

# Foundation for Sustainable Growth

## CONTENTS

Sustainability	41	Local Communities	51
Global Environment	43	Corporate Governance	52
Human Rights	45	Directors, Auditors and Executive Officers	56
DEI (Diversity, Equity and Inclusion)	47	Compliance	57
Health and Safety	49	Risk Management	58
Supply Chain	50	Information Security	59

## Sustainability

As a group, we are conscious of our corporate social responsibility. Accordingly, we are not only striving to continuously enhance corporate value but also committed to conducting business activities that meet the expectations of all stakeholders and earn their lasting trust, by establishing a sustainability promotion framework and managing materiality.

Materiality Management Promotion Framework

Key Areas	Materiality	Responsible Committee and Department
Human capital	Diversity, equity and inclusion	Human Resources H.Q.
	Global workforce development	
Human rights	Respect for human rights	Human Rights, Labor, and Ethics Management Committee
	Rights of those who work with us	Health and Safety Committee
Stakeholder engagement	Customer satisfaction	Quality Assurance H.Q.
	Two-way communication with business partners	Purchasing H.Q.
	Dialogue and interaction with local communities	SCI H.Q.
	Dialogue with shareholders and investors	SCI H.Q.
Global environment	Climate change mitigation and adaptation	Environmental Management Committee
	Transition to a circular society as well as management and reduction of hazardous substances	
Governance	Corporate governance	Board of Directors
	Compliance	Compliance Committee
	Risk management	SCI H.Q. / Business Risk Management Committee / Information Security Committee

### Basic Ideas

In pursuit of realizing our Corporate Philosophy (Purpose, Vision, and Values), we have identified the Group’s materiality from two perspectives: the impact that society and the environment have on us, and the impact we have on society and the environment. Based on this, we drive sustainability initiatives to contribute to the development of a sustainable society.

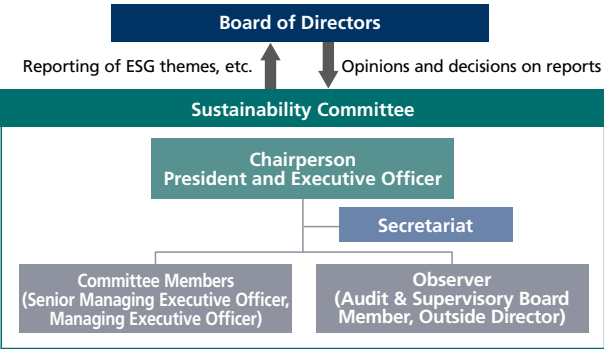
#### Basic Sustainability Policy

We achieve sustainability by constantly evolving.  
We also believe we must protect our irreplaceable planet and remain true to the expectations of our local communities and stakeholders.  
To this end, we identify materiality in our various activities and work to address issues through corporate activities, business operations and dialogue.  
Through these efforts, we will fulfill our social responsibilities and enhance our corporate value by continuing to take on “new” challenges. In doing so, we will contribute to the development and evolution of a sustainable society.

### Governance

To advance sustainability management across the Yokowo Group in line with our Sustainability Fundamental Policy, we established the Sustainability Committee under the supervision of the Board of Directors in October 2022. This Committee is chaired by the President and Executive Officer, with executive officers holding official titles serving as members, and other executive officers, full-time Audit & Supervisory Board Members, and outside directors serving as observers. The Committee deliberates on policies, strategies, and key issues related to sustainability; monitors the progress of materiality and KPIs; and provides recommendations. It submits proposals and reports to the Board of Directors.

Sustainability Committee Framework



### Strategy

To advance the sustainability initiatives identified as a structural challenge in our Medium-Term Management Plan, we have reviewed our materiality along with the related metrics and targets, and are driving concrete initiatives through the framework linked to materiality (see left page).

### Risk Management

We manage our materiality as follows: risks and opportunities in the business environment are analyzed and the Sustainability Committee deliberates on sustainability strategies based on our long-term strategy and monitors progress on materiality and KPIs. Under this Committee, we have established committees and departments responsible for each materiality. Each committee and department carries out activities in line with goals and plans set for their respective materialities and KPIs.

### Metrics and Targets

Details on materiality targets and performance are provided in “Materialities and KPIs (FY2030 Targets)” (p.39).

For details on Yokowo’s sustainability, please refer to our corporate website below.  
<https://www.yokowo.co.jp/english/sustainability/management.html>

# Global Environment

## Basic Ideas

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 based upon defined environmental policies in order that we can pass on our irreplaceable global environment to future generations.

## Governance

Under the Sustainability Committee, we have established an Environmental Management Committee chaired by the officer in charge of the environment, leveraging the ISO 14001. The Committee is charged with establishing and driving overall environmental plans and measures. Progress toward climate change issues and KPI targets is reviewed in the Sustainability Committee and subsequently reported to the Board of Directors (see organizational structure on p.41-42).

## Climate Change Strategy (TCFD-Based Disclosure)

In order to pinpoint climate related risks and opportunities, the Yokowo Group conducted an analysis and evaluation of business activities in the VCCS, CTC, and FC/MD segments under two scenarios: a 2100 scenario in which the rise in global average temperature remains below 1.5°C (IEA NZE), and a scenario where it rises by 3°C (IPCC AR6 SSP3-7.0).

### Risks and Opportunities Associated with Climate Change

Category	Type of Risk/ Opportunity	Impact Stage	Segment	Cause	Impact on Yokowo Group	Time Scale	Financial Impact	Response of Yokowo Group	Scenario
Transition Risk	Market	Downstream value chain	VCCS	Change in customer behavior	Growth in sales for battery electric vehicle (BEV)	Medium	Large	Development of new products and services, and market expansion	1.5°C
	Policy	Direct operations	Common to all segments	Carbon pricing mechanism	Financial burden from introduction of carbon tax	Medium	Medium	Adoption of renewable energy and internal carbon pricing	1.5°C
	Technology	Direct operations	MD	Transition to increase in renewable content	Promotion of reuse among customers	Medium	Medium	Growth of research and development investments in technology and infrastructure	1.5°C
Physical Risk	Acute	Direct operations	Common to all segments	Abnormal weather resulting in intense rainfall, lightning, and typhoons	Supply chain disruptions and halted operations	Short	Small	Growth of research and development investments in technology and infrastructure	3°C
Opportunity	Market	Direct operations	VCCS	Expansion into new markets	Growth in sales for battery electric vehicle (BEV)	Medium	Medium	Accelerated sales expansion for BEV	1.5°C
	Products and services	Direct operations	VCCS	Development of new products and services through R&D and technological innovation	New development of energy-saving products	Medium	Large	Shortened development time, modified production methods, and enhanced maintainability	1.5°C
	Market	Direct operations	CTC	Greater availability of products with reduced environmental impact (excluding non certified products)	Growth in semiconductor demand driven by BEV shift, coupled with higher performance chips	Medium	Medium	Secured sales and development resources	1.5°C
	Products and services	Downstream value chain	MD	Increase in sales from existing products and services	Global certification for the development of new drugs and therapeutic devices arising from increase in infectious diseases and the growing likelihood of emerging infections	Medium	Medium	Simultaneous domestic and overseas distribution via global certification scheme	3°C

Time Scale Short: 5 years or less, Medium: 5-15 years, Long: 15 years or more  
Financial Impact Large: 10 billion yen or more, Medium: 1-10 billion yen, Small: 1 billion yen or less

## Actions Toward the Adoption of a Circular Society

### Water Risk

Water usage within the Yokowo Group is limited in production stages, except for the plating process, owing to product traits, and most of it goes to everyday use. Yet, with an overseas production ratio above 80%, it is exposed to the impacts of climate-change-driven drought. As a result, we conducted a water risk assessment and confirmed that drought risk is high in overseas equity method subsidiaries.

