

Corporate Governance

The Yokowo Group aims to achieve its management goals by ensuring management efficiency, transparency and compliance through the continuous strengthening of its corporate governance, positioned as one of the Group's important management challenges.

Basic Principles Concerning Corporate Governance

Recognizing that Yokowo exists today through the support of its various stakeholders, the Group positions strengthening corporate governance as one of its important management challenges. As well as building smooth relations with its stakeholders, the Group aims to maximize corporate value through further enhancing its corporate governance.

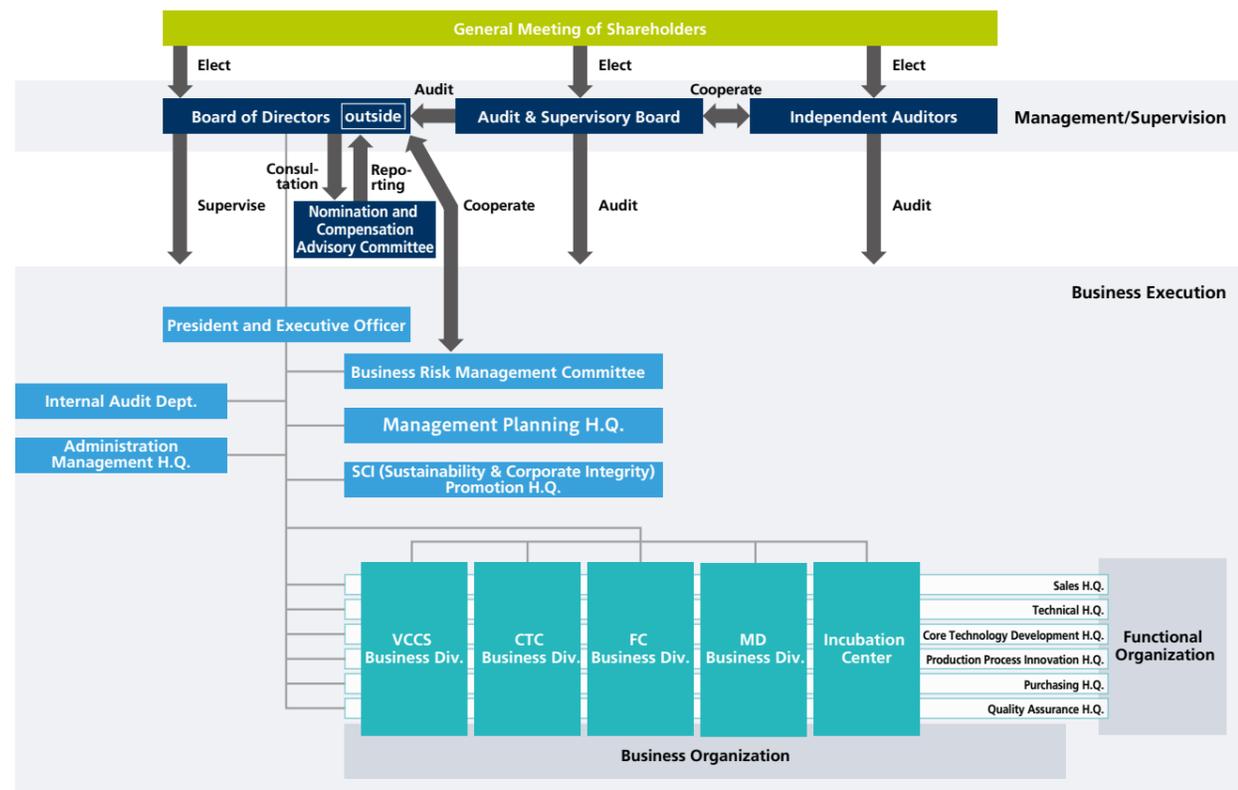
Corporate Governance System

Yokowo is a company with auditors and has a system of corporate governance consisting of: a Board of Directors responsible for management strategy and supervisory functions, an Executive Officer system that fulfills business execution, and an Audit & Supervisory Board that performs management audit functions.

Board of Directors

To speed up the decision-making process, the Board of Directors consists of only a limited number of directors (a total of seven—four internal and three outside directors) (as of end June 2023). The Company has appointed three independent outside directors (with a high level of independence) to further strengthen the management supervisory function, and these include a female outside director.

▼ Corporate Governance System (As of April 1, 2023)



Audit & Supervisory Board

In addition to one full-time internal Audit & Supervisory Board Member with sufficient knowledge in finance and accounting, the Company has appointed three highly independent outside Audit & Supervisory Board Members to further strengthen the management audit function, and these include a female outside Audit & Supervisory Board Members.

Executive Officers

By adopting the Executive Officer system, the strategic decision-making and operational supervisory functions are clearly separate from the executive function, in order to create a system for prompt and appropriate execution of operations. In addition to four internal directors, the Company has appointed eleven executive officers in the positions of Chief Officer, General Manager, and General Manager at Tomioka plant, etc.

Initiatives to Improve Governance

Nomination and Compensation Advisory Committee

The Company established the Nomination and Compensation Advisory Committee as an advisory body for the Board of Directors, with the aim of enhancing the transparency of the decision-making process for matters relating to corporate governance, such as directors' nomination and compensation. The Committee has three members, composed of the Company's two independent outside directors Ms. Kuniko Muramatsu and Mr. Makoto Tobar, and the Representative Director, President and Executive Officer Mr. Takayuki Tokuma, with Ms. Kuniko Muramatsu serving as chairperson. The Committee receives requests for consultation from the Board of Directors, deliberates and decides on proposals, and then submits reports to the Board of Directors. The rules governing the operation of the Board of Directors specify that, in its decision-making, the Board must respect the content of the reports received from the Committee to the utmost possible extent.

A summary of the meetings held from April 2022 through August 2023 and the main agenda items are as follows.

April 2022: Deliberated and decided upon a draft proposal regarding the payment of bonuses to executive directors and executive officers for the fiscal year ended March 31, 2022.

June 2022: Chairperson appointed under the new committee structure (Ms. Kuniko Muramatsu reappointed).

September 2022: Discussed the direction of the Board of Directors and operational methods.

January 2023: Deliberated and decided upon a draft proposal regarding the executive structure (directors, auditors, and executive officers) and the establishment of the Yokowo Scholarship Foundation for the fiscal year ending March 31, 2024.

February 2023: Conducted interviews with candidates for outside directors.

April 2023: Deliberated and decided upon draft proposals regarding the payment of bonuses to executive directors and executive officers for the fiscal year ended March 31, 2023, and regarding compensation for the fiscal year ending March 31, 2024. Drew up succession plan and deliberated on developing human resources.

August 2023: Deliberated and decided upon draft proposals regarding changes to the executive officer system, and deliberated the succession plan.

Measures to Enhance Auditing and Supervisory Functions

As well as sharing information and exchanging ideas in advance of the Board of Directors' agenda, the Company's outside directors share matters of deliberation and reports from the Audit & Supervisory Board to the extent necessary. Full-time internal auditors ensure compliance and appropriateness by attending important monthly meetings to regularly monitor how business is conducted. For the fiscal year ended March 31 2023, we conducted site audits of three domestic subsidiaries, and of seven overseas subsidiaries in the United States, Vietnam, and Malaysia, and audits based on unique management environments of local facilities and on country-specific risks.

Business Risk Management Committee

The Company has established the Business Risk Management Committee as an organization under the direct control of the President. Its aim is to strengthen the Company's competitiveness and ability to manage risk, such as by forming alliances through joint ventures, mergers and acquisitions to further advance business, and by verifying the profitability of large-scale investments. In addition to regular reports to the Board of Directors, the Committee conducts activities in close cooperation with the outside directors.

