

Sustainability Management

Message from the Chair of the Sustainability Promotion Committee

Aiming for both the realization of a sustainable society and the enhancement of corporate value through the enlivening of sustainability-related discussions



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Reviewing Management Vision and Management Policy and creating new Sustainability Management Policy

Previously GS Yuasa tackled the sustainable development of society and business by promoting business activities based on the CSR Policy and Code of Conduct that we had stipulated. In April 2023 our long-term vision "Vision 2035" was announced, and at the same time we compiled the new Sustainability Management Policy, which embodies our desire to both realize a sustainable society and enhance our corporate value. I believe that this Sustainability Management Policy will point the way to our growth toward 2035 and beyond to 2050.

Strengthening discussions in the Sustainability Promotion Committee and further promoting materiality initiatives

Year by year sustainability and environmental, social, and governance (ESG) initiatives are becoming increasingly important in corporate management. At the Company too, we believe that our sustainability-related discussions should be further strengthened. Therefore, from fiscal 2023, to

realize not only CSR activities but also sustainability from a multilateral perspective, we have reorganized the CSR Committee into the Sustainability Promotion Committee. While taking account of the impact on society and business, we will enliven sustainability-related discussions by switching to a framework enabling debate on a diverse range of topics from a medium- to long-term and global perspective.

In addition, in the formulation of the Sixth Mid-Term Management Plan, we reviewed our materiality response plans and set targets to be achieved by fiscal 2025 and key performance indicators (KPIs). While it is of course important for the Group as a whole to achieve these targets, as the CFO, I am also considering how to link corporate value and materiality. Our top management also believes it is necessary to add ESG indicators to the remuneration scheme for directors and is going ahead with discussions on this matter.

Going forward, through our sustainability promotion framework centering on the Sustainability Promotion Committee, we will further bolster our sustainability initiatives and link them to the realization of a sustainable society and the enhancement of our corporate value.

Sustainability promotion framework



Within the Group, the president has been designated as the Chief Commanding Officer for Sustainability Promotion managing the entire Group's sustainability promotion. Further, the Board of Directors plays a central role in making important management decisions for the Group as a whole and supervises and manages the suitability of sustainability management in the Group.

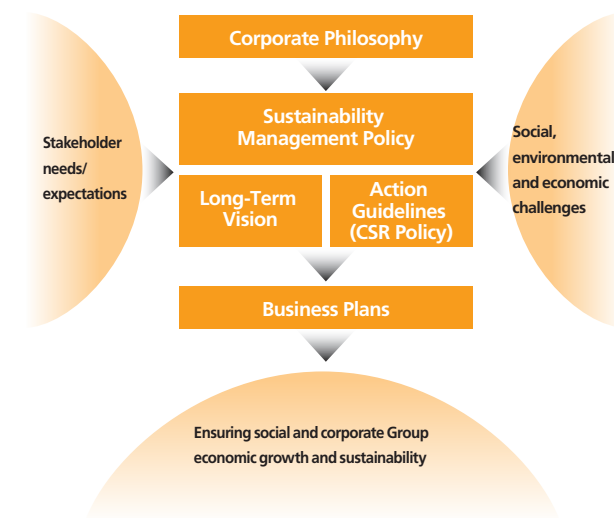
Moreover, the Sustainability Promotion Committee, established at our core operating subsidiary, GS Yuasa International, is the primary decision-making body for the Group's business execution and works to discuss, formulate, and promote overall sustainability activities, thereby promoting group-wide sustainability management initiatives.

Sustainability promotion process

In order to implement our corporate philosophy, the Group has formulated the Sustainability Management Policy, which determines the future direction for achieving a sustainable society and enhancing corporate value. This policy emphasizes dialogue with stakeholders and makes a commitment to contributing to solutions to sustainability issues and maintaining strong business foundations.

for employees (the CSR Policy). We have formulated both these plans to ensure the economic growth and sustainability of society and the Group by taking into account the needs and expectations of stakeholders and social, environmental, and economic issues. Further, through suitable analysis and assessment of the status of responses to crucial risks and opportunities related to sustainability issues and conducting necessary reviews, we strive to ensure continuous

Overview of sustainability promotion process



To achieve our Sustainability Management Policy, we have implemented medium- to long-term business strategy processes (such as our Mid-Term Management Plan to achieve our Long-Term Vision that takes into consideration sustainability issues). In addition, to achieve this policy, we are committed to promoting initiatives to manage sustainability issues related to action guidelines formulated

Sustainability promotion framework

Starting in fiscal 2023, the GS Yuasa Group has reorganized the CSR Committee into the Sustainability Promotion Committee to promote initiatives for sustainability in the Group as a whole from a medium- to long-term and

multilateral perspective. We are building a framework centering on the Sustainability Promotion Committee and under the supervision of the Board of Directors.

