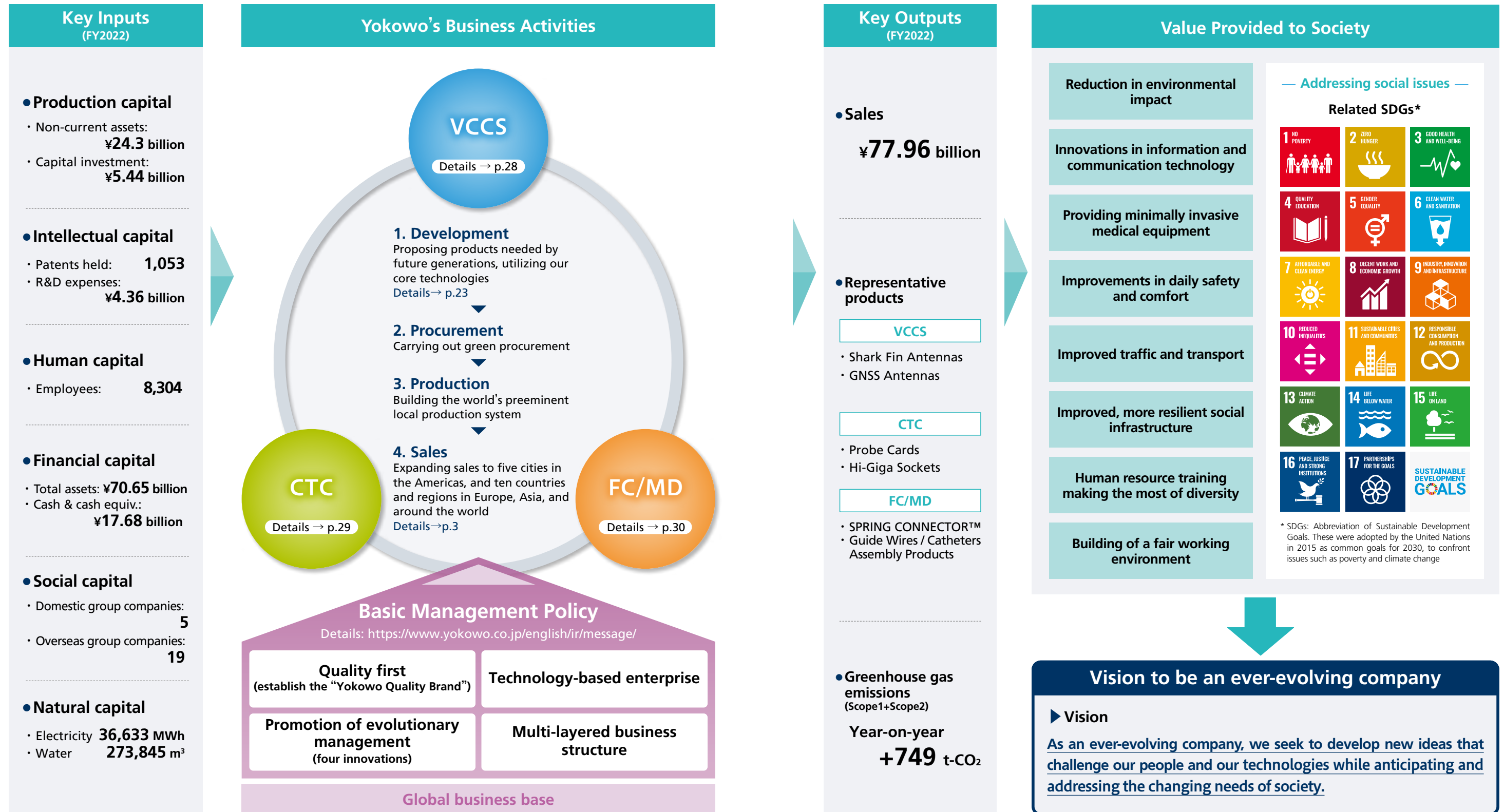


Yokowo's Value Creation Process

While utilizing our “six types of capital,” the Yokowo Group provides value to society through a multi-layered combination of our core competencies (micro-precision processing, microwaves (high-frequency), and advanced devices). Looking forward, our aim is to achieve a sustainable society through our business activities that are based upon the four pillars of our basic management policies, and to strive to continue to create value unique to Yokowo.



Yokowo's Materiality

In 2020, Yokowo identified our materiality as a Group. This clearly states management's will and the contribution to society made through our business activities, and incorporates the desire of our management to "make Yokowo a good company." Through the promotion of innovation and reforms to business models, we are both sustainably growing our business, and contributing to the environment, society, and diversity.

