

Corporate Report 2021



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Mission

Sanyo Trading Co., Ltd.'s philosophical framework (shown on the right) indicates the values shared throughout the Company. The framework breaks down our mission, from the Management Mission, which is the overarching concept, to the Credo, which provides guidelines for our business activities. Our Slogan, shown below, sums up our approach. This framework guides all employees of Sanyo Trading Co., Ltd. as they work to fulfill the Company's mission.



Slogan

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. We also need to constantly "challenge ourselves" to find the BEST solution. We must pursue the BEST solution by not only utilizing our existing knowledge and resources, but also by flexibly expanding our ideas to new fields and technologies.

Management Mission

Value and significance as a company

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.

Business Mission

Business mission and values

Rubber Business Unit

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.

Chemical Business Unit

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.

Industrial Products No.1 & No.2 Business Unit

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.

Machinery & Environmental Business Unit

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.

Life Science Business Unit

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.

Credo

Guidelines for business activities

Integrity

We comply with laws and regulations, and act with integrity

Spirit of challenge

We aim towards a future of development and creativity

Speed

We make decisions and act on them quickly and accurately

Innovation

We understand the trends of the times and anticipate change

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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 its consolidated subsidiaries ("the Sanyo Trading Group")

Reporting Period

October 1, 2020 to September 30, 2021
(Please note that this report includes information regarding the results of activities outside the reporting period.)

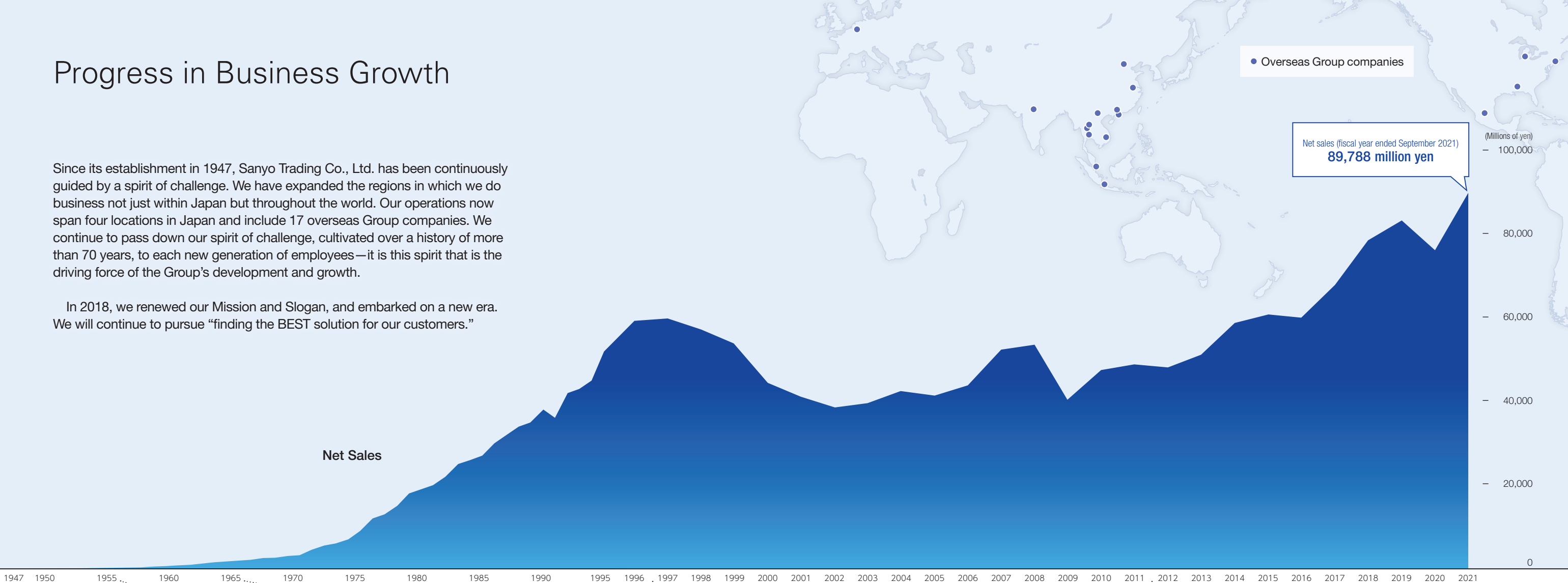
Regarding Forward-Looking Statements

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.

Progress in Business Growth

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 70 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.”



Net Sales

Founding Period (1947–1954)	Business Diversification (1955–1964)	Solidifying the Group Structure (1965–1996)	Selection and Concentration (1997–2011)	To the Next Stage (2012 onward)
<ul style="list-style-type: none">Established industry position through the import and export of synthetic rubbers and other businesses (Polysar Limited)Began chemical pesticide sales (Rohm & Haas Company)	<p>Began establishing group structure</p> <ul style="list-style-type: none">Established North American subsidiary, began overseas salesBegan sales of feed equipment and products related to agriculture and fisheries, etc.	<ul style="list-style-type: none">Span off Scientific Instruments Business Unit from the Chemical Business UnitExpanded business scale by reinforcing profitability of core businessesReinforced internal management system (systemization and management functions)	<ul style="list-style-type: none">Executed decisive business reorganization, withdrew from agricultural and fisheries businessLaunched automobile parts businessTransitioned to business unit organization	<ul style="list-style-type: none">Listed on Tokyo Stock Exchange, First SectionAccelerated globalization (North America, China and ASEAN)Executed M&ABegan handling environmentally friendly materials

1947

Sanyo Trading Co., Ltd. founded by members of the Kobe branch of the former Mitsui & Co., Ltd. following the *zaibatsu* dissolution. Headquarters in Kobe and starting capital of 195,000 yen.



1948

Established Tokyo Branch

1952

Established Osaka Branch

1954

Established representative office in New York

1959

Established Nagoya Branch



Synthetic rubbers (Polysar Limited)

1964

Completed Sanyo Trading building; transferred headquarters from Kobe to Tokyo



1973

Established Sanyo Machinery Co., Ltd.

1988

Established representative office in Bangkok

1990

Established representative office in Hanoi

1992

Established representative office in Ho Chi Minh City

1994

Established representative office in Detroit

Launched automobile parts business



2003

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

2004

Made Cosmos Shoji Co., Ltd. a subsidiary

2006

Established Sanyo Technos Co., Ltd. Began capital participation in Chem-Inter Corporation

2010

Established representative office in New Delhi, India

2008

Completed new headquarters building



Acceleration of Global Expansion

2013

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

2014

Established PT. Sanyo Trading Indonesia in Indonesia

2015

Began capital participation in Bestrade Precision Singapore Pte. Ltd. (now Singapore Sanyo Trading Pte. Ltd.)

2017

Established representative office in Düsseldorf, Germany

Execution of M&A

2016

Sort Co., Ltd. and Nihon Rufuto Co., Ltd.

2017

Freeman (Japan) Co., Ltd.

2019

YPTECH Co., Ltd.

2021

Established Life Science Business Unit

Social Situation	1955– High economic growth period	1973 First oil crisis	1986 Bubble economy period	1991 Burst of bubble economy	2008 Global financial crisis	2012– Abenomics economic policies	2020– COVID-19 pandemic
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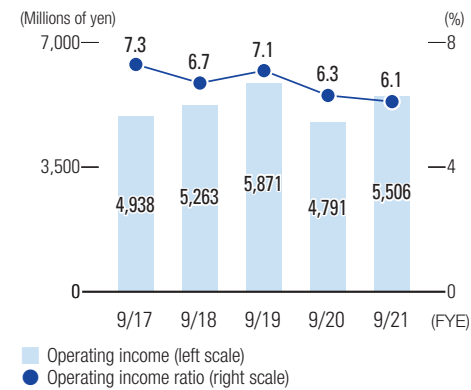
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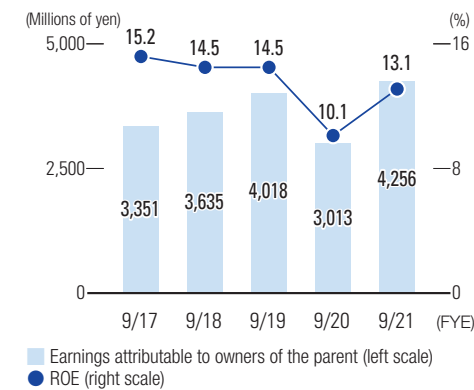
At a Glance / Materiality

Consolidated Financial Highlights

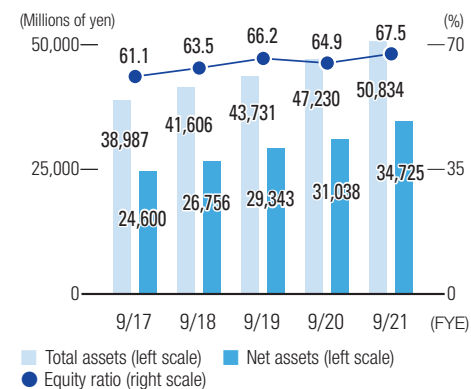
Operating Income / Operating Income Ratio



