

Sustainability Report 2024

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

Contents

Shindengen Group 01

Message from the President 01

Message from the Officer 02

Company Outline 03

Financial Information 05

Sustainability 08

Contributing to Social Themes by Implementing the Corporate Mission 08

DX Strategy Supporting Our Business Activities 12

Value Creation Process 13

Concept and Initiatives for Sustainability 14

ESG Material Issues 15

Initiatives for ESG Management and the SDGs 16

Participating in Initiatives 20

Shindengen Group Philosophy 21

Shindengen Group Policy and Guidelines 22

Social 29

Supply Chain Management 29

Human Rights 30

Labor Practice 32

Consumer Issues 37

Community Involvement and Development 38

Environment 42

Governance 52

Organizational Governance 52

Fair Operating Practices 54

Major ESG Data 57

Third-Party Written Opinion 59

Editorial Policy

The Shindengen Group Sustainability Report 2024 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 2023 (from April 1, 2023 to March 31, 2024).

*We have listed some activities conducted on or after April 1, 2024.

Organizations covered in this report

Shindengen Electric Manufacturing Co., Ltd., Shindengen Group

Reference Guidelines

- ISO 26000 2010
- GRI Standards 2021
- Environmental Reporting Guidelines 2018, 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 2024

Contents

Shindengen Group

Message from the President



Nobuyoshi Tanaka, President

I am pleased to extend my greetings to readers of the Shindengen Group's Sustainability Report 2024.

The Shindengen Group creates environmentally friendly products based on our growth strategy in line with our corporate mission of "maximizing energy conversion efficiency for the benefit of humanity and society." In FY 2023, based on our 16th Medium Term Business Plan (a 3-year plan up to March 2025) management policies of building an earnings structure, building a foundation for expansion, and focusing resources on product groups which can reduce greenhouse gas emissions, we commenced mass production of new power semiconductor products that reduce energy consumption and power control units (PCUs) for use in two-wheel electric vehicles (EVs) in India. We also announced our new "MITUS" series of EV chargers and began marketing concealed AC chargers. The Shindengen Group is striving to enhance its corporate value by aiming 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."

The Shindengen Group also promotes human capital management in line with its management philosophy of "Together with society, our customers, and our employees". We believe that people's growth is the source of our corporate value creation, and that the diverse and independent fusion of various forms of knowledge will lead to the creation of new value and continued growth. We are therefore implementing our human resources strategy under the theme of "connections" with the aim of achieving "individual growth and organizational vitality." In March 2024 we established the "Shindengen Group Health Declaration." By promoting the health management of our employees, we intend to stimulate their self-motivated improvement and growth as the driving force for our innovation in order to create a valuable future.

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.

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.

Message from the Officer



Nobuyoshi Tanaka, Officer and Head of the Sustainability Promotion Office

I am pleased to extend my greetings to readers of the Shindengen Group's Sustainability Report 2024.

Through our business operations, the Group promotes sustainability activities based on the belief that contributing to the resolution of various social issues—such as global environmental and human rights issues brought about by climate change—will lead to enhanced corporate value.

The Group enhances its corporate value by developing and supplying environmentally friendly products in line with the demands of society and our customers based on our corporate mission of “maximizing energy conversion efficiency for the benefit of humanity and society.” Pursuant to our Basic Sustainability Policy, we believe that facing and addressing the ESG issues we encounter will allow us to realize our Management Philosophy of “together with society, our customers, and our employees,” and that we are a valuable company recognized by all of our stakeholders. We have organized and identified our ESG issues under four 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.” We are also actively promoting the initiatives for the SDGs and have established SDGs medium-term targets related to ESG materiality, and are now bolstering our efforts by disclosing our progress and assessments of these targets. The Shindengen Group's basic stance on sustainability involves contributing to the resolution of environmental and social issues such as the SDGs and working to enhance corporate value from a long-term perspective by implementing the four ESG materialities in coordination with the Medium Term Business Plan.

In April 2023, we reorganized the CSR Committee into the Sustainability Committee. The Group has established related committees such as the Environment Committee and the Human Rights Committee under the direct control of the Sustainability Committee chaired by the President. Through these committees, we integrally manage progress on sustainability issues specifically our progress in meeting the SDGs medium-term targets and addressing the policies and issues of these related committees. Based on these concepts and initiatives, we will communicate our Basic Sustainability Policy throughout the Group and expedite our efforts to effectively resolve global social issues in order to continue meeting our stakeholders' expectations. We look forward to your continued support and cooperation.

*Please refer to the “Initiatives for the SDGs” section for information on how we contribute to the SDGs.

ShinDengen
New power. Your power.

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 Group

Company Outline

Trade Name: Shindengen Electric Manufacturing Co., Ltd.
 Headquarters: New-Otemachi Bldg.,
 2-1 Otemachi 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, 2024)

Consolidated Employees: As of March 31, 2024

Consolidated	5,276
Non-consolidated	1,013
Domestic consolidated subsidiaries	1,375
Overseas consolidated subsidiaries	2,888

Financial Information: As of March 31, 2024

Net sales	¥102,261 million
Operating profit	¥1,278 million
Ordinary profit	¥1,660 million
Net income per share	-¥69.08

Global Network

Together with our customers, with a global perspective.



ShinDengen

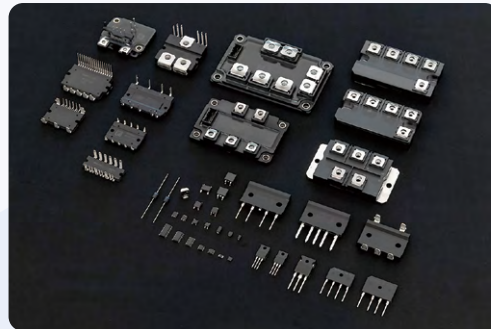
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Japan Office <https://www.shindengen.com/company/network/japan/>
 Overseas Office <https://www.shindengen.com/company/network/global/>

Maximizing energy conversion efficiency

Electronic Device Business



Mounting technologies

Circuit technologies

Electronic device technologies

- Bridge diodes
- High-speed rectifying diodes
- TVS diodes
- Thyristors
- SIDACs
- Power MOSFETs
- Power ICs
- Power modules



Core Technologies



- Motorcycle regulators/rectifiers
- Motorcycle ECUs
- Motorcycle ignition units
- DC-DC converters for four-wheel vehicles
- ECUs for four-wheel vehicles
- Inverters for generators

- Rectifiers for communication stations
- Rectifiers for mobile phone base stations
- Inverters for communication stations
- Monitoring units
- Chargers and quick chargers for EVs

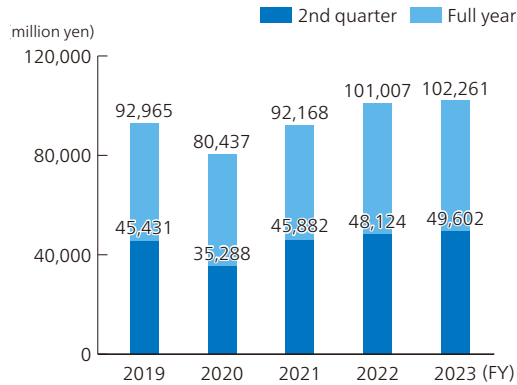
Car Electronics

Energy Systems & Solutions

Shindengen Group

Financial Information

Net sales

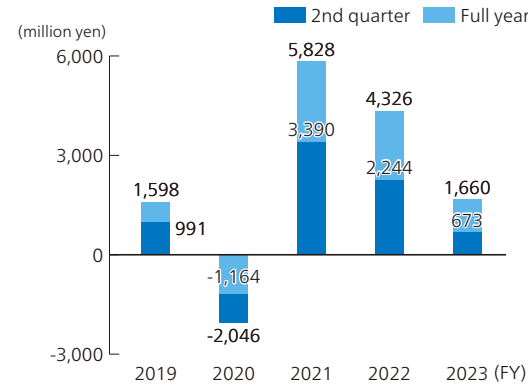


Net sales
¥102,261 million

¥1,253 million increase year on year
(1.2% increase year on year)

Consolidated net sales increased by 1,253 million yen year on year to 102,261 million yen, reflecting growth in the Car Electronics business, which focuses on motorcycle and automobile related products, and the depreciation of the yen, despite a significant decrease in the Electronic Device business, stemming mainly from the economic slowdown in China.

Ordinary profit

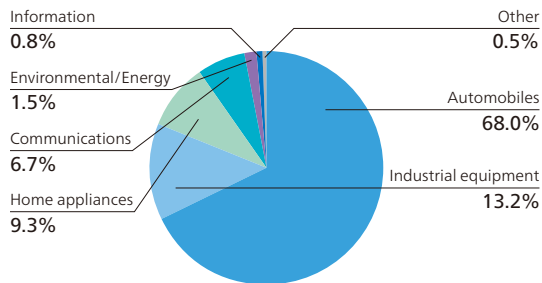


Ordinary profit
¥1,660 million

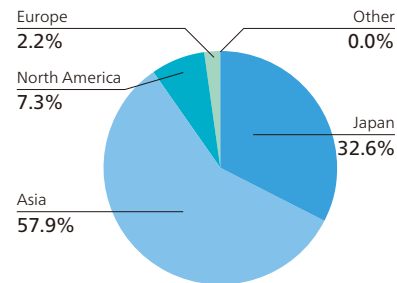
¥2,666 million decrease year on year
(61.6% decrease year on year)

Ordinary profit decreased by 2,666 million yen from the previous FY to 1,660 million yen due to declining sales in the Electronic Device business, despite the positive effect of increased sales in the Car Electronics business and foreign exchange gains.

Net sales component ratio by market



Net sales component ratio by region



Key Points for FY2023

POINT-1

Sales increased due to growth in Car Electronics segment and yen's depreciation, despite significant decrease in demand for power semiconductors.

POINT-2

Despite the effect of increased sales in the Car Electronics segment, deterioration in the Electronic Device segment pushed down overall profit and profit declined.

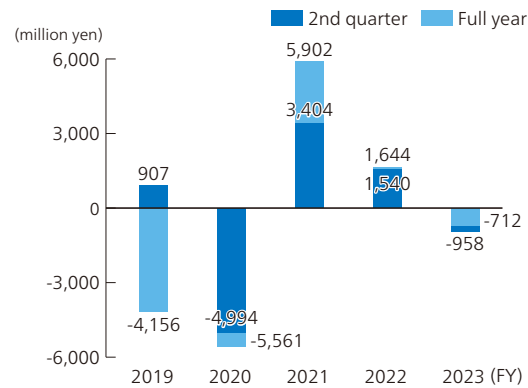
POINT-3

Net income decreased due to reversal of deferred tax assets and loss on sales of investment securities.

Shindengen Group

Financial Information

Profit attributable to owners of parent (FY)



Loss attributable to owners of parent

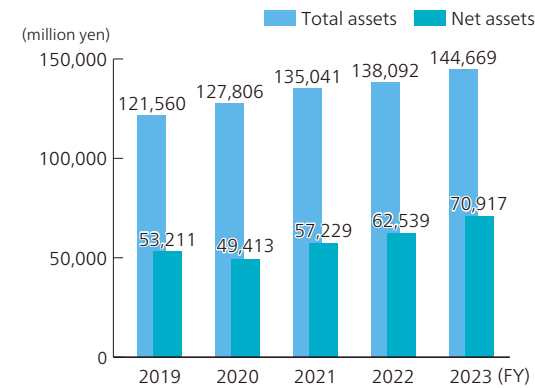
¥712 million

(FY2022 profit: 1,644 million yen)



Loss attributable to owners of the parent amounted to 712 million yen, reflecting the reversal of deferred tax assets and loss on sale of investment securities of an equity method affiliate.

Total assets/Net assets



Total assets

¥144,669 million

(¥6,576 million increase from end of previous FY)



Total assets increased 6,576 million yen to 144,669 million yen from the end of the previous period, mainly due to an increase in inventories. Net assets increased 8,377 million yen from the end of the previous period to 70,917 million yen, mainly due to an increase in valuation difference on available-for-sale securities and an increase in remeasurements of defined benefit plans.

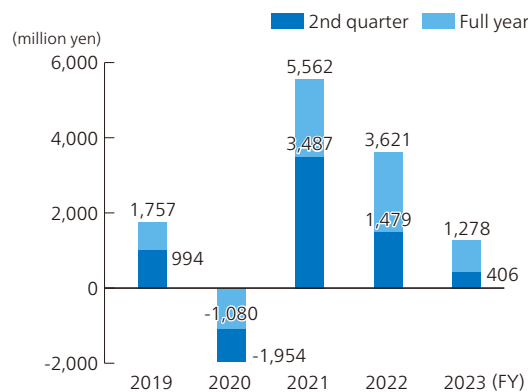
Net assets

¥70,917 million

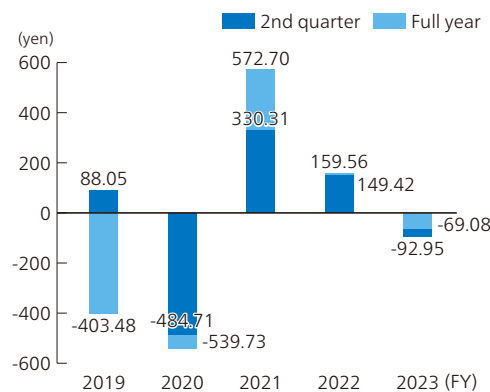
(¥8,377 million increase from end of previous FY)



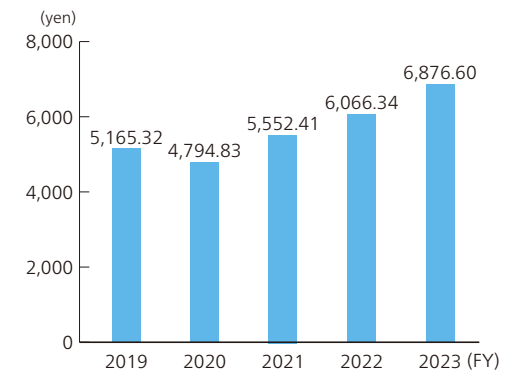
Operating profit



Net income per share (FY)



Net assets per share

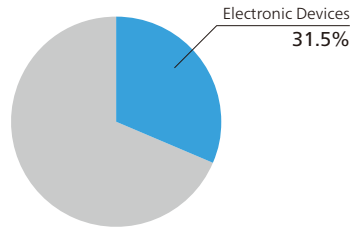


Shindengen Group

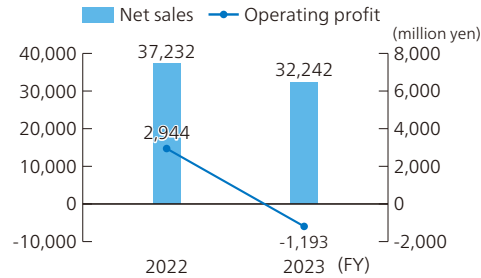
FY2023 Financial Information (April 2023–March 2024)

Electronic Device Business

Net sales/Operating profit



Net sales component ratio

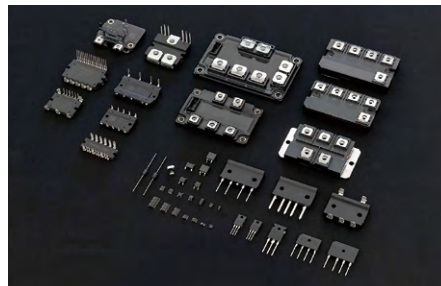


Net sales/Operating profit results

Summary

In the Electronic Device business, net sales were 32,242 million yen (a 13.4% decrease year on year) and operating loss was 1,193 million yen (compared with a profit of 2,944 million yen in the previous FY). While sales of products for automotive applications increased due to the recovery of automobile production, sales of products for home appliances and industrial equipment decreased significantly due to the economic sluggishness in greater China and continued adjustments in distribution inventories. In terms of earnings, despite efforts to optimize selling prices and cost reduction activities in response to soaring raw material and energy costs, earnings declined due to the impact of decreased sales, lower production capacity utilization rates, and quality assurance expenses.

Products



- Diodes
 - General rectifying diodes
 - Bridge diodes
 - High-speed rectifying diodes
 - Zener diodes
- Thyristors
- SIDACs
- Power MOSFETs
- Power ICs
- Power modules

Main applications

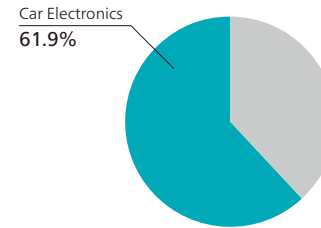
Automobiles, industrial machinery, digital and other home appliances, communication devices, office automation equipment, etc.