"Make Yokowo a good company" — Three Wills

- 1 Be a company that customers and their customers feel comfortable working with
- 2 Be a company that society (including local communities) and its business partners feel comfortable interacting with
- 3 Be a company where employees feel comfortable being employed, and which ensures that employees' families are happy for them to work there

Process to Identify Materiality

Specific processes are as follows:

- (1) List themes considered by the company or its stakeholders to be important from management policies, medium-term management plans, specific materiality by SASB industry, etc.
- (2) Refine themes and set targets through workshops with General Managers of business divisions and Chief Officers of business strategy divisions.
- (3) After reviews by the Board of Directors including outside directors and outside Audit & Supervisory Board Members, approval of items and KPIs.
- (4) Organize the relationship with CSR issues, and clearly detail the specified results in the integrated report and on the website.

Three Priority Issues (Materiality)

From the candidate issues that were extracted and analyzed using the process outlined above, we identified the following three priority issues:

- Environment
- Local Communities
- Diversity and inclusion

① Be a company that customers and their customers feel comfortable working with

- **Establishing the "Yokowo Quality Brand" focusing on the highest quality, and on zero hazardous chemical substances**
 - High quality, high productivity, and reduced environmental impact resulting from reforms in production processes through the New 5S (Simple, Slim, Small, Short, Smooth) Concept, and through AI
 - Enhancing a research and development system that promotes more in-depth and advanced world-class micro precision processing and microwave (high frequency) technologies, as well as reducing our environmental impact through the development of ultra-compact, energy-saving products
 - Utilizing our antenna and software technologies to break into the field of MaaS
 - Promoting the F0 (zero defects) Conference and other quality improvement activities
 - Integrated management of technologies using PLM, and improvements to quality pre-verification functions using Digital Twins
 - Reducing environmental impact through our business activities
 - Promotion of recycled materials in plastic molding, and reductions in waste
 - Moving to plastic-free packaging and transport pallets, and conversion to biodegradable plastics
 - Recycling of cutting oils, etc. (joint research with universities and technical colleges)
 - Establishment and operation of Green Procurement Guidelines
- **Contributions to treatment of illnesses and rare diseases**
 - Development of innovative medical devices through the use of our world-class micro precision processing and microwave (high frequency) technologies
 - Industry-academia open innovation (Gunma University, University of Tsukuba, Tokai University, Kobe City Medical Center General Hospital, UCLA, etc.)
 - Construction of an ecosystem with universities, hospitals, and startup businesses (startup ecosystem)
- **Contribution to the conservation of biodiversity**
 - Formulating and promoting concrete measures in response to climate change in order to realize carbon neutrality by 2050.
 - Responding to climate change
 - Formulating concrete measures that conform to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
 - Disclosure using the Carbon Disclosure Project (CDP) framework
 - Water resource management (reductions in water usage, improved wastewater treatment)
 - Resource recycling (reductions in waste quantities, promotion of zero emissions)

● Strengthened compliance and governance

② Be a company that society (including local communities) and its business partners feel comfortable interacting with

- **Dialog with local communities and contributions to their development**
 - Employment of local residents
 - Donations to local governments, and sponsorship of local events
 - Entering into a naming rights partnership agreement with Tomioka City
 - Trash cleanup activities around the Tomioka plant
 - Tomioka City Educational Fund, Tomioka World Heritage Exhibition Maintenance and Management
 - Agreement on Gunma University Industry-academia Collaboration
 - Donations to the Rotary Yoneyama Memorial Foundation and Disaster Relief Funds through the Tomioka Rotary Club
 - Work through Tomioka City and the Tomioka Chamber of Commerce & Industry to promote solutions to local issues
 - Education assistance for elementary, junior high, and high schools
 - Participate in Gunma Tech Planter as a regional development partner
 - Contribution to local revitalization through expanded hiring of foreign staff in the Tomioka area (utilizing TISP)
 - Promoting activities to provide support for SMEs and for the cultivation of young people who will play important roles in the future, as a sponsoring member of the Certified Management Support NPO Club, a Specified Nonprofit Corporation registered with Tokyo Metropolitan Government
- **Fulfilling social responsibility throughout the supply chain**
 - Fair and equitable selection, and compliance with the Subcontracting Law
 - Building relationships as an equal partner
 - Building a checking system to eliminate unethically mined resources, etc. (conflict minerals monitoring system)
 - Multi-layered product sites (VCCS segment: Stabilization of a third production base)
 - Construction of a fault-tolerant supply network (duplicated lines and networking)
 - Strengthened support system with Tier 2 and Tier 3 suppliers
- **Establishment of a global BCP system, and constant testing to improve its effectiveness**
- **Building of a check system in cooperation with local governments and NPOs to eliminate child labor and unethically mined resources, etc.**

