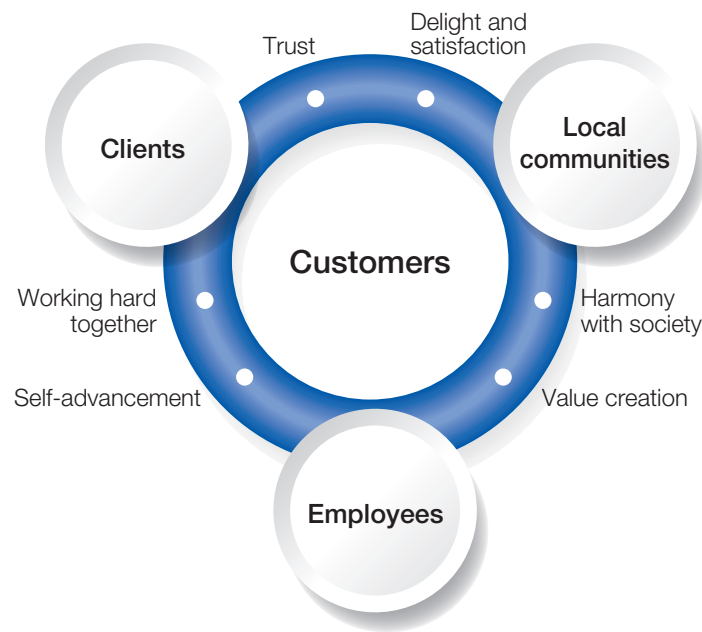


Integrated Report 2022

The Starting Point of Value Creation

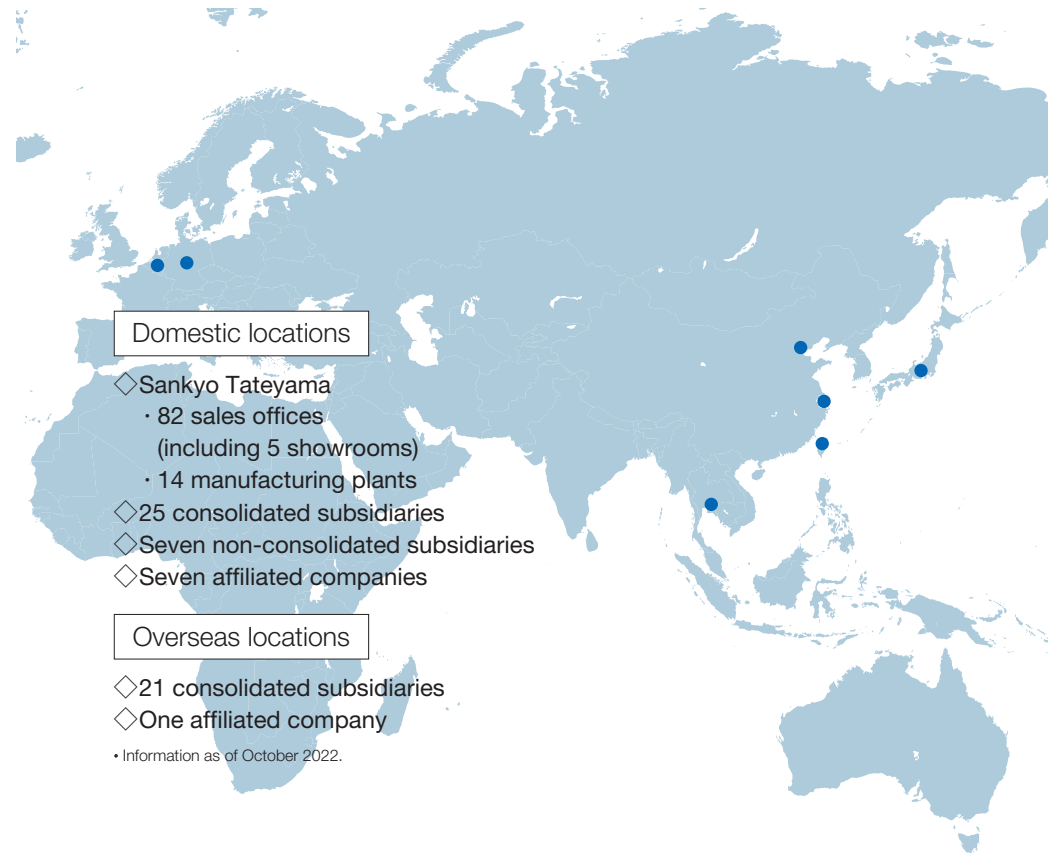
Management Principles

Based on cooperation encompassing clients, local communities, and employees, we create new value and contribute to realizing a world of well-being by giving customers delight and satisfaction.



A Spirit of Cooperation among Three Parties

Sankyo Tateyama was founded in 1960 by Masataro Takehira as Sankyo Aluminium Industry. One of his goals was to create a reliable place of employment for his hometown of Takaoka. The meaning of the name "Sankyo" comes from combining the efforts of three parties—our community, our clients and our employees—to grow together. This has been our guiding principle since the time of the company's founding.

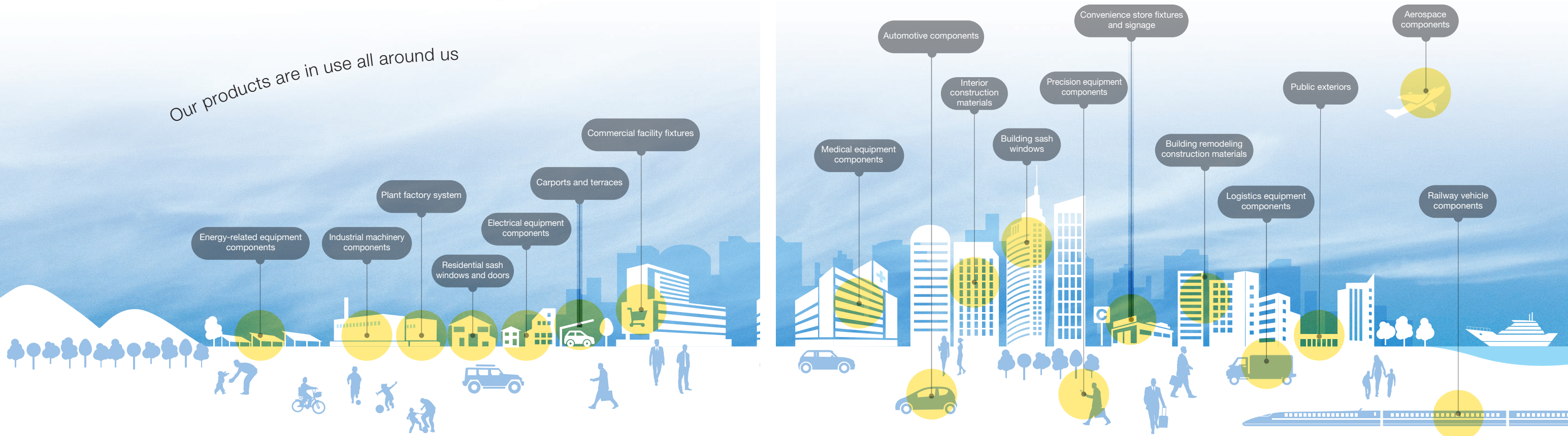


Contents

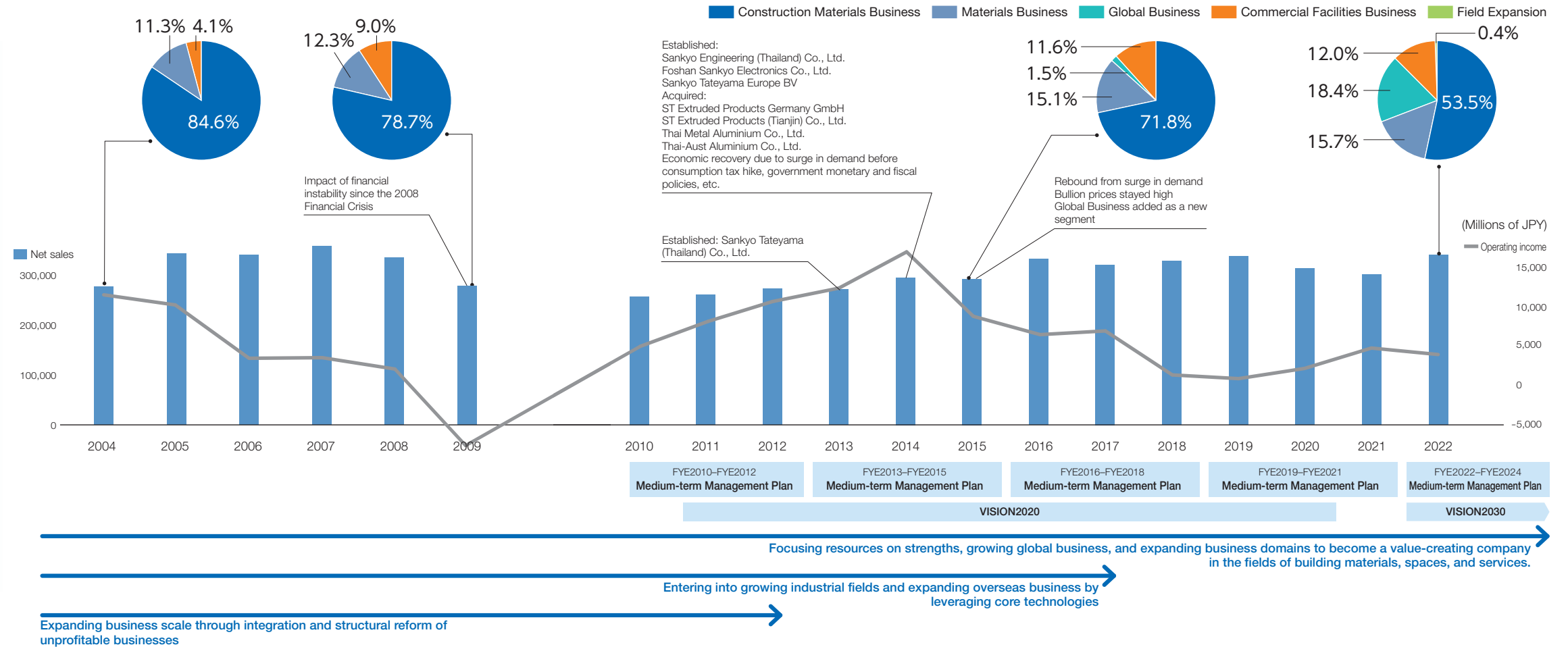
The Facts on Sankyo Tateyama

- Management Principles P. 1
- Contents / Map of Locations P. 2
- Value Creation Trajectory P. 3
- Message from the President** P. 5
- Sankyo Tateyama Value Creation**
- Value Creation Process P. 9
- Long-term Roadmap P. 11
- Value Creation Strategies**
- Medium-term Management Plan P. 13
- Financial and Non-Financial Highlights P. 15
- Construction Materials Business P. 17
- Materials Business P. 21
- Commercial Facilities Business P. 23
- Global Business P. 25
- Field Expansion P. 27
- Foundation of Value Creation**
- Environment P. 31
- Pro-social Activities P. 43
- Governance P. 55
- Financial and Corporate Information**
- Key Financial Data 10-Year Trends P. 65
- Consolidated Financial Statement P. 67
- About Us P. 70

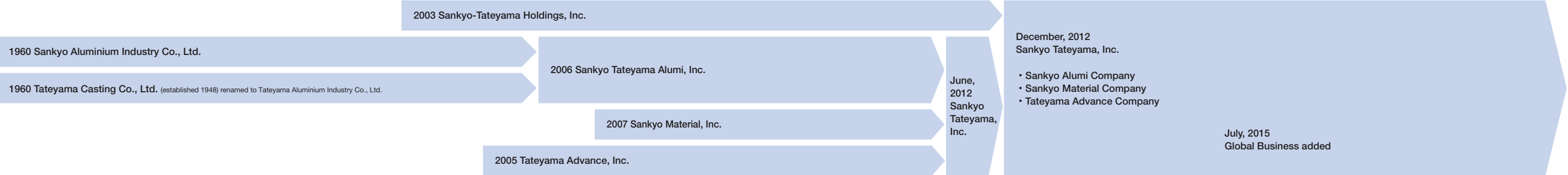
Our products are in use all around us



In following one of the basic principles established at our founding, we have maintained the spirit of cooperation among three parties—our community, our clients and our employees—to grow together, and we continue to expand and develop our business today.



1960 1970 1980 1990 2000 2010 2021



<p>1960 Sankyo</p> <p>Takaoka, the hometown of the company's founder, is transformed into an aluminum production center.</p> <p>The idea to bring the aluminum industry to Takaoka formed, sales of aluminum commodities begin nationwide Creation of the "Sankyo Nabe"</p>	<p>1964 Tateyama</p> <p>Support for new sales formats</p> <p>The focus of consumption shifts to department stores and supermarkets, sales where products are put on display become the norm "Two-way Aluminum Showcase" goes on sale</p>	<p>1998 Sankyo</p> <p>Contributing to energy conservation</p> <p>Developed Japan's first ventilation system using only natural energy Developed Japan's first "Swindow," a revolutionary natural ventilation system that automatically opens and closes windows in response to wind pressure differences, without the use of any artificial energy.</p>	<p>2008</p> <p>Promoting diversity</p> <p>Product development starts to take a female perspective Industry-first curved front door "Laforce Nature Curved Door" goes on sale</p>	<p>2012</p> <p>Manufacturing to last for 100 years</p> <p>Aluminum reconstruction of the wooden sashes at the Tokyo Station Marunouchi Station Building Sashes provided by Sankyo Alumi Company used for all 450 windows in the Tokyo Station Marunouchi Station Building</p>	<p>2015</p> <p>Windows that withstand frequent heavy monsoon rain</p> <p>Released ALGEO, a main sash for residential use. Makes high-heat insulation and high durability possible by taking advantage of the benefits of both aluminum and resin. In 2019, ALGEO-Bv was released—an aluminum-resin composite sash for buildings.</p>	<p>2020</p> <p>Environmentally friendly manufacturing</p> <p>World's first successful demonstration of horizontal recycling of aluminum from one shinkansen in another Our extruded products made from recycled aluminum are adopted for luggage shelves in the new Tokaido Shinkansen trains (joint demonstration by Central Japan Railway Company; Nippon Sharyo, Ltd.; Hitachi, Ltd.; Harita Metal Co., Ltd. and Sankyo Material Company)</p>	<p>2021</p> <p>Building a new business model</p> <p>Contributing to sustainable agriculture Agri-cube ID, a plant factory system that provides one-stop services from construction to cultivation and operation support was delivered to a large plant factory (developed and marketed jointly with Daiwa House Industry Co., Ltd.)</p>
--	---	--	---	--	---	---	--



Shozo Hirano
President

Steadily Implementing our Medium-term Management Plan as a Corporate Group Committed to Maintaining Sustainability and Supporting Affluent Lifestyles



Nearly three years have passed since the outbreak of the COVID-19 pandemic, which led to dramatic changes around the world. During that time, our way of life and behaviors have changed significantly, and in the business sector, we have seen a decline in the type of face-to-face conversations that were once quite commonplace. What's more, use of the web has increased, which has led us to recognize anew the essential importance of communication. Although web conversations are inconvenient in terms of their arm's-length aspect, which restricts our ability to pick up subtle conversational cues, they also offer the convenience of greater freedom in choice of time and location. While some may prefer one over the other, I think that having more options for communication represents a major step forward in itself.

We can expect rapid ongoing change in society and in the economic environment along with a greater number of geopolitical risks becoming manifest. Precisely because of this, we place great value on communication with all of our stakeholders, who include our customers, employees, and neighboring communities. We will continue to focus on the implementation of Vision 2030, our long-term vision, even as we pursue our first Medium-term Management Plan in the interim.

Current state of management

Review of the fiscal year ended May 31, 2022

Regarding the economic impact of the COVID-19 pandemic, the U.S.A. and Europe exhibited a general recovery trend, but signs of a slowdown were evident in China, which has adopted a zero-COVID policy. In Japan, signs of a slow pick-up in economic activity emerged despite the repeated cycle of restrictions and easing implemented in response to any rise and fall in the number of infections.

The Sankyo Tateyama Group's financial results for the fiscal year ended May 31, 2022, sales increased by 20.5 billion JPY above the forecast to reach 340.5 billion JPY as a result of increased sales linked to the price of aluminum ingots and an increase in sales volume inside and outside Japan. On the other hand, concerns about prolonged production constraints due to the global semiconductor shortage and the rapid rise in prices of various materials such as aluminum ingots and energy resources resulted in a 100-million-JPY decrease in planned operating income to 3.7 billion JPY.

Although we remained focused on reducing costs and implementing other measures to ensure profitability, we were challenged by a decline in profits that we could not fully address due to a larger-than-expected rise in the prices of various materials. Therefore, we had to revise prices sequentially beginning in December 2021, although the date of

implementation and revision rate varied by business segment and by product. However, we did not achieve full penetration of this policy, and we will continue to provide careful explanations to ensure that customers understand any further increases.

Recently, against the backdrop of a destabilized international situation, the costs of energy and various other materials have risen even further; moreover, exchange rates continued their rapid fluctuation. Under these circumstances, the Sankyo Tateyama Group will continue to refine its responsiveness, promote sound earnings, and establish a foundation for stable growth, which is the theme of our Medium-term Management Plan. Furthermore, as we move forward toward realizing Vision 2030, we will pass the baton to our next Medium-term Management Plan.

Challenges and initiatives for the fiscal year ending May 31, 2023, and beyond

While moves toward a return to normalization from the COVID-19 pandemic are progressing due to the adoption of vaccines and a relaxation of restrictions on movement, the outlook remains uncertain. A deceleration in the global economy can be expected due to the increasing impact of rising resource prices, Russia's invasion of Ukraine, disruption caused by China's zero-COVID policy, inflation in the U.S.A. and other developed countries, and interest rate hikes, among other factors.

In our forecast for the fiscal year ending May 31, 2023, the second year of our Medium-term Management Plan, we expect

net sales to increase by 52 billion JPY, to 375.0 billion JPY, due to sales growth linked to the rising price of aluminum ingots, the effects of price revisions, and increased sales volumes in Europe. Operating income is expected to decline by 1.0 billion JPY below the forecast of the Medium-term Management Plan, to 5.0 billion JPY, as the effects of price revisions and cost reductions planned for the fiscal year ended May 31, 2022, will combine with the full-fledged impact of soaring prices of various materials and currency exchange rates.

In the construction market in Japan, while the number of new housing starts and the floor area of non-wooden structure starts in FY2022 are expected to remain at the same level as the previous fiscal year, both are expected to decline over the medium and long terms. Therefore, in the Construction Materials Business, we will continue to strengthen our renovation business and the fulfillment of renovation needs in conjunction with efforts to meet demand for new construction. On the other hand, the soaring prices of various materials present an ongoing risk, but we intend to improve profitability by reducing costs and revising prices.

The market for aluminum extrusions in Japan is expected to remain at about the same level as in the previous fiscal year, mainly due to continued active capital investment in semiconductor manufacturing equipment. In the Materials Business, in addition to restructuring our business to compensate for the labor shortage caused by Japan's declining birthrate and aging population, we will remain focused on ensuring

stable procurement by establishing multiple supply chains for various materials to address the risk of supply disruptions.

In the Commercial Facilities Business, construction starts for commercial buildings are expected to remain at about the same level as the previous year, while labor-saving and associated investments are expected to continue against the backdrop of labor shortages and rising labor costs in the Japanese retail industry. However, concerns are rising about the impact of increasing materials prices, mainly for steel products. As a countermeasure, we are promoting the development of new products offering efficiency improvements as well as digital investments that meet customer needs at existing stores.

In markets outside Japan, the market share of electric vehicles is expected to increase, and production volumes are expected to grow relative to the preceding fiscal year in Germany and Thailand, while remaining flat in China. At STEP-G, our European subsidiary under our Global Business, we intend to respond firmly to the deteriorating imbalance between energy supply and demand in Europe due to Russia's invasion of Ukraine and the resulting economic stagnation. Moreover, we will establish a production system and respond forcefully to full-scale mass production in the automotive field for the fiscal year ending May 31, 2023.

The pace of change in the business environment is expected to maintain its intensity and rapidity. In light of this situation, we intend to promote the diverse measures set forth in our Medium-term Management Plan with an eye to forging the ideal business structure we envision over the medium and long terms. At the same time, we aim to construct a business portfolio that responds to changes in the market structure.

Initiatives in our Medium-term Management Plan targeting material issues

Achievements and challenges of the first year of our Medium-term Management Plan

Completing the reform of our Global Business

For the fiscal year ended May 31, 2022, the first year of our Medium-term Management Plan, our European subsidiary STEP-G sought to restore its Global Business to profitability by closing two of its locations to consolidate functions and implement measures to reduce fixed costs. However, the volume of goods in the automotive field decreased due to the semiconductor shortage and the impact of Russia's invasion of Ukraine, while outsourcing costs increased due to delays in the delivery of new plant equipment as a result of semiconductor shortages and the effects of the COVID-19 pandemic. Revenue was thus lower than expected. In order for STEP-G to become profitable in the fiscal year ending May 31, 2023, we intend to secure profits by establishing a production system that supports full-scale mass production in the automotive sector.

Responding to change in the Japanese market

As we focus on our strengths, we are shifting resources in our Construction Materials Business to businesses offering high

profitability and identifying and concentrating factory personnel and equipment to improve efficiency. In our Materials Business, we will prepare to respond to the growing need for weight reduction at an early stage in the transportation field. In addition, we will promote the use of digital technology and develop operational and production structure reforms from a company-wide perspective.

Preparing for the long term

In the Construction Materials Business, we focused on developing new capabilities by introducing differentiated products and by strengthening our construction system to underpin our renovation and remodeling business. We also expanded demand by revamping our website and strengthening sales. In the Materials Business, we will introduce new equipment in line with the growth of the transportation market. In terms of environmental considerations, we will take steps to enhance aluminum recycling technology in conjunction with market expansion through the demand for substitution with aluminum with excellent recyclability and the development of new applications. In the Commercial Facilities Business, we conducted market research to expand sales outside Japan. We will continue to focus on developing new products that take advantage of the strengths and opportunities offered by direct sales.

As part of our expansion of the scope of our plant factory business, we won a large-scale order and completed construction by strengthening our cooperation with joint ventures. In the future, we intend to focus on continuing our cost reductions for existing products and increasing the number of products we manufacture.

Initiatives targeting sustainable growth over the medium and long terms

Initiatives addressing the material issues of Vision 2030

Maintaining sustainability and supporting affluent lifestyles

Recently, public interest and demand for comprehensive sustainability has been increasing at a rapid pace. Many companies have adopted the goal of carbon neutrality and are working diligently to address this and other social issues. At Sankyo Tateyama, we launched a new organization last year that has been proactive in devising a response to address such initiatives while recognizing sustainability as a management priority.

As concrete examples, we formulated Sustainability Vision 2050 as a means of setting out our long-term direction; moreover, under our Vision 2030 initiative, we have adopted the priority strategy of "maintaining sustainability and supporting affluent lifestyles." In a similar vein, we are recycling waste, seeking new ways of recycling aluminum, and promoting the reduction of greenhouse gas emissions attributable to our business operations. For each of these initiatives, we have adopted targets for 2030, and we are

currently actively engaged in working out the details. In addition, in December 2021, we announced our support for the proposals of the Task Force on Climate-related Financial Disclosures (TCFD), analyzed various climate change scenarios, and identified their financial impact.

Similarly, we have already announced our 2030 target of reducing our greenhouse gas emissions by 50% (relative to FY2013 levels, encompassing Scope 1 and 2 for the Group in Japan). As the next step, we are preparing a comprehensive plan that also encompasses Scope 3. To date, we have implemented Group-wide energy-efficiency initiatives and have procured CO₂-free electricity for our head office, branch offices, and some plants. In addition, we are considering the introduction of solar power generation. The aluminum casting and extrusion plants of the Sankyo Tateyama Group account for the greatest amount of the Group's energy consumption, and significant measures are required in terms of facilities to reduce the Group's greenhouse gas emissions.

We will continue to address this issue.

The Sankyo Tateyama Group is also focused on strengthening the foundation of its human resources. For example, our newly hired young people are provided with employee education in training sessions held annually for four consecutive years. This enables them to monitor each other's development and discuss mutual concerns. We believe that this annual training session strengthens the bonds among the cohort of employees who joined the company around the same time, leading to a significantly reduced turnover rate among our young employees relative to the national average.

With regard to corporate governance, in order to promote greater diversity on our Board of Directors, we have appointed a female director and further increased the ratio of independent outside directors to at least one-third.

During the fiscal year ended May 31, 2022, we disclosed the skill matrix for directors in relation to the economic environment and business conditions. Clearly, our system design, intended to enhance the effectiveness of directors and monitoring, is posting steady progress.

With the goal of ensuring a highly efficient and consequential Board of Directors, we will respond promptly to issues, following due consideration, in keeping with the results of self-evaluations contained in questionnaires to evaluate effectiveness.

At the Sankyo Tateyama Group, the Sustainability Promotion Department plays a central role in raising awareness through internal web services and internal newsletters so that all employees gain a better understanding of sustainability as an issue of personal import. It also conveys to employees our messages under the title "The Sustainability We Envision," which the other directors and I take turns delivering in spoken word, with the aim of instilling a commitment within the company so that each individual employee consciously incorporates sustainability into his or her work and daily life.

Sales of products that respond to changes affecting society — such as the adoption of the stay-at-home lifestyle accompanying the COVID-19 pandemic, frequent severe



weather events attributable to climate change, and the movement toward a decarbonized society — have also been strong. Going forward, we will continue to develop and sell products such as ventilation-related, contactless, resilience-supporting, and energy-efficient products in order to become a company that contributes to sustainable living with greater prosperity for all stakeholders.

Toward greater diversity in management

First of all, we believe that it is important to refine our Global Business into one that contributes to earnings. To date, we have strengthened the management aspects of our European subsidiary STEP-G. We also focused on introducing equipment and establishing a production system to increase the volume of manufactured goods. Going forward, we will expand the proportion of products in the automotive sector in order to add greater value. At the same time, we are increasing our production capacity in Thailand and are aiming to strengthen our profitability by expanding in the automotive sector.

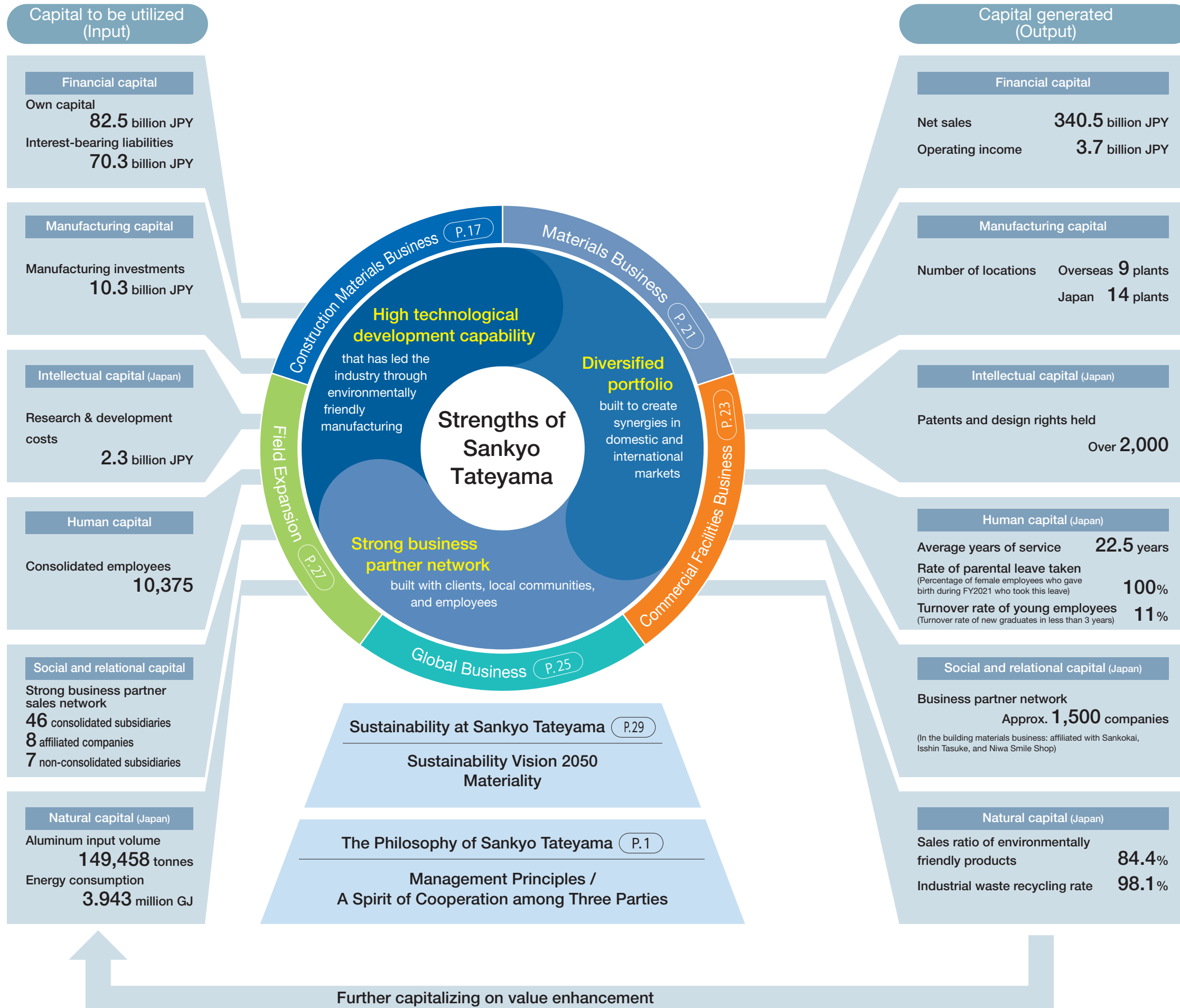
We are confident we will be able to transform our company with a well-balanced portfolio of businesses by improving the profitability of our mainstay Construction Materials, Materials Business, and Commercial Facilities once our Global Business becomes a revenue generator.

