

Business Strategy

After-sales Service

Providing value (digital response)

Sinto provides a cloud-based IoT platform as well as systems and apps that can monitor equipment remotely, offering visualization of the operating status of equipment in real time and prompting improvements, enabling improved productivity. Installation of this system offers many benefits as data is collected and calculated 24 hours a day, 365 days a year using IoT, making it possible to reduce working hours and the burden on workers, increase labor savings, and ensure reliable operations. We will continue to provide these services from the unique perspective of an equipment manufacturer, helping our customers achieve a “new normal” in work.

Value provided to the customer

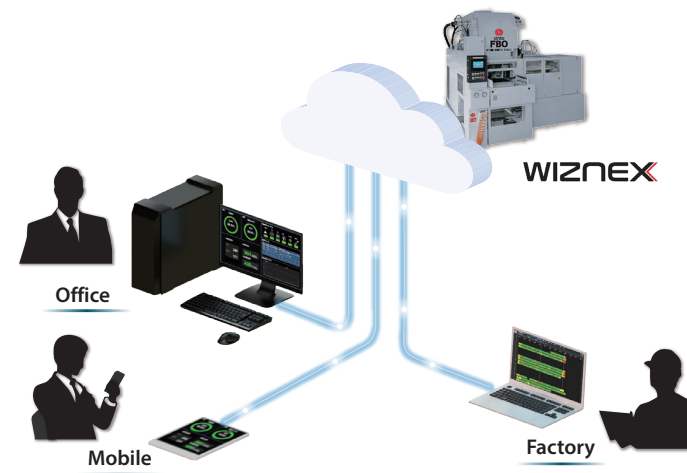
Preventing production from stopping

From reduced defects to zero defects

Improving productivity and quality

Creating a safe and secure environment

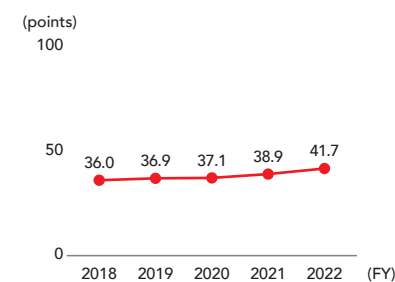
Realizing a “new normal” in how work is done



Efforts to improve after-sales service skills (real response)

The Sinto Group enacts training for sales staff within Japan and overseas to acquire knowledge and skills related to maintenance and sales. Skill points are received for each skill acquired, encouraging staff level improvement. By using common evaluation criteria across all domestic and overseas companies and managing the skills of each staff person, we are training personnel who can provide reliable service to all of our customers around the world.

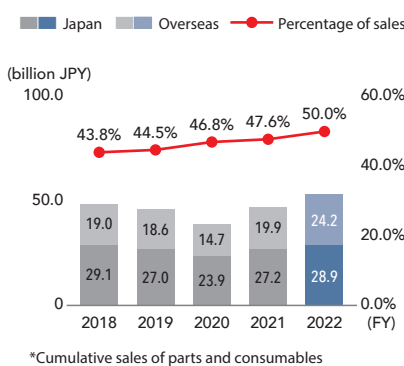
Skill points per person



Sales trends in after-sales service (domestic and overseas)

Net sales from after-sales services amounted to 28,928 million JPY (up 6.0% year-on-year) in Japan and 24,220 million JPY (up 21.2%) overseas due to increased visits to customers in response to the recovering economic, along with movement to secure parts in preparation for increased manufacturing activities. The ratio of after-sales service to consolidated net sales was 50.0%.

Net sales*



Foundation for Value Creation

Environment

Environment

Our environmental activities began in the late 1940s, when the term “pollution” was not yet widely used, and we began to improve the environment at foundry factories. Then, in 1963, when economic growth took precedence over environmental issues, we sent out a corporate advertisement to the world with the words “manufacturing that is kind to flowers” as a warning against environmental problems. For the past 60 years, we have continuously promoted the reduction of our environmental impact.



Corporate advertisement in 1963: “Manufacturing that is kind to flowers”

Environmental Policy

Environmental Policy

As a member of the global society, we seek to actively reduce environmental burdens in all areas of our business activities, work to prevent pollution, and achieve a sustainable society.

