SMIC CSR Sustainability Report 2025

SMIC

CSR Sustainability Report 2025



SMIC

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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 includes case study results of our efforts to solve social problems through our business practices.

Period covered	January 1 to December 31, 2024 (includes some information from January 2025 onwards)
Report scope	24 Group companies appearing on the list of major affiliated companies (p.54) (includes non-consolidated subsidiaries and associated companies). Note: A report on SMIC's social contribution initiatives is provided separately.
Key changes	Increase in consolidated subsidiaries: 1 company Decrease in consolidated subsidiaries: 1 company
Membership	RBA, JWES, JIEP, JAPIA, SEMI, TEA, CCI
Publication history	Current issue: October 2025 (Previous issue: October 2024)
Next issue	October 2026
Reference guidelines	GRI Standards, ISO 26000 Note: Our GRI Standards Comparison Table can be viewed 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.

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Photo: Senju Sprinkler Co., Ltd. Marumori Factory

Discover Solder

When asked, “Do you know Solder?” many people would probably answer “Yes.”
But how about, “What is solder?”
Solder, the flagship product of the SMIC Group, is essential to our daily lives.
However, it is a material people think they know, but do not actually understand.
So, let’s discover more about solder!



What is Solder?

Solder refers to an alloy, primarily composed of tin, used for joining metals together. Joining metals using molten metal is called brazing and joined with solder alloys that have a melting point below 450°C is specifically referred to as soldering. The metals combined with tin are not only limited to lead, which has been used since ancient times, but also silver and copper, which are currently used in the most common solder, bismuth for low-temperature solder, and antimony for high-temperature solder, among others. Although we use the term "solder," there are various types of alloys, each with different characteristics.
Solder has a very long history, dating back 5000 years to the Bronze Age. According to historical records from ancient to early modern times, the soldering process was adopted to join metals together for making many things that support people’s lives, including tableware, ornaments, and lead pipes for water plumbing.

In the modern era, solder began to take on the role of connecting electricity, in addition to connecting metals, as electric power was introduced to Japan. Japan’s electronics industry developed rapidly during the period of high growth following World War II. With this, Japan’s soldering evolved into a sophisticated, world-class mounting technology. As solder evolved, it went from being a mere joining material to being an electronic material that supported electronic technology.



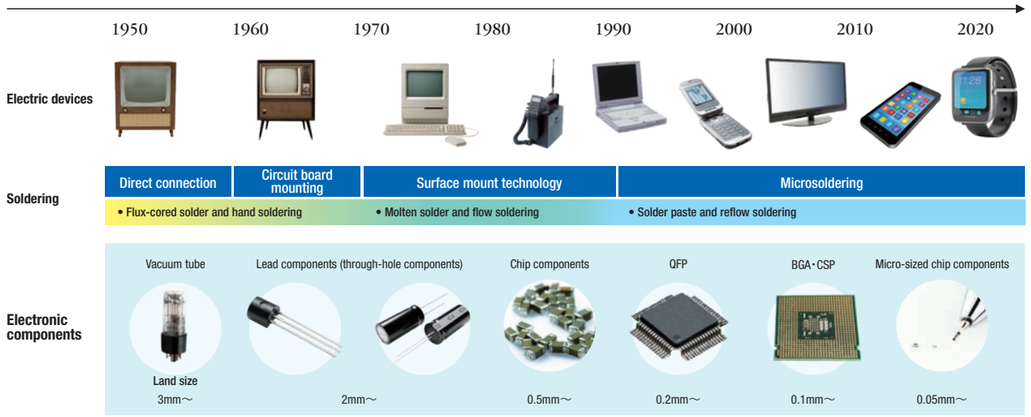


The Development of Electronics Goes Hand in Hand with Solder

Even today, electronic devices continue to evolve at a rapid pace. Many of their functions are controlled by internal electronic circuit boards. The technological advancement of electronics is directly related to increased sophistication of mounting technologies. In the early days of household electronics, the vacuum tubes of black-and-white televisions were soldered together directly. This process was replaced by circuit board mounting, which became common in the manufacture of more recent electronic devices such as color televisions. Hand soldering using flux-cored solder evolved into flow soldering, where through-hole components were soldered using molten solder, allowing for increased manufacturing automation and ushering in a period of mass production.

The popularity of personal computers in the 1980s spurred further advancements in the sophistication and miniaturization of electronic components. As a result, surface mount technology (SMT), a method made possible by reflow soldering using solder paste (a mixture of powdered solder and flux), became mainstream. As electronic components have continued to evolve, land sizes on circuit boards for soldering with solder paste have become smaller year by year. Today, this technology is capable of even less than 0.1 mm soldering lands. In response to the progress of electronics technology as described above, the SMIC Group has been continuously developing and providing a broad spectrum of solder products to meet relevant needs.

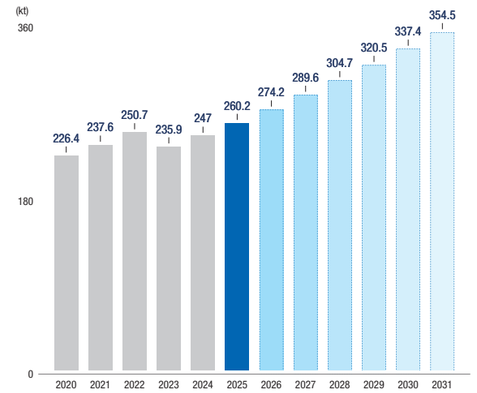
The Evalution of Electronics and Soldering



Developing Solder as a Connection to the Future

As solder is an essential material for electronic control equipment, the development of solder materials has progressed along with that of electronic products and components. One major turning point in its long history came in the 2000s, when environmental protection began to become a major social issue, giving rise to demand for a shift from tin-lead eutectic solder to lead-free solder. This issue spurred industrial efforts to develop new functions for solder, expanding the range of application areas specifically to industries related to automobiles and power generation facilities. Especially in the power semiconductor sector, which is striving to increase the efficiency of electric energy use due to concerns over rapid intensification of global warming, solder is playing an ever-more important role. In addition, currently, given the rising fear of natural resource depletion, recyclability has become an important property of materials. It is here where solder, a metal with a low melting point which makes it relatively easy to be remolten and recovered for reuse and recycling, holds an advantage. Solder, therefore, represents a sustainable material. The SMIC Group will step up its efforts to promote solder recycling, aiming to create a sustainable future.

Global total volume of solder material sold



Source: “Solder Materials - Global Market Share and Ranking” (QY Research, Inc.)

The SMIC Group will contribute toward realizing a sustainable society by developing solder as a connection to the future.



The Journey of the SMIC Group

Since its founding as Senju Lead Works Co., Ltd. in 1938, the SMIC Group has worked to create societal value by providing universally beneficial products mainly in the infrastructure and electronics industries. As we approach the 87th anniversary of our founding, we will continue to address social challenges, meet the needs of our customers, and take on the challenges of creation and innovation.

Founding Period

1938
Established Senju Lead Works Co., Ltd.



1944
Changed the Company Name to Senju Metal Industry Co., Ltd.



1950
Established the Research and Analysis Department

The Research and Analysis Department opened when many companies did not yet have a similar function. We developed and published a method for determining the tin-to-lead ratio in solder so that our customers could use our products with confidence.

Growth Period

1960
Announcement of our Management Philosophy

Implemented organizational reforms to transform into a modern corporate structure. (Lifetime employment, profit-sharing system, and enrollment in group insurance.)

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

Published by the late
Mr. Senju Sato, Honorary Chairman in June 1960

1963
First Acquired Type Approval for Japan-Made Sprinkler Head

At the time, U.S.-made sprinkler heads were common, but in Japan, a country prone to earthquakes, there were concerns about their ability to withstand earthquakes. Recognizing the social value of developing sprinkler heads suited to Japan's environment, we began development in 1961, utilizing our expertise in solder materials. A prototype was completed in 1963, first acquiring type approval for Japan-Made Sprinkler Head.

1972
Chemical Substance Analysis Department Spun Off

Driven by our belief that companies should fulfill their social responsibilities, we established Industrial Analysis Service Ltd., a spin-off specializing in analytical services, by transferring relevant technical capabilities in non-ferrous metal analysis built over 22 years of operations. In response to growing concerns over environmental pollution, the new company began offering air and water quality analysis services.



Development Period

2001
Global-Standard Lead-Free Solder

From the 1990s, lead contamination in groundwater became a growing concern. At that time, President Issaku Sato, while assigned to Germany during his early years, witnessed firsthand how the lush trees of the Black Forest were dying due to acid rain resulting from industrial development. Sato believed that industrial development should not come at the cost of the environment. As a company handling heavy metals, and with a strong commitment to addressing environmental issues, SMIC developed the highly reliable tin-silver-copper lead-free solder M705 ahead of global competitors and obtained a patent for it. As a result of publishing the patent, M705 became the world standard, accelerating the adoption of lead-free solder and making a significant contribution to environmental conservation. This breakthrough marked the turning point for SMIC's evolution into a company with a global presence.



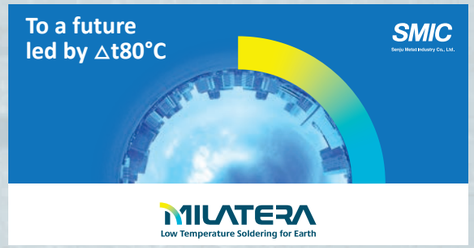
2011
Joining the Responsible Business Alliance

Since 2009 we have been regularly auditing smelters to ensure that conflict minerals are not used and that we are not complicit in human rights violations caused by conflicts. In January 2011, we joined the Responsible Business Alliance (RBA, formerly EICC), the world's largest coalition of companies promoting social responsibility in the global supply chain. Since 2014, we have been dedicated to eliminating conflict minerals and advancing responsible minerals sourcing as a member of the Responsible Minerals Initiative (RMI, formerly CFSI). We are firmly committed to upholding fair and ethical business practices in all aspects of our operations, and since 2012, we have been publishing our CSR Report to keep our stakeholders informed about our ongoing corporate social responsibility initiatives.

Responsible Business Alliance
Advancing Sustainability Globally

2023
Low-Temperature Soldering Solutions MILATERA Launched

We launched a new brand, "MILATERA", offering low-temperature soldering solutions that contribute to carbon neutrality. By using solder with a melting point approximately 80°C lower than conventional lead-free solder, this technology enables low-temperature mounting, helping to reduce CO_2 emissions. With a strong commitment to creating a future that is both environmentally friendly and beneficial to people, this innovation is aimed at supporting the realization of carbon neutrality.



2038
Toward our 100th Anniversary

SMIC Group Businesses

At the SMIC Group, we are developing various businesses, focused on our solder business, which has the largest level market share in the industry. Here we will introduce the businesses and products of the SMIC Group that are supporting people's lives.

Solder Business

Electricity is essential in our modern society. Solder plays a key role in enabling us to use electricity. The applications of solder have rapidly expanded together with the development of electronics. We are contributing to the development of society by providing a wide range of solder materials tailored to various applications.

Solder Paste and Solder Balls

Solder paste and solder balls are used for a wide range of applications, including household appliances and electronic devices such as smartphones and computers, electronic components such as semiconductors embedded in electric devices, as well as large power generation facilities and communications infrastructure. Solder paste and solder balls support increasingly sophisticated functionality in all kinds of electric devices.



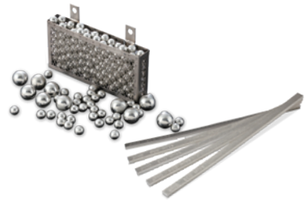
Solder Preforms

Solder preforms are used in power modules for large-scale power conversion in electric vehicles, bullet trains, and natural energy-based power generation facilities. These materials are essential for mobility electrification and automation and the efficient supply of renewable energy.



Solder Bars and Plating Anodes

Solder bars are used for flow soldering in circuit boards for household appliances. These materials have supported the electronics industry since the early days of mounting technology. Furthermore, tin anodes are used in the plating process of printed circuit boards, improving productivity in the mounting process.



Flux-Cored Solder

Flux-cored solder is mostly used in soldering large through-hole components found in the power sections of household appliances. We provide products tailored to various soldering methods, including hand soldering, robotic soldering, and laser soldering.



Flux

Flux is a material that supports the soldering process. It is used in soldering solder balls and plays a vital role in the manufacturing of semiconductor components. It is also used in flow soldering.



Industrial Products Business

The industrial products business centers on the manufacture and sales of soldering equipment, while also handling various auxiliary materials related to mounting. Drawing on our robust expertise in soldering materials manufacturing, we provide comprehensive solutions for a range of soldering processes, from equipment design to technical support.

Soldering Equipment

For surface mount technology (SMT), which is the mainstream in electronic board manufacturing, reflow ovens that use solder paste are employed. For through-hole mounting of large components, flow soldering machines that use molten solder are used. We provide equipment with functions optimized to suit the mounting process used.



Sintering Materials and Special Alloys Business

The sintering materials and special alloys business began with the production of bearing products that utilize the slipperiness properties of copper-lead alloys. In addition to providing bearing products in response to changes in the times, we are creating new value for the future through special alloy materials developed by leveraging our expertise in metal processing.

Plain Bearings

Plain bearings are used in the shock absorbers of automobiles and motorcycles, as well as the undercarriages of construction machines. They are also used in hydraulic pumps and motors for agricultural machinery, thus contributing to solutions for global food issues. These products support the foundation of many people's lives.



Special Alloys

Special alloy materials are products made using metals that are difficult to alloy or shape. These include zinc-tin-magnesium alloy wire used for anti-corrosion surface treatments that double the lifespan of cast iron water pipes, and copper-based alloy powder, a key technology used to improve the efficiency of hybrid car engines. These materials are being applied to technologies that will shape the future.



Analysis Business

Industrial Analysis Service, an SMIC Group company, develops chemical analysis techniques based on those for solder materials that we have cultivated since our founding, and applies them to a wide range of areas. As the impact of chemical substances on the environment is becoming a global issue, we are supporting the goal of "Responsible Consumption and Production" by promoting our analysis capabilities.

Material Analysis and Regulated Substance Analysis Inspections

We conduct analysis related to harmful substances including in various products and materials and regulated substances as represented in the EU RoHS Directive. Leveraging the expertise we have cultivated as the SMIC Group, we also conduct investigative analyses of the causes of assembly failures.



Environmental Analysis Inspections

We conduct analytical surveys of contaminants in water, air, and soil. Demand for these services is increasing as regulations for substances of environmental concern tighten around the world.



Firefighting Equipment Business

Senju Sprinkler, the SMIC Group's arm for the fire extinguishing equipment business, works to maintain our commanding market position by capitalizing on the track record of our low-temperature-solder sprinkler heads, which were the first to acquire type approval as a Japan-made product in this category. With this background, we have protected people's lives and property from fires for over half a century.

P.43 Senju Sprinkler Co., Ltd. Celebrates the 50th Anniversary of its Founding

Fire Sprinklers

Our fire sprinkler heads are used in firefighting equipment around the world, including housing, buildings, underground parking lots, and public facilities. We also manufacture alarm valves that control water flow during fire suppression sprinkling.



Fire Extinguishing Agents

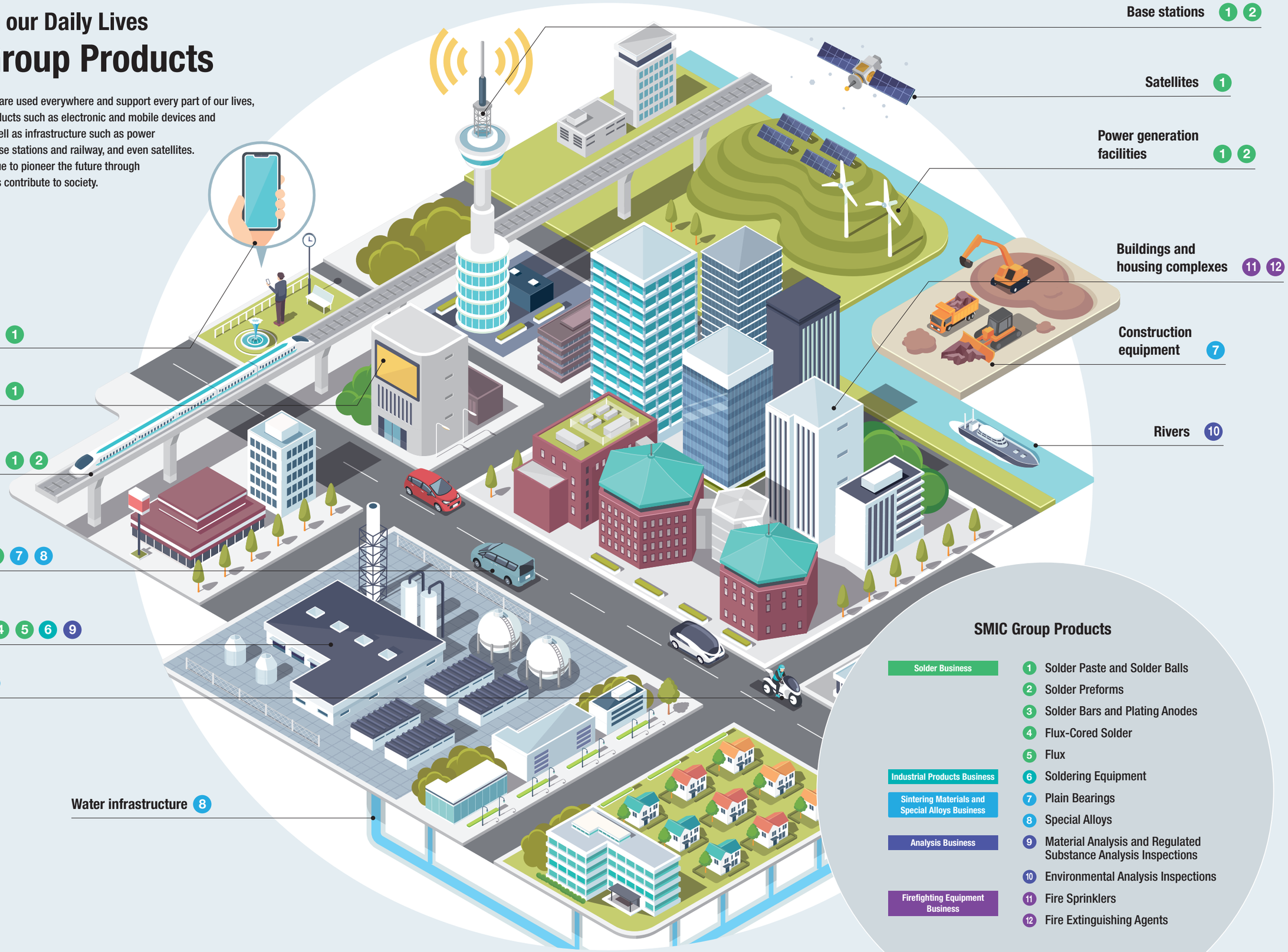
Traditional foam extinguishing agents contain perfluoroalkyl and polyfluoroalkyl substances (PFAS), an issue that is drawing stronger attention due to concerns over their environmental impact. Against this background, SMIC developed the world's first PFAS-free foam fire extinguishing agent, which obtained type approval in 2024 and was made available on the market in 2025.



