

Identifying material issues to achieve our desired state in 2030

For a company to grow sustainably in the face of a rapidly changing environment, it is important for it to move its business forward at the same time as contributing to solving social issues, and to respond and transform to keep one step ahead of changing trends. Even in an era of great uncertainty, to receive the support of stakeholders and continue creating value that is useful to society, the Group is advancing a variety of initiatives toward achieving the Sanwa Global Vision 2030. To guide these efforts, we have established 11 ESG material issues, consisting of the three themes of Manufacturing, Environment, and People, internal and external factors that have a particularly significant impact on the Group, as well as the Management Foundation that supports these themes.

Within the three themes, the Sanwa Group will create distinctive value by linking our Environment and People initiatives around the core axis of our Manufacturing initiatives.

Creating value by linking Manufacturing and Environment**• Reducing environmental impact with products and services**

We are developing products that reduce CO₂ emissions around the world. By increasing the airtightness of building entranceways and the efficiency of air conditioning, our products contribute to energy savings, which in turn help to reduce environmental impact.

• Integrating climate change response and improved profitability

By matching our technological capabilities (seeds) to global environmental conservation issues (needs), we aim to contribute to the climate change response and improve profitability.

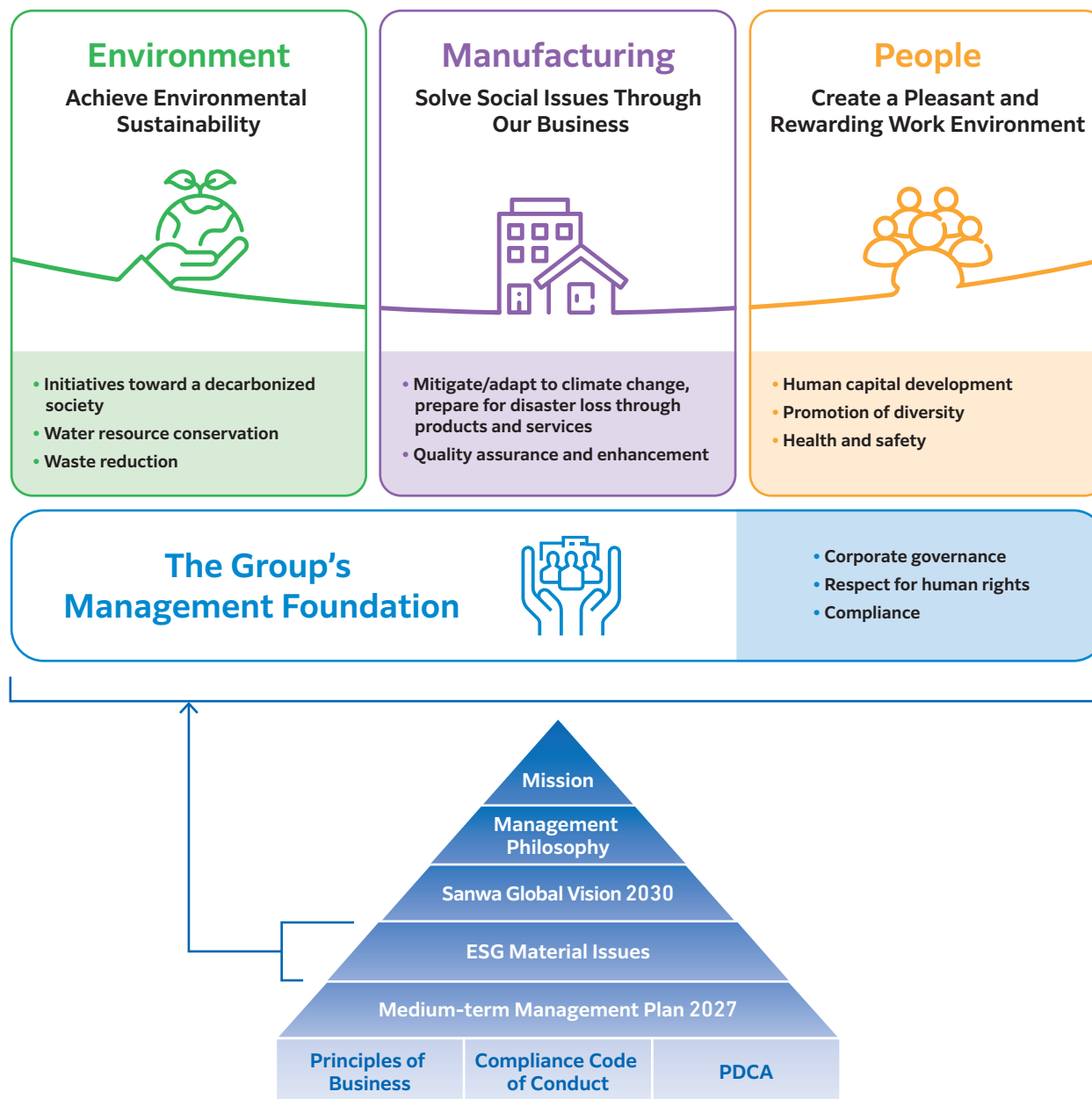
Creating value by linking Manufacturing and People**• Improving job satisfaction**

By providing society with products and services that contribute to the safety and security of communities and of everyday life, our employees can feel a sense of pride and accomplishment in their work.

• Harnessing technological and development capabilities

The expertise, technological and development capabilities each employee possesses are the driving forces behind our business advancement and the source of our value creation.

Here at the Sanwa Group, we will further accelerate our efforts to tackle the three themes in accordance with this approach and framework. By doing so, we will increase our sustainable corporate value and fulfill our responsibilities as a company by carrying out our mission of safety, security, and convenience.



ESG Material Issue Identification Process and Promotion Structure

To promote sustainable management, the Group has identified 11 ESG material issues (consisting of the three themes of Manufacturing, Environment, and People, as well as the Management Foundation that supports these themes). We will move forward with measures to achieve the KPIs we have set with the aim of realizing the Sanwa Global Vision 2030, and we will strive to improve corporate value through dialogue and collaboration with stakeholders.

Process of identifying ESG material issues

In conjunction with the formulation of the Medium-Term Management Plan 2027, the Group has reviewed and revised its approach through the following process. As a result, we have moved respect for human rights, previously classified under the People theme, to The Group's Management Foundation, recognizing it as a priority that should be emphasized across all corporate activities.

