

# Value Creation Foundation

## DX Promotion

**The shift from Single Item Business to Integrated Product-Service.**  
 We aim to realize a sales strategy with a market out approach utilizing data.



**Kaoru Hirose**

Senior Executive Officer, Chief Digital Officer,  
 ESG Promotion Officer

### Importance of DX Promotion and its Place in Business Model Transformation

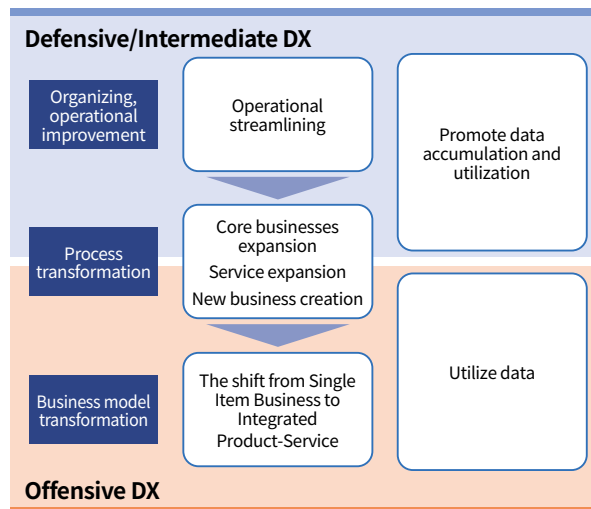
We believe DX promotion is vital for the business model transformation the YUASA TRADING Group is aiming to realize in the shift from single item business to integrated product-service.

Integrated product-service business means that we aggregate and analyze customer and market issues, needs, information, and data to provide TSUNAGU solutions, which combine products, services, and technology, and solve social issues.

In addition, there is an urgent need to reduce operating costs using IT technologies in the core businesses. We would also like to implement measures that can provide useful information using data analysis to YUASA Yamazumi Shareholding Association and YUASA TANKYOKAI.

Due to the nature of its business as a trading company, YUASA TRADING already has in place mechanisms for collecting information from manufacturers and markets. Utilizing DX, we hope to convert this information and YUASA TRADING's unique information into data and anticipate rapidly-changing market needs to realize a sales strategy with a market out approach that solves social issues through new mechanisms and solutions.

### Overview of Our DX Promotion



### Current Issues and Development

The current issue within the Group is that information is dispersed and master data management is not in place. This decentralization of information is because there are too many different, independent systems.

With the renewal of the core system scheduled for May 2025, we will aim to centralize management of information and strengthen the Group's management foundations.

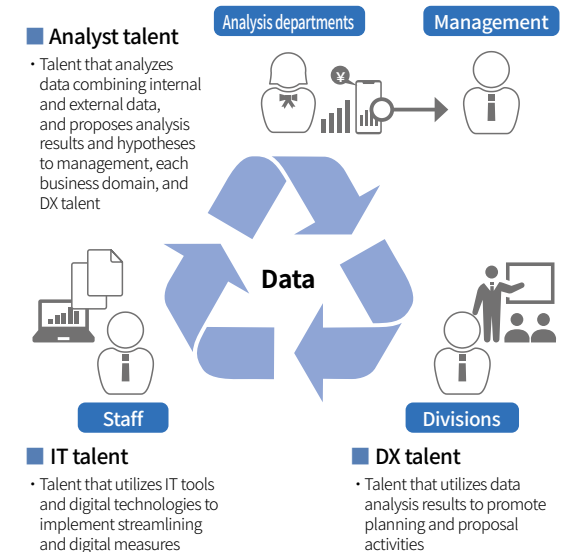
With regards to master data management, which will become more important with the renewal of the core system, we will assign specialist personnel as well as addressing operational aspects.

In addition, we launched training for all employees in FY2023 to develop digital talent in parallel with strengthening digital governance.

### Digital Talent Cultivation

To promote DX, we provide grade-specific training for all employees to develop digital talent in addition to support for Growing Together 2026 (the Medium-term Management Plan), we are enhancing corporate value through the creation of a new business model.

#### The Future After Digital Talent Cultivation



We have positioned FY2023 as our digital “dawn” in order to realize a digital “age of stability” from FY2026 onward. We are aiming to produce 100 talented IT personnel, in addition to providing IT basic training for the acquisition of basic IT knowledge, and training for DX and analyst talent.

Value Creation Foundation

# Environment

We will contribute to realizing a sustainable society both in our Group and in our business based on harmony with the global environment.

## Approach to the Environment

### Code of Conduct (excerpt)

The YUASA TRADING Group strives to meet the social needs of diverse consumers while providing safe and useful products and services, giving adequate consideration to product liability, resource and energy saving, and environmental problems and conservation. We also give due consideration to social responsibility in our handling of products and services.

### Environmental Policy

All people who work at the YUASA TRADING Group take positive and independent action and contribute widely to society based on the Environmental Policy to realize sustainable development which aims for harmony between the sound maintenance of the environment and economic growth.

#### Environmental Policy

<https://www.yuasa.co.jp/en/sustainability/environment/management/>



## Environmental Management Promotion System

### Environmental Management

Based on the YUASA TRADING Group Environmental Policy, we are working to reduce the environmental burden of our organizational activities, products, and services to improve Group-wide environmental performance using ISO 14001 to implement continuous improvement activities based on the Plan-Do-Check-Act (PDCA) cycle.

The Group's environmental activities focus on two areas,

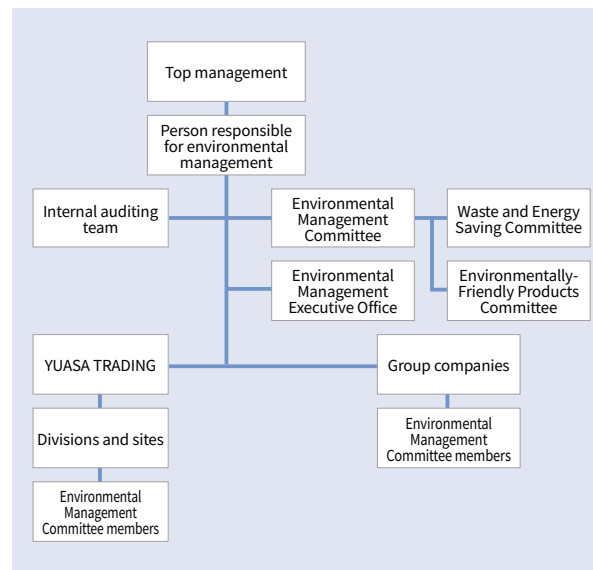
which consist of managing environmental hazards such as reducing power consumption, waste emissions, and vehicle fuel consumption, as well as managing environmental benefits, such as selling environmentally-friendly, energy-saving products. Led by the President, the Group makes concerted efforts to promote its business activities as "environmentally-friendly YUASA."

#### Environmental Management

<https://www.yuasa.co.jp/csr/environment/activity1.html>



### Environmental Management Promotion System



### Topics

## Environmental Conservation Activities in Malaysia

In Malaysia, where our trading relationships in machine tools and timber span over 50 years, we are implementing environmental conservation activities in partnership with the Japan Malaysia Association with the aim of regenerating and protecting the country's tropical rainforests. In FY2022, we planted about 1,000 mangrove trees grown from seedlings and maintained the planted trees.



Students from Universiti Sains Malaysia and local people planting trees

We also implemented an environmental education program for students in the surrounding area to learn about the need for conservation of mangrove forests. In FY2022, we held a painting competition for elementary school students of all grades at the activity site to draw the mangrove forest ecosystem making use of TSUNAGU, the slogan of the YUASA TRADING Group.



Some of the paintings and outstanding students from each grade

## Value Creation Foundation

# Environment

### Disclosure Based on TCFD Recommendations

The YUASA TRADING Group declared support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in March 2022, and we have calculated CO<sub>2</sub> emissions and identified risks and opportunities. In June 2023, we decided to disclose information based on TCFD following approval by the Board of Directors.

### Governance and Risk Management

Viewing risks, opportunities, and impacts relating to climate change as important issues to do with business strategy and sustainability, the Board of Directors deliberates on these issues and decides on related strategies, etc. In October 2021, we established the Sustainability Promotion Committee chaired by the Representative Director in order to discuss about important sustainability issues, including climate change, and inquire and provide advice to the Board of Directors.

The Sustainability Promotion Committee evaluates risk management for sustainability overall, including climate change, and reports on the status of risk management to the Board of Directors as necessary in cooperation with the person who has overall responsibility for risk management. [P.23](#)

### Strategy

As a Service Integrated Shosha Group focused on the four key areas of manufacturing, home building, environment building, and town building, we handle a diverse range of products and services, and as a result the impacts of climate change and the related changes in the business environment present us with both risks and opportunities.

### < Risks and Opportunities of Climate Change >

In FY2022, we identified the risks and opportunities of climate change considered to be important. We are conducting discussions with representatives from business divisions and staff in charge of promoting sustainability in administrative departments. With regard to those businesses and fields that will be affected, besides making appropriate changes and

### Risks and Opportunities of Climate Change

Categories		Main content
Transition risks	Policy and legal	<ul style="list-style-type: none"> <li>● Cost increases caused by government regulations, such as introduction of carbon tax</li> <li>● Cost increases due to strengthening of environmental regulations for products</li> </ul>
	Technology	<ul style="list-style-type: none"> <li>● Decrease in demand for existing products due to low carbon technology</li> </ul>
	Market and reputation	<ul style="list-style-type: none"> <li>● Cost increases due to soaring prices of raw materials, etc. and rising energy prices due to decarbonization</li> <li>● Decline in external reputation and lower supply chain competitiveness due to delays in taking action and inadequate information disclosure</li> </ul>
Physical risks	Acute	<ul style="list-style-type: none"> <li>● Disruption of Group sites and the supply chain due to large-scale natural disasters</li> </ul>
	Chronic	<ul style="list-style-type: none"> <li>● Stagnation of production activities due to water and power shortages</li> </ul>
Opportunities	Products and services	<ul style="list-style-type: none"> <li>● Expansion in demand for products with high energy efficiency</li> <li>● Expansion in demand for products related to resilience</li> <li>● Expansion in demand for products related to resource recycling</li> </ul>
		Market

implementing risk management, we are also working proactively to exploit business opportunities during the transition period that arise from changes in government policies, regulations and the market environment, with the aim of realizing sustainable growth.

### < Strengthening Initiatives to Seize Opportunities >

In 2009, the Group established a dedicated energy saving consulting team. In addition to providing support for the introduction of energy-saving equipment and renewable energy at suppliers' manufacturing plants, the team promoted proposal and sale of energy-saving and decarbonization-related products to reduce CO<sub>2</sub> emissions during product use by buyers and their customers. At present, we are strengthening initiatives related to energy saving and decarbonization for overseas markets. To contribute to reducing environmental impact right around the world, we are holding seminars on carbon neutrality and promoting energy-saving proposals utilizing the Joint Crediting Mechanism (JCM).

We are also developing the Resilience & Security Business to address the physical risks of climate change, which include

intensifying natural disasters. Besides working to promote products and services that lead to the resilience of social infrastructure based on the keywords of disaster prevention and mitigation and BCP, we are developing new solutions to tackle social issues, such as increasingly severe natural disasters and infectious diseases.

