



socionext™

ESG Report 2023

2023.12

➤ **Socionext ESG Report 2023**

This report is a consolidated report of ESG-related information of the Socionext Group.

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(Some important information outside of the above period is also reported)

Scope: Socionext Inc. and its subsidiaries (referred to as "Socionext," "Socionext Group," or "Our company.") However, some of the information pertains to Socionext Inc. on a non-consolidated basis (referred to as "Company")

➤ **Cautionary Notes on forecast Statements**

Forecast statements in this report are based on information currently available to the Company. Actual results may differ from these statements due to various factors.

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1 Basic Philosophy

Basic Philosophy



Socionext Group defines the following common group basic philosophy for its mission and value.

Based upon this basic philosophy, we will contribute to realize a prosperous society by delivering new value to our customers and to people around the world beyond them, as a valued partner of customers seeking to develop unique and cutting-edge SoCs to differentiate their services and products, as well as a partner of our suppliers providing the latest technologies in the evolving semiconductor ecosystem, including foundries, OSATs and providers of IP, EDA and software.

1.1 Mission

“Together with our global partners, we bring innovation to everyone everywhere.”

1.2 Value

“Change”

We adapt ourselves to the disruptive discontinuous changes in business, technology, mind, operations, and other environments.

“Technology”

By pursuing cutting-edge technology, we aim to become a company that supports global innovation through development of competitive technology.

“Growth”

Our growth helps to deliver benefits to all stakeholders, including shareholders, customers, partners, and employees.

“Speed”

We respond quickly to dynamic and rapidly changing markets and customers.

“Sustainability”

We ensure a sustainable future by creating a cohesive society with customers and partners.

1.3 Action Guidelines

- Each individual takes ownership of his or her work, responds to changes in the environment, and thinks and acts independently from a market-oriented customer perspective.
- To maintain access to growing markets and companies, we address customer’s problems with effective solutions backed by the latest technologies and knowledge.
- Each individual’s willingness to take on challenges to persevere toward his or her goals and the desire to become a professional will lead to personal and company growth.
- We make speedy decisions on an individual and organizational basis, always looking ahead and creating value for customers.
- As a member of the global society, we will fulfill our corporate social responsibilities and contribute to the realization of a sustainable and prosperous society.

1.4 Corporate Social Responsibility Policy

- **Compliance with laws, regulations, and social standards**
We fully comply with laws, regulations, and social standards, thus earning the trust of society.
- **Respect for human rights**
We respect each individual's rights, and do not discriminate or tolerate human rights violations.
- **Establishing an improved work environment**
We want our employees to be happy. We respect their individuality, treat them fairly and aim to create a healthy and comfortable work environment.
- **Environmental considerations**
We conduct our business with consideration for the global environment.
- **Promoting fair trade**
Our relationships with our customers and suppliers are built on trust, in accordance with the principles of fair trade.
- **Information management**
We carefully manage and ensure the confidentiality company information, third party information from our customers and suppliers, and personal information.
- **Respect for intellectual property**
We value and protect intellectual property, which is the primary corporate asset.

1.5 Management Policy

In order to realize our basic management philosophy, the Socionext Group is developing a "Solution SoC" business for customers who want to develop their own advanced SoCs, using a unique business model to realize the functions that customers want by combining the most appropriate technologies.

Along with the automotive, networking & data center, and smart device fields that represent our leading growth sectors, we are also seeking to combine regional balance with the winning of more business from global customers in the industrial field and in IoT & radar sensing.

Along with winning the trust of customers and supporting their growth by becoming the SoC supplier of choice to major global and growth companies, our business activities also serve as a means for us to leverage our technologies to help overcome the challenges facing society, in areas like low power consumption, for example. Moreover, through the development work we undertake in partnership with customers, we seek to create a virtuous circle of growth for both engineers and the company, enhancing corporate value through this growth and thereby generating returns for our shareholders.

2 Sustainability philosophy and Policy



Sustainability philosophy and Policy

2.1 Basic philosophy

“Together with our global partners, we bring innovation to everyone everywhere.” Based on this mission, Socionext recognizes sustainability as a serious management challenge and we want to contribute to bringing about a sustainable and prosperous society. Our goal is to expand the possibilities of society by delivering new value to our customers and, through them, to people everywhere, working with customers seeking to differentiate new services and products by developing their own leading-edge SoCs, and partnering with suppliers able to provide the latest technologies in an increasingly sophisticated semiconductor ecosystem, extending from foundry and OSAT*1 services through to IP*2, EDA tools*3, and software.

The environment in which companies operate is undergoing major change amid rising global concern about social problems, such as diversity and respect for human rights, as well as attention to environmental problems that include global warming and climate change. At Socionext, we are working to fully understand the risks posed by the diverse issues facing the world and intend to pursue initiatives that will lead to their resolution.

In pursuing these activities, we are striving to understand the issues involved while also building relationships of trust, engaging in dialogue and collaborative activity with our many stakeholders, who include customers, suppliers, employees, local communities, and shareholders, with our goal being to create a sustainable society.

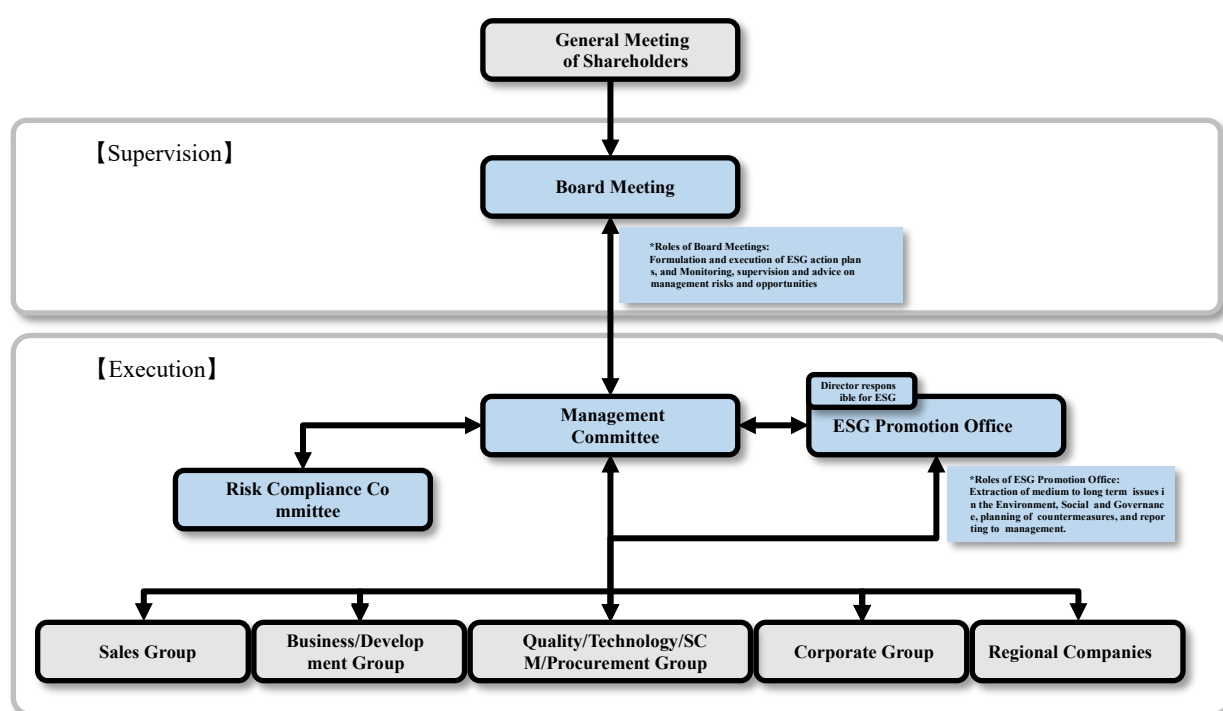
- *1: OSAT is an abbreviation of “outsourced semiconductor assembly and testing” and refers to contract manufacturing services that perform these functions.
- *2: IP is an abbreviation of “intellectual property” and in the context of semiconductors refers to modular circuit designs that perform specific functions in an integrated circuit. IP can be divided into outsourced IP that is licensed from another vendor and in-house IP developed internally.
- *3: EDA is an abbreviation of “electronic design automation” and refers to software tools for automating semiconductor design work.

2.2 Action on sustainability

Socionext is taking action on sustainability in ways that are integrated with its business. In terms of environmental, social, and governance (ESG) issues, this has included the establishment in April 2022 of an ESG office to facilitate ongoing management-level discussion of medium-to-long-term challenges. This ESG office serves as a hub for establishing systems and practices that bring the relevant internal departments together to work on these challenges, formulating policies and action plans for addressing key sustainability issues and monitoring their progress based around a management structure in which the Board of Directors plays a central role in underpinning this work.

In addressing global societal challenges, we are working through our business activities to create a sustainable society based on our recognition that, as a global corporation, fulfilling our social responsibilities requires that we address these issues diligently. This includes taking action on human rights and environmental problems, especially climate change, at all steps along our supply chain as well as work on promoting professional development and diversity and on improving quality and service.

Management structure for action on sustainability



3 Top Message



We are building on our expertise in various sectors as we work to create new value and contribute to a better society. To that end, we are providing new products and services globally, and we will go beyond the bounds of our established businesses to create the value our customers truly want. We believe that, in this way, we will contribute to a "Better Quality of Experience" and help make people's lives more convenient, enjoyable, and prosperous. We will update you on our progress as we meet new challenges.

3.1 Brand Promise

Socionext's brand promise, "for better quality of experience," expresses not only our determination to improve the performance and functionality of our products and service, but also the reflection of our goal to provide new value to people throughout the world, thus contribution to a prosperous society.

3.2 Top Commitment

"Together with our global partners, we bring innovation to everyone everywhere." This is our mission at Socionext

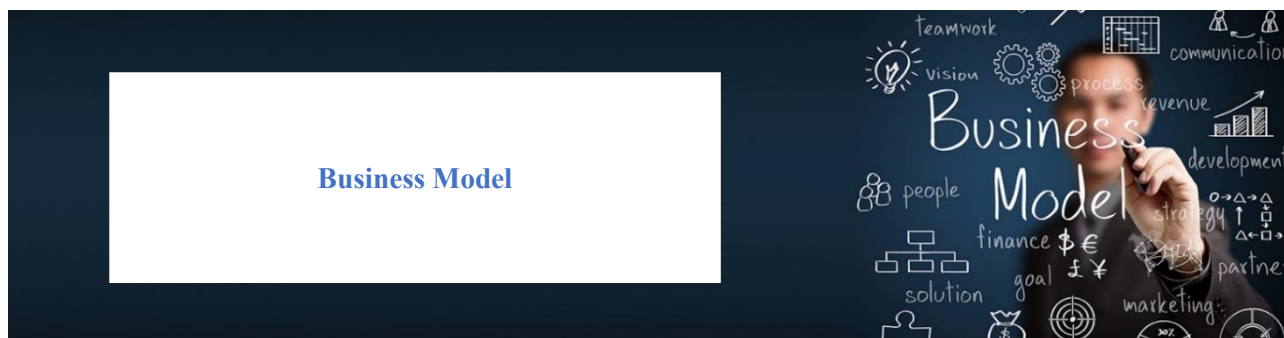
As an SoC partner and a company that proves its worth through innovation, our goal is to contribute to the creation of a prosperous society by delivering new value to our customers and, through them, to people everywhere. To achieve this, we work with customers seeking to differentiate themselves by means of their own SoCs and tap into a semiconductor ecosystem that provides the latest technologies for everything from IP, EDA tools, and software to process, assembly, and testing. Based on this mission, we work with our global partners to deliver sustainable products and solutions that feature high quality and low power consumption.

One of the values we hold to be most important is "to build a sustainable future through collaboration with our customers, partners, and society."

This is an expression of our desire to contribute to achieving the SDGs through our business activities. We recognize that we have a duty as a global corporation to fulfil our social responsibilities, not just through the pursuit of technological innovation and leadership, but also by working diligently to improve quality and service and by taking on societal challenges. These latter include human rights issues and environmental problems, especially climate change, at all steps along our supply chain as well as work on promoting professional development and diversity.

In partnership with all of our stakeholders, including customers, suppliers, employees, local communities, and shareholders, Socionext is working to enhancing corporate value and to help bring about a sustainable and prosperous society.

4 Business Model

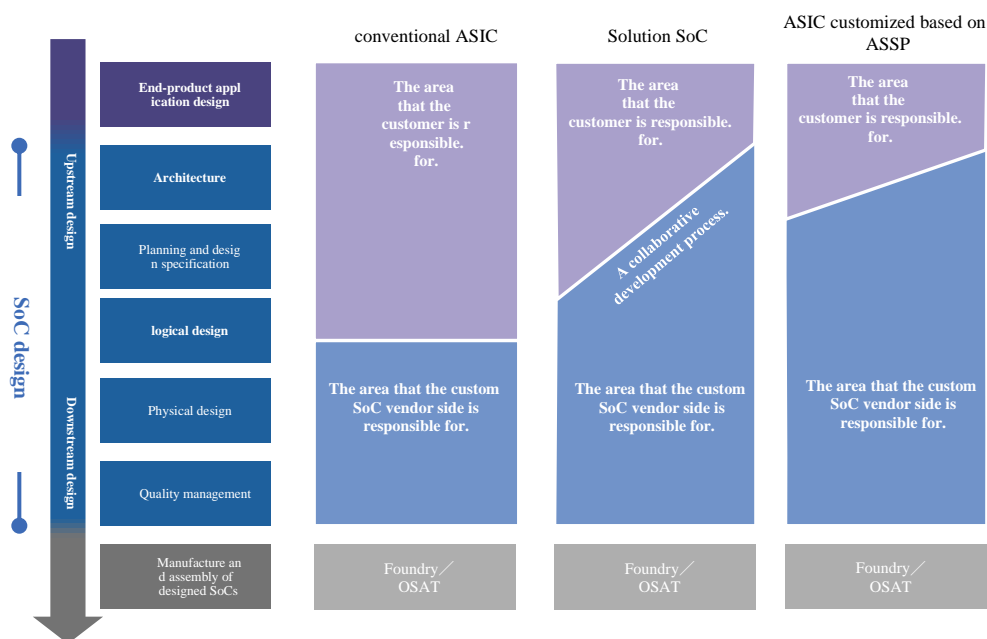


The Group is a fabless semiconductor vendor that develops and provides custom SoCs to customers under a new and unique business model called "Solution SoCs" in the logic semiconductor market. SoC is an abbreviation for System on chip, which implements the functions necessary for the operation of a device or system on a single chip (semiconductor). Among these SoCs, the Group focuses on custom SoCs that are designed specifically for specific customers. As a partner for customers who require unique advanced SoCs to differentiate new services and products, and by collaborating with suppliers who provide the latest technologies ranging from IP(*1), EDA(*2) tools, and software to processes, assemblies, and tests, we aim to provide new value to our customers and those around the world beyond and realize a prosperous society.

In the past, the Group had been developing its business mainly with conventional ASICs (*3) that were responsible only for physical design based on the specifications of SoCs received from customers, and general-purpose ASSPs (*4) that specialized in functions and purposes by limiting the fields and applications. We are developing our business with a focus on custom SoCs based on this "solution SoC" business model, shifting to a business model that provides the optimal SoC for the customer by formulating specifications and logic design together with the customer, combining advanced technologies.

There are three main business models for custom SoCs. First of all, in conventional ASICs, the customer performs the upstream design of the SoC design, such as architecture design, planning/specification design, and logic design, and the rest of the process is handled by an external custom SoC vendor. As a result, traditional ASICs are limited to customers who have the ability to perform their own upstream design. On the other hand, in the Group's solution SoC business model, the Group performs these upstream designs together with customers, so it is possible to provide products to customers who do not have the ability to perform upstream design. In addition, in the case of models that provide customized ASICs based on ASSP, the range of customization is limited because it is customized based on the vendor's own ASSP, and customers are wary of vendor lock-in (*5). In contrast, the solution SoC business model also leverages cutting-edge technologies provided by external vendors to provide the best SoC for customers while avoiding vendor lock-in.

◇ Differences in custom SoC design flows for different business models.



In recent years, advances in semiconductor manufacturing technology and the spread and fusion of various innovative technologies such as networks, cloud computing, and AI that use this technology have led to the emergence of new services and products that have never existed before, such as autonomous driving and AR/VR. Companies developing these services and products need their own high-performance, scalable SoCs that leverage advanced technologies to differentiate their services/products.

On the other hand, in the semiconductor industry, companies that specialize in process technology (*6), packaging technology (*7), test technology, as well as IP, EDA tools, and software are emerging, and the latest innovative technologies are constantly being created, and the industry is evolving into an ecosystem in which anyone can obtain the latest technologies from the market. On the other hand, the difficulty of selecting and combining these various technologies to design and develop the optimal SoC for customers is increasing.

As a result, many companies that need their own SoCs are looking for partners who have knowledge of the SoC architecture, a deep understanding of the end products and services in which the SoC will be installed, and who can propose the best solution by combining technologies ranging from advanced hardware to software to differentiate themselves.

