

YAMASHIN-FILTER GROUP

# SUSTAINABILITY REPORT

# 2024



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## Editorial Policy

### Purpose of This Report

We have issued the Sustainability Report since 2021 with the aim of helping all stakeholders, including investors and customers, to better understand the group's sustainability initiatives. The report explains our specific efforts to solve social issues through our filter business based on our corporate philosophy of “仕濾過事” (*Rokajinitsukafuru*) or “Contribute to society through the filtration business,” in order to strengthen corporate sustainability.

**Period Covered** This report covers FY2023(April 1, 2023 to March 31, 2024).  
\*Some information reflects activities in years other than FY2023.

### Scope of Organizations

This Sustainability Report covers YAMASHIN-FILTER CORP. and all group companies. The scope categories are divided according to the following rules. In the event of a limited scope, the scope will be described separately.

- Consolidated & Group: Includes YAMASHIN-FILTER CORP. and all group companies.
- Non-consolidated: YAMASHIN-FILTER CORP.
- Domestic sites: YAMASHIN-FILTER CORP. and domestic group companies
- Overseas sites: overseas group companies

**Published** November 2024 (last issued in November 2023; scheduled to be issued in November 2025)

### Reference Guidelines

- GRI Sustainability Reporting Standards
- Task Force on Climate-related Financial Disclosures (TCFD) Recommendations
- “Ministry of the Environment Environmental Reporting Guidelines (2018)”
- ISO26000

### Information Disclosure System

YAMASHIN-FILTER discloses information needed by its stakeholders by publishing reports of its business activities on its website in the form of documents such as its Annual Securities Report, Summary of Financial Results, materials explaining the financial results, and a Sustainability Report.



🔗 **Corporate information** <https://www.yamashin-filter.co.jp/eng/company.html>

🔗 **Sustainability** <https://www.yamashin-filter.co.jp/eng/sustainability.html>

🔗 **Investor relations information** <https://www.yamashin-filter.co.jp/ja/ir.html> (in Japanese only)

### Independent Assurance Statement

Data for which an Independent Assurance Statement has been obtained is marked with the symbol. For more details, please see the Independent Assurance Statement.

# Corporate Principles



## About our Corporate Philosophy

Masahiko Yamazaki, the founder of our company, incorporated his determination and sense of social responsibility in the term “仕濾過事” (*Rokajinitsukafuru*) or “Contribute to society through the filtration business.” Today, over half a century later, we carry forward this term in our corporate philosophy and as our corporate motto, retaining our founder’s commitment to filtration.

Filters for construction machinery, our core products, are unseen in people’s daily lives, yet are a powerful and indispensable support for the development of society behind the scenes. We too want to be just like these filters. We are a leading global company that aims to achieve rapid growth through the filter business by leveraging our advanced development and technological capabilities.

## Sustainable Development Goals (SDGs) for YAMASHIN-FILTER

The three themes of environment, air quality, and health that we tackle through our filter business are closely related to the goals of the SDGs. In order for our company to contribute to achieving the SDGs, we believe that it is important to take action as a company on social issues by reviewing and evaluating the strengths and foundation of our business model.

By adhering to our corporate philosophy of “仕濾過事” (*Rokajinitsukafuru*: Contribute to society through the filtration business), advancing into new business areas, growing into a truly comprehensive filter manufacturer, and contributing to solving social issues, we seek to achieve a sustainable world.

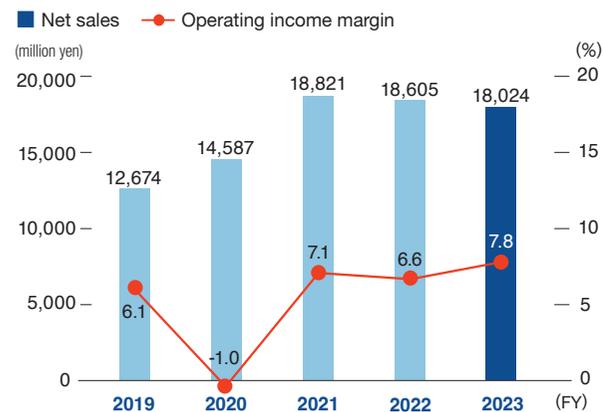


As a company working toward achieving the SDGs, in July 2024, we obtained Y-SDGs Certification as part of Yokohama City’s SDGs certification program.

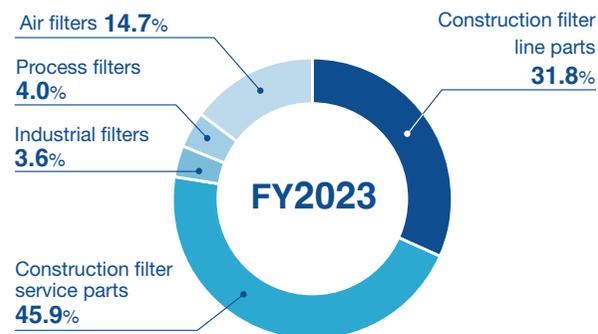
# Financial and Non-financial Highlights

## Financial Highlights (Consolidated)

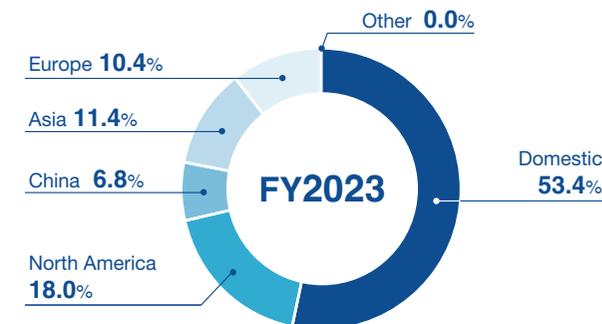
### Net sales, Operating income



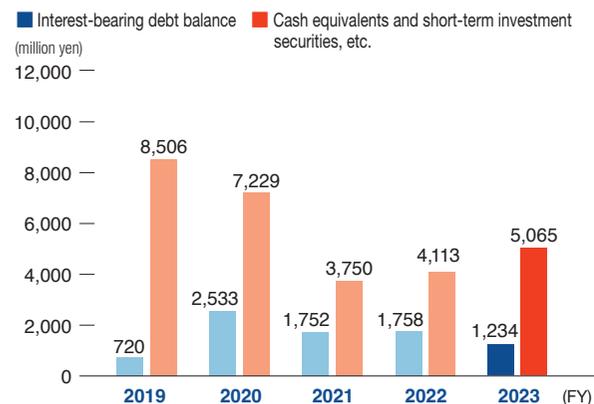
### Sales breakdown by product category



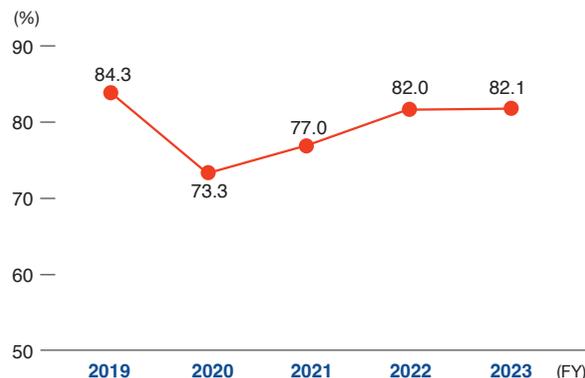
### Sales breakdown by region



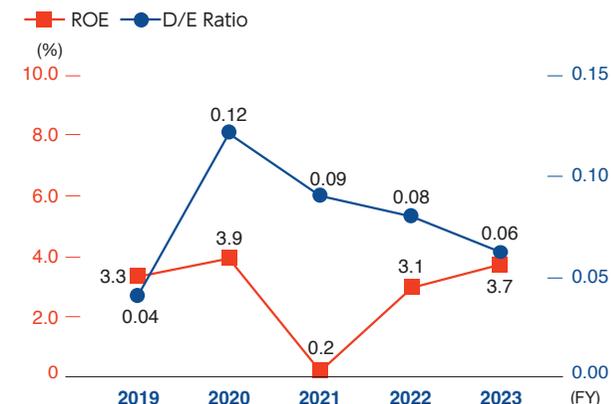
### Interest-bearing debt, Cash equivalents, Short-term securities, etc.



### Shareholders' equity ratio



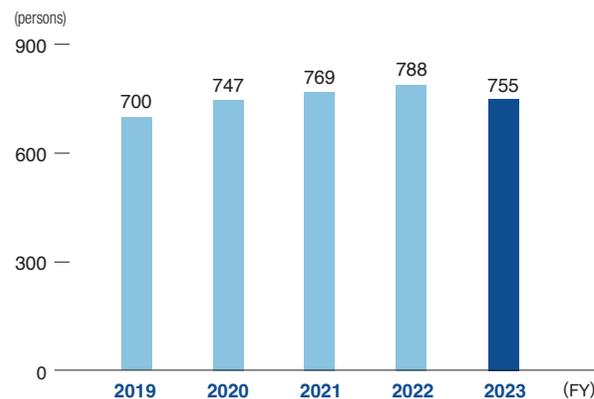
### ROE, D/E ratio



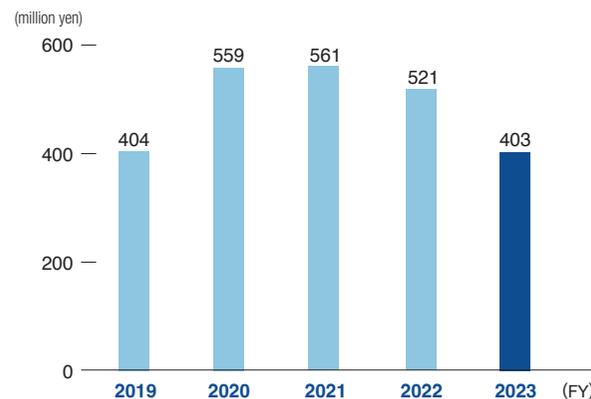
## Financial and Non-financial Highlights

### Non-financial Highlights

#### Number of employees (consolidated)

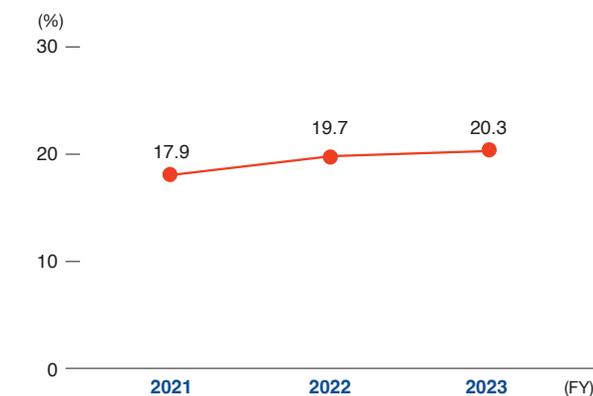


#### R&D expenses (consolidated)

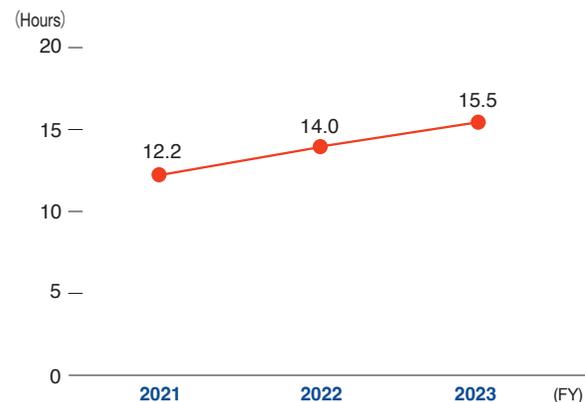


#### Ratio of female managers (consolidated)

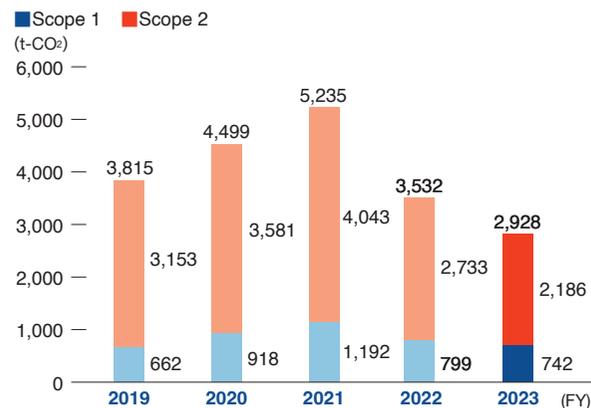
(As of March 31 of each fiscal year)



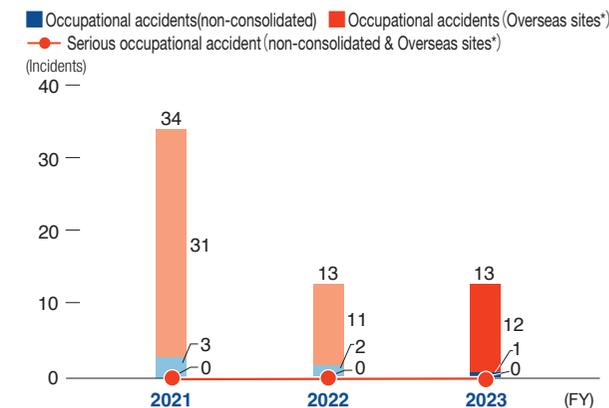
#### Hours of training per employee (non-consolidated)



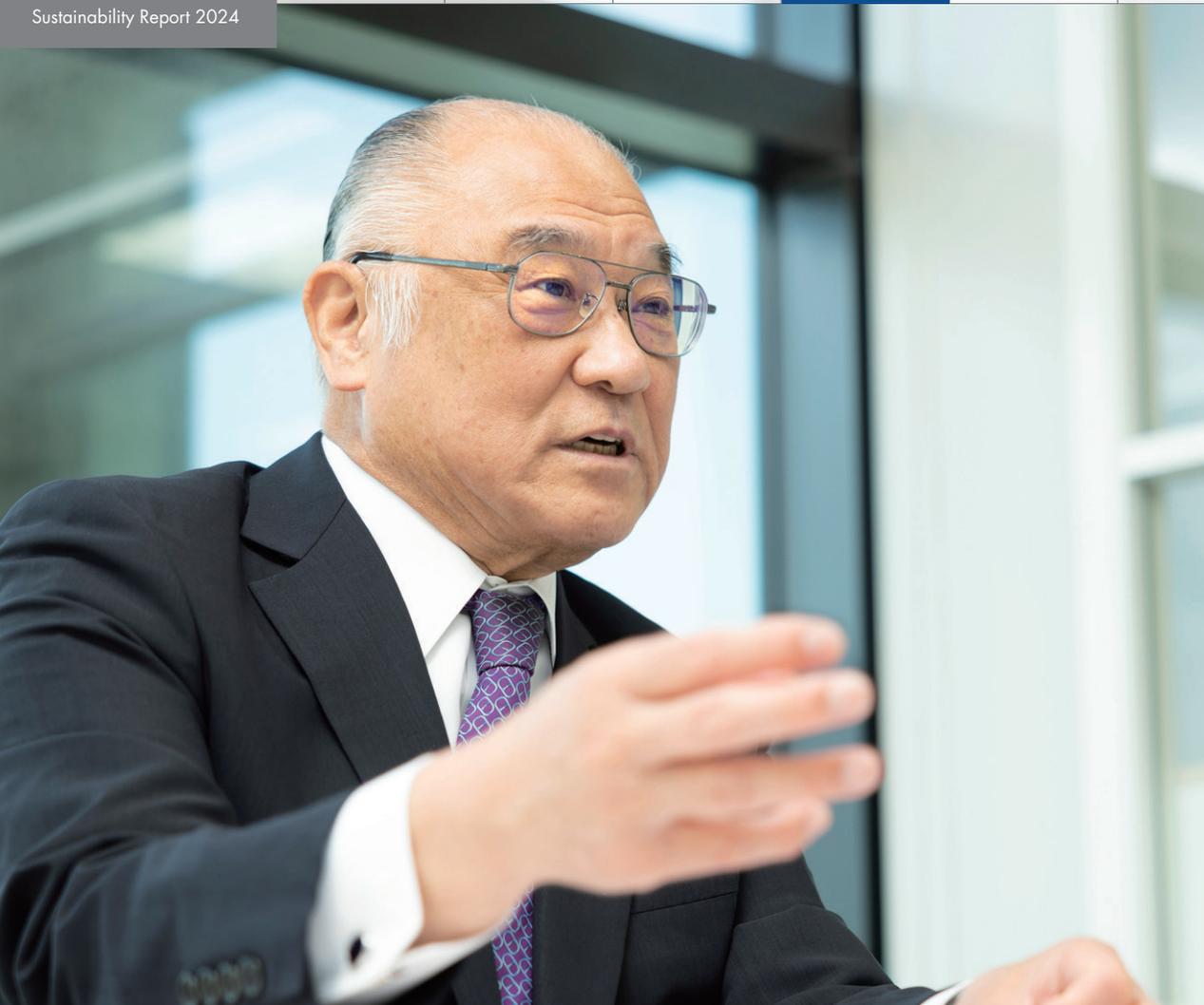
#### CO<sub>2</sub> emissions (consolidated)



#### Number of occupational accidents/Number of serious occupational accidents (non-consolidated & Overseas sites)



\*[Overseas sites] FY2021 & FY2022: Cebu Plant / FY2023: Cebu Plant, Vietnam Plant



## TOP MESSAGE

### Contributing to the Advancement of Society with Our Filtration Technologies

Ever since our founding in 1956, we have been a driving force in the filter business, pursuing perfection in everything to do with filtration, based on our corporate philosophy of “仕濾過事” (*Rokajinitsukafuru*). The phrase “仕濾過事” (*Rokajinitsukafuru*) captures our strong desire to “contribute to society through the filtration business.” This mentality has been passed on as our DNA, acting as an important guideline that highlights what YAMASHIN-FILTER is all about. I also see our purpose is to contribute to the advancement of society and to support people’s quality of life based on the filtration technologies that we have developed over many years.

