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YAMASHIN-FILTER CORP.

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<https://www.yamashinfilter.co.jp/eng/index.html>

The status of YAMASHIN-FILTER CORP.'s corporate governance is as follows.

I Basic Policy on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic approach

The Group believes that it is important to build strong relationships of trust with its stakeholders, including shareholders, business partners, employees, and local communities, and to enhance its corporate value while contributing to society through the filter business. Accordingly, we recognize the importance of compliance with laws, regulations, and related rules, ensuring sound, appropriate, and transparent management, and a timely and appropriate information disclosure system as key issues in corporate governance, and we are committed to ensuring these systems.

Information on corporate governance is available on our website at:

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

Reasons for not implementing principles of the Corporate Governance Code

Based on the above basic approach, YAMASHIN-FILTER CORP. (hereinafter the "Company") has been continuously implementing initiatives to strengthen corporate governance, and has implemented all of the individual principles of the Corporate Governance Code.

Disclosure based on each principle of the Corporate Governance Code

Principle 1-4 Cross-Shareholdings

1. Policy on cross-shareholdings

We do not hold cross-shareholdings because of changes in the environment surrounding the Corporate Governance Code and the risk of stock price fluctuations that could significantly impact our financial situation.

Principle 1-7 Related Party Transactions

The Company's Board of Directors is required to approve in advance any competing transactions or transactions with conflicts of interest between the Company and its directors or other related parties.

Related party transactions are reported to the Board of Directors on a regular basis and disclosed in accordance with the Companies Act, the Financial Instruments and Exchange Act, other applicable laws and regulations, and the rules established by the Tokyo Stock Exchange.

Supplementary Principle 2-4-1 Ensuring Diversity in the Promotion of Core Human Resources

1. Policy to ensure diversity

The Company's management policy is based on diversity management, in which all employees respect each other's experiences, abilities, and ideas, regardless of nationality, age, gender, culture, religion, or any other differences. Based on this management policy, we encourage a wide range of employees to play an active role in the Company and strive to build and strengthen an organizational culture that can respond quickly and flexibly to changes in the external environment by strengthening the development of the human resources necessary to build a management foundation.

(1) Promotion of women to middle managerial positions

As of the end of March 2025, the ratio of women in our consolidated workforce is high, at 53.4% and the ratio of women in management positions is 20.9%. However, on a standalone basis, the ratio of women in management positions is low, at 5.5% in our company and at 6.3% in our subsidiary AQC Corporation. In order to improve this situation, we have identified "creating a workplace where diverse human resources can demonstrate their abilities" as one of our materiality (key sustainability issues), and have set the following medium- and long-term goals for promoting women's activities.

- Five-year goal: By the end of FY2028, increase the ratio of female employees in our standalone workforce to 35%, and maintain levels equal to or above the April 2023 consolidated figures of 51.7% for female employees and 24.7% for female managers.

- Ten-year goal: By the end of FY2033, the ratio of female employees will be at or above the levels set forth in the above five-year goal.

The status of non-consolidated and subsidiary companies regarding diversity is described in the Annual Securities Report. Other initiatives related to human resource development policies and internal environmental improvements to ensure diversity are described in our Sustainability Report and on our website.

(2) Promotion of foreign nationals and mid-career hires to middle managerial positions

The Company is promoting the hiring of core human resources to management positions according to their abilities and track record, based on the premise of putting the right person in the right position regardless of nationality, age, gender, and whether or not they are mid-career hires. The ratio of non-Japanese employees in management positions was 0% at the end of FY2024, with a goal of 5% by the end of FY2028. The ratio of mid-career hires in management positions was 78.2% at the end of FY2024, and the Company will continue to actively recruit such employees.

2. Policies for human resource development and internal environment development to ensure diversity

The Company began its zero-overtime initiative in October 2015 and has invested in the necessary operational infrastructure to achieve this goal. As a result, we have established a work system that, in principle, does not require overtime work since FY2017. In addition, since FY2021, we have been implementing a hybrid work style reform that also incorporates remote work, and we are continuing to improve the life-work balance. We will continue to promote further work style reforms to create a corporate culture of well-being, as the improvement of the workplace environment will lead to increased productivity and efficiency of our management through support for employees to balance work with childcare and nursing care, and increased learning opportunities for career development.

Principle 2-6 Roles of Corporate Pension Funds as Asset Owner

The General Affairs Department serves as the main department in charge of proper management and administration of the Company's corporate pension plan, receiving regular reports on the investment status from the pension plan's investment management institutions.

In order to strengthen the monitoring function of the Company's corporate pension fund investment management institutions, professionals with expertise in human resources are hired and assigned to this department.

Principle 3-1 Full Disclosure

1. Business principles, business strategies, and business plans

(1) Business policy

The corporate philosophy of our group is *Rokajinitsukafuru* (Contribute to society through the filtration business). This corporate philosophy embodies the will of our founder, Masahiko Yamazaki, to contribute to society through the filter business. Based on this unchanging DNA, the Group, through its filter business, will work to solve problems to realize a sustainable society with the themes of "Environment," "Air quality," and "Health" and we will strive to further strengthen our corporate sustainability and maximize our corporate value.

(2) Target management indicators

The indicators are disclosed in our Medium-Term Management Plan, available at:

<https://www.yamashin-filter.co.jp/ja/ir/library/Mid-term.html>

(3) Medium- to long-term management strategies and issues to be addressed by the Company

The medium- to long-term management strategies and issues are detailed in the Medium-Term Management Plan, available at:

<https://www.yamashin-filter.co.jp/ja/ir/library/Mid-term.html>

2. Basic views on corporate governance

The Group believes that it is important to build strong relationships of trust with its stakeholders, including shareholders, business partners, employees, and local communities, and to enhance its corporate value while contributing to society through the filter business. Therefore, we recognize the importance of compliance with laws, regulations, and related rules, ensuring sound, appropriate, and transparent management, and ensuring a timely and appropriate information disclosure system as key issues for corporate governance, and we are working to ensure these systems.