- Strengthened risk management (establishment of Business Risk Management Committee, disclosure of major risks)
- Achieving fair market competition (setting of Group rules, and monitoring of compliance)
- Avoidance of corruption, bribery, and anti-competitive behavior

③ Be a company where employees and their families feel comfortable being employed, and which ensures that employees' families are happy for them to work there

- **Promotion and development of workforce diversity and inclusion**
 - Promotion of the TISP (Tomioka International Specialist Park) concept
 - Employing around 100 specialists from overseas and establishing business management processes in which collaboration with overseas staffs is considered normal will stimulate business activities that make the most of this diversity, and through improved living environments we will contribute to regional interaction and revitalization.
 - Expansion and development of women's careers
 - Revising and promoting the action plan in accordance with the Revision of the Act on Promotion of Women's Participation and Advancement in the Workplace, and expanding and reinforcing this throughout the PDCA cycle
 - Revising and promoting the action plan in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, and expanding and reinforcing this throughout the PDCA cycle
 - Improving work-life balance by establishing on-site company nurseries
 - Creating a workplace environment allowing all employees to play an active role regardless of age
 - Establishing a special subsidiary to provide employment for persons with disabilities and expand their opportunities for participation
- **Achieving an appealing, rewarding work environment**
 - Improving work-life balance by establishing a teleworking system
 - Improving work-life balance by encouraging employees to take annual paid leave
 - Improve employee satisfaction by expanded support for injury and illness prevention and treatment
 - Establishment of awards system, including for social contributions
 - Get-together Interactive meetings (product technologies, production technologies, QC)
 - Establishment of a global employee promotion and HR treatment system
 - Establishment of an Advanced Technical Research and Development Center to provide an appealing working environment for technical personnel
 - Offering advanced technical training opportunities (AI and other graduate education, business school, external research organizations)
 - Reform of the human resources system with a focus on career development support and enhanced engagement
- **Expanding long-term training and apprenticeship programs in Japan for employees in locations overseas thus improving their abilities, and establishing a human resources system with global applicability**

Related SDGs



Related SDGs



Related SDGs



More advanced

business activities and social contribution

GO BEYOND~Challenge the Next Stage~

▼ Materiality targets and progress status

Materiality	Targets for 2030		Achievement Level by FY2022	
	Performance Indicator	Target Value		
① Be a company that customers feel comfortable working with	Establish Yokowo as a quality brand by using the highest quality, and by a move to zero hazardous chemical substances	Number of innovative medical devices created backed up by IP (annual)	5	2 devices under development (specification finalized)
		Establishment of micro precision and microwave laboratories	Established	Establishment of Micro Process R&D Center (new R&D building)
	Contributions to treatment of illnesses and rare diseases	Number of treatments provided to the field of rare diseases with low patient numbers and without established treatment methods (annual)	3	1 treatment under development (prototyping stage)
	Response to climate change Formulating concrete strategies that conform to TCFD recommendations Disclosure using the CDP framework Planning and progress management by the Board of Directors	GHG emissions Compared to FY2014 Target for 2030	Scope 1 and 2 35% reduction	Introduced photovoltaic power generating facilities at the Tomioka Plant and Vietnam Plant, which are the Company's core plants Started Scope 3 calculations, and promoted consideration of specific reduction measures
		Water use (basic units) Target for 2030	10% reduction compared to FY2020	25.6% reduction compared to FY2020
		Waste generation Target for 2030	10% reduction compared to FY2020	42.0% increase compared to FY2020
	Strengthened compliance and governance	Number of major compliance violations (annual)	0	0
Training participation rate (annual)		100%	Information security e-learning: 92% Compliance e-learning: 98% Anti-bribery e-learning: 86%	
② Be a company that society (including local communities) and its business partners feel comfortable interacting with	Dialog with local communities and contributions to their development	Number of community service projects undertaken (annual)	10	Promoted activities in local communities. For more details, please see the Local Communities section (p.50)
	Fulfilling social responsibility throughout the supply chain	Violations of the Subcontracting Law	0	0
	Establishment of a global BCP system, and constant testing to improve its effectiveness	BCP strategy-based best mix of overseas and domestic production	BCP certification	Promoted the establishment of a new business continuity planning (BCP) system in the Fine Connector business in the FC/MD segment
		Concern for human rig Building of a check system in cooperation with local governments and NPOs to eliminate child labor and unethically mined resources, etc.	In-house checks, and actively contributing to the promotion of fair labor practices through collaboration with NPOs in each country	NPO cooperation activities 5 (annual)
③ Be a company where employees and their families feel comfortable being employed	Promotion and development of workforce diversity and inclusion	Ratio of female leaders (overall ratio of female employees who are section heads or higher)	Comparable with levels for males	Male 39.0% Female 8.3% Currently implementing roundtable discussions For more details, please see the Employees section (p.44)
		Create a workplace environment allowing all employees to play an active role regardless of age	Employment age limit 70 and above	Adopted a framework that enables persons aged 65 or over to continue working as contract employees under outsourcing or consulting agreements
	Number of TISP hires	120	Number of TISP hires at the Company 72	
	Ratio of employees with disabilities	150% of legally stipulated ratio (2.3%)	1.5% Obtained certification as a special-purpose subsidiary of YOKOWO FUTURE-ORIENTED SUPPORT CO., LTD. in March 2023	
	Achieving an appealing, rewarding work environment	Percentage of annual paid leave taken	90%	71.5%
		Number of on-site company nurseries established	3	Preparations are underway as part of the Tomioka Plant renewal plan. We are also introducing a GLTD system. We are also planning to introduce a childcare plan.
		Number of workplace accidents (annual)	0	2
	Expanding long-term training and apprenticeship programs in Japan for employees in locations overseas thus improving their abilities, and strengthening the business mindset of Japanese employees through interaction with these employees	Number of overseas long-term trainees nominating (annual)	20	0 Although recruitment at overseas facilities went ahead as normal, the acceptance of overseas long-term trainees in Japan was put on hold because of the spread of the COVID-19 pandemic.