Under the “仕濾過事” (*Rokajinitsukafuru*) philosophy, our construction machinery hydraulic filter business is expanding domains in which we could contribute to society based on the three themes of “the environment,” “air quality,” and “health.” In 2019, we made AQC Corporation, an air filter specialist, a Group subsidiary, and in doing so expanded opportunities for filter use to not only air conditioning systems in buildings but also medical devices and rolling stock both in Japan and overseas. Going forward, we believe we can also contribute to mitigating the increasingly severe air pollution problems, with a focus on emerging nations. It is said that people spend 80% of their time indoors, and thus indoor air quality has a direct link to health. We will further evolve our outstanding filter technologies, which “can capture more contaminants with lower resistance,” to ensure the health and comfort of people all around the world.

**We will continue to show our presence in the international market as a company that creates new value of filtration.**

Representative Director and President **Atsuhiko Yamazaki**

## TOP MESSAGE

### What Does a Proper Business Look Like?

A company must create products that are useful to society, and fulfill its social responsibility. Manufacturers are required to consider their impact on the environment during every step from procuring raw materials through to disposal. We focus our attention on disposal after use, in particular, and develop compact and long-life products that can help reduce waste. While it is possible to reduce waste and CO<sub>2</sub> emissions by extending the service life of products, this also brings with it the dilemma of reduced sales. In fact, at the stage of developing long-life products, concerns arose on the balance between income and expenditure. We, however, have



a mission to provide the world with what it really needs. In the choice of profit or the environment, it was clear that the path we should take is to minimize our impact on the environment.

Ultimately, the reduced maintenance burden on the users of our long-life products has led to them choosing our products, which has triggered a positive impact on our sales. This is a good example of a company profiting from making the right decisions based on a long-term perspective, rather than pursuing short-term profits.

We have an ESG management mindset to prioritize the benefits of the environment and society in this way and achieve company profits at the same time. In 2022, we set up the Yamashin Sustainable Solutions (YSS) Committee. This committee leads the promotion of sustainability initiatives to advance our ESG management efforts.

In particular, the tackling of environmental problems is set as a materiality, and we are accelerating our efforts more so than ever before. Shortly after setting up the YSS Committee, we endorsed the TCFD Declaration and thoroughly disclosed relevant information. As a result, our CDP score, which was D in 2022, was raised to B the following year. Also, we plan to formulate medium- to long-term targets for reducing CO<sub>2</sub> emissions, and thus declared our commitment to acquiring SBT Certification. We will advance our initiatives based on this result.

### A Robust Supply Chain With No Disruptions

Another of our social responsibilities is to keep supplying products to our customers. We have three plants: our Saga Plant in Japan, one in the Philippines (Cebu Island), and one in Vietnam. We sell products not only domestically but also globally including North American markets, Europe, and Asia. Naturally, we are significantly affected by global trends, and so we work tirelessly to build a robust supply chain.

In establishing our Vietnam Plant, we focused on BCP and flexibility, utilizing our partnerships with local suppliers that kept our supply available even during the logistical chaos brought about by the COVID-19 Pandemic. Our Cebu Plant was set up as a measure against the appreciation of the yen and offers excellent cost competitiveness. We will advance our efforts to build a global supply chain that can cope with such logistics risks and fluctuations in currency conversion, ensuring we have a strong position as a leading global niche company whose forte is construction machinery filters. Our aspirations do not stop here, however.

In the newly announced Medium-Term Management Plan, we have adopted three medium-term strategies: “undertake initiatives to create new value,” “strengthen management with a focus on capital costs,” and “promote ESG management.” Using these strategies, we will achieve rapid growth as a top global company and evolve into a one-of-a-kind comprehensive filter manufacturer that sets the next global standard.

Since our founding, we have consistently pushed forward with a dedication to “contributing to society through the filtration business.” In addition to meeting the rising expectations toward ESG management from our stakeholders, we will further enhance our presence as a company that is also well-regarded by ESG rating agencies.

# TOP MESSAGE

## Our Founding Spirit Remains the Same Despite Major Changes in Society

The YAMASHIN-FILTER Group has focused on research and development to provide high-added-value products to its customers since day one. With many industry competitors procuring filtration media externally, the fact that we are particular about developing filtration media in-house is down to our desire to provide even greater added value. In 2022, we consolidated our separate research and development sites into the Yokosuka Innovation Center. It is both a rare development site that has a field and is able to conduct realistic tests using construction machinery, and a place to directly ask our customers what they want while undertaking tests with them.

Although we achieved our goal of making research and development more efficient and gathering information about our customers' needs by consolidating our sites, we face the challenge of how to bring to life our “仕濾過事” (*Rokajinitsukafuru*: Contribute to society through the filtration business) stance, which is our company DNA, in a society that will continue to change significantly. We have engaged in repeated discussions with our research and development staff about what the vision is for the company in the years to come, reflecting on what kind of company will we become in 2030, the midpoint for achieving carbon neutrality, and 2050, the finish mark.

Going forward, in addition to new products and technologies, it is likely that calls for sustainable development will get stronger from such viewpoints of the environment, human rights, and the economy. We will not simply pursue profit but meet the needs of the times while painting a clear picture of an ideal society.



While looking ahead to “仕濾過事” (*Rokajinitsukafuru*) in 2050,  
we will continue to promote business that helps to  
resolve the issues of society.

Director and Senior Executive Vice President **Hiroaki Yamazaki**

## TOP MESSAGE

### Management That Motivates Employees and Creates Value

The YAMASHIN-FILTER Group has put forward well-being management in its Medium-Term Management Plan announced in November 2024. We are striving to enhance employee motivation and engagement by improving the physical, mental, and social satisfaction of each employee. We are also working to meet the demands of the times and advance initiatives to make our company more attractive.

As efforts to establish a good work environment, stemming from the COVID-19 pandemic, we have introduced a flex-time and telework system and changed working hours to 7:30 to 16:30, which is an earlier start and finish time compared to other companies. Although there were people for and against this change when it was initially introduced, once it got going, we received a lot of positive feedback from employees who like their new lifestyle due to their new working hours. Some employees said things like, "I have more time to spend with my family," and "I now have time to enjoy my hobbies after work." Ultimately, our unique endeavors have led to good opportunities to improve employee engagement.

To improve engagement, a fair HR appraisal is also essential. Every time I go on a business trip overseas, I talk with the local employees. By doing so, I get to learn our employees' true feelings, which I don't get to hear in Japan, as well as see how they work. What I realize is that if the evaluator is not able to do a proper evaluation with a sense of the actual workplace, then it will not be a fair evaluation that the individual will accept.

We focus on the turnover rate of employees, in particular, and see leaving the company as an indication of how the employee feels. As a company, we end up losing valuable personnel. Mental and physical well-being and happiness of employees, a fair appraisal of performance, and compensation

that matches this. It is having all three of these that makes well-being management. I believe it is about being an attractive company where talented individuals work with us for a long time.

### The Supply Chain Is a Test of a Company's dignity

Our business is building a flexible and resilient supply chain through partnerships with many suppliers. From the unprecedented experience of the COVID-19 pandemic, we have come to recognize that we live in an era where unexpected events can occur. We must improve our self-recovery skills for when a problem occurs. If a sustainability problem such as in relation to human rights or the environment occurs, to resolve that problem swiftly, I believe we must conduct initiatives as one with our suppliers.

To achieve this goal, we are proceeding with initiatives to formulate a Sustainable Procurement Policy which includes items such as human rights and occupational health and safety. We are also working to request cooperation in the policy's implementation. While it is an important initiative to align ourselves with many companies promoting sustainability, a challenge we face going forward is to reduce the sustainability risk in the supply chain by bridging the gap between embedding the Code of Behavior and the actual state of affairs.

The president and I have continued to visit our domestic and overseas suppliers to try and grasp the situation. Although I have confirmed with my own eyes that we do not have a clearly poor work environment or human rights infringements, can it be said that we fully know the state of affairs with a paper-based survey and local site inspections? As long as there is competition over cost between suppliers, we are deeply concerned about the possibility that our business might

be built on the sacrifices of others in areas we cannot see. That is why I believe it is our responsibility to address this issue sincerely.

Sustainability issues cannot be resolved overnight and are costly to resolve. Supposing we spend money and work hard, it is also uncertain when these efforts will pay off and appear in our top line. I think, however, that prioritizing our immediate profits and pushing back sustainability will call into question our character as a company.

Our YAMASHIN-FILTER DNA, in particular, is the very mindset of contributing to society through the filtration business as per our corporate philosophy of "仕濾過事" (*Rokajinitsukafuru*). I am convinced that upholding this principle is the dignity of the company, and it is the only way to achieve both long-term improvements in our corporate value and contribution to society.



# YAMASHIN-FILTER's ESG-driven Management

In line with our corporate philosophy of “仕濾過事” (*Rokajinitsukafuru*) or “Contribute to society through the filtration business,” we will reinforce our ESG management toward realizing a sustainable society and helping to solve diverse social issues.

## Sustainability-focused Management

### Sustainability Policy

We have adopted “仕濾過事” (*Rokajinitsukafuru*: Contribute to society through the filtration business), which has been our corporate philosophy for more than half a century since our founding, as our Group's sustainability policy. Going forward, while taking into account the positive and negative impacts that the YAMASHIN-FILTER Group's business activities have on society and on the environment, we will promote ESG-driven management that meets the expectations of our many different categories of stakeholders.

Sustainability Policy

**“仕濾過事” (*Rokajinitsukafuru*)**  
– “Contribute to society through the filtration business”

In line with our corporate philosophy of “仕濾過事” (*Rokajinitsukafuru*) or “Contribute to society through the filtration business,” and with the aim of helping to realize a sustainable society, YAMASHIN-FILTER is contributing toward solving society's problems relating to Environment, Air quality and Health, by making effective use of the strengths that we have cultivated in our filter business.

### Sustainability Promotion System

We established the Yamashin Sustainable Solutions (YSS) Committee as an advisory body for the President in FY2021. The committee is chaired by the head of the Management Planning Office, who also serves as an executive officer, and has a membership of around 20 people, including all of the company's executive officers.

The YSS Committee meets once a month to discuss initiatives relating to promotion of SDGs and ESG. The content of their discussions is reported to the Board of Directors and the Management Conference.

**Main Topics Addressed by the YSS Committee in FY2023**

- Formulation of environment and society KPIs
- Updating information disclosure in keeping with TCFD recommendations
- Medium- to long-term CO<sub>2</sub> emission reduction targets
- Measures to reduce CO<sub>2</sub> emissions, etc.

**Sustainability Promotion System**

Board of Directors / Management Conference

President

YSS Committee

Chair: Management Planning Office head (Executive Officer)  
Members: Executive Officers and the Division Managers, etc. of the Administration, R&D, Sales, Production, and Quality Assurance Divisions.

### Initiatives to Embed Sustainability

Since the establishment of the YSS Committee, we have held sustainability training and workshops for employees. In addition to basic topics such as sustainability, SDGs, and TCFD, we have held several human rights risk study sessions on formulating human rights policies and evaluating human rights risks.

Since FY2024, we have also added sustainability lectures as part of new employee training, leading to greater awareness through sharing the progress of company targets and initiatives, including materiality.

## YAMASHIN-FILTER's ESG-driven Management

### YAMASHIN-FILTER Group Materialities

#### Materiality Identification

Following the process outlined in the GRI sustainability reporting standards, in line with our corporate philosophy of “仕濾過事” (*Rokajinitsukafuru*) or “Contribute to society through the filtration business,” and with YAMASHIN-FILTER's approach to value creation, we have identified materiality (key issues) for the group. These items have been discussed by the YSS Committee in light of our business environment and the demands of society. We believe these items will lead to resolving the issues of society through our business.

#### Identification Process



## YAMASHIN-FILTER's ESG-driven Management

### Materialities and Mid- to Long-Term Objectives

Based on the materiality that we have identified, we are putting in place the required management system and promoting initiatives, including the setting of strategies that need to be implemented and key performance indicators (KPIs) for each materiality item, as well as assigning managerial responsibilities and determining management methods, etc. In November 2024, we formulated the Medium-Term Management Plan 2027, which outlined the “promote ESG management” as one of its strategies. We also set the targets of achieving a “FTSE score of 4.0 or more” and “acquiring a CDP Climate Change Score of A” by the end of March 2028 as non-financial KPIs. We continue to promote sustainability initiatives focused on materiality items and aim to improve the transparency of sustainability information through disclosure documents such as sustainability reports and CDP.

Materiality	Commitments	Indicator	Medium- to Long-term target	Relevant page
Environment	<b>Measures in response to climate change</b> <b>Climate change response measures and contribution to the realization of the post-carbon society</b> ■ Realization of a business model that contributes to climate change response strategies from the perspective of both products and production, with the aim of helping to realize carbon neutrality demanded throughout the world	■ Based on the SBT mindset, we will aim for 1.5°C level for Scope 1 and 2 and WB 2°C (well below 2°C) level for Scope 3 ■ Expanding the use of electric power derived from renewable energy sources		P.16
	<b>Designing value-added products</b>	■ Creating environmentally friendly products		P.17
	<b>Resource circulation and minimizing environmental impact</b> <b>Using filter technology to contribute toward reducing the burden on the environment and toward the realization of a resource-circulating society</b> ■ Realization of a business model that achieves both high economic efficiency and high environmental efficiency throughout the value chain, with a focus on resource circulation and reducing the burden on the environment	■ Reducing water usage ■ Reducing the amount of waste generated	■ By FY2032, reduce group water withdrawals by 25% from the FY2022 level. ■ Decrease the intensity of water withdrawal volume ■ By FY2032, reduce group waste emissions by 20% from the FY2022 level. ■ A waste recycling rate of 95% or more	P.18-19
Air and Health	<b>Preventing harm to health caused by environmental pollution</b> <b>- Contributing to enabling people to live with safety and peace of mind</b> ■ Using filter technology to protect people from harm to their health caused by environmental pollution and particulate matter (PM2.5) ■ Using filter technology to further enhance indoor air quality ■ Using high-level, high-functionality filter technology to protect people from infectious diseases	■ Providing products that reduce health risks		P.20
People and work	<b>Contributing to filter technology innovation and to addressing society's problems</b> <b>Refinement and application of technology</b> <b>- Striving to provide the filter technology needed by society</b> ■ Applying our unique technology to generate new value ■ Refining our unique technology to create unprecedented new types of filters	■ New Product Development ■ Number of new patents secured ■ Implementing communication and exchange with customers to address society's problems ■ Training participation		P.20-21
	<b>Creating high-motivation workplaces</b> <b>Motivated and engaged talent</b> <b>- Realizing “仕濾過事” (Rokajinitsukafuru: contributing to society through the filtration business)</b> ■ Undertaking work with high motivation and gratitude to and from customers, colleagues, and family members ■ Building workplaces that give due consideration to work-life balance, diversity, talent cultivation, and labor safety with the aim of enabling diverse human talent to fulfill their potential	■ Instilling our corporate philosophy of “仕濾過事” (Rokajinitsukafuru: Contribute to society through the filtration business) in our employees ■ Teleworking implementation rate ■ Data relating to diversity & inclusion ■ Hours of training per employee ■ Number of serious occupational accidents	■ By 2028, on a non-consolidated basis, achieve a 35% ratio of female employees and managers at or above the levels of March 31, 2023 ■ By 2033, achieve the above five-year targets or higher levels. ■ Increase the ratio of female directors to at least 30% by 2030 ■ Zero serious occupational accidents	P.25-29
	<b>Creating a workplace where a diverse workforce can realize their full potential</b>			
	<b>Promoting human rights awareness management</b> <b>Promoting human rights due diligence - Aiming to be a company that is trusted by society</b> ■ Demonstrating respect for human rights throughout the value chain, and fulfilling our corporate responsibility ■ Promoting human rights due diligence throughout the value chain	■ Putting in place the systems needed to ensure respect for human rights ■ Implementing an ESG survey of key suppliers, including human rights issues	■ Continue to conduct ESG surveys of 100% of suppliers	P.23

# Environmental Management

Performance Against Materialities / KPIs (FY2023)	
Scope 1 and 2 reduction rate (group) Year-on-year	17.1 %
Renewable energy introduction rate (group)	43.9 %
Waste reduction rate (group) Year-on-year	20.2 %
Recycling rate (domestic sites)	98.6 %

YAMASHIN-FILTER CORP. has set forth an environmental policy in order to put into practice our environmental vision: “Contribute to the creation of an abundant and sustainable society by taking responsibility for the natural environment of tomorrow.” Based on this policy, we have put in place the necessary internal management systems, and we conduct our business activities throughout the group in such a way as to minimize the negative impact on the global environment.

