

socionext™

ESG Report 2024

October 2024

Socionext ESG Report 2024

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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Basic Philosophy



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

Based upon this philosophy, we will help to bring about a prosperous society by delivering new value to our customers and to people around the world beyond them. We will do this as a valued partner of customers seeking unique and cutting-edge SoCs to differentiate their services and products. We will also do this as a partner of our suppliers providing the latest technologies in the evolving semiconductor ecosystem, including foundries, outsourced semiconductor assembly & tests (OSATs) and providers of intellectual property (IP), electronic design automation (EDA) and software.

Mission

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

Values

“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.

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.

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.

Management Policy

To pursue the above basic philosophy, the Group is developing and providing SoCs through our own distinctive Solution SoC business model for customers wanting leading-edge custom SoCs, whereby we combine an optimal mix of technologies to implement the functions they require.

Along with the automotive, data center & networking, and smart device fields that represent our leading-edge sectors, we aim to win more business, in a regionally balanced manner, from global customers in the industrial equipment field and in IoT & radar sensing.

Through our business activities, our goal is to earn the trust of our customers, position ourselves as the top SoC supplier to major global and growing companies, and support our customers' growth. Simultaneously, we contribute to addressing societal issues by applying the Group's low-power technologies, to name just a few. Furthermore, by engaging in collaborative development with our customers, we strive to establish a virtuous cycle of growth for both our engineers and the company. This growth enhances corporate value, thereby generating returns for our shareholders.

Sustainability Philosophy and Policy



Basic Philosophy

“Together with our global partners, we bring innovation to everyone everywhere.” Based on this mission, Socionext Group recognizes sustainability as a significant management challenge. We aim to bring new value to our customers and, through them, to people everywhere, and contribute to achieving a prosperous society. We will do this by serving as a partner to customers seeking to differentiate new services and products through the development of their own leading-edge SoCs, and as a partner to foundries, OSATs¹, and suppliers providing the latest technologies, including IP², EDA tools³ and software, in the evolving semiconductor ecosystem.

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. The Group, 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, partners, employees, local communities, and shareholders, with our goal being to create a sustainable society.

In the fiscal year ended March 2024, based on our basic philosophy of sustainability, we evaluated the social issues to be resolved and their importance for the Group's business growth, and identified the material issues to be addressed as priorities. In order to flexibly respond to changes in global trends and the business environment and achieve sustainable growth, we will promote initiatives to address materiality throughout the supply chain.

*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.

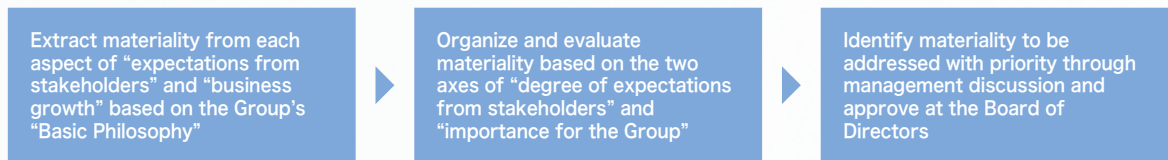
*3: EDA is an abbreviation of “electronic design automation” and refers to software tools for automating semiconductor design work.

Materiality Identification

Based on our basic approach to sustainability, we have evaluated the social issues that need to be resolved and their importance to the growth of the Group's business, and have identified materiality to be addressed with a sense of priority. We will promote efforts on materiality throughout our supply chain to achieve sustainable growth by responding flexibly to changes in global trends and the business environment.

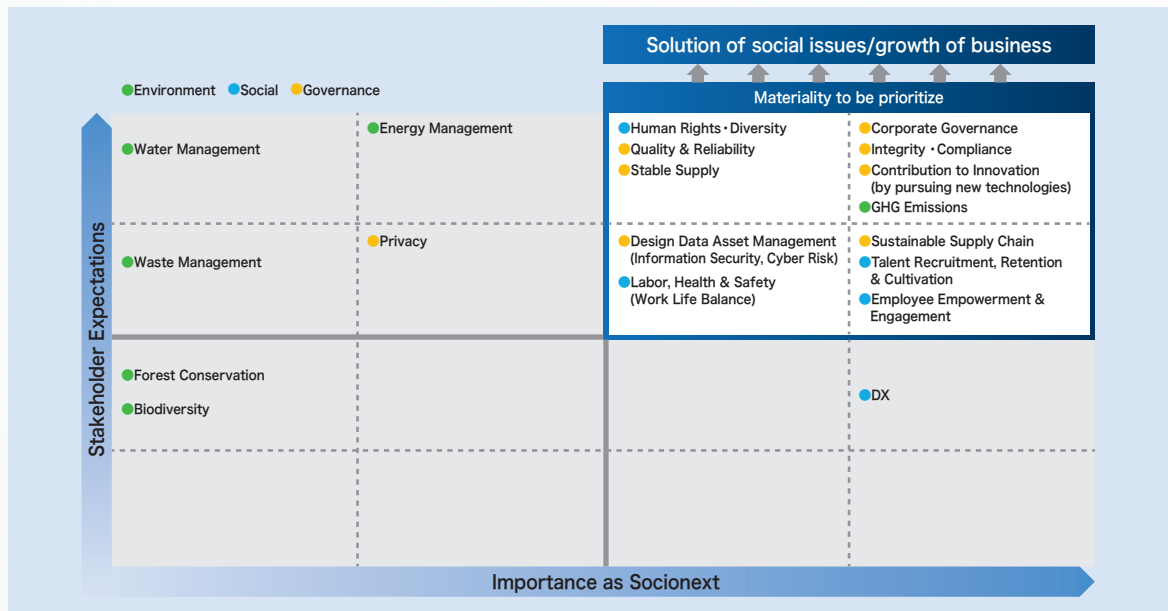
●Process to identify materiality

In identifying materiality, we referred to the Group's "Basic Philosophy" and extracted materiality from each aspect of the Group's business and the various stakeholders surrounding the Group, including customers, partners, employees, local communities, shareholders, etc. Based on global requirements and standards, such as SASB¹/ WEF²/CSRD³, etc., we evaluated materiality in terms of both "expectations from stakeholders" and "importance for the Group." The final decision is made by approval of the Board of Directors after discussion at the management level.



*1: SASB is an abbreviation for Sustainability Accounting Standards Board.
 *2: WEF is an abbreviation for World Economic Forum.
 *3: CSRD is an abbreviation for Corporate Sustainability Reporting Directive.

●Materiality Map



Materiality to address with priority	The Group's approach	Related topics in this Report
Corporate Governance	Sound and transparent governance is the foundation for global business growth.	[Corporate Governance] P.49
Integrity and compliance	A high awareness of integrity and compliance is essential for global business development.	[Compliance] P.71
(By pursuing new technologies) Contribution to innovation	Differentiation of the Group's products and services is a necessary element for achieving medium- to long-term business growth and maximizing corporate value.	[Business Model] P.14
Reduction of GHG Emissions	Contributing to the reduction of GHG emissions in customers' products will lead to the resolution of social issues and business growth of the Group (contribution by providing SoC that can reduce the consumption of energy and the use of space).	[Climate Change] P.21
Sustainable Supply chain	In fabless business operations, advanced CSR management throughout the supply chain is essential.	[Procurement Management] P.38
Securing, Retention and Development of human resources	In order to maintain global development competitiveness, it is essential to secure and foster human resources who can lead technological development and generate innovation.	[Society] P.30
Empowerment and Engagement of Employees	Fostering an environment and corporate culture in which employees can work energetically and continuously grow and take on challenges will be necessary for further business growth.	[Society] P.30
Human rights and Diversity	Further business growth will require a diverse workforce and the development of an environment in which they can play active roles.	[Society] P.30
Quality and Reliability	Not only advanced technological capabilities, but also high quality and reliability, are the source of the Group's differentiation and competitiveness.	[Quality and Reliability] P.46
Stable Supply	In order to meet customer requirements and to fulfill social responsibility, excellent QCD, stable supply, and business continuity are required.	[Procurement Management] P.38
Asset management of Design data (Information security, cyber risk)	Strict control of design assets and know-how is the foundation of the business and essential to win the trust of customers.	[Compliance] P.71
Labor, Safety and Health (Work-life balance)	Employees' flexible choice of work location and hours for efficient work, and good physical and mental health are necessary for business growth.	[Society] P.30

We will continue to monitor the status of the Group's efforts in other areas identified as priority materialities and disclose them in our ESG reports.

Core Philosophy on Sustainability Information Disclosure

Our disclosure of sustainability information is done in accordance with the TCFD¹ declaration and the ISSB² sustainability disclosure standards (IFRS³ S1/S2) and will address the four topics of governance, strategy, risk management, and indicators and targets.

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

*2: ISSB is an abbreviation for International Sustainability Standards Board.

*3: IFRS is an abbreviation for International Financial Reporting Standards.

Action on Sustainability

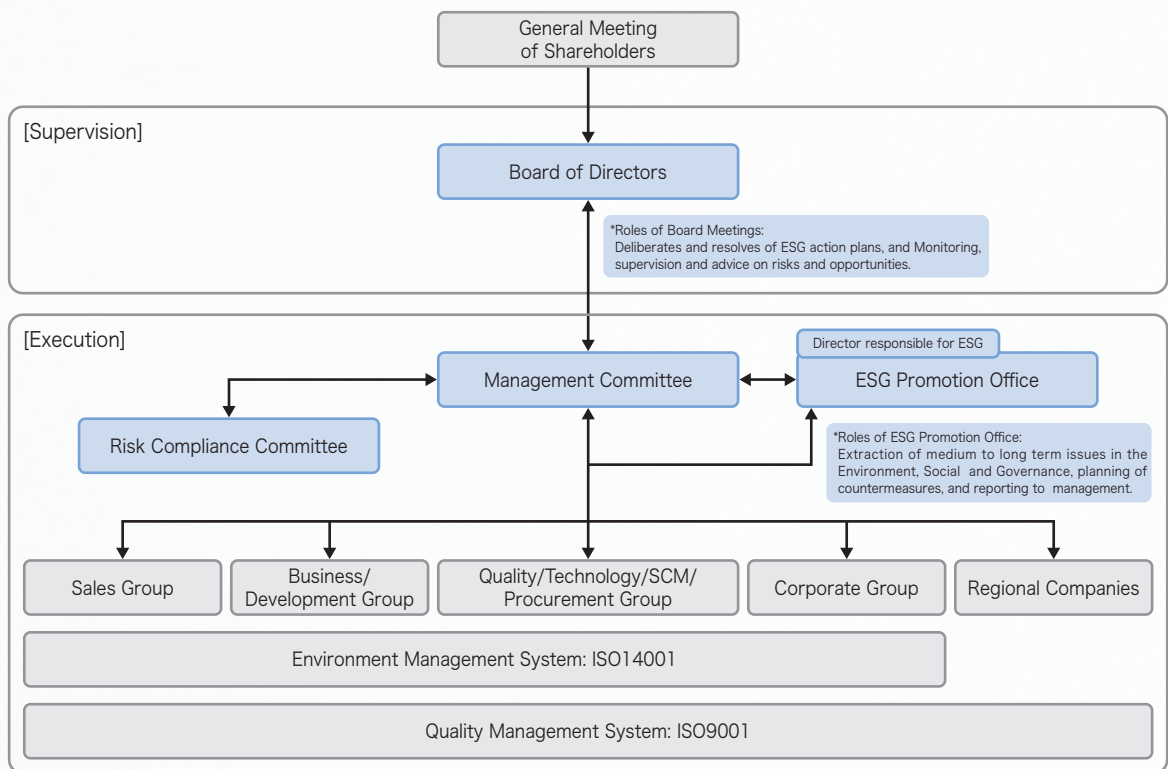
The Group identifies materiality to be addressed with a sense of priority and promotes sustainability activities. As part of our efforts to address environmental issues and climate change, we are working to achieve a decarbonized society by reducing our greenhouse gas (GHG) emissions and contributing to the reduction of GHG emissions by our customers through the Group's advanced SoC that can reduce the consumption of energy and the use of space.

In terms of human capital, we are working to maximize the human capital of the Group by enhancing systems related to human rights, diversity, the promotion of good health, and safety and health, and by formulating educational programs related to the training of engineers.

The Group is committed to having sustainability activities take place throughout the supply chain, including at partner companies, and will contribute to solving social issues and realizing a sustainable society through the further growth of its business.

The Group is committed to fulfilling its social responsibility as a global corporation and continuing to be an entity that can earn the trust and support of all stakeholders. The Group will provide new value to the world with its cutting-edge SoC technology, and continue to strive to improve corporate value over the medium to long term.

● Management structure for action on sustainability



Top Message



Socionext Group is 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.

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.

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.

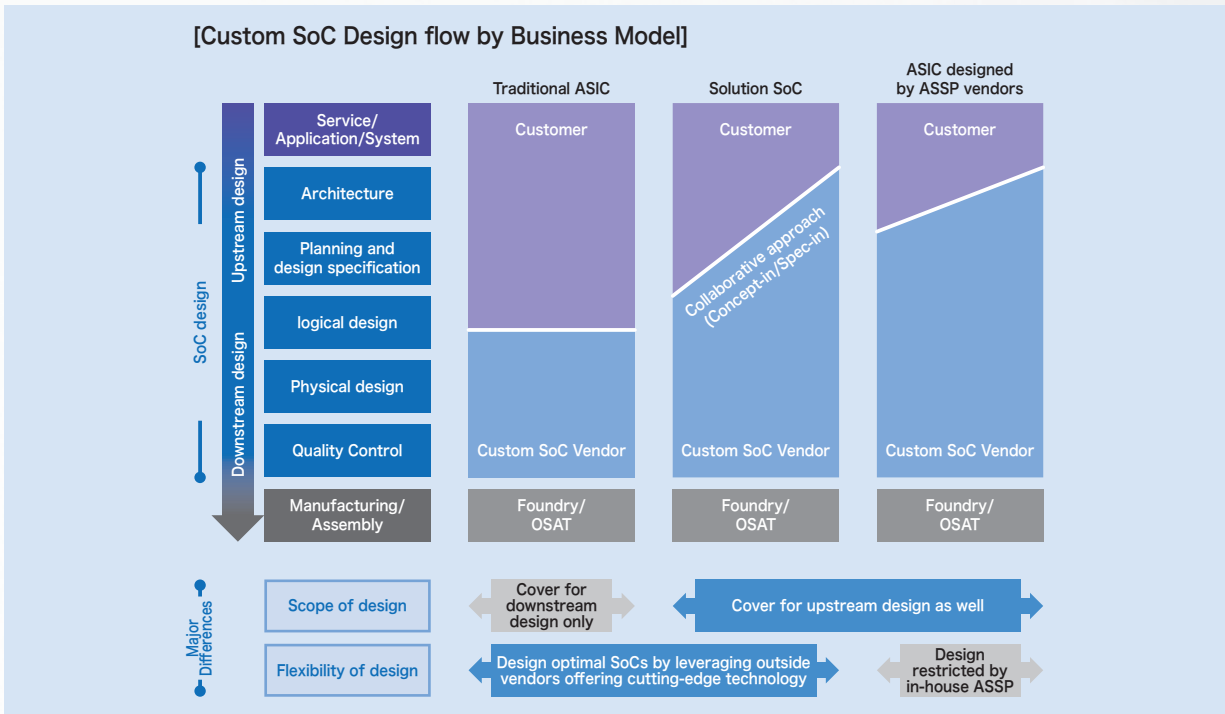
Business Model



The Group (“the Group,” “the Company,” “we” and “our” refer to Socionext Inc., and its consolidated subsidiaries) is a fabless semiconductor vendor that develops and supplies custom SoCs to customers based on a new and unique business model called “Solution SoC” in the logic semiconductor market. SoC stands for System on Chip, signifying that the functions necessary for the operation of a device or system are implemented on a single chip (semiconductor). Among these SoCs, the Group prioritizes its focus on custom SoCs designed specifically for individual customers. As a partner to customers requiring unique, advanced SoCs to differentiate their new services and products, and in collaboration with suppliers providing the latest technologies, spanning from IP, EDA tools, and software to wafer processing, assembly and testing, we aim to deliver new value not only to our customers but also to people around the world, thereby creating a prosperous society.

In the past, the Group developed businesses centered on conventional ASICs¹, solely managing the physical design based on SoC specifications provided by customers, and ASSPs², which specialize in functions and purposes within a limited range of fields and applications. Since the fiscal year ended March 31, 2019, in addition to conventional ASICs and ASSPs, we have worked together with customers seeking differentiation in their products to formulate specifications and conduct logical designs. This transitioned us to a business model that combines advanced technologies to deliver optimal SoCs for customers. Our business now centers on custom SoCs based on this “Solution SoC” business model.

There are three primary business models for custom SoCs. First, in conventional ASICs, the upstream designs of the SoCs, including architecture design, planning and specification design, as well as logical design, are undertaken by customers themselves. The subsequent processes are then handled by external custom SoC vendors. Therefore, this limits the use of conventional ASICs to customers who have the ability to perform upstream design themselves. On the other hand, the Group’s Solution SoC business model facilitates collaborative engagement in these upstream designs with its customers, enabling the provision of products to customers who may lack the capability to undertake such upstream designs. In addition, in the model that provides ASICs designed by an ASSP vendor, customization is restricted due to the ASSP being tailored according to the vendor’s own specifications. Simultaneously, customers are cautious about potential vendor lock-in³. In contrast, the “Solution SoC” business model also leverages the most advanced technology provided by external vendors to optimize the SoC for customers while avoiding vendor lock-in.



In recent years, advancements in semiconductor manufacturing technology, coupled with the widespread use and integration of various innovative technologies such as networks, clouds, and artificial intelligence (AI) leveraging these advancements, have given rise to a wave of novel services and products, including autonomous driving and augmented reality (AR)/virtual reality (VR). Companies developing these services and products need high-performance, scalable SoCs of their own, leveraging advanced technologies to differentiate their services and products.

Meanwhile, in the semiconductor industry, companies specializing in process technology⁴, packaging technology⁵, and test technology, alongside IP, EDA tools, and software, have emerged. Constantly evolving cutting-edge technologies are transforming the industry into an ecosystem where access to such technologies is readily available in the market. However, the challenge of selecting and integrating those diverse technologies to design and develop optimal SoCs for customers is becoming more intense.

As a result, many companies requiring their own SoCs are seeking a partner with expertise not only in SoC architecture, but also a deep understanding of the final products and services the SoC will be equipped with. The ideal partner should be capable of integrating advanced hardware and software technologies to deliver the optimal solution for differentiation.

