



# Sustainability Report

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# 2025

Brightening the Future

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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 FY2024 (from April 1, 2024 to March 31, 2025) 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 2025

Japanese original : September 2025

Next issue: September 2026 (previous issue: September 2024)

### Reference Guidelines

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

## Contact Information

SHINKO ELECTRIC INDUSTRIES CO., LTD.

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

CSR Promotion Department, Sustainability Promotion Division

### Inquiry for Sustainability

<https://www.shinko.co.jp/english/sustainability/contact/index.php>

# Message from the President

## Toward a new stage of growth

Following a tender offer and a series of subsequent procedures, Shinko has delisted its shares and embarked on a new growth stage, with a consortium led by JIC Capital, Ltd. (hereinafter “JICC Consortium”) as its new partner, to further enhance corporate value and achieve sustainable growth.

The environment surrounding us continues to present severe challenges with an increasingly uncertain outlook. This includes heightened geopolitical risks, changes in trade policies across nations, and intensifying natural disasters and ongoing sea level rise due to climate change. On the other hand, as diverse technologies, which are expected to bring significant changes to people's lives and businesses worldwide, while also contributing to solving social issues, evolve and become more widespread, the semiconductors underpinning these technologies are forecasted to continue expanding their market and broadening their applications. In this environment, we will advance our business going forward under the JICC Consortium, which enables us to pursue initiatives enhancing our corporate value from a medium- to long-term perspective, thereby striving to maximize the connection between market growth and the growth of our Group.

The Shinko Group will continue to aim for remaining a trusted and indispensable company to society. Toward that end, we will help enrich people's lives by providing advanced products and technologies that support the functionality of high-performance semiconductors, while fulfilling our corporate social responsibility by addressing diverse sustainability challenges, thereby contributing to the realization of a sustainable society.

## Environmental conservation initiatives inherited from our founding spirit

Shinko began its business by refurbishing household light bulbs during the early postwar period when materials were scarce. In essence, the recycling business of limited resources was the starting point for the Group. Subsequently, leveraging the technology cultivated through our light bulb recycling business as a foundation, we applied and advanced our accumulated expertise to enter the semiconductor industry. Since then, we have expanded our global operations, focusing primarily on the development and manufacturing of products that support semiconductor functionality. We have inherited the founding spirit that started with resource recycling. In the Shinko Way, which consolidates our corporate philosophy, guidelines, and values, we position environmental conservation as one of our top management priorities and have consistently worked to reduce our environmental impact. Also, as part of our responsibility as a manufacturing company, we are strengthening our activities to address environmental challenges and undertaking various initiatives



across three key areas—climate change, resource circulation, and living in harmony with nature—to achieve our desired future state, aligned with our "Environmental Vision 2050," which clarifies our Group's future direction. In addition to reducing environmental impact in our business activities, we are also strengthening our efforts to ensure a thriving natural environment is passed on to future generations, including working closely with local governments on forest maintenance activities.

We will continue to pursue environmentally conscious manufacturing at our domestic and overseas production sites, guided by our fundamental vision of harmonizing our corporate activities with the global environment. We will also advance initiatives that contribute to the conservation of local environment.

## Management respecting people-friendly approach

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Shinko traces its roots to a wartime factory evacuated from the Tokyo metropolitan area. When the war ended, the factory was destined for closure. However, our founders established a joint-stock company to protect the workers' jobs and livelihoods. Later, this joint-stock company was reorganized and renamed to become Shinko. Our Group has kept the founders' vision alive to this day, conducting our business operations with "people-friendly approach" at the forefront. The Shinko Way also positions employees as our Group's most valuable asset, with Corporate Values of respecting diversity and supporting individual growth. Under the new capital and management structure, our Group will expand its business activities, while pursuing sustainable growth as a company through responding to further advancement of semiconductor functionality and to demands from markets and customers. Human resources form the foundation of that growth. To overcome increasingly challenging tasks and meet market and customer expectations, we believe the driving force lies in harnessing the capabilities of employees with diverse personalities, perspectives, and backgrounds to spark new innovation within the Company. We will continue promoting a corporate culture where every employee can work with pride and motivation, respecting the people-friendly approach, starting with creating workplace environments where diverse talents can fully utilize their abilities, establishing supportive systems, and enhancing our training programs.

## Striving for limitless progress

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Amid rapid changes in the business environment surrounding our Group, including structural shifts in the semiconductor market, we are also working to enhance corporate value under a new capital and management structure, focusing on strengthening governance and management oversight. Seizing market shifts and changes in capital structure as opportunities for our Group to achieve further growth, we are strengthening our corporate foundation by boldly challenging transformation across the entire company and accomplishing our goals.

Through these efforts, we will build a resilient corporate structure, aiming for sustainable growth and enhanced corporate value as we pursue "limitless progress."

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.

### Susumu Kurashima

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



# Our History

## 1946-1965

### A New Light for People and for Society

Our manufacturing started with the recycling business of household lightbulbs in post-war Japan. In anticipation of a new era, we focused all of our efforts on developing new products. This effort is the source of our current technological innovation.

#### 1946

- Established Nagano Katei Denki Saisei-jo as a limited partnership
- Reorganized and renamed Nagano Katei Denki Saisei-jo, creating SHINKO ELECTRIC INDUSTRIES CO., LTD.

#### 1949

- Began supplying No.2 lamps to the Japan Ministry of Telecommunications (now NTT, Inc.)



#### 1953

- Began manufacturing glass-to-metal seals for diodes

#### 1957

- Obtained equity participation from Fujitsu Ltd., to expand into the field of semiconductors
- Opened the Kurita Plant in Nagano City, Nagano Prefecture



#### 1959

- Began manufacturing glass-to-metal seals for transistors



#### 1960

- Formed the SHINKO WORKERS UNION

#### 1963

- Opened the Kohoku Plant in Kohoku Village, Sarashina-gun(now Oshimada-machi, Nagano City), Nagano Prefecture



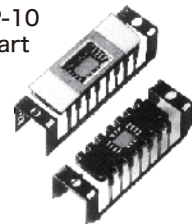
## 1966-1985

### Supporting the Development of Semiconductor Industry, and Expanding Business Globally

We made full use of semiconductor packaging technologies to steadily expand the business fields. It was in this era that our business expanded overseas rapidly.

#### 1966

- Began manufacturing DIP-10 packages, marking the start of IC package production by the Company



#### 1968

- Began manufacturing leadframes

#### 1977

- Established SHINKO ELECTRIC AMERICA, INC. in the US state of California

#### 1978

- Opened the Arai Plant in Arai City (now Myoko City), Niigata Prefecture

#### 1979

- Began IC assembly

#### 1980

- Opened the Takaoka Plant in Nakano City, Nagano Prefecture



#### 1982

- Began manufacturing glass-to-metal seals for laser diodes

#### 1984

- Listed shares on the Second Section of the Tokyo Stock Exchange

# 1986-2005

## Keeping Up with the Challenges of Accelerating Digital Technology

It is in our DNA to make the dreams of our customers a reality in the drive to satisfy market needs, under the environment where semiconductors continue to evolve smaller, thinner, and lighter.

### 1987

- Established KOREA SHINKO MICROELECTRONICS Co., Ltd.

### 1990

- Established SHINKO ELECTRONICS (MALAYSIA) SDN.BHD.

### 1991

- Opened the Wakaho R&D Center (now the Wakaho Plant) in Nagano City, Nagano Prefecture

### 1993

- Opened the Kyogase Plant in Kyogase Village (now Agano City), Niigata Prefecture



### 1994

- Established the Environmental Charter (later renamed the "Environmental Policy")

### 1995

- Began manufacturing PLP (Plastic Laminated Package)

### 1996

- Listed shares on the First Section of the Tokyo Stock Exchange



### 1998

- Takaoka Plant gains the ISO 14001 international environmental management certification. Other plants later gained the same certification as well.

### 2002

- Opened the SHINKO R&D Center in Kitaowaribe, Nagano City (within the former Nagano Plant of Fujitsu Ltd.)

### 2004

- Announced the opening of the Kurita Sogo Center. (formerly the Kurita Plant)



# 2006-2025

## Supporting the Innovation of Semiconductors Towards the Next Generation

Semiconductor technology that brings innovation in society. We pursue the highest level of manufacturing and technology and continuously strive to develop the latest innovations.

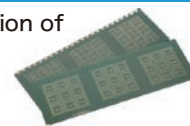
### 2010

- Established the Shinko Way
- Began large-scale production of DLL3® Coreless Substrates (an industry-first)



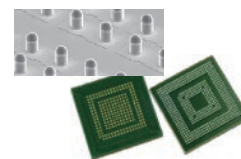
### 2013

- Began large-scale production of PBGA Thin Substrates (Coreless)



### 2014

- Began large-scale production of Cu pillars
- Began large-scale production of MCEPs



### 2017

- Announced a Joint Labor Management Declaration on Transforming Work Styles

### 2021

- Opened the SHINKO Techno Academy

### 2022

- Established the Environmental Vision 2050
- Moved to the Prime Market due to the restructuring of the Tokyo Stock Exchange market



### 2023

- Opened the Chikuma Plant in Chikuma City, Nagano Prefecture



### 2025

- Delisted the shares with JICC Consortium as a new partner

Advancing to a new stage of further growth

# Shinko Group Outline

(as of September 30, 2025)

Corporate name SHINKO ELECTRIC INDUSTRIES CO., LTD.

Established September 12, 1946

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

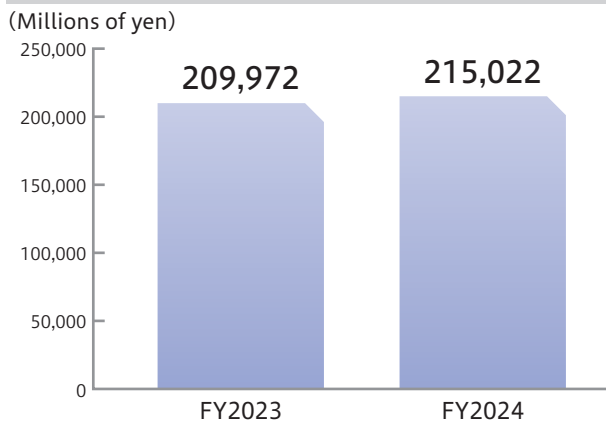
Capital 310 million yen

Number of employees 4,687 (Consolidated 5,395) as of March 31, 2025

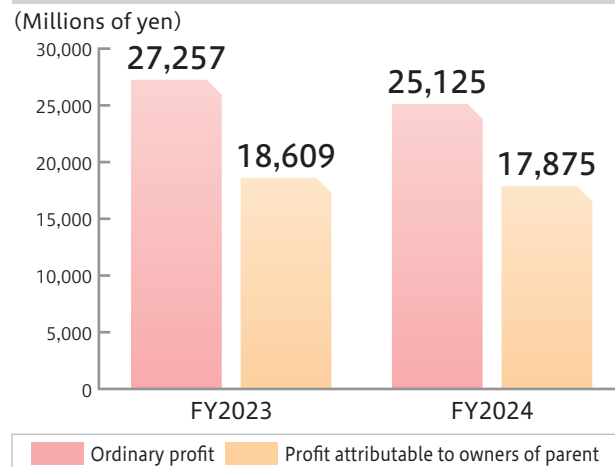
Major business lines Manufacturing and sales of plastic laminated packages (PLPs), leadframes, glass-to-metal seals, heat spreaders, and ceramic electrostatic chucks  
IC assembly

## Financial Highlights (Consolidated)

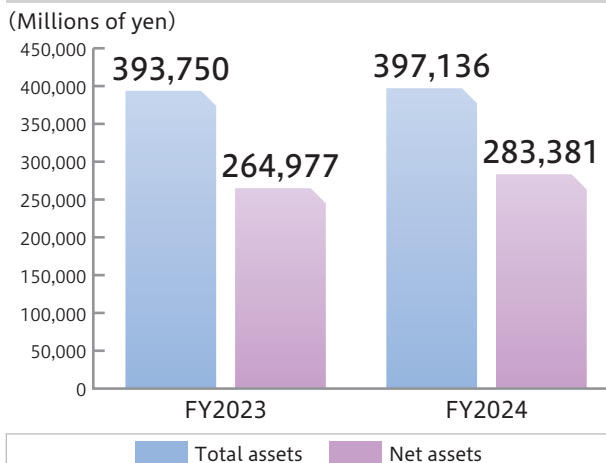
### Net Sales



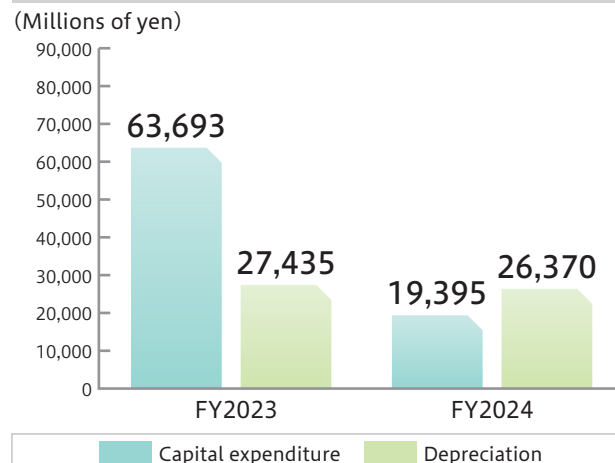
### Ordinary profit/Profit attributable to owners of parent



### Total assets/Net assets



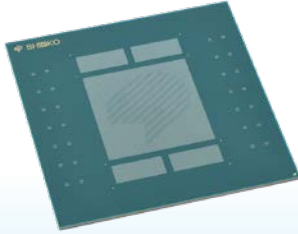
### Capital expenditure/Depreciation



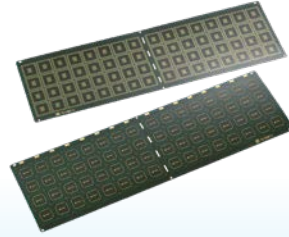
## Business Overview by Segment

### Plastic Packages

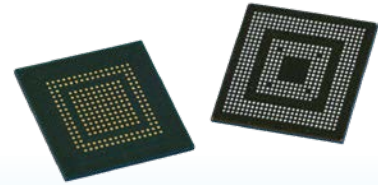
The Plastic Packages segment consists of flip-chip type packages, plastic BGA substrates, and IC assemblies.



Flip-Chip Type Package



Plastic BGA Substrates

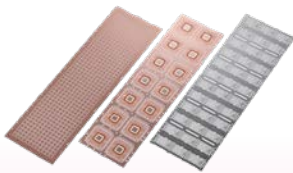


IC Assemblies

**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



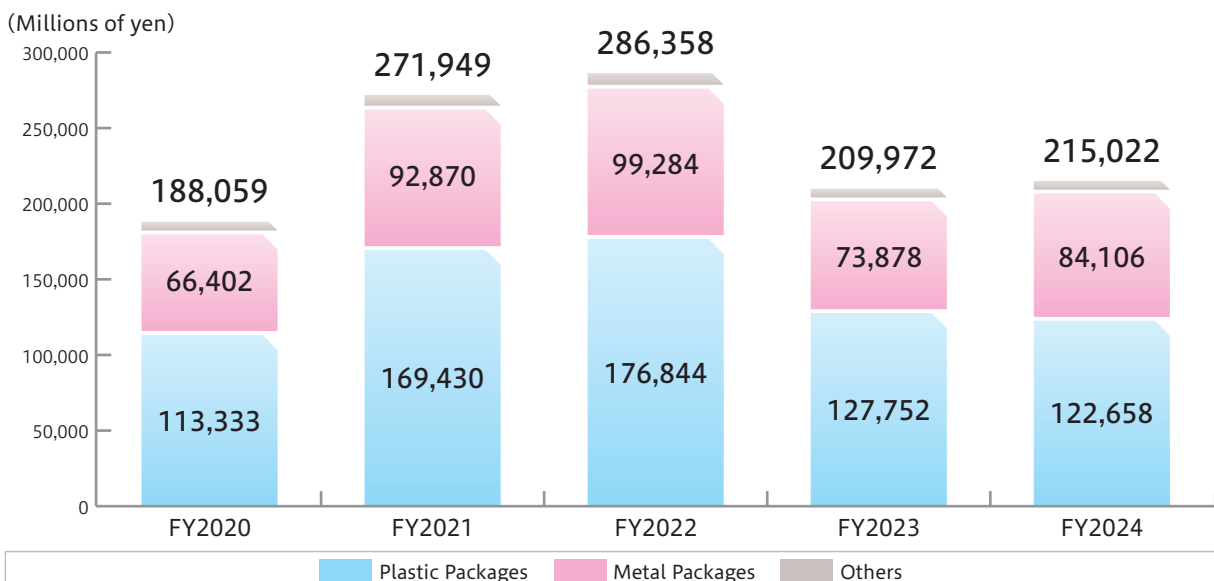
Glass-to-Metal Seals



Heat Spreaders

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

### Net Sales by Business Segment (Consolidated)



# Global Network

## Domestic

### Head Office



Head Office/Kohoku Plant (Nagano City)



### Major Sites



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

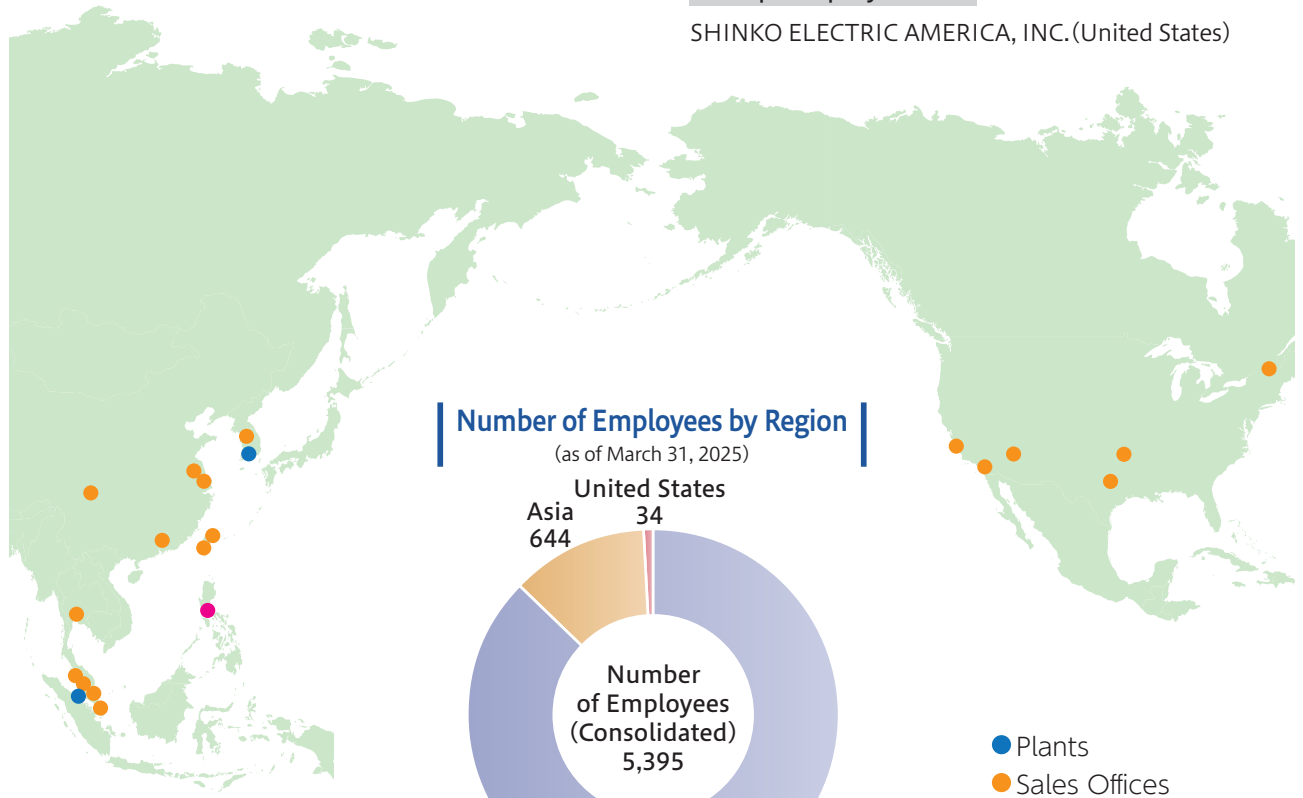
Group Company SHINKO TECHNOSERVE CO., LTD. (Nagano City)

# Overseas

## United States

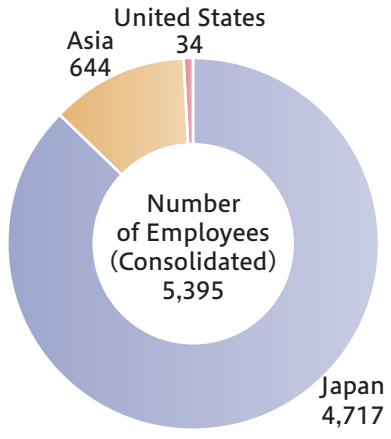
Group Company (Sales)

SHINKO ELECTRIC AMERICA, INC. (United States)



### Number of Employees by Region

(as of March 31, 2025)



- Plants
- Sales Offices
- Representative Office

## 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)

# The Shinko Way

The Shinko Way embodies the philosophy of the Shinko Group, our reason for existence, values and the principles that we follow in our daily activities. The Shinko Group continuously increase corporate value through practice of the Shinko Way, together with our consistent functioning as a corporate group.