Topics

Initiatives for Employees — Reforming Human Resources System toward the Next Century

Here at The Yokowo Group, we celebrated the 100th anniversary since our founding in September 2022, while at the same time we are embarking on the next 100 years' journey.

As one part of our idea to "Be a good company" (see the p.17 "Yokowo's Materiality"), the Yokowo Group has as our objective to "Be a company where employees feel comfortable being employed, and which ensures that employees' families are happy for them to work there."

In order that employees can feel good about the company, we feel that as well as their achievements being recognized and them being satisfied financially, their job satisfaction and sense of growth along with how they are achieving self-fulfillment are also important factors.

On the other hand, this rapidly changing and uncertain future means that existing frameworks are no longer as immediately applicable, and that the creation of new value is constantly required. And it is our people who will create this value. This is achieved by each one of our diverse human resources enhancing their own abilities, and combining them together.

This growth and self-realization of our employees is the source of this creation of new value, and an asset to the company. Looking forward, we will promote a human resources system that can support active employee growth, and that maximizes these abilities while achieving self-realization for diverse human resources. At the same time, we will sublimate this into a system that promotes the provision of opportunities that can lead to the creation of new value (For specific efforts, see the p.43 "Employees").

External Engagement Initiatives — Toward External Assessment Responses in ESG Management

As well as disclosing details of the measures taken to confront climate change through the Carbon Disclosure Project (CDP) framework, an external evaluation organization, the Group is aiming for a "B" rating, together with aiming to improve its rating with other ESG evaluation organizations. As one part of our efforts in fiscal 2022, as well as publishing the Integrated Report, we also expanded the content on our website and published a collection of ESG data*. In addition to starting Scope 3 calculations for greenhouse gas emissions, we will disclose detailed DEI (Diversity, Equity, and Inclusion) data and update this as needed.

We were able through these initiatives to obtain an FTSE Russel ESG rating of 3.2 (2.5 in previous year). We still have progress to make, but we are steadily moving toward better evaluations.

The Group will strive to keep enhancing our corporate value as an evolving, enduring company that continues to create something new for our customers. At the same time, we will proactively confront new social issues on a global level, and looking forward contribute to bringing about a sustainable society.

*Refer to our corporate website for details regarding ESG data collection. <https://www.yokowo.co.jp/english/company/csr/esgdata.html>

Yokowo's Manufacturing

The Yokowo Group actively incorporates cutting-edge technologies while reaching greater heights with its core technologies, such as micro precision processing technology, antenna technology, and microwave technology, providing a wide variety of original products for the world's leading companies.

Furthermore, Yokowo is promoting innovation each and every day in the production process and enhancing our software development capabilities in order to evolve our business model from "things" to "services" — this is so that we can achieve high levels in terms of quality, cost, delivery, and safety (QCDS).

