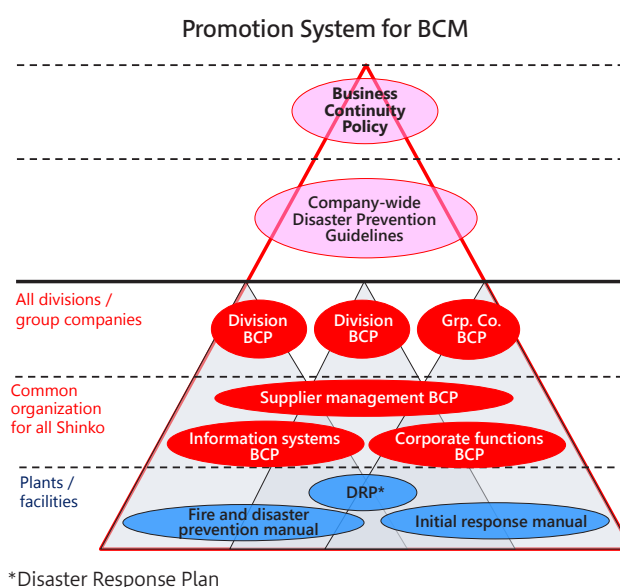


(Scene at the time of the survey)

## Business Continuity Management (BCM)

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 important businesses.

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. 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.



### 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.



## Risk Management Education and Disaster Prevention Awareness Raising

Shinko provides e-Learning on disaster prevention and business continuity as risk management education for all employees. The awareness of each employee is raised under the basic principle of "taking steps oneself to protect one's own life." In FY2023, 5,635 employees of the Shinko Group in Japan (including temporary employees) participated in the program. In addition, in FY2023, we conducted a new training program for management and leaders to improve risk awareness and risk sensitivity, with 791 employees participating. In addition, in order to improve employees' ability to respond to disasters and their awareness of disaster prevention, we distribute pocket-sized "disaster prevention cards" to all employees and recommend that they carry them at all times in preparation for a disaster.

Disaster Prevention Card



## 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 company-wide 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. As part of these efforts, we established Guidelines for Handling of Mobile Phones and Smartphones in FY2023.

### 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

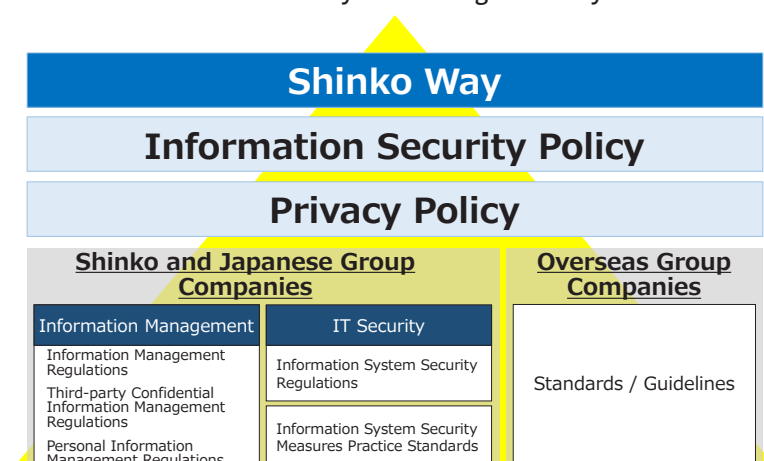
The Shinko Group will take the items below as the principles of its initiatives for information security.

- (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

Our company has established the Information Management Regulations as rules for handling information distributed within the company and the Third-party Confidential Information Management Regulations as rules for handling information obtained from customers and other companies to classify, 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.

Management System for Information Protection and Personal Information Protection



## Information Security Education

To prevent information leaks, we believe it is important for every employee to be fully aware that neglecting information security rules is a risk that could lead to serious security incidents. We therefore see to it that the rules are followed without exception and work to increase awareness of security. As part of our efforts to raise employee awareness, we provide information security training through e-Learning and group training for all employees of our Group in Japan and overseas.

## 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 in our company

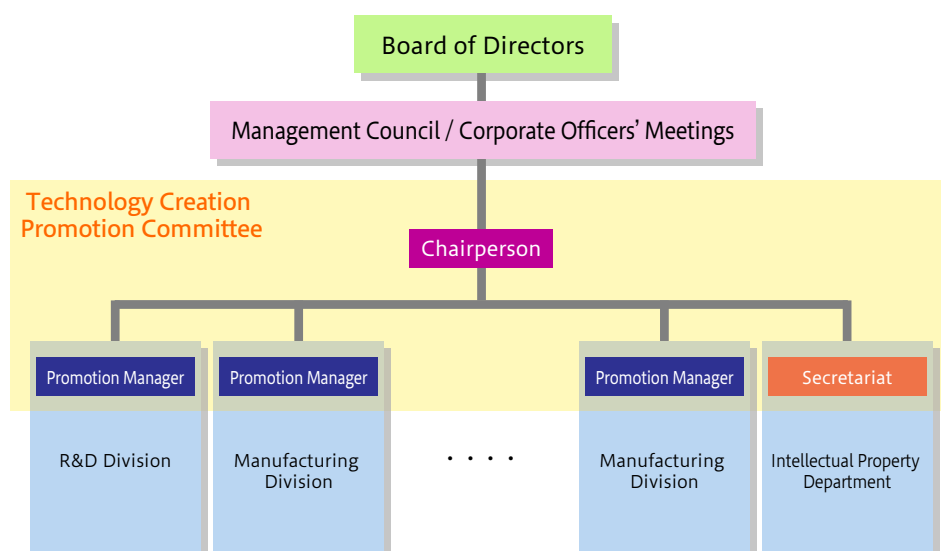
|                          |                                      |                               |  |                      |  |
|--------------------------|--------------------------------------|-------------------------------|--|----------------------|--|
| Confidential information | Third-party confidential information |                               | Confidential information disclosed/provided by others to our company, regardless of the content                              | Personal information | Information related to individuals, which contains information that would identify a specific individual |
|                          | Shinko confidential information      | Restricted information        | Shinko confidential information that must not be made known to anyone other than the persons related to the specific project |                      |  |
|                          |                                      | Internal-use-only information | Shinko confidential information except "Restricted information"  |                      |  |
| Public information       |                                      |                               | Information that is made available to the public   |                      |  |

# Intellectual Property

The Shinko Group upholds "Technology Leadership," "The Art of Manufacturing," and "Long Term Vision," in its Corporate Vision of the Shinko Way, and its Corporate Values are to emphasize "technology" and continue to create new value. We have also established respecting intellectual property as one of the Shinko Way Code of Conduct. Based on these principles, we are working to acquire, protect, and utilize intellectual property, which is an important management resource of the company.

## 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." Under the Committee for the Promotion of Technology Creation, which consists of a chairperson appointed by the president and the persons in charge of promotion in the R&D Division and manufacturing division, multiple activity groups are organized to continuously carry out activities such as invention creation. The policies and results of the activities of the Technology Creation Program are regularly reported at the Corporate Officers' Meetings and also reported to the Board of Directors as intellectual property initiatives. The Board of Directors has established a system to appropriately supervise investment in intellectual property activities.



## Initiatives for Technology Creation

### Protecting Rights and Keeping Confidentiality of Intellectual Property

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. In line with the globalization of our business, we are striving to protect our intellectual properties by filing patent applications not only in Japan but also in major overseas market countries. We also respect the intellectual properties of others and ensure that they are not infringed upon.

### Intellectual Property Education

We regularly provide our engineers with patent-related training to deepen their understanding of intellectual property. We offer a variety of courses, as shown below, for our engineers to choose from according to their skills and interests. 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.

#### ■ Examples of Educational Courses

- Overview of the patent system
- How to comprehend patent gazettes
- Invention discovery
- How to operate patent search tools, etc.

### R&D Workshop

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.

### 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. Regarding 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.

We believe that research and development activities, which are the source of intellectual property, are indispensable for the Shinko Group's sustainable growth.

We will continue to engage in technology creation as a company-wide activity, with the aim of strengthening our technological development capabilities and creating new products that will lead to the development of our business.

