SMIC CSR Sustainability Report 2026

SMIC

CSR Sustainability Report 2026





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, 2025–December 31, 2025 (Includes some information applicable from January 2026 onwards)
Report scope	The 22 Group companies appearing in the list of major affiliated companies (p. 56) (includes non-consolidated subsidiaries and associated companies). Note: a report on SMIC's social contribution initiatives is provided separately.
Key changes	Two domestic consolidated subsidiaries have merged with Senju Metal Industry Co., Ltd.
Memberships	RBA, JWES, JIEP, JAPIA, SEMI, TEA, CCI
Publication history	Current issue: September 2026 (Previous issue: October 2025)
Next issue (scheduled)	October 2027
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 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 the translated versions of this report.

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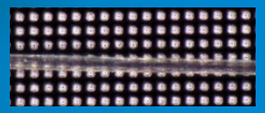
Discover Solder

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

TOPICS

All About **Solder** 1 The Microscopic World of Solder

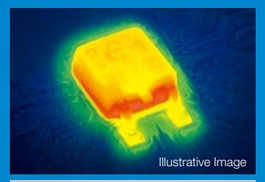
When people hear the word “soldering,” I think most of them picture solder wire and a soldering iron. In modern soldering, though, microscopic solder particles actually play the leading role. Taking advantage of solder’s characteristic of being easier to work with than most metals, we have created powder and ball forms measuring tens of micrometers in size, enabling ultra-fine soldering. Thanks to this microtechnology, electronic devices are evolving to become smaller, thinner, and more advanced.



Solder balls inside a semiconductor component. About half the thickness of a strand of hair, solder balls are arranged in a regular pattern.

All About **Solder** 2 Does Solder Save Heat ?!

In recent years, solder has come to play another important role: conducting and dissipating heat. Heat from electronics? You might wonder why, but semiconductors have something to do with it. Have you ever noticed that your smartphone gets hot when you watch videos or play games on it for a long time? One reason for this is that the semiconductor components inside the smartphone are generating heat because they are “working too hard.” Just like humans, semiconductor components experience a drop in performance when they generate heat, so it is necessary to take measures to dissipate heat and minimize heat generation as much as possible. That is why solder -- which can form a gap-free bond with heat-generating components and efficiently conduct heat -- is used as a heat-dissipating material.
The efficient use of energy has become increasingly important in recent years as a means of addressing climate change/global warming, one of the most serious environmental challenges facing the planet. Solder is also widely used as a heat dissipation material in power semiconductors, which are essential for the efficient use of energy. It might be said that the solder that protects power semiconductors from heat is also helping to save the Earth from the heat generated by global warming.



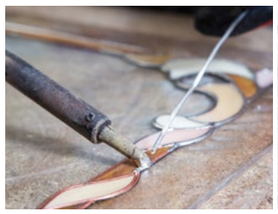
Illustrative Image

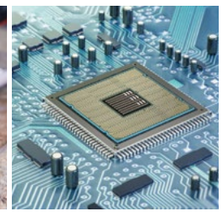


A small power transistor used in electronic devices.The large metal surface on the back of the unit is designed to be soldered to a circuit board, helping to dissipate heat.

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





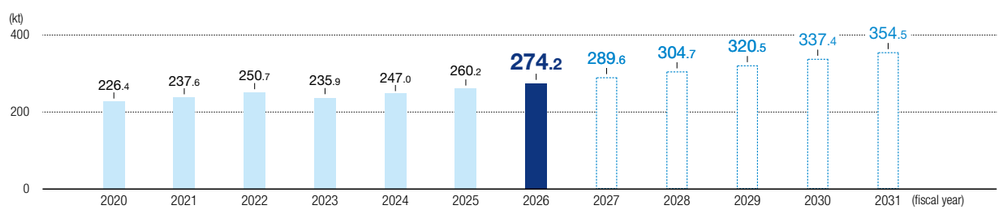
role of connecting electricity, in addition to connecting metals, as electricity became more widespread. Japan’s electronics industry developed rapidly during the period of high growth following World War II. With this, Japan’s soldering evolved into a sophisticated, world-class mounting technology.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

Behind the Technology

Solder is a material that connects us to the future

Solder is an essential material for electronic control, and advances in electrical appliances and electronic devices have directly led to advances in solder materials. The shift from tin-lead eutectic solder to lead-free solder, which originated from environmental concerns in the 2000s, also led to the development of solder with new functionalities, resulting in the increased use of solder in sectors such as the automotive and power generation industries. Now that digital technologies are permeating every field through DX and other strategies, the role of solder -- which is inextricably linked to electricity, the fundamental factor in controlling and utilizing these technologies -- is becoming ever more important.
Given the current concerns about the depletion of Earth's resources, a material's recyclability has become another key feature. Since solder melts at a relatively low temperature for a metal, it is a material that is relatively easy to recover and recycle after use through remelting. Easily recyclable solder can be considered a sustainable material. The SMIC Group will redouble its efforts to develop solder materials capable of adapting to next-generation technologies and to recycle materials, thereby doing our part toward a sustainable future.

Total global volume of solder material sold



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

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 88th 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 ratio of tin-to-lead in solder so that our customers could use our products with confidence.

1960
Announced 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

Growth Period

1963
First Acquired Type Approval for Japan-Made Sprinkler Head

At that time, US-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 a Japan-made sprinkler head.

1972
Spun off the Chemical Substance Analysis Department

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.



1990
Opened First Overseas Production Facility

As globalization has progressed and demand for overseas production has grown, the SMIC Group established its first overseas production base in Malaysia. With Southeast Asia gaining attention at the time as a growth market, establishing a local production system not only enabled the company to meet demand but also served as a starting point for enhancing its international competitiveness.



Development Phase

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
Joined the Responsible Business Alliance (RBA)

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 known as the EICC), the world's largest coalition of companies promoting social responsibility in global supply chains. 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 committed to fair and ethical business practices in all aspects of our operations. Since 2012, we have been publishing a CSR Report to inform our stakeholders about our CSR initiatives.

Responsible Business Alliance
Advancing Sustainability Globally

2020 and Onward
Toward a Sustainable Future

In 2023, we launched "MILATERA" as a solution contributing 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,
thereby helping reduce the electronic industry's CO_2 emissions. In January 2026,
the company merged by absorption with Senju Electronic Corp. and Senju Giken Co., Ltd., consolidating the Group's resources. We aim to grow sustainably alongside society by providing greater value.



Toward Our 100th Anniversary

SMIC Group Businesses

At the SMIC Group, we are developing various businesses, focused on our solder business, which holds a leading 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 electronic 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 storage and 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 processing.



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.

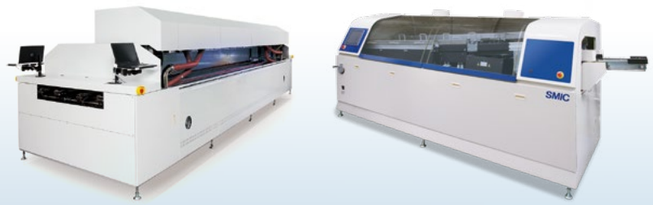


FA Equipment Business

The FA equipment business centers on the manufacture and sale of soldering machine, 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 Machine

Reflow ovens that use solder paste are employed for surface mounting, the mainstream in electronic board manufacturing, while flow soldering machines that use molten solder are utilized for through-hole mounting of large components. We provide a wide range of equipment, from units optimized for specific applications to those designed for specialized processes, such as vacuum reflow ovens and formic acid reflow ovens.



Sintering Materials and Advanced Products Business

The sintering materials and advanced products business began with the production of bearing products that utilize the slipperiness properties of copper-lead products. In addition to providing bearing products in response to changes in the times, we are creating new value for the future through advanced 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.



Advanced Products

Advanced 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 vehicle engines. These materials are being applied to technologies that will shape the future.



Analysis Business

Industrial Analysis Service, an SMIC Group company, develops material 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 analyses related to harmful substances included 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.

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. SMIC developed a PFAS-free foam fire extinguishing agent that was made available on the market in 2025.



SMIC Group Products

That Support Our Daily Lives

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 railways, 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
	3 Solder Bars and Plating Anodes
	4 Flux-Cored Solder
	5 Flux
FA Equipment Business	6 Soldering Machine
Sintering Materials and Advanced Products Business	7 Plain Bearings
	8 Advanced Products
Analysis Business	9 Material Analysis and Regulated Substance Analysis Inspections
	10 Environmental Analysis Inspections
Firefighting Equipment Business	11 Fire Sprinklers
	12 Fire Extinguishing Agents



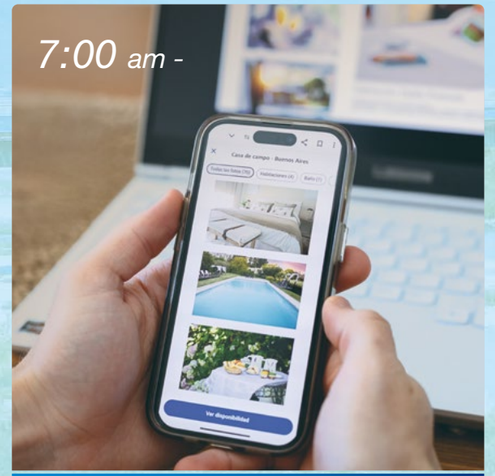
Found Everywhere

SMIC By Your Side

Taking Refreshing Trips Around Japan on Your Days Off

SMIC Group products are found everywhere, supporting convenient, safe, and comfortable lifestyles.
Let's take a look at how SMIC Group products are making a difference in your everyday life.

Behind Your Daily Life

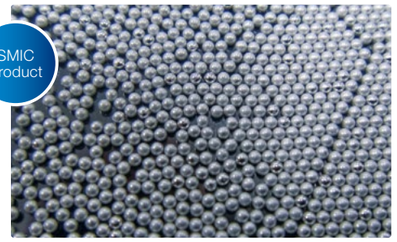


Quick Searches

Smartphones | Computers

Plan and book your trip all from the palm of your hand

In the past, train station ticket windows, timetables, and guidebooks were indispensable for planning and booking trip but today, thanks to smartphones and computers, it has become easy to look up information. SMIC's solder balls are used in the semiconductor components that perform these functions. SMIC products help deliver a smooth user experience and enhanced convenience in mobile devices.



Solder Balls



Travel in Comfort

Shinkansen

Faster and farther

Boasting world-class speed, a high level of safety, and an excellent on-time performance rate, the Shinkansen is Japan's flagship high-speed rail network. Power semiconductors are essential for controlling the high-speed operation of Shinkansen trains, and SMIC's solder preforms are used in their joints. Secure joints maximize the performance of power semiconductors and contribute to stable, high-speed operation.



Solder Preforms



Enjoy Local Experiences

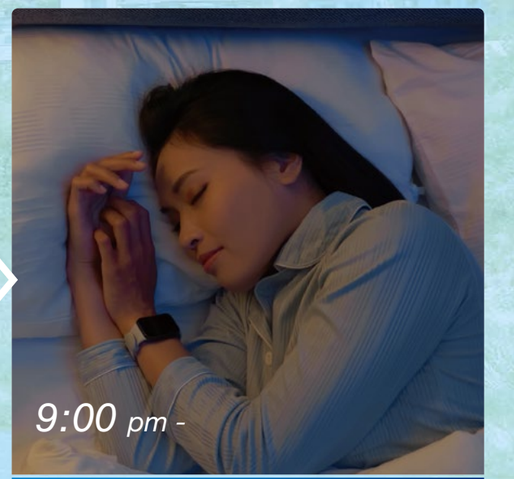
Car navigation systems | Keyless entry | Rearview monitors

Get around comfortably even in an unfamiliar town

After arriving at your destination, you'll often find yourself using a rental car to visit various tourist attractions. SMIC's solder paste is used in the onboard navigation systems, keyless entry systems, and backup monitors installed in these vehicles, helping to ensure safe, secure, and comfortable driving.



Solder Paste



Feel at Ease and Relax

Fire Sprinklers

Providing peace of mind for when the unexpected happens

After spending the day enjoying the sights, it's nice to relax at your hotel. In the unlikely event of a fire, the fire suppression sprinkler heads manufactured by Senju Sprinkler Co., Ltd., and installed in the hotel's guest rooms and lobby will reliably activate to quickly extinguish the fire in its early stages. We help protect lives and property from fire and create an environment where people can live with peace of mind.



Fire Sprinkler Head

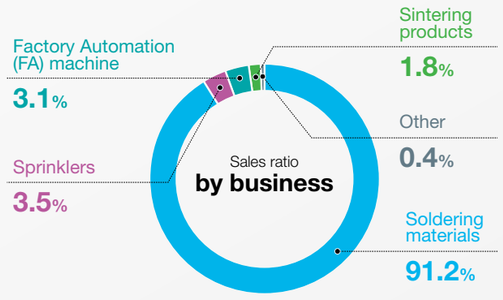
SMIC Group by the Numbers (As of December 2025)

At a Glance

Sales ratio by business

Electronics × Chemistry × Mechanics × Metallurgy

We combine our four core technologies to create synergy.
We are supporting the advancement of technology in many areas including electronic devices, semiconductors, and automobiles.



Soldering materials



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

Sprinklers



- Sprinkler heads
- Control valves
- Fusible plugs

...etc.

Factory Automation (FA) machine



- Reflow ovens and flow soldering machine
- Spray fluxer
- Recycling machine

...etc.

Sintering products



- Plain bearings
- Plates
- Gaskets

...etc.

Manufacturing sites

25 locations

(11 in Japan, 14 overseas)

Sales locations

34 locations

(14 in Japan, 20 overseas)

Developed the world's first lead-free solder

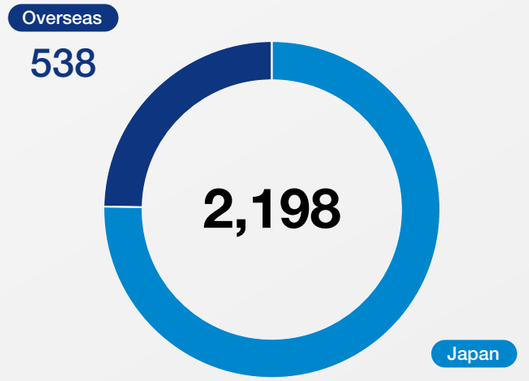
1st

Number of patents held

3,151

(510 in Japan, 2,641 overseas)

Number of employees



Ratio of men to women



Men 63.3%

Women 36.7%

Percentage of women in managerial positions



Overseas 48.2%

Japan 9.9%

Childcare leave (non-consolidated)



Return-to-work rate 100%

Percentage of men taking paternity leave 47%

Renewable energy usage rate





Message from the President

Legacy×Resilience

~ Flexibly navigating the changes of the times with an unwavering sense of purpose ~



President
Ryoichi Suzuki

We are pleased to present the SMIC Group's CSR Sustainability Report for FY2026.
Various risks have come to the fore in 2026 against a backdrop of escalating geopolitical tensions, leading to an increasingly uncertain outlook for the global economy. Mitigating procurement risks has become an urgent management issue for the manufacturing industry in particular, and efforts to restructure supply chains -- with the aims of reducing regional dependence and diversifying suppliers -- are accelerating. On the other hand, technological innovation in the digital sector has been remarkable and, should the growing sophistication of generative AI and the shift toward autonomous AI continue to push digital transformation (DX), this innovation will likely become a driving force for new growth in the semiconductor industry.
As the person in charge of managing the SMIC Group, I am once again keenly aware of both the difficulty and the importance of staying on the right course in an era where risks and opportunities are so closely intertwined. To that end, I believe it is extremely important to view changing times as a given and, rather than trying to never make mistakes, we should seek to be a company that promptly acknowledges errors when they are identified, corrects our course, and possesses the fundamental strength to adapt to such changes in direction.
I am convinced that engaging sincerely with our stakeholders and building relationships of trust that allow us to quickly discern changes in the surrounding environment, while also establishing a solid foundation and a flexible organizational structure that enable us to adapt swiftly to those changes, will fuel the SMIC Group's continued growth and help bring about sustainable societies.