In the evolving market landscape, the Group stands out with its design and development capabilities, encompassing software, as well as engineering resources that enable collaborative resolution of technical issues with customers. Additionally, the Group possesses strengths, including comprehensive capabilities to ensure mass production, quality assurance, and supply chain management (SCM). Hence, we have developed “Solution SoC” as a business model that enables us to deliver a tailored SoC that better suits our customers. This involves a collaborative development process, where the SoC specifications are determined jointly with the customer who find conventional ASICs, ASSPs, and ASICs designed by ASSP vendors unsatisfactory. While we accumulate experience and expertise in emerging cutting-edge markets, we proactively invested in developing advanced technologies and exploring and demonstrating various technology combinations for differentiation to enhance our competitiveness. Furthermore, we transitioned to a streamlined R&D system, eliminating barriers across business units, consolidating them based on development functions, and subsequently allocating necessary resources to each project. In April 2023 we established the Global Leading Group as an organization dedicated to building an R&D platform through model projects undertaken in areas involving large-scale advanced technology. We have been promoting measures for integrating several key activities: establishing a computer-architecture-based design and development platform along with standard design and development processes that are suitable for our Solution SoC business model, and enhancing both the efficiency and visibility of these processes, along with reforms in terms of design and development management. As a result, the percentage of NRE revenue⁶ accounted for by projects utilizing advanced process nodes (an indicator of the generation of semiconductor

manufacturing technology (the semiconductor process); 1nanometer (1nm) is equivalent to one millionth of a millimeter, and the smaller the number of nanometers, the more advanced the technology) of 7 nm or smaller increased from 1% in the fiscal year ended March 31, 2018, to 71% in the fiscal year ended March 31, 2024.

In addition to transforming our business model, we have achieved a significant shift in our focus areas, transitioning from consumer-centric areas such as TVs to cutting-edge areas, specifically Automotive, Data Center & Networking, and Smart Devices.

The Group's focus areas are cutting-edge fields such as Automotive including AD (Autonomous Driving)/ADAS (Advanced Driver Assistance System) and in-vehicle sensing, Data Center & Networking including data centers and mobile base stations, and Smart Devices including action cameras and network cameras, etc. In the field, of Industrial Equipment such as factory automation (FA) equipment and measuring instruments, demand for the use of cutting-edge technology and Solution SoC business model tends to expand, and we will position Industrial Equipment as a focus area for the Group. In addition to these focused areas, we are also developing our business in the field of IoT & Radar Sensing such as radio frequency ranging sensors, which is a unique technology and expected to grow in the future.

Following customer decision to adopt semiconductor products, the process of initiating mass production typically requires a considerable amount of time. It usually takes more than 2 years from the acquisition of design wins through completing design, development and customer evaluation, to initiate mass production. The mass production phase also spans a considerable period of time. For this reason, as a company responsible for the long-term development and supply of customers' core components, we operate with a strong financial foundation (70.1% shareholders' equity ratio and 69.7 billion yen of cash on hand and in banks at the end of the fiscal year ended March 31, 2024).

At the design and development stage, the Group receives the majority of design and development costs from customers as NRE revenue in scheduled milestones. During the mass production stage, it receives product revenue, which constitutes most of the Group's total sales. Moreover, to capitalize on the increasing horizontal division of labor within the semiconductor industry, the Group has adopted a fabless business configuration, operating without its own factories. Production is outsourced to specialized manufacturers such as Taiwan Semiconductor Manufacturing Company Limited (hereafter referred to as "TSMC") and other foundries and OSATs.

Customers' cutting-edge products and services consistently drive the need for new SoCs, and the demands of customers and markets for such advanced SoCs evolve continuously. To swiftly adapt to this change, the Group will forge ahead with upfront development investments and enhance its development capabilities, with the aim of achieving sustainable growth. Because the ecosystem continues to grow in complexity and flexibly, and to utilize the latest advanced technologies, we regularly work with multiple partners and actively proceeded to work on advanced technologies including 2nm and finer process nodes, advanced packaging technologies such as chiplets, application of the latest EDA tools as well as platformization. In October 2023, we announced a project with Arm Holding plc and TSMC for a 2nm multi-core CPU chiplet PoC (Proof of Concept) and the launch of the development of an SoC for advanced ADAS and autonomous driving using a 3nm on-board process. In the future, we will engage in advanced technologies including the development of SoCs using 2nm or finer process nodes and the development of chiplet technologies as well as in the adoption of AI for design and development process.

*1: ASIC stands for application specific integrated circuit, which is a collective term for integrated circuits that combine multiple functions tailored for specific customer needs.

*2: ASSP stands for application specific standard product, referring to large-scale integrated circuits with specialized functions or purposes in a limited field/application. An ASSP is a general-purpose component that is not customized for a specific customer, making it applicable to multiple customers.

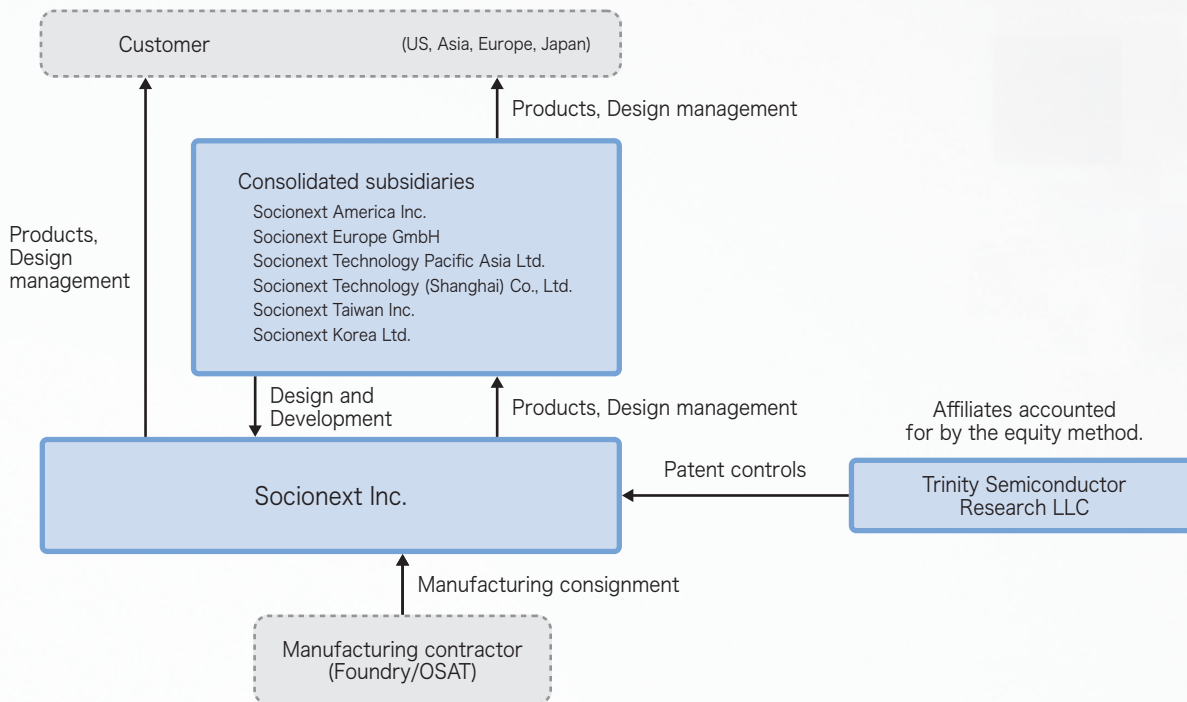
*3: Vendor lock-in means that once you adopt a product or service offered by a specific vendor, it becomes difficult to switch to a superior product or service offered by another vendor in the future, thereby limiting your choices.

*4: Process technology refers to the technology used in the front-end process of semiconductor manufacturing to create circuits on a silicon wafer.

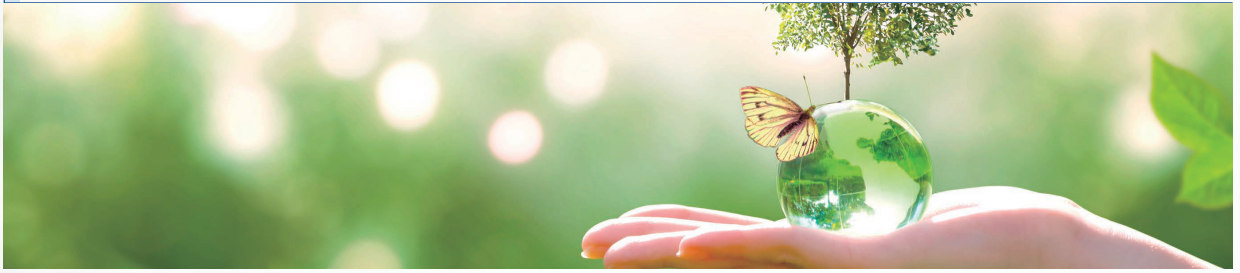
*5: Packaging technology refers to the technology used in the back-end process of semiconductor manufacturing, to protect semiconductor chips from the outside and to connect them electrically.

*6: NRE stands for non-recurring engineering, referring to the sales received from customers during the development stage before mass production of products. NRE revenue correspond to design and development costs incurred during the development stage, such as labor costs, IP, design tools, reticles (photomasks used in the exposure process of semiconductor manufacturing to transfer the designed circuit to a silicon wafer), and prototype manufacturing, and are usually recorded multiple times as development milestones progress.

The business system diagram is as follows.



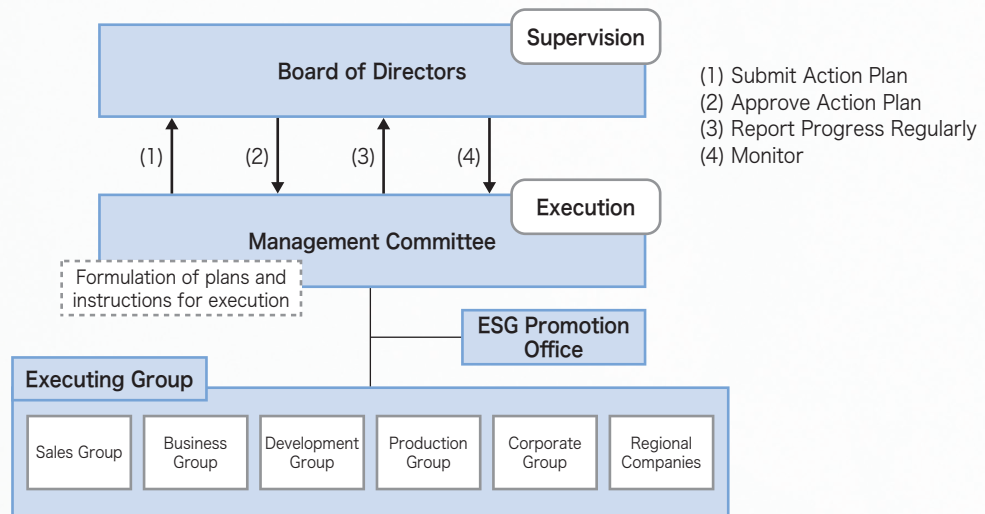
Sustainability Promotion Structure



Governance

Socionext Group is putting measures in place for acting on sustainability in ways that are coordinated across relevant internal divisions, including the establishment 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 debates and approves policies and action plans for important sustainability challenges while also acting in a supervisory role, including by monitoring progress.

For more information, including specific initiatives, please refer to the Group’s website.
<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. It also supervises the progress of these actions semi-annually and issues instructions etc. as necessary.

●Management Committee

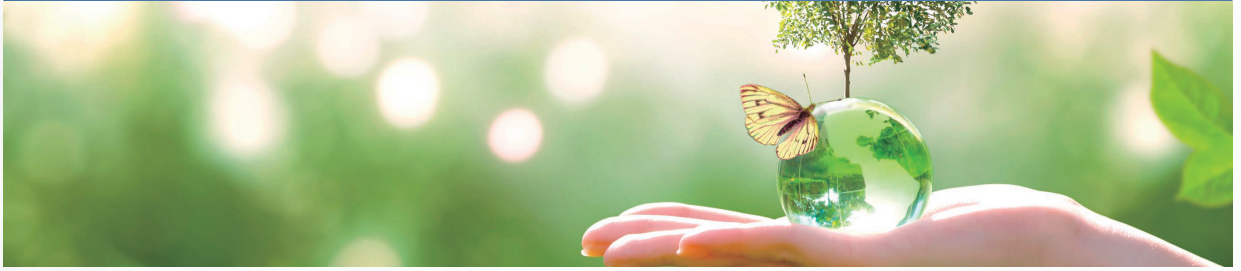
The committee drafts sustainability policies, strategies, actions, and other plans for subsequent consideration by the board. It is also responsible for ensuring that actions are carried out, issues instructions for doing so to the operational divisions with the board’s approval and promotes initiatives.

To implement these actions, the ESG Office, under the direction of the Management Committee, 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.

Risk Management

To mitigate and reduce management and business risks, the 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 assessing risk, formulating and implementing actions, and assessing outcomes on a regular basis. Please refer to “Risk Management (P.70)” below for our basic approach and system for risk management.

Environment Activities



Socionext Group 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.

Environment Policy

The Group 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.

Environmentally Friendly Products

By developing low-power consumption products and providing products that correspond to the legal and regulatory environment of various countries, our group is delivering peace of mind to our customers.

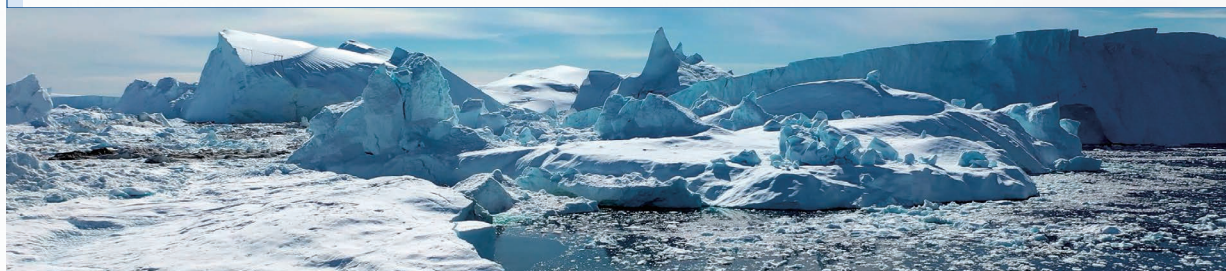
The products of Socionext and the packing and packaging materials comply with the EU REACH regulations^{*1}, EU RoHS directive^{*2}, China RoHS directive^{*3} and other laws and regulations (excluding exceptions for applying usage prohibition measures).

*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)

Climate Change



Response to Climate Change

● Strategy for Responding to Climate Change

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 major customers who are leaders in their global markets and through the development of high-performance custom SoCs that leverage our proprietary multicore design techniques and AI engines and accelerators with low-power consumption, we will achieve further miniaturization, higher levels of integration and lower power consumption of customer products and contribute to our customers' innovation.

In the fiscal year ended March 31, 2024, we identified the following climate change "risks" and "opportunities" in our group business activities and calculated their financial and business impacts by scenario analysis.

[Main climate change risks and Opportunities]

Category		Impact of climate change on the Group	The Group's action
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, etc.)
		Technology	Higher R&D spending to maintain and improve competitiveness in the market Higher production costs to maintain and improve competitiveness in the market.
		Market and Reputation	Sales decrease and reputation risk due to inability to offer environmentally friendly devices. Regulation-driven increases in cost of materials, electricity, and other inputs.
	Physical risks	Acute	Disruptions at contract manufacturers and data centers due to growing severity of abnormal weather.
		Chronic	Disruptions to outsourced production due to water shortages Higher power 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	
	Products and services	Higher demand, especially for products with low power consumption that help customers reduce GHG emissions and use energy more efficiently	
	Market	Acquire new customers by leveraging low-power-consumption technologies.	

● Scenario Analysis

Category	Scenario/Reference information
Periods	<ul style="list-style-type: none"> Short term: -2025 Medium term: 2026-2030 Long term: 2031-2050
Impact	<ul style="list-style-type: none"> Small: 1 billion yen or less Medium: Over 1 billion yen but up to 5 billion yen Large: Over 5 billion yen *Impact on a fiscal year basis
Scenarios	1.5°C/2.0°C scenario: SDS/NZE of the International Energy Agency (IEA), RCP/SSP1 of the Intergovernmental Panel on Climate Change (IPCC)
Scenario analysis process	The Group analyzed risks and opportunities under a scenario in which the global average temperature rise is limited to less than 2.0°C (partly within 1.5°C) as agreed in the Paris Agreement, as announced by IEA, IPCC, and others.

[Impact on the Group under the 1.5°C/2.0°C scenario]

Category		Impact of climate change on the Group	Financial impact on business activities					
			Materiality ¹	Periods	Impact on	Degree of impact ²		
						Small	Medium	Large
Transition risks	Government policy and Regulation	Increased costs due to action on improving energy efficiency and reducing GHG emissions (higher energy costs due to carbon pricing, etc.)	Medium	Medium to long term	Cost	→		
	Technology	Higher R&D spending to maintain and improve competitiveness in the market Higher production costs to maintain and improve competitiveness in the market	High	Short to medium term	Cost	→		
	Market and Reputation	Sales decrease due to changes in customer demand Reputation risk due to inability to offer environmentally friendly devices	Medium	Medium to long term	Net Sales		-	
		Regulation-driven increases in cost of materials, electricity, and other inputs	Medium	Medium to long term	Cost		-	
Physical risks	Acute	Disruptions at contract manufacturers and data centers due to growing severity of abnormal weather	Low	Medium to long term	Net Sales		-	
	Chronic	Disruptions to outsourced production due to water shortages	Low	Medium to long term	Net Sales		-	
		Higher power costs at data centers and other facilities due to rising air temperatures	Medium	Medium to long term	Cost	→		
Opportunities	Efficient resource use	Lower costs through more efficient use of resources (energy and water) at data centers and other workplaces	Medium	Medium to long term	Cost	→		
	Products and Services	Higher demand, especially for products with low-power consumption that help customers reduce GHG emissions and use energy more efficiently	Medium	Medium to long term	Net Sales		-	
	Market	Acquire new customers by leveraging low-power-consumption technologies	Medium	Medium to long term	Net Sales		-	

*1: The degree of materiality, i.e., "high," "medium," or "low" is evaluated by considering the "likelihood of occurrence" and "degree of impact" of climate-related risks and opportunities.

*2: The degree of impact for risks and opportunities that are difficult to estimate is presented as "-", keeping the qualitative evaluation in each item.

