



KYODO YUSHI Sustainability Report 2025

KYODO YUSHI

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Corporate Philosophy

To contribute to society through exercising the Spirit of Tribology

With the spirit of humility and the mind that seeks tomorrow, each day we maintain and advance trust relationship with our customers and machines and equipment they use. Through product making, we offer tribology technology and products friendly to people and the environment with personal commitment always.

Editing Guidelines

The Kyodo Yushi Group has published the "Kyodo Yushi Co., Ltd. Sustainability Report 2025" (PDF format), which aims to inform our stakeholders about our stance and specific initiatives aimed at realizing a sustainable society, while also serving as a foundation for broader communication with stakeholders as we move forward with our efforts.

We hope this report will help you understand our sustainability activities and encourage us to promote sustainability initiatives that earn your continued support.

Who It Applies To

KYODO YUSHI CO., LTD.

The report uses the following notation.

KYODO YUSHI CO., LTD.: "Kyodo Yushi" or "the Company"

Publication Period

December 2025 (Previous publication: March 2025)

Applicable Period

Fiscal Year 2024 (April 1, 2024 – March 31, 2025)

Some activities outside the target period are noted with the specific dates indicated.

Guidelines referenced

Global Reporting Initiative (GRI) Standards for sustainability reporting

Ministry of the Environment (MOE) Environmental Reporting Guidelines 2018

Task Force on Climate-related Financial Disclosures (TCFD) Recommendations





President's Message

As Specialists in Lubrication, Friction, and Wear, We Stand Alongside Our Customers in Contributing to a Sustainable Society

Shinichi Kofune

President & CEO

Building Trust and Expertise Through Mastery of Tribology

Kyodo Yushi began operations in 1947 as a lubricant (grease) manufacturer in Fujisawa City, Kanagawa Prefecture. For more than 75 years, we have honed our expertise as specialists in lubrication, friction, and wear, developed human talent, and built trust and expertise through close-knit collaboration and communication with a wide range of customers. Today, our operations have expanded into the global arena.

The lubricants we develop, manufacture, and sell are essential products that control the movements of and sustain the interlocking of components found in everyday machinery and products indispensable to our lives, such as automobiles, railways, and home appliances. Moreover, even in areas out of public view, they are used in diverse applications such as construction machinery, factory production equipment, and steel manufacturing machinery,

and by making significant contributions to industry, they help secure a prosperous and safe society.

The sophisticated technical expertise and corporate culture cultivated and passed down throughout our long history are invaluable assets that represent our strength. Our corporate philosophy, "To contribute to society through exercising the Spirit of Tribology*," embodies our aspiration to deliver value that benefits our customers and, by extension, society by harnessing this strength to the fullest. We believe that further instilling and passing on this philosophy through our daily operations and talent development reflects our pursuit of sustainability.

*The word "tribology" is a term derived from "tribos," a Greek word for "rub." It encompasses "the science and technology of interacting surfaces in relative motion and of related subjects and practices," including lubrication, friction, wear, seizure, and mechanical design (Japanese Society of Tribologists). In other words, it is the discipline concerned with lubrication, friction, wear, and related phenomena.

Medium-Term Management Plan and Roadmap Toward Carbon Neutrality

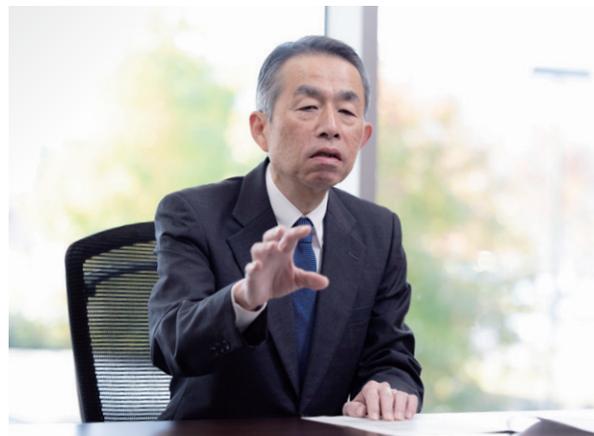
Looking back on the three years of the 5th Medium-Term Management Plan, we achieved our targets by adjusting sales prices in response to soaring raw material costs and focusing on capturing overseas demand amid a continued decline in domestic sales volume. In addition, while continuing to focus on technological development that benefits our domestic customers—the very foundation of our company—we have begun implementing the targets outlined in our medium-term business policy: "Strengthening our efforts to serve local manufacturers worldwide, with a focus on the automotive market." These efforts are now starting to bear fruit. We also stepped up efforts to establish a globally-focused production system, including promoting local procurement and exploring the expansion of overseas factories. The reduction of "*muri* (overburden), *muda* (waste), and *mura* (inconsistency)" initiatives spearheaded

by the Manufacturing Headquarters are also yielding consistent results.

Regarding challenges, our policy remains focused on the following areas: in the automotive sector, we will continue to focus on technological development aimed at benefiting domestic customers while stepping up efforts to reach local manufacturers worldwide; in the industrial machinery sector, we will expand our presence in new and overseas markets; in the steel sector, we will accelerate global expansion efforts; and in the metalworking fluids sector, we will lay the groundwork for increasing sales volumes. We also intend to inject more effort into broad-based sustainability initiatives covering environmental, social, and governance aspects, strengthening our supply chain, and raising productivity through the use of digital technology.

Our target of “reducing CO₂ emissions by 30% by fiscal year 2030” in our journey toward carbon neutrality is one that we have been pursuing since putting our 5th Medium-Term Management Plan into action. In our 6th Medium-Term Management Plan, we aim to steadily implement specific measures to reach this target. Furthermore, in our 6th Medium-Term Management Plan, we aim to elevate our efforts to the next level by adding the goal of “creating the first edition of a roadmap toward carbon neutrality.”

As a lubricant manufacturer, we are committed to minimizing our environmental impact on society as a whole from various perspectives, including finding raw materials that contribute to carbon neutrality, developing next-generation environmentally friendly products,



streamlining logistics, and promoting the thermal recycling of used grease. While there are still numerous hurdles to overcome, such as cost considerations, I believe it is crucial to sow seeds for the future, and will continue to pursue research and development from a long-term perspective.

Critical Management Challenge of Securing and Developing Human Talent

We believe that “human talent” is one of the most vital sources of competitive advantage in today’s globally expanding corporate management. Amidst worsening labor shortages, we believe that securing and developing talent who share our values and philosophy and providing them with the platform to reach their full potential is a critical management challenge. To this end, talent development has consistently been a key component of our Medium-Term Management Plan. As previously stated, to nurture talented individuals indispensable to our future, it is crucial not only to pass on technical skills but also to instill in them the Spirit of Tribology we hold so dear. For example, when providing diverse educational and training opportunities such as position-based training, job-type-based training, e-learning, and training for overseas assignees, we are always mindful of instilling our corporate philosophy.

Additionally, when formulating the 5th Medium-Term Management Plan in fiscal year 2022, we created an instructional book compiling messages left by past executives regarding the practice of the Spirit of Tribology together with interviews with management executives. One of the aims was to foster a shared sense of purpose among employees of different nationalities, pushing back language and cultural barriers. The Spirit of Tribology that is a cornerstone of our company has been cultivated through respect and trust built by each employee in relation to our customers, business partners, colleagues in other departments, and fellow workers. I firmly believe that sharing this spirit among our employees worldwide helps build trust with our customers and ultimately enables us to be competitive on a global scale.

Promoting Sustainability Management with an Eye on the Next 100 Years

As lubricant professionals, we have long served Japan’s industrial sector by dedicating ourselves to solving customers’ challenges. In particular, in recent years, as we respond to our customers’ increasing global expansion, we have built a global network focusing on overseas manufacturing and sales subsidiaries to meet the demand for stable and timely supply of products overseas. Our business with local manufacturers overseas is also expanding, and the fields in which we are exceeding customer expectations with the tribology technology at its core are growing ever broader. At the same time, we have also heightened management awareness of promoting sustainability in response to customer demands and sustainability-related regulatory trends in various countries. Lubricants fulfill an indispensable role in the workings of diverse industrial machinery, and I believe our products and engineering skills can make a significant contribution to the sustainable society of the future. By reducing friction and wear in all rotating components, they deliver value through lower power consumption, labor-saving machinery, and the longer lifespans of equipment.

Against a backdrop of widespread adoption of sustainability management in the global business environment, the Company started publishing sustainability reports in fiscal year 2024. Sustainability initiatives are not one-off projects completed within a single fiscal year. Instead, they are ongoing endeavors that demand continuous improvement. Through this report, we will disclose the progress of our efforts to our stakeholders and take on board their feedback. At the same time, we will play our part in helping to realize a sustainable society while also focusing on our own sustainable growth. Moving forward, through the practice of our Spirit of Tribology, we are determined to become a company that is more capable than ever of contributing to society as we head toward our 100th anniversary. I would like to take this opportunity to express my sincere gratitude to our stakeholders for their continued support.

Company Profile

For over 75 years, Kyodo Yushi has persistently sought answers on “how to better control friction and wear” as a specialized manufacturer of lubricants, especially grease, and metalworking fluids.

Leveraging our strengths in high quality and development capabilities, we develop and deliver lubricants specially suited to our customers' unique challenges, primarily serving the needs of the automotive industry but also catering to clients in various sectors such as industrial machinery, food, and agriculture.

Kyodo Yushi's Strengths

Quality Strength

End-to-end quality control that builds a deep sense of trust

Manufacturing Strength

An integrated production line capable of uninterruptedly manufacturing a wide range of products



On-Site Strength

An intuitive sense of on-site needs

Development Strength

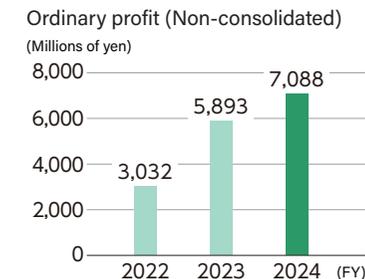
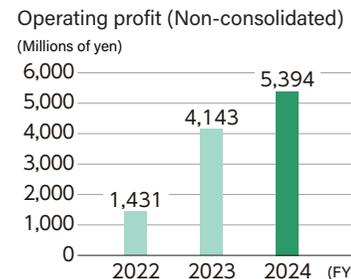
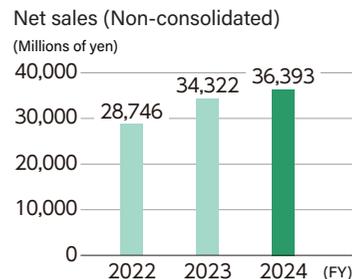
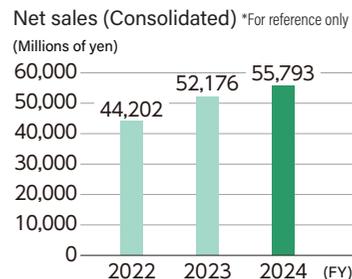
Years of accumulated expertise and highly refined niche technologies

Company Profile

Company Name	KYODO YUSHI CO., LTD.
Head Office	2-2-30 Tsujido Kandai, Fujisawa-shi, Kanagawa
Founded	January 1936
Started Operations	March 1947
Representative	Shinichi Kofune, President & CEO
Capital	772.5 million yen
Business Activities	Research, development, manufacture, and sale of grease, metalworking fluids, and other lubricants
Number of employees	Non-consolidated: 495 (as of March 31, 2025) Consolidated: 693 (as of March 31, 2025) *Overseas: 198 (March 31, 2025)

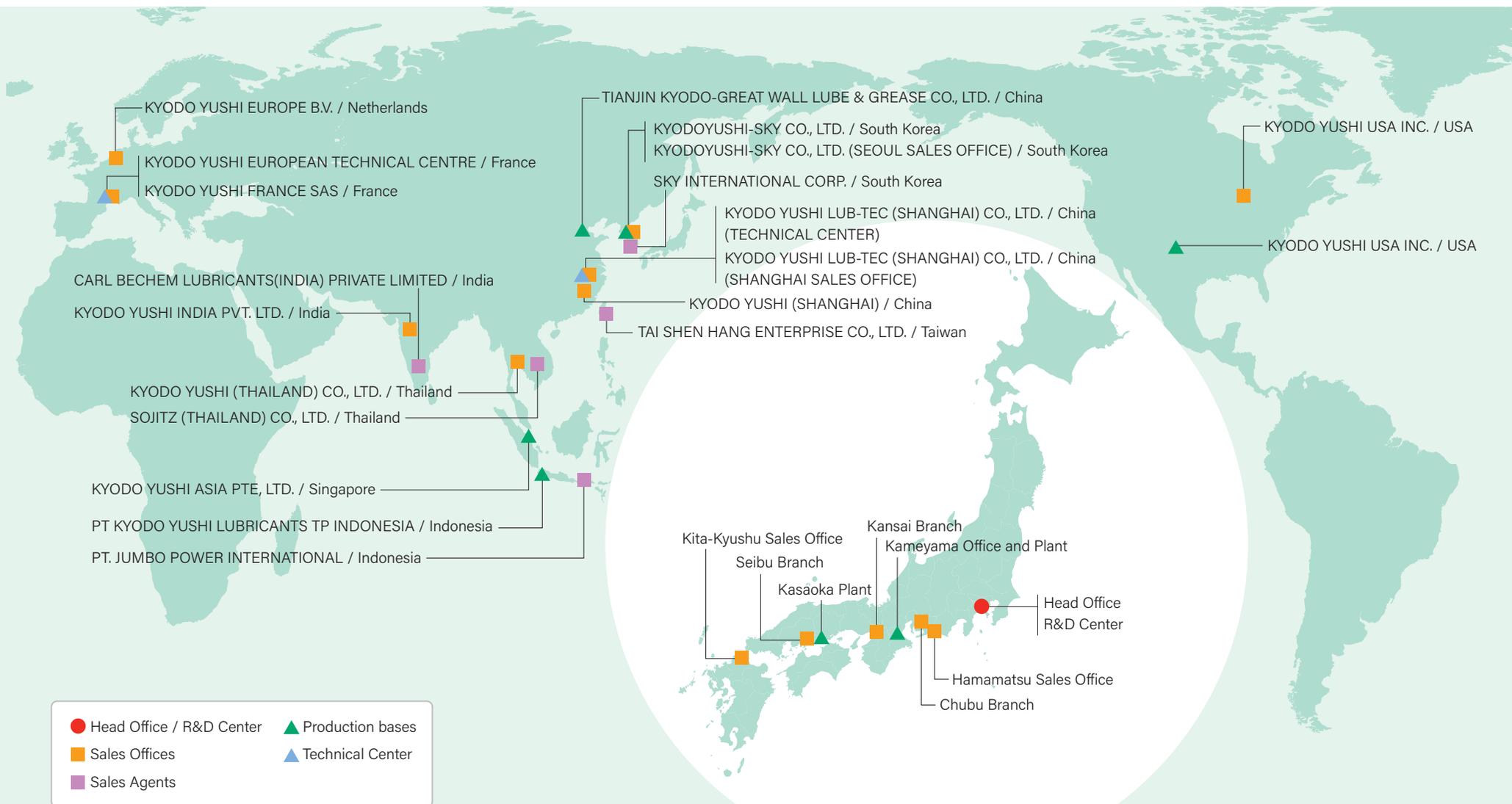
Financial Information

In fiscal year 2024, domestic sales volume decreased, while overseas sales, primarily in China, increased. In terms of profitability, we achieved both increased revenue and higher profits. This was driven by increased profit margins due to stable raw material prices in addition to expanded demand for high-value-added products from overseas markets and the impact of a weaker yen.