Identification Process

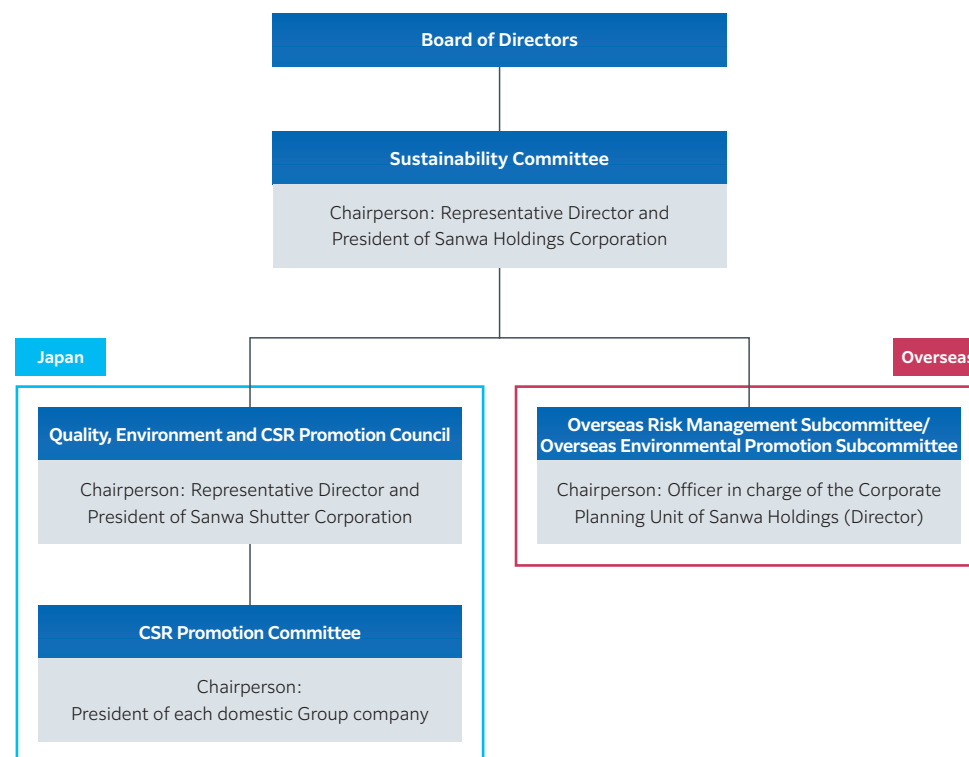


Sustainability Committee

We aim to increase medium- to long-term value by implementing sustainability practices. In order to do so, the Sustainability Committee (chaired by the Representative Director and President of Sanwa Holdings) meets once per quarter, to deliberate on and drive the Group's sustainability policies and other related issues.

Regular reports are also made to the Board of Directors, building a sustainability management system in coordination with various Japanese and overseas meeting bodies.

Sustainability Promotion Structure



ESG Material Issues and KPIs

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	Vision	ESG material issues	Item	FY2024 results	Medium-Term Management Plan 2027 KPI	Scope
Manufacturing Solve Social Issues Through Our Business  ▶ pp. 37-38	The Group has been contributing to the realization of safe, secure, and convenient societies around the world by providing entrance products designed to prevent, protect, and separate, such as shutters, doors, and partitions, protecting lives and properties from disasters and crimes. We help solve social issues with reliable technologies and quality to meet society's diversifying needs and ensure its sustainability.	Mitigate/adapt to climate change, prepare for disaster loss through products and services	Net sales of climate change response-related products (mitigation)	¥106.2 billion	¥112.0 billion (FY2027)	Consolidated
			Net sales of climate change response-related products (adaptation)	¥26.1 billion	¥28.0 billion (FY2027)	
			Net sales of disaster preparedness products	¥81.1 billion	¥90.0 billion (FY2027)	
			Net sales in the maintenance and service business	¥88.2 billion	¥102.0 billion (FY2027)	
		Quality assurance and enhancement	Achieve quality targets in line with each company's quality policy	—	—	
Environment Achieve Environmental Sustainability  ▶ pp. 41-42	As a Group that utilizes natural capital in the course of its business activities, we will work to reduce CO ₂ emissions and contribute to the realization of a carbon-neutral society. We will also take steps to reduce our water consumption and waste emissions by using water and raw materials more efficiently, thereby reducing our environmental footprint.	Initiatives toward a decarbonized society	Reduction of CO ₂ emissions (Scope 1 + 2)	Reduce by 13.2% compared to FY2019	Reduce by 20% compared to FY2019 (FY2027) Reduce by 30% compared to FY2019 (FY2030)	Sanwa Shutter Corporation
		Preserving water resources	Reduction of water usage intensity (at factories and offices)	Reduce by 27.0% compared to FY2020	Reduce by 30% compared to FY2020 (FY2030)	
		Reduction of waste	Reduction of waste intensity (at factories and offices)	Reduce by 57.3% compared to FY2020	Reduce by 60% compared to FY2020 (FY2030)	
		People Create a Pleasant and Rewarding Work Environment  ▶ pp. 43-46	We respect the diversity of all people involved in the Group, who support our business activities and drive growth, and provide them with a safe work environment. We maximize corporate value by ensuring the growth of both individuals who can act independently from the perspective of overall optimization, and an organization that is both pleasant to work in and rewarding to work for.	Human capital development	Annual training hours per employee	32.89 hours
Digital education (fundamentals) participation rate	New KPI				90% (FY2027)	
Digital education (application) participants	New KPI				70 (FY2027)	
Promotion of diversity	Ratio of female employees			20.9%	25% or higher (FY2030)	Consolidated
				13.3%	15% or higher (FY2030)	Sanwa Shutter Corporation
	Ratio of female new graduate hires			31.1%	30% or higher (Every year)	Sanwa Shutter Corporation
	Ratio of female managers			15.9%	20% or higher (FY2030)	Consolidated
	Ratio of male employees taking childcare leave			34.5%	70% or higher (FY2027)	Sanwa Shutter Corporation
					100% (FY2030)	
Health and safety	Obesity rate (BMI of 25 and above)			35.5%	30% (FY2030)	Domestic Group companies
	Smoking rate			28.6%	25% (FY2030)	
	Rate of high-risk persons undergoing screening*			60.0%	100% (FY2030)	Sanwa Shutter Corporation
	Rate of taking annual paid leave			55.5%	70% (FY2027)	
Management Foundation  ▶ pp. 47-59	As a Group that operates globally, with businesses in Japan, the U.S., Europe, and Asia, we are committed to corporate governance to build a fair management system, actions for human rights at the foundation of our business activities, and internal controls to regulate our business activities through an appropriate and sound system. By doing so, we will seek to achieve sustainable growth and enhance our corporate value over the medium to long term.	Corporate Governance	Ensuring the diversity of the Board of Directors	Changed Chairperson position of the Nomination & Compensation Committee to be occupied by an Outside Director	Response to board diversity (FY2027)	Sanwa Holdings Corporation
			Number of times stakeholder dialogues held	340	350 (FY2027)	
		Respect for human rights	Identification, elimination, and prevention of human rights risks	Conducted human rights due diligence	Implementation and improvement of human rights due diligence (FY2027)	Japan/Asia
		Compliance	Number of participants in compliance training	7,807	8,000 (FY2027)	Domestic Group companies
			Participation rate in compliance training	99%	100% (FY2027)	

* Rate of high-risk persons undergoing screening: Persons who underwent testing and started treatment/persons with a higher risk of developing severe lifestyle-related diseases

Risks and Opportunities

The Group ensures stable business operations by implementing a Groupwide risk management system and working to predict potential risks, as well as by responding appropriately through measures to counter risks as required for business continuity. Details about risks are provided on the Business Risks page of our website.