Amid these changes in the market, the Group has the strength of having design and development capabilities including software, a group of engineers who can solve technical issues in collaboration with customers through appropriate selections, and comprehensive capabilities that can provide total support from mass production, quality assurance, and SCM. As a result, we have established a "solution SoC" business model that can provide a more optimal custom SoC for customers who are not satisfied with conventional ASICs, ASSPs, and ASICs customized based on ASSPs through a joint development process in which SoC specifications are determined together with the customer. In addition, in order to accumulate experience and know-how in these new cutting-edge markets, and at the same time to further strengthen our competitiveness, we will actively invest in the combination and demonstration of cutting-edge technologies and various technologies for differentiation, and at the same time, we will eliminate barriers between business divisions and consolidate them by development function. From there, we shifted to a flat R&D system that allocates the necessary resources for each project. As a result, advanced process nodes of 7 nm or less (an index that represents the generation of semiconductor manufacturing technology (semiconductor process). 1 nm is 1/1,000,000 of a millimeter, and the smaller the number of nm, the more advanced the technology. The ratio of NRE sales (*8) increased from 1% in the fiscal year ended March 2018 to 59% in the fiscal year ended March 2023.

In addition to the shift in business model, we have also made a significant shift in our focus business domains, from the previously focused fields for consumers such as TVs to cutting-edge growth fields such as automotive, data

centers/networks, and smart devices. As a result, the share of NRE sales in these cutting-edge areas increased from 50% in the fiscal year ended March 2018 to 76% in the fiscal year ended March 2023.

Currently, the Group has won business negotiations in cutting-edge growth fields such as AD (Autonomous Driving) and ADAS (Advanced Driver Assistance Systems) and in-vehicle sensing in the Automotive segment, mobile base stations and AI accelerators in the Data Centers and Networks, and AR/VR in Smart Devices, and has already started mass production of some of the products. In addition to these focus areas, the Group is also expanding its business in the "industrial" field, such as factory automation (FA) and testers, which currently record stable earnings, and in the "IoT & radar sensing" field, such as radio wave ranging sensors, which are expected to grow in the future due to their unique technologies.

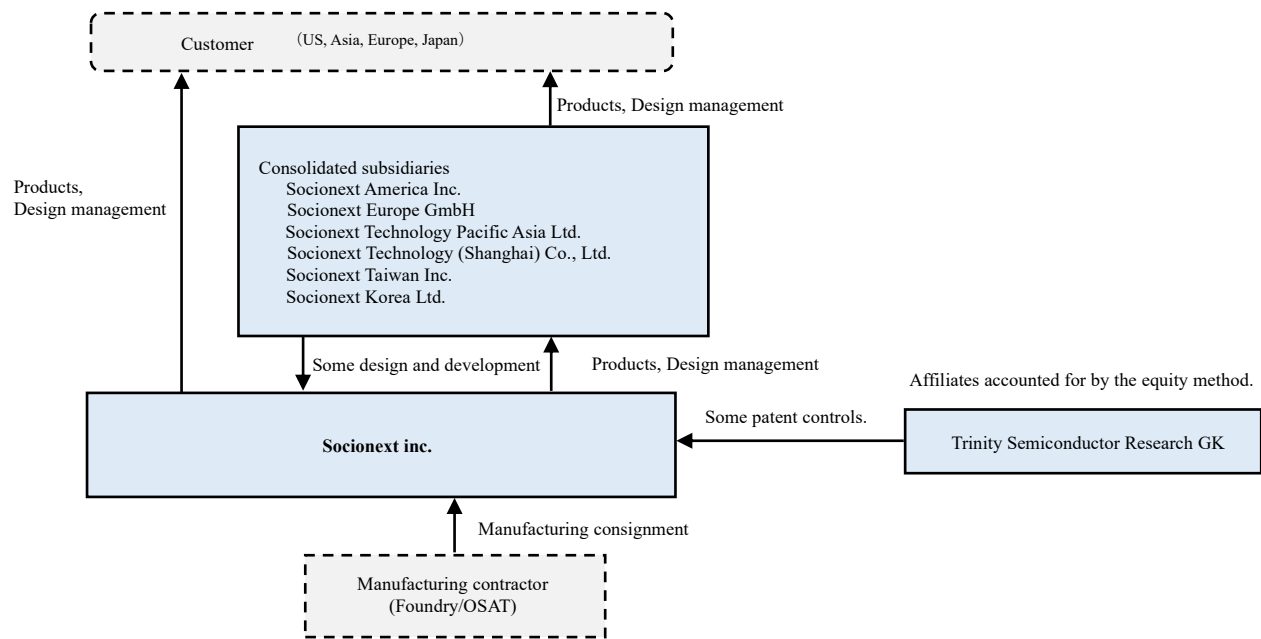
It generally takes a long time for semiconductor products to be adopted by customers and to be mass-produced. It usually takes more than two years from the completion of design development and customer evaluation after winning a business negotiation to the start of mass production, and it takes a considerable period of time to complete mass production. For this reason, as a company responsible for the development and supply of customers' core components over a long period of time, we are conducting our business with a strong financial base (capital adequacy ratio of 56.6% and cash and deposits of 45.1 billion yen as of the end of the fiscal year ending March 2023).

At the design and development stage, the Group receives most of the costs required for design and development from customers in NRE sales in stages, and at the mass production stage, it receives product sales, which account for the majority of the Group's total sales. In addition, in order to maximize the advantages of the semiconductor industry, where the horizontal division of labor is progressing, the Group has adopted a fabless business format that does not have a factory. THE MANUFACTURE OF THE PRODUCT IS TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED (HEREINAFTER REFERRED TO AS "TSMC"). We outsource to specialized manufacturers such as foundries and OSATs (*9).

Customers' cutting-edge products and services are constantly required to create new SoCs, and customers and markets seeking such advanced SoCs will continue to change. In order to grasp this change as soon as possible, the Group will continue to invest in advanced development and strengthen its development capabilities, aiming for sustainable growth at all times in the future.

- *1: IP is an abbreviation for Intellectual Property, and in the semiconductor industry, it refers to circuit information that is summarized in partial functional units for making up semiconductors. It is divided into procurement IP purchased from outside and in-house IP developed in-house.
- *2: EDA is an abbreviation for Electronic Design Automation, which is a software or tool that automates semiconductor design work.
- *3: ASIC is an abbreviation for Application Specific Integrated Circuit, which is a generic term for integrated circuits that combine multiple functions into one circuit for a specific customer.
- *4: ASSP is an abbreviation for Application Specific Standard Product, which refers to large-scale integrated circuits that are specialized in a specific field or application and have specialized functions and purposes. ASSP is a general-purpose part that is not customized for a specific customer and does not limit the customer, so it is offered to multiple customers.
- *5: Vendor lock-in means that once a customer has adopted a product or service provided by a particular vendor, it becomes difficult to switch to a better product or service provided by another vendor in the future, limiting the customer's choices.
- *6: Process technology refers to the technology in the semiconductor manufacturing process, which is called the front-end process, up to the formation of a circuit on a silicon wafer.
- *7: Packaging technology is a technology in the semiconductor manufacturing process that protects semiconductor chips with parts that protect them from the outside and connects them electrically.
- *8: NRE sales is an abbreviation for Non-Recurring Engineering sales, which refers to the sales received from customers during the development phase of a product prior to mass production. NRE revenue covers design and development costs incurred during the development phase, such as labor costs, IP, design tools, reticles (photomasks used in the exposure process of semiconductor manufacturing to transfer designed circuits to silicon wafers), prototype manufacturing, etc., and are usually recorded multiple times as development milestones progress.
- *9: OSAT is an abbreviation for Out-sourced Semiconductor Assembly and Test in the post-process of semiconductor manufacturing.

The business system diagram is as follows.



5 Environment Activities



Socionext seeks to be a company that contributes to a sustainable low-carbon society in harmony with local communities. Our commitment to addressing global environmental issues together with our customers and society starts with the environmental awareness of each of our employees. We are taking action to reduce GHG emission and we disclose information in accordance with the TCFD framework to help achieve decarbonization. Through the development and distribution of energy-saving and space-saving eco-friendly devices and solutions, we help to reduce the environmental impact of our customers' products.

5.1 Environment Policy

Socionext contributes to the protection of a rich global environment with customer through the design, development, and sale of SoC with superior environmental performance through advanced technology and the solutions business or services centered on these SoC. Socionext makes efforts to reduce the environmental impact and environmental pollution based on the following action policy through the entire life cycle from development to procurement, production, sale, use, and disposal.

- (1) Active contribution to reducing the environmental impact, such as reducing CO₂ emissions and waste matter, by actively promoting the development of products that consider the environment, electric power conservation, light-weight products, and the suitable management of items containing chemical substances.
- (2) Compliance with each country's and each region's environment laws and regulations, and agreements with customers.
- (3) Aiming for improved awareness of the environment for all Socionext personnel, and promotion of environmental contributions to regional communities.
- (4) Continuous improvement of environmental management system to effectively implement these environmental activities.

5.2 Environmentally friendly products

Socionext is pursuing the design and development of products that are environmentally friendly while strictly complying with legal regulations. By developing low-power consumption products and providing products that correspond to the legal and regulatory environment of various countries, we are delivering peace of mind to our customers.

The products of Socionext and the packing and packaging materials comply with the EU REACH regulations *1), EU RoHS directive *2), China RoHS directive *3) and other laws and regulations (excluding exceptions for applying usage prohibition measures).

- *1: The regulations in the EU with the purpose of registering, evaluating, authorizing, and restricting chemicals (Registration, Evaluation, Authorization and Restriction of Chemicals)
- *2: The directive that prohibits the use of specific hazardous substances in electronic and electrical equipment sold in the EU (Restriction of Hazardous Substances)
- *3: The directive that prohibits the use of specific hazardous substances in electronic and electrical equipment sold in the People's Republic of China (Regulatory ordinance preventing pollution from the production of electronic and information products)

6 Climate Change



Our disclosure of sustainability information is done in accordance with the TCFD*1 declaration and the sustainability disclosure standards being developed by the ISSB*2 and addresses the four topics of governance, strategy, risk management, and indicators and targets.

*1: TCFD is the abbreviation for Task Force on Climate-related Financial Disclosures

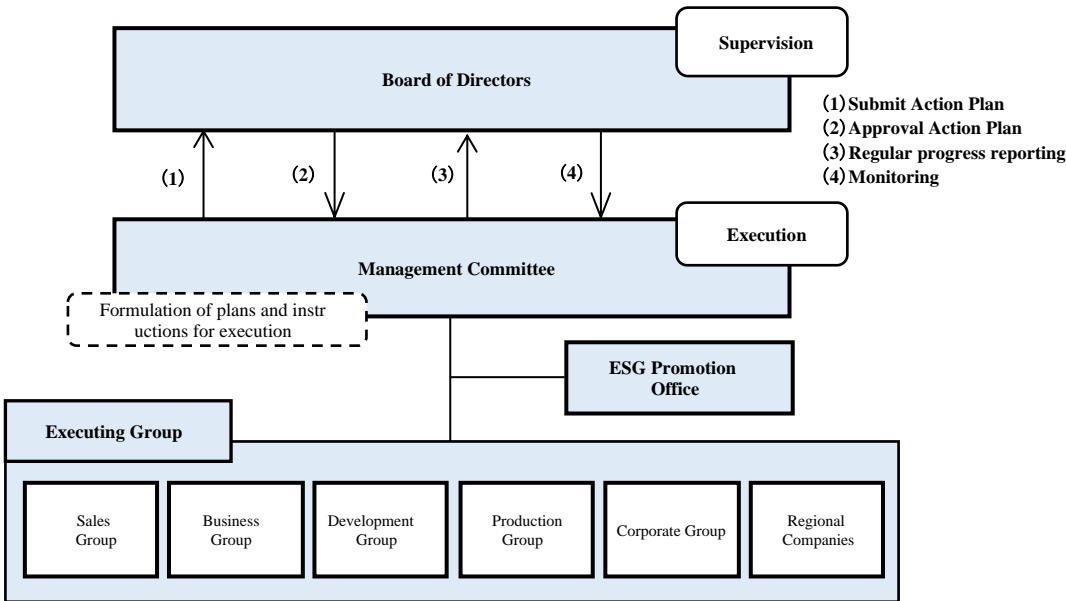
*2: ISSB is the abbreviation for International Sustainability Standards Board

6.1 Governance

Through our business activities, the Socionext Group is working to create a sustainable society. Recognizing that we have a duty as a global corporation to fulfill our social responsibilities, we are responding to global-scale societal challenges by addressing human rights issues and environmental problems, especially climate change, at all steps along our supply chain. We take serious action on these challenges through measures that include human resource development, workforce diversity, and quality and service improvement.

The Socionext Group is putting measures in place for acting on sustainability in ways that are coordinated across our organization, including the establishment in April 2022 of an ESG Office to facilitate ongoing management-level discussion of medium-to-long-term challenges. This organizational structure provides a framework for action under the direction of the Management Committee. The Board of Directors, meanwhile, debates and approves policies and action plans for important sustainability challenges while also acting in a supervisory role, including by monitoring progress.

<https://www.socionext.com/en/sustainability/>



Board of Directors

The board has responsibility for making decisions on sustainability activities. It debates and approves the associated policies, strategies, and actions and also regularly monitors the progress of these actions.

Management Committee

The committee drafts sustainability policies, strategies, actions, and other plans for subsequent consideration by the board. It is also responsible for ensuring that actions are carried out, issuing instructions for doing so to the operational divisions with the board's approval.

To implement these actions, the ESG Office provides support for drafting policies, strategies, actions, and other plans and for putting these into practice. It also tracks the progress of this work and reports back to the Management Committee.

6.2 Strategy

The Socionext Group believes that it can facilitate the transition to a sustainable society by using the SoCs we supply to help our customers achieve ongoing reductions in their GHG emissions. By collaborating on development with key customers who are leaders in their global markets, our goal is to reduce the power consumption of customer products while delivering higher levels of miniaturization and integration, achieving this through the development of high-performance custom SoCs that leverage our proprietary multicore design techniques and AI engines and accelerators with low power consumption. In the fiscal year ended March 31, 2023, we identified the following climate change risks and opportunities in our group business activities. In the future, we intend to use scenario analysis to calculate the financial and business impacts of these risks and opportunities and devise and implement more effective measures for addressing them.

◇Main climate change risks and opportunities

Category		Impact of climate change on Socionext		Action by Socionext
Risks	Transition risk	Government policy and regulation	Increased costs due to action on improving energy efficiency and reducing GHG emissions. (Higher energy costs due to carbon pricing, higher costs due to adoption of energy-efficient equipment, etc.)	Timely identification of global trends and regulatory changes along with systematic investigation, implementation, and evaluation of actions. Also, determine GHG emissions in the supply chain and continue working with suppliers to reduce them.
		Technology	Higher R&D spending to maintain and improve competitiveness in the market Higher production costs to maintain and improve competitiveness in the market.	Develop and distribute energy-saving and space-saving eco-friendly devices and solutions in partnership with customers and suppliers.
		Market	Falling sales due to changes in customer demand Regulation-driven increases in cost of materials, electricity, and other inputs.	Develop and distribute products and services that help overcome environmental challenges Review choice of parts and materials. Investigate adoption of renewable energy.
	Physical risks	Acute	Disruptions to outsourced production due to growing severity of abnormal weather (including in-house development and logistics)	Regular revision of business continuity plans allowing for shutdowns or other disruptions at contract manufacturing suppliers. Study of potential cost savings through more efficient use of electric power at workplaces and data centers.
		Chronic	Disruptions to outsourced production due to water shortages Higher air conditioning costs at data centers and other facilities due to rising air temperatures.	
Opportunities	Efficient resource use		Lower costs through more efficient use of resources (energy and water) at data centers and other workplaces	Lower costs through more efficient SoC development (use of proprietary multicore design techniques and AI engines and accelerators with low power consumption)
	Products and services		Higher demand, especially for products with low power consumption that help customers reduce GHG emissions and use energy more efficiently	Development and distribution of energy-saving and space-saving eco-friendly devices and solutions
	Market		Higher revenue by leveraging low-power-consumption technologies to expand into new businesses	Leverage low power consumption and miniaturization to expand into new businesses, especially SoCs for ADAS/AD and data centers.

Specific Risk and Opportunity Initiatives

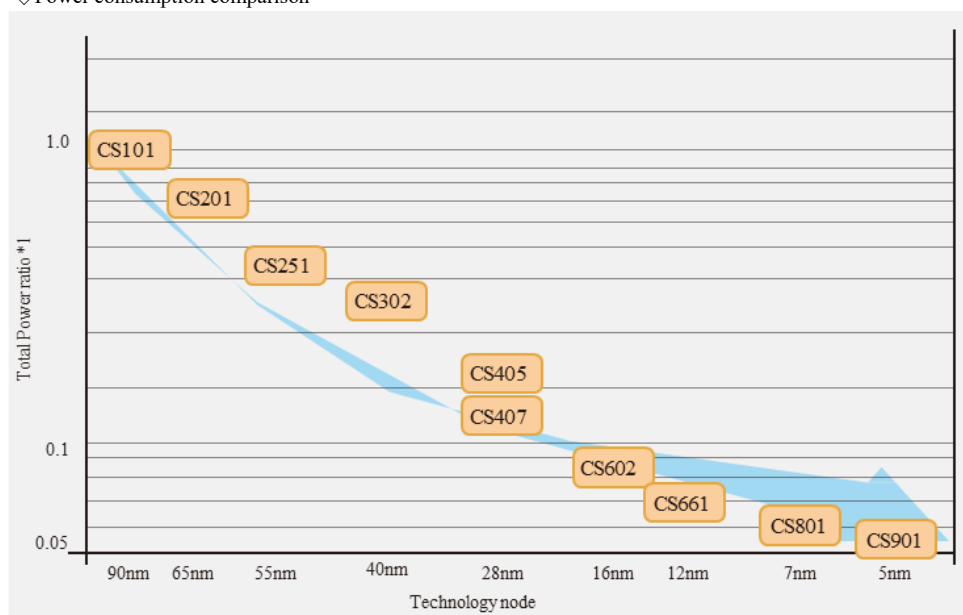
Socionext group is making the following efforts to contribute to reducing the environmental impact of customers' products through the development and provision of environment-friendly devices and solutions with low power consumption and space saving.

