

CSR Report 2022

Maximizing energy conversion
efficiency for the benefit of
humanity and society.



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How to Use Category Tabs

To make it easy to move between sections, we added category tabs and navigation buttons to each page.

Each opens the gate page of the indicated area.



Editorial Policy

The Shindengen Group CSR Report 2022 introduces the Shindengen Group's approach to corporate social responsibility (CSR) and its efforts to create a sustainable society for a wide range of stakeholders.

(Release date: October for the Japanese version, December for the English version)

Based on the recent trend of non-financial information disclosure, "Major Sustainability Data" has been added to the "Shindengen's CSR," "Social," "Environmental," and "Governance" contents of the CSR Report 2022 to make the disclosure of information easier to understand and more complete.

Reporting period

This report focuses on the results of activities in FY 2021 (from April 1, 2021 to March 31, 2022).

*We have listed some activities conducted on or after April 1, 2022.

Organizations covered in this report

Shindengen Electric Manufacturing Co., Ltd., Shindengen Group

Reference Guidelines

- ISO 26000–2010
- Environmental Reporting Guidelines 2012, Ministry of the Environment of Japan
- Environmental Accounting Guidelines 2005, Ministry of the Environment of Japan

Message from the President

I am pleased to extend my greetings to readers of the Shindengen Group's CSR Report 2022.

The Shindengen Group is promoting CSR activities through the practice of its management philosophy and the pursuit of its above-stated mission. Our brand logo is designed to represent the Group's value systems: effectively utilizing energy, considering the natural environment, and contributing to the growth of business and society.

Right now, corporate roles and responsibilities are undergoing radical changes. Rapid technological advancement in such fields as IoT and AI is prompting the creation of new businesses aimed at meeting the needs of future generations, a trend that is pushing many corporations to shift their business models. Furthermore, amid a globalizing economic and social environment, they are having to step up their commitment to addressing ESG issues ranging from environmental preservation to human rights protection.

The Shindengen Group aims to realize its Long-Term Vision 2030: "A power electronics company which creates environmentally friendly cutting-edge solutions via innovative technologies, contributes to a sustainable society, and continues to be needed by all stakeholders."

Under the 16th Medium Term Business Plan (FY 2022-2024), we will continue to shift toward a product portfolio that integrates business growth with sustainability as a foundation aimed at realizing our 2030 vision. In addition, to respond to the Sustainable Development Goals (SDGs) and other demands from the global community, we will continue working on our four SDG-related material issues while staying conscious of such ESG topics as decarbonization in both the Group's business activities and supply chain.*

It is my hope that this CSR Report helps facilitate your understanding of the Shindengen Group's CSR activities, and I would greatly appreciate your feedback.

*Refer to the "Initiatives for the SDGs" section for information on how we contribute to the SDGs



Yoshinori Suzuki, President

Brand Logo



Management Philosophy

Together with society, our customers, and our employees

Our activities shall lead to the betterment of society

Our passion for quality shall foster customer trust

Our employees shall have opportunities to be engaged at all levels

Corporate Mission

Maximizing energy conversion efficiency for the benefit of humanity and society.

Our Promise





Listen closely, look ahead, and create future of value.

Company Outline

Trade Name: Shindengen Electric Manufacturing Co., Ltd.
 Head Quarter: New-Ohtemachi Bldg., 2-1 Ohtemachi 2-chome,
 Chiyoda-ku, Tokyo 100-0004, Japan
 Established: August 16,1949
 Capital: ¥17,823 million
 Consolidated Sales: ¥92,168 million
 (As of March 31, 2022)

Consolidated Employees: As of March 31, 2022	
Consolidated	5,268
Independent	963
Domestic consolidated subsidiaries	1,376
Overseas consolidated subsidiaries	2,929

Outline of Business Operations - Business Fields

Division	Electronic Device	Car Electronics	Energy Systems & Solutions	Other	
Products	<ul style="list-style-type: none"> • Bridge diodes • High-speed rectifying diodes • TVS diodes • Thyristors • SIDACs • Power MOSFETs • Power ICs • Power modules 	<ul style="list-style-type: none"> • Motorcycle products • Electric motorcycle products • Four-wheel EV/HEV/PHEV/FCV products • General-purpose engine products 	<ul style="list-style-type: none"> • Rectifiers for communication stations • Rectifiers for mobile phone base stations • Inverters for communication stations • Monitoring units • EV/PHEV chargers 	<ul style="list-style-type: none"> • Rotary solenoids • Push pull solenoids • Tubular solenoids • Proportional solenoids 	
Business Fields	Industrial Machiner	●		●	
	Environmental/Energy	●		●	
	Information/Communications			●	
	Mobility	●	●	●	●
	Home Appliance	●			
	Generator		●		

Global Network

Overseas offices
● Seoul office

Affiliated Companies (Overseas)
● Shindengen America, Inc.
● Shindengen Singapore Pte Ltd.
● Shindengen UK Ltd.
● Shindengen (H.K.) Co., Ltd.
● Shindengen (Shanghai) Electronic Co., Ltd.
● Shindengen (Thailand) Co., Ltd.
● PT. Shindengen Indonesia
● Shindengen Vietnam Co., Ltd.
● Guangzhou Shindengen Electronic Co., Ltd.
● Shindengen India Pvt. Ltd.
● Lumphun Shindengen Co., Ltd.
● Shindengen Philippines Corp.
● Shindengen Lao Co., Ltd.
● Napino Auto & Electronics Ltd.



- Head Office
- Sales, Research, and Development
- Sales
- Manufacturing
- Manufacturing and Sales
- Services

Japan offices
● Head Office
● Asaaka Office
● Osaka Branch
● Nagoya Branch
● Hamamatsu Office
● Utsunomiya Office

Affiliated Companies (Japan)
● Akita Shindengen Co., Ltd
● Higashine Shindengen Co., Ltd.
● Shindengen Three E Co., Ltd.
● Okabe Shindengen Co., Ltd.
● Shindengen Kumamoto Technoresearch Co., Ltd.
● Shindengen Enterprise Co., Ltd.
● Hermes Systems Inc.
● Shindengen Mechatronics Co., Ltd.

Please visit our website for details

[Japan Office] <https://www.shindengen.com/company/network/japan/>

[Overseas Office] <https://www.shindengen.com/company/network/global/>

Shindengen's CSR Management



The Shindengen Group's management philosophy is "Together with society, our customers, and our employees" and its mission is "Maximizing energy conversion efficiency for the benefit of humanity and society." By promoting business growth and CSR activities from an ESG perspective, we will strengthen our trusted relationships with stakeholders. At the same time, we will work to solve various issues slowing the achievement of decarbonization and help realize a sustainable society by reforming the core technologies we have cultivated to date and creating advanced future-oriented technologies.

Management Philosophy

Together with society, our customers, and our employees

- Our activities shall lead to the betterment of society
- Our passion for quality shall foster customer's trust
- Our employees shall have opportunities for physical and emotional enrichment

Corporate Mission

Maximizing energy conversion efficiency for the benefit of humanity and society.

Long-Term Vision 2030

A power electronics company which creates environmentally friendly cutting-edge solutions via innovative technologies, contributes to a sustainable society, and continues to be needed by all stakeholders

Numerical Target for 2024

Net sales	Operating income
¥ 118billion	6.6%

The Shindengen Group's Basic CSR Policy

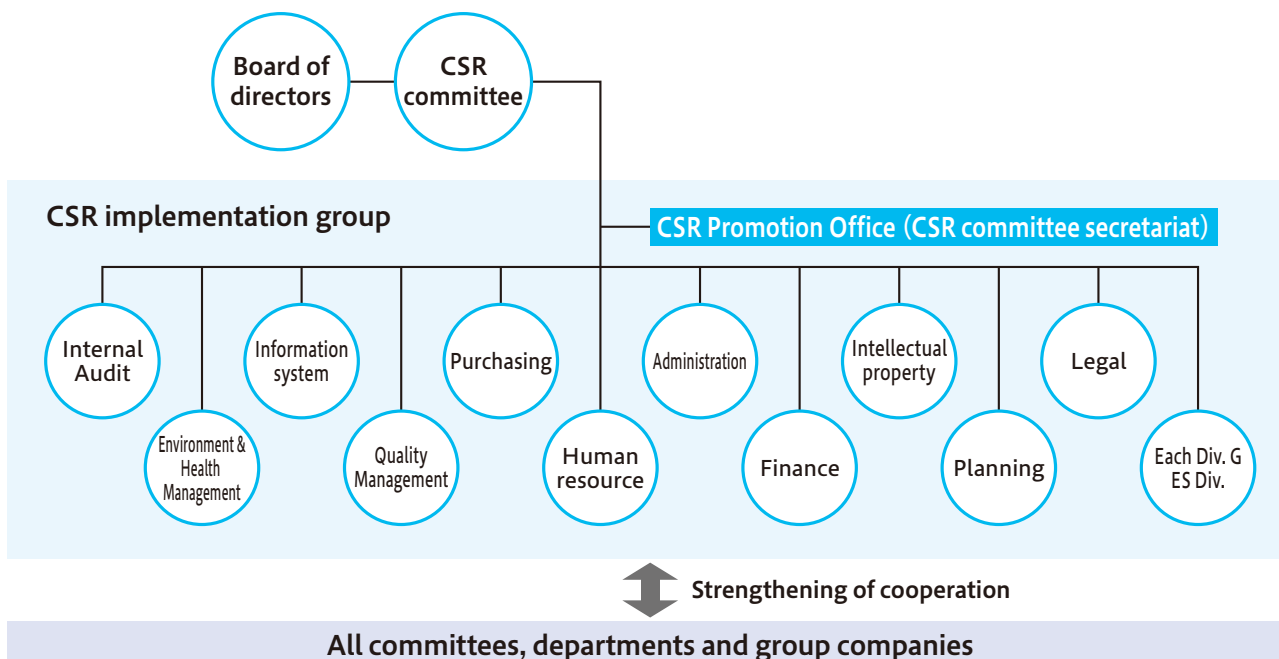
The Shindengen Group aims to realize its management philosophy by practicing its corporate mission and promoting CSR activities.

The Group is fulfilling its social responsibilities and building trust-based relationships with stakeholders as a global company by promoting social contribution activities and striving to be a sustainable corporate operator from an environmental, social, and governance (ESG) perspective.

CSR Medium-Term Policy

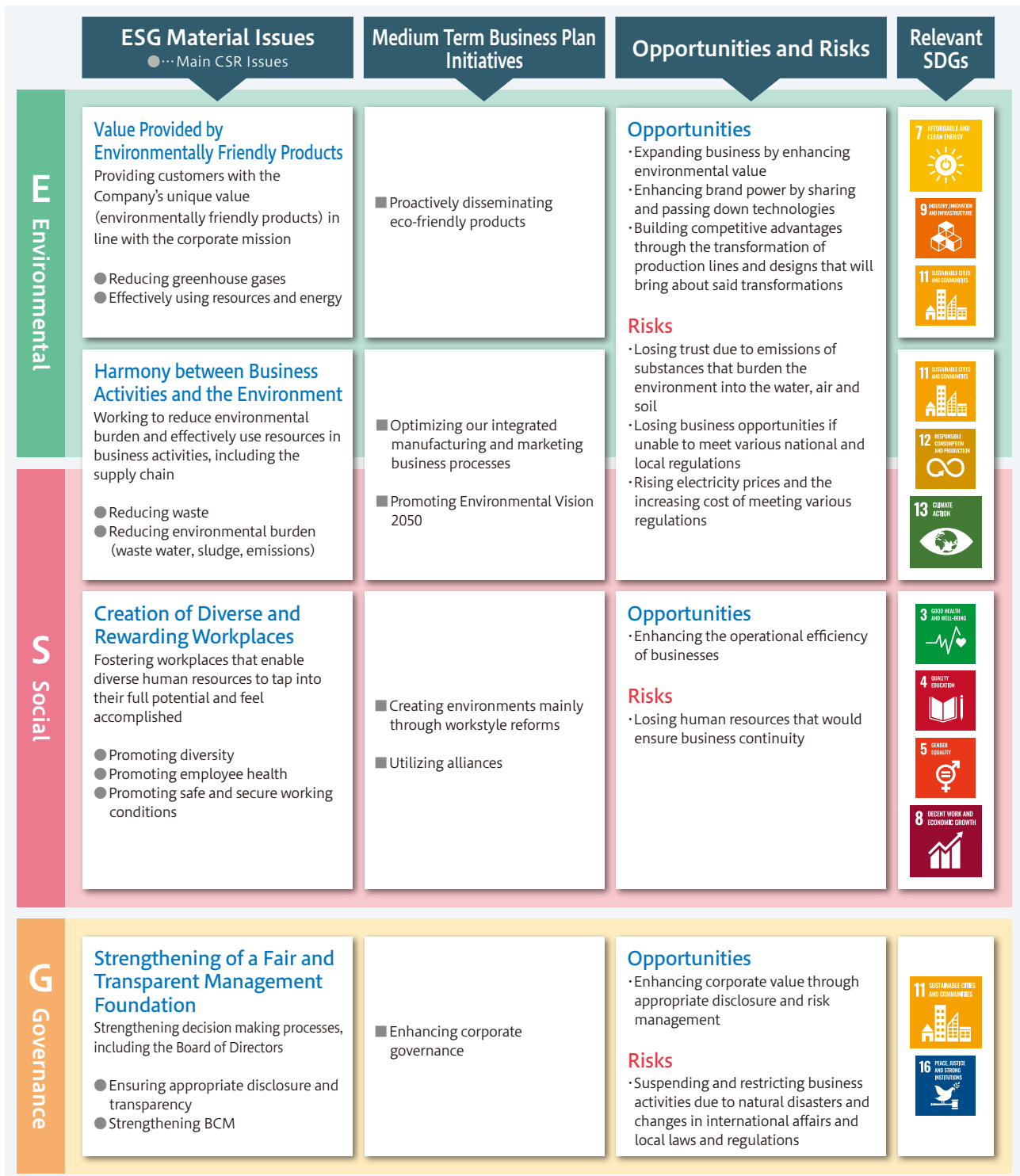
Meet the ESG needs of stakeholders and enhance sustainable corporate value creation

CSR implementation system



Shindengen's CSR Initiatives for ESG Management

Aiming to enhance its medium- and long-term corporate value, the Shindengen Group will continue reinforcing its promotion of the 16th Medium Term Business Plan and incorporating environmental, social, and governance (ESG) perspectives in management. From among the CSR matters that it has focused on to date, the Group has identified key matters that it can address through corporate activities to contribute to society and the environment. The identification was based on an opportunity and risk analysis conducted within an ESG framework with the CSR committee holding deliberations identifying four ESG material issues. In coordination with the 16th Medium Term Business Plan, we will work on our four ESG Material Issues to help solve environmental and social issues and thereby create sustainable corporate value.

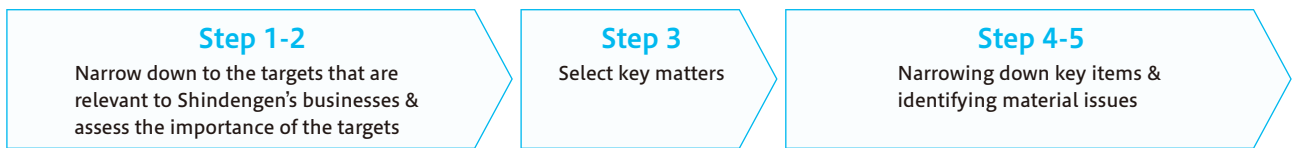


Shindengen's CSR Initiatives for the SDGs

In consideration of ESG initiatives, we identified the following material issues related to the SDGs using the identification process below. In addition, regarding the 14 key issues, we work to solve environmental and social issues through business and mitigate the negative impacts of our business activities on the environment and society.

How the Shindengen Group Identifies SDG-Related Material Issues

There are 169 SDG targets. The Shindengen Group's approach to material issues involves prioritizing key items by the degree of impact they will have on stakeholders and the degree of importance to the Group. After regularly holding dialogues with outside experts, the CSR committee identifies the material issues.

