



Slogan

# Challenging ourselves for the BEST solution

The Slogan expresses our philosophical framework, which starts with the Management Mission, in a single phrase. We are a complex and specialized trading company tasked with resolving social issues through the provision of various products and technologies. To that end, we will always work to find the BEST solution for our customers. Consistently seeking the best solution is the guiding principle on which Sanyo Trading employees act. To find the BEST solution, we constantly challenge ourselves, not only utilizing our existing knowledge and resources, but also flexibly expanding our ideas to new fields and technologies to pursue the BEST solution.



Origin of Mission

## Trust is the Lifeblood of Business

This is a quotation from the General Information for Sales Department Employees, a document distributed to staff by our first president, Eiichi Tamaki, in 1975. The text explains that learning day by day about market conditions and products is the way to ensure smooth business transactions and gain trust, which are the foundations of growth. This approach is also reflected in the Management Mission through its commitment to an 'unwavering and enterprising spirit' and 'supplying the best solutions.' This spirit continues to thrive as a core value of our business activities.



**Eiichi Tamaki**  
First president

<b>Mission</b>	<p>With an unwavering and enterprising spirit, and a free and open corporate culture, we will supply the best solutions in a flexible and timely fashion, working to realize a process of “co-creation” by which we contribute both to the sustainable development of the international community and the happiness of our employees.</p>
<b>Solution</b>	<p><b>Rubber Business Unit</b> With the trust that we have won and the results that we have achieved over the course of our history as a foundation, we will contribute to the development of the global rubber industry through a pioneering spirit and timely services.</p> <p><b>Chemical Business Unit</b> Through the provision of the best solutions based on wide-ranging technological knowledge and niche specialty products, in addition to the active pursuit of investment initiatives, we will contribute to the development of the fine chemicals field.</p> <p><b>Machinery &amp; Environmental Business Unit</b> We will contribute to food safety and the advancement of renewable energies by seeking out and supplying the best technologies and equipment from around the world in the powder processing and woody biomass fields.</p> <p><b>Industrial Products No.1 Business Unit/Industrial Products No.2 Business Unit</b> Working agilely and with sure knowledge, we will utilize our just-in-time system to provide our customers with advanced technologies able to transform society, thereby contributing to social development with a focus on the mobility field.</p> <p><b>Life Science Business Unit</b> We will contribute to improving people's quality of life (QoL) and realizing an environment-friendly society by providing materials and scientific instruments that contribute to the development of a wide range of industrial fields including healthcare, food, chemicals, and the environment.</p>
<b>Credo</b>	<p><b>Integrity</b> ..... We comply with laws and regulations, and act with integrity</p> <p><b>Speed</b> ..... We make decisions and act on them quickly and accurately</p> <p><b>Spirit of challenge</b> .... We aim toward a future of development and creativity</p> <p><b>Innovation</b> ..... We understand the trends of the times and anticipate change</p> <p>At the same time as realizing our Management Mission, our vision as a company listed on the Tokyo Stock Exchange Prime Market is to be an excellent trading company with high-quality standards that gets itself noticed by staying one step ahead of the game. Toward realizing this vision, employees always keep at hand the CREDO BOOK, which sets out the corporate Mission and Credo. Working thus to deepen their understanding of the Mission and act in accordance with the Credo brings us nearer to realizing our Mission and our strategy.</p>



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**Editorial Policy**

This report aims to inform a wide range of stakeholders about the management status, business overview and external environment of the Company and the Sanyo Trading Group, from financial and non-financial perspectives.

**Reporting Scope**

Sanyo Trading Co., Ltd. (“the Company”) and Sanyo Trading Group companies (“the Sanyo Trading Group”)

**Period Covered**

October 1, 2021 to September 30, 2022  
 (Please note that this report includes information regarding the results of activities outside the reporting period.)

**Regarding Forward-Looking Statements**

Forward-looking statements in this report are based on forecasts made by the Company in light of information available at the time of writing, and involve a number of risks and uncertainties. Actual business results may differ substantially from the forward-looking statements and forecasts in this report.



# Value Creation Story

Since its establishment in 1947, Sanyo Trading Co., Ltd. has been continuously guided by a spirit of challenge. We have expanded the regions in which we do business not just within Japan but throughout the world. Our operations now span four locations in Japan and include 17 overseas Group companies. We continue to pass down our spirit of challenge, cultivated over a history of more than 75 years, to each new generation of employees—it is this spirit that is the driving force of the Group's development and growth. In 2018, we renewed our Mission and Slogan, and embarked on a new era. We will continue to pursue "finding the BEST solution for our customers."

## 1947–1964 Established growth foundation through import of synthetic rubber

In 1947, Eiichi Tamaki drew on his prewar career experience in natural rubber import operations to establish Sanyo Trading at Kobe, Hyogo Prefecture, which was in ruins after the war. Sanyo Trading acquired a rubber import agency license from the Mineral Products Trading Public Corporation and contributed to the development of the Japanese rubber industry by engaging in the import of synthetic rubber. Over the following years, Sanyo Trading concluded sole Japan agent agreements, in 1949 with the U.S. pesticide firm Rohm & Haas Company and in 1952 with the Canadian synthetic rubber firm Polysar Limited, thus developing in a short space of time into a full-scale trading company.



## 1965–2011 Strengthened competitiveness through business selection and concentration

In 1979, we began trading with the automotive leather manufacturer Garden State Tanning (GST), and in the 1980s we rolled out sales to automotive manufacturers. Subsequently, we expanded trading in high-value-added, high-performance parts and components for automotive interiors, developing this area as one of our core businesses. Around 2000, we implemented a decisive program of business selection and concentration with the aim of achieving a major advance. Having withdrawn from primary products, which are susceptible to market price fluctuations, we reorganized unprofitable businesses and reformed under a structure specializing in industrial products.

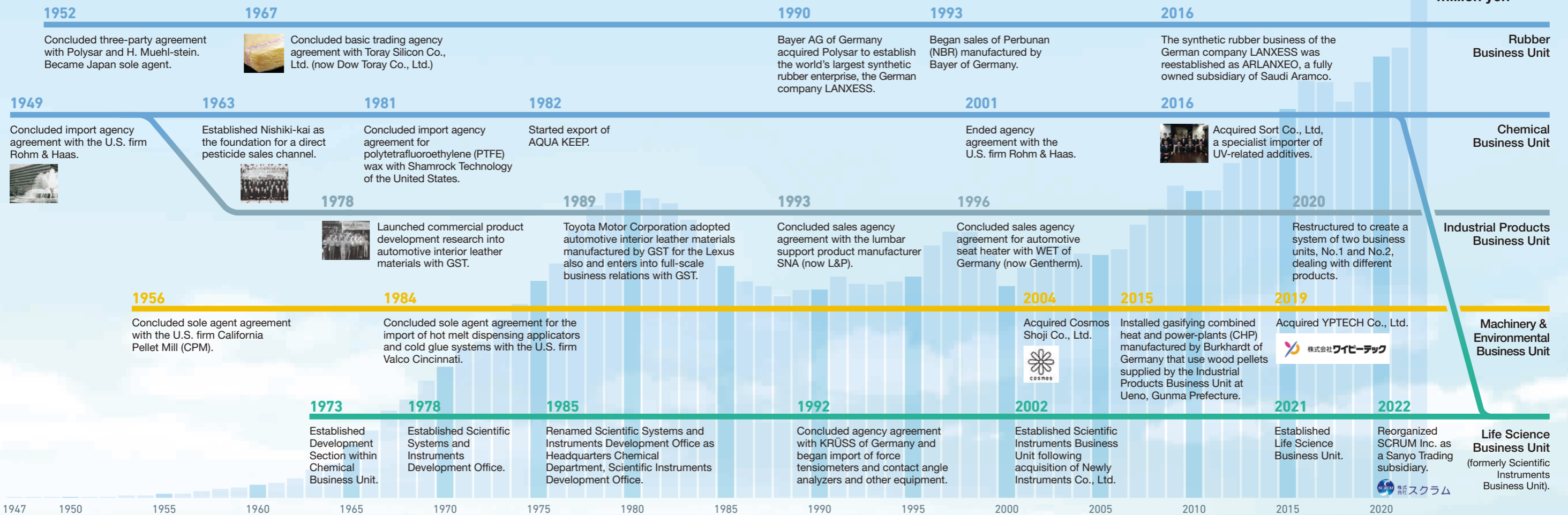


## 2012– Accelerated M&A and globalization for further business expansion

In 2012, Sanyo Trading was listed on the Tokyo Stock Exchange, Second Section, moving to the First Section in the following year. We accelerated globalization by establishing new overseas bases in North America, Asia, and other locations, and additionally expanded business scope through M&A in fields including industrial chemicals and medical equipment. We also began handling and developing environment-friendly products, and in 2021 established the Life Science Business Unit, which delivers products and services that support daily life, mainly in the fields of food and medicine. In 2022, Sanyo Trading transferred to the Tokyo Stock Exchange Prime Market as a step toward further advancement.



### Evolution of business units and main trading products



Site of Sanyo Trading's foundation in Kobe



# At a Glance

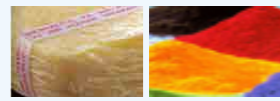
On the foundation of our strengths in human resources, products, and finance, we are sourcing new products and creating new businesses by offering a high level of unique added value on a global basis, focusing on the fine chemicals, mobility, sustainability, and life science markets.

Net sales **111.2 billion yen** Ordinary income **6.2 billion yen** (Fiscal year ended September 30, 2022)

## Focus Markets and Products

### Fine chemicals

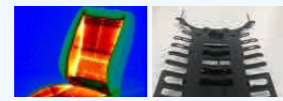
- Rubber Business Unit
- Chemical Business Unit



Synthetic rubber Paint, ink

### Mobility

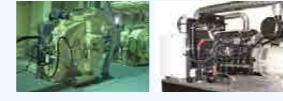
- Industrial Products No.1 Business Unit
- Industrial Products No.2 Business Unit



Seat heater Lumbar support

### Sustainability

- Machinery & Environmental Business Unit



Pellet mill Combined heat and power plant

### Life science

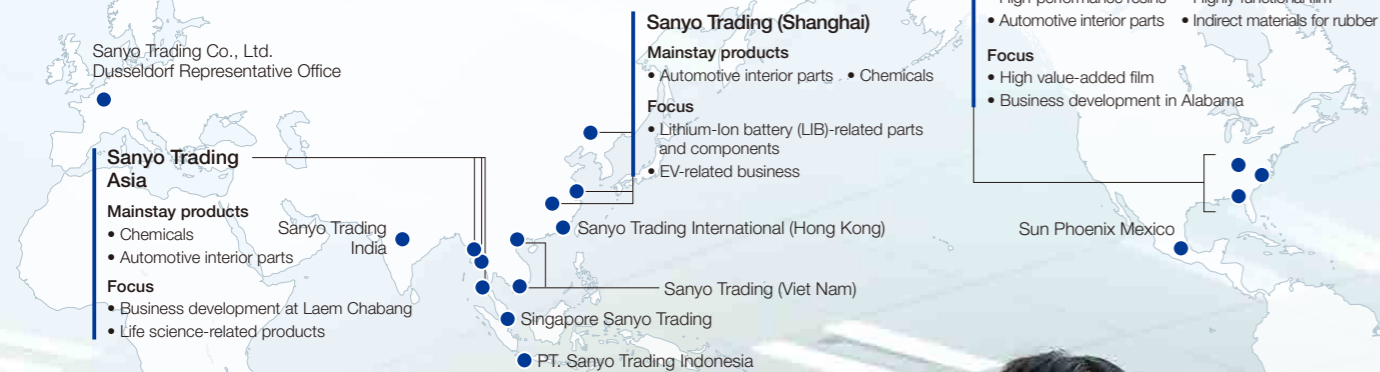
- Life Science Business Unit



Electronic materials Films

## Overseas Expansion

Operations spanning **17 Bases in 10 countries**



## Sanyo Trading's strengths

Human resources



**Human resources to match supplier and customer expectations**

Benefiting from the sales network and information-gathering capacity of an independent trading company not limited by ties to a particular conglomerate, our sales professionals, equipped with high levels of expertise and comprehensive technical knowledge, are able to work in collaboration with suppliers starting from the upstream design and development stages to deliver products optimally customized to match customer needs.

By building on our existing businesses (products, customers, and distribution channels), we expand related businesses and source new products. Over our 75 years of history, we have built an unshakeable foundation of trust.

Products



**High-value-added products in niche fields**

From fine chemical compounds and raw materials that reduce environmental impact to automotive interior parts that make for safe and comfortable vehicle interiors, we sell products sourced from around the world that meet market needs.

With a basic policy of "one product, one supplier," we have maintained positive trading relations with suppliers and customers for 40 to 50 years. Focusing on the four markets of fine chemicals, mobility, sustainability, and life science, we have established a unique position by delivering high-value-added products based on advanced technologies in niche-top fields, thus creating new markets of our own.

Finance



**Solid financial base and financial power**

The shareholders' equity ratio for the fiscal year ended September 2022 was 61.7%. Over a period of 75 years, we have laid a solid financial foundation by building a stable business based on high-margin, niche-top products and accumulating the profits. Toward further growth, we are actively engaged in appropriate and agile investment in development projects. Meanwhile, we are reinforcing profitability Group-wide through M&A and nurturing core businesses by sourcing new products and creating new businesses. In our business dealings with customers, we establish a system that ensures stable supply of products based on a solid financial foundation.



# Value Creation Model

Sanyo Trading is working to contribute to the Sustainable Development Goals (SDGs) by seeking to create new value in four focus fields. With that aim, we are leveraging management resources in our cultivated areas of strength to develop business functions that meet customer needs and provide a wide range of products and services.





## Message from the CEO

Becoming a unique and accomplished trading company at the forefront of the industry by anticipating changes in society and challenging ourselves for the BEST solutions following our unwavering and enterprising spirit, and free and open corporate culture

### Masanobu Shintani

President & CEO



### Steadily executing basic strategies in pursuit of the opportunities in a changing environment

Sanyo Trading achieved the numerical targets of the five-year VISION 2020 long-term management plan ahead of schedule in the fiscal year ended September 2017. In November 2018, we then clarified our future direction and our vision for the Company and adopted the new five-year plan VISION 2023, Management Mission, and Slogan to further advance and strengthen our continuing growth.

I was head of the Corporate Strategy Department when we were forming these plans and was appointed President and CEO in December 2018, right after we announced VISION 2023. Since then, I have focused all of my energy on spreading our Management Mission throughout the Company and implementing our long-term management plan.

