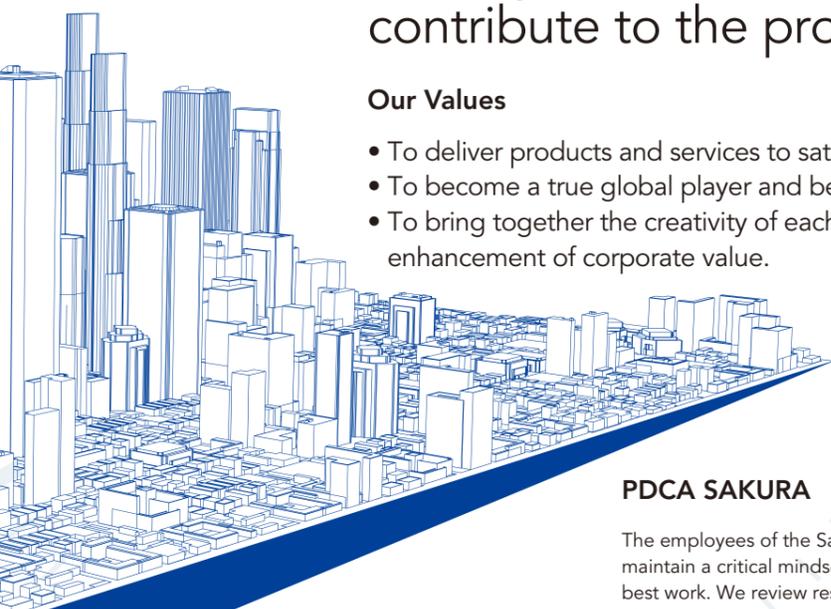


## Our Mission

The Sanwa Group is committed to offering products and services that provide safety, security and convenience to further contribute to the prosperity of society.

## Our Values

- To deliver products and services to satisfy all customers.
- To become a true global player and be highly valued in each market in the world.
- To bring together the creativity of each individual in a team environment for the enhancement of corporate value.



### PDCA SAKURA

The employees of the Sanwa Group, not satisfied with the current situation, maintain a critical mindset in doing their jobs in order to continue to pursue their best work. We review results in terms of whether or not we did things as originally planned. If not, we think about the reason why we didn't get the intended results. Getting back to the basics such as increasing good aspects and improving bad ones is part of the Plan-Do-Check-Act (PDCA) cycle. PDCA SAKURA represents this concept as the Sanwa Group symbol. We even planted PDCA SAKURA cherry blossom trees on the grounds of main Group facilities.

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#### Editorial policy

The purpose of this report is to provide both financial and non-financial information on the Sanwa Group's management, review of operations and external environment. In editing this report, we have referred to the "International Integrated Reporting Framework" proposed by the Value Reporting Foundation (VRF, formerly IIRC), Guidance for Collaborative Value Creation proposed by the Ministry of Economy, Trade and Industry, and recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

#### Forward-looking statements

This Integrated Report includes forward-looking statements pertaining to expectations, plans, strategies, management goals, future performance, expenses, revenues, income and other forecasts formulated on past experiences. Forward-looking statements necessarily entail some degree of uncertainty, and the content conveyed in the results as well as underlying factors identified in the report may differ materially from actual results depending on changes in those factors.

## Message from the Chairman

In messages to our employees, I tell them on various occasions that two kinds of reliability are important for our Group in order to fulfill our mission. Specifically, as a public entity in society, a company is strictly required to have both reliability in achieving performance targets as a listed company, and reliability in its management structure including compliance and governance. We believe that this is similar to the ESG concept, which is now a major trend in the way companies operate around the world.

The world is now facing global issues that cannot be solved by a single country, such as decarbonization, human rights and racial issues. Such issues are no longer problems for the political system alone but should be seen as shared responsibilities of companies operating globally.

Companies have set long-term goals for carbon dioxide emissions by 2030 and 2050 and through their business are trying to achieve a sustainable society by contributing to correcting inequalities in issues such as human rights among countries and regions.

The Group also feels the need to keep pace with the world toward a sustainable future by boldly tackling these issues in collaboration with customers, partner companies, and other members of the supply chain.

I hope that our shareholders, investors and all of our stakeholders will continue to offer the Group their advice and encouragement.

## Toshitaka Takayama

Director, Chairman



# A History of Value Creation

Manji Takayama founded Sanwa Shutter in 1956 with a fundamental ethos of passion, trust and diligence. Since then, Sanwa Shutter expanded into the door business in the 1960s and thoroughly implemented its "Multi-Product Sales Strategy" into a wide range of product lines. Furthermore, under the leadership of the current Chairman, Toshitaka Takayama, we have added two more pillars through the introduction of our full-time service in the 1980s and initiatives for globalization since the 1990s, thus achieving growth and development based on the three pillars of multi-product sales, globalization, and service. The Sanwa Group formulated its mission, values and principles of business in 2002. Since then, we have continuously passed along the Group spirit of contributing to society by providing safety, security and convenience, all of which are symbolized by the three rings of the corporate emblem.

## Entry into the shutter industry

Sanwa Shutter Manufacturing began manufacturing lightweight shutters in 1956 near the Sanwa Market in Amagasaki, Hyogo. Despite being a latecomer to the market, we established a leading position in the shutter industry in the 1960s. Our production capacity grew to a world-class level with the rapid construction of six factories.