Actions

1. Comply with environmental laws and regulations
2. Promote the prevention and reduction of waste
3. Work to effectively use resources and energy to eliminate waste and reduce CO₂ emissions
4. Work to develop technology and products that offer reduction of environmental burdens throughout their lifecycle
5. Perform internal environmental training and strive to improve staff awareness
6. Publicly share the environmental policy
7. Take actions to continuously improve the global environmental management system

Environmental Management

Environmental management system certification

To promote the continuous reduction of our environmental impact, we have established environmental policies, objectives, and targets, and we have put in place an environmental management system that includes plans, systems, and processes for initiatives to achieve them. The following manufacturing sites and group companies have obtained ISO14001 certification, an international standard for environmental management. In addition, our offices are working to obtain certification under “ECO Action 21” established by the Ministry of the Environment.

Sintokogio, Ltd.	Toyokawa Works, Ichinomiya Works, Osaki Works, Shinshiro Works, Koda Works, Oharu Works, Kyushu Works
Domestic group companies	MEIKIKOU, Sinto V-CERAX, Sinto Engineering, Toju Kosan, Fujiwa Denki, CFS, Airex
Overseas group companies	Thai Sintokogio, Qingdao Sinto, Zhejiang Sinto, Roberts Sinto, Sinto Brasil Produtos

» Heinrich Wagner Sinto certified with the EcoVadis Silver Sustainability Rating

In March 2023, Heinrich Wagner Sinto was recertified by EcoVadis SAS France with the Silver Medal sustainability rating. The EcoVadis sustainability rating evaluates activities by companies in the four areas of environmental protection, occupational safety and human rights, ethics, and sustainable procurement, and the Silver Medal is awarded to the top 25% companies participating. As the Sinto Group, we will continue our efforts for further sustainability, improving both our corporate value and our value to society.



Environmental training

We systematically provide environmental education (general, specialized, and special education) for all employees engaged in activities related to the environmental management system, according to their roles and job description. In particular, for special education, we utilize internal and external training sessions to systematically train employees to acquire qualifications, such as qualified person for energy management, pollution manager, and hazardous substance handler, which are necessary for the performance of their duties.

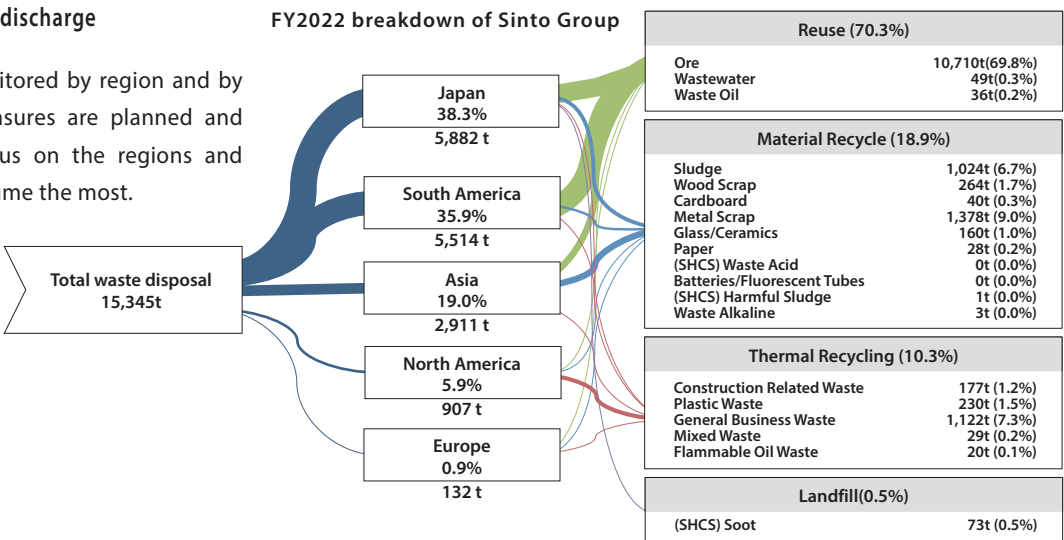
Advancing Resource Recycling

3R initiatives

We are taking action in the 3Rs (reduce, reuse, recycle) to create a circulating, sustainable society.

Visualization of waste discharge

Waste emissions are monitored by region and by type, and reduction measures are planned and implemented with a focus on the regions and energy sources that consume the most.