(1) Efforts to reduce LSI power consumption.

The demand for reducing the power consumption of LSIs has been getting stronger in recent years. Our group is working to reduce power consumption by pursuing the evolution of process nodes (miniaturization and lower voltage).

Comparing the power consumption of advanced and existing processes, the state-of-the-art 5 nm/7 nm process reduces the power consumption with transistors to approximately 1/20 compared to the 90 nm process.

◇Power consumption comparison



*1: The vertical axis shows the relative ratio of each technology using the total power (sum of the dynamic component and leakage component) of CS101(90nm)

Our group's SoC designs take a variety of steps to meet customers' demands for lower power consumption.

In order to achieve low power consumption LSIs, it is effective to combine various kinds of technologies as well as using individual technologies. Socionext's design environment "Reference Design Flow" supports various low power consumption technologies and enables the power consumption of LSIs to be reduced during both operation and standby. In particular by controlling the power supply we develop methodologies for systematically achieving low power consumption. Also, by fully adopting UPF/CPF, we make low power consumption design easy for customers while minimizing changes to their design assets.

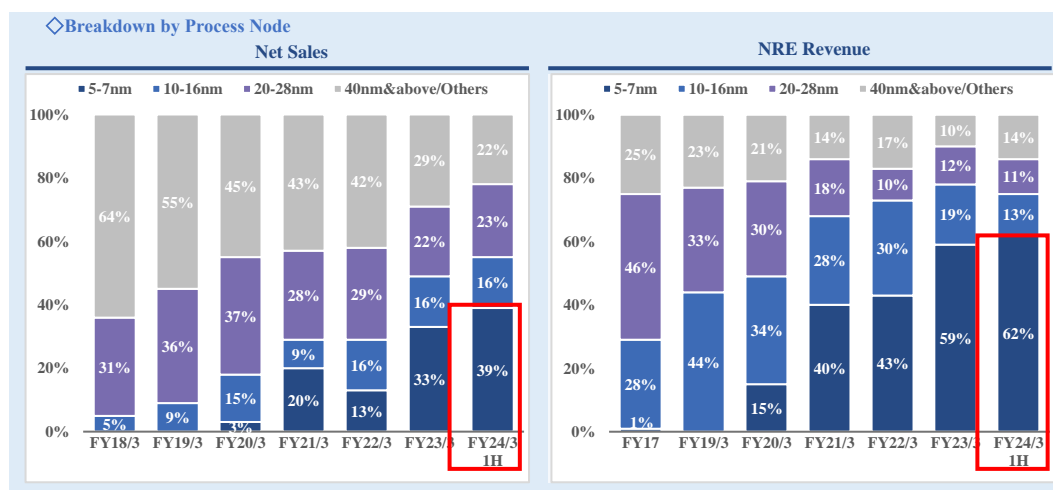
<https://www.socionext.com/en/products/customsoc/design/low-power.html>

*1: UPF (Unified Power Format) is a standard specification that defines the Low power design guidelines standardized as IEEE Std. 1801

CPF (Common Power Format) is a standard specification that defines the Low power design guidelines standardized as Si2

As described above, our group is contributing to the reduction of power consumption at its customers by developing and providing advanced technology products and products equipped with various low-power technologies products.

In terms of sales by process node, both product sales and NRE sales are shifting to advanced technology products (5nm/7nm). NRE sales (Second Quarter of FY ended March 31, 2024), a leading indicator of future product sales, represent 62% of advanced technology.



(2) Initiatives for miniaturization and space saving

By reducing the number of used parts (Mineral resources and fossil resources) associated with the miniaturization of LSI, we are contributing to the reduction of energy in manufacturing processes from raw materials to products.

In addition, the miniaturization of LSI lead to the miniaturization and space-saving of customers' final products, and it also affect the ease of heat generation countermeasures during equipment operation. This will lead to the realization of a sustainable society not only by reducing the number of materials used by customers and energy reduction in the manufacturing process, but also by reducing energy reduction at the stage of use of the final product (For example, improving the range of electric vehicles and reducing the load on air conditioners in data centers.).

In addition to the above, we contribute to global environmental conservation activities such as prevention of global warming and effective utilization of resources by switching materials used to recycled products and actively adopting low-GHG emission materials. Our company continues to work to resolve these issues.

(3) Efforts to Reduce Power Consumption in Data Centers

As the number of developed products increases due to the expansion of business opportunities, electricity consumption in data centers accounts for approximately half of our company's GHG emissions (Total Scope1 and Scope2), and further increases in electricity consumption are expected in line with future expansion of the business scale.

In order to reduce power consumption in data centers, our group is gradually introducing and replacing low-power devices, mainly CPUs and servers. In addition, we are working to reduce CPU/server operation time and reduce power consumption by improving business efficiency through improvements in development processes and methods.

In addition, we are reducing power consumption by consolidating data centers and shifting installed equipment to water-cooling.

6.3 Risk Management

To mitigate and reduce management and business risks, the Socionext Group conducts a bi-annual company-wide risk management review. Sustainability risks such as climate change, human resources, and diversity are treated as important elements in this framework, which involves risk assessment, the formulation and implementation of actions, and the assessment of outcomes on a regular basis.

6.4 Indicators and Targets

GHG emissions (Scope1*1 and Scope2*2) by the Socionext Group for the fiscal year ended March 31, 2023 year were approximately 8,534t-CO₂. Although emissions rose year-on-year due to business growth, emissions per unit of sales revenue fell. We have set a goal for the group of becoming carbon neutral by 2050 in terms of both Scope1 and Scope2 emissions, and we are continuing to investigate and implement reduction measures that will help us achieve this goal.

*1: Direct greenhouse gas (GHG) emissions by the organization

*2: Indirect GHG emissions associated with consumption of electric power, heat, or steam supplied by other companies

◇GHG Emissions

	FY ended March 31, 2022 (t-CO ₂)	FY ended March 31, 2023 (t-CO ₂)
Scope1	318	235
Scope2	6,971	8,299
Total	7,289	8,534

◇GHG Emissions per Unit of Sales Revenue

	FY ended March 31, 2022 (t-CO ₂)	FY ended March 31, 2023 (t-CO ₂)
Scope1,2	6.23	4.43

6.5 Reduction in Energy Use

Socionext has set a target of a 1% reduction in the five-year average of energy use in its operations (stretch target as defined in the Energy Efficiency Act*1). Major energy reduction measures include the use of lighting LEDs and the efficiency computer centers, etc.

	FY ended March 31, 2019	FY ended March 31, 2020	FY ended March 31, 2021	FY ended March 31, 2022	FY ended March 31, 2023
Amount of energy use [KL/year]*2	3,569	3,665	3,817	3,356	2,761
Usage rate [KL/No. of employees]	1.593	1.661	1.721	1.529	1.260
Change year-on-year [%]	-	4.3	-0.1	1.8	5.7

*1: The Act on Rationalizing Energy Use and Shifting to Non-fossil Energy (Energy Efficiency Act)

*2: Energy use is the total energy used by facilities in Japan covered by the Energy Efficiency Act

6.6 Reduce waste

Socionext complies with environmental policies and environmental laws and regulations in each region and strives to reduce waste.

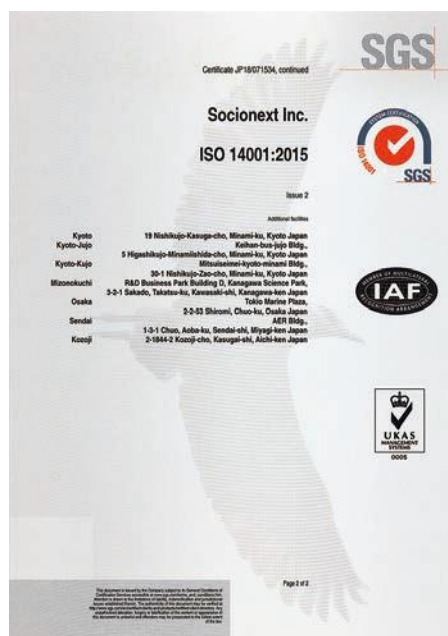
Waste generated from business activities and offices (Unnecessary products and components, reticle, personal computers, peripheral electronic devices, etc.) is recycled as much as possible and then outsourced to specialized processors for recycling.

In addition, in promoting recycling, we thoroughly separate waste and select more appropriate recycling methods and treatment companies. We will continue to reduce waste and work with our manufacturing vendor and specialized treatment companies to further reduce the environmental impact of waste disposal.

6.7 ISO14001 certification

ISO14001 is an international standard for environmental management system (EMS), outlined with the aim of improving environmental performance of an organization.

Our company is continuing its activities to reduce impacts to the environment based on the requirements of ISO14001.



7 Society



As a member of the global community, the Socionext Group is striving to fulfilling our corporate social responsibilities by creating a sustainable and prosperous society through human resource development and by fostering a corporate culture that recognizes people's individuality and their different attitudes and values, engaging with our many stakeholders (including customers, suppliers, employees, and local communities) on a basis of mutual respect.

On the other hand, it is important for diverse employees and organizations to work together to enhance each other. we think that it will serve as the foundation for our cutting-edge technological capabilities, global development competitiveness, and sustainable growth, leading to the realization of our Mission of "Together with our global partners, we bring innovation to everyone everywhere."

We believe that human resources are the source of corporate value, and we actively work to create an environment where diverse human resources can maximize their capabilities and support growth.

We have declared in our CSR Policy that "Aiming for employee happiness, respecting individuality, and achieving fair treatment, as well as creating a healthy and comfortable working environment" and are taking various measures as described below.

7.1 Human Rights

(1) Basic Philosophy Regarding Human Rights

In the CSR policies that constitute our group basic philosophy, the Socionext Group recognizes that it has an important duty to respect human rights and to maintain a good working environment.

Respect for human rights	We will respect the human rights of each and every employee and have no tolerance for discrimination or other such violations of human rights.
Maintain a good working environment	To foster the wellbeing of employees, we will create a healthy and pleasant working environment that respects individuality and treats people fairly.

Socionext Group, we respect the human rights of all stakeholders involved in the conduct of our business (including customers, suppliers, employees, and local communities) and will not treat people in ways that are discriminatory or violate their human rights, whether it be with regard to gender, age, nationality, ethnicity, beliefs, religion, social status, employment type, marital status, pregnancy, ancestry, sexual orientation or gender identification, physical features, health, disability, or other such attributes.

We respect the human rights of everyone who works at the Socionext group or in our supply chain. Along with eliminating harassment and providing a healthy and empowering workplace, we comply with all labor laws covering matters such as working hours and minimum wage and never engage in forced labor, child labor, or slavery. we also support freedom of association, the right to collective bargaining, and the right to privacy.

(2) Prohibition on discriminatory treatment of employees

The Socionext Group has established clear rules prohibiting the discriminatory treatment of existing or candidate employees on the basis of factors such as nationality, beliefs, gender, or social status.

(3) Establishment of whistle-blowing system

Socionext group has established a human rights whistle-blowing system that employees can contact on matters relating to harassment, discriminatory treatment, or other violations of human rights.

The system provides for both internal reporting (to the Socionext Risk Compliance Committee Secretariat) and external reporting (to the Socionext Reporting Contact at TMI Associates). By providing these reporting channels, the system helps to prevent such human rights violations from happening, or, if they do occur, enables them to be detected early and dealt with appropriately.

(4) Human rights education

The Socionext Group conducts human rights education to raise employee awareness and understanding of these issues. More extensive such education is planned for the future.

- Providing human rights education in a group format, mainly for new employees
- Conducted human rights education (including harassment prevention and LGBTQ+ understanding) through e-learning for all employees (100% participation rate)

7.2 Human Resource Development

(1) Basic Philosophy on Human Resource Development

With our leading-edge SoC solution business, the Socionext group seeks to live up to the many expectations of our stakeholders (including customers, suppliers, employees, and local communities) by striving to achieve sustainable growth as a company that supports global innovation through the pursuit of advanced technology while also adapting to discontinuous change. To achieve this, we undertake human resource development initiatives to ensure that we can continue to foster more talented professionals who take ownership of their work and are willing to take up challenges as enthusiastic self-starters.

(2) Recruitment

In order to attract as many talented engineers as possible, the Socionext group is strengthening its efforts to recruit new graduates and those with experience. In Japan, we expect to hire approximately 40 experienced employees by FY ended March 31, 2024 and 37 new graduates by April 2004. We will continue to utilize a variety of recruitment methods to attract more talented employees.

(3) Personnel System

In particular, we have been working to reform our personnel system since FY ended March 31, 2023 in order to proactively treat talented people. We have a different personnel system for hiring engineers and non-engineers.

We conduct periodic ES surveys. Based on the results of the survey, we work to improve employee engagement by developing systems and creating an environment in which individual employees can work actively.

1) Engineer System

In order to create an environment in which engineers can work actively, we have created an environment in which engineers can concentrate on development while organizing projects flexibly by flattening the engineering organization.

In addition, with regard to the remuneration system and evaluation system for engineers, we have introduced a system that clarifies the image of an engineer that we require, and provides appropriate treatment according to roles, responsibilities, and achievements regardless of age or experience.

2) Professional System (personnel system for personnel other than engineers)

For non-engineers, we have introduced a professional system that treats talented people according to their roles, responsibilities, and achievements, regardless of age or experience, and will actively treat professionals who can act autonomously and globally.

(4) Main Actions on Human Resource Development

1) Employee Upskilling

We encourage motivation and skills development as we work to create an environment in which employees can take action on their own initiative from an early stage. Based on a personalized human resource development plan, employees build up their workplace skills and experience through OJT under the supervision of more senior colleagues.

2) Training for management

At the time of appointment of managers, our company provides opportunities to learn the knowledge and skills necessary for management, communication, accounting, etc., through exchange of opinions with executives, group training, correspondence courses, etc.

3) General Education

We provide e-learning on topics relevant to all employees, including compliance, information security, insider trading, preventing harassment, the environment, procurement, and the law on security-related export controls. All employees take these courses.

4) Education for Engineers

To train engineers who can work globally, we encourage autonomous career development, offering a dual-track career path structure targeted at technical engineers and project managers, respectively. All engineers are given the opportunity to demonstrate the required experience and skills as well as having monthly one-on-one meetings with their supervisors. It also provides opportunities for engineers to gain experience and skills to become more professional, including technical courses, educational materials, OJT, and development process training.

5) Language Education

In order to enhance our employees' ability to communicate globally, our company provides various language training programs and subsidies for educational expenses. In particular, about 30 leader-class engineers are selected annually, and through global communication training, we promote the development of engineers who can play an active role globally by enhancing their global communication skills and cross-cultural understanding.

(5) Human Resources Development Activities

We undertook the following human resources development (employee education and training) activities in FY ended march 31, 2023.

Item	Training Summary	Training Time per Employee
Job-level-specific training	Training for new recruits and for newly appointed senior management, etc.	1.3 hours
General training	[All employees attend an annual e-learning course] Topics include compliance, information security, insider trading, preventing harassment, the environment, procurement, and the law on security-related export controls	4.6 hours
Targeted training	Technical training for engineers, language studies, etc.	5.5 hours
Total		11.4 hours

7.3 Diversity and Inclusion

(1) Basic Philosophy on Diversity

Socionext group strives to foster a corporate culture that is welcoming of people with different personalities, attitudes, and values and in which they can fulfil their potential. To achieve this, we recruit and appoint staff regardless of factors such as nationality, gender, or age, and are working to create an environment in which a diverse range of people can thrive in their work.

Support system	<ul style="list-style-type: none"> Childcare leave system / Childcare time work system, Babysitting cost subsidy Leave of absence system (Child plans, nursing care, etc.) Accumulated Leave system (Nursing, childcare, etc.)
Ensuring Diversity	<ul style="list-style-type: none"> Review of reemployment system after retirement age, Continuous recruitment of persons with disabilities and improvement of environment Operation of massage rooms by the visually impaired Internal business agency system for persons with mental illness Recruiting and supporting global talent (Joined new graduates in October, subsidized language training, etc.)
Creating workable environment Diversity of working styles	<ul style="list-style-type: none"> Non-core flextime work system, homework system for nursing and nursing care Flexible operation of telecommuting, suppress long overtime Personnel system for engineers, creating an environment where engineers can focus on development All employees receive human rights education (including harassment prevention and LGBTQ+ understanding)

(2) Main Actions on Diversity

1) Creating an environment in which women can thrive

We have taken steps to create an environment in which women can successfully combine work and family commitments, with systems in place that allow for shorter working hours, various types of leave of absence or vacation, and subsidies for the cost of childcare. We are also striving to create a workplace that is healthy and pleasant for a diverse workforce that includes women. To this end, we have prioritized measures for preventing excessive overtime and are pursuing greater diversity in working practices by offering options such as work-from-home and flexible working arrangements with no core component. We also intend to improve workplace attitudes and culture through extensive training for young and female employees while also facilitating greater involvement by female leaders and encouraging participation by male employees in childcare. As of the end of March 2023, women accounted for 9.8% of our workforce and filled 2.3% of management roles. Further action is planned to help improve these numbers. The results of the ratio of female managers, the gender wage gap, and the percentage of men taking parental leave are as follows. we will strive to achieve a higher ratio than the current ratio through these initiatives.