[Environmental Principle](https://www.yamashin-filter.co.jp/eng/company/philosophy.html)  
<https://www.yamashin-filter.co.jp/eng/company/philosophy.html>

## Environmental Policy

We will contribute to the conservation of the global environment based on our corporate philosophy of “仕濾過事” (*Rokajinitsukafuru*), or “Contribute to society through the filtration business.”

As a manufacturer of filters, we recognize that environmental issues are critical challenges for the future. We will therefore conduct the following activities:

1. Set environmental objectives and targets; then continuously work to improve on those areas, revising the targets as necessary.
2. Comply with all environmental laws, regulations, and other requirements and work to prevent environmental pollution.
3. Focus on the following areas regarding the environmental impact of our company’s business activities:
  - (1) respond to climate change;
  - (2) reduce the amount of natural resources and energy consumed;
  - (3) improve the management of environmentally harmful substances and encourage their replacement with less hazardous versions;
  - (4) reduce the amount of waste produced and promote technologies for recycling products;
  - (5) prevent environmental pollution and promote environmental conservation in surrounding areas; and
  - (6) enhance and promote biodiversity conservation.
4. Ensure that all employees and others working at our company are fully aware of this environmental policy and seek the understanding and cooperation of our business partners.

## Environmental Management System

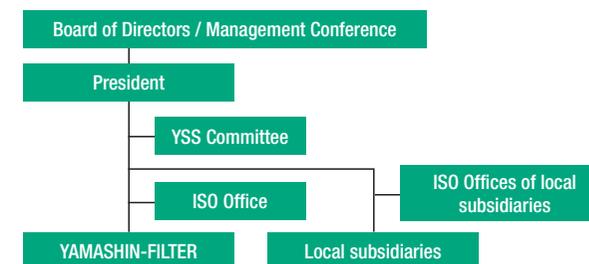
We established the YSS Committee as an advisory body for the President in FY2021. The YSS Committee meets once a month to set group policies and targets with respect to SDG promotion and ESG, while also overseeing and monitoring targets and implementation measures. Moreover, as we implement environmental measures, we have obtained ISO 14001:2015 certification for our manufacturing plants in Japan, our Cebu Plant in the Philippines, and our development site in Suzhou, China (for a certification coverage rate of 82% under this standard). The YSS Committee and the ISO Office collaborate as needed to make progress on reducing environmental impact, including reduction in the large quantities of energy consumed in product manufacturing.

We also provide regular training for ISO managers,

responsible personnel at each site, and new employees, helping them improve their knowledge of environmental management and conservation.

As a result of these efforts, in FY2023, our company had no violations of environment-related laws or regulations, and was not required to pay any fines in relation to such violations.

### Environmental Management System

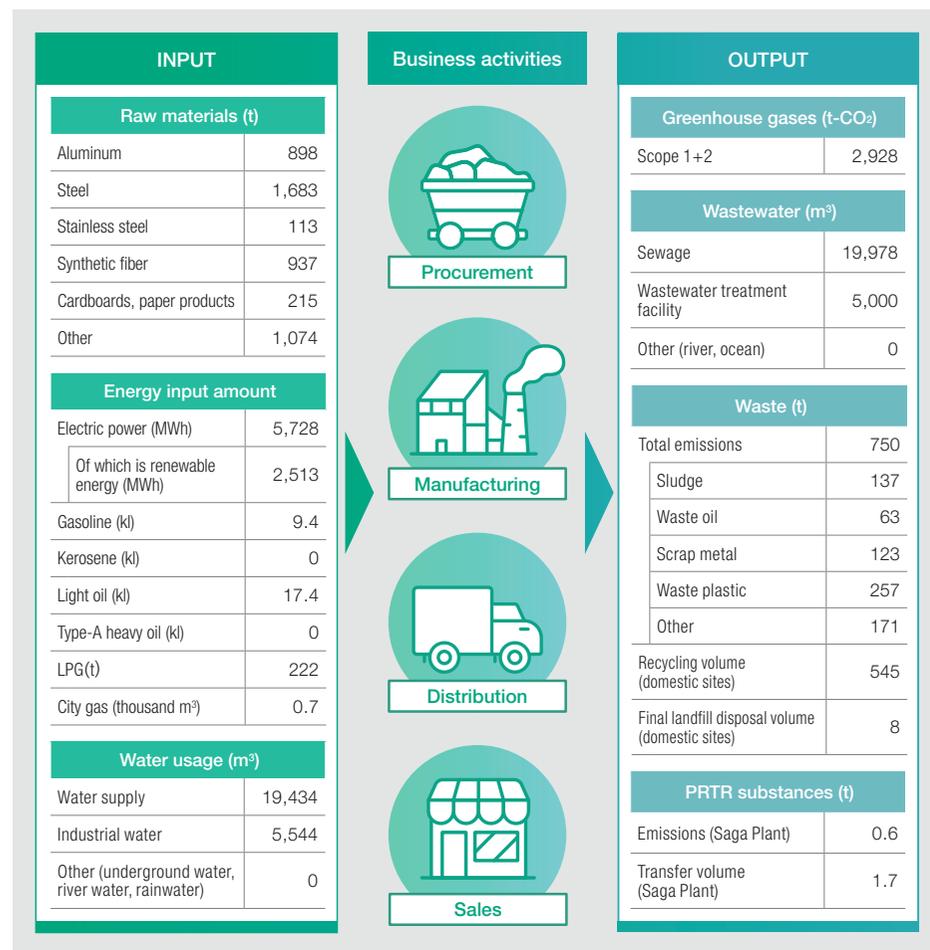


## Environmental Management

### Material Balance

Our group strives to ascertain our environmental burden across all our business activities and to reduce our impact on the environment.

#### Material Balance (group\*)



\*The recycling volume and final landfill disposal volume figures are for domestic sites only and the PRTR substances figures are for the Saga Plant only.

# Climate Change Initiatives

We recognize climate change to be one of the issues that confront us on a global scale, and that it presents us with major risks as well as major opportunities. As a responsibility of a global company, with the aim of achieving carbon neutrality, we will formulate medium- and long-term targets that are less than 1.5°C and realize a business model that contributes to climate change measures from the perspectives of both products and production.

## Responding to the TCFD Recommendations

We have been proactively moving forward with the disclosure of information in line with the Task Force on Climate-related Financial Disclosure (TCFD)\* Recommendations since we announced our endorsement in 2022.



\*The Financial Stability Board (FSB) established in 2015 at the request of the G20. The Task Force recommends that companies evaluate any financial impact that climate change risks and opportunities might pose to their business operations, and disclose their governance, strategy, risk management, and metrics and targets.

## Governance

YAMASHIN-FILTER CORP. has established a system of governance centering on the YSS Committee, the body designed to discuss sustainability issues including climate change. The YSS committee is chaired by the head of the Management Planning Office, who also serves as an executive officer, and consisting of all executive officers (approximately 20 members in total, including the Representative Director/President, the Director/Senior Managing Executive Officers, as well as the Director/Managing Executive Officers.) The committee, which meets monthly, is tasked with holding discussions of risks and opportunities, formulating responsive policies and setting KPIs, as well as monitoring KPIs and each of the related measures. It reports the content of its discussions to the Management Conference and Board of Directors. The responsive policies that the committee thus deliberates are reflected in decisions made by the Board of Directors and the Management Conference. They are also put into practice in business operations through the executive officer representing each department, thereby integrating them into corporate management.

### Sustainability Promotion System



## Risk Management

Through the YAMASHIN-FILTER CORP. risk management process, we classified the items according to the categories compiled by the TCFD, including transition risk, physical risk, and opportunity. In assessing the risks and opportunities, we carried out a quantitative assessment based on a total of six criteria: frequency of occurrence, duration of impact, extent of impact, impact on core business, likelihood of manifestation, and the time of manifestation. In light of the results of these steps, we deliberate and confirm the value of the financial impact, considering net sales, etc.

We then consider countermeasures for the risks we identify, in keeping with climate change-related strategy policies, and carry out risk avoidance, mitigation and management. These countermeasures are put forward by the YSS Committee, whereupon the Board of Directors and Management Conference deliberate and decide on those that require organizational decisions. Countermeasures that can be put into operation immediately are implemented by the executive officer representing each department in order to incorporate them into business operations.

## Strategy

In line with the TCFD categories, we specified climate change-related risks and opportunities facing the YAMASHIN-FILTER Group, and carried out a scenario analysis according to the 4°C Scenario\*1 from the Intergovernmental Panel on Climate Change (IPCC) and the 1.5°C/2°C Scenario\*2 of the International Energy Agency (IEA).

\*1 4°C scenario: IPCC RCP8.5, IEA STEPS

\*2 1.5°C/2°C scenario: IPCC RCP1.9/RCP2.6, IEA SDS/NZE2050

## Climate Change Initiatives

### Climate-related Risks and Opportunities

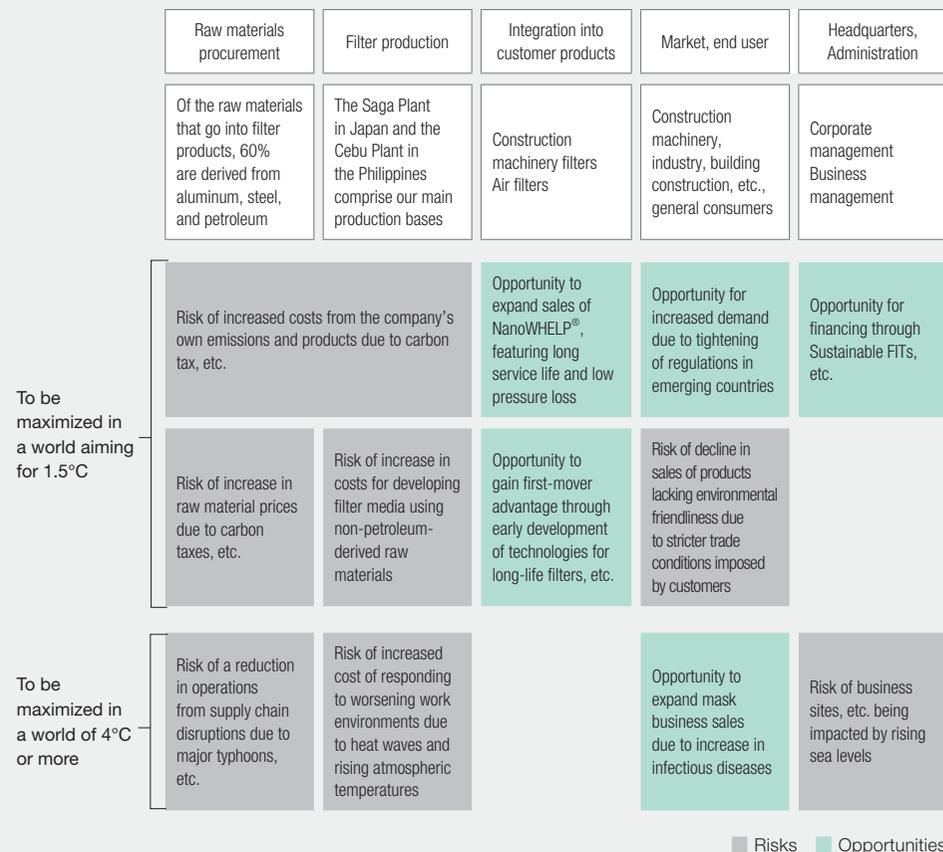
Category	Risk and opportunity	Time axis	Impact on business	
			1.5°C	4°C
Transition risk	Increased response costs resulting from taxation of the company's own emissions due to introduction of a carbon tax	Long-term	Small	Small
	An increase in costs relating to the imposition of an EU Carbon Border Tax in Europe targeting filter products whose main raw materials are aluminum and steel, which are responsible for the highest share of greenhouse gas emissions	Medium-term	Small	Small
	An increase in raw material costs resulting from the conversion of existing raw materials for filtration media (from petroleum-derived plastics to non-petroleum-derived materials)	Long-term	Medium	Small
	The automotive industry's accelerating shift to EVs as a measure against climate change could result in drastic increases in the price of aluminum, a key raw material in filter products	Long-term	Medium	Medium
	Stricter trade conditions imposed by customers such as mining-related companies could reduce demand for products that lack evident potential to reduce CO <sub>2</sub> emissions	Long-term	—	—
Physical risk	Supply chain disruptions or shutdowns resulting from cyclones, typhoons, etc., could reduce production capacity	Short-term	Small	Small
	A rise in atmospheric temperatures could increase the costs of coping with the resulting worsening work environments in factories and the impact on the supply chain	Long-term	Small	Small
Opportunity	Expanded opportunities to manufacture and sell long-life filters for construction machinery	Long-term	Large	Large
	Expanded opportunities for NanoWHELP® manufacturing and sales	Medium-term	Large	Large
	Expanded opportunities in business related to masks to counter the spread of infectious disease accompanied by rising atmospheric temperatures	Long-term	Medium	Medium
	Expanded opportunities to manufacture and sell high-performance filter products for construction machinery that comply with exhaust gas regulations	Short-term	Large	Large
	Increased investment in plant and equipment resulting from expanded financing opportunities through Sustainable FITs, etc.	Long-term	—	—

[Time axis] Short term: 0-3 years, medium term: 3-10 years, long term: 10+ years

[Financial impact] The degree of impact (small, medium, large) is calculated in accordance with the rules for extraordinary report. Please see the CDP response for more details.

In order to avoid risks, it is incumbent upon us to do our part in helping to keep the average global temperature to 1.5°C or less. This effort includes developing and supplying products that apply our technological capabilities to meeting decarbonization and environmental conservation needs so that we can exert a major social impact, giving rise to growth and profit opportunities for our company, which is our medium- to long-term strategic policy.

### Risk and Opportunity Mapping



## Climate Change Initiatives

### Metrics and Targets

In FY2023, our group's total emissions from Scope 1 (direct emissions from in-house sources), Scope 2 (indirect emissions from electric power use, etc.), and Scope 3 (emissions occurring throughout the value chain) were 74,082 t-CO<sub>2</sub>. Scope 1 and 2 emissions amounted to 2,928 t-CO<sub>2</sub>, down by 17.1% from FY2022.

In 2024, we submitted a commitment letter to the SBT initiative. Based on the SBT concept, our group will aim for 1.5°C level approval for Scope 1 and 2 and WB 2°C (well below 2°C) level approval for Scope 3.

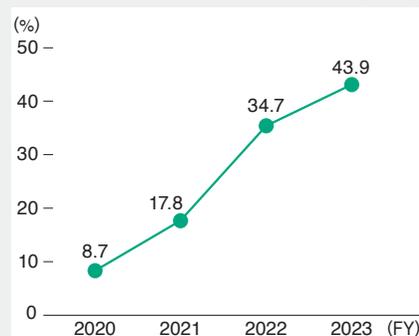
### Initiatives and Results

Each of our plants is considering the formulation of medium- to long-term reduction targets as they take steps to further reduce CO<sub>2</sub> emissions.

#### Using renewable energy

In FY2023, we used 2,513 MWh of electric power derived from renewable energy sources, and our group-wide implementation rate was 43.9%. The Saga Branch Office, which began operating in October 2021, has been designed to enable all electric power used in the plant to be supplied from renewable energy sources. Moreover, we have added visibility to the site's electric power use by installing an electric power monitoring system to oversee the status of power use by each individual line. To advance energy conservation still further, we reuse exhaust heat from the nanofiber production area during winter to heat the warehouse. The Yokosuka Innovation Center and AQC Corporation began using electricity from renewable energy sources in FY2023. Each of these initiatives is to be implemented at domestic and overseas sites.