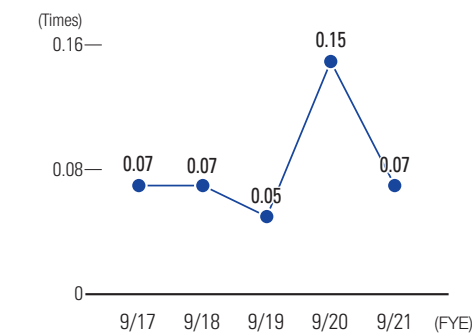
Earnings Attributable to Owners of the Parent / ROE



Total Assets / Net Assets / Equity Ratio

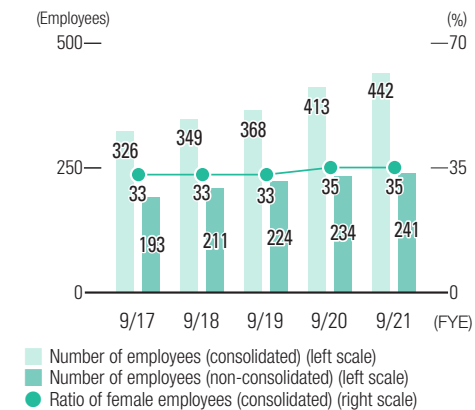


D/E Ratio

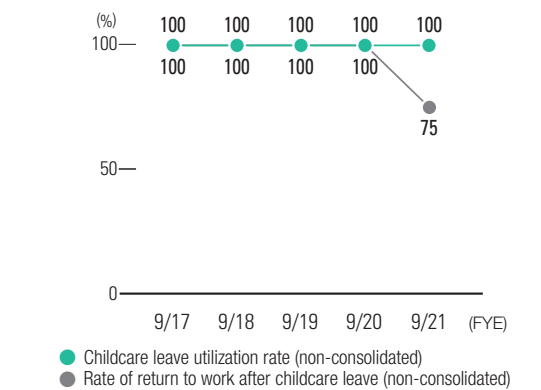


Non-Financial Highlights

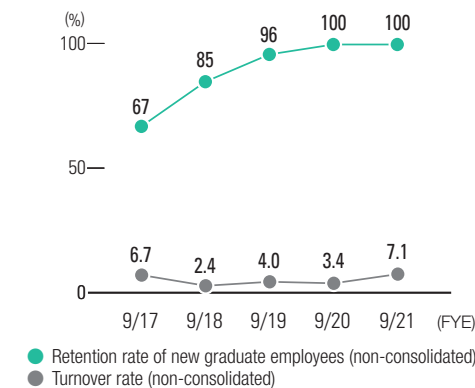
Number of Employees / Ratio of Female Employees



Childcare Leave Utilization Rate / Rate of Return to Work after Childcare Leave

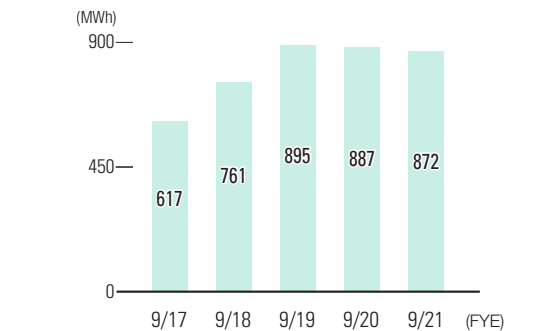


Retention Rate of New Graduate Employees / Turnover Rate



Retention rate of new graduate employees
= Ratio of employees still employed by the Company as of reference date among new graduate employees who joined the Company during the preceding three-year period
Turnover rate = Number of employees who left the Company over one-year period since start of year ÷ Total number of employees at start of year

Electricity Consumption (Non-Consolidated)



Material Issues for Achieving Sustainable Development (Materiality)

To determine our material issues, we evaluated impact on stakeholders while referencing the SDGs (covering many social issues), action plans issued by the Japanese government and the evaluation items of an ESG ratings agency.

Process for Determining Materiality



Material Issue	Overview	Main Initiatives
Initiatives for environmental load reduction	Transition from petroleum-derived materials to environmental load-reducing materials and naturally derived materials	<ul style="list-style-type: none"> Non-phthalate plasticizers Carbon black derived from biomass Materials for UV ink and UV coating
Initiatives to address climate change	Contributing to a sustainable society by providing services and products related to renewable energy	<ul style="list-style-type: none"> Sales and maintenance of wood pellet gasifiers with combined heat and power (CHP) plants Supply of geothermal development machines
Contribution to the procurement of scarce resources	Contributing to the establishment of technologies for extraction of rare earth elements through the lifting and recovery method	<ul style="list-style-type: none"> Procurement and supply of pipes for lifting and recovery, and buoyancy bodies for trial demonstrations to lift and recover rare earth elements
Enhancing workplace environments	Further improving education systems and workplace environments	<ul style="list-style-type: none"> Revision of personnel system Overseas training system Establishing a system for remote work Universal Manners Test
Reinforcing corporate governance	Reinforcing corporate governance systems	<ul style="list-style-type: none"> Establishing corporate governance systems Increasing the ratio of Outside Directors to more than one third Establishing the Nomination and Compensation Committee



Top Message

Sanyo Trading’s Management Mission is “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.” With this mission in our hearts and the goal of becoming a company with a 100-year history, we will continue serving our customers and society while further developing our capabilities.

Masanobu Shintani



President & CEO



See also

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Progress in
Business Growth

Characteristics and Strengths of Sanyo Trading

Sanyo Trading was established by members of the Kobe branch of the former Mitsui & Co., Ltd. following its dissolution in 1947 by GHQ.* In the immediate post-war period, we set out to import high-quality products in order to play our part in supporting the revitalization of Japan. As part of those efforts, we became the first company in Japan to import synthetic rubber. Since that time we have steadily developed our businesses. While the products we have handled are numerous, for each product we designate only one supplier from which we purchase that product. This is one of our basic policies, and in strictly following this policy we have forged relationships of trust with suppliers over the course of our 75-year history. Many of our suppliers have been doing business with us for as long as 40 or 50 years, and with their support we are able to challenge ourselves to find and provide the best solution according to customer needs. I believe that this is one of our most notable characteristics and strengths.

In reconsidering our mission, we adopted “Challenging ourselves for the BEST solution” as our Slogan to sum up our Management Mission. However, we must do more to ensure our employees truly understand the Management Mission and Slogan. As such, we are providing our employees around the globe with a variety of opportunities to improve this understanding, including through day-to-day conversations, in-house training and internal media.

*GHQ: General Headquarters, the Supreme Commander for the Allied Powers

Recognition of the External Environment and Overview of the Fiscal Year

The world is now in an age of innovation. We cannot expect to achieve long-term growth without clearly defining what kind of company we want to become, the direction we are headed, our positioning and our goals. However, we must also remember that even when we have set high goals and work toward them, crises such as the COVID-19 pandemic are beyond our control. Our long

history reflects the strengths of our company, and among those strengths is the solid financial foundation built through the efforts of our predecessors. No matter the situation, corporations have a responsibility to ensure the continuity of their business activities. To that end, as President & CEO I believe I have two vital roles to play: (1) indicate and implement a clear direction and policy for steady growth, and (2) embrace and maintain the foundations of our core businesses.

The priority business fields we will focus on are mobility, fine chemicals, life sciences and sustainability. The first vehicles with internal combustion engines were developed around 1900. More than a century has passed since then and such vehicles are being gradually replaced with electric vehicles (EVs). Our mobility business will meet the needs of this shift. Moreover, we expect higher-than-ever demand in the fine chemicals and life sciences business fields, including for environmentally friendly products and products that enable people to maintain and improve their health. Finally, we have positioned sustainability as a priority business field in the belief that we should steadily contribute to the environment and sustainable development in whatever ways we can. Specifically, we are already developing products related to power generation from renewable energy sources as well as rare earth mining, through which we will help achieve the SDGs and establish a circular society. We believe that when making a proposal to our customers, it is important to consider not only their current situation, but to also thoroughly consider their future, and propose the best solution flexibly and speedily.

Our ESG Initiatives

A trading company cannot exist without its people. Our growth as a company is the total sum of the growth of our employees. Today, many companies are pursuing work style reforms, and at Sanyo Trading we are working to create environments where all employees can make the most of their abilities. We have introduced a remote working system as one measure to combat the current pandemic. We also established Kaeru College as an in-house training system. Instead of thinking about “who owns a company,” when we thought about “for whom does a company exist,” we naturally concluded that employees are a company’s driving force. Given employees’ role in supporting Sanyo Trading’s growth, we believe that investing in employees is essential and as such we will continue to implement various measures.

