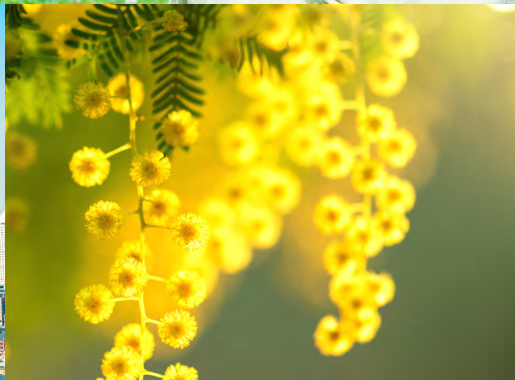




YAMASHIN-FILTER GROUP
SUSTAINABILITY REPORT



2025

YAMASHIN-FILTER GROUP

SUSTAINABILITY REPORT

2025

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Purpose of This Report

Since 2021, we have issued a Sustainability Report to help stakeholders better understand the group's sustainability initiatives. This report introduces our specific efforts to solve social issues through our filter business, based on our corporate philosophy of “仕濾過事” (*Rokajinitsukafuru*) or “Contribute to society through the filtration business,” while also outlining the group's stance toward strengthening corporate sustainability. Now in its fifth year, this report features ESG datasets, a GRI index, and SASB standards (website only), making the group's initiatives and data easier to understand.

Period Covered

This report covers FY2024 (April 1, 2024 to March 31, 2025).
Note: Some information reflects activities in years other than FY2024.

Scope of this Report

This Sustainability Report covers YAMASHIN-FILTER CORP. and all group companies. Depending on the item, the scope is defined according to the following rules. Where the scope is limited, it is specified individually.

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

[Company Profile \(P. 42\)](#)

Published

November 2025
(last issued in November 2024; next issue scheduled for November 2026)

Reference Guidelines

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

Information Disclosure System

YAMASHIN-FILTER reports on its business activities by publishing on its website information that stakeholders need, such as the Annual Securities Report, Summary of Financial Results, materials explaining the financial results, Integrated Report, and Sustainability Report.

	Financial information	Non-financial information
Reports	Integrated Report	
	Medium-Term Management Plan material	
	Annual Securities Report (in Japanese only)	
	Financial results briefing material and summary	Sustainability Report / ESG datasets
		Corporate Governance Report
Online	Investor Relations	Sustainability

Third-Party Assurance

Data that has undergone third-party assurance is marked with signifying that. For more details, please see the Independent Assurance Statement

Corporate Principles



仕濾過事 (Rokajinitsukafuru)

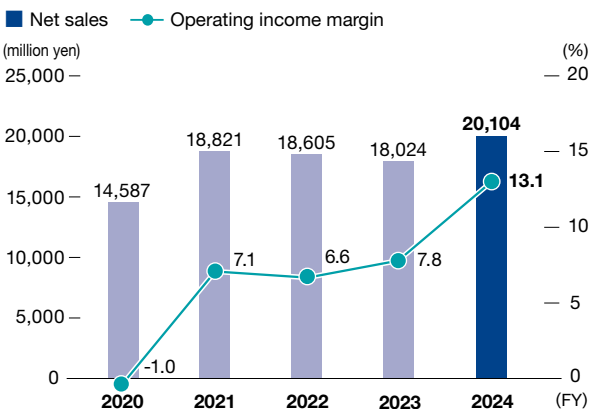
Masahiko Yamazaki, the founder of our company, incorporated his determination and sense of social responsibility in the term “仕濾過事” (Rokajinitsukafuru) or “Contribute to society through the filtration business.” Today, over half a century later, we carry forward this term in our corporate philosophy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

Filters for construction machinery, our core products, are unseen in people’s daily lives, yet are indispensable, unsung heroes for the development of society. In that sense, we too want to exist as an indispensable part of society. Leveraging our advanced technological development capabilities, we are beginning a journey to become the one and only comprehensive filter manufacturer that will create the next global standard.

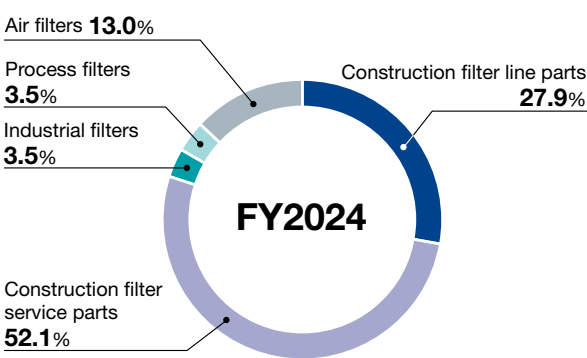
Financial and Non-financial Highlights

Financial Highlights (Consolidated)

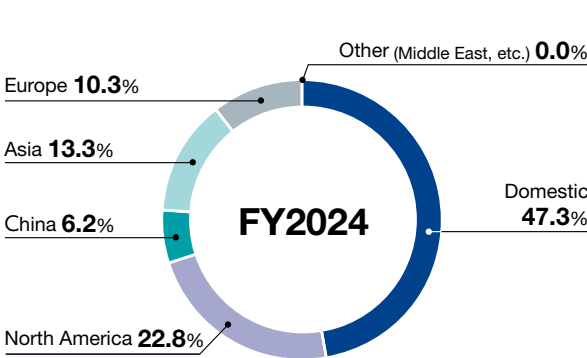
Net sales/Operating income



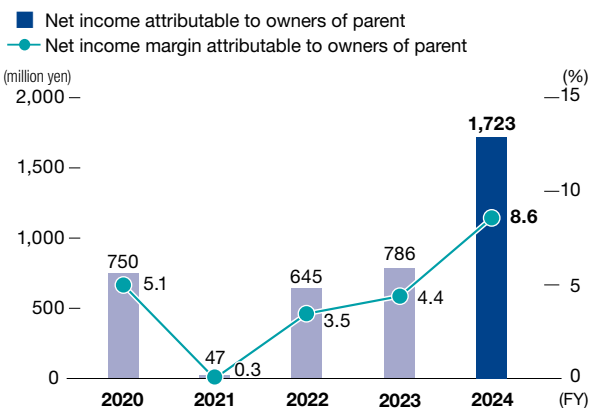
Sales breakdown by product category



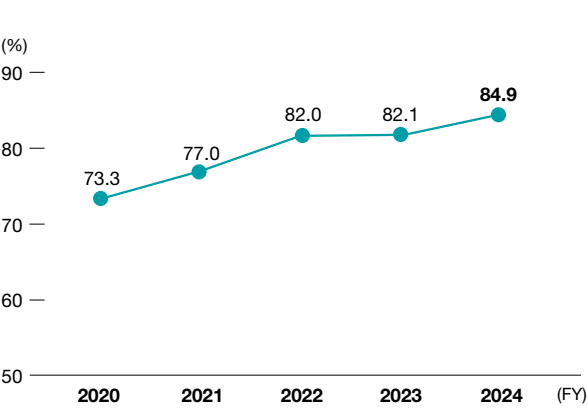
Sales breakdown by region



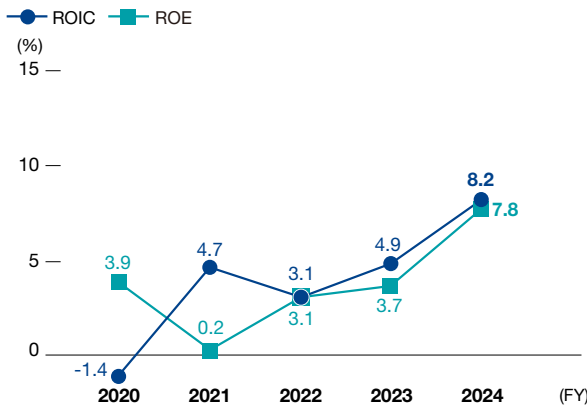
Net income attributable to owners of parent/Net income margin



Equity ratio



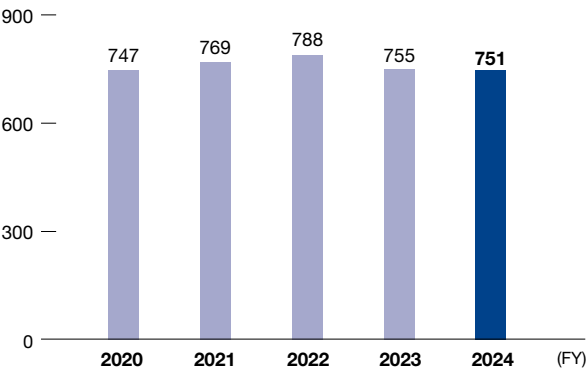
ROIC/ROE



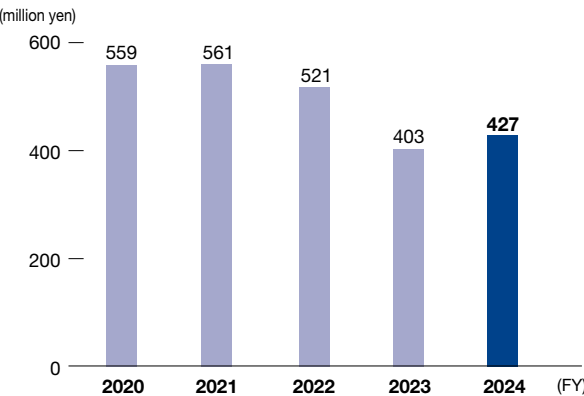
Financial and Non-financial Highlights

Non-financial Highlights

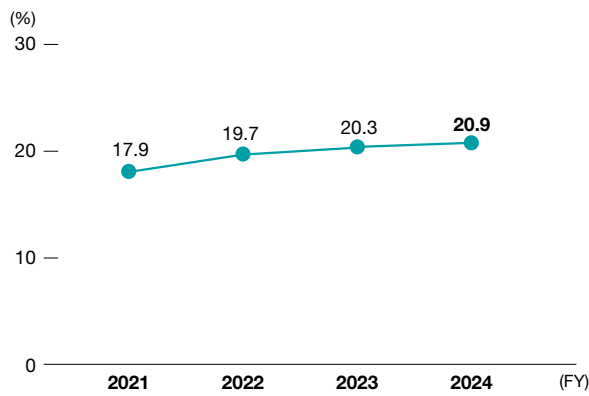
Number of employees (consolidated)



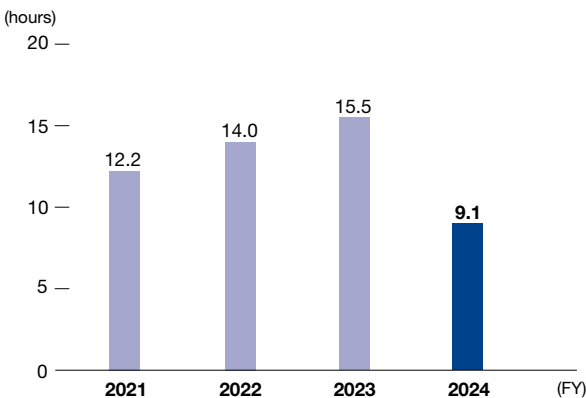
R&D expenses (consolidated)



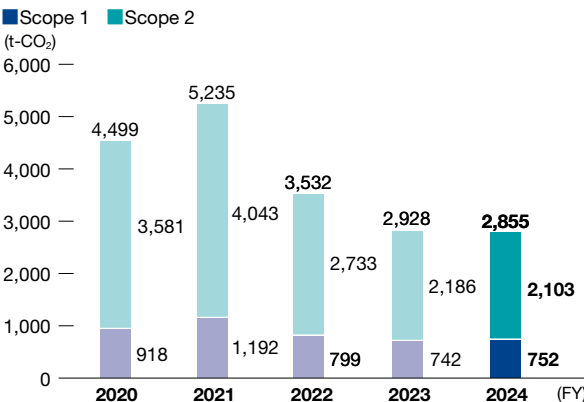
Percentage of female managers (consolidated)
(As of March 31 of each fiscal year)



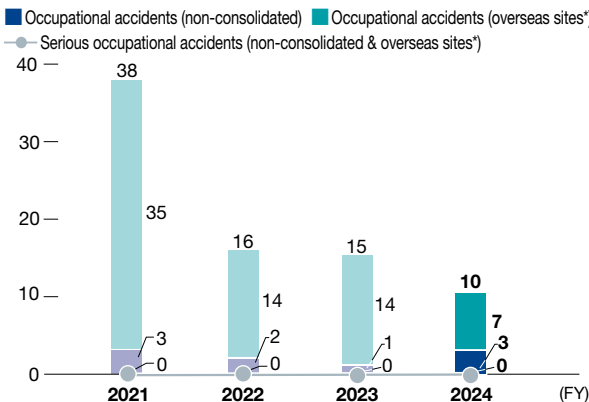
Hours of training per employee (domestic & overseas sites*)



CO₂ emissions (consolidated)



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



*FY2021 to FY2023: Non-consolidated
FY2024: Domestic sites: Non-consolidated, AQC Corporation
Overseas sites: Cebu Plant, Vietnam Plant

*Overseas sites: FY2021 & FY2022: Cebu Plant
FY2023 & FY2024: Cebu Plant, Vietnam Plant

MESSAGE FROM THE TOP MANAGEMENT

We will steadfastly embody the spirit of “仕濾過事” (*Rokajinitsukafuru*) and aim to realize a sustainable society

Atsuhiko Yamazaki

Representative Director and President

New Filter Media Paving the Way for New Markets and Minimizing Environmental Impact

Since our founding in 1956, we have vigorously advanced our business activities with a consistent adherence to our corporate philosophy of “仕濾過事” (*Rokajinitsukafuru*), which means “contribute to society through the filtration business.” The industry-leading technology we have cultivated as a research and development-oriented company is highly regarded both in Japan and overseas. Our core products—filters for construction machinery and air filters—support comfortable living for people around the world.

Our achievements are also reflected in our numbers, with the company recording its highest-ever sales and profits in FY2024. Among these, our service parts that are offered as replacement filters are seeing growing demand, aligning with the aftermarket strategy of construction machinery manufacturers. Underpinning this steady growth are our long-life filters, which were developed with a focus on disposal after use. In FY2024, we also commercialized a new model that uses the YAMASHIN Nano Filter™, our next-generation filter media. The new model features a significantly longer service life—three times as long as conventional products—which contributes to reducing waste volume and CO₂ emissions. However, there were concerns about weaker sales during its development phase. Although pursuing profit is natural for any company, we approached development with a strong sense of duty to provide products that benefit society. As a result, this product, which successfully reduces environmental impact and maintenance burden, has been chosen by users and become our flagship product for construction filters. This success story is precisely because we adhered to the spirit of “仕濾過事” (*Rokajinitsukafuru*). Drawing on the DNA we have inherited over seven decades, we will continue to dedicate ourselves to product development.



Message from the Top Management

Advancing ESG Management for Further Growth

In November 2024, we announced our first three-year Medium-Term Management Plan, effective from FY2025, to serve as a compass for sustaining business growth and enhancing corporate value. Within this plan, we have identified the promotion of ESG management as one of our basic strategies. It is our responsibility to contribute to society through our business activities, and we believe that sustainability initiatives can help drive company growth in the way our long-life products did.

To accelerate our initiatives, we incorporated numerical targets in our non-financial KPIs for the company's FTSE¹ (an ESG investment index) and CDP² Climate Change scores. Clearly defining—and working toward—numerical targets that serve as key indicators for the company's performance is meaningful because it ensures that we do not stall growth by overestimating our efforts. Fortunately, we achieved our target CDP score of A in February 2025. This result was due to our development of environmentally conscious products, in addition to holding monthly Yamashin Sustainable Solutions (YSS; see P. 10) Committee meetings to formulate strategies and make sustained efforts to improve, such as by adopting renewable energy. To ensure we remain an A List company, we will work to further reduce CO₂ emissions, primarily at overseas factories where there is still room for improvement. We significantly improved our FTSE score from 2.7 to 3.8 in July 2025 and aim to achieve our target score of 4.0 ahead of schedule. We will also leverage our biannual Partner Meetings with suppliers to strengthen ESG initiatives across the entire supply chain and proactively disclose progress.