### Indicators and Targets

Besides aiming to make the YUASA TRADING Group as a whole carbon neutral by FY2030, we will also be striving to reduce the environmental burden throughout the supply chain. As the first step toward making the Group carbon neutral, we are aiming for a 30% reduction in CO<sub>2</sub> emissions compared with the fiscal year ended March 31, 2023, by the fiscal year ending March 31, 2026, the final year of the Medium-term Management Plan.

Starting from FY2022, we have been calculating CO<sub>2</sub> emissions for each Group company, both domestic and overseas, and we have begun implementing various measures aimed at reducing emissions. Furthermore, in order to drive a reduction in overall emissions in the entire supply chain through our business, we have also been calculating Scope 3 emissions.

### YUASA TRADING Group's CO<sub>2</sub> emissions (FY2022)

Unit: t-CO<sub>2</sub>

Scope 1&2	Non-consolidated <sup>1</sup>	Group companies <sup>1</sup>	Total
Scope 1	1,025	3,020	4,045
Scope 2	1,232	1,405	2,637
Scope 1&2	2,257	4,425	6,682

<sup>1</sup> Non-consolidated includes YUASA TRADING CO., LTD. only. The Group companies include subsidiaries and associates (except for those companies not accounted for using the equity method).

Unit: t-CO<sub>2</sub>

Scope 3	YUASA TRADING CO., LTD. (non-consolidated)
Distribution-related emissions <sup>2</sup>	500
Data center-related emissions <sup>3</sup>	139

<sup>2</sup> Calculated based on the power and fuel consumption of the main warehouses to which the company outsources distribution operations.

<sup>3</sup> Calculated based on the power consumption at data centers to which the company outsources operations.

Value Creation Foundation

Environment

Initiatives to Achieve Carbon Neutrality

Holding Overseas Seminars on Carbon Neutrality

As a global trend toward achieving carbon neutrality, reductions in CO<sub>2</sub> emissions are required throughout the supply chain, including outside Japan. Besides Thailand and Vietnam, where we have been promoting energy-saving projects for some time, we also held seminars in Indonesia, Mexico, the Philippines, and Malaysia, where we conduct business, to gain the understanding of methods for reducing CO<sub>2</sub> emissions, including utilization of the Joint Crediting Mechanism (JCM), an international framework for achieving reductions.

The YUASA TRADING Group has been striving to improve the global environment by conducting initiatives that utilize the JCM system, which contributes to the reduction of greenhouse gases in developing countries. In addition to using the seminars as an opportunity for promoting the overseas expansion of our environmentally-friendly businesses more strongly, we will contribute to both economic development and environmental conservation in the partner developing countries through our JCM project structuring services.

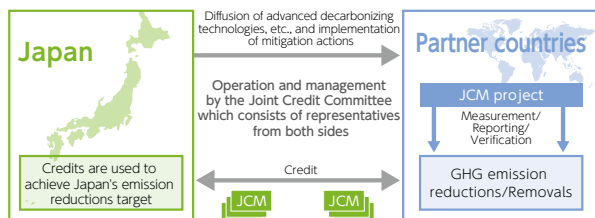


A seminar on carbon neutrality in Thailand



Seminars already held in six countries (Thailand, Indonesia, the Philippines, Vietnam, Malaysia, and Mexico)

Diagram Outlining the JCM System (Joint Crediting Mechanism)

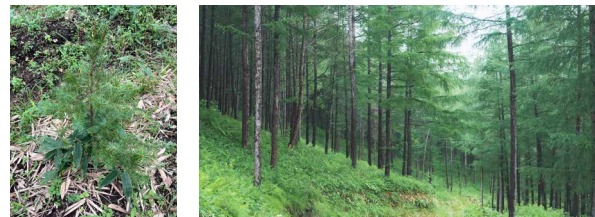


Obtaining Certification under the J-Credit System (YUASA LUMBER CO., LTD.)

Our Group company, YUASA LUMBER CO., LTD., owns approximately 100 hectares of forests in Hokkaido and has managed renewable forest resources in cooperation with local people. Appropriate maintenance (tree thinning and planting) encourages the growth of forests and increases absorption of the CO<sub>2</sub> in the atmosphere. YUASA LUMBER has developed a “forest management activity project” to quantitatively evaluate CO<sub>2</sub> absorption in its past and future maintenance, and it has received certification under the Japanese government’s J-Credit System\* for the tree thinning and planting practiced in some of the forests it owns. In FY2022, emission reductions are expected to be approximately 100 tons, and total absorption is expected to be approximately 2,800 tons by FY2037.

Going forward, YUASA LUMBER will collaborate with local government, universities, research organizations, and other groups in efforts to utilize the unused timber created by tree thinning, including the thin timber from tree thinning that cannot be used for lumber manufacturing and branches.

\* Reductions of CO<sub>2</sub> and other emissions through the introduction of energy-saving equipment and use of renewable energy or absorption of CO<sub>2</sub>, etc. through appropriate forest management



The company-owned forest in Hokkaido that tree thinning was conducted for forest restoration

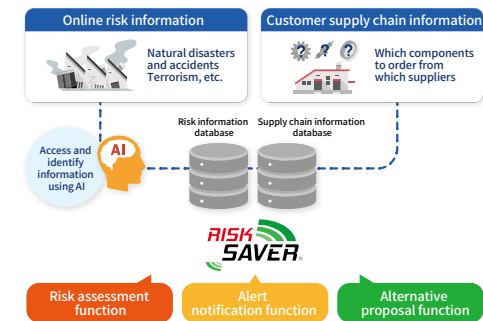
Initiatives to Increase Resilience

Developing “RISK SAVER” Supply Chain Risk Visualization System

Over the past few years, supply chain risks have occurred in quick succession, including unforeseen natural disasters, the spread of infectious disease, shortages of semiconductors, and human rights problems. In order to identify these risks and achieve a rapid response when they occur, our Group company YUASA SYSTEM SOLUTIONS Co., Ltd. and JX PRESS CORPORATION jointly developed “RISK SAVER,” a supply chain risk visualization system.

RISK SAVER is Japan’s first system with the ability to identify supply chain risks in real time. The system automatically picks up on supply chain risks by using AI to monitor online risk information, such as information on natural disasters disseminated through social media and news reports, and links it to a company’s own supply chain information. It instantly displays information that includes the kind of work assigned to a supplier affected by a disaster and specific alternative production sites.

This enables preparation for calmly continuing production even in a highly-charged disaster situation, providing support for promotion of sustainable procurement.



RISK SAVER introductory video  
<https://www.youtube.com/watch?v=nRaWpkaKS2c>



Value Creation Foundation

# Society

In order to contribute to a sustainable society, we will promote reform of corporate culture centered on management that regard for the individual and build a culture that normalizes innovation.

## Reforming Corporate Culture to Strengthen Human Resource Capabilities

### Code of Conduct (excerpt)

The YUASA TRADING Group will create prosperity and comfort for the people working at the Group and ensure a safe environment with ease of employee work in addition to realizing a corporate culture that gives maximum respect to personality and individuality and enables employees to exercise free and open-minded creativity.

### Overview of the Corporate Culture Reform

Regarding its employees as human resources (human talent), the equivalent of capital, The YUASA TRADING Group pursues entrepreneurial spirit and revolutionary ideas and focuses on shaping the workplace environment based on the organization and rules founded on concepts of mutual trust and a mindset of collaboration.

In order to promote the “Total Coordination Skills,” “Challenging Spirit,” and “Communication,” which are the keywords, there are now various systems already in place out of which new solutions for social issues are created.

We have launched the YUASA PRIDE Project, an all-employee participation-based personnel reform project with the commitment of top management and led by the Human Resources Department to attain further evolution over the three years to FY2025, which is the harvest stage for the achievement of YUASA VISION 360.

We will increase employee work satisfaction and ease of employee work through this project.



YUASA PRIDE Project workshop

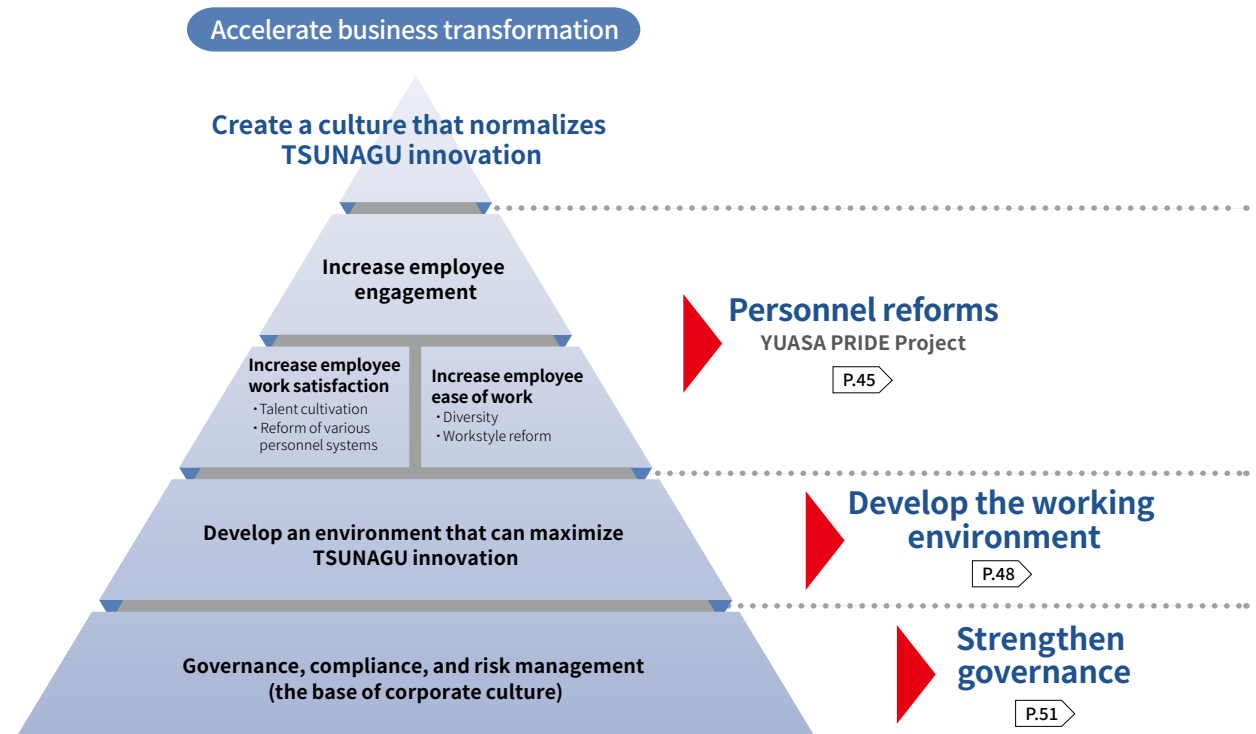
### Objective of Corporate Culture Reform

We will foster a culture which normalizes TSUNAGU innovation through personnel reforms, developing the working environment, and strengthening governance.

### Connection to the Medium-term Management Plan

By normalizing TSUNAGU innovation, we will accelerate business transformation with the aim of solving social issues.