Other

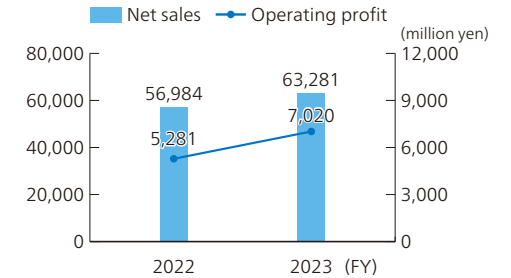
Other net sales totaled 6,737 million yen (a 0.8% decrease year on year), with an operating loss of 70 million yen (compared with a loss of 72 million yen in the previous FY).

Car Electronics Business

Net sales/Operating profit



Net sales component ratio



Net sales/Operating profit results

Summary

In the Car Electronics business, net sales were 63,281 million yen (an 11.1% increase year on year) and operating profit was 7,020 million yen (a 32.9% increase year on year). Sales of mainstay motorcycle products were affected by the economic sluggishness in Vietnam. However, sales in Indonesia and India remained strong, sales of automobile products saw growth, and the yen depreciated. Earnings also increased due to higher sales and the effects of yen depreciation.

Products



- Motorcycle products
 - Regulators/rectifiers
 - CDIs
 - ECUs for FI systems
- Motor vehicle electronics
 - DC/DC converters
 - ECUs
- General-purpose engine products
 - Inverters for generators

Main applications

Motorcycles, motor vehicles, outboard motors, generators

Sustainability

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

Technology & Development Center

A Message from the Head of Center

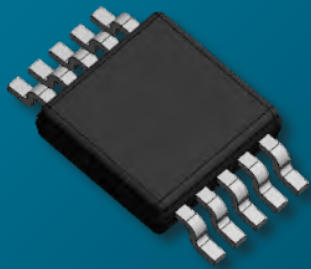


Senior Officer
Head of Technology & Development Center

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



MF2008SW's package
Package type: TSSOP10



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 and applications 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-precision analysis technology for low-loss power supplies
- 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 MF2008SW forward control high-side gate driver with built-in excess current detection function and high-side reverse current protection

[Creation of ideal diode ICs]

- Can be used for high current applications by using external N-channel MOSFETs (NchMOSFETs)
- Can be used for semiconductor relay applications as well as ideal diode operation
- Built-in battery reverse connection protection
 - Discharges external NchMOSFET gate voltage when power supply is connected in reverse.
- Forward control allows gate to stop before reverse current flows to prevent reverse current

Primary R&D site

Domestic • Shindengen Electric Manufacturing Co., Ltd., 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

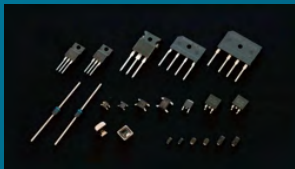


Officer
Division Director of Electronic Device Div. Group
Hirofumi Matsuo

Our Division is striving to become a fully-fledged Power Semiconductor manufacturer 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

Applying the potential of semiconductors to power supply

- 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 mobility 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 optimized 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

Affiliated Companies (Japan) • Akita Shindengen Co., Ltd. • Higashine Shindengen Co., Ltd.
Affiliated Companies (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. We are committed to environmental conservation and social contribution by providing our customers with more efficient and more reliable products leveraging our cutting-edge technologies.

Primary environmentally friendly products from the Car Electronics Division



DC/DC converter for four-wheeled HEV



PCUs for motorcycle EV

Introduction

Combining core technologies for a leap into the future

- A major international share of motorcycle electronic 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
- LED-compatible system for headlights with reduced power consumption
- 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

Affiliated Companies (Japan)

• Okabe Shindengen Co., Ltd.

Affiliated Companies (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 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. As energy sources continue to diversify, we will quickly develop technologies that help to reduce environmental impact and contribute to the realization of a sustainable society through the relentless pursuit of technologies that meet the needs of society.

Primary environmentally friendly products from the Energy Systems & Solutions Division



Rectifiers for information and communication

Chargers and quick chargers for EV/PHEV



Introduction

Bringing joy & connection through power supply technologies. In this moment.

- High conversion-efficiency and high reliability rectifiers for information and communications
- High quality and high performance charging stations for EVs

 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 based on power conversion technologies.

- We commit to the development of high-voltage DC power supply devices for information and telecommunications equipment with highly efficient electrical conversion rates to contribute to reducing electrical consumption in data centers, telecommunications buildings, and wireless base stations.
- We commit to contributing to the expansion of charging infrastructure required by next-generation vehicles that will help realize a decarbonized society.
- We are promoting the development of power conversion devices that alter the charging and discharging cycles of batteries so as to ensure stable electrical supply and energy saving.

Creating Environmentally Friendly Products Based on the Growth Strategy

Energy Saving

- Rectifiers for information and communications
- Chargers and quick chargers for EVs/PHEVs

The Energy Systems & Solutions Division considers that its mission is to enable the efficient, safe, and secure use of diverse energy sources, and will continue to contribute to the efficient use of energy through the development of power conversion efficiency technology while further expanding its lineup of environmentally friendly products.

Primary production base

Affiliated Companies (Japan) • Shindengen Three E Co., Ltd.

Sustainability

DX Strategy Supporting Our Business Activities

The Shindengen Group will promote digital transformation (DX) in order to create new business and support corporate management by leveraging digital technologies to establish a competitive market advantage through streamlined operations and expedited management strategies.

Promoting DX in the Shindengen Group

We have established a DX Vision and are undertaking business activities to realize our Long-Term Vision 2030 developed with an eye on the year 2030. By proactively promoting digital transformation and consolidating an environment enabling mutual, automated flows of supply chain data for managing procurement and sales and engineering chain data for managing planning and design, we will implement process-wide reforms and expediently bring even more valuable products to market.

DX Vision

We aim to become a power electronics company which utilizes digital technologies to work towards organically linking the engineering chain and supply chain, and which revolutionizes business processes in order to contribute to the realization of a sustainable society and creates new value.

Outline of DX Promotion Initiatives

Supply Chain Management (SCM)

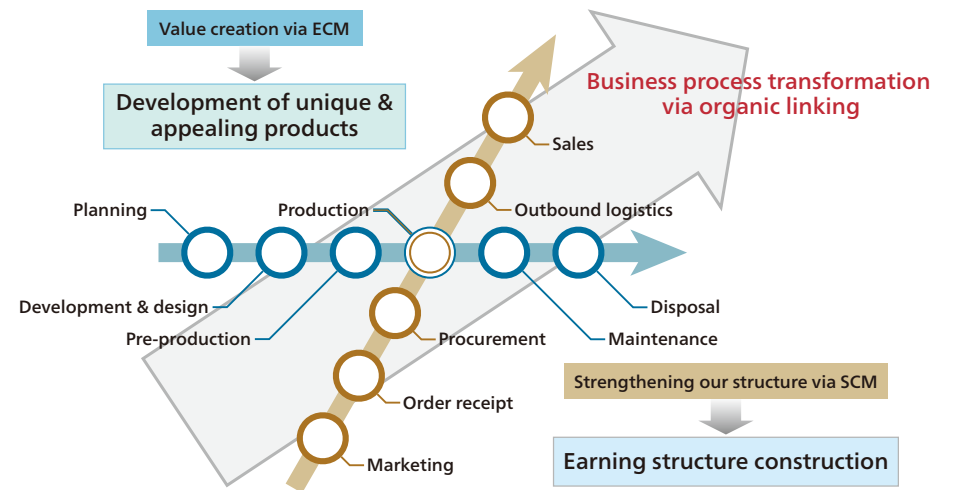
Promoting DX in the supply chain is an important initiative that contributes to both improving the profitability of the entire Group and fulfilling our social responsibility. By understanding the entire supply chain and sharing information in real time, we will realize waste-free materials procurement and efficient production to strengthen our group-wide “earning structure construction” as stated in the 16th Medium Term Business Plan.

Engineering Chain Management (ECM)

We believe that achieving a balance between engineering information sharing and expedient development is the ideal way for the manufacturing industry to contribute to a sustainable society, and we will strengthen our R&D system by promoting DX in the engineering chain. We will accumulate and leverage our knowledge to promote the development of unique and appealing products, and will optimize interdepartmental cooperation to realize expedited time-to-market.

Organic linking

By consolidating an environment enabling mutual, automated flows of supply chain data for managing procurement and sales and engineering chain data for managing planning and design, we will implement process-wide reforms and bring valuable products to market more expediently. We will therefore build a core system and development platform to realize organic linking between the engineering chain and the supply chain.



DX Certification

In March 2024, Shindengen Electric Manufacturing Co., Ltd. was certified as a “DX Certified Business Operator” under the DX (Digital Transformation) Certification System* established by the Ministry of Economy, Trade and Industry (METI).

*The DX Certification System is a system whereby METI certifies businesses that have established a DX promotion system—including development of a management vision and consolidation of a DX strategy and system—in accordance with the basic provisions of the Digital Governance Code established by METI based on the Act on Facilitation of Information Processing.



Sustainability

Value Creation Process

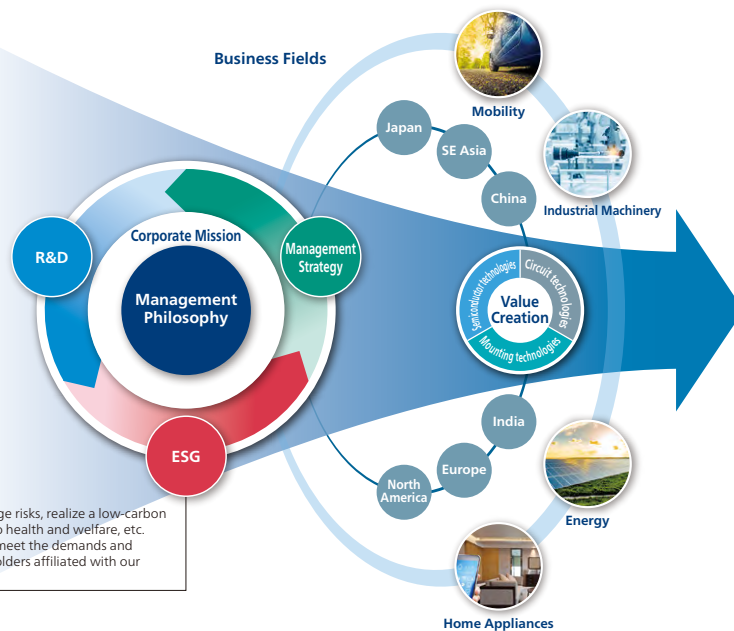
Inputs

(as of March 31, 2024)

 Financial capital: <ul style="list-style-type: none"> Stable financial base Financing to support continued growth 	<ul style="list-style-type: none"> Equity ratio: 49.0% Capital investment: 4.6 billion yen 	 Human capital: <ul style="list-style-type: none"> Human resource (HR) development Respect for human rights Active participation of diverse HR Health and safety Flexible working styles 	<ul style="list-style-type: none"> Consolidated employees: 5,276 Career training time: 37 hours (FY 2023)
 Manufacturing capital: <ul style="list-style-type: none"> Global production bases 	<ul style="list-style-type: none"> Production bases: 11 bases worldwide (4 in Japan and 7 overseas) 	 Social & relational capital: <ul style="list-style-type: none"> Trust-based customer relationships Business expansion regions 	<ul style="list-style-type: none"> Business expansion in 14 countries and regions Business fields: Leading company in mobility, industrial machinery, home appliances, communications, and other fields
 Intellectual capital: <ul style="list-style-type: none"> R&D sites Development & production technologies Fostered intellectual property 	<ul style="list-style-type: none"> R&D sites: 4 sites worldwide R&D costs: 5.6 billion yen 	 Natural capital: <ul style="list-style-type: none"> Energy consumption 	<ul style="list-style-type: none"> Annual electricity consumption: 150,755MWh includes 17% electricity derived from renewable energy

Management Resources

- Financial capital
- Manufacturing capital
- Intellectual capital
- Human capital
- Social & relational capital
- Natural capital

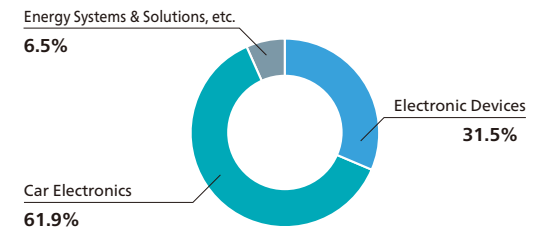


We are striving to address climate change risks, realize a low-carbon society, and solve social issues related to health and welfare, etc. We see it as our social responsibility to meet the demands and expectations of a wide range of stakeholders affiliated with our business.

Outputs

- Electronic Devices:** Bridge diodes, power MOSFETs, power ICs, power modules, etc.
- Car Electronics:** Motorcycle electronics, motor vehicle electronics, inverters for generators, etc.
- Energy Systems & Solutions, etc.:** EV quick chargers/AC chargers, rectifiers for communication stations, etc.

Net Sales Breakdown



Outcomes

(as of March 31, 2024)

Social Value	Shareholders & Investors <ul style="list-style-type: none"> Increased corporate value Shareholder return: Dividend per share of ¥130.00 Promoted information disclosures 	Society & Environment <ul style="list-style-type: none"> Contribution of our products to CO₂ reduction: 614,556t-CO₂ Reduction in CO₂ emissions from our business activities (Japan): 37% reduction on benchmark year of FY 2013 Industrial waste recycling rate (consolidated): 97% 	Our Employees <ul style="list-style-type: none"> Active participation of diverse HR: Percentage of men taking childcare leave: 73.9% (non-consolidated) Flexible working styles: Flextime uptake rate: 100% (non-consolidated) Health & safety: ISO 45001 certification (non-consolidated, 2 other companies)
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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.

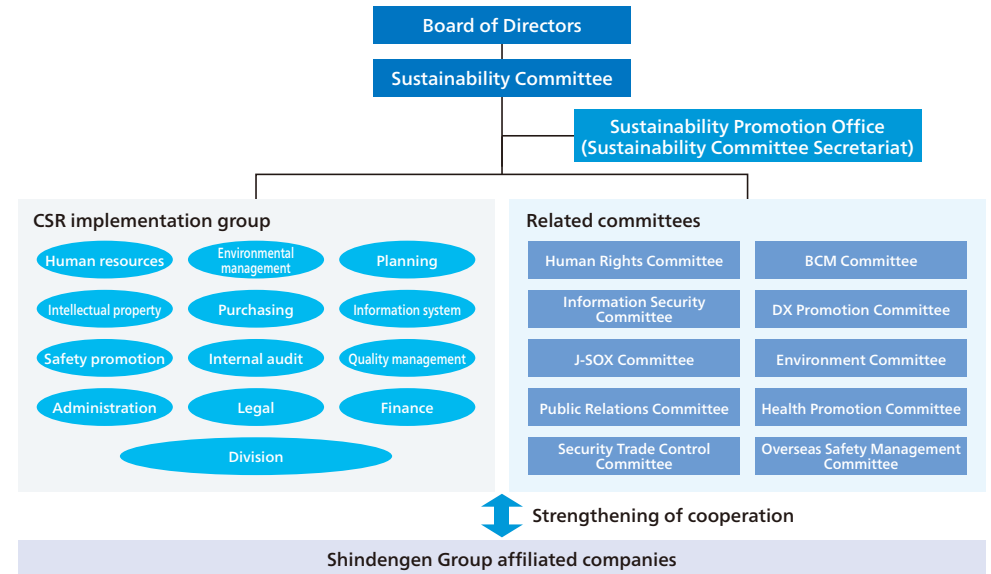
To this end, we will:

- 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. Moreover under the "Disaster Prevention and Business Continuity Policy," the BCM (Business Continuity Management) Committee has established a system enabling rapid initial response by consolidating the functions of gathering and disseminating risk information from each Group company in Japan and overseas. 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 Promotion System



Monitoring

The Sustainability Committee monitors the status of sustainability-related initiatives such as key performance indicators (KPIs) for ESG Material Issues.

Refer to the following web page for information on ESG-related KPIs.

 **Initiatives for ESG Management and the SDGs** <https://www.shindengen.com/csr/sustainability/esg/>

Since FY 2023, the Sustainability Committee has been bolstering its initiatives for ESG management and SDGs by monitoring the status of KPI achievement and other sustainability-related measures. The Group's activities are published with reference to the GRI Standards.

 **GRI Content Index** <https://www.shindengen.com/csr/index/gri/>

Sustainability

ESG Material Issues

While engaging in CSR initiatives, the Shindengen Group has identified ESG material issues using the identification process below. In terms of the 14 key items, 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 ESG Material Issues

The Shindengen Group used the following process to identify ESG material issues by organizing CSR focus areas and CSR key items according to the degree of impact they will have on stakeholders and the degree of importance to the Group.

