

CSR Report 2021

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



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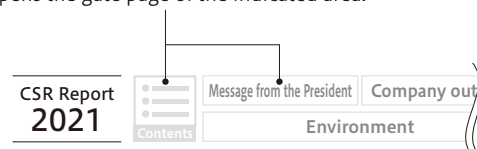
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How to Use Category Tabs

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 2021 is published for the purpose of communicating with our wide range of stakeholders regarding the Group's CSR-related policies and initiatives aimed at realizing a sustainable society.

Reflecting recent trends toward disclosing nonfinancial information, from the CSR Report 2021 onward, we aim to disclose more detailed and easier-to-understand information under the category headings "Shindengen's CSR," "Social," "Environment," and "Governance."

Reporting period

This report focuses on the results of activities in FY 2020 (from April 1, 2020 to March 31, 2021).

*We have listed some activities conducted on or after April 1, 2021.

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 2021.

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 identified "Advancing product strategy for sustainable growth" as the guiding management policy of its 15th Medium Term Business Plan (FY 2019-2021). In line with this policy, we will enhance the competitiveness of mainstay products while developing growth businesses. Moreover, we will strategically create next-generation products that are a decade ahead of their time. In these ways, we will secure sustainable growth. In addition, the Group outlined its ESG initiatives in its Medium Term Business Plan in response to the demands of the international community, such as the SDGs. To carry out these initiatives, we unveiled our SDG Material Issues in line with our corporate mission.*

As carbon neutrality initiatives gain steam around the world, the Group strives to be useful to society and remain a necessary company. With the enhancement of social value through ESG measures as the foundation of our management, we will continue to co-create a new future with all our stakeholders as we promote our business activities.

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



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.
 Established: August 16,1949
 Capital: ¥17,823 million
 Consolidated Sales: ¥80,437 million
 (As of March 31, 2021)

Consolidated Employees: As of March 31, 2021

Independent	5,101
Consolidated	979
Domestic consolidated subsidiaries	1,384
Overseas consolidated subsidiaries	2,738

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 • Power conditioner 	<ul style="list-style-type: none"> • Rotary solenoids • Push pull solenoids • Tubular solenoids • Proportional solenoids 
Business Fields	Industrial Machinery	●		●
	Environmental/Energy	●	●	●
	Information/Communications			●
	Mobility	●	●	●
	Home Appliance	●		

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	
Accelerating into the advanced power component field and forging a high-gain business model.	
Numerical Target for 2021	
Net sales	Operating income margin
¥ 84 billion	¥ 3 billion

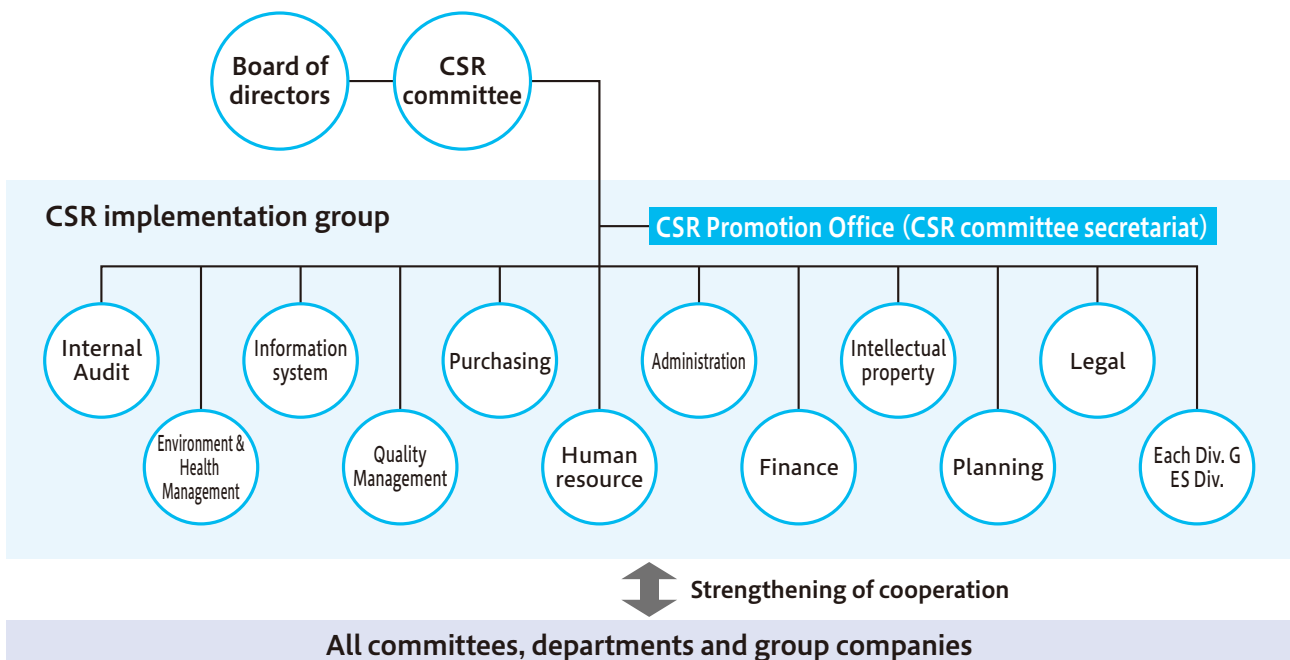
The Shindengen Group's Basic CSR Policy

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

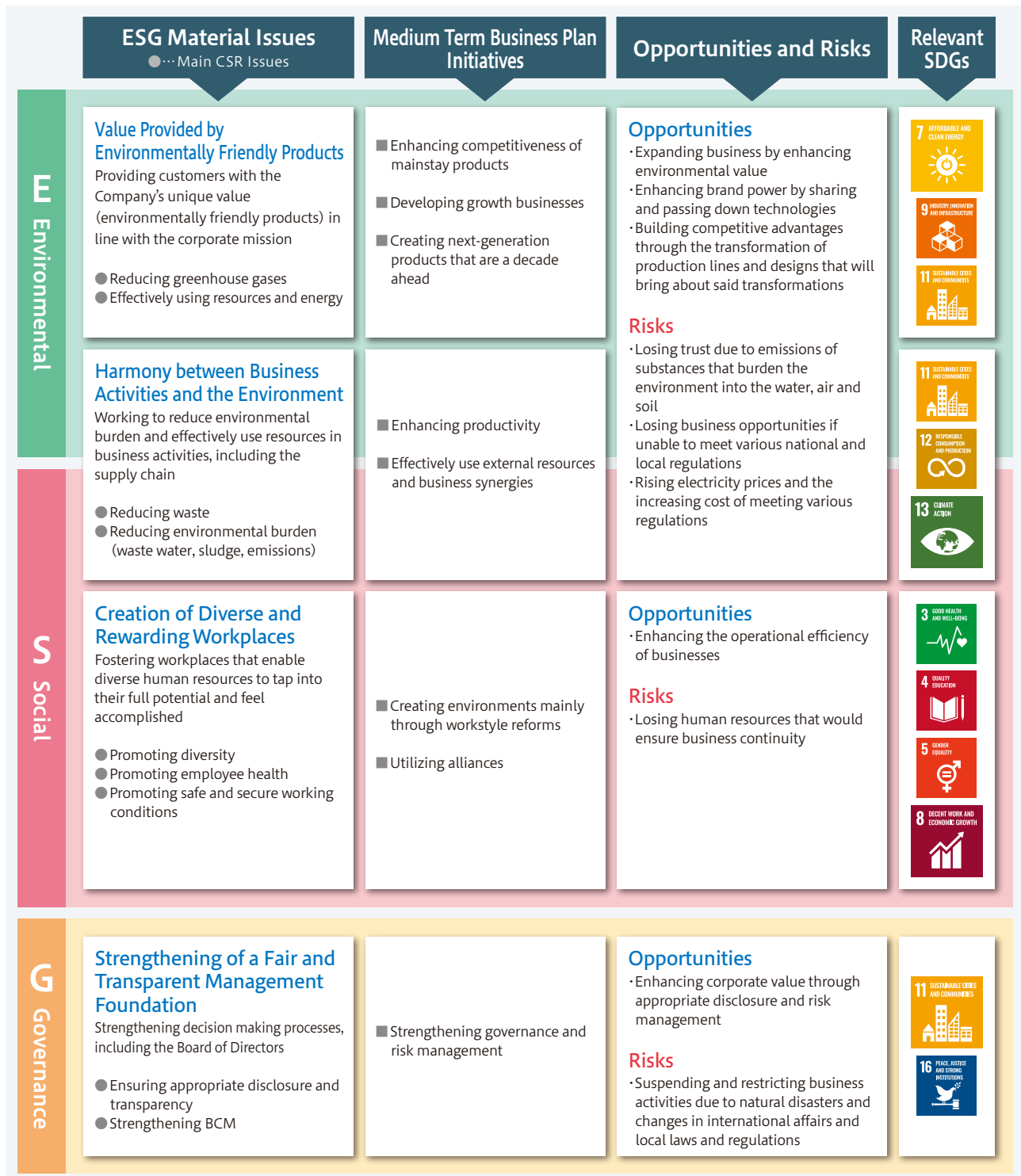
Promoting CSR activity along with our business partners

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 15th 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 that are clearly relevant to the 15th Medium Term Business Plan. By enforcing the four ESG material issues thus identified, we will contribute to environmental and social issues and create sustainable corporate value.

