

Status and Challenges toward Becoming a Global Leader in Smart Entrance Solutions



Masanaka Yokota

Outside Director

After joining JMA Consultants Inc., Mr. Masanaka Yokota provided advice and guidance on corporate management strategy, production and manufacturing, and human resource development. After serving in various important positions, including Managing Director and President of Chinese and European subsidiaries, he was appointed as an Outside Director of the Company in June 2020, where he provides advice and suggestions on overall management.



Hiroko Ishimura

Outside Director

After joining The Mitsubishi Bank, Ltd., Ms. Hiroko Ishimura joined Cincom Systems Japan Ltd. in 1991, where she held important positions, including Marketing Manager and Representative Director. She was appointed as an Outside Director of the Company in 2022 and provides advice and suggestions on the use of IT and digital technology.



Mariko Watanabe

Senior Analyst
Executive Director
UBS Securities Japan Co., Ltd.

In 1991, Ms. Mariko Watanabe joined Kokusai Securities Co., Ltd. Since then, she has been involved in industry research and financial analysis as a securities analyst at several foreign securities firms until joining UBS Securities Japan Co., Ltd. in 2004. As a certified member of the Securities Analysts Association of Japan, she serves as a bridge between companies and investors.

In fiscal 2022, Sanwa Holdings formulated its Long-Term Vision, Sanwa Global Vision 2030. The first phase of the plan, the Medium-Term Management Plan 2024, has been successfully completed, and the second phase, the Medium-Term Management Plan 2027, began in fiscal 2025. Two outside directors exchanged opinions with facilitator Mariko Watanabe, Senior Analyst at UBS Securities, on current issues and areas to focus on in the future as we move forward with the new Medium-Term Management Plan.

Summary of the Medium-Term Management Plan 2024

Watanabe: March 31, 2024 marked the conclusion of the Medium-term Management Plan 2024. Achievement of various performance targets suggests a favorable outcome to this plan. How would you evaluate the Company's performance during the plan?

Yokota: For Sanwa Holdings, the previous Medium-Term Management Plan was to be a very important first step toward the Sanwa Global Vision 2030. Despite the many lingering uncertainties as the COVID-19 pandemic came under control, business in Japan and North America remained steady, resulting in a satisfactory overall performance.

The strong performance in Japan and North America can be attributed to the fact that the Company was able to pass on the higher costs of raw materials and other items to selling prices, as well as to improve productivity and take cost reduction initiatives. I believe that the smooth acceptance of the price shift was thanks to the Sanwa Group's excellent products and services, and the fact that the Group was able to gain the trust of its customers on a daily basis.

Ishimura: Sanwa delivered excellent results in the previous Medium-Term Management Plan. Particularly in the Japanese market, my assessment reveals strong results despite numerous challenges in the manufacturing industry, such as Japan's 2024 logistics problem due to driver shortages and

the 2025 digital cliff caused by legacy system maintenance difficulties. After assuming the position of outside director, what impressed me most strongly was that the company has a very solid organizational structure. I believe that the results of the Group's steady and continuous implementation of the PDCA cycle are reflected in the excellent financial indicators it has now achieved.

Watanabe: My impression is also that many investors highly rate the results generated in the last three years. However, are there challenges, including those not shown in the numbers, that you can point to?

Yokota: By region, Japan and the U.S. performed well, while Europe struggled. One of the reasons for this is that M&A did not proceed as expected, and how to grow in this area is a major issue for the next stage. Although it is commendable that the Group was able to turn a profit in Asia, it still must seek greater profits, especially in China and Vietnam.

In terms of products, I believe there is room for growth in products addressing disaster preparedness and climate change. These products account for about 30% of the Group's net sales and can already be considered a strength, but I believe that there is plenty more expansion possible in this area. I see this as an important point for the next stage of growth.



Ishimura: I believe that productivity improvement through digitalization and manufacturing innovation is an area where the Group must steadily and consistently transform and improve. The manufacturing industry is currently experiencing a major wave of new, influential solutions in the form of AI and IoT, and it is important to address these technologies in a circumspect, steady, and strategic way. Systems for digitalization are not set-and-forget; they must be constantly updated.

In parallel, the products and services offered must be made digital themselves. AI and other digital technologies are essential for applying IoT to products and developing service businesses, but hastily jumping on those technologies may not lead to immediate results. It is necessary to check effectiveness as you move forward, and to be consistent.

Expectations for the Medium-Term Management Plan 2027

Watanabe: A new Medium-Term Management Plan has started in fiscal 2025. I believe this current plan faces a different kind of challenging times versus the past three years. What are the key points you emphasize as an outside director?

Yokota: The most important thing is the investment policy, including M&A. The plan is to invest a total of 100 billion yen in M&A, capital expenditures, and IT/digital investments, and it should be vital to put this into practice properly. If the investment goes well, for example in the Americas, we believe it will lead to further market share expansion and improved profitability. The importance of these investments has been constantly discussed by the Board of Directors, not only in the current Medium-Term Management Plan.

Ishimura: The Board of Directors continues to discuss advancing sustainability management. The underlying spirit when Sanwa was founded was love, trust, and hard work, truly the foundation of sustainable management. This underlying spirit was a marvel to me when I joined Sanwa Holdings as an outside director.

The underlying spirit from the Company's founding has

been handed down through the years, and this has led to the Sanwa Group's current Corporate Mission of being "committed to offering products and services that provide safety, security and convenience to further contribute to the prosperity of society." The PDCA cycle, which is used to put this mission into action, is also strongly ingrained in the Group's corporate culture. I believe this unwavering attitude is a major driving force behind our growth and should encourage the promotion of sustainability management.

In the current Medium-Term Management Plan, while scaling will be important, I also believe that what is even more important is improving quality. Improving the quality of everything, including products and employee capabilities, through sustainability management should also be a key factor in business expansion.

Watanabe: The final goals of this Medium-Term Management Plan are operating profit of 100 billion yen and an operating profit ratio of 13.3%*. This number can only be achieved with a foundation built from decades of effort, not just in the past three years. Given this, I think the Sanwa Group can maintain similar growth over the long term ahead, but what hurdles need to be overcome in order to grow even more?

*Before amortization of goodwill

Yokota: Human capital development and management are still important. Not only Sanwa Holdings, but all Japanese companies are struggling to secure human resources, and I think this is a high hurdle that must be overcome.

Compared to a short time ago, Sanwa Holdings has gained more exposure through advertising and other means. This has also attracted the interest of job seekers. In order to secure even more talented personnel, it will be important to use a variety of other tools in addition to advertising.

The Japanese manufacturing industry, not just Sanwa Holdings, is generally structured in such a way that discipline is determined from the top down, and QCD (quality, cost, and delivery) is ensured by the field's strict adherence to standard methods. While this has no doubt contributed to its strength, organization must transform so that each individual can freely express their own opinions in order to better demonstrate their abilities.

Ishimura: I agree that organizational development is important. What is needed here is to create opportunities for exposure to ideas from outside the company. Having been in a position of corporate management for a long time, I have realized that focus inevitably narrows to internal concerns. Meanwhile, companies with strengths in developing human capital focus on external training and learnings from outside as well as internal training. My hope is that Sanwa Holdings will consider modifying its approach to human capital development with such efforts in mind.

Yokota: Outside directors have often expressed their opinions on the review of the personnel system. I believe that this is a difficult topic with no immediate answer or correct answer, but there must be time provided to have a thorough discussion.

Ishimura: A moment ago, I mentioned digital technologies as an issue from the previous Medium-Term Management Plan. Investment in IT and other digital technologies is a basic strategy in the current Medium-Term Management Plan, but I am still concerned about whether digitalization will proceed as planned.