Plants and Offices in Japan / Global Network

As a global company with production and sales offices in various locations throughout the world, we supply products that meet the needs of customers across the globe.



*As of April, 2025

History of Kyodo Yushi

Since commencing operations in 1947, Kyodo Yushi has contributed to industry through the development, manufacture, and sale of greases and metalworking fluids. Going forward, as lubrication specialists, we will continue to support prosperous and secure lifestyles through our diverse product lineup.

Business Activities

1936

The company founder, Soshiro Kofune, established Kofune Shokai and started sales of petroleum products



1946

The firm was renamed Kyodo Yushi Co., Ltd.

1947

Started grease production (operations)

1951

Started cutting fluid production

1990

Completed construction of Kameyama Plant (now Kameyama Office and Plant)



1991

Established a joint venture company in China, Tianjin Jinjiang Petrochemical Co., Ltd. (now TIANJIN KYODO-GREAT WALL LUBE & GREASE CO., LTD.), and a joint venture company in Singapore, KYODO YUSHI ASIA PTE, LTD.

1992

Completed construction of KYODO YUSHI ASIA PTE, LTD. plant in Singapore

1996

Established KYODO YUSHI USA INC. in the United States

2004

Established KYODO YUSHI EUROPE B.V. in the Netherlands

2005

Established KYODO YUSHI (SHANGHAI) CO., LTD. in China



2012

Established KYODO YUSHI FRANCE SAS in France

Completed construction of KYODOYUSHI-SKY CO., LTD. plant in South Korea



2014

Completed construction of PT KYODO YUSHI LUBRICANTS TP INDONESIA plant in Indonesia

2016

Established joint venture sales company, KYODO YUSHI INDIA PVT. LTD. in India

Established KYODO YUSHI LUB-TEC (SHANGHAI) CO., LTD. in China

2018

Established KYODO YUSHI (THAILAND) CO., LTD. in Thailand

2019

Completed construction of KYODO YUSHI MANUFACTURING AMERICAS, LLC plant in the United States

2022

75th anniversary of our operations

2025

KYODO YUSHI USA Inc. absorbed and merged KYODO YUSHI MANUFACTURING AMERICAS LLC (U.S. plant)

1936

1950

1990

2000

2010

2020



1952

Became full member of the United States National Lubricating Grease Institute (NLGI)

1953

Started publication of "Kyodo Grease Times"

1968

Became full member of United States Independent Lubricant Manufacturers Association (ILMA)

1970

Held the 1st Tribology Study Group

1996

Head Office Technology Division, Tsujido Plant, and Quality Assurance Department obtain ISO 9001 certification

1997

Kameyama Plant obtains ISO 9002 certification

1998

Kasaoka Plant obtains ISO 9002 certification

1999

KYODO YUSHI ASIA PTE, LTD. (Singapore plant) obtains ISO 9002 certification

2000

Kameyama Plant obtains ISO 14001 certification

2001

Kasaoka Plant obtains ISO 14001 certification



2011

KYODO YUSHI ASIA PTE, LTD. (Singapore plant) obtains ISO 9001 certification

2014

KYODOYUSHI-SKY CO., LTD. (South Korea plant) obtains ISO 9001 certification

Completed Construction of "Kyodo Solar" photovoltaic power generation facility at Kameyama Office and Plant

2018

PT KYODO YUSHI LUBRICANTS TP INDONESIA (Indonesia plant) obtains ISO 9001 certification

2020

R&D Center, Kameyama Office and Plant, and Kasaoka Plant upgrades ISO 9001 obtained in 1996 to ISO 9001:2015 of which widened scope covers Head Office (Sales HQ and Administrative HQ)

KYODO YUSHI MANUFACTURING AMERICAS, LLC (U.S. plant) obtains ISO 9001 certification



2023

KYODO YUSHI LUB-TEC (SHANGHAI) CO., LTD. obtains ISO 9001 certification

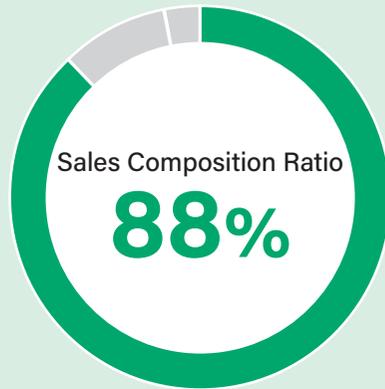
Sustainability Activities

Main Products

Kyodo Yushi offers a diverse range of products including greases, metalworking fluids, and lubricants for food processing machinery. These products significantly help to improve the performance and durability of machinery and equipment while reducing energy consumption.

Grease

Grease is a semi-solid lubricant made by dispersing thickening agents in lubricating oil, and is used where machine components move. Grease lubrication reduces the risk of friction, wear, and machine failure by forming a stable film between parts, greatly helping to improve the efficiency and longevity of machinery and equipment while also saving energy.



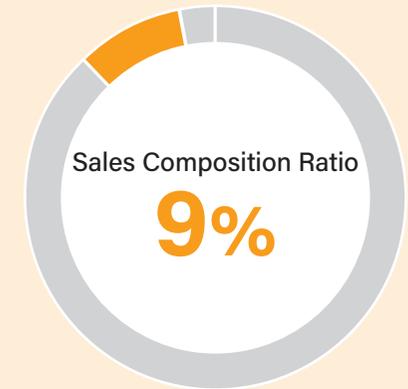
Products

- Automotive grease
- Equipment grease
- Rolling bearing grease
- Grease for electromechanical parts
- Special-purpose grease
- Food grade grease



Metalworking Fluids

Metalworking fluids are used when performing operations such as drilling holes, threading, and polishing of metalwork items made of materials such as aluminum and iron. Metalworking fluids greatly contribute to extending tool life, reducing scrap through improved surface quality, and lowering machining energy consumption due to their lubricity, cooling properties, anti-weld properties, and cleaning properties.



Products

- Water-soluble cutting oil
- Neat cutting oil
- Premium cutting oil
- Noritake grinding oil
- Rust inhibitor and cleaning agents



Kyodo Yushi in Everyday Life

Wherever friction exists in daily life, Kyodo Yushi products can be found, expertly oiling the wheels of industries worldwide and helping to realize a more prosperous and environmentally sustainable society.

1 Drones

Used in bearings, our products help improve durability.

2 Farming machinery

We are committed to preventing soil and water pollution, such as by providing biodegradable grease that decomposes naturally even if it leaks.

*Four types of biodegradable grease certified as Eco Mark products by Japan Environment Association (JEA)

3 Cellular base stations

Used in cooling fan motors, our products contribute to secure data management.

4 Railway rolling stock

Used in railway traction motors, our products help extend periods between maintenance.

5 Automobiles

Our products are used in CV joints, hubs, steering components, and all other parts. Our products enhance the driving, turning, and stopping performance of cars, contributing to improved driving range and fuel efficiency.

6 Semiconductors

We provide grease fit for use even in semiconductor manufacturing equipment that requires high air cleanliness.

7 Home appliances

Used on bearings, our products help extend service life and enable quieter operation.

8 Elevators

Used in hoisting machines, our products contribute to safe operation and reduced power consumption.

9 Steel

Used in steel manufacturing facilities, our products contribute to safe and secure operations.

10 Industrial robots

Used in gearboxes, our products help raise robot productivity.

11 Machine tools

Used in ball screws and guide sections, our products help reduce machining time and improve machining accuracy.

12 Artificial satellites

We provide grease fit for use even in harsh outer space environments, including vacuum conditions.

13 Outboard motors

Used in motors, our products help improve driving range and fuel efficiency.



Corporate Philosophy and Sustainability

In accordance with our corporate philosophy, we have established a long-term vision for 2050 and formulate a new medium-term management plan every three years in our bid to achieve it. Through our efforts based on these plans, we pursue tribology technology that is kind to people and the environment and aim to realize a sustainable society.



Sustainability Strategy

We will seek both sustainable business growth aligned with our long-term vision and co-creation with stakeholders in order to strike a good balance between sustainability and business management.

Long-Term Vision and Review of the 5th Medium-Term Management Plan

Toward 2050

To achieve coexistence with nature and safe living, we provide people- and environment-friendly technologies and products, while making further contributions toward realizing a sustainable society.

“Aiming to be a global leading company through tribology technology”

Long-Term Vision

The Company formulates a new medium-term management plan every three years. For the 5th Medium-Term Management Plan covering the period from fiscal years 2022 to 2024, we revised our long-term vision to speed up efforts to realize a sustainable society and integrate them with our management policies. We have set our long-term goal for 2050 and clearly stated our commitment to continuously safeguard our customers' peace of mind, safety and environmental considerations, and high-quality demands.

Furthermore, this long-term vision has been formulated with the intention of adding the perspective of achieving a sustainable society to our long-cherished spirit of contributing to society and the environment.

To make our long-term vision a reality, we have set fiscal year 2030 as a milestone for our CO₂ emissions reduction target and are making concerted company-wide efforts to achieve it. To achieve this target, we have established a medium-term management policy and efforts are underway across all departments.

Medium-Term Management Policy

The challenge to strengthen our foundation as a trusted company and further contribute to a sustainable society as we approach our 100th anniversary of operations

- Efforts toward realizing a sustainable society
 - Development of solution-oriented products and application of new materials
 - 30% reduction in CO₂ emissions by fiscal year 2030 (Kyodo Yushi (non-consolidated) - Company Scope 1 & 2 - Compared to FY2017)
- Advancing global collaboration among divisions to strengthen the foundation of the Kyodo Yushi Group
- Work style reforms through greater operational efficiency and diversity efforts

From the 5th to the 6th Medium-Term Management Plan

In addition to a master plan focusing on financial targets, the 5th Medium-Term Management Plan set out medium-term targets under the themes of “Toward a Sustainable Society and Company,” “Human Resource Development,” and “Governance,” and we have been working on specific initiatives for each of the environmental, social, and governance areas.

In fiscal year 2024, we stepped up efforts to reduce our environmental impact, notably by calculating CO₂ emissions (Scopes 1–3) across the entire group, complying with laws and regulations concerning chemical substances and strengthened regulations, and establishing management systems to meet increasing customer demands.

In the 6th Medium-Term Management Plan launched in April 2025, we are continuing and strengthening our activities based on the achievements and issues identified in the 5th Plan. To ensure that we can achieve a 30% reduction in CO₂ emissions by fiscal year 2030, we will make efforts to reduce greenhouse gases by, for example, intensifying medium-term measures to achieve carbon neutrality and exploring the introduction of renewable energy. Furthermore, as part of our human resources strategy based on our corporate philosophy, we will continue to place emphasis on work style reform and promoting diversity.

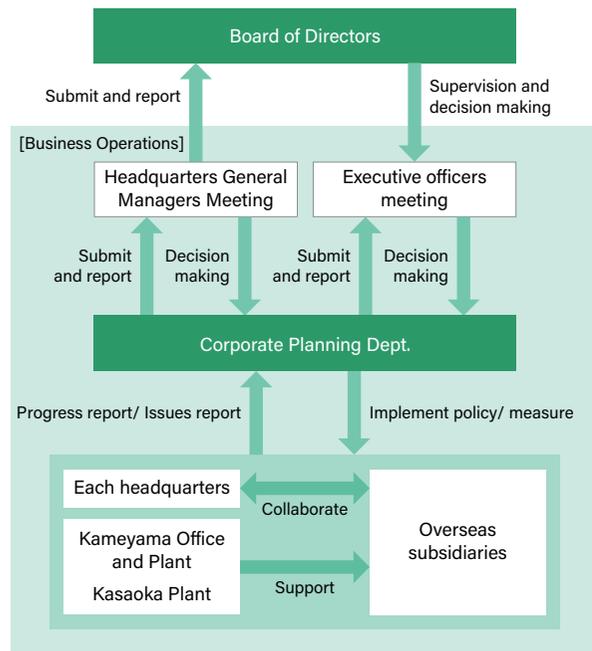
Sustainability Promotion

Under our corporate philosophy, we will continue to provide high-quality products and services and contribute to a sustainable society. We will continue to work toward solving social issues through our business activities while responding to requests and opinions from stakeholders.

Sustainability Promotion Framework

Our sustainability initiatives are spearheaded by the Corporate Planning Department, which reports directly to the President. That department examines and formulates policies and measures based on the challenges faced by each headquarters and division, compliance with various laws and regulations, and customer requests. After

Organizational Chart



deliberation at Headquarters General Managers Meeting, executive officers meetings, and board of directors meetings, decisions are made internally and then the policies and measures are rolled out throughout the company. We also incorporate opinions from external experts and stakeholders while formulating and reviewing our strategies.

Sustainability Awareness Activities

We conduct internal sustainability training in various formats depending on the content and target participants. In fiscal year 2024, we implemented an e-learning training course covering fundamental to applied topics to deepen employee understanding of the SDGs. We also invited an external instructor to conduct executive training on sustainability management for all executive officers. We are also conducting themed study sessions aligned with specific

challenges faced by each headquarters and overseas subsidiaries, and by sharing practical knowledge and insights on the latest trends, we are working as one to foster a shift in mindset and strengthen our capacity to contribute to a sustainable society.

External Evaluation

CDP is an international non-profit organization that measures, discloses, manages, and shares environmental information for companies and cities, and is widely recognized as the global standard for environmental information disclosure. The Company is endeavoring to enhance the transparency of its environmental management by providing answers to CDP, and in fiscal year 2024, we acquired a "B-" score in the climate change category.

