

# 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.

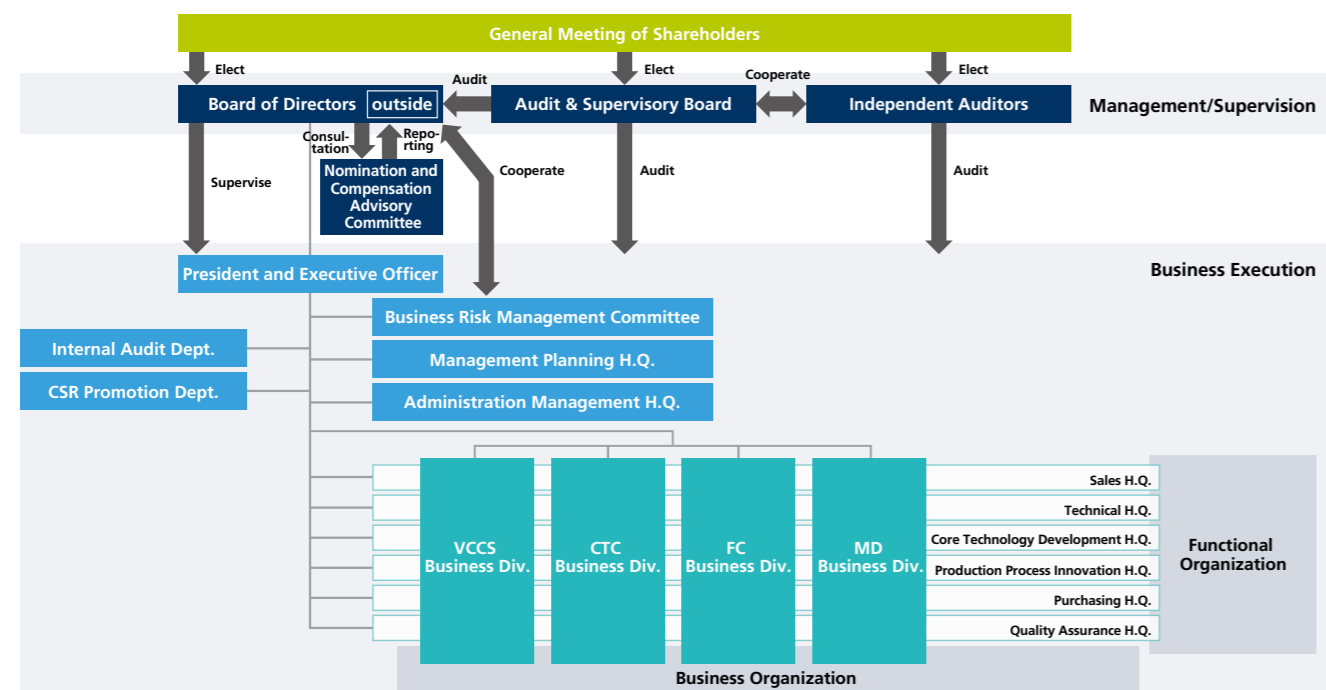
## Basic Principles Concerning Corporate Governance

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.

### ▼ Corporate Governance System (As of October 1, 2021)



### Board of Directors

To speed up the decision-making process, the Board of Directors consists of only a limited number of directors (3 internal and 2 outside directors). The Company has appointed two independent outside directors (with a high level of independence) to further strengthen the management supervisory function, and these include a female outside director.

### 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 two highly independent outside Audit & Supervisory Board Members to further strengthen the management audit function.

### Executive Officers

By adopting the Executive Officer system, the strategic decision-making and operational supervisory functions are clearly separate from the executive function, creating a system for prompt and appropriate execution of operations. In addition to three internal directors, the Company has appointed 10 executive officers in the positions of Chief Officer, General Manager, and General Manager at Tomioka plant, etc.

## Initiatives to Improve Governance

### Establishment of the Nomination and Compensation Advisory Committee

In February 2021, the Nomination and Compensation Advisory Committee was established 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 is composed of the Company's two independent outside directors and its representative director, with Ms. Kuniko Muramatsu, an independent outside director, serving as chairperson. The Committee receives requests for consultation from the Board of Directors, and deliberates and decides on proposals and 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.

