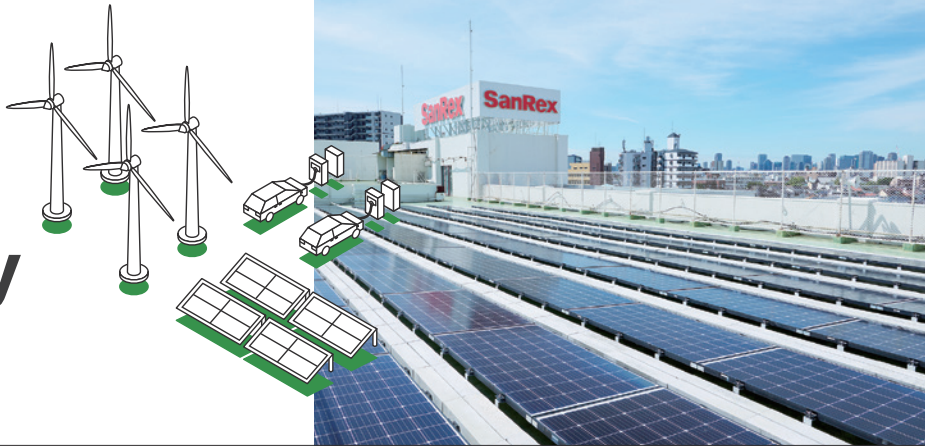


Sustainability strategy



Basic policy

The Sansha Electric Manufacturing Group will help to address social issues through its businesses, such as developing products with power electronics and creativity, as it seeks to improve our corporate value and build a sustainable society. We will behave in a manner that fully considers the impact of the Group's business activities on society and the global environment. We will strive to earn the trust of stakeholders. Our basic policy is to achieve sustainable management and contribute to the development of society through these initiatives.

Promotion structure

We position sustainability-related initiatives as priority tasks for businesses with a view to increasing corporate value over the medium and long terms. The Board of Directors determines the basic policy and the Corporate Planning Conference discusses specific actions in detail and studies measures. Further, related committees (Environmental Management Implementation Committee, Personnel Development Committee, Safety and Health Committee, and Internal Control Committee) implement individual measures through cross-sectoral collaborations. The entire organization works as one to achieve sustainability, as we seek to realize sustainable management and enhance our corporate value.

Environmental management system

The Board of Directors determines the basic policy on environmental initiatives and the Corporate Planning Conference, which is attended by the President and Executive General Managers, discusses specific actions and studies measures. Specific initiatives related to environmental protection and energy conservation are planned by the Environmental Management Implementation Committee, which meets regularly. The plans are discussed at the Corporate Planning Conference and decisions on them are made by the Board of Directors.

The Environmental Management Implementation Committee is composed of managers from individual departments and bases, and the Quality and Environment Planning Department acts as the administrative office for this committee.

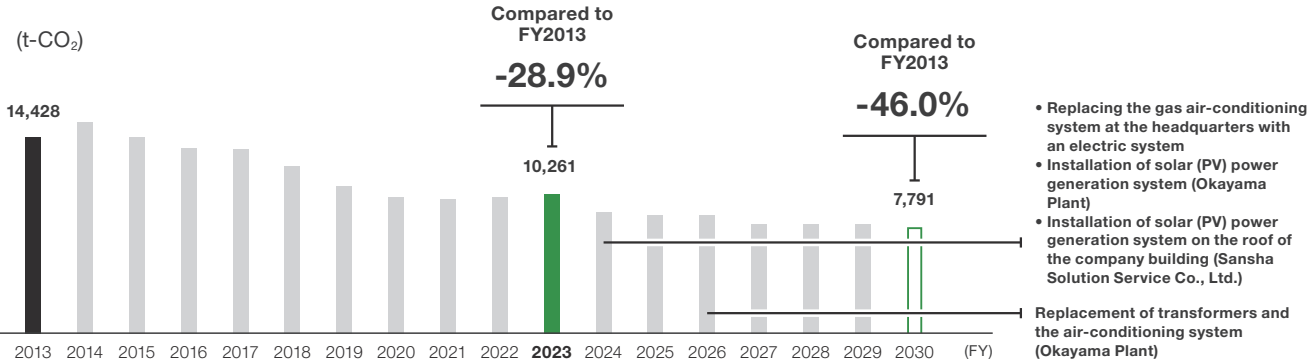


Towards carbon neutrality in 2050

At the Sansha Electric Manufacturing Group, we recognize the importance of constantly lowering CO₂ and waste emissions from production activities. Based on this understanding, we set the following goals in FY2021.

