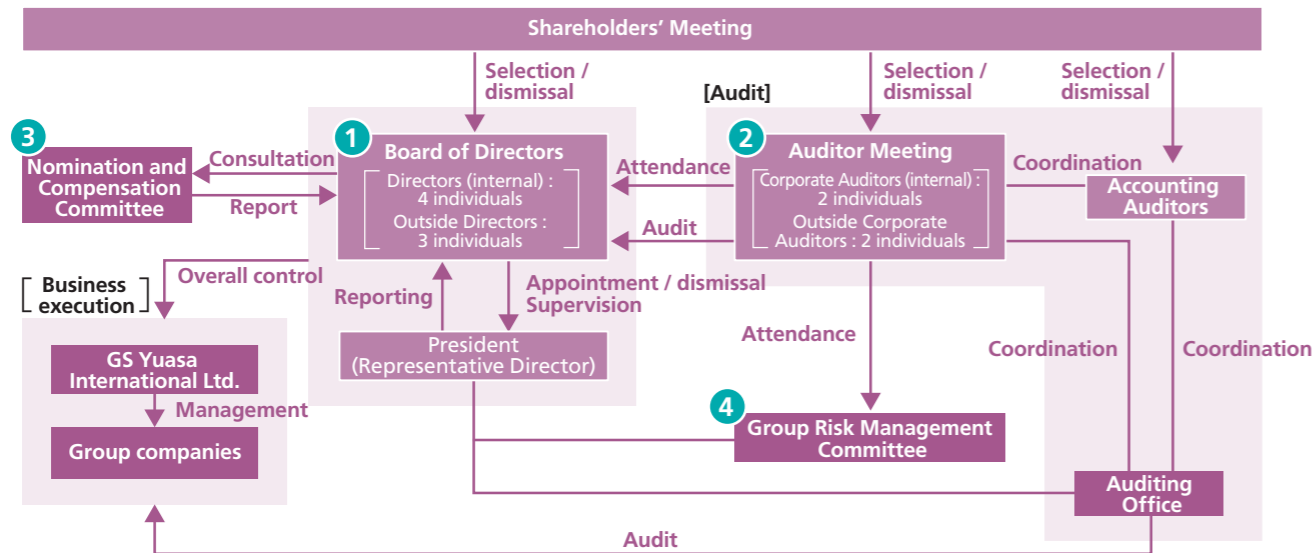


Corporate Governance

Corporate Governance

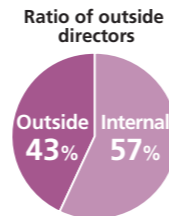
Chart of corporate governance structure

Governance structure (FY2022)



1 Board of Directors FY2021: 19 meetings

The Board of Directors is chaired by the president, and independent directors comprise one-third or more of its membership. By uniformly deciding the medium- and long-term strategies of the Group, the Board of Directors ensures speedy and effective decision making. In principle the Board of Directors meets once a month, but extraordinary meetings, as well as written resolutions or reports, are also held when necessary. In addition, the Board of Directors Secretariat, secretarial divisions, and others provide support so that outside directors can fully display their monitoring function.



2 Auditor Meeting FY2021: 15 meetings

The Auditor Meeting is chaired by full-time corporate auditors and in principle meets once a month. Corporate auditors conduct appropriate auditing and fulfill a management monitoring function by, among other activities, hearing reports on the business situation, risk management conditions, and other topics in meetings of the Board of Directors and other important conferences; offering their opinions and suggestions; interviewing directors, employees, and others about the execution of their duties; browsing important decisions, resolutions, and other documents; and investigating asset conditions.



3 Nomination and Compensation Committee FY2021: 8 meetings

The Nomination and Compensation Committee is an advisory body aimed at strengthening the independence, objectivity, and accountability of the Board of Directors' functions, such as the nomination and remuneration of directors. The committee discusses proposals for nominating new directors and selecting a new corporate president, as well as plans for successors (including human resource development plan) and other matters, and reports to the Board of Directors. The Nomination and Compensation Committee discusses policy for determining director remuneration, the remuneration of individual directors, and other matters and reports to the Board of Directors.

4 Group Risk Management Committee FY2021: 2 meetings*

The Group Risk Management Committee in principle meets twice a year to promote the management of risks and countermeasures relating to Group management and to share necessary information. It is chaired by the president, and meetings are attended by directors and corporate auditors, the presidents of major subsidiaries, general managers of business units, and others.

*In light of the COVID-19 pandemic status, the second Group Risk Management Committee meeting for fiscal 2021 was held in June 2022.

Main matters discussed in meetings of the Board of Directors in FY2021

Matters relating to the Shareholders' Meeting	<ul style="list-style-type: none"> Decision on convocation and agenda of the Shareholders' Meeting Deciding of director nominations Approval of business reports, financial documents, etc.
Matters relating to directors	<ul style="list-style-type: none"> Selection of president and executive directors Remuneration and bonuses of director Directors serving concurrently at other companies
Matters relating to management in general	<ul style="list-style-type: none"> Matters relating to the Group's business strategies Matters relating to capital procurement Reports on state of progress of Mid-Term Management Plan and other business plans Matters relating to key business activities
Other	<ul style="list-style-type: none"> Selection of members of the Nomination and Compensation Committee Implementation of appraisal of the Board of Directors' effectiveness and report Matters relating to revision of the Corporate Governance Code Matters relating to selection of market segments Matters relating to treasury stock acquisition Status reports on the Group's disclosures and other responses in accordance with the TCFD

Approach and governance system

To drive sustainable growth and enhance corporate value over the medium and long terms, the Group is committed to establishing an organization and systems that enable fast, efficient responses to a changing business environment. At the same time, our basic policy on corporate governance is to make every effort to thoroughly implement and strengthen compliance and improve the soundness and transparency of management.

Based on this philosophy, GS Yuasa Corporation, a pure holding company, is responsible for formulating management strategies for all of the Group's businesses, as

well as management for the entire Group and oversight of the Group's business execution. GS Yuasa International Ltd., the Group's core operating subsidiary, is the key decision-making body for business execution, consolidating and strengthening business execution and enhancing dynamisms in the execution of business.