Regarding the importance of addressing climate change, we have already started discussions through a variety of internal meetings. Such discussions also include how to reflect the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). We will review our existing climate change initiatives, such as the sale of environmentally friendly products and woody biomass from unused forest thinnings in Japan. Nevertheless, recognizing the need to make even further efforts, we will select appropriate products while applying the unique perspective afforded us as a trading company, which is distinct from that of manufacturers.

Among our corporate governance initiatives, we have been expanding the functions of Outside Directors and have established a Nomination and Compensation Committee. We expect the number of subsidiaries in Japan and around the globe to increase with the growth of the Sanyo Trading Group, which will require the continuous enhancement of governance at a group level. To that end, all Group companies will work together with the spirit of “One Sanyo.”

To Our Shareholders and Stakeholders

Our shareholder return policy is centered on increasing the dividend per share over the medium to long term, thereby ensuring stable long-term shareholder returns. Our businesses are fundamentally B-to-B, so our name may not be as well-known as those of B-to-C companies. However, we believe that the contributions only a B-to-B company can make to its customers will eventually benefit end-users, and society as a whole. We invite our shareholders and stakeholders to look forward to further social contribution and enhancement of our corporate value over the medium to long term.

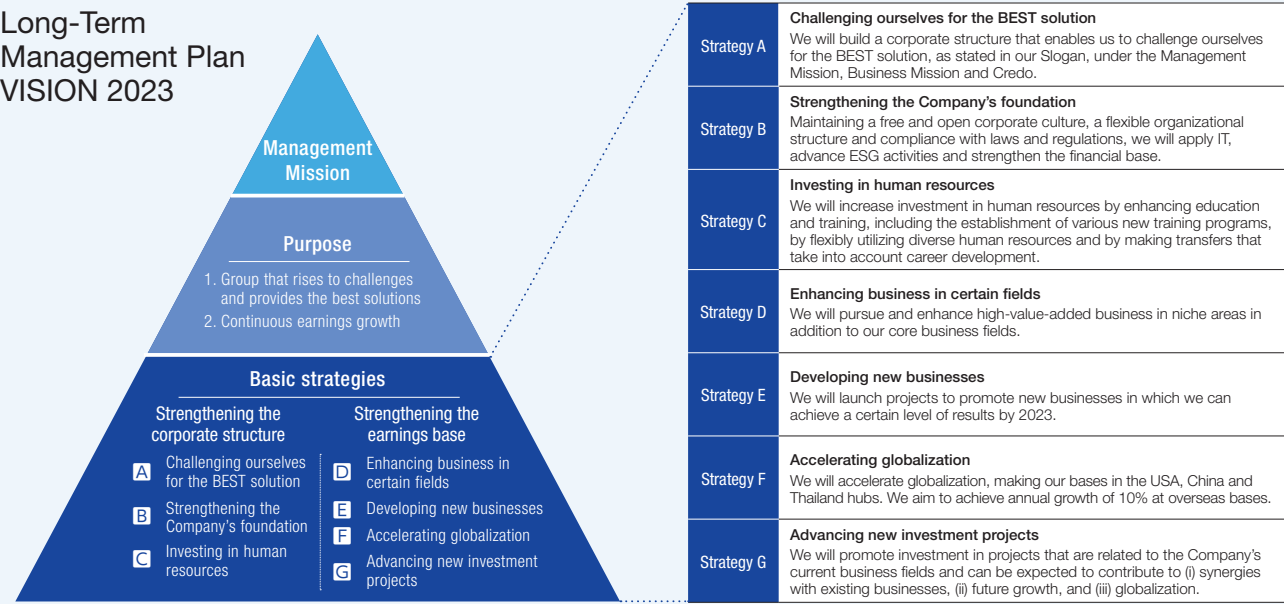
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Management Plan /
Business Portfolio

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Environment

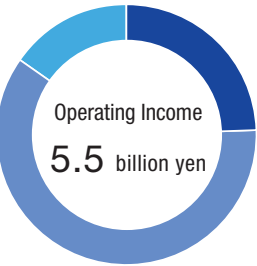
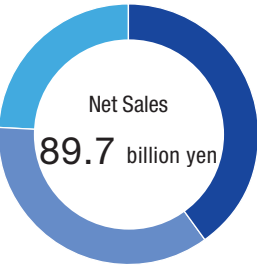
Long-Term Management Plan / Business Portfolio

Sanyo Trading aims to be a company that increases added value and establishes a presence in niche markets by providing the best solutions for its customers. VISION 2023 is our long-term management plan for ensuring business continuity as a healthy company, with the fiscal year ended September 2023 as the plan's final milestone year. With the Management Mission as our guide, we will put our Slogan, Business Mission and Credo into practice, and pursue continuous enhancement of corporate value.



Business Portfolio

(Results for the fiscal year ended September 2021)



- Chemicals Segment
- Machinery & Industrial Products Segment
- Overseas Subsidiaries Segment

Chemicals Segment

Rubber Business Unit

Chemical Business Unit

Life Science Business Unit*

Material Solutions Department

Domestic Subsidiaries

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

Machinery & Industrial Products Segment

Industrial Products No.1 Business Unit

Industrial Products No.2 Business Unit

Machinery & Environmental Business Unit

Life Science Business Unit*

Scientific Instruments Department

Domestic Subsidiaries

Cosmos Shoji Co., Ltd.,
Sanyo Machinery Co., Ltd.,
YPTECH Co., Ltd.,
Nihon Rufuto Co., Ltd.,
Freeman (Japan) Co., Ltd.

Overseas Subsidiaries Segment

USA, Mexico, China, Thailand, Vietnam and Indonesia

* As of October 1, 2021, due to organizational changes, the Scientific Instruments Business Unit was reorganized as the Life Science Business Unit, and part of the business of the Chemical Business Unit was transferred to the Life Science Business Unit.

Rubber Business Unit

A Central Role in Supply and Import/Export for the Rubber Industry in Japan and around the World

The Rubber Business Unit became the sole agent of Polysar Limited of Canada (present ARLANXEO) in 1952, which made us the first company to introduce synthetic rubber and its processing technologies on a full scale in Japan. Since then, we have served as one of the main distributors of various synthetic rubbers and auxiliary materials produced in Japan and overseas, and contributed to the development of the domestic rubber industry. Moreover, each year we have expanded the variety of raw materials we sell to Japan-based companies overseas. Also, in response to changes in market demand, we have been expanding our product lineup of high-performance fillers made in Japan and overseas, as well as sales of next-generation materials such as environmentally friendly plasticizers, plant-derived fillers, and epoxidized natural rubbers.



External Environment and Future Outlook

Yasushi Komiya
Executive Officer and Rubber Business Unit, General Manager

In the fiscal year ended September 2021, demand for raw materials had rapidly recovered in many industries including the automobile industry. Meanwhile, the supply of imported materials, especially those from Europe and the USA, further tightened and prices soared. As such, the external environment changed dramatically during the fiscal year. Global sales of our core products sharply recovered, sales of high-performance fillers such as heat dissipation additives expanded rapidly, while environmentally friendly materials have also been receiving increased attention. Materials imported from Thailand and the USA are receiving consideration and being adopted for new applications. Namely, epoxidized natural rubber that is an alternative to conventional synthetic rubber and is the main raw material of new alternative materials to leather (i.e., vegan leather), and carbon derived from woody biomass that is an alternative to conventional petroleum-derived carbon black.

In our future outlook, we expect accelerated expansion of sales of synthetic rubbers such as ethylene propylene diene monomer (EPDM) rubber produced by ARLANXEO, a top

global manufacturer of synthetic rubbers, especially to Japan-based companies overseas. Our rubber molding manufacturing customers in Japan are accelerating their shift to new mass-production sites overseas, including other parts of Asia. In response to this trend, we have posted more employees to overseas subsidiaries. We expect this initiative to lead to faster information sharing with our offices in Japan, improved response to customer needs and a more stable supply of products.



Main Trading Products

- Synthetic rubbers of ARLANXEO (NBR, PNBR, HNBR, IIR, H-IIR, EPDM, EVM, CR, etc.)
- Functional synthetic rubbers including silicone rubber, fluororubber, epichlorohydrin rubber, acrylic rubber, ethylene-propylene rubber, etc.
- Environmentally friendly plasticizers (LANXESS AG, Germany)
- Functional inorganic fillers (KaMin LLC, USA; Huber Engineered Materials, USA; and Nippon Steel Chemical & Material, Japan; etc.)
- Carbon derived from woody biomass (CarbonNeat, USA)
- Other products include additives related to rubber and resin, as well as various equipment

Chemical Business Unit

The Sale of High-Performance Products and Provision of High-Standard Services in the Field of Fine Chemicals

The Chemical Business Unit is involved in the import, domestic sales, export and trilateral trade of high-value-added chemicals. We develop products for growing markets, which in recent years have included the medical, energy and environmental markets. In our import business we handle various high-quality resins, additives and other functional chemicals and sell them to customers including paint and ink manufacturers.