### Research and Development for Resource Conservation and Expanding the Use of Recycled Materials

Our flagship electrical components utilize metal and plastic as their main raw materials. We are pushing forward with product development utilizing recycled plastic and bio-based plastics to help achieve a circular society. Moreover, we are addressing the reduction of resource input by employing our core technology, micro precision processing technology.

### Waste Recycling

The Yokowo Group promotes recycling of waste, primarily metals, plastics, and cutting oils generated from production processes, from a resource protection perspective. Our target is to reach a recycling rate exceeding 80%, with particular emphasis on boosting recycling performance at overseas production bases.

## Actions Aimed at Safeguarding Biodiversity

The Yokowo Group views the impact on natural capital as a key business issue, alongside climate change. At present, we are moving forward with exploring how to respond by integrating the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations and the LEAP approach, which is its assessment method.

## Actions Toward Management of Chemical Substances

### Management of Chemical Substances in Products

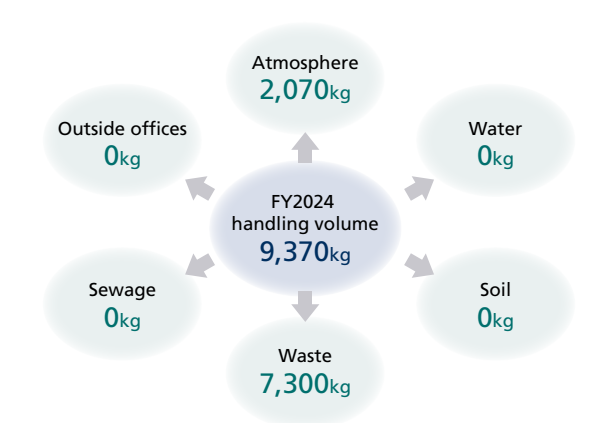
In the Yokowo Group, the Environmental Action Guidelines include compliance with relevant environmental laws and regulations, as well as with each customer’s specific requests. Based on these Guidelines, we have established the Chemical Substance Management Standards (hereafter, “Standards”) and clarified the scope of management not only for the chemicals in the products that the Yokowo Group produces and sells but also for those in the components and materials we use. Furthermore, we are working to strengthen chemical substance management across the entire supply chain by ensuring that the contents of the Standards are well known and understood both within Yokowo and business partners.

### Reduction in Use of PRTR Substances (Group Companies in Japan)

The Yokowo Group is working to reduce the impact of chemical substances on the Earth’s environment and human health by reducing the amounts of substances specified under the Pollutant Release and Transfer Register (PRTR) system (Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof). We are advancing the evaluation and selection of alternative materials as part of that effort.

For details on the Yokowo Group Environmental Policy, data on climate change and the environmental, and specific initiatives, please refer to our corporate website below.  
<https://www.yokowo.co.jp/english/sustainability/environment/management.html>  
<https://www.yokowo.co.jp/english/sustainability/environment/warming.html>  
<https://www.yokowo.co.jp/english/sustainability/environment/pollutionchemical.html>

Handling, Emission, and Transfer Volumes of PRTR Substances



# Human Rights

## Basic Ideas

Based upon the United Nations’ Guiding Principles on Business and Human Rights, the Yokowo Group is strengthening its frameworks for respecting human rights and ensuring access to effective remedies. In the future, we will continue listening to the diverse voices of our colleagues, seeking guidance from around the world. We will respect the human rights of 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.

## Governance

Under the Sustainability Committee, we have established a Human Rights, Labor, and Ethics Management Committee chaired by the officer in charge of sustainability. The Committee is charged with establishing and driving overall human rights plans and measures. Progress on human rights initiatives and KPI targets is reviewed in the Sustainability Committee and subsequently reported to the Board of Directors (see organizational structure on p.41-42).

## Strategy

The Yokowo Group operates on a global scale, and we acknowledge that it is essential to evaluate the impact of human rights throughout our organization and the entire supply chain from the perspectives of severity and priority, and the extent of involvement with our business and society. Recognizing the respect for human rights as a basic premise in corporate activities, we believe that continuously pursuing this will support the formation of a relationship of trust with stakeholders and the improvement of corporate value. By working to respect human rights, we establish a healthier workplace environment, leading to higher engagement and building human capital, corporate value, business opportunities, and a sound supply chain.

The Yokowo Group has established the Yokowo Group Human Rights Policy based on the UN Guiding Principles on Business and Human Rights that we support. In accordance with our Human Rights Policy, we emphasize dialogue with stakeholders, and identify and assess negative impacts on human rights throughout our supply chain to prevent and mitigate them. Additionally, we implement a human rights due diligence process to evaluate the effectiveness of our efforts, and to both explain and disclose information on how we have addressed concerns, thereby addressing human rights issues relevant to our business.

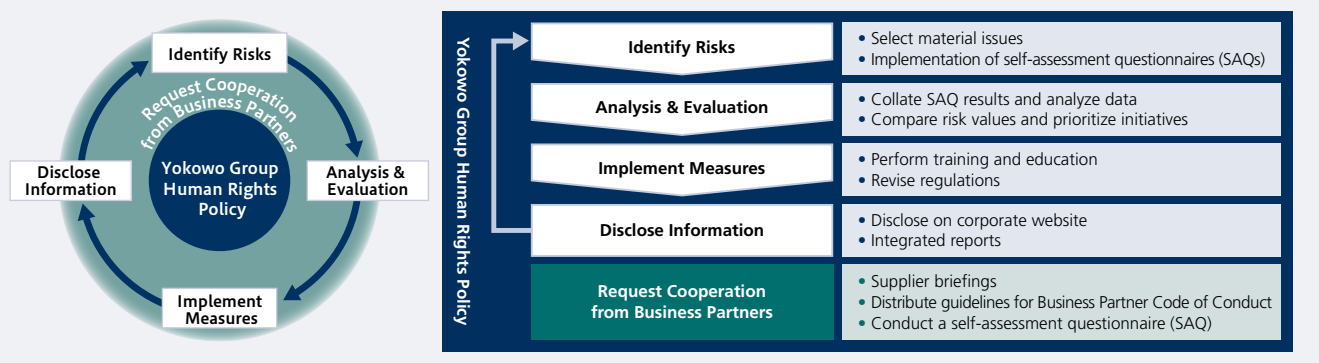
### Human Rights Issues Relevant to Our Business Identified in Yokowo Group Human Rights Policy and Related Mitigation Measures