 Sanwa Holdings Website: Business Risks <https://www.sanwa-hldgs.co.jp/english/ir/management/risk.html>

Material issue theme	Risk category	Likelihood	Impact	Major risks	Major opportunities
Manufacturing 	Major disasters / Infectious-disease-related risks	Medium	High	- Business continuity risks due to large-scale disasters (typhoons, torrential rains, earthquakes, etc.) - Risk of loss of business opportunities as a result of prolonged infectious disease outbreaks (impact on business performance such as delays in or suspension of operations) - Crisis in terms of continuation of business activities due to spread of infectious diseases (pandemics) and outbreaks of clusters	- Expand profit opportunities through product differentiation, e.g., disaster preparedness and climate change response products and easy-to-install products, and solution proposal sales - Expand maintenance and service business - Continue to provide products by achieving stable procurement - Improve production and logistics systems by leveraging our network
	Quality risks (Manufacturing/installation/design/sales/inspection)	High	High	- Quality defects attributable to manufacturing, installation, and design - Occurrence of fire incidents attributable to installation - Complaints attributable to the content of proposals to customers and inadequacies in meetings, etc. - Accidents caused by failure to conduct regular inspections	
	R&D risks	Medium	Medium	Delays in responding to product development needs and insufficient safety measures	
	Raw material prices and procurement risks	High	High	- Soaring raw material prices and rising auxiliary material and logistics costs - Stagnation of shipping due to difficulties in procuring parts, materials, etc.	
	Production and logistics risks	High	High	- Failure of product delivery systems - Response to logistics issues of 2024 (e.g., difficulty in securing trucks and drivers)	
	Occupational accident risks	High	High	Occurrence of accidents and occupational injuries at factories and installation sites	
Environment 	Environmental and climate change risks	High	High	- Increased costs due to the imposition of a carbon tax - Increase in R&D expenses associated with eco-friendly products - Impact of climate change on production activities and shipments, and decrease in productivity at production and installation sites due to rising temperatures - Increase in energy costs and waste disposal costs - Loss of trust due to failure to achieve greenhouse gas emission, water consumption, and industrial waste reduction targets	Achieve growth through expansion of climate change response (mitigation) products
People 	Human capital risks	Medium	High	- Decrease in operational efficiency due to loss of competent human capital and lack of appropriate personnel - Negative impact on employment and loss of trust due to delays in diversity initiatives	- Build a robust organizational structure through enhanced engagement - Increase competitiveness by securing talented human capital - Enhance organizational capabilities by promoting diversity - Improve productivity by creating a comfortable work environment
	Personnel and labor risks	High	High	- Insufficient management of employee health and safety - Losses from mistakes due to reduced concentration caused by overwork, decline in operational efficiency - Loss of trust due to violations of overtime work agreement, etc.	
Management Foundation 	Management risks (Geopolitical, economic-trend-related, Financial and accounting related)	Medium	High	- Outbreak of terrorism, riots, wars, conflicts in overseas locations - Deterioration in business performance due to decreased demand resulting from economic recessions, impact of foreign exchange rate and interest rate fluctuations, funding procurement risks - Bankruptcy due to the business failure of partner companies, bad debt due to the discontinuation of business, and bad debt losses	- Improve trust from society by strengthening governance - Improve trust in terms of consideration for safety
	Corporate governance-related risks	Medium	High	Loss of trust due to inadequate governance structure	
	Human rights risks	Medium	Medium	Deterioration of the work environment due to human rights violations and loss of trust due to disputes between labor and management, lawsuits, etc.	
	Compliance risks (Fraud/scandal/legal violation/traffic accident)	Medium	High	- Loss of trust due to inadequate internal controls - Loss of trust due to problems arising from fraud, scandals, legal violations, internal rule violations, etc. - Decrease in business operations and increase in damages awarded due to personal injuries from traffic accidents - Loss of trust due to drink driving incidents	
	Information security risks	Medium	High	- Loss of opportunities and trust due to cyberattacks, and increased restart costs - Loss of trust due to information leakage	



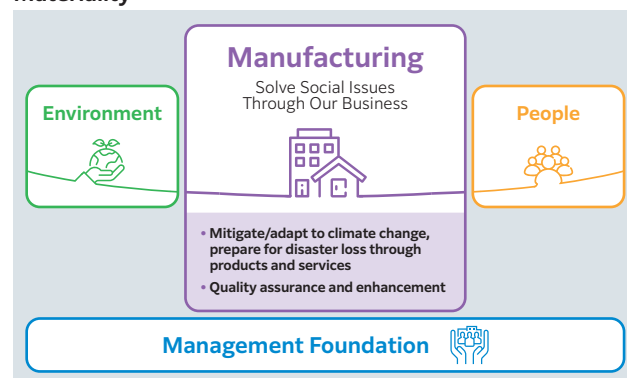
Manufacturing Solve Social Issues Through Our Business

Basic approach

For approximately 70 years since its founding, the Sanwa Group has supported urban areas and lifestyles by providing a wide range of metal fittings centering on building entrance products, such as shutters, doors, partitions, toilet booths, and automatic doors. We believe that our products and services designed to prevent, protect, and separate can make contributions in a wide range of fields, and that we are called upon to tackle an ever-expanding range of issues. The Group believes that developing and providing products that address climate change issues will enable us to respond to changing needs and create new markets. We also believe that by using our products and services to solve issues including fires, earthquakes, and other disasters, we can help communities become sustainable and resilient.

In addition, we are committed to pursuing quality and safety, which is our primary responsibility as a manufacturer. We strive to improve quality and safety in all processes, from development to sales, production, installation, and maintenance. As we possess a diverse range of global products, the characteristics of each business and the products handled are not consistent throughout the Group. For this reason, while the quality indicators we use in Japan are the number of product accidents, number of complaints and the amount of related losses, the quality indicator we use overseas is the ratio of complaint cost to net sales. Based on these indicators, we are moving forward with specific measures to make improvements. Furthermore, we aim to balance solving social issues and achieving sustainable growth through diligent research and development.

Materiality



Governance and risk management

The Sanwa Group has established the following Sanwa Group Quality Objectives in pursuit of quality and safety, which is our primary responsibility as a manufacturer: 1) Improve product safety; 2) Improve the product quality and installation quality; 3) Improve the quality of service and business etiquette; and 4) Increase traceability. Furthermore, in Japan, North America, Europe, and Asia, we have set quality targets that meet the needs of customers in each region, and are promoting initiatives on a global basis. Progress, measures, and initiatives for these regional targets are reported and discussed twice a year by the Quality, Environment, and CSR Promotion Council for Group companies in Japan, and by the Overseas Risk Subcommittee for overseas Group companies, and are also reported to the Sustainability Committee.

Strategy

Mitigate/adapt to climate change, prepare for disaster loss through products and services

To confront the urgent issue of climate change, the Sanwa Group offers products worldwide that support both mitigation, which entails reducing greenhouse gas emissions such as CO₂, and adaptation, which addresses the various impacts of climate change. Through these initiatives, we contribute to building a sustainable society by achieving both lower greenhouse gas emissions and reduced social vulnerability.

Furthermore, in response to disasters such as fires and earthquakes that threaten the realization of a safe, secure, and convenient society—our Group's mission—we help create resilient communities through maintenance and services that preserve the disaster preparedness functions of buildings, including products such as shutters and doors.

▶ Page 38: Contributing to sustainability through our core business

Quality assurance and enhancement

The Sanwa Group Test Center, completed in March 2009, tests both the Group's products and items sourced domestically and internationally to evaluate quality, performance, safety, and manufacturing technology. Certified under the international standard ISO/IEC 17025, which sets the requirements for quality management and technical competence in testing laboratories, the center ensures the reliability of its test results. The Group's products, including shutters, doors, and partitions, are semi-finished at the factory stage and only become finished products upon installation by installers; therefore, improving installation quality as well as maintenance and service standards is essential for customers to use our products with confidence over the long term. For this reason, we remain dedicated to training and advancing the skills of our installers.