FY2024 Sustainability Awareness Internal Training

Topic	Participants	Details
e-Learning: SDGs Introduction Series 1. Understanding the SDGs	All employees	Learning about the Sustainable Development Goals (SDGs), the international targets for a sustainable society, including the desired future state and the 17 goals
e-Learning: SDGs Introduction Series 3. Reviewing work based on the SDGs	All employees	Considering how to implement the SDGs within our own business based on case studies of progressive initiatives
Executive Training: The current demand for sustainability management and GHG emissions reduction	All executive officers	Understanding the latest trends and necessity of sustainability management, GHG emissions reduction, and human rights due diligence.
Study Session: Toward sustainability disclosure	Those with management positions in the Administrative Headquarters	Understanding GHG/CO ₂ emissions calculation methods and compliance with CDP, TCFD, and European CSRD
Study Session: GHG emissions calculation methods	Overseas subsidiaries	Understanding GHG/CO ₂ emissions calculation methods

Priority Issues

To realize a sustainable society, the Company is pursuing various initiatives in line with its Medium-Term Management Plan, which is formulated every three years to reflect its corporate philosophy, long-term vision, and the expectations and concerns of stakeholders.

Priority Issues		Results of Activities During Fiscal Year 2024	Future Challenges	Related SDGs Themes
Response to Climate Change	Refinement of CO ₂ emissions calculation	<ul style="list-style-type: none"> Acquisition of primary CO₂ emissions data from business partners, and refinement of product-specific CO₂ emissions calculations Calculation of global-based GHG emissions (Scope 1, 2, 3) 	<ul style="list-style-type: none"> Updated roadmap for CO₂ emission reduction targets aimed at carbon neutrality Refinement of CO₂ emissions calculations by product, and refinement of CO₂ emissions calculations by site Identifying status and promoting implementation toward a 30% reduction in CO₂ emissions by fiscal year 2030 	
	Energy conservation	<ul style="list-style-type: none"> Gasification of boiler fuel, more efficient operation management Visualization of electricity and fuel usage Modal shift (expansion of rail transport) Increased production efficiency through product line consolidation Energy conservation in R&D testing facilities Opting for plug-in hybrid electric vehicles (PHEVs) when updating company vehicles 	<ul style="list-style-type: none"> Support for energy conservation/efficiency initiatives and capital investment Increased production efficiency through product line consolidation Improved domestic and international transport efficiency, fewer bulk return trips, and consolidated deliveries, etc. Exploration of optimal utilities, equipment, processes, and logistics for CO₂ reduction 	
	Examination and promotion of low-carbon/renewable energy use	<ul style="list-style-type: none"> Examination of additional solar power generation installations at the Kameyama Office and Plant and Kasaoka Plant 	<ul style="list-style-type: none"> Examination of introducing renewable energy (including the purchase of environmental credits, etc.) Study of energy supply equipment utilizing renewable energy and alternative fuels 	
	Exploration and research of raw materials/products contributing to decarbonization, and consideration of alliances	<ul style="list-style-type: none"> Ongoing participation in MATSURI*1, IMAT*2 Collection and evaluation of biomass-derived raw materials, product development contributing to carbon neutrality (biomass grease sample work), strengthening technical exchanges with raw material manufacturers 	<ul style="list-style-type: none"> Gathering information on new bio-based raw materials and exploring their practical application Research and application studies on recycled resources and recycled oil, and tackling the challenge of the circular economy Development of next-generation environmentally friendly products Exploring technologies for reducing thermal energy 	
	Review of decarbonization policies in various countries	<ul style="list-style-type: none"> Survey on Carbon Border Adjustment Mechanism (CBAM) trends Preparation and disclosure of sustainability reports 	<ul style="list-style-type: none"> Further investigation and consideration of responses to decarbonization policies in various countries Improvement of sustainability report disclosure (establishing systems, planning and implementing measures in each responsible area) Responding to customer requests related to sustainability (ESG) 	

*1 MATSURI: Name of initiative led by the CHITOSE Group aiming to build a bio-based society that circulates materials and energy starting from sunlight

*2 IMAT: Abbreviation for the Institute of Microalgal Technology, Japan, a general incorporated association established to build research infrastructure for microalgae and promote their industrial utilization and the development of related technologies

Priority Issues		Results of Activities During Fiscal Year 2024	Future Challenges	Related SDGs Themes
Human Resource Development	Continuation of human resource development aligned with planned career paths	<ul style="list-style-type: none"> Continuation of personnel management based on individual career aspirations through career counseling Strengthening ties with universities and academic societies and human resource development Revision and enhancement of training programs (including psychological safety and problem-solving training) 	<ul style="list-style-type: none"> Human resource development based on the instillation of the corporate philosophy system Development of globally capable human resources Growth of young employees and the advancement of mid-level to managerial staff who will lead the next generation Enhancement of position-based training programs at each headquarters Establishing support systems for career self-realization 	
	Work style reform centered on raising productivity	<ul style="list-style-type: none"> Work style reform centered on raising productivity Introduction of collaborative robots and automatic labeling machines for pails Implementation of remote work according to each department's circumstances Holding study sessions for digital talent development and exploring further initiatives Digital technology-enabled equipment maintenance 	<ul style="list-style-type: none"> Pursuit of flexible work styles and greater productivity Improvement of business efficiency through digital technology Further promotion of taking paid leave and reduction of overtime Promotion of automation in plant and office operations Establishing mechanisms for accurate and efficient operations 	 
	Diversity initiatives	<ul style="list-style-type: none"> Act on the Promotion of Women's Active Engagement in Professional Life and Act on Advancement of Measures to Support Raising Next-Generation Children (achievement of Action Plans by March 2026) and promotion of employment for persons with disabilities Communication of laws, regulations, and internal policies, and identification of needs through interviews Training program for supervisors of female career-track employees Formulation of company policy for employment of persons with disabilities 	<ul style="list-style-type: none"> Further promotion of women's advancement and employment of persons with disabilities Promoting understanding of diversity and fostering a supportive environment Support for balancing childcare/caregiving and work Promoting awareness of childcare/caregiving support measures and balancing the workload Efforts to increase the proportion of women in management Efforts to realize "Diverse Career Pathways for Women's Advancement" (Ministry of Health, Labour and Welfare) Creating a working environment where people with disabilities can feel at ease 	  
Governance	Strengthening global collaboration across all divisions to strengthen the foundation of the Kyodo Yushi Group	<ul style="list-style-type: none"> Strengthening support for overseas technical centers Establishment and reinforcement of internal management systems within the group (revision of regulations) Giving support for strengthening frameworks based on internal audit findings 	<ul style="list-style-type: none"> Strengthening global collaboration (between head office headquarters/ departments and overseas subsidiaries) Preparations for building of next-generation mission-critical systems Continuing development of the regulatory framework and its application to overseas subsidiaries 	  
	Risk management (information security, GSEC ^{*3} , BCP, supply chain, raw material supply/price response, etc.)	<ul style="list-style-type: none"> Deployment of key information security rules to overseas subsidiaries Strict enforcement of revisions to affiliated companies' management regulations and reporting rules for critical events Implementation of measures utilizing cybersecurity technology Storage according to information asset classification and regular implementation of awareness campaigns within departments Enactment and execution of basic system regulations, email usage rules, and other related policies 	<ul style="list-style-type: none"> Establishment of a risk management framework including BCP measures Reducing cybersecurity risks across the entire group Strengthening the information security management system 	
	Compliance with relevant laws and regulations (environmental regulations, chemical substance management, occupational safety management, etc.)	<ul style="list-style-type: none"> Compliance training for overseas assignees Reinforcement of mechanisms for chemical substance regulatory compliance and building of management systems for products manufactured at overseas sites Creating a safe and secure workplace and ensuring compliance with the revised Industrial Safety and Health Act (ensuring adherence to the revised Industrial Safety and Health Act and establishing various procedures and manuals) Implementation of risk assessments under the Industrial Safety and Health Act, and operation of safety and health committees and fire prevention committees 	<ul style="list-style-type: none"> Promoting measures to address various issues in chemical substance management Establishment of a mission-critical system for chemical substance management Stricter compliance with revised chemical substance regulations in various countries Continuing compliance with the Occupational Safety and Health Act 	     

*3 GSEC (Global Security Project): Project implemented by the Company and external telecommunications companies and various security mechanisms introduced to unify security levels on a global basis, including overseas subsidiaries

Stakeholder Engagement

The Company conducts its business activities while engaging with diverse stakeholders, and believes that building good relationships with all stakeholders and jointly creating value for society is essential for sustainable growth. We engage in dialogue with various stakeholders to deepen our understanding of their expectations and items of interest, and continually respond to them.

Stakeholder	Communication Method	Expectations and Items of Interest	Details of Activities
 Customer	<ul style="list-style-type: none"> Communication during product development and manufacturing processes Customer support 	<ul style="list-style-type: none"> Product quality and safety Reducing environmental impact Improving customer support 	We are developing products in response to social and market trends (marketing) and customer requests. Feedback from our customers is utilized to upgrade our products and improve our services, driving sustainable product development. We are especially committed to pioneering research and development to enable our customers to make environmentally and safety-conscious choices. We are also working to improve transparency with regard to product information.
 Employees	<ul style="list-style-type: none"> Employee questionnaires Career development programs Dialogue with labor unions 	<ul style="list-style-type: none"> Comfortable working environment Opportunities for career advancement Diversity and inclusion Comprehensive employee benefits 	Through employee surveys, regular career counseling sessions, and dialogue with labor unions, we listen to employee feedback to build a rewarding workplace environment and enhance employee-focused support and programs.
 Shareholders and Investors	<ul style="list-style-type: none"> Periodic financial reporting and non-financial reporting 	<ul style="list-style-type: none"> High profitability and stable financial foundation Sustainable growth strategy and ESG (Environmental, Social, and Governance) initiatives 	We disclose appropriate information to shareholders and explain how our management strategy is geared toward creating long-term value. We also report on specific topics and the outcomes of our efforts aimed at realizing a sustainable society.
 Suppliers and Partner Companies	<ul style="list-style-type: none"> Sharing environmental standards and values Training on work safety, etc. 	<ul style="list-style-type: none"> Sustainable procurement Improvement of working conditions Long-term cooperative relationships, transparency 	To achieve sustainable procurement across the entire supply chain, we share information on environmental standards and labor conditions with suppliers. In addition, by reinforcing collaboration with suppliers, we seek to achieve sustainable business practices for both parties.
 Local Community	<ul style="list-style-type: none"> Community-focused activities Volunteer activities Participating in local events 	<ul style="list-style-type: none"> Revitalizing the local economy Creating jobs Giving back to the community Environmental conservation 	Working in partnership with local communities, we conduct socially-beneficial activities to meet the needs of local residents. As part of our efforts to revitalize the local economy, we regularly participate in community events.
 Government Agencies	<ul style="list-style-type: none"> Exchange of views with the government and local authorities Industry policy advocacy activities Complying with regulations and building cooperative relationships 	<ul style="list-style-type: none"> Compliance with laws and regulations Social responsibility Sustainable development of local communities 	We conduct sustainable business operations in compliance with laws, regulations, and policies. We also regularly gather information on local environmental policies and incorporate it into our business activities.
 NGOs, Environmental Groups, Industry Associations	<ul style="list-style-type: none"> Joint projects with environmental groups Information sharing and collaboration within industry associations 	<ul style="list-style-type: none"> Environmental protection, social responsibility Sustainable development of the entire industry 	To promote sustainable growth across the entire industry, we are actively exchanging information and participating in joint campaigns.



Environment

As a global company, we strive to minimize our environmental footprint and use resources more efficiently, helping to realize a sustainable future.

Environment

Environmental Management

Kyodo Yushi places “providing people- and environment-friendly technologies and products” at the core of its business activities, aiming to realize a sustainable future. We will continue to expand on our past initiatives and further strengthen our environmental management system to fulfill our corporate social responsibilities.

Environmental Safety Policy

Based on our corporate philosophy of “To contribute to society through exercising the Spirit of Tribology,” we have established a fundamental environmental safety policy and are promoting environmental conservation activities throughout the entire group.

[Basic Policy On Environment & Safety](https://www.kyodoyushi.co.jp/english/environment/environment_policy/)
https://www.kyodoyushi.co.jp/english/environment/environment_policy/

Environmental Policy

Based on our basic environmental safety policy, our Kameyama Office and Plant (including administrative functions) and Kasaoka Plant—our primary production bases—have established environmental policies mindful of the local community, which serve to thoroughly communicate our commitment to practicing production activities in harmony with the environment while preserving the richness of the natural environment in neighboring areas.

Environmental Policy

Our company produces lubricants (grease and processing oils) essential to industry at our Kameyama Office and Plant and Kasaoka Plant.

Both sites are keenly aware of their proximity to rural areas where rich natural environments are preserved and, based on our basic environmental safety policy, we consider environmental conservation to be one of the highest priorities in our plant operations.

We are continuously carrying out and improving environmental conservation activities with the help of all plant departments, employees, and members outside the plant organization within the site, centered around the ISO 14001 Committee, and to this end, we are promoting the following.

1. As well as aiming for accident- and disaster-free operations at both sites, we will pinpoint factors impacting the environment and establish “environmental objectives and targets” within technically and economically feasible limits, and strive for continuous improvement and pollution prevention to achieve harmony with the environment.
 - a. Recognizing that the facility is located in an area surrounded by farmland, we will strive to maintain the water quality of our factory wastewater.
 - b. We will identify all equipment and processes that may impact the environment throughout every stage of production, and strive to strictly manage and improve them.
 - c. To eliminate wasteful use of resources, we will systematically and proactively promote and fulfill activities that minimize environmental impact, including efficient use of resources and energy, waste reduction, and recycling.
2. We will strive to improve management practices by complying with environmental laws, ordinances, and other requirements we agree to.
3. We will make continuous improvements through an ongoing review of our environmental systems and strive to uphold and enhance these systems, including our environmental policy.
4. To conduct seamless environmental management activities and establish and maintain a system with clearly defined roles and responsibilities, the necessary matters will be documented and controlled.
5. To effectively fulfill our environmental policy, we will post our basic environmental safety policy, environmental policy, and annual targets within the plants. At the same time, we will systematically conduct environmental education and training for all employees to raise environmental awareness.
6. We will notify relevant partner companies of our environmental policy and seek their understanding and cooperation.

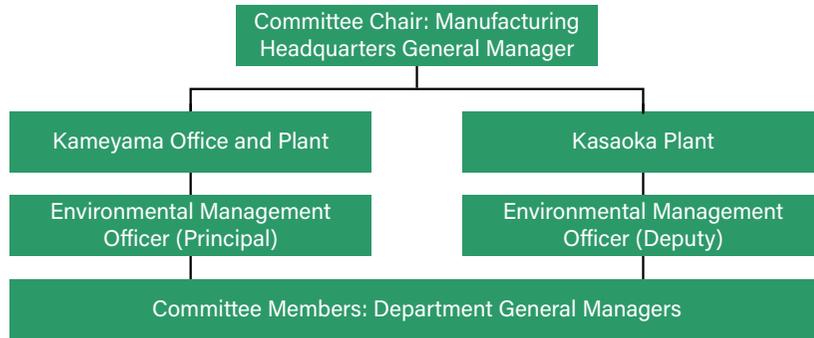
This environmental policy is publicly disclosed both internally and externally.