Furthermore, as part of our ESG management initiatives, we are also working to expand our range of high-value-added products that help address social issues. Extending the service life of products is one such initiative. We are challenging

ourselves to apply, across various fields, the YAMASHIN Nano Filter™, which uses ultra-high-density fibers to drastically enhance filtration efficiency. The apparel line we recently announced is a prime example of this. By transforming fibers into stretchable fabric, we simultaneously achieve thinness, lightness, and warmth, making it suitable for sportswear and



cold-weather gear. Our electromagnetic wave shield, which effectively blocks electromagnetic waves generated inside electric vehicles, has also reached the demonstration phase. Expectations are also high for its application in biosensors that measure heart rate, as well as in medical and nursing care, sports, and other fields. While development involves a series of mundane tasks, we can push the boundaries of existing filtration and work toward an exciting future by collaborating with companies we've never worked with before and seeing our products contribute to society in everyday life. I believe this is also a significant source of motivation for our employees. We plan to announce YAMASHIN FILTER VISION 2030 in early December and will work as a unified group to create high-value-added products and further enhance our corporate value.

1 FTSE: Short for Financial Times Stock Exchange. Refers to the stock index jointly provided by the London Stock Exchange and the British financial newspaper, the Financial Times.
2 CDP: A global environmental non-profit organization originating in the UK that encourages companies and governments to disclose environmental information regarding climate change, greenhouse gas emissions, etc., and then assesses and rates them based on that information.

Governance with High Transparency

To enhance the effectiveness of our ongoing initiatives, we believe it is essential to further strengthen our internal foundation. We recognize that particularly in the case of family businesses, governance is a matter of concern for stakeholders. As the founding family, our fundamental stance is to uphold our core management philosophy while maintaining a flexible approach to management that adapts to the changing times. While family businesses are said to face certain challenges, they possess the strength of consistently passing down the company's philosophy—just as we have carried forward the spirit of “仕濾過事” (Rokajinitsukafuru). If the company's philosophy changes with every new leader, sustainable growth cannot be expected. Therefore, to ensure effective governance based on an unwavering management philosophy, we are proactively engaging in information disclosure. Announcing our first Medium-Term Management Plan was also part of this effort. We are also focused on ensuring diversity on our Board of Directors, appointing two women with highly specialized knowledge as new outside directors in June 2025. Results have been immediate, with livelier discussions at management conferences and better decisions being made.

We will continue to preserve our identity while strengthening our governance and transparency in order to be more persuasive to stakeholders and live up to the trust placed in us.



MESSAGE FROM THE TOP MANAGEMENT

We will strengthen well-being management and have employees take on challenges to create new value

Hiroaki Yamazaki

Director and Senior Executive Vice President

To Continue Creating New Value

Our company announced its Medium-Term Management Plan in November 2024. The basic strategies outlined are to undertake initiatives to create new value, strengthen management with a focus on capital costs, and promote ESG management. Among these, I believe that I should especially focus on undertaking initiatives to create new value.

In formulating our Medium-Term Management Plan, we looked to the past for the reasons underlying our sustained growth. There we saw the legacy of our predecessors who, since the company's founding, pioneered markets with hydraulic filters and other proprietary products and consistently proposed solutions that exceeded customer expectations. YAMASHIN-FILTER exists today precisely because we have not merely sold products but also placed ourselves in our customers' shoes, discerned their needs, and collaborated with them to devise optimal solutions.

This mindset is still active today and remains a core strength of our company. I recognize that my role is to leverage this strength in order to continue creating new value. My immediate focus is to expand our market share in the hydraulic filter segment for construction machinery—a key growth area—and aim for dramatic growth as a leading global company.

Message from the Top Management

Our Approach to Well-being Management

Securing human resources is the greatest obstacle to the continuous creation of new value. While our company is currently taking on various challenges, we keenly feel the overwhelming shortage of personnel to lead these efforts and fill key positions. Therefore, we aim to strengthen well-being management as part of our Medium-Term Management Plan.

The greatest asset and source of competitiveness for a company is not superior business models, products, or technology, but the power of the people who create them. Japan, already a society with a declining birthrate and aging population, is now at a major inflection point. Therefore, simply carrying on with the same management practices will not allow us to adapt to the times. This is precisely why we came to believe that a perspective of well-being is essential. Although well-being is often associated with enhanced employee benefits, I have no intention of implementing textbook approaches to well-being. In valuing employee happiness and health while aiming to enhance corporate value, the key to defining what “well-being” is to YAMASHIN-FILTER lies in our company’s history. For us, well-being means employees proactively engaging in the creation of value for the company, supported by a company that encourages them to take on challenges.

Before our company gained market share with hydraulic filters, generic filters were commonly used. However, there were actually specific needs that generic products could not address. Addressing these specific needs with our proprietary filter media and ingenuity was the starting point for our company’s leap forward. But this endeavor could not be undertaken with conventional sales or development processes. Instead, the driving force was an overwhelming sense of ownership and the boundary-crossing actions that it spurred.

By considering how to meet customer needs, sales staff worked to understand the mindset of designers, and designers operated from the customer’s perspective. As a result of various personnel transcending departments and positions to respond to customers from all angles, we grew into a one-of-a-kind filter manufacturer. The talent YAMASHIN-FILTER needs now are those who can take action across boundaries with the same boundless energy as our predecessors. To strengthen well-being management and, in turn, cultivate talent capable of boundless action, we have established a



subcommittee for well-being and are preparing to launch initiatives within FY2025.

Many opinions were raised within the subcommittee, such as whether this approach is out of step with the current era or fails to meet employee expectations. However, simply adding generic well-being initiatives to our value creation process risks creating inconsistencies with our strategy and competitiveness. A narrow interpretation of “well-being” could render our valuable efforts ineffective and potentially weaken the organization. Therefore, to ensure effective implementation, we will promote our version of well-being that enhances both

employee happiness and corporate value while maintaining our strengths and uniqueness.

Building a Sustainable Future with Our Suppliers

Because our business operations rely on numerous suppliers, reducing risk within the supply chain is always a key priority. Since FY2024, the YSS Committee has been spearheading efforts to develop policies and guidelines for sustainable procurement. I myself continue to visit overseas suppliers every six months for on-site inspections. I focus on verifying working conditions, and where conditions are inadequate, I provide guidance from the standpoints of both sustainability and quality. While CSR procurement surveys are used to assess the status of some suppliers, I realize whenever visiting a supplier that surveys alone lack sufficient depth and quality of information. Speaking directly with them allows me to grasp their perspectives, points of dissatisfaction, and areas for improvement, and I feel that this kind of communication is what leads to quality enhancement. As Japan’s workforce shrinks, I believe that to continue making quality products, we must shift from “Made in Japan” to “Made by a Japanese company.” To achieve Japanese manufacturing overseas, the cooperation of our suppliers will be indispensable. We will promote a kind of communication that helps us think together and add value by creating excellent products.

Our company is now pursuing further growth by taking on challenges that transcend boundaries. By encouraging employees to operate beyond their own domains, we can open up new business areas. So, we ask that you look forward to the future of YAMASHIN-FILTER as we work proactively to deliver tangible results.

YAMASHIN-FILTER's ESG-driven Management

In line with our corporate philosophy of “仕濾過事” (Rokajinitsukafuru), we will reinforce our ESG management to realize a sustainable society and help solve diverse social issues.

Sustainability-focused Management

Sustainability Policy

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

Sustainability Policy

“仕濾過事” (Rokajinitsukafuru)

Contribute to society through the filtration business

Guided by our corporate philosophy of “仕濾過事” (Rokajinitsukafuru), we will help address social issues related to the environment, air quality, and health and realize a sustainable society by leveraging the strengths we have cultivated in the filter business.

System to Promote Sustainability

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

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

Main Topics Addressed by the YSS Committee in FY2024

- Review of human rights risk assessment
- Biodiversity initiatives
- Formulation and revision of policies
- Reporting of external ESG assessment results, etc.

System to Promote Sustainability



Initiatives to Spread Sustainability

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

Since FY2024, we have also added lectures on sustainability as part of training for new employees, leading to greater awareness by sharing our progress on material issues and company targets and initiatives.

Material Issues of the YAMASHIN-FILTER Group

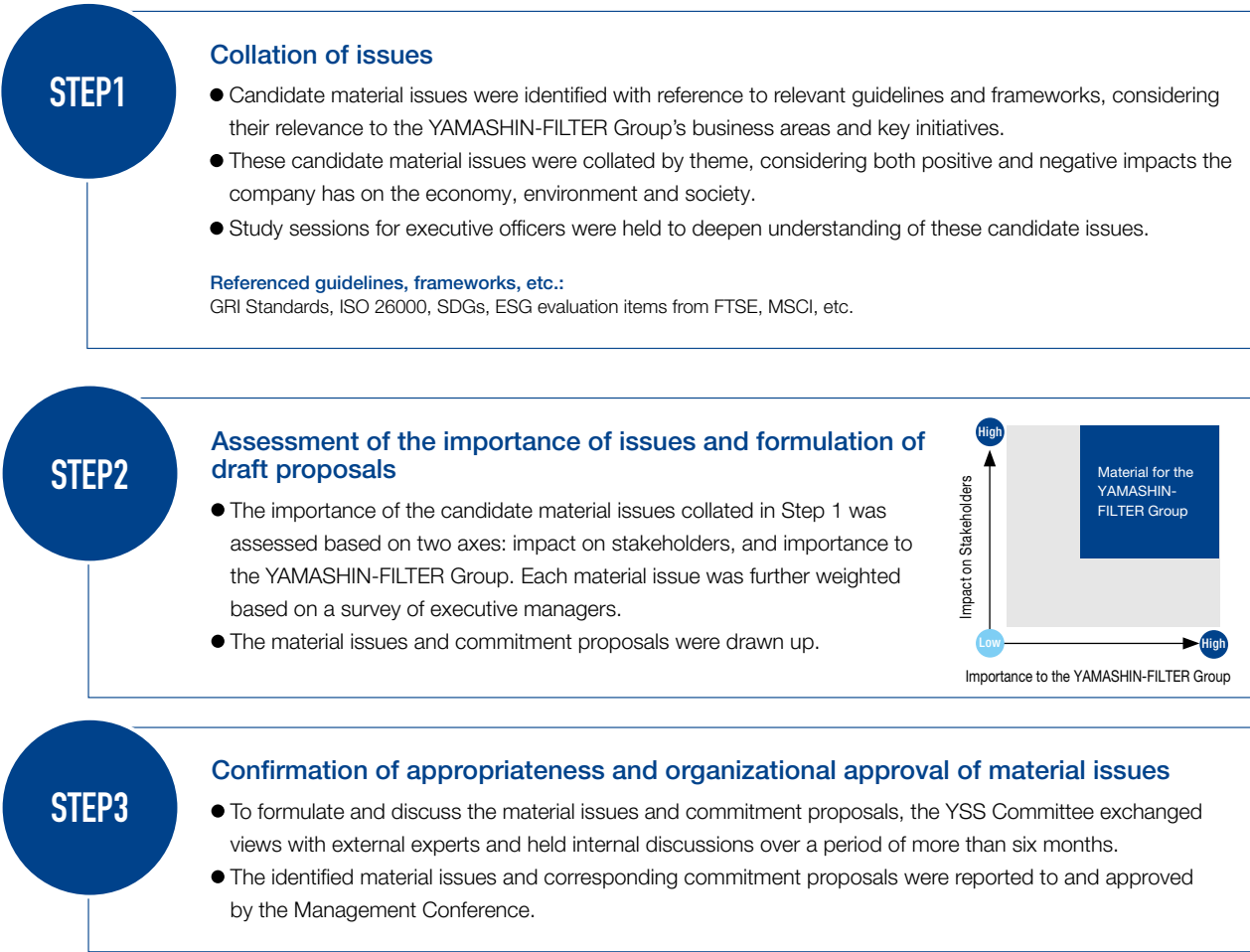
Identifying Material Issues

Following the process outlined in the GRI sustainability reporting standards, we have identified the material issues for our Group in line with our corporate philosophy of “仕慮過事” (*Rokajinitsukafuru*), and our approach to value creation. These material issues have been discussed by the YSS Committee in light of our business environment and the demands of society. We believe that addressing these issues through our business will, in turn, lead to the addressing of social issues.

FY2025 revisions

In our Medium-Term Management Plan—“Fly to the next stage!”—which was formulated in November 2024, we set the promotion of ESG management as one of our strategies. As non-financial KPIs, we set the targets of achieving a FTSE score of 4.0 or higher, and a CDP Climate Change score of A, by the fiscal year ending March 2028. Given this, we revised our material issues in FY2025, newly identifying conservation of biodiversity, governance and compliance, and evaluation by stakeholders. We also established medium-to-long-term targets for reducing Scope 1, 2, and 3 greenhouse gas emissions and organized the relevant metrics and targets. The revised material issues were approved following discussions within the YSS Committee.

Identification Process



YAMASHIN-FILTER's ESG-driven Management

Material Issues and Medium- to Long-Term Targets

We revised our material issues following the formulation of our Medium-Term Management Plan in November 2024. Based on these re-identified material issues, we are advancing efforts to address them with a management system to set policies for our initiatives as well as KPIs for each material issue, and to determine management responsibilities and methods.

Material Issue		Indicator(s)	Medium- to Long-Term Target	Relevant Page(s)
Environment	Responding to Climate Change	GHG emissions	By FY2030, compared to the FY2021 level: - Reduce Scope 1 and 2 GHG emissions by 49% - Reduce Scope 3 GHG emissions by 25%	P. 15-18
	Introducing high-value-added products	Rate of changeover to the YAMASHIN Nano Filter™	70% changeover for construction machinery filters by FY2030	P. 18
	Recycling resources and reducing environmental impact	- Volume of water withdrawal intensity - Amount of waste emitted - Recycling rate	- By FY2032, reduce the group's volume of water withdrawal by 25% from the FY2022 level - Decrease the intensity of the volume of water withdrawal - By FY2032, reduce the group's waste emissions by 20% from the FY2022 level - A recycling rate of 95% or higher in Japan	P. 19-21
	Conservation of Biodiversity	Conducting impact assessments of business activities		P. 21
Air Quality and Health	Contribution to people's health and safety	Providing products that reduce health risks		P. 22
People and Work	Innovation of filter technology	- Development of new products - Number of patents secured - Evaluation by customers - Implementation of technical training		P. 22-24
	Strengthening of well-being management	- Creation of employee-friendly systems - Hours of training per employee - Percentage of female employees - Percentage of female managers - Percentage of female executives - Number of serious occupational accidents	- By 2028, on a non-consolidated basis, have 35% of employees be female, and on a consolidated basis, maintain the percentages of female employees and managers at or above the levels of March 31, 2023 - By 2033, have the above five-year targets or higher levels. - Increase the percentage of female directors to at least 30% by 2030 - Zero serious occupational accidents	P. 28-34
	Respect for human rights	- Training on respect for human rights - Implementation of human rights due diligence		
Governance and Compliance		- Promotion of various committee activities - Implementation of compliance training		P. 36-38
Stakeholder Evaluation		Evaluation by external ESG rating agencies (FTSE, CDP)	- FTSE score: 4.0 or higher by FY2027 - Obtain a CDP Climate Change score of A	P. 40

Environmental Management

Indicators	Targets	FY2024 results	Relevant page(s)
GHG emissions	By FY2030, compared to FY2021: ■ Reduce Scope 1 and 2 GHG emissions by 49% ■ Reduce Scope 3 GHG emissions by 25%	Compared to FY2021 ■ Scope 1 and 2: 45.5% reduction ■ Scope 3: 21.6% reduction	P. 15-18
Rate of changeover to the YAMASHIN Nano Filter™	70% changeover for construction machinery filters by FY2030	6.3%	P. 18
Water withdrawal (consolidated)	By FY2032, reduce emissions by 25% compared to FY2022	33.0% increase compared to FY2022	P. 19
Intensity (consolidated)	Decrease the intensity of water withdrawal volume	Increase of 0.26 m³/million yen compared to the previous fiscal year	
Waste emissions (consolidated)	By FY2032, reduce by 20% compared to FY2022	Reduced by 8.6% compared to FY2022	P. 20-21
Recycling rate (domestic sites)	95% or more	98.3%	

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

Environmental Principle

Environmental Policy

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

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

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

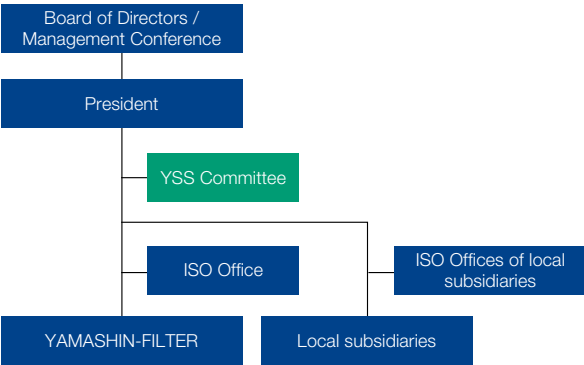
Environmental Management System

We established the YSS Committee in FY2021 as an advisory body for the President. The YSS Committee meets once a month to set group policies and targets related to promoting sustainability, while also overseeing and monitoring targets and implementation measures. Moreover, we are implementing environmental measures, and we have obtained ISO14001:2015 certification for our manufacturing plants in Japan and Cebu, and our development site in Suzhou, China (for a certification coverage rate per unit of production volume of 72% under this standard). The YSS Committee and the ISO Office collaborate as needed to make progress on reducing environmental impact, especially by reducing the large quantities of energy consumed in product manufacturing.