In this manner, functions are divided between GS Yuasa Corporation and GS Yuasa International to enhance and reinforce management structures while establishing governance structures that can increase the transparency and efficiency of management.

Efforts to strengthen corporate governance

	2015	2016	2017	2018	2019	2020	2021	2022	
Strengthening internal control						<ul style="list-style-type: none"> 2004: Establishment of the Auditing Office Established as an internal auditing body to strengthen internal control functions. 2005: Establishment of the GS Yuasa Group Corporate Ethics Hotline Established to facilitate the quick detection and prompt response to risks following enforcement of the Whistleblower Protection Act. 2009: Start of employee compliance questionnaire by the president (once a year) Thorough compliance ensured through regular implementation of a questionnaire. 	<ul style="list-style-type: none"> Change of accounting auditor After comparative investigations, a new accounting auditor was appointed as the previous auditor had been in the post continuously for many years. 	<ul style="list-style-type: none"> Reinforcement of structures for reporting by internal auditing divisions The number of times that the Auditing Office reports on matters relating to internal auditing directly to the Board of Directors was increased and collaboration with internal auditing divisions was strengthened. 	
Enhancing the objectivity of managerial decisions		<ul style="list-style-type: none"> Appointment of one outside director One individual appointed in 2015. 		<ul style="list-style-type: none"> Number of outside directors increased to two An additional outside director was appointed to strengthen management monitoring functions. 			<ul style="list-style-type: none"> Number of outside directors increased to three An additional outside director was appointed to strengthen management monitoring functions. 		
Enhancing the diversity of the Board of Directors							<ul style="list-style-type: none"> Appointment of female director Extra outside directors included one woman. 		
Clarification of management responsibility (nomination and remuneration of directors)			<ul style="list-style-type: none"> 2013: Term of directors shortened to one year To respond swiftly to changes in the management environment and increase opportunities for trust in the Shareholders' Meeting. 	<ul style="list-style-type: none"> Introduction of performance-linked stock remuneration scheme To ensure that directors share the benefits and risks of stock price fluctuations with shareholders. 			<ul style="list-style-type: none"> Establishment of Nomination and Compensation Committee To strengthen the independence, objectivity, and accountability of the functions of the Board of Directors in the nomination and remuneration of directors, etc. 		

Corporate Governance

Policy on the appointment of directors

To enable the Board of Directors to effectively fulfill its duties as the Board of Directors of the holding company, we select, in a well-balanced manner, persons with knowledge, experience, skills, and so on relating to the business of our Group as a whole and persons who can make statements and act from an objective standpoint and a long-term, wide-ranging perspective. In addition, we strive to achieve a size and composition that can

reflect diverse opinions, including gender and international viewpoints. In the selection of candidate directors, the Board of Directors asks the Nomination and Compensation Committee for advice and makes a final decision in the light of its report.

Note: Reasons for the selection of individual internal directors are available on our website:
https://www.gs-yuasa.com/en/ir/pdf/GYC018ST_e.pdf

Skills matrix of directors and corporate auditors

Name	Position or responsibility	Knowledge and experience expected by GS Yuasa Corporation								Nomination and Compensation Committee
		Corporate / business management	Financial accounting	Legal affairs Risk management	IT Digitalization	Global	Manufacturing Development	Marketing Sales	ESG	
Osamu Murao	President Chief executive officer (CEO)	●		●			●		●	■
Masahiro Shibutani	Senior Managing Director	●	●			●		●		■
Kazuhiro Fukuoka	Director	●		●	●				●	
Hiroaki Matsushima	Director Chief financial officer (CFO)	●	●		●				●	
Ikuo Otani	Director Outside Independent	●	●	●					●	■
Takayoshi Matsunaga	Director Outside Independent	●				●	●		●	■
Yoshiko Nonogaki	Director Outside Independent	●				●		●	●	■
Masayuki Murakami	Corporate Auditor (Full-time)	●	●				●	●		
Akio Furukawa	Corporate Auditor (Full-time)	●				●		●		
Tsukasa Fujii	Corporate Auditor Outside Independent		●	●					●	
Akira Tsujiuchi	Corporate Auditor Outside Independent		●	●					●	

Note: The number of items expected of directors by the Company is limited to four. The above table does not show all the knowledge and experience possessed by directors.

Policy on the independence of outside directors

We appoint several outside directors as persons with ample experience and knowledge who can make statements from an objective standpoint and contribute to the medium- to long-term enhancement of our corporate value without being restricted by corporate officers. When making such appointments, we also give

consideration to their external independence, such as by ensuring that any company to which a candidate, or that candidate's close relative, belongs or belonged has no business ties, or just minor business ties, with our Group.

We report all outside directors as independent directors to the Tokyo Stock Exchange.

Reasons for nomination of, status of main activities of, and record of attendance by outside directors at Board of Directors and Auditor Meetings (FY2021)