June 26, 2020
Yuji Onuki
General Manager, Manufacturing Headquarters
KYODO YUSHI CO., LTD.

Environmental Management System Promotion Framework

The Company operates a system for continuous improvement of operations to fulfill the requirements of JIS Q 14001:2015 and our basic environmental and safety policy, realize results, and strive for environmental conservation both internally and externally. The ISO 14001 Committee, chaired by the Manufacturing Headquarters General Manager with the Kameyama Office and Plant Manager and Kasaoka Plant Manager serving as environmental management officers, and composed of Department General Managers as committee members, conducts progress reviews of the environmental management program and shares internal audit results.

ISO 14001 Committee Structure Chart



Acquisition of ISO 14001 Certification

The Company operates a management system based on ISO 14001 to raise the effectiveness of environmental management and reduce environmental impact at our production bases. Our main production facilities, the Kameyama Office and Plant and the Kasaoka Plant, have obtained certification.

[ISO 14001 \(Environment Management System\) Certified](https://www.kyodoyushi.co.jp/english/environment/environment_policy/)
https://www.kyodoyushi.co.jp/english/environment/environment_policy/

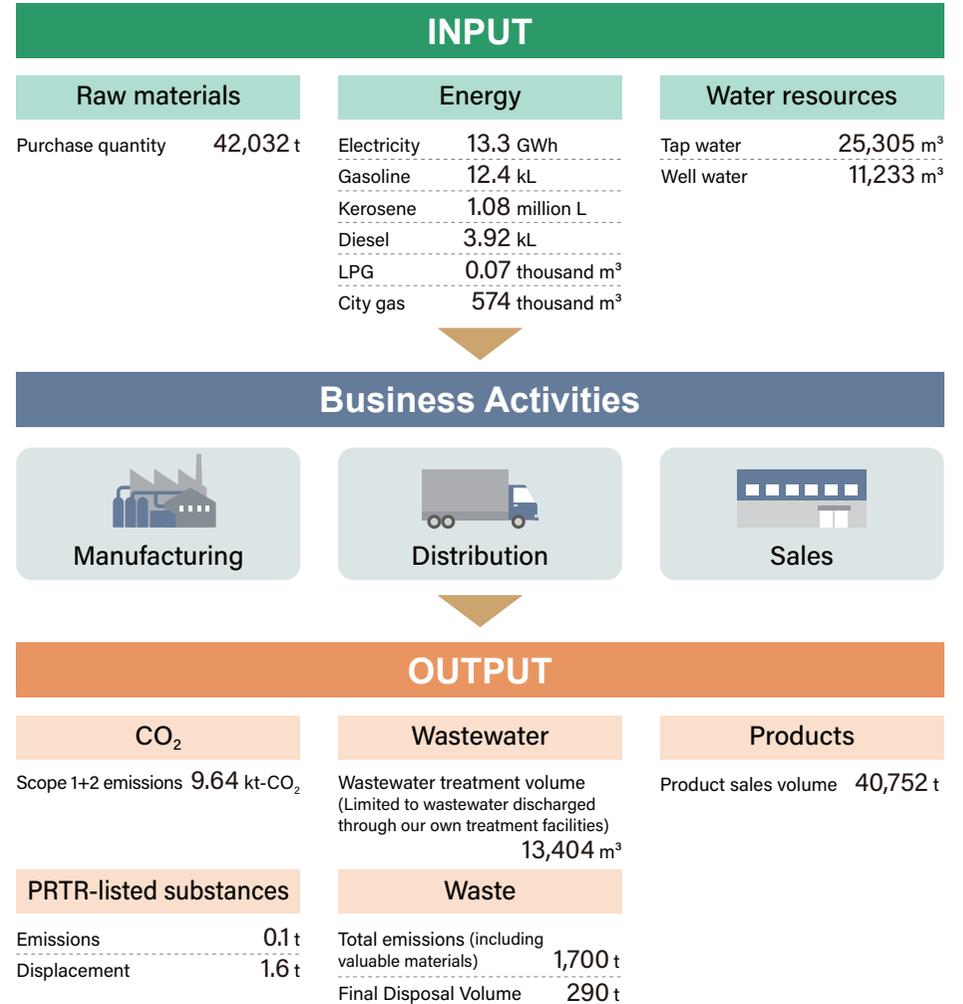
ISO 14001 Certification Rate

ISO 14001 Certification Rate	66%
*Calculated as the proportion of Scope 1 and 2 emissions from ISO 14001-certified sites relative to consolidated Scope 1 and 2 emissions for fiscal year 2024.	

Material Balance

Kyodo Yushi monitors the environmental impact of all its production activities and strives to lessen its environmental footprint. Our material balance is detailed as follows:

Applies to: Kyodo Yushi (non-consolidated)



Environment

Response to Climate Change

The Company views responding to climate change as a critical management priority and is pursuing efforts aligned with the Japanese government's goal of achieving carbon neutrality by 2050. While reconciling this with sustainable growth, we are also focused on strengthening our sustainability promotion framework based on global trends.

Governance

The Company is formulating sustainability strategies, including climate change action, and striving to solve related challenges under the leadership of the Corporate Planning Department, while engaging all headquarters and departments.

The Corporate Planning Department is responsible for setting the direction of sustainability strategies, formulating policies for addressing climate-related risks and opportunities, establishing metrics and targets, and reviewing and monitoring key initiatives. For critical themes, it submits proposals to the monthly executive officers meetings and Headquarters General Managers Meeting for deliberation and decision-making at the management level.

To realize a decarbonized society, we established a CO₂ emissions reduction target for fiscal year 2030 in our 5th Medium-Term Management Plan during fiscal year 2021 and set up a system to monitor progress.

In fiscal year 2024, we began examining more specific reduction measures and KPIs. Under the 6th Medium-Term Management Plan starting in fiscal year 2025, we further stepped up our sustainability efforts, including those directed at climate change.

In addition, we have expanded the Energy Conservation Meeting, a body promoting energy-saving activities. In addition to the relevant departments at the Kameyama Office and Plant and Kasaoka Plant, and the Planning and Environment Section (Legal & Environmental Compliance

Department), the Corporate Planning Department also takes part, and activities aimed at carbon neutrality are discussed on a monthly basis.

Specifically, we are working to achieve our company targets by monitoring progress toward the target of reducing CO₂ emissions by 30% by fiscal year 2030 (using 2017 fiscal year as the base year), formulating a roadmap, exploring further energy conservation measures and renewable energy adoption, and sharing information on laws, policies, technologies, and competitor trends.

Strategy

The Company manufactures and sells grease and metalworking fluids, and we recognize that climate change is a critical issue presenting both risks and opportunities. The items in the table below are predicted to be the risks and opportunities presented by climate change to the Company.

Risks

Type	Climate-related Risks	Countermeasures	
Transition Risks	Policies and Regulations	Increase in costs due to GHG emission regulations	Promoting energy conservation by raising productivity and utilizing renewable energy
		Increase in costs due to the introduction of a carbon tax	
		Declining price competitiveness of fossil fuel-derived products	Utilizing non-fossil-based materials
		Increase in wastewater treatment costs due to stricter factory wastewater regulations	Reduction in waste liquid volume
	Technology	Intensifying competition in development of technologies aimed at a decarbonized society	Stepping up efforts to develop products and construction methods with a low carbon footprint
	Market	Difficulty in procuring non-fossil fuel raw materials and soaring prices	Utilizing recycled and reused materials
Increased costs in line with rising raw material prices		Promotion of green procurement Exploration and development of alternative materials	
Reputation	Increasing customer demand for environmental measures	Enhancing proposal capabilities for low-carbon products and construction methods and facilitating their development	
	Deterioration of brand image for companies with high GHG emissions	Efforts to reduce GHG emissions and more diligent disclosure	
	Withdrawal of investments and tightening of lending conditions by investors and financial institutions	More proactive and uninterrupted disclosure of information on environmental impact reduction initiatives	
	Fundamental changes in the competitive environment and industrial structure	Exploration of new needs, development of new technologies	
Physical Risks	Acute	Increase in risk of employee injury or illness and damage to company assets	Improving production and working environments through automation
		Disruption of the supply chain due to damage suffered by suppliers and logistics networks	Diversification of inventory, diversification of production bases Strengthening BCP measures at manufacturing sites and within the supply chain
		Suspension of manufacturing operations at production bases due to storm surge and flooding	Flood prevention measures at production bases
	Chronic	Worsening work conditions and declining productivity due to rising average temperatures	Improving production and working environments through automation
		Maintaining production conditions for the equipment has become difficult, leading to unstable operations.	Development of product and packaging forms resistant to higher temperatures

Opportunities

Type	Climate-related Opportunities	Countermeasures
Resource Efficiency	Expanding sales channels through product recycling and the use of recycled materials	Development of alternative raw materials, utilization of recycled and reused materials
	Establishing a circular economy by collaborating with industrial waste management companies	Building stronger partnerships with industrial waste management companies
Energy Sources	Increase in demand for decarbonized products (products utilizing energy-saving technologies and renewable energy)	Promoting energy conservation and utilizing renewable energy
Products and Services	Increase in demand for highly heat-resistant products	Developing products suited for new demand
	Increase in demand for high-value-added products	Development and sales of environmentally-friendly products, greater price competitiveness
Market	Decline in relative prices of chemically synthesized and non-petroleum-based oils	Increasing the proportion of use of biomass and recycled raw materials
	Increase in competitiveness of plants located near demand areas and companies/factories with superior BCP capabilities	Stable procurement by using wide variety of raw material sources
	Growing importance of collaborative structures for addressing climate change risks	Building stronger partnerships in the supply chain
Resilience	Increasing reliability through the establishment of disaster-resistant plants and supply systems	Hazard analysis and development of disaster-ready BCP
	Improvement in customer and investor satisfaction and trust through stable operational supply	Strengthening partnerships in the supply chain

Risk Management

We recognize that responding to climate change risks requires cross-departmental measures, including the adoption of new technologies and handling stricter regulations imposed by governments worldwide.

As a countermeasure, the Corporate Planning Department and the Legal & Environmental Compliance Department take the lead in monitoring changes in both external and internal environments related to climate change once a year, identifying climate change risks and opportunities that affect our business. We assess and analyze the identified risks and opportunities based on their impact on the Company, thereby pinpointing those with the greatest impact.

Indicators and Targets

FY2030 Targets

The Company aims to reduce CO₂ emissions (Scope 1 and 2) by 30% by fiscal year 2030 as part of its Medium-Term Management Plan.

FY2030 Targets

Category	Applicable to	Target
Scope 1 and 2	Kyodo Yushi (non-consolidated)	Reduce emissions by 30% compared to FY2017 levels by 2030

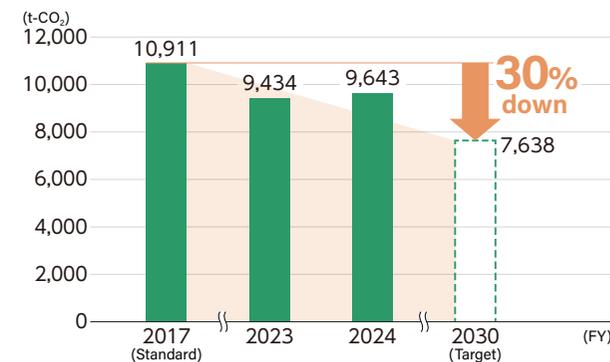
FY2024 Activities (Scope 1 and 2)

As part of our fiscal year 2024 activities, we pressed ahead with the continued conversion of boilers at the Kameyama Office and Plant to city gas. We also conducted energy-saving activities in each department.

As a result, while Scope 2 emissions increased by 5.3% in fiscal year 2024 due to higher production volumes, we minimized the overall increase in emissions by reducing Scope 1 emissions by 6.4% through fuel switching at manufacturing sites such as the Kameyama Office and Plant and the Kasaoka Plant.

We are considering converting the boilers at the Kasaoka Plant to propane gas and introducing new solar power generation systems by 2030.

Scope 1 and 2 Emissions (Non-consolidated)



● 2024 Activities (Scope 3)

Our Group calculates Scope 3 emissions based on the GHG Protocol, an international accounting standard, to understand the environmental impact across the entire value chain. Scope 3 emissions account for 94% of our Group's total emissions, specifically comprising approximately 86% from Category 1 and approximately 4% from Category 11. Emissions for fiscal year 2024 increased by 6% compared to the previous fiscal year due to the impact of higher production volumes.

■ Scope 1, 2, and 3 Emissions Performance (Consolidated)

Category		FY2024
Scope 1+2 (Market Standard) Total		13.4 kt-CO ₂
Scope 1		5.18 kt-CO ₂ ★
Scope 2 (Market-based)		8.19 kt-CO ₂ ★
Scope 2 (Location-based)		8.01 kt-CO ₂ ★
Scope 3 Total		214 kt-CO ₂ e ★
1	Purchased products and services	194.3 kt-CO ₂ e
2	Capital goods	4.1 kt-CO ₂ e
3	Fuel and energy-related activities not included in Scope 1 and 2	2.2 kt-CO ₂ e
4	Transportation and distribution (upstream)	2.6 kt-CO ₂ e
5	Waste generated from business activities	0.6 kt-CO ₂ e
6	Business trips	0.1 kt-CO ₂ e
7	Employee commuting	0.3 kt-CO ₂ e
11	Use of sold products	9.8 kt-CO ₂ e

Data marked with a ★ has been verified by a third party.

Independent Third-Party Assurance Report



Independent Assurance Statement

September 16, 2025

Mr. Shinichi Kofune
President & CEO
KYODO YUSHI CO., LTD.

1. Purpose
We, Sustainability Accounting Co., Ltd., have been engaged by KYODO YUSHI CO., LTD. ("the Company") to provide limited assurance on the following data of the Company domestic and overseas group for the fiscal year 2024: 42.0 GWh for energy consumption, 5.18 kt-CO₂ for Scope1, 8.01 kt-CO₂ for location-based Scope2, 8.19 kt-CO₂ for market-based Scope2 and 214 kt-CO₂e for Scope3 (categories 1,2,3,4,5,6,7,11) (collectively, "the Environmental Performance Indicators"). The purpose of this process is to express our conclusion on whether the Environmental Performance Indicators were calculated in accordance with the Company's standards. The Company's management is responsible for calculating the Environmental Performance Indicators. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

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

- Interviewing the Company's responsible personnel to understand the Company's standards
- Reviewing the Company's standards
- Performing cross-checks on a sample basis and performing a recalculation to determine whether the Environmental Performance Indicators were calculated in accordance with the Company's standards.