● Specific actions Regarding risks and Opportunities

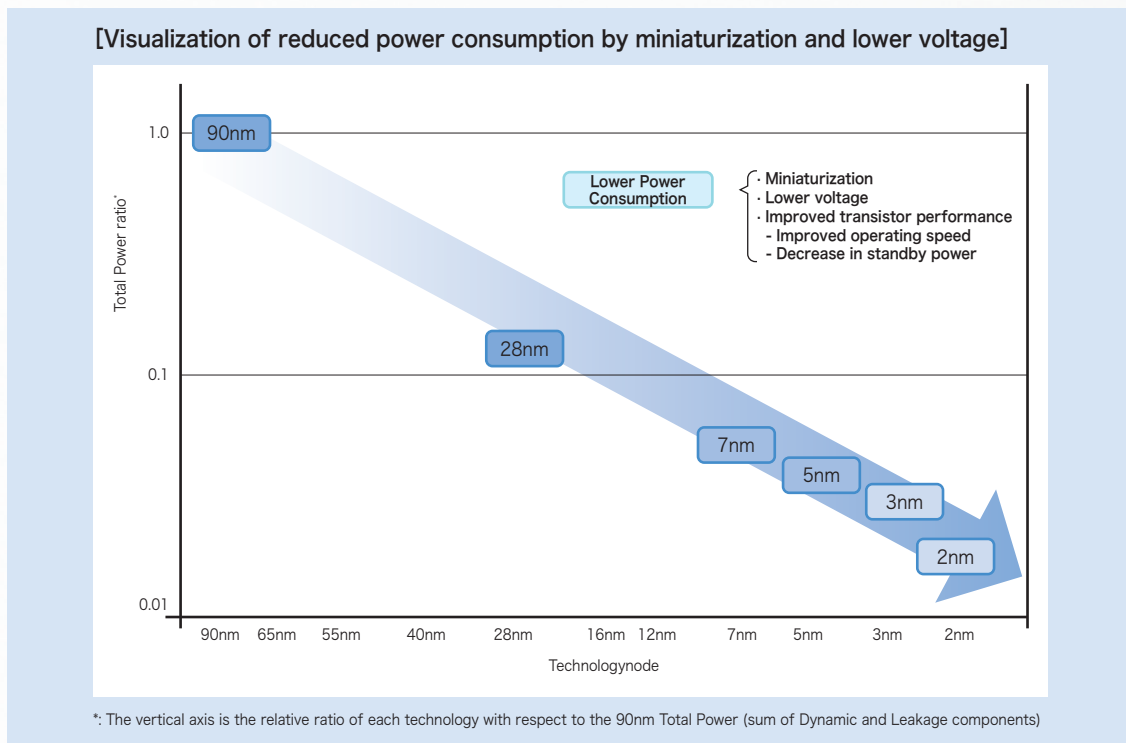
In recent years, with the development of self-driving technology and the beginning of the use of generative AI in the market, the computing power required is expected to increase exponentially, making it a social issue to reduce power consumption and GHG emissions. To maintain and improve market competitiveness and counter rising energy costs, the Group is working to reduce power consumption from the development stage.

(1) Efforts to reduce LSI power consumption of LSIs.

[Reduced power consumption by miniaturization]

In order to meet customers' demands for lower power consumption of LSIs, the Group is pursuing advances in process nodes (miniaturization and lower voltages) to achieve lower power consumption.

Comparing the power consumption of advanced and existing processes, the most advanced 2nm/3nm process consumes approximately 1/10 or less per transistor compared with the 28nm process.



[Design technology to achieve low-power consumption]

The SoC design of the Group is taking a variety of approaches to meet customers' demands for low-power consumption. To realize low-power LSIs, it is effective to combine various technologies, not only using individual technologies (see figure below). "Reference design flow," the Group's design environment, can respond to various low-power technologies and reduce power consumption of LSI's both during operation and standby. In particular, we are systematizing and developing methods to reduce power consumption by controlling the power supply.

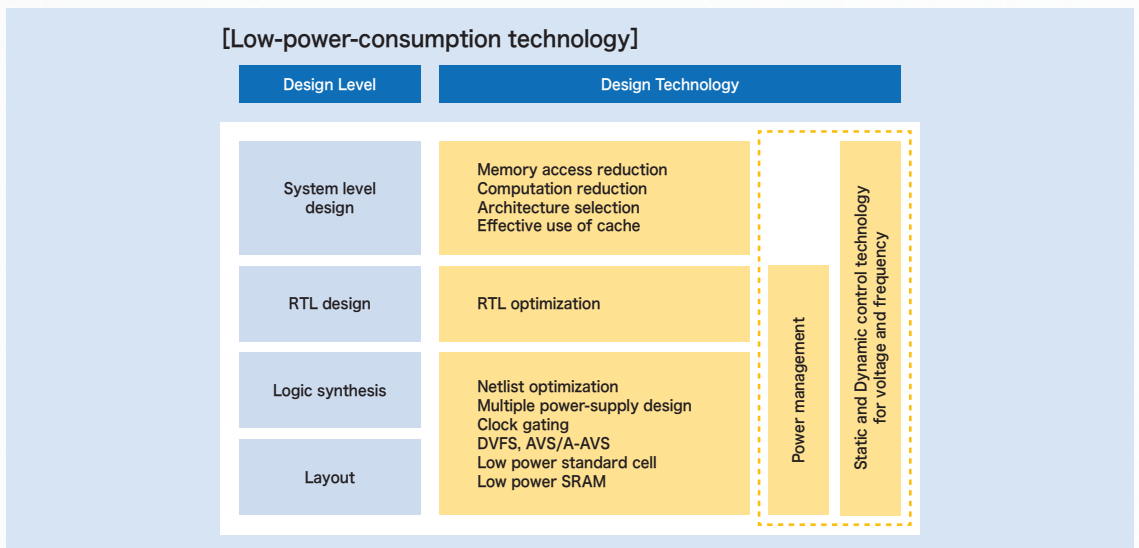
In addition, by adopting UPF/CPF*, the Group facilitates low-power consumption design while minimizing changes to the customer's design assets. The adoption of UPF/CPF enables highly reliable designs for low-power technologies, which have been extremely difficult to verify in the past.

For more information, please refer to the Group's website.

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

*: 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



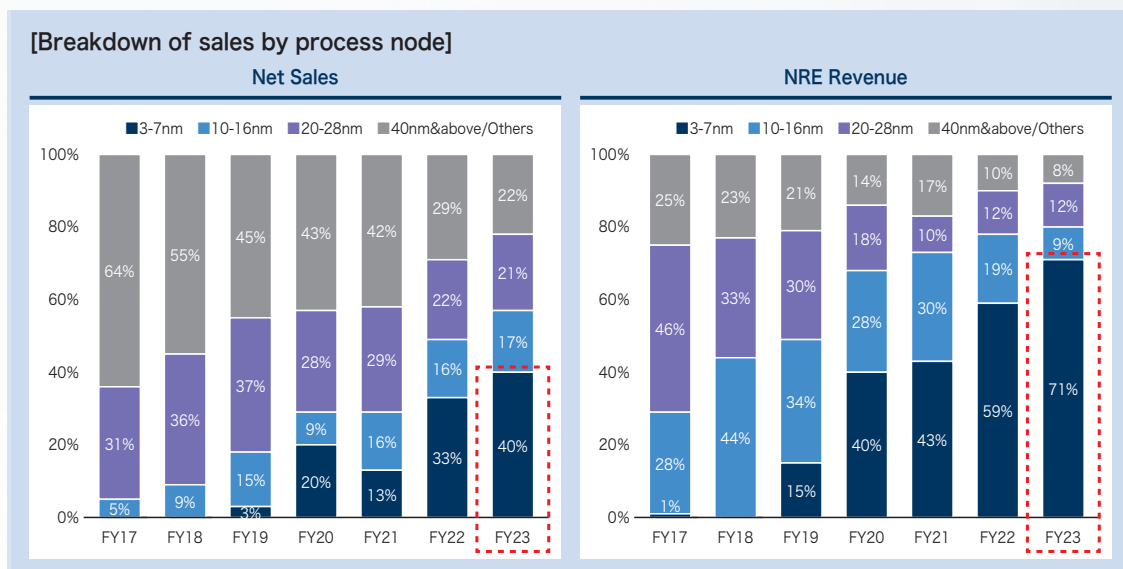
[Design/development processes and packaging technologies that enable low power consumption]

In order to achieve low power consumption in our customers' products, we have established and operate our own development flow ("Design Review" mechanism). Specifically, we contribute to the reduction of GHG emissions at various stages from product manufacturing to putting in use by listening to customers' requirements for low power and determining specifications, proposing technology selection (including process node selection) to realize the requirements, and selecting foundries and OSATs that are proactive in measures to reduce environmental impact including GHG emission reduction, among other initiatives.

In the development stage, we are working on logic/physical design and package design (2.5D, 3D, chiplet strategy, etc.) oriented toward low power consumption and miniaturization, and contributing to the reduction of GHG emissions through SoC products.

As described above, the Group contributes to the reduction of power consumption at our customers' end by developing and providing advanced technology products and products incorporating diverse low-power-consumption technologies.

In terms of sales trends by process node, both product sales and NRE revenue are shifting toward advanced technology products (3nm to 7nm). NRE revenue (for the fiscal year ended March 31, 2024), a leading indicator of future product sales, show that advanced technology products account for 71% of total sales.



(2) Efforts to reduce size and space

The Group contributes to the reduction of materials used (mineral and fossil resources) by miniaturizing LSIs and to the reduction of energy consumption in the manufacturing process, from raw materials to finished products.

Miniaturization of LSIs leads to smaller size and space-saving in customers' end products, and also leads to easier countermeasures against heat generation during equipment operation. We believe that, in addition to reducing the material used and energy consumed in manufacturing process by our customers, it leads to the realization of a sustainable society by reducing energy when using finished products (for example, improved cruising distance of electric vehicles, reduced burden on air conditioners in data centers, etc.).

In recent years, chiplets represented by 2.5D and 3D integration technologies have entered the practical stage and are expected to be a breakthrough against the limits of LSI miniaturization. By actively promoting the adoption of this technology, the Group is promoting further miniaturization, space-saving designs, and low power consumption.

(3) Efforts to Reduce Power Consumption at Data Centers

The shift in development to advanced technology products (2nm to 7nm) has led to an increase in the volume of data processing in data centers, and power consumption now accounts for about half of the Group's GHG emissions (the sum of Scope 1 and 2). As the scale of our business expands in the future, power consumption is expected to increase further.

As a measure to reduce power consumption in data centers, the Group is sequentially introducing and replacing its equipment with low-power-consumption devices, primarily CPUs and servers. In addition, we are working to reduce power consumption by curbing CPU/server operating time through streamlining operations by improving development processes, methods, etc.

Other efforts to reduce power consumption include consolidating data centers and shifting to water cooling for the installed equipment.

Indicators and Targets for Climate Change Response

● Indicators and Targets for Climate Change Response

GHG emissions (Scope1¹ and Scope2²) by the Group for the fiscal year ended March 31, 2024, were approximately 8,534 t-CO₂. Compared with the previous year, this represents a reduction of 336 t-CO₂. GHG emissions per net sales were 3.71 t-CO₂, a reduction of 0.72 t-CO₂ compared with the previous year. 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)	FY ended March 31, 2024 (t-CO ₂)	Year on Year (t-CO ₂)	Target
Scope1	318	235	262	27 (111%)	Achieve carbon neutrality by 2050
Scope2	6,971	8,299	7,936	(363) (96%)	
Total	7,289	8,534	8,198	(336) (96%)	

[GHG Emissions per 100 million yen unit of net sales]

	FY ended March 31, 2022 (t-CO ₂)	FY ended March 31, 2023 (t-CO ₂)	FY ended March 31, 2024 (t-CO ₂)	Year on Year (t-CO ₂)
Scope1 and 2	6.23	4.43	3.71	(0.72)

[GHG Emissions Breakdown]

Greenhouse gas (GHG) emissions		Global results (t-CO ₂)		
		FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Scope1		318	235	262
Scope2	Market-based	6,971	8,299	7,936
Scope3		246,765	536,424	376,810
Total		254,054	544,958	385,008
Scope 3 details				
Cat.1	Purchased goods and services	216,169	500,316	339,024
Cat.2	Capital goods	27,715	32,053	32,164
Cat.3	Fuel and energy-related activities not included in Scope 1 and 2	1,269	1,416	1,370
Cat.4	Upstream transportation and distribution	895	1,150	1,136
Cat.5	Waste generated in operations	50	26	25
Cat.6	Business travel	200	953	2,267
Cat.7	Employee commuting	467	510	824
Cat.8	Upstream leased assets	Not applicable		
Cat.9	Downstream transportation and distribution	Not applicable due to calculation by Cat.4		
Cat.10	Processing of sold products	Not applicable		
Cat.11	Use of sold products	Not applicable		
Cat.12	Disposal of sold products	Not applicable		
Cat.13	Downstream leased assets	Not applicable		
Cat.14	Franchises	Not applicable		
Cat.15	Investments	Not applicable		

[IFRS S2 Disclosure Requirements]

Disclosure items	Indicator	Actual results			SASB Comparison Table (code)
		FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024	
Greenhouse gas emissions	(1) Gross global Scope 1 emissions	318 t-CO ₂ eq	235 t-CO ₂ eq	262 t-CO ₂ eq	TC-SC-110a.1
	(2) Amount of total emissions from perfluorinated compounds	Since the Group's products do not contain such substances, there are no greenhouse gas emissions.			TC-SC-110a.1
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets and an analysis of performance against those targets	We aim to achieve carbon neutrality in GHG emissions (Scope 1 and 2) by 2050.			TC-SC-110a.2
Energy Management In Manufacturing	(1) Total energy consumed	176,530 GJ	197,892 GJ	165,944 GJ	TC-SC-130a.1
	(2) Percentage grid electricity	95.3%	96.4%	95.2%	
	(3) Percentage renewable	0%	0%	0%	
Water management	(1) Total water withdrawn <small>*For the fiscal year ending March 2022, only domestic results</small>	3,440m ³	4,798m ³	4,145m ³	TC-SC-140a.1
	(2) Total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Percentage of use in areas with "extremely high" and "high" water stress is 0%.			
Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	Percentage of sales generated from products containing substances subject to IEC 62474 declaration is 0%. There is no use of IEC 62474 reportable substances in our Group's products that exceeds the threshold value, nor is there any use of reportable applications or substances.			TC-SC-410a.1
	Processor energy efficiency at a system-level for: (1) servers,(2) desktops and (3) laptops	Not applicable.			TC-SC-410a.2
Total production (Disclosure of Total Production by Manufacturing Equipment Owned by the Company and Manufacturing Equipment with a Manufacturing Contract)		151,026 thousand units	159,068 thousand units	123,770 thousand units	TC-SC-000.A
Percentage of production from own facilities		0%	0%	0%	TC-SC-000.B
		The Group outsources its manufacturing processes and does not produce at its own facilities.			

Reduction in Energy Use

The Group 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 Act¹). Major energy reduction measures include the use of lighting LEDs and the efficiency Data centers, etc.

	FY ended March 31, 2020	FY ended March 31, 2021	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Amount of energy use [KL/year] ²	3,665	3,817	3,356	2,761	2,098
Usage rate [KL/No. of employees]	1.661	1.721	1.529	1.260	0.962
Change year-on-year [%]	4.3	-0.1	1.8	5.7	9.8

*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

Reduce Waste

The Group 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 select more appropriate recycling methods and disposal companies by understanding the weight of each category of waste, understanding hazardous substances, and thoroughly sorting waste.

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.

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.



Society



As a member of the global community, 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, partners, 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.”

In addition, our group believes that it is our corporate social responsibility to address social issues such as human rights, labor, the environment, and ethics throughout the entire supply chain, and has therefore established the "Socionext Group CSR Procurement Guidelines" to ensure that our partners understand our group's "CSR Guidelines" and support our sustainable procurement activities. These guidelines clearly indicate the items that must be complied with in accordance with the RBA Code of Conduct*, including “Human Rights, Labor, Environment and Ethics, ” and we require that our partners observe them.

*: Abbreviation for Responsible Business Alliance Code of Conduct

Human Rights

●Basic Philosophy Regarding Human Rights

In the CSR policies that constitute our group basic philosophy, our 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.

The Group, we respect the human rights of all stakeholders involved in the conduct of our business (including customers, partners, 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.

● Prohibition on Discriminatory Treatment of Employees

The 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.

● Establishment of Whistle-blowing System

The 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/Full-time Audit & Supervisory Committee Member) 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.

● Human Rights Education

The 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)

Human Resource Development

● Basic Philosophy on Human Resource Development

With our leading-edge SoC solution business, our group seeks to live up to the many expectations of our stakeholders (including customers, partners, 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.

● 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 hired 39 experienced employees in the fiscal year ending March 2024 and 36 new graduates in April 2024. We will continue to utilize a variety of recruitment methods to attract more talented employees.

● Personnel System

In particular, we have been working to reform our personnel system from 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.

In order to create a virtuous cycle between individual growth and the company's growth, we are working to improve our compensation system by, for example, raising the standard of treatment for employees who have high levels of expertise and technical skills and contribute to the business.

(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.

In addition, each engineer has regular 1-on-1 meetings with their supervisor in which they share their career path and the specific actions they are taking to achieve it, supporting their personal growth.

(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.

(3) Internal recruitment system

We have introduced an internal recruitment system to expand opportunities for career choices within the company and to shift employees to an environment where they can make the most of their individual strengths.

● Main Actions on Human Resource Development

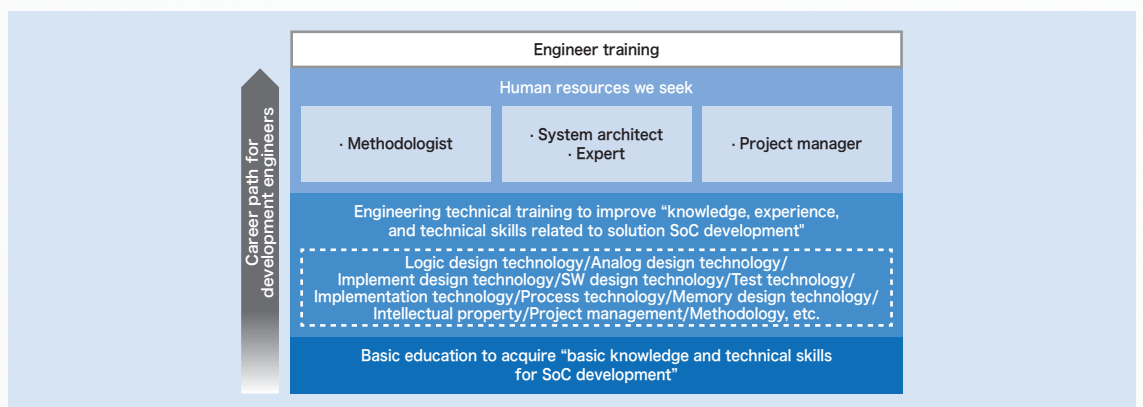
(1) Engineer training

The Group considers the training of engineers to be one of its most important management issues.

Companies requiring their own SoCs are seeking a partner with expertise not only in SoC architecture, but also a deep understanding of the final products and services the SoC will be equipped with. The ideal partner should be capable of integrating advanced hardware and software technologies to deliver the optimal solution for differentiation. We believe that the realization of such a solution SoC business model will require the following engineering talent.

- Methodologists to maintain development competitiveness globally
- System architects who can propose and formulate optimal SoC architecture specifications based on customer requirements
- Experts in each field who can create implementation specifications and design from architectural specifications
- Project managers who earn the trust of customers and lead development smoothly to the goal

We believe that the value and innovation created by these engineers will be the foundation for the Group's sustainable growth. In order to strengthen this foundation, the Group has developed/implemented training programs for different levels of engineers.



From a mid- to long-term viewpoint, we expect to see further increases in overseas design wins and increased collaboration with global partners such as IP vendors, tool vendors, foundries, and OSATs that offer the latest technologies. In order to respond to these issues, we are strategically increasing opportunities for many engineers to participate in overseas business and cutting-edge technology business, and are accumulating and utilizing the know-how and experience gained by our engineers across the organization. We are also strengthening our training support system* for language and communication skills, which are indispensable for doing business with overseas customers and partners. As a result of these efforts, the number of engineers with

experience in global projects increased to 82% of all engineers (up by 10% points from the previous year), and the number of engineers with experience in projects in advanced fields increased to 75% of all engineers (up by 14% points from the previous year).