Cutting-Edge Research and Development

Basic Research

Microwave Technology

Amid the development of automated driving and 5th generation mobile communications systems (5G), microwave technology is becoming increasingly more important in the fields of vehicle communication and semiconductors. Yokowo is progressing with the establishment of the world's highest-level microwave technology in terms of both wireless communication and semiconductor testing.

Process Development

Micro Precision Process

In addition to the world's highest-level micro precision processing technology, Yokowo is strengthening its competitiveness in precision plating and MEMS processing.

Production Process

All major elemental technologies are developed within Yokowo's production engineering department, which also promotes AI applications in production and quality control.

Design Process

Yokowo is establishing an integrated system from design to maintenance that utilizes 3D computer-assisted design information.

Commercialization Research

Yokowo has established a system in which the R&D department, the process technology department and the department responsible for new product development and commercialization can work together closely. By incorporating cutting-edge technologies in collaboration with other companies and universities, Yokowo is also promoting product evolution and a multi-layered business structure.

Applied Research

- System proposals related to building social platforms that utilize wireless technology and software development capabilities
- Development of high-speed optical communication devices and connectors, and automatic testing technology for wireless antennas incorporated in semiconductor devices essential for the evolution in automated driving and 5G
- Turnkey system proposals for semiconductor testing tools

Multi-Layer Building Products

Vehicle antennas



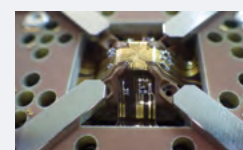
Software applications



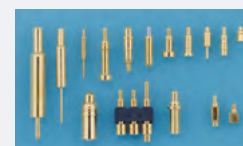
Semiconductor testing



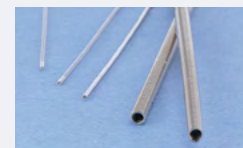
High frequency device testing



Connectors for electronic devices



Medical devices

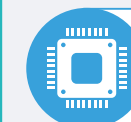


Fields for Product Roll-Out

Expanding and Strengthening



Vehicle Antennas
● Automated driving systems



Semiconductor Testing Tools
● 5G ● Turnkey

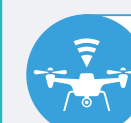


Connectors for Electronic Devices
● Small, low profile, waterproof, high current



Medical Devices
● Precision parts
● Assembly products

Strategic Development



Social Platforms
● Car sharing ● Drones



High Frequency Device Testing
● Amps ● Filters



Optical Communications
● Connectors
● Photoelectric conversion



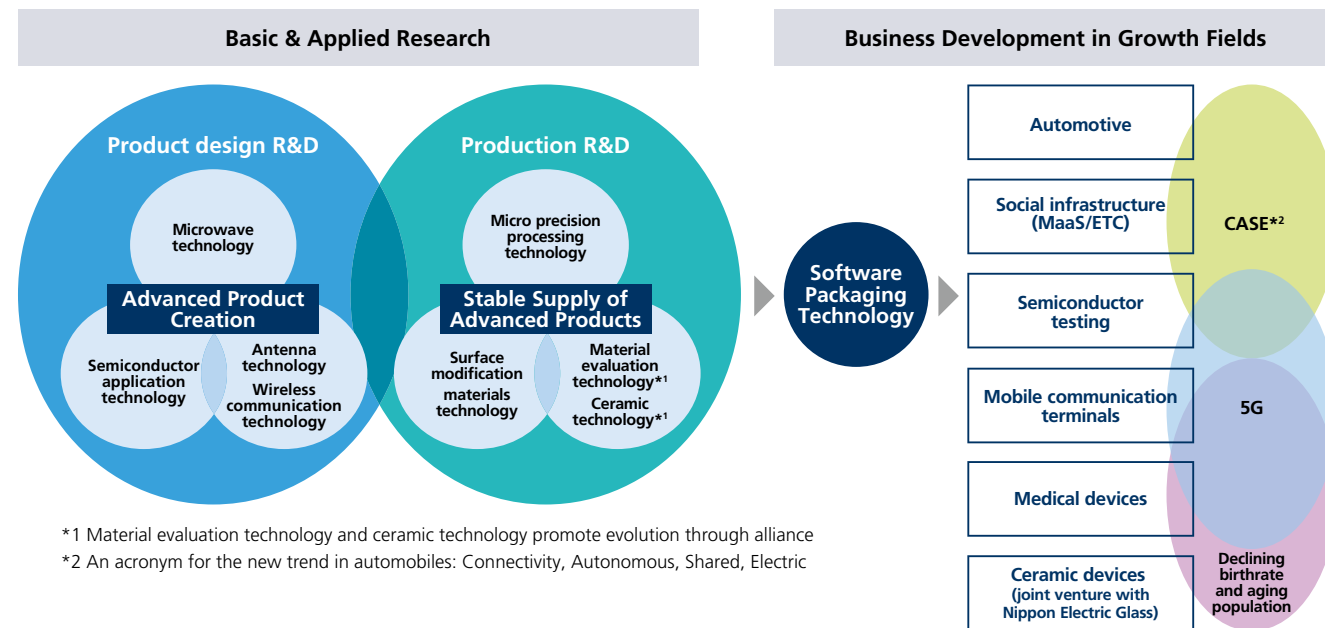
Precision Plating
● Wet ● Dry

The world's number one manufacturer for high-frequency, wireless applications, and precision parts

