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Y.A.C. HOLDINGS CO. LTD.

MOMOSE Takefumi, Representative Director & President

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Securities code: 6298

<https://www.yac.co.jp/>

The corporate governance of Y.A.C. HOLDINGS CO. LTD. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

Our group aim to increase corporate value and become a company trusted by society by supplying products which is able to contribute to society. In order to realize that we believe that it is our responsibility as a listed company to build an efficient business management system and an effective system structure, and to maintain a suitable corporate governance structure to our group.

The important items for making a corporate governance system suitable for our group are as follows.

1. One is there is an organization that constantly monitors and supervises the appropriateness and legality of the management decision-making process and the content of decisions, and moreover its effectiveness is guaranteed.
2. Another is the management decision-making body and the business execution body are clearly separated, and their responsibilities are clear.
3. The other is appropriate internal control organizations and systems are in place and functioning effectively.
4. The other is that officers and employees recognize the importance of corporate ethics and compliance and establish it as a corporate culture.
5. Last important thing is disclosing corporate management information to all stakeholders timely and appropriate manner.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

Described based on the amendment after Jun. 2021.

[Supplementary Principle 2.4.1 Disclosure of goals and situations for ensuring diversity within the company, including promoting the active participation by women]

Our group is a small group of equipment manufacturers that sells advanced technology. Regarding human resources who can contribute to our business, regardless gender, nationality and time of joining the company, we use each human resource without discrimination. Due to the nature of our business, it is difficult to set specific numerical targets, but we are taking social conditions into consideration and are gradually improving our human resources development policy and internal environment to ensure diversity. For current initiatives, please refer to "Concept and Initiative regarding Sustainability" at the end of the report.

[Supplementary Principle 3.1.3 Disclosure on our sustainability efforts]

In financial results briefing materials, we have announced "decarbonized management" and "development of new mass-produced products with decarbonized" as the core of our future SDGs initiatives.

We actively continue to disclose our efforts to consider more specific disclosures in the future. In addition, in order to educate the excellent human resources who will be a core key person of our sustainable growth, we will strengthen our efforts to invest in human capital, enhance the superiority of our technology, and acquire intellectual properties that will contribute to stable management in the future.

Regarding our efforts related to climate change, we responded to the CDP climate change questionnaire (simplified version) last year and plan to submit it again this year. From now on, we will continue to strive to enhance disclosure of specific targets, roadmaps, and achievements of initiatives.

For current initiatives, please refer to "Concept and Initiative regarding Sustainability" at the end of this report.

[Supplementary Principle 4.2.2. Role and Responsibilities of the Board of Directors to make basic policies on sustainability efforts and supervision of investment in human capital and intellectual property.]

We have established the Group's SDGs Action Policy, Environmental Philosophy, and Environmental Policy and we are striving to formulate it, but we will proceed with consideration so that we can disclose more advanced policies, goals, and specific roadmaps for the sustainability necessary for our sustainable growth in the future.

In addition, we will advance the sophistication of our business portfolio strategy, ascertain the scale of necessary human capital and intellectual property, and allocate them effectively. Please refer to "Concept and Initiative regarding Sustainability" at the end of this report for current initiatives.

[Supplementary Principle 4.3.2]

At our company, the nomination of the representative director and president, who is the chief executive officer, is elected by the board of directors meeting after the general meeting of shareholders.

However, in the future, we will consider procedures that are even more objective, timely, and transparent.

[Supplementary Principle 4.3.3]

In the event that a situation arises in which it is deemed necessary to dismiss the CEO, the Company will make a decision after deliberation by the Board of Directors.

We will continue to consider procedures that are more objective, timely, and transparent.

[Supplementary Principle 4.10.1 Appropriate involvement and advice by establishing an independent nominating committee and compensation committee]

Our company is a company with auditors, and we have two independent outside auditors and three independent outside directors and we seek opinions and advice from an independent standpoint. In addition, the voluntary remuneration committee has three independent outside directors as members to strengthen management and supervision functions. We will continue to consider the voluntary establishment of a nominating committee.

Regarding the independence of the members of the committee, we believe that it is appropriate given the current scale of the company however we will review the composition of outside directors and consider our approach to independence.

[Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans]

We announced our medium-term management plan on March 19, 2021. From now on, we will also explain the current status of achievement and the implementation status of various measures aimed at achieving our targets at financial results briefings and other events. In addition, we will review, as necessary, including the capital costs and the allocation of management resources to each investment, and strive to make investments highly effective and contribute to shareholder investment over the medium to long term.

[Supplementary Principle 5.2.1 Disclosure of basic policy and review status regarding business portfolio at the time of planning and publication of management strategy.]

Our group's business is divided into four segments (mechatronics-related, display-related, industrial equipment-related, and electronic equipment-related). Each business either independently or in collaboration manufactures and sells products and provides solutions that meet the needs of business partners. We will consider making it disclose in an easy-to-understand format for our stakeholders.

Disclosure Based on each Principle of the Corporate Governance Code

[Principle 1.4 Cross-Shareholdings]

The Company has strategically held limited stocks for the purpose of maintaining and strengthening business relationships and facilitating sales activities.

If there is a need for new holdings in the future, we will consider the purpose of holding, capital costs and others, and decide to hold or not accordingly. For shares held, based on changes in the business environment, we are making appropriate revisions. When exercising voting rights in the shares we hold, we respect the management policies of the investees and comprehensively judge whether the proposals will contribute to the sustainable growth of the Company and the improvement of its corporate value over the medium to long term. If a company that holds our Company's shares as strategically held shares (strategic shareholder) indicates an intention to sell the shares, we will not hinder the sale by suggesting a reduction in transactions. In addition, there is no impact on the transaction side as there is no strategic shareholder with business transactions.

[Principle 1.7 Related Party Transactions]

The Company requires deliberation and resolution by the Board of Directors regarding transactions between related parties. The resolution is made after excluding the relevant officer from the quorum for the resolution as a special interested party.