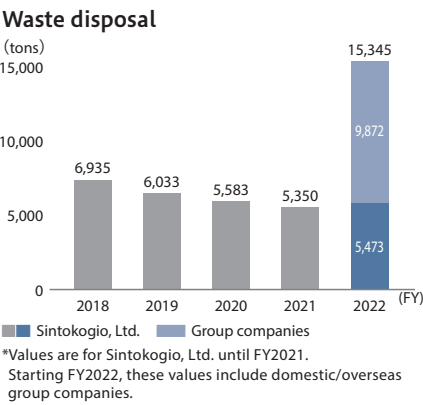


Review of pallet operation rules for on-site pallet operation

Wooden pallets had been used for cargo handling operations at the plant, but they were fragile and had to be replaced frequently. By reviewing pallet operations and switching to plastic pallets, which are more durable than wooden pallets, we reduced the pallet replacement frequency and the amount of wood waste. In addition, plastic pallets are assigned a control number to limit the number of plastic products used, thereby reducing the amount of waste plastic.

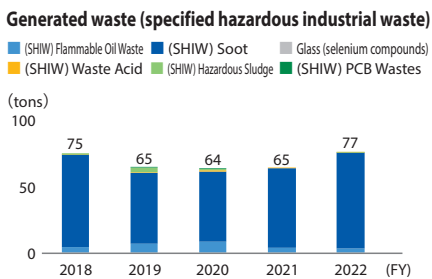
Increased utilization of corrugated cardboard packaging

Wooden packing materials have been used in the past for transporting heavy products. However, since wooden packing materials are often discarded after delivery is completed, the increase in industrial waste has become a problem. Therefore, we are working to reduce wood waste by progressively switching to recyclable multi-layered reinforced corrugated cardboard packaging materials. In addition, since corrugated cardboard packaging materials are lightweight, the total weight of the packaging materials can be reduced during transportation, thus reducing transportation costs.



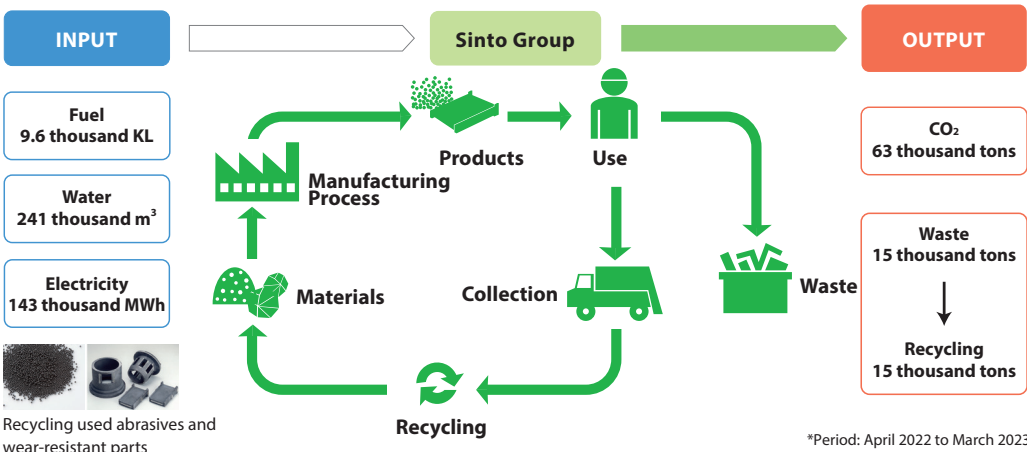
Hazardous waste initiatives

Soot and dust (containing lead) are the primary hazardous wastes generated from our business activities. We collect these wastes with a dust collector to reduce the environmental impact of their external discharge. In addition, PCB (polychlorinated biphenyl) waste must be disposed of by March 2022 for high-concentration waste and by March 2027 for low-concentration waste, as prescribed by the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes. We took action to dispose of all PCB waste as soon as possible and completed the disposal of high-concentration and low-concentration waste by October 2021.



Overview of business activities

We strive to reduce our environmental impact by quantitatively scrutinizing the inputs of raw materials, energy, and water used in the manufacture of our products and the outputs of product manufacturing, emissions into the atmosphere and water area, and waste at all of our business sites around the world.