Additionally, we will work to expand our domain through new businesses while growing the peripheral markets of our existing businesses.

Message to stakeholders

In order to implement the long-term vision of our Vision 2030, the entire Group must function in harmony as one. In addition to sharing our journey with investors and other stakeholders, we will continue to transform ourselves even during periods of major change in the market and economic environment. We always emphasize dialogue as part of our effort to meet your expectations.

In conclusion, we look forward to your continued support of the Sankyo Tateyama Group in the months ahead.



Our aims

VISION2030
(P.11)

Contributing to a sustainable and affluent life

Realizing an environmentally friendly, safe, and comfortable society

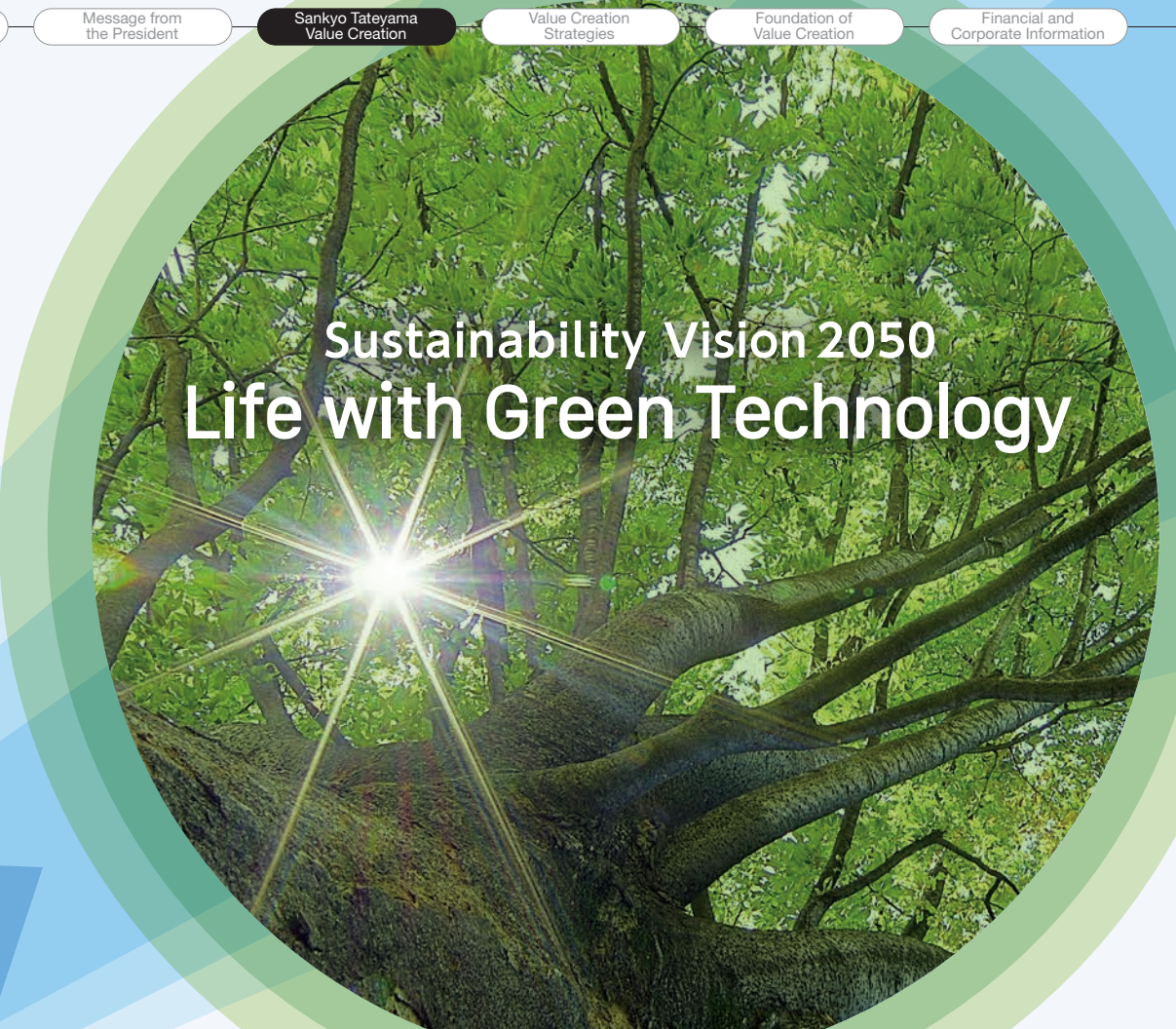
Diversified management

Toward a well-balanced business portfolio

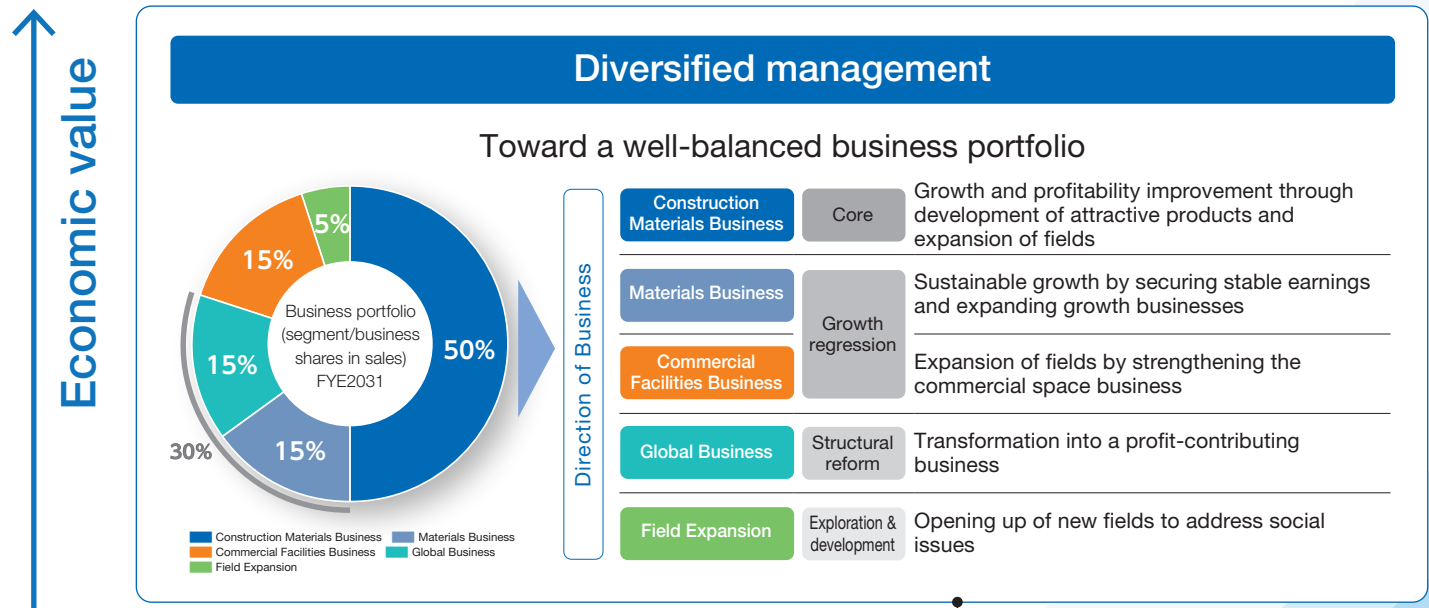
Medium-term Management Plan
(P.13)

Looking to 2050, we have formulated the Sustainability Vision 2050 as a long-term direction for the Sankyo Tateyama Group based on our own management philosophy and past efforts (strengths), and have set targets for 2030.

Toward VISION2030, we will create compelling value through our business activities based on the principles of being environmentally friendly, a safe society, and a comfortable life, and build a management foundation that can flexibly respond to market changes, with the aim to become a company that enables sustainable and affluent lifestyles.



Sustainability Vision 2050 Life with Green Technology



Contributing to a sustainable and affluent life

Realizing an environmentally friendly, safe, and comfortable society

1 Environmentally friendly

- CO₂ emissions reduction
- Recycling of aluminum and other resources

2 A safe society

- Maintenance, replacement, and building resilience of social infrastructure
- Response to DX

3 Comfortable life

- Pursuit of further ease of use and comfort of space
- Response to diverse lifestyles and workstyles

2030 Targets

Greenhouse gas emissions

50% cut
(compared to FY2013)
For the group's emissions in Japan in Scope 1 + 2*

Promoting use of recycled aluminum

Female manager ratio

10%

* Scope 1: Direct emissions produced through our fuel use | Scope 2: Indirect emissions produced through our use of heat and electricity bought from elsewhere

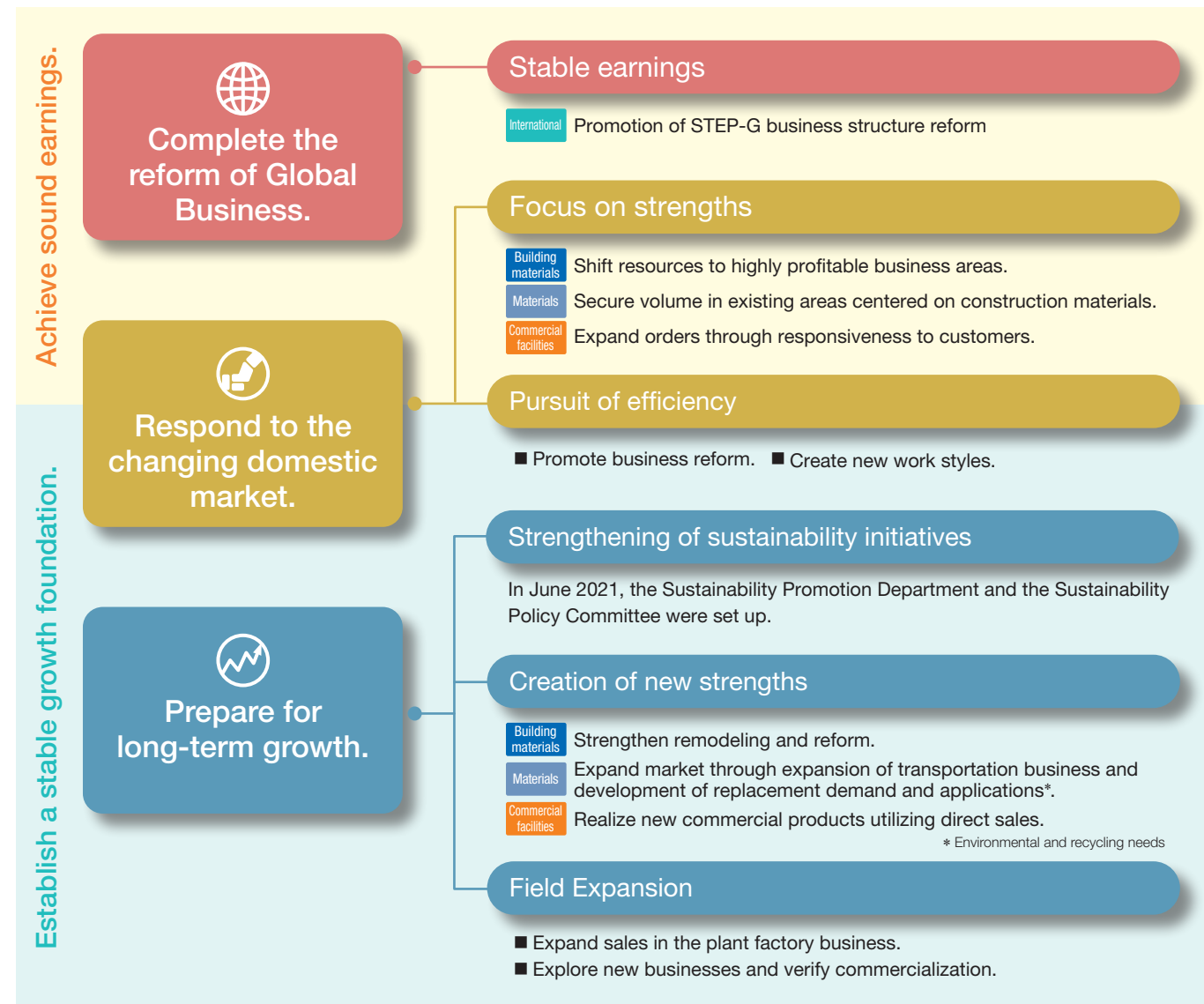
Social value →

Medium-term Management Plan (FYE2022–FYE2024)

As the first stage toward VISION 2030, we will promote measures based on the following policies in our medium-term management plan.

Targets for FYE2024
Operating income **9.0 billion JPY**
Net sales **390 billion JPY forecast**

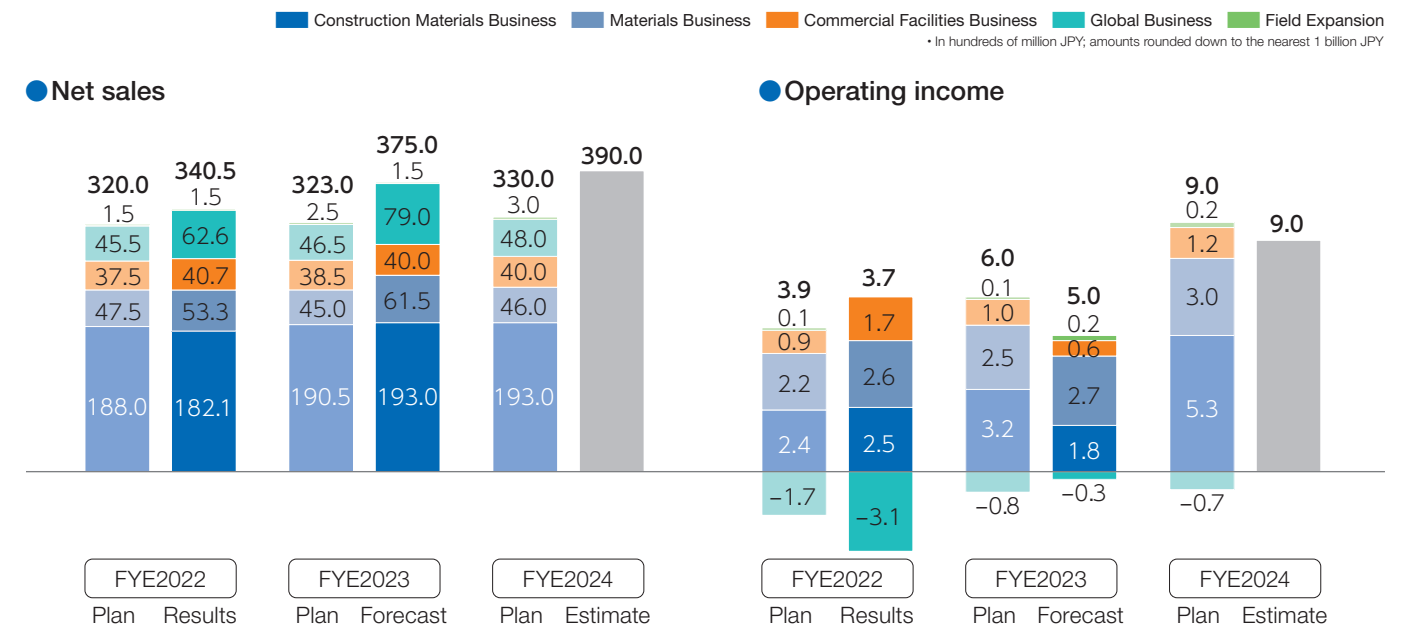
Establish sound management in terms of earnings to become a corporate group with stable growth.



Management indicators

	FYE2021 results	FYE2024 targets
Capital adequacy ratio	32.1%	33% or more
Dividend	15 JPY per share	Paying stable dividends in principle while giving consideration to improving financial results and retained earnings
ROA (on a net income basis)	0.7%	1.9%
ROE (on a net income basis)	2.2%	5.9%

Review and outlook for the fiscal year ended May 31, 2022



Retrospective on FYE2022

Net sales 340.5 billion JPY, an increase of 20.5 billion JPY over the plan

- Materials Business:** Sales increase linked to capital investment for semiconductor manufacturing equipment and aluminum ingot market conditions
- Commercial Facilities Business:** Capturing demand for refurbishing existing stores in the retail industry
- Global Business:** Increase in sales linked to aluminum ingot market conditions and increase in sales volume in Europe

Operating income 3.7 billion JPY, down 0.7 billion JPY from the plan

- Construction Materials Business:** Promoting measures to improve profitability in response to soaring prices of aluminum ingots and other raw materials
- Commercial Facilities Business:** Advancing improvements to operational efficiency
- Global Business:** Losses widened beyond expectations due to the impact of the Ukraine situation on fuel and raw material price hikes

Future outlook

Forecasts for the second year of the Medium-term Management Plan (FYE2023)

Net sales 375 billion JPY, an increase of 52 billion JPY over the plan

- Increase in sales linked to aluminum ingot market conditions and effects of price revisions
- Increase in volume in Europe and other regions, mainly in the automotive sector

Operating income 5 billion JPY, down 1 billion JPY from the plan

- Despite cost reductions, price revisions, and international business reforms to return European subsidiaries to profitability, prices of aluminum ingots, electricity, fuel, steel, and other materials soared higher than when the plan was formulated

Forecasts for the final year of the Medium-term Management Plan (FYE2024)

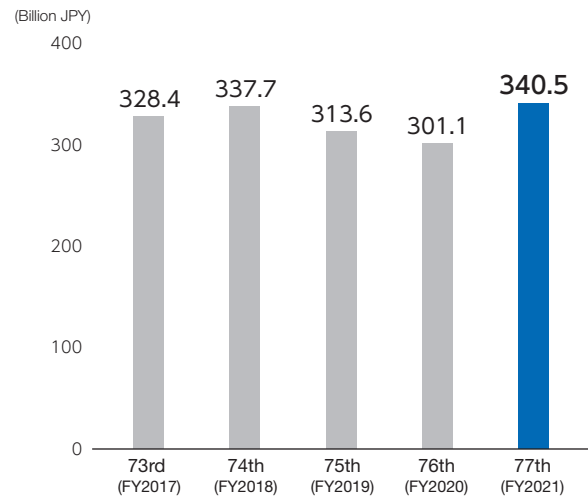
Net sales 390 billion JPY, an increase of 60 billion JPY over the plan

- Increase in sales linked to aluminum ingot market conditions and effects of price revisions

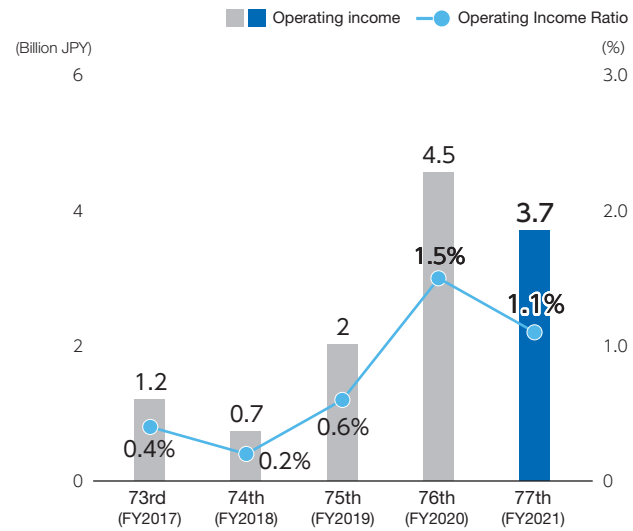
Operating income 9 billion JPY as planned

- Implementation of profit improvement measures

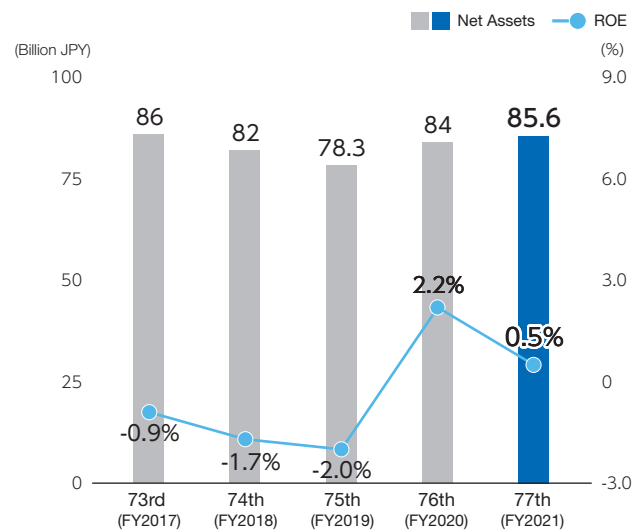
Net sales



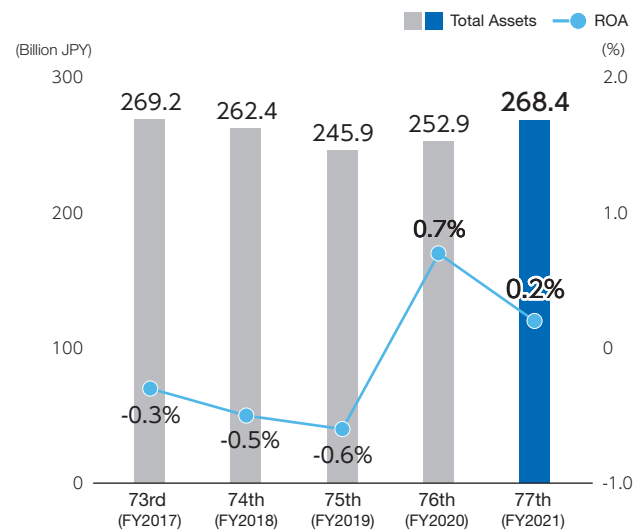
Operating income / Operating income ratio



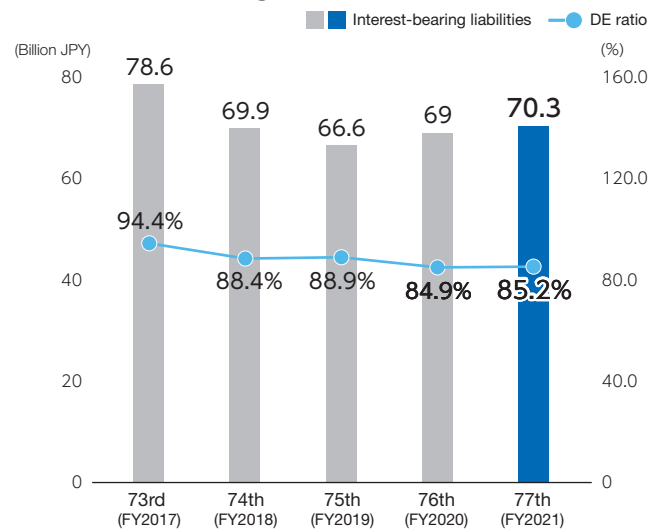
Net assets / ROE



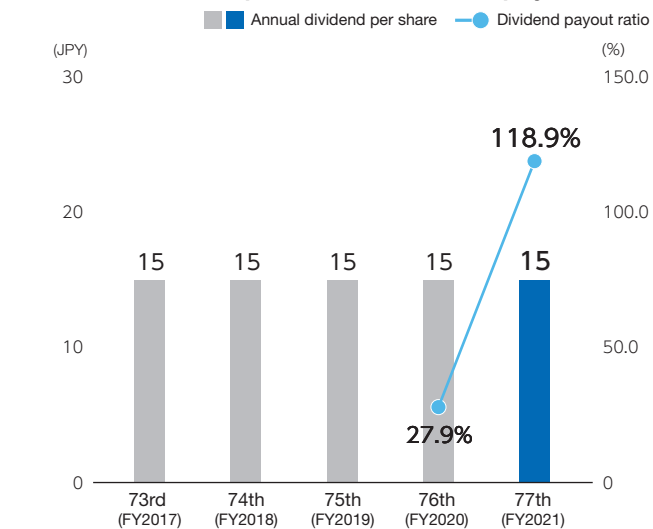
Total assets / ROA



Interest-bearing liabilities / DE ratio



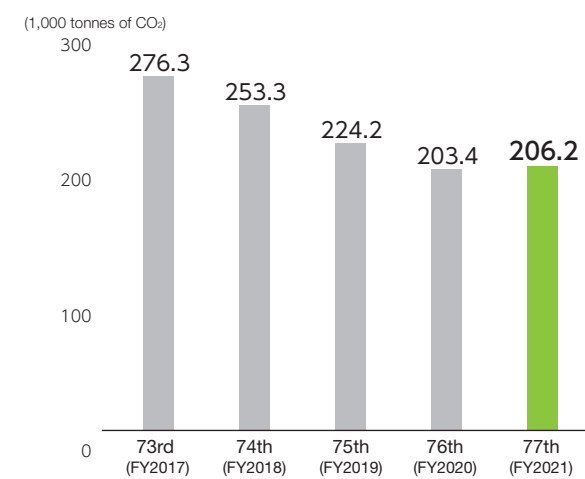
Annual dividend per share / Dividend payout ratio



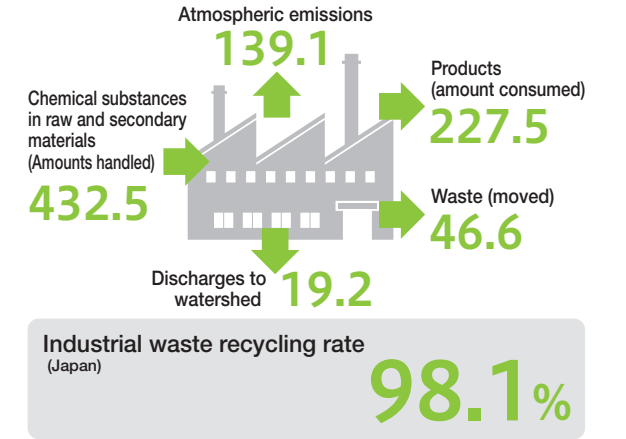
Environment

Environment

Total CO2 emissions (non-consolidated)



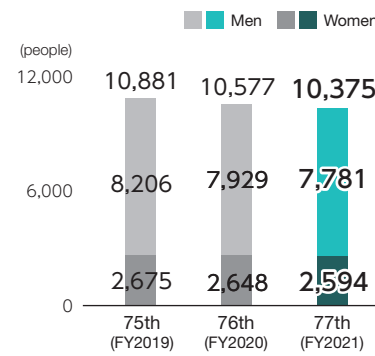
Company-wide material balance of PRTR substances (Japan)



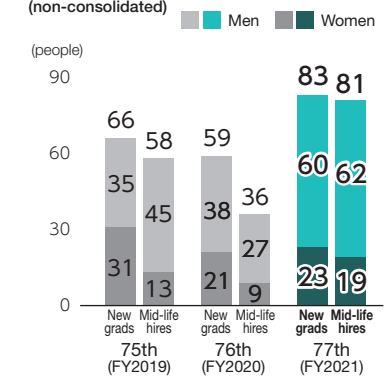
Social

Diversity

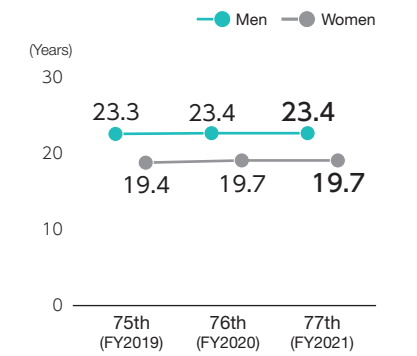
Consolidated employees



Number of recruited employees (non-consolidated)

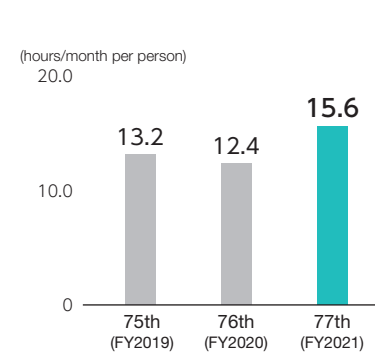


Years of service (non-consolidated)

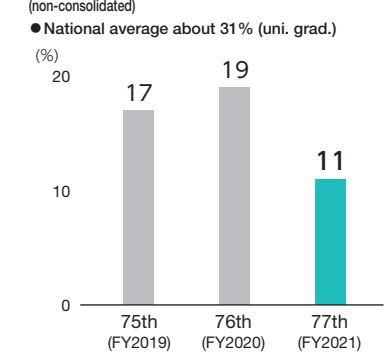


Work styles

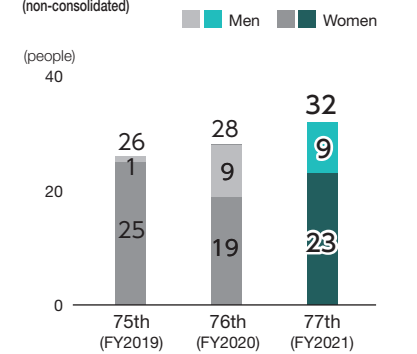
Overtime hours (non-consolidated)



New graduate turnover rate within 3 years (non-consolidated)



Employees who took childcare leave system (non-consolidated)



Governance

Governance

Number of directors (non-consolidated)	12	Number of outside directors (non-consolidated)	4	Number of audit committee members (non-consolidated)	5 (including 3 outside members)	Security training (non-consolidated)	11	Compliance training (Japan)	11
Number of Board of Directors meetings (non-consolidated)	16	Attendance rate of directors and audit committee members at board meetings (non-consolidated)	99.6%	Number of serious information security incidents (non-consolidated)	0	Number of whistleblower/consultation cases (Japan)	20		

Construction Materials Business

Sankyo Alumi Company

Building fixtures

Sashes, doors, curtain walls, refurbishment, store fronts, handrails, interior & exterior fixtures, environmental products, etc.