[Supplementary principle 2.4.1 Disclosure of goals and situations for ensuring diversity within the company, including promoting the active participation of women]

It is described in the above "Reasons for not implementing each principle of the Corporate Governance Code".

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

We are a member of the National Printing, Binding, Packaging Machinery Pension Fund and outsource its management. Regarding the operation status, the director in charge of the finance department and the person in charge of the human resources and general affairs department confirm the soundness of the overall operation of that fund.

[Principle 3.1 Full Disclosure]

(1) Our corporate philosophy and financial results briefing materials are posted on our website.

Corporate Philosophy: <https://www.yac.co.jp/ja/company/vision.html>

Financial results briefing materials: <https://www.yac.co.jp/ja/ir/library.html>

(2) The basic concept of corporate governance is disclosed in the corporate governance report and securities report.

(3) Remuneration for officers of the Company and its subsidiaries are "fixed remuneration," "performance-linked remuneration," and "restricted stock remuneration," based on the remuneration guidelines for each company determined by the Board of Directors based on size, and position.

- "Fixed remuneration" consists of standard remuneration set based on position (representative director, deputy president, senior managing director, managing director, director, operating officer) within the scope of the resolution of the general meeting of shareholders. The compensation amount for each individual is determined by a voluntary compensation committee (including outside directors) entrusted by the Board of Directors, and the results are reported to the Board of Directors.

- "Performance-linked remuneration" is calculated according to the degree of achievement of performance indicators for each company in a single fiscal year, and the amount of remuneration for each individual is determined by the Compensation Committee.

- The purpose of "restricted stock compensation" is to share the benefits and risks of stock price fluctuations with shareholders and to increase the willingness to contribute to raising stock prices and improving corporate value over the medium to long term as a group. The number of shares to be granted to each individual is determined by the Compensation Committee.

(4) Although we do not have a policy for the appointment and dismissal of directors and auditors in our internal regulations, we will properly fulfill our duty of care and duty of loyalty in the execution of business and contribute to the sustainable growth of our company. Decisions will be made based on a comprehensive assessment of whether the person has the qualifications to contribute to the improvement of corporate value over the medium to long term and the ability to appropriately execute the management of the Company.

(5) The reasons for the selection of director candidates and outside corporate auditor candidates are disclosed in the general meeting of shareholders convocation notice.

[Supplementary Principle 3-1-3 Disclosure of our company's sustainability efforts]

It is described in the above "Reasons for non-compliance with each principle of the Corporate Governance Code".

[Supplementary Principle 4-1-1]

The Company has established Board of Directors Regulations, Division of Duties Regulations, and Administrative Authority Regulations, stipulating matters to be resolved by the Board of Directors, matters that can be settled by each director, and matters that can be decided according to each position. Based on these, the Board of Directors determines management policies and important matters, and based on these policies, directors and executive officers in charge of business execution carry out business operations.

[Principle 4.9 Independence Standards and Qualification for Independent Directors]

The Company selects independent outside directors based on the standards stipulated by the Companies Act and the Tokyo Stock Exchange. We appoint independent outside directors who are unlikely to have conflicts of interest with general shareholders and who have a high degree of independence. All three independent outside directors of the Company have submitted independent director notification forms to the Tokyo Stock Exchange.

[Supplementary Principle 4-10-1 Appropriate involvement and advice by establishing an independent nominating committee and compensation committee]

It is described in the above "Reasons for non-compliance with each principle of the Corporate Governance Code".

[Supplementary Principle 4-11-1]

The Board of Directors of the Company is composed of directors with different expertise and experience, and is capable of effective and efficient discussion and prompt decision-making.

Our policy is to maintain an appropriate number of directors. The skill matrix is attached at the end of this report.

[Supplementary Principle 4-11-2]

We ask our directors and auditors to devote sufficient time and effort to their duties in order to properly fulfill their respective roles and responsibilities. In addition, the status of concurrent posts is posted in the notice of convocation of the General Meeting of Shareholders and securities reports.

[Supplementary Principle 4-11-3]

The effectiveness of the entire Board of Directors of the Company is analyzed and evaluated on a regular basis and published on the Company's website.

Effectiveness evaluation: <https://www.yac.co.jp/ja/ir/news.html>

[Supplementary Principle 4-14-2]

Our directors make use of external training and seminars, such seminars hosted by membered consulting companies and stock transfer agencies, and strive to acquire the knowledge necessary for directors.

In addition, full-time corporate auditors participate in external training and workshops organized by the Japan Audit & Supervisory Board Members Association to acquire the necessary knowledge as corporate auditors and promote their understanding of the roles and responsibilities of corporate auditors.

In order for outside directors and outside auditors to fulfill their roles, we provide appropriate explanations about our company's management strategies, business details, finances, organization, and we have created opportunities to fully share information.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

The Company appoints a general manager in charge of IR and designates the Corporate Business Promotion Department as the department in charge of IR. For institutional investors, in addition to having financial results briefings, we also conduct individual IR meeting. For shareholders, we post financial results briefing materials on our website in Japanese and English, and also hold company briefings for individual investors.

The Corporate Business Promotion Department handles inquirers and requests for interview from shareholders. In addition, after rationally judging the shareholder's wishes, the main interests of the interview and the number of shares held by the shareholder, the president or the general manager in charge of IR will respond to the interview as necessary.