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

## Corporate Vision

### Technology Leadership

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

### The Art of Manufacturing

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

### Long Term Vision

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

### Global Outlook

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

### Responsibility to Individual

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

## Founder's Philosophy

### Economizing

### Innovation by manufacturing site

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

### Responsibility to Individual

## Corporate Values

### What we strive for

#### Society and Environment

In all our actions, we protect the environment and contribute to society.

#### Profit and Growth

We strive to meet the expectations of customers, employees and shareholders.

#### Shareholders and Investors

We seek to continuously increase our corporate value.

#### Global Perspective

We think and act from a global perspective.

#### 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.



# 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

# 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.

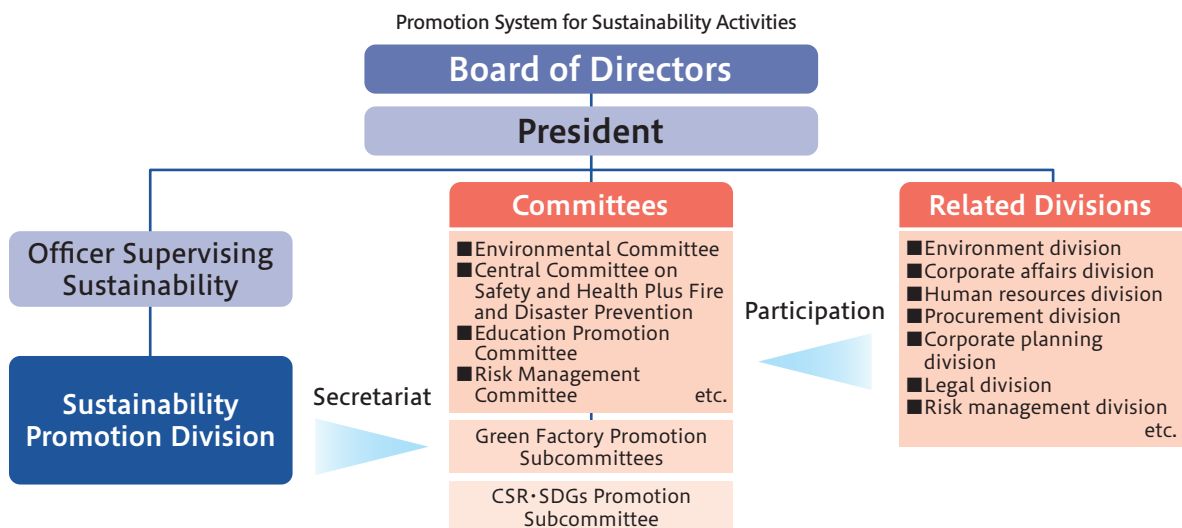
We also aim to contribute to the achievement of the Sustainable Development Goals (SDGs) advocated by the United Nations by addressing climate change and other worsening environmental issues, as well as social issues that are growing more diverse and complex.

## 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.

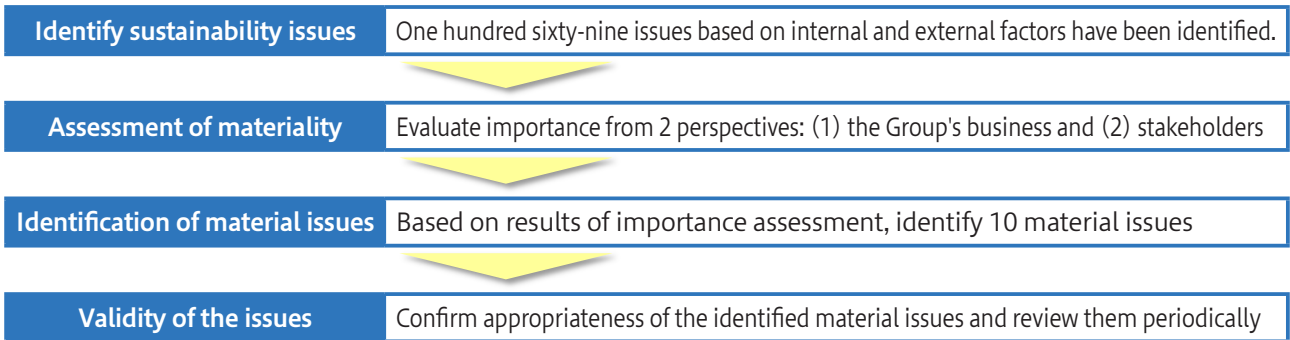


# Material Issues (Materiality)

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	Field	Materiality	Action Themes
Environmental issues	1. Climate change	(1) Responding to climate change	Social issues	6. Creating a dynamic corporate culture	(3) Fair evaluation
		(2) Reducing energy consumption			(4) Labor relations
	2. Resource circulation	(1) Reducing waste		7. Creating a safe and comfortable working environment	(1) Occupational safety and health
		(2) Reducing water use			(2) Emergency Preparedness
		(3) Reducing raw material use			(1) Promotion of green procurement
	3. Living in harmony with nature	(1) Biodiversity conservation		8. Promoting social responsibility in the supply chain	(2) Responsible minerals sourcing
(2) Prevention of pollution		(3) Respecting human rights in the supply chain			
(3) Management of toxic substances		(1) Contributing to society through technology and manufacturing			
Social issues	4. Contributing to and coexistence with local communities	(1) Dialogue and coexistence with local communities	9. Contributing to society through technology and quality	(2) Fulfilling social responsibility by pursuing quality	
		5. Respect for human rights and diversity		(1) Respecting human rights	Governance
	(2) Use of diverse employees		(2) Compliance		
	(3) Responding to LGBTQ issues		(3) Risk management		
6. Creating a dynamic corporate culture	(1) Work-life balance	(4) Information protection			
	(2) Human resource development				

# 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 FY2024

### Environment

Materiality	Action Themes	FY2024 Targets	FY2024 Results
Climate change	Responding to climate change	●Reduce CO <sub>2</sub> emissions at all business sites in Japan: 22.4% or more (compared to FY2020)	●Reduced CO <sub>2</sub> emissions at all business sites in Japan: 33.0% (compared to FY2020)
		●Rate of renewable energy use: 49.9% or more	●Rate of renewable energy use: 50.2%
Resource circulation	Reducing waste	●Waste reduction: Conduct measures to reduce by at least 203 tons	●Waste reduction: Implemented measures to reduce the amount of waste equivalent to 269 tons
		●Effective utilization rate of plastic wastes: maintain 99% or more	●Effective utilization rate of plastic wastes:99.9%
	Reducing water use	●Reduce water use: Conduct measures to reduce by at least 38,270m <sup>3</sup>	●Reduce water use: Implemented measures to reduce the amount of water use equivalent to 46,185 m <sup>3</sup>
Living in harmony with nature	Biodiversity conservation	●Forest maintenance through participation in the adopt-a-forest program in Nagano Prefecture	●Forest maintenance: 2 times
		●Biodiversity conservation at the Kurita Sogo Center	●Extermination of invasive alien species: 6 times ●Monitoring surveys: 3 times
		●Biodiversity education and awareness activities	●Environmental education: 3 times ●Awareness material: 2 times

### Social

Materiality	Action Themes	FY2024 Targets	FY2024 Results
Contributing to and coexistence with local communities	Dialogue and coexistence with local communities	●Conduct tours at each plant	●Conducted tours at Kohoku Plant and Takaoka Plant for a total of 5 middle school students, 249 high school students, and 50 college students
		●Conducting standing guard activities for traffic safety in the vicinity of each plant	●Conducted standing guard activities for traffic safety at Kohoku Plant, Wakaho Plant, Chikuma Plant, Takaoka Plant, Arai Plant, Kyogase Plant (25 times in total)
Respect for human rights and diversity	Respecting human rights	●Promote human rights education for all employees	●Implemented human rights education as part of company-wide Shinko Way education (5,552 participants) ●Implementation of human rights education as part of rank-specific training (306 participants)
		Use of diverse employees	●Newly implemented follow-up measures for participants of the previous year's Female Leader Training (33 people)
		●Create a workplace environment where employees with disabilities can exercise their individual abilities and work easily	●Improved the employment rate of persons with disabilities (2.56% as of June, 2024 → 2.68% as of March 2025)

Materiality	Action Themes	FY2024 Targets	FY2024 Results
Creating a dynamic corporate culture	Work-life balance	●Strengthening the Transforming Work Styles initiative	●Labor Management Council on Transforming Work Styles ●Expanded eligibility requirements for special leave for nursing care for a child ●Implemented a Work-Life Balance Seminar (28 participants)
		●Increase male childcare participation rate	●Improved the percentage of male employees taking childcare leave (29% in FY2023 → 55% in FY2024)
	Human resource development	●Expand training programs for cultivating global human resources	●Increased in the number of in-house TOEIC tests administered (4 times in FY2023 → 5 times in FY2024)
Creating a safe and comfortable working environment	Occupational safety and health	●Promoting safety and health, plus fire and disaster prevention-activities (complying with laws and regulations related to safety and health, plus fire and disaster prevention, as well as internal rules and regulations)	●Implemented fire prevention and disaster prevention activities, and conducted evacuation drills for all employees (5,123 participants in total)
		●Number of serious accidents: 0	●Falling accidents prevention awareness campaign ●Caution regarding dangerous activities such as walking while using a smartphone ●Number of serious accidents: 0
		●Improving safety awareness and management standards	●Implemented safety education for all employees (5,353 participants) ●Implemented rank-specific training (306 participants) ●Implemented Hazard Perception Education (442 participants)
		●Specific health guidance implementation rate: 75%	●Specific health guidance implementation rate: 75.0%
		●Increase attendance at health-promoting walking events by 10% year-on-year	●Number of attendance: Increased by 4.4% year-on-year
Promoting social responsibility in the supply chain	Promotion of green procurement	●Promoting efforts to reduce CO <sub>2</sub> emissions and conserve water resources upstream in the supply chain	●Requested all suppliers to cooperate with green procurement (730 companies, including 716 companies in Japan and 14 overseas companies)
		●Confirming initiatives by major suppliers	●Survey conducted with major suppliers regarding CO <sub>2</sub> emission reduction activities (56 companies / 100% response rate / no corrective actions required)
	Responsible minerals sourcing	●Upstream surveys of raw materials using the RMI* template and improvement activities to promote due diligence	●Conducted surveys using RMI templates (75 cases) ●Conducted risk assessments and requested improvement of RMI-compliant procurement rate based on survey responses
	Promotion of green procurement / Responsible minerals sourcing / Respecting human rights in the supply chain	●Disseminate Shinko Procurement Policy and Procurement Guidelines to suppliers	●Implemented dissemination of our purchasing policy (730 companies, including 716 companies in Japan and 14 overseas companies)
		●Confirm CSR status of major suppliers	●Surveyed suppliers that accounted for at least 80% of our production materials purchases (21 companies / no corrective actions required)
		●Confirm CSR status of on-site contractors	●Conducted CSR questionnaire and on-site checks for on-site contractors (7 companies / no corrective actions required)

\* RMI: Responsible Minerals Initiative

## Governance

Materiality	Action Themes	FY2024 Targets	FY2024 Results
Strengthening governance	Corporate governance	<ul style="list-style-type: none"> <li>● Respond to requests for disclosure of non-financial information</li> </ul>	<ul style="list-style-type: none"> <li>● Ensured and enhanced disclosure through various publications and websites</li> </ul>
	Compliance	<ul style="list-style-type: none"> <li>● Implementing trainings related to compliance</li> </ul>	<ul style="list-style-type: none"> <li>● Conducted the Shinko Way education for all employees at sites in Japan (5,552 participants)</li> <li>● Conducted compliance training for all employees at overseas sites (781 participants)</li> <li>● Rank-specific training (136 participants)</li> <li>● Training for employees assigned overseas (10 participants)</li> </ul>
		<ul style="list-style-type: none"> <li>● Disseminate and Operate the internal whistleblowing system</li> </ul>	<ul style="list-style-type: none"> <li>● Disseminated within the Shinko Way education and compliance training</li> <li>● Operated and handled the internal whistleblowing system</li> </ul>
		<ul style="list-style-type: none"> <li>● Conduct monitoring to understand risks</li> </ul>	<ul style="list-style-type: none"> <li>● Conducted employee awareness survey at sites in Japan</li> <li>● Conducted compliance survey and employee awareness survey at overseas sites</li> </ul>
		<ul style="list-style-type: none"> <li>● Intellectual property education for engineers</li> </ul>	<ul style="list-style-type: none"> <li>● Conducted intellectual property education for engineers (9 times / 449 participants in total)</li> </ul>
		<ul style="list-style-type: none"> <li>● Conduct education and training for applicable departments on the security trade control system and the specified export declaration system</li> </ul>	<ul style="list-style-type: none"> <li>● Implemented education on the security trade control system as part of company-wide Shinko Way education (5,552 participants)</li> <li>● Implemented rank-specific training (169 participants)</li> <li>● Conducted trainings for trade control administrators, designated departments, and employees assigned overseas (45 participants)</li> </ul>
	Risk management	<ul style="list-style-type: none"> <li>● Understand risks through potential risk surveys and conduct hearings with related divisions</li> </ul>	<ul style="list-style-type: none"> <li>● Conducted potential risk surveys and hearings</li> </ul>
		<ul style="list-style-type: none"> <li>● Enhance and implement company-wide disaster prevention and business continuity management education</li> </ul>	<ul style="list-style-type: none"> <li>● Implemented company-wide disaster prevention and business continuity management education (5,429 participants)</li> <li>● Training to raise risk awareness for manufacturing process leaders (98 participants)</li> <li>● Implemented rank-specific risk management education (294 participants)</li> </ul>
		<ul style="list-style-type: none"> <li>● Reinforcing disaster risk countermeasures</li> </ul>	<ul style="list-style-type: none"> <li>● Implementation of countermeasures based on assessment results by external experts</li> </ul>
		<ul style="list-style-type: none"> <li>● Strengthen ability to respond to natural disaster risks</li> </ul>	<ul style="list-style-type: none"> <li>● Conducted training for the central disaster response headquarters (1 time)</li> </ul>
	Information protection	<ul style="list-style-type: none"> <li>● Conduct periodic inventory checks</li> </ul>	<ul style="list-style-type: none"> <li>● Conducted periodic inventory checks and corrective/improvement activities</li> </ul>
		<ul style="list-style-type: none"> <li>● Raise employee awareness of information management</li> </ul>	<ul style="list-style-type: none"> <li>● Implemented information security education (sites in Japan: 5,624 participants, overseas sites: 781 participants)</li> </ul>
		<ul style="list-style-type: none"> <li>● Comply with other countries' legal systems applied outside those countries</li> </ul>	<ul style="list-style-type: none"> <li>● Operation of the personal information protection management system incorporating overseas legal systems</li> </ul>

# Our Targets for FY2025

## Environment

Materiality	Action Themes	FY2025 Targets
Climate change	Responding to climate change	●Reduce CO <sub>2</sub> emissions at all business sites in Japan: 28% or more (compared to FY2020)
		●Rate of renewable energy use: 54.2% or more
Resource circulation	Reducing waste	●Waste reduction: Conduct measures to reduce by at least 203 tons ●Effective utilization rate of plastic wastes: maintain 99% or more
	Reducing water use	●Reduce water use: Conduct measures to reduce by at least 38,270m <sup>3</sup>
Living in harmony with nature	Biodiversity conservation	●Forest maintenance through participation in the adopt-a-forest program in Nagano Prefecture: 2 times
		●Conducted extermination of invasive alien species at the Kurita Sogo Center: 6 times
		●Biodiversity education (3 times) and awareness activities (2 times)

## Social

Materiality	Action Themes	FY2025 Targets
Contributing to and coexistence with local communities	Dialogue and coexistence with local communities	●Conduct plant tours
		●Implementing beautification activities along our plants perimeter and surrounding roads
		●Conducting standing guard activities for traffic safety in the vicinity of our plants
Respect for human rights and diversity	Respecting human rights	●Implement human rights education for all employees
	Use of diverse employees	●Expanding educational content to promote active participation by women ●Promoting employment of persons with disabilities and improving work environments
Creating a dynamic corporate culture	Work-life balance	●Strengthening the Transforming Work Styles initiative ●Implement measures to increase male childcare participation rate
	Human resource development	●Expand training programs for cultivating global human resources
Creating a safe and comfortable working environment	Occupational safety and health	●Promoting safety and health, plus fire and disaster prevention-activities (complying with laws and regulations related to safety and health, plus fire and disaster prevention, as well as internal rules and regulations)
		●Number of serious accidents: 0
		●Improving safety awareness and management standards
		●Specific health guidance implementation rate: 75%
Promoting social responsibility in the supply chain	Promotion of green procurement	●Promoting efforts to reduce CO <sub>2</sub> emissions and conserve water resources upstream in the supply chain
		●Confirming major suppliers' initiatives regarding CO <sub>2</sub> emissions reduction, etc.
	Responsible minerals sourcing	●Implementing due diligence for responsible mineral sourcing
	Promotion of green procurement / Responsible minerals sourcing / Respecting human rights in the supply chain	●Disseminate Shinko Procurement Policy and Procurement Guidelines to suppliers
		●Confirm CSR status of major suppliers ●Confirm CSR status of on-site contractors

## Governance

Materiality	Action Themes	FY2025 Targets
Strengthening governance	Compliance	●Implementing trainings related to compliance
		●Disseminate and Operate the internal whistleblowing system
		●Conduct monitoring to understand compliance risks
		●Implementing intellectual property education for development personnel
		●Conduct education and training for applicable departments on the security trade control system and the specified export declaration system
	Risk management	●Understand risks through potential risk surveys and conduct hearings with related divisions
		●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	●Conduct periodic inventory checks
		●Raise employee awareness of information management
		●Comply with other countries' legal systems applied outside those countries

# 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 PEOPLE	2 ZERO WASTE	3 CORPORATE HEALTH/SAFETY	4 QUALITY PRODUCTS	5 GENDER EQUALITY	6 ENVIRONMENTAL PROTECTION	7 AFFORDABLE 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 7.3		9.4			12.2	13.1 13.3	14.3			
	Resource circulation					6.4		8.4	9.4		11.6	12.2 12.5 12.4					17.17
	Living in harmony with nature		2.4 2.5	3.9		6.3 6.6					11.7	12.4		14.1 14.3	15.1 15.5 15.2 15.8 15.4		
Social	Contributing to and coexistence with local communities			3.6	4.3										15.1 15.4 15.2		17.17
	Respect for human rights and diversity				4.5 4.a 4.7	5.1 5.5	6.2		8.7 8.8		10.2 10.7 10.3						
	Creating a dynamic corporate culture				4.2 4.4 4.3 4.7				8.2 8.5								
	Creating a safe and comfortable working environment			3.6 3.d					8.8								
	Promoting social responsibility in the supply chain						6.4	7.3	8.7 8.8	9.4	10.7		12.4	13.1 13.3		16.2 16.4 16.3	17.17
	Contributing to society through technology and quality									9.4 9.5							
	Governance	Strengthening governance			3.3							11.5					16.3 16.7 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 \(Requirement 2\) \(Japanese version only\)](#)



## 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 \(page 76\)](#)

### 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. Based on the evaluation results, status levels will be assigned according to the score: Silver (160 points or higher), Gold (180 points or higher), and Platinum (200 points out of 200).

In response to requests from RBA member customers, the Company implements audit programs. Based on the results of the audits, we improve compliance with the standards and promote continuous improvement activities.

In FY2024, we implemented the audit programs as shown in the table below. In the audit of Takaoka Plant (Nakano City, Nagano Pref.), we achieved the highest level of Platinum Status with a perfect score of 200 points.