We also provide regular training for ISO managers, responsible personnel at each site, and new employees, helping them improve their knowledge of environmental management and conservation.

As a result of these efforts, in FY2024, our company had no violations of environment-related laws or regulations, and was not required to pay any fines in relation to such violations.

» Environmental Management System

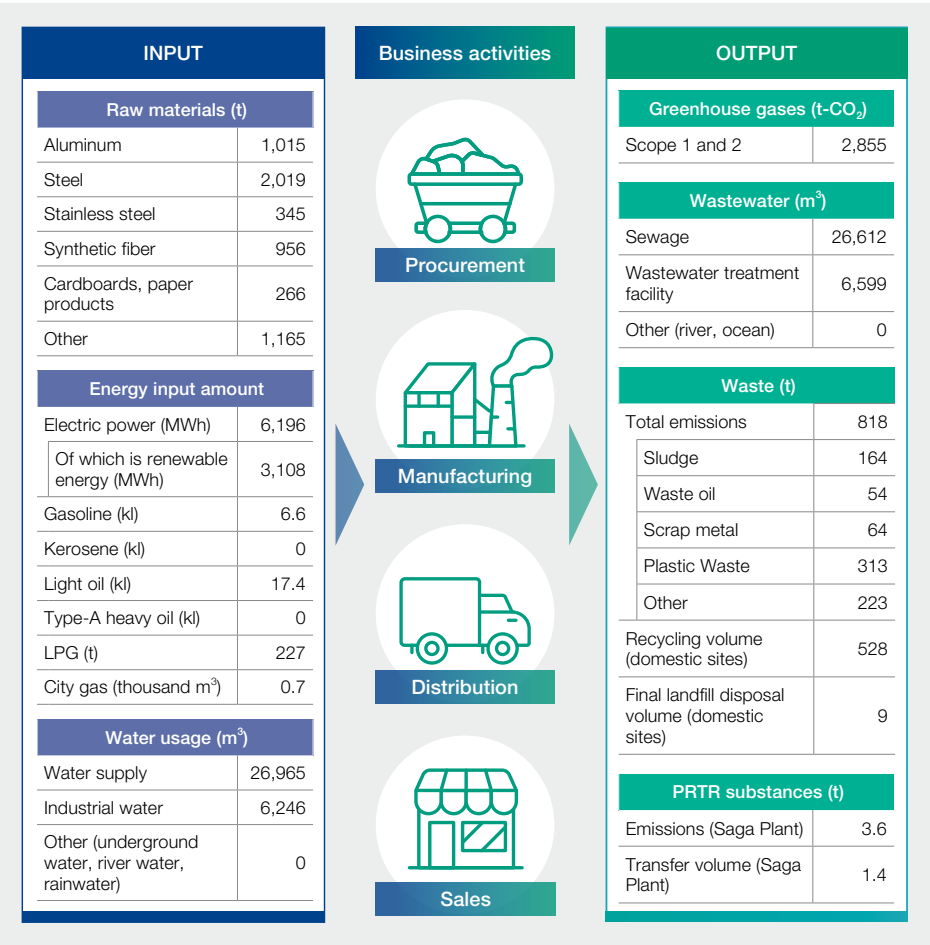


Environmental Management

Material Balance

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

>> FY2024 Material Balance (Consolidated*)



* The figures for the amount of material recycled and sent to final landfill disposal are for domestic sites only and the PRTR substances figures are for the Saga Plant only.

Climate Change

Our Group recognizes climate change to be one of the issues that confronts us on a global scale, and that it presents us with major risks, as well as major opportunities. As a responsibility of a global company with the aim of achieving carbon neutrality, we will formulate medium- to long-term targets that based on the goal of less than 1.5°C and bring into effect a business model that contributes to responses to climate change from the perspectives of both products and production.

GHG Emissions (Scope 1, 2, 3) Reduction Targets

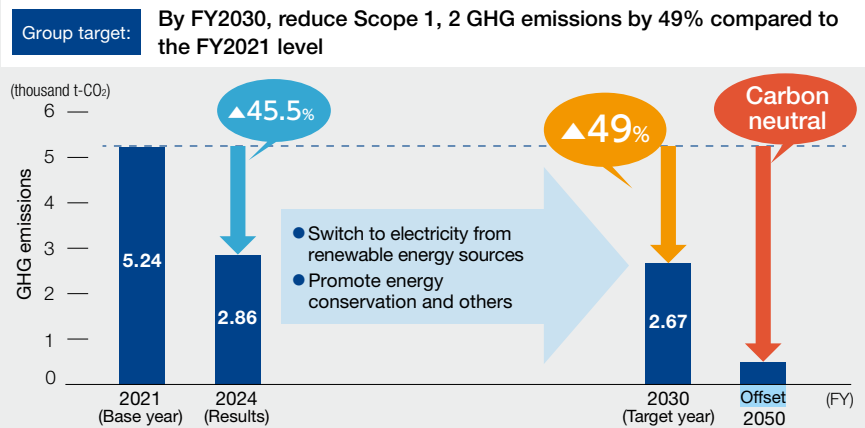
Our Group has GHG reduction targets up to FY2030 to reach carbon neutrality by 2050. These targets were recognized and certified by the Science Based Targets (SBT) initiative as being based on scientific evidence to limit global warming to below 1.5–2°C in April 2025. Furthermore, we have joined the Japan Climate Initiative and are working to strengthen climate change countermeasures in collaboration with Japanese and international companies and local governments.

To achieve these targets, we have established a GHG Emission Reduction Roadmap for Scopes 1, 2, and 3. We will work to reduce GHG emissions with improved energy conservation activities, increased use of electricity from renewable energy sources, and collaboration with our business partners.

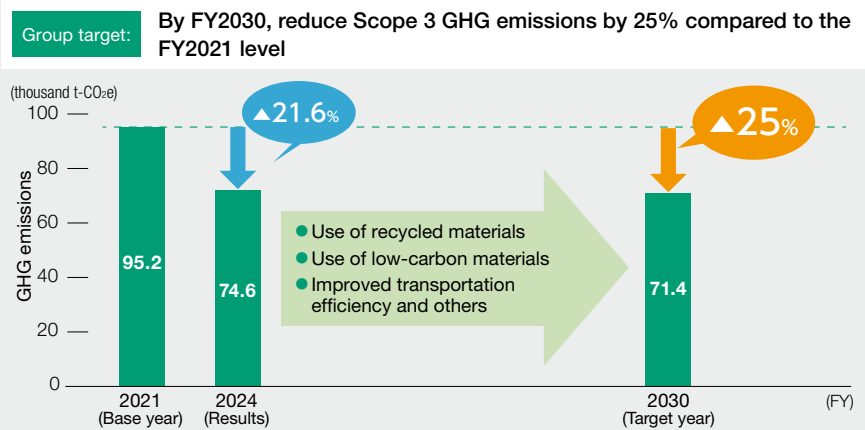


GHG Emission Reduction Roadmap

Scopes 1 and 2



Scope 3



Climate Change

Responding to the TCFD Recommendations

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



*The TCFD dissolved in 2023, but its framework remains a crucial foundation for disclosure, and we disclose information in accordance with that framework.

Governance

YAMASHIN-FILTER CORP. has a system of governance centering on the YSS Committee, the body designed to discuss sustainability issues, starting with climate change. The YSS Committee meets monthly to deliberate on risks and opportunities, formulate response policies, and set and monitor KPIs. Response policies are reflected in decisions made by the Board of Directors and Management Conference, and are also applied to business operations by the representative executive officers of each department, thereby integrating them into corporate management.

[System to Promote Sustainability \(P. 10\)](#)

Risk Management

We have identified relevant items based on the TCFD framework's classification of transition risks, physical risks, and opportunities. Risks and opportunities are quantitatively assessed across six criteria, including frequency of occurrence and impact level. Based on these results, the financial impact amount is deliberated and finalized. For identified risks, the YSS Committee examines avoidance, mitigation, and management measures aligned with the climate change strategy. Decisions are made at the Board of Directors or Management Conference level as necessary. Feasible countermeasures are incorporated into business operations by each department and implemented across the entire Group.

Strategy

In line with the TCFD categories, we identified climate change-related risks and opportunities facing the YAMASHIN-FILTER Group, and carried out a scenario analysis according to the 4°C Scenario¹ from the Intergovernmental Panel on Climate Change (IPCC) and the 1.5°C/2°C Scenario² of the International Energy Agency (IEA). To avoid risks, it is incumbent upon us to do our part in helping to keep the average global temperature increase to 1.5°C or less. This effort includes developing and supplying products that apply our Group's technological capabilities to meeting decarbonization and environmental conservation needs so that we can exert a major social impact, giving rise to growth and profit opportunities for our Group, which is our medium- to long-term strategic policy.

1 4°C scenario: IPCC RCP8.5, IEA STEPS 2 1.5°C/2°C scenario: IPCC RCP1.9/RCP2.6, IEA SDS/NZE2050

Climate-related Risks and Opportunities

Category		Manifest period	Impact on business	Risk and opportunity	Countermeasures
Transition risk (1.5°C/2°C scenario)	Policy and regulation	Medium- to long-term	Small	Increased response costs resulting from taxation of the company's emissions due to the introduction of a carbon tax	· Establish SBTi-certified targets and expand renewable energy-derived power usage · Promote proactive initiatives to reduce environmental impact and conserve energy
		Short-term	Small	Increased response costs for our filter products, primarily made from aluminum and steel, due to the EU's border carbon tax	· Collaborate with suppliers to understand and organize emissions intensity data · Promote product decarbonization and renewable energy adoption with product LCA
	Technology	Medium- to long-term	Medium	Increase in raw material costs due to switching filter media to non-petroleum-derived materials	· Ensure quality of alternative materials and optimize procurement costs · Reduce amount of material used and reduce weight during the design phase
	Market	Long-term	Medium	Increased aluminum demand driven by the shift toward EVs in the automotive industry, leading to rising prices for aluminum used in our filter products	· Monitor the market, consider long-term contracts, and use recycled aluminum and low-carbon aluminum · Optimize product design and reduce amount of material used
	Reputation	Long-term	—	Decreased sales and profits due to reduced demand for high CO ₂ emission products as customers tighten transaction conditions	· Establish systems to understand and respond to customer requirements (GHG data, SBT certification, etc.) · Decarbonize product lineup
Physical risk (4°C scenario)	Acute	Short-term	Small	Supply chain disruptions or shutdowns resulting from cyclones, typhoons, etc., could reduce production capacity	· Secure alternative suppliers and transportation routes · Build a cooperative framework for sharing risk across the entire supply chain
	Chronic	Long-term	Small	A rise in atmospheric temperatures could increase the costs of coping with the resulting worsening work environments in factories and the impact on the supply chain	· Improve and update factory equipment · Strengthen worker health and safety education and related measures
Opportunity	Products and services	Medium- to long-term	Large	Construction machinery filter business Expanded sales opportunities for long-life filters for construction machinery using YAMASHIN Nano Filter™	· Strengthen customer proposals via diverse approaches · Improve sales strategies for high-value-added, environmentally friendly products
		Medium- to long-term	Large	Air filter business Expanded sales opportunities for products using YAMASHIN Nano Filter™, such as NanoWHELP	· Promote the development of high-performance, low-environmental-impact filter media · Understand market needs and expand sales channels
		Medium- to long-term	Medium	New business Expanded development and sales opportunities for new materials leveraging the characteristics of YAMASHIN Nano Filter™	· Establish a new business division responsible for development and sales of new material · Expand into new markets with collaboration between R&D, Sales, and Corporate Planning Divisions
		Long-term	Medium	Mask business Increased demand for high-performance mask products due to rising temperatures and changes in atmospheric conditions	· Improve profitability with analysis of sales trends and revision of the cost structure · Concentrate management resources by integrating businesses
	Reputation	Long-term	—	Expanded capital investment and increased corporate value with increased financing opportunities by using sustainable finance	· Promote ESG management · Strengthen management focused on capital costs

Time axis Short term: 0–2 years, medium term: 3–10 years, long term: 10+ years
Impact on business Degree of impact (small/medium/high) is calculated based on the provisional report rules, incorporating estimated financial amounts and the impact on core business operations.
Scenarios 1.5°C scenario: A world where decarbonization progresses, limiting the average temperature rise since the pre-industrial era to below 1.5°C. / 2°C scenario: A world where decarbonization progresses slowly, limiting the average temperature rise since the pre-industrial era to below 2°C. / 4°C scenario: A world where decarbonization measures are not implemented, resulting in a 4°C rise in the average temperature since the pre-industrial era.

Climate Change

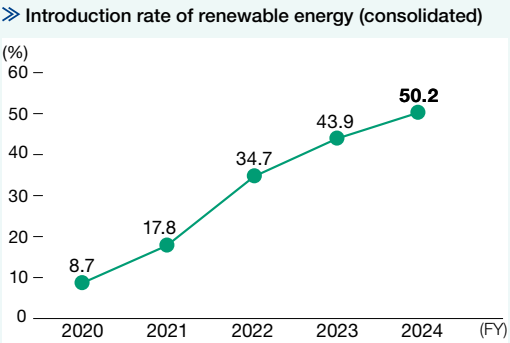
Metrics and Targets

Our Group has targets to reduce Scope 1 and 2 emissions by 49% and Scope 3 emissions by 25%, both compared to FY2021 levels, by FY2030. We are formulating and promoting measures expected to achieve reductions across the entire Group. For Scope 1 and 2, these include introducing electricity from renewable energy sources and promoting energy conservation. For Scope 3, they involve actively using low-carbon materials and aiming for efficient transportation.