This was conducted seven times in the fiscal year ended March 31 2023, to verify the profitability of large-scale investment projects such as automation facilities, and to conduct follow-up on alliance projects.

Analysis and Evaluation of the Effectiveness of the Board of Directors

Since 2016 Yokowo has been conducting self-evaluation surveys and, when necessary, interviews with all its directors and auditors, collecting the results and analyzing them.

This year (2023), the survey was conducted in May, and items classed as either favorable or issues/requests were as follows.

<Favorable>

- The Board of Directors has atmosphere that actively listens to the opinions of outside directors, and that emphasizes active discussions.

<Issues/requests>

- The Company should ensure more diversity in the composition of the Board of Directors in terms of gender, nationality, age, and other backgrounds.
- The Company should ensure a sufficient number of independent outside directors who are qualified to contribute to enhancing corporate value over the medium to long term.
- Agenda items have increased at Board of Directors meetings, but require more in-depth discussion.

In general, the effectiveness of the Company's Board of Directors was determined to be sufficient, but we will work to further improve effectiveness by addressing issues, including those above.

Director and Executive Officer Compensation

Policy on Determining Director and Executive Officer Compensation

With regards to compensation for the directors of the Company, an upper limit for the total compensation in each fiscal year is set by resolution at the General Meeting of Shareholders.

Compensation for individual directors is then determined by a process whereby the Nomination and Compensation Advisory Committee receives a request for consultation from the Board of Directors, and then deliberates and decides on proposals regarding the amount to be paid to individual directors before reporting to the Board of Directors, which then makes the final decision, while respecting the reports received from the Committee to the utmost possible extent.

In the same way, with regards to compensation for the

auditors, an upper limit for the total compensation in each fiscal year is set by resolution at the General Meeting of Shareholders. Individual compensation is then determined within the bounds of the upper limit through consultation with auditors.

Compensation for Directors

Compensation for the Company's directors consists of fixed monthly compensation, a monetary executive bonus, and a share bonus in the form of stock options, etc.

Based on guidelines that take into account individuals' roles and responsibilities, the Representative Director, President and Executive Officer draws up a proposal regarding the amount of fixed compensation after taking into consideration the business results of the previous fiscal year, the management plan of the current fiscal year, and the roles of each director, etc. A request for consultation is submitted to the Nomination and Compensation Advisory Committee, and then reported to the Board of Directors, which deliberates on the matter and makes the final decision.

Executive bonuses are paid based on their extent to which internal Executive Directors' performance targets have been met to enhance their motivation for improving the Company's performance in each (consolidated) fiscal year. The three indices of consolidated sales, consolidated net sales, and profit (loss) attributable to owners of parent ("three indices") are used.

Regarding the question of whether executive bonuses are paid, and the total amount paid, the Representative Director, President and Executive Officer draws up a proposal based on the extent to which the relevant three indices have been achieved in each (consolidated) fiscal year. If it is determined that executive bonuses will be paid that year, the Representative Director, President and Executive Officer draws up a proposal regarding the amount to be paid to each individual based on the roles and results of each individual executive director (including their contributions to solving sustainability issues). The proposal for consultation is submitted to the Nomination and Compensation Advisory Committee, and then reported to the Board of Directors, which deliberates on the matter and makes the final decision.

With the aim of sharing value with shareholders while providing increased incentive to build corporate value over the medium to long term and enhance shareholder value, stock options are granted to executive directors. However, the decision as to whether to grant stock options, and the period, is determined after comparing the impact of the necessary expenses on performance with the anticipated incentive effect. The Representative Director, President and Executive Officer

draws up a proposal regarding the amount of stock options to be granted to each individual executive director based on the roles and results of each individual executive director, within the upper limit (in terms of the value of shares or number of shares) set by the Shareholders Meeting. A request for consultation is submitted to the Nomination and Compensation Advisory Committee, and then reported to the Board of Directors, which deliberates on the matter and makes the final decision.

As a general rule, internal directors are obliged to contribute a certain amount or more of their basic compensation to the Executive Shareholders' Association every month as stipulated by internal rules. Yokowo shares accumulated by the Executive Shareholders' Association shall be transferred under the name of the individual executive directors every six months (in late September and late March).

In principle, Directors shall hold their shares and not sell them while holding their position of director.

Regarding the ratio of executive directors' overall compensation to be held by each category of compensation, this shall be determined based on the roles and responsibilities of each executive director and on trends in compensation at other companies with a similar scale of operation to Yokowo. In the case where stock options are granted up to the specified upper limit, the target ratios for each of the categories of compensation are: basic compensation: 60%; performance-linked compensation: 20%; compensation in the form of shares: 20%.

Compensation for Auditors

Compensation for auditors is limited to basic compensation, which

comprises monthly compensation in monetary terms.

The amount of basic compensation is determined by discussion among the auditors at the Audit & Supervisory Board meeting taking into consideration the roles and responsibilities of each auditor and based on guidelines stipulated in advance.

In the event of bonuses to auditors, these are paid after gaining approval at the General Meeting of Shareholders.

▼ Compensation Figures (FY2022)

	Total amount of remuneration by type			Total	Upper Limit (annual)
	Basic compensation	Executive bonus	Compensation in the form of shares		
Directors (outside)	194 (18)	14 (—)	— (—)	209 (18)	280 (40)
Auditors (outside)	42 (21)	— (—)	— (—)	42 (21)	60
Total (outside)	237 (39)	14 (—)	— (—)	252 (39)	

Company Officers Skill Matrix

Among the various areas of expertise and experience possessed by each current Director and Member of the Audit & Supervisory Board, up to four items are listed for which there are particularly strong expectations regarding that individual's ability to utilize these items effectively in the performance of their duties. The table below thus does not show the entirety of the specialist experience and experience of each individual.

▼ Company Officers Skill Matrix

Name	Position	Specialist Expertise and Experience						
		Corporate management	ESG and sustainability	Legal affairs and risk management	Finance and M&A	Human resources and labor affairs	Technological strategy	Internationality
Takayuki Tokuma	Representative Director, President and Executive Officer	○	○		○			○
Koichi Fukagawa	Director, Senior Managing Executive Officer	○	○		○	○		
Kenji Yokoo	Director, Managing Executive Officer	○	○	○				○
Naohito Odani	Director, Managing Executive Officer			○			○	○
Kuniko Muramatsu	Outside Director	○	○			○		○
Makoto Tobari	Outside Director	○	○		○		○	
Byeongwoo Kang	Outside Director			○	○		○	○
Kenji Kamachi	Audit & Supervisory Board Member		○	○	○			○
Toshiaki Tochigi	Outside Audit & Supervisory Board Member		○	○	○	○		
Hisao Tsunoda	Outside Audit & Supervisory Board Member	○	○		○	○		
Emi Yoneda	Outside Audit & Supervisory Board Member	○	○	○	○			

Directors, Auditors and Executive Officers

(As of June 28, 2023)

Board of Directors



Takayuki Tokuma
Representative Director, President and Executive Officer

Attendance rate at Board of Directors Meetings: 17/17 times (100%)
Number of Company shares held: 290,038 shares



Koichi Fukagawa
Director, Senior Managing Executive Officer

Attendance rate at Board of Directors Meetings: 17/17 times (100%)
Number of Company shares held: 52,948 shares



Kenji Yokoo
Director, Managing Executive Officer

Attendance rate at Board of Directors Meetings: 17/17 times (100%)
Number of Company shares held: 91,869 shares



Naohito Odani
Director, Managing Executive Officer

Attendance rate at Board of Directors Meetings: 12/13 times (92%)
Number of Company shares held: 8,841 shares

Audit & Supervisory Board Members



Kenji Kamachi
Audit & Supervisory Board Member

Attendance rate at Board of Directors Meetings: 13/13 times (100%)
Attendance rate at Audit & Supervisory Board Meetings: 13/13 times (100%)
Number of Company shares held: 2,383 shares