As part of our engineer development program, we have a system where each engineer has a 1-on-1 meeting with his/her supervisor to share his/her career path plan and specific actions to achieve it, thereby supporting his/her personal growth.

*: Programs for language and communication skills development

For leaders	<ul style="list-style-type: none"> · Advanced communication skills (1-on-1 training) · Global mindset training (group training) · Group coaching training
For general employees	<ul style="list-style-type: none"> · Basic communication skills (group training) · Global mindset training (group training) · English language skills training · Language training for new employees (group training)
All employees	<ul style="list-style-type: none"> · Strengthening basic English language skills (language training application)

Indicator	Actual results		
	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Percentage of global project experience	60%	72%	82%
Percentage of experience in advanced fields projects (7nm and below)	47%	61%	75%

(2) Training for new and young employees

We encourage the motivation and skill improvement of new and young employees and strive to create an environment in which they can play an active role independently from an early stage. We provide introductory training after joining the company, and follow-up training six months, one year, and two years after joining the company to cultivate basic business skills such as communication skills and compliance. In addition, we have an initial training period of two years after joining the company, during which young employees will improve their practical skills and experience through OJT under the guidance of senior employees (trainers) based on their training plan.

(3) 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.

(4) General Education

We provide e-learning training on compliance, information security, insider trading prevention, harassment prevention, the environment, purchasing transactions, security export-related laws and regulations, etc., and 100% of employees have taken the training.

Item	Training Summary	Training Time per Employee		
		FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Job-level-specific training	Training for new recruits and for newly appointed senior management, etc.	2.9 hours	1.3 hours	1.8 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	4.0 hours	4.6 hours	5.5 hours
Specialized training	Language training, communication training, basic technical training, etc.	2.9 hours	5.5 hours	3.4 hours
Total		9.8 hours	11.4 hours	10.7 hours

Diversity and Inclusion

● Basic Philosophy on Diversity

Our 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.

Diversity and inclusion systems and initiatives	<ul style="list-style-type: none"> · Flextime work system with no core-time · Flexible telecommuting operations · Curbing long overtime work · Recruitment and support of global talent (e.g., hiring new graduates joining in October, global communication training programs, etc.) · Review of post-retirement re-employment system · Childcare leave system/shortened working-hour system for childcare · Subsidy for babysitter fee · Telecommuting program for nursing and caregiving · Shorter working hours for treatment of illness or disease · Leave of absence (child plans, nursing care, etc.) · Accrued leave system (child-rearing, nursing care for the sick and elderly, etc.) · Continued recruitment of people with disabilities and environmental improvements · Operation of a massage room where employees with visual impairment offer massage services · Routine in-house work substitution system for employees with mental disabilities · Conduct a survey of environmental improvement for persons with disabilities and make improvement
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● Main Actions on Diversity

(1) Creating an environment in which Women can thrive

We are promoting the creation of an environment in which women who balance work and family life can work comfortably, through such measures as a short-time work system, various leave and vacation systems, and a system to subsidize the cost of babysitting services. In order to diversify work styles, we are promoting the operation of a non-core flextime system and a telecommuting system, while prioritizing measures to reduce long hours of overtime work, and are promoting the creation of a healthy and comfortable workplace for diverse human resources, including women. In the future, we will work to reform the company's awareness and culture, such as by enhancing training for young and female employees and promoting the further active participation of female leaders and the participation of men in childcare. The actual results for the female manager ratio, gender wage gap, and rate of men taking childcare leave are as follows, and we aim to increase the ratio above the current level through these efforts.

[Ratio of female managers, gender pay gap, and percentage of male taking childcare leave]

	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Ratio of female managers	2.4%	2.3%	2.6%
Gender pay gap (Regular) *Ratio of average annual wage of female to average annual wage of male	72.0%	72.6%	72.5%
Male taking childcare leave	14.8%	15.8%	57.1%

(2) Creating the Right environment

We have established a post-retirement re-employment system for employees who wish to continue working after the retirement age of 60, up to the maximum age of 65. We strive to create an environment in which senior human resources can continue to play an active role within the company, utilizing the experience, knowledge, and skills they have cultivated, and as of the end of March 2024, 212 senior human resources are working actively.

(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 disabilities can thrive. To expand opportunities for disabled employees, Socionext has also set up its Health Keeper Program run by five staff with visual impairments 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 2.4% as of March 2024. The company intends to hire more disabled employees in the future and to provide them with steady and ongoing employment.

(4) International Recruitment

The 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 44 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.

We will also open a new development center in Bangalore, India in August 2023 to strengthen our engineering resources to support our global business expansion.

(5) Promoting understanding of LGBTQ+

The 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.

Safety and Health

●Basic Philosophy on Safety and Health

In order to maintain its ongoing growth, our group places 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.

●Safety and Health Promotion Structure

We have established a team dedicated to supervising health initiatives and undertaking 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 prevention of long working hours, and disaster prevention or mitigation measures, in order to promote continuous improvement.

●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 two (minor) workplace injury occurred in Japan during fiscal FY ended March 31, 2024.

(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, 2024. 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, 2024 (3.3% decrease 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

Social Contribution Activities

In our relationships with all stakeholders, our group values mutual respect, acceptance of diverse personalities, cultures, and values, and the ability to grow and coexist together with members of various communities through the creation of a sustainable society.

●Support for the activities of the F. Marinos Sports Club

F. Marinos Sports Club is actively engaged in social contribution activities such as clean-up activities, first-aid activities, diversity awareness activities, community activities such as reconstruction support, management of a soccer team for the mentally challenged, and implementation of soccer classes at special needs schools. They are also actively involved in academy activities such as coaching and training football for children, from infants to junior high school students. As a member of the local community, we sympathize with this activity and have been supporting it as a supporting member since February 2023. Together with the members of F. Marinos Sports Club, we will continue to contribute to the local community by fostering world-class athletes and supporting the development of better communities through sports.

[Reference] F. Marinos Sports Club

<https://www.f-marinos-sportsclub.com/>



Our company is a supporting member of F. Marinos Sports Club General Incorporated Association.

● Participation in Town beautification Support programs

We actively participate in beautification activities in the areas of our business sites.

As a member of the local community, we will contribute to the development of a community where people can live comfortably while communicating with local companies and residents.

[Reference] Sendai Town Beautification Support Program

<https://www.city.sendai.jp/haiki-shido/kurashi/machi/kankyohozen/machibika/support.html>

● Support for The Family Giving Tree

While the Bay Area ranks as one of the wealthiest regions in the world, more than 800,000 Bay Area residents live below the poverty line, with 1 in 5 children living in poverty. Poverty robs children of their happiness and confidence, ultimately reducing their ability to grow and succeed. The Family Giving Tree serves more than 2 million children and individuals throughout the Bay Area and is active in philanthropy and volunteerism.

Socionext America Inc. supports this great Bay Area nonprofit organization.



[Reference] The Family Giving Tree

<https://familygivingtree.org/>

● Movember Fundraiser

Socionext America Inc. participated in Movember's efforts to raise awareness and health awareness of male-specific cancer. This is a unique fundraiser for growing beards and mustaches for the month of November. Donations raised through Movember go toward projects that address the most complex health issues facing men (mental health and suicide prevention, prostate cancer, testicular cancer, etc.). Through these fund-raising activities, the distance between employees has been reduced, and communication within the company has been stimulated.

[Reference] Movember

<https://us.movember.com/>

● Support of an Art exhibition in the Art course of The upper secondary school in Dreieichschule

For many years, Socionext Europe GmbH has supported art exhibitions in the art courses of the upper secondary school in Dreieichschule, providing many students with opportunities to create acrylic and oil paintings. After the art exhibition, students' work is displayed in the offices of Socionext Europe GmbH, where all employees are inspired and healed by their original and creative work.



[Reference] Dreieichschule

<http://www.dreieichschule.de/>

Procurement Management



"Together with our global partners, we bring innovation to everyone everywhere." This is the mission that 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 our customers and partners. Along with labor, human rights, ethics, environmental, and business continuity considerations, this also includes responsible minerals procurement.

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, our 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.

Supply Chain Management

The Group believes that it is a corporate social responsibility to address social issues such as human rights, labor, the environment, and ethics throughout the entire supply chain, and has established CSR Procurement Guidelines to help our partners understand our CSR Policy and support sustainable procurement activities.

These Guidelines clearly specify the items to be observed in accordance with the RBA Code of Conduct, such as "Human Rights, Labor, Environment and Ethics," and require all partners to comply. In addition, based on our CSR Procurement Guidelines, we check the compliance status of our partners every year to promote sustainability activities throughout the supply chain.

CSR Procurement Guidelines (English)

<https://www.socionext.com/en/download/catalog/AD00-00005-1E.pdf>

CSR Procurement Guidelines (Japanese)

<https://www.socionext.com/jp/download/catalog/AD00-00005-1.pdf>

● Conducting Partner Surveys

In accordance with the RBA Code of Conduct, we conduct supplier surveys of our suppliers (Manufacturing, development, jigs and tools, etc.) once a year.

Survey subject	Response results	Survey coverage	Major partners	
261 companies	145 companies (/261 companies)	80.2% (transaction amount) 55.6% (number of companies)	14 companies (/14 companies)	58.3% (transaction amount) 5.4% (number of companies)

● Survey Evaluation Items

We evaluate the importance of legal compliance, human rights and labor, health and safety, environment, ethics, quality, information, and business continuity.

● Evaluation Standards and Results of Surveys

All partners are provided feedback on the evaluation rank results. We request D ranked partners to make corrections and improvements and monitor their progress.

Score	Evaluation rank	Number of companies	Ratio
80-100	A	117 companies	98.1% (transaction amount) 80.7% (number of companies)
60-79	B	22 companies	1.8% (transaction amount) 15.2% (number of companies)
20-59	C	6 companies	0.1% (transaction amount) 4.1% (number of companies)
0-19	D	0 companies	0% (transaction amount) 0% (number of companies)

Partners rated D are required to take corrective measures to reduce ESG-related risks. Specifically, we will promptly provide feedback to Partners who have been rated D and conduct a reinvestigation by identifying the cause and confirming the risk impact. If there is no improvement in response to the Company's request and we determine that there is a risk to business continuity, we will review the transaction.

● Continued Risk Reduction Efforts

We will continue our efforts to reduce risk across all partners and the entire supply chain. To check the progress of these activities, we conduct supplier surveys every year, visualize risks, and if there are high risks, conduct PDCA with partners to take corrective actions.

KPI	Ratio
Percentage of D-rated partners who planned corrective actions.	0%
Percentage of partners who planned corrective actions that improved their assessment within one year.	0%

● Supply Chain BCP Survey

The Group promotes proactive measures to minimize business risks for customers and the Company and to improve business continuity management capabilities in the supply chain. As part of these promotion activities, we conduct surveys on the status of our Business Continuity Plan (BCP) initiatives with our partners and feedback them. In addition, we request corrections and improvements as necessary and monitor the progress of improvements.

● Information Security Survey

In the course of our development work, we sometimes receive important confidential information from our customers. Therefore, we consider information security to be an important management issue, and we are actively working on it. We conduct surveys of our partners on their progress in implementing information security measures and request them to take corrective measures and monitor their progress.

Responsible Minerals Procurement

The 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 Responsible Minerals Procurement Policy, Promotion Structures and Procurement Process and conduct procurement activities in accordance with RMI^{*}, RBA and other global standards.

*: RMI (Responsible Minerals Initiative)
International standards for responsible mineral procurement in supply chains.

● Procurement Policy

The 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^{*} 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 partners to respect Socionext Group policy on this matter and to take action to ensure it is followed.

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

● Promotion Structure

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^{*} surveys to identify and rectify any risks.

*: 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^{*}, cobalt, and mica used in our products.
- As well as calling on partners to consent to our responsible mineral's procurement practices, we also ask them to submit written agreements.
- We require our partners 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.

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

(2) Identification and Assessment of Supply chain risks

- Each year, our group identifies which of the purchased parts and materials used in our products require investigation and we then conduct investigations of our partners using the CMRT and EMRT templates provided by the RMI for this purpose.
- We collect and collate the data provided by partners 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 partners 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 partners to request that they do so.
- When customers raise concerns about specific processing facilities, we assess the allegations, inform partners of the risk, and work with them to take appropriate action.

● Annual reporting of Supply chain due diligence

The Group annually publishes details of our responsible mineral's procurement initiatives on our website.

[3TG: Survey Results for the Fiscal Year Ended March 2024]

- No. of partners investigated: 19
- No. of partners that replied to inquiries: 19 (100% response rate)
- No. of identified smelters and refiners: 234 across all minerals (of which 213 traders had obtained RMAP certification from RMI)

	3TG				
	FY ended March 2024 (19 companies)				
	Total	Gold	Tantalum	Tin	Tungsten
No. of smelters or other processing facilities	234	99	34	65	36
No. of RMAP-certified (conflict-free) smelters or other processing facilities	213	87	33	62	31
No. of RMAP Active facilities	2	2	-	-	-
No. of other RMI-certified facilities	19	10	1	3	5
Percentage of RMAP-certified facilities	91%	88%	97%	95%	86%
Inquiry response rate	100%	-	-	-	-

[Cobalt & Mica: Survey Results for the Fiscal Year Ended March 2024]

- No. of partners investigated: 11
- No. of partners that replied to inquiries: 11 (100% response rate)
- No. of identified smelters and refiners: 81 across all minerals (of which 42 traders had obtained RMAP certification from RMI)

	Cobalt & Mica		
	FY ended March 2024 (11 companies)		
	Total	Cobalt	Mica
No. of smelters or other processing facilities	81	77	4
No. of RMAP-certified (conflict-free) smelters or other processing facilities	42	42	0
No. of RMAP Active facilities	6	3	3
No. of other RMI-certified facilities	33	32	1
Percentage of RMAP-certified facilities	52%	55%	0%
Inquiry response rate	100%	100%	100%

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 partners, we are adopting green procurement practices that prioritize the purchase of materials, parts, and other products that put a low load on the environment.

BCM/BCP

Acknowledging that we ourselves are part of the wider supply chain, ensuring the continuity of product supply is a core policy at our 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.

Fair Trading Practices

● Declaration of Partnership Building

The 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 partners.

● Procurement Whistle-Blowing System

The 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.

Rigorous Procurement Compliance

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

External Evaluation

The Group is actively evaluated by external organizations such as EcoVadis, CDP, RBA-Online and SAQ 5.0. We also respond to requests from rating agencies such as S&P.

The external assessments are reviewed by a scientific community of sustainability and supply chain experts based on international sustainability standards.

We aim to enhance the relationship of trust with shareholders and other stakeholders, and to increase corporate value and achieve sustainable growth by leveraging the feedback from external organizations that conduct rigorous evaluations.

Intellectual Property Policy



Socionext Group determines in our CSR Basic Policy that Our Group will protect and respect intellectual properties, which are the source of corporate value.

Basic Concept

Our Group develops and retains various technologies and know-how to differentiate our products from those of other companies. In accordance with the CSR Basic Policy, Our Group works to protect and utilize these technologies and know-how as intellectual properties, and to appropriately use the intellectual properties of Our Group and third parties.

Intellectual Property Activities

[To strengthen the advantage of our Custom SoC Business with Intellectual Properties]

Our Group wants to contribute to bringing about a prosperous society by delivering new to our customers and, through them, to people everywhere as a partner of customers who require their own leading-edge SoCs for differentiating new services and products and as a partner of suppliers who are able to provide the latest technologies in an increasingly sophisticated semiconductor ecosystem. Our Group has stepped up investments in leading-edge technologies to achieve this goal and has created a lot of technologies and know-how as a result of these investments. By protecting and managing these technologies and know-how as intellectual properties such as patents and confidential information in an appropriate manner, Our Group is strengthening the advantage of our Solution SoC business.

[Intellectual Property Risk Management]

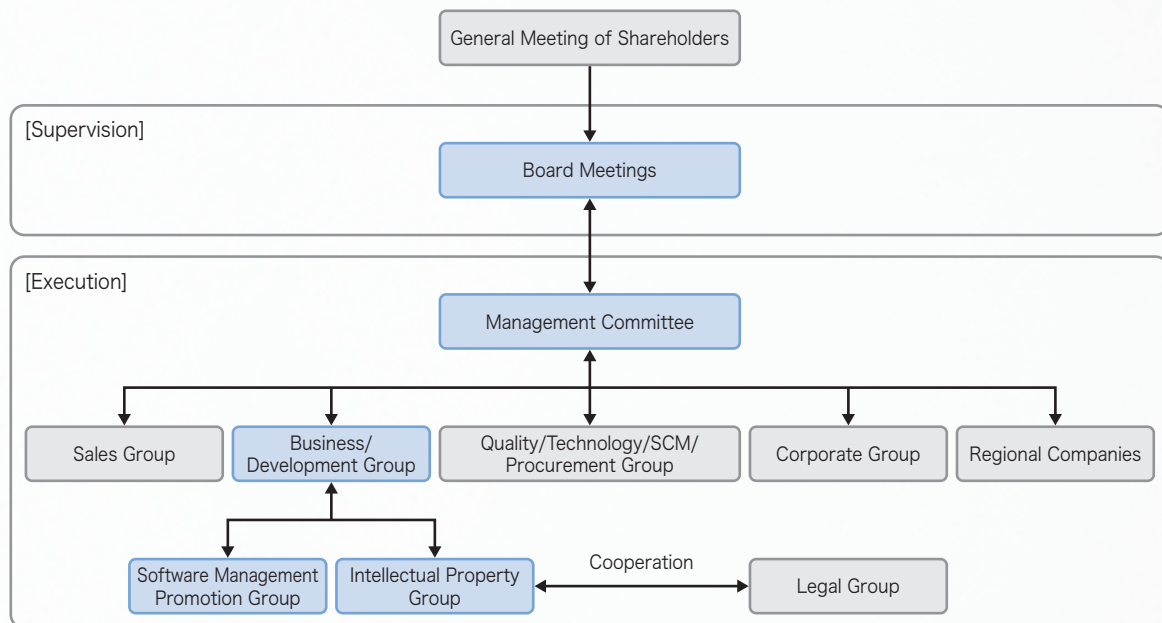
Our Group works to reduce various intellectual property risks surrounding our Solution SoC business. We have taken measures to reduce, for example, the risk of litigation and disputes arising from infringement of third party's rights, the risk of leakage of technologies and know-how, and the risk of inappropriate use of Open Source Software (OSS).

Governance and Promotion System

Our Group has established an Intellectual Property Group for leading our intellectual property activities within a Development Group. Under the supervision of board meetings, the Development Group, Legal Group and intellectual property Group cooperate closely with each other to promote protection and management of newly created technologies and know-how and handling of intellectual property risks that arise in each case from the development stage of services and products.

In addition, Our Group has established a Software Management Promotion Group for promoting appropriate management of software which includes copyrighted material and Open Source Software (OSS) within the Development Group. The opportunities to use OSS in the Solution SoC business are increasing. In order to appropriately manage OSS compliance, Our Group has acquired the international standard certification of OpenChain ISO/IEC 5230:2020 and has worked to appropriately use OSS during the development process of services and products.

● Intellectual Property Activities Promotion System Chart



Quality and Reliability



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 partners (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 partners (contract manufacturers), we provide optimum quality to our customers in a timely manner.



