SMIC

SMIC CSR REPORT 2023

SMIC



Tokyo: View of Hibiya and Kasumigaseki from the Imperial Palace

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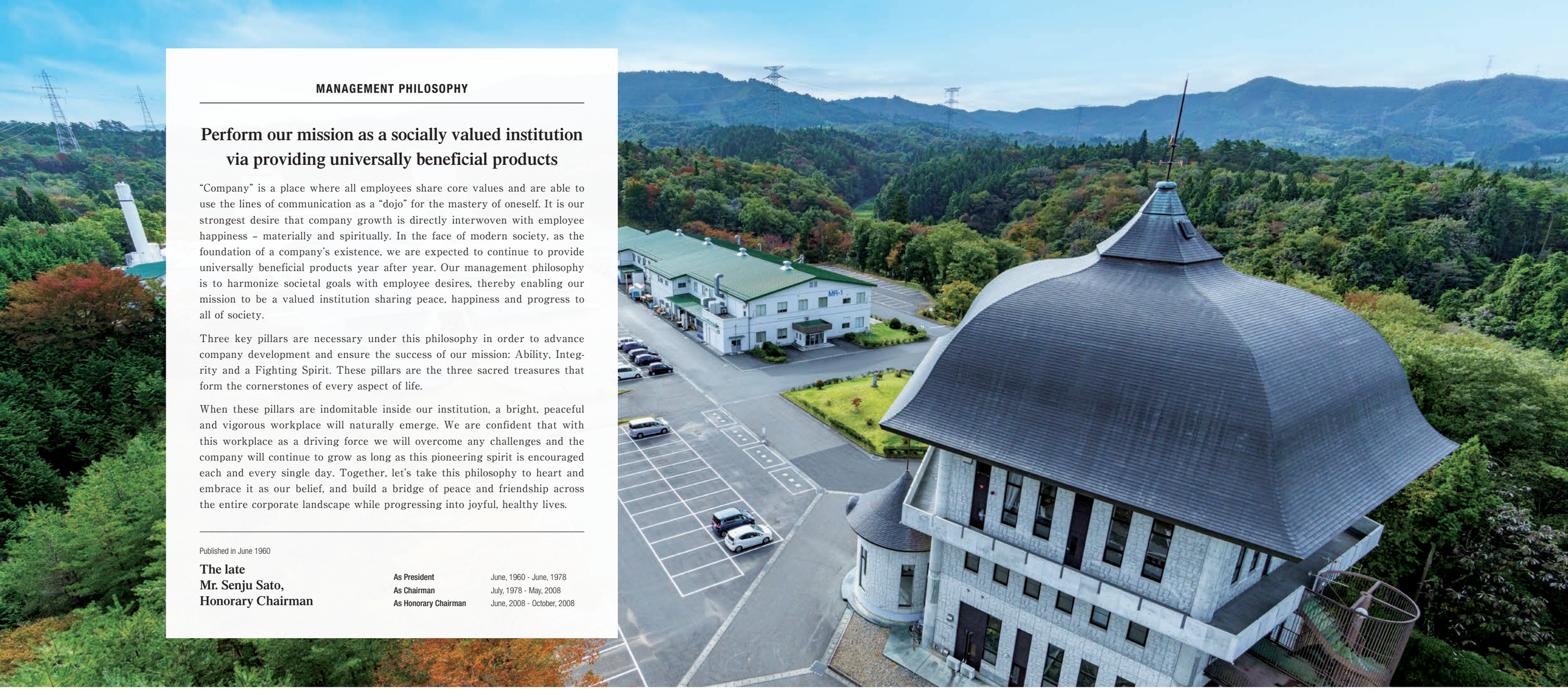
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SMIC CSR REPORT 2023

Senju Metal Industry Group CSR Report

SMIC



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.

Published in 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

Photo: Senju Sprinkler Co., Ltd. Marumori Factory

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EDITORIAL POLICY

The Senju Metal Industry (SMIC) Group strives to report on important issues and items of high social demand, and identifies materiality. This report is produced in accordance with the requirements of the GRI Standards and is subject to review and approval by the Board of Directors, and provides case study results of our efforts to solve social problems through our business practices.

Period Covered	January 1, 2022 - December 31, 2022 (Includes some information from January 2023 onwards) *In accordance with the change in our accounting period from FY2022, the above will apply for this report.
Report Scope	25 group companies listed in the list of major affiliated companies (p. 46) (includes non-consolidated subsidiaries and associated companies). Note that SMIC's environmental initiatives are listed separately.
Key Changes	No change to number of consolidated subsidiaries
Membership	RBA, JWES, JIEP, JAPIA, SEMI, TEA, CCI
Publication History	Current Issue: June 2023 (Previous Issue: October 2022)
Next Issue	June, 2024
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.
In addition, due to a review of data from the past following changes in calculation methods, locations covered, and periods covered in the report, some parts of the data may differ from past data disclosures.
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.



ResilienceⅡ

Transcend Any Situation with Flexibility and Integrity

President

鈴木 克一

We are pleased to present the SMIC Group's CSR Report for FY2023.
Although the COVID-19 is steadily being brought under control, the problems of wars among nations, civil wars and civil strife due to political instability, soaring raw material prices, and intensifying disasters due to climate change are having a major impact on the social economy. In light of these social conditions, this year's CSR Report will focus on the BCP system and health and safety under the theme of *Resilience II - Transcend Any Situation with Flexibility and Integrity* as a continuation of last year's report.

Establishment of a BCP system to continue to fulfill supply responsibilities for our customers

Last year, our manufacturing sites were damaged by the COVID-19 lockdown in Shanghai and flooding caused by heavy rains in Malaysia. This made it difficult to supply our customers. However, this did not cause any serious problems because we had a BCP system in place to cover supply at our manufacturing sites around the world. To ensure that our customers have peace of mind in the event of a situation like this occuring in the future, we are strengthening our BCP system for all solder materials and enhancing disaster prevention measures, such as improving our facilities and in-house infrastructure, in response to natural disasters such as floods and earthquakes.

Creating a workplace where employees feel safe and secure

In the area of health and safety, water-connected sprinklers developed by Senju Sprinkler, a Group company, have been deployed at our manufacturing sites in Japan as a fire prevention measure, and we are working to establish evacuation routes and systems that allow employees to safely evacuate if a fire should break out in the factory.
In addition, factories where people must be present at all times have the potential for high incidences of occupational accidents, we are working to improve safety by preventing human error through the automation of manufacturing equipment, reducing employee workloads and improvements in the workplace environment.

Profitability is essential for contributing to sustainability

Continuously taking appropriate actions to address various issues in business activities, such as supply chain, BCP, health and safety can only be accomplished by securing enough revenue to make such actions feasible. To this end, we believe that our contribution to sustainability involves continuing to be a company that can flexibly respond to changes in the business environment based on a solid revenue base.
We also believe that it is important to properly understand the situation and circumstances in order to determine the most effective way to deal with the problem. We will scrutinize the general information around us and take the appropriate action for our company, drawing on our past experience. We will share information on these measures with all employees and promote mutual understanding of their importance.

Our Materiality

ESG	Materiality	Material Topics	SDGs
E	**Respond to Climate Change**	• Energy conservation and the use of renewable energy in business activities • Development of environmentally friendly products to help customers achieve carbon neutrality • Use of renewable resources for secondary raw materials	
	Practice Resource Recycling	• Promote the collection and recycling of used solder products sold by us • Reuse of solder materials in our manufacturing process	
S	**Promote the CSR Procurement** (Responsible Procurement of Minerals)	• Prohibit transactions with individuals or organizations engaging in conflict, terrorism, child labor, or other human rights abuses • Use minerals in accordance with the RMI standards	
	Human Resource Development	• Develop human resources that strive to acquire new knowledge and make rational decisions from a broad perspective	
	Creating Comfortable Workplace Environments	• Diversity and Inclusion (Create a comfortable work environment that accommodates diverse lifestyles and human resources) • Respect for human rights (Show respect and understanding for all cultures and religions when conducting global business) • Promote Digital Transformation (DX) internally • Occupational health and safety	
	Contribute to the Realization of Society 5.0 and DX	• Develop highly reliable products enabling the application of the latest technologies such as 5G, IoT, and autonomous driving • Keep up with and supporting our customers' advanced technologies and promoting partnerships and the co-creation activities with them	
G	**Realize Stable Supply**	• Enhance our readiness for large-scale pandemics and natural disasters such as earthquakes and typhoons • Strengthen our business continuity plan (BCP) and relevant systems • Enhance our multi-channel procurement system • Introducing automation and IoT to factories	
	Intellectual Property Protection, Personal Information Management, and Other Risk Management	• Strengthen control measures for intellectual property-related risks such as patent infringement and technology leakage • Enhance information security • Protect the personal information of our company, customers, and business partners	

Low-temperature soldering solutions that contribute to carbon neutrality in the environment

What can we leave behind for the next generation? As a manufacturing company that handles heavy metals, this is the most important question we must consider. As we face the global challenges of energy supply and global warming, we are promoting our business activities with low temperature as our keyword. Low-temperature solder with a tin-bismuth (Sn-Bi) composition has a melting point 80°C lower than that of lead-free solder (which is commonly used today), and requires less energy for melting, thereby reducing CO_2 emissions.
While this material offers advantages, it is extremely rigid and brittle making it challenging for mass production. Additionally, due to its low melting point, it is prone to the formation of solder oxides (dross), which has made it historically challenging to implement through soldering devices.
We believe that it is necessary to make such materials easy for customers to use and to ensure a stable supply. We launched MILATERA, a solution that contributes to CO_2 emissions reduction through low-temperature solder mounting by combining our technological capabilities in materials, equipment, and production methods to overcome the challenges associated with the use of low-temperature solder.
As one of our legacies for the next generation, we intend to serve as a socially valued institution.
The SMIC Group will continue to engage in business activities to meet your needs, while contributing to the realization of a sustainable society. We look forward to your continued support and encouragement.

SMIC Group: Our Vision

The SMIC Group develops ESG (Environment, Society, and Governance) friendly business activities and provides high quality, reliable products. As socially responsible company, we are also committed to the health and safety of our employees, collaboration with local communities, and activities that make a social contribution.
With the aim of realizing a sustainable society, we will contribute to the future through our business activities by reviewing our manufacturing processes and manufacturing and selling products that can contribute to the reduction of CO_2.

Environmental, Social, and Corporate Governance to Achieve Sustainable Development

Achievement of Our 2050 Environmental Vision

SMIC Group Business Activities

Materiality

- Climate change
- Resource recycling
- Promotion of CSR Procurement (Responsible Mineral Procurement)
- Human Resource Development
- Creation of a comfortable work environment
- Society 5.0, Contribution to realization of DX
- Realization of stable supply
- Risk management, including intellectual property and personal information management

INPUT

- Well-equipped manufacturing facilities
- Strong collaboration with stakeholders
- Establishment of a global network
- Continuously evolving technological capabilities
- Solid financial base
- Strong organization and human resources
- Effective use of natural resources

Value Chain



Business Foundation

Core Competence

- Advanced technological capabilities of materials, equipment, and construction methods and a proven track record
- High level of ability to respond to customer requests and resolve their issues by sincerely listening to customers' requests
- Employees with a high degree of loyalty

OUTPUT

Solder products

- Solder alloys
- Alloys and their various forms
- Flux-cored solder
- Solder paste
- Solder preform
- Solder balls

MILATERA D-SOL ECO SOLDER

Flux

- Post flux
- Semiconductor flux

Factory automation (FA) equipment

- Reflow oven
- Flow soldering machine
- Spray fluxer
- Solder recycle machine

Bearing products

- Metal-based plain bearings
- Resin-based plain bearings

Special alloys

Fire sprinkler systems

Metals, environmental and regulated substance analysis

Expanding the significance of our existence as a socially valued institution

OUTCOME

Contribute to carbon neutrality in the environment

Realization of resource recycling and energy savings

Correcting disparities through fair trade

Promotion of technological innovations

Development of industries and markets

Development of automation technologies

Realization of diverse lifestyles

A corporate culture that allows employees' lives to blossom and come to fruition

Management Philosophy

- Ability, integrity, and fighting spirit
- Pioneering spirit that is new day to day

Megatrends

- Transition to a decarbonized society
- Increased geopolitical and climate risks
- Transition to a circular economy
- Shift to a more diverse society
- Change in workstyles and lifestyles

Convert management resource to the next source of value creation

- Improvement of employee engagement
- Enhancement of financial base
- Improvement of corporate brand
- Improvement of customer trust

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.



