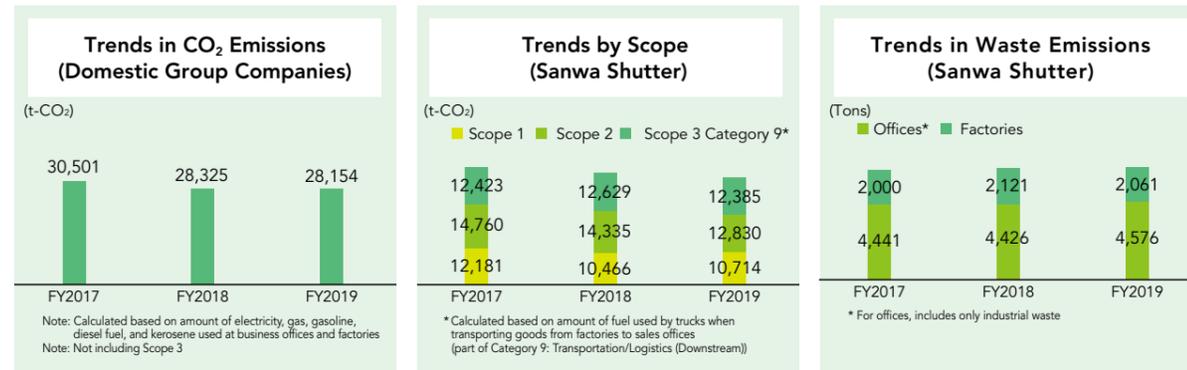


ESG Materiality Initiatives



Future Contributing to a Sustainable Future and the Development of Society



Responding to Climate Change

The Sanwa Group regards climate change as an important management issue, and is carrying out various initiatives to reduce greenhouse gas emissions, as well as providing eco-friendly products that help to reduce energy use. Through these initiatives, we are contributing to the establishment of a sustainable and prosperous society.

Sanwa Shutter has established and operates an environmental management system based on ISO 14001, and has set goals under three themes: "Reduce: Reduce logistics energy, facility energy, and waste emissions," "Create: Bring to the market eco-products and eco-friendly design products," and "Purchase: Promote green procurement." We are implementing measures for these themes. As a means of reflecting on our progress and results with achieving each goal, and discussing improvement measures, the Quality, Environment and CSR Promotion Council is held twice a year, and lively discussions are carried out.

Themes	Fiscal 2019 Environmental Targets	FY2019 Actual
Reduce	Reduce logistics energy consumption units ¹ by 1% compared with fiscal 2018	Factories: 0.0495 (Target 0.0518)
	Reduce facility energy consumption units ² by 1% compared with fiscal 2018	Offices: 0.0232 (Target 0.0239) Factories: 0.1131 (Target 0.1158)
	Reduce industrial waste units ³ by 2% compared with fiscal 2017	Offices: 21.75 (Target 23.23)
	Reduce waste units ⁴ by 1% compared with fiscal 2018	Factories: 34.85 (Target 35.50)
Create	Commercialize eco-products	Two themes (Two or more target themes)
	Study and research eco-products	Two themes (Three or more target themes)
	Commercialize eco-friendly design products	Ten themes (Ten or more target themes)
Purchase	Promote green procurement and improve logistics	Switch to 4Ms ⁵ in 4 projects (target: 4 projects)

*1 Basic Unit: Amount of energy used (crude oil kl equivalent) / value of goods shipped (¥ million)
 *2 Basic Unit (Offices): Amount of energy used (crude oil kl equivalent) / total floor area (m²)
 Basic Unit (Factories): Amount of energy used (crude oil kl equivalent) / value of goods shipped (¥ million)
 *3 Basic Unit: Amount of industrial waste (kg) / net sales (¥ million)
 *4 Basic Unit: Amount of waste (kg) / value of goods shipped (¥ million)
 *5 Man, Machine, Method, Material

Initiatives at Overseas Subsidiaries

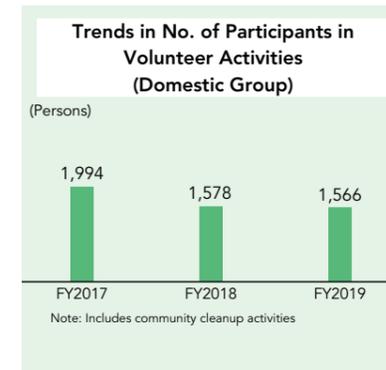
ODC has reduced its electricity usage by introducing a highly-energy-efficient air-conditioning system, installing ceiling windows, and switching to LED lighting. At each site, efforts are being made to promote recycling of packaging materials and scrap metal. In addition, the Sales Center in San Francisco is producing wood chips from sawdust, and using them for flower beds, etc.