### Overall Picture of Corporate Culture Reform



Value Creation Foundation

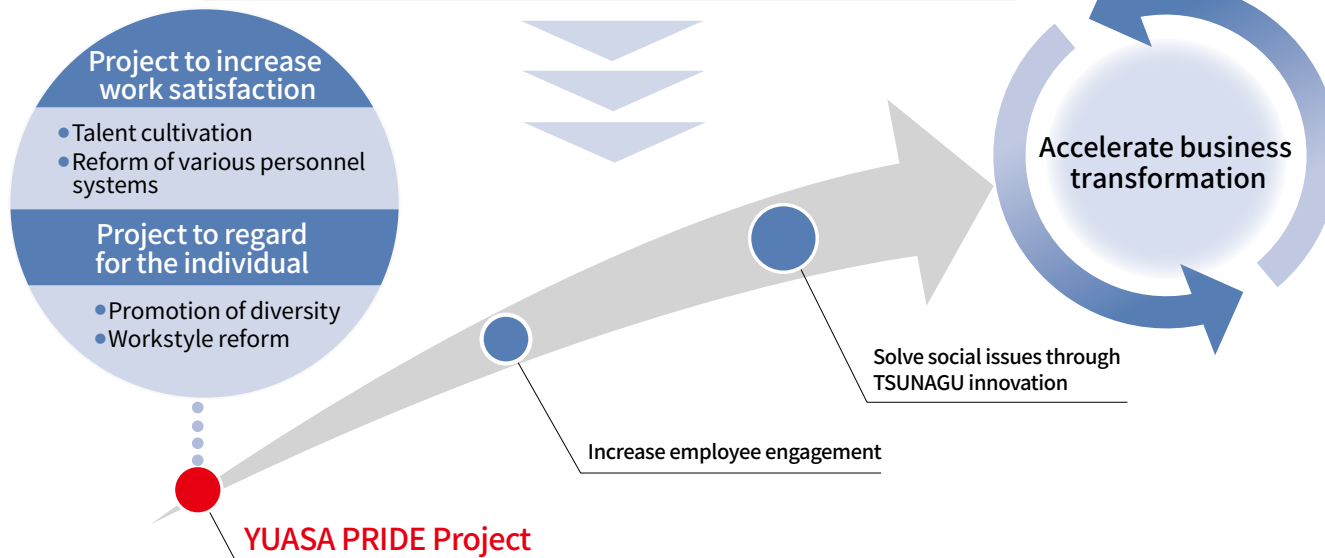
Society

Personnel Reforms “YUASA PRIDE Project”

Objective of Personnel Reforms

In order to accelerate business transformation, we will increase employee engagement and strive to develop human talent with the ability to solve social issues through TSUNAGU innovation. As one of the initiatives for achieving this, we have launched the “YUASA PRIDE Project,” an all-employee participation-based personnel reform project to improve employee work satisfaction and ease of work. Under the project, we will consider new personnel systems and promote talent cultivation.

Overall Picture of Personnel Reform



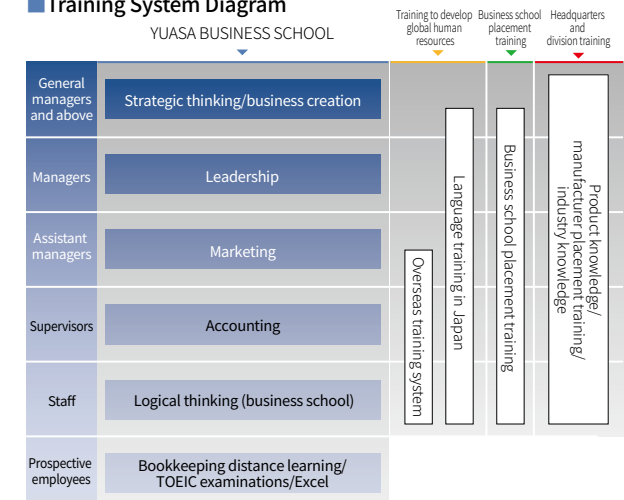
Talent Cultivation

Basic Philosophy

The Group considers the training of management human resources to be an important part of talent cultivation. Based on this, we will revise our training system with management beings defined as “organizational management,” “business creation,” and “solving the management issues of business partners.”

More specifically, we will offer management skills training, including business school and support for obtaining qualifications, professional skills training, including headquarters training and support for obtaining industry qualifications, digital skills training, including digital transformation (DX) training, and global skills training, including an overseas training system and language training.

Training System Diagram



< Cultivation of Human Talent to Be Strengthened from April 2023 Onward >

- Enhancement of management skills  
First, we will provide management skills training using business schools for all managers, which will be extended to mid-level and general employees.
- Cultivation of global human talent
- Cultivation of digital transformation (DX) human talent

## Value Creation Foundation

# Society

## Personnel System

### Basic Philosophy

The Group aims to develop a personnel system that can demonstrate the “Total Coordination Skills,” “Challenging Spirit,” and “Communication,” which are the keywords. Moreover, we consider the training of management human resources to be an important part of human talent cultivation.

To this end, we have launched the all-employee participation-based YUASA PRIDE Project, and we will establish a variety of personnel systems through the project.

Through the project, we will also consider “revision of the seniority system,” “performance-based systems that are appropriate for YUASA TRADING,” and “realizing diversity” and make necessary reforms to our various personnel systems.

### Challenge Evaluation System

#### < Points for Contributions from Other Departments >

This is a system which adds points in HR evaluations based on the results of contributions from other departments for the purpose of fostering a corporate culture with active cross-departmental and Group-wide contributions.

Incentive points called “Thanks Point” are added not only for employees who have made contributions to other departments but also to employees who have requested incentive points for their cooperation.

#### Points for Contributions from Other Departments

Mastery points	Points are added for internally announcing (registering) areas of expertise
Success points	Points are added for success based on cross-departmental cooperation
Incentive points	Points are added for cross-departmental contributions

#### < Challenge Career Points >

This is a system that adds points in HR evaluations for employees who have selected their own career in order to foster a culture of taking on challenges in new areas.

#### Challenge Career System

Internal FA system	System for employees to submit requests for voluntary transfers across headquarters
Internal recruiting system	A system in which the company publishes open positions, and employees who want to be assigned apply for them
Career pass system	A system in which the company transfers high achievers across headquarters
Overseas assignment system	A system for employees to request an overseas transfer

#### < New Business Proposal Points >

Employees who have made a new business proposal receive points on their HR evaluations to provide motivation for new business proposals from employees.

Applications are open to all Group employees in the categories of “new business,” “new function,” and “new product” and “new market.” Employees whose proposals advance to the final selection are given the opportunity to present their proposals to the company’s board members.

#### Number of Proposals in the New Business Proposal System

FY2019	60
FY2020	70
FY2021	51
FY2022	57

Approximately half of the 57 proposals in FY2022 were in the “new business” category. Some of these proposals are being considered for concrete commercialization.



Presentations for the new business proposal system

#### Topics

### Holding round table meetings with the President

Since 2017, we have been holding round table meetings with the President for face-to-face, direct communication by the President with the employees at each site, including the Group companies, with the aim of deepening mutual understanding and fostering an open corporate culture through direct dialogue with representatives. In FY2023, round table meetings are planned for all sites and all Group companies in Japan.

The round table meetings with the President, which enable the President and employees to act toward the same purpose through direct dialogue, are positioned as an important initiative for stimulating communication, which is one of the Group’s keywords, and we will continue to hold them in the future.



A round table meeting with the President with the employees at the Group company, NAKAGAWA KINZOKU CO., LTD.

#### < YUASA Labor Union >

YUASA TRADING and the YUASA Labor Union stand on an equal footing with each other and have entered into a labor agreement based on impartial understanding and trust. The aim is to promote sound corporate development and improvement of the working conditions and environment of employees.

Value Creation Foundation

Society

Diversity

Basic Philosophy

Based on a spirit of “Regard for the Individual” the YUASA TRADING Group has respect for the individuality and rights of employees, and we have continued to engage in business activities while putting value on entrepreneurship and innovative ideas.

Henceforth, employees with more diverse backgrounds than ever before in terms of gender, age, nationality, disability, and various lifestyles and values will foster an environment of respect for each other’s values and cooperation.

We will also seek to enhance corporate value by encouraging a transformation in the mindset and behavior of each and every employee, creating an employee-friendly environment, and implementing diversity management throughout the Group.

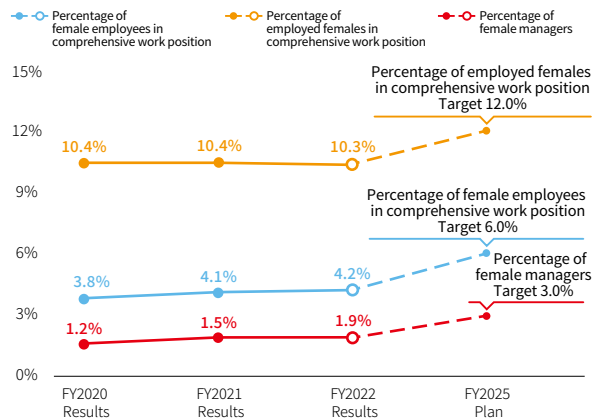
**YUASA TRADING Group Diversity Policy**  
<https://www.yuasa.co.jp/en/sustainability/society/diversity/>



Indicators and Targets

< Diversity >

KPI for Medium-term Management Plan “Growing Together 2026”\*



< Workstyle Reform >

KPI for Medium-term Management Plan “Growing Together 2026”\*

	FY2021 Results	FY2022 Results	FY2025 Plan
Percentage of male employee taking childcare leave and leave for the purpose of childcare	34.3%	78.1%	90%
Percentage of taking paid leave	56.2%	62.8%	70%
Average hours of labor	1,977 hours	1,955 hours	1,920 hours

Initiatives to Support Raising the Next Generation\*

	FY2021	FY2022
Employees working shortened hours	35	46
Female employees balancing work and raising of children (female employees with pre-elementary school aged children)	81	90

Specific Initiatives

< Career Track Transfer System >

In order to promote women’s empowerment, we have implemented a system for employees to transfer their career track from general office work positions to comprehensive work positions.

Trend\*

	FY2021 Results	FY2022 Results	FY2023 Plan
Special service positions (in transfer trial period*1)	3	7	8
Comprehensive work position transfers	1	2	0 <sup>2</sup>

\*1 There is a two-year trial period for a career track transfer from general office work positions to comprehensive work positions (position = special service position).

\*2 Five employees are scheduled to transfer to comprehensive work positions in April 2024.

We held training for employees who are transferring from general office work positions to comprehensive work positions.



Held in January 2023  
 Training for employees transferring to comprehensive work positions

Health and Productivity Management

Basic Philosophy

In health and productivity management, maintaining and promoting the safety and mental and physical health of employees is very important for each and every employee to maximize his or her individual skills. We have made a commitment to health and productivity management in order to realize the sustainable enhancement of corporate value.

Health Management Declaration

[https://www.yuasa.co.jp/corporate/health\\_management.html](https://www.yuasa.co.jp/corporate/health_management.html)



Promotion System

The Supervisory Manager of Management Administration (Senior Managing Director) is the chief executive for employee health management, and reports on the status of measures and initiatives promoted jointly by the Personnel Department and the health insurance association at important management meetings.

< Recognized as the “2023 Certified Health & Productivity Management Outstanding Organization” >

Continuing from last year, YUASA TRADING was recognized for the fifth time as a “Certified Health & Productivity Management Outstanding Organization” in a system that awards major companies who execute excellent health and productivity management. This is awarded by the Ministry of Economy, Trade and Industry of Japan to promote the spread of health and productivity management.



Major Initiative: Expansion of the Wellness Promotion Center (WPC)

The number of interview rooms have been increased, and a full-time public health nurse was employed in November 2022.

