

Directors, Audit & Supervisory Board Members (as of June 25, 2024)

Directors

Hajimu Yoshimura

Representative Director & President

Has rich experience cultivated as the president of a group company of a major Japanese electronics manufacturer and vice president of an overseas subsidiary in the same group, among other positions. Since assuming his position as our company's Representative Director & President in 2018, he has been using his rich experience, broad knowledge, and strong leadership to drive the growth strategy and managerial reforms.

Serving as director for	9 years
Status of attendance at Board of Directors' meetings	14/14 meetings
Owning	27,200 shares of our stock

Hajime Katsushima

Director and Managing Operating Officer
COO of Semiconductor
Executive General Manager of Engineering Research and Development Division

Worked for many years in research and development to develop products in the new energy sector. In November 2016, he was appointed representative director and president of a subsidiary to engage in corporate management. He has been controlling the power supply business since April 2021 and controlling the semiconductor business and serving as the Executive General Manager of the Engineering Research and Development Division since April 2023.

Serving as director for	2 years
Status of attendance at Board of Directors' meetings	14/14 meetings
Owning	13,000 shares of our stock
Chairman of the Board, Sansha Electric Manufacturing (Shanghai) Co., Ltd.	

Eriko Nashioka

Independent Outside Director

Has great experience and advanced knowledge about finance and accounting as a certified public accountant. She is also a licensed tax accountant. She also has experience and a high level of knowledge related to sustainability, including environmental accounting. Moreover, she is expected to help enhance the Board of Directors' functions and participate in its important decision-making by leveraging her experience of having served as our Outside Audit & Supervisory Board Member for four years. Accordingly, she was appointed as an Outside Director in June 2024. The Company has registered her as independent officer with the Tokyo Stock Exchange.

Serving as director for	-
Status of attendance at Board of Directors' meetings	14/14 meetings
Owning	1,300 shares of our stock
Outside Director (Audit and Supervisory Committee Member), FUKUSHIMA GALILEI CO. LTD., Outside Director (Audit & Supervisory Committee Member), OSAKA GAS CO. LTD., Representative Director, Institute for Environmental Management Accounting, Head of Nashioka Accounting Office, Lecturer (part-time lecturer), Faculty of Commerce, Doshisha University	

Masaki Fujiwara

Director, Vice President and Operating Officer
Executive General Manager of Corporate Planning Division

Has rich experience and broad knowledge based on his service in various positions mainly the areas of management and accounting in the group companies of a major Japanese electronics manufacturer and as a director at an overseas subsidiary of the same group. Since appointed as a Director in June 2014, he has been in charge of the administrative department and the corporate planning department. In April 2023, he was appointed as Director, Vice President and Operating Officer.

Serving as director for	10 years
Status of attendance at Board of Directors' meetings	14/14 meetings
Owning	17,700 shares of our stock

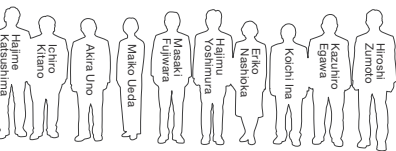
Akira Uno

Independent Outside Director

Has advanced knowledge of financial affairs due to his work experience at a financial institution. In addition, at the meetings of our company's Board of Directors, he takes advantage of his rich experience and advanced knowledge cultivated through his service in positions, including outside director of a listed company, to fulfill the decision-making and supervisory functions of the Board, such as identifying issues and giving advice about the Group's growth strategy and managerial reforms. Since November 2019, he has been the chairman of the Nomination and Compensation Committee. The Company has registered him as independent officer with the Tokyo Stock Exchange.

Serving as director for	10 years
Status of attendance at Board of Directors' meetings	12/14 meetings
Owning	12,000 shares of our stock

Fellow, School of Business at Graduate School of Economics, Kyoto University (Doctor of Economics), a Special Assistant to the President, Kyoto University, Senior Executive Fellow, DMG Ltd.MORI CO., LTD.



Hiroshi Zumoto

Director and Senior Managing Operating Officer COO of Power Supply System Executive General Manager of Power Supply System Manufacturing Division

Has been engaged in productivity improvement and the strengthening of the production system for many years as a person responsible for production technologies. He began to hold important positions in the semiconductor business in 2012. He has been controlling the semiconductor business since his appointment as Director in June 2021 and controlling the power supply business since April 2023.

Serving as director for	3 years
Status of attendance at Board of Directors' meetings	14/14 meetings
Owning	9,500 shares of our stock
Chairman of the Board, SANREX LIMITED Chairman of the Board, SANSHA ELECTRIC MFG. (GUANGDONG) CO., LTD.	

Koichi Ina

Independent Outside Director

Possesses advanced knowledge of production technology and research and development since he worked in the management team of a leading automobile manufacturer in Japan and as an engineer in factory management. At the meetings of our company's Board of Directors, he takes advantage of his knowledge to fulfill decision-making and supervisory functions of the Board, such as identifying issues and giving advice about the Group's growth strategy and managerial reforms. Since November 2019, he has been a member of the Nomination and Compensation Committee. The Company has registered her as independent officer with the Tokyo Stock Exchange.