1

SOLDERING EQUIPMENT

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



SOLDER BAR

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



2

SOLDER PREFORM

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



3

REGULATED SUBSTANCE ANALYSIS INSPECTIONS

Industrial Analysis Service conducts analysis related to regulated substances as represented in the EU RoHS Directive.

MATERIAL ANALYSIS INSPECTIONS

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



4

ENVIRONMENTAL ANALYSIS INSPECTIONS

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



5

SPRINKLERS

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



6

SPECIAL ALLOYS

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



7

SOLDER BALL, SOLDER PASTE

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



8

PLAIN BEARINGS

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



MILATERA

Low Temperature Soldering for Earth

Low-temperature Soldering Solutions that Contribute to Carbon Neutrality in the Environment, MILATERA

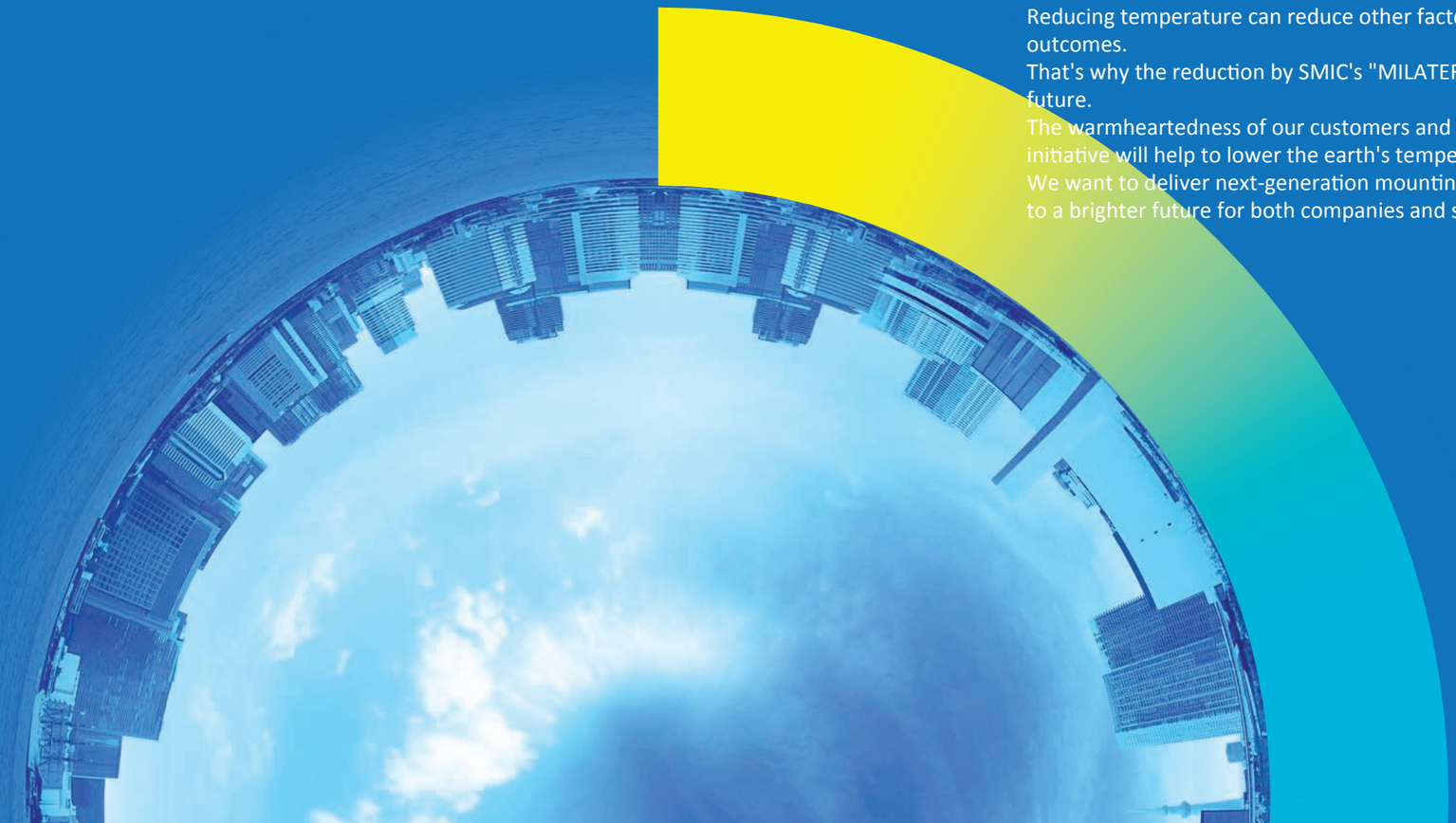
To a future leading to △t80°C

Soldering requirements have changed with the times,
and SMIC's low-temperature soldering solution "MILATERA" is the answer.

We provide "MILATERA" to the customers in a three-part system which includes materials, equipment, and our soldering method.
Solders with a melting point about 80°C lower than conventional solders allows for low-temperature mounting.
This new carbon-neutral option reduces significant burdens, costs, and CO_2 emissions throughout the supply chain.

SMIC is aiming for a future where manufacturing is done while considering both people and the environment.
Through our technology and passion, we will pave the way for various possibilities as partners in ushering in a bright future nurtured over more than 80 years.

Reducing temperature can reduce other factors and lead to positive outcomes.
That's why the reduction by SMIC's "MILATERA" will lead to a positive future.
The warmheartedness of our customers and partners who support this initiative will help to lower the earth's temperature.
We want to deliver next-generation mounting technologies that will lead to a brighter future for both companies and society.



Solution 01

Low-temperature Wave Soldering Method

Established as the world's first soldering method for effective CO_2 reduction in the circuit board mounting process (SCOPE2) in 2022.

Our newly developed wave soldering equipment and post flux helped to establish the world's first mass production process utilizing the low-temperature wave soldering method. We were also the first in the world to commercialize the usage of flux cored solders for repair. This method was used in the manufacturing of rice cookers by the Panasonic Corporation.



Soldering Equipment Development

Post Flux Development

Flux Cored Solder Development

Solution 02

Low-Temperature Reflow Soldering Method

Widespread usage for components and circuit boards that are heat-sensitive for effective CO_2 reduction in the circuit board mounting process (SCOPE2)

We have developed solder alloys with excellent thermal fatigue and drop resistance.
We have a diverse product lineup for paste flux, including products(types) like halogen-free and thermosetting resin.
This method is used in many companies such as Lenovo Corporation for their laptop, PCs, and Panasonic Corporation for their camera modules, washing machines, and other products.



Solder Alloy Development

Paste Flux Development

Soldering Equipment Development

Solution 03

Low-Temperature Soldering Materials

CO_2 reduction even in SCOPE3 from mineral exploration to refining as observed in the Life Cycle Assessment

We now include sustainability in the Life Cycle Assessment (LCA).
From the customer's perspective, low-temperature soldering can be expected to reduce CO_2 emissions even in the solder material process from mineral exploration to metal refining that falls under SCOPE3.
Although tin-bismuth solders can be hard and brittle, we offer products in various forms.



Special Feature

Initiatives to Achieve a Safe Environment for All

We are committed to health and safety, with the goal of achieving Zero Accidents. To achieve this that we do not allow any occupational accidents, including not only lost time accidents but also unscheduled accidents.

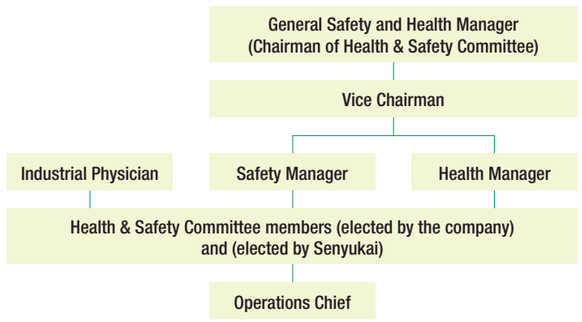
Our Approach to Health and Safety See p.30 (Occupational Health and Safety)

As a result of long-standing efforts to improve employee awareness of health and safety and advances in safety technology for machinery and equipment, the number of serious harms that lead to lost workdays has decreased and has been minimal in recent years. However, we take the same attitude toward nonwork-related accidents such as falls and minor injuries, which have been on the rise in recent years, and when they do occur, we strive to prevent their recurrence by identifying and analyzing the causes and taking countermeasures. Based on the belief that we place the health and safety health of our employees as our top priority, our goal is to prevent accidents, no matter how small, from occuring.

Initiatives for Safety Management

Safety and Health Management System See p.30

In accordance with laws and regulations, we have put in place a safety and health management system that is appropriate to the size of our segments. The system for offices with 300 or more employees on a regular basis is shown in the figure on the right. The general safety and health manager, the head of the business office, supervises and manages operations as the chairman of the Health & Safety Committee. Safety managers and health managers are appointed from among those with certain qualifications.



Hazard Prevention Activities

Hazard Analysis and Assessment

The number of serious accidents has been greatly reduced by eliminating and reducing risks through *hiyari-hatto* (near-miss) and *kiken yochi* (KY) (hazard prediction) activities (identifying hazards before work begins and avoiding them in advance). Currently, we are working on risk reduction, focusing our attention on risk assessments.

Conducting Risk Assessments

Hazards and toxicities at each workplace are identified, and risks are assessed and prioritized based on the extent of occupational accidents caused by these hazards and the likelihood of such accidents occurring. Countermeasures are repeatedly reviewed, implemented, and recorded until risks are reduced or eliminated.

〈 Examples 〉

The Root Causes of Hazards	Degree	Potential	Risk Level
Almost tripped on the stairs	2	2	Ⅱ
Almost caught my finger	5	3	Ⅳ

The Gate of No Disaster and Safety Pledge

The Gate of No Disaster and Safety Pledge is installed at the service entrance facing the parking lot of the Matsuyama Factory of the Tochigi Segment. This gate is designed to raise employee awareness of safety by displaying the number of days with no accidents on the gate, along with the words, “By passing through this gate, I pledge to be safe and healthy,” and “Entrance to a safe work place(space) - be safe today!”



Special Initiatives

Safety Gatherings

In addition to regular meetings of the Health & Safety Committee, safety gatherings are held three times a year to deepen employees’ understanding of health and safety. Each meeting has a specific theme and is planned as a forum for the exchange of safety information to raise and maintain employee awareness of health and safety.


Regular meetings of the Health & Safety Committee (Headquarters)

Lifesaving Training See p.15 (7 Installation of AED)

Participants are recruited from each department to attend lifesaving courses sponsored by the Fire Department on a regular basis.
The headquarters received a letter of appreciation from the Senju Fire Department last November.



Workplace Health Management

- **Health Checkups and Secondary Examinations**
- **Influenza Vaccination Onsite (Headquarters, Tochigi Segment, Soka Segment)**



- **Working Environment Measurement**

A working environment measurement engineer conducts sampling and measures the overall working environment for any potential issues and challenges.



Maintenance of Evacuation Routes in the Event of an Emergency

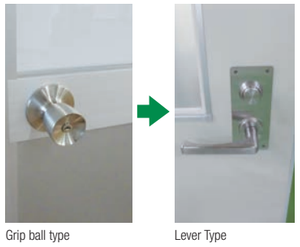
Voluntary Installation of Sprinkler Systems and Fire Erase See p. 16

Water-connected sprinklers were installed along evacuation routes and in areas where melting furnaces are located in the Matsuyama Factory of the Tochigi Segment. Fire Erase (fire extinguishing agents) have been installed in five draft chambers at the IAS. Similar installations are being considered for other locations.