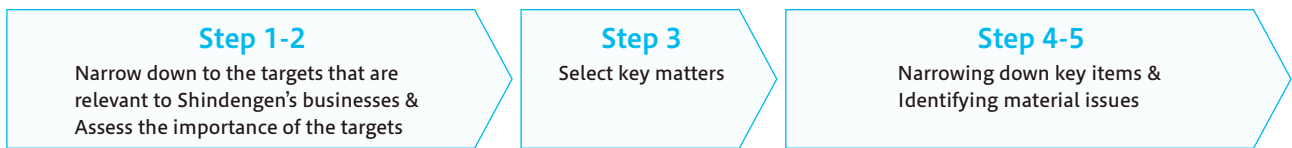


Shindengen's CSR Initiatives for the SDGs

In consideration of ESG initiatives, we identified the following material issues pertaining 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 and the Board of Directors approves them.

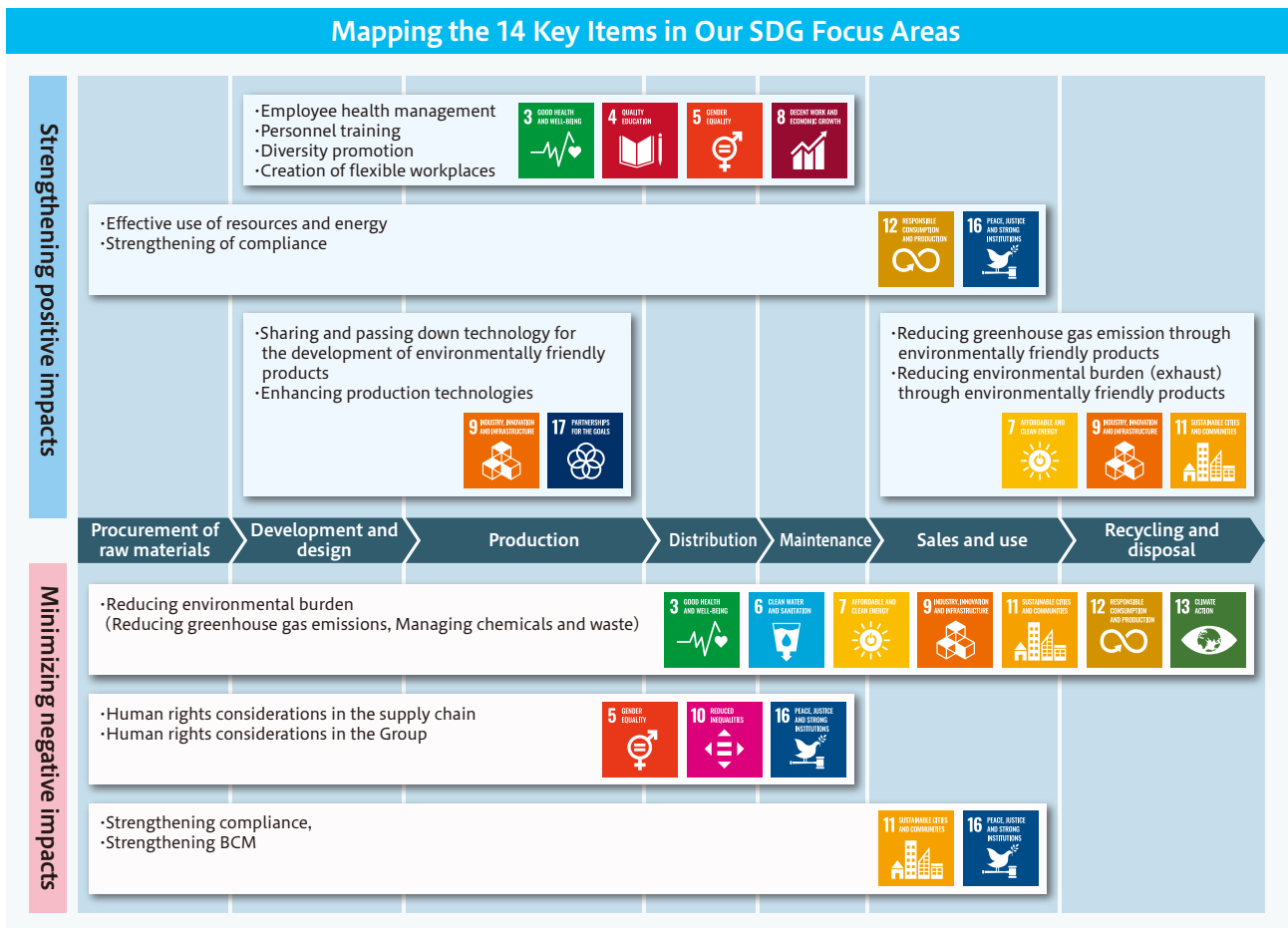


Step 1-2

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 material issues for the Shindengen Group, and the Board of Directors approved it.


7 AFFORDABLE AND CLEAN ENERGY



SDG Goal 7
· Affordable and Clean Energy

SDG Target 7.3
· By 2030, double the global rate of improvement in energy efficiency


13 CLIMATE ACTION



SDG Goal 13
· Climate action

SDG Target 13.2
· Integrate climate change measures into national policies, strategies and planning


8 DECENT WORK AND ECONOMIC GROWTH



SDG Goal 8
· Decent work and economic growth

SDG 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





11 SUSTAINABLE CITIES AND COMMUNITIES



SDG Goal 11
· Sustainable cities and communities

SDG Target 11.b
· By 2020, 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, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015–2030, holistic disaster risk management at all levels

Initiatives for SDG-Related Material Issues

ESG	SDG Targets	Shindengen Group's initiatives	Metrics
E (Environment)	 7.3	Reducing greenhouse gas emissions when products are used	Reduction in CO ₂ emissions
	 13.2	Reducing greenhouse gas emissions in business activities	Reduction in CO ₂ emissions
S (Social)	 8.8	Promoting the creation of flexible workplaces	Number of work-related accidents
G (Governance)	 11.b	Strengthening BCM (Business Continuity Management)	Business continuity education and training

Shindengen's CSR Initiatives for the SDGs

Case Study on Initiatives for SDG-Related Material Issues

SDG Target 7.3

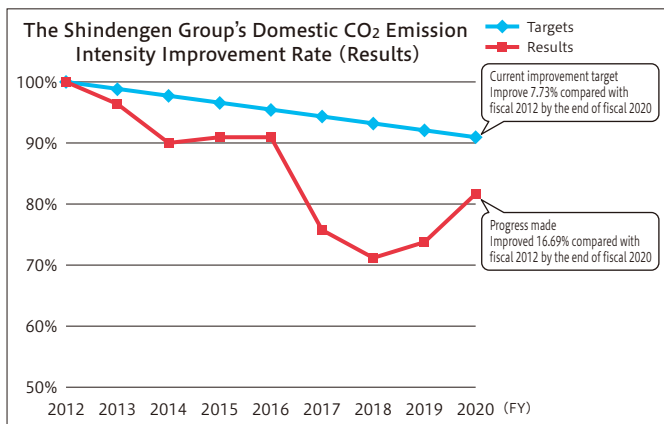
Case Study on Reducing CO₂ Emissions through Sales of Environmentally Friendly Products (FY 2020)

