



Corporate Philosophy

[Our Purpose]

Our primary mission is to contribute to society by continually striving to deliver technological innovation and create products that are beneficial to people.

[Management Stance]

Our basic business creed is to conduct reliable management.

[Behavioral Guidelines]

- 1. Work is the foundation of life.
- 2. Trust is the basis of work.
- 3. Creativity in thought and action is the key to human progress.
- 4. Safety, quality, and productivity are fundamental to our corporate activities.
- 5. Risky endeavors are to be avoided while genuine endeavors are to be embraced.

Corporate Vision

With the one and only technologies and developmental capabilities in suspensions, we deliver solutions to customers' needs and aim to become a 100-year sustainable and evolving company.

Becoming a Byword for Suspensions

FUTURE

Yorozu has earned the trust of domestic and foreign automakers as a premier supplier of suspensions, having honed its technologies as an auto parts maker with a focus on suspensions.

Leveraging its advanced developmental and technological capabilities, Yorozu will continue to expand globally as a suspension system manufacturer with a fully integrated production system, from performance development to mass production, for suspension parts and peripheral components.

The Origin of Our Name

In 1948, the Company was founded as Yorozu Automobile Works. In Japanese, “yorozu (萬)” is an auspicious Chinese character meaning good fortune, plentitude, perfection, and eternity.

With the passage of time, however, the true meaning of our name became obscure due to incorrect reading and misuse of the Chinese character in media reports.

To remedy this situation and coin a name befitting a new era, in June 1990, we substituted the character “yorozu” with Japanese syllabic writing, thereby making our name more readable and approachable.

YOROSUZU

株式会社 ヨロズ

The upwardly sloping diagonal lines of the second “O” in our logo symbolize our constant progress and development.

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Editorial Policy

Following the precedent set in 2019, we have issued a third integrated report. We see this as a communication tool for promoting a better understanding of our corporate value and growth potential, aiming to convey in an easy-to-understand format our various initiatives to realize a sustainable society, as well as the Group's management policies, business strategies, and financial information, to all of our stakeholders, including shareholders, investors, suppliers, local communities, and employees.

The Yorozu Group will endeavor to provide its stakeholders with better reports to deepen their understanding of the Group. Please visit our official website for the most recent information.

 Yorozu Corporation Website
<http://www.yorozu-corp.co.jp/en/>

Period and Scope of Reporting

- Period: Fiscal 2020 (April 1, 2020–March 31, 2021)
(Some information from outside this period is also included.)
- Scope: YOROZU CORPORATION and its Group companies.

Guidelines and Entities Referenced

- The International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)
- Guidance for Integrated Corporate Disclosure and Company–Investor Dialogues for Collaborative Value Creation



Disclaimer Regarding Forward-Looking Statements

This integrated report contains forward-looking statements, including the Company's current plans, projections, and strategies, based on information available at the time this report was created. Actual performance may differ significantly from these projections due to a variety of factors.



Materiality (Material Issues)

Yorozu has identified five material issues (materiality) that must be addressed through its business activities. As we seek solutions to such issues, we will continue to provide new value to society in a sustainable manner.

Moreover, in order to promote sustainability initiatives across the entire Group, we are enhancing the quality of ESG management and establishing key themes related to the environment (E), society (S), and governance (G).

Materiality Identification Process		
STEP 1	Uncover material issues (All materiality)	Identify and select key material issues
STEP 2	Measure the significance of material issues	Determine the significance of selected key issues from the viewpoint of their impact on stakeholders and on medium- to long-term increases in corporate value
STEP 3	Determine the order of priority of material issues	Set the order of priority of material issues in accordance with management strategies, etc.
STEP 4	Devise a materiality matrix	Compose a materiality matrix with importance to stakeholders on one axis and importance to the Yorozu Group on the other
STEP 5	Obtain internal approval	Deliberate and decide on material issues at the Management Meeting and Board of Directors' meetings

The Yorozu Group's Material Issues

Materiality	Our Response under YSP2023	Disclosure within Yorozu Integrated Report 2021
Reduce CO ₂ emissions	<ul style="list-style-type: none">• Mitigate impact on global warming by reducing the weight of our products• Realize carbon neutrality throughout the entire production process	Pages 18–19 Our Pursuit of Lighter Automotive Components Pages 24–25 Environmental Management
Create a healthy and engaging workplace	<ul style="list-style-type: none">• Promote work-style reform and diversity• Build a culture that respects diversity	Pages 26–27 Human Resource Strategy
Enforce highly transparent governance practices	<ul style="list-style-type: none">• Strengthen supervisory functions• Promote higher compliance• Encourage shareholder communication	Pages 29–34 Corporate Governance Page 30 Dialogue between the President and an Outside Director Page 35 Compliance Initiatives
Ensure stable profits	<ul style="list-style-type: none">• Establish a robust corporate structure impervious to sales fluctuations• Strengthen free cash flow management• Strengthen project revenue management• Innovate <i>monozukuri</i> operation	Page 23 Our Commitment to Consistently Generating Profits
Introduce new technologies and methods	<ul style="list-style-type: none">• Improve competitiveness of suspension parts• Launch new lightweight EV products• Proactively expand sales from the perspective of the three elements of customers, products, and regions	Page 20 Message from the Product Engineering Officer Page 22 Total Production System

Yorozu At a Glance

Financial Highlights

Sales	Operating income	Ordinary income
¥ 118,863 million	¥ 377 million	¥ 1,449 million

Operating income ratio (FY2020)

First half	Second half	Full year
(9.5)%	6.1 %	0.3 %

* Please refer to the Message from the President (pages 6–9) and the Message from the CFO (pages 10–11) for the factors behind the increase in profit in the second half.

Non-Financial Highlights

Number of employees (consolidated)	Number of countries	Number of Group companies
6,162	9	21

Promotion of Diversity

Ratio of women in management positions	Ratio of female directors	Ratio of non-Japanese employees
10.9 %	22.2 %	6.3 %

Japan

FY2020 Results

Sales ¥ **39,798** million

Percentage of sales **30.9**%

Number of employees **1,508**

Number of Group companies **7**

The Americas

(The United States, Mexico, and Brazil)

FY2020 Results

Sales ¥ **44,829** million

Percentage of sales **34.8**%

Number of employees **2,325**

Number of Group companies **7**

Asia

(Thailand, China, India, and Indonesia)

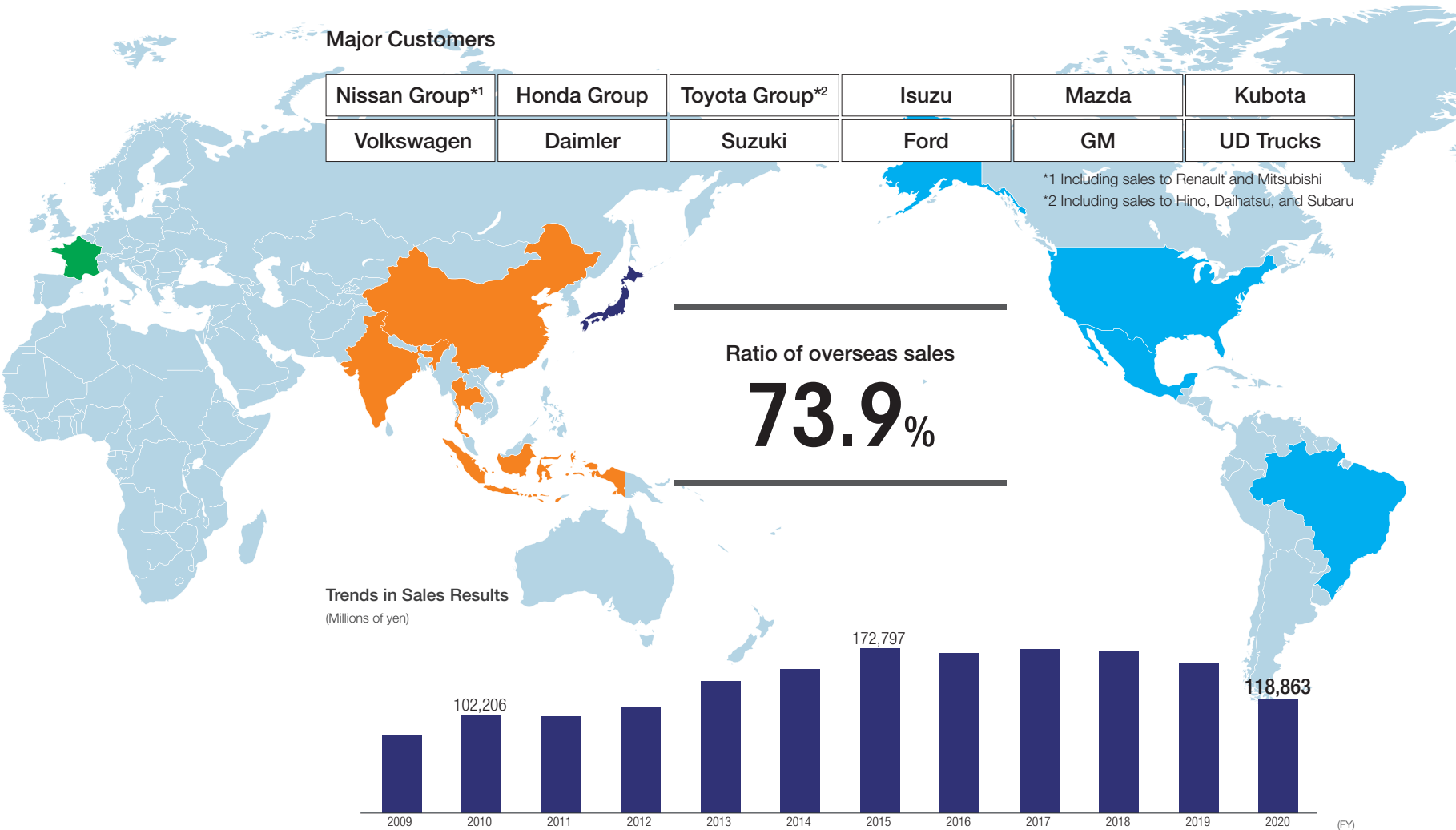
FY2020 Results

Sales ¥ **44,240** million

Percentage of sales **34.3**%

Number of employees **2,329**

Number of Group companies **7**



Message from the President

Aiming to Become a Globally Recognized 100-Year-Old Company



We will confront the paradigm shift of the automotive industry, embracing our distinguished technologies.

In so doing, we will continue to create social value in a way that aligns with the expectations of our stakeholders.

Tsutomu Hiranaka

President and COO
Member of the Board

Embarking on a New Chapter

Fiscal 2021 has been a year in which Yorozu Corporation has embarked on a new chapter. However, the outlook for the future is not great by any means, as we are in the thick of tumultuous times involving a paradigm shift of the automotive industry said to occur once every 100 years, the lingering effects of COVID-19, and environmental issues that must be resolved on the path to realizing carbon neutrality.

In light of such circumstances, in May 2021 Yorozu announced its new Corporate Vision, “With the one and only technologies and developmental capabilities in suspensions, we deliver solutions to customers’ needs and aim to become a 100-year sustainable and evolving company.” What we hope to emphasize in particular in the new Corporate Vision is our contributions to our stakeholders through the achievement of sustainable growth. Through the development of cutting-edge design and production technologies that draw on the know-how it has cultivated since its founding, Yorozu has continued to supply suspension parts across the globe that are unrivaled in terms of not only performance but also weight and price. We will continue to draw on this competitive strength so that we are able to provide safe and reliable components that offer exceptional quality and fulfill the expectations of our customers. By maintaining our competitive strength while sustainably increasing corporate value, we will nurture a sense of security for our employees and their families. Yorozu’s “aim to become a 100-year sustainable and evolving company” incorporates its commitment to remain a globally recognized company for years to come.

Review of Medium-Term Business Plan YSP2020

Under Yorozu Spiral-up Plan 2020 (YSP2020), our previous medium-term business plan that concluded in fiscal 2020, sales and operating income fell short of their respective targets due to drastic declines in sales to major customers such as Nissan Motor Co., Ltd. We were hit particularly hard by the reduced production volume of automakers in the wake of COVID-19, amounting to massive impairment losses on tangible fixed assets for the second consecutive year.

While the figures indicate declines to both sales and operating income, the fact that we were able to post positive results for operating income in the final year of YSP2020 amid this fiercely challenging business environment has great significance. In the first half of fiscal 2020, Yorozu suffered an operating loss of ¥4,160 million. However, as a result of extensive reductions to fixed costs and successful cost-saving

measures in the form of Emergency Profit *Kaizen** Activities, which have been ongoing since fiscal 2019, we achieved an operating income of ¥377 million for the fiscal year under review, more than compensating for the significant losses incurred in the first six months.

Regardless, we should not be fully content with this achievement and instead use it as a stepping-stone toward the establishment of a more robust corporate culture. This is the mission I have been tasked with as the president of Yorozu. In addition, our profit improvement measures will continue to be strictly enforced over the course of the three-year period spanning fiscal 2021 to fiscal 2023 of Yorozu Sustainability Plan 2023 (YSP2023), our new medium-term business plan.

While concerns remain regarding our business performance after YSP2020, I am delighted by the significant strides we were able to make in advancing ESG management. Along with measures geared to strengthening our corporate governance functions, including our transition to a Company with an Audit & Supervisory Committee and increasing the number of outside directors, we engaged in initiatives focused on social issues, such as diversity promotion activities, which led to the ratio of women in management positions increasing to double digits. Furthermore, by cutting the weight of suspension parts by 15% through our advanced technologies and thereby helping reduce the weight of vehicles, we played an essential role in lowering driving emissions.

Strategies Geared to Improving Profits and Achieving Growth

In reflection of the significant setbacks to our operating performance under YSP2020 through the incurring of extensive fixed costs, we have declared sales of ¥150.0 billion, an operating income ratio of 5.0%, and ROE of 8.0% as the consolidated performance targets for fiscal 2023, the final year of YSP2023.

Under YSP2023, Yorozu will look to establish a stable earnings structure in order to prevail over the competition; however, what holds the key to our success is the reduction of fixed costs. The arrival of the post-COVID-19 era still remains to be seen and the supply shortage of semiconductors is expected to contribute greatly to the diminishing trend of global automobile production.

In the face of such conditions, Yorozu decided to rebuild its production system based on an analysis of its three elements “customers, products, and regions,” and streamlined fixed costs by adjusting production capacity to a level that

* In Japanese, *kaizen* means “improvement”

Message from the President

aligns appropriately with the production volume of its customers. Moreover, while investing proactively in growth areas, we will look to improve cash flow through the selection of new capital investments based on our thorough evaluation of return on investment in line with net present value (NPV).