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

We have no conflict of interest relationships with the Company.



Takashi Fukushima
Representative Director
Sustainability Accounting Co., Ltd.

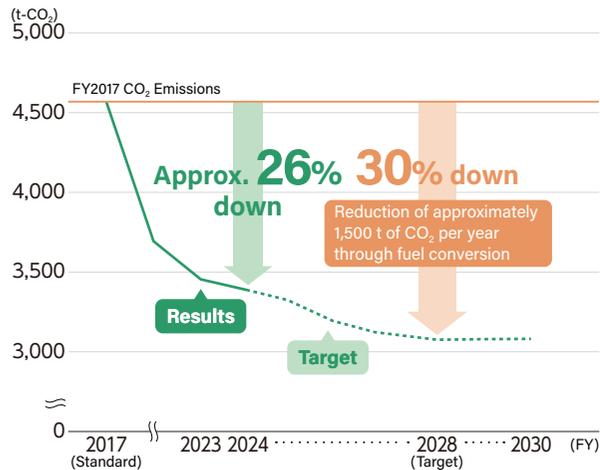
Efforts to Reduce Greenhouse Gases

Our efforts to reduce GHG emissions are based on our priority initiatives and are promoted through a three-pronged approach: (1) fuel conversion of boilers, (2) energy-saving activities, and (3) utilization of green power.

1 Fuel conversion of boilers

Boilers were operating at the Kameyama Office and Plant, with kerosene accounting for approximately 50% of energy consumption. However, since fiscal year 2017, we have been gradually switching to city gas. In fiscal year 2024, we converted two thermal fluid boilers to city gas, reducing CO₂ emissions by approximately 26% compared to fiscal year 2017. We will continue to promote city gas conversion beyond fiscal year 2025, aiming for a 30% reduction by fiscal year 2028. Additionally, the Kasaoka Plant plans to convert its boiler fuel to propane gas in fiscal year 2025.

Actual and projected reductions in CO₂ emissions from boilers at the Kameyama Office and Plant



*As we refine our calculation methods, we are revising both the actual and projected CO₂ emission reductions.

2 Energy-saving activities

Each department is conducting its own energy-saving initiatives. We share the details and results of our efforts throughout the company once a year.

FY2024 activities

Energy-saving activities	Details of Activities
Review of compressor operations	Optimizing operational efficiency by controlling the number of compressors
Review of boiler operations	Review of thermal liquid heater operation control
	Reduction of standby fuel for thermal liquid heaters
Review of transportation	Improvement of thermal liquid pump standby operation
	Reducing external warehouse transfers by making internal and external warehouse inventory visible
Review of batch scale	Modal shift (expansion of rail transport)
	Eliminating scale mismatch / Improving work processes
Switching to high-efficiency energy-saving equipment	Opting for PHEV vehicles when renewing company cars

Examples of energy-saving activities



Optimization of boiler temperature



Review of compressor operations



Review of means of domestic transportation



Switching to high-efficiency air conditioning equipment



Introduction of LED lighting

Other Activities: Reducing "muri (overburden), muda (waste), and mura (inconsistency)"

The Manufacturing Headquarters is promoting internal initiatives across all production processes—including

manufacturing, warehouse management, and distribution—to eliminate unnecessary energy consumption and redundant procedures. This approach is committed to minimizing our environmental footprint and cutting costs while upholding high quality and improving employee working conditions.

FY2024 activities

	Purpose	Details of Activities
Raise productivity	Shorten work processes	Improve production efficiency by optimizing work process conditions and reducing waiting time
	Shorten work processes Reduce waste	Reduce man-hours, waste, and storage costs by transforming the two-stage manufacturing process for raw materials into a seamless operation
	Increase production volume	Increase production volume and improve efficiency while ensuring safety by identifying the upper limits of manufacturing equipment capacity and production conditions based on proposals from the site
	Streamline work operations	Streamline operations through improvement to the work environment, reuse of equipment, employee training, and reviewing sampling and inspection schedules
	Streamline work operations Improve quality	Devise a jig for label application work and establish a system enabling consistent quality
Quality and standardization	Better quality control	Establish a management system for raw materials and products, and improve storage conditions
	Improve quality	Implement measures to prevent human error by utilizing digital technology, thereby minimizing quality defects and improving product quality
	Standardize operations	Improve and standardize manuals for managing and maintaining the work environment
Reduce waste	Reduce waste	Establish a system to sort used samples into recyclable categories, thus reducing industrial waste

3 Utilization of green power

We have installed solar power facilities at the Kameyama Office and Plant, generating approximately 0.73 GWh of solar power annually. This is equivalent to approximately 170 households, and in terms of CO₂ emissions, it corresponds to a reduction of about 310 tons of CO₂. We are currently contributing to the decarbonization of local communities through the generation and supply of this green power.



Kameyama Office and Plant entrance
Power generation status display monitor



Kameyama Office and Plant solar power generation
Kyodo Solar

Other activities

To improve the workplace environment, we sprinkled water on the roads surrounding the factory and on the roofs. In fiscal year 2025, we plan to apply aluminum sheets to glass windows to block sunlight and keep down hot indoor temperatures, as well as to sprinkle cooling water using recycled factory wastewater.

Waste reduction activities

The Company sells waste grease and waste oil, which are our main waste products, as valuable materials whenever possible, and disposes of them as industrial waste when they cannot be recycled.

At the Kameyama Office and Plant, we are working to reduce waste by putting waste grease from the plant to good use. By installing processing facilities to liquefy semi-solid grease and teaming up with processing companies, it has become possible to recycle grease as an auxiliary fuel for cement production.

Some of the drums used as grease containers are collected from customers, cleaned by cleaning companies, and reused.

Going forward, we will also be exploring ways to recycle waste plastics and convert them into valuable materials.

PCB waste is disposed of at authorized designated treatment facilities.

Recycled Oil

Waste grease is classified as “oil types unsuitable for recycling” in the “Lubricant Recycling Handbook” published by the Japan Lubricating Oil Society, and is therefore a type of waste that is difficult to recycle.

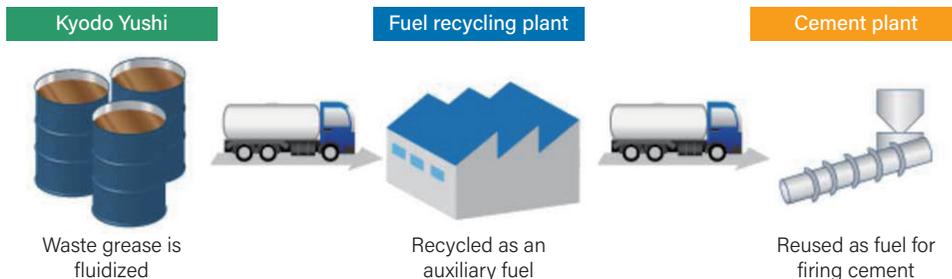
Due to its semi-solid state, it presents challenges such as (1) the inability to remove foreign matter by filtration once contamination occurs, and (2) a lack of fluidity, which makes handling difficult. The Company conducts thermal recycling of waste grease in cooperation with waste disposal companies.

We installed a recycled oil production facility within our plant, which mixes waste grease and waste oil according to the specifications requested by our partner companies and processes it into a liquid state, enabling it to be suctioned and transported by tanker trucks. After component adjustment at partner companies, it is transported to cement plants and thermally recycled as auxiliary fuel. By converting it into valuable materials, we are contributing to the reduction of industrial waste.

Waste Management

We implemented an electronic manifest system in 2014 to manage the proper disposal of industrial waste.

The electronic manifest system facilitates real-time tracking of waste disposal status, and allows waste generators, collectors/transporters, and disposal operators to mutually view manifests, preventing improper manifest handling.



Conservation of Water Resources

Kameyama Office and Plant is located in an area rich in nature, surrounded by farmland and forests.

At the time of construction of the Kameyama Plant (as it was then known), we entered into a "Pollution Prevention Agreement" with Kameyama City, which was upgraded to an "Environmental Conservation Agreement" in 2016.

The agreement requires stricter numerical management of factory wastewater quality standards than national standards for "air, wastewater, and noise," and we comply by implementing daily management of wastewater treatment facilities and conducting water quality measurements (once every two months). Normally, domestic wastewater is treated

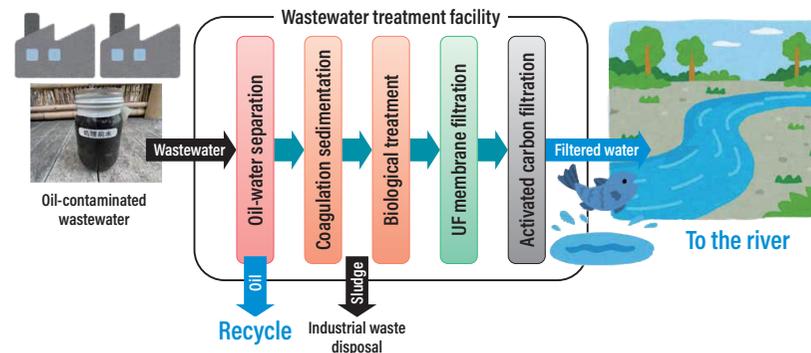
in septic tanks before being discharged into rivers, however, at this facility, wastewater is not discharged directly into rivers. Instead, it is sent to a wastewater treatment facility for additional purification treatment before being discharged into rivers. We also play our part in cleaning up the irrigation channels where domestic wastewater is discharged, highlighting our strong commitment to the community.

Additionally, in preparation for any potential leakage incidents, we have set up nine on-site storage facilities with leakage response equipment and we also conduct emergency response drills.

● Example of Efforts: Wastewater Treatment

All plants are installed with scrubbers (exhaust gas treatment equipment), and the wastewater discharged from them contains oil and is pitch black, as shown in the photo on the right. The treated water meets the benchmark values agreed upon with Kameyama City, and to comply with these standards, it is purified through each device at the wastewater treatment facility to a level where organisms can thrive before being discharged into rivers.

■ Wastewater treatment process



Biotope

To clearly demonstrate the safety of the treated water, we circulate water drawn from the treatment tanks and use the water in a biotope to keep aquatic organisms such as medaka fish. During plant tours, we show this to our guests.



Use of Recycled Water

We are exploring ways to make use of treated wastewater, such as for scrubber feedwater, cooling tower make-up water, and sprinkling water on manufacturing plant roofs.

At the No.1 Plant of the Kameyama Office and Plant, we have begun efforts to reduce the amount of make-up water by utilizing wastewater from the pre-treatment scrubber—which is alkaline—as make-up water for the main boiler scrubber. This also has the added benefit of decomposing the oil content without discharging the wastewater.

Efforts are also underway to recover steam drain water, which was previously discharged, into the steam boiler feedwater tank to reduce the amount of make-up water required, while at the same time attempting to reduce fuel consumption by recovering heat from the high-temperature steam drain water. We are currently planning to install equipment at the Kasaoka Plant to collect steam drain water and return it to the feedwater tank.

Preventing Air Pollution

As an air pollution control measure, scrubbers are installed in the exhaust systems of the equipment. Twice a year, based on the Air Pollution Control Act and agreements with Kameyama City and Kasaoka City, we measure emissions of boiler soot, nitrogen oxides, and sulfur oxides to ensure they remain below the standard values.

We were using kerosene as boiler fuel, but by converting from kerosene to gas, we are working to reduce the emission of air pollutants.

S

Society

In addition to stepping up efforts to improve quality, we will foster a diverse and inclusive workplace environment, build stronger relationships of trust with all stakeholders, and seek to realize a sustainable society.

Social Quality

Through our quality control system based on our quality policy, we are delivering high-quality products with high customer satisfaction. We have established a quality control system that ensures the supply of products with stable quality at our overseas manufacturing sites and domestic and international subcontractors.

Quality Policy

Kyodo Yushi has established the following quality policy based on its customer-focused philosophy and the requirements of JIS Q 9001:2015.

Quality Policy

Our fundamental policy is to provide products and services of appropriate quality, pursue continuous improvement, meet customer expectations, and earn trust and satisfaction, with the following as our code of conduct.

- Code of Conduct**
- Work as a human
We dedicate ourselves wholeheartedly to becoming trustworthy people.
 - Act with your heart, feet, and mind
We rise to challenges, take the initiative, and act decisively.
 - Behave honestly and with zest
We behave honestly and with zest, working with a wholehearted commitment.
 - Be amenable and humble
We listen carefully to others and approach our work with an amenable and humble heart.

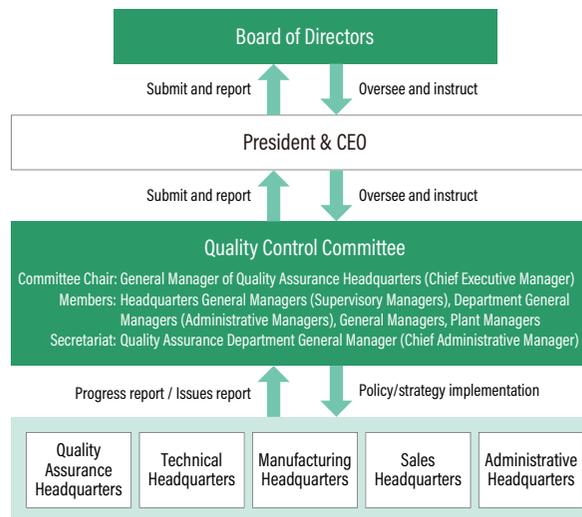
By putting these into practice, we aim to become a leading global manufacturer of high-performance lubricant.

Quality Management System

The Company has established a Quality Manual, rules, and procedures to comply with and uphold customers' product requirements as well as regulatory requirements, and to further enhance customer satisfaction, and we manage and are continuously improving our Quality Management System.

The Company has established a Quality Control Committee to oversee quality management. The Quality Control Committee is chaired by the General Manager of the Quality Assurance Headquarters, with the general managers of all departments related to quality serving as members. The General Manager of the Quality Assurance Department serves as the committee's secretariat. The Quality

Quality Management System Diagram



Management Committee conducts management reviews three times a year to ensure that the quality management system is appropriate and effective and aligned with the organization's strategic direction. Additionally, we conduct regular quality audits of each headquarters' quality control activities to uphold and improve the management system.

Status of Quality Management System Certification

The Group is promoting the acquisition of ISO 9001 certification, the international standard for quality management systems, at our main domestic and international locations.