### Measures to Enhance the Auditing Function

As well as sharing information and exchanging ideas in advance of the Board of Directors' agenda, the Company's outside directors share, to a necessary extent, matters of deliberation and reports from the Audit & Supervisory Board.

Full-time internal auditors ensure compliance and appropriateness by attending important monthly meetings to regularly monitor how business is conducted.

### Business Risk Management Committee

Furthermore, 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.

## 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.

Based on the surveys and interviews conducted in June

2021, the effectiveness of the Company's Board of Directors was deemed to be, on the whole, sufficient. Nonetheless, Yokowo will systematically work on improvements and measures on all issues and demands to further improve the effectiveness of the Board of Directors.

## 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., submits a request for consultation to the Nomination and Compensation Advisory Committee, and then reports to the Board of Directors, which deliberates on the matter and makes the final decision.

Executive bonuses are paid to internal directors who are executive directors, to enhance their motivation for improving the Company's performance in each (consolidated) fiscal year, and are based on the extent to which performance targets have been met. Consolidated operating profit, which best represents the Yokowo Group's earning ability, is used as the performance target.

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 consolidated operating profit targets have been met in each (consolidated) fiscal year. If it is determined that executive bonuses will be paid that year, then 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, submits a request for consultation to the Nomination and Compensation Advisory Committee, and then reports 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. With regard to the amount of stock options granted to each individual executive director, 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, submits a request for consultation to the Nomination and Compensation Advisory Committee, and then reports 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). Directors shall, in principle, while in their position of director, hold their shares and not sell them.

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 category 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 held immediately after the General Meeting of Shareholders, 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 approval at the General Meeting of Shareholders.

### ▼ Compensation Figures (million yen)

	Upper Limit (annual)	Fiscal 2020			Total
		Basic compensation	Executive bonus	Compensation in the form of shares	
Directors (outside)	280 (20)	132 (12)	41 (—)	— (—)	173 (12)
Auditors	40	30	—	—	30
<b>Total</b>	<b>320</b>	<b>162</b>	<b>41</b>	<b>—</b>	<b>203</b>

### Company Officers Skill Matrix

Of the various areas of specialist experience and areas of experience possessed by each current Director and Member of the Audit & Supervisory Board, up to three 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
Takayuki Tokuma	Representative Director, President and Executive Officer	○	○		○	
Kouchi Fukagawa	Director, Senior Managing Executive Officer	○			○	○
Kenji Yokoo	Director, Managing Executive Officer	○	○	○		
Kuniko Muramatsu	Outside Director	○	○			○
Hajime Shioiri	Outside Director	○			○	○
Yasushi Mashimo	Audit & Supervisory Board Member		○	○	○	
Tooru Furuta	Outside Audit & Supervisory Board Member	○		○		○
Toshiaki Tochigi	Outside Audit & Supervisory Board Member			○	○	○

# Directors, Auditors and Executive Officers

(As of June 25, 2021)

## Board of Directors



**Takayuki Tokuma**  
Representative Director, President and Executive Officer

Attendance rate at Board of Directors Meetings: 18/18 times (100%)  
Number of Company shares held: 286,942 shares



**Kouchi Fukagawa**  
Director, Senior Managing Executive Officer

Attendance rate at Board of Directors Meetings: 18/18 times (100%)  
Number of Company shares held: 50,828 shares



**Kenji Yokoo**  
Director, Managing Executive Officer

Attendance rate at Board of Directors Meetings: 18/18 times (100%)  
Number of Company shares held: 89,005 shares



**Kuniko Muramatsu**  
Outside Director

Attendance rate at Board of Directors Meetings: 18/18 times (100%)  
Number of Company shares held: 0 share



**Hajime Shioiri**  
Outside Director

Attendance rate at Board of Directors Meetings: 18/18 times (100%)  
Number of Company shares held: 0 share

## Audit & Supervisory Board Members



**Yasushi Mashimo**  
Audit & Supervisory Board Member

Attendance rate at Board of Directors Meetings: 18/18 times (100%)  
Attendance rate at Audit & Supervisory Board Meetings: 17/17 times (100%)  
Number of Company shares held: 31,603 shares