◇Ratio of female managers, gender pay gap, and percentage of men taking childcare leave

	FY ended March 31, 2021	FY ended March 31, 2022	FY ended March 31, 2023
Ratio of female managers	2.4%	2.4%	2.3%
Gender pay gap	69.0%	70.2%	72.6%
Men taking childcare leave	25.0%	25.9%	16.7%

2) Creating the right environment

We are working to create an environment in which older employees to play an active role within the company, making the most of their experience, knowledge, and skills.

3) Action on hiring disabled employees

Socionext is hiring more disabled employees and is working to create an environment in which people with many different types of disability can thrive. To expand opportunities for disabled employees, Socionext has also set up its Health keeper Program run by five staff with visual impairment that provides massages to employees and the Challenge Staff Program in which six staff with mental or developmental disabilities take on routine in-housework.

As a result of these initiatives, the ratio of people with disabilities to all employees reached the statutory employment rate of 2.3% as of June 2023. The company intends to hire more disabled employees in the future and to provide them with steady and ongoing employment.

4) International recruitment

Socionext group operates group companies in several different countries and regions, including Asia, Europe, and North America, recruiting or appointing talented employees from these places and encouraging their participation. Likewise, approximately 50 employees in Japan are of overseas nationality, with the selection of both new recruits and mid-career year round hires being done without regard for nationality.

5) Promoting understanding of LGBTQ+

The Socionext group aims to create an environment in which employees can perform their full potential regardless of their sexual orientation or gender identity.

As part of these efforts, we believe it is important for each and every employee to properly understand about LGBTQ+ . We are working on the following initiatives and will continue to improve the system.

- We will improve understanding of LGBTQ+ people through human rights education (e-learning) for all Socionext employees.
- Establishment of an in-house counseling center for LGBTQ+
- Employees and development of a multi-purpose toilet environment.

7.4 Safety and Health

(1) Basic Philosophy on Safety and Health

In order to maintain its ongoing growth, we place top priority on the health and safety of both its employees and any other people involved in the operation of its business, ensuring that all employees can work in a safe and healthy manner and are able to make the most of their skills. As well as taking steps to prevent accidents and ensure a safe working environment so as to maintain a safe workplace with zero injuries, Socionext also has a variety of measures in place for maintaining and improving employee health.

(2) Safety and Health Promotion

We have established a team dedicated to supervising health initiatives and undertakes a variety of measures in which industrial doctors and nursing staff are employed to improve and manage employee health. The company also holds monthly committee meetings on health, safety, and disaster prevention at each workplace that are attended by industrial doctors, health and safety managers, regular employees, and labor union delegates. These committee meetings report on and debate issues and activities that relate to these matters, drawing on input from industrial doctors and health and safety managers. Topics include the conducting of health and stress checks and workplace inspections, measures for preventing infectious diseases such as COVID-19 or influenza, the prevalence of long working hours, and disaster prevention or mitigation measures.

(3) Main Actions on Safety and Health

1) Prevention of workplace injury

The committees described above work to prevent injuries by reporting on monthly workplace inspections and incidents and by discussing how to prevent incidents from reoccurring. Only one (minor) workplace injury occurred in Japan during fiscal FY ended March 31, 2023.

2) Safety and Health education

All employees receive safety and health education through e-learning (100% participation rate), and we are working to improve employee awareness and understanding of safety and health rules and systems. We will continue to further enhance education.

3) Health and stress checks

Medical examinations, women's health checks, and stress checks are conducted on a routine basis to monitor employee health, including the prevention and early detection of lifestyle diseases and other illness. The target for medical examinations in particular is to achieve 100% coverage, with almost all employees receiving such checks during the FY ended March 31, 2023. The results of stress checks are also being used for team-level analysis, combining this with advice and consultation from industrial doctors in an effort to reduce employee stress.

4) Measures to reduce smoking and prevent passive smoking

Measures for cutting the smoking rate at company includes providing support to quit smoking. To encourage employee self-restraint on smoking during working hours, we also abolished indoor smoking rooms during fiscal FY ended March 31, 2022 in response to an employee opinion survey. This has achieved a gradual reduction in the percentage of smokers in our Japanese workforce to 13.8% in fiscal FY ended March 31, 2023 (△ 3.3% improvement on fiscal FY ended March 31, 2019), with ongoing efforts planned to further reduce smoking.

5) Prevention of COVID-19

With regard to the novel coronavirus, we promoted efforts to prevent the spread of the disease by thoroughly enforcing the standards of conduct for controlling the spread of the disease, establishing a work-from-home environment, and implementing workplace vaccinations. In the event of a new pandemic, we will put the health and safety of our employees and their families first, and work to ensure that business continuity and recovery activities are carried out promptly and appropriately

8 Procurement Management



“Together with our global partners, we bring innovation to everyone everywhere.” This is the mission that the Socionext Group has set itself.

To realize this vision and fulfill our social responsibilities as a global company, we have established rules for procurement whereby the goods and services we require are purchased from the global market at appropriate quality, price, and delivery terms in a way that is in keeping with the laws of each country and is based on fair and reasonable trading relationships.

We are also taking steps to reinforce sustainable supply chain arrangements by reducing the risks associated with societal challenges throughout our supply chain, including at our customers and suppliers. Along with labor, human rights, ethics, environmental, and business continuity considerations, this also includes responsible minerals procurement.

8.1 Management Structure

To adopt sustainability management policies and ensure the rigorous implementation of company-wide targets and the use of sustainable procurement practices throughout the group, the Socionext Group works to optimize how it goes about procurement through collaboration between the departments responsible for operations and development, quality and production engineering, and corporate administration, especially in the areas of manufacturing and procurement.

8.2 CSR Procurement Guidelines

The Socionext Group understands how important it is to enhance sustainability across our entire supply chain. Recognizing the need to support sustainable procurement by gaining buy-in not only within the group but also from suppliers, we have formulated the Socionext Group CSR Procurement Guidelines as a way to reinforce CSR in the supply chain.

We are engaging with suppliers and taking action throughout our supply chain by focusing on the labor, occupational safety, environment, ethics and product quality and safety, information security, business continuity planning, and management system provisions laid out in these guidelines.

8.3 Supply Chain Management

The Socionext Group engages in CSR procurement activities with the aim of growing in partnership with our suppliers, recognizing that they are critical business partners in our efforts to pursue sustainable procurement.

As well as making our commitments explicit in the Socionext CSR Procurement Guidelines, we also require our suppliers to take action on CSR. To assess the progress of these supplier activities, we conduct regular reviews that cover all aspects of CSR as well as environmental activities, information security, and business continuity. The results of these reviews are then utilized to help us construct an optimal supply chain. They also provide a basis for constructive feedback to suppliers where necessary.

8.4 Responsible Minerals Procurement

The Socionext Group does not tolerate any human rights abuses or environmental destruction in its supply chain. Recognizing that responsible minerals procurement is a societal issue that cannot be ignored, we have formulated a corresponding policy, put management structures in place, and modified our procurement practices accordingly to ensure that the way we go about procurement complies with global norms, including the Responsible Minerals Initiative (RMI*1) of the Responsible Business Alliance (RBA*2).

- *1: RMI (Responsible Minerals Initiative)
International standards for responsible mineral procurement in supply chains.
- *2: RBA (Responsible Business Alliance)
International standards for CSR required of companies, including the working environment, human rights, environmental impact, etc.

Procurement Policy

The Socionext Group does not use materials in its products that derive from conflict minerals illegally mined in the Democratic Republic of Congo or neighboring nations.

We have established management systems in accordance with the Organization for Economic Co-operation and Development (OECD) Due Diligence*1 Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRAs) and have measures in place to prevent purchases from suppliers subject to such risks as human rights violations, environmental destruction, or conflict.

Should we discover that conflict minerals used to fund armed groups are being used in our products, we will notify customers promptly and take corrective action.

We also ask our suppliers to respect Socionext Group policy on this matter and to take action to ensure it is followed.

- *1: Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

Practical Measures

Our production management group plays a central role in ensuring responsible minerals procurement in accordance with the Socionext Group CSR Procurement Guidelines. We conduct annual due diligence based on the results of CMRT and EMRT*1 surveys to identify and rectify any risks.

- *1: CMRT: Conflict Minerals Reporting Template
EMRT: Extended Minerals Reporting Template

Responsible Minerals Procurement Review (Process)

(1) Development of management system

In accordance with company practice, we have worked with the relevant departments in Japan and elsewhere to establish systems for procurement and for conducting risk surveys for the 3TG*1, cobalt, and mica used in our products.

As well as calling on suppliers to consent to our responsible mineral's procurement practices, we also ask them to submit written agreements.

We require our suppliers to deal only with smelters and other processing smelters and refiners that are RMI certified.

We promulgate our responsible minerals procurement practices both internally and externally, through sustainability training resources as well as our website.

To build knowledge, deepen understanding, and boost motivation, we provide our procurement staff responsible for conducting investigations with training on responsible minerals procurement.

Details of investigation outcomes are managed and archived in accordance with company rules.

- *1: 3TG refers to Tungsten, Tantalum, Tin and Gold

(2) Identification and assessment of supply chain risks

Each year, Socionext Group identifies which of the purchased parts and materials used in our products require investigation and we then conduct investigations of our suppliers using the CMRT and EMRT templates provided by the RMI for this purpose.

We collect and collate the data provided by suppliers to identify the supply chain down to the level of individual processing facilities. When conducting the investigation, we also strive to identify all countries of origin by asking suppliers to identify the nations in which the minerals were mined. Our due diligence of processing facilities includes checking for participation in and successful completion of current RMAP or other third-party audits.

(3) Development and implementation of strategies for dealing with identified risks

For ongoing risk minimization, we develop plans for responsible minerals procurement on an annual basis, keep up to date with the latest information, and conduct due diligence when necessary.

If processing facilities have not completed RMAP or other third-party audits, we work with suppliers to request that they do so.

When customers raise concerns about specific processing facilities, we assess the allegations, inform suppliers of the risk, and work with them to take appropriate action.

Annual reporting of supply chain due diligence

Socionext group annually publishes details of our responsible mineral's procurement initiatives on our website.

◇ Outcomes of investigations conducted during fiscal FY ended March 31, 2023

- No. of suppliers investigated : 19
- No. of suppliers that replied to inquiries : 19 (100% response rate)
- No. of identified smelters and refiners : 233 across all minerals (of which 219 traders had obtained RMAP certification from RMI)

	3TG				
	FY ended March 31, 2023 (19 companies)				
	Total	Gold	Tantalum	Tin	Tungsten
No. of smelters or other processing facilities	233	99	36	60	38
No. of RMAP-certified (conflict-free) smelters or other processing facilities	219	93	34	56	36
No. of RMAP Active facilities	1	-	-	1	-
No. of other RMI-certified facilities	13	6	2	3	2
Percentage of RMAP-certified facilities	94%	94%	94%	93%	95%
Inquiry response rate	100%	-	-	-	-

8.5 Green Procurement

In accordance with our CSR Policy, we conduct our business in a way that respects the global environment, and, with the help of our suppliers, we are adopting green procurement practices that prioritize the purchase of materials, parts, and other products that put a low load on the environment.

8.6 BCM/BCP

Acknowledging that we ourselves are part of the wider supply chain, ensuring the continuity of product supply is a core policy at the Socionext Group. This means putting measures in place for business continuity and rapid recovery and acting beforehand to improve responsiveness and resilience. When an emergency does happen, we strive to fulfill our responsibilities to the community and to society and maintain continuity in the delivery of products and services to customers.

8.7 Fair Trading Practices

(1) Declaration of Partnership Building

The Socionext Group supports and participates in the goals of the Declaration of Partnership Building promoted by the Cabinet Office, Ministry of Economy, Trade and Industry, and others. Along with following good-faith trading practices with all partners, this includes commitments to co-existence and co-prosperity throughout the supply chain together with new forms of collaboration that transcend differences in company size and existing keiretsu relationships. Our goal as a group is to add value throughout the supply chain by building relationships of trust through fair and transparent trading with all our suppliers.

(2) Procurement whistleblowing system

The Socionext Group reports any procurement activities that are, or are suspected of being, compliance violations and cooperates with investigations. We also respond promptly once the facts behind a report have been established and investigated. In accordance with the law and company policy on this issue, measures are in place to ensure that the persons making and receiving reports are not identified so as to prevent them from being subject to any unfavorable treatment.

8.8 Rigorous Procurement Compliance

Recognizing that we have a duty to fulfill our social responsibilities as a global corporation by complying with the Socionext Group's CSR Policy and CSR Procurement Guidelines, we conduct regular compliance training for all executives and staff, not just those who work in procurement.

9 Quality and Reliability



9.1 Quality Policy

Leading Quality for Customer Success.

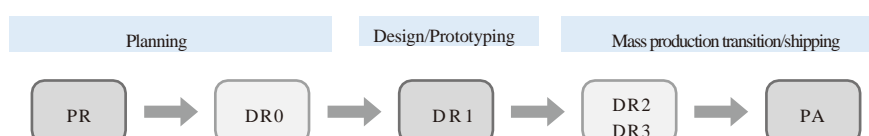
Providing Optimum Quality to Customers through Comprehensive Management Systems.

The products of Socionext are utilized in various fields and are playing very important roles in our customers' products. We build quality products that meet the varying QCD (Quality, Cost, and Delivery) needs of our customers. Additionally, through comprehensive management systems for the planning and design stages, we as a fabless company choose perfect partner companies (contract manufacturers) in Japan and overseas according to the characteristics, functionality, and quality of products to be manufactured. Moreover, by leveraging our high-quality and reliable technology that has been developed in the global market and through strong cooperation with our partner companies (contract manufacturers), we provide optimum quality to our customers in a timely manner.



9.2 Honing from the Source(Design Review)

Each step at the development process, such as market, research, product planning and development planning is completed with design review before starting mass production. In our quality assurance program, design review consists of six steps: product planning validity review (PR), product development plan review (DR0), product design validity review (DR1), mass production transition validity review (DR2), mass production start review (DR3), and pre-shipment audit (PA). We place particular emphasis on the product planning validity review (PR) and product development plan review (DR0). By identifying problems at an earlier stage, we are able to resolve issues to hone quality from the source. Also, we optimize our review contents to ensure that nothing is left out.

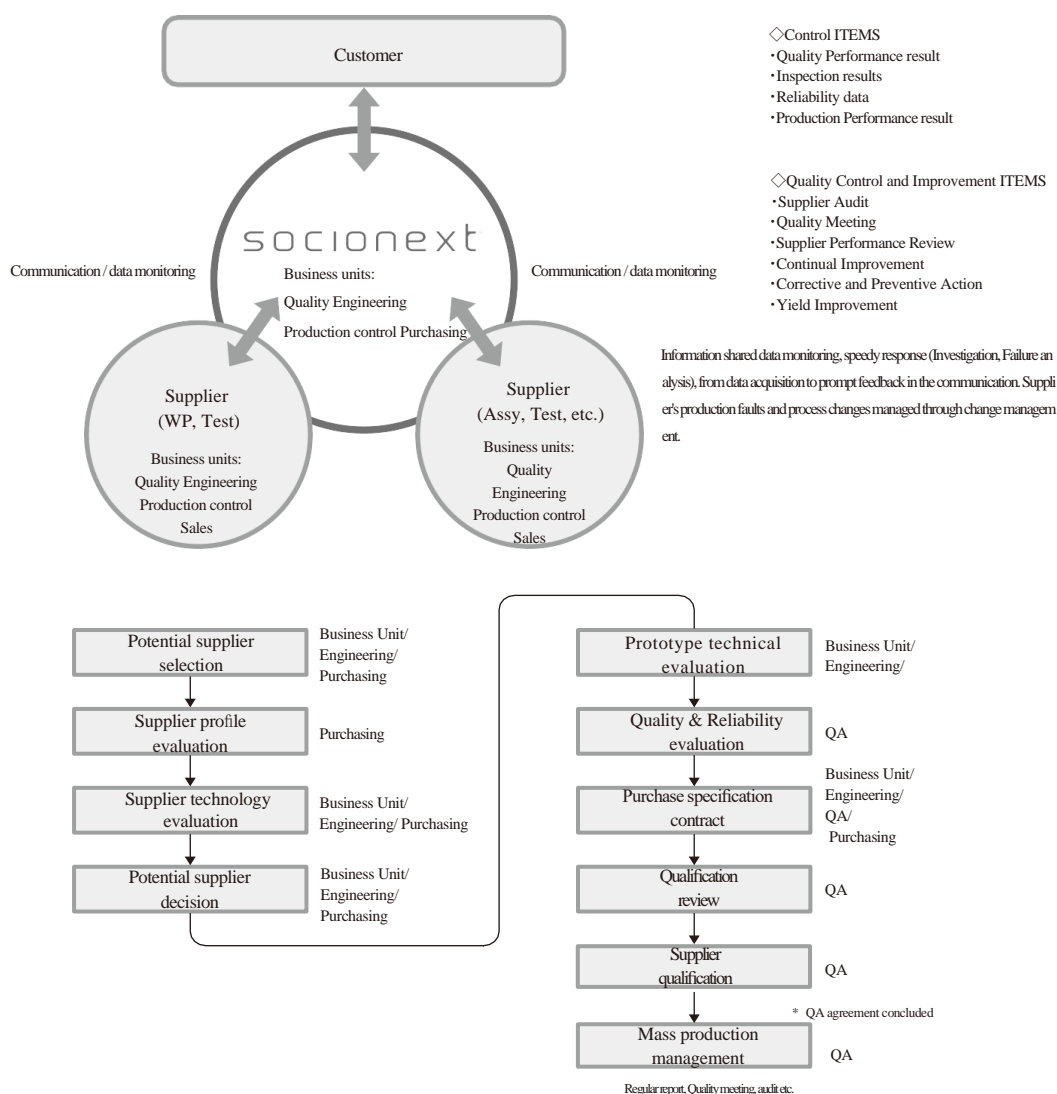


Name	Role	Description
PR	Product planning validity review	We consider the target quality and target reliability to be used for the new product and confirm product development with the agreement of all related offices.
DR0	Product development plan review	We clarify the resources and work required to develop the new product and establish a plan that accounts for everything.
DR1	Product design validity review	Completing the planned design work, we check that the basic design matches the customer's requirements.
DR2	Mass production transition validity review	We confirm the necessary specifications for mass production prototyping, based on results obtained from prototype evaluation.
DR3	Mass production start review	We use the mass production prototype to evaluate the characteristics of the product and confirm the necessary specifications and facilities for mass production.
PA	Pre-shipment review	We conduct feedback based on initial flow management results and in-process fault information.