Serving as director for	5 years
Status of attendance at Board of Directors' meetings	14/14 meetings
Owning	30,100 shares of our stock

Our criteria for the appointment and dismissal of officers and criteria for independence

<https://www.sansha.co.jp/eng/csr/governance.html>



Audit & Supervisory Members

Ichiro Kitano

Audit & Supervisory Board Member (Full-Time)

He has an abundance of working experience and knowledge after long serving as a person responsible for product design and the manufacturing of power supplies. Since being appointed an Audit & Supervisory Board Member in June 2016, he has been making appropriate suggestions based on his experience and knowledge and conducting on-site inspections to help improve the effectiveness of the Audit & Supervisory Board's auditing as a whole.

Serving as director for	8 years
Status of attendance at Board of Directors' meetings	14/14 meetings
Status of attendance at Audit & Supervisory Board meetings	13/13 meetings
Owning	5,400 shares of our stock
Audit & Supervisory Board Member, Sansha Solution Service Co., Ltd.	

Kazuhiro Egawa

Independent Outside Audit & Supervisory Board Member

Leverages many years of experience as a lawyer and advanced knowledge he has cultivated as a legal professional to appropriately advise the Board of Directors from an expert viewpoint. He also visits and inspects subsidiaries and business facilities in his efforts to assess their situations. Further, he participated in the Nomination and Compensation Committee's deliberations on remuneration for officers as an observer and gave advice. While Mr. Egawa is a lawyer, he has not concluded an advisory contract with our company. Therefore, our company pays him no money other than the compensation for officers. The Company has registered him as independent officer with the Tokyo Stock Exchange.

Serving as director for	4 years
Status of attendance at Board of Directors' meetings	14/14 meetings
Status of attendance at Audit & Supervisory Board meetings	13/13 meetings
Owning	400 shares of our stock
Head of Eiwa Law Office	

Maiko Ueda

Independent Outside Audit & Supervisory Board Member

Has great experience and advanced knowledge about finance and accounting as a certified public accountant. She is also a licensed tax accountant. She is expected to fulfill her duties as an Outside Audit & Supervisory Board Member by leveraging this knowledge and experience. Accordingly, she was appointed as an Outside Audit & Supervisory Board Member in June 2024. The Company has registered her as independent officer with the Tokyo Stock Exchange.

Serving as director for	-
Status of attendance at Board of Directors' meetings	- meetings
Status of attendance at Audit & Supervisory Board meetings	- meetings
Owning	-
Director, Ueda Certified Public Accountant Office Auditor, Kansai Industry Activation Council	

	Directors							Audit & Supervisory Members		
	Hajimu Yoshimura	Masaki Fujiwara	Hiroshi Zumoto	Hajime Katsushima	Akira Uno	Koichi Ina	Eriko Nashioka	Ichiro Kitano	Kazuhiro Egawa	Maiko Ueda
Independence					●	●	●		●	●
Corporate management and management strategy	●	●	●	●	●	●	●		●	
Overseas business experience	●	●						●		
Business strategy	●	●	●	●				●		
R&D and production	●		●	●		●		●		
Finance and accounting		●			●		●			●
Legal affairs and compliance									●	

Skills for ensuring the effectiveness of the Board of Directors		Reasons for selecting skills	Skill requirements
Overall business management skills	Corporate management and management strategy	Requires management experience and achievements in corporate management and the formulation and promotion of management strategies to realize the Group's growth strategy	Management experience as a representative director or officer in a company
	Overseas business experience	Requires overseas business management experience, and knowledge and experience of an overseas business environment to respond to global business development	Experience as a representative of overseas subsidiary, head of overseas business division, or executive officer
Business core skills	Business strategy	As the Company's business area is a niche and highly specialized market based on power electronics technology, this position requires a high level of knowledge in such area as well as experience in executing business strategies	Executive in charge of business division, head of division and person with equivalent experience as senior management
	R&D and production	Requires knowledge and experience to develop safe, secure, and high-quality products and realize integrated production from design to production	Executive in charge of R&D and production division, head of division and person with equivalent experience as senior management
Functional core skills	Finance and accounting	Requires accurate financial reporting, efficient management of invested capital, and knowledge and experience to enhance shareholder returns	• Executive in charge of accounting and finance division, head of division, person with equivalent experience • Person with experience in auditing firm, etc.
	Legal affairs and compliance	Requires knowledge and experience in legal affairs and compliance fields to ensure effective corporate governance and improve the effectiveness of the Board of Directors.	• Experience as executive in charge of legal affairs and compliance, head of division, and person with experience in a law firm, etc. • Our criteria for appointment and dismissal of officers and criteria for independence.



Basic stance on corporate governance

At the Sansha Electric Manufacturing Group, we practice management based on our corporate philosophy to achieve our purpose: Moving society forward through power electronics and creativity. We will also enhance our corporate value sustainably and contribute to the sustainable development of society by achieving our vision: Global Power Solution Partner. To achieve this, we have set ensuring compliance and building a highly transparent, efficient foundation of our business as our basic policies on corporate governance.