**Tooru Furuta**  
Outside Audit & Supervisory Board Member

Attendance rate at Board of Directors Meetings: 17/18 times (94%)  
Attendance rate at Audit & Supervisory Board Meetings: 16/17 times (94%)  
Number of Company shares held: 0 share



**Toshiaki Tochigi**  
Outside Audit & Supervisory Board Member

Attendance rate at Board of Directors Meetings: 18/18 times (100%)  
Attendance rate at Audit & Supervisory Board Meetings: 17/17 times (100%)  
Number of Company shares held: 0 share

## Executive Officers

President and Executive Officer  
**Takayuki Tokuma**

Senior Managing Executive Officer  
**Kouchi Fukagawa**

Managing Executive Officer cum General Manager, VCCS Business Division  
**Kenji Yokoo**

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

Managing Executive Officer cum General Manager, Tomioka Plant  
**Mitsuaki Okazaki**

Executive Officer cum Chief Officer, Production Process Innovation H.Q.  
**Shinji Kusano**

Executive Officer cum Deputy Chief Officer, Technical H.Q. cum General Manager, VCCS Engineering Management Division  
**Tsuyoshi Sakata**

Executive Officer cum General Manager, MD Business Division  
**Hiroshi Igahara**

Executive Officer cum Chief Officer, Quality Assurance H.Q.  
**Masaki Shimizu**

Executive Officer cum Chief Officer, Technical H.Q.  
**Naohito Odani**

Executive Officer cum Chief Officer, Purchasing H.Q. cum General Manager, VCCS Manufacturing Department  
**Yoshiro Furumi**

Executive Officer cum General Manager, FC Business Division  
**Motoaki Matsuura**

Executive Officer cum General Manager, CTC Business Division  
**Naoki Kawata**

\* 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, which sets out the actions to be taken by the Group's officers and employees, and distributes it as a leaflet in Japanese, English, or Chinese that can be carried around easily, to make all officers and employees familiar with its content. We also endeavor to detect and correct any violations of laws and regulations, the Articles of Incorporation, or related rules through the establishment of a whistleblowing system under the Compliance Rules and the use of an external hotline.

Furthermore, the Internal Audit Department 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 FY2021, there are no compliance violations.

## Approaches to Risk Management

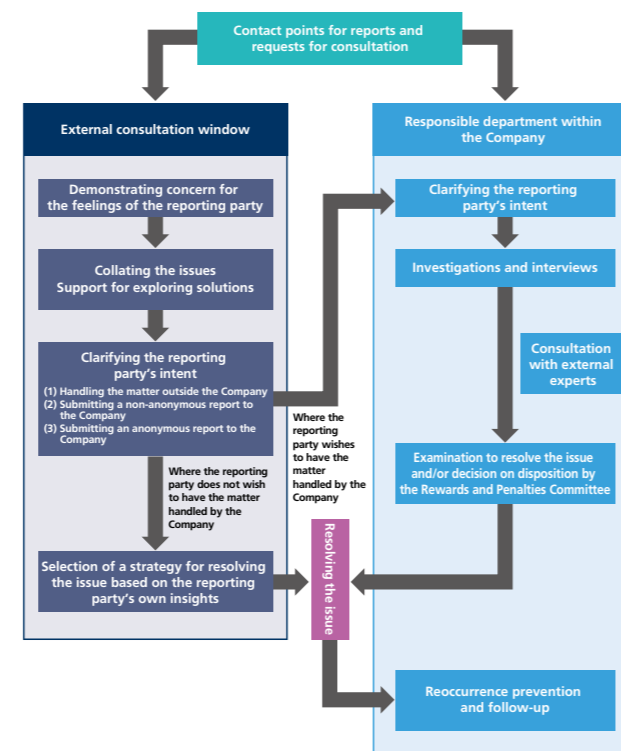
Aware of the potential impact of risk on our business activities, besides complying with relevant laws and regulations, the Yokowo Group also strives to fulfill our social responsibility and put organizational operation on a stable footing by responding appropriately to risk, through measures to continually improve our risk management systems and risk management 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. 28).