3. Policies and procedures in determining the remuneration of the senior management and directors

The amount of remuneration for each director (excluding directors who are members of the Audit and Supervisory Committee) is determined by the Board of Directors within the maximum amount of remuneration approved at the General Meeting of Shareholders. Remuneration consists of "basic remuneration" as fixed remuneration, "performance-linked remuneration" as a short-term incentive, and "restricted stock remuneration" as a medium- to long-term incentive. The Company has established a Compensation Committee, which is an advisory body to the Board of Directors and consists of a majority of outside directors, to ensure the appropriateness and transparency of director remuneration through fair deliberations.

The amount of remuneration for directors who are members of the Audit and Supervisory Committee is within the limit of remuneration, and only fixed remuneration is determined upon consultation with the Audit and Supervisory Committee.

4. Policies and procedures in the appointment of the senior management and the nomination of directors

In the selection and dismissal of senior management and the nomination of possible directors (excluding directors who are members of the Audit and Supervisory Committee), the Company comprehensively considers the right person for the right job from the perspective of accurate and prompt decision-making, appropriate risk management, supervision of business execution, and a balance that enables coverage of each function of the Company, including sales, development, and production. In nominating candidates for directors who are members of the Audit and Supervisory Committee, the Company comprehensively considers them from the perspective of putting the right person in the right place, while ensuring a balance between the diverse perspectives on corporate management possessed by each candidate, taking into consideration their knowledge of finance, accounting, legal affairs, etc., as well as diversity factors such as gender, nationality, and race.

In order to enhance transparency, objectivity, and fairness, the Nominating Committee, which is an advisory body to the Board of Directors and consists of a majority of outside directors, deliberates on the selection and dismissal of senior management and nomination of candidates for directors before the Board of Directors makes these decisions.

5. Explanations with respect to the individual appointments/dismissals

Reasons for individual selection, dismissal and nomination of directors, including those other than independent outside directors, are disclosed in the Notice of the Ordinary General Meeting of Shareholders. The Notice of Convocation of the Ordinary General Meeting of Shareholders for the 60th through the 70th meetings are disclosed on the Company's website at:

<https://www.yamashin-filter.co.jp/ja/stock/meeting.html>

Supplemental Principle 3-1-3: Enhance disclosure of information on sustainability

<Sustainability Initiatives>

The Group's corporate philosophy, *Rokajinitsukafuru* (Contribute to society through the filtration business), is the Group's Sustainability Policy.

In order to realize a sustainable society, we will contribute to solving social issues related to "Environment," "Air quality," and "Health" by leveraging our strengths cultivated in the filter business.

The Yamashin Sustainable Solutions (YSS) Committee, an advisory body to the Representative Director and President, deliberates on sustainability-related matters for the Group. Initiatives include the formulation of our sustainability policy and materiality, as well as our response to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Details of our sustainability initiatives are disclosed in the Sustainability Report and on our website. In March 2025, we published our Group's first Integrated Report, which includes not only extracts from the Sustainability Report, but also governance and other relevant information.

<Investments in human capital and intellectual properties>

We are committed to proactively investing in human capital with diverse values through Group management that focuses on employee well-being, including physical and mental health. Based on the policies of "creating a workplace that is rewarding to work in" and "creating a workplace where diverse human resources can demonstrate their abilities," the Group implements talent management in order to develop next-generation leaders, including future candidates for executive positions. In addition, the Company implements measures to increase motivation and assign the right personnel to the right positions based on potential evaluation. We are investing in training programs, especially for executive personnel, that include not only skills development but also exchanges with external personnel, as well as other internal and external training programs. Our human capital initiatives and various data are presented in our Sustainability Report and Integrated Report.

With regard to intellectual property, we have made sufficient investment in development, including capital investment in R&D facilities, based on our motto, "Innovation in filter technology and contribution to new social issues." We have identified "Environment," "Air quality," and "Health" as social issues that our group should contribute to solving, and we are working to create high value-added products as a comprehensive filter manufacturer, focusing on filters for construction machinery and air filters, etc. In addition, the Group is working to protect its intellectual property and strengthen its brand power through the secrecy of expertise and the acquisition of intellectual property rights for core technologies and other proprietary technologies developed by the Group. The number of patents obtained is shown in the Sustainability Report and Integrated Report.

Supplementary Principle 4-1-1 Scope of Delegation from Directors to Management

The Board of Directors makes decisions on matters stipulated in the laws such as Companies Act and the Articles of Incorporation, as well as other important matters concerning management as stipulated in the Board of Directors Regulations.

Decisions on other matters are delegated to the Management Committee and directors, etc., in accordance with the Rules on Administrative Authority.

Principle 4-8 Effective Use of Independent Directors

The Company has appointed five outside directors who meet the criteria for independent directors as stipulated in the listing rules of the Tokyo Stock Exchange and are registered with the Tokyo Stock Exchange as independent directors. The ratio of independent outside directors to the current total number of directors (9) is more than half of the Board of Directors.

The Independent Outside Directors use their experience and wide range of insight to provide useful opinions from outside perspectives in decision-making regarding the Company's management and business execution.

Principle 4-9 Independence Standards and Qualification for Independent Directors

In nominating independent outside directors, the Company has nominated them in accordance with the independence standards stipulated by the Tokyo Stock Exchange.

Supplementary Principle 4-10-1 Number of Independent Outside Directors

The Company has appointed five independent outside directors, which is more than half of the Board of Directors. Nomination and remuneration of directors are subject to deliberation by a voluntary advisory committee (Nominating Committee and Compensation Committee), the majority of which are composed of outside directors (three directors, including three Audit and Supervisory Committee Members), thereby strengthening the independence and objectivity of the Board of Directors' functions.

Supplementary Principle 4-11-1 Diversity and Size of the Board

The Company's Board of Directors has a skills matrix of the knowledge, experience, and abilities of each director to balance between skills and diversify of the Board.