Housing fixtures

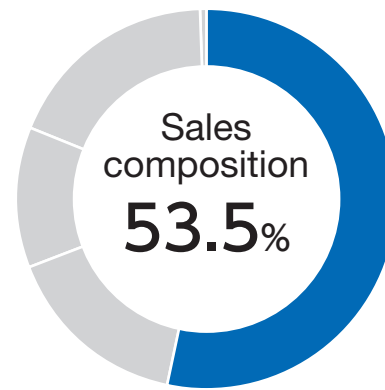
Front doors, windows, crime prevention-related products, interior fixtures, items for use around windows, etc.

Exterior fixtures

Gate doors, fences, carports, terraces, garden rooms, bicycle storage spaces, walkway shelters, etc.



Sales ratio by segment



The building materials business develops, manufactures, and sells building fixtures, housing fixtures, and exterior fixtures. In the fiscal year ended May 2022, the market showed signs of picking up from the major decline due to the pandemic, as the number of new housing construction projects began to increase compared to the previous year, and there was an increase in demand for products that support renovation demand in condominiums, etc., as well as for products that support people staying home, ventilation, and non-contact. At the same time, we have been working to improve profitability through cost reductions and other measures; however, we had to operate under more severe conditions than expected due to the surging prices of aluminum ingots, various materials, and energy, as well as the emergence of sourcing risks caused by global uncertainties, and we revised product prices to secure an appropriate level of profit. We will continue to promote early market penetration of our products with the understanding and cooperation of our customers.

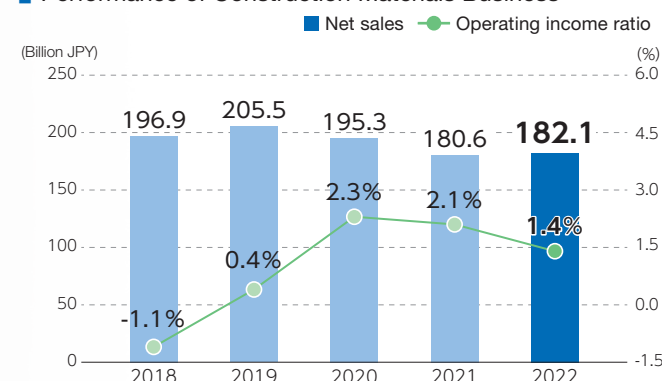
To set a long-term direction, the Sankyo Tateyama Group formulated the Sustainability Vision 2050. To paraphrase the teachings of the thinker Sontoku Ninomiya, "Management without sustainability is a sin, and sustainability without management is a non-starter." Sankyo Alumi Company, therefore, must aim to achieve both the goals of the Medium-term Management Plan and those of sustainability.

Although the business environment remains uncertain, we will strengthen the key sashes for mid- to low-rise buildings, respond to demand for energy conservation and renovation in the housing business, and strengthen our response to sales expansion and growth by introducing new products in growth areas in the exterior business. We will take this time of difficulty to be an opportunity, and with being cheerful, fun, and positive as our guiding principle, we will strive to improve our services to our customers by improving the awareness and conduct of each and every one of our employees.



Takahiro Nishi
President
Sankyo Alumi Company

Performance of Construction Materials Business



Building business

Business environment

- Steady growth in redevelopment projects in urban areas
- Expansion of the remodeling market
- Tighter energy conservation standards and increased demand for energy-saving products

Challenges and risks

- Shrinking new construction market
- Reform of construction work style, shortage of skilled workers
- Intensifying price competition with other companies in the industry
- Price hikes in aluminum ingots and other materials

Business strengths

- A distributor sales network with sales capabilities and component assembly functionality
- Strong partnerships with contractors
- Pioneering natural ventilation products
- Leading handrail product brand strength with the largest market share in the industry

Responding to risk

- Strengthening of proposal and sales structure for the renovation market
- Establish a backup system to take advantage of distributors' functions
- Cost reduction by introducing equipment for labor saving and unmanned operations
- Implement price revisions and achieve early market penetration

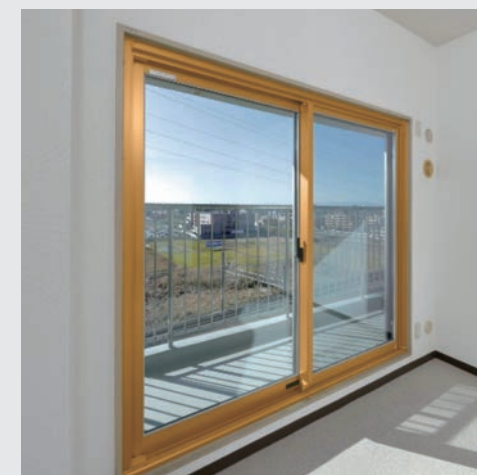
Focus themes

Various approaches to comfortable air, light, and heat environments and expansion of carbon-neutral products and services

- Strengthen development and proposal of products that contribute to energy saving in buildings
- Develop and launch renovation products for which demand is expected to grow
- Expansion of distinctive products for fire door sashes for buildings
- Promote support for distributors.

Business topics

Aluminum-resin composite sash for building renovation (Grows-R)



In the renovation market, there is a growing demand for higher thermal insulation in order to achieve carbon neutrality by 2050, as declared by the government. The Grows-R is an aluminum-resin composite sash for apartment complexes for retrofitting, with high thermal insulation performance based on residential products and excellent versatility and workability, made possible by expertise cultivated through building retrofit products, allowing for quick installation. Resin and aluminum components are designed to be easily disassembled and recycled. In addition, the high thermal insulation performance leads to a reduction in the heating and cooling load after renovation, contributing to environmental friendliness and the mitigation of global warming.



Tatsuhiro Sano
Building Product Development
Section 1
Building Products Department
Building Division
Sankyo Alumi Company



For further information (Japanese): <https://alumi.st-grp.co.jp/news/2022news/om20220905.html>

Housing business

Business environment

- Decrease in number of new housing construction projects started
- Expansion of the remodeling market
- Tighter energy conservation standards and increased demand for energy-saving products

Business strengths

- Nationwide distribution and sales system by distributors and sales companies
- Creation of safe, secure, and comfortable products
- Integrated product lineup and ability to respond to custom orders for sashes, entrance doors, and interiors
- Labor-saving production through the introduction of the latest technology

Challenges and risks

- Shrinking new construction market
- Strengthening energy conservation standards to achieve a low-carbon society
- Intensifying price competition with other companies in the industry
- Price hikes in aluminum ingots and other materials

Responding to risk

- Strengthen response to the remodeling market.
- Strengthen development and proposal of products with high thermal insulation.
- Cost reduction by introducing equipment for labor saving and unmanned operations
- Implement price revisions and achieve early market penetration.

Focus themes

Continue creating safe, secure, and comfortable, and develop one-of-a-kind products

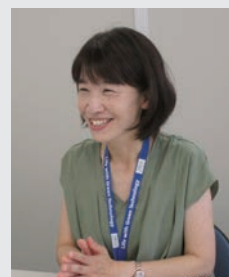
- Continue safe, secure, and comfortable product development.
- Develop one-of-a-kind products.
- Strengthen promotion to end-users.
- Promote support for distributors and construction companies.

Business topics

Interior fixtures: AMiS interior windows



The AMiS interior window is a new item that lets in light and air while providing a gentle partition between spaces. It also responds to new lifestyles in the wake of the pandemic, such as installation in workspaces. The frame and body were designed to be slim, reducing the presence of the frame in the opening and improving the feeling of light and openness. The swivel window was designed to be both stylish and functional, with operability from both inside and outside and a variable position-lock function to adjust ventilation airflow. We developed AMiS interior windows in the hope that they would not only be beautiful as interior décor, but also that they would help people feel more positive and bring families closer together, thereby promoting well-being in daily life.



Anna Saito
Housing Product Planning Section
Housing Products Department
Housing Division
Sankyo Alumi Company



For further information (Japanese): <https://alumi.st-grp.co.jp/products/interior/amis/index.html>

Exterior business

Business environment

- Decrease in demand for new construction, diversification of lifestyles
- Convergence of stay-at-home trends
- Acceleration of digitalization of catalogs, etc.

Business strengths

- Distributor sales network with strong partnerships
- Highly original product development with a strong field of expertise (carports)
- Integrated system through coordination of manufacturing, sales, and development divisions

Challenges and risks

- Diversification of end-user lifestyles
- Frequent natural disasters
- Decrease in the number of skilled workers and aging of the workforce
- Price hikes in aluminum ingots and other materials

Responding to risk

- Development of attractive products and enhancement of lifestyle proposals
- Development of resilient (flexible, supple, high-strength) products
- Improvement of construction capabilities of skilled workers and development of construction-saving products
- Implement price revisions and achieve early market penetration

Focus themes

Further pursuit of challenges in new business areas and development of attractive products

- Product development of contract (non-residential) market from a carbon neutral perspective
- Sales support using the Web and digitalization of sales promotion
- Improvement of business efficiency
- Introduction of equipment to reduce labor and increase production capacity

Business topics

Carport & Multi-roof: U. Style ADEXT Select Line Type



U. Style ADEXT has been well received as a carport that can be adapted to various locations by freely combining the frame (columns and beams) and the roof.

The Select Line Type has evolved into a product that creates a premium quality space brimming with the elegance of light and shadow by featuring lattice materials up to 6 meters in length to the ceiling members and side screens to create a flat, noiseless design. We offer a wide variety of lattice types and installation plans, and can offer solutions for various lifestyles for car spaces, approaches, and garden areas. We will broaden the lifestyles of people so that they can enjoy nature in their daily lives, feeling the wind, enjoying the sunlight through the trees, and sharing the seasons together.



Tomoaki Nakamura
Exterior Product Development
Section 2
Exterior Products Department
Exterior Division
Sankyo Alumi Company



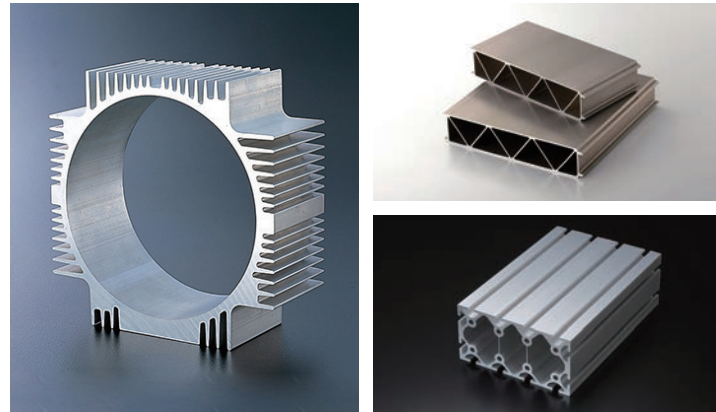
For further information (Japanese): https://alumi.st-grp.co.jp/products/garage/carport/ustyle_adext/

Materials Business

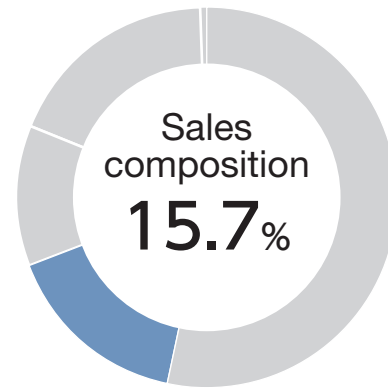
Sankyo Material Company

Aluminum and magnesium billets and extrusions

Application fields: Automotive, railway, industrial machinery, construction materials, electrical equipment, etc.



Sales ratio by segment



The Materials Business manufactures, processes, and sells aluminum and magnesium billets and profiles. Our products are used by customers in a variety of fields, including construction materials, industrial machinery, automobiles, and rolling stock.

In the fiscal year ended May 2022, the business environment changed dramatically with the prolonged outbreak of COVID-19, procurement uncertainty due to supply chain disruptions and other factors, escalating geopolitical risks around the world, and sharp price hikes. In this environment, the Company has been working to expand existing areas centered on construction materials, acquire projects with a future such as in the transportation field, and work on processed goods projects in order to secure volume and profits as well as further growth. Sales increased due to a recovery in demand mainly from active semiconductor-related capital investment and an increase in sales linked to the aluminum ingot market, but profits were affected by surging raw material prices, including energy prices and additive metals.

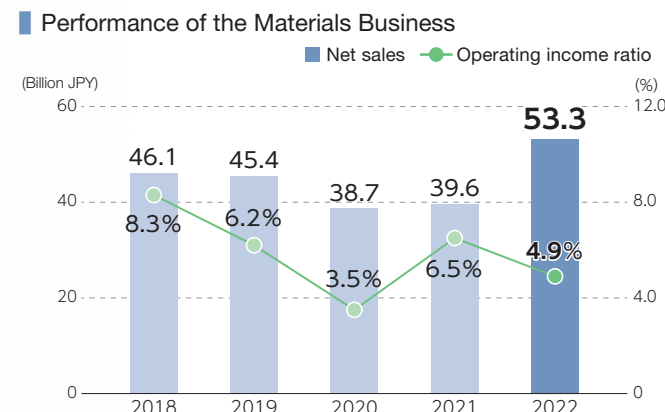
The aluminum extrusion market is on the road to recovery, but over the long term, we expect the overall market to decline due to the shrinking construction market; however, demand is expected to increase due to weight reduction requirements in the transportation sector, and capital investment is expected to increase due to the booming semiconductor market.

The direction of the Materials business is to ensure stable earnings and sustainable growth through expansion of growth businesses. We will promote initiatives to improve our competitive advantage and offer value-added solutions, as well as expand applications and build technologies by developing the potential of easily recyclable aluminum and magnesium as a means to achieve carbon neutrality. In addition, the Sankyo Tateyama Group will promote the advancement of aluminum recycling, a key element of the recycling of resources set forth in the Group's Sustainability Vision 2050.

We will continue to build a foundation for future growth, taking environmental changes as opportunities for further innovation and growth.



Shozo Hirano
President
Sankyo Material Company



Business environment

- Living with endemic COVID-19
- Surge in prices of resources, energy, and materials
- Economic slowdown and procurement risks due to geopolitical uncertainties
- Acceleration of sustainability trends

Challenges and risks

- Securing and training human resources
- Responding to rising raw material prices and other cost increases
- Responding to procurement risks
- Responding to aging equipment
- Responding to social issues such as carbon neutrality
- Impact of semiconductor shortages on production in the transportation and equipment sectors

Business strengths

- Integrated system of alloy casting, extrusion, and processing with one of the largest production capacities in Japan
- Ability to propose alloys, shapes, and structures to meet diverse needs
- Collaboration with international business, global bases in Japan, Europe, Thailand, and China

Responding to risk

- Create human resources by promoting business reforms, and establish a work style that does not depend on the location of work.
- Improve efficiency of human work through labor saving measures and automation.
- Set sales prices that reflect the impact of raw material price hikes.
- Take measures to achieve carbon neutrality.
- Strengthen the supply chain in anticipation of production and procurement risks.
- Building a business foundation for future growth

Focus themes

Sustainable growth by securing stable earnings and expanding growth businesses

- Secure volume and profits in existing businesses in response to the projected contraction of the construction market.
- Expand transportation business by leveraging own strengths.
- Expand the market by developing demand and applications to switch from other materials to aluminum, and by responding to environmental and recycling needs.

Business topics

Magnesium profiles used in competition wheelchairs



Badminton wheelchair made of magnesium alloy (Model name: BDZ)
Courtesy of OX Engineering Co.

Sankyo Material Company materials were used in the competition wheelchairs for the Paralympics Games held in Tokyo over summer 2021. They contributed greatly to the success of the athletes. Competition wheelchairs must be extremely lightweight yet have high maneuverability, so we started with the development of new high-strength materials, and through repeated prototyping, we were able to create a product with a complex, thin-walled frame material. In addition to athletic wheelchairs, Sankyo Material's magnesium products are used in audio equipment and machine tool parts, taking advantage of its vibration absorption properties, and in the civil engineering field, by purposely demonstrating its tendency to corrode easily. We will continue to develop new applications for magnesium leveraging its unique properties.



Hiroaki Iwakawa
Special Sales Section
Head Office Sales Department
Sales Division
Sankyo Material Company



For further information (Japanese): <https://www.oxgroup.co.jp/products/sports.html>

Commercial Facilities Business

Tateyama Advance Company

Store fixtures

Display fixtures, counters, showcases, register cabinets, and interior work

Signage

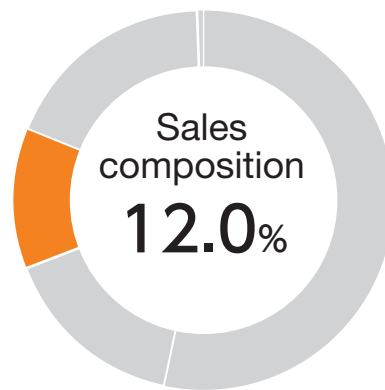
Externally lit signage, standing signs, façade signs, projecting signboards, and noticeboards

Store maintenance

Emergency maintenance, regular maintenance, and call center services



Sales ratio by segment



INTERVIEW

In the Commercial Facilities Business, we manufacture, sell, and install store display fixtures, cash register counters, signs and billboards, and provide various maintenance services. Utilizing our nationwide network, we have opened multiple store locations, and meet the various needs of a wide range of business categories, especially retailers.

In the fiscal year ended May 2022, the Company was affected by soaring prices of steel, resins, and other raw materials, but it performed well in the face of the prolonged pandemic, mainly due to project orders from clients who continue to invest aggressively in the industry.

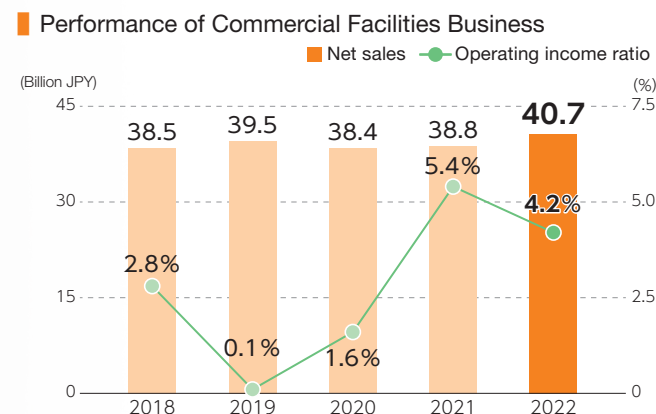
The retail market is undergoing a major transformation in the way stores operate due to changes in consumers' lifestyles and purchasing behavior, as well as the growing thriftiness of consumers as a result of soaring prices. In addition, it is also expected that digital transformations at retail sites will accelerate due to labor shortages and other factors.

Tateyama Advance will constantly evolve by thinking and acting together with our clients, and will provide products and services that respond swiftly to changes in the market. We will also take on the challenges of sustainability initiatives and digital products.

Lastly, we have begun to revise our retail prices in response to the current surge in raw material prices, which are at a level that cannot be fully covered by our current in-house efforts alone. We appreciate your understanding and cooperation.



Kazuhito Ikeda
President
Tateyama Advance Company



Business environment

- Building construction projects (stores), which have been on the decline, are showing signs of a slight recovery
- Increase in existing store remodeling/digital investment
- Top market share in both store fixtures and signage

Business strengths

- Sales and product development capabilities that enable us to fulfill our client requests
- A nationwide network that provides consistent service
- Flexible production and procurement systems to meet market needs
- 24/7/365 store maintenance service
- More than 15 years of experience in Shanghai, China, and local staff

Challenges and risks

- Improvement of operational efficiency through digital transformation
- Optimization of production and distribution bases in response to market changes
- Raw material price hikes / currency exchange effects
- Responding to customers' shift to digitalization

Responding to risk

- Revise selling prices in response to surging raw material prices
- Strengthening of optimal procurement including multiple purchases to reduce the impact of foreign exchange rate fluctuations
- Development of products that meet client digital transformation needs
- Strengthen overseas sales, especially in China

Focus themes

Strengthen proposal capabilities to quickly respond to changes in the market environment and client needs, and expand the product range

- Strengthen relationships with clients
- New business areas and products
- Next-generation store initiatives / collaboration with other companies beyond conventional frameworks
- Sustainability initiatives / planning and development of environmentally friendly products
- Expansion of overseas business based in China

Business topics

Bracket for merchandise display shelves: Slide Changer

Tateyama Advance's clients, drugstores and supermarkets, are introducing sliding shelves to save labor in displaying products.

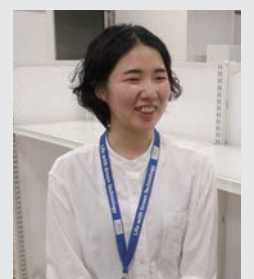
The Slide Changer, a bracket that upgrades existing shelves to sliding shelves, contributes to the SDG initiatives in addition to saving labor*.

The Slide Changer does not require tools when attaching and detaching, and is easy to carry, which helps reduce the workload of store clerks when changing shelves. We hope that the Slide Changer will help create stores that ease the burden on both people and nature.

* Using existing shelf boards reduces CO₂ emissions during manufacturing by 54% compared to using new shelf boards, based on our own research.



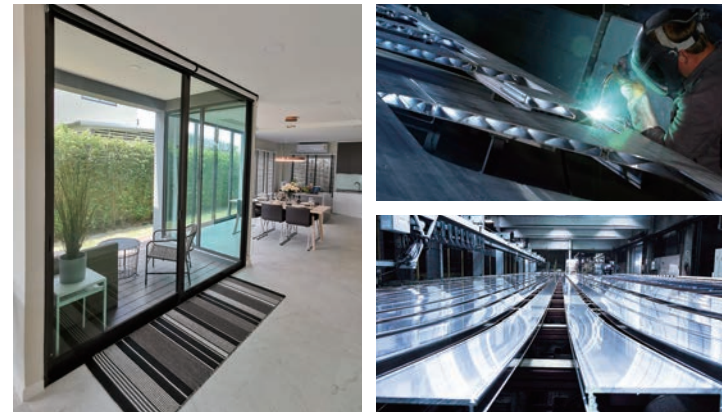
Upper: KV shelf plate × KV 3-shelf bracket Lower: KV shelf plate × Slide changer



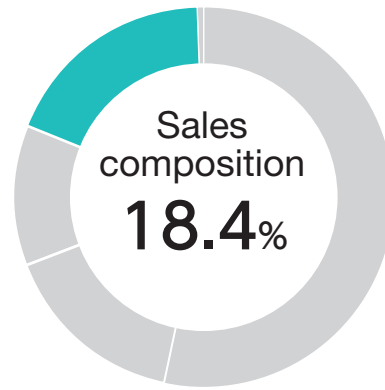
Yuki Yamamoto
Development Planning Section
Development Promotion
Department
Development Division
Tateyama Advance Company

Global Business

Aluminum billets, extrusions and construction materials (Europe, Thailand, China)
Application fields: Automotive, railway, aircraft, industrial machinery, construction materials, etc.



Sales ratio by segment



INTERVIEW

In the Global Business, our overseas subsidiaries in Europe (Germany and Belgium), China, and Thailand perform aluminum billet casting, profile extrusion, and processing, providing products mainly to clients in the automotive, railroad, engineering, and construction material industries.

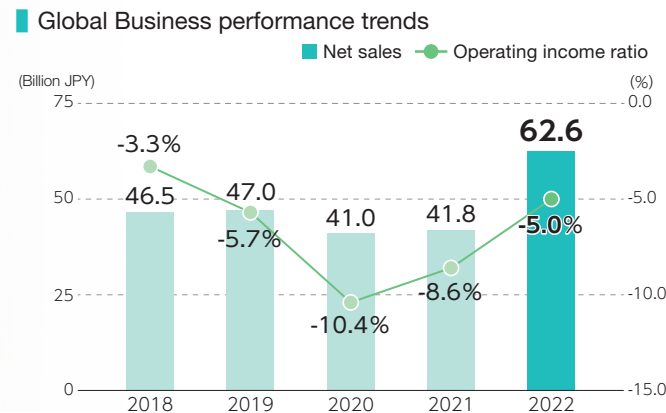
In the fiscal year ended May 2022, while the global economy was on the road to recovery due to the easing of restrictions caused by COVID-19 and economic policies, the prolonged shortage of semiconductors and China's zero-COVID policy caused automakers to cut production and reduced demand in the automotive sector, a key area of business. In the second half of the year, supply chain disruptions caused by Russia's invasion of Ukraine and further increases in energy and material prices caused the market to remain in uncertain conditions.

In the Global Business, the most important issue is to reform and make STEP-G, a major subsidiary, profitable, and we are implementing measures such as consolidation of manufacturing bases in the casting division, closure of sales offices, and improvement of product mix. In addition, we are building a stable production system to meet the demand for products for electric vehicles, which continues to increase. Meanwhile, in Thailand, we will expand our business domain in an integrated manner as a group by leveraging our strengths in being able to handle everything from casting to extrusion and processing.

By steadily implementing improvement measures at each location, the Group will transform itself into a profit-generating business.



Hideki Matsuda
Representative Global Business



Business environment

- Soaring energy and raw material prices due to the situation in Ukraine
- Supply chain disruptions, including semiconductor shortages
- Increased demand for electric vehicles (EVs)

Business strengths

- Global bases in Japan, Europe, Thailand and China
- Integrated production system for alloy casting, extrusion, and processing
- A system that enables the supply of the same products with the same quality in each region
- Advanced automated aluminum profile processing technology in the automotive (EV) field

Challenges and risks

- Improve profitability of the Global Business through STEP-G reforms.
- Minimize risk of energy and raw material price hikes.
- Addressing social issues such as carbon neutrality
- Prolonged supply chain issues such as semiconductor shortages

Responding to risk

- Establishment of a stable product supply system in the EV/automotive field, where demand is expected to increase
- Set sales prices that reflect the impact of energy and raw material price hikes.
- Promote initiatives to achieve sustainability and carbon neutrality.

Focus themes

Achieve profitability through STEP-G reforms and expand business domain in Thailand.

- Establish production system for STEP-G large EV project and make it profitable
- Increase the value-added and enhance response to difficulty level for products in primary fields, like automotive and rolling stock
- Acquire new clients and expand business domain in line with expansion of profile molding production capacity in Thailand
- Capture demand for high-performance building materials in the ASEAN region

Business topics

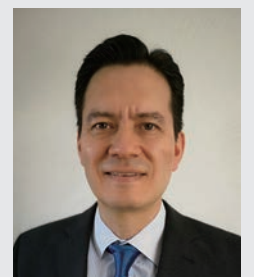
STEP-G Joins ASI (Aluminum Stewardship Initiative)



Courtesy of iStock

In March 2022, STEP-G became an official member of ASI, a non-profit global standardization and certification organization dedicated to maximizing transparency and sustainability throughout the aluminum industry value chain.

With this membership, STEP-G will contribute to the creation of a sustainable society and environment as a member of the aluminum industry by using renewable energy, recording its ecological footprint in production and logistics processes, and establishing a social responsibility management system in order to obtain certification in accordance with the ASI Performance Standard.



Markus Ogawa
Managing Director, STEP-G

Field Expansion

Business Development Department

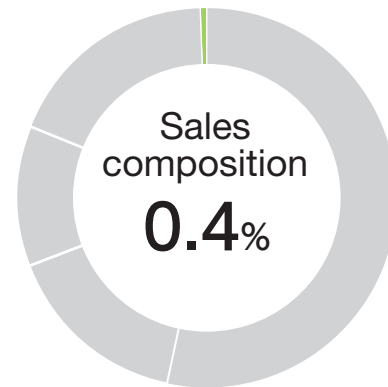
Research, planning, business feasibility verification, and execution of business development related to business domain expansion

Plant factory business

Agri-Engineering Department

Sales of plant systems for plant factories

Sales ratio by segment



Business Development Division

We are creating new businesses by utilizing the resources of the entire Sankyo Tateyama Group and developing new markets and fields through alliances with different industries.

In the fiscal year ended May 2022, we promoted business domain expansion targeting the growth areas of civil engineering infrastructure and telecommunications infrastructure.

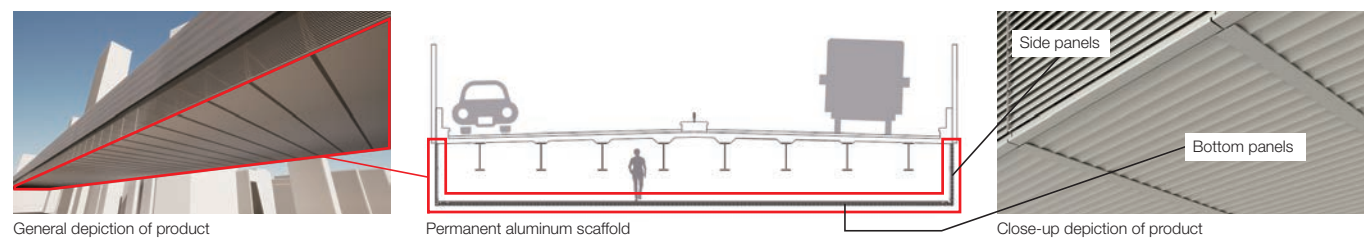
Initiatives

Permanent aluminum scaffold (jointly developed with Kawada Construction)

In the past, inspections and repairs of bridges and overpasses over highways and railroads were carried out by setting up temporary scaffolding each time, but there were issues like traffic restrictions under the overpasses and less attractive landscapes. In addition, the 2014 amendment to the Road Act, which makes it mandatory for bridges and overpasses to be inspected once every five years, has increased the need for permanently installed scaffolding.