Supporting our Daily Lives

SMIC Group Products

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



SMIC Group Products

Solder Business
1. Solder Paste and Solder Balls
2. Solder Preforms

Industrial Products Business
3. Solder Bars and Plating Anodes
4. Flux-Cored Solder
5. Flux
6. Soldering Equipment

Sintering Materials and Special Alloys Business
7. Plain Bearings
8. Special Alloys

Analysis Business
9. Material Analysis and Regulated Substance Analysis Inspections
10. Environmental Analysis Inspections

Firefighting Equipment Business
11. Fire Sprinklers
12. Fire Extinguishing Agents

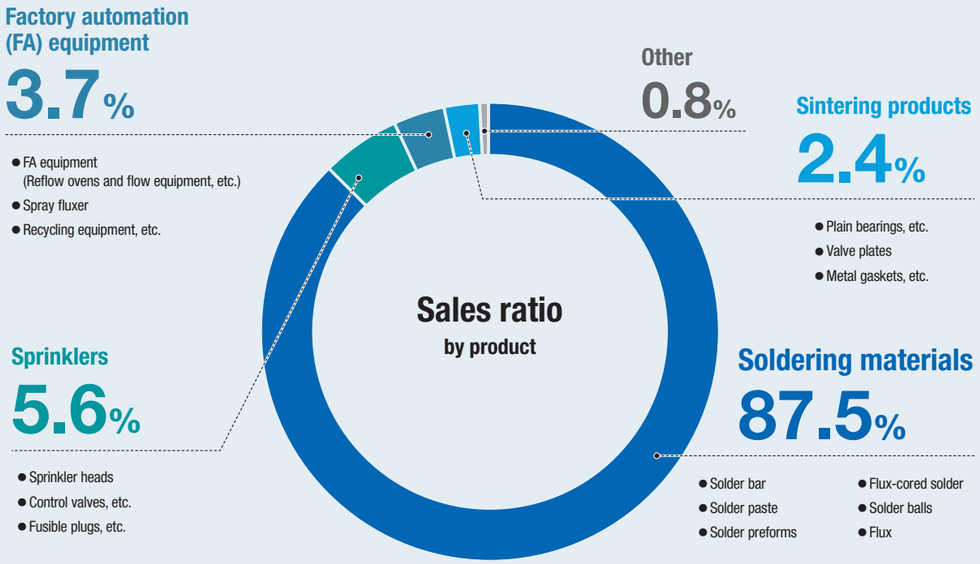
SMIC Group by the Numbers

At a Glance

(As of December 2024)

Electronics × Chemicals × Mechanics × Metallurgy

Creating synergy through combining our four core technologies. We are supporting the advancement of technology in many areas including electronic devices, semiconductors, and automobiles.



Manufacturing sites

24 locations

(11 in Japan; 13 Overseas)

Sales location

31 locations

(11 in Japan; 20 Overseas)

Developed the world's first lead-free solder

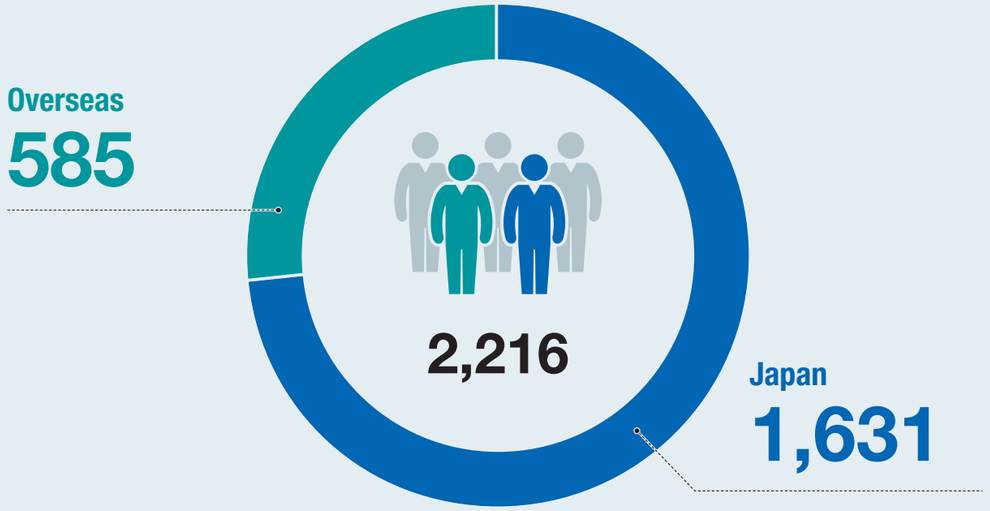
1st

Number of patents held

2,846

(506 in Japan; 2,340 Overseas)

Number of employees



Ratio of men to women

Men 64.2%

Women 35.8%

Percentage of women in managerial positions

Overseas 47.0%

Japan 10.4%

Childcare leave (non-consolidated)

Return-to-work rate 100%

Percentage of men taking paternity leave 60%

Greenhouse gas Scope 1 and 2 reduction rate

75% reduction (compared to FY2013)

(Japan group)

Renewable energy usage rate

87%

(Japan group)

Message from the President

Keep Challenging

Rising to the Challenge in Unpredictable Era



PRESIDENT
Ryoichi Suzuki

We are pleased to present the SMIC Group's CSR Sustainability Report for FY2025.

Recently, the world situation and social environments have been facing enormous changes posed by many factors including intensifying geopolitical tensions and economic instability, rapid advancement of next-generation technologies represented by generative AI, digital transformation, and automated driving and operation, as well as climate change-induced abnormal weather and large-scale disasters. Given these conditions, it is difficult to predict the future of business and society, and many businesses are facing significant changes with regard to customer demands and expectations.

The SMIC Group is striving for growth together with customers and society, principally by accurately grasping the true nature of their needs and offering value to accommodate such needs. Toward this end, we are accelerating efforts to develop new products that can support new technologies to be adopted by many customers for carrying out sustainability activities, while improving research and development as well as production capabilities at overseas sites. To ensure that these efforts will achieve successful results, we believe that it is essential to pursue continuous evolution by continuing to take up new challenges related to technology and innovation.

SMIC Group's business activities contributing to sustainability

In accordance with its commitment to contribute to sustainability primarily by realizing a sustainable society through its business activities, and as a manufacturer that uses natural resources as raw materials, the SMIC Group thinks in earnest about what it should leave for future generations. In this context, we are promoting environmentally friendly business activities while taking on global challenges to achieve carbon neutrality and circular economies.

As part of our efforts to achieve carbon neutrality, we have launched an energy generation project to produce electricity by utilizing an ammonia-based hydrogen generator, a long-standing technology we have used in the manufacture of sintered materials. In addition to hydrogen, we are considering similar demonstration projects to implement non-fossil fuel clean energy-based non-utility power generation, while exploring the possibility of expanding the scope of target sources and ensuring our continued efforts. Also, we will continue to provide the low-temperature soldering solution series MILATERA, a technology developed to implement tin-bismuth (Sn-Bi) alloy low-temperature solder mounting in a bid to help reduce CO_2 emissions.

In the circular economy area, we are taking action by ramping up ongoing solder recycling activities by increasing the use of reused and recycled materials purchased from outside the SMIC Group in addition to those sourced from internal recycling systems, with the aim of building manufacturing systems that can run lines with less input of virgin resources.

SMIC Group's initiatives for responsible minerals sourcing

The responsible minerals sourcing policy is about avoiding the use of minerals that pose risks associated with CSR issues centering on human rights infringement. Relevant initiatives have been growing internationally, expanding the scope of regulated minerals from the initial four metals—tin, tantalum, tungsten, and gold, collectively called "3TG"—as well as risk categories to be covered, giving rise to increasingly intense demand for industries to choose safe and risk-free raw materials.

When the situation that is known today as "conflict minerals" emerged as an issue mainly in Europe and the U.S., I was posted in the US office. While working in the country, I read and viewed firsthand media reports on inhumane situations taking place in Democratic Republic of the Congo and surrounding countries where conflict minerals were a cause of severe human rights abuses and a source of funding for armed groups. This evoked in me a strong feeling of resentment, and I promptly requested the company to take appropriate actions. As a result, SMIC joined the Responsible Business Alliance (RBA) in 2011 immediately after Section 1502 of the Dodd-Frank Act was passed, along with the Responsible Minerals Initiative (RMI) in 2014. Since then, we have been making sincere efforts to ensure responsible minerals sourcing in accordance with the RBA's guidelines.

As a manufacturer that uses tin, a conflict mineral, as a primary raw material, we are taking several specific steps. While conducting measures in reference to the relevant due diligence guidance published by the OECD, we are working to raise the recycling rate of tin and solder and increase domestic procurement, looking to reduce the risk associated with conflict minerals.

Securing human resources for the future and building appropriate systems

Addressing issues related to human resources, such as countermeasures against the shrinking working-age population resulting from the declining birthrate and aging population, as well as personnel development, is one of our overriding management themes.

Although SMIC is an unlisted company, we have been striving to improve working conditions and establish appropriate employment systems with reference to the recommendations of major economic associations. This reflects our belief that it is management's essential responsibility to develop stable employment systems for employees to work with peace of mind.

We have begun to discuss the development of personnel systems, centering on building frameworks to enable young employees to gain extensive experience from early on, with the objective of not only increasing the possibility of employees seizing career-building opportunities but also enhancing understanding of individual employees' aptitude both by management and the employees themselves.

At the same time, we recognize that in order to deal with areas suffering from personnel shortages, it is imperative to develop proactive recruiting activities targeting specialists with adequate knowledge and experience to fill the gaps. Additionally, the company needs to prepare a solid basis to support each individual employee to fulfill their potential and grow professionally. To this end, we are also endeavoring to maintain and enhance governance systems.

Aiming for global distribution of our high-quality sprinkler products

In 2024, Senju Sprinkler Co., Ltd., an SMIC Group company, celebrated the 50th anniversary of its founding. Since 1963, when the fire sprinkler head we developed became the first to acquire type approval as a Japan-made product in its category, we have been consistently providing high-quality sprinkler products by exercising our excellent technical capabilities and continuing to be a domestic market leader. In 1995, we advanced into the North American market, but suffered from slow sales growth in the earliest days. Subsequently, however, our products began to gain a high reputation for their strong reliability and superior design quality, giving traction to demand growth. As a result, we have started a construction project to build a new factory in the U.S.

Senju Sprinkler experienced a significant upturn after taking the audacious step of responding to the issue related to perfluoroalkyl and polyfluoroalkyl substances (PFAS), a source of recent concern. Accommodating the pressing need to meet the requirements for fire extinguishing foam concentrates, which are commonly located in factories and large parking facilities, to be free from specified types of toxic PFAS, posed an enormous challenge for the company, which had specialized exclusively in sprinkler devices such as sprinkler heads. However, it undertook a joint project with SMIC to develop PFAS-free fire extinguishing foam concentrate, resulting in the release of the product in 2025. We are proud of this achievement in light of the social significance of providing fire extinguishing capabilities to prevent large-scale fires while avoiding having harmful impacts on the surrounding environment.

At present, the installation rate of sprinklers in residential and smaller-scale facilities is relatively low in Japan, slightly lower than other countries such as the U.S. Moving forward, we will work more proactively to expand the sprinkler market while heightening public awareness about preventing fire disasters.

The SMIC Group will engage earnestly 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 a 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. To realize a sustainable society, we will contribute to the future through our business activities by reviewing our manufacturing processes and manufacturing and selling eco-friendly products.

Environmental, Social, and Corporate Governance to Achieve Sustainable Development

Achievement of Our Environmental Vision 2050

SMIC Group Business Activities

Materiality

- Response to climate change
- Implementation of resource recycling
- Promotion of CSR procurement (Responsible mineral procurement)
- Countermeasures against the shrinking working-age population
- Securing and development of human resources
- Creation of a comfortable work environment
- Contribute to the realization of next-generation technology
- Realization of stable supply
- Intellectual property protection, personal information management, and other risk 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
- Human resources with a high degree of loyalty

OUTPUT

Solder products

- Solder bar
- Flux-cored solder
- Solder paste
- Solder balls
- Solder preforms

MILATERA D-SOL ECO SOLDER

Flux

- Post flux
- Semiconductor flux

FA equipment

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

Sintering products

- Metal-based plain bearings
- Multilayer 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

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

Management Philosophy

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

Megatrends

- Transition to a decarbonized society
- Transition to a circular economy
- Progress in DX
- Increased geopolitical and climate risks
- Shift to a more diverse society
- Demographic changes

Convert management resources to the next source of value creation

SMIC Group Materiality

At the SMIC Group, we have set materiality and material topics in line with the below chart, and we have identified matters that we need to address with priority.

Identification Process

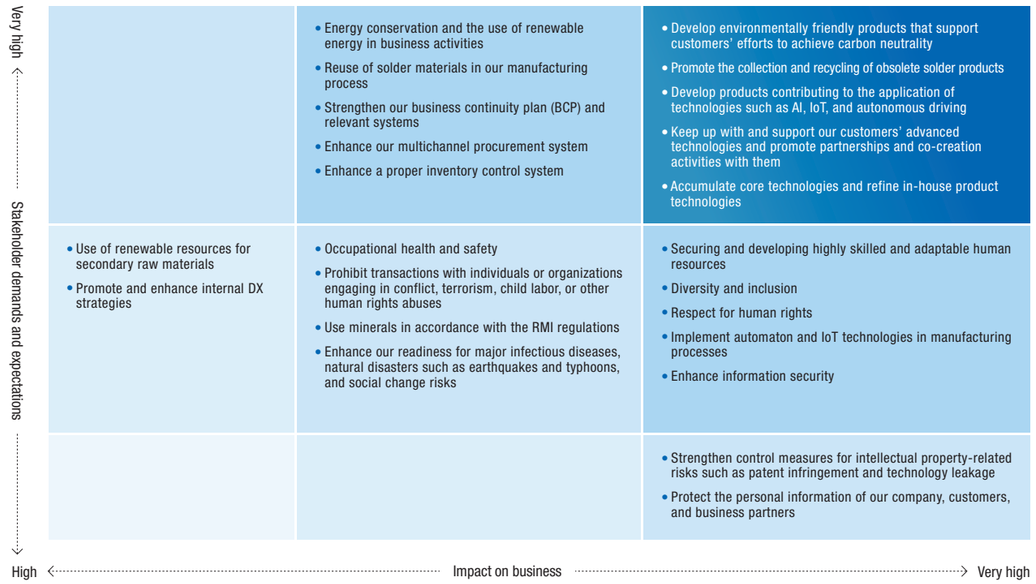
STEP 1	Identify risks and opportunities	Identify risks and opportunities, and their impact on the SMIC Group, based on societal megatrends, international frameworks such as the RBA (Responsible Business Alliance) Code of Conduct and GRI Standards, various indicators such as sustainability surveys, societal demands, and the business environment.
STEP 2	Identify key issues and matters	Based on the identified risks and opportunities, define and select the SMIC Group's materiality and material topics in light of ESG (Environmental, Social, and Governance) standards.
STEP 3	Prioritize material topics	Evaluate the importance of the selected material topics in view of stakeholders' demands and expectations, and their impact on the business.
STEP 4	Confirmation and approval	Confirm and evaluate information about the defined/selected materiality and material topics in terms of scope, impact and period in comparison with the GRI Standards, and obtain approval from management.
STEP 5	Review and improve	Review measures for the defined/selected materiality and material topics by analyzing and reporting relevant feedback at the monthly CSR Committee meeting, and use the results to make necessary improvements for the future.