Our Board of Directors consists of four internal directors and five independent outside directors. The company is promoting the appointment of female directors, and three of its outside directors are women (the ratio of female directors: approximately 33%. The ratio was 22% for FY2024, with two female directors). Outside directors have abundant and outstanding knowledge through corporate management, etc., while internal directors have specialized skills and expertise in the execution of company's development, production, sales, administration, and other operations.

This skill matrix is also disclosed in the Notice of Convocation of the Ordinary General Meeting of Shareholders.

Supplementary Principle 4-11-2 Status of Concurrent Director Positions

Directors hold concurrent positions only to the extent reasonable to ensure that they have the time and energy necessary to fulfill their responsibilities in company's operations. The status of directors holding concurrent positions is disclosed in the Notice of Convocation of the Ordinary General Meeting of Shareholders.

Supplementary Principle 4-11-3 Analysis and Evaluation of the Effectiveness of the Board

Each year, the Board of Directors of the Company conducts a self-evaluation by each director, analyzes and evaluates the effectiveness of the Board of Directors as a whole with reference to such evaluation, and shares the results of such analysis and evaluation. Specifically, a questionnaire is sent to all directors, including Audit and Supervisory Committee Members, which is then verified by the Board of Directors Secretariat and the Audit and Supervisory Committee in an effort to ensure objectivity.

In the current fiscal year, the results of the analysis and evaluation concluded that the effectiveness of the Board of Directors was generally ensured in terms of the composition of the Board of Directors, the way it operates, and the role of outside directors on the Board of Directors.

In addition, we will strive to further improve the effectiveness of the Board of Directors in all aspects by strengthening the expertise and diversity regarding business execution of each director, appropriately incorporating the performance evaluation of senior management in personnel and remuneration, and providing early sharing of information and prior explanations as appropriate concurrently with the review of agenda items to be discussed at the Board of Directors meetings.

Supplementary Principle 4-14-2 Training Policy for Directors

The Company provides opportunities for directors to acquire the knowledge necessary to fulfill their roles and responsibilities, and the Company pays for their expenses.

The Company strives to promote the acquisition of knowledge necessary for directors (excluding directors who are members of the Audit and Supervisory Committee) and an understanding of their roles and responsibilities as directors by regularly holding seminars by outside experts on legal affairs, finance, and other relevant laws and regulations, as well as on content appropriate to current conditions, and by providing opportunities to participate in outside seminars and social gatherings.

Directors who are Audit and Supervisory Committee Members participate in outside seminars and social gatherings as necessary to acquire the knowledge and skills necessary to serve as Audit and Supervisory Committee Members, including corporate law, financial accounting, and auditing methods, and to promote an understanding of the roles and responsibilities of Audit and Supervisory Committee Members.

For outside directors, each division provides explanations of its business and operations to deepen their understanding of the Company's group, and they are given opportunities to inspect major business sites.

Principle 5-1 Policy for Constructive Dialogue with Shareholders

In order to achieve sustainable growth and increase corporate value over the medium to long term, we believe it is important to hold dialogues with our shareholders and incorporate their opinions into the management of the Company which will lead to the Company's growth.

Based on this policy, the Company actively engages in dialogue with its shareholders.

- 1) The Company has appointed a director in charge of IR, and the director in charge of IR oversees the divisions related to IR activities in the Administration Division (Accounting Department and General Affairs Department) to ensure day-to-day coordination among these divisions.
- 2) The relevant internal departments that assist in constructive dialogue with shareholders, such as the departments related to IR activities in the Administration Division (Accounting Department and General Affairs Department), actively work together to prepare and review disclosure materials and share necessary information in order to realize constructive dialogue.
- 3) As a means of dialogue other than individual meetings, the Company holds quarterly financial results briefings for analysts and institutional investors, at which the President, Director in charge of IR, and Administration Division Manager provide explanations. We also actively participate in online and in-person information sessions for individual investors, including external sessions held throughout the year in major cities such as Tokyo, Osaka, Sapporo, Nagoya, and Fukuoka, as part of our efforts to communicate our corporate value. In addition, the Company actively accepts and responds to IR interviews such as telephone interviews and small meetings from investors.
- 4) Shareholder opinions and other information obtained through dialogue are shared and utilized by providing feedback to directors, management and related departments by means such as reporting at meetings and distributing reports, as necessary.
- 5) Regarding insider information, the Company has established Insider Trading Control Regulations and strives to appropriately manage important facts and prevent insider trading. In addition, the period prior to the announcement of financial results is a silent period during which dialogue with investors is restricted.

Principle 5-2 Formulate and Publish Management Strategies and Plans [English disclosure available] [Update date: July 1, 2025]**Actions to Implement Management Conscious of Cost of Capital and Stock Price**

Our primary management indicator, MAVY's, quantifies the added value generated from business revenue based on invested capital, and serves as the most important indicator for assessing our sustainable corporate value growth. We pursue long-term sustainable growth by setting annual MAVY's spread targets, continuously optimizing our capital cost (WACC), and maximizing profitability (ROIC). Under the MAVY's management system, ROE and PBR are established as key management indicators (KGI), with specific key process indicators (KPI) set to achieve these goals. Quantitative and qualitative targets (KSF) are defined for each division and employee, fostering company-wide efforts to enhance corporate value.

