Material Issues

Management Materiality
https://www.sansha.co.jp/eng/ir/materiality.html

The Sansha Electric Manufacturing Group has identified seven material issues that are critical to sustainable growth and the enhancement of corporate value, taking into account the risks and opportunities arising from social issues and changes in the business environment. We are addressing these material issues in an integrated manner with the "CF26" Medium-term Management Plan. In FY2025, amid significant changes in the business environment—including progress in decarbonization, growing demand related to AI and data centers, heightened geopolitical risks, and supply chain restructuring—we continued to assess risks and opportunities while advancing initiatives in each priority area.

Going forward, we will continue to integrate materiality into management as we seek to both address social issues and sustainably enhance corporate value.

Process for Identifying Material Issues

Business Environment Analysis
Analyze changes in the business environment, including decarbonization and geopolitical risks

Identification of Social Issues
Identify social issues based on the SDGs and international guidelines

Assessment of Key Issues
Assess importance from stakeholder and management perspectives

Implementation and Review
Integrate materiality into management strategy and review it continuously

Social issues	Material issues	Medium-term management plan priority measures
Climate change	Solving social issues through business activities: Contribution to a decarbonized society and environmental conservation	Develop products that contribute to carbon neutrality and increase the sales ratio of SiC products to 10%
Rapid urbanization	Solving social issues through business activities: Infrastructure development and contribution to industrial development	Expand into new business fields and geographic markets from a global perspective
	Solving social issues through business activities: Providing safety and security and enhancing after-sales services	Improve quality, cost, and delivery (QCD) and provide added value to customers
Demographic changes	Solving social issues through business activities: Strengthening manufacturing and quality	Strengthen quality management, standardize design, and promote production automation
	Strengthening business foundation: Reducing the environmental impact of production activities	Invest in environmentally friendly equipment, reduce CO_2 emissions, and pursue energy conservation
	Strengthening business foundation: Promoting diversity and developing talent	Develop diverse talent to create value, increase the percentage of women in management positions, and improve net sales and operating profit per employee
Global Fragmentation	Strengthening business foundation: Strengthening business continuity management (BCM)	Review business continuity plans (BCPs) and improve the global supply chain

Our Vision for 2033

- Contribute to a decarbonized society through high-efficiency power conversion technologies
- Build a technological foundation that supports sustainable social infrastructure
- Provide safe, reliable products and services
- Establish a highly efficient manufacturing system leveraging AI
- Achieve business operations that balance reduced environmental impact with resource circulation
- Build a self-driven organization where diverse talent can thrive
- Establish a resilient business foundation and a robust information security framework