Research and Development

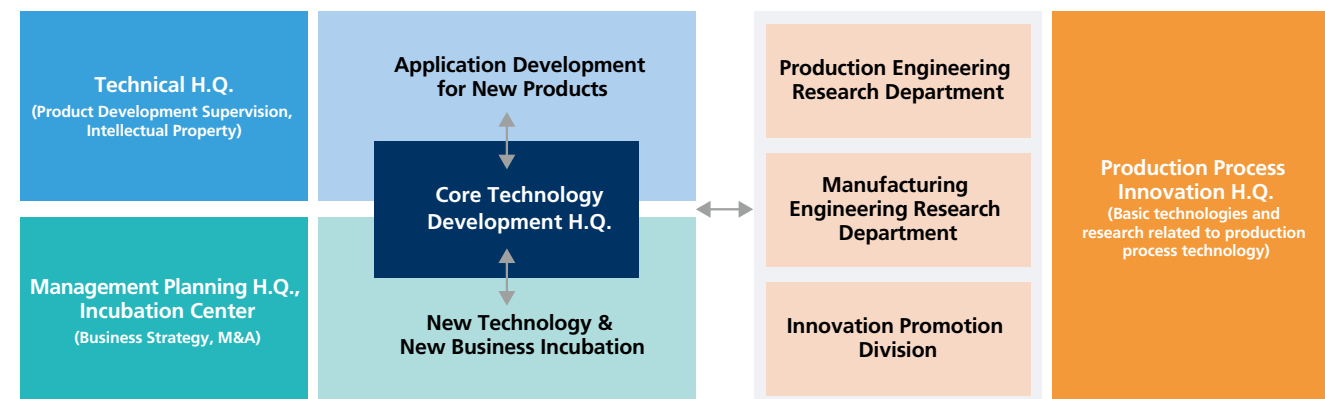
The Yokowo Group has set the five fields of micro precision processing technology, microwave technology, antenna technology, surface modification materials technology (surface processing/modification of material), and semiconductor application technology as the Company's core technologies supporting its competitiveness in the marketplace. Through greater sophistication and wider use of all its technologies, Yokowo is building a multi-layered business structure to create innovative, high-tech products.

Research and Development



Policy Product design R&D and production R&D are essential and inseparable elements of Yokowo's research and development. With the two running in sync Yokowo is able to create advanced products at the cutting edge, providing a stable supply to the Company's customers.

Research and Development System

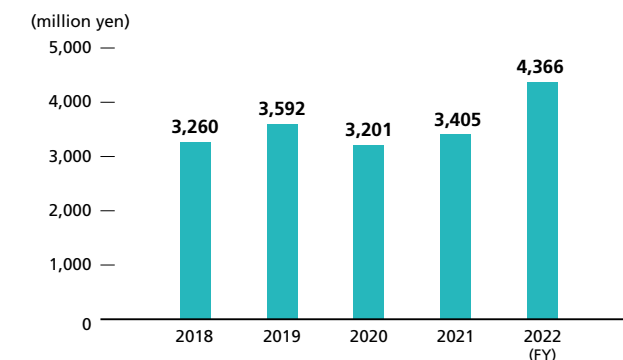


Development of applications for new products is conducted by engineering departments in each business division, with the Technical H.Q. overseeing the whole product development process along with technology development. The Management Planning H.Q. and Incubation Center are in charge of new technology and new business incubation, whereas for research and development, the Core Technology Development H.Q. is in charge of the development of technologies, such as microwave technology, micro precision processing, and MEMS technologies, needed to give our products a competitive advantage. Likewise, the Production Process Innovation H.Q. is in charge of research related to the production of products.

R&D Investment

Based on the Yokowo Group's company-wide growth strategy, the R&D department, the business division's technology department, and local development centers work together to promote research and development centered on the Company's core technologies. In particular, Yokowo is focusing on the research and development of new technologies and new products with an emphasis on developing products with a higher degree of technological integration and increased added value.

