

Sustainability Report 2023

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

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Editorial Policy

The Shindengen Group Sustainability Report 2023 introduces the Shindengen Group's approach to Sustainability and its efforts to create a sustainable society for a wide range of stakeholders.

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

Based on the flow of sustainability information disclosure, we aim to provide easy-to-understand and comprehensive information disclosure regarding medium- to long-term corporate value improvement.

Reporting period

This report focuses on the results of activities in FY 2022 (from April 1, 2022 to March 31, 2023).

*We have listed some activities conducted on or after April 1, 2023.

Organizations covered in this report

Shindengen Electric Manufacturing Co., Ltd., Shindengen Group

Reference Guidelines

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

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.

Sustainability Report 2023

Contents

Message from the President

Message from the President



Nobuyoshi Tanaka, President

I am pleased to extend my greetings to readers of the Shindengen Group's Sustainability Report 2023.

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

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

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

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

It is my hope that this Sustainability Report helps facilitate your understanding of the Shindengen Group's sustainability 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

Brand Logo

ShinDengen
New power. Your power.

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.

Shindengen Group

Company Outline

Trade Name: Shindengen Electric Manufacturing Co., Ltd.
 Head Quarter: New-Ohtemachi Bldg.,
 2-1 Ohtemachi 2-chome, Chiyoda-ku,
 Tokyo 100-0004, Japan

This is the registered location, and actual head office operations are conducted at the Asaka Office.

Asaka Office: 3-14-1 Saiwai-cho, Asaka City,
 Saitama 351-8503, Japan

Established: August 16, 1949

Capital: ¥17,823 million (As of March 31, 2023)

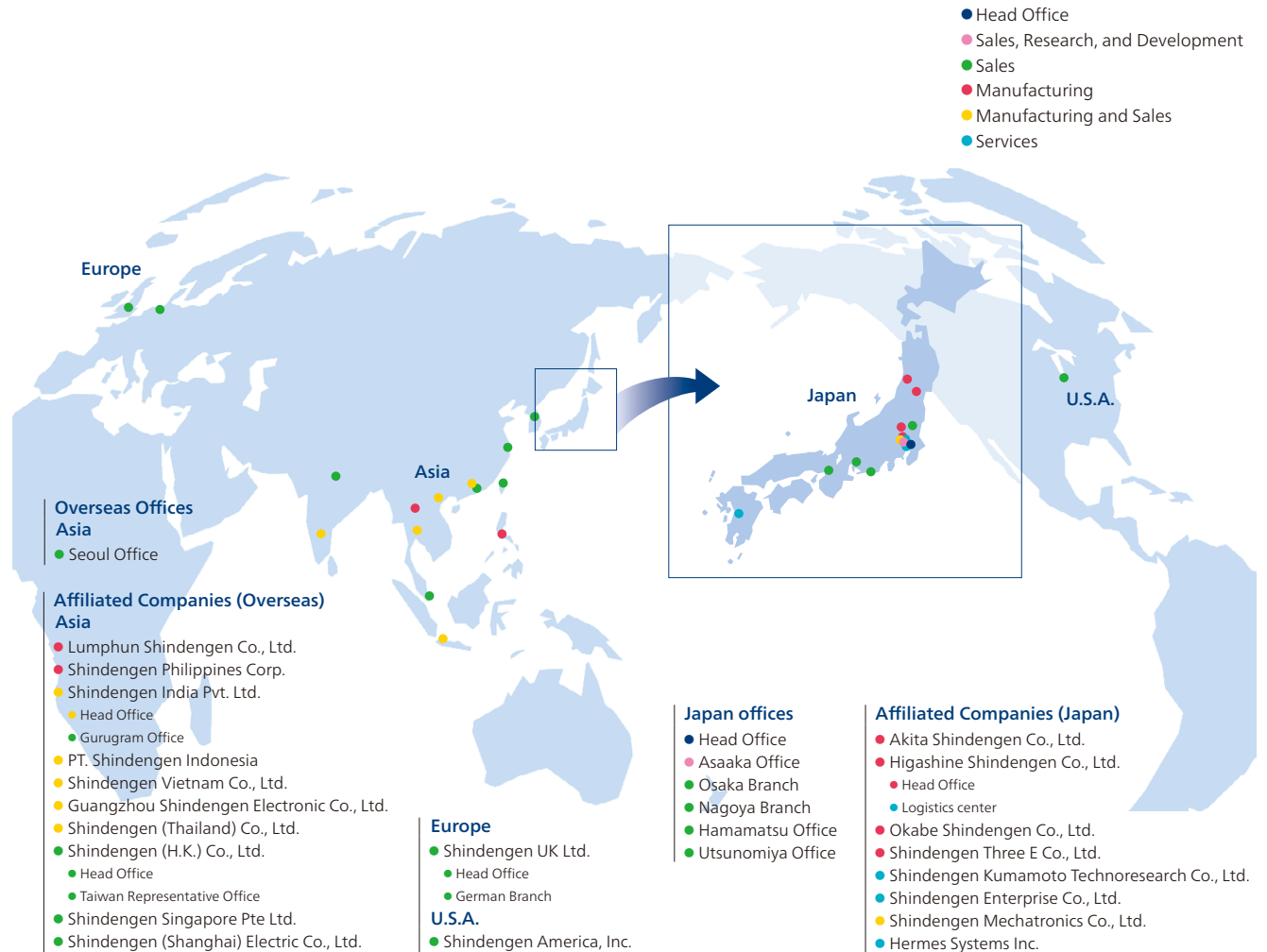
Consolidated Employees: As of March 31, 2023

Consolidated	5,364
Independent	996
Domestic consolidated subsidiaries	1,364
Overseas consolidated subsidiaries	3,004

Financial Information: As of March 31, 2023

Net sales	¥101,007 million
Operating profit	¥3,621 million
Ordinary profit	¥4,326 million
Net income per share	¥159.56

Global Network



ShinDengen
 New power. Your power.

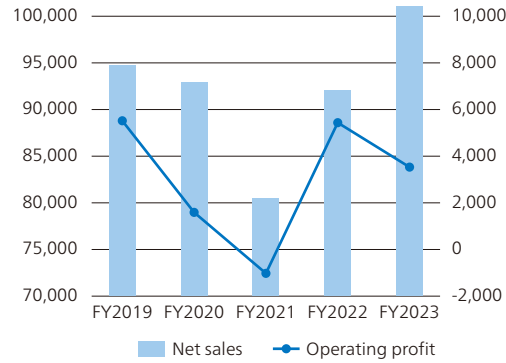


Japan Office <https://www.shindengen.com/company/network/japan/>
 Overseas Office <https://www.shindengen.com/company/network/global/>

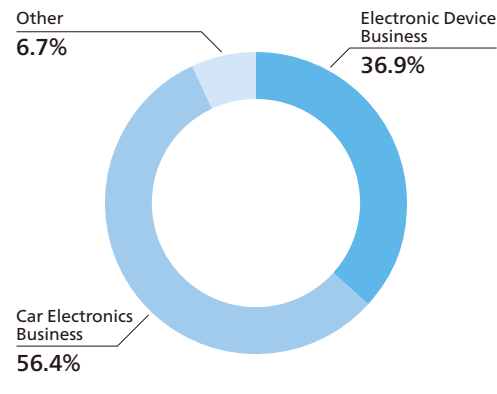
Shindengen Group

Company Outline





Changes in sales and operating profit (Unit: million yen)



Net sales by Segment



Outline of Business Operations-Business Fields

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

- 
[Semiconductor Products https://www.shindengen.com/products/semi/](https://www.shindengen.com/products/semi/)
- 
[Power Management Electronics Products https://www.shindengen.com/products/electro/](https://www.shindengen.com/products/electro/)
- 
[Environment and Energy Products https://www.shindengen.com/products/eco_energy/](https://www.shindengen.com/products/eco_energy/)
- 
[Solenoid Products https://smt.shindengen.co.jp/](https://smt.shindengen.co.jp/)

Sustainability

Concept and Initiatives for Sustainability

To increase corporate value in the medium to long term, the Shindengen Group has established a Basic Sustainability Policy, based on which it conducts its business activities.

Corporate Mission

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

The Shindengen Group's Basic Sustainability Policy

The Shindengen Group will actively promote ESG (Environment, Social and Governance) management as we pursue our corporate mission. We will contribute to the realization of a sustainable society and strive to enhance our corporate value from a long-term perspective.

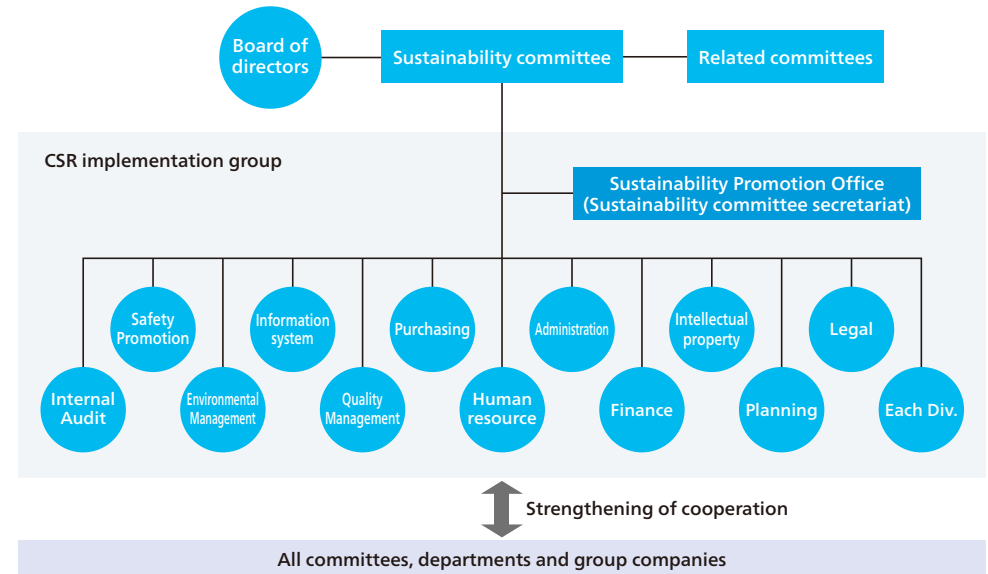
To this end, we will:

- Contribute toward achieving the goals of "decarbonization," "a recycle-oriented society," and "a society in harmony with nature" in line with our Environmental Vision.
- Respect human rights and diversity and strive to improve stakeholder engagement.
- Strive to create a safe and secure workplace that is rewarding to work in through the development of human resources and improvements to the internal environment.
- Conduct management in a fair and transparent manner as we live up to the trust and expectations of a wide range of stakeholders.

Governance and Risk Management Concerning Sustainability as a Whole

Concerning material issues in the environment and society that we contribute to through our business activities, we conduct risk and opportunity analysis within the ESG framework and have identified four issues as ESG Material Issues: "Providing value through environmentally friendly products," "Harmony between the environment and our business activities," "Creating diverse and fulfilling workplaces," and "Strengthening fair and highly transparent business foundations." By implementing these ESG Material Issues in tandem with our Medium Term Business Plan, we will contribute to solving social and environmental issues and create sustainable corporate value. To implement these, we have established a Sustainability Committee chaired by the President, and organized related committees under this committee so that issues concerning sustainability can be managed in an integrated way. Additionally, in order to pursue initiatives accurately in line with the Basic Sustainability Policy, we formulate and assess targets centered on the implementation of ESG Material Issues, and we reflect verifications, assessments and overall results of the degree of achievement in the following fiscal year's indicators.

Sustainability/CSR implementation system



The Shindengen Group is expanding its CSR activities in line with the core subjects of ISO26000.

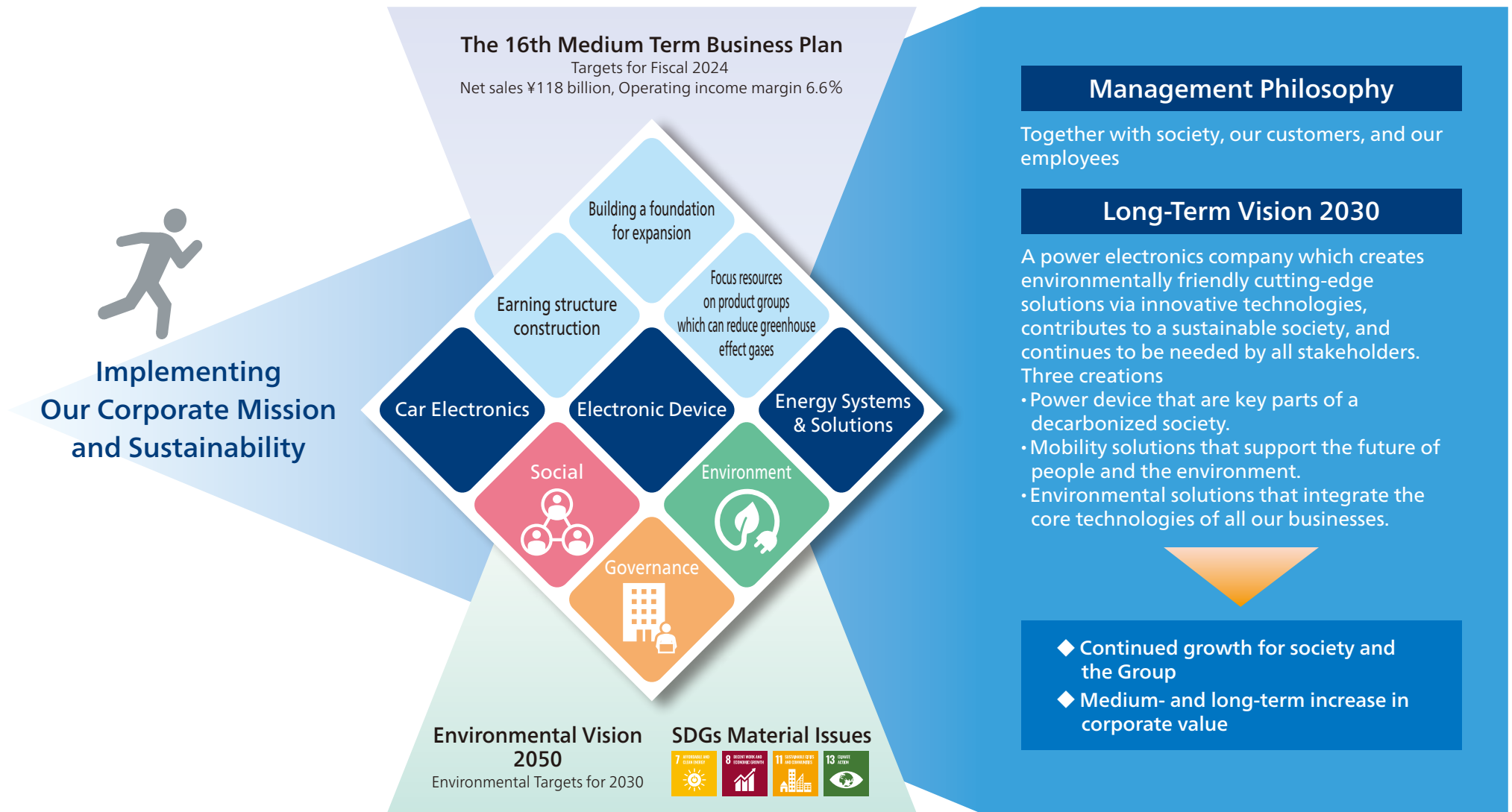
As we continue to engage in CSR activities going forward, we consider social issues such as holding fair competition and human rights in high regard, ensuring a safe and easy-to-work environment as well as implementing countermeasures for environment problems. We continue to support sustainable development in society and the global environment in terms of the value chain in order to gain the trust of customers and shareholders, to maintain a positive reputation in the region and in society and to ensure that employees and their families are proud of the company.