Division	Product type	Reduction of energy consumption	Reduction in CO ₂ emissions
Electronic Device	IC series	411.7 million kWh	186,239t-CO ₂
Energy Systems & Solutions	Rectifiers for communication devices	115.0 million kWh	56,103t-CO ₂
	Power conditioner	69.6 million kWh	33,972t-CO ₂

Division	Product type	Reduction of fuel (gasoline) consumption	Reduction in CO ₂ emissions
Car Electronics	DC-DC converter for four-wheel vehicles	2,127kℓ	4,934t-CO ₂
	Motorcycle products	2,127kℓ	4,934t-CO ₂

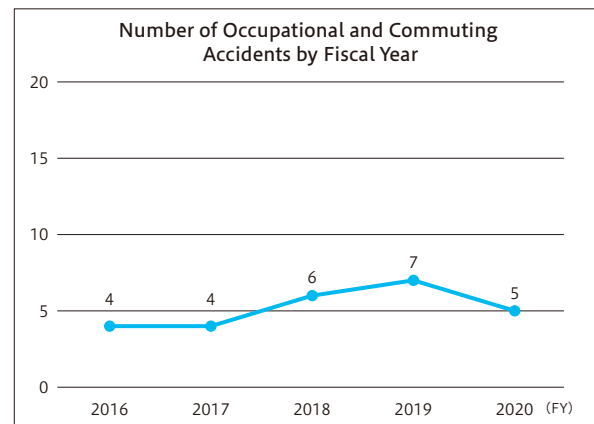
SDG Target 13.2

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 Five Years



SDG Target 11.b

Status of implementation Shindengen's education and training on business continuity in FY 2020

Action items	Status of implementation	Target group	Date of implementation
BCM education	Conducting education by Human Resources Dept. in distributed materials	New employees	April 2020
BCP training	Completion of the BCP training to grant virtual situations using the remote	8 subcommittees of BCM	October 2020
Safety confirmation training	Average response rate 98.8% (3 times a year)	All employees	July and November 2020, January 2021
Emergency drills	Completion of emergency drills	All employees	October 2020
Firefighting training with fire hydrants and fire extinguishers	Completion of the firefighting training with fire hydrants and fire extinguishers	Workplace fire brigade	November 2020

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

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

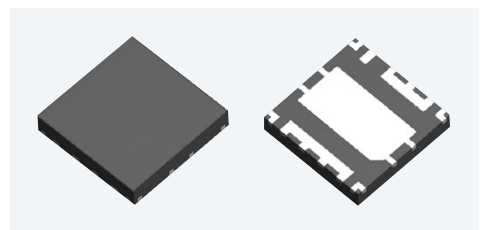
Creating Environmentally Friendly Products Based on the Growth Strategy

V-Diode (Pch MOSFET with reverse current protection) MF2003SV

[Creating Ideal Diode ICs]

- Reduced mounting area 80% compared with conventional diodes (compared with Shindengen's own products)
- Reduced circuit power dissipation, and realized a quiescent current of 3μA or less
- By putting the Pch MOSFET within the package, charge pump circuits are no longer needed components to address high-frequency noise are not needed

Primary environmentally friendly products from the Technology & Development Center



MF2003SV's package
Package type: WSON4040

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 as one of the top Power Semiconductor manufacturers which contribute to improve the energy efficiency across the world by developing products by 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

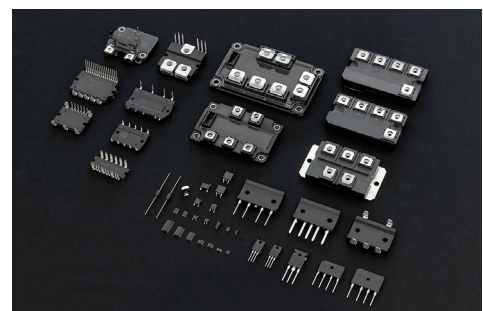
Increasing social environmental awareness has made inverter motor drives and electronic controls more popular in the car electronics and industrial machinery markets. Additionally, there has been a rapid growth in the demand for downsizing and for drive and control parts that are highly efficient. This division aims to create new demand by applying its proprietary mounting technology to make modular devices that use new materials. It will thereby 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 high current capacity and high efficiency devices optimized for the mobility market, which is promoting eco-friendly electric vehicle.
- 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 TElectronic 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
Seiji Niizaki

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 development of low-loss technology using electronic control, and energy recovery technology, and commercialization of products, as a means to reduce environmental impact. The majority were achieved with electronic control. Future introduction of electronics to the mobility field using the company's semiconductor, circuit, magnetic body, software, and mounting technologies in product commercialization, and focusing on continuous expansion.

Creation of 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)

Motor vehicle electronics

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

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



Officer
General Manager of
Energy Systems &
Solutions Div.
Yoshiaki Kasahara

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)
- Isolated power conditioners for high conversion-efficiency solar power generation, monitoring system, monitoring service
- Photovoltaic generation output regulator units that controls the amount of power generated and home consumption units

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.
- With the widespread adoption of devices adapted for home consumption systems and power conditioners that use renewable energy, such as solar power, we are helping reduce environmental burden and ensuring power for emergencies.
- 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 a carbon-free society.
- 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.

Creation of Environmentally Friendly Products Based on the Growth Strategy

Energy Saving

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

Energy Creation

- Power conditioners for the generation of renewable energy including photovoltaic generation
- Monitoring systems for power conditioners

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

EV/PHEV chargers

Primary production base

Domestic · Shindengen Three E Co., Ltd.

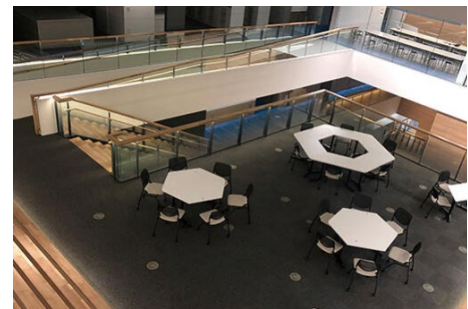
Shindengen's CSR ISpecial features [Opening of Asaka Office]

Shindengen opened the Asaka Office on April 1, 2021. The new office's construction went according to plan in Asaka, Saitama Prefecture (four stories, total floor area of around 28,500m²), and a construction completion ceremony was held on February 5, 2021. At this facility, we have consolidated the functions of the Otemachi Head Office and Hanno Factory, which was responsible for the R&D and business operation functions of our group. Through the Asaka Office, we aim to improve productivity and ensure business continuity based on the following four concepts and are enhancing medium- to long-term corporate value while contributing to the sustainable growth of society by practicing our corporate mission and promoting CSR activities.



Consolidate functions and improve productivity

Functions that were previously dispersed between the Otemachi Head Office and the Hanno Factory have been consolidated into the Asaka Office to create a high-level development system and a space for creating synergies that transcend the boundaries of business units. The office is equipped with an ICT environment and an open plan design with individual concentration booths to promote intellectual productivity.



Advanced environment

With a 52% reduction in energy consumption, the building has been certified as ZEB Ready. An atrium has been created in the building to promote natural lighting and ventilation, and energy-saving air conditioning systems and other technologies as well as automatic CO₂ control technologies have been adopted.



Comfort and ease of working

The office has received an "S rank," the highest CASBEE Wellness Office rating. In addition to a layout suitable for each department, the office is a space where employees can easily communicate with each other, and the living environment is designed with "comfort" and "health" in mind. In addition, employees can choose to work flexible hours or telecommute to accommodate their individual work styles.



Safety and Security

The Asaka Office has a highly earthquake-resistant structure, ensuring the safety of employees and establishing a system for business continuity.

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 with the aim of enhancing corporate value and contributing 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. In FY 2020, the project was cancelled due to COVID-19.
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. In accordance with "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 with regards to social issues and employee rights brought out by the globalization. We are also actively committed to promoting human right awareness.

■ Initiative for respecting Human Rights on Labor

In FY 2019, we have established 'Shindengen Group Human Rights Policy' as 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.

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 a statement in September 2021 to prevent 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

We consider that the greatest risk of slavery or human trafficking would have been in our supply chain where operations and managerial oversight are out of the Shindengen Group's direct control. The Group is implementing a two-year human rights survey plan based on 'Supply Chain CSR Deployment Guidebook'.

In FY 2020, we conducted human rights surveys to the suppliers whom we planned as subjects of the survey for the second year. In the 2 years, we obtained 81% response from the suppliers (95% on a transaction amount basis) and performed a scoring analysis for each item based on each company's response, and asked suppliers who did not meet our target scores to improve. In this way, our survey of the second year was completed as planned.

