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SMIC

SMIC CSR REPORT 2020

Senju Metal Industry Group

CSR Report

Look at The World



View of Tochigi Segment Matsuyama Factory / Former Oshu Kaido Pine Forest and Houyoku-Rou

EDITORIAL POLICY

SMIC Group strives to report on key challenges and topics of high social importance in order to determine materiality.
We declare that this report was made in compliance with the requirements of the GRI standards, and reports the results of our efforts to solve social problems through our business.

Period Covered	April 1, 2019 - March 31, 2020 (Includes some information from April 2020 onwards)
Report Scope	27 group companies (includes non-consolidated subsidiaries and associated companies). Note that SMIC's environmental initiatives are listed separately.
Key Changes	No changes in the number of consolidated subsidiaries.
Membership	RBA, JWES, JIEP, JAPIA, TEA, JCCI
Publication History	Current Issue: October 2020 (Previous Issue: October 2019)
Next Issue	October, 2021
Reference Guidelines	GRI Standards, Environmental Reporting Guidelines, ISO26000 *The GRI standards comparison table will be posted on our CSR website.

DISCLAIMER

This report contains descriptions of plans and strategies pertaining to the future activities of SMIC, as well as predictions and forecasts related to its business performance. Such descriptions include estimates and forecasts formed with information gathered and analyzed based on what is available at the time of creation. Please be aware that SMIC and its related companies assume no responsibility whatsoever for damages or losses occurring either directly or indirectly from the use of the information or content included in this report. Furthermore, the original text of this report was written in the Japanese language and has been translated into English and Chinese languages for reference. If there are any discrepancies between the Japanese version and the English or Chinese versions, the Japanese version shall supersede the other versions. Please be aware that SMIC assumes no responsibility whatsoever for any and all damages occurring from misunderstandings caused by translated versions of this report.

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No one will be left behind

Building a society where everyone matters



President RYOICHI SUZUKI

鈴木亮一

MANAGEMENT PHILOSOPHY

Perform our mission as a socially valued institution via providing universally beneficial products

"Company" is a place where all employees share core values and are able to use the lines of communication as a "dojo" for the mastery of oneself. It is our strongest desire that company growth is directly interwoven with employee happiness – materially and spiritually. In the face of modern society, as the foundation of a company's existence, we are expected to continue to provide universally beneficial products year after year. Our management philosophy is to harmonize societal goals with employee desires, thereby enabling our mission to be a valued institution sharing peace, happiness and progress to all of society.

Three key pillars are necessary under this philosophy in order to advance company development and ensure the success of our mission: Ability, Integrity and a Fighting Spirit. These pillars are the three sacred treasures that form the cornerstones of every aspect of life.

When these pillars are indomitable inside our institution, a bright, peaceful and vigorous workplace will naturally emerge. We are confident that with this workplace as a driving force we will overcome any challenges and the company will continue to grow as long as this pioneering spirit is encouraged each and every single day. Together, let's take this philosophy to heart and embrace it as our belief, and build a bridge of peace and friendship across the entire corporate landscape while progressing into joyful, healthy lives.

June, 1960

The late Mr. Senju Sato, Honorary Chairman
As President: June, 1960 - June, 1978
As Chairman: July, 1978 - May, 2008
As Honorary Chairman: June, 2008 - October, 2008

Transitioning to a holding company for team unity and to overcome challenges

It is my pleasure to introduce the SMIC CSR Report 2020.

Last year we started restructuring the SMIC Group through the establishment of Senju Holdings Co., Ltd. This has made it easier to share capital, human resources, and developed technology between group companies. The number one purpose of our transition to a holding company was to build a system that envisions us achieving a century in business since our founding.

SMIC began with the establishment of Senju Lead Works Co., Ltd., the forebear of Senju Metal Industry Co., Ltd., in April 1938. Several small scale factories in the Senjuhashido-cho neighborhood of Adachi City, Tokyo, the current location of our head office, were consolidated in order to protect the livelihoods of their employees in the chaotic environment before World War 2. Our intention of the recent transition to a holding company is based on our hopes and origins - work together even as a myriad of challenging stand before us, pioneering the new era through growing together with all of our employees.

What SMIC Group can do to achieve a sustainable society

Day by day, it is increasingly critical that a company conducts its business activities based on the SDGs (Sustainable Development Goals) and ESG (Environment, Society, Governance) to take part in realizing a sustainable society and we have listened to our stakeholders expecting and requesting for us to do so. Starting this year we have enriched the environmental, societal, and governance contents in our CSR report with our will to achieve a society where *No one will be left behind*.

First and foremost, we have worked to realize a zero emissions society through our business activities, and formulated a long-term environmental vision so that we can contribute to building a sustainable society. SMIC Group has many business interests that involve handling heavy metals or other chemicals, so it is essential that we conduct business with consideration for the environment. In addition to reducing greenhouse gas emissions, promoting product recycling, and reducing the amount of harmful chemicals used, we will also work to expand our selection of environmentally-friendly products, exemplified by low-temperature solder.

Next, anticipating an era of new technologies represented by Society 5.0 and smart cities, SMIC Group will create highly-reliable, environmentally-friendly products in order to contribute to this new society. By actively incorporating technologies such as IoT and AI into our factories, we will interconnect the voices of people working on the factory floor and those of our customers, and build a production system that can offer products that meet customers' demands.

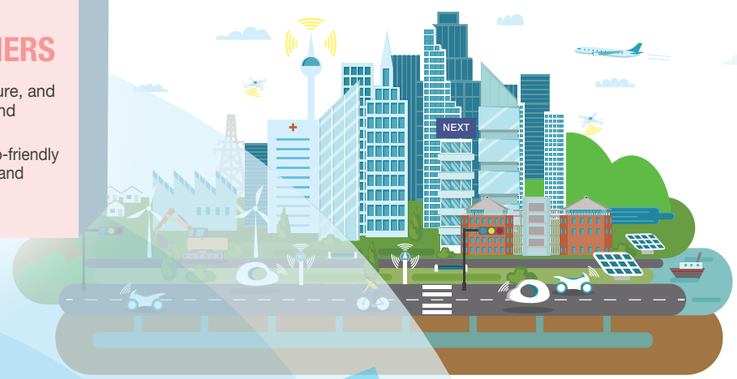
Since the beginning of 2020, the novel coronavirus (COVID-19) has run rampant around the world. We handle various products and services that support societal infrastructure, such as manufacturing semiconductor materials. For this reason, we have given first priority to fulfilling our obligation to supply customers, and have continued our business while implementing thorough measures to prevent the spread of COVID-19 and other contagious diseases. We are also working to make our facilities welcoming places for employees to work, such as by improving our workplaces for the purpose of ensuring the labor safety of employees and reducing the strain of their duties, as well as promoting flexible work styles such as telecommuting and staggered working hours.

We will listen closely to the opinions of stakeholders including our customers, and work to build relationships of trust with them, while also conducting business in a way oriented toward the realization of a sustainable society. I humbly request your continued support and encouragement in this endeavor.

SMIC Group: Our Vision and CSR

We are engaged in CSR and corporate activities aimed at being an outstanding company that helps to realize a sustainable environment, society, and governance, based on our Management Philosophy, by maintaining sincere relationships with our customers, employees, suppliers, local communities, the global environment, and other stakeholders.

Growth of the Company and Employees Contributing to customer satisfaction and a better society



PROGRESSION OF OUR ENTIRE SOCIETY

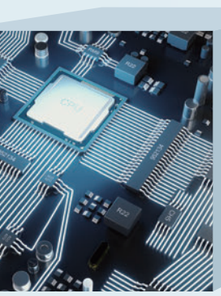
CUSTOMERS

- Provide safe, secure, and stable products and services
- Provide proper eco-friendly products/services and information



LOCAL COMMUNITIES

- Prevent accidents/disasters at business sites and provide disaster support in surrounding areas
- Respect local cultures/ customs and contribute to local communities



SUPPLIERS

- Fairly select and conduct transactions with suppliers
- Maintain corporate value and support socially responsible investment

SMIC

GLOBAL ENVIRONMENT

- Prevent global warming and reduce waste
- Discontinue use of conflict minerals and control chemical emissions

EMPLOYEES

- Fairly evaluate, treat, train, and fulfill talent allocation
- Consider occupational safety and both mental and physical health

MANAGEMENT PHILOSOPHY

Working together with all stakeholders to realize a better society

Key challenges for the SMIC Group and stakeholders to address together

We value the 5 aspects defined in the code of conduct of the RBA (Responsible Business Alliance), and the following four-step process recommended by the GRI (Global Reporting Initiative) for identifying critical issues, organizing prioritized events that should be addressed to achieve a better society together with stakeholders, and realizing our envisioned society through our activities.

step 1 Identification of key issues and events

- GRI aspects and important RBA self-audit items
- Identification of the scope of impact

step 2 Prioritization

- Severity assessment for stakeholders and the company
- Qualitative and quantitative assessment in the monthly CSR meeting
- Planning of ESG management strategy

step 3 Validation

- Assessment of the scope, impact and period of GRI items
- Approval and disclosure by the management team

step 4 Review

- Distribution and disclosure of documents in hard and soft copy (Japanese, English, and Chinese versions)
- Analysis and summary of opinions in the monthly CSR meeting for utilizing in future meetings



SMIC Group's focused SDGs items

As a company that provides metal for products and services that form the infrastructure of society, We aim to contribute to the achievement of the SDGs by positioning the following four SDGs as our focus that are deeply interwoven with our business activities.