Official position	Name	Reasons for nomination and status of main activities	No. of attendances / No. of meetings	
			Board of Directors	Auditor Meeting
Director	Ikuo Otani	Reasons for nomination Ikuo Otani has extensive knowledge about overall group management based on his experience in business planning and group management at the holding company of a listed company engaged in global business and his experience as a director at that company. Status of main activities Mr. Otani has made valuable points and recommendations in deliberations, in particular with regard to business restructuring of the Group and risk management in the management of overseas subsidiaries. As the main independent outside director, he provides leadership in chairing the Nomination and Compensation Committee and evaluating the effectiveness of the Board of Directors and also makes useful suggestion and proposals to strengthen the supervisory function of the Board.	19 / 19 times	—
Director	Takayoshi Matsunaga	Reasons for nomination Takayoshi Matsunaga has extensive knowledge for supervising overall management based on managerial experience as a director of a listed company engaged in global business and experience as an Audit & Supervisory Board member of a listed company. Status of main activities In deliberations on overall management as well as business strategies in particular, Mr. Matsunaga appropriately verifies suitability from an objective perspective and makes valuable suggestions and proposals, from new perspectives that differ from existing viewpoints including indicators and ideas. As an independent outside director on the Nomination and Compensation Committee and when evaluating the effectiveness of the Board of Directors and other times, he makes various suggestions and proposals from the perspectives of accelerating the pace of management and strengthening the Board's supervisory function.	19 / 19 times	—
Director	Yoshiko Nonogaki	Reasons for nomination Yoshiko Nonogaki has extensive knowledge for supervising overall management based on experience as an Outside Director of listed companies in addition to her experience in the business division of a listed company engaged in global business and in management at an overseas subsidiary. Status of main activities In deliberations on overall management as well as business strategies and ESG measures in particular, Ms. Nonogaki appropriately verifies suitability from an objective perspective. As an independent outside director on the Nomination and Compensation Committee and when evaluating the effectiveness of the Board of Directors and at other times, she makes various suggestions and proposals, and from the perspective of promoting diversity, she provides valuable advice to management and has conducted networking events with female managers.	19 / 19 times	—
Corporate Auditor	Tsukasa Fujii	Reasons for nomination Tsukasa Fujii has extensive experience and advanced knowledge relating to corporate legal matters gained as an attorney. Status of main activities Mr. Fujii offers opinions and advice based on his extensive knowledge as an attorney and his advanced expertise regarding legal matters and risk management.	19 / 19 times	15 / 15 times
Corporate Auditor	Akira Tsujiuchi	Reasons for nomination Akira Tsujiuchi has extensive experience and advanced knowledge relating to finance and accounting gained as a certified public accountant. Status of main activities Mr. Tsujiuchi offers valuable opinions and advice based on his broad knowledge gain through extensive experience as a certified public accountant and his advanced expertise regarding finance and accounting.	14 / 15 times	10 / 10 times

Note: Corporate Auditor Akira Tsujiuchi was appointed at the Annual General Meeting of Shareholders held on June 29, 2021, and 15 meetings of the Board of Directors and 10 Auditor Meetings have been held since his appointment.

Fostering of next-generation management

In the fiscal 2019 evaluation of the effectiveness of the Board of Directors, there was a suggestion regarding policy on the fostering of next-generation management. In the light of this proposal, training is implemented for executives of GS Yuasa Corporation and directors and corporate auditors of GS Yuasa International Ltd., our core operating subsidiary, as well as executive officers and corporate officers, with the aim of deepening their understanding of the duties and responsibilities of directors.

In fiscal 2021, training was conducted on sustainable management, the TCFD, and management analysis with the objectives of enhancing corporate value and identifying management issues.

Fiscal Year	Officer training topics
FY2021	Sustainable management, TCFD, management analysis
FY2022	Purpose-driven management and implementation of sustainable management

Corporate Governance

Evaluating the effectiveness of the Board of Directors

Once each year, the Company evaluates the effectiveness of its Board of Directors under the leadership of the outside directors and the president with the objectives of confirming whether the current situation is consistent with the ideal status of the Board and the roles it should fulfill, identifying areas for improvement, and further

improving operation of the Board.

The Board then investigates and carries out improvement measures to address the issues that were identified through the evaluation. The Company will continue to evaluate the effectiveness of the Board and strive to make further improvements in the future.

Evaluation method

Each director and corporate auditor completes a questionnaire, and based on the responses obtained, individual interviews are conducted. The details of the responses are analyzed and evaluated, and based on the results, the Board of Directors deliberates on improvement measures.

Evaluation items

- Composition of the Board of Directors
- Agenda of the Board of Directors
- Management of the Board of Directors
- Duties of the Board of Directors

Results of FY2021 evaluation of effectiveness (Targeted period: January–December 2021)

Overall evaluation

The evaluations were positive for each item including the effectiveness of measures implement in the prior year, and we determined that overall effectiveness has been achieved.

Main opinions

There were opinions to the effect that further improvements are needed in the efficient operation of resolutions, deliberations, and reporting matters of the Board of Directors and in strengthening the system for internal auditing divisions to report directly to the Board.

Our response

A review was conducted of the Group Approval Regulations, which specify decision-making authority within the Group, and the number of times that internal auditing divisions report directly to the Board of Directors.

Results of FY2020 evaluation of effectiveness (Targeted period: January–December 2020)

Main opinions

There were suggestions for further improvements to be made regarding internal control and the risk management setup and involvement in the successor plans of the Nomination and Compensation Committee.

Our response

The Company improved its monitoring arrangements, such as the regular supply of information relating to overseas sites, and the expansion of information sharing relating to senior employees in the Nomination and Compensation Committee.

Remuneration of directors

Basic policy

To continuously enhance our corporate value and strengthen our corporate competitiveness, the remuneration of directors is ranked and structured in consideration of such factors as securing and retaining talented human resources and increasing their motivation to achieve better business performance.

Determination process and composition of remuneration

At a meeting held on February 25, 2021, the Board of Directors approved a policy on determining the details of remuneration including the remuneration of individual directors. In deciding this policy, the Board referred the matter to the Nomination and Compensation Committee and received a report. The Board also confirmed that the method of determining the remuneration for each director

for the current fiscal year and the specifics are consistent with the decision-making policy approved by the Board and that the report from the Nomination and Compensation Committee was complied with and is in line with the decision-making policy. The Board of Directors determines the specific amounts to be paid within the limit of compensation approved by the Shareholders' Meeting and delegates decisions to the president based on the report of the Nomination and Compensation Committee.