We plan to conduct supply chain human rights surveys on a regular schedule. And we will continue to ask suppliers to understand and cooperate with respect for human rights through the opportunities such as Business Strategy Meeting and steadily add necessary clause related to human rights in the Basic Contract. The Shindengen Group will identify human right risks through to conduct yearly assessment and will take the appropriate actions, such as avoiding, mitigating the risks.

Human Rights for the Employees

Labor Union Relations

Shindengen and the Group (domestic) actively ensure there is a forum 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.



Financial training

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 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 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.

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. 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 Hanno factory, Shindengen Three E and Okabe Shindengen support Saitama Prefecture's "Saitama Womanomics Project" and offer a truly 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 gold certificate acknowledging their status as a "Company with a Diversified Working Environment" from the local government.

Annual Statistics for Paid Holiday

	FY 2018	FY 2019	FY 2020
Rate of taking paid Holidays (%)	63.8	66.4	54.5

Annual Statistics for Maternity and Childcare Leave

	FY 2018	FY 2019	FY 2020
Number of people obtaining maternity leave	3	5	5
Number of people obtaining childcare leave	7	10	11
(Within) Number of men obtaining childcare leave	3	6	4
Reinstatement rate following childcare leave (%)	100.0	88.9	100.0

Annual Statistics for Nursing Leave

	FY 2018	FY 2019	FY 2020
Number of people obtaining nursing leave	0	3	0

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.

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 2020, we added public qualifications and there were 26 prizes awarded for those who acquired public qualifications.

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

On March 31, 2016, Shindengen notified the Ministry of Health, Labour and Welfare of its action plan regarding the Act on Women's Promotion. Since the overall ratio of female employees is low at Shindengen, there are relatively fewer departments and/or positions where female employees can be found. Shindengen is focused on workforce gender diversity and providing women with opportunities to lead. Gender equality is fundamental to our ability to make progress and for our business to more broadly move beyond the need for target setting and into an environment where true gender equality is achieved. Shindengen Indonesia was awarded first place in the Companies Empowering Women Awards sponsored by the Indonesian Ministry of Health. Around 60% of Shindengen Indonesia's employees are women. The company established an in-house medical facility, and medical professionals support the health of employees. The company has prepared a wide range of programs, from providing care and counseling for new and expectant mothers to coordinating with local medical institutions. In addition, the company is upgrading work environments to ensure employees in various careers can work comfortably and reliably.

Goal of its current initiative for the Act

- Increasing the hiring ratio of female graduates to 30%;
- Providing equal opportunity to female employees in a wide range of departments and occupations;
- Further promotion of work-life balance programs.



The Companies Empowering Women Award (Shindengen Indonesia)

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 characters. 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 2018	FY 2019	FY 2020
Number of foreign workers	14	10	17
Number of foreign workers at management level	6	7	7
(Within) Number of foreign workers at or above the department manager level *including workers seconded	4	4	4
Consolidated number of foreign workers	2,828	2,808	2,738

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 2.25% in FY 2020. We also support people approaching retirement age with the “second career system,” a program committed to re-hiring those who retire at 60 years of age and wish to extend their career to the age of 65.

Health and Safety

Health and Safety Management

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

Initiative to Introduce ISO 45001

Since the international standard for occupational health and safety ISO 45001 was released in 2018, a global trend on this front has emerged, especially in Europe, where interest is particularly high. Amid this situation, to maintain and improve safe and healthy workplaces, Shindengen (Asaka Office) and Okabe Shindengen are taking action aimed at acquiring certification in fiscal 2021. In fiscal 2020, we updated our rules and documentation in line with the ISO 45001 standards and worked to create systems to ensure each employee understands the standards and grasps occupational health and safety issues on a more visceral level. In addition, to more deeply engrain the standards, we held internal briefings and web seminars.

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

Health and Safety Activities

To promote greater awareness of occupational health and safety among employees, seven employees of Guangzhou Shindengen participated in an essay contest with the title “Safe Production and Safe Yonghe,” sponsored by the safety inspectors and Yonghe-ting, which conducts safe production and fire safety inspections in the manufacturing industry as well as oversight and management of hazardous substances. This was an opportunity to reaffirm that to create better work environments, it is important to listen to the voices of employees working on the frontlines. In addition, Okabe Shindengen worked with the Fukaya Fire Department to hold basic life-saving seminars in September 2020 where people acquired knowledge and techniques on using AEDs and CPR.

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 “gold 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 its grounds facing National Route 105, which runs from Yurihonjo to Daisen, Akita Shindengen's Oura Factory planted flowers to provide peace of mind and comfort to drivers and pedestrians.

Higashine Shindengen supports efforts for calling out traffic warnings by crossing guards at intersections of neighboring factories during traffic safety awareness periods.



Flower beds at Akita Shindengen's Oura Factory.

Activities on Disaster Prevention and Response

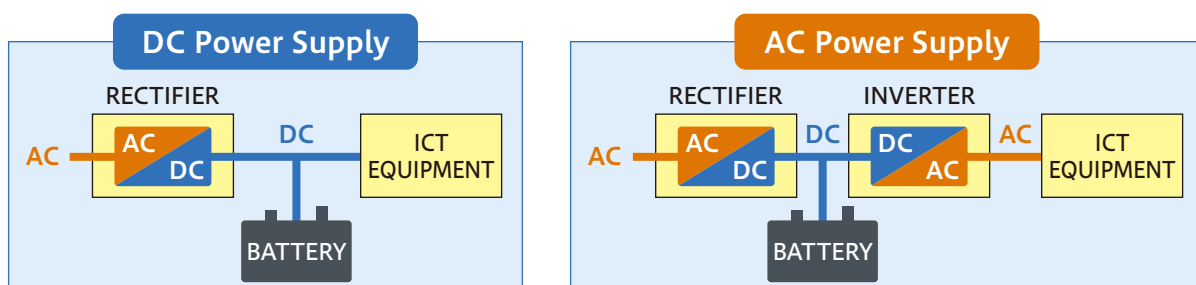
The Great East Japan Earthquake (2011) and floods in Thailand are recent reminders of the importance of having a disaster-response plan in place. Shindengen Group's Business Continuity Plan (BCP) ensures risks are managed appropriately at times of large-scale disaster. The Business Continuity Management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

Overseas Group companies that handle production periodically hold disaster prevention drills tailored to the characteristics of their country. 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.

This year marked 10 years since the Great East Japan Earthquake on March 11, 2011, when power was cut to the communication network and life lines suffered major damage. Due to the importance of disseminating information during a disaster, electric power and communication companies are enhancing the assurance of important communication, swift recovery of services, and improved reliability of networks. Shindengen keeps batteries charged to ensure that communications are maintained during power outages and provides highly reliable power supplies (rectifiers = AC/DC) for communications stations and mobile base stations while supplying high-quality, stable electric power to communications facilities. In addition, we provide inverter devices (DC/AC) to convert the power from batteries and contribute to the stable operation of communications facilities that comprise the entire network. Going forward, we will continue to maintain communication services, which are an important part of the social infrastructure, by providing high-quality power supplies.



Social Special features [Work Style Reform]

Shindengen issued a Work Style Reform Declaration with the intention of inspiring everyone within the group to undertake reforms themselves, maximize the use of management resources, and foster and maintain a new corporate culture that enhances performance and realizes work-life balance. We started initiatives from February 2021.

Work Style Reform Declaration

By creating a system for working from home and flextime, the degree of work style freedom increased in terms of location and time. Leveraging this environment, we strive to further enhance the productivity of each individual and achieve work-life balance with the aim of enhancing the quality of work and life.

Our Initiatives

1. Confidently discard old work and meeting methods that have been held over from the past without thought
2. Overcome the remote communication issues that became apparent during the COVID-19 pandemic and further utilize the tools available

Our Goal

We declare that we will create a new corporate culture of taking on challenge after challenge with agile thinking and continue striving even if we fail.

Achieving Both Occupational Productivity and Ease of Working

Under the Work Style Reform Declaration, we are working to enhance the ease of work. To this end, we established spaces for fostering communication among employees (free spaces on gradual open stairs) and office layouts attuned to the work styles of each department in the Asaka Office while adopting diverse work styles combining working from home and flextime.