SMIC Group Lifestyle Support Products

SMIC Group's products are used everywhere and support every part of our lives, including everyday products such as electronic devices and mobility products, as well as infrastructure such as wind turbines, base stations, steel towers, and even satellites. SMIC Group will continue to pioneer the future of bonding through total solutions, and thus contribute to society.

SOLDERING EQUIPMENT

SMIC soldering equipment is used for the soldering mounting process of printed circuit boards and electronic components in manufacturer factories.



MATERIAL ANALYSIS INSPECTIONS

Industrial Analysis Service does analysis inspections of harmful substances contained in various materials and products.



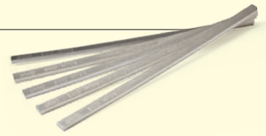
BALL SOLDER, PASTE SOLDER

SMIC ball solder and paste solder are used in electronics and appliances such as smartphones and PCs, as well as in solar panels, LED lights, and wind turbines.



BAR SOLDER

SMIC bar solder is used for the circuit board mounting process, which uses soldering equipment.



PREFORMED SOLDER

SMIC preformed solder are used for in-vehicle mounting in automobiles.



PLAIN BEARINGS

SMIC plain bearings are used in the shock absorbers of automobiles, as well as the undercarriages of construction machines.



SPECIAL ALLOYS

SMIC zinc/tin/magnesium alloy is used for anti-corrosion surface treatment of cast iron water pipes.



SPRINKLERS

Senju Sprinkler's fire sprinklers are used in firefighting equipment around the world, including housing, buildings, underground parking lots, and public facilities.



ENVIRONMENTAL ANALYSIS INSPECTIONS

Industrial Analysis Service does analysis inspections of contaminants in water, air, and soil.



TOPIC 1

For A ZERO-EMISSIONS SOCIETY

Release of Our New Environmental Vision 2050

SMIC Group's Environmental Vision 2050

It is important for us that we address global environmental issues (such as global warming, acid rain, soil pollution, and water contamination) as critical issues deeply connected to the very existence of humanity, and the common mission for all of us. In order to realize a zero-emission society and contribute toward building a sustainable society through our business activities, we have formulated the Environmental Vision 2050, aiming for its realization by the year 2050.

TOWARD REALIZATION

We value our environmental policy which was revised in 2010 to work towards reducing CO_2 emissions, reducing waste through recycling, and promotion of environmental beautification and natural protection activities. After formulating our Environmental Vision 2050, we have outlined our environmental activities so far in our First Environmental Plan, and our mid-term goals from 2020 to 2030 to address climate change problems stated in the Paris Agreement in our Second Environmental Plan. Through environmental footprint reduction activities in our business activities and improvements to the environmental friendliness of our products, we are working to realize a zero-emission society, and contribute to the development of a sustainable society.

Milestones leading to Environmental Vision 2050

First Environmental Plan
(FY2010 – FY2019)

- **Reduce CO_2 emissions**
  Achieved our goal of 2% reduction compared to FY2011
- **Reduce waste by recycling**
  Achieved 99% recycling of waste*
- **Promote environmental beautification and nature conservation activities**

*Industrial waste and general commercial waste

Second Environmental Plan
(FY2020 – FY2030)

- **Reduce greenhouse gas**
  Reduce CO_2 emissions from level measured in FY2013 (17,328 t-CO_2) by 25% by FY2030
- **Promote product recycling**
  Develop products using 100% 3R* materials
- **Cut use of harmful chemical substances to zero**
  Zero usage of chemical substances that impact the human body or the environment
- **Conserve biodiversity**
  Conserve biodiversity through environmental conservation activities

*3R = Reduce, Reuse,Recycle





Environmental Vision 2050

Realizing a Zero-Emission society and contribute toward a sustainable world

THE THREE GOALS IN SOCIETY

1 Attain A LOW CARBON SOCIETY
Taking on the challenge of building a zero-greenhouse gas society

- Promoting energy saving in our corporate activities

2 Attain A CYCLICAL SOCIETY
Conserving global resources through recycling

- Reducing use of ore resources by promoting product recycling

3 Attain a society that lives in HARMONY WITH NATURE

- Conserving biodiversity
- Challenging to realize a society with zero-use of harmful chemicals that pose a risk to the environment

- Conserving biodiversity through environmental conservation activities
- Reducing use of harmful chemicals that cause soil and groundwater pollution





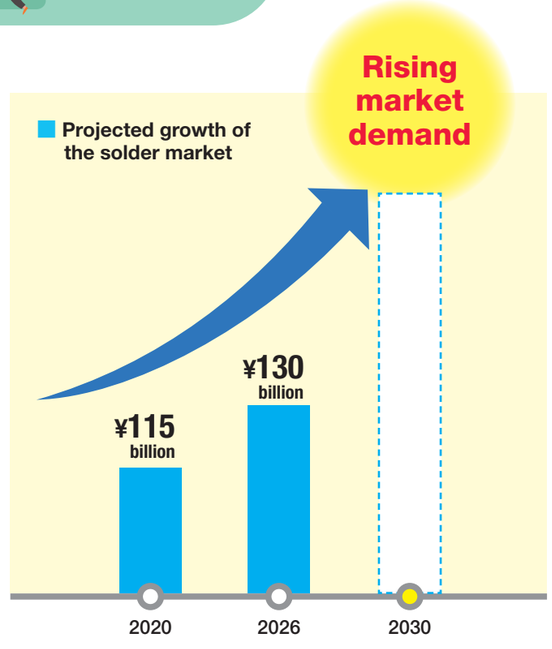


TOPIC 2

Low-Temperature Solder and High-Reliability Solder Supporting Smart Cities



In the age of Society 5.0, everything in society will be connected online through 5G, IoT, and automated driving. Global demand for solder used in semiconductors is increasing, as data traffic accelerates and the volume of data grows along with the information explosion, leading to semiconductor devices that are ever more densely integrated. Global demand for various solder products is currently at ¥115 billion, and is expected to reach ¥130 billion by 2026. In particular, sales of solder used in semiconductors are forecast to grow at a rate 6.5% until 2026, so we can expect tremendous growth. In these circumstances, SMIC Group will contribute to society by creating solder that is more environmentally friendly, solder that can withstand harsh environments, and solder that can help with heat countermeasures in CPUs and semiconductors.



SMIC Group contributes to smart cities

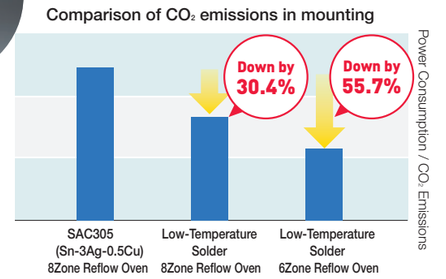
SMIC Group will contribute not only in partnership with customers, but also with the manufacturers of parts used in devices, in order to supply the world with useful products that can contribute to Society 5.0, the SDGs, and a sustainable society.

SMIC technology that supports smart cities

Low-Temperature Solder



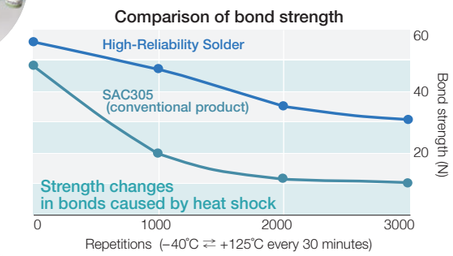
As notebook computers and wearable devices become thinner and lighter, there is growing demand for low-temperature solder, which is useful soldering parts with low heat resistance and soldering onto thin circuit boards. SMIC's low-temperature solder can be used for soldering at temperatures nearly 50℃ lower than regular lead-free Sn-Ag-Cu solder, so it has made mounting of parts with low heat resistance and mounting on thin circuit boards a reality. Because our solder has a low melting point, it is possible to lower the set temperature of the mounting device, reducing power consumption by nearly 60%.



High strength solder capable of withstanding harsh environments



As mobility goes electronic, electronic parts have come to require high-reliability soldering materials that can withstand harsh environments unlike any before (heat, shocks, sudden temperature changes, etc.). SMIC's high-reliability solder achieves stronger bonds with three new technologies (higher strength with change of fixing solution to Sn, bond interface reaction control with Ni additives, coarsening control of Sn particles).