Renewable energy introduction rate (group)



### Reducing energy consumption

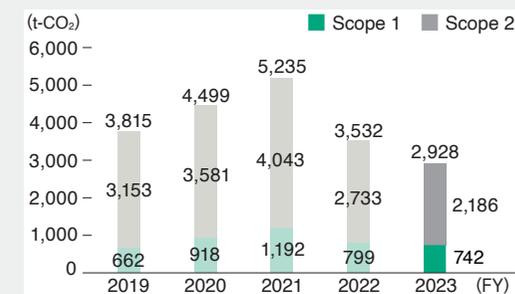
Our energy consumption in FY2023 was 1,589kl, resulting in a 21.9% year-on-year reduction.

#### Scope 1 and 2 emissions

The YAMASHIN-FILTER Group has set medium- to long-term CO<sub>2</sub> emission reduction targets and undertakes efforts to realize carbon neutrality by 2050.

As mentioned above, our Scope 1 and 2 emissions for FY2023 have been reduced by 17.1% compared to the previous fiscal year, mainly due to the use of renewable energy and reduced energy consumption.

Scope 1 and 2 emissions (group)\*1



Energy consumption \*1\*2

(kl)

Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Group	1,797	2,252	2,550	2,034 ✓	1,589 ✓
Overseas sites	1,027	1,225	1,621	1,174*3	934*3
Domestic sites	770	1,028	929	859	655

Scope 1 and 2 emissions\*1 breakdown/intensity

	Unit	Scope	FY2019	FY2020	FY2021	FY2022	FY2023
Scope 1, 2 total	t-CO <sub>2</sub>	Group	3,815	4,499	5,235	3,532 ✓	2,928 ✓
		Overseas sites	2,601	3,096	4,098	3,051*3	2,700*3
		Domestic sites	1,214	1,404	1,137	481	229
CO <sub>2</sub> emission intensity per net sales	t-CO <sub>2</sub> /million yen	Group	0.301	0.308	0.278	0.190	0.162

Note: Data marked with ✓ has third-party assurance

\*1 Includes greenhouse gases not derived from energy

\*2 Crude oil equivalent

\*3 Overseas sales offices (Belgium, United States, and Thailand) are excluded from the total due to their small percentage of total CO<sub>2</sub> emissions.

## Climate Change Initiatives

### Scope 3 emissions

In order to ascertain the environmental burden throughout our value chain, since FY2022, the YAMASHIN-FILTER Group has calculated Scope 3 emissions based on the GHG Protocol, which is an international standard for calculating greenhouse gases. Of the Scope 3 emissions for FY2023, purchased products and services (category 1) accounted for 73.8% of the total, which was the most of any category. This was followed by the disposal of products sold (category 12), which was responsible for 16.8% of Scope 3 emissions. In FY2023, we reduced our emissions in almost all categories bar category 1.

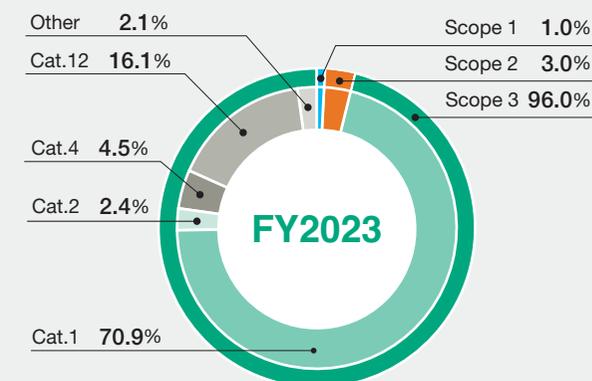
#### Scope 3 emissions (group)\*1

Item		FY2023 (t-CO <sub>2</sub> e)	Composition ratio (%)
Scope 3 Total		71,154	100
Cat. 1	Products, services purchased	52,531	73.8
Cat. 2	Capital goods	1,802	2.5
Cat. 3	Fuel and energy activities not included in Scope 1 and 2	589	0.8
Cat. 4	Transportation, delivery (upstream)	3,351	4.7
Cat. 5	Waste from business operations	347	0.5
Cat. 6	Business travel	143	0.2
Cat. 7	Employee commuting	446	0.6
Cat. 8	Leased assets (upstream)	Included in Scope 1 and 2 calculations	—
Cat. 9	Transportation, delivery (downstream)	Not included in calculation	—
Cat. 10	Processing of products sold	Not included in calculation	—
Cat. 11	Use of products sold	Not included in calculation	—
Cat. 12	Disposal of products sold	11,945	16.8
Cat. 13	Leased assets (downstream)	Not included in calculation	—
Cat. 14	Franchise	Not included in calculation	—
Cat. 15	Investment	Not included in calculation	—

Note: Data marked with has third-party assurance

\*1 Scope of data: Consolidated group

### GHG emissions (group)



### Making a contribution through our products

Every day, we make progress in addressing climate change through our filter products, centering on nanofiber technologies with less environmental impact.

Products, etc.	Summary
<b>Large construction machinery return filters and line filters</b>	Major improvement in long-life products helps control CO <sub>2</sub> emissions by reducing waste
<b>Air filter product "NanoWHELP®"</b>	Received high marks for making it possible to reduce CO <sub>2</sub> emissions by 23% per year compared to our conventional products
<b>Mask products</b>	Developing products that can be reused helps conserve resources and reduce waste
<b>Transmission filters</b>	Changes in materials used for parts have enabled weight reduction, helping reduce CO <sub>2</sub> emissions that occur during the transportation of raw materials and products
<b>Filtration media materials</b>	Advancement of research on reducing waste emissions throughout the life cycle by using biomass materials as filtration media

# Minimize Environmental Impact

## Water Resource Initiatives

### Management of water withdrawal and wastewater discharge

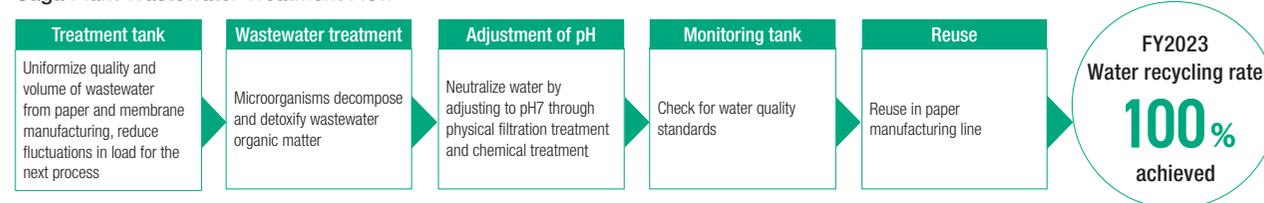
YAMASHIN-FILTER CORP. has established the following two medium- to long-term targets to work to actively reduce our water usage, setting forth targets for the reduction of water usage at each of our business sites in line with our belief in the importance of conservation and effective use of limited water resources.

- By FY2032, reduce group water withdrawals by 25% from the FY2022 level.
- Decrease the intensity of water withdrawal volume

Our Saga Plant treats its wastewater with microorganisms before filtering (physical treatment) and pH adjustment (chemical treatment), thus discharging it from the plant only after confirming that it poses no problems with respect to water quality standards. Furthermore, inspections are conducted by external organizations on a regular basis to keep wastewater quality constantly within the standard parameters.

While we recycle water to reduce our water withdrawal volume on our paper manufacturing line, in FY2022, we installed a new wastewater treatment facility to further increase our recycling rate. This improved our water recycling rate from about 50% to 100%, and we have maintained 100% recycling rate in FY2023 as well.

### Saga Plant Wastewater Treatment Flow



### Water intake volume (by intake source) (m<sup>3</sup>)

Water withdrawal source	Scope*1	FY2019	FY2020	FY2021	FY2022	FY2023
Water supply	Domestic sites	8,788	15,786	14,270	14,461	10,250
	Overseas sites	—	10,453	15,833	9,312	9,184
Industrial water	Domestic sites	0	0	0	0	0
	Overseas sites	—	0	312	5,764	5,544
Other (underground water, river water, rainwater)	Domestic sites	0	0	0	0	0
	Overseas sites	—	0	0	0	0
<b>Group*2</b>		<b>8,788</b>	<b>26,239</b>	<b>30,415</b>	<b>29,537</b>	<b>24,978</b>
<b>Intensity (m<sup>3</sup>/million yen)</b>		<b>0.69</b>	<b>1.80</b>	<b>1.62</b>	<b>1.59</b>	<b>1.39</b>

\*1 Scope of data  
 [Domestic sites] FY2019 to FY2021: Yokohama Development Center, Yokosuka Media Lab, Saga Plant  
 FY2022 & FY2023: Yokosuka Innovation Center, Saga Plant, AQC Corporation  
 [Overseas sites] FY2020: Suzhou Research Institute, Cebu Plant  
 FY2021 & FY2022: Suzhou Research Institute, Cebu Plant, Vietnam Plant  
 FY2023: Cebu Plant, Vietnam Plant

### Wastewater discharge volume (by discharge destination) (m<sup>3</sup>)

Wastewater destination	Scope*1	FY2019	FY2020	FY2021	FY2022	FY2023
Sewage	Domestic sites	5,158	10,951	8,315	7,163	5,250
	Overseas sites	—	10,453	16,145	15,076	14,728
Wastewater treatment facility*3	Domestic sites	3,630	4,835	5,955	7,298	5,000
	Overseas sites	—	0	0	0	0
Other (river, ocean)	Domestic sites	0	0	0	0	0
	Overseas sites	—	0	0	0	0
<b>Group*2</b>		<b>8,788</b>	<b>26,239</b>	<b>30,415</b>	<b>29,537</b>	<b>24,978</b>

\*2 Data is aggregated using a scope that combines domestic and overseas sites for each fiscal year  
 \*3 The wastewater treatment facility within the Saga Plant

## Water risk assessment

We carried out a water risk assessment in order to understand and properly address various water risks, including those associated with water supply and flooding at production sites. Using the Aqueduct global standards tool from the World Resources Institute (WRI), we conducted primary assessments at all four of our domestic and overseas sites. Since this tool is strictly for reference values, we are advancing preparations to carry out a second round of risk assessments, including secondary assessments (checking hazard maps, etc.) and interviews intended to evaluate water risk more accurately.

### WRI Aqueduct Evaluation Results(destination)

Production site	Water stress level*
Saga Plant	Low (1-2)
AQC Corporation	Low (1-2)
Cebu Plant	Very high (4-5)
Vietnam Plant	Very high (4-5)

\*Five water stress levels: very low (0-1), low (1-2), medium (2-3), high (3-4), very high (4-5)

## Minimize Environmental Impact

### Waste Reduction Initiatives

#### In-house initiatives

In working to reduce the environmental impact of day-to-day operations, YAMASHIN-FILTER CORP. sets environmental targets for individual items such as waste separation at production and business sites. We have therefore established the following new medium- to long-term targets.

- By FY2032, reduce group waste emissions by 20% from the FY2022 level.
- A domestic waste recycling rate of 95% or more

In FY2023, the group as a whole, including our overseas production sites, took in 4,920 tons of raw materials and discharged 750 tons of waste externally. We achieved a domestic recycling rate of 98.6%.

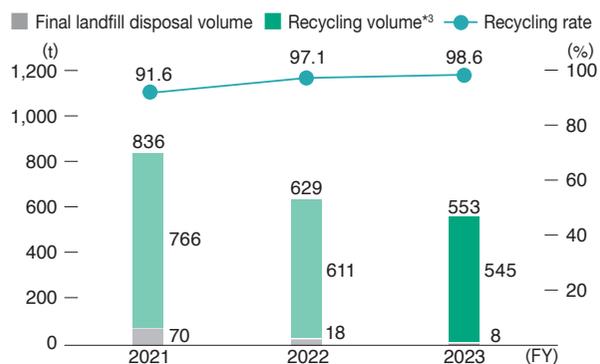
#### Primary raw material inputs (group)

Raw materials	FY2021	FY2022	FY2023
Aluminum	1,456	1,022	898
Steel	2,920	2,205	1,683
Stainless steel	288	259	113
Synthetic fiber	539	335	937
Cardboards, paper products	435	394	215
Other	2,272	1,357	1,074
<b>Total</b>	<b>7,910</b>	<b>5,572</b>	<b>4,920</b>

#### Waste emissions and hazardous waste volume (t)

Classification	Scope*1	FY2021	FY2022	FY2023
Sludge	Domestic sites	132.8	127.3	108.4
	Overseas sites	31.5	31.3	28.2
Waste oil	Domestic sites	60.5	26.6	44.1
	Overseas sites	21.5	27.1	18.4
Scrap metal	Domestic sites	125.8	97.8	119.5
	Overseas sites	0	3.1	3.0
Waste plastic	Domestic sites	474.1	339.0	257.4
	Overseas sites	0	0.2	0
Other	Domestic sites	84.2	82.5	23.8
	Overseas sites	39.8	205.0	147.1
<b>Group*2</b>		<b>970</b>	<b>940</b>	<b>750</b>
<b>Of which, hazardous waste</b>		<b>142</b>	<b>142</b>	<b>105</b>

#### Final landfill disposal volume, recycling volume & rate (domestic sites\*1)



\*1 Scope of data  
 [Domestic sites] FY2021: Yokohama Development Center, Yokosuka Innovation Center, Saga Plant, AQC Corporation  
 FY2022 & FY2023: Yokosuka Innovation Center, Saga Plant, AQC Corporation  
 [Overseas sites] FY2021: Suzhou Research Institute, Cebu Plant  
 FY2022 & FY2023: Suzhou Research Institute, Cebu Plant, Vietnam Plant

\*2 Data is aggregated using a scope that combines domestic and overseas sites for each fiscal year

\*3 Includes thermal recycled waste

### Initiatives for Management of Hazardous Chemicals and Waste

In order to ensure that chemical substances are properly managed at our company, we use safety data sheets (SDS) and task procedures to keep our employees informed of the importance of handling methods and protective equipment, including in the disposal of chemical substances. A manager in charge of chemical substances is assigned to each plant and works to ensure proper management and disposal of hazardous waste by conducting comprehensive management of data on hazardous waste volumes, etc.

#### Making a contribution through our products

YAMASHIN-FILTER CORP. works to develop environmentally friendly products based on analysis of the product life cycle from raw material selection to disposal. We sell long-life filters featuring extended service life, air filter products with lower CO<sub>2</sub> emissions, and high-performance masks suitable for repeated use. By offering environmentally friendly products, we help conserve energy and resources as we continue to study the potential for recycling systems for products made with nano-fibers.

### Biodiversity Conservation Initiatives

We recognize that biodiversity is an important natural capital for a sustainable society. We have now formulated a Biodiversity Policy and added biodiversity conservation as a pillar of our Environmental Policy. We will enhance our efforts to ensure that the group's business activities have next to zero impact on biodiversity.

#### YAMASHIN-FILTER Group Biodiversity Policy

[https://www.yamashin-filter.co.jp/eng/sustainability/environment/main/05/teaserItems1/00/linkList/0/link/Biodiversity\\_Policy.pdf](https://www.yamashin-filter.co.jp/eng/sustainability/environment/main/05/teaserItems1/00/linkList/0/link/Biodiversity_Policy.pdf)

# Research and Development

Performance Against Materialities / KPIs (FY2023)	
Creating and providing environmentally friendly products, and products that reduce health risks	
New Product Development	
Secured <b>138</b> patents	(domestic and overseas / as of the end of August 2024)
Implementing communication and exchange with customers to address society's problems	
Training participation (once a year)	

## Research and Development Policy

To contribute to resolving societal issues regarding “the environment,” “air quality,” and “health,” we have positioned construction machinery filters and air filters as the two domains at the core of our research and development efforts aimed at creating high-value-added products as a comprehensive filter manufacturer.

## Research and Development System

As a comprehensive filter manufacturer, we keep speedy research and development in mind as we develop products that reflect our customers' requests and society's needs. In accordance with research and development regulations, we consolidate planning and development proposals in the Research & Development Division, where they are converted into projects. The feasibility of moving forward with a project is then determined through design reviews and conferences with the participation of top management.

We have approximately 70 employees involved in research and development work, making this department the second largest to the Production Division. In the Yokosuka Innovation Center, which started operation in February 2022, we consolidated units that had been spread out among the Yokohama (Sugita) Development Center and Yokosuka Media Lab. Some staff have also been allocated to the Saga Branch Office and the Suzhou Development Center in China.

The research and development site comprises a division that provides core support for the group, with responsibility for development from a medium-term perspective (new product development) in which the Development Design Department and the Research & Development Department envision product lines one to five years in the future, as well as (basic) research from a long-term perspective to cultivate technologies that are essential to us as a manufacturer. In FY2023, in order to reinforce trend-conscious development we have strengthened our system for elemental technologies in the Research & Development Department, including new exploration. In the Development Design Department as well, we carried out a restructuring within the organization, including strengthening the system to improve quality and cost.

## Setting Research and Development Goals

For our FY2023 research and development targets, we adopted the theme of developing next-generation model filters, and we worked to produce results in this area.