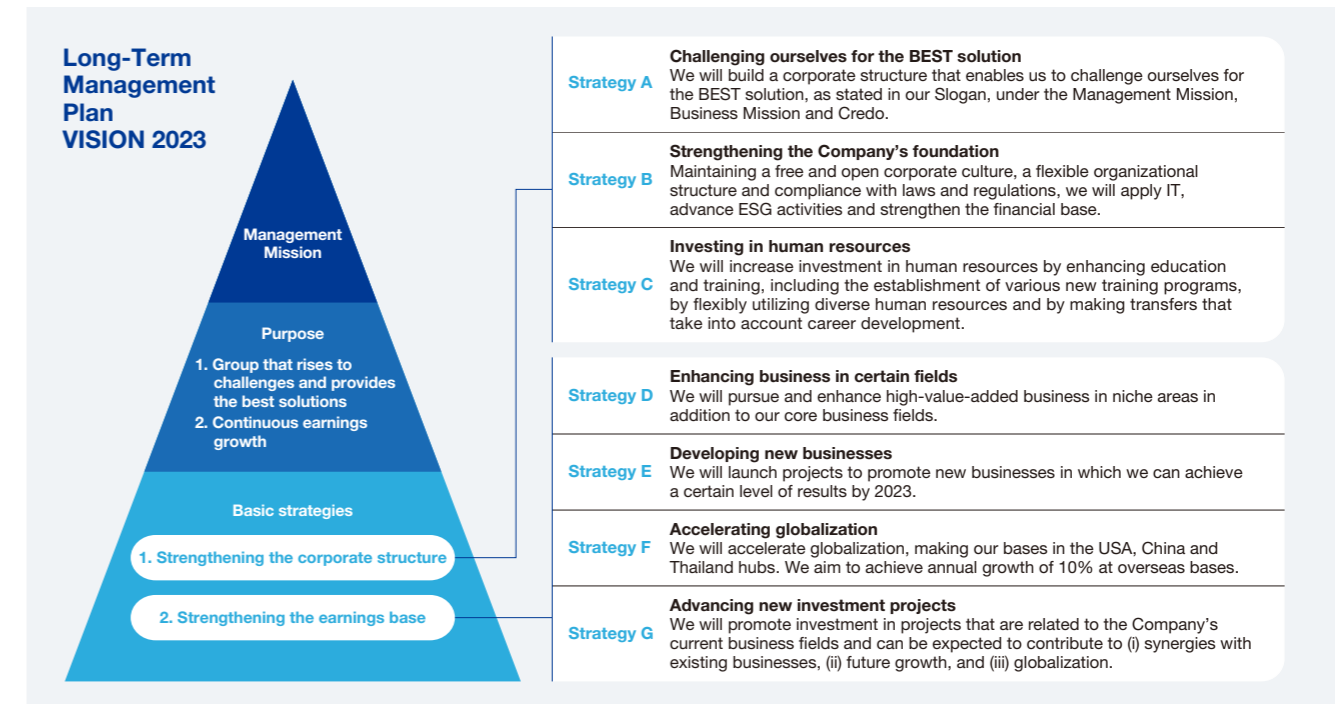
The external environment has changed dramatically in the four years since the launch of VISION 2023. Our business has been impacted by the deepening trade friction between the United States and China, the worldwide COVID-19 pandemic, and Russia's invasion of Ukraine. The supply chain disruptions during the pandemic and the sharp rises in material and parts prices as the previously stagnant economy regains activity have strongly impacted our business performance.

How the situation will play out is still uncertain. However, I believe that, while the changing business and social environments pose management risk, they can also produce major business opportunities. Trading companies

exist to ensure their customers receive a reliable supply of raw materials, which is of even greater importance when supply chains are being disrupted. At the same time, the declining birthrates, aging populations, and increasingly severe impacts from climate change are increasing demand for solutions to related social issues, such as for healthcare solutions, environment-friendly products, and renewable energy businesses. The purpose for our company's existence—to pursue the BEST solutions for our customers and society—is especially important when the world changing as dramatically as it is now. We view the changes in the business environment as a golden opportunity to generate new sustainable growth and are steadily advancing strengthening the earnings base and strengthening the corporate structure, which are the two basic strategies of our long-term management plan.

### Business units and professional organizations working closely together to accelerate the creating of new businesses that will drive our future growth

Strategies and measures to strengthen our earnings base include enhancing business in certain fields, developing new businesses, accelerating globalization, and advancing new investment projects. Developing our business domains means leveraging our strengths to dig deeper into markets by pursuing high-value-added businesses in both our main and niche fields. We have set fine chemicals, mobility,



### Four Focus Markets

Market/Significance	Fields	Objective	Division
Fine Chemicals	Synthetic rubber, paint, ink, coatings, electrical materials	We will contribute to the development of the materials field by providing a stable supply of functional materials, raw materials, new naturally derived materials, and other fine chemicals that complement technology and feature environmental performance.	Rubber Business Unit
			Chemical Business Unit
Mobility	All types of mobility	We will be an early provider of added-value transportation products and services designed for the industrial structure in 2030 and beyond.	Industrial Products No.1 Business Unit Industrial Products No.2 Business Unit
Sustainability	Renewable energy (biomass, geothermal, marine) Livestock feed	We will contribute to a sustainable society by providing woody biomass and geothermal and marine resources in the renewable energy field and delivering safe and higher quality feed in the livestock field.	Machinery & Environmental Business Unit
Life Science	Food additives, cosmetics, home health care, scientific instruments, biotechnology, etc	We will provide various products and services, particularly on food and medical care, to help improve quality of life in new post-pandemic lifestyles and the coming super-aged society.	Life Science Business Unit

**New Business Development Department**  
Creating next-generation businesses across business divisions

sustainability, and life sciences as our future focus markets and are optimizing our business portfolio by selecting and concentrating each business unit's operations into these fields.

The New Business Development Department created in October 2020 is playing a major role in developing new businesses as the parent body of the development groups of the Industrial Products Business Units. The department brings together elite members from all development departments into a highly specialized team for business

development. Cultivating a new business into a successful operation requires a process of identifying the seed for a new business, developing it to a certain extent, and then transferring it to a business division. However, at that point a disconnect can arise in the commitment to making the business a success between the people who developed it and the people who will then carry it forward. From the business division's standpoint, it's understandable that the people taking over would not immediately be as dedicated to a business that is handed to them from outside, but

## Message from the CEO

that can doom its chances of success. The success of a new business depends on the enthusiasm of the employees responsible for it.

Therefore, people in the New Business Development Department who are thoroughly familiar with a business division's operations work closely with the division from an early stage to explore and develop new businesses. That way they share the enthusiasm and strong sense of a project's purpose, which enables a smoother and faster transfer of the business and generation of synergies with existing businesses.

A recent example is the new sales business launched in Japan for automotive benchmark data captured using high energy X-ray scan technology manufactured by Caresoft, of the United States. The engineering service uses a large-scale X-ray CT to scan the interior of a complete automobile without requiring disassembly to generate and analyze computer-aided design (CAD) data of components parts, assembly methods, and materials. The increasing adoption of electric vehicles is expected to lead to dramatic changes to the automobile internal structures and components. The business is even attracting interest beyond our core component clients in the mobility field, as we have received significant interest from materials manufacturers who are clients of the Rubber Business Unit and Chemical Business Unit.

The sustainability field is another area where new businesses are rapidly growing. A recent example is our investment and business alliance formed in October 2022 with SolCold, a start-up company in Israel that is

researching and developing coating films that activate the anti-Stokes fluorescence phenomenon to use sunlight to create a cooling effect. We believe the innovative technology can address various social issues, particularly related to climate change, and are working with the company to develop practical applications and commercialize the innovative technology in a wide range of fields.

In September 2022, we signed a licensing agreement with Tide Ocean SA, of Switzerland, the world's first company that is recycling Ocean Bound Plastic (OBP)\*, which is the cause of the plastic pollution in the ocean. The agreement will allow us to provide the company's recycled plastic products in Japan, which are made of high quality plastic manufactured using a low-carbon emission manufacturing process. We plan to develop applications and increase demand for the plastic, which will support the decarbonization efforts of our clients and encourage activities to recover OBP, particularly in developing countries. The business has potential to help achieve several of the Sustainable Development Goals by protecting the environment, beautifying the oceans, and creating employment in developing countries.

In the feed field, we added the YPTECH to the Group in 2019 to boost our efforts to develop an import and sales business for high-quality functional feed and feed additives. We are harnessing all the Group's strengths to offer solutions to issues faced by the Japanese livestock industry to establish a solid foundation for stable food supply in Japan.

In the life science field, in April 2021, we conducted an absorption merger with Global Trading Co., Ltd., bringing in

its strengths in the export of taurine, a functional material that contributes to maintaining human and animal health and improving QOL. In February 2022, we further enhanced the Group's business lineup in the life science field by welcoming Scrum Inc., a company specializing in single-cell analytical devices, which are attracting substantial attention as next-generation research tools. We followed that in November by forming a capital and business alliance with George and Shaun Inc., a provider of healthcare services using AI. We are planning to help develop the Company's monitoring service for senior care facility residents for commercialization as a high value-added service.

These and other moves have opened the door to a number of promising new business projects in the four priority business areas. The New Business Development Department and each business unit will be actively working to develop and cultivate all of these new businesses.

\*Ocean Bound Plastic (OBP) is plastic waste that is discarded on land within 50 kilometers from the shore and has a high probability of flowing into the ocean. In 2010, some 31.9 billion tons of OBP was generated worldwide, of which an estimated 4.8 billion to 12.7 billion tons ended up in the ocean.

### Expanding into growth regions and strengthening local customer support system

We are also steadily growing our global business from our hubs in the United States, China, and Thailand. In the fiscal year ended September 2022, we reorganized our bases to improve business efficiency by making our operation in India a consolidated subsidiary and our Singapore subsidiary a wholly owned subsidiary and by reorganizing our Thai subsidiary. We also continued to develop the operation of the two new overseas business offices added in the fiscal year ended September 2021.

Opening the office in Laem Chabang, Thailand, in November 2020 was one of these moves. Laem Chabang Port in Thailand's eastern Chonburi Province is the country's largest port for international cargo transaction volume. The Thai government is currently promoting a strategy to promote investment in the country that is expected to attract many companies from Japan and around the world to set up business in Eastern Thailand. Our Laem Chabang Office is providing prompt and high-quality services to meet the various needs of the companies moving into Thailand.

Following the trend of Japanese automakers constructing new factories in Alabama, USA, we opened a new office in the state in January 2021. The office is promptly and diligently building relationships with the new plants and



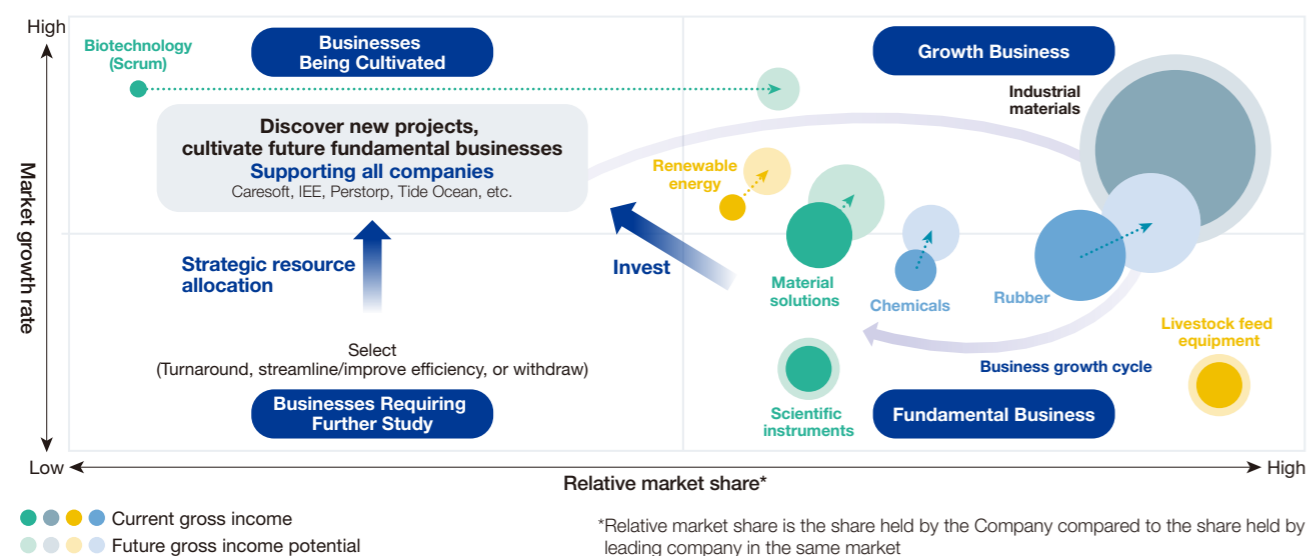
providing supplies for the mass production and delivery of automotive interior materials. We are also focusing on developing new business with the Japanese chemical product manufacturers that are expanding into the region.

### Aggressively investing in human resources and IT

In addition to these growth strategies, VISION 2023 also has a basic strategy of strengthening the corporate structure. As our management mission and slogan state, our most important qualitative task is to provide our customers with the "BEST solutions." To foster a Group-wide drive to rise to the challenge to provide the BEST solutions, we are deepening our commitment to the unwavering and enterprising spirit and management mission that we have followed since our founding and building a platform where all employees can thrive in a free and open corporate culture.

One way we have been working to bring that about is by reforming our personnel system and, after four years of preparation, we introduced a new personnel evaluation system in October 2021. The new system eliminates the seniority-based approach and replaces it with a mechanism of treatment and selection based on a person's specific duties and results regardless of seniority. We believe this change will better foster a corporate culture that encourages each employee to proactively take on challenges.

Investment in human resources is also essential. One way we are investing in developing our younger employees is by providing a language training program at our New York office. We also provide mid-level employees with opportunities to deeply research and study new business themes, appointing administration division personnel as Group auditors to gain experience, and offer other opportunities designed to cultivate business professionals.





## Message from the CEO

Through these and other programs, we are providing education and training geared to individual abilities and career objectives so our employees can make the most of their potential.

We also have a job rotation system so employees can gain knowledge, perspectives, and skills by experiencing various jobs, and last year introduced an in-house recruitment system to give highly motivated employees more opportunities to pursue their interests.

We are also trying new ways to create an environment that supports communication and work flexibility, including by introducing free address workspaces and, after a trial period, making the casual office attire policy a permanent policy.

Strengthening our human resources is key to raising our business productivity and quality, but effectively using information technology is also essential. With that objective, in October 2022 we added Cosmo Computing System Co., Ltd., to the Group by acquiring all of its outstanding shares. We plan to use the company's strengths in software development and digital service construction to develop Group information systems in-house, to flexibly build systems optimized for our business, and to apply DX to transform our business model so we can provide even higher value-added solutions to our customers.

### Placing sustainability at the center of management and using our business to address social solutions

VISION 2023 emphasizes ESG and sustainability as key elements for strengthening our corporate foundation. Coexistence and coprosperity with our customers, suppliers, shareholders, employees, and all stakeholders has been an emphasis of our Company since the start, and in April 2022 we established the Sustainability Committee to further clarify this management stance and step up our efforts in this area. In July 2022, we introduced our Basic Policy, which places sustainability at the center of our management principles, and also identified specific issues of materiality (priority issues) for the Company to address.

We will act on this materiality by increasing the range of environment-friendly products we handle and by using our business to address social issues by providing solutions that help people live safe and comfortable lives. At the same time, we will strengthen our governance system and promote diversity in our workforce to establish a strong management foundation for sustainable growth. We consider responding

to issues caused by climate change to be of the highest priority, and in December 2022 announced our support of the Task Force on Climate-Related Financial Disclosures. We intend to follow the TCFD recommendations by continuing to evaluate climate change-related risks and opportunities, incorporate them into our management strategies, and enhance our related information disclosure.

### Record-high sales and income even in the uncertain business conditions

These activities generated net sales of ¥111.2 billion for the fiscal year ended September 2022, raising sales above ¥100 billion for the first time despite in the uncertain business conditions. We also posted record highs in ordinary income and all income categories.

Demand for industrial material products included a direct impact on automotive interior materials from the production cuts of Japanese automakers. At the same time, the rubber products were in solid demand throughout the year as suppliers stocked up inventories in preparation for when the automakers ramp up production again. Chemical products, which include paints and coating materials, also received strong demand through the year and provided a significant contribution to earnings.