Details are disclosed in the "Mid-Term Management Plan", available at:

(<https://www.yamashin-filter.co.jp/ja/ir/library/Mid-term.html>)

Progress updates are provided in our financial results, available at:

(<https://www.yamashin-filter.co.jp/eng/news.html>)

2. Capital Composition

Percentage of shares held by foreigners	Less than 10%
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Major Shareholders

Name	Number of shares held	Percentage (%)
Asama Holdings	24,055,950	33.88
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,737,700	8.08
Custody Bank of Japan, Ltd. (Trust Account)	3,562,500	5.01
Hiroaki Yamazaki	2,181,124	3.07
Takaaki Yamazaki	2,085,140	2.93
Minato Holdings	1,800,000	2.53
Atsuhiko Yamazaki	1,418,427	1.99
Keyaki Holdings	900,000	1.26
Shirakaba Holdings	900,000	1.26
YAMASHIN-FILTER Employee Shareholding Association	653,900	0.92

Controlling shareholders (excluding parent company)	—
Parent company	None

Additional explanation

- Of the shares held by The Master Trust Bank of Japan, Ltd. (Trust Account), 2,168,500 shares are related to trust operations. The breakdown of these shares is 1,980,800 shares for investment trusts and 187,700 shares for pension trusts.
- The number of shares held by the Custody Bank of Japan, Ltd. (Trust Account) related to trust business is 3,379,900 shares. These consists of 3,185,600 shares for investment trusts and 194,300 shares for pension trusts.
- As of the end of FY2023, Yamabiko Holdings was recognized as a major shareholder of the Company. However, on June 6, 2024, it transferred all of its shareholdings in the Company to Asama Holdings. Accordingly, Yamabiko Holdings is no longer classified as a major shareholder as of the end of FY2024.

3. Corporate Attributes

Listed exchanges and market segments	Tokyo Prime
Fiscal Year end	March
Industry	Machinery
Number of (consolidated) employees at the end of the immediately preceding fiscal year	500 or more but less than 1,000
Consolidate sales in the immediately preceding fiscal year	10 billion yen or more but less than 100 billion yen
Number of consolidated subsidiaries as of the end of the immediately preceding fiscal year	Less than 10

4. Guidelines Concerning Minority Shareholders Protection Policy in Transactions with Controlling Shareholders

5. Other Special Circumstances that may Have a Substantial Impact on Corporate Governance

II Status of Management Organization and Other Corporate Governance Systems Related to Management Decision-Making, Execution, and Supervision

1. Matters Pertaining to Institutional Structure, Organizational Operation, etc.

Organizational structure	Company with Audit and Supervisory Committee
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Directors

Number of directors under the Articles of Incorporation	11
Appointment period of directors under the Articles of Incorporation	1 year
Chairman of the Board of Directors	President
Number of directors	9
Appointment of outside directors	Appointed
Number of outside directors	5
Number of outside directors designated as independent directors	5

Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Kumiko Igushi	From another company											
Hideaki Morita	From another company											
Hiroshi Itano	From another company											
Shinobu Awaya	Attorney at Law											
Pei-Ling Yang	From another company											

*Selected items regarding relationship with the Company.

*If the director applies to each item in the "current/recent" category, a ○ is displayed, and if the director applies to each item in the "past," a △ is displayed.

*If a close relative applies to each item in the "current/recent" category, a ● is displayed, and if a close relative applies to each item in the "past" category, a ▲ is displayed.

a An executive officer of the listed company or its subsidiary

b An executive or non-executive director of the parent company of a listed company

c A person who executes the business of a sibling company of the listed company

d A person who is a major business partner of the listed company or a person who executes the business of the listed company

e A major business partner of the listed company or a person who executes the business of the listed company

f Consultants, accounting experts, or legal experts who receive a large amount of money or other assets from the listed company other than remuneration as an officer

g A major shareholder of a listed company (if such major shareholder is a corporation, an executive officer of such corporation)

h An executive officer of a business partner of the listed company (not falling under any of d, e, or f) (only the individual concerned)

i An executive officer of the party with whom the outside officer has a reciprocal appointment (only the individual concerned)

j An executive officer of the recipient to whom a listed company has made a donation (only the individual concerned)

k Other

Relationship with the Company (2)

Name	Audit and Supervisory Committee	Independent Director	Supplemental explanation of conformance	Reason for appointment
Kumiko Igushi		○	Representative Member, IGU Office LLC	Kumiko Igushi has been engaged in business strategy and other operations at other companies, and her professional knowledge and wealth of experience in new business development, marketing strategy, overseas business development, and other areas will enable her to provide useful opinions and suggestions regarding the Company group's new business development, marketing strategy, overseas business, etc. the Company has appointed her to be the Board of Director.
Hideaki Morita	○	○	Director, PAL INOUE Foundation	Hideaki Morita has abundant experience and insight in corporate management at other companies, which he will reflect in his supervision and auditing of the Company as an outside director on the Audit and Supervisory Committee.
Hiroshi Itano	○	○	Outside Director, Board Member (Audit and Supervisory Committee Member), Data Applications Co., Ltd.	Hiroshi Itano has abundant experience and knowledge as a representative director of a business corporation, and has been appointed outside director as a member of the Audit and Supervisory Committee so that he can incorporate his experience and knowledge into the supervision and auditing of the Company.
Shinobu Awaya	○	○	Yasutaka Mizuno Law Office Visiting Researcher, National Institute of Advanced Industrial Science and Technology Outside Director (Audit and Supervisory Committee Member) of Choshimaru Co., Ltd. Research fellow of Institute for Legal and Political Design, Graduate Schools for Law and Politics, The University of Tokyo	Shinobu Awaya has a wealth of experience and knowledge as a corporate legal specialist, and is appointed as an outside director to reflect this experience and knowledge in the supervision and auditing of the Company as a member of the Audit and Supervisory Committee.
Pei-Ling Yang	○	○	Chief Executive Officer, GLORAKU Co., Ltd	Pei-Ling Yang has long years of extensive experience and insight at Japanese and foreign asset management companies, and is appointed as an outside director to draw on this expertise in the supervision and auditing of the Company as a member of the Audit and Supervisory Committee. Her deep understanding of how institutional investors assess and invest in Japanese companies will be reflected in efforts to further enhance the corporate value.

Audit and Supervisory Committee

Composition of Committee Members and Attributes of the Chairperson

	Total Committee members	Standing Committee members	Internal directors	Outside directors	Chairperson
Audit and Supervisory Committee	4	-	-	4	Outside director

Presence of Directors and Employees to assist the Audit and Supervisory Committee in its duties

Yes

Matters Concerning the Independence of Such Directors and Employees from the Executive Directors

- In order to enhance the effectiveness and efficiency of the Audit and Supervisory Committee's audits, employees are assigned to assist the Audit and Supervisory Committee at the request of the directors who are members of the Audit and Supervisory Committee.
- In order to ensure the independence of employees who assist the Audit and Supervisory Committee and the execution of instructions to such employees, personnel transfers, evaluations, and disciplinary actions against such employees are subject to the approval of the Audit and Supervisory Committee.

