

Society

Human Capital (HR Strategy)

Basic Personnel Policy—Our Organizational and Human Resources Ideal Based on a Long-Term Management Vision

The Group has contributed to the creation of a sustainable and prosperous society. Human resources are indispensable to achieving such a society. Therefore, we have positioned human resources as our most critical management capital, and have defined our Human Resources Vision as follows. This defines the

organizational culture and human resources ideal to be achieved by 2030. The personnel department believes that its long-term and most important mission is to stand between management and employees and implement various measures so that this desired image becomes the ideal image for employees.

Human Resources Vision Linked to Management Strategy—Efforts to Achieve the Ideal State of People and Organizations

The Organizational Culture We Aspire for

- An organization that can continue to devise ways to make a broader contribution to society through business from a global perspective, and with the spirit of the Company's founding as its starting point.
- An organization that discards the notion of separate optimization and allows free, vigorous, and creative discussion, always with the goal of total optimization in mind
- An organization that actively promotes diversity and accepts a variety of ideas and perspectives
- An organization that can innovate (transform) to surpass competitors with its diversity of thought and challenging spirit
- An organization that provides highly motivated individuals with opportunities to grow both personally and professionally
- An organization that values team harmony, while recognizing those who demonstrate advanced abilities and produce results

The Human Talent We Seek

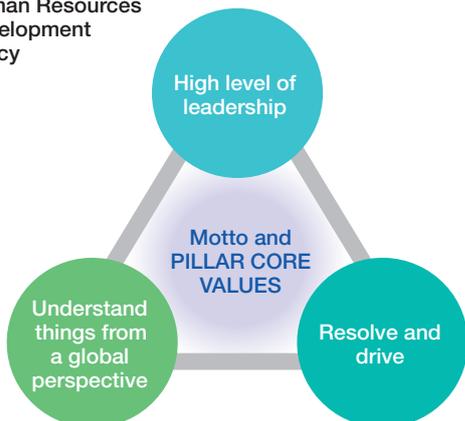
- People who can face up to difficulties and challenges independently and accomplish things with integrity, with our Motto and PILLAR CORE VALUES as action guidelines
- People who can identify their own department's and their own role in achieving high goals, and who can elevate the entire team's sense of involvement, awareness of problems, and sense of urgency
- People who have high aspirations and dreams through their work
- People who have strong curiosity about everything and continue to grow and take up new challenges, not being bound by the past
- People who can always look ahead, identify issues that need to be done right away, demonstrate leadership, and lead the team to its goal (problem-solving)

Human Resources Development Policy/Internal Environment Development Policy

Our human resources development policy is to develop human resources who have a proper understanding of our Motto and PILLAR CORE VALUES, who understand things from a global perspective, and who can demonstrate a high level of leadership, resolve, and drive. Moreover, we have established

an internal environmental development policy and are carrying out individual measures to create a workplace environment in which human resources with diverse experience and knowledge can play an active role while exercising their individuality, and work both at ease and in good health.

Human Resources Development Policy



Internal Environment Development Policy



Unlocking Capabilities of Diverse Human Resources and Pursuing Sustainable Organizational Growth

Human Resources Strategy in the Medium-Term Management Plan, One2025

Under the Medium-Term Management Plan, it is essential that we improve the linkage between management strategy and human resources strategy in order to attain further growth. In other words, to accomplish our management targets, it is extremely important that we achieve our priorities in the area of human resources, such as securing diverse human resources, developing professional human resources, and fostering a culture of transformation, and to improve the organizational and human resources capabilities of the entire Group. To ensure that these human resources policies function properly, we will constantly monitor the linkage between the management strategy and the human resources strategy and reflect this in our human resources policies. By doing so, we aim to become the number one company in human resources development, as stated in the basic philosophy of the Medium-Term Management Plan, and we will further accelerate our investment in human capital, so that human resources—our most important management capital—can autonomously take on new challenges and feel fulfilled and comfortable in their work.

Securing Diverse Human Resources

In fiscal 2023, we accomplished three major projects, making TANKEN SEAL SEIKO CO., LTD. a Group company and completing construction of both the Fukuchiyama Factory No. 2 and the R&D Center at the Sanda Factory. Along with other measures, we are working to rapidly expand our overseas business by opening new bases as part of the Medium-Term Management Plan. In addition to this rapid expansion of the Company's scale, measures to secure human resources are extremely important for meeting our strategy of creating new businesses, which includes launching next-generation batteries, hydrogen, thermal storage, and other products. We will also more actively recruit diverse human resources, including those from different industries.

Professional Human Resources Development

In order to strengthen the Group structure, we must promote the improvement of management and leadership skills in the entire Group and the professional skills of each individual, which requires implementing management and leadership education for each generation. In addition, we will improve the quality of our human resources and organizational capabilities with training programs for enhancing specialized skills, and by visualizing the skills of all employees through the use of digital tools, for example, talent management systems.