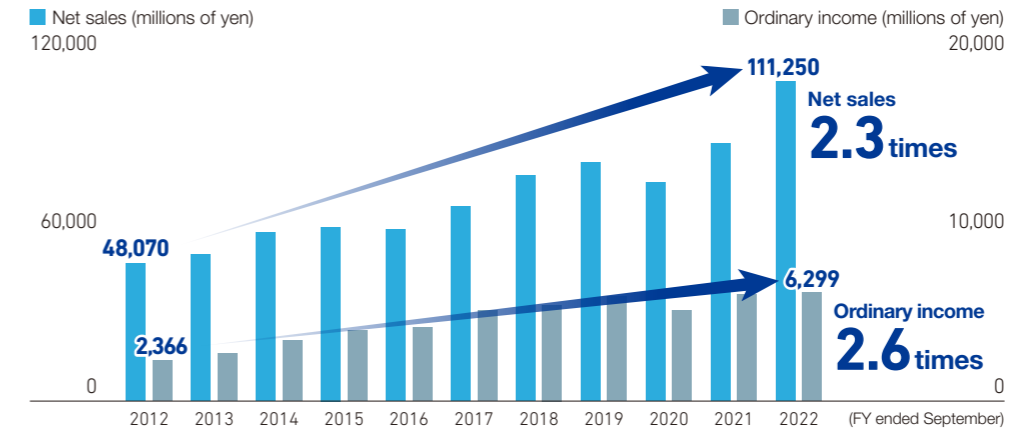
Many commodities were in tight supply during the year owing to the supply chain disruptions from the COVID-19 pandemic and the return of demand when economic activity resumed. However, the strong relationships of trust we have built with our suppliers through the unique business model of "one product, one supplier" we have followed since our founding minimized the negative impact. The dedication and efforts of our employees to keep the Company growing even in the harsh business conditions played a huge role as they refused to let our past performance make them complacent and diligently worked to further strengthen the trust between the Company and our customers and suppliers.

We also posted record sales and operating income in our business overseas in fiscal year ended September 2022, as the operations benefited from the organizational reforms as well as the weaker yen.

On a sales basis, overseas business grew 17% year on year, far exceeding the VISION 2023 target for 10% annual growth.

ROE did not reach the VISION 2023 target of 15%, but the 11% was the highest in our industry. We intend to

### Earnings Performance Since the Company Listing



During the final year of VISION 2023 in the fiscal year ending September 2023, we will lay the groundwork for the next long-term vision and make further refinements to our basic policy while maintaining the same fundamental direction.

Priority initiatives  
Cultivating human resources  
Developing new projects

continue fortifying the high value-added in our businesses to maintain ROE at high level.

We continue to focus on maintaining consistent shareholder returns over the long term by steadily implementing our growth strategy, improving capital efficiency, and steadily raising our dividend per share payout.

### People create work, work elevates people

Sanyo Trading celebrated the 75th anniversary of its founding in August 2022. One of the main themes of the new long-term management plan that we will launch in October 2023 will be to lay the foundation for ongoing growth through our 80th, 90th, and 100th anniversaries and further enhance our corporate value. I believe that cultivating our human resources and developing our business will be the key factors that will enable us to achieve sustainable growth. Becoming stronger in these two areas will create a virtuous cycle of "people creating work and work elevating people."

Of course, the qualities required of human resources change with the times. In the current environment of dramatic change, we need to do more than simply respond to problems. For us to be able to address an issue properly and effectively, each of us needs to be aware of the issues and understand their essence. To ensure our company has an abundance of the self-directed human resources we need, the new long-term management plan will focus on strengthening our ability to cultivate human resources and on creating an environment where employees are fully empowered to take on challenges.

At Sanyo Trading, we will continue uniting the power of our employees under the unwavering and enterprising spirit and the free and open corporate culture that has been our

hallmark since our founding to rise. We will rise to the challenge to provide the best solutions and be a unique and accomplished trading company at the forefront of the industry that is respected worldwide. We look forward to the continued support of our stakeholders.



**Masanobu Shintani** President & CEO



# Business Overview

The Sanyo Trading Group consists of business divisions organized around our product areas comprising three reporting segments of Chemicals, Machinery & Industrial Products, and Overseas Subsidiaries. The overseas segment comprises independently management units and is organized as its own segment in order to allocate management resources and evaluate the performances of each subsidiary.

The Chemicals Segment posted year-on-year increases in both net sales and operating income in the fiscal year ended September 2022 with, the Machinery & Industrial Products Segment recording higher net sales and lower operating income, and the Overseas Subsidiaries Segment reporting higher net sales and operating income.

## Chemicals Segment

# Rubber Business Unit

The Rubber Business Unit is core rubber industry supplier, importer, and exporter in Japan and overseas. The unit is focusing on expanding sales of next-generation materials to become a major distributor of synthetic rubber and auxiliary materials.

## Chemicals Segment

Demand continued strong for synthetic rubber and auxiliary materials for in a wide range of industries. Electrical materials and food additive exports increased, and the environmental chemical products business sales developed into a full-fledged operation.

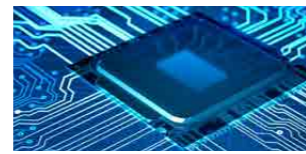
### Business Units and Subsidiaries



Rubber Business Unit



Chemical Business Unit



Life Science Business Unit (Material Solutions Department)

- Chem-Inter Corporation,
- Sanyo Life Material Co., Ltd.

## Machinery & Industrial Products Segment

Sales of industrial products remained at the same level as the previous fiscal year. Scientific equipment sales were strong for surface property testers and particle dispersion measuring instruments. Resource development product sales were solid for ocean resource mining equipment and geothermal development equipment.

### Business Units and Subsidiaries



Industrial Products No.1 Business Unit/Industrial Products No.2 Business Unit

- Freeman (Japan) Co., Ltd.



Machinery & Environmental Business Unit

- Cosmos Shoji Co., Ltd.
- YPTECH Co., Ltd.
- Sanyo Machinery Co., Ltd.



Life Science Business Unit (Scientific Instruments Department)

- Nihon Rufuto Co., Ltd.
- Sanyo Technos Co., Ltd.\*1
- Scrum Inc.\*1

## Overseas Subsidiaries Segment

Sales were strong for highly functional resins in the United States, automotive parts and component materials in China, and rubber products in Thailand and Indonesia.

### Affiliated Subsidiaries



• Sanyo Corporation of America (USA)



• Sanyo Trading (Shanghai) Co., Ltd. (China)

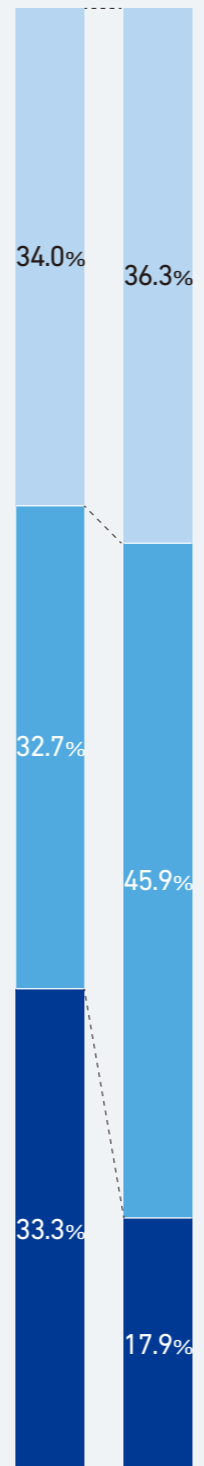


• Sanyo Trading Asia Co., Ltd. (Thailand)

- SANYO TRADING (VIET NAM) CO., LTD. (Vietnam)
- SUN PHOENIX MEXICO S.A. de C.V. (Mexico)
- PT. SANYO TRADING INDONESIA (Indonesia)
- Sanyo Trading India Private Ltd.\*1 (India)

Net Sales\*2  
111.2 billion yen

Operating Income\*2  
5.3 billion yen



### Strengths

- We supply a wide range of rubber products to customers around the world. Our main partner is ARLANXEO of Saudi Arabia, the world's largest producer of synthetic rubber.
- Our global development network enables us to provide seamless supply even when customers change production locations overseas.
- We supply next-generation products, such as epoxidized natural rubber environmental materials and plant-derived carbon neat.

### Opportunities

- The adoption of electric vehicles is boosting automotive demand, which accounts for half of all synthetic rubber demand, for rubber materials used for weather resistance, heat dissipation, and lightweight applications. The unit is focusing on developing high-value-added, next-generation materials.
- We are expanding capacity to handle major commercial materials overseas, and to meet demand for synthetic rubber for Japanese companies in Japan and overseas.

We are focusing on accelerating our global expansion and increasing sales of functional materials and naturally-derived materials.

Yasushi Komiya

Executive Officer and Rubber Business Unit, General Manager



The fiscal year ended September 2022 was characterized by ongoing tight supply of products imported from Europe and the United States, soaring prices, and reduced Japanese automaker production in Japan and overseas. In these conditions, we recorded strong demand for synthetic rubber and auxiliary materials from Japanese automakers and a wide range of industries, including construction machinery, home appliances, and information equipment.

The external environment changed drastically during the year as the markets gave heightened attention to ESG and the shift to electric vehicles became

clear in the automobile market, which accounts for half of all demand for synthetic rubber. In our business unit, we continued our activities from the previous year evaluating and applying new applications for next-generation materials, such as biomass-derived carbon fillers and epoxidized and acrylated natural rubber. In the industrial field, we responded to the outlook for growing demand for weather resistance, electrical insulation, heat dissipation and flame retardant applications by expanding sales of our top-of-class import products of ethylene propylene diene monomer (EPDM) rubber

produced by ARLANXEO, silicon rubber made by Dow Toray of Japan, and fluororubber and heat dissipation additives and other high-performance fillers produced by Dahon, the leading rubber manufacturer in China.

Japanese manufacturers are producing a growing percentage of their rubber overseas (in Asia). Our unit is using the close cooperation between our members in Japan and overseas to provide the same quality of products and services overseas as in Japan as we seek to expand our market share and become the leading Japanese trading company providing raw materials to niche markets.

## TOPIC

### High expectations for the Company in Japan's reorganizing synthetic rubber industry

Domestic synthetic rubber manufacturers are reorganizing their material supply chains in reaction to their aging production facilities and the shift to high-value-added, next-generation materials. At the same time, our customers are continuing to shift production to other Asian countries, and the automobile industry is rapidly shifting to electric vehicles. We will increase the volume of first-class imported products, such as from ARLANXEO, the world's largest produce and sell of rubber, to fully meet the demand for synthetic rubber from Japanese companies both inside and outside Japan.



Epoxidized natural rubber

\*1 Consolidated results for the fiscal year ended September 2022

\*2 The ratios of sales and operating income are based on simple addition of the figures from each segment.



# Chemical Business Unit

The Chemical Business Unit sells high-performance products and provides high-level technical services to dozens of chemical manufacturers around the world with which we have built close and strong relationships of trust.



# Industrial Products No.1 & No.2 Business Unit

We develop, import, and sell high-value-added, high-performance parts for automobile interiors. We handle a wide range of products that increase the added value of automobiles.



### Strengths

- We handle a wide variety of products centered on functional chemicals for inks, adhesives, coatings, and plastics, and develop and acquire new products, including environment-friendly products.

### Opportunities

- We anticipate growing demand UV ink, our core product.
- We have established stable production volume of UV ink in Japan and expect to increase production overseas.
- We plan to step up our sales activities in the Asia region and all markets.

We will contribute to society by using our high-level technological capabilities to provide optimal solutions for customer and by expanding our offerings of environment-friendly products.

**Naoki Tanahashi**

Senior General Manager and Chemical Business Unit, General Manager



In the fiscal year ended September 2022, sales continued growing for products we have added in recent years and were strong for import products, including for core products for paints and inks, silane coupling agents for adhesives, and flame retardants for engineering plastics. We also stepped up efforts to develop new environment-friendly products for resin materials.

Our ESG activities are focused on introducing environment-friendly products. To help mitigate climate change, we have begun selling products made by Perstorp Holding AB

(headquartered in Sweden) for resin applications. We are also contributing to creating an environment-friendly society by acquiring International Sustainability and Carbon Certification (ISCC) PLUS under the biomass certification system and by following the mass balance system for managing and securing biomass raw materials and recycled raw materials manufactured in the supply chain.

Our growth strategy is to become the top Japanese trading company providing raw materials in niche markets by handling high-value-added niche products while also focusing on

high-end markets such as electronic materials, sensors, motors, and battery chemicals. Our domestic growth strategy also includes actively considering M&A. Our growth strategy overseas will focus on business expansion in Thailand, Vietnam, Indonesia, and other ASEAN countries and will include considering cross-border M&A.

### Strengths

- We provide consistent support from order receipt to development, integration, mass production management, and replacement parts for older models. We also provide technical sales support for overseas parts manufacturers.
- We accommodate manufacturer requests to customize overseas products to Japanese quality standards.

### Opportunities

- We are focusing on meeting need for enhanced automobile interior functionality accompanying the increase of electric vehicles worldwide, particularly in China. We are also providing more sophisticated semiconductors and diversifying our procurement sources to meet the diversifying applications of IoT technology.
- We are also focusing on developing equipment to meet the growing need for interior space comfort and recyclability with the aging of the population.

We are focusing on meeting new automotive interior component needs, developing new automotive components, and developing businesses at our global bases.

**Rintaro Harada**

Industrial Products No.1 Business Unit, General Manager

**Akira Watanabe**

Industrial Products No.2 Business Unit, General Manager



The Industrial Products Business Units recorded strong earnings in the fiscal year ended September 2022, despite the strong impact from Japanese automakers reducing production output due to the shortages of semiconductors and parts and the sharp rise in purchase prices from the steep devaluation of the Japanese yen in the second half.

Our ESG activities were aimed at improving our electricity usage efficiency and developing recyclable materials and products.

Our growth strategy is to make maximum use of our close relationships with Japanese automakers (and Tier 1 automotive suppliers) and to offer new

next-generation automotive interior materials and services for highly focused on safety, security, comfort, and environmental performance. We have a two-fold approach of directly proposing products to customers and indirectly proposing products and services that have been enhanced with value-added features.

We select and concentrate new development activities by delineating the business domains for the two business units. The No.1 Business Unit specializes in thermal management, sensing, and autonomous driving, and the No.2 Business Unit focuses on benchmarking, comfort, sustainability,

and EV-related domains. For example, the No.1 Business Unit handles the sensing domain, which includes IEE S.A.'s advanced vehicle occupant detection technology Life Detection Assistance System (LiDAS), and the No.2 Business Unit covers the benchmarking domain of automobile disassembly and examination, which includes being the Japan distributor of Caresoft Global products. The unit collects and sells full-vehicle 3D CAD data acquired from ultra-large CT scans, provides teardown data and various analysis reports as well as proposals for reducing costs.

## TOPIC

### ISCC PLUS Certification

International Sustainability and Carbon Certification PLUS is a biomass certification system with a mass balance system for managing and securing biomass raw materials and recycled raw materials manufactured in the supply chain. We obtained certification in October 2022. We will continue to contribute to society by expanding our range of environment-friendly products.



## TOPIC

### Opening of the Sanyo Solution Gallery in the Mizunami Exhibition Hall

In March 2022, we opened the Sanyo Solution Gallery in the Mizunami Exhibition Hall in an unused school gymnasium in Mizunami City, Gifu Prefecture. The hall displays some electric vehicles and provides data and actual parts from an electric vehicle that is not yet available in Japan. In the future, we plan to exhibit automotive products from various Group companies and create a system for presenting our products to customers.



The Sanyo Solution Gallery in the unused school gymnasium



## Machinery & Environmental Business Unit

The Machinery & Environmental Business Unit will introduce to Japan outstanding overseas technologies, such as powdered food, feed, and fertilizer and woody biomass granulators, and promote food safety and renewable energy in Japan.



## Life Science Business Unit

The objective of the Life Science Business Unit is to improve people's health and quality of life (QOL) and realize an environmentally responsive society. The unit handles materials that contribute to industrial development and provides total solutions tailored to customer needs.



### Strengths

- CPM commands over 90% of the market for feed pellet mills and provides continuous maintenance services.
- In the Company's woody biomass equipment, its wood pellet gasifiers with combined heat and power (CHP) provide an effective use of domestic wood materials and contribute to communities through our renewable energy businesses.