Fostering Eco-awareness

“Actions for ourselves” of the 4,000 employees in the Sinto Group located in 16 countries and regions globally

Bringing together all of our employees around the world to act as one, we set our own Environmental Awareness goal as an 18th SDG. We are promoting a culture in which each individual can take responsibility to act decisively.

Establishment of Sinto Group's original goal



Independent initiatives by employees

In order to deepen broad systematic understanding of complex and diverse environmental issues among our employees, we have actively supported acquisition of Eco Test certification (Certification Test for Environmental Specialists) awarded by the Tokyo Chamber of Commerce and Industry. Employees that passed in the past have become instructors, holding independent internal study groups for 410 “Eco People*” in FY2022. (Sintokogio was ranked 4th for certifications granted by company in FY2019.)

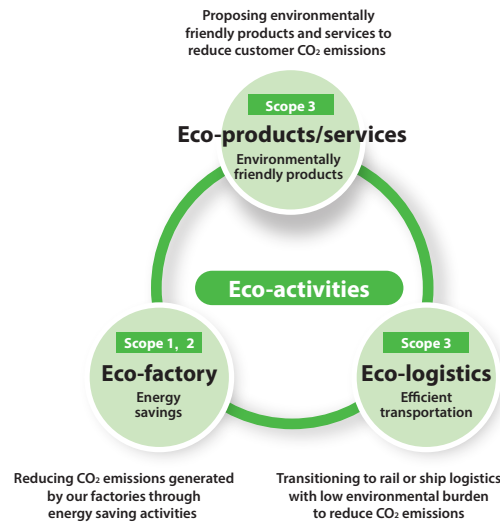
*Eco People: Successful candidates for eco certification



