



Living in Harmony with Nature

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

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

Global Risks Report 2023, published by the World Economic Forum (WEF), lists "loss of biodiversity and ecosystem collapse" as the fourth most serious global risk in the next 10 years, and "natural resource crisis" as the sixth most serious global risk. These are thus recognized as important issues on a par with climate change. Against this backdrop, the G7 2030 Nature Compact agreed upon the goal of becoming "nature positive," or "stopping and reversing biodiversity loss by 2030 to put nature on a recovery path."

In the future, carbon neutrality (net zero greenhouse gas emissions) alone will not be enough. An integrated approach that strives to realize nature positive business practices that restore and regenerate nature will be considered important.

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.

We also consider our impact on ecosystems and are assessing water risk and water stress. [See Response to Water Risks \(page 41\)](#)

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.

Assessment of Biodiversity Risk at Production Sites¹ (FY2022) (Number of Production Sites/Percentage)

WWF Biodiversity Risk Filter Level ²		Physical Risk ³				Reputational Risk ⁴			
		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%

¹ 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)

² WWF Biodiversity Risk Filter Criteria

³ WWF Risk Type "Scape Physical Risk"

⁴ 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.

Activity	FY2022 Target	Results
Forest maintenance	Conduct 2 times	2 times



Group photo of the participants



Scene of participants planting seedlings

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

Certification year	Area maintained	Amount of carbon dioxide (CO ₂) absorbed
FY2022	0.32 ha ⁵	0.2 t-CO ₂ /year ⁶
FY2021	0.19 ha	0.1 t-CO ₂ /year

⁵ Total area maintained, including area newly certified in FY2022 + previously certified area

⁶ Amount of CO₂ absorbed by trees growing in area described in 5 above in FY2022

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

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 FY2022, we identified 151 species of plants, 93 species of terrestrial insects, and 24 species of aquatic organisms, many of which are native species. However, some alien species that threaten existing ecosystems have also been found. We are exterminating and monitoring them as indicator species to identify problems and make improvements. We will continue our activities to improve biodiversity at the Kurita Sogo Center.

Activities	FY2022 Targets	Results
Natural environment survey	Implement survey	Implemented survey
Measurement of effect of extermination	Examination of methods for assessing effects	Extraction of assessment method Continuation of monitoring



Kurita Sogo Center (Kurita, Nagano City)



Living things at Kurita Sogo Center

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.

Activities	FY2022 Targets	Results
Environmental education	Conduct 3 times	3 times
Awareness-raising activities	Conduct 2 times	2 times

Controlling Emissions from Chemical Substances

Chemicals make people's lives more convenient, but they can have a significant impact on human health and ecosystems.

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.

● 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 system¹. When previously unused chemical substances are to be processed, they will be used properly after conducting a risk assessment to identify any environmental risks.

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

● Control of Chemical Substances Contained in Products

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

[See Managing Chemical Substances in Products\(P71\)](#)

² chemSHERPA[®]: Chemical information SHaring and Exchange under Reporting PARTnership in supply chain. chemSHERPA[®] is the data generation tool for obtaining and disseminating information on the chemical substances contained in products and can be used by all business operators involved in processes from raw material procurement to product finishing.

● 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 \(page 32\)](#)