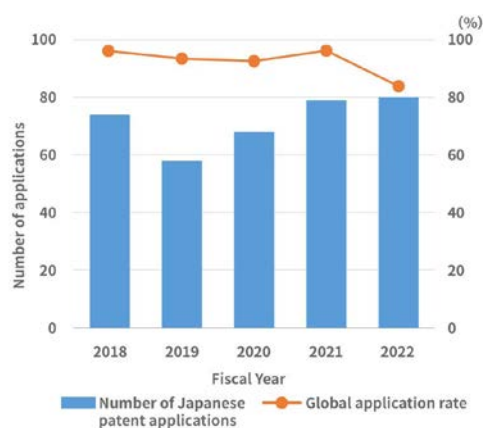


## Intellectual Property Data

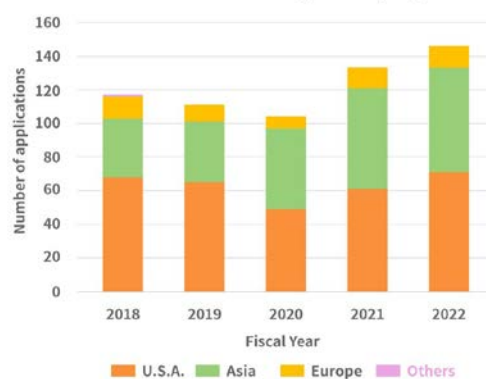
### Number of Patent Applications

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

Number of Japanese patent applications and global application rate\*



Number of Overseas Patent Applications by Region

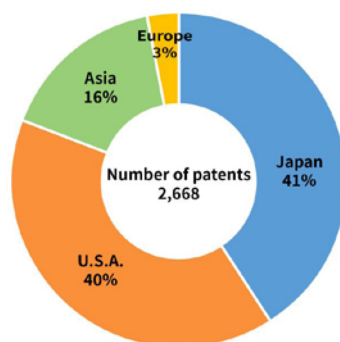


\* Global application rate: Percentage of Japanese patent applications that were also filed overseas.

### 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.

Percentage of Patents in each Region at the end of FY2023



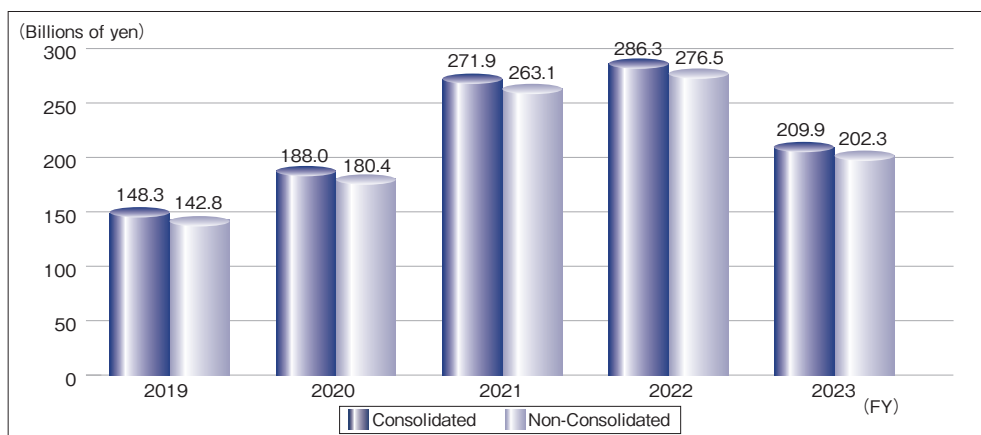


# Financial and Non-financial Data

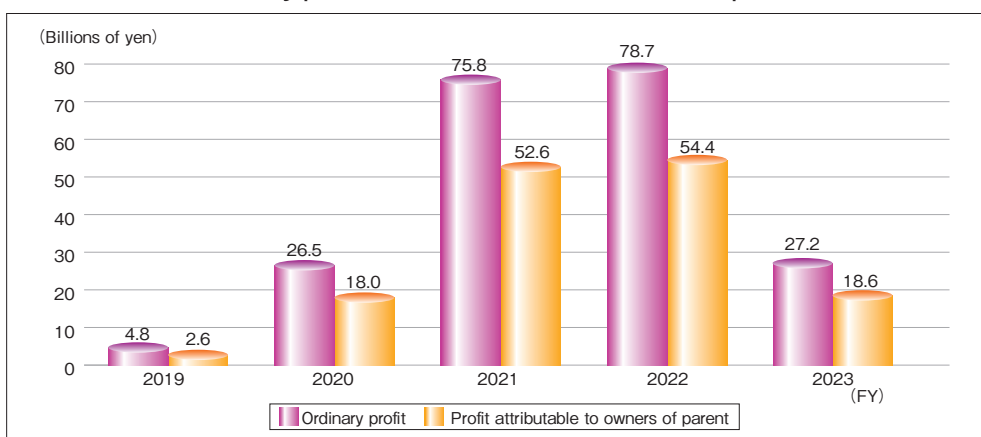
Financial Data (Consolidated)  
List of Employee Related Indicators  
Governance Data  
Environmental Data

# Financial Data (Consolidated)

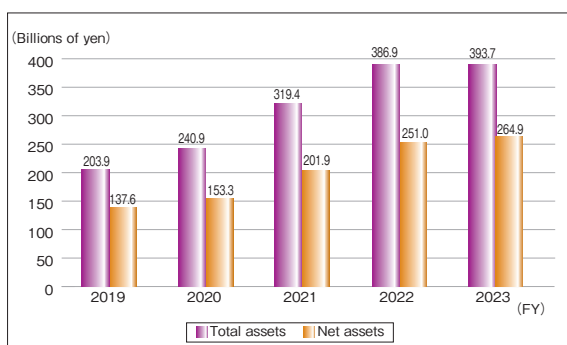
Net Sales



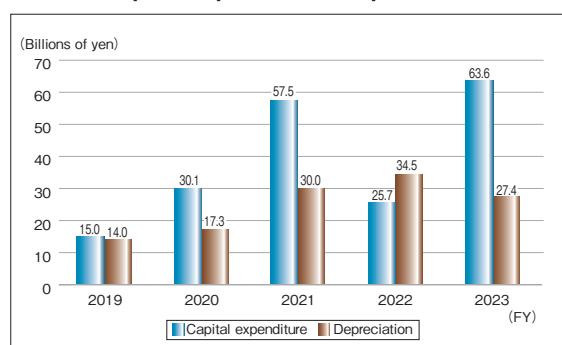
Ordinary profit/Profit attributable to owners of parent



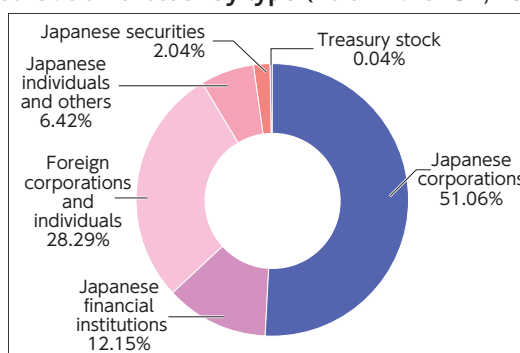
Total assets/Net assets



Capital expenditure/Depreciation



Distribution of stock by type (As of March 31, 2024)



# List of Employee Related Indicators

## ■ Number of employees by region (As of the end of March)

| Employee classification       |              | FY2021 | FY2022 | FY2023 |
|-------------------------------|--------------|--------|--------|--------|
| Number of employees by region | Total        | 5,352  | 5,596  | 5,553  |
|                               | Japan        | 4,647  | 4,884  | 4,845  |
|                               | Asia         | 670    | 674    | 669    |
|                               | The Americas | 35     | 38     | 39     |

## ■ Employees (As of the end of March)

| ■ Employees (As of the end of March)    |                          |        |                                |        |                                |        |                                |
|---|--------------------------|--------|--------------------------------|--------|--------------------------------|--------|--------------------------------|
|   | Employee classification  | FY2021 |                                | FY2022 |                                | FY2023 |                                |
|   |                          | Shinko | Group companies (consolidated) | Shinko | Group companies (consolidated) | Shinko | Group companies (consolidated) |
| Number of employees by type of contract | Regular                  | 4,608  | 744                            | 4,848  | 748                            | 4,808  | 745                            |
|   | Non Regular <sup>1</sup> | 445    | 51                             | 501    | 51                             | 568    | 63                             |

<sup>1</sup> Including fixed term employees (contracted, part-time, etc.) and excluding dispatched workers.