In light of the headwinds facing our business, we must keep in mind the importance of building a corporate structure that is not influenced by sales performance. Our efforts under YSP2023 will center on the aggressive expansion of sales to Toyota Motor Corporation, Honda Motor Co., Ltd., and automakers other than our major customer, Nissan Motor Co., Ltd., through which we aim to grow our entire business while establishing a business structure that does not hinge on specific customers. We will also devote our attention to expanding external sales of dies, tools, and other production equipment. At the moment, we are manufacturing dies and equipment solely for internal use to produce parts ordered by customers. In our minds, external sales are vital not only from the perspective of advancing in-house technologies but also from the viewpoint of securing human resources who are well-versed in die technology and of passing down such technological skills to future generations. While formulating a road map for our course of action going forward, we will speed up the pace of our initiatives for acquiring new customers, expanding sales, and swiftly achieving profitability.

Above all, we will build up a corporate structure that generates steady profits by combining streamlining measures, such as the thorough reduction of fixed costs and business expenses, with the robust business structure and profitability of new businesses.

Our Response to Social Issues

ESG management has been designated as one of the three pillars of YSP2023. This reflects our commitment to help realize the Sustainable Development Goals (SDGs) through our activities that cast light on ESG. We at Yorozu are moving full steam ahead with a range of initiatives that focus particularly on environmental issues, such as the reduction of CO₂ emissions and the realization of carbon neutrality.

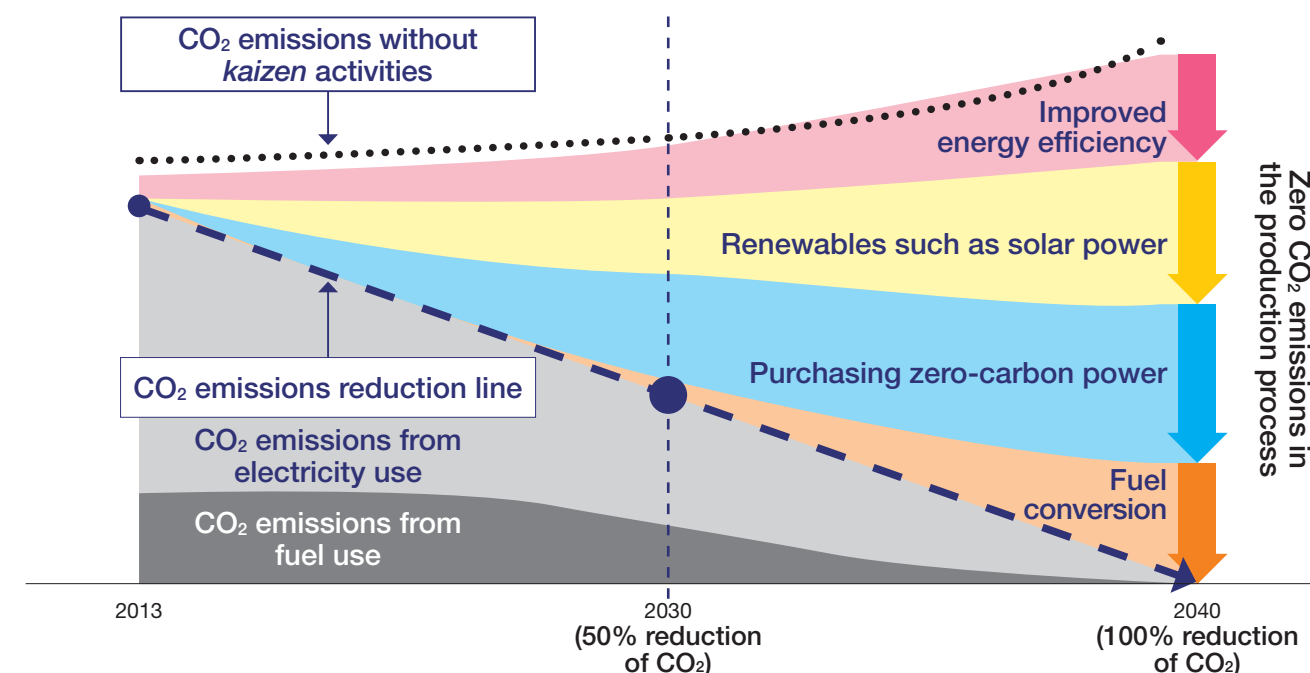
Prior to the announcement of our new medium-term business plan, Yorozu identified the material issues pertaining to its business (see page 3). As a manufacturer of suspension parts, Yorozu in particular can make the biggest contribution to new technologies and methods and the reduction of CO₂ emissions.

The automotive industry is in urgent need of solutions to the issue of the increasing weight of vehicles. The shift to electric vehicles (EVs), the use of batteries and motors for automated driving, and the installation of other vehicle components are all contributing to the additional weight of vehicles. As vehicles get heavier, fuel efficiency deteriorates, which increases the level of CO₂ emissions.

While the increasing weight of vehicles poses significant risks, it also presents us with opportunities to address social issues through our core business. In an effort to curb the weight of automobiles, Yorozu will aim to drastically reduce the weight of its suspension parts, which in turn will lead to less CO₂ emissions generated when driving. We are specifically targeting the achievement of 15% or more in reductions to the weight of our suspension parts over the three-year



Reduction of CO₂ emissions in the production process



period from fiscal 2021 to fiscal 2023 and will set out to design ultra-lightweight and high-tensile suspension structures to that end.

The manufacture of ultra-lightweight, ultra-high-tensile suspension parts entails highly sophisticated development and production technologies, such as the use of thinner ultra-high-tensile strength steel sheets, an all-aluminum stamping and welding structure, and a hybrid structure combining multiple materials. While a number of issues remain to be dealt with, we have full confidence in our technological capabilities as demonstrated by the achievement of 15% weight reductions to our suspension structures during the period of YSP2020. Under YSP2023, we will assemble our long-cultivated technological capabilities and bolster our development capacity with the objective of continuing to achieve our weight-reduction targets and thereby fulfill the needs of customers.

In addition to reducing driving emissions, Yorozu will strive to lessen the environmental impact of its production processes. We have actively taken the appropriate measures thus far toward the reduction of CO₂ emissions, such as the shift to LED lighting at our plants and offices and the adoption of solar energy. Meanwhile, in a bid to further promote sustainability awareness, we declared the goal to achieve carbon neutrality by 2040.

Our carbon neutrality goal will be pursued on the basis of a four-layered structure consisting of improved energy efficiency, renewable energy, the purchase of zero-carbon power, and

fuel conversions. Through this process, we will achieve zero CO₂ emissions from the use of fuel and electricity by 2040. As a milestone halfway toward this goal, we will proceed with the measures necessary to reduce CO₂ emissions by 50% compared with the fiscal 2013 level by the year 2030.

To All Stakeholders

As I have described, Yorozu has taken a significant step toward realizing ESG management. In view of strengthening ESG management, we will always take the steps necessary to provide customers with safe, reliable, and competitively priced suspension parts that offer exceptional quality and comfort.

Marking the start of our new medium-term business plan YSP 2023, fiscal 2021 will prove to be a highly important year for achieving our targets. I expect all employees to unite as one to steadily carry out our strategies so that we are able to get going immediately. By virtue of creating new value for society, we will aim to become a sustainably developing 100-year-old company, long recognized by all of its stakeholders.

Tsutomu Hiranaka
President and COO, Member of the Board

Message from the CFO

We will continue to grow our business and enhance corporate value through appropriate capital allocation.

Akira Saso

Chief Executive Vice President (CEVP)
Chief Financial Officer (CFO)
Member of the Board



Review of Medium-Term Business Plan YSP2020

In fiscal 2020, the final year of YSP2020, sales amounted to ¥118.8 billion and the operating income ratio was 0.3%, both falling substantially below our targets. While partly attributable to the considerable impact of fixed costs—primarily in the form of depreciation expenses—the main reason for the lower earnings was our main customer, Nissan Motor Co., Ltd., failing to achieve the production volume targets put forth in its previous mid-term plan, Nissan Power 88, which was implemented with a view to expanding sales predominantly in emerging countries and achieving a global market share of 8% and an operating margin of 8%.

Because suspensions, the core products of Yorozu, are significant in terms of both weight and volume, they must be produced at and supplied from a location nearby our customers' production facilities. Due to the fact that our suspension parts are used on the majority of Nissan vehicles, from 2010 onward we endorsed the direction Nissan was heading in with Nissan Power 88 by establishing seven new plants, mostly in emerging countries, and revamping our existing facilities.

However, the trade conflict between the U.S. and China, the impact of COVID-19, and Nissan Motor's own issues led to a considerable drop in its production volume. As a result, Yorozu bore the weight of depreciation expenses and other fixed costs, which led to the inability to reach its targets for sales and the operating income ratio under YSP2020.

We deeply regret the fact that we were unable to reach our performance targets; however, I believe we are proceeding in the right direction with our key initiative to "strengthen project

revenue management." Our Emergency Profit *Kaizen* Activities, to which we have poured our heart into since the latter half of fiscal 2019, have completely reshaped the mindset of our employees. By nurturing a corporate culture of valuing every penny, we were able to reduce costs by a substantial amount and regain positive operating income, and I am convinced that these achievements will serve as a tremendous source of motivation for Yorozu as we continue to operate under challenging conditions.

Our Commitment to Achieving YSP2023 Goals

In reflection of what I have mentioned thus far and the changes taking place in our business environment, we have declared sales of ¥150.0 billion, an operating income ratio of 5.0%, and ROE of 8.0% as the consolidated operating targets for fiscal 2023, the final year of our new medium-term business plan Yorozu Sustainability Plan 2023 (YSP2023). Under YSP2023, we are implementing a range of measures in line with the circumstances of our business environment in order to stabilize profitability. However, from a financial point of view, strengthening our project profit management is a matter of utmost priority that we have been focusing on since YSP2020.

This initiative is designed to advance the entire profit management process (advanced development, product development, production preparation, and the start to end of mass production) of each project while strengthening ties with the respective departments and production bases to enhance the likelihood of realizing our profit targets. Specifically, through an

all-out effort on the part of the relevant departments in simultaneous engineering, from the initial stages of development and measures such as the utilization of a cost consolidation system, we will strategically minimize costs by accelerating the pace of profit management for the project overall to an unprecedented degree.

Under YSP2023, Yorozu will continue to proceed with efforts to strengthen project profit management while building a corporate structure that is resilient to changes in production volume by means of reducing capital investment and streamlining fixed costs. In so doing, we aim to ensure an operating income ratio of 5.0%. In addition, for YSP2023 we resolved to disclose our quantitative target for ROE with sights set on improving capital efficiency. While ROE has sunk to low levels in recent years, we will aim to achieve 8.0% under YSP2023 through our measures to reach our target for operating income ratio.

Financial Strategies Geared to Sustainable Growth

Our focus going forward will not only be on reducing fixed costs toward realizing our performance targets but also on investing in the areas necessary to aggressively seek out new growth opportunities.

With the advancement of paradigm shift in technologies known as CASE, we are witnessing a prominent trend among automakers as management resources are being shifted to the field of advanced technologies, such as electric vehicles (EVs) and automated driving, while the manufacture of suspensions, which play an important role in the performance of automobiles, is being entrusted to specialized manufacturers.

At Yorozu, we view this trend as an outstanding opportunity to enhance earnings. With the additional devices necessary to accommodate the shift to EVs and automated driving, the overall weight of vehicles continues to increase. This weight increase is fueling demand for lighter suspensions, which we are working to address and thereby acquire additional business through the use of ultra-high-tensile steel and all-aluminum sheets and the adoption of multi-material and hybrid structures combining aluminum, resin, and steel sheets.

In order to realize such advanced technologies, Yorozu will look to invest resources particularly in areas that prioritize the strengthening of press forming technologies. As for the dies and equipment Group companies have manufactured for new model projects, we will continue to ensure reuse and cost cutting without compromising performance.

We will appropriately manage the funds necessary for investing toward future growth. In the current COVID-19

environment, we were able to secure a sufficient level of liquidity on hand while refinancing in advance, considering repayment schedules of borrowings over the medium term, thereby increasing both cash and borrowings. As a result, our D/E ratio was 0.84, and while it appears as though it has increased from the end of fiscal 2019, the net D/E ratio, which excludes cash and bank deposits, was 0.29, indicating the fact that we continue to maintain an exceptionally stable financial position. Under YSP2023, we expect to create free cash flow by carrying out the necessary investments and securing a stable level of profits while procuring funds through borrowings in the event that additional capital becomes necessary for investing toward future growth.

Policy on Shareholder Returns

At Yorozu, our basic policy on returning profits to shareholders is to strive to enhance returns on the basis of dividend payments by ensuring an optimal balance with investments aimed at realizing financial soundness and growth. In terms of our dividend payout ratio, we declared a target of 35% in our medium-term business plan YSP2017 announced in March 2015 and have continued to maintain this target ever since. Under YSP2023, while targeting a dividend payout ratio of 35% or more, we aim to pay consistent dividends based on our desire to share the benefits of medium- to long-term increases in corporate value with all of our shareholders.

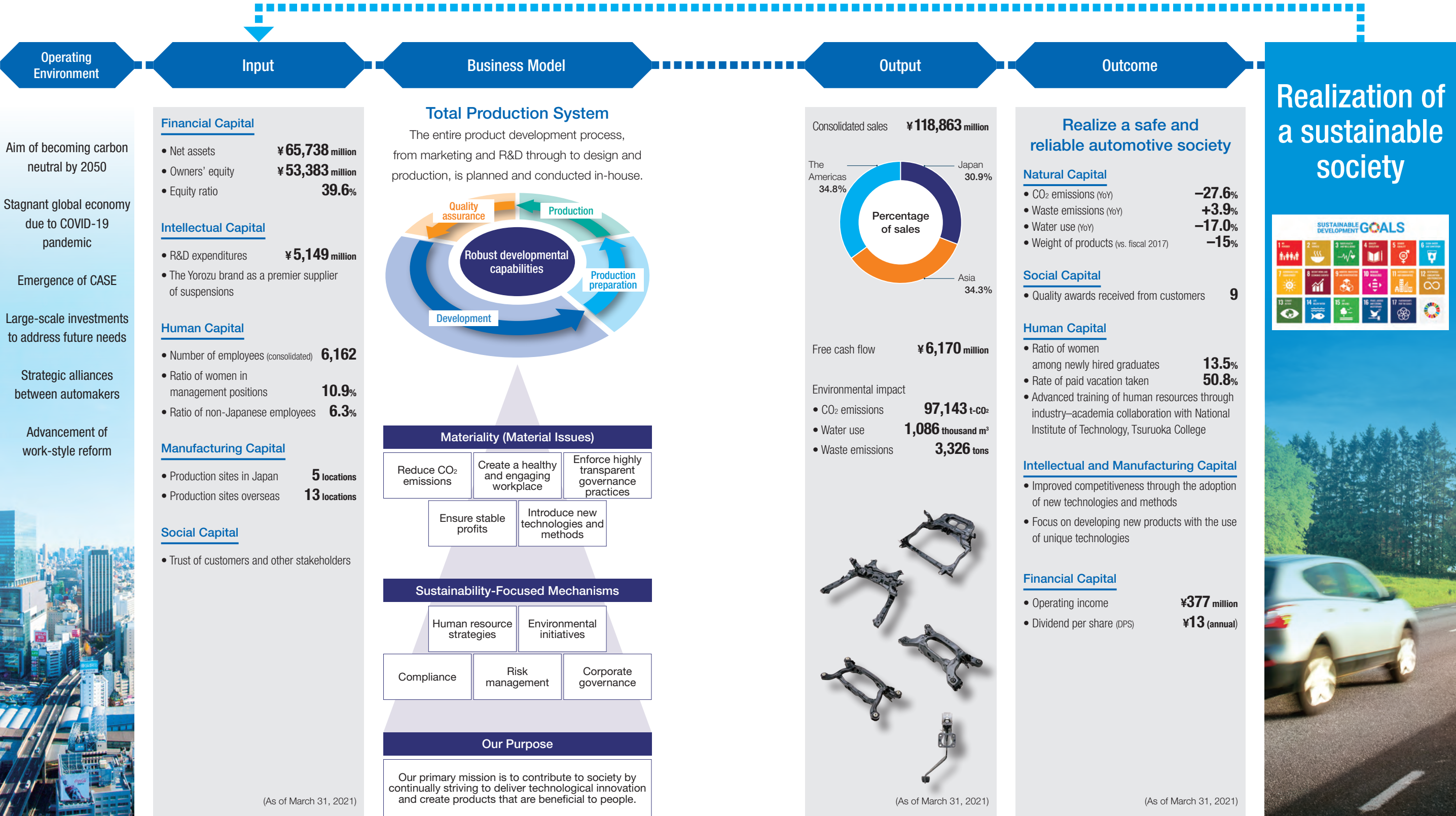
Although the uncertain conditions surrounding the COVID-19 pandemic and the effects of the semiconductor shortage on automobile production continue to persist, all of us will band together in pursuit of our targets.

