

Human Capital

Performance Against Materialities / KPIs (FY2023)

Hours of training per employee (non-consolidated)	15.5 hours
Ratio of female managers (group)	20.3 %
Teleworking implementation rate (the Yokohama region where the company's offices are located)	51 %

YAMASHIN-FILTER adopts diversity management as the management base to ensure all employees respect each other's experience, abilities, and ways of thinking, regardless of differences such as nationality, age, gender, culture, or religion. We strive to foster the success of a diverse workforce based on this management policy, and by raising the level of efforts to develop personnel, which serve as the foundation of our management, we will enhance our efforts to build an organizational culture that allows us to swiftly and flexibly respond to changes in the external environment.

Approach to Securing Human Resources

- Development of the next generation of leaders through the selection of high-potential personnel and 360-degree assessment
- Systematic training of future management candidate personnel
- Building a system for recruitment and development of junior human resources aimed at optimal human resource allocation
- Consider outsourcing as a means of compensating for human resource shortages

Human Resource Development

The systematic development of next-generation leadership, including potential candidates for executive posts that can address environmental changes against the backdrop of diversification of business operations and further global expansion, presents us with a crucial management issue. As a company that keeps our functions from development to production and sales in-house, we face the challenge of passing on our development methods and production technologies. Acknowledging this, our human resources and business divisions work together under the leadership of top management to move forward with human resource recruitment and development.

Human Resource Development Initiatives for the Next Generation

To develop personnel that will lead our future success, we implement executive (and executive candidate) talent management and motivation-boosting measures, assign appropriate personnel to appropriate positions based on evaluations of potential, eliminate the seniority system through appropriate personnel evaluation, introduce a global matrix for overseas group managerial personnel evaluations, optimize the personnel system, and build an appropriate personnel evaluation mechanism through job rotation. We also hold regularly scheduled rank-based training.

Practical Training

Training for directors and executive officers

Participation in external training to gain capabilities for the creation of management metrics within one to two years after taking up an executive officer position.

Managerial position training

Training on compliance and harassment prevention, and

labor management training that forms the basis for taking on managerial positions, as well as hands-on training for division managers, including discussions based on lectures from management.

New employee training

Business etiquette and other basic training as a member of society, product and technology training to gain a deeper understanding of our company, and manufacturing training at plants, were conducted over the course of one and a half months.

Training Results (Non-consolidated)

	Unit	FY2021	FY2022	FY2023
Total training hours	Hours	2,310	2,688	2,519
Average hours of training per employee	Hours	12.2	14.0	15.5
Average days of training per employee	Days	5.4	6.1	9.3

Study-in-Japan Trainee Program

We have a Study-in-Japan Trainee Program that aims to help employees improve their knowledge of work, train and learn technical skills, broaden their horizons, and contribute to the advancement of our business. Eligible trainees are persons who have given at least three continuous years of service to the company and have been recommended by a department manager. The length of the program is between six months to three years, and the company pays for the cost of this program. To date, three individuals have used this program and finished their studies at a graduate school or completed a doctoral program.

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Fair Personnel Assessment and Compensation

Our group have adopted the Management by objectives (MBO) system in order to assess employee abilities appropriately and link the results to their compensation. The evaluation categories have seven ranks. The evaluation sheet is divided into two: individual targets and behavioral targets. The individual targets are decided upon consultation with one's supervisor. The behavioral targets are outlined by the Guiding Principle of Acts for company employees, with the required Guiding Principle of Acts tailored to each grade. The evaluation is held twice a year. A fair evaluation is carried out, in principle, by conducting it in four stages: the primary evaluator is one's section manager, the secondary evaluator is one's department manager, the third evaluator is one's division manager, and the final evaluator is an executive officer. The result of the evaluation is always fed back to the employee through a one-on-one meeting with them.

Human Resource Diversification

As a global company, we engage in hiring, assignment, and education that seeks to place the right people in the right positions, and work to ensure a comfortable workplace environment, regardless of factors such as nationality, age, gender, cultural background, or religion.

Globalization and Localization of Human Talent

At the Cebu Plant, our largest plant, we are advancing our localization of senior management, with Philippine nationals among our directors, general managers, and managers. We arrange information-exchange opportunities to regularly bring managers of overseas subsidiaries to Japan, which help deepen personal interaction with the Head Office staff and provide support for the further growth of overseas managers.