To response to this, Kawada Construction's technical expertise in bridges and Sankyo Tateyama's technical expertise in aluminum construction materials have been combined to develop a lightweight, rust-resistant aluminum permanent scaffold that is easy to install and aesthetically pleasing.

The first application of this product has been its adoption for use on a portion of the Metropolitan Expressway Company's Inner Tokyo Loop Line. We aim to have this product adopted for other expressways in the future.



Conduct internal contests for business ideas

As a new initiative to achieve the goal of Diversified Management under VISION 2030, we have conducted an open call for business ideas from all employees and we have received a large number of applications. We are considering commercialization of the best ideas.



Judging of the Business Idea Contest

Plant factory business Agri-Engineering Department

As a plant factory manufacturer, we develop products and construct plant facilities for plant factories based on our proprietary cultivation technology and plant operation expertise accumulated in our own factories.

In October 2019, we began selling agri-cube ID, a plant factory system jointly developed with our business partner Daiwa House Industry, and this has been rated the top cultivation facility in Japan in terms of performance.

We will continue to strengthen our sales, design/construction, and technology development systems and work toward commercialization.

Market environment

In the commercial vegetable market, which is the main sales channel for vegetables from plant factories, the supply of lettuce and other vegetables has become unstable due to frequent abnormal weather conditions such as heavy rain and high temperatures. The food processing and food service industries are faced with the supreme necessity of stable procurement of food ingredients, and are now moving into procurement in earnest from plant factories in order to solve this problem.

In this market context, the vegetable-supplying plant factory industry has seen an upsurge in the construction of new plant factories to meet robust demand.

Using its position as a plant factory plant manufacturer, Sankyo Tateyama, together with Daiwa House Industry Company, will open up new markets and build plant factories that can meet these demands.



Grow room

Retrospective on the past year

In the fiscal year ended May 2022, we were able to complete construction and delivery of our first two large-scale plant factories (in Kagoshima and Ibaraki prefectures). Even after the construction was completed, we provided growing support, which is one of Sankyo Tateyama's strengths, to ensure that the cultivation techniques and plant operation knowledge are shared, and the cultivation equipment has been well received by our customers in terms of equipment performance and cultivation techniques, with production capacity that surpassing the planned capacity.

In technological development, we have developed many new cultivation products and are striving to increase the value of our plant operations by working on the continuous certification of GLOBALG.A.P.* and JAS0012 (Japan Agricultural Standard for Plant Factories (JAS)).

* GLOBALG.A.P.: International standard for Good Agricultural Practices, or G.A.P. for short. This is a farm management standard utilized by producers on farms and other facilities.



Grow room piping

Messages from section members Employee feedback



Tomoyuki Suna
Design and Construction Section
Agri-Engineering Department
Business Development Division

Plant factory construction involves many processes, including installation of growing racks, water supply, drainage, electrical, air conditioning, and interior furnishings, and there is a wide range of contractors involved. The Ibaraki site had a fairly short construction period, so we were under a lot of stress to complete the work on time. We were able to solve various problems and complete the construction by the deadline by making thorough preparations in advance and holding in-depth meetings with the cooperation of the contractors on a daily basis.

Further, we found some issues in terms of products and construction, and we are now in the process of making improvements to satisfy our customers by providing feedback to all concerned parties.

We will continue to make the most of this experience and strive to manage the site with zero accidents and no disasters while keeping to the construction schedule.

Sustainability Vision 2050

The Sustainability Vision 2050 is the long-term direction of the Sankyo Tateyama Group and was formulated based on Japan's aspirations for 2050, our management principles, and our past efforts (strengths).

Sustainability Vision 2050 Life with Green Technology

Achieving carbon neutrality

We aim to become carbon neutral by reducing greenhouse gas emissions from our business activities and, through the use of our environmental technologies, reducing the greenhouse emissions of the clients that use our products and services.

Reusing resources

To help bring about a recycling-oriented society, we will encourage recycling of major materials and promote the reuse of waste.

Connecting personnel and the future

By promoting personnel development that values diversity and human rights, we will foster a dynamic corporate culture, which is how we connect the personnel—who are the driving force behind our efforts to make lives richer—with the future.

Materiality

Based on the Sustainability Vision 2050, the Sankyo Tateyama Group has set 2030 as the target year as a medium- to long-term issue to be addressed in order to enhance corporate value through contributing to create a sustainable society.

ESG	Category	Materiality (Important Issues)	Main initiatives	Supported pages	Related SDGs
E Environment	Environment	Response to climate change	<ul style="list-style-type: none"> Reducing greenhouse gas emissions Contributing to reduced CO₂ emissions during product use 	p.35–p.36	7, 12, 13
		Effective use of resources	<ul style="list-style-type: none"> Promoting use of recycled aluminum Promoting resource recovery for resins Continuing waste reduction activities 	p.37–p.38	7, 9, 11, 12, 13
S Social	Labor practices	Positive working environments	<ul style="list-style-type: none"> Developing a system that takes on board employee feedback 	p.52	8
		Health and safety	<ul style="list-style-type: none"> Establishing a working environment that promotes health and safety Securing and training highly creative personnel 	p.54	3, 8
		Diversity and personnel training	<ul style="list-style-type: none"> Promoting greater participation by female employees Promote greater participation by older employees and rehiring of retired workers 	p.52–p.53	5, 8, 10
	Fair business practice	Fair dealings and corruption prevention	<ul style="list-style-type: none"> Complying with laws and regulations 	p.60	16
Supply chain management		<ul style="list-style-type: none"> Promoting green, CSR procurement 	p.50	12	
Consumer issues	Pursuit of customer satisfaction	<ul style="list-style-type: none"> Offering products and services that meet customers' CSR policies and wishes Enhancing quality through cooperation with business partners 	p.46–p.47 p.45 and p.50	12	
	Product safety	<ul style="list-style-type: none"> Managing and reducing use of hazardous chemicals 	p.44	3, 12	
G Governance	Corporate management	Corporate governance	<ul style="list-style-type: none"> Strengthening internal controls 	p.55–p.60	11, 16
			<ul style="list-style-type: none"> Improving product safety and quality 	p.45	12, 16
			<ul style="list-style-type: none"> Promoting sustainability measures 	p.29–p.34	12, 16

2030 Targets

Greenhouse gas emissions
50% cut
(compared to FY2013)
For the group's emissions in Japan in Scope 1 + 2*

Promoting use of recycled aluminum

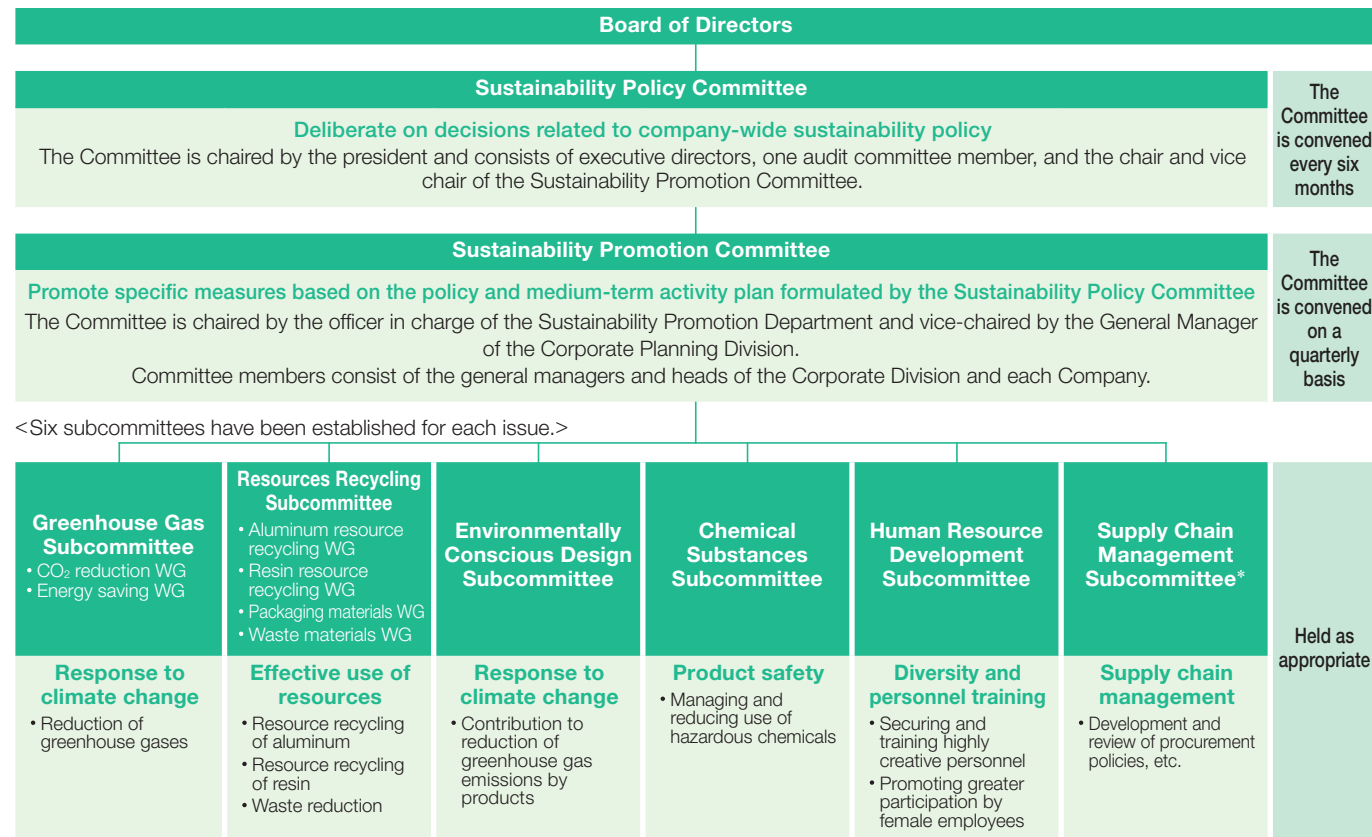
Female manager ratio
10%

* Scope 1: Direct emissions produced through our fuel use
Scope 2: Indirect emissions produced through our use of heat and electricity bought from elsewhere

Sustainability promotion system

In June 2021, the Sustainability Promotion Department was newly established as an organization directly under the President of Sankyo Tateyama. As part of the sustainability promotion structure, a Sustainability Policy Committee consisting of executive directors has been established to deliberate on decision-making related to company-wide sustainability policies, such as climate change response. Among the results of deliberations, important matters such as company-wide policies and medium-term activity plans

are presented to the Board of Directors. In addition, the Sustainability Promotion Committee has been established as an organization to implement the sustainability policy, and is responsible for formulating and promoting specific measures based on the policy and medium-term action plan formulated by the Sustainability Policy Committee. The Sustainability Promotion Department serves as the secretariat for each committee and subcommittee, and is responsible for steering their operations.



* Supply chain management: Production and distribution processes from raw material procurement to sales

Topics Internal Sustainability Awareness Activities

In promoting sustainability activities, the Sankyo Tateyama Group conducts a variety of in-house educational activities to ensure that Group employees acquire knowledge about sustainability and are familiar with our activities.

e-learning

Since February 2022, we have been offering the sustainability course, an e-learning program to help employees acquire knowledge on sustainability and deepen their understanding of Sankyo Tateyama's sustainability activities, policies, and measures.

The Sustaina-Course has been attended by more than 90% of employees each time, leading to an increase in employee awareness of sustainability

Sustainability Message

To promote internal awareness, we have posted a message for employees from a director who is a member of the Sustainability Policy Committee, titled "The Sustainability We Aim for". In the message, the committee members discuss their thoughts on promoting our sustainability policy and the importance of understanding sustainability.

Sustaina-Course	Course Content
Comprehension ①	What is Sustainability?
Comprehension ②	On reducing greenhouse gas emissions
Comprehension ③	On promoting the use of recycled aluminum

Disclosure based on TCFD recommendations

Basic Concepts

In 2021, the Sankyo Tateyama Group formulated, as its long-term direction, Sustainability Vision 2050 Life with Green Technology: Becoming a company that can offer Sustainable Life with Green Technology. In July 2021, we established VISION2030 as our long-term vision, and one of our key strategies is contributing to a sustainable and affluent life: realizing an environmentally friendly, safe, and comfortable society. We promote the reduction of greenhouse gas emissions from our business activities, the promotion of

recycling of aluminum, our main raw material, and the recycling of waste.

In December 2021, in support of the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) established by the Financial Stability Board (FSB), we will collect and analyze necessary data on the impact of climate change-related risks and opportunities on our business activities, business strategies, and financial plans, and enhance our disclosure content.

TCFD: Task Force on Climate-related Financial Disclosures

The Climate-related Financial Disclosure Task Force was established in 2016 by the Financial Stability Board, an international organization dedicated to stabilizing the financial system.



Sankyo Tateyama Group Direction

- Sustainability Vision 2050 ▶ P. 29
- VISION2030 ▶ P. 11

Governance

Responding to climate change is one of the Sankyo Tateyama Group's materialities, and efforts will be made within the Sustainability Promotion System.

In order to respond to information disclosure based on TCFD recommendations, the Sankyo Tateyama Group, under the TCFD Secretariat consisting of the Sustainability Promotion Department and the Corporate Planning Department, in

cooperation with each Subcommittee for each issue, assesses the risks and opportunities to our business due to climate change, examines countermeasures, and reports to the Sustainability Policy Committee and Sustainability Promotion Committee. Each committee discusses responses to risks and reports to the Board of Directors as needed.

Topics Examples of TCFD Initiatives

Sankyo Tateyama recommends TCFD advocacy efforts, including TCFD training for senior management and workshops attended by a wide range of members from the TCFD secretariat and various business units.

Workshop themes (3 sessions)

- Risk and opportunity materiality assessment
- Scenario analysis
- Consideration of countermeasures



Group discussions (Materiality assessment)



Group discussions (Consideration of countermeasures)

Strategy

In identifying risks and opportunities due to climate change, the entire value chain of the Sankyo Tateyama Group (Japan Group) was organized according to each category of transition risk in the TCFD recommendations and evaluated for materiality. Next, based on external scenarios published by international organizations, we developed two future world views for our core building materials business, the 1.5°C

scenario and the 4°C scenario, and developed scenarios of external environmental changes worthy of consideration in 2030. Risks and opportunities were then identified. We have also categorized them into three levels, large, medium, and small, according to the magnitude of their impact on business income. In the future, we intend to expand the number of target businesses and refine the scenario analysis.

1.5°C Scenario

Environmental policies and regulations are strengthened and carbon pricing*1 is introduced. Energy and raw material procurement costs will increase due to the demand for investment in the introduction of renewable energy, low-carbon technologies, and the development of environmentally friendly products. Meanwhile, the market will see an increase in demand for decarbonization-related commercial products and a significant shift toward environmentally friendly products. Technological innovations related to renewable energy and energy conservation will also progress.

Reference scenario Net Zero Emissions Scenario (NZE)

4°C Scenario

Environmental policies and regulations are postponed, CO₂ emissions are not reduced, and carbon pricing is not introduced.

Therefore, as global warming further progresses, typhoons and floods caused by extreme weather events will increase and become more severe, increasing the cost of maintaining factories and supply chains. In addition, nationalism will rise and geopolitical risks will increase. Meanwhile, demand for disaster prevention products will increase due to the need to prepare for severe disasters.

Reference scenario Current Policy Scenario (CPS), SSP3

Specific risk/opportunity examples and their assessment through scenario analysis in Building Materials Business

	Drivers	Impact on business	Impact assessment		
			1.5°C	4°C	
Risks	Transitory	Price pass-through to raw materials	Medium	Large	
		Enforcement of zero-carbon-compliant Building Standards Act	Medium	—	
		Increased need for low-carbon materials and raw materials	Large	—	
		Increased demand for recycled aluminum	Small	—	
Physical	Increasing severity and intensity of extreme weather (flooding)	Impairment of property values and increased insurance costs	Large	Large	
		Production line shutdown due to supply chain disruption	Small	Medium	
Opportunities	Transitory	Increased demand for renovation to improve insulation	Large	Medium	
		Increased demand for recycled aluminum	Small	Medium	
	Physical	Increasing severity and intensity of extreme weather	Increased demand for disaster prevention-related products	Medium	Medium
			Rising temperatures, increase in extremely hot days	Medium	Medium

*1 Carbon pricing: A system that places a price on CO₂ emissions and requires companies, households, and other entities that emit CO₂ to bear the cost.

*2 Carbon footprint: A system to convert the amount of greenhouse gas emissions throughout the entire lifecycle of products and services, from procurement of raw materials to disposal and recycling, into CO₂ emissions and display it on products and services in an easy-to-understand manner.

Risk management

In order to respond to information disclosure based on TCFD recommendations, the Sankyo Tateyama Group identifies climate change-related risks and opportunities at each company in accordance with the TCFD framework under the TCFD Secretariat, which consists of the Sustainability Promotion Department and the Corporate Planning Department. A wide range of members from across the organization, including business planning, sales, development, and production divisions from each company, as well as finance and risk management departments from corporate, are

involved in promoting the initiative. Based on this process, the highly significant risks identified are submitted to the Sustainability Promotion Committee for deliberation, which deliberates on measures to address them in light of the Sustainability Vision 2050, VISION 2030, and the Mid-term Management Plan, and then reports the results to the Sustainability Policy Committee. In addition, important opportunities will be reflected in management and business strategies and priority issues, as necessary.

Indices and targets

The Sankyo Tateyama Group has identified addressing climate change as one of the materialities to be addressed over the medium to long term based on the Sustainability Vision 2050. As part of our goal to achieve carbon neutrality by 2050, our

medium-term target is to reduce greenhouse gas emissions by 50% of Scope 1+2 for the domestic group by 2030 from the FY2013 level.

Target Area	Target Scope	Target (base year FY2013)
Japan Group	Scope 1+2	50% reduction by FYE2031

Sankyo Tateyama Group's Direction

Initiatives to Reduce Greenhouse Gas Emissions ▶ P. 36 and P. 40

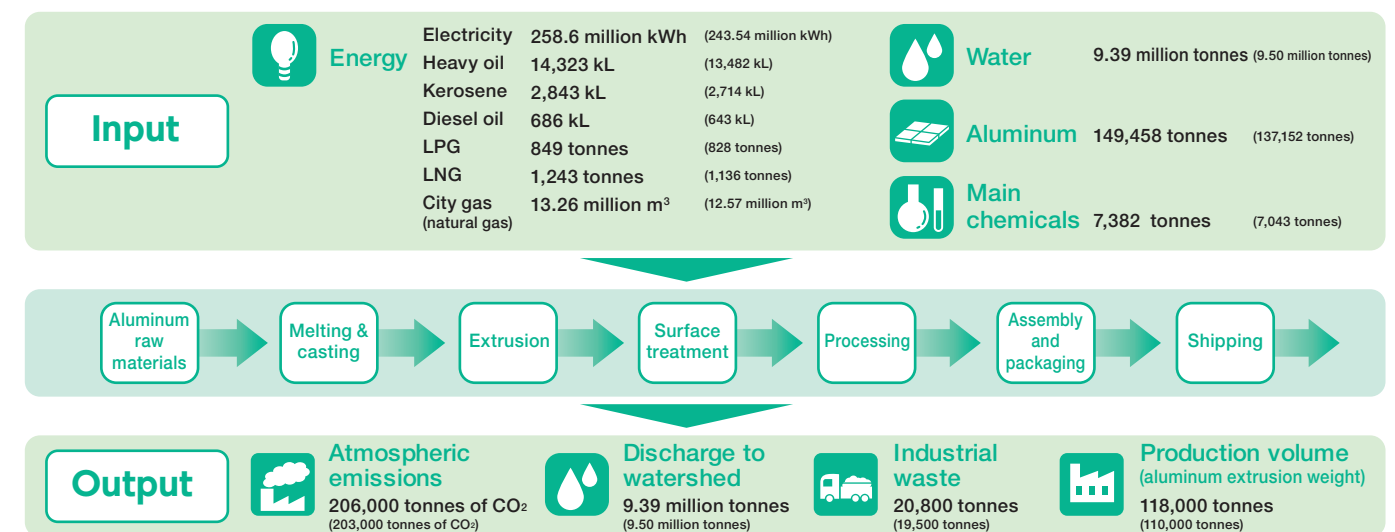
Environmental Initiatives

Relationship with the Environment

The Sankyo Tateyama Group mainly uses aluminum, which is easily recyclable, as a material, and uses energy, water, and chemical substances to manufacture its products. In the process, we place a burden on the environment in the form of

resource consumption, waste, and CO₂ emissions.

Through various activities to reduce these impacts, we are working to protect the local and global environment.



* Actual results for FY2021; figures in parentheses are actual results for FY2020. • Scope of calculation: Sankyo Tateyama non-consolidated

Response to climate change

The Sankyo Tateyama Group is continuously working on measures to address global warming, including energy conservation activities.

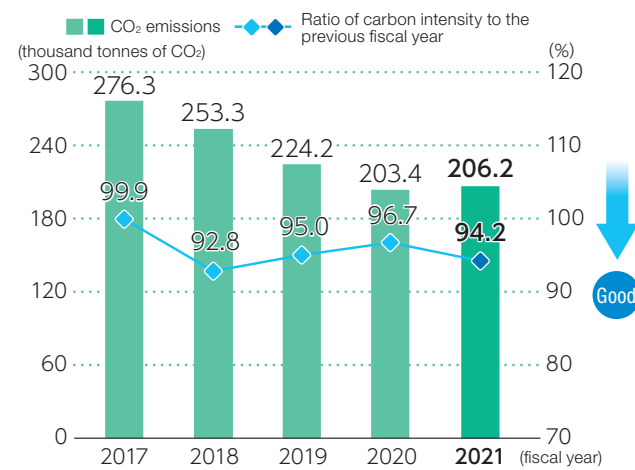


CO₂ emissions and energy use

The total amount of CO₂ emissions in FY2021 increased by 1.4% (2.8 thousand tonnes of CO₂) from FY2020 due to the increase in production volume, but the carbon intensity improved by 2.5% from FY2020. This was mainly due to the introduction of CO₂-free electricity and renewal of facilities, including the use of LED lighting, as well as energy-conservation activities like the reduction of fuel oil consumption.

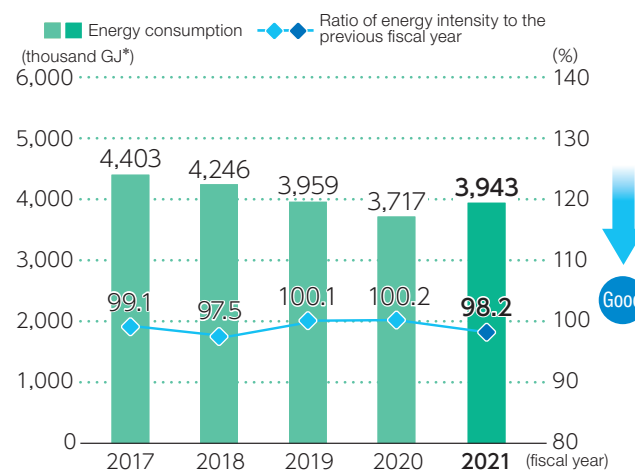
Regarding the energy intensity compared to the previous year, the unit energy consumption improved by 2.0% compared to FY2020.

Trends in CO₂ emissions and Ratio of carbon intensity to the previous fiscal year



• Basis of calculation: Based on the emission factor specified in the Act on Promotion of Global Warming Countermeasures. (Revised March 2010, Ministry of the Environment)
 • The CO₂ conversion factor for electricity is based on the adjusted emission factor for FY2020.
 • Sankyo Tateyama non-consolidated

Trends in Energy use and Ratio of energy intensity to the previous fiscal year



* GJ: Gigajoule.
 • Basis of calculation:
 Electricity—Enforcement Regulations of the Act on the Rational Use of Energy
 Heat use—“Standard calorific value table by energy source” by Agency for Natural Resources and Energy
 • Sankyo Tateyama non-consolidated

Energy Conservation Working Group and Workshop

The Energy Conservation Working Group (WG) meets four times a year (July, October, January, and April) to promote improvements in the factory, logistics, and office departments in order to achieve the medium-term environmental action goals for energy conservation activities. Successful examples of improvements are horizontally deployed.

In addition, once a year, a training session is held online by an instructor from the Energy Conservation Center, Japan (ECCJ).



Energy Conservation Workshop

Energy conservation activities

Energy Conservation Promotion Committees have been set up at the Imizu Plant and Nago Plant and meet once a month. The committee is promoting activities in cooperation with the management division by absorbing opinions from the workplace.



Energy Conservation Promotion Committee

Reducing greenhouse gas emissions

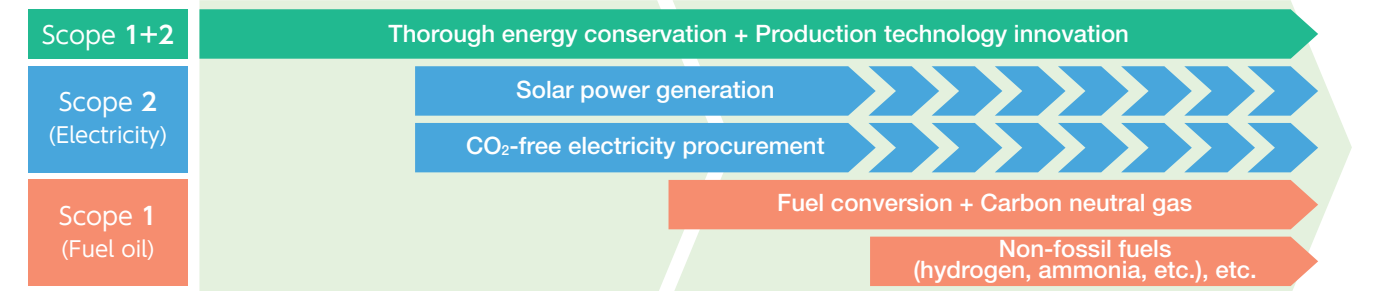
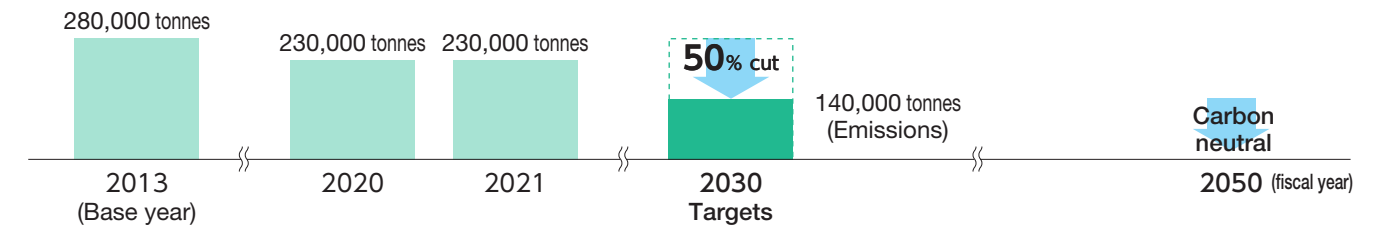
The Sankyo Tateyama Group has formulated a specific reduction plan to achieve the 2030 target based on the premise of carbon neutrality by 2050.

As measures, we aim to reduce greenhouse gas emissions of the domestic group by 50% by 2030 (compared to FY2013

CO₂ emissions and energy consumption) by taking energy-saving measures such as updating facilities and reducing fuel oil consumption in our business activities, and by introducing CO₂-free electricity and battery-powered forklifts.

Main measures taken to date

- 1 Energy-saving measures such as switching to LED lighting
- 2 Converted to 100% renewable energy for electricity at head office, branch offices, sales offices, and employee dormitories (December 2021)
- 3 Forklifts (3 tonnes or less [107 units]) shifted in stages to battery power beginning October 2021
- 4 Convert 100% of electricity used at four plants to renewable energy (June 2022)



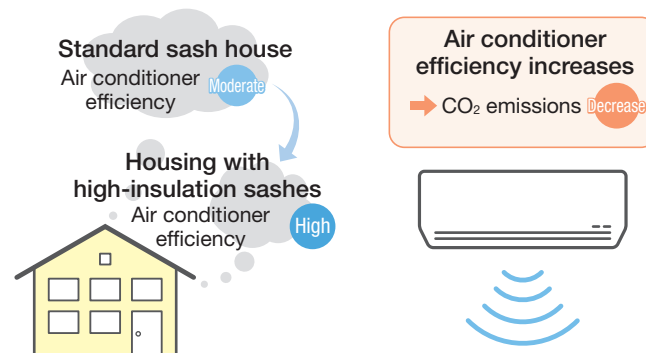
Contributing to reduced CO₂ emissions during product use

In order to fulfill our social responsibility toward the environment, the Sankyo Tateyama Group aims to provide products that have less impact on the environment by promoting environmentally friendly design at the product development stage.