### ▼ Schematic diagram showing the internal whistleblowing system



## The Yokowo Group's measures in response to the COVID-19 pandemic

### Giving first priority to employees' health and the safety of local communities

In responding to the COVID-19 pandemic, the Yokowo Group has followed the instructions given by the Japanese government, and has implemented infection prevention measures that prioritize the health and safety of Group employees and their family members, customers, suppliers, local residents, and others.

Since as early as late March 2020, Yokowo has been implementing teleworking at its two facilities (Tokyo head office, and Utsunomiya branch) in the Tokyo metropolitan region, where the infection was spreading rapidly. Currently, around 80% of employees at the Tokyo head office are working from home, which exceeds the 70% target set by the Japanese government.

Aware of our responsibility to deliver products to customers, we ensure that our employees engaged in product manufacturing at our Tomioka plant take thorough infection prevention measures that do not disrupt production, so that we can continue to supply both products and services. At the plant's development, design, procurement, quality assurance and management departments, a shift system has been adopted whereby employees are divided into two groups, spending alternate weeks working at home and coming in to the plant to work. In this way, even if an employee gets infected with COVID-19, the plant can continue its operation.

Yokowo has arranged the working environment for teleworking by investing in IT equipment to ensure security and a seamless network environment for telecommuting equivalent to that in the office. We have also built a permanent teleworking system, for example by providing lump-sum payments to help employees prepare for working from home, along with teleworking allowances, and by signing contracts for shared office operation.

Additionally, in FY2020, we donated 10 million yen each to the local government authorities in Kita-ku, Tokyo, where Yokowo's head office is located, and in Tomioka City, Gunma Prefecture, where the Company's main manufacturing facility is located.



### Internal measures in response to the COVID-19 pandemic

- In July 2021, workplace vaccination was conducted for Yokowo Group employees working at the Tomioka plant, and their family members
- From 2021 onwards, workplace vaccination has been conducted at the China plants, the Malaysia plant, and the Vietnam plant
- Teleworking has been implemented at overseas sales locations, including those in Taiwan and the U.S.A.
- Health management has been performed using daily temperature checks, and monitoring employees' movements
- Automated temperature checking stations have been installed, along with the provision of alcohol-based sanitizer
- Entry to production facilities by personnel from other departments has been restricted
- Yokowo has ensured thorough implementation of the policy of avoiding the Three C's (closed spaces, crowded places, and close-contact settings) in the Tomioka plant's cafeteria, with measures that include a four-shift system for meals, eating in silence, and sanitization after eating.
- Overseas business travel has been prohibited (except where absolutely necessary), and the use of public transport for domestic business travel has also been prohibited
- PCR tests have been implemented in the workplace, in collaboration with GME, a company based in Takasaki City, Gunma Prefecture
- New IT infrastructure has been adopted to ensure smooth implementation of teleworking
- The teleworking system has been put in a permanent footing
- Shared offices have been used



An automated temperature checking station located at the entrance to the Tomioka plant

# 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)	8,428	1,209	81	7,138	
Breakdown by business segment	Vehicle Communication Equipment	6,373	246	55	6,072
	Circuit Testing Connectors	835	265	15	555
	Wireless Communication Equipment—Fine Connectors	503	71	9	423
	Wireless Communication Equipment—Medical Devices	248	247	1	0
	Other employees	469	380	1	88

### Composition of Employees

The main production bases in each segment are China and Vietnam for the Vehicle Communication Equipment segment, Malaysia and Japan for the Circuit Testing Connectors segment, Malaysia and China for the Fine Connector business in the Personal Communication Equipment segment, and Japan for the Medical Device business in the Personal Communication Equipment 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 Vehicle Communication Equipment segment.

### ▼Recruitment and Turnover

			YOKOWO CO., LTD.
New recruitment			82
	Male	Total	53
	Female	Total	29
Number of job leavers			34
	Male	Total	24
	Female	Total	10

## 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\* of 70%, which is the target for FY2020. In FY2020, the annual paid leave utilization rate was 63.6%.

\* 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 FY2020, one female employee took childcare leave.