Human Rights Issues Relevant to Our Business	Measures
Prohibition of Forced Labor	Conclusion of tri-partite contracts with sending and receiving organizations to prevent workers from paying fees
Prohibition of Child Labor	Establishment of child labor remedy regulations and enhancement of the age verification process
Prohibition of Discrimination	Establishment of contact for ethics and human rights concerns
Prohibition of Inhumane Treatment	Furnished prayer rooms and providing halal food
Freedom of Association and Collective Bargaining	Collective bargaining agreements
Working Hours and Wages	Addressing unreasonable treatment differences in equal pay for equal work
Occupational Health and Safety	Mandate provision of safety equipment, and conduct health checks and stress assessments
Rights of Foreign Migrant Workers	Conducted interviews with Vietnamese technical intern trainees and specified skilled workers regarding the working environment with the cooperation of NGO groups

## Risk Management

The Yokowo Group is implementing human rights due diligence on Group companies and major suppliers so that it can respect human rights and provide remedy to affected individuals to affected individuals, in accordance with the Yokowo Group Human Rights Policy.

### Yokowo Group Human Rights Due Diligence Process



### Yokowo Group Human Rights Due Diligence

Process	Measures	FY2024 Results
Identify Risks	Select material issues Implementation of a Self-Assessment Questionnaire (SAQ)	Yokowo Group/Suppliers: Conducted self-assessment (*Refer to implementation status)
Analysis & Evaluation	Collate SAQ results and analyze data Compare risk values Set priorities for initiatives	Yokowo Group: Response assessment, feedback, and measure planning Suppliers: Analysis and feedback
Implement Measures	Train site representatives, including overseas sites Revise regulations	Yokowo Group: Human rights training for site representatives Suppliers: Formulated corrective action plan
Disclosure	Disclose on corporate website Integrated reports	Yokowo Group/Suppliers: Disclose on corporate website and sustainability page, and included in the Integrated Report
Explanation to Suppliers	Supplier briefings Distribute CSR Purchasing Guidelines	Suppliers: Conducted CSR Purchasing Guidelines briefings Confirmed agreement to Business Partner Code of Conduct Implementation of self-assessments questionnaires
Track Effectiveness of Measures at Suppliers	Promote corrective actions On-site audits	Formulated corrective action plan

## Metrics and Targets

The targets and performance for the key materiality area of “Human Rights” are detailed in “Materialities and KPIs (FY2030 Targets)” (p.39).

### Implementation Status of Human Rights Due Diligence

Category	Target of Human Rights Due Diligence	Scope	Briefings on Human Rights and Social Responsibility	
			Targets	FY2024 Results
Yokowo Group	Manufacturing sites	Head office All subsidiaries, including domestic and overseas	100%	100%
	Sales offices	All subsidiaries, including domestic and overseas	100%	100%
Direct Procurement	Manufacturing-related suppliers	Business partners accounting for 90% of domestic transaction volume	100%	100%
Indirect Procurement	Human resource suppliers	All domestic companies providing human resources	100%	100%
	Onsite subcontract suppliers	All companies that have concluded a business contract within the Tomioka Plant	100%	75%

Foundation for Growth

DEI(Diversity, Equity and Inclusion)

Basic Ideas

For the globally operating Yokowo Group, diverse forms of knowledge are a vital source of fresh ideas and growth. We value and respect diversity—not only in nationality, gender, and generation, but also in talent, expertise, experience, and individual perspectives.

Governance

Under the oversight of the Sustainability Committee, the Human Resources H.Q. is responsible for formulating our DEI policy, developing related plans and initiatives, and driving their implementation. Progress on DEI-related challenges and KPI targets is reviewed by the Sustainability Committee and reported to the Board of Directors. (see organizational structure on p.41-42)

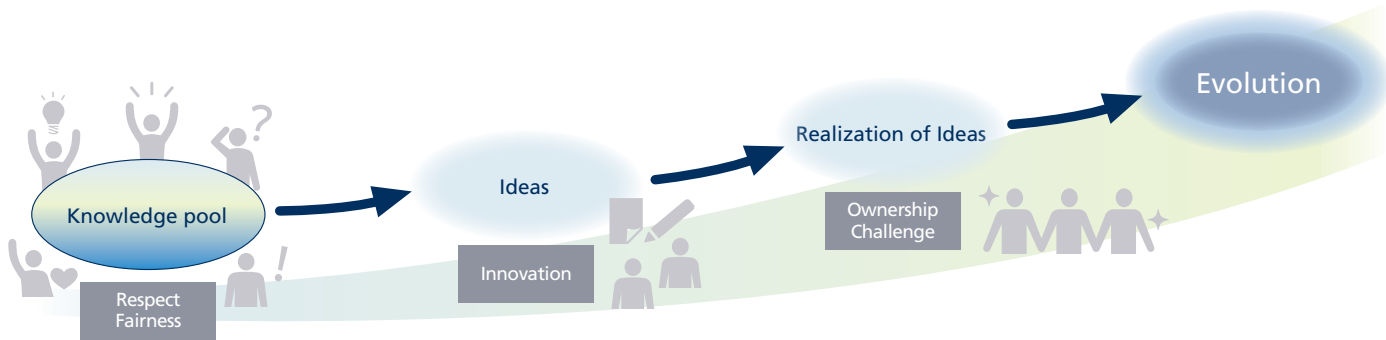
Strategy

We recognize that workplaces where diverse expertise and values are not embraced tend to experience lower employee engagement, increased talent attrition, and greater difficulty in recruitment. Conversely, workplaces that deeply embed DEI values and actively recognize and harness each individual’s unique individuality and perspectives foster the growth of both our employees and our Group.

We value and respect diversity—not only in nationality, gender, and generation, but also in talent, expertise, experience, and individual perspectives, in pursuit of our “People Vision.” (p.35)

We are committed to transforming diversity into corporate strength by creating opportunities for growth and challenge that empower every employee to leverage their unique strengths and talents. Our goal is to build a culture in which each person feels acknowledged, respected, and empowered, by cultivating teams where individuals listen to diverse perspectives and feel safe expressing their own thoughts.

We believe that when individuals with diverse personalities and backgrounds engage with and appreciate one another, it sparks new ideas, generates fresh value, and drives the growth of both each individual and our Group.