Collaboration among the Audit and Supervisory Committee, Accounting Auditor, and Internal Audit Department

The Audit and Supervisory Committee exchanges information with the Internal Audit Office and the Independent Auditor to ensure mutual cooperation.

Voluntary Committee

Voluntary Committees Equivalent to Nominating Committee or Remuneration Committee	Yes
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Establishment of a Voluntary Committee, Composition of Committee Members and Attributes of the Chairperson

	Committee name	Total Committee members	Standing Committee members	Internal directors	Outside directors	Outside professionals	Other	Chairperson
Voluntary Committee equivalent to a Nominating Committee	Nominating Committee	5	0	2	3	0	0	Outside director
Voluntary Committee equivalent to a Remuneration Committee	Remuneration Committee	5	0	2	3	0	0	Outside director

Additional Information

Refer to Principle 3-1. 4 for the procedures for nominating candidates for directors and appointing senior management, and Principle 3-1. 3 for the procedures for determining the remuneration of directors and senior management.

Independent Directors

Number of independent directors	5
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Other Items Related to Independent Directors

The Company designates all outside directors who meet the qualifications for independent directors as independent directors.

Incentives

Status of measures to provide incentives to directors	Other
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Additional Information about Applicable Items

The amount of performance-linked remuneration is determined on an individual basis according to the Company's overall performance, and restricted stock is granted as an incentive to increase shareholder value over the medium to long term.

Persons to whom stock options are granted	
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Additional Information about Applicable Items

Director Remuneration

Disclosure status (of individual director remuneration)

Partial individual disclosure

Additional Information about Applicable Items

Disclosure is made in accordance with the provisions of the Companies Act, Financial Instruments and Exchange Act, Cabinet Office Ordinance on Disclosure of Corporate Information, and other related laws and regulations.

Existence of policy for determining the amount of remuneration or its calculation method

Yes

Details of Disclosure of Policy for Determining Amount of Remuneration and Method of Calculation of Remuneration

The amount of remuneration for each director (excluding directors who are members of the Audit and Supervisory Committee) is determined by the Board of Directors within the limit of remuneration approved at the General Meeting of Shareholders. Remuneration consists of "basic remuneration" as a fixed remuneration, "performance-linked remuneration" as a short-term incentive, and "restricted stock remuneration" as a medium- to long-term incentive, in accordance with the role of each director. The Company has established a Compensation Committee, which is an advisory body to the Board of Directors and consists of a majority of outside directors, to ensure the appropriateness and transparency of directors' remuneration through fair deliberations.

Remuneration for directors who are members of the Audit and Supervisory Committee is determined by the Audit and Supervisory Committee through discussions on the amount of fixed remuneration only within the maximum amount of remuneration approved at the General Meeting of Shareholders.

Support System for Outside Directors

The Administration Division provides support to the outside directors of the Company, including the distribution of notices and materials related to Board of Directors meetings and other necessary support.

2. Items Related to Functions such as Business Execution, Audit, Supervision, Nomination, and Remuneration Decisions (Outline of the Current Corporate Governance Structure)

1. Overview of the Current Corporate Governance Structure (Reference material: Refer to the Corporate Governance Structure Diagram)

At the 61st Ordinary General Meeting of Shareholders held on June 23, 2016, the Company's Articles of Incorporation were approved to change to a Company with Audit and Supervisory Committee, and as a result, the Company changed from a Company with Board of Corporate Auditors to a Company with Audit and Supervisory Committee effective the same date. The purpose of this transition is to further strengthen the supervisory function of the Board of Directors and corporate governance, to realize more transparent management, and to improve management mobility. After the transition to a company with Audit and Supervisory Committee, the Board of Directors consists of nine directors (including four directors who are Audit and Supervisory Committee Members), of which five are outside directors (including four outside directors who are Audit and Supervisory Committee Members).

2. Description of the Company's Institutions

(1) Board of Directors

The Board of Directors consists of five directors (excluding directors who are members of the Audit and Supervisory Committee and including one outside director) and four directors who are members of the Audit and Supervisory Committee, including four outside directors. In addition to regular monthly meetings of the Board of Directors, extraordinary meetings of the Board of Directors are held as necessary to make decisions on the Company's management policies, management strategies, business plans, acquisition and disposal of important assets, important organizational and personnel matters, and to supervise the execution of business by the Company and its subsidiaries. The term of office of directors (excluding those who are members of the Audit and Supervisory Committee) is one year, and the term of office of those who are members of the Audit and Supervisory Committee is two years, in order to clarify management responsibility for each fiscal year.

(2) Audit and Supervisory Committee

The Audit and Supervisory Committee, consisting of four outside directors, effectively monitors and audits management decision-making and business execution. In addition to the Board of Directors meetings, Audit and Supervisory Committee Members attend and express their opinions at important meetings such as the Management Conference. One Audit and Supervisory Committee Member is experienced in corporate management and possesses considerable knowledge in this field. Another Audit and Supervisory Committee Member is also experienced in corporate management, with significant expertise in management strategies and business planning. One Audit and Supervisory Committee Member is an attorney with extensive experience and knowledge as a corporate legal expert. Additionally, one Audit and Supervisory Committee Member has expertise in enhancing corporate value.

(3) Nominating Committee and Compensation Committee

In order to improve corporate governance, the Company has established the Nominating Committee which is responsible for selecting senior management and deciding on candidates for directors and Audit and Supervisory Committee Members, and the Compensation Committee which is responsible for calculating the remuneration of directors and other officers as advisory bodies to the Board of Directors. In order to ensure transparency and objectivity, the majority of the members of both committees are outside officers.