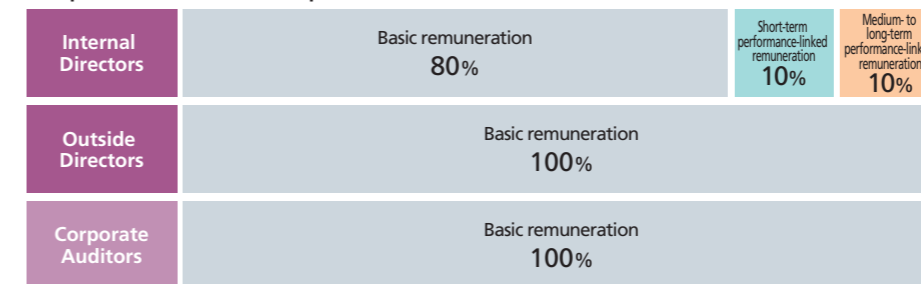
A director's remuneration consists of a fixed basic remuneration, a performance-linked annual bonus as a short-term incentive, and a performance-linked stock remuneration scheme as a medium- to long-term incentive. The basic remuneration (cash remuneration) is decided in consideration of such factors as various assessments and

levels in listed companies with about the same business scale as the Company. The annual bonus, a short-term performance-linked remuneration, is paid to directors (excluding outside directors) after approval by the Shareholders' Meeting with the aim of increasing awareness of the need to contribute to sustained business growth and enhanced corporate value. The stock remuneration scheme is aimed at increasing the awareness of directors of the need to contribute to medium- to long-term business

growth and enhanced corporate value. In principle, company shares are issued at the time of a director's retirement through a trust set up by the Company.

Corporate auditor remuneration is determined by discussion among the corporate auditors within the range of the amount approved by resolution at the first annual Shareholders' Meeting, which was held on June 29, 2005. In view of their role and independence, auditors receive only the fixed basic remuneration.

Composition of GS Yuasa Corporation's director remuneration



Note: The figure is hypothetical with percentages calculated based on results for fiscal 2021 and may change due to variations in consolidated performance and other factors.

Evaluation items regarding officer remuneration for directors

Basic remuneration	<ul style="list-style-type: none"> ● Standard amount in accordance with the director's position, etc. ● Evaluation of the business performance of the of the relevant division and individual
Short-term performance-linked remuneration	<ul style="list-style-type: none"> ● Business performance in the fiscal year (profit attributable to owners of parent, etc.) ● Degree of improvement and target achievement since the previous year
Medium- to long-term performance-linked remuneration	<ul style="list-style-type: none"> ● Fixed points granted each month according to positions, etc. ● Performance-linked points that fluctuate in the range of 0% to 100% depending on the degree of achievement of performance targets* Net sales / Operating profit ratio before amortization of goodwill, etc. / ROIC (return on invested capital), an evaluation of the efficiency of business activities

* The performance-linked points awarded in fiscal 2021 were to be calculated based on results for fiscal 2020. However, it was difficult to calculate the consolidated results forecast for fiscal 2020 due to the impact of COVID-19, and as a result, the forecast was excluded from the Fifth Mid-Term Management Plan and no performance-link point index was set. Because of this, performance-linked points were not awarded in fiscal 2021.

Total amount of remuneration, etc. by category, total amounts of remuneration, etc. by type, and number of applicable persons

Category	Total amount of remuneration, etc.	Total amount of remuneration, etc. by type				Number of eligible persons
		Basic remuneration	Bonus	Share remuneration	Non-monetary remuneration included in the remuneration to the left	
Directors (excluding outside directors)	¥187million	¥157million	¥22million	¥7million	¥7million	5 (including 1 retiree)
Corporate auditors (excluding outside corporate auditors)	¥49million	¥49million	—	—	—	3 (including 1 retiree)
Outside directors / corporate auditors	¥47million	¥47million	—	—	—	6 (3 current directors, 2 current corporate auditors, and 1 former corporate auditor)

Note: The above figures are the total amount of remuneration, etc. paid to directors by GS Yuasa Corporation and our subsidiaries.

Transition to the Tokyo Stock Exchange Prime Market

Upon the transition to the new market classification of the Tokyo Stock Exchange in April 2022, the Company selected the Prime Market. We've been working to ensure transparency in management and improve the effectiveness of corporate governance through efforts such as thorough compliance and improvement of management soundness. Going forward, we will continue to improve the systems

required by the Prime Market, including strengthening corporate governance and enhancing the details of disclosure, and we will maintain management that meets the trust and expectations of shareholders and investors.

Note: Refer to the Corporate Governance Report submitted to the Tokyo Stock Exchange for information regarding the status of compliance with each principal of the Corporate Governance Code.
▶ https://www.gs-yuasa.com/en/ir/pdf/governance_2022.pdf

Corporate Governance

Internal control system

To strengthen the management foundation, the GS Yuasa Group has improved the system and relevant rules to ensure the maintenance of ethical business practices based on the Companies Act. This system includes mechanisms to ensure effective auditing, information management, and risk management throughout the Group.

To comply with the internal control reporting system required under the Financial Instruments and Exchange

Act, we are maintaining an internal control system and financial reporting mechanisms to meet all requirements. Our international subsidiaries and other consolidated Group companies evaluate the status of the improvement and implementation of internal controls. Following external audits, reports on these internal controls are publicly disclosed.

Cross-shareholding

Cross-shareholding is the possession of shares of other companies for purposes other than pure investment. Possession of the shares of business partners and others can be expected to help maintain medium- to long-term relations, expand business, and promote synergy. If it is deemed that the possession of such shares will enhance our corporate value and benefit our shareholders and investors, we go ahead and hold such shares. Accordingly, every year the Board of Directors examines the rationale

behind the holdings of specific shares. If it is decided that there is no rationale for holding them, efforts are made to reduce them. Also, regarding the voting rights of shares held as cross-shareholdings, the Company exercises voting rights after comprehensively assessing the reasonableness of the proposals of the investment target company from the perspective of enhancing corporate value over the medium to long term.

Risk Management and Risk Information

Risk management

Basic approach

Risk management is essential for the lasting growth of a company. The GS Yuasa Group believes that the following two points are important as risk management so that crises stemming from the escalation of risks do not occur and exert a serious impact on the Group or on society.