In November of FY2023, we held a YAMASHIN Global

Summit as the first international conference in the group in about three years. Approximately 40 participants attended, including managers from the Head Office and from overseas subsidiaries, all of whom joined in active discussions of initiatives on climate change, respect for human rights, and other sustainability-related efforts.



Scene from the YAMASHIN Global Summit

Plant Management That Respects Local Customs and Culture

We also recognize that blending in with local communities and respecting local customs, such as Christmas-related religious services and parties at the Cebu Plant, are an important part of diversity initiatives to be carried out in line with globalization. In December 2022, we resumed the Christmas Mass and party at the Cebu Plant that had been held before the COVID-19 pandemic, and it was enjoyed by many employees.

The party customary includes yearly presentation of award to employees with extremely good attendance records, and several employees are honored each year. Some of the awardees have received the honors for several years in a row in recognition of their support for the Cebu Plant, our mass production facility.

Enhancing Global Production

In October 2024, we held the first YAMASHIN Olympia at our Saga Plant. This global production event had been held every year until 2014, but this year's event was the first time it had been held in 10 years. Representatives of four plants, the Saga Plant, Cebu Plant, Vietnam Plant, and AQC, took part in the event. They presented the details of the improvement activities they carry out on a daily basis at each plant and skills competition was also held.

Production sites are not just about making products. The representatives of each plant gave presentations on topics including how they are partnering with related departments to improve various underlying issues at production sites, as well as the benefits they have experienced from reducing energy consumption. The skills competition saw representatives of the Saga Plant, Cebu Plant, and Vietnam Plant compete against each other on how quickly and accurately they could produce something based on an element drawing given to them on the day of the event. For employees of the Saga Plant, which is the mother plant, it was an event packed with fascinating stories. They got to hear tales from a former employee of the Saga Plant and a veteran employee with 30 years of continuous service at the Cebu Plant, as well as anecdotes from employees of the Vietnam Plant reciting the tough times faced in launching the new plant.



Scene from the improvement activity presentation event

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Medium- and Long-Term Targets for Women’s Participation and Advancement and Non-Japanese Managers

In FY2023, we strengthened our efforts for women’s participation and advancement by laying out five-year targets through 2028 and ten-year targets through 2033. In 2024, we also formulated targets for non-Japanese managers.

Targets for Women’s Participation and Advancement

Five-year targets On a non-consolidated basis, achieve a 35% ratio of female employees by 2028, and on a group basis, maintain the ratios of female employees and managers at or above the levels of March 31, 2023.

Ten-year targets By 2033, set each 10-year target ratio to the above-mentioned five-tear target levels or more. Increase the ratio of female directors to at least 30% by 2030.

Targets for Non-Japanese Managers

Five-year targets Achieve a 5% ratio of non-Japanese managers by 2028.

We recognize that promoting women’s active participation and advancement is an important issue for our company. In FY2023, we set medium- to long-term targets for women’s participation and advancement. Although the ratios of females and female managers within the group are relatively high at 52.3% and 20.3% (as of the end of March 2024), respectively, the fact that our company’s ratio of female managers is low at 5.9% and it is 0% at the subsidiary AQC Corporation is an issue.

With regards to non-Japanese personnel, we are promoting the appointment of core personnel to managerial positions based on the principle of placing the right people in the right roles, taking into account their abilities and achievements, regardless of nationality, age, gender, or mid-career hire. That being said, our ratio of non-Japanese managers is an issue as it is 0% (as of the end of March 2024).

Employment for People with Disabilities

Our employment rate for people with disabilities is 1.48% (as of June 1, 2024), below the statutory employment rate of 2.5%. To achieve the statutory employment rate, we are examining specific initiatives to promote the hiring of talent with disabilities.

Promoting Employment of Elderly Persons

Regarding elderly persons employment, we continue to offer employment extensions to 100% of those who wish to remain employed up to age 65, while also extending employment contracts beyond age 65 to those who request it.