Furthermore, we have built close and solid relationships of trust with dozens of major chemical suppliers across North America, Europe and Asia. While importing various fine chemical products, we also gather information from our suppliers on overseas technology development trends and market trends, and provide this information to our customers.

Industrial Products No.1 & No.2 Business Unit

Developing, Importing and Selling High-Value-Added, High-Performance Parts and Components for Automotive Seating and Interiors

The Industrial Products Business Unit conducts sales of high-performance parts and components for automobile seating and interiors. Our diverse product lineup includes components for seat heaters and seating air conditioning systems, lumbar supports, seat adjuster motors, seat sensors and genuine leather products used in automobile seats. In recent years, we also handle non-destructive scanning data of automobiles as well as gas springs, thus adding high value to automobiles in a variety of ways.



External Environment and Future Outlook

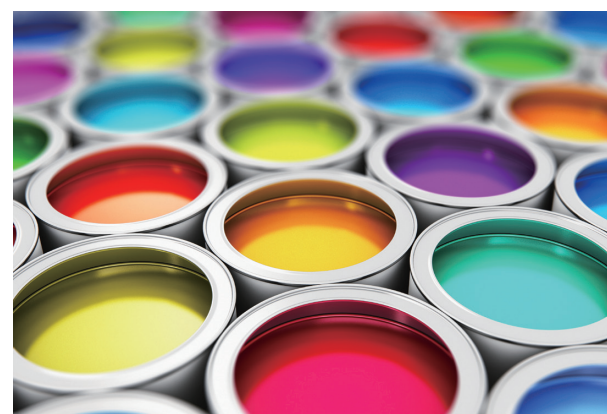
Naoki Tanahashi

Senior General Manager and Chemical Business Unit, General Manager

In the fiscal year ended September 2021, we received many inquiries from a variety of industries regarding raw materials. Among our core products related to paints and inks, sales of raw materials for environmentally friendly UV ink were strong. We also began trading various newly developed products and expanded the scope of our business over the year. Products included naturally-derived, environmentally friendly products made by Perstorp Holding AB (of Sweden) using renewable energy.

From October 2021, regulations on perfluorooctanoic acid (PFOA) were tightened. PFOA is used as a raw material for various products including surfactants, but contains specified chemicals that are restricted for conventional usage. We handle polytetrafluoroethylene (PTFE), a regulation-compliant alternative with far less PFOA content. We propose this and other more environmentally friendly alternatives to our customers, many of whom adopt such products. We will continue

expanding our business mainly through the sale of environmentally friendly products.



Main Trading Products

- ▶ Fine powder waxes for paints and inks; cosmetics; lubricants; waxes for engineering plastics (Shamrock Technologies, USA)
- ▶ Plasticizers for polyvinyl chloride and rubber (HallStar, USA)
- ▶ Clays for paints and inks (KaMin LLC, USA)
- ▶ Flame retardants (ICL, Israel)
- ▶ Thiocyanate; cellulose thickeners (Nouryon, Netherlands)



External Environment and Future Outlook

Rintaro Harada

Industrial Products No.1 Business Unit, General Manager

Akira Watanabe

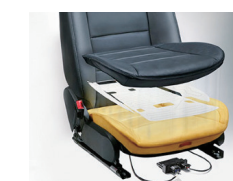
Industrial Products No.2 Business Unit, General Manager



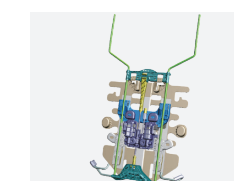
In the fiscal year ended September 2021, Japan-based automobile manufacturers maintained a high level of production, and demand for our core products—components used in automobile seating and related equipment—greatly increased. However, from the summer onward we were affected by the production adjustments of automobile manufacturers due to a shortage of parts such as semiconductors. We also feel it is necessary to keep an eye on issues such as increasing logistics costs and US-China trade friction. Nevertheless, our new automated lock-release mechanism (latch release actuator) was adopted by a Japanese automobile manufacturer for luxury models. We have started working toward mass production and delivery, and will focus on increasing the number of models that use this product and promoting sales to other automobile manufacturers.

We expect the shift to electric vehicles to continue. For the interior components we handle, we believe companies will demand high performance and high functionality in

order to create a comfortable “living space.” We will work to swiftly respond to new needs in Japan and overseas. In January 2021, we opened a new office in Alabama, USA, through which we will respond in a timely fashion to the start of operation of a new plant operated by Japanese automobile manufacturers.



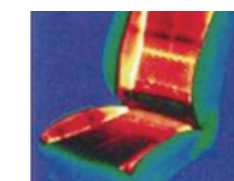
Seat sensor



Lumbar support



Leather for seating



Seat heater

Main Trading Products

- ▶ Seat heaters (Gentherm Incorporated, USA)
- ▶ Lumbar supports (L&P Automotive Group, USA)
- ▶ Seat sensors (IEE S.A, USA)
- ▶ Genuine leather for automobiles (Pangea Made, USA)
- ▶ Benchmarking services (Caresoft Global, USA)
- ▶ Gas springs (SUSPA, Germany)

Affiliated Companies

Freeman (Japan) Co., Ltd.

Machinery & Environmental Business Unit

Promoting Food Safety and Renewable Energy in Japan

The Machinery & Environmental Business Unit comprises the Powder Processing Group, the Biomass Group and other groups. We introduce outstanding overseas technologies to Japan in fields relating to powder processing, including food, feed and fertilizer, and pelletizers for woody biomass. Among our subsidiaries, Cosmos Shoji Co., Ltd. handles equipment for developing marine rare earth elements and YPTECH Co., Ltd. provides functional feeds. As such, the entire business unit is promoting food safety and renewable energy in Japan.



External Environment and Future Outlook

Yoshifumi Oyabu

Machinery & Environmental Business Unit, General Manager

In the fiscal year ended September 2021, due to proactive capital investment by domestic feed manufacturers, sales of imported granulators for feed processing (pellet mills) and ancillary maintenance services performed strongly. While several projects were affected by issues such as the soaring price of wood due to the current lumber crisis, for woody biomass combined heat and power (CHP) plants, which gasify pellets made from unused forest thinnings in Japan, we delivered six plants to Tobetsu-cho, Hokkaido.

Furthermore, subsidiary Cosmos Shoji Co., Ltd. supplied equipment to a project for lifting and recovery of rare earth elements of the Cross-ministerial Strategic Innovation Promotion Program (SIP) led by Japan's Cabinet Office. This project aims to establish the technology for lifting and recovery of rare earth elements from the sea bed at a depth of up to 6,000 meters, and to that end we will also work to procure submersible dredging machines and other equipment. Meanwhile, we are actively making proposals to feed manufacturers

for ways to improve production efficiency, work safety and pellet feed quality. We are also proposing solutions for functional feed additives in conjunction with subsidiary YPTECH Co., Ltd. Through our contributions to the Japanese livestock industry, we aim to support the realization of a sustainable society.



Pellet mill

Wood pellet gasifier with CHP plant



©JAMSTEC. Equipment for developing marine resources

Main Trading Products

- ▶ Pellet mills (CPM, US)
- ▶ Wood pellet gasifiers with CHP plants (Burkhardt, Germany)

- ▶ Cosmos Shoji: Equipment for developing geothermal power, equipment for developing marine resources
- ▶ YPTECH: Palm oil fatty acid calcium, oil cake made from enzymatically treated and peeled soy, active yeast

Affiliated Companies

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

YPTECH Co., Ltd.
Shin-Toyo Kikai Kogyo Co., Ltd.

Life Science Business Unit

Improving People's Health and Quality of Life (QoL), and Achieving an Environmentally Friendly Society

The Life Science Business Unit was newly established in October 2021, and comprises the Material Solutions Department and the Scientific Instruments Department. The Material Solutions Department handles export/import and sales, bilateral trading of high-value-added chemicals, such as food additives and raw materials for cosmetics, and materials that contribute to the development of a wide range of industries, such as electronic materials and high-performance films. The Scientific Instruments Department imports analysis, testing and medical equipment from overseas manufacturers that possess cutting-edge technologies, and provides total solutions tailored to the needs of a wide variety of customers, including government agencies.



External Environment and Future Outlook

Koji Taguchi

Life Science Business Unit, General Manager

In the fiscal year ended September 2021, there was high global demand for materials and equipment in the life science field. Even under the COVID-19 pandemic, businesses that showed firm growth included sales of water absorption resin in North America, export of electronic materials to South Korea, export of films to North America, sales of surface property analyzers, and sales of tribology-related equipment.

Inhaler testing equipment—used to test delivery and particle size of inhalers used for treating asthma, influenza and pulmonary hypertension—saw vigorous demand during the pandemic. Given that the societal aging is expected to continue, we will provide solutions in areas such as innovative materials, equipment and services to improve people's health and QoL and achieve an

environmentally friendly society. We will focus on materials and equipment related to bioscience, healthcare, food, cosmetics, hygiene materials, electronic materials, film and cellulose fiber, and develop essential products in niche markets.