Retrofitting Emergency Exit Doors See p. 16

In accordance with RBA (Responsible Business Alliance) standards, the building’s emergency exits have been renovated with doors that can be opened with a single action so that employees can evacuate safely and quickly in the event of a disaster. As of May 2023, the renovation has been completed at SMIC headquarters, domestic segments, and domestic affiliated. subsidiaries.


Grip ball type　Lever Type

Safety & Health

Safety Measures and Sanitation Initiatives

❶ Heat Stroke Prevention

Example

■ Cooling agents



❷ Automation and Robotization

Examples

■ AGV (Automated Guided Vehicle)
■ Solder billet Automated manufacturing robots
■ Unloading robots
■ Automated packaging robots



❸ Safety Patrols

Each month, the Health & Safety Committee members conduct safety patrols of each workplace. They point out areas of insecurity concern or behavioral concerns and follow up until they are corrected.



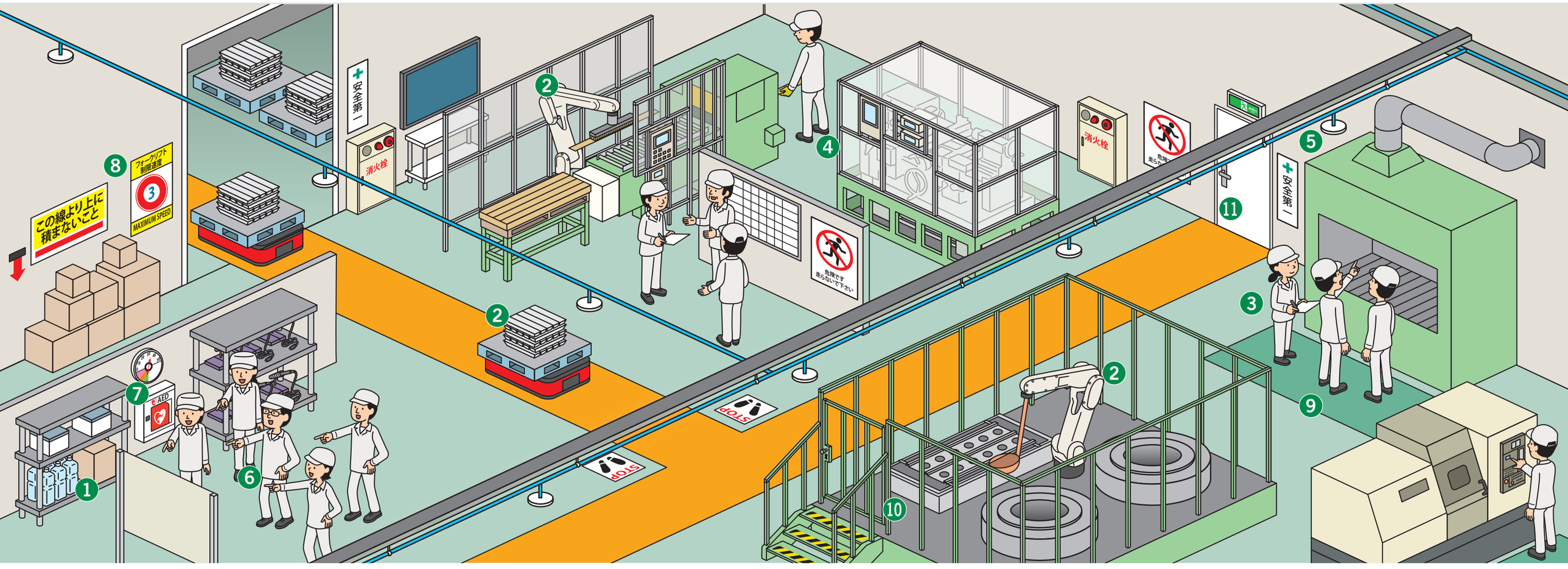
❹ Safety Inspection and Acceptance

New and refurbished equipment is safety inspected and evaluated prior to use. Physical defenses, interlocks, and safety controls are installed where hazards may occur.



❺ Voluntary Installation of Sprinklers and Fire Erase





❻ Recitation of Safety Calls

❼ Installation of AED

With the cooperation of the fire department, life-saving training on AED operation and cardiopulmonary resuscitation is provided on a regular basis.



AED training for female employees

❽ Safety Signs



❾ Personal Protective Equipment

Examples

■ Safety shoes
■ Protective masks



❿ Fall Prevention

Examples

■ Handrail
■ Stairway slip prevention
■ Tents to warn of falls
■ Alerts



⓫ Emergency Exit Door Renovations



Safety & Health

Aim a Safe Workplace for All Employees

We have established a Health & Safety Committee at each of its segments, and each committee plays a central role in health and safety efforts. This time, the three core members of each factory who are promoting health safety are gathered to talk about the future of health and safety.

Health & Safety Committee Members
Leader's Talk



The Diverse Characteristics of each Segment

Egawa: The Health & Safety Committee at the Tochigi Segment is composed of workplace leaders and above from each department. During safety patrols, they must be in a position to have a certain level of authority, as they must be able to stop a situation that is seen as dangerous on the spot. There are several women on the committee, including myself, and their opinions are valued. For example, their input was used to install fatigue-reducing mats and work tables that fit the height of the workers. In 2023, we also conducted an AED training session for women, based on the feedback that there is resistance to the use of AEDs for people of the opposite sex, regardless of their gender.



We utilize input from various viewpoints to take measures to improve the site.

Yamagishi: At the Soka Segment, similar to the Tochigi Segment, Health & Safety Committee members are appointed by workplace leaders and above. Safety patrols are effective in checking other workplaces in addition to their own to discover hazardous areas that they perceive in unfamiliar places, and to work on countermeasures and improvements. In addition, because our factories are not large, we listen to the opinions of a diversity of employees, and we are also working on areas related to hygiene, such as improving cleaning supplies and preventing noise leakage from restrooms, so that these areas will lead to a more comfortable workplace.

Yamasaki: In the past, the same person served as a Health & Safety Committee member at the Kansai Segment for a long time due to the small number of employees, but recently the number of employees at the factory has increased, so at least one person from each workplace and department has been appointed to the committee. We have mid-career employees actively involved in the process, and we are taking advantage of their various perspectives by referring to examples and experiences from their previous jobs and taking measures to adapt the way of doing things to suit the work site.

Trends and Countermeasures for Occupational Accidents

Egawa: About 30 years ago, a majority of occupational accidents (work-related injuries) involved being caught in machinery and burns. Nowadays, the number of major accidents is decreasing, and the number of occupational accidents caused by falls is increasing. We utilize risk assessment and evolve year by year to minimize damage and risk. In addition to physical injuries, prevention of mental illness is also a focus. As an example, we feel that the stress check system is an initiative that reflects modern society emphases on the importance of mental health.

Yamagishi: At the Soka Segment, the ratio of falls has been increasing in recent years, while ascending and descending stairs, moving, and commuting. These are mostly non-work related incidents. For this reason, we have been issuing warnings against skipping steps on stairs and running lightly. I believe that an emphasis on individual awareness of safety will lead to the prevention of occupational incidents, so it is important to repeatedly remind workers of the importance of safety. In addition, the Soka Segment receives announcements and suggestions on safety from our suppliers, so we are working on this issue by utilizing a third party's input as well.



It is important for each and every one of us to be safety conscious.

Yamasaki: At the Kansai Segment, we refer to the efforts of other factories and their measures for dealing with work-related incidents. When a work-related incident occurs, the workplace leader or higher is immediately notified, and if there are similar hazardous areas, immediate countermeasures are taken. I also feel that the head of the business office, who is also the Chairman of Health & Safety Committee, constantly makes announcements on health and safety in various situations, which helps to raise the awareness of employees. Although no serious incidents have occurred so far, I also believe it is important to continue to raise awareness among each and every one of us.



We want everyone to continue to work in safe and healthy work space.

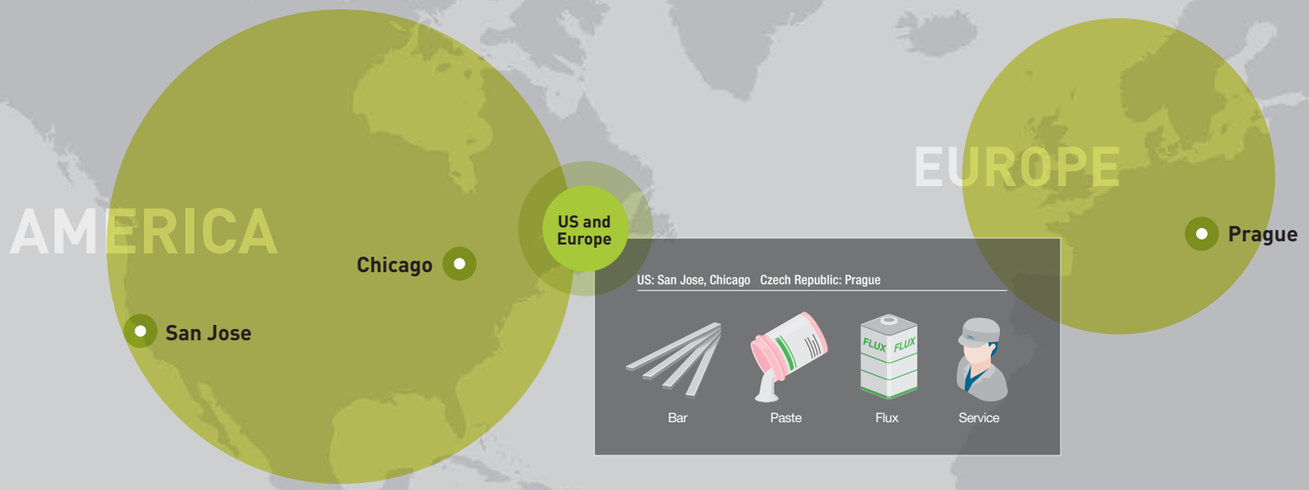
No Workplace Incidents - Aiming for Zero Incidents

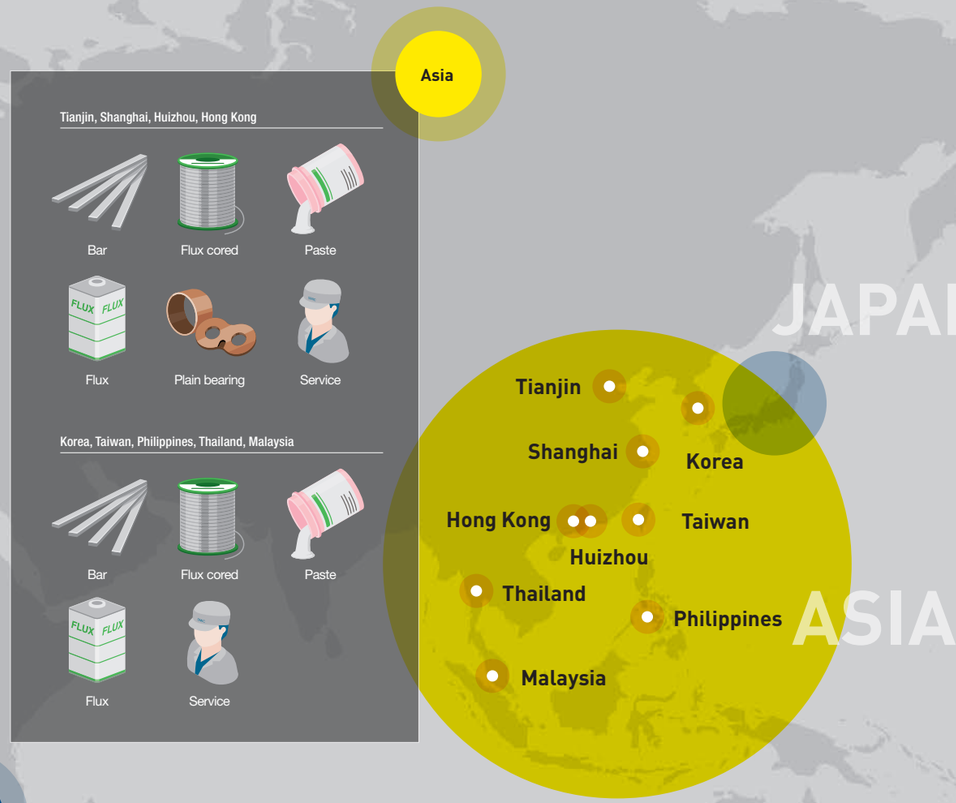
Yamagishi: Work-related injuries often occur when consciousness fades. Experienced workers are made aware so that they never have to go through the same thing again, but the challenge is to make new hires and other inexperienced workers aware. Alerts and regular awareness activities are one of the things we continue to do. We are working to visualize safety and aim for zero occurrence of all occupational incidents.