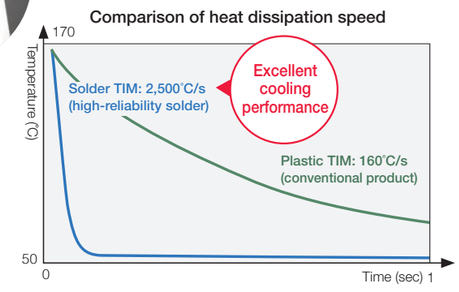


Soldering materials that enhance heat dissipation



One crucial aspect for stable operation of electronic devices and mobility is to maintain a constant temperature by releasing the heat generated when an electric current flows through a semiconductor. In order to improve heat dissipation of semiconductors, we stabilize the position of semiconductor connections by evenly spacing nickel balls and solder TIM* using solder with high heat-dissipation copper balls at its core or solder with high heat conductivity.

*TIM: Thermal Interface Material. This is placed between a heat sink and a heat emitting body such as the CPU, serving to conduct the heat that is emitted effectively to a cooling system (such as a heat sink).



SMIC's low-temperature solder balls are used in the supercomputer FUGAKU

Supercomputer *Fugaku* was jointly developed by the Institute of Physical and Chemical Research (Riken) and Fujitsu Limited with the purpose of creating solutions for various issues in modern society and critical problems in scientific fields. Currently, it is being tested for use in COVID-19 countermeasures, including the search for drug candidates and research into droplet infection prediction.

SMIC's low-temperature solder offers stable quality and an excellent cost/performance ratio, so it was selected for use in *Fugaku*. Making use of this low-temperature solder's high resistance to heating when mounting parts in high performance CPUs, we were able to contribute to the manufacture of this supercomputer with its balance of high performance and high reliability.



TOPIC 3

New Work Styles We Propose for a New Era

SMIC Group's products serve important roles in various products and services that support social infrastructure, mainly in semiconductors. In particular, solder products are essential as materials used in semiconductors. Now, as we face the unprecedented crisis caused by the novel coronavirus, we consider it the social responsibility of SMIC to continue doing business according to government policy, and are undertaking various initiatives to do so.



SMIC Group's Response

▶ Before Japanese government declared state of emergency

We established work environments that ensure infection countermeasures and social distancing to protect the health and safety of our employees.

Thorough infection prevention

- Cleaning and disinfection of common areas inside the company every day in order to maintain a sanitary company environment.




- Placement of hand sanitizer bottles inside facilities



- Placement of alcohol disinfectant kits in conference rooms and meetings spaces



Ensuring social distancing

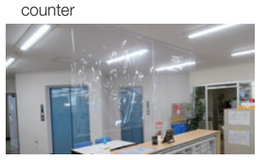
- Staggering lunch times in the employee cafeteria and enforcing seating with empty seats



- Securing distance in smoking areas



- Hanging curtains over reception counter



- Setting up partitions on desks



▶ After Japanese government declared state of emergency

We have made efforts to adapt to the new way of life, so that we can continue our business while reducing contact between people.

Introducing limitation and management of the movement of people

- Using teleconferences to limit the number of people in meeting rooms



- Closing connection corridors between company office buildings to limit movement between buildings



- Placing entry and exit logs at the entrances to work sites



- Requesting that visitors participate in coronavirus countermeasures



Implementing remote-work and office distribution

- We distributed our sales and back office departments between the head office, Souka segment, and Tochigi segment. Employees go to work at offices close to their house, allowing us to continue business while also reducing the risk of infection when commuting



- Introducing remote-work in our sales, development, and back office departments



- We introduced staggered commuting and reduce working hours to reduce the risk of infection during commutes

▶ Japanese government ends state of emergency: Life with coronavirus

Introducing our Group Support System and building a structure for continuation of business

We have made it so that skilled and talented employees can be assigned smoothly to the suitable place among group companies. This effort was aimed at making effective use of skill and talent according to the needs of society, and maintaining the employment of our staff.



▶ Life with/after COVID-19

Developing sustainability management through diversity

In the future, we believe that it will be necessary to manage our business with awareness of long-term sustainability in the face of global crises, including not only pandemics, but also climate change and natural disasters. SMIC Group will build risk management mechanisms and develop an early recovery system for natural disasters. Also, because we consider diversity to be essential to promotion of sustainability, we will enhance our diverse human resources and the overall strength of our business by transitioning to a holding company. At the same time, we will build workplace environments and systems that enable each individual employee to demonstrate their unique strengths.

Responses of overseas group companies to the novel coronavirus

All group companies have continued to operate their businesses while implementing measures against the spread of the novel coronavirus.

Senju Comtek Corp.	Resumed operations in late March
Senju Manufacturing Europe s.r.o.	Continued business uninterrupted
Beijing Senju Electronic Materials Co., Ltd.	Resumed operations in early February
Senju Metal (Tianjin) Co., Ltd.	Resumed operations in late February
Senju Metal (Shanghai) Co., Ltd.	Resumed operations in early February
Senju Metal (Huizhou) Co., Ltd.	Resumed operations in early February
Senju Electronic Materials (Hong Kong) Co., Ltd.	Continued business uninterrupted
Senju Metal Industry Co., Ltd. Kaohsiung Branch	Continued business uninterrupted
Senju (Malaysia) Sdn. Bhd.	Resumed operations in late April
Senju (Thailand) Co., Ltd.	Continued business uninterrupted
Senju Solder (Phils.) Inc.	Resumed operations in early May
Senju Metal Korea Co., Ltd.	Continued business uninterrupted





Environmental Management

Environmental Policy

ENVIRONMENTAL PHILOSOPHY

We believe conservation of the global environment is the shared mission of all humanity. Based on our mission and with the purpose of realizing a sustainable society, we strive to harmonize our business activities with the global environment, and make every effort to protect our rich nature and diverse ecosystems.

Environmental Administration Structure

We established the Environment Committee as an organization to take measures necessary for reducing our burden on the global environment. The committee deliberates on the formulation and implementation of plans related to pollution prevention and environmental conservation. Every year at the Management Committee, we identify environmental risks and opportunities, and decide our environmental activity policies based on items identified.

Environmental Management System

We defined an environmental philosophy and environmental policy that serve as the guiding principles for environmental activities, and built an environmental management system based on ISO14001 so that we can conduct PDCA. With regard to our four priority themes relating to the environment (reducing greenhouse gases, reducing waste, reducing harmful chemicals, and nature conservation activities), each site and business unit both in Japan and abroad set annual goals and action plans, and conduct activities aimed at reducing our environmental footprint.

Environmental Risk

We determine various environmental risks such as climate change problems and pollution caused by waste, sets strict voluntary administrative standards for preventing environmental accidents and pollution accidents, and takes various measures to address these in conducting business. In order to minimize damage expected in the event of an emergency, we conduct emergency response drills once per year. In FY 2019, we did not have a single environmental accident or pollution accident. We will continue to take preventive measures against environmental accidents in the future.

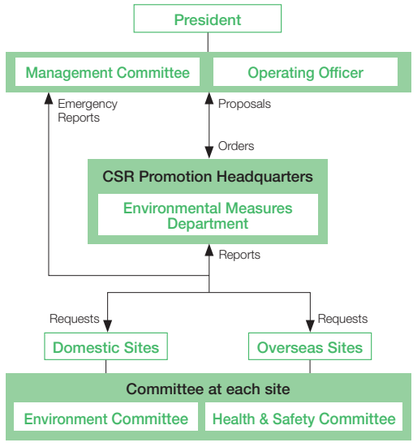
Environmental Training

We conduct various types of environmental training, such as general environmental training (once per year), ISO14001 training (regularly), waste management training (regularly), and emergency response training (during emergency response drills) to raise employee awareness of the environment and to maintain and improve our environmental management system.

Environmental Audits

Compliance evaluators work with managers of related departments to conduct environmental law compliance evaluations twice a year, in order to check that environment-related measurements and notifications have been carried out properly, that there are no problems, and that measures required by law have been taken. They also conduct internal audits once a year to confirm the effectiveness of ISO14001.

Environmental Organizational Chart



Environmental Footprint Material Balance

INPUT		OUTPUT	
Raw Materials	13,942 t	GHG (All domestic bases)	17,180 t-CO_2
Water Supply	460,264 ㎥	Scope 1	3,768 t-CO_2
Energy		Scope 2	13,412 t-CO_2
Electricity	32,712 MWh	Drainage	455,662 ㎥
City Gas	1,467 k㎥	BOD	1.35 t
LPG	22 t	COD	2 t
A Fuel Oil	22 kl	Chemical Substances *PRTR Notification Targets	15 t
Kerosene	19 kl	Final Amount of Waste Disposed	0.8 t
Gasoline	112 kl	Amount Recycled	1,150 t
Light Oil	25 kl		
Chemical Substances *PRTR Notification Targets	921 t		

Intake/output diagram of Tochigi Segment, which accounts for the majority of all our Japanese bases

Environment

Greenhouse Gas Reduction

CORE PRINCIPLE

We track our energy usage and greenhouse gas emissions by taking quantitatively monitoring and measuring the environmental footprint caused by its business activities, and promote energy conservation and CO_2 emissions reduction activities to prevent or mitigate global warming.