Identify Risks and Opportunities

Social issues	Risk
Compliance with environmental laws, regulations, and industry codes of conduct	• Insufficient compliance resulting in a decline in product competitiveness, loss of social credibility, or other unfavorable situations that may affect the business of the Group and its suppliers and customers • Impact on business due to natural disasters caused by climate change or depletion of natural resources
Supplier procurement	• Decline in social credibility due to the use of minerals associated with human rights violations, such as conflict, terrorism, and child labor • Impact on the stable procurement of raw materials
Outbreak of major infectious diseases	• Impact on the entire industry due to business interruptions
Natural disasters, including earthquakes and typhoons	• Impact on the entire industry due to business interruptions
Respect and protection for intellectual property, including patents	• Impact on product sales due to infringement of group technologies • Loss of social credibility due to infringement of other companies' technologies
Improve digital literacy	• Loss of social credibility due to leaking of personal or corporate information • Shutdown of business operations due to cyberattack
Shrinking working-age population	• Impact of workforce shortages on business continuity • Loss of expertise within the group • Impact on maintaining consistency in terms of skills and quality

Social issues	Opportunities
Transition to a low-carbon or decarbonized society	• Increasing adoption of EVs and growing demand for reducing environmental impact driving greater demand for new low-carbon and decarbonization technologies
Transition to new energies	• Promote the use of renewable energy • Increased demand for products that contribute to carbon neutrality
Transition to a next-generation information society	• Increased diffusion of electronic devices due to technological innovations, such as AI and IoT, etc.
Securing and developing human resources	• Securing and empowering a diverse global workforce
Technical development	• Accurately responding to diversified product demands and societal expectation

Material Topics Evaluation Matrix



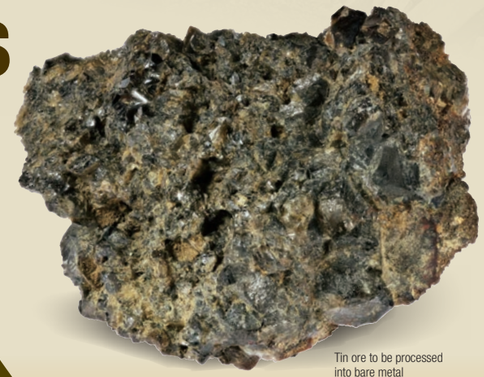
Materiality and Material Topics

ESG	Materiality	Material topics	Applicable SDGs
E	Response to climate change	• Energy conservation and the use of renewable energy in business activities • Develop environmentally friendly products that support customers' efforts to achieve carbon neutrality • Use of renewable resources for secondary raw materials	7 Affordable and Clean Energy 12 Responsible Consumption and Production 13 Climate Action
	Implementation of resource recycling	• Promote the collection and recycling of obsolete solder products • Reuse of solder materials in our manufacturing process	12 Responsible Consumption and Production 15 Life On Land
S	Promotion of CSR procurement (Responsible mineral procurement)	• Prohibit transactions with individuals or organizations engaging in conflict, terrorism, child labor, or other human rights abuses • Use minerals in accordance with the RMI regulations	8 Decent Work and Economic Growth 12 Responsible Consumption and Production 16 Peace, Justice and Strong Institutions
	Countermeasures against the shrinking working-age population	• Implement automaton and IoT technologies in manufacturing processes • Promote and enhance internal DX strategies	8 Decent Work and Economic Growth
	Securing and development of human resources	• Securing and developing highly skilled and adaptable human resources	4 Quality Education
	Creation of a comfortable work environment	• 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) • Occupational health and safety	3 Good Health and Well-Being 5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities
	Contribute to the realization of next-generation technology	• Develop products contributing to the application of technologies such as AI, IoT, and autonomous driving • Keep up with and support our customers' advanced technologies and promote partnerships and co-creation activities with them • Accumulate core technologies and refine in-house product technologies	8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure
G	Realization of stable supply	• Enhance our readiness for major infectious diseases, natural disasters such as earthquakes and typhoons, and social change risks • Strengthen our business continuity plan (BCP) and relevant systems • Enhance our multichannel procurement system • Enhance a proper inventory control system	9 Industry, Innovation and Infrastructure 11 Sustainable Cities and Communities
	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	16 Peace, Justice and Strong Institutions

Special Feature

SMIC Group's Initiatives for Non-use of Conflict Minerals

As a company handling base metals such as tin, a primary raw material in solder, SMIC has been making ongoing efforts to ensure non-use of conflict minerals (conflict-free business operations). This section provides an introduction to our efforts to address issues associated with conflict minerals, including a run-through of past international circumstances surrounding the issue, which remains a problem in conflict-stricken regions around the world.



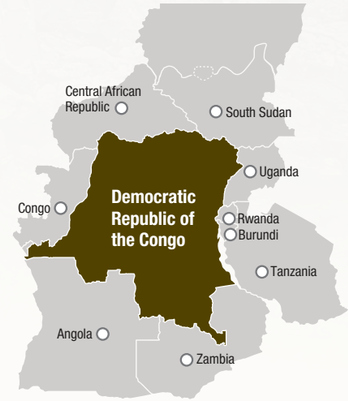
Tin ore to be processed into bare metal

What are Conflict Minerals?

The term "conflict minerals" refers to minerals that are mined in the Democratic Republic of the Congo (DRC) and surrounding countries and that have been a source of funding for armed groups operating in the region. They consist of four valued metals—tantalum, tin, tungsten, and gold—and are collectively referred to as "3TG," an acronym for the four minerals.

Background of the issue

DRC is known for its rich reserves of mineral resources such as tantalum, cobalt, and tin. However, fighting has persisted over the control of mines for these natural resources, which has caused political instability and armed confrontation in the country for many years. With large-scale conflicts occurring in the country and surrounding regions, trading minerals for arms and weapons has become part of the dominant regional economy, resulting in a deplorable situation where the local natural resources, which should otherwise serve to enrich people's lives, are used to finance regional armed groups.



Chronology of major events related to conflict minerals

International initiatives

Endeavors toward ensuring ethical business practice in mineral supply chains were started by companies using the relevant minerals and expanded under their leadership. In response to this movement, a range of international standards and regulations began to be formulated, and today, full-fledged discussions are underway to consider requirements for performing due diligence.



SMIC's initiatives

SMIC's initiatives started in 2009 when the company first received a request from a customer to respond to a conflict minerals supply chain survey. As a company handling tin, this made us aware of the grave nature of the issue, prompting us to take relevant action. Starting by participating in the EICC (presently the RBA) ahead of other companies, we have been working consistently to ensure non-use of conflict minerals and securing the transparency of supply chains.

2004

Establishment of the Electronic Industry Citizenship Coalition (EICC)

Business coalition formed by companies mainly in the electronics industry to promote sustainability of supply chains.

2008

Establishment of the Conflict-Free Sourcing Initiative (CFSI)

Initiative launched jointly by the EICC and the Global Enabling Sustainability Initiative (GeSI), an international industry group of ICT companies, to address the issue of conflict minerals.

2009

Set-up of the CSR preparation office

Organized when the company received a request from a customer for the first time to respond to a conflict minerals supply chain survey ("conflict minerals survey").

2010

Enactment of the U.S. Dodd-Frank Act

Legislation aimed to cut off funding sources for armed groups operating in conflict regions in central Africa. Set forth requirements for listed companies registered with the U.S. Securities and Exchange Commission to investigate the place of origin of and perform due diligence on regulated minerals used in their products and report relevant results.

Initiation of the Conflict-Free Smelter Program (CFSP)

Provided a framework for performing third-party audits on smelters/refiners where mineral ores are brought together with the objective of confirming and certifying that supply chains handling conflict minerals are sourcing applicable materials from conflict-free sources.

* Presently the Responsible Minerals Assurance Process (RMAP).

2011

Joining the EICC (presently the RBA) and making a "conflict-free" declaration

Became one of the earliest in the industry to conduct a voluntary on-site audit of supplier smelters and announced the state of non-use of conflict minerals confirmed as a result of the audit.

During the period from 2009 to 2011, when minerals due diligence methodology was yet to be established, SMIC conducted on-site audits of all supplier smelters and confirmed the state of non-use of conflict minerals.



At an Indonesian smelter during an audit in 2011.
Mr. Shinichi Fujiwara, Purchasing Div. Manager (at that time)

2011

First Release of the Conflict Minerals Reporting Template (CMRT)

Developed to assist in responding to the requirement for conflict minerals disclosure reporting based on the U.S. Dodd-Frank Act. Provides standardized survey formats for companies to collect information for reporting from supply chains about the usage of regulated minerals contained in their products as well as relevant smelter/refiner data.

2012

Set-up of the CSR Office (presently the CSR Div.)

Organized for responding to conflict minerals surveys, which began to grow in number rapidly prior to the Dodd-Frank Act-based reporting requirement coming into force. Also, started to communicate to stakeholders about efforts to ensure non-use of conflict minerals on a regular basis using the CSR Report in a publication started that same year.

2014

Joining the CFSI (presently the RMI)

As a CFSI member, requested supplier smelters to participate in the Conflict-Free Smelter Program (CFSP) and acquire third-party certification.

2013

Release of the CFSP (presently RMAP)-conformant facilities list

Has enabled downstream companies within mineral supply chains to easily confirm ethical safety of the origin of minerals.

2014

Start the submission of Dodd-Frank Act-based conflict minerals disclosure report (Form SD)

Significantly accelerated the implementation of CMRT-based conflict minerals surveys not only in the U.S. but also on a global scale.

Publishing of *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*

Formulated by the Organization for Economic Co-operation and Development (OECD) to provide guidance on increasing the transparency of mineral supply chains and improving sustainability of the mineral resources industry. Referred to by many due diligence-related laws and regulations.

2015

Making a declaration on the complete non-use of conflict minerals

Reported that all tin supplier smelters had acquired third-party certification for the CFSP.

2017

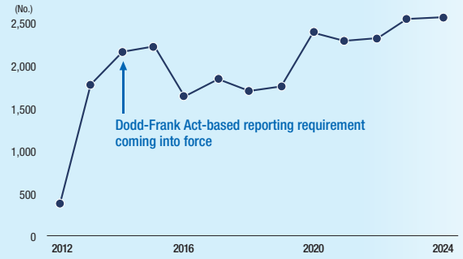
Promulgation of the EU Conflict Minerals Regulation

Requires companies importing 3TG minerals into the EU region to assess and report on not only conflict risks but ethical risks associated with human rights abuses (forced labor, child labor) and illegal acts as well. Came into full force in 2021.

EICC renamed the Responsible Business Alliance (RBA)
CFSI renamed the Responsible Minerals Initiative (RMI)

Responsible Business Alliance
Advancing Sustainability Globally

Number of requests received for CMRT issuance



The number of CMRTs issued by SMIC has continued to increase each year since the start of the survey, and recently exceeded 2,500 a year. As a company that sources tin directly from tin smelters, SMIC endeavors to provide accurate information to its customers.

SMIC Group's major initiatives

From "Non-use of Conflict Minerals" to "Responsible Minerals Sourcing"

Initiatives for non-use of conflict minerals were originally aimed at risks associated with regional conflicts in central Africa. In 2017, risk categories and regions to be covered were expanded according to the EU Conflict Minerals Regulation promulgated that year. As a result, companies are required to address additional issues related to new regions and ethical risks while updating their relevant policy to adapt to "responsible minerals sourcing." In response, the SMIC Group formulated the policy centering on *Compliance with the RBA Code of Conduct and Promotion of Responsible Minerals Sourcing*, and is implementing a number of measures to ensure risk-free minerals sourcing.

Initiative 01

Periodic audits of supplier smelters

Today, while the Responsible Minerals Assurance Process (RMAP) has been made available, SMIC is still continuing with its periodic on-site audits of supplier smelters. This is because we believe that in order to ensure customers' piece of mind, it is essential to confirm the status of local operations for receiving ores, traceability data management and other matters, based on firsthand on-site inspections. On-site audits of smelters were suspended temporarily due to the COVID-19 crisis, but were resumed after the emergency situation ended.



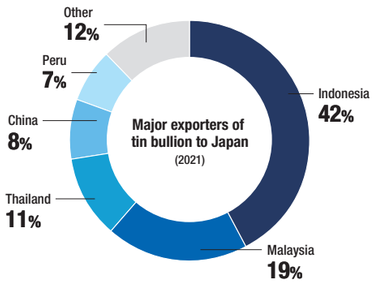
Ore traceability tags


Ore traceability monitoring

Initiative 02

Reducing risks through a multi-sourcing strategy

SMIC procures tin from multiple smelters around the world, mainly in Asia, South America, and Europe in a bid to reduce conflict-related and other ethical risks by diversifying mineral places of origin. This strategy also helps control risks from sourcing and transporting from overseas regions with high geopolitical risk factors.
In addition, we are striving to increase the usage of recycled materials as an ultimate solution to mineral-related risks. For this purpose, we are not only promoting domestic procurement from internal solder recycling systems but also ensuring purchases from recycling smelters overseas.



Source: Mineral Resources Material Flow 2022 Tin (Sn), published by the Japan Organization for Metals and Energy Security

Initiative 03

Safeguarding the lives of people living in conflict-affected regions

For the purpose of avoiding conflict-related risks, there are moves to exclude conflict-related areas from mineral procurement sources. However, this also substantially affects the lives of people living in the relevant regions. One key solution to this situation is to build and maintain systems to secure lawful routes for mining, transporting and supplying minerals while protecting against the influence of armed groups, with a view toward safeguarding the lives of the people living there.
In view of this, SMIC believes that, in line with its responsible minerals sourcing policy, it is important to avoid overreacting to this issue, which may have a negative impact. Based on this belief, we are striving for effective information collection and risk assessments, and responding appropriately to specific situations in a bid to minimize the impacts that might otherwise result.



"Responsible Minerals Sourcing" having broader social implications

Given the recent changes in the state of the world and increasing awareness of human rights, to be a "responsible minerals sourcing," a company should not just simply focus on compliance with applicable laws and regulations. Rather, it needs to take appropriate steps as a part of efforts to address ESG (Environmental, Social, and Governance) issues, while also giving ever-greater consideration to geopolitical risks and trade control issues from the perspective of economic security.
The SMIC Group considers that an important element of management is to follow the "responsible minerals sourcing" policy appropriately by accommodating its broadening social implications.

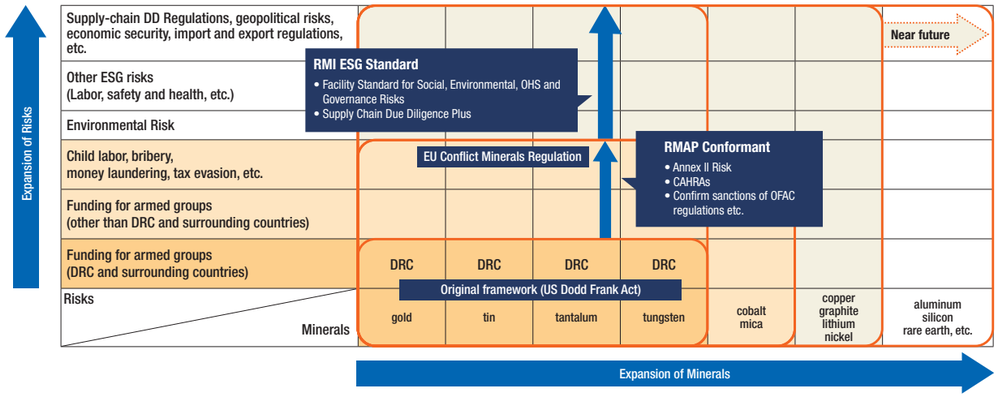
Major laws and regulations related to minerals due diligence

Recently, a host of laws and regulations have been formulated to require companies to perform minerals due diligence, including the following:

- EU: Corporate Sustainability Due Diligence Directive (CSDDD)
- EU: EU Battery Regulation
- US: Uyghur Forced Labor Prevention Act (UFLPA)

Expansion of risk categories covered

The number of risk categories covered is expanding. Major categories expected to be covered include ESG, particularly the environment and occupational health and safety, as well as geopolitics and trade control, in addition to ethics. Major international standards and guidelines are increasing their requirements for environmental due diligence.