First, by predicting and understanding risks and adopting appropriate preliminary measures, the escalation of risks (outbreak of crises) can be prevented (risk avoidance). Second, effective measures can be taken beforehand so that even if a crisis does occur, losses and other damage are kept to a minimum (risk reduction). Based on this approach, our Group has formulated risk management rules that stipulate the responsibilities of employees and our risk management promotion setup.

The Group Risk Management Committee

The Group Risk Management Committee, headed by the president and consisting of the chairs of departmental Risk Management Committees among others, holds semiannual meetings to promote group-wide risk management and to encourage the sharing of key information related to risk management. In addition to making decisions on measures to promote risk management, the Risk Management

Committee confirms that the appropriate risk management measures have been implemented, and the committee chairs report on progress in this area. We also actively exchange opinions and share information on the different styles of risk management and so on.

Risk management activities

In accordance with our risk management rules, each department uses a risk management sheet and promotes risk management activities. The following is an outline of these activities:

- Step 1:** Identification of risks by departments and employees
- Step 2:** Determination of risks that need to be intensively managed through risk management activities and determination of preventive measures
- Step 3:** Monthly confirmation by each department of the status of implementation of related measures

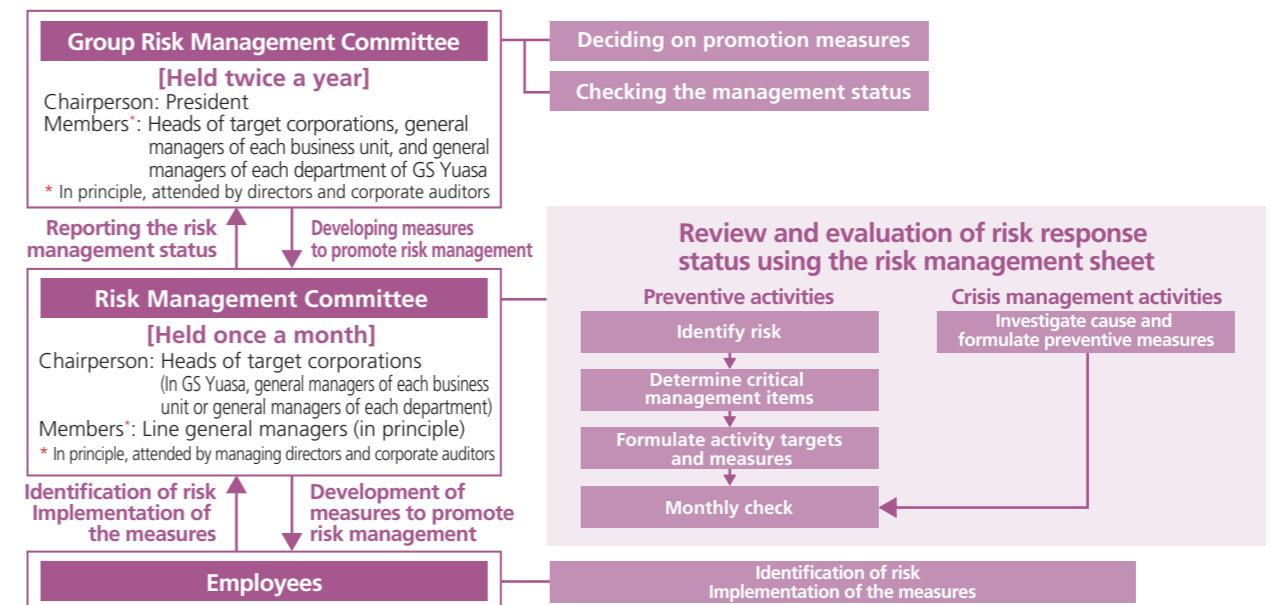
In the event of the occurrence of a critical incident, measures are taken for early resolution and normalization of operations and efforts are made to strengthen management by identifying root causes, implementing and expanding preventive measures, and confirming their status each month using a risk management sheet.

The risk management sheets produced by the departments are compiled at the divisional level, and the directors in charge of the divisions and corporate auditors verify and assess the status of response through the Risk Management Committee. The deliberations by the committees are summarized and then fed back to each department and employee as required to enhance the effectiveness of risk management.

System for dealing with crises

To prepare for the possibility that a risk materializes, we have established a system that includes an emergency contact network to swiftly implement crisis management. If a serious crisis occurs, members from the Group Risk Management Committee will be appointed to organize a crisis management headquarters, under the president, to minimize corporate losses, and an effective response will be implemented swiftly and with appropriate care.

Structure and functions of risk management



Risk information

Likelihood of occurrence of risks

◎: At any time in the next fiscal term ○: Some possibility of occurrence in the next fiscal term △: Awareness of the likelihood of occurrence is necessary

Risk	Details of impacts if a risk occurs	Likelihood of occurrence of risks	Countermeasure
Raw material markets fluctuations	Lead is a key material used in lead-acid batteries, our main product. However, changes in the market price of lead cannot be reflected immediately in our product prices, so our earnings and financial standing could be affected.	◎	Optimizing production systems and working to reduce costs while building an optimum supply structure.
Intensification of price competition	We are exposed to intense price competition in each of the markets where it conducts business, and setting prices at advantageous levels has become difficult. We not only face the same competitors as in Japan, but also must deal with low-cost products supplied by overseas companies, which make competition more intense. It may not be easy to maintain and expand market share and secure profitability in the future. If business profitability declines as a result, there may be an impact on our earnings and financial standing including the risk of impairment of fixed assets.	◎	Cutting costs and implementing measures to strengthen marketing power.
Foreign exchange rate fluctuations	Financial statement items that are denominated in local currencies outside of Japan, such as sales, expenses, and assets, are converted into yen for consolidated financial statements. The yen value of these amounts can change depending on the exchange rate, even if the amounts have not changed in local currencies. When local currencies appreciate in areas where the Group carries out overseas production, manufacturing and procurement costs can rise in these areas, and medium- to long-term currency fluctuations may impede the Group's ability to procure, manufacture, distribute, and sell goods according to plan. Therefore, it is possible for foreign exchange rate fluctuations to influence our earnings and financial standing.	◎	Conducting forex-hedged transactions in an effort to hold the adverse effects of short-term foreign exchange rate fluctuations to a minimum.