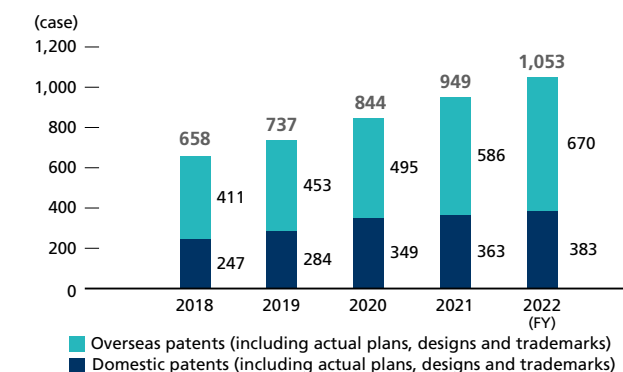
▼ R&D Expenses



Intellectual Property Rights

With its sights set squarely on target business fields and business development for intellectual property, Yokowo is strengthening the foundations of its intellectual property, the cornerstone of its business strategy, by steadily increasing the number of patents it holds in Japan and overseas and by making use of licensing agreements, etc.

▼ Patents held



Main R&D Themes

Main objectives over the medium to long term include: the expansion of the MaaS (Mobility as a Service) business model that combines a hardware vehicle with software services including the integration of payment for multiple modes of transportation in line with the concentration of investment in CASE (Connectivity/Autonomous/Shared/Electric) next-generation technologies and development in CASE. Other objectives include the actualization of new semiconductor demand for next-generation high-speed, large capacity communications typified by 5G and Beyond 5G (6G); the rise of next-generation products such as wearable devices; and the spread of minimally invasive treatment and advances in genetic testing technology.

The main R&D themes for each segment related to the above markets are as follows:

VCCS

- Antenna system for V2X essential for ADAS and automated driving
- Technology development for communication systems, equipment and devices for the CASE era

CTC

- Development of test sockets for high-current, high-speed and high-frequency devices
- Research and development aimed at improving performance, durability, and functionality, e.g. probe surface modification technology
- Development of probe cards that keep pace with the semiconductor device technology roadmaps

FC/MD

[Fine Connector (FC) Business]

- Development of high rated connectors
- Development of optical connectors for high-speed optical communication

[Medical Device (MD) Business]

- Joint development of new minimally invasive medical equipment and testing systems with universities and medical institutions in Japan and the United States that utilize micro precision processing technology and microwave technology

Product Technology

The Yokowo Group develops a whole range of innovative products based on its unique technological capabilities built up over many years, supplying electronic, electrical and automotive manufacturers around the world.

Innovative Product Development through the Fusion of Yokowo's Technologies



By combining Yokowo's production engineering for increased production efficiency with its core technologies of micro precision processing technology, microwave technology, antenna technology, and surface modification materials technology, the Company is able to develop products with innovation and creativity. Amassing technical expertise with greater sophistication, Yokowo remains committed to the fundamental research and development of new core technologies.

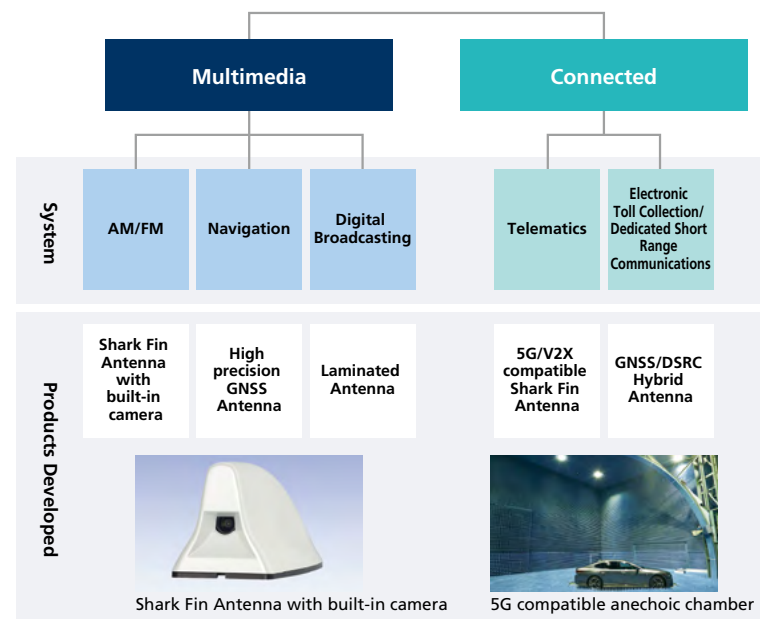
Through these unique technologies, Yokowo manufactures a whole range of innovative products such as: vehicle antennas; testing tools for semiconductors and electronic components; connectors for electronic devices; and medical devices. Yokowo continues to supply these products and more to the automotive, semiconductor testing, mobile communication terminals and medical device markets.