ISO 9001 (Quality Management System) Certified

Country	Site name
Japan	KYODO YUSHI CO., LTD. (Head office, R&D Center, Kameyama Office and Plant, Kasaoka Plant)
Singapore	KYODO YUSHI ASIA PTE, LTD.
South Korea	KYODOYUSHI-SKY CO., LTD.
China	KYODO YUSHI LUB-TEC (SHANGHAI) CO., LTD. (TECHNICAL CENTER, SHANGHAI SALES OFFICE)
Indonesia	PT KYODO YUSHI LUBRICANTS TP INDONESIA
United States	KYODO YUSHI USA Inc.

[Status of Quality Management System Certification](https://www.kyodoyushi.co.jp/english/environment/quality_policy/)
https://www.kyodoyushi.co.jp/english/environment/quality_policy/

Quality Audits

To assess compliance with ISO 9001 requirements, we conduct annual internal quality audits at our Head Office, R&D Center, Kameyama Office and Plant, and Kasaoka Plant, in our attempts to improve and maintain quality.

As part of our internal quality audits, to ensure the effectiveness of the quality management system, all internal auditors and all general managers of audited departments attend an internal audit briefing and internal auditor training each year, followed by on-site inspections. Furthermore, to enhance quality on a global scale, we are conducting activities to resolve challenges faced by group companies through our quality management system.

Incidentally, no non-conformities were identified during the internal quality audit for fiscal year 2024. With regard to the results of internal quality audits, after each annual internal audit, we regularly share quality information, such as details of identified issues and items requiring company-wide implementation, in order to raise the level of quality assurance.

Efforts to Improve Productivity and Quality

To raise quality and productivity levels, we regularly hold production quality improvement meetings attended primarily by top management, the Quality Assurance Headquarters, the Manufacturing Headquarters, and overseas manufacturing sites. These meetings serve as a platform for sharing information across the entire company about various efforts discussed in the relevant meetings established from the perspective of improving productivity and quality.

Details of Activities

Raising productivity and quality

- Cost reductions by eliminating *muri* (overburden), *muda* (waste), and *mura* (inconsistency)
- Increasing manufacturing efficiency and reducing equipment uptime through improved work processes
- Preventing nonconforming products and their recurrence
- Preventing complaints and their recurrence

Raising productivity

- Visualization of inventory across internal and external warehouses, optimization of transfer planning
- Streamlining work process investigations through use of IT tools (RPA, Excel VBA macros)

Improving quality

- Eliminating human error by establishing a robust framework
- Greater reliability through automation of inspection data entry

● Efforts to improve quality on a global scale

To ensure the supply of products with consistent quality from overseas manufacturing sites and domestic and international subcontractors, we have established rules governing reviews from design and development through to mass production, as well as procedures for handling abnormalities.

After mass production gets underway, we continue to retrieve product inspection results for each lot to monitor trends, and we conduct regular physical property tests on product samples to confirm that products are being manufactured in a consistent manner.

● Efforts to improve design quality

To ensure our customers use safe, high-quality products, we have built a mechanism in our development rules to conduct design reviews at each stage of product development (planning, design, mass production).

This particularly applies to the design phase at the upstream stage of development, where we verify whether

performance meets target specifications, confirm intellectual property rights, review compliance with chemical substance regulations and customer-specified restricted substances, and conduct other reviews before submitting samples. Even before entering the mass production phase, we are committed to improving product quality by working to ensure product design quality, safety, and compliance.

Chemical Substance Management

We have established chemical substance management rules that apply to all products manufactured by the Company and our manufacturing subcontractors, prototypes developed, and raw materials used. We have designated a Chief Chemical Substance Management Officer, and are monitoring, maintaining, and improving the implementation status of operations based on chemical substance management rules and procedural documents.

We check the chemical substances contained in our products and prototypes against domestic and international chemical substance regulations and our customers' restricted substance lists to ensure compliance with each country's laws and regulations and adherence to our customers' own management standards. At the raw material procurement stage, we distribute the list of prohibited substances specified in the Kyodo Yushi Green Procurement Guidelines to raw material manufacturers and receive the results of their chemical substance content surveys. We are also disseminating information regarding the handling of raw materials to production sites.

Hazards and handling precautions for products and prototypes are clearly stated in SDS (Safety Data Sheets) issued domestically and internationally, as well as on product labels, ensuring safe handling throughout the entire lifecycle up to disposal. In fiscal year 2024, we created 1,161 SDS, worked diligently to investigate chemical substances contained in products, and released the latest information.

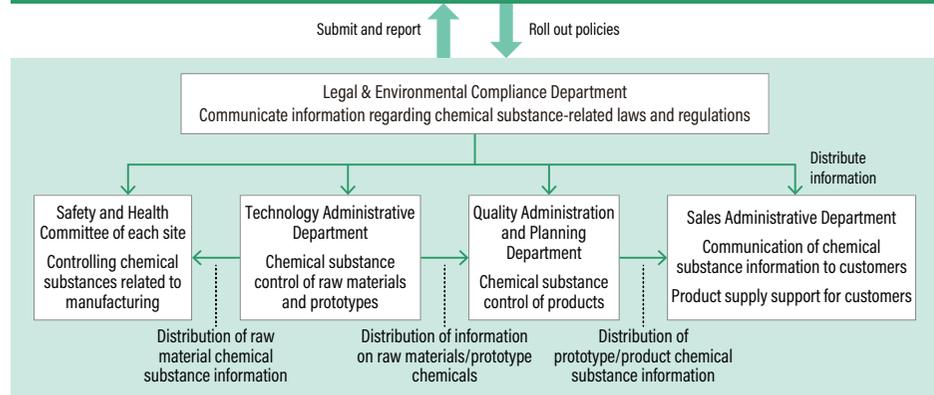
The Chemical Substance Control Committee, composed of representatives from each department involved in chemical substance management, reports on progress and proposes new challenges regarding chemical substance

management, including the hazards and risks of chemicals, raw materials, and products, as well as information listed in national inventories. By discussing company-wide initiatives to resolve these issues, we are able to appropriately manage chemical substances in accordance with company policy. Moreover, to keep up with frequent revisions to national laws resulting from the global tightening of chemical substance regulations, the Legal & Environmental Compliance Department collects information from specialized agencies and distributes it to the relevant departments. Each department then reviews that information to update system data, revise labels and SDS, and handle registrations in various countries.

Chemical Substance Control Committee

Chemical Substance Control Committee

Committee Chair: General Manager of Quality Assurance Headquarters
 Members: Chairman of the Board, President & CEO, general managers of each headquarters, General Manager of Legal & Environmental Compliance Department, General Manager of Technology Administrative Department, General Manager of Sales Administrative Department, General Manager of Quality Administration and Planning Department, Chairs of the Safety and Health Committees (Head Office/R&D Center, Kameyama Office and Plant, Kasaoka Plant)
 Secretariat: General Manager of Quality Administration and Planning Section in the Quality Administration and Planning Department



Human Resource Development for Quality Improvement (QC Circle Activities)

We promote QC circle activities company-wide to drive human resource development, enhance leaders' management capabilities, and revitalize the workplace environment, all linked to improving quality. QC circle activities involve all relevant employees working together to proactively identify operational challenges and make improvements based on QC problem-solving techniques. These activities also contribute to creating a more comfortable workplace environment and enhancing internal communication. At the end of each fiscal year, a company-wide report meeting is held to share the details of the activities. In fiscal year 2024, 37 circles comprising 330 members conducted activities around the theme of "5S Activities to

Make Someone's Job Easier." These circles worked to reduce hazardous operations, cut waste, and conserve energy, presenting some of these initiatives at external QC circle conferences.

QC circle activities contribute to human resource development by putting "think for yourself, improve by yourself" into practice, and also help drive greater operational efficiency and improvements to the workplace environment, thereby contributing to the Company's development.



Internal report meeting on QC circle activity results



QC circle Tokai branch general and exchange meeting

Social Diversity

The Company respects human rights in accordance with international human rights standards and is committed to creating a workplace environment where everyone can feel secure and reach their full potential. We promote diversity while respecting all differences, whether related to gender, age, nationality, disability status, or any other criteria.

Promoting Women's Greater Participation in the Workforce

Kyodo Yushi formulated its "Action Plan for General Employers Based on the Act on the Promotion of Women's Active Engagement in Professional Life and the Act on Advancement of Measures to Support Raising Next-Generation Children" in parallel with its Medium-Term Management Plan, and since fiscal year 2021, the Company has been working toward achieving its five-year goals.

The Company makes an effort to recruit individuals who share our values and philosophy, and promotes talent development based on these principles. This approach also lays the groundwork for our efforts to promote women's greater participation in the workplace, and

we monitor the proportion of women hired as career-track employees in our new graduate recruitment and put significant effort into supplying information to women to allay any fears they may have about joining us. We have also put internal systems in place to enable female employees to have the option of choosing long-term employment that fits in with their life events and lifestyles.

The proportion of women among full-time employees is currently approximately 18% (67 out of 382 employees), making it a male-dominated workplace. Despite this, we are committed to cultivating talented human resources and establishing systems that facilitate grade changes, focusing our efforts on creating a workplace environment where women can thrive.

■ 5-Year Plan (FY2021–2025) Targets

Targets		Results
Target 1 Providing greater opportunities for working women in their professional lives		
	Target 1-1 Achieve an average ratio of female new graduates hired into career-track sales positions of 10% or more over the five-year plan period. (including those with conditional job offers)	60.0% FY2021-2024 results
	Target 1-2 Prioritize the training of female managerial candidates (Manager level and above).	
Target 2 Targets related to establishing an employment environment that strikes a good balance between work and family life		
	Achieve an average childcare leave take-up rate at or above the following level during the 5-year plan period. Male average: Take-up rate of at least 7.5%.	64.2% FY2021-2024 results
	(Additional text for Target 2)	
Target 3 Targets based on the Act on the Promotion of Women's Active Engagement in Professional Life and the Act on Advancement of Measures to Support Raising Next-Generation Children		
	Establish programs and environments that support a good work-life balance.	The "New Work-Life Balance Support Program" started in April 2025
	(Additional text for Target 3)	

● **Implementation of training for managers to promote women's advancement in the workplace**

We conduct training programs for managers with female subordinates, focusing on communication and management skills to encourage the greater participation of these female

employees. In fiscal year 2024, we conducted the "Training for Male Managers with Female Subordinates," with all 16 targeted managers participating.

Promoting the Active Participation of Older Human Resources and the Reemployment Program

We have introduced a reemployment program for employees who have reached retirement age, enabling highly motivated and experienced employees to continue putting their abilities to good use even after retirement. The reemployment contract can be renewed until the employee reaches the age of 65.

Additionally, as part of training for employees aged 55, we hold life planning seminars that explain salary structures, benefits, and pension systems around retirement age, helping employees plan for life after retirement.

Promotion of Employment for Persons with Disabilities

We have launched a project team to promote the employment of people with disabilities and to improve and streamline operations by creating a workplace where diverse talents can thrive. As of March 2025, the employment rate for people with disabilities stands at 2.1%.

We will continue to provide a comfortable working environment by, for example, creating work environments that meet the needs of people with disabilities, developing new jobs and workplaces, and establishing easy-to-understand workflows for everyone. Furthermore, we will also work together as a company to promote strategic employment and provide ongoing employment support.

● **Holding briefing sessions regarding accommodations for persons with disabilities**

We have been holding briefing sessions aimed at informing employees about characteristics specific to various disabilities and the legally mandated reasonable accommodations.

We held one briefing session in fiscal year 2024. We record the content of the briefing sessions and make them available internally.

Diverse Working Arrangements

We are striving to create a workplace environment where all employees can fully unlock their individuality and abilities, and where diverse talents can thrive. For this reason, we aim to become an organization where each employee can enjoy a secure working environment tailored to the various stages of their life. For example, we are promoting the use of childcare support as a program to help balance work and home life.

Diversity-related Achievements (Unit: %)

Indicators		FY2023	FY2024
Proportion of full-time employees among all workers (non-consolidated basis)		76.8	77.2
Percentage of female workers among hired workers (for full-time positions)	Career-track positions	37.5	12.5
	Region-limited positions	57.1	0
Percentage of women among workers (full-time employees)	Career-track positions	9.2	9.3
	Region-limited positions	44.4	43
Childcare leave take-up rate	Women	75	100
	Men*	75	100
Employment rate for persons with disabilities		2.5	2.1

*Target 2: Results of efforts in fiscal year 2024

Social

Work Style Reform

To create workplaces where each and every employee can work healthily and rewardingly, we are advancing work-life balance support programs and improving the working environment to enable flexible working styles tailored to individual life plans.

Greater Work-Life Balance

● Work-life balance support

The Company is implementing programs to support a better work-life balance, based on the plan formulated within our

“Action Plan for General Employers Based on the Act on the Promotion of Women’s Active Engagement in Professional Life and the Act on Advancement of Measures to Support Raising Next-Generation Children.” We are focusing on creating a working environment where everyone can fully unlock their individual abilities, regardless of the various constraints placed upon them. This includes implementing flextime and shorter-hours flextime systems, introduction of a system to use annual paid leave in hourly units, and expansion of the paid leave carry-over system.

Work-Life Balance Support Program

Flexible work arrangements

- Flextime system (when applicable to internal rules such as childcare or nursing care, employees may determine their daily start and end times within the monthly total working hours)
- Shorter-hours flextime system (can be used in combination with the flextime system to shorten the standard daily working hours to either 6 or 5 hours)
- Remote work (depending on department assigned to and job duties)

Available paid leave systems

- Hourly annual leave (annual paid leave can be taken in one-hour increments / up to 5 days per year)
- Special paid leave (in addition to annual paid leave, such as 2 days off when a spouse gives birth)
- Paid leave carry-over (the company carries over lapsed annual paid leave of up to 40 days for over 4 years. This leave can be used for specific reasons such as personal illness or injury, infertility treatment, prenatal checkups during pregnancy, childcare leave for children up to 3 months old, or family caregiving)

● Conducting employee satisfaction surveys

To build an environment allowing each employee to flourish and feel a sense of fulfillment, we regularly conduct employee satisfaction surveys. We address the challenges identified through analysis of survey results in our personnel policies, helping to foster a more comfortable workplace.

Promotion of Digital Technology

We are reviewing workflows and streamlining operations through initiatives such as going paperless with forms and documents and making use of digital technologies on the manufacturing floor. In fiscal year 2024, we proceeded to introduce systems directly addressing on-site challenges. At the same time, we worked to cultivate digital talent through collaboration between operational and technical departments, including the utilization of no-code tools.

Engagement with Labor Unions

The Human Resources & General Affairs Department holds meetings with the union executive committee approximately once every two to three months. Furthermore, the union executive board discusses various issues identified through member surveys with the Company and we are implementing measures to resolve them.

In fiscal year 2024, we introduced a new policy: casual office attire appropriate for the time, place, and occasion. Through this policy, we are aiming to enhance employee comfort and ease of work while promoting the creation of workplace environments conducive to diverse working styles.