Strengthening corporate governance

Board of Directors

Chairman Hajimu Yoshimura, Representative Director

The Board of Directors holds a regular meeting each month in principle and extraordinary meetings as needed. It makes decisions on basic management policies and important strategies. It is also defined as an organization that supervises business execution by Directors and Operating Officers.

Main matters considered

- > Important management issues including matters related to the management plan, financial plan and investments
- > Initiatives for achieving PBR at 1.0
- > Important personnel affairs and organizations
- > Matters concerning the internal control

Regulation Committee

Chairman Hajimu Yoshimura, Representative Director

It is attended by Operating Officers and presidents of subsidiaries based in Japan. It discusses the creation of regulations and detailed rules as needed and delivers reports on important regulations to the Board of Directors.

Main matters considered

- > Establishment and revision of important regulations
- > Approach to Regulation Management
- > Regulation review results

Nomination and Compensation Committee

Chairman Akira Uno, Outside Director

It is chaired by an Outside Director, and a majority of its members must be Outside Directors. The content of its deliberations are reported to the Board of Directors. Deliberations on remuneration for officers are joined by an Outside Audit & Supervisory Board Member as an observer.

Main matters considered

- > Proposal on prospective officers to be submitted to the Board of Directors for discussion
- > Approach to succession planning and implementation schedule
- > Audit & Supervisory Board system with substitute members
- > Stock compensation system, performance-based remuneration, and amounts of remuneration for individual Directors

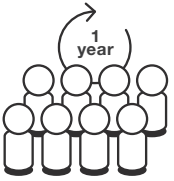
Characteristics of the corporate governance system



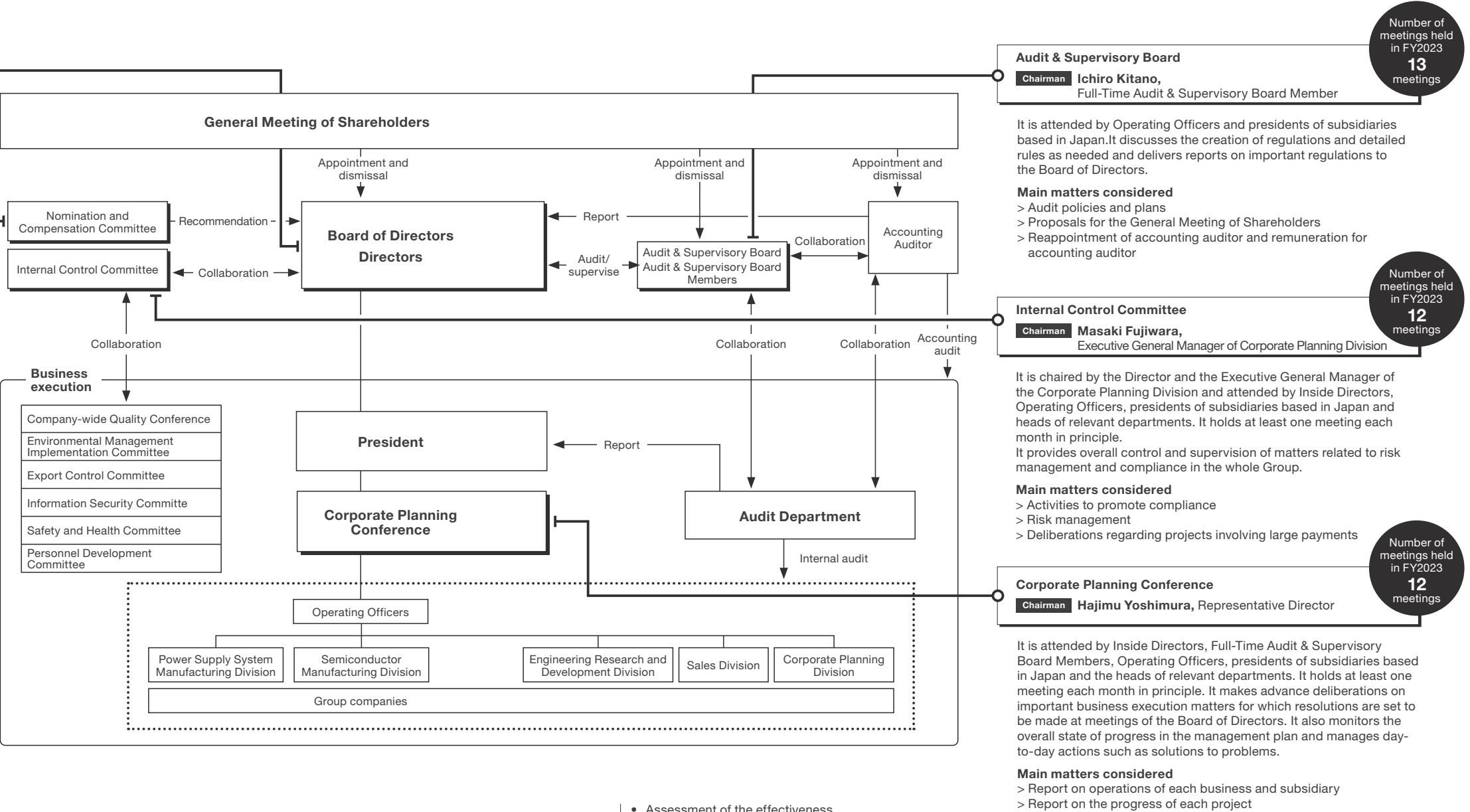
Outside Directors make up at least one third of the Board (with the ratio of women among them at 14.3%)