### Use of nursing care leave

Yokowo has established a nursing care leave system to support employees in balancing work with nursing care. In FY2020, no employees took nursing care leave.

### Other work-life balance measures

- Hourly paid leave
- Special COVID-19 vaccination leave

## Holding Roundtable Meetings to Further Improve the Workplace Environment

Yokowo is holding roundtable meetings to clarify issues in our organizational culture and systems, to build and strengthen specific improvement measures and systems, and to share them among employees in order to realize a rewarding and attractive workplace environment.

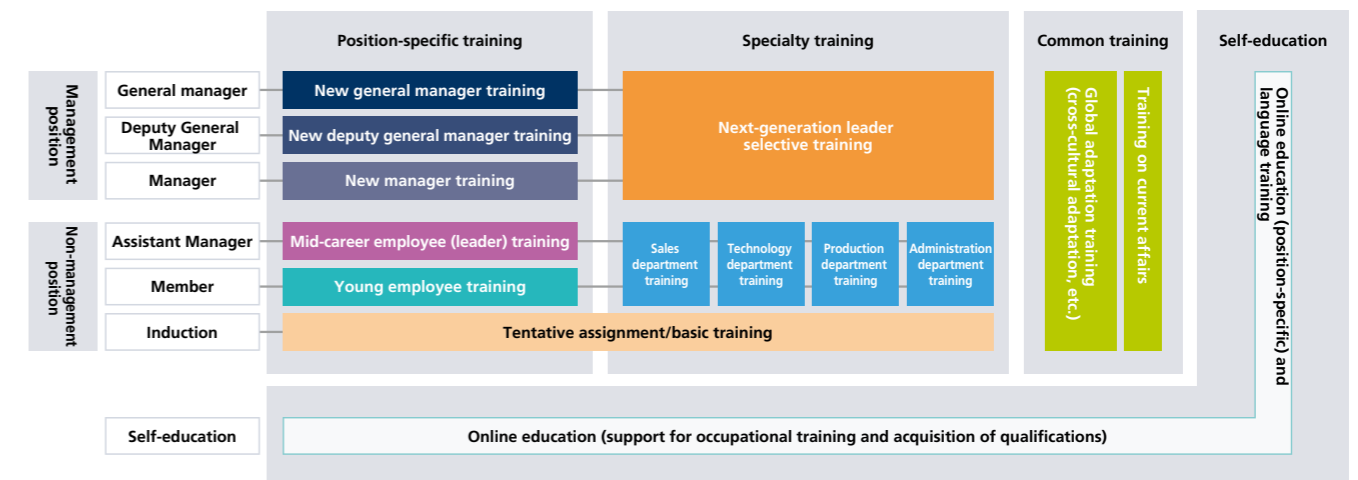
The roundtable meetings are held with employees divided according to eight attributes to stimulate discussion within each attribute and ensure the identification of areas for improvement in the current situation at Yokowo. We intend to use the identified areas when we revise the personnel system and other systems in the future.

### ▼Roundtable Meeting Attributes

1	Female	6	Specialists (employees with specific qualifications)
2	Non-Japanese	7	Production line employees and supervisors
3	Young employees in their first three years at the Company	8	Veteran employees aged 55 and older
4	Mid-career employees in their 30s	9	Roundtable suggestion box*
5	Employees raising children		

\* We have established the “Roundtable suggestion box” on the Company intranet as an opportunity to enable employees with opinions to speak out freely. The opinions we collect will be used to initiate new roundtable meetings depending on the content.

### ▼Conceptual Diagram of Training System



## 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.

## Development of Human Resources

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.

# Diversity

Through the promotion of diversity 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 Act was enacted, requiring companies to encourage male employees to take childcare leave. However, it is necessary to clarify the issues involved for this measure to become established at Yokowo.