Strengthening Our Organizational Structure to Enhance the Group's Overall Capabilities

In January 2026, Senju Metal Industry Co., Ltd., merged with its domestic Group companies Senju Electronic Corp. and Senju Giken Co., Ltd. through an absorption-type merger. I was personally involved in the founding of these two companies.
It all began about 30 years ago, when I was stationed in the United States. In response to requests from local customers, I recommended to the head office management that we expand into the semiconductor sector in addition to our existing assembly business. Solder balls were just then beginning to garner attention as materials that would support the miniaturization and increased functionality of semiconductor components, so we established both companies as startup ventures within the Group.
In line with the semiconductor market's development and technological advancements, our Group has since expanded its product lineup to include not only solder balls and microballs but also such products as semiconductor flux and thermal interface material (TIM). The semiconductor-related business has now grown into one of our Group's key businesses. It was in light of these changes in the business environment that we carried out this merger to further integrate our business operations.
In another business restructuring effort, we have transitioned SMIC's organizational makeup from a division-based structure to a headquarters-based one. While the divisional structure offers advantages such as rapid decision-making within each business unit and the ability to respond flexibly to market needs, it also posed the risk that prioritizing optimization at the business unit level could lead to a loss of focus on the direction of the company as a whole. Implementing swift policy shifts in a rapidly changing business environment mandates a structure in management policies be communicated accurately and promptly throughout the company and all employees can work toward a common goal. To this end, we decided to move to a headquarters-based system.
Going forward, the entire Group -- both domestically and internationally -- will work together as one to build a structure that enables us to achieve sustainable growth while maximizing each organization's strengths.

Fulfilling Our Environmental Responsibilities and Striving to Realize Zero-emissions Societies

As a manufacturer that uses heavy metals as raw materials, the SMIC Group conducts business with proper consideration for local environments and earnestly reflects on the legacy we should leave behind for future generations. We believe that addressing global challenges such as climate change and resource depletion is a critical responsibility that we must fulfill as a company, and we consider it essential to step up our efforts toward reducing our environmental impact.
As part of these efforts, we have revised our Group's greenhouse gas reduction targets and formulated a new medium-term plan to meet the international community's shared goal of achieving carbon neutrality by 2050. We will wholeheartedly endeavor to reduce greenhouse gas emissions not only in Japan but also at our overseas locations, and we will accelerate our efforts to achieve carbon neutrality. While encouraging the use of solar power and other conventional renewable energy sources, we will also actively explore the viability of new approaches such as hydrogen energy and carbon dioxide capture and utilization technologies.
We plan to intensify our efforts to promote solder recycling as part of our circular economy initiatives by establishing an in-house recycling system as well as by collaborating with our partner company TAK-G. We will roll out the recycling technologies and expertise that both our companies have cultivated over many years to our major manufacturing sites in Japan, and continue to build a more stable recycling system.

Building Sustainable Supply Chains Based on Trust

Tin is one of the most important raw materials for solder products. However, the tin ore used as raw material for tin metal is mined exclusively overseas, so procurement depends on imports from abroad. And, to put it bluntly, many of the areas where this tin ore is mined are low-income regions. From the very beginning of our solder business, we have made it a priority to ensure that those engaged on-site in this mining receive their compensation as quickly as possible. Accordingly, we have worked to make payments within a shorter timeframe than was customary in the industry at the time, even if it meant bearing a certain financial burden ourselves. I have heard that this stemmed from the desire of our company's past leaders to show their appreciation to the locals whose dedication has made possible the stable supply of tin that is so important to our company.
I myself have visited several mining sites. In the course of interacting directly with the people working there, I became acutely aware that, for them, incomes supporting their livelihoods are more important than anything else. That experience further reinforced my belief that shortening pay periods -- a practice we have maintained to date -- is something SMIC should continue to do, and it became the driving force behind my ongoing efforts to explore further improvements ever since I assumed a management role. I am confident that we have now established a system that is optimal for both our suppliers and our company. As a follow-up to this story, when the supply of overseas materials became unstable amid the COVID-19 pandemic, the smelting companies from which we source tin ingots offered their full cooperation, enabling us to overcome those difficult circumstances. For me, too, this experience served as a reminder of the importance of the relationships of trust I have built over the years.
Both in procurement and beyond, we should consider what we need to do to understand others and build better relationships, and then act with sincerity. I believe that the trust built through these cumulative efforts will lead to sustainable growth not only for our company but for our entire supply chain. Rather than simply being my own personal opinion, I believe this idea represents "SMIC-ism" – that is, the vision of what SMIC should be – that I have inherited from the late Honorary Chairman Senju Sato and the late former Chairman Issaku Sato. I have faith that passing on this SMIC mindset to the next generation and evolving it in step with the changing times is a crucial responsibility I bear as the head of our management team.
Moving forward, the SMIC Group will continue striving to be worthy of the trust of all our stakeholders and to take on new challenges through our business activities that help produce sustainable societies.

SMIC Group: Our Vision

The SMIC Group engages in business activities that take the environment, society, and governance (ESG) factors into account 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.

SMIC Group Business Activities

Materiality

- Respond to climate change
- Implement resource recycling
- Promote CSR procurement (responsible mineral procurement)
- Pursue countermeasures against the shrinking working-age population
- Secure and develop human resources
- Create a comfortable work environment
- Contribute to the realization of next-generation technology
- Achieve stable supply
- Effectively respond to changes in the business environment
- Undertake 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

Research & Development

Purchasing → Manufacturing → Sales

Quality

Audits

Business Foundation

Core Competencies

- Advanced technological capabilities in materials, equipment, and construction methods, and a proven track record
- A sincere commitment to listening to customer feedback, coupled with the ability to address complex requests and solve problems
- Highly loyal human resources

Management Philosophy

- Ability, integrity, and fighting spirit
- Pioneering spirit that renews itself daily

OUTPUT

Solder products

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

MILATERA D-SOL ECO SOLDER

Flux

- Post flux
- Semiconductor flux

Factory Automation (FA) machine

- Reflow oven
- Spray fluxer
- Flow soldering machine
- Recycling machine

Sintering products

- Metal-based plain bearings
- Multilayer plain bearings

Advanced Products

Fire sprinkler systems

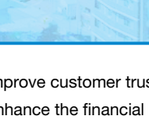
Metals, environmental substance, and regulated substance analysis

OUTCOME

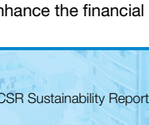
- Contribute to carbon neutrality



- Realize resource recycling and energy savings



- Correct disparities through fair trade



- Promote technological innovation

- Develop industries and markets

- Advance automation technology

- Enable diverse lifestyles

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

Adopting sustainable environmental, social, and governance practices

Achieving the Environmental Vision 2050

Expanding the significance of our existence as a socially valued institution

A corporate culture where employees' lives flourish and bear fruit

Convert management resources into the next source of value creation

- Improve employee engagement
- Improve customer trust
- Improve the corporate brand
- Enhance the financial base

SMIC Group Materiality

The SMIC Group identifies materiality (key issues) and priority themes in accordance with the step-by-step process outlined below, and determines the issues that should be addressed with priority.

Identification Process

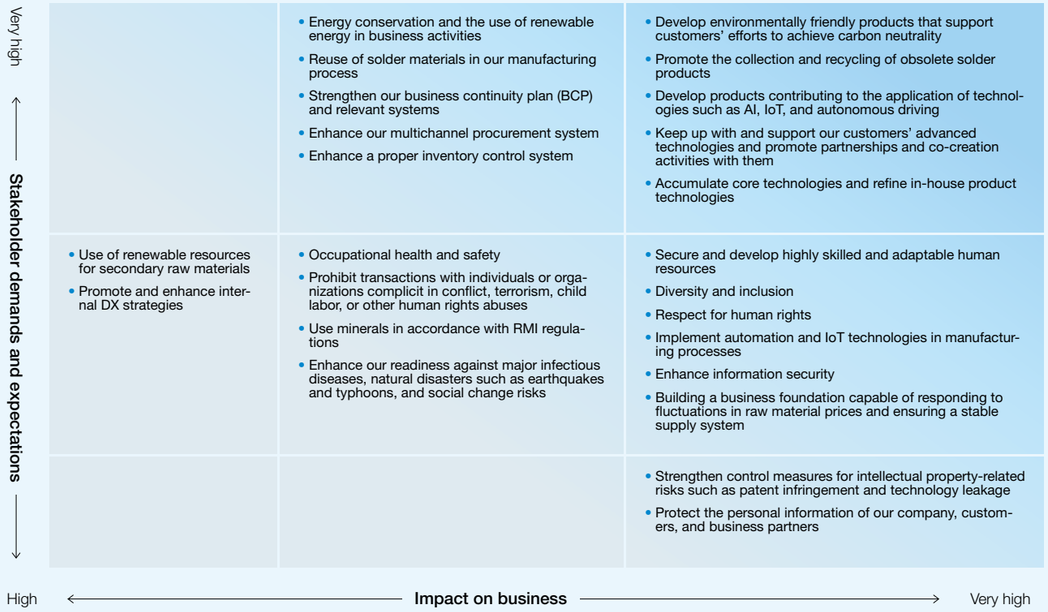
STEP 1	Identify risks and opportunities	Identify risks and opportunities within the company -- and their impacts -- based on societal megatrends, international frameworks such as the Responsible Business Alliance (RBA) Code of Conduct and GRI Standards, various indicators such as sustainability surveys, 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 from environmental, social, and governance (ESG) perspectives.
STEP 3	Prioritize material topics	Evaluate the importance of the selected material topics in view of stakeholders' demands and expectations as well as their impact on the business.
STEP 4	Confirmation and approval	Confirm and evaluate information about the identified materiality and material topics in terms of scope, impact and period for each aspect of the GRI Standards, and obtain approval from management.
STEP 5	Review and improve	Review measures for the identified materiality and material topics by analyzing and reporting relevant feedback at monthly CSR Committee meetings, and use the results to make necessary improvements for the future.

Identify Risks and Opportunities

Social issues	Risks
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	• Impact on the stable procurement of raw materials
Child labor and other human rights violations	• Loss of public trust due to the use of problematic raw materials in the production process
Destabilization of the international order caused by conflict and terrorism	• Impact of instability in raw material procurement on business operations and supply chains
Outbreak of major infectious diseases	• Impact on the entire industry due to business disruptions
Natural disasters such as earthquakes and typhoons	• Impact on the entire industry due to business disruptions
Respect and protection for patents and other intellectual property	• Impact on product sales due to infringement of Group technologies • Loss of social credibility due to infringement of other companies' technologies
Improving 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, IoT, and autonomous driving
Secure and develop human resources	• Securing and empowering a diverse global workforce
Technical development	• Accurately responding to diversified product demands and societal expectations

Material Topics Evaluation Matrix



Materiality and Material Topics

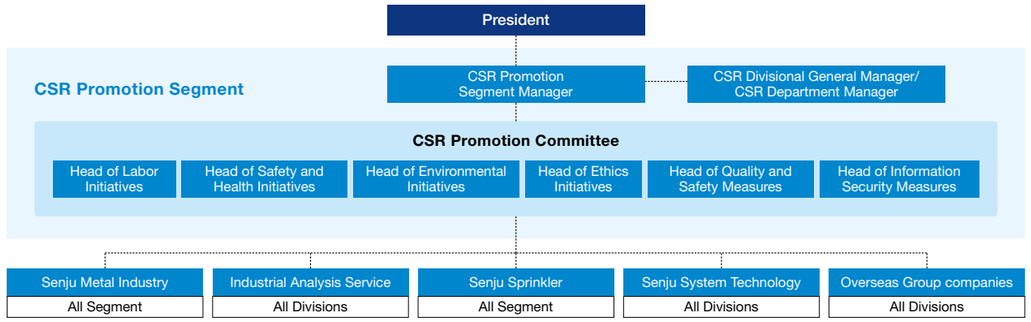
ESG	Materiality	Material topics	Applicable SDGs
E	Respond to climate change	• Energy conservation and the use of renewable energy in business activities • Help our customers achieve carbon neutrality Develop environmentally friendly products • Use of renewable resources for secondary raw materials	7 Affordable and Clean Energy 12 Responsible Consumption and Production 13 Climate Action
	Implement 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	Promote CSR procurement (responsible mineral procurement)	• Prohibit transactions with individuals or organizations complicit in conflict, terrorism, child labor, or other human rights abuses • Use minerals in accordance with RMI regulations	8 Decent Work and Economic Growth 12 Responsible Consumption and Production 16 Peace and Justice Strong Institutions
	Pursue countermeasures against the shrinking working-age population	• Implement automation and IoT technologies in manufacturing processes • Promote and enhance internal DX strategies	8 Decent Work and Economic Growth
	Secure and develop human resources	• Secure and develop highly skilled and adaptable human resources	4 Quality Education
	Create a comfortable work environment	• Emphasize diversity and inclusion (create a comfortable work environment that accommodates diverse lifestyles and human resources) • Respect 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	Achieve stable supply	• Enhance our readiness against 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
	Effectively respond to changes in the business environment	• Building a business foundation capable of responding to fluctuations in raw material prices and ensuring a stable supply system	9 Industry, Innovation and Infrastructure
	Undertake 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 and Justice Strong Institutions

SMIC Group Sustainability

The SMIC Group pursues sustainability activities based on its Management Philosophy while maintaining honest relationships with stakeholders, with the aim of becoming a company that achieves sustainable environmental, social, and governance (ESG) practices. We have formulated our CSR Basic Policy to serve as the foundation for this, and our CSR Goals to constitute our internal code of conduct, based on the latest versions of the Code of Conduct published by the Responsible Business Alliance (RBA) and the Responsible Business Conduct Guidelines by the Japan Electronics and Information Technology Industries Association (JEITA). We periodically review our CSR Basic Policy and CSR Goals, and we conduct annual training sessions for all our locations, both in Japan and overseas.

CSR Promotion Framework

The CSR Promotion Segment was set up under the President's direction to promote sustainability activities across the entire Group. The members of the CSR Promotion Committee plan and carry out measures to address issues in their respective areas of expertise/responsibility (ethics, labor, the environment, etc.)



Coordination with Stakeholders

We are constantly aware of the importance of being appreciated and supported by our stakeholders, including customers, suppliers, and employees. We encourage proactive information disclosure and ongoing dialogue in order to foster common understanding and sharing of challenges as we work to find solutions.

Customers	Provide safe, secure, and consistent products and services
	Appropriately provide eco-friendly products, services, and information
	Protect intellectual property
	Provide highly reliable products
	Establish BCP
Local communities	Prevent accidents and disasters at our facilities and take the local environment into consideration
	Respect local culture and customs and contribute to local communities
Shareholders	Disclose information in timely and appropriate manners to shareholders and the employee shareholding association
	Maintain and improve corporate value and implement socially responsible investment
Employees	Evaluate, treat, and develop human resources in a fair manner
	Give due consideration to occupational health and safety and to mental and physical well-being
	Secure and develop human resources through a diversity-based approach
Suppliers	Fairly select and deal with suppliers
	Procure minerals responsibly
	Maintain corporate value and engage in socially responsible investment
Government institutions	Abide by laws and comply with regulations
	Cooperate with government policies to solve social issues

Management Philosophy

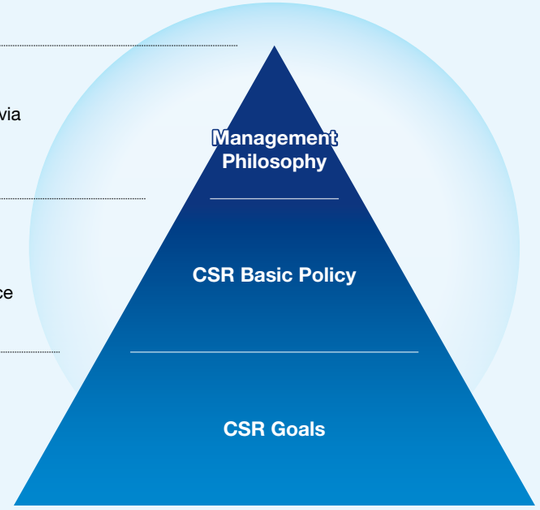
Perform our mission as a socially valued institution via providing universally beneficial products.
Our vision, which lies at the heart of everything we do

CSR Basic Policy

A specific policy for constantly maintaining honest relationships with stakeholders in accordance with our Management Philosophy

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.