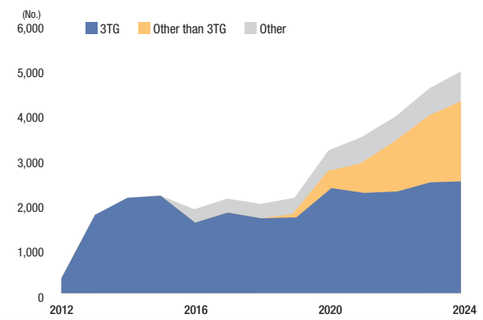


Source: Created based on "Background of "Responsible Minerals Sourcing" and Administrative Work for the Survey" prepared by JEITA for the Responsible Minerals Sourcing Inquiry Briefing 2025

Changes in the requirements for "responsible minerals sourcing"

Characteristics of the requirements for responsible minerals sourcing have been changing, as indicated by trends related to requests for surveys received by SMIC from customers. In recent years, compared to the unchanging number of requests for 3TG-related due diligence surveys, those for other minerals have been growing rapidly. At the same time, risk categories requested have been diversifying in general. Some such requests are based on specific customers' own criteria, to which we respond by taking appropriate steps to confirm information related to the customer's criteria from a third-party perspective, performing comparisons with SMIC's risk analysis, and making comprehensive evaluations.
SMIC is striving to satisfy the requirements for responsible minerals sourcing properly and flexibly in response to their constant changes, as we recognize this as our overriding responsibility to fulfill as a manufacturer that uses metals as primary raw materials. We will continue in a sincere manner with our efforts aimed at improving the sustainability of mineral resources.

Number of requests for surveys received

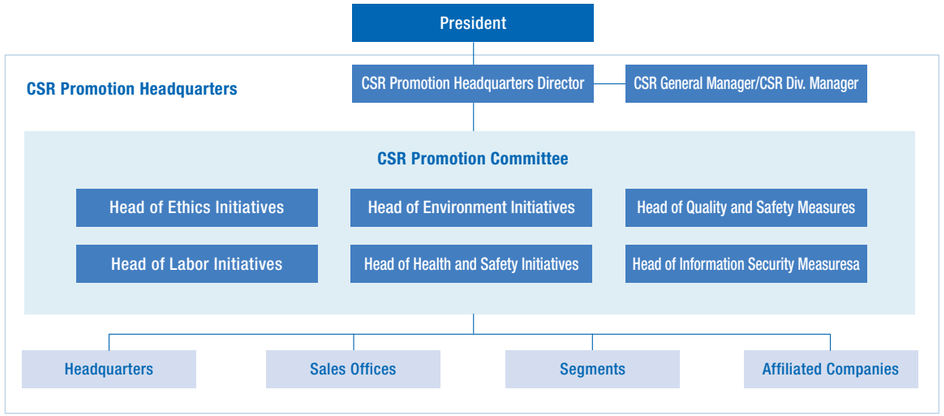


SMIC Group Sustainability

The SMIC Group promotes sustainability activities based on its Management Philosophy while maintaining honest relationships with stakeholders, with the aim of becoming a company that achieves a sustainable environment, society and governance. For this purpose, we have established the CSR Basic Policy and CSR Goals, the internal standards of our code, with reference to the latest version of the *Code of Conduct* published by the Responsible Business Alliance (RBA) and *Responsible Business Conduct Guidelines* by the Japan Electronics and Information Technology Industries Association (JEITA). We regularly review the two guiding frameworks and provide an educational session every year to all sites in Japan and overseas.

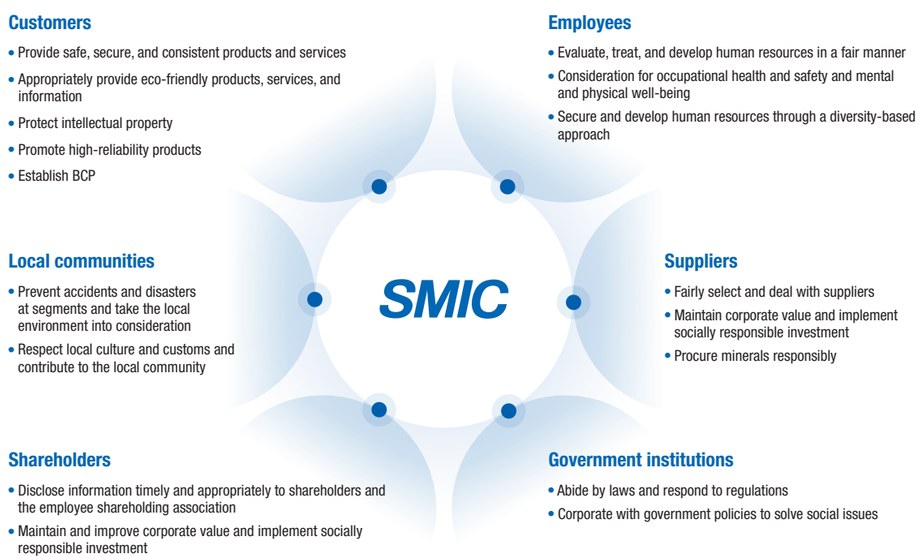
CSR Promotion Framework

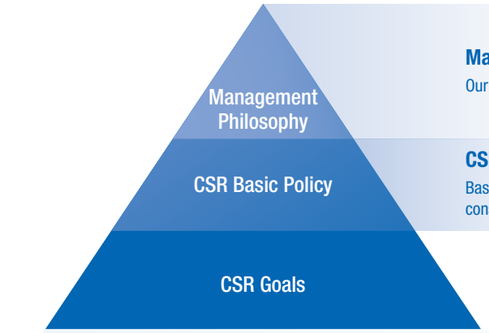
The CSR Promotion Headquarters is set up to promote sustainability activities across the entire Group under the directorship of the President. In the CSR Promotion Committee, respective members plan and carry out measures to address issues assigned from specialized areas of ethics, labor, the environment, and others.



Coordination with Stakeholders

We are constantly aware of the importance of being appreciated and supported by our stakeholders, including customers, suppliers, and employees. We promote proactive information disclosure and continuous dialog in order to foster common understanding and sharing of the issues, looking to find solutions.





Management Philosophy

Our vision, which lies at the heart of everything we do

CSR Basic Policy

Based on our Management Philosophy, this serves as a specific policy for constantly maintaining honest relationships with stakeholders.

CSR Goals

To implement our CSR Basic Policy in our business activities, we have set forth specific standards of conduct for each of the items below.

Human Rights and Labor

1. Prohibition of Forced Labor
2. Prohibition of Child Labor
3. Working Hours
4. Wages and Benefits
5. Prohibition of Discrimination and Harassment / Humane Treatment
6. Freedom of Association and Collective Bargaining

Health and Safety

1. Occupational Health and Safety
2. Emergency Preparedness
3. Prevention of Occupational Injuries and Illnesses
4. Industrial Hygiene
5. Physically Demanding Work
6. Machine Safeguarding
7. Sanitation, Food and Housing
8. Health and Safety Communication
9. Prohibition of Drugs and Other Substances in the Workplace

Environment

1. Environmental Permits and Reporting
2. Pollution Prevention and Effective Use of Resources
3. Hazardous Substances
4. Waste
5. Emission to the Atmosphere
6. Restrictions on Substances Used
7. Water Management
8. Energy Consumption and Greenhouse Gas Emissions

Fair Trade and Ethics

1. Business Integrity
2. No Improper Advantage
3. Disclosure of Information
4. Respecting Intellectual Property
5. Fair Business Activities
6. Protection of Anonymity and Prohibition of Retaliation
7. Responsible Mining Activities (Mineral Procurement)
8. Protection of Privacy
9. Export Control
10. Respect for Local Communities

Product Quality and Safety

1. Ensuring Product Safety
2. Quality Management
3. Providing Information on Products and Services

Information Security

1. Securing Computer and Network
2. Preventing Information Leaks
3. Use of Social Media

Business Continuity Planning

1. Developing a Business Continuity Plan

Management Systems

1. Responsibility and Commitment
2. Risk Management
3. Grievance Mechanism

Social Contributions

1. Social Contributions
2. Biodiversity

Message From an Operating Officer

Based on the Principles of Ability, Integrity, and Fighting Spirit, Develop Human Resources to Create a Future

With a strong corporate culture established to overcome challenges and create added value

"Ability, Integrity, and Fighting Spirit" are key elements of our Management Philosophy, and represent the principles for promoting corporate management, business operations, and personnel development. "Ability" means to have adequate professional capabilities; "Integrity" means to have humanity and a sense of justice; and "Fighting Spirit" constitutes a strong will toward overcoming all difficulties to accomplish goals. Rather than just being a slogan to chant, these principles represent our essential values to embrace when engaging in day-to-day work, and are a driver for our endeavors toward inventing next-generation technologies and creating new value while continuing to take up new challenges to achieve unprecedented innovations and develop products that will exceed customers' expectations.

As a result of this ongoing persistent practice of these principles, we believe we have in place an appropriate corporate culture that allows us to manufacture products from scratch while working together with customers, and to overcome challenges on our own to achieve our goals. Our technological capabilities enjoy a high reputation around the world. This is largely thanks to the cooperation of our customers, as we have refined our capabilities through working to meet their high-level requirements, thus facilitating our growth. Moving forward, while anticipating further increases in product quality requirements, we will also need to accommodate new types of issues related to corporate evaluation standards for addressing a range of sustainability challenges posed by the environment, corporate ethics, respect for human rights, and diversity, which is becoming increasingly important. We will squarely face up to these new social demands and exert continuous corporate-wide efforts to take appropriate actions.



Board of Director,
Operating Officer
General Affairs Department
General Manager
Satoru Akita

Creating an environment that embraces challenges and autonomy, with an eye on technology transfer to future generations

We are stepping up efforts to develop human resources based on our Management Philosophy, and with the objective of further enhancing our technological capabilities, transferring them to future generations, and thereby achieving continued development. Specifically, we give young employees substantial discretion over assigned tasks, encouraging them to work with high aspirations while growing from real business experience in a forward-looking manner.

We are refurbishing personnel systems by promoting a shift from the previous seniority-based framework to that which enables meritocratic performance-centered systems. In particular, plans and discussions are underway to review basic pay for young hires and redesign allowances for management positions in an effort to create an environment that will increase the motivation of young hires to aim for career advancement while building systems to ensure fair evaluation of performance and the efforts of individual employees regardless of how long they have been with the company.

We believe that each person should be able and willing to set clear goals or aspirations and act on their own initiative to make persistent and vigorous efforts toward their fulfilment. We consider that such abilities and mindset are essential to respond agilely to the rapid changes of the times, and by fostering this capacity, we will develop our personnel into a strong engine for our sustainable growth. Toward this end, we are planning to improve programs to support employees' self-development efforts, chiefly regarding upskilling and qualification attainment.

Developing global business professionals and creating SMIC fans around the world

As a global provider of comprehensive metal joining technologies, SMIC stations representatives overseas, which cumulative number around 170 in total, or 10-plus percent of the entire workforce. At present, about 50 employees are working on international business operations at our sites abroad. We offer institutional and cultural environments that support expatriate personnel in many ways, primarily by providing local language training programs and allowing employees to seek consultation and advice from ex-expatriates about various concerns and problems related to working overseas.

Also, within Japan, we provide support for all personnel who wish to improve their language skills by taking English conversation lessons. For engineers in particular, we run on-site training programs at overseas companies. Participants stay at overseas sites for six months, engaging in face-to-face communication with local customers, with the aim of developing a global perspective and reflecting it in product development.

At present, SMIC is not yet a major global brand name. As a way to deal with this issue, we are working to make employees, particularly current and expected expatriates, understand the importance of learning about local cultures and customs, and especially to gain emotional understanding of others, while building language skills and business knowledge at the same time. In this way, we will continue to develop strong human resources to promote global business operations in order to create SMIC fans globally.

Creating a better workplace environment together with employees

Since its founding, SMIC has been striving to create an employee-friendly workplace environment based on the thought that the company is the smallest unit of society. According to the recent company-wide self-reported employee satisfaction survey, the overall rating is generally favorable, with some differences found depending on the department and site. Responding to these results sincerely, we will continue with our efforts to improve overall employee satisfaction. At the same time, the company is encouraging the activities of various committees responsible for workplace health and safety and personnel management. As a way to improve the workplace environment, appropriate systems have been established to allow employees to express their opinions honestly; and all collected opinions, regardless of the degree of importance, are treated as valuable information to be used for improvement.

For a company to grow sustainably, we believe first and foremost that it must have good human resources to build a solid foundation. Based on this belief, and according to our Management Philosophy, we have fostered a corporate culture that encourages each employee to act on their own and continue to embrace and overcome challenges. In order to maintain and enhance this cultural asset, we will continue striving for strong human resource development and the creation of an employee-friendly environment.

Governance

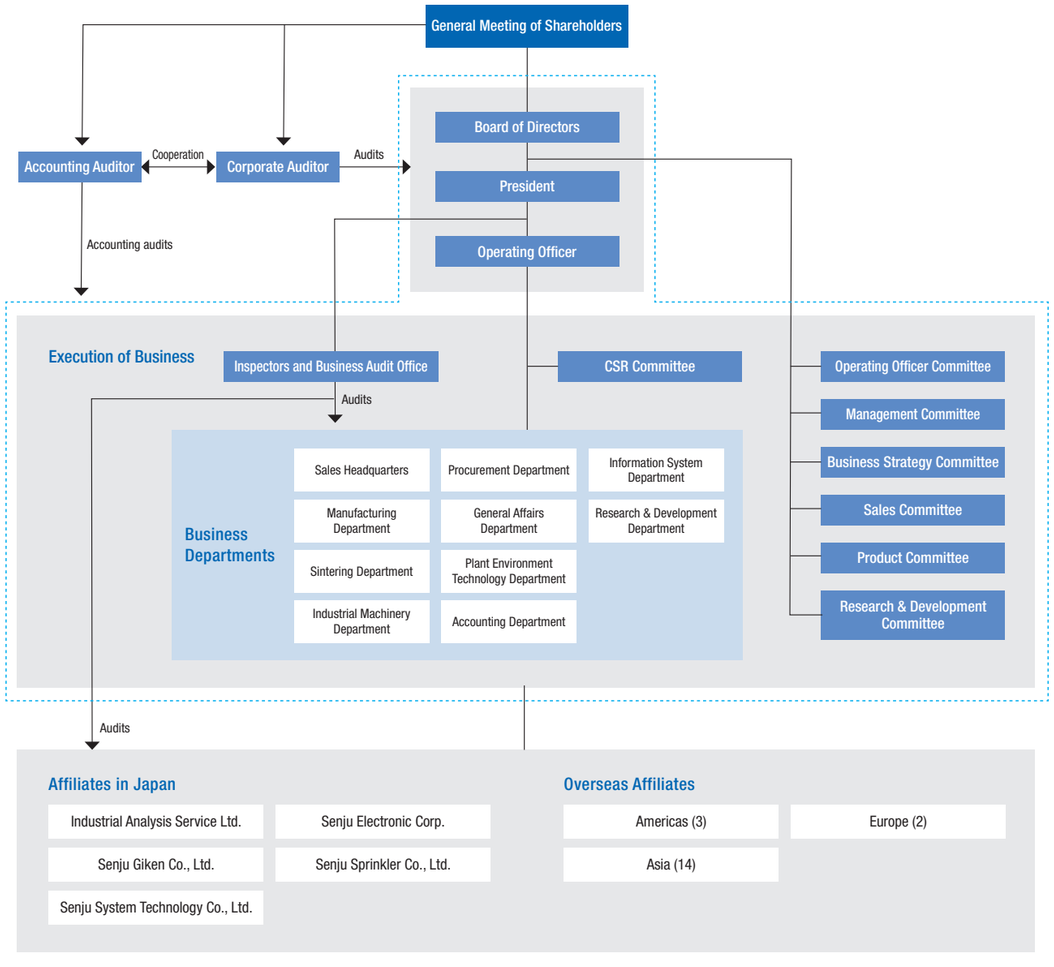
Corporate Governance

Basic Policy

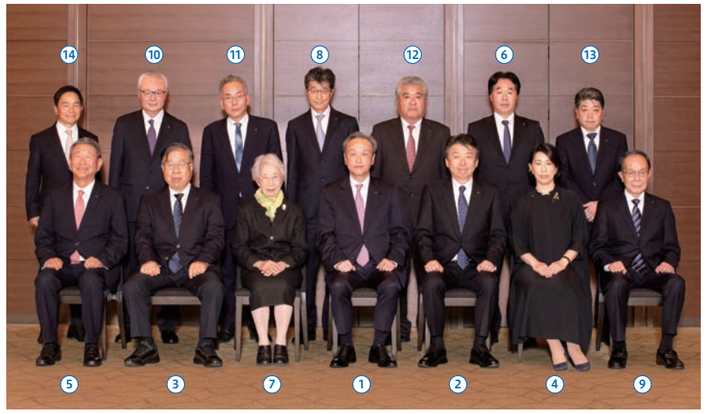
We are striving to build an appropriate corporate governance system primarily by developing and operating management systems for maintaining sound, fair, and highly transparent management while adapting to the changing times. We are also committed to fulfilling our accountability by disclosing information to all stakeholders in a fair and appropriate manner.

Corporate Governance System

Our corporate governance system is built and strengthened principally in the following way: the General Meeting of Shareholders and the Board of Directors are in place in accordance with the law; auditors have been appointed, and the Operating Officer Committee, Management Committee, and Business Strategy Committee have been formed as a measure to ensure the transparency and soundness of management decision-making; risk assessments are conducted by inspectors and the Business Audit Office carrying out internal audits; and sustainability concerns are reported and discussed by the CSR Committee.