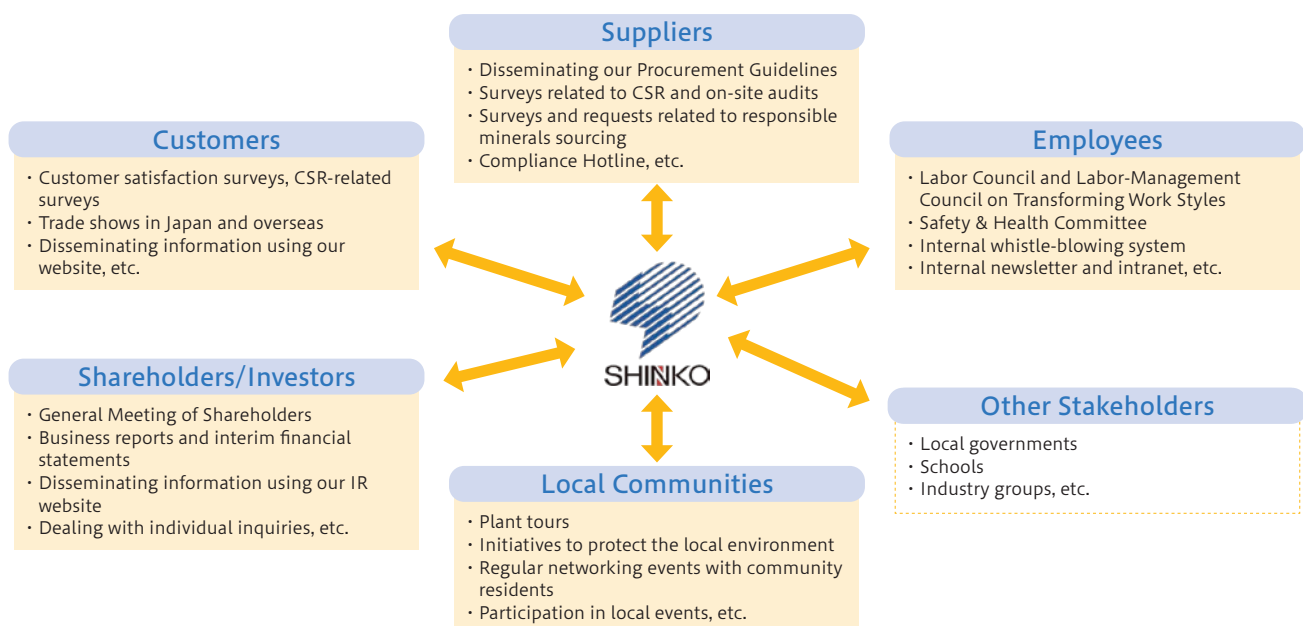
Implementation Month	Sites	Score	Status
July, 2024	Kohoku Plant (Nagano City) and Wakaho Plant (Nagano City)	193.7	Gold
February, 2025	Takaoka Plant (Nakano City, Nagano Pref.)	200	Platinum

By further promoting activities in accordance with the RBA Code of Conduct, we will continue to aim to fulfill our social responsibility as a company as well as to realize a sustainable society and enhance our corporate value.

## Communication with Stakeholders

The business of the Shinko Group is supported by a wide range of stakeholders, including our customers, suppliers, shareholders, investors, employees, and local communities.

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



A close-up photograph of a person wearing a white lab coat, holding a small green plant in a white pot. The person's hands are visible, and the background is a blurred white surface. The plant has several green leaves and is growing out of a white ceramic pot. The overall scene conveys a sense of care and environmental stewardship.

# Initiatives for Environmental Issues

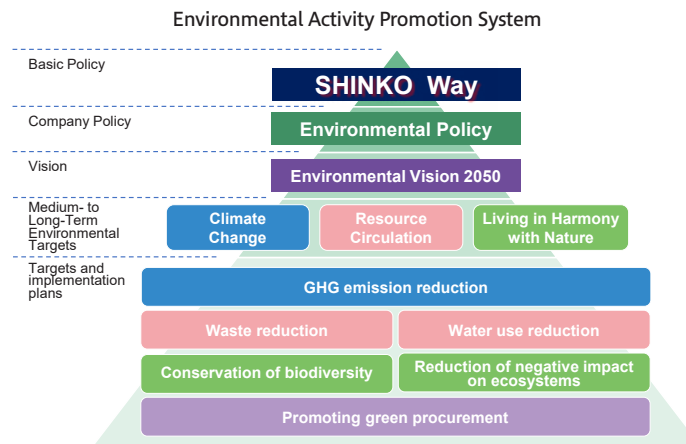
- \* Environmental Management
- \* Climate Change
- \* Resource Circulation
- \* Living in Harmony with Nature
- \* Disaster Response
- \* Initiatives at Overseas Plants

# 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 in accordance with our environmental management system, we strive for continuous improvement and betterment of our environmental performance.

## 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.



We outlined our environmental commitment in the Environmental Policy, and, to fulfill this commitment, we have articulated our approach and goals in our Environmental Vision 2050, and set "Environmental Targets (medium- to long-term environmental targets and Environmental Action Program)" to achieve them.

## 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 this Value, 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.

To fulfill this Environmental Policy, we engage in activities with environmental targets and contribute to the preservation and improvement of the global environment.

### 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

Environmental Vision 2050 clearly defines our commitment to our Environmental Policy, outlining our approach and the goals we aim to achieve. Considering the activities of the Shinko Group and the Basic Environment Plan (by Japanese Government)<sup>1</sup>, it identifies three key areas of focus: "climate change," "resource circulation," and "living in harmony with nature," outlining our "goals" to reduce environmental impact and contribute to a sustainable society as the responsibility of a manufacturing company.

<sup>1</sup> Basic Environmental Plan (by Japanese government): Based on Article 15 of the Basic Act on the Environment, this establishes the outline of long-term comprehensive policies for environmental conservation by the government as a whole. At the time of formulating Environmental Vision 2050 (2022), it was the "Fifth Basic Environment Plan" (2018). Currently, it is the "Sixth Basic Environment Plan" (2024).



## Environmental Targets

### 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 its "Environmental Policy" and the Shinko Group's goals in the three areas set out in our Environmental Vision 2050.

		FY2030 Targets	FY2050 Targets
Climate Change	Net reduction in greenhouse gas emissions	56 %reduction (vs. FY2020)	Net-zero emissions
	Rate of renewable energy use	100 %	100 %
Resource Circulation	Waste Reduction	Reduce the amount equivalent to 50 % of the base year FY2020	Minimization
	Reducing Water Use	Reduce the amount equivalent to 5 % of the base year FY2020	Minimization
Living in Harmony with Nature	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

## Environmental Action Program

The Environmental Action Program is a short-term goal to achieve its medium- to long-term environmental targets. It defines specific activities and evaluates their performance and effectiveness annually. The evaluation of the previous period's results informs the formulation of the next Environmental Action Program, enabling continuous improvement.

We are currently implementing the Environmental Action Program (Stage 11) for the three-year period from FY2023 to FY2025.

Furthermore, to execute the Environmental Action Plan, we set "Annual Targets" and conduct activities each fiscal year.

Environmental Action Program (Stage 11)			FY2024 Targets									
<b>Climate change</b> 	<b>Reduction of GHG emissions</b> (GHG: greenhouse gas)	Reduce CO <sub>2</sub> emissions at all business sites in Japan by <b>28 %</b> or more (compared to FY2020)	Reduce by <b>22.4 %</b> or more									
		Increase rate of renewable energy use by <b>4 %</b> or more every year	Rate of renewable energy use <b>49.9 %</b> or more									
<b>Resource circulation</b> 	<b>Reducing waste</b>	Implement measures to achieve a cumulative reduction of at least 1,375 tons equivalent to <b>23 %</b> of the FY2020 waste emissions	Reduce by <b>3.4 %</b> or more (Reduce 203 t or more) (Reference information) Targets for each fiscal year Unit: %									
		Promote measures to reduce amount of plastic materials used and amount of waste plastic	<table border="1"> <thead> <tr> <th>FY</th> <th>2023</th> <th>2024</th> <th>2025</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Targets</td> <td>16.2</td> <td>3.4</td> <td>3.4</td> <td>23</td> </tr> </tbody> </table>	FY	2023	2024	2025	Total	Targets	16.2	3.4	3.4
	FY	2023	2024	2025	Total							
Targets	16.2	3.4	3.4	23								
<b>Reducing water use</b>	Implement measures to achieve a cumulative reduction of at least 114,810 m <sup>3</sup> equivalent to <b>3 %</b> of the FY2020 water use	Reduce by <b>1.0 %</b> or more (Reduce 38,270 m <sup>3</sup> or more) (Reference information) Targets for each fiscal year Unit: %										
<b>Living in harmony with nature</b> 	<b>Conservation of biodiversity</b>	Maintenance of town-owned forest in Iizuna Town, Nagano Prefecture	<b>2 times</b>									
		Biodiversity conservation at the Kurita Sogo Center	Extermination of invasive alien species Rare species protection Implementation of monitoring surveys									
		Biodiversity education and awareness	Education <b>3 times</b> Awareness-raising <b>2 times</b>									
	<b>Reduction of negative impact on ecosystems</b>	Promotion of climate change and resource circulation initiatives	Promote initiatives									
		Proper management of chemical substances	Proper management									
<b>Supply chain</b> 	<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									
Strengthen awareness of water resource conservation upstream of the supply chain												

Boundary: Shinko Group in Japan

## Results

Climate Change P30

Resource Circulation Waste Reduction P38

Reducing Water Use P42

Living in Harmony with Nature Conservation of Biodiversity P45

Reduction of Negative Impact on Ecosystems P49

## Environmental Management Promotion System

We have established an environmental management promotion system based on our environmental management 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.

Additionally, we have established an Environmental Measures Execution Committee as a subcommittee organization under the Environmental Committee to execute and deliberate on activities aiming at achieving 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

### Global Environmental Challenges

With serious deterioration of the natural environment, halting biodiversity loss and reversing this trend toward recovery is an urgent global issue. In recent years, the importance of initiatives aimed at achieving Nature positive<sup>2</sup> has grown significantly. Global efforts to respond to various social issues are accelerating toward Nature positive, including addressing climate change, transitioning to a circular economy<sup>3</sup>, countermeasures for marine plastic pollution, and ensuring sustainable water resource use. In Japan, such efforts have also begun, starting with the Declaration of Carbon Neutrality by 2050 in 2020 to address climate change, followed by the "National Biodiversity Strategy 2023-2030" and the "Transition Strategies toward Nature Positive Economy" aimed at achieving nature positivity, as well as the Fundamental Plan for Establishing a Sound Material-Cycle Society to advance the shift toward a circular economy.

<sup>2</sup> Nature positive: The nature positive initiative seeks to arrest the loss of biodiversity and put the environment on a recovery path. Natural restoration.

<sup>3</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."

## Identifying Our Environmental Challenges

Global environmental challenges are critical issues for our company as well, affecting our very survival. Therefore, Shinko Group in Japan identify annually 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.

### 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.

We develop human resources capable of contributing to improved environmental performance. This involves education to understand the environmental impact of their work and foster awareness of environmental contributions, based on our environmental activity framework including the Environmental Policy, Environmental Vision 2050, and Environmental Targets. We also provide more specific training on environmental laws and regulations, as well as knowledge necessary for reducing environmental impact.

In FY2024, we incorporated the perspective of biodiversity—a crucial element for future environmental activities—into our training materials to educate employees.

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 FY2024 [Shinko Group in Japan]

Training	Participants
General Environmental Education	5,471
Education for Environmental Operations Personnel	3,953
Rank-specific Training	171

### Environmental Management System Audit

Every year we conduct our internal environmental audit for Shinko Group in Japan 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 FY2024, we conducted audits focusing on compliance with laws and regulations and the thorough implementation of related internal rules as priority check items.

We have taken corrective action on all audit findings.

### Status of ISO 14001 Certifications

Percentage of ISO 14001 Certification for Shinko Group

	FY2020	FY2021	FY2022	FY2023	FY2024
In Japan	100% (2)	100% (2)	100% (2)	100% (2)	100% (2)
Overseas production sites	100% (3)	100% (3)	100% (2)	100% (2)	100% (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. Head Office (Kohoku Plant), Wakaho Plant, Chikuma Plant, Takaoka Plant, Arai Plant, Kyogase Plant, SHINKO R&D Center Domestic Subsidiary 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 Certification Holding SAS – UK Branch
Registration number	MY010519
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

The Shinko Group will continue to pursue environmental certification to enhance environmental performance and drive continuous improvement through ISO 14001 certification, thereby contributing to the preservation and enhancement of the global environment through environmentally conscious manufacturing.

## 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 FY2024, there was four cases of failing to observe obligation to comply with laws and regulations, and two complaints. All of them were 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.

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

Item	FY2022	FY2023	FY2024
Environmental laws and regulations violations	Water quality	0	0
	Atmosphere	0	0
	Noise	0	1
	Odors	0	0
	Waste	0	0
	Other (authorizations, notifications, etc.)	2	0
Complaints	4	0	2

Boundary: Shinko Group in Japan

Similarly, there were no litigation issues, fines, penalties, or serious accidents at overseas production sites.



# 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, based on our understanding that it is essential for realizing a sustainable society, 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 various 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. Furthermore, at each of our plants in Japan and SHINKO R&D Center, 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.

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.

Climate Change Promotion Structure (in Japan)



## Evaluation of the Importance of Risks and Opportunities

In initiating scenario analysis, we identify the risks and opportunities arising from climate change that our Group faces, define the target period, and evaluate importance based on the magnitude of qualitative impacts on our business.

### Evaluation of the Importance of Risks

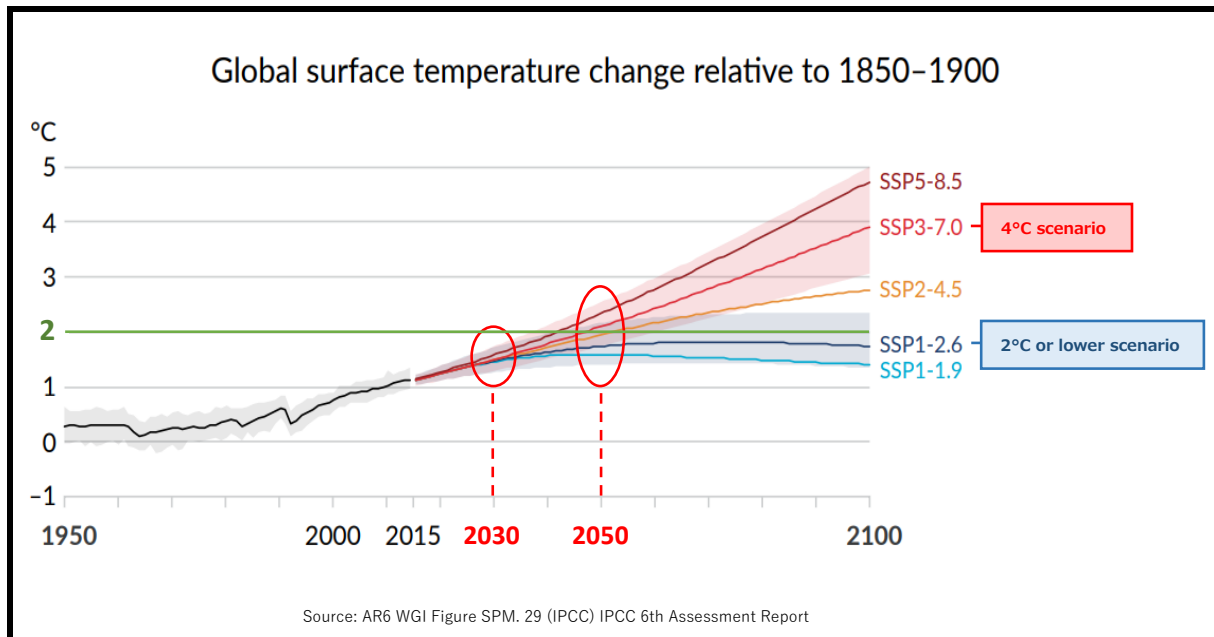
Classification	Broad category	Narrow category	Content	Period covered			Importance
				Short-term	Mid-term	Long-term	
				~2025	~2030	~2050	
Transition	Policy and regulatory risks	Introduction of carbon pricing	Increase in raw material procurement costs due to the introduction of a carbon tax		→		High
		Not reaching emissions targets	Decline in corporate value due to negative evaluations from stakeholders reflecting delays in responding to climate change and environmental initiatives	→			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 and environmental initiatives	→			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	Content	Period covered			Importance
				Short-term	Mid-term	Long-term	
				~2025	~2030	~2050	
Transition	Resource Efficiency Opportunities	Realization of high-efficiency manufacturing processes 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 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. Under the 4° C scenario, physical risks are projected to be greater than under the 2° C or lower scenario. This is due to the intensification of disasters caused by extreme weather, leading to increased frequency and scale of disasters such as wind and water damage and floods.

## 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) The business impact of the annual cost increase resulting from the rise in the renewable energy charges in 2050 is not included due to the lack of projected pricing data.

## Countermeasures and Transition Plans

For risks expected to have a significant business impact, we are reviewing countermeasures and transition plans such as the following.

We will review and update them regularly, considering scientific progress, changes in laws and regulations, etc.

### Countermeasures and Transition Plan for Achieving Carbon Neutrality

Risk items		Considered countermeasures	2025-2030	2031-2040	2041-2050	
Transition risk	<ul style="list-style-type: none"> <li>● Introduction of carbon pricing</li> <li>● Increase in energy and raw material prices</li> </ul>	Procurement of renewable energy	Deployment to overseas sites	Expansion		
			Considering the introduction of corporate PPAs		Introduction and expansion	
			Expansion of the introduction of on-site power generation facilities			
		Capital investment aimed at reducing environmental impact	Fuel Switching (1) (Electrification)			
					Fuel Switching (2) (hydrogenation and methanation)	
			Considering converting company vehicles to electric vehicles		Introduction and expansion	
				Considering introducing CO <sub>2</sub> absorption technology, etc.	Introduction and expansion	
		Environmentally conscious product design	Expanding equipment introduction using internal carbon pricing			
			Making the products more energy efficient / Developing low-carbon products			
			Considering calculating the carbon footprint of the product and introduction		Reducing emissions using carbon footprint	

## 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. 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 in the “Environmental Action Program (Stage 11)” which serves as the short-term targets for achieving the “Medium- to Long-Term Environmental 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

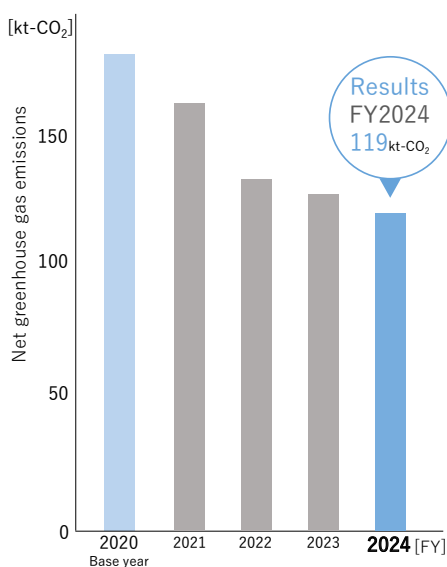
Target items	FY2030 Targets	FY2050 Targets
Net reduction in greenhouse gas emissions (Base year: FY2020)	56% reduction	Net-zero emissions
Rate of renewable energy use	100%	100%

## Results

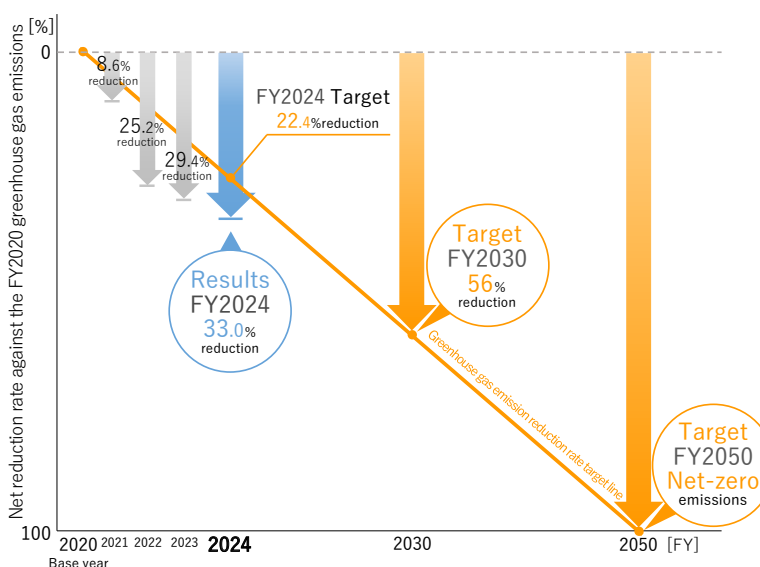
### Yearly Targets and Results

Target items	FY2022		FY2023		FY2024	
	Targets	Results	Targets	Results	Targets	Results
Net reduction in greenhouse gas emissions (Base year: FY2020)	11.2% reduction	25.2% reduction	16.8% reduction	29.4% reduction	22.4% reduction	33.0% reduction
Rate of renewable energy use	8.0% or more	30.1%	34.1% or more	45.9%	49.9% or more	50.2%