Health and Productivity Initiatives (FY2022)\*

Regular health checkup rate	100%
Stress check rate	100%

\*Indicators for YUASA TRADING (non-consolidated)



Value Creation Foundation

Society

Development of the Working Environment

Objective of Working Environment Development

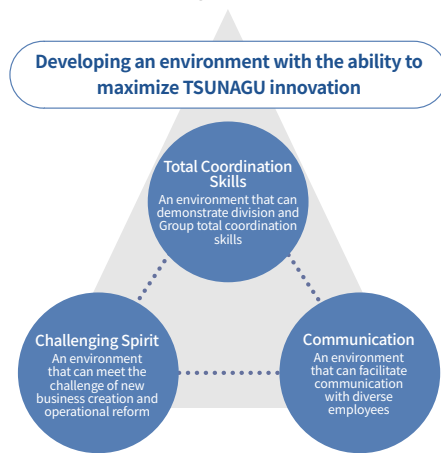
We aim for a Group-wide office environment with the ability to promote “Total Coordination Skills,” “Challenging Spirit,” and “Communication.”

We believe the “workplace environment” is as important as system reform in order to increase employee “work satisfaction” and “ease of work.”

We will accelerate business transformation by developing an environment with open communication regardless of division, Group, job title, age, and other factors to create innovation.

We will also maximize individual performance to realize workstyle reform.

Development of the Working Environment We Are Aiming For



Topics New head office building

We will build a new head office building as a base that will consolidate the YUASA TRADING Group sites in the Tokyo metropolitan area, which are currently dispersed across several locations, to be able to create vigorous communication and challenging spirit and demonstrate total coordination skills.

Topics

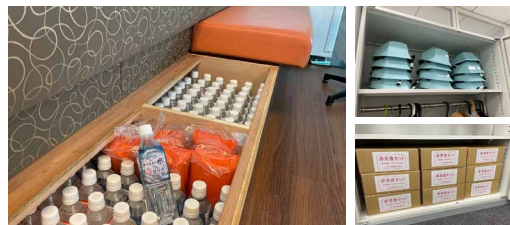
Occupational safety - disaster countermeasures to keep employees safe

The YUASA TRADING Group puts employee safety first and has introduced systems for storing stockpiles and confirming safety at each site and the Group company as countermeasures in the event of an emergency.

At the head office and Kanto branch of YUASA TRADING, we store a stockpile equivalent to three days' worth of supplies for all employees working at the offices in line with ordinance of the Tokyo Metropolitan Government as a measure to deal with stranded commuters in the event of a disaster. As storage space is limited inside the offices, besides the stockpile store room, we also utilize dead space effectively to secure and disperse storage areas, such as above and below wardrobes, in business meeting spaces, and under the seating in break rooms.

A safety confirmation system that can confirm the safety of employees as quickly as possible has been introduced at all Group companies in Japan, and we run regular drills.

Moreover, from the perspective of managing various risks in a disaster, we have distributed the Group's original “Disaster Prevention Handbook” to all employees, in addition to commencing development of the “Disaster Initial Response Manual” in FY2022. The manual compiling the safety countermeasures to be prepared in advanced and what to do in terms of initial actions in the event of a disaster will be distributed to all employees during FY2023.



Stockpile storage (Left: Under seating in a break room; Right: In empty space in wardrobes)

Sustainable Procurement

Basic Philosophy

Based on the mindset of “service with good products” that has been passed down from the founding of the Group, we conduct fair, honest, and reliable commercial transactions. In order to promote management that values sustainability, including harmony with the global environment, in partnership with diverse stakeholders, we have established the YUASA TRADING Group Transaction Policy. Under the policy, we pay due attention to human rights, labor practices, environmental conservation, quality, safety, and security in the supply chain, and carry out regular checks.

**YUASA TRADING Group Transaction Policy**  
<https://www.yuasa.co.jp/en/sustainability/society/supply-chain/>



Respect for Human Rights

Compliance with Human Rights Policy

Respect for human rights is one of the important elements of the YUASA TRADING Group's business activities. Based on the YUASA TRADING Group Human Rights Policy, all officers and employees of the Group companies practice the policy throughout our business activities. In terms of specific initiatives, besides the implementation of human rights due diligence, we also engage in dialogue with stakeholders and will continue to strengthen our measures aimed at respect for human rights.

**YUASA TRADING Group Human Rights Policy**  
<https://www.yuasa.co.jp/en/sustainability/society/human-rights/>



## Value Creation Foundation

## List of Officers (as of June 23, 2023)



## 1 Hiroiyuki Tamura

Representative Director, President & CEO  
In charge of Overseas Business Development

- Apr. 1982 Joined the Company
- Apr. 1997 Managing Director of YUASA MECHATRONICS (M) SDN. BHD.
- Mar. 2000 President of YUASA WARWICK MACHINERY LTD.
- Oct. 2002 Managing Director of YUASA SHOJI EUROPE B.V.
- Apr. 2007 General Manager of Factory Solution Division of the Company
- Apr. 2009 Executive Officer, General Manager of Factory Solution Division of the Company
- Jun. 2010 Director, Executive Officer, in charge of Overseas Business Development and General Manager of Factory Solution Division of the Company
- Jun. 2013 Managing Director, Executive Officer, in charge of Overseas Business Development and General Manager of Factory Solution Division of the Company
- Apr. 2014 Managing Director, Executive Officer, Chief General Manager of Industrial Market Headquarters, in charge of Overseas Business Development and General Manager of Factory Solution Division of the Company
- Apr. 2016 Senior Managing Director, Executive Officer, Chief General Manager of Industrial Market Headquarters and in charge of Overseas Business Development of the Company
- Apr. 2017 Representative Director, President & CEO of the Company
- Apr. 2021 Representative Director, President & CEO and in charge of Overseas Business Development of the Company (incumbent)

### Reason for election

Mr. Hiroiyuki Tamura has full knowledge of the industrial equipment and tools and machine tools areas due to his serving in such capacities as Director, Executive Officer, Chief General Manager of the Industrial Market Headquarters and also has abundant experience and achievements in overseas business as a representative of some of the Company's overseas subsidiaries and a Director in charge of Overseas Business Development.

Moreover, having demonstrated outstanding management skills since taking the position of Representative Director, President & COO of the Company in April 2017, the Company decided it would be appropriate to have him contributing to the growth of the Company and the Group going forward.

## 2 Haruo Sanoki

Representative Director, Senior Managing Director  
Supervisory Manager of Management Administration

- Apr. 1978 Joined the Company
- Apr. 2007 Vice Assistant General Manager of Machinery Engineering Division of the Company
- Apr. 2011 Executive Officer, General Manager of Machinery Engineering Division of the Company
- Jun. 2013 Director, Executive Officer, General Manager of Machinery Engineering Division of the Company
- Apr. 2015 Director, Executive Officer, Vice Supervisory Manager of Management Administration, General Manager of General Affairs Department of the Company
- Apr. 2017 Managing Director, Executive Officer, Supervisory Manager of Management Administration, in charge of Regional Groups, Committee Chairperson of Export Administration Department, Ethics and Compliance Committee, Internal Control Committee of the Company
- Apr. 2018 Senior Managing Director, Executive Officer, Supervisory Manager of Management Administration, in charge of Regional Groups, Committee Chairperson of Export Administration Department, Ethics and Compliance Committee, Internal Control Committee of the Company
- Jun. 2019 Representative Director, Senior Managing Director, Executive Officer, Supervisory Manager of Management Administration, in charge of Regional Groups, Committee Chairperson of Export Administration Department, Ethics and Compliance Committee and Internal Control Committee of the Company (incumbent)

### Reason for election

Mr. Haruo Sanoki has full knowledge of the machine tools area due to his being a Director, Executive Officer, General Manager of the Machinery Engineering Division and having served as a Representative Director, Senior Managing Director, Executive Officer, Supervisory Manager of the Management Administration. He has worked on strengthening the management foundation and governance at both the Company and the Group and has abundant experience and achievements.

## 3 Kenichi Tanaka

Senior Managing Director  
Supervisory Manager of Sales Division  
Chief General Manager of Living Environment Market Headquarters

- Apr. 1982 Joined the Company
- Oct. 2007 General Manager of Plant Business Department of the Company
- Apr. 2008 Vice Assistant General Manager of Building Facility Division of the Company
- Apr. 2010 Executive Officer, General Manager of Building Facility Division of the Company
- Apr. 2011 Executive Officer, General Manager of Living Environment Division (Eastern Area) of the Company
- Jun. 2014 Director, Executive Officer, General Manager of Living Environment Division (Eastern Area) of the Company
- Apr. 2017 Director, Executive Officer, Chief General Manager of Living Environment Market Headquarters, Supervisory Manager of Construction Business Headquarters, General Manager of Living Environment Division (Eastern Area) of the Company
- Jun. 2017 Managing Director, Executive Officer, Chief General Manager of Living Environment Market Headquarters, Supervisory Manager of Construction Business Headquarters, General Manager of Living Environment Division (Eastern Area) of the Company
- Apr. 2018 Managing Director, Executive Officer, Chief General Manager of Living Environment Market Headquarters, Supervisory Manager of Construction Business Headquarters of the Company
- Apr. 2019 Managing Director, Executive Officer, Chief General Manager of Living Environment Market Headquarters of the Company
- Jun. 2019 Senior Managing Director, Executive Officer, Chief General Manager of Living Environment Market Headquarters of the Company
- Apr. 2020 Senior Managing Director, Executive Officer, Supervisory Manager of Sales Division and Chief General Manager of Living Environment Market Headquarters of the Company (incumbent)

### Reason for election

Mr. Kenichi Tanaka has full knowledge of the housing, air and fluidic control systems area due to his serving in such capacities as Managing Director, Executive Officer, General Manager of the Living Environment Division (Eastern Area) and as Senior Managing Director, Executive Officer, Chief General Manager of the Living Environment Market Headquarters, and has abundant experience and achievements.

## 4 Mamoru Hamayasu

Director  
Chief General Manager of Industrial Market Headquarters

- Apr. 1984 Joined the Company
- Apr. 2011 Vice Assistant General Manager of Factory Solution Division of the Company
- Apr. 2012 President and General Sales Manager of YUASA TRADING (SHANGHAI) CO., LTD.
- Apr. 2014 Supervisory Manager of East Asia Area of the Company, and Chairperson and President of YUASA TRADING (SHANGHAI) CO., LTD.
- Apr. 2015 Executive Officer, Supervisory Manager of East Asia Area of the Company, and Chairperson and President of YUASA TRADING (SHANGHAI) CO., LTD.
- Dec. 2016 Executive Officer of the Company, and Representative Director, President of YUASA TECHNICAL ENGINEERING CO., LTD. (currently YUASA NEOTECH CO., LTD.)
- Apr. 2021 Executive Officer of the Company, and Representative Director, President of YUASA NEOTECH CO., LTD.
- Jun. 2021 Senior Executive Officer of the Company, and Representative Director, President of YUASA NEOTECH CO., LTD.
- Apr. 2022 Senior Executive Officer, Chief General Manager of Industrial Market Headquarters of the Company
- Jun. 2022 Director, Executive Officer, Chief General Manager of Industrial Market Headquarters of the Company (incumbent)

### Reason for election

Mr. Mamoru Hamayasu has full knowledge of the industrial equipment and tools and machine tools areas due to his serving in such capacities as Executive Officer and Senior Executive Officer of the Company, including as a representative of the Company's overseas subsidiary and Representative Director, President of YUASA NEOTECH CO., LTD., a subsidiary of the Company, and has abundant experience and achievements.