The NF Group has acquired ISO 14001 certification for six plants, which are two plants in Germany, two plants in Netherlands, and Robust AB's plants in Poland and Sweden. These plants are working to reduce their energy usage. By switching to LED lighting and installing motion sensors and light and darkness sensors, they are helping to reduce the amount of electricity used and electricity charges.

In Asia, Shanghai Baosteel-Sanwa Door, Novoferm (Shanghai), and Vina-Sanwa have also obtained ISO 14001, and are endeavoring to reduce the environmental impact of all their production processes. For example, they have deployed devices for periodically measuring noise levels and gas emissions and treating waste gas. They are also recycling packaging materials and improving packaging methods. In addition, An-Ho Metal Industrial has introduced a twice-yearly "Public Transport Day," on which employees travel to and from work by train or bus, as part of initiatives to reduce greenhouse gas emissions.



An employee commuting on a motorbike | Public Transport Day



Recipients of Donations from Sanwa Group Social Contribution Club* in Fiscal 2019

- Childline Support Center Japan
- Family House®
- Make-A-Wish of Japan
- ATOPICCO Network for Children of the Earth
- JEAN
- JOICFP
- Nanbyonet (National Support Network for Children with Intractable Diseases)
- Kids' Door
- Paralym Art

* A volunteer organization for officers and employees that was established in 2006. The Company matches donations from members with its own donation of the same amount (matching gift program), and the donations are made to various organizations each year.

Regional Contribution and Social Contribution

Sanwa Shutter, which was established in the city of Amagasaki in Hyogo Prefecture, has been in business for 64 years, and currently operates in 26 countries and regions around the world. We conduct business activities that are firmly rooted in the local communities as a way of supporting people's lives. We contribute to the development of local communities by manufacturing products that match the climate and culture of the regions, such as wooden partitions and toilet booths that are made of locally-produced materials. Shanghai Baosteel-Sanwa Door has concluded a memorandum of understanding (MOU) with the local residents' association as part of its efforts to integrate with the community, and engages in regular exchange activities to create a better local community.

In addition, we make donations as an outstanding corporate citizen, while returning technology and know-how we have acquired to society in order to help resolve social issues.



Conclusion of MOU by Shanghai Baosteel-Sanwa Door

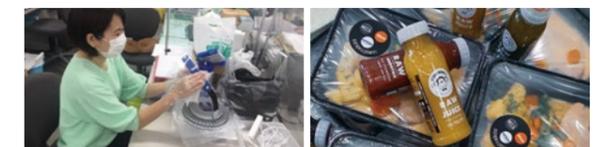
Social Contribution to Fight against COVID-19

At Okinawa Sanwa Shutter, employees voluntarily assembled 1,100 medical face shields and donated them to 26 medical institutions, elderly care facilities, etc. in Okinawa Prefecture.

At ODC, two employees from the installation department joined a local charity group and delivered meals to firefighters, police officers, hospital staff, etc. every morning before starting work for about one month.

The NF Group made donations to local communities, donated protective gowns and surgical masks, dispatched volunteers to elderly care facilities to wash clothes, and donated 5,000 meals to medical personnel, among others.

Shanghai Baosteel-Sanwa Door has also donated face masks worth 3,000 yuan to local communities.

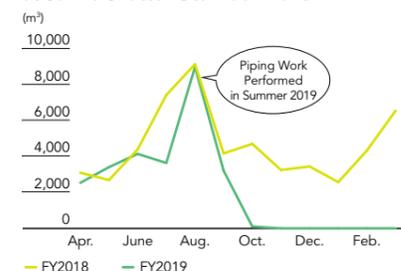


Assembling medical face shields at Okinawa Sanwa Shutter | NF Group donated 5,000 meals to medical personnel

TOPIC

Initiatives Concerning Water Use

Trends of Amount of Groundwater Extracted at Sanwa Shutter Ota Door Plant



As the climate changes, forests are destroyed, and the population of developing and emerging countries increases, water risks are increasing worldwide.