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.

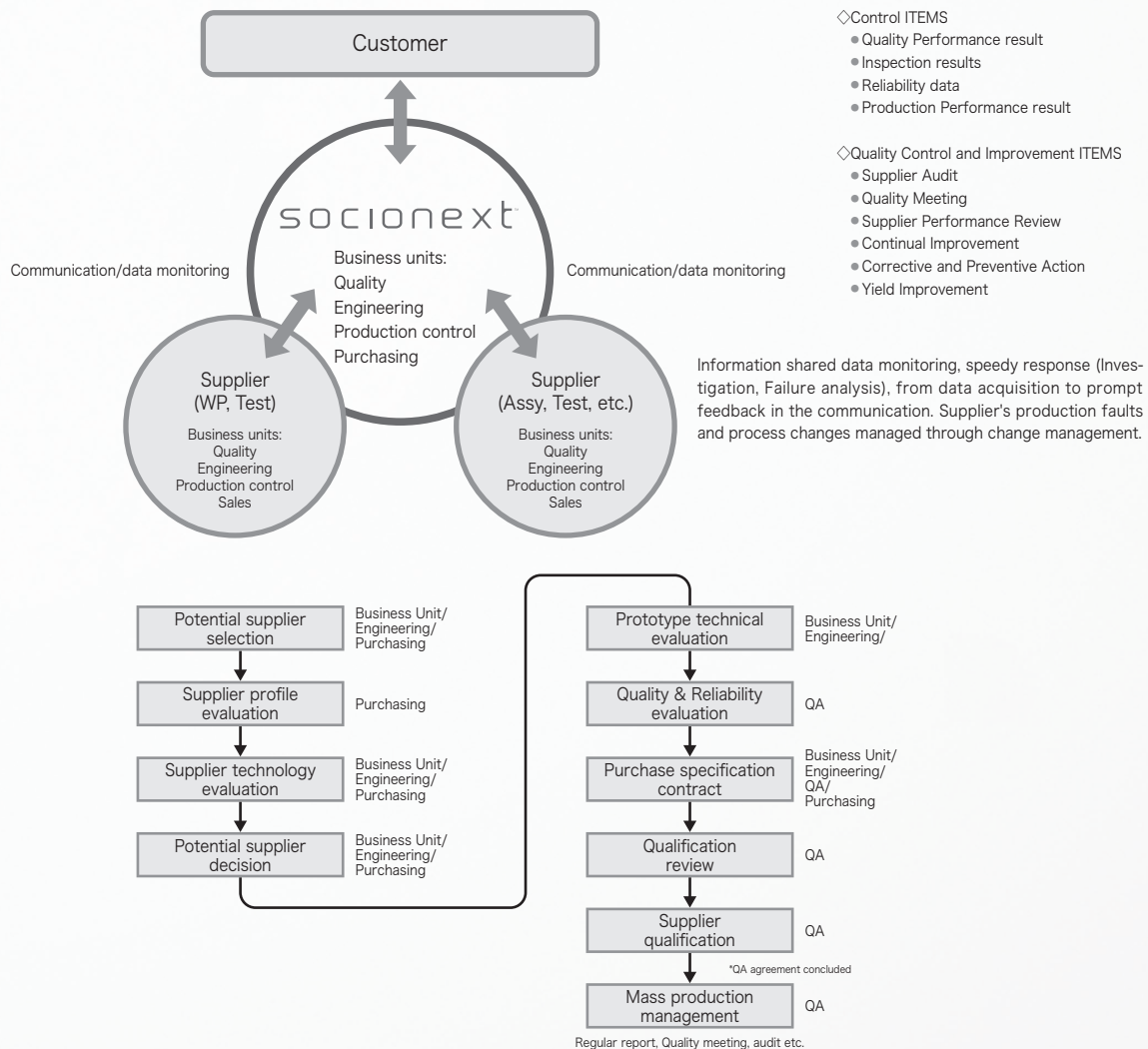


Name	Role	Description
PR	Product planning validity review	We consider the target quality and target reliability to be used for the new product and confirm product development with the agreement of all related offices.
DR0	Product development plan review	We clarify the resources and work required to develop 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.

PR: Planning Review, DR: Design Review, PA: Product Assurance

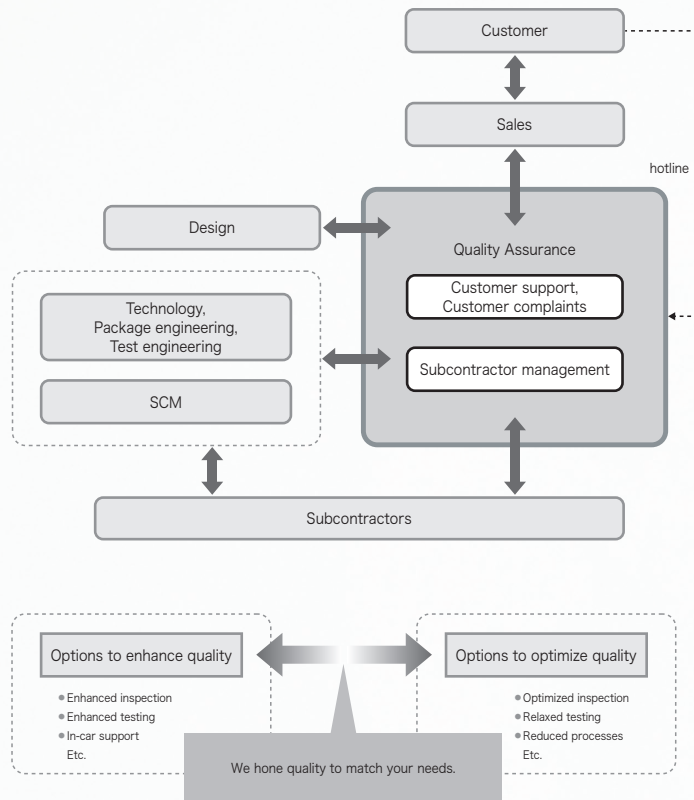
Supplier Management

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



Customer Quality Support

The 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. The analysis data of defective products found by customers is directly linked to quality improvement, so we always focus on customer quality support.

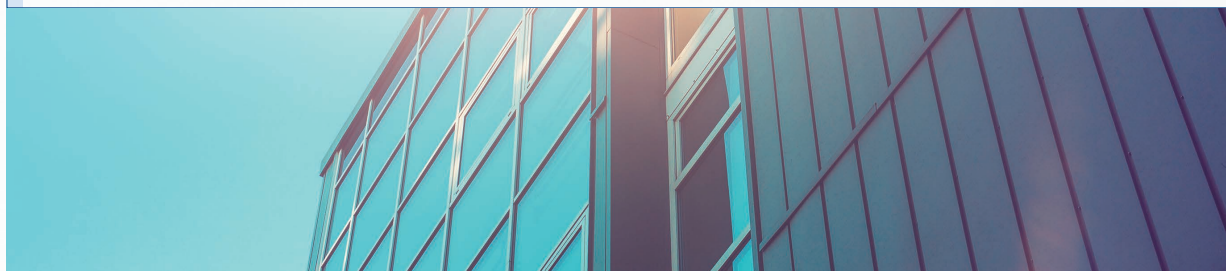


ISO9001 Certification

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 business globally using the production lines of partner companies that have the IATF16949 certification, which is standard in the automotive industry.



Corporate Governance



Basic views on Corporate Governance

Recognizing the importance of management as a company having social responsibilities, Socionext 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.

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.

● Directors

As of June 2024

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	5
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.

Status of Directors

The status of the Company's directors is as follows.

As of the end of June 2024

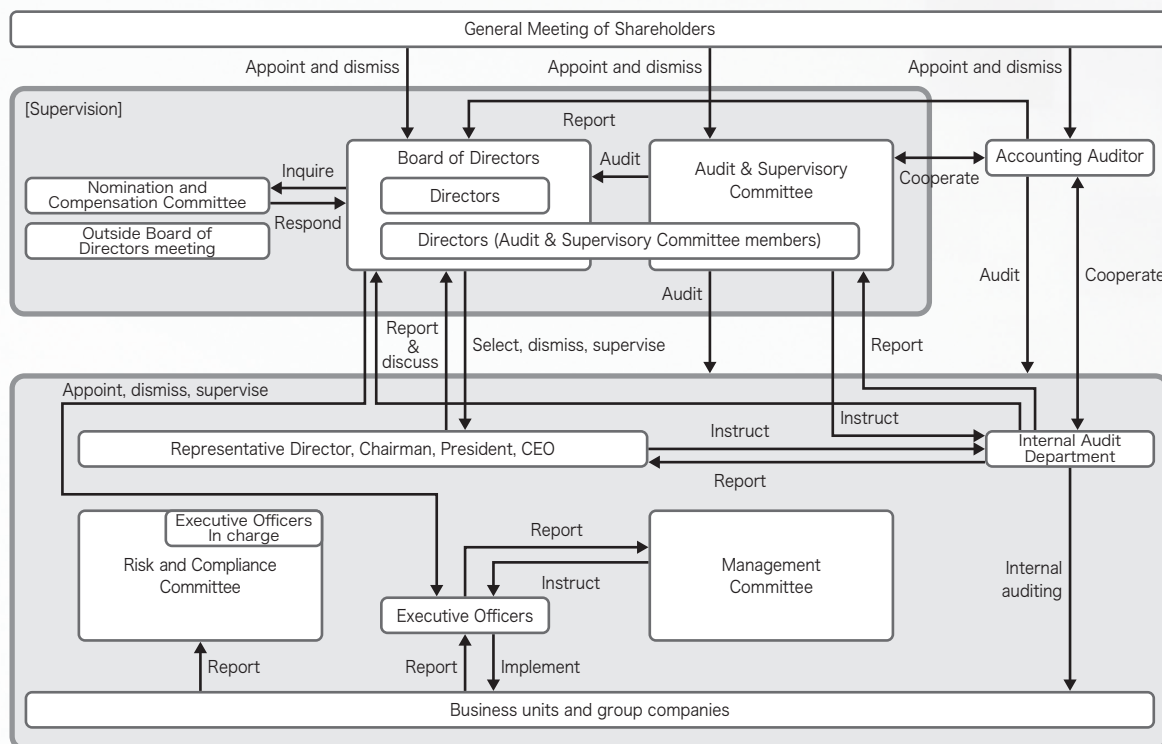
Position in the company	Name	Responsibilities and significant concurrent positions	Term of office as Director	own Number of shares of the Company ^{*1}
Representative Director, Chairman, President and CEO	Masahiro Koezuka		9 years and 9 months	52,865 shares
Director and Deputy President and CFO	Yutaka Yoneyama	In charge of Finance & Business Administration In charge of CSR (Sustainability) In charge of risk management	2 years and 3 months	17,670 shares
Director and Deputy President	Koichi Otsuki	In charge of Sales & Business Development as well as Strategic Sourcing & Production Management	5 years	49,985 shares
Director and Deputy President	Noriaki Kubo	In charge of Business	6 years	49,885 shares
Director and Deputy President	Hisato Yoshida	In charge of Development	1 year	17,670 shares
Outside Director	Masatoshi Suzuki	Former Representative Director, President, MIRAIT Holdings Corporation (currently MIRAIT ONE Corporation)	3 years	-
Outside Director	Sachiko Kasano	Attorney-at-law at Shiomizaka Sogo Law Office Outside Director (Audit and Supervisory Committee Member) of Restar Corporation Outside Statutory Auditor of PRAP Japan, Inc.	2 years and 3 months	-
Outside Director (Audit and Supervisory Committee Member)	Yasuyoshi Ichikawa	Member of Yasuyoshi Ichikawa Certified Public Accountant Office, Certified Public Accountant Outside Statutory Auditors of Dai Nippon Printing Co., Ltd.	2 years and 3 months	-
Outside Director (Full-time Audit and Supervisory Committee Member)	Morimasa Ikemoto	Former Full-time Corporate Auditor, FUJITSU COMPONENT LIMITED (currently FCL COMPONENTS LIMITED)	1 year ^{*2}	-
Outside Director (Audit and Supervisory Committee Member)	Noriko Yoneda	Representative Attorney, Kobe Grace Law Office Outside Director of KEIWA Incorporated	1 year	-

*1: The number of shares held is as of the end of March 2024.

*2: He served as Outside Director of the Company for 4 years and 1 month from June 2018 to July 2022.

● Corporate Governance Structure

The company's corporate governance structure is as follows.



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 matters of business execution stipulated by the Board of Directors regulation and matters required by laws and regulations, while 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 outside directors.

Representative Director, Chairman, President and CEO: Masahiro Koezuka (Chairperson)

Internal Directors: Yutaka Yoneyama, Koichi Otsuki, Noriaki Kubo and Hisato Yoshida

Outside Directors: Masatoshi Suzuki, Sachiko Kasano, Yasuyoshi Ichikawa, Morimasa Ikemoto, and Noriko Yoneda

(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. An Outside Director chairs the Committee. 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.
Outside Directors: Yasuyoshi Ichikawa (Chairperson), Morimasa Ikemoto (Full-time), and Noriko Yoneda

(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.

Outside Directors: Masatoshi Suzuki (Chairperson) and Sachiko Kasano
Representative Director, Chairman, President and CEO: Masahiro Koezuka

(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.

Outside Directors: Masatoshi Suzuki (Chairperson), Sachiko Kasano, Yasuyoshi Ichikawa, Morimasa Ikemoto, and Noriko Yoneda
Representative Director, Chairman, President and CEO: Masahiro Koezuka

(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.

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

●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.

In the fiscal year ended March 2023, we began evaluating the effectiveness of the Board of Directors with the support of an external third-party organization. It is carried out 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 2024 is provided below.

●Method of Evaluation

In December 2023, an anonymous 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.

●Summary of Evaluation results

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

In this evaluation of the effectiveness of the Board of Directors, it was confirmed that improvements were made in a number of issues identified in the previous evaluation, such as the diversification of the Board members, the availability of deliberation time, discussions on sustainability, the timing and method of providing materials, and explanations of the business environment and business model to the outside directors.

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

- (1) Strengthening the support system for directors
 - Ensuring advance distribution of materials and improvement of comprehensibility
 - Securing opportunities for explanations to the outside directors to understand the semiconductor business and the Company's business model
 - Enhancing the support system for the Audit and Supervisory Committee, including strengthening the internal audit department
- (2) Securing time for deliberation on important strategic topics (Sustainability, human capital development, etc.)
- (3) Ensuring opportunities for business explanations and communication between the outside directors and the executive officers
- (4) Continuous consideration of the ideal structure of the Board of Directors (diversity, ratio of outside directors, succession planning, etc.)

●Initiatives based on Evaluation results

Based on the results of this evaluation, the company will work to further improve the effectiveness of the Board of Directors by promoting continuous improvement activities on issues identified.

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.

Skill matrix of Directors

The skills matrix for the directors is as follows:

As of June 2024

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

Compensation for Directors

●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

Compensation for executive directors among Directors consists of a basic compensation based on the compensation standard for the position, and cash and stock incentive compensation reflecting the level of

achievement of the company's performance in each fiscal year. In stock incentive compensation, the Company grants performance-based restricted stock.

Compensation for Outside Directors among Directors is fixed basic compensation only in light of their role in supervising business execution.

If the Company appoints a non-executive director who does not fall under any of the above categories, the compensation for such non-executive director will be considered separately based on a report by the Nomination and Remuneration Committee.

Eligible Directors	Contents	Basic compensation	Incentive compensation	
			Cash compensation	Stock-based compensation
Executive Directors	To achieve performance targets and increase shareholder value, basic compensation and incentive compensation (cash and stock) will be provided.	✓	✓	✓
Independent Outside Directors	To ensure independence, only basic compensation that is not linked to performance will be paid.	✓	-	-

(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 scope of 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. It is subject to approval by the Nomination and Compensation Committee and is determined at the discretion of Representative Director, Chairman, based on a resolution of the Board of Directors.

● Compensation Structure

The compensation structure of the Company's Directors is as follows:

(1) Directors in charge of business execution

Type of compensation		Outline	Fixed/ Variable	Payment method	Percentage to total ²
Basic compensation		Based on the scope of responsibility and role (position) in the Company, a fixed amount is paid as basic compensation	Fixed	Cash payment	60%
Incentive compensation	Cash	Payment by cash (bonus) as performance-based compensation based on the evaluation of performance results in the target year	Variable		20%
	Stock ¹	Payment by stock as performance-based compensation based on the evaluation of performance results in the target year		Payment by stock	20%

¹: Stocks are distributed to directors after the end of the relevant fiscal year by providing monetary compensation claims to grant performance-based restricted stock compensation and having the directors pay the full amount of the monetary compensation claims as property contributed in kind.

²: Percentage figures are estimates and are the percentages when 100% of the performance targets are achieved. In addition, if the achievement of the evaluation indicators exceeds 150%, as described below, the ratio of cash and stock to the total incentive compensation may differ.

(i) Basic compensation

Basic compensation is determined, referring to the amount of past compensation, by comparing with the performance of other companies in the same industry or similar size.

Basic compensation is paid as monthly compensation in a fixed amount.

(ii) Incentive compensation (cash, stock)

a. Structure

In the evaluation items and indicators for the performance-based portion, we consider “net sales,” “operating profit,” and “design win amount,” which are used as numerical targets in the management plan, as quantitative items, with a weighting of approximately 25% each, and also take into account business transformation, growth strategy, ESG measures, etc. as qualitative items as below with a weighting of approximately 25%. In addition, we evaluate all of these items based on comprehensive judgment by the Nomination and Remuneration Committee. We selected the indicators because we believe that quantitative items are numerical targets in the Company’s management plan and qualitative items are essential for the sustainable development of the Company. The results of the evaluation are reported to and deliberated by the Board of Directors.

Items subject to evaluation	Items in evaluation	Evaluation timing	Evaluation indicator (target) ¹	Weighting percentage	Variation range ²	
Degree of target achievement in target fiscal year	Common items	At the end of the target fiscal year	Quantitative items	Net sales ³	25%	The Nomination and Remuneration Committee makes a judgment within the range of 0 - 200% by comprehensively considering the degree of achievement of each item.
				Operating income ⁴	25%	
				Design win amount	25%	
	Qualitative items		Business transformation, growth strategy, ESG measures, etc.	25%		
	Individual items			100%		

*1: We set minimum goals for each evaluation indicator (target). We also set a cap in the variation range of the evaluation for incentive compensation (cash and stock) and determine the evaluation level so that the rate of achievement and the payment amount are consistent.

*2: If the achievement of the evaluation indicators exceeds 150%, the Company may provide all or part of the portion of the incentive compensation (cash) exceeding 150% as incentive compensation (stock) instead of incentive compensation (cash), based on the report of the Nomination and Remuneration Committee, for the purpose of ensuring that the eligible Directors conduct business with more focus on corporate value. In this case, the sum of incentive compensation (stock) paid in proportion to the achievement of the evaluation indicators and incentive compensation (stock) paid in lieu of incentive compensation (cash) may exceed the amount equivalent to 200% of incentive compensation (stock) paid in the case of 100% achievement of the evaluation indicators.