- Reduce the CO₂ emissions of all group companies 46% by 2030 (Compared to FY2013)
- Achieve carbon neutrality by 2050

Reduction of CO₂ emissions — Achievements and goals (Scope 1 and 2)



The reasons why the result fell short of the FY2022 result are as follows.

- Increase in energy consumption that resulted from an increase in production of power supplies
- Worsening of CO₂ emission factor of Kansai Electric Power

Key measures for reducing CO₂ emissions in FY2023 were as follows.

Business facility	Key measures	Reduction amount (t-CO ₂)
Headquarters building	Shift to LED, replacement of kitchen equipment, etc.	4.4
Research building	Review of operation of cleanrooms, measures on exhaust heat, etc.	22.1
Shiga Plant	Automatic air-conditioning control	12.5
Group companies	Replacement of compressors, shift to LED, etc.	20.2
Total		59.2

Management of chemical substances

At the Sansha Electric Manufacturing Group, we manage chemical substances under the following policies, with an integrated approach that gives top priority to protecting the environment and ensuring safety.

Protecting the environment

Under the Sansha Electric Manufacturing Group Environmental Policy, we minimize the environmental risks of chemical substances by reducing the use of such substances by improving the manufacturing process and productivity.

Pursuant to the PRTR Act, we check and aggregate the amounts of chemical substances handled, emitted, and transferred outside and observe regulatory requirements.

Sustainability initiatives

We promote the use of sustainable materials such as selecting those with a low environmental impact when adopting new materials.

We will use resources efficiently by improving production process and yields.

Ensuring safety

We take thorough measures to manage chemical substances appropriately and ensure safety throughout the process from purchase to manufacturing and disposal.

We ensure the safety of employees by strengthening measures to handle accidents and work management.

Training

We provide employees with training related to the safe handling of chemical substances and the latest information about them, thus raising awareness.

We communicate closely with stakeholders and share information about the management of chemical substances while securing transparency.

Tracking and updating information

We obtain safety data sheets (SDS) to update information regularly and take appropriate measures when relevant laws have been revised.

We establish a system for responding immediately to new information and regulatory requirements at engineering department and manufacturing sites.

Management of chemicals contained in products

In compliance with laws and regulations such as the European Union's Directive on Restriction of Hazardous Substances (RoHS) in Electrical and Electronic Equipment, the Sansha Electric Manufacturing Group has formulated the Sansha Electric Manufacturing Chemical Substances Management Rank Guidelines to require that suppliers rigidly manage the chemicals contained in products. In

addition, to ensure the reliability of chemical substance data, we make sure that our procuring departments work with the Product Quality Assurance Department to develop a management structure.

RoHS Directive: A directive related to restriction on use of specific hazardous substances in electrical and electronic equipment, etc.

Efforts to efficiently use water resources

In recent years, we have seen various problems related to water occur, including water shortages attributed to droughts associated with climate change and flooding damage. The semiconductor manufacturing process necessarily consumes tremendous volumes of pure water for etching and cleaning and the cooling of equipment. At the Okayama Plant, we set a reduction target for water consumption per wafer production volume in FY2023 again and took steps to reduce water consumption.

Initiatives for controlling water quality

Our Okayama Plant runs wastewater treatment facilities to purify the wastewater from the manufacturing process and discharge treated wastewater that fulfills our standards which are more strict than specified in laws and regulations. We reduce and detoxify hazardous substances and collect non-detoxifiable hazardous substances. We also monitor wastewater quality thoroughly by inspecting water quality regularly. In FY2023, wastewater volume decreased from the previous year, but we confirmed that the COD load had increased. Possible factors include an increase in production volume and a delay in process improvement. At the Okayama Plant, we will continue our efforts to minimize the environmental impact.