The Sanwa Group Test Center



The Sanwa Group seeks to provide solutions to social issues such as climate change and disaster preparedness through its wide range of entrance products, while also enhancing corporate value, competitiveness, and social contribution through its business activities. In May 2022, we introduced the Sanwa Global Vision 2030, our Long-Term Vision, and the Mid-Term Management Plan 2024. These established key performance indicators that include net sales of climate change response products (mitigation and adaptation), net sales of disaster preparedness products, and net sales in the maintenance and service business, clearly affirming that our core business contributes directly to sustainability.

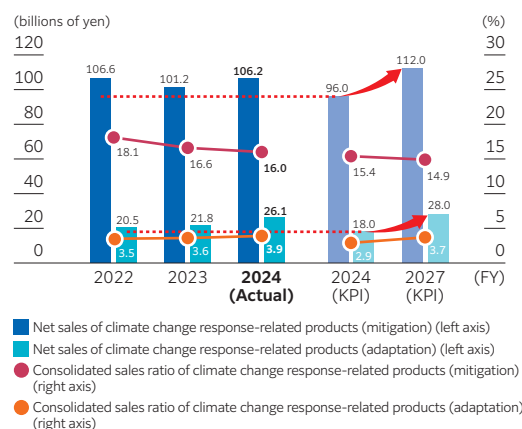
Looking ahead, we will accelerate product development and sales growth in response to social issues and needs, aiming for sustainable growth by helping to resolve climate change issues and improving our profitability.

Contributing to climate change response (mitigation and adaptation)

The Sanwa Group is addressing climate change by offering a wide range of products worldwide through two key approaches: mitigation, which focuses on reducing greenhouse gas emissions such as CO₂, and adaptation, which involves responding to the various effects of climate change.

In both mitigation and adaptation, net sales of climate change response-related products have met their fiscal 2024 KPI for the third consecutive year since fiscal 2022, and under the Medium-Term Management Plan 2027, we have set even higher targets for fiscal 2027 (see the graph on the right).

Trends and KPIs in net sales of climate change response-related products (consolidated)



Mitigation

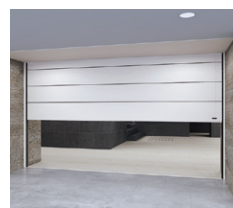
We develop and sell products such as high-speed sheet shutters that improve air conditioning efficiency at factories and warehouses with fast opening and closing speeds to reduce greenhouse gas emissions, and overhead doors with high heat insulation.



Heat Insulation Quick Saver TR from the Re-carbo series (Sanwa Shutter Corporation)
High-speed sheet shutter with high heat insulation performance and fast opening and closing

Adaptation

We develop and sell waterproof products that guard against flood damage caused by climate change, high-strength shutters that reduce the risk of wind damage, and sectional doors and wind-resistant window products from ODC that are designed to withstand hurricanes.



Water Guard waterproof shutter (Sanwa Shutter Corporation)
An electric panel shutter with industry-first waterproofing

Contributing to disaster preparedness (fire, earthquakes, power outages)

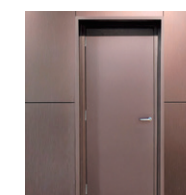
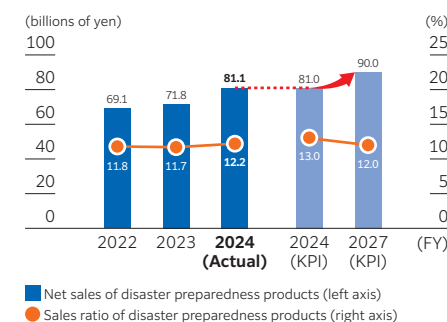
The Sanwa Group provides a broad range of products that strengthen resilience against disasters such as fires and earthquakes, helping to reduce damage and support recovery efforts.

In fire prevention, we supply fire-resistant shutters and doors worldwide that automatically close in coordination with smoke and heat detectors, creating safe zones by blocking fire spread and limiting smoke diffusion. For earthquake preparedness, we offer products that mitigate risks and minimize damage, while for power infrastructure-related disasters, we provide systems designed to reduce risks during critical situations.

Net sales of disaster preparedness products reached 81.1 billion yen in fiscal 2024, surpassing the year's KPI target of 81.0 billion yen, and under the Mid-Term Management Plan 2027, we have set a new target of 90.0 billion yen for fiscal 2027 (see the graph to the right).

In addition, in Japan, we contribute to maintaining disaster prevention functions as part of social infrastructure through services such as Sanwa Shutter Corporation's 24-hour full-time service (FTS) and compliance with the regular inspection reporting system for fire prevention equipment. Overseas, we are expanding our service capabilities through ODC and the Novoferm Group. Regarding net sales in the maintenance and service business, we have exceeded the fiscal 2024 KPI of 76.0 billion yen since fiscal 2023, and have set a target of 102.0 billion yen for fiscal 2027 in the Medium-Term Management Plan 2027.

Trends and KPIs in net sales of disaster preparedness products (consolidated)



"Shakunetsu Guard" (Sanwa Shutter Corporation)
In addition to flame-retardant performance, this fire protection has heat-shielding performance for 60 minutes, making it applicable to the required performance of wooden buildings, aimed at realizing a decarbonized society



Smood Yuraku with seismic-resistant design (Sanwa Shutter Corporation)
Seismic-resistant version of the Smood Yuraku sliding entranceway doors for hallways, suitable for seniors' condominiums



E-Connect power supply system for opening shutters during power outages (Sanwa Shutter Corporation)
During a power outage, our electric fireproof and smokeproof shutters can still be operated by connecting them to a battery or a generator

Digitalization Strategies That Create New Added Value

Basic Policy for Digitalization Strategy

The Sanwa Group aims “to be a Global Leader of Smart Entrance Solutions,” outlined in our Long-Term Vision, Sanwa Global Vision 2030.

In our basic policy for digital transformation (DX), we are advancing digitalization strategies across three categories: external initiatives, internal operations, and human capital.

To address social issues caused by the external environment, such as labor shortages and climate change, as well as to meet the increasingly diverse needs of customers, we must utilize a wide range of digital technologies. The Sanwa Group implements digital measures tailored to regional characteristics. We will work to optimize the value chain, which spans product development, sales, design, procurement, manufacturing, installation, and maintenance services. In addition, we are cultivating human resources to support digitalization and providing training to all employees to enhance their digital skills.

Key Achievements in the Medium-Term Management Plan 2024

- **Japan:** Digitalized installation work contracts (EDI)
With the introduction of EDI, subcontracting agreements with external installers and on-site instructions with our sales staff can now be conducted via smartphones and other devices, enhancing operational efficiency and increasing the number of sites we can handle.
- **North America:** Improved efficiency at sites where ERP systems have been introduced. ERP systems were introduced at manufacturing sites, and business processes, inventory management, and cost accounting were streamlined using BI tools, MRP, etc.*
- **Europe:** Promoted the digitalization of various processes, including the introduction of ERP systems at sales companies. Although different systems were in use in each European country, standardization and efficiency of operations were achieved by rolling out a unified, in-house developed platform system to sales companies.
- **Asia:** Improved business processes through ERP systems. By transitioning from manual processes and multiple systems to a unified ERP system, we have achieved operational efficiency.