Step 1: Identifying, organizing, and selecting CSR issues

We organized the CSR issues that we have addressed to date, as well as the relevant global standards and customer requirements.

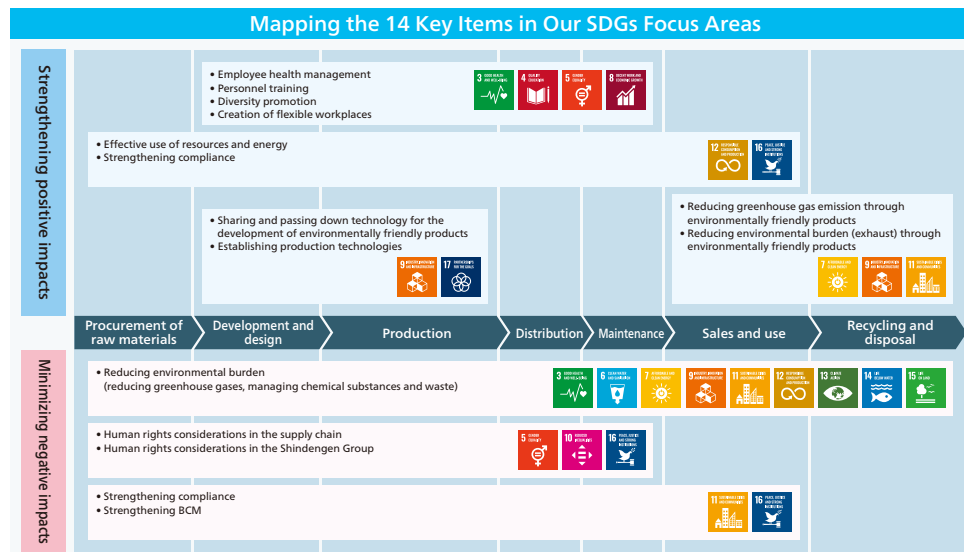
Global standards referred to: GRI Standards, SDGs, ISO 26000, SASB, OECD Guidelines, the Ten Principles of the United Nations Global Compact

Step 2: Organizing focus areas of importance to our stakeholders and the Group

We reviewed and analyzed the selected CSR issues from the dual perspectives of degree of impact on stakeholders and degree of importance to the Shindengen Group. We then organized these CSR issues into focus areas within the Company.

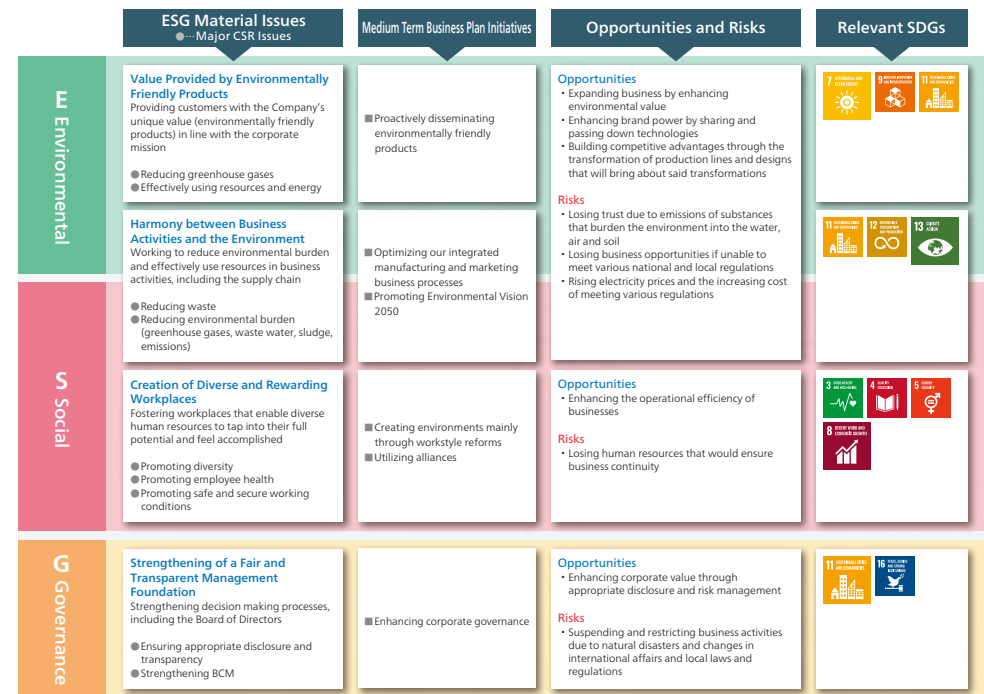
Step 3: Selecting key items and evaluating their impact on the value chain

We further refined the focus areas of CSR issues evaluated in Step 2 into 14 items, and organized them according to positive and negative impacts on the value chain and relevance to the SDGs.



Step 4: Identifying ESG material issues

Based on our evaluation of the impact of the selected key items on the value chain in Step 3, we identified and organized the key items into an ESG framework, cross-referenced them against our Medium Term Business Plan initiatives and issues, and then evaluated them from the perspective of risks and opportunities. As a result, we identified four ESG material issues. These 4 ESG material issues were then discussed and adopted by the CSR Committee (currently the Sustainability Committee) chaired by our President.



Sustainability

Initiatives for ESG Management and SDGs

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. In coordination with the 16th Medium Term Business Plan, we will work on our four ESG material issues to contribute to the SDGs and help solve environmental and social issues, thereby creating sustainable corporate value. Based on its ESG management concept, the Shindengen Group has established KPIs for each of the four ESG material areas and is managing their progress toward achieving the SDGs by 2030.

Promotion of ESG Management

(Practicing the Four ESG Material Issues)

Environmental
(E)

Value Provided by Environmentally Friendly Products
Providing customers with the Company's unique value (environmentally friendly products) in line with the corporate mission

Harmony between Business Activities and the Environment
Working to reduce environmental burden and effectively use resources in business activities, including the supply chain

Social
(S)

Creation of Diverse and Rewarding Workplaces
Fostering workplaces that enable diverse human resources to tap into their full potential and feel accomplished

Governance
(G)

Strengthening of a Fair and Transparent Management Foundation
Strengthening decision making processes, including the Board of Directors



Contributing to the SDGs

SDGs Target 7.3
Reducing greenhouse gas emissions when our products are used

SDGs Target 13.2
Reducing greenhouse gas emissions in business activities

SDGs Target 8.8
Promoting the creation of flexible workplaces

SDGs Target 11.b
Strengthening BCM*
*Business Continuity Management

Sustainability





Initiatives for ESG Management and SDGs

Initiatives for SDGs

The Shindengen Group has identified four SDGs materiality targets through a series of dialogues with experts after cross-referencing and reviewing the CSR focus areas and the 169 SDGs targets in sync with the process for identifying the ESG Material Issues. We are contributing to the SDGs by promoting ESG management in sync with the 16th Medium Term Business Plan.

SDGs Materiality Medium-Term Targets and Assessments

Based on ESG management, the Shindengen Group has identified four SDGs materiality targets which it has set targets for and is working on in sync with the 16th Medium Term Business Plan. The Sustainability Committee conducted a three-stage self-assessment on the status of meeting those targets in FY 2023. We will periodically review our SDGs materiality targets.

ESG	SDGs Materiality Targets		Shindengen Group's initiatives	Metrics	Target			Status of meeting those in FY 2023
					FY 2022	FY 2023	FY 2024 (Revised)	
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 (Revised)	×
					600,000t-CO ₂ or higher	750,000t-CO ₂ or higher	630,000t-CO ₂ or higher	614,566t-CO ₂ /year reduction against a FY 2023 target of 750,000t-CO ₂ The target was not met due to a decline in sales of target electronic devices. We revised the plan due to the unlikelihood of a major recovery in FY 2024. We will consider expanding the target products for the next medium term.
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-) *Benchmark year of FY 2013	FY 2023	FY 2024	FY 2030	○
					CO ₂ Reduction of 27.1%	CO ₂ Reduction of 29.8%	CO ₂ Reduction of 46.0%	37.2% reduction against an FY 2023 target of 27.1% We achieved the target by implementing energy conservation measures at each of our sites and switching to purchased electricity derived from renewable energy sources. We will continue our efforts to reduce CO ₂ emissions by further promoting energy conservation and switching to electricity derived from renewable energy sources.
Social (S)		SDGs Target 8.8 Protect labor 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 four commuting accidents occurred. Although this was an improvement on the previous year, we did not meet our target. We will perform more thorough risk assessments and safety patrols with the aim of achieving this target. There were no serious occupational accidents.		
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 and training sessions with themes and methodologies that reflect actual in-house conditions (BCP) (Consolidated)	Medium-Term Targets (FY 2022 – FY 2024)			○
					Enhance the effectiveness of the Shindengen Group's business continuity plan (BCP) (Consolidated)	Basic training on disaster prevention and business continuity: 1 session Training on conditional business continuity: 8 sessions Disaster prevention quiz on Group portal site: 3 times We conducted conditional business continuity training under the theme of "Mt. Fuji Eruption" and identified numerous learnings. We will expand the scope of training in the future.		

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

Sustainability

Initiatives for ESG Management and SDGs

Initiatives for SDGs Materiality Targets (up to FY 2023)

SDGs Target 7.3

In line with its corporate mission, the Shindengen Group provides a wide range of eco-friendly products including electronic devices, power management electronics products, and energy system products. We are maximizing energy conversion efficiency to contribute to energy conservation and promote the reduction of CO₂ emissions.

Case Study on Reducing Electricity and Fuel Consumption and CO₂ Emissions through Sales of Environmentally Friendly Products by Shindengen Group (FY 2023)

Division	Product type	Reduction of energy consumption Reduction of fuel (gasoline) consumption	Reduction in CO ₂ emissions
Electronic Device	IC series	961.7 million kWh	469,293t-CO ₂
	Low-loss bridge diodes	78.4 million kWh	38,275t-CO ₂
Energy Systems & Solutions	Rectifiers for communication devices	55.4 million kWh	27,044t-CO ₂
	EV chargers	0.5 million kWh	268t-CO ₂
Car Electronics	DC-DC converter for four-wheel vehicles	30,866kL	71,608t-CO ₂
	Motorcycle products	3,482kL	8,078t-CO ₂

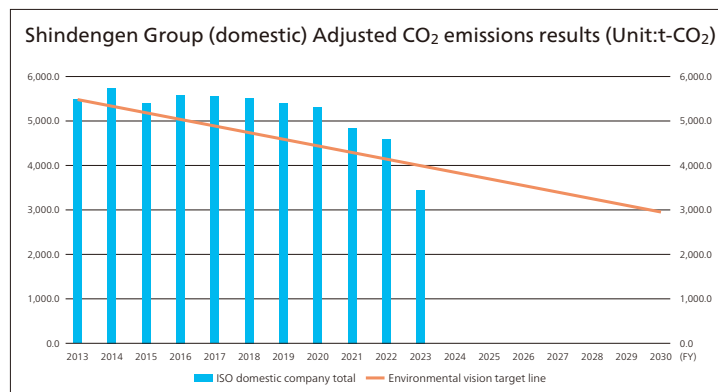


New product MITUS AC charger for EVs (scheduled for release in Spring 2025)

SDGs Target 13.2

The Shindengen Group is pursuing various measures to achieve carbon neutrality, including the generation and purchase of electricity derived from renewable energy sources.

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



Shindengen India solar power generation system

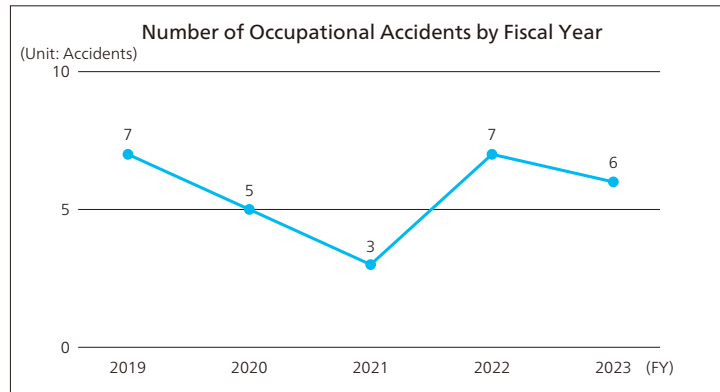
Sustainability

Initiatives for ESG Management and SDGs

SDGs Target 8.8

The Shindengen Group is promoting the creation of a safe and secure working environment for its employees. We provide education and training bringing together local police and our employees with the aim of eliminating occupational and commuting accidents.

Shindengen Electric Manufacturing Co., Ltd.'s Occupational Accidents and Commuting Accidents Over the Past Five Years



National Traffic Safety Campaign

SDGs Target 11.b

The Shindengen Group regards risk management and supply chain management after large-scale disasters and other incidents as one of its social responsibilities within the context of its business activities, and conducts education and training based on incident simulations.

Status of implementation Shindengen Electric Manufacturing Co., Ltd.'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 in FY 2023	April 18, 2023
BCP training (Non-consolidated)	Department business continuity training (conditional business continuity training)	BCM subcommittee (8 departments)	October 17, 2023 to February 1, 2024
Disaster Prevention Quiz	A disaster prevention quiz conducted on the Group portal site	Our employees	August 9, 2023 to January 22, 2024



Disaster prevention training at the Asaka Office

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. Shindengen Electric Manufacturing Co., Ltd. has participated in the UNGC since January 2023. We are committed to promoting and practicing the Ten Principles of the UNGC in the four areas of human rights, labor, the environment, and anti-corruption.



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 has participated in the CDP Climate Change Survey since FY 2022 and has disclosed its initiatives and strategies relating to climate change.



3. EcoVadis

Since FY 2024, Shindengen Electric Manufacturing Co., Ltd. has registered its suppliers and disclosed information on EcoVadis a proprietary platform that evaluates a company's social and environmental sustainability performance.



4. Task Force on Climate-related Financial Disclosures (TCFD)

The Shindengen Group recognizes that action on climate change is an important management issue. In August 2022, we announced our endorsement of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and joined the TCFD Consortium (*1) which was established as a forum for discussions between endorsing corporations, financial institutions, and other 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, the Financial Services Agency, and Ministry of the Environment participate as observers.



5. 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 to 1.5 degrees Celsius compared to pre-industrial levels.

The FY 2030 greenhouse gas emission reduction targets set by the Shindengen Group were SBT-certified in October 2023 as goals that conform with the standards of the Paris Agreement.



Sustainability

Shindengen Group's Sustainability Philosophy

Mission

Vision

Value



Together with society, our customers, and our employees

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

New power, Your power

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

We 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."

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

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.

Compliance with laws and regulations, respect for human rights, a healthy workplace environment, and our relationship with society

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.

Corporate Mission**“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.”

Our commitment to “Listen closely, look ahead, and create a future of value” is a shared policy of the entire Shindengen Group. Based on our belief that a bountiful global environment connected to the next generation is a “future of value,” our Environmental Vision 2050 states that we will pursue sustainability to help realize decarbonization, a recycle-oriented society, and a society in harmony with nature.

Shindengen Group employees engage in the following activities with the aim of developing sustainable electronics across all business activities including development and design to manufacture of semiconductors, power supply units, electronics products, and solenoids.

1. We are committed to complying with applicable requirements, including laws, regulations, and contracts.
2. We will evaluate how our business activities and products impact the environment and vice versa, and we will work to maintain and improve them.
3. We will regularly refine our environment management systems to improve our environmental performance that is directly linked to management.

This Environmental Policy applies to ISO 14001 certified companies in the Shindengen Group (Japan), and other domestic and overseas Shindengen Group business sites shall engage in environmental activities in accordance with this Environmental Policy.

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. On issues related to human rights and labor and the rights of employees* in the context of economic globalization, Shindengen Group ('the Group' or 'we') respects international values on human rights considerations, raises awareness of human rights, and promotes initiatives to respect human rights.

*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, probationary employees, contract employees, temporary employees, part-time workers, and temporarily transferred employees.

1. Position of this Policy

This Policy is positioned as the basic policy for all documents and norms related to the Shindengen Group's initiatives to respect human rights in its business activities, including the "Shindengen Group Guideline for Action," and applies to all officers and employees of the Shindengen 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.

2. Respect for 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 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 basic human rights and demand that suppliers redress any violations of basic human rights.

We expect that all of our business partners adhere to this Policy.

We will also strive to ensure that our suppliers understand this Policy and request that they comply with human rights considerations.

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 on 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 on our website or in the CSR Report.

Shindengen Electric Manufacturing Co., Ltd

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, probationary employees, contract employees, temporary 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:

- 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 e.g., price fixing, market segmentation, 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 engage in conduct that is contrary to the legitimate interests of our company for our own benefit or that of a third party.