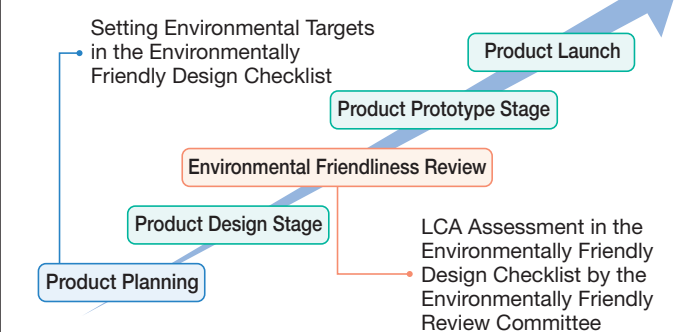
One of these efforts is our contribution to CO₂ emission reductions during product use. We have established calculation

standards for products with high CO₂ emission reduction effects and large sales performance, and are working to calculate and visualize the amount of CO₂ emission reductions they can contribute to. We will continue to expand the number of products subject to calculation, and develop and strengthen sales of products with even higher CO₂ emission reduction potential.

Concept of Our Contribution to CO₂ Emission Reductions



Flow of Product Development





Effective use of resources

The Sankyo Tateyama Group is working to make effective use of aluminum and resin resources and to curb the discharge of packaging and other waste materials.

Industrial waste discharge record

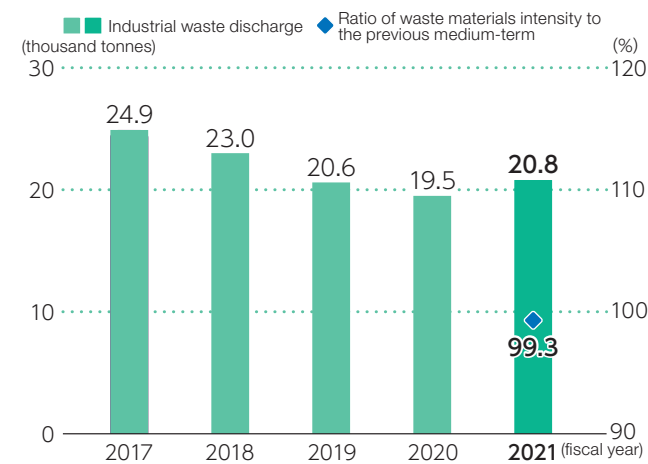
In FY2021, industrial waste discharge increased by 6.6% (1.3 thousand tonnes) compared to FY2020. This is due to an increase in production volume.

Waste materials intensity decreased 0.7% from the previous medium-term (FY2018-2020).^{*1}

The recycling rate was 98.1%.

^{*1} Since the amount of waste emissions varies from year to year, the standard is set as the comparison to the previous medium-term (FY 2018-2020).

Trends in industrial waste discharge and Ratio of waste materials intensity to the previous medium-term



* Sankyo Tateyama non-consolidated

Industrial waste discharge reduction activities

Offcuts and scrap resin profiles discharged from the Fukumitsu Plant are returned to the production plant as valuable resources for recycling, thereby reducing industrial waste discharge by approximately 20 tonnes/year.

Zero emission achievement status

In FY2021, 13 out of 14 plants achieved zero emissions (recycling rate of 97% or more).

PCB^{*2} management

The Sankyo Tateyama Group properly disposes of, stores, and manages electric devices and stabilizers containing PCBs in accordance with the Act on Special Measures against PCB Waste.

^{*2} PCB: Polychlorinated biphenyls

List of number of devices managed for PCBs (As of March 31, 2022) (Number of devices)

Location name	Highly concentrated PCB waste			Low-concentration PCB waste	
	Storage			Storage	In use
	Electric facilities	Stabilizers	Reagents	Mixed waste (excluding analysis samples)	Contaminated electrical devices
Shinminato	0	0	0	0	6
Fukuoka Nishi-Fukuoka Satellite	0	0	0	4	0
Imizu	0	0	0	0	3
Nago	0	0	0	0	2
Sankyo Tateyama Head Office	0	0	0	2	0
Total	0	0	0	6	11



PCB waste removal operations

Promoting the use of recycled aluminum

We have developed measures and set milestones to increase the use of recycled aluminum in order to respond to the circular economy of resources and reduce Scope 3 greenhouse gas emissions toward carbon neutrality in 2050. We have strengthened our efforts in cooperating with resource recovery companies and clients, including in the collection of aluminum scrap from used products—recycled aluminum—and processing scraps generated in our clients' machining processes. Notably, we participated in the Regional Digitalization Assistance Project subsidized by the Chubu Bureau of Economy, Trade and Industry in FY2021, and implemented the Establishment of a business model for closed-loop aluminum recycling using digital technology in collaboration with local companies.

Our goals for FY2022 are as follows.

- Aim to increase the amount of recycled aluminum used in billet casting by 1 percentage point from the previous year.
- Promote overseas procurement of recycled aluminum, given the expected shortage of domestically generated aluminum scrap in 2050.
- Promote commercialization of the building of a business model for closed-loop aluminum recycling using digital technology through collaboration with local companies.
- Promote technological development to maintain product quality when the use of recycled aluminum is increased to a greater extent than before.

We will strive to reduce the carbon intensity of the products we supply to our customers by taking advantage of our strength in owning our own foundry and being able to procure materials and mix the materials used in casting in house.



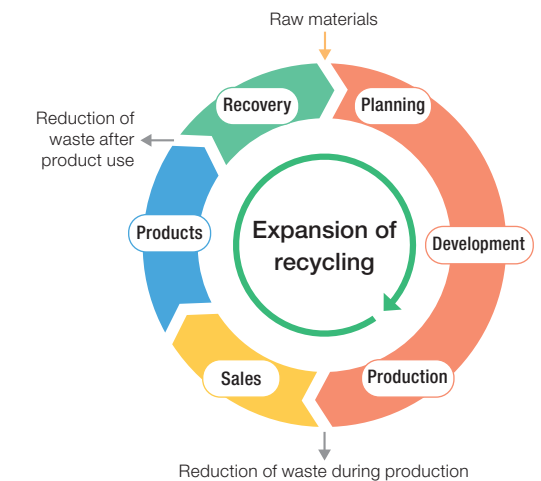
Aluminum scrap from used products

Promotion of resin recycling

We aim for manufacturing with an awareness of circular economy^{*} in order to promote recycling of resources and waste, and to reduce our environmental impact. As one of our major initiatives, we have started to strengthen our in-house recycling of the scrap materials generated during the production of resin extrusions used for window sashes. In addition, we have been working to grasp the current status of use and recycling of resin parts and components, which are used in large quantities.

In FY2022, we will study measures to address issues revealed by the actual production conditions and promote improvement of recycling and reduction of waste. In particular, we will strive to improve in-house recycling of sash offcuts. We will also promote the establishment of a recycling system for products other than sashes.

For post-use resin windows, we are participating in a collaborative effort between industry, government, and academia with the aim of establishing a recycling system.

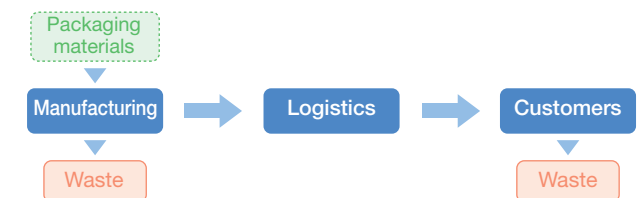


Reduction of packaging waste

To help create a recycling-oriented society, we promote waste reduction by curtailing the use of packaging materials and recycling them.

Specifically, we promote reuse and recycling by reducing the use of waste plastics such as styrene foam and switching to recycled PP bands to reduce waste during product manufacturing. We also contribute to the reduction of waste disposal costs for clients who receive delivery of our products.

We will continue to collect information and conduct surveys to promote recycling and reuse, thereby helping to build a recycling-oriented society.



^{*} Circular Economy: An economic system in which products, raw materials, and other resources that used to be discarded in the course of economic activities are now considered resources that can be recycled, reused, and otherwise utilized to recycle resources.

Chemical countermeasures

The Sankyo Tateyama Group strives to control PRTR*1 Law substances and reduce VOC*2 emissions in the spray painting process.

*1 PRTR (Pollutant Release and Transfer Register)
*2 VOC (Volatile Organic Compounds)



Chemical countermeasures

The total amount of substances handled in FY2021, including those by affiliated companies, that are subject to reporting under the PRTR Law is 432.5 tonnes. Of this amount, 36.6% (158.3 tonnes) was discharged into the air and water, of which 139.1 tonnes was

discharged into the air and 19.2 tonnes into public waters.

The following table shows the emission and migration volumes of chemical substances subject to PRTR notification requirements.

Substances subject to PRTR reporting requirements (including affiliated companies)

Period: April 2021–March 2022

(Tonnes/year; mg-TEQ for dioxins)

Substance No.	Substance name	Main applications	Amount handled	Emissions			Amount transferred		Consumption amount**4
				Atmospheric emissions	Discharges to watershed	Soil	Outside of business premises*3	Sewage	
53	Ethylbenzene	Product painting	39.9	36.0	0.0	0.0	3.9	0.0	0.0
80	Xylene	Product painting	58.1	54.2	0.0	0.0	3.9	0.0	0.0
87	Chromium and trivalent chromium compounds	Blended with aluminum billet raw materials	16.3	0.0	0.1	0.0	0.0	0.0	16.3
186	Dichloromethane	Lapping adhesion	5.4	5.2	0.0	0.0	0.1	0.0	0.0
243	Dioxins	—	—	225.4	1.6	—	—	0.0	—
277	Triethylamine	Product painting	7.5	7.5	0.0	0.0	0.0	0.0	0.0
296	1,2,4-Trimethylbenzene	Product painting	4.1	4.1	0.0	0.0	0.0	0.0	0.0
300	Toluene	Product painting	59.7	30.6	0.0	0.0	29.1	0.0	0.0
308	Nickel	Surface treatment	17.3	0.0	0.0	0.0	0.0	0.0	17.3
309	Nickel compounds	Surface treatment	13.9	0.0	2.5	0.0	1.7	0.0	9.7
355	Bis (2-ethylhexyl) phthalate	Plasticizer for vinyl chloride	114.3	0.0	0.0	0.0	6.5	0.0	107.8
374	Hydrogen fluoride and its water-soluble salts	Molten metal remover for aluminum billet casting	14.6	0.3	3.2	0.0	0.2	0.0	11.0
392	Normal-hexane	Aluminum paints, cleaning agents, vehicle fuel	1.2	1.2	0.0	0.0	0.0	0.0	0.0
405	Boron compounds	Surface treatment	15.8	0.0	13.3	0.0	0.7	0.0	1.8
412	Manganese and its compounds	Blended with aluminum billet raw materials	38.7	0.0	0.1	0.0	0.1	0.0	38.4
438	Methylnaphthalene	Various furnace fuels	14.2	0.1	0.0	0.0	0.0	0.0	14.2
448	Methylene bis(4,1-phenylene) diisocyanate	Lapping adhesion, urethane foam	11.4	0.0	0.0	0.0	0.3	0.0	11.1
Total			432.5	139.1	19.2	0.0	46.6	0.0	227.5

* The above table does not include the results of business sites that have not reached the volume required for PRTR notification.
* Any discrepancies in the totals are due to rounding.
*3 Amount transferred off-site: Amount of industrial waste discharged as a result of business activities that is transferred off-site by outsourcing to industrial waste disposal companies.
*4 Amount consumed: The amount of target substances consumed as reaction materials, or the amount of substances contained in or attached to products and taken off-site.

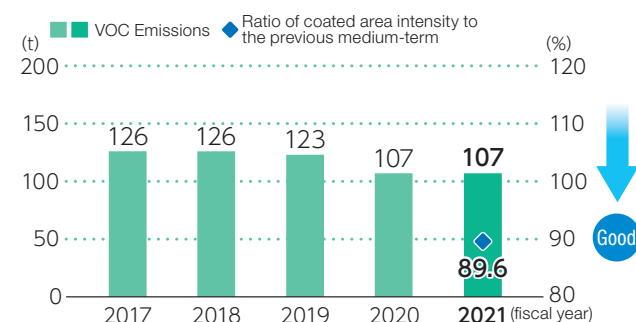
VOC emissions in the spray painting process

In FY2021, VOC emissions were reduced by 0.6% (0.7 tonnes) compared to FY2020. The main reasons for the reduction were the additional adoption of low-VOC dilution thinner, which resulted in a reduction, and an increase in the percentage of powder coating.

With regard to the coated area intensity, VOC intensity was reduced by 10.4% compared to the previous medium-term (FY 2018-2020)*5.

*5 Since the amount of VOC emissions varied from year to year, the standard is set as the comparison to the previous medium-term (FY2018-2020).

Trends of VOC Emissions and Ratio of coated area intensity to the previous medium-term



Environmental management and response to environmental risks

The Sankyo Tateyama Group is working to acquire ISO 14001 certification, strengthen our environmental management and monitoring system, and thoroughly manage industrial waste as part of its environmental management and response to environmental risks.



Acquisition of ISO 14001 certification

Sankyo Tateyama acquired ISO 14001 certification at all of its plants by FY2008.

Since ISO 14001 certification is the basis for the establishment of an environmental management system, we maintain and renew it and continuously strive to improve the level of our environmental management system.

Implementation of environmental patrols

Every year, we conduct environmental patrols at all plants, including those of affiliated companies, to prevent environmental accidents, raise awareness of environmental conservation, and ensure legal compliance. We review the documents and check the sites for compliance with laws and regulations, consistency of environmental measurement data, and the risk of tanks leaking.

In FY2021, from the perspective of reducing environmental risks, we conducted focused patrols of oil storage and other storage facilities, and confirmed that there were no violations of laws or regulations.

We will continue to conduct environmental patrols to prevent environmental accidents in the future.



Verifying diesel fuel stations



Checking desulfurization facilities

On-site confirmation of industrial waste disposal companies

We systematically conduct on-site inspections of industrial waste treatment facilities to ensure that industrial waste generated within the Group is properly disposed of in compliance with laws and regulations.

Documentation verification includes checking the contents of consignment disposal contracts and permits, as well as the status of the emergency contact network. On-site inspections include the installation of a bulletin board at the disposal facility, the presence or absence of unauthorized waste deliveries, the wearing of safety protective equipment by workers, and the status of 5S cleanliness management.

We will continue to conduct on-site inspections to ensure proper disposal of industrial waste.



On-site verification of industrial waste treatment facilities (FY2020)

Responding to emergencies

Each plant within the Group as well as all office locations conduct annual emergency response drills for earthquakes and fires.

In Suncreate's (a subsidiary) comprehensive disaster drill in FY2021, the following scenario was included in the drill: A kerosene tank is damaged by an earthquake and kerosene is leaking out; and a fire has broken out in the hot-water boiler in the welfare building. After the initial ShakeOut (earthquake disaster prevention training) to protect themselves from earthquakes, the firefighters extinguished the fire and set up sandbags to prevent the leaked kerosene from leaking out of the building. At the end, the local Nanto Fire Department gave a review of the drill.

We will continue to conduct drills every year to reaffirm how each of us should act in the event of an emergency.



Initial firefighting training

Sandbag placement drill

Promotion of environmental communication

The Sankyo Tateyama Group promotes environmental conservation activities and activities to reduce environmental impact in cooperation with local communities, government agencies, employees, and other stakeholders.



Corporate forest planting

Since April 2013, we have been participating in the Corporate Forest Planting program recommended by Toyama Prefecture with the aim of contributing to biodiversity protection, reduction of carbon dioxide, and local nature conservation activities. To date, 2,500 saplings have been planted in a wooded area in Takaoka City by employees and their family members as volunteers. As the saplings grow, we perform routine maintenance activities such as clearing underbrush.



Participant photo

The 20th round of activities was held in April 2022. The 32 participants cut vines that had become entangled in saplings planted 4 to 5 years ago, attached pink tape to the saplings to serve as markers when cutting underbrush, and installed bee traps to prevent wasps from building nests in the area so that they could safely carry out their activities.

In addition, the 20th round of activities was posted on the website of the Toyama Forest Growing Support Center*, presenting Sankyo Tateyama's forest growing activities in a clear and simple manner.

* Toyama Forest Growing Support Center is an organization that provides comprehensive and specialized support to forest volunteers and others in order to promote forest development with the participation of Toyama Prefecture citizens. (Toyama Forest Growing Support Center Activity Promotion Project)



Toyama Forest Growing Support Center Website



Taping work

Toyama Environmental Fair

From October 2021 to January 2022, the Toyama Environmental Fair 2021 was held as hybrid in-person/web-based venue. This fair is held every year under the theme of green lifestyle through the sponsorship of Toyama Prefecture and other organizations. Sankyo Tateyama also participates in the fair every year, and this time we introduced our eco-friendly products and environmental technologies at the web venue.

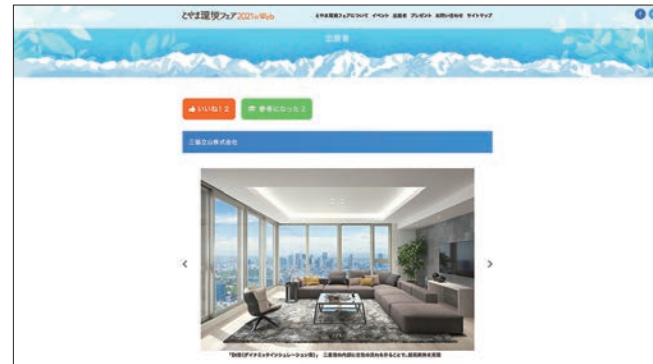


Exhibit on the Web Venue

Company-wide mass cleanup activities

As part of our prosocial activities, we conduct company-wide cleanup activities around our business sites on Zero Garbage Day (May 30) every year.

In FY2021, 1,525 people participated nationwide. We will continue to conduct cleanup activities around our business sites to raise awareness of local environmental beautification and to foster environmental conservation awareness among each and every employee, such as not producing or simply discarding garbage, or using garbage effectively as a resource with an awareness of the importance of sorting it, so we can strive to create a zero-waste society.



Kansai Building Construction Materials Branch, Sankyo Alumi Company

Sansei Industry

Environmental accounting

Sankyo Tateyama evaluates environmental investments and benefits based on Ministry of the Environment-issued environmental accounting guidelines, which quantify the costs and benefits associated with environmental conservation.

Environmental accounting results for FY2021

● Total period: June 1, 2021–May 31, 2022
● Scope of calculation: Sankyo Tateyama non-consolidated

Environmental conservation costs

(Millions of JPY)

Categories corresponding to business activities	Major cost items	Capital investment		Expenses	
		FY2020	FY2021	FY2020	FY2021
1. Business Area Costs	Environmental conservation costs to control environmental impact generated in the business area	284	434	527	584
Breakdown	1) Pollution prevention costs	0	0	181	202
	2) Global environmental conservation costs	283	434	1	1
	3) Resource circulation costs	1	1	345	380
2. Upstream/Downstream costs	Costs required to reduce environmental impact generated upstream in the business area, such as green purchasing	0	0	0	0
3. Administration costs	Costs required to operate environmental management systems	0	0	91	67
4. R&D costs	Costs required for R/D of products related to the curtailment of environmental impact	131	184	326	323
5. Social activity costs	Costs required to donate to and support the environmental activities of local residents	0	0	7	6
6. Environmental damage costs	Costs to restore the natural environment back to its original state	0	0	0	0
Total		415	618	951	980

Environmental conservation benefits

(Millions of JPY)

Environmental performance indicators	Units	FY2020	FY2021	Change from previous year (Environmental conservation benefits)
Energy input	(thousand GJ)	3,664	3,943	-279
CO ₂ emissions	(thousand tonnes of CO ₂)	204	206	-2
Industrial waste discharge	(thousand tonnes)	20	21	-1
Amount of wastewater discharged	(thousand tonnes)	9,501	9,386	115

Economic effects of environmental conservation measures

(Millions of JPY)

Details	FY2020	FY2021	Change from previous year
1. cost reduction through energy conservation	82	92	10
2. gain on sale of valuable materials	221	299	78
3. Reduction of cardboard, cushioning materials, etc.	1	3	2
Total	304	394	90

Basic approach to product development

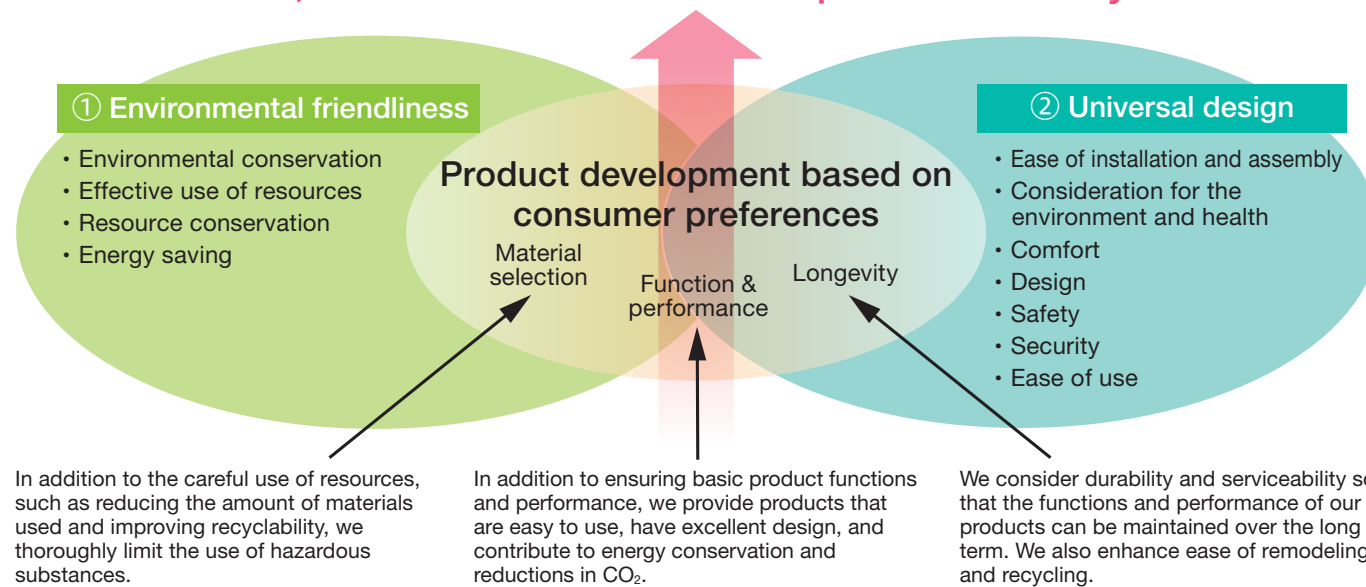
Sankyo Tateyama develops products with a market-oriented total optimization system perspective to meet customer expectations.



Product Development Philosophy

In order to provide safe, secure, and comfortable spaces and lifestyles, we incorporate and propose as solutions to our customers the three elements of material selection, function/performance, and longevity into all new products, based on ① environmental friendliness and ② universal design (UD), with due consideration paid to the user's perspective.

Safe, Secure and Comfortable Space and Lifestyles



Creating environmentally friendly products

Product development based on Guidelines for Environmentally Friendly Design

Sankyo Tateyama develops products based on the Guidelines for Environmentally Friendly Design. In these Guidelines, based on the four concepts of energy conservation, resource conservation, effective use of resources, and environmental conservation, we strive to reduce impacts on the environment in the lifecycle of our products—from material selection, production, distribution, installation and use, to removal and disposal.

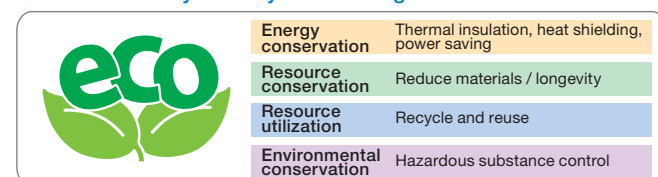
Environmentally friendly products

During product development, we evaluate the environmental impact of all developed products using the Environmentally Friendly Design Checklist based on the Guidelines for Environmentally Friendly Design.

We set a target to reduce the environmental impact of our products compared to equivalent conventional products and designate products with an overall score that exceeds the target as Environmentally Friendly Products.

(Sankyo Alumi Company's sales ratio of environmentally friendly products in FY2021: 84.4%)

Environmentally Friendly Product Logo



Universal design initiatives

UD user assessment meeting

UD user assessment meetings are held to assess products from the user's point of view at the time of checking prototypes of developed products. By providing feedback from the user side to the product development, we uncover problems that cannot be noticed only by examination by the development staff and document review.



UD user assessment meeting

Product safety

Managing and reducing use of hazardous chemicals

The Sankyo Tateyama Group promotes the proper use of chemical substances contained in products and used in the manufacturing stage in compliance with domestic and foreign laws. We are also working to reduce and substitute hazardous chemical substances in anticipation of domestic and international regulations.

1. Need to manage chemical substances in products

In the larger context, regulations on chemical substances contained in products are being tightened under the global agreement to prevent health hazards and adverse effects on the environment.

In the EU, strict regulations such as RoHS Directive, REACH Regulations, and ELV Directive are being enforced in the electrical/electronics and automotive industries, and our customers have requested us to conduct surveys or have made inquiries about chemical substances. This has created a need to establish an appropriate management system for chemical substances contained in products.

2. Control regime

We are strengthening our regime to properly manage and comply with laws and regulations related to chemical substances contained in products.

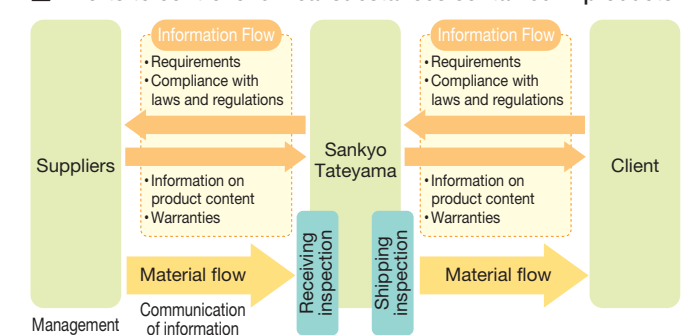
3. Management regulations and standards

In September 2017, we established the Sankyo Tateyama Product Chemical Management Regulations, which set company-wide rules, and the Sankyo Tateyama Management Standards for Chemical Substances Contained in Products, which indicate chemical substances to be protected and requirements for suppliers, and have begun operating the management of chemical substances contained in products.

4. Communication of information on chemical substances contained in products

We have introduced a system for the management of chemical substances contained in products and are working on proper management by collecting data on chemical substances contained in products, storing the data, and communicating the information to our clients.

Efforts to control chemical substances contained in products



- Properly manage chemical substances contained in products and promptly communicate information
- Enhance the level of management of chemical substances in products throughout the supply chain, including our Company

5. Reduction and substitution of hazardous chemical substances

As part of our efforts to reduce and substitute hazardous chemical substances, we are working to substitute hexavalent chromium. We will consider environmentally friendly specs that do not contain hexavalent chromium.

Products valued by society



Highly insulated window with heat recovery ventilation [DI window (Dynamic Insulation Window)]

DI windows are double-paned windows that provide high thermal insulation while ventilating without having to open the windows.

By combining the window with 24-hour ventilation, the window convects outside air between the exterior window and interior window, and the flow of air recovers heat escaping through the window to achieve comfortable ventilation close to room temperature and insulation equivalent to exterior walls despite being a window.

We can assist you in living more comfortably.



For further information (Japanese): <https://buildingsash.net/di/>



Exterior louvers: Tower screen—TSR Series

This is a lattice-type wind noise reduction louver that combines the facade design with wind noise suppression.

Wind noise caused by the angle and strength of the wind hitting the louvers is reduced by adding curved surfaces to the corners of the louvers.

This product is designed for use in places where people are in close contact, such as privacy barriers for rooftop facilities and emergency stairs, and installation in front of openings to block out sunlight.



For further information (Japanese): <https://alumi.st-grp.co.jp/news/2021news/om20210729.html>



Pursuit of customer satisfaction



Basic policy on product safety and quality improvement

The Sankyo Tateyama Group's management philosophy: "Based on cooperation encompassing clients, local communities and employees, we create new value and contribute to realizing a world of well-being by giving customers delight and satisfaction." We believe that our mission is to help create comfortable living spaces and satisfying lifestyles for people through our products, services, and other corporate activities.

The Sankyo Tateyama Group has been committed to the safety and

security of the products we develop, manufacture, and sell. In order to provide products that our customers can use with even greater peace of mind, we have established a Product Safety Declaration, a Quality Improvement Declaration and Code of Conduct for Product Safety and Quality Improvement as our self-imposed code of conduct. We will ensure that the safety of our products is a top priority in both our business and the business of our group companies.

Product Safety Declaration

We are fully focused on product safety assurance so that we may provide safe and reliable products for our clients to use.

Quality Improvement Declaration

We are committed to providing ever better quality in our aspiration to be a company that is chosen, enjoyed, and needed by our clients.

Code of Conduct for Product Safety and Quality Improvement

1. Legal compliance

- We will comply with all laws, regulations, safety-related standards, and quality-related regulatory requirements related to ensuring the safety of our products and our clients.
- We will educate our employees on relevant laws and regulations, internal rules, and other necessary matters, and ensure that they are thoroughly familiar with them.
- We will conduct regular audits of laws and regulations, safety standards, and quality, and ensure that they are maintained and managed.

2. Ensuring product safety

- Creating a product safety system and making on-going improvements will allow us to engender a corporate culture that prioritizes our customers and product safety.
- We will implement safety design from the customer's perspective through risk assessment and appropriate quality control.
- To ensure the safe and proper use of our products, we will provide accurate and easily-understood warnings and instructions in the manuals and on the product itself to prevent accidents from misuse or carelessness, and to ensure that our products are properly maintained and cared for.
- We provide the needed information to businesses involved in assembling and installing products at the distribution stage so that we can help raise awareness and provide guidance on safety.