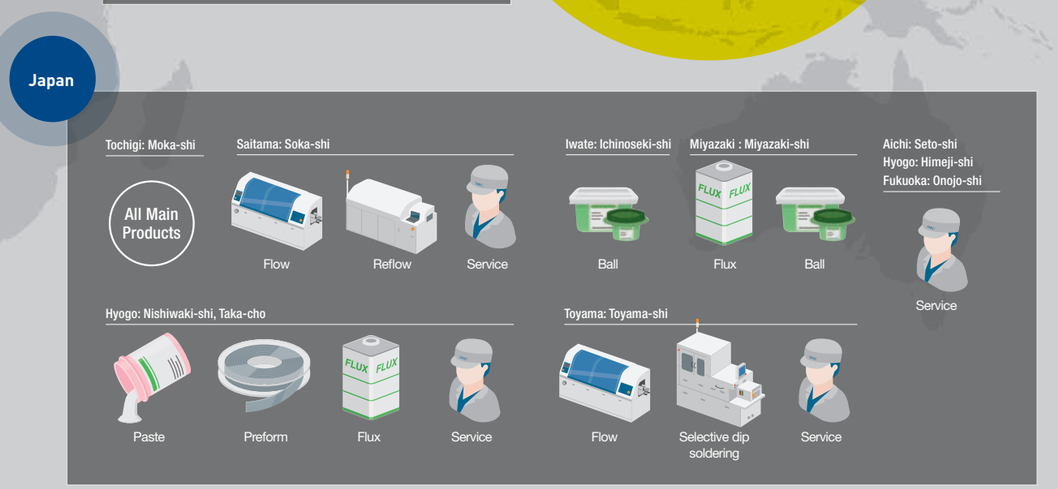
Yamasaki: With an increasing number of employees and a variety of operations at each location, workers' compensation cases are changing and expanding. Recently, we often see people looking at their phones while walking, and it is necessary to alert people to the fact that such negligent behavior may lead to work-related incidents, and to make each one of them aware of this fact. In addition, we would like to make more effective use of the committee's connections with each segment, such as by sharing information on countermeasures adopted in reference to the efforts of other offices with other offices.

Egawa: The retirement age will be raised and the number of years worked will be lengthened. Therefore, we want them to continue to work in good health and safety, and to retire in good health. We want to promote the creation of workplaces where people can work for a long time, even those who are currently young, because it is their future. In addition, nowadays, in addition to protecting the body from equipment and tools, it is also important for people to be mindful of others' feelings. That is why everyone is involved in health and safety. I would like to emphasize that each one of us plays an important role in establishing a safe work environment it is something that is important for everyone to work on.

Thank you very much, Everyone.







Special Feature

The Realization of a Stable Supply Chain for the SMIC Group in the VUCA Era

In the past few years, we have experienced many challenges such as COVID-19, natural disasters due to earthquakes and climate change, and external conflicts. Manufacturing companies are required to establish a BCP system to ensure a stable supply of products.

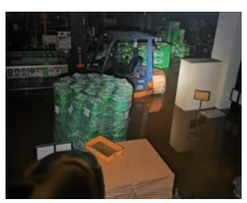
The SMIC Group has established a system to ensure a stable supply for its customers in Japan and around the world in order to ensure a solid foundation for a stable supply. In 2022, we faced challenges in manufacturing at our overseas group companies due to flooding and urban lockdown, but we were able to continue supplying our customers thanks to the systems we had in place. We are operating a BCP to ensure that we can fulfill our responsibility to supply our customers even in the event of unforeseen circumstances.

Resilience to Environmental Changes

1 Torrential Rains in Malaysia (December 2021)

On 18 December 2021, a large area of Malaysia experienced three days of torrential rains, resulting in massive flooding that was described as occurring once in a few hundred years. In the state of Selangor, where SMIC Malaysia is located, the equivalent of one month's normal rainfall fell in a single day, flooding waterways and inundating buildings. The SMIC Malaysia factory was also inundated by approximately 60cm of water, resulting in extensive damage to the manufacturing facilities, products, raw materials, etc. Some products could not be manufactured or supplied to customers for five months. In order to fulfill our responsibility to supply our customers, we immediately switched to a supply system from our other manufacturing bases in Japan and other Asian countries.





December 2021 Flood Damage

Supply Bases



SMIC Philippines

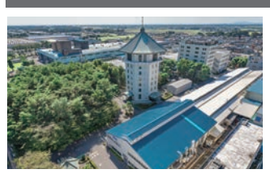


SMIC Thailand

2 Lockdown (April 2022)

In April 2022, Shanghai, China, went into lockdown (urban blockade) due to the spread of COVID-19 infection. The lockdown lasted approximately two months and citizens were prohibited from leaving their residences. SMIC Shanghai employees were also unable to go to work, making it difficult to communicate with customers and suppliers, and the factory was also unable to operate. In order to fulfill our responsibility to supply our customers, we immediately switched to supply from our manufacturing sites in Japan and other parts of China.

Supply Bases



SMIC, Tochigi Segment



SMIC Huizhou



SMIC Hong Kong

Efforts to achieve a Zero-Emission society through Our 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 a common mission for all of us. We will realize a zero-emission society and contribute toward building a sustainable society through our business activities.

Environmental Vision 2050

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

3 Attain a society that lives in HARMONY WITH NATURE

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



Second Environmental Plan

(FY2020 – FY2030)

Efforts towards a carbon neutral business

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

Environment

Environmental Policy

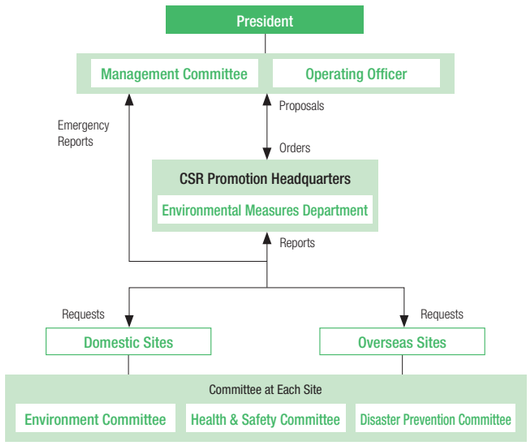
ENVIRONMENTAL PHILOSOPHY

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 Organizational Chart



Environmental Management System

We defined our environmental philosophy and environmental policy, which serves as the guiding principles for environmental activities. A total of 17 sites in Japan and overseas have obtained ISO14001. They have formulated their own environmental management systems and have been conducting PDCA accordingly.
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 FY2022, 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.

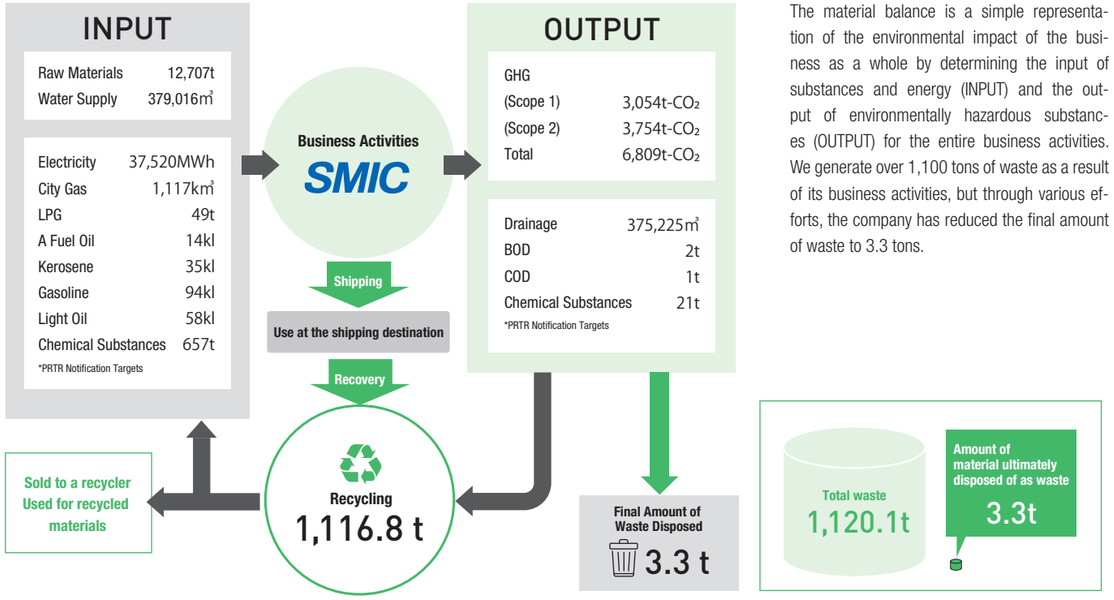
TOPICS

Panasonic ECO-VC Award Silver Prize

We submitted our Pb-free low melting point Sn-Bi solder paste, a product that can contribute to the realization of carbon neutrality in the environment, to the Panasonic Group's ECO-VC Activity, a procurement activity, and received the Silver Prize, placing 4th out of 264 applications.
The product was evaluated for its ability to reduce CO_2 emissions in both the solder product manufacturing process at the manufacturer (Scope 3) and the product manufacturing process at Panasonic (Scope 2), as well as for its expandability, including the use of existing production processes.



Environmental Footprint Material Balance



The material balance is a simple representation of the environmental impact of the business as a whole by determining the input of substances and energy (INPUT) and the output of environmentally hazardous substances (OUTPUT) for the entire business activities. We generate over 1,100 tons of waste as a result of its business activities, but through various efforts, the company has reduced the final amount of waste to 3.3 tons.

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.

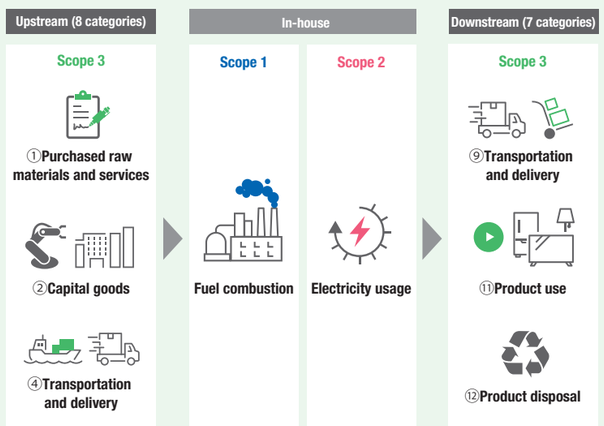
CO_2 Emissions Calculation Mechanism

In order to accurately assess the status of CO_2 emission reduction activities, it is necessary to accurately determine the current emissions of your company. This is where the use of scope perspectives comes into play. The GHG Protocol, an international standard, defines three types of scopes, depending on the scope of emissions to be measured.

Scope 1
In-house fuel usage. (e.g., in-house power generation → combustion of heavy fuel oil, etc.; vehicle use → combustion of gasoline or diesel fuel)

Scope 2
Indirect emissions associated with the use of electricity, heat, and other energy purchased by the company. (e.g., electricity usage generated by power companies)

Scope 3
Emissions of other companies related to the company's business activities, such as raw material procurement, logistics, and sales, that occur in the value chain other than Scope 1 and 2, which are classified into 15 categories.