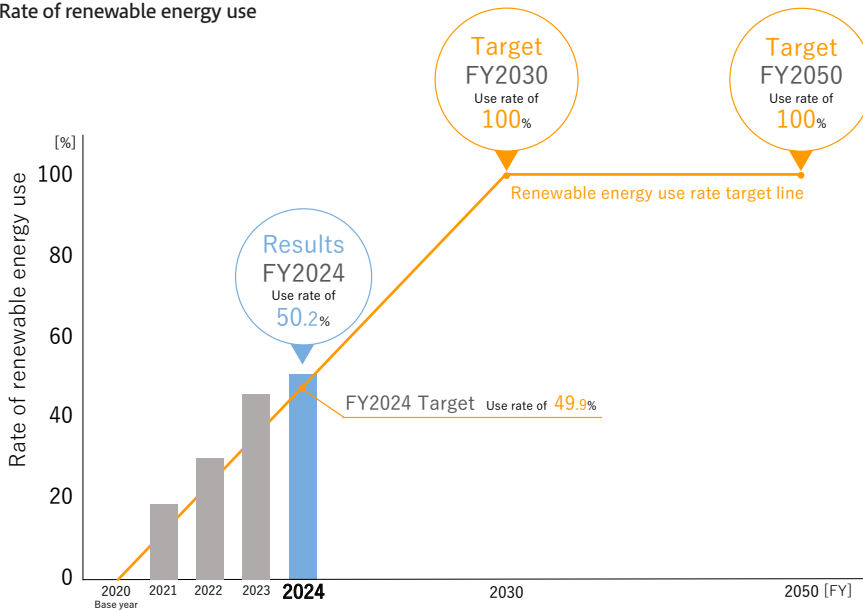
### Net greenhouse gas emissions



### Net reduction rate of greenhouse gas emissions



Rate of renewable energy use



## Activities

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

At plants in Japan and SHINKO R&D Center, the Green Factory Promotion Subcommittee, in which 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. Furthermore, by implementing various measures, 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

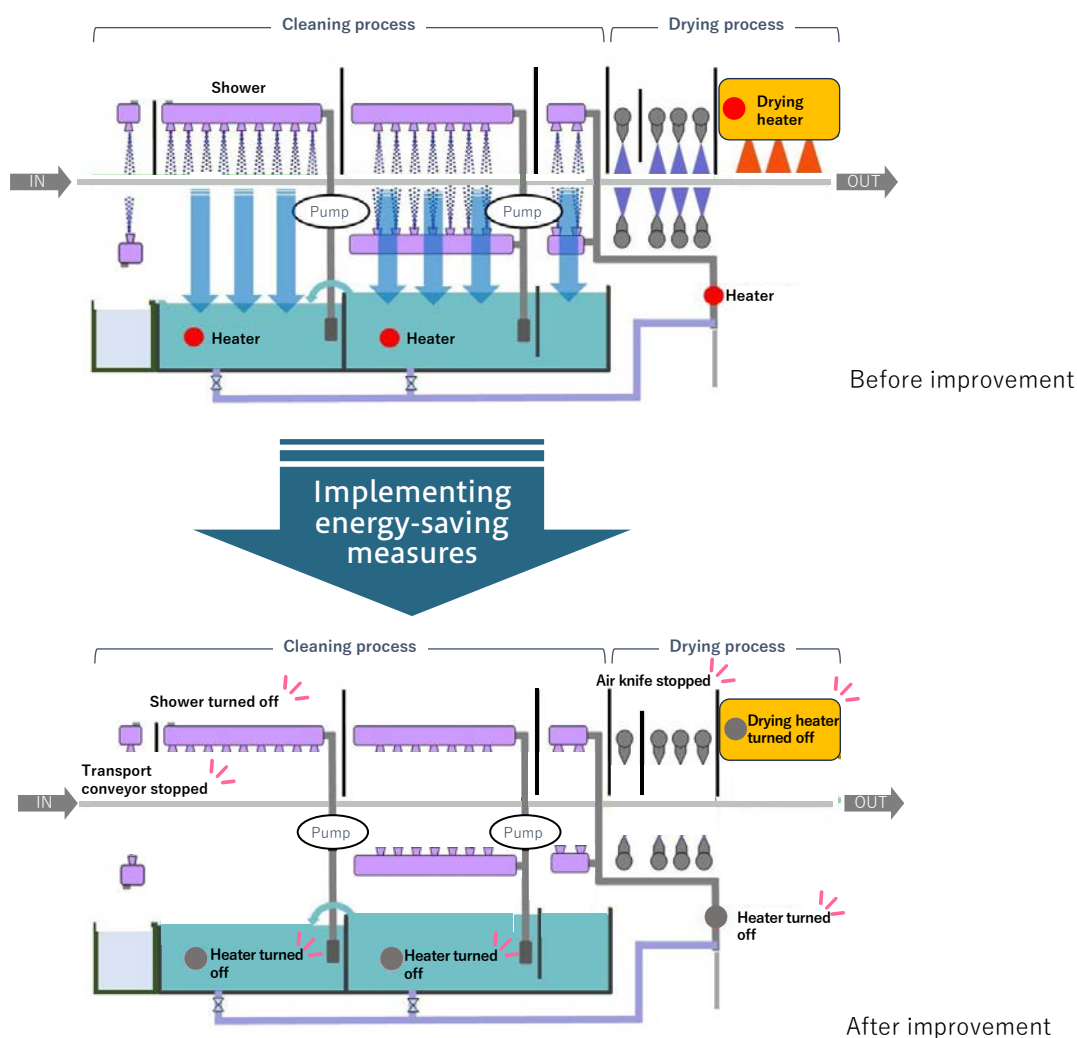
### < Examples of Activities >

Arai Plant (Myoko City, Niigata Prefecture) has focused on cleaning equipment within manufacturing processes that consume relatively large amounts of energy. By implementing energy-saving measures—such as temporarily halting conveyors, showers, heaters, and air knives during idle periods—and optimizing operating conditions, the plant has significantly reduced energy consumption, leading to lower CO<sub>2</sub> emissions and cost savings.

### Effect of Cleaning Equipment Measures (FY2024)

Items	Effect
Reduction in Power Consumption	624 MWh
CO <sub>2</sub> emissions reduction	294 t-CO <sub>2</sub>
Cost cutting	13 million yen

### Schematic diagram of the equipment during idle periods



## 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.

The amount of electricity generated by solar power generation facilities in FY2024 was 692 MWh. At the same time, CO<sub>2</sub> emissions were reduced by approximately 290 t-CO<sub>2</sub>.

Solar power generation equipment (example)



(Takaoka Plant (Nakano City, Nagano Prefecture) Building E)



(Chikuma Plant (Chikuma City, Nagano Prefecture))

We are also working to expand the use of renewable energy through the purchase of CO<sub>2</sub>-free electricity from power companies and the utilization of non-fossil certificates, contributing to higher renewable energy usage rates.

The procurement of renewable energy through the purchase of CO<sub>2</sub>-free electricity and the use of non-fossil certificates in FY2024 amounted to 174,515 MWh, resulting in a reduction of approximately 73,000 t-CO<sub>2</sub> in CO<sub>2</sub> emissions.

Aiming to achieve a 100% renewable energy use rate, we will continue to focus on the creation and increased use 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 utilizing 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.

# Resource Circulation

Resources such as raw materials and water are indispensable for the manufacturing of the Shinko Group. However, there are now concerns that resources may become depleted due to loss of biodiversity and other factors. To prevent resource depletion, we recognize the importance of sustainable resource utilization and have made resource circulation one of the Shinko Group's material issues. 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 transitioning to a circular economy and realizing a recycling-oriented society, while reducing risks to business continuity.

## Waste Reduction

The Shinko Group utilizes various resources such as metals and plastics to manufacture its products. We view the waste generated from this process as valuable resources from a resource circulation perspective and continuously strive to recycle them.

We are actively promoting waste generation control, efficient use of raw materials, and conversion to resources with lower environmental impact based on 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

## Risks and Opportunities

Key risks and opportunities related to waste

	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 due to deviation from 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>

## Environmental Targets

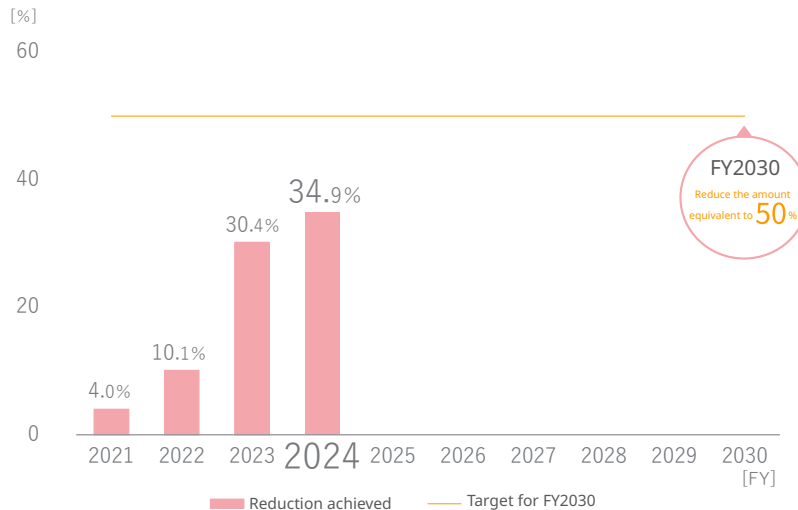
### Medium- to Long-Term Environmental Targets

#### Targets

	FY2030 Targets	FY2050 Targets
Waste reduction	Reduce the amount equivalent to <b>50%</b> of the base year FY2020	<b>Minimization</b>

Boundary: Shinko Group in Japan

## Status of progress



## Environmental Action Program (Stage 11) (FY2023 – FY2025: 3 years), and FY2024 targets and results

Environmental Action Program (Stage 11)		FY2024	
		Targets	Results
Resource circulation ∞	Reducing waste	Implement measures to achieve a cumulative reduction of at least 203 tons equivalent to <b>3.4 %</b> (Combined with FY2023, reduction of 19.6% (1,173 tons))	Implemented reduction measures equivalent to <b>4.5 %</b> (269 tons) (Combined with FY2023, reduction of 24.9% (1,487 tons))
		Promote measures to reduce amount of plastic materials used and amount of waste plastic	Effective utilization rate of plastic wastes Maintain <b>99 %</b> or more

Boundary: Shinko Group in Japan

## Results of Activities

In FY2024, we exceeded our target of "reducing waste at least by equivalent to 3.4% of FY2020 waste emissions," achieving a reduction equivalent to 4.5% (269 tons) and successfully meeting the goal. As a result, through our initiatives in FY2023 and FY2024, we reduced waste by the equivalent of 24.9%, surpassing the Environmental Action Program's target of "reducing waste at least by equivalent to 23% of the FY2020 waste emissions," and achieved this target one year ahead of schedule.

Through these initiatives, we have achieved a reduction equivalent to 34.9% of the 2030 target—reducing waste by an amount equivalent to 50% of the base year emissions—over the four years starting in FY2021. This progress indicates steady advancement toward achieving our medium- to long-term targets.

From FY2025 onward, we anticipate an increase in waste volume due to new line launches and production expansions, and will therefore pursue further waste reduction.

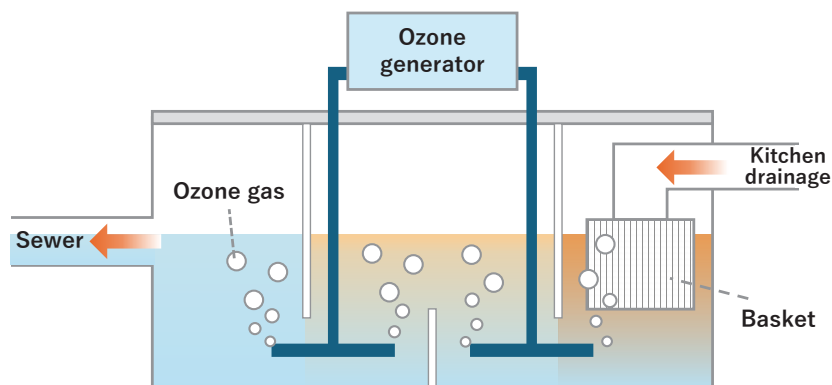
## Examples of Waste Reduction Activities

1. Promotion of the conversion of waste into valuable resources through thorough sorting
2. Reduction of debris and waste through process improvement
3. Weight reduction through dewatering treatment of high-moisture-content waste
4. In-house processing of waste liquids
5. Promotion of regeneration and reuse

● **Waste reduction through equipment installation (reduction of sediment in grease traps in cafeterias) – Kohoku Plant (Nagano City), Wakaho Plant (Nagano City), Takaoka Plant (Nakano City, Nagano Prefecture)**

Wastewater from our employee cafeteria is drained through a grease trap to separate oils and food waste from the wastewater before it is discharged into the sewer system. Grease and food waste collected in grease traps not only cause pipe clogs and foul odors, but also require regular cleaning and the accumulated grease becomes waste.

To solve this problem, we installed an ozone generator that decomposes and sterilizes oil and other substances by injecting ozone gas into the grease trap. This resulted in reduced oil content and sediment, decreased foul odors and cleaning frequency, as well as a reduction of 27.6 tons in waste over the eight-month period from August 2024 to March 2025. Another advantage is that it can be decomposed and sterilized with minimal environmental impact.



[Image diagram inside the grease traps]

● **Waste reduction through manufacturing process improvements (reduction of non-standard products) – Kohoku Plant (Nagano City)**

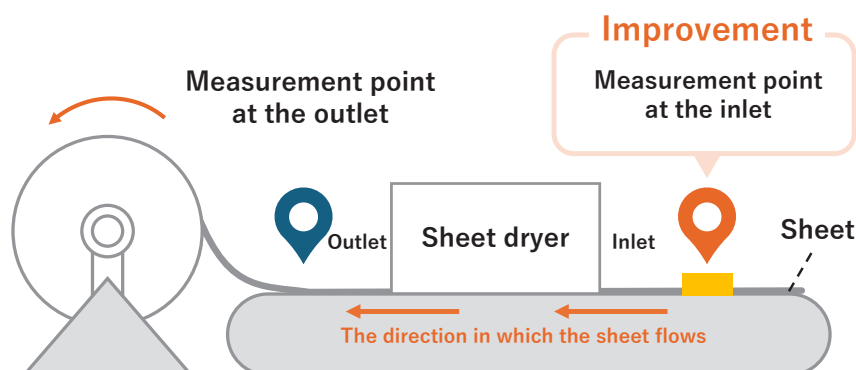
We successfully reduced waste by adding a measurement point for sheet thickness during the sheet forming process for ceramic sheets used in ceramic electrostatic chucks.

Previously, sheet thickness was measured only at the outlet of the sheet dryer. In this case, if the sheet thickness was found to be out of specifications after passing through the dryer, the portion that had entered the dryer at that point became non-standard and was discarded. We therefore added a sheet thickness measurement point at the inlet of the dryer as well. This reduced the number of non-standard sheets, resulting in a waste reduction of 21.8 tons over the 11-month period from May 2024 to March 2025.

[Sheet thickness measurement point]

Before improvement: exit-side measurement only

After improvement: added entrance-side measurement

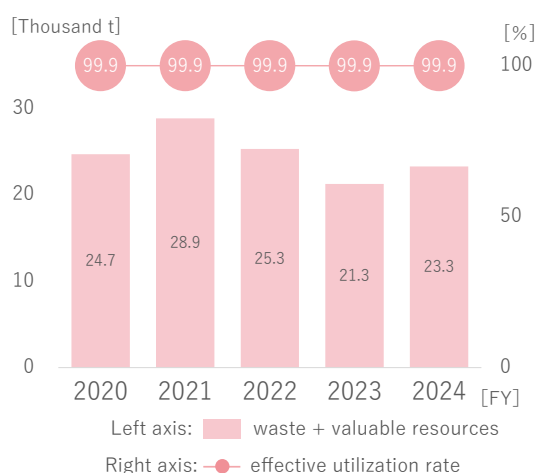


## Effective Utilization of Waste

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 Resources and Effective Utilization Rate



### ● Making chemical containers into valuable resources – Takaoka Plant

(Nakano City, Nagano Prefecture)

We also succeeded in reducing waste by 1.4 tons over FY2024 by converting polyethylene containers that had held chemicals and previously been treated as waste due to chemical residue into valuable resources through cleaning. It will also be implemented at Arai Plant (Myoko City, Niigata Prefecture) starting in FY2025.



(Polyethylene chemical container)

## Promoting Measures to Reduce the amount of Plastic Material Usage and Waste Plastic

Plastic is a widely used material because of its usefulness, but at the same time, its mass production and disposal have been cited as a factor in various global problems such as climate change and marine plastic pollution. To address such plastic-related issues, Japan enacted the "Plastic Resource Circulation Act" in June 2021. As a major emitter as defined in this Law, we have established the "Promote measures to reduce amount of plastic materials used and amount of waste plastic" as a new item of the Environmental Action Program (Stage 11) and have set the annual target of "Effective utilization rate of plastic wastes: maintain 99% or more" in order to contribute to the resolution of issues related to plastics, and we are promoting this initiative. The result of FY2024 is 99.9%, achieving the target.

### Key Initiatives

- Switching from plastic to paper and other materials for packaging materials
- Switching from disposable to reusable items (e.g. switching from disposable containers to reusable containers)
- Converting waste plastics into valuable resources by ensuring thorough separation

We will continue to work on reducing waste plastic and promoting its recycling.

## Reducing Water Use

Recent years have seen the expansion of water risks such as water shortages and water pollution worldwide, driven by factors including droughts and frequent extreme weather events caused by climate change, rapid population growth, and increased water demand accompanying economic development. For the Shinko Group, which uses a large amount of water in its manufacturing processes, water resources are of high importance, and reducing water use is one of our critical issues. We are promoting the reduction of water use by advancing water recycling, water reuse, and review of water usage.

### Risks and Opportunities

Key risks and opportunities related to water resources

	Risks	Opportunities
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>

### Identifying Water Risks at Manufacturing Sites

The world faces various water risks<sup>1</sup>, including those already materialized such as water scarcity, water pollution, floods, droughts, and water conflicts. The Shinko Group assesses water risk, including physical risk, regulatory risk, and reputational risk, at its production sites in Japan and overseas, using the World Resources Institute's (WRI) Aqueduct, in order to understand the impact of water risks on its business activities.

Our assessment identified no production sites classified as "High" or "Extremely High" for water risk. However, we identified a production site classified as "High" for water stress<sup>2</sup>.

We have begun studying what actions are necessary based on these results. For the production site classified as "High," we have established water usage reduction targets and are actively working toward them.

<sup>1</sup> Water risk: risks that may impact corporate activities related to water.

Includes risks related to water intake and discharge quality (pollution), as well as risks from increased regulations and reputational damage.

<sup>2</sup> Water stress: water scarcity and deteriorating water quality causing demand for essential water to exceed supply, leading to a shortage of available water.

Assessment of Water Risk and Water Stress at Production Sites<sup>3</sup> (FY2024)

(Number of Production Sites/Percentage)

Risk Level <sup>4</sup>	Water Risk <sup>5</sup>				Water Stress <sup>6</sup>			
	Japan	Asia	Total	Percentage	Japan	Asia	Total	Percentage
Low	0	0	0	0.0%	0	1	1	12.5%
Low-Medium	6	1	7	87.5%	6	0	6	75.0%
Medium-High	0	1	1	12.5%	0	0	0	0.0%
High	0	0	0	0.0%	0	1	1	12.5%
Extremely high	0	0	0	0.0%	0	0	0	0.0%
<b>Total</b>	<b>6</b>	<b>2</b>	<b>8</b>	<b>100.0%</b>	<b>6</b>	<b>2</b>	<b>8</b>	<b>100.0%</b>

<sup>3</sup> Production sites

[Japan]

Kohoku Plant, Wakaho Plant, Chikuma Plant, Takaoka Plant, Arai Plant and Kyogase Plant

[Asia]

KOREA SHINKO MICROELECTRONICS CO., LTD.(KSM)

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

<sup>4</sup> According to Aqueduct 4.0 assessment criteria

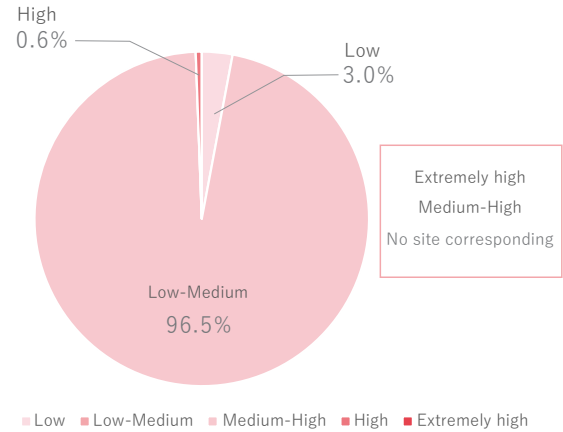
<sup>5</sup> Aqueduct 4.0 assessment index "Overall Water Risk"

<sup>6</sup> Aqueduct 4.0 assessment index "Baseline Water Stress"

As shown in the pie chart, when the amount of water withdrawal by the Shinko Group is broken down by water stress levels, water withdrawal from regions classified as "Low-Medium" level or below is 99%.