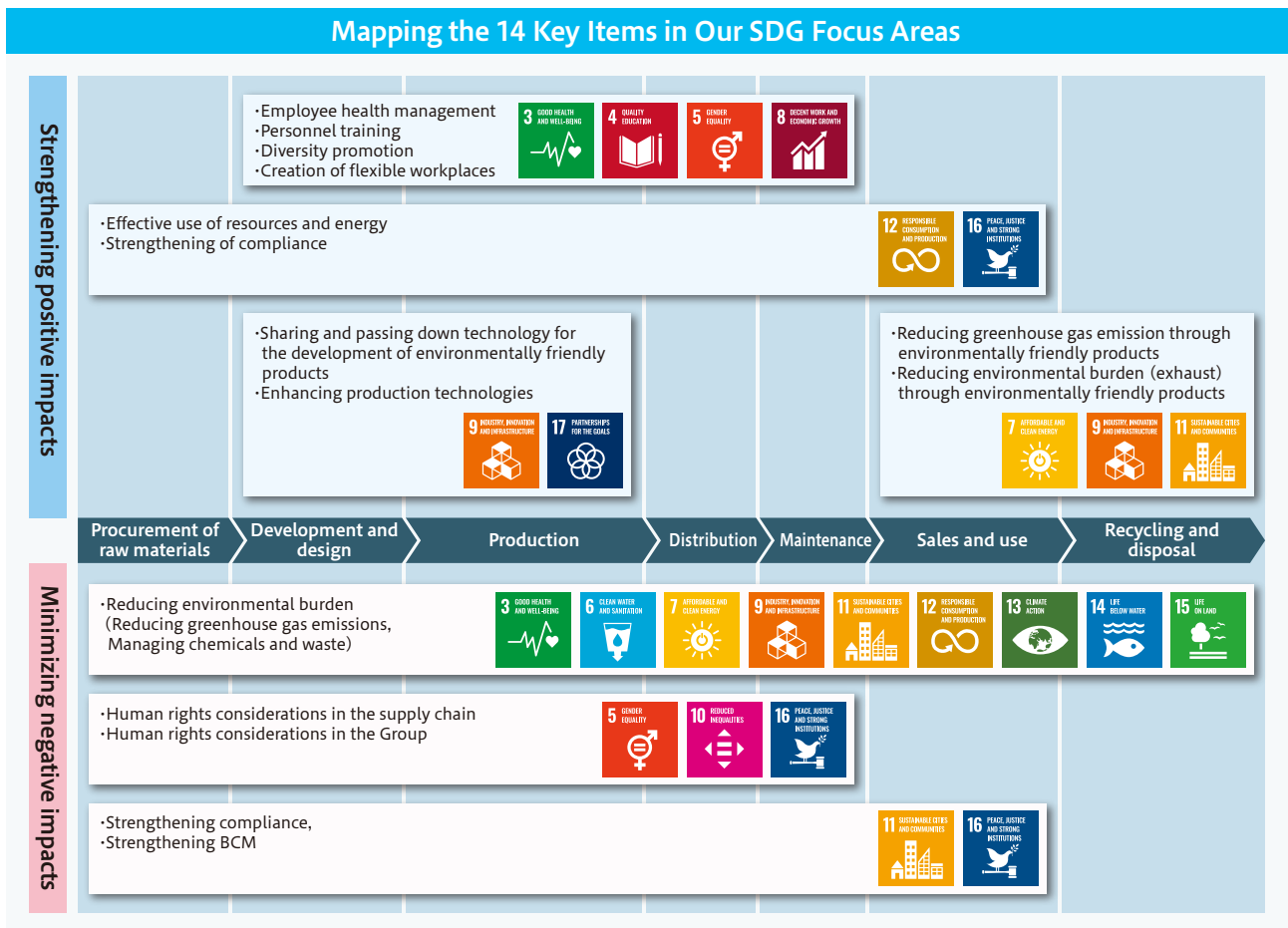


Step 1-2

We carefully looked at the 169 SDG targets; evaluated items related to the businesses of the Shindengen Group, the impact on stakeholders, and the importance to the Shindengen Group; and decided on focus areas.

Step 3 Select key matters

After conducting the assessment outlined in step 2, we selected 14 items for the focus area.







Shindengen's CSR Initiatives for the SDGs

Step 4-5 Identifying material issues

Regarding the 14 items selected in step 3, we narrowed those items down to four SDG material issues. The CSR Committee identified the following SDG-related material issues for the Shindengen Group.

Initiatives for SDG-Related Material Issues & Medium-Term Targets

ESG	SDG Targets	Shindengen Group's initiatives	Metrics	Target
Environment (E)	 SDGs Target 7.3 By 2030, double the global rate of improvement in energy efficiency	Reducing greenhouse gas emissions when our products are used	Contribution to CO ₂ reduction (Consolidated)	FY 2022 - FY 2024 600,000t - CO ₂ or higher
	 SDGs Target 13.2 Integrate climate change measures into national policies, strategies and planning	Reducing greenhouse gas emissions in business activities	Reduction in CO ₂ Emissions (Consolidated-Japan-) *the benchmark year of FY 2013	FY 2030 CO ₂ Reduction of 46%
Social (S)	 SDGs Target 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	Promoting the creation of flexible workplaces	Number of work-related accidents – occupational and commuting incidents – (Shindengen)	FY 2022 - FY 2024 0
Governance (G)	 SDGs Target 11.b By 2030, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change	Strengthening BCM (Business Continuity Management)	Number of education classes and drills with themes and methodologies that reflect actual in-house conditions (BCP) (Consolidated)	FY 2022 - FY 2024 Enhance the Shindengen Group's business continuity plan (BCP)

Case Study on Initiatives for SDG-Related Material Issues

SDG Target 7.3

Case Study on Reducing CO₂ Emissions through Sales of Environmentally Friendly Products (FY 2021)

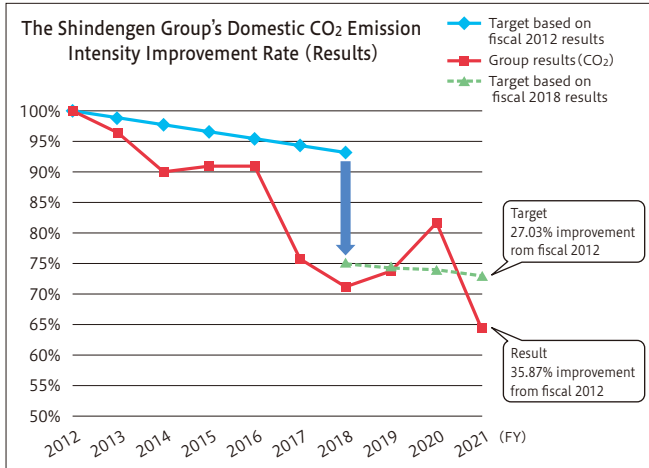
Division	Product type	Reduction of energy consumption	Reduction in CO ₂ emissions
Electronic Device	IC series	741.3 million kWh	361,748t - CO ₂
	Low-loss bridge diodes	109.2 million kWh	53,304t - CO ₂
Energy Systems & Solutions	Rectifiers for communication devices	114.7 million kWh	55,992t - CO ₂
	Power conditioner	80.5 million kWh	39,282t - CO ₂

Division	Product type	Reduction of fuel (gasoline) consumption	Reduction in CO ₂ emissions
Car Electronics	DC-DC converter for four-wheel vehicles	2,834kℓ	6,575t - CO ₂
	Motorcycle products	2,635kℓ	6,114t - CO ₂

Shindengen's CSR Initiatives for the SDGs

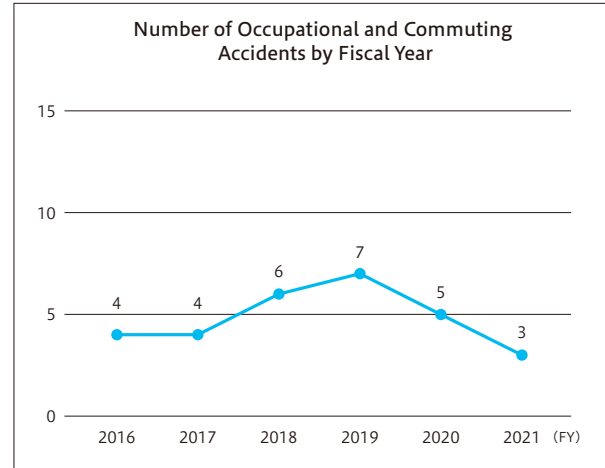
SDG Target 13.2

The Shindengen Group's (Domestic) CO₂ Emission (Intensity) Targets and Progress Made



SDG Target 8.8

Shindengen's Occupational Accidents and Commuting Accidents Over the Past Six Years



SDG Target 11.b

Status of implementation Shindengen's education and training on business continuity in FY 2021

Action items	Status of implementation	Target group	Date of implementation
BCM education	Remote education	New employees	April 2021
BCP training	Completion of the BCP training to grant virtual situations using the remote	8 subcommittees of BCM	October 2021 to January 2022
Safety confirmation training	Average response rate 100.0% (2 times a year)	All employees	October 2021 and January 2022
Emergency drills	Completion of emergency drills	All employees	October 2021
Firefighting training with fire hydrants and fire extinguishers	Provision of education using materials	Workplace fire brigade	September 2021

SDG Initiatives at Production Site

Akita Prefecture SDG Partner

In September 2021, Akita Prefecture created the unique Akita Prefecture SDG Partner Registration Program to register and promote local companies that deliberately work to achieve the SDGs through their business activities.

To realize sustainable local communities driven by the SDGs in cooperation with government and civilians, Akita Shindengen has made its relationships of trust with stakeholders more solid by promoting activities aimed at growing its and the Shindengen Group's business and achieving the SDGs. The company works to solve various issues to realize decarbonization by innovating the core technologies cultivated to date and creating future-oriented advanced technologies. It declared it will help realize a sustainable society. For these reasons, the company became an Akita Prefecture SDG Partner.

On November 19, 2021, a ceremony was held at the Akita Prefecture Hall to bestow Akita Prefecture SDG Partner (First Year) registration certificates.



Shindengen's CSR Environmental Vision 2050

Initiatives for a Carbon-Free Society

Shindengen has established our "Environmental Vision 2050" for the purpose of promoting group-wide activities focusing on environmentally responsible action as one of the important business tasks. Under this vision, the Shindengen Group aims to contribute to lessening the environmental burden and to become a global green-leading company through the development of clean energy products, energy-saving products, and other initiatives.

Environmental Vision

The Environmental Vision 2050 defines the sustainable society towards which the Shindengen Group aspires as "decarbonization", "a recycle-oriented society", and "a society in Harmony with Nature", and we focus on this ideal not only in the Shindengen Group's business activities, but throughout our entire value chain; implementing the following initiatives aimed at minimizing environmental burden by the year 2050.

In addition, we have also established the Environmental Targets in 2030 as a milestone towards the Environmental Vision 2050, which is surely linked to "Shindengen's SDGs" issued by the Shindengen Group.

Environmental Vision 2050

We believe that only by passing on a beautiful earth to the next generation can we realize a future of value, and will contribute toward achieving the goal of "decarbonization", "a recycle-oriented society", and "a society in harmony with nature"

Contributing to decarbonization

We aspire to realize decarbonization throughout the entire value chain.

Contributing to a recycling-oriented society

We aim to minimize impact on the environment through both efficient use of resources and eco-friendly products.

Contributing to a society in harmony with nature

We aim to minimize impact on the environment by continuously enhancing of biodiversity protection.

Environmental Targets in 2030

Contributing to decarbonization

- ▼ 46% reduction of CO₂ emissions in production processes compared with FY 2013
- ▼ Further reduction of CO₂ emissions through products

We will promote decarbonization for both CO₂ emissions resulting from the Shindengen Group business activities (Scope 1*¹ and Scope 2*²) as well as CO₂ emissions resulting from the supply chain (Scope 3*³).

Contributing to a recycling-oriented society

- ▼ Maintain a recycling ratio of 99.9% or higher
- ▼ Enhancement of eco-friendly product and technology development

We will boost our contribution towards a recycle-oriented society by focusing on continual effective utilization of limited resources. Besides, we will also enhance the activities to develop eco-friendly products and technologies which must be a key driver for more efficient use of energy.

Contributing to a society in harmony with nature

- ▼ Promotion of water resource preservation
- ▼ Promotion of natural preservation through the positive use of FSC certified paper and other initiatives

We will strengthen the activities of water resources preservation which is closely linked with our business field and vital for the society in harmony with nature as well. In parallel with that, we will focus more on the activities for biodiversity and forest protection.

*1 Scope 1: Direct greenhouse gas emissions resulting from the business (fuel combustion, industrial processes)

*2 Scope 2: Indirect emissions resulting from electricity, heat, and steam supplied by other companies

*3 Scope 3: Indirect emissions other than those stipulated in Scope 1 and Scope 2 (emissions from other companies generated in relation to the activities of the business)

Shindengen's CSR Information Disclosure Based on TCFD Recommendations

Support for the TCFD

In August 2022, Shindengen expressed support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)*¹ and joined the Japan TCFD Consortium,*² which was established as a place to hold discussions among supporting corporations, financial institutions, and other organizations. Going forward, we will move forward with disclosures of climate-related information, as appropriate, while striving to further enhance corporate value and help realize a sustainable society by maintaining eco-friendly business activities.

*1: The TCFD was established by the Financial Stability Board (FSB) and released their final report (the TCFD recommendations) in June 2017.

*2: Established on May 27, 2019, the consortium serves as a venue for discussions on initiatives connecting companies' effective disclosures and disclosed information to the appropriate investment decisions of financial institutions and other organizations. Japan's Ministry of Economy, Trade and Industry, Financial Services Agency, and Ministry of the Environment participate as observers.



Climate Change-related Initiatives

The TCFD recommends that companies assess the risks and opportunities brought on by climate change that would affect their business activities and disclose their findings according to the following categories.

The Shindengen Group discloses climate-related initiatives in line with the four disclosure categories of the TCFD recommendations.

TCFD Recommended Disclosure Categories

Category	Content
Governance	Disclose the organization's governance around climate-related risks and opportunities.
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks.
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities

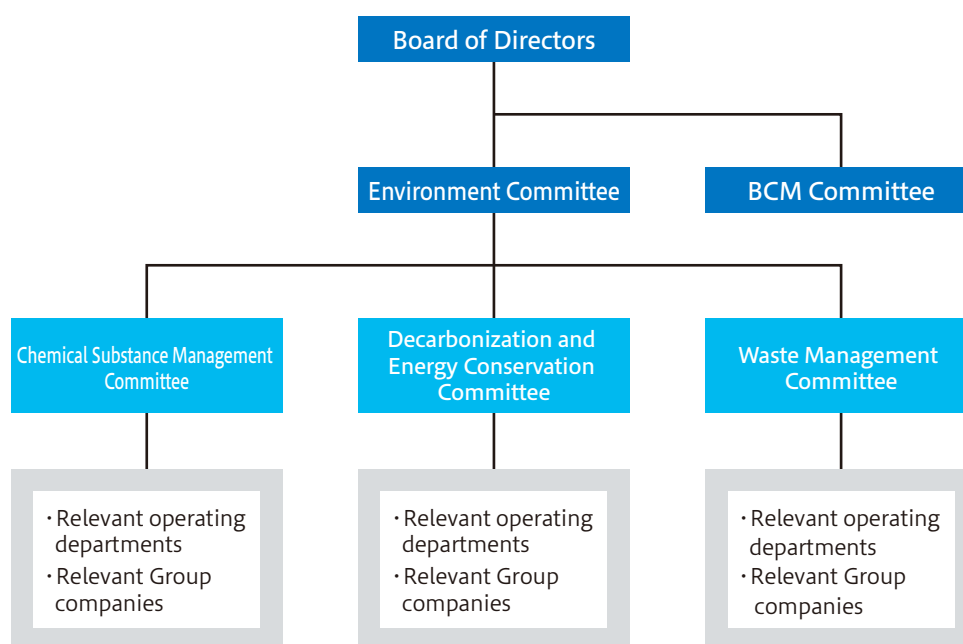
Shindengen's CSR Information Disclosure Based on TCFD Recommendations

Governance

Shindengen's Board of Directors deliberate and decide on matters material to management, including climate-related risks and opportunities in the Shindengen Group. In addition, the Board receives reports on the business execution status of directors and has in place a system that enables appropriate management and oversight.

The BCM Committee, which is chaired by the president, confirms the effectiveness of business continuity, including climate change problems. The Environment Committee, which is chaired by the environmental safety officer, is in charge of deliberating environment-related policies, goals, and targets; discussing measures related to protecting the global environment, including climate change problems; and confirming the progress status of measures. In addition, we have established specialized subcommittees under the Environment Committee to investigate and study topics from a specialized position and offer specific proposals.

The activities of these committees are reported, as appropriate, to the Board of Directors, which continually strives to enhance corporate governance and strengthen sustainability activities.



Strategy

In its Long-Term Vision 2030, the Shindengen Group outlined its goal as being “A power electronics company which creates environmentally friendly cutting-edge solutions via innovative technologies, contributes to a sustainable society, and continues to be needed by all stakeholders.” We recognize that climate change is a socially important issue and consider it to present both risks and opportunities for business and so will continually strengthen such initiatives over the long term as activities to reduce CO₂ emissions and the expansion of eco-friendly businesses.

To reflect climate change measures in our management strategy, we conducted a scenario analysis in line with the TCFD recommendations. For this, we referenced the under 2°C scenario and 4°C scenario presented by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC).

As a result of the analysis, in the under 2°C scenario, it is thought that technology will be innovated and regulations tightened to realize decarbonization, the rise in temperature will be restrained to a sustainable level, and responses to transitory risks and opportunities will be promoted, such as policy shifts for decarbonization, technological innovation, and changes in reputations. In the 4°C scenario, it is thought that effective measures to reduce CO₂ will not be created, temperatures will continue to rise, abnormal weather events will grow more extreme, and responding to physical risks and opportunities will be the most important issue. In both cases, the Shindengen Group thinks that the reach of its businesses will expand because it is assumed that the demand for eco-friendly products will expand despite concerns about increased costs. Shindengen's Board of Directors is deliberating and deciding on matters important to management, such as climate-related risks and opportunities for the Shindengen Group. In addition, the board receives reports about the business execution status of directors as appropriate and has in place a system for appropriate management and oversight.

Shindengen's CSR Information Disclosure Based on TCFD Recommendations

Current assumptions regarding major risks, opportunities, countermeasures, and financial impacts are detailed in the following table. The degree of financial impact on business activities is scored as either small, medium, or large.