In utilizing and promoting IT and other digital technologies, you never know what kind of trouble you may encounter along the way. Therefore, it is difficult to predict whether the investment amount of 10 billion yen, which is set in the current Medium-Term Management Plan as planned, will be sufficient to deal with various situations. It may be necessary to anticipate the need for a review during the process.

Yokota: Business process improvement through digitalization is a theme that requires steady action. The digitalization of Sanwa Holdings' services and products, as mentioned earlier, is the Company's responsibility as a dominant industry player by market share.

Watanabe: The balance between investment in growth and shareholder returns is also a key point in this Medium-Term Management Plan. Sanwa Holdings' capital efficiency figures, such as ROE and ROIC, have improved dramatically over the last decade.

I have observed many companies in my career, and I have never seen such an improvement. This is probably due to the

fact that Sanwa Holdings has been emphasizing shareholder returns in addition to improving profit margins. I believe that many shareholders appreciate this consistent stance and the cash allocations to further improve it. What do you two think?
Yokota: The change to DOE as an indicator of dividend policy has been highly appreciated by all outside directors. I feel that the ongoing discussions in the interest of capital efficiency have been put to good use in this indicator change.

On the other hand, the Company's assumed amount of investment in growth, including M&A, feels somewhat cautious. I have said that they should consider this as a minimum line to exceed, and that they should invest more aggressively for the future. In particular, M&A is an area that did not go well in the previous Medium-Term Management Plan, so I would like to see the Company actively engage here.

Ishimura: Not only that, but given the current shortage of IT talent in the market, there may be room for improvement in the speed of decisions regarding IT investment decisions in order to secure outsourced human resources.

For major investment decisions, the Company, as the holdings company, needs to make the final decision. This can slow down the speed of decision making. In order to ensure that growth investments are carried out, it would be helpful to make some operational innovations to strengthen the



functions of the Board of Directors, such as holding special Board meetings for investment decisions.

Sanwa Holdings' Corporate Governance

Watanabe: Let's also talk about your assessment of corporate governance as outside directors?

Yokota: Mr. Michael Morizumi was appointed as a new outside director and Audit & Supervisory Committee member in June 2025. He is an American and has experience and knowledge as an analyst in addition to corporate management.

In addition, Mr. Naoto Yamaoka was appointed as an Audit & Supervisory Committee and inside director. This enhancement of the Board's headcount has made the system more heartening.

Ishimura: I have only been in office for about three years, so I have much to learn from the discussions of the other outside directors, but they are quick to respond to my questions, and I am often asked for advice on women's empowerment and digitalization. I believe that we have a good open atmosphere because we are given opportunities to communicate with the Company's employees.

Watanabe: As an outside director, what do you stay mindful of?

Dialogue with Outside Directors and Analysts

Yokota: I try to maintain a perspective on whether the quality of our products and services is appropriate. For manufacturers, the attitude of providing better products is of utmost importance, and I try to speak out with a strong awareness of this.

Ishimura: I try to look at products and services from the consumer's perspective. Since becoming an outside director of the Company, I have noticed many more shutters in my daily life. From a consumer perspective, I actively collect information that I believe is necessary for the Sanwa Group and provide feedback.

Future Expectations for the Sanwa Group

Watanabe: What are your expectations for the Sanwa Group in the future, respectively?

Yokota: The current Medium-Term Management Plan marks the exact halfway point toward the Sanwa Global Vision 2030. I feel that the Company needs to take a moment to discuss and define what it means to be a "Global Leader in Smart Entrance Solutions" as set forth in our Long-Term Vision.

Specifically, it will be necessary to sort out what kind of product mix the Company is aiming for, and whether the roles of the holding company and each business company are appropriate in order to become a truly global company.

We, as outside directors, will also consider this together.

As the Company promotes human capital management, it must also pursue employee engagement. Employees are a company's most important stakeholders. I believe that the start of this new Medium-Term Management Plan should be an opportunity to discuss what kind of company to become in order to be a good company where employees can work with pride.

Ishimura: I hope that Sanwa Holdings employees will firmly practice the Company's founding spirit of love, trust, and hard work, and that the Company will continue to help people lead safe, secure, and comfortable lives.

As part of this effort, it is my desire the Company will work

to further promote the empowerment of women. Women's empowerment is still limited in scope, not only at the Company but in the construction industry overall. I would like to see management make the most of individual abilities so that everyone is given the opportunity to develop their careers, rather than making distinctions based on gender.

Another area that needs attention, in my view, is a reassessment of PR messaging. My sense is that, since Sanwa Holdings' business is BtoB, I feel that there is an internal perception that it's okay to not have much public recognition. But, is that something that we can afford to ignore? In fact, there are times that I feel the Company makes a truly excellent product that can contribute to society, but that the Company is not doing a good job of appealing to the public. Successfully pitching such a product would improve the Company's image and attract even better talent. Employees

would be able to work with more pride.

Watanabe: I feel the same way as Ms. Ishimura. Sanwa Shutter Corporation in Japan, ODC in the United States, and Novoferm Group in Europe are all valuable brands. Despite the fact that many people use some version of their products in their daily lives, these brands are not as well recognized in the general public as its valuation in the stock market. I feel that if the Sanwa Group can successfully appeal to the public, it can become more widely known.

Today's dialogue gave us a glimpse of directors with different perspectives discussing and striving for the happiness of the Sanwa Group's stakeholders. The Sanwa Group offers a promising future as an organization that can make all stakeholders happy, including not only shareholders, but also employees and end users. Thank you for this valuable opportunity.



Management Team

Directors



Yasushi Takayama
Representative Director, President Chief Executive Officer

Attendance at Board of Directors' meetings	100%
Attendance at Nomination & Compensation Committee meetings	100%
Number of company shares held	181,803 shares

Reasons for appointment

Since joining the Company in 2006, Mr. Yasushi Takayama has served in important positions, including General Manager of Total Cost Reduction (TCR) Dept. and General Manager of Structural Reform Dept., where he promoted a wide range of management reforms throughout the Company Group. After assuming office as President in 2017, he has promoted global group management both in Japan and overseas, laying the foundation for the Company to become a major global player. Based on his extensive experience and track record, the Company has determined that he remains qualified to be a Director.



Hiroyuki Yamazaki
Director, Senior Managing Executive Officer Responsible for Corporate Planning Unit

Attendance at Board of Directors' meetings	100%
Attendance at Nomination & Compensation Committee meetings	100%
Number of company shares held	30,080 shares

Reasons for appointment

Mr. Hiroyuki Yamazaki held important positions at a trading company, a system development company, and other organizations before joining the Company in 2017. At the Company, he has contributed to the growth of the Company Group in terms of both attacking and defensive aspects, by utilizing his extensive experience and acumen to promote management strategy and global personnel strategy, as well as strengthen risk management and so forth. Based on his experience and acumen, the Company has determined that he remains qualified to be a Director.



Toshiaki Doba
Director, Senior Managing Executive Officer Responsible for Global Business Unit

Attendance at Board of Directors' meetings	100%
Number of company shares held	19,386 shares

Reasons for appointment

After holding important positions at a trading company and a foreign-owned enterprise, Mr. Toshiaki Doba joined the Company in 2014. At the Company, he has been mainly involved with the Americas business, making a substantial contribution to expanding the sales of the US subsidiary and improving its profitability. From 2022, he was responsible for Global Business Unit, where he led the Company's business strategy in Europe and Asia, as well as the Americas, contributing to the growth of the Company's global business. Based on his experience and track record, the Company has determined that he remains qualified to be a Director.