Toshiaki Tochigi
Outside Audit & Supervisory Board Member

Attendance rate at Board of Directors Meetings: 17/17 times (100%)
Attendance rate at Audit & Supervisory Board Meetings: 17/17 times (100%)
Number of Company shares held: 0 shares



Kuniko Muramatsu
Outside Director

Attendance rate at Board of Directors Meetings: 16/17 times (94%)
Number of Company shares held: 0 shares



Makoto Tobar
Outside Director

Attendance rate at Board of Directors Meetings: 13/13 times (100%)
Number of Company shares held: 0 shares



Byeongwoo Kang
Outside Director

Attendance rate at Board of Directors Meetings: – (New appointment)
Number of Company shares held: 0 shares



Hisao Tsunoda
Outside Audit & Supervisory Board Member

Attendance rate at Board of Directors Meetings: 13/13 times (100%)
Attendance rate at Audit & Supervisory Board Meetings: 13/13 times (100%)
Number of Company shares held: 0 shares



Emi Yoneda
Outside Audit & Supervisory Board Member

Attendance rate at Board of Directors Meetings: 13/13 times (100%)
Attendance rate at Audit & Supervisory Board Meetings: 13/13 times (100%)
Number of Company shares held: 0 shares

Executive Officers

President and Executive Officer
Takayuki Tokuma

Senior Managing Executive Officer
Koichi Fukagawa

Managing Executive Officer cum General Manager, Incubation Center
Kenji Yokoo

Managing Executive Officer cum General Manager, Technical H.Q.
Naohito Odani

Managing Executive Officer cum General Manager, VCCS Overseas Plant
Katsuhei Yanagisawa

Managing Executive Officer cum General Manager, Tomioka Plant
Mitsuaki Okazaki

Executive Officer cum Deputy General Manager, Technical H.Q., cum General Manager, VCCS Engineering Management Division cum General Manager, Human Resource Development Center
Tsuyoshi Sakata

Executive Officer cum General Manager, Advanced Devices Business Promotion Division, Incubation Center
Motoaki Matsuura

Executive Officer cum General Manager, CTC Business Division
Naoki Kawata

Executive Officer cum Chief Officer, Management Planning H.Q.
Tatsuo Tsunoda

Executive Officer cum Chief Officer, Core Technology Development H.Q.
Tomohisa Hoshino

Executive Officer cum General Manager, MD Business Division
Koichi Tachikawa

Executive Officer cum Chief Officer, SCI (Sustainability & Corporate Integrity) Promotion H.Q. cum General Manager, Sustainability Promotion Department cum General Manager, Corporate Secretary Department cum General Manager, Public Relations & Equity Department
Toshihisa Tagaya

Executive Officer cum General Manager, VCCS Business Division
Syunichi Nagaoka

Executive Officer cum Chief Officer, Production Process Innovation H.Q.
Takeshi Akao

* For details regarding the reasons for appointment of individual Directors and Audit & Supervisory Board Members, please visit our official corporate website. <https://www.yokowo.co.jp/english/company/csr/governance.html>

Compliance and Risk Management

In accordance with the CSR Code of Conduct, the Yokowo Group will comply with laws and regulations in good faith and engage in fair corporate activities on a daily basis, and will also fulfill the social responsibilities of a corporation by responding appropriately to risks through our Risk Management System and efforts to continuously improve our risk management performance.

Approaches to Compliance

The Yokowo Group will contribute to the development of a sustainable society by engaging in activities that impact on the economy, the environment, and society in a transparent and highly ethical manner in order to earn the trust of stakeholders with the constant aim of enhancing corporate value.

Initiatives to Improve Compliance

To ensure compliance, the Yokowo Group works to firmly establish the CSR Code of Conduct (available in Japanese, English, and Chinese), which sets out the actions to be taken by the Group's officers and employees. We are working in order that they are fully aware of this Code, and that this is well established.

Furthermore, in April 2023 we established the Yokowo Group Human Rights Policy, and in August of the same year revised the CSR Code of Conduct in accordance with the Responsible Business Alliance (RBA) code of conduct.

Additionally, to further raise awareness of compliance, we are conducting compliance-related e-learning programs for officers and employees at our Group and at subsidiaries in Japan, and are also conducting e-learning for overseas subsidiaries as well on the prevention of global bribery and corruption. We have also put in place a whistleblowing system as well as an external hotline to promptly detect and correct any violations of laws and regulations. Furthermore, under the CSR Code of Conduct, we have established and started utilization of regulations compliant with anti-bribery regulations in each country. The Internal Audit Department also audits business processes in each department at Yokowo and at subsidiaries in Japan and overseas, providing guidance on detecting and preventing misconduct and improving processes.

In FY2022, there were no compliance violations.

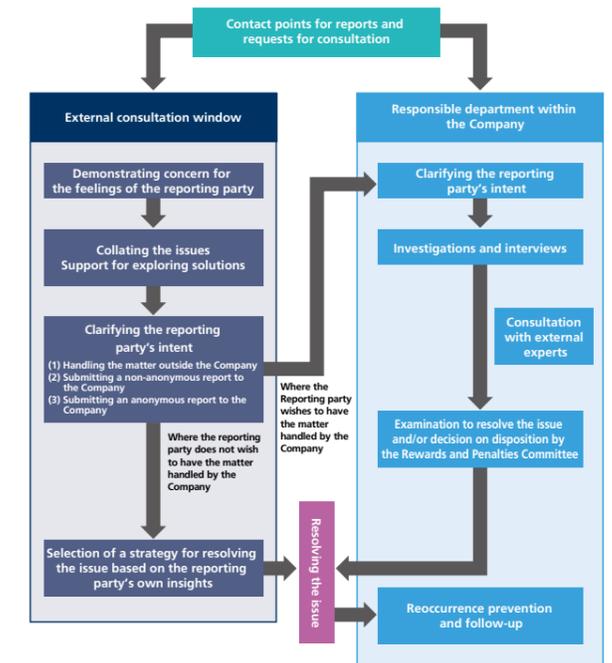
Approaches to Risk Management

Aware of the potential impact of risk on our business activities, besides complying with relevant laws and regulations, the Yokowo Group also strives to fulfill our social responsibility and put organizational operation on a stable footing by responding appropriately to risk, through measures to continually improve our risk management systems and performance.

Initiatives to Improve Risk Management

The Yokowo Group has established and maintains the Risk Management System (RMS), which conducts identification, analysis, planning, implementation, evaluation, improvement, and review for diversifying loss risks in order to ensure more stable and smoother business activities. Under the Risk Management Rules, we have established risk management policies and risk management guidelines, and we are striving to continually enhance the RMS. We are also working to identify risks at an early stage, share and analyze them and to formulate and implement countermeasures, with the establishment of the Business Risk Management Committee (see the Corporate Governance page on p.34).

▼ Schematic diagram showing the internal whistleblowing system



Information Security

In our current networked era, we are seeing increasing worldwide demand for strengthened information security. The Yokowo Group constantly recognizes the importance of all the information assets and we promote information security activities globally to meet these requirements.

Approaches to Information Security

The Yokowo Group aims to ensure that it always recognizes the importance of all information assets handled thereby, including information provided by its customers and business partners, in order that the Group may continue to be a trusted member of society. To this end, the Group has stipulated and implemented its Information Security Policy in order to prevent all improper disclosure, divulgence, and unauthorized use of such information assets.