Sustainability

Long-Term Vision 2030

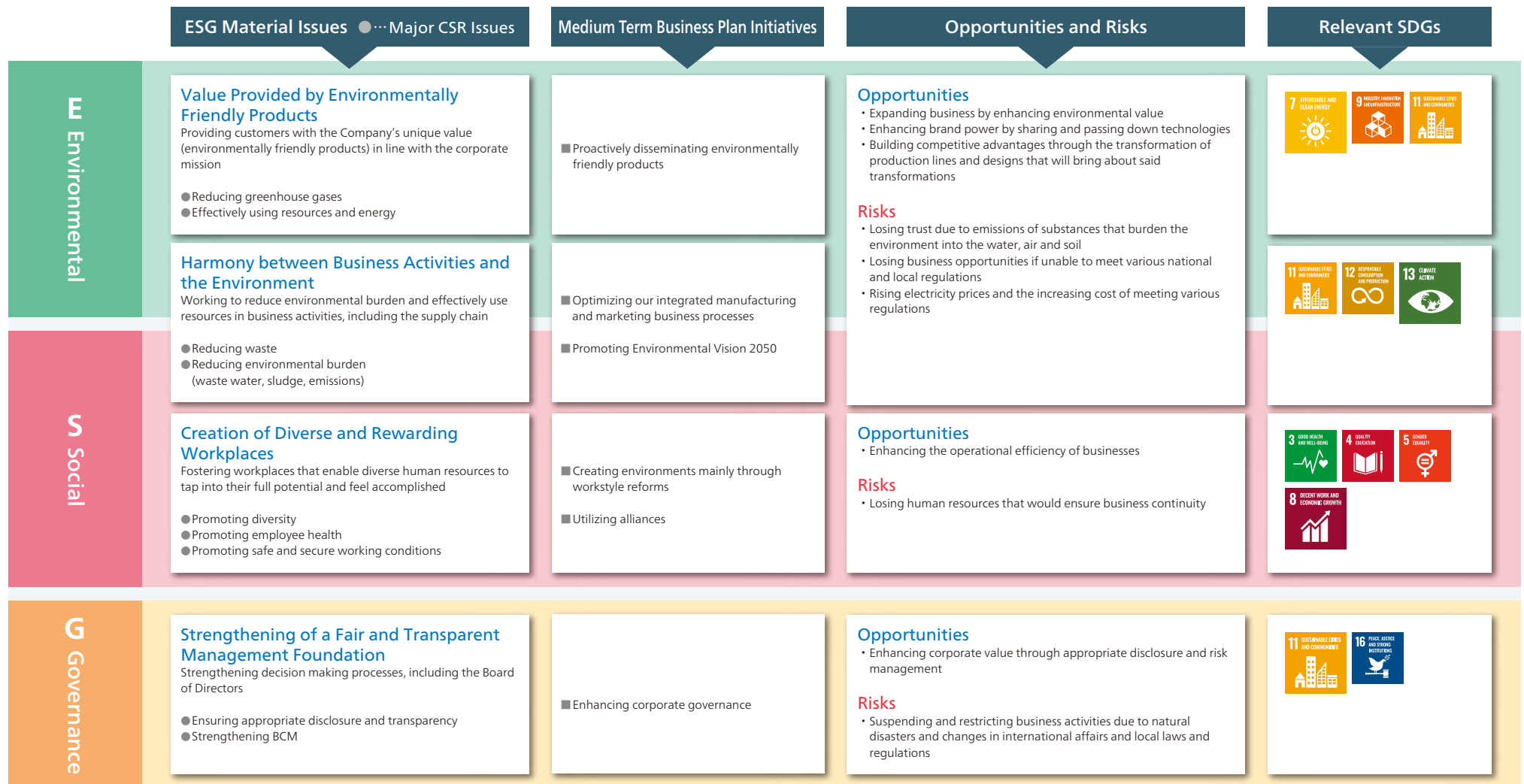
The Shindengen Group formulated a Basic Sustainability Policy based on our Management Philosophy, and we are promoting the 16th Medium Term Business Plan from an ESG viewpoint. We have established a Long-Term Vision 2030, are engaging in initiatives aimed at continued growth for both business and society and are aiming for increased corporate value in the medium to long term.



Sustainability

Initiatives for ESG Management

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



Sustainability

Initiatives for the SDGs

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

How the Shindengen Group Identifies SDGs-Related Material Issues

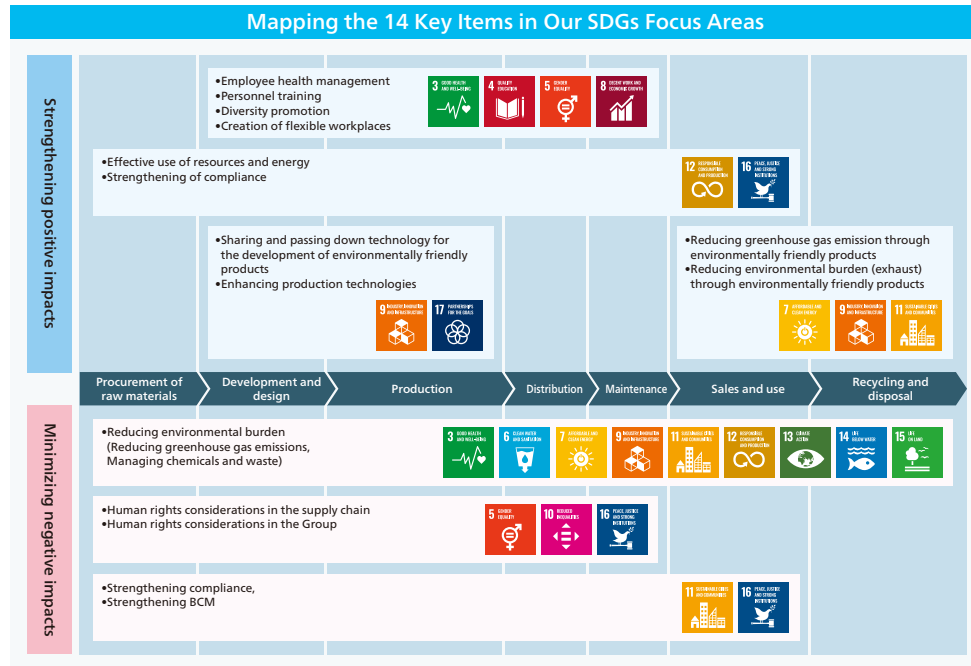
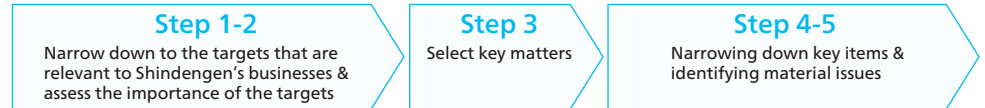
There are 169 SDGs targets. The Shindengen Group's approach to material issues involves prioritizing key items by the degree of impact they will have on stakeholders and the degree of importance to the Group. After regularly holding dialogues with outside experts, the CSR committee identifies the material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

Step 1-2

We carefully looked at the 169 SDGs 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.



Step 4-5 Identifying material issues

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





ESG	SDGs Targets	Shindengen Group's initiatives	Metrics
Environment (E)	SDGs Target 7.3 By 2030, double the global rate of improvement in energy efficiency	Reducing greenhouse gas emissions when our products are used	Contribution to CO ₂ reduction (Consolidated)
	SDGs Target 13.2 Integrate climate change measures into national policies, strategies and planning	Reducing greenhouse gas emissions in business activities	Reduction in CO ₂ Emissions (Consolidated-Japan-) *the benchmark year of FY 2013
Social (S)	SDGs Target 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	Promoting the creation of flexible workplaces	Number of work-related accidents – occupational and commuting incidents – (Shindengen)
Governance (G)	SDGs Target 11.b By 2030, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change	Strengthening BCM (Business Continuity Management)	Number of education classes and drills with themes and methodologies that reflect actual in-house conditions (BCP) (Consolidated)

Sustainability

Initiatives for the SDGs

SDGs Materiality Medium-Term Targets and Assessments

Based on ESG management, the Shindengen Group has identified four SDGs material issues which it has set targets for and is working on in sync with the 16th Medium Term Business Plan. We conducted a three-stage self-assessment on the status of meeting those targets in FY 2022.

ESG	SDGs Targets	Shindengen Group's initiatives	Metrics	Target			Status of meeting those in FY 2022
				FY 2022	FY 2023	FY 2024	
Environment (E)	 SDGs Target 7.3 By 2030, double the global rate of improvement in energy efficiency	Reducing greenhouse gas emissions when our products are used	Contribution to CO ₂ reduction (Consolidated)	FY 2022	FY 2023	FY 2024	○
				600,000t-CO ₂ or higher	750,000t-CO ₂ or higher	800,000t-CO ₂ or higher	712,764t-CO ₂ /year reduction against a FY 2022 target of 600,000t-CO ₂ Sales of the target products were favorable and exceeded targets. In line with changes in product generations and the introduction of new products, we will revise our target products and emission reduction plans as necessary.
Environment (E)	 SDGs Target 13.2 Integrate climate change measures into national policies, strategies and planning	Reducing greenhouse gas emissions in business activities	Reduction in CO ₂ Emissions (Consolidated-Japan-) *the benchmark year of FY 2013	FY 2022	FY 2023	FY 2030	—
				—	CO ₂ Reduction of 27.1%	CO ₂ Reduction of 46%	16.5% reduction compared to the base year We did not set a single-year target in FY 2022, but we considered measures and engaged in preparatory activities for achieving the plan. As one of those measures, we concluded a supply agreement for electric power generated from renewable energy with several affiliated companies. We will take additional measures in FY 2023 to achieve the FY 2030 plan.
Social (S)	 SDGs Target 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	Promoting the creation of flexible workplaces	Number of work-related accidents – occupational and commuting incidents – (Shindengen)	Medium-Term Targets (FY 2022 ~ FY 2024)			×
				0	Two occupational accidents and five commuting accidents occurred, an increase from the previous fiscal year. To achieve our target, we will conduct a thorough risk assessment. There were no serious occupational accidents, however.		
Governance (G)	 SDGs Target 11.b By 2030, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change	Strengthening BCM (Business Continuity Management)	Number of education classes and drills with themes and methodologies that reflect actual in-house conditions (BCP) (Consolidated)	Medium-Term Targets (FY 2022 ~ FY 2024)			○
				Enhance the Shindengen Group's business continuity plan (BCP)	BCP education for new employees: held once BCP situation-based online training: held a total of 9 times (7 for subcommittees, 2 for staff departments) We continuously implement highly effective training and education.		

○: Achieved △: Not yet achieved, but progress is being made ×: Unachieved and needs to be addressed

Sustainability

Initiatives for the SDGs

Initiatives for SDGs-Related Material Issues

SDGs Target 7.3

Case Study on Reducing CO₂ Emissions through Sales of Environmentally Friendly Products (FY 2022)

Division	Product type	Reduction of energy consumption	Reduction in CO ₂ emissions
Electronic Device	IC series	1,167.1 million kWh	569,543t-CO ₂
	Low-loss bridge diodes	134.0 million kWh	65,405t-CO ₂
Energy Systems & Solutions	Rectifiers for communication devices	50.8 million kWh	24,795t-CO ₂
	Power conditioner	27.0 million kWh	13,161t-CO ₂
Car Electronics	DC-DC converter for four-wheel vehicles	14,311kℓ	33,201t-CO ₂
	Motorcycle products	2,870kℓ	6,659t-CO ₂

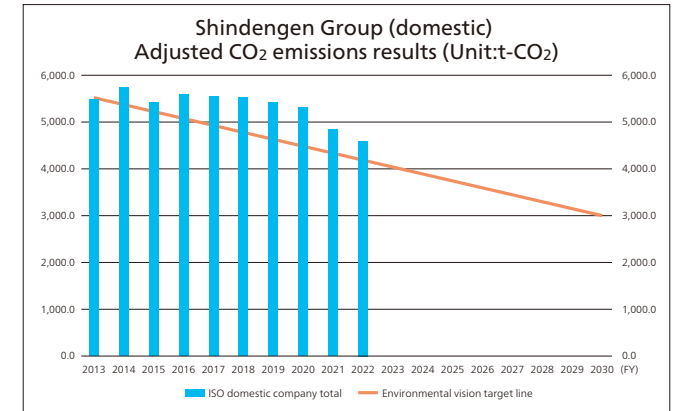
SDGs Target 11.b

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

Action items	Status of implementation	Target group	Date of implementation
BCM education (Non-consolidated)	BCP new employee education	New employees	April 13, 2022
BCP training (Non-consolidated)	Department business continuity training (online situation-based training)	BCP subcommittee (7 department) Staff department (2 department)	December 2, 2022 to February 15, 2023

SDGs Target 13.2

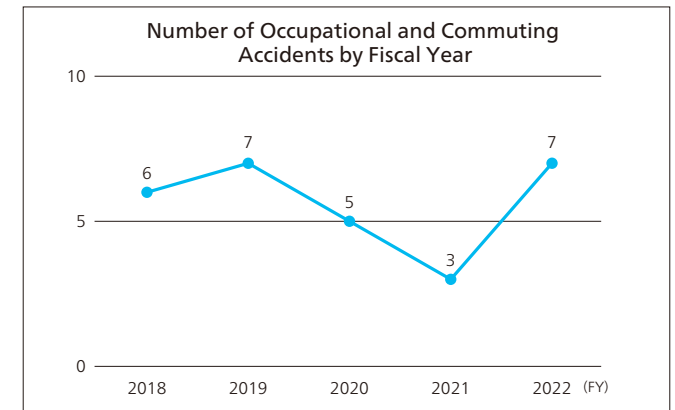
The Shindengen Group's (Domestic) CO₂ Emission Targets and Progress Made



ESG Data (Greenhouse Gases Emissions Scope 1, Scope 2)
<https://www.shindengen.com/csr/esgdata/>

SDGs Target 8.8

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



ESG Data (Number of Occupational Accidents and Commuting Accidents)
<https://www.shindengen.com/csr/esgdata/>

Sustainability

Contributing to social themes by implementing the corporate mission (materiality)

Technology & Development Center

A Message from the Head of Center

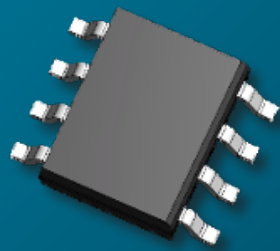


Senior Officer
Head of Technology & Development Center

Tomoaki Nishi

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

Primary environmentally friendly products
from the Technology & Development Center



MCZ5609SC's package
Package type: SOP8J

Promoting Environmentally Friendly Product Development

Creating core technologies ahead of market changes

In the semiconductor device field, Shindengen is promoting the development of new technology to lower associated losses, allow operation in higher temperature settings, and integrate the functioning of multiple parts. In the power electronics field, we are promoting research and development to power supply analysis technology, reduce related noise, and provide high-density mounting.