### Major FY2023 Development Themes

- Low-pressure-loss filters for construction machinery
- Development of filters for the next generation of product models (aeration measures, etc.)
- ICT filter development (contamination level sensors, differential pressure sensors, etc.)
- Development of products utilizing nano-fibers, etc.

## Promoting Research and Development That Captures Our Customer's Needs

Our Research & Development Division and Sales Division work together to communicate promptly with customers every day so that we can reflect the needs of our customers in our products. After the COVID-19 pandemic, we resumed in-person visits in FY2022, and have conducted training sessions on filters at our sales office in Thailand in an effort to deepen communication with customers.

## Philosophy on Intellectual Property

In “(3) Protecting and respecting intellectual property rights” described in our Corporate Code of Behavior, we adopt a policy of respecting and not infringing on the rights and property of others, including intellectual property. Under our company motto of “Contributing to filter technology innovation and to addressing society's problems,” we have made sufficient development investments into the likes of equipment at our research and development sites. Having identified “environment,” “air quality,” and “health” as societal issues that we must help solve, we have positioned construction machinery filters and air filters at the core of our research and development efforts aimed at creating high-value-added products as a comprehensive filter manufacturer. Also, with regard to our core technologies and so on brought about by the exclusive development efforts of our group, we will enhance our protection of intellectual property and brand power by making our know-how confidential and acquiring intellectual property rights.

## Research and Development

### Intellectual Property Management System

Intellectual property-related activities are promoted mainly by the Research and Development Division and Legal Division, with personnel assigned at our Head Office and Yokosuka Innovation Center. The Intellectual Property Strategy Review Meeting, which is held every month, sees approximately 20 attendees including the Representative Director/President, the Director/Senior Executive Vice President, the Director/Senior Managing Executive Officer, Development Division Manager, Sales Division Manager, Quality Assurance Division Manager, and Research & Development Division and Legal Affairs Department members, and discusses the state of and strategies for intellectual property management.

### Number of Patents Held

Patent acquisition is necessary for eliminating counterfeit goods circulating in the market, and so we see this as one intellectual property strategy to help increase our corporate value. We have patents for our filter structures and filtration media manufacturing methods and equipment, totaling 138 patent acquisitions as of the end of August 2024.

We are striving to acquire patents to improve our competitiveness, and are undertaking initiatives with an awareness of leveraging the intellectual property landscape.

### Intellectual Property Education and Training

We hold intellectual property training annually for employees. New employees undergo intellectual property training as part of their new employee training. For those in charge of managing intellectual property, as well as on-the-job training, we also hold more specialist training for them to learn about domestic and overseas intellectual property rights. In FY2023, we held this training a total of three times.

#### FY2023 Intellectual Property Training (number of sessions)

Training theme	Eligible trainees	Number of sessions
Intellectual property protection	Employees of Sales Division, Production Division, and Saga Branch Office	2
Joint development agreements (Act on Prohibition of Private Monopolization and Maintenance of Fair Trade)	Employees of R&D	1

### Employee Invention Program

We have formulated Employee Invention Handling Regulations, which stipulate the process of handling employee inventions from the occurrence of the invention through to paying compensation to the employee. These regulations also stipulate to pay the employee responsible for the invention a reward when submitting a patent application, registering a patent, and commercializing the invention.

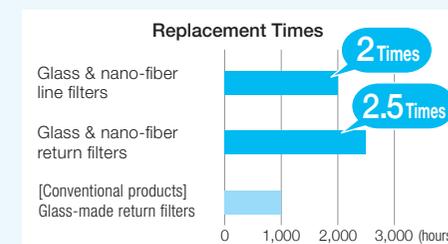
## TOPICS

### Environmentally Friendly YAMASHIN-FILTER Products

#### Extending Long-life Filter Service Life Even Further

Return filters and line filters for large-scale construction machinery that use nano-fibers help reduce waste because of their major extensions of service life. While the replacement time for return filters is 1,000 hours\*, those made with glass and nano-fiber have replacement times of 2,500 hours, and with line filters as well, this effect of nano-fibers also enables a longer service life of 2,000 hours with the same excavator.

\*Filter products using glass fiber only



#### NanoWHELP® Air Filters Contribute to Reducing CO<sub>2</sub> Emissions

Incorporating nano-fibers, NanoWHELP® has earned a strong reputation for filter performance and environmental friendliness (approved under U.S. MERV14 standards). Used in data centers, hospitals, and public facilities, NanoWHELP95 can reduce CO<sub>2</sub> emissions by 23% per year\* compared to our company's other products. In FY2022, NanoWHELP® sales volume was six times greater than in its first year, and we will continue to expand its adoption as a product that protects health in all kinds of settings.

\*Third-party assurance obtained



# Quality

## Quality Policy

We have established a quality policy to continuously create products that meet our customers' expectations.

### Quality Policy

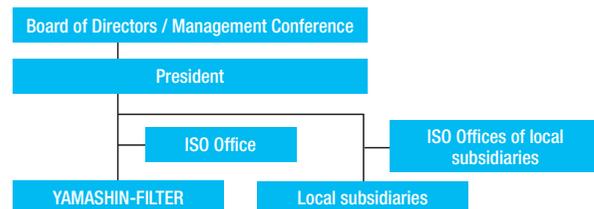
[https://www.yamashin-filter.co.jp/eng/sustainability/social/main/01/teaserItems1/01/linkList/0/link/QualityPolicy\\_en.pdf](https://www.yamashin-filter.co.jp/eng/sustainability/social/main/01/teaserItems1/01/linkList/0/link/QualityPolicy_en.pdf)

## Structure for Quality Control

We have been certified under ISO9001:2015, the international standard for quality management systems (with a certification coverage rate of 78%). Under our in-house ISO Office, we run PDCA cycles by implementing quality control based on the relevant rules and regulations.

To improve quality, we set numerical targets for process defect rates, and monitor and manage these as metrics. The Quality Assurance Division assesses the monthly defect rates at the Saga Plant, the Cebu Plant, and the Vietnam Plant. Corrective and preventive measures are implemented according to the state of progress toward the achievement of targets. Defect rates and defect cases are presented at our monthly Management Conference for deliberation on the causes and the appropriateness of countermeasures. Major defect cases, in particular, are brought up for discussion at the Board of Directors/Management Conference.

### Diagram of Quality Control Structure



## Initiatives Concerning Quality Control

### Actions to Correct and Prevent Defects

To assure quality, it is necessary to take into consideration the future service life of the product at the customer's location before moving ahead with the development, design, processing, and assembly work with the lifetimes of the materials, parts, and products to be used in mind. In our quality management, we make use of diverse tools such as Pareto diagrams for quantitative and qualitative analysis of defects so that their causes can be brought to light in the early stages.

As a general rule, our system initiates an investigation on the very day that we receive an inquiry or a defective product from a customer. In cases where customers send inquiries about defects to our sales offices, the person in charge at the respective sales office conducts a defect report to the party concerned such as the Quality Assurance Division on our internal system. As well as an internal investigation, swift action is taken by working closely with the internal and external departments in charge.

### Improvement Activities

At our production sites, we conduct improvement activities with a focus on reducing overcapacity (in terms of process flow, workload, and machine capacity), wastefulness, and inconsistency. At the Saga Plant, all employees submit at least one proposal per month concerning safety, quality, and process improvements. As part of our DX advancement efforts, robots have been introduced to production lines, and at our Vietnam Plant, we are implementing thorough quality control, not only through on-site guidance but also remote guidance.

Improvement activities at our production sites are constantly ongoing, and change is always taking place. We proactively make continual improvements, however small, to achieve customer satisfaction by improving quality.

## Human Resources Development for Quality Improvement

Increasing quality requires an attitude of constantly working on improvement, and further improvement requires workers to understand the essence of what they do. Therefore, with respect to all workers, we go beyond simple communication of the content of tasks, conducting education to enhance their understanding of work from the essentials, including the significance of tasks and the principles and technology of equipment. We work to cultivate human talent that can address problems, not only by putting forward proposals for improvement, but also by implementing management until those improvements are completed. We also promote the development of multi-skilled workers who can carry out a variety of work so that quality defects and delivery delays do not occur even if we are suddenly short-handed. This understanding of the essence of work and mastering various tasks also leads to the growth of employees.

## Advanced Standardization Using ICT

We make digital copies of work standard documentation and ensure workers can check them on tablet devices installed on production lines. We ensure quality by preventing work inconsistency and drops in efficiency even if workers change. While there has been a language barrier in sharing and standardizing assembly procedures with our overseas bases, we have replaced paper documents with video content to share and standardize assembly methods.



A worker checks work standard documentation at a terminal within the process

# Supply Chain Management

## Performance Against Materialities / KPIs (FY2023)

Implementing an ESG survey of key suppliers, including human rights issues (group)

100%

## Approach to Supply Chain Management

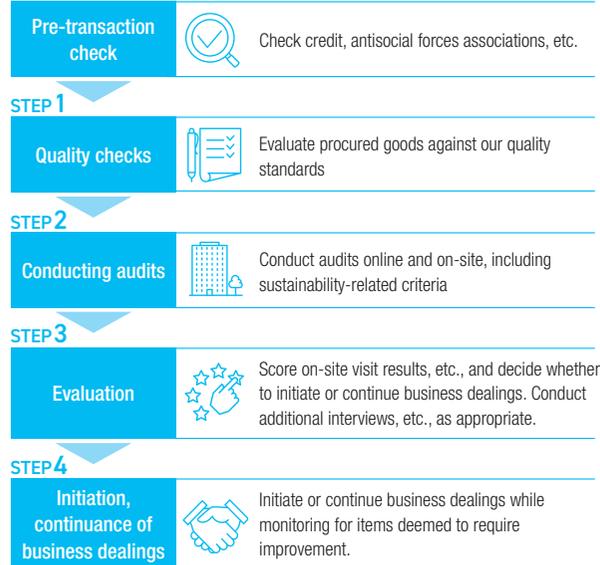
We promote responsible procurement in light of our recognition that contributing to solving social issues with our high-quality products necessitates working throughout the supply chain to ensure consideration for the environment and human rights, and compliance with laws and regulations.

## Responsible Procurement and Contribution

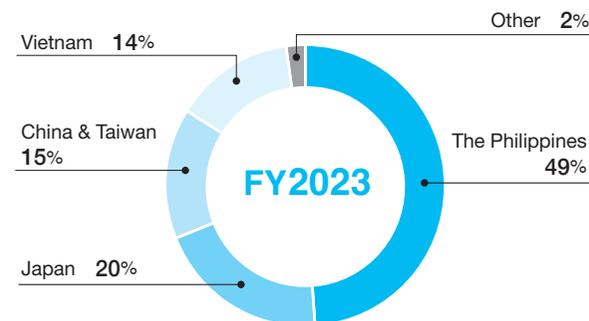
Our suppliers number more than 200, about half of which are overseas companies in the Philippines, China, and Vietnam, where we have production plants and research facilities. This is based on our policy of conducting procurement locally whenever possible in order to help create local jobs and revitalize local economies, and we only purchase items that satisfy our quality standards.

When selecting a new supplier, we carry out on-site audits that include sustainability. When a supplier fails to measure up to the specified standard, they are excluded from our business dealings. For our existing suppliers, since April 2023, we have implemented on-site audits that incorporate sustainability activities and human rights items. In FY2023, we achieved an on-site audit implementation rate of 100% among raw material suppliers.

### Supplier Selection flow



### Procurement and Purchasing Ratios by Region



## Supplier Evaluations

We identify as key suppliers (1) those providing materials susceptible to quality impacts, (2) those with large-scale procurement values, and (3) those that would be difficult to replace. In FY2021, we conducted a CSR procurement survey on about 30 companies, and reached our goal of a 100% implementation rate for surveys on ESG issues, including human rights, among key suppliers. The average score of each item among the 22 responding suppliers was nearly 90 points, from which we learned that many of them are implementing high-level sustainability measures.

In addition to this, we perform periodic on-site visits to audit our ongoing suppliers from the perspectives of quality, cost, delivery deadlines, legal compliance, state of management, safety, and environmental management. Since FY2023, we have incorporated sustainability activities and human rights into the audit items. In the case of companies that accept foreign nationals, we check the presence and ratios of foreign workers and whether there are any evident discrepancies in compensation or other aspects of employee treatment. As a result of these audits, no suppliers have at present been identified as posing high human rights risks.

## Supply Chain Management

### Procurement Personnel Training

Primarily through on-the-job training, we provide our procurement personnel with education on supplier selection criteria, including sustainability items, so that they can appropriately judge the state of compliance with those criteria and appropriately select suppliers.

### Collaboration with Partner Suppliers

Before the COVID-19 pandemic, we made it a practice to visit and hold regular conferences with 30 to 40 suppliers each year.

Since the pandemic ended, we have managed to prevent our supply from being impacted by persistently holding weekly meetings to enable communication, particularly with key suppliers. We also hold a Partners Meeting and Business Liaison Committee meeting online twice a year as discussion forums. Most recently, we held the Partners Meeting in June 2024, which was attended by 31 companies from Japan and overseas. In this meeting, we shared our sustainability initiatives and so on, and asked our suppliers to advocate human rights and take measures in response to climate change.

### BCP in the Supply Chain

Frequent disruptions of supply chains during the COVID-19 pandemic brought the risks of relying on a limited number of suppliers to the fore. We took this as an opportunity to take steps toward multipolar procurement, separating multiple procurement regions as a basis for our work on risk reduction. We are also encouraging our existing suppliers to move ahead with multipolar procurement.

### Addressing Conflict Minerals and Chemicals

YAMASHIN-FILTER Group uses no conflict minerals whatsoever, and confirms that suppliers are not using them either. We manage chemical substances appropriately in keeping with the standards of each country. We also ask our suppliers to comply with rules prohibiting the use of conflict minerals, as well as to ensure the proper management of chemical substances.

# Human Capital

## Performance Against Materialities / KPIs (FY2023)

Hours of training per employee (non-consolidated) **15.5** hours

Ratio of female managers (group) **20.3** %

Teleworking implementation rate (the Yokohama region where the company's offices are located) **51** %

YAMASHIN-FILTER adopts diversity management as the management base to ensure all employees respect each other's experience, abilities, and ways of thinking, regardless of differences such as nationality, age, gender, culture, or religion. We strive to foster the success of a diverse workforce based on this management policy, and by raising the level of efforts to develop personnel, which serve as the foundation of our management, we will enhance our efforts to build an organizational culture that allows us to swiftly and flexibly respond to changes in the external environment.

### Approach to Securing Human Resources

- Development of the next generation of leaders through the selection of high-potential personnel and 360-degree assessment
- Systematic training of future management candidate personnel
- Building a system for recruitment and development of junior human resources aimed at optimal human resource allocation
- Consider outsourcing as a means of compensating for human resource shortages

## Human Resource Development

The systematic development of next-generation leadership, including potential candidates for executive posts that can address environmental changes against the backdrop of diversification of business operations and further global expansion, presents us with a crucial management issue. As a company that keeps our functions from development to production and sales in-house, we face the challenge of passing on our development methods and production technologies. Acknowledging this, our human resources and business divisions work together under the leadership of top management to move forward with human resource recruitment and development.

### Human Resource Development Initiatives for the Next Generation

To develop personnel that will lead our future success, we implement executive (and executive candidate) talent management and motivation-boosting measures, assign appropriate personnel to appropriate positions based on evaluations of potential, eliminate the seniority system through appropriate personnel evaluation, introduce a global matrix for overseas group managerial personnel evaluations, optimize the personnel system, and build an appropriate personnel evaluation mechanism through job rotation. We also hold regularly scheduled rank-based training.

#### Practical Training

##### Training for directors and executive officers

Participation in external training to gain capabilities for the creation of management metrics within one to two years after taking up an executive officer position.

##### Managerial position training

Training on compliance and harassment prevention, and

labor management training that forms the basis for taking on managerial positions, as well as hands-on training for division managers, including discussions based on lectures from management.

#### New employee training

Business etiquette and other basic training as a member of society, product and technology training to gain a deeper understanding of our company, and manufacturing training at plants, were conducted over the course of one and a half months.

#### Training Results (Non-consolidated)

	Unit	FY2021	FY2022	FY2023
Total training hours	Hours	2,310	2,688	2,519
Average hours of training per employee	Hours	12.2	14.0	15.5
Average days of training per employee	Days	5.4	6.1	9.3

#### Study-in-Japan Trainee Program

We have a Study-in-Japan Trainee Program that aims to help employees improve their knowledge of work, train and learn technical skills, broaden their horizons, and contribute to the advancement of our business. Eligible trainees are persons who have given at least three continuous years of service to the company and have been recommended by a department manager. The length of the program is between six months to three years, and the company pays for the cost of this program. To date, three individuals have used this program and finished their studies at a graduate school or completed a doctoral program.