Initiatives and Results

Using electricity from renewable energy sources

In FY2024, we used 3,108 MWh of electric power derived from renewable energy sources, and our Group-wide implementation rate was 50.2%. The Saga Branch Office, which began operating in October 2021, is designed to have all electric power used in the plant to be supplied from renewable energy sources. Moreover, we have added visibility to the site's electric power use by installing an electric power monitoring system to oversee the status of power use by each individual line. Starting in FY2023, the Yokosuka Innovation Center and AQC Corporation began using electricity from renewable energy sources. We are currently exploring ways to extend these various initiatives to our overseas locations.



Reducing energy consumption

Our energy consumption in FY2024 was 1,698 kl, resulting in a 6.9% increase compared to the previous fiscal year.

Energy consumption*1

Scope	FY2020	FY2021	FY2022	FY2023	FY2024
Consolidated	2,252	2,550	2,034	1,589	1,698
Overseas sites	1,225	1,621	1,174 ²	934 ²	895 ²
Domestic sites	1,028	929	859	655	803

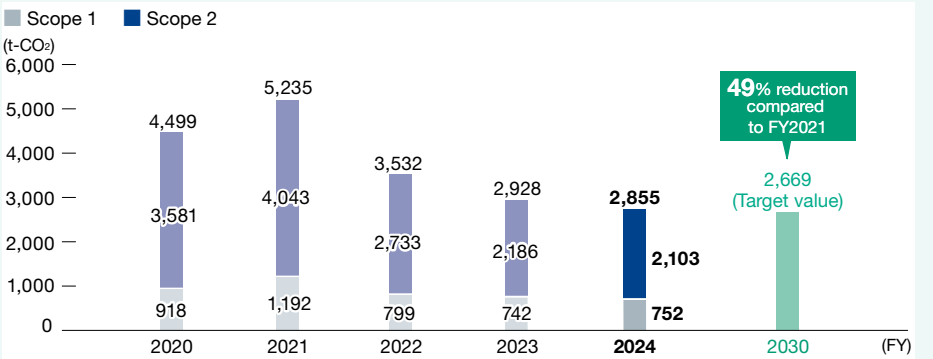
Note: Data marked with has third-party assurance
1 Crude oil equivalent
2 Overseas sales offices (Belgium, United States, and Thailand) are excluded from the total due to their small percentage of total CO₂ emissions.

Scope 1 and 2 emissions

The YAMASHIN-FILTER Group has medium- to long-term CO₂ emission reduction targets and undertakes efforts to realize carbon neutrality by 2050.

As stated previously, FY2024 Scope 1 and 2 emissions decreased by 2.5% compared to the previous fiscal year. This reduction was achieved despite an increase in energy consumption, due to a rise in the use of electricity derived from renewable energy sources at domestic sites.

Scope 1 and 2 emissions¹ (consolidated)



Scope 1 and 2 emissions¹ breakdown, and intensity

	Unit	Scope	FY2020	FY2021 (Base year)	FY2022	FY2023	FY2024
Scope 1, 2 total	t-CO ₂	Consolidated	4,499	5,235	3,532	2,928	2,855
		Overseas sites	3,096	4,098	3,051 ²	2,700 ²	2,589 ²
		Domestic sites	1,404	1,137	481	229	267
CO ₂ emission intensity per net sales	t-CO ₂ /million yen	Consolidated	0.308	0.278	0.190	0.162	0.142

Note: Data marked with has third-party assurance
1 Includes greenhouse gases not derived from energy
2 Overseas sales offices (Belgium, United States, and Thailand) are excluded from the total due to their small percentage of total CO₂ emissions.

Climate Change

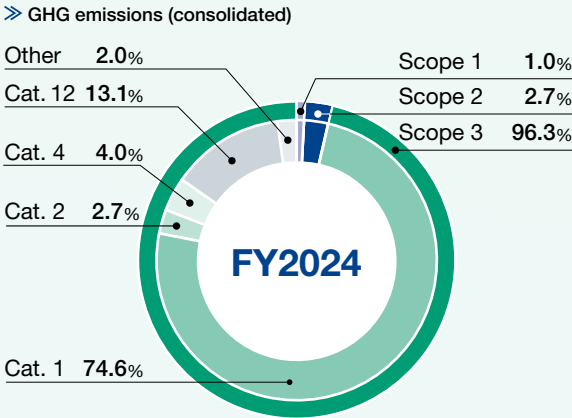
Scope 3 emissions

Since FY2022, the YAMASHIN-FILTER Group has calculated Scope 3 emissions based on the GHG Protocol, which is an international standard for calculating greenhouse gases, to ascertain the environmental burden throughout our value chain. Of the Scope 3 emissions for FY2024, purchased products and services (category 1) accounted for 77% of the total, which was the most of any category. This was followed by end-of-life treatment of sold products (category 12), which was responsible for 13.6% of Scope 3 emissions. In FY2024, excluding category 1, we reduced emissions in almost all other categories.

>> Scope 3 emissions (consolidated)

Item		FY2021 (Base year) (t-CO ₂ e)	FY2024 (t-CO ₂ e)	Composition (%)
Scope 3 Total		95,161	74,620	100
Cat.1	Purchased products and services	64,966	57,776	77.4
Cat.2	Capital goods	9,068	2,116	2.8
Cat.3	Fuel- and energy-related activities	840	624	0.8
Cat.4	Upstream transportation and distribution	9,640	3,074	4.1
Cat.5	Waste generated in operations	1,444	307	0.4
Cat.6	Business travel	170	143	0.2
Cat.7	Employee commuting	533	450	0.6
Cat.8	Upstream leased assets	Included in Scope 1 and 2 calculations		—
Cat.9	Downstream transportation and distribution	Not included in calculation		—
Cat.10	Processing of sold products	Not included in calculation		—
Cat.11	Use of sold products	Not included in calculation		—
Cat.12	End-of-life treatment of sold products	8,500	10,130	13.6
Cat.13	Downstream leased assets	Not included in calculation		—
Cat.14	Franchises	Not included in calculation		—
Cat.15	Investments	Not included in calculation		—

Note: Data marked with has third-party assurance



Contribute to the environment with high-value-added products

Our company is committed to environmentally conscious product development, considering the entire product lifecycle from raw material selection to disposal. Our environmentally friendly products contribute to energy and resource conservation.

Products	Summary
Large construction machinery return filters and line filters	Major improvement in extending the life of products helps control CO ₂ emissions by reducing waste. The sales percentage for nanofiber filter materials in FY2024 was 6.3%. The Medium-Term Management Plan sets a target of achieving a sales percentage of 30% or more by FY2027.
NanoWHELP [®] air filters	These products have earned high praise for their performance and environmental compatibility. Specifically, NanoWHELP95 reduces CO ₂ emissions by 23% annually, compared to our previous models, and is adopted in data centers, hospitals, public facilities, and other locations.
Masks	This filter combines nanofibers—finer than micron-level fibers—into a three-dimensional porous structure to prevent exposure to viral droplets, pollen, and PM _{2.5} . It achieves high capture efficiency and maintains performance with minimal degradation even during prolonged use. As a high-performance mask, it contributes to resource conservation and waste reduction because it is washable and reusable.

Minimizing Environmental Impact

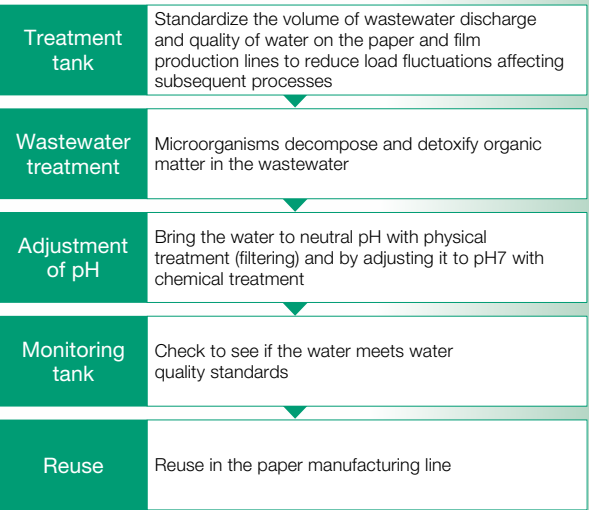
Water Resource Initiatives

Management of water withdrawal and wastewater discharge

Based on our belief that the conservation and effective use of limited water resources is a material issue for our company, we have established medium- to long-term goals: reducing the Group's volume of water withdrawal by 25% compared to FY2022 levels by FY2032, and decreasing the intensity of the volume of water withdrawal. We are advancing our efforts by setting water usage reduction targets for each facility.

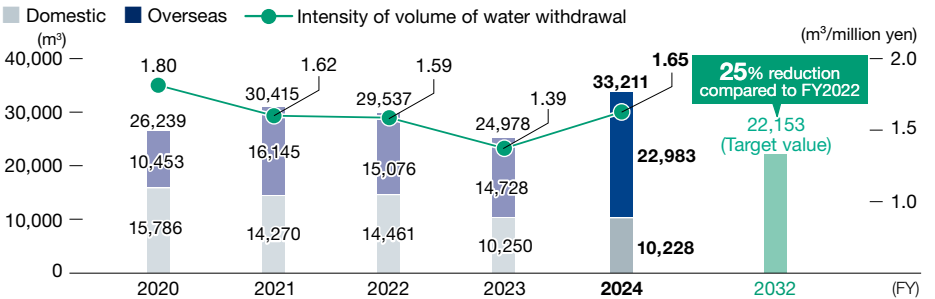
Our Saga Plant treats its wastewater with microorganisms before filtering (physical treatment) and pH adjustment (chemical treatment), and discharge it from the plant only after confirming that it poses no problems with respect to water quality standards. Furthermore, inspections are conducted by external organizations on a regular basis to keep wastewater quality constantly within the standard parameters. While we recycle water to reduce the volume of our water withdrawal on our paper manufacturing line, in FY2022, we installed wastewater treatment equipment to further increase our recycling rate. This improved our water recycling rate from about 50% to 100%, and we have maintained a 100% recycling rate continuously since FY2022.

Flow of Wastewater Treatment at the Saga Plant



FY2024:
achieved a water recycling rate of
100%

Volume of water withdrawal / intensity of volume of water withdrawal



Volume of water withdrawal (by source of withdrawal)

Source of water withdrawal	Scope¹	FY2020	FY2021	FY2022	FY2023	FY2024
Water supply	Domestic sites	15,786	14,270	14,461	10,250	10,228
	Overseas sites	10,453	15,833	9,312	9,184	16,737
Industrial water	Domestic sites	0	0	0	0	0
	Overseas sites	0	312	5,764	5,544	6,246
Other (underground water, river water, rainwater)	Domestic sites	0	0	0	0	0
	Overseas sites	0	0	0	0	0
Consolidated²		26,239	30,415	29,537	24,978	33,211
Intensity (m³/million yen)		1.80	1.62	1.59	1.39	1.65

Volume of wastewater discharge (by discharge location)

Wastewater discharge destination	Scope¹	FY2020	FY2021	FY2022	FY2023	FY2024
Sewage	Domestic sites	10,951	8,315	7,163	5,250	3,629
	Overseas sites	10,453	16,145	15,076	14,728	22,983
Wastewater treatment facility³	Domestic sites	4,835	5,955	7,298	5,000	6,599
	Overseas sites	0	0	0	0	0
Other (river, ocean)	Domestic sites	0	0	0	0	0
	Overseas sites	0	0	0	0	0
Consolidated²		26,239	30,415	29,537	24,978	33,211

1 Scope of data Domestic sites FY2019 to FY2021: Yokohama Development Center, Yokosuka Media Lab, Saga Plant FY2022 to FY2024: Yokosuka Innovation Center, Saga Plant, AQC Corporation Overseas sites FY2020: Suzhou Research Institute, Cebu Plant FY2021 & FY2022: Suzhou Research Institute, Cebu Plant, Vietnam Plant FY2023 & FY2024: Cebu Plant, Vietnam Plant

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

3 The wastewater treatment facility within the Saga Plant

Minimizing Environmental Impact

Water risk assessment

We carried out a water risk assessment to understand and properly address various water risks, such as those associated with water supply and flooding at production sites. Using the Aqueduct global standards tool developed by the World Resources Institute (WRI), we conducted preliminary assessments at all four of our Japanese and overseas sites.

In the secondary risk assessment, evaluations were conducted using the Water Risk Filter developed by the World Wildlife Fund (WWF), and the Ministry of the Environment's Biodiversity Visualization Map. For the Cebu and Vietnam plants, which were rated as having very high water stress in the primary assessment, it was found that risk factors related to water quality, flooding, and ecosystem services were particularly high. Furthermore, the Saga Branch Office is located in the Saga Plain Creek and waterway area, which is designated as a region important for biodiversity conservation.

WRI Aqueduct evaluation results (preliminary findings)

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

Note: The five water stress levels: very low (0-1), low (1-2), medium (2-3), high (3-4), very high (4-5)

Water Risk Filter evaluation results (secondary findings)

Evaluation target	Major high-risk factors
Saga Branch Office	Biodiversity of creeks and waterways in the Saga Plain
Cebu Plant	Water quality, environmental factors (freshwater endemic species, freshwater biodiversity, wetland conservation areas, etc.)
Vietnam Plant	Floods, aquatic ecosystem services, and changes in rivers and other water bodies

Waste Reduction Initiatives

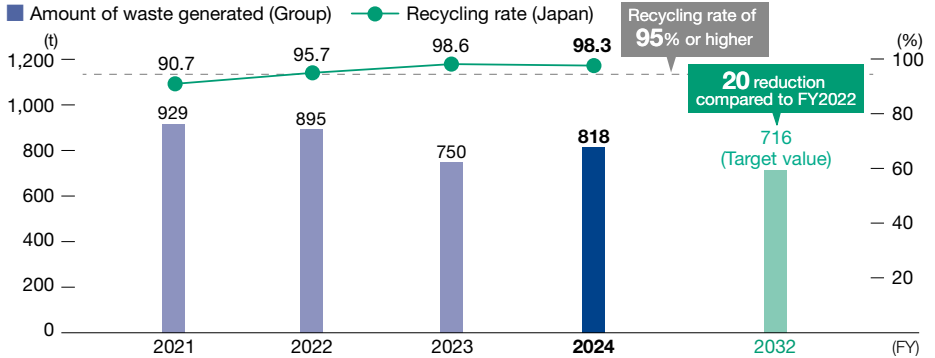
To achieve our medium- to long-term goals of reducing the Group's waste emissions by 20% by FY2032 compared to FY2022 levels and achieving a recycling rate of 95% or higher in Japan, production and sales sites have established individual environmental targets, such as waste separation, and are working to reduce environmental impact in their daily operations.

In FY2024, the group as a whole, including our overseas production sites, took in 5,766 tons of raw materials and discharged 818 tons of waste externally. We achieved a recycling rate of 98.3% in Japan. At the Cebu and Vietnam plants, certain industrial waste materials, such as paper and textile scraps, waste oil, etc., are recycled by industrial waste disposal contractors.

To reduce the amount of waste, we will continue to develop environmentally conscious products and pursue the establishment of recycling systems.