*1: PR : Planning Review / DR : Design Review / PA : Product Assurance

9.3 Supplier Management

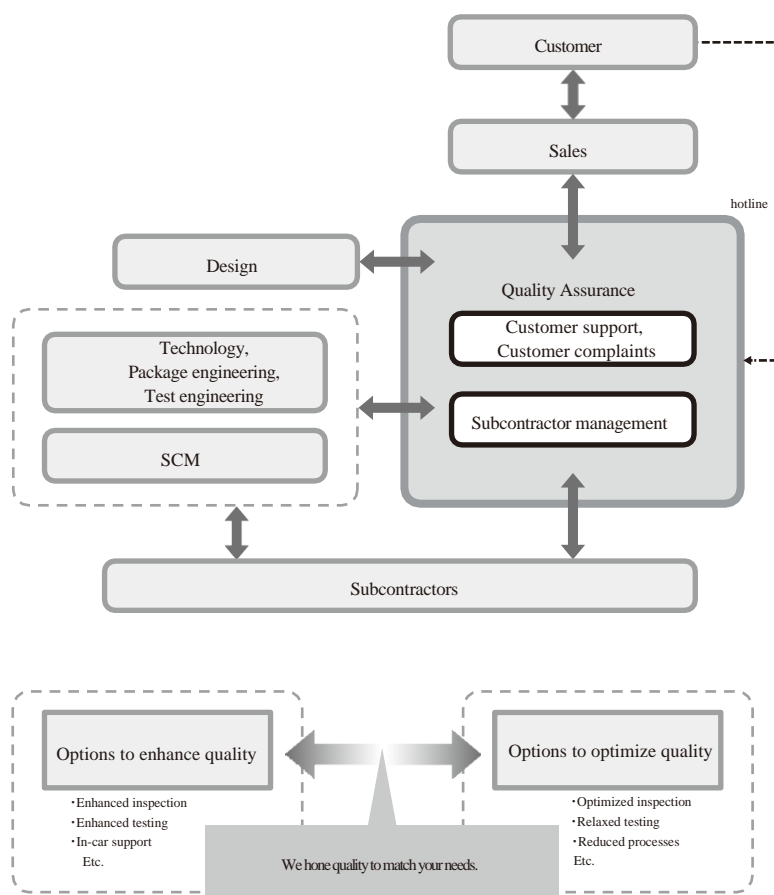
To assure optimal quality for fabless company, Socionext group builds close relationships of cooperation with domestic and overseas foundries and partner companies that have the optimal technology. Through this, we achieve quality management equivalent to in-house fabs.



9.4 Customer Quality Support

Socionext group provides detailed support in order to supply our customers stably with products in which they can feel satisfied. Specifically, we thoroughly analyze products with defects found by the customer, identify the cause, take counter measures to prevent recurrence of the defect, and report on the status and counter measures. We always

put great effort into our analysis data for products with defects found by the customer, as it directly guides our quality improvement.



9.5 ISO9001 Certification

ISO9001 is an international standard for quality management systems with the aim of improving product quality assurance systems and increasing customer satisfaction. We acquired ISO9001 certification. Furthermore, we have set up a system that can expand globally using the production lines of partner companies that have the IATF16949 certification, which is standard in the automotive industry.



10 Corporate Governance

Corporate Governance

10.1 Basic views on corporate governance

Recognizing the importance of management as a company having social responsibilities, the Company has positioned the development of organizational structures and mechanisms to ensure transparency and fairness in decision-making and the building of a trust relationship with all stakeholders, including shareholders, as one of its most important management issues. Accordingly, we aim to increase our corporate value and achieve sustainable growth through the implementation and continuous improvement of the Corporate Governance Code below.

10.2 Reasons for Adoption of Current Corporate Governance System

To increase corporate value over the medium to long term, the Company has established a corporate governance system based on a company with an audit and supervisory committee. Lead Independent Outside Director

Directors

As of December 2023

Number of Directors Stipulated in Articles of Incorporation	Up to 10 (No more than 3 directors shall be Audit and Supervisory Committee Members.)
Directors' Term of Office Stipulated in Articles of Incorporation	Director (Excluding directors who are Audit and Supervisory Committee Members.): 1 year. Director who is an Audit and Supervisory Committee Member: 2 years
Chairperson of the Board	Chairperson and President
Number of Directors	10 (Of these, 3 directors are Audit and Supervisory Committee Members.)
Number of Outside Directors	5
Number of Outside Directors Designated as Independent Officers	4
Lead Independent Outside Director	1

(1) Strengthening supervisory functions

The Board of Directors, which includes Independent Outside Directors, and the Audit & Supervisory Committee, the majority of whose members are independent outside directors, will strengthen the supervisory function over business execution.

(2) Ensuring management transparency

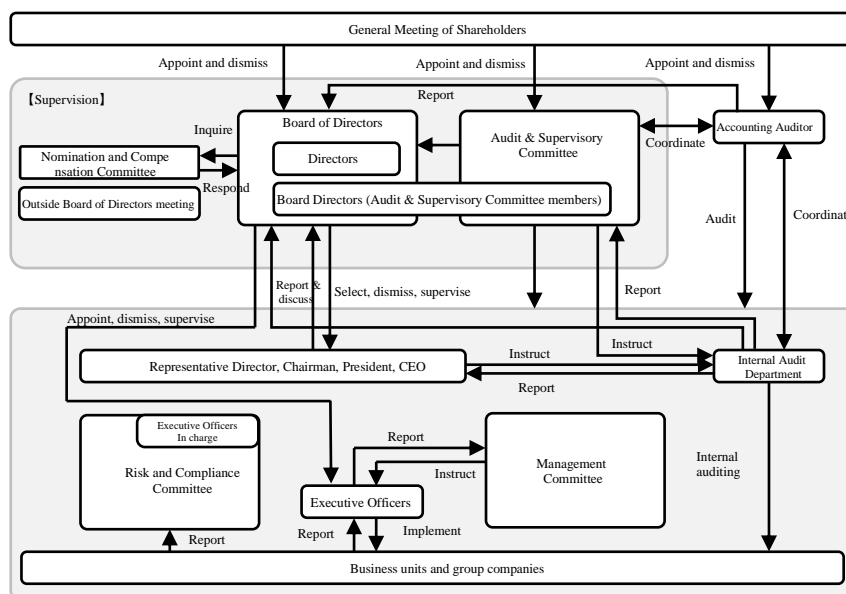
The Company ensures management transparency by appointing more than one-third of its directors as independent outside directors and by having the Nomination and Compensation Committee, a majority of whose members are independent outside directors, report to the Board of Directors on the nomination and compensation of officers.

(3) Acceleration of decision-making

The Board of Directors focuses on guiding the course of action for management, making important decisions and overseeing the execution of business operations. By delegating its executive authority to the CEO and executive officers, we aim to promote business operations and increase corporate value through accelerated decision-making.

Corporate Governance Structure

Our company's corporate governance structure is as follows.



10.3 The Company's business execution and monitoring system

The Company's business execution and monitoring systems are as follows:

(1) Board of Directors

The Board of Directors makes decisions on important management matters and matters stipulated by laws and regulations and the Articles of Incorporation, and continuously supervises the status of business execution. In addition, the Company employs multiple independent outside directors who are experts in diverse fields to strengthen the supervisory function of business execution and develop an effective system through appropriate advice. In principle, the Board of Directors meets once a month on a regular basis, and extraordinary meetings are held as necessary.

In addition, the Board of Directors delegates part of the authority to execute management to the Management Committee, which is chaired by the CEO and is composed of executive officers who supervise each division, in accordance with the Group Approval Authority and Related Company Management Rules.

The Board of Directors consists of 10 members, including 5 internal directors and 5 external directors.

(2) Audit & Supervisory Committee

The Audit & Supervisory Committee conducts audits on the legality and appropriateness of the execution of duties by directors, ensures the soundness of the Company, and acts in the common interest of shareholders with a view to sustainable enhancement of corporate value. One full-time Audit & Supervisory Committee Member is elected to enhance the effectiveness of the audit and supervisory functions by attending important meetings and strengthening cooperation with the Accounting Auditor and Internal Audit Department. In principle, the Audit & Supervisory Committee meets once a month, and extraordinary meetings are held as necessary.

The Audit & Supervisory Committee consists of three Directors, of which three are outside directors.

(3) Nomination and Compensation Committee

The Nomination and Compensation Committee, which is composed of members elected from among the directors by resolution of the Board of Directors, is established as a voluntary advisory body to the Board of Directors with the aim of improving transparency regarding election and compensation of directors who are not Audit and Supervisory Committee Members and executive officers, and election of directors who are Audit and Supervisory Committee Members. The Nomination and Compensation Committee is consulted by the Board of Directors and makes

recommendations on the election and compensation of directors who are not Audit and Supervisory Committee Members and executive officers, and the election of Directors who are Audit and Supervisory Committee Members. The Committee formulates election criteria and policies for the personnel of directors and executive officers, and policies for the compensation of directors who are not Audit and Supervisory Committee Members and executive officers and deliberates compensation levels. To adopt independent perspectives, an Outside Director chairs the Committee and two-thirds of the Committee members are Outside Directors.

(4) Outside Directors Meeting

The Outside Board of Directors' group meeting is held every month to gather and share information necessary for Outside Directors' management decision-making and to exchange opinions including their ideas and necessity of discussion for the Board of Directors. The meeting is chaired by a Lead Independent Outside Directors. The Outside Directors' Meeting is composed of all outside directors, and the representative director participates as necessary.

(5) Lead Independent Outside Director

Our company selects the Lead Independent Outside Director from among the Independent Outside Directors.

The role of the Lead Independent Outside Director is to act as a liaison between the management and the Independent Outside Directors and to facilitate dialogue between them.

In addition, the Outside Directors Meeting is convened to determine the agenda of the meeting when necessary, and serves as the chairman of the meeting, and the results of the deliberations are communicated to the management or the Board of Directors to encourage discussion.

(6) Management Committee

The Management Committee deliberates and makes decisions on important matters relating to the execution of the Group's business and on important matters to be submitted to the Board of Directors, as determined by the Board of Directors regarding the transfer of authority. In principle, the Management Committee meets once a week. The Committee consists of the Representative Director, Chairman, President and CEO, executive officers, and organizational heads appointed by the CEO.

(7) Risk and Compliance Committee

The Risk and Compliance Committee discusses to identify, analyze and take measures for risks including information security, compliance and disasters. Business risks, such as those relating to the business environment, strategy, finance, labor management and supply chain, are deliberated by the Management Committee. The Risk and Compliance Committee meets quarterly.

The Committee consists of the chairperson (Representative Director, Chairman, President and CEO), committee members (executive officers) and organizational heads appointed by the CEO.

(8) Internal Audit Department

The Internal Audit Department, which is established directly under the CEO, conducts internal audits on the overall development of internal controls over management activities and the status of execution of business in the Group. The Internal Audit Department's audit plan is approved by the CEO and the Audit & Supervisory Committee, and the results of the Internal Audit Department's audit are reported to the CEO and the Audit & Supervisory Committee. In addition, the Audit & Supervisory Committee can direct the Internal Audit Department as necessary.

10.4 Evaluation of the Effectiveness of the Board of Directors as a Whole

(1) The Company's approach to the evaluation of effectiveness

The Board of Directors of the Company is to analyze and evaluate the effectiveness of the Board of Directors every year to further ensure its effectiveness and improve its functions.

With the support of a third-party organization, the Company began evaluating the effectiveness of the Board of Directors in the fiscal year ended March 2023 and will continue to carry out the exercise once a year.

A summary of the methodology and results of the evaluation of the effectiveness of the Company's Board of Directors for the fiscal year ended March 2023 is provided below.

(2) Method of evaluation

In December 2022, an external third-party questionnaire survey with approximately 40 questions (both multiple-choice and descriptive) was conducted with all ten directors, and the results were discussed at a meeting of the Board of Directors to evaluate the effectiveness of the Board of Directors.

(3) Summary of evaluation results

Overall, we judged that the effectiveness of the Board of Directors of the Company was adequately ensured.

The main issues identified as evaluation results of the effectiveness of the Board of Directors are as follows:

- 1) Efforts to provide information to outside officers
 - Ensuring advance distribution of materials and considering operation of advance briefing
 - Promoting a thorough understanding of the semiconductor business and the Company's business model among outside directors
 - Considering strengthening the support structure (to reinforce the secretariat, including its resources)
- 2) Securing time for deliberations on strategically important topics by reviewing a standard for determining matters to be submitted to the Board of Directors
 - Setting the annual agenda
 - Sorting out the roles and functions of the Board of Directors as a precondition (to share awareness)
- 3) Encouraging two-way discussions between outside and inside the Company by establishing communication opportunities for both parties
- 4) Enhancing opportunities for internal officers to speak out from a company-wide perspective (to change mindset)
- 5) Considering the ideal structure of the Board of Directors with an awareness of diversity (by utilizing skill matrix, etc.)

(4) Initiatives based on evaluation results

The Company will continue to promote improvement activities for issues identified based on the above evaluation results and will work to further improve effectiveness by regularly incorporating third-party involvement in the evaluation process.

10.5 Views on Diversity of the Board of Directors

The Company discloses a skill matrix that lists each director's knowledge, experience, and abilities, as well as a combination of the director's skills etc. in a manner appropriate to the business environment and business characteristics, along with policies and procedures for the election of directors.

Candidates for Directors who are not Audit & Supervisory Committee Members are determined by the Board of Directors based on a report by the Nomination and Compensation Committee, the majority of whose members are Independent Outside Directors.

Candidates for Directors who are Audit & Supervisory Committee Members are determined by the Board of Directors, with the consent of the Audit & Supervisory Committee, based on a report by the Nomination and Compensation Committee, the majority of whose members are Independent Outside Directors.

10.6 Skill matrix of Directors

The skills matrix for the directors is as follows:

As of December 2023

Name	Gender	Outside Director	Independent Officer	Audit & Supervisory Committee Member	1	2	3	4	5
					Management experience	Semiconductor business	International (Overseas experience)	Finance Accounting and	Legal Compliance and
Masahiro Koezuka	Male				✓	✓	✓		
Koichi Otsuki	Male					✓			
Noriaki Kubo	Male					✓			
Yutaka Yoneyama	Male					✓	✓	✓	✓
Hisato Yoshida	Male					✓			
Masatoshi Suzuki	Male	✓	✓		✓		✓		✓
Sachiko Kasano	Female	✓	✓						✓
Yasuyoshi Ichikawa	Male	✓	✓	✓				✓	
Morimasa Ikemoto	Male	✓		✓				✓	
Noriko Yoneda	Female	✓	✓	✓					✓

10.7 Policy on determining compensation for Directors

Policy on determining compensation, etc. for Directors (excluding Directors who are Audit & Supervisory Committee Members) (overview)

(1) Details of the Directors' Compensation System

1) Basic Views

- Highly linked to the company's performance and highly transparent and objective
- Enhancement of corporate value and compensation should be linked in order to share a sense of interest with shareholders
- Contribute to securing and retaining a global management team that meets competent capability requirements in realizing the corporate vision

2) Compensation level

In light of the business environment surrounding the Company, we will objectively compare compensation levels with those of other companies in the same industry or other companies of the same size, based on the data from research firms, and establish appropriate levels relevant for the positions.