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 laws and regulations 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 business partners 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 for human rights

We always respect basic 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) Safe working conditions

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

2) Awareness of 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

Sustainability

Shindengen Group Policy and Guidelines

Shindengen Group Occupational Health and Safety Policy

Our management philosophy and corporate mission statement is "Together with society, our customers, and our employees, we will maximize energy conversion efficiency for the benefit of humanity and society". In doing so, we promise to "Listen closely, look ahead, and create a future of value".

Based on our management philosophy and corporate mission, Shindengen Group employees will aim both achievement of sustainable development goals in the electronics field and occupational health and safety through business activities such as the development, design, and manufacturing of semiconductors, power supply units, and car electronics. 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 danger, 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 health and safety activities in accordance with this Policy.

Shindengen Electric Manufacturing Co., Ltd.

Basic Policy on Product Safety

Based on our management philosophy of "Together with society, our customers, and our employees," the Shindengen Group (hereinafter "the Group") has established the Basic Policy on Product Safety to fulfill our social responsibility by providing products with superior safety through the optimal use of our employees' wisdom in the belief that our passion for quality shall foster customer trust.

1. Legal compliance

The Shindengen Group not only complies with the product safety laws and regulations of Japan and the countries/regions in which it operates, but also respects international codes of conduct.

2. Building a management system

Our Group will build a management system that allows us to provide safe, quality products designed, manufactured, and sold in accordance with our quality standards and customer requirements in order to improve customer satisfaction, prevent product defects, and ensure product safety.

3. Collecting, providing and dealing with information of defects

When product defects occur, our Group promptly deals with the problem 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 recalling the products if necessary, in conjunction with taking action to improve product safety by collecting the information of defects.

4. Warnings

Our Group includes warnings in user manuals or on the products themselves in an effort to provide clear information so as to avoid accidents due to misuse or negligence and ensure that customers can use our products safely.

5. Promotion of Product Safety Education

Our Group has continuously provided our employees with education and training on product safety.

Shindengen Electric Manufacturing Co., Ltd

Sustainability

Shindengen Group Policy and Guidelines

Shindengen Group Procurement Policy

Our Basic Stance

In accordance with the “Shindengen Group Guideline for Action,” the Group’s purchasing 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

In procuring materials, 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, equitable manner, and on equal terms. Quality, cost, delivery time, and reliability of supply are all considered.

2. Green procurement initiatives

As part of our global environmental conservation activities, we are establishing a green procurement promotion system and will continue to pursue the procurement of materials with reduced environmental impact in consideration of energy and resource saving, chemical substance control, and preservation of biodiversity, etc.

3. Focus on partnerships

We will actively move forward to build mutually beneficial relationships with our business partners, leveraging our respective strengths and long-term trust.

4. Quality, delivery period, and stable supply

i) Securing high quality

To maintain and improve the quality of products provided to our customers, we request that our business partners work with our Group to develop a quality assurance system in accordance with the ISO 9000 family of standards and make efforts to obtain external certification.

ii) Securing delivery periods and establishing a stable supply system

To ensure the continuous supply of goods to customers and meet the demands of sudden changes in supply and demand, we request that our suppliers ensure reliable delivery dates and establish a stable supply system for materials and services.

iii) Continuing supply in instances of disasters or emergencies

In the event of unforeseen disasters or emergencies such as earthquakes or floods, we request that our suppliers share supply chain information that includes their suppliers as well. We also request that they work with us to maintain supply, and cooperate with our risk management activities even in normal times.

5. Promoting local procurement

We proactively promote local procurement and local production of materials.

6. Efforts required of our business partners

i) Compliance with laws and social norms

We request our business partners 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) Commitment to sound business management

We request our business partners to promote sound and fair business management to build long-term mutual cooperation and trust.

iii) VA/VE activities

We request that our business partners provide us with new materials through VA/VE activities and proposals to improve costs.

iv) Shortening the material procurement period

We request that our business partners are 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 will create a Group-wide “Emergency Response and Business Continuity Plan” and properly implement and operate this plan in order to overcome natural disasters and continue our business operations in the event of a disaster.

1. Objectives
 - 1) To ensure the personal 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 trust of our customers and business partners
 - 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 continuous improvement.
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 fulfill our social responsibilities, the Shindengen Group has established the “Shindengen Group Information Security Policy” aimed at enhancing 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 raise awareness on the importance of business activity-related information assets to all officers and employees, and will continue providing information security training and awareness-raising activities in order to maintain and improve our information security.
3. Compliance with laws, social norms, and contracts

The Shindengen Group shall comply 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

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 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. Complying with “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 seek to 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 Materials Procurement Policy and Supply-Chain CSR Promotion Guidelines.

Shindengen Electric Manufacturing Co., Ltd

Social

Supply Chain Management

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



The Shindengen Group promotes group governance and communication with stakeholders based on the “Shindengen Group Action Guidelines” to further 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 sustainability internally in light of the increasing globalization of supply chains.



Major Sustainability Activities in the Supply Chain

The Shindengen Group has established the “Shindengen Group Supply-Chain CSR Promotion Guidelines” with reference to the JEITA “Responsible Business Conduct Guidelines,” and has stipulated the “Shindengen Group Materials Procurement Policy” to promote sustainability activities throughout the supply chain. We also disclose our sustainability activities to our stakeholders in accordance with the requirements of ISO 26000 and the GRI Standards.

-  Shindengen Group Supply-Chain CSR Promotion Guidelines <https://www.shindengen.com/csr/social/csrguidebook/>
-  Shindengen Group Materials Procurement Policy <https://www.shindengen.com/csr/social/policy/>
- Primary Challenges in Materials Procurement based on ISO 26000 Core Themes <https://www.shindengen.com/csr/social/procurement/>
- GRI Content Index <https://www.shindengen.com/csr/index/gri/>

Promoting Sustainability in the Supply Chain

Every year, Shindengen Electric Manufacturing Co., Ltd. provides a briefing on Shindengen Group's sustainability policy to its business partners in order to seek their understanding and cooperation in promoting the Group's sustainability activities.



FY 2024 policy briefing

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

Human Rights for the Supply Chain

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. We request that our suppliers respect human rights in accordance with the “Shindengen Group Supply-Chain CSR Promotion Guidelines.”

Responsible Minerals Trade

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

The Shindengen Group's Initiative for Responsible Minerals Trade

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

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

As Shindengen Electric Manufacturing Co., Ltd. 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.

Mineral Trade Survey

In FY 2023, we conducted the following conflict mineral trade survey targeting our major suppliers, and we did not confirm any facts violating the law from the responses.

Survey method	Survey population	Survey respondents
CMRT survey	257 companies	211 companies

Social

Human Rights

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



Human Rights Due Diligence Process

In accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs), we have established a human rights due diligence process to ensure that we respect the human rights of all stakeholders affected by our business activities.

Human Rights Due Diligence Process



Commitment

● **Shindengen Group Human Rights Policy**

In May 2019, the Shindengen Group established the Shindengen Group Human Rights Policy, which constitutes the basic policy for all documents and norms regarding the Shindengen Group's efforts to respect human rights in its business activities. The Policy clearly states that all officers and employees of the Shindengen Group are required to respect human rights and to not tolerate slavery, forced labor, or child labor, including any form of human trafficking. The Policy also requires respect for human rights throughout the supply chain.

[Shindengen Group Human Rights Policy](https://www.shindengen.com/csr/social/humanrightspolicy/)

● **Initiative for Preventing Slave labor and Human Trafficking**

Shindengen Electric Manufacturing has updated its statement in September 2024 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/)

Assessment

● **Human Rights & Labor and CSR Surveys**

As part of our supply chain human rights due diligence, we have been conducting supply chain surveys since FY 2019 that include human rights risks. The results of our human rights & labor survey and our CSR survey for FY 2023 are presented below.

Survey period: July–September 2023

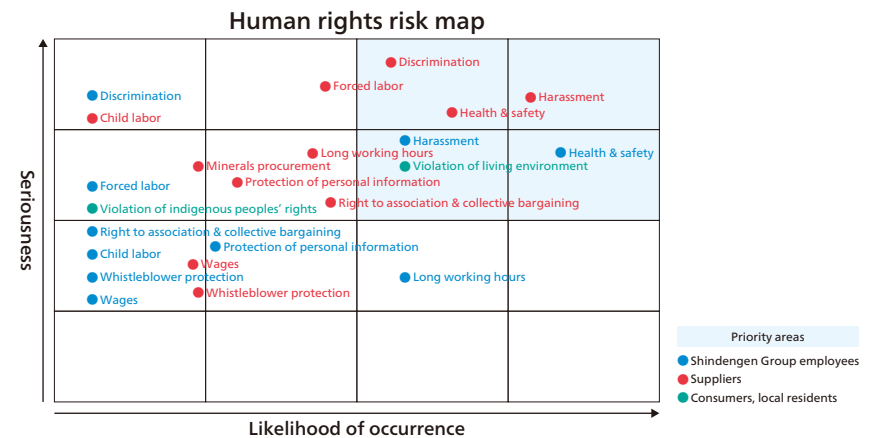
Survey items	Scope	Surveys issued	Responses	Average score
Human Rights & Labor	Group companies, suppliers	614	594	93.1%
Overall CSR	Group companies, suppliers	614	591	96.0%

*We created these surveys with reference to the JEITA "Responsible Business Conduct Guidelines Self-Assessment Sheets."

The Shindengen Group also conducts annual risk assessments and no violations of the Human Rights Policy were identified in the FY 2023 Shindengen Group Human Rights Risk Assessment.

● **Impact assessment**

The Group has organized and mapped human rights issues at risk of having a negative impact due to our business activities in terms of "seriousness" and "likelihood of occurrence." We consider "priority areas" to be human rights risks that should be addressed on a priority basis, and we subsequently identify and assess their impact on human rights.



Social

Human Rights

■ Action

● Survey result feedback & risk identification

We requested feedback on the survey results and improvements from our business partners who participated in the FY 2023 surveys. In the future, we will analyze the survey results in greater detail and then use the human rights risk map to identify risks and implement measures to avoid or mitigate them.

● Education

As a means of preventing human rights risks, the Group conducts specialized training related to human rights including harassment and diversity training.

Key indicators for human capital management	FY 2023 target	FY 2023 result	FY 2024 target
Participation rate in human rights-related training	—	99%	100%

■ Communication

We disclose the status of our human rights due diligence activities and provide updates to the “Slavery and Human Trafficking Statement” pursuant to the UK Modern Slavery Act on our website and in our Sustainability Report. We will continue to engage in dialogue with experts and stakeholders to refine our human rights due diligence efforts in order to mitigate negative impacts on the human rights of all stakeholders.

Human Rights of Our Employees

Labor Union Relations

Shindengen Electric Manufacturing and its domestic Group companies actively ensure there are forums available for discussion between Labor Unions, Shindengen employees and Management. Shindengen Electric Manufacturing has signed a collective agreement with the Labor Union to guarantee the rights of all members. We constantly strive to maintain mutual understanding between employees and management by regularly convening labor-management meetings to discuss various working conditions and management issues such as living wage assurance.

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. The Shindengen Group Action Guidelines have been put 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 Action Guidelines <https://www.shindengen.com/csr/governance/guidelines/>

Human Rights Awareness Initiatives

In terms of human rights, the Shindengen Group engages in raising awareness through CSR training courses including specialized training on human rights. In addition to introducing CSR case studies including employment, tax payments, and social contribution, this training promotes respect for ILO core labor standards and consideration for LGBT individuals and other minorities. We strive to continuously share details about human rights issues using information dissemination tools, such as our intranet and company newsletters.



CSR education

Social

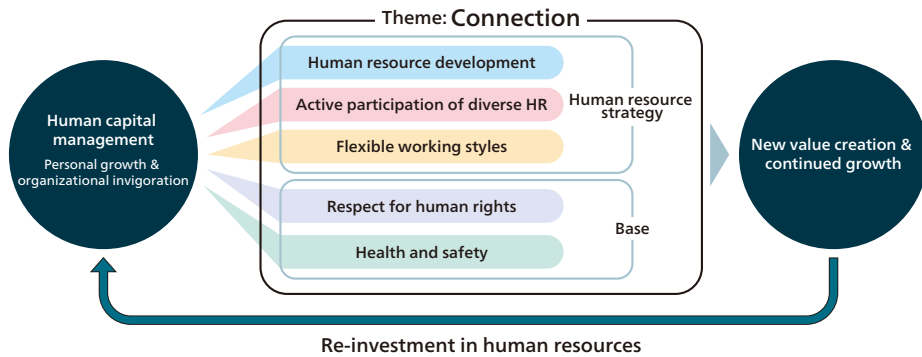
Labor Practices

The Shindengen Group respects international human rights and labor values and is committed to “respect for human rights,” “safe working conditions,” and “awareness of health” in accordance with the Shindengen Group Human Rights Policy and the Shindengen Group Guidelines for Action. We are working to develop human resources, create a safe and healthy working environment, expand diverse working styles, and support work-life balance.



Human Capital Management Initiatives

The Management Philosophy of the Shindengen Group is “together with society, our customers, and our employees.” We are therefore pursuing human capital management initiatives based on the belief 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, and we are implementing our human resources strategy under theme of “connection” with the aim of realizing “personal growth and organizational invigoration.”



Human Resources Strategy: Personal Growth and Organizational Invigoration

The goal of our human resources strategy is to realize “personal growth and organizational invigoration.” Through this strategy we are aiming to create an environment in which every one of our diverse range of employees feels rewarded in their work and is able to freely exercise their capabilities and in which we will create new value through the fusion of autonomous knowledge from individuals.

Theme: Connection

Shindengen Electric Manufacturing Co., Ltd.’s human capital management comprises five fields: a foundation of “respect for human rights” and “health and safety” alongside the fields for action in our human resources strategy of “human resource development,” “empowerment of a diverse range of human resources,” and “expansion of flexible working styles.” And with the aim of rebuilding the connection between people and departments that had begun to weaken due to the COVID-19 pandemic and telecommuting, the theme of our human resources strategy is “connection.”

 **Multiple Stakeholder Policy** <https://www.shindengen.com/csr/social/human/multistakeholder/>

Human resource development

Shindengen Electric Manufacturing Co., Ltd. faces a significant challenge in securing outstanding human resources amidst a declining workforce. We are therefore pursuing greater diversity in our recruitment, including the hiring of recent graduates with work experience. We are also promoting an in-house side job system and providing career development support to give our employees more opportunities to demonstrate their skills through various career training, division-specific and theme-based training and reskilling in order to improve the retention rate of young employees and to train successors. We provide training to new employees and second and third year employees and training based on qualifications, job type, and position. We also offer open-enrollment self-development education and training such as financial and marketing training, and support the career development of each individual through a self-reporting system and internal recruitment system. Moreover, we are fostering human resources to lead our increasingly globalized business through foreign language training and overseas training for young employees. We have also established a reward system for inventions, ideas, and official qualifications, and we encourage each of our employees to pursue R&D improvements and actively participate in diverse workplaces and work tasks.

Key indicator for human capital management	FY 2023 target	FY 2023 result	FY 2024 target
Career training time (annual hours per person)	—	36.7 hours	40.0 ours

Promotion of Diversity

Promoting the success of diverse human resources

a. Supporting the career development of our female employees

Shindengen Electric Manufacturing Co., Ltd. will promote flexible working styles for both male and female employees, and will expand the number and roles of its female employees. We offer our employees various types of leave for childbirth and prenatal/postpartum childcare and health management, and are expanding our childcare leave and nursing care leave systems while also encouraging our male employees to take childcare leave.

Key indicator for human capital management	FY 2023 target	FY 2023 result	FY 2024 target
Ratio of female new graduate hires	30.0%	28.1%	30.0%
Percentage of male employees taking childcare leave	30.0%	73.9%	80.0%

The results of other relevant indicators for FY 2023 are shown below.

- Ratio of female employees (non-consolidated): 10.7%
- Ratio of female employees (consolidated): 41.1%
- Ratio of female managerial positions (non-consolidated): 0.6%
- Ratio of female managerial positions (consolidated): 11.3%

 **ESG Data: Gender pay gap** <https://www.shindengen.com/csr/esgdata/>

Social

Labor Practices

b. Promoting the active participation of senior employees

The Shindengen Group offers continuous employment up to the age of 65 years through our reemployment program for employees who retire aged 60 years. We also extended the retirement age to 65 years in September 2022 in order to retain competent and experienced employees, and we are expanding opportunities for these senior employees to play an active role through in-house side jobs and reskilling.


c. Promoting the active participation of employees with disabilities

The Shindengen Group promotes the employment of people with disabilities, and supports their success via post-hiring follow-ups.

Key indicator for human capital management	FY 2023 target	FY 2023 result	FY 2024 target
Rate of employees with disabilities	2.30%	2.31%	2.50%

d. 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.