Although production activities performed by the Company, namely cutting and forming metal materials and assembling them into products, involves less use of water than total output, a certain amount of water needs to be used for some of our processes.

At Sanwa Shutter Corporation's factories, we are endeavoring to reduce water use and releases of wastewater by making effective use of water circulation systems for coating equipment and chilling equipment that circulates cold water from tanks.

Previously, at the Ota Door Plant, groundwater was used to supplement the shortfall in the cooling capacity of the cooling tower. However, as a result of combining pipes to supply cool water from chilling equipment in the plant, the amount of groundwater used has been substantially reduced.

(Amount of groundwater extracted in the second half of fiscal 2018: 24,804m³ → Second half of fiscal 2019: 103m³)

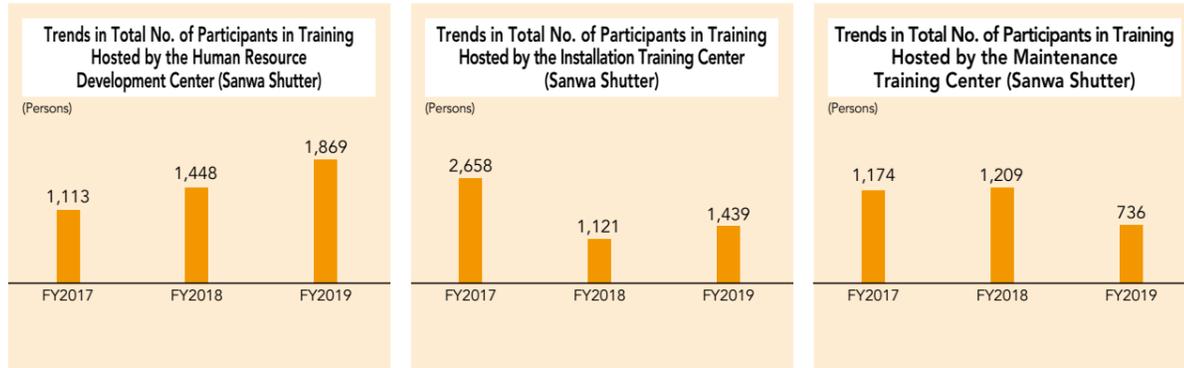


Cooling tower



People

Ensuring That Everyone Involved with the Group Can Work with Peace of Mind, Thus Being the Driving Force for Value Creation



Respect for Human Rights

The Sanwa Group recognizes the diverse set of values held by individuals and respects the character and individuality of each person from the perspective of respect for human rights and conducts business activities giving due consideration to the human rights of all stakeholders, including customers, shareholders and employees.

We provide compliance training, including the prevention of harassment, for managers at domestic Group companies every other year. In fiscal 2019, we provided a training program focused on harassment for 854 people from top management, executives, and managers of domestic Group companies. Through continued awareness activities, the Group is working to eliminate harassment and enhance human rights awareness.

ODC also pursues social contribution activities aimed at improving rights of children. For example, it makes donations to the Boys & Girls Clubs of America, which provides after-school programs that enable boys and girls in the U.S. to develop strong characters and demonstrate their capabilities to the full.



Harassment prevention training for top management

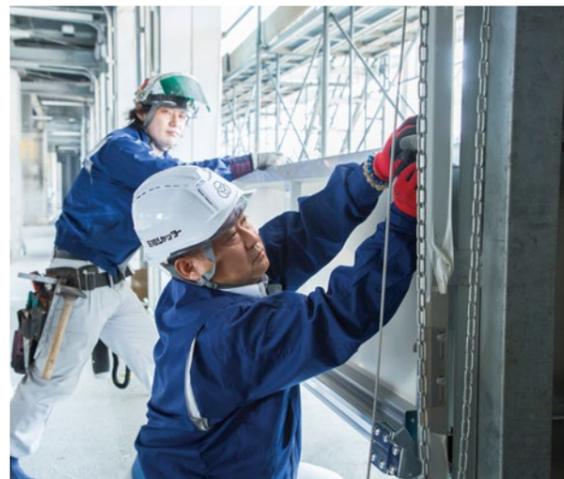


Donation of art and craft supplies to Boys & Girls Clubs of America

Human Resource Development

The Sanwa Group views human resources as its most important management resource and focuses on the development of human resources capable of creating value by enhancing systems and a work environment that enable employees to maximize their capabilities.