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

| Employee classification  |                          | FY2021                                 | FY2022  | FY2023 |
|--|--------------------------|--|---|--------|
| Number of employees  | Total                    | 4,608                                  | 4,848   | 4,808  |
|  | Average age              | 43.2                                   | 42.4  | 42.0   |
|  | Average years of service | 20.1                                   | 18.8  | 18.4   |
|  | Overall average          | 19.2                                   | 18.0  | 17.6   |
| Number of employees by gender  | Male                     | 23.4                                   | 22.3  | 21.6   |
|  | Female                   | 3,671                                  | 3,868   | 3,835  |
|  | Male                     | 937                                    | 980   | 973    |
|  | Female                   | 20.3%                                  | 20.2%   | 20.2%  |
| Ratio of female employees (%)  |                          | 5.3%                                   | 5.9%  | 6.0%   |
| Ratio of female managers (%)   |                          | 53                                     | 53  | 46     |
| Number of non-Japanese employees   |                          | 2.31%                                  | 2.31%   | 2.56%  |
| Employment ratio of people with disabilities (%) (Calculated annually in June) |                          | Shinko (non-consolidated) <sup>2</sup> | Shinko Group in Japan regular and non regular employees |        |

<sup>2</sup> Including assignees from Group companies and contract employees

## ■ Employment

| Employee classification            |        | FY2021 | FY2022 | FY2023 |
|------------------------------------|--------|--------|--------|--------|
| Number of new graduate recruitment | Total  | 128    | 148    | 205    |
|                                    | Male   | 96     | 116    | 164    |
|                                    | Female | 32     | 32     | 41     |
|                                    | Total  | 351    | 305    | 38     |
| Number of mid-career recruitment   | Total  | 304    | 257    | 33     |
|                                    | Male   | 47     | 48     | 5      |
|                                    | Female | 76     | 105    | 130    |
|                                    | Total  | 1.7%   | 2.2%   | 2.7%   |
| Turnover headcount <sup>3</sup>    |        |        |        |        |
| Turnover rate <sup>3</sup>         |        |        |        |        |

<sup>3</sup> Turnover by regular employees includes employees who retire upon reaching mandatory retirement age

## ■ System usage

| Employee classification                     |  | FY2021 | FY2022 | FY2023 |
|---|--|--------|--------|--------|
| Shinko (non-consolidated) regular employees | Average days of paid leave taken (days)                                  | 12.7   | 14.4   | 14.1   |
|   | Number of employees using child care leave                               | 14     | 33     | 44     |
|   |  | 6      | 22     | 36     |
|   | Male   | 8      | 11     | 8      |
|   | Female   | 87     | 108    | 136    |
|   | Number of male employees taking leave for childcare purposes (persons)   | 98%    | 121%   | 142%   |
|   | Percentage of male employees taking childcare leave (%) <sup>4</sup>     | 53     | 29     | 26     |
|   | Average number of days of childcare leave taken by male employees (days) | 100%   | 100%   | 100%   |
|   | Return to work ratio after child care leave (%)                          | 100%   | 100%   | 97%    |
|   | Continuous work ratio after child care leave (%) <sup>5</sup>            | 3      | 2      | 2      |
|   | Number of employees using family care leave                              | 3      | 1      | 1      |
|   |  | 0      | 1      | 1      |
|   | Male   | 100%   | 100%   | 75%    |
|   | Female   | 100%   | 100%   | 100%   |

<sup>4</sup> Calculation of the percentage taking childcare leave and leave for childcare purposes.

Since male employees who had children before the relevant fiscal year and took childcare leave or leave for childcare purposes during the relevant fiscal year are also included, the percentage of employees who took leave may exceed 100%.

<sup>5</sup> 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

| Employee classification   |   | FY2021 | FY2022 | FY2023 |
|---|---|--------|--------|--------|
| Accidents resulting in death, disability or similar serious outcomes (number) | Shinko (non-consolidated) regular and non regular employees | 0      | 0      | 0      |
|   |   | 0.74%  | 0.31%  | 0.42%  |
| Frequency rate of industrial accidents (%)                                    |   | 70.1%  | 75.1%  | 82.8%  |
| Specific health guidance implementation rate (%)                              |   | 90.2%  | 91.3%  | 91.7%  |
| Union participation rate (%) <sup>7</sup>                                     |   | 19.2   | 22.3   | 25.7   |
| Average learning hours per person (Hours)                                     |   | 10.6   | 12.5   | 13.3   |
| Average expenditure on learning per person (thousand ¥)                       |   |        |        |        |

<sup>6</sup> Subjects are Fujitsu Health Insurance Society members

<sup>7</sup> Union participation rate: The percentage of ordinary employees out of all regular employees (including managers)

# Governance Data

## ■ Status of Board of Directors, Audit and Supervisory Committee, Nomination and Remuneration Advisory Committee

| Item   |                    |   | FY2021       | FY2022       | FY2023       |
|--|--------------------|---|--------------|--------------|--------------|
| Board of Directors                             | Composition        | Number of Directors                     | 8            | 8            | 8            |
|  |                    | Including Female Directors (%)          | 1<br>(12.5%) | 1<br>(12.5%) | 1<br>(12.5%) |
|  |                    | Including Independent Outside Directors | 3            | 3            | 3            |
|  | Number of meetings |   | 14           | 15           | 17           |
| Audit and Supervisory Committee                | Composition        | Number of members                       | 3            | 3            | 3            |
|  |                    | Including Independent Outside Directors | 2            | 2            | 2            |
|  | Number of meetings |   | 9            | 8            | 9            |
| Nomination and Remuneration Advisory Committee | Composition        | Number of members                       | 5            | 5            | 5            |
|  |                    | Including Independent Outside Directors | 3            | 3            | 3            |
|  | Number of meetings |   | 5            | 6            | 7            |

## ■ Amount of Remuneration, etc. for Directors (FY2023)

| Category  | Total amount of remuneration | Number of members |
|---|------------------------------|-------------------|
| Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) | 219million yen               | 5                 |
| Director who is an Audit and Supervisory Committee Member (excluding Outside Directors)               | 25million yen                | 2                 |
| Outside Directors   | 37million yen                | 3                 |

## ■ Internal Whistleblowing

|   | FY2021 | FY2022 | FY2023 |
|---|--------|--------|--------|
| Number of internal whistleblowing cases | 15     | 7      | 20     |

# Environmental Data

Environmental data calculations of FY2023 have been assured by a third party to improve their reliability.

★: Indicators assured by a third party

[See Independent Assurance Report \(PDF\)](#)

## Environmental Impact Data

### INPUT

|   |                         | FY2021           | FY2022           | FY2023             |
|---|-------------------------|------------------|------------------|--------------------|
| <b>Energy consumption</b>                     | <b>GJ</b>               | <b>2,197,942</b> | <b>2,067,582</b> | <b>★ 2,107,997</b> |
| Intensity                                     | GJ/100 million yen      | 808              | 722              | 1,004              |
| Total electricity consumption                 | MWh                     | 361,089          | 342,676          | ★ 345,968          |
| Electricity from renewable energy sources     | MWh                     | 66,149           | 96,590           | ★ 149,961          |
| Purchased power                               | MWh                     | 66,118           | 96,500           | 149,499            |
| In-house power generation <sup>1</sup>        | MWh                     | 31               | 90               | 461                |
| Electricity from non-renewable energy sources | MWh                     | 294,940          | 246,086          | 196,008            |
| Rate of renewable energy use                  | %                       | 18               | 28               | ★ 43               |
| Steam   | t                       | —                | —                | 6,400              |
| Heavy oil, light oil, gasoline                | kL                      | 1,084            | 1,087            | 895                |
| Natural gas, city gas                         | thousand m <sup>3</sup> | 19,010           | 17,597           | 20,264             |
| LPG・LNG                                       | t                       | 197              | 174              | 158                |
| <b>Materials</b>                              | <b>t</b>                | <b>31,431</b>    | <b>18,079</b>    | <b>15,217</b>      |
| Raw materials <sup>2</sup>                    | t                       | 27,471           | 14,839           | 13,043             |
| Chemical substances                           | t <sup>3</sup>          | 3,960            | 3,240            | 2,174              |
| <b>Water resources</b>                        |                         |                  |                  |                    |
| Total water withdrawal                        | thousand m <sup>3</sup> | 4,902            | 4,336            | ★ 4,368            |
| By water source                               |                         |                  |                  |                    |
| Municipal water                               | thousand m <sup>3</sup> | 1,203            | 993              | 941                |
| Ground water                                  | thousand m <sup>3</sup> | 3,700            | 3,343            | 3,428              |
| Recycled water volume                         | thousand m <sup>3</sup> | 3,383            | 3,305            | 2,806              |
| Recycling rate                                | %                       | 41               | 43               | 39                 |

Data boundary

FY2021: Shinko Group in Japan and overseas production sites

Overseas production sites:

KOREA SHINKO MICROELECTRONICS CO., LTD. (KSM)  
SHINKO ELECTRONICS (MALAYSIA) SDN. BHD. (SEM)  
SHINKO ELECTRIC INDUSTRIES (WUXI) CO., LTD. (SEW)

FY2022 and FY2023: Shinko Group in Japan and overseas production sites

Overseas production sites:

KOREA SHINKO MICROELECTRONICS CO., LTD. (KSM)  
SHINKO ELECTRONICS (MALAYSIA) SDN. BHD. (SEM)

Some items have totals that do not match due to rounding

<sup>1</sup> No energy sales

<sup>2</sup> To improve calculation accuracy, weight conversion factors for procured components are revised accordingly.

Due to data availability restrictions, figures for previous years have not been revised.