We are passionate about working towards meeting these challenges and developing new technologies that cater to market demands promptly.

A Mid-term Growth Strategy Considering Social Requirements

Creating core technologies pursuing the limits of energy conversion efficiency

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

Creating Environmentally Friendly Products Based on the Growth Strategy

MCZ5609SC high-side gate driver with built-in excess current detection function

[Creation of a gate driver IC]

- Can be used for the IGBT driver for air-conditioner PAM outdoor units
- Can greatly reduce the number of parts and the mounting area compared to conventional circuit methods
- High-side has built-in excess current detection which outputs an error signal from the ERR terminal when an abnormality is detected

Primary R&D site

Domestic •Asaka office



Sustainability

Contributing to social themes by implementing the corporate mission (materiality)

Electronic Device Div. Group

A Message from the Head of Division Group



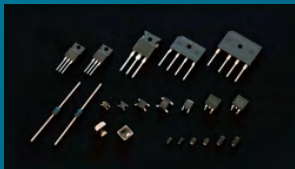
Officer
Division Director of Electronic Device Div. Group

Hirofumi Matsuo

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

Primary environmentally friendly products from the Electronic Devices Division

Diodes & TVS



Power MOSFETs



Power ICs



Power Modules

Introduction

Enhance key semiconductors technology and Ensure technology superiority

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



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

A Mid-term Growth Strategy Considering Social Requirements

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

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

Creating Environmentally Friendly Products Based on the Growth Strategy

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

Primary production base

Domestic •Akita Shindengen Co., Ltd. •Higashine Shindengen Co., Ltd.

Overseas •Lumphun Shindengen Co., Ltd. (Thailand) •Shindengen Philippines Corp.



Sustainability

Contributing to social themes by implementing the corporate mission (materiality)

Car Electronics Div. Group

A Message from the Head of Division Group



Senior Officer
Division Director of Car Electronics Div. Group

Koji Kodama

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

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

Primary environmentally friendly products from the Car Electronics Division



DC/DC converter for four-wheeled HEV



PCU for motorcycle EV

Introduction

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

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



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



A Mid-term Growth Strategy Considering Social Requirements

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

Creating Environmentally Friendly Products Based on the Growth Strategy

Primary environmentally friendly products from the Car Electronics Division

Motorcycle electronics

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

Motor vehicle electronics

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

Primary 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.

Sustainability

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.
Yoshiharu Yokoi

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

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

Primary environmentally friendly products from the Energy Systems & Solutions Division



Rectifiers for information and communication equipment

Chargers and Quick Chargers for EV/PHEV



Introduction

Rapid Response to New Requirements

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

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

A Mid-term Growth Strategy Considering Social Requirements

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

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

Creating Environmentally Friendly Products Based on the Growth Strategy

Energy Saving

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

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

Primary production base

Domestic •Shindengen Three E Co., Ltd.

Sustainability

Participating in Initiatives

To proactively tackle environmental and social issues, the Shindengen Group believes it is necessary to cooperate with various bodies across boundaries of nations, regions, and organizations. Therefore, we participate in initiatives both within and outside Japan.

1. United Nations Global Compact (UNGC)

The United Nations Global Compact (UNGC) is a voluntary initiative where corporations act as good members of society and achieve sustainable growth by displaying responsible and creative leadership. Corporations and organizations that sign the UNGC are required to support the 10 Principles of Human Rights, Labour, Environment and Anti-Corruption stipulated by the UNGC and contribute to their fulfillment. The Corporate Mission of the Shindengen Group is "Maximizing energy conversion efficiency for the benefit of humanity and society," and we actively strive to address social issues through our businesses. The 10 Principles of the UNGC are universal values acknowledged by international society that are essential to business activities, and we will take the opportunity of becoming a UNGC signatory to implement responsible management from a global perspective and enhance our initiatives so that we can contribute to the realization of a sustainable society.



2. CDP

CDP is a non-profit organization which mainly cooperates with institutional investors and others to request information disclosures such as climate change strategies and greenhouse gas emissions from corporation and encourage them to take measures. The Shindengen Group discloses environmental information through the CDP.



3. Task Force on Climate-Related Financial Disclosures (TCFD)

The Shindengen Group regards a response to climate change as an important management issue, and along with announcing our endorsement of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), we have joined the TCFD Consortium(*1), which was established as a forum for discussions between endorsing corporations, financial institutions and other such organizations. From now on, we will disclose climate-related information appropriately and continue environmentally-conscious business activities in order to contribute to the realization of a sustainable society while also further increasing our corporate value.

*1: Established on May 27, 2019 as a forum for discussions about effective information disclosures from corporations and about initiatives to connect disclosed information into appropriate investment decisions by financial institutions, etc. The Ministry of Economy, Trade and Industry, Financial Services Agency, and Ministry of the Environment participate as observers.



4. Science Based Targets initiative (SBTi)

Science Based Targets initiative (SBTi) is an international climate change initiative established by CDP, UNGC, World Resources Institute (WRI) and the World Wildlife Fund (WWF). It is an organization that certifies the reduction targets set by corporations to limit the average global temperature rise due to climate change by 1.5 degrees Celsius compared to pre-industrial levels. The FY 2030 greenhouse gas emission reduction targets set by the Shindengen Group have been SBT-certified as goals that conform with the standards of the Paris Agreement.

Sustainability

Shindengen Group Policy and Guidelines

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

Shindengen Electric Manufacturing Co., Ltd.

Mission Statement**"Maximizing energy conversion efficiency for the benefit of humanity and society."**

Shindengen Electric Manufacturing Co., Ltd.

The Shindengen Group's Basic Sustainability Policy

The Shindengen Group will actively promote ESG (Environment, Social and Governance) management as we pursue our corporate mission. We will contribute to the realization of a sustainable society and strive to enhance our corporate value from a long-term perspective.

To this end, we will:

- Contribute toward achieving the goals of "decarbonization," "a recycle-oriented society," and "a society in harmony with nature" in line with our Environmental Vision.
- Respect human rights and diversity and strive to improve stakeholder engagement.
- Strive to create a safe and secure workplace that is rewarding to work in through the development of human resources and improvements to the internal environment.
- Conduct management in a fair and transparent manner as we live up to the trust and expectations of a wide range of stakeholders.

Shindengen Electric Manufacturing Co., Ltd.

Shindengen Group Environmental Policy

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

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

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

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

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

Shindengen Electric Manufacturing Co., Ltd



ISO 14001 Certification <https://www.shindengen.com/company/iso/iso14001/>

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.

Shindengen Electric Manufacturing Co., Ltd

Sustainability

Shindengen Group Policy and Guidelines

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.

Shindengen Electric Manufacturing Co., Ltd

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.

Shindengen Electric Manufacturing Co., Ltd

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.

Shindengen Electric Manufacturing Co., Ltd

Sustainability

Shindengen Group Policy and Guidelines

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.

Shindengen Electric Manufacturing Co., Ltd

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.

Shindengen Electric Manufacturing Co., Ltd

Shindengen Group Information Security Policy

In order to ensure the trust of our customers, develop our business, and contribute to society, the Shindengen Group has established an "Information Security Policy" aimed at maintaining information security which is one of the group's most important management issues.

1. Information security management system

In order to protect and carry out appropriate management of products and information related to business activities (hereinafter collectively "Information Assets"), the Shindengen Group has established an Information Security Committee and construct and maintain systems required to quickly implement necessary measures.

2. Dissemination to officers and employees

The Shindengen Group shall promote the importance of Information Assets related to business activities to all officers and employees and continually carry out training and public awareness targeting officers and employees in order to maintain and improve information security.

3. Abidance with laws, social norms, and contracts

The Shindengen Group shall abide with all laws, social norms, and contracts related to the handling of Information Assets.

4. Handling of violations and incidents

In the event of the occurrence of any legal violations, contract violations, or incidents related to information security, the Shindengen Group shall respond promptly and appropriately, and endeavor to prevent any recurrence.

Shindengen Electric Manufacturing Co., Ltd

Social

Supply Chain Management

The Shindengen Group promotes ESG management in line with its management philosophy of “Together with society, our customers, and employees”. The Shindengen Group promotes group governance and communication with stakeholders to enhance corporate value and contribute to the international community and the local communities. Today, it is more important than ever for corporations to treat suppliers as “co-creators” as well as to promote CSR internally in light of the increasing globalization of supply chains.



CSR activities in the area of procurement

Primary Challenges in Materials Procurement based on ISO 26000 Core Themes

Core theme	Topic	Primary challenge
Governance	Engagement	Procurement Policy Briefing for Business Partners Every May, Shindengen’s Purchasing Department holds a policy briefing for business partners. After presenting an explanation of our business plans and policies, we ask for our business partners’ understanding of and cooperation with the Shindengen Group CSR activities and Procurement Policy. Furthermore, in fiscal 2022, we held briefings on demand for 420 companies.
	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.
Human rights Environment 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 conflict of interest • Preventing leakage of confidential information • 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.

Procurement Policy

 Shindengen Group Materials Procurement Policy <https://www.shindengen.com/csr/social/policy/>

Human Rights for the Supply Chain

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

Building Partnerships

Shindengen Electric Manufacturing Co., Ltd. endorses the intent of the Council on Promoting Partnership Building for Cultivating the Future promoted by the Cabinet Office and the Small and Medium Enterprise Agency and has announced a “Declaration of Partnership Building.” We will aim to build new partnerships by pursuing cooperation, co-existence and co-prosperity with our supply chain business partners and value-creating business operators.

Declaration of Partnership Building

To build new partnerships by pursuing cooperation, co-existence and co-prosperity with our supply chain business partners and value-creating business operators, we declare that we will prioritize the following items.

1. The co-existence and co-prosperity of the entire supply chain and new collaborations that transcend size and affiliation

By reaching out to the business partners beyond our direct business partners by going through our direct business partners (from Tier N to Tier N+1), we will endeavor to add increased value to the entire supply chain, and build relationships of co-existence and co-prosperity with our business partners through collaborations that transcend existing business relationships and company size. In the course of doing that, we will also provide support such as by giving advice to business partners on introducing telework and formulating Business Continuity Plans (BCP) from the viewpoints of workstyle reform and business continuity during a disaster or other event. We will build a green

Social

Supply Chain Management

procurement promotion structure and consider issues such as energy saving, resource saving, chemical substance management and biodiversity conservation as we continually strive to promote the procurement of materials with a low environmental impact.

2. Obeying “promotion standards”

We will follow desirable business practices (promotion standards based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises) with large procuring enterprises and subcontractors, and actively work to correct any business or trading practices that interfere with building partnerships with our business partners

1) Price-setting method

We will not make unreasonable demands for cost reductions. When determining transaction prices, if there is a request for discussions from a subcontractor, we respond to the request and discuss matters sufficiently by, for example, considering the effects of rising labor costs so that reasonable profit for the subcontractor is included. For contracts, including the determination of transaction prices, the large procuring enterprise will clearly state and deliver the contract conditions in writing.

2) Cost burdens such as mold management

We will conduct mold transactions using the contract template as a reference, and along with encouraging the disposal of unnecessary molds, we will not request that subcontractors store molds without compensation.

3) Payment terms for drafts, etc.

Payment terms will be set according to relevant laws and regulations, and subcontract fees in the future will be paid in cash in the following month after the end-of-month acceptance inspection.

4) Intellectual property and knowhow

We will conduct transactions based on guidelines and contract templates for intellectual property transactions, and will not conclude unilateral non-disclosure agreements or use our standing in the transaction to disclose knowhow or request the transfer of intellectual property rights without compensation.

5) Burdens imposed by workstyle reform, etc.

To enable our business partners to respond to workstyle reforms, we will not place orders with our subcontractors with short delivery times or make sudden changes to specifications that are not accompanied by a reasonable cost burden. During disasters and other events, we will be considerate and avoid forcing one-side transactional burdens on subcontractors, and when business resumes, we will try to continue the business relationship as much as possible.

3. Other

We will engage in fair and impartial transactions throughout the supply chain and work to solve social issues in accordance with the Shindengen Group Procurement Policy and Supply-Chain CSR Promotion Guidelines.

April 3, 2023

Shindengen Electric Manufacturing Co., Ltd
Nobuyoshi Tanaka, President

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.

Mineral Trade Survey

In FY 2022, we conducted a conflict mineral trade survey targets at our major suppliers, and we did not confirm any facts violating the law from the responses.

The Shindengen Group’s Initiative for Responsible Minerals Trade

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

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

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

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

Social

Human Rights

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



Initiative for respecting Human Rights in Labor

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



Shindengen Group Human Rights Policy <https://www.shindengen.com/csr/social/humanrightspolicy/>

Initiative for preventing Slave Labor and Human Trafficking

The Shindengen Group has updated its statement in September 2023 regarding the prevention of slave labor and human trafficking pursuant to the British Modern Slavery Act 2015, Article 54 (1).