Main changes with the Sustainability Promotion Committee

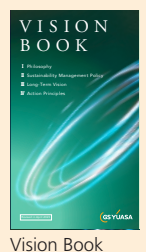
	CSR Committee (until end of FY2022)	Sustainability Promotion Committee (from FY2023)
Purpose	Systematic and comprehensive execution of corporate social responsibility	In addition to CSR activities, realization of sustainability from a multilateral perspective (contribution to the realization of a sustainable society and ensuring of business continuity)
Examples of discussed topics	<ul style="list-style-type: none"> Formulation of CSR Policy and Code of Conduct and dissemination throughout Group Identification of materiality and formulation and operational management of materiality response plans Disclosure of CSR information 	<p>Viewpoint of investors (ESG)</p> <ul style="list-style-type: none"> State of response to recommendations of the TCFD Response toward improved evaluation by ESG rating agencies Disclosure of sustainability information in the Annual Securities Report <p>Viewpoint of international society (international standards, SDGs, etc.)</p> <ul style="list-style-type: none"> Response to human rights of foreign workers (establishment of guidelines) <p>Viewpoint of the company (CSR)</p> <ul style="list-style-type: none"> Setting and evaluation of materiality (important issues for sustainability) response plans (KPIs, numerical targets); operational expansion to Group companies Supplier CSR surveys CSR evaluation improvements; state of response to customer audits

TOPIC

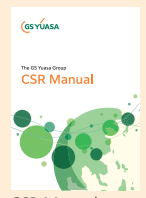
Promoting company-wide sustainability initiatives

To promote company-wide sustainability initiatives, the Group distributes the Vision Book, a document that clarifies our corporate philosophy and company system, to all our employees. Our CSR Manual, detailing the CSR Policy which serves as action guidelines for sustainability management, is also distributed to all our employees. The CSR manual has also been translated into local languages (six languages*) that local employees can understand and distributed to overseas Group companies. The Group is committed to ensuring that all domestic and overseas employees are cognizant of sustainability issues related to our CSR Policy and is making efforts for the promotion of sustainability initiatives through business activities.

* English, Chinese (simplified), Chinese (traditional), Indonesian, Thai, and Vietnamese



Vision Book



CSR Manual

Materiality

Identification process

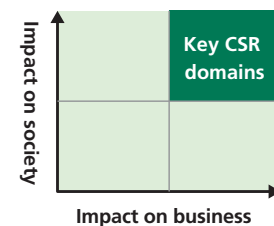
Step 1
Identify risks and opportunities relating to the CSR Policy

We identify risks and opportunities relating to the CSR Policy, taking into consideration key issues of the Mid-Term Management Plan, which is formulated based on the Sustainability Management Policy. When identifying these risks and opportunities, our actions are based on international guidelines concerning responsible corporate conduct.

Step 2
Specify significant risks and opportunities relating to the CSR Policy

We evaluate and assign a score to the risks and opportunities identified in Step 1 and specify risks and opportunities that could have a substantial impact on business. Next, we evaluate the impact of our Group's business activities on society relative to these risks and opportunities that could have a substantial impact on business and then identify significant risks and opportunities relating to the CSR Policy.

● Domains for identifying significant risks and opportunities relating to the CSR Policy (key CSR domains)



Step 3
Determine materiality

We analyze risks and opportunities identified in Step 2 and determine significant sustainability issues (materiality) relating to CSR Policy. In order to ensure the appropriateness of materiality, we also incorporate feedback from stakeholders including outside experts when determining materiality.

Summary of materiality response plans in the Sixth Mid-Term Management Plan (FY2023–2025)

Materiality	Activity outline	Scope of application	KPI (key performance indicator)	FY2025 targets	Impact on Society	Impact on Business
Thoroughly fulfilling our CSR and ensuring compliance G	Provision of legal information and promotion of compliance training	D	(1) Number of times compliance education information disseminated annually (2) Number of significant compliance violations	(1) 16 times (2) None	Maintenance of a sound and well-ordered society	Avoidance of financial losses from compliance violations
		O	(1) Achievement ratio of compliance training plan (2) Achievement ratio of significant compliance violation risk response plan	100%		
Respect and protection for intellectual property G	Thorough avoidance of infringement third-party intellectual property rights, promotion of the use of company intellectual property rights Elimination of infringing products	G	Achievement ratio of patent acquisition plans that contribute to the expansion of business	100%	Promotion of high value-added technological innovations Maintenance of a fair competitive order	Increased profits in conjunction with the expansion of business Prevention of lost sales in the future due to sales of counterfeit products
		O	Number of orders to cease manufacturing against manufacturers of infringing products	2		
Strict management of confidential information G	Promotion of security measures and strengthening of illegal /inappropriate access monitoring Promotion of information security training	G	Cyberattack response ratio at time of detecting high security alerts	100%	Achieve a safe and secure information society	Avoidance of financial losses from leaks of confidential information
		D	Information leak confirmation and response ratio at time of large data output	100%		
		D	Ratio of employees passing information security proficiency test	95% or more		
Respect for individuality S	Promoting human rights education	D	Achievement ratio of human rights training plan	100%	Raise awareness concerning respect for human rights	Avoidance of financial losses from human rights violations
		O	Achievement ratio of harassment education plan	100%		
	Thorough management of human rights risks	D	Harassment incident response ratio	100%	Promotion of safe work environments that provide peace of mind	
		G	Achievement ratio of foreign national employment risk response plan	100%		