As we move ahead, I hope you look forward to a new and reinvigorated Yorozu.

Akira Saso
CEVP & CFO, Member of the Board

Value Creation Process

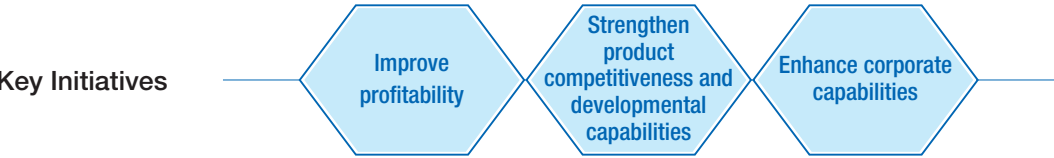
At Yorozu, we aim to continually evolve as a company that constantly delivers solutions to customers' needs on the strength of our one and only technologies and developmental capabilities in suspensions. To that end, we have developed a value creation process designed to constantly deliver new value to society, and we continue to evolve this process by bearing in mind the needs and expectations of society. By continuing to enhance its value creation capabilities throughout the entire process, Yorozu will strive to realize sustainable growth and enhance corporate value.



Review of Medium-Term Business Plan Yorozu Spiral-up Plan 2020

Yorozu Spiral-up Plan 2020 (YSP2020), the previous medium-term business plan launched in fiscal 2018, concluded in March 2021. Unfortunately, we were unable to reach the targets for sales and operating income ratio due to the effects of COVID-19 and other factors that contributed to the currently challenging business environment.

Meanwhile, we were able to take a giant leap forward from both a financial and non-financial perspective in our key initiatives toward firmly establishing ESG management.



Summary and Outcomes of YSP2020

Performance Targets

Sales

Due to the prolongation of the COVID-19 pandemic as well as the influence of discontinued operations and lower production by our major customers, we were unable to achieve our sales target.

Operating Income

As a result of the drop in sales, which drove the fixed cost ratio upward, we were unable to reach our operating income target. However, we managed to overcome the extensive operating loss we incurred in the first half of fiscal 2020 through an upturn in production from the latter half, a review of the production structure in line with the changes in production volume of major customers, and the outcomes of our Emergency Profit *Kaizen* Activities, which have been ongoing since the latter half of fiscal 2019. Ultimately, operating income amounted to ¥377 million, a significant turnaround from the operating loss incurred in the first half.

Dividend Payout Ratio

Dividend payments decreased in fiscal 2019 and fiscal 2020 due to a net loss attributable to owners of parent posted in both periods; however, we continued to provide consistent dividends.

Key Performance Indicators

		FY2018 (Results)	FY2019 (Results)	FY2020 (Results)	FY2020 (Targets)
Key indicators (¥ million)	Sales	169,111	157,680	118,863	180,000
	Operating income	5,290	2,206	377	—
	Net income (loss) attributable to owners of parent	402	(12,933)	(6,195)	—
Management indicators	Operating income ratio	3.1%	1.4%	0.3%	5.0%
	Dividend payout ratio	271.5%	—	—	35.0%

Outcome and Progress of Key Initiatives

Improve Profitability

Effective Project Revenue Management

In April 2020, the Project Control Department was established, thereby developing a framework for managing profits throughout a project's entire process (advanced development, product development, production preparation, and start to end of mass production). It is the job of the department to clearly set the targets for profit and costs as well as their projections and discrepancies at each stage of the project from the initial phases of development, while working hand in hand with the relevant functions and production sites from the early stages with the goal of reducing costs and enhancing profits.

Main Outcomes and Progress

- Began project milestone management from the customer inquiry stage
- Shared issues associated with the projects and established a system for discussing solutions at monthly Groupwide meetings chaired by the president and attended by members of the relevant functions and production sites

Innovative *Monozukuri* (Manufacturing)

Based on a new concept, YoroZu introduced its complete tack welding and final assembly lines. These lines are highly versatile and contribute to cost reductions as they allow the reuse of prototype jigs in mass production and are able to adapt flexibly to changes in demand.

Main Outcomes and Progress

- Complete tack welding and final assembly lines were adopted in China, the U.S., Japan, and Mexico along with a decrease in capital investment
- Systematically implemented a development program for tooling experts and continued to pass down skills at production sites
- Received Global Innovation Award from Nissan Motor Co., Ltd. for complete tack welding and final assembly lines

Strengthen Product Competitiveness and Developmental Capabilities

Improved Competitiveness of Suspension Parts

Yorozu achieved its product development targets for YSP2020 by weight reduction through the use of high-tensile strength steel sheets, cutting costs through the forming of highly process-resistant materials, and commercializing the method designed to improve anticorrosion performance.

Main Outcomes and Progress

- Utilized 590- and 780-megapascal materials in mass production to achieve weight reductions
- Employed new stamping method (burring method) in mass production
- Applied advanced anticorrosion welding technology in mass production

Proposal of New Products Utilizing Our Unique Technologies

We proposed new products leveraging our unique technologies in domains other than suspension parts in anticipation of an accelerated shift to EVs.

Main Outcomes and Progress

- Reduced weight and cost of battery peripheral parts, etc. (achieved significant reductions in weight and the number of parts by means of a unified structure via single-sided spot welding and elimination of the need for extra reinforcement through bead forming on a single sheet of metal)

Proactive Sales Expansion Focusing on the Three Elements (Customers, Products, and Regions)

Yorozu actively expanded sales under the three elements with an emphasis on selection and concentration.

Main Outcomes and Progress

- Toyota: Received new orders for suspension parts in Japan and Indonesia in addition to the U.S., China, Mexico, and Thailand
- Mitsubishi: Received new orders for suspension parts in Japan
- Nissan: Expanded sales of parts in China to accommodate increasing demand for automobiles
- Developed new products and methods through a joint effort between sales and product engineering departments to address the need for lighter parts stemming from the shift to EVs

Enhance Corporate Capabilities

Human Resource Development

Yorozu promoted remote working and flexible working hours by implementing relevant systems and measures to enhance employee motivation and productivity.

Main Outcomes and Progress

- Acquired Eruboshi certification in 2018
- Recognized as an Excellent Enterprise of Health & Productivity Management
- Advanced training of human resources through industry-academia collaboration with National Institute of Technology, Tsuruoka College in Yamagata Prefecture



Review of Organization

We established a new internal organization to consistently realize profits and address changes in the business environment.

Main Outcomes and Progress

- Enhance *monozukuri* functions and the total production system: Announced the appointment of director of YoroZu Global Technical Center in 2018
- Strengthen advanced development: Established the R&D Department in 2018
- Promote diversity: Established the HR Diversity Promotion Group in 2018
- Enhance project revenue management: Established the Project Control Department in 2020

ESG Management

We at YoroZu are fully committed to promoting ESG management with the aim of realizing sustainable growth and medium- to long-term increases in corporate value. Under YSP2020, we worked to reduce the level of CO₂ emissions, implement work-style reforms, and promote diversity while increasing the membership of outside directors and making other improvements from a governance aspect to enhance the oversight function.

Main Outcomes and Progress

- Environmental (E): Accelerated initiatives toward reducing CO₂ emissions
- Social (S): Proceeded with measures to promote work-style reform and diversity
- Governance (G): Issued integrated report in 2019 and increased the number of outside directors in 2020

Please visit the link below for details on YSP2020.
<https://www.yorozu-corp.co.jp/share/uploads/2019/05/YSP2020-2019528-E.pdf>

Overview of Medium-Term Business Plan Yorozu Sustainability Plan 2023

The business environment surrounding the Yorozu Group is undergoing significant changes, such as the arrival of CASE—part of a once-in-a-century paradigm shift in the automotive industry—and the increasing pace of initiatives throughout various industries geared to realizing carbon neutrality. Meanwhile, when we reflected back on our results in recent years to determine our approach to enhancing profits, we realized the need for a more robust corporate structure that is resilient to changes in the production volume of vehicles.

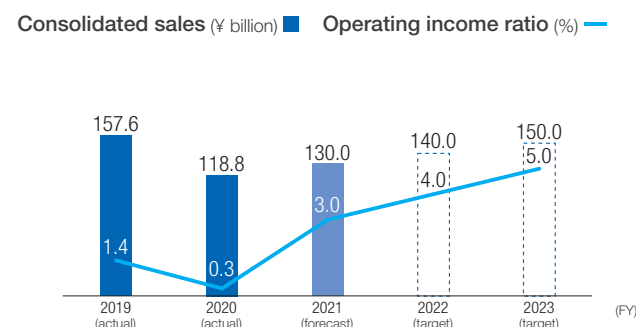
In order to realize sustainable growth throughout the Group in the face of such a business environment, we established Yorozu Sustainability Plan 2023 (YSP2023), our medium-term business plan covering the period from fiscal 2021 to fiscal 2023.

Overview of YSP2023

Guided by our new Corporate Vision—“With the one and only technologies and developmental capabilities in suspensions, we deliver solutions to customers’ needs and aim to become a 100-year sustainable and evolving company”—Yorozu will engage in sound management that is resilient to

changes by promoting ESG management, achieving stable profits, and developing new technologies and methods, the three pillars of its key initiatives, and thereby realize sustainable growth and enhance corporate value.

- Management centered on ESG in pursuit of mutual growth with humanity, society, and the earth
- Achievement of stable profits through the establishment of a corporate structure resilient to changes in production volume
- Development of new technologies and methods to bolster competitiveness of suspension parts



Management Policy

Engage in sound management that is resilient to changes

1 ESG Management

- Achieve medium- to long-term sustainable growth
 - Promote digital transformation (DX) aimed at changing the corporate culture
- E: Engage in earth-friendly *monozukuri*
S: Create a healthy and engaging workplace
G: Realize highly transparent governance

2 Stable Profits

- Shift to optimum production capacity
- Recreate a strong *gemba* (front-line operations)
- Strengthen cash flow management
- Build a robust corporate structure that is less affected by production volume

3 New Technologies and Methods

- Develop products with high added value through weight reduction
- Propose products for EVs
- Proactively expand sales in the three elements (customers, products, and regions)
- Expand external sales of production equipment such as dies and tooling

Financial Plan

In regard to our numerical results for fiscal 2023, the final year of our medium-term business plan, we will target consolidated sales of ¥150.0 billion and a consolidated operating

income ratio of 5.0%. In addition, we will target ROE of 8.0% as an indicator for capital efficiency and our shareholder return policy.

Fiscal 2023 Financial Targets

Sales	Operating Income Ratio	Capital Efficiency
Consolidated sales	Consolidated operating income ratio	ROE
¥150.0 billion	5.0%	8.0%
Fiscal 2020 result: ¥118.8 billion	Fiscal 2020 result: 0.3%	Fiscal 2020 result: (11.0)%

Shareholder Returns

Our basic policy is to provide returns to shareholders in the form of dividends. We aim to provide consistent dividends by targeting a dividend payout ratio of 35% or more.

Strengthening of ESG Management—Contributing to the SDGs through Our ESG Management

In an effort to realize sustainable growth over the medium to long term, Yorozu has established the ESG Office. The ESG Office will assume the main responsibilities for the Company's ESG management while actively engaging in the following ESG initiatives as part of our management strategies.

In addition, we will implement a system that enables data to be utilized in ESG management while moving ahead with digital transformation (DX) toward the establishment of a more robust corporate structure.

E	Environmental	Engage in earth-friendly <i>monozukuri</i>	
		<ul style="list-style-type: none"> Reduce CO₂ emissions throughout production processes to achieve carbon neutrality Prevent global warming with lightweight products 	
S	Social	Create a healthy and engaging workplace	
		<ul style="list-style-type: none"> Secure human resources Promote work-style reform and diversity Foster a culture that respects diversity 	
G	Governance	Realize highly transparent governance	
		<ul style="list-style-type: none"> Strengthen supervisory functions Promote higher compliance Encourage shareholder communication 	

Foundation for achieving these goals
Promotion of digital transformation (DX)
—Transformation of corporate culture to prevail over the competition—

Our Pursuit of Lighter Automotive Components

Demand for the development of environment-friendly vehicles, such as electric vehicles (EVs) and hybrid vehicles (HVs and PHVs), continues to grow as the world turns its focus to reducing greenhouse gas emissions. Meanwhile, the number of components required for such vehicles has been increasing, sparking concerns over deteriorations in fuel economy that stem from the additional weight.

To address this issue, the Group has been fully committed to achieving lighter suspension parts while proposing weight-reduction solutions for batteries, motors, and other peripheral components by drawing on its stamping and welding technologies.

Background behind Our Pursuit of Lighter Parts

Today, the automotive industry is undergoing a once-in-a-century paradigm shift in technologies called CASE.