Likelihood of occurrence of risks
 ◎: At any time in the next fiscal term ○: Some possibility of occurrence in the next fiscal term △: Awareness of the likelihood of occurrence is necessary

Risk	Details of impacts if a risk occurs	Likelihood of occurrence of risks	Countermeasure
Related to international activities and overseas expansion	The following risks are intrinsic to overseas markets, and they could affect our earnings and financial standing. a) Unforeseen changes to laws or regulations b) Difficulty in hiring and keeping human resources c) The possibility that inadequate technology infrastructure will affect our manufacturing and other activities, or lower the reputation of our products among customers d) Social disturbances caused by terrorism or war	○	Strengthening communications between headquarters and our various sites to build a framework capable of rapidly supplying products and services that meet needs in each region of the world.
Environmental regulations	In China, the central government shows signs of strengthening environmental regulations on lead-acid battery manufacturers and lead smelters. Some manufacturing activities at the Group companies could be affected.	◎	Established the Fundamental Environmental Policy to outline our basic Group-wide approach to environmental efforts. The policy aims to guide our contributions to the emergence of a sustainable society. Also, developing and using environmental management systems that will help to reduce environmental impacts and prevent any accidents that could cause environmental pollution.
M&A	When we carry out M&A, the transaction is considered from a range of viewpoints, including the target company's financial standing and potential synergy with our businesses. Due to drastic changes in the business environment or other factors, however, an acquired business might not perform as planned. If invested funds cannot be recovered or a loss on goodwill is recorded, our earnings and financial standing could be affected.	△	Monitoring financial results on a monthly basis.
Climate change	Based on an awareness that climate-related issues are one of the important management issues, we have announced our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and are working to reduce greenhouse gas emissions in our business activities. However, the occurrence of events that make it extremely difficult to adapt to environmental regulations or unforeseen circumstances in the future could increase costs for environmental responses beyond expectations, damage facilities as a result of wind, flooding, or other causes, or restrict business activities, which could affect our earnings and financial standing.	It is difficult to make a complete forecast	Working to reduce greenhouse gas emissions throughout society as a whole by promoting renewable energy that uses storage battery technology and other measures while further expanding information disclosures in line with the TCFD recommendations.
Disasters and accidents	If a natural disaster such as an earthquake, storm or flood damage, or major snowstorm or if an accident such as a fire, explosion, or damage were to occur at our business site, there is a risk of unforeseen events occurring.	◎	Creating earthquake, flood, and snowstorm response manuals and working to enhance fire-prevention management and disaster preparedness.
Interest rate fluctuations	Our interest-bearing debt burden includes some debt with variable interest rates. Therefore, if interest rates rise, the Group's cost for procuring funds could increase.	○	During the Fifth Mid-Term Management Plan, interest-bearing debts are expected to increase somewhat in order to activate growth investment, but we will strive to keep the debt redemption period within three years and to achieve both growth and financial discipline.
Lawsuits and other legal proceedings	In carrying out business, we may be sued by suppliers or third parties, and there is a risk that regulatory authorities could take legal action against us.	○	Continuously surveying the rights, patents, and other intellectual property of other companies and working to minimize the risks by reinforcing internal information sharing.
Economic conditions	Demand for the GS Yuasa Group's products is influenced by economic conditions in the markets where products are sold. Therefore, in the Group's main markets, which include Japan, the rest of Asia, North America, and Europe, economic setbacks and accompanying demand contractions, could adversely affect the earnings and financial standing.	○	Providing reassurance and confidence to customers through business operations based on a fundamental stance that emphasizes quality, and working to enhance corporate value and build corporate infrastructure for sustainable growth in the future in accordance with our corporate philosophy of "Innovation and Growth."
COVID-19 pandemic	If the spread of the COVID-19 pandemic interferes with our production or other business activities, there may be an impact on our earnings and financial standing.	◎	Establishing a crisis management headquarters chaired by the president, gathering and analyzing crisis information, and implementing safety measures including encouraging employees to work from home.

Thoroughly Fulfilling Our CSR and Ensuring Compliance

Basic approach

By training our personnel according to our philosophy of "Innovation and Growth" while manifesting our commitment to society and preserving the global environment, we are ensuring that all employees are guided in their behavior focusing on compliance with laws, company regulations and ethical standards.

The Compliance Declaration made by the president states that success must never be achieved through legal and moral infringements and that "establishing rules and structure" and "developing a strong sense of commitment to realize compliance" are essential to becoming a corporate leader in compliance. Based on these guidelines, multifaceted compliance promotion activities are developed at every employee level, and each employee is encouraged to incorporate self-directed and proactive actions to yield an effective improvement in compliance awareness.

Permeation of compliance awareness

The CSR Manual which delineates rules for adherence by every corporate Group member is distributed to all employees to facilitate permeation of compliance awareness in the Company. This manual clarifies the Group's CSR policy. It outlines explicitly the behavioral standards that each employee must follow during business activities.

Items included in the CSR Manual

- Concrete examples of compliance operations and risk actualization (explained in a Q&A format and in columns)
- Diagnostic checklist to help employees assess their own adherence to corporate behavioral standards

In addition, the manual details how to use the internal whistleblower system, a mechanism that facilitates detection of compliance risks, and introduces an emergency contact system for use in a crisis to realize quick responses to compliance infringements.

Workplace meetings on CSR

Workplace meetings on compliance were initiated in fiscal 2012 as a means of allowing compliance awareness to permeate to each and every employee, and have been held for 10 consecutive years through fiscal 2021.

Since fiscal 2018, meetings have been conducted as "workplace meetings on CSR," covering topics relating to CSR policies. In addition to all GS Yuasa workplaces (380 workplaces), domestic group companies (21 companies)

are also included in the scope of application.

The educational materials used in the meetings are prepared by the division in charge for each topic and include content tailored to the circumstances of the Group. Vigorous debates took place at many workplaces in the meetings held in fiscal 2021, and 96% of the workplaces rate these as meaningful. We intend to continue holding these meetings while constantly upgrading the content.