Meiji Takayama
Director (Part-time)

Attendance at Board of Directors' meetings	100%
Number of company shares held	109,780 shares

Reasons for appointment

Mr. Meiji Takayama held important positions at Sanwa Shutter Corporation, the core business company of the Company Group, such as General Manager of Sales Promotion Dept. and Head of the Building Materials Div., before assuming office as Representative Director, President of that company in 2017. Drawing on his experience and knowledge of the field of construction and the construction materials industry, he has driven the domestic business and contributed to the development of the Company Group. Based on his experience and strong leadership, the Company has determined that he remains qualified to be a Director.



Masanaka Yokota
Independent Outside Director

Attendance at Board of Directors' meetings	100%
Attendance at Nomination & Compensation Committee meetings	100%
Number of company shares held	6,300 shares

Reasons for appointment

As a consultant for many years at JMA Consultants Inc., Mr. Masanaka Yokota provided advice and guidance for improvements and reforms in areas such as management strategy, production & manufacturing, and personnel development. Since he assumed office as an Outside Director in 2020, he has utilized his experience as a consultant and as the president of an overseas subsidiary, etc., to provide advice and suggestions on management as a whole, while also providing impartial opinions as a member of the Nomination & Compensation Committee. The Company expects him to utilize this extensive experience and knowledge to continue to provide supervision and advice in relation to the execution of duties by Directors of the Company.



Hiroko Ishimura
Independent Outside Director

Attendance at Board of Directors' meetings	100%
Number of company shares held	1,000 shares

Reasons for appointment

After first being employed by The Mitsubishi Bank, Ltd., Ms. Hiroko Ishimura joined Cincom Systems Japan Ltd. In 1991, where she held important positions, including those of Marketing Manager, Managing Director, and Representative Director. Since she assumed office as Outside Director of the Company in 2022, she has utilized her deep knowledge of solving business problems using IT and digital technologies, etc., and extensive experience as a corporate manager to provide advice and suggestions on management as a whole. The Company expects her to utilize this deep knowledge and extensive experience to continue to provide supervision and advice in relation to the execution of duties by Directors of the Company.



Tsunekatsu Yonezawa
Independent Outside Director
Audit & Supervisory Committee Member

Attendance at Board of Directors' meetings	100%
Attendance at Audit & Supervisory Committee meetings	100%
Attendance at Nomination & Compensation Committee meetings	100%
Number of company shares held	— shares

Reasons for appointment

Mr. Tsunekatsu Yonezawa served as General Manager of Thin Plate Department I, ITOCHU Corporation, and General Manager of Oceania, ITOCHU Corporation, before being appointed the member of the Board of Marubeni-Itochu Steel Inc. in the ITOCHU Group. Subsequently he assumed office as Outside Corporate Auditor of the Company in 2015, and Director serving as Audit and Supervisory Committee member in 2016. At the Company, based on his experience as a corporate manager both in Japan and overseas and his deep knowledge of economics and management, he has provided appropriate opinions and advice while also providing impartial opinions as a member of the Nomination & Compensation Committee. The Company expects him to utilize his experience and knowledge to continue to provide appropriate supervision of execution of business by the Company.



Naoto Yamaoka
Director
Audit & Supervisory Committee Member

Attendance at Board of Directors' meetings	— %
Attendance at Audit & Supervisory Committee meetings	— %
Number of company shares held	1,800 shares

Reasons for appointment

Mr. Naoto Yamaoka held important positions at Sanwa Shutter Corporation, the core business company of the Company Group, such as General Manager of Human Resources and General Affairs Dept. and Senior Executive Officer, before assuming office as Corporate Auditor of that company in 2023. He possesses many years of experience in human resources, labor, human resource development, and general affairs operations, as well as broad knowledge of the Company Group's business. Based on his extensive experience, the Company expects him to provide appropriate opinions and advice, and has determined that he is qualified to be a Director serving as Audit and Supervisory Committee Member.



Akira Gokita
Independent Outside Director
Audit & Supervisory Committee Member

Attendance at Board of Directors' meetings	100%
Attendance at Audit & Supervisory Committee meetings	100%
Attendance at Nomination & Compensation Committee meetings	100%
Number of company shares held	— shares

Reasons for appointment

After serving as Public Prosecutor in the Special Investigation Divisions of the Tokyo District Public Prosecutors Office and the Osaka District Public Prosecutors Office, Mr. Akira Gokita registered as attorney at law in 1988, and since 1994 he has been active in a wide range of fields as an attorney at law for Gokita and Miura Law Office. He assumed office as Director serving as Audit and Supervisory Committee member of the Company in 2016. At the Company, based on his deep knowledge as a legal specialist, he has provided appropriate opinions and advice in relation to the governance and risk management of the Company while also providing impartial opinions as a member of the Nomination & Compensation Committee. Other than as an Outside Director he has had no involvement in company management, but the Company expects him to utilize the above-mentioned experience and knowledge to continue to provide appropriate supervision of execution of business by the Company.



Michael Morizumi
Independent Outside Director
Audit & Supervisory Committee Member

Attendance at Board of Directors' meetings	— %
Attendance at Audit & Supervisory Committee meetings	— %
Number of company shares held	— shares

Reasons for appointment

Mr. Michael Morizumi has knowledge of corporate analysis, investment decisions, and finance and accounting from his many years of experience as a securities analyst, as well as extensive knowledge of domestic and international corporate management from his experience as a representative of Pacific IR Co., Ltd. The Company expects him to utilize his experience, knowledge, and global perspective and to provide appropriate supervision of execution of business by the Company.

Executive Officers

Katsumi Fujii Senior Executive Officer
Head of Americas Business, Global Business Unit

Masayuki Atarashi Executive Officer
Head of Corporate Communication Department, Corporate Planning Unit

Skill Matrix of the Directors

Policy for Appointing Directors

The Company's criteria for appointing Directors are based on whether the individual in question possesses the abilities, knowledge, and experience necessary to monitor and supervise the Company's management from a global perspective, and to make important decisions concerning the Company's business operations.

Ever since we created and disclosed a skill matrix for Directors in 2021, we have been reviewing it from time to time in light of the management issues we face. We have selected the areas described in the table on the right after deliberations by the Board of Directors with a view to achieving Sanwa Global Vision 2030, our Long-Term Vision, and the Mid-Term Management Plan 2027.

Appointment Process

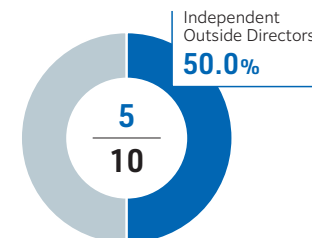
The Board of Directors of the Company selects executives who will set and promote business directions and strategies with global-scale competitiveness in mind. Candidates for the position of Director are selected based on individual abilities, insight, and experience as well as in consideration of the balance and diversity of the overall Board of Directors and the Audit & Supervisory Committee. (At least one person who is an expert in finance and accounting is appointed as a Director serving as an Audit & Supervisory Committee Member.) A decision is made on the candidates by the Board of Directors in deliberations following verification by the Audit & Supervisory Committee.

Furthermore, Director candidates are selected by the Board of Directors after receiving advice requested from the Nomination & Compensation Committee. The reasons for the selection of individual Director candidates are provided in the convocation notice of the General Meeting of Shareholders. The selection and dismissal of executives (excluding Directors) use the same procedure, with a decision made after deliberation by the Board of Directors.

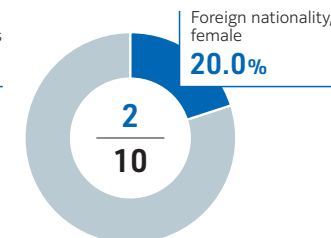
Independent Outside Directors

The five Outside Directors each provide management advice based on their extensive experience and expertise. In doing so, they audit and supervise the Directors in the execution of their duties from a neutral standpoint that is independent of the execution of business, thus fully enhancing oversight of the Board of Directors. Going forward, we will continue to consider increasing the ratio of Outside Directors as necessary with a view to ensuring the effectiveness of the Board of Directors and further improving governance.