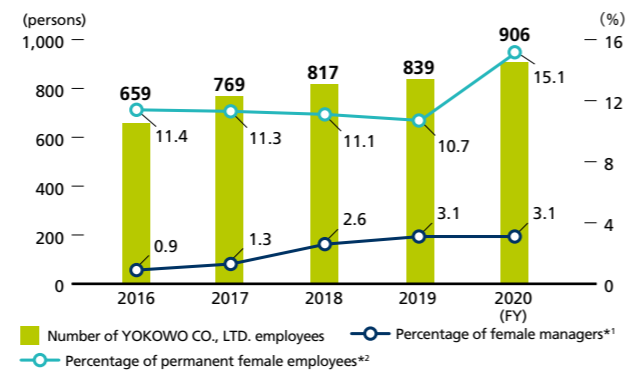
In order to clarify these issues in our organizational culture and systems, and to share the direction for improvement and reform, one of our concrete measures is the “roundtable meetings” (see the Employees page on p. 34), where the employees concerned can frankly exchange opinions and reflect them in changes to the human resources system and in management.

### 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. To achieve this goal, we have started to appoint women as outside directors and promoting them to management positions. At the same time, we have held a roundtable meeting on women’s active participation (led by a

female employee) to discuss what aspects of our organizational culture are hindering active participation by women and how to improve the culture as well as formulating an improvement plan.

### Percentage of female employees\*



\*1 Female managers at end of fiscal year ÷ executive and management positions at end of fiscal year (includes assistant managers, excludes specialists)  
 \*2 Number of female employees at end of fiscal year ÷ number of full-time permanent employees at end of fiscal year  
 ★: 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.” The immediate goal is to establish a special subsidiary in FY2022 and build a system that will stably meet the legally mandated employment rate for people with disabilities.

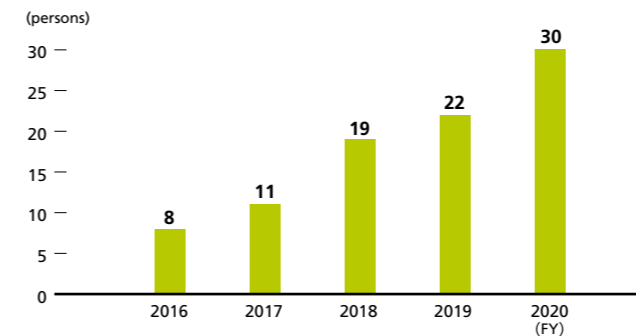
### Promoting Active Participation by Senior Human Resources

In addition to the existing system of re-employment (re-employment 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\*



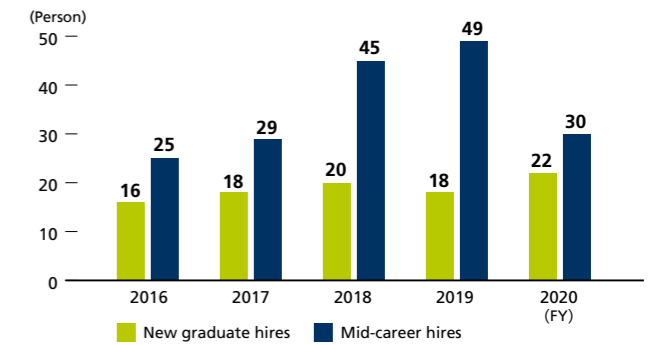
★: YOKOWO CO., LTD.

### 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\*



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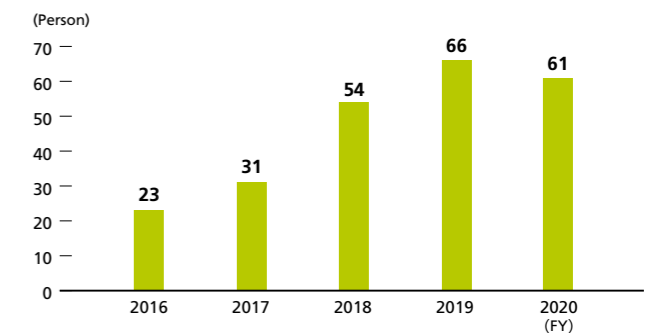
### TISP Project

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 manufacturing 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.



# 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.

In December 2014, Yokowo head office and its three domestic group companies acquired ISO 27001, the International Organization for Standardization (ISO)'s information security management system standard. Yokowo is also promoting the acquisition of this standard at its major sites.

## 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 corporate policy and rules, etc. governing information security.