Slavery and Human Trafficking Statement <https://www.shindengen.com/csr/rights/modernslavery/>

Human Rights Due Diligence

The biggest risks for slave labor and human trafficking are in the supply chain, which the Shindengen Group’s oversight of operations and management cannot directly reach.

In FY 2022, we revised the Shindengen Group Supply Chain CSR Deployment Guidelines in light of increasing demands for CSR internationally. Further, in addition to seeking the understanding and cooperation of our suppliers regarding respect for human rights during Business Strategy Meetings, we will continue conducting the periodic supply chain human rights surveys that we launched in FY 2019 and renew basic transaction contracts with the addition of provisions related to human rights.

The Shindengen Group conducts risk assessments each year and strives to identify human rights risks. We implement measures to avoid or mitigate those risks. No violations of our Human Rights Policy were confirmed in the FY 2022 Shindengen Group Human Rights Risk Assessment.

Human Rights for the Employees

Labor Union Relations

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

Employee Consultation

The Shindengen Group (domestic) has established a consultation counter 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.

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. To prevent disturbances to workplace order, obstacles to work duties and the loss of precious human resources, we invite speakers from outside to implement harassment training for all employees. The aim of this training is to teach employees that anyone can be a victim or a perpetrator, give them an understanding of harassment and impart the communication tools needed to prevent it.



Shindengen Group Guidelines for Action <https://www.shindengen.com/csr/governance/guidelines/>

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 ILO core labor standards and consideration for minorities, including LGBT individuals, is part of our commitment.

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.



Human Capital Management Initiatives

The Management Philosophy of the Shindengen Electric Manufacturing Co., Ltd. is, “Together with society, our customers, and our employees,” and we believe that people’s growth is the source of our corporate value creation, and that the diverse and autonomous fusion of various forms of knowledge will lead to the creation of new value and continued growth. Based on respect for human rights, we are engaged in various measures to train human resources, encourage the success of diverse human resources, expand flexible working styles, and promote health and safety.

Multiple Stakeholder Policy

To achieve continued growth in corporate value through appropriate cooperation with multiple stakeholders including clients, business partners, shareholders, investors, local communities, and employees, the Shindengen Group has set “Together with society, our customers, and our employees” as its Management Philosophy and endeavors to fulfill its Corporate Mission of “Maximizing energy conversion efficiency for the benefit of humanity and society.” Therefore, operating from the viewpoint that suitable distribution of the profits and results obtained from increased corporate value to multiple stakeholders will lead to maintained momentum in wage increases and sustained development of the economy, we undertake the following initiatives based on the idea that returns to employees and consideration for our business partners are important.

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, thirdyear training, training for qualifications, and specifically tailored (financial, marketing) training and other self-developmentfocused education. In this way, we support career advancement for all.

The Group’s domestic companies have also developed selfassessment 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.



Training for different qualifications (Shindengen)

Nurturing Global Human Resources

Preparing our employees for the increasingly globalized environment in which we operate is crucial to the Group’s future success.

Business English training and the TOEIC incentive system are provided to employees to improve their English proficiency.

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.

Training and Education System					
FY of joining	1st year of employment	2nd year	3rd year	5th-10th year	10th year and onwards
Training by level	New employee & follow-up training		3rd year training	Training by qualification	Training by job position
	Production site training (technical only)				
	Overseas training (some sales staff)				
	OJT (guidance) system				
Technical training	Technical education (Introduction)	Technical education (beginner)	Technical education (intermediate)		
Sales training	Sales education (selective)				
Other	English training				
	Finance training (beginner/intermediate/advanced)				
	Presentation training				
	English self-development program				
	Correspondence courses				
	Support for participating in external training				

Social


Labor Practice

Promotion of Diversity

Assistance in Balancing Work, Childcare and Nursing Care

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

To confirm awareness about taking childcare leave from April 2022, Shindengen set up an application section for childcare leave on the birth notification form on the internal intranet. In addition, Shindengen Three E sent messages about men taking childcare leave to employees as it strives to foster an environment in which it is easy to take childcare leave. At the Shindengen, regarding the work-from-home policy implemented as a COVID-19 countermeasure, we adopted a flextime system and have made it permanent from January 2021.

 **ESG Data** (Annual Statistics for Paid Holiday/Annual Statistics for Maternity and Childcare Leave/Annual Statistics for Nursing Leave)
<https://www.shindengen.com/csr/esgdata/>

Annual Statistics for Paid Holiday			
	FY 2020	FY 2021	FY 2022
Rate of taking paid Holidays(%)	54.5	55.0	61.7

Annual Statistics for Maternity and Childcare Leave			
	FY 2020	FY 2021	FY 2022
Number of people obtaining maternity leave	5	3	1
Number of people obtaining childcare leave	11	11	9
(Within) Number of men obtaining childcare leave	4	6	8
Reinstatement rate following childcare leave (%)	100.0	100.0	100.0

Annual Statistics for Nursing Leave			
	FY 2020	FY 2021	FY 2022
Number of people obtaining nursing leave	0	2	0

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 2022, we added public qualifications and there were 17 prizes awarded for those who acquired public qualifications.

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 permanent operation of flextime work and setting overtime work limits.

Shindengen Vietnam received the Fiscal 2021 Award as an excellent company providing a good workplace environment and benefits to workers from the Vietnam Labor Union, which is part of the national trade union center of the Vietnam General Confederation of Labour. Shindengen Vietnam has many female employees, and the average age of its employees is relatively young. Upgrading its work environment to enable it to adapt to changing workstyles is stimulating the hiring of mid-career female employees.

The Asaka Office of Shindengen Electric Mfg. Co., Ltd., Shindengen Three E, and Okabe Shindengen Co., Ltd. have been certified by Saitama Prefecture as companies that practice diverse workstyles. This system is one where the prefecture certifies companies that have introduced and practices systems, such as telework and shorter working hours, that support balancing work and private life. Companies that are certified are widely promoted on the Saitama Prefecture webpage and other places as companies that are pleasant to work for. Our company has introduced systems that support diverse working styles such as a work-from-home system, flex-time work, and taking leave in one-hour units, and we also have a full lineup of systems that exceed legal stipulations, such as the ability to take eight weeks of leave before childbirth. As part of our efforts to keep creating working environments where diverse human resources can flourish, we will proactively support a work-life balance for employees.



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



Social

Labor Practice

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

In April 2022, Shindengen notified the Ministry of Health, Labour and Welfare of its action plan regarding the Act on Women's Promotion.

Shindengen aims to upgrade its environment and foster a culture that will enable it to acquire Eruboshi certification by promoting diverse workstyles where everyone can thrive regardless of gender, increasing the number of women hired, and expanding the areas in which female employees are active.

Goal of its current initiative for the Act

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

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

Supporting the Success of Foreign Employees

At the Shindengen Group, we realize that in an increasingly globalized business world, it is essential to harness the strengths offered by individuals from a variety of backgrounds and cultures.

In line with the Shindengen Group Human Rights Policy, we respect different values, cultures, and experiences (regardless of nationality, race, or gender) and provide opportunities for employees to demonstrate their character. We believe that this will create values and businesses that meet social changes and mentally enrich employees.

Change in number of foreign national workers

	FY 2020	FY 2021	FY 2022
Number of foreign workers	10	10	10
Number of foreign workers at management level	2	2	1

Note: Excludes employees seconded to overseas Group companies.

Equal Employment: Disabilities and Aging Employees

Shindengen is committed to being an equal opportunity employer. We strive to provide opportunities to people with disabilities and achieved a rate of 2.4% in FY 2022. Under its second career system, which rehires workers who retired at the set age of 60, Shindengen continuously employed people until age 65, but from September 2022 the Company has extended its mandatory retirement age to 65.

Enhancing Health Management Health Management Promotion Activities

The Shindengen Group endeavors to keep its employees healthy both mentally and physically as part of its efforts to promote work-life balance. To encourage interest in health and eating habits, the Asaka Office of Shindengen Electric Mfg. Co., Ltd. used devices to conduct blood vessel age checks on interested persons. Participants received advice on how to take the nutrients (dietary fiber) they needed, depending on the results. Additionally, the canteen that provides lunch to employees is certified as a Saitama Health Promotion Cooperating Store, and it helps employees stay healthy in a delicious way through a "Kobaton" (Saitama prefecture's mascot) healthy menu. On November 12, 2022, the Shindengen Manufacturing Health Insurance Association participated in the Chichibu Mountain Pass Walk organized by the Saitama Federation of Health Insurance Societies. In fine fall weather, 39 members took approximately 4 hours to walk a total distance of about 10km from Nogami Station to Hagure Station on the Chichibu Railway, enjoying picking mandarin oranges along the way. Akita Shindengen dispatched three employees to participate as coaches and players on the Akita Prefecture team in the men's softball event at the Tohoku Games. This was a show of support for sports.



Blood vessel age check (Asaka Office)



Mountain Pass Walking Tour in Chichibu



Social

Labor Practice

Health and Safety

Health and Safety Management

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

Health and Safety Activities

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

Additionally, Shindengen Philippines was acclaimed for displaying exemplary partnership concerning the health and welfare of the local community as a whole when it came to COVID-19 vaccination. It was therefore awarded a certificate by the Philippines Department of Health in 2022.

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

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



The logo created by the employee (Shindengen Philippines)



Certificate of Recognition (Shindengen Philippines)



CASBEE Wellness Office Certification (Shindengen)

Acquisition of ISO 45001 Certification

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

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

The Shindengen Group strives to continually improve occupational health and safety, upgrades work environments focused on employee health and safety, enhances productivity, and ensures business continuity.



Registration number	JQA-OH0364 (Date of registration March 25, 2022)
Application standard	ISO 45001:2018/JIS Q45001:2018
Worksite	Shindengen Electric Mfg. Co., Ltd.
Relevant worksite	Okabe Shindengen Co., Ltd.
Registration scope	<ol style="list-style-type: none"> 1) Design, development, and manufacture of electronic automotive parts, circuit products, semiconductor products, and applicable products 2) Design, development, and manufacture of telecommunication devices, consumer products, industrial power sources, and system products 3) Design, development, and manufacture (outsourcing) of magnetic components

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
https://www.shindengen.com/csr/sustainability/shindengen_policy/

Social

Labor Practice

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.

The Asaka Office of Shindengen Electric Manufacturing Co., Ltd. became a participant in the Cycling Etiquette Improvement and Safety Promotion Company project directed by the Saitama Prefectural Police in April 2023. It was the first company to participate among the offices and companies in Asaka City, and it has received written directives from the Chief of Asaka Police Station. The goal of the Cycling Etiquette Improvement and Safety Promotion Company project is for companies to voluntarily engage in activities concerning the safe use of bicycles in order to help prevent bicycle accidents. The number of people who commute by bicycle has increased due to the avoidance of public transport during the COVID-19 pandemic, and due to greater interest in health, so we will continue to carry out education and information campaigns for our employees in order to improve their etiquette.

As an excellent organization addressing traffic safety problems, Lumphun Shindengen received the Prime Minister Road Safety Award from Thailand's prime minister in December 2021. We are continuing our traffic safety initiatives in FY 2022 as well, including by conducting free inspections for our employees' cars and motorcycles and safe driving lessons with the cooperation of local companies.



Presentation of a directive from Asaka Police Station (Shindengen Asaka Office)



Safe driving education and free inspection (Lumphun Shindengen)

Activities on Disaster Prevention and Response

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

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

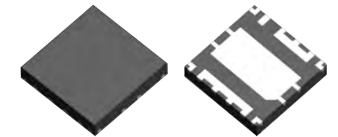
Products that Contribute to Safety

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

With modern vehicles continuing to become more electric, computerized, and network-connected, they are being installed with an increasingly wide variety of electronic control units (ECUs). Shindengen Electric Manufacturing Co., Ltd. has begun sales of the MF2003SV IC V-Diode™, an ideal diode for reverse connection protection and reverse current prevention uses, for car electronics such as ECUs.*

By integrating a Pch MOSFET with a reverse connection protection and reverse current prevention circuit, this product contributes to low loss for electronic devices. It also contributes to downsizing through a reduced mounting area and number of components compared to conventional diodes.

*For protecting ECUs against automobile battery reverse connection, and for preventing reverse current from flowing from the inside of the ECU to the battery and protecting other ECUs



Ideal Diodes IC V-Diode™ MF2003SV

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 CompanyWide Quality Policy. With all employees contributing their ideas, we are taking a multifaceted approach in our creative efforts to manufacture products of high quality. To this end, we are engaged in quality improvement activities that encompass all processes, ranging from planning, design, development and manufacturing to shipment, and prioritize the customer perspective.

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

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



Basic Policy on Product Safety https://www.shindengen.com/csr/sustainability/shindengen_policy/

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.

The representatives of the Group's production sites gathered every year in Japan to organize it, but since FY 2020 it has been held online in consideration of the risk of COVID-19 infection.

Specific case studies are examined with a focus on building knowledge upon such successes across manufacturing processes and the Group.

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.	ISO9001	UKAS	August 5, 2024
SHINDENGEN (THAILAND) CO., LTD.	ISO9001	UKAS	August 27, 2025
GUANGZHOU SHINDENGEN ELECTRONICS CO., LTD.	ISO9001	DAKKS	November 17, 2025
PT. SHINDENGEN INDONESIA	ISO9001	UKAS	February 22, 2026
SHINDENGEN VIETNAM CO., LTD.	ISO9001	ANAB	May 8, 2025
AKITA SHINDENGEN CO., LTD. OURA FACTORY	IATF16949	IATF	July 15, 2024
AKITA SHINDENGEN CO., LTD. ASUKA FACTORY	IATF16949	IATF	July 14, 2024
HIGASHINE SHINDENGEN CO.,LTD.	IATF16949	IATF	July 15, 2024
LUMPHUN SHINDENGEN CO., LTD.	IATF16949	IATF	November 4, 2025
SHINDENGEN PHILIPPINES CORP.	IATF16949	IATF	December 12, 2025

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. The customer consultation desk has actively worked with customers to solve problems and improve customer satisfaction.