### Opportunities

- We are leveraging YPTECH's network of livestock farmers to meet the expected growing demand for manure compost pelletizing equipment.
- With the quest to realize a decarbonized society expected to lead to increasing production of woody biomass fuel in Japan and overseas, we will market our pellet equipment to sawmills and focus on increase pellet production capacity in Japan.

We will help create a sustainability and environment-friendly society by effectively using domestic and foreign resources and by promoting food safety and the use of renewable energy.

Yoshifumi Oyabu

Machinery & Environmental Business Unit, General Manager



In the feed processing equipment business, postponements and cancellations of core equipment projects and the devalued yen eroded the profitability of consumable parts for core equipment in the fiscal year ended September 2022.

The woody biomass business was also impacted by the postponement of a major project we were aiming to win, but the business received an order for the core equipment of a biomass power plant in Uchiko, Ehime Prefecture. The Uchiko Ryuo Biomass Power Plant was constructed by Uchiko Ryuo Biomass Energy, a consortium of five companies;

Sanyo Trading, Takenaka Corporation, Naito Kogyo, Cypress Sunadaya, and Dainippon Consultant.

Our ESG activities include promoting sales of compost pellet manufacturing equipment to reduce the use of chemical fertilizers in line with the expansion of organic farming methods advocated in the Green Food System Strategy of the Ministry of Agriculture, Forestry and Fisheries. Other initiatives include promoting renewable energy businesses.

Our growth strategy is to use our woody biomass business to revitalize forestry by supporting efficient use of domestic forest resources as well as to

preserve Japan's forests by supporting revitalization of local economies. Other activities include using wind and geothermal power to generate renewable energy, developing marine resources to contribute to Japan's energy supply, and using our livestock business to improve food safety and increase the value-added in food in Japan.



Uchiko Ryuo Biomass Power Plant

## TOPIC

### Uchiko Ryuo Biomass Power Plant commences operation

In October 2022, the Uchiko Ryuo Biomass Power Plant commenced operation in Uchiko, Ehime Prefecture. The combined heat and power (CHP) project is generating electricity using wood pellets harvested by the local forestry cooperative from unused wood materials collected during the thinning of forests. Heat generated from power generation is supplied to an adjacent facility. Constructed with financing support from the town of Uchiko, the power generation facility is a wooden building constructed with local materials with the intention of being leading model for community collaboration in a woody biomass power generation operation.



Opening ceremony at the Uchiko Ryuo Biomass Power Plant

### Strengths

- Global business foundation and an integrated network of Group companies developing businesses.
- Human resources with expertise and specialized knowledge at our domestic Group bases, and businesses driven by team power.
- Materials and scientific equipment for cutting-edge technologies in the life science field and industry-academia collaborations to develop products.

### Opportunities

- The aging of society is leading to increasing health awareness, desire to raise QOL, and growing demand for pets.
- Focus of businesses in the areas of Japan's core strategy to be a "science and technology nation" and the worldwide effort for decarbonization, following the Paris Agreement.
- Various initiatives, including the SDGs.

We are actively working to create businesses that improve people's health and lifestyles.

Koji Taguchi

Executive Officer and Life Science Business Unit, General Manager



In the fiscal year ended September 2022, sales of life science products were impacted by the stalled logistics operations, but exports increased for high-quality and reliable Japanese-made materials, notably high-performance resins to North America and electrical materials and the functional material taurine to Asia. Scientific instrument sales were strong for interface science assessment equipment and particle dispersion measuring instruments. Our efforts also include making Scrum Inc. a subsidiary to continue developing our bioscience business. Scrum imports and sells measurement, analysis, and analytical instruments used in the

biotechnology field and sells the reagents and consumables used with the devices. The company also offers contract services such as for peptide synthesis and antibody production.

Our ESG activities including selling gas and stable isotope ratio analyzers used to measure the volume of greenhouse gas emissions, knowledge of which helps realize a decarbonized society and combat climate change. In the agriculture and agrochemicals fields, we offer products with low environmental impact and are promoting sales of films that use PCR resin and lithium-ion battery (LiB) materials for use in automobiles and consumer products.

Our growth strategy is to use our food and medical equipment to meet the society's needs for better in-home medical care and to improve people's health and quality of life. We plan to soon introduce a new oxygen concentrator equipment that will further improve patient QOL. In the agriculture, food additives, and cosmetics fields, we will focus on offering products following the theme of safety and security. In addition, we will apply our decarbonization and SDGs initiatives as we accelerate sales of cutting-edge scientific instruments and environment-friendly materials.

## TOPIC

### Bioscience business boosted by bringing in leading bioscience equipment firm Scrum as a subsidiary

Bringing in Scrum as a consolidated subsidiary in February 2022 added a highly regarded company in the biodevices industry. Scrum has outstanding technical sales capabilities and specializes in highly specialized niche and high value-added products. We plan to generate synergies with the Life Science Business Unit's Scientific Instruments Department to strengthen marketing, expand our sales channels, and leverage our overseas bases.



Biotech equipment and reagents



# Overseas Subsidiaries Segment

The Overseas Subsidiaries Segment is focused on expanding business in Japan and overseas from its 17 bases in 10 countries outside than Japan. Since Sanyo Trading's listing, plans to accelerate the Group's global expansion with the target of achieving a 10% compound annual growth rate overseas.

## North America

Base established: 1954

### Expand sales in existing business fields and develop new businesses

Sanyo Corporation of America is Sanyo Trading's oldest company and was its first overseas base. The representative office will celebrate its 70th anniversary in 2023. Our North America operation currently has three bases of the main office in New York and offices in Novi, Michigan, and Huntsville, Alabama, selling high-performance resins and industrial films, functional fillers, automotive parts, and other products in the chemical, life science, rubber, and industrial products business units. In each business unit, we are investing and development new businesses in the United States, which is at the forefront of a wide range of business fields.



Base Director: Miki Sekino

## China

Base established: 2002

### Driving overseas growth by handling a wide variety of products

In 2002, Sanyo Trading (Shanghai) celebrated the 20th anniversary of the establishment of the representative office. The company currently handles a wide variety of industrial materials, rubber, life sciences, and chemicals through four bases led by the head office in Shanghai and offices Guangzhou, Tianjin, and Hong Kong. The Chinese market has been deeply affected by the strict pandemic countermeasures in recent years, including the lockdown in Shanghai during April and May 2022. Despite the severe conditions, the creative efforts of our local staff have generated ongoing growth, and the Chinese operations will continue to actively expand its business and be a driving force for Sanyo Trading's overseas bases.



Base Director: Masaaki Itoyama

## Asia

Base established: 1992

### Cultivating new businesses that will serve as a bridge between Thailand and Japan

Sanyo Trading Asia, which has the second longest history of Sanyo Trading's overseas affiliates, celebrated its 32nd anniversary in 2022. The company handles rubber, chemicals, industrial materials, and life science products. In November 2020, we opened a second base, Laem Chabang Office, in Thailand's Chonburi Province, which is the gateway for the country's Eastern Economic Corridor (EEC). We are also developing new businesses to serve as a bridge between Thailand and Japan and that fit the framework of the Bio-Circular-Green (BCG) Economy Model, which is one of the country's primary development projects.



Base Director: Kenichiro Mohara

# TOPIC

## History of Our Overseas Network



Established representative office in New York  
**Jan. 1954**



Established representative office in Ho Chi Minh City  
**Oct. 1992**



Established representative office in New Delhi, India  
**Sep. 2010**



Established PT. Sanyo Trading Indonesia in Indonesia  
**Aug. 2014**

**Sep. 1990**

Established San-Thap International (now Sanyo Trading Asia)

**Aug. 2002**

Established Sanyo Trading (Shanghai) Co., Ltd. in China

**Jun. 2013**

Established Sun Phoenix Mexico S.A. de C.V. in Mexico

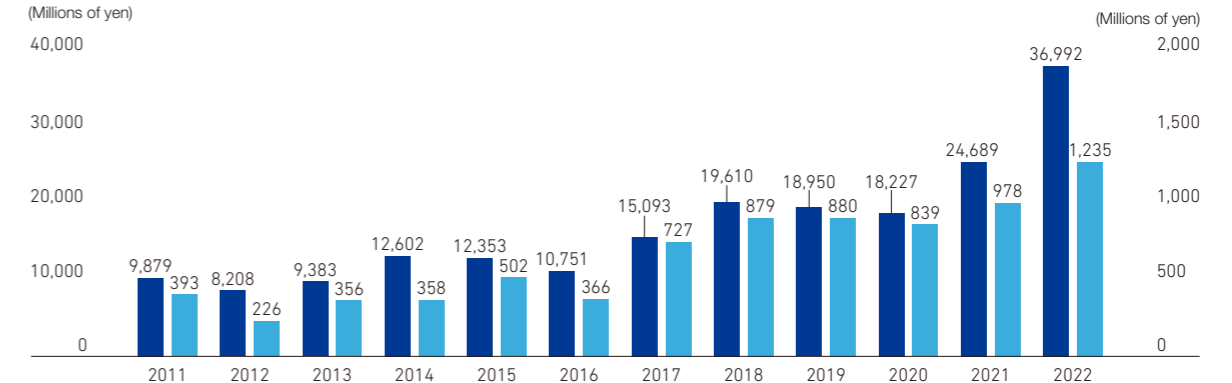
**Jun. 2015**

Began capital participation in Bestrade Precision Singapore Pte. Ltd. (now Singapore Sanyo Trading Pte. Ltd.) with acquisition of 85% of outstanding shares



## Overseas Subsidiaries Segment Net Sales and Operating Income

■ Net sales (Left axis) ■ Operating income (Right axis)  
(Millions of yen)



## Mass production and delivery begun in Alabama

Sanyo Trading is continuing activities to expand business centered on its bases in the United States, China, and Thailand, and is actively entering regions where it anticipates market growth in accordance with its strategy to "accelerate global development" set in its VISION 2023 management plan. Sales of overseas subsidiaries grew at a compound annual growth rate of 17.1% over the five years through the fiscal year ended September 30, 2022.

The Alabama office opened in the United States in January 2021, has been promptly and diligently meeting the needs and building relationships with the new plants of Japanese automakers in the region. The office began delivering parts for mass production of automobile interior components in January 2022. The office is also seeking to develop new business with Japanese automobile and chemical manufacturers in the region.

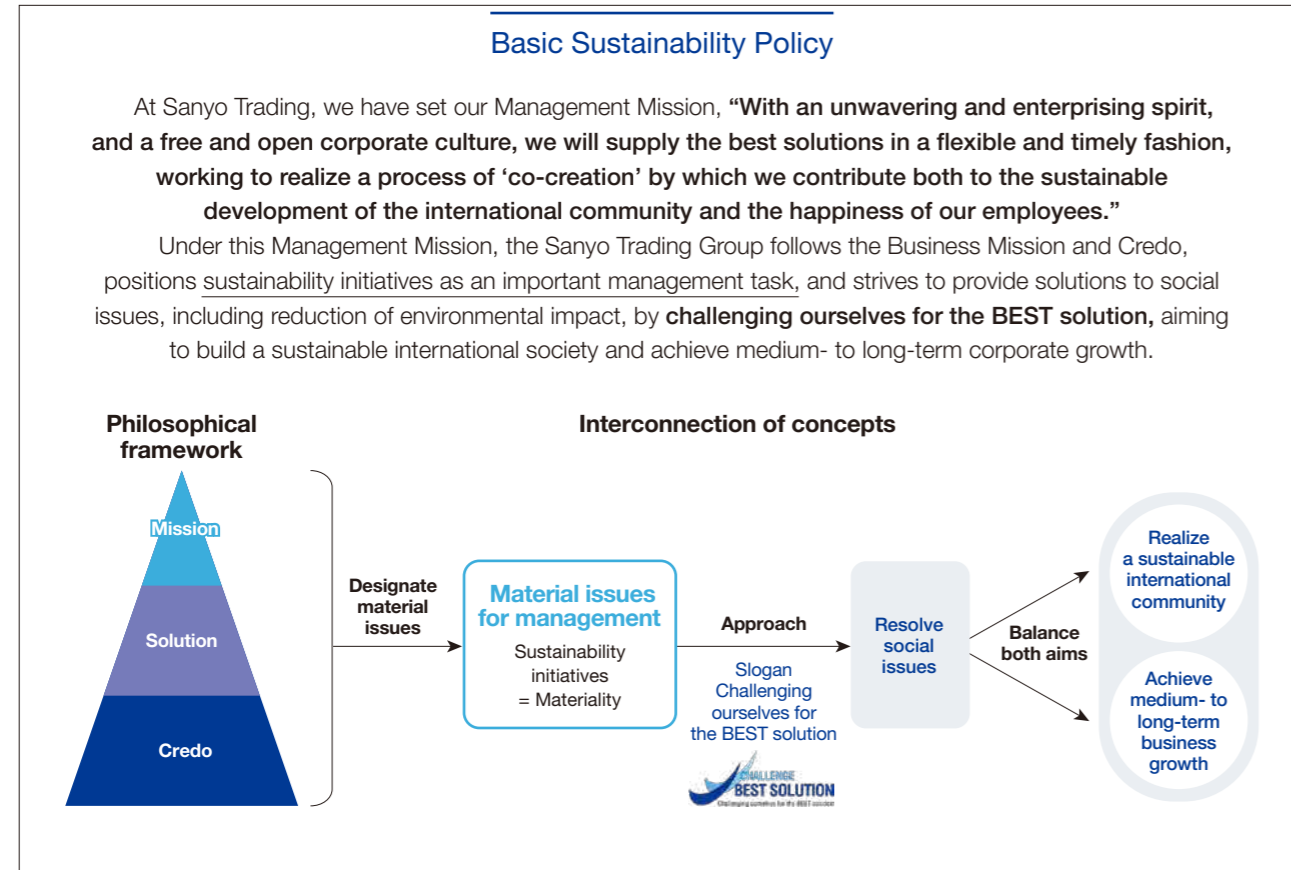


The Alabama office in the state of Alabama, United States



# Sustainability Policy/Material Issues

Sanyo Trading has designated sustainability initiatives as a material issue for management. By “challenging ourselves for the BEST solution,” we work to resolve social issues with the aim of realizing a sustainable international community and at the same time achieving medium- to long-term business growth. Under our Sustainability Committee, newly established in April 2022, we will accelerate initiatives to address material issues.

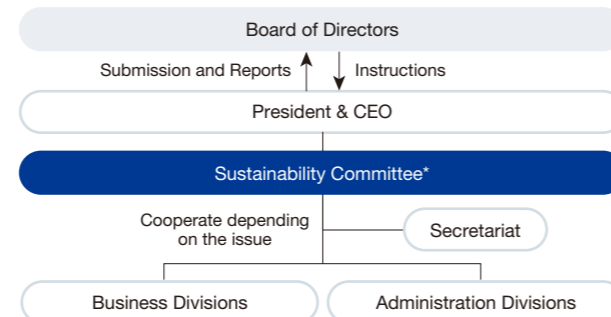


## Sustainability Promotion Structure

### Sustainability Committee established in April 2022

We established a Sustainability Committee whose representative is the executive officer in charge of Administration Divisions. The other committee members are the executive officer in charge of Business Divisions and the general managers of the Human Resources & General Affairs Department, Finance & Accounting Department, IT Promotion Department, and Corporate Strategy Department. In 2022, having formulated our Basic Sustainability Policy, we prepared the ground for the next long-term management plan by revising our materiality and progressing with other initiatives including disclosure in accordance with the TCFD recommendations.