Contributions through our products (P. 18)

Amount of waste generated / recycling rate



Amount of waste emissions (including hazardous waste)

Classification	Scope ¹	FY2021	FY2022	FY2023	FY2024
Sludge	Domestic sites	132.8	127.3	108.4	119.8
	Overseas sites	31.5	31.3	28.2	44.5
Waste oil	Domestic sites	60.5	26.6	44.1	22.6
	Overseas sites	21.5	27.1	18.4	31.0
Scrap metal	Domestic sites	125.8	97.8	119.5	59.9
	Overseas sites	0	3.1	3.0	4.1
Plastic Waste	Domestic sites	474.1	339.0	257.4	313.0
	Overseas sites	0	0.2	0	0.1
Other ²	Domestic sites	42.5	38.0	23.8	21.7
	Overseas sites	39.8	205.0	147.1	201.6
Consolidated ^{2, 3}		929	895	750	818
Hazardous waste		142	142	105	151

1 Scope of data
Domestic sites FY2021: Yokohama Development Center, Yokosuka Innovation Center, Saga Plant, AQC Corporation FY2022, FY2023 & FY2024: Yokosuka Innovation Center, Saga Plant, AQC Corporation
Overseas sites FY2021: Suzhou Research Institute, Cebu Plant FY2022 & FY2023: Suzhou Research Institute, Cebu Plant, Vietnam Plant FY2024: Cebu Plant, Vietnam Plant

2 Due to revisions in the data calculation methods for some locations, figures for FY2021 and FY2022 have been adjusted.

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

Minimizing Environmental Impact

Final amount of landfill disposal, recycling & rate¹ (domestic sites²) (t)

	FY2021	FY2022	FY2023	FY2024
Landfill disposal	78	27	8	9
Recycling	758	602	545	528
Recycling rate (%)	90.7	95.7	98.6	98.3

Note: Due to revisions in the data calculation methods for some locations, figures for FY2021 and FY2022 have been adjusted.
1 Includes thermal recycled waste
2 Scope of data
Domestic sites FY2021: Yokohama Development Center, Yokosuka Innovation Center, Saga Plant, AQC Corporation FY2022, FY2023 & FY2024: Yokosuka Innovation Center, Saga Plant, AQC Corporation

Major raw material inputs (consolidated) (t)

Raw material	FY2022	FY2023	FY2024
Aluminum	1,022	898	1,015
Steel	2,205	1,683	2,019
Stainless steel	259	113	345
Synthetic fiber	335	937	956
Cardboard, paper products	394	215	266
Other	1,357	1,074	1,165
Total	5,572	4,920	5,766

Management of Hazardous Chemical Substances

To ensure that chemical substances are properly managed at our company, we use safety data sheets (SDS) and work procedure sheets to keep our employees informed of the importance of handling methods and protective equipment, including in the disposal of chemical substances. A manager in charge of chemical substances is assigned to each plant and this manager works to ensure proper management and disposal of hazardous waste by comprehensively managing data on amounts of hazardous waste, etc.

Initiatives to Conserve Biodiversity

We recognize that biodiversity is an important natural capital for a sustainable society. We formulated a Biodiversity Policy in 2024 and added the conservation of biodiversity as a pillar of our Environmental Policy. We will strengthen our efforts to ensure that the group's business activities have next to zero impact on biodiversity.

Our domestic sites used the Ministry of the Environment's Biodiversity Visualization Map, while overseas sites used biodiversity tools such as ENCORE and IBAT (Integrated Biodiversity Assessment Tool), both recommended by the TNFD, to assess the status of biodiversity. The Saga Branch Office is located in the Saga Plain. It was found that creeks and waterways in the area are specifically designated by the Ministry of the Environment as an Important Satoyama Area (landscapes important for conserving biodiversity). For overseas sites, it was confirmed that they are not adjacent to protected areas for flora and fauna and are not designated as regions important for conserving biodiversity.

Evaluation results using biodiversity assessment tools

Evaluation target	Evaluation results
Head Office	—*
Saga Branch Office	Landscapes important for conserving biodiversity (creeks and waterways in the Saga Plain)
Yokosuka Innovation Center	—*
AQC Corporation	—*
Cebu Plant	—*
Vietnam Plant	—*

* Areas determined by screening results as not requiring a priority response

 [YAMASHIN-FILTER Group Biodiversity Policy](#)

Research and Development

Indicators	Targets	FY2024 results
Number of patents secured	—	229 (domestic and overseas / as of the end of March 2025)
Provide products that reduce health risks		
Develop new products		
Implement technical training		

Research and Development Policy

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

Research and Development System

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

We have approximately 80 employees involved in research and development work, making this department the second largest after the Production Division. The Yokosuka Innovation Center, which started operation in February 2022, brings together units that had been spread out among the Yokohama

Development Center in Sugita and Yokosuka Media Lab. We have also allocated staff to the Saga Branch Office to improve efficiency and strengthen our R&D system, which enables seamless end-to-end operations.

At our research and development site, the Development Design Department and other units form the core departments supporting our group. They develop products from a medium-term perspective, envisioning product lines one to five years in the future, as well as (basic) research from a long-term perspective to accumulate technologies that are foundational to us as a manufacturer. In FY2023, to reinforce development focused on identifying trends, we reorganized our internal structure. This included strengthening the (then-) Research & Development Department's system for elemental technologies, including new exploration, as well as the Development Design Department's system to improve quality and reduce costs. To achieve the Medium-Term Management Plan that we publicized in November 2024, we established a New Business R&D Division in October 2025. Approximately 70% of our R&D budget will be invested in new developments that use nanofibers.

Setting Research and Development Goals

For our FY2024 research and development targets, we adopted the theme of developing next-generation model filters, and we worked to produce results in this area.

Major FY2024 Development Themes

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

Promoting Research and Development That Captures Our Customer's Needs

Our R&D Division and Sales Division work together to have regular, detailed communication with customers, both in person and online, so that we can reflect their needs in our products. At our sales office in Thailand, we host seminars with construction machinery distributors on genuine filters in an effort to deepen communication with customers.

In addition, we invite alumni from our client companies every year to serve as instructors for our filter workshops. Both R&D and Sales Division staff participate in these workshops to deepen their understanding of construction machinery and the filters that will be required in the future.

» FY2024 R&D training (non-consolidated)

Training theme	Training for	Number of participants	Number of sessions
R&D training for new employees	New employees	6	1
Filter technology workshop led by client company alumni	R&D and Sales Divisions	Approx. 70 per session	11
Management training led by client company alumni	Management in R&D Division	11	2

Research and Development

Philosophy on Intellectual Property

In “(3) Protection of and Respect for Intellectual Property Rights ” in our Corporate Code of Behavior, we have the policy of respecting and not infringing on the rights and property of others, including intellectual property. Under our company motto of “Innovation in filter technology and contribution to new social issues,” we have made sufficient development investments into the likes of equipment at our research and development sites. We have identified environment, air quality, and health as societal issues that we must help solve, and have positioned construction machinery filters and air filters at the core of our research and development efforts aimed at creating high-value-added products as a comprehensive filter manufacturer. Also, with regard to our core technologies and other necessary information brought about by our group’s proprietary development efforts, we will enhance protection of our intellectual property and brand power by making our know-how confidential and acquiring intellectual property rights.

Intellectual Property Management System

Our intellectual property-related activities are promoted mainly by the R&D Division and the Legal Affairs Section, with personnel assigned at our Head Office and the Yokosuka Innovation Center. The Intellectual Property Strategy Review Meeting, which is held every month, has approximately 20 attendees, such as the Representative Director and President, the Director and Senior Executive Vice President, the Director and Senior Managing Executive Officer, R&D Division Managers, Sales Division Manager, Quality Assurance Division Manager, and people from the R&D Divisions and the Legal Affairs Section, and discusses the state of and strategies for intellectual property management.

Main topics at FY2024 Intellectual Property Strategy Review Meetings

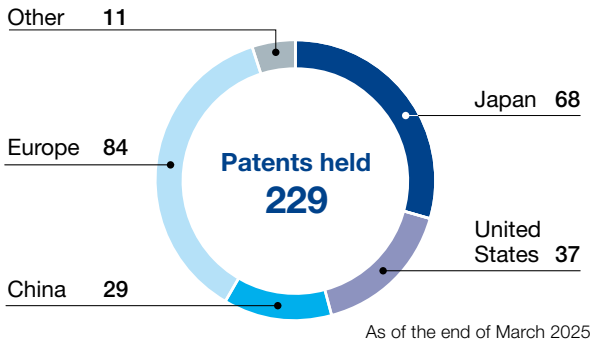
- Risks associated with supplying our products to overseas construction machinery manufacturers
- IP score for patents we hold
- Sharing of other companies’ patent information, etc.

Number of Patents Held

Patent acquisition is essential for eliminating the counterfeit goods circulating in the market, so we see this as an intellectual property strategy that helps increase our corporate value. As of the end of March 2025, we have 229 patents for our filter structures and filter media manufacturing methods and equipment.

Not only are we are working to acquire patents that will improve our competitive advantage, we are also undertaking initiatives such as leveraging patent landscapes and exploring evaluation methods based on intellectual property scores.

» Breakdown of patents held (consolidated)



Intellectual Property Education and Training

We conduct intellectual property training annually for employees. New employees undergo intellectual property training as part of their training. For those in charge of managing intellectual property, we combine on-the-job training with more specialist training so that they learn about domestic and overseas intellectual property rights. In FY2024, we conducted training for new employees and employees of the R&D Division.

» FY2024 intellectual property training (non-consolidated)

Training theme	Training for	Number of participants	Number of sessions
Intellectual property training for new employees	New employees	6	1
Intellectual property legal training	R&D employees	51	1

Employee Invention Program

We have Employee Invention Handling Regulations, which clearly define the process for employees, from notifying the company about their invention to the evaluation, application, registration, and payment of rewards. We also appropriately evaluate the necessity of maintaining patents based on the invention’s technical validity and its contribution to our business. Under these regulations, we have a system in place to compensate employee inventors when they apply for and register a patent, as well as when their invention is commercialized.

YAMASHIN Nano Filter™: Supporting society across many areas

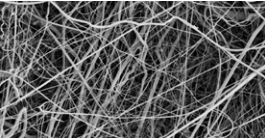
Feature

Our proprietary YAMASHIN Nano Filter™ is a next-generation filter media that not only advances conventional filter performance but also holds the potential to solve challenges in new areas. We are accelerating research and development of this new material that will bring us closer to a sustainable society.

YAMASHIN Nano Filter™: A groundbreaking material

Since our founding, we have been a specialized filter manufacturer, independently developing filter media that is optimally tailored to customer needs and societal changes. The material for filter media evolved from cloth to paper, and then in 1978, we dramatically improved filter performance by developing the world's first glass fiber filter media.

Glass fiber filter media has become mainstream, but 30 years after its development, we challenged ourselves to shift away from glass fiber and pursue a material with even greater performance. In 2017, we successfully developed the next-generation material YAMASHIN Nano Filter™, which uses a high-performance resin processed into nanofiber. Its unprecedented versatility creates new value by enabling application across a wide range of areas.



Minimum fiber diameter is 150 nanometers

Groundbreaking properties of the YAMASHIN Nano Filter™

Resin selection based on application

Applicable to products in areas that had been difficult to address

Fiber diameter controlled at the nanoscale

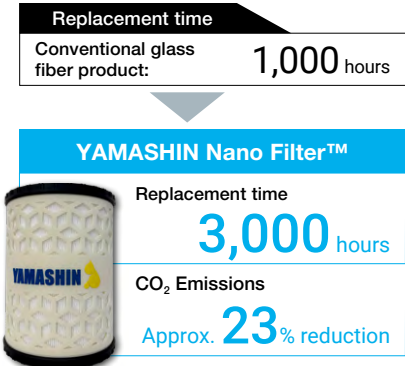
Can be manufactured into forms (wadding, sheets, etc.) suited for its intended use

Diverse functionality and added value

Provides thermal insulation, sound absorption, and non-combustibility, adding value tailored to specific uses

High-value-added filters that meet customer needs and help reduce environmental impact

The new return filter model featuring the YAMASHIN Nano Filter™ has been integrated in Komatsu's new-generation hydraulic excavators that were released in December 2024. We optimized our product for Komatsu's new model by inquiring from their team about what needs were present. We reduced the load on the engine by improving dust collection, and we also significantly increased service life, extending replacement time from 1,000 hours for conventional glass fiber products to 3,000 hours. These efforts addressed customer needs while also reducing environmental impact by decreasing filter waste as a result of its extended service life.



Expansion into new areas

Our company primarily operates in the construction machinery sector, but the versatility offered by the YAMASHIN Nano Filter™ has made it possible for us to expand our existing business areas and enter new fields such as apparel, medical, and electronics. To realize this potential, we made organizational changes, which included restructuring the Research & Development Division and establishing a department for new business initiatives within both the R&D and Corporate Planning Divisions. These changes bring us closer to our goal of rolling out groundbreaking products. Specifically, within the apparel field, we are developing products for sports and outdoor wear that are PFAS- and PFOS-free by using recycled and biomass materials.

Product development that leverages YAMASHIN Nano Filter™ properties

Thermal retention
Mobility
Moisture control
capability

Apparel products

Sports & outdoor wear, sleeping bags, tents, etc.



Electrical conductivity

Wearable sensors

Sports & fitness, wellness, medical, nursing care, etc.



Develop valuable filters to transform needs into solutions

In research and development, our top priority is to minimize the load on machinery. To achieve this, we must maximize the filter's basic functions of removing debris, letting oil flow through, and extending the service life of products. Although collecting and analyzing vast amounts of data every day to come up with effective configurations is meticulous work, it is deeply fulfilling when our product is adopted and we can see equipment at construction sites that carry our filters. Furthermore, meeting customer needs naturally leads to environmental considerations such as reducing waste and CO₂ emissions, allowing us to feel the social significance of our work. The product development we are currently undertaking in new areas represents an unprecedented challenge. We intend to make steady progress with a strong sense of duty.



Tatsuhiko Oshita
Doctor of engineering
Filter Business R&D
Division Manager

Quality

Quality Policy

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

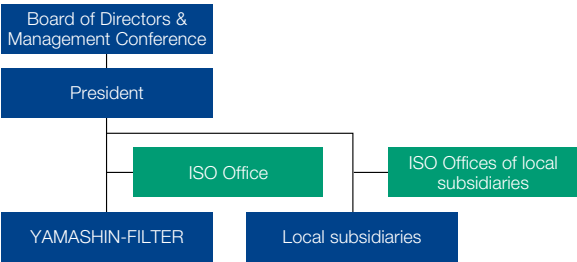
 [Quality Policy of the YAMASHIN-FILTER Group](#)

Structure for Quality Control

We are certified under ISO9001:2015, the international standard for quality management systems (with a coverage rate of 72%). Under our in-house ISO Office, we run PDCA cycles by implementing quality control based on the relevant rules and regulations.

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

» Quality Control Structure



Quality Control Initiatives

Actions to prevent and handle problems

We position quality assurance as the cornerstone of our corporate activities and strive to prevent defects, detect them early, and prevent recurrence throughout the entire product lifecycle.

When a problem occurs, we promptly coordinate with affected customers to provide technical support and verify details based on the problem and where the problem occurred. We support customers in handling problem, including with their decisions on product recalls.

As a general rule, we begin investigating problems and problem products the day they are received. When a customer inquiry is received, we use our internal systems to quickly share information across all locations. Furthermore, we make use of Pareto charts and various other tools to analyze problems, both quantitatively and qualitatively, which helps us identify their root causes at an early stage. For problems in parts and other components, we have a system in place to collaborate with suppliers and share corrective actions and measures to prevent recurrence.

To prevent problems from recurring, it is essential that we formulate countermeasures and implement them across the entire group. We are exploring ways to improve the searchability of our database on problems, and moreover, we will strengthen our systems to further limit problems from recurring and enable faster response times when they do occur.

Specific Measures to Prevent Recurring Problems

- Improve the quality of our creativity
- Strengthen quality management systems
- Improve communication with suppliers

Improvement activities

At our production sites, we conduct improvement activities on a continuous basis with a focus on reducing the 3Ms: muri (overburden), muda (waste), and mura (unevenness). At the Saga Plant, all employees submit at least one proposal per month concerning safety, quality, and process improvements. As part of our DX advancement efforts, robots have been introduced to production lines, and at our Vietnam Plant, we are implementing thorough quality control, not only through on-site guidance, but also remote guidance.

Human resources development for quality improvement

We believe that improving quality requires a commitment to constantly improve, and that for further improvement, workers themselves must understand the essence of what they do. Therefore, our on-the-job training focuses on educating employees to grasp the essence of their work, including the significance of tasks, as well as the underlying principles and technology of equipment. We develop human resource that can solve problems by not only proposing how to improve but also by managing their efforts through to completion. We also develop multi-skilled workers who can perform various tasks in order to prevent poor quality and delivery delays from occurring, even when a team is suddenly short-staffed. Having employees understand the essence of their work and master various tasks is also leading to their growth.