The Nomination and Compensation Committee has been established voluntarily



The maximum number of Directors is eight, and the Directors' term of office is one year



Corporate Planning Conference established

1984

Operating Officer system introduced

2006

Officer retirement benefit system abolished
A whistleblowing contact established within the internal audit department

2007

Directors' term of office shortened to one year

2011

Outside Directors introduced

2014

Assessment of the effectiveness of the Board of Directors begun
Risk Management Committee (currently Internal Control Committee) established

2016

Standards for assessment by outside accounting auditors formulated

2018

Nomination and Compensation Committee established

2019

2020

Outside officers elected to ensure that at least one third of officers are outside officers
Female Outside Audit & Supervisory Board Member elected
Disclosure of skills matrix

2021

Whistleblowing contact established at an outside law firm Committee established

2023

Purpose established
Introduced a performance-based stock compensation plan

2024

Female Outside Director elected

Message from Independent Outside Director

I will move ahead with confidence to create value and solve social issues.

I completed a term of four years as an Outside Audit & Supervisory Board Member, which began in 2020. This time, I have been assigned to an Outside Director.

I will fulfill my new role by focusing on the soundness of management and sustainable growth and contributing to corporate value. I visited the Fukushima Renewable Energy Institute (FREA) of the National Institute of Advanced Industrial Science and Technology (AIST), which is in Fukushima. It was my final visit as an Outside Audit & Supervisory Board Member. AIST is one of the three Specified National Research and Development Agencies in Japan. FREA under AIST undertakes R&D related to renewable energy such as solar, wind, and geothermal power. Sansha Electric Manufacturing has delivered test equipment to the power conditioner testing site of FREA, which is among the largest in the world, to evaluate the performance of power conditioners for converting direct current electricity to alternating current. This is an essential step in using electricity generated from renewable energy sources.

It is conducting research on next-generation power conditioners that are critical to the use of renewable energy. In other words, the research is important for achieving carbon neutrality. At FREA, I saw many devices from Sansha Electric Manufacturing used in research facilities related to hydrogen energy and other research. Sansha Electric Manufacturing clearly has a very high level of technological capabilities.

How should we express and convey widely known value that has yet to be seen, as shown in this example? I believe this is a challenge for the company, and one that I can help it overcome. I am sure that value created by Sansha Electric Manufacturing will help solve social issues that the entire world is aiming to solve. I would like to think about what I can do for this purpose.



Independent Outside Director
Eriko Nashioka

Has great experience and a high level of expertise as a certified public accountant. She also has deep knowledge related to sustainability, including environmental accounting.

She is also expected to help enhance the functions of the Board of Directors and contribute to its decision-making by leveraging her experience of having served as an Outside Audit & Supervisory Board Member for four years.

Significant concurrent positions

- Outside Director (Audit and Supervisory Committee Member), FUKUSHIMA GALILEI CO., LTD.
- Outside Director (Audit & Supervisory Committee Member), OSAKA GAS CO., LTD.
- Representative Director, Institute for Environmental Management Accounting
- Head of Nashioka Accounting Office
- Lecturer (part-time lecturer), Faculty of Commerce, Doshisha University

Nomination and Compensation Committee

We established the Nomination and Compensation Committee in November 2019. Its objectives are to nominate Directors and Audit & Supervisory Board Members and to increase the independence, transparency and objectiveness of the Board of Directors' functions regarding Directors' remuneration and other matters. The committee will enhance our accountability and corporate governance. To ensure the fairness and transparency of the committee, an advisory body focused on decisions regarding the nomination of prospective Directors and Audit & Supervisory Board Members and on Directors' remuneration, the committee deliberates about these matters and reports to the Board of Directors.

Composition of the Committee

- The committee consists of at least three Directors selected by the Board of Directors.
- The majority of its members are Independent Outside Directors.
- The committee is chaired by a person selected from among the Independent Outside Directors.
- Meetings of the committee are attended by an Outside Audit & Supervisory Board Member as an observer

Officer remuneration system

We have formulated a policy regarding the determination of remuneration for officers and the method for calculating it. It is as follows.

- The officer remuneration system must be intended to promote our continuous growth and medium and long term increase of our corporate value. It must encourage officers to perform their duties to their utmost abilities in accordance with our Group vision and to contribute to the improvement of financial results.
- On the basis of the data collected by outside research bodies, remuneration for officers will consist of base remuneration, which is a fixed amount for individual posts, and performance-based remuneration, to ensure that the sound incentives matched with the Directors' duties will serve their intended functions.
- Remuneration for Outside Directors and for inside and outside Audit & Supervisory Board Members will consist solely of base remuneration, as they are independent from the execution of business and variable performance-based remuneration is not appropriate for them.