Ratio of Independent Outside Directors



Diversity Ratio



Skill Matrix of the Board of Directors

	Name	Skills (ability, knowledge, experience etc. which the Company expects)									Diversity	
		Corporate management	Industry knowledge, Industry experience	Global experience	Sales, Marketing	Manufacturing and engineering, Development and quality assurance	IT, Digital	Finance and accounting, Monetary	Personnel and labor, Personnel development	Legal affairs, Risk management, Compliance	Foreign nationality	Female
Directors (excluding Directors serving as Audit & Supervisory Committee Members)	Yasushi Takayama	✓	✓				✓	✓	✓	✓		
	Hiroyuki Yamazaki	✓		✓			✓	✓	✓	✓		
	Toshiaki Doba	✓	✓	✓	✓			✓				
	Meiji Takayama	✓	✓		✓	✓		✓	✓			
	Masanaka Yokota	○ I	✓	✓		✓			✓			
Directors serving as Audit & Supervisory Committee Members	Hiroko Ishimura	○ I	✓	✓	✓		✓					✓
	Tsunekatsu Yonezawa	○ I	✓	✓	✓							
	Naoto Yamaoka		✓					✓	✓	✓		
	Akira Gokita	○ I						✓	✓	✓		
	Michael Morizumi	○ I	✓	✓				✓			✓	

Note: The above matrix does not indicate all skills, knowledge, experience, etc., possessed by the Directors.

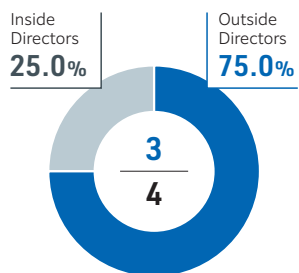
Expected Skills

Corporate management	Experience as a representative Director or an executive with a broad scope of managerial duties equivalent to those of a representative Director in a company	IT, Digital	Expertise in how to apply digital technology to transform and streamline businesses and operations
Industry knowledge, Industry experience	Management skills of a kind that will contribute to the growth of the Company by leveraging knowledge and experience of industry	Finance and accounting, Monetary	Knowledge of finance and accounting required to build a management foundation that balances investment in growth, sound finances, and shareholder returns
Global experience	Experience of conducting business outside of Japan or managing a company with global operations	Personnel and labor, Personnel development	Skills and experience to oversee the situation surrounding the implementation of human capital management, including human resource development linked to management strategy and other matters
Sales, Marketing	Foresight to create business opportunities in a rapidly-changing business environment	Legal affairs, Risk management, Compliance	Expertise in how to respond promptly and appropriately from the standpoints of legal affairs, corporate governance, and risk management so as to secure the trust of stakeholders
Manufacturing and engineering, Development and quality assurance	Expertise in manufacturing (production, technology, and development) and quality assurance needed to earn the trust of customers		

Basic Approach to Corporate Governance

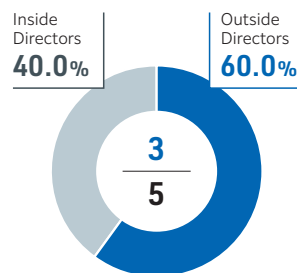
As a global access systems company that is developing business in 28 countries and regions in North America, Europe and Asia as well as in Japan, Sanwa Holdings Corporation achieves business growth through good faith and fair business activities on the basis of the Company's Mission, Our Values, Principles of Business and Compliance Code of Conduct while aiming to instill two kinds of reliability (reliable business performance and reliable management). Continuing to grow and improve corporate value, the Company will also contribute to the sustainable development of society while positioning corporate governance, which forms its foundation, as an important management issue.

Ratio of Outside Directors (Audit & Supervisory Committee)



*Chaired by an Outside Director

Ratio of Outside Directors (Nomination & Compensation Committee)

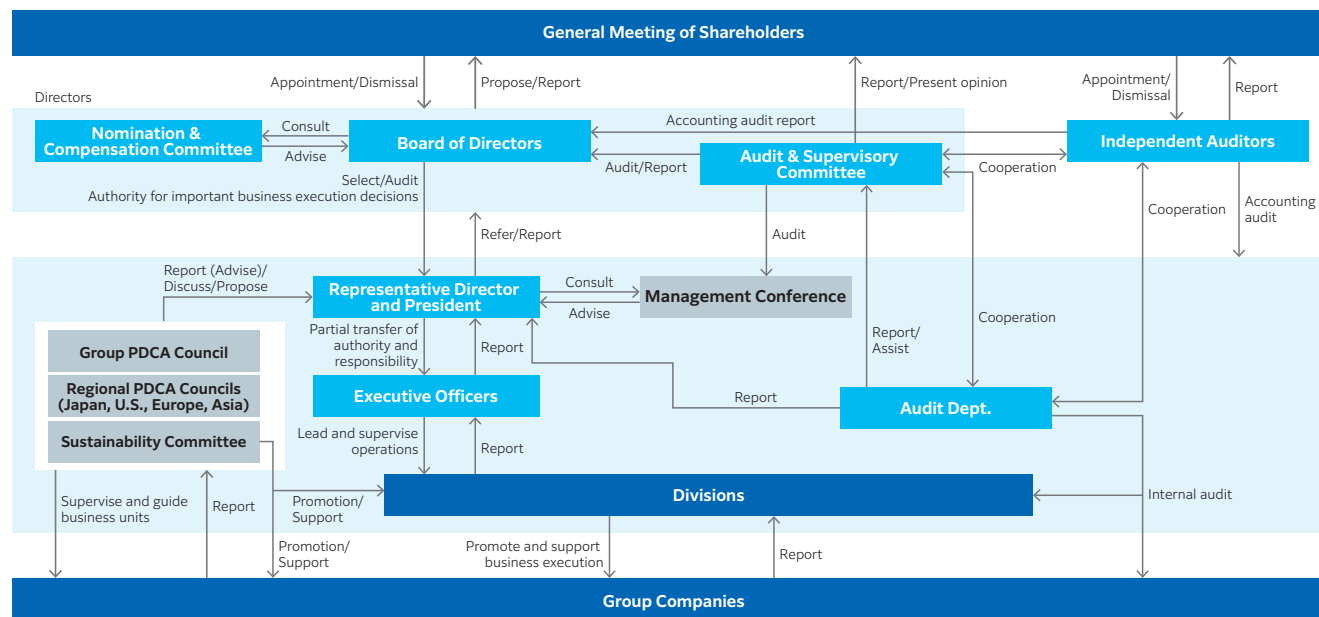


*Chaired by an Outside Director

Corporate Governance Structure

The details of specific measures to enhance our business execution and supervisory functions are set out below. By adopting this system, we believe that we can establish a system to ensure the appropriateness of operations and enhance corporate governance.

The Sanwa Group's Corporate Governance Structure



Comment from the New Outside Director

Realize latent corporate value by maintaining a global perspective

I believe that Sanwa Holdings is an exemplary company, not only for Japan but from a global perspective as well, and its superiority is reflected in its strong share price. And while Sanwa Holdings has already made significant advancements in its earnings and share price in recent years, I will endeavor to leverage my various

experiences in finance and in global business to find ways to contribute to further expansion of the Company's corporate value. I also hope to use my experiences as a securities analyst to further enhance Sanwa's investor relations function as well.