CSR Goals

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

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

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 Mineral Activities (Mineral Procurement)
8. Protection of Privacy
9. Export Control
10. Respect for Local Communities

Business Continuity Planning

1. Development of a Business Continuity Plan

Social Contributions

1. Social Contributions
2. Biodiversity

Management Systems (Human Rights and Labor / Health and Safety / Environment / Fair Trade and Ethics)

1. Responsibility and Commitment
2. Risk Management
3. Improvement Objectives
4. Training
5. Communication
6. Grievance Mechanism
7. Assessment and Corrective Actions
8. Documentation and Records
9. Supplier Management

Topics 01

Interview with Operating Officers from the Manufacturing Segment

“Toward Sustainable Manufacturing That Brings People and Technology Together”

~Initiatives for sustainable growth through mergers by absorption and transition to a headquarters system~

In January 2026, Senju Metal Industry Co., Ltd., merged with two major affiliates, Senju Electronic Corp. and Senju Giken Co., Ltd., with the aim of further strengthening its business competitiveness by consolidating the Group’s resources. In conjunction with this, the company has been transitioning to a headquarters-based structure to facilitate rapid decision-making and bolster cross-organizational collaboration.
Here we feature an interview with two leading executives from the Manufacturing Segment on the topic of manufacturing within the new organizational structure. The discussion covered production floor initiatives and future prospects.



Executive Director
Operating Officer and
Segment Manager
of the Manufacturing Segment
Tetsuya Okuno

Deputy Director
Operating Officer and
Deputy Segment Manager
of the Manufacturing Segment
Takeshi Hatazawa

What changes have occurred on the production floor as a result of the new organizational structure?

Okuno: After absorbing organizations that had been operating separately as affiliates, we’ve seen more information sharing than ever before, and we’ve made progress in creating an environment that facilitates closer collaboration. We’ve also been strongly advocating personnel exchanges between facilities that manufacture the same products. For example, we’re having employees who have gained experience at our Tochigi Plant see firsthand the unique characteristics of the Miyazaki Plant, which was previously operated under a separate group company. These employees have consequently gained new insights -- such as realizing that things they had taken for granted aren’t actually so -- and they feel this has broadened their horizons and made it easier to share technical skills and know-how.

Hatazawa: There is another significant benefit to personnel exchanges between locations. We believe that gaining work experience at other locations allows employees to see the organization as a whole, which contributes to their career development. I myself have experienced both transfers within Japan and overseas assignments, and working in different environments truly offers numerous opportunities for new discoveries and personal growth. We also hope this initiative will help expand our employees’ own potential.

Okuno: Going forward, we’d like to expand this personnel exchange between locations to other manufacturing units as well, eventually extending this initiative to include our locations overseas as well as in Japan. We hope to build a unified, global Manufacturing Segment by enthusiastically promoting personnel exchanges between our domestic and international locations.

What initiatives is the Manufacturing Segment undertaking in the interest of sustainable manufacturing?

Okuno: Given that a decline in the working-age population is now a certainty, one of the initiatives we are pursuing is automation. Automation not only improves production efficiency and ensures consistent quality, but also helps create a safer and more comfortable working environment for employees. We are steadily moving forward with automation one step at a time, even for processes where manual work is still performed but where automation is expected to yield benefits.

Hatazawa: At the Hyogo Plants where I serve as plant manager, we’re working on a model system for our newly launched production line that can operate without personnel on the shop floor. We’re using cameras and sensors for monitoring, and utilizing the automatic collection of manufacturing data to create workplaces where workers do not need to be on-site at all times, particularly those with high-temperature environments and intensely noisy processes. Since this plant is still new, I feel it provides an environment that is conducive to trialing automation, as it is easier to fundamentally reevaluate operations here compared to production lines at other sites that have a long track record and, because of its relatively small scale, capital expenditures can be kept to a minimum. Those plants are playing leading roles in advancing automation, for example, by rolling out the practical initiatives whose effectiveness has been

POINT

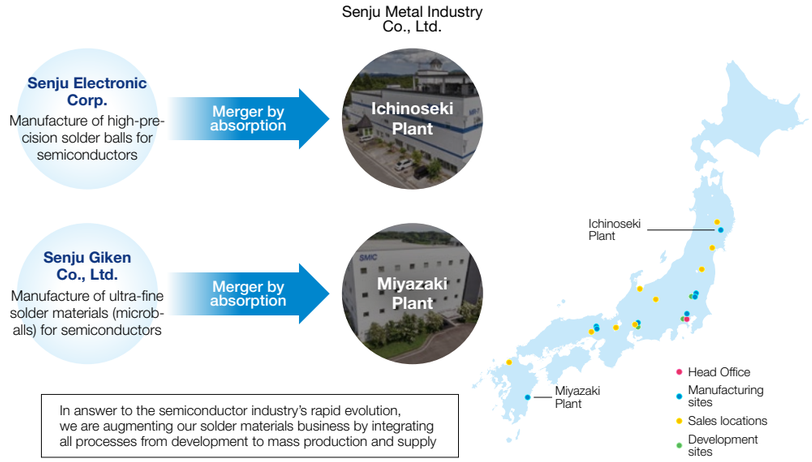
Resource consolidation and synergies through mergers by absorption

1. Strengthening the organizational structure by consolidating management resources

By consolidating the human resources, technology, and know-how that had previously been scattered across various affiliates under Senju Metal Industry, we have made it possible to operate our business as a unified whole.

2. Improving manufacturing capabilities through inter-site collaboration

We aim to establish a high-quality, robust manufacturing system by carrying out initiatives that leverage the strengths of each location and by pursuing closer collaboration through exchanges of personnel and technology.



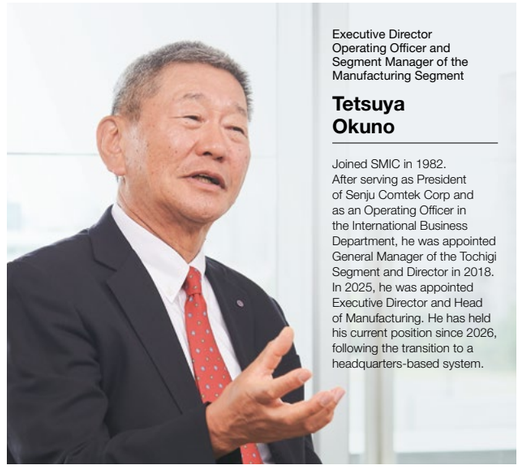
In answer to the semiconductor industry’s rapid evolution, we are augmenting our solder materials business by integrating all processes from development to mass production and supply

confirmed here to other locations.

Okuno: As another example, workers involved in manufacturing processes where different formulations for each product and the management of various manufacturing parameters are critical traditionally had to refer to operating manuals when performing their tasks. At the Miyazaki Plant, we've implemented a system for this process whereby, when product names or barcodes are scanned, the system issues instructions at the appropriate time and automatically controls the parameters of the manufacturing equipment. As a result, we're creating an environment where anyone can produce products of consistent quality without relying on the experience of individual workers. We plan to expand these initiatives to other locations as well. We are also considering further automation in the future, including for procedures currently performed manually.

Hatazawa: Our goal is to create an environment where production can run smoothly even when there aren't people on the floor at all times. If this becomes a reality, there'll be no need for air conditioning or lighting designed for continuous human presence during production, and round-the-clock operations will enable the facility to respond flexibly to fluctuations in demand.

However, automation doesn't immediately lead to increased efficiency just by installing the equipment; people must continue to improve their skills by coming up with various innovative solutions and analyzing data. For this reason, I believe that people will continue to play a crucial role in handling unexpected situations and updating automated equipment.



Executive Director
Operating Officer and
Segment Manager of the
Manufacturing Segment

Tetsuya Okuno

Joined SMIC in 1982.
After serving as President of Senju Comtek Corp and as an Operating Officer in the International Business Department, he was appointed General Manager of the Tochigi Segment and Director in 2018. In 2025, he was appointed Executive Director and Head of Manufacturing. He has held his current position since 2026, following the transition to a headquarters-based system.

As automation and digitization continue to advance, what will be expected of employees?

Okuno: I expect our employees to demonstrate even greater creativity and analytical skills that will lead to still further improvements. When people hear the term "automation," they often think of efforts to replace human labor with machines, but that's not how we see it. Instead, I believe it is important to free people from routine tasks so they can focus their efforts on higher-value-added work, such as introducing new technologies and improving processes.

Hatazawa: In automated processes, for example, various manufacturing conditions are constantly being measured, so there is the advantage that accurate and detailed manufacturing data is naturally accumulated. The use of AI will likely make it possible to analyze that data even more efficiently in future. Still, it really comes down to people taking those findings and turning them into tangible outcomes. We will analyze and interpret the accumulated data accurately and promptly to identify issues and areas for improvement, and use these insights to develop better processes and products. I believe it is important for people and digital technology to manifest their respective strengths to achieve results.

Okuno: From the perspective of combining the latest technology with past experience, I'd also like to see us take on the challenge of revisiting projects that failed in the past. There are actually a lot of projects we've attempted in the past but had to give up on partway through due to technical challenges and other issues. Even things that were impossible in the past might be possible with today's technology. I want our employees to actively utilize new technologies and tools and take on revisit challenges that were previously impossible to overcome. Rather than simply accepting past failures as they are, we hope to reexamine them in light of today's technological standards and use that process to create new value.

POINT

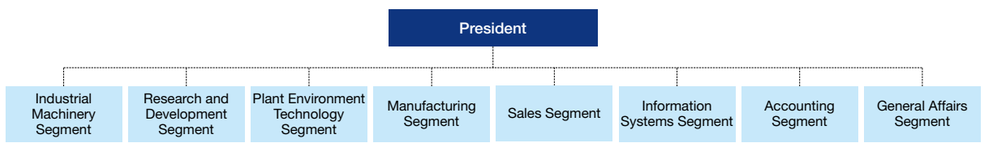
Agile business operations via a headquarters-based system

1. Establishing an integrated management system

With the transition to a headquarters-based system, we have established a framework that enables the entire company to quickly identify and share information on market trends and changes in the business environment, and to respond in a unified manner. We will institute management practices aimed at achieving company-wide optimization without being constrained by the boundaries of individual business units.

2. Strengthening governance and compliance

We are working to enhance governance and compliance across the entire company. Under a common set of policies and rules, we will ensure thorough risk management and legal compliance via a unified management system, thereby making certain that our business operations are characterized by transparency and a high level of trust.



What challenges exist in the manufacturing industry?

Okuno: One of the challenges we're facing right now is procurement risk. International tensions are causing disruptions to supply chains worldwide. Because Japan relies on imports from overseas for many of its natural resources, the impact has been significant, and our company is no exception. Since our company handles a wide range of mineral resources, we are working to minimize the impact on primary resources and to reduce supply chain risks by increasing the recycling rate of metal materials.

Hatazawa: I believe the recycling of metal materials is a key issue from the perspective of resource circulation. Rather than using resources just once and discarding them, we will recover and reuse them to continue creating value. I have no doubt this kind of circular manufacturing will become increasingly important going forward. We've been working with our partner company TAK-G on solder recycling for about 30 years, and we intend to continue expanding this approach in future.

What environmental issues are you addressing?

Hatazawa: In addition to complying with laws and regulations, of course, we are continuously working to reduce our environmental impact.

We are endeavoring to build a safe and sustainable manufacturing environment -- including measures to tighten controls over chemical substances, deal with PFAS, and review the chemicals used in cleaning processes -- and manage the health of employees who come into contact with chemicals during production.

Okuno: In terms of reducing GHG emissions, we are encouraging the use of renewable energy alongside our traditional energy-saving initiatives. In addition to reducing our own emissions, we are also focusing our efforts on proposing ways to reduce the emissions produced when our customers use our products. Low-temperature soldering can significantly help cut energy consumption in our customers' manufacturing processes, and we are also working to expand our lineup of products with high environmental value, such as products that reduce nitrogen consumption on production lines.



Deputy Director
Operating Officer and Deputy
Segment Manager of the
Manufacturing Segment

Takeshi Hatazawa

Joined SMIC in 1989.
After serving as a plant manager at Senju Semiconductors Taiwan Co., Ltd., and at Senju (Malaysia) Sdn. Bhd., he was appointed General Manager of the Kansai Segment in 2017. He was appointed Deputy Director in 2025, and has held his current positions since 2026.

Please tell us what you expect from the human resources that will be responsible for manufacturing in the future.

Okuno: What I'm counting on most is a proactive attitude toward taking on challenges without fear of failure. Both technology and society are undergoing major changes. I believe it is important to continue boldly taking on new challenges without fear of change if we are to keep pace with these changes.

Hatazawa: Openness to new ideas as well as communication skills will be important, too. You can't manufacture things all by yourself. We're expected to work together across organizations, locations, and generations to solve problems. People who can value communication across all levels -- horizontally and vertically -- will become ever more important as we move ahead.

Finally, could you tell us about the vision for the future that the Manufacturing Segment is looking to achieve?

Hatazawa: Our goal is next-generation manufacturing that achieves a high level of synergy between people and technology. We hold that automation goes beyond merely reducing labor and, by maximizing our employees' potential through automation, we can achieve levels of quality, safety, and workplace comfort that would have been impossible to reach before.

Okuno: Social challenges such as the shrinking workforce and environmental issues will only grow more significant in the future. We're confident the Manufacturing Segment will play a crucial role in building a strong and resilient business foundation capable of adapting to such changes. We'd like to expand the automation and management systems we've been implementing domestically to our overseas locations as well, and evolve into an organization capable of high-quality manufacturing on a global scale.

Governance

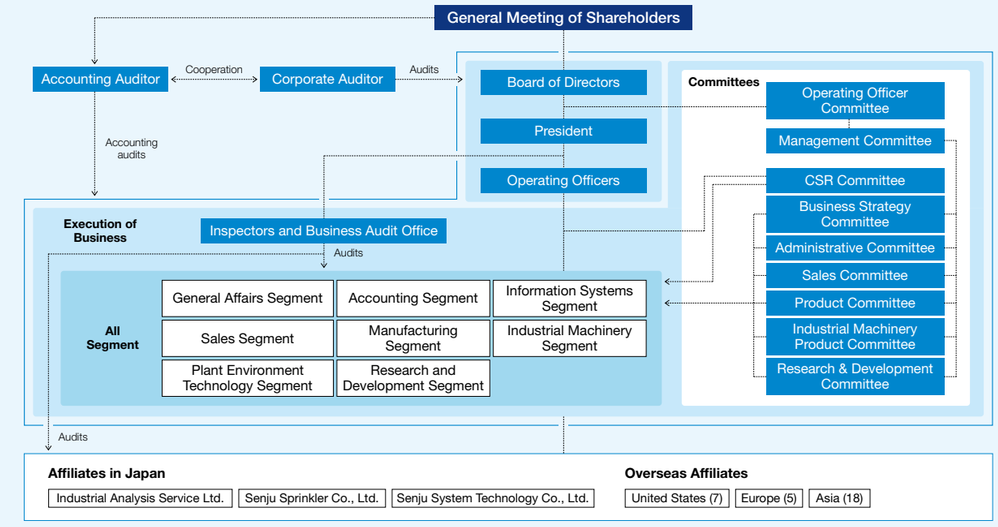
Corporate Governance

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

In addition to holding General Meetings of Shareholders and Board of Directors meetings as required by law, we are striving to ensure the transparency and soundness of management decision-making through the appointment of corporate auditors and the establishment of an Operating Officer Committee, a Management Committee, and a Business Strategy Committee. We also conduct risk assessments through internal audits performed by inspectors and the Business Audit Office, as well as through the reporting and discussion of sustainability-related concerns at CSR Committee meetings, with the aim of further strengthening our corporate governance framework.