3) Process for determining compensation

- The Company has established a voluntary Nomination and Compensation Committee to ensure the appropriateness of compensation levels and amounts and the transparency of the decision-making process. The chairperson and the majority of committee members are Independent Outside Directors. The Board of Directors consults with the Nomination and Compensation Committee on basic policies and decision procedures. The recommendations of the Nomination and Compensation Committee are deliberated by the Board of Directors, and the Board of Directors decides the basic policy and decision procedures and makes a resolution on the agenda for the General Meeting of Shareholders in the event that the upper limit of total compensation is reviewed.
- The specific amount of basic compensation and incentive compensation (cash and stock) for each individual is determined within the total amount of compensation approved by the General Meeting of Shareholders, based on the report made by the Nomination and Compensation Committee to the Board of Directors, and subject to approval by the Nomination and Compensation Committee, and is determined at the discretion of the Representative Director, Chairman and President, based on a resolution of the Board of Directors.

(2) Compensation structure

1) Executive Director

- a Basic compensation: Based on the scope of responsibility and role (position) in the Company, a fixed amount is paid as basic compensation
 - b Cash incentive compensation: Payment by cash (bonus) as performance-based compensation based on the evaluation of performance results in the target year
 - c Stock incentive compensation: Payment by stock as performance-based restricted-stock compensation based on the evaluation of performance results in the target year
- If the performance target is 100% achieved, the percentage of the above proportion is 1) 60%, 2) 20% and 3) 20%.
 - As evaluation items and indicators for the performance-based portion (cash and stock), we consider four items of "net sales," "operating profit," and "design win amount," and "business transformation, growth strategy, ESG measures, etc." with a weighting of 25% for each. In addition, we evaluate all of these items based on comprehensive judgment by the Nomination and Compensation Committee. The results of the evaluation are reported to and deliberated on by the Board of Directors.
- ##### 2) Independent Outside Directors (non-executive directors)
- In view of the role of supervising the execution of business, only fixed basic compensation is paid.

10.8 Support System for Outside Directors

The Representative Director, Chairman and President or the Board of Directors Secretariat provides the necessary support to outside directors, including providing supplementary explanations on the business overview and proposals to be submitted to the Board of Directors. Furthermore, for Outside Directors who are Audit &

Supervisory Committee Members, the Audit & Supervisory Committee Secretariat provides support for their activities.

10.9 Policy on election and dismissal of Directors

The Company sets forth the following policies, standards and procedures for the election and dismissal of directors of the Company.

(1) Policies for election

- 1) In electing director candidates, consideration shall be given to the composition of the Board of Directors so that the Board of Directors can fully exercise its functions and contribute to the sustainable development of the Group, while ensuring diversity by balancing the experience, knowledge and abilities of each director.
- 2) The Board of Directors shall consist of not more than ten members, and at least one-third of them shall meet the independence standards for outside directors set by the Company.
- 3) The Audit & Supervisory Committee shall, in principle, have at least one legal specialist and one financial accounting specialist.

(2) Election criteria for director candidates

- 1) Requirements common to all directors
 - a A person must have the personality, knowledge, insight and experience required of a director, as well as a high level of awareness in legal compliance and ethics.
 - b A person must understand the Group's management philosophy and have the integrity to earn the trust of various stakeholders.
- 2) Requirements for Internal Directors
 - a Have a high level of knowledge of the Group's business areas and a wealth of experience and track record in specialized areas.
 - b Can promote appropriate organizational management and business execution by making quick and accurate management decisions while overseeing management from a company-wide and medium- to long-term perspective
- 3) Requirements for Outside Directors
 - a Can perform supervisory functions from a fair and broad perspective based on extensive experience and knowledge in management and areas of expertise.
 - b Can discuss and offer opinions in a frank and constructive manner toward sustainable development of the Group.

(3) Procedures to elect director candidates

The Board of Directors decides the candidates for directors to be proposed to the General Meeting of Shareholders, based on the recommendations of the Nomination and Compensation, in which the majority of members and the chairperson are Independent Outside Directors. Election of candidates for Directors who are Audit & Supervisory Committee Members shall be subject to the prior consent of the Audit & Supervisory Committee.

(4) Standards and procedures for dismissing directors

When a director no longer meets the requirements set forth in "(2) Election criteria for director candidates" or is deemed to lack eligibility as a director, the Board of Directors shall take appropriate measures, such as procedures for dismissal under laws and regulations, based on the report of the Nomination and Compensation Committee.

10.10 The succession plan for the CEO and other top executives

The succession plan for the CEO and other top executives is implemented through deliberations in the Nomination and Compensation Committee, the majority of whose members are Independent Outside Directors (2 out of 3 members), which is chaired by an Independent Outside Director.

10.11 Training Policies for Directors

For newly appointed internal directors and executive officers, the Socionext group has a policy to improve their skills by utilizing outside seminars for them to acquire the necessary knowledge regarding legal compliance, corporate governance, finance and other matters.

For newly appointed outside directors, the Company explains industry trends and the business situation of the Company, and also has a system in place whereby the new outside directors, after their appointment, can directly request directors and executive officers in charge of business to provide an explanation to deepen their understanding of the Company's business.

In order to revitalize the deliberations of the Board of Directors, the costs of training sessions and socializing opportunities, etc. in which each director voluntarily participates as necessary are to be borne by the Company.

10.12 Independence Standards

Independence Standards and Qualifications for Independent Outside Directors

In the Company, the appointment of independent outside directors, including Audit & Supervisory Committee Members, is subject to deliberation by the Nomination and Compensation Committee on the conformity with independence standards and policies, and the results are reported to the Board of Directors, which deliberates and resolves the matter.

The independence standards adopted and established by the Company are based on the requirements for outside directors stipulated in the Companies Act and the requirements for independent officers stipulated by the Tokyo Stock Exchange.

4 of the 5 outside directors who qualify as independent directors are designated as independent directors.

The company has established the following criteria for determining the independence of Outside Directors.

◇Independence Standards for Outside Directors

The Company considers Outside Directors or candidates for such directors to be independent if it determines that none of the following (1) to (9) apply:

However, even if a person falls under any of the following (1) to (9), he or she may be appointed as Independent Outside Director of the Company if the Company believes that he or she has sufficient independence, provided that the reasons for such independence are publicly disclosed.

- (1) A person whose major client or supplier is a Socionext Group Company (*1) (*2) or a business executive person thereof (*3)
- (2) Major client of (*4) or major lender (*5) to Socionext Group Companies or a business executive person thereof
- (3) An outside expert who receives a substantial amount of compensation from Socionext Group Companies in addition to officer's compensation (*6), or a person who belongs to the organization if the outside expert is an organization such as a corporation
- (4) A member or employee of the Accounting Auditor of the Company
- (5) A person who receives a large donation from a Socionext Group Company (*7), or a person who belongs to the organization if the recipient of such a donation is an organization such as a corporation
- (6) A business executive person of a corporation or other organization that accepts directors or other officers from a Socionext Group Company
- (7) A person who has fallen under any of the above items (1) through (6) in the past three years
- (8) A major shareholder of the Company (*8) or a business executive person thereof
- (9) A close relative of one of the following (*9):
 - 1) Persons listed in the above (1) through (8)
 - 2) A business executive person of a Socionext Group Company
 - 3) A business executive person who has been an executive person of a Socionext Group Company in the past three years

*1: Socionext Group Companies" means Socionext Inc. and its subsidiaries.

*2: A person whose major client or supplier is a Socionext Group Company" means a party whose sales to Socionext Group Companies account for 2% or more of its annual consolidated total sales in the most recent fiscal year.

*3: A business executive person is defined in Article 2, Paragraph 3, Item 6 of the Regulations for Enforcement of the Companies Act.

*4: "Major client of or supplier to a Socionext Group Company" means a party to which 2% or more of Socionext Group Companies' annual consolidated total sales in the most recent fiscal year are recorded.

*5: Major lender is a major lender stated in the Company's most recent Business Report.

- *6: A substantial amount of compensation means that an individual is paid at least 10 million yen per year in the most recent business year of a Socionext Group Company, and an organization such as a corporation is paid at least 2% of the total annual consolidated sales in the most recent business year of the organization.
- *7: A large donation means a donation of at least 10 million yen per year in the most recent fiscal year of a Socionext Group Company.
- *8: A major shareholder is a person who holds 10% or more of the voting rights.
- *9: A close relative is a spouse, a relative within the second degree of kinship or a relative living together.

10.13 Cross-shareholdings

As a general rule, the Company does not hold any cross-shareholdings and does not currently hold any listed shares as cross-shareholdings.

If it becomes necessary to acquire cross-shareholdings in the future from the perspective of management strategy, etc., the acquisition will be limited to cases that contribute to the sustainable growth of the Company and the enhancement of corporate value over the medium to long term. In addition, the Board of Directors will confirm the significance of acquiring each stock in advance, and after the acquisition, the appropriateness of the holding will be confirmed and reviewed annually. The exercise of voting rights in connection with cross-shareholdings is judged on the basis of whether it contributes to the corporate value of the Company.

10.14 Activities of the Board of Directors, Nomination and Compensation Committee, and Audit and Supervisory Committee

(1) Board of Directors

In principle, the Board of Directors holds regular meetings once a month and holds extraordinary meetings of the Board of Directors as necessary.

The Board of Directors deliberated and made necessary decisions on the development of various policies, regulations, and internal systems for filing a new listing application, the preparation of related documents, business strategies and management issues, the formulation and progress of business plans, the draft of the General Meeting of Shareholders, ESG-related matters, the strengthening of development systems, the conclusion of important contracts, the formulation of policies for determining the remuneration of directors (excluding directors who are Audit and Supervisory Committee Members) and the determination of individual remuneration, risk and compliance-related matters, the construction and operation of internal control systems, and received reports on the status of business execution from directors and executive officers. The attendance of individual directors for the FY ended March 31, 2023 under review is as follows.

Position	Name	Attendance Status
Representative Director	Masahiro Koezuka	14 times/14 times (100%)
Director	Koichi Otsuki	13times/14 times (93%)
Director	Noriaki Kubo	14 times/14 times (100%)
Director	Yutaka Yoneyama	14 times/14 times (100%)
Director	Shinichi Ando	14 times/14 times (100%)
Outside Director	Masatoshi Suzuki	14 times/14 times (100%)
Outside Director	Katsushi Kitajo	14 times/14 times (100%)
Outside Director	Morimasa Ikemoto*1	3 times/3 times (100%)
Outside Director	Yoshiyuki Miyabe	3 times/3 times (100%)
Outside Director (Audit and Supervisory Committee Member)	Sachiko Kasano	14 times/14 times (100%)
Director (Audit and Supervisory Committee Member)	Tuyoshi Sakuma	14 times/14 times (100%)
Outside Director (Audit and Supervisory Committee Member)	Yasuyoshi Ichikawa	14 times/14 times (100%)
Outside Director (Audit and Supervisory Committee Member)	Kenji Hanawa*2	3 times/3 times (100%)

*1: Mr. Morimasa Ikemoto and Mr. Yoshiyuki Miyabe describe the circumstances up to their retirement due to their resignation as Outside Directors as of the time when it was deemed that the resolutions of the Extraordinary General Meeting of Shareholders and the General Meeting of Class Shareholders of Common Shareholders on July 27, 2022 had been passed.

*2: Mr. Kenji Hanawa describes the circumstances up to his retirement due to his resignation as an Outside Director (Audit and Supervisory Committee Member) as of the time when it was deemed that resolutions had been made at the Extraordinary General Meeting of Shareholders and the General Meeting of Class Shareholders held by common shareholders on July 27, 2022.

(2) Nomination and Remuneration Committee

The Nomination and Remuneration Committee meets at least 2 times in each fiscal year, and 14 times in the FY ended March 31, 2023

The Nomination and Remuneration Committee deliberated on the composition of the Board of Directors, policies for the appointment and dismissal of directors and executive officers, criteria for determining the independence of outside directors, matters concerning the remuneration of directors (Excluding directors who are Audit and Supervisory Committee Members.) and executive officers (Basic Policy, Policy on Decisions on the Contents of Remuneration, etc. by Individuals, Contents of Remuneration, etc. by Individuals, etc.), proposals concerning remuneration to be proposed to the General Meeting of Shareholders, succession plans, etc., and made necessary reports to the Board of Directors.

The attendance of individual committee members in FY ended March 31, 2023 is as follows.

Position	Name	Attendance Status
Chairperson (Outside Director)	Masatoshi Suzuki	14 times/14 times (100%)
Committee Member (Outside Director)	Katsushi Kitajo	13 times/14 times (93%)
Committee Member (Representative Director and CEO)	Masahiro Koezuka	14 times/14 times (100%)

(3) Audit and Supervisory Committee

Mr. Yasuyoshi Ichikawa, Chairperson of the Audit and Supervisory Committee, is a certified public accountant and has extensive experience and insight in finance and accounting. Mr. Morimasa Ikemoto, a full-time Audit and Supervisory Committee Member, has served as a full-time company auditor and a director who is an Audit and Supervisory Committee Member at a listed company, and has considerable knowledge of finance, accounting, internal control and auditing. Ms. Noriko Yoneda is a licensed attorney with extensive experience and insight in corporate legal affairs and compliance.

Based on the annual audit plan formulated by the Audit and Supervisory Committee, Audit and Supervisory Committee Members audit and supervise the status of the execution of duties by the executive directors by attending regular meetings of the Board of Directors and other important meetings and by inspecting important documents.

The Audit and Supervisory Committee reviews the progress of management and business through interviews with directors and executive officers and makes judgments on the legality and appropriateness of management execution. All members of the Audit and Supervisory Committee attend meetings of the Board of Directors and conduct audits and supervision of the status of deliberations of the Board of Directors, important decision-making processes in management strategies and corporate governance, etc. In addition, the Audit and Supervisory Committee exchanges information and opinions with the accounting auditors to promote mutual understanding on the status of audit implementation, such as holding regular meetings every quarter and additional meetings as necessary. In addition, the Audit and Supervisory Committee reviews the election, etc. and remuneration, etc. of directors who are not Audit and Supervisory Committee Members and decides the opinions of the Audit and Supervisory Committee.

Full-time Audit and Supervisory Committee member attends important meetings of the Management Committee, etc., conducts hearings with our company's directors, executive officers, and presidents of our company subsidiaries, inspects important contract documents and approval documents, etc., and reports the results to the Audit and Supervisory Committee.

The status of activities for FY ended March 31, 2023 under review is as follows.

Position	Name	Attendance Status
Outside Director (Audit and Supervisory Committee Member)	Sachiko Kasano	17 times/17 times (100%)
Outside Director (Audit and Supervisory Committee Member)	Ikuyoshi Ichikawa	17 times/17 times (100%)
Outside Director (Audit and Supervisory Committee Member)	Kenji Hanawa*1	6 times/6 times (100%)
Director (Full-time Audit and Supervisory Committee Member)	Tuyoshi Sakuma	17 times/17 times (100%)

*1: Mr. Kenji Hanawa describes the circumstances up to his retirement due to his resignation as an Outside Director (Audit and Supervisory Committee Member) as of the time when it was deemed that resolutions had been made at the Extraordinary General Meeting of Shareholders and the General Meeting of Class Shareholders held by common shareholders on July 27, 2022.

10.15 Policy for Constructive Dialogue with Shareholders

The following is the Company's policy regarding the development of systems and initiatives to promote constructive dialogue with shareholders and investors.

(1) Policy for initiatives to promote dialogue

- Disclose information in a timely and appropriate manner in accordance with laws and regulations, such as the Financial Instruments and Exchange Act, and the Timely Disclosure Rules of the Tokyo Stock Exchange.
- Efforts will be made to engage in two-way communication with shareholders to explain the Company's management situation and operating policies in an easy-to-understand and accurate manner and report the feedback of shareholders' opinions and requests to the Board of Directors as part of IR status reports, which will be reflected in formulating management strategies, improving business operations and determining information disclosure.
- This will lead to sustainable growth of the Company and medium- to long-term enhancement of its corporate value.

(2) Internal Structure

- The person in charge of Investor Relations shall be the executive officer in charge of corporate planning, and the department in charge of Investor Relations shall be the Public Relations & Investor Relations Office.
- Departments committed to Investor Relations (Public Relations & Investor Relations Office, Corporate Planning Office, Corporate Affairs & Human Resources Division, Finance and Corporate Finance Division, etc.) will fully cooperate in preparing disclosure materials to promote dialogue with shareholders.

(3) Report to the Board of Directors

- The person in charge of Investor Relations regularly reports information and opinions from shareholders and investors to the Board of Directors.

(4) Initiatives to promote dialogue

- Information that falls under the Timely Disclosure Rules shall be disclosed via TDnet (Timely Disclosure network).
- Disclose necessary information on the Investor Relations section of the Company's website.
- Set up opportunities for dialogue, such as individual meetings, group meetings and company briefings, and actively disclose information.
- The Company will hold financial results briefings and disclose materials on the Investor Relations section of its website.

10.16 Measures to realize management with capital cost and stock price in mind

In promoting the solution SoC business, the Group is implementing management with capital profitability in mind. Specifically, we set up multiple checkpoints for each business project, focusing on profitability and cash flow, during the period from the beginning of the project to the acquisition of the project, and during the period from the acquisition to the start of mass production.

Once a year, we calculate the cost of capital for the fiscal year ended and reports the results compared to the return on capital (ROE, ROIC) to the Board of Directors.

In the fiscal year ended March 2023, we confirmed that our Group's profitability exceeded the cost of capital because the Group's ROE and ROIC exceeded the cost of capital according to our calculation.