Advanced standardization using ICT

We digitize our standard operating procedures and make them accessible via tablet devices installed on production lines. This helps maintain operational efficiency and ensure quality by preventing inconsistencies in work even when there is a change in personnel. Although there was a language barrier in sharing and standardizing assembly procedures with employees at overseas sites, by replacing paper manuals with videos, we were able to smoothly share assembly procedures and standardize operations.

Supply Chain Management

Approach to Supply Chain Management

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

Responsible Procurement and Contribution

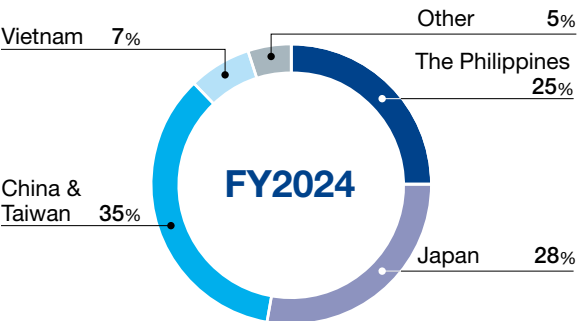
We have more than 200 suppliers, about half of which are in the Philippines, China, and Vietnam, where we have production plants and research facilities. This is based on our policy of conducting procurement locally whenever possible in order to help create local jobs and vitalize local economies, and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

When selecting a new supplier, we carry out on-site audits that include sustainability items, and if they fail to measure up to the specified standard, they are not selected. For our existing suppliers, since April 2023, we have implemented on-site audits that incorporate sustainability activities and human rights into the audit items. In FY2024, we audited one hundred percent of our raw material suppliers on site.

Supplier selection flow



Procurement and purchasing percentages by region



Note: From FY2024, calculated excluding intragroup transactions

Supplier Evaluations

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

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

Procurement Personnel Training

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

Supply Chain Management

Collaboration with Partner Suppliers

Before the COVID-19 pandemic, we visited and held regular meetings with 30 to 40 suppliers each year. Since the pandemic, we have been maintaining communication to ensure that supply will not be impacted, particularly by holding weekly meetings with key suppliers. We also hold online Partner Meetings and Business Liaison Committee meetings twice a year as forums for exchanging opinions, with about 30 suppliers from Japan and overseas participating each time. During these meetings, we share our sustainability initiatives and ask our suppliers to advocate for human rights throughout the value chain and take action against climate change.

BCP in the Supply Chain

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

Addressing Conflict Minerals and Chemicals

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

Human Capital

Indicators	Targets	FY2024 results
Percentage of female employees (non-consolidated)	35% by 2028	33.6%
Percentage of female employees and female managers (consolidated)	Maintain or exceed the level of female employees (51.7%) and female managers (19.7%) as of March 31, 2023 (consolidated)	Female employees 53.4% Female managers 20.9%
Target percentages for the above for the next five years	Maintain or exceed those levels through 2033	
Percentage of female directors (non-consolidated)	30% or higher by 2030	33%

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

Approach to Securing Human Resources

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

Human Resource Development

The systematic development of the next generation of leaders, including future management candidates who can

address environmental changes against the backdrop of business diversification and further global expansion, is an important management issue. As a company that keeps our development, production, and sales functions in-house, we face the issue of passing on our development methods and production technologies. Acknowledging this, our human resources and business divisions work together under top management to move forward with human resource recruitment and development.

Initiatives to develop the human resources who will be responsible for the next generation

We are standardizing our personnel system to develop human resources who will be responsible for our company's future. This includes using talent management and motivation-boosting measures for executives (and executive candidates); placing the right people in the right roles based on assessments of employee potential; eliminating seniority-based promotion and implementing fair personnel evaluations; and using a global matrix to evaluate managers in our overseas group companies. Furthermore, we have built a fair and highly transparent system for evaluating personnel through job rotations and other measures. We also conduct rank-based training on a regular basis.

Practical training

- **Training for directors and executive officers**
Participation in external training to become able to create management metrics within one to two years after taking up an executive officer position.
- **Training for managers**
Training on labor management, starting with compliance and prevention of harassment, which forms the basis for taking on managerial positions, as well as hands-on training for managers, such as discussions based on lectures from management.
- **Training for new employees**
Training on business etiquette and other basic training as a member of society, training on our products and technology to gain a deeper understanding of our company, and training on manufacturing at plants, is conducted over the course of one and a half months.

» Training results

	Unit	FY2021	FY2022	FY2023	FY2024
Total training hours	hours	2,310	2,688	2,519	6,459
Average hours of training per employee	hours	12.2	14.0	15.5	9.1
Average days of training per employee	days	5.4	6.1	9.3	7.5

Scope of data
FY2021–FY2023: Non-consolidated
FY2024: Domestic bases: Non-consolidated, AQC Corporation; Overseas bases: Cebu Plant, Vietnam Plant

Domestic study program

We have a domestic study program for employees to improve their professional knowledge and technical skills, broaden their horizons, and contribute to the advancement of our business. Employees are eligible if they have at least three years of continuous service and have been recommended by their department manager. Programs range from six months to three years, with all associated costs covered by the company. To date, three employees have used this program and completed their graduate or doctoral studies.

Human Capital

Fair Personnel Evaluation and Compensation

Our group has Management by Objectives (MBO) as a system to evaluate employee abilities appropriately and link those evaluation results to their compensation. The evaluation categories have seven ranks, and the evaluation sheet is divided into two parts: individual targets, and action targets. At the start of each fiscal term, supervisors and subordinates meet to discuss and decide on the subordinate's individual targets. The action targets are outlined by the Guiding Principle of Acts for company employees, with the required Guiding Principle of Acts tailored to each grade. Evaluations are conducted twice a year, and the evaluation at the end of each fiscal term is a fair evaluation carried out, in principle, by conducting it in four stages: the primary evaluator is one's section manager, the secondary evaluator is one's department manager, the third evaluator is one's division manager, and the final evaluator is an executive officer. Evaluation results are always communicated to employees through one-on-one meetings.

Furthermore, to maintain the fairness of personnel evaluations, we provide training for managers, who serve as evaluators, on the perspective they should adopt when conducting evaluations.

Human Resource Diversification

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

Globalization and localization of human resources

At the Cebu Plant, our largest plant, we are localizing senior management by appointing Philippine nationals as directors, general managers, and managers. We arrange information-

exchange opportunities to regularly bring managers of overseas subsidiaries to Japan, which help deepen personal interaction with the Head Office staff and provide support for the further growth of overseas managers.

In FY2023, we held the YAMASHIN Global Summit, our group's international conference, for the first time in about three years. Approximately 40 participants attended, including managers from the Head Office and from overseas subsidiaries, all of whom joined in lively discussions of initiatives on climate change, respect for human rights, and other sustainability-related efforts.



Scene from the YAMASHIN global summit

Plant operations that respect local customs and culture

We also recognize that blending in with local communities and respecting local customs, such as always having a Christmas Mass and party at the Cebu Plant, are an important part of diversity initiatives to be carried out in line with globalization. After suspending the Christmas Mass and party during the pandemic, we have resumed them, and many employees enjoy them every year.

At the party, it is customary to present awards to employees with extremely good attendance records, and several employees are honored each year. Some of the awardees have received the award for several years in a row, they truly support the Cebu Plant, our mass production facility.

Enhancing global production

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

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



Scene from a presentation on improvement activities

Human Capital

Medium- to long-term targets for women’s participation and advancement and non-Japanese managers

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

Targets for women’s participation and advancement

Five-year targets On a non-consolidated basis, have 35% of employees be female employees by 2028, and on a group basis, maintain the percentages of female employees and managers at or above their March 31, 2023 levels (51.7% and 19.7%, respectively).

Ten-year targets By 2033, have levels equal to or exceeding the percentages set in the above five-year targets. By 2030, increase the proportion of female directors to 30% or higher.

Target for non-Japanese managers

Five-year targets Aim for 5% of managers to be non-Japanese by 2028.

We recognize that promoting women’s active participation and advancement is an important issue for our company. In FY2023, we set medium- to long-term targets for women’s participation and advancement. Although the proportions of female employees and managers within the group are relatively high at 53.4% and 20.9% (as of the end of March 2025), respectively, our company’s proportion of female managers, at 5.5%, and that of our subsidiary, AQC Corporation, at 6.3%, remain low and are an issue.

We promote the appointment of core personnel to managerial positions based on the principle of placing the right people in the right roles, taking into account their abilities and achievements, regardless of nationality, age, gender, or whether they were mid-career hires. Our proportion of non-Japanese managers is 0% (as of the end of March 2025), and we are aiming to hit our target of 5%.

Employment for people with disabilities

Our employment rate for people with disabilities is 1.37% (as of June 1, 2025), below the statutory employment rate of 2.5%. To achieve the statutory employment rate, we are examining specific initiatives to promote the hiring of human resources with disabilities.

Promoting employment of elderly persons

Our group continues to offer employment extensions to 100% of those who wish to remain employed up to age 65, while also extending employment contracts beyond age 65 to those who request it.

Diversity & inclusion data

	Scope	FY2021	FY2022	FY2023	FY2024
Percentage of female employees	Consolidated	—	51.7	52.3	53.4
	Non-consolidated	23.3	31.6	32.5	33.6
	AQC Corporation	—	37.6	39.7	36.1
Percentage of female directors	Non-consolidated	0	10	22	33
Percentage of female managers	Consolidated	17.9	19.7	20.3	20.9
	Non-consolidated	2.3	5.2	5.9	5.5
	AQC Corporation	—	0	0	6.3
Percentage of non-Japanese managers	Non-consolidated	—	—	0	0
Percentage of mid-career-hire managers	Non-consolidated	—	—	74.5	78.2
Rate of male childcare leave	Non-consolidated	—	100	100	100
	AQC Corporation	—	100	0	0
Pay differential between men and women ^{1, 2}	Non-consolidated	75.2	73.4	77.0	76.1
	AQC Corporation	—	69.5	70.6	80.9
Employment rate for people with disabilities	Non-consolidated	1.59	1.61	1.48	1.37

Notes: As of March 31 of each fiscal year
The percentage of female directors as of June 30 of the following year
Employment rate for people with disabilities as of June 1 of each year
1 All workers, including part-time and fixed-term workers
2 Percentage of women’s salaries to men’s

Human Capital

Work-Life Balance

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

We have also been promoting telework for Head Office employees. For FY2024, we set a target of 50% or higher for teleworking during periods when COVID-19 infections are increasing, and the average rate for the year was 52%.

To enable employees to realize a work style suited to their life stage, we have a system that provides support for balancing work with childcare. In FY2024, the percentage of employees returning to work after taking childcare leave was 100% again.

As employee benefits, we provide various entertainment and leisure opportunities through the Kanagawa Prefecture Kiki Health Insurance Society and Relo Club. We will continue to undertake further work style reforms and work hard to build a culture focused on well-being.

Work-life balance data (non-consolidated)

	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Teleworking rate*	%	54	56	49	51	52
Overtime hours (monthly average)	hours	7.77	14.77	14.25	6.00	12.00
Percentage of employees returning to work after taking childcare leave	%	100	100	100	100	100
Percentage of paid leave taken	%	47.2	65.1	62.8	63.7	58.7

* Scope: Head Office employees

Supporting childcare and nursing care

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

We believe that encouraging the involvement of men in childcare is an important effort that will facilitate women's participation and advancement. That is why our General Affairs Department actively reaches out to our male employees to make it easier for them to take childcare leave. In FY2024, the rate of childcare leave use by male employees was 100%.

Employee Engagement

Use of employee engagement surveys

We have been conducting engagement surveys since FY2023 to create an environment where employees can work with a sense of comfort and fulfillment. In FY2024, we surveyed full-time employees working at our Head Office, Saga Branch Office, and Yokosuka Innovation Center, and had a 100% response rate. As for the issues made evident by the survey results, we are working to address them by improving mental health training, thoroughly communicating about available programs and employee benefits, and other such measures.

Employee engagement survey results (score)

Item	FY2023	FY2024
Physical and mental well-being	57	55
Engagement	59	57
Work	52	51
Relationships with fellow staff	70	68
Relationship with organization	58	57
Understanding of the organization	55	55

Main Issues Observed from the Results

- Mental health care and reduction of the burden of work
- Relationship with one's supervisor
- Trust of the organization, one's career and development
- Awareness of programs and employee benefits

Supporting the building of assets

We offer asset building programs and support for domestic employees to increase their motivation to work for the company over the medium to long term. We newly launched a workplace NISA savings plan in February 2025.

Asset building programs

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

Occupational Health and Safety

Indicators	Targets	FY2024 results
Number of serious occupational accidents (non-consolidated and some group companies)	0	0

Occupational Health and Safety Policy

We see employee health and safety as being the most important foundation to building a culture focused on well-being, and that is why we have the YAMASHINFILTER Group's Occupational Health and Safety Policy.

 [YAMASHIN-FILTER Group Occupational Health and Safety Policy](#)

Health and Safety Management

Health and Safety Framework

In the area of occupational health and safety, our company has a basic policy regarding the creation of better work environments, and we take meticulous actions in that regard. Every month, we convene meetings of the Health Committee at the Head Office and at the Yokosuka Innovation Center, as well as meetings of the Occupational Health and Safety Committee at the Saga Plant. At these meetings, we identify occupational health and safety risks, share information and make reports on the status of current countermeasures, and improve the working environments. The situation on occupational accidents at our Cebu Plant and Vietnam Plant is reported to the monthly Management Conference so they can discuss possible improvements. We also have health consultations by industrial physicians, along with yearly stress checks for employees, as we strive for early detection of any deterioration in their physical condition.

The working hours of employees are checked every month by the General Affairs Department. If the predetermined time is exceeded, the individual in question and their supervisor will be warned about it to prevent overwork.

Occurrence of occupational accidents

In FY2024, there were 10 occupational accidents (3 in Japan and 7 overseas). There were no fatal or other serious occupational accidents within the group. The causes of these work accidents are mainly carelessness and not properly observing safety protocols. We thoroughly explain the importance of complying with safety protocols to staff not only when they join the company, but also in their daily work. Going forward, we will continue to implement and rigorously enforce safety measures, striving to prevent occupational accidents.

Occupational accidents

	Unit	Scope	FY2021	FY2022	FY2023	FY2024 ⁴
Number of occupational accidents (number of serious occupational accidents ¹)	Accidents	Non-consolidated	3 (0)	2 (0)	1 (0)	3 (0)
		Cebu Plant	35 (0)	14 (0)	14 (0)	7 (0)
		Vietnam Plant	—	—	0	0
Lost Time Injury Frequency Rate (LTISR ²)	—	Non-consolidated	0.00	0.00	0.00	0.00
		Cebu Plant	31.89	69.07	19.60	30.66
		Vietnam Plant	—	—	0.00	0.00
Total Recordable Injury Frequency Rate (TRIFR ³)	—	Non-consolidated	6.16	4.15	2.21	6.13
		Cebu Plant	16.66	9.21	10.76	4.88
		Vietnam Plant	—	—	0.00	0.00
Number of deaths	Persons	Consolidated	0	0	0	0

Note: Due to a review of the data calculation methods for some bases, we are revising the actual figures for previous fiscal years

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

2 Lost Time Incident Severity Rate (LTISR): Total number of lost workdays ÷ Total hours worked × 1,000,000

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

4 The scope for FY2024 covers approximately 100% of production.

FY2024 Occupational Accidents: Details and Countermeasures

Base	Details of injuries and accidents	Countermeasures
Saga Branch Office	1. Finger fracture and nail dislocation due to pinching 2. Eye exposure to cleaning solution	1. Changed instrument positioning and the flow of movement 2. Modified work procedures, changed protective gear (from goggles to face shields), installed an eyewash station
Yokosuka Innovation Center	Finger cuts	Ensured thorough awareness of the proper usage of the cutter knife and the wearing of cut-resistant gloves
Cebu Plant	Cuts (toes), eye exposure to adhesive, lacerations (head), contusions, burns, etc.	Ensure thorough awareness of the use of safety shoes and goggles, repaired equipment, installed safety devices, strict enforcement of pre-work safety checks, revised procedure manuals, etc.