To strengthen our global competitiveness, the requirements for global human resources have been defined as people who leverage their excellent language and communication skills in response to other cultures, and who can also generate results while managing local organizations and personnel. In this way, we are advancing human resources development. Specifically, along with training expatriate staff and management to improve their management skills, going forward, we will increase opportunities for personnel rotations with overseas bases, and coordinate with existing localization measures for promoting

| Diverse human resources to support sustainable organizational growth | STRATEGY | KPIs | ACTION | | OUTPUT | OUTCOME |
|--|---|---|--------------------------------|--------------------------------|------------------------------|---|
| | Human Resources Strategy | | Progress of KPIs | | | |
| | | | FY2022 | FY2023 | | |
| Diverse human resources to support sustainable organizational growth | Implementing measures to secure diverse human resources | Percentage of new hires that are women (nonconsolidated) | 25% | 22% | Diversity | 30% or more |
| | Improvement of leadership and management skills | Amount invested in human resources development per person (nonconsolidated) | 79,000 yen per person annually | 71,000 yen per person annually | Professional human resources | 95,000 yen per person (20% increase compared to FY2022 result) |
| | Talent management | Number of global human resources (all corporations)* | 77 | 73 | Global human resources | 93 (20% increase compared to FY2022 result) |
| | Increased engagement | Secondary health checkup rate (nonconsolidated) | 50% | 63.6% | Cultural transformation | 80% or more |
| | | Engagement score (nonconsolidated) | 64% | 61% | | 65% |
| Diversity, Equity & Inclusion (DE&I) | Ratio of female managers (nonconsolidated) | 3.0% | 3.3% | 5% or more | | |
| | Percentage of male employees taking childcare leave (nonconsolidated) | 22.7% | 42.9% | 75% or more | | |

*Number of global human resources = Number of human resources with management experience at overseas bases (number of human resources with experience at overseas bases primarily through personnel rotation + number of human resources promoted to management from national staff)

executives and management from national staff to local subsidiaries, thereby strengthening our global human resources system.

Fostering a Culture of Transformation

The culture of transformation that is our goal involves an organizational culture in which every employee autonomously takes on challenges and leads transformation. Going forward, we will continue with measures that encourage such a culture, for example, the work reform project. So that employees can independently take on challenges, we are proposing the creation of a safe and secure work environment, retaining an awareness of well-being (a state in which individuals are physically, psychologically, and socially fulfilled), and promoting measures for health management and work-life balance (for example, by reducing overtime). Alongside such improvements to the work environment, we will detect employee strengths and sources of motivation, identify personnel and organizational issues, and study and implement measures for improving engagement.

In order to deliver a new approach that leads to transformation, it is necessary for a diversity of human resources (those with differing experiences, skills, values, and ways of thinking) to be accepting of each other, and for us to foster an organization and a work environment which

have a feeling of unity. For example, mid-career hires account for more than 40% of our management positions, and we have a culture that accepts others and fosters change. By continuing to promote Diversity, Equity & Inclusion (DE&I), the securing of human resources, and other

measures, we will foster a culture of transformation.

Creating a future that supports society

CLEAN

Achieving a clean global environment

SAFETY

Contributing to a safe and secure society

FRONTIER

Expanding into new fields that develop the leading edge of the industry

TOPIC

Roundtable Discussions with the President



The President with members from the Yokohama Branch Office

We cannot achieve our goals unless messages from management and their true intentions are correctly conveyed to employees. It became more difficult for messages from management to reach employees during the COVID-19 pandemic and the expansion of the organization, and as a way of addressing that situation, the President himself has been on site, holding roundtable discussions in small groups.

In fiscal 2023, these discussions were undertaken in 28 sections across the country, and in some cases, the resulting lively exchange of ideas led to the introduction of new systems. In a subsequent questionnaire, 95% of respondents said that they had a good understanding of management policy, which is a significant improvement on the figure of 75% prior to the discussions.

In the future, we will continue to aim for new value creation as "One Team."

Establishment of the Group Human Rights Policy

Based on the concept that unprecedented new ideas are created by a diversity of values, we will respect the diversity of our human resources and create new value for a sustainable society. In this context, we established the Group Human Rights Policy in order to clearly define our approach to human rights when conducting business in countries and regions around the world. For this to permeate throughout the Company, in fiscal 2023, we conducted human rights awareness training with invited experts and e-learning programs. Through the

concerted efforts of all Group executives and employees to promote respect for human rights, we will actively fulfill our responsibility to respect human rights for all.

For more information, including the full text of the Group Human Rights Policy, please visit our website.