## Human Capital

### Fair Personnel Assessment and Compensation

Our group have adopted the Management by objectives (MBO) system in order to assess employee abilities appropriately and link the results to their compensation. The evaluation categories have seven ranks. The evaluation sheet is divided into two: individual targets and behavioral targets. The individual targets are decided upon consultation with one's supervisor. The behavioral targets are outlined by the Guiding Principle of Acts for company employees, with the required Guiding Principle of Acts tailored to each grade. The evaluation is held twice a year. A fair evaluation is carried out, in principle, by conducting it in four stages: the primary evaluator is one's section manager, the secondary evaluator is one's department manager, the third evaluator is one's division manager, and the final evaluator is an executive officer. The result of the evaluation is always fed back to the employee through a one-on-one meeting with them.

### Human Resource Diversification

As a global company, we engage in hiring, assignment, and education that seeks to place the right people in the right positions, and work to ensure a comfortable workplace environment, regardless of factors such as nationality, age, gender, cultural background, or religion.

### Globalization and Localization of Human Talent

At the Cebu Plant, our largest plant, we are advancing our localization of senior management, with Philippine nationals among our directors, general managers, and managers. We arrange information-exchange opportunities to regularly bring managers of overseas subsidiaries to Japan, which help deepen personal interaction with the Head Office staff and provide support for the further growth of overseas managers.

In November of FY2023, we held a YAMASHIN Global

Summit as the first international conference in the group in about three years. Approximately 40 participants attended, including managers from the Head Office and from overseas subsidiaries, all of whom joined in active discussions of initiatives on climate change, respect for human rights, and other sustainability-related efforts.



Scene from the YAMASHIN Global Summit

### Plant Management That Respects Local Customs and Culture

We also recognize that blending in with local communities and respecting local customs, such as Christmas-related religious services and parties at the Cebu Plant, are an important part of diversity initiatives to be carried out in line with globalization. In December 2022, we resumed the Christmas Mass and party at the Cebu Plant that had been held before the COVID-19 pandemic, and it was enjoyed by many employees.

The party customary includes yearly presentation of award to employees with extremely good attendance records, and several employees are honored each year. Some of the awardees have received the honors for several years in a row in recognition of their support for the Cebu Plant, our mass production facility.

### Enhancing Global Production

In October 2024, we held the first YAMASHIN Olympia at our Saga Plant. This global production event had been held every year until 2014, but this year's event was the first time it had been held in 10 years. Representatives of four plants, the Saga Plant, Cebu Plant, Vietnam Plant, and AQC, took part in the event. They presented the details of the improvement activities they carry out on a daily basis at each plant and skills competition was also held.

Production sites are not just about making products. The representatives of each plant gave presentations on topics including how they are partnering with related departments to improve various underlying issues at production sites, as well as the benefits they have experienced from reducing energy consumption. The skills competition saw representatives of the Saga Plant, Cebu Plant, and Vietnam Plant compete against each other on how quickly and accurately they could produce something based on an element drawing given to them on the day of the event. For employees of the Saga Plant, which is the mother plant, it was an event packed with fascinating stories. They got to hear tales from a former employee of the Saga Plant and a veteran employee with 30 years of continuous service at the Cebu Plant, as well as anecdotes from employees of the Vietnam Plant reciting the tough times faced in launching the new plant.



Scene from the improvement activity presentation event

## Human Capital

### Medium- and Long-Term Targets for Women's Participation and Advancement and Non-Japanese Managers

In FY2023, we strengthened our efforts for women's participation and advancement by laying out five-year targets through 2028 and ten-year targets through 2033. In 2024, we also formulated targets for non-Japanese managers.

#### Targets for Women's Participation and Advancement

**Five-year targets** On a non-consolidated basis, achieve a 35% ratio of female employees by 2028, and on a group basis, maintain the ratios of female employees and managers at or above the levels of March 31, 2023.

**Ten-year targets** By 2033, set each 10-year target ratio to the above-mentioned five-year target levels or more. Increase the ratio of female directors to at least 30% by 2030.

#### Targets for Non-Japanese Managers

**Five-year targets** Achieve a 5% ratio of non-Japanese managers by 2028.

We recognize that promoting women's active participation and advancement is an important issue for our company. In FY2023, we set medium- to long-term targets for women's participation and advancement. Although the ratios of females and female managers within the group are relatively high at 52.3% and 20.3% (as of the end of March 2024), respectively, the fact that our company's ratio of female managers is low at 5.9% and it is 0% at the subsidiary AQC Corporation is an issue.

With regards to non-Japanese personnel, we are promoting the appointment of core personnel to managerial positions based on the principle of placing the right people in the right roles, taking into account their abilities and achievements, regardless of nationality, age, gender, or mid-career hire. That being said, our ratio of non-Japanese managers is an issue as it is 0% (as of the end of March 2024).

### Employment for People with Disabilities

Our employment rate for people with disabilities is 1.48% (as of June 1, 2024), below the statutory employment rate of 2.5%. To achieve the statutory employment rate, we are examining specific initiatives to promote the hiring of talent with disabilities.

### Promoting Employment of Elderly Persons

Regarding elderly persons employment, we continue to offer employment extensions to 100% of those who wish to remain employed up to age 65, while also extending employment contracts beyond age 65 to those who request it.

#### Data relating to diversity & inclusion

(%)

	Scope	FY2021	FY2022	FY2023
Ratio of females	Group	—	51.7	52.3
	Non-consolidated	23.3	31.6	32.5
	AQC Corporation	—	37.6	39.7
Ratio of female directors	Non-consolidated	0	10	22
	Group	17.9	19.7	20.3
Ratio of female managers	Non-consolidated	2.3	5.2	5.9
	AQC Corporation	—	0	0
	Non-consolidated	—	—	0
Ratio of mid-career-hire managers	Non-consolidated	—	—	74.5
Rate of male childcare leave	Non-consolidated	—	100	100
	AQC Corporation	—	100	0
Pay differential between men and women*1 *2	Non-consolidated	75.2	73.4	77.0
	AQC Corporation	—	69.5	70.6
Employment rate for people with disabilities	Non-consolidated	1.59	1.61	1.48

\*As of March 31 of each fiscal year

\*The ratio of female officers as of the end of June each year

\*Employment rate for people with disabilities as of June 1 each year

\*1 The scope is all workers, including part-time and fixed-term workers

\*2 Ratio of women's salaries to men's

## Human Capital

### Work-Life Balance

In 2015, we took a business recession as a positive opportunity to launch work-style reforms. Among these, we are promoting greater work efficiency with the aim of realizing zero overtime in principle. At the end of work, top managers take the lead in patrolling the workplace to encourage remaining employees to head home. When overtime is unavoidable, managers recommend early arrival at work and give instructions for no one to remain at work after the scheduled time.

We have also been promoting telework, and in FY2023 we set a numerical target of 60% for teleworking implementation when the pandemic was spreading. The average working-from-home rate was 51% in the Yokohama region where the company's offices are located.

To enable employees to realize a work style suited to their current life stage, we have put in place a system that provides support for balancing work with childcare. In FY2023, the percentage of employees returning to work after taking childcare leave was also 100%.

As employee benefits, we provide various entertainment and leisure opportunities through the Kanagawa Prefecture Kiki Health Insurance Society or Relo Club. We are undertaking further work style reform efforts and working hard to build a culture focused on well-being.

#### Data Relating to Work-life Balance (non-consolidated)

	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Teleworking implementation rate*	%	—	54	56	49	51
Overtime hours (monthly average hours)	Hours	4.08	7.77	14.77	14.25	6
Rate of return to work after childcare leave	%	100	100	100	100	100
Rate of taking paid leave	%	61.4	47.2	65.1	62.8	63.7

\*Limited to the Yokohama region where the company's offices are located

### Supporting Both Childcare and Nursing Care

We have Childcare and Nursing Care Leave Programs, and the rate of return to work after childcare leave is 100% every year. Some employees also use our Nursing Care Leave Program. Those who request to use this program can do so. Up to five days for childcare leave and nursing care leave for family members can be taken as paid holiday per year (10 days for two or more people). Some of our employees who are balancing work with childcare or nursing care tell us that having a work environment where they can work remotely is really reassuring.

We believe encouraging the involvement of men in childcare is an important effort that will facilitate women's participation and advancement. That is why our General Affairs Department actively reaches out to our male employees to make it easier for them to take childcare leave. In FY2023, the rate of childcare leave use by male employees was 100%.

### Employee Engagement

#### Employee Engagement Survey Implementation

In FY2023, we carried out an engagement survey to help make our workplaces more comfortable and satisfying for our employees to work in. The engagement survey was carried out on 192 regular employees who work at our Head Office, Saga Branch Office, and Yokosuka Innovation Center. The response rate was 100%. While we obtained a score equivalent to the average of Health & Productivity Management Outstanding Organizations Recognition Program, for the items for which we scored below average, we are already taking improvement measures and enhancing our efforts.

#### Employee Engagement Survey Results (FY2023) (score)

Item	Average score*	Our score
Physical and mental well-being	58.76	58
Engagement	62.45	59
Work	55.49	52
Relationships with fellow staff	72.27	70
Relationship with organization	61.50	58
Organization's understanding	59.24	55

\*Average score of Health & Productivity Management Outstanding Organizations Recognition Program

#### Main Issues Observed From the Results

- Need mental health care and to reduce the burden of work
- Need a good relationship with one's supervisor(s)
- Need trust in the organization, career/personal development
- Need to promote awareness of programs and employee benefits

### Supporting Asset Building

We have introduced an asset building program and support for domestic employees to increase their motivation to work for the company for the medium to long term.

#### Asset Building Program

Lump-sum retirement allowance	This right is given to full-time employees who give three or more years of continuous service
Defined contribution pension plan	Those with a welfare pension (including some non-regular employees) can increase their assets by way of three types of contributions (employer, participant, asset transfer)
Employee Stock Ownership Association	This program is available to directly hired employees below the age of 60. Said employees can regularly purchase company stock every month (purchasing units are 1,000 yen for one lot up to a maximum of 50 lots for 50,000 yen). The cost of purchased shares will be deducted from the employee's salary, and the employee can purchase stocks at this amount plus a reward (10%).

# Occupational Health and Safety

## Performance Against Materialities / KPIs (FY2023)

Number of serious occupational accidents (non-consolidated and some group companies)

0 Incidents

## Occupational Health and Safety Policy

We see employee health and safety as being the most important foundations to building a well-being-orientated culture, and that is why we have formulated the YAMASHIN-FILTER Group's Occupational Health and Safety Policy.

[YAMASHIN-FILTER Group Occupational Health and Safety Policy](https://www.yamashin-filter.co.jp/eng/sustainability/social/main/01/teaserItems1/07/linkList/0/link/Occupational_Health_and_Safety_Policy.pdf)  
[https://www.yamashin-filter.co.jp/eng/sustainability/social/main/01/teaserItems1/07/linkList/0/link/Occupational\\_Health\\_and\\_Safety\\_Policy.pdf](https://www.yamashin-filter.co.jp/eng/sustainability/social/main/01/teaserItems1/07/linkList/0/link/Occupational_Health_and_Safety_Policy.pdf)

## Health and Safety Management

### Health and Safety Framework

In the area of occupational health and safety, we have established a basic policy regarding the creation of better work environments, and we take meticulous actions. Every month, we convene Health Committee meetings at the Head Office and at the Yokosuka Innovation Center, as well as Occupational Health and Safety Committee meetings at the Saga Plant. At these meetings, we identify occupational health and safety risks, share information, and make reports on the status of current efforts. From here, we then improve the working environments. The state of occupational accidents at our Cebu Plant and Vietnam Plant is reported to the monthly Management Conference to discuss possible improvements.

We also conduct health consultations by industrial physicians along with yearly stress checks for employees as we strive for early detection of any deterioration in physical condition. The working hours of employees are checked every

month by the General Affairs Department. If the predetermined time is exceeded, the individual in question and their supervisor will be warned about it to prevent overwork.

### State of occupational accidents

In FY2023, 13 occupational accidents occurred (one in Japan and 12 overseas). No fatal or other serious occupational accidents occurred within the group. As a breakdown of work accidents, a cut-related injury occurred at the Saga Plant and laceration, burn, and cut injuries occurred at the Cebu Plant. The causes of these work accidents are mainly down to carelessness and not properly observing safety protocols. Thorough explanations regarding complying with safety protocols are given to staff not only when they join the company but also in their daily work. Also, there was a burn caused by a malfunction of part of the machine, and under the supervision of the site safety manager, the machine was promptly repaired. Going forward, we will continue striving to prevent the occurrence of occupational accidents through the continued thorough implementation of safety measures.

### State of occupational accidents

	Unit	Scope	FY2021	FY2022	FY2023**
Number of occupational accidents (number of serious occupational accidents*1 among these)	Incidents	Non-consolidated	3(0)	2(0)	1(0)
		Cebu Plant	31(0)	11(0)	12(0)
		Vietnam Plant	—	—	0
Lost Time Injury Frequency Rate (LTIFR**)	—	Non-consolidated	0	0	0
		Cebu Plant	31.89	69.07	19.60
		Vietnam Plant	—	—	0
Total Recordable Injury Frequency Rate (TRIFR**)	—	Non-consolidated	7.69	5.22	2.82
		Cebu Plant	14.75	8.33	8.00
		Vietnam Plant	—	—	0

\*1 Serious occupational accident: A disaster in which three or more workers are injured, killed, or fall ill due to work at the same time.

\*2 Lost Time Injury Frequency Rate (LTIFR): Total number of lost workdays ÷ Total hours worked × 1,000,000

\*3 Total Recordable Injury Frequency Rate (TRIFR): Total number of recordable injuries ÷ Total hours worked × 1,000,000

\*4 The scope for FY2023 covers approximately 97% of the production ratio.

### Initiatives to Prevent Occupational Accidents

We conduct regular safety patrols at our plants to detect any repairs that are needed from a safety standpoint, and to check the status of safety rule compliance as part of our efforts to prevent accidents. In certain processes in plants that handle high-temperature nanofiber chambers, hazardous chemicals, or dangerous substances, which are deemed to carry a particularly high health risk, we undertake training according to written work procedures. All persons in charge must take this training. In addition, for areas that have a high health risk, we install exhaust ducts and ensure workers wear gas masks and work clothes with built-in cooling fans.

### Occupational Health and Safety Education and Training

The YAMASHIN-FILTER Group regularly holds education and training on occupational health and safety. In FY2023, employees at our Saga Plant, Cebu Plant, and Vietnam Plant participated in various external occupational health and safety training, including those stipulated by law.

### Data on Occupational Health and Safety Training

Training theme	Eligible trainees	Number of sessions
<ul style="list-style-type: none"> <li>Hazardous materials safety course</li> <li>Chemical substance manager training</li> <li>Health and safety officer course and other</li> </ul>	Saga Branch Office, Yokosuka Innovation Center	Multiple times a year
<ul style="list-style-type: none"> <li>Health and safety for workers</li> <li>Product safety</li> <li>Handling of chemical substances (harmful substances) and other</li> </ul>	Cebu Plant	Multiple times a year
<ul style="list-style-type: none"> <li>Basic knowledge about occupational health and safety</li> <li>Basic knowledge about hazardous and harmful substances</li> <li>How to use safety equipment</li> <li>First-aid treatment in the workplace and other</li> </ul>	Vietnam Plant	Multiple times a year

## Occupational Health and Safety

### Labor-Management Agreements

While we do not have a workers' union, we have workers' representatives selected at each site and enter various labor-management agreements, including the 36 Agreement. We make details about labor-management agreements that we have signed known to all through posting them on our company intranet. As part of the dialogue between workers and management, we try to build close ties and trusting relationships by carrying out employee engagement surveys and holding events such as new employee welcome events, year-end corporate luncheon, and softball tournaments.

### Measures Against the World's Three Major Infectious Diseases

We recognize that tackling HIV/AIDS, tuberculosis, and malaria, which are called the three major infectious diseases in the world, is a major issue in expanding our business globally. In our domestic employees' statutory health checkup every year, chest X-ray screenings are conducted to facilitate the early detection of tuberculosis and prevent it from spreading.

Our overseas subsidiaries conduct a health checkup of all employees once a year. For employees posted overseas and their accompanying families, we provide information on complying with the regulatory requirements of the respective country and the necessary vaccinations before traveling. We have them get optional vaccinations for malaria and so on after consultation with a medical institution about the individual's health status, medical history, and vaccination history.