Specific measures to further improve ROE and ROIC are as follows.

- Thorough Securing of Proper Profits on a per project basis
- Pursuing development efficiency by strengthening development systems in line with the solution SoC business

By promoting these measures, we aim to increase our corporate value and improve our market valuation.

10.17 Implementation of Dialogue with Shareholders

- We provide shareholders and investors with an interactive environment by disclosing the Group's latest business results and business strategies on the shareholder and investor pages of our website, and by posting a contact point for IR inquiries.
- We hold quarterly financial results briefings and individual interviews with institutional investors and analysts.
- Dialogues with shareholders, investors, and analysts are reported to the Board of Directors and other meetings to provide feedback to management.

11 Internal Control



Internal Control

11.1 Internal control policy

At the meeting of the Board of Directors held on March 30, 2022, the Company resolved a basic policy regarding the development of systems (internal control systems) provided for in the Companies Act and the Regulations for Enforcement of the Companies Act.

The policy provides for the systems necessary to ensure the appropriateness of business and operations as provided for in Article 399-13, Paragraph 1, Item 1, (b) and (c) of the Companies Act and in Article 110-4 of the Regulations for Enforcement of the Companies Act, and establishes the basic policy for the development of internal control system for the Socionext (hereafter collectively referred to as the “Socionext” including the below “Group company”) comprised of the Company and the Company’s consolidated subsidiaries (hereafter referred to as the “the Group Company”). An outline of the policy is as follows.

- (1) Systems to ensure that the execution of the duties by Socionext Personnel complies with laws and regulations and the Articles of Incorporation
 - 1) Directors and executive officers involved in the execution of their duties at the Company (hereafter referred to as “Management”) shall take the lead in complying with the “CSR Policy” established for compliance, including compliance with laws and regulations and the Articles of Incorporation, and shall also actively work to promote compliance based on the ethics of the Company’s Management.
 - 2) The management of the Company shall ensure that all Socionext Personnel comply with the “CSR Policy,” and shall promote compliance throughout the Socionext through continuous education and other measures.
 - 3) The management of the Company shall clarify laws and regulations pertaining to business activities, develop the necessary internal rules, education and monitoring systems to ensure compliance, and promote compliance throughout the Socionext.
 - 4) If an officer or employee of the Company becomes aware of any facts that may constitute a material breach of compliance in connection with the conduct of business activities, he or she shall immediately notify the Board of Directors of the Company and Audit & Supervisory Committee of the Company of such fact through the normal line of business.
 - 5) Management of the Company shall establish and operate a Whistle-Blowing System that secures a protection system for whistle-blowers, etc., in order to enable early detection of compliance issues and appropriate responses to them through a communication channel that is independent of normal business lines.
 - 6) The Board of Directors of the Company shall receive regular reports on the execution of duties from the person performing the duties and shall confirm that there is no non-compliance in the execution of duties.
 - 7) Management of the Company shall strengthen the development of an internal control through the evaluation and audit of internal control over financial reporting to ensure the appropriateness of financial reporting.
 - 8) Management of the Company shall conduct an internal audit in order to confirm the status of business execution, ensure compliance with laws and regulations and the Articles of Incorporation, etc. and make improvements in operational efficiency.
 - 9) Management of the Company shall take a firm stand against antisocial forces, have no relationship with them, and deal with them systematically in coordination with external professional organizations.

- (2) Systems under which information regarding execution of duties by Directors shall be retained and managed
 - 1) The Company's Management shall properly store and manage documents involved in the execution of their duties (including electromagnetic records) and other important information, in accordance with the Important Document Management Regulations, after appointing a person in charge of retention.
 - 2) Directors of the Company shall have access at all times to documents to confirm the status of the execution of their duties, and the person in charge of retention of each document shall ensure that the directors of the Company shall have access at all times.
 - 3) With regard to information security, a system of responsibility shall be clarified relating to information security and specific measures shall be implemented and ensured in accordance with the provisions on information security.
- (3) Regulations and other systems for the risk management of loss
 - 1) Management of the Company shall aim to achieve business continuity, enhancement of corporate value and sustainable development of corporate activities of the Socionext, and shall develop appropriate risk management systems to deal with risks that may impede this.
 - 2) Management of the Company constantly assesses and verifies risks that could cause losses to the Socionext and reports important matters to the Company's Board of Directors.
 - 3) Management of the Company shall conduct risk control, including preventive measures, with respect to the risks recognized in the preceding paragraph and other risks assumed in the course of conducting business, and shall take actions to minimize losses. In addition, in order to minimize losses arising from the occurrence of risks, the Risk Compliance Committee, etc. shall be established in the Company and necessary measures shall be implemented, and risks that occur shall be regularly analyzed and reported to the Board of Directors, etc. of the Company to take actions to prevent the recurrence of similar risks.
 - 4) In order to collect risk information that cannot be grasped by the provisions in the preceding three items, Management of the Company shall set up a Whistle-Blowing System in the Company and operate it while ensuring a system to protect whistle-blowers.
- (4) Systems to ensure efficient execution of duties by Directors
 - 1) The Company shall separate the supervisory and executive functions of management, and the Board of Directors of the Company shall determine basic management policies and important business execution and supervise executive functions. The Company also introduces an executive officer system, and among the executive decision-making bodies, the Management Committee discusses basic management policies and strategies and makes decisions on important matters related to management execution. Of the matters discussed by the Management Committee, important matters shall be reported to or decided by the Board of Directors.
 - 2) The Board of Directors of the Company shall clarify the duties of the management and other executive organizations of the Company and shall have them perform their duties in accordance with their respective duties.
 - 3) Management of the Company shall make decisions on execution of duties in accordance with appropriate decision-making procedures established by the Board of Directors, the Management Committee and the internal approval system, etc. of the Company.
 - 4) Management of the Company shall ensure that all employees are fully aware of management policies, etc., and shall set and realize specific goals to achieve management goals.
 - 5) Management of the Company shall promote the continuous development of internal control systems and the reform of business processes in order to pursue the efficiency of the business.
 - 6) The Company's Board of Directors shall monitor and supervise the achievement of management objectives by having the Company's management and other executive bodies conduct monthly financial reporting, business execution reporting, etc.
- (5) Systems to ensure the appropriateness of operations of the Corporate Group composed of the Company and its subsidiaries
 - 1) With the aim of sustainably enhancing the corporate value of the Socionext, the Company shall establish and enact the systems and provisions (1) through (4) above based on the "CSR Policy," and shall establish a system to receive reports on matters related to execution of duties from the Management, executive officers, employees executing business, persons handling operations and other equivalent persons of the Group Company. In addition, they

- shall provide guidance, support and supervision on the development of a system for efficient, legitimate and appropriate business execution as a corporate group.
- 2) The Company shall establish common rules regarding the delegation of authority from the representative director of the Company (If there is more than one person, it should be the person in the highest position; the same shall apply hereafter) to the Group Company, including the authority and process for determining important matters of the Group Company.
 - 3) The representative director of the Company shall designate the division in charge of the Group Company, and the officer in charge of the business execution of such division shall confirm the implementation and compliance of the preceding two items through presidents of the Group Company, etc.
 - 4) Management of the Company and the Group Company shall confirm the management policy of the Socionext and issues for achieving the management goals through regular liaison meetings, etc.
 - 5) Directors of the Company shall evaluate internal control over financial reporting of the Group Company in accordance with domestic and foreign laws and regulations, and carry out improvement activities based on the results.
 - 6) The Company's internal audit organization shall conduct an internal audit of the entire Socionext.
- (6) Matters relating to Socionext Personnel assisting with the duties of Audit & Supervisory Committee and matters relating to the independence, etc. of such Socionext Personnel from Directors (excluding Audit & Supervisory Committee Members).
- 1) The Company shall have Socionext Personnel to assist with the duties of the Audit & Supervisory Committee of the Company and shall assign appropriate personnel with the abilities and knowledge required by the Audit & Supervisory Committee of the Company.
 - 2) In order to ensure the independence of the Socionext Personnel referred to in the preceding item and the effectiveness of directions given to such Socionext Personnel by Audit & Supervisory Committee of the Company, Management of the Company shall obtain the consent of the Audit & Supervisory Committee of the Company with respect to matters relating to personnel, such as appointment, transfer and compensation of such Socionext Personnel.
 - 3) In principle, Management of the Company shall not allow the Socionext Personnel described in 1) above to serve concurrently with any other organizations. However, when it becomes necessary to have the Socionext Personnel with special expertise concurrently serve at the request of the Audit & Supervisory Committee of the Company, consideration shall be given to ensuring the independence set forth in the preceding paragraph.
- (7) System for reporting to the Audit & Supervisory Committee
- 1) Management of the Company and the Group Company shall provide Audit & Supervisory Committee Members of the Company with an opportunity to attend important meetings.
 - 2) Management, accounting advisors, auditors, executive officers, employees executing business, persons handling operations, other equivalent persons and employees of the Company and the Group Company shall immediately report to the Audit & Supervisory Committee of the Company when a risk affecting their management or performance occurs or when they become aware of a fact that constitutes a material breach of compliance with respect to the conduct of their business activities.
 - 3) Management and employees of the Company and the Group Company shall periodically report the performance of their duties to the Audit & Supervisory Committee of the Company.
 - 4) No Management, accounting advisors, auditors, executive officers, employees executing business, persons handling operations and other equivalent persons of the Company and the Group Company shall treat any managers or employees unfavorably for the reason of making a report under the preceding two items.
- (8) System for Ensuring Effectiveness of Audit by Audit & Supervisory Committee
- 1) Management of the Company and the Group Company shall regularly exchange information with Audit & Supervisory Committee Members of the Company.
 - 2) The Company's internal audit organization shall periodically report its audit findings to the Audit & Supervisory Committee of the Company.
 - 3) The Audit & Supervisory Committee of the Company shall, from time to time, have the Accounting Auditor of the Company explain and report on the results of the audit and other

matters and shall regularly exchange information with the Accounting Auditor of the Company.

- 4) Expenses incurred in the performance of the duties of the Audit & Supervisory Committee of the Company shall be in accordance with Article 399-2, Paragraph 4 of the Companies Act, and management of the Company shall establish procedures for the requests in the same paragraph.

11.2 Operational status of internal controls

An outline of the implementation status of the system to ensure the appropriateness of business operations during the fiscal year under review is as follows.

- (1) Systems to ensure that the execution of the duties by Socionext personnel complies with laws and regulations and the Articles of Incorporation
 - We strive to comply with laws and regulations by ensuring that all Socionext Personnel are fully aware of our management philosophy, management vision, Action Policy, the CSR Policy and compliance codes.
 - Specifically, we are strengthening our compliance system by appointing a Risk Compliance Officer for each division under the Risk Compliance Committee.
 - In order to prevent transactions with anti-social forces and inappropriate transactions with related parties, we check the appropriateness of transactions as an essential response in our business processes.
 - Our financial reporting system is audited by the Accounting Auditor in accordance with the Companies Act and the Financial Instruments and Exchange Act. We regularly exchange opinions and share information with the Accounting Auditor.
 - We use e-learning to provide all Socionext Personnel with various types of compliance education, including matters related to prevention of insider trading, information security, harassment and procurement transactions.
- (2) Systems under which information regarding execution of duties by Directors shall be retained and managed
 - In accordance with the Important Document Management Regulations, minutes of general meetings of shareholders, minutes of meetings of the Board of Directors, minutes of meetings of Management Committee and the approval documents, etc. as the documents related to management's execution of duties are properly stored and managed with a person responsible for the storage and the method of storage specified.
 - The Company has established a system in which Directors and Audit & Supervisory Committee Members can view documents to confirm the status of execution of duties at all times.
 - In accordance with the Information Security Code, we have clarified our systems and responsibilities to maintain and manage information security. We are continuously working to strengthen information security by establishing telecommuting information management guidelines to ensure information security as telecommuting becomes more widespread, and entrusting IT Management Partners Co., Ltd. to handle operations in the IT management Division as needed.
- (3) Regulations and other systems for the risk management of loss
 - In addition to the Board of Directors Regulations and the Management Committee Regulations, the Company has established the Risk Management Code and has developed a risk management system not only in Japan but also overseas.
 - We have established a risk management process and regularly conduct a company-wide risk review by the Management Committee. Through this process, we grasp the latest risk status, develop measures and countermeasures against risks, check the progress and report to the Board of Directors.
 - As part of the BCM/BCP initiative, we develop basic policies and rules, action plans and manuals, and conduct training to continuously improve our response and recovery capabilities during normal times.
 - In addition to the above, we are developing and expanding our global Whistle-Blowing System and make the rules for the usage known. During the fiscal year under review, there were no serious violations of laws or regulations, and there were no whistle-blower incidents.

- (4) Systems to ensure efficient execution of duties by Directors
 - In addition to clarifying the business model and the business areas of Solution SoC and promoting a business transformation and shift of resources to growth areas, which we have implemented to date, we are focusing on large-scale global business opportunities and development for business expansion and growth.
 - In order to enable efficient and timely allocation of development resources, we are continuously strengthening our management structure.
 - We are working to establish multi-year management, achieve quarterly management targets, promote comprehensive cost and gross margin improvements, upgrade our market strategy and make up-front development investments in design wins and lead generation , globalize and improve the efficiency of SCM, globalize and improve the efficiency of corporate operations, strengthen management and build IT infrastructure.
 - In line with our listing on the Prime Market of the Tokyo Stock Exchange, we have strengthened our public relations and investor relations functions and newly established institutional legal functions, among other measures, in order to establish a structure for execution of duties as a listed company. In addition, in order to strengthen governance and increase corporate value, the ESG Promotion Office was newly established to promote the construction, execution and disclosure of ESG-related business processes required internally and externally.
- (5) Systems to ensure the appropriateness of operations of the Corporate Group composed of the Company and its subsidiaries
 - In accordance with the Management Committee Regulations, the Socionext Approval Authority and the Affiliates Management Regulations, important matters relating to the business activities of the Group Company are set forth and administered by the Management Committee as matters to be approved and reported. In addition, presidents of the Group Company make monthly business reports to the Management Committee members, etc.
 - In the Group Company, the Company officers and employees are assigned to serve as officers of the Group Company to strengthen guidance, support and supervision on the development of operational systems. In addition, with the aim of establishing a system of internal regulations with an awareness of the global management system, we have established the codes applicable to the entire Group Company to strengthen the management system of the Group Company.
 - With the aim of realizing a speedy decision-making process for the Company in the global market, we are strengthening cooperation between the Group Company and the business and corporate divisions.
- (6) Matters relating to Socionext Personnel assisting with the duties of Audit & Supervisory Committee and matters relating to the independence, etc. of such Socionext Personnel from Directors
 - As an organization to support the duties of Audit & Supervisory Committee Members, the Company has strengthened its system for reporting and providing information to Audit & Supervisory Committee Members and has established a system for the effective execution of audits by the Audit & Supervisory Committee, including the establishment of a dedicated Audit & Supervisory Committee Secretariat.
- (7) System for reporting to the Audit & Supervisory Committee
 - Audit & Supervisory Committee Members attend important meetings such as the Board of Directors, the Management Committee, and meetings for performance reporting, and conduct investigations and interviews with each division and exchange opinions with Directors of the Company.
- (8) System for Ensuring Effectiveness of Audit by Audit & Supervisory Committee
 - In terms of relationship with the Accounting Auditor, we exchange information and opinions while monitoring the independence and appropriateness of their audit, and we also discuss the selection of the Accounting Auditor.
 - We work closely with the Internal Audit Department, which is the internal audit division, to improve effectiveness and efficiency of audits by exchanging information and opinions with each other on a regular basis and when necessary.

12 Risk Management

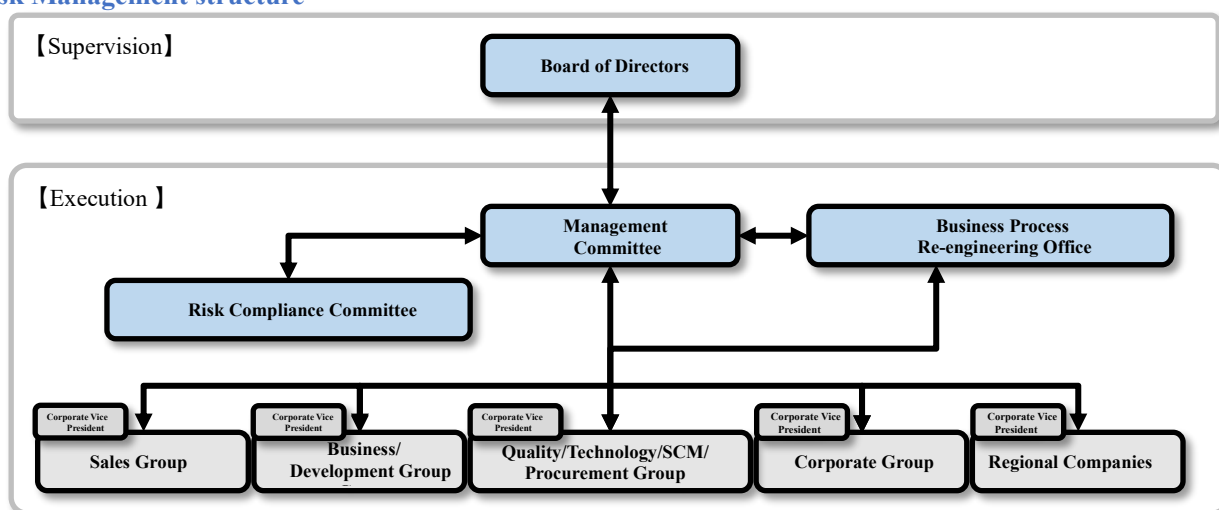
Risk Management

As our group expands its business activities globally, it is important to quickly grasp all risks arising from changes in the complex and diverse business environment and take appropriate countermeasures. We believe that this is essential to achieving our goal.