<sup>3</sup> FY2021 values do not include VOCs.

### OUTPUT

|  |                                    | FY2021        | FY2022        | FY2023          |
|--|------------------------------------|---------------|---------------|-----------------|
| <b>Emissions into the air</b>              |                                    |               |               |                 |
| Scope1                                     | t-CO <sub>2</sub>                  | 48,076        | 44,135        | ★ 45,737        |
| Intensity                                  | t-CO <sub>2</sub> /100 million yen | 18            | 15            | 22              |
| Energy sources                             | t-CO <sub>2</sub>                  | 45,854        | 42,453        | ★ 43,792        |
| Non-energy sources                         | t-CO <sub>2</sub>                  | 2,222         | 1,682         | ★ 1,945         |
| Carbon dioxide (CO <sub>2</sub> )          | t-CO <sub>2</sub>                  | 37            | 40            | 32              |
| Methane (CH <sub>4</sub> )                 | t-CO <sub>2</sub>                  | 0             | 0             | 6               |
| Tetrafluoromethane (CF <sub>4</sub> )      | t-CO <sub>2</sub>                  | 1,722         | 1,428         | 1,110           |
| Sulfur hexafluoride (SF <sub>6</sub> )     | t-CO <sub>2</sub>                  | 74            | 0             | 579             |
| Nitrogen trifluoride (NF <sub>3</sub> )    | t-CO <sub>2</sub>                  | 0             | 0             | 0               |
| Nitrous oxide (N <sub>2</sub> O)           | t-CO <sub>2</sub>                  | —             | —             | 38              |
| Hydrofluorocarbon (HFC)                    | t-CO <sub>2</sub>                  | 388           | 215           | 174             |
| Acetylene (C <sub>2</sub> H <sub>2</sub> ) | t-CO <sub>2</sub>                  | —             | —             | 5               |
| Lubricants and grease                      | t-CO <sub>2</sub>                  | —             | —             | 0               |
| Scope2                                     | Location-based t-CO <sub>2</sub>   | 163,357       | 153,211       | ★ 154,882       |
|  | Market-based t-CO <sub>2</sub>     | 122,797       | 105,620       | ★ 94,077        |
| Intensity (market standard)                | t-CO <sub>2</sub> /100 million yen | 45            | 37            | 45              |
| Electricity                                | Location-based t-CO <sub>2</sub>   | 163,357       | 153,211       | 153,883         |
|  | Market-based t-CO <sub>2</sub>     | 122,797       | 105,620       | 93,079          |
| Steam                                      | t-CO <sub>2</sub>                  | —             | —             | 999             |
| NOx  | t                                  | 28            | 26            | 20              |
| SOx  | t                                  | 0             | 0             | 0               |
| <b>Chemical substances</b>                 |                                    |               |               |                 |
| PRTR                                       | kg                                 | 5,976         | 5,297         | ★ 8,442         |
| By emission destination                    |                                    |               |               |                 |
| Atmosphere                                 | kg                                 | 1,505         | 1,416         | 3,898           |
| Public waters                              | kg                                 | 4,471         | 3,880         | 4,544           |
| VOC  | t                                  | 130           | 137           | 119             |
| <b>Water</b>                               |                                    |               |               |                 |
| Total water discharge                      | thousand m <sup>3</sup>            | 3,996         | 3,574         | 3,523           |
| By drainage destination                    |                                    |               |               |                 |
| River                                      | thousand m <sup>3</sup>            | 2,853         | 2,534         | 2,549           |
| Sewerage                                   | thousand m <sup>3</sup>            | 1,143         | 1,039         | 973             |
| Water consumption                          | thousand m <sup>3</sup>            | —             | —             | 845             |
| BOD  | t                                  | 291           | 213           | 135             |
| <b>Waste + Valuables</b>                   | <b>t</b>                           | <b>29,382</b> | <b>26,321</b> | <b>★ 22,218</b> |
| Waste                                      | t                                  | 7,060         | 6,427         | ★ 4,975         |
| Hazardous                                  |                                    |               |               |                 |
| Effectively utilized                       | Thermal t                          | 50            | 136           | 85              |
|  | Material t                         | 1,343         | 1,540         | 989             |
| Non-effectively utilized                   | t                                  | 50            | 6             | 5               |
| Non-hazardous                              |                                    |               |               |                 |
| Effectively utilized                       | Thermal t                          | 192           | 196           | 158             |
|  | Material t                         | 5,285         | 4,428         | 3,651           |
| Non-effectively utilized                   | t                                  | 140           | 122           | 87              |
| Landfill disposal (included in waste)      | t                                  | 11            | 25            | ★ 21            |
| Valuables                                  | t                                  | 22,322        | 19,894        | ★ 17,243        |
| Effective utilization rate                 | %                                  | 99.4          | 99.5          | 99.6            |



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

★ : Indicators assured by a third party

| Category                     |        |  |   | Emissions ( t -CO <sub>2</sub> ) |                  |           |
|------------------------------|--------|--|---|----------------------------------|------------------|-----------|
|                              |        |  |   | FY2021                           | FY2022           | FY2023    |
| Upstream                     | Scope3 | 1                                      | Purchased goods and services <sup>1</sup>                       | 197,317                          | 188,469          | ★ 163,604 |
|                              |        | 2                                      | Capital goods   | 97,072                           | 168,971          | 184,913   |
|                              |        | 3                                      | Fuel and energy-related activities not included in Scope 1 or 2 | 32,086                           | 30,730           | 31,969    |
|                              |        | 4                                      | Upstream transportation and distribution                        | 9,555                            | 8,342            | 7,366     |
|                              |        | 5                                      | Waste generated in operations                                   | 887                              | 840              | 660       |
| In-house                     | Scope1 | Direct emissions                       |   | 48,076                           | 44,135           | ★ 45,737  |
|                              | Scope2 | Indirect emissions from energy sources | Location-based  | 163,357                          | 153,211          | ★ 154,882 |
|                              |        |  | Market-based  | 122,797                          | 105,620          | ★ 94,077  |
|                              | Scope3 | 6                                      | Business travel   | <sup>2</sup> 230                 | <sup>2</sup> 303 | 310       |
|                              |        | 7                                      | Employee commuting  | 7,691                            | 8,169            | 8,460     |
|                              |        | 8                                      | Upstream leased assets  | NA                               | NA               | NA        |
| Downstream                   | Scope3 | 9                                      | Downstream transportation and distribution                      | NA                               | NA               | NA        |
|                              |        | 10                                     | Processing of sold products                                     | NA                               | NA               | NA        |
|                              |        | 11                                     | Use of sold products  | NA                               | NA               | NA        |
|                              |        | 12                                     | End-of-life treatment of sold products                          | NA                               | NA               | NA        |
|                              |        | 13                                     | Downstream leased assets  | NA                               | NA               | NA        |
|                              |        | 14                                     | Franchises  | NA                               | NA               | NA        |
|                              |        | 15                                     | Investments   | NA                               | NA               | NA        |
| Scope1 + Scope2 <sup>3</sup> |        |  |   | 170,873                          | 149,755          | 139,815   |
| Scope3                       |        |  |   | 344,838                          | 405,824          | 397,282   |

Data boundary:

FY2021: Shinko Group in Japan and overseas production sites

Overseas production sites:

KOREA SHINKO MICROELECTRONICS CO., LTD.(KSM)  
SHINKO ELECTRONICS (MALAYSIA) SDN. BHD.(SEM)  
SHINKO ELECTRIC INDUSTRIES (WUXI) CO., LTD.(SEW)

FY2022 and FY2023: Shinko Group in Japan and overseas production sites

Overseas production sites:

KOREA SHINKO MICROELECTRONICS CO., LTD.(KSM)  
SHINKO ELECTRONICS (MALAYSIA) SDN. BHD.(SEM)

Some items have totals that do not match due to rounding

<sup>1</sup> To improve calculation accuracy, weight conversion factors for procured components are revised accordingly.

Due to data availability restrictions, figures for previous years have not been revised.