Michael Morizumi

Enhancement Process of Corporate Governance

2000	Adopted Executive Officer system	
	Appointment of one outside Audit & Supervisory Board member	
2003	Established Group Strategy Committee	
	Established Domestic Business/Overseas Business PDCA Council (Regional PDCA Councils)	
2005	Established the Group CSR Promotion Council	
2006	Appointment of two outside Audit & Supervisory Board members	
2007	Adopted holding company system	
2008	Appointment of one Outside Director	Ratio of Outside Directors 10.0%
2016	Transition to a company with an Audit & Supervisory Committee	
	Established the Management Conference	
	Appointment of three Outside Directors	Ratio of Outside Directors 27.3%
2021	Established the Nomination & Compensation Committee	
	Established the Sustainability Committee	
	Resolution on policy for determining details of officer compensation, etc., for individual Directors (to change to restricted stock compensation)	
2022	Appointment of one female Director	Ratio of Outside Directors 40.0%
2023	Established shareholding guidelines	
2024	Chair of the Nomination and Compensation Committee becomes an Outside Director	Ratio of Outside Directors 44.4%
2025	Chair of the Audit & Supervisory Committee becomes an Outside Director Appointment of one non-Japanese Outside Director	Ratio of Outside Directors 50.0%

About the Board of Directors

The Board of Directors consists of ten Directors (including four Directors who are Audit & Supervisory Committee members), of whom five (50.0%) are designated as independent Outside Directors. In principle, the Board of Directors meets at least once every three months to make important managerial decisions in a timely manner, as well as to oversee the execution of duties by the Directors, thereby ensuring that the Company is managed in a legal and appropriate manner. In addition, we have adopted an Executive Officer system as a means to separate management decision-making by the Board of Directors and business execution by Executive Officers, thus streamlining management and enhancing the ability of Directors to oversee the execution of business by Executive Officers.

FY2024 Board of Directors meetings	Number of meetings held: 8 Items on the agenda: 29 Matters reported: 59 Duration (average): 2 hours 30 minutes
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Specifically, the Board of Directors mainly deliberated and reported on the following matters.

Main Deliberation Items at FY2024 Board of Directors Meetings

- Matters concerning the General Meeting of Shareholders
- Matters concerning shares, capital, etc.
- Matters concerning corporate governance, management policies, and plans
- Matters concerning financial results
- Matters concerning the Board of Directors and Directors
- Matters concerning human resources
- Matters concerning the acquisition and disposal of assets and funding
- Matters concerning business restructuring and organization
- Matters concerning the establishment, revision, and abolition of important rules
- Other matters concerning the execution of business

Evaluations of Board of Directors' Effectiveness

The Company has been conducting an annual questionnaire on the effectiveness of the Board of Directors since the end of fiscal 2017. In fiscal 2024, we conducted the questionnaire after the Board of Directors' meeting held in March 2025 and obtained responses from all Directors. In fiscal 2025, at the Board meeting held in the following May, all Directors, including Outside Directors, analyzed and evaluated effectiveness based on the response results.

Method for conducting the questionnaire

Anonymous questionnaire evaluated on a 5-point or 3-point scale, with space provided for respondents to give their comments

Items on the questionnaire

- Composition of the Board of Directors
- Functions and roles of the Board of Directors, etc.
- Status of operation of the Board of Directors
- Stimulation of deliberations at the Board of Directors meetings
- Support system for the Board of Directors
- Sustainability
- Matters concerning the initiatives of the Directors themselves
- Outside Directors
- Nomination & Compensation Committee

Results of the Fiscal 2024 Questionnaire

Areas with high ratings

The evaluation showed that the composition of the Board of Directors of the Company is well-balanced in terms of knowledge, experience, and abilities, and Directors engage in productive discussion according to their respective skills. Therefore, the Board of Directors is generally functioning effectively in terms of roles, responsibility, management, and structure, and the evaluation showed that the Nomination & Compensation Committee, an advisory body of the Board of Directors, is functioning appropriately.

Points to be improved

We will continuously conduct various kinds of measures for further examining optimization of the structure of the Board of Directors and strive to secure and improve the function and effectiveness of the Board of Directors.

Measures for Enhancing Business Execution and Supervisory Function

Management Conference

In accordance with the transition to a company with an Audit & Supervisory Committee structure in fiscal 2016, from the perspective of speeding up management decisions a Director (President) was entrusted to make “significant decisions concerning business execution,” excluding matters prescribed by law. Consequently, set up as an advisory body to the delegated Director, a Management Conference reports on important management issues, and assists that Director in making decisions and strengthening the flexibility of business execution.

Audit & Supervisory Committee

The Directors who are Audit & Supervisory Committee members monitor the status of business execution by Directors who are not Audit & Supervisory Committee members and other Executive Officers, and report and express their opinions. In this way, we work to ensure legal and appropriate corporate management. We believe the transition to a company with an Audit & Supervisory Committee has contributed to improving the supervisory function and transparency of the Board of Directors, and thus demonstrates the effectiveness of the Board.

Nomination & Compensation Committee

The Company established the Nomination & Compensation Committee in January 2021 as an advisory body (voluntary) to the Board of Directors to enhance the fairness, transparency, and objectivity of procedures related to the nomination and compensation of Directors (excluding Directors serving as Audit & Supervisory Committee members) and Executive Officers. The Committee, a majority of whose members are Outside Directors, deliberates in response to consultations from the Board of Directors on matters such as nomination proposals for candidates for the position of Director, etc., as well as calculation methods, etc. for compensation for Directors, etc. and for individual compensation, and advises based on the results of its deliberations to the Board of Directors.

Group and Regional PDCA Councils

Group and Regional PDCA Councils consist of Directors, Executive Officers and other senior management officers (independent Outside Directors excluded). At the councils, Directors oversee the progress of management plans and provide guidance on management issues, while the Directors who are Audit & Supervisory Committee members audit the status of business execution by Executive Officers.

Compensation of Directors

Policies, etc., for Determining Details of Officer Compensation, etc.

At the Board of Directors’ meeting held on June 22, 2021, the Company resolved a policy for determining the details of the individual compensation, etc., of Directors (excluding Directors serving as Audit & Supervisory Committee members; hereinafter referred to simply as “Directors”). Compensation of Directors, etc., is intended to contribute to continual improvement of the Company’s business performance and corporate value. The Company designs its compensation system so that the level and structure of compensation are in accordance with the roles and responsibilities required of the Company’s Directors, and enable the recruitment and retention of well-qualified people. The compensation of Directors consists of base compensation, performance-linked compensation, and restricted stock compensation. However, the compensation of Directors serving as Audit & Supervisory Committee members and independent Outside Directors consists only of base compensation. Furthermore, as a general rule, compensation is not paid to part-time Directors (who are paid compensation from consolidated subsidiaries). The total amount of base compensation and performance-linked compensation and the total amount of restricted stock compensation shall be within the total amount determined at General Meetings of Shareholders.

