

Human resource strategy

Human resources supporting value creation

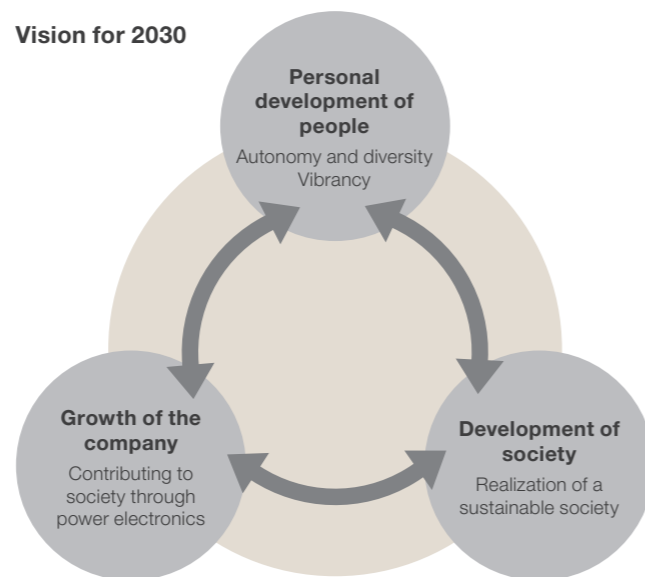
Happiness and Stability for Employees is part of the Sansha Electric Manufacturing Group's corporate philosophy. We believe that our staff's happiness is one of the most important parts of our business's foundation for corporate growth and development. Additionally, we are convinced that personnel who think and act independently are essential for the Group's continuous growth. We are focused on increasing employee independence.

Under the basic policy that states the personal development of people is equal to the growth of the company, we are creating an organizational climate in which employees help themselves and each other develop and workplaces where they can work vibrantly, aiming to simultaneously achieve the personal development of employees and the growth of the company.

Personnel management for continuous growth

In 2021, the Sansha Electric Manufacturing Group began to push forward with medium- to long-term initiatives to achieve its 2030 vision, which consists of three pillars: the development of the next generation of employees, employees that are experts in technology and employees that are able to work actively in global markets, the promotion of diversity and the creation of an organization and climate.

Vision for 2030



Required qualities

- Independent thinking and acting
- Have a can-do spirit
- Communicate with a wide variety of people
- Eager to learn and very curious

Three pillars

Personnel development	Promoting diversity	Creation of organization and climate
<p>Policy</p> <p>In an era where reform is required, we will continue working to develop personnel with broad perspectives and diverse experiences, being capable of directing our businesses in the future.</p>	<p>Policy</p> <p>To create an organization where diverse human resources can work vibrantly, we will push forward with initiatives to promote the active participation of female employees, achieve a diverse employee population and enable employees to achieve a healthy work-life balance.</p>	<p>Policy</p> <p>We will push forward with the creation of a system that leads to increased motivation as well as personal development and a climate which enables people to take on challenges without fear of failure.</p>
<p>Priority measures</p> <ol style="list-style-type: none"> 1 Cultivating next-generation executives and leaders 2 Rebuilding programs to develop skills and professional abilities 3 Building a foundation for human resources to develop future global leaders 	<p>Priority measures</p> <ol style="list-style-type: none"> 1 Promotion of active participation of female employees. Securing development opportunities in view of promotion to managerial positions and building a system which will enable female employees to continue to actively participate over the long term 2 Proactively promoting mid-career employment 	<p>Priority measures</p> <ol style="list-style-type: none"> 1 Promoting projects focused on young and mid-career employees 2 Creating opportunities to interact with other companies 3 Holding meetings to exchange opinions with management

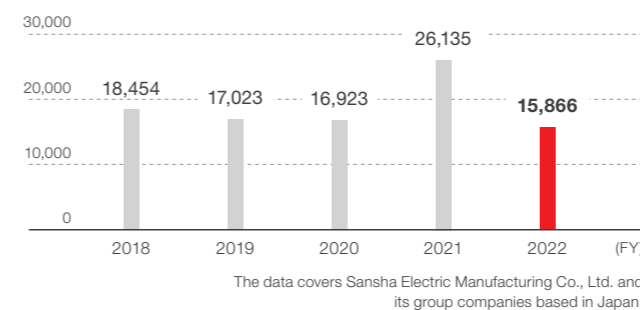
Personnel development

In an era where reform is required, we will push forward with initiatives including the implementation of educational and training programs to continue to develop personnel with broad perspectives and diverse experience who are capable of leading our businesses in the future. In addition, we will enhance the personnel development system, including job-class-specific training programs, in our efforts to reinforce our human resources foundation. At the same time, we will implement