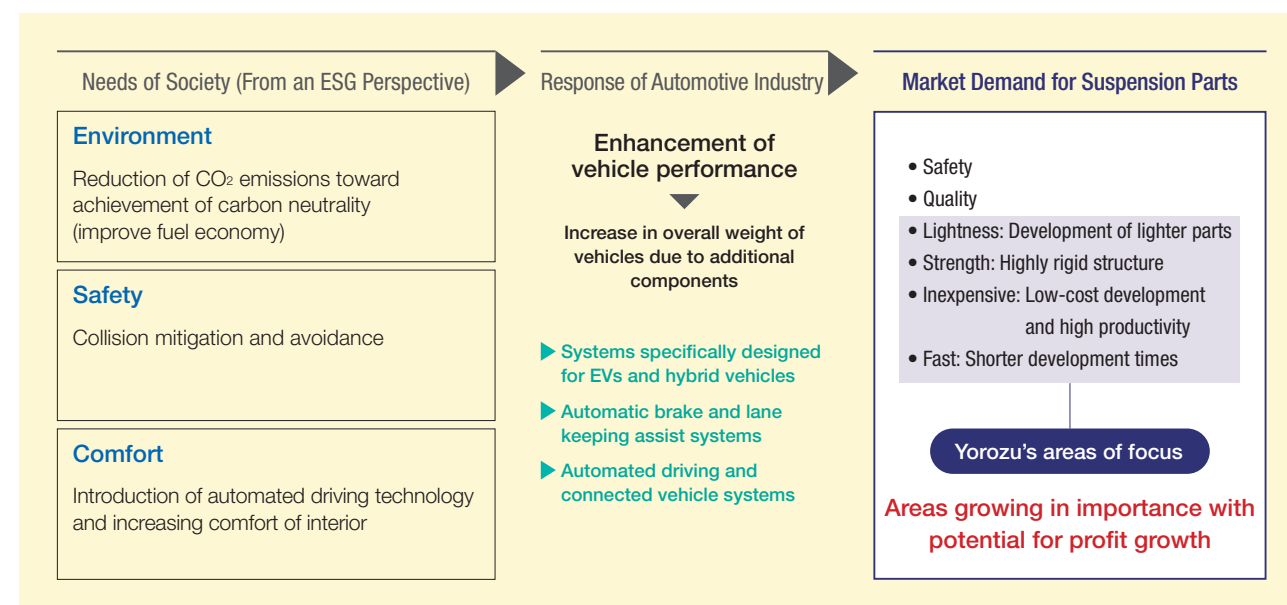
Amid this technological trend, the development of EVs, PHVs, and other environment-friendly vehicles is proceeding at an exponential rate with the goal of achieving carbon neutrality by 2050, while at the same time, advanced driving assistance systems such as safe driving support and automated driving technologies continue to see a rise in demand. However, answering to such needs will add weight to batteries and motors, ultimately resulting in the need to reduce the overall weight of automobiles. In light of this situation, Yorozu will continue to reduce the weight of suspension parts and other components to improve the fuel economy of vehicles when driven and lower the amount of CO₂ emissions.

Moreover, the value of automobiles, which has traditionally been placed on such basic functions as driving, turning, and stopping, has now turned to advanced driver assistance systems and communication capabilities. In order to devote their management resources to such cutting-edge fields,

automakers are now entrusting the development of auto parts and other basic technological processes to companies that specialize in those areas. Realizing that such a trend will generate greater competition as well as more business opportunities, Yorozu will continue to hone its technological capabilities and develop products that are more suited to the business environment.

While our commitment to ensuring high standards of safety and quality in our products remains unchanged, the lightness, strength, and price of our parts as well as the short lead time are what will drive Yorozu ahead of the competition. We will pursue the highest possible standards in these areas by leveraging our technological capabilities that have been nurtured over the years while actively proposing weight-reduction solutions for batteries, motors, and other peripheral parts by drawing on our stamping and welding technologies.

Issues to Address and Areas of Significance to Yorozu



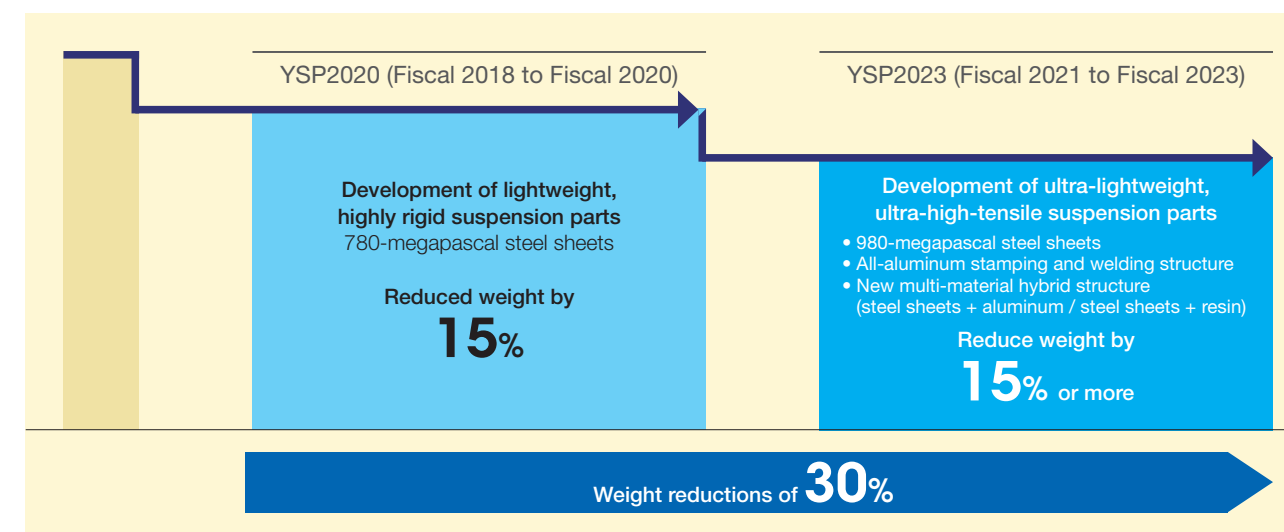
Our Weight-Reduction Measures under YSP2023

We will pursue weight reductions of 30% or more (compared with fiscal 2017) through the design and development of ultra-lightweight, ultra-high-tensile suspension parts.

In light of the need for lighter suspension parts, we have continued to evolve our elemental technologies in forming analysis, die structure, and die surface treatment. In addition, Yorozu will continue to cater to the need for lighter suspension parts by developing and adopting an all-aluminum stamping and

welding structure and a 980-megapascal ultra-high-tensile material, which poses even more challenges in the forming process, as well as a multi-material hybrid structure combining steel sheets with aluminum and resin.

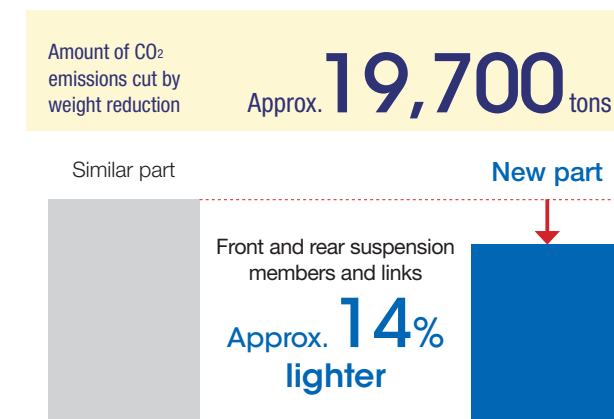
Weight-Reduction Target for Suspension Parts



CASE STUDY

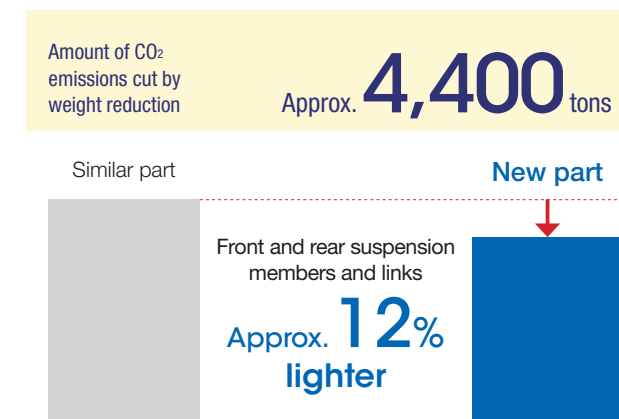
Example of Lighter Front and Rear Suspension Members and Links

—Mitsubishi Outlander—



Example of Lighter Front and Lower Arms

—Renault Magnite—



All development and engineering departments—including the Product Engineering, R&D, Manufacturing Engineering, and Quality Assurance departments—and Yorozu Engineering Corporation worked intensively to realize simultaneous engineering from the initial stages of development. The coordinated activities led to a large reduction in weight through the use of innovative assembly methods and thinner sheet materials. By the time the Mitsubishi Outlander and Renault Magnite reach the end of their production run, reductions in CO₂ emissions of approximately 19,700 tons and 4,400 tons, respectively, will be attributable to our lighter products.

Message from the Product Engineering Officer

Realizing Carbon Neutrality by 2040 on the Road to Becoming the World’s Leading Suspension Company

The advent of CASE has fueled the introduction of new batteries, automated driving systems, and other technologies, which in turn has increased the weight of automobiles. To help mitigate such impact on automakers, Yorozu has continued to focus its efforts on reducing the weight of chassis parts. Moreover, the need for lightweight suspension parts has increased more than ever with the rapidly growing attention on carbon neutrality, the SDGs, and ESG issues across the globe.

In light of this, we have joined forces with automakers, material manufacturers, and equipment manufacturers to develop technologies that help reduce the weight of automobiles as swiftly as possible.

In the area of stamping and welding technologies, which represents the major strength of Yorozu, we are currently in the development stage for a 980-megapascal steel sheet, which is significantly stronger than the materials we have utilized to date, for use in mass production. The strength of the 980-megapascal material allows for thinner sheets to be used and thereby helps reduce weight, although it poses technical challenges for the stamping process.

Despite such challenges, we will continue to proceed with the development of these steel sheets and combine them with our specialized lightweighting technologies, such as the full-curl method that employs three-dimensional forming to make sheet metal into tubes and the tailor welded blanking method that employs the technology of forming sheet metals

of different thicknesses into blanking materials. In so doing, we will aim to reduce weight by over 30% compared with fiscal 2017 levels and tap into the highly competitive market for lightweight parts.

We are also working to increase sales of all-aluminum stamping and welding structure suspension members made of extruded aluminum materials and aluminum sheets, which can contribute to weight reductions of over 30%, and to develop a new multi-material hybrid structure, combining steel sheets with aluminum and resin to generate less weight, for adoption in next-generation vehicles.

Meanwhile, due to the extreme importance of using less energy in our manufacturing processes in order to realize carbon neutrality, we underscore the significance of extensively reusing existing equipment, reducing waste, and operating equipment efficiently when designing our suspension parts and mass production tools, such as dies, tooling, and equipment.

Through diverse new technologies and manufacturing methods, we will develop suspension parts that help automakers meet CASE-related needs and realize carbon neutrality, thereby enabling us to contribute to the mobility society of the future as the world’s leading suspension company.

Masashi Yamada

Senior Vice President (SVP)
General Manager of Product Engineering Department



AWARDS

Yorozu was recognized once again this year by Japanese automakers such as Nissan Motor Co., Ltd., its affiliated group, and Hino Motors, Ltd., as well as automakers overseas, including Beijing Benz Automotive Co., Ltd., for its commitment to excellence in quality, delivery, and product development.

Awards for Excellence in Quality, Delivery, and Product Development

Awarding Body	Award	Reason for Selection
Nissan Motor Tochigi Plant	Supplier Award	Yorozu was recognized for its commitment to ensuring high standards of quality for its suspension parts as well as for its contributions to the enhanced quality of factory-produced vehicles.
Hino Motors Manufacturing U.S.A., Inc.	Quality Excellence Award	Yorozu Automotive Tennessee, Inc. (YAT) was recognized for its efforts to supply high-quality brackets used on trucks to Hino Motors Manufacturing U.S.A., Inc.
Nissan Mexicana S.A. de C.V.	Quality Excellence Award	Yorozu Mexicana S.A. de C.V. (YMEX), our production facility in Mexico, was awarded the highest honor for excellence in quality for the first time (and the sixth consecutive award related to quality) by Nissan Mexicana S.A. de C.V. for its contributions to the enhanced quality of suspension parts.
Beijing Benz Automotive Co., Ltd.	Special Contribution Supplier Award	Wuhan Yorozu Bao Mit Automotive Co., Ltd. (W-YBM), Yorozu's production facility in China, was recognized by Beijing Benz Automotive Co., Ltd. for its commitment to sustaining stable production, supplies, and quality amid the COVID-19 pandemic and to ensuring the safety of its employees and their families.
Isuzu Motors Ltd.	Quality Excellence Award	Yorozu was recognized for the third consecutive year by Isuzu Motors Ltd. for its dedication to high standards of quality.



Quality Excellence Award from
Hino Motors Manufacturing U.S.A.



Quality Excellence Award from
Nissan Mexicana



Special Contribution Supplier Award from
Beijing Benz Automotive

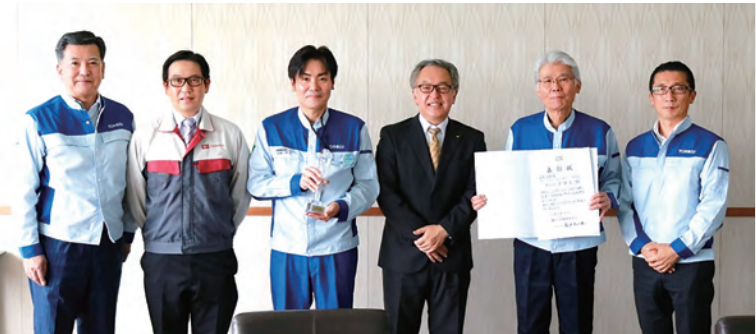
Cost Reduction Award

Value Engineering (VE) Award from Daihatsu Motor Co., Ltd.

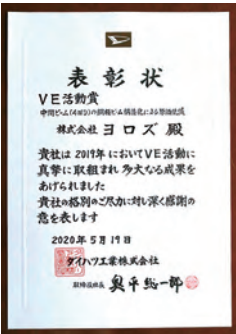
The Value Engineering (VE) Award is a highly prestigious award presented to 10 of Daihatsu Motor's approximately 700 business partners that played a major role in its cost reductions.

Yorozu proposed a low-cost solution that involves the use of an intermediate beam structure (four-wheel drive), which

was adopted on the Rocky, Daihatsu Motor's all-new SUV. By ensuring the same level of strength as pipe beams with the use of steel sheet beams, we drastically cut costs by 55%, which culminated in the receiving of this prestigious award.