# Respect for Human Rights

## Human Rights Policy

As a global enterprise, the YAMASHIN-FILTER Group recognizes its responsibility for ensuring that human rights are respected throughout the entire value chain, and has accordingly established a Human Rights Policy in compliance with international standards, including the United Nations Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

[🔗 YAMASHIN-FILTER Group Human Rights Policy](https://www.yamashin-filter.co.jp/eng/sustainability/social/main/01/teaserItems1/05/linkList/00/link/GroupHumanRightsPolicy_English.pdf)  
[https://www.yamashin-filter.co.jp/eng/sustainability/social/main/01/teaserItems1/05/linkList/00/link/GroupHumanRightsPolicy\\_English.pdf](https://www.yamashin-filter.co.jp/eng/sustainability/social/main/01/teaserItems1/05/linkList/00/link/GroupHumanRightsPolicy_English.pdf)

## Harassment Survey and Follow-up

In order to create an employee-friendly in-house working environment in which human rights are respected, we have put in place both internal and external consultation hotlines so that employees and business partners can anonymously report any harassment or other human rights violations that they are affected by or become aware of (see p.35).

No consultations were handled during FY2023. The findings of individual interviews, however, revealed that an incident of suspected power-based harassment had occurred, and we responded by providing guidance to the parties involved, with consideration given to the wishes of the consulting party. Besides seeking to enhance awareness by implementing periodic training in relation to harassment prevention, we also strive to ensure that requests for consultation are handled properly, by providing lectures for managers on the proper handling of consultations and their content.

## Identifying Human Rights Risks

In FY2022, we held study sessions on human rights issues and initiatives for employees and overseas subsidiary managers as part of our practice of global human rights due diligence. We also conducted a survey on human rights risks that could occur within the group.

Most recently, we subjected employees at our domestic sites (YAMASHIN-FILTER, AQC) to a more detailed survey on human rights risks to identify human rights risks at our company. As future action, we will expand the scope of the survey to overseas employees, and for group-wide risks, ascertain vulnerabilities in our management framework and identify areas needing refinement to tie them into improvement activities.

## Human Rights Risk Identification and Evaluation Process

### 1. Held a briefing about the survey on human rights risks

### 2. Conducted the survey

Selected anticipated stakeholders for anticipated human rights risks. The level of impact was evaluated using two axes: severity and possibility of occurrence.

### 3. Mapping of human rights risks

A score was given to the severity and possibility of occurrence, and then the weighted average was calculated and mapped.

## Future initiatives

- Conducting a survey on overseas employees to identify group-wide human rights risks
- Grasping vulnerabilities in our group-wide risk management framework and identifying improvements for high risks before conducting improvement activities
- Raising awareness and increasing understanding about human rights risks through training
- Grasping the state of impact from human rights risks and examining appropriate measures through dialogue with external stakeholders, etc.

# Community Investments

Based on our corporate philosophy of “仕濾過事” (*Rokajinitsukafuru*: Contribute to society through the filtration business), as a comprehensive filter manufacturer, we will contribute to the advancement of society through our filter products and staff, concentrating on the key themes of “environment,” “air quality,” and “health” by partnering with communities and various stakeholders, with a particular focus on the regions where our group bases and plants are located.

## Community Contribution Through Filters

Amid the mask shortage caused by the COVID-19 pandemic, we rapidly moved to begin manufacturing masks with the idea that masks are another type of filter, and that a moment had arrived for us to be of service to society as a manufacturer specializing in filters. Sales of masks to general consumers began in May 2020. When developing the masks, we focused on three key aspects of performance: filter performance, sealing performance, and breathability. As a next-generation, highly functional mask that not only captures almost all fine particles but is also easy to breathe through, our masks have been much appreciated by many people. We outsourced the production of some types of masks to a facility in Nanae, Hokkaido, which supported the creation of local employment.

Reflecting our company’s stance of wishing to contribute further to people’s health, we donated a total of around 700,000 units of our YAMASHIN Filter Mask® to Kanagawa Prefecture, to the town of Kamimine in Saga Prefecture and to Yokosuka City, where our company’s production and R&D facilities are located, and to public high schools that many of our Saga Branch Office employees have graduated. In March 2023, we were awarded the Medal with Dark Blue Ribbon through Kanagawa Prefectural Government in response to this donation.

In FY2023, we provided/distributed about 1,600 masks to Saga Prefectural Tosu Technical High School and 1,000 masks at the Volleyball World Championship, which we

sponsored. The Ultimate YAMASHIN Filter Mask® product that we donated incorporates patented YAMASHIN NANO FILTER®, a proprietary nano-fiber filter technology also used in medical masks. The donated masks were used at facilities for residential treatment and social welfare in Kanagawa Prefecture.



Scene from Volleyball World Championship

## Provision of Heavy Oil Absorption Filters

In Saga Prefecture, heavy rains in August 2019 resulted in the serious problems of large-scale flood damage as well as heavy oil spills from local companies. To recover this oil, we provided a high-performance oil absorption nano-filters. Taking this as a further opportunity, we developed an oil-absorbent that we commercialized in June 2021.

## Contributing to Local Communities at Plants and Laboratories

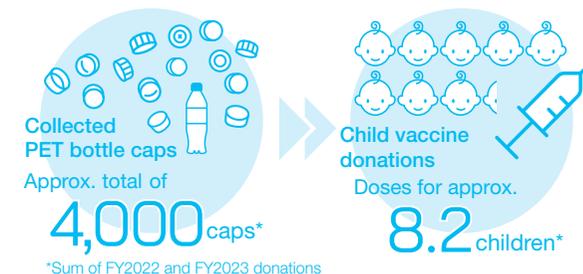
At the Saga Branch Office, we give a plant tour to students from a local technical high school. In addition to the plant tour, we deepen our interaction with them by providing advice on job hunting.

As for our overseas sites, in September 2023, our Cebu Plant accepted 10 faculty members and students from the

Faculty of International Liberal Arts at Juntendo University and taught them about overseas company management through a plant tour and interaction with local employees. The students actually got to see the entire manufacturing process from the filtration media to the completed products and their shipment. They also got to deepen their relationship with us by engaging in Q&As with employees and having lunch with them. Prior to the COVID-19 pandemic, the employees of our Cebu Plant, in collaboration with local NGOs, planted mangrove trees every year and participated in drainage ditch-clearing and coastal cleanup events in Lapu-Lapu City on Cebu Island, where our plant is located.

In Japan, our group has made donations worth approximately 12 million yen (including mask donations) to local organizations, high schools, and events. In April 2024, when an earthquake struck the eastern coast of Taiwan, we donated 1 million yen to the Japanese Red Cross Society to aid the victims.

The Yokosuka Innovation Center made a donation to a local NPO of approximately 4,000 collected PET bottle caps in FY2022 and FY2023. The NPO sells collected PET bottle caps to a recycling company, and all of the resulting proceeds are used for vaccine support for children worldwide. The donations made it possible to provide enough vaccines for approximately 8.2 children. With repeated small efforts, we will continue to contribute to our local communities and to society overall in the spirit of “仕濾過事” (*Rokajinitsukafuru*: Contribute to society through the filtration business).



# Corporate Governance

To further strengthen our corporate governance and the supervisory functions of the Board of Directors, our company has adopted a company with audit and supervisory committee organizational structure. Under this institutional design, the Audit and Supervisory Committee, of which external directors make up a majority of the members, is responsible for auditing and overseeing the legality and validity of business execution to achieve more transparent management. By delegating the authority for the Board of Directors' business execution decisions to the Directors, this structure seeks to expedite management decision-making and decision execution.

## A Structure That Supports Management

Our company's primary convening management bodies are the Board of Directors, the Management Conference, and the Audit and Supervisory Committee.

The Board of Directors, a decision-making body specified by law and by the Articles of Incorporation, oversees and performs guidance related to business execution. In addition to regular monthly meetings, the Board of Directors holds extraordinary meetings as needed. The Board of Directors is composed with consideration given to diversity (of genders, international experience, work experience, ages, etc.). In June 2024, we welcomed our second female external director.

The Management Conference, the deliberative body for the company's management system, is a venue for discussing and resolving key administrative matters. Consisting of directors and executive officers, it aims to ensure clarity and transparency in the decision-making process by deliberating on financial statements, business execution, and other matters for the Board of Directors.

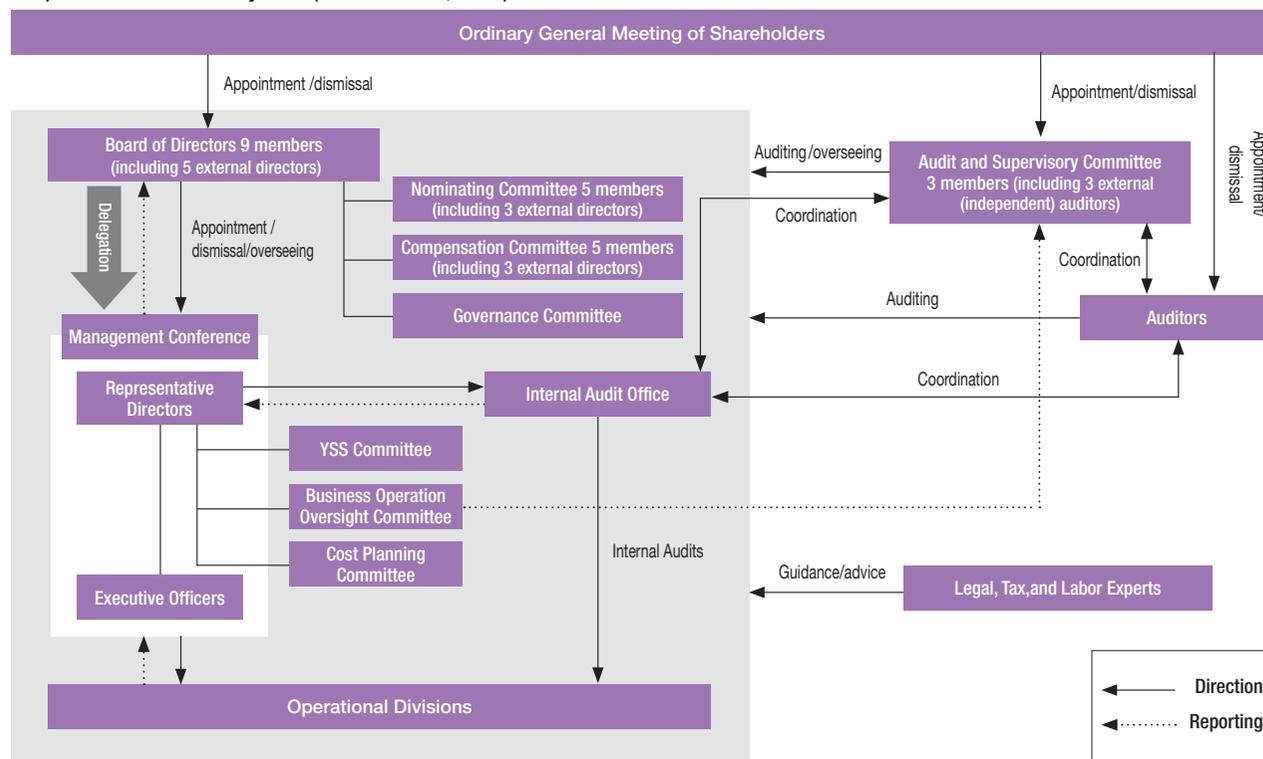
The Audit and Supervisory Committee performs overseeing and auditing of management decision-making and business execution. Our external directors include

persons who have experience in corporate management with considerable knowledge of corporate management strategies and business planning, attorneys, and persons who have considerable knowledge and expertise in the field of compliance.

In FY2023, we established a Governance Committee and Cost Planning Committee. The Governance Committee is made up of independent external directors and advises the Board of Directors to continuously enhance governance activities. In FY2023, we held the Governance Committee once. Discussions took place on corporate governance and

evaluating the effectiveness of the Board of Directors before giving advice to the Board of Directors. The Cost Planning Committee is an advisory committee to the president. This committee strives to enhance the revenue management approach throughout the group by promoting cost planning that achieves the quality and functionality that our customers want at the lowest possible cost from the stage of developing new products. Both of these committees, together with the Business Operation Oversight Committee (see P.37) set up in FY2021, strive to further strengthen group governance.

Corporate Governance System (as of June 27, 2024)



## Corporate Governance

### Enhancing Transparency: Nominating Committee and Compensation Committee

To ensure transparency and objectivity in the appointment and treatment of directors, and to enhance our corporate governance, we have established a Nominating Committee and a Compensation Committee to examine director candidates and matters such as compensation. Each of these committees has external directors as the majority of its members.

Compensation for directors (excluding those who are Audit and Supervisory Committee members) is determined by the Board of Directors on the basis of reports by the Compensation Committee, within the limit approved at the Ordinary General Meeting of Shareholders. To enhance directors' motivation for continuous improvement of performance to meet the expectations of shareholders, the compensation system consists of basic compensation fixed in accordance with the role of each director, performance-linked compensation as a short-term incentive, and restricted stock compensation as a medium- to long-term incentive.

### Evaluation of the Effectiveness of the Board of Directors

Every year, our company performs analysis and evaluation of the effectiveness of the Board of Directors based on directors' self-evaluations, and shares the results with all directors. In FY2023, we continued to conduct a questionnaire of all directors, including those who are Audit and Supervisory Committee members, and verified the results through the Board of Directors Secretariat and the Audit and Supervisory Committee to evaluate the effectiveness of the Board of Directors while ensuring objectivity.

The process returned the evaluation that effectiveness of the Board of Directors is ensured in terms of its composition and operational methods, the role of external directors on the board, and other aspects. We will continue to strengthen the expertise and diversity of directors with regard to business

execution, and we will strive to improve the effectiveness of the Board of Directors in all aspects through means such as further sharing of information at early stages.

### Number of Board of Directors and Committee meetings held and attendance rate in FY2023 (%)

Name	Board of Directors (met 21 times)		Nominating Committee (met six times)		Compensation Committee (met two times)	
	Chairperson	Attendance rate	Chairperson	Attendance rate	Chairperson	Attendance rate
Atsuhiko Yamazaki	◎	100		100		100
Hiroaki Yamazaki		100		—		—
Chikahisa Ioka		100		100		100
Takaaki Yamazaki		100		—		—
Hideaki Morita		100		100		100
Miyoko Yoshikawa		93		—		—
Kazuhiro Okoshi		100		—		—
Shinya Fukuzaki		100	◎	100	◎	100
Hiroshi Itano		100		100		100
Naruhiko Takatsuji		100		100		100

### Skills Matrix (as of June 27, 2024)

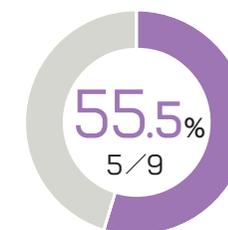
Name	Position within the company	External	Corporate management	Sustainability, ESG	Development, production	Sales	Global	Finance, accounting	Human resources, labor	Legal, compliance
Atsuhiko Yamazaki	Male Representative Director and President		◎		○	○	○			
Hiroaki Yamazaki	Male Director Senior Executive Vice President		○			◎				
Chikahisa Ioka	Male Director Senior Managing Executive Officer		○	○				◎		
Takaaki Yamazaki	Male Director Executive Officers				◎					
Miyoko Yoshikawa	Female Director	External Independent	○	○						◎
Kumiko Igushi	Female Director	External Independent	◎						○	○
Hideaki Morita	Male Director / Audit and Supervisory Committee Member	External Independent	◎			○				○
Hiroshi Itano	Male Director / Audit and Supervisory Committee Member	External Independent	◎			○				
Naruhiko Takatsuji	Male Director / Audit and Supervisory Committee Member	External Independent	○	◎				○		

\*For each director, areas of expertise derived from experience are marked "○", and of these areas, those in which the director is expected to demonstrate particular ability, such as by providing executive departments with useful advice, are marked "◎".

### FY2023 Management Conference performance

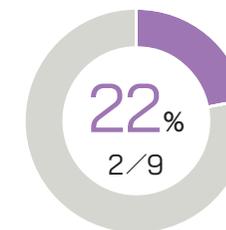
Number of conferences held	12
Attendance rate	100%

### Ratio of independent external directors to all directors



(as of June 27, 2024)

### Ratio of female directors to all directors



(as of June 27, 2024)

# Compliance

We have established the Basic Policy on Compliance as guidelines for putting a high level of corporate ethics into practice. Through actions based on the guidelines, we are working to foster and ensure awareness of compliance within our company.

## Compliance Guidelines and Internal Dissemination

Our Compliance Guidelines establish Corporate Standards of Conduct and a Code of Behavior that apply to all directors and employees. The Corporate Standards of Conduct is our basic approach to maintaining a higher level of compliance awareness and behaving at our best as a company trusted by society, based on our corporate philosophy of “仕濾過事” (*Rokajinitsukafuru*: Contribute to society through the filtration business). The Code of Behavior sets forth behaviors that all directors and employees should maintain awareness of in everyday work.