Directors, Auditors, and Operating Officers

	Name	Operating Officers	Areas 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
Executive Director	Satoru Akita	○	General affairs, IT, sales, CSR and compliance
Director	Makoto Imai	○	Accounting
Corporate Auditor	Reiko Sato		
Corporate Auditor	Hiroaki Tsuji		
Inspector	Motoyuki Ohtake		
Counselor	Setsuo Tanaka	○	Plant environmental technology
Deputy Director	Toshimaru Sumiyashiki	○	FA equipment, sales
Deputy Director	Takeshi Hatazawa	○	Manufacturing
Deputy Director	Masato Shimamura	○	Research & Development
Deputy Director	Daisuke Soma	○	Manufacturing
Deputy Director	Mitsuo Sugino	○	Sales

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 6 Satoru Akita
Director	7 Makoto Imai
Corporate Auditor	8 Reiko Sato 9 Hiroaki Tsuji
Inspector	10 Motoyuki Ohtake
Counselor	11 Setsuo Tanaka
Deputy Director	12 Toshimaru Sumiyashiki 13 Takeshi Hatazawa 14 Masato Shimamura 15 Daisuke Soma 16 Mitsuo Sugino



*The group photo reflects the composition of the management team at the time it was taken

Board of Directors and Business Execution System

Board of Directors

The Board comprises seven directors, two corporate auditors, and one inspector, and it functions as the highest decision-making body for the management and administration of SMIC in accordance with the relevant laws and regulations and the Articles of Incorporation. Chaired by the Chairman of the Board (or President), the Board passes resolutions and grants approval on important matters submitted by the Management Committee, such as the appointment and dismissal of operating officers. A separate Code of Ethics and Disclosure Rules have been established to provide guideposts for the Board's deliberations and decisions.

Management Committee

The Management Committee consists of directors, operating officers, and other members, and its primary functions are to deliberate on legal matters and to decide on or approve important matters related to the company's business operations. The Committee also submits to the Board of Directors any and all matters pertaining to business operations that require deliberations and/or decisions by the Board (including matters of significant concern). A range of rules and regulations covering BCP management, crisis management, information security and other topics have been prepared separately to serve as guidelines for the Management Committee when engaging in deliberations and making decisions.

Operating Officer System

We have adopted an operating officer system under which operating officers appointed by the Board of Directors to serve as division general managers oversee and manage the operations of their respective divisions. The major roles of operating officers are to formulate and execute business plans for their respective divisions in accordance with the company's business plan and, as officers in charge, to provide guidance to division members and directly oversee important matters.

Appointment of Officers

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

*The term may be extended for one year at a time upon the recommendation of the President

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 grossly improper resolutions from being passed, while also performing other duties that comply with relevant laws and regulations.

Governance

Risk Management

Basic Policy

The SMIC Group recognizes its responsibilities as a company operating at the upstream end of the supply chain and has established committees and specialized organizations to appropriately address the potential risks listed below. We are continuously implementing measures through these committees and organizations to prevent risks before they occur and to minimize damage and losses should they occur.

Anticipated Risks

- **Risks from 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 disease risks, such as emerging and re-emerging infectious diseases and pandemics**
- **Security trade control and other export control risks**
- **Environmental risks such as climate change, waste contamination,**

etc.

Business Continuity Initiatives

We are working to establish a risk management framework designed to minimize damage and enhance business continuity by analyzing, evaluating, and addressing various risks, as well as by putting in place production backup systems to ensure stable supply. We have also formulated action plans, such as the Facility Disaster Recovery Plan, to enable quick recovery of production systems. Additionally, we are reinforcing our backup systems 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, local communities, our business partners, and visitors.
Regarding infectious diseases, we will implement measures based on our preparedness 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

To protect the lives of our 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 under the guidance of 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. As part of our flood mitigation measures, we have implemented infrastructure improvements such as relocating our head office building's power supply equipment to higher ground in anticipation of nearby rivers overflowing during floods. We have also installed floodproof doors and shutters to protect against flooding. In the event of a major natural disaster, we remind our employees to prioritize safety above all else, acting in accordance with instructions from local governments and advance notices from public transportation authorities. We also encourage employees who are able to work from home to do so, depending on the circumstances.

Promotion of Automation, Robotics, and DX at Factories

To ensure business continuity and improve the safety of manufacturing operations, we have been introducing 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 when circumstances prevent employees from coming to the office.

Promotion of a Multi-Source Procurement System for Raw Materials

With the aim of enhancing our Business Continuity Plan (BCP), we have established a system for sourcing from multiple suppliers raw materials used in chemically synthesized products (e.g., flux) that had previously been considered difficult to source from multiple suppliers, based on considerations of quality, stability, and supply risk considerations. To secure raw materials for existing products, we have established multiple purchasing channels after careful research and repeated performance verification.
Furthermore, we are seeking to reduce supply risks for new products by selecting raw materials for which multiple sourcing 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 disruptions.

Security Trade Control

The SMIC Group complies with the Foreign Exchange and Foreign Trade Act of Japan and other laws and regulations designed to ensure that international transactions are conducted soundly and the peace and safety of Japan and the international community maintained, and has appropriately established export control systems to prevent the proliferation of weapons of mass destruction and the excessive accumulation of conventional weapons, to avoid economic security risks, and to address a variety of other international issues. To ensure effective export controls, SMIC has appointed the President as the chief officer responsible for security export controls and established a Security Export Control Office reporting directly to the President, with the aim of developing and strengthening our export control system.

Compliance Assessments	Development departments classify export items by checking them against the list of cargo regulated by applicable laws represented by the Foreign Exchange and Foreign Trade Act (export control list).
Transaction Screening	Sales departments verify the intended use and end users of export shipments.
Shipment Management	When shipping departments ship goods, they confirm that the compliance assessments and trade inspections have been completed, verify that the shipment for which these have been completed matches the goods being shipped, and record this information in the documentation.

We also conduct annual internal audits of compliance assessments, trade inspections, and shipping management based on the roles of individual organizations, and we maintain compliance with regulations by submitting notifications of policy revisions and the implementation of training programs. As a result of these efforts, SMIC has been certified by the Ministry of Economy, Trade and Industry as a "company that has established a self-regulatory system for security trade controls".

*From the Ministry of Economy, Trade and Industry's "Official Announcement of Companies That Have Developed and Implemented Internal Export Compliance Programs (CP)" https://www.meti.go.jp/policy/anpo/compliance_programs_pdf/20260513_kouhyougenkou.pdf
(Latest version as of the time this document was prepared)

Training on Security Export Controls

SMIC conducts annual export control training for personnel responsible for compliance assessments, transaction screening, and shipment management to enhance the capabilities of the relevant organizations (40 organizations in FY2025).
We also conduct training sessions for the management team and prepare educational materials that explain relevant laws and regulations in an easy-to-understand manner that are used in ongoing training for support staff as well.

Corporate Secret Management and Personal Information Protection

We have established Corporate Secret Management Regulations and Personal Information Protection 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. We are also taking appropriate measures in accordance with relevant laws and regulations such as the European Union General Data Protection Regulation (EU GDPR).

Intellectual Property

The SMIC Group regards the inventions and know-how resulting from its research and development activities as important management resources. To properly protect and utilize this intellectual property, we make effective use of 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 and, while taking their legitimate rights into consideration, we are constantly striving to develop our own proprietary technologies. Through these intellectual property activities, we will help strengthen the SMIC Group's competitiveness and business foundation, and contribute to the realization of sustainable societies.

Intellectual Property Education

The SMIC Group holds study sessions and workshops on patents, trademarks, copyrights, and other matters pertaining to intellectual property, seeking to enhance participants' knowledge on the acquisition of rights, know-how management, and rights protection. We are working via these initiatives to stabilize our business operations in the areas of development, manufacturing, and sales.

Patent and Trademark Holdings

The SMIC Group actively files patent and trademark applications both in Japan and overseas, and is committed to securing these rights.

	Patents	Trademarks
Number of registrations in Japan	510	95
Number of overseas registrations	2,641	457

(As of December 2025)

Information Security

The SMIC Group views information security as a critical management issue; accordingly, we have established an information security policy and are building a management framework and formulating basic action plans. We also conduct annual information security training for all employees and hold spear phishing exercises several times a year to raise awareness of the importance of information security. In preparation for a possible information security incident, the company has established response procedures that require any identified incident to be reported immediately to the President as the incident owner. Upon receiving a report, the incident owner instructs the organizations involved to take action, works with other relevant organizations to establish systems and procedures to minimize damage and impact, and sets up a process to ensure business operations can resume promptly. It should be noted that there were zero data breaches, system outages, or other serious information security incidents in FY2025.

Governance

Compliance

Basic Policy

The SMIC Group regards its Management Philosophy as the cornerstone for ensuring compliance and has established a Compliance Basic Policy and CSR Goals based on its CSR Basic Policy. The importance of compliance is explicitly stated in our Employee Work Rules, and employees shall faithfully adhere to these policies, objectives, and rules while striving to maintain organizational order. Furthermore, we will comply with fair trade practices and ethical standards and ensure their proper application in accordance with the SMIC Group's CSR Basic Policy and CSR Goals.

Status of Compliance Activities

To ensure compliance with all laws and regulations related to its business activities, the SMIC Group conducts various training programs (CSR training, environmental training, and security trade control training), carries out internal audits, disseminates its procurement policies and Supply Chain Code of Conduct to its procurement sources, and conducts supplier audits.

As part of our internal audit process, the Business Audit Division conducts the following audits at all locations inside and outside Japan for the purpose of maintaining sound corporate compliance.

- **Security trade control audits in accordance with the Foreign Exchange and Foreign Trade Act**
- **CSR internal audits that use the CSR Basic Policy and CSR Goals as audit criteria in keeping with the RBA Code of Conduct**
- **Information security audits on the handling of confidential information inside and outside the company**

In FY2024, we resumed in-person audits at our overseas offices as well as at our offices in Japan. We conducted audits of all of our overseas offices from FY2024 through FY2025. Any issues identified during audits are promptly addressed by the locations and organizations in question, helping to continuously improve our management systems. No serious legal violations were identified in FY2025 thanks to these training and audit activities.

FY2025 Audit Results (unit: number of audits)

Audit scope	Operational audits	Security trade control
SMIC	21	35
Group companies (Japan)	30	3
Group companies (overseas)	20	0
Committees, etc.	0	0
Total	**71**	**38**

CSR Audits

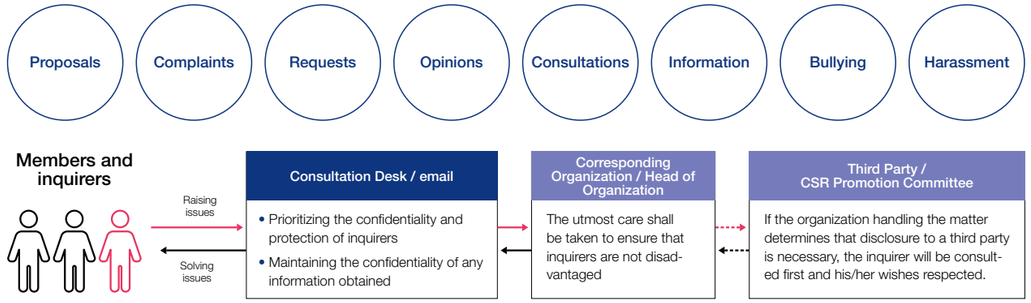
Our CSR audits consist of RBA-VAP audits, customer-conducted CSR audits, and internal CSR audits. By conducting audits based on customer requirements and RBA standards, we have put a system in place that enables us to maintain world-class standards in human rights and labor, health and safety, the environment, fair trade and ethics, and management systems.

	Frequency	Target locations	Content
RBA-VAP audits	Every two years	Priority target locations based on the medium-term plan	Validated Assessment Program (VAP) audits by RBA
CSR audits by customers	Upon customer request	Locations receiving requests from customers	Conducted in accordance with customer audit standards
Internal CSR audits	Annually	All locations, including Group companies	The Business Audit Division conducts audits using the CSR Basic Policy and CSR Goals as audit criteria in accordance with the RBA Code of Conduct

Establishment of the "Smile Mail" Internal Reporting Channel and an External Consultation Service

We have established a dedicated internal reporting hotline ("Smile Mail") to allow employees to anonymously report and seek advice on issues associated with human rights (such as harassment) and compliance (including violations of laws, regulations and internal rules as well as deviations from corporate ethics and social norms), thereby striving to detect misconduct and take corrective actions as early as possible. In addition, we have set up an external consultation service contact on our website so that our stakeholders can submit their opinions, requests, complaints and other feedback.

In FY2025, there were 13 cases reported across the entire SMIC Group (including those that did not constitute compliance violations), indicating that the reporting hotline is being used effectively. We handle all inquiries received in accordance with our internal policies, carefully investigating the facts and taking appropriate action.



Fair Business Practices

The SMIC Group adheres to fair and free competition and strives to conduct its business activities with integrity and fairness. We also declare that we will have absolutely no ties with antisocial forces or organizations that threaten social order, public safety, and the integrity of corporate activities.

Anti-Corruption and Conflicts of Interest

We prohibit bribery, collusion and any other form of corruption in line with the Group's CSR Goals, specifically the second paragraph of the "Fair Trade and Ethics" section ("No Improper Advantage"). We verify whether any fraudulent activities aimed at obtaining unjust profits have taken place through operational audits and regular meetings. In FY2025, no corruption-related violations were identified that required disclosure under applicable laws and regulations. Furthermore, we appropriately manage transactions that may involve conflicts of interest and address them, as necessary, following deliberations in accordance with our governance framework. We also conduct the following training sessions on a regular basis to raise ethical awareness:

- **Training on excluding antisocial forces**
- **Training on information security**

Advertising and Promotional Activities

The SMIC Group strives to appropriately disseminate highly accurate product information in its advertising and promotional activities, avoiding all false or exaggerated claims. We have also established guidelines for social media, and we endeavor to share information in a fair and appropriate manner.

Disclosure of Information

The SMIC Group discloses information required by law -- including details regarding its business activities, organizational structure, and financial condition -- fairly and appropriately, without making untrue statements or falsifying data. We also work to ensure the accuracy of the information we disclose to the extent possible and disclose information in a timely and appropriate manner.

Topics 02

No Matter How the World Changes, Manufacturing Will Never Stop

Stable Supply Supported by Global Resilience

In an era of increasing uncertainty, ensuring a stable supply of products to our customers is a critical responsibility of the SMIC Group. We are working to strengthen our resilience on a global scale while preparing for a variety of supply risks, among them being geopolitical risks, natural disasters, and logistics disruptions. In addition to fostering collaboration among our manufacturing, sales, and technical sites around the world, we are building resilient supply chains by reinforcing our raw material procurement systems and optimizing our supply networks.
As a partner committed to supporting our customers' manufacturing efforts, we are dedicated to ensuring stable supply.

Rising Supply Chain Risks

Natural Disasters

The risk that natural disasters such as earthquakes, floods, and storms (typhoons) will damage production sites and logistics networks, causing disruptions in the procurement of raw materials and components and halting product shipments

Material Procurement Risk

The risk of being unable to secure necessary components on a stable basis due to raw material supply shortfalls, price fluctuations, and other factors

Geopolitical Risk

The risk that conflicts, changes in international circumstances, economic sanctions, and other factors could disrupt procurement, production, and logistics

Tighter Regulations in Various Countries

Human resource risks arising from the need to revamp supply chains and implement additional measures in response to stricter environmental, human rights, and export control regulations

Three Forces Underpinning Global Resilience

1. A Global Production Network

The SMIC Group is building a production network that ensures production capacity across multiple locations and meets the industrial needs of each region. By establishing a system capable of production and supply across multiple locations, we enhance supply continuity in ways adaptable to various changes in the external environment and ensure a stable supply of products to our customers.

We aim to reduce logistics burdens and shorten lead times by producing and supplying solder materials in each region, at the same time minimizing the risk of supply disruptions caused by natural disasters, geopolitical risks, and other factors. We thus ensure a stable supply of high-quality products to customers around the world through our region-based supply strategy and collaboration among our locations.



2. Metal Material Procurement Network

Tin, the main raw material for solder, is sourced from multiple smelters around the world -- most notably in Asia, South America, and Europe -- to diversify the sources of raw materials. This helps reduce geopolitical risk, natural disaster risk, and ethical risk connected with conflict minerals. We have also established a procurement system that is resilient to change and supports stable supply by building long-term, trusting relationships with suppliers.