*3: Net sales, which are set as an evaluation indicator (target) for the performance-based portion, reached 221.2 billion yen for fiscal year ended March 31, 2024, as opposed to the initial financial results forecast of 200.0 billion yen. Operating income for the same period was 35.5 billion yen, compared with the initial forecast of 22.5 billion yen. The design win amount for the same period came to about 250.0 billion yen, compared with the initial plan to acquire design wins amounting to about 250.0 billion yen.

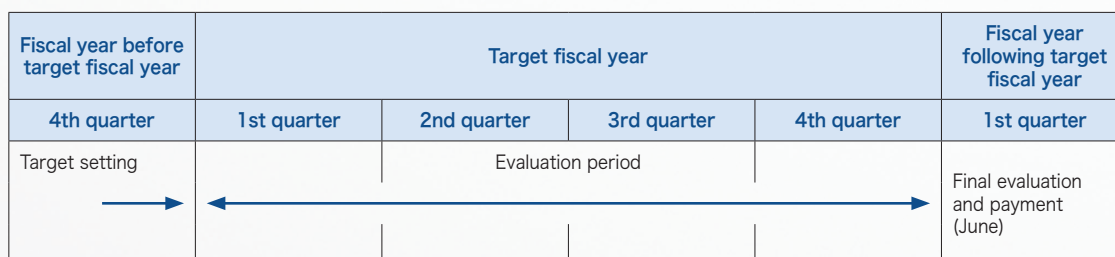
*4: We will consider adding ROE to the evaluation indicator (target) for judgement in the future.

b. Payment of incentive compensation (cash)

After the performance evaluation period ends, the Nomination and Remuneration Committee makes a comprehensive judgement of the level of achievement of evaluation indicators and submits a report within the range of 0 - 200% to the Board of Directors. In addition, if the achievement of the evaluation indicators exceeds 150% and the Nomination and Remuneration Committee judges that it is appropriate to pay all or part of the incentive compensation (cash) exceeding 150% as incentive compensation (stock) instead of incentive compensation (cash), it will report to the Board of Directors to that effect. Based on the report of the Nomination and Remuneration Committee, the Board of Directors deliberates and decides the level of incentive compensation (cash) payment.

Payment is made in cash in June of the fiscal year following the target fiscal year of performance evaluation.

[Conceptual image of evaluation]



c. Payment of incentive compensation (stock)

I Outline

After the performance evaluation period ends, the Nomination and Remuneration Committee makes a comprehensive judgement of the level of achievement of evaluation indicators and submits a report within the range of 0 - 200% to the Board of Directors. In addition, if the achievement of the evaluation indicators exceeds 150% and the Nomination and Remuneration Committee judges that it is appropriate to pay all or part of the incentive compensation (cash) exceeding 150% as incentive compensation (stock) instead of incentive compensation (cash), it will report to the Board of Directors to that effect. Based on the report of the Nomination and Remuneration Committee, the Board of Directors deliberates and decides the level of incentive compensation (stock) payment.

When the performance evaluation period ends and Eligible Directors meet the following requirements, the Company shall deliver performance-based restricted stock to each Eligible Director by providing monetary compensation claims to grant performance-based restricted stock to each Eligible Director and having each Eligible Director pay the full amount of such monetary compensation claims as property contributed in kind.

- During the performance evaluation period and up to and including immediately prior to the conclusion of the first ordinary general meeting of shareholders held after the end of the performance evaluation period, the Eligible Directors continued to hold the positions among positions of Socionext Personnel of the Company as predetermined by the Board of Directors of the Company.
- He or she does not fall under certain illegal acts or other reasons for non-payment as determined by the Board of Directors of the Company.

The performance-based restricted stock will be delivered by means of the issuance of new shares or the disposition of treasury stock by the Company, and the amount to be paid in per share will be determined by the Board of Directors on the basis of the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors of the Company regarding the allotment of performance-based restricted stock (if a trade is not made on the said day, the closing price on the immediately preceding trading day) to the extent that the amount is not particularly favorable to Eligible Directors who will subscribe for such common stock.

II Transfer restriction period

Eligible Directors shall not transfer, create a security interest on or dispose otherwise of the shares of common stock of the Company allotted to them (hereafter referred to as the "Allotted Shares") under the allotment agreement (hereafter referred to as "Transfer Restrictions"). This shall apply during the period from the date of allotment of the performance-based restricted stock under the Restricted Stock Allotment Agreement to be separately concluded with the Company (hereafter referred to as the "Allotment Agreement") until the date of retirement from the positions among Socionext Personnel of the Company as predetermined by the Board of Directors of the Company (hereafter referred to as the "Transfer Restriction Period").

III Treatment at the time of retirement

If an Eligible Director retires from one of the positions of officer or employee of the Company as predetermined by the Board of Directors of the Company, the Company will naturally acquire the Allotted Shares free of charge, unless his or her term of office expires, he or she dies, or the Board of Directors determines that there are other valid reasons for his or her retirement.

IV Lifting of Transfer Restrictions, Etc.

The Company will release Transfer Restrictions on all of the Allotted Shares upon the expiration of the Transfer Restriction Period, provided that the Eligible Directors have continued to hold positions among Socionext Personnel of the Company as predetermined by the Board of Directors of the Company during the Transfer Restriction Period.

	Year X March	Year X+1 March	Year X+2 March	Year X+3 March	Year X+4 March	Year X+5 March	Year X+6 March
Year X+1 March	Target setting →	Evaluation period ←→	Evaluation and grant (June, July)		Transferable after retirement =====⇒		
Year X+2 March		Target setting →	Evaluation period ←→	Evaluation and grant (June, July)	Transferable after retirement =====⇒		
Year X+3 March			Target setting →	Evaluation period ←→	Evaluation and grant (June, July)	Transferable after retirement =====⇒	

(2) Outside Directors among Directors

In view of the role of supervising the execution of business, only fixed basic compensation is paid.

(3) Compensation for Directors who are Audit & Supervisory Committee Members

The compensation for Directors who are Audit & Supervisory Committee Members has been determined through discussion among Directors who are Audit & Supervisory Committee Members. In view of the role of supervising the execution of business, only fixed basic compensation is paid, based on the position held by the full-time Audit & Supervisory Committee Member and part-time Members.

(4) Details of the resolution of the General Meeting of Shareholders on compensation, etc.

[Directors (excluding Directors who are Audit & Supervisory Committee Members)]

At the Extraordinary General Meeting of Shareholders on July 27, 2022, it was resolved by a deemed resolution that the total amount of monetary compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) should be no more than 550 million yen per year (up to 45 million yen for Outside Directors; however, this does not include the employee salaries of Directors who also serve as employees). And the specific amount of basic compensation for each individual has been decided by the Board of Directors on condition that the decision is made based on the report made by the Nomination and Compensation Committee to the Board of Directors, and subject to approval of the Nomination and Compensation Committee, and left to the discretion of Masahiro Koezuka, Representative Director, Chairman and President. The reason for delegating this authority was that the Representative Director was judged to be suitable for evaluating the division in which each Director is in charge, taking into account the performance of the Company as a whole. The number of Directors at the time the proposal pertaining to the deemed resolution was made (excluding Directors who are Audit & Supervisory Committee Members) was nine, two of whom resigned when the resolution was deemed to have been made at the Extraordinary General Meeting of Shareholders and the general shareholders' General Meeting of Class Shareholders on July 27, 2022, so the number of Directors at the time when the said resolution was deemed to have been made was seven.

In addition, separately from the monetary compensation, the introduction of a performance-based restricted stock compensation plan was approved by a deemed resolution at the above-mentioned extraordinary general meeting of shareholders. Specifically, the resolution stipulates that the total amount of monetary compensation claims to be paid to eligible Directors for the grant of performance-based restricted stock compensation shall not exceed 170 million yen per year (however, this does not include the employee salaries of Directors who also serve as employees). And it states that eligible Directors shall pay all such monetary compensation claims in the form of property contributed in kind and receive the issuance or disposition of the Company's common stock, whereby the total number of the Company's common stock to be issued or disposed of shall not exceed 200,000 shares per year (however, adjustments will be made in the event of a stock split or consolidation of the Company's common stock). The number of eligible Directors at the time when the said resolution was deemed to have been made was five.

[Directors who are Audit & Supervisory Committee Members]

At the Extraordinary General Meeting of Shareholders held on July 27, 2022, it was resolved by a deemed resolution that the compensation for Directors who are Audit & Supervisory Committee Members shall be fixed

basic compensation only and no more than 200 million yen per year (including no more than 80 million yen for Outside Directors), taking into account the nature of their roles and duties. The specific amount of basic compensation for each individual has been determined through discussion among Directors who are Audit & Supervisory Committee Members. The number of Directors who are Audit & Supervisory Committee Members at the time the proposal pertaining to the deemed resolution was made was four, one of whom resigned when the resolution was deemed to have been made at the Extraordinary General Meeting of Shareholders and the general shareholders' General Meeting of Class Shareholders on July 27, 2022, so the number of Directors who are Audit & Supervisory Committee Members at the time when the said resolution was deemed to have been made was three.

(5) Total amount of compensation, etc. by officer category and by compensation type, and number of eligible officers

Fiscal Year Ended March 2024

Category	Total amount of compensation, etc. (Million yen)	Total amount of compensation, etc. by type (million yen)			Number of eligible officers (persons)
		Basic compensation	Performance-based compensation		
			Monetary compensation	Non-monetary compensation, etc.	
Directors (excluding Directors who are Audit & Supervisory Committee Members)	365	187	89	89	9
(of which, Outside Directors)	(22)	(22)	(-)	(-)	(3)
Directors (Audit & Supervisory Committee Members)	34	34	-	-	5
(of which, Outside Directors)	(29)	(29)	(-)	(-)	(4)
Total	399	221	89	89	14
(of which, Outside Directors)	(51)	(51)	(-)	(-)	(7)

*1: The amounts etc. for Directors (excluding Audit & Supervisory Committee Members) include the amount of compensation, etc. for two Directors (including one Outside Director) who retired at the conclusion of the 9th Ordinary General Meeting of Shareholders held on June 28, 2023, while in office.

*2: The amount of compensation, etc. for Directors (Audit & Supervisory Committee Members) includes the amount of compensation, etc. for one Director who retired at the conclusion of the 9th Ordinary General Meeting of Shareholders held on June 28, 2023, while in office.

*3: With respect to Sachiko Kasano, who retired from the position of Director (Audit & Supervisory Committee Member) and assumed the position of Director (excluding Audit & Supervisory Committee Member) at the conclusion of the 9th Ordinary General Meeting of Shareholders held on June 28, 2023, the term of office as a Director (excluding Audit & Supervisory Committee Member) is stated in Director (excluding Audit & Supervisory Committee Member) and the term of office as a Director (Audit & Supervisory Committee Member) is stated in Director (Audit & Supervisory Committee Member) separately in the total amount and the number of eligible officers listed above.

*4: The above total amount of non-monetary compensation, etc. is the amount recorded as expenses related to restricted stock compensation for Directors (excluding Outside Directors).

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.

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.

●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.

●Election criteria for Director candidates

- (1) Requirements common to All directors
 - 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.
 - 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
 - Have a high level of knowledge of the Group's business areas and a wealth of experience and track record in specialized areas.
 - 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
 - Can perform supervisory functions from a fair and broad perspective based on extensive experience and knowledge in management and areas of expertise.
 - Can discuss and offer opinions in a frank and constructive manner toward sustainable development of the Group.

●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.

●Standards and Procedures for Dismissing directors

When a director no longer meets the requirements set forth in "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.

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.

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.

Independence Standards

● Independence Standards for 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.

All 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 Company¹² or a business executive person thereof³
- (2) Major client of⁴ or major lender⁵ 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 compensation⁶, 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 Company⁷, 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 Company⁸ or a business executive person thereof

(9) A close relative of one of the following^{*9}:

- Persons listed in the above (1) through (8)
- A business executive person of a Socionext Group Company
- 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.

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.

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

●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 revisions of various policies, regulations, and internal systems and 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, sustainability related matters, the strengthening of R&D 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, 2024 under review is as follows.

Position	Name	Attendance
Representative Director	Masahiro Koezuka	14 out of 14 (100%)
Director	Koichi Otsuki	14 out of 14 (100%)
Director	Noriaki Kubo	14 out of 14 (100%)
Director	Yutaka Yoneyama	14 out of 14 (100%)
Director	Hisato Yoshida	11 out of 11 (100%)
Director	Shin-ichi Ando ¹	3 out of 3 (100%)
Outside Director	Katsushi Kitajo ¹	3 out of 3 (100%)
Outside Director	Masatoshi Suzuki	14 out of 14 (100%)
Outside Director	Sachiko Kasano ²	14 out of 14 (100%)
Outside Director (Audit & Supervisory Committee Member)	Yasuyoshi Ichikawa	14 out of 14 (100%)
Outside Director (Audit & Supervisory Committee Member)	Morimasa Ikemoto	11 out of 11 (100%)
Outside Director (Audit & Supervisory Committee Member)	Noriko Yoneda	11 out of 11 (100%)
Director (Audit & Supervisory Committee Member)	Tsuyoshi Sakuma ³	3 out of 3 (100%)

*1: Shin-ichi Ando and Katsushi Kitajo retired at the conclusion of the 9th Ordinary General Meeting of Shareholders held on June 28, 2023, and the status up to that time is shown.

*2: As Sachiko Kasano retired from the position of Director (Audit & Supervisory Committee Member) at the conclusion of the 9th Ordinary General Meeting of Shareholders held on June 28, 2023, and assumed the position of Director who is not an Audit & Supervisory Committee Member in the said General Meeting of Shareholders, her attendance record includes those attended as a Director (Audit & Supervisory Committee Member).

*3: Tsuyoshi Sakuma retired from the position of Director (Audit & Supervisory Committee Member) at the conclusion of the 9th Ordinary General Meeting of Shareholders held on June 28, 2023, and the status up to that time is shown.

●Nomination and Remuneration Committee

The Nomination and Remuneration Committee meets at least 2 times in each fiscal year, and 17 times in the FY ended March 31, 2024.

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, 2024 is as follows.

Position	Name	Attendance
Chairperson (Outside Director)	Masatoshi Suzuki	17 out of 17 (100%)
Committee Member (Outside Director)	Katsushi Kitajo [*]	3 out of 3 (100%)
Committee Member (Outside Director)	Sachiko Kasano	14 out of 14 (100%)
Committee Member (Representative Director and CEO)	Masahiro Koezuka	17 out of 17 (100%)

*: Katsushi Kitajo retired from the position of Outside Director at the conclusion of the 9th Ordinary General Meeting of Shareholders held on June 28, 2023, and the status up to that time is shown.

●Audit and Supervisory Committee

· Organization, personnel and procedures for audits by Audit & Supervisory Committee

The Audit & Supervisory Committee consists of three Outside Directors who are Audit & Supervisory Committee Members. In addition, to support the duties of the Audit & Supervisory Committee, the Company established a dedicated Audit & Supervisory Committee Secretariat (3 persons). Yasuyoshi Ichikawa, who serves as the Chairperson of the Audit & Supervisory Committee, is a certified public accountant with extensive experience in

and deep insight into finance and accounting. Morimasa Ikemoto, the full-time Audit & Supervisory Committee Member, has served as a full-time auditor and a director who is an audit & supervisory committee member of a listed company, and has considerable knowledge of finance and accounting, internal control and auditing. Noriko Yoneda is a qualified attorney with extensive experience in and deep insight into corporate legal affairs and compliance.

· Activities of Audit & Supervisory Committee Members and Audit & Supervisory Committee

The Audit & Supervisory Committee and Audit & Supervisory Committee Members audit and supervise the execution of duties by the executive directors by attending important meetings, including meetings of the Board of Directors, investigating the status of operations and assets, and ascertaining the status of the development and operation of internal control systems, in accordance with the annual audit plan formulated by the Audit & Supervisory Committee.

The activities conducted in the fiscal year ended March 31, 2024, are as follows:

Position	Name	Attendance
Outside Director (Audit & Supervisory Committee Member)	Yasuyoshi Ichikawa	15 out of 15 (100%)
Outside Director (Full-time Audit & Supervisory Committee Member)	Morimasa Ikemoto	11 out of 11 (100%)
Outside Director (Audit & Supervisory Committee Member)	Noriko Yoneda	11 out of 11 (100%)
Outside Director (Audit & Supervisory Committee Member)	Sachiko Kasano*	4 out of 4 (100%)
Director (Full-time Audit & Supervisory Committee Member)	Tsuyoshi Sakuma*	4 out of 4 (100%)

*: Sachiko Kasano and Tsuyoshi Sakuma retired from the position of Director (Audit & Supervisory Committee Member) at the conclusion of the 9th Ordinary General Meeting of Shareholders held on June 28, 2023, and the status up to that time is shown.

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.

●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.

●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.

●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.

● 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.

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 2024, 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.

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.

Internal Control



Development and Operation status of Internal Control System

The Group's status of development and operation of internal control system is outlined below.

§ Basic Policy on the Development of Internal Control Systems

Pursuant to the Companies Act and the Regulations for Enforcement of the Companies Act, the Company shall establish an internal control system for a corporate group consisting of the Company and its subsidiaries (hereinafter referred to as "the Group") in order to ensure the appropriateness of business operations

§ Overview of status of development and operation

An outline of the operational 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 Directors and employees complies with laws and regulations and the Articles of Incorporation

[Systems]

- [1] The Company shall be committed to promoting compliance, including compliance with laws and regulations and the Articles of Incorporation, by establishing internal rules, such as the CSR Policy and compliance codes, and making officers and employees of the Group fully understand and comply with them.
- [2] The Company shall clarify laws and regulations pertaining to business activities of the Group, establish internal rules necessary for compliance with them, conduct education, and develop a monitoring system.
- [3] If an officer or employee of the Group becomes aware of any facts that may constitute a material breach of compliance in connection with the conduct of business activities of the Group, he or she shall immediately notify the Board of Directors and Audit & Supervisory Committee of the Company of such fact through the normal line of business.
- [4] In order to enable early detection of compliance issues, the Company shall set up internal and external contact points for whistleblowing from officers and employees of the Group, while ensuring the system to protect whistleblowers.
- [5] The Board of Directors of the Company shall receive regular reports on the execution of duties from the person performing the duties in the Group and shall confirm that there is no non-compliance in the execution of duties.
- [6] The Company shall conduct an internal audit in order to confirm the status of business execution in the Group, ensure compliance with laws and regulations and the Articles of Incorporation, etc. and make improvements in operational efficiency.
- [7] The Group shall take a firm stand against antisocial forces, have no relationship with them and deal with them systematically in coordination with external professional organizations.

[Overview of status of development and operation]

- We strive to comply with laws and regulations by ensuring that all officers and employees are fully aware of our basic philosophy, value, Action Guidelines, 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 and Compliance Committee.
- We use e-learning to provide all officers and employees with various types of compliance education, including matters related to the prevention of insider trading, information security, prevention of harassment and procurement transactions.
- The Group's officers and employees who become aware of potential non-compliance issues should report them to the line manager, and the details should be reported to the Board of Directors and the Audit & Supervisory Committee.
- We are developing and expanding our global Whistleblowing System and make the rules for the usage known. In addition, we pursue the prohibition of adverse treatment or retaliation against the whistleblower as well as the protection of the whistleblower.
- The Board of Directors of the Company receives regular reports on the execution of duties from the person performing the duties in the Group and confirms that there is no non-compliance in the execution of duties.
- The Company conducts an internal audit by the Audit Department in order to confirm the status of business execution in the Group, ensures compliance with laws and regulations and the Articles of Incorporation, etc. and makes improvements in operational efficiency.
- In order to prevent transactions with anti-social forces, we check the appropriateness of transactions as an essential response in our business processes.