Energy conservation initiative for cleanrooms of the Okayama Plant

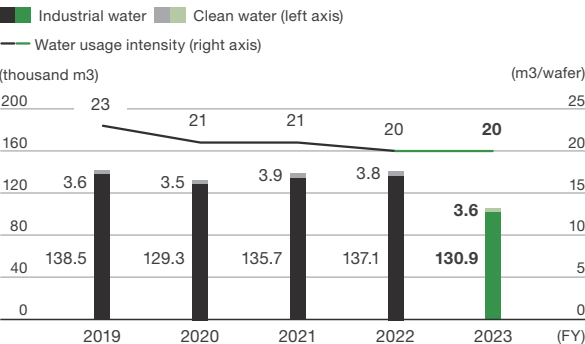
The Okayama Plant, which accounts for around 80% of the overall Group's total energy consumption, began to take initiatives to decarbonize itself in FY2013 and achieved energy conservation. In recognition of this, the Energy Conservation Center, Japan (ECCJ) awarded the Okayama Plant the "ECCJ Chairman Prize" in the Best Practice category in the FY2023 Energy Conservation Grand Prize.



Details of the Energy Conservation Grand Prize are available at the following. (Japanese only)
<https://www.eccj.or.jp/bigaward/item.html>

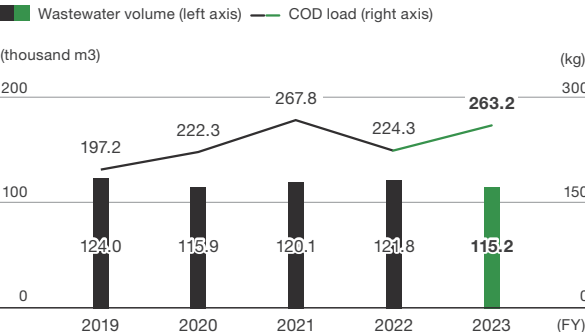


Water consumption



The data covers the Okayama Plant of Sansha Electric Manufacturing Co., Ltd.

Trends in wastewater volume and chemical oxygen demand (COD) load



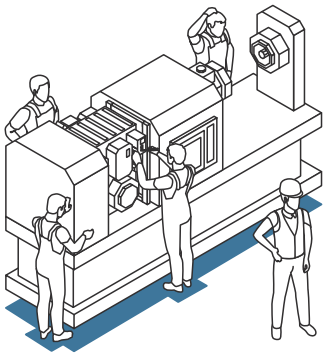
The data covers the Okayama Plant of Sansha Electric Manufacturing Co., Ltd.

Overview of the initiative

We made improvements to two plant buildings that have high cleanliness requirements. In FY2017, we began to replace the lighting system with an LED lighting system and introduce an Energy Management System (EMS). We thus improved the efficiency of Building B's outside-air-processing air conditioners. Specifically, we renovated the existing heat source equipment (cold water chiller and steam boiler) into a high-efficiency, air-cooled heat pump chiller, and we also introduced variable flow control as an improvement. Further, we have begun to use waste heat from production equipment to preheat and reheat outside air and we adopted a dry fog system for humidity control, which has led to the termination of steam humidification, which was the greatest challenge. Following Building B, we completed renovation of Building A and achieved energy conservation.

Entire Okayama Plant (compared to the FY2013 level)	Energy consumption	19% reduction
	Energy use intensity	26% reduction
	CO ₂ emissions (tons CO ₂)	34% reduction

Human resource strategy



At the Sansha Electric Manufacturing Group, Happiness and Stability for Employees is part of our corporate philosophy, and we place importance on the personal development of employees. From this perspective, we envision a cycle of personal development of people, growth of the company, and the development of society. As our 2030 goal, we aim to build a sustainable cycle in which the personal development of employees contributes to the growth of the company, and that growth leads to the development of society as a whole.

The qualities of the human resources we seek to help us achieve this goal area willingness to take on challenges globally or in new markets, the ability to communicate with a broad variety of people, a wide range of interests and eagerness to learn, and the ability to think multilaterally. We are pursuing a human resources strategy under which we leverage these elements to facilitate the personal development of employees and have it lead to the growth of the company, thus supporting the sustainable creation of corporate value.