*BI (Business Intelligence) tools: Software that collects, analyzes, and visualizes data accumulated within a company to support operational improvement
MRP: Material requirements planning

Strategy 1

Smarter products and services

The Sanwa Group is committed to solving customer challenges and creating additional value by delivering new smart products and services. By utilizing digital technologies such as the Internet of Things (IoT) and cloud computing, we collect data on usage status and history, harnessing this database, for upkeep, preventive maintenance, and creating maintenance opportunities. Furthermore, we are developing new IoT-based products in Japan, North America, and Europe to make homes smarter, more convenient, and comfortable.

RemoSma (Sanwa Shutter Corporation)

RemoSma is a system that allows window shutters and garage shutters to be open and closed via smartphone. By registering shutters in a dedicated app, multiple shutters can be controlled with a single smartphone.



Aladdin Connect (ODC)

Allows for remote operation of a garage door by a dedicated smartphone app or smart home device. Also allows users to monitor the doors' open/close status from afar.



Lion 4.0 (Novoferm)

This IoT system manages entrances in distribution centers and other facilities. The status of industrial sectional doors and dock levelers can be monitored, and data such as usage frequency and error history are stored in a database, helping to identify maintenance needs and enabling smooth inspections.



Strategy 2

Greater productivity through digitization

The Sanwa Group continues to improve operational efficiency through the use of digital technologies while seeking to expand business by enhancing the working environment and reducing labor and manpower demands. At Sanwa Shutter Corporation's Ota Door Plant, automated guided vehicles (AGVs) and a warehouse management system for dispatching vehicles are utilized to improve loading efficiency and enhance warehouse and inventory management. Truck loading and waiting times have been significantly reduced, resulting in improved delivery efficiency.

Overseas Group companies are also enhancing operational efficiency by implementing enterprise resource planning (ERP) systems and digitalizing manufacturing and service operations, which is leading to higher productivity.

Message from a partner company



Mr. Toru Ida
Nippon unyu nizukuri Co., Ltd.

We have been fortunate to work with Sanwa Shutter since the establishment of its Ota Door Plant and have, of course, collaborated to address what is called the “2024 problem” of truck driver shortages in logistics. The most significant change we have made has been an earlier loading start time. Previously, work began in the afternoon, but now loading can start around 10:00 a.m. Trucks no longer gather during peak times, waiting times are reduced, and work finishes earlier. The truck berths have greatly improved the work environment and preserved quality; previously, on rainy days workers had to wear rain gear, clean products before loading, and work under artificial lighting during dark hours. Securing personnel and vehicles remains a challenge, but while improving the work environment, we will continue supporting Sanwa Shutter's commitment to quality and on-time delivery.

Strategy 3

Cultivation of DX professionals

As AI, IoT, and other information technologies evolve on a daily basis, companies have faced new challenges in securing human resources with the skills necessary for DX to leverage these technologies and boost their competitiveness.

Therefore, we will work to cultivate professionals with a firm grasp of fundamental IT and DX skills, those who can leverage data and digitalize businesses to innovate operations and improve productivity, and those who can become business innovation leaders.

Manager's report



Hideshi Matsubara

Executive Officer, Manager of Human Resources Development Department
Sanwa Shutter Corporation

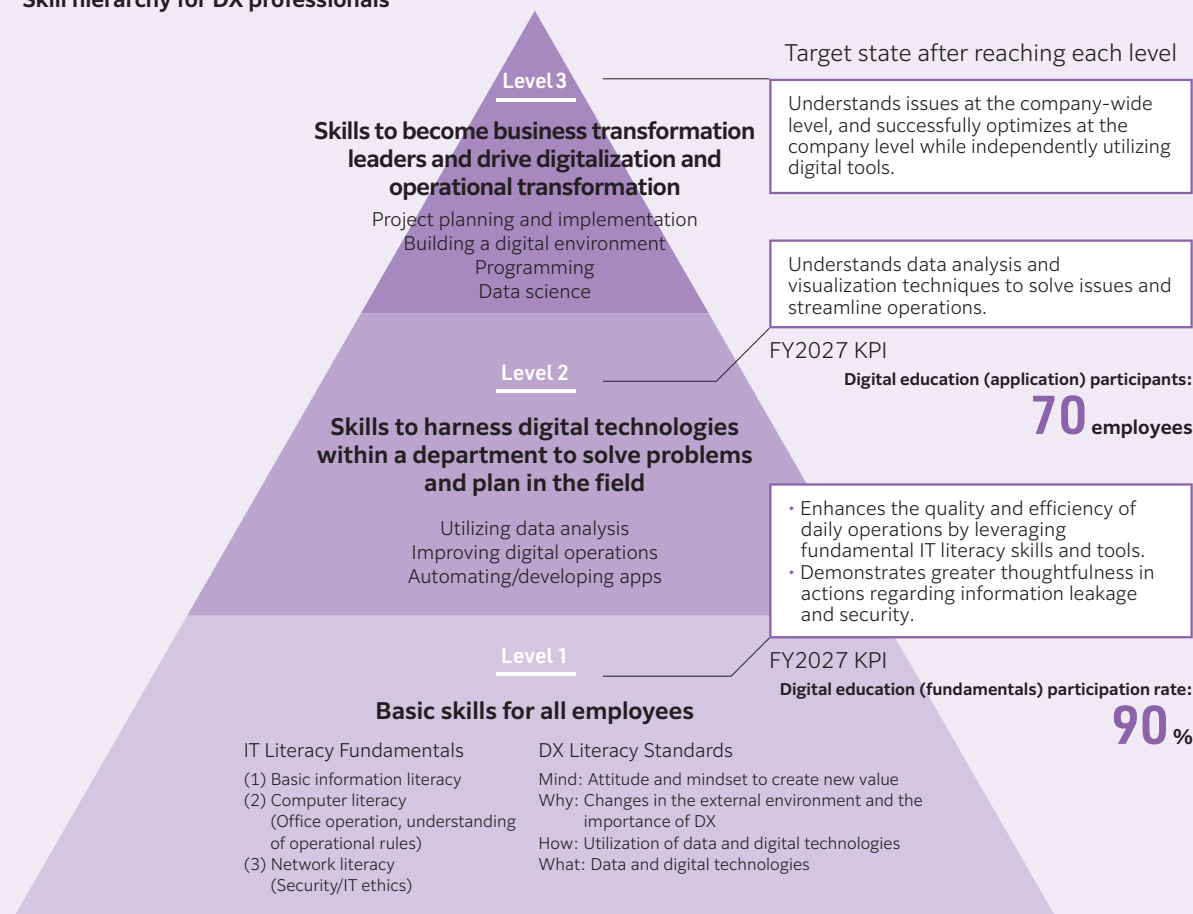
To secure DX professionals, we set the goal in fiscal 2022 of raising basic IT and DX literacy standards. Based on this goal, we have introduced e-learning programs for all employees in Japan, covering topics such as the necessity of utilizing digital technologies, IT ethics, security literacy, data collection and utilization, and fundamental DX knowledge.

In 2025, we have established a new Human Resource Development Department to create educational curricula and train all employees to maintain a consistent digital skill level, enabling them to drive business reforms and productivity improvements.

As the next step, we are providing training on how an understanding of data analysis and visualization techniques can lead to digital operational improvements, designed to cultivate personnel who can solve issues in the field and plan departmental initiatives using digital tools.

As a final step, we aim to develop professionals with the skills to drive company-wide digitalization and operational transformation.

