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## Capital Policies

—Emphasizing a Balance Between Strategic Investments, Investments in Human Capital, and Profit Distribution

A basic management policy of the Group is to create new value to help address the range of issues faced by our customers and society in order to realize sustained growth together with all our stakeholders, including customers, employees, suppliers, communities, business partners, investors, and shareholders.

In terms of capital policies and shareholder returns, in line with the above management stance, we have instituted a policy to foster a productive balance between:

[1] Building stable management and financial foundations

[2] Using M&A and strategic investments to achieve sustainable growth

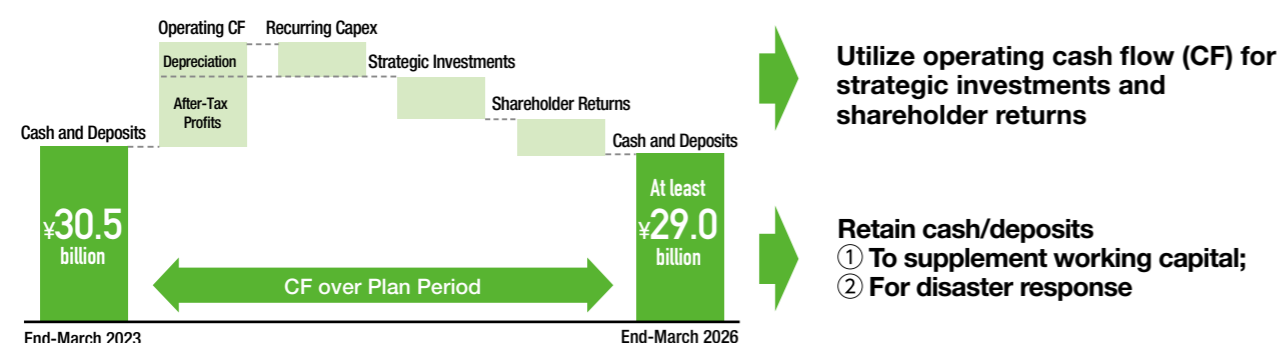
[3] Ensuring stable shareholder returns



Our policy is to maintain cash and deposits of at least ¥29 billion. Our operations need ample working capital due to the long lead times for presses from order to installation. We also expect funding needs to increase due to supply constraints for the materials and parts used in large presses that are causing ex-factory delays. We maintain working capital of approximately ¥14 billion to cope with normal quarterly commercial funding fluctuations. We also maintain an additional ¥15 billion in cash and deposits in the event of a major earthquake to cover projected production facility rebuilding costs and employee temporary absence from work compensation costs.

Any surplus cash and deposits, including operating cash flows generated during the course of the Medium-Term Management Plan, will be allocated to strategic investments in facilities and M&A, or to the financing of dividends, share buybacks, or other measures to increase shareholder returns.

## Financial Strategies and Shareholder Returns



# Investing in Human Capital to Strengthen AIDA's Business Infrastructure

Believing that human resources represent our greatest management asset, we strive to develop human resources with the aim of having each employee attain a high degree of specialization. Based on the AIDA Group Action Guidelines, we respect every employee as an individual and have established a corporate culture to embrace talented people from various countries and regions regardless of nationality, gender, age, employment status, or physical ability.

## The Three Pillars of Human Capital Investment Based on the New Medium-Term Management Plan

As part of a revamped HR system aimed at driving the transformation of our business portfolio and creating new added value under the new Medium-Term Management Plan, we are conducting in-house re-skilling programs that will shift resources into growth fields while developing people to support DX initiatives. Moreover, we are trying to enhance diversity by utilizing and recruiting more mid-

career hires, women, non-Japanese, and seniors, while enabling more varied work styles to help maximize the productivity of a diverse workforce. In addition, we are promoting health management because we believe the improved health of our employees—our greatest management asset—helps to support the Group's long-term growth.



## 1

## Manpower Development Through the New HR System

In order for the Group to make sustained contributions to society, a system for fostering enduring enthusiasm and motivation in all employees to continue working at AIDA for the long-term is essential. Introduced in July 2022, our revised HR system in Japan is designed to enable the evaluation of employees in terms of both “performance” and “conduct.” We have linked compensation with evaluations to create a transparent workplace where every individual is rewarded for their efforts.

### ● Status of These Initiatives

Position-specific training courses and other initiatives are ongoing to help promote rapid understanding of the new

HR system and to increase its effectiveness. Besides helping to entrench the new system, this training aims to enhance internal communication and create formal channels for managers to give feedback to subordinates.

Under the plan, we are also promoting DX in our procurement, design, production, and HR systems as well as in other parts of our work infrastructure to boost productivity and support data-based visualization of operations. To realize these goals, we are undertaking programs to build digital literacy and develop personnel to promote DX initiatives.

## 2

## Diversity and Inclusion

### ● Global Manpower Development

To maintain the diversity of the overall Group, the employees working at the sites operated by Group companies worldwide are typically recruited

and trained locally. As of the end of March 2023, overseas segment personnel represented 47.8% of the consolidated workforce of 2,046 employees, which is nearly half of our global workforce.