Building a Worker-friendly Environment

We are encouraging the taking of annual paid leave and promoting its planned use in each workplace. Furthermore, regarding the management of overtime hours, we are continuously striving to streamline operations while rigorously implementing suitable labor management practices. This approach aims to foster a workplace environment that supports the better work-life balance of all employees. To make further improvements to the administration of working hours, we plan to introduce a new attendance management system in fiscal year 2025. The average monthly overtime hours for fiscal year 2024 were 13 hours and 14 minutes.

Social

Human Resource Development

As specialists in lubrication, friction, and wear, we are committed to delivering the best solutions to issues facing our customers' products, and to fulfill this mission, we promote human resource development that maximizes the capabilities and motivation of every employee. As a lubricant manufacturer providing high-quality and reliable technology and products on a global scale, we are committed to cultivating a culture of continuous learning and providing opportunities for growth. Furthermore, we aim to cultivate personnel who work tirelessly to develop and acquire new technologies and skills, constantly rise to new challenges, and who place the utmost value on earning our customers' trust.

Personnel Appraisal System

Each employee sets challenging targets and goes all out to achieve them, and the results of these efforts are evaluated through a fair performance appraisal system based on predetermined criteria. During semi-annual interviews, we assess employees' achievement of targets and evaluate their performance, competencies, knowledge, and skills against appraisal criteria. Additionally, to prepare individuals for more responsible roles, we conduct developmental interviews to identify personal qualities, strengths, abilities to improve, and areas of expertise. This enables us to assign them to positions with more challenging duties and work with greater responsibility.

Employee Training Program

Based on our approach to talent development, we strive to cultivate a culture of continuous learning and provide growth opportunities so that each employee can fully realize their

abilities and ambitions, enabling them to independently shape their own career paths. In fiscal year 2024, 100% of eligible participants attended all training programs.

1 Tiered Training

In addition to new employee training programs conducted annually, we establish required criteria for each grade level and provide mid-level employee training and managerial training to eligible employees. Additionally, for employees assigned to overseas postings, we provide customized training to equip them with the knowledge and skills required for their roles at their new postings.

2 Job-Specific Training

We are conducting training tailored to the specific duties of each department across our five headquarters (Sales, Technical, Manufacturing, Quality Assurance, and Administrative). Since the duties of each headquarters differ significantly, we conduct training centered on practical on-the-job training. The training manuals and skill maps used for training are developed based on ISO 9001.

3 Company-wide Training

We are conducting compliance training for all employees and performance appraisal training for managers and general managers. Furthermore, to promote ethical corporate activities, in addition to compliance training, we conduct e-learning programs that are designed to raise awareness of social norms, with each headquarters selecting the most critical themes at any given time.

4 Self-Improvement

To raise self-improvement awareness, we conduct career advancement training adapted to each headquarters as a way to promote the acquisition of general knowledge and qualifications relevant to job duties. Additionally, these headquarters select qualifications deemed necessary for the job by corresponding grade level, and encourage employees to obtain these qualifications by using them as reference criteria for promotion and by covering the examination fees at the company's expense. We also aim to broaden the base

of personnel who can use English, encouraging them to take the TOEIC exam and covering the exam fees.

Training Results for Fiscal Year 2024

Training Name	Content	Number of Attendees
Self-help Mental Health Care	Learning about "how to recognize stress," "how to cope with it," and "how to seek help when you can no longer manage on your own" as part of mental health care to protect your mental well-being	427
Organizational Communication for Safeguarding Mental Health	Learning about communication methods within organizations and how to create a more comfortable workplace	428
Mid-level Employee Training	Deepening understanding of the five roles expected of mid-level employees, and experientially learning the human skills needed to meet those expectations and effectively demonstrate leadership	16 mid-level employees (over 2 days)
Harassment Training	Recognizing that your own common sense isn't the be-all and end-all, and that everyone holds unconscious biases and assumptions that can potentially hurt others, and learning to update your own common sense by understanding diversity to reduce that risk	100 managerial position and mid-level employees
Psychological Safety Seminar	Learning about the importance of psychological safety and actions to enhance it	30 executives and general managers
Young Sales Staff Training	Sharing challenges and success stories among employees of the same generation to encourage greater communication	11 members of the Sales Headquarters
Training for Managers to Promote Women's Advancement in the Workplace	Sharing key points for training female subordinates and learning to better understand unconscious biases and find solutions	16 managers with female subordinates

Human Resource Development Aligned with Career Plans

Since fiscal year 2019, we have implemented career counseling sessions with the goal of maximizing both "personal growth" and "organizational contribution" for each employee. This is achieved by fostering a strong sense of personal ownership over their own careers, while ensuring they understand the roles and expectations demanded by the organization. We support employees by having them fill out their career aspirations on a "Career Design Sheet," which is shared for review while being periodically updated by the career development team in the Human Resources & General Affairs Department and each headquarters general manager. Career counseling sessions are held every few years (or as needed upon request). The general manager of each headquarters reviews the content and feedback from interviews and reflects it in personnel transfers. We listen not only to career concerns but also to current concerns and difficulties. Company-wide issues are shared with management and labor unions, while keeping the individual's identity anonymous, which leads to the resolution of issues.

Social

Occupational Safety and Health

The Company is committed to creating a workplace environment where employees can work safely and with peace of mind. We also promote the maintenance and improvement of health, aiming to build an environment where employees can work in good physical and mental health.

We have formulated safety and health management rules covering matters related to safety management and occupational health management to ensure and promote the safety and health of employees and to establish a comfortable working environment.

The Kameyama Office and Plant has formulated its own basic safety, health, and fire prevention policy.

Promotion System

Site administration managers appoint safety managers, safety and health promoters, work supervisors, health managers, health promoters, occupational physicians, and other personnel according to the scale and nature of the site's operations. They also establish safety and health committees and similar bodies. Furthermore, to comply with the revised Industrial Safety and Health Act, we have appointed chemical substance managers and personal protective equipment (PPE) wear management officers at each site, establishing a system for implementing autonomous chemical substance management.

Additionally, at each of the Head Office, Kameyama Office and Plant, and Kasaoka Plant, the Safety and Health Committee meets monthly to deliberate on the following matters concerning safety and health.

Contents of Discussions by the Safety and Health Committee

- (1) Discussion and approval of annual safety and health policies and plans.
- (2) Review of accident prevention measures concerning safety and health.
- (3) Discussion and decision on improvement items proposed by the Safety and Health Committee.
- (4) Investigation of the causes of workplace accidents and review of measures to prevent recurrence.
- (5) Strict compliance with all safety and health standards.
- (6) Matters related to the promotion of education and awareness regarding safety and health.
- (7) Review of inspection results and measures concerning safety and health.
- (8) Matters related to the review of procedures and manuals concerning safety and health. (Once a year)
- (9) Review of measures to prevent health hazards among workers with long working hours.
- (10) Conducting risk assessments.
- (11) Other necessary matters related to safety and health.

Health Considerations (Health Management, etc.)

● Work environment assessment

Site handling chemical substances (R&D Center, Kameyama Office and Plant, Kasaoka Plant) conduct regular workplace environment measurements in accordance with laws and regulations. Measurement results remain below the control levels, maintaining a low level of risk for health effects.

● Measures against long working hours

To prevent health problems caused by long working hours, we have established an appropriate system for managing working hours and consult with occupational physicians as necessary. We strive to maintain and improve employee health by implementing work-related accommodations based on the advice of occupational physicians.

● Mental health measures

We are committed to maintaining not only the physical well-being but also the mental health of our employees. We strive to create a secure work environment for our employees by conducting regular stress checks and providing follow-up support, such as counseling, to those who request it.

Activities Conducted at Plants

● KYT* and near-miss* reporting activities

The Manufacturing Headquarters is carrying out KYT activities and near-miss reporting activities led by operators. From the perspectives of work safety, traffic safety, and fire prevention, we share information on potential hazards and near-miss incidents to ensure safe operations. Specifically, on-site safety patrols are conducted by managers in charge and occupational physicians, and we are implementing measures and setting action goals based on work simulations involving multiple site workers.

*KYT: hazard prediction training

*Near-miss: An incident occurred that was dangerous but fortunately did not result in a disaster.

● **Safety education**

1. New employee training

At the Kameyama Office and Plant, in accordance with the annual training plan, we conduct training on equipment operation and safety for new employees during their first year of employment. Rather than assigning them immediately to the manufacturing floor, as they advance through facility management duties across the entire work site, we plan for them to interact with employees from various departments and obtain certifications.

The training content focuses on topics directly related to preventing workplace accidents, including safe electrical handling practices such as preventing electric shock, and proper management of equipment mechanisms and chemical substances. Furthermore, by nurturing a fundamental understanding of new fields such as AI, digital transformation (DX), and cybersecurity, we are developing human resources who can combine safety and efficiency. Through such training, we are working to ensure safety and good health while strengthening our human resources base.

2. In-house training sessions

In accordance with the training plan, we continuously conduct training sessions on daily equipment inspection methods, troubleshooting procedures, and the fundamentals of electrical and mechanical equipment to ensure employees can handle equipment properly and safely.

In fiscal year 2024, we conducted training sessions with a special emphasis on scrubbers. Scrubbers are vital equipment that not only ensure the safety of employees' working environments but also have a direct impact on the preservation of the local environment. The training promotes highly effective education from the viewpoints of both safety and environmental footprint reduction by sharing inspection points and specific accident prevention measures based on past examples of problems.

● **Training sessions for partner companies**

We conduct training sessions for partner companies on our safety management system, including our basic policy, and request that they raise awareness of and strictly implement

occupational safety and health practices. We distribute information such as work guidelines, on-site traffic rules, past accident cases, and outlines of construction project during scheduled maintenance to ensure work is performed with safety as the top priority. Specifically, before starting daily work, we do a read-through of safety precautions to prevent accidents involving equipment handling and heatstroke.

● **Accident-free* record**

- Kameyama Office and Plant: 2,467 days (as of July 31, 2025)
- Kasaoka Plant: 5,219 days (as of July 31, 2025)

*Accident-free: This refers to cases where no work-related fatalities or lost-time injuries have occurred for a certain number of consecutive days. If an employee is injured in a work-related accident but loses less than four days of work, then the accident-free record still applies.

Social

Social Contribution

To play a role in the advancement of technology across the entire industrial sector through our core Tribology technology, we actively pursue industry-academia collaborative projects, which in turn contributes to the realization of a sustainable society.

Contributions to Industry

● **The Tribology Study Group**

The Tribology Study Group was established at the Tokyo Institute of Technology by Professor Toshio Sakurai, who learned of tribology activities in the UK (a term coined by the UK's Jost Committee in 1966, which brought together industry and other sectors). Its purpose was to introduce the theory and practice of tribology to Japan. Later, with the support of Isuke Kofune, the Company's president at the time, scholars, researchers, and industrial engineers joined,

leading to its development and expansion, and the first seminar was held in 1970. We continue to hold an annual research symposium, which has become a large-scale industry-academia bridge event attracting approximately 300 participants from various industrial sectors. In fiscal year 2024, its 35th meeting was held at Pacifico Yokohama on February 14, 2025, with 288 participants.



Lecture



Coffee break

[The Tribology Study Group](https://www.kyodoyushi.co.jp/english/corporate/tribology/)
<https://www.kyodoyushi.co.jp/english/corporate/tribology/>

● Value Created by the Tribology Study Group

The Tribology Study Group provides a forum for comprehensively addressing various issues related to friction, lubrication, and wear, which have traditionally tended to be handled separately within individual specialized fields. This study group provides the following value and contributes to the entire industry.

1. Strengthening technical skills

We present themes that not only focus on fundamental research like academic conferences but also directly connect to practical technologies relevant to the times, thereby spreading information about technological trends.

2. Deepening industry-academia collaboration

In addition to participants from a wide range of industrial fields related to tribology, the leading role played by the academic community makes this an opportunity that contributes to industry-academia collaboration.

3. Contribution to the industry as a whole

It is highly regarded by stakeholders not only as a forum for understanding industry trends but also for gaining insights into developments in other fields. As one of the leading companies in the lubricant industry, Kyodo Yushi supports the Tribology Study Group to drive technological progress across the entire industry and promote sustainable development.

● Contributions to academic societies and research groups

The Company contributes to society by advancing tribology technology through organizing and participating in various academic societies and research groups, as well as through collaborative projects.

Through participation in the MATSURI project, we are exploring the potential of algae in tribology and working toward the realization of a sustainable society.

Major research groups/projects in which Kyodo Yushi participates

Japanese Society of Tribologists

- Technical Committee for Contribution of Tribology to Carbon Neutrality
- Technical Committee on Solid Lubrication
- Technical Committee on Grease
- Technical Committee on Rolling Contact Fatigue
- Technical Committee on Tribochemistry
- Technical Committee on Hydrogen Tribology
- Technical Committee on Metal Forming Tribology

MATSURI Project



Governance

We strictly comply with laws and regulations and manage risks, establishing robust information security and a highly transparent supply chain while promoting sustainable management under sound governance.

Governance

Compliance

Under our Basic Compliance Policy, we have established a Code of Conduct requiring officers and employees to conduct their duties with a high level of ethical standards. We are continuing to conduct training and initiatives to mitigate compliance risks.

Whistleblowing System

To prevent and detect violations and misconduct related to compliance at an early stage, we have established a whistleblowing system where employees and officers can report violations. Whistleblowers may report information anonymously, and it is explicitly stipulated in the company's internal rules, namely the "Whistleblowing Policy," that they will not suffer any adverse treatment as a result. In addition, the personal information of whistleblowers is strictly protected. Reports and inquiries submitted to the external contact point are submitted to the Legal & Environmental Compliance Department as risk reports. Depending on the details of the report, the department conducts investigations and fact-checking, and if a compliance violation is confirmed, corrective measures are promptly taken.

In fiscal year 2024, we received one report and handled it appropriately.

Prevention of Corruption and Bribery

The Company has established rules regarding "Prohibition of Bribery and Gift-Giving/Entertaining, etc." in its Basic Compliance Policy, outlining the principles that the Company, its officers, and employees must adhere to in various corporate activities. We prohibit not only bribery but also entertaining or gift-giving that deviates from social norms. In particular, entertaining or giving gifts to public officials is generally prohibited. In an effort to further raise compliance awareness, we also conduct regular training sessions on corruption and bribery for new employees and those assigned overseas.

Implementation of Compliance Training

The Company conducts training programs aimed at reducing compliance risks across all departments, and in fiscal year 2024, we conducted training for new employees and employees assigned overseas.