Transitory Risks and Opportunities

	Assumptions	Risks (●) / Opportunities (◎)	Countermeasures	Financial impact
Policy	Each country promotes progressive energy policies, such as promoting xEVs and expanding subsidies	<ul style="list-style-type: none"> ●The burden of business costs, including for procured energy, increases due to encouragement to use carbon-free and low-carbon energy. ●After the enactment of policies banning the use of internal combustion engine vehicles, related products currently in use become obsolete. ◎With the advance of xEVs, demand increases for various power semiconductors, control units, converters, EV chargers, and more. ◎Demand increases for diodes used in air conditioning and servers and more. 	<ul style="list-style-type: none"> ·Strengthen development resources for eco-friendly products. ·Enhance efficiency of energy used at factories, optimize logistics, and introduce highly efficient equipment that will help further conserve energy. 	Large
	A carbon tax is introduced.	<ul style="list-style-type: none"> ●With the introduction of a carbon tax or a rise in the carbon tax rate, costs increase (including renewable energy procurement costs and transport costs due to higher surcharges.) ◎If a carbon tax is introduced, demand for electric vehicles and renewable energy increase. In turn, demand increases for various power semiconductors and highly efficient and energy-saving products for two- and four-wheeled vehicles. 	<ul style="list-style-type: none"> ·Make resources more efficient, such as making products smaller and lighter and using more recycled materials. ·Work to enhance energy efficiency at factories. 	Medium
Technology	Market demand for decarbonization changes and affects product development.	<ul style="list-style-type: none"> ●Competition to develop energy-related technologies intensifies, and capital investment and R&D costs increase. ●We miss the opportunity to sell current related products due to the acceleration away from engines. ◎There is an increasing shift toward EVs, the introduction of renewable energy, expansion of digital technologies, and more sophisticated controls, such as AI, IoT, and smart cities, leading to an expansion in demand for related products. ◎As society decarbonizes, demand for eco-friendly products increases and leads to business expansion. 	<ul style="list-style-type: none"> ·Procure carbon-neutral parts and materials. ·Enhance ratio of renewable energy used at factories and worksites. ·Strengthen planning and development of products aimed even lower carbon levels. 	Large
Reputation	Shift in customer and investor evaluations.	<ul style="list-style-type: none"> ●Insufficient action on climate change leads to deterioration in profitability and difficulty in procuring funding. ◎Needs for products conscious of environmental burden increases and profit expands. Customer and investor evaluations of Shindengen improve and its corporate value rises. 	<ul style="list-style-type: none"> ·Proactively disclose press releases for products that reduce environmental burden and initiatives related to environmental issues, including climate change. ·Switch the energy used at factories and worksites to renewable energy. 	Small

Shindengen's CSR Information Disclosure Based on TCFD Recommendations

Physical Risks and Opportunities Note: These issues will be the most important in the 4°C scenario.

Assumptions		Risks (●) / Opportunities (◎)	Countermeasures	Financial impact
Acute	Abnormal weather events grow more extreme, including more frequent storm and flood damage.	<ul style="list-style-type: none"> ● Profit deteriorates due in part to suspended operations because of storm and flood damage, a decrease in production, the new incurrance of such costs as for restoring equipment and higher insurance rates, and delivery delays caused by supply chain disruptions. ◎ Demand expands for products related to generating and storing energy in preparation for storm and flood damage. ◎ Demand expands for telecommunications power sources and products related to generating and storing energy in line with needs related to disaster recovery and more active investment in BCP measures. 	<ul style="list-style-type: none"> · Strengthen business continuity plan (BCP) systems across the entire supply chain from parts procurement to production and sales. · Take countermeasures and hold drills related to strong winds, heavy rain, and floods. · Work to diversify suppliers and transport methods. · Work to develop products related to generating and storing energy and products that have excellent water and heat resistance. 	Large
Chronic	Precipitation patterns change, average temperatures increase, and ocean levels rise.	<ul style="list-style-type: none"> ● Production capacity falls due to floods or droughts. ● Profit deteriorates due to power outages caused by higher consumption and increased costs, such as for air conditioning, in response to heatwaves. ◎ Demand increases in the markets for power generation and storage, xEVs, and air conditioning due to emerging chronic effects of climate change, such as changes in precipitation patterns. 	<ul style="list-style-type: none"> · Strengthen business continuity plan (BCP) systems across the entire supply chain from parts procurement to production and sales. · Introduce highly efficient production equipment and in-house power generation facilities. · Work to develop products related to generating and storing energy and products that have excellent water and heat resistance. 	Medium

Risk Management

The Board of Directors and the Environmental Committee collects a wide range of information on climate change-related regulations and risk factors that affect the Shindengen Group's business operations. They also assess the impact of events in areas where it is assumed risks will emerge due to climate change and take measures aimed at minimizing those risks. In these and other ways, they are conducting appropriate management.

In addition, the BCM Committee, which is chaired by the president, assesses all operation risks, including those related to climate change, and reports them to the Board of Directors as appropriate. Based on our business continuity plans (BCPs), we are working hard to further enhance our ability to ensure business continuity and emergency preparedness as a company, such as holding practical BCP drills in case it becomes difficult to execute business under normal circumstances due to a natural disaster or other situation.

Metrics and Targets

We positioned initiatives to protect the global environment as an issue important to management and formulated Environmental Vision 2050 with the goal of getting the entire Group working together to promote activities aimed at realizing a sustainable global environment and society from a long-term perspective. The Shindengen Group defines the sustainable society it is aiming for as a decarbonization, a circular economy, and a society in harmony with nature. Our goal is to minimize the environmental burden for not just the Group's business activities but the entire value chain by 2050. In addition, as a signpost toward the realization of Environmental Vision 2050,* we simultaneously set FY2030 environmental targets and accelerated environmental contributions by addressing material SDG issues identified by the Group.

* Regarding the Environmental Vision 2050, please refer to the Environmental Vision.

Shindengen's CSR Contributing to social themes by implementing the corporate mission (materiality)

Technology & Development Center



A Message from the Head of Center



Officer
Head of Technology &
Development Center
Tomoaki Nishi

The Shindengen Group's corporate mission is "Maximizing energy conversion efficiency for the benefit of humanity and society." And, as such, we are committed to transferring our new technology to main business fields to better serve our society.

Promoting Environmentally Friendly Product Development

Creating core technologies ahead of market changes

In the semiconductor device field, Shindengen is promoting the development of new technology to lower associated losses, allow operation in higher temperature settings, and integrate the functioning of multiple parts. In the power electronics field, we are promoting research and development to increase conversion efficiency, reduce related noise, and provide high-density mounting. We are passionate about working towards meeting these challenges and developing new technologies that cater to market demands promptly.

A Mid-term Growth Strategy Considering Social Requirements

Creating core technologies pursuing the limits of energy conversion efficiency

- Development of advanced low loss devices as per the requirements of mobility markets
- Development of advanced element technologies for next generation low loss power devices
- Development of advanced bonding technologies for reliable use in high temperature operations
- Development of high efficiency power circuit technologies for application in next generation low loss devices
- Development of high efficiency ICs so as to move towards a society with reduced energy consumption

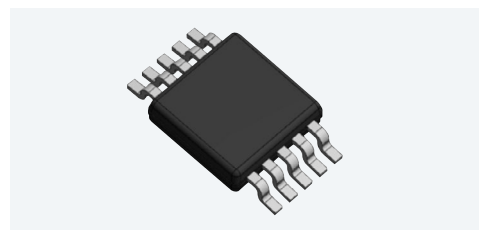
Creating Environmentally Friendly Products Based on the Growth Strategy

High-side gate driver with built-in reverse current prevention function_MF2007SW

[Creating Ideal Diode ICs]

- Using this in conjunction with an externally attached NchMOSFET realizes an ideal diode and can respond to high electrical currents used to prevent reverse connections and reverse currents
- Can be used for bidirectional semiconductor relays in addition to ideal diode operations
- Internally installed and protects against the reverse connection of batteries
The product has a function that prevents reverse connections. If such a connection is detected, it discharges the externally connected NchMOSFET's voltage gate and severs the connection.

Primary environmentally friendly products from the Technology & Development Center



MF2007SW's package
Package type: TSSOP10

Primary R&D site

Domestic ·Asaka office

Shindengen's CSR Contributing to social themes by implementing the corporate mission (materiality)

Electronic Device Div. Group



A Message from the Head of Division Group



Officer
Division Director of
Electronic Device Div. Group
Hirofumi Matsuo

Our Division tries to remain one of the top Power Semiconductor manufacturers which contributes to improving energy efficiency across the globe by developing products using its unique technology.

Introduction

Enhance key semiconductors technology and Ensure technology superiority

- A diode product lineup that boasts high-quality automotive mounting and a large market share worldwide
- Power MOSFET and IC products with high current capacity, high efficiency, energy efficiency, and high quality suitable for automotive applications.
- Power modules that contribute to higher heat dissipation and smaller unit size while allowing the greater consolidation and simplification of assembly processes by fully leveraging the unique characteristics of various semiconductor components

Product Introduction <https://www.shindengen.com/products/semi/>



A Mid-term Growth Strategy Considering Social Requirements

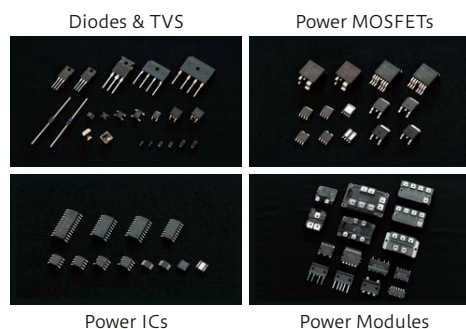
Increasing environmental awareness has made inverter motor drives and electronic controls more popular in the car electronics and industrial machinery markets. Additionally, there has been a rapid growth in the demand for downsizing and for drive and control parts that are highly efficient. This division aims to create new demand by applying its proprietary mounting technology to make modular devices that use new materials. It will expand its lineup of products featuring lower loss, higher voltage, and higher current capacity in smaller sizes for use in its acclaimed power semiconductors. In this way, we contribute to global society by increasing the energy conversion rate.

We are also committed to integrating semiconductor and circuit technologies by increased cooperation with our Car Electronics and Energy System & Solutions Divisions, thereby promoting the development of advanced devices with features and mounting shapes suitable for use in various sophisticated and highly efficient applications.

Creating Environmentally Friendly Products Based on the Growth Strategy

- We are promoting the development of compact, high efficiency devices optimized for the mobility market, which is promoting eco-friendly electric vehicles.
- We are promoting the development of eco-friendly, low loss, high efficiency devices, such as those for renewable energy and energy storage.
- We are promoting the development of small, high efficiency devices designed to conserve energy in households, such as lighting and home appliances.
- We are promoting the development of high voltage and high efficiency devices designed for the industrial machinery market aiming to promote automation and labor savings.

Primary environmentally friendly products from the Electronic Devices Division



Primary production base

Domestic ·Akita Shindengen Co., Ltd. ·Higashine Shindengen Co., Ltd.
Overseas ·Lumphun Shindengen Co., Ltd. (Thailand) ·Shindengen Philippines Corp.

Shindengen's CSR Contributing to social themes by implementing the corporate mission (materiality)

Car Electronics Div. Group



A Message from the Head of Division Group



Senior Officer
Division Director of Car
Electronics Div. Group
Koji Kodama

Seeking high conversion efficiency and long-term reliability in the mobility field.

The company employs the latest technology, contributing to environmental preservation and society by providing customers with products of high conversion efficiency and high reliability.

Introduction

Combining core technologies focused on the environmental business for a leap into the future

- A major international share of motorcycle components (e.g. REGs/RECTs)
- ECU for two-wheel (electronic control unit) with reduced environmental impacts such as idling-stop function.
- DC/DC converters for high efficiency and high reliability motor vehicle FCVs, PHEVs, and HEVs

Product Introduction <https://www.shindengen.com/products/electro/>



A Mid-term Growth Strategy Considering Social Requirements

Strengthening developments of low-loss technology and energy recovery technology using electronic control, and commercialization of products, as a means to reduce environmental impact. The majority has been achieved with electronic control. We aim to commercialize and continually develop these technologies for the shift toward more electronic and electric vehicles in the mobility market, which will grow going forward by leveraging the company's semiconductor, circuit, magnetic body, software, and mounting technologies.

Creating Environmentally Friendly Products Based on the Growth Strategy

Motorcycle electronics

- Regulators using low-loss devices and control technology
- Reducing power consumption System for headlight LEDs
- Development and commercialization of ECUs (Electronic Control Units)
- Development and commercialization of PCUs (Power Control Units) for EVs

Motor vehicle electronics

- High-efficiency, high reliability, light weight vehicle power systems
- Development and commercialization of ECUs (Electronic Control Units)

Primary environmentally friendly products from the Car Electronics Division



HEV applications
DC/DC converters
TW-77



ECU for two-wheel

Primary production base

Domestic ·Okabe Shindengen Co. Ltd

Overseas ·PT. Shindengen Indonesia ·Guangzhou Shindengen Co., Ltd. (China)

·Shindengen (Thailand) Co., Ltd. ·Shindengen Vietnam Co., Ltd.

·Shindengen India Private Ltd. ·Napino Auto & Electronics Ltd. (India)

Shindengen's CSR Contributing to social themes by implementing the corporate mission (materiality)

Energy Systems & Solutions Div.



A Message from the Head of Division



Associate Officer
General Manager of
Energy Systems &
Solutions Div.
Yoshiharu Yokoi

We offer a variety of new products including power devices and monitoring units, crafted using years of experience and expertise in designing power conversion technologies, aimed at the efficient conversion and usage of energy.

Given the current need to diversify our sources of energy, we are passionate about making our society more sustainable and are committed to facilitating rapid access to new eco-friendly technologies, and the development and subsequent application of advanced technologies to our existing devices so as to limit their environmental impacts.

Introduction

Rapid Response to New Requirements

- High conversion-efficiency and high reliability rectifiers for Information and Communications
- High quality and high performance charging stations for Electric Vehicles (EV)

Product Introduction https://www.shindengen.com/products/eco_energy/



A Mid-term Growth Strategy Considering Social Requirements

We will continue to develop high conversion efficiency and energy-saving devices and energy-generating devices based on power conversion technologies.

- We commit to the development of high-voltage DC power supply devices with highly efficient electrical conversion ratios to contribute to reducing electrical consumption in data centers and telecommunications buildings.
- We commit to contributing to the expansion of the charging infrastructure required by next-generation vehicles if we are to achieve our goal of living in decarbonization.
- We are promoting the development of power conversion devices that alter the charging and discharging cycles of batteries so as to ensure stable electrical supply and energy saving.

Creating Environmentally Friendly Products Based on the Growth Strategy

Energy Saving

- Rectifiers for Information and Communications
- Chargers and Quick Chargers for EV/PHEV

The Energy Systems & Solutions Division considers contributing to the creation of various energy sources in an efficient manner that ensures the safe and secure use of energy its mission. The Energy Systems Division contributes to efficient use of energy through the development of power-conversion-related efficiency technology. As such we further enhance environmentally friendly products.

Primary environmentally friendly products from the Energy Systems & Solutions Division



Rectifiers for information and communication equipment

Chargers and Quick Chargers for EV/PHEV

Primary production base

Domestic ·Shindengen Three E Co., Ltd.

Social Supply Chain Management



The Shindengen Group promotes ESG management in line with its management philosophy of “Together with society, our customers, and employees”.

The Shindengen Group promotes CSR activities based on the “Shindengen Group Guideline for Action,” maintaining group governance and communication with stakeholders to enhance corporate value and contribute to the international community and the local communities. Today, it is more important than ever for corporations to treat suppliers as “co-creators” as well as to promote CSR internally in light of the increasing globalization of supply chains.

Procurement Policy

Our Basic Stance

In accordance with the “Shindengen group guideline for action,” the group’s procurement sections strive to enhance its corporate value and pursue mutual development with business partners through the purchase of necessary materials and services, etc., from the global market with an emphasis on appropriate quality, cost, and delivery time in order to provide customers with the high-quality products they need.

Shindengen Group Materials Procurement Policy

1. Compliance with legislation and social norms

- i) Compliance with legislation and regulations
We observe the applicable laws, regulations, and social norms (environment, human rights, labor, safety, sanitation, ethics, etc.) of each country and region.
- ii) Fair and equitable business activities
Regardless of business size or nationality, we ensure our procurement operations are handled in a fair and equitable manner. Quality, cost, delivery time, and reliability of supply are all considered.

2. Green procurement

As part of our global environmental conservation activities, we strive for green procurement. This involves the procurement of materials with smaller environmental impacts, taking into consideration energy conservation, materials usage, chemical management, and the impact on biological diversity.

3. Establishment of partnerships

We strive to establish mutually beneficial relationships with our customers based on long-term trust and offering superior products and services.

4. Quality, delivery period, and stable supply

- i) Securing high quality
To assure and continually improve the quality of our products, we request suppliers establish quality management systems and undergo third-party quality certification in conformity with the ISO9000 family of standards.
- ii) Securing delivery periods and establishing a stable supply system
To best meet our customers’ demands for stable supply under changing conditions, we request our suppliers to secure delivery periods and establish stable material and/or service supply systems.
- iii) Continuing supply in instances of disasters or emergencies
In the event of disasters or emergencies such as earthquakes and floods, we request that our suppliers share supply chain information that may impact the procurement process for our customers. Additionally, we encourage our suppliers even under normal circumstances to engage in their own risk management activities in order to minimize any disruption during times of disasters or emergencies.

5. Support for local procurement

We support local procurement and local production.

6. Requests of our customers

- i) Compliance with laws and social norms
We request our customers to fulfill their corporate social responsibility and to observe the applicable laws, regulations, and social norms (environment, human rights, labor, safety, sanitation, ethics, etc.) of each country and region.
- ii) Sound business activities
We request our customers to promote sound and fair business activities to build long-term mutual cooperation and trust.
- iii) VA/VE activities
We request our customers to provide suggestions and propose new materials or cost improvement activities through their VA/VE activities.
- iv) Shortening the procurement period
We request our customers to be capable of adapting quickly and flexibly to changes in the market.

Social Supply Chain Management

CSR activities in the area of procurement

Primary Challenges in Materials Procurement based on ISO 26000 Core Themes

Core theme	Topic	Primary challenge
Governance	Engagement	Procurement Policy Briefing for Business Partners Every May, Shindengen's Purchasing Department holds a policy briefing for business partners. After presenting an explanation of our business plans and policies, we ask for our business partners' understanding of and cooperation with the Shindengen Group CSR activities and Procurement Policy. Furthermore, in fiscal 2021, we held briefings on demand for 190 companies.
Human rights Environment Fair operating practices	Avoiding complicity	Responsible Minerals Trade The Shindengen Group verifies whether or not the tin, tungsten, gold, and other minerals included in its products causes or contributes to serious human rights violations, environmental destruction, corruption, or unrest in conflict and high-risk areas and takes measures to exclude conflict minerals.
Fair operating practices	Preventing corruption	Compliance Materials procurement based on "Compliance with Laws and Regulations" as defined in the Shindengen Group Behavioral Guidelines. <ul style="list-style-type: none"> Prevention and early discovery of illegal behavior Preventing leakage of confidential information Preventing conflict of interest Prohibiting insider trading
	Fair competition	Compliance with Subcontracting Law The Shindengen procurement division, acting with overall responsibility, circulates through the Group companies periodically implementing preventative measures (e.g. hearings, education) to promote compliance. <ul style="list-style-type: none"> Regular interviews Education Individual discussions Evaluation of suppliers To strengthen healthy relationships with suppliers, and to contribute to the development of these relationships, suppliers are evaluated annually on quality, prices, delivery dates, and business services, and awards presented to superior suppliers.
	Promoting social responsibility in the value chain	Exclusion of anti-social elements To ensure sufficient awareness of the importance of breaking off relationships with anti-social elements, and from the viewpoints of social responsibility, compliance, and enterprise defense, the Shindengen Group promotes efforts to break off these relationships. <ul style="list-style-type: none"> Memorandum : Requests signing of a 'Memorandum on Exclusion of Anti-social Elements' with its suppliers Education : Implements participation in periodic compliance education in the materials division, and external lectures.