 ESG Data: Foreign employees <https://www.shindengen.com/csr/esgdata/>

e. Realizing equality for minorities

The Shindengen Group strives to raise awareness and achieve equality for minorities through diversity training and other programs.

Expanding Flexible Working Styles

a. Improving engagement

We have established a proprietary engagement index leveraging a self-reporting system that is run based on our talent management system, and we are striving to improve this index by implementing age- and workplace-responsive measures.

Key indicator for human capital management	FY 2022 result	FY 2023 result	FY 2024 target
SDK Engagement Index	54.3	58.9	60.0

b. Improving psychological safety in the workplace

We are implementing measures to revitalize workplace communication and are also working to revive the connection between employees that has tended to diminish due to the spread of telecommuting, such as by designating in-person/office-based workdays.

c. Promoting work-life balance

We are striving to provide our employees with a comfortable working environment through a combination of telecommuting and flextime systems, long-term career leave based on years of service, mandatory uptake of 5 days of paid leave per year, and maximum limits on overtime.

The Asaka Office of Shindengen Electric Manufacturing Co., Ltd. and Shindengen Three E have received platinum certification and Okabe Shindengen Co., Ltd. has received gold certification from 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.



Respect for human rights


The Shindengen Group respects international norms with regards to the human rights, and is committed to raising human rights awareness and promoting initiatives for respecting human rights. We provide human rights-related training including harassment and diversity training as a means of preventing human rights risks. We also perform human rights risk assessments by periodically conducting human rights due diligence in our supply chain.

Social

Labor Practices

Promotion of Health and Safety

The Shindengen Group recognizes the importance of promoting health and safety, and is working to constantly improve occupational health and safety and to provide safe and healthy working environments for its employees. The Central Health and Safety Committee is chaired by the officer in charge of safety promotion and, in accordance with the Occupational Health and Safety Policy, strives to ensure the safety of all employees, maintain and promote their physical and mental health, and create a comfortable working environment.

 **Shindengen Group Occupational Health and Safety Policy**
https://www.shindengen.com/csr/sustainability/shindengen_policy/

Acquisition of ISO 45001 Certification

The Asaka Office of Shindengen Electric Manufacturing Co., Ltd. (Asaka City, Saitama Prefecture), Okabe Shindengen Co., Ltd. (Fukaya City, Saitama Prefecture), and Shindengen Thailand (the Kingdom of Thailand) have each obtained ISO 45001 certification, which is the international standard for occupational health and safety management systems. ISO 45001 defines the construction and operation of systems that provide safe and healthy workplaces and prevent injuries and diseases related to worker labor. Since its publication, the standard has spread around the world. The Shindengen Group is striving to continually improve occupational health and safety, upgrades work environments focused on employee health and safety, enhances productivity, and ensures business continuity.



Traffic Safety Activity

Shindengen Electric Manufacturing Co., Ltd.'s Asaka Office has participated in the "Cycling Etiquette Improvement and Safety Promotion Company" project designated by Saitama Prefectural Police since April 2023. 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. While the number of bicycle commuters is increasing due to greater health awareness, we will continue to educate and raise awareness among our employees to improve cycling etiquette. During Traffic Safety Week at Higashine Shindengen Co., Ltd., we provide crossing guards at intersections near the plant to guide pedestrians and to participate in traffic safety campaigns.



Distributing flyers with Asaka Police Station
 (Asaka Office, Shindengen Electric Manufacturing Co., Ltd.)

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.



Driver safety education and free motorcycle inspections
 (Lumphun Shindengen)

Risk Assessment Training

Shindengen Electric Manufacturing Co., Ltd., has established workplace health and safety committees in each of its departments, and provides risk assessment training to the committee members. We are working to prevent workplace accidents and disasters by identifying potential risks and hazards in the workplace and by implementing controls to prevent, eliminate, and mitigate these risks. In FY 2023, there were no fatal accidents or serious occupational accidents resulting in permanent disability.

Social

Labor Practices

Products that Contribute to Safety

AEC-Q101 compliant high withstand voltage 900V MOSFET—Contributing to improved reliability in vehicle device applications—

The Shindengen Group develops, designs, produces, and sells environmentally friendly products in line with its corporate mission. While these products have a wide variety of applications in areas ranging from mobility, the environment and energy, industrial machinery, information and communication, and home appliances, they are also used in areas that contribute to human safety by protecting lives and livelihoods.

In recent years, many MOSFETs have been installed in environmentally friendly vehicles (xEVs), which are now spreading rapidly due to stricter regulations to combat global warming. There is particularly strong demand for high-voltage and highly reliable MOSFETs used as switching elements in sub-power sources that convert power from 400 V-class high-voltage batteries to lower voltages, and those used in circuits that rapidly discharge accumulated charge in electrolytic capacitors when turned on. To meet these needs, we have added two new models to our "VX3 series" lineup of automotive high withstand voltage MOSFETs, namely the 900V 1A "P1B90VX3K" and the 900V 2A "P2B90VX3K." This product features a revamped internal structure delivering a guaranteed 2kV HBM rating and 200V MM rating, and meeting the high-tolerance ESD requirements of in-vehicle devices. This functionality contributes to the improved reliability of in-vehicle devices. Shindengen Electric Manufacturing Co., Ltd. will continue to meet the demand for high withstand voltage products in the in-vehicle device market.

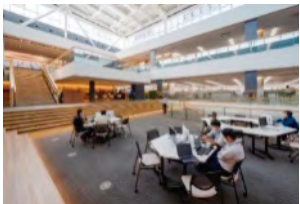


High withstand voltage MOSFET for automotive use VX3 Series

Improving Workplace Security & Safety and Comfort

Leveraging the advantage of its office environment having acquired CASBEE Wellness Office Certification Rank S, 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.



2F Atrium, Asaka Office (Shindengen Electric Manufacturing Co., Ltd.)



3F Atrium, Asaka Office (Shindengen Electric Manufacturing Co., Ltd.)



CASBEE Wellness Office Certification (Shindengen Electric Manufacturing Co., Ltd.)

Communication

Effective communication among employees is an important means of accomplishing ESG tasks. The exchange of opinions and sharing of information between employees is crucial for promoting diversity and inclusion and for promoting initiatives such as improving our working environments. This in turn increases employee engagement and strengthens corporate culture. The Shindengen Group has adopted "connection" as its theme and is working to promote communication.



Christmas party (Shindengen Philippines)



Year-end party (Lumphun Shindengen)



Sporting event (Shindengen Thailand)



Sports competition (Shindengen Vietnam)



Karaoke contest (Shindengen Indonesia)



Company retreat (Guangzhou Shindengen)



Employee birthday party (Shindengen India)



Club activity (Lumphun Shindengen)

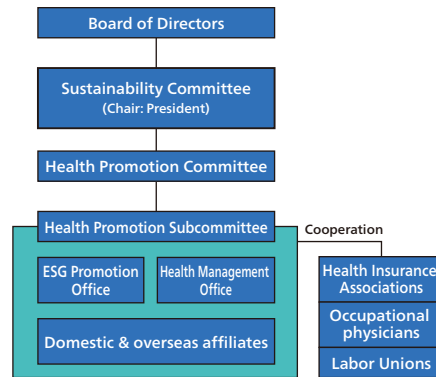
Social

Labor Practices

Health Management

The Shindengen Group regards the physical and mental health of its employees as an important management issue, and in March 2024 we established the "Health Declaration" and launched the Health Promotion Committee chaired by the officer in charge of safety promotion. To encourage interest in dietary habits and health, Shindengen Electric Manufacturing Co., Ltd.'s Asaka Office conducted a "blood vessel age check," "vegetable check" (measuring employee vegetable consumption levels)," and "bone strength level check" for employees on a voluntary basis. Shindengen Three E and other group companies hold health seminars. The Shindengen Manufacturing Health Insurance Association is also working to provide opportunities for exercise, such as group participation in the "the Chichibu Mountain Pass Walk" organized by Saitama Prefecture's Health Insurance Federation.

Health Promotion System



Initiatives for Health Management

Health-conscious meals

Each company in the Shindengen Group has incorporated delicious healthy meals into their staff canteen menus to support employee health. The staff canteen at Shindengen Electric Manufacturing's Asaka Office which serves lunch to its employees was certified as a "Saitama Health Promotion Cooperating Store."



Beef lunch
(Shindengen Indonesia)



Khao soi (northern Thailand specialty cuisine)
(Lumphun Shindengen)



Stir-fry and soup set with fruit
(Shindengen Thailand)



Mapo tofu Swiss chard with boiled meat
(Guangzhou Shindengen)



Lunch plate
(Shindengen India)

Smoking cessation support

The Shindengen Group considers the health and welfare of its employees to be a priority issue. We are therefore providing a range of services to support our employees' efforts to quit smoking, such as holding anti-smoking seminars and distributing free anti-smoking gum.



Shindengen Group Health Declaration

In order to realize the "creation of new value and continued growth," the Shindengen Group is committed to improving the physical and mental health of our officers, employees, and their families who form the cornerstone of our growth.

By promoting health management of our employees, we are preventing productivity losses due to ill-health and disease, and are creating a valuable future by stimulating the autonomous improvement and growth that drive our innovation.

Nobuyoshi Tanaka, President



Employee health check
(Asaka Office, Shindengen Electric Manufacturing Co., Ltd.)



Health seminar
(Shindengen Three E)



Chichibu Mountain Pass Walk
(Shindengen Manufacturing Health Insurance Association)

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
Company-Wide Quality Policy

We strive to assure excellent product quality and safety through an exacting management system in which our product planning, design and development, manufacturing, and quality assurance departments work in unison to leverage all our employees’ wisdom and enable creativity from a multifaceted approach in order to supply the best possible products to our customers.

Medium-Term Company-Wide 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

Every year, representatives from our Group’s factories and other facilities gather to participate in the “Shindengen Group Improvement Presentation” which provides an opportunity to share improvement activities undertaken across the Shindengen Group. We strive to improve quality by sharing information through presentation of improvement case studies and by bringing together the wisdom of the entire group in “monozukuri” as a manufacturing company.



Initiatives for the Improvement of Quality

Shindengen Group’s domestic and overseas production bases have acquired ISO 9001 series and IATF 16949 certification, which are international standard systems for quality management systems, and are committed to contributing to sustainable consumption and enhancing customer satisfaction and trust.

ISO 9001 Series & IATF 16949 Certification Status

Office Names	Applied Standards	Certifying Institution	Acquisition Date
SHINDENGEN ELECTRIC MANUFACTURING CO., LTD. SHINDENGEN THREE E CO., LTD. OKABE SHINDENGEN CO., LTD. SHINDENGEN MECHATRONICS CO., LTD.	ISO 9001	UKAS	August 5, 2027
SHINDENGEN (THAILAND) CO., LTD.	ISO 9001	UKAS	August 27, 2025
GUANGZHOU SHINDENGEN ELECTRONICS CO., LTD.	ISO 9001	DAKKS	November 7, 2025
PT. SHINDENGEN INDONESIA	ISO 9001	UKAS	February 22, 2026
SHINDENGEN VIETNAM CO., LTD.	ISO 9001	ANAB	May 8, 2025
SHINDENGEN INDIA PVT. LTD.	ISO 9001	DAKKS	January 10, 2026
AKITA SHINDENGEN CO., LTD. OURA FACTORY	IATF 16949	IATF	June 30, 2027
AKITA SHINDENGEN CO., LTD. ASUKA FACTORY	IATF 16949	IATF	July 2, 2027
HIGASHINE SHINDENGEN CO., LTD.	IATF 16949	IATF	July 2, 2027
LUMPHUN SHINDENGEN CO., LTD.	IATF 16949	IATF	November 4, 2025
SHINDENGEN PHILIPPINES CORP.	IATF 16949	IATF	December 12, 2025

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

Improving the customer service aspect of power conditioners manufactured by Shindengen Electric Manufacturing Co., Ltd. is our social responsibility. We have therefore established a customer consultation desk to resolve our customer’s problems and improve their satisfaction.

 **Power Conditioners and Customer Consultation Desk**
https://www.shindengen.com/products/eco_energy/solar/support/

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. The Shindengen Group also actively participates in the communities in which it operates and contributes to the development of local communities through its business and social contribution activities.



Initiatives to Realize a Sustainable Society

Barrier-free EV charger initiative

Shindengen Electric Manufacturing Co., Ltd. exhibited the SDQC2F60 series of wheelchair-accessible EV quick chargers at the Barrier Free 2024 exhibition held at Intex Osaka from April 17 to 19, 2024. With a large space provided for charging operations, this product allows for safe, unhurried operation without having to worry about other EV charger users. Even when approaching from the front in a wheelchair, the users' feet do not hit the machine, and its operation panel is set at a height enabling ease of use for those in wheelchairs. By listening to the opinions of numerous users as we develop and release new products, we will continue to work toward the realization of a society in which people can enjoy sustainable, safe, comfortable, and enjoyable lives.

Barrier-free 60 kW multi-outlet quick chargers for EVs

Unhurried operation

The multiple charging outlets are designed with plenty of operating space and independent access for wheelchair users. This allows wheelchair users to charge their wheelchairs unhurriedly and without having to worry about other EV charger users.

It also provides wheelchair users with plenty of access and leg room.

Bollards can be installed beside the operating panel to prevent contact with the charger. Sufficient leg room is provided to enable wheelchair users to approach the charger front on.



Power control unit for two-wheel electric vehicles mass-produced in India

Sales of two-wheel vehicles are very high in the Asia region, and the need for electrification of these vehicles is growing for a variety of reasons including national policies promoting the electrification of two-wheel vehicles as part of a strategy to combat air pollution issues. We have developed a power control unit (PCU) that controls the drive motor for two-wheel electric vehicles which are predicted to be a growing market going forward. In May 2023, Shindengen India commenced mass production of the DU012—a 2kW PCU for electric two-wheel vehicles. The DU012 drives three phase brushless motors, and is equipped with functions to control the motor while detecting battery voltage, vehicle speed, motor RPM, and other vehicle information in real time. In addition to improving the drivability of two-wheel vehicles, these functions also contribute to improved fuel efficiency by enabling smoother acceleration and deceleration. The Shindengen Group continues to focus on the development of environmentally friendly products under our corporate mission of "Maximizing energy conversion efficiency for the benefit of humanity and society."



Our booth at the Auto Expo 2023 in India



DU012 2kW PCU for two-wheel electric vehicles

Social

Community Involvement and Development

Developing Local Communities through Social Contribution Activities

Cooperation with International Red Cross blood donation activities

All of the Shindengen Group companies cooperate actively with the blood donation activities of the International Red Cross. Shindengen Electric Manufacturing Co., Ltd., Akita Shindengen, Shindengen Philippines, Shindengen Vietnam, and other domestic and overseas companies are working to promote blood donations to support those in need of transfusions.



Shindengen Indonesia



Shindengen Philippines



Lumphun Shindengen

Community cleaning and tree planting activities

Higashine Shindengen and Shindengen Three E conduct regular cleanup activities in the belief that contributing to local beautification as a member of the community strengthens our ties with residents. Shindengen Three E has registered in the Saitama Prefecture Casual Local Cleanup Program. The company is cooperating with efforts to reduce rubbish and promote recycling.



Beautification activity (Higashine Shindengen)



Cleanup activity (Shindengen Three E)

Lumphun Shindengen assisted in the removal of an invasive plant species (water hyacinth) from the river. Water hyacinth is an aquatic plant that can be problematic due to its rapid growth which can block the sluice gates of rivers and canals, causing rivers to overflow and flood. Shindengen Thailand also planted banana plants to feed elephants in a national park for greening and biodiversity conservation, and created an artificial salt field to provide minerals for elephants.



Removal of water hyacinth from a river (Lumphun Shindengen)



Banana planting and salt field (mineral) creation for wild elephants (Shindengen Thailand)



Activities rooted in local communities

The 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 the Thai people have a strong sense of belonging to these temples. Based in Thailand, Lumphun Shindengen donated fire extinguishers to a local temple as part of its contribution to the community, provided instructions on their use, and conducted a fire drill to advise on initial response in case of fire.

Shindengen Indonesia provides cows to neighborhood mosques and Islamic schools for Eid al-Adha (also known as the Festival of Sacrifice) which is an important religious event for Muslims. The company also works closely with the community by distributing gifts to employees and nearby police and military personnel to celebrate the end of the month of Ramadan (the month of fasting).

Shindengen Thailand provided food and drinks to villagers and participants when they participated in activities at a nearby temple. Through these and other initiatives, we aim to be a company valued by many people through our close involvement with residents as a member of the local community.