Risk Management

Since fiscal 2022, we have been conducting engagement surveys to visualize workplace environment issues and identify improvement areas with the goal of creating a more fulfilling and attractive workplace for a diverse workforce. The results are reported to both the Executive Meeting and the Board of Directors. In addition, we hold briefing sessions for executives to explain the survey findings. Based on these results, each department develops action plans and carries out improvement activities aimed at enhancing employee engagement.

Metrics and Targets

The targets and performance for the key materiality area of “Human Capital” are detailed in “Materialities/KPIs and 2030 Target” (p.39).

Key Initiatives

Advancement of Women

Our Group has identified the promotion of women’s active participation as a key priority. We have set a target to raise the percentage of female managerial staff at YOKOWO CO., LTD. to at least 10% by fiscal 2030. To achieve this, we are implementing initiatives such as structured talent development and career support programs within the workplace.

Advancement of Non-Japanese Talent

As a core initiative within our Diversity & Inclusion efforts, we are promoting the TISP (Tomioka International Specialist Park) Project. Specialists from around the world—including those in product design, production engineering, elemental technologies, quality assurance, production control, and accounting—are gathered at our flagship Tomioka Plant in Gumma Prefecture. Our goal is to employ more than 120 non-Japanese specialists by fiscal 2030. By encouraging individuals with diverse personalities and backgrounds to exchange ideas and generate new value, we are driving the growth of both each individual and our Group.

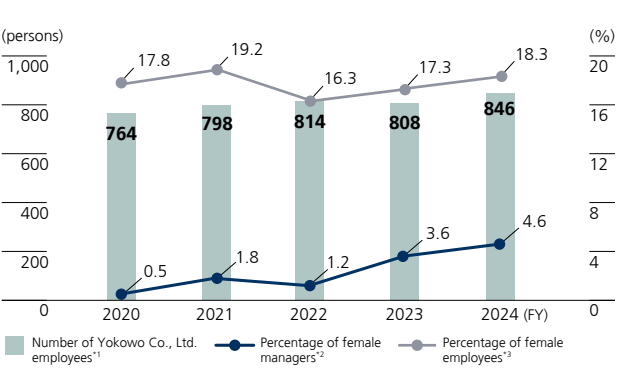
Advancement of Employees with Disabilities

To promote the employment of individuals with disabilities, we established the special subsidiary YOKOWO FUTURE-ORIENTED SUPPORT CO., LTD. in 2022. This subsidiary provides attentive support to each employee, recognizing their disability as part of their individuality, and is creating a workplace environment where everyone can work with confidence and vitality.

Their responsibilities include facility beautification, assembly of products and packaging boxes, creating 2D and 3D drawings using CAD, and general affairs support.

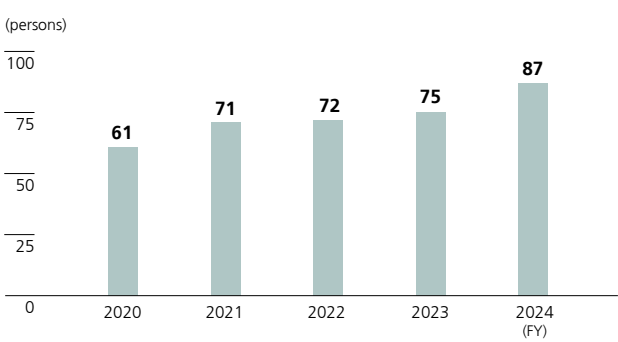
This subsidiary is also actively working to identify and recruit neurodiverse talent. It is committed to developing human resources with a strong sense of professionalism by supporting education and skill refinement through foundational curricula such as work standards. In addition, managers and staff who serve as workplace supporters receive training to enhance the quality of reasonable accommodations.

Percentage of Female Employees★



<sup>\*1</sup> Number of Yokowo Co., Ltd. employees: Does not include temporary staff  
<sup>\*2</sup> Percentage of female managers out of all managers  
<sup>\*3</sup> Ratio of female employees out of all employees  
★: YOKOWO CO., LTD.

Changes in TISP Human Resources★





# Health and Safety

## Basic Ideas

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. We are committed to ensuring a consistently safe and secure workplace, striving to create a rewarding and decent work environment.

## Governance

Under the Sustainability Committee, we have established a Health and Safety Committee chaired by the General Manager, Tomioka Plant Integration (Plant Manager). This committee deliberates on matters such as the formulation of health and safety policies, progress monitoring of related plans, and initiatives to promote employee health and well-being. Progress on initiatives and KPI targets related to health and safety is reviewed by the Sustainability Committee and reported to the Board of Directors. (see organizational structure on p.41-42)

## Strategy

Our Group’s manufacturing processes involve the use of machinery and chemical substances, which carry risks of physical harm, accidents, and disasters. We recognize that labor losses resulting from workplace accidents can increase the burden on affected teams, potentially leading to further incidents due to physical and mental strain. We view initiatives to reduce risks through our occupational health and safety management system as an opportunity to provide a safer working environment.

The Yokowo Group positions the management of health and safety—for both employees and stakeholders involved in Group activities—as a top management priority, and has established the Yokowo Group Occupational Health and Safety Policy. We are pursuing 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 well-being.

## Risk Management

Based on ISO 45001, each department identifies risks and opportunities by analyzing both internal and external issues as well as stakeholder requirements, and formulates annual plans to guide its activities. It conducts risk assessments and manages near-miss incidents to proactively prevent occupational accidents. It also establishes priority inspection items—such as entrapment and entanglement, cuts and abrasions, flying or falling objects, fire prevention, and chemical substances. A team composed of executives and department heads conducts monthly safety patrols. The results are reported to the Health and Safety Committee and shared across the organization. In the event of an occupational accident, the Risk Assessment Subcommittee visits the site to assess the situation. The subcommittee is composed of departmental OH&S managers and promoters within the Health and Safety Committee, appointed by the chair. The subcommittee reviews and evaluates the countermeasures proposed by the affected department, confirms their effectiveness, and reports the findings to the Health and Safety Committee to help prevent recurrence and raise safety awareness.

To ensure the effectiveness of our occupational health and safety management system, we conduct management reviews for continuous improvement.

## Metrics and Targets

The targets and performance related to the materiality theme of “Rights of those who work with us” are detailed in “Materialities and KPIs (FY2030 Targets)” (p.39).

For details on the Yokowo Group Occupational Health and Safety Policy, related data, and specific initiatives, please refer to our corporate website below.  
<https://www.yokowo.co.jp/english/sustainability/society/safety.html>

# Supply Chain

## Basic Ideas

In addition to pursuing fair and equitable transactions with our business partners, we engage in procurement practices that reflect our commitment to social responsibilities across the supply chain. These efforts include strict compliance with laws and regulations, the creation of multi-site production structure, and the development of a resilient and uninterrupted supply network.