We are increasing work productivity and shifting from long working hours to concentrated operating hours coupled with a flexibly adaptable workstyle for each employee. Furthermore, we will continue increasing corporate value and accelerating the increase in time allocated for creative work and the simplification of standard operations.

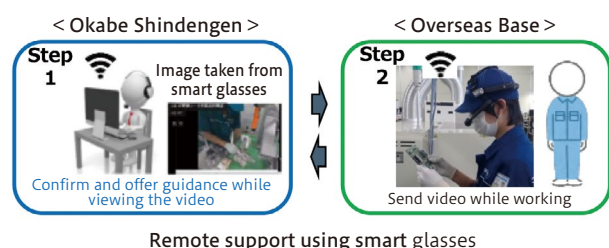
Initiatives Taken in Line with the Work Style Reform Declaration



At sites in Japan and overseas responsible for the Shindengen Group's production, we are enhancing cooperation among sites and realizing work style reforms.

Work Style Reform at Production Sites

Okabe Shindengen, which is our mother factory for car electronics, we are promoting work style reforms and introducing smart glasses* for communication with overseas production sites. We are leveraging the benefits of being hands-free and wearable. By connecting to the internet to send and receive video and audio while working, employees can remotely confirm the final quality of products and provide setting guidance for production equipment when launching products. Basically, we are enhancing the real-time performance and reliability of support when trouble shooting products and production equipment.



* Smart glasses are wearable glasses-shaped devices that allow the remote real-time sharing of audio and video data.

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 2019-FY 2021)

"Manufacture the good-quality product and build up our customer's credibility with our wisdom and creativity"

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 2022
Lumphun Shindengen Co., Ltd.	ISO 9001	UKAS	June 27 2024
Shindengen Philippines Corp.	ISO 9001	UKAS	December 6 2023
Guangzhou Shindengen Electronics Co., Ltd.	ISO 9001	DAkkS	November 7 2022
PT. Shindengen Indonesia	ISO 9001	UKAS	February 22 2023
Akita Shindengen Co., Ltd. Oura Factory	IATF 16949	IATF	July 15 2024
Akita Shindengen Co., Ltd. Asuka Factory	IATF 16949	IATF	July 15 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.

*In FY 2020, due to COVID-19, activities were limited to a review of the documents.

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 a Carbon-Free Society

Initiatives to create a carbon-free society

The Shindengen Group considers stopping global warming its social responsibility and strives to lower greenhouse gas emissions through its business activities. Electric vehicles (EVs), which run on electricity, are garnering attention as a way of addressing global warming. One hurdle to their widespread adoption is charging times. From January 2021, Shindengen began selling the SDQC2F150 series quick chargers, acquiring CHAdeMO Ver. 1.2 certification*1,*2 for the units and becoming the first domestic manufacturer in Japan*3 to do so for units with a maximum 150kW output. Compared with the widely adopted rapid chargers (50kW output), charging times can be shortened around 60%*4, enhancing convenience for EV users.

- *1 CHAdeMO is the name of quick charging standard specifications that were formulated by the CHAdeMO Association.
- *2 CHAdeMO Ver 1.2 raises the maximum electrical current from 50kW to between 150kW and 200kW, enabling high-power quick charging.
- *3 As of Dec 2020, according to Shindengen
- *4 Charging times differ depending on such variables as EV design and ambient temperature.



High-power quick charger

Engaging with Local Communities

Community activities

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

The Golden Order of Merit from the Japanese Red Cross Society(Shindengen Three E)

Shindengen Three E was awarded the Golden Order of Merit in August 2020 in recognition of over 20 years of cooperation with the Japanese Red Cross Society in the area of blood donation. The company holds blood drives twice a year. Although we refrained from participating in fiscal 2020 to prevent the spread of COVID-19, going forward we will continue working as a member of the local communities in which we operate to make blood donation more widely accepted and to support people who need blood transfusions.



The Golden Order of Merit (Shindengen Three E)

Contribution to Education (Shindengen Thailand; Shindengen Vietnam; Shindengen Kumamoto Technoresearch)

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

In September 2020, Shindengen Thailand's entire staff came together to clean and refurbish buildings at two schools in Suphan Buri Province and helped fund scholarships. Vietnam Shindengen and other companies in its industrial park donated supplies to local elementary and middle schools and provided scholarships. In Japan, after the suspension of the National High School Baseball Championship due to COVID-19, Shindengen Kumamoto Techno-Research applied to the news ticker support plan of the independently held 2020 Summer Kumamoto High School Baseball Championship to post encouraging messages.



Cleaning and refurbishment of school equipment (Shindengen Thailand)

Social Community Involvement and Development

Collaboration Featuring the Asaka Mascot Poptan (Shindengen)

Shindengen's Asaka Office plays an important role in interacting with the residents and communities of Asaka. One way we have worked to build rapport with local residents has been the display of a poster featuring the Asaka mascot Poptan on the fence surrounding the site where our new Asaka Office was being constructed. The poster was created in collaboration with the city of Asaka. The Kurome River that flows through Asaka City is famous for its cherry blossoms. The poster uses this famous site as a background and promotes our goal of giving back to the local community through Shindengen's eco-friendly business activities.



The poster on the fence surrounding our construction site

Activities to Support Children (Shindengen Thailand)

To support children's futures, Shindengen Thailand donated food and supplies for children (orphans) through the Rangsit Baby Home Orphanage in Pathumthani Province. In addition, we provided lunches and made donations to orphans at the Wat Bot Woradit School in Ang Thong Province.



Activities to Support Children (Shindengen Thailand)

Supporting COVID-19 countermeasures (Shindengen India)

In May and June 2021, Shindengen India donated disinfectant and respiratory protection supplies, such as N95 masks, to clinics in Karnataka State to support the healthcare professionals providing treatment for COVID-19 and people working hard to prevent the spread of infection.



Healthcare materials, including masks, donated by Shindengen India



Supporting areas affected by natural disasters (Higashine Thailand; Shindengen Thailand)

The Shindengen Group provides various types of aid with the hope of enabling the recovery of areas affected by natural disasters. Higashine Shindengen values its connections with communities and people, and has provided recovery aid to areas affected by flooding in Yamagata Prefecture caused by record rainfall in July 2020.

Shindengen Thailand donated money and supplies, such as precooked food, as aid to people affected by flooding in Nakhon Ratchasima Province in October 2020 and in Prachinburi Province on November 11, 2020.



Aid to flooded areas from Higashine Shindengen



Aid to flooded areas from Shindengen Thailand

Social Community Involvement and Development

Neighborhood cleanup activities (Higashine Shindengen; Shindengen Three E)

Higashine Shindengen conducted beautification activities in the area around its factory to show its gratitude to the community. Recognizing its responsibility as a corporate citizen, Shindengen Three E conducts cleanup activities twice a year in the area around its bases as part of its local environmental activities.



Higashine Shindengen's beautification activity

Donation of fire extinguishers to the temple (Lumphun Shindengen)

There are many Buddhist temples in Thailand, and Thai people have a strong affinity for these temples. Lumphun Shindengen considers building strong bonds with temples a way to contribute to the community. Employees visit nearby temples to donate fire extinguishers, offer guidance on their use, and provide education to instill basic fire safety knowledge.



Donation of fire extinguishers to the temple from Lumphun 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.

Okabe Shindengen held briefing sessions about the manufacturing industry and its benefits to students of Saitama Prefecture's Yoriijohoku High School with the purpose of fostering career perspectives as part of career education. At the request of the Akita Regional Promotion Bureau and schools, Akita Shindengen provided factory tours and internships to high school and university students and cooperated on social activities.

Higashine Shindengen accepted interns from colleges so they could learn about work and its rewards.

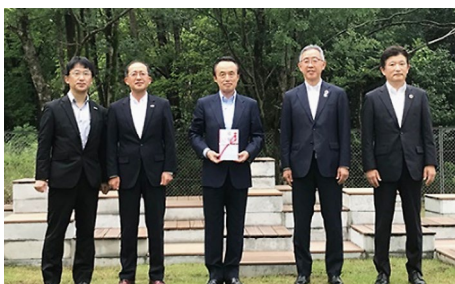
Shindengen Thailand accepted four interns from universities in Thailand and Shindengen Lumphun accepted 11 interns from universities and technical colleges, and both provided workplace experience.