FY2024 Meeting Body Status and Major Agenda Items

Name of the meeting body	Frequency of meetings/the number of meetings held/attendance rate	Agenda items
Management Conference	Once a month, as a general rule (Fiscal 2024: 8 times) Attendance rate: 100%	<ul style="list-style-type: none"> Deliberates on matters deemed necessary by the President from among matters concerning important business execution decisions delegated by the Board of Directors to the President Deliberates on matters deemed necessary by the President from among the Board of Directors’ meeting agenda items Deliberates on other important, management-related matters
Audit & Supervisory Committee	At least once every three months, as a general rule (Fiscal 2024: 7 times) Attendance rate: 100%	<ul style="list-style-type: none"> Reports and expresses their opinions on the audit of the status of business execution by Directors who are not Audit & Supervisory Committee members and other Executive Officers
Nomination & Compensation Committee	Twice a year, as a general rule (Fiscal 2024: 2 times) Attendance rate: 100%	<ul style="list-style-type: none"> Proposals for the election of Directors, excluding Directors serving as Audit & Supervisory Committee members and Executive Officers Matters concerning the compensation for Directors, excluding Directors serving as Audit & Supervisory Committee members, etc., and the calculation method for individual compensation
Group PDCA Council	Once a month, as a general rule (Fiscal 2024: 8 times) Attendance rate: 100%	<ul style="list-style-type: none"> Reports, confirms, and provides guidance on the progress of Groupwide plans (for each business unit) Reports, confirms, and provides guidance on the progress of important projects of each business unit Considers and coordinates new management issues across business units
Regional PDCA Councils (Japan, U.S., Europe, and Asia)	Once every three months, as a general rule (Fiscal 2024: 4 times each) Attendance rate: 100%	<ul style="list-style-type: none"> Considers the plans and budgets of each business company Reports, confirms, and provides guidance on the progress of the plans of each business company
Sustainability Committee ▶ Page 34 Sustainability Committee	Once every three months, as a general rule (Fiscal 2024: 4 times) Attendance rate: 100%	<ul style="list-style-type: none"> Deliberates on and promotes Groupwide sustainability policies, etc., including the Group’s quality, risk management, compliance, social contribution, global environment conservation, respect for human rights, work-style reforms, and gender equality

	Base compensation	Short-term incentive Performance-linked compensation	Long-term incentive Restricted stock compensation
Directors (excluding directors serving as Audit & Supervisory Committee Members) (excluding outside directors)	¥380 million or less per year	¥280 million or less per year	¥80 million or less per year
Outside Directors (excluding Audit & Supervisory Committee members)			
Directors serving as Audit & Supervisory Committee members	¥150 million or less per year		

The details of the policy for determining the compensation, etc., for individual Directors are as follows.

a. Policy for base compensation

The base compensation for each Director is set for each position based on consolidated performance with reference to the

compensation levels of other companies presented by a specialized outside organization and is paid monthly.

b. Policy for performance-linked compensation

For performance-linked compensation, as monetary compensation for business execution during the term (one year) of Directors, a standard amount is set for each position based on the Company's consolidated performance with reference to the compensation

levels of other companies presented by a specialized outside organization. The standard amount of this type of compensation is determined by taking into account standard amount indicators and the levels of contribution of each Director, evaluated quantitatively and qualitatively, and the compensation is paid during the fiscal year following the fiscal year under review.

As far as it serves as a reward that functions as a sound incentive for sustainable growth and reflects the Company's business performance, consolidated operating profit has been selected as the primary indicator for performance-linked compensation.

The amount of performance-linked compensation is determined as the amount calculated by multiplying the number of points specified for each position by the unit price of points, and then by individual evaluation that reflects the evaluation of each Director.

Individual evaluations are conducted by setting multiple priority targets for each Director individually and evaluating them quantitatively and qualitatively through the PDCA (Plan, Do, Check, Action) cycle. In addition to these individual priority targets, items that contribute to the sustainable growth of the Company, such as "revitalization of the organization, compliance, and creation of a comfortable working environment," are set as common priority targets for all Directors. The unit price of points for the fiscal year under review is calculated by multiplying the unit price of points for the previous fiscal year by the percentage change in consolidated operating income from the previous fiscal year (percentage derived by dividing consolidated operating income for the fiscal year under review by consolidated operating income for the previous fiscal

Performance-linked compensation for each Individual Director (formula)	=	Number of points	×	Per-point price	×	Individual evaluation
Number of points	Determined for each position					
Per-point price	Unit price of points for the previous fiscal year x percentage change from the previous fiscal year x amplification factor					
Individual evaluation	±25%					

Actual Compensation Amount for FY2024

Classification	Total Compensation (Millions of yen)	Total Compensation by Type (Millions of yen)			Number of Officers Eligible
		Base Compensation	Performance-linked Compensation	Non-monetary Compensation	
Directors (excluding directors serving as Audit & Supervisory Committee members and outside directors)	294	120	132	41	4
Directors serving as Audit & Supervisory Committee members (excluding outside directors)	37	37	—	—	1
Outside directors (excluding Audit & Supervisory Committee members)	24	24	—	—	2
Outside directors (Audit & Supervisory Committee members)	50	50	—	—	2

(Note)

- The amount paid to directors does not include the portion of employee's salary for those directors who concurrently serve as employees.
- Performance-linked compensation adopts the Company's consolidated operating income as the performance indicator to explicitly reflect profitability of the business activity in the fiscal year ended March 31, 2022, and the said compensation is calculated by determining a base amount for each position based on consolidated operating income compared to the previous year, then adding or subtracting the contribution of each director within a range of ±25% to the base amount.
- Non-monetary compensation is included in the amount recorded in the current fiscal year related to restricted stock compensation. Under the restricted stock compensation plan, the Company's common stock allocated under restricted stock allocation contracts shall not be transferred, pledged or disposed in other ways from the allocation date to the day on which the Directors or persons in any other positions designated by the Board of Directors of the Company lose their positions. Furthermore, if the eligible Director commits any act that constitutes a breach of legal compliance or internal regulations, etc., as stipulated in the restricted stock allocation contract, the Company shall automatically acquire the restricted stock allocated to the eligible Director without consideration.
- The compensation limit for directors (excluding directors serving as Audit & Supervisory Committee members) is ¥660 million per year (as approved at the 86th Ordinary General Meeting of Shareholders held on June 22, 2021). The number of directors as of the close of this Ordinary General Meeting of Shareholders is six (including one outside director).
- Aside from 4. above, the compensation limit related to restricted stock compensation for directors (excluding outside directors and directors serving as Audit & Supervisory Committee members) is ¥80 million per year (as approved at the 86th Ordinary General Meeting of Shareholders held on June 22, 2021). The number of directors (excluding outside directors and directors serving as Audit & Supervisory Committee members) as of the close of this Ordinary General Meeting of Shareholders is five.
- The compensation limit for directors serving as Audit & Supervisory Committee members is ¥150 million per year (as approved at the 90th Ordinary General Meeting of Shareholders held on June 25, 2025). The number of directors serving as Audit & Supervisory Committee members as of the close of this Ordinary General Meeting of Shareholders is four (including three outside directors).
- For a part-time director, no compensation etc. is paid from the Company.
- The Company's Board of Directors delegate the authority to decide individual compensation etc. of directors to the Representative Director, President to appropriately evaluate their performance based on the business performance of the entire Company's group. The scope of the authority of the delegated Representative Director, President covers the amount of base compensation for each director and the evaluation and allocation of performance-linked compensation based on the performance of the business for which the individual director is responsible.
- For the amount of individual compensation of each director in the current business year, the Representative Director, President consults with the Nomination and Compensation Committee on items related to the calculation method etc. of individual compensation and receives advice from the committee and decides the amount in consideration of the advice. The Board of Directors judges that the decision is made in accordance with the policies above.

year) by the amplification factor set to raise incentives, and is determined by approval of the Board of Directors.

In addition, the individual evaluation of each Director is made and determined by the Representative Director and President, who is delegated by the Board of Directors to evaluate the performance and contribution of each Director quantitatively and qualitatively, by ±25% for each evaluation item.

c. Policy for non-monetary compensation (restricted stock compensation)

The restricted stock compensation plan is a stock compensation plan aimed at providing incentives to Directors for sustainable improvement of the corporate value of the Company as well as promoting further value sharing between Directors and shareholders.

Directors, excluding Outside Directors and Directors serving as Audit & Supervisory Committee members, are eligible, and the

specific allocation to each eligible Director is decided based on a resolution by the Company's Board of Directors.