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 and that risks vary by watershed.

Water Withdrawal Rate According to Water Stress Level<sup>7</sup> (Results for Production Sites)

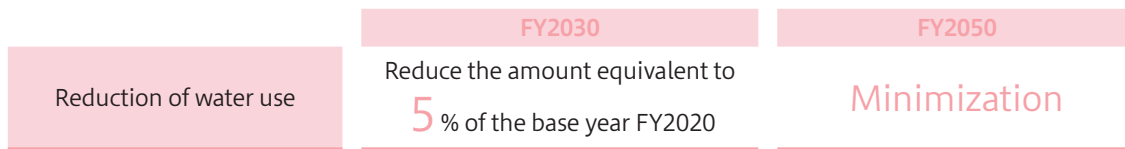


<sup>7</sup> Water stress levels defined by aqueduct 4.0

## Environmental Targets

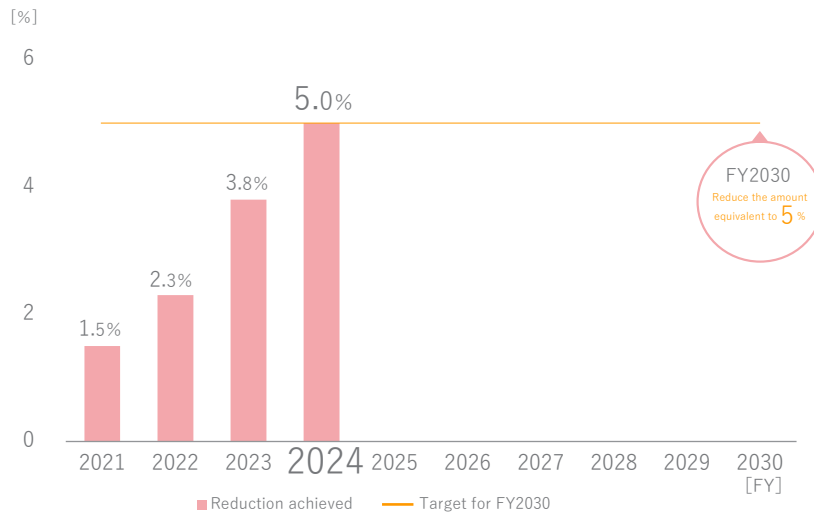
### Medium- to Long-Term Environmental Targets

#### Targets



Boundary: Shinko Group in Japan

#### Status of progress



### Environmental Action Program (Stage 11) (FY2023 – FY2025: 3 years), and FY2024 targets and results

Environmental Action Program (Stage 11)		FY2024	
		Targets	Results
Resource circulation	Reducing water use	Implement measures to achieve a cumulative reduction of at least 38,270m <sup>3</sup> equivalent to 1.0% (Combined with FY2023, reduction of 2.0% (76,540 m <sup>3</sup> ))	Implemented reduction measures equivalent to 1.2% (46,185 m <sup>3</sup> ) (Combined with FY2023, reduction of 2.7% (105,351 m <sup>3</sup> ))
Implement measures to achieve a cumulative reduction of at least 114,810m <sup>3</sup> equivalent to 3% of the FY2020 water use			

Boundary: Shinko Group in Japan

## Results of Activities

In FY2024, we achieved the rate of reducing water use at 1.2% (46,185 m<sup>3</sup>), exceeding our target of reducing water use by at least 1.0% (38,270 m<sup>3</sup>) of the FY2020 level.

As a result, a reduction equivalent to 5.04% (192,996 m<sup>3</sup>) was achieved over the four years starting in FY2021, when activities toward the medium- to-long-term environmental targets began. This accomplishment meets the FY2030 target of the medium- to-long-term environmental targets: a reduction equivalent to 5% (191,350 m<sup>3</sup>) of the base year water usage. Therefore, we plan to review the FY2030 target value for the medium- to long-term environmental targets.

Since water usage is expected to increase from FY2025 onwards due to new line launches and increased production, we will further promote water usage reduction initiatives.

Reporting boundary: Shinko Group in Japan

### Examples of Water Use Reduction Activities

Water use reduction activities are approached from both facility and manufacturing process perspectives, focusing on review of water supply, water reuse, and rationalization of production lines. We will continue to drive the transition to environmentally conscious processes while maintaining product quality.

#### ● Improvements to equipment and cleaning processes (cleaning lines) – Arai Plant (Myoko City, Niigata Prefecture)

By shortening cleaning times while ensuring no impact on product quality, and introducing equipment standby mode<sup>8</sup>, we have reduced water usage by 5,686 m<sup>3</sup> over the seven-month period from September 2024 to March 2025.

<sup>8</sup> Standby mode: a setting that automatically stops water supply when products are not flowing during the cleaning process.

#### ● Improvements through equipment specification changes (water flow adjustment for exhaust gas treatment equipment (scrubber)) – Wakaho Plant (Nagano City), Arai Plant (Myoko City, Niigata Prefecture)

Since the gas used to remove the protective film (resist) from the substrate has a major greenhouse effect, we decompose it before releasing it into the atmosphere. At Wakaho Plant (Nagano City), we reduced water use by regulating the amount of water used to remove greenhouse gases via the exhaust gas treatment system (scrubber).

We also made similar adjustments at Arai Plant (Myoko City, Niigata Prefecture). Combined, these measures reduced water usage by 5,648 m<sup>3</sup> over the seven-month period from September 2024 to March 2025.

#### ● Water Recycling

Securing a stable supply of water resources is essential for our business activities, which involve significant water usage in the manufacturing process.

Recent water intake has increased due to new plant operations and the introduction of new equipment. We will continue our efforts to improve recycling rates.

For example, water used for rinsing in the cleaning process is not simply discharged. Instead, it is recovered according to the degree of contamination, treated to remove impurities using the plant's water production facilities, and reused in the manufacturing process.

In this way, we will continue pushing forward with water recycling to minimize the amount of new water resources introduced.

Simultaneously, we will continuously review water input levels and advance the shift to manufacturing processes that use less water overall.

#### Our Water Recycling Rate

Boundary: Shinko Group in Japan

Fiscal year	FY2022	FY2023	FY2024
Total water withdrawal <sup>9</sup> (thousand m <sup>3</sup> )	4,153	4,215	4,968
Recycled water (thousand m <sup>3</sup> )	2,977	2,510	2,319
Recycling rate (%)	42	37	32

<sup>9</sup> Total water withdrawal includes water used outside of manufacturing processes.



# Living in Harmony with Nature



Halting and reversing the urgent global issue of biodiversity loss is an important challenge for our company's sustainability, as our business activities both benefit from and impact the bounty of biodiversity. 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, and have established medium- to long-term environmental targets for biodiversity conservation. We are working toward nature positivity and the realization of a society living in harmony with nature by driving efforts to conserve biodiversity and reduce negative impacts on ecosystems in our business 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 in accordance with our Environmental Policy 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.

## Risks and Opportunities

Key risks and opportunities related to biodiversity

	Risks	Opportunities
Responding to 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>

### Identifying Biodiversity Risks at Production Sites

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 use the Integrated Biodiversity Assessment Tool (IBAT) to identify nature conservation areas<sup>1</sup> within a three-kilometer radius of the Shinko Group production sites. Based on these findings, we have begun examining what actions are necessary. We also conduct water risk and water stress assessments, recognizing their necessity not only from a water resource protection perspective but also from a biodiversity conservation standpoint.

[See Identifying Water Risks at Manufacturing Sites \(page 42\)](#)

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, Alliance for Zero Extinction Sites, and KBAs (Key Biodiversity Areas).

Assessment of Biodiversity Risk at Production Sites<sup>2</sup> (FY2024)

(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	0.0%
Low	(1.8-2.6)	6	1	7	87.5%	3	0	3	37.5%
Medium	(2.6-3.4)	0	1	1	12.5%	3	2	5	62.5%
High	(3.4-4.2)	0	0	0	0.0%	0	0	0	0.0%
Very high	(4.2-5.0)	0	0	0	0.0%	0	0	0	0.0%
Total		6	2	8	100.0%	6	2	8	100.0%

<sup>2</sup> Production sites

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Kohoku Plant, Wakaho Plant, Chikuma Plant, Takaoka Plant, Arai Plant and Kyogase Plant

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<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"

## Environmental Targets


### Medium- to Long-Term Environmental Targets

#### Targets

	FY2030	FY2050
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

#### Environmental Action Program (Stage 11) (FY2023 – FY2025: 3 years), and FY2024 targets and results

Environmental Action Program (Stage 11)			FY2024	
			Targets	Results
Living in harmony with nature 	Conservation of biodiversity	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 Rare species protection Implementation of monitoring surveys	Implemented activities to exterminate invasive alien species. Implemented activities to protect rare species. Implemented monitoring surveys.
	Biodiversity education and awareness	Education 3 times Awareness-raising 2 times	Conducted education 3 times Conducted awareness-raising 2 times	
Reduction of negative impact on ecosystems	Promotion of climate change and resource circulation initiatives	Promote initiatives	As planned	

Boundary: Shinko Group in Japan

## Results of Activities

Biodiversity conservation activities were launched in FY2020 based on three plans: "Adopt-a-forest program in Nagano Prefecture," "Engage in biodiversity conservation activities in the Kurita Sogo Center," and "Conduct environmental education and awareness activities to foster consciousness of biodiversity." In FY2021, these activities were established as medium- to long-term environmental targets and have been progressing as planned through FY2024.

As activities toward achieving a nature-positive world gain momentum globally, our Company will also strive to further advance our efforts in biodiversity conservation.

Reporting boundary: Shinko Group in Japan

### Maintenance of town-owned forests in Iizuna Town, Nagano Prefecture - Conduct the adopt-a-forest program in Nagano Prefecture -

FY2024 Target	Results
Maintenance of forests owned by the town 2 times	Conducted 2 times

Shinko and SHINKO WORKERS 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.

In FY2024, we implemented the target of "Maintenance of town-owned forest: 2 times per year" as planned.



(Group photo of the participants)

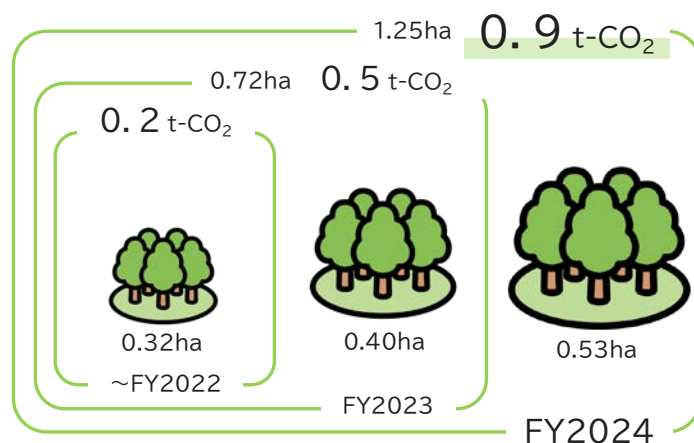


(Scene of participants planting seedlings)

In the areas we have worked on to date, we are seeing trees growing steadily.

To objectively assess the effectiveness of these activities, we have received certification under the Nagano Prefecture Forest CO<sub>2</sub> Absorption Assessment Certification System since FY2021.

Certified amount of CO<sub>2</sub> absorbed, and area maintained



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)

FY2024 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.

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 FY 2024, we implemented our planned activities and achieved our targets of extermination of invasive alien species, rare species protection and implementation of monitoring surveys.

In the natural environment survey conducted in FY2024, 151 species of plants, 69 species of terrestrial insects, and 23 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.



(Kurita Sogo Center (Nagano City) and the creatures that live there)

## Education and awareness on biodiversity - fostering employee's consciousness of biodiversity

FY2024 Targets	Results
Education 3 times	Conducted education 3 times
Awareness-raising 2 times	Conducted awareness-raising 2 times

We implement education and awareness activities to ensure each employee understands the importance of biodiversity and the relationship between biodiversity and business activities, enabling them to take actions that incorporate a biodiversity perspective in their work and daily lives.

In FY 2024, we implemented our planned activities and achieved our targets of conducting of 3 times education and 2 times awareness-raising.

We will continue to educate and raise awareness about biodiversity to deepen understanding and translate it into action.

## Reduction of Negative Impact on Ecosystems

As the conservation of biodiversity is essential to our sustainable corporate activities, we will reduce the negative impacts of our business operations on ecosystems through initiatives such as "Promote climate change and resource circulation initiatives" and "Proper management of chemical substances."

Reporting boundary: Shinko Group in Japan


### Risks and Opportunities

Key risks and opportunities related to negative impact on ecosystems

	Risks	Opportunities
Climate change Resource circulation	<p><b>Risks and opportunities related to climate change P31</b> <b>Risks and opportunities related to resource circulation P38</b></p>	
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>

### Environmental Targets

■ Environmental Action Program (Stage 11) (FY2023 – FY2025: 3 years), and FY2024 targets and results

Environmental Action Program (Stage 11)		FY2024	
		Targets	Results
 Reduction of negative impact on ecosystems	Promotion of climate change and resource circulation initiatives	Promote initiatives	As planned
	Proper management of chemical substances	Proper management	As planned

Boundary: Shinko Group in Japan

### Promotion of climate change and resource circulation initiatives

We recognize that our efforts to address climate change and resource circulation also contribute to biodiversity recovery, thereby serving to reduce negative impacts on ecosystems. Please see the link below.

[Climate Change Initiatives P30](#)

[Resource Circulation Initiatives P38](#)

### Proper Management of 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>6</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>6</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>7</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 \(P79\)](#)

<sup>7</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.

## Preventing Environmental Pollution

To minimize impacts on the environment and neighboring stakeholders, the Shinko Group continuously strives for improvement through its environmental management system, focusing on preventing and minimizing environmental pollution.

## Risks and Opportunities

Key risks and opportunities related to environmental pollution

	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 deviation from 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>

## 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 FY2024.

- Exhaust treatment

Some exhaust emissions from manufacturing equipment and wastewater treatment facilities also contain hazardous substances. Such exhaust gas is input to an exhaust gas treatment device (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 given an equipment ID, and a label with the ID is attached to the equipment to manage inspection records, disposal and other details are managed in a ledger.

- 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 released into rivers or sewers under strict control.

The quality of 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 management of the quality of our wastewater.

There were no exceedances of voluntary control standard values or effluent standard values in FY2024.

## ■ 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

As a leak prevention measure, each plant conducts annual response drills simulating chemical leaks at designated locations. These drills ensure prompt action and appropriate response in the event of a leak, enabling employees to learn the proper use of protective gear and response procedures.

There was no leakage in FY2024.

## ■ 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 on our company premises in the FY2024.

## ■ Plant Safety Management

Comprehensive safety inspections are conducted twice a year at each plant (14 inspections in total) by managers in individual facilities management departments. These inspections involve managers working at plants other than the one being inspected in checking utility equipment, 5S conditions, and other factors. By implementing improvements for issues identified during these inspections and disseminating the issues horizontally, we promote stable utility supply and the elimination of occupational accidents, while also contributing to environmental conservation and legal compliance.

## 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 FY2024.

With regard to PCBs (polychlorinated biphenyls), the Shinko Group in Japan has completed the disposal of all high-concentration PCB waste and currently holds no low-concentration PCB waste. However, to prevent any missed disposal after the deadline, we once again carried out an inspection to identify equipment that might contain low-concentration PCBs. We will properly dispose of any PCB-containing equipment identified through analysis, in accordance with the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes.

# 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 \(page 30\)](#)

## ■ 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.

## ■ 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.

## 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)

	FY2024 Targets	FY2024 Results	Examples of Activities
Reduction of CO <sub>2</sub> emissions	36.40 t-CO <sub>2</sub>	28.14 t-CO <sub>2</sub>	<ul style="list-style-type: none"> <li>• Conversion to LED lighting</li> <li>• Shortened operating time of cleaning towers and air conditioners, etc.</li> </ul>
Reducing waste	0.64 t	6.44 t	<ul style="list-style-type: none"> <li>• Reduction of sludge after waste liquid treatment through defect reduction</li> <li>• Thorough waste sorting for recycling, etc.</li> </ul>
Reducing water use	277.67 t	224.6 t	<ul style="list-style-type: none"> <li>• Reducing well water usage through improvements to the cooling water system</li> <li>• Water conservation measures for domestic water use, etc.</li> </ul>



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

	FY2024 Targets	FY2024 Results	Examples of Activities
Electricity use (air conditioning)	3,089 MWh/year or below (reduction of 10.5% or more compared to FY2022)	2,971 MWh/year	<ul style="list-style-type: none"> <li>• Reviewed the air conditioning set temperature</li> </ul>
Electricity use (air compressors)	3,803 MWh/year or below (reduction of 19% or more compared to FY2022)	1,724 MWh/year	<ul style="list-style-type: none"> <li>• Prioritized the use of high-efficiency equipment and adjusted the number of units in operation</li> </ul>
Heavy oil consumption	897 thousand L/year or below (reduction of 12.7% or more compared to FY2022)	768 thousand L/year	<ul style="list-style-type: none"> <li>• Prioritized operation of high-efficiency boiler equipment</li> </ul>
Reuse rate of interlayer paper	29% or more	12.4 %	<ul style="list-style-type: none"> <li>• Recovered the interlayer paper used in the previous process and reused it in the subsequent process, etc.</li> </ul>
Use of municipal water (per million units produced)	62.4 m <sup>3</sup> /month or below	54.6 m <sup>3</sup> /month	<ul style="list-style-type: none"> <li>• Inspected areas with high water usage and detected abnormalities early</li> </ul>

A family of five (two adults and three children) is walking away from the camera on a large, green grassy field. They are holding hands in a line. In the background, there are several multi-story apartment buildings under a blue sky with light clouds. The overall scene is bright and positive.

# 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

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

Every year, the Shinko Way education for all employees covers "Guiding Principles of Respect for Human Rights in Employment" and 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 posted related articles on the intranet site to raise awareness of human rights respect by fostering an environment where each individual could think about and discuss human rights.

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 FY2024 (Shinko Group in Japan)

Training	Participants		
	FY2022	FY2023	FY2024
Shinko Way Education	5,662	5,794	5,552
Rank-specific Training	491	471	306

## ○ 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 FY2024, 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 (Period: April 1, 2020 - March 31, 2025),

Based on the Stage 2 Action Program, 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 training for younger employees and those raising children, thereby achieving our targets.

#### ●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

#### ●Results Against Goals

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 2025 was 6.9%, compared with the target of 6.6% at the end of March 2025. The average monthly overtime hours in FY2024 were 3.5 hours\*, and the average monthly overtime hours during the plan period (from April 2020 to March 2025: 5 years) were 5.8 hours\*, both staying below the target of 30 hours.

\* 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".

#### ●Initiatives

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

In FY2024, 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 >

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.

In FY2024, moreover, we implemented a new initiative: we provided testing related to skills and capabilities required for leaders, targeting past training participants to help them identify their strengths and areas for improvement. This was followed by a follow-up program where they attended external training sessions based on their results.



(Career Development Support Training for Young Employees)

< Training for Female Leaders' Mentors >

Similarly, for the purpose of developing female leaders, we conducted a "Training for Female Leader's Mentors" for supervisors of the 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.

**■ Stage 3 Action Program in Accordance with Act on the Promotion of Women's Active Engagement in Professional Life (period: April 1, 2025 - March 31, 2030)**

From FY2025, based on the Stage 3 Action Program, we aim to achieve our targets by continuously encouraging the participation of women.

● Targets

- (1) Increase the proportion of women appointed to new managerial positions to at least 10% over a five-year period.
- (2) Keep the average hours of overtime per month at 20 hours or less through the above plan period

● Initiatives

- Providing training programs for female leaders and managers aimed at developing female candidates for managerial positions
- Implementing follow-up measures for participants of past Female Leader Training programs
- Continuing to provide career development support seminars for younger employees and employees raising children

**■ Gender Pay Gap (FY2024 results)**

Shinko's "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 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	82.7%
(Regular employees among all workers)	82.5%
(Non-regular employees among all workers)	83.2%

- 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.