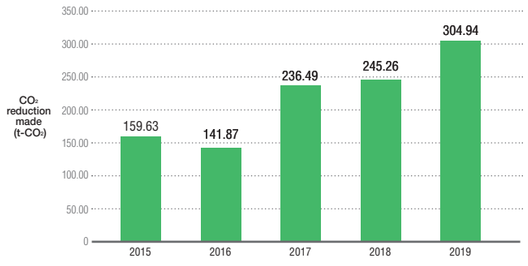
Reduction of greenhouse gas emissions (Scope 1, Scope 2)

We have improved work efficiency in its factories, upgraded machinery such as air conditioners and transformers, converted to LED lighting in offices and factories, and promoted other activities to save energy as part of its efforts to reduce greenhouse gas emissions. In FY2019, we reduced our greenhouse gas emissions by 304.94 t-CO_2.

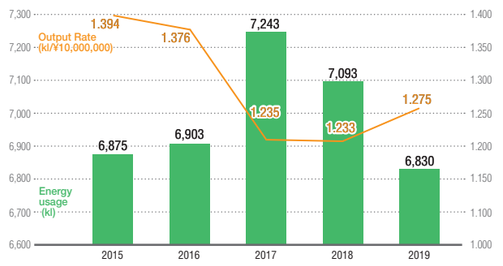
IMPROVEMENTS (Tochigi Segment)	PREDICTED ANNUAL POWER SAVINGS (kWh/year)
Removed R22 coolant air conditioners (upgraded to substitute machines)	376,588
Removed mercury lamps (switched to LED)	10,471
Upgraded air compressors (optimized machines)	317,700
Removed transformers containing PCB (upgraded to substitute machines)	36,391
Other Improvements	15,701

*Figures in FY2019

Domestic Sites: CO_2 reduction made



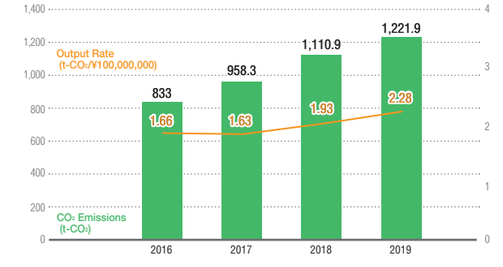
Domestic Sites: Energy usage and revenue output rate



Scope 3 Emissions

We calculate our annual consignment volume of cargo in Japan from the transport segment and distance for each product category, and monitor and report the items required by Scope 3 of the CDP (Carbon Disclosure Project). In FY2019, our emissions in Scope 3, Category 9 (downstream transport) of the CDP were 1,221.9 t-CO_2. We also do monitoring of CO_2 emissions related to employee commutes. By aggregating truck packages used for product shipping, we are reducing CO_2 emissions in our transportation.

Domestic Sites: CO_2 emissions and revenue output rate



Environment



Waste Reduction/Recycling

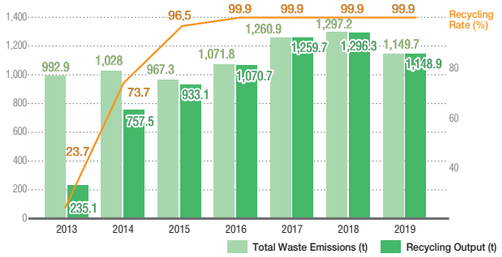
CORE PRINCIPLE

We conduct waste reduction and recycling activities based on the principles of 3R (Reduction, Reuse, Recycling).

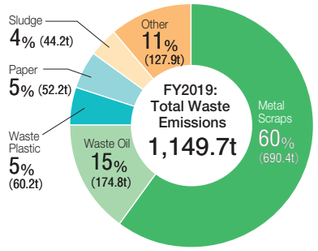
Efforts to reduce waste emissions

We made efforts to reduce waste emissions since 2013, such as recycling solder, collecting plastic byproducts, and recycling bearing product scraps. We have now achieved a recycling rate of 99% of waste.

Domestic Sites: Total Waste Emissions and Recycling Rates



Domestic Sites: Breakdown of Waste Emissions



Solder Collection and Recycling System

We have responded to demands from its customers to promote zero emissions and materials recycling, as well as recycling of resources to realize a *cyclical society* for conservation of the global environment and effective use of resources. We have achieved this by collaborating with our affiliate company TAK-G in 1997 to develop special technology that minimizes creation of harmful substances, and develop a solder recycling system that can produce high purity solder using an original refining system. We collect used solder from our customers and recycle it with our solder recycling system, striving to make effective use of resources. Additionally we do in-house refinement recycling of return scraps produced in the manufacturing process.

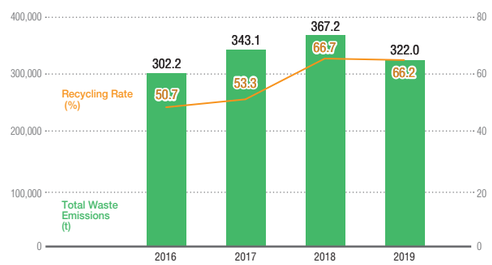
Solder Recycling System



Overseas Site Data and Initiatives

We conduct environmental activities at its overseas sites and domestic sites alike based on four priority themes related to the environment (reducing greenhouse gases, reducing waste, reducing harmful chemicals, and nature conservation activities). This includes collecting and recycling product containers and packaging, as well as reducing power usage by managing operations of manufacturing equipment. We hold meetings with each overseas site once annually in order to ascertain their annual plan and initiatives, so we can promote initiatives aimed at environmental conservation suitable for their region and circumstances.

Overseas Sites: Total Waste Emissions and Recycling Rate



Reduction of harmful chemicals

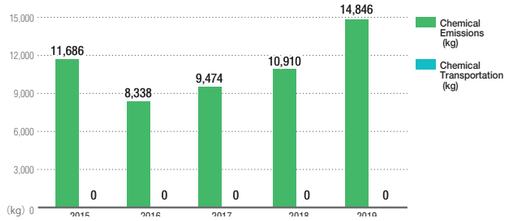
CORE PRINCIPLE

Our development, purchasing, manufacturing, and environmental departments manage chemical substances based on our environmental management system to protect our health and the environment and to realize safe and secure social life. In particular, per our plans we are implementing a reduction or prohibition of the use of chemicals that have a large environmental footprint. We also define reduction goals every year and make focused efforts.

Emissions and movement of PRTR law-specified chemicals

We comply with the PRTR law to track the amount of applicable substances we handle, emit, and transport.

Emissions and movement of PRTR law-specified chemicals



Soil and groundwater pollution countermeasures

We are taking the following initiatives as soil and groundwater pollution countermeasures. We also work to prevent pollution by conducting emergency response drills, as well as risk training to prevent leaks of polluted water.

Soil	Voluntary component analysis (once per year)
Water quality and groundwater	Final drain and groundwater inspections (chlorine residue, pH, etc. conducted daily) Component analysis and measurement of drain water and groundwater (conducted monthly)
Rainwater	Voluntary component analysis (twice per year)

Environmentally-friendly products

CORE PRINCIPLE

The Sn-Ag-Cu lead-free solder we launched in 2001 has become a global standard. Since then, we have continued to develop environmentally-friendly products that create new value, based on our management philosophy that we "perform our mission as a socially valued institution via providing universally beneficial products."

Energy Saving

We contribute to energy saving through low-temperature, time-saving mounting, as well as improving thermal efficiency.



Low-Temperature Solder



Energy-saving reflow oven



Solder paste that can be stored at room temperature

Environmental Conservation

We contribute to environmental conservation by refusing to use materials that cause environmental pollution.



Halogen-free products



Lead-free plain bearings



Lead and cadmium free fusible plugs

Working with Customers

Securing the quality and safety of our products

CORE PRINCIPLE

We have defined a Quality & Safety Policy, and in order to enable customers to use our products with peace of mind, we strive to improve the quality of our products throughout the product lifecycle.

《 Quality and Safety Policy 》

1. We shall comply with related laws and regulations as well as customer demands, and improve customer satisfaction by supplying products and services with consideration for quality and safety.
2. We shall construct, implement, and maintain a quality management system in accordance with our established quality manuals, and continuously improve the effectiveness of this system.
3. We shall set quality policies and targets for activities, conduct regular reviews and as necessary, and evaluate opportunities for improvement (intervals, frequency, and circumstances) of the management system.
4. We shall evaluate the necessity of changes to our quality management system, and if changes are necessary, we shall review our system to maintain its adequacy in light of our management philosophy.

Obtained Quality Management System Certification

We have obtained the international standard ISO9001 at 21 manufacturing sites both in Japan and abroad. Additionally we have obtained the automotive industry quality management system certification IATF16949 at 16 sites in Japan and abroad.