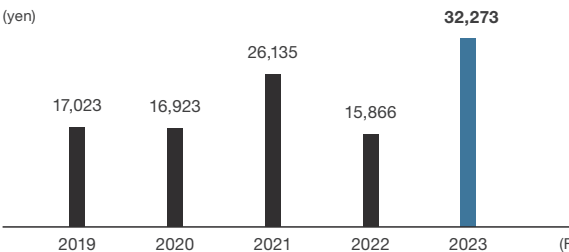
The Sansha Electric Manufacturing Group's basic policy in its human resource strategy is rooted in the idea that proactive support for the personal development of each employee will lead directly to the growth of the overall company. We will encourage employees to achieve personal development through ongoing education and training programs designed to maximize their capabilities and potential. We will also support the personal development of each employee through regular feedback and the setting of targets, thus building an environment which enables their self-actualization. We aim to raise employees' motivation and improve their capabilities and, as a result, contribute to improving the financial results of the overall company.

Personnel development

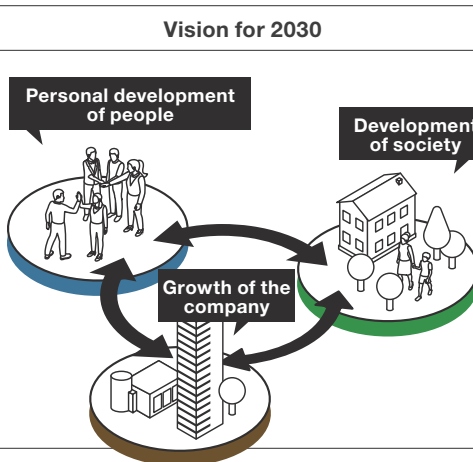
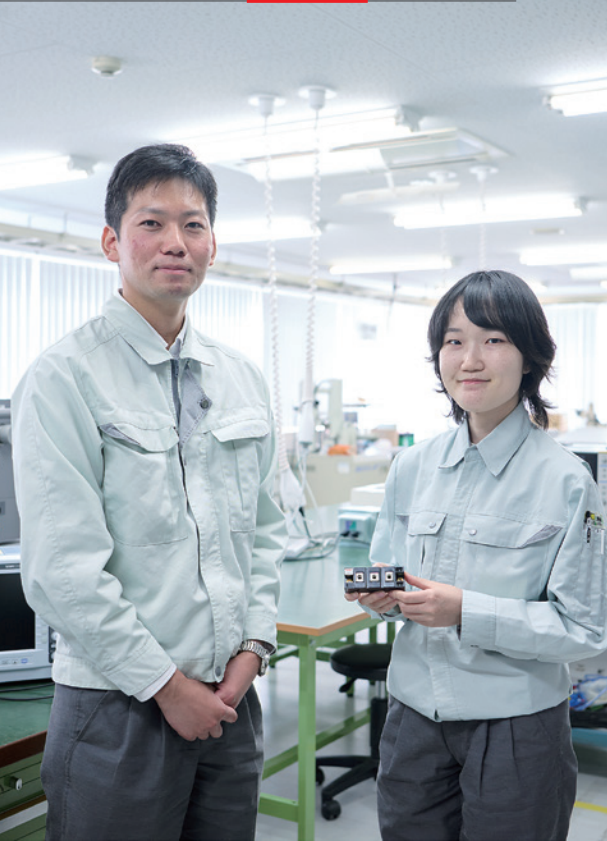
Under the medium-term management plan that started in FY2024, we made promoting diversity and inclusion and developing our human resources priority measures. In doing so, we aim to create the vibrant climate needed to be a self-driven organization, as part of our sustainability strategy. We seek to facilitate innovation by proactively employing people from diverse backgrounds and leveraging their capabilities and viewpoints. At the same time, we will support employees' efforts to improve their skills and develop their careers through education and training. Meanwhile, we will enhance our human resource development systems, including job-class-specific training programs, as we seek to reinforce the foundations of our workforce. At the Sansha Electric Manufacturing Group, we recruit new graduates and mid-career employees on an ongoing basis based on our labor and recruitment

plans, which reflect our workforce composition. We take initiatives related to human resource development, including those for developing young workers at an early stage and retaining them, as well as encouraging them to acquire qualification.