Deliveries just after the foundation

1969 Established Sanwa Door Industrial



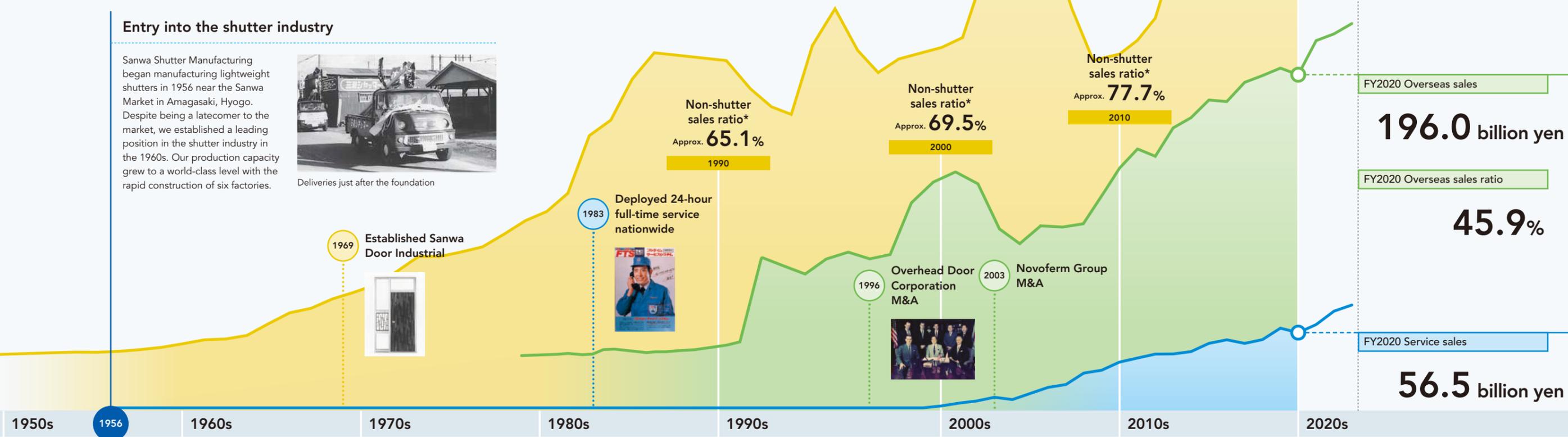
1983 Deployed 24-hour full-time service nationwide



1996 Overhead Door Corporation M&A



2003 Novoferm Group M&A



FY2020 Non-shutter sales ratio (domestic consolidated)

Approx. **79.6%**

FY2020 Overseas sales

**196.0** billion yen

FY2020 Overseas sales ratio

**45.9%**

FY2020 Service sales

**56.5** billion yen

\* Non-shutter sales ratio: Domestic consolidated net sales excluding net sales of heavy-duty and lightweight shutters/Domestic consolidated net sales x 100

## Multi-Product Sales

**First Step toward Multi-Product Sales**  
The Sanwa Group's multi-product sales strategy began with its entry into the door business in the late 1960s. Focusing on fields where we could apply the know-how we cultivated in the shutter business, existing production facilities and sales and installation networks, we began producing made-to-order steel doors. We rapidly rose to the top of the industry.

**Expanding the Multi-Product Strategy**  
We have promoted the multi-product sales strategy through acquisitions to further broaden our value. The first company we acquired was an aluminum facade sales company in 1984. That was followed by the acquisitions of manufacturers of automatic door operators, partitions, and stainless steel building products. By acquiring quality companies with established brands, we accelerated our multi-product sales strategy.

**Development of Products that Respond to Climate Change Risks**  
We will launch waterproof and windproof products to respond to increasingly severe natural disasters and strengthen our efforts to reduce the impact of disasters caused by climate change, thereby contributing to the building of a sustainable society.

## Globalization

**Gaining a Foothold Overseas**  
In 1974, we entered into a technical tie-up with Overhead Door Corporation (North America; ODC), and began manufacturing and selling overhead doors. In 1986, we established Sanwa Shutter (H.K.) in Hong Kong, making us the first in the industry in Japan to focus on overseas markets.

**Business Expansion by Penetrating the North American Market**  
In 1996, we acquired tie-up partner ODC. Through the addition of new businesses boasting leading shares in North America into the Group, we proceeded with collaborative product development and sales, as well as expansion into new markets.

**Establishment of Three-Pronged Platform: Japan, U.S.A., Europe**  
In 2003, we acquired Novoferm Group (NF), making the European market our third cornerstone. We started to grow into a leading global brand by pursuing business and regional diversification, in addition to expanding and growing our core businesses through the development of multiple product types.

## Service

**Service is Our Responsibility as a Manufacturer**  
Shutters play an important role in crime prevention and fireproofing, and we have established an integrated responsibility system from sales, installation, and maintenance. In 1983, the Company deployed the industry's first 24-hour full-time service nationwide. As a result, a system is now in place to respond immediately to emergency requests.

**Mandatory Statutory Inspections of Fire Prevention Equipment and Disaster Response Measures**  
A periodic inspection report system for fireproof shutters and doors became mandatory in Japan due to a partial amendment of the Building Standards Act in 2016. Accordingly, we worked to secure and train service personnel, and strengthened our response to recovery from large-scale natural disasters which have become a frequent occurrence in recent years.

**Expanding Overseas Service Business**  
NF Group acquired service companies in France and the UK. These acquisitions will expand the service provision areas and allow us to leverage synergies from our existing sales and service network.

## Product Development in Harmony with Society

We have contributed to the building of a sustainable society by expanding our products that address climate change risks, and a lineup of disaster prevention products with fire prevention, earthquake resistance and other functions, which help realize a safe society.

FY2020 sales of climate change-response products

**79.8** billion yen

## Aspiring to be a Major Global Player

Formulating the Sanwa Global Vision 2020 in 2013, we set out to offer products and services that provide safety, security and convenience to customers worldwide as a major global player in the access systems industry.

Number of countries

**26** countries and regions

## Expanding New Business Models

We provide service businesses that meet the needs of customers in various regions to cultivate new customers and expand our business model.