Responding to Climate Change

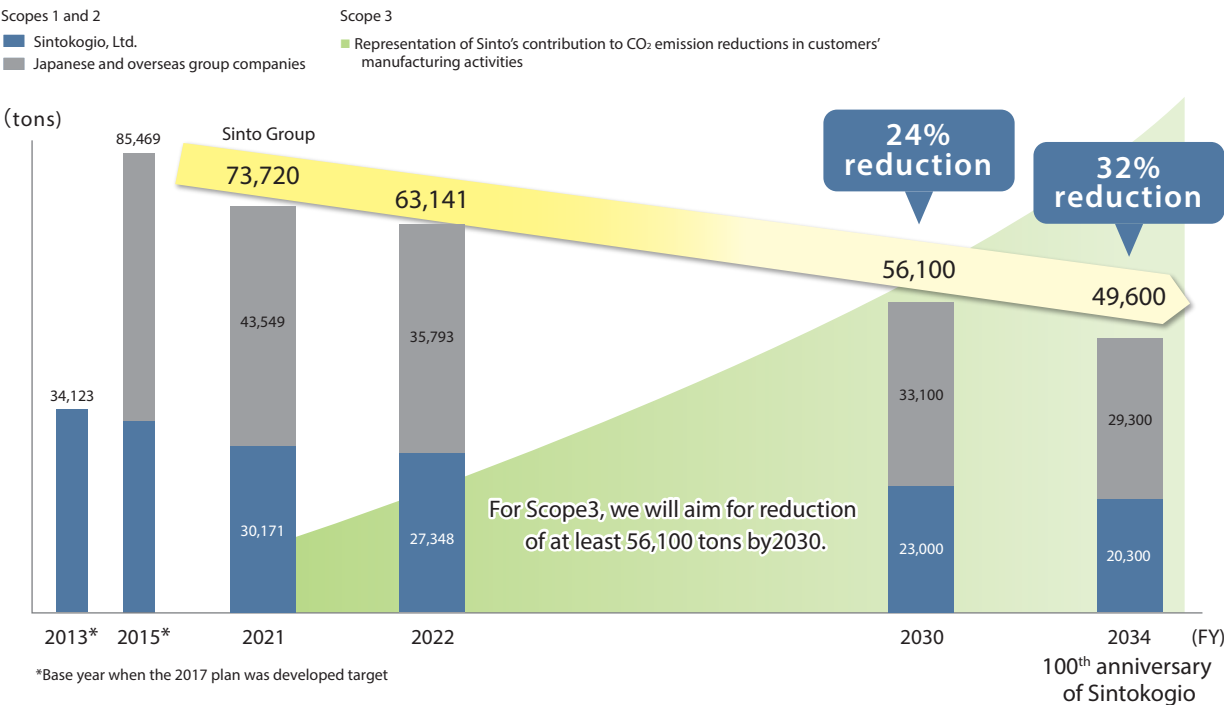
Eco-activities

To contribute to achieving a sustainable society and creating a bright future for our children, in 2017 we established our environmental management policy looking towards our 100th anniversary in 2034. We take action in three areas: “eco-products/services (environmentally friendly products)”, “eco-factory (energy savings)”, and “eco-logistics (efficient transportation)” for reducing CO₂ emissions. Sharing one heart and vision between our employees around the world, we take the initiative in each position, from manufacturing to product development, sales, and more.



New targets established: GHG (greenhouse gas) emissions reduction targets in Scopes 1 and 2

When this plan was first formulated in 2017, we aimed to reduce CO₂ emissions by 40% from our FY2013 levels for Sintokogio and 25% from our FY2015 levels across the Sinto Group. In response to the growing momentum in the international community to address climate change, we have set a new target of reducing GHG emissions in Scopes 1 and 2 by 3% per year through FY2030, and continuing into FY2034 (our 100th anniversary), with FY2021 as the base year. In addition to Scopes 1 and 2, we plan to calculate Scope 3 emissions.



Reducing Greenhouse Gases

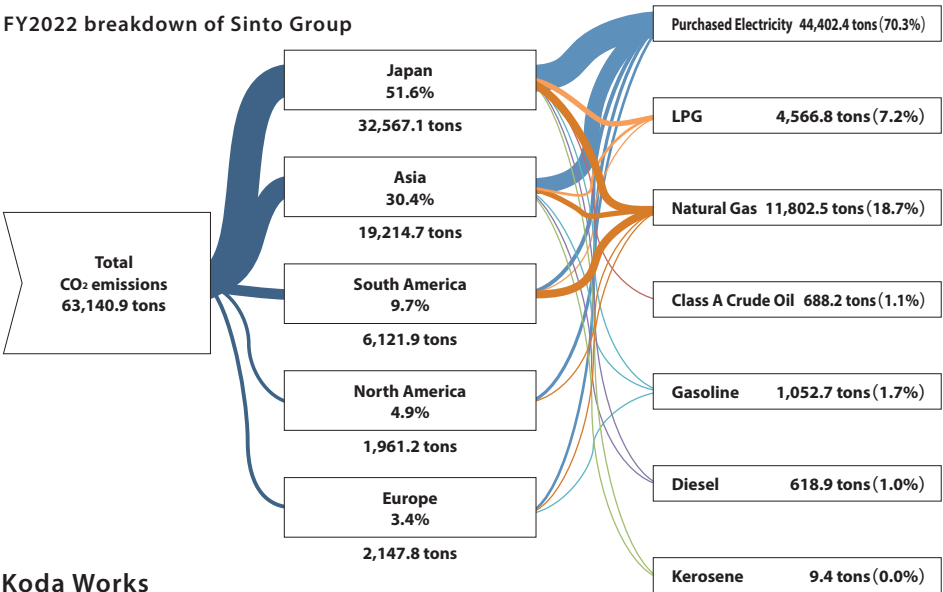
Eco-factory (Scopes 1 and 2)

Looking towards the achievement of carbon neutrality, each employee gets creative to take action on saving energy around them and reduce CO₂ emissions generated by our manufacturing.

Visualization of energy

Energy consumption is monitored by region and by type, and reduction measures are planned and implemented with a focus on the regions and energy sources that consume the most energy. Osaki Works, which consumes the most energy, will be a model case for our offices and is planning to introduce solar power generation. As a first step, it is moving forward with efforts to reduce power consumption in the office building by 40%.

FY2022 breakdown of Sinto Group



Electricity visualization at Koda Works

As one of our eco-factory initiatives, we are promoting the visualization of electric power. Among them, Koda Works enables the visualization and reduction of electricity consumption by production line as a model case for other plants. In addition to measuring the power consumption of the entire plant and each building, measuring the power consumption of each production line makes it easier to identify wasteful power consumption, leading to energy-saving improvements.