Training costs per person



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



Promoting diversity

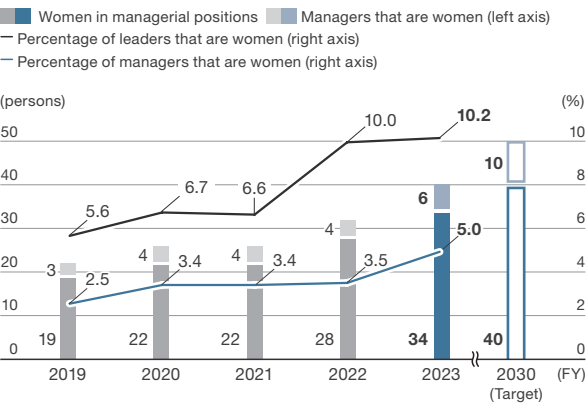
Basic stance

At the Sansha Electric Manufacturing Group, we have selected the promotion of diversity and human resource development as one of our material issues. To encourage diversity, we are reforming our internal awareness, understanding that rather than making workforce diversification itself the goal, it is the transformation of the workplace structure and culture to enable a richly diverse workforce to demonstrate its capabilities that will lead to benefits for our organization, such as an improved capability to respond to the market and achieve sound governance. We believe that, to expand the global business in particular, as urgent task is to establish a management style in which we accept people with diverse ideas and values, regardless of gender, age, nationality, disabilities, and other attributes, and take advantage of their strengths.

Promotion of women to managerial positions

Since FY2016, we have been taking steps to encourage the active participation of female employees. Our goal has been to deepen employees' understanding of the significance and purposes of activities to promote diversity and inclusion and to develop a climate and a pool of human resources that lead to the continued emergence of female candidates for managers. Based on the idea that the active participation of women, among others, will be extremely important, we are pursuing a number of different approaches for developing our female employees. These include actions to forge a culture encouraging all employees, irrespective of gender, to take on new challenges, skill improvement training for developing female candidates for managers, the encouragement of a shift in thinking including the mindset of their superiors, and job rotation for enabling women to work in broader fields. Moving forward, we will drive initiatives in view of the promotion of women to responsible positions, such as raising career awareness and enhancing management skills.

Managers and leaders that are women



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

Action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life
<https://www.sansha.co.jp/eng/csr/hr.html>



Appointment of mid-career hires to managerial positions

At present, the percentage of active employees that were hired mid-career is 43.9%, with 38.0% of managers having been hired mid-career. While we believe that these percentages meet certain standards, we will continue to proactively hire employees through mid-career recruitment activities to achieve greater diversity in human resources, with the target percentage of all employees hired mid-career at 40% or higher and that of managers hired mid-career at 35% or higher.

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.

Employment

Work-life balance

At the Sansha Electric Manufacturing Group, we attach importance to work-life balance. We are enhancing effective benefit programs to help employees live happily with good health. For example, we have introduced accumulated annual leave, which permits employees to take expired annual paid leave for purposes related to

medical treatment/nursing care, a program that allows employees with pre-school children to set their children's birthdays as days for taking commemorative event leave, and shortened working hours that are available until employees' children graduate from elementary school.

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.
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.
Shortened working hours	On May 1, 2024, we extended the period during which shortened working hours to care for children are available, from the period up to the end of the third year at elementary school to the period up to graduation from elementary school.

Encouraging male employees to take 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.



Creation of organization and climate

The Sansha Electric Manufacturing Group is proactive in having all employees share and practice the corporate philosophy, purpose, vision, and other statements. Above all, we launched an event named AC Cafe in FY2023 to further deepen communication between the President and employees and have them share the approach to leadership and the purpose.

The AC Cafe sessions are held as opportunities for the President to talk directly with employees over coffee for about one hour. They are held at not only the headquarters but also plants, branches, sales offices and group companies, which the President visits. Talking about hobbies and sports, not to mention work, the President exchanges opinions on a range of topics with employees in a comfortable, relaxed atmosphere, which is a feature of this event. Each session is held with a small group of seven or eight employees, which creates a comfortable atmosphere and allows participants to make remarks without hesitation.

As of August 31, 2024, the AC Cafe session had been held 121 times with the participation of 843 employees in total. In the questionnaire conducted after each session, many employees expressed the opinion that they found the event meaningful and enjoyable, and reaffirmed the importance of communication. Moreover, participants deepen exchange with their peers not only in work but also privately. This is helping to build a better workplace environment.

The trust and cooperative relationships built through direct talks between the President and employees in AC Cafe sessions are having a positive impact on the overall organization. It is expected that initiatives like these will continue to develop teamwork and contribute to the development of the overall company.

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.