### Sustainability promotion structure

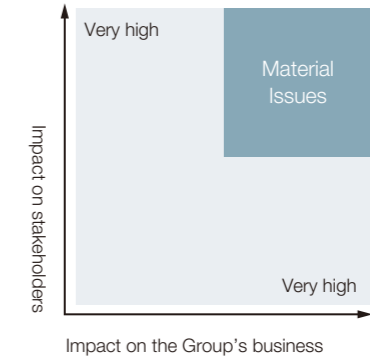


\*Committee members (as of December 23, 2022): Executive officer in charge of sustainability (executive officer in charge of Administration Divisions), executive officer in charge of Business Divisions, general managers of Human Resources & General Affairs Dept., Finance & Accounting Dept., IT Promotion Dept., and Corporate Strategy Dept. (six members in total).

## Designating Sanyo Trading’s Materiality

In July 2022, we designated our materiality (material issues for management) with a view to achieving sustainable corporate value increase through our businesses. While

progressing steadily with materiality-related initiatives, we will make appropriate revisions in response to social trends and other factors.



## Sanyo Trading’s Materiality (material issues)

Material Issues	Initiative theme	Initiative details
Resolving social issues through business	Reducing environmental impact	<ul style="list-style-type: none"> <li>Contribute to climate change countermeasures and a circular economy by handling environment-friendly products</li> <li>Began handling environment-friendly chemicals produced using renewable energy and recyclable raw materials by Perstorp Holding AB (Head office: Sweden)</li> <li>Began supply to the Japanese market from September 2022 of the high-quality plastic material “# tide” produced with ocean-bound plastic as* raw material using a world-first technology (see Page 26)</li> </ul>
	Providing Enriching Lifestyles	<ul style="list-style-type: none"> <li>Contribute to healthy, secure, and comfortable lifestyles through discovery and stable supply of new products</li> <li>Sales launch on Japanese market from 2023 of sensor developed by IEE S.A. (Head office: Luxembourg) to prevent accidents caused by children being left unattended in vehicles (see Page 27)</li> <li>Reorganization in February 2022 to make a subsidiary of Scrum Inc., which is engaged in the import and sale of analytical and measuring instruments for use in biopharmaceutical development and related reagents and consumables. Scrum Inc. also provides peptide synthesis, antibody manufacturing, and other outsourced services (see Page 28)</li> </ul>
Strengthen business base for sustainable growth	Building a Resilient Management Structure	<ul style="list-style-type: none"> <li>Ensure financial soundness and strengthen corporate governance and legal compliance</li> <li>Maintenance of a solid financial base to optimize the business portfolio and enable strategic investment in growing markets</li> <li>Group adaptation to digital technology by bringing system development in-house through M&amp;A</li> </ul>
	Empowering Highly Motivated and Diverse Human Resources	<ul style="list-style-type: none"> <li>Nurture human resources to create new value and show respect for diversity by providing an environment it can flourish in</li> <li>Provision of environment enabling diverse workstyles, e.g. promoting health and productivity management, introducing telework and staggered work hours, and offering up to two years of childcare leave</li> <li>Enhancement of training system through overseas training, foreign language training, various external training programs, e-learning, rank-based training, etc.</li> </ul>



# Reducing Environmental Impact

## Addressing Climate Change

### Endorsement of TCFD Recommendations

Sanyo Trading has designated addressing climate change as one of the material issues it is addressing under the heading of “reducing environmental impact” and in December 2022 declared its endorsement of the TCFD\* recommendations. Going forward, in accordance with the TCFD recommendations, we will assess climate change-related risks and opportunities and reflect them in our management strategy and also enhance related information disclosure.

\* TCFD: Task Force on Climate-related Financial Disclosures. Established in 2015 by the Financial Stability Board (FSB) at the request of the G20. Its recommendations state that enterprises should assess the financial impact of climate change-related risks and opportunities and then disclose related information on governance, strategy, risk management, and indicators and targets.



### Governance

Basic management policy on climate change and related business activities and corporate policies and strategies are planned, drafted, and presented by the Sustainability Committee, which is under the direct control of the president. The Board of Directors oversees this process and issues relevant instructions where necessary. It then takes account of climate change and other sustainability issues when discussing and deciding on important matters, such as management policies and annual budgets.

For detailed information please see page 23: Sustainability Promotion Structure.

### Operating policy/related issues



### Strategy

We analyze the changes in our operating environment caused by climate change and classify the associated factors into “transition risk” and “physical risk.” We then designate and evaluate associated risks and opportunities for the Group’s businesses. To assess the impact on our businesses, we identify items with large impact and undertake related scenario analysis. We identify transition

risk under the headings of regulation, technology, markets, and reputation, while physical risk is divided into urgent and chronic risk. Opportunities meanwhile are analyzed in terms of products and services and resource efficiency.

### Risk Management

In accordance with our Risk Management Regulations, we ensure a clearly defined management system by specifying the divisions responsible for different types of risks and managing risks exhaustively and comprehensively, including of climate change-related risk. The president appoints a director in charge of risk management. Additionally, the Risk Management Committee meets in principle every six months. In this way, we undertake integrated monitoring of the risks intrinsic to Sanyo Trading’s operations and the risks it needs to avoid in order to ensure business continuity. This enables prompt response to changes in the risk landscape. The committee reports regularly to the Board of Directors with a risk management overview, including the response measures to be taken if a risk to be avoided emerges. For subsidiaries, a system to preempt losses has been put in place under the Risk Management Regulations. Its measures include holding interviews with the representative directors and other relevant personnel as required.

### Indicators and Targets

We measure our emissions of greenhouse gases (GHG) and are progressing with initiatives to reduce environmental impact.

Given the scale of the Group’s business, our current GHG emissions volume is low. We have therefore not set a target figure for emissions reduction at this stage. Going forward, we will continue to monitor GHG emissions regularly. With a view to emissions reduction, we are simultaneously considering measures such as switching to renewable electric energy at our business locations and replacing the corporate fleet with vehicles of low environmental impact. Regarding the calculation of Scope 3 emissions for the whole of the supply chain, our approach will be based on continuous review of the situation.

For details of information disclosure in accordance with TCFD recommendations, please see our website.

[https://www.sanyo-trading.co.jp/uploads/TCFD\\_202212.pdf](https://www.sanyo-trading.co.jp/uploads/TCFD_202212.pdf) (in Japanese only)

## Promoting Handling of Environment-friendly Products

### Supply of products from Perstorp, a company with ISCC PLUS certification

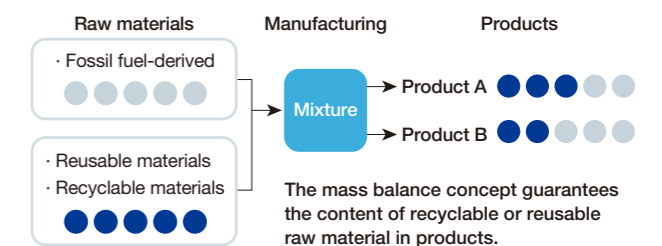
We supply products from Perstorp (Head office: Sweden), which has business bases in 24 countries around the world. Perstorp is actively engaged in the supply of environment-conscious products with ISCC PLUS certification based on the ‘mass balance’ concept.

Perstorp’s environment-friendly product range is designed to reduce GHG emissions across the whole value chain and to support sustainable procurement by promoting reusable and recyclable raw materials.

The items in this product range are chemically identical to fossil-derived products and deliver high quality with no loss of performance. The difference is in the raw materials, which consist of reusable or recyclable items rather than unused fossil fuels.

Since launching sales of Voxtar™ in 2010, Perstorp has greatly expanded its environment-friendly product range to include polyols, plasticizers, acids, alcohols, and other products. Perstorp has set out a roadmap up to 2030 and is working actively to replace raw materials and develop more readily recyclable products, with the future aim of making all products environment-friendly.

### Outline of mass balance concept



## Contributing to a Circular Economy

### Initiative on marine plastics Supply to the Japanese market of “# tide,” a recycled material made with 100% OBP

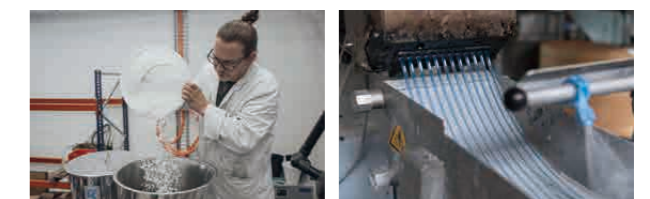
Tide Ocean SA (Head Office: Switzerland) is the world’s first enterprise to upcycle 100% of its collected ocean-bound plastic (OBP), a cause of the marine plastics issue. We have entered into a license agreement to supply Tide Ocean’s high-quality recycled plastic product “# tide.”

“#tide” is a high-quality plastic made exclusively with collected and upcycled OBP. It is produced using the world’s first technology to use exclusively OBP as raw material, with no use of unused plastic not related to marine waste. As it has the same high quality as non-OBP plastic, we envisage its use in a wide range of applications from containers and fibers to automotive parts and components. It also has 79% lower CO<sub>2</sub> emissions than conventional plastics and is thus a product with very low environmental impact.

The collection of OBP involves working together with local communities in developing countries, thus providing employment and contributing to public funds.



Collecting OBP



Manufacturing process



# Providing Enriching Lifestyles

## Initiatives for Society

### Japanese market launch of IEE's millimeter wave sensor to prevent children being left behind in vehicles

The specialist sensor manufacturer IEE S.A. (Head office: Luxembourg) commands a large share of the world market in automotive sensors. We aim to expand our automotive sensor business by launching on the Japanese market sensors designed by IEE to prevent children being left behind in passenger cars or buses.

Under Europe's New Car Assessment Programme (Euro NCAP)\*, devices to prevent children being left in vehicles will be added to the safety items assessed from 2023. To prevent cases of heatstroke due to children being left unattended in vehicles, we will focus resources on the sensors' introduction and market expansion in Japan, which will help save human lives.


The two sensor products developed by IEE that we will handle, the VitaSense™ and the LiDAS™, are the world's first to use millimeter wave radar to spot unattended children in vehicles. The VitaSense™ is a radar sensing

system for passenger cars. As it uses millimeter wave radar, it detects people without registering their face or body shape. It therefore maintains complete privacy while still performing with an accuracy that can detect the breathing of a newborn beneath a blanket. Compliant with the Euro NCAP protocol, the product received its world-first certification in 2020, from the USA's Federal Communications Commission (FCC).

The LiDAS™, a radar sensor for buses, can be installed in existing vehicles and is increasingly used on school buses in the USA.

We will promote the market penetration of the VitaSense™ and LiDAS™ in Japan as pillars of our automotive sensor business, thus contributing to the resolution of a social issue. We plan to begin supplying the LiDAS™ in 2023 and the VitaSense™ in 2025. Five years later, in 2027, we aim to install 300,000 units a year of the VitaSense™ and 2,000 a year of the LiDAS™.

\* A vehicle safety test introduced by European countries

Product name	VitaSense™	LiDAS™
Images		
Overview	<ul style="list-style-type: none"> <li>• Radar sensing system for passenger cars</li> <li>• World's first sensor mass-produced for automotive use</li> <li>• Can detect a baby beneath a blanket</li> </ul>	<ul style="list-style-type: none"> <li>• Radar sensor for buses</li> <li>• Can be installed in existing buses</li> <li>• Japanese market launch in preparation</li> <li>*Market launch planned for FYE 9/2023</li> </ul>
Dimensions	67 x 48 x 17mm (excluding connector)	75 x 45 x 19 mm (includes sensor only)
Weight	45 g	45 g
Wave frequency	60GHz waveband	24GHz waveband

### Scrum Inc. acquired as subsidiary to strengthen bio-related business

We acquired Scrum Inc. as a subsidiary as part of an initiative to strengthen our bio-related business.

Scrum Inc. is a specialist trading company engaged in the import and sale of various analytical and measuring instruments for use in the biotechnology field and related reagents and consumables. Scrum Inc. also provides outsourced services including peptide synthesis and antibody manufacturing. A recognized name within the

#### Focus

#### Whole-epigenome analysis at cellular level

Scrum Inc. supplies products used in the analysis of cell types, cellular conditions, and gene regulation mechanisms. A chromium controller is a pretreatment instrument for single-cell analysis and represents a single-cell analysis platform for the creation of a next-generation sequencing (NGS) library. By combining microfluidic emulsification technology with molecular barcoding (cell barcoding), this instrument makes it possible to perform integrated and comprehensive analysis of various substances with physiological functions in a way that requires minimal labor input.

This will allow scientists to uncover the diverse gene expression patterns of individual cells. The RNA sequence analysis in use up to now measures average

biological instruments industry, Scrum Inc. has well-developed abilities in technology sales with particular strength in the supply of highly specialized niche products of high added value. Scrum Inc.'s business complements the scientific instruments business of our Life Science Business Unit, with no competing items among their traded products. Our collaborative relationship is expected to bring a range of synergies through strengthened marketing, sales channel expansion, and leveraging of our overseas bases and technology support subsidiaries.

values for a cell group. This meant that altered gene expression in a small number of cells was difficult to detect as it was obscured by the gene expression data from the cell majority. In future, single-cell analysis will make it possible to detect altered gene expression even in a small number of cells.



### Launch of trading in phytogetic products

In August 2018, the Sanyo Trading subsidiary YPTECH Co., Ltd., concluded an agency agreement with Delacon (Head office: Austria), and began handling phytogetic products (functional raw materials of plant origin). Delacon, a global supplier of plant-derived livestock feed raw materials, became a member of Cargill, the world's leading agribusiness group (Head office: USA), in June 2022.

Phytogetics are safe and healthy livestock feed raw materials made with a wide range of herbal substances. Seven types of substance extracted from the herbs—pungent substances, saponins, bitter substances, essential oils, flavonoids, mucilages, and tannins—are combined as additives according to requirements. The livestock product Fresta F for pigs increases appetite, improves digestion and supports the development of the digestive tract in piglets. Actifor Pro for dairy cows boosts the digestion rate of the bowel and improves milk yield, physical growth, and

feed efficiency. Biostrong Protect for poultry maintains resistance to oxidative stress and supports recovery from digestive tract injury, thereby improving productivity. Enviro QS for pig and poultry raising has envisaged benefits including reduction of ammonia emissions.

By supplying these plant-based livestock feed additives, the Sanyo Trading Group will promote livestock raising focused on animal health, realize improved yield and reduced feed cost for producers, and contribute to a safe and wholesome diet for consumers.



# Empowering Highly Motivated and Diverse Human Resources

## Promoting Health and Productivity Management

We have identified “investing in human resources” as a key measure for “strengthening the corporate structure,” which in turn is one of the basic strategies of our long-term management plan, VISION 2023. Accordingly, we are focusing efforts on health and productivity management with the objectives outlined below.

- To promote a better work-life balance for employees and their families and to support employee health promotion
- To strengthen the health and productivity management system in order to avoid the risk of losing business and at the same time contribute to improving employee productivity and business performance. This reflects the fact that the requirement to put in place an occupational health and safety management system for employees is nowadays a standard condition of agreements with business partners.

In the year ended September 2022, we established the Health & Smile Committee, held health webinars, launched a health management app, and created an industrial physician post at the Nagoya Branch in addition to the existing post at Head Office. Additionally, we strengthened the stress check system, created a system of individual interview-based guidance at the Nagoya Branch, and introduced a hot-desking system at Head Office.

### Health and Productivity Management Declaration and Health Promotion System

At Sanyo Trading, we believe that the mental and physical health of each employee is important. With employees in good health both physically and mentally and strongly motivated to generate new value, we contribute to delivering enriching lifestyles by working to source products and ensure their stable supply. Based on this approach, we issued the Sanyo Trading Health and Productivity Management Declaration in December 2022. This declaration will form the basis for our implementation of health and productivity management initiatives toward fulfilling our Management Mission as summed up in the

#### Sanyo Trading Health and Productivity Management Declaration

- **Enhancing the Workplace Environment**  
Sanyo Trading will put in place a safe, secure, and healthy workplace environment where employees feel energized in their work.
- **Promoting Health Awareness**  
Sanyo Trading will support a wide range of health initiatives to raise employee awareness of physical and mental health.
- **Responsibility Toward the Future**  
Sanyo Trading will work to maintain and improve employee health as a way of raising organizational productivity and thereby achieving sustainable business growth.