Note: See 'ISO 26000:2010' (published by Japan Standards Association) for core themes and topics.

Human Rights for the Supply Chain

"Compliance with legislation and social norms" is one of the basic precepts of the Shindengen Group's "Group Materials Procurement Policy." In materials procurement, we comply with legislation and social norms (environment, human rights, labor, safety, sanitation, ethic, etc.) of countries and regions and respect human rights throughout our supply chain. By "Shindengen Group Human Rights Policy," the Group has issued the Supply Chain CSR Deployment Guidebook, and not only works to make our suppliers aware of this Policy but requires their compliance.

Responsible Minerals Trade

To ensure that the Shindengen Group fulfills the social responsibility standards for supply chains, we request our suppliers to expand their awareness to conflict minerals and participate in the surveys we implement as part of our efforts to honor human rights, environmental, and ethical principles.

The Shindengen Group's Initiative for Responsible Minerals Trade

Conflict minerals (such as gold, tantalum, tungsten, and tin) excavated from the Democratic Republic of the Congo and surrounding countries are the source of funding for armed conflict. Another problem is the human rights violations that occur during excavation.

In the final rule of Article 1502 of the "Dodd-Frank Wall Street Reform and Consumer Protection Act" (Dodd-Frank act), which was passed and announced on August 22, 2012, by the U.S. Securities and Exchange Commission, it states that all public companies in the United States must submit a report to the Securities and Exchange Commission certifying whether or not "conflict minerals" are contained in their products.

As Shindengen Electric Manufacturing is not among the companies required to submit a report to the U.S. Securities and Exchange Commission, there is no obligation to submit any such report about the usage of conflict minerals.

However, the Shindengen Group is taking a humanitarian stance and is actively making it clear as to whether or not conflict minerals are included in its products and working towards the elimination of conflict minerals. In addition, the problems with procuring minerals are expanding beyond just conflict areas. To address the risks of OECD guidance Annex II and limit the contribution to serious human rights violations and environmental pollution, we will continue promoting responsible mineral procurement throughout the supply chain regarding the procurement of minerals, such as those produced in conflict and high-risk areas.

Social Human Rights



The Shindengen Group respects the international norms about social issues and employee rights brought out by globalization. We are also actively committed to promoting human right awareness.

■ Initiative for respecting Human Rights in Labor

In FY 2019, we established the “Shindengen Group Human Rights Policy” as the basis for all other policies and documents (ex. Shindengen Group Action Guidelines) related to the Group’s efforts to respect human rights across our global operations.

Shindengen Group Human Rights Policy

Shindengen Group Human Rights Policy

Shindengen Electric Manufacturing Co. Ltd. (‘Shindengen’) holds ‘Management Philosophy’, “Together with society, our customers, and our employees, Shindengen pursue company growth that benefits society, our customers and employees”, and attaches much value to relationships with society and human rights of employees. Shindengen Group (‘the Group’ or ‘we’) respects the international norms with regards to the human rights, labor challenges and employee rights brought out by the globalization. We are also actively committed to promoting human right awareness.

1. Position of this policy

This policy shall be the base of all other policies and documents (ex. Shindengen Group Action Guidelines) related to the Group’s efforts to respect human rights across our global operations, and applies to all the executives and employees* of the Group.

The Group respects international norms on human rights, the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights and the International Covenants on Human Rights), the International Labour Organization’s “Declaration on Fundamental Principles and Rights at Work”, the United Nations “Global Compact”, the United Nations “Guiding Principles on Business and Human Rights”, and has developed this policy based on these norms.

*employees; any persons who are employed by the company

2. Respect human rights

The Group complies with respective laws and regulations of the countries and regions in which it operates. If a law or regulation of a country or region conflicts with an internationally recognized standard for human rights, we pursue ways to honor the internationally recognized standard.

The Group prohibits any form of discrimination based on race, ethnicity, nationality, social status, lineage, sex, disability, health conditions, ideology, faith, sexual orientation, gender identity, occupation or occupational status, and harassment. We are committed to responsible labor practices including the provision of a safe and healthy environment in the workplace as well as ensuring adequate working hours and minimum wage. We also commit ourselves to respecting freedom of association.

The Group opposes any form of slavery or forced labor, including human trafficking, and child labor.

3. Efforts to respect human rights

The Group recognizes that our business activities may have direct or indirect human rights impacts at every stage in the value chain, from R&D and procurement of raw materials to consumption/use of our products and services.

Based on the United Nations Guiding Principles on Business and Human Rights, the Group shall undertake human rights due diligence measures, such as specifying and assessing the impact of its business activities on human rights, and studying ways of proactively preventing or mitigating any negative impact of those activities.

We will take appropriate measures in the event that the Group becomes aware of violation of human rights and demand that suppliers redress any violations of human rights.

We expect that all of our business partners adhere to this policy. We will work to make our suppliers aware of this Policy, and we demand their compliance.

The Group conducts education and training to ensure this policy is understood across all business activities of the Group and implemented in the respective activities.

We will continue to engage with our relevant stakeholders concerning the human rights issues associated with our business and seek to update our practices to respect human rights.

Shindengen reports on the implementation status of our human rights initiatives in accordance with this policy in our website or CSR report.

Established: April 22nd, 2019

Social Human Rights

Initiative for preventing Slave Labor and Human Trafficking

The Shindengen Group has updated its statement in September 2022 regarding the prevention of slave labor and human trafficking pursuant to the British Modern Slavery Act 2015, Article 54(1).

Please visit our website for details <https://www.shindengen.com/csr/rights/modernslavery/>

Human Rights Due Diligence

The biggest risks for slave labor and human trafficking are in the supply chain, which the Shindengen Group's oversight of operations and management cannot directly reach. For the 30 suppliers who did not meet the Company's target score in the human rights survey based on the Shindengen Group Supply Chain CSR Promotion Guidebook conducted between fiscal 2019 and fiscal 2020, we again explained the Shindengen Group's human rights policy so they could understand and secured their agreement to take action to ensure that human rights are respected.

We will continue to regularly conduct human rights surveys across the supply chain going forward. In addition, we will continue to ask suppliers to understand and collaborate on action to ensure respect for human rights at business policy briefings and update our contracts to include clauses related to human rights in basic trade agreements.

The Shindengen Group is working to identify human rights risks by conducting annual risk assessments and taking measures to avoid or mitigate risks. In the Shindengen Group Human Rights Risk Survey in FY2021, we did not confirm any situation that violates our human rights policy.

Human Rights for the Employees

Labor Union Relations

Shindengen and the Group (domestic) actively ensure there are forums available for discussion between Labor Unions, Shindengen employees and Management. We strive to provide our employees with a positive, safe workplace through regularly holding meetings with labor-management councils, in efforts to achieve mutually beneficial results. Shindengen has signed a collective agreement with the Labor Union to guarantee the rights of all members.

Employee Consultation

The Shindengen Group (domestic) has established a consultation window where employees and their families can receive specialist counselor advice for daily anxiety, stress, and other troubles.

Mental health education workshops are also provided to all employees. Since FY 2016, annual stress checks (under the Occupational Health and Safety Act) have been performed and reported to the Labor Standards Inspection Office to identify, manage, and ultimately reduce the risk of mental health problems of our employees.

Zero Tolerance for Sexual and Power Harassment

The Shindengen Group has a zero-tolerance policy towards sexual harassment and/or power harassment. Group Action Guidelines are in place to effectively manage any instances of such harassment.

Human Rights Awareness Initiatives

In an effort to address the serious poverty and labor problems in the world, the Shindengen Group engages in raising awareness about social issues and increasing respect for human rights through CSR training courses and similar initiatives. In addition to promoting CSR activity-related concepts such as employment practices, taxation, and community service etc., enhancing employees' appreciation of international standards (ILO core labor standards, etc.) and consideration for minorities, including LGBT individuals, is part of our commitment. Employees are advised of points regarding human rights as indicated in the UN's SDGs, and we strive to continuously share details about human rights issues using information dissemination tools, such as our intranet and company newsletters.



CSR education

Social Labor Practice



In the Shindengen Group, we recognize that our employees are at the core of what we do. Our Human Rights Policy and Group Action Guidelines are built around respect for international human rights and labor condition laws and regulations. Ensuring “respect for human rights,” “safe working conditions,” and “awareness of health” in a workplace where employees are supported at all stages of their careers is of the utmost importance to us. Establishing a culture of caring focused on our employees’ well-being in the AI era is especially crucial in light of increasing globalization coupled with the declining birthrate and aging population.

Human Resource Development

Career Support

Education and Training

At Shindengen, we support our employees with the proper education and training, such as new-employee training, third-year training, training for qualifications, and specifically tailored (financial, marketing) training and other self-development-focused education. In this way, we support career advancement for all.

The Group’s domestic companies have also developed self-assessment application systems for all employees applying for promotions. In addition, we introduced an expert career system that reflects the value we place on diversity. By doing so, we aim to foster a culture that promotes learning and supports career development among our employees.

Education and training styles have shifted away from traditional group training, and the prevailing styles now are online training and hybrid training that combine group and online styles. Use of e-learning is also on the rise. Shindengen is conducting training involving large numbers of people in its canteens, where the furniture can be rearranged.



Training for different qualifications (Shindengen)

Nurturing Global Human Resources

Preparing our employees for the increasingly globalized environment in which we operate is crucial to the Group’s future success. Business English training and the TOEIC incentive system are provided to employees to improve their English proficiency. We dispatch young salespeople to our Group companies in English-speaking regions for a few months to a year to receive our overseas training and gain on-site, hands-on experience.

For those assigned to work abroad, we provide training on local culture, economics, and living standards (safety, environment, etc.) as well as on laws and systems necessary for business activities. For language training, educational support programs are available either in Japan before they are dispatched or overseas.

Providing Training to Human Resources to Support the Expansion of Global Operations

To succeed in a globalized environment and to meet the increasing expectations of customers, the Shindengen Group has expanded its global operations, including product design, procurement, production, sales, and others, mainly for Group companies in Asian countries. We are developing not only employees from Japan, but also a wide range of countries, taking various approaches, including education for local employees and exchanges between overseas Group companies. Group companies responsible for production in Japan also handle some of the product strategies for the expanding power module business and EV business while aiming to achieve sustainable growth. These companies are training employees to support the expansion of global operations.

Guangzhou Shindengen’s finance manager received the Outstanding Individual in Statistics Award from the Huangpu District Yonghe Town Hall, which the company is working with to enhance the reliability of its financial operations and revitalize its organization.

Social Labor Practice

Promotion of Diversity

Assistance in Balancing Work, Childcare and Nursing Care

Shindengen and some Shindengen Group companies in Japan offer various types of leave, including for hospitalization, maternity and miscarriage, as well as options for childcare and health management, including reduced working hours, flexible commuting times, and extension of break times. The ongoing expansion of leave programs for childcare and nursing is under way.

To confirm awareness about taking childcare leave from April 2022, Shindengen set up an application section for childcare leave on the birth notification form on the internal intranet. In addition, Shindengen Three E sent messages about men taking childcare leave to employees as it strives to foster an environment in which it is easy to take childcare leave.

At the Shindengen, regarding the work-from-home policy implemented as a COVID-19 countermeasure, we adopted a flex-time system and have made it permanent from January 2021. Shindengen's Asaka Office, Shindengen Three E, and Okabe Shindengen support Saitama Prefecture's "Saitama Womanomics Project" and offer a substantively equal employment environment for female employees. As a result of their efforts to provide a better working environment for women as well as childcare programs they received a certificate acknowledging their status as a "Company with a Diversified Working Environment" from the local government.

Annual Statistics for Paid Holiday

	FY 2019	FY 2020	FY 2021
Rate of taking paid Holidays (%)	66.4	54.5	55.0

Annual Statistics for Maternity and Childcare Leave

	FY 2019	FY 2020	FY 2021
Number of people obtaining maternity leave	5	5	3
Number of people obtaining childcare leave	10	11	11
(Within) Number of men obtaining childcare leave	6	4	6
Reinstatement rate following childcare leave (%)	88.9	100.0	100.0

Annual Statistics for Nursing Leave

	FY 2019	FY 2020	FY 2021
Number of people obtaining nursing leave	3	0	2

Improvement of Working Environments

Shindengen provides employees with the opportunity to take long-term career leave depending on their length of employment with the aim of refreshing their minds and bodies and raising their motivation to work. In addition, we responded to workstyle reform-related laws in part by mandating five paid days off be taken per year and ensuring the same pay for the same work. We are also trying to ensure a comfortable environment by various means, such as establishing a no-overtime workday and setting overtime work limits. Shindengen Vietnam received the Fiscal 2021 Award as an excellent company providing a good workplace environment and benefits to workers from the Vietnam Labor Union, which is part of the national trade union center of the Vietnam General Confederation of Labour. Shindengen Vietnam has many female employees, and the average age of its employees is relatively young. Upgrading its work environment to enable it to adapt to changing workstyles is stimulating the hiring of mid-career female employees.



The Vietnam Labor Union's awards ceremony (Shindengen Vietnam)

Encouragement and Reward System for Raising Employees' Incentives

Shindengen established a prize-payment system for inventions, suggestions and the acquisition of public certifications as well as the TOEIC incentive system in order to promote the better performance of employees in R&D activities, various workplaces and duties. In FY 2021, we added public qualifications and there were 27 prizes awarded for those who acquired public qualifications.

Initiative for the "Act on the Promotion of Female Participation and Career Advancement in the Workplace"

In April 2022, Shindengen notified the Ministry of Health, Labour and Welfare of its action plan regarding the Act on Women's Promotion. Shindengen aims to upgrade its environment and foster a culture that will enable it to acquire Eruboshi certification by promoting diverse workstyles where everyone can thrive regardless of gender, increasing the number of women hired, and expanding the areas in which female employees are active.

Akita Shindengen held lectures led by female employees for specialized in-house training as part of efforts to realize spaces where all female employees who want to thrive at work can leverage their unique traits and capabilities. Going forward, the company will continue supporting opportunities to leverage capabilities so that all employees, including women, can discover targets and models that fit them personally.

Goal of its current initiative for the Act

- Expanding measures to get more female applicants and achieve a ratio of 30% or more of women among new hires;
- Providing equal opportunity to female employees in a wide range of departments and occupations;
- Achieving a ratio of 30% or more of men taking childcare leave and encouraging diverse workstyles among men and women.

Social Labor Practice

Supporting the Success of Foreign Employees

At the Shindengen Group, we realize that in an increasingly globalized business world, it is essential to harness the strengths offered by individuals from a variety of backgrounds and cultures. In line with the Shindengen Group Human Rights Policy, we respect different values, cultures, and experiences (regardless of nationality, race, or gender) and provide opportunities for employees to demonstrate their character. We believe that this will create values and businesses that meet social changes and mentally enrich employees.

Change in number of foreign national workers

	FY 2019	FY 2020	FY 2021
Number of foreign workers	10	10	10
Number of foreign workers at management level	2	2	2

Note: Excludes employees seconded to overseas Group companies.

Equal Employment: Disabilities and Aging Employees

Shindengen is committed to being an equal opportunity employer. We strive to provide opportunities to people with disabilities and achieved a rate of 1.60% in FY 2021. Under its second career system, which rehires workers who retired at the set age of 60, Shindengen continuously employed people until age 65, but from September 2022 the Company has extended its mandatory retirement age to 65.

Health and Safety

Health and Safety Management

The Shindengen Group is committed to promoting health and safety throughout the entire Group.

Health and Safety Activities

Shindengen Thailand received praise for its initiatives related to worker health and safety in Pathum Thani Province and received the FY2021 Excellent Occupational Health and Safety Workplace Award. An environmental manager at Shindengen Philippines entered the logo creation contest for the Advocates, Leaders and Professionals in Environment Safety and Health (ALPrESH), and their logo design (shown below) won. This logo has a caduceus representing health, a plant representing the environment, a hard hat representing safety, and a gear representing the manufacturing industry, all surrounded by three leaves formed by interlocking hands. This represents the collaborative relationships among members to encourage self-awareness and initiatives for health, the environment, and safety as promoted by Shindengen Philippines.

Leveraging the advantage of its office environment having acquired CASBEE Wellness Office Certification,* Shindengen aims to enhance security and safety as well as environments in which it is easy to work.

*CASBEE Wellness Office is a tool for evaluating initiatives, performance, and building design to support maintaining and increasing the health and comfort of building users. It evaluates not only elements that directly affect the health and comfort of workers within the building but also elements that help enhance intellectual productivity and performance related to security and safety.



Excellent Occupational Health and Safety Workplace Award (Shindengen Thailand)



The logo created by the employee (Shindengen Philippines)



CASBEE Wellness Office Certification (Shindengen)

Traffic Safety Activity

The Shindengen Group has established the 'Traffic Leadership Committee' to manage the prevention of traffic accidents during everyday operations, whilst commuting, and whilst our employees are on business trips, incorporating local opinions.