<sup>2</sup> Retrospective revision of previous years' figures to improve calculation accuracy

<sup>3</sup> Scope2 values were calculated based on market criteria

## Environmental Data Calculation Standards

### ■ Environmental Impact Data

#### INPUT

| Index   |                           | Unit                    | Calculation Method  |
|---|---------------------------|-------------------------|---|
| Energy  | Energy consumption        | GJ                      | $\Sigma$ [annual use of electricity + (annual consumption of fuel oil and gas) $\times$ calorie conversion factor for each energy source]<br>Conversion factor: Ministry of the Environment "Greenhouse Gas Emission Calculation and Reporting Manual" (Ver. 5.0) (February 2024)<br><br>$\Sigma$ [Annual steam consumption $\times$ Specific enthalpy of steam (total heat value)].<br>Specific enthalpy: 1999 JSME Steam Tables * JSME = the Japan Society of Mechanical Engineers              |
|   | Energy intensity          | GJ/100 million yen      | Energy consumption/Net sales  |
| Electricity from renewable energy sources     | Purchased power           | MWh                     | Amount of electricity purchased from renewable energy sources (including purchase of renewable electricity certificates)  |
|   | In-house power generation | MWh                     | Amount of renewable energy generated and consumed by the company  |
| Electricity from non-renewable energy sources |                           | MWh                     | Amount of electricity purchased from depletable energy sources such as fossil fuels   |
| Rate of renewable energy use                  |                           | %                       | Electricity from renewable energy sources/Total electricity consumption   |
| Chemical substances                           |                           | t                       | Total amount of substances with annual handling volume of 100 kg or more per substance, among the substances subject to the PRTR system (Law Concerning Reporting, etc., of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management) or the 20 volatile organic compounds (VOCs) specified in the Voluntary Action Plan on the Environment adopted by the 4 electrical and electronics organizations<br>(Data boundary: Shinko Group in Japan) |
| Water resources                               | Total water withdrawal    | thousand m <sup>3</sup> | Amount of water withdrawn from waterworks and groundwater (However, groundwater for snow removal is not included)   |
|   | Recycled water volume     | thousand m <sup>3</sup> | The amount of water used at the plant that is collected and treated and then used again at the plant  |
|   | Recycling rate            | %                       | Recycled water volume / (total water withdrawal + recycled water volume)  |

#### OUTPUT

| Index   |                    | Unit                               | Calculation Method  |
|---------|--------------------|------------------------------------|---|
| Scope 1 | Intensity          | t-CO <sub>2</sub> /100 million yen | Scope 1/Net sales   |
|         | Energy sources     | t-CO <sub>2</sub>                  | CO <sub>2</sub> emissions from the use of heavy oil, gasoline, light oil, natural gas, city gas, LPG, and LNG<br><br>$\Sigma$ [(annual consumption of fuel oil and gas) $\times$ CO <sub>2</sub> conversion factor for each energy source]<br>Conversion factor: Ministry of the Environment "Greenhouse Gas Emission Calculation and Reporting Manual" (Ver. 5.0) (February 2024)  |
|         | Non-energy sources | t-CO <sub>2</sub>                  | CO <sub>2</sub> emissions from the use of CO <sub>2</sub> from non-energy sources, methane (CH <sub>4</sub> ), carbon tetrafluoride (CF <sub>4</sub> ), sulfur hexafluoride (SF <sub>6</sub> ), nitrogen trifluoride (NF <sub>3</sub> ), nitrous oxide (N <sub>2</sub> O), fluorocarbons (HFC), Acetylene, and Lubricants and grease<br><br>$\Sigma$ (annual emissions of each type of gas $\times$ global warming potential of each type of gas)<br>Global warming potential: Ministry of the Environment "Greenhouse Gas Emission Calculation and Reporting Manual" (Ver. 5.0) (February 2024)  |
| Scope 2 | Intensity          | t-CO <sub>2</sub> /100 million yen | Scope 2 (Market-based)/Net sales  |
|         | Electricity        | t-CO <sub>2</sub>                  | CO <sub>2</sub> emissions from the purchased electricity<br>Electricity purchased $\times$ CO <sub>2</sub> conversion factor<br><br>Location based<br>Conversion factor:<br>In Japan: From adjusted emission factor of "The Electric Power Council for a Low Carbon Society"<br>FY2023: 0.437 t-CO <sub>2</sub> /MWh (announced on February 6, 2024)<br>FY2022: 0.436 t-CO <sub>2</sub> /MWh<br>FY2021: 0.441 t-CO <sub>2</sub> /MWh<br>Overseas: latest IEA values (by country)<br><br>Market based<br>Conversion factor:<br>In Japan: Use emission factors (adjusted emission factors) for each electric power company. * Based on the Ministry of the Environment Greenhouse Gas Emission Calculation, Reporting and Publication System "Emission Factors by Electric Utility"<br>Overseas: latest IEA values (by country) |
|         | Steam              | t-CO <sub>2</sub>                  | CO <sub>2</sub> emissions for production of supplied steam<br><br>$\Sigma$ [Annual consumption of city gas used for production of supplied steam $\times$ CO <sub>2</sub> conversion factor]<br>Conversion factor: Ministry of the Environment "Greenhouse Gas Emission Calculation and Reporting Manual" (Ver. 5.0) (February 2024)  |
| NOx     |                    | t                                  | Amount of nitrogen oxides emitted from boilers at plants<br>$\text{NOx concentration (ppm)} \times 10^6 \times \text{dry gas emissions (m}^3\text{N/hr)} \times \text{operating time (hr/year)} \times 46/22.4 \times 10^{-3}$  |

| Index               |                            |                                       |                          |   | Unit   | Calculation Method   |
|---------------------|----------------------------|---------------------------------------|--------------------------|---|--|--|
| SOx                 |                            |                                       |                          |   | t  | Amount of sulfur oxides emitted from boilers at plants<br>SOx concentration (ppm) × 10 <sup>-6</sup> × dry gas emissions (m <sup>3</sup> N/hr) operating time (hr/ year) × 64/22.4×10 <sup>5</sup>   |
| Chemical substances | PRTR                       |                                       |                          |   | kg   | Substances with an annual handling volume of 100 kg or more per substance, among substances subject to the PRTR system (Law Concerning Reporting, etc., of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management)<br>(Data boundary: Shinko Group in Japan) |
|                     | VOC                        |                                       |                          |   | t  | Total emissions of substances with an annual handling volume of 100 kg or more per substance, among the 20 volatile organic compounds (VOCs) specified in the Voluntary Action Plan on the Environment adopted by the 4 electrical and electronics organizations<br>(Data boundary: Shinko Group in Japan)       |
| Water               | Total water discharge      |                                       |                          |   | thousand m <sup>3</sup>  | Annual discharge to public waters and sewerage (not including groundwater for snow removal)  |
|                     | BOD                        |                                       |                          |   | t  | An indicator of the degree of water pollution, this is the amount of oxygen required when microbes decompose organic matter in water<br>BOD concentration (mg/L) × effluent (m <sup>3</sup> /year) × 10 <sup>-6</sup>  |
|                     | Water consumption          |                                       |                          |   | thousand m <sup>3</sup>  | Total water intake - Total water discharge (based on GRI Sustainability Reporting Standard (Disclosure 303-5))   |
| Waste + Valuables   |                            |                                       |                          |   | t  | Total output of waste and valuables  |
| Waste               | Hazardous                  | Effectively utilized                  | Thermal                  | t | Amount of waste classified as hazardous waste according to the laws and regulations of each country (specially controlled waste in Japan) that is thermally recycled <sup>1</sup>  |  |
|                     |                            |                                       | Material                 | t | Amount of waste classified as hazardous waste according to the laws and regulations of each country (specially controlled waste in Japan) that is materially recycled <sup>2</sup> |  |
|                     |                            |                                       | Non-effectively utilized |   | t  | Amount of waste classified as hazardous waste according to the laws and regulations of each country (specially controlled waste in Japan) that is simply incinerated or directly landfilled  |
|                     | Non-hazardous              | Effectively utilized                  | Thermal                  | t | Amount of thermally recycled waste <sup>1</sup> among non-hazardous waste  |  |
|                     |                            |                                       | Material                 | t | Amount of materially recycled waste <sup>2</sup> among non-hazardous waste   |  |
|                     |                            | Non-effectively utilized              |                          | t | Amount of non-hazardous waste that is simply incinerated or landfilled   |  |
|                     |                            | Landfill disposal (included in waste) |                          |   |  | t  |
|                     | Valuables                  |                                       |                          |   | t  | Amount of unwanted substances resulting from business activities that is sold for value  |
|                     | Effective utilization rate |                                       |                          |   | %  | (Effectively used waste + valuables) / (valuables + waste)   |

<sup>1</sup> Thermal recycling: reusing thermal energy generated during incineration