Donation of fire extinguishers (Lumphun Shindengen)



Training on fire extinguisher use (Lumphun Shindengen)



Donating cows for Eid al-Adha (Shindengen Indonesia)



Donation of food & drinks at temple event (Shindengen Thailand)

Social

Community Involvement and Development

Participation in Asaka City Industrial Fair and Public Relations

Shindengen Electric Manufacturing Co., Ltd.'s Asaka Office exhibited a booth at the Asaka Industrial Fair 2024 held at the Asaka City Industrial Culture Center on February 4, 2024. In addition to exhibiting a panel display introducing the company, we hosted a time trial game for event attendees using our semiconductor products, and organized other activities to promote the public's familiarity with Shindengen.



Asaka City Industrial Fair (Asaka City, Saitama Prefecture) (Shindengen Electric Manufacturing Co., Ltd.)

Activity Supporting Local Children: Athletics Lesson

As an activity to support local children, Shindengen Electric Manufacturing Co., Ltd.'s Athletics Club held an athletics lesson for preschool children at Nakacho Doronko Nursery School in Asaka City. During the lesson, athletes who are active in the company works team taught the children how to run fast such as by lifting their feet while running and how to run relays. The children enjoyed physical exercise while playing tag and other games.



Athletics lesson by the company athletics club (Shindengen Electric Manufacturing Co., Ltd.)

Coexistence and Shared Prosperity with Local Communities

Shindengen Electric Manufacturing Co., Ltd. sponsors the Sai-ka-Sai Asaka City Festival held every August in an effort to coexist and prosper with the local community. The Saika Festival is a popular annual event attended by around 600,000 people. The festival was held over three days, with an energetic "Yosakoi Naruko Dance" performed in the early afternoon.



Banner advertising the Sai-ka-Sai Asaka City Festival (Shindengen Electric Manufacturing Co., Ltd.)

Supporting Areas Affected by Natural Disasters

The Shindengen Group provides various types of aid with the hope of assisting the recovery of areas affected by natural disasters. Shindengen Electric Manufacturing Co., Ltd. and Higashine Shindengen donated 5.2 million yen on behalf of the Shindengen Group to the victims of the Noto Peninsula Earthquake that caused extensive damage mainly in the Noto Peninsula of Ishikawa Prefecture in January 2024.

Grow-Local Eat-Local Initiative (industry-academia-government event with Kumagaya Agricultural High School and Shindengen Electric Mfg's Asaka Office)

In December 2023, Shindengen Electric Manufacturing Co., Ltd.'s Asaka Office collaborated with Kumagaya Agriculture High School and Saitama Prefecture to host a "Grow-Local Eat-Local" event at its canteen as an industry-academic-government initiative. During the event, the company provided a menu featuring fresh vegetables harvested by the local Kumagaya Agricultural High School. In addition to supporting the learning of local high school students, this initiative has also led to activities to reduce environmental impact by using locally produced ingredients to reduce transportation energy consumption.



Shindengen Vietnam Awarded on 50th Anniversary of Japan-Vietnam Diplomatic Relations

At a ceremony commemorating the 50th anniversary of diplomatic relations between Japan and Vietnam, Shindengen Vietnam was awarded by Hung Yen Province as an outstanding company that has contributed to the local economy.

In Hung Yen Province where Shindengen Vietnam is located, a commemorative event was held with the participation of guests from the Communist Party of Vietnam, the Japanese Embassy, and other organizations. Shindengen Vietnam was selected from among the 166 Japanese companies in the province to be awarded as one of the 20 outstanding companies that have made a special contribution to the local economy.



President Kobayashi (center) receiving the award (Shindengen Vietnam)



Broadcast of commemorative ceremony on local TV station (VTC News) (Shindengen Vietnam)

Social

Community Involvement and Development

Contribution to Education

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

Shindengen Vietnam not only provides equipment and scholarships to local elementary and junior high schools, but also conducts factory tours to introduce students to manufacturing and the latest technologies. Lumphun Shindengen donated sports equipment such as soccer goals and balls to local schools to promote children's healthy development and participation in sporting activities. Shindengen Thailand donated educational funds to a local school during a festival at a nearby temple. Moreover, Shindengen Philippines donated research equipment to the Technological University of the Philippines to support their education and research.

Providing educational funding and learning equipment are important activities that support children's futures. The Shindengen Group will continue efforts to improve learning environments in cooperation with local communities.

Student Internships and Factory Tours

Shindengen Group companies accept internship students from universities and vocational schools each year to provide practical experience and support the future career development of students.

As a partner company of the technical vocational school Dualtech Training Center, Shindengen Philippines accepts interns each year. Under this program, students spend up to 18 months working in a real business environment to acquire specialized knowledge and skills. Lumphun Shindengen accepted 12 interns from universities and technical junior colleges, and Shindengen Thailand accepted 9 interns. Shindengen Kumamoto Technoresearch accepts company tours and internships from Kindai University and Kindai University Junior College, and also cooperates in the on-site education of students by giving company presentations as part of classes at the National Institute of Technology (KOSEN), Kumamoto College. Furthermore, Akita Shindengen visits nearby universities to provide lectures on power semiconductors (one of our key products) in an effort to provide students with the knowledge that will help them choose a career path.



Donation of equipment & scholarships to local elementary and middle schools (Shindengen Vietnam)



Children at factory tour (Shindengen Vietnam)



Practical training in safety & electrical engineering (Lumphun Shindengen)



Donation of soccer goals & balls (Lumphun Shindengen)



Donation of educational funds (Shindengen Thailand)



Practical training of electrical engineers (Lumphun Shindengen)

Environment

Environment

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

In consideration of the global targets for realizing a sustainable society including the Paris Agreement and the Sustainable Development Goals (SDGs) adopted at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21), we will continue working to create environmentally friendly products and to mitigate the environmental impact of our business activities so as to play a part in responding to climate change risks and resolving other pressing social issues.



Shindengen Group Environmental Policy

After formulating the Environmental Vision 2050 for the Shindengen Group in December 2021, we revised the Shindengen Group Environmental Policy. The Shindengen Group is constantly striving to improve upon our contribution to a sustainable society by properly identifying and understanding our changing circumstances and the needs and expectations placed upon us, and by considering not only how we impact the environment but also how the environment impacts us.



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

Environmental Management

Change in Scope of Application of the Environmental Management System

Shindengen Electric Manufacturing Co., Ltd.'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 Electric Manufacturing Co., Ltd.'s Asaka Office and major domestic production companies as the scope of application.

Shindengen Indonesia has worked to obtain ISO 14001 certification mainly to raise internal awareness of ESG management and to properly comply with relevant laws and regulations. The company was successfully certified in April 2024 after beginning full-scale efforts in August 2023, developing standardized documents and materials, and ensuring the active involvement of all of its departments.

With the ISO 14001 certification of Shindengen Indonesia, six of Shindengen Group's overseas production bases have now been certified.

Creating a System for Environmental Vision 2050

We reorganized the Energy Conservation Subcommittee, which had been under the Environment Committee, in April 2022 to establish the Decarbonization and Energy Conservation Subcommittee as an organization to promote the Shindengen Group's Environmental Vision 2050 and FY 2030 environmental targets. The Decarbonization and Energy Conservation Promotion Subcommittee comprises environment-related divisions, operating divisions, and Group companies, with Shindengen Electric Manufacturing Co., Ltd.'s Corporate Planning Department and Sustainability Promotion Department as secretariat, thereby creating a structure that spans the entire organization from management to the frontline.

Environmental Education

The Shindengen Group provides environmental education combined with elements of social issues in each of its training programs, including general environmental education and new employee education, with the aim of raising environmental awareness among its 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.

Shindengen Electric Manufacturing Co., Ltd. began conducting web-based "environment label" training of all its employees from March 2024.

Environmental labels are documents and symbols that inform consumers of environmentally conscious services and products, thus motivating customers to proactively purchase environmentally friendly products. We will continue to consider society's demands and expectations as they relate to the Shindengen Group, and will continue to provide timely environmental education in response to environmental changes.

Environment

Environment

Environmental Objectives and Targets

At the Shindengen Group, we set environmental objectives and targets based on our Environmental Policy and have implemented the following initiatives that alleviate environmental problems.

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

Objective	Target	Result
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 product 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 	<p>The Chemical Substance Management Subcommittee achieved the target by implementing the following items (1) and (2) as planned towards initial reporting under the PRTR system pursuant to the revised Chemical Substances Control Law of July 2024.</p> <p>(1) Updating SDSs for all handled chemicals with the latest information (2) Revising the format for tabulating PRTR reporting</p>
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 accuracy of our information disclosures to stakeholders by firmly establishing our CDP* disclosure response tasks and obtaining SBT*</p> <p>*CDP: An international non-profit organization that provides an environmental information disclosure system. *SBT (Science Based Targets): Targets set by companies to reduce their greenhouse gas emissions in line with the levels required by the Paris Agreement.</p>	<ol style="list-style-type: none"> Reduced the Group's consolidated crude oil equivalent energy intensity (weighted average) at the end of FY 2023 by 12.19% reduction compared to FY 2020. Reduced the Group's consolidated Scope 1+2 CO₂ emissions at the end of FY 2023 by 37.16% compared to FY 2013. Reduced the Group's consolidated Scope 3 CO₂ emissions at the end of FY 2023 by 29.8% compared to FY 2021. <p>We integrated CDP disclosure tasks into routine operations. We submitted the CDP Climate Change Questionnaire and the CDP Water Security Questionnaire. We obtained the SBT certification in October 2023, and published the fact in a news release on the Shindengen corporate website.</p>
Promote proper waste management <ul style="list-style-type: none"> Consider the environment through the control and substitution of plastics in our core businesses 	<ul style="list-style-type: none"> Build operations to replace plastics and create a system to continually suppress plastic use 	<p>Each Shindengen Group company in Japan identified detailed issues involving their reduction of plastic, and set targets, which they largely achieved.</p>

The Shindengen Group Domestic Companies: Environmental Objectives and Targets (FY 2024)

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"> Strengthen compliance with chemical substance regulations by sharing information and raising awareness on each company's prevention activities (actual on-site operations)
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 3.94% compared to FY 2020 (improvement of 9.97% by end of FY 2030) Reduce the Group's consolidated Scope 1+2 CO₂ emissions by 29.81% compared to FY 2013 (46.07% reduction by end of FY 2030) Reduce the Group's consolidated Scope 3 CO₂ emissions by 8.34% compared to FY 2021 (25.02% reduction by end of FY 2030) <p>Establish an annual data reporting system by integrating CDP disclosure tasks into routine operations and obtaining SBT certification</p>
Promote proper waste management <ul style="list-style-type: none"> Consider the environment through the control and substitution of plastics in our core businesses 	<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. We will also establish the FY 2030 Environmental Targets as a milestone toward the Environmental Vision 2050, and will contribute to the environment by achieving our SDGs materiality targets.

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 we will pursue sustainability to contribute towards 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 strengthening our activities to protect biodiversity



Environmental Targets for FY 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* and Scope 2*) as well as CO₂ emissions resulting from the supply chain (Scope 3*)

《Contributing to a recycling-oriented society》

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

We will boost our contribution towards a recycle-oriented society by continuing to focus on effective utilization of limited resources. In addition, we will strengthen the development of environmentally friendly products and technologies which will lead to more efficient use of energy.

《Contributing to a society in harmony with nature》

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

We will promote the conservation of water resources which are indispensable for building a society in harmony with nature and are vital to our business activities, and we will enhance our activities to protect biodiversity and forests.

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

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

*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

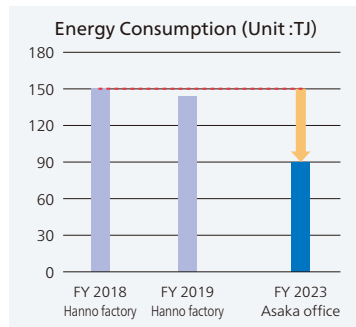
Environment

Our Business Activities and Activities to Reduce our Environmental Impact

The Shindengen Group is committed to reducing the environmental impact and mitigating the environmental risks of its business activities in areas including global warming countermeasures, chemical substance reduction, waste reduction, and water resource and biodiversity conservation. The following are examples of key activities among the initiatives we undertook in FY 2023.

Reduction in CO₂ emissions

The Shindengen Group is endeavoring to reduce its CO₂ emissions to achieve 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. The Asaka Office, which opened in 2021, has significantly reduced its energy consumption by consolidating the functions of business divisions and departments that were previously spread across the Otemachi Head Office and multiple buildings at the Hanno Factory into a single building, and by adopting a ZEB Ready building*.



FY 2023 Asaka Office Reduction in Energy Consumption

*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).

Adoption of Electricity Derived from Renewable Energy

- 10,297 MWh in FY 2022 => 25,836 MWh in FY 2023 (Group)
- Shindengen Electric Manufacturing Co., Ltd. Asaka Office: 100% (FY 2022-)
 - Okabe Shindengen Co., Ltd.: 50% => 100% (May FY 2023-)
 - Akita Shindengen, Higashine Shindengen, Shindengen Three E (FY 2023-)

Adoption of Solar Power Generation Systems

- Shindengen India (FY 2023-)
- Okabe Shindengen Co., Ltd. (planned adoption in FY 2024)

Primary Challenges for Reducing CO₂ Emissions

The Shindengen Group Companies: Primary challenge (FY 2023)

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

Initiatives on CO₂ Emission Reduction Activities

With the support of Chiang Mai University, Lumphun Shindengen is working to reduce greenhouse gas emissions. Chiang Mai University's support is part of the greenhouse gas emission reduction activities at the Northern Region Industrial Estate where Lumphun Shindengen is located. This support primarily consists of briefly explaining how to visualize (i.e., calculate) greenhouse gas emissions from business activities and how to proceed with this process. After inspecting the factory, Chiang Mai University provided guidance on issues and potential improvements in the factory facilities, and also provided guidance on the calculation of greenhouse gas emission reductions and the amount and recovery period of investments in these reductions. Lumphun Shindengen has shared this guidance with relevant departments within the company and is promoting activities to reduce greenhouse gas emissions.

- Major reduction measures proposed by Chiang Mai University
 - (1) Upgrading air conditioning equipment
 - (2) Preventing compressed air leakage
 - (3) Installing solar powered lights around the factory perimeter
 - (4) Revising the factory work schedule
- Total anticipated reduction
 - (1) Amount of electricity saved: 1,742.7 MWh/year
 - (2) CO₂ emission reduction: 784.3t-CO₂

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 attempting to solve 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. Refer to the Initiatives for the SDGs for details.



Initiatives for the SDGs <https://www.shindengen.com/csr/sustainability/esg/>

■ 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 (Scope 1, Scope 2, Scope 3) <https://www.shindengen.com/csr/esgdata/>

■ Initiatives for biodiversity

Recognizing the relationship between biodiversity and business activities, Shindengen Electric Manufacturing Co., Ltd. is providing employee education at domestic Shindengen Group companies using an in-house developed original DVD and have set up nest boxes at the Hanno Factory 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 to protect the surrounding plant and animal habitats, such as protecting forests by using FSC-certified paper for documents including corporate brochures and product catalogs, and using Rainforest Alliance-certified coffee at the canteen.

Our overseas Group companies actively participate in afforestation activities held annually by municipalities and local communities. 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 Indonesia participated in a tree-planting activity to reforest the banks of the Cibeet River in an Environment Day event organized by the Greenland International Industrial Center (GIIC). A total of 50 people from 15 businesses in the industrial center participated in this event, planting 1,000 mahogany and rubber trees.



Tree-planting activity
(Shindengen Indonesia)

■ 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.

Shindengen Three-E is working to optimize the disposal of waste plastic. Until now, plastics were delivered to recycling companies for thermal recycling (i.e., for reuse as fuel) without being separated into their respective materials. However, after repeated discussions with recycling companies, we have implemented the separation of waste pallets and trays (used to transport and package purchased parts and materials) with identifiable plastic materials. By separating these plastics into their respective materials, we can now sell them to recyclers while also contributing to the realization of a recycling-oriented society through the effective use of resources in material recycling (i.e., reuse as materials).

Environment

Environment

Initiatives to Manage Chemical Substances

The Shindengen Group is working to achieve its stated environmental objective of “engaging in sustainable activities to protect people and the environment through appropriate management of information about chemical substances contained in products.”

The Chemical Substance Management Subcommittee (consisting of Shindengen Electric Manufacturing Co., Ltd.’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 chemical substances contained in products, and manages chemicals used in-house.

Environmental Remediation

The Shindengen Group had been using trichloroethylene in the cleaning process for semiconductor manufacturing.

Since FY 1997, we have been conducting consecutive surveys of soil and groundwater contamination at business sites with a history of using designated hazardous substances. In February 2012, we completed the soil remediation of one business site.

We are continuing to appropriately manage and address environmental risks due to soil contamination at our business sites with a history of using designated hazardous substances. We periodically report the status of these management efforts to government agencies and other relevant entities.

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). In terms of environmental accounting, we have established our own calculation standards based on the Ministry of the Environment’s Environmental Accounting Guidelines.