## **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 15.1% 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 2025, 610 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 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 2025 is 21.7 years, exceeding that of men (17.4 years). This is higher than the national average<sup>1</sup> for the same industry (15.7 years).

<sup>1</sup> 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" (June 14, 2024), Ministry of Health, Labour and Welfare.



### Promoting Childcare Leave for Male Employees

Shinko is working to foster a culture where employees feel comfortable taking childcare leave regardless of gender. To increase male participation in childcare, we are raising awareness through rank-specific training. We are also proceeding with initiatives such as introducing examples of system utilization through internal newsletters and childcare leave guidelines, while encouraging both employees and their supervisors to take childcare leave, as a result of which male childcare leave uptake rose to 55% in FY2024.

	FY2022	FY2023	FY2024
Percentage of male employees taking childcare leave	20%	29%	55%

### 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

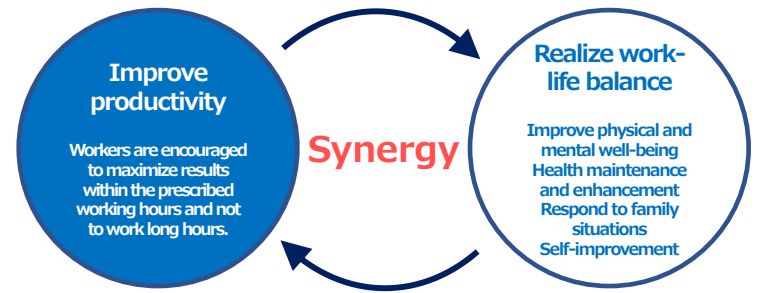
Shinko is focusing on Transforming Work Styles in pursuit of corporate development and growth as well as healthy, fulfilling lives for each and every employee.

## ■ 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.

- 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.

- 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.

## ■ 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 WORKERS UNION. The union participation rate is 91.8%.<sup>2</sup> 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.

<sup>2</sup> 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

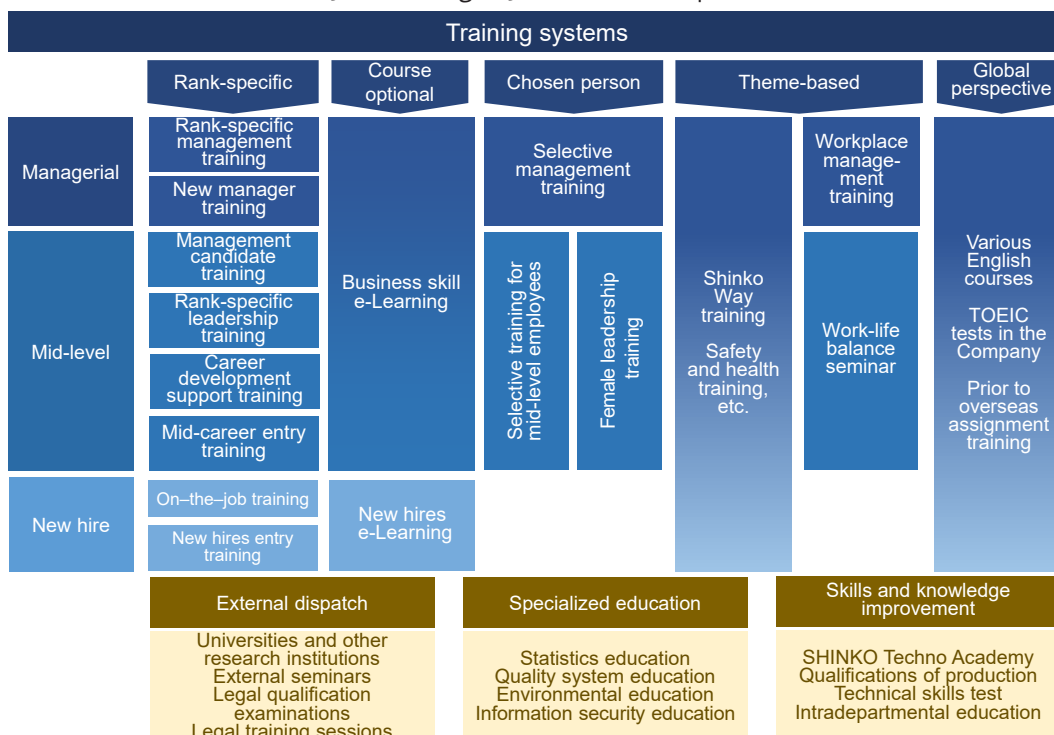
#### Integrity and Trust

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. We will continue to proactively improve the environment for our employees so that they can gain more global business skills.

### Conducting Selective Education

We offer 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 FY2024, 100 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 FY2024, the average education cost per employee was 13.5 thousand yen, and the number of hours of education was 23.5 hours.

	FY2022	FY2023	FY2024
Average education cost per employee (Thousands of yen)	12.5	13.3	13.5
Number of hours of education per employee (Hours)	22.3	25.7	23.5

## 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 semiannual 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.

### Job Rotation Program for Young Employees

We have in place a job rotation system for young employees aimed at developing their capabilities and promoting their prompt growth, thereby enabling them to respond to a rapidly changing business environment and continuously drive transformation with multifaceted perspectives. Through the system and other initiatives, we provide young employees with opportunities for growth to strengthen organizational capabilities and contribute to the Company's development.

### 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

In accordance with safety and health management manual based on RBA Code of Conduct, 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. We also implement safety patrols monthly by Safety and Health Committee members and specialized committee members to identify and improve 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. In FY2024, 1,803 corrective actions were completed company-wide.

## ○ 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 FY2024, 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 442 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 FY2024 (Shinko Group in Japan)

Training	Participants		
	FY2022	FY2023	FY2024
Practical Skills Training for New Employees	282	198	100
General Safety and Health Education	5,709	5,687	5,353
Rank-specific Training	491	471	306
Hazard Perception Education	60	119	442
Traffic Safety Training	628	716	695



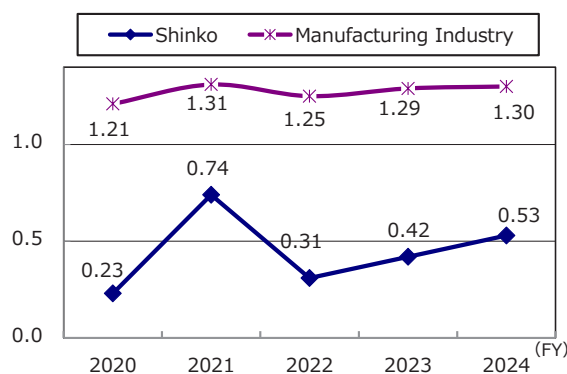
(Hazard Perception Education to improve the hazard sensitivity)

## ○ Status of Occupational Accidents

Our occupational accident frequency rate remains at a level below the nationwide average for the manufacturing industry, and in FY2024, we had no accidents resulting in death or residual disability nor any similarly serious accidents.

In FY2025, 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. For FY2024, specific health guidance was completed for 75% of eligible employees, exceeding the national target of 45%.

### 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 FY2024, 2,052 employees (37.8% of all 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.

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



(Employee cafeteria menu: smart meals)

## Mental Health Care

### 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 2025

In March 2025, Shinko obtained certification for the seventh consecutive year as an Outstanding Health and Productivity Management Organization (in the Large-Scale Corporate Category) by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi (Japan health council). 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 in 2004 as the Kurita Sogo Center, surrounded by lush greenery to harmonize with the local community.

Since then, Kurita Sogo Center is a place of relaxation in the local community, 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 (Wakaho Plant))



(Awareness Campaigns on Traffic Safety (Chikuma Plant))

## 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.

In addition, KOREA SHINKO MICROELECTRONICS CO., LTD. (KSM) in Korea conducts annual clean-up activities on roads surrounding industrial parks where its plant is located, while also conducting awareness activities to prevent illegal dumping of garbage.

We will continue to work steadily to ensure that the beautiful environment around the plant is passed on to future generations.



(Takaoka Plant)



(Arai Plant)



(Kyogase Plant)



(KSM)

## 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 FY2024, we planted saplings and cleared underbrush in May and October. We will continue to work with the local community to protect rich natural resources through sustainable forestation activities.



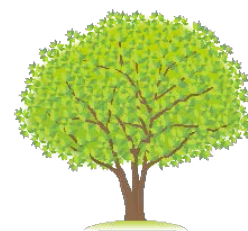
(Tree planting (May))



(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 FY2024.



## Supporting Youth Development

### Plant Tours and Internships

Shinko provides opportunities to nearby schools for learning through plant tours. In FY2024, we invited local students to tour our Kohoku Plant (Nagano City) and Takaoka Plant (Nakano City, Nagano Prefecture) so that they could see and experience the actual "The Art of Manufacturing" firsthand.

We also accept local student internships at its sites in Japan as well as at its overseas site, SHINKO ELECTRONICS (MALAYSIA) SDN. BHD. (SEM) in Malaysia, while support them 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.



(Plant tour (Kohoku Plant))



(Internship (SEM))

### 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 provided scholarships to a total of 624 students. These include students from Nagano Prefecture enrolled in engineering and medical universities etc., as well as students (including exchange students) attending such institutions located within Nagano Prefecture. Shinko helps run the foundation by serving as its secretariat.



# 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.

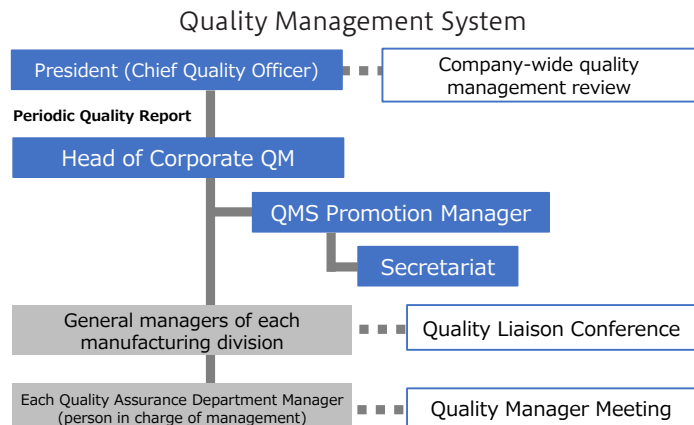
#### Guiding Principles

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.



## Cultivating a Quality-Oriented Mindset

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.

In 2024, moreover, we started providing Quality Mindset Implementation Education to ensure the quality compliance mindset permeates and becomes firmly established among our employees. This training utilizes our proprietary video materials designed for short-duration viewing. By having all employees repeatedly take this training, it provides an opportunity for them to reflect on their own actions and engage in self-examination. Through these initiatives, the Company consistently works to ensure that data submitted to customers is treated as part of our products and services with a quality-focused approach. We maintain a unified effort among all employees involved in manufacturing to address quality compliance issues.

Quality Compliance Education in FY2024 [Shinko Group in Japan]

Training	Participants
Quality Compliance Education	5,319

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

## 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

Shinko continuously exhibits at trade shows to demonstrate its advanced technological capabilities to customers and to understand customer and market needs, so as to develop products that provide greater value to society. In FY2024, our products under development were mainly exhibited at the following exhibitions.

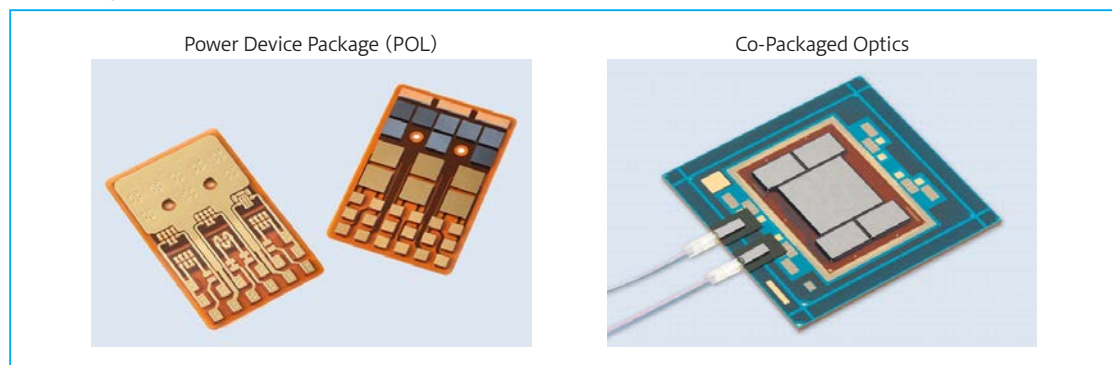
No.	Date	Exhibition Name	Products Exhibited
(1)	July 12, 2024	The 2nd Industry-Academia Mirai Forum	Introducing simulation technology and materials development 2.3D Package Substrate (i-THOP®*) Power Device Package (POL) Co-Packaged Optics Glass Core Substrates
(2)	November 13-15, 2024	13th IEEE CPMT Symposium Japan	2.3D Package Substrate (i-THOP®) Power Device Package (POL) Co-Packaged Optics Glass Core Substrates
(3)	December 11-13, 2024	APCS (Advanced Packaging and Chiplet Summit) 2024	2.3D Package Substrate (i-THOP®) Power Device Package (POL) Co-Packaged Optics Glass Core Substrates Carbon Nanotube Thermal Interface Material etc.

\* i-THOP is a registered trademark of Shinko.  
Note: All products are under development.

## Exhibits at shows



## Some of products exhibited



Power device packages (POL), which enable highly efficient power conversion, are expected to be used in electric vehicles and other applications. Furthermore, co-packaged optics enabling low-power, high-speed communications are anticipated for use in communication equipment and servers employed in data centers. By developing these products, we will contribute to the advancement of high-performance, high-speed and energy-efficient semiconductors. This will help us to create a prosperous and sustainable society.

## 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 FY2024, we also provided guidance to 730 companies, 716 in Japan and 14 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 confirm 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/>

## Conducting CSR Survey

### ■ Outline of CSR Survey for Suppliers

Shinko has sent questionnaire surveys about corporate social responsibility conforming to the RBA Code of Conduct to our major 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.

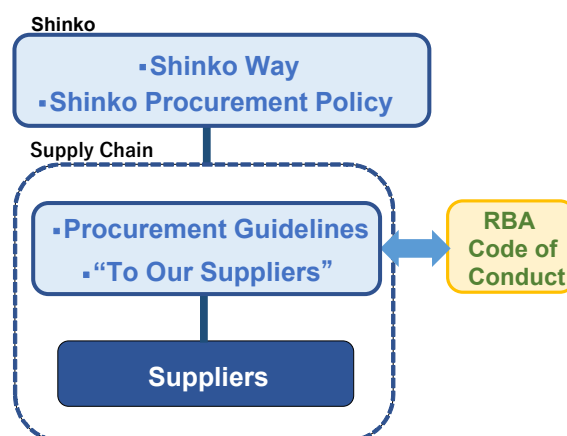
### ■ Status and Results of CSR Survey

In FY2024, we surveyed 21 suppliers (including overseas suppliers) that accounted for at least 80% of our production materials purchases.

For all 7 suppliers to whom we contract some processes within our plants, in addition to this survey, we annually conduct on-site audits to confirm that there are no issues in the condition of their work sites and request improvements as necessary. We confirmed that there were no issues in terms of the RBA Code of Conduct and relevant laws and regulations based on the results of the CSR survey or the on-site audit in FY2024.

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

### Supply Chain CSR Promotion System



## Human Rights in the Supply Chain

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. Additionally, each year, we verify the human rights initiatives of our major suppliers through the aforementioned CSR surveys and on-site audits. As a result, we have confirmed that there were no problems under the RBA Code of Conduct and related laws and regulations in FY2024.

## Initiatives for Responsible Minerals Sourcing

As part of our efforts to ensure supply chain transparency and responsible mineral sourcing in our procurement activities, we have been conducting studies on high-risk minerals as part of our due diligence, 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. Additionally, we have been promoting procurement from conformant smelters through risk mitigation and supply chain transparency efforts, including risk assessment and corrective actions, based on results of the studies. The Responsible Minerals Initiative's (RMI) Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) are used in the studies. In FY2024, we conducted a survey of 41 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 FY2024, we surveyed 317 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

We promote green procurement throughout our entire supply chain, including our suppliers, with consideration for global environmental conservation, by designing and selecting materials with energy efficiency in mind 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. We also investigate the chemical substance content of purchased products and regularly audit 26 major suppliers of parts and materials to check their management practices. 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 FY2024, we conducted environmental surveys of 31 major suppliers to confirm the status of their activities.

The survey results showed that 10 suppliers requested 7,824 secondary suppliers to reduce CO<sub>2</sub> emissions, and 6 suppliers requested 2,974 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 facilitate appropriate and swift decision making, giving top priority to compliance and aiming to improve and develop our corporate value more than ever with the JICC consortium, consisting mainly of JIC Capital Ltd., as the partner for Shinko, who basically supports Shinko's business policy of focusing on capital investment and technology development for growth markets and, as a government-affiliated fund, will not be swayed by short-term fluctuations in business performance and will promote initiatives that contribute to the enhancement of corporate value from a medium- and long-term perspective.

## Corporate Governance System

### Outline

Shinko adopted the structure of a company with an Audit and Supervisory Board. The audit and supervisory system is centered around the supervision of the execution of duties by the Board of Directors, in addition to audits and supervision by the Audit and Supervisory Board. We have appointed multiple Outside Directors 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.

Please refer to the list of Shinko's Directors, Audit and Supervisory Board Members, Corporate Officers.

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

#### ■ 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 Audit and Supervisory Board

In addition to investigating the state of our operations and finances in accordance with our audit policy and audit plan, the Audit and Supervisory Board audits the execution of duties by Directors and others through the attendance of the Audit and Supervisory Board Members at important meetings, including meetings of the Board of Directors, and by receiving reports from Directors, Corporate Officers, and the internal auditing division, and so on. We have also established an Audit and Supervisory Board's office as an organization for assisting the Audit and Supervisory Board'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. Members are selected by resolution of the Board of Directors. The Committee is comprised of a majority of Outside 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.

## ■ 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.

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.

## 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 Board Members so that the Members can conduct its audits effectively. When the Audit Division receives instructions from the Audit and Supervisory Board Members 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.

# 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.

[See The Shinko Way \(page 11\)](#)

## Utilization of the Global Business Standards

We have established the Global Business Standards (GBS) as a concrete expression of 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 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.

## Development of Regulations and Guidelines

The Shinko Group practices thorough compliance based on the Shinko Way Code of Conduct and the 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 FY2024, 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.

### FY2024 Compliance Training Results (Shinko Group)

	Participants
For employees in Japan <sup>1</sup>	5,552
For employees in Overseas <sup>2</sup>	781

<sup>1</sup> Including a Group company in Japan <sup>2</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 an internal whistleblowing system to enable all employees to make whistleblowing reports or seek consultation on compliance. These points of contact accept reports of violations of laws and regulations, including violations of competition law and bribery, breaches of the Shinko Way Code of Conduct and internal regulations, as well as quality fraud. It also provides consultation for situations where employees are unsure about reporting. The internal whistleblowing system accepts reports and inquiries not only from domestic and overseas employees of the Shinko Group, but also broadly from temporary staff, trainees, and former employees.

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

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.

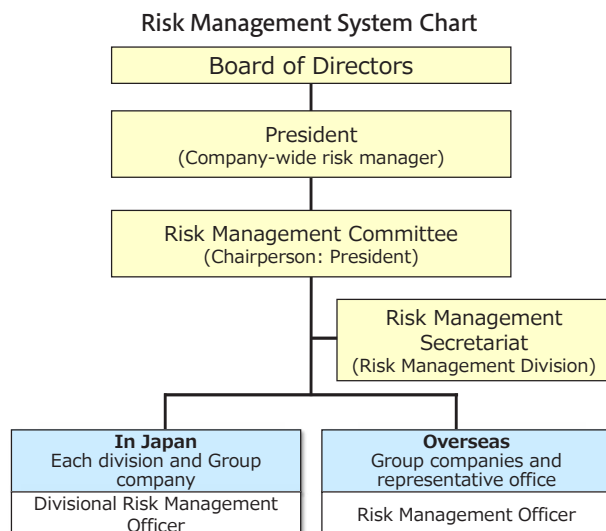
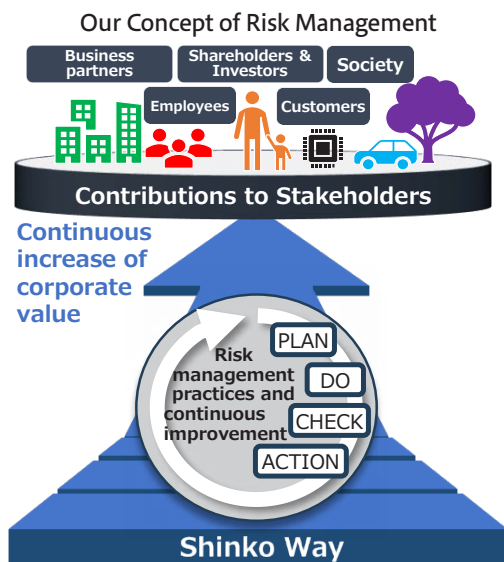
Going forward, we will make sure everyone is informed about the internal whistle-blowing system, strive to encourage its use, and aim to foster an open organizational culture so as to prevent compliance violations and detect them early, should any occur.