<sup>2</sup> Material recycling: reusing as material or raw material

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

| Category |   | Calculation method   |
|----------|---|--|
| Upstream | 1 Purchased goods and services                                    | Amount of material procurement within fiscal year and production outsourcing cost × emissions factor per procurement amount<br>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."<br>Emission factors: • Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.4<br>• IDEAv2.3 (for supply chain greenhouse gas emissions calculation)  |
|          | 2 Capital goods   | Amount of capital investment related to capital goods in the fiscal year × emissions factor<br>Emission factors: • Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.4   |
|          | 3 Fuel and energy-related activities not included in Scope 1 or 2 | Annual purchases of purchased fuel and gas and electricity procured from outside sources × emissions factor<br>Emission factors: • Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.4<br>• IDEAv2.3 (for supply chain greenhouse gas emissions calculation)   |
|          | 4 Upstream transportation and distribution                        | (1) + (2)<br>(1) Transportation volume during the fiscal year (for suppliers equivalent to the top 90% of procurement value) × emission factor<br>Emission factors: • Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.4<br>• Domestic Emission factors Database<br>(2) CO <sub>2</sub> emissions from domestic transportation where the Shinko Group is the shipper<br>Calculation method: Based on the Act on Rationalizing Energy Use (Energy Conservation Act)<br>CO <sub>2</sub> emissions from domestic transportation where the Shinko Group is the shipper<br>Fuel consumption method (some vehicles) and improved tonkilometer method (automobiles, railroads, aircraft) |
|          | 5 Waste generated in operations                                   | Annual amount of waste discharged by business sites that is treated or recycled, according to type of waste and treatment method × emission factor per amount of waste treated and recycled per year<br>Emission factors: • Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.4<br>• IDEAv2.3 (for supply chain greenhouse gas emissions calculation)  |
| In-house | 6 Business travel   | (1)+(2)<br>(1) (By means of transportation) Σ (transportation expenses paid x emission factors)<br>Emission factors: • Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.4<br>(2) Private cars Σ (transported persons-kilometer x emissions factor)<br>Emission factors: IDEAv2.3 (for supply chain greenhouse gas emissions calculation)  |
|          | 7 Employee commuting  | Σ (transported persons-kilometer x emissions factor)<br>Emission factors: IDEAv2.3 (for supply chain greenhouse gas emissions calculation)   |

## Environmental Measurement Data

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

#### Kohoku Plant (Water discharge destination: Sewerage)

| Item                       | National standards | Prefectural standards | Voluntary standards | Actual value |         |
|----------------------------|--------------------|-----------------------|---------------------|--------------|---------|
|                            |                    |                       |                     | Maximum      | Average |
| BOD                        | 600                | 600                   | 540                 | 250          | 122     |
| Amount of suspended solids | 600                | 600                   | 300                 | 120          | 32      |
| n-Hexane                   | 5                  | 5                     | 4.5                 | <1           | <1      |
| Copper                     | 3                  | 3                     | 1                   | 0.40         | 0.24    |
| Zinc                       | 2                  | 2                     | 1                   | 0.09         | 0.05    |
| Soluble iron               | 10                 | 10                    | 5                   | 0.12         | 0.06    |
| Hydrogen ion exponent      | 5.0 ~9.0           | 5.0 ~9.0              | 5.2 ~8.8            | Minimum      | Maximum |
|                            |                    |                       |                     | 6.5          | 7.7     |

#### Wakaho Plant (Water discharge destination: Sewerage)

| Item                       | National standards | Prefectural standards | Voluntary standards | Actual value |         |
|----------------------------|--------------------|-----------------------|---------------------|--------------|---------|
|                            |                    |                       |                     | Maximum      | Average |
| BOD                        | 600                | 600                   | 540                 | 290          | 172     |
| Amount of suspended solids | 600                | 600                   | 200                 | 140          | 70      |
| n-Hexane                   | 5                  | 5                     | 4.5                 | <1           | <1      |
| Copper                     | 3                  | 2                     | 1.8                 | 0.36         | 0.28    |
| Zinc <sup>1</sup>          | 4                  | 3                     | 1                   | <0.02        | <0.02   |
| Soluble iron               | 10                 | 10                    | 3                   | <0.02        | <0.02   |
| Soluble manganese          | 10                 | 10                    | 4                   | 0.07         | 0.02    |
| Chromium                   | 2                  | 2                     | 0.4                 | <0.02        | <0.02   |
| Hydrogen ion exponent      | 5.0 ~9.0           | 5.0 ~9.0              | 5.2 ~8.8            | Minimum      | Maximum |
|                            |                    |                       |                     | 7.2          | 8.4     |

#### Takaoka Plant (Water discharge destination: River)

| Item                       | National standards | Prefectural standards | Voluntary standards | Actual value |         |
|----------------------------|--------------------|-----------------------|---------------------|--------------|---------|
|                            |                    |                       |                     | Maximum      | Average |
| BOD                        | 160                | 30                    | 27                  | 11           | 4.6     |
| Amount of suspended solids | 200                | 50                    | 25                  | 23           | 8       |
| n-Hexane                   | 5                  | 5                     | 2                   | <1           | <1      |
| Copper                     | 3                  | 2                     | 1                   | 0.23         | 0.11    |
| Zinc <sup>1</sup>          | 4                  | 3                     | 1.5                 | 0.04         | 0.02    |
| Soluble iron               | 10                 | 10                    | 3                   | 0.09         | 0.05    |
| Soluble manganese          | 10                 | 10                    | 3                   | 0.05         | 0.03    |
| 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 |
|                            |                    |                       |                     | 6.3          | 8.1     |

#### Arai Plant (Water discharge destination: River)

| Item                       | National standards | Prefectural standards | Voluntary standards | Actual value |         |
|----------------------------|--------------------|-----------------------|---------------------|--------------|---------|
|                            |                    |                       |                     | Maximum      | Average |
| BOD                        | 160                | 25                    | 23                  | 5.3          | 3.4     |
| Amount of suspended solids | 200                | 50                    | 32                  | 8            | 3       |
| n-Hexane                   | 5                  | 5                     | 4                   | <1           | <1      |
| Copper                     | 3                  | 2                     | 1                   | 0.14         | 0.05    |
| Zinc <sup>1</sup>          | 4                  | 4                     | 1                   | 0.06         | 0.06    |
| Soluble iron               | 10                 | 10                    | 5                   | 2.60         | 1.53    |
| Soluble manganese          | 10                 | 10                    | 3                   | 0.53         | 0.41    |
| 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 |
|                            |                    |                       |                     | 6.9          | 7.7     |

#### Kyogase Plant (Water discharge destination: River)

| Item                       | National standards | Prefectural standards | Voluntary standards | Actual value |         |
|----------------------------|--------------------|-----------------------|---------------------|--------------|---------|
|                            |                    |                       |                     | Maximum      | Average |
| BOD                        | 160                | 160                   | 80                  | 8.2          | 6.1     |
| Amount of suspended solids | 200                | 200                   | 65                  | 2            | 1       |
| n-Hexane                   | 5                  | 5                     | 2                   | <1           | <1      |
| Copper                     | 3                  | 3                     | 1                   | 0.03         | 0.02    |
| Zinc <sup>1</sup>          | 4                  | 4                     | 1                   | 0.02         | <0.02   |
| Soluble iron               | 10                 | 10                    | 3                   | 0.17         | 0.13    |
| Soluble manganese          | 10                 | 10                    | 3                   | 0.06         | 0.02    |
| 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 |
|                            |                    |                       |                     | 6.3          | 7.1     |

<sup>1</sup> National and prefectural standards are provisional standards until December 10, 2024.

## Environmental Management System ISO 14001

### Percentage of Shinko Group Business Sites with ISO 14001 Certification

|                           | FY2019      | FY2020      | FY2021      | FY2022      | FY2023      |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| In Japan                  | 100%<br>(1) | 100%<br>(1) | 100%<br>(1) | 100%<br>(1) | 100%<br>(1) |
| Overseas production sites | 100%<br>(3) | 100%<br>(3) | 100%<br>(3) | 100%<br>(2) | 100%<br>(2) |

Japan: Acquired integrated certification as Fujitsu Group

Overseas production sites: Individual companies obtained certification

### List of Business Sites with ISO 14001 Certification

#### ■ In Japan

| SHINKO ELECTRIC INDUSTRIES CO., LTD. |   |
|--------------------------------------|---|
| Registration office                  | SHINKO ELECTRIC INDUSTRIES CO., LTD.<br>Head Office (Kohoku Plant), Wakaho Plant, Takaoka Plant, Arai Plant, Kyogase Plant,<br>SHINKO R&D Center<br>Domestic Subsidiary<br>SHINKO TECHNOSERVE CO., LTD. |
| Certification body                   | Japan Audit and Certification Organization for Environment and Quality (JACO)   |
| Registration number                  | EC98J2005-D601  |
| Date of registration                 | September 12, 1995  |

#### ■ Overseas

| SHINKO ELECTRONICS (MALAYSIA) SDN. BHD. |                                      |
|---|--------------------------------------|
| Certification body                      | Bureau Veritas Quality International |
| Registration number                     | MY008657                             |
| Date of registration                    | October 18, 2000                     |
| KOREA SHINKO MICROELECTRONICS CO., LTD. |                                      |
| Certification body                      | Korean Foundation for Quality        |
| Registration number                     | EAC-0642801                          |
| Date of registration                    | July 3, 2003                         |

# Independent Assurance Report

In order to ensure the reliability of the disclosed information in the Shinko Group Sustainability Report 2024, we have received third-party assurance from KPMG AZSA Sustainability Co., Ltd. for our FY2023 performance on certain 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, 2023 to March 31, 2024 included in its Sustainability Report 2024 (the “Report”) for the fiscal year ended March 31, 2024.