Skill hierarchy for DX professionals



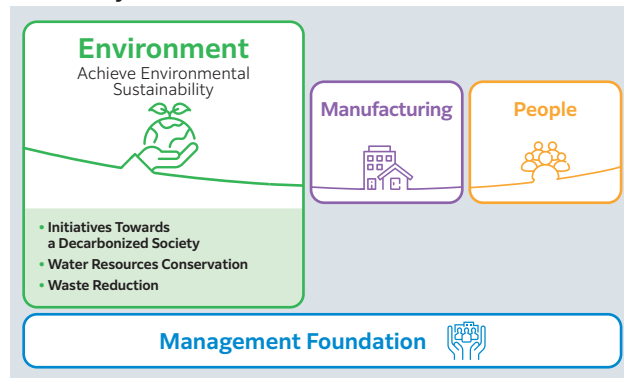


Environment Achieve Environmental Sustainability

Basic approach

The Sanwa Group, which operates in 28 countries and regions around the world, recognizes that concerns about the stable supply of energy, water and other natural resources pose a risk to its business foundation. At the same time, we see taking measures to reduce the global environmental impact of our business activities as an extremely important mission. We will move forward with initiatives to reduce our environmental impact by lowering our CO₂ emissions, water consumption and waste emissions, and to enhance our information disclosures. With these measures, we will increase our medium- to long-term corporate value.

Materiality



Governance and risk management

The Sanwa Group has been working to promote environmental management and improve environmental performance through the acquisition of ISO 14001 and other environmental management system certifications at Japanese and overseas Group companies, with the aim of developing environmental conservation activities systematically and continuously in line with its environmental policy. Initiatives in each region are reported and discussed twice a year by the Quality, Environment, and CSR Promotion Council for Group companies in Japan, and by the Overseas Risk Subcommittee and Overseas Environmental Promotion Subcommittee for overseas Group companies, and are also reported to the Sustainability Committee.

Strategy

Initiatives toward a decarbonized society

In the Sanwa Global Vision 2030 and Medium-Term Management Plan 2024 announced in May 2022, the Sanwa Group set forth its policy for achieving carbon neutrality, aiming for net zero CO₂ emissions from business activities by 2050. We are moving forward with a variety of initiatives based on this policy.

In terms of our efforts to reduce Scope 1 emissions, we are actively switching to eco-cars, in addition to working to upgrade to more energy-efficient equipment. In the Novoferm Group, company-owned vehicles at Novoferm Germany, Novoferm UK are being converted to electric vehicles or plug-in hybrids.

In terms of our efforts to reduce Scope 2 emissions, in addition to using Non-Fossil Certificate electricity and promoting the switch to LEDs, we have installed solar panels on the logistics building of Sanwa Shutter Corporation's Ota Door Plant and on the premises of its Kyushu Plant and Shizuoka Plant in Japan, at three plants in Europe, including at Novoferm Schievano (Italy), and on the roofs of the Shanghai Baochan-Sanwa Door and Sanwa Novoferm (Changshu) plants in Asia. In addition, at ODC, Won-Door has switched to LED lighting and upgraded to energy-efficient air conditioning systems, while Novoferm Group companies in Germany have been purchasing electricity from renewable energy sources since 2025. Furthermore, in 2025, solar carports were installed in the parking lot of the Ota Door Plant.

We began calculating Scope 3 emissions in fiscal 2023, based



Solar carports at the Ota Door Plant

on the recognition that reducing not only our own CO₂ emissions but also those of our entire supply chain is a necessary step in realizing a carbon-neutral society. In fiscal 2024, we expanded the scope of calculation categories, among which we have obtained third-party verification from JMASusC for emissions in categories 1, 3, and 11.

Preserving water resources

Sanwa Shutter Corporation has been carrying out various initiatives to achieve its water usage intensity reduction targets for fiscal 2030. These include making effective use of a water circulation system for painting equipment and chillers that circulate chilled tank water, and reducing water waste at painting booths by using an overspray treatment agent. As a result, the water usage intensity for fiscal 2024 was reduced by 27.0% compared to fiscal 2020, significantly exceeding the fiscal 2030 target of a 10% reduction from fiscal 2020. Therefore, in the Medium-Term Management Plan 2027, we have raised the fiscal 2030 target to a 30% reduction from fiscal 2020.

Reduction of waste

Sanwa Shutter Corporation has been working on initiatives to achieve its waste intensity reduction targets for fiscal 2030, including thorough sorting and recycling, reduction of paint waste and reuse of wooden pallets. As a result, the waste intensity for fiscal 2024 was reduced by 57.3% compared to fiscal 2020, significantly exceeding the fiscal 2030 target of a 10% reduction from fiscal 2020. Therefore, in the Medium-Term Management Plan 2027, we have set the fiscal 2030 target as a 60% reduction from fiscal 2020, and we will strive to further advance measures to achieve this goal.

As part of our efforts to reduce the plastic waste that we generate, we have set unit reduction targets and are conducting thorough waste sorting and employee training.



Climate-related disclosure (TCFD)

Recognizing that climate-related risks and opportunities are important management issues, the Group expressed its endorsement of the TCFD recommendations in December 2021. As defined in our Long-Term Vision, we will strive to enhance our corporate value by expanding the lineup of climate change

response products, promoting our ESG material issues ("mitigate/adapt to climate change, prevent disaster loss through products and services" and "initiatives toward a decarbonized society"), and enhancing our information disclosure.

Governance and risk management

The Sanwa Holdings Group has established the Sustainability Committee, chaired by the Representative Director and President of Sanwa Holdings, as an organization to promote sustainability management. The committee meets four times a year to set policies and promote initiatives on all ESG-related themes. Addressing climate change risks is positioned as an important issue for the Sustainability Committee, and the committee reviews the progress of activity policies and checks activity direction.

Strategy (scenario analysis)

Sanwa Shutter Corporation, the core business company of the Group, was selected for analysis and analyzed using the IEA's 1.5°C scenario and the Intergovernmental Panel on Climate Change (IPCC)'s 4°C scenario, and risks and opportunities as of 2030 were summarized. As a result, we confirmed that in each case the diverse lineup of climate change response-related products demonstrates a high degree of resilience, enabling us to contribute to climate change mitigation and adaptation while capturing abundant business opportunities.

Scenario analysis

Classification	Category	Impact	Risks	Impact on business	Our response
Transition risks Mainly assuming 1.5°C scenario	Policies and regulations	High	- Introduction of carbon tax - Tightening of emissions target regulations	- Increase in costs of fuel, electricity, etc. used in factories and offices due to introduction of carbon tax - Transition costs incurred as part of emissions reductions in business activities	- Use of renewable energy - Switch to energy-saving, high-efficiency equipment - Switch to eco-friendly cars
		Medium	Tightening of regulations such as ZEB, ZEH, energy conservation standards, etc.	- Elimination of specific products due to tightening standards - Mandatory use of alternative and recycled materials	Strengthening of development, sales, and production of products for ZEB and ZEH
	Market changes	High	Rising raw material prices	Increase in prices of key materials due to carbon tax and other regulations	- Securing of profit through high value-added products and services - Cost reduction through self-help efforts and appropriate reflection in prices
	Reputation	Medium	Changes in investor and consumer behavior	- Deterioration of reputation due to delays in information disclosure and countermeasures - Expansion of consumption behavior that takes environmental impact into consideration	- Enhancement of information disclosure - Promotion of environmental measures - Development of technologies and products that contribute to climate change mitigation
Physical risks Assuming 4°C scenario	Acute/chronic	High	Frequent occurrence of extreme weather events (torrential rains, typhoons, floods, etc.)	- Suspension of sales activities and production due to damage to the Company - Suspension of supply of materials and labor due to damage to suppliers	- Periodic checks using hazard maps, etc., and response to flooding risks - Preparation of alternative procurement methods for materials and parts - Strengthening BCP measures
	Chronic	High	Rising average temperatures	- Increased health risks at factories and installation sites - Decline in labor productivity	Labor-reducing installations through reviewing construction methods and utilizing robots

Metrics and targets

We have set targets for both reducing CO₂ emissions produced during our business activities and expanding our climate change response-related products business, and are moving forward with initiatives to mitigate the effects of climate change and maximize opportunities.