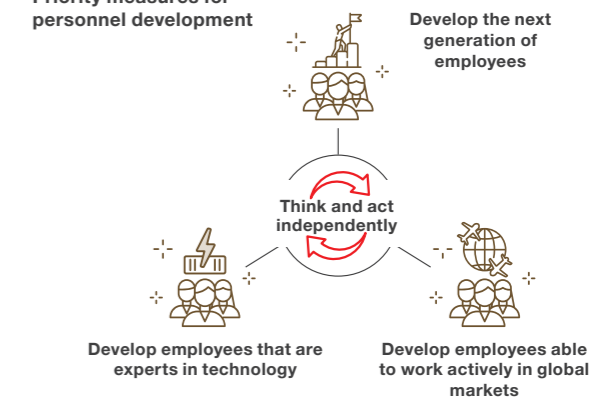
initiatives for the quick development of young human resources and retaining those human resources in a well-planned manner

During the medium-term management plan, we will emphasize the continued development of technology, the development of the engineering personnel who innovate, and further, the hiring of non-Japanese nationals and the development of global leaders who will take charge of overseas-related duties to accelerate the global expansion of our business.

Training expenses per employee (Yen)



Priority measures for personnel development



Education and training systems

	Rank-specific training and promotion training	Global human resources	Technological human resources	Specific to factories or skills	Personnel management	Active participation of female employees	Supporting personal development	Training for all personnel
Management	<ul style="list-style-type: none"> Training for senior managers Newly appointed Deputy General Managers Newly appointed Managers 		<ul style="list-style-type: none"> Technology management 		<ul style="list-style-type: none"> Personnel management Evaluation personnel 			
Leaders	<ul style="list-style-type: none"> Personnel eligible for promotion Initial-level leaders 	<ul style="list-style-type: none"> Overseas trainee program 	<ul style="list-style-type: none"> Technical skills 	<ul style="list-style-type: none"> Rank-specific training in factories 	<ul style="list-style-type: none"> Mentors for new employees 	<ul style="list-style-type: none"> Promotion of active participation of female employees 	<ul style="list-style-type: none"> Acquisition of public qualifications Distance learning 	<ul style="list-style-type: none"> Corporate Philosophy Ethics and compliance
Associates	<ul style="list-style-type: none"> Increasing motivation of young employees Personnel in their second and third year of service Follow-up New employees 	<ul style="list-style-type: none"> Overseas business experience program 	<ul style="list-style-type: none"> Basic technologies 					





Promoting diversity

Promotion of active participation of female employees

The group takes various steps to enable the women we employ to develop. This includes skill development training for women employees, encouraging a shift in the mindsets of personnel including those supervising women, and job rotation to enable women to work in broader fields. We are striving to construct an environment that is friendly to our workers who are women by interviewing people taking childcare leave before returning to work, implementing a system of reduced working hours measured by the minute, and making it possible to take nursing care leave on an hourly basis. As a result of these actions, we received three-star Eruboshi certification in 2021.

Under this certification program, the Minister of Health, Labour and Welfare certifies companies developing and submitting notification of their plans of action in accordance with the Act on the Promotion of Female Participation and Career Advancement in the Workplace and applying to

prefectural labour bureaus that meet predetermined criteria and are engaged in outstanding efforts for the advancement of women. In addition to the above, we were certified as a Leading Company with Actively Participating Women in Osaka-shi (two stars) and certified under the Shiga Prefectural Government's program certifying companies that enable women to advance their careers (two star).



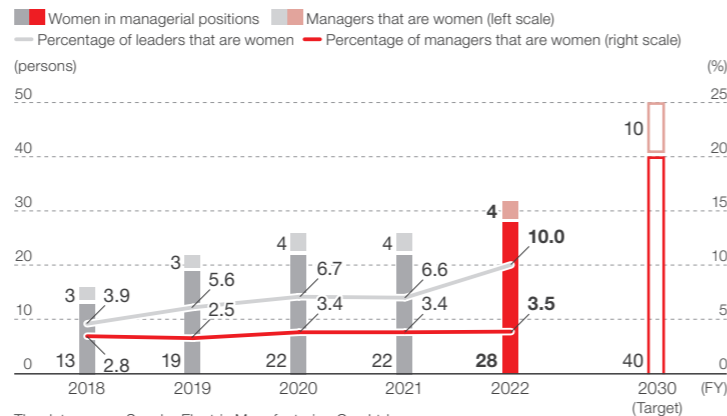
Action plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace

Period	Targets and initiatives
From April 1, 2022 to March 31, 2025	<p>Target 1: Increase the percentage of new graduates recruited that are women to 20% or higher</p> <ul style="list-style-type: none"> Increase recruitment activities conducted by employees that are women Actively distribute information about the good performance of employees that are women Promote the appeal of the environment that is friendly to our workers who are women (including the percentage of people using the childcare leave system) <p>Target 2: Control the average overtime working hours of regular employees to 15 hours or less per month</p> <ul style="list-style-type: none"> Check the actual overtime working hours every month based on internal rules Control overtime working hours properly by using the attendance management system Provide labor management training to managers

To develop leaders that are women, we are reforming awareness and providing training for acquiring skills and expertise to exercise leadership. Regarding the promotion of women to managerial positions, we will set targets and create opportunities to interact with external people to implement initiatives such as increasing their career awareness and enabling them to develop their management skills.