Conducting energy conservation optimization diagnostics

To take our energy conservation measures at each business site a step further, we received an energy conservation optimization diagnosis from an outside organization. A professional came on site to examine the usage of facilities and equipment, whether the set temperature and illumination values were optimal, and other aspects of the factory, and we received more than 20 points for consideration and improvement. This included issues related to air compressors, which were common to all business sites. As a result, we are promoting further energy conservation by checking and repairing leaks in air piping, lowering discharge pressure, and improving ventilation at compressor installation at all business sites.

Installation of solar power generation equipment and EV stands

Shinshiro Works has installed 54kW solar panels on the roof of its new plant. The electricity generated will be consumed within the plant, reducing purchased electricity and CO₂ emissions. A 22.4kWh lithium-ion energy storage system is attached to the solar power generation system, which helps with BCP measures by suppressing demand during the daytime and supplying electricity during power outages. A portion of the electricity generated by the solar power generation system is also provided to EV stands installed on the premises to power today's increasing number of EVs and PHEVs.



Solar panels installed on the rooftop

Foundation for Value Creation

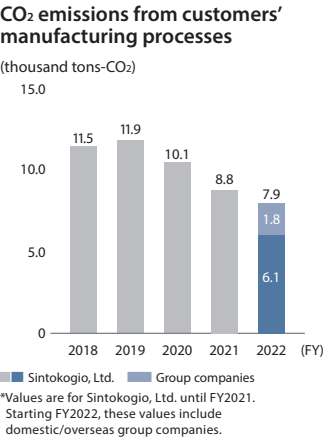
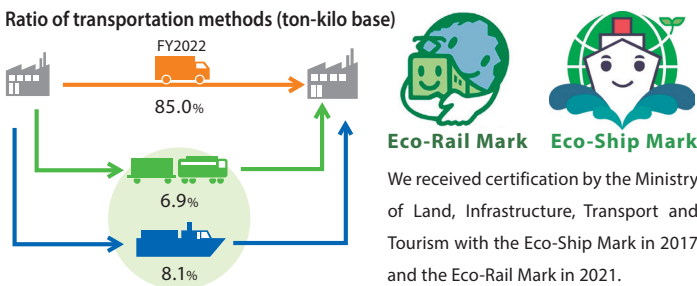
Responding to Climate Change

Eco-products

Along with reviewing our line-up of environmentally friendly products and increasing the number of products themselves, in FY2022, we clarified our approach to CO₂ emissions reduction for environmentally friendly products. We have reorganized our approach from the perspectives of “simplifying and streamlining products”, “adopting environmentally friendly equipment”, and “improving production efficiency through operational and process changes”. We selected 199 products to be subject to the reorganization and calculated their CO₂ emission reductions. We will continue to improve and develop environmentally friendly products to contribute to the reduction of CO₂ emissions in our customers’ manufacturing processes. In 2023, we will increase the number of relevant products and expand them throughout the Sinto Group within Japan.

Eco-logistics

Shifting blasting media shipment from truck transport to rail or marine (with less environmental impact) contributes to reducing CO₂ emissions during shipping. By working to make truck logistics more efficient through the use of reusable shipping containers, we achieve reduced CO₂ emissions, reduced human labor, and reduced waste. We are also proceeding with initiatives to improve transport and load efficiency between the seven domestic manufacturing bases. Our current total transport volume per method is as follows: 20,345,400 ton-km by truck, 542,000 ton-km by rail, and 703,100 ton-km by ship. We will continue to increase the ratio of rail and ship transport in the future.



Strategy

We examined the world under two scenarios: less than 2°C rise in global average temperature from pre-industrial revolution (“Under 2°C scenario”) and a 4°C rise (“4°C scenario”).

Scenario	Worldview	Main sources
Under 2°C scenario	<p>Business impacted by changes with the transition to decarbonized society (major transition risks)</p> <ul style="list-style-type: none"> Shifts to stronger regulations related to climate change, carbon tax adoption, electrical power composition of non-petroleum fuel, and EV automobile production Society as a whole heads for decarbonization. Actions for decarbonization of companies are evaluated, and adoption of decarbonation equipment in factories and offices is promoted. 	WEO2022 (APS), IPCC RCP2.6, etc.
4°C scenario	<p>Business impacted by physical harm from climate change (major physical risks)</p> <ul style="list-style-type: none"> Limited adoption of regulations related to climate change Advancing severity of abnormal climate events, frequent natural disasters Rising temperatures causing a worsening labor environment and limited availability of water in some regions 	WEO2022 (STEPS), IPCC RCP8.5, etc.