Company Officers



President	①	Ryoichi Suzuki
Representative & Senior Executive Director	②	Tomohide Hasegawa
Senior Executive Director	③	Yuji Kawamata
Executive Director	④	Yuka Sato
	⑤	Tetsuya Okuno
Board of Director	⑥	Satoru Akita
Corporate Auditor	⑦	Reiko Sato
	⑧	Yasuhiro Ishii
Inspector	⑨	Kazutoshi Sakaguchi
Senior Counselor	⑩	Makoto Imai
Counselor	⑪	Setsuo Tanaka
Deputy Director	⑫	Toshimaru Sumiyashiki
	⑬	Takeshi Hatazawa
	⑭	Masato Shimamura

Board of Directors and Business Execution System

Board of Directors

The Board is comprised of six directors, two corporate auditors, and one inspector. In accordance with the provisions of related laws and regulations and the Articles of Incorporation, it serves as the highest decision-making body of SMIC's management and administration, and is chaired by the Chairman of the Board (or President). Major responsibilities include appointment and dismissal of operating officers and resolution and approval of important matters submitted by the Management Committee. The Code of Ethics and Disclosure Rules have been separately created to provide a guidepost for the Board's deliberations and decisions.

Management Committee

The Management Committee consists of directors and operating officers. Its primary function is to deliberate on legal matters and determine or approve important matters related to the execution of business. Matters related to business execution to be deliberated or decided on by the Board of Directors (including those posing serious concerns) are submitted to the Board by the Management Committee. A range of rules and regulations, such as for BCP management, crisis management, and information security, have been prepared separately to provide a guidepost for the Management Committee to engage in deliberations and make decisions.

Operating Officer System

We have introduced an operating officer system. Operating officers are appointed by the Board of Directors to serve as general managers for each department, to be responsible for their management and oversight. Major roles of operating officers are to: formulate and execute the business plan of the relevant department based on the company's business plan; and provide guidance to department members as well as give directions and instructions to address important matters.

Appointment of Officers

	Term of Office	Method of Appointment
Board of Director	1 year	Appointed at the General Meeting of Shareholders
Corporate Auditor	4 year	
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

Two corporate auditors and one inspector are appointed to carry out audits on day-to-day management activities, chiefly the execution of duties by directors. Persons in these positions attend Board of Directors meetings with the objective of fulfilling their primary role of preventing illegal or unjust resolutions from being formulated, while performing other duties that comply with relevant laws.

Directors, Auditors, and Operating Officers

	Name	Operating Officer	Area of Responsibility
President	**Ryoichi Suzuki**		
Representative & Senior Executive Director	**Tomohide Hasegawa**	●	Sales
Senior Executive Director	**Yuji Kawamata**	●	Research & Development
Executive Director	**Yuka Sato**		
Executive Director	**Tetsuya Okuno**	●	Manufacturing, Procurement
Board of Director	**Satoru Akita**	●	General affairs, Information system, Sales, CSR and compliance
Corporate Auditor	**Reiko Sato**		
Corporate Auditor	**Yasuhiro Ishii**		
Inspector	**Kazutoshi Sakaguchi**		
Senior Counselor	**Makoto Imai**	●	Accounting
Counselor	**Setsuo Tanaka**	●	Plant environment technology
Deputy Director	**Toshimaru Sumiyashiki**	●	Industrial machinery, Sales
Deputy Director	**Takeshi Hatazawa**	●	Manufacturing
Deputy Director	**Masato Shimamura**	●	Research & Development

Governance

Risk Management

Basic Policy

To fulfill its responsibility as a company located upstream in the supply chain, the SMIC Group has set up dedicated departments and committees to deal with the following possible risks and is implementing measures to prevent risks and minimize damage and losses.

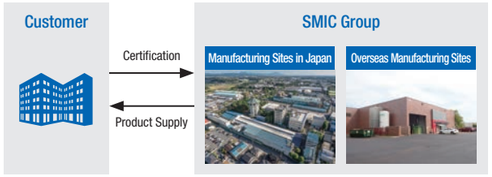
Anticipated Risks

- 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 novel influenza and COVID-19
- Export management risks including safety assurance trade
- Environmental risks such as climate change problems and waste contamination, etc.

Business Connuity Initiatives

We evaluate, analyze, and implement measures for various risks, establishing a risk management framework for minimizing potential damage and enhancing our business continuity capabilities, including the creation of a production backup system to ensure stable supply. We have also developed action plans, such as the Facility Disaster Recovery Plan, to enable quick recovery of production systems. Additionally, we are strengthening the backup system so that production can continue through coordination with sites in Japan and overseas in the event of a disaster or other emergency situation that disrupts production operations.

Production Backup System to Ensure Stable Supply



Pandemic Response

At the SMIC Group, we place the utmost importance on the protection of the health and lives of our employees, their families, the local community, our business partners, and visitors.
Regarding infectious diseases, we will implement measures based on our prevention manual intended to prevent the infiltration and spread of infections within the company and protect employees, their families, and visitors such as business partners from infection.

Natural Disaster Response

In order to protect the life and limbs of employees from earthquakes, fires and other disasters, we conduct various types of emergency drills and exercises for evacuation, shake-out, blackout, firefighting, and first aid (AED courses) every year, receiving guidance from fire departments and security companies. We also participate in comprehensive fire drills conducted by local fire departments as a way to strengthen collaboration with local communities.
We also implement flood prevention measures. Specifically, we have relocated power supply systems in the headquarters building to its upper floors as a step to protect company infrastructure in the event of flooding from the nearby river. Currently, additional plans are underway to install flood protection features such as floodproof doors and shutters.

Promotion of Automation, Robotics, and DX at Factories

In order to ensure business continuity and improve the safety of manufacturing operations, we are implementing automation and robotics technologies, chiefly for solder billet manufacturing, packaging and other purposes, as well as automated guided vehicles (AGVs). Further, we are adopting a teleworking system to allow employees to work from home in a way that is comparable to fulfilling their roles in the office in order to ensure that business operations continue even in the event of a situation where employees are unable to come to the office.

Promotion of a Multi-Purchasing System in Raw Materials

In accordance with the BCP, we have established a multiple purchasing system for the raw materials for a number of chemical synthetics (e.g. flux), just as we did with other products, after overcoming a challenge posed by such materials that were unsuitable for this purpose and by considering risks associated with quality, storage stability and stable supply. To secure raw materials for existing products, we have built multiple purchasing channels after repeated careful research and performance verification sessions.
To ensure stable supplies of new products, a necessary system has been created by selecting raw materials for which multiple purchases are possible from the product design stage. By taking these steps, we are building the capability to respond flexibly to the risk of unexpected supply disruption.

Safety Assurance Export Management

The SMIC Group takes appropriate steps to deal with issues posed by the proliferation of weapons of mass destruction, preventing excess accumulation of conventional arms, as well as trade conflicts between countries. Specifically, we have established export control systems in compliance with laws and regulations, particularly the Foreign Exchange and Foreign Trade Act of Japan, to promote proper development of foreign transactions and maintain international peace and safety. To ensure proper operation and improvement of these systems, SMIC appoints the president as the chief director of relevant functions and the Safety Assurance Export Management Office located directly under its control.

CLASSIFICATION

The development department classifies export items by checking against the list of cargo (export control list) regulated by applicable laws represented by the Foreign Exchange and Foreign Trade Act.

TRADE INSPECTIONS

The Sales Department checks applications and end users of exported cargo.

SHIPMENT MANAGEMENT

When shipping cargo, the department confirms the completion of its classification and trade inspections, checks for the accuracy of the targets, and enters the information in the register.

In accordance with our own regulations, we conduct annual internal audits on the processes for classification, trade inspections, and export management performed by each department in consideration of their respective roles and make notifications for the rules and regulations established and training provided. The above efforts are being made on a voluntary basis, which we have been acknowledged for by the Ministry of Economy, Trade and Industry (METI).

* From "Official Announcement of Companies Producing Export Management Internal Regulations" https://www.meti.go.jp/policy/anpo/compliance_programs_pdf/20250411_kouhyougenkou.pdf (Latest version as of the time this document was made)

Safety Assurance Export Management Training

We conduct export control training annually for employees in charge of classification, trade inspections, and export management to improve the relevant capabilities of each department (41 departments in FY2024). We also provide training sessions for the management team while preparing educational materials explaining the relevant laws and regulations in lay terms that are used in training programs run for indirect departments on an ongoing basis.

Intellectual Property

The SMIC Group develops many inventions and know-how resulting from its research and development activities. In order to protect and utilize this intellectual property, we effectively use the intellectual property rights system to acquire the relevant rights or safeguard the information as trade secrets. We also respect the intellectual property rights of others while developing our own technologies.
We promote these intellectual property activities to support the Group's business development, thus contributing to realizing a sustainable society.

Intellectual Property Education

We organize group study sessions and lectures for each of the different areas of patent, trademark, and copyright, which deal with various topics centering on the acquisition and protection of rights and management of know-how, looking to improve employees' knowledge on these issues as a measure to enhance the risk management capabilities of the development, manufacturing, and sales divisions.

Patent and Trademark Holdings

We actively apply for and obtain patent and trademark rights not only in Japan but overseas as well.

	Number of registrations in Japan	Number of overseas registrations
Patent	506	2,340
Trademark	107	498

(As of December 2024)

Corporate Secret Management/Personal Information Protection

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

Information Security

SMIC group recognizes information security as an important management issue. Based on this recognition, we have established the information security policy, developed appropriate management systems, and formulated basic action plans. In order to raise awareness of the importance of this issue, we provide education for all personnel specifically by running an annual program and carrying out drills protecting from targeted e-mail attacks several times a year.
In preparation for a possible information security incident, the company has established response procedures as follows: Any identified incident must be reported immediately to the president as the incident owner, who will give instructions to the relevant department, which will work with other departments to minimize the damage and impact according to the appropriate measures and steps prepared to enable execution of processes to resume operations as early as possible. In FY2024, there were no serious information security incidents identified that involved payment of a penalty or compensation.

Governance

Compliance

Basic Policy

The SMIC Group defines its Management Philosophy as the cornerstone for ensuring compliance. In line with this definition, we have created the Compliance Basic Policy and CSR Goals based on the CSR Basic Policy, and our employee work rules contain an explicit statement on the importance of compliance. Employees are committed to following these policies, goals, and rules in order to maintain the organization in an orderly state. Also, the group's CSR Basic Policy and CSR Goals set forth principles of fair trade and ethics to be applied to ensure that our activities remain compliant.

Status of Compliance Activities

We conduct various types of training (CSR training, environmental training, procurement policy for supplier training, safety assurance export management training), as well as internal audits and audits of suppliers in order to comply with various laws relating to our business activities.
Internal audits are conducted by the Business Audit Department with the objective of maintaining sound corporate compliance systems. Major audits are carried out at all business sites in Japan and overseas in three areas: security trade control audits in accordance with the Foreign Exchange and Foreign Trade Act; CSR internal audits with reference to the RBA Code of Conduct and using the CSR Basic Policy and CSR Goals as audit criteria; and information security audits for the handling of confidential internal and external information.
Remote audits were performed as a temporary measure against COVID-19 in FY2020 and 2021, and in-person sessions were resumed in some locations in FY2022 before returning to the in-person setting for both Japan and overseas. For any issues identified by audits, corrective actions are taken promptly by the related department as a way to improve management systems on an ongoing manner. In FY2024, no serious legal violations were identified thanks to these training and audit activities.

Audit Results in FY2024 (Unit: number of cases)

Audit Target	Business Audits	Safety Assurance Export
Senju Metal Industry	14	33
Affiliates in Japan	12	3
Overseas Affiliates	17	0
Committees, etc.	0	0
Total	43	36

CSR Audits

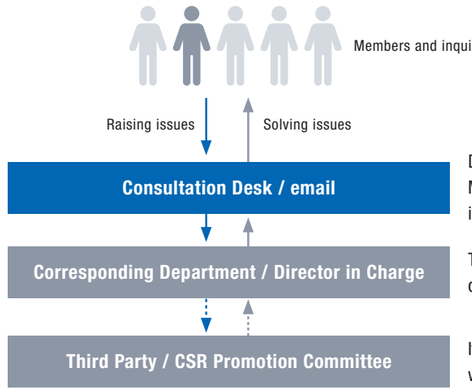
We conduct three types of CSR audits: RBA-VAP audits, CSR audits by customers, and internal CSR audits. By conducting audits based on customer requirements and RBA standards, we have a system in place that enables us to maintain global standards in human rights and labor, health and safety, the environment, fair trade and ethics, and management systems.

	Frequency	Target Sites	Content
RBA-VAP audits	Every 2 years	Priority target locations based on the medium-term plan	Validated Assessment Program (VAP) audits by RBA-certified third-party auditors
CSR audits by customers	Upon customer request	Locations requested by customers	Conducted in accordance with customer audit standards
Internal CSR audits	Annually	All sites including group companies	Conducted by the Business Audit Department with reference to the RBA Code of Conduct, and using the CSR Basic Policy and CSR Goals as audit criteria

Establishment of an Internal Reporting Contact (Smile Mail) and External Consultation Service Contact

We have established a dedicated internal reporting hotline (Smile Mail) to allow employees to anonymously report and consult about problems associated with human rights (harassment, etc.) and compliance (violations of laws and regulations as well as internal rules, deviations from corporate ethics and social norms, etc.), thereby aiming to detect misconduct and take corrective actions as early as possible. In addition, we have opened an external consultation service contact on our website so that our stakeholders can submit their opinions, requests, and complaints. In FY2024, the SMIC Group received a total of 15 cases (including those that were not compliance violations) through this reporting/consultation channel, indicating that the function is being put into effective use. For each case received, careful fact-finding investigations are carried out as necessary and appropriate measures are taken based on internal regulations.

Proposal	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 the information obtained.

The 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.

Anti-Corruption and Conflicts of Interest

We prohibit bribery, collusion and any other form of improper act constituting corruption, as described in the Group's CSR Goals, specifically the second paragraph, "No Improper Advantage," within the "Fair Trade and Ethics" section. In order to prevent the occurrence of improper acts aimed at obtaining undue benefits, we carry out situational monitoring by conducting business audits and holding regular meetings. In FY2024, no corruption-related violations were identified that required disclosure based on applicable laws and regulations.
Also, any suspected cases of conflict-of-interest transactions will be managed properly, with appropriate action taken as needed after deliberations held in accordance with the governance system.

Working with Customers

Securing the Quality and Safety of Our Products

Basic Policy

We have defined a Quality and 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 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 international standards and certificates at our sites in Japan and overseas.

ISO9001 (23 sites); IATF16949 (19 sites)

Initiatives to Improve Quality

The SMIC Group is endeavoring to eliminate defects in its delivered, processed, and accepted products. To this end, the Group's annual quality activity plan has been created, while each division sets its own goals to work toward reducing the number of defects. We strive for quality improvement by continuously carrying out the PDCA cycle, where if a defect is detected, recurrence prevention measures are prepared and analysis results are incorporated into improvement plans for the following fiscal year. With the aim of increasing the Group's overall quality level and rolling out measures across the Group, we hold quality meetings attended by members from all sites in Japan and overseas, and implement quality audits on overseas factories on a regular basis.

Product Chemical Management

We manage chemical substances as per our Environmental Management System in order to comply with the RoHS directives and REACH rules, which are European chemical substance 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 chemical substances we handle and acquired SDS from our suppliers, to relay information to customers based on Articles 31 and 32. We supply customers with SDS and 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 our manufacturing and sales locations in Japan, including group companies, twice a year for the solder and sintering divisions, respectively. In addition, periodic quality audits are conducted once a year at all our manufacturing sites in Japan and overseas.

Preventing Defects in Quality Control Management

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 on 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 Customer Satisfaction

The SMIC Group is committed to improving customer satisfaction. For this purpose, we promote a host of activities, chiefly by making proposals to customers, planning joint development projects, and hosting technical seminars and technology exchange meetings, while enhancing sales activities and technological innovation. As a result of these efforts, we received the following commendations in FY2024.



2025 EPIC Supplier Award
by Intel Corporation



Certificate of Appreciation for Excellent Quality
by Nissan Motor Co., Ltd.

Working with Suppliers

Procurement Activities

Basic Policy

We are observing procurement compliance and working towards establishing a safe and secure supply chain to contribute to society through procurement and build good relationships with our suppliers.

CSR Sourcing Policy

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 transactions with suppliers.

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 Approach Towards Suppliers"
5. IATF 16949 requirements that must be considered for deliverables
6. Environmental management requirements that must be considered for deliverables

Basic Approach Towards Suppliers

To build a sustainable supply chain and eliminate risks throughout the entire supply chain, we ask our suppliers to comply with the 14 items of the "Basic Stance Toward our Suppliers," which include compliance with laws and social norms, business continuity and recovery plans in the case of emergency. These requests are based on the requirements of IATF16949, ISO9001, ISO14001, and the supply chain assessment guidelines set by the RBA.

1. Compliance with laws and social norms
2. Considerations towards human rights and manual labor
3. Considerations towards safety and hygiene
4. Prohibition of corruption and promotion of fair trade
5. Sound business management
6. Quality, delivery dates and stable supply
7. Preparedness for emergencies and continuation of projects
8. Environmental considerations
9. Promotion of responsible mineral supply
10. Emphasis on VE (Value Engineering) activities
11. Emphasis on provision of information
12. Information security
13. Elimination of relationships with criminal groups and individuals
14. Social contribution

CSR Procurement Initiatives

Our procurement department, together with related divisions and the manufacturing division, conduct audits on suppliers both in Japan and overseas according to yearly plans. In FY2024, as in previous years, our suppliers inside and outside of Japan provided their cooperation in our supply chain assessments, and no problems were found.
Furthermore, we are communicating actively with our suppliers in bilateral visits, explanation sessions, and online meetings.