Quality Audits

We conduct internal quality audits twice per year in order to maintain IATF16949 certification, in both our solder division and bearings division at our Japanese manufacturing sites and sales locations including group companies. We also conduct regular quality audits once per year at all of our manufacturing sites both in Japan and abroad.

Initiatives to Improve Quality

To eliminate defects in our deliveries and processes we have formulated annual quality activity plans and require each business unit to set its own goals to work towards in reducing defects. When there is a defect, we compile recurrence countermeasures, incorporate analysis results into our improvement plans for the following year, and make quality improvements continuously according to the PDCA cycle. We also give quality excellence awards to overseas factories that have made excellent achievements, in order to elevate the level of quality of the entire group.

Preventing Quality Defects

We established our affiliate company Industrial Analysis Service (IAS) in 1972 for defect prevention purposes. As a third-party institution, IAS conducts inspection and analysis processes that are typically done internally. We decide pass or failure results based on the results of that analysis, which helps to prevent cheating and false pretenses in the inspection process.

Initiatives to Improve CS

We are striving to drive CS (Customer Satisfaction) through working to improve our sales activities and technology innovation by making proposals to customers, engaging in joint development, participating in technology seminars and technology conferences, and exhibiting at exhibitions. These efforts have been highly evaluated, and in FY2019 we won the awards shown on the right.



Intel Supplier Continuous Quality Improvement Award



ASE Group Sustainability Partnership Award



Nissan Supplier Score Card Excellent Quality Letter of Appreciation

Product Chemical Management

We conduct management of chemicals based on our environmental management system, in order to comply with the RoHS directives and REACH rules, which are European chemical regulation laws made to protect human health and the environment. We have laid out a dedicated team system and are complying with chemical inspections of our products.

Per REACH rules, we have completed full registration of the chemicals we handle and acquired SDS from our suppliers, in order to relay information to customers based on Articles 31 and 32. We supply customers with SDS & GHS labels, compliant with GHS (Globally Harmonized System of Classification and Labelling of Chemicals).

Working with Suppliers

Procurement Activities

CORE PRINCIPLE

We comply with laws relating to procurement and automotive industry fair trade guidelines set forth by METI (the Japanese Ministry of Economy, Trade and Industry) in order to define the basic stance of our purchasing policy (practice fair and faithful procurement with emphasis on respect for suppliers), as well as our CSR procurement policy when conducting procurement from suppliers.
Our basic stance toward our suppliers is to request they follow the requirements of ISO9001 and ISO14001, as well as item 14 of the supply chain assessment guidelines defined by the RBA.
We will continue to observe procurement compliance and work towards establishing a safe and secure supply chain in order to contribute to society through procurement and build good relationships with our suppliers.

CSR Sourcing Policy

1	Senju Metal Industry Co., Ltd. "Quality and Safety Policy"
2	Senju Metal Industry Co., Ltd. "Environmental Policy"
3	Senju Metal Industry Co., Ltd. "Purchasing Policy"
4	Senju Metal Industry Co., Ltd. "Basic Stance Required of Suppliers"
5	IATF 16949 requirements that must be considered for deliverables
6	Environmental management requirements that must be considered for deliverables

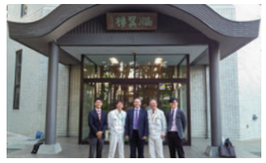
Basic Requirements of Suppliers

1	Compliance with laws and social norms
2	Promotion of sound business management
3	Emphasis on achieving quality, deadlines and stable supply
4	Emphasis on Business Continuity Plans (BCP)
5	Consideration for the environment
6	Prohibition of sourcing from conflict zones
7	Emphasis on Value Engineering (VE)
8	Emphasis on providing information
9	Emphasis on initiatives to shorten the material sourcing period
10	Strict confidentiality
11	Emphasis on utilizing IT
12	Information security
13	Eliminating ties to anti-social forces
14	Social contributions

CSR Procurement Initiatives

Our procurement departments and the related development and manufacturing departments conduct audits of suppliers both in Japan and abroad, according to yearly plans. In FY2019, as in previous years, our suppliers in Japan and abroad cooperated with our supply chain assessment, and no problems were found.
We also conduct bilateral visits and seminars with our suppliers, as an effort towards better communication.





Initiatives in Responsible Mineral Procurement

In January 2011, we joined the RBA (Responsible Business Alliance), and have built close relationships with customers in the electronics industry. Since 2014, we have been a member of the RMI (Responsible Minerals Initiative), and have urged our refineries to submit to the RMAP (Responsible Minerals Assurance Process) and obtain third party certification. In February 2015, all of our supplier refineries received RMAP certification.
Moving forward, in order to conduct responsible mineral procurement as a means to address a wider range of risks than the conflict minerals we have addressed so far, we will call on all of our supplier refineries to renew their RMAP certification, with the aim of sustaining a safe and secure supply chain for SMIC products.

Responsible Business Alliance
Advancing Sustainability Globally

RESPONSIBLE MINERALS INITIATIVE

Working with Employees



Our Principle on Human Resources

CORE PRINCIPLE

We consider our employees to be important assets. In light of this, we respect the human rights and personality of each individual employee, and are striving to build workplace environments where a diverse range of human resources can realize their potential.

Respect for Human Rights

Basic policy on Human Rights and Labor

We define our policy and goals for human rights and labor in its Basic CSR Policy and Practical CSR Goals, respectively. Embracing the principles of Ability, Integrity, and Fighting Spirit noted in our management philosophy, we are striving to build an environment where employees can work enthusiastically. Based on the belief that harassment absolutely must not be tolerated, we conduct harassment prevention training to better educate our employees.

Fair Evaluation and Our Personal Statement System

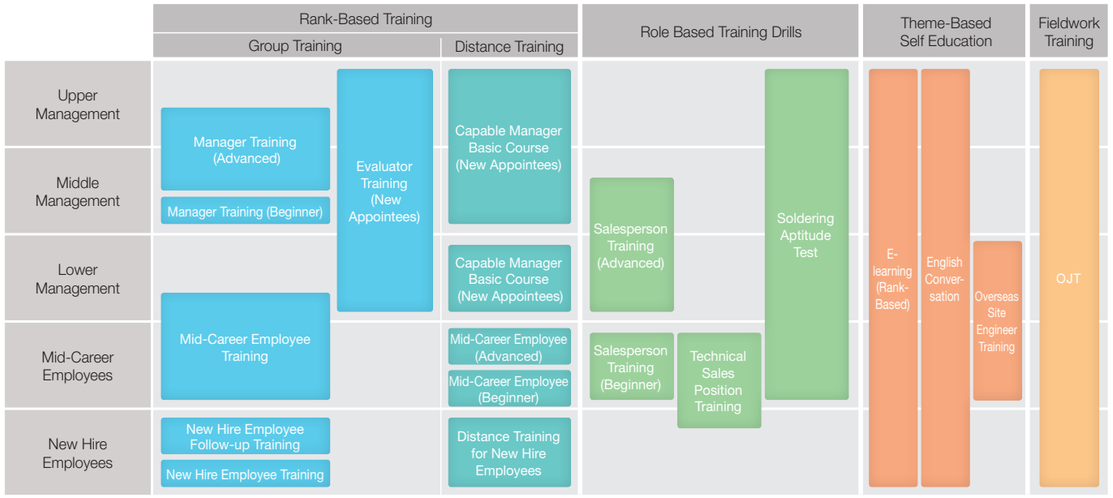
We conduct human resource evaluations twice a year, in order to apply the results to proper guidance for capacity development and human resource training. Through this process, we fairly evaluate the work performance abilities of employees, and reflect our findings on promotions, raises, and bonuses. We have also established a personal statement system with the purpose of improving our workplace environments. Individual employees answer an annual questionnaire of what they think about and what they want from their jobs and workplace environments. Through these initiatives, we are working to make improvements that will enable employees to better demonstrate their potential.

Human Resource Training

We encourage all employees to constantly work to obtain new knowledge, with the aim of cultivating professionals who are capable of making rational decisions from a broad perspective. We conduct training appropriate for each rank, having examined effective methods based on training implementation regulations. Since FY2020, we have conducted soldering aptitude tests with the purpose of improving quality and skill of soldering among employees. While such a program exists for employees, we aim to expand training to include a soldering school for our customers as well, as an effort to establish the new culture of SMIC Group firmly.

Education Support System

We have established a scholarship fund grant program with the purpose of aiding employees as they advance to undergraduate or graduate university programs to obtain more advanced and sophisticated knowledge and skills. In order to encourage employees to engage in voluntary self-improvement and support them as they obtain more sophisticated skills and knowledge, we also offer Assistance for Acquiring Special Skills.



Health & Safety

CORE PRINCIPLE

We have clearly stated the basic steps necessary to prevent workplace accidents, with the aim of enriching its health and safety activities. We have also established health and safety management regulations and a Health & Safety Policy, for the purposes of ensuring the health and safety of our employees, and promoting the formation of comfortable workplace environments.