(4) Governance Committee

The Company has established the Governance Committee as an advisory body to the Board of Directors for the purpose of discussing a wide range of corporate governance and business matters and continuously improving corporate governance, including evaluating the effectiveness of the Board of Directors' management oversight functions, providing advice to the Board of Directors on issues, proposing improvements, making reports, and notifying executive officers. To ensure transparency and objectivity, the committee is composed of independent outside directors.

(5) Management Conference

The Company holds regular Management Conference once a month and extraordinary ones as necessary. The Management Conference is composed of directors and executive officers. The Management Conference discusses and resolves important management matters for the purpose of strengthening corporate governance and promoting business execution, and was established to facilitate the smooth operation of the Board of Directors. The Management Conference deliberates on proposals to be submitted to the Board of Directors, thereby clarifying the decision-making process and ensuring transparency.

(6) YSS Committee

Aiming at management based on a sustainability perspective, we have launched the SDGs promotion project YSS (Yamashin Sustainable Solutions) and established the YSS Committee, an advisory body to the President, to promote the project. Through the activities of this Committee, we are striving to contribute to society by realizing our corporate philosophy, *Rokajinitsukafuru* (Contribute to society through the filtration business), creating new value by leveraging our technological capabilities, and solving social issues such as decarbonization, TCFD, renewable energy, and resource recycling.

(7) Business Operation Oversight Committee

The Business Operation Oversight Committee, an advisory body to the President, has been established as an internal committee for the purpose of monitoring and controlling risks related to business execution by group companies and supporting the evaluation work conducted by internal audits. Through this committee, we will strive to improve the transparency and quality of management through appropriate supervision of business execution by further strengthening the check-and-balance function, etc., and to strengthen corporate governance by more clearly demonstrating accountability.

(8) Cost Planning Committee

The Company has established a Cost Planning Committee, an advisory body to the President, with the aim of strengthening the earnings management system for the entire group. The committee monitors the performance of existing products to manage profitability and promote cost reduction activities, as well as conducts cost planning, VA (Value Analysis), and VE (Value Engineering) activities to achieve the quality and functionality demanded by customers at the lowest possible cost, starting from the new product development stage. Through the activities of this Committee, we will strive to further strengthen our earnings base and secure an overwhelming competitive edge over our customers.

(9) Internal Audit Office

The purpose of internal audits is to ensure that the business activities of each department are properly and efficiently executed in accordance with laws, the Articles of Incorporation, and internal regulations, as well as to audit whether the organization, systems, and procedures for business management are appropriate. The Internal Audit Office is in charge of auditing, and conducts operational audits and internal control evaluations based on the Internal Audit Regulations.

The Internal Audit Office exchanges information with the Audit and Supervisory Committee and the accounting auditor to ensure mutual cooperation.

(10) Status of Accounting Auditors

The Company is audited and certified by Deloitte Touche Tohmatsu LLC, an accounting auditing firm, in accordance with the services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act.

The certified public accountants who performed the accounting audit services are as follows.

•Masaya Shibata (Continuous auditor for 2 years)

•Tomoya Noda (Continuous auditor for 1 years)

3. Reasons for Choosing the Current Corporate Governance Structure

We have shifted to a company with an Audit and Supervisory Committee in order to further strengthen the supervisory function of the Board of Directors and corporate governance, to achieve more transparent management, and to improve managerial agility.

The Audit and Supervisory Committee consists of all outside directors is responsible for auditing and supervising the legality and appropriateness of business execution, thereby realizing more transparent management and building a system that can more accurately meet the expectations of stakeholders in Japan and overseas. In addition, by delegating the authority of the Board of Directors to make business decisions to the directors, management decision-making and execution are expedited under the appropriate supervision of the Board of Directors.

III Implementation of Measures Concerning Shareholders and Other Stakeholders

1. Status of Efforts to Vitalize the General Meeting of Shareholders and Facilitate the Exercise of Voting Rights

	Additional Information
Early dispatch of Notice of Convocation of General Meeting of Shareholders	We send out the financial statements early (more than two weeks prior to the date of the meeting) in order to accelerate the closing process.
Setting up General Meeting of Shareholders to avoid intensive days	We avoid days when other companies' general shareholders' meetings are expected to be focused, and set dates when it is easier for many shareholders to attend the meeting.
Exercise of voting rights by electromagnetic means	We participate in the Electronic Voting Platform for institutional investors operated by ICJ, Inc.

2. IR Activities

	Additional Information	Existence of explanation from representative
Regular briefings for individual investors	We regularly host information sessions for individual investors and participate in online and external sessions throughout the year to actively communicate our corporate value.	None
Regular briefings for analysts and institutional investors	In addition to holding quarterly financial results briefings, we will actively promote a deeper understanding of our company by holding individual meetings and small meetings with analysts and institutional investors on a quarterly basis.	Yes
Posting of IR materials on our website	We post information on our website including financial results, timely disclosure information other than financial results, and company presentation materials. We will continue to actively disclose various materials to deepen understanding of our company.	
Establishment of a department (person in charge) for IR	Finance Department	

3. Initiatives to Ensure Due Respect for Stakeholders

	Additional Information
Respecting the position of stakeholders through internal rules, etc.	The Company has established a Basic Compliance Policy regarding various business operation risks such as legal affairs, labor, product quality and safety, etc., and has also established a Corporate Code of Conduct and Corporate Action Guidelines. We also recognize that thorough compliance is indispensable for improving corporate value, and we thoroughly ensure that all officers and employees comply with laws and regulations and conduct themselves in a highly ethical manner.
Implementation of environmental preservation activities, CSR activities, etc.	In order to protect the global environment, we will not only constantly strive to develop technologies which will reduce the burden on the environment through our own business activities, but will also work continuously to prevent environmental pollution and protect the environment.

IV Matters Related to Internal Control System, etc.

1. Basic Policy and Status of Internal Control System

The Company's Board of Directors has established the following Basic Policies for Internal Control System regarding the system to ensure that the execution of duties by directors complies with laws and regulations and the Articles of Incorporation, as well as other systems to ensure the appropriateness of the Company's operations.