■ Results of Various Compliance Training Programs (Fiscal Year 2024)

Training Name	Participants	Number of Attendees
New Employee Compliance Training	New employees	7
Overseas Assignee Compliance Training	Employees assigned overseas	3

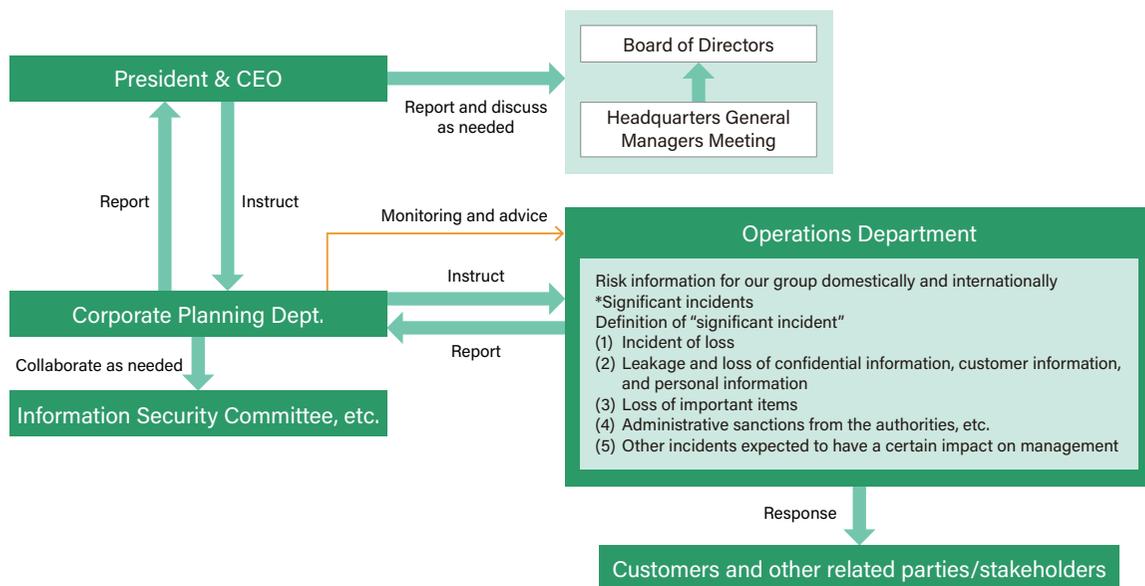
Governance

Risk Management

We have established a business continuity plan (BCP) and system that enables rapid recovery even during crises such as natural disasters, ensuring product supply continues uninterrupted whenever possible. In response to a recent surge in information security incidents, we have established a basic policy to protect our customers' assets and are rigorously enforcing compliance with measures and rules in line with these policies.

Based on our Medium-Term Management Plan, the Corporate Planning Department aggregates and analyzes reports from each department together with daily risk information for company-wide monitoring. This enables us to continuously identify signs of risk and changes, report them to the President and CEO, confirm response policies, and then roll them out to the relevant departments. Matters are brought up for discussion as needed at the monthly board of directors meetings, executive officers meetings, and Headquarters General Managers Meeting, where management-level discussions and policy decisions are made. Additionally, in the case of critical risks that come to light unexpectedly on-site, they are promptly reported to the Corporate Planning Department in accordance with the "Reporting Rules for Significant Incidents," and then handled in the same way as the standard response procedures for routine monitoring.

■ Risk Management Framework



BCP Activities

The Company has established a disaster prevention manual that outlines rapid response and action procedures during disasters, based on the basic BCP policy of “protecting one’s own life, body, and property.” We are rigorously implementing disaster mitigation and recovery measures to minimize damage during disasters and shorten the time required to resume production. Furthermore, to fulfill our responsibility to supply products to customers, we have established a business continuity plan (BCP) that includes holding inventory designed to last for a period longer than the time required to resume production.

● Framework

The overall management of the BCP is handled by the BCP Committee. When risks such as natural disasters emerge, we establish a disaster response headquarters. To ensure continuous product supply to customers even during crises, we set recovery targets and rigorously implement measures to ensure that they are met. We also develop plans to minimize recovery periods and maintain product supply through adequate inventory levels.

We are also working to enhance the effectiveness of our BCP by confirming procedures for minimizing damage based on regular drills simulating disasters such as large-scale earthquakes, as well as securing emergency communication methods and IT infrastructure backups, among other steps.

Information Security Activities

The Company has established a Basic Information Security Policy, based on which it is conducting activities to protect and ensure the proper use of information assets, which play a critical role in our ability to continuously provide products and services that satisfy our customers, from threats such as accidents, disasters, and crime.

To ensure the proper protection and use of information assets, the Company has established the Basic Information Security Rules, Information Security Management Rules, and Basic System Rules, thereby ensuring the robust management of these assets. Based on these rules, we have appointed information security officers within each internal organization to establish and drive the management systems of each organization. Additionally, the Information Security Committee—composed of cross-functional members with the Corporate Planning Department and System Department serving as its secretariat—takes the lead in establishing the company’s management framework and implementing cybersecurity measures.

Since fiscal year 2021, we have conducted annual information security training for all employees, and starting in fiscal year 2023, we have also launched training programs targeting our overseas locations. Additionally, every year we conduct targeted email training exercises. In fiscal year 2024, we worked to improve information security literacy by conducting information security study sessions, implementing follow-up comprehension checks, and providing education through e-learning on the importance of information security, information security risks and countermeasures, and complying with and strictly enforcing rules.

Furthermore, we continuously strengthen our technical measures for information security each year, referencing guidelines and checklists from organizations such as the Japan Automobile Manufacturers Association, Inc.

Information Security Basic Policies

We, as a member of KYODOYUSHI Group, have fulfilled customer needs through manufacturing and selling high-functionality grease products under our corporate philosophy, "contribute to society through exercising the Spirit of Tribology." To keep offering products and services that satisfy customers, we set Information Security Basic Policies to earn the trust of our customers as well as society, and will pursue efforts in strengthening information security by keeping information assets critical to our business operation from accidents, disasters, crime, and using them in an appropriate manner.

1. Development of management system and basic policies on information security

We establish a management system required to maintain and improve information security, and define the Information Security Measures as our official rules.

2. Responsibilities of and continuous improvement in leadership

The management of our company follows these Basic Policies, and lead the efforts in managing information assets of our company and customers in an appropriate manner.

3. Compliance with laws and regulations, and contractual requirements

Employees of our company comply with laws and regulations, and internal rules related to information assets used for our business activities as well as information security requirements specified in agreements with customers.

4. Efforts by employees

Employees of our company acquire necessary skills and knowledge for maintaining and improving information security to ensure the efforts on information security.

5. Measures against violations and handling of incidents

We establish internal system to take measures against violations of information security related laws and regulations, internal rules, agreements with customers, to handle information security incidents, and make efforts to reduce the impact of a violation or an incident.

April 1, 2023
Shinichi Kofune
President & CEO
KYODO YUSHI CO., LTD.

Governance

Supply Chain Management

We believe that trust is paramount in our relationships with business partners, and beyond pursuing our own interests, we aim for stable supply by working together and pursuing mutual prosperity.

Procurement Policy

We have established the Kyodo Yushi Green Procurement Guidelines to ensure strict management of chemical substances in raw materials, equipment, packaging materials, and other supplies, and to comply with the relevant domestic and international laws and regulations as well as customer requirements regarding chemical substance management. We collect receipts as proof that our business partners have understood and confirmed these guidelines. The response rate for fiscal year 2024 is 99% (130 out of 131 companies).

We are also working to track our business partners' CO₂ emissions. Many of our business partners have not yet compiled their CO₂ emissions data, so we are following up with them as we work to obtain this information.

Kyodo Yushi Green Procurement Guidelines (excerpt)

Kyodo Yushi establishes the "Kyodo Yushi Green Procurement Guidelines" to strictly manage chemical substances in applicable raw materials, equipment, packaging materials, and other supplies, and to satisfy the relevant laws and regulations in Japan and overseas, as well as customer requirements regarding chemical substance management. Moreover, Kyodo Yushi requires its suppliers to comply with these guidelines when procuring raw materials, equipment, packaging materials, and other supplies, and shall only source supplies from suppliers who comply with these guidelines.

We hope our valued business partners will understand the importance of such action and kindly request your continued cooperation.

Our business partners refer to companies and business establishments that supply raw materials, equipment, packaging materials, and other supplies to us, either directly or through manufacturing companies, trading companies, or other business partners (such as trading companies) in Japan and overseas.

Stable Procurement of Raw Materials

Our business partners are required to conduct surveys on the content of regulated chemical substances contained in raw materials and report the results by completing the "Survey Form for Environmentally Hazardous Substances." In anticipation of times when raw materials may become unavailable, we are conducting a theoretical selection of alternative materials for all 800 or so types of raw materials.

On the other hand, for raw materials available from one or limited suppliers, we share the raw material list with the development department. Furthermore, the BCP Committee has established response procedures for when raw material suppliers are affected by disasters.

Declaration of Partnership Building

Our Group supports the vision of the "Meeting for the Promotion of Partnership Building for the Future," promoted by the Cabinet Office and the Small and Medium Enterprise Agency, and has published a "Declaration of Partnership Building." This declaration aims to build new partnerships by promoting collaboration and mutual prosperity with our business partners in the supply chain and with businesses seeking to create value.

Overview of the "Declaration of Partnership Building"

- We aim for mutual prosperity across the entire supply chain and new forms of collaboration that transcend scale and corporate affiliations.
- We will promote procurement based on our long-term vision of aiming to become a global leading company with tribology technologies at its core.
- We will comply with the desirable business practices between principal contractors and subcontractors (the "Promotion Standards" based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises) and actively work to correct any business practices or commercial customs that hinder the building of partnerships with our business partners.



Governance

Corporate Governance

With the aim of becoming a company that continues to earn the trust of its stakeholders through strengthened corporate governance, Kyodo Yushi is endeavoring to build a sound and highly transparent management foundation.

Governance Structure

The Company has adopted an Audit & Supervisory Board system (a company with an Audit & Supervisory Board), and as of June 27, 2025, its structure consists of 7 directors and 4 auditors (including 3 outside auditors). The Board of Directors makes decisions on matters prescribed by law and important matters related to execution of duties, while also performing a supervisory function over the execution of duties by directors. As a general rule, regular board meetings

are held once a month, and special board meetings are convened as needed. The Audit & Supervisory Board audits the Board of Directors and executive functions, with auditors collaborating with the accounting auditor and the Internal Auditing Department. To ensure the effectiveness of audits conducted by auditors, we appoint outside auditors who possess the knowledge and experience required for proper business operations including compliance and risk management together with ensuring the accuracy of financial reporting, and who are independent from the directors.

To clarify the distinction between operational and supervisory functions and to speed up and streamline strategic management decision-making, we have adopted an executive officer system. The current structure consists of 13 executive officers, including those who also serve as directors. In addition to holding regular executive officers meetings once a month, special executive officers meetings are convened as necessary. Additionally, we have established a Headquarters General Managers Meeting to

deliberate on executive policies, management plans, and the implementation of important tasks associated with business operations. The Headquarters General Managers Meeting consists of the Chairman of the Board, Vice Chairman of the Board, President and CEO, Executive Vice President, and each headquarters general manager*. It meets once a month and holds extraordinary meetings as necessary. The Headquarters General Managers Meeting deliberates on matters to be submitted to the Board of Directors and important matters concerning business execution. The executive officers meeting deliberates on important matters concerning business execution other than those submitted to the Headquarters General Managers Meeting.

*The Company has established headquarters as a functional organization, of which there are five: the Sales Headquarters, Technical Headquarters, Manufacturing Headquarters, Quality Assurance Headquarters, and Administrative Headquarters.

Officer Information (as of June 27, 2025)

Directors

Position	Name
President & CEO	Shinichi Kofune
Executive Vice President	Shinya Kondo
Director and Managing Executive Officer Director and Senior Executive Officer	Kazuki Kono Yuji Onuki Kozo Kofune Junichi Imai Keiichiro Shiwaku

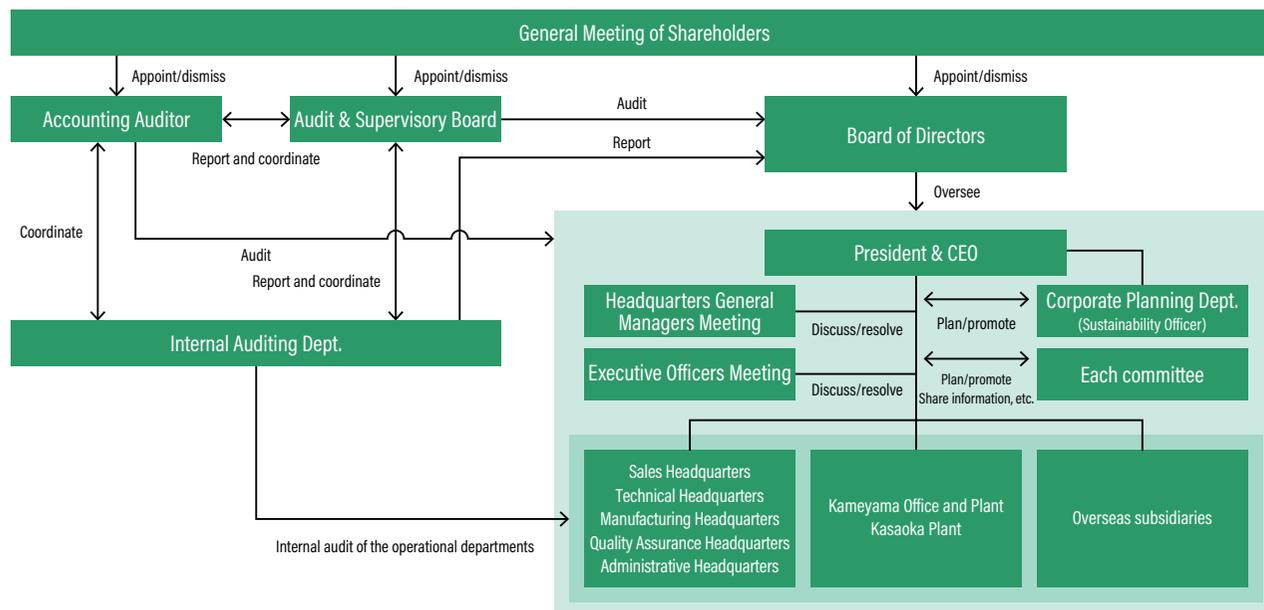
Auditors

Position	Name
Full-time Auditor	Mitsuhiro Kakizaki
Auditor	Mako Sato Shinichi Ando Takeshi Imamichi

Executive Officers

Position	Name
Executive Officers	Ken Sato Hajime Taninaka Hitoshi Samejima Masanori Komaba Naoshi Shimotomai Atsuya Ueda

Corporate Governance Structure Chart (as of June 27, 2025)



KYODO YUSHI

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