We will continue to focus on these and other products related to life science, which can contribute to improving people's health and QoL.



Films



Bioreactors

Main Trading Products

- ▶ Surfactants (Dow, USA)
- ▶ Ceramic-related products, boron compounds (3M, Germany)
- ▶ Food additives (taurine, organic acids, etc.)
- ▶ Pharmaceutical ingredients (drug precursors and intermediates)
- ▶ Hot melt products (glue guns, applicators, adhesives)

- ▶ Synthetic genes; bioprocess sensors; bioreactors; handheld X-ray fluorescent (XRF), laser-induced breakdown spectroscopy (LIBS), atomic emission, near-infrared (NIR) and mid-infrared (MIR) spectroscopy, and handheld Raman spectroscopy systems; optical interferometry thin-film thickness measurement systems; cavity ring-down spectroscopy (CRDS) gas analyzers; sun protection factor (SPF) analyzers; plasma cleaners; particle size distribution measurement equipment; zeta potential measurement equipment; surface tension, contact angle and foam analyzers; dispersion stability analyzers; glossmeters; accelerated weathering testing equipment; cyclic corrosion testers; friction and wear testers; tribology equipment; small- and wide-angle X-ray scattering (SAXS/WAXS) analyzers

Affiliated Companies

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

Sanyo Technos Co., Ltd.
Nihon Rufuto Co., Ltd.

Test Materials Co., Ltd.

Corporate Officers

(As of December 22, 2021)

Directors



Masanobu Shintani

President & CEO

Number of shares owned
40,000
Attendance at Board of Directors meetings
14/14 (100%)

- Apr. 1982 Joined the Company
- Oct. 2008 Tokyo Rubber Business Unit 3, General Manager
- Oct. 2010 General Manager assistant to Operational Headquarters
- Jan. 2012 Sanyo Corporation of America, President
- Oct. 2012 Executive Officer and Sanyo Corporation of America, President
- Dec. 2013 Director & Executive Officer and Operational Headquarters, General Manager
- Oct. 2014 Director & Executive Officer and Corporate Strategy Dept., General Manager
- Dec. 2018 President & CEO (incumbent)



Hirotaka Sugihara

Outside Director (Independent Officer)

Number of shares owned
65,600
Attendance at Board of Directors meetings
14/14 (100%)

- Apr. 1984 Joined the Company
- Oct. 2006 Tokyo Rubber Business Unit 1, General Manager
- Oct. 2010 Rubber Business Unit, General Manager
- Oct. 2013 Executive Officer and Rubber Business Unit, General Manager
- Dec. 2017 Director & Executive Officer and Rubber Business Unit, General Manager
- Dec. 2018 Director & Executive Officer in charge of Business Divisions and Rubber Business Unit, General Manager
- Dec. 2019 Director & Executive Officer in charge of Business Divisions (incumbent)



Hiroshi Shirai

Outside Director (Independent Officer)

Number of shares owned
0
Attendance at Board of Directors meetings
—
(Newly appointed on December 22, 2021)

- Apr. 1981 Joined ITOCHU Corporation
- May 1994 ITOCHU Corporation, Assistant to CEO for Asian Bloc (residing in Hong Kong)
- Apr. 2004 ITOCHU Corporation, Financial Business Development Dept., General Manager
- Apr. 2005 Seconded to Orient Corporation (Executive Officer)
- Jul. 2007 ITOCHU Corporation, Financial Business Dept., Acting General Manager and Financial Retail Promotion Dept., General Manager
- Apr. 2008 ITOCHU Corporation, Finance, Real Estate, Insurance & Logistics Management Planning Dept., General Manager
- Apr. 2010 ITOCHU Corporation, Financial & Insurance Business Dept., Acting Manager
- May 2010 POCKETCARD CO., LTD., Director (part-time)
- Apr. 2012 ITOCHU Corporation, Chief Corporate Planning Officer for ASEAN & South West Asia Bloc (residing in Singapore)
- May 2014 POCKETCARD CO., LTD., Director, Vice President supervising Sales Group
- Mar. 2018 POCKETCARD CO., LTD., Vice President, Executive Officer, Planning Headquarters, General Manager
- Dec. 2021 Sanyo Trading Co., Ltd., Director (incumbent)



Hiroshi Shirai

Director & Executive Officer in charge of Administration Divisions

Number of shares owned
13,600
Attendance at Board of Directors meetings
14/14 (100%)

- Apr. 1982 Joined the Company
- Oct. 2006 Sanyo Corporation of America, President
- Apr. 2009 Tokyo Chemical Business Unit 2, General Manager
- Oct. 2013 Executive Officer and Corporate Planning Dept., General Manager
- Oct. 2014 Executive Officer and General Affairs Dept., General Manager
- Oct. 2015 Executive Officer supervising Administration Divisions
- Dec. 2017 Director & Executive Officer in charge of Administration Divisions (incumbent)



Kenichi Shindo

Director & Executive Officer in charge of Business Divisions

Number of shares owned
27,400
Attendance at Board of Directors meetings
14/14 (100%)

- Apr. 1985 Joined the Company
- Oct. 2006 Machinery & Environmental Business Unit 1, General Manager
- Apr. 2009 Industrial Products Business Unit, General Manager
- Oct. 2013 Executive Officer and Industrial Products Business Unit, General Manager
- Dec. 2013 Executive Officer and Sanyo Corporation of America, President
- Oct. 2016 Executive Officer and Chemical Business Unit, General Manager
- Dec. 2017 Executive Officer and Machinery and Environmental Business Unit, General Manager
- Dec. 2018 Sanyo Machinery Co., Ltd., Representative Director and President
- Dec. 2019 Director & Executive Officer in charge of Business Divisions, and Machinery and Environmental Business Unit, General Manager
- Jun. 2020 Director & Executive Officer in charge of Business Divisions, Machinery and Environmental Business Unit, General Manager and Scientific Instruments Business Unit, General Manager
- Oct. 2021 Director & Executive Officer in charge of Business Divisions (incumbent)



Yasuhiko Nishimura

Director (Full-Time Audit and Supervisory Committee Member)

Number of shares owned
29,200
Attendance at Board of Directors meetings
14/14 (100%)
Attendance at Audit and Supervisory Committee meetings
15/15 (100%)

- Apr. 1980 Joined The Bank of Tokyo, Ltd. (present MUFG Bank, Ltd.)
- Nov. 2003 The Bank of Tokyo, Ltd., Marunouchi Branch, Corporate Sales II, General Manager
- Dec. 2004 The Bank of Tokyo, Ltd., Oji Branch, General Manager
- Mar. 2009 Joined the Company; Finance Dept., General Manager
- Dec. 2019 Sanyo Trading Co., Ltd., Director (Audit and Supervisory Committee Member) (incumbent)



Asako Hasegawa

Outside Director (Audit and Supervisory Committee Member) (Independent Officer)

Number of shares owned
0
Attendance at Board of Directors meetings
14/14 (100%)
Attendance at Audit and Supervisory Committee meetings
15/15 (100%)

- Apr. 1988 Joined Kanematsu Corporation
- Oct. 2000 Joined Asahi Audit Corporation (present KPMG AZSA LLC)
- Dec. 2004 Hasegawa CPA Office, Representative (incumbent)
- Dec. 2017 Sanyo Trading Co., Ltd., Director (Audit and Supervisory Committee Member) (incumbent)



Toshiaki Mizusawa

Director & Executive Officer in charge of Administration Divisions and Human Resources Dept., General Manager

Number of shares owned
4,900
Attendance at Board of Directors meetings
10/10 (100%)
(Since appointment on December 22, 2020)

- Apr. 1982 Joined Taiyo-Kobe Bank (present Sumitomo Mitsui Banking Corporation)
- May 2012 Joined the Company
- Apr. 2013 Credit Dept., General Manager
- Dec. 2019 Executive Officer supervising Administration Divisions and Credit and Legal Dept., General Manager
- Oct. 2020 Executive Officer supervising Administration Divisions and Human Resources Dept., General Manager
- Dec. 2020 Director & Executive Officer in charge of Administration Divisions and Human Resources Dept., General Manager (incumbent)



Yukio Miyajima

Outside Director (Independent Officer)

Number of shares owned
0
Attendance at Board of Directors meetings
14/14 (100%)

- Apr. 1978 Joined Nichimen Co., Ltd. (present Sojitz Corporation)
- Apr. 2004 Sojitz Corporation, Senior Managing Executive Officer
- Apr. 2005 Sojitz Insurance Agency Corporation, Representative Director and President
- Dec. 2017 Sanyo Trading Co., Ltd., Director (incumbent)
- Jun. 2019 Zensho Holdings Co., Ltd., Outside Director (Audit and Supervisory Committee Member) (incumbent)



Kuniaki Kobayashi

Outside Director (Audit and Supervisory Committee Member) (Independent Officer)

Number of shares owned
0
Attendance at Board of Directors meetings
—
Attendance at Audit and Supervisory Committee meetings
—
(Newly appointed on December 22, 2021)

- Apr. 2000 Joined YUASA and HARA
- Sep. 2013 Joined Yamada, Goya & Suzuki (incumbent)
- Jun. 2014 Outside Director (Audit and Supervisory Committee Member) of Kanematsu Sustech Corporation (incumbent)
- Dec. 2021 Sanyo Trading Co., Ltd., Director (Audit and Supervisory Committee Member) (incumbent)

Executive Officers

Masanobu Shintani*
President & CEO

Hirotaka Sugihara*
Executive Officer in charge of Business Divisions

Hiroshi Shirai*
Executive Officer in charge of Administration Divisions

Kenichi Shindo*
Executive Officer in charge of Business Divisions

Toshiaki Mizusawa*
Executive Officer in charge of Administration Divisions and Human Resources Dept., General Manager

(Note) Executive Officers marked with an asterisk (*) also serve as Directors.