FY2020 Service business sales ratio

**13.2%**

## President's Message

**I am committed to working together with our stakeholders to create a new era of safety, security, and convenience.**

**Yasushi Takayama**  
Representative Director, President



The knowledge, experience, and product expertise that we have accumulated through our efforts to date are the assets of the Group, and represent one of the strengths that we have leveraged in our business. The Water Guard and Wind-Resistant Guard series are among the group of products that have seen high demand in response to severe natural disasters. While antibacterial products that are effective for infection control in the current COVID-19 pandemic have existed in our product lineup from before, going forward, I think it is necessary to focus on such non-contact product domains. Specifically, our newly released products include electric toilet stalls and doors equipped with parcel drop-off lockers. There is no doubt that the strengths we have cultivated so far are the reason we can respond quickly to the demands of society in this way. I believe that combining what we have inherited from our predecessors with our unique present-day strengths to implement the PDCA cycle in the field enables us to steadily continue with our operations. We will continue to provide "safety, security, and convenience" in response to the needs of society and strengthen our products that embody our mission.

In fiscal 2020, the focus of our countermeasures to prevent the spread of COVID-19 was to ensure the safety of employees and improve the work environment so that they can perform their duties with peace of mind. In addition to screening the health of our employees by measuring their temperatures and disinfecting the office areas, we have thoroughly implemented other basic measures to prevent the spread of infections. They include the installation of plexiglass partitions to prevent respiratory droplets from spreading and recommending to employees that they work from home. It can be said that the pandemic has not had a significant impact on our business as a whole because of the success of each employee's actions in adhering to infection control measures.

One factor behind this is the fact that we had introduced a remote working system before the onset of the COVID-19 pandemic, as part of our work-style reform initiatives. At present, digitalization has progressed within our Group with the use of the Web and tablet devices, for example. In the case of a construction site, however, it is not realistic to do without visiting the premises. Still, we have introduced a system that enables efficiency and optimization to be practiced in areas such as installation management and digitalization of materials. While there are still many areas to be tackled to support sustainable growth, we are steadily responding to the requirements of adapting to the new normal.

Special Features:  
Responding to the New Normal  P.24-27

**Among the things the company has accumulated since its founding, what will change and what will not change in the present era?**

We continue to value our mission to "contribute to society by providing safety, security, and convenience," which we consider our purpose. We are once again reminded of the vital nature of our mission due to such factors as the recent global outbreak of the novel coronavirus (COVID-19), heightening climate change risks, and increasing occurrences of disasters.

Our products have protected buildings and the people who live in them against various occurrences. Originally, their main purposes were to protect buildings and people from fires and crimes. However, in recent years, especially in Japan, the intensity of short, sudden, torrential, and concentrated downpours, locally called "guerrilla rainstorms," and typhoon-force winds has increased. This year, there was unprecedented widespread flooding. Waterproof and windproof products have come to take on greater significance in providing protection against natural disasters.

**Situation and status of initiatives in each region**

The Company operates in many parts of the world, and each country and region is characterized by a different construction environment.

In Japan, due to the concentration of large-scale property completions in fiscal 2019, fiscal 2020 and 2021 have been an off-season period and there are few urban redevelopment projects. In the face of the COVID-19 pandemic, while the service sector, such as hotels and retail, is still struggling, there is an unprecedented surge in demand for large-scale logistics facilities due to the expansion of the e-commerce business. In addition, corporate capital investment is expected to recover, albeit gradually. Based on an analysis of the environment in each of these fields, although we expect to face a little difficulty over the short term, we recognize that overall construction demand in Japan in the medium and long term will hold up over the longer term, due mainly to many redevelopment projects planned from 2022 to 2025 centered in Tokyo, Nagoya and Osaka.

At the same time, the Group is actively working on a multi-product strategy to expand our strategic product line to include items other than our core products. Although we are making progress with this strategy by strengthening collaboration with domestic group companies, I feel we are still struggling. Moreover, maintenance services, which are an area where we had maintained a high growth rate over the past few years, have been greatly affected by COVID-19 due to restrictions on activities involving person-to-person contact. We are focusing on getting them back on a growth track as soon as possible.

In the U.S., meanwhile, a recovery trend has been seen, beginning as early as last summer. Housing demand is strong in particular, and the market remains robust even in fiscal 2021. In non-residential segments, such as warehousing, the recovery is not yet as good as in the housing sector, but we are expecting recovery driven by housing demand. However, we are not optimistic because of risks and instability factors, including interest rate fluctuations. Furthermore, the introduction of the new enterprise resource planning (ERP) system, which was temporarily delayed due to the impact of the pandemic, was resumed in stages from 2021 and is currently proceeding smoothly.

Initially, Europe was the region where demand had most markedly slumped. European countries imposed more stringent infection control restrictions than most other regions, which led to a delay in the integration of operations with Robust AB, which we acquired in fiscal 2019. Gladly, with the easing of restrictions, the markets in Europe are beginning to recover, although slowly.

In the Asian region, even though the impact of COVID-19 was limited in fiscal 2020, we see a delay in establishing our business foundation. Because the Asian business is a major pillar of our future global strategy, we will actively invest various management resources and strive for sound business expansion. The Group, as a whole, needs to address the issue of steel prices, which are soaring worldwide, as a top priority. In addition to the main materials such as steel and aluminum, others such as urethane materials and electronic components, as well as logistics costs, need to be adequately addressed.

Regional Operations P.28-35

## Toward the next Long-Term Vision and Mid-Term Management Plan

In the fiscal year under review, we prioritized our response to the COVID-19 pandemic at all our operations globally. And accordingly, we decided to postpone the announcement of our Long-Term Vision and Mid-Term Management Plan by one year in order to complete the strategies and measures that could not be executed. Some strategies could have been implemented, and others could not under the unprecedented circumstances, so based on these, we would like to start anew from fiscal 2022, and we are currently engaged in concrete discussions in that respect.