Each eligible Director shall pay all claims for monetary compensation to be paid for granting restricted stock in the form of properties contributed in kind each fiscal year and shall receive allotment of common stock of the Company. Furthermore, restricted stock compensation shall be granted as compensation for duties performed during the term (one year) of Directors within one month after the conclusion of the Ordinary General Meeting of Shareholders in which the Directors were elected. The allotment will be made through the disposition of treasury stock.

The transfer restriction period shall be the period from the date of delivery of restricted stock to the time that Directors lose

Base compensation (45%)	=	Performance-linked compensation (40%)	=	Non-monetary compensation (15%)
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their positions as Director of the Company or any other positions determined by the Board of Directors of the Company.

d. Policy for proportion of amounts of compensation, etc.

The proportion of different types of compensation paid to Directors is based on compensation level benchmarks of companies with similar business scales as the Company and belonging to related industry and business categories and through consultation with the voluntary Nomination & Compensation Committee, and is determined by the Board of Directors based on the advice of the committee.

The model case for the proportion of base compensation, performance-linked compensation and nonmonetary compensation is 45% : 40% : 15%. However, the proportion of actually paid amount may vary with individuals.

e. Policy for decisions on the details of compensation, etc., for individual Directors

Based on a resolution by the Board of Directors, the Representative Director, President is delegated authority to decide the specific details of the amounts of individual compensation. The scope of that authority covers the amount of base compensation for each Director and the evaluation and allocation of performance-linked compensation based on the business performance of the business for which the individual Director is responsible. However, so that the Representative Director, President appropriately uses this authority, the Board of Directors will consult with the Nomination & Compensation Committee on items related to the calculation method, etc., of individual compensation and receive advice from the committee. The delegated Representative Director, President will then consider the details of this advice and decide.

The amount of compensation for individual Directors is reported to the Nomination & Compensation Committee and validated by the committee, thereby ensuring its fairness, transparency, and objectivity.

Internal Control System

In accordance with the provisions of the Companies Act, the Company passed a resolution on its "Basic Policy for Building a System to Ensure the Appropriateness of Operations" at a Board of Directors' meeting and has appropriately established an internal control system based on that basic policy. Also, every year, we check the execution status of the internal control system

and report the results to the Board of Directors and, via business reports, to shareholders. We will continue to strengthen corporate governance by making improvements.

Group Governance

While respecting the independent and autonomous management of each Group company, we promote sound and efficient corporate group activities through Group-wide compliance, quality assurance, risk management, and other systems to ensure the proper conduct of business based on total Group optimization.

Group Management Structure

- To ensure and promote the appropriateness of operations at each company of the Sanwa Group, the director responsible for each Group company monitors the operational decisions and status of business execution at each company, provides guidance, issues recommendations and regularly reports to the Board of Directors to improve business management transparency.
- Regional PDCA Council meetings and other meetings are held to formulate management policy, management targets and yearly business plans based on pertinent two-way discussions with each group company.
- The Sanwa Group requires Group companies to seek preliminary consultation or approval on certain matters concerning business execution, as well as to submit follow-up reports, in accordance with the Group Company Management Regulations and the standards of respective regulating authorities for companies in Europe, the United States and Asia.
- The Audit Department conducts internal audits related to the status of business execution, compliance and risk management at the Sanwa Group companies that do not have their own internal auditing function.

Shareholding Guidelines

On April 1, 2023, the Company established the following shareholding guidelines with the aim of having Directors share the merits and risks of stock price fluctuations with shareholders, and further increasing motivation of Directors to improve business performance by encouraging Directors of the Company (excluding outside Directors, part-time Directors and Directors serving as Audit & Supervisory Committee members) to hold the Company's shares.

Shareholding Guidelines

Each Director shall endeavor to hold the Company's shares in accordance with the basic amounts presented below.

Chairperson/President:

2 x base compensation (annual amount) within four years after assuming office of one of the said positions

Other Directors:

1 x base compensation (annual amount) within four years after assuming office as Director

Dialogue with Investors

We recognize that the understanding and support of our shareholders and investors are essential to achieving sustainable growth and enhancing our corporate value over the medium to long term. Therefore, we strive to build long-term relationships based on trust by providing accurate information in a fair manner and by engaging in constructive dialogue.

FY2024 Major Dialogue Sessions with Investors

Sessions Held
Financial results briefings for institutional investors and securities analysts: 2
Individual meetings for institutional investors and securities analysts: 340
Briefings for individual investors: 3
Conferences held by securities companies: Participated in 3
Local events by Representative Directors/responsible Directors for investors in North America and Europe: 2 (1 NA, 1 EU)

Feedback for Management

Feedback obtained through constructive dialogue with shareholders and investors is shared with management and relevant departments, and utilized in our management strategy.

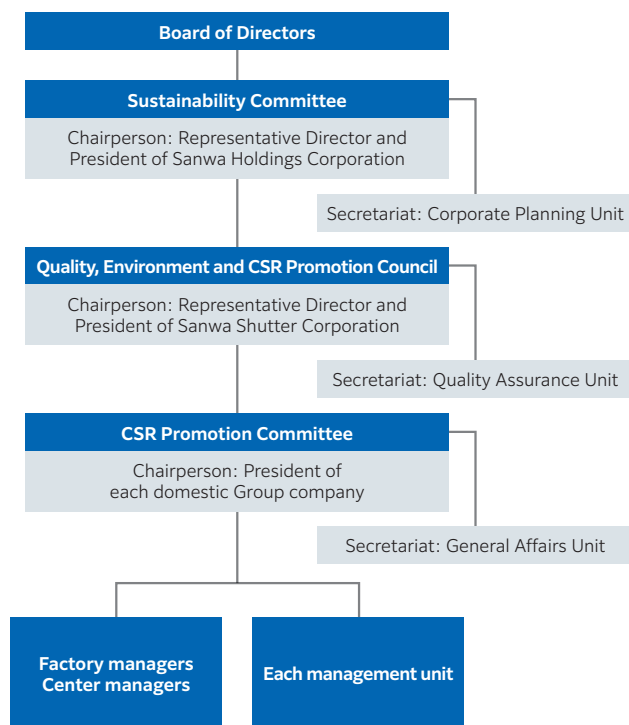
- Investor relations activity results and reports on the stock market's view of the Company to the Board of Directors (four times a year)
- Reports to senior management on the Company's stock price (quarterly)
- Reports to senior management on dialogue with institutional investors and securities analysts during overseas investor relations activities and financial results announcements

Implementing Risk Management

The Sanwa Group identifies, analyzes and evaluates business execution-related risks, and undertakes measures required to avoid and/or mitigate risks. As an organization dedicated to promoting risk management, the Sustainability Committee reports and deliberates on the Sanwa Group's basic risk management policies, risk management related plans and the progress of initiatives. In addition, the subordinate Quality, Environment and CSR Promotion Council and each Group company's CSR Promotion Committee manages risks by appropriately and rapidly responding to risks that occur during the course of each company's business activities.

Number of themes implemented as risk countermeasures in fiscal 2024 **23**

Sustainability Promotion Structure



Information Security Countermeasures

In June 2019, we established the Information Security Countermeasures Council, chaired by the Officer in charge of the Corporate Planning Unit, for the purpose of strengthening and promoting security countermeasures in preparation for contingencies (occurrence of incidents). This council's purpose is to identify security risks for the entire Group, including overseas locations, and to study, plan, and implement various countermeasures to maintain and improve our level of security, as well as to develop security measures based on the latest data by obtaining information from external organizations, etc.

In fiscal 2020, we formulated our IT-BCP, and commenced the plan with the aim of preventing business interruptions due to information security incidents (e.g., cyberattacks). In addition, we raised awareness of the appropriate management and handling of personal information by focusing on the theme of personal information protection.

