

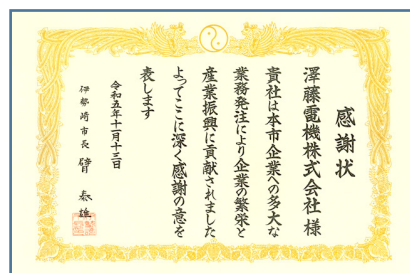
Dialogue with local residents



In order to maintain good relationships between the company and local communities, and to deepen understanding of the company, we hold regular information exchange meetings with local officials and cooperate with them to promptly respond to requests and opinions from the communities.

Contribution to Local Industries and Communities

We were awarded the Industrial Development Contributing Company Award by the neighboring city of Isesaki.



Isesaki City's certificate recognizing Sawafuji as a company contributing to industrial development

Sawafuji works hard to deepen ties with the local community. Our efforts include get-togethers with people in welfare facilities, environmental risk patrols around our factories, as well as volunteer activities and participation in local events.



Environmental risk patrols around our factories



Christmas visit to a welfare facility

Provision of Products That Satisfy the World

Sawafuji's products are helpful to people around the world.

Automotive electrical equipment



Generator



Refrigerator



2024 Sustainability Report

Digest Edition

WEBSITE

<https://www.sawafuji.co.jp/en/csr/>

On our company's web site above, we have introduced in detail the contents of our Social Compliance Report and our Environmental Report. Thank you for reading them over along with this digest version.

SAWAFUJI CSR

Search



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SAWAFUJI ELECTRIC.,CO,LTD

President's Message

Sawafuji was founded in 1934, and thanks to the support we have received, we could celebrate our 90th anniversary in 2024.

This has been made possible not only by the tireless efforts of our employees and the technology and trust we have built up over the years, but also by our suppliers' spirit of "manufacturing with integrity" and their relentless pursuit of improved quality and productivity, and by the cooperation of our customers, the understanding and cooperation of local residents, and the many others. We are deeply grateful for the support of our many stakeholders.

In the future, we will continue to focus on "product competitiveness" in the broad sense of the term, which includes elements that will please all stakeholders, such as "ease of use and ease of repair from the customer's perspective," "solutions to problems faced by suppliers in terms of manufacturing conditions and delivery formats," and "ease of production and storage in in-house processes." We aim to become a sustainable company that continues to contribute to society by pursuing "products for a new era" equipped with these elements.

Each and every employee will hold the ideal image of Sawafuji in their hearts, change their awareness and actions, and make a concerted effort.

Sawafuji Electric Co., Ltd.

President & Executive Officer President Masao Inoue

Basic Philosophy

Company Policy
(Established in July 1960)

1. Let's proceed with research, practice skills and make rapid progress brightly.

2. Let's keep responsibility toward and faith with customers and contribute to the society.

3. Let's establish bright workplace based on labor-management cooperation and mutual trust.

Management Creed
(Established in October 1990 Revised in April 2001)

Sawafuji produces good products, performs social responsibility as a corporation and provides prosperity to all people concerned.

* Make an impression on customers.

* Bring purity to nature.

* Bring prosperity to people engaged in the company work.

SAWAFUJI VISION

Sawafuji, living with electricity

Becoming a global Sawafuji through innovative technology

Direction to aim for
We aim to become an "Electricity-related" solutions company utilizing the core technologies we have cultivated.

Creation Technology to convert any form of energy into "electricity"

Storage Technology to store created "electricity"

Usage Technology to create a more comfortable living environment using "electricity"

Medium to long-term management plan

Sawafuji's Purpose:
Continuing to play a role in solving problems in a working mobility society

Awareness and behavior change

Low earnings
Low growth
Previous negative cycles
Product strength decline

Restrained investment
High growth
Value creation and virtuous cycle
Active investment
Human resources
Product strength improvement
Equipment improvement
Ability to propose products that exceed expectations

Slogan:
Advancing energy conversion technologies to solve the problems of mobility and professional users working around the world

Each individual changes awareness and behavior, and concentrates all their efforts
Becoming a brilliant and attractive Sawafuji

Long-term Initiative "Challenge 2030"

What we aim to be
What we want to be

Interim Target: FY2024 medium term plan

Existing

2030

Consolidated operating income 8%

2021 1% 2024 4%

Solidify our corporate base, transform our business portfolio, and become a global Sawafuji
* Pie chart: Sales percentage image

Earnings Results for FY 2023

Sawafuji Group strived to improve earnings in all our operations, improve business efficiency and productivity, and reduce costs. Consolidated earnings results for FY 2023 (128th term) were as follows.

- Net sales: 26,742 million yen

- Operating income: 563 million yen

Net sales by year

(million yen)

2019 29,995 2020 26,655 2021 28,761 2022 29,340 2023 (FY) 26,742

Operating income by year

(million yen)

2019 233 2020 2 2021 383 2022 238 2023 (FY) 563

Dialogue with Stakeholders

Sawafuji is committed to building better partnerships through dialogue with various stakeholders, including customers, local communities, shareholders, investors, distributors, dealers, suppliers, and employees.