Process from Metal Material Procurement to Stable Supply for Customers

1. Extraction of raw materials	2. Smelting and refining	3. SMIC Group	4. Customers	5. Social contributions
Extracting raw materials from mines around the world	Ensuring high-quality materials through refining at smelters	Manufacturing and processing at various locations to ensure a consistent supply of high-quality products	Providing products to customers across a wide range of industries	Contributing to industrial development and the realization of sustainable societies

3. Human Resource Development to Bridge Technology and Expertise

We are working to advance manufacturing technology and promote automation through overseas plant managers' meetings with the goal of enhancing global technical capabilities and sharing knowledge across our operations. We are also looking to establish a robust quality management system under a structure that oversees quality on a global basis, and to standardize and improve quality assurance levels across all SMIC Group locations through training programs that develop global quality engineers.





Building Supply Systems Resilient to Change

The SMIC Group is leveraging the global network that connects its locations around the world to bolster resilience across the entire process from procurement to production and supply. We will continue to build supply systems resilient to change to ensure stable supply for our customers and sustainable development for societies.

Working with Customers

Securing the Quality and Safety of Our Products

Basic Policy

The SMIC Group has established a Quality and Safety Policy and is committed to improving quality throughout the entire product lifecycle so that our customers can use our products with confidence.

Quality and Safety Policy

1. We will comply with relevant laws and regulations as well as customer requirements, and we will strive to enhance customer satisfaction by providing products and services that prioritize quality and safety.
2. We will construct, implement, and maintain a quality management system in accordance with the prescribed quality manuals, and continuously improve tis system's effectiveness.
3. We will set quality policies and quality objectives and act in accordance with these, while reviewing them periodically and as necessary and evaluating opportunities for improvement of the management system (intervals, frequency, and circumstances).
4. We will also assess the need for changes to our quality management system and, if changes are necessary, we will review the system to ensure it remains consistent with our Management Philosophy after such changes are made.

Ensuring Product Quality and Safety Through a Quality Management System

The SMIC Group is committed to establishing and operating a quality management system by attaining and maintaining the following international standards at its manufacturing sites both in Japan and overseas, with the ultimate aim of improving and ensuring reliable product quality and safety.

- ISO9001 (22 locations)
- IATF 16949 (18 locations)

Initiatives to Improve Quality

The SMIC Group aims for zero defects in delivery, production, and acceptance; to this end, it formulates an annual quality activity plan and sets specific goals for each division. When a defect occurs, we compile measures to prevent recurrence and incorporate the analysis results into the following fiscal year's improvement plan, thereby continuously implementing the PDCA cycle to drive quality improvement. With the aim of improving quality standards across the entire Group and rolling out corrective measures across all operations, we hold quality meetings that include our global locations and conduct regular quality audits at our overseas factories.

Product Chemical Management

To comply with the RoHS Directive and the REACH rules -- European chemical regulations aimed at protecting human health and the environment -- we manage chemical substances per our environmental management system. We have established a dedicated team structure to handle chemical substance investigations related to our products. We have completed formal registration of the chemical substances we handle per REACH rules and, after obtaining safety data sheets (SDSs) from our suppliers, we relay information to our customers in accordance with Articles 31 and 32. Furthermore, we provide our customers with SDS and GHS labels that comply with the GHS (Globally Harmonized System of Classification and Labelling of Chemicals).

Quality Audits

The SMIC Group conducts 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 advanced products/sintering divisions, respectively. In addition, we conduct annual quality audits at all of our manufacturing sites, both in Japan and overseas, and strive to maintain and improve our quality assurance system.

Preventing Defects in Quality Control Management

The SMIC Group established Industrial Analysis Service, an affiliate company, in 1972 to prevent fraud in quality control. To ensure impartiality, in-house inspection and analysis processes are generally carried out by Industrial Analysis Service, a third-party organization. We help prevent fraud and falsification in the inspection process by using this organization's analysis findings to determine whether a product passes or fails.

Initiatives to Improve Customer Satisfaction

The SMIC Group is committed to improving customer satisfaction. We demonstrate this by making proposals to our customers, engaging in joint development, hosting technical seminars and exchange events, and driving technological innovation. In recognition of these efforts, we received the following awards in FY2025.

- 2026 Intel EPIC Supplier Award
- HUAWEI Technical Breakthrough Award
- HUAWEI Best Supply Guarantee Award
- Amkor Supplier Excellence Award



2026 Intel EPIC Supplier Award

Working with Suppliers

Procurement Activities

Basic Policy

We adhere to procurement compliance standards and work to establish safe and secure supply chains so as to contribute to society through procurement and build good relationships with our suppliers.

CSR Sourcing Policy

1. Senju Metal Industry Co., Ltd. "Quality and Safety Policy"
2. Senju Metal Industry Co., Ltd. "Environmental Policy"
3. Senju Metal Industry Co., Ltd. "Purchasing Policy"
4. Senju Metal Industry Co., Ltd. "Basic Approach Towards Suppliers"
5. SMIC Group Supply Chain Code of Conduct
6. IATF 16949 requirements that must be considered for deliverables
7. Environmental management requirements that must be considered for deliverables

The SMIC Group complies with procurement-related laws and regulations, as well as the Ministry of Economy, Trade and Industry's "Guidelines for Fair Trade Practices in the Automotive Industry". The Group has also established a basic procurement policy, one that emphasizes courtesy toward suppliers and fair and sincere procurement practices, as well as a CSR procurement policy governing transactions with suppliers.

CSR Procurement Initiatives

The SMIC Group has established a "SMIC Group Supply Chain Code of Conduct", based on the RBA Code of Conduct, as its guideline for CSR procurement. We are working to raise awareness and promote understanding of this Group Supply Chain Code of Conduct among our Japanese and international suppliers and supply chain partners, and requesting that they also comply with it.

In addition, we conduct CSR self-assessment surveys regarding this Code for our major suppliers to identify labor, occupational safety and health, environmental, and ethical risks, and we request their cooperation in addressing these issues.

Our Procurement Division and the related Development Division and Manufacturing Division conduct audits of suppliers both in Japan and overseas in accordance with yearly plans. In FY2025, as in previous years, our suppliers inside and outside of Japan extended their cooperation in our supply chain assessments, and no problems were found.

We are also working to foster better communication by conducting reciprocal visits and informational sessions with our suppliers as well as holding online meetings.

Initiatives in Responsible Minerals Sourcing

As part of its commitment to responsible mineral sourcing, the SMIC Group strictly prohibits any business dealings with individuals or organizations involved in human-rights abuses resulting from conflicts, terrorism, child labor and other practices. We have also declared our commitment to complying with the Responsible Business Alliance (RBA) Code of Conduct and pursuing responsible mineral sourcing, and we are working to put this into practice.

Our company joined the RBA in January 2011 and has since built close relationships with our customers in the electronics industry. Since joining the Responsible Minerals Initiative (RMI) in 2014, we have been actively encouraging smelters to undergo Responsible Minerals Assurance Process (RMAP) inspections and obtain third-party certification. As a result, all of our supplier smelters have obtained and maintained RMAP certification since February 2015.

We consistently verify that we do not use high-risk minerals and, in response to customer inquiries, we provide supplier information using the "Conflict Minerals Reporting Template (CMRT)" and "Extended Minerals Reporting Template (EMRT)" published by the RMI. In addition, our European group companies Senju Metal Europe GmbH and Senju Manufacturing Europe s.r.o. have established supply chain policies and are taking appropriate measures in accordance with the EU Conflict Minerals Regulation.

We will continue to call on all our supplier smelters to renew their RMAP certification in a bid to sustain safe and secure supply chains.

Responsible Business Alliance
Advancing Sustainability Globally

RESPONSIBLE MINERALS INITIATIVE

Working with Employees

Our Principle on Human Resources

Basic Policy

Recognizing that our employees are our most valuable and irreplaceable asset, the SMIC Group respects the human rights and individuality of each and every employee. We are also committed to fostering a workplace environment where a diverse workforce can achieve success while mutually respecting differences.

Respect for Human Rights

Basic Policy on Human Rights and Labor

SMIC is a member of the Responsible Business Alliance (RBA), a global CSR alliance, and has established a CSR Basic Policy and CSR Goals that are in accord with the latest versions of RBA's Code of Conduct and JEITA's Guidelines for Responsible Corporate Conduct. We have clearly defined our approaches to human rights and labor issues through the policy and goals and, embracing the principles of Ability, Integrity, and Fighting Spirit that are the key elements of our Management Philosophy, we are committed to creating an environment where every employee can thrive.

Implementation Structure

The SMIC Group's initiatives to respect human rights are led by the CSR Division, in collaboration with the General Affairs, Human Resources, and Compliance Divisions. During each year's CSR Management Review, the President and the Operation Officer in charge of CSR review and evaluate the status of our initiatives pertaining to respect for human rights and any significant human rights risks that have been identified.

Human Rights Due Diligence

The SMIC Group identifies the human rights impacts of its business activities based on the results of the RBA's Risk SAQ and VAP audits, as well as the occurrence of incidents within the company and its supply chains and the content of consultations and reports, and undertakes human rights due diligence to prevent and mitigate adverse impacts.

Respect for Human Rights in Supply Chains

The SMIC Group has formulated the SMIC Group Supply Chain Code of Conduct as a set of guidelines for its suppliers to follow, and is promoting respect for human rights throughout its supply chains. In addition, we conduct SAQs with our suppliers and strive to identify, assess, and prevent human rights risks such as child labor, forced labor, excessive working hours, and discrimination within supply chains.

Human Rights Training

Based on the principle that harassment and discrimination must never be tolerated, we conduct annual "Harassment and Discrimination Prevention Training" and carry out ongoing awareness-raising activities for our employees.

Fair Evaluation and Our Personal Statement System

With the aim of aiding employee capacity-building and development, SMIC operates a system for employees to undergo personnel evaluations and have one-on-one meetings with their supervisors on a semiannual basis. By reviewing each employee's achievements and challenges in relation to their goals and providing appropriate guidance, we evaluate their job performance and abilities fairly and impartially, and reflect these evaluations in promotions, pay raises, and bonuses.

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 employees to express their thoughts and feelings about their jobs and workplace environment.

Human Resource Training

At the SMIC Group, we strive to develop employees who are committed to acquiring new knowledge and capable of making sound judgments with a broad perspective. We examine effective methods and approaches consistent with our training program regulations, and organize a suite of rank-based and role-specific skill-building programs.

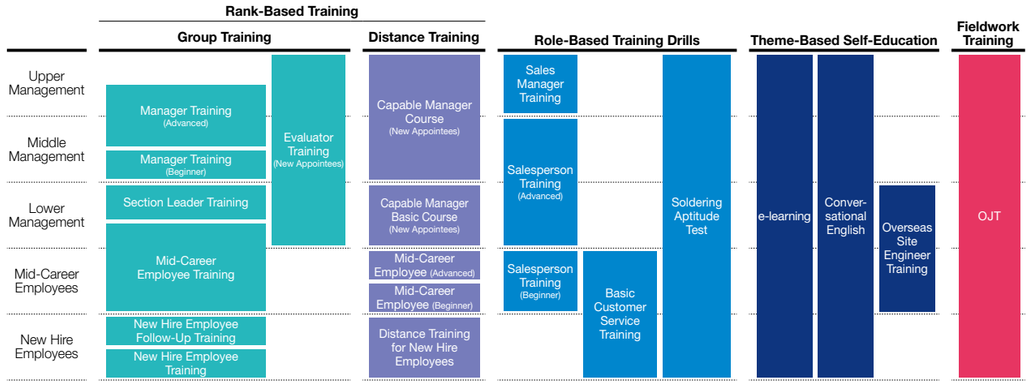
Since FY2020, we have implemented Soldering Aptitude Tests, the aim of which is to increase employee engagement with, and understanding of, our products by having them learn about soldering quality and techniques; we hope that this will also lead to new product development.

Internal Award Program

SMIC organizes two annual presentation sessions for employees, one for small group activities and another for technical achievements, to foster employee growth and boost motivation. Particularly notable contributions are acknowledged with the President's Award.

Education Support System

SMIC supports employees who wish to pursue undergraduate or graduate studies through our scholarship program, enabling motivated employees to acquire advanced and cutting-edge knowledge and skills that lead to innovative product development. In addition, we offer an "Assistance for Acquiring Special Skills" program to encourage voluntary self-improvement and support the acquisition of more advanced skills and knowledge.



Making Worker-Friendly Workplaces

Basic Policy

The SMIC Group strives to create a workplace environment where employees can thrive through initiatives that support work-life balance, as well as through the operation of organizations designed to foster camaraderie among employees and enhance their well-being.
In addition, we will implement various measures and improvements aimed at creating a work environment where employees can work with peace of mind -- such as using our attendance management system to accurately track working hours and time spent at the office -- and providing appropriate guidance to supervisors to curb excessive overtime.

Supporting Work-Life Balance

The SMIC Group has established childcare leave and nursing care leave programs in accordance with the Child Care and Family Care Leave Act to enable employees to balance work and family life and work with peace of mind. The aforementioned Act was revised in October 2022, enabling the introduction of postnatal paternity leave. In FY2025, five male employees at SMIC took postnatal paternity leave and eight took childcare leave To facilitate flexible work arrangements following amendments to the Child Care and Family Care Leave Act, we have introduced programs that offer childcare providers reduced working hours and that provide childcare leave to help employees maintain work-life balance. Employees raising children between the ages of 3 and the starting age for elementary school may choose to utilize either of these programs. In addition, we have established a consultation desk for parental and caregiver leave, creating an environment where many employees can balance child-rearing with their careers.

Childcare Support Policies
Childcare Leave
Parental Leave After Childbirth (Maternity/Paternity Leave)
Time-off for Sick/Injured Childcare
Reduction of Scheduled Working Hours for the Purposes of Childcare
Exemption from Unscheduled Work for the Purposes of Childcare
Limit on Working in Excess/Overtime for the Purposes of Childcare
Limit on Nighttime Work for the Purposes of Childcare
Childcare Leave to Support Work-Life Balance

Nursing Care Support Programs
Caregiver Leave
Short-term Leave for Caregiver
Reduction of Scheduled Working Hours for the Purposes of Caregiving
Exemption from Unscheduled Work for the Purposes of Caregiving
Limit on Working in Excess/Overtime, for the Purposes of Caregiving
Limit on Nighttime Work for the Purposes of Caregiving

Working with Employees

Management of Working Hours

The SMIC Group complies with labor laws and regulations and strives to ensure that employees do not work more than 60 hours per week or work for more than seven consecutive days, in accordance with the requirements of the RBA Code of Conduct. We are working to prevent long working hours by implementing management measures such as automated checks through our attendance management system and reviewing working hours and providing guidance during monthly meetings.

Management of Wages

The SMIC Group has established regulations regarding appropriate wages, allowances, bonuses, other ad hoc payments, and retirement benefits in accordance with labor laws and regulations, and maintains proper wage management.
In addition, we are conducting research on living wages -- an issue being discussed in the context of international standards, including those set by the RBA -- and are working to establish a system capable of meeting living wage standards, including making appropriate adjustments when there is a gap between research findings and current pay levels.

Welfare and Social Interaction for Employees

Our in-house mutual-support group Senyukai holds group and recreational activities at locations across Japan to encourage social interaction among employees. In addition to the Health and Safety Committee, we have established a Labor Relations Committee to represent employees and raise issues to the company regarding improvements to the workplace environment and workplace safety; this committee works to help create a safe, comfortable, and employee-friendly workplace and to contribute to the company's growth.
Each of our overseas locations independently organizes recreational activities and other initiatives to foster camaraderie among employees.



Team-building activities at Tianjin Senju Electronics Co., Ltd.

Diversity

Basic Policy

The SMIC Group respects and actively leverages a wide range of "differences" -- including ethnicity, gender, background, age, values, family structure, and lifestyle -- to respond flexibly and effectively to an ever-changing business environment and increasingly diverse customer needs. Believing in the potential of each and every employee and striving to ensure they can fully utilize their abilities, we are committed to promoting diversity with the goal of creating a fulfilling workplace where employees feel happy, can work for longer, and have peace of mind.