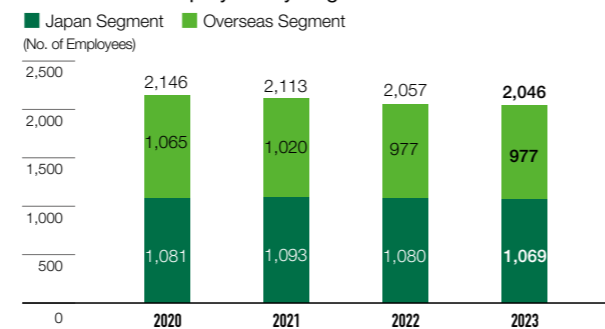


### ● Utilizing Mid-Career Hires and Seniors

As part of our efforts to support greater workforce diversity and create dynamic workplaces, in Japan we have a long tradition of actively targeting mid-career hires. Mid-career full-time hires represented an average of 49.0% of total recruitment at the parent company in the most recent three-year period (fiscal years ended March 2021–2023), and as of the end of March 2023, 36.8% of our managers have been recruited this way. We aim to maintain conditions conducive to this type of recruitment going forward.

In addition, we have always sought to offer work opportunities to people aged 65 and over by extending employment until the age of 70 (health permitting). We also actively seek to rehire employees after they reach the retirement age of 60, and we actively promote motivated and capable rehires as managers. As of the

### Consolidated Employees by Segment



end of March 2023, 50.0% of the people re-hired in this way were working as managers within the Company.

### ● Promoting Gender Diversity

We have been hiring more women and trying to increase the proportion of female managers since the enactment of The Act on Promotion of Women's Participation and Advancement in the Workplace in Japan in April 2016. As of the end of March, this figure was just 3.9% (non-consolidated), indicating a need for further improvement. To support a better work-life balance for women having children and caring for young children, and to create a work environment that empowers women, we have instituted systems aimed at enabling more flexible work styles (including staggered shifts, working from home, shorter work days, and hourly paid leave). The percentage of female employees returning to work after maternity leave is 100%.

### ● Promotion of Employee Health (Non-Consolidated)

#### Regular Health Check-Ups (FY ended March 2023 compliance rate: 100%)

To support the physical and mental health of employees and encourage active participation at work, our health management program includes regular check-ups, mental health care, consultations with occupational physicians, smoking cessation campaigns, and health-promotion events. Going forward, we aim to maintain the compliance rate of employees receiving regular health check-ups at 100%.

#### Stress Consultations (FY ended March 2023 compliance rate: 99.7%)

Regular stress consultations enable employees to gain more detailed awareness of their stress levels and mitigate the risk of personal mental health issues. We also use the results of relevant group studies to help improve the workplace. We are targeting a 100% compliance rate with these consultations to proactively help our employees avoid mental health issues.

#### Mental Health Management

As part of our mental health program, we provide employees access to an in-house service as well as a mental health hotline maintained by an external institution. We also conduct regular online training for managers about mental health management in the workplace, including the prevention of various types of workplace harassment.

#### Employee Satisfaction Surveys

As part of our efforts to improve working conditions and our HR systems, we interview personnel (at different levels in the company) to ascertain the desires of our employees, etc.

### ● Occupational Health and Safety/Workplace Accidents

In line with the Japanese Labor Standards Act and Industrial Safety and Health Act, we have set up Health and Safety committees at each site to ensure workplace health and safety and promote safe working conditions.

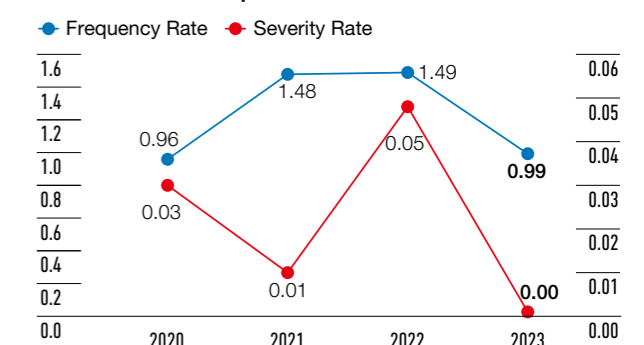
Health and Safety committees meet every month to discuss health and safety-related topics such as safe working procedures, the promotion of health management, mental health programs, and traffic safety. Committee members also use these meetings to share information and propose improvements.

To help eliminate any safety hazards and prevent workplace accidents by making improvements to working conditions, safety patrols are conducted regularly by Health and Safety committee members, site supervisors, and members of the Safe Environment and Safety Monitoring sections.



Workplace Hazard Training  
(Mock Exercises)

### Incidence of Workplace Accidents



Note 1: The frequency rate expresses the number of deaths, injuries, or serious workplace accidents (defined as necessitating at least one lost work day and involving the loss of at least one part of the body or a related loss of function) per million hours worked. Frequency Rate Equation:  $[\text{Number of deaths, injuries, or serious workplace accidents}] \div [\text{Total working hours} \times 1,000,000]$

Note 2: The severity rate expresses the total number of working days lost due to serious workplace accidents per thousand hours worked. Severity Rate Equation:  $[\text{Total number of lost working days}] \div [\text{Total working hours} \times 1,000]$

## 3 Creating Healthy and Safe Workplaces

### ● Health Management

Since people are the Company's most critical management resource, we place a high priority on creating a work environment in which employees feel motivated, safe, and secure. In May 2023, we established the Health and Productivity Management Declaration to help clarify our organizational structure. We are developing a wide array of initiatives to help promote the physical and mental health of every employee and their immediate family.

#### The Health and Productivity Management Declaration

AIDA ENGINEERING, LTD. believes that in order to achieve its corporate philosophy of "growing as a forming systems builder and contributing to people and community" that it is important to provide a rewarding, safe, and secure environment where employees can work to their fullest potential.

AIDA ENGINEERING, LTD. also believes it is essential to further improve the mental and physical health of its employees, its greatest management resource, and declares its commitment to health and productivity management.

### Organizational Structure for Implementing Health Management