## Governance

Under the oversight of the Sustainability Committee, Purchasing H.Q. is responsible for formulating policies, developing plans and initiatives, and driving efforts toward responsible procurement. Progress on supply chain-related challenges and KPI targets is reviewed by the Sustainability Committee and reported to the Board of Directors (see organizational structure on p.41-42).

## Strategy

As the Yokowo Group operates globally, we recognize that risks such as geopolitical instability, natural disasters, climate change, environmental issues, human rights violations, and cyberattacks may disrupt or delay our supply chain. Based on our Corporate Philosophy (see p.01), we have established a Purchasing Policy. By positioning the development of a CSR-based procurement structure as a medium-term priority, we are advancing global procurement activities under the theme of growing together with our business partners. We will build a resilient supply chain capable of responding to diverse challenges by proactively identifying and managing risks.

## Risk Management

In response to the growing importance of CSR, we have established the Yokowo Business Partner Code of Conduct Ver. 2.0 as a set of behavioral and operational standards that we expect our business partners to actively implement and uphold, in order to further earn the trust of our stakeholders. Starting in 2024, we restructured our approach around the PDCA cycle and launched new initiatives. As part of our efforts for fiscal 2024, we developed the CSR Purchasing Guidelines, which outline specific actions to promote deeper understanding of the Yokowo Business Partner Code of Conduct. Based on these guidelines, we are working to strengthen CSR purchasing activities by conducting briefing sessions, implementing and evaluating self-assessments, and promoting ongoing improvement initiatives with business partners in Japan. Through our CSR Purchasing Guidelines, we aim to build a shared understanding of CSR and contribute to the creation of a sustainable society-ultimately fostering long-term relationships that continue to earn public support. As part of our green procurement initiatives, we collect and verify substance data using tools such as IMDS and chemSHERPA during product development and whenever regulatory updates occur. These efforts address international regulations-including the Stockholm Convention on POPs, EU REACH Regulation, EU RoHS Directive, and Japan's Act on the Regulation of Manufacture and Evaluation of Chemical Substances-as well as industry standards such as GADSL. When regulated substances are identified, we promptly switch to alternative materials. In addition, as part of our responsible resource procurement activities, we assess the use of materials mined in or sourced from conflict-affected and high-risk areas where human rights violations (such as child labor and forced labor) and environmental degradation are concerns. This includes 3TG (tin, tungsten, tantalum, and gold), copper, nickel, cobalt, mica, natural leather, and natural rubber. If usage is confirmed, we take steps to switch to materials sourced from other countries.

## Metrics and Targets

The targets and performance related to the materiality theme of “two-way communication with business partners” are detailed in “Materialities and KPIs (FY2030 Targets)” (p.39).

For details on the Yokowo Group Purchasing Policy, the Yokowo Business Partner Code of Conduct, the CSR Purchasing Guidelines, and data and specific initiatives related to the supply chain, please refer to our corporate website below.  
<https://www.yokowo.co.jp/english/sustainability/society/safety.html>

# Local Communities

## Basic Ideas

The Yokowo Group aims to become a company that will make local communities say, “I’m glad Yokowo is in our town.” We promote various activities as a member of local communities through dialogue and exchange about regional development and the social challenges faced.

## Governance

Under the Sustainability Committee, the SCI H.Q. is responsible for promoting the Group’s activities in local communities. Progress on community-related challenges and KPI targets is reviewed by the Sustainability Committee and reported to the Board of Directors (see organizational structure on p.41-42).

## Key Initiatives

### Visit by Vietnamese IT Companies to the Tomioka Plant

In September 2024, as part of a new initiative to promote digital industry development actively pursued by Gunma Prefecture and to strengthen economic cooperation with Vietnam, three Vietnamese IT companies—FPT, VMO, and NTQ—visited the Tomioka Plant. During the site visit to the plant facilities, there was a vigorous exchange of ideas about issues related to DX and GX, and the potential for technical support to Vietnamese companies. In particular, discussions on developing IT human resources and specific project collaborations revealed the potential for joint efforts that utilize each other’s strengths, marking an important step toward future cooperation.



With everyone from the three Vietnamese IT companies that visited the Tomioka Plant

### Learning Support Activities for Economically Disadvantaged Elementary School Students by YOKOWO VIETNAM CO., LTD.

On September 5, 2024, YVC visited two elementary schools in Vietnam (Nguyenuy Elementary School and Hoang Tay Elementary School) and provided school supplies and donations to 20 children in economically disadvantaged backgrounds. Before visiting the elementary schools, YVC also visited families requiring support, assessed their living conditions, and directly handed over donations and household goods.

During these activities, an internal fundraising campaign was also carried out within YVC, and the collected donations were delivered to families in need. These activities were aimed at eliminating educational disparities in the region and boosting children’s motivation to learn, and have earned the gratitude of local educators as well.



With students from Hoang Tay Elementary School

### Launch of Scholarship and Grant Program Aimed at Developing the Next Generation by the Yokowo Scholarship Foundation

The Yokowo Scholarship Foundation, founded in May 2023, aims to cultivate human resources who can contribute to society in the future and to support research in the fields of science, engineering, and medicine. During fiscal 2024, it awarded grant-type scholarships to seven university and graduate students, and provided medical-related funding to Tohoku University.

Going forward, it will contribute to the development of local communities as well as science and technology through scholarships and research grants.