Information Security Policy (Overview)

1. Compliance
2. Framework
3. Management of Information Assets
4. Training
5. Preventing and Responding to Incidents

Enacted: April 1, 2013

* The full text of the Information Security Policy can be viewed on the Yokowo website.
<https://www.yokowo.co.jp/english/company/csr/security.html>

Information Security Management Framework



Enhancement of Information Security

Under the Group's Information Security Policy, Yokowo recognizes the management of information security as one of the most important issues in business management. In order to manage the information assets appropriately, it has constructed an information security management system (ISMS),

and is working together with the entire Group to advance its information security activities.

Information Security Education

The Group considers the basis for information security to be for each employee to have a high level of awareness with regard to information management, and works to keep all officers and employees (including temporary staff) well informed regarding laws and regulations as well as Group policy and rules, etc. governing information security.

Furthermore, Yokowo implements various activities in order to increase awareness of information management, such as carrying out multiple yearly e-learning sessions on information security, and issuing all employees with an Information Security Handbook that details practices which should be followed during the course of everyday duties.

ISO 27001 Certification Status

2014	YOKOWO CO., LTD., 3 Japanese subsidiaries
2016	Chinese subsidiaries (3 locations)
2017	Malaysia subsidiary
2021	German and Vietnamese subsidiaries

Protection of Confidential Information

Under its Information Security Policy, the Group has established confidentiality rules for the protection of confidential information, and disseminated these to the Group and all suppliers, etc. engaged in Yokowo's business. Through compliance with these rules, the Group handles and protects, both strictly and appropriately, all information assets possessed by Yokowo, and information disclosed to it by its customers. In addition, it is our social responsibility to promote cyber security measures not only within our group but throughout the supply chain as a whole, and as such we are working to confirm and enhance the status of security measures at our suppliers and sub-suppliers. As of April 2022, Yokowo has decided to prohibit the use of password-protected compressed files. In FY2022, there were no specific complaints regarding either violations of customer privacy, or losses of customer data.

Environment

The Yokowo Group recognizes that conducting business activities in harmony with the global environment is an essential responsibility for a corporation. The Yokowo Group continues to implement a range of Group-wide environmental preservation activities and address climate change based upon defined environmental policies in order that we can pass on our irreplaceable global environment to future generations.

Approaches to the Environment

Environmental Policy

Today, when Japan and the rest of the world are starting to make a serious effort to realize carbon neutrality by 2050, Yokowo is also responding to the demands of our stakeholders and society by formulating more concrete measures to address climate change, and working actively to implement them. Reflecting this stance, we support the recommendations of The Task Force on Climate-related Financial Disclosures (TCFD), and we are implementing specific initiatives to achieve the target of reducing greenhouse gas emissions from our plants (Scope 1 and 2) by 35% by FY2030, compared to FY2014, and promote specific climate-related information disclosure.

Yokowo is also committed to helping to create a rich natural environment. We seek to do this through our environmental management system and through activities designed to achieve continuous improvements in environmental performance. As part of our commitment, we take into consideration the environmental impact of our business activities and comply with all relevant environmental laws, regulations, and guidelines, as well as with each customer's specific guidelines.

Action Guidelines

1. Yokowo supports the TCFD recommendations, and besides formulating and implementing concrete measures to achieve the target of reducing greenhouse gas emissions at our plants (Scope 1 and 2) by 35% by FY2030, compared to FY2014, we will also be disclosing details of the measures taken, through the Carbon Disclosure Project (CDP) framework.
2. Yokowo will continuously and actively promote energy saving, resource conservation, and recycling to contribute to the protection of the global environment.
3. In respect of chemical substances which are harmful to both the environment and human body, Yokowo will prevent environmental pollution by implementing preventive measures and action plan, which include those for the case of abnormal and emergency operation, and will minimize the use of hazardous chemical substances.
4. Yokowo will comply with all relevant environmental laws, regulations, and each customer's specific requirements, and intend to enhance our environmental management by our original internal standards.
5. Yokowo will set objectives and goals for our environmental activities and also improve our environmental management system continuously by periodically reviewing the objectives and goals.
6. Through in-house education and publicity, Yokowo will promote all the employees' recognition of involvement in environmental preservation and will make these activities take root as daily duties.
7. Yokowo ensures that all the employees including those of affiliated companies are fully aware of the environmental policies, and will disclose them to the public on request.
8. Yokowo will contribute to the development of a sustainable society by considering the impact on biodiversity in all its business activities.

Enacted: June 1, 2005 Revised: October 15, 2021

Environmental Management Systems

ISO 14001 Certification

Since its individual production bases received ISO 14001 certification starting in 1998, the Yokowo Group has continued with its work in environmental activities. Furthermore, the Environmental Management Committee at each plant has been central in setting objectives and targets, and in promoting initiatives in all workplaces aimed at achieving these.

* Please see our website for more details on the status of ISO14001 Certification Acquisitions.
<https://www.yokowo.co.jp/english/company/csr/environment.html>

Issues and Results of Activities

The Yokowo Group identified four issues that need effort — addressing climate change, management of water resources, resource recycling, and zero hazardous chemical substances usage. For these issues, Yokowo sets annual goals and activities to be achieved.

At a meeting of the Board of Directors held in October 2021, Yokowo decided to express its support for the recommendations of the TCFD, made revisions to the Action Guidelines, and disclosed the status of these efforts through CDP.

Targets

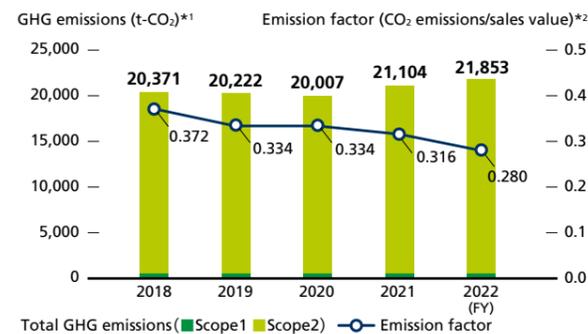
Responses to climate change	Reduce greenhouse gas (GHG) emissions (Scope 1 and 2) by 35% by FY2030 compared to FY2014, aimed at realizing carbon neutrality by 2050
Water resource management	Reduce water consumption by 1% from the previous year
Waste reduction & recycling	Reduce waste emissions from business activities, and achieve a recycling rate of 80% or above
Chemical substance management & pollution prevention	Promote zero hazardous chemical substances usage for those chemicals that have a harmful effect on the environment and human health

Addressing Climate Change

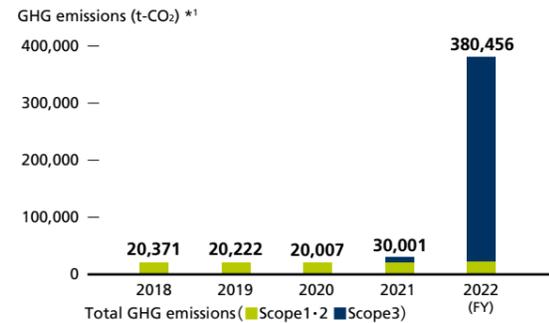
With the aim of reducing direct greenhouse gas emissions (Scope 1 and 2), Yokowo is implementing plans for the adoption of renewable energy at our plants in Japan (in Tomioka City, Gunma Prefecture), China, Vietnam, and Malaysia, which are our Company's main sources of greenhouse gas emissions. In October 2022, we installed a photovoltaic power generation system at our Vietnam Plant using a bilateral credit system, and in June 2023, we installed the second solar panel system at our new Micro Process R&D Center at our main plant—the Tomioka plant (Gunma Prefecture). Furthermore, as another initiative, we have introduced solar-powered electric vehicle charging facilities at the Tomioka Plant for the use company cars as well as commuters' and visitors' cars, and are implementing a plan to switch to commuting by train, by attracting the placement of a railway station.

As of 2020, the Yokowo Group had implemented a variety of activities directed towards meeting the goal of a year-on-year 1% reduction in the greenhouse gas (GHG) emission factor, however we revised these targets in 2021.