Social

Community Involvement and Development

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



Moving Towards Decarbonization

Initiatives to Realize Decarbonization

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

“Concealed AC Charger” for EVs/PHEVs Goes on Sale

Shindengen Electric Manufacturing Co., Ltd. began accepting orders for its “concealed AC Charger” for EVs/PHEVs from May 19, 2023. The concealed AC Charger is a smart charger created through the technological power of Shindengen as a power supply manufacturer. It is based on the concepts “concealed,” “pursuing ease-of-use for an EV charger,” and “responsible manufacturing and considering a sustainable society.” The charger does not have operating buttons, but instead provides a range of services depending on the purpose of use, such as charging just by plugging in and wireless control. Since it is compact, sturdy and completely waterproof, it can also be installed on the ground. It can be used in a free layout on the ceiling, on the ground, horizontally or vertically without worry. By making EV charging simpler and easier to do, we will help popularize electric vehicles (EVs) and plug-in hybrid vehicles (PHEVs) and contribute to the realization of a decarbonized society.

- The housing uses aluminum, said to be an eco-friendly material. The heat radiation mechanism and screwing flanges are made of aluminum as well, making it a product with high recycling and energy-conserving performance.
- Energy can be saved by conserving construction materials through direct installation on the ground. It can be installed on the ground or a wall using only 4 bolts.
- Low center of gravity makes it strong against natural disasters. Installing it on the ground gives it a low center of gravity, making a safe design with a lower risk of the anchor bolts breaking, falling over, or deforming compared to conventional pole-type chargers.



Model: PM-CS09-M-CG
Output: 6kW (200V/30A)
Installation: Ground, wall surface, ceiling, diagonal surfaces, unseen places, etc.
Functions: Wireless control/output current adjustment

Ultra compact & free layout
Although it is a 6kW output MODE 3 charger, the cables and connector holder can be freely laid out.



EV Chargers
https://www.shindengen.com/products/eco_energy/stand/

Yamagata Prefecture “J-Credit*” Sale Agreement Concluded

In March 2023, Shindengen Electric Manufacturing Co., Ltd. responded to and was selected for a recruitment call for companies to purchase J-Credits, the CO₂ reduction value created by Yamagata’s Prefecture’s “Yamagata Sun and Forest Association Credit” initiative. We have participated in this project since FY 2017, and in FY 2022 we concluded a sales agreement to purchase 210t-CO₂. We intend to use it efficiently to offset the CO₂ emitted in our business activities.

*The CO₂ reduction value from renewable energy created by households etc. in the prefecture, which has been certified by the government in the form of credits. It can be used to offset the CO₂ emitted from business activities.



A letter of appreciation from Mieko Yoshimura, prefectural governor of Yamagata.

Social

Community Involvement and Development

Engaging with Local Communities

Community Activities

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

Akita Shindengen Receives Silver Merit Medal from Japanese Red Cross Society

All of the Shindengen Group companies cooperate actively with the blood donation activities of the International Red Cross. Akita Shindengen was awarded the silver merit medal in acknowledgement of its longstanding support for the blood donation activities of the Japanese Red Cross Society. As members of their local communities, Shindengen Philippines and Shindengen Thailand are also working to popularize blood donation in order to support people who need blood transfusions.



Japanese Red Cross Society silver merit medal (Akita Shindengen)

Activities to Support Children

Shindengen Thailand donated items to Rangsit Babies' Home Orphanage in Pathum Thani Province, Thailand. Many children who cannot live with their families due to economic difficulties and other situations live at the orphanage. Shindengen Thailand also supports children who are trying hard to learn despite economic difficulties, such as by providing lunch to the children of hill tribes who are studying at temples. Shindengen India also donated tableware and other items to orphans.



Donation to the Rangsit Babies' Home Orphanage (Shindengen Thailand)



Lunch support to the children of hill tribes (Shindengen Thailand)

Support Activities for Rescue Dogs and Cats

Shindengen Thailand sent pet food to a rescue facility for stray cats and dogs, providing support to reduce the number of unfortunate animals as best as they can.



Contribution to Education

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

As a partner company of Dualtech Training Center, a vocational school, Shindengen Philippines has been acclaimed for accepting interns and providing training subsidies, and it was awarded the Best Collaborator Award. Shindengen Philippines also donated school supplies, printers, displays, masks, and alcohol for sterilization to nearby schools to help the children return to face-to-face classes in a safe environment. Shindengen Thailand donated computer equipment to schools in Udon Thani Province. Together with other companies in the industrial park, Shindengen Vietnam donated equipment and provided scholarships to local elementary and middle schools. Shindengen Indonesia donated to a school for Japanese people and supported Japanese children studying overseas.



Specialist School Best Cooperating Company Award (Shindengen Philippines)



Donated used computers (Shindengen Thailand)

Social

Community Involvement and Development

Donated to Asaka City's Green Urban Development Fund

In February 2023, Shindengen Electric Manufacturing Co., Ltd. made a donation to the Green Urban Development Fund established by Asaka City, Saitama. We have set "Contributing to a society in harmony with nature" as one of the goals in our Environmental Vision 2050, so we continually engage in initiatives that promote harmony between the environment and the local community. This urban development fund was established to provide the funding needed to preserve green areas and promote greening in Asaka City.



Left: Katsunori Tomioka, Mayor Asaka City
Right: Yoshinori Suzuki, President

Supporting areas affected by natural disasters

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

Shindengen Philippines made donations to the victims of the flooding and heavy rainfall caused by Tropical Storm Nalgae which occurred in October 2022 and caused enormous damage, mainly to Mindanao island in the Philippines. Shindengen Indonesia donated money to help with relief efforts for the earthquake that occurred in western Java in November 2022.

Shindengen Electric Manufacturing Co., Ltd.'s Asaka Office won the FY 2022 Good Design Award

The Asaka Office of Shindengen Electric Manufacturing Co., Ltd., the company's main location, was awarded the FY 2022 Good Design Award (organized by the Japan Institute of Design Promotion). The office, which started operating in April 2021, has four concepts: "concentration of functions and increased productivity," "environmentally advanced," "pleasant and easy to work in," and "safety and peace of mind." The building contains an atrium which facilitates natural lighting and ventilation, and it actively uses energy-saving technologies such as an air-conditioning system with under floor air conditioning and a humidity controlling outdoor-air unit, and CO₂ automatic control, making it a building which is conscious of the surrounding environment.



Community Cleaning and Tree Planting Activities

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

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

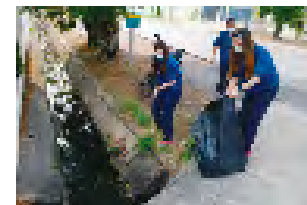


Higashine Shindengen's beautification activity



Cleanup activities (Shindengen Three E)

Shindengen Thailand cleaned up the gutters and roads around the company. Shindengen Philippines participated in cleaning up the beaches of Paranaque City. They also contributed to greening the community by participating in beach cleanup and mangrove planting activities in the Province of Batangas and tree-planting and river cleaning in Calamba City.



Shindengen Thailand's beautification activity



Shindengen Thailand's beautification activity

Social

Community Involvement and Development

Activities Rooted in Local Communities

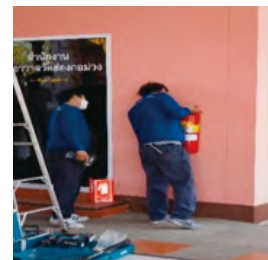
The globally operating Shindengen Group is working on activities to contribute to local communities led by employees with the aim of becoming more closely engrained in each community.

There are many Buddhist temples in Thailand, and they play an important part in the lives of the Thai people. Lumphun Shindengen considers building strong ties with nearby temples a good way to contribute to the community.

Shindengen Thailand made donations to Phrabat Nam Phu temple in Lopburi Province in central Thailand. The management of the temple, which takes in HIV carriers and AIDS patients and gives them lifestyle support, is supported by voluntary donations. Shindengen Thailand also supported the food expenses of a workhouse that accommodates people who need assistance because of economic difficulties. Together with other companies in the Thang Long industrial park, Shindengen Vietnam donated to the government's disaster prevention fund. Shindengen Indonesia participated with other companies in Lebaran (end of Ramadan) activities in the GIIC industrial park, where it is located, and donated to neighbors of the park. Akita Shindengen clips the stamps from envelopes it receives so that the postmarks remain, stores them, and donates them to the Honjo Corporate Association.



Lumphun Shindengen's donated fire extinguishers and usage education



Donation and installation of fire extinguishers (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 it is like to work for a manufacturer.

After receiving requests from the Akita Local Revitalization Agency and the University of Akita, Akita Shindengen provided factory tours and internships for middle school, high school, and university students. Shindengen Kumamoto Technoresearch Co., Ltd. accepted students from Kindai University and Kinki University Faculty of Junior College Division for company tours and internships. They also cooperate in educating students about on-site work through company information sessions as part of the lessons at the National Institute of Technology (KOSEN), Kumamoto College. Shindengen Philippines accepts interns as a partner company of a technical school called Dualtech Training Center. Shindengen Thailand accepted nine interns from universities in Thailand, and Lumphun Shindengen accepted seven interns from universities and technical colleges and taught them various things through workplace experiences and other means.



Training of the electric engineer (Lumphun Shindengen)

Environment

Environment

Since 1992, Shindengen has been working on environmental issues as an important management issue.

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



Shindengen Group Environmental Policy

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



Environmental Policy <https://www.shindengen.com/csr/environment/policy/>

Environmental Management

Change in Scope of Application of the Environmental Management System

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

In February 2022, the scope of applications for Shindengen Electric Manufacturing Co., Ltd. came to encompass the Asaka Office which now covers head office functions.

As a result, the Shindengen Group's environmental management system, which deploys environmental conservation activities, was reviewed with Shindengen's Asaka Office and major domestic production companies as the scope of application.

Creating a System for Environmental Vision 2050

We reorganized the Energy Conservation Committee, which had been under the Environment Committee, in April 2022 to establish the Decarbonization and Energy Conservation Committee as an organization to promote the Shindengen Group's Environmental Vision 2050 and FY 2030 environmental targets.

The Decarbonization and Energy Conservation Committee comprises environment-related departments, operating departments, and Group companies. In addition to Shindengen's environmental management division, the Planning Department and Sustainability promotion office now serve also as its secretariats. In this way, the committee functions as a system that cuts across everything from top management down to the front lines.

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.

With the support of Shindengen Electric Manufacturing Co., Ltd., Shindengen Three E conducted environmental internal auditor development training in April 2022. 11 persons at the assistant manager level or higher underwent the training, which was conducted with the aim of changing the generation of persons with environmental internal auditor qualifications and deepening each department heads' understanding of the EMS. As a result of the environmental internal audit development training, it is now possible to implement environmental internal audits smoothly. Moreover, the training heightened the awareness of each department head towards compliance with laws and regulations and written standards, which strengthened the company's Environmental Management System initiative.

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

Environment

Environmental Objectives and Targets

At the Shindengen Group, we set environmental objectives and targets 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 2022)

Objective	Target	Result
Promote chemical substance management <ul style="list-style-type: none"> Contribute to environmental protection efforts through the proper management of products contain chemical substance information 	<ul style="list-style-type: none"> In preparation for the enforcement of the amended Law concerning Pollutant Release and Transfer Register, reorganize the information subject to change in accordance with the amendments and reflect the changes in our database. 	Having positioned this as a year of preparing our response to the large-scale revision of the Law concerning Pollutant Release and Transfer Register (PRTR system) in April 2023, the Chemical Substance Management Committee implemented items 1) to 3) below according to plan and achieved their targets. <ol style="list-style-type: none"> Understood the revised Law concerning Pollutant Release and Transfer Register Prepared to obtain the Safety Data Sheet (SDS) Revised the in-house used list of substances covered by the law.
Promote energy conservation <ul style="list-style-type: none"> Help solve issues related to climate change and curb global warming by working to reduce total CO₂ and make energy use more efficient in consideration of the value chain for the entire business 	<ul style="list-style-type: none"> Target 1 Improve energy intensity by at least 1.99% by the end of FY 2022 compared with FY 2020 throughout the entire Group in Japan Note: 9.56% by the end of FY 2030 compared with FY 2020 Target 2 Establish medium-term action plans and implementation systems to reduce absolute CO₂ emissions during production throughout the entire Group in Japan 46% or more compared with FY 2013 by the end of FY 2030 	<p>The crude oil equivalent energy intensity (weighted average) of the Shindengen Japan Group as at the end of FY 2022 recorded a 19.19% improvement over the end of the same month in 2020.</p> <p>We pursued power supply agreements for electricity derived from renewable energy and achieved a reduction of 16.5% in FY 2022 compared to the base year.</p>
Promote proper waste management <ul style="list-style-type: none"> Environmental consideration through plastic reduction and substitution in our main business 	<ul style="list-style-type: none"> Build operations to replace plastics and create a system to continually suppress plastic use 	Each Shindengen Group company in Japan identified detailed issues involving their reduction of plastic, and set targets which they largely achieved.

The Shindengen Group Domestic Companies: Environmental Objectives and Targets (FY 2023)

Objective	Target
Promote chemical substance management <ul style="list-style-type: none"> Engage in sustainable activities to protect people and the environment through appropriate management of information about chemical substances contained in products 	<ul style="list-style-type: none"> Ensure the update of chemical substance SDS and appropriately manage the amounts of chemical substances in products in response to the implementation of revisions to the Law concerning Pollutant Release and Transfer Register
Promoting decarbonization and energy conservation measures <ul style="list-style-type: none"> Help solve issues related to climate change and curb global warming by working to reduce total CO₂ and make energy use more efficient in consideration of the value chain for the entire business Strengthen compliance through a proper response to environmental information disclosures 	<ol style="list-style-type: none"> Increase the Group's consolidated crude oil equivalent energy intensity improvement rate by 2.97% compared to FY 2020 (improvement of 9.97% by end of FY 2030) Reduce the Group's consolidated Scope 1+2 CO₂ emissions by 27.1% compared to FY 2013 (46.07% reduction by end of FY 2030) Reduce the Group's consolidated Scope 3 CO₂ emissions by 5.56% compared to FY 2021 (25.02% reduction by end of FY 2030) <p>Increase the precision of our information disclosures to stakeholders by firmly establishing our CDP disclosure response tasks and obtaining SBT</p>
Promote proper waste management <ul style="list-style-type: none"> Environmental consideration through plastic reduction and substitution in our main business 	<ul style="list-style-type: none"> Build operations to replace plastics and create a system to continually suppress plastic use

Environment

Environment

Environmental Vision 2050

Environmental Vision

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

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

Environmental Vision 2050

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

《Contributing to decarbonization》

We aspire to realize decarbonization throughout the entire value chain.



《Contributing to a recycling-oriented society》

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



《Contributing to a society in harmony with nature》

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



Environmental Targets in 2030

《Contributing to decarbonization》

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

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

《Contributing to a recycling-oriented society》

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

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

《Contributing to a society in harmony with nature》

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

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

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

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

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

Environment

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 2022 main activities, including practical case studies.