Additionally, we revised our ESG Materiality Initiatives ahead of formulating our next Long-Term Vision. Our previous set of ESG Materiality Initiatives was focused on responding comprehensively to the demands of society, but under our revised initiatives, we have clarified the fields where we want to direct our attention and renewed the details to focus on those areas. On the issue of climate change, which we regard as especially important, we announced a CO<sub>2</sub> emissions reduction target to be achieved by 2030, and we are also proceeding with the formulation of other KPIs to be announced at the same time as the next Mid-Term Management Plan.

From the perspective of adapting to and mitigating climate change risks, we will strive to expand our offerings of products that minimize damage from

typhoons and floods, which are growing in intensity, as well as products featuring improved energy efficiency and reduced environmental impact. In this way, as a goal unique to our company, we want to make a commitment to supply products that help mitigate climate change risks and pursue it as a core business.

In our corporate governance efforts, we set up a voluntary Nomination & Compensation Committee this year to further improve management transparency. We will evolve the remuneration for directors into a form that meets the requirements of the times, such as by changing the stock options-based compensation part to a stock-based compensation scheme with transfer restrictions. In addition, we will look into the diversity of the Board of Directors and continue to work on initiatives to flexibly respond to long-term evolution and change.

ESG Materiality Initiatives P.36-53

## Message to our stakeholders

First of all, I am truly grateful to all of our employees for their hard work in the unprecedented situation brought by the COVID-19 pandemic. However, we are not in a situation where we can let our guard down. We need to tighten our resolve and get through it together. We would also like to express our gratitude again to our installers and design/manufacturing partner companies, and we look forward to continuing to deepen our cooperation with them.

We are committed to the principle of "two kinds of reliability, one Sanwa." To leave a solid track record and build social credibility, we must be "one Sanwa." Together with our customers, employees, installers, business partners, shareholders/investors, and local communities, we will aim to create a sustainable society by continuing to contribute to society and increasing corporate value through our core businesses. I ask you all to please watch for further developments from the Sanwa Group.



# Sanwa Value Creation Model

The Sanwa Group creates value by resolving global social issues, such as climate change, gender equality and work-style reform, and contributes to society by providing safety, security and convenience to communities and the daily lives of people around the world. To this end, we will strive to achieve sustainable growth and value creation by maximizing our management resources and deepening the strengths we have cultivated since our founding.

## Social Issues

- Climate change
- Depletion of energy and resources
- Increasingly frequent natural disasters
- Widening disparities
- Due consideration to human rights
- Decreasing workforce
- Declining birthrate and aging population
- Changes in work styles
- Progressing urbanization
- Advances in the AI and IoT society
- Diversification of needs
- Increasing complexity of supply chains

### Targets

**Our Mission**  
The Sanwa Group is committed to offering products and services that provide safety, security and convenience to further contribute to the prosperity of society.

**Stakeholders**  
We will contribute to the creation of a sustainable society by solving social issues together with the many stakeholders who support the business activities of the Sanwa Group.

Customers | Employees | Installers | Business partners | Shareholders/investors | Local communities

## Input

**Natural Capital**

- Reduction in energy consumption
- Energy consumption (crude oil equivalent) (Sanwa Shutter): **8,865 kl**
- Amount of water intake (Sanwa Shutter factories): **87,650 m<sup>3</sup>**

**Social and Relationship Capital**

- Strengthening engagement with stakeholders
- Sales network in Japan: **Approximately 500 locations (divisions)**
- 24-hour repair request receiving service (FTS)
- Number of installers (Japan): **Approximately 3,900**
- "Ribbon Distributors" in North America: **Approximately 400 companies**

**Human Capital**

- Human resource development, which is the source of value creation, and improvement of the work environment
- Number of employees (consolidated): **11,540**  
(Percentage of overseas employees: 64%)
- Number of employees who have received training: **3,424**  
(Sanwa Shutter)

**Technology /Manufactured Capital**

- Uniform supply chain from development to maintenance and service
- Number of production bases: **63** (43 overseas bases)
- Capital expenditures: **¥8.77 billion**  
(¥5.00 billion overseas capital expenditures)

**Intellectual Capital**

- Know-how in access systems field that realizes multi-product types
- Implementation of PDCA that has been firmly established, from management to rank-and-file employees
- R&D expenditures: **¥4.6 billion**

**Financial Capital**

- Financial strategies focused on ROE and SVA to achieve sustainable growth
- Free cash flow: **¥39.0 billion**

## Sanwa Business Activities



### ESG Issues (Materiality) -Contribute to Sustainable, resilient communities-



## Output

### Mid-Term Management Plan

- P.16-19
- Core Business**  
Expand and strengthen business areas in core businesses
  - Growing Business**  
Strengthen service segments and expand business model
  - Reinforcing Business Foundation**  
Enhance operation bases of Asia business
  - Reform work styles and improve productivity
  - Promote ESG

	FY2020
Net sales	¥427.1 billion
Operating income	¥33.1 billion
Operating income ratio	7.7%
SVA	¥13.6 billion
ROE	12.4%

A large market share in the major regions of Japan, North America and Europe and a multi-product lineup

Shutters	Japan: No.1 North America: No.1
Garage doors	Japan: No.1 North America: No.2 Europe: No.2
Industrial sectional doors	Japan: No.1 North America: No.1 Europe: No.2
Steel doors	Japan: No.1 Europe: No.2