CO₂ emissions (produced during business activities) reduction target (Scope 1 + 2) (Scope: Sanwa Shutter Corporation)

FY2027
20% reduction from FY2019 level
FY2030
30% reduction from FY2019 level
Sanwa Group aims to achieve net zero CO ₂ emissions produced during business activities

Net sales targets for climate change response-related products (Scope: consolidated)

FY2027
Climate change response products (mitigation): 112.0 billion yen
Climate change response products (adaptation): 28.0 billion yen

Basic approach

While labor shortages are a challenge in many economies, we believe that people are the source of our value creation and competitiveness, as all of our business activities rely on them. We will focus on developing human capital so that employees can maximize their potential, and we will work to sustainably enhance corporate value through initiatives for the respect of diversity and also for health and safety.

The Sanwa Group has established a human capital strategy to support both the goal of becoming a global leader of smart entrance solutions and the targets of the Medium-term Management Plan 2027, which form part of the Sanwa Global Vision 2030. During the previous Mid-Term Management Plan, we made some progress on the material themes of Manufacturing, Environment, and the Group's Management Foundation, but significant issues remain concerning People, and we believe we must fundamentally review our approach to People in order to achieve sustainable growth and fulfill our mission.

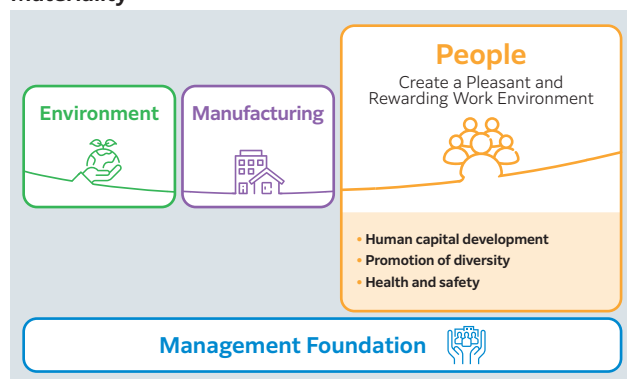
Our new human capital strategy is designed to improve employee engagement and transform the Sanwa Group into a rewarding and attractive company through the joint growth of

individuals who think and act autonomously and organizations that provide both facilitative and fulfilling workplaces. This creates a virtuous cycle in which each person works with energy and a willingness to contribute, increasing labor productivity and corporate value, which in turn leads to stronger external recognition and the ability to attract new talent. This virtuous cycle will drive the achievement of goals in both our Medium-term Management Plan and our Long-Term Vision.

Governance and risk management

We promote such things as the development of human capital to maximize individual abilities, respect for diversity, equal opportunities for growth and fair evaluations irrespective of gender or age, and a safe and comfortable work environment. In this area, the Sustainability Committee regularly deliberates on the Group's policies, efforts to achieve KPIs, progress, and other matters.

Materiality



Sanwa Group Human capitals Strategies

Human capital strategies	Key themes	Metrics and targets		Scope
1 Securing talent, strategic personnel deployment and development, linked to regional business strategies	• Human capital development tied to growth strategies	Annual training hours per employee: 38 (FY2027)		Sanwa Shutter Corporation
	• Raising the level of digital and other skills and developing specialized human capitals	Digital education (fundamentals) participation rate: 90% (FY2027)		Sanwa Shutter Corporation
		Digital education (application) participants: 70 (FY2027)		Sanwa Shutter Corporation
2 Creating safe and healthy workplaces and promoting wellbeing	• Active participation of diverse human capital	Ratio of female employees	25% or higher (FY2030)	Consolidated
			15% or higher (FY2030)	Sanwa Shutter Corporation
		Ratio of female new graduate hires: 30% or higher (every year)		Sanwa Shutter Corporation
		Ratio of female managers: 20% or higher (FY2030)		Consolidated
	• Development of a pleasant work environment	Ratio of male employees taking childcare leave	70% or higher (FY2027)	Sanwa Shutter Corporation
			100% (FY2030)	Sanwa Shutter Corporation
		Promotion of health management		
3 Maximizing organizational performance through improved engagement	• Shared mission and management philosophy • Review of compensation system • Revitalization of internal communication • Improvement of motivation to contribute	Obesity rate (BMI of 25 and above): 30% (FY2030)		Domestic Group companies
		Smoking rate: 25% (FY2030)		Domestic Group companies
		Rate of high-risk persons undergoing screening: 100% (FY2030)		Sanwa Shutter Corporation
		Rate of taking annual paid leave: 70% (FY2027)		Sanwa Shutter Corporation
		Introduction of restricted stock grant plan for upper management		Sanwa Shutter Corporation
		Exploration of a new engagement survey		Domestic Group companies

Strategy 1 Securing talents, strategic personnel deployment and development, linked to regional business strategies

Challenges recognized among Group companies in Japan

Ongoing Japanese population decline is expected to result in a gradually shrinking construction market over the long term. To expand our business under these conditions, it is essential to accurately understand market needs, incorporate them into our development, and deliver products to market while expanding sales.

For example, in response to the increasing severity of natural disasters, the growing number of environmentally friendly buildings, and heightened security demands, we must further strengthen products that contribute to disaster preparedness and mitigation, as well as products with advanced functionality. Aging social infrastructure and labor shortages are also pressing social challenges, requiring maintenance services and new solutions.

To develop and expand products that meet these diverse market demands, optimizing personnel allocation, securing personnel, and building capabilities are vital. In particular, as installers age, training younger generations has become an urgent priority. Moreover, environmental and other emerging domains require talent with strong proposal capabilities to uncover and stimulate customer needs.

In response to these circumstances, Sanwa Shutter Corporation holds Human Capital Development Enhancement Meetings and subcommittees, chaired by a manager in charge of corporate strategy, to discuss training plans and progress for each job category, as well as recruitment and retention efforts, and to oversee human capital development in detail. To strengthen the training of installers, we also opened a specialized training facility in 2008 to improve installation quality and enhance technical skills, thereby setting high installation standards and building a nationwide base for training.

Strategies for acquiring and developing capital at Group companies in Japan

In talent acquisition, we draw from a diverse pool through multiple channels, including internships, referrals, and alumni recruitment.

For human capital development, we pursue two approaches: upskilling, which advances existing skills, and reskilling, which builds new job capabilities. In upskilling, we provide training tailored to each employee's job title and rank, strengthening sales expertise and improving installation quality. Through these efforts, we enhance the quality of our products and services, and improve operations. In reskilling, our primary focus is on developing digital talent and promoting digitalization across the Group.