Examples of themes of CSR workplace meetings

- Corporate philosophy
- CSR Policy and Code of Conduct
- Diversity (unconscious bias)
- Preventing intentional wrongdoing
- Handling confidential information
- Subcontracting laws
- Personal information protection
- Security trade controls
- Intellectual property
- Harassment (sexual harassment / power harassment)
- Management of working hours
- Occupational health and safety
- Product safety
- Specific facility reports
- Global warming and corporate responsibility
- Promotion of supply-chain CSR activities

GS Yuasa Group corporate ethics hotline

We formulated Corporate Ethics Hotline Regulations and set up a corporate ethics hotline. Accessible both internally and externally, the Corporate Ethics Hotline, an internal whistleblower system, enables employees of the Group and business partners to provide information by telephone, email or in writing if they become aware of any violation of the law or company regulations, unethical or inappropriate conduct, or risk of such conduct by a Group employee, etc. Reports can be made anonymously. In addition, we ensure that information identifying whistleblowers managed rigorously and that whistleblowers are protected so that they are not subject to disadvantageous treatment as a result of making a report.

In fiscal 2021, there were 8 reports to the corporate ethics hotline (4 received in fiscal 2020). While remaining committed to protecting whistleblowers, we conduct inquiries and take appropriate action on these matters.

Elimination of antisocial forces

The GS Yuasa Group clearly disavows contact "with personnel or organizations of organized crime," in its CSR Policy while its CSR Code of Conduct similarly stipulates "separation from organized crime," stating a specific policy that, "we will not provide any form of benefit in

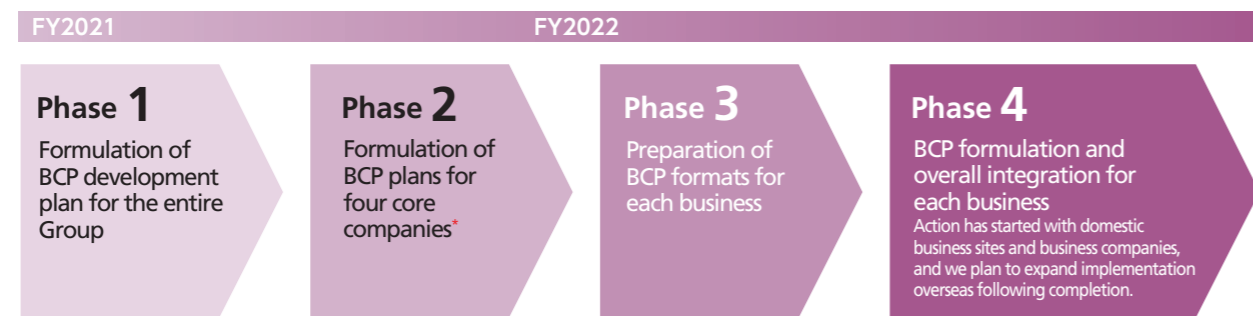
excess of the normal shareholder's right to any person or company associated with organized crime" and "we will cut off business or any other relationships with individuals and organizations having an indication of support for organized crime." This policy and the Code of Conduct have been shared with all Group employees.

BCP Initiatives

Natural disasters, plant fires, and supply chain disruptions have occurred in recent years, and responding to risk has become critical as an aspect of corporate social responsibility. Accordingly, to implement BCP responses, in fiscal 2021 the Group launched a BCP project led by the

Occupational Safety & Health Division and including personnel from other divisions. We are setting steps for each phase and will deploy them throughout the Group at the earliest possible time for the development and perpetuation of the Company.

BCP project activity roadmap (conceptual)



* GS Yuasa International Ltd. / Blue Energy Co., Ltd. / Lithium Energy Japan Ltd. / and GS Yuasa Technology Ltd.

DX Initiatives

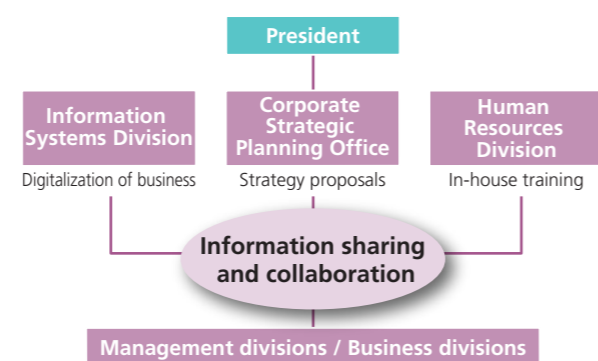
The Group first introduced AI and IoT in 2018 and launched full-scale efforts to promote DX in 2021. In fiscal 2021, the Group held the DX Case Study Presentation Conference that gathered case studies of DX utilization. The event was attended by 350 people online. In addition, the DX Policy Planning Workshop was held to solicit ideas from the entire company according to the topics discussed by management. Two of the ideas selected from the workshop were budgeted as companywide projects in fiscal 2022 and are currently being implemented.

We are also focusing on human resource development, which is necessary to undertake initiatives. In fiscal 2022, all GS Yuasa employees took the "DX Literacy Course". This training was designed for each employee to consider situations in which digital technology can be utilized in their work as part of their assignments and was intended to further establish awareness of DX promotion in the workplace. In fiscal 2023, we will establish a DX promotion organization while increasing operational efficiency and accelerating new service creation to achieve transformation.

Examples of initiatives

Overview	Details
Demand forecasts for automotive lead-acid batteries	Use AI to automate demand forecasts for replacement lead-acid batteries, which had been performed based on experience
AI-based predictive failure detection technology for battery energy storage systems	AI can detect potentially faulty storage batteries before a failure occurs. Monitoring large-scale energy storage systems can save manpower
AI-based image inspection for specialized batteries	Introduce AI to image inspections to ensure battery quality, significantly reducing the number of man-hours required for inspections

Internal structure for DX promotion



Intellectual Property Initiatives



Intellectual property strategy

The Group's intellectual property activities are based on the PDCA cycle of identifying patent strength, identifying and avoiding risks, and acquiring rights with an awareness of how to link these activities to the growth of GS Yuasa's business. We reinforced these activities during the period from the Fifth to Sixth Mid-Term Management Plans with emphasis on the following three points.