## Value Creation Foundation

## List of Officers (as of June 23, 2023)

## 5 Takaomi Omura | Director Chief General Manager of Construction Market Headquarters

Oct. 1993 Joined Macros Co., Ltd. (currently YUASA MACROS CO., LTD.)  
 Apr. 2002 General Manager of the Administration Department of Macros Co., Ltd.  
 Apr. 2012 Director, General Manager of Administration Department of YUASA MACROS CO., LTD.  
 Apr. 2015 Representative Director, President of YUASA MACROS CO., LTD.  
 Apr. 2018 Executive Officer, General Manager of Construction Materials Division of the Company  
 Apr. 2023 Senior Executive Officer, Chief General Manager of Construction Market Headquarters of the Company  
 Jun. 2023 Director, Executive Officer, Chief General Manager of Construction Market Headquarters of the Company (incumbent)

### Reason for election

Mr. Takaomi Omura has full knowledge of the construction materials and building exterior areas due to his serving in such capacities as Executive Officer, General Manager of the Construction Materials Division, having served as Representative Director, President of YUASA MACROS CO., LTD., a Company subsidiary, and has abundant experience and achievements.

## 6 Shinzo Maeda | Outside Director

Apr. 1970 Joined Shiseido Company, Limited  
 Jun. 2003 Director, Corporate Officer, General Manager of Corporate Planning Department of Shiseido Company, Limited  
 Jun. 2005 Representative Director, President and CEO of Shiseido Company, Limited  
 Apr. 2011 Representative Director, Chairperson of Shiseido Company, Limited  
 Apr. 2013 Representative Director, Chairperson, President and CEO of Shiseido Company, Limited  
 Apr. 2014 Representative Director, Chairperson of Shiseido Company, Limited  
 Jun. 2014 Counselor of Shiseido Company, Limited (retired June 2020)  
 Jun. 2015 Outside Director of the Company (incumbent)  
 Sep. 2015 Outside Director of TOSHIBA CORPORATION (retired in June 2018)  
 Jun. 2021 Outside Director of S.T. CORPORATION (incumbent)

### Reason for election

Mr. Shinzo Maeda has worked in various public offices, in addition to having been the Representative Director, Chairperson of Shiseido Company, Limited, and has abundant experience and high principles as a global business executive and intellectual. Due to these qualities, the Company decided that he can be expected to give direction and advice from an independent and objective viewpoint as an Outside Director.

## 7 Kyosuke Kimura | Outside Director

Apr. 1979 Joined Kimura Shindai Industry Co., Ltd. (currently PARAMOUNT BED CO., LTD.)  
 Aug. 1979 Member of the Board, Kimura Shindai Industry Co., Ltd.  
 Oct. 1982 Member of the Board, Kimura Kosan Co., Ltd. (currently PARAMOUNT BED HOLDINGS CO., LTD.)  
 Sep. 1987 Senior Managing Director, PARAMOUNT BED CO., LTD.  
 Apr. 1991 Senior Executive Director, PARAMOUNT BED CO., LTD.  
 Apr. 1997 Executive Vice President, PARAMOUNT BED CO., LTD.  
 Apr. 2009 President and Chief Executive Officer, PARAMOUNT BED CO., LTD.  
 Feb. 2011 President and Chief Executive Officer, PARAMOUNT BED HOLDINGS CO., LTD.  
 Apr. 2020 Chairperson, PARAMOUNT BED HOLDINGS CO., LTD. (incumbent)  
 Chairperson, PARAMOUNT BED CO., LTD. (incumbent)  
 Jun. 2021 Outside Director of the Company (incumbent)

### Reason for election

Mr. Kyosuke Kimura has been engaged in the management of PARAMOUNT BED HOLDINGS CO., LTD. and PARAMOUNT BED CO., LTD. for many years, and has a wealth of experience and a high level of insight as a business executive. Due to these qualities, the Company decided that he can be expected to take on a supervisory and advisory function from an independent and objective standpoint as an Outside Director.

## 8 Yoshiro Hirai | Outside Director

Apr. 1984 Joined the former ITOKI Co., Ltd.  
 Jul. 2009 General Manager, Human Resources Department of ITOKI CORPORATION  
 May 2012 General Manager, Marketing Strategy Department Group of ITOKI CORPORATION  
 Jan. 2013 Executive Officer and General Manager, Marketing Strategy Department Group of ITOKI CORPORATION  
 Jan. 2015 Executive Officer of ITOKI CORPORATION  
 Mar. 2015 President of ITOKI CORPORATION  
 Mar. 2022 Special Advisor of ITOKI CORPORATION (retired in March 2023)  
 Jan. 2023 Representative Director, President of OpenWorking Inc. (incumbent)  
 Jun. 2023 Outside Director of the Company (incumbent)

### Reason for election

Mr. Yoshiro Hirai has been engaged in the management of ITOKI CORPORATION for many years, and has a wealth of experience and a high level of insight as a business executive. Due to these qualities, the Company decided that he can be expected to take on a supervisory and advisory function from an independent and objective standpoint as an Outside Director.

## 9 Miki Mitsunari | Outside Director

Apr. 1994 Joined TOKYU LAND CORPORATION  
 Feb. 2001 Joined Fuji Sogo Research Institute (currently Mizuho Research & Technologies, Ltd.)  
 Sep. 2011 President of FINEV, Inc. (incumbent)  
 Mar. 2020 Outside Director of Funai Soken Holdings Inc. (retired in March 2023)  
 Jun. 2020 Director of Japan Accreditation Board (part time) (incumbent)  
 Jun. 2020 Board Director of YAMADA HOLDINGS CO., LTD. (incumbent)  
 Jun. 2022 Board Director of Solasto Corporation (incumbent)  
 Jun. 2023 Outside Director of the Company (incumbent)

### Reason for election

Ms. Miki Mitsunari has been engaged in consulting work for the SDGs and corporate ESG for many years, has a high level of insight as director of a public institution and has been engaged in management of her own consulting company. Due to these qualities, the Company decided that she can be expected to take on a supervisory and advisory function from an independent and objective standpoint as an Outside Director.

## 10 Yoshiyuki Furumoto | Audit & Supervisory Board Member

Apr. 1982 Joined the Company  
 Jun. 2011 General Manager of Credit Department of the Company  
 Jun. 2016 Executive Officer and General Manager of Credit Department of the Company  
 Apr. 2018 Executive Officer and Special Assistant to the President & CEO of the Company  
 Jun. 2018 Full-time Audit & Supervisory Board Member of the Company (incumbent)

### Reason for election

Mr. Yoshiyuki Furumoto has many years of experience related to management administration as the Company's General Manager of Credit Department and a solid track record as a Full-time Audit & Supervisory Board Member of the Company. The Company has decided that he possesses sufficient knowledge of finance and accounting matters.

## 11 Takeshi Maeda | Audit & Supervisory Board Member

Apr. 1984 Joined the Company  
 Apr. 2007 Assistant Deputy General Manager of Finance Department of the Company  
 Apr. 2012 Vice Branch Manager of Kansai Branch Office of the Company  
 Apr. 2014 General Manager of Affiliated Companies' Strategy Department of the Company  
 Apr. 2016 General Manager of Finance Department of the Company  
 Apr. 2020 Vice Branch Manager of Kansai Branch Office and General Manager of Osaka Administration of the Company  
 Apr. 2022 Audit & Supervisory Board Members Office of the Company  
 Jun. 2022 Full-time Audit & Supervisory Board Member of the Company (incumbent)

### Reason for election

Mr. Takeshi Maeda has many years of experience and a solid track record related to finance and management administration in the Finance Department and management administration departments of the Company. The Company has decided that he possesses sufficient knowledge of finance and accounting matters.

## 12 Mitsuhiro Honda | Outside Audit & Supervisory Board Member

Apr. 1984 Joined the National Tax Agency  
 Jul. 2010 General Manager, General Affairs Department, Takamatsu Tax Bureau  
 Jul. 2012 Professor, University of Tsukuba Graduate School of Business Sciences (incumbent)  
 May 2013 International Tax Advisor, TOMA Consultants Group Co., Ltd. (incumbent)  
 Apr. 2014 Part-time Instructor, Waseda University Graduate School (retired in March 2021)  
 Mar. 2016 Outside Audit & Supervisory Board Member, Roland DG (incumbent)  
 Apr. 2016 Professor, Graduate School of Global Business, Meiji University and Lecturer (retired in March 2022)  
 Apr. 2017 Research Grant Selection Committee Member, The Institute of Tax Research and Literature (incumbent)  
 Aug. 2017 Member of the United Nations Committee of Experts on International Cooperation in Tax Matters (retired in June 2021)  
 Jun. 2018 Outside Audit & Supervisory Board Member of the Company (incumbent)  
 Sep. 2021 Outside Director of YOKOREI Co., Ltd. (incumbent)

### Reason for election

Mr. Mitsuhiro Honda has expert knowledge of tax matters due to his many years working for the National Tax Agency and as a university professor, and has experience as an Outside Audit & Supervisory Board Member of Roland DG and an Outside Director of YOKOREI Co., Ltd. The Company has decided that he possesses considerable knowledge of tax and accounting matters.

## 13 Chinami Kajo | Outside Audit & Supervisory Board Member

Apr. 1986 Registered as an Attorney at Law (Daini Tokyo Bar Association)  
 Apr. 2004 Court Adjudicator of Tokyo District Court (until March 2006)  
 Apr. 2006 Court Adjudicator of Tokyo Family Court (until March 2016)  
 Apr. 2006 Established Athena Law Office  
 Partner of Athena Law Office (incumbent)  
 Apr. 2016 Vice Chairman of Daini Tokyo Bar Association (until March 2017)  
 Apr. 2016 Director of Japan Federation of Bar Associations (until March 2017)  
 Jun. 2023 Outside Audit & Supervisory Board Member of the Company (incumbent)

### Reason for election

Ms. Chinami Kajo is expected to strengthen the auditing structure of the Company by utilizing her expert knowledge and experience as a lawyer.