We examined risks and opportunities that have a major impact on the Sinto Group for both the Under 2°C and 4°C scenarios. We estimated the approximate financial impact, and through our internal Sustainability Committee, we deliberated on countermeasures for risks and opportunities that will have a large impact. We will continue to analyze risks and opportunities for even more countermeasures, and we will strengthen information disclosure based on the TCFD framework.

Risks and opportunities due to climate change that we estimated to have a large impact are listed in the table below. Upon performing financial impact analysis, we deliberated on countermeasures for carbon tax adoption, transition to low-carbon technology, increased extreme climate phenomena, and low carbon emission products/services.

Theme	Category	Subcategory	Identified climate change risks/opportunities
Transition Risks	Governance & Law	Carbon tax adoption	<ul style="list-style-type: none"> Increased expenses from paying carbon tax Increased costs for purchasing materials with high carbon intensity
		Stronger energy saving policies	<ul style="list-style-type: none"> Reduced sales from contracting gasoline vehicle market
	Technology	Transition to low-carbon technology	<ul style="list-style-type: none"> Increased costs from early updates to existing equipment Decreased sales due to slow development for environmental parts and services Increased R&D expenses for development of environmental parts and services
Physical Risks	Market	Changes in energy market	<ul style="list-style-type: none"> Increased energy costs including switching to renewable energy
	Acute	Increased extreme climate phenomena	<ul style="list-style-type: none"> Suspension of business operations and loss of sales opportunities due to increased frequency of floods
Opportunities	Chronic	Rising average temperature	<ul style="list-style-type: none"> Additional costs for heat measures with rising temperatures Plant stoppage and increased operating costs from limited availability of fresh water due to droughts
	Resource Efficiency	Improving productivity	<ul style="list-style-type: none"> Reduced plant operation costs through reduced use of energy
	Energy Sources	Policies for use of renewable energy	<ul style="list-style-type: none"> Increased sales for industries related to renewable energy
	Products/Services	Low-carbon emission products/services	<ul style="list-style-type: none"> Increased sales through expansion of recycling services Improving sales by developing and rolling out environmentally friendly products and services
	Market	Creating new markets	<ul style="list-style-type: none"> Increased sales in EV market

Disclosure Based on TCFD Recommendations

In June 2022, we endorsed the TCFD (Task Force on Climate-related Financial Disclosure) recommendations and are working to enhance the disclosure of climate change-related information in line with TCFD recommendations. For our group, which uses energy in its mainstay foundry business and other operations, carbon neutrality is a pressing issue, and we are promoting activities to address it.



Governance

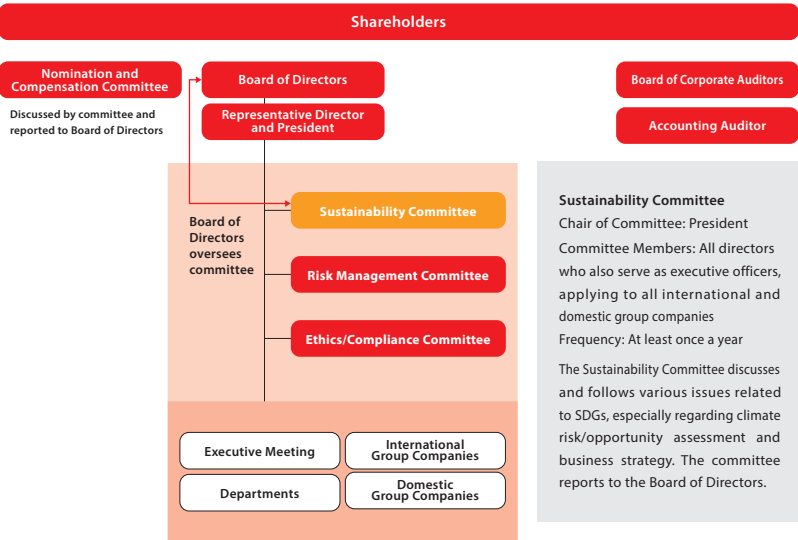
Our Sustainability Committee, which is chaired by our president, identifies and evaluates climate-related risks and opportunities in our group. Decisions of the Sustainability Committee are reported to and overseen by the Board of Directors.