- 1 Transformation to strategic business**
Using the landscape method, we analyze the patents of the Company and other companies, share information on technology trends with development and business divisions, and investigate countermeasures.
- 2 Division-oriented IP creation and clearance activities**
Through personnel exchanges with business divisions and regular intellectual property meetings with development and business divisions, we are building a strategic patent network for promising technologies. In addition, we quickly identify intellectual property rights of other companies that may be an obstacle to our business and take advance measures to avoid them.
- 3 Elimination of overseas competition**
With regard to competition in China and ASEAN countries in particular, we conduct dismantling studies on information regarding the acquisition of patents by competitors and their products in order to secure interests in them. We also actively acquire and utilize rights.

Communication with management

At the beginning of each fiscal year, we hold a business policy meeting to discuss activity policies with management as well as quarterly management meetings to report on these policies, new issues, and the status of disputes.

Issues investigated (partial list)

- Information on the patents of the Company and other companies relating to all-solid-state batteries
- Synergies with the patents of GS Yuasa Infrastructure Systems Co., Ltd.

Intellectual property creation activities
At the beginning of each fiscal year, an invention policy

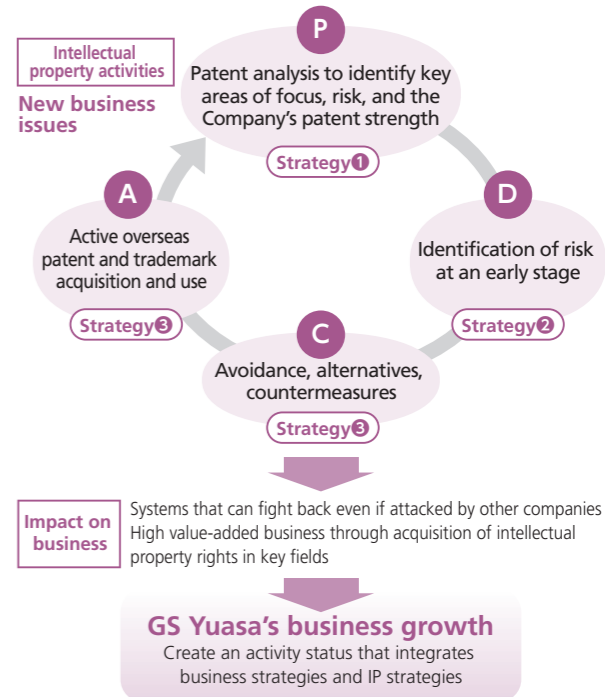
meeting is held with each development division to discuss key topics for the year and coordinate and make arrangements on important issues and methods for building a patent network related to them. Plan progress is reviewed, revisions are made at regular meetings, and measures are taken to achieve targets.

In addition, to enhance the incentives for invention, we have an annual award system that encourages inventions throughout the Company including the Outstanding Invention Award for the patent that has contributed the most to business and the Best Inventor Award for those who have created inventions that are outstanding both in quality and quantity. In recent years, we have been focusing on promoting service-related patent applications to protect and utilize new businesses that make use of AI and IoT from the perspective of patents.

Global activities

In addition to applying for foreign patents for most domestic patent applications, the Group is also focusing on business defense through patent rights in order to curb competition from emerging companies overseas. In the area of trademarks, the Group has been curbing counterfeiters in China, ASEAN countries, and other countries by exposing them and suing for injunctive relief and has publicized major results on its own websites and the websites of overseas affiliates to curtail them.

Image of the Group's intellectual property activities



Information Security

The Group places importance on efforts to ensure information security. In addition to preventing malware infection of endpoints including PCs, we are strengthening our countermeasures by introducing tools that can quickly detect and respond if infection or intrusion is allowed to occur. In addition, through the regular monitoring of communications by an outside security service, the introduction of an illegal connection detection system and other measures, we endeavor to prevent illegal access to our in-house network and forestall damage.

We promote awareness-raising activities so that our employees follow our “procedures for the management of information system usage.” To prevent the outflow of confidential information, we conduct the encryption of personal computer data taken outside the company, the distribution of an information security handbook, the implementation of e-learning, and so on.

Furthermore, based on domestic security standards, we conduct surveys of security measures in overseas Group companies and give guidance to address vulnerabilities.

Communication with Stakeholders

We endeavor to communicate with shareholders, investors, and other stakeholders through various channels.

As investor relations activities, in addition to quarterly financial results briefings for institutional investors and analysts, we regularly hold individual interviews, conferences sponsored by securities companies, briefings for individual investors, and other events. Furthermore, we make use of investor relations sites to actively transmit information.

In addition, as a means of disseminating information internally, the director responsible for investor relations provides video presentations of financial results to managers on a half-year basis and regularly publishes and

investor relations column on the PR portal site. In the future, we plan to use in-house training programs to disseminate investor relations information.

We endeavor to regularly share opinions obtained through these activities with management including the Board of Directors and reflect them in our management and business activities.



Financial briefing video



Investor relations site

Record of main IR activities (FY2021)

Activity content	Frequency	Remarks
Financial results briefing for Institutional investors and analysts	4 times	Audio data (Japanese only) for the first and third quarters is available on the shareholder and investor information site Video clips (Japanese and English versions) for the second and fourth quarters are posted on the shareholder and investor information site
Individual meetings	Japan: 143 Overseas: 28	
Overseas virtual roadshows	2 times	
Conferences	3 times	
Small meetings	13 times	
Technology small meetings	1 time	Held jointly with research and development departments regarding initiatives on all-solid-state batteries
Briefing for individual investors	3 times	Held online with video and briefing materials posted on the shareholder and investor information site
Shareholders' Meeting	1 time	