Process of deliberation and determination of remuneration for officers		
Matters regarding a resolution of the General Meeting of Shareholders on remuneration for officers and others	<p>A resolution on monetary remuneration for Directors was passed at the ordinary General Meeting of Shareholders for the 74th term that took place on June 27, 2008, establishing an annual upper limit of 300 million yen, excluding the employee wages of any Director who is also an employee. The number of Directors as of the conclusion of the ordinary General Meeting of Shareholders for the 74th term was eight.</p> <p>Further, a resolution to offer Directors up to 320 million yen in four fiscal years and grant them up to 40,000 points per year under a performance-based stock compensation plan, separate from monetary remuneration, was passed at the ordinary General Meeting of Shareholders for the 89th</p>	<p>term that took place on June 28, 2023. The number of Directors (excluding Outside Directors) as of the conclusion of the ordinary General Meeting of Shareholders for the 89th term was four.</p> <p>Resolution on the monetary compensation for Audit & Supervisory Board Members was adopted by the ordinary General Meeting of Shareholders for the 59th term that took place on June 28, 1993 to set an annual upper limit of 40 million yen. The number of Audit & Supervisory Board Members at the conclusion of the ordinary General Meeting of Shareholders for the 59th term was three (including one Outside Audit & Supervisory Board Member).</p>
Stance on performance-based remuneration	<p>The performance indicators for performance-based remuneration are consolidated operating profit ratio and growth rate of consolidated net sales. They were chosen because they are key performance indicators related to improvement of performance. We calculate performance-based remuneration by multiplying the standard amount for the specific post by the coefficient appropriate to the consolidated operating profit ratio and growth rate of consolidated net sales.</p>	<p>The amount of performance-based remuneration for Directors is discussed by the Nomination and Compensation Committee in accordance with the consolidated operating profit ratio and growth rate of consolidated net sales for the fiscal year under review and reported to the Board of Directors. The Board of Directors determines the amount of performance-based remuneration for Directors in accordance with the report from the Nomination and Compensation Committee.</p>
Matters regarding non-monetary remuneration	<p>Non-monetary remuneration is granted under the performance-based stock compensation plan and aimed at increasing Directors' motivation to contribute to improved business results and enhanced corporate value in the medium and long term by further clarifying the link between Directors' remuneration and the Company's business performance and stock prices and having Directors share the benefits and risks of stock price fluctuations with shareholders. Points will be granted to each Director according to their position and the degree of achievement of performance targets, etc. The Company's stock, etc., which is equivalent to the number of granted points, is offered to each Director when they retire from office.</p>	<p>in principle. The performance indicator for stock compensation is the degree of achievement of the consolidated operating profit target, which was chosen with an aim of improving performance in the medium and long term. Points to be granted to Directors for stock compensation are discussed by the Nomination and Compensation Committee in accordance with the degree of achievement of consolidated operating profit target for the fiscal year under review and reported to the Board of Directors. Based on a report from the Nomination and Compensation Committee, the Board of Directors determines the number of points to grant to each Director for stock compensation.</p>
Matters regarding determination of remuneration for individual officers and others	<p>Base remuneration for Directors is the fixed remuneration for specific posts under the Regulations on Remuneration for Directors and is discussed by the Nomination and Compensation Committee on the basis of officer remuneration data surveyed by an outside research body.</p> <p>The determination of remuneration for individual Directors is delegated to Representative Director & President, on the basis of the resolution of the Board of Directors. The Representative Director & President determines remuneration in accordance with the amounts of remuneration for individual Directors reported after deliberations by the Nomination and Compensation Committee within the limit on total amount of remuneration, etc. that has been adopted at</p>	<p>the General Meeting of Shareholders. The reason this duty has been delegated is that we believe the Representative Director & President can appropriately determine the remuneration for individual Directors in consideration of our overall financial results and other facts. The Nomination and Compensation Committee reviews the appropriateness of the determination of remuneration under the delegated authority prior to decisions coming into effect.</p> <p>Remuneration for Audit & Supervisory Board Members is determined through deliberation among them within the limit for the total remuneration for Audit & Supervisory Board Members as determined by a resolution passed at the General Meeting of Shareholders.</p>

Current committee members		Attendance in FY2023
Chair	Akira Uno Independent Outside Director	80%
Members	Koichi Ina Independent Outside Director	100%
	Eriko Nashioka Independent Outside Director	-
	Hajimu Yoshimura Representative Director & President	100%
	Masaki Fujiwara Director	100%
Observer (for deliberations on remuneration for officers only)	Kazuhiro Egawa Independent Outside Audit & Supervisory Board Member	100%