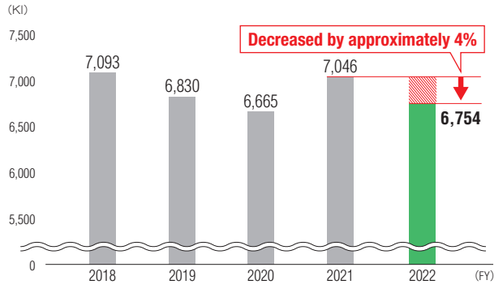
Reduction of Greenhouse Gas Emissions (Scope 1, Scope 2)

We have improved workplace efficiency in our factories, upgraded machinery such as air conditioners and transformers, converted to LED lighting in offices and factories, and promoted other activities to save energy. In FY2022, business activities continued to be as active as in the previous year, but the promotion of these activities resulted in a reduction of approximately 4% in energy consumption.

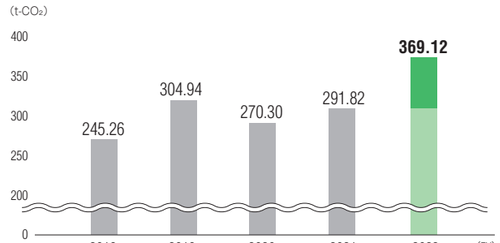
IMPROVEMENTS (Tochigi Segment)	PREDICTED ANNUAL POWER SAVINGS (t-CO_2/year)
Installation of phase advance capacitors on fan motors	14.2
Change of air compressor model	2.38
Conversion to LED lighting	11.38
Review of gas boiler operations	90.62

*Figures in FY2022

Amount of Energy Use



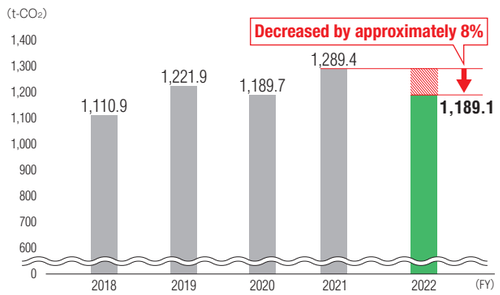
Greenhouse Gas Reductions Achieved



Reduction of Greenhouse Gas Emissions (Scope 3)

We calculate the annual consignment transportation volume of domestic cargo based on the transportation section and distance by product category, and reports it to CDP as Scope 3 emissions from transportation and delivery. In FY2022, business activities were as active as in the previous year, but continued efforts to improve efficiency, including consolidation of trucking operations, resulted in an approximately an 8% reduction in emissions.
We plan to compile the entire Scope 3 in FY2023, and we will monitor emissions throughout the entire supply chain.

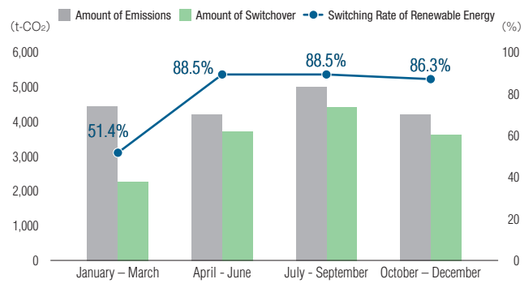
Amount of CO_2 Emission



Switch to Renewable Generated Energy Electricity (Scope 2)

We are promoting the switch to electricity derived from renewable energy sources. The switch is being made mainly at manufacturing sites, and in the fourth quarter of 2022, more than 80% of purchased electricity was switched to renewable energy power. We will continue to promote the switch at the remaining manufacturing and sales bases to further reduce CO_2 emissions.

2022 Renewable Energy Switchover Status at Domestic Sites



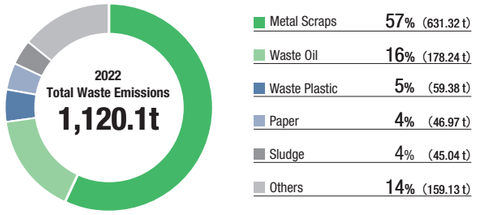
Waste Reduction / Recycling

CORE PRINCIPLE

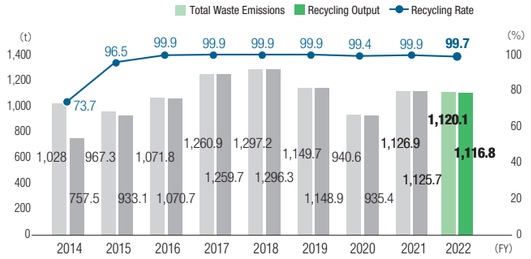
We conduct waste reduction and recycling activities based on the principles of 3R (Reduction, Reuse, Recycling).

● Efforts to Reduce Waste Emissions

Domestic Sites: Breakdown of Waste Emissions



Domestic Sites: Total Waste Emissions and Recycling Rates



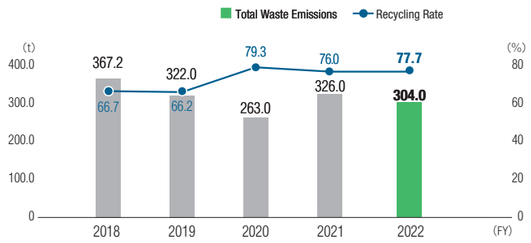
We made efforts to reduce waste emissions since 2013, such as recycling solder, collecting plastic byproducts, and recycling bearing product scraps.We have achieved a recycling rate of over 99% every year since 2016.

The 0.3% of the final waste includes bottles, concrete scraps, and grinding stone scraps. We will continue to select recycling companies that handle these items in order to further improve the recycling rate.

● 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.

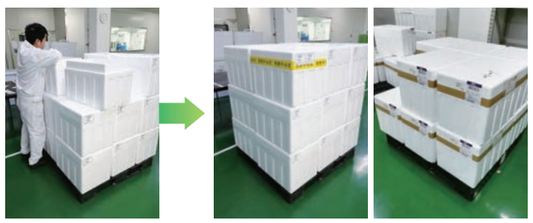
Overseas Sites: Total Waste Emissions and Recycling Rates



● Examples of Waste Reduction Initiatives

SMIC Shanghai: Reuse of Packaging Materials for Incoming Shipments

We have been reusing Styrofoam packing boxes used for receiving materials for product shipment. 404 boxes were reused during the three-month period from October to December 2022, and we will continue to promote this initiative.



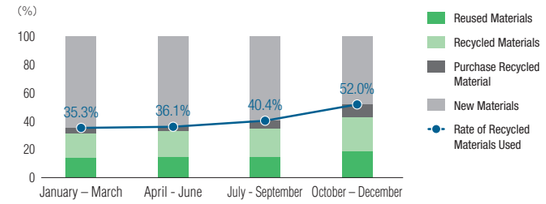
When the material is loaded

When the material is discharged

● SMIC Group's Solder Recycling System

In cooperation with TAK-G, our affiliate company, we have been recycling solder for about 40 years. With the emergence of lead-free solder in the 2000s, an old era with two elements, tin and lead, into a new era with three elements, tin, silver, and copper. Today, we use more elements. Because of this development, it was required to install facilities to deal with multiple elements for recycling solder. As a result, we developed special technology that limited the emergence of hazardous materials to the absolute minimum and a solder recycling system that could reproduce high-purity solder in our own refining method. The importance of recycling solder is increasing nowadays, and the amount of recycling has doubled in the last few years, and this is expected to continue.
We have assumed responsibility as a material manufacturer prior to the era when mineral recycling became popular. We will continue to actively promote investment in human resources and technological innovation toward further development of a system in which we collect the used solder products of our company and recycle them and the realization of recycling solder with multiple elements in order to achieve a sustainable society with effective utilization of limited mineral resources and the control of air pollution.

Recycled Material Usage Rates





Reduction of Harmful Chemicals

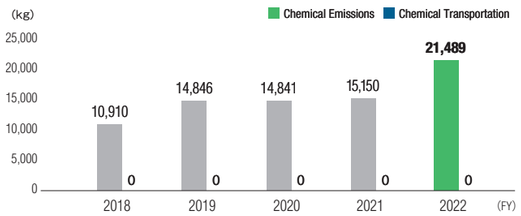
CORE PRINCIPLE

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)

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 standards and certificates at our manufacturing sites both in Japan and abroad.

* ISO9001 (21 sites) * IATF16949 (17 sites)

Initiatives to Improve Quality

To eliminate defects in our deliveries, processes, and acceptances, SMIC has formulated annual quality activity plans and requires each business unit to set its own goals to work towards reducing defects. In case of 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.

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).

Quality Audits

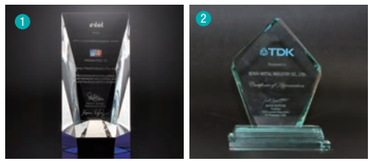
We conduct internal quality audits based on IATF 16949 certification at its domestic manufacturing and sales bases, including group companies, twice a year for the solder and bearing divisions, respectively. In addition, periodic quality audits are conducted once a year at all domestic and overseas manufacturing sites. We have also prepared a camera for web audits and conducted process audits remotely.

Preventing Quality Defects

We established our affiliate company IAS in 1972 for defect prevention purposes. IAS, a third-party institution, 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.Our efforts have been thoroughly evaluated which resulted in our company receiving the awards shown below in FY2022.



1. Intel Corporation EPIC Outstanding Supplier Award
2. TDK-Lambda Corporation Excellent Supplier Award

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 an 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 IATF16949, ISO9001 and ISO14001, as well as item 14 of the supply chain assessment guidelines defined by the RBA such as observation of law and social norms and the promotion of a business continuity and recovery plan in case of emergency.
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 Toward our Suppliers”
5	IATF 16949 requirements that must be considered for deliverables
6	Environmental management requirements that must be considered for deliverables

Basic Stance Toward Our Suppliers

1	Compliance with laws and social norms
2	Consideration of human rights and labor
3	Consideration of Health & Safety
4	Prohibition of bribery and fair trade
5	Healthy business management
6	Provide quality, timely delivery, and a steady supply
7	Preparation for emergency and business continuity
8	Consideration for the environment
9	Promotion of responsible mineral procurement
10	Emphasis on VE (Value Engineering) activities
11	Emphasis on provision of information
12	Information security
13	Eliminating relationship with antisocial forces
14	Social contribution

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 FY2022, as in previous years, our suppliers in Japan and abroad cooperated with our supply chain assessment, and no problems were found. Even under the negative influence of COVID-19, we conduct online meetings with suppliers and endeavour to maintain close communication with them.





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, 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 and justly evaluate the work performance abilities of employees, and reflect our findings in 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 fulfill their potential.

● Human Resource Training

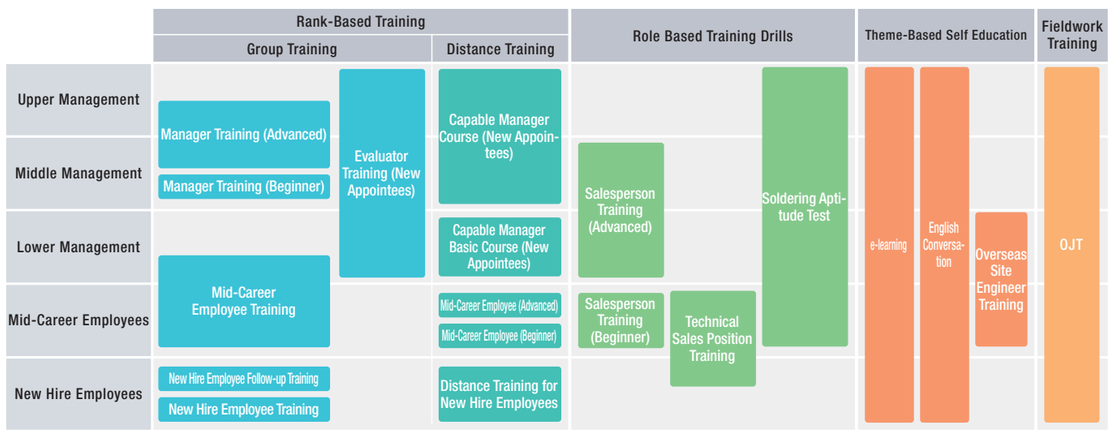
We encourage all employees to constantly work to obtain new knowledge, with the aim of cultivating professionals who are capable of making rational decisions from a broad perspective. We conduct appropriate training at every level and separate training for all employees, having examined effective methods based on the implementation of training 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.