- System to ensure that the execution of duties by directors and employees of the Company and its subsidiaries complies with laws and regulations as well as the Articles of Incorporation
 - The Company shall establish regulations concerning the compliance system and establish a code of conduct for directors to conduct themselves in compliance with laws, regulations, the Articles of Incorporation, and the management philosophy of the Group.
 - The Company shall establish the Corporate Action Guidelines to clarify the fundamental principles of corporate activities and provide compliance education for employees.
 - The Company shall establish a compliance-related consultation desk in the General Affairs Department to provide a mechanism for reporting and consultation. The General Affairs Department and the Directors who are Audit and Supervisory Committee Members shall cooperate with each other on a regular basis to develop a company-wide group compliance system.
- System for the storage and management of information related to the execution of duties by directors and system for reporting to the Company matters related to the execution of duties by directors and others of subsidiaries
 - Based on the Document Management Regulations, documents pertaining to the execution of duties by directors (including electromagnetic records; the same shall apply hereinafter) shall be stored in a manner that allows Directors to view them.
 - Directors, etc. of subsidiaries shall report to the Company in accordance with the Affiliate Company Management Regulations.
 - Information shall be shared at Management Conference and at meetings of all Group companies.
- Regulations and other systems for managing risk of loss of the Company and its subsidiaries
 - The Company shall establish Crisis Management Regulations to communicate information and establish an emergency system in the event of an emergency.
- System to ensure that the directors of the Company and its subsidiaries execute their duties efficiently
 - By adopting the headquarters system, directors shall concentrate on management functions, such as speeding up management and strengthening supervisory functions, and delegate authority for business execution to general managers to clarify their responsibilities for business execution and speed up business structure reform.
 - In accordance with the Affiliate Company Management Regulations, the Rules on Segregation of Duties, and the Rules on Administrative Authority, the general manager in charge shall give instructions to and manage each responsible person, shall make reports at the

Management Conference and other meetings as appropriate, and coordinate among the general managers in charge for matters that cross over between departments.

5. System to ensure the appropriateness of business operations of the corporate group consisting of the Company and its parent company and subsidiaries
 - (1) The Company shall establish Corporate Action Guidelines as a corporate group, maintain uniform principles for compliance, information security, etc., and assign a responsible person from the Company's directors to each subsidiary to manage its business in a comprehensive manner.
6. System to ensure reliability of financial reporting
 - (1) The Company shall evaluate, maintain, and improve internal control over financial reporting of the Group in accordance with the Financial Instruments and Exchange Law and other applicable domestic and foreign laws and regulations.
 - (2) Each division of the Company and subsidiaries shall strive to ensure the appropriateness of financial reporting by implementing checks and balances through segregation of duties and daily monitoring, etc. in the execution of their own operations.
7. Matters concerning employees to assist the Audit and Supervisory Committee in the performance of its duties when the Committee requests such assistance, matters concerning the independence of such employees from directors, and matters concerning the assurance of the effectiveness of instructions given to such employees
 - (1) The Company shall ensure that a system is in place that allows for the establishment of employees to assist the Audit and Supervisory Committee in its duties when requested by the Audit and Supervisory Committee.
 - (2) Personnel transfers, evaluations, and disciplinary actions of such employees must be approved by the Audit and Supervisory Committee.
 - (3) Such employees shall have the right to give instructions and orders to the Audit and Supervisory Committee.
8. System for reporting to the Audit and Supervisory Committee and system to ensure that a person who makes a report is not treated disadvantageously for making such a report
 - (1) Directors and employees of the Company and its subsidiaries, or those who receive reports from them, shall report or inform the Audit and Supervisory Committee of any occurrence or threat of occurrence of matters that may cause material losses to the Company, any discovery of violations of laws and regulations or misconduct, or any other matters that the Audit and Supervisory Committee specifies as requiring reporting.
 - (2) No one shall be treated disadvantageously by reason of such reporting.
9. Matters concerning the policy for the handling of expenses incurred in the performance of the Audit and Supervisory Committee's duties
 - (1) Expenses necessary for the execution of the Audit and Supervisory Committee's duties shall be paid promptly.
10. Other systems to ensure that Audit and Supervisory Committee audits are conducted effectively
 - (1) The Representative Director shall meet regularly with the Directors who are Audit and Supervisory Committee Members to exchange opinions on issues to be addressed by the Company, risks surrounding accounting, the state of the Audit and Supervisory Committee's auditing environment, and important auditing issues.
11. Basic policy and system for eliminating antisocial forces
 - (1) As part of the system to ensure the appropriateness of business operations, the Company shall clarify its basic policy and develop a system to eliminate antisocial forces as follows.
 - (2) The Company's basic policy is to have no relationship with antisocial forces that threaten the order and safety of civil society, and to prohibit any interaction or involvement with such forces, including provision, cooperation, or complicity.
 - (3) The General Affairs Department shall comprehensively manage and deal with antisocial forces in cooperation with attorneys and the competent police department.

2. Basic Policy on Elimination of Antisocial Forces and Status of Improvement

As specific activities to prevent any relationship with antisocial forces, we have established the Antisocial Forces Countermeasure Regulations and educate our employees on how to avoid transactions with antisocial forces during in-house training sessions to prevent any relationship with antisocial forces. In addition, the Basic Compliance Policy and Compliance Regulations are posted on the intranet to ensure that all employees are familiar with them.

As a company-wide system for eliminating antisocial forces, we have notified the Kanagawa Prefectural Public Safety Commission of the appointment of a person responsible for preventing unjustified demands, and have appointed a person responsible who has taken a training course for preventing unjustified demands. In the unlikely event that external contact is made by antisocial forces, the General Affairs Department shall respond, and if necessary, consult with legal counsel, the police, or other experts to take appropriate action. In addition, we have established a contact point for the internal reporting system for any other acts that violate corporate ethics, and have built a system in which internal checks and balances are in place.