(2) Systems under which information regarding execution of duties by Directors shall be retained and managed

[Systems]

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| [1] The Company shall properly store and manage documents related to the execution of duties by Directors and other important information in accordance with the Important Document Management Regulations, after appointing a person in charge of retention. |
| [2] The Company shall establish a system in which Directors have access at all times to documents to confirm the status of the execution of their duties. |

[Overview of status of development and operation]

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| <ul style="list-style-type: none"> · 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 Company's important documents and information, 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 can view documents to confirm the status of execution of duties at all times. |
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(3) Regulations and other systems for the risk management of loss

[Systems]

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| [1] The Company shall establish a risk management system in accordance with the Risk Management Code. Risk management for overall management shall be conducted by the Management Committee, and risk management for disasters/accidents, compliance, information security, etc. shall be conducted by the Risk and Compliance Committee. |
| [2] The Company shall systematically and continuously extract and evaluate risks that could cause losses to the Group, appoint an officer for each extracted risk item to clarify a system of responsibility, and formulate and implement measures. In addition, when risks materialize, the Company shall take necessary measures to minimize losses arising. |
| [3] Based on the Business Continuity Plan (BCP)/Business Continuity Management (BCM) Code, the Company shall clarify a system of responsibility, prepare for a contingency such as disasters in the Group and its business partners, and conduct activities to ensure business continuity of the Group. |
| [4] In accordance with the Information Security Code, the Company shall clarify a system of responsibility and implement specific measures for the Group's information security. |
| [5] The Company shall regularly report to the Board of Directors on the status of the Group's risk management activities. |

[Overview of status of development and operation]

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| <ul style="list-style-type: none"> · 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 global risk management system. · We have established a risk management process and regularly have a company-wide risk review conducted by the Management Committee. Through this process, we ascertain information on the latest risk status, appoint an officer for each risk, develop measures and countermeasures against risks, and check on the progress thereof. · The Risk and Compliance Committee reports information security incidents and cyber security and confirms the progress of countermeasures, and checks whether any violations of laws or regulations have occurred. · As part of the BCP/BCM initiative, we continuously engage in activities such as developing manuals and conducting BCP drills based on our policies during normal times. During the fiscal year under review, we conducted a drill in anticipation of a large-scale disaster, and reviewed the manual based on the issues raised there. · The Information Security Promotion Office was established to further strengthen the information security system. In addition to promoting the development of information security rules throughout the Group, various information security measures were implemented, including the introduction of multi-factor authentication, information security training for officers, and drills for targeted e-mail attacks. · The activities of the Management Committee and the Risk and Compliance Committee are regularly and occasionally reported to the Board of Directors. |
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(4) Systems to ensure efficient execution of duties by Directors

[Systems]

<p>[1] The Company shall separate the supervisory function from the executive function of management, and the Board of Directors of the Company shall determine basic management policies and important business execution etc., and supervise executive function. The Company shall introduce an executive officer system, and CEO and executive officers are responsible for the executive functions of the business. In addition, the Management Committee shall be established to efficiently conduct multifaceted reviews in the executive function, and it deliberates and decides on important matters related to management strategy and business execution.</p>
<p>[2] The Company shall clarify the duties of the Group's officers and employees and the reporting obligations of its subsidiary officers and employees to the Company in accordance with the Socionext Group Approval Authority and the Affiliate Management Regulations and the Regulations on Organization and Separation of Duties.</p>
<p>[3] The Company shall establish a system for the efficient and lawful conduct of the Group's business by establishing the business process fundamentals for the business.</p>
<p>[4] The Company shall continuously promote the development of internal control systems and the reform of business processes in the Group.</p>
<p>[5] The Company shall disseminate its management policy throughout the Group and formulate a business plan in March of each year that includes the next fiscal year and beyond. At monthly meetings of the Board of Directors, the Company shall monitor and supervise the achievement of management objectives by reporting on financial results and the status of business execution.</p>

[Overview of status of development and operation]

<ul style="list-style-type: none"> · Directors make important management decisions promptly at the Board of Directors meetings and supervise the execution of duties. In addition, among the agenda presented to the Board of Directors meetings, important management issues are discussed and reviewed in advance by the Management Committee to enhance deliberations. In addition, through the introduction of the executive officer system, the Company endeavors to accelerate business execution. · Specifically, we are improving efficiency in the execution of duties by Directors through the following management, etc. - By clarifying the business model and the business areas of Solution SoC and promoting a business transformation and shift of resources to growth areas, we are focusing on large-scale global business opportunities and development for business expansion and growth. - To enable efficient and quick development, we are promoting visualization of development resources and building a system that enables timely resource assignment. - We have been building and strengthening a structure for execution of duties as a listed company, including enhancement of public relations and investor relations functions and stock-related legal functions. In addition, the ESG Promotion Office was established to promote the construction, execution and disclosure of ESG-related business processes required internally and externally. · In accordance with the Management Committee Regulations and the Socionext Group Approval Authority and the Affiliate Management Regulations, important matters relating to the business activities of the Group are set forth and administered as matters to be approved by and reported to the Management Committee. 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, we establish the codes applicable to the entire Group Company to strengthen the management system of the Group Company. · The Company establishes a system for the efficient and lawful conduct of the Group's business by establishing the business process fundamentals for the business. In addition, we conduct internal audits of business processes and take corrective actions as necessary, while continuously improving the processes. · The Internal Audit Department conducts internal audits of the Group as a whole to ensure that the Group is performing its duties in accordance with the Socionext Group Approval Authority and the Affiliate Management Regulations and the rules of business processes. · The Group formulates a business plan in March every year that includes the following fiscal year and years beyond. In addition to quarterly management, the Group strives to manage management indicators and targets over the course of multiple fiscal years. Under this structure, we strive to confirm the feasibility of design wins and sales plans, promote comprehensive cost and gross margin improvements, upgrade our market strategy and check the validity of up-front development investments when it comes to design wins and lead generation, globalize and improve the efficiency of SCM, and globalize and improve the efficiency of corporate operations, while at the same time building and strengthening the IT infrastructure that supports our business activities. The status of these initiatives is reported to the Board of Directors monthly.

(5) Matters relating to Socionext Personnel assisting with the duties of the Audit & Supervisory Committee, matters relating to the independence of such personnel from Directors, and matters relating to ensuring the effectiveness of directions given to such personnel

[Systems]

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| [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 the Audit & Supervisory Committee of the Company, 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, 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. |

[Overview of status of development and operation]

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| · The Company has established an Audit & Supervisory Committee Secretariat to support the duties of the Audit & Supervisory Committee and assigns appropriate personnel. |
| · The Company obtains the consent of the Audit & Supervisory Committee with respect to appointment, transfer and compensation of such personnel assisting with the Audit & Supervisory Committee. |
| · Audit & Supervisory Committee Secretariat is a full-time system and has no concurrent staff. |

(6) System for reporting to the Audit & Supervisory Committee

[Systems]

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| [1] Officers and employees of the Group shall periodically report the performance of their duties to the Audit & Supervisory Committee of the Company and provide Audit & Supervisory Committee members with opportunities to attend important meetings. |
| [2] Officers and employees of the Group 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] The Group shall not treat any officers or employees unfavorably for the reason of making a report under the preceding two items. |

[Overview of status of development and operation]

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| · The Audit & Supervisory Committee receives reports on the status of the execution of duties from the CEO and executive officers, etc. on a regular and occasional basis. In addition, the 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. |
| · Officers and employees of the Group 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. |
| · The Group does not treat its officers and employees who report to the Audit & Supervisory Committee unfavorably for the reason of having made a report under the preceding two items. |

(7) Other Systems for Ensuring Effectiveness of Audit by the Audit & Supervisory Committee

[Systems]

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| [1] Officers and employees of the Group shall exchange information with the Audit & Supervisory Committee upon request from the Audit & Supervisory Committee. |
| [2] The Audit Department shall regularly report the status and results of audits to the Audit & Supervisory Committee. The Audit & Supervisory Committee may give instructions to the Audit Department as necessary. |
| [3] The Audit & Supervisory Committee shall receive reports from accounting auditors on plans and results of accounting audits from time to time, and periodically exchange information with accounting auditors. |
| [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 the Company shall establish procedures for the requests in the same paragraph. |

[Overview of status of development and operation]

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| · Officers and employees of the Group exchange information with the Audit & Supervisory Committee upon request from the Audit & Supervisory Committee. |
| · The Audit & Supervisory Committee works closely with the Internal Audit Department, which is the internal audit division, to improve the effectiveness and efficiency of audits by exchanging information and opinions with each other on a regular basis and when necessary. |
| · The Audit & Supervisory Committee receives periodic and occasional reports from accounting auditors and exchanges information and opinions. |
| · Expenses of the Audit & Supervisory Committee are properly settled in response to requests from Audit & Supervisory Committee Members. |

Risk Management

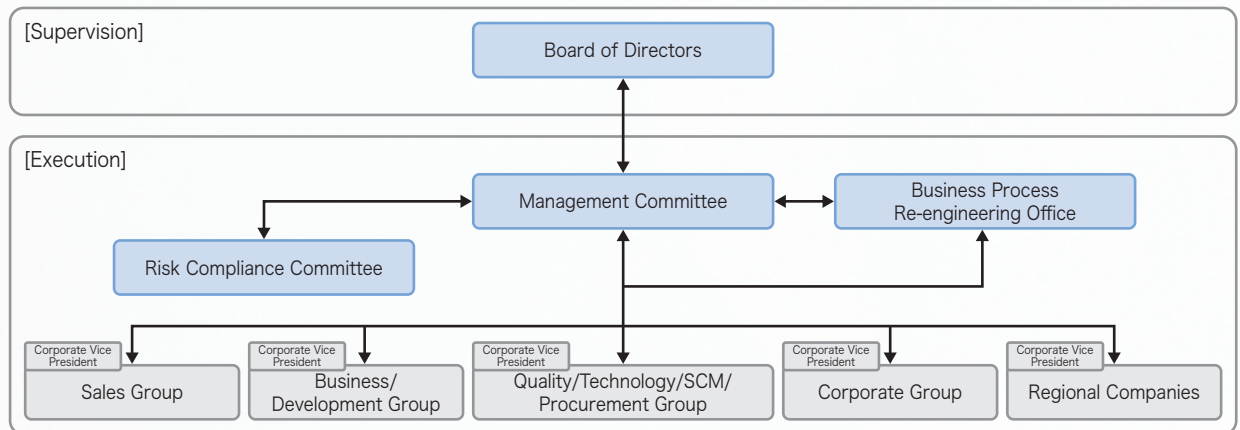


As our group expands its business activities globally, it is important to quickly grasp all risks arising from changes in the complex and diverse business environment and take appropriate countermeasures. We believe that this is essential to achieving our goal.

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, 2024.

● Risk Management Structure

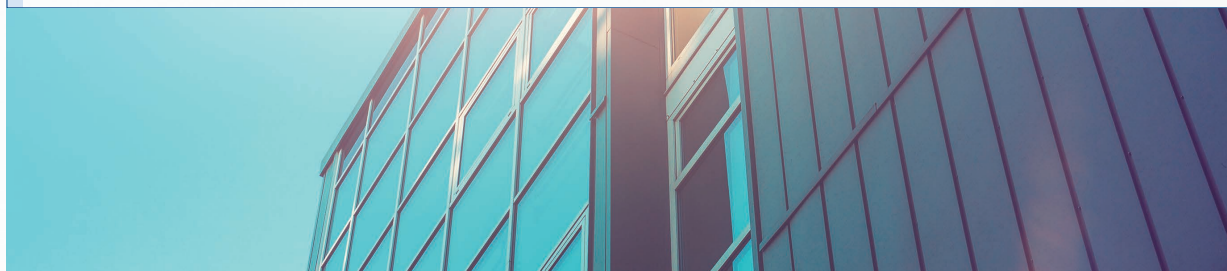


● Overall view of Critical risks

[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 capital)
- Global compliance (antitrust, bribery, etc.)
- Intellectual property
- Accounting/taxation
- M&A/investment

Compliance



Basic Philosophy

In its Basic CSR Policy, which is the basic philosophy of the Group, Socionext Group recognizes that "Compliance with Laws and Regulations, and Social Standards", "Promotion of Fair Business Transactions" and "Confidentiality" are important responsibilities. Based on these Basic CSR Policies, the Group has established the Compliance Code as part of our Group regulations, and we ensure that all Group employees act with a high sense of ethics and compliance awareness.

<p>Compliance Standards (excerpted)</p>	<p>[Compliance with Laws and Regulations, and Social Standards]</p> <ul style="list-style-type: none"> · Socionext understands and observes international laws, and domestic laws for carrying out business activities. Therefore, Socionext has created a system under which it makes Socionext Personnel observe the Management Philosophy, Management Vision, Action Policy, CSR Policy, and Regulations. <p>[Promotion of Fair Business Transactions]</p> <ul style="list-style-type: none"> · Socionext observes each country's competition laws, and carries out business transactions through fair means. · Socionext does not carry out any acts that may violate any country's anti-trust laws or are suspected as such. · Socionext observes each country's laws in relation to preventing bribery, corruption, and conflict of interest. In addition, Socionext does not carry out any acts that are suspected of violating any laws and regulations. <p>[Confidentiality]</p> <ul style="list-style-type: none"> · Socionext has established a confidential information management system, and strictly manages confidential information. Confidential information means information regarding Socionext, third parties and personnel. · Socionext Personnel must observe the confidential information management system. Socionext Personnel must not leak confidential information or use the confidential information unjustly, even after leaving Socionext. · Socionext makes Socionext Personnel obtain personal information through appropriate means, but does not make them use it for any purpose other than the purpose of obtaining that information.
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Compliance Administration

● Risk and Compliance Committee

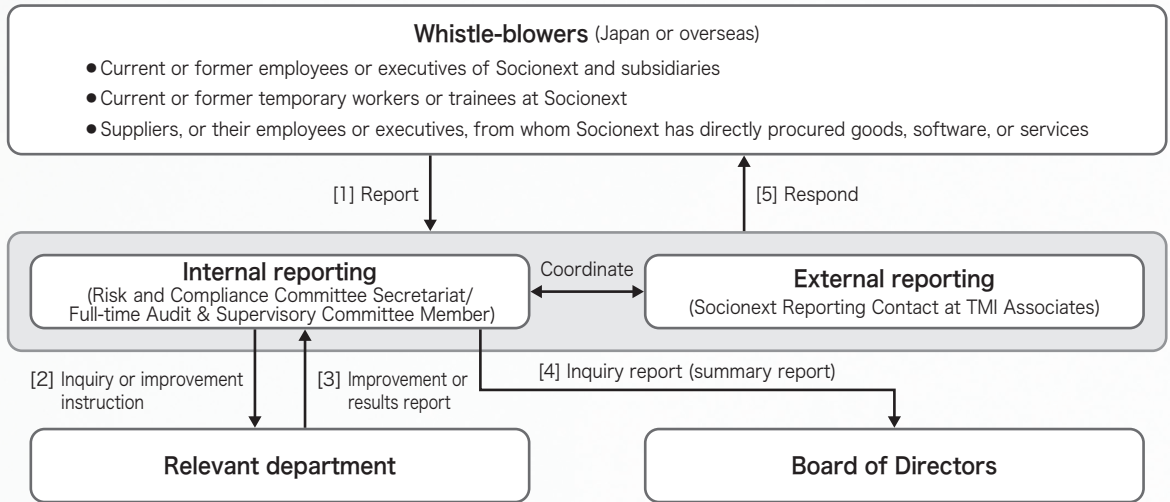
Our group has a Risk and Compliance Committee made up of executives and others and led by the CEO. The committee meets once a quarter to assess, analyze, and formulate actions on issues such as compliance, information security, and disaster risks.

●Internal Reporting System

Our group has established an internal reporting (Whistle-Blowing) 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/Full-time Audit & Supervisory Committee Member) 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]



Main Actions on Compliance

●Compliance education and Training

Our 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, 2024 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) [Thema] Laws on subcontractor payments and security-related export controls, harassment prevention, information security, and insider trading.
	<ul style="list-style-type: none"> · Group classes for new recruits on compliance, information security, and human rights

●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 partners and other contracts or are contained in separate agreements reached with such parties.

- We cooperate 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 we have 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.

● Action on Preventing Insider trading.

Our 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.

● 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.

- (1) We conduct business transactions by fair means based on the principle of free competition and in compliance with national competition laws.
- (2) We do not participate in agreements with competitors that may violate national antitrust laws and do not engage in practices that raise such suspicions.
- (3) 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.

● Security Export Control

Our group 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.

● Global Tax Policy

(1) Basic policy

We understand the legislative intent of the tax laws enacted by countries in which Socionext and its subsidiaries operate and commit to comply with such laws. Further, we support the OECD's international tax rules and the action plan on Base Erosion and Profit Shifting (BEPS), through which we pay taxes in a timely and appropriate manner and fulfill social responsibilities.

*: BEPS, which stands for Base Erosion and Profit Shifting, is an international project launched by the OECD Group of 20 to prevent tax avoidance.

(2) Tax Governance

Under the leadership of the Chief Executive Officer (CEO) of the Company, we have established a framework under which the tax governance of the group is supervised and controlled by the CFO and corporate finance division of the Company, with the cooperation of regional management who have responsibility for tax affairs in the overseas subsidiaries. With this framework, we appropriately respond and adapt to the changing global taxation environment, including the latest tax legislation changes, in the countries and regions where we operate and have business relations.

(3) Tax risk management

We take the following actions to minimize tax risks:

- Our specialized tax organization works closely with the business operations department to discover tax risks in the early stages.
- When a material tax risk is identified, we will investigate the facts and determine how to treat such a risk in the context of legislative intent.
- If any uncertainty as to the tax processing remains, we will seek the advice of outside specialists or make advance inquiries to the tax authorities as necessary in an effort to eliminate such uncertainty.
- In cross-border intra-group transactions, we analyze the functions and risks of overseas subsidiaries and determine the transaction prices in accordance with the OECD's guidelines on transfer pricing and our transfer pricing policy.

(4) Approach to tax haven

We don't use tax havens (countries or regions with no tax or extremely low tax rates) with no presence of actual business conditions for the purpose of international tax avoidance.

(5) Tax planning

In order to maximize shareholder value, we strive to realize an appropriate tax burden by applying tax incentives using the most favorable method within the scope of our business objectives and legislative intent.

(6) Organization and personnel training

As tax-related issues are complex and may have a material impact on cash flows, tax affairs require expertise and wide experience. We take the following actions for the operation of tax-related organizations and the training of personnel:

- Since we are required to find solutions for complex tax-related issues and provide instructions for our domestic and overseas subsidiaries, our specialized tax organization will continue to secure and foster experienced personnel with a high level of expertise.
- Each subsidiary develops human resources that can smoothly carry out tax operations by collaborating with

external experts.