Promoting the Advancement of Women

In accordance with the Act on Promotion of Women's Active Participation in the Workforce, SMIC has formulated a General Employer Action Plan setting forth the following goals regarding the provision of opportunities related to professional life, and is working to promote women's active participation in the workforce.

- Achieve a 100% participation rate in educational and training programs designed to foster future talent, broken down by gender
- Achieve an annual paid leave utilization rate of 80% or higher

Training and Seminars

We regularly hold training sessions and seminars tailored to employees' needs and circumstances to boost their motivation and improve their skills.

Employment of Disabled People

The SMIC Group has long endeavored to employ people with disabilities and is working to create a workplace environment where they can work with confidence and enthusiasm.

Addressing Diversity

SMIC is cultivating a workplace environment where people from diverse backgrounds can work with peace of mind by providing spaces that accommodate worship services and other religious practices, as well as mother's rooms for female employees who are breastfeeding. We have also established a dedicated contact point to receive requests from employees based on individual characteristics such as religion, gender, and disabilities, and have put in place a system to ensure appropriate accommodations are made. In addition, we regularly conduct training sessions and seminars on diversity tailored to specific needs and circumstances for the purpose of deepening mutual understanding among employees and between employees and the company, thereby fostering a more comfortable work environment.

Occupational Health and Safety

Basic Policy

The SMIC Group has clearly established the necessary basic guidelines to further enhance its occupational safety and health initiatives and prevent workplace accidents. We have established a Health and Safety Policy and Health and Safety Management Regulations to ensure the health and safety of our employees and foster a comfortable and healthy work environment.

Health and Safety Policy

1. We will strive to enhance our occupational safety and health activities in accordance with the Labor Standards Act and the Occupational Safety and Health Act, and to create a comfortable work environment.
2. Our company will establish a health and safety management system and actively pursue the necessary measures through our organizational structure and chain of command to prevent workplace accidents before they occur.
3. Employees will comply with laws, regulations, and company rules, and endeavor to prevent workplace accidents and maintain and improve their health.

Labor Health and Safety Management

We have established a health and safety management system tailored to the size of each location in accordance with applicable laws and regulations. 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

	2021	2022	2023	2024	2025
Frequency Rate of Labor Accidents	0	0.62	0	1.84	0.45

***Frequency Rate of Labor Accidents:**
Frequency Rate of Labor Accidents: Number of labor accidents (accidents resulting in death, or injuries resulting in at least one day of absence from work or loss of partial bodily functions) / Total working hours × 1,000,000

Health and Safety Training

We conduct the following education and training programs as needed with the aim of helping employees acquire knowledge and skills related to occupational safety and health.

- Education and training when hired
- Education and training when assigned new responsibilities
- Special education and training for employees engaged in hazardous work
- Foreman education and training (including refresher training for employees who completed foreman education and training more than five years ago)
- Other health and safety training for supervisors
- Education and training aimed at improving the occupational safety and health standards of workers engaged in hazardous work
- Training for qualified personnel (forklift drivers, etc.)

Health Maintenance

In addition to conducting health checkups as required by law and establishing a consultation desk, SMIC has introduced a system whereby the company covers the cost of cancer insurance and subsidizes a portion of monthly medical expenses to help alleviate the financial burden of treating personal injuries and illnesses, thereby reducing the out-of-pocket costs for our employees.

PFAS Response

To prevent health hazards to workers caused by PFAS during manufacturing operations, the Matsuyama Plant has implemented measures to isolate the affected work areas and is conducting workplace environmental monitoring and blood tests for workers. To prevent PFAS from leaking into surrounding areas, we will continue to conduct regular measurements and inspections and strive to ensure the health and safety of our employees and the surrounding community.

Working with Employees

Support Suited to Each Workplace

At our manufacturing sites, we supply salt-fortified foods to help prevent heatstroke during the summer and provide milk as part of our health initiatives, all to ensure that our employees can work safely and in good health.

Through these initiatives, we assist employees in managing their health in a way that suits their work environment, thereby helping to raise health awareness throughout the workplace.

Various Systems		Frequency/ Period	Content
Health Management	General Health Examinations	1 time/year	Conduct general health checkups or lifestyle-related disease prevention screenings for employees
	Screening for Lifestyle-Related Diseases	2 times/year	Offer guidance aimed at encouraging lifestyle improvements to those who wish to participate
	Special Health Examinations	2 times/year	Conduct health examinations that include specific items for employees engaged in hazardous work as defined by law
	Stress Checks	1 time/year	Conduct questionnaire surveys to provide insights and advice on mental health care tailored to each individual's circumstances.
Welfare	Cancer Insurance System	25 years of age or older	Help alleviate the financial burden resulting from an unexpected cancer diagnosis by enrolling employees in cancer insurance and covering the full cost of the premiums*
	Medical Expense Reimbursement System	As needed	Subsidize a portion of the medical expenses incurred by employees for the treatment of personal injuries or illnesses
Other	Use of Counseling Room	As needed	Establish a consultation service staffed by industrial counselors to address workplace and job-related concerns, with the aim of helping employees resolve their issues early on

*We have transitioned to plans that allow individuals who have already been diagnosed with cancer to enroll in cancer insurance, and we have updated the coverage to include outpatient treatment.

Supporting Employment of People with Disabilities in Cooperation with Local Communities: Café Myoko

The Adachi-ku Federation of Disabled People's Welfare Associations (Yuai-kai*) operates cafes and shops at various facilities throughout Tokyo's Adachi-ku, providing employment opportunities for people with disabilities. Café Myoko, located in a corner of SMIC's head office building, is one such initiative. Here, we welcome individuals with intellectual disabilities who are affiliated with care facilities for people with disabilities in Adachi-ku and provide them with opportunities for social participation through work. Working at Café Myoko increases their opportunities to move around on public transport independently. By assigning them a variety of tasks to be completed one by one -- such as answering phones, working in the café, or selling bread -- we foster their initiative and independence and support them in developing stronger social skills.
SMIC has also endorsed this initiative and, since the reconstruction of its head office building in 2005, has provided ongoing support by offering a café space, covering utility costs, and ordering beverages during internal meetings.





*An organization established about 50 years ago in Adachi-ku, Tokyo, to bring together individuals with visual, hearing, physical, and intellectual disabilities, as well as those with acquired disabilities resulting from accidents or illness, and their families, with the aim of promoting mutual understanding of disabilities, fostering friendship, and providing employment opportunities.

Activities of Social Contribution

Culture, Education, and Community Outreach



Summer vacation: plant tour and environmental education session

Matsuyama Plant

July 2025



Donation of pine saplings to a local elementary school

Matsuyama Plant / Kinugaoka Plant

March 2025



Guardrail cleaning

Ichinoseki Plant / Senju Sprinkler Co., Ltd.

June 2025 76 people



High school ekiden race volunteers

Nishiwaki Plant / Naka Plant

February 2025 12 people



On-site hand-soldering classes at local high schools

Nishiwaki Plant / Naka Plant

June 2025



Cleanup around Naka Plant

Naka Plant

April 2025 / September 2025 39 people



Cleanup around Nishiwaki Plant and Okitama Shrine

Nishiwaki Plant

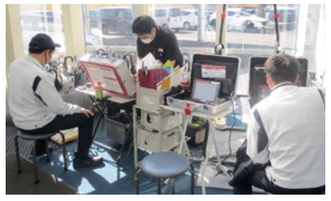
May 2025 / September 2025 120 people



Cleanup around plant

Miyazaki Plant

June 2025 / October 2025 51 people



Blood drive

Miyazaki Plant

February 2025 5 people



Plant tours for local high schools

Miyazaki Plant

July 2025



Cleanup around nearby park

Senju System Technology Co., Ltd. / Toyama Office

November 2025 10 people



Lecture by engineer at nearby university

Industrial Analysis Service Ltd.

January 2026

Activities of Social Contribution



Support for influenza vaccinations

Senju (Thailand) Co., Ltd.

February 2025



Donating furniture to schools

Senju Solder (Phils.) Inc.

September 2025



Donation of recycled materials to schools

Senju Solder (Phils.) Inc.

September 2025



Cleanup around plant

Senju Metal Korea Co., Ltd.

December 2025 10 people



Blood drive

Senju Electronic (Taiwan) Co., Ltd.

July 2025 / October 2025 17 people



Volunteer work and donations to food banks

Senju Electronic (Taiwan) Co., Ltd. / Senju Semiconductors Taiwan Co., Ltd.

July 2025 / August 2025 51 people



Support for charity event for people with disabilities

Senju Electronic (Taiwan) Co., Ltd.

October 2025 12 people



Support for organizations for people with disabilities

Senju Electronic (Taiwan) Co., Ltd.

May 2025 46 people



Cleanup around plant

Senju Manufacturing Europe s.r.o.

June 2025 20 people



Donating shoes to developing countries

Senju Electronic (Taiwan) Co., Ltd.

July 2025 20 people

Cleanup around nearby park	Nishiwaki Plant / Naka Plant	August 2025	12 people
Sakamoto District Clean Roads Campaign	Naka Plant	December 2025	7 people
Outreach classes at nearby middle schools	Senju Sprinkler Co., Ltd.	October 2025	
Booth operation at nearby high school's cultural festival	Senju Sprinkler Co., Ltd.	October 2025	

Natural Environment Protection



Beach cleanup activity

Matsuyama Plant / Kinugaoka Plant

November 2025 42 people



Clean sweep of Satetsu River

Ichinoseki Plant / Senju Sprinkler Co., Ltd.

April 2025 43 people



Cleanup activities in forest reserve

Senju Comtek Corp. / Senju America Inc.

June 2025 8 people



River cleanup

Senju Solder (Phils.) Inc.

June 2025 / October 2025 / December 2025 43 people



Beach cleanup activity

Senju Metal (Hong Kong) Limited / Senju Electronic Materials (Hong Kong) Co., Ltd.

November 2025 10 people



Tree-planting activity

Senju Metal (Shanghai) Co., Ltd.

April 2025 6 people

The Satoh Artcraft Research & Scholarship Foundation / Sekido Museum of Art

The Satoh Artcraft Research & Scholarship Foundation, a public interest incorporated foundation, was created with the objectives of promoting international cultural exchange and mutual understanding as well as enhancing Japan's culture. The foundation supports efforts to these ends through grant programs in the field of fine arts and crafts, including the administration of the Tansuio Prize established to encourage young metalworkers. The foundation also provides ongoing support for the preservation of traditional craft techniques in the Noto region, which suffered extensive damage from the Noto Peninsula Earthquake.

The Sekido Museum of Art, located within the SMIC head office building, was established by the foundation in April 2006. The museum's holdings center on the collection assembled over the course of his life by the late Honorary Chairman Senju Sato, and the museum's name is derived from Sato's pen name "Sekido."

In addition to exhibiting its collection, the Sekido Museum of Art serves as the venue for "Concert in the Museum", a cultural event organized by the Adachi Lifelong Educational Promotion Corporation, making it a place for interacting with the local community. The "Traditional Japanese Metalwork Exhibition" co-hosted by the Satoh Foundation and the Japan Kogei Association, a public interest incorporated association, is also held here.





Topics 03

Toward the Realization of Sustainable Societies

The SMIC Group has set out a goal of realizing sustainable societies in its Environmental Vision 2050. To achieve this goal, the Third Environmental Plan was formulated in 2025 with mid-term targets based on international requirements. We would like here to introduce the SMIC Group's past initiatives and future approaches for realizing our Environmental Vision 2050.

Environmental Vision 2050

Realize a Low-Carbon Society

Taking on the challenge of building a zero-green-house-gas society

Realize a Cyclical Society

Conserving global resources through recycling

Realize a Society that Exists in Harmony with Nature

Minimizing environmental risks and conserving biodiversity



Third Environmental Plan

(FY2020–FY2035)

Pursuing Initiatives Toward Carbon Neutrality

Reduce 63% of FY2020 Scope 1 and Scope 2 global green-house gas emissions (24,120 t-CO_2) by 4.2% per year by 2035*1

*1 Envisions the use of low-carbon electricity(Note) and new energy technologies

Promoting the Use of Recycled Resources

Maintain a recycled material*2 usage rate of at least 50% and aim for further improvement.

*2 Includes reused materials and pre-consumer recycled materials

Thoroughly Managing Chemical Substances in Use

Minimize the impact of chemical substances used on the global environment and ecosystems

Conserving Biodiversity

Conserve biodiversity through environmental protection activities

(Note) Low-carbon electricity: electricity with significantly lower GHG emissions over its entire life cycle (including nuclear power)

SMIC Group's Efforts to Reduce GHG Emissions

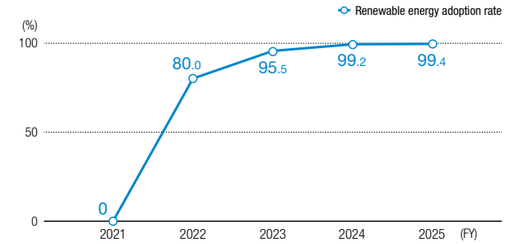
— Cutting GHG Emissions at Locations in Japan

Since the 2010s, when global warming became one of the world's major challenges, the SMIC Group has been continuously working to reduce energy consumption and minimize its environmental impact through facility improvements and energy-saving initiatives (First Environmental Plan). Upon the official transition to the Paris Agreement in 2020, the Group formulated Environmental Vision 2050 and the Second Environmental Plan to lay out mid-term targets for achieving that vision. As part of our efforts toward carbon neutrality, we set a target to reduce Scope 1 and Scope 2 emissions in Japan by 25% of 2013 levels during the 2020–2030 implementation period. We promoted energy-saving measures at our locations across the country, including improving the energy efficiency of production and infrastructure facilities and switching to LED lighting.

Starting in 2022, we began not only carrying out energy-saving measures but also introducing renewable energy. In 2023, we completed the transition to renewable electricity at our head office and all manufacturing sites in Japan, thus making further progress in reducing GHG emissions.

Examples of Energy-Saving Initiatives	CO_2 Reduction Effects
Visualizing electricity usage by installing power monitors	–
Optimizing compressor operation	85% reduction
Improving the efficiency of energy-intensive processes (melting, casting, molding, etc.)	28% reduction
Switching to a new fuel source for on-site power generation (heavy oil → city gas)	37% reduction
Changing groundwater depth	25% reduction
Switching to LED lighting fixtures	50% reduction

Renewable Energy Adoption for Purchased Electricity at Locations in Japan

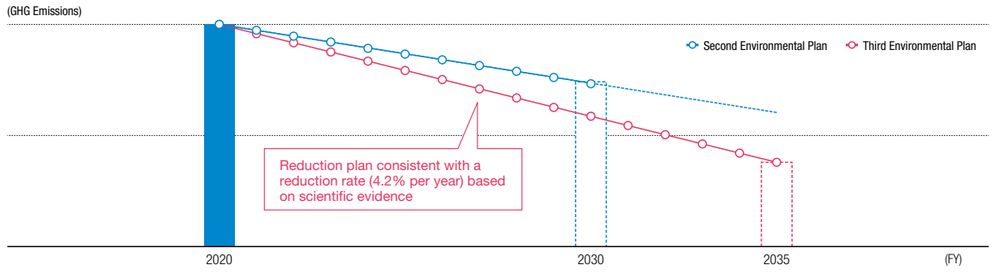


Third Environmental Plan for Achieving Low-Carbon Societies

The Third Environmental Plan incorporates an international emissions reduction framework consistent with the 1.5°C target to realize Environmental Vision 2050. We also evolved from our previous Japan-focused total reduction target to a global reduction plan aligned with an annual reduction rate of 4.2%.

- **Globalize emission baseline**
  Step up the management and promotion of emissions reduction across the entire Group
- **Transition to a reduction plan in line with international requirements**
  Set annual targets based on scientific evidence and encourage continuous emissions reductions

To reduce Scope 2 emissions, we will secure a steady supply of carbon-free electricity by utilizing primarily nature-derived renewable energy along with other low-carbon power sources, and flexibly adopting the most appropriate methods tailored to the circumstances of each country and region, thereby ensuring reliable emissions reductions. At the same time, we will take into account the impact of energy production and procurement on biodiversity and local environments. To reduce Scope 1 emissions, we will keep implementing consistent energy-saving measures while also considering the introduction of new energy technologies. We will also continue to monitor trends in the societal implementation of carbon-free gas and next-generation heat sources and fuels, and proceed with our own deliberations in line with progress made toward practical application.