GHG emissions and emission factor



GHG emissions (including Scope 3*)



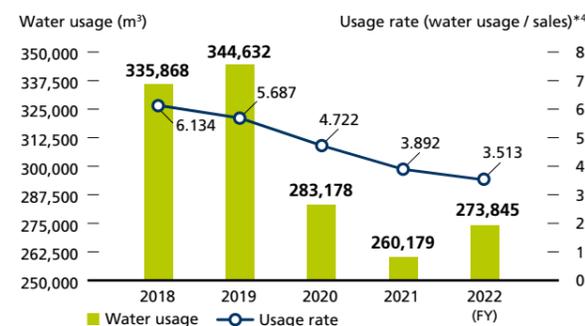
*1 Electricity CO₂ conversion factor is calculated using the following:
 Domestic: TEPCO Energy Partner, Inc Basic Emission Factor
 Overseas: Until 2021, IEA Official Factor, 2022 uses the market coefficient
 *2 Emission factor: GHG emissions per million yen of sales
 *3 From FY2022, we started detailed Scope3 calculations.

Management of Water Resources

Of the water used within the Yokowo Group, the majority is for domestic-type uses; because of the characteristics of our products, hardly any water is used in the production processes. We are working to achieve our goal of a year-on-year 1% reduction in water consumption, measured by per unit of sales.

Additionally, we are monitoring the quality of plant wastewater using our internal standards, which are more rigorous than legal requirements. At the Tomioka plant, we are recovering all hazardous chemical substances in discharge from our galvanization processes, and have achieved zero emissions into public waterways.

Water usage and usage rates

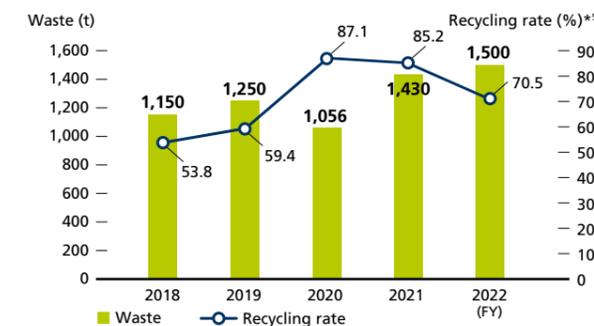


*4 Emission factor: Water usage per million yen of sales

Waste reduction & recycling

The Yokowo Group's main products are electronic components, and the main types of waste that we generate are metal and plastic waste, and waste cutting oil, that are generated during the production processes. With regard to these main types of waste, we are working to conserve resources. As well as promoting a reduction in the quantities of waste generated by our business activities, we have also set a recycling rate of at least 80% as a target. The inclusion of Yokowo Vietnam in the data aggregation from FY2020 onwards has led to an increase in the recycling rate.

Quantity of waste and recycling rate



*5 The recycling rate is the share of waste handed over to recycling rms. We are experimenting with the use of recycled plastic in plastic molding processes. We are also working on the development of original recycling technology for cutting oil, in collaboration with a local vocational college.

Chemical substance management & pollution prevention

In the Yokowo Group, the Environmental Action Guidelines include compliance with relevant environmental laws and regulations, as well as with each customer's specific guidelines. Based on the above, we have established chemical substance management standards (below: "Standards"), are clarifying management targets for products manufactured and sold by the Group as well as for chemical substances contained in products, parts, and materials, and are ensuring that these are well known within the Group and by business partners, and working to improve environmental quality. The Standards specify management methods for chemical substances right from receipt of raw materials and parts through to shipment.

We also place an emphasis on sharing information with suppliers regarding the constituent components used in our products. As well as conducting rigorous checks of these using ICP analyzers and fluorescent X-ray spectrometer, we provide products that meet the changing chemical substance regulatory requirements of worldwide automobile and electronics manufacturers.

Through these initiatives, we are establishing preventive measures and response plans, including those for abnormal or emergency situations. Additionally, we are preventing environmental pollution, and promoting zero hazardous chemical substances usage for those chemicals that have a harmful effect on the environment and human health.

Handling of chemical substances contained in products

The Group is taking the following actions as regards chemical substances contained in its products.

Support for REACH regulations*

In order to comply with the obligation to communicate information regarding substances of very high concern (SVHC)*⁷ and the content of regulations regarding restricted substances, the Group obtains and manages information concerning chemical substances obtained through our suppliers.

*6 European Union (EU) regulations on the registration, evaluation, authorization and restriction of chemicals
 *7 Chemical substances stipulated as requiring authorization and registration under the REACH regulations

Compliance with RoHS directives**

We check for RoHS compliance of all delivered parts and materials, and are establishing an internal inspection system.

**8 Directives relating to restrictions on usage of hazardous substances in electrical and electronic equipment



Measurement of components (energy dispersive fluorescent X-ray spectrometer)

Topics

In July 2023, we received third-party certification (scope 1 and 2) for greenhouse gas emissions. In the future, we will further expand coverage of our understanding GHG emissions, including Scope 3 emissions, and strive to further enhance information disclosure.

Employees

The Yokowo Group aims to promote and advance diversity and inclusion among our employees and strives to create a rewarding and attractive workplace environment with the aim to “Be a company where employees feel comfortable being employed, and which ensures that employees’ families are happy for them to work there.”

Basic Data on Employees

▼ Number of Employees

	Yokowo total	Japan	Europe and the U.S.	Asia	
Total employees (persons)*1	8,304	1,504	79	6,721	
Breakdown by business segment	VCCS	6,087	264	53	5,770
	CTC	961	406	14	541
	FC	406	78	10	318
	MD	300	299	1	0
	Other employees	550	457	1	92

*1 Includes temporary staff

Composition of Employees

The main production bases in each segment are China, Vietnam, and the Philippines for the VCCS segment, Malaysia, Vietnam, and Japan for the CTC segment, Malaysia and China for the Fine Connector business in the FC/MD segment, and Japan for the Medical Device business in that same segment. Our production bases are concentrated in Asia. In particular, there are a large number of employees in China and Vietnam, which are production bases for the VCCS segment.

▼ Recruitment and Turnover

	YOKOWO CO., LTD.
Total number of new recruitments	79
Male	63
Female	16
Total number of job leavers	26
Male	21
Female	5

▼ Average age and years of service

	YOKOWO CO., LTD.
Average age	40.7
Male	40.5
Female	41.9
Average years of service	11.7
Male	11.3
Female	15.2

Work-Life Balance

Percentage of annual paid leave taken

We promote the use of annual paid leave aiming for an annual paid leave utilization rate*2 of 70%, which is the target for FY2022. In FY2022, the annual paid leave utilization rate was 71.5%.

*2 Number of annual paid leave days taken ÷ number of annual paid leave days newly granted each fiscal year

Use of childcare leave

Yokowo has established a childcare leave system to support employees in balancing work with childcare. In FY2022, 23.1% of male, and 100% of female employees took childcare leave.

Use of nursing care leave

The Group has established a nursing care leave system to support employees in balancing work with nursing care. In FY2022, no employees took nursing care leave.

Other work-life balance measures

- Hourly paid leave
- Special COVID-19 vaccination leave
- Long service incentive system (newly established in FY2023)

Further reforms to human resources system to encourage proactive employee growth

In 1998, given external factors such as Japan’s aging society and declining birthrate as well as advancing globalization, we reformed our personnel system, replacing the former job qualification system with a role-based pay system for managers, and a job-grade system for general employees. Since the introduction of this system, we have continued its operation in order that each employee can transform themselves into a specialist by using a dynamic, competitive system that rewards work value, role responsibility, and results in line with changing employee roles in the midst of a changing business environment. Also, as a global specialist company with a highly competitive human resources structure, our aim is to have our employees achieve self-fulfillment through their own efforts. To achieve the above, we are using the SAP SuccessFactors talent management system introduced in 2022.