Akita Shindengen received the "silver prize" as an excellent safety driving business site under a joint traffic safety commendation program sponsored by Akita Prefectural Police and Japan Safe Driving Center, thanks to its work on safe driving and raising employee awareness. In addition, on Higashine Shindengen supports efforts for calling out traffic warnings by crossing guards at intersections of neighboring factories during traffic safety awareness periods. As an excellent organization addressing traffic safety problems, Lumphun Shindengen received the Prime Minister Road Safety Award from Thailand's prime minister in December 2021 and participated in the awards ceremony held in Bangkok in May 2022.

Social Labor Practice

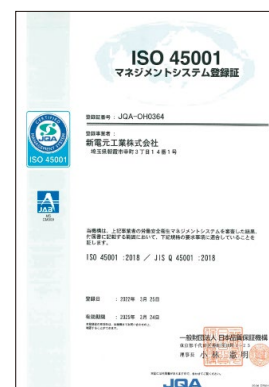
Acquisition of ISO 45001 Certification

The Asaka Office of Shindengen Electric Mfg. Co., Ltd. (Asaka City, Saitama Prefecture) and Okabe Shindengen Co., Ltd. (Fukaya City, Saitama Prefecture) acquired the international standard for occupational health and safety management systems ISO 45001 certification.

ISO 45001 defines the construction and operation of systems that provide safe and healthy workplaces and prevent injuries and diseases related to the labor of working people. Since being published in 2018, the standard has spread around the world, especially in Europe, where interest is particularly high for occupational health and safety.

The Shindengen Group strives to continually improve occupational health and safety, upgrades work environments focused on employee health and safety, enhances productivity, and ensures business continuity. Among the 17 SDGs, the Group's efforts relate to number 3 (Good health and well-being for all) and number 8 (Decent work and economic growth).

Registration number	JQA-OH0364
Application standard	ISO 45001:2018/JIS Q45001:2018
Worksite	Shindengen Electric Mfg. Co., Ltd.
Relevant worksite	Okabe Shindengen Co., Ltd.
Registration scope	1) Design, development, and manufacture of electronic automotive parts, circuit products, semiconductor products, and applicable products 2) Design, development, and manufacture of telecommunication devices, consumer products, industrial power sources, and system products 3) Design, development, and manufacture (outsourcing) of magnetic components
Date of registration	March 25, 2022



Establishment of the Shindengen Group Health and Safety Policy

In September 2021, to meet the requirements of ISO 45001, we formulated an occupational health and safety policy covering the entire Shindengen Group with the aim of further enhancing our occupational health and safety activities.

Shindengen Group Occupational Health and Safety Policy

Our management philosophy and mission statement is "Stay with society, our customers, and our employees, we will maximize energy conversion efficiency for the benefit of humanity and society". In doing so, we promise to "Listen closely, look ahead, and create a future of value". Based on our management philosophy and corporate philosophy, Shindengen Group employees will aim both achievement of sustainable development goals in the electronics field and occupational safety and health through business activities such as the development, design, and manufacturing of semiconductors, power supply units, and electrical components. To that end, we will execute the following activities.

1. We adhere to legal and other relevant requirements to prevent work-related injuries and illnesses.
2. We secure the discussion and participation of workers and their representatives in the operation of occupational health and safety management systems, use risk assessments and other tools to eliminate sources of risk, and aim to eradicate and prevent occupational accidents through efforts to reduce occupational health and safety risk.
3. We properly operate and continually improve occupational health and safety management systems and provide safe and healthy work conditions.

This policy applies to the following parts of the Shindengen Group that are working to obtain ISO 45001 certification.

- Shindengen Electric Mfg. Co., Ltd. Asaka Office
- Okabe Shindengen Co., Ltd.

Other Shindengen Group companies in Japan and overseas will develop occupational safety and health activities in accordance with this policy.

Kenji Horiguchi
Established in September 2021

Social Labor Practice

Activities on Disaster Prevention and Response

The Great East Japan Earthquake (2011) and floods in Thailand are recent reminders of the importance of having a disaster-response plan in place. The Shindengen Group's Business Continuity Plan (BCP) ensures risks are managed appropriately at times of large-scale disaster. The Business Continuity Management (BCM) Committee has strengthened the disaster-response and business-continuity measures in place to protect employees and businesses.

Overseas Group companies that handle production periodically hold disaster prevention drills tailored to the characteristics of their countries. In addition, domestic Group companies that handle production work to raise awareness of disaster prevention by conducting annual comprehensive fire drills, including water-discharge exercises, to ensure that every employee can practice what they are expected to do in emergencies.

Products that Contribute to Safety

In line with its corporate mission, the Shindengen Group develops, designs, produces, and sells eco-friendly technology spanning a wide range of fields, namely mobility, the environment and energy, industrial machinery, data and communications, and home appliances. This technology can also be used in fields that protect people's lives and livelihoods, contributing to safety.

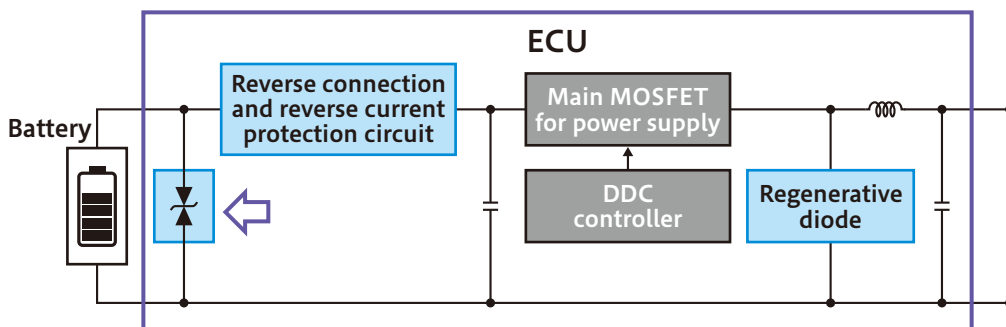
With modern vehicles continuing to become more electric, computerized, and network-connected, they are being installed with an increasingly wide variety of electronic control units (ECUs). Shindengen has developed the highly reliable surge-absorbing power Zener diode*1 for ECUs and other car electronics and provides optimal solutions as load dump*2 countermeasures and small motor-surrounding surge-absorbing countermeasures. With the highly responsive power Zener diode, we strive to enhance the indestructibility and prevent the malfunction of car electronics due to transient voltage surges and thus contribute to a comfortable and safe mobility society.

*1 Shindengen's power Zener diodes are generally called transient voltage suppressors (TVS). It uses characteristics related to diode breakdowns and how the voltage stays mostly the same regardless of the flowing current, the diode is used to absorb surges and protect circuits and devices. It cannot be used for constant voltage.

*2 Load dump is a charge status for batteries while the engine is running and is a transient voltage surge that occurs when the battery connection is not good or is interrupted.

ECU Protection Circuit Example

(It does not guarantee the operation of used devices.)



Various Programs on Health

Activities to promote Health Management

At the Shindengen Group, as part of promoting work-life balance, we provide activities for employees to help keep their minds and bodies healthy.

As the COVID-19 pandemic continues and work and lifestyles are restricted, it is easy to not get enough exercise and not eat well. An employee of Higashine Shindengen entered the top spot for the 2021 workplace bowling championship held by Yamagata Shinbun and Yamagata Broadcasting, and the company took that opportunity to encourage employees to work out. Employees of Shindengen Indonesia and their families actively participated in COVID-19 vaccination efforts in Indonesia.

In addition, at the Asaka Office of Shindengen, the canteen serving lunch to employees was certified as a Saitama Health Promotion Collaborator due to its support of employee health through the provision of delicious Kobaton healthy meals.

Social Consumer Issues



We believe that the Shindengen Group's "quality with real value" is the product of the outstanding efforts of each employee at every step of the supply chain, reaching all the way to customers, and we are creating products that are based on our exacting quality standards and aligned with our product development concept.

Product Quality and Safety

We strive to assure excellent product quality and safety through an exacting management system that encompasses design, manufacturing, and quality control to supply the best possible products to our customers.

Company-Wide Quality Policy

The Shindengen Group is focused on improving quality by employing the customer perspective in line with the following Company-Wide Quality Policy. With all employees contributing their ideas, we are taking a multifaceted approach in our creative efforts to manufacture products of high quality. To this end, we are engaged in quality improvement activities that encompass all processes, ranging from planning, design, development and manufacturing to shipment, and prioritize the customer perspective.

Company-Wide Medium-Term Quality Policy (FY 2022-FY 2024)

We respond to our customer's trust with safe and secure processes.

Basic Policy on Product Safety

The Shindengen Group, hereinafter called our group, is dedicated to improving the quality in response to customer trust based on the Management Philosophy "Together with society, our customers, and our employees". We raise Basic Policy on Product Safety in order to commit social responsibility by providing high-safety products and maximizing the use of wisdom from all employees.

1. Legal compliance

We comply with the related laws, regulations and norms relating product safety.

2. Build management system

Our group prevents product defects, ensures product safety and builds management system which is able to provide high-safety and high-quality products to improve customer satisfaction.

3. Collect, provide and deal with information of defects

When product defects occur, our group deals with the problem rapidly from customer's perspective and provides appropriate information. Therefore, we report to the competent authorities promptly following the law and take measures to prevent the damage from expanding, such as recall the products if necessary, in conjunction with taking action to improve product safety by collecting the information of defects.

4. Warning

Our group clearly states in user's manual or on product body in order to avoid the accidents by misuse or carelessness and for the customers safety.

5. Promotion of Product Safety Education

Our group has continuously given our employees education and training regarding Product Safety.

Revised in Dec.2020

Social Consumer Issues

Initiatives for the Improvement of Quality

ISO 9001 series and IATF 16949 Certification within the Shindengen Group

ISO 9001 and IATF 16949 are the international standards for quality management systems. The Shindengen Group (both domestic and overseas offices and affiliated companies) has obtained ISO 9001 series and IATF 16949 certification and contributes to customers' operations by consistently providing products and services that meet their needs and expectations.

ISO 9001 series & IATF 16949 certification status

Office Names	Applied Standards	Certifying Institution	Acquisition Date
Shindengen Electric Manufacturing Co., Ltd. Shindengen Mechatronics Co., Ltd.	ISO 9001	UKAS	August 5 2024
Shindengen (Thailand) Co., Ltd.	ISO 9001	UKAS	August 27 2025
Lumphun Shindengen Co., Ltd.	ISO 9001	UKAS	June 27 2024
Shindengen Philippines Corp.	ISO 9001	JAS-ANZ	December 6 2023
Guangzhou Shindengen Electronics Co., Ltd.	ISO 9001	DAkKS	November 7 2022
PT. Shindengen Indonesia	ISO 9001	UKAS	February 22 2023
Shindengen Vietnam Co., Ltd.	ISO 9001	ANAB	May 8 2025
Akita Shindengen Co., Ltd. Oura Factory	IATF 16949	IATF	July 15 2024
Akita Shindengen Co., Ltd. Asuka Factory	IATF 16949	IATF	July 14 2024
Higashine Shindengen Co.,Ltd.	IATF 16949	IATF	July 15 2024

Promoting Activities for Improvement/Kaizen

The annual "Shindengen Group Improvement Presentation" is held in June, providing an opportunity to share improvement activities undertaken across the Shindengen Group. Specific case studies are examined with a focus on building knowledge upon such successes across manufacturing processes and the Group.

Note: In fiscal 2021, we examined improvement case study videos in August due to effects of the COVID-19 pandemic.

Customer Consultation Desk for Power Conditioners Used in Solar Power Generation Systems

With society placing increasing focus on renewable energy, improving the customer service aspect of our power conditioners business is essential. Since September 2013, a customer consultation desk has actively worked with customers to solve problems and improve customer satisfaction.

Social Community Involvement and Development



The Shindengen Group recognizes that long-term corporate value creation is essential to its being able to contribute to solving social issues, including climate change. With passion and purpose, contributing to the development of local communities through business and social contribution activities, we work to empower the local communities in which we operate.

■ Moving Towards Decarbonization

Initiatives to realize decarbonization

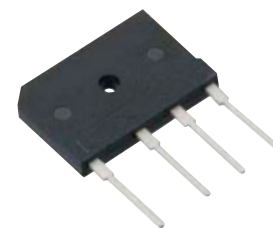
The Shindengen Group considers stopping global warming its social responsibility and strives to lower greenhouse gas emissions through its business activities.

Calls are growing for low-power-consuming air conditioners in order to reduce the environmental burden as the number of units increases around the world. Demand is therefore growing for low-loss bridge diodes as input rectifiers for air conditioner power sources, but until now it has been difficult to improve the lightning surge*1 resistance of such diodes.

In July 2021, Shindengen launched the low-loss bridge diode LK25XB60 for the power sources of electric home appliances, including air conditioners. By adopting a new structure for its diode chips, this product achieves high lightning surge resistance at 10kV and reduces the forward voltage*2 around 9.5% compared with conventional bridge diodes, meeting market needs. Going forward, we will expand the LK series lineup to meet the wide range of needs for more highly efficient power sources, thereby contributing to lower power consumption.

*1 Lightning surge: A phenomenon when lightning causes momentarily high voltage in electric wires and enters buildings through power lines.

*2 Forward voltage: The forward voltage (VF) is the amount of voltage needed to get current to flow across a diode.



Low-loss bridge diode LK25XB60

The Company donated a SDQC2F60 EV quick charger to Asaka City, Saitama Prefecture. Not only can the unit charge two EVs simultaneously, it is also a handicap accessible structure so that that wheelchair users can easily approach it and maneuver around it. In addition, to accommodate diverse people, including in terms of age and gender, the form adopts universal design principles to prevent injuries from collisions and falling heavy objects. The donation ceremony was held on February 1, 2022, at the Asaka City Hall and was attended by mayor Katsunori Tomioka and other city hall officials as well as president Yoshinori Suzuki and others from Shindengen.



The SDQC2F60 quick charger donated to Asaka City

■ Engaging with Local Communities

Community activities

The Shindengen Group is conducting activities aimed at ensuring harmonious coexistence with local communities and maintaining their trust.

Awarded by the Philippine Red Cross for the 13th Consecutive Year (Shindengen Philippines)

Shindengen Philippines was awarded for the 13th consecutive year for its collaboration in the blood donation business of the Philippine Red Cross. Blood donation campaigns were conducted three times in fiscal 2021. As a member of the local community, the company is working to promote blood donation to support people who need blood transfusions.



13th consecutive year award from the Philippine Red Cross (Shindengen Philippines)

Social Community Involvement and Development

Contribution to Education (Shindengen Philippines, Shindengen Thailand, Shindengen Vietnam, Shindengen Kumamoto Technoresearch)

In order to support the next generation, the Shindengen Group is making various social contributions to education.

Shindengen Philippines was awarded Best Collaborator Award for providing subsidies for training as well as for accepting eight interns from Dualtech Training Center, a technical school that it is a partner company of.

Shindengen Thailand donated 14 used in-house computers to schools who need them for education and studies in fiscal 2021.

Shindengen Vietnam and other companies in its industrial park donated supplies to local elementary and middle schools and provided scholarships.

In Japan, to enable high school students to continue enjoying sports activities during the pandemic, Shindengen Kumamoto Technoresearch applied to the new ticker support plan of the 103rd National High School Baseball Championship, which involves posting encouraging messages.



Specialist School Best Cooperating Company Award (Shindengen Philippines)



Donated used computers (Shindengen Thailand)

Activities to Support Children (Shindengen India, Akita Shindengen)

Shindengen India donated new clothes and small beds for newborns to health clinics run by the Indian government to support the future of children.

Akita Shindengen clips and collects used and postmarked stamps from mail it receives for donation to the Honjo Corporate Association. In fiscal 2021, the company collected 2,277 used stamps and through the Honjo Corporate Association supported children by distributing safety seals and donating the stamps to libraries



Child beds and other donations to a health clinic (Shindengen India)

Supporting COVID-19 countermeasure (Shindengen Thailand, Lumphun Shindengen, Shindengen India)

Shindengen Thailand donated 212 sets of personal protective equipment (PPE) for COVID-19 in fiscal 2021 to foundations, temples, and other institutions needing to take measures to prevent the spread of the disease.

Lumphun Shindengen donated medical devices related to countering the spread of COVID-19 to local medical institutions.

Shindengen India donated masks and disinfectants to health clinics run by the Indian government and local police departments to support safe medical and public front lines in the face of the protracted pandemic.



Donated medical devices from Lumphun Shindengen



Donated masks and other supplies from Shindengen India

Supporting areas affected by natural disasters (Shindengen Philippines, Shindengen Thailand)

The Shindengen Group provides various types of aid with the hope of enabling the recovery of areas affected by natural disasters.

Employees of Shindengen Philippines voluntarily donated money to people affected by Super Typhoon Odette, which caused significant damage to the area around Mindinao in the Philippines in December 2021.

Shindengen Thailand donated premade meals to support areas afflicted by flooding in Ang Thong Province in 2021.



Support from Shindengen Thailand for flooded areas

Social Community Involvement and Development

Neighborhood cleanup activities (Higashine Shindengen; Shindengen Three E)

Maintaining the beauty of the local environment makes life and work more pleasant and rich.

Higashine Shindengen conducted beautification activities in the area around its factory to show its gratitude to the community. In addition, Shindengen Three E conducts cleanup activities around each base twice a year as part of local environmental contribution activities in line with its awareness as a corporate citizen. The company also collaborates on actions to encourage recycling and reduce plastic waste by participating in the Saitama Prefecture Plastic Waste Zero Week and registering as an organization for the Saitama Prefecture Casual Local Cleanup Program.



Higashine Shindengen's beautification activity



Cleanup activities (Shindengen Three E)

Activities Rooted in Local Communities (Lumphun Shindengen, Shindengen Thailand, Shindengen Indonesia, Akita Shindengen)

The globally operating Shindengen Group is working on activities to contribute to local communities led by employees with the aim of becoming more closely engrained in each community.

There are many Buddhist temples in Thailand, and they play an important part in the lives of the Thai people. Lumphun Shindengen considers building strong ties with nearby temples a good way to contribute to the community. In fiscal 2021, employees visited nearby temples to donate fire extinguishers, offer guidance on their use, and provide education to instill basic fire safety knowledge.