Initiatives in Responsible Minerals Sourcing

The SMIC Group is committed to responsible minerals sourcing. In line with this endeavor, we prohibit transactions with individuals and groups involved in human-rights abuses resulting from conflicts, terrorism, child labor and other practices, and have announced a declaration to observe the Responsible Business Alliance (RBA) Code of Conduct and promote responsible minerals sourcing.
In January 2011, we participated in the RBA, and we have built close relationships with customers in the electronics industry. Since joining the Responsible Minerals Initiative (RMI) in 2014, we have been playing a membership role in requesting our supplier smelters to undergo Responsible Minerals Assurance Process (RMAP) inspections and obtain third-party certification. As a result, all of our partner smelters obtained RMAP certification in February, 2015. We are working constantly to avoid the possible use of controlled minerals. When receiving requests from customers for relevant information on specified suppliers, we respond by providing the necessary information using the Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) formats published by the RMI. In response to the EU Conflict Minerals Regulations, our European Group companies, Senju Metal Europe GmbH, and Senju Manufacturing Europe s.r.o., have established a supply chain policy and are taking appropriate measures. We will continue to call on all our supplier smelters to renew their RMAP certification in a bid to sustain a safe and secure supply chain for SMIC's products.

P.19 SMIC Group's Initiatives for Non-use of Conflict Minerals

Responsible Business Alliance
Advancing Sustainability Globally

RESPONSIBLE MINERALS INITIATIVE

Working with Employees

Our Principle on Human Resources

Basic Policy

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 a workplace environment where a diverse range of human resources can realize their potential while respecting each other's differences.

Respect for Human Rights

Basic Policy on Human Rights and Labor

We define our policy and goals for human rights and labor in our CSR Basic Policy and CSR Goals. Embracing the principles of Ability, Integrity, and Fighting Spirit, which are the key elements of our Management Philosophy, we are striving to build an environment where employees can be productive and enthusiastic. Based on the belief that harassment and discrimination must not be tolerated, we provide relevant employee education on an ongoing basis, primarily by running an annual anti-harassment/discrimination training program.

Fair Evaluation and Our Personal Statement System

With the aim of promoting employee capacity-building and development, SMIC operates a system for employees to undergo personnel evaluations and have an interview with their supervisor on a semiannual basis. The purpose of this is to review the performance of each employee in light of achievements against set targets and issues to be addressed, and to give appropriate guidance. Each employee's attendance, performance and ability are evaluated in a fair and correct way, and the results are reflected by making decisions on promotions, pay raises and bonus amounts.

In an effort to enhance employees' performance, we also run a personal statement system using an annual questionnaire survey, the purpose of which is for each employee to express their thinking and feelings about their job and workplace environment.

Human Resource Training

We encourage all employees to constantly work to obtain new knowledge, looking to cultivate professionals who are capable of making rational decisions from a broad perspective. We examine effective methods and approaches while referring to training program regulations, and organize a suite of rank-based and role-specific skill-building programs.

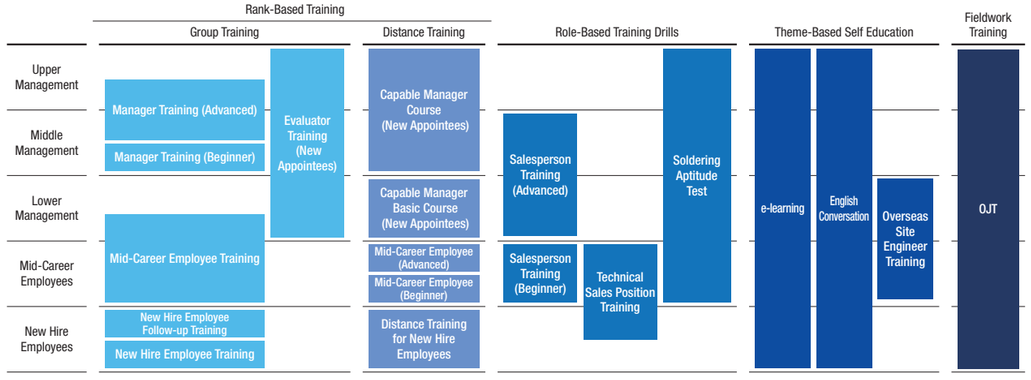
Since FY2020, we have implemented the Soldering Aptitude Tests. The aim of which is to increase employee engagement and understanding of our products by having them learn about the quality and techniques of soldering. As a result, we also hope this will lead to new product development.

Internal Award Program

SMIC organizes two annual internal presentation sessions for employees to report on different themes: small group activities and technical achievements. The purpose is to promote employees' growth and improve their motivation. Excellent achievements are recognized with a President Award.

Education Support System

We support motivated employees in acquiring advanced and cutting-edge knowledge and skills, to contribute to the development of innovative products. This is done through a scholarship program that provides financial assistance for employees pursuing higher education at universities or graduate schools. 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.



Occupational health and safety

Basic Policy

We have clearly stated the basic steps necessary to prevent workplace accidents and enhance our health and safety activities. We have also established a Health and Safety Policy and health and safety management regulations to ensure the health and safety of our employees and promote the formation of a comfortable workplace environment.

Health and Safety Policy

1. We strive for providing comfortable working environment by satisfying safety and health activity based on the Labor Standards Act and the Industrial Safety and Health Act.
2. We establish safety and health control system and positively promote the necessary actions through the organization and job function in order to prevent industrial accident.
3. The employee complies with the regulations defined by the law and company to prevent industrial accident and to pursue health maintenance.

Labor Health and 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

	2020	2021	2022	2023	2024
Accident Rate	0	0	0.62	0	**1.84**

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

Health and 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 have not been in training for foreman for five years)
- Other health and safety 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 run an internal health consultation desk while conducting mandatory health examinations. We also offer a number of programs to help employees pay for personal medical treatment, such as the option to purchase cancer insurance at the company's expense, and a scheme for the company to bear part of monthly expenses to be paid to medical institutions.

PFAS Response

At the Tochigi Segment, in order to prevent organic fluorine compounds from harming the health of workers at the manufacturing site, we set up separate dedicated work spaces, monitor the work environment, and conduct blood tests of workers. The results of the workplace monitoring and blood tests have been within safety limits according to European and US standards. We will continue striving to protect workers' health and safety by conducting regular monitoring and testing.

Support Suited to Each Workplace

We endeavor to enable employees to work continuously in a healthy and safe state. At our factories in particular, we supply salt-fortified foods as a preventive measure against heat stroke in the summer, as well as milk as a health measure.

Various Systems		Frequency/Period	Content
Health Management	General Health Examinations	1 time/year	Implementing general health or medical examinations to prevent lifestyle-related diseases for employees. Implementing guidance on lifestyle improvements for those who desire it.
	Medical Examination for the Prevention of Lifestyle-Related Disease	2 times/year	
	Special Health Examination	2 times/year	Health examinations containing special items for employees engaged in statutory specified hazardous work
	Stress Checks	1 time/year	Conduct questionnaire surveys and offer advice to encourage individual mental health care awareness and lifestyle changes.
Welfare	Cancer Insurance System	25 years old or older	Options for employees to buy cancer insurance fully at the company's expense as a measure to reduce their financial burden for unexpected treatment in case of cancer development*
	Medical Expense Reimbursement System	As needed	Scheme for the company to partially bear employees' personal medical treatment burden
Other	Use of Counseling Room	Anytime	Workplace and job counseling with vocational counselors.

*Redesigned to include plans available to cancer survivors and outpatients

Working with Employees

Making Worker-Friendly Workplaces

Basic Policy

We are working to build a workplace environment where all employees can work energetically, such as by providing support for work-life balance and operating organizations to promote activities to encourage social interaction among employees and enhance their welfare. In addition, we are implementing various improvement measures to ensure that employees can work with peace of mind, centering on controlling long working hours. For this purpose, we use a computerized attendance management system to obtain accurate data on the number of hours worked and hours spent at the company, and give appropriate guidance to superintendents based on the data.

Supporting Work-Life Balance

We have established our childcare leave and nursing care leave systems based on the Child Care and Family Care Leave Act so that employees can maintain work-life balance and work with peace of mind. In October 2022, the above Act was revised, enabling the introduction of parental leave after childbirth (maternity leave and paternity leave) and options for taking childcare leave at separate intervals. In FY2024, three male employees at SMIC took paternity leave and five took childcare leave. We also operate a consultation desk to address matters related to childcare and nursing care leave systems as a way to help all employees achieve work-life balance. Additionally, we offer short-time working options to parents of children three years of age or older on a request basis. This system is actually being used by quite a few employees who are pursuing their career goals while also fulfilling their family responsibilities.

Childcare Support Programs	Nursing Care Support Programs
Childcare Leave	Caregiver Leave
Parental Leave After Childbirth (Maternity/Paternity Leave)	Short-term Leave for Caregiver
Time-off for Sick/Injured Childcare	Reduction of Scheduled Working Hours for the Purposes of Caregiving
Reduction of Scheduled Working Hours for the Purposes of Childcare	Exemption from Unscheduled Work for the Purposes of Caregiving
Exemption from Unscheduled Work for the Purposes of Childcare	Limit on Working in Excess/Overtime, for the Purposes of Caregiving
Limit on Working in Excess/Overtime, for the Purposes of Childcare	Limit on Nighttime Work, for the Purposes of Caregiving
Limit on Nighttime Work, for the Purposes of Childcare	

Welfare and Social Interaction for Employees

Our in-house mutual-support group Senyukai holds group and recreational activities to encourage social interaction among employees. In addition to the Health and 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 within the company, and to contribute to the realization of a safe and comfortable workplace and development of the company.

Management of Working Hours

The SMIC Group is striving to prevent long working hours, specifically aiming to ensure that the number of hours worked per week does not exceed 60 and the number of days worked per week does not reach seven, according to the standards set forth by the RBA Code of Conduct, while complying with labor-related laws and regulations. In a bid to meet this requirement, we are conducting an array of measures to control the number of hours worked through monitoring by using the attendance management system with automated check functions, confirming monitoring data at the monthly meeting, and giving appropriate guidance based on the data.

Management of Wages

In order to ensure the proper management of wages, the SMIC Group establishes a range of rules and regulations related to regular salary, benefits and allowances, bonuses, special rewards, severance pay and other monies to be paid to employees, based on labor-related laws and regulations.
We have begun to do research on the issue of living wages as an agenda under discussion by the RBA, and other international initiatives for setting global standards. We are developing systems to respond to living wages, including making adjustments when discrepancies arise between survey results and current conditions.

Diversity

Basic Policy

We respect diversity between individual employees, specifically in terms of ethnicity, gender, career, age, values, family structure, and lifestyle. By utilizing these differences, we can flexibly and effectively adapt to the constantly changing business environment and diverse needs of customers. We believe that each individual employee should be able to fulfill their potential, and to make this possible, we are addressing diversity issues with the aim of realizing workplaces where employees feel happy and satisfied, and have peace of mind and confidence about continuing to pursue their career.

Hosting Diversity Study Groups

We hold diversity group study sessions and seminars on an as-needed basis according to needs and the situation. Each session is organized with a specific theme selected by focusing on differences among employees and looking to arouse their interest in this issue. In the session, participants share related experiences and circumstances with each other while describing their views, advice, and plans for solutions, with the hope of making new discoveries. These activities also aim to build deeper mutual understanding among employees, and between the company and employees, thus creating a more comfortable work environment.

Promoting the 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 are working to promote the advancement of women.

Training and Seminars

We regularly host training and seminars according to the needs and circumstances to promote the ambition of our employees.

Employment of Disabled People

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

Response to Diversity

SMIC is committed to creating a diverse and inclusive workplace environment. As part of its relevant efforts, the company provides facilities to accommodate diversity-based needs, such as spaces for prayer and other religious practices, in addition to breast pumping rooms. We have also set up a contact point for employees to submit requests related to their individual characteristics related to diversity, typically in terms of religion, gender, or disability, and have built a system to ensure that such requests are responded to appropriately.

Supporting Employment of People with Disabilities in Cooperation with Local Communities

Myoko Café

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 SMIC's main office building, is one such place that accepts people with intellectual disabilities who use municipal welfare facilities. We provide such special needs people with opportunities to connect with society through work. Working at Myoko Café increases their opportunities to move around on public transport by themselves. We support them in fostering positive and independent characteristics gradually by doing many different tasks such as exchanging messages over the telephone, café operation, and bakery sales, and acquiring more sophisticated social skills. SMIC has sponsored these activities since 2005 when the former main office building was rebuilt to the current one, and by providing café spaces, paying for their utility costs, and ordering drinks to be served at internal meetings.

* This is an organization established about 40 years ago. Its aims are for groups 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, and their families come together to understand each other's disabilities, to promote sociability, and to provide places to work





Activities of Social Contribution

Culture, Education, and Community Outreach

Giving a lecture at a public junior high school in Tokyo

Headquarters Dec. 2024



High School Ekiden Race Volunteering

Kansai Segment Feb. 2024, 10 people



Guardrail cleaning

Senju Electronic Corp. / Senju Sprinkler Co., Ltd. Jun. 2024, 72 people



Blood donations

Senju Giken Co., Ltd. Jan. 2024, 8 people



Clean-up activities around the factory

SENJU (THAILAND) CO., LTD. May 2024, 82 people



Moka City Study Session About the Environment

Tochigi Segment Jul. 2024



Hand soldering lecture at a local high school

Kansai Segment Jun. 2024



Giving a lecture at a local junior high school

Senju Sprinkler Co., Ltd. Oct. 2024



Engineer giving a lecture at a local university

Industrial Analysis Service Ltd. Feb. 2025



Blood donations

SENJU (THAILAND) CO., LTD. Mar. 2024, 40 people



Blood donations

SENJU SOLDER (PHILS.) INC. Feb. 2024, 10 people



Clean-up activities around the factory

Senju Metal Korea Co., Ltd. Dec. 2024, 11 people



Helping at a foodbank organization and donation

Senju Electronic (Taiwan) Co., Ltd. May. and Jun. 2024, 36 people



Moka City Industrial Park clean-up campaign

Tochigi Segment Nov. 2024 **Kinugaoka Factory:** 7 people; **Matsuyama Factory:** 5 people

Clean-up activities around Naka Factory

Kansai Segment Apr. and Sep. 2024, 48 people

Clean road operation in the Sakamoto District

Kansai Segment Dec. 2024, 10 people

Noto Peninsula Earthquake Disaster Volunteering

Senju System Technology Co., Ltd. Feb. 2024, 2 people

Charity activities helping people with disabilities

Senju Electronic (Taiwan) Co., Ltd. Mar. 2024, 33 people

Helping groups for people with disabilities

Senju Electronic (Taiwan) Co., Ltd. Jun. 2024, 46 people

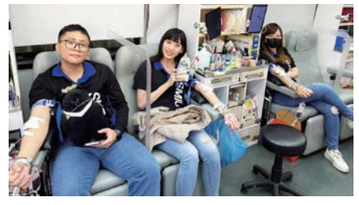
Donation of recycled materials to a school

SENJU SOLDER (PHILS.) INC. Jun. and Oct. 2024



Blood donations

Senju Electronic (Taiwan) Co., Ltd. Jan. and Jul. 2024, 26 people



Community clean-up activities

Senju Metal (Shanghai) Co., Ltd. Nov. 2024, 3 people



Clean-up activities around Nishiwaki Factory and at Okitama Shrine

Kansai Segment May and Sep. 2024, 94 people

Clean up activities around a local park

Kansai Segment Aug. 2024, 18 people

Clean-up activities around the factory

Senju Giken Co., Ltd. Jun. and Nov. 2024, 47 people

Donation of clothing to developing countries

Senju Electronic (Taiwan) Co., Ltd. Jan. 2024

Children's Day event volunteering

Senju Electronic (Taiwan) Co., Ltd. Apr. 2024, 1 person

Activities of Social Contribution

Natural Environment Protection

Activities of Arakawa Waterside Supporters

Headquarters / Soka Segment / Industrial Analysis Service Ltd. Aug. and Nov. 2024, 18 people



Activities of the Moka Environmental Partnership Conference

Tochigi Segment Mar. 2024, 13 people



Kinomata Valley clean-up activities

Tochigi Segment Oct. 2024, 25 people



Woodland conservation volunteering

Kansai Segment Jun. and Oct. 2024, 18 people



Jagahora River clean-up activities

Chubu Segment Nov. 2024, 3 people



Satetsu River clean-up campaign

Senju Electronic Corp./ Senju Sprinkler Co., Ltd. Apr. 2024, 48 people



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

Senju Sprinkler Co., Ltd. Jun. 2024, 18 people



Participation in the Ishizaki Beach Cleanup

Senju Giken Co., Ltd. May and Jul. 2024, 21 people



Beach cleanup activities

Senju System Technology Co., Ltd. Jul. 2024, 2 people



Cleanup activities in the forest reserve

SENJU COMTEK CORP. / SENJU AMERICA INC. Jul. 2024, 6 people



Riverside clean-up

SENJU SOLDER (PHILS.) INC. Sep. 2024



Helping with a plant-growing program

SENJU (MALAYSIA) SDN. BHD. Oct. 2024, 31 people



Beach cleanup activities

Senju Metal (Hong Kong) Limited / Senju Electronic Materials (Hong Kong) Co., Ltd.
Dec. 2024, 12 people



Beach cleanup activities

Senju Electronic (Taiwan) Co., Ltd. / Senju Semiconductors Taiwan Co., Ltd.
Nov. 2024, 22 people



Donation Activities

Donations	Site	Date
Donation to a food drive	SENJU AMERICA INC.	Nov. 2024
Donation to the Thai Red Cross	SENJU (THAILAND) CO., LTD.	Mar. 2024
Donation to an organization supporting women	Senju Semiconductors Taiwan Co., Ltd.	May 2024

Sekido Museum of Art

The Sekido Museum of Art opened in April 2006 within SMIC's headquarters building. It was founded by the Satoh Artcraft Research & Scholarship Foundation, with the objective of contributing to international cultural exchange and mutual understanding, and enhancing Japanese culture through promoting art craft activities. The museum's collection is largely comprised of works collected by the late Honorary Chairman Senju Satoh, and the name "Sekido" derives from his pseudonym.
In FY2025, the museum held the Islamic Pottery Exhibition (January 17 to April 13) and the 53rd Traditional Crafts Japanese Metalwork Exhibition (May 24 to June 20), and also hosted a Concert in Museum on June 9. In addition, the Southeast Asia Art and Craft Exhibition (provisional name) is scheduled for October 25 to December 21, 2025.