Reduction of carbon dioxide emission volume

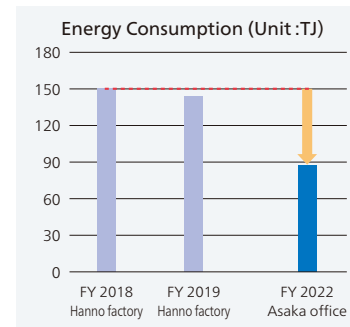
The Shindengen Group is endeavoring to reduce its CO₂ emissions to fulfill the FY 2030 environmental targets it announced at the same time as its Environmental Vision 2050. The Shindengen Group in Japan participates in the Carbon Neutrality Action Plan formulated and promoted by the electric and electronic machine industries as a voluntary action plan, and to improve its energy intensity improvement rate by a yearly average of 1% or more and reduce its CO₂ emissions by 46% compared to FY 2013, it is engaged in activities to improve the energy efficiency of its production processes and improve equipment, and it undertakes various measures to reduce CO₂ emissions in its business activities. Amidst such efforts, Shindengen Electric Manufacturing Co., Ltd. aims to reduce its CO₂ emissions by 46% in FY 2030 compared to FY 2013, and from October 2022, it greatly increased the percentage of non-fossil certificate CO₂-free power supplied to the Asaka Office from the original 30% to 100%. As a ZEB Ready building, in addition to its energy-saving performance (a reduction of at least 50% in baseline energy consumption) the Asaka Office has achieved the feat of changing all of its power to CO₂-free power and greatly reducing its CO₂ emissions. Furthermore, Okabe Shindengen has introduced non-fossil certificate CO₂-free power equivalent to 50% of its electric power used, and Akita Shindengen, Higashine Shindengen and Shindengen Three E also plan to follow suit in introducing CO₂-free power. The CO₂ emission reduction effect of domestic Group companies in FY 2022 was equivalent to approximately 1,550t-CO₂ thanks to the introduction of CO₂-free power. For overseas Group companies, Shindengen India is striving to reduce CO₂ emissions by installing solar power generating equipment on top of its roof. Additionally, all of the Shindengen Group companies inside and outside Japan are engaged in energy-saving activities to reduce their CO₂ emissions. These include upgrading to energy-saving equipment such as LED lighting, improving production equipment and processes, and increasing air conditioning efficiency. This is in addition to the efficient operation of factory equipment through moves such as turning off the power on unused equipment through the diligent power-saving efforts of employees.

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

An Example of Reducing CO₂ by Changing the Transportation Method

Starting in FY 2022, Shindengen Electric Manufacturing Co., Ltd. has been working on “Green Logistics,” a joint delivery service in collaboration with other companies in the same industry who have locations in the same Saitama Prefecture. Although other companies in the same industry are business rivals, we have a common point in that our delivery destinations are close, so our interests are aligned on the subject of more efficient transportation. We therefore started a joint delivery scheme where trucks go around delivery destinations with the products from our companies mixed and loaded. From June 2022 to March 2023, they saved about 830km in distance travelled, roughly equal to the distance from Tokyo to Kyushu.

FY 2022 Asaka Office (April 2021 start) Energy Use Reduction Effects



The Shindengen Group Companies: Primary challenge (FY 2022)

Primary challenge	Office Names
Photovoltaic power generation facilities installation	Shindengen India
Renewable energy purchase contract	Shindengen Electric MFG, Akita Shindengen, Okabe Shindengen, Shindengen India
LED light installation	Higashine Shindengen, Shindengen Three E, Lumphun Shindengen
Converting equipment to inverters	Shindengen Philippines, Lumphun Shindengen, Shindengen Thailand

Environment

Environment

Contributing By Providing Environmentally Friendly Products

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

Greenhouse Gas Emissions (Scope 1, Scope 2, Scope 3)

Shindengen Electric Manufacturing Co., Ltd. calculates the GHG protocol's Scope 1, Scope 2, and Scope 3 emissions based on greenhouse gas emissions-related data collected from the value chain.

 **ESG Data (Reducing CO₂ Emissions, Scope 1, Scope 2, Scope 3)**
<https://www.shindengen.com/csr/esgdata/>

Initiatives for biodiversity

Recognizing the relationship between biodiversity and business activities, we are providing employee education at domestic Shindengen Group companies using an in-house developed original DVD in accordance with the eight Aichi targets outlined in the "Guidelines for Action by the Electrical and Electronic Industries concerning Biodiversity Conservation." In addition, we are working on initiatives to protect the surrounding plant and animal habitats. One such initiative is protecting forests by using FSC-certified paper for documents such as for corporate brochures and product catalogs, and using Rainforest Alliance-certified coffee at the canteen.

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. They also endeavor to increase the area of green space and trees planted on their business premises and protect the plant and animal habitats in the areas surrounding their offices.



Shindengen Philippines tree planting activity

Initiatives to Reduce Plastic

The Shindengen Group in Japan aims to be environmentally friendly by replacing or reducing the use of plastic, and each company has set specific targets for reducing plastics, which it is working towards. Shindengen Electric Manufacturing Co., Ltd. held an internal briefing session mainly on the Act on Promotion of Resource Circulation for Plastics which went into effect in 2022. This enabled them to align the awareness of all employees on plastics and obtain understanding for future initiatives. Meanwhile, individual Group companies in Japan have set targets that suit them, such as reducing the amount of packaging, selecting recycling operators to implement continued recycling, and increasing the recycling rate through improved sorting.

Lumphun Shindengen Awarded ECO FACTORY Certification

Lumphun Shindengen received ECO FACTORY certification in recognition of its participation in SDGs schemes organized by the Ministry of Industry in Thailand and the industrial park secretariat, and its many years of environmental conservation activities. In the ECO FACTORY certification examination, they were evaluated on the contents of their initiatives involving conserving resources, saving energy, protecting water resources, reducing greenhouse gases, green procurement, biodiversity, managing emitted gases, waste, wastewater, drugs and hazardous substances, safety and hygiene, logistics, and green spaces within the factory, and contributions to the local community. The certification is valid for three years, and when it is renewed, the examination will check for improvements in the environmental effects of the evaluation items.



ECO FACTORY certification

Environment

Environment

Chemical Management

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

The Chemical Substance Management Committee (consisting of Shindengen’s Asaka Office and domestic Group companies) regularly shares with Group companies the latest information regarding domestic and international laws and regulations, studies green procurement standards, manages information about chemicals contained in products, and manages chemicals used in-house.

Environmental Remediation

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

For sites with a history of using specific hazardous substances, we are making ongoing efforts even now to manage and respond appropriately to environmental risks that continue to be posed by soil pollution. Management status is regularly reported to the relevant administrative authorities.

PRTR Report

(Unit : t)

No.	List of Class 1 Designated Chemical Substances			Amount handled		Emissions				Amount transferred	
	Name	No.	CAS No.	FY 2021	FY 2022	Atmospheric	Public waterway	Soil	Landfill deposit	Sewage	Waste material
1	n-Alkylbenzenesulfonic acid and its salts	30	—	21.4	18.8	0.0	0.0	0.0	0.0	0.0	11.4
2	Antimony and its compounds	31	—	9.3	7.8	0.0	0.0	0.0	0.0	0.0	5.0
3	Ethylbenzene	53	100-41-4	11.6	10.5	0.5	0.0	0.0	0.0	0.0	10.1
4	Ethylenediamine	59	107-15-3	1.2	1.4	0.1	0.1	0.0	0.0	0.0	0.8
5	Xylene	80	1330-20-7	42.9	39.0	1.6	0.0	0.0	0.0	0.0	37.7
6	Dichloromethane	186	75-09-2	1.1	1.7	0.1	0.0	0.0	0.0	0.0	1.3
7	Tetrahydromethylphthalic anhydride	265	11070-44-3	15.2	10.4	0.0	0.0	0.0	0.0	0.0	2.2
8	1,2,4 -Trimethylbenzene	296	95-63-6	30.6	31.6	0.9	0.0	0.0	0.0	0.0	17.6
9	1,3,5 -Trimethylbenzene	297	108-67-8	7.6	8.2	0.2	0.0	0.0	0.0	0.0	4.7
10	Naphthalene	302	91-20-3	1.1	1.1	0.1	0.0	0.0	0.0	0.0	0.8
11	Lead compounds	305	—	87.7	65.7	0.0	0.0	0.0	0.0	0.0	0.5
12	Hydrazine	333	302-01-2	3.3	3.7	0.0	0.0	0.0	0.0	0.0	2.8
13	Pyrocatechol	343	120-80-9	3.1	2.7	0.0	0.0	0.0	0.0	0.0	1.6
14	Phenol	349	108-95-2	3.5	3.8	0.2	0.0	0.0	0.0	0.0	2.9
15	Hydrogen fluoride and its water-soluble salts	374	—	82.9	74.7	0.1	0.0	0.0	0.0	0.0	0.0
16	1-Bromopropane	384	106-94-5	4.9	3.9	2.6	0.0	0.0	0.0	0.0	0.0
17	Methylnaphthalene	438	1321-94-4	20.6	19.7	0.1	0.0	0.0	0.0	0.0	2.9
Total				348.0	304.7	6.4	0.1	0.0	0.0	0.0	102.2

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

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

Environment

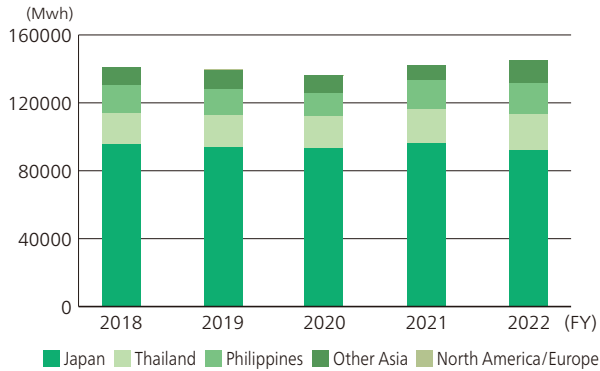
Environment

Trends in primary environmental loads associated with manufacturing activities

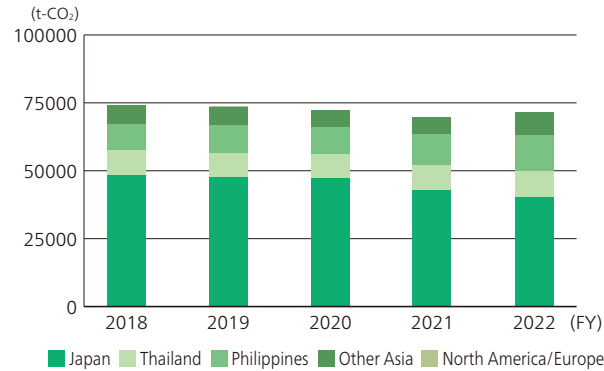
Energy

* In the "CO₂ Emissions" of "Fuel Oil Consumption," the data of 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

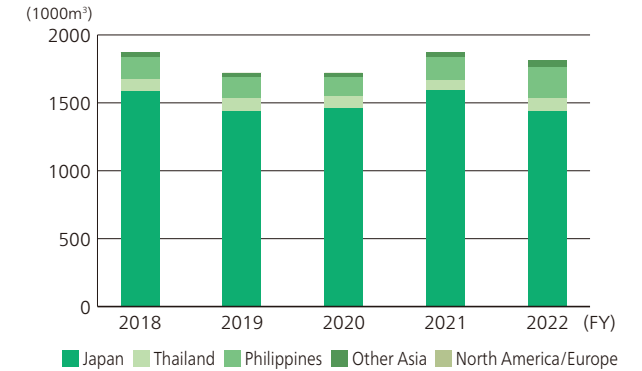


CO₂ Emissions from Electricity Consumption

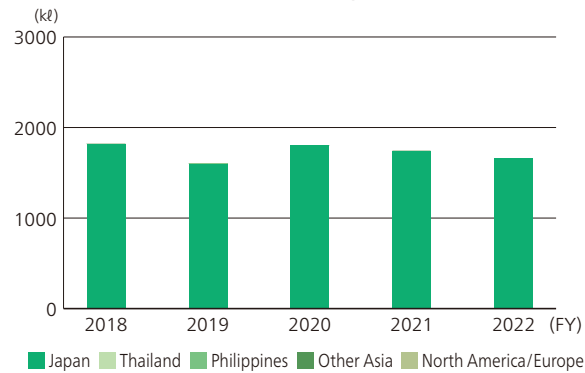


Water

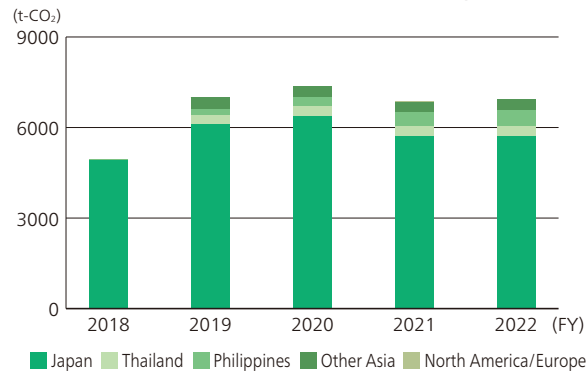
Water Consumption



Fuel Oil Consumption

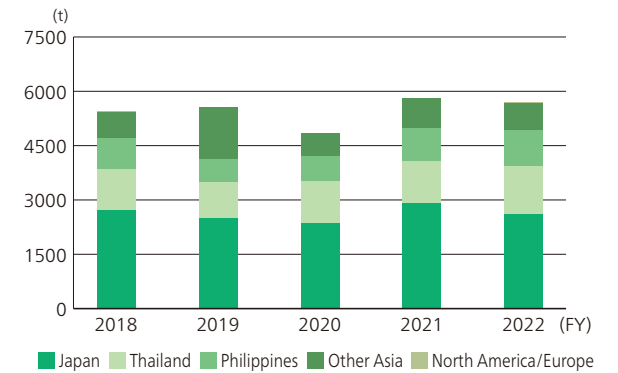


CO₂ Emissions from Fuel Oil Consumption



Waste

Total Waste Emissions



Environment

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 2021		FY 2022	
		Investment	Cost	Investment	Cost
1. Business area cost		41	484	281	359
Breakdown	Pollution prevention cost	9	179	13	155
	Global environmental conservation cost	31	54	267	64
	Recycling, disposal costs	1	251	0	140
2. Upstream/downstream cost	Cost of green procurement, and cost of analytical instruments	0	46	0	88
3. Administration cost	Environmental education fees, certification costs, and internal audit costs	0	264	0	357
4. R&D cost	Development of energy-saving and highly efficient products and rapid chargers for EVs	0	234	0	175
5. Social activity costs	Participation in local community environmental activities	0	2	0	2
6. Environmental remediation costs	Remediation of contaminated soil and groundwater	0	38	0	175
Total		41	1,067	281	1,155

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 2021	FY 2022
Revenue	Revenues from sale of recycled products	690	860
Expense reduction	Energy expense savings from energy conservation (electricity, fuel oil, etc.)	85	41
	Disposal cost savings from reduced material usage or recycling	2	5
	Other expense savings from environmental improvements	0	0
Total		778	906

[2] Environmental Conservation Benefit (physical quantities)

Item	FY 2021	FY 2022
CO₂ emissions (t-CO₂)	76,448	78,425
Electricity consumption (GWh)	142	145
Fuel oil consumption (kℓ)	1,742	1,662
Water consumption (1000m³)	1,872	1,809
Amount of waste (t)	206	226
Amount of material recycled (t)	5,586	5,456

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).