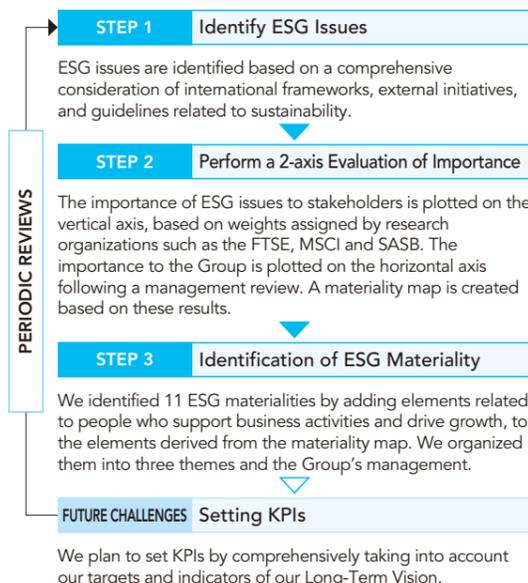
Overseas sales / ratio	196.0 billion	45.9%
Service business net sales / ratio	56.5 billion	13.2%
Climate change-response products net sales / ratio	79.8 billion	18.7%
Disaster prevention products net sales / ratio	90.4 billion	21.2%
CO <sub>2</sub> emissions (Japan)	27,009 t-CO <sub>2</sub>	

# ESG Materiality

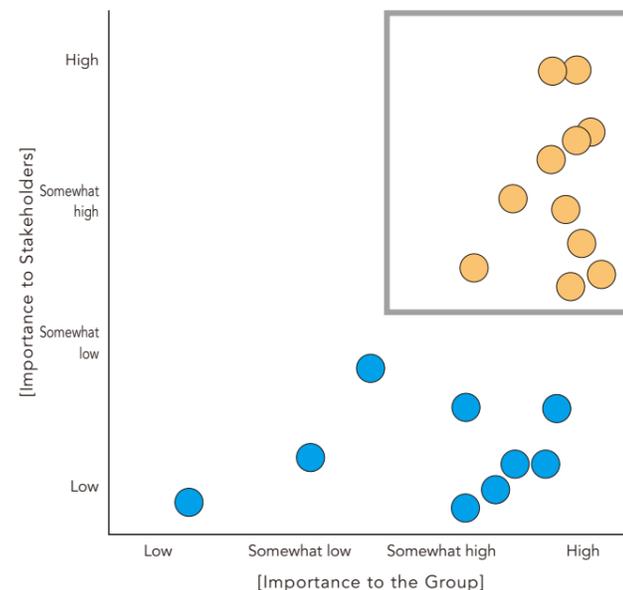
The Group identified 20 ESG materialities in 2019 as issues important to stakeholders and which have a significant management impact on the Group. Since then, amid the growing importance of sustainability worldwide, we conducted a review and re-identified 11 ESG materialities in fiscal 2021, in order to further implement initiatives that will lead to the resolution of social issues through our business activities and the enhancement of corporate value by meeting the expectations of stakeholders.

ESG Materiality <https://www.sanwa-hldgs.co.jp/english/csr/group/materiality.html>

## Identification Process

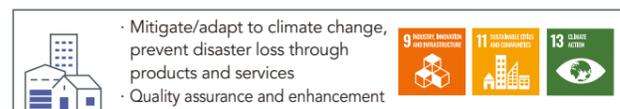


## Materiality Map



## ESG Materiality

### Contribute to Sustainable, resilient communities



Manufacturing -Solve Social Issues Through Our Business-

### Management Foundation



### Environment

-Achieve Environmental Sustainability-



### People

-Create a Pleasant and Rewarding Work Environment-



## ESG Materiality and Provided Value

Themes	ESG materiality	Social value to be provided	SDGs to which we can contribute	Pages for reference
 Manufacturing Solve Social Issues Through Our Business	Mitigate/adapt to climate change, prevent disaster loss through products and services	<ul style="list-style-type: none"> <li>Solving social issues such as climate change and disasters through the Group's products, technologies, and services</li> <li>Realizing a resilient society where people can live with peace of mind</li> </ul>	  	38-39
	Quality assurance and enhancement	<ul style="list-style-type: none"> <li>Fulfilling our responsibilities to customers and society as a manufacturer</li> <li>Ensuring security as a form of societal infrastructure through high-quality and stable access systems</li> </ul>	  	36-37
 Environment Achieve Environmental Sustainability	Initiatives for a decarbonized society	<ul style="list-style-type: none"> <li>Realizing a sustainable global environment through the reduction of environmental impact and the use of renewable energy</li> <li>Reduction target of CO<sub>2</sub> emissions by 2030: 30%</li> </ul>	 	40-41
	Water resources conservation	<ul style="list-style-type: none"> <li>Realizing a sustainable global environment through effective use and conservation of water resources</li> </ul>	 	41
	Waste Reduction	<ul style="list-style-type: none"> <li>Realizing a sustainable global environment through effective use of resources, promotion of recycling and reduction of waste</li> </ul>		40
 People Create a pleasant and rewarding work environment	Respect for human rights	<ul style="list-style-type: none"> <li>Creating healthy and sustainable employment opportunities through respect for human rights</li> <li>Maintaining and improving reputation by preventing human rights violations</li> </ul>		42
	Human resource development	<ul style="list-style-type: none"> <li>Stable and continuous supply of products and services</li> <li>Creation of innovation by securing and developing talented human resources</li> </ul>	 	43
	Promotion of diversity	<ul style="list-style-type: none"> <li>Creating employment for diverse human resources</li> <li>Generating innovation through diverse human resources</li> </ul>		42
	Health and safety	<ul style="list-style-type: none"> <li>Creating healthy and sustainable employment opportunities by ensuring safe and comfortable workplaces</li> </ul>		43
 Management Foundation	Corporate governance	<ul style="list-style-type: none"> <li>Building a sustainable value creation process by ensuring management transparency</li> <li>Fulfilling accountability to shareholders and investors</li> </ul>	 	44-48
	Compliance	<ul style="list-style-type: none"> <li>Preventing risks of damage to corporate value</li> <li>Business continuity and maintenance and enhancement of corporate value</li> </ul>		49

# Risks and Opportunities

The Group ensures stable business management by implementing a Group-wide risk management system and working to predict and prevent potential risks, as well as by responding appropriately through measures to counter risks as required for business continuity.