Soldering Aptitude Tests

Education Support System

We have established a scholarship fund and provide grant programs with the purpose of aiding employees as they advance to undergraduate or graduate university programs to obtain more advanced and sophisticated knowledge and enhanced 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 proportional 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

	FY2018	FY2019	FY2020	FY2021	FY2022
Accident Rate	0.49	0	0	0	0.62

* Frequency Rate of Labor Accidents: Number of labor accidents (accidents resulting in death, or injuries causing loss of work for one or more days or loss of partial bodily functions) / 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 (including refresher training for employees who havebeen in-training foreman for five years)
- 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 maintain their health and to support 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 examinations for employees. Implementing guidance on lifestyle improvements for those who desire it.
	Lifestyle-related Disease Medical Examination	2 time / year	
	Special Health Examination	2 time / year	We conduct health examinations with special items for employees engaged in hazardous work as stipulated by law
	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	Use of Counseling Room	Anytime	Workplace and job counseling with vocational counselors.

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 provide childcare leave and postnatal childcare leave at birth, paternity leave systems and nursing care leave system 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 in fact used by employees who have small children 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. In addition to the Health & Safety Committee, a Labor Relations Committee has been established to represent employees and raise issues such as improvement of the workplace environment and workplace safety with the company, and to contribute to the realization of a safe and comfortable workplace and the development of the company.



Trout Fishing Event by the Recreation Team

TOPICS

Utilization of Paternity Leave (case studies)

In accordance with the paternity leave (childcare leave at birth) system following the revision of the Child Care and Family Care Leave Act enforced in October 2022, the SMIC Group is reviewing its childcare leave system and establishing a consultation service regarding childcare leave and paternity leave to create a workplace environment where both men and women can balance their work and childcare responsibilities.

After Taking a Paternity Leave.

Masataka Fujimoto, Production Dept, Nishiwaki Factory, Kansai Segment





Our third child was born last December. When the company informed me about the postpartum father childcare leave, I took 4 weeks of childcare leave from December to January, at my wife's request. During the leave, my wife took care of our newborn, while I took care of the older children and mainly did housework such as preparing meals, laundry, and shopping. It was more challenging than I had imagined, I realized that things did not go as planned when raising a child and doing unfamiliar household chores. Although I usually have limited time to spend with my children, I feel it was a great experience to be able to spend more time with them. There had never been a case of a male employee taking childcare leave at my workplace before, but I am grateful that the company pleasantly accepted my application for childcare leave.

From His Workplace Leader

The ratio of male employees taking childcare leave will increase in the future, even during the busy season, we will be conscious of the need to enhance the competence of individual section members in the workplace so that when employees take leave their workload is covered.

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 the needs and circumstances to promote the ambition of our employees.

Hosting Diversity Study Groups

At diversity study groups, we set themes each time with a focus on *differences among 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.
A total of five study sessions were held in FY2022. The follow-up study sessions are held every year after a new employees completes its first six months of their assignment. In addition to sharing awareness of their anxieties and expectations when they join the company, they also actively share their opinions on how to stay motivated and maintain a positive attitude toward work after being assigned, thereby confirming each other's growth and encouraging further stimulation and awareness.
For the first time, group companies such as Industrial Analysis Service and Senju Giken Co. also participated in the study session. We became aware of each other's various regional colors and strengths, the high pride and corporate values of the employees working at each company, and felt a strong sense of unity as members of the SMIC Group.

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.



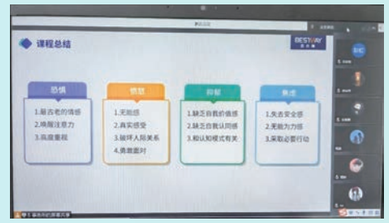


Diversity Study Groups

TOPICS

Assistance to Employees During Lockdown

Due to the Shanghai lockdown in April 2022, SMIC Shanghai employees were prohibited from leaving their residences. As all logistics were suspended and basic livelihood could not be guaranteed for employees, SMIC Shanghai's administration department independently searched for suppliers who could deliver food and other daily commodities to the employees and had them distributed. In addition, online trainings and communications were conducted to help alleviate employees' feelings of anxiety and impatience caused by the prolonged lockdown.



Employee Data

		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Employees						
In Japan *Number of part-time employees in parentheses		1,731	1,747	1,761	1,626	**1,638**
	Male	1,177	1,168	1,164	1,113	**1,115 (1)**
	Female	554	579	597	513	**523 (55)**
Overseas *Number of part-time employees in parentheses		627	631	596	622	**566**
	Male	333	336	310	320	**285 (0)**
	Female	294	295	286	302	**281 (0)**
Total *Numbers in parentheses are the ratio of women		2,358 (36.0%)	2,378 (36.8%)	2,357 (37.5%)	2,248 (36.3%)	**2,204 (36.5%)**
Number of Full-time Employees						
In Japan		1,213	1,259	1,293	1,314	**1,341**
	Male	919	949	956	971	**978**
	Female	294	310	337	343	**363**
Overseas		589	516	438	576	**539**
	Male	314	293	245	300	**275**
	Female	275	223	193	276	**264**
Total *Numbers in parentheses are the ratio of women		1,802 (31.6%)	1,775 (30.0%)	1,731 (30.6%)	1,890 (32.8%)	**1,880 (33.4%)**
Number of Contract Employees						
In Japan		518	488	468	312	**297**
	Male	258	219	208	142	**137**
	Female	260	269	260	170	**160**
Overseas		38	115	158	46	**27**
	Male	19	43	65	20	**10**
	Female	19	72	93	26	**17**
Total *Numbers in parentheses are the ratio of women		556 (50.2%)	603 (56.6%)	626 (56.4%)	358 (54.7%)	**324 (54.6%)**
Number of Temporary Employees						
In Japan		—	—	—	—	**232**
Management Positions						
In Japan		111	123	128	184	**196**
	Male	105	116	119	167	**177**
	Female	6	7	9	17	**19**
	Ration of Women	5.41%	5.69%	7%	9.2%*1	**9.7%**
Overseas		—	116	85	97	**86**
	Male	—	74	47	55	**46**
	Female	—	42	38	42	**40**
	Ration of Women	—	36.21%	44.7%	43.3%	**46.5%**
Recruiting Situation						
	Male	79	47	23	60	**45**
	Female	23	18	19	25	**30**
	Total	102	65	42	85	**75**
	Turnover (3 years after hiring)	15.6%	16.9%	17.59%	13.5%	**10.5%**
Various Leave Systems (non-consolidated)						
Average Days of Paid Leave Taken / Year (days)		9.8	8.5	9.08	11.1	**13.6**
Average Rate of Paid Leave Taken		62.63%	62.49%	58.2%	56.85%	**77.02%**
Number of Employees Taking Childcare Leave		12	10	22	14	**24 (8)**[*3]
Ratio of Employees Returning to Work After Taking Childcare Leave		91.7%	100%	100%	93%	**100%**
Ratio of Male Employees Taking Childcare Leave, etc.[*2]		—	—	—	—	**10.52%**
Number of Employees Taking Nursing Care Leave		1	0	1	1	**3 (2)**[*3]
Return Rate of Nursing Care Leave		100%	100%	100%	100%	**100%**
Working Hours (non-consolidated)						
Average Overtime Hours / Month (hours)		15.6	14.4	9.03	11.5	**11.22**
Employment of Persons with Disabilities (non-consolidated)						
Number of Disabled Employees		17	16	16	17	**14**
Ratio of Disabled Employees * Numbers in parentheses are the legal employment ratios		2.2% (2.2%)	2.1% (2.2%)	2.02% (2.3%)	2.2% (2.3%)	**1.9% (2.3%)**

*1 The ratio of women in management positions in Japan in FY2021 has been corrected due to an error in calculation. *2 The ratio of childcare leave taken from 1 January to 31 December 2022 (the number of male employees who took childcare leave / the number of male employees whose spouses gave birth) is calculated. *3 Figures in parentheses for the number of employees who took childcare leave and nursing care leave from 1 April to 31 December 2022.

Activities of Social Contribution

Culture / Education / Community Outreach

Work experience study at a junior high school in Tokyo

Headquarters I 2022.7.11 ~ 7.13



Nakamura Hachimangu Shrine Festival Yabusame horse-back archery dedication

Tochigi Segment I 2022.9.18



Winter vacation factory tour and environmental study session for parents and children

Tochigi Segment I 2022.12.27



Cleanup of Okitama Shrine

Kansai Segment I 2022.5.20 / 2022.9.28 I 113 people



Weeding and cleaning of waterways around the factory

Kansai Segment I 2022.9.29 I 24 people



Kodomo 110-ban no Ie (Children's Emergency Home) activities

Tohoku District Sales Office I 2022



Donation of recycled materials to schools

Senju Solder (Phils.) Inc. I 2022.12.19



Support for work at food bank organizations

Senju Electronic (Taiwan) Co., Ltd. | 2022.4.15 / 2022.9.23 | 27 people



Culture / Education / Community Outreach

Community cleanup activities

Senju Metal Korea Co., Ltd. I 2022.12.31 I 10 people



Community cleanup activities

Senju Metal (Shanghai) Co., Ltd. I 2022.11.10 I 8 people



Community cleanup activities

Senju Manufacturing Europe s.r.o. I 2022.6.30 I 18 people



Soldering classes for municipal junior high schools in Tokyo

Headquarters I 2022.7.14

Sponsorship of the Koriyama Uneme Festival

Koriyama Sales Office I 2022.8.4 ～ 8.6

Donation to Kumano Shrine in Fuchu-cho

Senju System Technology Co., Ltd. I 2022.7

Sekido Museum of Art

Sekido Museum of Art inside the SMIC headquarters building was established by the Sato Art Craft 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.

This year, the 51st Annual Traditional Japanese Metal Crafts Exhibition was held from 20 May to 8 June 2023. We also held the Traditional Some-tsuke Exhibition in three parts, with Part I held from 15 January to 31 March 2023. Future plans call for Part II to be held from 1 September to 30 November 2023, and Part III from 16 January to 31 March 2024. In addition, Concert in Museum performances are available on YouTube, a video distribution service.



❶ Traditional Some-tsuke Exhibition ❷ Inside the Museum ❸ Concert in Museum

Natural Environment Protection

Activities of Arakawa Waterside Supporters

Headquarters / Soka Segment / Industrial Analysis Service I 2022.11.5 I 15 people



Activities of the Moka Environmental Partnership Conference

Tochigi Segment I 2022.11.6 I 112 people



Guardrail cleaning

Senju Electronic Corp. I 2022.6.18 I 90 people



Release of landlocked salmon fry into the Satetsu River

Senju Electronic Corp. I 2022.10.1 I 12 people



Participation in the Mori wa Umi no Koibito (The Forest is the Ocean's Sweetheart) Tree-Planting Festival

Senju Sprinkler Co., Ltd. | 2022.6.5 | 4 people



Participation in the Tateyama Midagahara Vegetation Restoration Project

Senju System Technology Co., Ltd. | 2022.7 | 1 people



Donation Activities

Donations	Location	Time
Donation to poverty-stricken areas	Senju Metal (Tianjin) Co., Ltd.	2022
Donations to Ukrainian Refugees	Senju Metal Industry Co., Ltd. Kaohsiung Branch	2022.4.1
Donations to organizations for people with disabilities	Senju Electronic (Taiwan) Co., Ltd.	2022.5.3
Donation to organization supporting women	Senju Electronic (Taiwan) Co., Ltd.	2022.10.14
Donations to food pantries	Senju Comtek Corp. / Senju America Inc.	2022.11.18

Natural Environment Protection

Participation in the Ishizaki Beach Cleanup

Senju Giken Co., Ltd. I 2022.12.3 I 9 people



Cleanup activities in the forest reserve

Senju Comtek Corp. / Senju America Inc. I 2022.7.16 I 9 people



Beach cleanup activities

Senju Electronic (Taiwan) Co., Ltd. / Senju Metal Industry Co., Ltd. Kaohsiung Branch I 2022.4.17 I 33 people



Coral planting and sea turtle release

Senju（Thailand）Co., Ltd. I 2022.7.9 I 30 people



Conservation of Satoyama [an area where farmland meets the forest] Volunteer

Kansai Segment I 2022.6.26 / 2022.10.30 I 14 people

Myoko Cafe

The Adachi-ku organization for people with disabilities *Yu-Ai Kai** operates cafés and shops at various facilities in Adachi-ku, Tokyo and provides people with disabilities with places to work every day.