# 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 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.



## 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 annually 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.

### Risk of Business, Etc.<sup>1</sup>

- |  |  |
|--|--|
| 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                         |

<sup>1</sup> The items listed in Risk of Business, Etc. do not include all risks faced by the Shinko Group.

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

### 2024 Major Training Participation Record [Shinko Group in Japan]

Training	Participants
Evacuation drills	5,353
Emergency drills	452



(Training for collecting and reporting damage information during disaster drills)



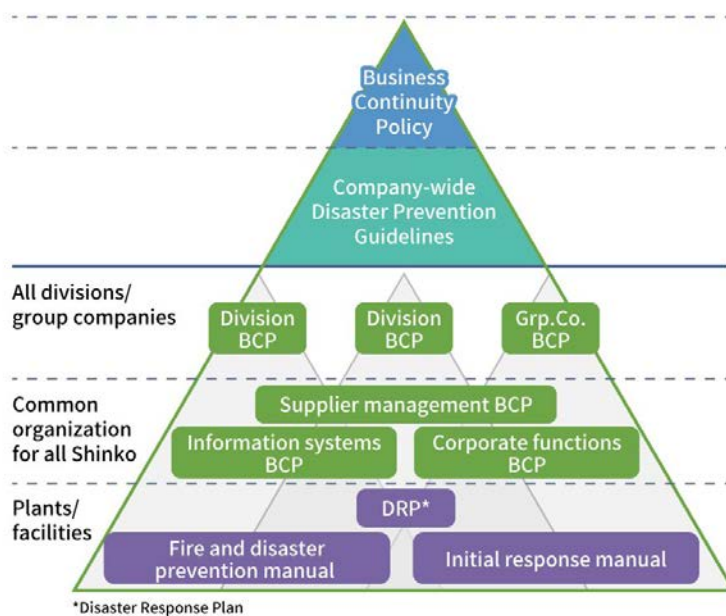
(Emergency drills at SHINKO ELECTRONICS (MALAYSIA) SDN. BHD.)

# 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.

Promotion System for BCM



## 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 FY2024, 5,429 employees of the Shinko Group in Japan (including temporary employees) participated in the program.

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.

### 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

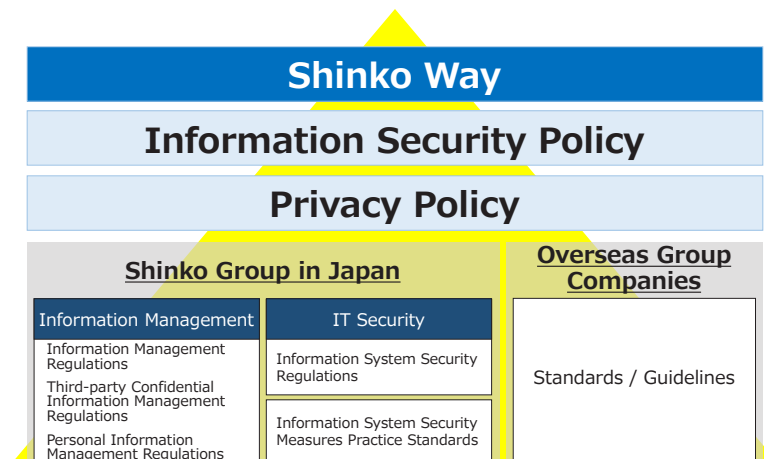
The Shinko Group will take the items below as the principles of its initiatives for information security.

- (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.

### FY2024 Information Security Education Results (Shinko Group)

	Participants
For employees in Japan <sup>2</sup>	5,624
For employees in Overseas <sup>3</sup>	781

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

In the years ahead, we will continue to enhance information security awareness throughout the Shinko Group by implementing the education programs.

## 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).

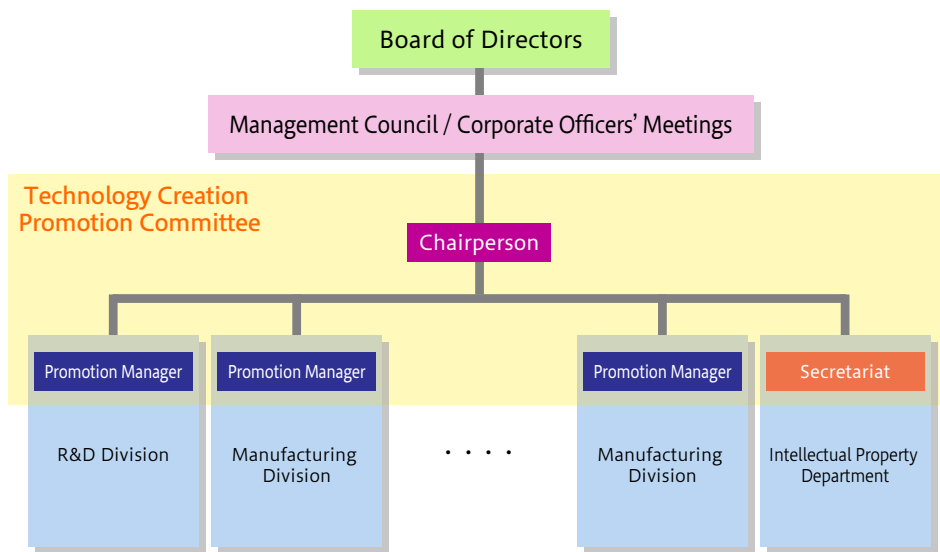
Information Classification in our company				
Confidential information	Third-party confidential information		Confidential information disclosed/provided by others to our company, regardless of the content	
	Shinko confidential information	Restricted information	Shinko confidential information that must 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	
			Personal information	Information related to individuals, which contains information that would identify a specific individual

# 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.



## 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.

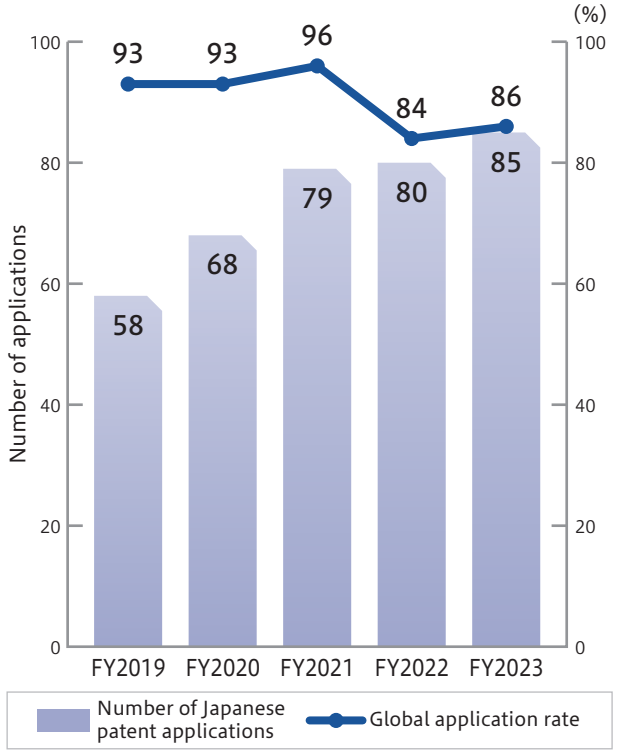
We will continue to engage in technology creation as a company-wide activity, with the aim of strengthening our technological development capabilities and creating new products that will lead to the development of our business.

# Intellectual Property Data

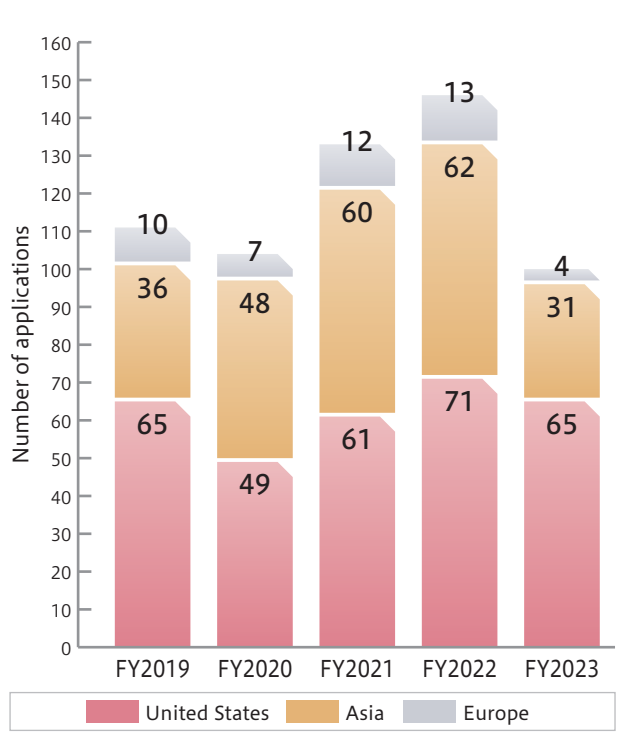
## Number of Patent Applications

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

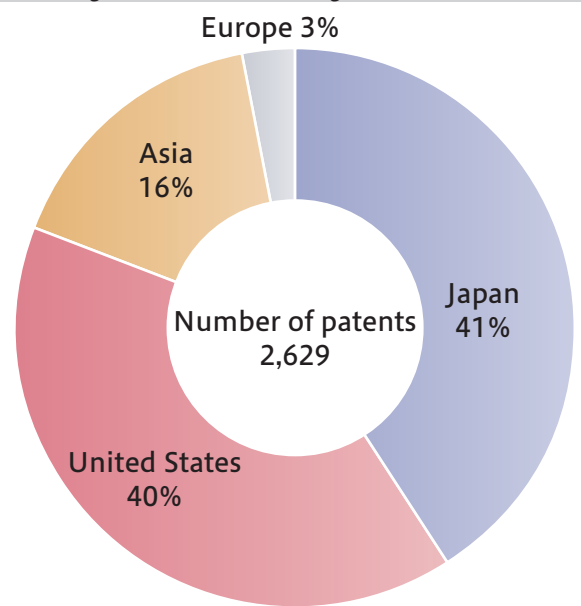


\* Global application rate: Percentage of Japanese patent applications that were also filed overseas.

## 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 FY2024





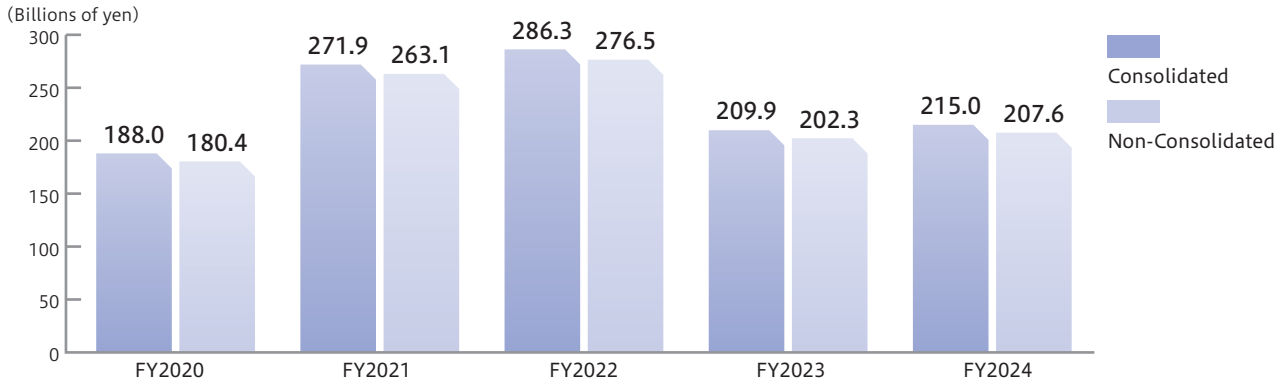
2044
1541
1847
090
1998
480
090
26

# Financial and Non-financial Data

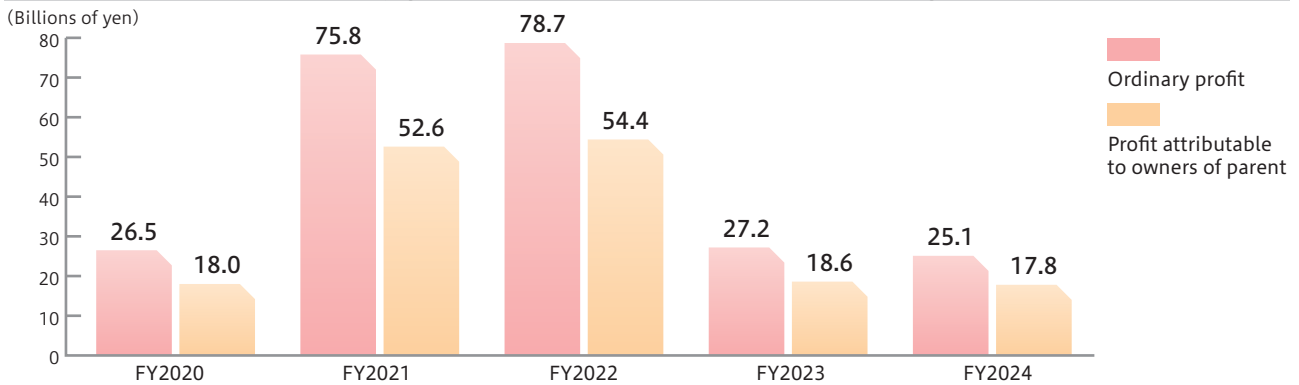
- \* Financial Data (Consolidated)
- \* List of Employee Related Indicators
- \* Governance Data
- \* Environmental Data

# Financial Data (Consolidated)

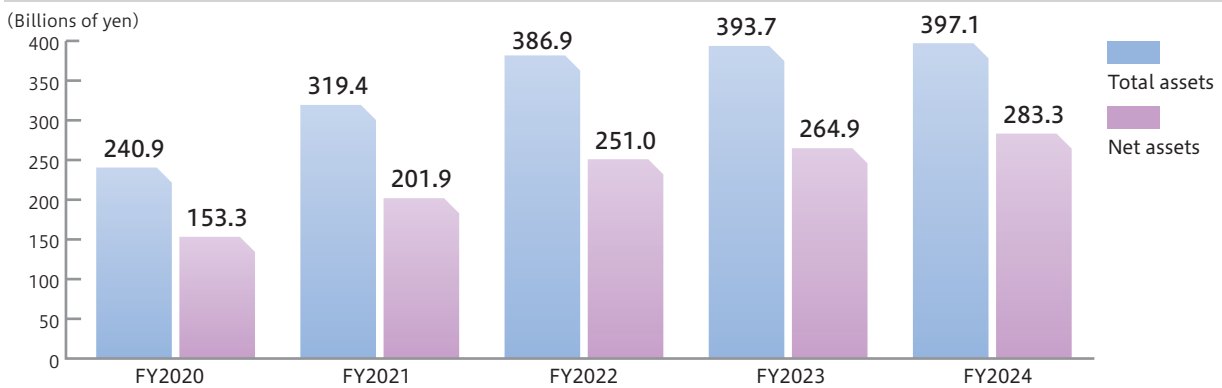
## Net Sales



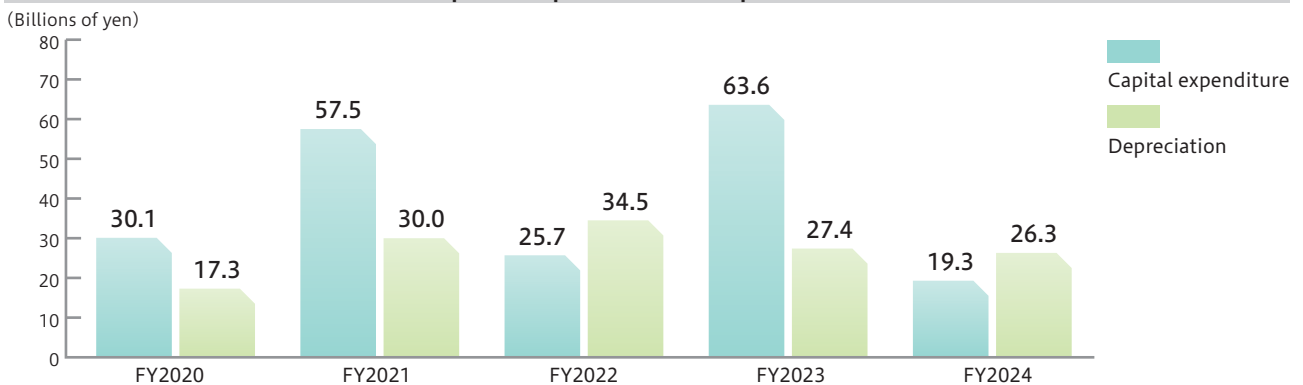
## Ordinary profit/Profit attributable to owners of parent



## Total assets/Net assets



## Capital expenditure/Depreciation



# List of Employee Related Indicators

## Basic information

	Employee classification	FY2022		FY2023		FY2024	
		Regular	Non Regular <sup>1</sup>	Regular	Non Regular <sup>1</sup>	Regular	Non Regular <sup>1</sup>
Number of employees by type of contract (persons)	Shinko (non-consolidated)	4,848	501	4,808	568	4,687	608
	Group companies (consolidated companies)	748	51	745	63	708	71

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

	Aggregation scope	Employee classification	FY2022	FY2023	FY2024	
Number of employees by region (persons)	Total	Shinko Group (consolidated)	Regular	5,596	5,553	5,395
	Japan			4,884	4,845	4,717
	Asia			674	669	644
	United States			38	39	34
Number of new graduate recruitment (persons)	Total	Shinko (non-consolidated)	Regular	148	205	144
	Male			116	164	118
	Female			32	41	26
Number of mid-career recruitment (persons)	Total	Shinko (non-consolidated)	Regular	305	38	6
	Male			257	33	6
	Female			48	5	0
Turnover headcount (persons)				105	130	130
Turnover rate (%)				2.2	2.7	2.8

## Diversity

	Aggregation scope	Employee classification	FY2022	FY2023	FY2024	
Number of employees (persons)	Total	Shinko (non-consolidated)	Regular	4,848	4,808	4,687
Average age (age)				42.4	42.0	41.8
Average years of service (years)	Overall average			18.8	18.4	18.2
	Male			18.0	17.6	17.4
	Female			22.3	21.6	21.7
Number of employees by gender (persons)	Male			3,868	3,835	3,734
	Female			980	973	953
Ratio of female employees (%)				20.2	20.2	20.3
Ratio of female managers (%)				5.9	6.0	6.9
Number of non-Japanese employees (persons) <sup>2</sup>				53	46	40
Employment ratio of people with disabilities (%) <sup>3</sup>	Shinko Group in Japan	Regular and non regular	2.31	2.56	2.55	

<sup>2</sup> Including assignees to Group companies

<sup>3</sup> Calculated annually in June

## Creating a Dynamic Corporate Culture

	Aggregation scope	Employee classification	FY2022	FY2023	FY2024	
Average days of paid leave taken (days)		Shinko (non-consolidated)	Regular	14.4	14.1	15.4
Number of employees using child care leave (persons)	Total			33	44	82
	Male			22	36	61
	Female			11	8	21
Number of male employees taking leave for childcare purposes (persons)				108	136	70
Percentage of male employees taking childcare-related leave (%) <sup>4</sup>				121	142	120
Percentage of male employees taking childcare leave (%)				20	29	55
Average number of days of childcare leave taken by male employees (days)				29	26	34
Return to work ratio after child care leave (%)				100	100	100
Continuous work ratio after child care leave (%) <sup>5</sup>				100	97	98
Number of employees using family care leave (persons)	Total			2	2	5
	Male			1	1	4
	Female			1	1	1
Return to work ratio after family care leave (%)				100	75	100
Continuous work ratio after family care leave (%) <sup>5</sup>				100	100	100
Union participation rate (%) <sup>5</sup>				91.3	91.7	91.8

<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.