Alongside training, we are advancing measures to optimize human capital assignments. One such measure is the self-assessment system, where each employee is surveyed once a year regarding their current situation, aspirations, and qualifications. Using this information, we assign employees and carry out capability development initiatives that respect their individual strengths. Additional programs include the free agent system, which allows employees meeting specific conditions to request transfers to other departments, and open recruitment for digital talent, which supports the Digital Strategy Department and furthers digitalization efforts.

Training system (Group companies in Japan)

	Level-specific training	Goal-specific training				Personal development
		Next-generation/ Career	Division-specific skills	Digital	Global	
Senior management						
Managers	Training for onboarding new employees	Sanwa Management Training School (Executive/Advanced)				
	New manager training	Training to strengthen management skills				
Mid-level employees	Next-generation leader training	Life planning seminars				
	Mid-level employee training	Career enhancement training	Job type-specific training (sales/engineering/design, etc.) based on skill maps	Digital skills training (fundamentals/application) IT literacy training	Training for global assignments Practical global training TOEIC IP e-learning	Correspondence courses, recommended reading, etc.
	OJT leader training	Career development training (for female employees)				
New employees	Follow-up training					
	New employee training (Sanwa Professional Human Capitals Training Plan)					

Strategy 2 Creating safe and healthy workplaces and promoting wellbeing

Promotion of diversity

The Sanwa Group believes that promoting diversity is essential for securing talented human capitals, fostering innovation to respond to rapid environmental changes, improving responsiveness to diverse customer needs, and meeting the expectations of ESG investment, and we therefore place strong emphasis on this area. Based on this emphasis, we are implementing various initiatives to help each of our diverse employees realize their full potential.

In Japan, we recognize that ensuring gender equality and diversity is a challenge. As such, since fiscal 2022, we have been conducting career development training for female employees. This program for female employees with at least 10 years of service is designed to nurture future candidates for female management positions and to assist their individual career development. In addition, our female employees participate in external seminars to foster female executives and stimulate self-leadership skills.

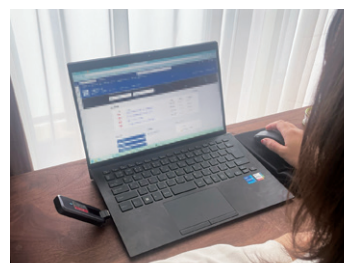
Furthermore, we have established a system to ensure high motivation by our senior employees, giving them opportunities to work in roles that utilize the skills and expertise they have accumulated, and where appropriate, appointing them to key positions.



Creation of a comfortable working environment

The Sanwa Group promotes a range of measures that allow employees to work more flexibly while balancing responsibilities such as childcare and nursing care.

Sanwa Shutter Corporation is enhancing workplace systems to ensure the retention and success of diverse employees, including women, by expanding telework options, introducing paid leave for child nursing care, allowing paid leave in hourly increments, and broadening the scope of shorter working hours for employees raising children up to the sixth grade of elementary school. In April 2025, the scope of child nursing care leave was extended beyond the legally required period to cover children through the sixth grade, and the system was made more flexible by expanding leave eligibility beyond entrance and graduation ceremonies to include parent-teacher conferences and other events. The nursing care leave system for employees supporting family members has also been revised, following legal revisions in April 2025, to include employees caring for family members requiring care level 1, in addition to those with care level 2 or higher as legally mandated. Furthermore, based on the belief that male participation in childcare is vital to improving work-life balance and fostering a deeper understanding of diversity, we have raised the target ratio of male employees taking childcare leave to 50% in fiscal 2030 to 70% in fiscal 2027, and ultimately to 100% by fiscal 2030 under the Medium-Term Management Plan 2027. We will achieve this goal by expanding the system and creating an environment where employees can more easily make use of these benefits.



Promotion of health management

As a company involved in manufacturing, the Sanwa Group is committed to eliminating occupational accidents by providing safety training and thoroughly enforcing rules, sharing case studies of near-misses, and improving the environment to reduce workloads, raising awareness of and thoroughly implementing heat stroke prevention measures.

In addition, among Group employees, the ratio of obese people and the ratio of habitual smokers are both higher than the national average. Aiming to reduce these, we are actively encouraging employees to undergo medical examinations, have carried out a walking campaign, and have implemented a smoking cessation support program, among other measures.

As of March 2024, in order to stimulate behavioral change for high-risk employees, we define employees who meet certain conditions in the findings of regular health checkups as those at a higher risk of developing severe lifestyle-related diseases, and are promoting initiatives with the KPI of increasing the ratio of employees undergoing testing and starting treatment to 100%.

Stress check items have been expanded in the Itabashi and Shinjuku office areas from fiscal 2025. The number of items has been increased from 57 to 80, and presenteeism* and work engagement are also measured as additional items to help understand the physical and mental burden and improve the work environment.

*State of reduced productivity due to health issues

Definition of employees at a higher risk of developing severe lifestyle-related diseases

Persons with any of the following findings in periodic medical examinations

- (1) Hypertension (systolic 160 mmHg or diastolic 100 mmHg or higher)
- (2) HbA1c (NGSP value) 7.0% or higher
- (3) LDL cholesterol level 180 mg/dL or higher (for men only)
- (4) Urine protein 2+ or more

Strategy 3 Maximizing organizational performance through improved engagement

The Sanwa Group is dedicated to improving employee engagement, as it not only enhances individual capabilities and productivity but also strengthens overall organizational performance and employee retention.

In April 2025, Sanwa Shutter Corporation introduced a scholarship repayment support system. In this program, we assist in the repayment of scholarship funds for up to 10 years to ensure that young employees repaying their scholarships can continue to work with peace of mind. In addition, the Company has introduced a restricted stock grant plan for upper management. By granting Sanwa Holdings shares with transfer restrictions for a set period, we aim to deepen their understanding of the Group's

management strategies and policies and to foster a sense of participation in corporate management.

Enhancing an individual's job quality and operational efficiency directly contributes, in the aggregate, to higher sales and customer satisfaction while also reducing turnover, which in turn lowers recruitment and training costs. Moreover, greater psychological safety encourages innovation and leads to the development of highly creative products, services, and sales methods. The Group is committed to continually improving employee engagement and plans to conduct an engagement survey in the future.

Initiatives at overseas Group companies

In the U.S., the labor market remains tight, making it difficult to secure human capitals, particularly engineers and in the manufacturing sectors, and turnover rates are higher compared to Japan. ODC aims to be a company preferred by its employees and that grows and evolves alongside them. Furthermore, it is committed to fostering a strong corporate culture, hiring and training highly motivated and capable personnel, offering a competitive compensation structure and benefits package, and improving operational efficiency. Specifically, ODC is enhancing operational efficiency and productivity through extensive training, and is furthermore reviewing base salaries and incentives to secure quality employment and reduce turnover, and creating a rewarding work environment through regular reviews of safety programs and the enhancement of employee benefits.

Labor shortages are also a challenge in Europe, particularly in Germany, which accounts for roughly 30% of Novoferm Group sales and is faced with a shortage of skilled workers as well. The Novoferm Group identifies people, along with customers, products, and processes, as the four core elements of the Novoferm Vision 2030 for management, and believes that a company's growth depends on the aptitude, talent, and skills of every employee. The Novoferm Group will pursue sustainable growth for both individuals and the organization through capacity-building programs tailored to regional and market needs, the enhancement of digitalization environments, and the cultivation of corporate culture alongside improvements in the work environment.

Virtuous cycle of individual and organizational growth