Presentation of VE Award by Daihatsu Motor

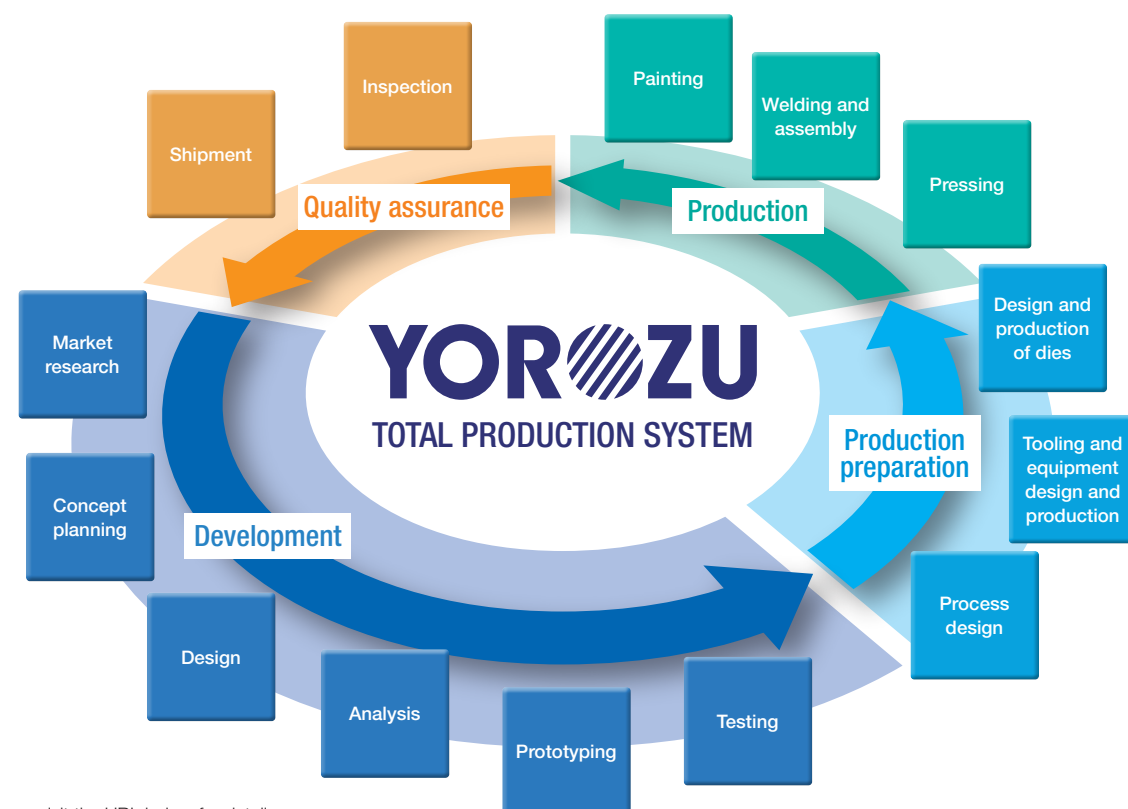


Strengthening of Competitiveness and Stabilization of Profitability

Total Production System

The Group's advantage in the development of suspension parts lies in its distinctive total production system.

Under this system, all production-related processes are conducted in-house, from research and development to quality assurance and the manufacture of production equipment. The system, established on a wealth of data and experience accumulated over more than 50 years, is constantly evolving so that information from individual projects can be utilized in the development and production of next-generation models.



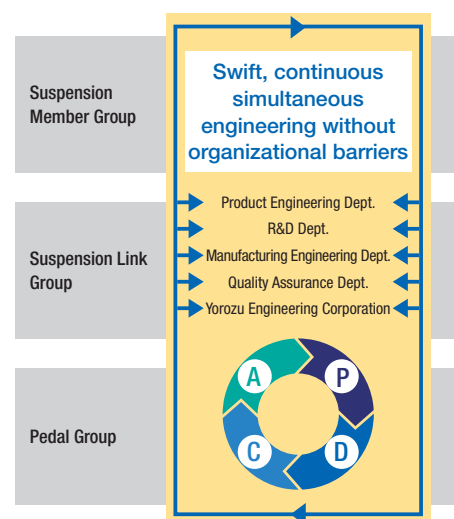
Please visit the URL below for details about each phase of the total production system.
<http://www.yorozu-corp.co.jp/en/technology/>

Development Based on Simultaneous Engineering

Under the total production system, product-specific groups are organized to facilitate the evolution of the system and cement our advantage in manufacturing.

Further, our competitiveness is strengthened through simultaneous engineering activities where all development and engineering departments coordinate from the initial stages of manufacturing (*monozukuri*) with the aim of reducing the number of parts and production costs and making a transition from automated production (*jidoka*) to unattended production (*mujinka*). These activities are carried out by: the Product Engineering Department, responsible for product design; the R&D Department, responsible for the development of new technology and methods; the Manufacturing Engineering Department, responsible for processes, dies, and welding equipment; the Quality Assurance Department, responsible for quality; and Yorozu Engineering Corporation, responsible for the production of dies and equipment.

The use of product-specific groups in our development activities where coordination of all departments is required rather than the conventional division by automakers, is our biggest difference from competing suppliers. By leveraging the respective expertise of product-specific groups for suspension members, suspension links, and pedals, we will engage in development that caters to automakers' needs.



Our Commitment to Consistently Generating Profits

In these times of uncertainty about the arrival of the post-COVID-19 era, the business environment surrounding the automotive industry remains significantly unstable due to its inability to accommodate the rising demand for automotive semiconductors stemming from the increasing shift to electric vehicles. Due to this impact, our customers have been substantially reducing their production capacity, the effects of which we are seriously concerned about.

To overcome such headwinds, the Company is developing a corporate structure resilient to changes in production volume and transitioning to a management stance of prioritizing free cash flow in an effort to generate profits on a more consistent basis.

Developing a Corporate Structure Resilient to Changes in Production Volume

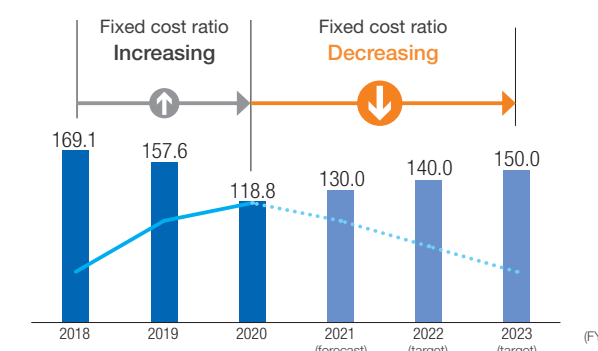
Due to the impact of the reduced production capacity of our main business partner, Nissan Motor Co., Ltd., in fiscal 2020 we posted a net loss attributable to owners of parent of ¥6.1 billion. It has never been more difficult to estimate the production volume of automakers.

The most significant obstacle to improving profits is the reduction of fixed costs, the majority of which consists of depreciation expenses associated with manufacturing equipment. At Yorozu, we have been streamlining fixed costs by bearing in mind the importance of mitigating the impact of the contraction in sales. Under YSP2023, we will make full use of our ability to produce all dies and manufacturing equipment for suspension parts in-house while proceeding with thorough target costing to ensure that our fixed cost ratio continues to decrease from fiscal 2020 onward.

We will set investment limits for each project and aim to

Fixed Cost Ratio (Target)

Consolidated sales (¥ billion) / Fixed cost ratio (%)



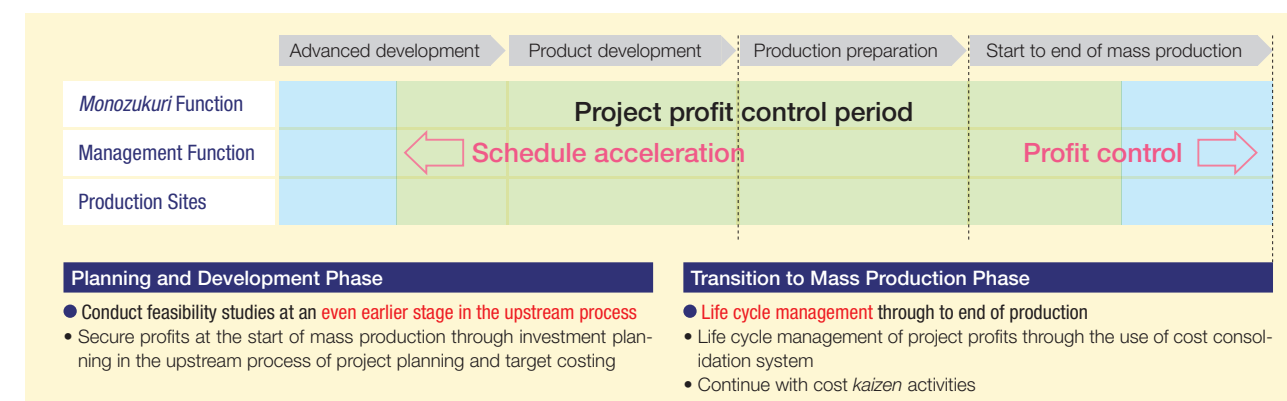
reach each milestone along the way in pursuit of our fixed cost ratio target.

Improving Free Cash Flow—Profit Management by Project Life Cycle

Through such measures as the establishment of the Project Control Department in 2020, we have continuously strengthened our profit management over the life cycle of each project. Yorozu's previous approach to profit management was confined to a process that ranged from product development through to production preparation. With the new approach, this process extends to include upstream stages such as planning and development in order to secure profits at the

start of mass production while achieving cost reduction targets and improving profits through enhanced cooperation with internal functions and production sites.

We will also utilize a cost consolidation system at each phase of the project and continue with our cost *kaizen* (improvement) activities as part of the shift to life cycle profit management.



Environmental Management

Message from the Environmental Management Officer

Pressing Forward with Environmental Management toward a Sustainable Society

With the increasing global attention on realizing carbon neutrality by 2050, Yorozu has declared in its medium-term business plan YSP2023 the goal of achieving net-zero CO₂ emissions 10 years in advance, by the year 2040.

As stated in the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), climate change not only poses physical and transition risks on various industries but also a financial risk that is likely to correspond with the economic downturn triggered by the Lehman Brothers collapse in 2008. The impact of climate change has already begun undermining the safety of our lives as evidenced by the increasingly frequent abnormal weather conditions.

Yorozu has continued to play an active role in promoting energy-saving initiatives to reduce its level of CO₂ emissions, such as the adoption of renewable energy at its plants. However, we are well aware that our carbon-reduction efforts to date are simply not enough to reach the goals we have put forth for decarbonization and carbon neutrality. As such, our KPIs for realizing these goals are now measured as the total amount of CO₂ emissions, as opposed to CO₂ emissions per unit of value added, which was used in the past.

In addition to updating our KPIs, we are working to roll out specific measures and enhance employee awareness of the importance of reducing CO₂ emissions. With this in mind, the Company formulated Yorozu Global Environmental Vision

2040, a two-pronged strategy in pursuit of carbon neutrality and resource recycling. We will firmly take the measures necessary in order to fully realize these two objectives. These two pillars share the common goal of completely eliminating our environmental impact, and therefore, a logo depicting the number “0” (zero) has been designed for this project, which has been made known to all executives and employees in the hope of strengthening environmental awareness.

With the extreme importance of realizing carbon neutrality in the automotive industry, we have designed a scenario for reducing greenhouse gas emissions that consists of four measures: ① improve energy efficiency, ② adopt the use of renewable energy, ③ purchase zero-carbon power, and ④ conduct fuel conversion.

While our efforts currently center on improving energy efficiency, the use of solar power and other forms of renewable energy is critical to realizing carbon neutrality. Accordingly, Yorozu will continue to proceed forward with measures to enhance energy efficiency while reducing the level of CO₂ emissions through its central focus of reducing the weight of suspension parts. (Please see page 18 for details on Yorozu’s weight-reduction efforts.)

Hiroshi Kume

Senior Vice President (SVP)
General Manager of ESG Office and Internal Auditing Office



Environmental Philosophy

We will appreciate the bounty of nature as we pursue growth in harmony with the natural environment, based on CSR.

Yorozu Global Environmental Vision 2040

The Yorozu Group is fully committed to taking actions to solve environmental issues with the aim of contributing to healthy and prosperous living for all people around the world.

- Climate change: Work to become carbon neutral by 2040
- Resource recycling: Make the most effective use of our limited resources for sustainable circulation



Response to TCFD Recommendations

Climate change, which poses a significant threat to global society, the economy, and the environment, has been intensifying year after year, presenting significant obstacles to our business activities. Since the formulation of its Environmental Policy in 2009, the Group has been working to address climate change and other environmental issues along the path to realizing a sustainable society through business activities.

Moving forward, the Group will assess the financial impact

of the business risks and opportunities presented by climate change in accordance with the framework of the TCFD and strengthen its information disclosure from the perspectives of governance, strategy, risk management, and metrics and targets.



Information Disclosure from the Four Perspectives of the TCFD Recommendations

Perspectives	Status of Response	Relevant Information
Governance	Our environmental management activities are carried out under a management structure headed by the president of the Company. The Management Meeting addresses matters of high priority; examines and formulates policies in response to medium- to long-term issues; shares information on business risks and opportunities associated with climate change and decides on the necessary measures; and reports the details of these activities to the Board of Directors. Meanwhile, Yorozu embraces climate change as a Groupwide risk and will implement measures across the entire organization under the supervision of the Board of Directors.	Corporate governance structure https://www.yorozu-corp.co.jp/en/csr/governance/corporate-governance/
Strategy	Understanding the importance of pursuing carbon neutrality to the continuous growth of its business, Yorozu has declared the goal of achieving net-zero CO ₂ emissions by 2040, 10 years ahead of the 2050 global target. With the Japanese government’s announcement of the Green Growth Strategy, consisting of stepping up the pace of automotive electrification, we at Yorozu will continue to reduce the weight of suspension parts and thereby improve the fuel efficiency and cruising range of automobiles. In addition, we are actively working to adopt new materials that help achieve lighter weight and have designated research and development into new technologies and methods as a core element of our business strategy.	Yorozu Sustainability Plan 2023 https://www.yorozu-corp.co.jp/wp-content/themes/YOROZU%201.0.3/images/en/investors/YSP2023_E.pdf
Risk Management	At Yorozu, risks associated with environmental issues are managed primarily under the structure headed by the president of the Company. Climate change is regarded as a risk and measures will be taken to enhance risk management throughout the entire organization. Meanwhile, we will be disclosing the results of the analysis of our scenario.	Internal control system https://www.yorozu-corp.co.jp/en/csr/governance/internal-control/
Metrics and Targets	To address the issue of climate change, Yorozu has declared its medium- to long-term target of reducing Scope 1 and Scope 2 CO ₂ emissions by 50% by 2030 and to 0% by 2040. Progress toward realizing these targets will be monitored by continuing to track our short-term targets. (Please see pages 13 and 37 for details on Scope 1 and Scope 2 emissions.)	—

Human Resource Strategy

The Yorozu Group understands the importance of training personnel to be able to flexibly adapt to change in order to continue contributing to society in the changing business environment. We strive to promote diversity, develop exceptional talent, and nurture a corporate culture where everyone can reach their full potential.

Promotion of Diversity

Empowerment of Women

We have engaged in a variety of initiatives, including an internal women's conference kicked off in 2013, in pursuit of a workplace where women can shine. In addition to establishing an environment and system where female employees feel comfortable, we provide awareness-raising seminars and lectures held by external instructors as well as management seminars on women's empowerment.