<sup>6</sup> Union participation rate: The percentage of ordinary employees out of all regular employees (including managers)

## Occupational Safety and Health

	Aggregation scope	Employee classification	FY2022	FY2023	FY2024
Accidents resulting in death, disability or similar serious outcomes (cases)	Shinko (non-consolidated)	Regular and non regular	0	0	0
Frequency rate of industrial accidents (%)			0.31	0.42	0.53
Specific health guidance implementation rate (%)			75.1	82.8	75.0

<sup>7</sup> Subjects are Fujitsu Health Insurance Society members.

# Governance Data

\* Our company transitioned to a company with an Audit and Supervisory Board on June 11, 2025.

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

Item			FY2022	FY2023	FY2024
Board of Directors	Composition	Number of Directors	8	8	8
		Including Female Directors (%)	1 (12.5%)	1 (12.5%)	1 (12.5%)
		Including Independent Outside Directors	3	3	3
	Number of meetings		15	17	15
Audit and Supervisory Committee	Composition	Number of members	3	3	3
		Including Independent Outside Directors	2	2	2
	Number of meetings		8	9	7
Nomination and Remuneration Advisory Committee	Composition	Number of members	5	5	5
		Including Independent Outside Directors	3	3	3
	Number of meetings		6	7	4

## ■ Internal Whistleblowing

	FY2022	FY2023	FY2024
Number of internal whistleblowing cases	7	20	14

# Environmental Data

Environmental data calculations of FY2024 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

		FY2022	FY2023	FY2024
<b>Energy consumption</b>	<b>GJ</b>	<b>2,067,582</b>	<b>2,107,997</b>	<b>★ 2,229,707</b>
Intensity	GJ/100 million yen	722	1,004	1,037
Total electricity consumption	MWh	342,676	345,968	★ 365,784
Electricity from renewable energy sources	MWh	96,590	149,961	★ 175,207
Purchased power	MWh	96,500	149,499	174,515
In-house power generation <sup>1</sup>	MWh	90	461	692
Electricity from non-renewable energy sources	MWh	246,086	196,008	190,576
Rate of renewable energy use	%	28	43	★ 48
Steam	t	–	6,400	5,947
Heavy oil, light oil, gasoline	kL	1,087	895	822
Natural gas, city gas	thousand m <sup>3</sup>	17,597	20,264	21,632
LPG · LNG	t	174	158	157
<b>Materials</b>	<b>t</b>	<b>18,079</b>	<b>15,217</b>	<b>14,100</b>
Raw materials <sup>2</sup>	t	14,839	13,043	11,624
Chemical substances	t	3,240	2,174	2,475
<b>Water resources</b>				
Total water withdrawal	thousand m <sup>3</sup>	4,336	4,368	★ 5,097
By water source				
Municipal water	thousand m <sup>3</sup>	993	941	1,043
Ground water	thousand m <sup>3</sup>	3,343	3,428	4,054
Recycled water volume	thousand m <sup>3</sup>	3,305	2,806	2,556
Recycling rate	%	43	39	33

Data boundary

Shinko Group in Japan and overseas production sites

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> Only in Japan

### OUTPUT

		FY2022	FY2023	FY2024
<b>Emissions into the air</b>				
Scope 1	t-CO <sub>2</sub>	44,135	45,737	★ 48,411
Intensity	t-CO <sub>2</sub> /100 million yen	15	22	23
Energy sources	t-CO <sub>2</sub>	42,453	43,792	★ 46,394
Non-energy sources	t-CO <sub>2</sub>	1,682	1,945	★ 2,017
Carbon dioxide (CO <sub>2</sub> )	t-CO <sub>2</sub>	40	32	21
Methane (CH <sub>4</sub> )	t-CO <sub>2</sub>	0	6	7
Tetrafluoromethane (CF <sub>4</sub> )	t-CO <sub>2</sub>	1,428	1,110	1,251
Sulfur hexafluoride (SF <sub>6</sub> )	t-CO <sub>2</sub>	0	579	621
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	42
Hydrofluorocarbon (HFC)	t-CO <sub>2</sub>	215	174	69
Acetylene (C <sub>2</sub> H <sub>2</sub> )	t-CO <sub>2</sub>	–	5	6
Lubricants and grease	t-CO <sub>2</sub>	–	0	0
Scope 2	Location-based t-CO <sub>2</sub>	153,211	154,882	★ 157,682
	Market-based t-CO <sub>2</sub>	105,620	94,077	★ 83,035
Intensity (market standard)	t-CO <sub>2</sub> /100 million yen	37	45	39
Electricity	Location-based t-CO <sub>2</sub>	153,211	153,883	156,724
	Market-based t-CO <sub>2</sub>	105,620	93,079	82,076
Steam	t-CO <sub>2</sub>	–	999	958
NOx	t	26	20	20
SOx	t	0	0	0
<b>Chemical substances</b>				
PRTR	kg	5,297	8,442	★ 7,563
By emission destination				
Atmosphere	kg	1,416	3,898	1,784
Public waters	kg	3,880	4,544	5,779
VOC	t	137	119	139
<b>Water</b>				
Total water discharge	thousand m <sup>3</sup>	3,574	3,523	4,016
By drainage destination				
River	thousand m <sup>3</sup>	2,534	2,549	2,880
Sewerage	thousand m <sup>3</sup>	1,039	973	1,135
Water consumption	thousand m <sup>3</sup>	–	845	1,081
BOD	t	213	135	210
<b>Waste + Valuables<sup>3</sup></b>	<b>t</b>	<b>25,324</b>	<b>21,275</b>	<b>★ 23,294</b>
Waste	t	6,283	4,880	★ 5,453
Hazardous				
Effectively utilized				
Thermal	t	136	85	90
Material	t	1,540	989	1,115
Non-effectively utilized	t	–	–	–
Non-hazardous				
Effectively utilized				
Thermal	t	196	158	189
Material	t	4,394	3,630	4,041
Non-effectively utilized	t	17	18	17
Landfill disposal (included in waste)	t	2	3	★ 5
Valuables	t	19,041	16,395	★ 17,842
Effective utilization rate	%	99.9	99.9	99.9

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

★ : Indicators assured by a third party

Category		Emissions (t -CO <sub>2</sub> )				
		FY2022	FY2023	FY2024		
Upstream	Scope 3	1 Purchased goods and services <sup>1</sup>	188,469	163,604	★ 161,294	
		2 Capital goods	168,971	184,913	83,964	
		3 Fuel and energy-related activities not included in Scope 1 or 2	30,730	31,969	33,902	
		4 Upstream transportation and distribution	<sup>2</sup> 10,713	<sup>2</sup> 11,529	8,643	
		5 Waste generated in operations	840	660	665	
In-house	Scope 1	Direct emissions	44,135	45,737	★ 48,411	
	Scope 2	Indirect emissions from energy sources	Location-based	153,211	154,882	★ 157,682
			Market-based	105,620	94,077	★ 83,035
	Scope 3	6 Business travel	303	<sup>2</sup> 309	385	
		7 Employee commuting	8,169	8,460	7,291	
8 Upstream leased assets		NA	NA	NA		
Downstream	Scope 3	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	
		Scope 1 + Scope 2 <sup>3</sup>	149,755	139,815	131,446	
		Scope 3	408,195	401,444	296,144	

Data boundary: Shinko Group in Japan and overseas production sites

Some items have totals that do not match due to rounding

GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.

<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> Scope 2 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) × calorie conversion factor for each energy source] Conversion factor: Ministry of the Environment "Greenhouse Gas Emission Calculation and Reporting Manual" (Ver. 6.0) (March 2025)  $\Sigma$ [Annual steam consumption × Specific enthalpy of steam (total heat value)]. 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 (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  $\Sigma$ [(annual consumption of fuel oil and gas) × CO <sub>2</sub> conversion factor for each energy source] Conversion factor: Ministry of the Environment "Greenhouse Gas Emission Calculation and Reporting Manual" (Ver. 6.0) (March 2025)
	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  $\Sigma$ (annual emissions of each type of gas × global warming potential of each type of gas) Global warming potential: Ministry of the Environment "Greenhouse Gas Emission Calculation and Reporting Manual" (Ver. 6.0) (March 2025)
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 Electricity purchased × CO <sub>2</sub> conversion factor  Location based Conversion factor: In Japan: From adjusted emission factor of "The Electric Power Council for a Low Carbon Society" FY2024: 0.422 t-CO <sub>2</sub> /MWh (announced on April 16, 2025) FY2023: 0.437 t-CO <sub>2</sub> /MWh FY2022: 0.436 t-CO <sub>2</sub> /MWh Overseas: latest IEA values (by country)  Market based Conversion factor: 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" Overseas: latest IEA values (by country)
	Steam	t-CO <sub>2</sub>	CO <sub>2</sub> emissions for production of supplied steam  $\Sigma$ [Annual consumption of city gas used for production of supplied steam × CO <sub>2</sub> conversion factor] Conversion factor: Ministry of the Environment "Greenhouse Gas Emission Calculation and Reporting Manual" (Ver. 6.0) (March 2025)
NOx		t	Amount of nitrogen oxides emitted from boilers at plants NOx concentration (ppm) × 10 <sup>-6</sup> × dry gas emissions (m <sup>3</sup> N/hr) operating time (hr/year) × 46/22.4 × 10 <sup>-3</sup>

Index		Unit	Calculation Method		
SOx		t	Amount of sulfur oxides emitted from boilers at plants 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>3</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) (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 (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 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	The amount of specially controlled waste, as defined by Japanese laws and regulations, that is thermally recycled <sup>1</sup>
			Material	t	The amount of specially controlled waste, as defined by Japanese laws and regulations, that is materially recycled <sup>2</sup>
		Non-effectively utilized	t	The amount of specially controlled waste, as defined by Japanese laws and regulations, 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	Total amount of residue that is directly landfilled or landfilled after intermediate treatment	
	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 Parts procured in Japan are calculated on a weight basis, and parts procured from domestic manufacturing consignment and overseas are calculated on a value basis. The top 90% of each category (by weight or value) is included in "purchased goods and services." Emission factors: • Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.5 • 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 Emission factors: Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.5
	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 Emission factors: • Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.5 • IDEAv2.3 (for supply chain greenhouse gas emissions calculation)
	4 Upstream transportation and distribution	(1) + (2) (1) Transportation volume during the fiscal year (for suppliers equivalent to the top 90% of procurement value) × emission factor Emission factors: Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.5 (2) CO <sub>2</sub> emissions from domestic transportation where the Shinko Group is the shipper Calculation method: Based on the Act on Rationalizing Energy Use (Energy Conservation Act) CO <sub>2</sub> emissions from domestic transportation where the Shinko Group is the shipper 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 Emission factors: • Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.5 • IDEAv2.3 (for supply chain greenhouse gas emissions calculation)
In-house	6 Business travel	(1)+(2) (1) (By means of transportation) Σ (transportation expenses paid × emission factors) Emission factors: Database for calculating an organization's greenhouse gas emissions through its supply chain ver. 3.5 (2) Private cars Σ (transported persons-kilometer × emissions factor) Emission factors: IDEAv2.3 (for supply chain greenhouse gas emissions calculation)
	7 Employee commuting	Σ (transported persons-kilometer × emissions factor) Emission factors: IDEAv2.3 (for supply chain greenhouse gas emissions calculation)

# Independent Assurance Report

In order to ensure the reliability of the disclosed information in the Shinko Group Sustainability Report 2025, we have received third-party assurance from KPMG AZSA Sustainability Co., Ltd. for our FY2024 performance on certain environmental performance indicators.

## **Independent Practitioner's Limited Assurance Report**

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

### **Conclusion**

We have performed a limited assurance engagement on whether selected environmental performance indicators (the "subject matter information" or the "SMI") presented in SHINKO ELECTRIC INDUSTRIES CO., LTD.'s (the "Company") Sustainability Report 2025 (the "Report") for the year ended March 31, 2025 have been prepared in accordance with the criteria (the "Criteria"), which are established by the Company and are explained in the Report. The SMI subject to the assurance engagement is indicated in the Report with the symbol "★".

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's SMI for the year ended March 31, 2025 is not prepared, in all material respects, in accordance with the Criteria.

### **Basis for Conclusion**

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, and International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to 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.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Other information**

Our conclusion on the SMI does not extend to any other information that accompanies or contains the SMI (hereafter referred to as "other information"). We have read the other information but have not performed any procedures with respect to the other information.

### **Responsibilities for the SMI**

Management of the Company are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation of the SMI that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the SMI and appropriately referring to or describing the criteria used; and
- preparing the SMI in accordance with the Criteria.

### **Inherent limitations in preparing the SMI**

As described in “Supply Chain Emissions (GHG Emissions based on the GHG Protocol Standard)” to the Report, GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials. Hence, the selection by management of a different but acceptable measurement method, activity data, emission factors, and relevant assumptions or parameters could have resulted in materially different amounts being reported.

### **Our responsibilities**

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Company’s management.

### Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the SMI and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- assessing the suitability of the criteria applied to prepare the SMI;
- conducting interviews with the relevant personnel of the Company to obtain an understanding of the key processes, relevant systems and controls in place over the preparation of the SMI;
- performing analytical procedures including trend analysis;
- identifying and assessing the risks of material misstatements;
- performing a site visit at one of the Company’s sites in Japan which was determined through our risk assessment procedures;
- performing, on a sample basis, recalculation of amounts presented as part of the SMI;
- performing other evidence gathering procedures for selected samples; and
- evaluating whether the SMI was presented in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

*/s/ Junichi Shiraishi*

**Junichi Shiraishi, Engagement Partner**  
**KPMG AZSA Sustainability Co., Ltd.**  
**Tokyo Office, Japan**  
**December 12, 2025**

Notes to the Reader of Assurance Report:

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

# GRI Standard Comparison Table



Introduction

Management

Environment

Social

Governance

Data, etc

GRI 2: General Disclosures 2021		Pages	Corresponding Topics
<b>1. The organization and its reporting practices</b>			
2-1	Organizational details	7-10	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	101-104	Environmental Data
2-5	External assurance	105-106	Independent Assurance Report
<b>2. Activities and workers</b>			
2-6	Activities, value chain and other business relationships	7-10 76-80	Shinko Group Outline Promoting Social Responsibility in the Supply Chain
2-7	Employees	99	List of Employee Related Indicators
2-8	Workers who are not employees	-	-
<b>3. Governance</b>			
2-9	Governance structure and composition	82-83 100	Corporate Governance Governance Data
2-10	Nomination and selection of the highest governance body	82-83	Corporate Governance
2-11	Chair of the highest governance body	-	-
2-12	Role of the highest governance body in overseeing the management of impacts	13 24-29 86-87	Promotion System for Sustainability Activities Environmental Management Risk Management Promotion System/Risk Management Process
2-13	Delegation of responsibility for managing impacts	13 24-29 86	Promotion System for Sustainability Activities Environmental Management Risk Management Promotion System
2-14	Role of the highest governance body in sustainability reporting	13	Promotion System for Sustainability Activities
2-15	Conflicts of interest	-	-
2-16	Communication of critical concerns	82-83 86-87	Corporate Governance System Risk Management Promotion System/Risk Management Process
2-17	Collective knowledge of the highest governance body	13-14	Sustainability Management
2-18	Evaluation of the performance of the highest governance body	-	-
2-19	Remuneration policies	-	-
2-20	Process to determine remuneration	82-83	Corporate Governance System
2-21	Annual total compensation ratio	-	-
<b>4. Strategy, policies and practices</b>			
2-22	Statement on sustainable development strategy	3-4	Message from the President
2-23	Policy commitments	11 21-22 56-57	The Shinko Way RBA Code of Conduct Initiative Respecting Human Rights
2-24	Embedding policy commitments	56-57 76-80 84-85	Respecting Human Rights Promoting Social Responsibility in the Supply Chain Compliance
2-25	Processes to remediate negative impacts	29 57 66-67 85	Response to Environmental Laws and Regulations Response to Human Rights Consultation Safety and Health Plus Fire and Disaster Prevention Promotion System Internal Whistle-Blowing System
2-26	Mechanisms for seeking advice and raising concerns	57 80 85	Response to Human Rights Consultation Thorough Compliance in Procurement Activities Internal Whistle-Blowing System
2-27	Compliance with laws and regulations	29 67 78	Response to Environmental Laws and Regulations Status of Occupational Accidents Human Rights in the Supply Chain
2-28	Membership associations	-	NA
<b>5. Stakeholder engagement</b>			
2-29	Approach to stakeholder engagement	22 63 69-70 75 76-77	Communication with Stakeholders Labor Relations Contributions Deeply Rooted in Local Communities Customer Support CSR-Conscious Procurement Activities

GRI 2: General Disclosures 2021		Pages	Corresponding Topics
2-30	Collective bargaining agreements	63	Labor Relations

GRI 3: Material Topics 2021		Pages	Corresponding Topics
3-1	Process to determine material topics	14	Material Issues
3-2	List of material topics	14	Material Issues
3-3	Management of material topics	13 15-18 21-22 24-29 30-37 56-57 58-60 64-65 66-68 76-80	Promotion System for Sustainability Activities Material Issue Targets RBA Code of Conduct Initiative Environmental Management Climate Change Respecting Human Rights Respect for Diversity Developing and Utilizing Human Resources Occupational Safety and Health Promoting Social Responsibility in the Supply Chain

		Pages	Corresponding Topics
<b>GRI 201: Economic Performance 2016</b>			
201-1	Direct economic value generated and distributed	7-10 98	Shinko Group Outline Financial Data (Consolidated)
201-2	Financial implications and other risks and opportunities due to climate change	30-37 86	Climate Change Risk Management Promotion System
201-3	Defined benefit plan obligations and other retirement plans	-	-
201-4	Financial assistance received from government	-	-
<b>GRI 202: Market Presence 2016</b>			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	-
202-2	Proportion of senior management hired from the local community	-	-
<b>GRI 203: Indirect Economic Impacts 2016</b>			
203-1	Infrastructure investments and services supported	71	Supporting Youth Development
203-2	Significant indirect economic impacts	-	-
<b>GRI 204: Procurement Practices 2016</b>			
204-1	Proportion of spending on local suppliers	-	-
<b>GRI 205: Anti-corruption 2016</b>			
205-1	Operations assessed for risks related to corruption	87	Risk Management Process
205-2	Communication and training about anti-corruption policies and procedures	76-77 84-85	CSR-Conscious Procurement Activities Compliance
205-3	Confirmed incidents of corruption and actions taken	-	NA
<b>GRI 206: Anti-competitive Behavior 2016</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	NA
<b>GRI 207: Tax 2019</b>			
207-1	Approach to tax	-	-
207-2	Tax governance, control, and risk management	86 87	Risk Management Promotion System Risk Management Process
207-3	Stakeholder engagement and management of concerns related to tax	-	-
207-4	Country-by-country reporting	-	-
<b>GRI 301: Materials 2016</b>			
301-1	Materials used by weight or volume	101-104	Environmental Data
301-2	Recycled input materials used	-	-
301-3	Reclaimed products and their packaging materials	54	Initiatives at Overseas Plants
<b>GRI 302: Energy 2016</b>			
302-1	Energy consumption within the organization	101-104	Environmental Data
302-2	Energy consumption outside of the organization	-	-
302-3	Energy intensity	101-104	Environmental Data
302-4	Reduction of energy consumption	30-37 54 101-104	Climate Change Initiatives at Overseas Plants Environmental Data
302-5	Reductions in energy requirements of products and services	-	-

		Pages	Corresponding Topics
<b>GRI 303: Water and Effluents 2018</b>			
303-1	Interactions with water as a shared resource	42-44 79 101-104	Reducing Water Use Green Procurement Environmental Data
303-2	Management of water discharge-related impacts	-	-
303-3	Water withdrawal	101-104	Environmental Data
303-4	Water discharge	101-104	Environmental Data
303-5	Water consumption	101-104	Environmental Data
<b>GRI 304: Biodiversity 2016</b>			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	45-48	Conservation of Biodiversity
304-2	Significant impacts of activities, products and services on biodiversity	45-48	Conservation of Biodiversity
304-3	Habitats protected or restored	45-48 70-71	Conservation of Biodiversity Initiatives to Protect the Local Environment
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	45-48	Conservation of Biodiversity
<b>GRI 305: Emissions 2016</b>			
305-1	Direct (Scope 1) GHG emissions	101-104	Environmental Data
305-2	Energy indirect (Scope 2) GHG emissions	101-104	Environmental Data
305-3	Other indirect (Scope 3) GHG emissions	101-104	Environmental Data
305-4	GHG emissions intensity	101-104	Environmental Data
305-5	Reduction of GHG emissions	30-37	Climate Change
305-6	Emissions of ozone-depleting substances (ODS)	51 101-104	Response to the Act on Rational Use and Proper Management of Fluorocarbons Environmental Data
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