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%.
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
MOMOTAKE CO. LTD.	1,220,000	13.30
The Master Trust Bank of Japan Ltd. (Trust account)	604,500	6.59
MOMOSE Takefumi	325,517	3.55
JAPAN SECURITIES FINANCE CO. LTD.	321,500	3.00
UEDA YAGI TANSHI Co., Ltd.	199,600	2.18
UBS AG LONDON A/C IPB SECUREDATED CLIENTACCOUNT	160,406	1.75
IWASAKI Taiji	110,800	1.21
KAWAI Yasuaki	94,000	1.02
Stock Roman Group (Employee Shareholding Association)	93,213	1.02
SBI SECURITIES Co., Ltd.	92,395	1.01

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	-----
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Name of Parent Company, if applicable	None.
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Supplementary Explanation

- (1) The above status of major shareholders is as of March 31, 2023.
(2) As of March 31, 2023, the Company owns 583,942 shares of treasury stock, but they are excluded from the above major shareholders.
(3) The total number of issued shares of the Company as of March 31, 2023 is 9,758,947 shares, and the shareholding ratio of the above major shareholders is calculated using 9,175,005 shares excluding 583,942 shares of treasury stock as the denominator.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Prime Market.
Fiscal Year-End	March
Business Sector	Machinery
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	500 or more but fewer than 1,000.
Net Sales (Consolidated) for the Previous Fiscal Year	¥10 billion or more but less than ¥100 billion.
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50.

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder.

5. Other Special Circumstances which May have a Material Impact on Corporate Governance

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board/
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Directors

Number of Directors Stipulated in Articles of Incorporation	[15]
Directors' Term of Office Stipulated in Articles of Incorporation	[1] year.
Chairperson of the Board	President.
Number of Directors	[8]
Election of Outside Directors	Elected.
Number of Outside Directors	[3]
Number of Independent Directors	[3]

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
KIFUNE Tsuneyasu	From another company.											
MORIBAYASHI Ikuyo	From another company.											
OKUMURA Kazuhito	From another company.											

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client

- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- k. Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
KIFUNE Tsuneyasu	○	Based on the regulations of the Tokyo Stock Exchange, Inc. We have designated him as an independent officer and have notified the Exchange.	He has many years of experience in corporate management and possesses a wide range of knowledge and extensive knowledge therefore we judged he could advise us about overall the Company's management accurately. In addition, we have determined that he meets the requirements for an independent officer and that there is no risk of conflicts of interest with general shareholders, and we have appointed him.
MORIBAYASHI Ikuyo	○	Based on the regulations of the Tokyo Stock Exchange, Inc. We have designated her as an independent officer and have notified the Exchange.	After having experience as professional musicians and sales jobs for various companies, she established NPO corporations and business companies that aim to promote diversification such as career development and child-rearing support for women working in the Tama area. Therefore we judged that we would be able to receive wide range advice and suggestion toward the enhancement of our company's diversity promotion and regional contribution based on a wide range of knowledge. In addition, we have determined that she meets the requirements for an independent officer and that there is no risk of conflicts of interest with general.
OKUMURA Kazuhito	○	Based on the regulations of the Tokyo Stock Exchange, Inc. We have designated him as an independent officer and have notified the Exchange.	After working at a financial institution and a consulting company, he worked using the qualification as Small Business Consultant and Certified Financial planner at the independent audit firm for corporate revitalization support and M&A. Therefore, we judged that we would be able to receive wide range of advice M&A and to strengthen the financial position

			of the Company and its consolidated subsidiaries based on experience and knowledge In addition, we have determined that he meets the requirements for an independent officer and that there is no risk of conflicts of interest with general.
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Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established.
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	----	----	----	----	----	----	----	----
Voluntarily Established Committee Equivalent to Remuneration Committee	Remuneration Committee	[8]	[0]	[5]	[3]	[0]	[0]	Inside Director

Supplementary Explanation

(1) The above Compensation Committee (Chairman: MOMOSE Takefumi) has no change in the total number, but at the 51st Ordinary General Meeting of Shareholders held most recently (June 29, 2023), there were two outside directors changing, due to the replacement, some members have changed.

The composition of the Compensation Committee is as follows.

① From Jul. 2022 to Jun. 2023.

• Chairperson: MOMOSE Takefumi.

• Members: ITO Toshihiko, OKURA Akihiro, HATAKEYAMA Masaru, NISHIZAKA Masanori, ISHIDA Shoji, KIFUNE Tsuneyasu, UEKI Yukio, 8 people in total.

② From July 2023 to June 2024

• Chairman: MOMOSE Takefumi.

• Members: ITO Toshihiko, OKURA Akihiro, HATAKEYAMA Masaru, NISHIZAKA Masanori, KIFUNE Tsuneyasu, MORIBAYASHI Ikuyo, OKURA Kazuhito, 8 people in total.

(2) Executive remuneration determined by the members in (1) above is as follows.

• Financial year of 2022 officer remuneration (performance-linked remuneration)

• Financial year of 2023 officer remuneration (fixed remuneration and restricted stock remuneration)

Audit and Supervisory Board Member*

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	[4]
Number of Audit and Supervisory Board Members	[3]

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The Audit & Supervisory Board Members hold regular meetings with Taiyo LLC, the accounting auditor, to exchange opinions, review the status of quarterly audits and receive reports on the results of audits and the results of assessments, such as the operating status of internal controls related to financial reporting.

The Audit & Supervisory Board Members receive reports from the Internal Audit Office on the results of internal audits, grasp issues and improvements in the execution of internal business operations.

When the Audit & Supervisory Board Members consider it's necessary, they strive to conduct highly effective audits through mutual cooperation, such as requesting the Internal Audit Office to conduct an investigation.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	[2]
Number of Independent Audit and Supervisory Board Members	[2]

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
TAKADA Naoki	From another company.													
IIDA Tetsurou	From another company.													

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- a. Person who executes business for the Company or its subsidiary
- b. A non-executive director or an accounting advisor of the Company or its subsidiaries
- c. Person who executes business for or a non-executive director of the Company's parent company
- d. An Audit and Supervisory Board Member of a parent company of the Company
- e. Person who executes business for a fellow subsidiary
- f. Person/entity for which the Company is a major client or a person who executes business for said person/entity
- g. Major client of the Company or a person who executes business for said client
- h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/ Audit and Supervisory Board Member
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to the auditor him/herself only)
- k. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director/auditor him/herself only)
- l. Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)
- m. Other

Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
TAKADA Naoki	○	Based on the regulations of the Tokyo Stock Exchange, Inc. We have designated him as an independent officer and have notified the Exchange.	He has experience working for financial institutions and trading companies and has a wide range of knowledge and a wealth of knowledge. Therefore, we judged that he would be able to fulfill auditing functions and roles as auditors in the corporate governance of the Company.