Engagement

Yokowo conducted its first engagement survey in FY2022. In addition to understanding the degree of congruence between our direction (Purpose, Vision, and Values) indicated in our corporate philosophy and individual employees’ directions (diverse self-actualization), this has as its objective understanding areas for improvement in the workplace environment, so that the Group can achieve sustainable growth.

We will improve workplace environments in each department as indicated through these results, then review and construct internal mechanisms. Looking forward, we will promote employee engagement in order that every employee has trust in the company and in our organization, and that they are motivated to work toward both personal and corporate growth.

Performance Evaluation

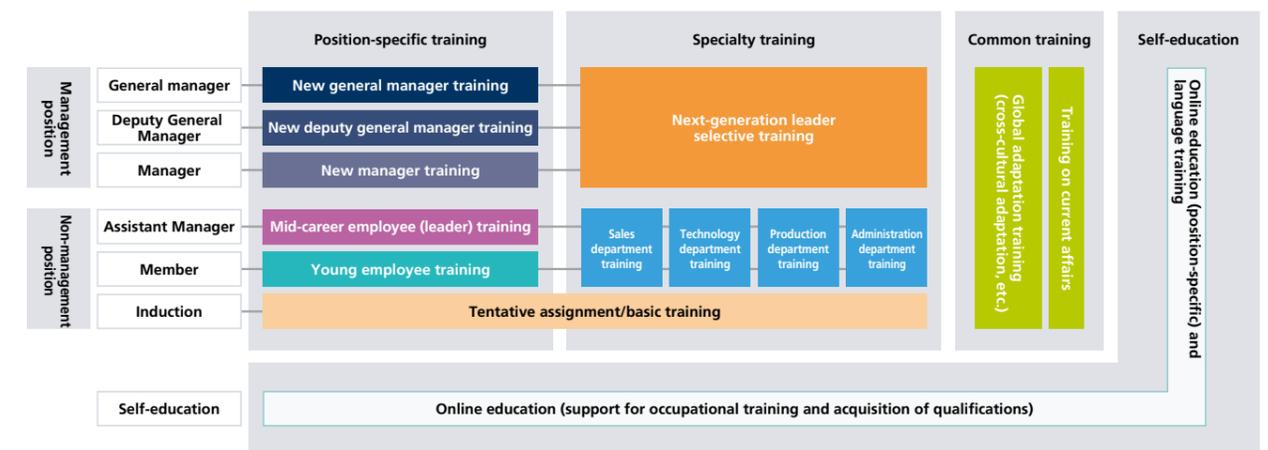
At the beginning of each fiscal year, every employee prepares a job description in consultation with their superiors which includes their duties and goals, and carries out their duties. Superiors evaluate employee performance every six months and hold interviews to provide feedback on the results to employees.

Human Resources Development

We have established an “integrated human resource development system starting with new employees” in order to cultivate “globally-minded human resources” who will support the full-scale globalization of our business and to actively promote the strengthening of management at all levels. In addition to training that is common to all employees, we provide diverse position-specific and specialty training to encourage employee growth. In the future, Yokowo will create a “new training system” to better support employees’ independence in their skill and career development, and aim to become a company that can provide more specialized training opportunities to employees.

Furthermore, in FY2023 we established the new Human Resource Development Center. As well as having an oversight position to raise the job performance of all officers and employees, and to establish a competitive advantage in the ability of top-level talent to implement advanced technologies, this is responsible for building an education system covering management and business operations. We are currently compiling human resources development plans for each department, and moving forward with the development of specific training plans.

▼ Conceptual Diagram of Training System



Diversity

Through the promotion of DEI (Diversity, Equity, and Inclusion), the Yokowo Group is promoting the recruitment and development of human resources without regard to nationality, gender, or age, with the aim of becoming Team Yokowo, a “sustainably evolving company.”

Approaches to Diversity

The Yokowo Group hires and trains diverse human resources, irrespective of nationality, gender, or age, and strives to create an employee-friendly workplace where there is respect for individuality and fair and equitable treatment to enable each and every employee to achieve their full potential.

Concrete Measures Relating to Diversity

The Yokowo Group treats “diversity and inclusion” as one of our management strategies. We are striving to become a company where employees with the diverse values of global Yokowo are able to come together and work together on a global basis to achieve their full potential. In terms of diversity, we are steadily promoting measures based on the TISP Project to expand the field of activities of non-Japanese employees. However, there are still many issues to be addressed in increasing the ratio of female leaders and the ratio of employees with disabilities.

In 2021, the revised Child Care and Family Care Leave Law was enacted, requiring companies to encourage male employees to take childcare leave. The ratio of male employees taking this in FY2021 was 5.3% and in FY2022 23.1%, showing a definite uptake, but we feel there is more progress to be made.

In order to clarify these issues in our organizational culture and systems, and to share the direction for improvement and reform, Yokowo is holding “roundtable meetings” where the employees concerned can frankly exchange opinions, and so that diverse personnel are able to work comfortably, we are putting in place initiatives such as making head office buildings and the “Micro Process R&D Center” research and development facility at the Tomioka plant barrier-free, and installing a prayer room.

Promoting Active Participation by Women

Due to the fact that Yokowo is a manufacturing company, the number of permanent female employees hired is small, and the ratio of female leaders is currently lower than that of male employees due to the small pool of female employees. However, our goal is to increase the ratio of female leaders to at least the same as that of male leaders. So that we can reach this goal, we have started appointing women as outside directors and into management positions. We are also taking steps to identify gender-based wage gaps, and to reform the system to eliminate any disparities.

▼ Male-female wage gap

	Percentage wage difference (%)
Executives	84.1
Supervisors (SV)*1	94.5
Creative (C)*2	85.2
Technical (T)*3	112.4
Routine (R)*4	(No corresponding male employees)

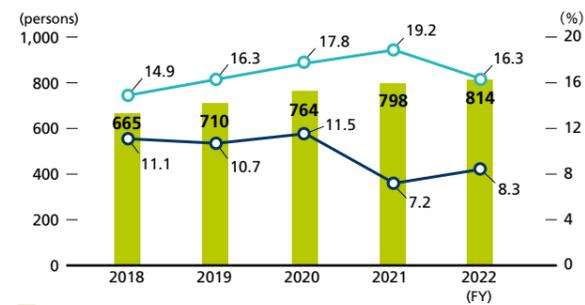
*1 Business management: Role that leads a team of a particular size, that manages overall promotion of the business, and that uses their high levels of specialist knowledge and know-how to create high added value

*2 Creative work: Role that performs creative work in order to acquire new business opportunities

*3 Vocational work: Role that performs specialized work of a defined type

*4 Basic work: Role that performs routine operations with fixed procedures and methods

▼ Percentage of female employees*



*5 Number of Yokowo Co., Ltd. employees: Does not include temporary staff
*6 Overall ratio of female employees who are section heads or higher (excludes specialists)
*7 Ratio of female employees out of all employees

★: YOKOWO CO., LTD.

Employment of People with Disabilities

Yokowo is a manufacturing company focusing on micro-precision processing. As such, we have not made progress on hiring people with disabilities, and we have not met the legally mandated employment rate. Nevertheless, from the perspective of the SDGs, we have set a goal to at least double the employment rate of people with disabilities compared to the legally mandated rate. In order to achieve this goal, we determined the need to develop both tangible and intangible company-wide infrastructure and development of jobs that would enable people with disabilities to play active roles, and set up the “Project Team for Establishing a Special Subsidiary.”