Shindengen Thailand collected employee donations for the Wat Pwet Nimit (Temple) in Krongulan District, Pathum Thani Province. In addition, the company donated clothes and goods to support poor people in the Chen Lai district, which has connections with employees.

Shindengen Indonesia participated with other companies in Lebaran (end of Ramadan) activities in the GIIIC industrial park, where it is located, and donated to neighbors of the park. In addition, the company welcomes local shops to set up in its in-house canteen.

Akita Shindengen was awarded the Enticement Company Permanent Location Award by the Akita Prefecture Company Enticement Promotion Association for its efforts to develop the local economy in part by maintaining and expanding employment over the 50 years since it was established in Akita.



Lumphun Shindengen's donated fire extinguishers and usage education



Enticement Company Permanent Location Award (Akita Shindengen)

Giving factory tours to students

Every year, the Shindengen Group factories proactively invite students to tour their facilities in order to give them a glimpse of what is it like to work for a manufacturer.

After receiving requests from the Akita Local Revitalization Agency and the University of Akita, Akita Shindengen provided factory tours, internships, and briefings on production management systems for middle school, high school, and university students as a way to collaborate on social activities.

Higashine Shindengen accepted interns from community colleges to help them better understand the work and the sense of accomplishment it offers.

Shindengen Thailand accepted five interns from universities in Thailand. Shindengen Lumphun accepted 18 interns from universities and technical colleges. Shindengen Indonesia accepted student trainees from ITS Surabaya Engineering University so they could learn about a variety of topics through hands-on workplace experience.



Student training (Shindengen Indonesia)



Environment



Since 1992, Shindengen has been working on environmental issues as an important management issue. We are doing so by developing environmentally conscious products that provide greater benefit to society with a lower environmental impact. Additionally, the Paris Agreement (reached at the 21st Conference of Parties to the United Nations Framework Convention on Climate Change) and the United Nations' Sustainable Development Goals provide further guidance when consciously managing our environmental footprint and climate change countermeasures.

Shindengen Group Environmental Policy

After formulating the Environmental Vision 2050 for the Shindengen Group in December 2021, we revised the Shindengen Group Environmental Policy. We will make continuous improvements to realize sustainable development goals, firmly taking into consideration changes in the circumstances surrounding the Group and our expectations and needs. We will respond appropriately to them, taking into account not only impact on the environment, but also the environment itself.

Shindengen Group Environmental Policy

Our unchanging management philosophy is "Together with society, our customers, and our employees," and our mission statement is "We will maximize energy conversion efficiency for the benefit of humanity and society."

In addition our promise to "Listen closely, look ahead, and create a future of value" comprises a shared policy for the entire Shindengen Group. Our Environmental Vision 2050 is "Believing a bountiful global environment connected to the next generation is a 'future of value,' we pursue sustainability to help realize decarbonization, a circular economy, and a society in harmony with nature."

Shindengen Group employees are committed in their pursuit of developing sustainable electronics across all stages of production from development and design to manufacturing. Products include semiconductors, power supply units, electrical components, and solenoids.

1. We are committed to complying with applicable requirements, including laws, regulations, and contracts.
2. We will evaluate the impact our business activities and products have on the environment, and we will strive for continual improvement.
3. We will regularly update our environment management systems to improve environmental performance.

Environmental policies are applied to ISO14001 certified companies in the Shindengen Group (Japan). Other domestic and overseas companies engage in environmental activities in accordance with the environmental policies of the Group.

Please visit our website for details [ISO 14001 Certification] <https://www.shindengen.com/company/iso/iso14001/>

Environmental Management

Change in Scope of Application of the Environmental Management System

Shindengen's Asaka Office opened in April 2021. We consolidated the R&D, business operation, and head office functions in the Asaka Office and closed the Hanno Factory, thereby revising the scope of application of the environmental management system.

The Shindengen Group's environmental management system was constructed with a scope of application encompassing Shindengen's Hanno Factory and main production companies in Japan, but this was changed in February 2022 from Shindengen's Hanno Factory to its Asaka Office, and the scope of application came to include head office functions.

Creating a System for Environmental Vision 2050

We reorganized the Energy Conservation Committee, which had been under the Environment Committee, in April 2022 to establish the Decarbonization and Energy Conservation Committee as an organization to promote the Shindengen Group's Environmental Vision 2050 and FY 2030 environmental targets. The Decarbonization and Energy Conservation Committee comprises environment-related departments, operating departments, and Group companies. In addition to Shindengen's environmental management division, the corporate planning division and CSR divisions now serve also as its secretariats. In this way, the committee functions as a system that cuts across everything from top management down to the front lines.

Environment

Environmental Education

At the Shindengen Group, we are committed to increasing environmental awareness amongst our employees. For new hires, we provide simple explanations of ISO 14001 and the SDGs; provide education on the relationship between our business activities and environmental laws and regulations, our internal rules to ensure compliance with environmental laws and regulations, and the importance of complying with environmental laws and regulations; and raise awareness about the interconnectedness of the environment and our operations. Furthermore, we provide employee education on environmental laws and regulations in a systematic manner, believing that the awareness of each employee significantly affects the success of our compliance with these laws.

After consolidating its R&D, business operation, and head office functions in the Asaka Office, which opened in April 2021, Shindengen was able to update its registration in February 2022 without any hinderance by holding briefings related to the environmental management system for divisions responsible for head office functions, which are now included in the system's scope of application. Such training is aimed not only at increasing general environmental awareness, but also on developing a workplace culture that recognizes what it means to be an environmentally conscious corporate citizen.

Environmental Objectives and Targets

At the Shindengen Group, we set environmental goals based on our environmental policies and have implemented initiatives that alleviate environmental problems.

The Shindengen Group Domestic Companies: Environmental Objectives and Targets with Key Results (FY 2021)

Objective	Target	Result
Promote chemical substance management ·Contribute to environmental protection efforts through the proper management of chemical substance information	·Strictly manage information on substances contained in chemical products used in our business activities	·Achieved the target by making chemical substance reporting more convenient and manageable through the creation of a format that can aggregate the annual usage amounts of each chemical substance ·Confirmed that this function is can be used for reporting under the Law concerning Pollutant Release and Transfer Register
Promote energy conservation ·Help to curb global warming and to solve issues related to climate change through efficient energy use and activities to control CO ₂ emissions	·Improve Groupwide energy intensity by at least 27.03% by the end of FY 2021 compared with FY 2012 (improve energy intensity by an annual average of at least 1% from the FY 2018 industry results)	·Improved 27.62% compared with the benchmark year and achieved our goal
Promote proper waste management ·Strengthen the system for reducing risk associated with waste	·Decide on and adopt goals and indicators for each company's issues	·Achieved most of our targets in FY 2021 by identifying issues for each Group company and working toward targets ·Determined that we were able to resolve most risks related to issues outlined by Group companies

The Shindengen Group Domestic Companies: Environmental Objectives and Targets (FY 2022)

Objective	Target
Promote chemical substance management ·Contribute to environmental protection efforts through the proper management of chemical substance information	·In preparation for the enforcement of the amended Law concerning Pollutant Release and Transfer Register, reorganize the information subject to change in accordance with the amendments and reflect the changes in the internal system.
Promoting decarbonization and energy conservation measures ·Help solve climate change problems and mitigate global warming by working to reduce total CO ₂ and make energy use more efficient in consideration of the value chain for the entire business	·Target 1 Improve energy intensity by at least 1.99% by the end of FY 2022 compared with FY 2020 throughout the entire Group in Japan Note: 9.56% by the end of FY 2030 compared with FY 2020 ·Target 2 Establish medium-term action plans and implementation systems to reduce absolute CO ₂ emissions during production throughout the entire Group in Japan 46% or more compared with FY 2013 by the end of FY 2030
Promote proper waste management ·Strengthen the system for reducing risk from waste	·Build operations to replace plastics and create a system to continually suppress plastic use

Environment

■ Reducing our Environmental Footprint

The Shindengen Group is committed to reducing its environmental footprint. We focus on managing activities that address global warming, the proper use and disposal of chemicals, safe waste disposal, and water-use reduction as well as protecting biodiversity and shrinking our environmental footprint.

The following introduces our FY 2021 main activities, including practical case studies.

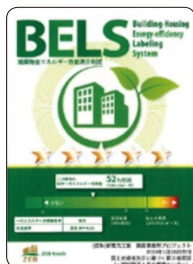
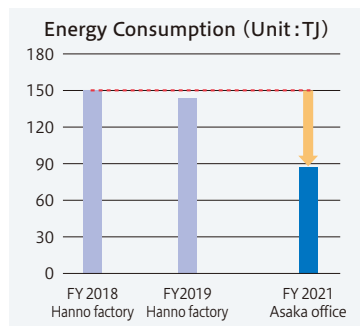
Reduction of carbon dioxide emission volume

The Shindengen Group is striving to reduce its carbon dioxide emissions in ways that are optimized to each Group company's circumstances. Domestic Shindengen Group companies participate in the "Low-Carbon Society Action Plan" that was formulated by the electric and electronic machine industry as a voluntary action plan. They engage in activities to improve equipment and improve the energy efficiency of production processes with the aim of improving energy intensity by at least 1% on average per year.

As part of these efforts, aiming to achieve a 46% reduction in CO₂ emissions by FY 2030 compared with FY 2013, Shindengen introduced power purchased under the Sainokuni Furusato Denki rate plan (CO₂-free power with a non-fossil fuel guarantee produced in Saitama Prefecture) at the Asaka Office from October 2021. As a ZEB Ready building,* the Asaka Office is energy-efficient (a 50% or more reduction in baseline energy consumption) and around 30% of total power used is CO₂-free, thereby achieving a major CO₂ reduction. This CO₂-free power business is cosponsored by Saitama Prefecture and, by purchasing this power, we are giving back to the local community. As for overseas Group companies, Shindengen India utilizes wind-generated electric power and is working to reduce CO₂ emissions by around 1,040 tons in FY 2021. In addition, each domestic and overseas Shindengen Group company is striving to reduce CO₂ emissions by engaging in various energy-saving activities, such as switching to LED lighting, turning off equipment not in use, improving production equipment and processes, and enhancing air conditioning effectiveness.

* The Asaka Office acquired ZEB Ready certification as an advanced building approaching ZEB (Net Zero Energy Building), the highest rank in the Building-Housing Energy-Efficiency Labeling System (BELS).

FY 2021 Asaka Office (April 2021 start) Energy Use Reduction Effects



The Shindengen Group Companies: Primary challenge (FY 2021)

Primary challenge	Office Names
Switching to LED lighting	Shindengen Three E Shindengen Philippines
Improving production equipment	Akita Shindengen (Upgrading steam boilers and improving pressurized air piping)
Revising the setting of air conditioning temperatures	Shindengen Indonesia
Improving factory buildings	Shindengen Vietnam (Applying heat-resistant paint when renovating roofs)
Activities to reduce electric power use	Lumphun Shindengen (FY 2021, 330 t-CO ₂ reduction effects)

Contributing to decarbonization

Aiming to achieve decarbonization and sustainability across society, as targeted by the Paris Agreement, the Shindengen Group provides eco-friendly products as a proactive way of reducing greenhouse gas emissions during product use and solving issues in line with the international sustainable development goals (SDGs) initiative. The Group agrees with measures promoted by local communities to mitigate and adapt to climate change effects and proactively supports related activities.

Scope 3

Regarding greenhouse gas (GHG) emissions data collected from Shindengen Group companies, Shindengen calculates Scope 1*1 and Scope 2*2 emissions under the GHG Protocol, which is an international calculation and disclosure standard, and began calculating Scope 3*3 emissions from FY 2021.

Going forward, we will continue working toward our Scope 3 target (1.23% per year reduction) based on FY 2019 CO₂ emissions.

*1 Scope 1: Direct greenhouse gas emissions by the reporting company itself. (eg. fuel combustion, industrial process)

*2 Scope 2: Indirect emissions from the use of electricity, heat, or steam supplied by others.

*3 Scope 3: Indirect emissions other than Scope 1 and Scope 2. (Emissions by others related to the company's activities)

Environment

Item		Unit	Scope	FY 2019	FY 2021
Scope 3		t-CO ₂	Consolidated	1,513,292	1,473,838
Cat.1	Purchased goods and services	t-CO ₂	Consolidated	264,056	266,450
Cat.2	Capital goods	t-CO ₂	Consolidated	37,107	16,740
Cat.3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	t-CO ₂	Consolidated	10,802	10,950
Cat.4	Upstream transport and delivery	t-CO ₂	Consolidated	18,996	30,627
Cat.5	Waste generated in operations	t-CO ₂	Consolidated	716	509
Cat.6	Business travel	t-CO ₂	Consolidated	854	847
Cat.7	Employee commuting	t-CO ₂	Consolidated	2,965	2,979
Cat.8	Upstream leased assets	t-CO ₂	Consolidated	Excluded	
Cat.9	Downstream transport and delivery	t-CO ₂	Consolidated	Excluded	
Cat.10	Processing of sold products	t-CO ₂	Consolidated	Excluded	
Cat.11	Use of sold products	t-CO ₂	Consolidated	1,177,705	1,144,647
Cat.12	End-of-life treatment of sold products	t-CO ₂	Consolidated	92	90
Cat.13	Downstream leased assets	t-CO ₂	Consolidated	Excluded	
Cat.14	Franchises	t-CO ₂	Consolidated	Excluded	
Cat.15	Investments	t-CO ₂	Consolidated	Excluded	

Initiatives to preserve water resources

To address the global issue of declining water resources driven by growing populations and climate change, the Shindengen Group needs to promote sustainable water resource conservation initiatives, including water recycling.

As for water resource conservation initiatives, the Group is taking various measures adapted to the local environments and operational situations of each domestic and overseas company. Shindengen Philippines works to recycle water and conducts double water resource recycling through heating and recovery processes to maintain a water recycling rate of 20% or more. In addition, Shindengen Indonesia works to utilize ablution water, purifying it and using it to water plants at the factory.

Initiatives for biodiversity

Recognizing the relationship between biodiversity and business activities, we are providing employee education at domestic Group companies using an in-house developed original DVD and setting up nesting boxes for birds at the Hanno Factory in accordance with “Action Guidelines for Conservation of Biodiversity in the Electrical and Electronic Industry.” In addition, we are working to protect forests by using FSC-certified paper, such as for corporate profiles, IR reports, business cards, and product catalogs, and using Rainforest Alliance-certified coffee.

Overseas Group companies actively participate in afforestation activities held annually by municipalities and local communities because it would be difficult to conduct such activities alone.



Shindengen Philippines tree planting activity

Initiatives to Reduce Plastic

In 2006, Shindengen concluded a technical sponsor agreement with the Repsol Honda Team and has since created transparent file folders every year as a promotional product. In FY 2022, we created files in two designs using a material called stone paper, which is eco-friendly. Stone paper is around 60% limestone, which can reduce the amount of polyethylene used and does not require water in the manufacturing process, thereby helping conserve water resources. In addition, because it reduces CO₂ when discarded, it also helps reduce greenhouse gases.



Transparent file folders made using stone paper

Environment

Chemical Management

The Shindengen Group is committed to appropriately managing chemicals that are used in the manufacturing process and contained within its products and has established the “promotion of chemical substance management” as part of its environmental policy. The Chemical Substance Management Committee (consisting of Shindengen’s Asaka Office and domestic Group companies) regularly shares with Group companies the latest information regarding domestic and international laws and regulations, studies green procurement standards, manages information about chemicals contained in products, and manages chemicals used in-house.

Please visit our website for details [Environment] <https://www.shindengen.com/csr/environment/>

Environmental Risk Management

At the Shindengen Group, we have been conducting field surveys of soil and groundwater contamination since FY 1997, focusing on the sites of Group companies that previously employed trichloroethylene in the cleaning process of semiconductor manufacturing. In February 2012, the remediation of one site’s soil was completed.

Environmental risks from soil pollution are continuously and appropriately managed and handled at five more sites, including Shindengen Hanno Factory. Management status is regularly reported to the relevant administrative authorities.

PRTR Report

(Unit : t)

Name of Substance	No.	CAS No.	Amount handled		Emissions				Amount transferred	
			FY 2020	FY 2021	Atmo-spheric	Public waterway	Soil	Landfill deposit	Sewage	Waste material
n-Alkylbenzenesulfonic acid and its salts	30	—	15.7	21.4	0.0	0.0	0.0	0.0	0.0	10.9
Antimony and its compounds	31	—	10.3	9.3	0.0	0.0	0.0	0.0	0.0	6.0
Ethylbenzene	53	100-41-4	10.9	11.6	0.5	0.0	0.0	0.0	0.0	11.1
Ethylenediamine	59	107-15-3	1.0	1.2	0.1	0.1	0.0	0.0	0.0	0.8
Xylene	80	1330-20-7	29.9	42.9	1.6	0.0	0.0	0.0	0.0	41.4
Cumene	83	98-82-8	—	0.2	0.0	0.0	0.0	0.0	0.0	0.2
Dichloromethane	186	75-09-2	1.1	1.1	0.1	0.0	0.0	0.0	0.0	0.8
N, N-dimethylformamide	232	68-12-2	—	0.3	0.0	0.0	0.0	0.0	0.0	0.2
Tetrahydromethylphthalic anhydride	265	11070-44-3	12.9	15.2	0.0	0.0	0.0	0.0	0.0	1.4
1,2,4 -Trimethylbenzene	296	95-63-6	24.5	30.6	0.9	0.0	0.0	0.0	0.0	14.0
1,3,5 -Trimethylbenzene	297	108-67-8	5.9	7.6	0.2	0.0	0.0	0.0	0.0	3.6
Naphthalene	302	91-20-3	—	1.1	0.1	0.0	0.0	0.0	0.0	0.8
Lead	305	—	24.6	87.7	0.0	0.0	0.0	0.0	0.0	0.6
Nickel	309	—	—	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Hydrazine	333	302-01-2	1.8	3.3	0.0	0.0	0.0	0.0	0.0	2.5
Pyrocatechol	343	120-80-9	2.5	3.1	0.0	0.0	0.0	0.0	0.0	1.6
Phenol	349	108-95-2	2.7	3.5	0.2	0.0	0.0	0.0	0.0	2.7
Hydrogen fluoride and its water-soluble salts	374	—	52.0	82.9	0.1	0.0	0.0	0.0	0.0	0.0
1-Bromopropane	384	106-94-5	6.1	4.9	2.3	0.0	0.0	0.0	0.0	0.9
Boron compounds	405	—	3.7	—	—	—	—	—	—	—
Methylnaphthalene	438	1321-94-4	15.7	20.6	0.1	0.0	0.0	0.0	0.0	3.5
Total			221.3	348.9	6.1	0.2	0.0	0.0	0.0	103.1

* The amount handled is the total mass of substances handled by each domestic site that uses more than 1 ton.