IIDA Tetsurou	○	Based on the regulations of the Tokyo Stock Exchange, Inc. We have designated him as an independent officer and have notified the Exchange.	He has experience in company management and has a wide range and wealth of knowledge . Therefore, we judged that he would be able to fulfill auditing functions and roles as auditors in the corporate governance of the Company.
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Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	5
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Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme / Introduction of Stock Options Scheme
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Supplementary Explanation for Applicable Items

- Performance-linked remuneration is paid with calculation according to the degree of achievement of each consolidated operating company performance indicator for a single financial year, and is determined by the Compensation Committee.
- In addition, we provide directors with incentives to continuously improve the corporate value of the entire Group over the medium to long term.

Since financial year of 2017, we have introduced a restricted stock compensation plan to directors, which exclude outside directors and part-time directors of the Company and domestic subsidiaries, for the purpose of further promoting shared value with shareholders.

Persons Eligible for Stock Options	Inside Directors.
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Supplementary Explanation for Applicable Items

(1) Prior to become a holding company in 2017, for the four years from 2013 to 2016, the Board of Directors resolved at that time to grant stock acquisition rights to the internal directors who had office at that time.

Since FY2017, we have transitioned to a restricted stock remuneration system, and no new grants have been made.

(2) The grant status of stock acquisition rights (rights not exercised) as of the date of preparation of this report is as follows. Details are disclosed in the securities report.

- ① Financial year of 2013: 3 persons, 191 shares (19,100 shares)
- ② Financial year of 2014: 3 people, 150 (15,000 shares)
- ③ Financial year of 2015: 3 people, 99 shares (9,900 shares)
- ④ Financial year of 2016: 3 people, 92 shares (9,200 shares)

Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items

The total amount of remuneration for Directors is disclosed in the annual securities report and business report.

Policy on Determining Remuneration Amounts and Calculation Methods	Established.
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

We believe that the role of officers is to increase the corporate value of the Company based on the management policies and strategies of the entire Group. It is our basic policy that the remuneration of directors is an incentive, and level of remuneration is the one that appropriate for rewarding the roles and responsibilities of directors and their business performance. Specifically, it shall consist of fixed remuneration (monetary remuneration), performance-linked remuneration (monetary remuneration), and transfer-restricted stock remuneration (non-monetary remuneration). Outside directors and corporate auditors shall be paid only

fixed remuneration in view of their duties.

- Matters concerning fixed remuneration.

Regarding the fixed remuneration amount for each director, the Compensation Committee, which is entrusted by the Board of Directors, decide the amount with considering the position (representative director, deputy president, senior managing director, managing director, director) within the scope of the resolution of the general meeting of shareholders. The amount is determined by adjusting the amount in consideration of the scope of work, responsibilities, business performance, from the standard remuneration.

- Matters related to performance-linked remuneration.

Performance-linked remuneration shall be paid in cash according to the achievement rate of performance indicators and operating profit in order to improve performance for each business year, after the Board of Directors decides the guidelines for performance-linked remuneration, and the voluntary Compensation Committee decides the amount to be paid for each individual according to the achievement rate at the end of the financial term.

- Details of stock compensation with transfer restrictions.

The number of shares to be granted is decided by Compensation Committee, and the results are reported at the board of directors meeting held after the end of the ordinary General Meeting of Shareholders. Generally, the grant is given at mid-August every year. However, it is not paid to newly appointed Directors who took office in June of that year.

Support System for Outside Directors (and/or Outside Audit and Supervisory Board Members)

We do not have a dedicated such position, but the Human Resources and General Affairs Department handles it when it is necessary.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

[Business execution]

We have adopted a governance system through meetings such as the Board of Directors, the Audit & Supervisory Board, the Management Committee, and the Group Company Presidents' Meeting.

- Board of directors.

Our board of directors is chaired by the president and representative director, and consists of 5 internal directors and 3 outside directors. A regular board of directors meeting is held once a month to determine management targets and business strategies, and is attended by one full-time corporate auditor and two outside corporate auditors who monitor the execution of duties by directors. In addition, by holding extraordinary meetings of the Board of Directors as necessary and we have established a flexible management system. Each group subsidiary also holds a board of directors meeting once a month in principle, just like the parent company.

- Management meeting

The management meeting is chaired by the President and Representative Director, and consists of five internal directors, a full-time corporate auditor, and other necessary members.

The purpose is to confirm the current status and direction of the group business, various measures and problems of our company and group companies.

If it is necessary to decide on new measures regarding the content of the discussion, such subject shall be submitted to the Board of Directors as necessary.

- Group company presidents meeting

The Group Company Presidents' Meeting is chaired by the President and Representative Director of the Company, and consist of 5 internal directors, 3 outside directors, 1 full-time auditor, two outside auditors, group company presidents, and other necessary members, and provides management-level information between group companies, which hold with the aim of making the corporate governance system a more efficient and functional organization by understanding and sharing

This meeting is held once every six-month attended by all Group officers and necessary executives to expand the scope of communication of management information and we are trying to thoroughly implement "everyone's management".

[Audit and Supervision]

In audits by auditors, all auditors attend meetings of the Board of Directors, conduct business audits and accounting audits, and monitor the execution of duties by directors.

In addition, full-time corporate auditors mainly attend to important meetings such as "group company presidents' meetings" and "group subsidiary company board meetings" and conduct business audits.

- Board of Auditors

The Audit & Supervisory Board of the Company is chaired by a full-time corporate auditor and consist of a full-time corporate auditor and two outside corporate auditors and held generally at least more than once a month.