《 Health & Safety Policy 》

1. **We shall enrich our health and safety activities based on the Labor Standards Act and Industrial Safety and Health Act of Japan, in order to promote the formation of comfortable workplace environments.**
2. **The company shall establish a health and safety management system, and actively promote necessary measures though its organizations and managerial posts in order to prevent labor accidents.**
3. **Employees shall comply with the law and rules established by the company, and work to prevent labor accidents and promote maintenance of health.**

Labor Health & Safety Management

Based on the law, we have established health and safety management systems according to the scale of each site. We prepare annual activity plans that define activity goals and priority activities, and conduct health and safety activities based on these plans.

Incidence of Serious Labor Accidents

We have kept our rate of labor accidents (accident rate) below the industry average for the entire Japanese manufacturing industry.

	FY2015	FY2016	FY2017	FY2018	FY2019
Accident Rate	0	0	0.47	0.49	0

*Rate of Labor Accidents: (Time off work accidents + No time off work accidents) / Total Working hours × 1,000,000

Safety Training

We regularly conduct the following training for employees, so that they can learn knowledge and skills relating to health and safety.

- Training at the time of hiring
- Education and training when responsibilities are changed
- Special training for employees doing hazardous or harmful work
- Foreman training
- Other health and training for supervisors
- Health and safety training to improve health and safety standards for employees doing hazardous or harmful work
- Training for qualified personnel (forklift drivers, etc.)

Health Maintenance

We conduct health examinations and has established a consultation counter in accordance with the law. In order to reduce the burden of personal injury and illness suffered by employees, we have established a system for employees to enroll in cancer insurance at the company's expense. We also have a system for the company to bear part of medical expenses incurred at a medical institution for one month. This helps to relieve the individual burdens for employees.

Support Suited to Each Workplace

At our factories, we supply employees with salt-fortified foods as a preventive measure against heat stroke in summer, and also milk as a health measure, in order to support employees their ability to work safely.

Various Systems		Frequency/Period	Details
Health Management	General Health Examinations	1 time/year	Implementing general health or lifestyle-related disease medical examination for employees.
	Lifestyle-related Disease Medical Examination	2 times/year	
	Special Health Examination	2 times/year	We conduct health examinations with special items for employees engaged in work that can harm the body.
	Stress Checks	1 time/year	Complete questionnaires and offer advice to encourage individual mental health care awareness and lifestyle changes.
Welfare	Cancer Insurance System	25 years old or older	The company pays the insurance premiums for employees 25 years of age or older who enroll in cancer insurance, thereby reducing the burden of unexpected cancer-related diseases on employees.
	Medical Expense Reimbursement System	As needed	The company bears part of the cost of medical insurance required for treatment of illness and injury suffered by employees in their private lives.
Other	Consultation Office	Any time	Workplace and job counseling with vocational counselors.

Working With Employees



Making Worker-Friendly Workplaces

CORE PRINCIPLE

We are working to build workplace environments where employees can work energetically, such as by providing support for work/life balance and conducting activities to improve the welfare and mutual kinship of employees. In addition, we have taken various measures and made improvements so that employees can work with peace of mind, such as reducing and managing long working hours by tracking working hours and hours in the office with an employee attendance system.

Supporting Work/Life Balance

We have established childcare leave and family care leave systems based on the Child Care and Family Care Leave Act, so that employees can maintain work/life balance and work with peace of mind.
We have also taken measures to reduce prescribed working hours at the request of employees. This system is mostly used by employees who have children in elementary school, so that they can balance childcare with their career.

Welfare and Social Interaction For Employees

Our in-house organization *Senyukai* holds group and recreational activities with the purpose of encouraging social interaction among employees. We have also established a Labor Committee with the purpose of improving workplace environments and ensuring safety at work as the representative of employees. This committee actively contributes to realizing safe, worker-friendly workplaces and the development of the company.



Diversity

CORE PRINCIPLE

We respect the diversity of differences between individual employees, such as ethnicity, gender, work history, age, values, family structure, and lifestyle. By utilizing these differences, we can effectively adapt to the constantly changing business environment and diversifying needs of customers, and believe in the potential of each individual employee so that they can demonstrate their abilities. In order to make this possible, we are addressing diversity, with the aim of *realizing workplaces where employees feel happy, can stay longer, and do rewarding work with peace of mind*.

Promoting Advancement of Women

We have formulated a general entrepreneur action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and is working to promote the advancement of women.

Training & Seminars

We regularly host training and seminars according to needs and circumstances to promote ambitions among our employees. In FY2019, we conducted career design seminars in order to support career building mainly for female employees in clerical positions.

Employment of Disabled People

We have long worked to employ disabled people, and has developed workplace environments where people with disabilities can work enthusiastically and with peace of mind.

Hosting Diversity Study Groups

At diversity study groups, we set themes each time with a focus on differences between employees and have the participants speak with each other about their experiences and circumstances. This allows participants to share their own ideas, advice, and efforts, so they can make new discoveries. These study groups also offer a chance to build more worker-friendly environments, and allow for deeper mutual understanding between employees and between the company and employees.
In FY2019, these diversity study groups were held 6 times, with a total of 48 participants. For the first time since starting the study groups, a guest lecturer was invited to make a lecture titled "Self Management: Fortifying Your Mental Foundation." Many employees attended this lecture, including young employees.



Employee Data

	FY2015	FY2016	FY2017	FY2018	FY2019
Employees					
In Japan	1,645	1,584	1,694	1,731	1,747
Overseas	632	601	643	627	631
Total *Numbers in parentheses are the ratio of women	2,277 (35.8%)	2,185 (37.3%)	2,337 (35.0%)	2,358 (36.0%)	2,378 (36.8%)
Regular Employees					
Male	–	–	–	1,233	1,242
Female	–	–	–	569	533
Contract Employees					
In Japan	–	–	–	518	488
Overseas	–	–	–	38	115
Total *Numbers in parentheses are the ratio of women	–	–	–	556 (50.2%)	603 (56.6%)
Managers (In Japan)					
Male	97	104	100	105	116
Female	4	5	5	6	7
Ratio of Female Managers	3.96%	4.59%	4.76%	5.41%	5.69%
Managers (Overseas)					
Male	–	–	–	–	74
Female	–	–	–	–	42
Ratio of Female Managers	–	–	–	–	36.21%
Recruiting-Related					
Male	24	34	44	79	47
Female	8	14	16	23	18
Total	32	48	60	102	65
Turnover (3 years after hiring)	3.1%	20.8%	10.0%	15.6%	16.9%
Various Leave Systems					
Average Days of Paid Leave Taken / Year (Days)	9.13	8.65	7.4	9.8	8.5
Average Rate of Paid Leave Taken	57.74%	57.50%	59.41%	62.63%	62.49%
Employees Taking Child Care Leave	12	11	8	12	10
Return Rate After Child Care Leave	100%	100%	100%	91.70%	100%
Employees Taking Family Care Leave	1	0	3	1	0
Return Rate After Family Care Leave	100%	100%	33%	100%	100%
Labor Related					
Average Overtime Hours / Month (hours)	9.96	14.2	13.7	15.6	14.4
Employment of Disabled People					
Number of Disabled Employees	20	21	18	17	16
Ratio of Disabled Employees *Numbers in parentheses are the legal employment ratios	2.7% (2.0%)	2.6% (2.0%)	2.2% (2.0%)	2.2% (2.2%)	2.1% (2.2%)

Activities of Social Contribution

Natural Environment Protection

Moka Environmental Partnership Conference
TOCHIGI SEGMENT | 4 times / year



Woodland conservation volunteering
KANSAI SEGMENT | May 19 & November 10, 2019



Khlong Khon mangrove tree planting
SENJU (THAILAND) CO., LTD. | August 17, 2019



River cleaning activities (inside PEZA Zone)
SENJU SOLDER (PHILS.) INC. | November 2019



NPO Mori Wa Umi no Koibito tree planting festival
SENJU SPRINKLER CO., LTD. (IWATE) | June 2, 2019



Satetsu River group cleaning
SENJU ELECTRONIC CORP. | April 20, 2019



Tree planting at Beijing Gongqing Forest Farm
BEIJING SENJU ELECTRONIC MATERIALS CO., LTD. | March 27, 2019



Cijin Island beach cleaning
SENJU ELECTRONIC (TAIWAN) CO., LTD. | February 15, 2020



Mt. Kureha bamboo grove maintenance volunteering
SENJU SYSTEM TECHNOLOGY CO., LTD. | April 20, 2019



Ishizakihama beach cleaning
SENJU GIKEN CO., LTD. | August 3, 2019



Forest conservation district volunteer cleaning
SENJU COMTEK CORP. (CHICAGO) | September 7, 2019



Cleaning the vicinity
SENJU MANUFACTURING EUROPE S.R.O. (CZECHIA) | May 26, 2020



Activities of Social Contribution

Culture / Education / Community Outreach

Manufacturing Lessons (at elementary schools)

HEADQUARTERS | July 22, 2019



Providing soldering materials to junior high school technology classes

HEADQUARTERS | 2019



Supported the Nishiwaki Taka Rookie Senior High School Ekiden Race

KANSAI SEGMENT | February 16, 2020



Cooperation with Minna no Medal Project

SENJU ELECTRONIC INDUSTRY | 2019



Visits to orphanages

SENJU (MALAYSIA) SDN. BHD. | November 16, 2019



Donations to food pantries

SENJU COMTEK CORP. (CHICAGO) | November 26, 2019



Donations of clothing and books to disadvantaged households

SENJU METAL (SHANGHAI) CO., LTD. | December 2019



Participation in firefighting skills competition

SENJU METAL (HUIZHOU) CO., LTD. | November 9, 2019



Sekido Museum of Art

Sekido Museum of Art inside the SMIC headquarters building was established by the Satoh Artcraft Research & Scholarship Foundation in April 2006, with the purposes of promoting cultural exchange and mutual understanding between countries and refining culture in Japan, both through arts and crafts. Works in the museum's possession were built up from the collection of the late Honorary Chairman Senju Sato, and the museum's name *Sekido* is in fact the alias of Mr. Sato himself.
Sekido Museum of Art conducts activities to help everyone in the community enjoy fine art, including special exhibits with a focus on works in the museum's collection, such as Concert in the Museum events.