Owing to the success of these initiatives, the ratio of women in management positions surpassed our 10% target in fiscal 2020 (the highest percentage among all automotive-related industries) and the ratio of female executives was over 20%. Accordingly, we are steadily reaping the benefits of our diversity promotion measures.

Going forward, our efforts in this area will include conducting individual meetings with female employees to uncover potential issues or concerns and a training program geared to the development of managers in workplaces with relatively few female managers. Women will also have the opportunity to engage in discussions with outside directors to receive advice on career development and the pursuit of management oppor-

tunities as part of our efforts to empower women at work.

Under YSP2023, we will look to improve the rate of childcare leave taken by male employees, for which we are targeting 10%, and acquire Kurumin certification in the process while creating an even healthier workplace environment for our employees and thereby become a White 500 company under the certified Health & Productivity Management Organization Recognition Program.

A barrier-free washroom that can be used by all genders will also be established to ensure a comfortable environment for all of our employees.

Yorozu's Diversity-Focused Initiatives and Achievements

2013-2015	Held monthly internal women's conference
September 2014	Received Kanagawa Labor Bureau Chief award for excellence in promotion of equality
May 2018	Established HR Diversity Promotion Group
December 2018	Received Eruboshi certification
Fiscal 2020	Ratio of female directors 22.2% Ratio of women in management positions 10.9% Recognized as an Excellent Enterprise of Health & Productivity Management in 2021

Proactive Hiring of Foreign Nationals and Employment of People with Disabilities

We proactively hire non-Japanese employees. In addition to recruiting international students in Japan, we have directly recruited employees from Thailand since fiscal 2016 and from Vietnam since fiscal 2018. As a result, we currently have a total of 30 highly skilled non-Japanese employees from China, Thailand, Sri Lanka, Vietnam, Malaysia, Russia, and the United States.

We support potential employees with the work visa application process and help guide them through life in Japan. Upon arrival, we organize meet-and-greet events and provide Japanese-language education and consulting services

to help them quickly adapt to their new lives.

We also actively work to create job opportunities for people with disabilities and expand their role in society. In addition to creating job opportunities at Yorozu and its Group companies, we do likewise at other companies and organizations within our regions of operation. At Shonai Yorozu Corporation, we conduct plant tours for neighboring companies, labor bureaus, and support centers so that they can get a firsthand view of people with disabilities at work and a better understanding of the importance of promoting their participation.

Promotion of Active Roles for Senior Employees

At Yorozu, we have a continuous employment system in place that provides employees aged 60 and over with a wide range of employment opportunities based on their skills and desire to work. In this way, the Company strives to help realize a society that embraces the participation of all members. In April 2017, we established a number of employment options available to employees aged 60 and over, including the possibility of

becoming a managerial contract employee, part-time senior or emeritus expert, or part-time employee, or to work for a Group company. In the process, we have created an environment in which employees with a wealth of experience and knowledge can continue to work under ideal conditions.

In fiscal 2020, the continuous employment rate of the Company's employees aged 60 and over was a very high 95%.

Companywide Education Policy

The Group regards human resources as a driving force in corporate management and promotes HR training and global staff exchange with the belief that motivating and upskilling employees will ultimately lead to growth across the entire Group.

Common Training	General training	The Human Resources Department provides position-based educational opportunities for employees and paths to obtain the skills necessary for becoming a "Yorozu Person."
	Improvements in global responsiveness	Based on career paths, the Human Resources Department works with other departments and bases to implement training with the objective of enhancing employees' business English skills and their ability to communicate with people from different cultures while utilizing an overseas trainee system to improve openness to foreign cultures.
Professional Training	Each department or base allows employees to systematically obtain any necessary specialized skills based on a classification system for new, novice, intermediate, and advanced employee education programs. Employees can work on enhancing their own skills by proactively taking advantage of e-learning and distance learning programs.	
Other Technical Training and Qualification Acquisition	Employees have opportunities to obtain advanced technical skills and qualifications through education systems designed for learning skills necessary for work and obtaining qualifications.	

Respect for Human Rights

The Group maintains its basic stance to advance fair and transparent corporate activities with a strong sense of ethics and strict adherence to laws and regulations. The Yorozu Group Charter of Corporate Behavior was instituted in 2005, defining the Group's policy on respect for human rights and the prevention of discrimination and harassment. In this way, we at Yorozu are working to create workplaces and a

corporate culture that will not tolerate any form of human rights violations.

In addition to harassment prevention training for executives and management in both Japan and overseas since December 2018, posters are placed throughout our facilities to raise awareness and prevent harassment in our workplace through a collective Groupwide effort.

Increasing Employee Engagement

At Yorozu, our employees are the greatest assets of our business. The sense of fulfillment felt by employees working in a healthy and active manner spurs innovation, which will ultimately lead to the realization of our sustainable growth.

In order to create this virtuous cycle, we constantly monitor issues in our daily business activities and engage in discussions to address such issues from multiple angles. An employee satisfaction survey is also conducted each year and any issues that are uncovered as a result are reflected in the business plan of each section in the following year while

verifying the status of progress twice a year. By ensuring thorough PDCA management of our business plan in this manner, we are working to provide a better workplace environment for our employees.

As we proceed forward, we will continue to engage in activities that inspire employee engagement and closely monitor their progress with the aim of becoming a company that offers a rewarding workplace environment for all executives and employees.

New Working Arrangements

Promotion of Work-from-Home System

We have systemized remote working arrangements in the past years to diversify and retain talent and will continue to promote such arrangements due to the COVID-19 pandemic.

Not only does work-style diversity contribute to business continuity, even amid natural disasters or an infectious outbreak such as the COVID-19 pandemic, but it also removes restrictions on work locations, allowing effective use of the

freed-up office space, and leads to higher motivation and retention of employees and top talent. Aiming to have 50% of employees work from home, we will establish new work styles and assess their viability as part of efforts to boost productivity.

Board of Directors

(as of June 29, 2021)



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6	7	8 9

Directors

1

Akihiko Shido

Chairman, Member of the Board (CEO)

2

Ken Shido

Vice Chairman, Member of the Board

3

Tsutomu Hiranaka

President, Member of the Board (COO)

4

Akira Saso

CEVP, Member of the Board (CFO)

5

Satoshi Miura

Member of the Board (Standing)

Outside Directors

6

Masashi Oshita

Outside Director
(Independent Officer)

7

Hiroshi Moriya

Outside Director
(Independent Officer)

8

Chiaki Tsuji

Outside Director
(Member of Audit & Supervisory Committee)
(Independent Officer)
Attorney

9

Chieko Ogawa

Outside Director
(Member of Audit & Supervisory Committee)
(Independent Officer)
CPA

Corporate Governance

Basic Stance

The Yorozu Group will fulfill its social responsibilities as a good corporate citizen through strict compliance with relevant laws and regulations. Understanding the need to enhance corporate value with open and transparent corporate activities, thereby earning the trust of our stakeholders, the Group remains committed to reinforcing corporate governance

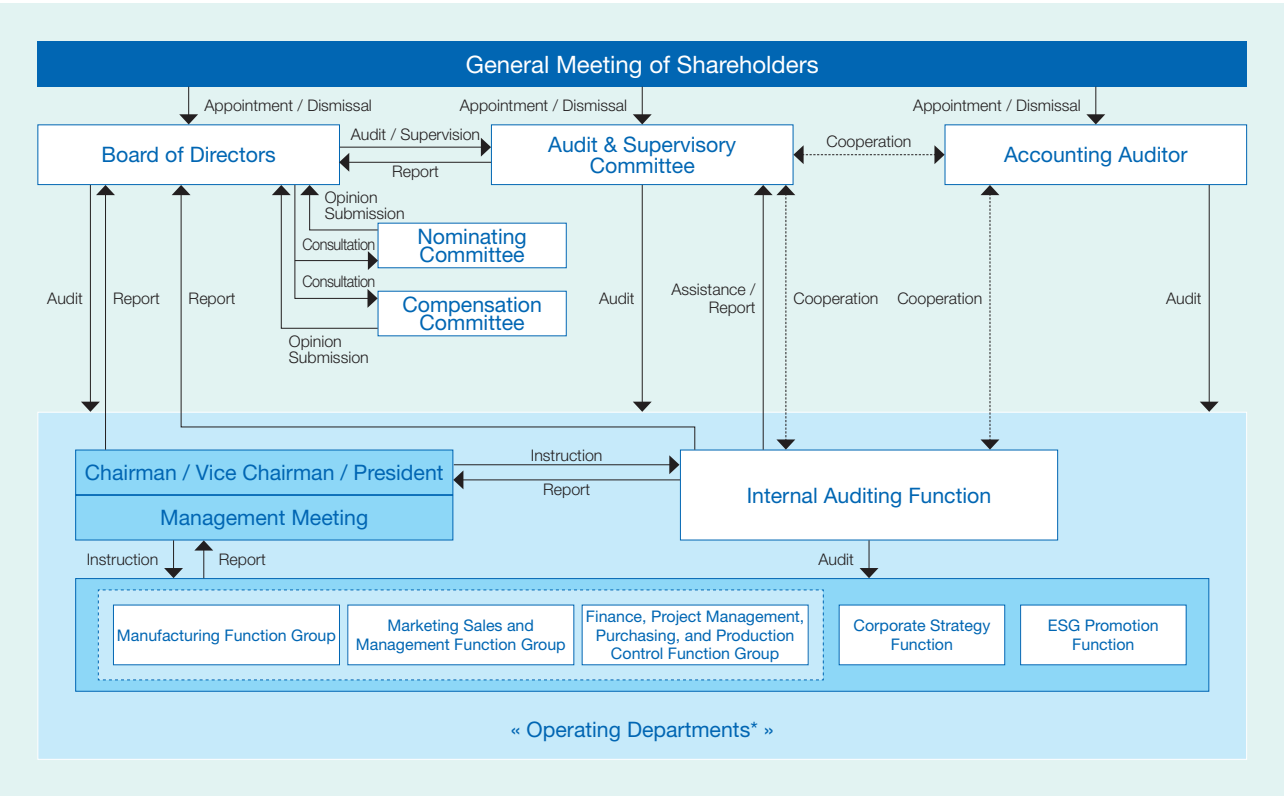
through its organizational design, establishment of a governance framework that includes internal control systems, and application of its Corporate Philosophy across the Group, driven by the will to take action under the Yorozu Group Charter of Corporate Behavior and the Yorozu Code of Conduct.

Our Corporate Governance Structure

As of the 70th Ordinary General Meeting of Shareholders held on June 10, 2015, Yorozu switched from a Company with a Board of Corporate Auditors to a Company with an Audit &

Supervisory Committee, the majority of which consists of outside directors, thereby strengthening corporate governance and audit and supervisory functions.

Corporate Governance Structure



* A cross functional organization made up of three function groups (the Manufacturing Function Group, the Marketing Sales and Management Function Group, and the Finance, Project Management, Purchasing, and Production Control Function Group) and three independent functions (the Corporate Strategy Function, the Internal Auditing Function, and the ESG Promotion Function) to control each site based on three regions (Japan, the Americas, and Asia)

Overview of Corporate Governance

Type of organizational design	Company with an Audit & Supervisory Committee	Ratio of female directors	22.2%
Number of directors who are not members of the Audit & Supervisory Committee (number of independent outside directors)	6 (2)	Term of directors who are not members of the Audit & Supervisory Committee	1 year
Number of members of the Audit & Supervisory Committee (number of independent outside directors)	3 (2)	Term of directors who are members of the Audit & Supervisory Committee	2 years
Total number of directors (number of independent outside directors)	9 (4)	Adoption of executive officer system	Yes
Ratio of independent outside directors	44.4%	Accounting auditor	Ernst & Young ShinNihon LLC

Dialogue between the President and an Outside Director



Tsutomu Hiranaka
President and COO
Member of the Board

Masashi Oshita
Outside Director
(Independent Officer)

Pursuit of a Highly Transparent Governance Structure

Fiscal 2020 was a year in which the business environment underwent drastic changes, such as the significant impact of COVID-19 on the economy and society and the increasing need for measures against risks associated with climate change. President Tsutomu Hiranaka and Outside Director Masashi Oshita sat down to discuss the Yorozu Group's role in this environment from the perspective of corporate governance.

Distinctiveness of Yorozu's Governance Structure

Hiranaka In 2015, Yorozu Corporation transitioned to a Company with an Audit & Supervisory Committee where outside directors comprise the majority of the Board of Directors. The Nominating Committee and Compensation Committee, both consisting mainly of outside directors, were established thereafter in an effort to establish a highly transparent governance structure and thereby earn the trust of our stakeholders.

Oshita Ever since assuming the role as an outside director in 2018, the Company's determination to constantly strengthen its governance has always stood out in my mind. I believe Yorozu has successfully been able to not only adhere to the

requirements of the Corporate Governance Code but also evolve in tune with the times by increasing the number of outside directors and revising the director compensation system.

Hiranaka Just as we had planned in YSP2020, our previous medium-term business plan, we at Yorozu were able to drastically enhance our governance functions. We ensured that outside directors were given ample opportunities to engage in discussions and offer advice while continuing to improve the transparency and objectivity of the decision-making process of the Board of Directors, and these, I believe, are the most striking features of our governance.

The Roles Expected of Outside Directors

Hiranaka Our primary objective in appointing outside directors is to receive objective opinions on our management by ensuring that there is no conflict of interest with our organization or business as well as with other directors. While continuing to monitor our compliance with laws and regulations, I hope Mr. Oshita and other outside directors will offer even more frank opinions than in the past so that we are able to improve the transparency and objectivity of our decision-making processes and further enhance our corporate governance.

Oshita Given that governance is all about making decisions in a fair and prompt manner from the perspectives of a wide range of stakeholders, the outside directors are expected to bring an even more multifaceted medium- to long-term perspective to the management of the Company.

Fiscal 2021 has been a year of prominent events including your appointment as the new president of the Company and the announcement of YSP2023, the new medium-term business plan. As chairperson of the Nominating Committee, I advised the Board of Directors in favor of your appointment as the president following in-depth discussions held by members of the committee.

Due to the disappointing outcome of YSP2020, it was imperative for the Company to restore the trust of its shareholders. In order to do so, all outside directors contributed to the formulation of YSP2023 by offering their input based on their respective areas of expertise.

Hiranaka During the formulation of YSP 2023, meetings in addition to those of the Board of Directors and discussions involving the Board were held on multiple occasions, where we engaged in lively and meaningful exchanges of opinions with the outside directors. While discussions on YSP2023 began in July 2020, the Company's outside directors were involved in the formulation process from its initial stages, closely sharing their valuable opinions regarding the launch of our new medium-term business plan. In the meetings, we were offered intriguing advice but occasional criticisms as well. Because we went through this together, the relationship between the members of the Board of Directors has never been better.