The Audit & Supervisory Board monitors the state of governance and operational status, and conducts daily audits of management, including those of directors.

- Accounting audit

Regarding the accounting audit, we have concluded an audit contract with Taiyo LLC, and provide all information data from the beginning during the interim audit to create an environment that facilitates quick and accurate audits.

Accounting auditors who performed the audit work for the financial results for the financial year ended March 31, 2023 were Mr. AKITA Hideki and Mr. UENISHI Takayuki, and the accounting audit was assisted by 13 certified public accountants and 32 others.

3. Reasons for Adoption of Current Corporate Governance System

The Company is a company with a Board of Corporate Auditors consisting of three corporate auditors, including two independent

outside corporate auditors which establish a Board of Directors consisting of eight directors (as of the end of March 2023), and three independent outside directors. And we believe that the current system is functioning effectively from the perspective of the scale of the entire group and the emphasis on shareholders.

We believe that it is important to have the function of objectively and neutrally monitoring management from the outside for the Board of Directors, which has the function of managing and supervising business execution. And we objectively ensure the effectiveness of the decision-making of the Board of Directors with audit by Board of corporate Auditors including 2 outside independent auditors.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	In 2023, the notice of convocation of the General Meeting of Shareholders was sent on June 9th. (Web disclosure was implemented on June 8)
Electronic Exercise of Voting Rights	From the annual general meeting of shareholders held in June 2020, users were able to download from PCs, smartphones, and mobile phones. We have adopted a mechanism for exercising voting rights using the Internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	From the annual general meeting of shareholders held in June 2020, we have been participating in ICJ's "Electronic Voting Rights Exercise Platform for Institutional Investors".
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	From the annual general meeting of shareholders held in June 2022, we have started disclosing the convocation notice in English on the website.
Other	Prior to sending the notice of convocation, we make an early disclosure on the website of the Tokyo Stock Exchange and our website.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	Our IR Policy is posted on our website. IR Policy: https://www.yac.co.jp/ja/ir/policy.html	
Regular Investor Briefings held for Individual Investors	Although it is not regular, we have been holding briefings sponsored by securities companies several times a year.	Held.
Regular Investor Briefings held for Analysts and Institutional Investors	After the announcement of interim and full-year financial results, we hold briefings on the company profile, financial results, and medium- to long-term management direction every six months.	Held.
Online Disclosure of IR Information	We have set up an "Investor Information" page on our website, where we provide financial results and other information. Information related to settlement of accounts, other statutory disclosure, voluntary disclosure information are posted. Investor information: https://www.yac.co.jp/ja/ir.html	
Establishment of Department and/or Placement of a Manager in Charge of IR	Corporate business promotion department, Corporate strategy Div. is in charge.	
Other	Although we do not hold briefings after the announcement of financial results for the first and third quarters, we disclose supplementary materials on our website to help investors understand our company.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Implementation of Environmental Preservation Activities and CSR Activities.	Regarding environmental issues, we recognize that "realization of sustainable development", "conservation of biodiversity and protection of ecosystems", and "mitigation and adaptation to climate change" are the issues that we should address. Based on the ISO14001 standard, which is an environmental management system, we are working on these issues in our daily work. Further details are provided in the "Sustainability Policy and Initiatives" section at the end of this report.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The Company has established the following basic policy regarding the development of a system to ensure the appropriateness of operations ("Basic Policy for establishing Internal Control Systems").

1. A system which ensure the conforming with laws and regulations and the Articles of Incorporation in execution of duties by officers and employees (hereinafter referred to as "Employees") of the Company and its subsidiaries (hereinafter referred to as "the Company Group")

(1) In order to comply with laws, regulations and the Articles of Incorporation, and to fulfill our social responsibilities, when employees of the Group execute duties, complying with the "Corporate Ethics Code", "Compliance Code" and "Compliance Code of Conduct" are our corporate activities' basis.

(2) The Internal Control Promotion Committee (Compliance Subcommittee), chaired by the Representative Director, supervise over compliance efforts across the company.

(3) Utilize the "internal reporting system" to find out and correct any legally suspicious acts at an early stage.

(4) Against antisocial forces which threaten the order and safety of civil society, we work closely with external specialized agencies such as police and lawyers based on the "Code of Conduct for Compliance", take a resolute attitude and block the relationship.

2. System for storing and managing information related to the execution of directors' duties.

Regarding the handling of important information and documents (including electromagnetic records) related to the execution of directors' duties we appropriately store and manage based on the "Document Management Regulations".

3. Regulations and other systems for managing the risk of loss making.

Regarding risks that may occur in the Group, the Internal Control Promotion Committee (Risk Management Subcommittee) chaired by the Representative Director and President establishes a cross-organizational risk management system to promote sound and appropriate management and operations.

4. The system to ensure the efficient execution of directors' duties.

(1) Promote flexible management with supervising management by directors and sharing duties by operating officers. We have Board of Directors Meeting and President Meeting of group companies once a month, which are important meetings, and promptly consider the progress of the management plan and execute the business.

(2) From the viewpoint of work effectiveness and efficiency, we quickly decide and deal with by appropriate delegation of job authority according to the "Rules for Division of Duties" and "Rules for Duties Authority".

5. System to ensure the appropriateness of business in the corporate group consisting of our Group.

(1) Regarding the execution of business at our subsidiaries, we stipulate, "Affiliated company management rules" and "Affiliated company approval authority" to ensure the appropriateness of business.

(2) A member of the board of the Company's subsidiaries report matters related to the execution of their duties at meetings attended by the officers and employees of the Company.

(3) While respecting the independence of the subsidiary, we hold prior consultations on important matters and discuss them at the board of directors meeting of the subsidiary to ensure the efficiency of the execution of duties by a member of the board of the subsidiary.

(4) The Internal Audit Office regularly conducts internal audits of subsidiaries.

6. Matters concerning the employee when the Audit & Supervisory Board Members request that an employee be assigned to assist its duties.