Under the following structure, our group systematically and continuously extracts and evaluates risks, appoints a managing officer for each extracted risk item, and formulates and implements measures. Furthermore, we have established a system to regularly report to the Board of Directors regarding these initiatives, confirm the comprehensiveness of assumed risks, the effectiveness of various countermeasures, and the progress status. We are working to strengthen risk management to reduce the scale of losses.

The table below shows an overall view of Group material risks based on the risk analysis conducted FY ended March 31, 2023.

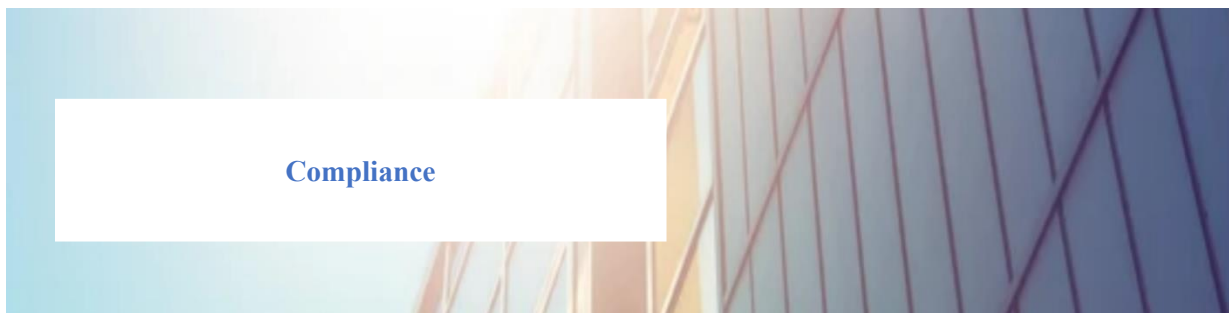
Risk Management structure



Overall view of critical risks

Business Risks
Stable supply products
Geopolitical risks
Sophistication of design and development
Changes in the market environment
Human resources / labor affairs
Quality
Business continuity
IT systems & information security
Sustainability issues (climate change / human rights)
Global compliance (antitrust, bribery, etc.)
Intellectual property
Accounting / taxation
M&A / investment

13 Compliance



13.1 Core Philosophy on Compliance

The Socionext Group recognizes “compliance with legal and societal expectations” and “fair trading practices” as important duties, both of which are included in the CSR policies that represent the group’s guiding principles.

Compliance with legal and societal expectations	We will justify the trust placed in us by society through the strict observance of legal requirements and societal expectations.
Fair trading practices	We will follow fair trading practices to build relationships of trust with our customers and suppliers. The Socionext Group has also laid out compliance criteria that are based on these CSR policies. We take care to ensure that all company employees maintain high ethical standards and act in ways that are cognizant of compliance requirements so that we remain a company that is trusted by all of its stakeholders.

13.2 Compliance Administration

(1) Risk and Compliance Committee

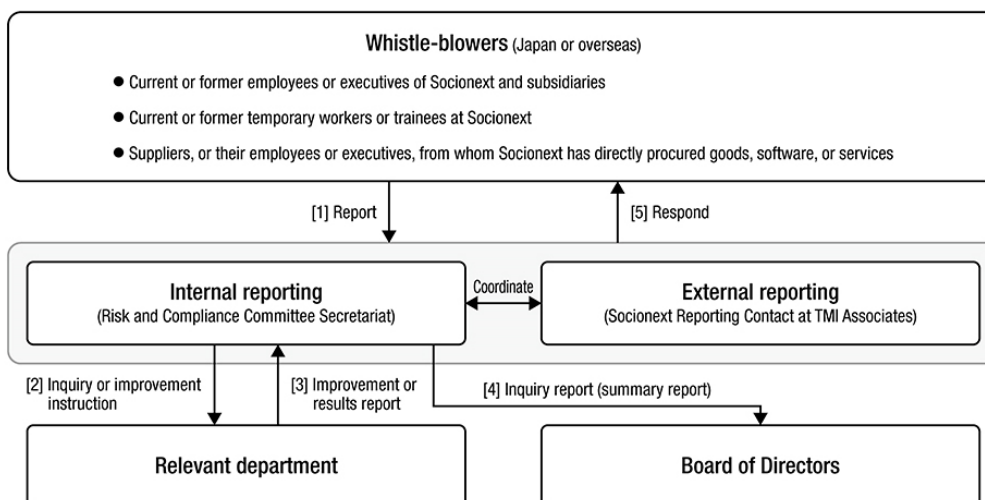
The Socionext Group has a Risk and Compliance Committee made up of executives and others and led by the CEO. The committee meets once a quarter to assess, analyze, and formulate actions on issues such as compliance, information security, and disaster risks.

(2) Internal Reporting System

The Socionext Group has established an internal reporting (whistleblowing) system for the early detection and response to unauthorized activities that is intended to reinforce fair business practices that are in accord with the law. The system provides for both internal reporting (to the Socionext Risk Compliance Committee Secretariat) and external reporting (to the Socionext Reporting Contact at TMI Associates). The diagram below shows a flowchart of how this works.

In accordance with the law and company policy on this issue, measures are in place to ensure that the persons making and receiving reports are not identified so as to prevent them from being subject to any unfavorable treatment. To date, the company has not received any reports of serious breaches of the law, CSR policies, or company rules.

Internal reporting flowchart



13.3 Main Actions on Compliance

(1) Compliance education and Training

The Socionext Group conducts education and training to raise employee awareness and understanding of compliance.

The main instances of compliance education and training in the FY ended March 31, 2023 were as follows.

Education and training	<ul style="list-style-type: none"> Basic compliance education for all employees provided by e-learning (100% participation) e-learning programs for all employees on the following topics (100% participation)
	<p><Thema> Laws on subcontractor payments and security-related export controls, harassment prevention, information security, and insider trading.</p> <ul style="list-style-type: none"> Group classes for new recruits on compliance, information security, and human rights

(2) Ensuring exclusion of Antisocial forces (organized crime)

The Socionext Group stipulates the exclusion of antisocial forces in its CSR policies and compliance criteria, explicitly declaring its intention to be resolute in its attitudes and response to all forms of antisocial activity and to avoiding such relationships, with this stance being clearly communicated to employees. The company has also formulated rules on dealing with antisocial forces and laid out specific measures for their exclusion.

◇ Key measures

To ensure the exclusion of antisocial forces, provisions to this end are either included in supplier and other contracts or are contained in separate agreements reached with such parties. Socionext cooperates with the Police and has put measures in place to collect information about antisocial forces. It has appointed a person to be responsible for preventing extortion and has joined an association of companies in Kanagawa for defending against such forces.

External agencies or similar are used to review all parties with which the company has contractual arrangements to determine whether they have connections with antisocial forces or are suspected of doing so, both at the time of entering into the contract and at regular intervals thereafter.

(3) Action on Preventing Insider trading.

Socionext group has formulated rules for preventing insider trading, with stipulations that include the appropriate handling of material information and the pre-approval and post-fact reporting of company shares. We also ensure that these rules are clearly communicated to employees. To ensure

that insider trading does not occur, the rules have also been accompanied by an e-learning course for all employees to raise their awareness and understanding of the topic.

- ◇ Management of insider information
 - In accordance with laws, regulations, and internal regulations, we will appropriately manage insider information.
 - In order to prevent the leakage of financial information and ensure fairness, the period from the day after the end of the fiscal year (quarterly settlement) to the date of the announcement of financial results is designated as a "quiet period," and during this period, in principle, we refrain from answering comments or questions related to financial results. However, even during this period, timely disclosure may be made in accordance with the Timely Disclosure Rules.

(4) Promotion of fair business transactions

In order to promote fair business transactions and anti-corruption measures, the Socionext Group has established the following Group Policy and is working on measures to ensure thorough dissemination. Since its inception, Socionext group has not violated any national competition, antitrust or anti-corruption laws.

- We conduct business transactions by fair means based on the principle of free competition and in compliance with national competition laws.
- We do not participate in agreements with competitors that may violate national antitrust laws and do not engage in practices that raise such suspicions.
- We comply with national anti-bribery and anti-corruption laws and do not engage in acts that invite such suspicion.

◇ Main measures

- We are working to prevent corruption by thoroughly disseminating rules prohibiting entertaining and giving gifts to public and foreign officials, applying in advance for entertaining and giving gifts, and conducting regular surveys on entertaining and receiving gifts.
- All employees receive e-learning education, which includes explanations of relevant laws and regulations (Antimonopoly Law, Unfair Competition Law, etc.) and examples of violations, to continuously raise employee awareness.
- Related Party Transaction Management Rules. The Company examines the reasonableness of transactions and the appropriateness of terms and conditions and eliminates inappropriate transactions such as conflicts of interest.

(5) Security Export Control

The Socionext has established a system for security export control and is implementing appropriate operations.

In addition to establishing relevant internal regulations at each our group company, we have established a specialized division within the company, the Security Export Control Office, and are working under the following basic policies.

- With regard to the export of regulated goods, brokered trade transactions, and technology brokered transactions, no acts contrary to the Foreign Exchange Law and Foreign Law shall be conducted.
- In order to comply with foreign exchange and foreign laws and to implement appropriate export control, a person responsible for security export control shall be appointed and an export control system shall be established and enhanced.

We also provide education on security export control through e-learning for all our company employees.

- *1: The "Foreign Exchange Act" refers to the "Foreign Exchange and Foreign Trade Act" and Cabinet Orders, ordinances and circulars based on it.
- *2: "Foreign law" means foreign law that regulates the export of goods and the provision of technology with a view to maintaining international peace and security, as determined by the Security Export Control Office of our company.

(6) Information Security/Protection of Personal Information

Socionext, which operates in the Solutions-SoC business, is actively working on information security as one of key management issues, as it may keep important confidential customer information in its development operations.

We ensure information security throughout the Group by establishing basic measures and systems to ensure information security, and by managing information confidentiality, integrity, and availability in a balanced manner, thereby ensuring appropriate handling of information assets of our group, customers, and business partners.

We comply to the relevant laws and regulations in each country and manages and protects all personal information, including customers, business partners and employees. our group handles personal information carefully in accordance with the relevant laws and regulations of each country and collects, stores, modifies, transfers, shares and otherwise processes personal information to the extent necessary to achieve its identified purposes of use.

We also provide education on information security and personal information protection through e-learning for all our company employees.

14 ESG Data

E : Environment

◇Greenhouse gas emission (GHG)

Item 1	Item 2	Unit	Global	
			FY ended March 31, 2022	FY ended March 31, 2023
CO2 emission	Total (S1+S2)		7,289	8,534
	Scope1	t-CO2	318	235
	Scope2 Market Base	t-CO2	6,971	8,299
	Scope3 Excluding Scope1 and 2			
	C1 Purchased goods and services	t-CO2	216,169	517,294
	C2 Capital goods	t-CO2	27,715	32,053
	C3 Fuel- and energy-related activities not included in Scope 1 and 2	t-CO2	1,269	1,416
	C4 Upstream transportation and distribution	t-CO2	895	1,150
	C5 Waste generated in operations	t-CO2	50	26
	C6 Business travel	t-CO2	200	953
	C7 Employee commuting	t-CO2	467	510
	C8 Upstream leased assets	t-CO2	Not applicable	Not applicable
	C9 Downstream transportation and distribution	t-CO2	Not applicable for calculation in category 4.	Not applicable for calculation in category 4.
	C10 Processing of sold products	t-CO2	Not applicable	Not applicable
	C11 Use of sold products	t-CO2	Not applicable	Not applicable
	C12 Disposal of sold products	t-CO2	Not applicable	Not applicable
	C13 Downstream leased assets	t-CO2	Not applicable	Not applicable
	C14 Franchises	t-CO2	Not applicable	Not applicable
	C15 Investments	t-CO2	Not applicable	Not applicable

◇Energy management in business activities.

Item	Unit	FY ended March 31, 2022	FY ended March 31, 2023
Total energy consumption	GJ	176,530	197,892
Percentage of power from the grid electricity	%	95.3	96.4
Percentage of renewable energy	%	0	0

◇Reduction in Energy Use(Japan)

Item	Unit	Japan	
		FY ended March 31, 2022	FY ended March 31, 2023
Energy consumption	[KL/year]	3,356	2,761
Usage rate	[KL/employees]	1.53	1.26

◇Reduction of waste(Japan)

Item	Unit
Amount of waste discharged	(t)

*In the fiscal year ending March 2022, the amount of waste discharged increased due to the relocation of the Kyoto office.

◇Water consumption

Item	Unit	Global	
		FY ended March 31, 2022	FY ended March 31, 2023
Water usage	(ton)	3,440 (*)	4,798

*the fiscal year ending March 2022 results is only Japan.

◇Results of Environmental Education (Japan)

Item	Unit	Japan	
		FY ended March 31, 2022	FY ended March 31, 2023
Environmental education	Participants Persons (Participation rate)	2,331 (100%)	2,331 (100%)

◇ISO 14001 Certification

Area	
Japan	Shin-Yokohama Headquarters
	Kyoto Office
	Kawasaki(Mizonokuchi) Office
	Sendai Office
	Kozoji Office

◇Environmental Risk Management

Item	Unit	FY ended March 31, 2022	FY ended March 31, 2023
Violation of environmental regulations	(case)	0	0

◇Greenhouse gas emissions: total emissions from perfluorinated compounds

Total emissions from perfluorinated compounds is 0 t-CO₂eq.

Our company products do not contain the substance

◇Product Life Cycle Management: Percentage of sales generated from products containing IEC62474 declared substances.

The percentage of sales generated from products containing substances subject to IEC62474 declaration is 0%.

Our products do not use substances that exceed the thresholds for IEC62474 declarations, are used for purposes that require reporting, and do not use any substances that are required to be reported.

S : Social

◇Human Resource Development

	Training Summary	Unit	FY ended March 31, 2022	FY ended March 31, 2023
Job-level-specific training	Training for new recruits and for newly appointed senior management, etc.	Training Time per Employee	2.9hours	1.3 hours
General training	< All employees attend an annual e-learning course > ・ Topics include compliance, information security, insider trading, preventing harassment, the environment, procurement, and the law on security-related export controls		3.9 hours	4.6 hours
Targeted training	Technical training for engineers, language studies, etc.		2.9 hours	5.5 hours
Total			9.7hours	11.4 hours

◇Female and Male ratio

		Unit	FY ended March 31, 2022	FY ended March 31, 2023
Female/Male ratio (Japan)	Female	%(person)	9.5% (208)	9.8% (213)
	Male	%(person)	90.5% (1,983)	90.2% (1,954)
Female/Male ratio (Global)	Female	%(person)	11.9% (306)	12.4% (312)
	Male	%(person)	88.1% (2,265)	87.6% (2,214)

◇Female management position ratio(Japan)

	FY ended March 31, 2022	FY ended March 31, 2023
Female management position ratio (Japan)	2.4%	2.3%

◇Gender Wage Gap(Japan)

	FY ended March 31, 2022	FY ended March 31, 2023
Gender Wage Gap	70.2%	72.6%

◇Percentage of male taking childcare leave(Japan)

	FY ended March 31, 2022	FY ended March 31, 2023
Percentage of men taking childcare leave	25.9%	16.7%

◇Employees with disabilities (Japan)

Unit	June 2022	June 2023
Number of employees Persons	51	53
Employment ratio %	2.2	2.3
Employment ratio %	2.3	2.3

◇Conflict minerals

	3TG				
	FY ended March 31, 2023 (19 companies)				
	Total	Gold	Tantalum	Tin	Tungsten
No. of smelters or other processing facilities	233	99	36	60	38
No. of RMAP-certified (conflict-free) smelters or other processing facilities	219	93	34	56	36
No. of RMAP Active facilities	1	-	-	1	-
No. of other RMI-certified facilities	13	6	2	3	2
Percentage of RMAP-certified facilities	94%	94%	94%	93%	95%
Inquiry response rate	100%	-	-	-	-

G : Governance)

◇Ratio of directors

	Unit		AS of March 2023	As of December 2023
Internal Directors	Female	Persons(%)	0 (0%)	0 (0%)
	Male	Persons(%)	6 (60%)	5 (50%)
	Total	Persons(%)	6 (60%)	5 (50%)
Outside Directors	Female	Persons(%)	1 (10%)	2 (20%)
	Male	Persons(%)	3 (30%)	3 (30%)
	Total	Persons(%)	4 (40%)	5 (50%)
Total	Female	Persons(%)	1 (10%)	2 (20%)
	Male	Persons(%)	9 (90%)	8 (80%)
	Total	Persons(%)	10 (100%)	10 (100%)

◇Number of meeting of the board of directors and other committees(FY ended March 31, 2023)

	Board of Directors	Appointments and Remuneration Committee	Audit and Supervisory Committee
Meeting Held	14	14	17



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