Data relating to diversity & inclusion (%)

	Scope	FY2021	FY2022	FY2023
Ratio of females	Group	—	51.7	52.3
	Non-consolidated	23.3	31.6	32.5
	AQC Corporation	—	37.6	39.7
Ratio of female directors	Non-consolidated	0	10	22
Ratio of female managers	Group	17.9	19.7	20.3
	Non-consolidated	2.3	5.2	5.9
	AQC Corporation	—	0	0
Ratio of non-Japanese managers	Non-consolidated	—	—	0
Ratio of mid-career-hire managers	Non-consolidated	—	—	74.5
Rate of male childcare leave	Non-consolidated	—	100	100
	AQC Corporation	—	100	0
Pay differential between men and women*1 *2	Non-consolidated	75.2	73.4	77.0
	AQC Corporation	—	69.5	70.6
Employment rate for people with disabilities	Non-consolidated	1.59	1.61	1.48

*As of March 31 of each fiscal year
 *The ratio of female officers as of the end of June each year
 *Employment rate for people with disabilities as of June 1 each year
 *1 The scope is all workers, including part-time and fixed-term workers
 *2 Ratio of women's salaries to men's

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Work-Life Balance

In 2015, we took a business recession as a positive opportunity to launch work-style reforms. Among these, we are promoting greater work efficiency with the aim of realizing zero overtime in principle. At the end of work, top managers take the lead in patrolling the workplace to encourage remaining employees to head home. When overtime is unavoidable, managers recommend early arrival at work and give instructions for no one to remain at work after the scheduled time.

We have also been promoting telework, and in FY2023 we set a numerical target of 60% for teleworking implementation when the pandemic was spreading. The average working-from-home rate was 51% in the Yokohama region where the company's offices are located.

To enable employees to realize a work style suited to their current life stage, we have put in place a system that provides support for balancing work with childcare. In FY2023, the percentage of employees returning to work after taking childcare leave was also 100%.

As employee benefits, we provide various entertainment and leisure opportunities through the Kanagawa Prefecture Kiki Health Insurance Society or Relo Club. We are undertaking further work style reform efforts and working hard to build a culture focused on well-being.

Data Relating to Work-life Balance (non-consolidated)

	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Teleworking implementation rate*	%	—	54	56	49	51
Overtime hours (monthly average hours)	Hours	4.08	7.77	14.77	14.25	6
Rate of return to work after childcare leave	%	100	100	100	100	100
Rate of taking paid leave	%	61.4	47.2	65.1	62.8	63.7

*Limited to the Yokohama region where the company's offices are located

Supporting Both Childcare and Nursing Care

We have Childcare and Nursing Care Leave Programs, and the rate of return to work after childcare leave is 100% every year. Some employees also use our Nursing Care Leave Program. Those who request to use this program can do so. Up to five days for childcare leave and nursing care leave for family members can be taken as paid holiday per year (10 days for two or more people). Some of our employees who are balancing work with childcare or nursing care tell us that having a work environment where they can work remotely is really reassuring.

We believe encouraging the involvement of men in childcare is an important effort that will facilitate women's participation and advancement. That is why our General Affairs Department actively reaches out to our male employees to make it easier for them to take childcare leave. In FY2023, the rate of childcare leave use by male employees was 100%.

Employee Engagement

Employee Engagement Survey Implementation

In FY2023, we carried out an engagement survey to help make our workplaces more comfortable and satisfying for our employees to work in. The engagement survey was carried out on 192 regular employees who work at our Head Office, Saga Branch Office, and Yokosuka Innovation Center. The response rate was 100%. While we obtained a score equivalent to the average of Health & Productivity Management Outstanding Organizations Recognition Program, for the items for which we scored below average, we are already taking improvement measures and enhancing our efforts.

Employee Engagement Survey Results (FY2023) (score)

Item	Average score*	Our score
Physical and mental well-being	58.76	58
Engagement	62.45	59
Work	55.49	52
Relationships with fellow staff	72.27	70
Relationship with organization	61.50	58
Organization's understanding	59.24	55

*Average score of Health & Productivity Management Outstanding Organizations Recognition Program



Main Issues Observed From the Results

- Need mental health care and to reduce the burden of work
- Need a good relationship with one's supervisor(s)
- Need trust in the organization, career/personal development
- Need to promote awareness of programs and employee benefits

Supporting Asset Building

We have introduced an asset building program and support for domestic employees to increase their motivation to work for the company for the medium to long term.

Asset Building Program

Lump-sum retirement allowance	This right is given to full-time employees who give three or more years of continuous service
Defined contribution pension plan	Those with a welfare pension (including some non-regular employees) can increase their assets by way of three types of contributions (employer, participant, asset transfer)
Employee Stock Ownership Association	This program is available to directly hired employees below the age of 60. Said employees can regularly purchase company stock every month (purchasing units are 1,000 yen for one lot up to a maximum of 50 lots for 50,000 yen). The cost of purchased shares will be deducted from the employee's salary, and the employee can purchase stocks at this amount plus a reward (10%).