If the Audit & Supervisory Board Members request an employee to assist their duties, the necessary personnel will be assigned to the Audit & Supervisory Board Members.

7. Matters concerning the independence of employees from the Board of Directors in the previous item.

Prior consent of the Board of Corporate Auditors shall be obtained with respect to personnel changes, personnel evaluations, and disciplinary actions of the employees of the Corporate Auditors.

8. Matters concerning ensuring the feasibility of instructions to employees who should assist the duties of Audit & Supervisory Board Members.

The employees of the Audit & Supervisory Board Members shall follow the instructions and orders of the Audit & Supervisory Board Members.

9. System for operating officers and employees to report to Audit & Supervisory Board Members, system for reporting to other Audit & Supervisory Board Members.

(1) An operating officers and employees of the Group shall report to the Audit & Supervisory Board Members, when they discover the fact that has a significant impact on the company occurs or is likely to occur, or an illegal or fraudulent act and any other matters which the Board of Corporate Auditors has determined to be reported.

(2) It is prohibited for a person who has reported to the Audit & Supervisory Board Members to be treated unfavorably because of the report.

10. Other systems to ensure that audits by Audit & Supervisory Board Members are conducted effectively.

(1) Audit & Supervisory Board Members attend important meetings such as the Board of Directors meeting of the Company and the Board of Directors meetings of Group Companies, in order to understand important decision-making processes and the status of business execution.

(2) The company shall promptly pay the expenses necessary for executing the duties of Audit & Supervisory Board Members upon request.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

1. Basic concept for eliminating antisocial forces.

Our basic policy is to have no relationship with antisocial forces. In addition, based on the "Code of Conduct for Compliance", we clearly state that we will take a resolute attitude and block all relationships against any unreasonable demands or actions by

antisocial forces.

2. Organizational status to eliminate antisocial forces.

¥We have established a department and a person in charge of responding to antisocial forces and have established a system to systematically respond by making cooperative relationships and collecting information with external specialized institutions such as police and corporate lawyers.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation for Applicable Items

2. Other Matters Concerning the Corporate Governance System

The internal system for timely disclosure of the Company information is as follows.

1. Basic policy regarding timely disclosure of company information.

The Company recognizes that the proper disclosure of fair and highly transparent information in accordance with the laws and regulations and the rules stipulated by the Financial Instruments and Exchange Act is an important management issue, and the management itself is working on it. The "Code of Conduct for Compliance," which stipulates basic matters that officers and employees should act in their daily business, stipulates that information should be disclosed to shareholders and investors in a timely, appropriate, and proactive manner. Our code of conduct is to deepen mutual understanding and relationships of trust.

2. Internal system for timely disclosure of company information.

(1) Facts of decision made, and facts occurred.

The Company shall obtain the approval of the Board of Directors when making important external announcements, including timely disclosure of decision facts and occurrence facts. Information that should be disclosed in a timely manner is aggregated and controlled by the General Manager of the Administration Headquarters, and each department of the Management Strategy Headquarters and the Administration Headquarters, which are in charge of disclosure, cooperate and based on the Financial Instruments and Exchange Act and the timely disclosure rules of financial instruments exchanges determine the necessity of timely disclosure, confirm the legality and appropriateness of the content, and make disclosure materials.

Disclosure materials is disclosed by the Personnel and General Affairs Department after obtaining the approval of the president.

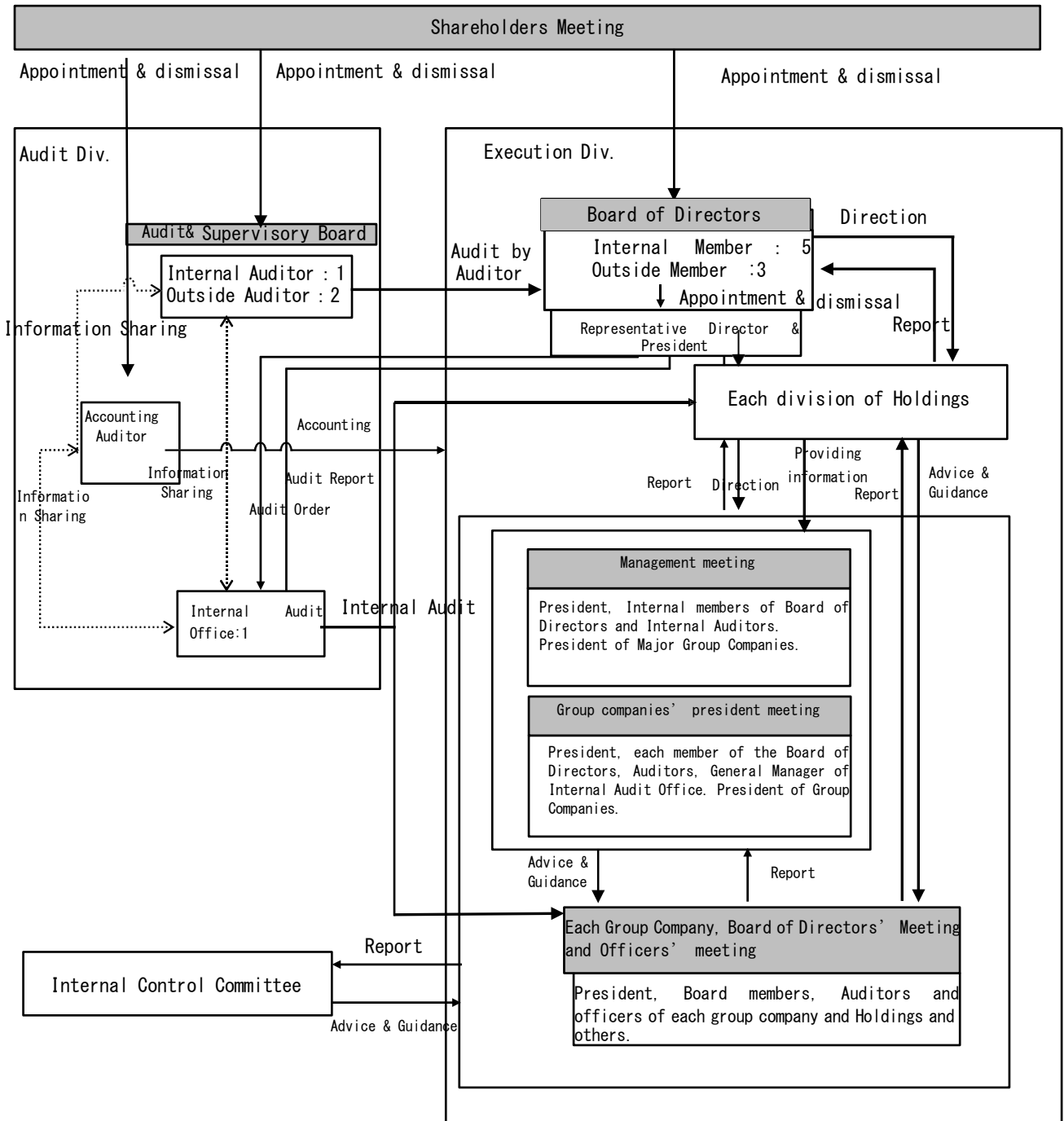
(2) Financial results information, business forecasts, revisions to dividend forecasts, etc.