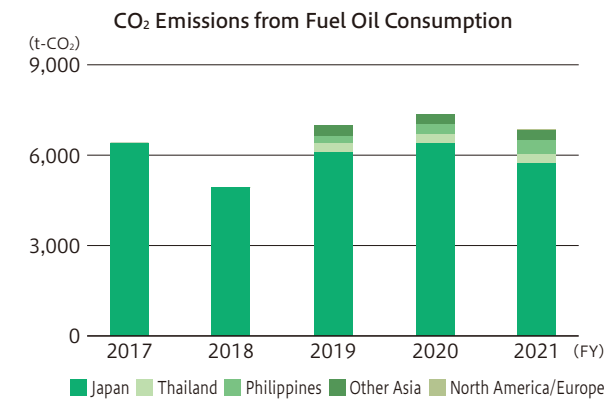
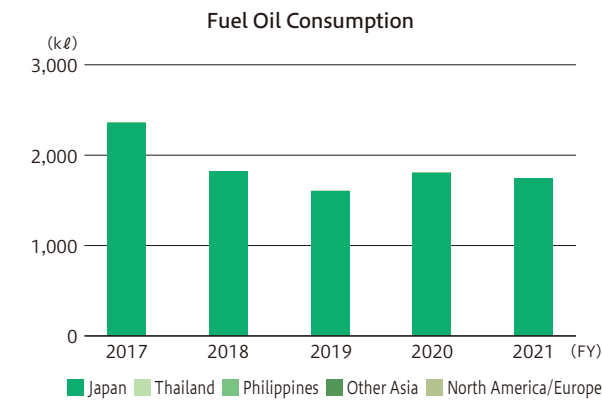
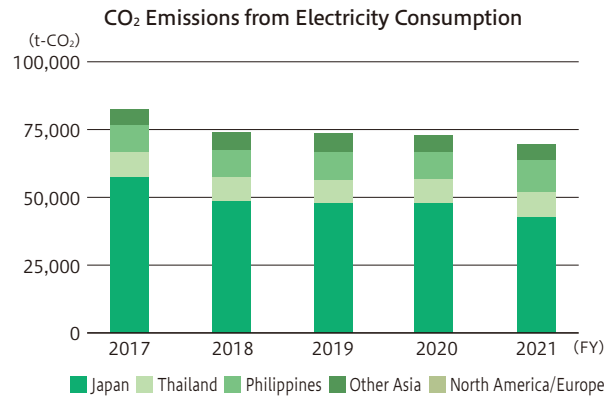
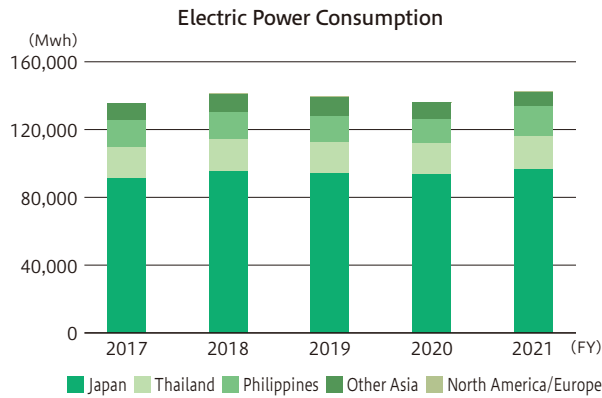
* The amounts handled have been rounded off to the nearest tenth, and therefore the amount handled does not always match the sum of emissions and amount transferred.

Environment

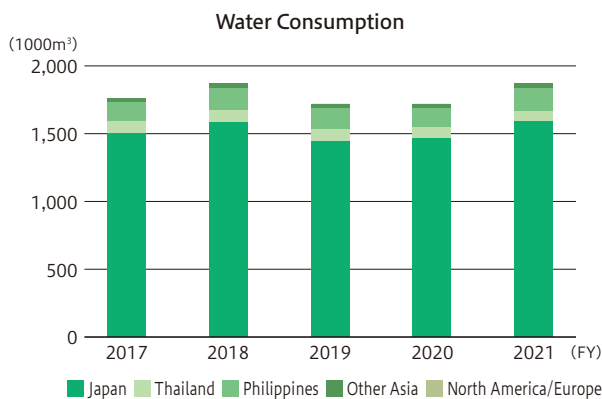
Trends in primary environmental loads associated with manufacturing activities

Energy

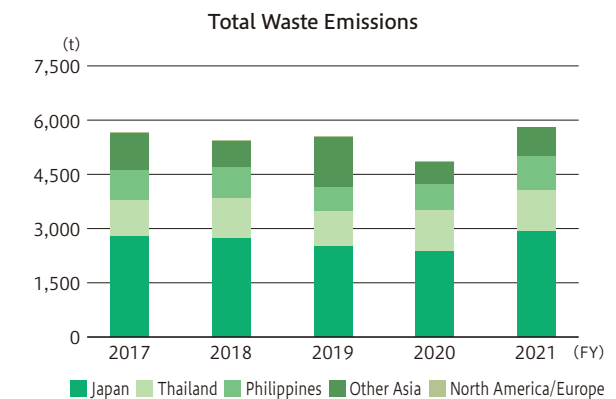
* In the "CO₂ Emissions" of "Fuel Oil Consumption," the data from FY 2016 to FY 2018 is the CO₂ emissions associated with the use of only heavy oil. But FY 2019 data is the CO₂ emissions associated with the use of such fuels as light oil and gasoline in addition to heavy oil.



Water



Waste



Environment

Environmental Accounting

The Shindengen Group has introduced environmental accounting to better promote effective environmental management. It identifies and discloses environmental conservation costs and benefits quantitatively (economic benefits in monetary values and environmental impacts in physical units).

The below figures are calculated or estimated according to our own standards and the Environmental Accounting Guidelines of the Ministry of the Environment, Japan

Environmental Conservation Cost

(Unit : ¥ million)

Category	Item	FY 2020		FY 2021	
		Investment	Cost	Investment	Cost
1. Business area cost		101	306	41	484
Breakdown	Pollution prevention cost	27	129	9	179
	Global environmental conservation cost	65	51	31	54
	Recycling, disposal costs	9	125	1	251
2. Upstream/downstream cost	Cost of green procurement, and cost of analytical instruments	0	32	0	46
3. Administration cost	Environmental education fees, certification costs, and internal audit costs	0	319	0	264
4. R&D cost	Development of energy-saving and highly efficient products and rapid chargers for EVs	0	234	0	234
5. Social activity costs	Participation in local community environmental activities	0	1	0	2
6. Environmental remediation costs	Remediation of contaminated soil and groundwater	0	65	0	38
Total		101	957	41	1,067

Notes: Some numbers are estimates. Totals are subject to rounding differences.

Environmental Conservation Benefit

[1] Economic Benefit associated with environmental conservation activities

(Unit : ¥ million)

Item		FY 2020	FY 2021
Revenue	Revenues from sale of recycled products	390	690
Expense reduction	Energy expense savings from energy conservation (electricity, fuel oil, etc.)	33	85
	Disposal cost savings from reduced material usage or recycling	2	2
	Other expense savings from environmental improvements	0	0
Total		426	778

[2] Environmental Conservation Benefit (physical quantities)

Item	FY 2020	FY 2021
CO ₂ emissions (t-CO ₂)	79,710	76,448
Electricity consumption (GWh)	136	142
Fuel oil consumption (kℓ)	1,804	1,742
Water consumption (1000m ³)	1,721	1,872
Amount of waste (t)	375	206
Amount of material recycled (t)	4,468	5,586

Notes

*CO₂ emission factors of Japanese electric power: We use the emission factors of electric power companies published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

*CO₂ emission factors of overseas electric power: We use emission factors of each country announced by the GHG Protocol (Greenhouse Gas Protocol Initiative).

Governance Organizational Governance



Shindengen aims to address climate change risks, realize decarbonization, and solve social issues related to health and welfare. Shindengen considers meeting the demands and expectations of its wide range of stakeholders related to its business activities its social responsibility. We will also continue building organizational governance systems to ensure the steady sustainable growth of society and the Shindengen Group.

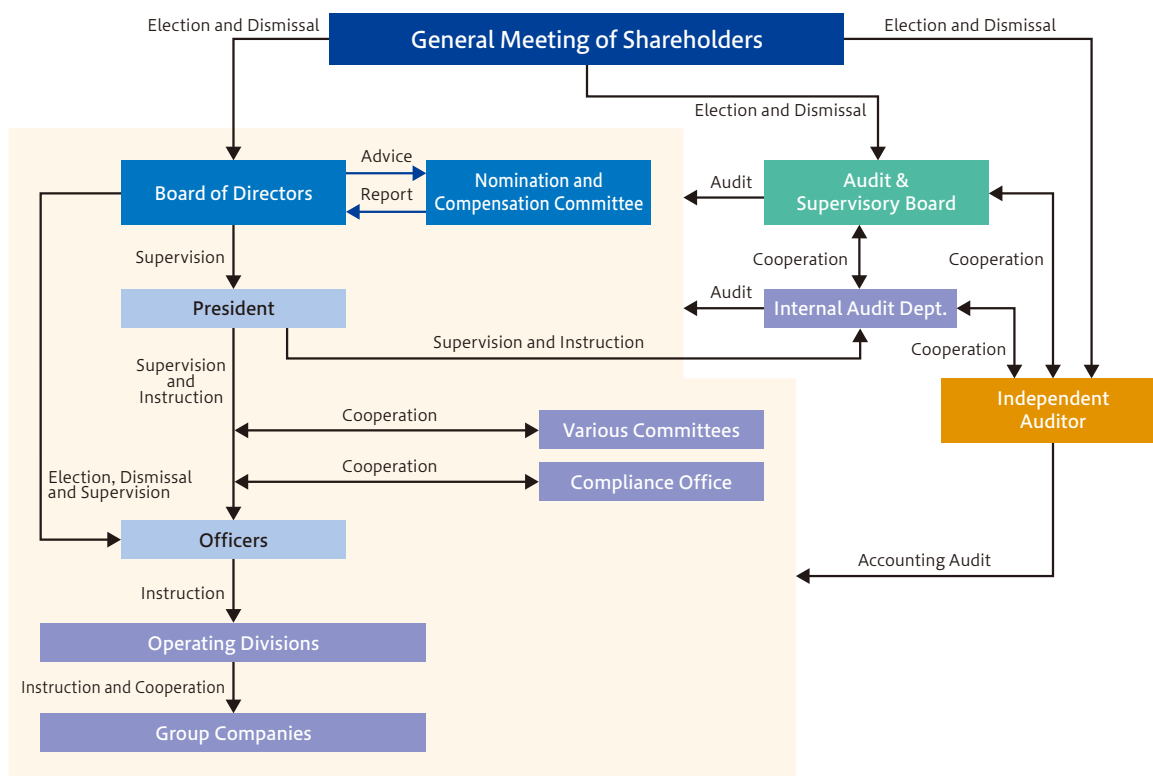
Corporate Governance

Our Basic Stance

Corporations are required to engage in effective governance that embraces transparency and compliance. Shindengen's fundamental principles are to maintain and continually improve its management system to enable prompt and precise responses to the rapidly changing operating environment.

In addition, by separating management and execution, we allow for the coexistence of rapid decision-making and improved oversight of business execution while enhancing the effectiveness of the internal control system through which the Audit & Supervisory Board conducts independent audits. The organizational structure of our corporate governance system is an internally connected group of bodies working closely together and includes the Board of Directors, the Management Committee, the Audit & Supervisory Board, the Technology- and Quality- Policy Meeting, the General Managers' Meeting, and the Divisional Directors' Meeting. Regarding information disclosure, we continually strive to strengthen IR activities to enhance the fairness and transparency of management.

Corporate Governance System



Compliance with the Corporate Governance Code

Effective governance structures ensure honesty and further the confidence of shareholders and other stakeholders. At Shindengen, we are continually striving to improve the effectiveness, efficiency, and transparency with which we operate. Facilitating appropriate dialogue with all stakeholders (customers, shareholders, investors, suppliers, employees, government, administrative agencies, and local communities) is essential.

In fiscal 2021, we established the Nomination and Compensation Committee, which is a voluntary advisory body for the Board of Directors, to enhance the oversight function of the Board of Directors by ensuring further objectivity and transparency in processes related to the nomination and compensation of directors. In addition, since the switch to the Tokyo Stock Exchange Prime Market on April 4, 2022, we have been working to further enhance our governance system.

Governance Fair Operating Practices



The Shindengen Group is committed to conducting business in a way that is both ethical and complies with laws and regulations as well as adaptable to ever-changing social values and expectations. The “Shindengen Group Guideline for Action” establishes a set of internal ethical principles that guide the Group’s actions at each stage of the value chain, including marketing, product development, material procurement, production, and logistics.

■ Approach to Compliance

Setting up the Compliance Committee

The Shindengen Group considers compliance with laws and regulations, such as Competition Laws and Bribery Prevention Laws, to be one of its top priorities. The establishment and timely improvement of effective compliance management procedures and standards are essential. Regular compliance training, as well as keeping up to date with the latest laws and regulations ensures Shindengen can meet its compliance obligations. On October 1, 2015, the Compliance Committee was established with Shindengen’s President as the Chair, and it aims to support the establishment, implementation, and improvement of compliance management at domestic and overseas Group companies.

Committee actions include:

Revised Shindengen Group Guideline for Action

In April 2016, we renewed the “Shindengen Group Guideline for Action” adding in terms regarding the observance of competition laws and bribery regulations. We sent this revised guideline to all employees of Shindengen Group companies under the name of the president and also updated the website, and overseas Group companies translated these guidelines for action into the local languages of their host countries to ensure that all are thoroughly informed and educated.

Competition Law

As the main promotion body, the Compliance Committee continually conducts PDCA cycles to build a compliance program for Competition Laws. As for specific actions, the committee established antitrust law compliance rules, rules for interacting with competitor companies, and a manual for applying for penalty reductions and exemptions (2016); provided cooperative support to overseas group companies on preparing corresponding rules (2017), regularly provides in-house education and training to sales departments.

As for recent actions, we reflected the fine exemption system newly introduced by the 2019 revised Antitrust Law that came into effect in December 2020 by amending the internal rules and related manuals.

Bribery Prevention Actions

As for bribery prevention actions, we provided in-house education and training to sales departments while preparing the in-house rules and manuals (including bribery prevention rules and rules related to providing gifts to foreign government officials), similar actions to those taken for the Competition Laws.

Initiatives for the Personal Information Protection Law

- As for action on the act on the Protection of Personal Information, the Compliance Committee takes the lead and works to respond to relevant laws and regulations in Japan and overseas.
- As a response to the 2020 Personal Data Protection Act, which came into effect on April 1, 2022, we amended our privacy policy and internal rules and newly updated our operations manual, outsourcing contract forms, and other documents. In addition, we consider it important to assess the personal data situation and personal data held by each division and created a data map for Company-wide personal data. Regarding internal education and training, we held two internal online seminars to explain the main revision points of the 2020 Personal Data Protection Act and our responses.
- We regularly assess the content of laws and regulations in each country where overseas Group companies are located and, going forward, will continue working to respond to data protection regulations as a corporate group.

Please visit our website for details [[Privacy Policy](#)] <https://www.shindengen.com/privacypolicy/>

Governance Fair Operating Practices

Shindengen Group Guidelines for Action

Shindengen Group Guidelines for Action

Staying true to its management philosophy of "together with society, together with our customers, and together with our employees," Shindengen Electric Manufacturing Co., Ltd. has made it a corporate mission to maximize energy conversion efficiency for the benefit of humanity and society. Based on our management philosophy and corporate mission, we, all officers and employees* of Shindengen Electric Manufacturing Co., Ltd. and Shindengen group companies, act in compliance with the following Guidelines for Action in order to further contribute to society:

*the term "employees" as used in this guideline refers to any persons who are employed by the company, including associate officers, corporate advisors, full-time employees, non- full time employees, contract employees, part-time workers and temporarily transferred employees.

1. Compliance with legislation and other regulations

1) Compliance with legislation and regulations

We act to honestly comply with relevant legislation and company regulations and rules, etc.

2) Fair competition and transactions

We conduct business transactions through fair, just, and free competition.

Above all, in our daily business activities, we observe the Japanese Antimonopoly Act and Subcontract Act, as well as the U.S. Antitrust Act, EU Competition Act, and antimonopoly laws of other countries, while also strictly complying with the following items of our company group:

- i) We do not exchange the following information with other companies in the same business: information on product prices, production amounts, manufacturing capabilities, selection of customers, and other conditions of competition. Nor do we make arrangements regarding such matters (for example, price fixing, market allocation, bid rigging, and order adjustments).
- ii) We do not participate in meetings of organizations and companies in the same business where we may be requested to exchange such information or make such arrangements. We act in accordance with established company rules, etc. when having contact with our competitors.
- iii) We do not commit acts that may hinder fair competition toward distributors and dealers, including restricting resale prices and abusing privileged position.
- iv) We act honestly toward all our business partners and carry out fair and appropriate transactions.

3) Preventing conflicts of interests

We do not act against the interest of our company to promote our own or third parties' interests.