Mitsuyasu Hirasawa
Senior Executive Officer, Industrial Products No.1 & No.2 Business Unit, Senior Director and Business Development Office, Manager

Yasushi Komiya
Executive Officer and Rubber Business Unit, General Manager

Ryuichi Otani
Executive Officer and Corporate Strategy Dept., General Manager

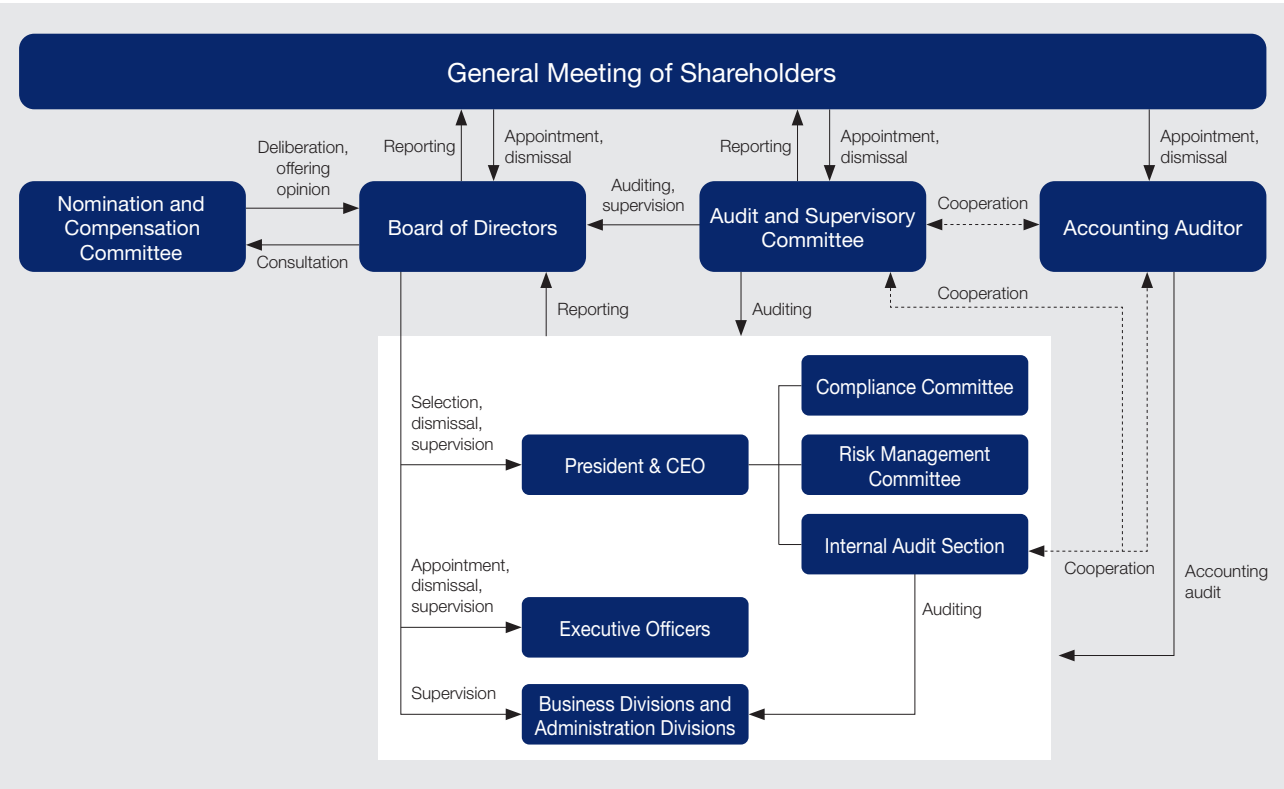
Corporate Governance

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



Major Governance Bodies

Board of Directors

The Board of Directors comprises seven Directors who are not Audit and Supervisory Committee Members, two of whom are Outside Directors; and three Directors who are also Audit and Supervisory Committee Members, two of whom are Outside Directors. The Board of Directors makes decisions on important matters relating to Group management. It also audits and supervises business execution. The Board of Directors holds a regular monthly meeting, as well as extraordinary meetings for any urgent matters. The term of office of Directors who are not Audit and Supervisory Committee Members is one year. The term of office of Directors who are also Audit and Supervisory Committee Members is two years.

Audit and Supervisory Committee

The Company established the Audit and Supervisory Committee to strengthen auditing and supervision of the Board of Directors’ execution of duties, and to increase agility and speed in decision-making by separating auditing and supervision from business execution. The committee comprises three Directors (one full-time member and two Outside Directors). These Directors audit and supervise the legal compliance and adequacy of the execution of duties of Directors who are not Audit and Supervisory Committee Members. The Audit and Supervisory Committee holds a regular monthly meeting, as well as extraordinary meetings for any urgent matters. Each Audit and Supervisory Committee Member follows the policies set by the committee, and requests Directors who are not Audit and

Supervisory Committee Members and other personnel to provide reports and conduct investigations as needed. The committee audits and supervises management in cooperation with the Internal Audit Section and the accounting auditor.

Nomination and Compensation Committee

In May 2020, the Nomination and Compensation Committee was voluntarily established as an advisory body to the Board of Directors for the purposes of enhancing the independence, objectivity, and accountability of the functions of the Board of Directors concerning the appointment and dismissal of the President & CEO and Directors with special titles, the nomination of Director candidates, and the remuneration of Directors (excluding Audit and Supervisory Committee Members), etc., and further enhancing corporate governance.

The committee, which comprises at least three Directors appointed by the Board of Directors (a majority of whom must be Outside Directors), deliberates on matters concerning the nomination and remuneration of Directors and reports its conclusions to the Board of Directors.

Committee of Executive Officers

The Company introduced an executive officer system in 2003. The Committee of Executive Officers currently comprises eight members (five of whom are Directors). It meets monthly to share information and strives to improve day-to-day operations in respective areas of responsibility.

Appointment and Remuneration, Etc. of Corporate Officers

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.

Skill Matrix

Name		Gender	Corporate management	ESG/ Sustainability	International experience	Legal affairs/ Risk management	Finance/ Accounting
Masanobu Shintani		Male	●	●	●		
Hiroto Nakamura		Male	●	●	●		
Hiroshi Shirai		Male	●		●		●
Kenichi Shindo		Male	●	●	●		
Toshiaki Mizusawa		Male			●	●	●
Outside	Yukio Miyajima	Male	●		●		
Outside	Hiroataka Sugihara	Male	●		●		
	Yasuhiko Nishimura	Male			●		●
Outside	Asako Hasegawa	Female					●
Outside	Kuniaki Kobayashi	Male			●	●	
Outside	Kiitsu Sugita	Male					●

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. In addition, in accordance with the Compliance Regulations, the Company has established the Compliance Committee, which is responsible for supervising Group-wide compliance. As such, the Company has established an effective compliance system. The committee periodically reports the status of compliance 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

or other means under the Subsidiary Management Regulations and the Standards for Decision-Making Authority. Depending on the matters stipulated by the relevant regulations, legal and regulatory compliance is ensured by the final decision of the Board of Directors.

The Internal Audit Section audits the business activities of the Company and its subsidiaries to ensure effective management and compliance with laws and regulations, internal regulations and trade practices, etc., and reports audit results 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, under the Risk Management 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. A Director in charge of Risk Management is appointed by the President 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 has been established under the Risk Management Regulations for preempting losses. It involves holding interviews with representative directors and other relevant parties as needed.

Corporate Officer Remuneration, Etc.