Concert in the Museum

Myoko Cafe

Myoko Cafe is operated by the Adachi City disabled people's organization *Yu-Ai Kai* as a place for disabled people to learn skills for independent living and to participate in society. Adjoining the Sekido Museum of Art, they sell bread baked at *Ayase Himawari En*, a support office staffed by people with mental disabilities, and people with mental disabilities work happily at the cafe every day.
SMIC provides the cafe space for free and offers various other forms of aid, in order to support the activities of *Yu-Ai Kai*.



Governance

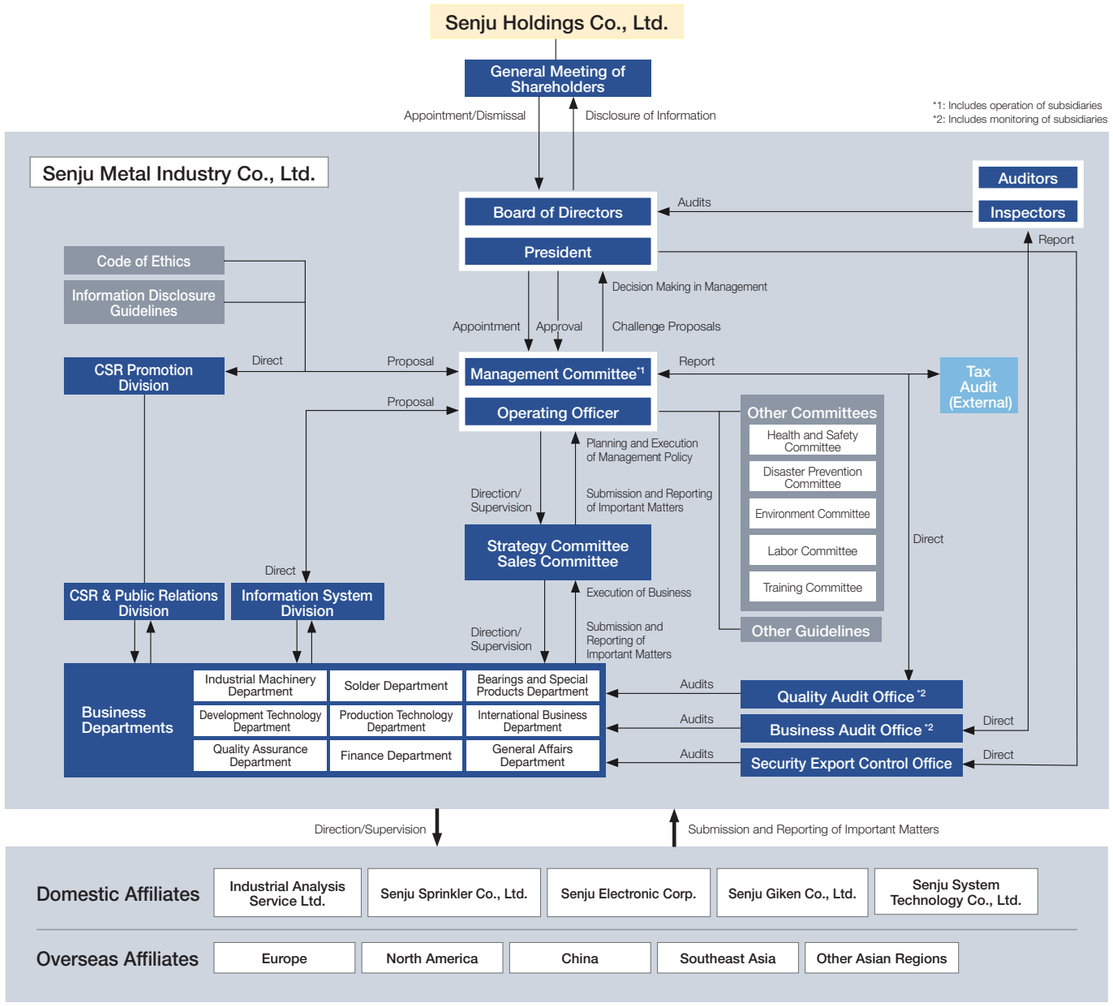
Corporate Governance

BASIC POLICY

We will develop and operate its management system and construct its corporate governance system, while maintaining sound, fair, and highly transparent management, and adapting to the changing times. The basic policy of the group is to fulfill its explanation responsibilities by disclosing information in a fair manner to all stakeholders.

Corporate Governance System

We are working to augment our governance through our meetings of shareholders and board of directors based on the law, as well as by assigning corporate auditors, inspectors, and tax auditors, and by developing the CSR Promotion Headquarters, Management Committee, and Strategy Committee.



Board of Directors and Business Execution System

Board of Directors

The Board of Director consists of 5 directors, 1 corporate auditor, and 1 inspector. It follows relevant laws and regulations as well as the Articles of Incorporation to appoint or dismiss executive officers and make resolutions on the agenda from the Management Committee, as the final decision-making body of SMIC business management. We have established ethical regulations and information disclosure regulations, which are defined separately as indicators for deliberations and decisions by the Board of Directors.

Management Committee

The Management Committee consists of directors and executive officers. It deliberates on legal matters and determines or approves important matters in the execution of business. It also submits matters related to business execution to the Board of Directors that should be deliberated or decided by the Board of Directors.
We have established various other regulations, BCP management regulations, crisis management regulations, and information security regulations, which are defined separately as indicators for deliberations and decisions by the Management Committee.

Executive Officer System

We have introduced an executive officer system, and the executive officer general managers appointed by the Board of Directors manage the division of duties among departments they are in charge of. Based on the business plan of the company, they formulate and execute the business plan of the departments they are in charge of. As officers in charge, they give direct orders on important matters in guidance of the department they are in charge of.

Audit Supervision System

Auditors and Inspectors

We have appointed one auditor and one inspector. These officers carry out audits of daily management activities, including the execution of duties by directors.
Corporate auditors and inspectors attend the Board of Directors, where they fulfill their duty to prevent illegal or exceedingly unjust resolutions from being made, as well as to ensure the conduct of activities according to the law.

Introduction to Directors, Auditors, and Executive Officers

	Name	Operating Officer	Board of Directors	Management Committee
President	Ryoichi Suzuki		○	○
Representative Director	Tomohide Hasegawa	○	○	○
Executive Director	Yuji Kawamata	○	○	○
Board of Director	Yuka Sato	○	○	○
Board of Director	Tetsuya Okuno	○	○	○
Corporate Auditor (External)	Shoju Sato		○	
Inspector	Kazutoshi Sakaguchi		○	○
Counselor	Motoyuki Ohtake	○		○
Counselor	Yasuhiro Ishii	○		○
Counselor	Setsuo Tanaka	○		○
Deputy Director	Toshimaru Sumiyashiki	○		○

Compliance

CORE PRINCIPLE

We consider our philosophy of management to be essential to compliance, and so has defined its basic compliance policy and practical goals based on the Basic CSR Policy. We have also explicitly stated the importance of compliance in our employee work rules. Employees faithfully follow these policies, goals, and rules, and work to maintain order within the company. The SMIC Group's Basic CSR Policy and Practical CSR Goals serve operate our companies in compliance with fair trade ethical principles.

Status of Compliance Activities

We conduct various types of training (CSR training, environmental training, procurement policy for supplier training, safety assurance export management training), as well as internal audits, and audits of suppliers, in order to comply with various laws relating to business activities.
In our internal audits, the Business Audit Department conducts several different audits of sites both in Japan and overseas, for the purpose of maintaining sound corporate compliance. This includes safety assurance export audits based on the Foreign Exchange and Foreign Trade Act, CSR audits based on the RBA code of conduct, and information security audits of the handling of confidential information both inside and outside the company. Each business unit quickly takes measures for corrective actions recommended in each audit, in order to make continuous improvements to our management system.