The briefing session of Yoriijohoku High School (Okabe Shindengen)

Donated a Step Bench to the Central Square in Asaka (Shindengen)

In March 2021, Shindengen issued private placement bonds handled by Saitama Resona Bank with the aim of achieving stable business growth. These are Private Placement CSR Bonds with Donations that enable the donation of supplies to local communities using a portion of the fees gained from their issuance. In April 2021, we opened a new office in Asaka, Saitama prefecture. To help develop the local community, we donated the Green Terrace step bench to the city. It is used as a place for relaxation for the people visiting the city's Central Square, where the bench is installed.



The donation ceremony



The donated step bench

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 (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

In order to respond to the revision associated with ISO 14001: 2015, 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.

Environmental Policy

Our management philosophy and mission statement is "Together 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."

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 ISO 14001 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

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.

In response to the amendment to Japan's Poisonous and Deleterious Substances Control Act in July 2020, Shindengen provided text-based education covering the main points of laws and regulations and what to pay attention to regarding compliance with laws and regulations related to the handling and storage of poisonous and deleterious substances.

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.

Environment

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 2020)

Objective	Target	Result
Greater Chemical Substance Management ·Contribute to environmental protection activities through the proper management of chemical substance information	·Strictly manage information on substances contained in chemical products used in our business activities and develop more efficient methods to measure usage	·Strictly managed chemical substances that need to be reported under the Law concerning Pollutant Release and Transfer Register ·We added the function to enable automatic calculations for each chemical substance on our chemical management lists We reflected the above revisions into our chemical management lists and achieved our goals.
Greater Energy Conservation ·Contribute to the prevention of global warming and the solution of climate change issues through efficient energy use and emission control activities	·Improve energy intensity by at least 7.73% by the end of FY 2020 compared with the benchmark year, and make steady progress toward 2030 (sustain our FY 2012 onward 1% annual average improvement)	·Improved 12.43% compared with the benchmark year and achieved our goal
Promotion of proper waste management ·Strengthen the system for reducing risk associated with waste	·Mitigate risks by reviewing our agreements with waste disposal subcontractors	·Reviewed the entire Group's agreements with 19 companies and achieved our goal of mitigating risks

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

Objective	Target
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
Promote energy saving ·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)
Promote proper waste management ·Strengthen the system for reducing risk from waste	·Decide on and adopt goals and indicators for each company's issues

Regarding ISO14001 certification at the Shindengen Group domestic companies, Shindengen's Hanno factory and main production companies have received group certification. As for internal environmental audits, we are working to ensure a uniform level of awareness as well as to enhance our capabilities through audits mutually performed by environmental ISO secretariats at each company.

In addition, from December 8 to 11, 2020, these Group companies underwent examination under the 2015 version of ISO14001 standard, and their environmental management systems were deemed effective, sustainable, and comprehensively functioning. At ISO14001-certified overseas Group companies, internal audits are conducted based on their audit plans and schedules.

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 2020 main activities, including practical case studies.

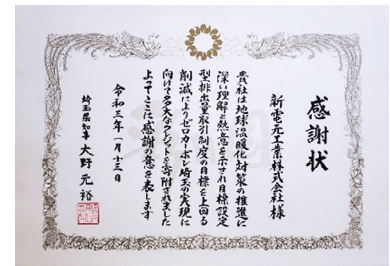
Reduction of carbon dioxide emission volume

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, Shindengen India reduced annual CO₂ emissions by around 230 tons by purchasing electricity generated from wind power. 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.

Contributing to a carbon-free society

Regarding the "Zero Carbon Saitama initiative," Shindengen's Hanno factory contributed a CO₂ credit equivalent of 11,482 t-CO₂ toward meeting the standard emissions goals of Saitama Prefecture. These credits were earned as a surplus gained from CO₂ reduction activities over the five years spanning FY 2010 to FY 2014. On January 13, 2021, the factory received a certificate of appreciation from the Saitama governor Motohiro Ohno. Going forward, the Company will continue to pursue its corporate mission of "maximizing energy conversion efficiency for the benefit of humanity and society" by promoting sustainable development activities in the electronics field.



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.

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.



Participation in afforestation activities

Environment

LCA & Scope 3 Emissions from High-voltage DC power supply (HVDC) Systems

Objective	
Evaluation target	CO ₂ emissions (per vehicle)
Energy (electric, hydroelectric)	0.1t - CO ₂

Scope of evaluation: Shindengen Three E Co., Ltd. factories
 [1] Implement inventory analysis
 [2] Evaluate effects of CO₂ emissions

Scope 3		
	Category	CO ₂ emissions (per vehicle)
1	Purchased goods and services	0.2t - CO ₂
4	Transport and delivery (upstream)	0.1t - CO ₂
5	Waste products from operations	0.5t - CO ₂
7	Staff commuting	3.5t - CO ₂
9	Transport and delivery (downstream)	8.2t - CO ₂

Trial calculations conducted for part of 15 categories of Scope 3 emissions.
 [1] Calculations using primary data
 [2] Calculations using estimated values and secondary data

Chemical Management

The Shindengen Group is committed to appropriately managing chemicals that are used in the manufacturing process and contained within our products and has established the “promotion of chemical substance management” as part of its environmental policy.

The Chemical Substance Management Committee (consisting of Shindengen Hanno Factory employees and the domestic Group companies) regularly share with Group companies the latest information regarding domestic and international laws and regulations related to REACH, EU RoHS Directives, the Act on Preventing Environmental Pollution of Mercury, green procurement, and nonfluorocarbon equipment.

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 fiscal 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 at five more sites, including Shindengen Hanno Factory. Management status is regularly reported to the relevant administrative authorities.

Based on a notification issued by the Ministry of Economy, Trade and Industry in April 2020 regarding the new discovery of condensers containing high-concentrations of PCBs in three types of equipment (X-ray devices, welding machines, and elevators), domestic Shindengen Group companies confirmed whether they use PCB-containing condensers for equipment. The survey clarified the absence of high-concentration PCB waste and led to the mitigation of the risk of legal violations.

Shindengen Hanno Factory completed the disposal of large condensers with high concentrations of PCB in FY 2018. Currently, PCB-containing waste that must be disposed of by the factory consists only of small-size equipment containing PCBs and waste with only trace amounts of PCBs, which are disposed of according to plan.

Environment

PRTR Report

(Unit : t)

Name of Substance	No.	CAS No.	Amount handled		Emissions				Amount transferred	
			FY 2019	FY 2020	Atmo-spheric	Public waterway	Soil	Landfill deposit	Sewage	Waste material
n-Alkylbenzenesulfonic acid and its salts	30	—	15.8	15.7	0.0	0.0	0.0	0.0	0.0	8.0
Antimony and its compounds	31	—	11.7	10.3	0.0	0.0	0.0	0.0	0.0	5.7
Ethylbenzene	53	100-41-4	12.5	10.9	0.5	0.0	0.0	0.0	0.0	5.2
Ethylenediamine	59	107-15-3	1.3	1.0	0.1	0.1	0.0	0.0	0.0	0.8
Xylene	80	1330-20-7	35.3	29.9	1.5	0.0	0.0	0.0	0.0	7.1
Dichloromethane	186	75-09-2	—	1.1	0.1	0.0	0.0	0.0	0.0	0.8
Tetrahydromethylphthalic anhydride	265	11070-44-3	17.7	12.9	0.0	0.0	0.0	0.0	0.0	0.8
1,2,4 -Trimethylbenzene	296	95-63-6	32.3	24.5	0.7	0.0	0.0	0.0	0.0	5.0
1,3,5 -Trimethylbenzene	297	108-67-8	7.6	5.9	0.2	0.0	0.0	0.0	0.0	1.2
Lead	305	—	17.5	24.6	0.0	0.0	0.0	0.0	0.0	0.5
Hydrazine	333	302-01-2	2.2	1.8	0.1	0.2	0.0	0.0	0.0	1.3
Pyrocatechol	343	120-80-9	2.3	2.5	0.0	0.0	0.0	0.0	0.0	1.1
Phenol	349	108-95-2	3.3	2.7	0.1	0.0	0.0	0.0	0.0	2.0
Hydrogen fluoride and its water-soluble salts	374	—	74.5	52.0	0.1	0.0	0.0	0.0	0.0	0.0
1-Bromopropane	384	106-94-5	10.9	6.1	3.4	0.0	0.0	0.0	0.0	0.4
Boron compounds	405	—	3.9	3.7	0.0	0.0	0.0	0.0	0.0	0.0
Methylnaphthalene	438	1321-94-4	21.2	15.7	0.2	0.0	0.0	0.0	0.0	2.1
Total			270.0	221.3	7.0	0.3	0.0	0.0	0.0	42.0

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

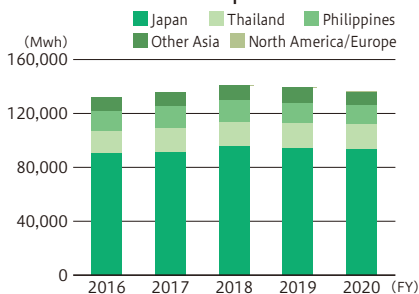
* The amounts handled have been rounded off to the nearest tenth, and therefore the amount handled does not always match the sum of emissions and amount transferred.