Occupational Health and Safety

Initiatives to Prevent Occupational Accidents

As part of our efforts to prevent accidents, our company conducts regular safety patrols at our Japanese and overseas plants to identify any places where equipment needs to be repaired or improved from a safety standpoint, and to check the status of compliance to safety rules. In certain processes in plants that handle high-temperature nanofiber chambers, hazardous chemicals, or dangerous substances, which are deemed to carry a particularly high health risk, we undertake training according to written work procedures. All persons responsible for doing such work must take this training. In addition, for areas that have a high health risk, we have exhaust ducts and ensure workers wear gas masks and work clothes with built-in cooling fans. Additionally, starting in FY2025, we began paying special duty allowances to employees working in such environments.

Education and Training on Occupational Health and Safety

The YAMASHIN-FILTER Group regularly conducts education and training on occupational health and safety. In FY2024, employees at our Saga Plant, Cebu Plant, and Vietnam Plant participated in various types of occupational health and safety training.

» Data on Occupational Health and Safety Training

Type of training	Base having the training	Total number of participants	Number of days or sessions conducted
• Organic solvent skills training • Health and safety officer course	Saga Branch Office	3	Total: 6 days
• Health and safety for workers • Product safety • Handling of chemical substances (harmful substances) and other	Cebu Plant	1,228	15 sessions
• Basic knowledge about occupational health and safety • Electrical safety training • Chemical safety training, accident drills, etc.	Vietnam Plant	420	4 sessions
• Hazard anticipation, error prevention • KYK training and related matters	AQC Corporation	Approximately 70 per session	9 sessions

Labor-Management Agreements

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

Measures Against the World's Three Major Infectious Diseases

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

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

Respect for Human Rights

Human Rights Policy

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

[YAMASHIN-FILTER Group's Human Rights Policy](#)

System to Promote Human Rights

Our Group promotes various initiatives to respect the human rights of all stakeholders. This effort is led by our YSS Committee, which formulates and revises action plans based on our group's Human Rights Policy. In addition, we have an internal reporting system in place to receive consultations and reports regarding harassment within the company and other human rights violations.

[System to Promote Sustainability \(P. 10\)](#)

Investigating and Responding to Harassment

To create a comfortable work environment in which human rights are respected, we have internal and external consultation hotlines so that employees can anonymously report instances of harassment or other human rights violations they experience or witness (see P. 38).

One consultation was handled in FY2024. The findings of individual interviews revealed that an incident occurred that was suspected of being power-based harassment and, according to the wishes of the consulting party, we responded by providing guidance to the parties involved. Besides working to enhance

awareness by implementing periodic training about preventing harassment, we also ensure that requests for consultation are handled properly, by providing lectures for managers on the proper handling of consultations and their content.

Identifying Human Rights Risks

In FY2022, we held workshops on human rights issues and initiatives for employees and managers of overseas subsidiaries to promote our due diligence of global human rights. We also conducted a survey on human rights risks that could occur within the Group.

In FY2023, we had employees at our domestic sites (YAMASHIN-FILTER, AQC) respond to a more detailed survey on human rights risks and identified the human rights risks at our company. Moving forward, we will also incorporate feedback from overseas employees, and for Group-wide risks, ascertain vulnerabilities in our management framework and identify areas needing refinement to tie them into improvement activities.

Process to identify and evaluate human rights risks

1. Hold a briefing about the survey on human rights risks

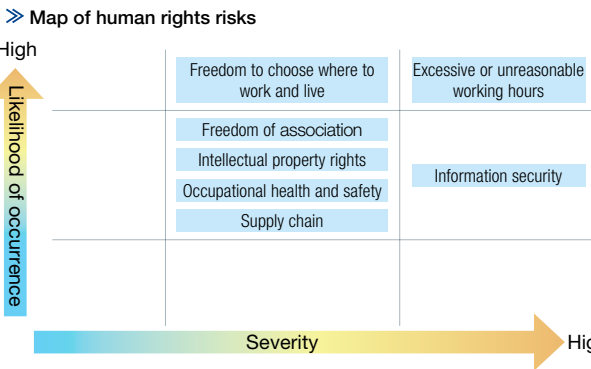
Human rights issues subject to risk assessment	
● Child labor ● Employment disparities ● Employment discrimination ● Excessive or unreasonable working hours ● Freedom to choose where to work and live ● Information security ● Intellectual property rights ● Occupational health and safety ● Insufficient or unpaid wages, living wages ● Freedom of association	● Environment and climate change ● Consumer safety and right-to-know ● Supply chain ● Freedom of expression ● Bribery and corruption ● Diversity ● Technology and AI ● Rights of local residents and indigenous peoples ● Foreign worker issues ● Right to access remedy
Assumed stakeholders	
● Employees ● Group companies ● Suppliers	● Customers ● Local residents ● The next generation

2. Conduct the survey

Select assumed stakeholders for the assumed human rights risks. The level of impact is evaluated using two axes: severity and likelihood of occurrence.

3. Map the human rights risks

Score the risks according to severity and likelihood of occurrence, calculate their weighted averages, and map them.



Future Initiatives

Our company positions respect for human rights as the foundation of our corporate activities. We believe that paying attention to the working conditions and voices of employees at our overseas production sites is essential for identifying and improving human rights risks within our global supply chain.

- Understand vulnerabilities in our Group-wide risk management framework and identify improvements for risks that are in the High area of the map, and make improvements
- Raise awareness and increase understanding about human rights risks through training
- Understand the actual effect on human rights and look into appropriate measures through dialogue with external stakeholders

Investing in the Community

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

Focus areas

- Promotion of environmental conservation and social contribution activities within local communities
- Creation of educational and social opportunities to empower the next generation
- Disaster relief and responding to the pandemic with masks

Contributing to the Community Through Filters

Amid the mask shortage caused by the rapid spread of COVID-19, we quickly began manufacturing masks with the idea that masks are another type of filter, and that a moment had arrived for us to serve society as a comprehensive filter manufacturer. When developing the masks, we focused on three key aspects of performance: filter performance, sealing performance, and breathability. As a next-generation, highly functional mask that not only captures virtually all fine particles but is also easy to breathe through, our masks have been much appreciated by many people. We outsourced the production of some masks to Nanae, Hokkaido, which helped create local employment.

Reflecting our company's desire to contribute further to people's health, we donated a total of around 700,000 units of our YAMASHIN Filter Mask® to Kanagawa Prefecture, Kamimine in Saga Prefecture, where our company's production and research and development site are located, Yokosuka City, and to public high schools from which many of our Saga

Branch Office employees have graduated. For this donation, we were awarded the Medal with Dark Blue Ribbon through a recommendation by the Kanagawa Prefectural Government in 2023. To date, we have distributed about 1,600 masks to Saga Prefectural Tosu Technical High School and 1,000 masks at a volleyball world cup tournament that we sponsored. The Ultimate YAMASHIN Filter Mask® that we donated incorporates the patented YAMASHIN Nano Filter™, a proprietary nano-fiber filter technology also used in medical masks. The donated masks were used at both residential treatment and social welfare facilities in Kanagawa Prefecture.

Contributing to Local Communities by Our Plants and Research and Development Facility

At the Saga Branch Office, we give plant tours to students from local technical high schools. In FY2024, we deepened our ties by having a Saga Branch Office employee take part in an alumni-led career guidance event at his former high school.

As for overseas, we welcomed faculty and students from Juntendo University's Faculty of International Liberal Arts to our Cebu plant. Through a plant tour and interactions with local employees, they learned about how companies operate overseas. Furthermore, in FY2024, employees at the Cebu plant proactively joined both coastal cleanup and Earth Hour events aimed at environmental conservation and coexistence with local communities, thereby deepening ties with local residents, NGOs, and similar organizations. We also collaborated with the Mactan Export Processing Zone Chamber of Exporters and Manufacturers and participated in the “Pasko sa Kabataan” Christmas event that aimed to bring smiles to children. At this event, as part of our educational initiatives, employees gifted bags, writing materials, and daily necessities to underprivileged children attending local elementary schools. By directly engaging with the children,

our employees were able to convey the gratitude and strong support they felt for the community.

In Japan, our Group has made donations worth approximately 13 million yen (including mask donations) to local organizations, high schools, and events. When an earthquake struck the eastern coast of Taiwan in April 2024, we donated 1 million yen to the Japanese Red Cross Society to aid the victims.



A coastal cleanup event



Bags and writing material gifted at our Christmas event

Provision of Heavy Oil Absorption Filters

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

Corporate Governance

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

A Structure That Supports Management

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

The Board of Directors is a decision-making body for matters specified by law and the Articles of Incorporation, and it provides appropriate oversight and guidance for business execution. In addition to regular monthly meetings, the Board of Directors holds extraordinary meetings as needed. The Board is composed with consideration given to diversity of gender, international experience, work experience, age, etc. In June 2025, we welcomed two new female outside directors.

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

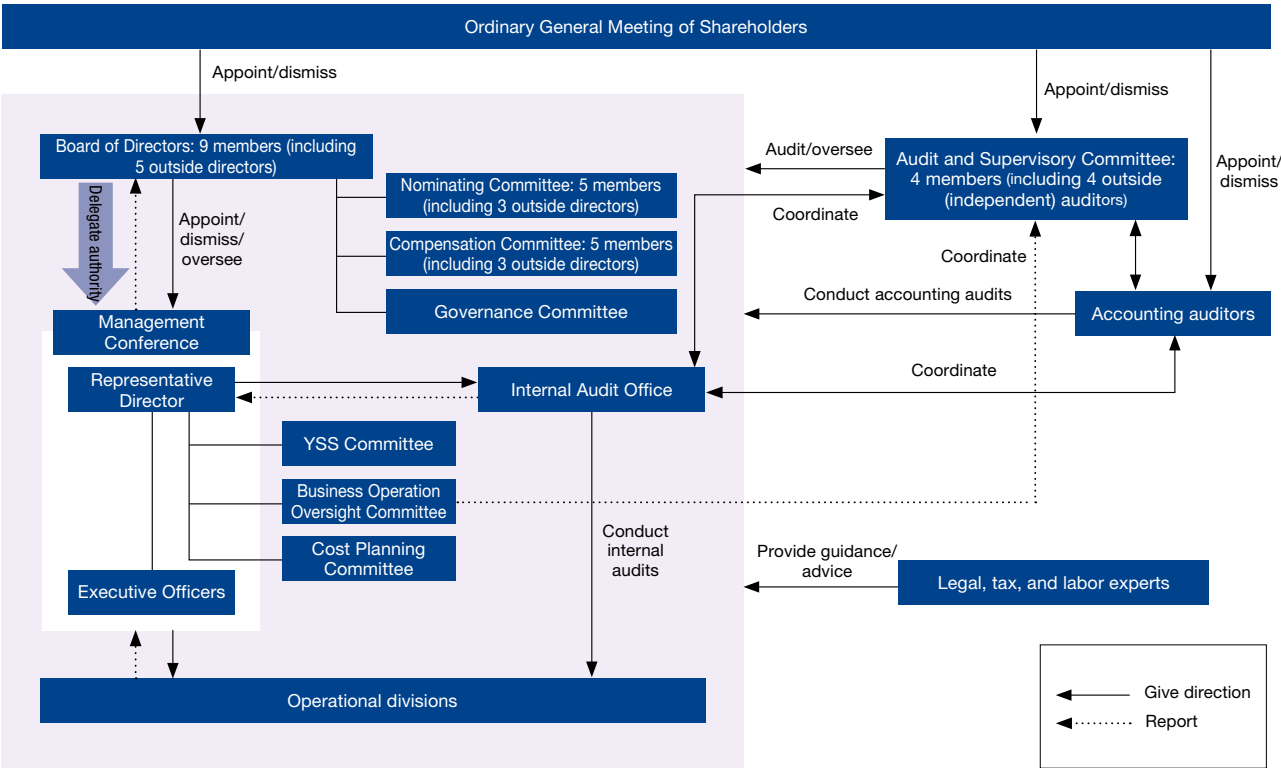
The Audit and Supervisory Committee oversees and audits management decision-making and business execution. Our outside directors all have experience in corporate management, and includes an attorney and people with

considerable knowledge of corporate management strategies and business planning and with considerable knowledge and expertise in the field of compliance.

In FY2023, we established the Governance Committee and the Cost Planning Committee. The Governance Committee is made up of independent outside directors and advises the Board of Directors to continuously enhance governance activities. In FY2024, it convened once to discuss corporate governance and evaluating the effectiveness of the Board of Directors before and gave advice to the Board of Directors.

The Cost Planning Committee is an advisory committee to the president. This committee works to strengthen the revenue management approach throughout the group by promoting cost planning, from the development stage of new products, that achieves the quality and functionality that our customers want at the lowest possible cost. We are further strengthening Group governance together with these two committees and the Business Operation Oversight Committee (see P. 39), which was set up in FY2021.

» Corporate Governance System (as of June 26, 2025)



Corporate Governance

Enhancing Transparency: the Nominating Committee and Compensation Committee

We have a Nominating Committee and Compensation Committee, both with a majority of outside directors as members, to ensure transparency and objectivity in the appointment and compensation of directors, and to enhance our corporate governance. These committees review director candidates, compensation, and other related matters.

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

Evaluating the Effectiveness of the Board of Directors

Each fiscal year, we analyze and evaluate the Board's effectiveness based on the self-assessments of each director, and share our findings with all directors. In FY2024, too, we had all directors, including those who are Audit and Supervisory Committee members, fill out a questionnaire, and ensured objectivity while evaluating the Board's effectiveness by having the Board Secretariate and the Audit and Supervisory Committee verify the results.

For FY2024, our analysis and evaluation concluded that the Board of Directors' effectiveness was generally ensured in terms of its composition, operational methods, and the role of outside directors within the Board. Going forward, we will further enhance the specialized knowledge and diversity that each director brings to business execution and appropriately reflect this value in the performance evaluations and compensation of senior management. We will also re-examine the agenda items that should be discussed at Board meetings, while ensuring that information and relevant explanations are shared early and in advance, and improve the effectiveness of the Board in all aspects.