Content of deliberations in FY2023

Officer appointments		Remuneration for officers
Apr. 27, 2023	● Proposal regarding the election of officers to be submitted to the General Meeting of Shareholders for resolution	● Final decision to introduce stock compensation ● Payment of performance-based remuneration for Directors ● Consideration of amounts of remuneration for individual Directors and Audit & Supervisory Board Members ● Change of policy on determining remuneration for officers
Aug. 29, 2023	● Review of the previous fiscal year ● Matters considered in FY2023 ● Approach to succession planning ● Consideration of implementation schedule	● Review of the previous fiscal year ● Items to be discussed in FY2023
Oct. 26, 2023	● Major appointments of officers in FY2024 ● Consideration of succession planning ● Consideration of Audit & Supervisory Board system with substitute members	
Dec. 26, 2023	● Officer appointments at affiliates Consideration related to officer appointments	● Consideration of basic policy, levels, system, and composition of remuneration for officers ● Change to evaluation of performance
Jan. 29, 2024	● Officer appointments at affiliates Final decision on officer appointments	

Evaluation of the effectiveness of the Board of Directors

We conduct a self-evaluation and analysis of the effectiveness of the Board of Directors for the purpose of securing the effectiveness and enhancing our corporate value.

In FY2023, we conducted a questionnaire of all Directors and Audit & Supervisory Board Members using an external institution. We ensured the anonymity of respondents by having them respond directly to the external institution. Based on aggregate results from an outside organization, analysis, discussion, and evaluation were made at a regular meeting of Board of Directors that took place in February 2024. The content of the questionnaire and a summary of its results are as follows.

Date	From December 15, 2023 to January 12, 2024
Subjects	Nine subjects in total, with six Directors (including two Outside Directors) and three Audit & Supervisory Board Members (including two Outside Audit & Supervisory Board Members)
Method	Questionnaire by an external institution (anonymous survey)
Outline of the questions	Forty questions about what the Board of Directors should be like, its composition and operations, discussions at its meetings, its monitoring function, the system for support for Directors and Audit & Supervisory Board Members, their training, their dialogues with shareholders (and investors), their own initiatives, and operation and general overview of the Nomination and Compensation Committee
Summary of evaluation results	<p>As a result of analysis and evaluation on the effectiveness of the Board of Directors, which were made by the Board of Directors based on the results of the questionnaire, it was confirmed that the effectiveness is almost secured. On the other hand, the following issues were shared.</p> <ul style="list-style-type: none">● There remains scope for improving discussions made at the Board of Directors and its monitoring function.● There should be more opportunities to discuss the medium- to long-term growth strategy, sustainability, internal control of the overall Group, etc.● Further improvements are needed about the timing of prior provision of information to outside officers and content of the information.
Measures for increasing the effectiveness	<ul style="list-style-type: none">● Enhancing discussions made by the Board of Directors: Submitting proposals that will create opportunities to discuss specific initiatives about growth strategy and sustainability● Enhancing the Board of Directors' monitoring function: The administrative office should be proactive in providing information, such as providing outside officers with reports on progress related to important decisions and minutes of major meetings, and create opportunities for explanation where necessary.

Internal control

We have established the Basic Policy on the Internal Control System on the basis of a resolution of the Board of Directors. Under this basic policy, we are working to build and operate an internal control system. At the Sansha Electric Manufacturing Group, we build and operate an internal control system and strive to improve it on an

Evaluation of effectiveness of the Audit & Supervisory Board

In FY2021, the Company's Audit & Supervisory Board began to conduct a self-evaluation on its effectiveness for the purpose of assessing initiatives related to its functions and roles and the effectiveness of audits attributed to these initiatives.

Date	From December 26, 2023 to January 29, 2024
Subjects	Three Audit & Supervisory Board Members
Method	Questionnaire
Outline of the questions	Composition and operation of the Audit & Supervisory Board, improvement of the internal control system, response to the Board of Directors, three-way auditing, and other matters Evaluation in a total of 21 items on a four-grade scale
Summary of evaluation results	In light of results of evaluation of the effectiveness in the previous fiscal year, improving the status of the establishment of the risk management system was set as a task. In FY2023, improvements were made by sharing risks with Outside Directors and the President on a regular basis. In addition, regarding the task of increasing the number of regular meetings with Outside Directors and the President and enhancing the content of the meetings, we increased the number of meetings with the President by one in FY2023 and strived to enhance the content. An evaluation of "almost appropriate" was also given to questions about the frequency of onsite inspection in Japan and other countries and stance on information-sharing at internal management meetings, which were added in FY2023.
Measures for increasing the effectiveness	We plan to increase the number of meetings with the Vice President and Outside Directors next fiscal year. We will also reflect the evaluation results in the audit plan for the next fiscal year and strive to improve the quality of audits further and reinforce our corporate governance system.

ongoing basis so as to secure reliability and transparency of the companies.