With the families of the children YVC visited

# 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.

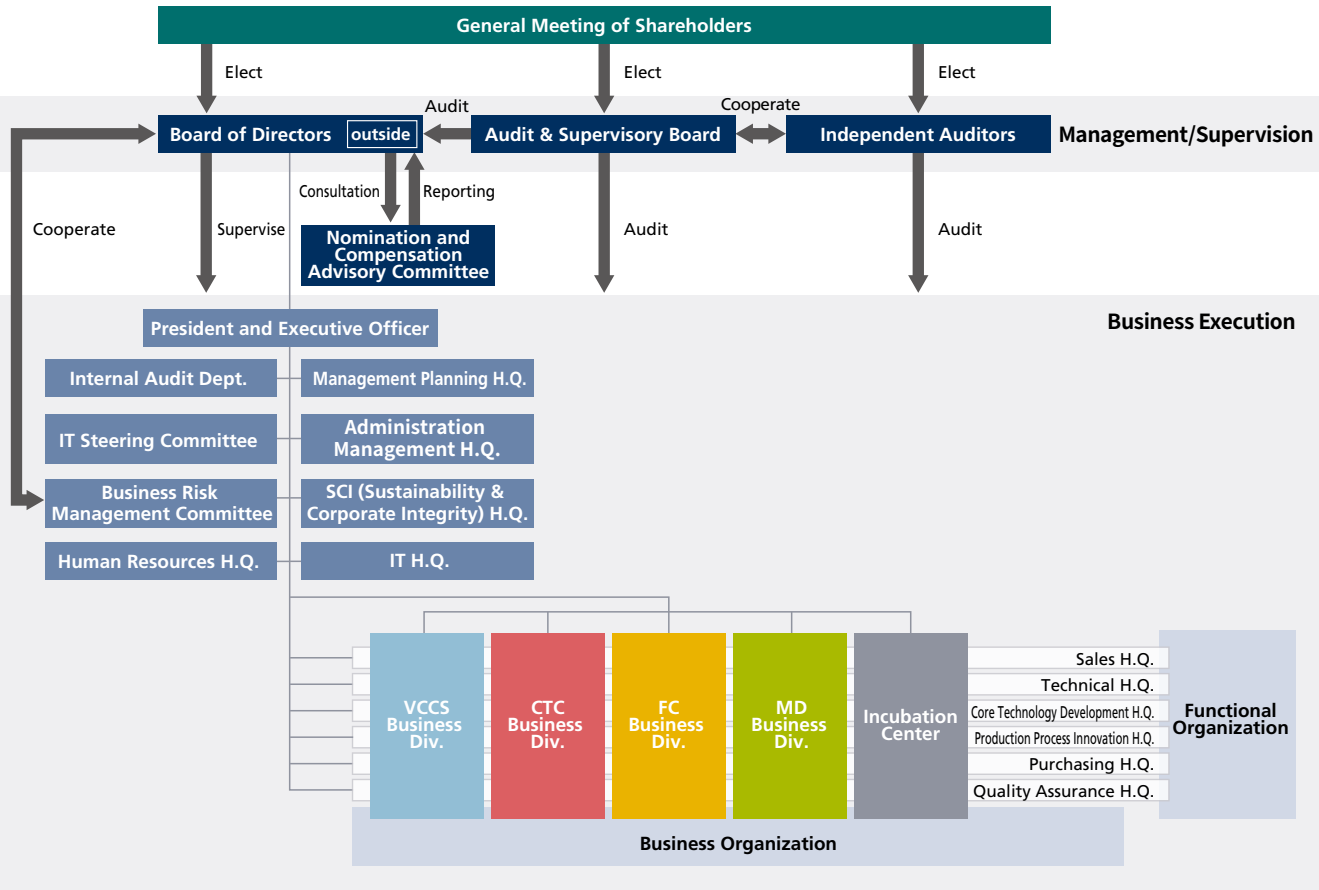
## Corporate Governance System

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 eight-four internal and four outside directors) (as of end June 2025). The Company has appointed four independent outside directors (with a high level of independence) to further strengthen the management supervisory function, and these include two female outside directors.

### Corporate Governance System (As of June 26, 2025)



Foundation for Growth

Corporate Governance

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 fifteen executive officers in the positions of Chief Officer, General Manager, and General Manager at Tomioka plant, etc.

CEO / COO Succession Plan

Basic Ideas

Since Chutaro Yokoo founded the company in 1922, top management positions (President and Chairman) have in principle been occupied by members of his founding family and relatives, each serving at least 10 years. These leaders have steered the company through turbulent business environments, nurturing and expanding the business, as well as reforming and restructuring the business structure. However, in order that we can continue to grow and evolve in the future, we believe that it is necessary to redefine the requirements for top management aligned with being an “ever-evolving company” that we have set out forth in our vision, while taking into account the strengths of “owner-led” companies and to establish a cast a wide net for, nurture, and select successor candidates.

Overview of the Succession Plan Formulation and Operation Process

The CEO/COO succession plan (hereafter, “the Plan”) is overseen by the Nomination and Compensation Advisory Committee, chaired by outside director Emi Yoneda, with outside director Makoto Tobari and representative director Takayuki Tokuma serving as members. The committee convened three times—in April and August 2023, and March 2024—to deliberate and finalize the overall Plan, including the essential attributes required for the CEO/COO role. Extensive discussions were held regarding the current pool of successor candidates, and the Plan was finalized in June 2024. Upon receiving the approval of the Board of Directors, the executive summary was disclosed in the corporate governance report and other related materials. The overall Plan defines the essential attributes required of a CEO/COO, evaluates each candidate according to these qualities, and categorizes successor candidates into near-term and long-term options. Candidates are provided with opportunities for supervisory experience and training as needed, and we support the overall development of the talent pool and adapt the Plan as circumstances evolve. The timing of leadership changes is set with careful consideration to changes in the internal and external environments, and we carry out periodic reassessment and selection of successor candidates. The progress of these efforts is reported regularly or as needed by the committee to the Board of Directors, and when selecting successor candidates, the Board will thoroughly discuss and consider candidates recommended by the committee before making a decision.

At present, the Plan is being implemented the Plan based on intermediate evaluations for each candidate, such as their defined competencies, job performance, and progress under the new Medium-Term Management Plan.

Attributes Considered Essential for the CEO/COO

- (1) Charisma:**  
The intrinsic qualities possessed by the individual. They act and speak in a way that draws others in.

**(2) Ethics:**  
They act with high moral standards and ethics at all times.

**(3) Fairness:**  
They interact impartially with others, regardless of race, nationality, gender, gender identity, or disability.

**(4) Comprehensive perspective:**  
They use a broad perspective to assess overall situations and make decisions.

- (5) Situational awareness:**  
They accurately understand contexts in which they or their group find themselves, and make quick, appropriate decisions.

**(6) Team organizer:**  
They inspire members of teams they are part of or lead, striving to achieve results as a team.

**(7) Ability to innovate:**  
They take a bold approach with a will and drive to constantly seek and implement improvements.

- (8) Global mindset:**  
They always think and act with an awareness of global standards and approaches.

**(9) Analytical and strategic planning skills:**  
They accurately analyze management and business challenges, and can formulate strong strategies.

- (10) Expertise:**  
They possess exceptional expertise in their own field, and leverage it to the fullest extent.

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 (2025), 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〉

- Further discussion at Board of Directors meetings necessary (succession plan and diversity (especially active participation of women)).

■ Prompt distribution of agenda materials.