## Major risks

Major risks are categorized into "1. Financial risks" and "2. Risks associated with ESG materiality." The risks and opportunities for each and their countermeasures are described below.

## 1. Financial risks

Financial risks are described in detail below in "[Business Risks] 1. Financial Risks" in the Annual Securities Report.

[Business Risks] in the Annual Securities Report (Japanese only)

[https://www.sanwa-hldgs.co.jp/ir/library/financial\\_report.html](https://www.sanwa-hldgs.co.jp/ir/library/financial_report.html)

Financial risks	Events related to financial risks
Economic trend risks	Deterioration in business performance in line with economic recession
Foreign exchange and interest rate fluctuation risks	Deterioration in business performance due to yen conversion of overseas subsidiaries' business performance and interest rate fluctuations
Geopolitical risks	Outbreak of terrorism, riots, wars, conflicts, etc.
Price fluctuation risks of raw materials	Deterioration in business performance due to soaring raw material prices
Procurement risks	Insufficient procurement of major parts and materials due to changes in the situation of suppliers
Accounting estimate risks	Losses due to unexpected events beyond the scope of accounting estimates
Risks of seasonal fluctuations in business performance	Inadequacies associated with a heavy emphasis on the second half of the year, such as personnel allocation and capital investments
Acquisition and other investment risks	Occurrence of unforeseen events in the investee companies after acquisitions
Risks of bankruptcy of business partners	Unexpected bankruptcy of business partners
Funding procurement risks	Credit rating downgrades or depletion of funds due to financial crises or deterioration in business performance
Tax-related risks	Cost increases in line with tax system revisions
Legal and regulatory risks	Risks associated with the enactment and revision of laws and government ordinances, and risks associated with penalties, etc.

## 2. Risks associated with ESG materiality

ESG themes	Materiality	Risk category	Major risks and opportunities	Measures
 Manufacturing	Mitigate/adapt to climate change, prevent disaster loss through products and services	Major disaster risks	<ul style="list-style-type: none"> <li>Impact on our supply systems and our suppliers' business due to damage caused by major disasters such as large-scale typhoons, localized torrential rains, and major earthquakes</li> <li><b>Opportunities:</b> Expand profit opportunities by supplying climate change-response (adaptation) products and disaster prevention products (products that are fireproof, smokeproof, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Develop and supply climate change-response (adaptation) products and disaster prevention products</li> </ul>
		Infectious-disease risks	<ul style="list-style-type: none"> <li>Impact on business due to lost sales opportunities, and delays in or suspension of operations as a result of protracted pandemics</li> <li>Lost opportunities due to delays in responding to customer needs</li> <li><b>Opportunities:</b> Expand profit opportunities by supplying antibacterial and antiviral products, contactless products, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Implement initiatives to respond to customer needs</li> <li>Develop a crisis management manual and strengthen infection prevention measures</li> </ul>
		R&D risks	<ul style="list-style-type: none"> <li>Loss of competitiveness due to delays in developing advanced technologies or application to products/services, or insufficient product improvement</li> <li><b>Opportunities:</b> Capture growth opportunities through development of revolutionary technologies</li> </ul>	<ul style="list-style-type: none"> <li>Perform information gathering regarding customer needs and strengthen capabilities in advanced technologies and development</li> </ul>
 Environment	Initiatives for a decarbonized society Water resources conservation Waste reduction	Environmental risks	<ul style="list-style-type: none"> <li>Risk of tightening of environment-related laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Have individual factories and offices work to ensure environmental protection in line with the Sanwa Group Environmental Policy</li> </ul>
		Climate change risks	<ul style="list-style-type: none"> <li>Climate-change risks such as carbon-tax burden, regulations on greenhouse gas emissions, and increases in compliance costs</li> <li>Risk of deterioration in quality at installation sites, lower work efficiency, and increase in occupational accidents resulting from global warming.</li> <li><b>Opportunities:</b> Achieve growth by expanding our lineup of eco-friendly products</li> </ul>	<ul style="list-style-type: none"> <li>Consider and implement countermeasures for climate-change risk at the CSR Promotion Council</li> <li>Set CO<sub>2</sub>-reduction targets and implement initiatives for their achievement</li> <li>Initiatives to express endorsement of the TCFD recommendations</li> <li>Develop and supply climate change-response (adaptation) products</li> </ul>
 People	Respect for human rights Human resource development Promotion of diversity Health and safety	Safety and inspection risks	<ul style="list-style-type: none"> <li>Impact on business due to a decline in supply capability in line with a decrease in the number of manufacturing personnel and a decline in manufacturing technology level</li> <li>Impact on business due to a decrease in the number of installers and installer aging</li> <li>Impact on business due to inadequate maintenance inspections</li> <li><b>Opportunities:</b> Expand service business in response to inspection legislation</li> </ul>	<ul style="list-style-type: none"> <li>Recommend inspection proposals in response to age-related deterioration</li> <li>Expand recruitment of installers and enhance installation training</li> <li>Increase the number of service personnel and provide education to improve their abilities</li> </ul>
		Human resources risk	<ul style="list-style-type: none"> <li>Risk of being unable to steadily secure or retain high added-value talent</li> <li>Risk of being unable to steadily secure installers or address problems associated with aging</li> <li><b>Opportunities:</b> Capture long-term growth opportunities by expanding the Professional Human Resources Training Plan</li> </ul>	<ul style="list-style-type: none"> <li>Continuously generate innovation through the hiring of high-value-added talent and improve our ability to respond to diversifying customer needs</li> <li>Expand the Professional Human Resources Training Plan</li> <li>Expand systems for developing and training installers</li> </ul>
 Management Foundation	Corporate governance Compliance	Compliance risks	<ul style="list-style-type: none"> <li>Loss of trust as a result of fraud, scandals, legal violations, etc.</li> <li>Loss of trust as a result of false financial statements or window-dressing</li> <li>Loss of trust due to personnel- or labor-related problems</li> </ul>	<ul style="list-style-type: none"> <li>Foster a corporate climate based on our Compliance Code of Conduct</li> <li>Conduct compliance trainings</li> <li>Eradicate false accounting and false order booking through thorough internal audits</li> <li>Deployment of a working-hours management system</li> <li>Expand the paid vacation acquisition program</li> </ul>
		Information security risks	<ul style="list-style-type: none"> <li>Impact of information leaks, system failures due to infections with computer viruses, cyberattacks, etc., or data loss</li> </ul>	<ul style="list-style-type: none"> <li>Address cybersecurity risks under the Sanwa Group Information Management System based on our Information Security Policy</li> </ul>
		Business continuity risks	<ul style="list-style-type: none"> <li>Impact on the Group's supply systems and our suppliers' business due to damage caused by a large-scale disaster</li> </ul>	<ul style="list-style-type: none"> <li>Ensure business continuity by formulating a BCP</li> </ul>