Value Creation Foundation

Corporate Governance

# Basic Approach to Corporate Governance

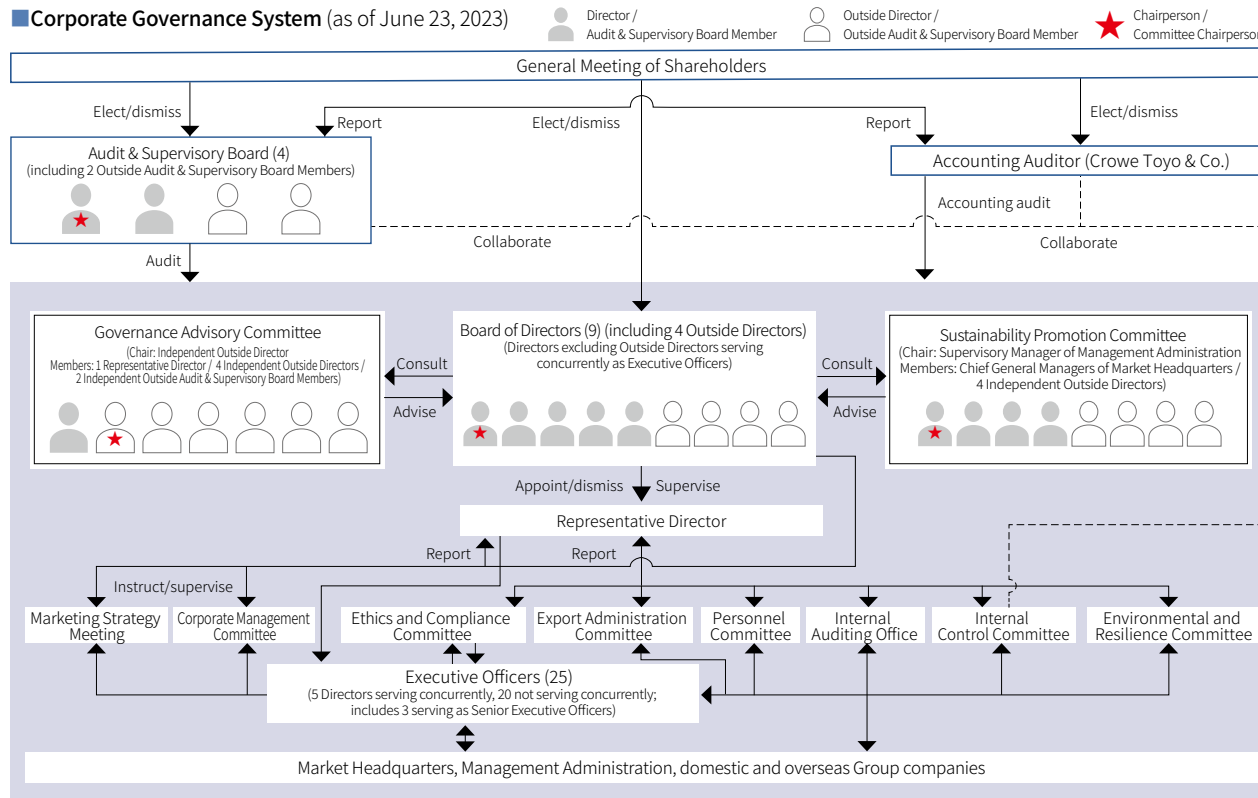
As a social entity, YUASA TRADING Group aims to maximize corporate value, return profits to society, and continue to operate in the long term by maintaining and expanding a multi-faceted and positive relationship between management (Directors) who are entrusted by many shareholders and various stakeholders, including shareholders who delegated responsibility to management, employees, suppliers, sales partners, and financial institutions.

The Group is a large conglomerate comprised of 37 affiliated companies\*, including 30 consolidated subsidiaries and one equity method affiliate. However, centered on YUASA TRADING, the Group maintains close cooperation and strives for disciplined company management that improves the value of the overall corporate group based on the policies of our governance system.

\* As of June 30, 2023

The company implemented an Executive Officer system in order to strengthen the function of the Board of Directors as a decision-making body and an organization that oversees business execution. In addition to aiming to optimize the number of Directors, the company elected four Outside Directors as we strengthen the execution structure by accelerating business execution and clarifying responsibilities.

On the other hand, the Audit & Supervisory Board that serves as the supervising body is comprised of a total of four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members. Each Audit & Supervisory Board Member attends important meetings, such as the Board of Directors meetings, and conducts strict audits on the business execution of Directors from an independent perspective as they contribute to the strengthening and enhancement of the governance system.



## Timeline of Corporate Governance Strengthening Efforts

- FY2022**
  - Continued reducing cross-shareholdings
  - Reviewed of agenda items to be discussed by the Board of Directors (strengthened the monitoring function of the Board of Directors)
- FY2021**
  - Continued reducing strategic shareholdings
  - Determined remuneration for individual Directors at the Board of Directors (canceled re-entrustment to the Representative Directors)
  - Strengthened the monitoring function of the Board of Directors
  - Increased the number of Outside Directors (Outside Directors account for over one third of all Directors)
- FY2020**
  - Reduced strategic shareholdings
  - Strengthened the monitoring function of the Board of Directors
- FY2019**
  - Elected a female Independent Outside Director
  - Established Governance Advisory Committee centered on Independent Outside Officers
  - Eliminated advisor system
- FY2018**
  - Introduced performance-linked share awards
- FY2017**
  - Elected one substitute Outside Director
- FY2015**
  - Elected two Independent Outside Directors
- FY2013**
  - Elected one Independent Outside Director

## Value Creation Foundation

### Corporate Governance

# Evaluating the Operation and Effectiveness of the Board of Directors

## Operation of the Board of Directors

Chaired by Hiroyuki Tamura, Representative Director and President, the Board of Directors is the body making decisions related to important business execution and monitoring business execution of Directors. The company holds the Board of Directors meetings once a month, in principle, as well as other extraordinary meetings as necessary. Directors with expertise in internal operations and Outside Directors with extensive experience and insight in corporate management supervise and provide advice from an objective standpoint on important management decisions in a specialized and wide-ranging business environment, fulfilling their responsibilities such as flexible decision-making and supervision.

In order to further strengthen corporate governance and ensure management transparency, the company designated four Outside Directors and two Outside Audit & Supervisory Board Members as Independent Officers.

In addition, the four Audit & Supervisory Board Members (including two Outside Audit & Supervisory Board Members) attend the Board of Directors meetings, where they express their opinions as appropriate and survey the execution of their roles as Directors.

### Term of Office, Attendance at Board of Directors Meetings, and Number of Company Shares Held

	Term of Office as a Director	Number of Board of Directors Meetings Attended (FY2022)	Number of Company Shares Held (as of May 31, 2023)
Hiroyuki Tamura	13 years	15/15	8,400 shares
Haruo Sanoki	10 years	15/15	7,500 shares
Kenichi Tanaka	9 years	15/15	6,700 shares
Naomi Nakayama*	4 years	15/15	—
Mamoru Hamayasu	1 year	11/11	1,900 shares
Takaomi Omura	—	Newly appointed	500 shares
Shinzo Maeda	8 years	15/15	—
Keiko Toya*	4 years	15/15	—
Kyosuke Kimura	2 years	15/15	—
Yoshiro Hirai	—	Newly appointed	—
Miki Mitsunari	—	Newly appointed	—

\* Term of office ended at the conclusion of the General Meeting of Shareholders held in June 2023.

## Term of Office, and Attendance at Audit & Supervisory Board Meetings

	Term of Office as an Audit & Supervisory Board Member	Number of Audit & Supervisory Board Meetings Attended (FY2022)
Yoshiyuki Furumoto	5 years	16/16
Takeshi Maeda	1 year	11/11
Susumu Tsuruta*	12 years	16/16
Mitsuhiro Honda	5 years	16/16
Chinami Kajo	—	Newly appointed

\* Term of office ended at the conclusion of the General Meeting of Shareholders held in June 2023.

## Initiatives to Improve the Effectiveness of the Board of Directors

In addition to the Directors and Audit & Supervisory Board Members doing a self-evaluation of their execution of duties, we use a questionnaire about the effectiveness of the Board of Directors to evaluate the aptness of operational methods, procedures, and deliberation standards. These results are reported to the Board of Directors in order to improve the operation of the Board of Directors.

For evaluating the effectiveness of the Board of Directors, all Directors and Audit & Supervisory Board Members fill out a questionnaire (self-evaluation) and discuss the results every year.

In addition to sharing an awareness of our current status, it is necessary to continuously improve the effectiveness of the Board of Directors through an extraction of issues. In light of the report on the findings of analysis and evaluation of the operation of the Board of Directors based on the results of the questionnaire, we review the Board of Directors deliberation standards and aim to make improvements to create more nimble Board of Directors operations.

## Implementation Overview of “Questionnaire on the Effectiveness of the Board of Directors”

### Evaluation Method

- Written questionnaire (5-point scale and free response)

### Evaluation Items

- Operation and agenda of Board of Directors meetings (12 items in total)

### Results of FY2021 Effectiveness Evaluation

- For many items, the average score in the 5-point evaluation exceeded 3.5, and we do not think there are any major problems with the effectiveness and operation of the current Board of Directors.
- An overview of the questionnaire results was reported to the Board of Directors, and based on the hearing results, measures to further improve the effectiveness are being considered and implemented.

### FY2022 Initiatives Based on Evaluation Results

- Based on the results of this evaluation and discussions on the roles and supervisory functions of the Board of Directors based on the principle of “separation of management and execution,” the Board of Directors revised the Board of Directors deliberation standards as part of building a flexible business execution system by transferring authority to the executive side.

## Value Creation Foundation

### Corporate Governance

## Evaluating the Operation and Effectiveness of the Board of Directors

### Audit & Supervisory Board

The Audit & Supervisory Board of the company is chaired by full-time Audit & Supervisory Board Member Yoshiyuki Furumoto and is comprised of two full-time Audit & Supervisory Board Members and two part-time Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members). Based on the auditing policies and plans established in the Audit & Supervisory Board, Audit & Supervisory Board Members attend the Board of Directors meetings and other important meetings, view important decision-making documents, visit each business site, and survey subsidiaries in order to conduct audits related to execution of duties of Directors and internal controls.

#### Comment

#### Message from new Audit & Supervisory Board Member



Chinami Kajo

Outside Audit & Supervisory Board Members

I am deeply honored to be appointed as an Audit & Supervisory Board Member, and I feel the weight and purpose of the mission given to me.

I feel it is very important to “use one’s imagination” as an approach toward work. It is possible to move forward by trying to change positions with and understand other people. I will fulfill my responsibilities as an Audit & Supervisory Board Member from a neutral standpoint outside the company, utilizing the experience I have cultivated in my previous roles. I would be grateful if I could contribute in any way to the sustainable growth and governance of the YUASA TRADING Group.

### Governance Advisory Committee

The company has established the Governance Advisory Committee chaired by an independent Outside Director as an optional advisory body beneath the Board of Directors with members that mainly consist of independent officers for the purpose of strengthening governance. The Governance Advisory Committee is composed of all the independent Outside Directors and independent Outside Audit & Supervisory Board Members as well as one Representative Director. The committee deliberates on the following matters and reports to the Board of Directors.

- (1) Matters related to appointment and dismissal of Directors
- (2) Matters related to remuneration of Directors
- (3) Matters related to analysis and evaluation on the effectiveness of the overall Board of Directors and other proposals related to governance

This committee meeting was held six times in the fiscal year ended March 31, 2023 and reported to the Board of Directors on the following matters.

#### Key Considerations

- Determination of individual basic remuneration and bonuses for Directors
- Election of nine Directors; election of one Audit & Supervisory Board Member; election of one substitute Audit & Supervisory Board Member at the 144th Ordinary General Meeting of Shareholders
- Conclusion of Directors and Officers Liability Insurance
- Changes to the Board of Directors resolution/deliberation standards

#### Composition of the Governance Advisory Committee (as of June 23, 2023)

Independent Outside Director	Shinzo Maeda (Committee Chairperson)
Independent Outside Director	Kyosuke Kimura
Independent Outside Director	Yoshiro Hirai
Independent Outside Director	Miki Mitsunari
Independent Outside Audit & Supervisory Board Member	Mitsuhiro Honda
Independent Outside Audit & Supervisory Board Member	Chinami Kajo
Representative Director, Senior Managing Director	Haruo Sanoki

### Sustainability Promotion Committee

The Sustainability Promotion Committee sets targets related to sustainability, monitors progress, and evaluates achievements. The committee will aim to meet twice a year and submit reports and recommendations to the Board of Directors on sustainability issues and progress.