Since establishing our Basic Policy on Compliance in FY2011, we have conducted twice-yearly training for directors and employees, ensured that such training is undertaken upon entering the company, and we also make the content available at all times on our intranet to ensure awareness of the policy. To prohibit all forms of harassment, in addition to the Code of Behavior, we also work to further ensure awareness of measures by incorporating them into our work regulations.

### Compliance-related training in FY2023

(times)

Training theme	Eligible trainees	Number of sessions
Power harassment prevention, etc.	Head Office employees (including temporary employees)	2
Human rights due diligence briefing*	Employees (including temporary employees) of the Head Office, Saga Branch Office and Yokosuka Innovation Center	2

\*Implemented in FY2024

### Compliance Guidelines

[https://www.yamashin-filter.co.jp/eng/sustainability/governance/main/01/teaserItems1/03/linkList/0/link/ComplianceGuidelines\\_en.pdf](https://www.yamashin-filter.co.jp/eng/sustainability/governance/main/01/teaserItems1/03/linkList/0/link/ComplianceGuidelines_en.pdf)

## Management Structure

Acting on the basis of our Compliance Guidelines, our Board of Directors conducts decision-making on important matters involving compliance, following which our Compliance Committee examines implementation plans. The Compliance Committee convenes twice a year and is composed of the president, division managers, and managers from the Internal Audit Office. Monitoring the risks of business execution of group companies is undertaken by the Business Operation Oversight Committee (see P.37). As such, the committee not only implements on-site audits of each local subsidiary but strengthens our support system by revising subsidiary regulations and standardizing key group regulations in light of differences among countries and regions in order to ensure that group companies can maintain legal compliance and conduct sales and account management in an appropriate manner.

## Whistleblowing System

We have introduced and are operating a whistleblowing system to promptly collect information on violations of compliance and to prevent problems and implement countermeasures. In addition to compliance violations, we also subject any corporate ethics violations by employees to reporting, and have set up an internal point of contact for this purpose on the company intranet, as well as an external contact point at an outside law firm. Our Internal Reporting Management Rules include provisions protecting whistleblowers and prohibiting acts of retaliation against whistleblowers. The reporting can be made under anonymity. We have also adopted measures to prevent any disadvantageous treatment of whistleblowers for having made such reports.

When a report is made, we gather the essential information from the informant, including the specifics of any violations, and carry out an investigation. We have mechanisms in place by which to check with the parties involved with reference to the investigation results, and then to handle the matter internally by taking corrective measures or imposing discipline according to our Rules on Administrative Authority. We also conduct monitoring in order to prevent recurrence. Our overseas subsidiaries have also set up their own internal whistleblower hotline, with no reports made throughout the group in FY2023. There have also been no reports leading to a significant impact on company management.

### Number of internal whistleblowing incidents

(cases)

	FY2019	FY2020	FY2021	FY2022	FY2023
Head Office, Saga Branch Office, Yokosuka Innovation Center	0	2	0	0	0
Cebu Plant	—	—	0	0	0
Vietnam Plant	—	—	—	—	0

\*In FY2023, we changed the aggregated content to the actual number of reports (number of serious cases among these)

## Compliance

### Initiatives for the Prevention of Corruption

Our Compliance Guidelines clearly prohibit corruption and bribery, which seriously undermine trust in a company, and deviate from accepted business practices. We comply with relevant laws and regulations in each of the countries and regions in which we operate. We ensure that entertainment and gifts that exceed moderation are neither given nor accepted in the course of our business dealings through internal procedures such as mandatory requests for approval and expense reimbursement, which are consistently checked by superiors.

We also conduct education and training regarding corruption and bribery to ensure that corporate officers and other employees (including temporary workers) are made aware of these practices.

During FY2023, we made no expenditures for responses to corrupt practices, or political contributions. To date, no employees have been disciplined or terminated as a result of acts of corruption.

# Risk Management

We have set up the Business Operation Oversight Committee, which is an advisory body to the representative director and president, as an internal committee tasked with monitoring and putting a brake on risks associated with business execution of group companies, and with facilitating assessment tasks implemented in internal audits. Through this committee, we aim to improve the transparency and quality of business management by conducting appropriate supervision of business execution through a stricter check and balance function and other means. Furthermore, we have built a crisis response structure so that we are able to respond quickly in the event of an emergency such as a natural disaster.

## Development of the Crisis Response Structure

As the YAMASHIN-FILTER Group's Business Continuity Plan (BCP) measures, we have formulated a Crisis Management Manual that covers crisis scenarios such as earthquakes, fires, storms, floods, and other natural disasters, or harmful substance leaks, accidents, and management crises. This manual stipulates conditions for shifting to the crisis management response structure and contains specific actions for each base and division. This manual applies to group employees and their families. In the event of such emergencies, we set up a Management Crisis Task Force within the Administration Division. This task force provides direction under its leader until we are able to transition to our normal structure. When a crisis such as a natural disaster occurs at a group base or plant, the president (top management) of each base will promptly report the crisis to the Head Office. We strive to quickly ascertain injuries/fatalities and property damage by introducing an employee safety confirmation system to report information such as whether employees, including those on business trips or leave, are injured, the safety of their family, and the state of damage to their home. Based on the reports compiled at each base or division, the Management Crisis Task

Force discusses whether there is a need to disclose information to external parties and, if so, discloses said information on the company website.

We regularly carry out emergency contact drills in accordance with this manual. Directors at all levels, including the president, also take part in the drills to continually verify the effectiveness of the manual. We also hold annual disaster training drills at each base and plant, and all employees must take part. Due to implementing regular disaster training drills, when a fire occurred at a part of the manufacturing line at the Cebu Plant in February 2024, the employees on site acted quickly and calmly, resulting in zero casualties and minimal damage to property.

### Crisis Management Manual Items

- |  |   |
|--|---|
| 1. Basic Policy on Crisis Management                               | 7. Employee Safety Principles                         |
| 2. Conditions for Shifting to Crisis Management Response Structure | 8. Details to Be Contacted to Customers and Suppliers |
| 3. Task Force (Corporate Organization)                             | 9. External Response                                  |
| 4. Main Roles of Task Force  | 10. Examining of Information Disclosure               |
| 5. Operations Timeline by Department                               | 11. Emergency Contact Network                         |
| 6. Initial Response Immediately After Crisis Occurs                |   |

## Information Security

### Basic Policy on Information Security

Stable operation of systems and the ensuring of data security are among the most important issues faced by companies today. The YAMASHIN-FILTER Group has outlined a Basic Policy on Information Security and uses it as a guideline to protect its information assets.

#### Basic Policy on Information Security

[https://www.yamashin-filter.co.jp/eng/sustainability/governance/main/01/teaserItems1/05/linkList/0/link/InformationSecurityBasicPolicy\\_en.pdf](https://www.yamashin-filter.co.jp/eng/sustainability/governance/main/01/teaserItems1/05/linkList/0/link/InformationSecurityBasicPolicy_en.pdf)

## Cyber Security Measures

We implement thorough security measures to protect the hardware and software comprising our systems from major disasters and malicious attacks such as phishing e-mails.

We raise awareness not only on the company intranet but also at management conferences attended by directors and group company representatives.

## Personal Information Protection Initiatives

We pay great attention to maintaining the confidentiality of information received from our customers. We recognize that personal information, in particular, is important information to the individual and also important information to us. That is why we formulated a Privacy Policy and handle personal information according to this policy.

#### Personal Information Protection

<https://www.yamashin-filter.co.jp/eng/privacy.html>

## ERP Systems That Enable Seamless Operation

We minimize business risks by consolidating data tied to company-wide management information on a core system responsible for our main business operations and using this data to facilitate quick and accurate business decision-making.

With a highly versatile design, we can prevent the system from becoming obsolete and flexibly respond to changes in the business environment. Through this, we have advanced the visibility of management information and achieved more sophisticated cost control and analysis of metrics by linking data with sites in the United States, the Philippines, Thailand, Belgium, and other locations.

# External Feedback

As well as being evaluated by ESG rating agencies, our trusted business endeavors are well-regarded by our customers.

## External Feedback

### CDP

Responding to CDP Climate Change 2023, conducted by CDP, an international non-profit organization that assesses the environmental efforts of companies and government bodies, we obtained a “B” score in February 2024. CDP assesses based on eight ranks (A, A-, B, B-, C, C-, D, D-). The B score is the third highest management level and indicates that an entity has recognized its environmental risks and impacts, while taking coordinated actions on environmental issues. In FY2023, we improved on our FY2022 score of “D” by four ranks.



### FTSE Blossom Japan

YAMASHIN-FILTER CORP. was selected for the second year running as a component stock included in the FTSE Blossom Japan Sector Relative Index, created by FTSE Russell to reflect the performance of Japanese companies that relatively excel in terms of ESG responsiveness in their sectors.



### FTSE Blossom Japan Sector Relative Index

\*FTSE Russell (registered trademark of FTSE International Limited and Frank Russell Company) confirms that as a result of a third-party investigation, YAMASHIN-FILTER CORP. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is widely used to create and evaluate sustainable investment funds and other financial products.

## Customer Feedback

The YAMASHIN-FILTER Group's reliable supply system, contribution to greater work efficiency, and initiatives such as activities to raise awareness are well-regarded by our customers. We will continue to increase customer satisfaction and corporate value through developing products that bring to life more sophisticated needs and resolve issues, supplying high quality products on a global scale and providing support.

Client's Name	Details of Award
Kobelco Construction Machinery Southeast Asia Co., Ltd.	<b>Best Performance for Delivery Control Award 2023</b> KCMSA, a Southeast Asian-based company that primarily produces hydraulic excavators by sourcing supplies from 72 suppliers, including us, praised YAMASHIN THAI Ltd. for having an extremely high on-time delivery rate of 99%+.
Komatsu Parts Asia Co., Ltd.	<b>Best Collaborative Partner Award 2023</b> We were recognized for our initiatives and contribution to promoting the sales of genuine Komatsu service parts, which we supply.
PT Komatsu Marketing and Support Indonesia	<b>Best Supply Fulfillment Award</b> We were praised for ensuring delivery deadlines were met and for providing exceptional customer service.
Hitachi Construction Machinery Asia and Pacific Pte. Ltd.	<b>Appreciation Award</b> YAMASHIN THAI Ltd. was recognized for its contribution through initiatives to promote sales of genuine Hitachi Construction Machinery service filter parts, which we supply, and for making improvements by streamlining product distribution.
Hitachi Construction Machinery Thailand Co., Ltd.	<b>Supply Chain Excellence Award</b> We were praised for contributing to improvements through streamlining Hitachi Construction Machinery Thailand's product distribution.
Caterpillar Inc. (USA)	<b>Caterpillar Supplier Excellence Award 2024</b> We were recognized for our tremendous contribution to Caterpillar's activities to manufacture a wide range of products by reliably supplying products worldwide. For this, we were presented with Caterpillar's ultimate award, which is given to companies in the top 4% of its 12,000 suppliers.



Best Performance for Delivery Control Award 2023



Best Collaborative Partner Award 2023

# Independent Assurance Statement



## Independent Assurance Statement

November 22, 2024

Mr. Atsuhiko Yamazaki  
Representative Director / President  
YAMASHIN-FILTER CORP.

### 1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by YAMASHIN-FILTER CORP. ("the Company") to provide limited assurance on the following Environmental Performance data of the Company consolidated group for the fiscal year 2023: 1.59 million ℓ of energy consumption (crude oil equivalent), 0.74kt-CO<sub>2</sub> for Scope 1, 2.19kt-CO<sub>2</sub> for market-based Scope 2, and 71.2kt-CO<sub>2e</sub> for Scope 3 (Categories 1,2,3,4,5,6,7,12). The purpose of this process is to express our conclusion on whether the Environmental Performance data was calculated in accordance with Company's standards. The Company's management is responsible for calculating the Environmental Performance data. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

### 2. Procedures Performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagement 3000 (ISAE 3000) and International Standard on Assurance Engagement 3410 (ISAE 3410). The key procedures we carried out include:

- Interviewing the Company's responsible personnel to understand and reviewing the Company's standards
- Performing cross-checks on a sample basis and performing recalculation to determine whether the Environmental Performance data was made in accordance with the Company's standards.

### 3. Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Environmental Performance data has not been calculated in all material respects in accordance with the Company's standards.

We have no conflict of interest relationships with the Company.

A handwritten signature in black ink, appearing to read "Takashi Fukushima", is written over a horizontal line.

Takashi Fukushima  
Representative Director  
Sustainability Accounting Co., Ltd.

# Company Profile (as of March 31, 2024)

## Corporate Profile

<b>Corporate name</b>	YAMASHIN-FILTER CORP. (former name: Yamashin Filter Manufacturing Corporation)
<b>Address</b>	16th Floor, Nisseki-Yokohama Bldg., 1-1-8 Sakuragi-cho, Naka-ku, Yokohama 231-0062, Japan
<b>Established</b>	April 5, 1956
<b>Description of business</b>	Manufacturing and sales of filters for construction machinery, industrial and process filters, and related parts. Manufacturing, development and sales of nano-fiber filter products.
<b>Capital</b>	6,571 million yen
<b>Net sales</b>	18,024 million yen
<b>Number of employees</b>	755
<b>Representative</b>	Atsuhiko Yamazaki
<b>FY end</b>	March 31st

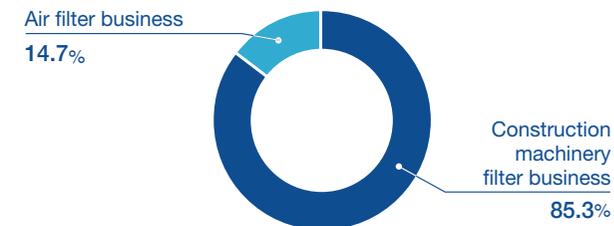
## Offices

- Head Office
- Saga Branch Office
- Yokosuka Innovation Center

## Group Companies

- YAMASHIN CEBU FILTER MANUFACTURING CORP.
- YAMASHIN AMERICA INC.
- YAMASHIN EUROPE BRUSSELS BV
- YAMASHIN THAI Ltd.
- YAMASHIN FILTER (SIP) TECHNOLOGY INC.
- YAMASHIN VIETNAM CO., LTD
- AQC Corporation

## Sales percentage by segment

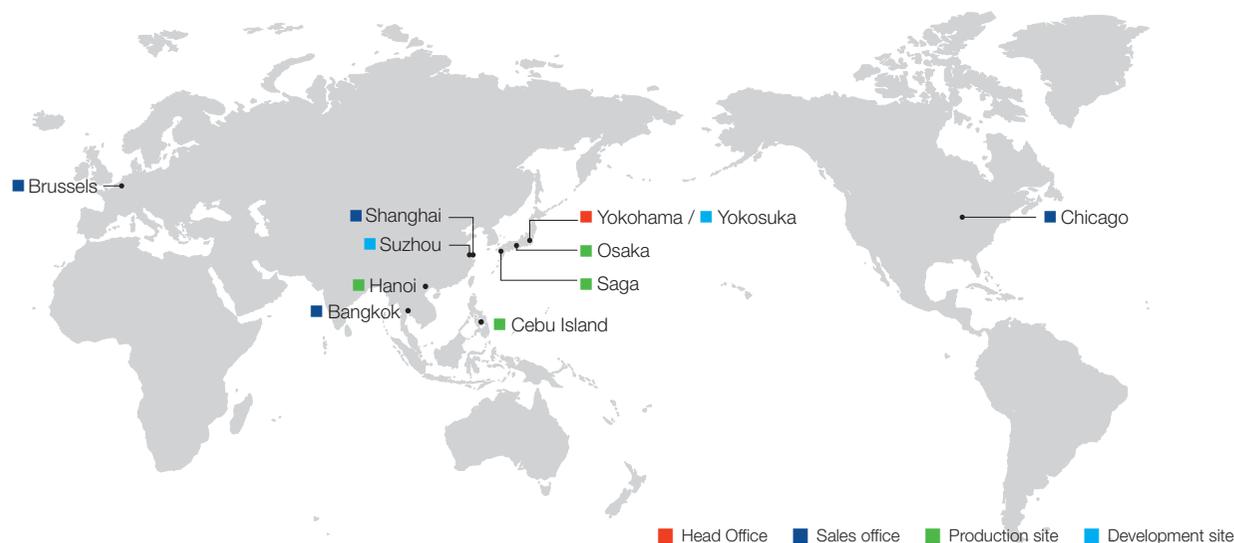


## Net sales by segment

(unit: million yen)

Construction machinery filter business	15,382
Air filter business	2,642

## Global Network





#### **Contact Information Regarding This Report**

YAMASHIN-FILTER CORP. Management Planning Office  
16th Floor, Nisseki-Yokohama Bldg., 1-1-8 Sakuragi-cho, Naka-ku,  
Yokohama 231-0062, Japan  
Tel: +81-45-680-1671  
URL: <http://www.yamashin-filter.co.jp/eng/index.html>