In fiscal 2025, we made partial revisions to our Information Security Regulations, which are applicable to all domestic Group companies, with the aim of strengthening our information security system, including clarifying how to handle confidential information and optimizing access rights to internal documents.

In addition, as an information security measure, we conduct web-based training and virus email training to improve IT literacy for all employees. Furthermore, we have established a security information portal site on our intranet, where we post information security-related regulations, guidelines for identifying and dealing with suspicious emails, and other security-related information to ensure thorough awareness and compliance with information security measures. Additionally, in alignment with the Japanese government's annual Cybersecurity Awareness Month campaign held from February to March, we communicate with all employees to remind them about rules for using internal information systems to enhance practical security levels.

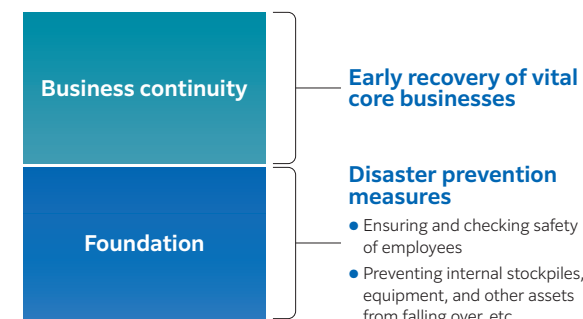
Business Continuity Plan (BCP) Initiatives

Basic Approach

The Sanwa Group's BCP is based on disaster prevention measures to protect employees' lives and the Company's assets, with the aims of business continuity and recovering as soon as possible.

We formulated our BCP with a focus on putting disaster prevention measures in place, based on the idea that continuing to do business is impossible without knowing that our employees are safe.

Assuming the scenario and risks of an earthquake happening in (directly below) the Tokyo metropolitan area, core business company Sanwa Shutter Corporation and each other Group company with headquarters in the area formulated a BCP.



Basic principles

[Aims]

- Ensure the safety of employees, installers, internal partner companies and their families
- Resume business operations as soon as possible to avoid losing business opportunities and continue providing products and services to existing customers
- Cooperate with local residents near business sites and contribute to society

[Core businesses targeted]

- Supply and repair of shutters and doors

Compliance

Ensuring Thorough Compliance

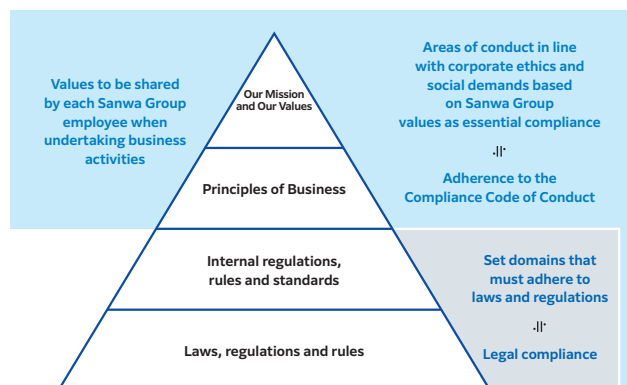
In order to maintain the trust of society, in October 2005 the Sanwa Group formulated the Compliance Code of Conduct, which outlines specific conduct that must be adhered to based on Our Mission, Our Values, Principles of Business, and the philosophy of the Group. In December 2020, the Compliance Code of Conduct was revised to meet the changing demands of society, focusing on items such as respect for human rights, ethical behavior, and information security. In April 2025, the revised Compliance Code of Conduct and Case Study Booklet was distributed to all employees.

Instilling Compliance Awareness at Overseas Group Companies

In Asia, we are implementing ongoing compliance awareness activities for employees, including reading and discussing the Compliance Code of Conduct and Case Study Booklet, holding study sessions, providing access to this material on our intranet, and collecting signed pledges.

The Audit Department of Sanwa Holdings conducts internal audits for overseas as well as domestic Group companies. In fiscal 2024, remote audits were conducted for An-Ho Metal (Taiwan) and Sanwamas Metal Industry (Indonesia) regarding accounting, manufacturing, engineering, human resources and labor, internal controls, governance, risk management, and other areas in accordance with local laws and regulations.

Compliance Code of Conduct: Conceptual Diagram



Compliance Month

In order to spread awareness of compliance and ensure that all domestic Group companies act in accordance with this spirit, we have designated November of each year as Compliance Month. During this month, we hold study sessions using the Compliance Code of Conduct and Case Study Booklet, and thoroughly refamiliarize ourselves with the Antitrust Law Guidebook and the Guidelines on Regulations Concerning Contact with Associates from Industry Peers.



Compliance Code of Conduct and Case Study Booklet

Compliance Training

At domestic Group companies, training on a nationwide basis is provided to managers of each Group company to further instill awareness of the importance of compliance. This training features lectures on laws related to our business, such as the Antimonopoly Law, the Construction Business Act, and the Labor Standards Act. It also includes lectures concerning safety obligations, harassment, and risks relating to information security, respect for human rights, anti-bribery and corruption and other areas, and thereby fosters compliance awareness.

In addition, we also provide the same training for new employees and mid-career hires when they first join the Company, as well as for newly appointed managers when they are promoted to managerial positions. As of fiscal 2024, we have also conducted compliance training via e-learning for all employees.

Number of participants in compliance training in fiscal 2024 **7,807**

Corporate Ethics Hotline (Internal Whistleblowing System)

The Sanwa Group (Japan) established a corporate ethics hotline in October 2006 to deter misconduct and legal violations, identify risks that could lead to misconduct and legal violations at an early stage, and detect misconduct and legal violations at an early stage. We have also established whistleblower systems in North America (ODC) and Europe (NF). In July 2019, we introduced corporate ethics hotlines at six companies in Asia (as of May 2025: 12 companies). We have posted multilingual posters and distributed cards to employees, creating a system to ensure that employees in each region can understand the information in their native language (or equivalent). We strive to improve trust by

thoroughly ensuring confidentiality and anonymity of reports and prohibiting any adverse treatment of whistleblowers, while also promoting awareness of the hotline appropriately.

Number of reports made using internal whistleblower system in fiscal 2024 **91 (of which, 42 were made in Japan)**

Respect for human rights

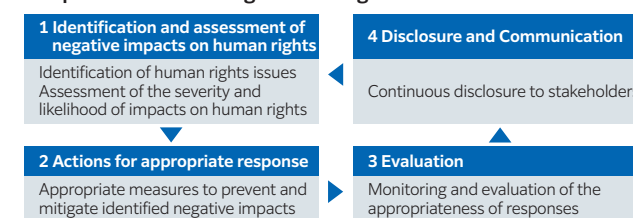
We believe that respecting the fundamental human rights of all people involved with our Group and ensuring their physical/mental health and safety is an important responsibility, and that they contribute to the stability of our business operations. As such, in November 2023, we established the Sanwa Group Human Rights Policy with approval from the Board of Directors. Going forward, we will continue to address human rights risks through such means as employee education and the enhancement of relief mechanisms.

Human Rights Due Diligence

The Sanwa Holdings Group has established and continuously operates a human rights due diligence framework to minimize adverse impacts on human rights.

Through this framework, we identify risks and work to prevent and mitigate them. The process is as shown in the figure below.

The process of human rights due diligence



In January 2024, we administered a questionnaire on human rights among major suppliers of Sanwa Shutter Corporation, our core operating company, as well as internal partner companies of our plants. In April of the same year, we opened a contact point on our website where people can provide information (including requests for redress) directly to the Company on human rights issues.

Number of supply chain questionnaires conducted in fiscal 2024 **59**