4) Prohibiting bribery and excessive entertainment and gifts

i) We comply with the rules of different countries that prohibit giving bribes to government officials of Japan and other countries. In addition, we also comply with the rules of different countries that prohibit bribery between private companies and between individuals. We do not offer, propose, or promise to give bribes (money, goods, entertainment, gifts, or other interests) not only to government officials of Japan or other countries but also to private citizens for the purpose of gaining or maintaining preferential treatment in business. We do not allow those who act on our behalf, including dealers and consultants, to be involved in such acts.

ii) We do not provide or receive economic benefits exceeding the range of sound business customs and social conventions, including gifts and meals, when entertaining or being entertained by customers or exchanging gifts with them. Nor do we receive personal economic benefits from them.

5) Preventing confidential information disclosure

We keep confidential information under strict control and never disclose it to other parties.

6) Prohibiting insider trading

We do not conduct insider trading or stock trading that may be suspected of being insider trading.

2. Respect of Human Rights

We always respect human rights in any of our corporate activities and do not condone or tolerate any behavior including sexual harassment, power harassment, discrimination and/or harm to personal dignity.

3. A healthy workplace environment

1) A safe workplace environment

We create a workplace environment that provides safety and job satisfaction to employees.

2) Attention to health

We pay attention to healthy lifestyles, including eating healthy meals, getting enough sleep, taking sufficient rest, and living fulfilling lives every day.

4. Our relationship with society

1) Customer satisfaction

We provide products and services that meet customers' needs, bring them satisfaction, and gain their trust.

2) Contribution to society

We proactively contribute to society as members of local communities.

3) Environmental protection

We strive to develop, produce, and sell products that contribute to protecting the global environment.

4) Attitude toward anti-social groups

We stand firm in our resolve to fight against anti-social groups and organizations that threaten public order and safety and have no relationship with such groups.

In the event of a violation of these Guidelines for Action, business executives themselves work to resolve problems, to identify their causes, and to prevent recurrence. We also publicly disclose information promptly and appropriately both inside and outside the company.

Revised on April 22, 2019

Governance Fair Operating Practices

Whistleblowing System and Internal Reporting on Corporate Compliance

The Shindengen Group has established a whistleblower system for early detection and correction of unfair, illegal, or unethical behavior, maintaining social trust, and ensuring the fairness of business operations. In addition, we protect the anonymity of whistleblowers and the confidentiality of the reported information. We protect whistleblowers from receiving unfair treatment due to what they reported. Since April 2022, we have upgraded systems and revised systems in line with the revisions of the Fair Whistleblower Protection Act. The internal Corporate Ethics Hotline connects to Shindengen's Compliance Office (internal hotline) and an external lawyer (external hotline), ensuring whistleblower access from not only Shindengen but also Group companies in Japan and overseas.

Risk Management

Business Continuity Plan

The Shindengen Group considers supply chain management and risk management during large-scale disasters one of its social responsibilities related to business activities. We formulate business continuity plans based on ISO 22301 (business continuity management) and implement systematic management. The Business Continuity Management (BCM) Committee was established in FY2012 and chaired by the President. This Committee has strengthened disaster response and business continuity measures under the "Disaster Prevention and Business Continuity Policy" and regularly distribute and collate risk management information from across the Group in Japan and overseas. Annually, training and top management reviews are held to continuously improve the suitability, appropriateness, and effectiveness of the BCM system. In FY 2021, we held virtual situation-based drills remotely for each division. We improved and strengthened our BCPs while raising awareness by holding drills for each division based on highly realistic assumptions and questions rooted in the business continuity.

Responding to COVID-19

The COVID-19 pandemic did not end in FY 2021, and many people at Shindengen were infected with the highly contagious omicron variant. In particular, there was a rising trend of cases that were transmitted via family members. We continue to maintain a centralized hotline for the BCM secretariat to counter risks to business continuity. We achieved zero internal infections in part by thoroughly engraining internal awareness of infection prevention measures, maintaining a work-from-home rate of 50% or higher, and utilizing test kits. In addition, at affiliate companies, we take action on business continuity in response to the infection situation, and, in FY 2021, we maintained a business system that ensured that the infection rate would not get to a level where it has a serious impact on business continuity.

Information Security

Under its officers in charge of data systems, Shindengen has created a data security promotion system with the data system division as its controlling division and works hard to prevent data leaks. In addition, to ensure the security of data assets, we have formulated various internal rules and work to prevent data leaks among all employees. Moreover, we hold a data security class once a year for all employees and standard phishing email drills to enhance our personnel's countermeasures and address risks.

On the other hand, in terms of information systems, we are strengthening various measures to deal with external security threats. Additionally, the surveillance of employee internet activities and maintenance of computer operational logs through integrated monitoring software are designed to manage the risk of an information leak from an internal source.

Export control (security trade control) and Import control

To maintain international peace and security, the Shindengen Group complies with export laws, including the "Foreign Trade Control Law" and has established a strict export control system. The Shindengen Group strives to prevent the spread and accumulation of excessive weaponry, with particular regard to weapons of mass destruction or social harm.

At Shindengen, the "Security Trade Control Committee" is tasked with ensuring export transactions meet the high ethical standards imposed by "Security Trade Control Regulations." Additionally, even in domestic sales cases, end-users are investigated to determine whether or not the product is ultimate to be exported and if it has the potential to be used to cause social harm and/or endanger international peace. Moreover, through our in-house rules, we limit the execution of import and export operations to those who have been certified as compliant with our internal qualifications and thereby manage risks and streamline import and export operations. Those certified as compliant with our internal qualifications are obligated to acquire the necessary specialized skills.

Governance Fair Operating Practices

Emergency Response and Business Continuity Plan-Statement of Principles

The Shindengen Group Emergency Response and Business Continuity Plan is designed to promote a coordinated and effective response to a natural disaster or other unforeseen event in order to minimize disruption to the operations of the Group as a whole.

1. Objectives

- 1) To ensure the safety of employees, customers and affiliated staff
- 2) To fulfill our delivery obligations to customers and enable the resumption of normal business operations as soon as practicable
- 3) To retain the confidence and respect of our customers and suppliers
- 4) To work together with and make a meaningful contribution to both the local community and wider society, particularly with regard to preventing secondary disasters

2. The Emergency Response and Business Continuity Plan will be reviewed both regularly and on an as-needed basis to ensure ongoing relevance and efficacy.

3. This Statement of Principles will be circulated widely both within and outside the Shindengen Group.

■ Protecting and Utilizing Intellectual Property

Basic Policy Related to Intellectual Property

The Shindengen Group appropriately manages, acquires, protects, and utilizes intellectual property, which is an important management resource, and fully respects the intellectual property of third parties in the course of its business operations. Based on this basic policy, we uphold the following three principles and conduct awareness-raising activities.

- We do not infringe on other companies' intellectual property rights.
- If for some special reason we need the patents of other companies, we will obtain an agreement for licensing before creating products. This must not be done after the fact.
- If we receive a warning about an ill-conceived infringement (such as a patent not seen during the investigation or a patent that was searched for but was not discovered), we strive to remediate the situation within six months.

Intellectual Property Strategy

The intellectual property division promotes initiatives in a three-pronged manner that organically integrates business strategies, R&D strategies, and intellectual property strategies. As for our intellectual property strategy, aiming for intellectual property that contributes to management, we work to create intellectual property that enhances the competitive advantage of our businesses. In particular, regarding patent rights and design rights (which are accomplishments of our R&D) as well as trademarks (which are the foundation of our brand power) and copyrights (which are the accomplishments of our creations), we appropriately manage them based on a set flow for acquiring, maintaining, and discarding them under our Intellectual Property Mix Strategy. In addition, through the IP landscape, we comprehensively manage and visualize the construction of our strategic intellectual property portfolio.

Open Patent Initiatives

Aiming to revitalize local industry through global action on intellectual capital, collaboration between industry, academia, and government, and open innovation, Shindengen is taking measures to effectively utilize patents and technologies related to electric converter technologies and device technologies, which are the Company's strengths, by opening them to the World Intellectual Property Organization (WIPO) and local public organizations. Going forward, we will help realize a sustainable society and strengthen our global intellectual property strategy by opening patents and technologies useful to the development of new products and creation of new businesses in an effort to foster collaboration in various fields with WIPO and municipalities and providing licenses they want to use.

(Open Patent Recipients) ·WIPO ·Saitama Prefecture ·Aichi Prefecture ·Kawasaki City, Kanagawa Prefecture

Counterfeit Products – Zero-Tolerance

To eliminate counterfeit products that infringe on the Shindengen Group's patents, utility models, designs, trademarks, and other property, the Group is strengthening its monitoring and action and maintains proactive countermeasures, especially in Asian regions. We will continue to take a serious attitude toward counterfeit products going forward.

Please visit our website for details [Beware of Counterfeit] <https://www.shindengen.com/support/beware/>

Incentive Programs for Inventors and Creator

Guaranteeing the rights of employees who create inventions, the Shindengen Group formulated the Invention Handling Rules to encourage inventions and research and to clarify the obligations of employees who create inventions. Under these rules, we established a compensation program that pays monetary incentives for the creation of inventions, ideas, and designs. As for types of compensation, application compensation is paid when submitting an application, registration compensation is paid when registering, and licensing compensation is paid when transfer and permission are granted. In addition, regarding employees who have a strong track record, we grant awards based on internal award rules (merit award rules) regardless of whether a registration is made. Under this compensation program, we target compensation for inventions and similar know-how. Internal patent attorneys and property division employees regularly tour major operating divisions, share technical know-how and thoroughly manage trade secrets. In this way, we support stably creating rights for intellectual property, such as encouraging inventions and applying for utility model rights.

Inter-Group Intellectual Property Collaboration

In consideration of the expanding value of global intangible assets, the Shindengen Group positions developers, engineers, and production line employees, who are the intellectual capital and human capital creating inventions and designs, as important management resources to build our business superiority. Going forward, we will continue promoting intellectual property collaborative activities across the Group to support business operations that maintain our competitive advantages.

Major Sustainability Data

ESG	Category		Scope	Unit	FY 2020	FY 2021
Environment	Energy	Electric Power Consumption	Shindengen Group	MWh	136,115	142,288
		Renewable Electricity	Shindengen Group	MWh	249	4,379
		Renewable Energy Ratio	Shindengen Group	%	0.2	3.1
		Fuel Oil Consumption	Shindengen Group	kℓ	1,803	1,739
		Energy Consumption	Shindengen Group	TJ	1,429	1,535
	Improve Energy Intensity (2012 Standard)	Shindengen Group (Domestic)	%	16.7	27.6	
	Water Consumption		Shindengen Group	1,000m ³	1,720	1,873
	Greenhouse Gases Emissions	Scope1	Shindengen Group	t-CO ₂	7,351	6,848
		Scope2	Shindengen Group	t-CO ₂	72,359	69,600
		Scope3	Shindengen Group	t-CO ₂	—	1,473,923
	Reducing CO ₂ Emissions		Target Products	t-CO ₂	286,182	396,729
	PRTR Substances	Handling Amount	Shindengen Group (Domestic)	t	221.3	348.9
		Emissions	Shindengen Group (Domestic)	t	7.3	6.3
		Transportaion Amount	Shindengen Group (Domestic)	t	42.0	103.1
	Waste Emissions	Total Waste Emissions	Shindengen Group (Domestic)	t	2,369	2,912
		Final Disposal Amount	Shindengen Group (Domestic)	t	3	3
		Recycled Amount	Shindengen Group (Domestic)	t	2,366	2,908
Recycling Rate		Shindengen Group (Domestic)	%	99.9	99.9	
Social	Number of Employees (Shindengen)	Total	Shindengen	Person	979	963
		Male	Shindengen	Person	876	861
		Female	Shindengen	Person	103	102
	Number of Employees (Shindengen Group)	Total	Shindengen Group	Person	5,101	5,268
		Male	Shindengen Group	Person	—	3,017
		Female	Shindengen Group	Person	—	2,251
		Shindengen	←	Person	979	963
		Domestic Consolidated Subsidiaries	←	Person	1,384	1,376
	Overseas Consolidated Subsidiaries	←	Person	2,738	2,929	
	Average Length of Service		Shindengen	Year	17.7	17.3
	New Eemployee Hiring Status	Total	Shindengen	Person	33	43
		Male	Shindengen	Person	29	32
		Female	Shindengen	Person	4	11
	Employee Turnover	Total	Shindengen	Person	58	39
		Male	Shindengen	Person	54	33
		Female	Shindengen	Person	4	6
	Ratio of Female Managerial Poitions		Shindengen	%	—	0.3
	Foreign Employees (Shindengen)	Total	Shindengen	Person	—	10
		Managers	Shindengen	Person	—	2
	Rate of Employees with Disabilities (as of June 1 of each year)		Shindengen	%	2.25	1.60
	Employees Taking Maternity Leave		Shindengen	Person	5	3
	Employees Taking Childcare Leave	Total	Shindengen	Person	11	11
		Male	Shindengen	Person	4	6
	Reinstatement Rate Following Childcare Leave		Shindengen	%	100.0	100.0
	Employees Taking Nursing Leave		Shindengen	Person	0	2
	Rate of Taking Paid Holidays		Shindengen	%	54.5	55.0
	Stress Check Attendance Rate		Shindengen	%	96.6	96.6
Rate of Health Checkup		Shindengen	%	100.0	100.0	
Number of Occupational Accidents and Commuting Accidents	Total	Shindengen	Cases	5	3	
	Serious Accidents	Shindengen	Cases	0	0	
Monthly Overtime Hours per Person		Shindengen	Hours	6.5	9.9	
Skills Improvement Support	Distance Learning Assistance	Shindengen	Person	236	70	
	TOEIC Expense Covered	Shindengen	Person	9	9	
Governance	Board of Directors	Directors	Shindengen	Person	6	6
		Outside Directors	Shindengen	Person	2	2
		Female Directors	Shindengen	Person	0	0
	Holding Frequency of Board Meetings (Times/Year)		Shindengen	Times	13	13
	Board Meeting Attendance		Shindengen	%	100.0	98.7
	Number of Serious Product Accidents		Shindengen	Cases	0	0
	Number of Serious Information Security-related Incident or Accident		Shindengen	Cases	0	0
Number of Serious Violation of Laws or Incidents and Accidents		Shindengen	Cases	0	0	

Third-Party Written Opinion



Naoko Hase

Manager, the Center for the Strategy of Emergence
ESG Research Center, the Japan Research Institute, Ltd.

I hereby submit a third-party opinion on the Shindengen Group's activities and its information disclosure practices. This opinion letter is prepared based on my findings from the Shindengen Group CSR Report 2022.

Reading this year's report left me with the impression that the Company is taking sincere action to clarify the organization's policies and vision and to set and manage key performance indicators (KPIs) to enhance the effectiveness of its ESG management. Here, I would like to go over the three main points of my evaluation.

The first point is that Shindengen has clarified its long-term vision for protecting the global environment. In the Environmental Vision 2050, the Company set out the major themes of contributing to decarbonization, contributing to a circular economy, and contributing to a society in harmony with nature. I think clarifying the state of the organization from a long-term perspective will help customers and investors better understand the Company's desire to solve environmental problems.

In particular, regarding contributing to decarbonization, the Company declared it will be carbon neutral in 2050 in line with the goal of Japan's government. To realize this, Shindengen reorganized Decarbonization and Energy Conservation Committee in April 2022, upgrading to a highly effective cross-organizational structure in part by adding representatives from each operating division and Group company as well as the management planning division as members. In addition, I would like to praise Shindengen's work in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) on analyzing and disclosing the risks and opportunities that climate change will bring to corporate management.

The second point is that Shindengen set medium-term targets for 2030 as a midway milestone for its Environmental Vision 2050. In terms of the environment, the Company set a dual target of reducing CO₂ emissions from business activities and expanding its products' contribution to CO₂ emission reduction. Because the Shindengen Group handles many products that contribute to decarbonization, it is important for the Group to assess the impact of those products on the environment and society and then, based on the assessment results, connect that to continual improvement. The Group has set KPIs for measuring the impact, so, moving ahead, I look forward to the Group confirming its progress and steadily making improvements.

Regarding contributions made through the provision of products, the Group set a quantitative target of a contribution to CO₂ reduction of 600,000 t-CO₂ or more by fiscal 2024. Because CO₂ emissions from product use are related to the Scope 3 category, I would therefore propose that the Group clarify quantitative targets for 2030 regarding Scope 3 CO₂ emission reduction going forward.

The third point is that Shindengen enhanced the dissemination of its non-financial information, such as by organizing its environmental (E), social (S), and governance (G) data by item and disclosing a summary at the end of report. By offering detailed information in tables and enhancing quantitative data, the Company has made it easier for investors and other users of disclosed information to make comparisons. It is also easy to understand the scope of each data section because they are clearly labeled as either consolidated or nonconsolidated. Social data is often assessed on a nonconsolidated basis, but, in recent years, calls are growing for the boundary of assessments to be expanded not only for environmental burden data but also social data. Going forward, I expect the Group to continue considering data assessments that include Group companies to the extent possible.

Finally, regarding medium-term targets, the Group is setting environmental KPIs in particular, and going forward, I look forward to the Group increasingly setting social and governance KPIs. Recently, due to increasing demand for disclosures related to human capital, I think that the Group could, for example, set quantitative targets from the perspective of enhancing employee engagement, promoting diversity, and encouraging health management.

Commentary on the Third-Party Written Opinion

We thank Naoko Hase, an ESG Analyst from the Japan Research Institute, Ltd., for her valuable comments on, and suggestions for, our Group's CSR activities.

The Shindengen Group is committed to co-creating a new future with its stakeholders by expressing and implementing SDG materiality in line with ESG initiatives and its corporate mission.

In addition, we aim to solve various issues toward decarbonization by innovating our core technologies and creating advanced technologies for the future. And we will also work to solve challenges of social and governance.

CSR Office (CSR Committee Secretariat)
Shindengen Electric Manufacturing Co., Ltd

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