- (1) Identification of key sustainability issues for the Group from a medium- to long-term perspective, study for resolution of issues, and design of future vision
- (2) Establishment, revision, and abolition of basic policy, rules, and procedures, etc. for the implementation of the aforementioned
- (3) Matter the Sustainability Promotion Committee deems necessary related to the Group’s sustainability management
- (4) Matters for consultation from the Board of Directors

#### Composition of the Sustainability Promotion Committee (as of June 23, 2023)

Supervisory Manager of Management Administration	Haruo Sanoki (Committee Chairperson)
Chief General Manager of Living Environment Market Headquarters	Kenichi Tanaka
Chief General Manager of Industrial Market Headquarters	Mamoru Hamayasu
Chief General Manager of Construction Market Headquarters	Takaomi Omura
Independent Outside Director	Shinzo Maeda
Independent Outside Director	Kyosuke Kimura
Independent Outside Director	Yoshiro Hirai
Independent Outside Director	Miki Mitsunari

### Scope of Delegation to Management

Matters to be decided by the Board of Directors, Corporate Management Committee, approvals, etc., are determined by resolutions of the Board of Directors, approvals of the Corporate Management Committee, and approval by approval requests, with a detailed and specific division of authority and responsibility depending on the degree of importance. In addition, the company has clarified the authority, division of duties, etc. of business execution officers and general managers through internal rules, and a system has been established to constantly review them.

## Value Creation Foundation

### Corporate Governance

# Initiatives to Ensure the Effectiveness of Governance

#### ■ Skill Matrix for Directors

Name	Position and main responsibility in the company	Corporate management	Marketing	Organization and personnel development	Finance and accounting	Legal affairs & risk management	Global operations
Hiroyuki Tamura	Representative Director, President & CEO In charge of Overseas Business Development						
Haruo Sanoki	Representative Director, Senior Managing Director Supervisory Manager of Management Administration						
Kenichi Tanaka	Senior Managing Director Supervisory Manager of Sales Division Chief General Manager of Living Environment Market Headquarters						
Mamoru Hamayasu	Director Chief General Manager of Industrial Market Headquarters						
Takaomi Omura	Director Chief General Manager of Construction Market Headquarters						
Shinzo Maeda	Outside Director						
Kyosuke Kimura	Outside Director						
Yoshiro Hirai	Outside Director						
Miki Mitsunari	Outside Director						

\* The above table lists up to four fields in which Director's expertise is particularly expected, based on the past experience of each candidate for Director. It is not an exhaustive list of all the expertise and experience the Director possesses.

#### ■ Qualifications and Criteria for Determining the Independence of Independent Outside Directors

With the objective of increasing objectivity in management decision-making and further improving the soundness and transparency of management, when appointing Outside Directors, in addition to the requirements under the Companies Act, the company uses the factors for determining (independence criteria) when there is a risk of conflict of interest with general shareholders in the Guidelines Concerning Listing Control, etc. of the Tokyo Stock Exchange as the criteria for determining the independence of Independent Outside Directors.

Furthermore, when selecting candidates for Independent Outside Directors, the criteria for selection is based on their ability to provide advice on management policies and improving management based on their own knowledge, from the perspective of promoting the company's sustainable growth and increasing its corporate value over the medium to long term, and to supervise management through the appointment and dismissal of senior management and other important decisions of the Board of Directors.

#### ■ Provision of Training for Directors and Audit & Supervisory Board Members

The company continuously provides the necessary opportunities, facilitation, and financial support, including holding seminars by outside instructors, for all the Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Audit & Supervisory Board Members, to acquire the business, accounting, finance, legal affairs, and organizational knowledge required to fulfill their roles and responsibilities. Newly appointed officers also strive to acquire knowledge of corporate law by attending outside seminars.

#### ■ Support for Outside Directors

Members of the Secretariat provide the Outside Directors with an explanation of the agenda for the meeting of the Board of Directors before the date when the meeting is held each month. The full-time Audit & Supervisory Board Member, who participates in the Corporate Management Committee meetings and other key meetings, also provides the Outside Audit & Supervisory Board Members with an explanation of the agenda for the meeting of the Board of Directors before the meeting is held each month. In principle, the meeting of the Audit & Supervisory Board is also held on the day of the meeting of the Board of Directors to discuss the agenda again. The company has assigned one member of staff to the Audit & Supervisory Board and works to strengthen the auditing system to make it more effective.

#### ■ Reasons for the Election or Nomination of Individual Candidates for Director

The reasons for the election of all the Directors and Audit & Supervisory Board Members are described in the reference documents for the General Meeting of Shareholders. In addition, the areas of expertise that the company particularly expects the candidates for Directors to have are listed in the form of a skill matrix. In appointing Outside Directors and Outside Audit & Supervisory Board Members, the scale of transactions between the company, the Group companies, and the companies where the candidates hold concurrent positions is listed to provide shareholders with information on the determination of independence.

#### ■ Strengthening Group Governance

In order to strengthen control over domestic consolidated subsidiaries, YUASA BUSINESS SUPPORT CO., LTD. has been entrusted with their accounting processing. In addition, we have introduced an overseas business monitor for the purpose of strengthening financial monitoring, and have prepared a management book specializing in overseas consolidated subsidiaries.

## Value Creation Foundation

## Corporate Governance

## Remuneration for Directors and Other Officers

### Total Amount of Remuneration, Total Amount of Remuneration by Type, and Number of Recipient Directors and Other Officers (results for fiscal year ended March 31, 2023)

Categories	Total amount of remuneration (millions of yen)	Total amount of remuneration by type (millions of yen)			Number of recipient directors (and other officers)
		Basic remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Director	252	142	68	41	6
Audit & Supervisory Board Member	48	48	-	-	3
Outside Director	38	38	-	-	3
Outside Audit & Supervisory Board Member	19	19	-	-	2
<b>Total</b>	<b>358</b>	<b>248</b>	<b>68</b>	<b>41</b>	<b>14</b>

\*1 The limits of remuneration for Directors and Audit & Supervisory Members are set as below based on a resolution of the 139th Ordinary General Meeting of Shareholders held on June 22, 2018. In addition, the portion of this remuneration that is for the Outside Directors is set as shown in parentheses based on a resolution of the 142nd Ordinary General Meeting of Shareholders held on June 24, 2021.

(1) Directors

A maximum of ¥380 million per year (of which not more than ¥50 million is for Outside Directors). Separately, a maximum amount of money funding for the performance-linked share awards system in the applicable period comprising three fiscal years is a total of ¥540 million. However, the total for the system is a maximum of ¥360 million for the two fiscal years of FY2019 and FY2020. Further, the company abolished the remuneration of share acquisition rights as it implemented the performance-linked share awards system.

As of the conclusion of the 139th Ordinary General Meeting of Shareholders, the number of Directors is 10, and as of the conclusion of the 142nd Ordinary General Meeting of Shareholders, the number of Outside Directors is three.

(2) Audit & Supervisory Board Members

A maximum of ¥80 million per year. The company has abolished the remuneration of share acquisition rights. As of the conclusion of the Ordinary General Meeting of Shareholders, the number of Audit & Supervisory Board Members is four (two of whom are Outside Audit & Supervisory Board Members).

\*2 The bonus above is the maximum provision for performance-linked remuneration for Directors (excluding Outside Directors) for the five Directors (excluding Outside Directors) for this fiscal year.

\*3 The remuneration sum for Directors (excluding Outside Directors) does not include the ¥39 million (including bonuses) in employee wages for Directors who serve concurrently as employees.

\*4 The content of non-monetary remuneration is the performance-linked remuneration described in "Concept of remuneration (1) Remuneration for Directors (b) Performance-linked remuneration."

## Concept of Remuneration

### (1) Remuneration for Directors

Remuneration for Directors (excluding Outside Directors) is comprised of basic remuneration and performance-linked remuneration (bonuses/shares). Outside Directors only receive basic remuneration.

(a) Basic remuneration

Monetary remuneration paid as a fixed sum depending on the position

(b) Performance-linked remuneration

Performance-linked remuneration is comprised of bonuses and performance-linked share awards.

- Bonuses are monetary remuneration that fluctuate in amount based on consolidated results and individual results of the previous fiscal year.
- Performance-linked share awards are comprised of a "fixed portion" that provides points for each fiscal year and a "performance-linked portion" that provides points based on the achievement level of performance targets at the final fiscal year of the Medium-term Management Plan. This remuneration is paid upon retirement (one point = one share). Further, since 50% is paid as shares of the company and 50% is used to pay income taxes, etc., the latter is paid as monetary value equivalent to the realized shares.

### (2) Remuneration for Audit & Supervisory Members

Remuneration for Audit & Supervisory Members is paid only as a fixed monetary amount as basic remuneration as separately established for full-time and part-time members through deliberations of all Audit & Supervisory Members in order to reflect the independent nature, based on the remuneration system and standard corresponding to their duties and responsibilities.

## Performance Indicators

This remuneration system aims to provide incentives to improve medium- to long-term company results and corporate value and share interests with shareholders. The following indicators were used for evaluations in the Medium-term Management Plan "Growing Together 2023" that ended in FY2022.

Evaluation indicator (standard)	Evaluation weight	Performance linked factor
Consolidated net sales (¥545.0 billion)*	1/3	0-2.0
Consolidated ordinary profit (¥16.4 billion)	1/3	0-2.0
Profit attributable to owners of parent (¥11.5 billion)	1/3	0-2.0

\* Before revenue recognition

## Relationship Between Evaluation Indicators and Performance-linked Factors

(method of determining performance-linked share awards amount)

Consolidated net sales	Consolidated ordinary profit	Profit attributable to owners of parent	Performance linked factor
¥599.5 billion or more	¥21.4 billion or more	¥15.0 billion or more	2.0 (upper limit)
¥545.0 billion	¥16.4 billion	¥11.5 billion	1.0
¥490.5 billion or less	¥11.5 billion or less	¥8.1 billion or less	0 (lower limit)

Performance indicators	FY2022 results	Evaluation weight	Performance linked factor (actual values)
Consolidated net sales (before revenue recognition)	¥523.8 billion	1/3	0.6
Consolidated ordinary profit	¥15.3 billion	1/3	0.7
Profit attributable to owners of parent	¥10 billion	1/3	0.5

\* The performance-linked coefficient for performance-linked compensation for the fiscal year ended March 31, 2023, the final year of the Medium-term Management Plan "Growing Together 2023," was 0.6 based on the actual values of the performance evaluation indicators.



## Value Creation Foundation

### Corporate Governance

# Dialogue with Stakeholders

## Basic Philosophy

In order to achieve the sustainable growth of the company and increase its corporate value over the medium to long term, the company promotes constructive dialogue with shareholders, clearly explains its management policies in an easy-to-understand manner, and strives to gain the understanding of shareholders.

### (1) Appointment of a Member of Management or a Director to Oversee Overall Dialogue

The Director in charge of Management Administration oversees overall dialogue with shareholders, and through various initiatives, such as earnings briefings by the Representative Director, President & CEO, the company strives to proactively engage in constructive dialogue with stakeholders.

### (2) How Departments Work Together to Support Dialogue

Each department in the Management Administration Division actively collaborates with each other to share IR information and knowledge, examine the direction of IR, and prepare disclosure materials.

### (3) Enhancement of Investor Briefings and IR Activities

As a means of dialogue other than individual interviews, in principle, financial results briefings for analysts and institutional investors are held twice a year on a regular basis.

In addition, we are actively engaged in IR activities such as setting up opportunities for small meetings with institutional investors as appropriate.

### (4) Feedback of Shareholder Opinions to the Company

Opinions, etc. obtained through dialogue with shareholders are summarized as appropriate and fed back to the management team and relevant departments in an effort to disseminate and share information.