Trends in primary environmental loads associated with manufacturing activities

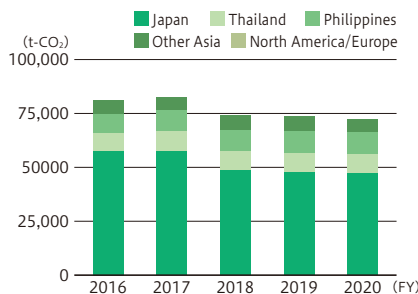
Energy

* 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.

Electric Power Consumption

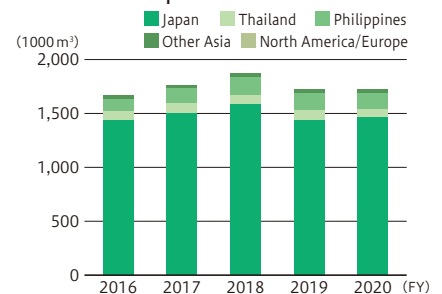


CO₂ Emissions

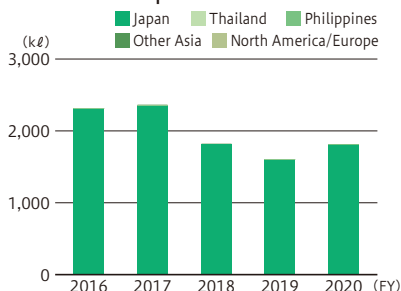


Water

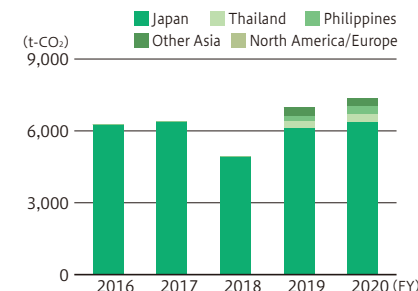
Water Consumption



Fuel Oil Consumption

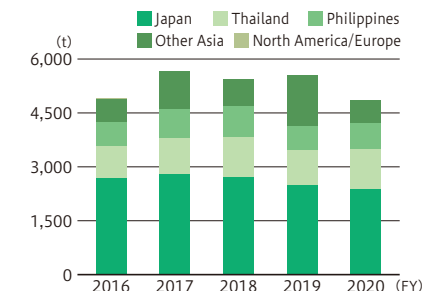


CO₂ Emissions



Waste

Total Waste Emissions



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 2019		FY 2020	
		Investment	Cost	Investment	Cost
1. Business area cost		129	426	101	306
Breakdown	Pollution prevention cost	2	174	27	129
	Global environmental conservation cost	122	101	65	51
	Recycling, disposal costs	5	151	9	125
2. Upstream/downstream cost	Cost of green procurement, and cost of analytical instruments	0	7	0	32
3. Administration cost	Environmental education fees, certification costs, and internal audit costs	0	298	0	319
4. R&D cost	Development of energy-saving and highly efficient products and rapid chargers for EVs	0	193	0	234
5. Social activity costs	Participation in local community environmental activities	0	1	0	1
6. Environmental remediation costs	Remediation of contaminated soil and groundwater	0	56	0	65
Total		129	981	101	957

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 2019	FY 2020
Revenue	Revenues from sale of recycled products	312	390
Expense reduction	Energy expense savings from energy conservation (electricity, fuel oil, etc.)	50	33
	Disposal cost savings from reduced material usage or recycling	5	2
	Other expense savings from environmental improvements	0	0
Total		367	426

[2] Environmental Conservation Benefit (physical quantities)

Item	FY 2019	FY 2020
CO ₂ emissions (t-CO ₂)	80,634	79,710
Electricity consumption (GWh)	139	136
Fuel oil consumption (kℓ)	1,604	1,804
Water consumption (1000m ³)	1,721	1,721
Amount of waste (t)	520	375
Amount of material recycled (t)	5,027	4,468

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.

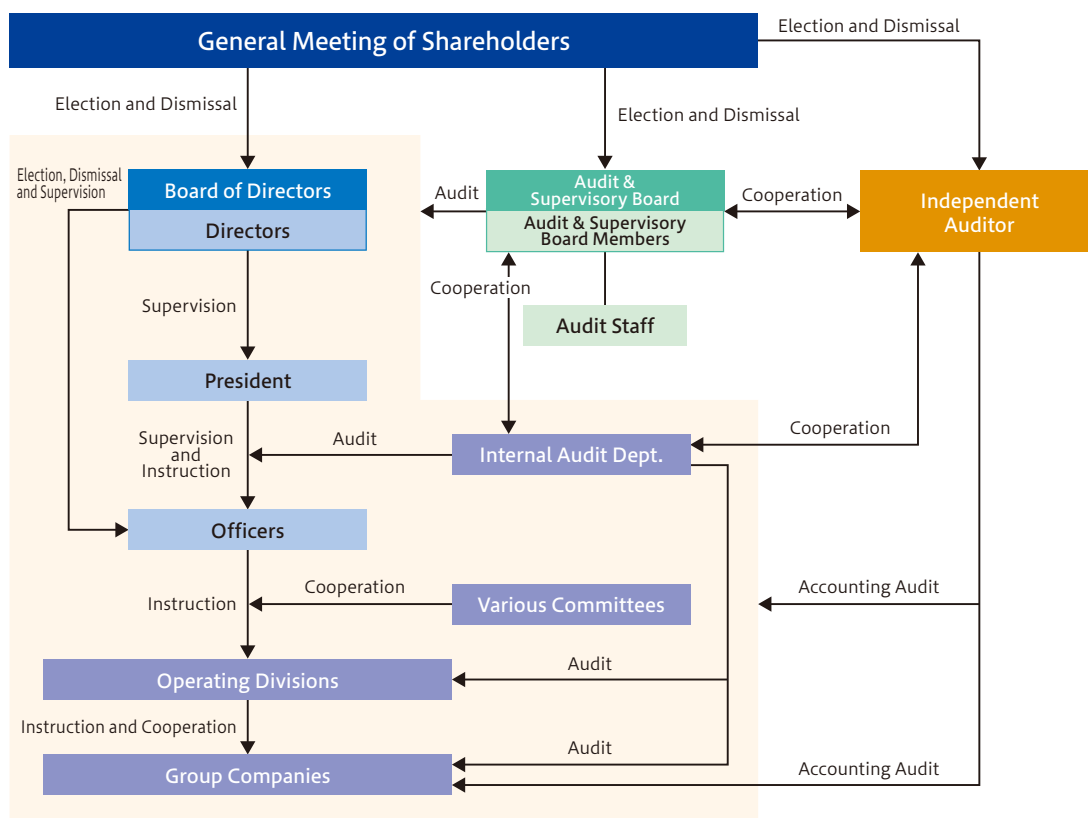
Corporate Governance

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 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 in order 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.

A Compliance Committee was established in FY 2015 to manage compliance risk along with established related regulations (Please refer to the Fair Business Practice section for details).

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 is 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 chairperson and also updated the website, and overseas Group companies translated these the guideline 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 in an effort 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); and regularly provides in-house education and training to sales departments. As for recent actions, the Compliance Committee shares information regarding the key points of the 2019 revised Antitrust Law that came into effect in December 2020 and is working to revise in-house rules in response to the new penalty system.

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 for our response to date to Japan’s Act on the Protection of Personal Information, we conducted a fundamental adjustment related to the protection of personal information, including revising our privacy policy and in-house rules and taking stock of the personal data in our possession. In addition, we continually conduct annual in-house education and training for departments that handle personal information.
- As for our action on overseas data protection laws and regulations, we responded to the EU’s General Data Protection Regulation (GDPR) by posting privacy notices on our website, responding to rules on international transfers of personal data outside the European Economic Area (by concluding Shindengen Group standard contract clauses (SCC)).
- As for recent actions, the Compliance Committee shared information regarding the main details of the revisions to the 2020 revised Act on Protection of Personal Data. Going forward, we will continue revising privacy policies and in-house rules in line with the revisions and establishing in-house rules for when personal data is leaked while paying attention to guidelines released from the Personal Data Protection Committee.