Furthermore, Yokowo implements various activities in order to increase awareness of information management, such as carrying out 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

## 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, Yokowo handles and protects, both strictly and appropriately, all information assets possessed by Yokowo, and information disclosed to it by its customers.

# 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 realize a procurement function to purchase high-quality, reasonably-priced items from all over the world at the right time and in the right quantities, while promoting proactive procurement activities that contribute towards the Company's 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 multi-layered production bases and a reliable supply network when undertaking day-to-day purchasing activities.

### Policies

Yokowo's Purchasing H.Q. conducts its operations in accordance with the following basic policies: **Cost Reduction, BCP Strategies, and Strengthening Procurement Capability.**

Date of formulation: April 1, 2020

### Details of the basic policies

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

## 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 performed in day-to-day operations (with rigorous verification of negotiations, unit price setting, acceptance inspection, and payment)

### Elimination of child labor, use of 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.
- 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

### 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.

# 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 & 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

	FY2018	FY2019	FY2020
Accidents with lost work days	1	0	2
Accidents without lost work days	4	1	4
Total accidents	5	1	6

## To Realize a Continued Improvement of 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

Year	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 work-style 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.



# 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. Our aim is to develop alongside local communities, through activities that support their development, and initiatives that contribute to solving societal issues.

### Three Areas of Activities



## Community-based Activities

### YUKA Volunteer Team (DONGGUAN YOKOWO CAR COMPONENTS CO., LTD. [China])

In 2016, DONGGUAN YOKOWO CAR COMPONENTS CO., LTD. formed the YUKA Volunteer Team, which promotes activities to support the elderly and people with disabilities in the community.

These activities include holding volunteer events as well as environmental conservation activities, and these see many employees volunteering to participate.

Employees who have participated in volunteer activities (2016 to present) **155**



### Support for an Orphanage (YOKOWO VIETNAM CO., LTD.)

In April 2021, in collaboration with other like-minded Japanese companies located in the same industrial park, YOKOWO VIETNAM provided a local orphanage with material support such as food and beverage items, including milk, and clothing.



## Activities towards Achieving a Sustainable Society

### Donations of Masks and Sanitizer (YOKOWO ELECTRONICS (MALAYSIA) Sdn Bhd)

In 2020, YOKOWO ELECTRONICS (MALAYSIA) donated COVID-19 infection control supplies such as masks and sanitizer to the local police.

## Activities that Contribute to Community Development

### Naming Rights Partnership Activities (Tomioka Plant)

Wishing to contribute to the development of Tomioka City, where it is located, the Tomioka Plant participated in the open bidding for the naming rights for three local sports facilities and was chosen as a partner enterprise by Tomioka City. Tomioka Plant will encourage its employees and their family members to use these facilities, which will improve their health and foster the building of closer connections through sports, while at the same time this will also support the joint development of both the local community and Yokowo.

The naming rights agreement covers the three-year period between February 2021 and March 2024. Total cost of naming rights: **4.5** million yen





# 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 FSB 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. There were no infringements of environmental regulations in FY2020.

\* 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 reviewed its Medium-Term Environmental Plan in 2014 and identified four issues that need attention—addressing climate change, management of water resources, resource recycling, and working towards zero hazardous chemical substances. For this, Yokowo sets goals and activities to be achieved each year.

At a meeting of the Board of Directors held in October 2021, it was decided that Yokowo would express its support for the recommendations of the TCFD and disclose details of the measures taken by the Company through the CDP, with the Board of Directors supervising this directly. Subsequently, revisions were made to the Company's Environmental Policy and Action Guidelines.