Environmental Conservation Costs

(Unit : ¥ million)

Category	Key Item	FY 2022		FY 2023	
		Investment	Cost	Investment	Cost
1. Business area cost		280.7	358.8	264.5	339.5
Breakdown	Pollution prevention cost	13.5	154.7	7.5	148.9
	Global environmental conservation cost	267.2	64.0	257.0	60.2
	Resource recycling costs	0.0	140.2	0.0	130.4
2. Upstream/downstream cost	Costs of green procurement and analytical instrument purchases	0.0	87.9	0.0	75.2
3. Administration cost	Environmental education fees, certification costs, and internal audit costs	0.0	356.8	0.0	517.4
4. R&D cost	Development of energy-saving and highly efficient products and rapid chargers for EVs	0.0	174.6	0.0	276.0
5. Social activity costs	Participation in local community beautification activities	0.0	1.6	0.0	125.3
6. Environmental remediation costs	Remediation of contaminated soil and groundwater	0.0	175.4	0.3	125.3
Total		281	1,155	265	1,337

*Some numbers are estimates.

Totals are subject to rounding differences.

Environmental Conservation Benefits

[1] Economic benefits associated with environmental conservation activities (Unit : ¥ million)

Category		FY 2022	FY 2023
Revenue	Revenues from sale of recycled products	860	782
Expense reduction	Energy expense savings from energy conservation (electricity, fuel oil, etc.)	41	84
	Disposal cost savings from reduced resource usage or recycling	5	4
	Other expense savings from environmental improvements	0	3
Total		906	873

[2] Environmental conservation benefits (physical quantities)

Category	FY 2022	FY 2023
CO₂ emissions (t-CO₂)	78,425	64,960
Electricity consumption (GWh)	145	150
Fuel oil consumption (kL)	1,662	1,614
Water consumption (1,000m³)	1,809	1,726
Amount of waste (t)	226	29
Amount of material recycled (t)	5,456	4,697

*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

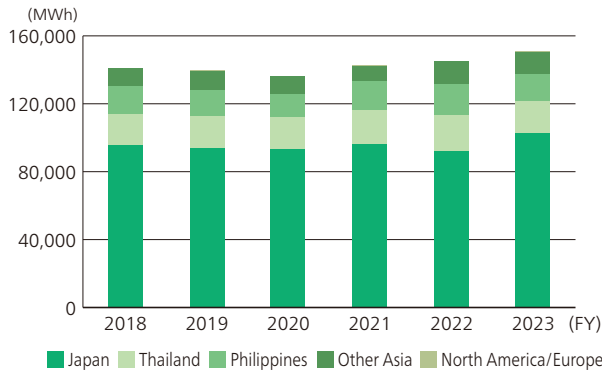
Environment

Trends in primary environmental loads associated with manufacturing activities

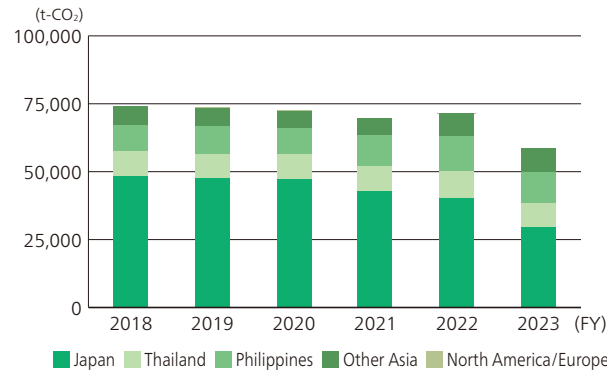
Energy

*In the "CO₂ Emissions" of "Fuel Oil Consumption," the data for FY 2018 is the CO₂ emissions associated with the use of only heavy oil. However, 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

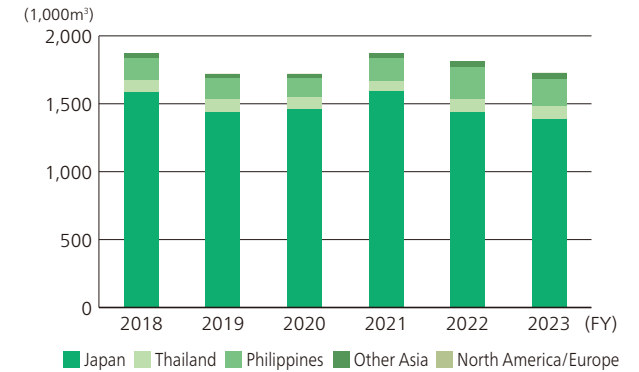


CO₂ Emissions from Electricity Consumption

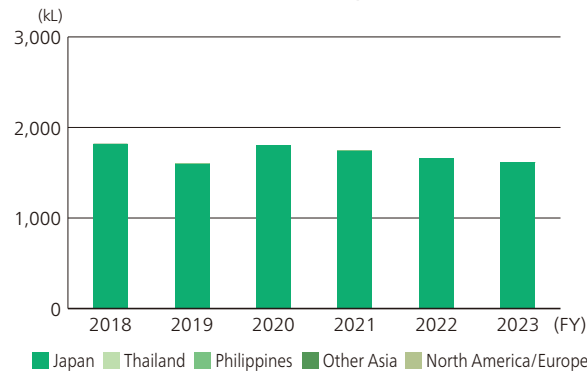


Water Resources

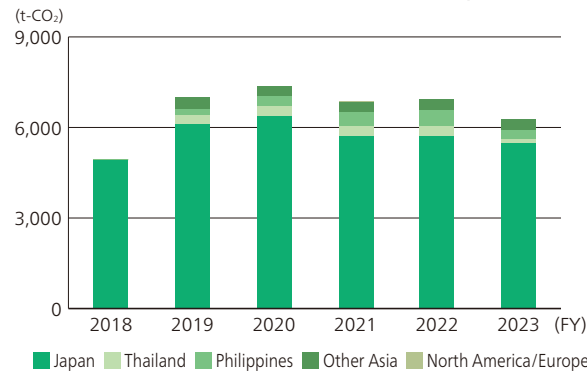
Water Resource Consumption



Fuel Oil Consumption

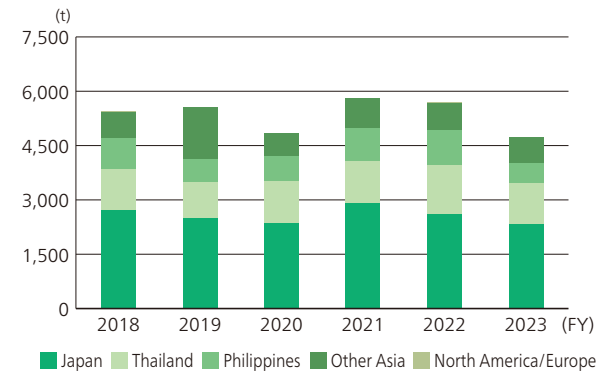


CO₂ Emissions from Fuel Oil Consumption



Waste

Total Waste Emissions



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.

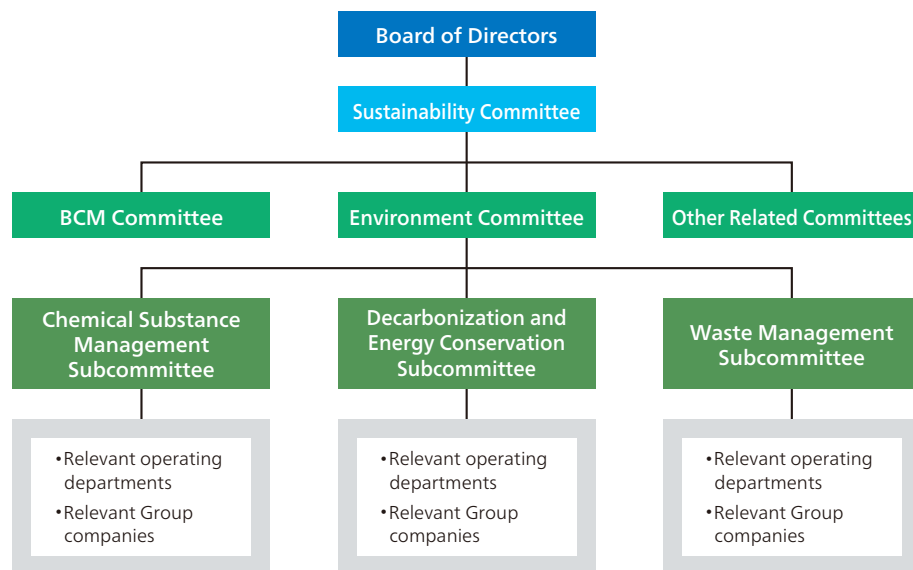
The Shindengen Group discloses its climate-related initiatives according to the four pillars of disclosure advocated by the TCFD recommendations, namely Governance, Strategy, Risk Management, and Metrics and Targets.

■ Governance

Shindengen Electric Manufacturing Co., Ltd.'s Board of Directors deliberates and decides 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 confirms the effectiveness of business continuity, including climate change problems. The Environment Committee 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. We have also 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 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 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 electrification and renewable energy increases. 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	There is a 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, new incurred costs such 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 restoration and recovery from disasters 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.



Business Continuity Plan (BCP) https://www.shindengen.com/csr/governance/risk_management/

■ Metrics and Targets

The Shindengen Group views its initiatives to protect the global environment as one of its most important management issues. We have therefore formulated the "Environmental Vision 2050" with the aim of promoting activities to realize a sustainable global environment and society from a long-term perspective through the concerted efforts of the entire Group.

The sustainable society the Shindengen Group aspires to 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. 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 Materiality Targets identified by the Shindengen Group.



Environmental Vision 2050, FY 2030 Environmental Targets

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

Initiatives for the SDGs <https://www.shindengen.com/csr/sustainability/esg/>

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. We obtained SBT certification in October 2023 and published the fact in a news release on Shindengen's corporate website.

The SBT certification application states the following CO₂ emission reduction targets for 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 in Category 11 emissions by the end of FY 2030, using FY 2021 as the base year

Governance

Organizational Governance

Shindengen Electric Manufacturing Co., Ltd. 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 Electric Manufacturing Co., Ltd.'s basic policy is 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 management organization of our corporate governance system consists of a group of bodies serving different functions 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. These bodies pursue organic Group management through rapid decision-making and efficient business activities. Regarding information disclosure, we continually strive to strengthen IR activities to enhance the fairness and transparency of management.

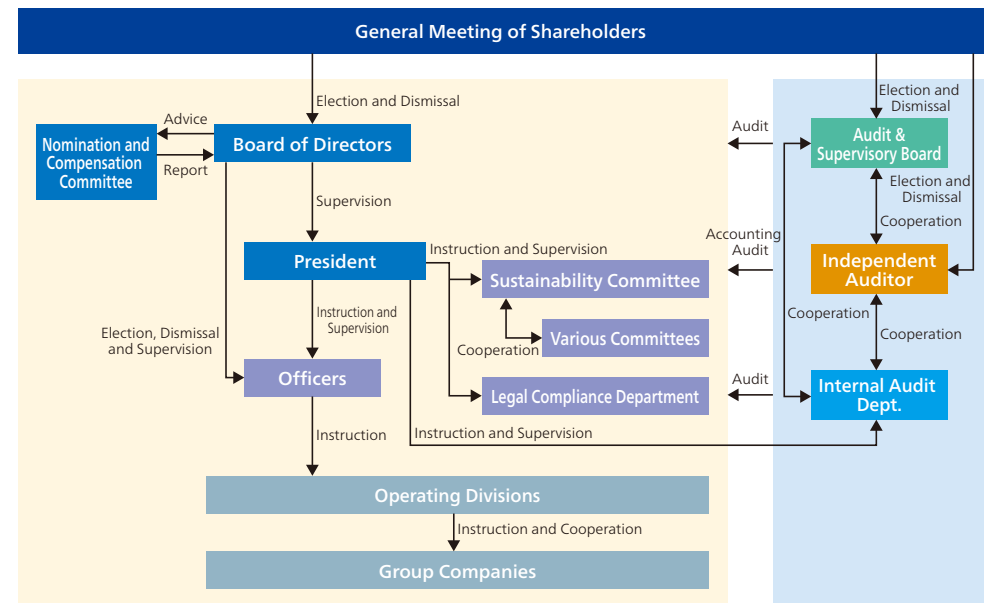
Compliance with the Corporate Governance Code

To meet the expectations of and build trusting relationships with various stakeholders including customers, shareholders, investors, suppliers, employees, government and administrative agencies, and local communities, Shindengen Electric Manufacturing Co., Ltd. is committed to engaging in appropriate dialogue with stakeholders and providing information disclosures and explanations in accordance with the Corporate Governance Code.

In November 2021, we established a Nomination and Compensation Committee as an advisory body to the Board of Directors. It consists of two outside directors and the Representative Director. 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 Report <https://pdf.irpocket.com/C6844/XVHq/zdg3/ZbN1.pdf>

Corporate Governance System (at April 2024)



Governance

Organizational Governance

Authority and Role of the Nomination and 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, Shindengen Electric Manufacturing Co., Ltd. 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 directors, one of whom also serves as the chairperson.

Officer Compensation

The basic policy behind Shindengen Electric Manufacturing Co., Ltd.'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 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. Performance-based compensation is based on a combination of short-, medium-, and long-term indicators and ESG-oriented indicators, and the amount of compensation reflects factors such as position. Non-monetary compensation is defined as compensation in the form of restricted stock, and a portion of compensation is granted as restricted stock in accordance with internal regulations stipulating monthly sum criteria based on position and other factors, within the maximum amount (i.e., within 60 million yen per year) approved at the General Meeting of Shareholders.

Regarding the performance-linked portion 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 2023

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 2023, the Board of Directors' effectiveness assessment (self-assessment) was carried out using the following analysis and assessment method. A summary of the results is also 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 three auditors (two 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, management strategy and business 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 discussions and exchanges of opinion.
- Improvements were seen in terms of the issues leading up to the previous assessment, including officer training, suitable sharing of risk information, and optimization of the running of the Nomination and Compensation Committee.

However we also confirmed issues that needed further improvement, such as provision of information to outside officers, more vigorous debate based on an awareness of capital costs and capital efficiency, improvements in business execution reports based on monitoring indicators, and officer performance assessments according to their role.

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 has established internal ethics based on the “Shindengen Group Guideline for Action” in order to solve social issues at each stage of the value chain including marketing, product development, material procurement, production, and logistics, and is promoting the creation of systems that can adapt to changes in social values.



Approach to Compliance

The Shindengen Group considers strict compliance with competition and anti-bribery laws and regulations in Japan and also in the countries of our overseas group companies as one of its top priorities. The Compliance Committee chaired by the President was formed in order to establish, maintain, enhance, supervise, and improve compliance management at Shindengen Electric Manufacturing Co., Ltd., and to support the establishment, maintenance, enhancement, and improvement of compliance management at group companies in Japan and overseas. To date, the Committee has performed the following activities:

Revised Shindengen Group Guideline for Action

We sent this revised guideline to all employees of Shindengen Group companies via our intranet concerning actions to be observed primarily under competition laws and bribery regulations. Our overseas Group companies translated the Guideline for Action into the local language of their host country to ensure that all are thoroughly informed and educated.



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

Competition Law Actions

As the main promotion body, the Compliance Committee continually conducts PDCA cycles to build a compliance program for Competition Laws. Specifically, the Committee: established rules for complying with antitrust laws, rules for interacting with competitor companies, and a manual for applying for penalty reductions and exemptions; provided cooperative support to overseas group companies on preparing corresponding rules; and regularly provides in-house education and training to sales departments. The Committee also incorporated the penalty exemption and reduction system and amended the internal rules and manuals relating to the revised Antitrust Law that came into effect in December 2020.

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 or benefits to foreign government officials), similar actions to those taken for the Competition Laws.

Initiatives for the Act on the Protection of Personal Information

- 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 Corporate Ethics Hotline

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 revised our systems and consolidated our frameworks in line with the revisions of the Whistleblower Protection Act. The internal Corporate Ethics Hotline connects to Shindengen’s Legal Compliance Department (internal hotline) and an external lawyer (external hotline), ensuring whistleblower access from not only Shindengen Electric Manufacturing Co., Ltd. but also Group companies in Japan and overseas.

Governance

Fair Operating Practices

Risk Management

Business Continuity Plan (BCP)

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, and a system for disaster response and rapid initial response and business continuity has been implemented under the “Disaster Prevention and Business Continuity Policy,” thus consolidating the functions of gathering and disseminating risk information from each Group company 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 2023, conditional business continuity training was also conducted 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.