(1) Policy for determining corporate officer remuneration and calculation method

- 1) Basic policy
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.
Remuneration for Directors (excluding Audit and Supervisory Committee Members) consists of fixed remuneration (monetary remuneration) as basic remuneration, performance-linked remuneration, and share-based remuneration as non-monetary remuneration. Remuneration for Outside Directors responsible for supervisory functions consists of only fixed remuneration (monetary remuneration) in consideration of 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. Remuneration, etc. for corporate officers in the fiscal year ended September 2021 was determined at the Board of Directors meeting held on November 5, 2021.
- 2) 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.
A) 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.
B) 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 profit 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 profit that fiscal year. Performance-linked remuneration is calculated by multiplying the base amount of the bonus defined for a given position by the performance-linked coefficient, which is calculated from the achievement rate of the business target (consolidated ordinary profit) for the fiscal year. The upper limit of the performance-linked coefficient is 150%. If consolidated ordinary profit is below a certain threshold, the performance-linked coefficient shall be 0%. The following methodology is used to reflect business performance in the performance-linked remuneration amount: for the President, 100% of this remuneration reflects the business performance of the Company; for other Directors, 80% reflects the business performance of the Company and 20% reflects the qualitative evaluation of the individual Director, which is determined by the President.

- C) 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 profit) 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.
- D) Guideline for ratio of fixed remuneration, performance-linked remuneration and non-monetary remuneration within the total remuneration amount for Directors (excluding Audit and Supervisory Committee Members) (when performance-linked remuneration is at its base amount)

	Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration
President	55%	35%	10%
Other Directors	65%	25%	10%

- E) Items concerning resolutions of the General Meeting of Shareholders related to remuneration, etc., of Directors (excluding Audit and Supervisory Committee Members)
At the 73rd General Meeting of Shareholders held on December 19, 2019, a resolution was passed to limit the total amount of monetary remuneration (fixed remuneration and performance-linked remuneration) for all Directors (excluding Audit and Supervisory Committee Members) to a total of no more than 250 million yen per year (of which, for Outside Directors, a total of no more than 20 million yen per year), and at the 69th General Meeting of Shareholders held on December 17, 2015, a resolution was passed to limit the amount of stock compensation-type stock option to a total of no more than 20 million yen per year. The number of Directors (excluding Audit and Supervisory Committee Members) subject to these resolutions of the 73rd and 69th General Meetings of Shareholders at the time of their adoption was six (including one Outside Director) and four, respectively.
- 3) 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.
- 4) Remuneration for Directors who are also Audit and Supervisory Committee Members
At the 69th General Meeting of Shareholders held on December 17, 2015, a resolution was passed to limit remuneration for Directors who are also Audit and Supervisory Committee Members to a total of no more than 40 million yen per year. Remuneration is determined within that range through discussions among the Directors who are also Audit and Supervisory Committee Members. The number of Directors who are also Audit and Supervisory Committee Members subject to the resolution of the General Meeting of Shareholders at the time of its passing was three.

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)	168,956	104,064	47,000	17,892	6
Directors (Audit and Supervisory Committee Members) (excluding Outside Directors)	14,400	14,400	—	—	1
Outside Corporate Officers	19,800	19,800	—	—	3

For details of business and other risks, please see our Securities Report. (Available only in Japanese.)

<https://www.sanyo-trading.co.jp/ir/library/securities/>



Social

Working Conditions at Sanyo Trading in Numbers



1. Ratio of employees still employed by the Company as of reference date (September 30, 2021) among new graduate employees who joined the Company during the preceding three-year period
2. Ratio of employees returning to work among all employees taking maternity leave during the preceding five-year period

Working Conditions at Sanyo Trading (Training System)

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. We strengthened investment in human resources by establishing a dedicated Human Resources Department in October 2020 and greatly expanding our training system. We are also focusing on creating an environment that enables various working styles, such as by revising our personnel system, and promoting telework and 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 2021, one person was posted to Shanghai, China and one to Ho Chi Minh City, Vietnam. While working at the local office, employees are provided with strong 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 three-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.

Level-Based Training

Our support for the ongoing development of new employees

continues in their second year and beyond. Our level-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 training workshops on basic knowledge conducted by the administration divisions. New employees receive external training as well. They also have opportunities to deepen their understanding of import and export through training at facilities involved in international trade, such as customs and warehouse facilities. Prior to their assignment to a specific department, managerial track employees undergo about two months of training to learn business basics at our administration divisions.

Diversity & Inclusion

Sanyo Trading aims to maintain an environment where each employee can work comfortably. Employees can take childcare leave for up to two years and on return they can choose their working style flexibly, such as opting for reduced hours per day.

It is standard at many companies to give only 10 days of annual paid leave to first-year employees. However, at Sanyo Trading, we give employees 20 days of paid leave from their first year.



Initiatives for Society

In February 2021, the Company held the Universal Manners Test for the second time. More than half of our employees have taken the test and acquired Grade 3 certification. As another initiative, we provide support for children living in foster care facilities as they seek to become independent adult members of society. We will continue engaging in these and other such social contribution activities.

Universal Manners Test

The Universal Manners Test is administered by the Japan Universal Manners Association. The goal of this certification is to cultivate “universal manners,” i.e., the ability to act responsibly, mindful of people’s differences, for example when interacting with seniors, people with disabilities, baby-stroller users or people of a different nationality. The Japan Universal Manners Association oversees curriculum development so as to provide better understanding of the viewpoints and ideas of the beneficiaries of such manners.

Employees of the Sanyo Trading Group vary in gender, nationality, age and other characteristics, as well as in background and values. As the diversification and globalization of our businesses rapidly progresses, achieving the Management Mission of the Sanyo Trading Group—“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”—requires that diverse employees respect each other’s values, and perform at their full potential.

As a trading company, we value every one of our employees to the highest degree and consider embracing diversity to be a vital corporate strategy. The Sanyo Trading Group will continue to emphasize the establishment of various training programs and improvement of the working environment, with the aim of ensuring that all employees can continue to advance their careers while enjoying long-term fulfillment and peace of mind.

Bridge for Smile

Our company donates to Bridge for Smile, a specified nonprofit corporation that supports children living in foster care facilities in achieving independence. Our donation in the fiscal year ended September 2021 was used to support a volunteer mentorship program that aims to prevent children from becoming socially isolated after leaving foster care.

We support children as a precious part of our society, sharing in Bridge for Smile’s belief that all of society carries the responsibility of creating an environment where children can safely find their own place in society, and live with dreams, hopes and smiles.



Environment

Basic Environmental Approach

In recent years, global environmental issues have become a serious social problem and it is increasingly important that corporations engage with these issues. Sanyo Trading actively works to preserve the global environment and makes the utmost effort to ensure the sustainable development of society through sound business activities.

Transition to Environmentally Friendly Materials

Environmental Load Reduction through ENR Derived from Plants

We trade in epoxidized natural rubber (ENR) derived from plants. This material is characterized by high performance—it adds functions such as heat resistance, abrasion resistance and adhesiveness to conventional natural rubber. It is used for rubber products and as an alternative material to leather (i.e., vegan leather). Furthermore, we expect the commercialization of epoxidized natural rubber latex (ENRL) to find a variety of product applications in the future.

Sanyo Trading will contribute to environmental load reduction by actively selling such plant-derived materials.



New PTFE Wax Contributes to Reducing PFOA Use

Perfluorooctanoic acid (PFOA) is used as a surfactant for various products. However, there are concerns about its persistence in the environment and potential for bio-accumulation, and given the global trend toward stricter regulation, we expect the import, production and use of PFOA to become increasingly restricted. The polytetrafluoroethylene (PTFE) we previously handled contained PFOA as an impurity. However, we now trade in a newly developed, fine powder PTFE wax that contains considerably less PFOA, thereby contributing to the preservation of ecosystems.



Initiatives to Address Climate Change

Supplying Greenhouse Gas Analyzers

The Scientific Instruments Department of the Life Science Business Unit handles a greenhouse gas analyzer that measures greenhouse gases such as CO₂ and methane—these gases may have been emitted directly into the atmosphere or have been emitted from the soil to the atmosphere. The analyzer can stably obtain data in harsh hydrothermal environments such as in polar regions, deserts, paddy fields or subtropical regions. This product is mainly provided to the Japan Meteorological Agency, the Ministry of the Environment and the National Institute for Environmental Studies, and is also installed on the Tokyo Skytree. We will continue contributing to the resolution of issues related to climate change and realizing a decarbonized society.



Contributing to a Circular Society

Circular Systems in the Livestock Industry (Production of Organic Fertilizer by Pelletizing Livestock Manure)

Raising livestock for meat, egg and milk consumption naturally involves feeding animals and disposing of their manure. If manure piles up in the open, it can be washed away by rain and pollute rivers and other water bodies, so in order to help prevent that, the Japan government introduced the Act on the Appropriate Treatment and Promotion of Utilization of Livestock Manure in 1999. The act mandates the appropriate processing of livestock manure. As a result, the livestock industry has increasingly adopted measures that make effective use of manure as fertilizer.