The SMIC Group will move further ahead with its decarbonization efforts and accelerate its progress toward achieving carbon neutrality.

Environment

Environmental Policy

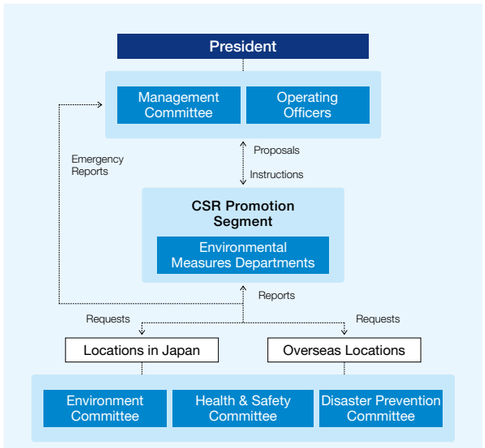
Basic Policy

The SMIC Group recognizes that protecting the global environment is a shared mission for all humanity. Guided by this mission, we will strive to achieve sustainable societies by seeking harmony between our business activities and the global environment, and we will devote our full efforts to protecting our rich natural environment and diverse ecosystems.

Environmental Administration Structure

The SMIC Group has established an Environmental Committee to review and promote the measures necessary to reduce our impact on the global environment. The committee meets monthly to formulate plans pertaining to pollution prevention and environmental conservation, as well as to review their implementation status. The Management Committee also identifies environmental risks and opportunities on an annual basis and establishes our environmental policy based on the results of that assessment.

Environmental Organizational Chart



Environmental Management System

The SMIC Group has established an environmental philosophy and environmental policy that serve as guidelines for its environmental initiatives. We have obtained ISO14001 certification at a total of 19 locations in Japan and overseas, established an environmental management system based on this standard, and committed to continuous improvement through the PDCA cycle.

Regarding the four priority environmental themes -- greenhouse gas reduction, waste reduction, reduction of hazardous chemicals, and nature conservation activities -- all our locations and organizations in Japan and overseas set annual goals and action plans to undertake initiatives aimed at reducing our environmental footprint.

Environmental Risk

The SMIC Group has identified a variety of environmental risks, among them climate change and pollution caused by waste, and has established and implemented strict voluntary management standards to prevent environmental and pollution incidents. To minimize the damage expected in the event of an emergency, we also conduct emergency response drills once per year.

There were zero environmental and pollution incidents in FY2025. Going forward, we will continue our efforts to prevent environmental and pollution incidents.

Environmental Training

To raise employees' environmental awareness and maintain and improve our environmental management system, we conduct the following environmental training programs.

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

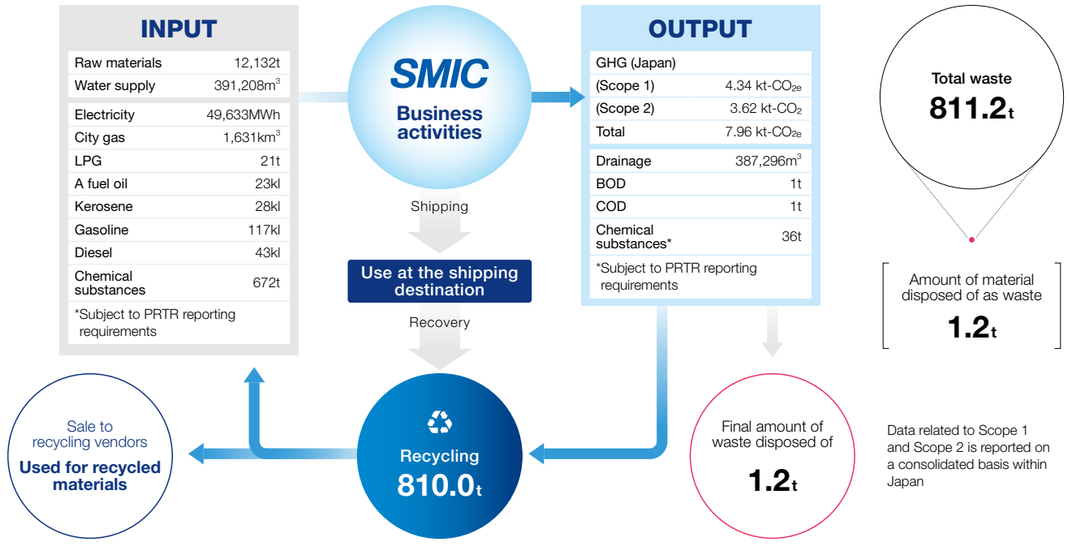
Environmental Audits

To ensure that environmental measurements and reporting are carried out reliably, to verify that no issues have arisen, and to confirm that actions mandated by laws and regulations are being taken appropriately, we conduct four environmental compliance assessments each year as well as an annual internal audit to verify the effectiveness of our ISO14001 compliance. These evaluations and audits are performed by compliance evaluators and the heads of relevant organizations.

Material Balance

Material balance analysis tracks materials, energy and other inputs (INPUT) used across all business activities as well as the emissions of environmentally harmful substances (OUTPUT) to derive a clear picture of the overall environmental impact of a business.

SMIC's primary factories -- the Matsuyama Plant and the Kinugaoka Plant -- generate approximately 811 metric tons of waste annually; through various initiatives, however, the company has reduced the final waste volume to 1.2 metric tons.



Greenhouse Gas Reduction

Basic Policy

The SMIC Group quantitatively monitors and measures the environmental impact of its business activities and tracks its energy consumption and greenhouse gas emissions in an effort to curb and mitigate global warming.
We then work to conserve energy and reduce CO_2 emissions based on this data.

CO_2 Emissions Calculation Mechanism

To properly evaluate the progress of our CO_2 emissions reduction efforts, we need to accurately assess our company's current emissions levels. The concept used in this context is called "scope". Three scopes of emissions to be measured have been defined based on the GHG Protocol, an international standard.

Scope 1	Direct emissions resulting from the company's business activities (e.g., on-site power generation → combustion of heavy oil, etc.; use of vehicles → combustion of gasoline and diesel fuel)
Scope 2	Indirect emissions associated with the use of electricity, heat, and other energy purchased by the company (e.g., electricity usage generated by power companies)
Scope 3	Emissions other than Scope 1 and Scope 2 emissions that are associated with business activities conducted by the company within supply chains (e.g., raw material procurement, logistics, and sales). These are classified into 15 categories.

Upstream (8 categories)

Scope 3
Cat. 1: Purchased goods and services
Cat. 2: Capital goods
Cat. 4: Transportation and distribution

In-house

Scope 1	Scope 2	Scope 3
Fuel combustion	Electricity usage	Cat. 6 Business trips Cat. 7 Commuting

Downstream (7 categories)

Scope 3
Cat. 9: Transportation and distribution
Cat. 11: Use of sold products
Cat. 12: End-of-life treatment of sold products

Environment

Reduction of Greenhouse Gas Emissions (Scope 1 and 2)

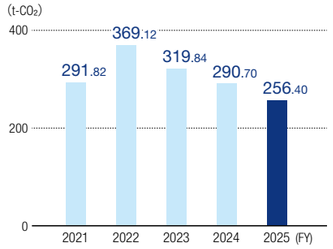
The SMIC Group is pursuing energy conservation through initiatives such as improving operational efficiency at its manufacturing sites and upgrading air conditioners, transformers and other equipment. Through these initiatives, we achieved a reduction equivalent to 256 t-CO_2 in FY2025. We have also completed the transition to renewable energy for all purchased electricity at our manufacturing sites in Japan, thereby achieving a significant reduction in Scope 2 emissions. Moving forward, we will be actively working to reduce emissions globally in accordance with the Third Environmental Plan formulated in FY2025.

P.45 Toward the Realization of Sustainable Societies

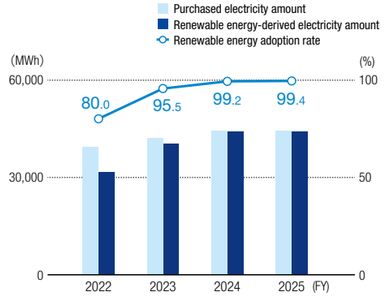
Examples of Key Improvement Initiatives (FY2025)

Site	Initiative	Reduction (t-CO_2)
Matsuyama Plant	• Optimizing the number of nitrogen generators in operation on weekends	50
	• Replacing R22 refrigerant equipment with high-efficiency models	16
Miyazaki Plant (formerly Senju Giken Co., Ltd.)	• Optimizing cleanroom air conditioning operating hours	63
	• Switching to LED lighting	3
Ichinoseki Plant (formerly Senju Electronic Corp.)	• Optimizing the operation of nitrogen generators, compressors, etc.	31
	• Cleaning the fins on air conditioner outdoor units	12
	• Switching to LED lighting	5

Reduction in GHGs



Renewable Energy Adoption for Purchased Electricity at Locations in Japan





Independent Assurance Statement

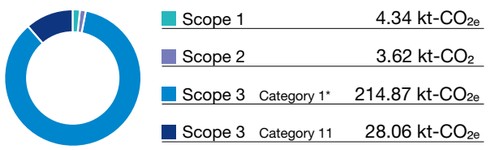
Calculation of Greenhouse Gas Emissions (Scope 1, Scope 2, Scope 3)

The SMIC Group has calculated its global Scope 1 and Scope 2 emissions and obtained third-party verification. In FY2025, we achieved an 8% reduction from the FY2024 figures.
We estimated Scope 3 emissions in Japan and identified key Scope 3 categories. Based on the results of our calculations, we identified Category 1 (purchased goods and services) -- which accounts for over 80% of our Scope 3 emissions -- as our top priority. We also designated Category 11 (use of sold products) as a key category since we can directly help cut our customers' Scope 2 emissions by reducing the electricity consumption of our factory automation (FA) equipment during use at their locations. Together, these two categories account for over 90% of our total Scope 3 emissions and thus are the focuses of our reduction efforts. We will calculate emissions for the selected priority reduction categories and undertake initiatives to reduce greenhouse gas emissions.

FY2025 Greenhouse Gas Emissions

		(t-CO_{2e}/t-CO_2)	(t-CO_{2e})
Japan	Scope 1	3,925	4,147
	Scope 2	222	
Overseas	Scope 1	423	3,825
	Scope 2	3,402	
Global Total	Scope 1	4,348	7,972
	Scope 2	3,624	

2025 CO_2 Emissions by Scope



*Eligible items: process inputs for the solder and sintering materials businesses

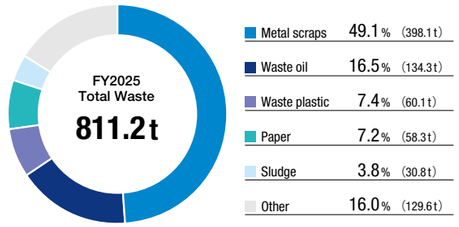
Waste Reduction/Recycling

Basic Policy The SMIC Group conducts waste reduction and recycling activities based on the 3R principles (waste reduction, reuse, and recycling).

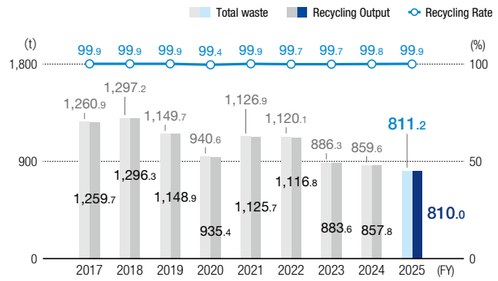
Efforts to Reduce Waste Emissions

Since 2013, the SMIC Group has been implementing initiatives to reduce waste generation centering on recycling solder, recovering plastic packaging materials, and recycling scrap from sintering products. As a result of our ongoing efforts in these areas, the total waste volume at our primary factories -- the Matsuyama Plant and the Kinugaoka Plant -- was 1.2 metric tons in 2025, and the recycling rate reached 99.9%.
We will continue to advocate for the proper disposal and recycling of waste, while also taking steps to reduce the generation of waste itself and further reduce waste output.

Breakdown of Waste Volume



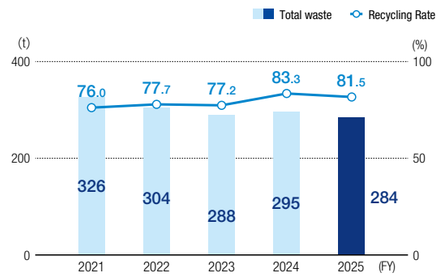
Total Waste Emissions and Recycling Rates



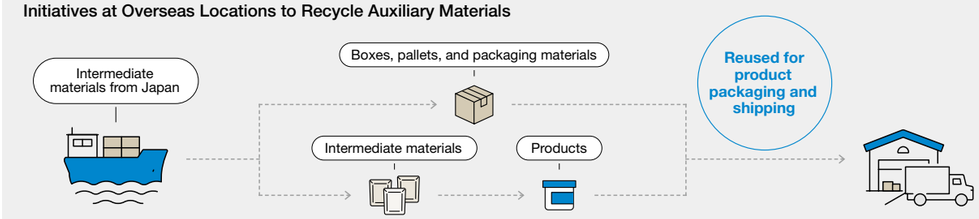
Initiatives at Overseas Locations

As in Japan, the SMIC Group conducts environmental activities at overseas locations based on four key environmental themes (reducing greenhouse gas emissions, lessening waste generation, cutting down on hazardous chemicals, and engaging in nature conservation activities). Specifically, we are implementing such initiatives as reducing electricity consumption by managing the operation of manufacturing equipment and collecting and recycling product containers and packaging materials. Our overseas offices and the CSR Division also collaborate to hold annual meetings on environmental issues. These meetings allow us to review our annual plans and the status of our initiatives, consider future directions, and push for environmental activities tailored to the circumstances of each region and location.

Total Waste Volume and Recycling Rates for Overseas Locations



Initiatives at Overseas Locations to Recycle Auxiliary Materials



Environment

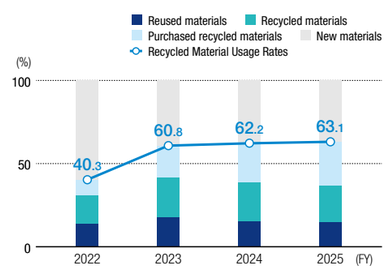
Proprietary Solder Recycling System Developed in Collaboration with Partner Company

For nearly 40 years, the SMIC Group has been working with its partner company TAK-G to recycle solder. With the introduction of lead-free solder in the 2000s, solder shifted from the traditional two-element tin-lead composition to a three-element tin-silver-copper composition, and the trend toward multi-element formulations remains intact today. In response to these changes, there has been a growing need for recycling facilities capable of handling multiple elements. We have therefore developed a system that employs our proprietary refining methods to recycle high-purity solder by utilizing specialized technologies that minimize the generation of hazardous substances to the greatest extent possible. The importance of solder recycling has increased significantly of late, while the volume of recycled solder has doubled over the past few years and is expected to continue rising.

Even before mineral recycling became general practice, we were committed to fulfilling our responsibility as a materials manufacturer using mineral resources. As we work toward the attainment of sustainable societies -- to include the effective use of limited mineral resources and the reduction of air pollution -- we will continue to actively invest in human resources and technology for a system that allows us to collect and recycle our own end-of-life solder products.



Recycled Material Usage Rates



Reduction of Hazardous Chemicals

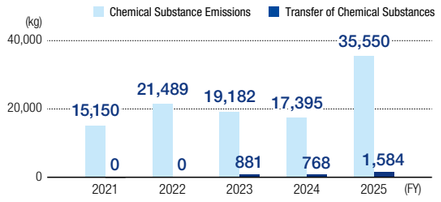
Basic Policy

The SMIC Group manages chemical substances appropriately as per its environmental management system. In particular, for chemical substances with a significant environmental impact, we endeavor to reduce their usage or prohibit their use in line with our plans. We also set annual reduction targets and make focused efforts to fulfill them.