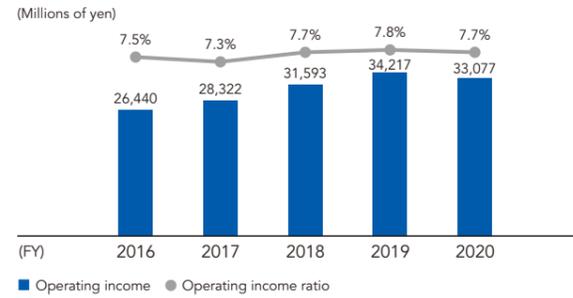
### The Sanwa Group is engaged in initiatives to express its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

TCFD recommends the disclosure of governance, strategy, risk management, and metrics and targets for climate change-related risks and opportunities therefore, the Group is also promoting initiatives in witch align with the TCFD recommendations.

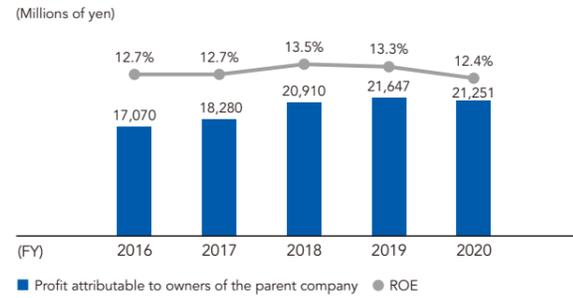
- Governance:** Disclose the organization's governance of climate-related risks and opportunities.
  - Established the Sustainability Committee to formulate policies for addressing climate change
- Strategy:** Disclose the organization's strategy and impact of climate-related risks and opportunities.
  - Conducted analysis of two scenarios, 2°C and 4°C, and calculated the business impact of each
- Risk management:** Disclose the assessment and management of climate-related risks
  - Established a system for reporting recommendations from the Sustainability Committee to the Board of Directors
- Metrics and targets:** Disclose the status of KPIs or target management in response to climate change
  - Metrics: Sanwa Shutter Corporation's CO<sub>2</sub> emissions for Scope 1 + Scope 2  
Target: 30% reduction by FY2030 (compared to FY2020)
  - We will also set targets (for the medium term) for net sales of products that contribute to addressing climate change risks with regard to mitigation and adaptation measures.

Financial Indicators

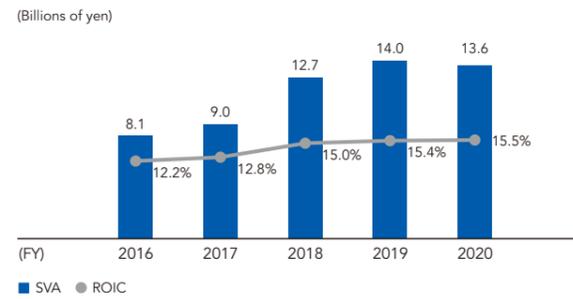
Operating Income / Operating Income Ratio



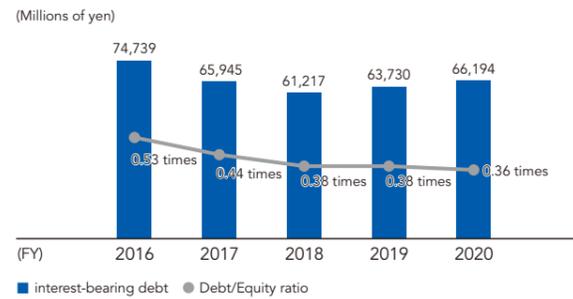
Profit Attributable to Owners of the Parent Company / ROE



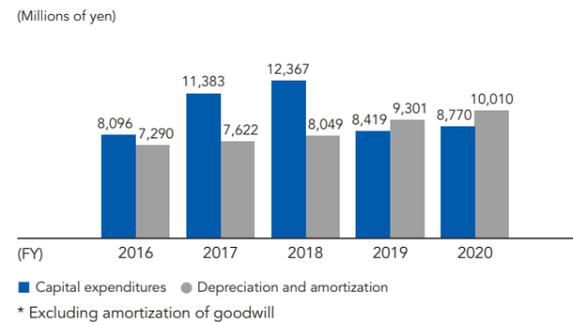
Sanwa Value Added (SVA) / Return on Invested Capital (ROIC)



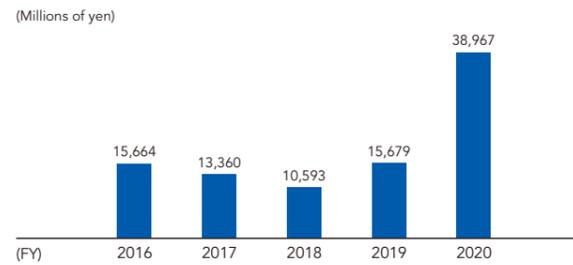
Interest-Bearing Debt / Debt / Equity Ratio