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

To ensure the Shindengen Group operates at the highest legal and ethical standards, an internal whistle-blowing system has been established. The system aims to provide a safe communication channel for employees to report and respond appropriately to illegal and/or unethical conduct. A whistleblower hotline has been established, with domestic Group companies using Shindengen's Internal Audit Department and an external lawyer as communication channels for reporting and counseling. Overseas subsidiaries establish their own in-house channels and use Shindengen's Internal Audit Department as a communication channel for reporting and counseling.

Risk Management

Business Continuity Plan

The Business Continuity Management (BCM) Committee was established in FY 2012, and is chaired by the President. This Committee has strengthened disaster response and business continuity measures under the "Disaster Prevention and Business Continuity Policy" and regularly distributes and collates risk management information from across the Group both domestically and overseas. Annually, training and top management reviews are held to continuously improve the suitability, appropriateness, and effectiveness of the BCM system. In FY 2020, we conducted remote virtual simulation training in October, enabling us to establish a first response system in a manner similar to if we had gathered in person and implement sound responses.

Responding to COVID-19

The COVID-19 pandemic has been spreading rapidly in Japan since April 2020. Shindengen's Company-wide BCPs prescribe responses to infectious disease scenarios, and the company has taken measures in line with the BCPs in response to the COVID-19 pandemic to prevent the spread of the disease. That response involved centralizing help desks in the BCM secretariat to avoid risks for continuing business. In addition, we set up a teleworking environment and began promoting working from home, achieving a working from home rate of around 50% in FY 2020. Meanwhile, with the rise in infections overseas and in consideration of the pandemic's impact on business continuation, the BCM subcommittee of the Electronic Device Div. Group and Car Electronics Div. Group launched BCPs. Bases in Japan and overseas have been able to maintain business operations and the situation has not reached a level that seriously impacts business continuation.

Information Security

Shindengen is committed to ensuring the security of all workplace information. An information security division is tasked with both protecting the Group's information systems from external attack and preventing external leaks from internal sources. Information security education workshops are held annually for all employees. 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 ultimately 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.

Intellectual Property Protection

Approaches to Intellectual Property Rights

The Shindengen Group understands the importance of respecting and protecting intellectual property rights. Three principles guide our actions:

- Do not infringe upon the intellectual property rights of other companies;
- In an instance where another company's patent or other intellectual property is required, obtain agreement from that company prior to commercialization; and
- In an instance where a patent is infringed upon accidentally and subsequently identified, terminate such infringing activities within six months.

Invention Compensation

To encourage innovation, Shindengen guarantees the invention credit rights of employees.

Under the "Rules for Handling Inventions" we have established a compensation system that pays incentives for new inventions or designs as prescribed under the Patent Act, Utility Model Law, and Design Law. Compensation can include application fees, registration fees, licensing fees, and any transfer of license fees. Additionally, compensation is not strictly limited to instances of registered inventions, but rather assessed on a case-by-case basis before the determination of compensation from the "internal awards regulation."

Intellectual Property Rights Education

By increasing awareness through education about intellectual property rights, the Shindengen Group aims to encourage innovation while maintaining compliance with the relevant legislation. Thorough research is conducted before any commercialization commences in order to prevent the infringement of intellectual property rights. The Shindengen Group is also committed to protecting privileged information. Regular training is provided to employees to empower them with the knowledge as to what constitutes intellectual property rights and privileged information. Regular brainstorming events to encourage inventions in the workplace are also held for each department in addition to support for producing inventions.

Counterfeit Products – Zero-Tolerance

The Shindengen Group has a zero-tolerance policy for counterfeit products that infringe patents, models, designs, and trademarks.

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

Actions for Participating in Industry Exchanges

In addition to stepping up initiatives to reduce IP-related risks, Shindengen intends to offer open patents from its patent portfolio and thereby assist SMEs, venture startups, and research organizations in their efforts to develop new products and businesses. In the face of rapid technological advancement, a number of businesses are shifting their IP strategies from a "competition"-focused approach aimed at monopolizing IP rights to a "co-creation"-focused approach that promotes open innovation and facilitates collaborative business creation involving major companies, SMEs, startups, and research organizations. Shindengen supports and contributes to SDG 9, "Industry, Innovation and Infrastructure." In addition, amid the COVID-19 pandemic that has been ongoing since late 2019, we are concerned about BCP risks in the IP supply chain. Because it is important to exchange information between industries, in FY 2020, at the Japanese Operations, Management and Strategy Association's 12th National Research Conference, we presented a lecture on the theme of "Corporate Issues and Responses amid the COVID-19 Pandemic: Taking the Perspective of IP Management amid the Pandemic." We announced the importance of BCPs in the IP supply chain.

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 2021.

Reading this year's report left me with the impression that the Company is steadily working to contribute to ESG themes and the SDGs. Here, I would like to go over the three main points of my evaluation.

The first point is in regard to Shindengen's efforts to define material issues related to the SDGs that the Company contributes to through its business strategies and its clarification of key areas it is addressing through its operations. In particular, to realize decarbonization, the Company identified Goal 7 (Ensure access to affordable, reliable, sustainable and modern energy for all) and Goal 13 (Take urgent action to combat climate change and its impacts) as material issues. Due to the effectiveness of Shindengen's mainstay device products in helping to lower electric power consumption, the Company significantly contributes to improvement in energy efficiency in the electronics and mobility fields. Moreover, by offering quick chargers for electric vehicles, power conditioners for use in photovoltaic generation, and inverters for portable electric generators, Shindengen helps enhance resilience to natural disasters and facilitates the upgrading of infrastructure toward the realization of decarbonization.

In addition, I applaud Shindengen for determining the relevance of actions each key area to the achievement of SDG targets and setting evaluation indicators to measure the impact of its initiatives. Companies today are being asked to achieve specific results through their initiatives with an eye to the future as well as to declare their contributions to realizing the SDGs. Companies are also being asked to disclose how their business activities impact society and to take the initiative to quantitatively evaluate results. Because the Shindengen Group handles many products that contribute to decarbonization, the Group is expected to evaluate the impact of said products on the environment and society and, based on product evaluations, to furnish continuous improvements.

The second point regards Shindengen efforts to strengthen supply chain management. The promotion of initiatives throughout the entire supply chain is crucial to the effectiveness of sustainable procurement. With regard to its organizational policy, Shindengen has clearly documented its Group Material Procurement Policy and Initiatives on Responsible Mineral Procurement and seeks the understanding and cooperation of its suppliers. As for human rights due diligence, the Group conducts surveys based on the Shindengen Group Supply Chain CSR Promotion Guidebook and rates suppliers accordingly. Suppliers who do not meet the target score are given guidance on how to improve. I give the Group credit for raising the compliance level of the entire supply chain.

I believe that the specificity of Shindengen's disclosure could be further increased by fully disclosing the scope, number, and percentage of target companies that meet standards as well as other details of the survey.

The third point regards the Shindengen Group's formulation of the Workstyle Reform Declaration and internal and external clarification of its organizational stance. The newly established Asaka Office has introduced floor layouts conducive to the workstyles of each department and spaces to promote communication between employees, helping realize work environments attuned to employee comfort and health. I expect that upgrading the environment in this way will lead to enhanced productivity in operations and the creation of new innovations.

Finally, in keeping with recent revisions to the Corporate Governance Code, there is an accelerating trend toward calling on companies to address climate change, for example, by enhancing the quantity and quality of their disclosure based on recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). The Japanese government also declared the aim of achieving net zero greenhouse gas emissions for the nation by 2050. Going forward, I expect the Group will promote the disclosure of risk and opportunity analyses of the impact of climate change on corporate management. I also expect the Group will set and disclose medium- to long-term CO2 reduction targets.

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 Group has unveiled its ESG initiatives and SDG Material Issues in line with its mission statement. By implementing these initiatives, the Group will continue creating a new future with its stakeholders.

In addition, by reforming the core technologies it has cultivated to date and creating advanced future-oriented technologies, the Group will continue working to solve various issues related to decarbonization and to help realize a sustainable society.

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

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