Emission and Transfer of PRTR Law-Specified Chemical Substances

We track and annually report the emission and transfer of chemical substances requiring notification under the Pollutant Release and Transfer Register (PRTR) Law. In FY2025, we recorded 1,584 kg of transfer.

Emission and Transfer of PRTR Law-Specified Chemical Substances



Soil and Groundwater Pollution Countermeasures

The SMIC Group is taking the following initiatives as soil and groundwater pollution countermeasures. We are also working to prevent pollution by conducting emergency response drills and providing risk education on preventing 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)

Biodiversity

Basic Policy

The SMIC Group recognizes that achieving “nature positive” is essential to building sustainable societies, and we are committed to maintaining and conserving biodiversity by actively engaging in nature conservation and environmental protection activities.

SMIC Group Initiatives

The SMIC Group is engaged in biodiversity conservation at its locations in Japan and those overseas as part of its efforts to protect local environments and contribute to societies. We carried out the following activities in FY2025



Arakawa Waterside Supporters
(activity designed to conserve reed fields in lower Arakawa River)

Head Office / Industrial Analysis Service Ltd.

December 2025 11 people



Moka Environmental Partnership Conference
(Firefly habitat and forest conservation activities)

Matsuyama Plant / Kinugaoka Plant

January 2025 / March 2025 / June 2025 / September 2025 / November 2025 60 people



Satoyama Conservation Volunteers
(Tree planting and forest management/conservation activities)

Nishiwaki Plant / Naka Plant

June 2025 / November 2025 21 people



Jagahora River cleanup
(Giant salamander habitat conservation efforts)

Seto Laboratory

November 2025 2 people



Ishizaki Beach cleanup
(Loggerhead sea turtle nesting habitat conservation effort)

Miyazaki Plant

November 2025 14 people



"The Forest Is the Sea's Lover" Tree-Planting Festival
(Environmental conservation activities to protect interconnected forest, river and ocean ecosystems)

Senju Sprinkler Co., Ltd.

June 2025 16 people



Wetland conservation activity
(Conservation efforts at the Kaohsiung-Zhouzai Wetlands)

Senju Electronic (Taiwan) Co., Ltd. / Senju Semiconductors Taiwan Co., Ltd.

March 2025 27 people



Donations for afforestation activities and afforestation research facilities
(Tropical rainforest restoration and conservation activities)

Senju (Malaysia) SDN. BHD.

November 2025 20 people

Maintenance of dogtooth violet colony
(Dogtooth violet colony conservation efforts)

Seto Laboratory

December 2025 1 person

Employee Data

		FY2021	FY2022	FY2023	FY2024	FY2025
Number of Employees						
Japan	*(Part-time employees in parentheses)	1,626	1,638	1,617	1,631	**1,660**
	Men	1,113	1,115(1)	1,103(1)	1,117(6)	**1,133(49)**
	Women	513	523(55)	514(51)	514(28)	**527(38)**
Overseas	*(Part-time employees in parentheses)	622	566	573	585	**538**
	Men	320	285	293	306(25)	**258(11)**
	Women	302	281	280(2)	279(4)	**280(10)**
Total	*(The numbers in parentheses indicate the percentage of women.)	2,248(36.3%)	2,204(36.5%)	2,190(36.3%)	2,216(35.8%)	**2,198(36.7%)**
Number of Regular Employees						
Japan		1,314	1,341	1,342	1,331	**1,412**
	Men	971	978	965	965	**995**
	Women	343	363	377	366	**417**
Overseas		576	539	528	542	**534**
	Men	300	275	268	271	**258**
	Women	276	264	260	271	**276**
Total	*(The numbers in parentheses indicate the percentage of women.)	1,890(32.8%)	1,880(33.4%)	1,870(34.1%)	1,873(34.0%)	**1,946(35.6%)**
Number of Contract Employees						
Japan		312	297	275	250	**237**
	Men	142	137	138	144	**127**
	Women	170	160	137	106	**110**
Overseas		46	27	45	26	**24**
	Men	20	10	25	11	**13**
	Women	26	17	20	15	**11**
Total	*(The numbers in parentheses indicate the percentage of women.)	358(54.7%)	324(54.6%)	320(49.1%)	276(43.8%)	**261(46.4%)**
Number of Non-Regular Workers						
Temporary employees		—	232	315	267	**255**
Managers						
Japan		184	196	178	183	**161**
	Men	167	177	158	164	**145**
	Women	17	19	20	19	**16**
	Percentage of Female Managers	9.2%	9.7%	11.2%	10.4%	**9.9%**
Overseas		97	86	93	117	**114**
	Men	55	46	58	62	**59**
	Women	42	40	35	55	**55**
	Percentage of Female Managers	43.3%	46.5%	37.6%	47.0%	**48.2%**
Hiring						
		85	75	68	78	**88**
	Men	60	45	40	50	**54**
	Women	25	30	28	28	**34**
	Turnover rate (3 years after joining)	13.5%	10.5%	6.9%	7.4%	**9.0%**
Utilization of Leave Systems (Non-Consolidated)						
Average number of paid leave days taken per year		11.1 days	13.6 days	13.5 days	12.2 days	**12.7 days**
Paid leave utilization rate		56.9%	77.0%	76.4%	70.8%	**75.5%**
Number of employees taking childcare leave		14	24(8)*2	8	20	**19**
Return-to-work rate after childcare leave		93%	100%	88%	100%	**100%**
Childcare leave utilization rate for male employees*1		—	10.5%	22.2%	60%	**47%**
Number of employees taking nursing care leave		1	3(2)*2	0	2	**1**
Return-to-work rate after nursing care leave		100%	100%	—	100%	**100%**
Working Hours (Non-Consolidated)						
Average overtime hours per month		11.5 hours	11.2 hours	10.4 hours	10.3 hours	**10.3 hours**
Average hours worked/month		—	—	—	163 hours	**162 hours**
Employment of People with Disabilities (Non-consolidated)						
Number of employees with disabilities		17	14	16	23	**25**
Employment rate of persons with disabilities *(Legally mandated rate in parentheses)		2.2%(2.3%)	1.9%(2.3%)	1.6%(2.3%)	2.3%(2.5%)	**2.3%(2.5%)**

Environmental Data

		FY2021	FY2022	FY2023	FY2024	FY2025
CO_2 emissions						
Scope 1 (kt-CO_{2e})	Japan	3.57	3.05	3.71	4.29	**3.92**
	Overseas	—	—	0.50	0.46	**0.42**
	Total	—	—	4.21	4.75	**4.34**
Scope 2 (kt-CO_2)	Japan	17.68	3.75	1.01	0.15	**0.22**
	Overseas	—	—	4.51	3.74	**3.40**
	Total	—	—	5.52	3.89	**3.62**
Scope 1 + Scope 2 (kt-CO_{2e})	Japan	21.25	6.81	4.72	4.44	**4.14**
	Overseas	—	—	5.01	4.20	**3.82**
	Total	—	—	9.73	8.64	**7.96**
Electricity						
Electricity usage (MWh)	Japan	42,663	42,437	46,551	50,277	**49,633**
	Overseas	—	—	6,381	6,824	**6,444**
	Total	—	—	52,932	57,101	**56,077**
Self-generated electricity (MWh)	Japan	3,952	3,053	4,481	5,980	**5,403**
	Overseas	—	—	0	0	**0**
	Total	—	—	4,481	5,980	**5,403**
Purchased electricity (MWh)	Japan	38,711	39,384	42,070	44,297	**44,230**
	Overseas	—	—	6,381	6,824	**6,444**
	Total	—	—	48,451	51,121	**50,674**
Purchased renewable energy (MWh)	Japan	0	31,543	40,178	43,959	**43,954**
	Overseas	—	—	0	0	**0**
	Total	—	—	40,178	43,959	**43,954**
Renewable energy utilization rate	Japan	0.0%	74.3%	86.3%	87.4%	**88.6%**
	Overseas	—	—	0%	0%	**0.0%**
	Total	—	—	75.9%	77.0%	**78.4%**
Energy use						
Crude oil equivalent (kl)		7,046	6,754	7,902	6,790	**7,742**
Waste and recycled resources						
Japan						
	Total waste volume (t)	1,127	1,120	886	860	**811**
	Amount recycled (t)	1,126	1,117	884	858	**810**
	Recycling Rate	99.9%	99.7%	99.7%	99.8%	**99.9%**
Overseas						
	Total waste volume (t)	326	304	288	295	**284**
	Amount recycled (t)	248	236	222	246	**232**
	Recycling Rate	76.0%	77.7%	77.2%	83.3%	**81.5%**
PRTR Law-Specified Chemical Substances						
Chemical substance emissions (t)		15	21	19	17	**36**
Transferred amount (t)		0.0	0.0	0.9	0.8	**1.6**

*1 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 spouses gave birth).
*2 The numbers in parentheses representing the number of employees taking childcare leave and nursing care leave refer to those who took such leave between April 1 and December 31, 2022.
*3 Sums and percentages within environmental data are based on pre-rounding figures, so they may not match the sums of individual items or the calculated results.

Participation in External Initiatives

Responsible Business Alliance

SMIC joined the RBA in 2011 and is committed to complying with the RBA Code of Conduct.

SEMI

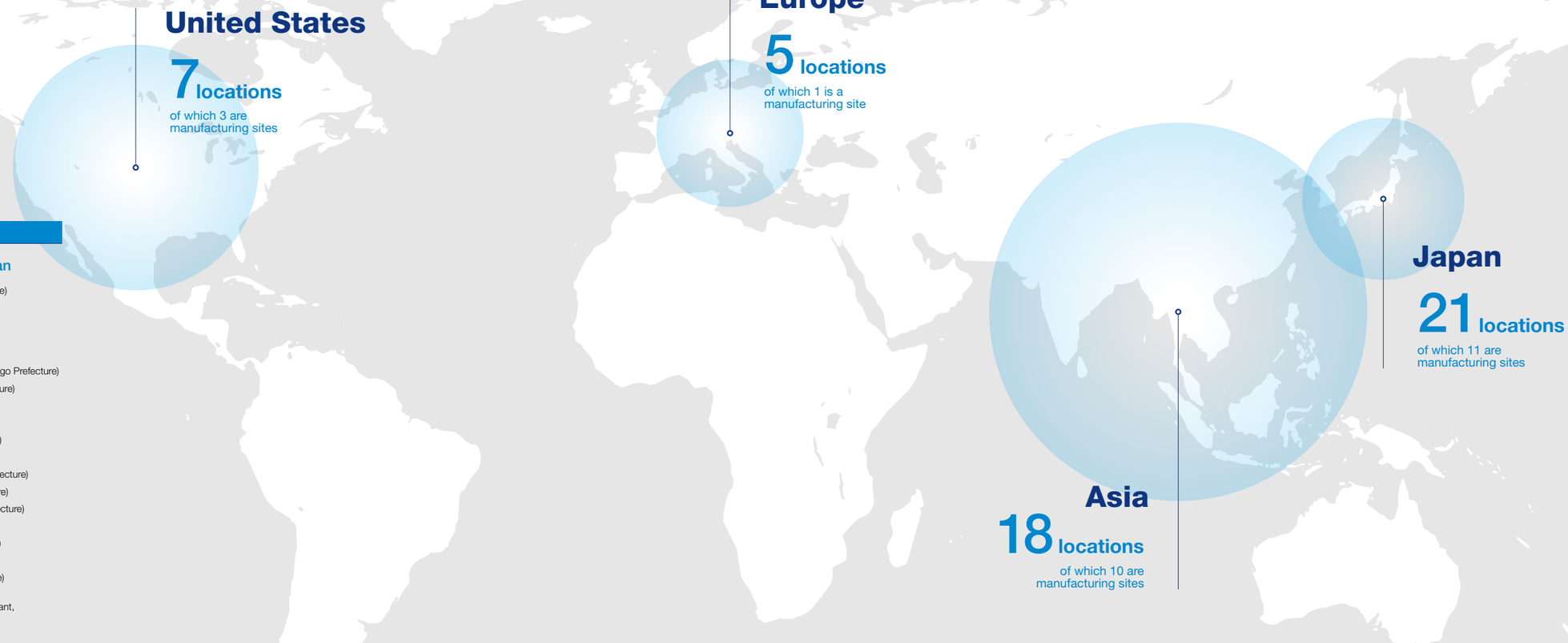
SMIC became a SEMI member in 2016 and is committed to the development of the semiconductor industry.

External Evaluation

CDP

The SMIC Group has been responding to CDP's Climate Change Questionnaire and Water Security Questionnaire since 2011.

Company Profile and Network



SENJU METAL INDUSTRY CO.,LTD.

Manufacturing and Research Facilities in Japan

Ichinoseki Plant	(Ichinoseki City, Iwate Prefecture)
Matsuyama Plant / Kinugaoka Plant	(Moka City, Tochigi Prefecture)
Soka Plant	(Soka City, Saitama Prefecture)
Seto Laboratory	(Seto City, Aichi Prefecture)
Nishiwaki Plant / Naka Plant	(Nishiwaki City/Taka Town, Hyogo Prefecture)
Miyazaki Plant	(Miyazaki City, Miyazaki Prefecture)

Sales Offices in Japan

Kitakami Office	(Kitakami City, Iwate Prefecture)
Sendai Office	(Sendai City, Miyagi Prefecture)
Koriyama Office	(Koriyama City, Fukushima Prefecture)
Toyama Office	(Toyama City, Toyama Prefecture)
Matsumoto Office	(Matsumoto City, Nagano Prefecture)
Seto Office	(Seto City, Aichi Prefecture)
Kusatsu Office	(Kusatsu City, Shiga Prefecture)
Himeji Office	(Himeji City, Hyogo Prefecture)
Fukuoka Office	(Onojo City, Fukuoka Prefecture)
Kansai Special Sales Development Dept	(located within the Nishiwaki Plant, Hyogo Prefecture)

Company Profile

SENJU METAL INDUSTRY CO., LTD. / SMIC Group

SENJU METAL INDUSTRY CO., LTD.
DUNS# 690663091

Established
April 15, 1938

Head Office Address
Senju Hashido-cho 23, Adachi-ku, Tokyo
120-8555 Japan

President
Ryoichi Suzuki

Business Scale

Revenue	(Consolidated)	157.3 billion yen	(January 1, 2025–December 31, 2025)
Capital	(Non-consolidated)	430 million yen	(as of December 31, 2025)
Number of Employees	(Consolidated)	2,198	(as of December 31, 2025)

Business Portfolio

- Metal smelting, alloying, casting, rolling; manufacture and sale of processed products
- Manufacture and sale of metal powders and bearings
- Manufacture and sale of solvents and adhesives for soldering
- Manufacture and sale of soldering machine
- Manufacture and sale of fire extinguishing equipment (affiliated company business)
- Manufacture and sale of machinery and equipment related to the above businesses
- Internal dispatch business

Head Office



Official Instagram account

Manufacturing and Research Facilities in Japan



Ichinoseki Plant / Matsuyama Plant / Kinugaoka Plant / Soka Plant



Seto Laboratory / Nishiwaki Plant / Miyazaki Plant

Affiliates in Japan



Industrial Analysis Service Ltd.



Senju Sprinkler Co., Ltd.



Senju System Technology Co., Ltd.

List of Major Affiliated Companies

Japan

Industrial Analysis Service Ltd.
Senju Sprinkler Co., Ltd.
Senju System Technology Co., Ltd.

United States

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 2026. Since its first publication in 2012, this report has provided an overview of the SMIC Group's business and initiatives. In this issue -- the third since we renamed our report the "CSR Sustainability Report" -- we provide a more detailed overview of the SMIC Group's initiatives toward sustainable business operations.

This issue's "Topics" section covers three themes: fulfilling a vision for manufacturing through organizational restructuring, building global resilience, and moving toward sustainable societies. As the business environment undergoes significant changes, we hope that we can help instill confidence and trust among our stakeholders by sharing how the SMIC Group plans to respond to these changes.

We pledge to carry on doing our part to bring about sustainable societies through our sustainability initiatives. We kindly ask for your continued support of the SMIC Group.

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