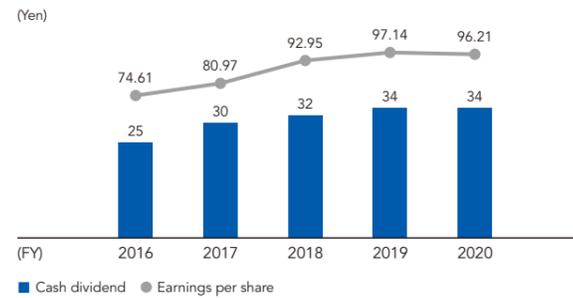
Capital Expenditures / Depreciation and Amortization\*



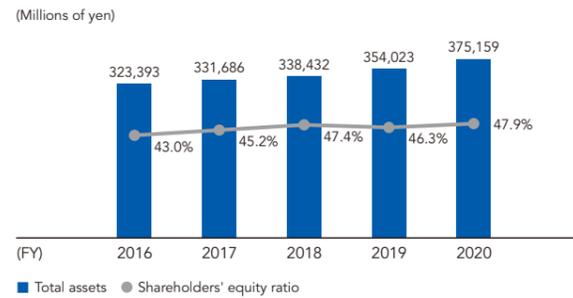
Free Cash Flow



Cash Dividend per Share / Earnings per Share

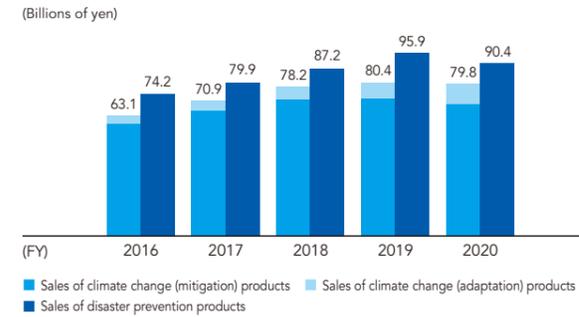


Total Assets / Shareholders' Equity Ratio

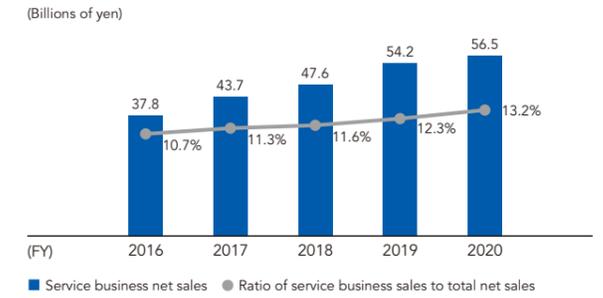


Non-Financial Highlights

Sales of Climate Change Targeted (Mitigation, Adaptation) Products / Sales of Disaster Prevention Products (Consolidated)



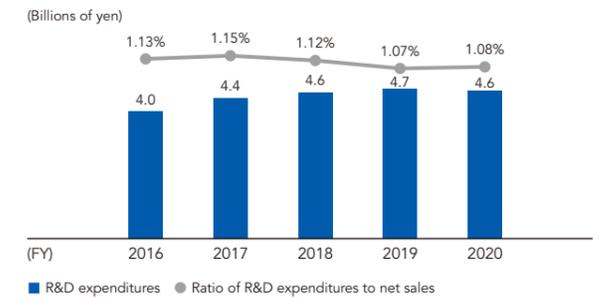
Service Business Net Sales / Ratio of Service Business Sales to Total Net Sales (Consolidated)



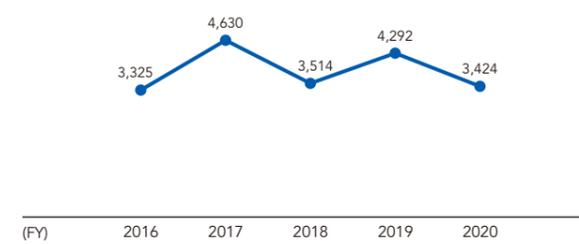
Number of Employees / Female Employee Ratio (Consolidated)



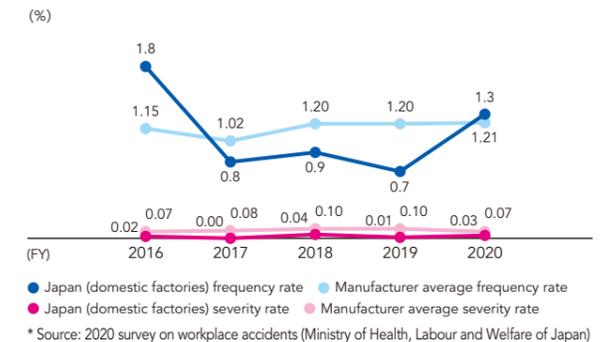
R&D Expenditures / Ratio of R&D Expenditures to Net Sales (Consolidated)



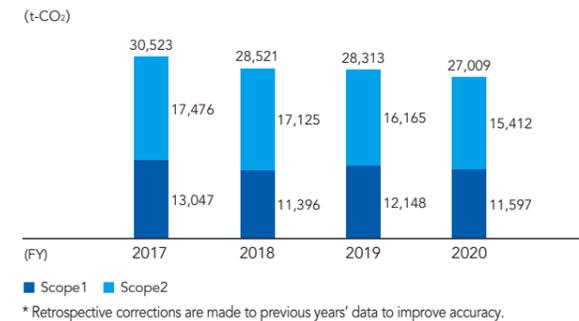
Number of Employees Who Have Received Training (Sanwa Shutter)



Lost-Time Injuries Frequency Rate / Severity Rate (Domestic Group Factories)



CO<sub>2</sub> Emissions (Domestic Group Companies)



Amount of Water Intake / Discharge (Sanwa Shutter Factories)