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



Foundation for Growth

Corporate Governance

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 (FY2024)					(million yen)
Category	Total amount of remuneration by type			Total*	*Upper Limit (annual)
	Basic compensation	Executive bonus	Compensation in the form of shares		
Directors (outside)	216 (28)	48 (－)	－ (－)	264 (28)	280 (40)
Auditors (outside)	43 (21)	－ (－)	－ (－)	43 (21)	60
Total (outside)	259 (50)	48 (－)	－ (－)	307 (50)	

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	○	○		○			○
Kenji Yokoo	Director, Senior Managing Executive Officer	○	○	○				○
Naohito Odani	Director, Managing Executive Officer	○		○			○	○
Katsuhei Yanagisawa	Director, Managing Executive Officer	○	○		○			○
Makoto Tobari	Outside Director	○	○		○		○	
Byeongwoo Kang	Outside Director			○	○		○	○
Emi Yoneda	Outside Director	○	○	○	○			
Heather Montgomery	Outside Director		○		○			○
Kenji Kamachi	Outside Audit & Supervisory Board Member		○	○	○			○
Toshiaki Tochigi	Audit & Supervisory Board Member		○	○	○	○		
Hisao Tsunoda	Audit & Supervisory Board Member	○	○		○	○		
Sayaka Yamaguchi	Audit & Supervisory Board Member	○		○	○			

Directors, Auditors and Executive Officers

(As of June 26, 2025)

Board of Directors



**Takayuki Tokuma**  
Representative Director, President and Executive Officer  
Attendance rate at Board of Directors Meetings: 20/21 times (95%)  
Number of Company shares held: 294,000 shares



**Kenji Yokoo**  
Director, Senior Managing Executive Officer  
Attendance rate at Board of Directors Meetings: 21/21 times (100%)  
Number of Company shares held: 94,000 shares



**Naohito Odani**  
Director, Managing Executive Officer  
Attendance rate at Board of Directors Meetings: 19/21 times (91%)  
Number of Company shares held: 11,000 shares



**Katsuhei Yanagisawa**  
Director, Managing Executive Officer  
Attendance rate at Board of Directors Meetings: 16/17 times (94%)  
Number of Company shares held: 45,000 shares



**Kenji Kamachi**  
Audit & Supervisory Board Member  
Attendance rate at Board of Directors Meetings: 21/21 times (100%)  
Attendance rate at Audit & Supervisory Board Meetings: 17/17 times (100%)  
Number of Company shares held: 5,000 shares



**Toshiaki Tochigi**  
Outside Audit & Supervisory Board Member  
Attendance rate at Board of Directors Meetings: 21/21 times (100%)  
Attendance rate at Audit & Supervisory Board Meetings: 17/17 times (100%)  
Number of Company shares held: 0 shares



**Makoto Tobari**  
Outside Director  
Attendance rate at Board of Directors Meetings: 21/21 times (100%)  
Number of Company shares held: 0 shares



**Byeongwoo Kang**  
Outside Director  
Attendance rate at Board of Directors Meetings: 21/21 times (100%)  
Number of Company shares held: 0 shares



**Emi Yoneda**  
Outside Director  
Attendance rate at Board of Directors Meetings: 21/21 times (100%)  
(17 times as an Outside Director, and 4 times as an Outside Audit & Supervisory Board Member until June 27, 2024)  
Number of Company shares held: 0 shares



**Heather Montgomery**  
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: 21/21 times (100%)  
Attendance rate at Audit & Supervisory Board Meetings: 17/17 times (100%)  
Number of Company shares held: 0 shares



**Sayaka Yamaguchi**  
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

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

Executive Officers

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

**Kenji Yokoo**  
Senior Managing Executive Officer cum General Manager, Incubation Center

**Naohito Odani**  
Managing Executive Officer cum Chief Officer, Technical H.Q. cum Chief Officer, Core Technology Development H.Q.

**Katsuhei Yanagisawa**  
Managing Executive Officer cum General Manager, VCCS Business Division cum General Manager, VCCS Overseas Plant Management cum Chief Officer, Administration Management H.Q. cum General Manager, Tomioka Plant

**Tsuyoshi Sakata**  
Managing Executive Officer cum Chief Officer, Human Resources H.Q. cum Deputy Chief Officer, Technical H.Q. cum General Manager, Platform Business Promotion Division, Incubation Center cum General Manager, Systems Business Promotion Division, Incubation Center

**Hiroshi Igahara**  
Managing Executive Officer cum General Manager, MD Business Division cum Business Risk Management Committee Chair

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

**Tatsuo Tsunoda**  
Executive Officer cum Chief Officer, Management Planning H.Q. cum Business Risk Management Committee Vice Chair

**Toshihisa Tagaya**  
Executive Officer cum Chief Officer, SCI H.Q. cum Sustainability Committee Leader

**Syunichi Nagaoka**  
Executive Officer cum General Manager, VCCS Overseas Business Management Yokowo Manufacturing of America LLC, M.D

**Takeshi Akao**  
Executive Officer cum Chief Officer, Production Process Innovation H.Q. cum General Manager, CTC/FC/MD Engineering Management Division

**Fumiaki Ishibashi**  
Executive Officer cum General Manager, FC Business Division

**Tomohisa Hoshino**  
Executive Officer cum Principal Research Fellow, Optoelectronic Fusion

**Kazuhiro Takahashi**  
Executive Officer cum Chief Officer, Quality Assurance H.Q.

**Hitoshi Ejiri**  
Executive Officer cum Chief Officer, Purchasing H.Q.

**Shu Goto**  
Executive Officer cum Chief Officer, IT H.Q.

**Seiji Go**  
Executive Officer cum General Manager, VCCS Engineering Management Division cum General Manager, VCCS Engineering Department, VCCS Business Division

**Ryo Sugahara**  
Executive Officer cum General Manager, CTC Engineering Management Division, CTC Business Division

**Haruhisa Uchida**  
Executive Officer, General Manager, Marketing Office Department, VCCS/Incubation Center cum General Manager, Sales Section, Platform Business Promotion Division, Incubation Center cum Assistant to General Manager, Systems Business Promotion Division, Incubation Center



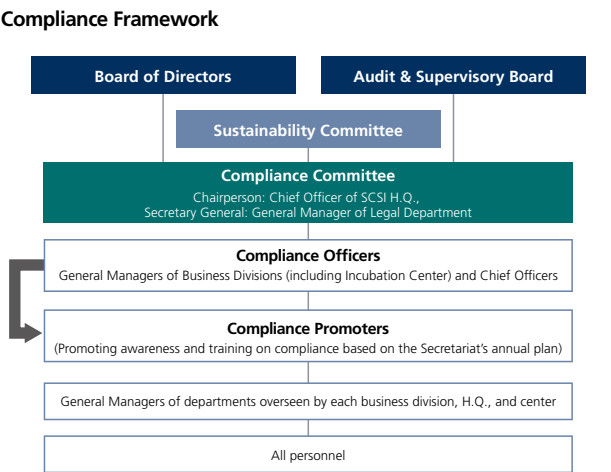
# Compliance

## Basic Ideas

The Yokowo Group is guided by the “Purpose, Vision, and Values” in our Corporate Philosophy, has established the Sustainability Code of Conduct to promote compliance management, and approaches business with integrity and a high level of ethical awareness.

## Governance

Under the Sustainability Committee, we have established a Compliance Committee chaired by the officer in charge of compliance, and the Committee is charged with driving awareness and educational initiatives concerning compliance. Additionally, after being reviewed by the Sustainability Committee, the Compliance Committee reports to the Board of Directors on its efforts to address compliance-related challenges and the progress of KPI targets.