Sanwa Shutter has introduced a new training system called the "Sanwa Professional Human Resources Training Plan" since fiscal 2019. Through job rotations over the course of two years, this system provides new college graduates with the opportunity to learn about sales, installation, factory work, and design. The goal of this system is to train human resources that can make decisions through a comprehensive, optimized field of view. In addition, although installers, who are our important business partners, are getting older as the working age population shrinks, we are taking advantage of highly experienced senior workers to accompany younger workers when they perform installations and repairs and to train successors. In this way, we are endeavoring to ensure stable installation capabilities and pass on their skills to the next generation.



Installers who support access systems

Work-Life Balance and Diversity

Along with appropriately managing working hours and reforming long working hours, the Sanwa Group has also introduced a telecommuting scheme to promote a balance between finding fulfillment in work and a rich, fulfilling life among all its employees. Due to the impact of the current COVID-19 epidemic, as many as around 2,200 domestic employees have experienced teleworking. Going forward, we will be making active use of mobile PCs and videoconferencing systems to create diverse working environment, which will help us in improving productivity and securing outstanding employees.

In addition, the Group believes that it can create new value that contributes to the resolution of customer and social issues by nurturing an organizational culture that respects and embraces the diversity of each employee. The Sanwa Group promotes the active role of women, cultivates global competence, mobilizes senior workers, and employs those with disabilities. These measures develop human resources that can drive growth and maximize the capabilities of the organization.

In November 2019, NF Germany was certified as a "Top Career Chance" company for its efforts in helping employees develop their careers in a survey by *Focus Money* magazine.



Top Career Chance seal of certification

Health and Safety

As a company engaged in manufacturing, the Sanwa Group recognizes that ensuring the health and safety of employees, affiliated companies' employees, and installers is fundamental to our sustainability and our responsibility as a Company.

In line with the annual health and safety action plan, we work to provide safety education, ensure adherence to rules, share information about actual cases, improve environment to reduce workloads, etc., as a means of eliminating occupational accidents. Sanwa Shutter also provides safety training using virtual reality (VR) technology, which allows employees to experience accidents that can occur at construction sites, such as a fall or a cut, from the point of view of a victim, thereby focusing on reducing the occurrence of accidents.

Asian subsidiaries, Shanghai Baosteel-Sanwa Door and Novoferm (Shanghai), have obtained OHSAS 18001, which is a standard for occupational health and safety management systems, and are endeavoring to create comfortable working environment and raise levels of health and safety.

In addition, as part of our "health management" initiatives, we have designated May as "Sanwa Group Health & Safety Month" since fiscal 2019. We have carried out various initiatives to create opportunities for each and every employee to confront their own health and lifestyle habits.



Safety training with VR technology



Safe production meeting at Novoferm (Shanghai)



Manufacturing

Providing Products and Services that Support the Infrastructure of Communities and Daily Life

The Sanwa Group's Quality Objectives

1. Improve product safety
2. Improve the quality of products and installation quality
3. Improve the quality of services and business etiquette
4. Increase traceability

Sanwa Shutter's Quality Objectives

Strengthen our corporate structure by ensuring product quality with a focus on customers and work sites

1. Reduce complaints and financial losses by analyzing complaints
2. Reduce product accidents by reinforcing structures
3. Reduce complaints received by customer centers through the provision of education and training
4. Improve structures for traceability

ODC's Quality Objectives

1. Offer the highest complete "Delivered Quality Rate" in the industry
2. Instill a "Safety culture"
3. Improve customer service and support

NF Group's Quality Objectives

1. Improving on time delivery
2. Improving quality ratio
3. Improving Productivity
4. Improving safety ratio
5. Improving inventory ratio

Asia Quality Objectives

1. Reduce number of defects
2. Reduce financial losses

Strengthening Quality Control

The Sanwa Group works to improve quality and safety, the primary responsibilities of a manufacturer, in all processes from development to sales, production, installation and maintenance. Each company implements measures aimed at achieving the quality targets it has set and endeavors to improve quality throughout the entire supply chain by conducting quality audits of suppliers and proposing improvements. At Novoferm (Shanghai), dedicated quality inspectors verify dimensions and appearance, and only products carrying a pass sticker with the name of the inspector can be shipped out.