- We make efforts to spread the necessary knowledge on tax among all employees.

(7) Relationship with Tax Authorities

We aim to maintain a relationship of trust with tax authorities by providing appropriate information and responding sincerely to each country’s tax authorities. If a difference of opinion should arise with each country’s tax authority, we will communicate constructively with the tax authority to seek a resolution to the issue.

● Information Security/Protection of Personal Information

Socionext, which operates in the “Solution 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.

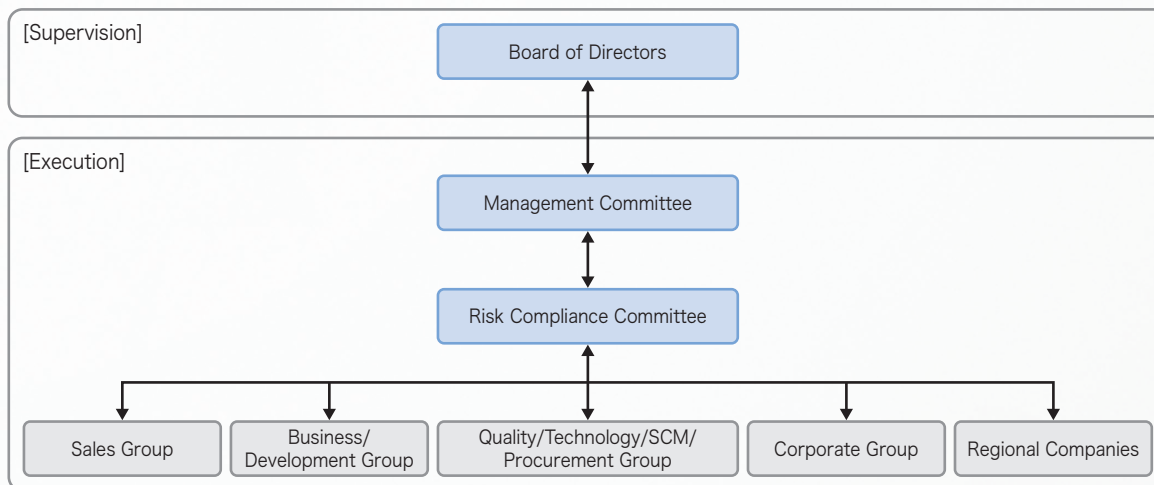
Our group ensure information security throughout the Group by establishing basic measures and systems to ensure information security, and by managing information confidentiality, integrity, and availability in a balanced manner, thereby ensuring appropriate handling of information assets of our group,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

Our group 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.

- Risk Management System for Information Security and Personal Information Protection

The Risk and Compliance Committee discusses identifying, analyzing, and taking measures for information security risks. The Risk 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.



- About the Privacy Policy

Socionext Inc. (“Socionext”) fully acknowledges that it is Socionext’s social responsibility as a company to appropriately handle the personal information of each user. With this in mind, Socionext promises to respect the value of personal information and protect all acquired personal information according to the following rules.

- (1) Socionext shall periodically educate its board members and employees about the personal information management system. A privacy management chief will be assigned within each department which handles personal information to ensure that personal information is managed appropriately.

- (2) Socionext shall use personal information only for the purpose stated beforehand or for the purpose apparent under the circumstances of information acquisition, and only when the user consents in advance or disclosure is required for legal reasons.
- (3) Socionext shall not provide personal information to any third party without prior consent from the user, with the exception of disclosures required for legal reasons. Upon providing personal information to a third party, that party is obligated by contract or agreement to handle the personal information appropriately.
- (4) Socionext shall employ strict policies to ensure handling of personal information and prevent leakage, loss or damage of personal information, and shall take corrective measures when any breach occurs.
- (5) When a user wishes to make an inquiry or wants to raise complaints, or when disclosure of personal information which Socionext has the right to disclose is requested in person (or by a representative), Socionext shall quickly take reasonable action to comply through the appropriate department.
- (6) Socionext shall follow the Japanese laws, guidelines and other norms for handling personal information. Socionext shall continuously improve the personal information management system.

ESG Data

E: Environment

● Greenhouse Gas Emission (GHG)

Item	Unit	Global				
		FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024		
Greenhouse Gas Emission (GHG)	Total (S1+S2) Market Base	t-CO ₂	7,289	8,534	8,198	
	Total (S1+S2+S3) Market Base	t-CO ₂	254,054	544,958	385,008	
	Scope1	t-CO ₂	318	235	262	
	Scope1 (Breakdown)					
	Carbon Dioxide (CO ₂)	t-CO ₂	318	235	262	
	Methane (CH ₄)	t-CO ₂	0	0	0	
	Dinitrogen Monoxide (N ₂ O)	t-CO ₂	0	0	0	
	Hydrofluorocarbons (HFCs)	t-CO ₂	0	0	0	
	Perfluorocarbons (PFCs)	t-CO ₂	0	0	0	
	Sulfur Hexafluoride (SF ₆)	t-CO ₂	0	0	0	
	Nitrogen Trifluoride (NF ₃)	t-CO ₂	0	0	0	
	Scope2 Market Base	t-CO ₂	6,971	8,299	7,936	
	Scope2 Location Base	t-CO ₂	7,701	8,500	7,950	
	Emission from Data Centers	t-CO ₂	1,359	3,678	3,655	
	Scope3 Excluding Scope1 and Scope2 (Total)	t-CO ₂	246,765	536,424	376,810	
	C1 Purchased Goods and Services	t-CO ₂	216,169	500,316	339,024	
	C2 Capital Goods	t-CO ₂	27,715	32,053	32,164	
	C3 Fuel and energy-related activities not included in Scope 1 and 2	t-CO ₂	1,269	1,416	1,370	
	C4 Upstream Transportation and Distribution	t-CO ₂	895	1,150	1,136	
	C5 Waste Generated in Operations	t-CO ₂	50	26	25	
	C6 Business Travel	t-CO ₂	200	953	2,267	
	C7 Employee Commuting	t-CO ₂	467	510	824	
	C8 Upstream Leased Assets	t-CO ₂	Not applicable			
C9 Downstream Transportation and Distribution	t-CO ₂	Not applicable for calculation in category 4.				
C10 Processing of Sold Products	t-CO ₂	Not applicable				
C11 Use of Sold Products	t-CO ₂	Not applicable				
C12 End-of-Life Treatment of Sold Products	t-CO ₂	Not applicable				
C13 Downstream Leased Assets	t-CO ₂	Not applicable				
C14 Franchises	t-CO ₂	Not applicable				
C15 Investments	t-CO ₂	Not applicable				

●Energy management in Business activities (Global)

Item	Unit	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Total energy consumption	[GJ]	176,530	197,892	165,944
Percentage of power from the grid electricity	[%]	95.3	96.4	95.2
Percentage of renewable energy	[%]	0	0	0

●Reduction of Energy Consumption (Japan)

Item	Unit	Results		
		FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Energy consumption	[KL/year]	3,356	2,761	2,098
Usage rate	[KL/No. of employees]	1.529	1.260	0.962
Electric Power Consumption	[kWh]	12,283,844	10,013,456	8,506,506
Steam	[MJ]	1,467,943	1,812,805	1,806,509
City Gas	[m ³]	124,752	104,842	125,823

●Reduction of Waste (Japan)

Item	Weight of waste (tons)	
FY ended March 31, 2022*	81.23	
FY ended March 31, 2023	13.60	
FY ended March 31, 2024	13.39	
FY ended March 31, 2024 (Breakdown)	Amount of general waste generated	2.19
	Amount recycled	2.19
	Amount not recycled	0
	Industrial Waste Amount	11.00
	Amount recycled	10.46
	Amount not recycled	0.54
	Specially controlled industrial waste	0.20
	Amount recycled	0.15
	Amount not recycled	0.05
	Hazardous Waste	0

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

●Management of chemical substance (Global)

Item	Unit	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Volatile organic compounds (23 VOCs emitted into the air)	[ton]	0	0	0

●Water Consumption (Global)

Item	Unit	Global Results		
		FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Water usage	[m ³]	3,440	4,798	4,145

*: The fiscal year ending March 2022 results is only Japan.

●Results of Environmental Education (Japan)

Item	Unit	Domestic Results		
		FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Environmental education Participants	Persons (Participation rate)	2,331 (100%)	2,331 (100%)	2,347 (100%)

●Acquisition of ISO Certification (Global)

ISO certification	scope of authentication
ISO14001 [Environmental Management System]	Shin-Yokohama Headquarters
	Kyoto Office
	Kawasaki (Mizonokuchi) Office
	Sendai Office
	Kozoji Office

ISO certification	scope of authentication
ISO9001 [Quality management]	Shin-Yokohama Headquarters
	Kyoto Office
	Kawasaki (Mizonokuchi) Office
	Sendai Office
	Kozoji Office
	Socionext Europe GmbH

ISO certification	scope of authentication
ISO26262 [functional safety]	Acquisition by certain business divisions
ISO/IEC5230 [OpenChain/OSS Compliance Management]	All domestic sites

ISO certification	scope of authentication
ISO/IEC27001 [information security]	Shin-Yokohama Headquarters (Acquisition by certain business divisions)
	Socionext Europe GmbH

Detailed information regarding ISO certification is available on our website.
<https://www.socionext.com/en/sustainability/management/>

●Environmental Risk Management (Global)

Item	Unit	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Violations of Environmental Rules	Number [Items]	0	0	0
	Penalty Amount [1000 yen]	0	0	0

●Recall Information(Global)

Item	Unit	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Recall information	Number [Items]	0	0	0

S: Social

●Age Composition of Employees(Japan)

Number of employees (FY ended March 31, 2024)

		Unit	FY ended March 31, 2024		
			Total	Female	Male
Regular employee	Total	Persons	1,938	190	1,748
	20s	Persons	129	18	111
	30s	Persons	141	36	105
	40s	Persons	628	76	552
	50s	Persons	991	57	934
	60s	Persons	49	3	46
	70 Years Old or Older	Persons	0	0	0
non-regular employee	Total	Persons	230	23	207
	Fixed-term full-time	Persons	18	10	8
	Continued hiring after retirement	Persons	212	13	199

●Gender Composition of New graduates (Japan)

	Unit	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Female	Persons	4	0	2
	%	12%	0%	8%
Male	Persons	29	12	24
	%	88%	100%	92%
Total	Persons	33	12	26

●Gender Composition of Career hires (Japan)

	Unit	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Female	Persons	5	8	3
	%	25%	25%	8%
Male	Persons	15	24	36
	%	75%	75%	92%
Total	Persons	20	32	39
Reemployment	Persons	0	0	3

●Consecutive years served (Japan)

Consecutive Years Served*	Unit	FY ended March 31, 2024		
		Total	Female	Male
	Year	8.1	7.5	8.1

*: The number of years of service is calculated from March 2015, when the business started.

● Employees with Disabilities (Japan)

	Unit	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Number of employees [*]	Persons	51	53	55
Employment ratio	%	2.2	2.3	2.4
Employment target (%)	%	2.3	2.3	2.3

*: Type of disability: physically disabled, developmentally disabled, mentally disabled other than developmentally disabled

● Employee Turnover (Japan)

Voluntary	Unit	Employee Turnover Number		
		Total	Female	Male
FY ended March 31, 2022	Persons	55	3	52
FY ended March 31, 2023	Persons	44	1	43
FY ended March 31, 2024	Persons	35	4	31
Turnover in 2024	%	1.8%	2.1%	1.8%
Number of retirees (other than above)	Persons	14	0	14

● Composition ratio of Employees (Japan)

	Unit	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Ratio of Female/male employees ¹	Female	%	9.5%	9.8%
	Male	%	90.5%	90.2%
Ratio of Female/male managers ²	Female	%	2.4%	2.3%
	Male	%	97.6%	97.4%

¹1: Composition ratio as of March 2024

²2: Target ratio of female managers; 3.4% by FY 2027

● Status of Foreign Employees (Japan)

Number of employees as of the end of March 2024

	Unit	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Regular	Persons	43	43	43
Non-regular	Persons	2	1	1

Number of employees as of the end of March 2024

	Unit	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Hiring new graduates	Persons	1	2	2
Hiring Career	Persons	0	3	1

●Education and Training (Japan)

Item	Training Summary	Training Time Per Employee		
		FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Job-level-specific training	Training for new recruits and for newly appointed management, etc.	2.9 hours	1.3 hours	1.8 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	4.0 hours	4.6 hours	5.5 hours
Specialized training	Language training, communication training, basic technical training, etc.	2.9 hours	5.5 hours	3.4 hours
Total		9.8 hours	11.4 hours	10.7 hours

●Education of Engineers (Japan)

Indicator	Results		
	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Percentage of global project experience	60%	72%	82%
Percentage of experience in advanced technology projects (7nm and below)	47%	61%	75%

●Wage Differences between Males and Females (Japan)

	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
All employees	70.3%	71.6%	71.6%
Regular	72.0%	72.6%	72.5%
Non-regular	57.5%	61.3%	62.7%
Managerial positions only	95.1%	95.4%	91.6%

●Health Promotion/Health and Safety

			FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Health promotion	Stress check implementation rate	Japan	87.4%	85.8%	83.2%
Health and safety	Number of serious occupational accidents	Global	0	0	0

● Promotion of Work-life Balance (Japan)

	Unit	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Annual actual working hours (per person average)	hour	2,186	2,165	2,099
Ratio of paid leave taken	%	67.8%	74.1%	75.3%
Remote work application ratio	%	100%	100%	100%
Ratio of Employees Taking Childcare Leave(Female)	%	100%	100%	100%
Ratio of Employees Taking Childcare Leave (Male)	%	14.8%	15.8%	57.1%
Reinstatement ratio	%	100%	100%	100%
Number of employees taking nursing care leave	persons	0	3	2

Supply Chain (S: Social and E: Environment)

● Implementation of CSR Surveys for Partners (Global)

Survey subject	Response results	Survey coverage	Major partners	
261 companies	145companies (/261 companies)	80.2% (transaction amount)	14companies (/14 companies)	58.3% (transaction amount)
		55.6% (number of companies)		5.4% (number of companies)

● Conflict Minerals (3TG, Global)

	3TG				
	FY ended March 31, 2024 (19 companies)				
	Total	Gold	Tantalum	Tin	Tungsten
No. of smelters or other processing facilities	234	99	34	65	36
No. of RMAP-certified (conflict-free) smelters or other processing facilities	213	87	33	62	31
No. of RMAP Active facilities	2	2	-	-	-
No. of other RMI-certified facilities	19	10	1	3	5
Percentage of RMAP-certified facilities	91%	88%	97%	95%	86%
Inquiry response rate	100%	-	-	-	-

● Conflict Minerals (Cobalt & Mica, Global)

	Cobalt & Mica		
	FY ended March 31, 2024 (11 companies)		
	Total	Cobalt	Mica
No. of smelters or other processing facilities	81	77	4
No. of RMAP-certified (conflict-free) smelters or other processing facilities	42	42	0
No. of RMAP Active facilities	6	3	3
No. of other RMI-certified facilities	33	32	1
Percentage of RMAP-certified facilities	52%	55%	0%
Inquiry response rate	100%	100%	100%

G: Governance

● **Ratio of Board of Directors**

		Unit	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Internal Directors	Female	Persons (%)	0 (0%)	0 (0%)	0 (0%)
	Male	Persons (%)	6 (46%)	6 (60%)	5 (50%)
	Total	Persons (%)	6 (46%)	6 (60%)	5 (50%)
Outside Directors	Female	Persons (%)	1 (8%)	1 (10%)	2 (20%)
	Male	Persons (%)	6 (46%)	3 (30%)	3 (30%)
	Total	Persons (%)	7 (54%)	4 (40%)	5 (50%)
Total	Female	Persons (%)	1 (8%)	1 (10%)	2 (20%)
	Male	Persons (%)	12 (92%)	9 (90%)	8 (80%)
	Total	Persons (%)	13 (100%)	10 (100%)	10 (100%)

● **Status of Board of Directors**

			Unit	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Board of Directors	Total number of Board of directors	Internal Directors (Female)	Persons	6 (0)	6 (0)	5 (0)
		Outside Director (Female)	Persons	7 (1)	4 (1)	5 (2)
	Average Age		years	58.2	59.8	55.6
	Average Term		years	2.1	2.7	3.1
Director in charge of risk management			Persons	1	1	1
Director in charge of CSR (Sustainability)			Persons	1	1	1

● **Status of the Committee on Governance (FY ended March 31, 2024)**

Composition	Unit	Audit and Supervisory Committee	Appointments and Remuneration Committee
Number of members	Persons	3	3
Internal Directors (Female)	Persons	0	1 (0)
Outside Director (Female)	Persons	3 (1)	2 (1)

● Number of Board of Directors meetings and committee meetings (FY ended March 31, 2024)

Position	Name	Attendance
Representative Director	Masahiro Koezuka	14 out of 14 (100%)
Director	Koichi Otsuki	14 out of 14 (100%)
Director	Noriaki Kubo	14 out of 14 (100%)
Director	Yutaka Yoneyama	14 out of 14 (100%)
Director	Hisato Yoshida	11 out of 11 (100%)
Director	Shin-ichi Ando ¹	3 out of 3 (100%)
Outside Director	Katsushi Kitajo ¹	3 out of 3 (100%)
Outside Director	Masatoshi Suzuki	14 out of 14 (100%)
Outside Director	Sachiko Kasano ²	14 out of 14 (100%)
Outside Director (Audit & Supervisory Committee Member)	Yasuyoshi Ichikawa	14 out of 14 (100%)
Outside Director (Audit & Supervisory Committee Member)	Morimasa Ikemoto	11 out of 11 (100%)
Outside Director (Audit & Supervisory Committee Member)	Noriko Yoneda	11 out of 11 (100%)
Director (Audit & Supervisory Committee Member)	Tsuyoshi Sakuma ³	3 out of 3 (100%)

*1: Shin-ichi Ando and Katsushi Kitajo retired at the conclusion of the 9th Ordinary General Meeting of Shareholders held on June 28, 2023, and the status up to that time is shown.

*2: As Sachiko Kasano retired from the position of Director (Audit & Supervisory Committee Member) at the conclusion of the 9th Ordinary General Meeting of Shareholders held on June 28, 2023, and assumed the position of Director who is not an Audit & Supervisory Committee Member in the said General Meeting of Shareholders, her attendance record includes those attended as a Director (Audit & Supervisory Committee Member).

*3: Tsuyoshi Sakuma retired from the position of Director (Audit & Supervisory Committee Member) at the conclusion of the 9th Ordinary General Meeting of Shareholders held on June 28, 2023, and the status up to that time is shown.

● Compliance

Item	Range	Unit	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Number of reports and accusations	Internal	Item	0	0	0
	External	Item	0	0	0
Cease and desist from Fair Trade Commission and other relevant authorities	-	Item	0	0	0
Suspension of operations due to scandals	-	Item	0	0	0
Criminal prosecution for compliance-related accidents and incidents	detection by price cartel	-	Item	0	0
	detection of bribery	-	Item	0	0
	detection by others	-	Item	0	0

● Compliance Education

Item	Unit	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024
Number of training sessions for officers on compliance	times	1	1	1
Number of training sessions for employees on compliance	times	1	1	1





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