In addition, at the start of a new transaction, the Company conducts a credit check using an external research organization, etc. Furthermore, the Company has established clauses in its contracts with business partners that allow it to terminate such contracts if any relationship with antisocial forces is revealed, or, with respect to business partners with which it has concluded basic contracts in the past, it has separately concluded new memorandums of understanding regarding the exclusion of antisocial forces.

VOther

1. Implementation of Anti-Takeover Measures

Implementation of Anti-Takeover Measures	None
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Additional Information about Applicable Items

2. Other Matters Concerning Corporate Governance System, etc.

Skills Matrix for Directors

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

*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 ◎.

*The following are the requirements in selecting the areas in which each director has expertise and in which he/she is expected to demonstrate particular ability.

Area	Requirements
Corporate management	Experience and knowledge as standing director of corporate management in listed companies (including group companies)
Sustainability, ESG	Experience and knowledge of sustainability and ESG related business
Development, production	Experience and knowledge of R&D and technology development operations, or experience and knowledge of production operations, production management operations, production technology operations, and purchasing operations
Sales	Experience and knowledge of sales
Finance, accounting	Experience and knowledge of finance/accounting operations/IR operations, experience as an analyst, certified public accountant, etc.
Human resources, labor	Experience and expertise in human resources and labor affairs
Legal affairs, compliance	Experience and knowledge of legal and compliance operations, qualification as attorney-at-law, etc.

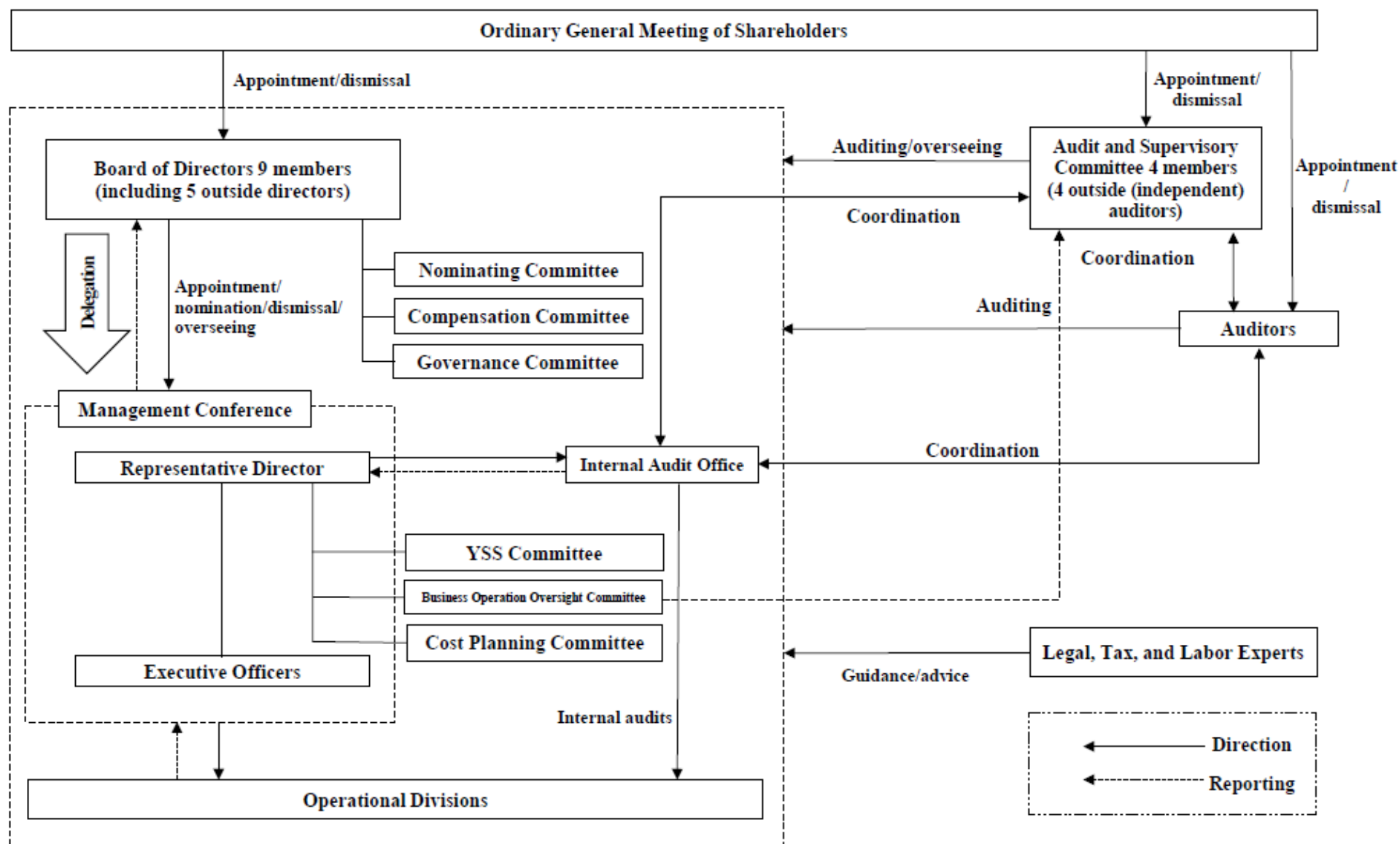
In conjunction with the above redefinition of the requirements for consideration in the selection process, the skills matrix for directors has been revised.

Reference

Executive Officer Skills Matrix

The Company has introduced an executive officer system. The skill matrix of executive officers who do not concurrently serve as directors is as follows.

Name	Position in the Company	Corporate management	Sustainability, ESG	Development, production	Sales	Finance, accounting	Human Resources, labor	Legal affairs, compliance
Yutaka Kagami	Executive Officer of the Company, President of YAMASHIN AMERICA INC.			○	○			
Tomohiro Kubo	Executive Officer, Manager of Production Division			○				
Yutaka Tani	Executive Officer, Manager of Sales Division				○			
Hiroyuki Watanabe	Executive Officer, Manager of Administration Division		○			○		
Hideaki Yoshihara	Executive Officer, Head of Management Planning Office		○			○		



Schematic Diagram of Timely Disclosure System (Reference)