Relations with Customers

Sawafuji strives to provide products and services that meet customers' needs, with the highest priority given to customer expectations and trust.

Development of products

Sawafuji's Development Division is committed to contributing to a sustainable society. In order to achieve this, we are strengthening our development system with electrification technology as our core product and continue to take on the challenge of developing value-added products that meet the needs of our customers.

MBD (Model Based Development) has been introduced to prevent development "do-overs" and to improve development speed.

Monozukuri

Sawafuji strives every day to achieve craftsmanship capable of moving our customers emotionally.

Quality control system and Service network

Sawafuji continues to improve ourselves by creating a quality control system that conforms to the ISO 9001 management system. We have also created a service network enabling prompt response to difficulties.

Relations with Global and Local Communities

Sawafuji contributes to the community and international society by conducting itself as an engaged member of the community with due consideration for environmental concerns.

Major efforts made during FY 2023 are as follows. More information can be found on the last page of this report.

- Working with the Japanese Red Cross Society in their blood donation drives
- Get-togethers with people in welfare facilities.
- Volunteer for cleanup activities and traffic safety near our factory
- Offering vaccines to the children of the world
- Participating in local events

Relations with Shareholders and Investors

To ensure fairness and transparency, Sawafuji discloses appropriate information in a timely manner to shareholders and other stakeholders.

IR information

Sawafuji believes that it is important for shareholders and investors to gain a correct understanding of the Company by disclosing details of its business activities in a timely and appropriate manner.

As a part of our investor relations (IR) activities, we issue Shareholders Newsletter in addition to materials released at the time of business results announcements.

The newsletter, which contains topics on our environmental activities and new products, is intended to help shareholders and investors broadly understand our activities.

Relations with Distributors and Dealers

Sawafuji which has established systems to sell commercial parts and components, collect market information and provide services by using the networks of its distributors, and dealers to fulfill its social responsibilities in every business situation.

In FY 2023, the Company held meetings at its 10 bases nationwide, and explained our policies and strengthened communication with our distributors.

We also held lectures to enhance services at these distributors and dealers.

Relations with Suppliers

Sawafuji is committed to practicing fair business processes and procuring optimal products. To do so, we build trusting relationships with our suppliers, endeavoring to develop and grow together, in line with our core philosophy of "mutual trust and mutual prosperity".

We are actively communicating with our suppliers by holding procurement policy briefings, general meetings of cooperating associations of Sawafuji, and joint training sessions on a regular basis, and information exchange meetings on a monthly basis.

We also actively cooperate with our suppliers in areas such as quality improvement and cost reduction.

Relations with Employees

Sawafuji values the self-reliance and creativity of each of its employees.

We have established the following systems and measures to ensure the safety of the workplace, the health of employees and to provide a rich workspace environment.

Employment

We are committed to personnel training based on our policy of employment stability.

Human rights

We maintain a corporate environment conducive to eliciting the desire to work through our response for human rights and a fair personnel system.

Diversity of employment efforts

To support employees' diverse working style, we have developed, re-employing retired people, employing disabled people, offering child-care leave and volunteer leave system.

Safety and sanitation management and health care

Under the slogan "Safety takes precedence over all other operations," all employees participate in activities to achieve "zero" occupational accidents, traffic accidents, and fires.

We value each of our employees and make every effort to ensure that they stay healthy.

Environmental Report

In 1997, Sawafuji obtained the ISO 14001 Environmental Management System certificate. Since then, it has done its utmost to achieve environmental activity goals, which are set every FY, in line with the Environmental Policy.

Major efforts include reducing CO₂ in production activities, managing and reducing substances that damage the environment, and we also are providing miniaturized and lightweight products that are energy-efficient, have low emission and that conserve on resources and water.

We have compiled the results of our environmental work in an environmental report, which is included in the Sustainability Report published on our corporate website.

* Please refer to the web version that we have introduced on the last page.

Environmental Policy

Sawafuji is committed to playing a vital role in building a society designed to pass on a healthy environment to future generations, so we work to provide products and services that meet customer expectations through safe manufacturing practices and to develop next-generation technologies for a new society driven by environmentally sound energy.

1. We are committed to "carbon neutrality" through the use of sustainable energy.
2. We develop and design technologies that will not only enhance performance but also reduce the environmental burden.
3. We are committed to protecting the environment by assessing the impact of our production activities, products, and services on the surrounding environment, resources, climate change, and the ecosystem as we work with an eye to preventing pollution and making continuous improvements.
4. We comply with environment-related laws and regulations as well as prescribed requirements while ensuring that each employee fulfills his or her social responsibility.
5. We actively foster communication among local communities as a good corporate citizen.

Established in May 1997
Revised in June 2022

Sawafuji Electric Co., Ltd.
President & Executive Officer President Masao Inoue