E Environment S Social G Governance D Domestic O Overseas G Global

Materiality	Activity outline	Scope of application	KPI (key performance indicator)	FY2025 targets	Impact on Society	Impact on Business
Respect for Diversity S	Women's empowerment Promotion of the employment of persons with disabilities	D	(1) Ratio of women in management positions (2) Ratio of women among new graduates recruited for career-track positions (3) Ratio of female workers (4) Achievement ratio of training plan for female senior managers	(1) 6% or more (2) 30% or more (3) 17% or more (4) 100%	Realization of rewarding workplaces Promotion of participation by women in decision-making	Acquisition of shareholders' equity in conjunction with higher external assessment of measures regarding women's empowerment Securing labor capacity by increasing the retention rate for female employees
		D	Employment rate of persons with disabilities	2.67% or more		
Human resources S	Promotion of human resource development programs	D	(1) Achievement ratio of training plan for development of autonomous-minded human resources (2) Achievement ratio of next-generation manager education plan	100%	Promotion of skill development for young people	Reinforcement of organizational capabilities through the utilization of the diverse individuality of employees Avoidance of human resource losses through separation Enhancement of human resource performance
		D	(1) Response ratio to prevent the recurrence of long working hours (2) Annual frequency of labor-management consultations relating to working hours (3) Operational achievement ratio of standard for number of days of paid leave taken annually	(1) 100% (2) 12 times (3) 100%		
Enhancement of work environments and occupational health and safety S	Promotion of the thorough management of employees' working hours and prevention of long working hours Promotion of a work-life balance Thorough implementation of appropriate employment management Promotion of health management Promotion of occupational health and safety risk management	O	Achievement ratio of overtime work reduction target	100%	Realization of rewarding workplaces Prevention of health damage Promotion of safe and secure working environment	Avoidance of financial losses from occupational accidents Avoidance of financial losses from work in excess of statutory working hours and failure to use paid leave
		D	Job turnover of full-time employee	2.3% or less		
		D	Number of corrective recommendations from the Labor Standards Inspection Office based on spot inspections	None		
		D	Rate of high stress individuals	10% or less		
		G	(1) Number of serious occupational accidents (2) Number of accidents resulting in missed work (3) Number of workers not meeting internal blood lead concentration management standards	(1) None (2) Domestic: 2 or less Overseas: 39 or less (3) None		
Provision of high-quality products S	Promotion of quality improvement and strengthening of quality communication Reinforcement of product safety management Reinforcement of service provision	G	(1) Achievement ratio of targets for claims and in-process defects (2) Number of serious product accidents	(1) 100% (2) None	Improvement in energy efficiency Responses to natural resource depletion Reduce waste generation Creation of highly reliable and robust infrastructure Development of a safe and secure society	Reduction of financial losses from quality defects Expansion of profits in conjunction with promotion of services Avoidance of financial losses from the occurrence of product accidents
		G	(1) Achievement ratio of product safety-related incident reduction target (2) Achievement ratio of product safety education plan	100%		
		D	Achievement ratio of service promotion project plan	100%		
Promoting environmental protection E	Promotion of effective use of water resources Contribution to realization of low-carbon society Prevention of environmental pollution Improvement in ratio of use of recycled materials in products provided to markets	G	Ratio of reduction of water use (compared with FY2018)	15% or more	Elimination of water shortage problems Improvement in energy efficiency and resource efficiency Climate change mitigation Prevention of water pollution and air pollution Reduction of natural resource consumption Reducing waste generation	Avoidance of loss of sales opportunities due to delayed responses to issues concerning water security, carbon neutrality, and a recycling-oriented society Avoidance of financial losses from the occurrence of environmental accidents
		G	Ratio of reduction of CO2 emissions (compared with FY 2018)	15% or more		
		G	Number of major environmental accidents	None		
		G	Ratio of recycled lead used as lead raw materials in lead-acid batteries	70% or more		
Developing and popularizing environmentally considered products E	Expansion of market for GS Yuasa products contained in products contributing to the curbing of global warming	G	Percentage of environmentally considered products in total sales of all products	45% or more	Improvement in energy efficiency Reduction of natural resource consumption Climate change mitigation	Avoidance of loss of sales opportunities due to delayed responses to carbon neutrality Increased profits from expanded sales of environmentally considered products
Responsible procurement promotion S	Responses to responsible mineral procurement Management of supply chain CSR risks	G	Achievement ratio of responsible mineral survey plan	100%	Realization of sustainable supply chain Abolition of forced labor and child labor Reduction of deaths due to violence Eradication of all forms of violence and torture against children	Avoidance of financial losses from occurrence of supply chain CSR risks
		G	Achievement ratio of supplier CSR issues improvement plan	100%		

Note: The scope of application may not cover all Group companies.

➔ p.105 Targets and Results Concerning Material Issues (Fiscal 2022)