Myoko Café located in a corner of the main office of SMIC is one of them accepting people with intellectual disabilities using the Adachi-ku welfare facilities for people with disabilities.

We provide them with opportunities to connect with society through work. The Jobs at *Myoko Café* increases their opportunities to move around on public transport for themselves. We support them in fostering positive and independent characteristics by doing each and every detailed operation such as exchanging messages over the telephone, café operations, and bread sales and to acquire more sophisticated social skills.

SMIC affirms the activities. Since 2005 when the former mail office building was rebuilt into the current one, we have been supporting their activities by providing the café space, paying for their utility costs, and ordering drinks when we have internal meetings.





* This is an organization established about 40 years ago. Its aims are for groups of families of those who have impaired eyesight, hearing impairment, trouble in arms and legs, intellectual disabilities, and who became disabled in the middle of their lives due to accidents or illnesses come together to understand each other's disabilities, to promote sociability, and to provide places to work.

Governance

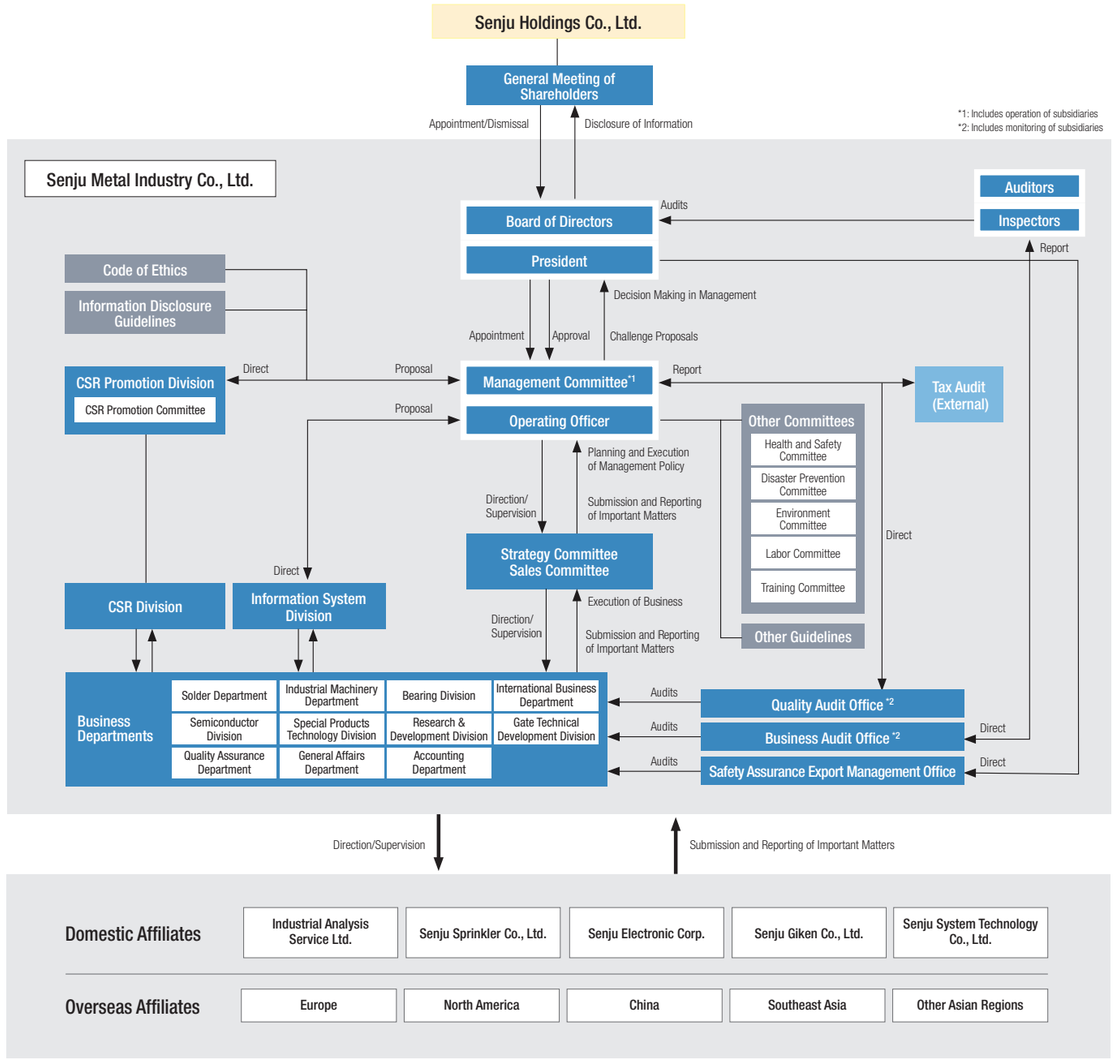
Corporate Governance

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.



● Company Officers



President
❶ Ryoichi Suzuki

Representative Director
❷ Tomohide Hasegawa

Executive Director
❸ Yuji Kawamata

Board of Director
❹ Yuka Sato
❺ Tetsuya Okuno

Corporate Auditor (External)
Shoju Sato*

Inspector
❻ Kazutoshi Sakaguchi

Counselor
❼ Motoyuki Ohtake
Yasuhiro Ishii*
❽ Setsuo Tanaka

Deputy Director
❾ Toshimaru Sumiyashiki
❿ Satoru Akita
⓫ Makoto Imai

*Concluded due to personal reasons at the time of filming

● Board of Directors and Business Execution System

Board of Directors

They consist of five directors, one corporate auditor, and one inspector. As the highest and final decision-making body of SMIC management and administration, it is chaired by the Chairman of the Board (or President) and is responsible for the appointment and dismissal of operating officers and the resolution and approval of important matters such as submissions from the Management Committee, in accordance with the provisions of related laws and regulations and the Articles of Incorporation. A separate Code of Ethics and Disclosure Rules have been established as indicators of the Board's deliberations and decisions.

Management Committee

The Management Committee consists of directors and operating 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 are important to be deliberated or decided on 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.

Operating Officer System

We have introduced an operating officer system, and the operating 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.

Appointment of Officers

	Term of office	Method of appointment
Board of Director	1 year	Appointed at the General Meeting of Shareholders
Corporate Auditor	4 years	
Inspector	1 year*	Appointed at the Board of Directors
Operating Officer	1 year	
Counselor/Deputy Director	–	Appointed at the Management Committee

*By appointment of the President, he or she may remain in office one year at a time

● 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 Operating Officers

	Name	Operating Officer	Area of responsibility
President	Ryoichi Suzuki		
Representative Director	Tomohide Hasegawa	○	Sales
Executive Director	Yuji Kawamata	○	Development
Board of Director	Yuka Sato		
Board of Director	Tetsuya Okuno	○	Manufacturing
Corporate Auditor (External)	Shoju Sato		
Inspector	Kazutoshi Sakaguchi		
Counselor	Motoyuki Ohtake	○	General Affairs
Counselor	Yasuhiro Ishii	○	Accounting, CSR
Counselor	Setsuo Tanaka	○	Environmental facilities
Deputy Director	Toshimaru Sumiyashiki	○	Industrial Machinery
Deputy Director	Satoru Akita	○	
Deputy Director	Makoto Imai	○	

Risk Management

PRINCIPLE AND RISK MANAGEMENT SYSTEM

Taking responsibility as a company located upstream in the supply chain, the SMIC Group has established specialized departments and committees to deal with the following possible risks and has implemented measures to prevent risks and minimize losses.

Possible Risks

- Natural disasters such as earthquakes and typhoons
- Information security risks such as Information leaks and unauthorized access
- Intellectual property risks such as patent infringement and technology leakage
- Risks concerning human rights and labor rights such as harassment
- Infectious diseases such as the novel influenza and COVID-19
- Export management risks including safety assurance trade
- Environmental risks such as climate change problems and waste contamination, etc.

● Initiatives Toward Business Continuity

Various risks are assessed, analyzed and countermeasures are applied to establish a risk management system to minimize damage and increase business continuity capacity. This includes a production back-up system for a stable supply, a promotion system for the early restoration of the production system and an action plan, including the Disaster Recovery Implementation Plan for Facilities etc. 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.

Production Backup System to Ensure Stable Supply



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.



Evacuation Drills

TOPICS

Measures in Response to the Torrential Rains in Malaysia

Torrential rains in Malaysia in December 2021, resulted in the flooding of SMIC Malaysia factory with approximately 60cm of water. It took approximately 8 hours for the water to start receding after the rains stopped, and approximately 16 hours for the water to start receding before the factory could be accessed. In light of this damage, SMIC Malaysia installed watertight walls around the factory site, watertight panels at entrances and exits, and drainage pumps to prevent flooding and enable rapid recovery in future weather events.



Safety Assurance Export Management

We acknowledge issues such as the proliferation of weapons of mass destruction, preventing excess accumulation of conventional 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 upholding the Foreign Exchange and Foreign Trade Act by the Japanese government. In order to properly implement export management, we have appointed the president of the company as the person in charge of export management from a national security perspective and established the Safety Assurance Export Management Office directly under his purview. In addition, self-checks and face-to-face audits of individual departments have been conducted since FY2020 as a measure that was implemented during the COVID-19 pandemic.

CLASSIFICATION

The Development Department classifies items by checking against a cargo list (export regulation list) regulated by export control-related laws including 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 confirm that cargo upon deliery matches the shipping cargo 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/20230403_kouhyougenkou.pdf
(Latest version at the time of publication)

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. (FY2022: Conducted at 48 business units.)
We also conduct trainings for top management, produce training materials that easily explain relevant laws, and provide trainings to various business units.

Intellectual Property

Many inventions, know-how, trademarks, etc. are produced by the SMIC Group from its research and development, manufacturing and public relations departments. In order to protect and utilize these intellectual properties, the intellectual property rights system is being effectively used to protect and anonymize the rights. We also focus on developing our own technologies while respecting the intellectual property rights of others. These intellectual property activities support the SMIC Group's business and continue to contribute to the realization of the sustainable of our society.



Intellectual Property Education

We holds study groups and lectures on each theme of patents, trademarks and copyrights, and works on rights acquisition, know-how management and rights protection for enhanced management protection against development, manufacturing and sales risks.

Patent Holdings

We actively applies for and obtains rights to domestic and overseas patents.

Number of domestic registrations	Number of International registrations
518 registrations	1922 registrations

(As of December 2022)

Promotion of a Multi-Purchasing System in Raw Materials

In order to comply with the BCP, we have also established a multiple purchasing system for chemical synthetics raw materials (e.g. flux), multiple purchases were previously considered challenging for our company in the past.
For raw materials for existing products, we have secured multiple purchasing channels after repeated careful research and performance verification.
For new products, a system for stable supply has been established by selecting raw materials for which multiple purchasing is possible from the product design stage.



Corporate 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 System Department has developed a basic action plan to improve its ability to contain and detect threats in the event of damage and to 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.

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 trainings (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 our business activities.
In our internal audits, the Business Audit Department conducts safety assurance export audits in accordance with the Foreign Exchange and Foreign Trade Act, with the aim of maintaining sound corporate compliance, CSR internal audits based on the RBA Code of Conduct, which uses the CSR basic policy and practical targets as audit criteria, and information security audits regarding the handling of confidential internal and external information for all domestic and overseas sites. From FY2020, we introduced documentation-based remote audit at domestic locations in Japan (including group companies) in response to the COVID-19 pandemic. In FY2022, face-to-face audits were conducted only in the headquarters area (Headquarters and Soka Segment). Corrective actions that were required based on each audit are promptly addressed by each department, leading to continuous improvement of the management system. As a result of these trainings and audits, no serious legal violations occurred in FY2022.