The Basic Policy on the Internal Control System

<https://www.sansha.co.jp/eng/csr/internal-controls.html>

Risk management

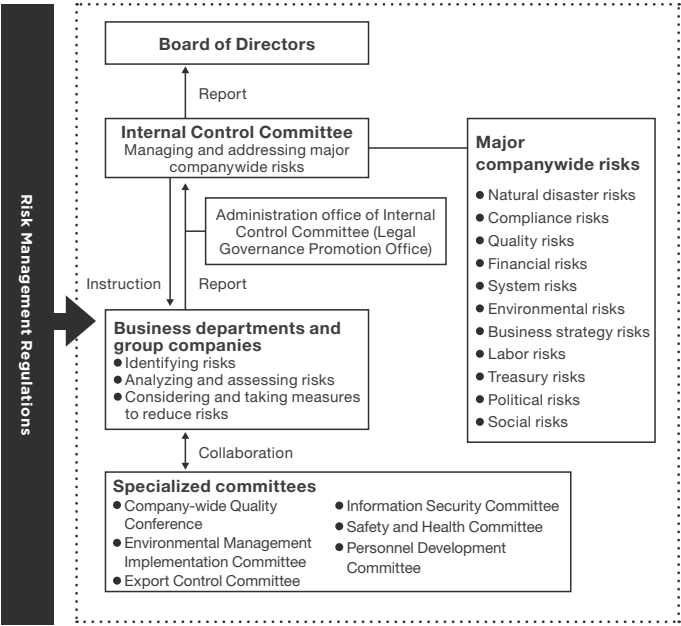
Basic stance

While risks facing businesses are diversifying, the Sansha Electric Manufacturing Group identifies various risks involved in its businesses, constructs a management system to prevent risks from actually materializing, and

takes actions to minimize their impact. Our basic stance is to respond swiftly and appropriately under the leadership of top management when any risk becomes a reality.

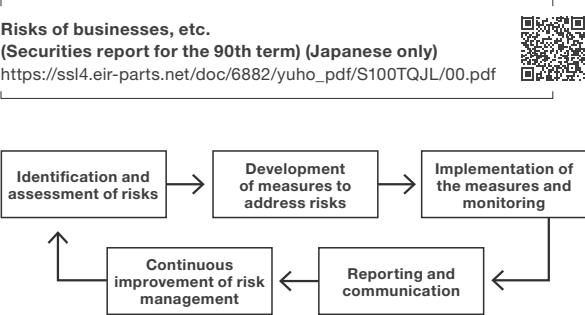
Risk management system

We have set up the Internal Control Committee, which is chaired by the Director and the Executive General Manager of the Corporate Planning Division. We have built a system under which the Internal Control Committee manages and addresses the Company's major risks in accordance with the Risk Management Regulations and reports to the Board of Directors as necessary. The Internal Control Committee also works together with each department and group company in identifying, analyzing, and assessing risks and considering and taking measures to reduce risks. Moreover, the Company-wide Quality Conference, the Environmental Management Implementation Committee, the Export Control Committee, the Information Security Committee, the Safety and Health Committee, and the Personnel Development Committee manage risks in the respective fields as specialized committees. As major company-wide risks, we have identified natural disaster risks, compliance risks, quality risks, financial risks, system risks, environmental risks, business strategy risks, labor risks, treasury risks, political risks, and social risks, and consider appropriate measures to address each risk.



Risk management flow

All business departments and group companies identify risks involved in businesses of the Sansha Electric Manufacturing Group. We analyze and evaluate the frequency of their occurrence, the scale of their impact, and other factors. We thus identify risks to address with priority and take steps to reduce the risks.



Business continuity management (BCM)

To fulfill our responsibility to supply products as a manufacturer even when a major disaster or similar event has occurred, we have introduced business continuity management (BCM). Aimed at clarifying actions to take in the event of a disaster and actions at normal times, BCM minimizes the impact of a disaster on our businesses and is vital for business continuity and an early recovery.



Information security measures


At the Sansha Electric Manufacturing Group, we understand that we have an important social responsibility to ensure information security. To respond to the trust of society as a whole, we have established rules on information security under our Information Security Policy, developed a system for managing information security, and are pushing forward with relevant measures.

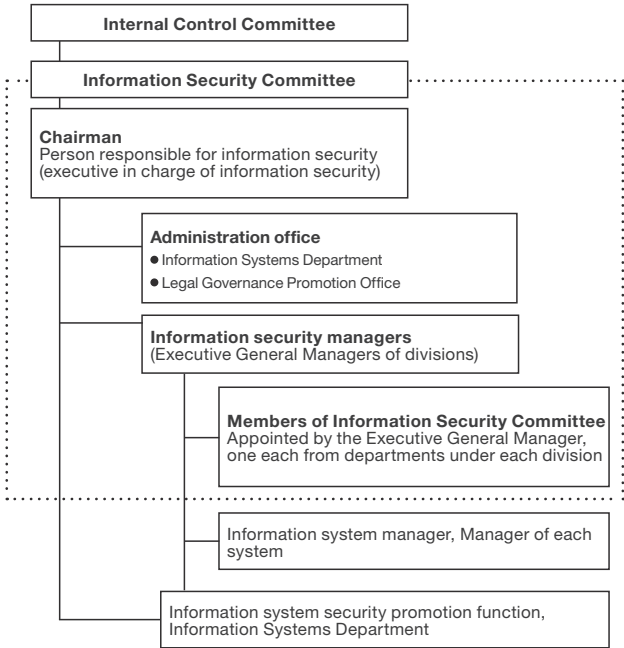
In response to the latest information security threats, we strive to implement information security measures which are appropriate for the business environment and provide officers and employees with necessary training, such as giving them relevant information, in our efforts to increase their awareness.