FY2019 Audits

(Unit: Number of Audits)

Audit Target	Business Audits	Safety Assurance Export	Specified Shippers
Senju Metal Industry	61	30	18
Group Companies (in Japan)	30	5	4
Group Companies (Overseas)	4	0	0
Committees, etc.	14	0	0
Total	109	35	22

Established an Internal Reporting Hotline System (Smile Mail)

We have established a dedicated internal reporting hotline (Smile Mail) to discover wrongdoing and make corrections early on, which enables employees to anonymously report and consult about problems involving human rights (harassment, etc.), problems involving compliance (violations of laws and internal regulations, problems with corporate ethics and social mores, etc.).

Governance

Risk Management

PRINCIPLE AND RISK MANAGEMENT SYSTEM

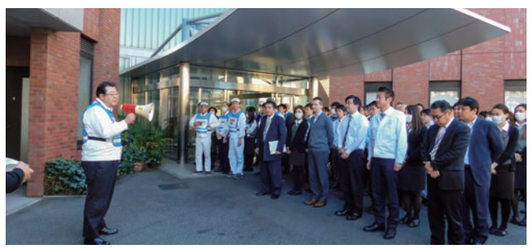
SMIC Group, as a matter of responsibility for a company located upstream on its supply chain, has assumed all manner of risks, including natural disasters such as earthquakes and typhoons, infectious diseases such as the novel coronavirus, information security matters such as information leaks and unauthorized access, export management relating to safety assurance, and risks concerning intellectual property. In response to this, we have established dedicated business units and committees to respond to various risks, and are taking measures to prevent risks and minimize losses.

Initiatives Toward Business Continuity

We conduct evaluations, analysis, and countermeasures of various risks to keep damage to a minimum, build up our risk management in order to enhance the potential for continuity of business, implement a system to promote rapid recovery of important business, and formulate various plans such as our *Plan For Recovery of Equipment After Disasters*. We are also augmenting our backup system, so that when there is a site experiencing extreme difficulty with production due to a disaster or other emergency, we can continue production in collaboration with other sites in Japan and overseas.

Regular Emergency Drills

We conduct evacuation drills, firefighting drills, and first aid courses (AED courses) with guidance from fire departments and security companies, in order to protect the life and limb of employees from disasters such as earthquakes and fires.
We also participate in comprehensive fire drills conducted by fire departments with jurisdiction, in an effort to strengthen collaboration with local communities.



Production backup system to ensure stable supply



Company Secret Management / Personal Information Protection

We have established Corporate Secret Management Regulations and Personal Information Management Regulations, and is working to prevent leaks of confidential information by managing personal information held by the company, as well as the information of customers and suppliers.
Also, we act appropriately to laws and regulations including the EU GDPR (European Union General Data Protection Regulation).

Information Security

In light of damages suffered due to cyber attacks in recent years, we are further augmenting management and operation of information security. Our Information Security Department formulates basic action plans, and we are improving our capability to detect threats and take adequate backups to ensure that we can contain damages that do occur and recover quickly. Methods of cyber attacks change on a daily basis, so we conduct regular training about rules and threats for employees, and raise awareness of the importance of information security.

Safety Assurance Export Management

We acknowledge problems such as the proliferation of weapons of mass destruction, preventing excess accumulation of normal weapons, and trade wars between countries. In response, we have placed restrictions on exports to maintain order in states of tension, and comply with laws for maintaining international peace and safety, as well as Foreign Exchange and Foreign Trade Act. In order to implement export management, we have appointed the president of the company as the person in charge of safety assurance export management, and established the Safety Assurance Export Management Office under the president's purview, and thus developed and enriched our export management system. In the future, we are examining systematic automation in order to avoid human error.

CLASSIFICATION
Development Department classifies by checking against a cargo list (export regulation list) regulated by the Foreign Exchange and Foreign Trade Act

TRADE INSPECTIONS
The Sales Department checks applications and end users of exported cargo

SHIPMENT MANAGEMENT
When shipping using logistics, we check that classification and trade inspections are complete, and leave documentation

By making notifications on regulations and training, and conducting internal audits once pear year, we maintain regulatory compliance, and have achieved recognition from METI (Ministry of Economy, Trade and Industry) as a company that has developed a voluntary management system for safety assurance trade management.

*From "Official Announcement of Companies Producing Export Management Internal Regulations"
https://www.meti.go.jp/policy/anpo/compliance_programs_pdf/kigyoukouhyou.pdf

Safety Assurance Export Management Training

We conduct classification and trade inspections, as well as training on safety assurance export management for employees in charge of shipment management. (FY2019: Conducted a total of 57 times by department and manager)
We also conduct training by outside instructors for top management, produce training materials that easily explain related laws, and provide training to various business units.

Intellectual Property

We protect valuable information, including technology, knowledge, and knowhow created as a product of R&D and improvement activities on the factory floor, by having the Intellectual Property Department conduct management for securing rights to this information (obtaining patents, registering trademarks) and concealing information (managing confidential know-how). By promoting initiatives to protect our products and avoid infringing upon the rights of third parties and make effective use of our intellectual property system, we have aided business activities aimed at sustainable growth of the company, and are aiming to contribute to the creation of value that will be useful to society.



Patents Held

With the goal of protecting our products and the SMIC brand, we obtain patents, trademarks, and designs.

(As of June 2020)

PATENTS		TRADEMARKS		DESIGNS	
In Japan	Overseas	In Japan	Overseas	In Japan	Overseas
484	1,435	102	370	14	7

Intellectual Property Education

We regularly host study sessions for the Development Technology Department, take practical initiatives focused on the patent system, know-how management, and patent searches, and are working to improve management of product development and manufacturing risks.



SENJU METAL INDUSTRY Co., Ltd.

■ Segments in Japan

Tochigi Segment
Matsuyama Factory / Kinugaoka Factory

Soka Segment

Kansai Segment
Naka Factory / Nishiwaki Factory

■ Domestic Sales Locations

Tohoku District Sales Office (Sendai)
Kitakami Sales Office / Koriyama Sales Office / Niigata Sales Office

Chubu District Sales Office (Nagoya)
Matsumoto Sales Office / Toyama Sales Office

Kansai District Sales Office (Osaka)
Kansai Special Sales Development Dept / Kyoto Sales Office / Himeji Sales Office

Kyushu District Sales Office (Fukuoka)

COMPANY PROFILE

SENJU METAL INDUSTRY CO., LTD. / SMIC GROUP

DUNS# 690663091

ESTABLISHED	April 15, 1938
HEADQUARTERS ADDRESS	23 Senjuhashidocho, Adachi-ku, Tokyo 120-8555
PRESIDENT	Ryoichi Suzuki

■ BUSINESS SCALE

REVENUE (CONSOLIDATED)	¥73.152 billion (April 1, 2019 - March 31, 2020)
CAPITAL (SIMPLE)	¥400,000,000
EMPLOYEES (CONSOLIDATED)	2,378 (As of March 31, 2020)

■ BUSINESS PORTFOLIO

- Smelting, alloying, casting, and expansion of metals, manufacture and sale of processed goods
- Manufacture and sale of metal powders and bearings
- Manufacture and sale of solvents and adhesives for soldering
- Manufacture and sale of soldering equipment
- Manufacture and sale of fire extinguishing equipment (affiliated company business)
- Manufacture and sale of machinery related to the above businesses
- Internal dispatch business

LIST OF MAJOR COMPANIES

▶ JAPAN

Industrial Analysis Service Ltd.
Senju Sprinkler Co., Ltd.
Senju System Technology Co., Ltd.
Senju Electronic Corp.
Senju Giken Co., Ltd.

▶ AMERICA

Senju America Inc.
Senju Comtek Corp.
Senju Fire Protection Corp.

▶ EUROPE (GERMANY, CZECHIA)

Senju Metal Europe GmbH
Senju Manufacturing Europe s.r.o.

▶ ASIA

Senju (Malaysia) Sdn. Bhd.
Senju Trading (M) Sdn. Bhd.
ST Automatic Machinery Sdn. Bhd.
Senju (Thailand) Co., Ltd.
Senju Solder (Phils.) Inc.
Beijing Senju Electronic Materials Co., Ltd.
Beijing Senju Fire Fighting Equipment Co., Ltd.
Senju Metal (Tianjin) Co., Ltd.
Shanghai Senju Business Management Consulting Co., Ltd.
Senju Metal (Shanghai) Co., Ltd.
Senju Metal (Huizhou) Co., Ltd.
Senju Metal (Hong Kong) Limited
Senju Electronic Materials (Hong Kong) Co., Ltd.
Senju Electronic (Taiwan) Co., Ltd.
Senju Metal Industry Co., Ltd. Kaohsiung Branch
Senju Metal Korea Co., Ltd.
Senju Metal Industry Co., Ltd. Korea Branch