### 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.
- Visiting the Company’s Takaoka Plant selected on the basis of a risk analysis.
- 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 Management

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 Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

/s/ Kazuhiko Saito

Kazuhiko Saito, Partner, Representative Director

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

December 9, 2024

Notes to the Reader of Independent Assurance Report:

This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.



# GRI Standard Comparison Table

| GRI 2: General Disclosures 2021                 |   | Pages                            | Corresponding Topics   |
|---|---|----------------------------------|--|
| 1. The organization and its reporting practices |   |                                  |  |
| 2-1   | Organizational details  | 5-8                              | Shinko Group Outline   |
| 2-2   | Entities included in the organization's sustainability reporting            | 2                                | Editorial Policy   |
| 2-3   | Reporting period, frequency and contact point                               | 2                                | Editorial Policy and Contact Information   |
| 2-4   | Restatements of information   | 100-105                          | Environmental Data   |
| 2-5   | External assurance  | 106                              | Independent Assurance Report   |
| 2. Activities and workers                       |   |                                  |  |
| 2-6   | Activities, value chain and other business relationships                    | 5-8<br>73-77                     | Shinko Group Outline<br>Promoting Social Responsibility in the Supply Chain  |
| 2-7   | Employees   | 98                               | List of Employee Related Indicators  |
| 2-8   | Workers who are not employees   | -                                | -  |
| 3. Governance                                   |   |                                  |  |
| 2-9   | Governance structure and composition  | 79-82<br>99                      | Corporate Governance<br>Governance Data  |
| 2-10  | Nomination and selection of the highest governance body                     | 79-82                            | Corporate Governance   |
| 2-11  | Chair of the highest governance body  | 79-82                            | Corporate Governance   |
| 2-12  | Role of the highest governance body in overseeing the management of impacts | 11<br>28-32<br>86-87             | Promotion System for Sustainability Activities<br>Environmental Management<br>Risk Management Promotion System/Risk Management Process   |
| 2-13  | Delegation of responsibility for managing impacts                           | 11<br>28-32<br>86                | Promotion System for Sustainability Activities<br>Environmental Management<br>Risk Management Promotion System   |
| 2-14  | Role of the highest governance body in sustainability reporting             | 11                               | Promotion System for Sustainability Activities   |
| 2-15  | Conflicts of interest   | -                                | Corporate Governance Report  |
| 2-16  | Communication of critical concerns  | 79-81<br>86-87                   | Corporate Governance System<br>Risk Management Promotion System/Risk Management Process  |
| 2-17  | Collective knowledge of the highest governance body                         | 11-12                            | Sustainability Management  |
| 2-18  | Evaluation of the performance of the highest governance body                | 79-81                            | Corporate Governance System  |
| 2-19  | Remuneration policies   | 81-82<br>-                       | Executive Remuneration<br>(Securities Report)  |
| 2-20  | Process to determine remuneration   | 81-82<br>-                       | Executive Remuneration<br>(Securities Report)  |
| 2-21  | Annual total compensation ratio   | -                                | -  |
| 4. Strategy, policies and practices             |   |                                  |  |
| 2-22  | Statement on sustainable development strategy                               | 3-4                              | Message from the President   |
| 2-23  | Policy commitments  | 9<br>20<br>53-54                 | The Shinko Way<br>RBA Code of Conduct Initiative<br>Respecting Human Rights  |
| 2-24  | Embedding policy commitments  | 53-54<br>73-77<br>83-85          | Respecting Human Rights<br>Promoting Social Responsibility in the Supply Chain<br>Compliance   |
| 2-25  | Processes to remediate negative impacts                                     | 32<br>54<br>62-63<br>84-85       | Response to Environmental Laws and Regulations<br>Human Rights Consultation Services<br>Autonomous Safety Initiatives in the Manufacturing Workplace<br>Internal Whistle-Blowing System    |
| 2-26  | Mechanisms for seeking advice and raising concerns                          | 54<br>77<br>84-85                | Human Rights Consultation Services<br>Thorough Compliance in Procurement Activities<br>Internal Whistle-Blowing System   |
| 2-27  | Compliance with laws and regulations  | 32<br>63<br>75                   | Response to Environmental Laws and Regulations<br>Status of Occupational Accidents<br>Human Rights in the Supply Chain   |
| 2-28  | Membership associations   | -                                | NA   |
| 5. Stakeholder engagement                       |   |                                  |  |
| 2-29  | Approach to stakeholder engagement  | 21<br>59<br>65-66<br>72<br>73-74 | Communication with Stakeholders and External Evaluation<br>Labor Relations<br>Contributions Deeply Rooted in Local Communities<br>Customer Support<br>CSR-Conscious Procurement Activities |

| GRI 2: General Disclosures 2021 |                                  | Pages | Corresponding Topics |
|---------------------------------|----------------------------------|-------|----------------------|
| 2-30                            | Collective bargaining agreements | 59    | Labor Relations      |

| GRI 3: Material Topics 2021 |                                      | Pages   | Corresponding Topics  |
|-----------------------------|--------------------------------------|---|---|
| 3-1                         | Process to determine material topics | 12  | Material Issues   |
| 3-2                         | List of material topics              | 12  | Material Issues   |
| 3-3                         | Management of material topics        | 11<br>13-17<br>20<br>24-26<br>27<br>28-32<br>33-39<br>53-54<br>55-56<br>60-61<br>62-64<br>73-77 | Promotion System for Sustainability Activities<br>Material Issue Targets<br>RBA Code of Conduct Initiative<br>Medium- to Long-Term Environmental Targets<br>Environmental Action Program<br>Environmental Management<br>Climate Change<br>Respecting Human Rights<br>Respect for Diversity<br>Developing and Utilizing Human Resources<br>Occupational Safety and Health<br>Promoting Social Responsibility in the Supply Chain |

|   |   | Pages                  | Corresponding Topics   |
|---|---|------------------------|--|
| GRI 201: Economic Performance 2016      |   |                        |  |
| 201-1                                   | Direct economic value generated and distributed                                 | 5-8<br>97<br>-         | Shinko Group Outline<br>Financial Data (Consolidated)<br>(Securities Report) |
| 201-2                                   | Financial implications and other risks and opportunities due to climate change  | 33-39<br>86            | Climate Change<br>Risk Management Promotion System                           |
| 201-3                                   | Defined benefit plan obligations and other retirement plans                     | -                      | (Securities Report)  |
| 201-4                                   | Financial assistance received from government                                   | -                      | -  |
| GRI 202: Market Presence 2016           |   |                        |  |
| 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                  | -                      | -  |
| GRI 203: Indirect Economic Impacts 2016 |   |                        |  |
| 203-1                                   | Infrastructure investments and services supported                               | 67                     | Supporting Youth Development   |
| 203-2                                   | Significant indirect economic impacts   | -                      | -  |
| GRI 204: Procurement Practices 2016     |   |                        |  |
| 204-1                                   | Proportion of spending on local suppliers                                       | -                      | -  |
| GRI 205: Anti-corruption 2016           |   |                        |  |
| 205-1                                   | Operations assessed for risks related to corruption                             | 87                     | Risk Management Process  |
| 205-2                                   | Communication and training about anti-corruption policies and procedures        | 73-74<br>83-85         | CSR-Conscious Procurement Activities<br>Compliance                           |
| 205-3                                   | Confirmed incidents of corruption and actions taken                             | -                      | NA   |
| GRI 206: Anti-competitive Behavior 2016 |   |                        |  |
| 206-1                                   | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | -                      | NA   |
| GRI 207: Tax 2019                       |   |                        |  |
| 207-1                                   | Approach to tax   | -                      | -  |
| 207-2                                   | Tax governance, control, and risk management                                    | 86<br>87               | Risk Management Promotion System<br>Risk Management Process                  |
| 207-3                                   | Stakeholder engagement and management of concerns related to tax                | -                      | -  |
| 207-4                                   | Country-by-country reporting  | -                      | -  |
| GRI 301: Materials 2016                 |   |                        |  |
| 301-1                                   | Materials used by weight or volume  | 100-105                | Environmental Data   |
| 301-2                                   | Recycled input materials used   | -                      | -  |
| 301-3                                   | Reclaimed products and their packaging materials                                | 51                     | Initiatives at Overseas Plants   |
| GRI 302: Energy 2016                    |   |                        |  |
| 302-1                                   | Energy consumption within the organization                                      | 100-105                | Environmental Data   |
| 302-2                                   | Energy consumption outside of the organization                                  | -                      | -  |
| 302-3                                   | Energy intensity  | 100-105                | Environmental Data   |
| 302-4                                   | Reduction of energy consumption   | 33-39<br>51<br>100-105 | Climate Change<br>Initiatives at Overseas Plants<br>Environmental Data       |
| 302-5                                   | Reductions in energy requirements of products and services                      | -                      | -  |