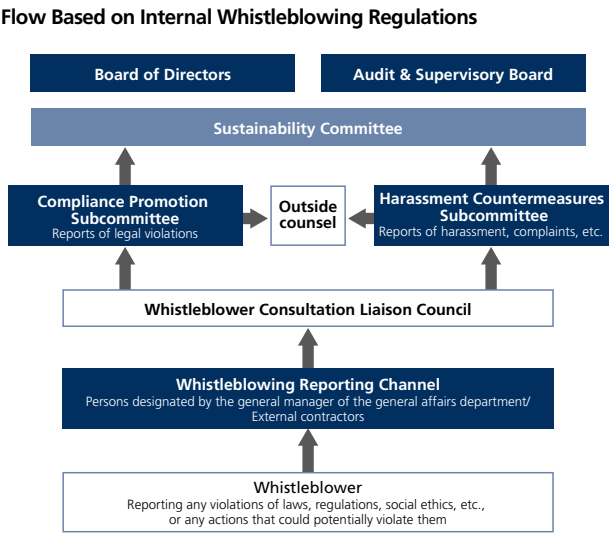


## Initiatives to Improve Compliance

The business environment surrounding the Yokowo Group is always evolving, and even under such circumstances, it is essential for us to fulfill our corporate social responsibility by complying with applicable laws and regulations and by conducting business in accordance with ethical standards. We recognize that major compliance violations lead to a loss of trust from stakeholders and damage to corporate value, while acting in good faith in accordance with international norms enhances corporate value.

Yokowo Group executives and employees comply with laws, regulations, and social ethics, etc. to create a socially trusted “good company by employing people and technologies that work for the benefit of society today and tomorrow.” We conduct e-learning and other training on compliance with the theme of “compliance that protects people.” The completion rates for the e-learning conducted in fiscal 2024 that targeted at domestic Group companies were 90.6% for power-harassment prevention, 86.8% for sexual-harassment prevention, and 98.5% for bribery and corruption prevention.

Additionally, in order to expand the internal whistleblowing system, by setting up external contact points, we seek to promptly detect and correct compliance violations and conduct that may pose a risk. In the Compliance Committee, the Compliance Promotion Committee and the Anti-Harassment Committee handle compliance reporting and consultation matters—including reporting and consultations through contact points or directly—and for these cases, consult outside counsel and experts and investigate and respond to the respective cases. In fiscal 2024, there were 13 internal reports, all of which were investigated and handled appropriately.



## Metrics and Targets

The targets and performance for the key materiality area of “Compliance” are detailed in “Materialities and KPIs (FY2030 Targets)” (p.39).

# Risk Management

## Basic Ideas

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.

## Governance

Under the Sustainability Committee, the SCI H.Q. and the Business Risk Management Committee are responsible for promoting risk management. They conduct regular risk assessments for the Yokowo Group and continuously monitor risks. Progress on risk management-related challenges and KPI targets is reviewed by the Sustainability Committee and reported to the Board of Directors (see organizational chart on p.41-42).

## Strategy

The business environment of the Yokowo Group is affected by external factors such as geopolitical risk, natural disasters, climate change, human rights violations, cyberattacks, and supply chain disruptions, so it is necessary to respond appropriately to these changes. We recognize that by identifying high-impact risks, assigning priorities, and implementing countermeasures, we can stabilize business operations. To facilitate more stable and smooth business operations, we have established risk management policies and risk management guidelines under the Risk Management Rules. We conduct risk assessments annually, and for high-level risks, and perform appropriate risk management.

## Risk Management

In addition to annual and regular risk management conducted through risk assessments, the Business Risk Management Committee focuses on risks directly related to each of the Group’s businesses, aiming to identify risks early, share and analyze them, and formulate and issue execution instructions for countermeasures. In addition, the Committee conducts regular reporting, information exchange, and sharing with independent Outside Directors to enhance the effectiveness of their management supervision.

## Metrics and Targets

The targets and performance related to the materiality theme of “Risk Management” are detailed in “Materialities and KPIs (FY2030 Targets)” (p.39).

# Information Security

---

## Basic Ideas

The Yokowo Group constantly recognizes the importance of all the information assets it handles, and is globally promoting information security activities to meet these requirements.

---

## Governance

Under the supervision of the Board of Directors, Yokowo has established an Information Security Committee chaired by the officer in charge of corporate planning, utilizing the ISO 27001 framework. The Committee includes representatives from business divisions and related departments such as legal and general affairs. To prepare for security incidents, a sub-organization, the Computer Security Incident Response Team (CSIRT), has been formed by selecting members from the information systems department and related departments. It is responsible for formulating policies, planning and developing initiatives, and driving them forward, and progress on information security-related challenges and KPI targets is reported to the Board of Directors.

---

## Strategy

With the widespread adoption of cloud computing and remote work, cyberattacks have surged, shifting from targeting direct systems to exploiting vulnerabilities in supply chain, keeping the threat to information security at a heightened level.

The Yokowo Group has established the Yokowo Group Information Security Policy to prevent and properly protect against the improper disclosure, leakage, destruction, alteration, and unauthorized use of information assets, and is promoting measures based on the National Institute of Standards and Technology (NIST) Cybersecurity Framework. Regarding the six core functions—govern, identify, protect, detect, respond, and recover—we have identified potential hazards, considered risk-reduction measures from risk assessments, and carried out activities mainly focused on the identify, protect, detect, and respond functions.

We acknowledge that changes in the external environment (such as the increasing sophistication and complexity of cyberattacks) and in the internal environment (such as the digitalization and IoT implementation of production equipment) have begun to bring cyber security risks to the forefront, including risks from operational technology (OT) security that are emerging from information technology (IT) security. In addition to existing IT security, we are preparing a structure that takes into account the characteristics of OT security, which requires extensive risk mitigation measures.

---

## Risk Management

The CSIRT analyzes external security incident status using reports from the Information-Technology Promotion Agency, Japan (IPA) and the JPCERT Coordination Center, and develops training plans to maintain information security. It provides security training (phishing simulation exercises), frequent yet limited information security education (four sessions), and monthly security awareness information from the Yokowo Group's information security website to holders of company email addresses within the Group, in order to enhance security awareness. Regarding effective security measures, it deploys and implements technology and on-the-ground countermeasures that unify governance based on the NIST framework.

It verifies the effectiveness of the information security management system by conducting management reviews and pursuing ongoing improvements.

---

## Metrics and Targets

The targets and performance related to the materiality theme of “Information Security” are detailed in “Materialities and KPIs (FY2030 Targets)” (p.39).

For details on Yokowo Group Information Security Policy, please refer to our corporate website below.  
<https://www.yokowo.co.jp/english/sustainability/governance/security.html>