Slogan “Challenging ourselves for the BEST solution.”

Sanyo Trading regards health and productivity management as part of ESG’s social (S) dimension, which encompasses human resource management. To promote relevant initiatives, we additionally established the Health and Productivity Management Promotion Committee in December 2022 as a subcommittee of the Sustainability Committee. The committee is an organ separate from the pre-existing Health and Safety Committee.



- Committee composition  
Chairperson: general manager of Human Resources & General Affairs Department  
Committee members: Head Office industrial physician, Head Office and Nagoya Branch health and safety management officers, Osaka Branch and Hiroshima Office health and safety promotion officers  
Secretariat: Human Resources & General Affairs Department
- Committee operation  
The committee is convened by the chairperson and meets every six months (March and September). The chairperson reports the items discussed by the Health and Productivity Management Promotion Committee to the Board of Directors through the Sustainability Committee.

## Diversity Initiatives

We are enhancing our systems so that employees can be confident of enjoying a long working life regardless of their gender or age. Currently, we are rolling out measures focused on female empowerment. These include offering up to two years’ childcare leave and also reduced working hours after the return to work so that women do not have to leave the company to take a career break. To create an environment and put in place systems that are friendly to

female empowerment, we operate the so-called Nadeshiko-Kagayaki Committee.



Members of the Nadeshiko-Kagayaki Committee, an in-house project for female advancement

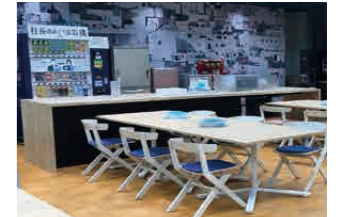
## Realizing Diverse Work Styles

The COVID-19 pandemic has brought a major change in work styles in terms of work hours and location, with a move away from the conventional idea of commuting to work every day. We are exploring work patterns that give flexibility of hours and location. In this way we aim to realize work styles that allow employees to contribute to society by developing their abilities to the full and delivering greater customer value.

### Hot-desking system, teleworking, and staggered working hours

With no foreseeable end to COVID-19 just yet, we have moved to protect employee safety through teleworking

and staggered working hours. We are also exploring diverse work styles that support employee performance and are building relevant expertise. To strengthen communication between employees, which is weakened by teleworking, and increase opportunities for social interaction, which can lead to innovation, we have introduced a hot desking system to remove interdepartmental barriers.



## Promoting Human Resource Development

Sanyo Trading has set “investing in human resources” as one of the basic strategies of its long-term management plan and aims to nurture globally successful professionals. In October 2020, we established a Human Resources Department (now Human Resources & General Affairs Department) under the direct control of the president. We will further strengthen our commitment to investing in human resources, with measures such as an update of the personnel system that included a review of employee evaluation criteria and a significant expansion of the training system. To move toward more diverse work styles, we have reviewed and enhanced our systems, including by revising the personnel system, promoting teleworking, and introducing staggered working hours.

### Overseas Training System

Young managerial track employees are able to apply via an in-house recruitment system for year-long training programs at our offices in China, Thailand, Vietnam and other countries. In 2022, one employee was posted to China (Shanghai). While working at the local office, employees are provided with comprehensive support from the Company so that they can get the most from this one-year experience, such as through enrollment at a language school.

### Short-Term Training in New York

Young managerial track employees are eligible to apply for a one-month training program in New York. Those selected are given on-location language training, thereby helping them to acquire the skills for global success.

### External Training and e-Learning

We take part in a variety of external training programs for developing employees and improving their business skills. Furthermore, we offer more than 100 e-learning programs that enable employees to learn the skills that they want. We also have an incentive system for rewarding employees who acquire certain certifications.

### Rank-Based Training

Continuing from the second year of employment, we provide support for ongoing growth with a view to long-term career development. Our rank-based training enables them to learn the skills and mindset required relative to their respective length of service and role, including leadership and management skills.

### New Employee Training

Internal training for new employees includes an overview of the business dealings of each business unit and basic knowledge training conducted by the administration divisions. External training is also provided. To deepen employees’ understanding of import and export operations, they also participate in training at the frontline of international trade such as at customs and warehouse facilities. Managerial track employees, meanwhile, undergo a training period of approximately two months at the administration divisions to learn business basics before their assignment to a specific department.



# Building a Resilient Management Structure (Corporate Governance)

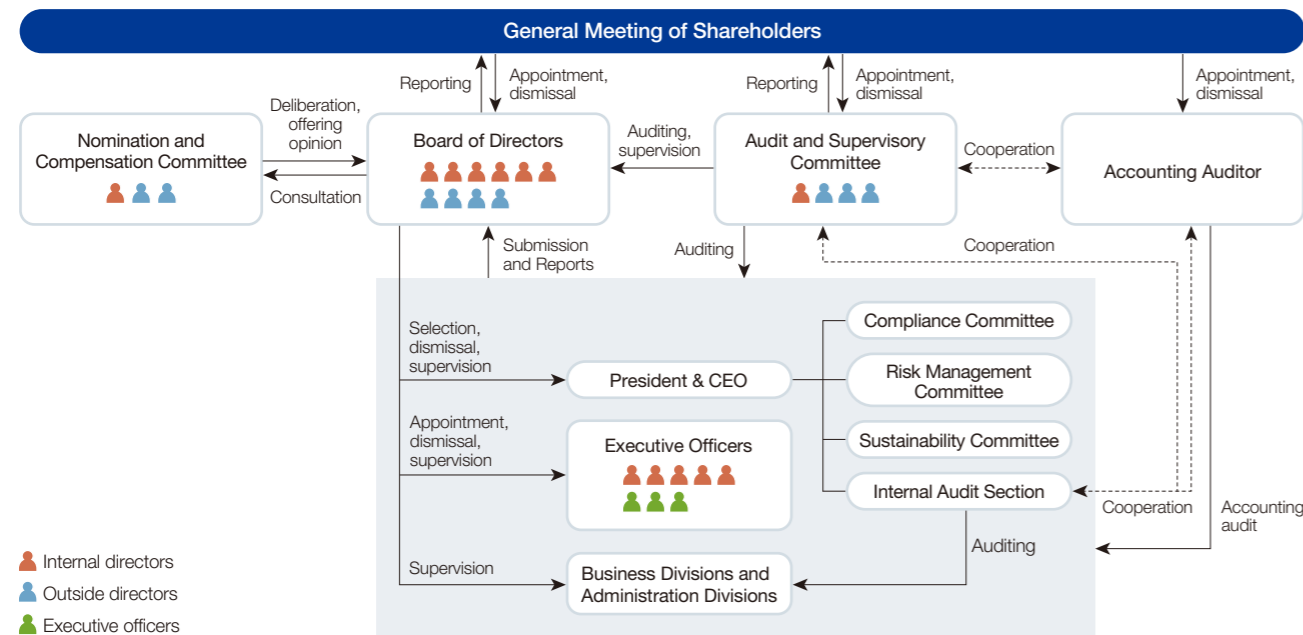
## Basic Approach to Corporate Governance

Sanyo Trading has defined its Management Mission as “With an unwavering and enterprising spirit, and a free and open corporate culture, we will supply the best solutions in a flexible and timely fashion, working to realize a process of ‘co-creation’ by which we contribute both to the sustainable development of the international community and the happiness of our employees.” We believe that fulfilling this Management Mission will meet the

expectations of all our stakeholders.

To that end, our Credo states: “We comply with laws and regulations, and act with integrity,” “We make decisions and act on them quickly and accurately,” and “We understand the trends of the times and anticipate change.” By following these aspects of this Credo, we aim to reinforce our corporate governance system.

## Corporate Governance Structure



Internal directors  
Outside directors  
Executive officers

## Major Governance Bodies

Name	Overview	No. of meetings	Outside director attendance rate
<b>Board of Directors</b>	Makes decisions on important matters relating to Group management and audits and supervises business execution. The term of office is one year for directors who are not Audit and Supervisory Committee members and two years for those who are Audit and Supervisory Committee members.	15	96%
<b>Audit and Supervisory Committee</b>	Audits and supervises the legal compliance and adequacy of the execution of duties of directors who are not Audit and Supervisory Committee members.	15	97%
<b>Nomination and Compensation Committee</b>	Works to enhance the independence, objectivity, and accountability of the functions of the Board of Directors with regard to the appointment and dismissal of the president & CEO and directors with special titles, the nomination of director candidates, and the remuneration of directors (excluding those who are Audit and Supervisory Committee members).	3	100%
<b>Committee of Executive Officers</b>	Shares information and strives to improve day-to-day business execution in the respective areas of responsibility.	12	—

## Appointment and Dismissal of Directors

When appointing an executive officer or a director, the President & CEO creates an appointment plan that takes into consideration the composition (in terms of diversity, etc.) of the Board of Directors, qualities required of executive officers and directors (e.g., management ability, experience and expert knowledge) and other factors. The plan is deliberated on by the Nomination and Compensation Committee, the majority of whom are independent outside directors. Following the committee's deliberations, the Board of Directors makes a decision on the proposed appointment of an executive officer or director in accordance with the appointment plan.

In the event that an executive officer or a director has committed a potentially dishonest or improper act, or is deemed not to be able to perform the responsibilities of his or her role, an investigation is conducted as necessary. Following deliberation by the Nomination and Compensation Committee, the majority of whom are independent outside directors, the Board of Directors makes a decision on the dismissal of the executive officer or director, or other response.

For remuneration of directors who are not Audit and Supervisory Committee members and directors who are Audit and Supervisory Committee members, please refer to Corporate Officer Remuneration, Etc. on the following page.

## Skills Matrix

Name	Gender	Corporate management	ESG/ Sustainability	International experience	Legal affairs/Risk management	Finance/ Accounting	Board of Directors	Audit and Supervisory Committee	Committee of Executive Officers	Nomination and Compensation Committee
<b>Directors</b>										
Masanobu Shintani	Male	●	●	●			●		●	●
Toshiaki Mizusawa	Male			●	●	●	●		●	
Hiroshi Shirai	Male	●		●		●	●		●	
Kenichi Shindo	Male	●	●	●			●		●	
Mitsuyasu Hirasawa	Male	●		●			●		●	
Hiroataka Sugihara	Outside Male	●		●			●			
Mitsuo Ogawa	Outside Male	●		●			●			
<b>Directors Who Are Audit and Supervisory Committee Members</b>										
Yasuhiko Nishimura	Male			●		●	●	●	●	
Asako Hasegawa	Outside Female				●	●	●	●		●
Kuniaki Kobayashi	Outside Male			●	●		●	●		●
Kiitsu Sugita*	Outside Male					●		●		

\* Substitute Audit and Supervisory Committee members

## Reasons for Appointment of Outside Directors

Name	Reason for appointment
<b>Hiroataka Sugihara</b>	Mr. Sugihara possesses a wealth of experience and knowledge gained through many years of working at a trading company and also has extensive experience of corporate management and organizational operation as a corporate manager.
<b>Mitsuo Ogawa</b>	Mr. Ogawa possesses strong insight gained through many years of experience in human resource and organizational consulting and also has extensive experience of corporate management and organizational operation as a corporate manager.
<b>Asako Hasegawa</b>	Although Ms. Hasegawa does not have previous experience of direct involvement in corporate management, she has a thorough knowledge of financial accounting and tax affairs as a certified public accountant and has the ability to audit and supervise the Company's management based on the resulting insight and experience.
<b>Kuniaki Kobayashi</b>	Although Mr. Kobayashi does not have previous experience of direct involvement in corporate management other than as an outside director, he has a thorough knowledge of corporate legal affairs as an attorney and has the ability to audit and supervise the Company's management based on the resulting insight and experience.
<b>Kiitsu Sugita</b>	Although Mr. Sugita does not have previous experience of direct involvement in corporate management, he has a thorough knowledge of tax affairs as a certified public tax accountant and has the ability to audit and supervise the Company's management based on the resulting insight and experience.

## Building a Resilient Management Structure (Corporate Governance)

### Corporate Officer Remuneration

With regard to remuneration for directors (excluding Audit and Supervisory Committee members), the Company has formulated a remuneration system that closely aligns with the interests of shareholders and effectively incentivizes directors to continuously improve corporate value. The basic policy when determining remuneration for each director is to set remuneration at a level that reflects the responsibilities of the position.

To enhance objectivity and transparency when determining remuneration for directors, the Nomination and Compensation Committee, the majority of whom are outside directors, discusses approaches and the policy for determining remuneration of corporate officers, as well as remuneration levels, after which the Board of Directors determines remuneration based on the advice and suggestions of the committee.

#### Composition of Corporate Officer Remuneration

Position	Fixed remuneration (monetary remuneration)	Performance-linked remuneration	Non-monetary remuneration
President	55%	35%	10%
Other directors (excluding Audit and Supervisory Committee members)	65%	25%	10%
Outside directors	100%		

#### Total remuneration, etc.

Position	Total remuneration, etc. (Thousands of yen)	Total of each type of remuneration, etc. (Thousands of yen)			Eligible corporate officers
		Fixed remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Directors (excluding Audit and Supervisory Committee members) (excluding outside directors)	196,547	113,850	67,550	15,147	5
Directors (Audit and Supervisory Committee members) (excluding outside directors)	14,400	14,400	—	—	1
Outside corporate officers	22,950	22,950	—	—	5

#### Policy for determining remuneration, etc. for each director (excluding Audit and Supervisory Committee members)

The policy for determining remuneration, etc. for each director (excluding Audit and Supervisory Committee members) is decided on at the Board of Directors meeting.

##### Fixed remuneration (monetary remuneration)

Basic remuneration for directors (excluding Audit and Supervisory Committee members) consists of monthly fixed remuneration, which is the total of the salary as a company representative, supervisor and/or executive officer. The same amount is paid for each equivalent position. Basic remuneration is determined taking into account remuneration levels at other companies and employee salary levels, among other factors, while also comprehensively considering changes in the economic and social environment, etc.

##### Performance-linked remuneration

Performance-linked remuneration consists of monetary remuneration that reflects the business performance of the Company, in order to incentivize directors to improve

business performance each fiscal year. Consolidated ordinary income is used as the index of business performance, because it is used as a performance target when deciding internal budgets, and is also considered to be the easiest index for understanding the management status of the Group. Performance-linked remuneration is paid as a bonus at the end of each fiscal year and is calculated based on the consolidated ordinary income that fiscal year.

##### Non-monetary remuneration

Non-monetary remuneration consists of a stock compensation-type stock option, which is issued to registered directors (excluding outside directors and Audit and Supervisory Committee members) every February with comprehensive consideration of the position, degree of contribution and business performance (consolidated ordinary income) that fiscal year. The details are as follows: stock acquisition rights the exercise of which entails the issue of common shares at the exercise price per share of 1 yen on the condition that directors can only exercise these rights after retiring from their position.

### Remuneration of directors (excluding Audit and Supervisory Committee members)

Total amount of monetary remuneration (fixed remuneration and performance-linked remuneration) for directors (excluding Audit and Supervisory Committee members)

Annual total of no more than 250 million yen (to include an annual total of no more than 20 million yen for outside directors)

Note: As resolved at the 73rd Ordinary General Meeting of Shareholders, held on December 19, 2019.

Stock compensation-type stock options

Annual total of no more than 20 million yen

Note: As resolved at the 75th General Meeting of Shareholders, held on December 22, 2021.

Note: The number of eligible directors (excluding Audit and Supervisory Committee members) at the time of the respective resolutions was six (including one outside director) at the 75th meeting and five at the 73rd.