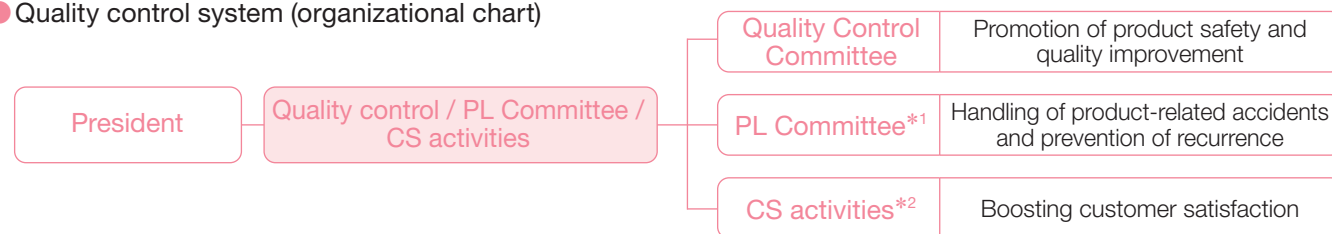
3. Quality improvement

- We strive to analyze and reduce risks at each stage of our products from planning, development, and design to production, shipment, assembly, and installation.
- We regularly check product quality and its management status, and continue to improve our quality control system.

4. Handling accidents

- In the event of a product accident, we promptly collect information, take action, and report the accident to the competent authorities in accordance with laws and regulations.
- We promptly investigate the cause of the accident, and if it is found that there is a safety problem, we notify the customer in the most appropriate manner.
- In order to prevent the occurrence and escalation of hazards, we take all necessary measures, such as product recalls and repairs, and ensure that there are no recurrences.

Quality control system (organizational chart)



*1 PL = Product liability
*2 CS = Customer satisfaction

Activities

- Activities of the Quality Control Committee
- Activities of the Sankyo Tateyama Group Quality Liaison Committee
- Risk verification through the introduction of risk assessment during product development
- Introduction of 4M*3 change point management and utilization of PDCA cycle*4 during production

*3 4M: ● Man ● Machine ● Material ● Method—when a large number of defects occur in a process, one of these factors often changes.
*4 PDCA cycle: A system to continuously repeat the process of planning (P), doing (D), and checking (C), to serve as the basis for acting (A).

The Sankyo Tateyama Group recognizes that providing joy and satisfaction to our customers is the only way to contribute to realizing a world of well-being, and each and every employee is committed to practicing our CS Policy in his or her daily work.

To ensure customer satisfaction

Sankyo Tateyama values trust and reliability. We recognize that trust and reliability are gradually nurtured by meeting the expectations of all customers, including consumers and clients, in our daily corporate activities. And each and every employee keeps in mind during their day-to-day work that what we do in our company is inextricably linked to the satisfaction of our customers.

In addition, activity policies for quality improvement are determined and addressed through the Quality Control Committee. Regular liaison meetings are held between Sankyo

Tateyama's company departments, Sankyo Alumi, Sankyo Material, and Tateyama Advance, and ST Logistics Service within the Group, to coordinate quality improvement activities. In addition, to ensure that consumers can use our products with peace of mind, we have established a PL Committee to address product liability issues concerning product safety, and we are working to maintain and improve trust and confidence in our products.

* See Quality control system (organizational chart) on p. 45 for a view of the system.

Customer satisfaction policy

The CS Policy, together with the Management Principles and Code of Conduct, is distributed as a portable card to all executives, employees, temporary employees, and others

working within the Sankyo Tateyama Group, and serves to guide each of them.

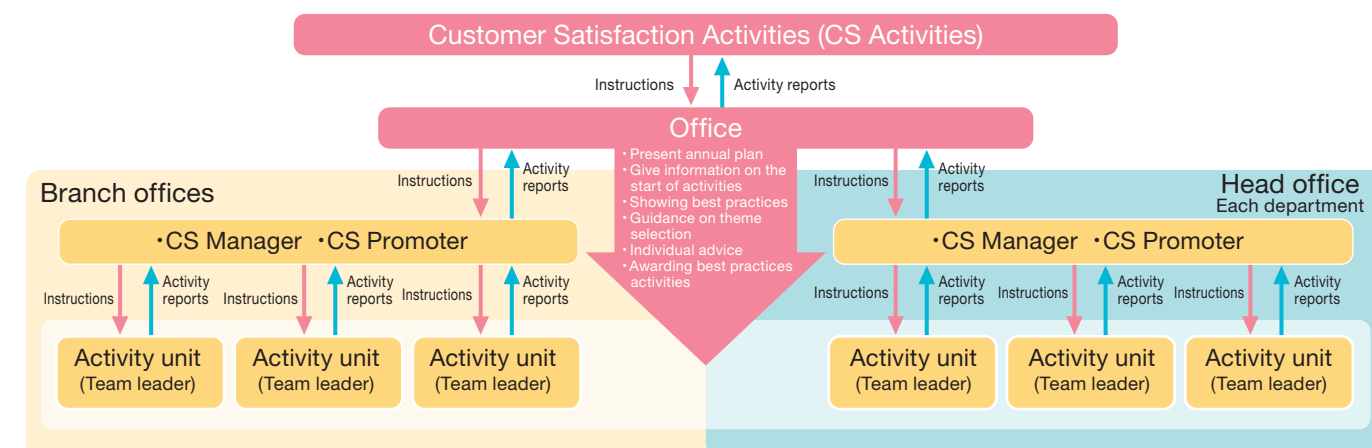
- We give first priority to customer satisfaction and always act with consideration of customer positions and perspectives.
- We listen to customer opinions and accurately identify customer expectations and issues.
- We work to achieve customer satisfaction through improvements and proposals based on ingenuity and creativity.
- We are mindful that customer satisfaction is the success of our work.
- We are grateful for the opportunity to share in customer satisfaction.

We will always follow these guidelines and strive to improve customer satisfaction in our daily business activities.

Status of Customer Satisfaction Activities

Sankyo Tateyama conducts Customer Satisfaction (CS) Activities to put our CS Policy into practice. These activities are meant to put customer satisfaction into practice by thinking and acting from the customer position and perspective in our daily work. We started these activities in 2002, and in FY2021 we had 205

teams participating. Through this initiative, we aim to achieve customer satisfaction by further embedding the CS Policy in our daily work and spreading best practices horizontally within the Group.



Making the most of the Voices of Our Customers (VOC*)

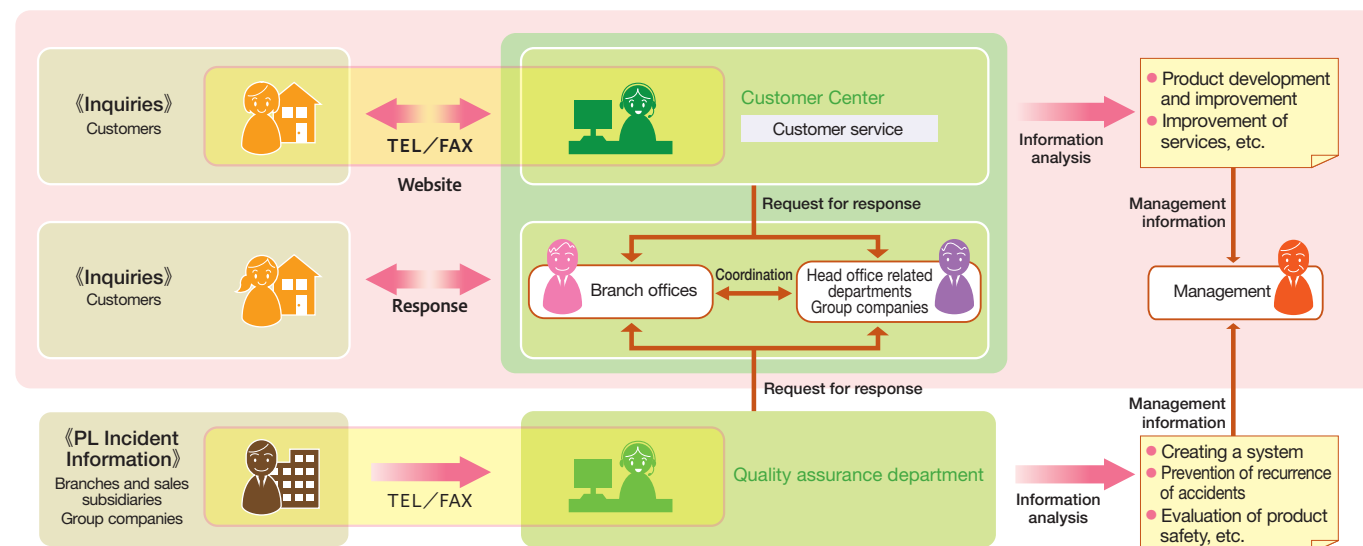
Sankyo Tateyama has established a customer center as a contact point for customer inquiries through the phone, fax, and our website. The consultation desk strives to respond courteously and promptly to inquiries regarding the purchase and use of products, after-sales maintenance, and any other concerns.

We take each and every inquiry seriously and we systematically organize and categorize the voices of our

customers that we have received on a daily basis, analyzing this content from a variety of different aspects and then isolating the issues. These issues are shared with top management and related departments as management information, and are used to develop and improve products, services, and information tools such as our website and catalogs. We hope these efforts will further deepen the relationship of trust with our clients.

* (VOC) = Voices of our customers

Customer Information Initiatives



Gaining the confidence of our customers

Sankyo Tateyama complies with all laws, regulations, and quality standards related to ensuring the safety of our products and our customers.

At the development stage, we evaluate safety by visualizing risk levels (risk assessment using R-Map*) to create products that are easier and safer to use from the standpoint of our customers.

In addition to instruction manuals and caution labels, we also check the contents of catalogs in advance to ensure that they comply with various laws and regulations, such as the Act against Unjustifiable Premiums and Misleading Representations and the Basic Consumer Act, as well as the guidelines of the industrial associations to which they belong, and we strive to

display the necessary information clearly and in an easy-to-understand format for our customers.

In the event of an accident involving our products, we will promptly collect the necessary related information and promptly and appropriately handle the accident taking into account the customer's point of view, and report any serious product accidents to the competent authorities in accordance with the Consumer Products Safety Act and other laws and regulations.

In addition, we will thoroughly investigate the cause of the accident and prevent any recurrence in order to ensure product safety.

* R-Map: A method to evaluate the magnitude of risk based on the degree of harm and frequency of occurrence.

Together with our shareholders

Sankyo Tateyama is committed to continuously improving its corporate value and meeting the expectations of shareholders by strengthening the management base and increasing the profitability of the entire group.

IR* activities

IR activities are handled by the Public Relations and Investor Relations Department. We disclose corporate information in a timely and accurate manner so that shareholders, investors, and all other stakeholders can have a deeper understanding of the Sankyo Tateyama Group's corporate activities and make a sound evaluation of the Group.

Sankyo Tateyama's website contains financial disclosure materials such as financial summaries, financial results presentation materials, and securities reports (quarterly reports), as well as semiannual shareholder newsletters and other materials, which are easily accessible to investors at any time.

For institutional investors, we hold financial results briefings after the second quarter and year-end financial results. Individual meetings are also held at the time of quarterly financial results or upon request. In FY2021, we held about 50 individual meetings with domestic and foreign institutional investors.

In addition, we also accept factory inspections upon request.

For individual investors, we held company information sessions.

Opinions and advice received from stakeholders through IR activities are fed back to the Board of Directors to be utilized in future management.

* Investor Relations (IR): Overall activities by a company to provide shareholders and investors with information necessary for investment decisions in a timely, fair, and on-going manner.



Financial results briefing for institutional investors (webinar)

Approach to information disclosure

Sankyo Tateyama will endeavor to disclose information in compliance with the Financial Instruments and Exchange Act and other laws and regulations, as well as the Securities Listing Regulations established by the Tokyo Stock Exchange (the 'Listing Regulations'), and will also promptly disclose information that is considered useful for stakeholders to gain a better understanding of the Sankyo Tateyama Group.

Information that falls under the listing regulations will be disclosed through TDnet (Company Announcements Disclosure Service) provided by the Tokyo Stock Exchange in accordance with the Listing Regulations. Information that may have an impact on investment decisions will be disclosed promptly in a timely and appropriate manner depending on the importance and urgency of the situation.



Shareholder composition (As of May 31, 2022)

Total number of authorized shares: 150,000,000

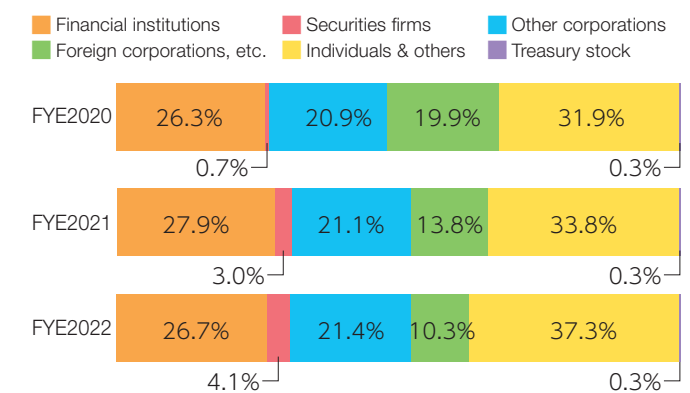
Total number of shares issued: 31,554,629

Number of shareholders: 19,107

Distribution of shares by shareholder (As of May 31, 2022)

Classification	Number of shares	Ratio
Government and local governments	0	0.0
Financial institutions	8,415,768	26.7
Securities firms	1,294,810	4.1
Other corporations	6,752,872	21.4
Foreign corporations, etc.	3,238,722	10.3
Individuals & others	11,757,192	37.3
Treasury stock	95,265	0.3
Total	31,554,629	100.0

Changes in shareholder composition



Together with our clients

Our clients are all the people with whom we have a relationship in providing products and services for customers. The Sankyo Tateyama Group is developing various initiatives for cooperation and co-prosperity with our clients.



Sankyo Alumi Company housing business: Co-creation with agencies

Housing Division: Held 1st National Policy Presentation for Agencies

On July 28, 2022, the Housing Division held its first National Online Policy Presentation, which was watched by 323 individual clients from 244 corporate clients to share our vision and policies for the future.

Contents

- Part 1: Policy presentation by Sankyo Tateyama, Inc.
- Part 2: Policy presentation by Sankyo Alumi Company
- Part 3: Policy presentation by Housing Division



National policy presentation

Remodeling shop backed by Sankyo Alumi Company Support activities for members of Isshin Tasuke

In today's social environment, the Internet has developed and information spreading through social media has come to play an important role in promoting sales.

To allow the members of the Isshin Tasuke Group to get out information to as many people as possible, we regularly hold a digital training session for members titled 'Isshin Tasuke Web Grade Up Project' (I-W-G-P).

Objective

The head office and affiliate stores will each become adept at disseminating information, and will work together to improve the branding of Isshin Tasuke.

Support measures

- ① Hold digital training sessions by external instructors to acquire basic knowledge on how to utilize the system
- ② Support SEO measures for websites and running social media sites
- ③ Hold training sessions to improve skills and practical use of technology by utilizing group work

WEB exhibition NEW STYLE FESTA 2022

NEW STYLE FESTA 2022 — a web exhibition, was held in May 2022 for professional users such as agencies and housing companies to deliver seminars in various genres of the housing industry and to check out new products via video.

Contents

- ① **Housing industry trend seminar**
 'Forecast of Current Trends in the Housing Industry'
 'The Future of the Remodeling Industry and Success Points'
 'Interior Style Complete Winning Guide 2022'
- ② **Proposals from Sankyo Alumi**
 'Building Homes for an Accelerating Decarbonized Society'
- ③ **Feature of products by video**
 Video showcase of new products and recommended products (6 items)



New product web presentation flyer



Digital workshop

Together with our business partners

The Sankyo Tateyama Group will continue to maintain good business relationships with our suppliers and build relationships that promote mutual prosperity.



Supply chain management

Formulation of Basic Approach to Procurement

1. Background and Purpose of Establishment

The Sankyo Tateyama Group's Management Principles being 'based on cooperation encompassing clients, local communities, and employees, we create new value and contribute to realizing a world of well-being by giving customers delight and satisfaction,' we believe we can make this contribution to society through sound corporate activities.

In recent years, there has been an increasing demand to resolve issues throughout the supply chain, such as efforts to achieve carbon neutrality and to prevent human rights and labor problems. In response to this context, we have

formulated the Sankyo Tateyama Group Basic Procurement Policy and based on it the Procurement Guidelines to clarify and demonstrate to society the ideas we have already been working on with our business partners.

2. Application of policy

In developing the Basic Procurement Policy, we held a briefing session for the suppliers of our Purchasing Department. Those business partners will be asked to agree to the Basic Procurement Policies and submit written consent.

We will gradually expand the scope of this session to include business partners from outside of our Purchasing Department.

Sankyo Tateyama Group Basic Procurement Policy

The Sankyo Tateyama Group has been engaged with CSR and SDGs in accordance with our management principles, which is founded on the spirit of cooperation and co-prosperity among clients, local communities, and employees—the origin point of our company—to achieve harmony with the environment and society. We believe that our mission is to help people achieve sustainable and affluent lifestyles, and we promote procurement activities with supply chain management as one of our materialities so that we can achieve our Sustainability Vision 2050.

We have formulated a new procurement policy that reiterates what we have been asking our suppliers to do in their daily procurement activities. We ask for your understanding and support of this policy.

● Mutual prosperity with our business partners

In our procurement, Sankyo Tateyama practices the spirit of cooperation between three parties—clients, local communities, and employees—which is the origin point of our company's founding. In order to maintain fair and good business relationships with our business partners, we set the terms of business after thorough dialogue with our business partners.

● Respecting human rights

Sankyo Tateyama aims, through its corporate activities, to help build a society in which human rights are respected. Moreover, we promote human resource development for our employees and the creation of a healthy and safe work environment based on the principle of safety over everything else.

● Sustainable society

Sankyo Tateyama advances corporate activities towards achieving a sustainable society. We will continue our efforts to bring about a decarbonized world and build a recycling-based society; and, we will extend this philosophy to our future clients, local communities, and employees.

Announcement of the Declaration of Partnership Building

Sankyo Tateyama has drawn up and announced a Declaration of Partnership Building in support of the aims of Council on Promoting Partnership Building for Cultivating the Future promoted by the Cabinet Office, the Small and Medium Enterprise Agency, and other organizations.



What is the Declaration of Partnership Building?

- Mutual prosperity throughout the supply chain and new partnerships that transcend size, affiliation, etc.
- A declaration in the name of the representative of the company, including compliance with desirable business practices between the parent company and the subcontractor (the "Promotion Standards" based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises).

“Declaration of Partnership Building” Portal Site (Japanese)

<https://www.biz-partnership.jp/index.html>

Sankyo Tateyama's Declaration of Partnership Building (Japanese)

<https://www.biz-partnership.jp/declaration/15770-05-15-toyama.pdf>





Together with local communities

As a member of the local community, the Sankyo Tateyama Group is actively engaged in activities geared toward harmonious coexistence with the community, including pro-social and pro-communication activities.

As a local community member

Volunteering to keep runners hydrated in the Toyama Marathon

In November 2021, the Toyama Marathon 2021 was held, with 9,916 participants from inside and outside of the prefecture. As part of our pro-social activities, 30 employees of Sankyo Tateyama volunteered to supply water to the runners and cheer them on.

Many runners from the Sankyo Tateyama Group participated in the event as well, and there was great enthusiasm in cheering for the runners.



Hydration support team

Blood drive

The Sankyo Tateyama Group cooperates with blood drives organized by the Toyama Red Cross Blood Center every year.

Among our various pro-social activities, we consider blood donation to be a familiar and important activity that affects human lives. With the number of people cooperating in blood donation on a decline nationwide due to the pandemic, we are calling on our employees to participate voluntarily and proactively.

Blood drive results for FY2021

	August 2021	December 2021	April 2021	Total
Number of blood donors	182	212	189	583
Number of 400 ml blood donors	164	201	175	540

Joint Research Course established with the University of Toyama

(The project is for the innovation of aluminum recycling and extruding at the Institute of Light Metals)

Sankyo Tateyama and the University of Toyama have established a joint research course at the Institute of Light Metals*1 in August 2022 to conduct innovative research on aluminum recycling and extrusion processing.

When recycled materials are melted to make aluminum products, energy consumption is only about 3% of that when newly manufactured from natural resources and petroleum-derived electricity, leading to reduced CO₂ emissions. In addition, aluminum alloys contain various additives. In the process of reusing scrap among them, impurities are particularly difficult to separate from molten aluminum alloys, and their removal is a major challenge. Although it is possible to recycle from window sashes and other similar products, it is difficult to manufacture products from scrap that is a mixture of aluminum cans, window sashes, and automotive parts.

Objective of establishment of Joint Research Course*2

This joint research course will conduct research to improve aluminum recycling technology, which is indispensable for resource recycling, as well as innovative research on extrusion processes for the automotive and railroad industries, where further weight reduction is desired. The aim of this research is to build the foundation for the sustainability that Sankyo Tateyama aspires for and to produce research results that will contribute to social change in the future. In addition, through joint research with the University of Toyama, we hope to contribute to the development of young talent who will lead the aluminum industry in the future.

Planned research topics

- ① Research on impurity control of aluminum scrap
- ② Research on extrusion and heat treatment processes for ultra-high-strength aluminum alloys

Joint research system

Sankyo Tateyama will be contributing one faculty member and three researchers to this joint research course.

*1 Institute of Light Metals: Established in 2021 by the University of Toyama in collaboration with Kumamoto University to establish Japan's first international research and education center for light metals. The Ministry of Education, Culture, Sports, Science and Technology has approved it as a Joint Usage / Integrated Research Hub.
 *2 Joint Research Course: (from the Regulations on Joint Research Courses of the University of Toyama) The purpose of this program is to contribute to the development and enhancement of the University's research by establishing and operating a joint research program with the University, utilizing funds received from the private sector and other external organizations that conduct joint research with the University on common issues.



Press conference

Together with employees

The Sankyo Tateyama Group aims to cultivate human talent capable of generating new value, and to create a safe, healthy, and comfortable workplace so that we can provide joy and satisfaction to our customers.

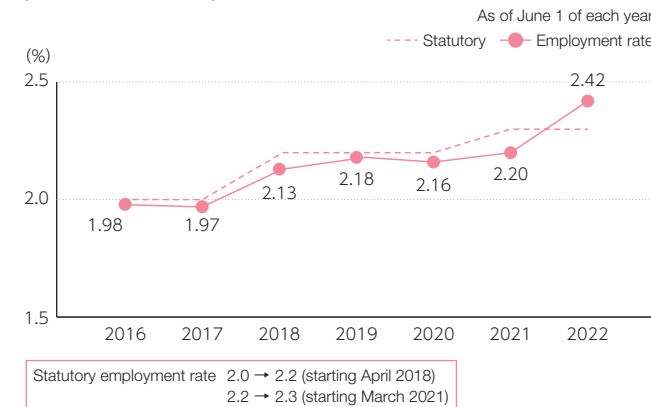


Diversity and personnel training

The Sankyo Tateyama Group has set "diversity and personnel training" as our materiality. In order to enhance our ability to respond to changes in the external environment and to maintain our organization by securing and developing future leaders, we are working to expand the employment of diverse human resources, including women, mid-career hires, people with disabilities, non-Japanese, and the elderly, and to encourage their active participation in the workplace.

In addition, we promote a work-life balance, and are striving to increase the use of paid leave, reduce long working hours, and improve productivity to achieve this balance.

Employment rate of persons with disabilities (non-consolidated)



Development of promotion system

A Human Resource Development Subcommittee has been established within the Sustainability Promotion Committee, consisting of members from the Human Resources Department, Corporate Planning Department, Sustainability Promotion Department, and the business planning departments of each operating company. The Subcommittee will formulate medium- and long-term directions and strategies related to diversity and human resources, and promote initiatives.

In addition, a dedicated department for diversity promotion will formulate specific plans and implement measures.

Promoting greater participation by female employees

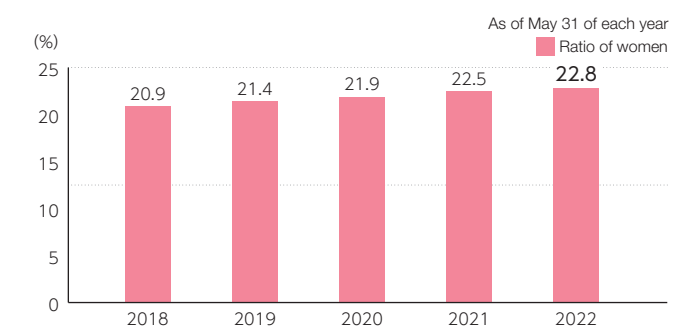
The number of female employees has increased and is firmly fixed now as a result of our continued efforts to actively recruit women and establish systems that make it easier for them to work. Going forward, we will work to develop the abilities of each employee so that they can exercise their potential and play an active role. We will also focus on nurturing talented people who can bring a competitive edge and a management perspective to the Company.

Initiatives

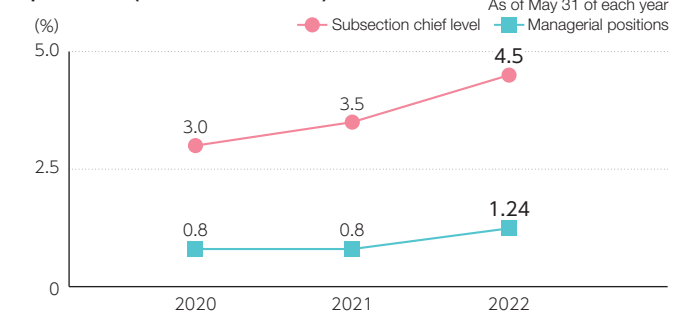
We interviewed female employees regarding their thoughts on workstyles and the attitudes of their supervisors and workplaces to gain a company-wide understanding and identify the challenges. We also analyzed the characteristics of those challenges at each operating company based on personnel composition and other factors. These survey results served as the basis for the Human Resources Advancement Subcommittee to discuss specific measures to be taken while sharing information and exchanging opinions.

We will roll out measures tailored to the characteristics of each operating company and common measures for the entire Company, with a focus on expanding the work areas of female employees, improving the experience and skills of female employees, and providing education to change the workplace culture.

Ratio of female employees (non-consolidated)



Ratio of women in managerial and assistant managerial positions (non-consolidated)



Promote greater participation by older employees and rehiring of retired workers

We have ensured continued employment for all employees who wish to continue working until the age of 65, and will work to further extend the age of employment.

Positive working environments

Recruiting

• Recruitment of new hires

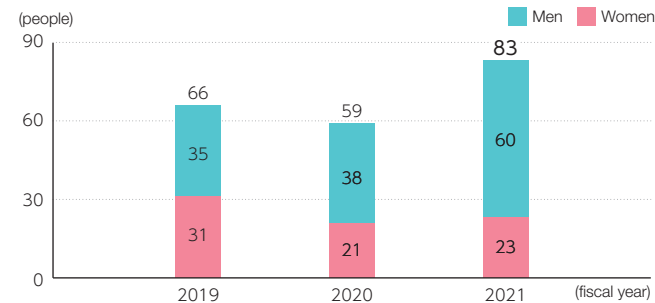
We actively recruit new hires to ensure the stable growth and development of our Company.

We hire people who display a broad perspective, curiosity, a desire to take on challenges, the capacity to take action, and the flexibility to adapt to turbulent times.



Induction ceremony for new hires

Number of new graduates hired (non-consolidated)

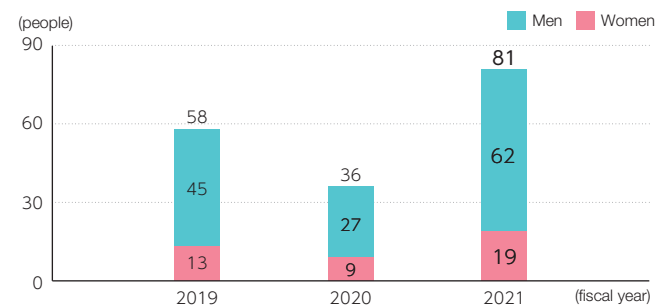


• Year-round hiring

We hire people throughout the year with work experience who can be immediately ready to work. Sankyo Tateyama, with our nationwide network of offices, also proactively supports those who wish to make a move away from the big city, to another city, or out to the countryside to match the lifestyle they seek.

We also actively hire people with no experience in the industry or from other industries to create new value by leveraging their previous knowledge and experience, increasing the ratio of mid-career hires from 39% in FY2020 to 49% in FY2021.

Number of mid-career hires (non-consolidated)



Employee training

Starting with tutor training, we provide step-by-step follow-up training for new hires over the first three years of their employment, with the aim of quickly making them competitive and establishing them in the workplace.



Training of new hires

We also plan and implement various training programs to incorporate the necessary skills by job level, and work to develop human resources and the next generation of business leaders who can accurately resolve the various issues surrounding the business environment.

Support for personal development

We support the personal development and career development of our employees by encouraging them to take correspondence courses, providing the means of independent study such as in-house e-learning, and offering rewards for obtaining official licenses and qualifications.

Employee Satisfaction Survey

We conduct an annual Employee Satisfaction Survey with the goal of linking employee motivation to improvements in Company productivity and business performance. The results of the survey are used to make decisions on Company-wide measures related to personnel, labor, and training, and are also made public on the Company's portal site to help improve the environment of each workplace.