Sanyo Trading had been selling a pellet mill for livestock manure as a single piece of equipment, but in 2005 we began supplying an entire production system for livestock manure pellets. To date, we have supplied 11 plants. We will continue supplying circular systems that enable the effective use of manure in the livestock industry.



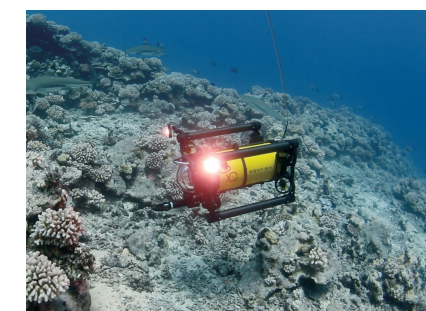
Second Project for Establishing Wood Pellet Gasifiers with Combined Heat and Power (CHP) Plant Systems in Hokkaido

In May 2019, the Shimokawa Forest Biomass Cogeneration Facility started operation in Shimokawa-cho, Kamikawa-gun, Hokkaido. Owned by Hokkaido Biomass Energy Co., Ltd., a company jointly established by Mitsui & Co., Ltd. and Hokkaido Electric Power Co., Inc., the facility is a CHP power plant (2-MW class manufactured by Burkhardt GmbH of Germany), equipped with 11 wood pellet gasifiers. The facility neighbors a pelletizing factory. In May 2021, as the second such project, the Tobetsu Forest Biomass Cogeneration Facility, a CHP power plant (1-MW class) with six such gasifiers, started operation in Tobetsu-cho, Ishikari-gun, Hokkaido. This facility is expected to supply power equivalent to the annual demand of more than 2,000 households. During test operation of the facility, supervisors from Burkhardt were unable to enter Japan due to the COVID-19 pandemic. However, our skilled engineers were able to cooperate with them remotely and complete testing without issue and within the scheduled time.



Focusing on the Importance of Biodiversity and Promoting Social Contribution through Our Businesses

In June 2020, we announced our endorsement of the *Initiative based on the Declaration of Biodiversity by Keidanren* (published by Keidanren, the Japan Business Federation). We will utilize marine equipment (underwater drones) handled by subsidiary Cosmos Shoji Co., Ltd. for monitoring coral ecosystems and the environment, including surveys of marine refuse, thereby contributing to the preservation of the environment and biodiversity.



Boxfish ROV (underwater drone)



Initiative based on the Declaration of Biodiversity by Keidanren

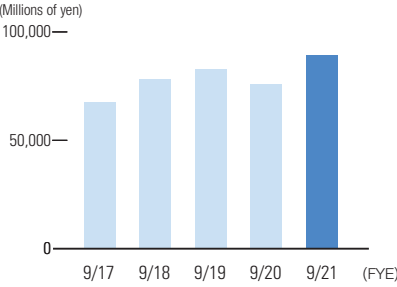
Financial Highlights

Consolidated Management Indicators

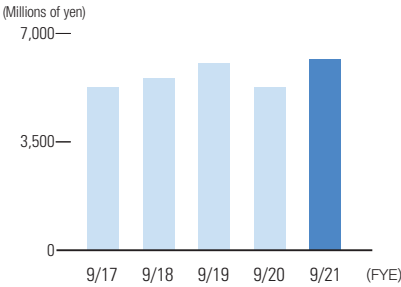
	Fiscal year ended September 2017	Fiscal year ended September 2018	Fiscal year ended September 2019	Fiscal year ended September 2020	Fiscal year ended September 2021
Operating results (Millions of yen)					
Net sales	67,738	78,450	83,230	76,087	89,788
Gross income	12,264	13,410	14,883	14,206	15,510
Operating income	4,938	5,263	5,871	4,791	5,506
Ordinary income	5,270	5,575	6,075	5,271	6,190
Earnings attributable to owners of the parent	3,351	3,635	4,018	3,013	4,256
Financial indicators (%)					
Ordinary income to net sales ratio	7.8	7.1	7.3	6.9	6.9
ROE	15.2	14.5	14.5	10.1	13.1
ROA	14.8	13.8	14.2	11.6	12.6
Equity ratio	61.1	63.5	66.2	64.9	67.5
Per share (Yen)					
Earnings per share	117.10	126.99	140.36	105.22	148.52
Net assets per share	831.88	922.67	1,011.31	1,069.41	1,195.18
Annual dividends per share	29.5	32.0	37.0	37.5	39.0
Fiscal year-end (Millions of yen)					
Total assets	38,987	41,606	43,731	47,230	50,834
Non-current assets	7,586	7,694	7,355	7,738	8,300
Interest-bearing debt	1,666	1,929	1,325	4,543	2,443
Net assets	24,600	26,756	29,343	31,038	34,725
Cash flows (Millions of yen)					
Cash flows from operating activities	178	1,583	5,088	6,186	2,253
Cash flows from investing activities	(1,359)	(408)	(1,057)	(2,189)	(1,009)
Cash flows from financing activities	(15)	(1,297)	(1,957)	1,834	(3,301)
Cash and cash equivalents, end of year	2,601	2,468	4,548	10,418	8,663

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

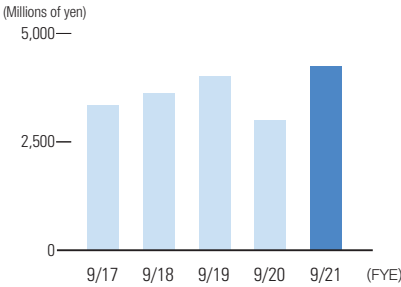
Net Sales



Ordinary Income



Earnings Attributable to Owners of the Parent



Corporate Data / Stock Information

(As of September 30, 2021)

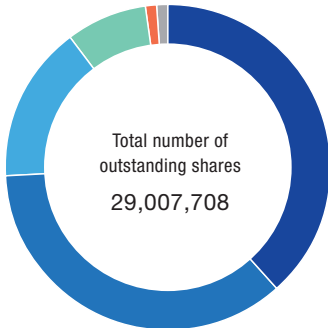
Corporate Overview

Company Name	Sanyo Trading Co., Ltd.
Establishment	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	442 (Consolidated)

Stock Status

Stock Listing	First Section of the Tokyo Stock Exchange
Securities Code	3176
Shareholder Registry Administrator	Tokyo Securities Transfer Agent Co., Ltd.
Total Number of Authorized Shares	40,000,000
Total Number of Outstanding Shares	29,007,708
Total Number of Stockholders	4,882

Breakdown of Stocks by Stockholder

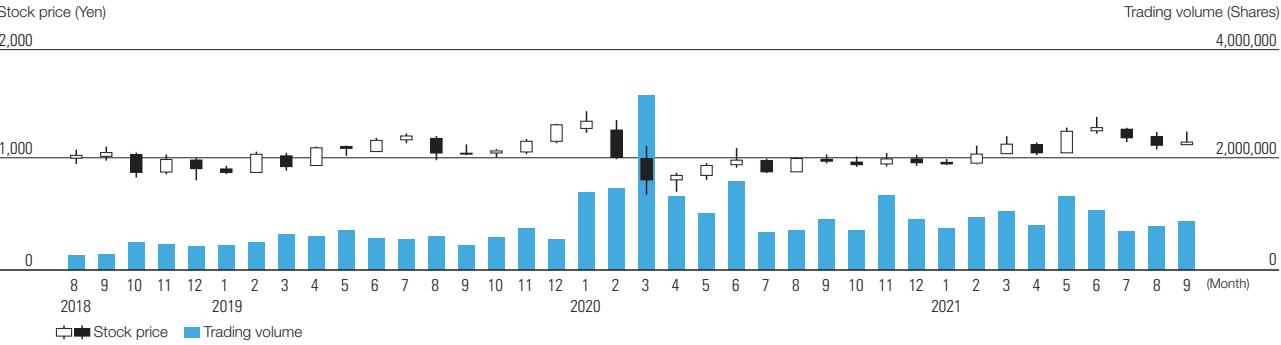


Major Stockholders

Name	Number of shares held (Thousand shares)	Shareholding ratio (%)
Custody Bank of Japan, Ltd. (Trust Account)	2,839	9.90
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,572	8.97
Toagosei Co., Ltd.	1,497	5.22
MUFG Bank, Ltd.	1,137	3.96
Sumitomo Mitsui Banking Corporation	1,137	3.96
Sumitomo Mitsui Trust Bank, Limited	1,136	3.96
BOT Lease Co., Ltd.	1,128	3.93
Susumu Tamaki	1,095	3.82
Meiji Yasuda Life Insurance Company	675	2.35
Mitsui Sumitomo Insurance Co., Ltd.	637	2.22

Note: Shareholding ratio is calculated excluding treasury shares (315,120).

Stock Price



Note: The Company conducted a 2-for-1 stock split of common shares on February 1, 2020. Historical stock prices and trading volumes have been retrospectively recalculated to take into consideration the effect of the stock split.