To promote diversity, we will create teams where managers leverage the diversity of their teams and recognize personal qualities, while continuing to provide training for the development of human resources and provide opportunities to learn the mindset.

Managers and leaders that are women



The data covers Sansha Electric Manufacturing Co., Ltd. and its group companies based in Japan.

Appointment of foreign nationals to managerial positions

One non-Japanese officer was appointed at a subsidiary. There are 46 non-Japanese managers in the Group as a whole, and one of them has been promoted to the position of General Manager of a branch. No target has been set at

Appointment of mid-career hires to managerial positions

The percentage of active employees that were hired mid-career is 42.2%, with 37.4% of managers having been hired mid-career. We believe that these percentages meet certain standards. The Group will continue to proactively hire employees through

Employment of persons with disabilities

The Group proactively employs workers with disabilities. We assign duties suited to their unique characteristics to ensure that every one of them can work without worries and that they are able to display their strengths as a valuable part of our workforce.

To move forward with the employment of workers with disabilities, we are organizing plant tours for institutions providing employment support for people with disabilities and hiring interns from these institutions. In addition, we are working to help staff acquire qualification as Working Life Counselors for Persons with Disabilities.

In 2022, the Shiga Plant was commended by the prefectural governor as an excellent place of business for the employment of people with disabilities.

Developing an environment where diverse employees can demonstrate their capabilities

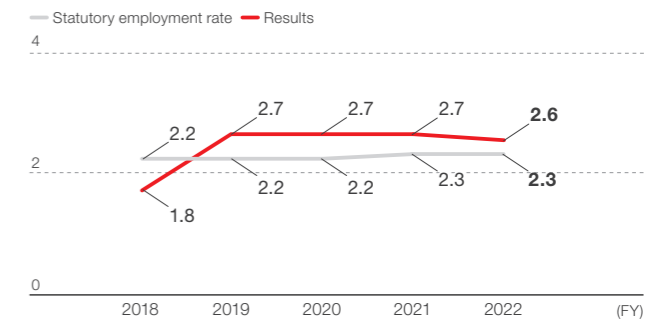
Work-life balance

We continuously strive to ensure that working hours are properly managed and to reduce the amount of overtime worked. We are improving the working environment to provide a foundation for all employees, irrespective of gender, to establish a healthy work-life balance. Programs we have introduced include an annual

present concerning the promotion of non-Japanese employees to management positions. However, the Group is implementing initiatives to secure and develop globally competitive human resources with the goal of expanding business overseas.

mid-career recruitment activities and maintain the percentage of all employees hired mid-career at 40% or higher and the percentage of managers hired mid-career at 35% or higher.

Percentage of employees with disabilities (%)



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Systems	Details
Scheduled annual leave	Every year, employees plan to take three days of annual leave in the first half and three days in the second half to maintain and improve work-life balance.
Commemorative event leave	Employees with pre-school children are entitled to set their children's birthdays as days for taking commemorative event leave.
Hourly annual paid leave and half-day annual paid leave	With an upper limit of five days per year, employees are allowed to take annual paid leave on an hourly basis. Annual paid leave may also be split into half days, the morning and the afternoon.
Accumulated annual leave	Employees are allowed to take expired annual paid leave for purposes related to medical treatment/nursing care, sick family care, support for disaster-affected areas, social welfare activities, and others.





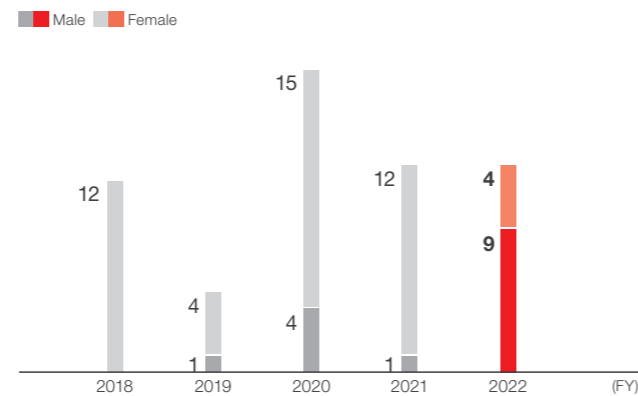
Male employees' use of childcare leave

At the Sansha Electric Manufacturing Group, the number of male employees taking childcare leave has been gradually increasing. To further increase their use of this leave, we inform employees thoroughly of the childcare leave program, ask superiors to encourage their subordinates to take leave, individually explain the program to eligible employees, and implement other initiatives, thus continuing efforts to build an environment which facilitates the use of childcare leave.