### Addressing Climate Change

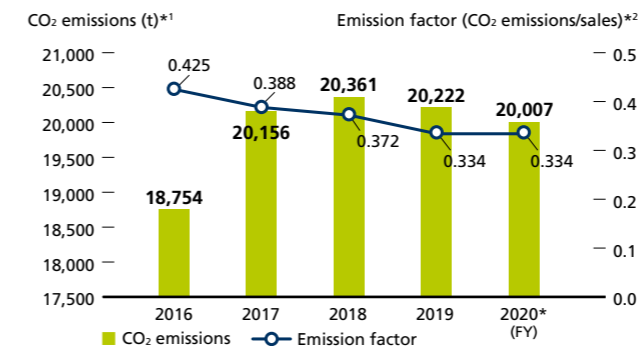
With the aim of reducing direct greenhouse gas emissions (Scope 1 and 2), we are drawing up plans for the adoption of renewable energy at our plants in Japan (in Tomioka City, Gunma Prefecture), China, Vietnam and Malaysia, which are our Company's main sources of greenhouse gas emissions. In 2021, we are working to give more concrete shape to our plans for adopting renewable energy at our Vietnam Plant and Tomioka Plant, which are our most important production facilities.

Regarding the reduction of Scope 3 greenhouse gas emissions, as most of the employees at the Tomioka Plant currently commute to work by car, we are implementing a plan to persuade a local railway company to establish a station near the plant, so that employees will be able to commute to work by train, and we are also planning to establish charging points for electric vehicles at the plant. Through the implementation of these concrete strategies, we are aiming, initially, to secure a "B" evaluation from the CDP. We will be steadily disclosing details of the implementation status of these concrete measures through the CDP platform, and also on our Company website.

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.

We are currently still in the process of collecting data regarding greenhouse gas emissions in 2014—the base year for determining greenhouse gas emissions reduction—and will disclose this information once the calculations have been completed.

### CO<sub>2</sub> emissions and emission factor



\*1 Electricity CO<sub>2</sub> conversion factor is calculated using the following:  
 Domestic: TEPCO Energy Partner, Inc Basic Emission Factor  
 Overseas: IEA Official Factor

\*2 Up until FY2019, consolidated sales were aggregated using internal exchange rates. However, starting from FY2020, Yokowo has switched over to aggregating consolidated sales based on real exchange rates, and data for FY2019 and previous years have been retroactively adjusted.

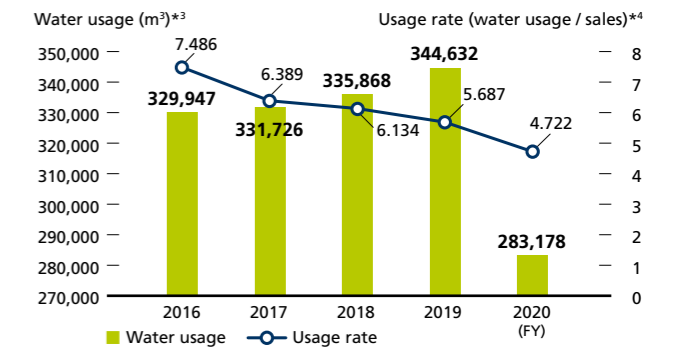
### Management of Water Resources

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



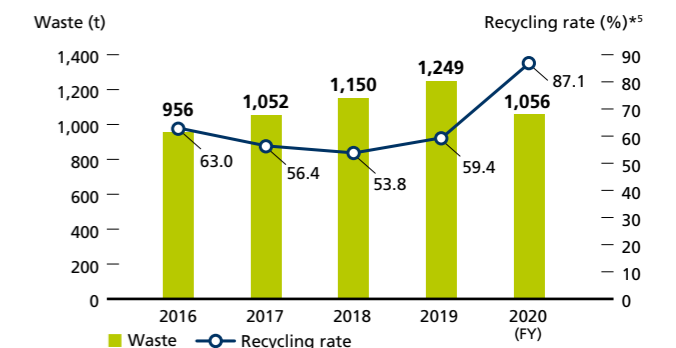
\*3 As the aggregation method has been reviewed, data for FY2019 and previous years have been retroactively adjusted.

\*4 As the per unit indicator has been reviewed from water usage per employee to water usage per unit of sales, data for FY2019 and previous years have been retroactively adjusted.

### Resource 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 a substantial increase in the recycling rate.

### Quantity of waste and recycling rate



\*5 The recycling rate is the share of waste handed over to recycling firms. 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.

## Topics

In September 2021, we received third-party certification (scope 1 and 2) for greenhouse gas emissions. In the future, we will expand the scope of monitoring of our greenhouse gas emissions, and ensure this information is disclosed to the public.