### (5) Insider Information Management during Dialogue

Rules for the management of insider information (Insider Trading Prevention Rules, and Information Security Policy Rules) have been established and are managed.

In addition, the Management Administration Division, which serves as the point of contact, is fully aware of insider information and fair disclosure rules when communicating with shareholders, and responds accordingly.

## Toward an Open General Meeting of Shareholders

From the perspective of ensuring sufficient time for shareholders and institutional investors to consider proposals, the company strives to accelerate the delivery of convocation notices for the Ordinary General Meeting of Shareholders and distributes them on-demand for the purpose of disclosing information to as many stakeholders as possible.

The 144th Ordinary General Meeting of Shareholders  
<https://webcast.net-ir.ne.jp/80742306/index.html>



## Dialogue with Institutional Investors and Analysts

The company disseminates information to shareholders and investors around the world by holding financial results briefings online, providing video explanations (financial results for each fiscal year, medium-term management plans, etc.) through the company's website, and publishing factbooks and other materials.

In addition, individual IR meetings are held from time to time on a wide range of topics, such as the progress of management targets and priority strategies, shareholder return policies, and initiatives to promote sustainability and achieve non-financial KPIs, with importance attached to them as opportunities to receive valuable opinions and impressions from the market and external parties regardless of the ownership status of the company's shareholders.

In FY2022, a total of 18 IR meetings were held with institutional investors and analysts in Japan and overseas.

## Measures to Instill Evaluations from the Capital Market within the Company

The feedback obtained through communication with investors is shared with management and related internal departments, and is used as valuable input in considering future management policies and elements to be disclosed.

Recently, in light of the growing needs of investors and capital markets, we have established a new KPI from FY2023 to “maintain a DOE (dividend on equity) of 3.5% or higher” as an indicator to show a stable dividend policy, and have decided to disclose the status of our efforts to achieve this.

Value Creation Foundation

Corporate Governance

# Ethics and Compliance

The YUASA TRADING Group has enacted a management philosophy, ethics policy, and code of conduct. The Representative Director and President is prioritizing the execution of these policies. By repeatedly expressing this mindset to Directors and employees, the hope is that laws and regulations and compliance to corporate ethics become a foundation for all company activities.

### Ethics and Compliance System

We have established an Ethics and Compliance Committee that is under the direct control of the Representative Director and President. The chair of this committee is selected by the Representative Director and President from among the Directors. The Ethics and Compliance Committee utilizes in-house training to boost its effectiveness and monitors the

compliance status along with the Internal Auditing Office. It has formed an ethics and compliance system that spans across the YUASA TRADING Group.

### Ethics and Compliance Hotline

A permanent hotline has been established to directly report and advise with the Ethics and Compliance Committee if Directors or employees of the company violate or may have violated laws and regulations, the Articles of Incorporation, or other regulations. This system also ensures that persons who issue such reports will not receive disadvantageous treatment for this reason.

With the revision of Japan’s Whistleblower Protection Act in June 2022, the company revised its internal reporting rules, limited the internal hotline for reporting and advice to the Ethics and Compliance Committee Secretariat, the Audit

& Supervisory Board Members and the external hotline to the lawyers in charge at the advising law firm, and strengthened compliance with the obligation to protect confidentiality. At the same time, the company expanded the scope of those who are able to seek advice so that former officers and employees can also use the hotline up to one year after their resignation.

After receiving an inquiry or report, the Ethics and Compliance Committee will investigate the incident, enact measures to prevent it from occurring again, and will report important cases to the Board of Directors through the Representative Director and President.

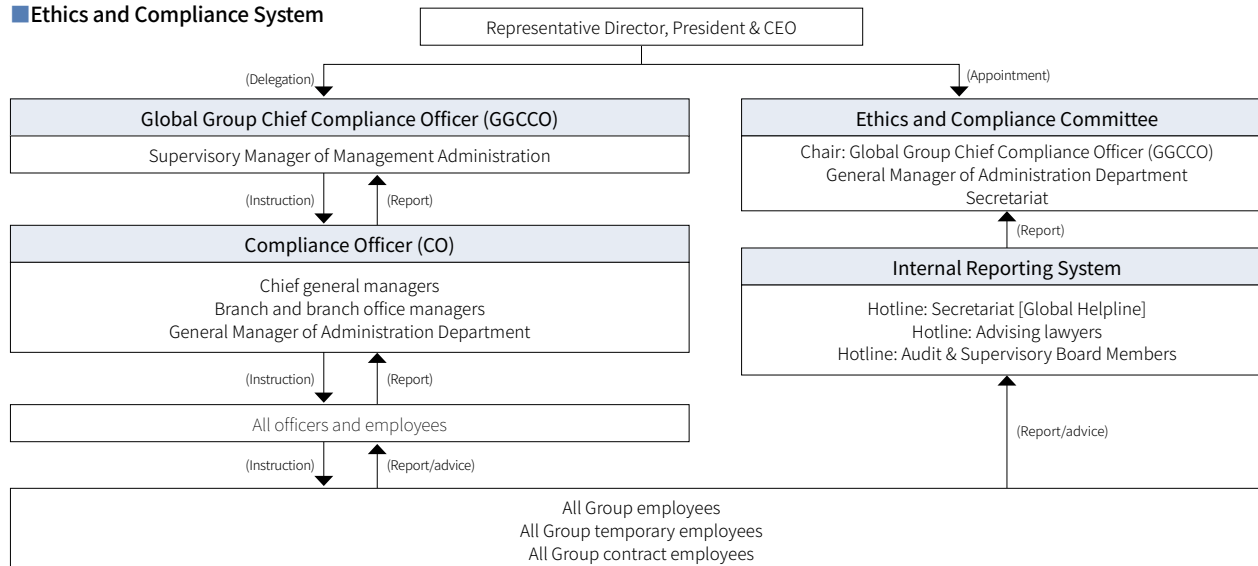
### Response Against Anti-social Forces

The code of conduct declares the severance of any relationship with anti-social forces. Furthermore, the company is standardizing the management of information through manuals and in-house training in order to eliminate and eradicate anti-social forces. External approaches are managed in the Ethics and Compliance Committee. The company also participates in the Tokyo Metropolitan Police Organized Crime Prevention Association (Tokubouren) and strives to gather information and preempt transactions with anti-social forces.

### Compliance Education and Training

The company implements grade-specific (new employees, employees hired mid-career, newly appointed site managers, newly appointed line managers, etc.) education and training on compliance in general, and e-learning education on preventing harassment for all Group employees (implemented August – end of October 2022). In addition, through follow-up training for young employees (two to three years after joining the company) with practical experience, we strive to continuously instill awareness of legal compliance from a frontline perspective.

### Ethics and Compliance System



## Value Creation Foundation

### Corporate Governance

# Risk Management

## Risk Management System

The YUASA TRADING Group has appointed the Director in charge of the Management Administration as the Risk Management Supervisory Manager and has established a system to swiftly and appropriately transmit information and respond to emergencies for each expected risk. The Risk Management Supervisory Manager reports on the status of risk management to the Board of Directors as necessary and works to establish a business continuity management system to minimize business disruption and impact in the event that a risk materializes.

## Overview of Operational Status

The Risk Management Supervisory Manager implements comprehensive and cross-sectional risk management and works to strengthen business continuity capabilities after appropriately identifying and assessing the risks associated with business activities. Specifically, the Group classifies and evaluates risks based on management strategies and operational processes, identifies key risks that may have a significant impact on the Group's financial position, operating results, and cash flow conditions, and ascertains the degree of impact of those risks.

## Environmental and Resilience Committee

We formulate environmental policies aimed at maintaining and improving the global environment through our business activities, and formulate a business continuity plan (BCP) in anticipation of situations that may cause significant damage, such as large-scale disasters and the outbreak of new viruses.

Specifically, through ISO and BCP activities, we share information on environmental laws and regulations, formulate and develop disaster prevention plans, respond to disasters, and conduct drills.

## Export Administration Committee

In order to improve compliance related to overseas transactions and exports in particular, the Export Administration Committee established the Safe Export Management Guidelines as internal standards related to compliance of export laws and regulations. This committee is responsible for raising awareness and monitoring activities.

## Key Risks Assumed

Main risks recognized with the potential to have a material impact on financial position, operating results, and cash flow

Risk item	Overview	Countermeasures to mitigate risk
1. Economic fluctuation risk	Risk in the event of unforeseen changes in the economic trends in industrial equipment- and construction-related investments	We are focusing on the expansion of new areas and new markets outside Japan
2. Share price fluctuation risk	Risk in the event of changes in share prices	We are reviewing our shareholdings as appropriate in accordance with our "Securities Investment Guidelines."
3. Interest rate fluctuation risk	Risk in the event of changes in the interest rate for interest-bearing debt with variable interest rates	In some cases, we may convert interest-bearing debt from variable interest rates to fixed interest rates, etc.
4. Credit risk	Risk in the event of credit extended to business partners inside and outside Japan involving credit losses	We are implementing credit management in accordance with internal management regulations.
5. Exchange rate fluctuation risk	Risk in the event of changes in the exchange rate in import and export transactions	We are executing exchange forward contracts for import and export transactions in foreign currencies.
6. Compliance risk	Risk in the event of major changes in or application of unexpected interpretations of relevant laws and regulations, including laws and regulations related to business activities	In addition to establishing an ethics policy and code of conduct, we have established an Ethics and Compliance Committee, which is under the direct control of the Representative Director, to ensure thorough compliance and provide guidance throughout the Group.
7. Risk related to information systems and information security	Risks such as leaks of confidential corporate information or personal information due to unexpected unauthorized external access or invasion by a computer virus, as well as non-operation of information systems due to damage to system equipment or issues with communication lines from a natural disaster or an accident	In order to promote information sharing and business efficiency, we have constructed and operated an information system, and in order to ensure the safety of information system operations, we have established information security operating rules and are thoroughly tackling crisis management responses.
8. Product liability risk	Risk in the event of product defects that lead to a large-scale recall or product liability compensation	We are engaged in the manufacture and sale of household appliances, and we take every precaution to ensure the quality of these products, as well as carrying product liability insurance.
9. Country risk	Risk that it will be difficult to collect receivables or investments and loans due to policy changes or changes in the political and economic environment of counterparty countries overseas	We are responding carefully based on various information regarding the country risks that can be anticipated, and making efforts to manage and hedge risks, such as carrying trade insurance.
10. Natural disaster risk, etc.	Risk of shutdown of business site functions, damage to equipment, and interruptions in the supply of power and other services in the event of a natural disaster, such as an earthquake or large-scale flooding, or an unexpected outbreak of an infectious disease, such as a new virus	In order to continue our business activities, we have formulated a business continuity plan (BCP), introduced a safety confirmation system, prepared a disaster countermeasure manual, and implemented earthquake resistance countermeasures, and are conducting disaster drills, etc.
11. Climate change risk	Risk of stronger legal regulations and regulations on provision of products associated with climate change	Through all of our business activities, the Group is working to solve social issues by promoting an environmental business that sells and disseminates equipment and systems that contribute to the global environment both domestically and overseas, with the aim of achieving sustainable development that aims for a balance between maintaining a sound global environment and achieving economic growth.

## Internal Control Committee

We have established internal controls for the entire Group, internal controls for the settlement of accounts, financial reporting processes and operational processes, and internal controls for overall IT and operational processes. In order to ensure the reliability of financial reporting, we identify risks that may lead to false statements, and take effective measures to reduce the occurrence of such risks for matters of high importance.