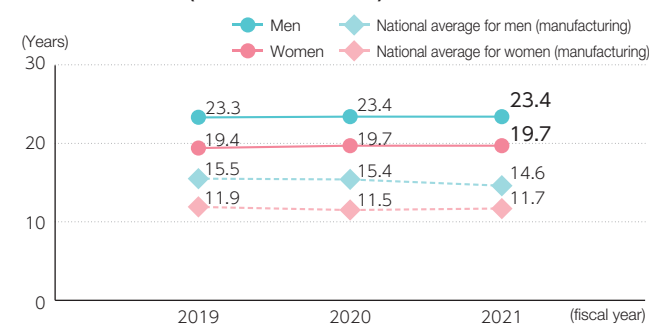
Bereaved Child Support Program

The Bereaved Child Support Program provides educational funding to the children of employees who have died during their employment (or had to leave the Company due to severe disability). This Program is a benefit program implemented jointly with the labor union for employees to work with peace of mind, and provides assistance until the child reaches the age of 18 (high school graduation age).

Years of service

We value work-life balance, and have established a system that allows employees to choose flexible work styles according to their stage in life. We are also actively working to promote the use of paid leave and eliminate long working hours.

Years of service (non-consolidated)



Health and safety

Basic philosophy

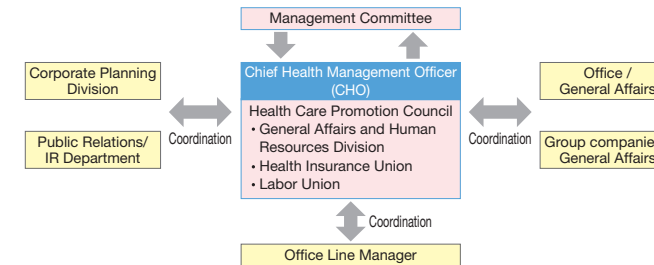
The safety and health of employees form the foundation of the Company's existence, and we believe that ensuring safety and health is a social responsibility of the Company.

The Sankyo Tateyama Group's basic philosophy is to respect people, and all employees participate in safety and health activities principled on safety first and staying healthy and improving fitness.

Health management

In October 2019, we formulated the Health Management Declaration, appointed the officer in charge of human resources as the Chief Health Management Officer to promote health management, and established the Health Care Promotion Council to serve as an organ to formulate, implement, and verify the effectiveness of measures.

Health Management Promotion System



In March 2022, Sankyo Tateyama was certified by the Ministry of Economy, Trade and Industry as an Excellent Health Management Corporation 2022 (Large Corporation Category) in recognition of our excellent health management initiatives, in which employee health management is considered from a management perspective and strategically implemented.



In addition, ST Logistics Service has been certified as an Excellent Health Management Corporation 2022 (Small and Medium-Sized Corporation Category (Bright 500) under the same program.



Health activities

• Enhancement of health checkups

To improve the rate of employees receiving health checkups and secondary health checkups, the general managers and public health nurses at each worksite, in coordination with the health insurance union, provide guidance to employees who have not yet received health checkups as well as their supervisors; and, in doing so, the rate of employees receiving health checkups has reached 100%. In addition, we are enhancing the range of medical examinations by offering half-day physical examinations for employees aged 40, 45, 50, 55, and 59, and gynecological examinations for female employees. As part of our cancer prevention efforts, we are promoting measures to increase the screening rate for stomach, colon, breast, uterus, and prostate cancers, and are making particular efforts to ensure that female doctors are available for gynecological examinations as much as possible. In addition, we mail health checkup information and application forms to dependents in April every year to enable them to receive checkups free of charge.

• Improvements to healthy living

As a means of improving healthy lifestyle habits, all menu items at the employee cafeteria (in Toyama Prefecture) are labeled with calories and ingredients (protein, sugar, salt, and fat) to raise awareness of dietary issues. In addition to general set menus, we also offer healthy set meals that are low in calories, salt, and fat.



Providing Healthy Set Meals

To improve exercise habits, we hold radio calisthenics every morning and exercises to prevent back pain at all worksites, as well as a yoga class once/month. In addition, a smartphone walking app is used to establish exercise habits.



Yoga Class

• **Establishing a health consultation and counseling system**
To prevent health problems caused by long working hours, we strive to provide interview-based counseling by industrial physicians for employees who work long hours and reallocate work duties to reduce overtime work. As a health consultation service, we have established a system that allows employees to consult with our in-house health staff, online (Zoom) consultations, and an external 24-hour counseling service.

• Other health-related activities

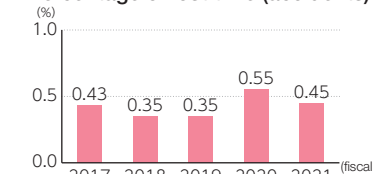
To improve individual health awareness, we have organized the 5% Challenge, in which employees with a certain BMI level are encouraged to reduce their weight by 5%, and the Stop Smoking Support program, which encourages employees to quit smoking.

We also hold women's health seminars to improve employee satisfaction. (Participant survey results: 100% satisfaction, 100% putting it to practice tomorrow)

Safety activities

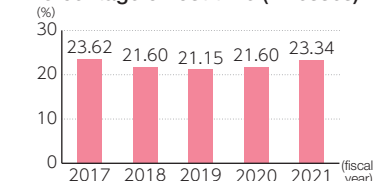
Based on the principles of every person is irreplaceable and safety takes precedence over everything else, we are working to eliminate hazards by conducting risk assessments, 5S activities, near-miss activities, and labor-management safety patrols to reduce hazards in the workplace. In addition, to promote the cultivation of safety-conscious employees, we conduct Hazard Prediction Training, Various Safety and Health Education, and Hazard Simulation Education through hands-on experience, and at key points in work activities, we conduct a rigorous safety check campaign using the pointing and calling method to raise safety awareness and train workers.

Percentage of lost time (accidents)



Calculation of frequency (accidents)
(Number of cases per million hours)
Frequency rate = $\frac{\text{Number of occupational accidents}}{\text{Total number of hours worked}} \times 1,000,000$

Percentage of lost time (illnesses)



Calculation of frequency (illnesses)
(Number of cases per million hours)
Frequency rate = $\frac{\text{Number of cases of illness}}{\text{Total number of hours worked}} \times 1,000,000$

Corporate governance

The Sankyo Tateyama Group's basic management policy is to build the trust of shareholders, other stakeholders, and society and to develop together. To that end, we consider striving to strengthen corporate governance and enhance corporate value to be our most important management tasks. Specifically, we recognize that Sankyo Tateyama's important role is to formulate group management plans and strategies, provide guidance and supervision to its group companies, and ensure accountability and transparency to stakeholders. In addition, Sankyo Tateyama will assume clear business responsibilities within the business fields and functions it is responsible for, and will seek to enhance the value of the entire Group by further strengthening its market competitiveness.



Progress in Strengthening Corporate Governance

	Directors	Institutional Design	Voluntary committee to discuss nomination and compensation	
FY2017	13 (including 3 outside directors)	Company with Audit Committee (5 auditors)	—	—
FY2018	14 (including 4 outside directors)	Company with Audit Committee (5 auditors)	Nominating Committee (5 members, including 3 independent outside directors)	Compensation Committee (5 members, including 3 independent outside directors)
FY2019	14 (including 4 outside directors)	Company with Audit Committee (5 auditors)	Nominating Committee (5 members, including 3 independent outside directors)	Compensation Committee (5 members, including 3 independent outside directors)
FY2020	13 (including 4 outside directors)	Company with Audit Committee (5 auditors)	Nominating Committee (5 members, including 3 independent outside directors)	Compensation Committee (5 members, including 3 independent outside directors)
FY2021	12 (including 4 outside directors)	Company with Audit Committee (5 auditors)	Nominating Committee (5 members, including 3 independent outside directors)	Compensation Committee (5 members, including 3 independent outside directors)
FY2022	12 (including 4 outside directors)	Company with Audit Committee (5 auditors)	Nominating Committee (5 members, including 3 independent outside directors)	Compensation Committee (5 members, including 3 independent outside directors)

Outline of corporate governance system and reason for adoption of the system

Sankyo Tateyama has an Audit Committee and has established a system for supervising and auditing the execution of duties by directors at Sankyo Tateyama and the Sankyo Tateyama Group in accordance with the basic policy of the internal control system. Outside directors with a high degree of independence and directors with knowledge of finance and accounting are appointed as auditors. The audit and supervisory functions of the Board of Directors are strengthened by the fact that Directors who are Audit Committee members have voting rights on the Board.

Furthermore, to ensure that the functions of the Audit Committee are effectively performed, the Company has established a system under which the Audit Committee supports the audits.

The current governance structure has been adopted based on the judgment that these measures will further enhance Sankyo Tateyama's corporate governance.

Conducting Business

The Board of Directors currently consists of seven directors (excluding those who are auditors) and five directors who are auditors, and meets at least once a month. The Board of Directors makes decisions on important matters regarding the management of the Sankyo Tateyama Group and Sankyo Tateyama Corporation, determines basic management strategies and supervises overall management, and deliberates on Group-wide management issues and important matters concerning each of the Group companies. In consideration of the overall balance and diversity of the Board of Directors, a skill matrix listing the knowledge, experience, and abilities of each director has been prepared.

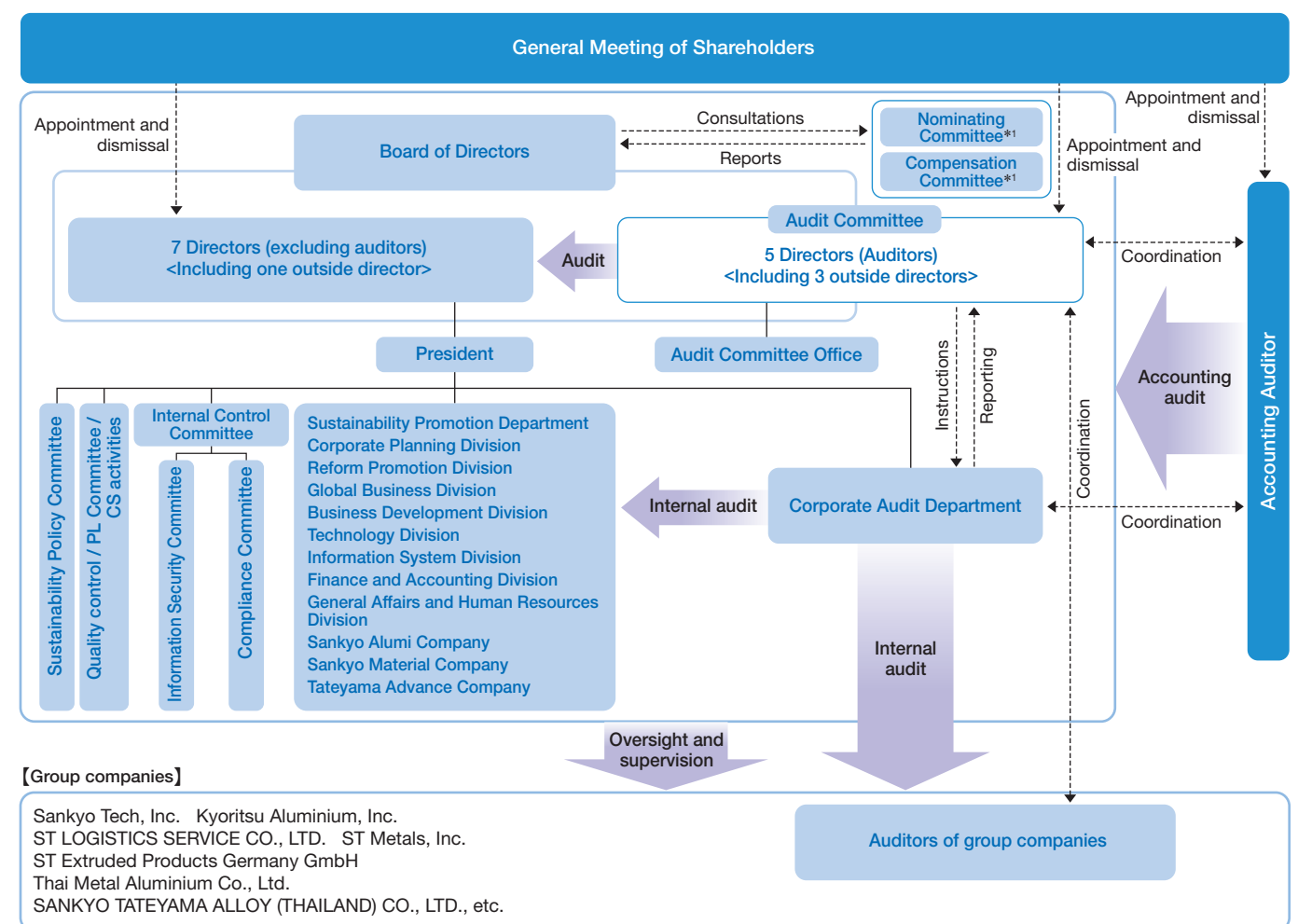
Sankyo Tateyama has introduced an executive officer system to clarify responsibilities for business execution and accelerate decision-making. In addition, the term of office of directors (excluding those who are auditors) and executive officers is set at one year in order to clarify their responsibilities for the business year, manage the Company with a heightened sense of responsibility, and build a management structure that can quickly respond to changes in the business environment.

The Board of Directors meeting is chaired by the President and Representative Director and attended by the presidents of the in-Group companies Sankyo Alumi, Sankyo Materials, and Tateyama Advance, as well as the Representative of Global Business, to ensure that business conditions are swiftly identified.

In addition, a management committee consisting of members of the Board of Directors, business managers and departmental general managers has been established to deliberate and decide on matters related to basic management policies and separate important matters, as well as to deliberate and share information on important matters submitted to the Board of Directors.

In December 2021, Sankyo Tateyama delegated some individual business matters that were to be resolved by the Board of Directors to the President and Representative Director or the Management Committee. This has enhanced the Board of Directors' discussion of important matters related to management supervision and orientation. The separate business matters that were delegated are monitored by the Board of Directors.

Corporate governance structure



*1 Sankyo Tateyama has an Audit Committee System, and has the Nominating Committee and Compensation Committee as voluntary committees.

About the Audit Committee

Sankyo Tateyama's Audit Committee consists of five members (including three outside directors) and meets at least once a month. There are three full-time Auditors, including one outside director. In accordance with the audit policy, audit plan, and allocation of audit duties determined by the Audit Committee, each Auditor attends meetings of the Board of Directors and other major meetings, inspects important documents for resolution, and strives to audit the legality and suitability of the business conduct of directors, excluding those who are Auditors, and also meets regularly with top management to exchange opinions. The Company strives to ensure the audit environment of the entire Group by receiving reports on the status of internal controls from the corporate auditors of each Group company and by coordinating with the corporate auditors of each company. Moreover, the Audit Committee Office has been established to assist the Auditors in their duties as a means to enhance the functions of the Audit Committee.

Nominations and determining compensation

Sankyo Tateyama has established the Nominating Committee and the Compensation Committee, both of which are voluntary advisory bodies to the Board of Directors and whose principal members are independent outside directors. Each Committee consists of two internal directors and three external directors, and is chaired by an external director.

The Nominating Committee considers the overall balance and diversity of the Board of Directors in terms of knowledge, experience, and abilities related to management and business, and consults with the Board of Directors on the results of comprehensive deliberations from the perspective of optimal placement, including the selection and dismissal of the President and Representative Director, and the selection of candidates for the Board of Directors.

The Compensation Committee strives to enhance objectivity and transparency in determining the compensation of directors (excluding directors who are members of the Audit Committee) through deliberations at the Committee.

Members of the Board of Directors, Executive Committee, Audit Committee, and the voluntary Nominating and Compensation Committees

(◎ denotes chairperson)

Rank and position	Name	Board of Directors	Management Committee	Audit Committee	Nominating Committee*	Compensation Committee*
President Chief Executive Officer	Shozo Hirano	◎	◎			○
Vice President Vice President Executive Officer	Satoshi Kurosaki	○	○		○	
Director Managing Executive Officer	Kazuhito Ikeda	○	○			
Director Managing Executive Officer	Takahiro Nishi	○	○			
Director Managing Executive Officer	Tsuneaki Yoshida	○	○		○	○
Director Managing Executive Officer	Kensuke Kubota	○	○			
Outside Director	Miho Yoshikawa	○				○
Director Full-time Auditor	Toru Hongawa	○	○	◎		
Director Full-time Auditor	Takao Nishioka	○	○	○		
Outside Director Full-time Auditor	Hirokazu Hasegawa	○	○	○	◎	○
Outside Director Auditor	Nagahito Tsuru	○		○	○	◎
Outside Director Auditor	Hirotooshi Aramaki	○		○	○	

* Sankyo Tateyama has an Audit Committee System, and has the Nominating Committee and Compensation Committee as voluntary committees.

Activities of the Board of Directors and Audit Committee

During the fiscal year under review, Sankyo Tateyama held 16 meetings of the Board of Directors and 19 meetings of the Audit Committee. The Audit Committee meetings are held monthly prior

to the Board of Directors meetings, and extraordinary meetings are held as necessary. The attendance at each meeting is as follows.

Rank and position	Name	Attendance at Board of Directors meetings	Attendance of Audit Committee meetings
President Chief Executive Officer	Shozo Hirano	16/16	—
Vice President Vice President Executive Officer	Satoshi Kurosaki	16/16	—
Director Managing Executive Officer	Koji Yamada	3/3	—
Director Managing Executive Officer	Kazuhito Ikeda	16/16	—
Director Managing Executive Officer	Takahiro Nishi	15/16	—
Director Managing Executive Officer	Tsuneaki Yoshida	16/16	—
Director Managing Executive Officer	Kensuke Kubota	16/16	—
Outside Director	Naoko Takeshima	16/16	—
Director Full-time Auditor	Toru Hongawa	16/16	19/19
Director Full-time Auditor	Takao Nishioka	16/16	19/19
Outside Director Full-time Auditor	Hirokazu Hasegawa	13/13	13/13
Outside Director Auditor	Nagahito Tsuru	16/16	19/19
Outside Director Auditor	Hirotooshi Aramaki	13/13	13/13
Outside Director Auditor	Yuichi Hori	3/3	6/6
Outside Director Full-time Auditor	Hiromi Nozaki	3/3	6/6

Note: The number of Board of Directors meetings does not include resolutions adopted in writing.

Assessment of Board effectiveness

Summary

Sankyo Tateyama has been conducting an evaluation of the effectiveness of the Board of Directors as a whole for all directors since 2016 with the aim of further ensuring the effectiveness of the Board of Directors and improving its functions. Based on the results of the self-assessment through surveys, discussions will be held at Board of Directors meetings to improve the effectiveness of the Board of Directors.

Evaluation results

For the fiscal year ending May 31, 2022 (77th), the scope of some separate business matters to be resolved by the Board of Directors was expanded from the previous fiscal year and delegated to the President or the Management Committee. In addition to this, the Board of Directors has been monitoring the delegated issues. At the same time, each director is expected to work to enhance discussions on the Company's policies and direction, such as medium- and long-term strategies. Taking into consideration the idea of a separation between doing business and overseeing it in the future, we will further enhance the effectiveness of the Board of Directors after thorough consideration.

Executive compensation

Issues regarding the policy for determining the details of compensation, etc., for individual directors

• Basic policy

Sankyo Tateyama's Board of Directors adopted a resolution at its meeting held on February 24, 2021 on the policy for determining the compensation, etc. of individual directors. Compensation for directors (excluding those who are members of the Audit Committee) is designed to contribute to improving corporate performance and corporate value, to be at a level that enables the Company to secure diverse and talented human resources, and to be determined through a highly transparent process.

• Structure of compensation

Individual compensation for directors (excluding those who are members of the Audit Committee) consists of fixed compensation in monetary terms, compensation as a director, compensation as a representative director, and compensation as an executive officer; and, is determined each fiscal year based on an evaluation of the individual's position, responsibilities, and performance in the previous fiscal year. In addition, the Company sets targets for consolidated ordinary income and consolidated net income, and may pay bonuses in addition to fixed compensation if the Company achieves these targets.

• Process for determining compensation

The amount of compensation is drafted by the executive directors, reported by the Compensation Committee, and discussed with the Audit Committee before being submitted to the Board of Directors. The Compensation Committee, consisting of a majority of independent outside directors, is established as a voluntary advisory body to the Board of Directors. The amount of compensation for directors who are members of the Audit Committee is determined through consultation with the Audit Committee.

The Board of Directors has determined that the details of individual compensation for directors (excluding those who are members of the Audit Committee) for the current fiscal year are consistent with the policy pertaining to individual compensation for directors determined at the Board of Directors meeting held on February 24, 2021, and therefore, the Board of Directors has determined that the details are in line with this policy.

Total amount, etc. of compensation of directors

Compensation paid to directors during the current fiscal year (June 1, 2021 to May 31, 2022) was as follows.

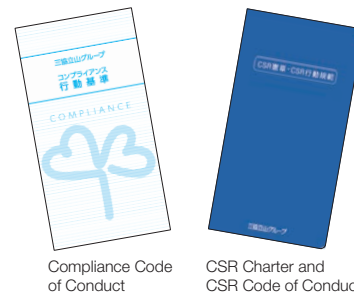
Classification of Officers	Total amount of compensation, etc. (millions of JPY)	Total amount of compensation, etc. by type (millions of JPY)			Number of Officers subject to compensation (people)
		Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Director (excluding Audit Committee members and outside directors)	196	196	—	—	7
Auditor (excluding outside directors)	45	45	—	—	2
Outside Director	39	39	—	—	6

Note 1: The above includes one director (excluding those who are members of the Audit Committee), and two directors who are members of the Audit Committee who retired at the time of the conclusion of the 76th Regular General Meeting of Shareholders held on August 27, 2021.

Note 2: There are no directors who are also employees of the Company.

Establishment of Internal Control System

- The Company has established Management Principles, code of conduct, CSR code of conduct, compliance code of conduct, etc., which are distributed to all officers and employees in the form of portable cards and booklets to ensure thorough awareness.
- The Internal Control Group has been established within the Corporate Audit Department as an organization to support the internal control of the Sankyo Tateyama Group.
- The Internal Control Committee was established to build an effective internal control system for the Sankyo Tateyama Group. The Committee meets four times a year to discuss the basic policies of the internal control system and to discuss internal management and risk management in general.
- The Compliance Committee meets four times a year to check annual activities related to the promotion of compliance, identify problems, and make improvements.
- We have been implementing Compliance Training, Compliance Self-Checks, and the distribution of the Compliance Information Magazine to instill compliance with laws and regulations and corporate ethics among all officers and employees; and, to improve their awareness and knowledge of compliance.
- The Sankyo Tateyama Group has established the Comp-line, a whistleblower system, with in-house contact points (the General Affairs Department and the Audit Committee Office) as well as external contact points to ensure that whistleblowers have easy access to the system.
- The Corporate Audit Department conducts internal audits of each group company to confirm the effectiveness of internal controls for the entire group. Moreover, we appropriately handle internal control over financial reporting based on the Financial Instruments and Exchange Act and in accordance with the Annual Basic Plan.
- The Internal Control Committee takes the lead in identifying and promoting countermeasures against major company-wide risks by centrally managing the risk information of the Sankyo Tateyama Group.
- The Sankyo Tateyama Group also promotes BCP* initiatives to prepare for unforeseen circumstances. In the event of an unforeseen event, the Sankyo Tateyama Group has a system in place to respond appropriately by, for example, holding a countermeasures meeting in accordance with the Crisis Management Regulations and Crisis Management Manual and establishing a countermeasures headquarters depending on the severity of the situation.
- As our basic approach to the exclusion of antisocial forces, we clearly state in our Compliance Code of Conduct that we do not make use of, do not fear, and do not pay antisocial forces; and, we appoint a person responsible for preventing unreasonable demands and maintain a cooperative system with external specialized agencies.



Development and operation of Internal Control System; J-SOX compliance

The Sankyo Tateyama Group is enhancing our internal control system on a Group-wide basis in accordance with the Basic Policies for the Internal Control System under the Companies Act as resolved by the Board of Directors.

The Internal Control Committee has been established to ensure the establishment of an effective internal control system for Sankyo Tateyama and the Sankyo Tateyama Group, and is responsible for the deliberation of various measures and management of their implementation. In addition, in order to comply with the internal control reporting system (J-SOX) based on the Financial Instruments and Exchange Act, the Corporate Audit Department continuously evaluates internal controls to ensure the reliability of financial reporting and provides support for their development and promotion.

BCP* initiatives

The Sankyo Tateyama Group has established a system to prepare for the occurrence of major disasters such as earthquakes and floods, and to ensure that we can respond appropriately in the event of a disaster by establishing a response headquarters, the initial responses, reporting routes, the roles of relevant departments up to the recovery of operations.

In addition, we have prepared disaster prevention manuals for each location and implemented preventive measures such as disaster drills and preparation of necessary emergency equipment to minimize damage caused by disasters and ensure the prompt resumption of operations.

* BCP: Business continuity plan

Basic approach and system for risk management

The Sankyo Tateyama Group's basic policy for risk management is to ensure the continuity and stable growth of our business through risk management practices.

The Internal Control Committee deliberates on the policy, direction, plans, and status of actions in the integrated approach to internal control and risk management.

Furthermore, in order to take prompt and appropriate countermeasures in cooperation with the Group in the event of unforeseen situations involving the Sankyo Tateyama Group, we have established crisis management regulations and manuals, including an organizational structure for emergency situations, so that we can minimize losses and damages.

Promoting compliance

The Sankyo Tateyama Group considers compliance to be one of our most important management issues, and we have established the Sankyo Tateyama Compliance Committee, chaired by the director in charge of promoting compliance, to pursue activities based on the Basic Policy for Compliance Promotion.

Basic Policy for Compliance Promotion

- All officers and employees shall recognize the social mission and responsibilities of the Sankyo Tateyama Group and faithfully comply with laws, regulations, corporate ethics, and internal rules.
- We shall place the highest value on compliance, and in cases where there is a conflict between profit and compliance, we shall give priority to compliance.
- Decisively reject any illegal or unreasonable demands from outside parties.
- If a compliance-related problem arises within the Group, we will immediately correct it.

Activities in FY2021

• Various training and educational activities

The Sankyo Tateyama Group has appointed compliance leaders in each workplace to prevent misconduct and create a sound workplace.

In this fiscal year, as in the previous year, we conducted training for compliance leaders, who are responsible for promoting compliance activities in their workplaces.

Moreover, training for new hires and training for newly appointed branch managers and factory managers are provided to give them opportunities to think about and learn the essentials of compliance and the conduct expected of them as members of society.

• Raising awareness of compliance

To promote compliance activities in the workplace, we publish a compliance information magazine every other month. Compliance leaders communicate the contents of the magazine to employees in their workplaces to raise their awareness of compliance. In addition, compliance self-checks are conducted twice a year for all employees, providing an opportunity to reflect on their own behavior.

• Promoting understanding of the Whistleblower System

The Sankyo Tateyama Group has established a whistleblower system (known in-house as the Comp-line). In addition to the internal and external reporting channels, the Sankyo Tateyama Group has established a contact point for reporting compliance violations involving directors and executive officers to the Audit Committee. Moreover, a survey on the understanding of the whistleblower system is conducted every year, and the results are reflected in awareness-raising activities.

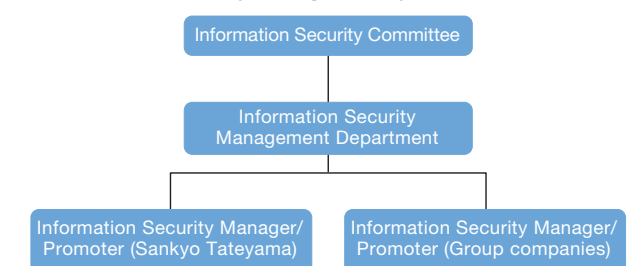
Ensuring information security

The Sankyo Tateyama Group places the highest priority on the protection of customers' personal and transactional information when it comes to ensuring information security, and we ensure that each and every employee to acquire the appropriate knowledge and behavior regarding information security.

Information security management system

The Sankyo Tateyama Group has established the Information Security Committee, chaired by the director in charge of information systems, to determine the activities and issues throughout the Group as well as to determine policies to deal with these issues. The decisions made by the Committee are thoroughly communicated to all employees by approximately 300 information security managers and information security promoters assigned to each division and Group company under the supervision of the Information Security Management Department, which is responsible for implementing and promoting the Committee's decisions.

● Information security management system (as of June 1, 2022)



Main measures to ensure information security

- Training and awareness. To strengthen the governance of the entire Group, including subsidiaries, we have established a Basic Policy on Information Security, as well as rules and detailed regulations. Further, to make employees more security-conscious in their conduct, we implement training that consists of watching security videos, performing self-checks, and learning how to handle potential viruses in e-mails.
- Information leakage prevention. Mobile PCs taken outside the Company are installed with encryption software to prevent third parties from stealing data stored on them in the event that they are stolen. In addition, as a countermeasure against targeted e-mail attacks, we have introduced a system to block suspicious e-mails and detect unknown threats.
- Appropriate management of access rights. In order to reduce the risk of information leaks from within the Company, we conduct periodic re-verification (checking the user and authority) of user IDs entered when accessing server resources and IDs used for applications.
- Physical access countermeasures. Host computers and servers are installed in the data center, which is protected by a high level of security like surveillance cameras and entry/exit control. Moreover, the building's seismic isolated structure and redundant power supply reduce the risk of system outages due to earthquakes and electrical blackouts.