Yokowo Future-Oriented Support was established in FY2022, and certified as a special subsidiary in March 2023. By introducing public health nurses and holding supporter training courses for employees, we are ensuring that not only can people with

disabilities work without undue concern, but that employees can further deepen their knowledge.

Promoting Active Participation by Senior Human Resources

In addition to the existing system of re-employment (reemployment after transfer to an affiliated company), we established a new system to extend employment after retirement at the age of 60 as permanent employees at our Head Office in 2020 in order to promote the active participation by senior human resources. This is subject to approval by the Personnel Committee if the Company deems it necessary and the employee agrees to do so for the purpose of transferring technology to younger employees or utilizing proprietary technology and know-how. This system also allows those who are 65 years old or older to continue to playing an active role under an outsourcing contract or consultant contract if the Company deems it necessary and agrees with the individual. Furthermore, we hold roundtable meetings for senior human resources to further improve the system while incorporating the opinions of the people concerned.

▼ Number of older employees re-employed*

(FY)	2018	2019	2020	2021	2022
(persons)	19	22	30	34	38

★: YOKOWO CO., LTD.

Strengthened Mid-career Hiring

The Yokowo Group corporate vision incorporates the message that “as Team Yokowo, by creating new products that incorporate cutting-edge advancements based upon the Group’s proprietary technology, we want to be a company that while evolving, achieves persistent growth.”

The Yokowo Group in principle enhances our workforce by hiring new graduates, however recent years have seen an increase in the ratio of mid-career hires supported by strong business performance. We are bringing together all employees who sympathize with this message, regardless of new graduate or mid-career hires, irrespective of gender, age, or nationality.

▼ Changes in new graduate hires and mid-career hires*

(FY)	2018	2019	2020	2021	2022
New graduate hires	20	18	22	28	22
Mid-career hires	45	49	30	60	57

★: YOKOWO CO., LTD.

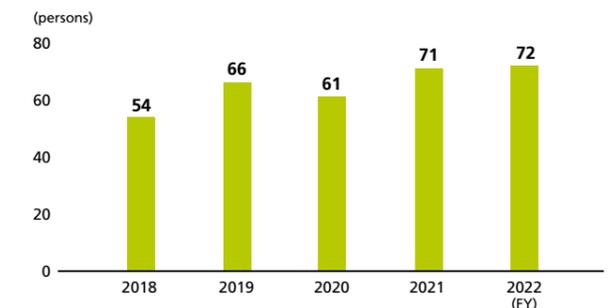
TISP Project

At the Yokowo Group, we are promoting the “TISP (Tomioka International Specialist Park) Project” as a central part of our diversity and inclusion initiatives.

This project brings together specialists from around the world (in product design, production engineering, elemental technologies, quality assurance, production control, etc.) to our main plant—the Tomioka plant (Gunma Prefecture).

Hiring criteria place no particular requirements as regards Japanese conversational ability, and have a focus on expertise for midcareer hires, and potential for new graduates. Looking forward, we aim to bring together 120 foreign specialists centered around the Tomioka plant. With this project, we are actively recruiting foreign employees living in Japan, and those living overseas. In particular at our main production bases in China, Vietnam, and Malaysia, we have in place a multi-year training program in Japan for new graduate hires who have graduated from local universities in those countries. For these trainees, we create an individualized CDP (Career Development Plan) with which we provide systematic human resource training, and many of the trainees who have completed their training in Japan return to work in their own countries.

▼ Changes in TISP human resources*



★: YOKOWO CO., LTD.

Introduction of secondary job system

In FY2022, we established a new secondary job system to help employees achieve a variety of work styles, as one way to support their autonomous career development. We will continue to look for ways to enhance the system itself, with the aim of supporting employees in further bettering themselves.

Human Rights

In the future, the Yokowo Group will continue listening to the diverse voices of our colleagues, seeking guidance from around the world. We will work together with all stakeholders who support our business activities, including the families supporting our employees, our customers and business partners, and local communities, and we will also always envision a better and more prosperous future, and aim to be an evolving, enduring company that continues to create something new.

Concepts around Human Rights

In order to achieve our purpose, the Yokowo Group will strive to respect human rights by placing respect—having a high regard for diverse ranges of individuality and treating all individuals with sincerity—at the top of our sense of values at all stages throughout the value chain.

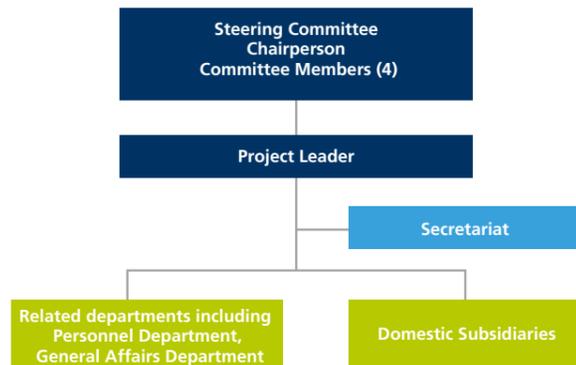
Human Rights Policy

So that we can realize respect for human rights, one of the important themes in sustainability, the Yokowo Group formulated the Yokowo Group Human Rights Policy on April, 2023. This policy illustrates our commitment and responsibility to respect the human rights of all stakeholders engaged with our business activities, based around the Yokowo Group’s purpose.

The Human Rights, Labor, and Ethics Management Committee is responsible for this policy’s operation under the supervision of the Board of Directors.

* Refer to our corporate website for details regarding our Human Rights Policy. <https://www.yokowo.co.jp/english/company/csr/humanright.html>

▼ Human Rights, Labor, and Ethics Management Committee structure



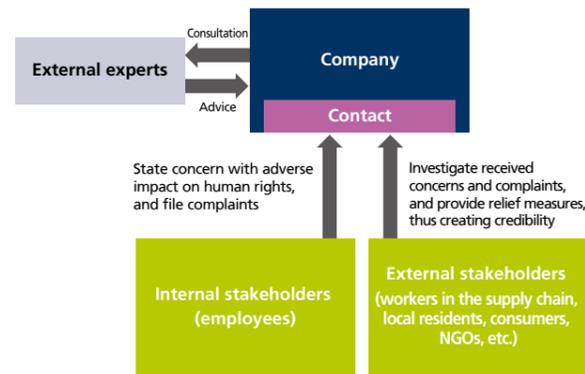
Performing Human Rights Due Diligence

Based upon the United Nation’s Guiding Principles on Business and Human Rights, the Yokowo Group has put in place a system to identify, prevent, and mitigate adverse impacts on human rights through our business activities, to evaluate the effectiveness of our efforts, and to both explain and disclose information on how we have addressed concerns.

Complaint Handling Mechanisms

The Yokowo Group has in place a contact point for consultation and reporting that can be used anonymously. If necessary, this consults with external experts in order to resolve issues and take measures to prevent recurrence. We have put in place a complaint handling mechanism to identify and address in a timely manner human rights concerns raised by stakeholders.

▼ Complaint handling mechanism structure



Human Rights Education

In May 2023, the Group conducted training into “Responding to human rights, and sustainable corporate growth” for directors, executive officers, and the Human Rights, Labor, and Ethics Management Committee. In September of the same year, we conducted training for management on the Yokowo Human Rights Policy, promoting its spread and understanding within the company.

Occupational Health & Safety: OH & S

The Yokowo Group positions the management of health and safety of its employees as well as stakeholders in the Group’s activities as the top priority issue for its management, and will pursue a workplace where they are able to work without undue concern by always securing their safety, and that will strive to promote their mental and physical health.

Approaches to Occupational Health and Safety

The Yokowo Group positions proper management of the safety, peace of mind, and health of employees and other stakeholders as a number one priority. In order to safeguard every individual employee—each of whom is vital to the Group’s business continuity and growth—we have formulated the Occupational Health and Safety Policy, and we promote occupational health and safety activities on the basis of this policy.