In addition, we check for security holes based on the security diagnostics of external specialized institutions and take necessary measures to improve our information security.

Information Security Policy

<https://www.sansha.co.jp/eng/csr/risk-management.html>





Training and awareness-raising

At the Sansha Electric Manufacturing Group, we raise compliance awareness among employees through group training and online learning, so that they can comply with laws and regulations and behave ethically. We respond promptly to revisions of laws and regulations by providing training and online learning specific to each job class and theme and we hold workplace meetings regularly, so that all members, from officers to employees, will ensure that compliance and awareness of compliance are instilled. With these initiatives, we raise compliance awareness and prevent risks.

Whistleblowing system

We have set up compliance helpdesks (whistleblowing contacts), which conform to the Whistleblower Protection Act. The helpdesks are to be contacted for inquiries about compliance and reporting of any dishonest conduct. In addition to internal contacts, we have set up an external law firm helpdesk, which provides services in English and Chinese as well. We have provided all employees of the Group with information about these helpdesks via a card which is distributed to the employees of the Group to carry with them, as well as internal groupware, training sessions, and other means of communication. We also inform them that we prohibit dismissal or any other disadvantageous treatment of a person for their whistleblowing to thoroughly protect whistleblowers. We are thus striving to improve the reliability of the helpdesk system.

In FY2023, six reports and inquiries were received via the helpdesk system. Fact-finding surveys were conducted for all of them, and they were handled appropriately.

Overview of the internal audit system

We have established the Audit Department as an independent organization under the direct control of the President. It conducts internal audits of each department and group company's execution of business from the perspectives of compliance with laws, regulations, and internal rules, the effectiveness and efficiency of operations, the reliability of financial reporting, and asset protection, among others. In internal audits, realities of operations are evaluated with rigorous methods and processes, and points to be improved are identified as necessary. Audit & Supervisory Board Members, the Audit Department, and the accounting auditor hold regular reporting sessions or as needed to promote the sharing of information and best practices within the organization,

Number of employees who participated in compliance training in FY2023 (total number)

New employee training	19
Specialized training on laws and regulations, etc., including the Export Trade Control Order and chemicals control	588
Training on specific themes including information security	1,031
Harassment prevention training	506

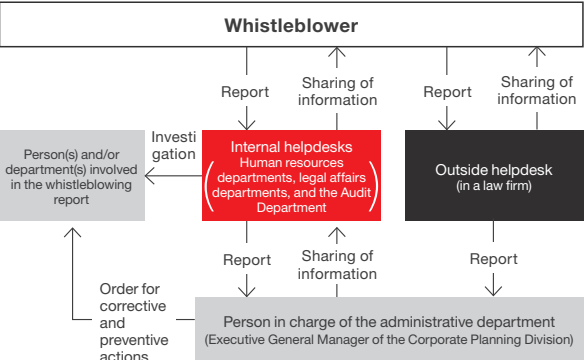
The data covers Sansha Electric Manufacturing Co., Ltd.

Number of reports and inquiries received via our internal helpdesks

FY2021	FY2022	FY2023
5	6	6

* Including reports and inquiries for which investigations were not conducted and reports and inquiries which were found to be not problematic

Whistleblowing process flow



Compliance

Basic stance

We are convinced that the Group's corporate value will be increased by developing a corporate culture that values compliance and by building sound business foundations as a company winning trust from society. We have also established the Sansha Electric Manufacturing Group Behavioral Charter for constantly reviewing our business activities with a view to realizing our corporate philosophy. We strive to ensure that each one employee will comply with this Charter in their daily activities. We also establish policies and regulations on individual priority initiatives and keep employees thoroughly informed of them.

Anti-bribery Initiatives

At the Sansha Electric Manufacturing Group, we believe that we need to strengthen measures against bribery risks, in light of recent situations including the progress in the globalization of business, the tightening of laws and regulations, and the stricter enforcement. We have therefore developed a basic policy and are striving to enhance initiatives to prevent violations.

Respect for human rights

In the Sansha Electric Manufacturing Group Behavioral Charter, the Group has clarified that, in its global operation of businesses, it will respect the human rights and diversity of not only its employees but also every person with a relationship with the Group. In addition, the Group will consider human rights of all suppliers, including the suppliers in its supply chain, in accordance with its Procurement Policy and Supplier Selection Policy.

In its business activities, the Sansha Electric Manufacturing Group will not tolerate discrimination against anyone or the infringement of anyone's personal dignity on the ground of their race, nationality, birth, religion, belief, gender, sexual orientation, age, disability or other attributes. In contrast, the Group will provide equal opportunities and strive to build a worker-friendly system.

Sansha Electric Manufacturing Group Basic Policy for Prevention of Bribery and Corruption

<https://www.sansha.co.jp/eng/csr/compliance.html>