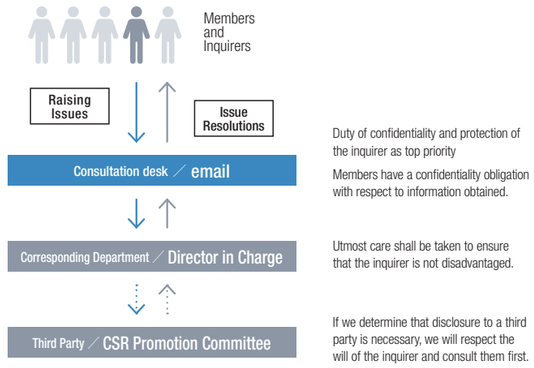
Audit Results in FY2022 (Unit: number of cases)

Audit Target	Business Audits	Safety Assurance Export	Specified Shippers
Senju Metal Industry	15	33	19
Group Companies (in Japan)	13	3	3
Group Companies (overseas)	0	0	0
Committees, etc.	0	0	0
Total	28	36	22

Internal Reporting Contact System (Smile Mail) and Establishment of a Contact Point for Inquires

We have established a dedicated internal reporting hotline (Smile Mail) to discover misconducts and take corrective actions early on, which enables employees to anonymously report and consult about problems involving all employees' human rights (harassment, etc.) and problems involving compliance (violations of laws and internal regulations, problems with corporate ethics and social norms, etc.).
In addition, we have set up an inquiry desk on our website where stakeholders can submit their opinions, requests, and complaints.

Proposals	Complaints	Requests	Opinions
Consultation	Information	Bullying	Harassment



Duty of confidentiality and protection of the inquirer as top priority
Members have a confidentiality obligation with respect to information obtained.
Utmost care shall be taken to ensure that the inquirer is not disadvantaged.
If we determine that disclosure to a third party is necessary, we will respect the will of the inquirer and consult them first.

CSR Audits

CSR audits in our company include RBA-VAP audits, customer CSR audits and internal CSR audits. By conducting audits based on customer requirements and RBA standards, we have established a system to ensure that global standards in labor, health and safety, environment, ethics and management systems are maintained.

	Frequency	Target sites	Content
RBA-VAP audits	Every 2 years	Priority target locations based on the medium-term plan	VAP (Validated Assessment Program) audits by RBA
CSR audits by customers	Upon customer request	Locations requested by customers	Conducted in accordance with customer audit standards
Internal CSR audits	Every year	All sites including Group companies	Basic CSR policy and practice targets based on the RBA Code of Conduct are implemented by the Business Audit Department as audit standards.

Independent Third-Party Assurance Report

SUSA
Sustainability Accounting Co.,Ltd.

Independent Assurance Statement

May 25, 2023

Mr. Ryoichi Suzuki
President
Senju Metal Industry Co., Ltd.

1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by Senju Metal Industry Co., Ltd. ("the Company") to provide limited assurance on the Company's (domestic group) CO_2 emissions during fiscal year 2022, 3.05kt-CO_2 (Scope 1), 3.75kt-CO_2 (Scope 2, market-based). The purpose of this process is to express our conclusion on whether the CO_2 emissions were calculated in accordance with the Company's standards. The Company's management is responsible for calculating the CO_2 emissions. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagement 3000 (ISAE 3000) and International Standard on Assurance Engagement 3410 (ISAE 3410). The key procedures we carried out included:

- Interviewing the Company's responsible personnel to understand the Company's standards.
- Reviewing the Company's standards.
- Performing cross-checks on a sample basis and performing a recalculation to determine whether the CO_2 emissions were calculated in accordance with the Company's standards.

3. Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the CO_2 emissions have not been calculated in all material respects in accordance with the Company's standards.

We have no conflict of interest relationships with the Company.

Takashi Fukushima
Representative Director
Sustainability Accounting Co., Ltd.

20th Anniversary of Senju System Technology Co., Ltd.

Original Technological Developments Leading to the Creation of New Value

Senju System Technology Co., Ltd., located in Toyama Prefecture, Japan, has been producing original products as an automatic soldering equipment manufacturer since its establishment in 2003 as part of the SMIC Group, and will celebrate its 20th anniversary in 2023.
More than 10 patents have been granted so far. Based on this solid development capability and the technological strength cultivated over many years, in recent years SMIC has been offering customers a trinity of low-temperature soldering solution materials, methods and our equipment technology under the keyword MILATERA, which seeks to pursue low-temperature soldering equipment that enables low power consumption, and works diligently every day to propose unique and original automatic soldering equipment.



SOLZEUS Continues to Evolve with Solid Technical Capabilities.

SOLZEUS
MPF Series





SOLZEUS
LPD Series





The name SOLZEUS is a coined word combining SOLDER and ZEUS, the main god in Greek mythology, and represents the god of soldering.
The unique continuous flow pump, created in 2000 after approximately two years of development, achieves a stable continuous jet. It has succeeded in dramatically improving soldering quality. Twenty years after its release, the product is now used in the automotive electronics industry, where it is known for its extremely high quality, and has achieved many other results.
Based on this solid technology, the company now offers two series: the MPF for localized soldering and the LPD for full surface dips using a pallet jig.
It will continue to evolve and contribute to the electrification and electrification of vehicles.

History of Senju System Technology Co., Ltd.

1990
Founding of the predecessor Keck Technology Co.

1995
Company name changed to KTT Co.

2003
The company name was changed to Senju System Technology Co., Ltd. (abbreviated SST) and became a group company of SMIC in the same year. SST also became responsible for research and development and the manufacturing of soldering equipment. In the same year, development and sales of the MPF-2003 localized soldering machine with digital control, XY-Fluxer, pre-heat and intermittent piston jet method begins.

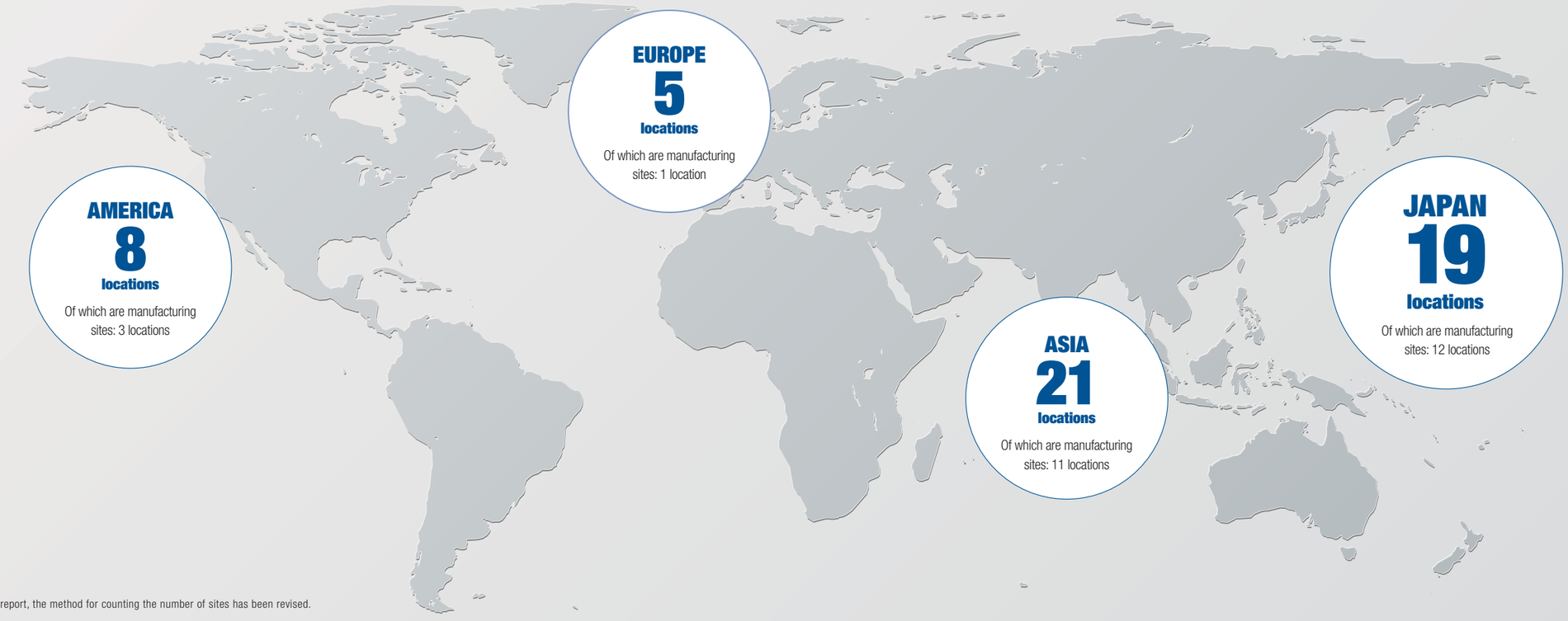
2004
Development of the MPF-2003ST with improved productivity through a continuous jet system.

2006
Became a wholly owned subsidiary of SMIC

2017/10
The new building was completed and the headquarters relocated to its present day location.

1990 2000 2010 2020

COMPANY PROFILE / NETWORK



SENJU METAL INDUSTRY CO., LTD.

Segments in Japan

Tochigi Segment (Moka-shi, Tochigi)
Matsuyama Factory / Kinugaoka Factory

Soka Segment (Soka-shi, Saitama)

Chubu Segment (Seto-shi, Aichi)
Seto Factory

Kansai Segment (Nishiwaki-shi,Hyogo / Taka-cho, Hyogo)
Nishiwaki Factory / Naka Factory

Domestic Sales Locations

Tohoku District Sales Office (Sendai-shi, Miyagi)
Kitakami Sales Office / Koriyama Sales Office

Chubu District Sales Office (Seto-shi, Aichi)
Matsumoto Sales Office / Toyama Sales Office

Kansai District Sales Office (Kusatsu-shi, Shiga)
Himeji Sales Office / Kansai Special Sales Development Dept (within Naka Factory, Hyogo)

Kyushu District Sales Office (Onojo-shi, Fukuoka)

*Beginning with this year's report, the method for counting the number of sites has been revised.

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)	¥96,846 million (April 1, 2022 - December 31, 2022)
CAPITAL (SIMPLE)	¥400,000,000
EMPLOYEES (CONSOLIDATED)	2,204 (As of December 31, 2022)

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

Headquarters



Segments in Japan


Tochigi Segment Matsuyama Factory


Tochigi Segment Kinugaoka Factory


Soka Segment



Chubu Segment Seto Factory


Kansai Segment Nishiwaki Factory

Affiliated Companies in Japan



Industrial Analysis Service Ltd.


Senju Sprinkler Co., Ltd.



Senju Electronic Corp.


Senju Giken Co., Ltd.



Senju System Technology Co., Ltd.

SMIC_SNS_OFFICIAL

We created an official Instagram account.

LIST OF MAJOR AFFILIATED COMPANIES

JAPAN

Industrial Analysis Service Ltd.
Senju Sprinkler Co., Ltd.
Senju Electronic Corp.
Senju Giken Co., Ltd.
Senju System Technology 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.
Senju (Thailand) Co., Ltd.
Senju Solder (Phils.) Inc.
Beijing Senju Fire Fighting Equipment Co., Ltd.
Senju Metal (Tianjin) Co., Ltd.
Tianjin Senju Electronics 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.

Editor's Postscript

Thank you for reading the SMIC CSR REPORT 2023. This report has been published since 2012 with the aim of providing stakeholders with an understanding of the SMIC Group's operations and initiatives.
This issue's special feature highlights examples of how global BCP systems have enabled supply continuity in the face of difficult-to-predict environmental changes such as natural disasters and pandemics. We would be delighted if the introduction of such initiatives leads to the reassurance and trust of our stakeholders.
In this issue, we have also completely revised the SMIC Group's Goals (p. 5) to provide a systematic understanding of the Group by expressing in more concrete terms the positioning and importance of our philosophy, initiatives and business activities. We will continue to contribute to a sustainable society through our environmental, social and governance (ESG) initiatives, including the Environmental Vision 2050 set out for 2020. We look forward to your continued support of SMIC Group.

SMIC Group
CSR Division of Senju Metal Industry Co., Ltd.