 [Disaster Prevention and Business Continuity Plan-Statement of Principles](https://www.shindengen.com/csr/sustainability/shindengen_policy/)
https://www.shindengen.com/csr/sustainability/shindengen_policy/

Transparency of Tax Payments

Shindengen Vietnam Awarded by Haiphong City

Shindengen Vietnam received an award from the Haiphong City People’s Committee for its outstanding achievements in imports/exports and tax payment in FY 2023. The award recognizes the company’s proper conduct of economic activities and the positive impact of these activities on the community. Shindengen Vietnam will continue to develop its business while ensuring compliance and will increase its competitiveness in the global market with the goal of achieving sustainable growth.



Award certificate
(Shindengen Vietnam)




Award ceremony
(Shindengen Vietnam)

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/)
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 Exchange and Foreign Trade Act and has established a strict export control system to prevent the proliferation of weapons of mass destruction and excessive accumulation of conventional weapons.

Shindengen Electric Manufacturing Co., Ltd.’s export control system comprises the “Security Trade Control Committee” chaired by an officer appointed by the President as the Chief Security Trade Control Officer, the “Security Trade Control Regulations” to ensure that export transactions are conducted properly, and the “Security Trade Operating Regulations” to facilitate these transactions. Moreover, in domestic sales where it is clear that the product will ultimately be exported by the customer, we do our utmost to find out as much as possible about the product’s end user and its intended use to ensure that Shindengen Electric Manufacturing Co., Ltd.’s products are not being used to threaten international peace. Moreover, through our in-house rules, we limit the execution of import and export operations to those who have been certified as compliant with our internal qualifications and thereby manage risks and streamline import and export operations. Those certified as compliant with our internal qualifications are obligated to acquire the necessary specialized skills.

Governance

Fair Operating Practices

Protecting and Utilizing Intellectual Property

Basic Policy Related to Intellectual Property

The Shindengen Group views its intellectual property as an important management resource, and promotes the following measures to enhance corporate value and achieve sustainable growth.

- We comply with relevant laws and regulations on intellectual property
- We appropriately manage, acquire, protect, and use our intellectual property rights
- We conduct our business while fully respecting the intellectual property rights of third parties

Intellectual Property Strategy

(1) Three-In-One Initiative and Intellectual Property Mix Strategy

The Shindengen Group promotes a “three-in-one” initiative that organically integrates its intellectual property strategy, business strategy, and R&D strategy, and is working to create intellectual property that will strengthen the competitiveness of its business. In particular, we appropriately manage our patent rights and design rights (which are accomplishments of our R&D), trademarks (which are the foundation of our brand power) and copyrights (which are the accomplishments of our creations) based on a designated flow for acquiring, maintaining, and discarding them. We are also promoting an “Intellectual Property Mix Strategy” to comprehensively manage our intellectual property-related activities while visualizing the construction of our intellectual property portfolio through the intellectual property landscape.

(2) Open Patent Initiatives

Aiming to revitalize socio-industrial activity through collaboration between industry, academia, and government, and open innovation, Shindengen Group is taking steps to allow the effective use of its patents related to electric converter technologies and circuit technologies by opening them to the World Intellectual Property Organization (WIPO) and local governments, etc.

(3) 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. We have adopted a serious stance in our handling of counterfeit products.

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

(4) Incentive Program for Inventions, etc.

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, and our internal patent attorneys and Intellectual Property Division employees provide support for securing intellectual property rights.

(5) Inter-Group Collaboration on Intellectual Property-Related Activities

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. We will continue promoting intellectual property collaborative activities across the Group to support business operations that maintain our competitive advantages.

Intellectual Property Education

The Shindengen Group is striving to thoroughly implement its Basic Policy on Intellectual Property Rights and to develop human resources in order to leverage our intellectual property (IP). We are committed to improving employee knowledge of IP by publishing regular newsletters on IP and providing training suited to our employees’ experience and career level. We will create new value and achieve sustainable growth for our Group by motivating our engineers to create inventions through education.



IP education “IP Risks and Countermeasures for Manufacturers”
(Shindengen Electric Manufacturing Co., Ltd.)

Major ESG Data

ESG	Category	Scope	Unit	FY 2020	FY 2021	FY 2022	FY 2023	
Environment	Energy	Electric Power Consumption	Consolidated	MWh	136,115	142,288	145,010	150,755
		Renewable Electricity component	Consolidated	MWh	249	4,379	10,297	25,836
		Renewable Energy Ratio	Consolidated	%	0.2	3.1	7.1	17.1
		Fuel Oil Consumption	Consolidated	kL	1,803	1,739	1,662	1,614
		Energy Consumption	Consolidated	TJ	1,429	1,535	1,516	1,460
		Improve Energy Intensity (2012 Standard)	Shindengen Group (Domestic)	%	16.7	27.6	28.2	23.0
	Water Consumption		Consolidated	1,000m ³	1,720	1,873	1,809	1,726
	Greenhouse Gases Emissions	Scope1*	Consolidated	t-CO ₂	7,351	6,848	6,941	6,305
		Scope2**	Consolidated	t-CO ₂	72,359	69,600	71,483	58,698
		Scope3**	Consolidated	t-CO ₂	—	1,477,464	1,280,666	1,036,087
		Purchased Goods and Services	Consolidated	t-CO ₂	—	266,450	315,117	299,404
		Capital Goods	Consolidated	t-CO ₂	—	16,740	15,219	13,851
		Fuel/Energy Related Activities	Consolidated	t-CO ₂	—	10,950	11,008	9,615
		Upstream Transportation and Distribution	Consolidated	t-CO ₂	—	30,627	30,369	21,010
		Waste Generated from Business	Consolidated	t-CO ₂	—	509	484	256
		Business Trip	Consolidated	t-CO ₂	—	847	886	886
		Employee Commuting	Consolidated	t-CO ₂	—	2,979	3,109	3,113
		Upstream Leased Assets	Consolidated	t-CO ₂	—	—	—	—
		Downstream Transportation and Distribution*	Consolidated	t-CO ₂	—	1,290	1,515	1,794
		Processing and Downstream Transportation and Distribution of Sold Products	Consolidated	t-CO ₂	—	2,216	2,148	1,790
		Use of Sold Products	Consolidated	t-CO ₂	—	1,144,732	900,685	684,244
		Disposal of Sold Products	Consolidated	t-CO ₂	—	124	127	124
		Downstream Leased Assets	Consolidated	t-CO ₂	—	—	—	—
		Franchise	Consolidated	t-CO ₂	—	—	—	—
		Investment	Consolidated	t-CO ₂	—	—	—	—
	Reducing CO ₂ Emissions	Target Products	t-CO ₂	286,182	396,729	712,764	614,556	
	PRTR Substances	Handling Amount	Shindengen Group (Domestic)	t	221.3	348.9	304.7	232.6
Emissions		Shindengen Group (Domestic)	t	7.3	6.3	6.5	7.1	
Transportation Amount		Shindengen Group (Domestic)	t	42.0	103.1	101.7	85.3	
Waste Emissions	Total Waste Emissions	Shindengen Group (Domestic)	t	2,369	2,912	2,601	2,312	
	Final Disposal Amount	Shindengen Group (Domestic)	t	3	3	3	3	
	Recycled Amount	Shindengen Group (Domestic)	t	2,366	2,908	2,598	2,309	
	Recycling Rate	Shindengen Group (Domestic)	%	99.9	99.9	99.9	99.9	
	Total Waste Emissions	Consolidated	t	4,843	5,792	5,682	4,850	
	Final Disposal Amount	Consolidated	t	375	206	226	133	
Nitrogen Oxide (NOx) Emissions	Recycled Amount	Consolidated	t	4,468	5,586	5,456	4,717	
	Recycling Rate	Consolidated	%	92.3	96.4	96.0	97.3	
Nitrogen Oxide (NOx) Emissions	Shindengen Group (Domestic)	t	—	—	—	2.7		
Sulfur Oxide (SOx) Emissions	Shindengen Group (Domestic)	t	—	—	—	4.2		
Serious Violations of Laws	Shindengen	Cases	—	—	—	0		

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

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

**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)

Added greenhouse gas emissions from "Downstream Transportation and Distribution"

Major ESG Data

ESG	Category	Scope	Unit	FY 2020	FY 2021	FY 2022	FY 2023	
Social	Number of Employees (Shindengen)	Total	Shindengen	Person	979	963	997	1,013
		Male	Shindengen	Person	876	861	894	900
		Female	Shindengen	Person	103	102	103	113
	Female Worker Ratio		Shindengen	Person	9.6	9.7	10.3	10.7
	Number of Employees (Shindengen Group)	Total	Consolidated	Person	5,101	5,268	5,364	5,276
		Male	Consolidated	Person	—	3,017	3,108	3,107
		Female	Consolidated	Person	—	2,251	2,256	2,169
		Shindengen	←	Person	979	963	996	900
		Domestic consolidated subsidiaries	←	Person	1,384	1,376	1,364	1,375
	Overseas consolidated subsidiaries	←	Person	2,738	2,929	3,004	2,888	
	Female Worker Ratio		Consolidated	%	—	42.7	42.1	41.1
	Average Length of Service		Shindengen	Year	17.7	17.3	17.9	17.0
	New Employee Hiring Status	Total	Shindengen	Person	33	43	68	65
		Male	Shindengen	Person	29	32	55	55
		Female	Shindengen	Person	4	11	13	10
	Ratio of Female New Graduate Hires		Shindengen	%	15.4	11.5	29.0	28.1
	Employee Turnover	Total	Shindengen	Person	58	39	19	26
		Male	Shindengen	Person	54	33	17	24
		Female	Shindengen	Person	4	6	2	2
	Turnover Rate		Shindengen	%	5.9	4.0	1.9	2.6
	Ratio of Female Managerial Positions		Shindengen	%	0.0	0.3	0.6	0.6
			Consolidated	%	—	—	9.8	11.3
	Overseas Subsidiary Local Manager Ratio		(Overseas)	%	—	—	76.7	77.1
	Gender Pay Gap (ratio of female to male employee wages)		Shindengen	%	—	—	—	65.9
	Foreign Employees (Shindengen)	Total	Shindengen	Person	—	10	10	10
		Managers	Shindengen	Person	—	2	1	1
	Rate of Employees with Disabilities (as of June 1 of each year)		Shindengen	%	2.25	1.60	2.41	2.31
	Employees Taking Maternity Leave		Shindengen	Person	5	3	1	3
	Employees Taking Childcare Leave	Total	Shindengen	Person	11	11	9	20
		Male	Shindengen	Person	4	6	8	17
	Percentage of Men Taking Childcare Leave		Shindengen	%	8.7	30.0	44.4	73.9
	Reinstatement Rate Following Childcare Leave		Shindengen	%	100.0	100.0	100.0	100.0
Employees Taking Nursing Leave		Shindengen	Person	0	2	0	1	
Rate of Taking Paid Holidays		Shindengen	%	54.5	55.0	61.7	62.4	
Stress Check Attendance Rate		Shindengen	%	96.6	96.6	97.0	98.0	
Health Checkup Participation Rate		Shindengen	%	100.0	100.0	100.0	100.0	
Number of Occupational Accidents and Commuting Accidents	Total	Shindengen	Cases	5	3	7	6	
	Serious Accidents	Shindengen	Cases	0	0	0	0	
Average Monthly Overtime Hours per Person		Shindengen	Hours	6.5	9.9	17.3	18.4	
Skills Improvement Support	Distance Learning Assistance	Shindengen	Person	236	70	117	151	
	TOEIC Expense Covered	Shindengen	Person	9	9	26	32	
	Career Training Time per Person	Shindengen	Hours	—	—	—	36.7	
Participation Rate in Human Rights-Related Training		Shindengen	%	—	—	—	98.8	
SDK Engagement Index		Shindengen	—	—	—	—	58.9	
Governance	Composition of Board of Directors and Audit & Supervisory Board	Directors	Shindengen	Person	6	6	6	6
		Outside Directors	Shindengen	Person	2	2	2	2
		Female Directors	Shindengen	Person	0	0	1	1
		Directors/Auditors	Shindengen	Person	—	—	10	9
		Outside Director/Auditors	Shindengen	Person	—	—	5	4
		Female Directors/Auditors	Shindengen	Person	—	—	2	2
	Frequency of Board Meetings (Times/Year)		Shindengen	Times	13	13	13	13
	Board Meeting Attendance		Shindengen	%	100.0	98.7	98.9	100.0
	Number of Serious Product Accidents		Shindengen	Cases	0	0	0	0
	Number of Serious Information Security-related Incidents or Accidents		Shindengen	Cases	0	0	0	0
Number of Serious Violations of Laws or Incidents and Accidents		Shindengen	Cases	0	0	0	0	

Third-Party Written Opinion



The Japan Research Institute, Limited
The Center for the Strategy of Emergence
Incubation Producer

Naoko Hase

On the occasion of the writing of the Shindengen Group Sustainability Report 2024, I am submitting a third-party opinion of the Shindengen Group's initiatives and related information disclosures.

When I read this fiscal year's Sustainability Report, I could see that steady progress has been made in the Shindengen Group's measures to address climate change and human rights risks and in its human capital management initiatives. I will make three specific observations.

First, in terms of addressing climate change, this report discusses two of the Group's four ESG material issues, namely "providing value through environmentally friendly products" and "harmony between the environment and our business activities." To reduce CO₂ emissions associated with business activities including the supply chain, the Group has established Scope 1, 2, and 3 emissions reduction targets and has obtained certification from the Science Based Targets initiative (SBTi), thereby raising the objectivity of its numerical targets. I commend the Shindengen Group for taking concrete steps to expedite their efforts to achieve these CO₂ emission reduction targets, such as powering the Asaka Office, which is a ZEB ready building, with completely CO₂-free power with non-fossil certificates (NFCs) and increasing the supply of renewable energy-based electricity to several affiliated companies. The Group has also set numerical targets for contributing to CO₂ reduction through the use of their products, and is marketing a range of environmentally friendly products including the IC series with improved energy conversion efficiency, low-loss bridge diodes, DC/DC converters for four-wheel HEVs, PCUs for two-wheel electric vehicles (EVs), and EV/PHEV chargers. One of the pillars of their "Environmental Vision 2050" is "contributing to a society in harmony with nature." This theme relates to "natural capital" which has garnered considerable attention in recent years. The priority sectors announced by the Taskforce on Nature-related Financial Disclosures (TNFD) include semiconductors, which is a sector where corporate responsibility may be called into question in the future, so I look forward to seeing even greater information disclosures by the Group in future. For instance, this report mentions that the Group recycles some of the water used in their semiconductor manufacturing so I think it would be a good idea to disclose this type of information.

My second observation pertains to the Shindengen Group's efforts to address human rights risks. The Group used a human rights risk map to conduct an impact assessment of the human rights risks that may occur both internally and among its suppliers, and then identified the human rights risks that should be addressed on a priority basis. I commend the Shindengen Group for disclosing the results of its human rights due diligence process and supply chain survey, and for its efforts to respect human rights, including among its suppliers.

My third observation pertains to the Group's human capital management initiatives. This report clarifies the Group's stance that "the diverse and autonomous fusion of various forms of knowledge will lead to the creation of new value and continued growth" in line with the human resources strategic theme of "connection." The report also clearly explains that the Group has set and disclosed key indicators in a way that is linked to the key human resources strategic issues of "developing human resources," "promoting the success of diverse human resources," "expanding flexible working styles," "respect for human rights," and "health and safety." In the future, I believe that the link between the Group's management strategy and human resources strategy will become more robust if the human resources strategy is incorporated into each business on the basis of operating themes.

Finally, the concept of "social impact" has attracted increased attention in recent years, particularly among investors who are strongly concerned about sustainability. Through the marketing of environmentally friendly products and the human capital management initiatives, the Group has visualized and disclosed the impact of their business operations on the environment and society (social impact), thereby demonstrating in a more objective manner their contributions to resolving social issues. For instance, the Group has set targets from an environmental perspective such as reducing CO₂ emissions through environmentally friendly products and reducing CO₂ emissions in business activities, and these are also an indicator for measuring social impact. I consider that publishing these non-financial KPIs in the Medium Term Business Plan and other documents will further impress upon investors that the Shindengen Group is genuinely committed to solving social issues.

Third-Party Written Opinion

Commentary on the Third-Party Written Opinion

Commentary on the Third-Party Written Opinion

I would like to express my gratitude to Ms. Naoko Hase, who is the Incubation Producer at the Center for the Strategy of Emergence, the Japan Research Institute, Limited, for providing valuable input on our Group's sustainability activities.

The Shindengen Group is aiming to increase its corporate value over the medium to long term by practicing sustainability management in accordance with its Basic Sustainability Policy and Corporate Mission.

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 also strive to resolve issues from a social and governance aspect.

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

ShinDengen /

New power. Your power.

Shindengen Electric Manufacturing Co., Ltd.

<https://www.shindengen.com/>