<https://www.pillar.co.jp/en/sustainability/human-right/>



Diversity, Equity & Inclusion (DE&I)

We are committed to promoting diversity based on the belief that new and unprecedented ideas are created by a diverse workforce. We will continue to respect diversity and aim for sustainable corporate growth by creating more opportunities for women than ever before, developing new products that take advantage of ideas generated by different values through the active promotion of foreign-national human resources, and developing internal systems that allow people with disabilities to play an active role.

thereby creating opportunities for women to play an even more active role in the Company. To support male participation in childcare, we are also working on measures to encourage male employees to take childcare leave, and in fiscal 2023, 42.9% of those male employees who were entitled to do so took childcare leave. We will continue to promote awareness of the system through e-learning and other means to foster a workplace environment that is supportive of childcare.

For more information on our diversity management policy, please visit our website.

<https://www.pillar.co.jp/en/sustainability/diversity/>



“Excellent Corporations for Health and Productivity Management 2024” Certification

We have formulated a Health Management Declaration in order to achieve organizational revitalization and sustainable corporate value enhancement through the safe and healthy work of a diverse range of human resources. With the aim of raising health awareness among employees and their families and encouraging them to work in good mental and physical health, we have enhanced measures such as the establishment of a health management promotion system, mental health care, secondary health checkups, and a work-life balance. The Ministry of Economy, Trade and Industry and the Japan Health Council jointly implements a certification system for corporations with excellent health and productivity management, and in recognition of these efforts, we were certified as an Excellent Corporation for Health and



Productivity Management 2024 in the large corporation category as a “corporation that takes a strategic approach to employee health management from a business perspective.”

In addition, we continue to implement hazard prediction activities and have the President visit each factory to inspect the site. Each factory also publishes Health and Safety News to raise employee awareness of safety. Moreover, Health and Safety Committee members conduct on-site inspections to assess hazard levels in the workplace. Priority is given to workplaces with high hazard levels in order to analyze the causes of possible hazards and implement effective hazard source control measures, thereby preventing occupational accidents from occurring or recurring.

Occupational Health and Safety

We believe that the health and safety of our employees is an unparalleled value. To ensure a safe and comfortable work environment, we have committed to eliminating occupational accidents in our Group Code of Conduct and to complying with all applicable laws and regulations as well as internal rules such as the Health and Safety Management Regulations and Various Work Procedures.

The Health and Safety Committee was established to ensure employee safety and promote the maintenance of health. The Committee formulates annual policies and activity plans related to health and safety, and meets monthly.

Promoting CSR Procurement

In order to continue fair and transparent transactions with our suppliers and to carry out our purchasing activities, we have established our “Procurement Policy” and are striving to realize fair business activities.

In consideration of the expansion of ESG-related investments and global procurement, supply chain management is an important issue both for companies and our stakeholders, and the issues that surround it include the environment, human rights, quality, business practices, and disaster response. In order to appropriately address these issues, we have established and are implementing the PILLAR CSR Procurement Guidelines, a group procurement policy that outlines our CSR Procurement Standard. We recognize that social issues such as conflict minerals and violations of fundamental human rights pose serious problems in our supply chain, and we do not purchase any mineral or textile raw materials of concern.

We are also implementing supplier engagement measures to ensure smooth procurement activities. At the start of each fiscal year, we hold procurement policy briefing sessions for suppliers, among other topics providing information on the initiatives of each business, production overviews, and future production plans. In addition to existing content,

Purchasing information (PILLAR Basic Procurement Policy)

<https://www.pillar.co.jp/en/about/purchasing/>



as part of supplier engagement for achieving carbon neutrality, in fiscal 2024 we have explained the Company’s response to climate change and our initiatives relating to Scopes 1, 2, and 3.

Moreover, we conduct an annual questionnaire on CSR procurement to understand the status of our suppliers’ CSR activity systems, compliance with laws and regulations, human rights, and environmental conservation. In fiscal 2023, 109 major suppliers representing approximately 95% of our transaction value responded to this questionnaire, making for a 100% response rate. We visited and assisted with improvements at suppliers for whom improvement was judged as being necessary based on the important items in the fiscal 2022 questionnaire.

Going forward, we will continue to promote CSR procurement with the cooperation of suppliers.

PILLAR CSR Procurement Guidelines

<https://media.nippon-pillar.com/assets/pdf/b3bbbd1904a7e29d1e7bdc095d5507d076b459a.pdf>



Social Contribution Activities

We are fully aware that the Company is a part of society, and we actively engage in interactions with local communities and sponsorship of traditional culture and the arts.



Sponsorship of the 35th Sanda International Masters Marathon (picture courtesy of Sanda City)



Support for Paralymp Art, a general incorporated association for promoting independence of persons with disabilities



Sponsorship of the 31st Fukuchiyama Marathon (picture courtesy of Fukuchiyama City)



Donation of clothing, used postage stamps, etc. for deprived communities