Information that should be disclosed in a timely manner regarding the financial results of the Company and its subsidiaries, as well as revisions to business results forecasts and dividend forecasts (hereinafter referred to as "financial results information, etc.") will be collected by the Administration Headquarters of the Company. Regarding financial statement information, based on the internal control audit system related to financial reporting stipulated in the Financial Instruments and Exchange Act, we are obliged to establish internal control, evaluate and properly manage reporting, and strive to ensure the appropriateness of the content. Based on the collected financial information, under the responsible officer in charge of handling information, each department such as the Corporate Strategy Headquarters and the Administration Headquarters cooperate and based on the Financial Instruments and Exchange Act and the timely disclosure rules of financial instruments exchanges determine the necessity of timely disclosure, confirm the legality and appropriateness of the content, and make disclosure materials.

Timely Disclosure of Financial Information is disclosed by the Personnel and General Affairs Department after obtaining the approval of the Board of Directors.

END

[Company institution, Relationship diagram of internal control]



[Skill Matrix]

	Name	Management	International	IT/Manufacturing/ Development	Marketing/ Sales	Finance/ Account ing	Legal/Risk management	Sustainability
Board member	MOMOSE Takefumi	*		*	*			
Board member	ITO Toshihiko	*	*	*	*			
Board member	OKURA Akihiro	*	*		*			
Board member	HATAKEYAMA Osamu	*				*	*	
Board member	NISHIZAKA Masahiro	*					*	*
Board member Outside	KIFUNE Tsuneyasu	*			*			*
Board member Outside	MORIBAYASHI Ikuyo	*						*
Board member Outside	OKUMURA Kazuhito					*	*	
Auditor	TSUJI Shinji		*	*		*		
Auditor Outside	TAKADA Naoki		*			*	*	
Auditor Outside	IIDA Tetsurou	*	*	*				

< Definition of each item >

- Management: Having experience in corporate management.

(A person who has experience of Representative Director, CEO or COO or job title equivalent to them.)

- International: Having knowledge and experience regarding sales, manufacturing, and development with foreign customers or overseas markets related to the Group's business.

- IT/ Manufacturing /Development: Having knowledge and experience in manufacturing and development in the Group, other manufacturing industries, and IT industry.
- Marketing /Sales: Having knowledge and experience in sales and marketing in the Group and other manufacturing industries.
- Finance/Accounting: Having knowledge and experience in accounting and finance, settlement of accounts, dialogue with capital markets.
- Legal and/Management: Having knowledge of legal affairs, risk management, compliance.
- Sustainability: Having knowledge and experience in environmental issues such as human capital and climate change.

Concept and Initiatives Regarding Sustainability

Based on our corporate philosophy of “Contributing more to society,” the Group has identified that “Reducing environmental impact through business activities” is one of the important issues related to sustainability in order to solve various social issues which will affect workplaces in the future, and we are promoting the construction of such system and specific initiatives.

The details in the text are based on certain assumptions that the Company Group deems reasonable as of the date of submission of this report, and may differ from actual results due to various factors.

1. Our Approach to Sustainability

We aim to contribute to the sustainable development of society through the sustainable growth and development of our company and group. Based on our management philosophy such as "Contributing more to society," we actively work to reduce the environmental burden through our business activities, create a rewarding work environment, and solve social issues.

2. Governance

The Group's SDGs Management Promotion Committee, chaired by the Company's representative director, selects materiality on themes such as the environment, climate change, human capital, and diversity, sets goals, and promotes plans. Details are below.

(1) SDGs Management Promotion Committee.

The Company has the SDGs Management Promotion Committee directly under the Board of Directors, which purposes are to monitor and manage risks and opportunities related to climate change, human capital and diversity.

And this committee reports and makes proposals to the Board of Directors on the content of the discussions. This committee is chaired by the representative director of the Company and is composed of one or more members selected from each group company. For details, please refer to the timely disclosure "YAC Group's Initiatives for SDGs" dated December 24, 2021.

(2) Building and operating an environmental management system.

Our group establish the “Y.A.C. Group Environmental Philosophy” and “the Y.A.C. Group Environmental Policy”, which serve as guidelines for environmental activities, to promote environmental management with the aim of reducing the environmental burden in all business areas. For details, please refer to our website "Environmental Activities".

In addition, our company and some group companies have established an environmental management system based on the ISO14001 standard and have acquired certification.

Y.A.C. MECHATRONICS CO., LTD., Y.A.C. MACHINERY CO., LTD., and Y.A.C. Beam Co., Ltd. have obtained multi-site certification. Y.A.C. Garter Co., Ltd., Okura Denki Co., Ltd., and Y.A.C. ELECS Co., Ltd. have independently established environmental management systems and obtained certification.