In recognition of the initiatives being implemented to create an environment that enables employees to establish a healthy work-life balance, such as promoting the use of annual paid leave to encourage employees to use it to ensure they are refreshed, in addition to the measures above, the Group was granted Kurumin certification by the Ministry of Health, Labour and Welfare on August 26, 2022.



Number of employees taking childcare leave (persons)



The data covers Sansha Electric Manufacturing Co., Ltd. and its group companies based in Japan.

Support for return from childcare leave

We ensure that employees wishing to resume working after childcare leave consult with their superiors to enable their smooth return to the workplace.

This is meant to remove anxiety about the return and

facilitate their superiors' understanding of their work-life balance. Through this, we strive to create a working environment that enables employees to establish a healthy balance between childcare and their career.

Occupational health and safety

Our top-priority task is to establish a safe, healthy and sound workplace environment that enables employees to work happily. At the Sansha Electric Manufacturing Group, Safety and Health Committees have been established with the goal of ensuring occupational safety and health, maintaining the good health of employees and maintaining and improving workplace environment management. The Safety and Health Committees meet every month at the headquarters and at each plant. The committees

study the prevention of the recurrence of occupational accidents using a risk-based approach, perform safety patrols and implement other initiatives to enhance occupational safety and health. In addition, every year we hold a safe driving workshop taught by local police officers to prevent traffic accidents. We also have local firefighters teach a workshop on the use of automated external defibrillators (AEDs) to save lives.

Sansha Electric Manufacturing Group Safety and Health Policy

The Sansha Electric Manufacturing Group positions safety and health initiatives as one of its most important tasks. Each one of its employees will work proactively to create a safe, comfortable workplace and achieve good physical and mental health based on their understanding that safety and health form the foundation of management, aiming for zero accidents and zero disease.

- 1 Comply with laws, regulations, and internal rules related to safety and health.
- 2 Work proactively on initiatives such as creating a safety-first workplace environment, maintaining employee health and ensuring appropriate working hours.
- 3 Strive to increase awareness of safety and health by ensuring good communication and implementing employee training and internal PR activities.
- 4 Proactively push forward with initiatives to prevent accidents and respond to emergencies to ensure the security and safety of employees and local communities.

Sound labor-management relationship

The company and the Sansha Electric Manufacturing Labor Union are implementing many measures to achieve the sound development of both the company and the union while respecting each other's position.

The management and the labor union discuss salary, benefits package, and other labor conditions on an equal footing, confirming with each other that the company understands that the labor union has the right to act based on the labor agreement and related laws and regulations to maintain and improve labor

conditions and improve the economic standings of the union's members which is their basic right, and the company respects the rights of the union.

In addition, meetings of the company-wide management council, the branch management council at each base, and other organizations are held regularly to share information and exchange opinions to enable the smooth operation of businesses and maintain and improve the work environment based on mutual understanding and relationships of trust and cooperation.

Creation of organization and climate

We believe that all employees should fulfill the corporate philosophy, purpose, vision, and other statements and we are implementing initiatives leveraging various opportunities that start when an employee joins the company to ensure they are instilled and established.

The AC Cafe sessions for exchanging opinions with the President started as a new initiative in FY2023, reflecting the President's desire to listen directly to employees while sharing his thoughts and purpose with them.

The AC Cafe sessions are not held only at the headquarters. The President visits plants, branches, sales offices and group companies to hold AC Cafe sessions in a relaxing atmosphere over coffee. Each session is held with a group of seven or eight

employees and lasts for approx. one hour. Talking about hobbies and sports in addition to work, the President exchanges opinions with employees in a casual atmosphere. Thus, the sessions serve as valuable opportunities for the President to build a sense of unity with the employees.

As of August 31, 2023, the President has talked with 27 groups (195 employees). According to the questionnaire survey conducted after each session, many participants felt that they had enjoyable and meaningful time and reaffirmed the importance of communication.

Moving forward, the President plans to talk directly with all employees during FY2023 and FY2024.

AC Cafe

The Group's strengths are in technologies for converting *chokuryu* (direct current, or DC) electricity into *koryu* (alternate current, or AC) electricity and vice versa. The name AC Cafe reflects the Group's determination to be good at *koryu* (which can also mean "interaction") between people as well.



AC Cafe