Automotive Market

To meet the needs required for smaller, multi-use, lower profile, smart vehicle antennas, Yokowo is developing antenna systems that support next-generation vehicle communication by making full use of modular technologies as well as the antenna and microwave technologies Yokowo has built up over many years.

Along with Yokowo's state-of-the-art facilities, including an electromagnetic field simulator and an anechoic chamber for measuring millimeter-wave frequencies (up to 40GHz) in 5G communications, Yokowo makes full use of its world-leading technological prowess to manufacture innovative, industry-leading products.

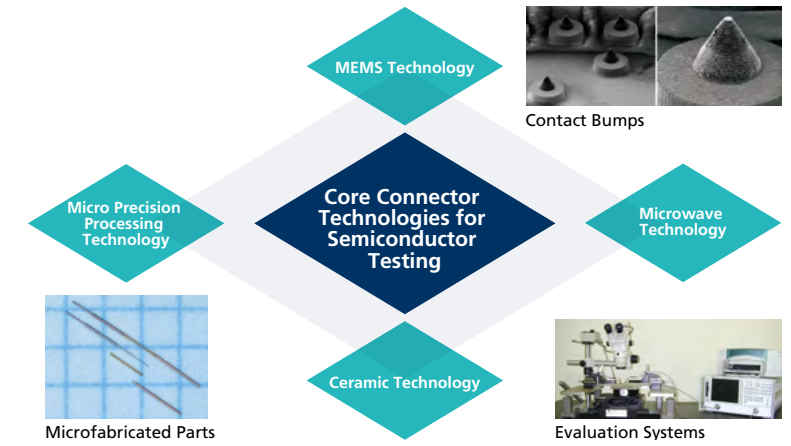
▼ VCCS Segment Business Domain



Semiconductor Testing Market

More than ever before semiconductors and electronic components are required to have faster speeds, higher frequencies, and better integration, with similar expectations also for the testing process. By making full use of MEMS technology, in addition to Yokowo's micro precision processing and microwave technologies developed over many years, Yokowo develops and supplies products globally in all areas of high-speed, high-frequency as well as front- and back-end testing processes.

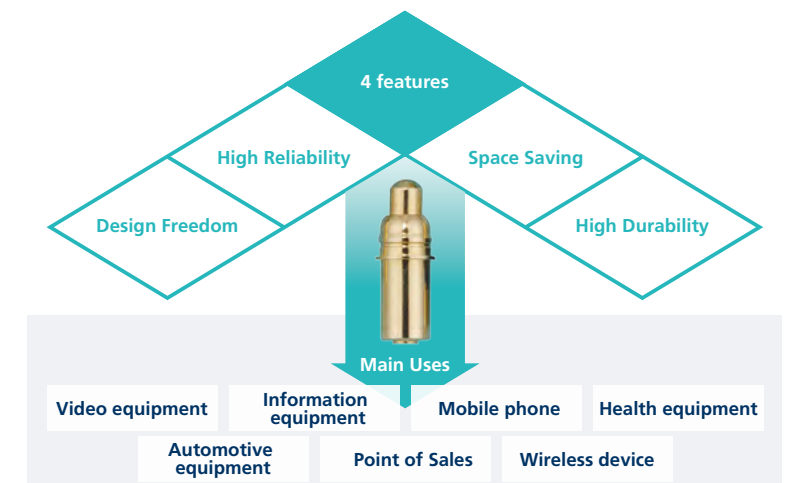
▼ CTC Segment Business Domain



Mobile Communication Terminal Market

In the rapidly expanding mobile communications terminal market, there is an increasing need for detachable, low profile space-saving connectors with detachable durability and environmental worthiness becoming even more important in commercial information devices. Yokowo's proprietary SPRING CONNECTOR™ accurately capture these market needs, becoming used more widely in a variety of applications.

▼ Features and Main Uses of the SPRING CONNECTOR™



Medical Device Market

Yokowo is making full use of technologies such as micro precision processing, coating, assembly, as well as product design and evaluation to develop such products as OEM guide wires, catheters and other items in the field of minimally invasive medical equipment. Yokowo possesses its own equipment and manufacturing lines to provide a complete service from product processing and finished product assembly to hydrophilic coating, packaging and sterilization. In the assembly process, various connections methods can be selected depending on the product's use.