Our company's environmental management system is composed of one or more members selected from each company's business divisions, Y.A.C. MECHATRONICS CO., LTD., Y.A.C. MACHINERY CO., LTD., and Y.A.C. Beam Co., Ltd. It is mainly operated by a committee, and the executive office is set up in the Company's Administration Headquarters.

We promote environmental management with reporting to the representative director of our company on the operational status of the environmental management system through

management reviews based on the ISO 14001 standard and the provisions of the environmental manual, and changing and improving the environmental management system by direction of our representative director.

3. Strategies for climate change.

The Company group recognizes that climate change is one of important management issues.

(1) Our group's efforts to mitigate climate change.

In order to mitigate climate change, our group is working to reduce carbon dioxide emissions by reducing energy consumption. The initiatives implemented in financial year of 2022 are as follows.

- a. Changing to LED lighting.
- b. Upgrade to energy-efficient air conditioners and production equipment.
- c. Switching company cars to the one that use less energy.

2) Business strategy to respond to climate change.

We will continue to consider business strategies that address climate change.

4. Policy on developing human resources and improving the internal atmosphere.

(1) Human resource development.

<Policy for human Resource Development>

In our group, we consider that “people” are indispensable for the sustainable development of the company. We will continue to work tirelessly to provide employee with self-enlightenment combine in a complex way off-job-training as well as on-the-job-training which are suitable to each employee.

(2) Improving the internal atmosphere.

<Policy for internal atmosphere improvement>

Our group will strengthen and promote the implementation of new sustainable work styles and the development of systems and atmosphere in which diversified human resources can grow and play an active role.

In addition, with striving to improve employee satisfaction (ES) and willingness to contribute, we will build an active organization which develop an atmosphere and mechanisms where diversified human resources can actively participate, various human resources to play an active role regardless of gender, age.

5. Risk management.

(1) Management system.

With regard to the risks and opportunities associated with climate change, the members of the SDGs Management Promotion Committee, the executive office, the director and deputy general manager of the Management Division who is also responsible for environmental management under ISO 14001, and the member of environmental executive office work together to identify and score risks and opportunities. We conduct risk assessments based on the above, and report the results to the Board of Directors.

(2) Analysis of risks and opportunities.

We have analyzed risks and opportunities regarding climate change based on 1.5° C and 4° C scenarios. As a result, the Group recognizes that climate change, including legal risks, may have a major impact on the Group's business and management in the short, medium and long term.

As specific impacts, the following risks and opportunities are assumed.

- Increase in costs associated with energy consumption due to the introduction of a carbon tax.
- Increase in renewable energy power generation promotion levy.
- Increase in petroleum and other fossil fuel prices in the 4° C scenario.
- Decrease in demand for products and materials with a large environmental impact, especially carbon dioxide emissions.

We calculated the cost increase due to carbon pricing in the Group based on the IEA SDS scenario (developed countries) if carbon dioxide emissions remain at the same level as FY2021 results and we notice that the financial impact will be significant, as it is estimated to be approximately 41 million yen in fiscal year of 2030 and approximately 65 million yen in fiscal 2040.

6. Sustainability indicators and targets.

(1) Climate change indicators.

As a result of analyzing risks and opportunities, our group has selected carbon dioxide emissions as an evaluation index for climate change.

(2) Targets related to climate change.

Our group has set carbon dioxide emissions reduction as a target related to climate change.

Financial year of 2025 target: 20% reduction compared to financial year of 2016 (Scope 1 and 2 total).

Financial year of 2030 target: 46% reduction compared to financial year of 2016 (Scope 1 and 2 total).

<Supplementary explanation about target setting>

Companies, offices which fall under any of the following items do not have data on LPG, gasoline, electricity consumption for calculating carbon dioxide emissions in financial year of 2016, which is the basis for this report. Therefore, as of the date of submission of this report, we have not set a reduction target for carbon dioxide emissions.

However, from financial year of 2021, we started calculating and aggregating energy consumption and carbon dioxide emissions, and will set targets at the time when we determine it that appropriate targets can be set.

(a) Companies/offices that do not have energy consumption data for financial year of 2016.

(b) Businesses completed in financial year of 2017 or later.

(3) Carbon dioxide emissions reduction status (unit: t-CO₂)

	Total	Scope1	Scope2	Remarks
(a)Emission in FY2022.	1,538.7	289.8	1,248.9	
(b)Emission in FY2021.	1,581.2	276.3	1,304.8	
(c)Emission in FY2016.	1,792.5	288.3	1,504.1	
Difference (a-c)	-253.7	1.4	-255.1	
Difference (b-c)	-211.2	-11.9	-199.2	
Rate of change(a-c) (%)	-14.2	0.5	-17.0	
Rate of change(b-c) (%)	-11.8	-4.2	-13.3	

Note1. In order to facilitate the comparison of the carbon dioxide emissions reduction

status in financial year of 2016, 2021 and 2022, we have excluded the results of companies and business sites that fall under any of the following.

- Companies/offices that did not have energy consumption data of financial year of 2016.
- Offices completed in financial year of 2017 or later.
- Offices closed as of financial year of 2021.

Note 2. The scope of aggregation of carbon dioxide emissions is as follows.

- Scope 1: LPG, gasoline, light oil.
- Scope 2: Electricity (There is no record of purchase of heat/steam)

7. Indicators and targets related to human resource development and internal atmosphere improvement policies.

Our group uses the following indicators for the policy on human resource development, including ensuring the diversity of human resources, and the policy on improving the internal atmosphere described in "4. Policy on human resource development and internal atmosphere improvement" above. Targets and results for these indicators are as follows.

Index	Targets	Results (as of end of Mar., 2023)
Percentage of women in managerial positions	19.0% by the end of Mar., 2030.	3.0%