The Path to a Sustainable Increase in Corporate Value

Oshita Surveying the automotive industry over the medium to long term, significant structural changes are likely on the horizon to address the needs for CASE and other new domains as well as for a low-carbon society. In order to face such changes head on, Yorozu must solidify its position under its medium- to long-term vision. Meanwhile, it is also important for each department to execute their strategies by developing a sense of unity.

Hiranaka I completely agree with you in regard to our business environment. As the competitive landscape picks up in intensity, we must change the things that need to be changed while preserving the things that need to be preserved. Since its founding, Yorozu has carried on its tradition of continuing to do whatever it takes to enhance its competitive advantages in the form of developmental and technological capabilities while gradually implementing the changes that are necessary. To ensure that all employees are aligned on the same course, I would like everyone to acquire the ability to think, act, and sense things in the face of situations that require them to quickly adapt to social developments.

I am determined to bring about positive change to our organization. By combining a top-down approach and a bottom-up approach to create an organization brimming with enthusiasm, we will come together as a single unit to realize the goals set forth in YSP2023.

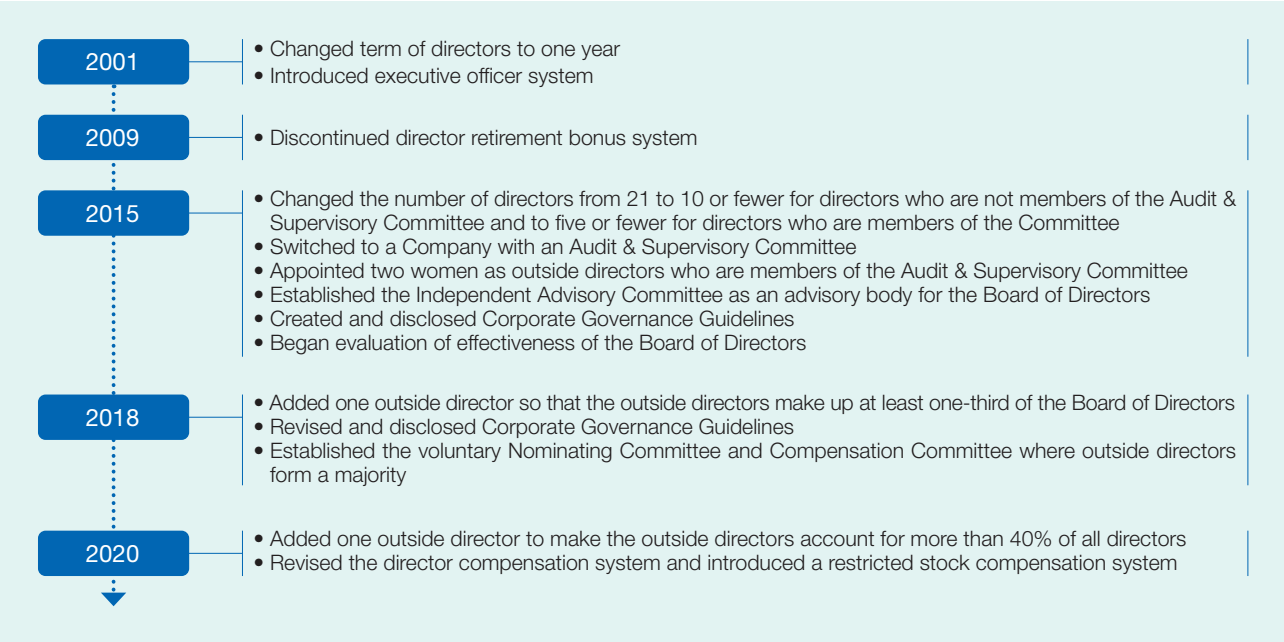
Oshita With the external business environment changing at an extremely rapid pace, I realize that management is in a tough position. Specifically in terms of risk-taking, it is absolutely paramount that the Company achieves a healthy balance between offensive and defensive strategies.

The role that the outside directors play in offering advice and support in areas of uncertainty is quite significant, I believe. The four of us outside directors will engage in discussions by drawing on our respective areas of expertise to continue contributing to the growth of Yorozu.

Hiranaka We at Yorozu will continue to provide customers with competitively priced, extraordinary suspension parts that deliver exceptional standards of safety, reliability, quality, and comfort. By successfully carrying out ESG management as outlined under YSP2023, we will contribute to the betterment of society and fulfill the expectations of all of our stakeholders.

Corporate Governance

Steps to Reinforce Corporate Governance



Audits and Supervision

As a supervising body, the Board of Directors meets regularly once every three months and convenes extraordinary meetings as necessary to determine general management policies, legal matters, and other important topics in management. It also monitors the execution of duties by the directors and executive officers.

The Board of Directors comprises nine members (including four outside directors), an appropriate size for a Company with an Audit & Supervisory Committee that ensures the operability of the Board of Directors and the effectiveness of the Audit & Supervisory Committee.

In the appointment of directors, the Company seeks individuals who can leverage their advantages across multiple fields and in business management to ensure diversity and well-balanced knowledge, experience, and abilities in the boardroom. Candidates for directors (who are not Audit & Supervisory Committee members) are determined by the Board of Directors based on the screening results of the Nominating Committee and are appointed at the General Meeting of Shareholders.

Directors who are members of the Audit & Supervisory Committee hold regular and extraordinary meetings of the Committee; attend Board meetings, the monthly Management Meeting, and meetings of global subsidiary presidents, among others; and periodically meet with representative

directors. The Committee comprises three members (including two outside directors) appointed at the General Meeting of Shareholders. It receives appropriate and timely reports from directors, officers, the accounting auditor, auditing departments, and other relevant personnel, and necessary information is shared to improve the quality and efficiency of the audits.

In accordance with laws and regulations, the Company's accounting auditor, Ernst & Young ShinNihon LLC, has put a mechanism in place to restrict the terms of engagement in the Company's audit accounting; five accounting terms for chief functional employees and seven terms for functional employees.

The Internal Auditing Office has been established to maintain effective internal control activities and supervisory functions. The Audit & Supervisory Committee strives to improve efficiency in auditing and investigating the Company's operations and financial assets in cooperation with the internal auditing department by sharing annual auditing plans and monthly audit reports and by attending the quarterly hearing reviews conducted by the accounting auditor. The internal audit department exchanges opinions with the accounting auditor on audit plans, the state of audits, and audit results, which are reflected in internal control activities.

Execution of Business

The Company has introduced an executive officer system to clarify the responsibilities and areas of authority in business execution. The Management Meeting is held monthly to ensure the Company's swift response to sudden changes in the business environment.

With a view to maximizing efficiency Groupwide, the Company has established an overarching system that laterally

manages discrete functions through three function groups (the Manufacturing Function Group, the Finance, Project Management, Purchasing, and Production Control Function Group, and the Marketing Sales and Management Function Group) and three independent functions (the Corporate Strategy Function, the Internal Auditing Function, and the ESG Promotion Function), in addition to the existing three regional units.

Outside Directors

Yorozu has appointed outside directors to ensure fairness and transparency while strengthening the oversight function of the Board of Directors. Currently, independent outside directors account for more than 40% of the Board. To be qualified as a candidate, professional knowledge and experience in corporate management, legal affairs, government administration, and accounting, among other fields, are required. From among candidates who excel in terms of personality and general knowledge, only people who meet the

Company's criteria for independence, have the approval of at least one current independent director or independent member of the Audit & Supervisory Committee, and fulfill other requirements in accordance with the Corporate Governance Guidelines can be nominated. Final candidates are selected by the Board of Directors based on recommendations of the Nominating Committee and are then elected at the General Meeting of Shareholders.

Name	Reason for nomination	Concurrently held positions	Attendance at Board of Directors' meetings (April 2020 to March 2021)
Masashi Oshita	Since assuming the role of outside director in June 2018, Masashi Oshita has provided oversight to the Company's management from an independent and neutral position. He provides valuable advice based on his extensive experience and knowledge acquired during his tenure with the Ministry of Economy, Trade and Industry. Mr. Oshita is fully qualified to serve as an outside director based on these reasons and our expectation that he will continue to fulfill these roles going forward. Although Mr. Oshita has not engaged in corporate management in any other capacity, we believe him to be capable of performing the duties of an outside director for the above reasons.	Vice Chairman and Executive Managing Director of Japan Auto Parts Industries Association (JAPIA) Director of Japan Automobile Research Institute (JARI) Director of Japan Society for the Promotion of Machine Industry	15 out of 15 meetings (100%)
Hiroshi Moriya	Since assuming the role of outside director in June 2020, Hiroshi Moriya has provided oversight to the Company's management from an independent and neutral position. He has been involved in the automotive industry for many years and provides valuable advice based on his extensive experience and knowledge acquired as a senior executive of a global corporation. Mr. Moriya is fully qualified to serve as an outside director based on these reasons and our expectation that he will continue to fulfill these roles going forward.	Chairman of Marelli Corporation Outside Director of SNT Corporation Member of Saitama Prefectural Personnel Commission	12 out of 12 meetings (100%) (After appointed as an outside director)
Chiaki Tsuji	Since assuming the roles of outside director and member of the Audit & Supervisory Committee in June 2017, Chiaki Tsuji has provided objective and straightforward opinions based on her expert knowledge and extensive experience acquired over the course of her career as a lawyer in Japan and Germany. Ms. Tsuji is fully qualified to serve as both outside director and member of the Audit & Supervisory Committee based on her expert knowledge and experience and our expectation that she will continue to provide opinions and advice that will be of value to the Group's management supervisory and audit functions. Although Ms. Tsuji has not engaged in corporate management in any other capacity, we believe her to be capable of performing the duties of an outside director and a member of the Audit & Supervisory Committee for the above reasons.	Outside Director of Takara Leben Co., Ltd.	15 out of 15 meetings (100%)
Chieko Ogawa	Since assuming the roles of outside director and member of the Audit & Supervisory Committee in June 2017, Chieko Ogawa has provided objective opinions based on her expert knowledge and extensive experience acquired over the course of her career as a CPA in Japan and the United States. Ms. Ogawa is fully qualified to serve as both outside director and member of the Audit & Supervisory Committee based on her expert knowledge and experience and our expectation that she will continue to provide opinions and advice that will be of value to the Group's management supervisory and audit functions. Although Ms. Ogawa has not engaged in corporate management in any other capacity, we believe her to be capable of performing the duties of an outside director and a member of the Audit & Supervisory Committee for the above reasons.	Chief Audit Commissioner of Toda City	15 out of 15 meetings (100%)

Corporate Governance

Nominating Committee and Compensation Committee

The Nominating Committee and Compensation Committee have been established, each with independent outside directors forming the majority, with the objective of advancing corporate governance through greater transparency and objectivity in the decision-making process of the Board of Directors while ensuring opportunities for independent directors to be involved in deciding on the nomination and compensation of directors.

The Nominating Committee proposes candidates for director nomination at the General Meeting of Shareholders and discusses the process of training the candidates for key management positions. The Compensation Committee reviews the director compensation system and makes suggestions. Yorozu periodically evaluates the effectiveness of both committees.

Committee	Inside directors	Outside directors	Chairperson
Nominating Committee	3	4	Masashi Oshita (outside director)
Compensation Committee	3	4	Chieko Ogawa (outside director)

Evaluation of Effectiveness of Board of Directors

Once a year, Yorozu interviews directors and conducts a survey on operations and the effectiveness of the Board of Directors to identify any issues and increase the effectiveness of corporate governance.

For details of the effectiveness of the Board of Directors in fiscal 2020, please visit the web page (Japanese only) below.
<https://www.nikkei.com/nkd/disclosure/tdnr/cbbt9d/>

Internal Control System

The Board of Directors determines and discloses the general policy for maintaining the internal control system as defined by the Companies Act. The Board also reviews the effectiveness of the system every fiscal year.

For details on the internal control system, please visit the web page below.
<https://www.yorozu-corp.co.jp/en/csr/governance/internal-control/>

Director Compensation System

In fiscal 2020, as a replacement for stock options, we introduced restricted stock compensation to provide medium- to long-term incentives while at the same time revising the proportion of performance-linked compensation.

For details on the director compensation system, please refer to our convocation notice below (page 12).
<https://www.yorozu-corp.co.jp/share/uploads/2020/06/E-2019SYOUSYUUTUUT11.pdf>

Promotion of CSR along the Supply Chain

At Yorozu, we strive to build a relationship of trust with all of our business partners through adherence to laws and regulations, respect for the global environment and human rights, and procurement activities that stress the importance of fairness and transparency. In view of this, we conducted a CSR procurement survey with all suppliers and subcontractors to

comprehensively assess the status of activities related to legal compliance, fair trade, environmental considerations, respect for human rights, and occupational safety and health. The CSR procurement survey was conducted with 88 suppliers in June 2021.

Compliance Initiatives

The Group maintains its basic stance to advance fair and transparent corporate activities with a strong sense of ethics and strict adherence to laws and regulations. Aware of the need to increase corporate value and gain the trust of all stakeholders by fulfilling our social responsibilities as a good corporate citizen under relevant laws and regulations, the Yorozu Group Charter of Corporate Behavior and the Yorozu Code of Conduct are in place as guidelines for our daily operations.

Initiatives for the Antimonopoly Act

The Group strictly complies with the Antimonopoly Act (competition law) as well as other laws and regulations governing business transactions. We ensure all employees are thoroughly conversant with our Antimonopoly Act Compliance Manual, receive training on a regular basis, and perform their daily work in a sincere and fair manner. We provide anti-harassment training to ensure basic understanding and appropriate handling of harassment, should it occur, as well as mental health training so we can provide a healthy and positive workplace environment for all of our employees.



Internal compliance training

Elimination of Antisocial Forces

The Yorozu Code of Conduct declares that all Group directors and employees must take a firm stance against antisocial activities and reject inappropriate requests or actions to fund any antisocial forces. Our strict compliance with the Code of Conduct allows no relationship whatsoever with antisocial forces. The General Affairs Department is responsible for preventing any contact with such forces by gathering

information and issuing warnings. A system is in place so that the General Affairs Department receives immediate reports on any suspected connections with antisocial forces, such as an inappropriate demand to a director or an employee. The department cooperates with the police and other law enforcement agencies to swiftly shut down any connection with antisocial forces.

Avoidance of Conflict Minerals

The Group always considers the impact of its procurement activities on local communities. We work closely with suppliers to avoid raw materials that may have a social impact such as infringements of human rights and environmental damage,

including conflict minerals from the Democratic Republic of the Congo and countries nearby, which are a source of funds for the region's armed insurgents.

Internal Reporting System (“Come Forward for Help Line”), Supplier Consultation and Reporting Desk

The Group has set up the “Come Forward for Help Line” as a means for frontline employees to quickly and accurately report important compliance matters to senior management. To encourage everyone to take advantage of this system and provide information, we have set rules to protect the users

and people seeking consultation. The help line has also been made available to Group companies and others around the world, making it possible for outside directors to directly receive complaints and inquiries. The Board of Directors is regularly updated on the reports and consultations.