|   |   | Pages                  | Corresponding Topics   |
|---|---|------------------------|--|
| GRI 303: Water and Effluents 2018               |   |                        |  |
| 303-1   | Interactions with water as a shared resource  | 44-46<br>76<br>100-105 | Reducing Water Use<br>Green Procurement<br>Environmental Data                                    |
| 303-2   | Management of water discharge-related impacts   | 100-105                | Environmental Data   |
| 303-3   | Water withdrawal  | 100-105                | Environmental Data   |
| 303-4   | Water discharge   | 100-105                | Environmental Data   |
| 303-5   | Water consumption   | 100-105                | Environmental Data   |
| GRI 304: Biodiversity 2016                      |   |                        |  |
| 304-1   | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | -                      | NA   |
| 304-2   | Significant impacts of activities, products and services on biodiversity  | 47-49                  | Conservation of Biodiversity   |
| 304-3   | Habitats protected or restored  | 47-49<br>66            | Conservation of Biodiversity<br>Initiatives to Protect the Local Environment                     |
| 304-4   | IUCN Red List species and national conservation list species with habitats in areas affected by operations                                | -                      | NA   |
| GRI 305: Emissions 2016                         |   |                        |  |
| 305-1   | Direct (Scope 1) GHG emissions  | 100-105                | Environmental Data   |
| 305-2   | Energy indirect (Scope 2) GHG emissions   | 100-105                | Environmental Data   |
| 305-3   | Other indirect (Scope 3) GHG emissions  | 100-105                | Environmental Data   |
| 305-4   | GHG emissions intensity   | 100-105                | Environmental Data   |
| 305-5   | Reduction of GHG emissions  | 33-39                  | Climate Change   |
| 305-6   | Emissions of ozone-depleting substances (ODS)   | 30<br>100-105          | Response to the Act on Rational Use and Proper Management of Fluorocarbons<br>Environmental Data |
| 305-7   | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions   | 100-105                | Environmental Data   |
| GRI 306: Waste 2020                             |   |                        |  |
| 306-1   | Waste generation and significant waste-related impacts  | 40-43<br>100-105       | Waste Reduction<br>Environmental Data  |
| 306-2   | Management of significant waste-related impacts   | 40-43<br>100-105       | Waste Reduction<br>Environmental Data  |
| 306-3   | Waste generated   | 40-43<br>100-105       | Waste Reduction<br>Environmental Data  |
| 306-4   | Waste diverted from disposal  | 40-43<br>100-105       | Waste Reduction<br>Environmental Data  |
| 306-5   | Waste directed to disposal  | 40-43<br>100-105       | Waste Reduction<br>Environmental Data  |
| GRI 308: Supplier Environmental Assessment 2016 |   |                        |  |
| 308-1   | New suppliers that were screened using environmental criteria   | -                      | -  |
| 308-2   | Negative environmental impacts in the supply chain and actions taken  | 73-74<br>76            | CSR-Conscious Procurement Activities<br>Green Procurement  |
| GRI 401: Employment 2016                        |   |                        |  |
| 401-1   | New employee hires and employee turnover  | 98                     | 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  | 98                     | List of Employee Related Indicators  |
| GRI 402: Labor/Management Relations 2016        |   |                        |  |
| 402-1   | Minimum notice periods regarding operational changes  | -                      | -  |
| GRI 403: Occupational Health and Safety 2018    |   |                        |  |
| 403-1   | Occupational health and safety management system  | 62-64                  | Occupational Safety and Health   |
| 403-2   | Hazard identification, risk assessment, and incident investigation  | 62-64                  | Occupational Safety and Health   |
| 403-3   | Occupational health services  | 62-64                  | Occupational Safety and Health   |
| 403-4   | Worker participation, consultation, and communication on occupational health and safety   | 59<br>62-64            | Labor Relations<br>Occupational Safety and Health  |
| 403-5   | Worker training on occupational health and safety   | 62-64                  | Occupational Safety and Health   |
| 403-6   | Promotion of worker health  | 62-64                  | Occupational Safety and Health   |
| 403-7   | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships                             | 62-63                  | Safety and Health Plus Fire and Disaster<br>Prevention Promotion System                          |
| 403-8   | Workers covered by an occupational health and safety management system  | 62-64                  | Occupational Safety and Health   |

|  |  | Pages                | Corresponding Topics  |
|--|--|----------------------|---|
| 403-9  | Work-related injuries  | 62-64<br>98          | Occupational Safety and Health<br>List of Employee Related Indicators   |
| 403-10   | Work-related ill health  | 62-64<br>98          | Occupational Safety and Health<br>List of Employee Related Indicators   |
| GRI 404: Training and Education 2016                           |  |                      |   |
| 404-1  | Average hours of training per year per employee  | 61<br>98             | Education and Training Initiatives<br>List of Employee Related Indicators                                     |
| 404-2  | Programs for upgrading employee skills and transition assistance programs                                      | 55-56<br>60<br>61    | Initiatives to Promote Active Participation by Women<br>Training System<br>Education and Training Initiatives |
| 404-3  | Percentage of employees receiving regular performance and career development reviews                           | 61                   | Personnel Systems Based on Fair Evaluation and Fair Pay   |
| GRI 405: Diversity and Equal Opportunity 2016                  |  |                      |   |
| 405-1  | Diversity of governance bodies and employees   | 99<br>98             | Governance Data<br>List of Employee Related Indicators  |
| 405-2  | Ratio of basic salary and remuneration of women to men   | 55-56                | Initiatives to Promote Active Participation by Women  |
| GRI 406: Non-discrimination 2016                               |  |                      |   |
| 406-1  | Incidents of discrimination and corrective actions taken   | 54                   | Response to Human Rights Consultation   |
| GRI 407: Freedom of Association and Collective Bargaining 2016 |  |                      |   |
| 407-1  | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | -                    | -   |
| GRI 408: Child Labor 2016                                      |  |                      |   |
| 408-1  | Operations and suppliers at significant risk for incidents of child labor                                      | 53-54<br>73-74       | Respecting Human Rights<br>CSR-Conscious Procurement Activities   |
| GRI 409: Forced or Compulsory Labor 2016                       |  |                      |   |
| 409-1  | Operations and suppliers at significant risk for incidents of forced or compulsory labor                       | 53-54<br>73-74       | Respecting Human Rights<br>CSR-Conscious Procurement Activities   |
| GRI 410: Security Practices 2016                               |  |                      |   |
| 410-1  | Security personnel trained in human rights policies or procedures  | -                    | -   |
| GRI 411: Rights of Indigenous Peoples 2016                     |  |                      |   |
| 411-1  | Incidents of violations involving rights of indigenous peoples   | -                    | NA  |
| GRI 413: Local Communities 2016                                |  |                      |   |
| 413-1  | Operations with local community engagement, impact assessments, and development programs                       | 21<br>47-50<br>65-68 | Communication with Stakeholders<br>Living in Harmony with Nature<br>Contributing to Local Communities         |
| 413-2  | Operations with significant actual and potential negative impacts on local communities                         | -                    | -   |
| GRI 414: Supplier Social Assessment 2016                       |  |                      |   |
| 414-1  | New suppliers that were screened using social criteria   | -                    | -   |
| 414-2  | Negative social impacts in the supply chain and actions taken  | 73-74<br>75          | CSR-Conscious Procurement Activities<br>Initiatives for Responsible Minerals Sourcing                         |
| GRI 415: Public Policy 2016                                    |  |                      |   |
| 415-1  | Political contributions  | -                    | -   |
| GRI 416: Customer Health and Safety 2016                       |  |                      |   |
| 416-1  | Assessment of the health and safety impacts of product and service categories                                  | -                    | -   |
| 416-2  | Incidents of non-compliance concerning the health and safety impacts of products and services                  | -                    | NA  |
| GRI 417: Marketing and Labeling 2016                           |  |                      |   |
| 417-1  | Requirements for product and service information and labeling  | -                    | -   |
| 417-2  | Incidents of non-compliance concerning product and service information and labeling                            | -                    | NA  |
| 417-3  | Incidents of non-compliance concerning marketing communications  | -                    | NA  |
| GRI 418: Customer Privacy 2016                                 |  |                      |   |
| 418-1  | Substantiated complaints concerning breaches of customer privacy and losses of customer data                   | 91-92                | Information Security  |
| GRI 306: Effluents and Waste 2016                              |  |                      |   |
| 306-3  | Significant spills   | 28-32                | Environmental Management  |