Environment

Environment

Initiatives for Climate Change

Information Disclosures based on TCFD Recommendations

The TCFD recommendations propose that corporations understand the risks and opportunities that climate change poses to their business activities and disclose the following items. The Shindengen Group discloses its climate-related initiatives according to the four pillars of disclosure advocated by the TCFD recommendations, namely Governance, Strategy, Risk Management, and Metrics and Targets.

Governance

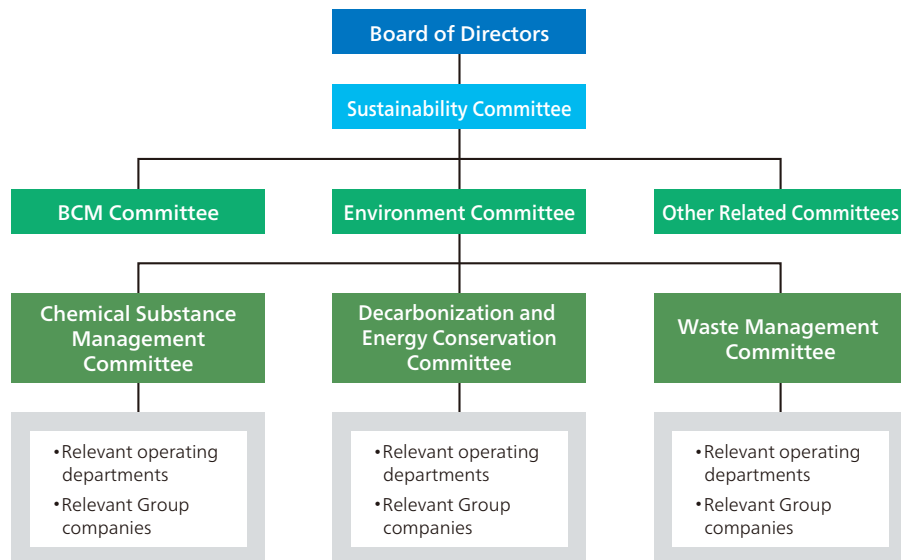
Shindengen’s Board of Directors deliberate and decide on matters material to management, including climate-related risks and opportunities in the Shindengen Group. In addition, the Board receives reports on the business execution status of directors and has in place a system that enables appropriate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

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

The activities of these committees are reported where appropriate by the Sustainability Committee, chaired by the President, to the Board of Directors, which continually strives to enhance corporate governance and strengthen sustainability activities.

Strategy

The Shindengen Group stated what we want to become in our Long-Term Vision 2030 as follows: “A power electronics company which creates environmentally friendly cutting-edge solutions via innovative technologies, contributes to a sustainable society, and continues to be needed by all stakeholders.” Along with an awareness of climate change as a serious social issue, we also recognize that it poses risks and opportunities to our business, and we will strengthen initiatives such as activities to reduce CO₂ emissions and the expansion of our recycling-oriented businesses on a long-term and ongoing basis. To reflect climate change countermeasures in our management strategies, we conducted a scenario analysis according to the TCFD recommendations. The scenario analysis makes reference to the well below 2°C scenario and 4°C scenario indicated by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC). According to the results of the analysis, in the well below 2°C scenario, the push towards a decarbonized society will encourage tighter regulations and technological innovation, the rise in temperature will be limited to a sustainable level, and it is thought that responses to migration risks and opportunities, such as policy shifts, technological innovation, and reputation changes aimed at decarbonization, will be promoted. In the 4°C scenario, no effective measures to reduce CO₂ are put in place and the temperature continues to rise, and it is likely that responding to physical risks and opportunities such as intensified abnormal weather will become an issue of utmost importance. In either case, despite concerns about cost increases, the Shindengen Group believes that the base of our business will expand because demand for environmentally friendly products is expected to increase.



Environment

Environment

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

Transitory Risks and Opportunities

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

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

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

Environment

Environment

Risk Management

The Board of Directors and the Environmental Committee manage risks appropriately. They collect wide-ranging information about climate change-related regulations and risk factors that could affect the Shindengen Group's business operations, and for matters where the risk posed by climate change is expected to become apparent, they assess the impact and draw up measures to minimize the risk. Furthermore, all business risks, including climate change-related ones, are assessed by the BCM Committee and reported to the Board of Directors as needed. Additionally, we strive as a company to further improve our disaster prevention and our business continuation ability through means such as practical BCP training based on the Business Continuity Plan (BCP) to prepare for situations where it is difficult to continue business normally due to a natural disaster, for example.



BCP(Business Continuity Plan)

https://www.shindengen.com/csr/governance/risk_management/

Metrics and Targets

Shindengen has established our "Environmental Vision 2050" for the purpose of promoting group-wide activities focusing on environmentally responsible action as one of the important business tasks. The sustainable society the Shindengen Group aspires towards is defined as one of "decarbonization", "a recycling-oriented society", and "a society in harmony with nature", and we focus on this ideal not only in the Shindengen Group's business activities, but throughout our entire value chain, aiming to minimize our environmental burden by the year 2050. In addition, we have also established the FY 2030 Environmental Targets as a guidepost towards Environmental Vision 2050, and we will accelerate our environmental contributions by practicing the SDGs-related material issues identified by the Shindengen Group.



Environmental Vision 2050, FY 2030 Environmental Targets

<https://www.shindengen.com/csr/environment/vision2050/>

■ Initiatives for the Science Based Targets initiative (SBTi)

Status of Obtaining SBT Certification

Shindengen Electric Manufacturing Co., Ltd. began SBT-focused initiatives in September 2021. We recognized the importance of Scope 3 calculations for obtaining SBT certification, and we established a calculation method with the support of experts after collecting the basic information for calculating Scope 3. In December 2021, we applied for SBT certification, and we have been undergoing an examination starting from August 2023.

Note that the SBT certification examination takes place in July 2023. On the SBT certification application, we put the following as the CO₂ emission reduction targets of the Shindengen Group in Japan and overseas.

FY 2030 Medium-Term Targets

- Scope 1, 2: A 42% reduction by the end of FY 2030, using FY 2021 as the base year
- Scope 3: A 25% reduction by the end of FY 2030, using FY 2021 as the base year

Governance

Organizational Governance

Shindengen aims to address climate change risks, realize decarbonization, and solve social issues related to health and welfare.

Shindengen considers meeting the demands and expectations of its wide range of stakeholders related to its business activities its social responsibility. We will also continue building organizational governance systems to ensure the steady sustainable growth of society and the Shindengen Group.



Corporate Governance [Our Basic Stance]

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

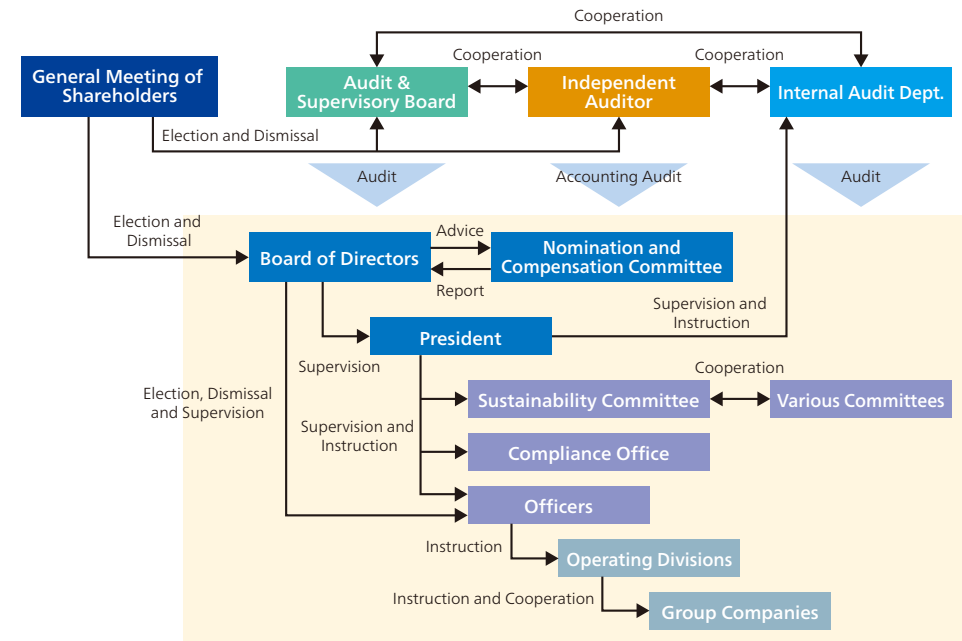
In addition, by separating management and execution, we allow for the coexistence of rapid decision-making and improved oversight of business execution while enhancing the effectiveness of the internal control system through which the Audit & Supervisory Board conducts independent audits. The organizational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

Compliance with the Corporate Governance Code

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

In November 2021, we established a Nomination and Compensation Committee as an advisory body to the Board of Directors. It consists of all outside directors and three representative directors. The committee considers and debates topics such as director nominations and appropriate compensation and reports to the Board of Directors as required. Furthermore, as a result of a revision in the Tokyo Stock Exchange categories in April 2022, our company moved to the Prime Market. We are working even harder to strengthen our governance structure in light of that.

Corporate Governance System (April 2023)



Governance

Organizational Governance

Authority and Role of the Nomination Committee/Compensation Committee

To improve the supervisory functions of the Board of Directors and enhance our corporate governance structure by further establishing the objectivity and transparency of the procedures concerning the nomination and compensation of directors, we established a Nomination and Compensation Committee as a voluntary advisory body to the Board of the Directors. The majority of the Committee is made up of independent outside officers, and an independent outside officer serves as the chairman as well.

Officer Compensation

The basic policy behind Shindengen's director compensation is that it should be a compensation system that is linked to shareholder profit so that it can function sufficiently as an incentive to work towards sustained growth in corporate value, and the compensation for each director should be set at an appropriate level that reflects their individual responsibilities. Specifically, compensation for directors (including outside directors) is composed of monetary and a non-monetary compensation. Monetary compensation is made up of basic compensation (fixed compensation) and variable compensation (performance-based compensation) that depends on the fiscal year's performance and medium- to long-term performance. Regarding the performance-linked part of compensation amounts for each individual, the Nomination and Compensation Committee reports the results of its deliberations to the Board of Directors, and after the Board of Directors has deliberated on them, the specific details are delegated to the President and CEO based on the resolution of the Board of Directors.

Assessment of the Effectiveness of the Board of Directors: FY 2022

To improve the functions of the Board of Directors, Shindengen Electric Manufacturing Co., Ltd. analyzes and assesses the board's effectiveness once a year and discloses a summary of the results. In FY 2022, the Board of Director's effectiveness assessment (self-assessment) was carried out using the following analysis and assessment method. A summary of the results is given below.

1. Analysis and Assessment Process

A survey about the effectiveness of the Board of Directors was administered to six directors (two of whom were outside directors) and four auditors (three of whom were outside auditors). Discussions were held on the results and the assessment was compiled, incorporating the opinions of an outside organization as well.

2. Summary of the Assessment Results

The survey checked the matters the Board of Directors considers important for effectively performing its roles and responsibilities (the constitution and management of the Board of Directors, deliberations about strategy, etc.), and also checked the involvement of the Board of Directors in issues such as the governance structure the market expects, and issues about sustainability. As a result of the survey, we confirmed from the points below that the company's Board of Directors is fulfilling its duties and functioning effectively.

- The Board of Directors is effectively operated. The members are aware of their individual responsibilities and hold constructive debates and exchanges of opinion.
- When the Board of Directors deliberates important matters, they set aside enough time for deliberations, management issues and problematic matters are appropriately discussed and reported, and both business execution and supervision are functioning effectively.

However we also confirmed issues that needed improvement, such as better officer training and provision of information to outside officers, more vigorous debate based on an awareness of capital costs and capital efficiency, the appropriate sharing of risk information by management, the stabilization of the operations of the Nomination and Compensation Committee, and timely and apt feedback to the Board of Directors.

3. Future Response

Based on these results, the company's Board of Directors will make continuous improvements and endeavor to improve its effectiveness even further.

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

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

Committee actions include:

Revised Shindengen Group Guideline for Action

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



Shindengen Group Guidelines for Action <https://www.shindengen.com/csr/governance/guidelines/>

Competition Law

As the main promotion body, the Compliance Committee continually conducts PDCA cycles to build a compliance program for Competition Laws. As for specific actions, the committee established antitrust law compliance rules, rules for interacting with competitor companies, and a manual for applying for penalty reductions and exemptions (2016); provided cooperative support to overseas group companies on preparing corresponding rules (2017), regularly provides in-house education and training to sales departments. As for recent actions, we reflected the fine exemption system newly introduced by the 2019 revised Antitrust Law that came into effect in December 2020 by amending the internal rules and related manuals.

Bribery Prevention Actions

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

Initiatives for the Personal Information Protection Law

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



Privacy Policy <https://www.shindengen.com/privacypolicy/>

Whistleblowing System and Internal Reporting on Corporate Compliance

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

Governance

Fair Operating Practices

Risk Management

Business Continuity Plan

The Shindengen Group considers supply chain management and risk management during large-scale disasters one of its social responsibilities related to business activities. We formulate business continuity plans based on ISO 22301 (business continuity management) and implement systematic management. The Business Continuity Management (BCM) Committee was established in FY 2012 and chaired by the President. This Committee has strengthened disaster response and business continuity measures under the “Disaster Prevention and Business Continuity Policy” and regularly distribute and collate risk management information from across the Group in Japan and overseas. Annually, training and top management reviews are held to continuously improve the suitability, appropriateness, and effectiveness of the BCM system. In FY 2021, we held virtual situation-based drills remotely for each division. We improved and strengthened our BCPs while raising awareness by holding drills for each division based on highly realistic assumptions and questions rooted in the business continuity.