#### Reasoning why the Board of Directors deems the content of remuneration, etc. for each individual to be in line with the policy

Given that the Nomination and Compensation Committee

reports its conclusions after checking consistency, etc., between the content of remuneration, etc., for each director and the policy for determining remuneration, and that the Board of Directors basically respects the committee's report, the Board of Directors deems the content of remuneration, etc., for individual directors to be in line with the policy.

### Remuneration for directors who are also Audit and Supervisory Committee members

Remuneration for directors who are also Audit and Supervisory Committee members

Total of no more than 40 million yen (determined within this range by discussion among directors who are also Audit and Supervisory Committee members)

Note: As resolved at the 69th General Meeting of Shareholders, held on December 17, 2015.

Note: The number of eligible directors also serving as Audit and Supervisory Committee members at the time of the resolution was three.

### Compliance

The Company has formulated the Sanyo Trading Group Code of Conduct Manual, which specifies how officers and employees of the Company and its subsidiaries should act to ensure their actions are in accordance with the Management Mission, and in compliance with laws and regulations as well as the Articles of Incorporation. To ensure the effectiveness of the manual, the president appoints a director in charge of compliance and the Company has additionally established a Compliance Committee, thus putting in place a system to coordinate legal compliance initiatives Group-wide. The status of activities is reported regularly to the Board of Directors.

Subsidiaries make periodic reports to the Board of

Directors and the relevant supervising division, and a system is in place by which they are able to report their status regularly through participation in meetings of the Committee of Executive Officers.

The Internal Audit Section audits the business activities of the Company and its subsidiaries and reports its findings to the Board of Directors. The Company has established and continues to operate whistleblower hotlines, whereby acts that violate or risk violating laws and regulations or social norms can be reported internally to the Compliance Committee and externally to a third party (attorney). Internal regulations have been established to protect reporters from receiving unfair treatment.

### Risk Management

The Company takes all reasonable steps to identify a variety of risks that arise in business execution by applying consistent standards, and implements comprehensive risk management in order to ensure sound management and maximize shareholder value. Specifically, in accordance with our internal regulations, the Company ensures the clarity of its risk management system by specifying the divisions responsible for different types of risks and managing risks exhaustively and comprehensively. The president appoints a director in charge of risk management and the Risk Management Committee has been established so as to

monitor various risks intrinsic to the Company's operations as well as risks that the Company should prevent from manifesting to ensure business continuity, and promptly respond to changes in the risk landscape. The committee regularly reports to the Board of Directors with risk management overviews, including countermeasures for when a risk that should be avoided manifests. For subsidiaries, a system to preempt losses has been put in place under the Risk Management Regulations based on interviews with the representative directors of the subsidiaries and other relevant personnel as required.



## Helping enhance the Company's long-term corporate value by supporting its unique unwavering and enterprising spirit

Sanyo Trading is strengthening its management foundation to establish sustainable growth. Our outside directors provide critical objectivity in the monitoring and supervision of the Company's management. We asked Outside Directors Hirotaka Sugihara and Asako Hasegawa, who is an Audit & Supervisory Committee Member, to share their perspectives on the Company's current condition and challenges and its sustainability initiatives as well as what they expect from the Company in the future.

### Sanyo Trading Management

#### As an Outside Director, how would you describe Sanyo Trading?

**Sugihara:** My first impression was that Sanyo Trading has a very clear management mission. Rather than pursuing business aimed at short-term profits, the Company says "we will supply the best solutions in a flexible and timely fashion" and use "co-creation to contribute to the sustainable development of the international community and the happiness of our employees." This statement may seem rather basic at first, but I think it actually requires a great deal of courage as a company.

The management mission declares right up front that it is based on sustainability, making it abundantly clear that it is a company priority. Sanyo Trading is directly working to solve social issues like reducing society's impact on the environment by "Challenging ourselves for the BEST solutions" with the aims of creating a sustainable global society and generating company growth into the long term. Management seeks to improve its performance in this area every year. I believe this is essential to corporate undertakings and that this attitude is what sets Sanyo Trading apart.

**Hasegawa:** President Shintani also sends out clear messages from time to time to remind employees about our mission so everyone is working with the same objective. In the dramatically changing business environment and the need to pursue growth in completely new directions, I believe the leadership of the president and a positive corporate culture that is free and open are

behind the Company's good business performance.

At one of the committee meetings that President Shintani attended, I said that understanding the concept of unconscious bias does not mean you are able to notice your preconceptions and prejudices. It takes time for that awareness to emerge. What if we were to provide some training to help employees become more aware? President Shintani said, let's do it. And two months later we started offering training to all employees. I think his ability to accept and implement ideas like that creates motivated employees.

**Sugihara:** The Board of Directors also communicates very effectively, and the meeting discussions are both active and non-formal. Also, the Company's managers and employees diligently respond to questions and input from

the outside directors and provide reports to us in a timely manner. The Company is also good at briefing us about important topics prior to meetings so we are able to fully understand the issues.

#### What are your views on the long-term growth strategy?

**Sugihara:** When I reviewed Sanyo Trading's financial affairs after becoming an outside director, I was surprised at how large the gross margin was. I even checked it several times because I thought it must be a mistake. I could see that the Company's business model was built on outstanding expertise, highly knowledgeable employees, and committed effort. I'm convinced the Company is fully capable of generating steady earnings into the future. At

the same time, I think a new business model will be needed for the Company to make another leap forward in the medium and long term.

Sanyo Trading has actually been strategically forming a new business model for several years. During that time, it has completed M&A of over 10 companies, including functional feed additives importer and seller YPTECH and biotech product importer and seller Scrum Inc. Many other new strategic projects are also underway within the Company. A presentation I attended last year described the strategies as following two pairs of key words— investment and M&A, and new commercial rights and products. The Company is pursuing numerous new commercial rights and products that could be real game changers. I believe these are creating the framework for the leap forward that the Company needs.

**Hasegawa:** One of the objectives of VISION 2023 is to accelerate global expansion and boost overseas business growth by 10% annually. This strategy helped boost both sales and income in the fiscal year ended September 2022, which I believe indicates that the Company has tremendous global potential. The overseas businesses are also likely to face increasing competition, so it will be necessary to monitor them more closely. As a member of the Audit and Supervisory Committee, I often emphasize at the Board of Directors meetings about the importance of governance and how critical maintaining strict governance is for the future expansion of the business. To build corporate value, I think it is also important to sometimes push employees to achieve more.

### Hirotaka Sugihara

Outside Director

Outside Director since December 2021. Mr. Sugihara's career at Itochu Corporation including overseas business development, plant operations, investment and M&A, as well as corporate and organizational management.



### Asako Hasegawa

Outside Director & Audit and Supervisory Committee Member

Outside Director since December 2017. Ms. Hasegawa's experience includes working in the chemical business of Kanematsu Corporation and auditing trading companies and conducting Board of Audit examinations as a certified public accountant.



“  
**It’s important that Sanyo Trading makes direct progress toward the right goals and continues improving every year.**

”

Hirotaka Sugihara

### Sustainability initiatives

**What do you think of Sanyo Trading’s initiatives to establish sustainable growth?**

**Hasegawa:** I consider efforts to address social issues to be a way to reduce risk, but I also see them opportunities for business growth. One of the social issues the Company is working on is the problem of plastic waste in the ocean. In September 2022, Sanyo Trading entered into a licensing agreement with the Swiss company Tide Ocean, the world’s first company that is upcycling ocean-bound plastic (OBP). The idea of collecting and reusing plastic that has not been properly disposed is very interesting, and I believe plastic recycling has the potential to create lots of local jobs.

**Sugihara:** Sanyo Trading also has a very capable workforce for realizing the business growth. That’s because the Company’s clear vision for developing human resources produces a free and open-minded corporate culture and fosters dedicated and motivated employees. The management mission places the goal of “the happiness of our employees” at the same level as developing a global society. Some of the ways the Company fosters its employees are by encouraging them to think “Rather than just doing whatever I’m told to do, I can put thought into my work and be creative with it,” or “I can do my work with full confidence because I know I will be evaluated fairly,” “It doesn’t matter what my position is in the Company, I’m allowed to say what I think,” “I feel

motivated and happy to do my work because I can feel that I’m growing as a person.” All of these will lead to growth for the Company and increasing shareholder returns in the medium and long term. I believe the Company moving directly toward attaining its clear objectives.

Sanyo Trading also has numerous committees, seminars, projects, and study groups where employees focus on finding real solutions to issues facing the Company. Thinking and talking about issues is a real learning experience, and it’s motivating to see one’s ideas being put into practice. I think training and opportunities like that both play major roles in the development of human resources. That is another part of the free and open corporate culture—communication that is not just top-down but also two directional.

**Hasegawa:** A trading company’s most important assets are its people. I want Sanyo Trading to have an organization that encourages all employees to be highly motivated in their work. To do that, I think a system will need to be created that allows motivated employees to work in the way that allows them to be the most productive. They say the more diversity an organization has, the better able it is to respond to risk and to generate innovation. To enhance diversity, the Company created a special committee in January 2022 to promote the active participation of women in the workforce. I’ve attended several of the meetings. The committee chair is a man, but all of the other members are women from various positions in the

Company and representing many generations. I look forward to the Company taking more steps to enhance diversity in other ways as well.

**Sugihara:** Sanyo Trading also has diversity in its workforce from over half of its employees being mid-career hires. The integration with the new college graduates creates a pool of people with wide-ranging knowledge. It’s also rare for a trading company to have roughly half of its employees come from science backgrounds, which is why the Company has such a strong technical foundation in its sales activities. As the population of Japan declines, it will be increasingly important to hire and develop talented human resources of both genders and various nationalities.

**Hasegawa:** I have been the only female director since I was appointed as an outside director. I hope the day will come soon when we have a female director that came up through the Company.

### Looking to the future

**What are your objectives as an outside director of Sanyo Trading?**

**Sugihara:** I believe the role of an outside director is to provide objective assessments and help the Company correct its course when something doesn’t seem right from my perspective from outside the Company. I would also like to provide specific recommendations to management, particularly regarding new investments and

M&A. I will do everything I can to apply my experience and knowledge to assist in the development of the Company, contribute to the happiness of employees and, ultimately, to benefit the Company’s shareholders.

**Hasegawa:** I believe my role is to fulfill the mandate of all shareholders and stakeholders to help guide the Company toward further growth and to continue enhancing its corporate value by using my status as an outside director to support and oversee management in its creation and execution of corporate strategies. As an outside director on Audit and Supervisory Committee, I feel a great responsibility to voice my opinions at the Board of Directors meetings and participate as much as I can in the decision-making process.

I want to provide professional recommendations from my career in auditing and accounting as a certified public accountant and from my experience working at a trading company. As the sole female director, I also want to provide recommendations and express my opinions from a woman’s perspective.

My aim is to use my position as outside director to help the Sanyo Trading Group achieve its potential for further growth by helping management respond flexibly to the changing business environment and approach issues using multifaceted thinking and perspectives.

“  
**I expect the Group to continue developing as a Group by flexibly responding to changes in the business environment and incorporating various ideas and perspectives.**

”

Asako Hasegawa

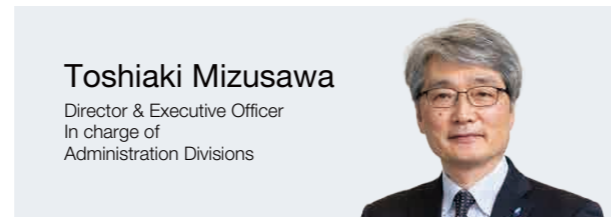






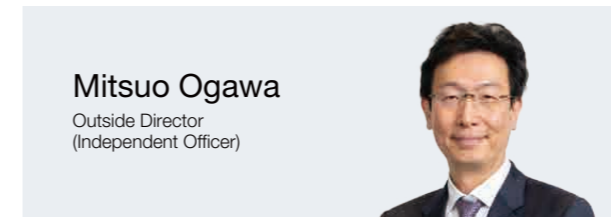
**Masanobu Shintani**  
President & CEO

**Number of shares held** 40,000  
**Attendance at the Board of Directors meetings** 15/15 (100%)  
 April 1982 Joined the Company  
 October 2008 General Manager of Tokyo Rubber Business Unit 3  
 October 2010 General Manager Assistant to Operational Headquarters  
 January 2012 President of Sanyo Corporation of America  
 October 2012 Executive Officer of the Company  
 President of Sanyo Corporation of America  
 December 2013 Director & Executive Officer, General Manager of Operational Headquarters of the Company  
 Chairman of SANYO TRADING (SHANGHAI) CO., LTD.  
 October 2014 Director & Executive Officer, General Manager of Corporate Strategy Department  
 December 2018 President & CEO (present post)



**Toshiaki Mizusawa**  
Director & Executive Officer  
In charge of  
Administration Divisions

**Number of shares held** 4,900  
**Attendance at the Board of Directors meetings** 15/15 (100%)  
 April 1982 Joined Taiyo-Kobe Bank (present Sumitomo Mitsui Banking Corporation)  
 May 2012 Joined the Company  
 April 2013 General Manager of Credit Department  
 December 2019 Executive Officer supervising Administration Divisions, General Manager of Credit and Legal Department  
 October 2020 Executive Officer supervising Administration Divisions, General Manager of Personnel Division  
 December 2020 Director & Executive Officer, In charge of Administration Divisions, General Manager of Personnel Division  
 October 2022 Director & Executive Officer, In charge of Administration Divisions  
 December 2022 Managing Director & Executive Officer, in charge of Administrative Divisions (present post)



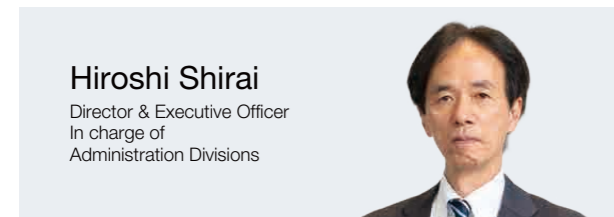
**Mitsuo Ogawa**  
Outside Director  
(Independent Officer)

**Number of shares held** 0  
**Attendance at the Board of Directors meetings** —  
 (Newly appointed on December 22, 2022)  
 April 1987 Joined Nippon Electrical Equipments Co., Ltd. (currently DENSO Corporation)  
 June 1991 Joined Sanwa Research Institute Corp. (currently Mitsubishi UFJ Research and Consulting Co., Ltd.)  
 April 2000 Joined PwC Consulting Co., Ltd.  
 March 2004 President of Craig Consulting  
 December 2022 Director of the Company (present post)



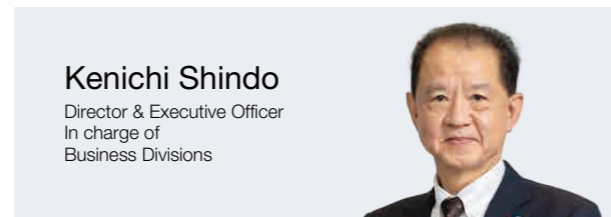
**Yasuhiko Nishimura**  
Full-Time Audit and Supervisory  
Committee Member  
Director

**Number of shares held** 29,200  
**Attendance at the Board of Directors meetings** 15/15 (100%)  
**Attendance at Audit and Supervisory Committee meetings** 15/15 (100%)  
 April 1980 Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.)  
 November 2003 General Manager of Marunouchi Branch, Corporate Sales II, The Bank of Tokyo, Ltd.  
 December 2004 General Manager of Oji Branch, The Bank of Tokyo, Ltd.  
 March 2009 Joined the Company  
 General Manager of Finance Department  
 December 2019 Director (Audit and Supervisory Committee Member) (present post)