TOPICS

Senju Sprinkler Co., Ltd. celebrates the 50th anniversary of its founding

Sustainable Firefighting Equipment Technology to Safeguard the Future

In 1963, the fire sprinkler head we developed became the first to acquire type approval as a Japan-made product in this category. Over more than a half century since then, Senju Sprinkler has been providing sprinkler heads and related products while placing particular emphasis on reliability and quality. In a bid to fulfill its philosophical mission to “deliver the best products to protect people’s lives and property,” the company is persisting in improving its technical capabilities and continuing to be a domestic market leader. Further out, in collaboration with SMIC, the company is developing highly functional products by utilizing high-quality solder materials.

Company profile

Senju Sprinkler Co., Ltd.

- Established: April 1974
- Headquarters address: 23 Senjuhashidocho, Adachi-ku, Tokyo
- Number of employees: 150
- Business line: Development, manufacturing and sales of fire sprinkler systems and related equipment
- ISO Certification: ISO 9001 (Quality); ISO 14001 (Environment)

Value to offer 1

Safe and Secure Infrastructure

Sprinkler heads are commonly located in various public places such as commercial facilities, office buildings, hospitals, and hotels. Equipped with an automatic activation feature, the device performs effectively to extinguish a fire in its early stages, thus minimizing damage. In this sense, the product represents a core item for disaster prevention systems for the purpose of protecting people’s lives and property.

History of products



1963
Japan’s First Domestically Certified Automatic Fire Sprinkler
Model LP72



1971
Automatic Fire Sprinkler / Multiple Orifice Type
Model F

Total number of sprinkler heads produced exceeds **1 million**



1979
Alarm Valve / Wet Type
Model KV

Total number of sprinkler heads produced exceeds **10 million**



1986
Automatic Fire Sprinkler / Flush Type
Model ZN



1996
Automatic Fire Sprinkler / Flush Type, Quick Response
Model ZQR



1995
Foam Head
Model SMF-01



2000
Deluge Valve
Model DVW



2007
Alarm Valve for High-Rise Condominium
Model CVR40U

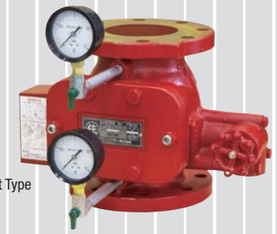


2009
Automatic Fire Sprinkler for Domestic Water Usage
Model SR

Total number of sprinkler heads produced exceeds **50 million**



2009
Automatic Fire Sprinkler / Concealed Type
Model CQR



2010
Alarm Valve / Wet Type
Model XV



2012
Automatic Fire Sprinkler with Impact Resistance
Model KQR



2016
Automatic Fire Sprinkler for Domestic Water Usage with Impact Resistance
Model KSR

Total number of sprinkler heads produced exceeds **90 million**

Production of the closed type fire sprinkler head (number of units)

History of the company

1963
Became the first to acquire type approval (Precedent of the National Research Institute of Fire and Disaster) for a Japan-made sprinkler head

1964
Sprinkler Division established in SMIC

1974.4
Senju Sprinkler Co., Ltd. founded (spun off from SMIC’s manufacturing division)

1975.5
Started operation of the Shibajuku Factory in Ichinoseki City, Iwate

1986.4
Absorbed the sales division from SMIC (for integrated process covering production and sales)

1990.7
Marumori Factory built in Ichinoseki City, Iwate started operation as the main factory

2008.10
Beijing Senju Fire Fighting Equipment Co., Ltd. established

2015.4
Senju Fire Protection Corp. launched (spun off from SENJU COMTEK CORP.)

2022.10
Tianjin Senju Fire Protection Equipment Co., Ltd. established (relocated from Beijing to Tianjin)

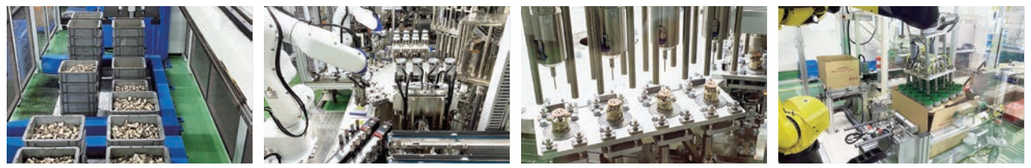
2024.2
Senju Fire Protection Corp. and Tianjin Senju Fire Protection Equipment Co., Ltd. became subsidiaries.

Value to offer 2

Automation-driven High-Reliability Manufacturing

Sprinkler heads must be able to work promptly and effectively in the event of a fire, which is a crucial property of this product. At the same time, in a normal operating state, water leakage or other malfunctions must be completely prevented. Therefore, a very high level of quality and reliability is required for this product. Recognizing this, the company established rigorous quality control systems and installed automated production facilities to operate the manufacturing process. This has enabled the company to maintain stable supply functionality, thus winning the trust of customers.

Input materials › Processing › Assembly › Inspection › Packaging › Shipping



Value to offer 3

Group’s Joint Development of Environmentally Friendly Products

From early on, the SMIC Group began noting the trends toward regulating PFAS in fire extinguishing foam concentrates, and started working on the development of a new variety that can substitute for the conventional product to accommodate the issue. The result was the creation of *AwaAwa10*, a completely PFAS-free synthetic surfactant foam concentrate that features high extinguishing performance while minimizing the impact on people’s health and the environment. This achievement was made possible by the joint project with Senju Metal Industry and Senju Sprinkler, bringing together the strengths of each company, namely Senju Metal Industry’s expertise in surfactants gained through its development of flux, a soldering material, and Senju Sprinkler’s knowledge of fire extinguishing mechanisms. Also, this product represents a solution created by combining the capabilities of diverse businesses within SMIC Group in order to address challenges posed by fire safety and environmental protection.



Fire extinguishing test using the PFAS-free fire extinguishing foam concentrate *AwaAwa10*

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 aim to realize a zero-emission society and contribute toward building a sustainable society through our business activities.



Environmental Vision 2050

THE THREE SOCIETIES WE AIM TO REALIZE

1 Realize a LOW CARBON SOCIETY

Taking on the challenge of building a zero-greenhouse gas society

▼

Promoting energy saving in our corporate activities

2 Realize a CYCLICAL SOCIETY

Conserving global resources through recycling

3 Realize a society that exists in HARMONY WITH NATURE

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

Second Environmental Plan

(FY2020 – FY2030)

Efforts toward a carbon-neutral business

Reduce CO_2 emissions compared to FY2013 (17,328 t-CO_2) by 25% by FY2030

Promote product recycling

Develop products using 100% 3R* materials

Cut the 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

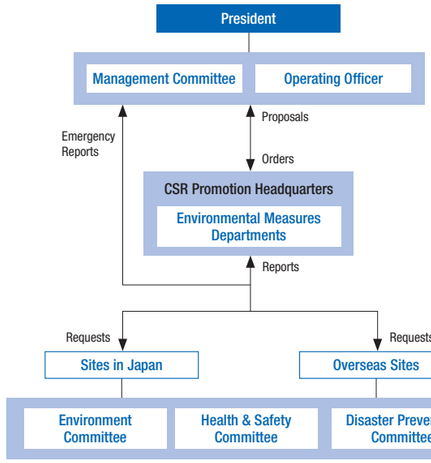
Basic Policy

We believe conservation of the global environment is the shared mission of all humanity. Based on our mission and to realize 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 to reduce 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 have in place our environmental philosophy and environmental policy, which serve as the guiding principles of our environmental activities. A total of 19 sites in Japan and overseas have obtained ISO 14001 certification, and based on this, each site has built its own environmental management system and makes improvements on an ongoing basis by running the PDCA cycle.
Regarding our four priority themes relating to the environment (reducing greenhouse gases, reducing waste, reducing harmful chemical substances, and nature conservation activities), each site and business unit both in Japan and overseas sets annual goals and action plans and conducts activities aimed at reducing our environmental footprint.

Environmental Risk

We determine various environmental risks such as climate change problems and pollution caused by waste, set strict voluntary administrative standards for preventing environmental accidents and pollution accidents, and take 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 FY2024, 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

In order to raise employee awareness of the environment as well as to maintain and improve our environmental management system, we provide environmental training programs in the following categories:

- General training (annually)
- Waste management (as needed)
- ISO14001 training (as needed)
- Emergency response (annually)

Environmental Audits

We conduct environmental compliance evaluations twice a year to monitor the state of meeting requirements related to environmental measurements and notifications, as well as carry out necessary measures according to applicable laws and regulations. We also carry out an internal audit to confirm the validity of the ISO 14001 certification once a year. These tasks are performed by compliance evaluators or general managers of related departments.

TOPICS

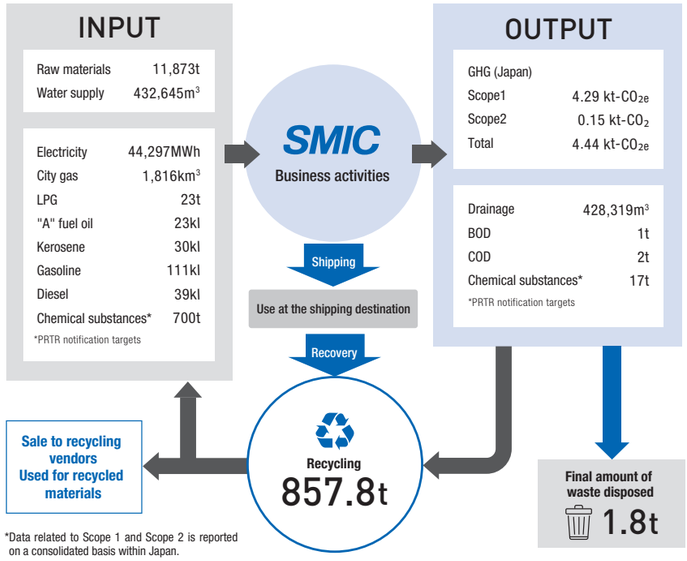
Received the ECCJ Chaiman's Award at the FY2024 Energy Conservation Grand Prize

At the FY2024 Energy Conservation Grand Prize hosted by the Energy Conservation Center, Japan (ECCJ), we won the ECCJ Chairman's Award commendation for the energy conservation best practice category. The award was offered to recognize our achievement in the joint development of an air reflow soldering method with Tokai Rika Co., Ltd. to achieve carbon neutrality in light of the contribution of this method to building an energy-conserving society.
We will continue to pursue energy conservation and environmentally friendly manufacturing processes, aiming to contribute to realizing a sustainable society.



Environment

Environmental Footprint Material Balance



*Data related to Scope 1 and Scope 2 is reported on a consolidated basis within Japan.

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.
At the Tochigi Segment, main facility of SMIC, around 860 tons of waste is generated annually. This amount has been reduced to 1.8 tons of final disposal volume as a result of various measures conducted.

Greenhouse Gas Reduction

Basic Policy

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

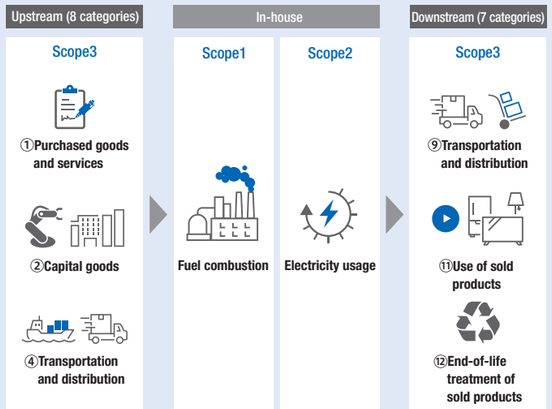
CO_2 Emissions Calculation Mechanism

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.
In this context, a scope-setting format is adopted to create appropriate calculation procedures. Detailed guidance is provided by the GHG Protocol, which sets forth international standards including the definition of three scopes of emissions measurements.

Scope1
Direct emissions associated with the company's business activities (e.g., in-house power generation: combustion of heavy fuel oil, etc.; vehicle use: combustion of gasoline or diesel fuel)

Scope2
Indirect emissions associated with the use of electricity, heat, and other energy purchased by the company (e.g., electricity usage generated by power companies)

Scope3
Emissions of other companies related to the company's business activities, such as raw material procurement, logistics, and sales, which occur in the value chain apart from Scope 1 and 2, which are classified into 15 categories.



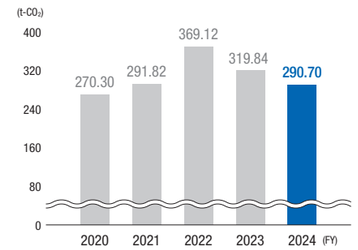
Reduction of Greenhouse Gas Emissions (Scope 1 and 2)

We are promoting energy conservation activities by improving the work efficiency of factory operations and replacing equipment such as air conditioners and transformers appropriately. As a result of these activities, in FY2024 we achieved a reduction equivalent to 291 t-CO_2.
We are also moving forward with switching to renewable energy sources for purchased electricity. In June 2023, the switchover process was completed at all of our manufacturing sites in Japan. As a result, in FY2024, Scope 2 emissions from the Group's sites in Japan were cut to about 150 t-CO_2.

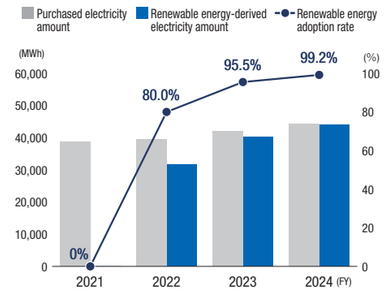
Examples of Key Improvement Initiatives

Site	Initiative	Reduction (t-CO_2)
Tochigi Segment	• Reviewing the operation of nitrogen generators (PSA) • Reducing HCFC (refrigerant) usage • Conversion to LED lighting	115
Kansai Segment	•Installing shading nets on outdoor air conditioning units	33
Senju Electronic Corp.	•Conversion to LED lighting •Cleaning aluminum fins on outdoor air conditioning units	53
Senju Giken Co.,Ltd.	•Reducing the number of units with PSA in operation by flow control •Conversion to LED lighting	65

Reduction in GHGs



Status of Switchover to Renewable Energy Sources for Purchased Electricity at Sites in Japan




Independent Assurance Statement

Calculation of Global Emissions (Scope 1 and 2)

We have completed the calculation of GHG emissions (Scope 1 and 2) from our overseas sites, and obtained third-party validation for global emissions, which include those from all sites in Japan and overseas put together.
Going forward, we will accelerate efforts to reduce emissions from overseas sites.

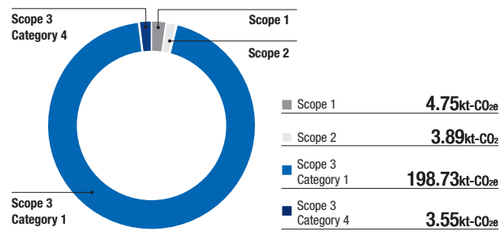
FY2024 GHG emissions

		(t-CO_{2e}/t-CO_2)	(t-CO_{2e})
Japan	Scope1	4,292	4,440
	Scope2	148	
Overseas	Scope1	459	4,197
	Scope2	3,738	
Global Total	Scope1	4,751	8,637
	Scope2	3,886	

Calculation of Greenhouse Gas Emissions (Scope 3)

We are working on calculating Scope 3 GHG emissions. With respect to FY2024 results, calculations have been completed for Category 1 (Purchased Goods and Services) and Category 4 (Upstream Transportation and Distribution) for two manufacturing divisions (solder, sintered material) on a non-consolidated basis. Calculations are in progress for the total volume of Category 1 for the Industrial Machinery division and secondary raw materials and other categories.