* Please see our website for more details on the Occupational Health and Safety Policy of the Yokowo Group. <https://www.yokowo.co.jp/english/company/csr/safety.html>

Occupational Health and Safety Framework

Yokowo’s Health and Safety Promotion Committee meets on a monthly basis. The Committee is headed by senior management and consisting of the OH&S managers and promoters of each department, who play a central role in practical health and safety activities. The Committee strives to realize continued improvement of OH&S activities by sharing the progress made in individual departments’ OH&S action plans, the results of monthly OH&S inspections, and details of occupational accidents and the remedial measures taken. In addition, the Committee holds monthly meetings to provide a venue for talks between its members, both from labor and management, with the participation of occupational physicians, etc., as required by law. The Risk Assessment Committee evaluates remedial measures when responding to unexpected occupational accidents. It discusses and confirms whether the measures proposed by the department where the accident occurred are effective from an objective viewpoint, and whether there are any oversights in preventing reoccurrence.

In April 2021, the Occupational Health and Safety Section was established within the General Affairs Department. This new department aims to further expand measures that contribute towards OH&S, with a particular focus on promoting the activities of the various committees.

▼ Occupational Health and Safety Management Framework



▼ Occurrence of Occupational Accidents Over the Past Three Years

	FY2020	FY2021	FY2022	Coverage
Frequency of occupational accidents*1	0.59	2.20	1.02	Non-consolidated
No. of serious occupational accidents*2	0	0	0	Consolidated (Japan)
No. of occupational accidents (accidents with lost work days)	2	3	2	Consolidated (Japan)

*1 Frequency of occupational accidents: Number of occupational accidents leading to injury or death per million working hours, indicating the frequency of accidents.

*2 No. of serious occupational accidents: Number of serious occupational accidents resulting in permanent disability or death.

To Realize Improvements in Occupational Health and Safety

Yokowo has constructed an occupational health and safety management system (OHSMS), and is working to advance its OH&S efforts as the entire Group under the OH&S Policy.

YOKOWO CO., LTD., including the following subsidiaries, has acquired “ISO 45001” certification, the international standard for occupational health and safety management systems.

▼ ISO 45001 Certification Status

2020	YOKOWO CO., LTD., domestic subsidiaries (3 companies) Chinese subsidiaries (2 locations)

* OHSAS 18001 certification was obtained in 2016 in Japan and in 2017 in China, however this was transferred to ISO 45001 certification in August 2020.

The Key Pillars of the Promotion of Occupational Health and Safety Activities

The Yokowo Group has designated safety, health and workstyle as the three key pillars of the annual plan for promotion of occupational health and safety. Based on these three key pillars, each department carries out occupational health and safety activities systematically after setting its own targets and performing risk assessment.



Procurement

The Yokowo Group strives to engage in fair and equitable transactions with suppliers, and we are focused on building equal partner relationships. We are working to transform our system away from a passive procurement function towards more dynamic procurement.

Approach to Procurement

Besides striving to ensure fair and equitable transactions with our suppliers, the Yokowo Group also aims to provide required goods for corporate activities in the required time, at the required quality, in the required location and at the required price, while promoting proactive procurement activities that contribute towards the Company's sales and maximizing profitability. We not only comply with all relevant laws and regulations, such as the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, but also strive to fulfill our social responsibility within the supply chain in order to build multilayered production bases and a reliable supply network when undertaking day-to-day purchasing activities.

Details of the Business Policies

Cost Reduction	<ul style="list-style-type: none"> Striving to reduce costs (principle cost) Ensuring that costs are set early (DFC) Thorough implementation of the principle of Sangenshugi—the Three Actuals (the actual place, the actual part, and the actual situation)
Enhanced BCP	<ul style="list-style-type: none"> Stable procurement Supplier quality enhancement Fair and equitable selection of suppliers
Strengthening Procurement Capability	<ul style="list-style-type: none"> Developing human resources and continuity of operations Compliance with relevant laws, ordinances, and specifications Consideration for the environment and for society

Basic Policies

Vision (future aspirations)	Aim to be a Purchasing H.Q. that can achieve proactive purchasing activities. "Transformation from a passive to an active Purchasing H.Q."
Mission (tasks to perform)	Provide required goods for corporate activities in the required time, at the required quality, in the required location and at the required price, and contribute towards the Company's sales and maximizing profitability.
Policies (business policies)	Use Cost Reductions, Enhanced BCP, and Strengthening Procurement Capabilities as basic policies to work as a Purchasing Professional.

Measures Relating to Procurement

Compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontract Act)

- Having employees attend external seminars
- Implementation of internal education
- Responding to Japan Fair Trade Commission (JFTC) questionnaire surveys
- Checks and inspections performed in day-to-day operations (negotiations, unit price setting, acceptance inspection, and payment)

- Surveys of the substances contained in mass-produced products are being implemented at all Yokowo Group plants
- When launching production of a new model, suppliers are required to provide data on the substances contained at the time of the first sample inspection
- The prohibition on conflict minerals applies to materials that have cobalt, cassiterite, tungsten or gold as a raw material

Elimination of child labor, prohibited chemical substances, and use of conflict minerals

- The requirement to eliminate child labor, use of prohibited chemical substances, and use of conflict minerals is clearly stipulated in the Code of Conduct for Business Transactions (and Agreement), which was compiled as an annex when Yokowo revised its master agreements pursuant to the revision of Japan's Civil Code

Implementing Green Procurement

The Yokowo Group holds presentations for our suppliers on chemical substances contained in products, and we implement environmental assessment that includes constituent analysis of the items that suppliers deliver. In addition, the master agreement that we sign with suppliers includes provisions relating to not using harmful chemical substances, our procurement activities prioritize purchasing items that have a smaller environmental footprint, and product verification is performed in collaboration with our Quality Assurance H.Q.

Local Communities

Operating in a range of locales both within Japan and overseas, the Yokowo Group values our relationships with local communities, and is promoting multifaceted social action programs. As a company rooted in local communities, we will contribute to their development, and towards achieving a sustainable society.

On Contributing to Local Communities

As a member of local communities, the Yokowo Group is promoting a range of social action programs. Focused around activities grounded in the community, activities towards achieving a sustainable society, and activities that contribute to community development, our aim is to develop alongside local communities through initiatives that contribute to solving societal issues.

▼ Three Areas of Activities



Also, in order that we can make steady contributions to dialogue and development with local communities, In April 2022, the Social Activity Promotion Section was established within the General Affairs Department. At the same time we have formulated a policy for community social contribution activities, and have started by promoting activities in cooperation with municipal governments, mainly in Tomioka City and Gunma Prefecture.

Policy for Community Social Contribution Activities

We will listen to the voices of local residents, and implement genuine initiatives and contribute to the happiness of the community and society regarding diverse issues so that we can be recognized as a partner.

Activities in Local Communities

Sports Classes

In February and August 2023, Yokowo held a sports event inviting children from basketball teams at Tomioka City elementary schools to the Yokowo Silk Arena Tomioka, a civic gymnasium in Tomioka City with which we have a naming rights agreement.

As well as having coaches and staff from the Gunma Crane Thunders professional basketball team participate as instructors, NPOs from Tomioka City and students from local high schools also offered their help as volunteers.

The Yokowo Group is working together with local government on activities to interact with the local community through sport, and to increase the number of people playing sport.



Tomioka Donto Festival

Every two years, the Tomioka Plant participates in the Tomioka Donto Festival, a two-day festival characteristic of the region held in the center of Tomioka City.

Many employees participated in the last festival held in October 2022, enhancing exchanges with local residents through the "Odori Nagashi," a 40-minute dance procession through the streets of Tomioka City.