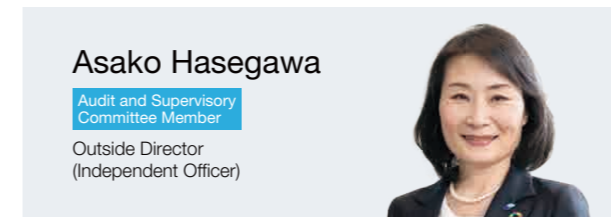
**Hiroshi Shirai**  
Director & Executive Officer  
In charge of  
Administration Divisions

**Number of shares held** 13,600  
**Attendance at the Board of Directors meetings** 15/15 (100%)  
 April 1982 Joined the Company  
 October 2006 President of Sanyo Corporation of America  
 April 2009 General Manager of Tokyo Chemical Business Unit 2 of the Company  
 October 2013 Executive Officer, General Manager of Corporate Planning Department  
 October 2014 Executive Officer, General Manager of General Affairs Department  
 October 2015 Executive Officer supervising Administration Divisions  
 December 2017 Director & Executive Officer in charge of Administration Divisions  
 October 2022 Director & Executive Officer in charge of Administration Divisions, General Manager of Domestic Subsidiary Coordination Department  
 December 2022 Director & Executive Officer in charge of Administration Divisions (present post)



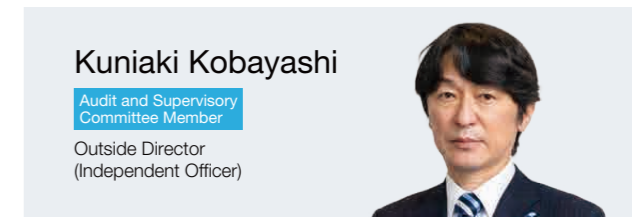
**Kenichi Shindo**  
Director & Executive Officer  
In charge of  
Business Divisions

**Number of shares held** 27,400  
**Attendance at the Board of Directors meetings** 15/15 (100%)  
 April 1985 Joined the Company  
 October 2006 General Manager of Machinery & Environmental Business Unit 1  
 April 2009 General Manager of Machinery & Materials Business Unit  
 October 2013 Executive Officer, General Manager of Machinery & Materials Business Unit  
 December 2013 Executive Officer of the Company President of Sanyo Corporation of America  
 October 2016 Executive Officer, General Manager of Chemical Business Unit  
 December 2018 Representative Director and President of Sanyo Machinery Co., Ltd.  
 December 2019 Director & Executive Officer, In charge of Business Divisions, General Manager of Machinery & Environmental Business Unit  
 June 2020 Director & Executive Officer, In charge of Business Divisions, General Manager of Machinery & Environmental Business Unit, General Manager of Scientific Instruments Department  
 October 2021 Director & Executive Officer, In charge of Business Divisions (present post)



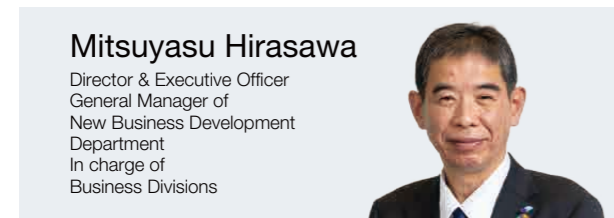
**Asako Hasegawa**  
Audit and Supervisory  
Committee Member  
Outside Director  
(Independent Officer)

**Number of shares held** 0  
**Attendance at the Board of Directors meetings** 15/15 (100%)  
**Attendance at Audit and Supervisory Committee meetings** 15/15 (100%)  
 April 1988 Joined Kanematsu Corporation  
 October 2000 Joined Asahi Audit Corporation (currently KPMG AZSA LLC)  
 December 2004 Hasegawa CPA Office, Representative (present post)  
 December 2017 Director (Audit and Supervisory Committee Member) of the Company (present post)



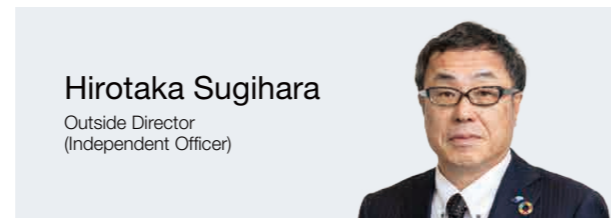
**Kuniaki Kobayashi**  
Audit and Supervisory  
Committee Member  
Outside Director  
(Independent Officer)

**Number of shares held** 0  
**Attendance at the Board of Directors meetings** 10/11  
**Attendance at Audit and Supervisory Committee meetings** 9/10  
 (Since appointment on December 22, 2021)  
 April 2000 Joined YUASA and HARA  
 September 2013 Joined Yamada, Goya & Suzuki (present post)  
 June 2014 Outside Director (Audit and Supervisory Committee Member) of Kanematsu Sustech Corporation (present post)  
 December 2021 Director (Audit and Supervisory Committee Member) of the Company (present post)



**Mitsuyasu Hirasawa**  
Director & Executive Officer  
General Manager of  
New Business Development  
Department  
In charge of  
Business Divisions

**Number of shares held** 0  
**Attendance at the Board of Directors meetings** —  
 (Newly appointed on December 22, 2022)  
 April 1989 Joined the Company  
 October 2012 General Manager of Industrial Products No. 2 Business Unit  
 October 2014 General Manager of Industrial Products No. 1 Business Unit  
 October 2015 General Manager of Industrial Products Business Unit  
 October 2016 Executive Officer, General Manager of Industrial Products Business Unit  
 October 2020 Executive Officer, General Manager supervising Industrial Products Business Unit, General Manager of New Business Development Department  
 December 2020 Senior Executive Officer, General Manager supervising Industrial Products Business Unit, General Manager of New Business Development Department  
 December 2022 Director & Executive Officer, General Manager of New Business Development Department, In charge of Business Divisions (present post)



**Hirotaka Sugihara**  
Outside Director  
(Independent Officer)

**Number of shares held** 0  
**Attendance at the Board of Directors meetings** 11/11 (100%)  
 (Since appointment on December 22, 2021)  
 April 1981 Joined ITOCHU Corporation  
 May 1994 Assistant to CEO for Asia Bloc (based in Hong Kong) of ITOCHU Corporation  
 April 2004 General Manager of Financial Business Development Department, ITOCHU Corporation  
 April 2005 Seconded to Orient Corporation (Executive Officer)  
 July 2007 Acting General Manager of Financial Business Department and General Manager of Financial Retail Promotion Department, ITOCHU Corporation  
 April 2008 General Manager of Finance, Real Estate, Insurance & Logistics Management Planning Department, ITOCHU Corporation  
 May 2010 Director (part-time) of POCKETCARD CO., LTD.  
 April 2012 Assistant CEO for ASEAN & Southwest Asia Bloc in charge of Corporate Planning, ITOCHU Corporation (based in Singapore)  
 May 2014 Director, Vice President supervising Sales Group, POCKETCARD CO., LTD.  
 March 2018 Vice President, Executive Officer, General Manager of Planning Headquarters, POCKETCARD CO., LTD.  
 December 2021 Director of the Company (present post)

Executive officers			
<b>Masanobu Shintani</b> President & CEO*	<b>Toshiaki Mizusawa</b> Executive Officer* In charge of Administration Divisions	<b>Hiroshi Shirai</b> Executive Officer* In charge of Administration Divisions	<b>Kenichi Shindo</b> Executive Officer* In charge of Business Divisions
<b>Mitsuyasu Hirasawa</b> Executive Officer* General Manager of New Business Development Department, in charge of Business Divisions	<b>Yasushi Komiya</b> Executive Officer General Manager of Rubber Business Unit	<b>Ryuichi Otani</b> Executive Officer Representative Director & CFO of Cosmo Computing System, Inc.	<b>Koji Taguchi</b> Executive Officer General Manager of Life Science Business Unit

(Note) Executive officers marked with an asterisk (\*) also serve as directors.

## Financial and Non-Financial Highlights

### Consolidated Management Indicators

Fiscal years ended September 30	Fiscal year ended September 2018	Fiscal year ended September 2019	Fiscal year ended September 2020	Fiscal year ended September 2021	Fiscal year ended September 2022
<b>Operating results</b> (Millions of yen)					
Net sales	78,450	83,230	76,087	89,788	111,250
Gross income	13,410	14,883	14,206	15,510	17,144
Operating income	5,263	5,871	4,791	5,506	5,319
Ordinary income	5,575	6,075	5,271	6,190	6,299
Income attributable to owners of parent	3,635	4,018	3,013	4,256	4,296
<b>Financial indicators</b> (%)					
Ordinary income to net sales ratio	7.1	7.3	6.9	6.9	5.7
ROE	14.5	14.5	10.1	13.1	11.8
ROA	13.8	14.2	11.6	12.6	11.1
Shareholders' equity ratio	63.5	66.2	64.9	67.5	61.7
<b>Per share</b> (Yen)					
Earnings per share	126.99	140.36	105.22	148.52	149.67
Net assets per share	922.67	1,011.31	1,069.41	1,195.18	1,349.41
Annual dividends per share	32.0	37.0	37.5	39.0	40.0
<b>Financial position</b> (Millions of yen)					
Total assets	41,606	43,731	47,230	50,834	62,859
Non-current assets	7,694	7,355	7,738	8,300	7,726
Interest-bearing debt	1,929	1,325	4,543	2,443	6,118
Net assets	26,756	29,343	31,038	34,725	39,212
<b>Cash flows</b> (Millions of yen)					
Cash flows from operating activities	1,583	5,088	6,186	2,253	(3,395)
Cash flows from investing activities	(408)	(1,057)	(2,189)	(1,009)	(1,809)
Cash flows from financing activities	(1,297)	(1,957)	1,834	(3,301)	1,864
Cash and cash equivalents, end of year	2,468	4,548	10,418	8,663	5,718

Note: Per share indicators are calculated taking into consideration the effect of the 2-for-1 stock split conducted on February 1, 2020.

### Non-financial indicators

	Fiscal year ended September 2018	Fiscal year ended September 2019	Fiscal year ended September 2020	Fiscal year ended September 2021	Fiscal year ended September 2022
Employees (consolidated)	349	368	413	442	536
Employees (non-consolidated)	211	224	234	241	251
Male/female ratio (consolidated) (%)	67 : 33	67 : 33	65 : 35	65 : 35	65 : 35
Childcare leave utilization rate (non-consolidated) <sup>1</sup> (%)	100	100	100	100	100
Rate of return to work after childcare leave (non-consolidated) <sup>2</sup> (%)	100	100	100	75	100
Retention rate of new graduate employees (non-consolidated) <sup>3</sup> (%)	85	96	100	100	100
Turnover rate (non-consolidated) <sup>4</sup> (%)	2.4	4.0	3.4	7.1	5.2

<sup>1</sup> Childcare leave utilization rate = the number of employees who had given birth and entered childcare leave as of the date of the survey (including those who had applied for childcare leave) as a percentage of all employees who gave birth during the fiscal year prior to the survey year (including male employees whose spouse gave birth during the period)

<sup>2</sup> Rate of return to work after childcare leave = the number of employees who returned after childcare leave as a percentage of those who had planned to return

<sup>3</sup> Retention rate of new graduate employees = percentage of base year new graduate recruits remaining in employment after three years

<sup>4</sup> Turnover rate = number of employees leaving employment in the fiscal year as a percentage of the total number of permanent employees on the first day of the fiscal year

## Corporate Data/Stock Information (As of September 30, 2022)

### Corporate Overview

**Company Name** Sanyo Trading Co., Ltd.

**Established** May 28, 1947

**Head Office** 2-11, Kanda Nishiki-cho, Chiyoda-ku  
Tokyo, 101-0054 Japan  
Tel: +81-3-3518-1111

**Capital** ¥1,006,587,450

**Employees** 536 (Consolidated)

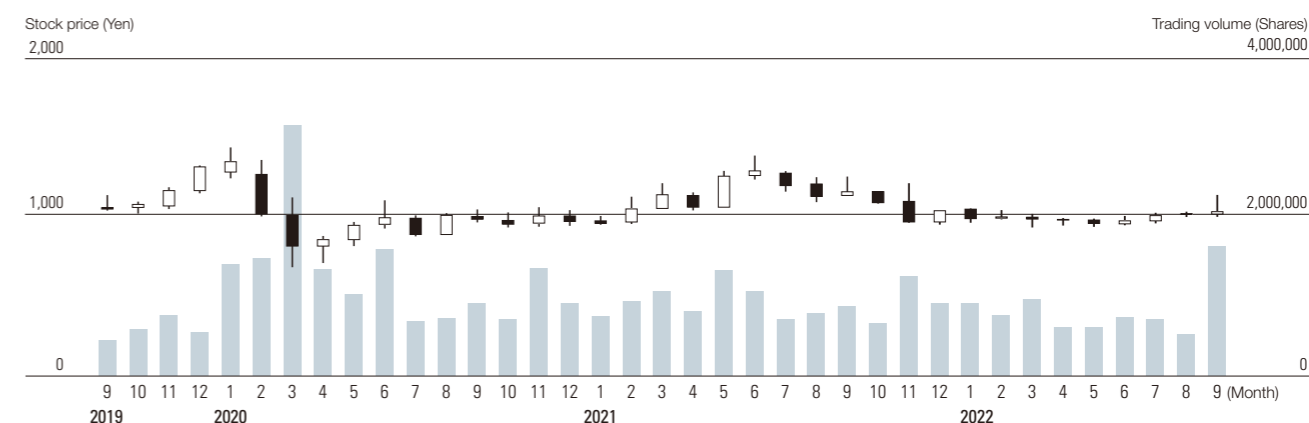
### Major Stockholders

	Number of shares held (Thousand shares)	Shareholding ratio (%) <sup>*</sup>
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,528	8.80
Custody Bank of Japan, Ltd. (Trust Account)	2,358	8.21
Toagosei Co., Ltd.	1,497	5.21
MUFG Bank, Ltd.	1,137	3.96
Sumitomo Mitsui Banking Corporation	1,137	3.96
Sumitomo Mitsui Trust Bank, Limited	1,136	3.95
BOT Lease Co., Ltd.	1,128	3.93
Susumu Tamaki	1,095	3.81
Meiji Yasuda Life Insurance Company	675	2.35
Mitsui Sumitomo Insurance Co., Ltd.	530	1.85
<b>Total</b>	<b>13,225</b>	<b>46.04</b>

<sup>\*</sup> Calculation of shareholding ratio does not include 284,120 treasury shares.

### Stock Price

Stock price ■ Trading volume

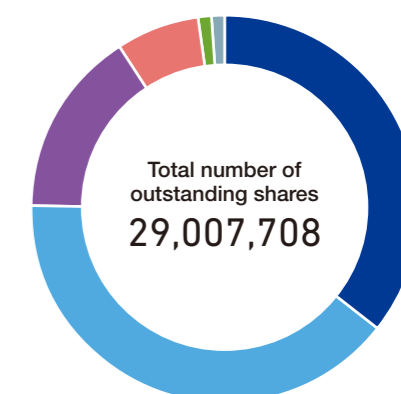


Note: Effective February 1, 2020, a two-for-one stock split of common shares was implemented. Stock price and trading volume figures have been adjusted retroactively to take account of the stock split.

### Stock Status

<b>Stock Listing</b>	Prime Market of the Tokyo Stock Exchange
<b>Securities Code</b>	3176
<b>Shareholder Registry Administrator</b>	Tokyo Securities Transfer Agent Co., Ltd.
<b>Total Number of Authorized Shares</b>	40,000,000
<b>Total Number of Outstanding Shares</b>	29,007,708
<b>Total Number of Stockholders</b>	6,912

### Breakdown of Stocks by Stockholder



Financial institutions	35.6%
Individuals, etc.	39.9%
Other corporations	15.5%
Foreign corporations, etc.	6.9%
Financial instruments business operators	1.1%
Treasury shares	1.0%