Responding to COVID-19

The highly infectious omicron variant of COVID-19 infected many people at Shindengen Electric Manufacturing Co., Ltd. as well.

Although the risk level of COVID-19 as an infectious disease has been lowered, the company continues to treat it as a business continuity risk with the BCM secretariat as a centralized contact point.

We endeavor to prevent the expanded spread of infection through means such as thoroughly disseminating the infection prevention measures we have been taking throughout the company, continuing to operate working from home by promoting telework, and using diagnostic kits. In addition, at affiliate companies, we take action on business continuity in response to the infection situation, and, in FY 2021, we maintained a business system that ensured that the infection rate would not get to a level where it has a serious impact on business continuity.

Information Security

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

On the other hand, in terms of information systems, we are strengthening various measures to deal with external security threats.

Additionally, the surveillance of employee internet activities and maintenance of computer operational logs through integrated monitoring software are designed to manage the risk of an information leak from an internal source.



Shindengen Group Information Security Policy

https://www.shindengen.com/csr/sustainability/shindengen_policy/

Export Control (Security Trade Control) and Import Control

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

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

Those certified as compliant with our internal qualifications are obligated to acquire the necessary specialized skills.

Emergency Response and Business Continuity Plan-Statement of Principles



Emergency Response and Business Continuity Plan-Statement of Principles

https://www.shindengen.com/csr/sustainability/shindengen_policy/

Governance

Fair Operating Practices

Protecting and Utilizing Intellectual Property

Basic Policy Related to Intellectual Property

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

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

Intellectual Property Strategy

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

Open Patent Initiatives

Aiming to revitalize local industry through global action on intellectual capital, collaboration between industry, academia, and government, and open innovation, Shindengen Electric Manufacturing Co., Ltd. is taking steps to effectively utilize patents and technologies related to electric converter technologies and circuit technologies owned by the company, by opening them to the World Intellectual Property Organization (WIPO), which is the specialist agency of the United Nations, and local public organizations. We took the stage at an online event organized by the Saitama Industrial Promotion Public Corporation from March 7th to 16th 2023 and introduced our open patents such as the "plant factory system using reefer containers" and "lightning surge simulator and control method."

Counterfeit Products – Zero-Tolerance

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



Beware of Counterfeit Shindengen Products <https://www.shindengen.com/support/beware/>

Incentive Programs for Inventors and Creator

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

Inter-Group Intellectual Property Collaboration

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

Major ESG Data

ESG	Category		Scope	Unit	FY 2020	FY 2021	FY 2022
Environment	Energy	Electric Power Consumption	Shindengen Group	MWh	136,115	142,288	145,010
		Renewable Electricity	Shindengen Group	MWh	249	4,379	10,297
		Renewable Energy Ratio	Shindengen Group	%	0.2	3.1	7.1
		Fuel Oil Consumption	Shindengen Group	kℓ	1,803	1,739	1,662
		Energy Consumption	Shindengen Group	TJ	1,429	1,535	1,516
		Improve Energy Intensity (2012 Standard)	Shindengen Group (Domestic)	%	16.7	27.6	28.2
	Water Consumption		Shindengen Group	1000m ³	1,720	1,873	1,809
	Greenhouse Gases Emissions	Scope1	Shindengen Group	t-CO ₂	7,351	6,848	6,941
		Scope2	Shindengen Group	t-CO ₂	72,359	69,600	71,483
		Scope3	Shindengen Group	t-CO ₂	—	1,477,464	1,280,666
		Purchased Goods and Services	Shindengen Group	t-CO ₂	—	266,450	315,117
		Capital Goods	Shindengen Group	t-CO ₂	—	16,740	15,219
		Fuel/Energy Related Activities	Shindengen Group	t-CO ₂	—	10,950	11,008
		Upstream Transportation and Distribution	Shindengen Group	t-CO ₂	—	30,627	30,369
		Waste Generated from Business	Shindengen Group	t-CO ₂	—	509	484
		Business Trip	Shindengen Group	t-CO ₂	—	847	886
		Employee Commuting	Shindengen Group	t-CO ₂	—	2,979	3,109
		Upstream Leased Assets	Shindengen Group	t-CO ₂	—	—	—
		Downstream Transportation and Distribution	Shindengen Group	t-CO ₂	—	1,290	1,515
		Processing and Downstream Transportation and Distribution of Sold Products	Shindengen Group	t-CO ₂	—	2,216	2,148
		Use of Sold Products	Shindengen Group	t-CO ₂	—	1,144,732	900,685
		Disposal of Sold Products	Shindengen Group	t-CO ₂	—	124	127
		Downstream Leased Assets	Shindengen Group	t-CO ₂	—	—	—
	Franchise	Shindengen Group	t-CO ₂	—	—	—	
	Investment	Shindengen Group	t-CO ₂	—	—	—	
	Reducing CO ₂ Emissions		Target Products	t-CO ₂	286,182	396,729	712,764
	PRTR Substances	Handling Amount	Shindengen Group (Domestic)	t	221.3	348.9	304.7
		Emissions	Shindengen Group (Domestic)	t	7.3	6.3	6.5
		Transportation Amount	Shindengen Group (Domestic)	t	42.0	103.1	101.7
	Waste Emissions	Total Waste Emissions	Shindengen Group (Domestic)	t	2,369	2,912	2,601
		Final Disposal Amount	Shindengen Group (Domestic)	t	3	3	3
		Recycled Amount	Shindengen Group (Domestic)	t	2,366	2,908	2,598
Recycling Rate		Shindengen Group (Domestic)	%	99.9	99.9	99.9	
Total Waste Emissions		Shindengen Group	t	4,843	5,792	5,682	
Final Disposal Amount		Shindengen Group	t	375	206	226	
Recycled Amount		Shindengen Group	t	4,468	5,586	5,456	
Recycling Rate	Shindengen Group	%	92.3	96.4	96.0		

We have recalculated Scope 3 emissions for FY 2021 and FY 2022 based on the SBT calculation criteria.

Major ESG Data

ESG	Category	Scope	Unit	FY 2020	FY 2021	FY 2022	
Social	Number of Employees (Shindengen)	Total	Shindengen	Person	979	963	997
		Male	Shindengen	Person	876	861	894
		Female	Shindengen	Person	103	102	103
	Female Worker Ratio		Shindengen	Person	9.6	9.7	10.3
	Number of Employees (Shindengen Group)	Total	Shindengen Group	Person	5,101	5,268	5,364
		Male	Shindengen Group	Person	—	3,017	3,108
		Female	Shindengen Group	Person	—	2,251	2,256
		Shindengen	←	Person	979	963	996
		Domestic Consolidated Subsidiaries	←	Person	1,384	1,376	1,364
		Overseas Consolidated Subsidiaries	←	Person	2,738	2,929	3,004
	Female Worker Ratio		Shindengen Group	%	—	42.7	42.1
	Average Length of Service		Shindengen	Year	17.7	17.3	17.9
	New Employee Hiring Status	Total	Shindengen	Person	33	43	68
		Male	Shindengen	Person	29	32	55
		Female	Shindengen	Person	4	11	13
	Ratio of Female New Graduate Hires		Shindengen	%	15.4	11.5	29.0
	Employee Turnover	Total	Shindengen	Person	58	39	19
		Male	Shindengen	Person	54	33	17
		Female	Shindengen	Person	4	6	2
	Turnover Rate		Shindengen	%	5.9	4.0	1.9
	Ratio of Female Managerial Positions		Shindengen	%	0.0	0.3	0.6
			Shindengen Group	%	—	—	9.8
	Overseas Subsidiary Manager Ratio		Shindengen Group (Overseas)	%	—	—	76.7
	Foreign Employees (Shindengen)	Total	Shindengen	Person	—	10	10
		Managers	Shindengen	Person	—	2	1
	Rate of Employees with Disabilities (as of June 1 of each year)		Shindengen	%	2.25	1.60	2.41
	Employees Taking Maternity Leave		Shindengen	Person	5	3	1
	Employees Taking Childcare Leave	Total	Shindengen	Person	11	11	9
		Male	Shindengen	Person	4	6	8
	Percentage of Men Taking Childcare Leave		Shindengen	%	8.7	30.0	44.4
	Reinstatement Rate Following Childcare Leave		Shindengen	%	100.0	100.0	100.0
	Employees Taking Nursing Leave		Shindengen	Person	0	2	0
Rate of Taking Paid Holidays		Shindengen	%	54.5	55.0	61.7	
Stress Check Attendance Rate		Shindengen	%	96.6	96.6	97.0	
Rate of Health Checkup		Shindengen	%	100.0	100.0	100.0	
Number of Occupational Accidents and Commuting Accidents	Total	Shindengen	Cases	5	3	7	
	Serious Accidents	Shindengen	Cases	0	0	0	
Monthly Overtime Hours per Person		Shindengen	Hours	6.5	9.9	17.3	
Skills Improvement Support	Distance Learning Assistance	Shindengen	Person	236	70	117	
	TOEIC Expense Covered	Shindengen	Person	9	9	26	
Governance	Board of Directors	Directors	Shindengen	Person	6	6	6
		Outside Directors	Shindengen	Person	2	2	2
		Female Directors	Shindengen	Person	0	0	1
		Directors/Auditors	Shindengen	Person	—	—	10
		Outside Director/Auditors	Shindengen	Person	—	—	5
		Female Directors/Auditors	Shindengen	Person	—	—	2
	Holding Frequency of Board Meetings (Times/Year)		Shindengen	Times	13	13	13
	Board Meeting Attendance		Shindengen	%	100.0	98.7	98.9
	Number of Serious Product Accidents		Shindengen	Cases	0	0	0
	Number of Serious Information Security-related Incident or Accident		Shindengen	Cases	0	0	0
Number of Serious Violation of Laws or Incidents and Accidents		Shindengen	Cases	0	0	0	

Note: In the social items, the standards for some items have been revised from FY 2022, such as changing the number of non-consolidated employees from the number of employees who are seconded and seconded to the number of current employees.

Third-Party Written Opinion



The Japan Research Institute, Limited
The Center for the Strategy of Emergence/
ESG Research Center
Manager

Naoko Hase

On the occasion of the writing of the Shindengen Group's Sustainability Report 2023, I am submitting a third-party opinion of the Shindengen Group's initiatives and related information disclosures.

When I read this fiscal year's report, I could see that the Group was steadily advancing initiatives from two aspects—creating positive impacts on society and the environment by providing products, and reducing the negative impacts of its business activities—and deepening its sustainability management. I will make three specific observations.

The first is their initiatives concerning environmental issues. To reduce the negative impact of their business activities as a response to climate change, they set a goal of reducing their Scope 1 and 2 CO₂ emissions by 42% by the end of FY 2030 (compared to FY 2021). It is commendable that they aim to have this target certified by the SBTi (Science Based Targets initiative), and that they are revising their target-setting while taking external opinions into account. In terms of results, the Asaka Office which began operations in 2021 has a high energy-saving performance as a ZEB Ready building, and all of its electricity is supplied by non-fossil certificate CO₂-free power. Apart from this, they are accelerating their initiatives towards the large-scale reduction of CO₂ emission, such as by concluding agreements for the supply of electric power derived from renewable energy with multiple affiliated companies.

To contribute to the environment through providing products, they set a numerical target of reducing CO₂ emissions by 800,000t-CO₂ or more by FY 2024, and they have expanded their sales of environmentally friendly products such as the IC series, low-loss bridge diodes, and DC-DC converters for four-wheel vehicles. EV/PHEV chargers are products for which demand is expected to rise in the future as society becomes increasingly decarbonized. Furthermore, regarding the Scope 3 CO₂ emission reduction target I pointed out last fiscal year, they have set a new target of a 25% reduction by the end of FY 2030 compared to FY 2021. Going forward, I expect that they will assess the effects (impact) of the products they provide on society and the environment while checking the progress of their set targets, and that they will improve their products based on the results of that assessment.

Under Environmental Vision 2050, they have set the following three pillars: "Contributing to decarbonization," "Contributing to a recycling-oriented society," and "Contributing to a society in harmony with nature." Out of those three, "Contributing to a society in harmony with nature" is a theme that concerns the issue of "natural capital," which is gaining increased attention. I believe it is a topic whose importance will only increase in the coming years, as shown by the announcement of the final guidelines of the Taskforce on Nature-related Financial Disclosures (TNFD) in September this year, so setting KPIs for "Contributing to a society in harmony with nature" may be an idea worth considering.

The second observation is about governance. In order for the whole company to promote sustainability-focused initiatives, they have strengthened their structure through measures such as establishing a Sustainability Committee chaired by the president and directly under the Board of Directors. Additionally, the assessment of the Board of Directors' effectiveness is compiled while taking the opinions of external organizations into account as well. I believe the effectiveness of the Board of Directors will increase even further as they improve by receiving objective opinions from external parties.

The third observation is about the social aspect, especially initiatives about human resources. Having set "promoting the success of diverse human resources and expanding flexible working styles" as one of their policies, they have set KPIs such as "Increasing the percentage of female new graduate recruits to 30%." I believe that having clear targets can accelerate initiatives, so going forward, it may be a good idea to increase the KPIs further, such as those concerning employee engagement and human resource development.

In the annual securities report, they discussed their thoughts and the human resource development policies concerning human capital management as an organization. In the future, however, along with formulating and disclosing their human resource strategy linked with their management strategy, I expect that they will also disclose the story of how they intend to increase their corporate value by drawing out the value of human resources.

Third-Party Written Opinion

Commentary on the Third-Party Written Opinion

Commentary on the Third-Party Written Opinion

We are very grateful to receive the esteemed opinion of Manager Naoko Hase of the Center for the Strategy of Emergence/ESG Research Center of The Japan Research Institute, Limited concerning our Group's sustainability activities.

The Shindengen Group has announced SDGs material issues in line with our sustainability management and Corporate Mission, and we are aiming for medium- to long-term growth in corporate value by putting them into practice.

Additionally, while aiming to address various issues by innovating the core technologies we have cultivated so far and developing advanced future-oriented technologies in order to achieve a decarbonized society, we will strive to resolve issues from a social and governance aspect as well.

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

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