Risk Management

To deal with major risks that could adversely affect our stakeholders, we identify risks on a yearly basis before they materialize and become threats. The identified major risks are evaluated in terms of brand and monetary damage and personal injury, based on severity and frequency of occurrence in the risk assessment matrix. Risks considered to be “high” by the Management Meeting and the Board of Directors are monitored by the General Affairs Department and Groupwide risk aversion measures are taken.

Information Security

The Information Security Control Policy and the Technology Leak Prevention Committee have been set up to properly protect the Company’s information assets and take information security measures. We protect customers, suppliers, and internal data from such threats as errors, accidents,

damage, and criminal acts by clarifying the method to handle information based on risks and severity. The Company complies with relevant laws, regulations, and other rules and continuously improves its control system, which is well-coordinated with changes in the business environment.

Business Continuity Plan (BCP)

Yorozu has formulated a business continuity plan (BCP) to ensure the uninterrupted performance of the core businesses and to fulfill our social responsibilities as an enterprise in the event of unforeseen incidents and natural disasters. To ensure a stable supply structure for customers, we have designated our headquarters as a control tower and have taken steps to prevent fires and accidents at plants that provide production equipment essential to product delivery. Disasters and accidents could render our suppliers incapable of manufacturing and delivering products, which could halt our production and thereby cause our customers’ production lines to stop. To avoid such consequences, we regularly update the database of our die assets used for key products in Japan so that we can quickly switch to alternative production locations. We are well prepared with information on the

type of presses required at the alternative plants to ensure a stable supply of stamping products. To prevent the halting of our production lines due to aging facilities, we inspect the stamping presses with vibration gauges, oil degradation meters, and ultrasound meters to quantify the degree of deterioration. We are working on a thorough follow-up process when conducting statutory inspections and a preventive maintenance system based on IoT technology. Additionally, the Company has set up an emergency communication plan, increased the resilience of its IT systems, stockpiled food and supplies, and distributed a pocket guide for emergencies to employees. Our efforts are also focused on disaster prevention training and regular drills.



Disaster drill at Yorozy Global Technical Center (YGTC)

Five-Year Summary of Financial and Non-Financial Data

Yorozu Corporation and Consolidated Subsidiaries

	FY2016	FY2017	FY2018	FY2019	FY2020
(Millions of yen)					
Financial Data					
Profit / Loss statements (fiscal years)					
Sales	167,723	171,536	169,111	157,680	118,863
Cost of sales	147,489	151,587	149,295	141,331	106,626
Gross margin	20,234	19,949	19,816	16,349	12,237
SG&A expenses	13,906	13,919	14,525	14,142	11,859
Operating income	6,327	6,029	5,290	2,206	377
Non-operating income	745	857	796	594	1,715
Non-operating expenses	807	1,239	864	2,030	643
Ordinary income	6,265	5,648	5,222	770	1,449
Extraordinary gains	64	55	288	73	279
Extraordinary losses	96	321	2,650	11,760	6,011
Net income (loss) attributable to owners of parent	3,980	2,717	402	(12,933)	(6,195)
Cash flows (fiscal years)					
Cash flows from operating activities	17,191	9,421	17,603	10,824	13,218
Cash flows from investing activities	(22,627)	(20,814)	(13,807)	(9,584)	(7,048)
Cash flows from financing activities	10,075	6,875	1,103	(7,718)	3,775
Financial condition (fiscal year-ends)					
Cash and cash equivalents, end of period	25,197	20,882	24,970	19,019	29,259
Total assets	167,171	175,083	168,097	139,700	134,723
Net assets	93,759	97,015	92,310	74,550	65,738
Per-share information					
Net income (loss) per share (¥)	163.73	114.31	16.94	(544.05)	(259.07)
Net assets per share (¥)	3,300.26	3,359.44	3,182.74	2,507.05	2,229.87
Other Financial Data					
Operating income ratio	3.8%	3.5%	3.1%	1.4%	0.3%
Return on equity (ROE)	5.0%	3.4%	0.5%	(19.1)%	(11.0)%
Return on assets (ROA)	3.9%	3.3%	3.0%	0.5%	1.1%
Equity ratio	46.9%	45.6%	45.0%	42.7%	39.6%
Dividend payout ratio	35.4%	51.6%	271.5%	—	—
Capital investments	24,643	20,013	15,451	11,216	7,219
Depreciation	10,592	11,915	12,075	12,522	10,246
R&D expenditures	8,677	9,435	8,179	7,391	5,149
R&D expenditures to sales ratio	5.2%	5.5%	4.8%	4.7%	4.3%
Non-Financial Data					
CO ₂ emissions (t-CO ₂)	114,512	136,550	129,977	134,217	97,143
Waste emissions (tons)	5,354	8,324	5,040	3,200	3,326
Water use (1,000 m ³)	1,280	1,372	1,324	1,309	1,086
Number of employees (consolidated)	6,727	6,590	6,597	6,475	6,162
Ratio of non-Japanese employees	3.47%	3.92%	4.59%	6.57%	6.25%
Ratio of women in management positions	1.47%	3.85%	5.95%	8.05%	10.90%
Ratio of paid vacation taken	60.7%	66.2%	80.1%	84.2%	50.8%
Number of accidents that led to lost working days	0	0	0	0	0

Corporate Information (as of March 31, 2021)

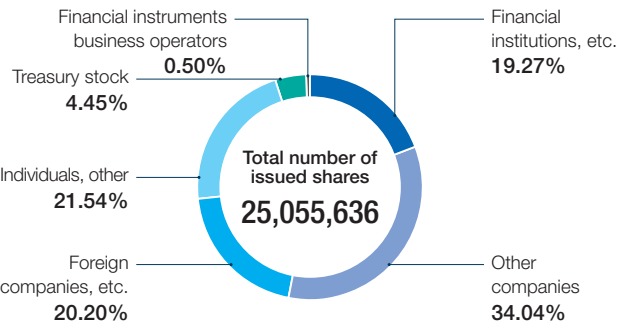
Company Overview

Company name	Yorozu Corporation	Business activities	Development, design, production, and sales of auto parts, agricultural machinery parts, and manufacturing equipment
Address	3-7-60 Tarumachi, Kohoku-ku, Yokohama, Kanagawa 222-8560, Japan	Employees (consolidated)	6,162
Foundation	April 1, 1948		
Capital	¥6,200 million		

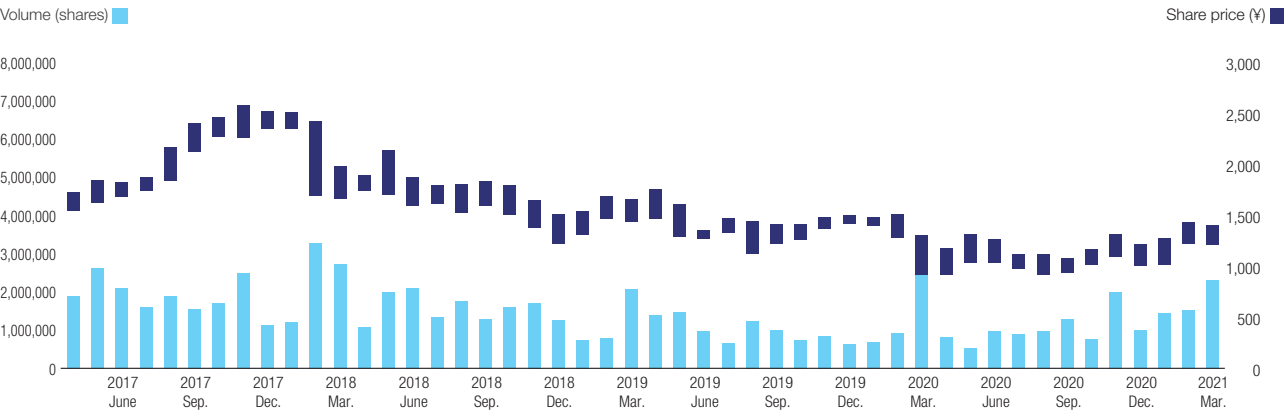
Stock Information

Stock exchange listing	Tokyo Stock Exchange, First Section
Securities code	7294
Authorized shares	64,000,000
Transfer agent & office	Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan
Number of shareholders	16,475

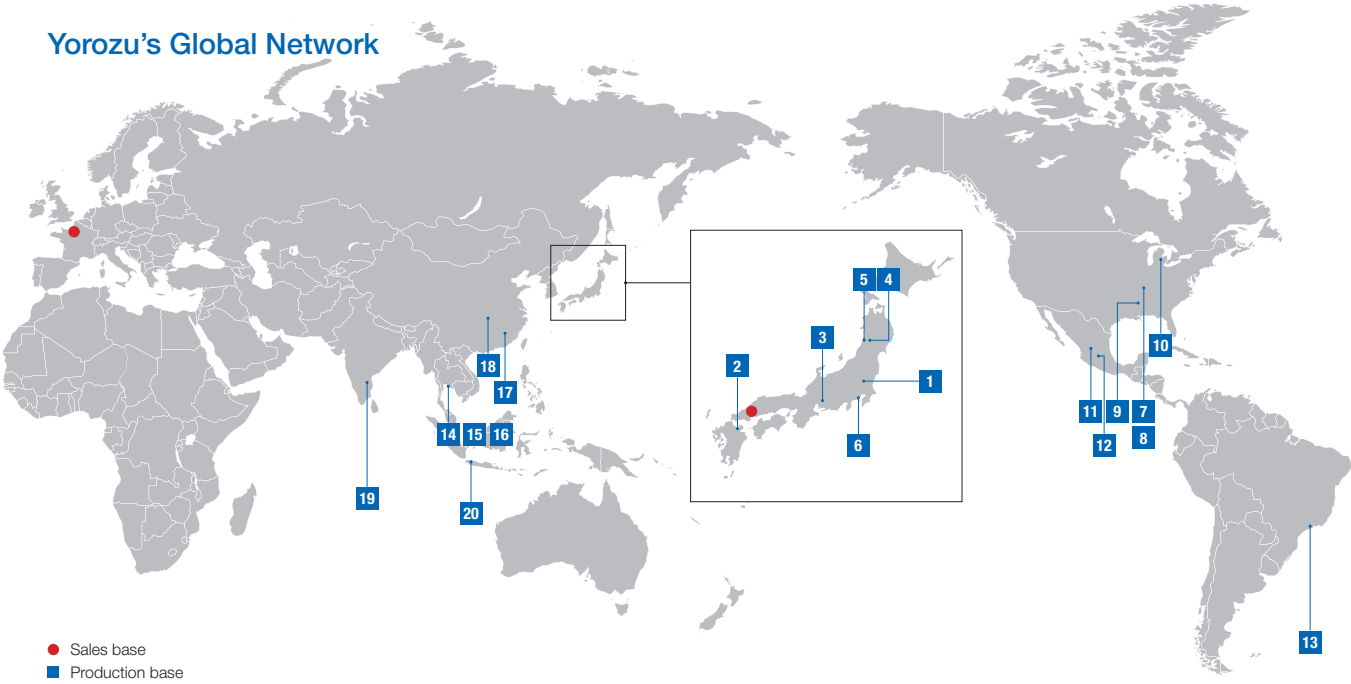
Breakdown of Shareholders by Investor Type



Trend in Share Price



Yorozu's Global Network



	Name	Location	Capital or investment amount	Main business
1	Yorozu Tochigi Corporation	Oyama, Tochigi Prefecture	100 million Japanese yen	Manufacture and sale of auto parts
2	Yorozu Oita Corporation	Nakatsu, Oita Prefecture	100 million Japanese yen	
3	Yorozu Aichi Corporation	Nagoya, Aichi Prefecture	100 million Japanese yen	
4	Shonai Yorozu Corporation	Tsuruoka, Yamagata Prefecture	100 million Japanese yen	
5	Yorozu Engineering Corporation	Mikawa, Higashi-Tagawa, Yamagata Prefecture	100 million Japanese yen	Manufacture of stamping dies and assembly production equipment
6	Yorozu Service Corporation	Yokohama, Kanagawa Prefecture	10 million Japanese yen	Insurance services, money lending, temporary staffing, service contracting, etc.
7	Yorozu America Corporation	Morrison, Tennessee, U.S.A.	192 million US dollars	Supervision of North America region and development of auto parts
8	Yorozu Automotive Tennessee, Inc.	Morrison, Tennessee, U.S.A.	95 million US dollars	
9	Yorozu Automotive Alabama, Inc.	Jasper, Alabama, U.S.A.	70 million US dollars	
10	Yorozu Automotive North America, Inc.	Battle Creek, Michigan, U.S.A.	20 million US dollars	Leasing of plant structures
11	Yorozu Mexicana S.A. de C.V.	San Francisco de los Romo, Aguascalientes, Mexico	754 million Mexican pesos	Manufacture and sale of auto parts
12	Yorozu Automotive Guanajuato de Mexico, S.A. de C.V.	Apaseo el Grande, Guanajuato, Mexico	1,853 million Mexican pesos	
13	Yorozu Automotiva do Brasil Ltda.	Resende, Rio de Janeiro, Brazil	250 million Brazilian real	
14	Yorozu (Thailand) Co., Ltd.	Rayong, Thailand	1,800 million Thai baht	
15	Y-Ogura Automotive (Thailand) Co., Ltd.	Rayong, Thailand	1,383 million Thai baht	Manufacture and sale of dies and equipment
16	Yorozu Engineering Systems (Thailand) Co., Ltd.	Rayong, Thailand	65 million Thai baht	
17	Guangzhou Yorozu Bao Mit Automotive Co., Ltd.	Guangzhou, Guangdong, China	189 million Chinese yuan	Manufacture and sale of auto parts
18	Wuhan Yorozu Bao Mit Automotive Co., Ltd.	Wuhan, Hubei, China	276 million Chinese yuan	
19	Yorozu JBM Automotive Tamil Nadu Pvt. Ltd.	Tamil Nadu, India	4,000 million Indian rupees	
20	PT. Yorozu Automotive Indonesia	Karawang, West Java, Indonesia	770,000 million Indonesian rupiah	

Website

Investor Relations

<http://www.yorozu-corp.co.jp/en/investors/>

The IR section has information about management policies, strategies for medium-term business plans, financial results, and FAQs.

CSR

<http://www.yorozu-corp.co.jp/en/csr/>

The CSR section introduces Yorozu's CSR policy, occupational safety and health initiatives, and environmental preservation activities for realizing a sustainable society.

Environmental Preservation

<http://www.yorozu-corp.co.jp/en/csr/eco/>

This section introduces Yorozu's environmental conservation initiatives and efforts to our stakeholders, which include our Environmental Philosophy and vision as well as CSR activities and ISO certifications obtained by Group companies around the world.

Inquiries regarding IR information

Yorozu Corporation Finance Department
3-7-60 Tarumachi, Kohoku-ku, Yokohama, Kanagawa 222-8560, Japan