In addition, to ensure that its access systems can be used with peace of mind, the Sanwa Group regards ensuring stability in installation quality as an important task. Sanwa Shutter Corporation is working to enhance the skills of installers by providing them with training in welding and training to become licensed as product installers. Norsud, which is part of the NF Group and whose strength is its industrial door installation and service business in France, organized an "Installer Day" in May 2019, shared their vision and exchanged opinions with 56 participants.



Pass sticker carrying the quality inspector's name at NF
Installer Day at Norsud

Improvement of Customer Satisfaction

The Sanwa Group always conducts business activities from the viewpoint of customers and makes use of the feedback it has received from customers to improve its products and services. Through this approach, we are striving to become a corporate group that is continuously chosen by society. Sanwa Shutter Corporation implements various initiatives to enhance customer satisfaction, including operating a 24-hour-a-day, 365-day-a-year repair request receiving system called FTS (Full Time Service) throughout Japan as part of its efforts to create an environment in which customers can use its access systems with peace of mind. In addition, education for call center personnel is carried out by using on-site showrooms, videoconferencing systems, etc. Sales and administrative staff receive training in business manners, while installers learn manners and rules through actual role-playing as part of training programs designed to improve their manners. Through the training, we are promoting initiatives to enhance customer satisfaction.

The NF Group regards a rate of claim expenses against net sales as a common KPI, assess it by country, and the results are shared with all the companies. Factory production officers and quality control officers work closely with departments that handle claims to reduce the number of claims and claim expenses, thereby aiming to maximize customer satisfaction.



Training for improving manners

Manufacturing that Reflects Climate Change

Climate change is a global problem that needs to be tackled with urgency. The Sanwa Group believes it essential to address climate change using the two approaches of "mitigation" to reduce emissions of CO₂ and other greenhouse gases, and "adaptation" to respond to the various phenomena that arise as a consequence of climate change.

The Sanwa Group, a corporate group engaging in manufacturing, is active in bringing to the market "eco-products" and "eco-friendly design products" as a means of achieving mitigation. Eco-products have eco-friendly features that come into play during the use phase of the product lifecycle, including high-speed sheet shutters that help reduce energy use by enhancing the airtightness of openings at factories and warehouses and improving air conditioning efficiency. Eco-friendly design products have eco-friendly features that come into play during the procurement, manufacturing, distribution (logistics), sale, and disposal phases from the perspective of lifecycle assessment (LCA).

Regarding adaptation, we will contribute to the creation of a safe, secure, and convenient future through the provision of

waterproof products, such as waterproof shutters and doors, which protect urban functions and people's lives from rising sea levels and torrential rain due to unusual weather, as well as window shutters, which protect windows from flying objects due to increasingly intense typhoons.

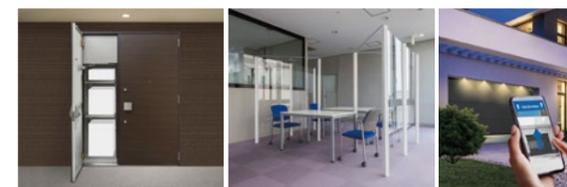
By strategically offering products as a means of addressing climate change from the perspectives of both mitigation and adaptation, we will create opportunities, such as responding to risks, expanding demand, and creating new markets, as market needs change.



ODC's high-speed sheet shutter
Waterproof door

TOPIC

Offering Products and Services that Contribute to Safety, Security, and Convenience



Tredoor Rusu Raku, condominium door equipped with a parcel drop-off locker

Self-assembly partition, Famipla

Garage door that can be opened and closed from a smartphone

By providing customers throughout the world with products and services that deliver safety, security, and convenience, the Sanwa Group aims to help people protect their precious lives and create a society in which they can live in affluence and comfort.

We are offering products that are designed to match social needs and diverse lifestyles. For example, our Tredoor Rusu Raku condominium doors feature a drop-off locker to resolve the problem of being away from home when a delivery service drops off a parcel and meet the needs for non-face-to-face interaction, and we also offer window shutters and garage doors that can be opened and closed automatically via smartphone or AI speaker.

In addition, as a means of addressing the issue of crowded hospital waiting rooms and preventing droplet contagion at meeting areas, we have launched a re-designed self-assembly partition called Famipla, which features transparent acrylic panels. We are contributing to facilitate the transition to new work styles with our manufacturing capabilities.