FY2024 Management Conferences

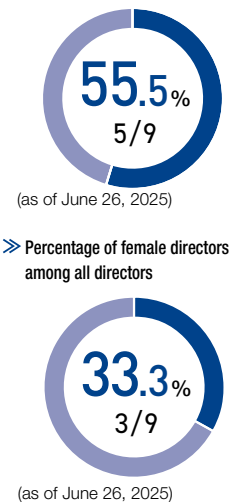
Number of conferences	12
Attendance	100%

Number of Board of Directors and Committee meetings and attendance in FY2024 (%)

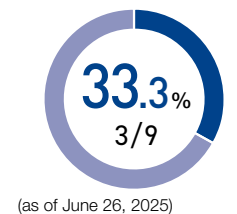
Name	Board of Directors (met 19 times)		Nominating Committee (met four times)		Compensation Committee (met twice)	
	Chairperson	Attendance	Chairperson	Attendance	Chairperson	Attendance
Atsuhiko Yamazaki	◎	100		100		100
Hiroaki Yamazaki		95		—		—
Chikahisa Ioka		100		100		100
Takaaki Yamazaki		100		—		—
Miyoko Yoshikawa		84		—		—
Kumiko Igushi ¹		100		—		—
Hideaki Morita		95	◎	100	◎	100
Kazuhiro Okoshi ²		100		—		—
Shinya Fukuzaki ²		100		100		100
Hiroshi Itano		100		100		100
Naruhiko Takatsuji		84		75		50

1 Attendance from July 2024 to March 2025
2 Attendance during Board term from April to June 2024

Percentage of independent outside directors among all directors



Percentage of female directors among all directors



Skills Matrix (as of June 26, 2025)

Name		Position within the company	Outside	Corporate management	Sustainability, ESG	Development, production	Sales	Finance, accounting	Human resources, labor	Legal affairs, compliance
Atsuhiko Yamazaki	Male	Representative Director and President		◎		○	○			
Hiroaki Yamazaki	Male	Director Senior Executive Vice President		○			◎			
Chikahisa Ioka	Male	Director Senior Managing Executive Officer		○	○			◎		
Takaaki Yamazaki	Male	Director Executive Officer				◎				
Kumiko Igushi	Female	Director	Outside Independent		○				◎	○
Hideaki Morita	Male	Director Audit and Supervisory Committee Member	Outside Independent	◎			○			○
Hiroshi Itano	Male	Director Audit and Supervisory Committee Member	Outside Independent	◎			○			
Shinobu Awaya	Female	Director Audit and Supervisory Committee Member	Outside Independent						○	◎
Pei-Ling Yang	Female	Director Audit and Supervisory Committee Member	Outside Independent		◎				○	

Note: The areas in which each director has expertise based on his/her experience are marked with a ○, and areas in which he/she is expected to demonstrate particular ability, such as in providing useful advice to executive divisions, are marked with a ◎.

Compliance

Compliance Guidelines

Our group has Compliance Guidelines for putting a high level of corporate ethics into practice. These guidelines stipulate our Corporate Code of Conduct and our Corporate Code of Behavior that apply to all directors and employees.

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

[Compliance Guidelines](#)

Training and Internal Dissemination

Compliance training is conducted twice annually for all officers and employees, and is also mandatory during new employee orientation. Furthermore, our Compliance Guidelines are permanently posted on the intranet. Prohibitions against all forms of harassment are incorporated into our Corporate Code of Behavior and work regulations to ensure thorough awareness.

» FY2024 Compliance-Related Training

Training theme	Training for	Number of participants	Number of sessions
Insider trading	Head Office and AQC employees	361	2
Product Liability Act and recalls	Research & Development Division employees	51	1

Management Structure

Acting on the basis of our Group's Compliance Guidelines, our Board of Directors decides on important matters involving compliance, following which our Compliance Committee examines implementation plans. The Compliance Committee convenes twice a year and is composed of the president, division managers, and a manager from the Internal Audit Office. The Business Operation Oversight Committee monitors the risks of business execution in Group companies, addressing various risks, including violations within business divisions and subsidiaries, on a project-by-project basis (see P.39). As such, the committee not only implements on-site audits of each subsidiary, but strengthens our system by revising subsidiary regulations and standardizing key group regulations in light of differences among countries and regions, in order to ensure that group companies can maintain legal compliance and conduct sales and account management in an appropriate manner.

Whistleblowing System

Our Group has a whistleblowing system to promptly collect information on violations of compliance, prevent problems, and implement countermeasures. In addition to compliance violations, we also accept reports of any corporate ethics violations by employees, and have set up an internal point of contact for this purpose on the company intranet, as well as externally at an outside law firm. Our Internal Reporting Management Rules include provisions protecting whistleblowers and prohibiting acts of retaliation against whistleblowers. Whistleblowers can report anonymously, and measures are in place to prevent any disadvantageous treatment for having made such reports.

When a report is made, we gather the essential information from the informant, such as the specifics of

any violations, and carry out an investigation. Based on the investigation results, we check with the parties involved, and then handle the matter internally by taking corrective measures or imposing discipline according to our Rules on Administrative Authority. We also monitor to prevent recurrence.

» Number of internal whistleblowing incidents

	FY2020	FY2021	FY2022	FY2023	FY2024
Head Office, Saga Branch Office, Yokosuka Innovation Center	2	0	0	0	1
Cebu Plant	—	0	0	0	0
Vietnam Plant	—	—	—	0	0

Initiatives for the Prevention of Corruption

Our Group's Compliance Guidelines clearly state that we place importance on equal, fair, and transparent business relationships, and that we firmly reject any acts violating the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, such as improper hospitality or gifts, as well as any improper demands from powers in society or anti-social forces. These Compliance Guidelines clearly prohibit corruption and bribery, which seriously undermine trust in a company and deviate from accepted business practices. We comply with relevant laws and regulations in each of the countries and regions in which we operate. We use internal procedures, such as mandatory approval requests and expense reimbursements, which are consistently checked by superiors, to ensure that excessive entertainment and gifts are neither given nor accepted in the course of our business dealings.

During FY2024, we made no expenditures in response to corrupt practices or political contributions. To date, no employees have been disciplined or terminated as a result of acts of corruption.

Risk Management

Our Group recognizes the various business risks that arise from our operations. Our policy is to avoid risks and, to respond promptly and minimize their impact. We will pursue sustainable growth by managing risk appropriately.

Risk Management Framework

Our Group comprehensively identifies risks through internal audits to prepare for events that entail risks for the company. For group companies, the Business Operation Oversight Committee—an advisory body to the representative director and president—ensures appropriate legal compliance and risk management by providing support and guidance according to its rules. It also performs monitoring functions to oversee and control risks related to business execution and supports the evaluative tasks that are part of internal audits. For issues identified through internal audits, a project team centered around the Administration Division, (then-) Corporate Planning Office, (then-) General Affairs Department, and Legal Affairs Section has a system in place to manage them on a weekly basis and thereby improve the transparency and quality of management.

Crisis Response Structure

As part of the YAMASHIN-FILTER Group's Business Continuity Plan (BCP) measures, we have a Crisis Management Manual that covers various assumed crises, such as earthquakes, fires, storms, floods, and other natural disasters; harmful substance leaks; unforeseen accidents; and management crises. This manual, which applies to group employees and their families, stipulates the conditions for shifting to the crisis management structure and outlines specific actions for each base and division. In the event of emergencies as described above, we will set up a Management Crisis Task Force within the Administration Division that provides direction under the leader of the task force until we can return to our normal structure.

When a crisis such as a natural disaster occurs at a group base or plant, the president (or management) of each base will promptly report the crisis to the Head Office. We strive to quickly ascertain injuries/fatalities and property damage by having employees, including those on business trips or leave, use our safety confirmation system to report whether they are injured, the safety of their family, and the state of damage to their home. Based on the reports compiled at each base or division, the Management Crisis Task Force discusses whether to disclose information to external parties and, if deemed appropriate, discloses information on the company website.

We regularly carry out emergency contact drills in accordance with this manual. Directors at all levels, including the president, also take part in the drills to continually verify the effectiveness of the manual. We also hold annual disaster training drills at each base and plant, and all employees must take part.

Crisis Management Manual Items

1. Basic Policy on Crisis Management

2. Conditions for Shifting to a Crisis Management Structure

3. Task Force (Organizational Chart)

4. Main Roles of the Task Force

5. Operations Timeline by Department

6. Initial Response Immediately After Crisis Occurs

7. Principles of Employee Safety

8. Details to Communicate to Customers and Suppliers

9. Response to External Parties

10. Considerations Regarding Disclosure

11. Emergency Contact Network

Information Security

Basic policy on information security

Stable operation of the information systems and the ensuring of data security are extremely important issues faced by companies today. YAMASHIN-FILTER Group's Information Security Basic Policy is used as a guideline to protect its information assets.

[Information Security Basic Policy](#)

Cybersecurity measures

We implement thorough security measures to protect the hardware and software comprising our information systems from major disasters and malicious attacks, such as phishing e-mails. We raise awareness not only on the company intranet but also at management conferences attended by directors and group company representatives.

Initiatives to protect personal information

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

[About Protection of Personal Information](#)

ERP Systems That Enable Seamless Operation

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

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

External Recognition

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

External Recognition

CDP

Our company responded to the CDP Climate Change 2024 Questionnaire conducted by CDP, an international environmental non-profit organization that evaluates corporate and municipal environmental initiatives. In February 2025, we got an A score and were recognized as an A List company. CDP uses an eight-tier rating system (A, A-, B, B-, C, C-, D, D-), with the highest A score signifying achievement of leadership status. For the FY2024 questionnaire, we improved by two tiers from B score in FY2023.



FTSE Blossom Japan

In 2025, we received a score of 3.8 in the ESG (environmental, social, and governance) assessment provided by FTSE Russell, surpassing our previous year's score of 2.7 (out of 5). As a result, we were selected for the first time as a constituent of the FTSE Blossom Japan Index and were selected for the third consecutive year as a constituent of the FTSE Blossom Japan Sector Relative Index.



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index

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

Recognition from Customers

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

Customer's Name	Details of Award
Hitachi Construction Machinery Thailand Co., Ltd.	Supply Chain Excellence Award Our Thai sales subsidiary (YAMASHIN THAI Ltd., hereinafter referred to as YTL) was honored with an award for its significant contribution to further enhancing the efficiency of the Hitachi Construction Machinery Group's supply chain for recognition for contributing to cost reductions associated with simplified order processing and optimized inventory management.
Caterpillar Japan LLC Akashi Plant	2024 Supplier Award: Innovation Award We were recognized for our overall contributions in quality, cost, and delivery, and our development was recognized as being especially good.
Hitachi Construction Machinery Asia and Pacific Pte. Ltd.	Appreciation Award YTL's significant contribution to promoting sales of genuine Hitachi Construction Machinery brand replacement filter parts supplied by our company was highly regarded, resulting in this award for the second consecutive year.
Kobelco Construction Machinery Southeast Asia Co., Ltd.	2024 THE BEST DELIVERY PERFORMANCE Award YTL was recognized by KCMSA, a base in Southeast Asia which primarily produces hydraulic excavators and receives supplies from over 80 suppliers, including our company, for achieving an exceptionally high on-time delivery rate exceeding 99%. This marks the second consecutive year we have received this award.



2024 Supplier Award: Innovation Award Trophy

Independent Assurance Statement



Independent Assurance Statement

October 31, 2025

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

1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by YAMASHIN-FILTER CORP. ("the Company") to provide limited assurance on the following Environmental Performance data of the Company consolidated group for the period from April 2024 to March 2025: 1.70 million ℓ of energy consumption (crude oil equivalent), 0.75 kt-CO₂ for Scope 1, 2.10 kt-CO₂ for market-based Scope 2, and 74.6 kt-CO₂e for Scope 3 (Categories 1,2,3,4,5,6,7,12). The purpose of this process is to express our conclusion on whether the Environmental Performance data was calculated in accordance with Company's standards. The Company's management is responsible for calculating the Environmental Performance data. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed

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

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

3. Conclusion

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

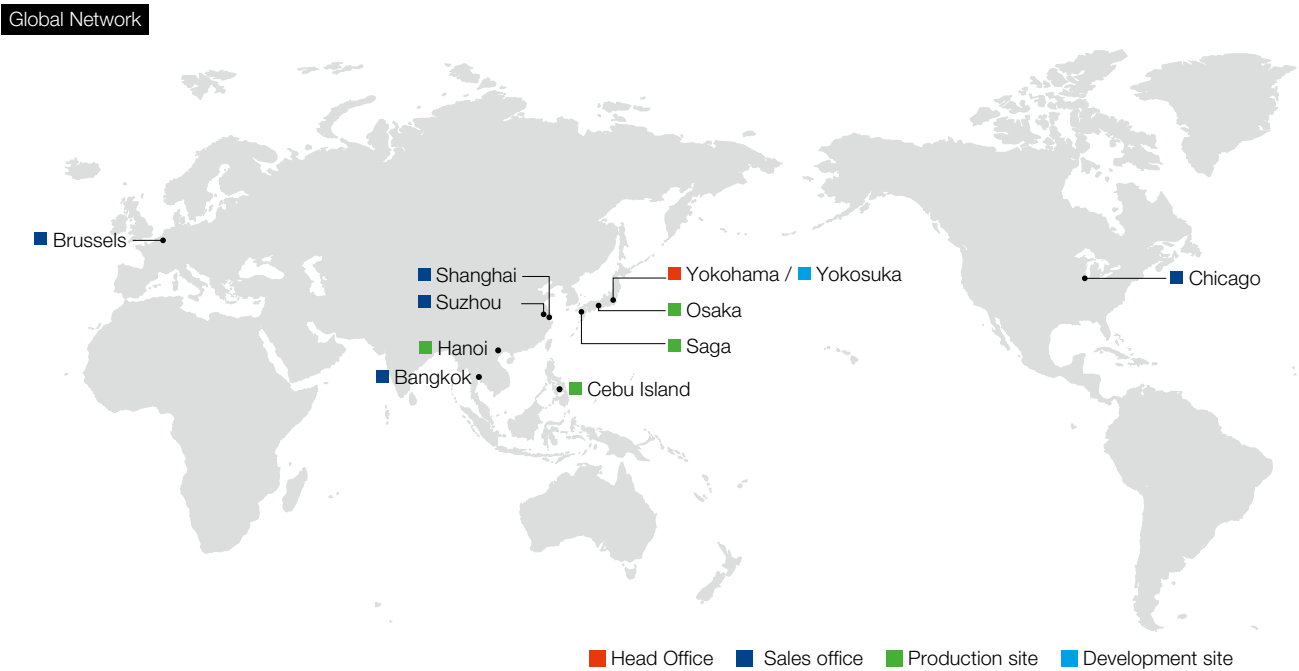
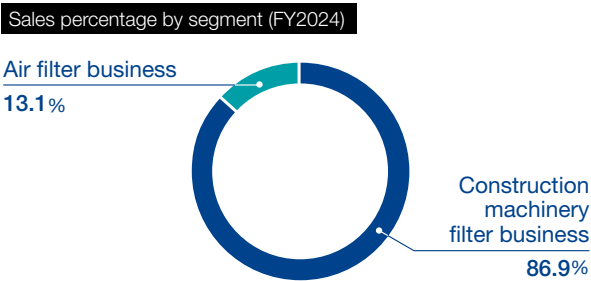
We have no conflict of interest relationships with the Company.

Takashi Fukushima
Representative Director
Sustainability Accounting Co., Ltd.

Company Profile (as of March 31, 2025)

Basic Information	
Corporate name	YAMASHIN-FILTER CORP. (former name: Yamashin Filter Manufacturing Corporation)
Address	16th Floor, Nisseki-Yokohama Bldg., 1-1-8 Sakuragi-cho, Naka-ku, Yokohama 231-0062, Japan
Established	April 5, 1956
Description of business	Manufacturing and sales of filters for construction machinery, industrial and process filters, and related parts. Manufacturing, development and sales of nanofiber filter products.
Capital	6,571 million yen
Net sales	20,104 million yen
Number of employees	Non-consolidated: 174 Consolidated: 751
Representative	Atsuhiko Yamazaki
FY end	March 31st
Website	https://www.yamashin-filter.co.jp/eng/index.html

Net sales by segment (FY2024)	
	(million yen)
Construction machinery filter business	17,489
Air filter business	2,615



- Offices
- Head Office
 - Saga Branch Office
 - Yokosuka Innovation Center

- Group Companies
- YAMASHIN CEBU FILTER MANUFACTURING CORP.
 - YAMASHIN AMERICA INC.
 - YAMASHIN EUROPE BRUSSELS BV
 - YAMASHIN THAI Ltd.
 - YAMASHIN FILTER (SIP) INC. Administration Section
 - YAMASHIN FILTER (SIP) INC. Sales Section
 - YAMASHIN VIETNAM CO., LTD
 - AQC Corporation



Contact Information Regarding This Report

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Yokohama 231-0062, Japan
TEL: +81-45-680-1671
URL: <http://www.yamashin-filter.co.jp/eng/index.html>