2024 CO_2 Emissions by Scope



Environment

Waste Reduction/Recycling

Basic Policy

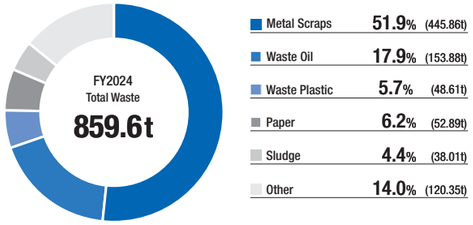
We conduct waste reduction and recycling activities based on the principles of 3R (Reduction, Reuse, Recycling).

Efforts to Reduce Waste Emissions

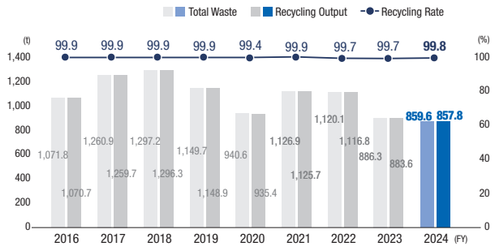
Starting from 2013, we have been implementing initiatives to reduce waste generation centering on recycling solder, recovering plastic secondary raw materials, and recycling sintered product scraps. Since 2016, the Tochigi Segment, where our main factory is located, has continued to achieve a recycling rate of more than 99% every year.

In 2024, our final disposal volume of waste was 1.8 tons, resulting in a recycling rate of 99.8%.
As for grinding stone scraps and other materials that are disposed of as waste, we will appoint a recycling vendor and aim to further improve our recycling rate.

Breakdown of Waste for Sites



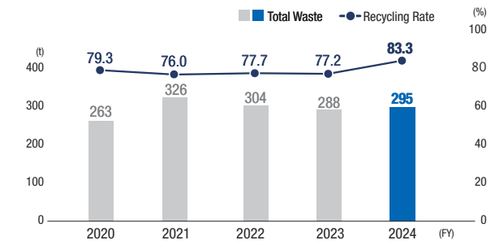
Total Waste Emissions and Recycling Rates for Sites



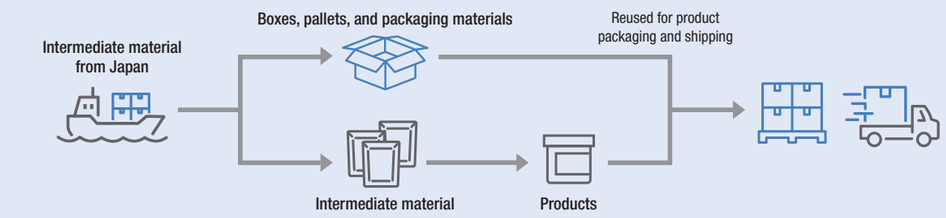
Initiatives at Overseas Sites

As in Japan, we conduct environmental activities at overseas sites based on four priority themes related to the environment (reducing GHG emissions, reducing waste generation, reducing harmful chemical substances, and nature conservation activities). Major activities include reducing power usage by managing the operation of manufacturing equipment as well as collecting and recycling product containers and packaging. We hold meetings with each overseas site once a year to ascertain their annual plans and initiatives in order to promote activities aimed at environmental conservation suitable for local characteristics and circumstances.

Total Waste Emissions and Recycling Rates for Overseas Sites



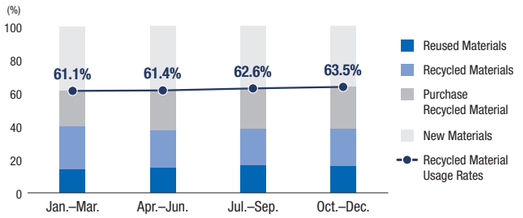
Initiative at Overseas Sites to Recycle Secondary Raw Materials



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 advent of lead-free solder in the 2000s, solder transitioned from the two-element tin-lead composition to a three-element tin-silver-copper composition. Today, even more elements are used in solder. Because of this development, it was required to install facilities to deal with multiple elements for recycling solder. As a result, we developed a 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 has increased in recent years, and the amount of recycling has doubled in the last few years. This increase is expected to continue.
Even before mineral recycling became popular, we were committed to fulfilling our responsibility for using mineral resources as a materials manufacturer. We will enhance our internal systems to recover and recycle used solder products, with the aim of achieving a sustainable society through effective utilization of limited mineral resources and controlled air pollution, and for this purpose, we will proactively invest in human resources and technical development.

Usage Rates of Recycled Material (FY2024)





Reduction of Harmful Chemical Substances

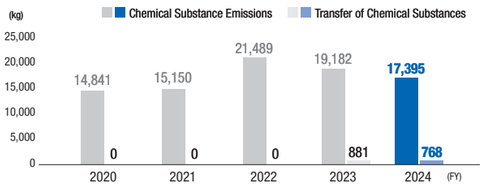
Basic Policy

We manage chemical substances as per our Environmental Management System. In particular, for chemical substances with a significant environmental impact, we implement measures such as reducing usage or prohibiting their use, in line with our plans. We also set reduction goals every year and make focused efforts.

Emission and Transfer of PRTR Law-Specified Chemical Substances

We track and annually report the emission and transfer of chemical substances requiring notification in line with the Law concerning Pollutant Release and Transfer Register (PRTR). In FY2024, we recorded 768 kg of transfer.

Emissions and Transfer of PRTR Law-Specified Chemical Substances



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)

Employee Data

	FY2020	FY2021	FY2022	FY2023	FY2024
Number of Employees					
Japan (Part-time employees in parentheses)	1,761	1,626	1,638	1,617	**1,631**
Men	1,164	1,113	1,115(1)	1,103(1)	**1,117(6)**
Women	597	513	523(55)	514(51)	**514(28)**
Overseas (Part-time employees in parentheses)	596	622	566	573	**585**
Men	310	320	285	293	**306(25)**
Women	286	302	281	280(2)	**279(4)**
Total (Female ratio in parentheses)	2,357(37.5%)	2,248(36.3%)	2,204(36.5%)	2,190(36.3%)	**2,216(35.8%)**
Number of Regular Employees					
Japan	1,293	1,314	1,341	1,342	**1,331**
Men	956	971	978	965	**965**
Women	337	343	363	377	**366**
Overseas	438	576	539	528	**542**
Men	245	300	275	268	**271**
Women	193	276	264	260	**271**
Total (Female ratio in parentheses)	1,731(30.6%)	1,890(32.8%)	1,880(33.4%)	1,870(34.1%)	**1,873(34.0%)**
Number of Contract Employees					
Japan	468	312	297	275	**250**
Men	208	142	137	138	**144**
Women	260	170	160	137	**106**
Overseas	158	46	27	45	**26**
Men	65	20	10	25	**11**
Women	93	26	17	20	**15**
Total (Female ratio in parentheses)	626(56.4%)	358(54.7%)	324(54.6%)	320(49.1%)	**276(43.8%)**
Number of Non-Regular Workers					
Temporary employees	–	–	232	315	**267**
Managers					
Japan	128	184	196	178	**183**
Men	119	167	177	158	**164**
Women	9	17	19	20	**19**
Percentage of women in managerial positions	7.0%	9.2%	9.7%	11.2%	**10.4%**
Overseas	85	97	86	93	**117**
Men	47	55	46	58	**62**
Women	38	42	40	35	**55**
Percentage of women in managerial positions	44.7%	43.3%	46.5%	37.6%	**47.0%**
Hiring					
Men	23	60	45	40	**50**
Women	19	25	30	28	**28**
Total	42	85	75	68	**78**
Turnover rate (3 years after joining)	17.6%	13.5%	10.5%	6.9%	**7.4%**
Utilization of Leave Systems (Non-Consolidated)					
Average number of paid leave days taken per year (days)	9.1	11.1	13.6	13.5	**12.2**
Paid leave utilization rate	58.2%	56.9%	77.0%	76.4%	**70.8%**
Number of employees taking childcare leave	22	14	24(8)*2	8	**20**
Return-to-work rate after childcare leave	100%	93%	100%	88%	**100%**
Childcare utilization rate for male employees*1	–	–	10.5%	22.2%	**60%**
Number of employees taking nursing care leave	1	1	3(2)*2	0	**2**
Nursing care leave return rate	100%	100%	100%	–	**100%**
Working Hours (Non-Consolidated)					
Average overtime hours per month (h)	9.0hrs.	11.5hrs.	11.2hrs.	10.4hrs.	**10.3hrs.**
Average hours worked/month (h)	–	–	–	–	**163hrs.**
Employment of Persons with Disabilities (Non-Consolidated)					
Number of employees with disabilities	16	17	14	16	**23**
Employment rate of persons with disabilities (Legally mandated rate in parentheses)	2.0%(2.3%)	2.2%(2.3%)	1.9%(2.3%)	1.6%(2.3%)	**2.3%(2.5%)**

*1 The calculation for the childcare leave utilization rate from January 1 to December 31 is based on the ratio of male employees who took childcare leave (number of male employees who took childcare leave divided by the number of male employees whose spouse gave birth).
*2 The numbers in parentheses for the number of employees taking childcare leave and nursing care leave refer to those who took leave between April 1 and December 31, 2022.

Environmental Data

		FY2020	FY2021	FY2022	FY2023	FY2024
CO_2 Emissions						
Scope 1 ($kt\text{-}CO_{2e}$)	Consolidated basis (Japan)	3.35	3.57	3.05	3.71	**4.29**
	Overseas	–	–	–	0.50	**0.46**
	Total	3.35	3.57	3.05	4.21	**4.75**
Scope 2 ($kt\text{-}CO_2$)	Consolidated basis (Japan)	17.33	17.68	3.75	1.01	**0.15**
	Overseas	–	–	–	4.51	**3.74**
	Total	17.33	17.68	3.75	5.52	**3.89**
Total ($kt\text{-}CO_{2e}$)		20.67	21.25	6.81	9.73	**8.64**
Electricity Consumption Consolidated basis (Japan)						
Electricity usage (MWh)		41,083	42,663	42,437	46,551	**50,277**
Self-generated electricity (MWh)		3,437	3,952	3,053	4,481	**5,980**
Purchased electricity (MWh)		37,646	38,711	39,384	42,070	**44,297**
Purchased renewable energy (MWh)		0	0	31,543	40,178	**43,959**
Renewable energy utilization rate		0.0%	0.0%	74.3%	86.3%	**87.4%**
Amount of Energy Use Consolidated basis (Japan)						
Crude oil equivalent (kl)		6,665	7,046	6,754	7,902	**6,790**
Waste and Recycled Resources						
Japan						
Total waste (t)		941	1,127	1,120	886	**860**
Recycled amount (t)		935	1,126	1,117	884	**858**
Recycling rate		99.4%	99.9%	99.7%	99.7%	**99.8%**
Overseas						
Total waste (t)		263	326	304	288	**295**
Recycled amount (t)		209	248	236	222	**246**
Recycling rate		79.5%	76.1%	77.6%	77.1%	**83.3%**
PRTR Law-Specified Chemical Substances						
Chemical substance emissions (t)		15	15	21	19	**17**
Transferred amount (t)		0	0	0	0.9	**0.8**

Participation in External Initiatives

Responsible Business Alliance

SMIC participated in the RBA in 2011, and has since committed itself to observing the RBA Code of Conduct

Responsible Business Alliance
Advancing Sustainability Globally

SEMI

SMIC became a SEMI member in 2016 and has since been striving for development of the semiconductor industry

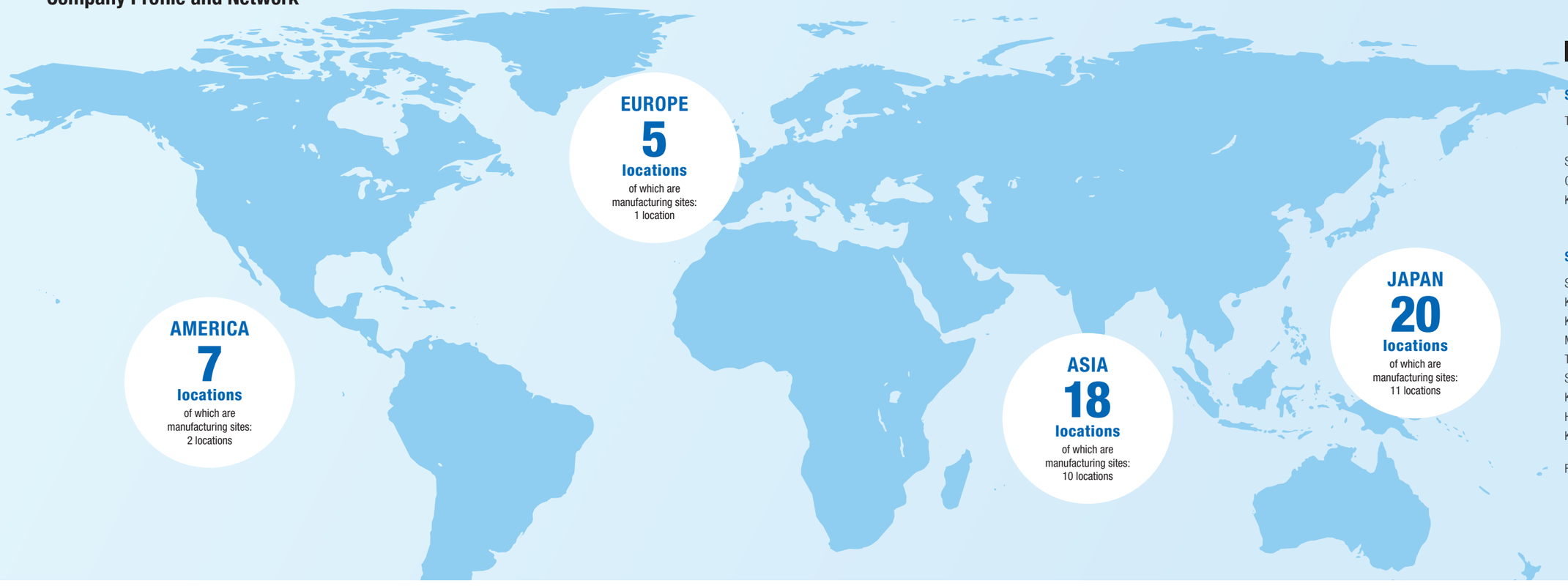
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External Evaluation

CDP

Since 2011, SMIC has continued to respond to the CDP's Climate Change Questionnaire and Water Security Questionnaire

CDP Discloser 2025



Senju Metal Industry Co., Ltd.

Segments in Japan

Tochigi Segment ..... (Moka, Tochigi)
Matsuyama Factory/Kinugaoka Factory
Soka Segment ..... (Soka, Saitama)
Chubu Segment ..... (Seto, Aichi)
Kansai Segment ..... (Nishiwaki, Hyogo/Taka, Hyogo)
Nishiwaki Factory/Naka Factory

Sales Offices in Japan

Sendai Office ..... (Sendai, Miyagi)
Kitakami Office ..... (Kitakami, Iwate)
Koriyama Office ..... (Koriyama, Fukushima)
Matsumoto Office ..... (Matsumoto, Nagano)
Toyama Segment ..... (Toyama, Toyama)
Seto Segment ..... (Seto, Aichi)
Kusatsu Office ..... (Kusatsu, Shiga)
Himeji Office ..... (Himeji, Hyogo)
Kansai Special Sales Development Dept. ..... (Within the Nishiwaki Factory, Hyogo)
Fukuoka Office ..... (Onojo, Fukuoka)

COMPANY PROFILE

SENJU METAL INDUSTRY CO., LTD./SMIC GROUP
DUNS# 690663091

ESTABLISHED
April 15, 1938

HEADQUARTERS ADDRESS
23 Senjuhashidocho, Adachi-ku, Tokyo 120-8555 Japan

PRESIDENT
Ryoichi Suzuki

BUSINESS SCALE

REVENUE (CONSOLIDATED)	135.9 billion yen	(Jan. 1 to Dec. 31, 2024)
CAPITAL (NON-CONSOLIDATED)	0.4 billion yen	(as of Dec. 31, 2024)
NO. OF EMPLOYEES (CONSOLIDATED)	2,216	(as of Dec. 31, 2024)

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 | Kansai Segment Nishiwaki Factory

Affiliates 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
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, CZECH REPUBLIC)

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.
Tianjin Senju Fire Protection Equipment 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 Semiconductors Taiwan Co., Ltd.
Senju Metal Korea Co., Ltd.

Editor's Postscript

Thank you for reading the SMIC CSR Sustainability Report 2025.
We started issuing a similar report in 2012, and using this public communication tool, we continued to convey the SMIC Group's business activities and initiatives every year. In 2024, we changed the name of the report to the current version and reorganized its content to give more detailed descriptions about our efforts to realize a sustainable society.
The latest issue's special feature article gives an introduction to our efforts made to address issues associated with conflict minerals, including a run-through of past endeavors aimed at conflict minerals-free business operations as well as explanations about the SMIC Group's responsibilities and approaches undertaken as a company handling base metals. Following the above, the article presents our strong sense of commitment to future actions to squarely address the challenges posed by the expanding scope of minerals and risks by making calm judgments and implementing appropriate responses. We hope that these descriptions will help increase your sense of ease and confidence.
Moving forward, we will continue contributing to create a sustainable society through various sustainability initiatives. We appreciate your continued support of the SMIC Group.

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