Officers



Shozo Hirano
President, Chief Executive Officer
President, Sankyo Material Company



Satoshi Kurosaki
Vice President, Vice President Executive Officer
In charge of Corporate Planning Division, Reform Promotion Division, Global Business Division, and Corporate Audit Department



Kazuhito Ikeda
Director, Managing Executive Officer
President, Tateyama Advance Company



Takahiro Nishi
Director, Managing Executive Officer
President, Sankyo Alumi Company



Tsuneaki Yoshida
Director, Managing Executive Officer
General Manager of General Affairs & Human Resources Division and General Manager of Information System Division



Kensuke Kubota
Director, Managing Executive Officer
General Manager of Finance & Accounting Division



Miho Yoshikawa
Outside Director
Currently: General Manager of Takaokaekin Law Office



Toru Hongawa
Director (Full-time Auditor)



Takao Nishioka
Director (Full-time Auditor)



Hirokazu Hasegawa
Outside Director (Full-time Auditor)
Former Position: Director, Fund Management Department, Federation of National Public Service Personnel Mutual Aid Associations



Nagahito Tsuru
Outside Director (Auditor)
Former Position: General Manager, Collection Department, Kanazawa Regional Taxation Bureau



Hirotohi Aramaki
Outside Director (Auditor)
Former Position: Director, Executive Vice President and Executive Officer, General Manager of Technology Development Division in charge of Technology of NSK Ltd.

Skill matrix of the Board of Directors

Rank and position		Name	Corporate Management	Global Business	Sales & Marketing	Manufacturing, Technology Development & IT/Digital Skills	Human Resources Development & Labor Relations	Legal & Compliance	Finance & Accounting
President	Chief Executive Officer	Shozo Hirano	○	○	○				
Vice President	Vice President Executive Officer	Satoshi Kurosaki	○		○	○	○	○	
Director	Managing Executive Officer	Kazuhito Ikeda	○	○	○	○			
Director	Managing Executive Officer	Takahiro Nishi	○		○	○		○	
Director	Managing Executive Officer	Tsuneaki Yoshida	○	○	○		○		○
Director	Managing Executive Officer	Kensuke Kubota			○		○	○	○
Outside Director		Miho Yoshikawa						○	
Director	Full-time Auditor	Toru Hongawa	○		○	○			
Director	Full-time Auditor	Takao Nishioka	○					○	○
Outside Director	Full-time Auditor	Hirokazu Hasegawa		○	○			○	○
Outside Director	Auditor	Nagahito Tsuru					○	○	○
Outside Director	Auditor	Hirotohi Aramaki	○			○			

Note: The above list does not represent all of the experience and expertise possessed by each individual.

Executive Officer

Rank and position	Name	Responsibilities and entrusted duties
Managing Executive Officer	Masao Inoue	President, ST Metals Inc.
Managing Executive Officer	Katsuyoshi Shirai	General Manager of Building Division, Sankyo Alumi Company
Managing Executive Officer	Yoshitaka Yasui	General Manager of Business Management Division, Sankyo Alumi Company
Executive Officer	Keiji Miyamura	General Manager of Kanto Building Construction Materials Branch, Sankyo Alumi Company
Executive Officer	Satoshi Hisaminato	General Manager of Production Division, Sankyo Material Company
Executive Officer	Yasunori Yoshida	Deputy General Manager of Finance & Accounting Division
Executive Officer	Hideki Matsuda	Representative of Global Business
Executive Officer	Yutaka Kondo	General Manager of Production & Procurement Division, Tateyama Advance Company
Executive Officer	Katsuhiro Kurata	General Manager of Sales Division and Market Development Division, Sankyo Material Company
Executive Officer	Satoru Hanaki	General Manager of Technology Division and Executive Vice President of Sankyo Material Company
Executive Officer	Keizo Ogura	In charge of Purchasing Department, Sankyo Alumi Company
Executive Officer	Yasushi Fujimaki	General Manager of Sales Subsidiary Company Division, Sankyo Alumi Company
Executive Officer	Yukio Sezaki	General Manager of Development Division, Tateyama Advance Company
Executive Officer	Tsutomu Yamazaki	General Manager of Kanto Housing & Construction Materials Branch, Sankyo Alumi Company
Executive Officer	Fumiro Toyooka	Deputy General Manager of Building Division, Sankyo Alumi Company
Executive Officer	Hiroshi Kondo	General Manager of Exterior Division, Sankyo Alumi Company
Executive Officer	Kazumasa Okutani	General Manager of Housing Division, Sankyo Alumi Company
Executive Officer	Risho Haginaka	General Manager of Reform Promotion Division, Deputy General Manager of Global Business Division and in charge of Sustainability Promotion Department
Executive Officer	Nobuyuki Yamazaki	General Manager of Production Division, Sankyo Alumi Company
Executive Officer	Hajime Funaki	Chairman, President & CEO, Shanghai Tateyama Commercial Facilities Co., Ltd., and Chairman, Vice President, Shanghai Tateyama Trading Co., Ltd.
Executive Officer	Yukihiro Nakashima	President, Sankyo Tech Inc.
Executive Officer	Kazuhiko Hase	Deputy General Manager of Global Business Division (in Europe) and CEO, Sankyo Tateyama Europe BV
Executive Officer	Ichiro Azuma	General Manager of Kyushu Branch, Sankyo Alumi Company
Executive Officer	Yasuyuki Kurohata	General Manager of Corporate Planning Division and Business Development Division

Messages from our Outside Directors



Stakeholders' expectations of the role of an Outside Director

Miho Yoshikawa
Outside Director

My hometown is the city of Takaoka in Toyama Prefecture. After graduating from university, I gained nine years of work experience as a systems engineer employed at a company in Toyama Prefecture. I also have eight-and-a-half years of work experience as a lawyer in Toyama Prefecture, a profession I was pursuing at the time of my appointment as an outside director. When I was a company employee, I was engaged in system development work in the medical systems department. In my practice as a lawyer, I had steady work resolving a series of legal disputes, mainly for individual clients.

And then, by chance, I was offered an appointment as an outside director at the Sankyo Tateyama Group.

Outside directors are expected to assist at enhancing corporate value over the medium and long terms, to monitor management in order to avoid damage to corporate value due to scandals and the like, and to provide advice with the proviso that they do not become involved in day-to-day business operations. I am expected to maintain a certain distance from the management's tasks at hand and to provide effective monitoring from an independent and objective standpoint.

As an outside director, I recognize that the expectation of stakeholders regarding my role is that I fulfill my monitoring duties appropriately. In particular, from the viewpoint of enhancing corporate value, we engage in monitoring from the perspective that a balance be maintained among stakeholders and that the common interests of shareholders (the interests of general shareholders) are not impaired.

In order to meet the expectation of our stakeholders, I will make use of my knowledge of social conventions as well as the common sense that I have developed in my own working life and the knowledge of the law that I have acquired in order to obtain professional legal qualifications. I intend to faithfully perform my duties as an outside director.

Regarding the evaluation of the effectiveness of the Board of Directors, the Sankyo Tateyama Group holds comprehensive preliminary briefings for the Board of Directors, in which outside directors also participate. I remain committed to gaining a better understanding of the Sankyo Tateyama Group through these preliminary briefings and the like so that I can help to enhance our corporate value.



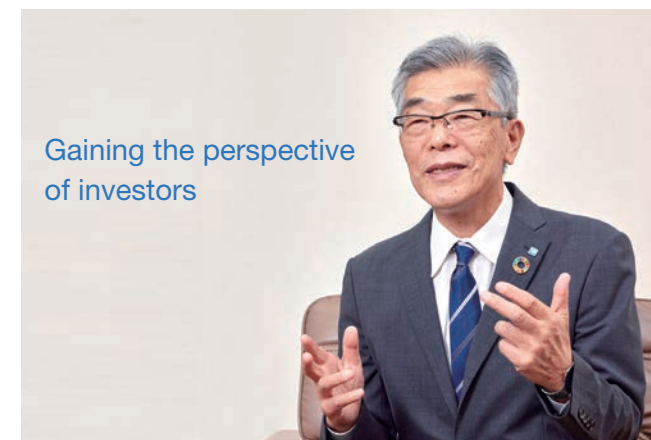
Stakeholders' expectations of Outside Directors as well as my expectations of Sankyo Tateyama in the future

Hirokazu Hasegawa
Outside Director, Full-time Auditor

In August 2021, I became a member of the Sankyo Tateyama Group when I was appointed as an outside director and member of the Audit Committee. Internally, I serve as a member of the Board of Directors and the Audit Committee, and I attend important management meetings and the like. I am also a member of the Nominating Committee and the Compensation Committee, which have been established as voluntary committees. Since my appointment one year ago, I have gained a better understanding of company operations and its issues by exchanging opinions and gaining information from management, the various business divisions, production sites, affiliated companies, and auditing firms. I also share in the task of addressing issues set forth in Vision 2030, the Group's long-term vision, and determining the direction the company should go as indicated in the Medium-term Management Plan that was formulated as the first phase of this effort.

In order to achieve steady progress toward implementing Vision 2030 and forging a balanced business portfolio amid global decarbonization measures, the Group intends to firmly establish itself in the domestic and international Materials Business, where a strong need exists for weight reduction in the transportation sector and elsewhere as a growth business. I also expect that the Construction Materials and the Commercial Facilities businesses will be restructured with a focus on their respective strengths and with a greater focus on profitability. As part of this effort, I would like the company to actively work on differentiation strategies such as expanding and strengthening high-value-added products by establishing the brand image of each business so that they can protect themselves from price competition.

In some recent corporate scandals that have been reported in the media, the dysfunction of outside directors is sometimes pointed out. But in order to bring our solid vision to reality, as a member of the Board of Directors who conducts risk-taking management as a major reform, I support appropriate supervision and auditing from an outside perspective and participate in establishing effective corporate governance. I also support the exercise of voting rights based on rational judgment and will contribute to the growth of the Sankyo Tateyama Group and the sustainable improvement of its business value. I believe such an effort will earn the lasting trust of a wider range of stakeholders.



Gaining the perspective of investors

Nagahito Tsuru
Outside Director, Auditor

After serving as the representative partner of a major auditing firm, a certain Mr. K, a certified public accountant who is currently serving as a professor at a graduate school and as an outside director and auditor, offered the following advice in his book: "A professional outside officer must be a person who can simultaneously take on three roles. The first is to fulfill the risk management function, the second is to avoid opportunity loss, and the third point is to maintain the perspective of the most accomplished investor."

I will omit a detailed explanation of each of these roles, but I would emphasize that one must consider his or her own level of professionalism as an outside director. I feel very unsatisfied in this regard, but among these three points, the one at which I felt the most inadequate was the third, "maintaining the perspective of the most accomplished investor."

Outside directors are said to represent the interests of minority shareholders and, at the same time, to represent the interests of small stakeholders. Therefore, I believe that outside directors have the important role of reflecting these voices within the company and to the executive directors. I keenly feel that outside directors have the responsibility to always be aware of what the market and these stakeholders think and expect from the Sankyo Tateyama Group from an investor's perspective.

In order to address this issue, I think it is important for outside directors to take advantage of opportunities to communicate with as many stakeholders as possible. A few such opportunities still remain at Sankyo Tateyama, and I believe that this will be an important issue for the future.

Fortunately, the Sankyo Tateyama Group has four outside directors, including myself, and all members are able to offer constructive opinions and recommendations based on their own knowledge and perspectives. I hope that the four of us will continue to work together to realize the company's corporate value in the market and reflect it in opportunities such as at Board of Directors' meetings.



My expectations of Sankyo Tateyama in the years ahead

Hirotohi Aramaki
Outside Director, Auditor

I was appointed as an outside director at the Sankyo Tateyama Group in August of last year. Taking advantage of my experience in the manufacturing sector, I seek to observe and support corporate management with a different perspective and ways of thinking and with an outside viewpoint that differs from those on the executive side.

We are now living in an era that is extremely difficult to predict, with the COVID-19 pandemic coming in waves, and while coping with sharp rises in prices and heightened geopolitical risks on a global scale. In this environment, the Sankyo Tateyama Group has established its Medium-term Plan in order to become a corporate group that establishes sound management in terms of earnings and achieves stable growth. To increase profitability, the Group is promoting measures such as reforming its Global Business and focusing on its strengths.

In response to environmental changes, we are sometimes forced to make difficult management decisions, such as whether we can continue to do things as before and whether we can respond to the pace of change. In such circumstances, I believe that looking at things from a variety of perspectives and viewpoints, expressing frank opinions, and having discussions will increase the depth of our risk response. The Group's efforts to reform its Global Business are gradually bearing fruit, and we are now one step closer to our goals. I expect this segment will become one of the pillars of the Sankyo Tateyama Group's earnings.

Last year, I said, "By raising awareness of safety and compliance, you can stabilize the premise of management and focus on aggressive management." The Sankyo Tateyama Group is working to improve safety awareness and compliance awareness. An ongoing effort to raise awareness in this manner will lead to improved mental and physical health, better work styles, assumption of greater responsibility and contribution to the environment and society; in other words, sustainable management. I expect that awareness will continue to deepen and expand as a result.

I once heard someone parody a well-known witticism made by Raymond Chandler: "If a company wasn't strong, it wouldn't be alive. If it wasn't good, it wouldn't deserve to be alive." I hope that the Sankyo Tateyama Group will grow even stronger and better, and I will do my best to support it.

Key Financial Data 10-Year Trends (06/01/2012–05/31/2022)

Consolidated Profit and Loss Statement

(Millions of JPY, unless otherwise stated)

Item	68th June 1, 2012– May 31, 2013	69th June 1, 2013– May 31, 2014	70th June 1, 2014– May 31, 2015	71st June 1, 2015– May 31, 2016	72nd June 1, 2016– May 31, 2017	73rd June 1, 2017– May 31, 2018	74th June 1, 2018– May 31, 2019	75th June 1, 2019– May 31, 2020	76th June 1, 2020– May 31, 2021	77th* ³ June 1, 2021– May 31, 2022
Net sales	271,757	295,236	292,391	332,168	320,817	328,409	337,789	313,691	301,184	340,553
Operating income	12,073	16,613	8,541	6,251	6,713	1,201	738	2,015	4,568	3,782
Ordinary income	11,009	15,553	7,928	5,395	6,842	1,536	616	1,611	5,251	4,198
Net income before adjustment for taxes, etc.	10,588	13,528	7,876	3,031	4,858	1,081	-487	1,336	4,616	2,905
Net income attributable to owners of parent	11,635	12,698	5,949	94	2,122	-731	-1,419	-1,533	1,683	395

Consolidated Profit and Loss Statement by Segment*¹

Segment	Item	68th June 1, 2012– May 31, 2013	69th June 1, 2013– May 31, 2014	70th June 1, 2014– May 31, 2015	71st June 1, 2015– May 31, 2016	72nd June 1, 2016– May 31, 2017	73rd June 1, 2017– May 31, 2018	74th June 1, 2018– May 31, 2019	75th June 1, 2019– May 31, 2020	76th June 1, 2020– May 31, 2021	77th* ³ June 1, 2021– May 31, 2022
Construction Materials Business	Net sales	209,172	225,706	209,894	208,938	203,913	196,943	205,563	195,314	180,652	182,191
	Operating income	8,747	12,365	4,432	4,371	2,716	-2,107	749	4,574	3,723	2,515
Materials Business	Net sales	33,734	38,309	44,077	42,099	41,325	46,178	45,458	38,718	39,675	53,397
	Operating income	2,079	3,007	3,160	3,246	3,906	3,814	2,802	1,340	2,575	2,614
Commercial Facilities Business	Net sales	28,710	31,080	33,993	34,904	35,781	38,584	39,567	38,436	38,894	40,749
	Operating income	913	1,287	1,722	1,757	1,774	1,081	48	622	2,094	1,718
Global Business	Net sales	—	—	4,276	46,077	39,644	46,558	47,075	41,097	41,807	62,624
	Operating income	—	-10	-797	-3,069	-1,640	-1,535	-2,704	-4,290	-3,586	-3,147
Other	Net sales	139	139	149	148	153	145	124	125	154	1,590
	Operating income	333	-35	23	-52	-43	-51	-158	-231	-238	82

Consolidated Balance Sheets

Item	68th June 1, 2012– May 31, 2013	69th June 1, 2013– May 31, 2014	70th June 1, 2014– May 31, 2015	71st June 1, 2015– May 31, 2016	72nd June 1, 2016– May 31, 2017	73rd June 1, 2017– May 31, 2018	74th June 1, 2018– May 31, 2019	75th June 1, 2019– May 31, 2020	76th June 1, 2020– May 31, 2021	77th* ³ June 1, 2021– May 31, 2022
Total Assets* ²	216,545	234,243	270,557	254,630	254,139	269,260	262,426	245,980	252,935	268,470
Net Assets	68,205	72,241	85,148	80,102	84,147	86,079	82,087	78,327	84,081	85,605
Net assets per share (JPY)	2,145.11	2,266.96	2,654.96	2,481.13	2,601.01	2,656.60	2,522.22	2,390.00	2,592.48	2,633.27

Consolidated Statements of Cash Flows

Item	68th June 1, 2012– May 31, 2013	69th June 1, 2013– May 31, 2014	70th June 1, 2014– May 31, 2015	71st June 1, 2015– May 31, 2016	72nd June 1, 2016– May 31, 2017	73rd June 1, 2017– May 31, 2018	74th June 1, 2018– May 31, 2019	75th June 1, 2019– May 31, 2020	76th June 1, 2020– May 31, 2021	77th* ³ June 1, 2021– May 31, 2022
Cash flows from operating activities	16,525	22,002	12,261	15,710	7,144	7,530	12,656	9,358	7,847	2,405
Cash flows from investing activities	-4,374	-6,919	-22,120	-11,167	-11,470	-12,401	-7,550	-6,724	-9,104	-7,586
Cash flows from financing activities	-11,168	-8,315	8,945	-7,637	-1,021	13,975	-9,524	-3,941	-663	274
Free cash flows	12,151	15,083	-9,858	4,543	-4,325	-4,871	5,106	2,634	-1,256	-5,181

Management Indicators

Item	68th June 1, 2012– May 31, 2013	69th June 1, 2013– May 31, 2014	70th June 1, 2014– May 31, 2015	71st June 1, 2015– May 31, 2016	72nd June 1, 2016– May 31, 2017	73rd June 1, 2017– May 31, 2018	74th June 1, 2018– May 31, 2019	75th June 1, 2019– May 31, 2020	76th June 1, 2020– May 31, 2021	77th* ³ June 1, 2021– May 31, 2022
Capital adequacy ratio (%)* ²	31.1	30.4	30.8	30.6	32.1	31.0	30.2	30.5	32.1	30.8
ROA (%)* ²	5.4	5.6	2.4	0.0	0.8	-0.3	-0.5	-0.6	0.7	0.2
ROE (%)	19.2	18.3	7.7	0.1	2.7	-0.9	-1.7	-2.0	2.2	0.5
Annual dividend per share (JPY)	30	35	35	35	35	15	15	15	15	15
Dividend payout ratio (%)	8.1	8.7	18.5	—	51.8	—	—	—	27.9	118.9
Interest-bearing liabilities	61,857	55,993	69,087	62,608	63,070	78,694	69,919	66,655	69,021	70,304
DE ratio (%)	91.7	78.6	82.9	80.4	77.3	94.4	88.4	88.9	84.9	85.2

Other Reference Information

Item	68th June 1, 2012– May 31, 2013	69th June 1, 2013– May 31, 2014	70th June 1, 2014– May 31, 2015	71st June 1, 2015– May 31, 2016	72nd June 1, 2016– May 31, 2017	73rd June 1, 2017– May 31, 2018	74th June 1, 2018– May 31, 2019	75th June 1, 2019– May 31, 2020	76th June 1, 2020– May 31, 2021	77th* ³ June 1, 2021– May 31, 2022
Closing stock price (JPY)	2,209	1,923	2,008	1,549	1,610	1,543	1,139	962	787	583
Employees (people)	8,820	8,841	11,320	11,310	11,373	11,256	11,188	10,881	10,577	10,375
Research & development costs	2,909	3,011	2,935	3,222	3,087	2,659	2,594	2,856	2,401	2,379
Capital investment	6,327	6,690	6,116	10,527	10,884	9,691	5,226	7,302	7,643	10,371
Depreciation	5,252	5,676	6,089	8,146	8,471	8,975	8,598	8,083	8,079	8,006

*1: The Global Business was established in the 70th fiscal year and the 69th fiscal year were prepared based on the new reporting segment classification and measurement method.

*2: Partial Amendments to Accounting Standard for Tax Effect Accounting etc. are applied from the 74th fiscal year, and the management indices, etc. for the 73rd fiscal year are retroactively applied to those accounting standards.

*3: Accounting Standard for Revenue Recognition and others were applied from the 77th fiscal year.

Consolidated Financial Statement

Consolidated Balance Sheets

(Millions of JPY)

Item	Previous fiscal year May 31, 2021	Current period May 31, 2022	Change YoY
Assets			
Current assets	126,884	141,698	14,813
Cash and deposits	23,926	18,420	-5,506
Notes and accounts receivable	46,132	—	-46,132
Notes and accounts receivable and contract assets	—	55,105	55,105
Electronically recorded receivables	4,237	5,486	1,248
Marketable securities	1,431	1,492	60
Merchandise and finished goods	15,275	19,507	4,231
Works in process	17,629	15,931	-1,697
Raw materials and supplies	12,458	17,407	4,948
Other	6,492	9,105	2,612
Allowance for doubtful accounts	-700	-758	-57
Fixed asset	126,050	126,772	722
Tangible fixed assets	101,514	102,115	601
Buildings and structures (Net amount)	22,798	22,609	-189
Machinery, equipment and vehicles (Net amount)	17,736	19,849	2,113
Land	54,312	54,350	37
Other (Net amount)	6,666	5,307	-1,359
Intangible fixed assets	4,777	4,207	-570
Goodwill credit	2,115	1,674	-441
Other	2,662	2,533	-129
Investments and other assets	19,758	20,449	691
Investment securities	11,296	11,133	-163
Other	9,029	9,980	950
Allowance for doubtful accounts	-567	-664	-96
Assets	252,935	268,470	15,535

(Millions of JPY)

Item	Previous fiscal year May 31, 2021	Current period May 31, 2022	Change YoY
Liabilities			
Current liabilities	107,277	121,826	14,549
Notes and accounts payable	40,010	49,361	9,350
Electronically recorded liabilities	16,931	20,339	3,408
Short-term loans	13,774	12,103	-1,670
Long-term debt due within one year	15,576	17,501	1,924
Other	20,983	22,520	1,537
Fixed liabilities	61,576	61,039	-537
Long-term loans	39,669	40,698	1,029
Deferred tax liabilities	1,644	1,130	-513
Liabilities for retirement benefits	11,832	10,595	-1,237
Other	8,430	8,614	183
Liabilities	168,853	182,865	14,012
Net assets			
Shareholders' equity	73,262	72,864	-397
Capital	15,000	15,000	—
Capital surplus	31,929	31,929	—
Retained earnings	26,582	26,188	-393
Treasury stock	-248	-252	-3
Accumulated other comprehensive income	8,037	9,699	1,662
Non-controlling interests	2,781	3,040	259
Net Assets	84,081	85,605	1,523
Liabilities and net assets	252,935	268,470	15,535

Consolidated Profit and Loss Statement

(Millions of JPY)

Item	Previous fiscal year June 1, 2020–May 31, 2021	Current period June 1, 2021–May 31, 2022	Change YoY
Net sales	301,184	340,553	39,368
Cost of sales	232,177	271,272	39,094
Gross profit	69,006	69,281	274
Selling, general and administrative expenses	64,438	65,498	1,060
Operating income	4,568	3,782	-785
Interest income	39	35	-4
Dividend income	231	191	-40
Equity in earnings of affiliates	218	267	49
Other	2,126	988	-1,137
Non-operating income	2,616	1,483	-1,133
Interest expenses	597	599	2
Other	1,336	467	-869
Non-operating expenses	1,934	1,066	-867
Ordinary income	5,251	4,198	-1,052
Profit on sales of fixed assets	9	261	252
Other	153	233	80
Extraordinary profit	162	494	332
Loss on disposal of fixed assets	357	435	77
Other	439	1,352	912
Extraordinary loss	797	1,787	990
Net income before adjustment for taxes, etc.	4,616	2,905	-1,710
Income taxes	2,578	2,260	-317
Net income	2,037	645	-1,392
Net income attributable to non-controlling interests	354	249	-104
Net income attributable to owners of parent	1,683	395	-1,288

Consolidated statements of comprehensive income

(Millions of JPY)

Item	Previous fiscal year June 1, 2020–May 31, 2021	Current period June 1, 2021–May 31, 2022	Change YoY
Net income	2,037	645	-1,392
Total of other comprehensive income	5,712	1,676	-4,036
Net unrealized gains (losses) on available-for-sale securities	617	-227	-845
Deferred gains or losses on hedges	1,527	-601	-2,129
Foreign currency translation adjustments	852	1,380	527
Adjustment for retirement benefits	2,688	1,165	-1,523
Share of other comprehensive income of affiliates accounted for by the equity method	26	-40	-66
Comprehensive income	7,750	2,321	-5,429
Comprehensive income attributable to owners of the parent	7,397	2,057	-5,340
Comprehensive income attributable to non-controlling interests	353	264	-88

* The Accounting Standard for Revenue Recognition and other standards are applied from the current period (June 1, 2021 to May 31, 2022).

Consolidated Statements of Cash Flows

(Millions of JPY)

Item	Previous fiscal year June 1, 2020–May 31, 2021	Current period June 1, 2021–May 31, 2022	Change YoY
Cash flows from operating activities	7,847	2,405	-5,442
Net income before adjustment for taxes, etc.	4,616	2,905	-1,710
Depreciation	8,079	8,006	-72
Impairment loss	422	1,270	848
Increase (decrease) in trade receivables	-1,362	-8,448	-7,085
Increase (decrease) in inventories	587	-7,880	-8,468
Increase (decrease) in notes and accounts payable	359	12,301	11,942
Other	-2,677	-3,324	-646
Subtotal	10,024	4,832	-5,191
Interest and dividends received	342	316	-25
Interest expenses paid	-602	-619	-16
Income taxes paid	-1,916	-2,124	-208
Cash flows from investing activities	-9,104	-7,586	1,518
Payments for purchases of marketable securities	-1,379	—	1,379
Income from sale of marketable securities	0	—	0
Purchase of tangible fixed assets	-7,041	-7,567	-525
Income from sale of tangible fixed assets	16	460	443
Payments for purchases of investment securities	-16	-396	-380
Income from sale of investment securities	265	424	159
Other	-950	-507	442
Cash flows from financing activities	-663	274	937
Net increase (decrease) in short-term loans	7,446	-1,140	-8,587
Income from long-term loans	23,201	19,416	-3,784
Payments for repayment of long-term loans	-18,277	-16,704	1,572
Payments for redemption of bonds	-10,500	—	10,500
Dividends paid	-157	-780	-623
Payments for acquisition of subsidiaries' stock without change in scope of consolidation	-1,825	—	1,825
Other	-552	-516	35
Net increase (decrease) in cash and cash equivalents	-1,566	-5,443	-3,877
Cash and cash equivalents at beginning of year	23,936	22,369	-1,566
Cash and cash equivalents at end of year	22,369	16,926	-5,443
Free cash flows	-1,256	-5,181	-3,924

* The Accounting Standard for Revenue Recognition and other standards are applied from the current period (June 1, 2021 to May 31, 2022).

About Us (As of May 31, 2022)

Company name	Sankyo Tateyama, Inc.
Date of establishment	June 20, 1960
Address	Head office: 70 Hayakawa, Takaoka, Toyama, Japan Tokyo Office: 20F Sumitomo Nakano Sakaue Building 1-38-1 Chuo, Nakano-ku, Tokyo
Representative	Shozo Hirano President
URL	https://www.st-grp.co.jp/
Capital	15.0 billion JPY
Employees	5,034
Consolidated employees	10,375
Consolidated net sales	340,553 million JPY
Operating income	3,782 million JPY
Total Assets	268,470 million JPY
Major business	<ol style="list-style-type: none"> 1. Research, development, manufacture and sale of building fixtures, housing fixtures, exterior fixtures. 2. Casting, extrusion and processing of aluminum and magnesium. 3. Sales of commercial and general-purpose display fixtures; manufacture and sale of standard signboards and other signage; maintenance of stores and related equipment.

Editorial Policy

The Sankyo Tateyama Group has been publishing Integrated Reports since October 2021 to facilitate deeper communication with shareholders, investors, and various other stakeholders, and to provide a comprehensive understanding of the economic and social value created by the Group through financial and non-financial information. We will continue to publish this Integrated Report in the future and use this report as an important communication tool with our stakeholders to further strengthen our relationship with you via active dialogue, as well as a means to enhance our corporate value in a sustainable manner.

Reporting Period

Fiscal year ending May 31, 2022 (June 1, 2021 to May 31, 2022)
In this Report, the above period is referred to as FY2021.
Some parts of this report include activities and other information before or after the period in question.

Scope of Report

Sankyo Tateyama Group (Sankyo Tateyama Inc. and its consolidated subsidiaries)

Reference Guidelines

The IIRC International Integrated Reporting Framework was used as a reference in the editing of this Report. For non-financial information, we also refer to the GRI Standards (international guidelines for corporate sustainability reporting) and ISO 26000 (international guidance standard on social responsibility).

Special Note Regarding Forward-Looking Statements

The forecasts and forward-looking statements contained in this document are based on information available to the Company at the time of publication of this document and involve potential risks and uncertainties. Therefore, changes in various factors could cause actual results to differ materially from those discussed in the forward-looking statements.

“Twin Leaf” Logo

Our logo of a new sprout with heart-shaped leaves is a familiar and impression-building shape. We hope that through this logo we can build good communication not only with our customers, clients, shareholders, and investors, but also with people in our local communities and our employees.

The symbol, with its free-hand curved lines, is a gentle expression of the connection between people and people, and between society and our Company. We hold it to be a symbol that connects the hearts and minds of our Company with society, with our customers, and with the environment.