Risk Management

Items evaluated by the Sustainability Committee as being high-risk in relation to climate are to be shared with the Risk Management Committee for integrated risk management.

Indicators and Targets

We have set GHG emission reduction targets for Scopes 1 and 2 for FY2030 and FY2034 and are currently studying calculation methods for Scope 3. We plan to disclose information on Scope 3 as we proceed with calculations.



Reference: GHG emission reduction targets for Scopes 1 and 2

Measure 1: Increased costs due to the introduction of carbon tax

Risks/ opportunities	<ul style="list-style-type: none">◆Carbon taxes were introduced by governments around the world to combat climate change, and the increased cost of payment was identified as a risk.◆We have identified as a risk the possibility that the purchase price of steel, one of our main raw materials, may increase due to the introduction of a carbon tax on manufacturing companies.
Impact and evaluation	<ul style="list-style-type: none">◆In the Under 2°C scenario, Sintokogio expects to incur costs of about 400 million JPY in carbon tax payments and about 1.2 billion JPY in steel price increases.•Carbon tax payment: GHG emissions in Scopes 1 and 2 in 2030 multiplied by the carbon tax price (APS price of 135 USD/tCO₂ in WEO2022)•Steel price increase: Calculated by multiplying the most recent steel consumption by the CO₂ emissions intensity of steel (Ministry of the Environment’s database on emissions intensity for calculating greenhouse gas emissions of organizations through supply chains (Ver. 3.2)) and carbon tax price (WEO2022 APS price 135 USD/tCO₂)
Measures	<ul style="list-style-type: none">◆The Group’s Scopes 1 and 2 reduction targets will be renewed in FY2022, aiming for a 24% reduction by 2030 (32% by 2034) from the base year of 2021.◆We will promote a shift to renewable energy sources to achieve our reduction targets.

Reference: Eco-factory

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Measure 2: Increased costs by shifting to low-carbon technologies;
increased sales by expanding low-CO₂ emission products and services

Risks/ opportunities	<ul style="list-style-type: none">◆We identified as a risk and an opportunity the possibility that stakeholders may demand more environmentally friendly products, including low-CO₂ emission products, following the introduction of a carbon tax and other measures.◆We identified a potential increase in R&D expenses as a risk of developing products with lower CO₂ emissions.
Impact and evaluation	<ul style="list-style-type: none">◆In the Under 2°C scenario, the sales increase or decrease according to the changes in the sales share of environmentally friendly products and services is expected to be approximately 1.1 billion JPY, and the increase in R&D costs is expected to be about 100 million JPY.•Sales share of environmentally friendly products and services: Based on the Ministry of the Environment’s “Estimates of Market Size and Employment in Environmental Industries”, Japan’s climate change-related market is expected to grow by 25% in 2030, calculated by multiplying our sales of eco-friendly products and services by the market growth rate, assuming that risk is the flip side of opportunity and that we will lose market share due to the growth of other companies in line with market expansion.•R&D costs are estimated to be approximately twice the current costs.
Measures	<ul style="list-style-type: none">◆We will aggressively increase R&D costs in the environmental field as a necessary investment to develop products that meet market needs.◆We will improve our competitiveness, especially in new business divisions, by strengthening and fostering recruitment, forming alliances with other companies, etc.

Reference: Eco-products

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Measure 3: Loss of sales opportunities due to increased extreme weather events such as flooding

Risks/ opportunities	<ul style="list-style-type: none">◆Under the 4°C scenario of continued climate change, we identified an increase in extreme weather events associated with climate change, such as floods, storm surges, and droughts, as a risk, including at our overseas subsidiaries.
Impact and evaluation	<ul style="list-style-type: none">◆In the 4°C scenario, a plant shutdown due to flooding would result in a 40 million JPY opportunity loss for one site in Japan and a 550 million JPY opportunity loss for seven sites overseas.•In Japan: From hazard maps, Oharu Works was identified as a site with a high risk of flooding. We estimated the amount of opportunity loss impact due to business shutdowns based on the increase in disaster frequency and the number of days of business shutdown based on the depth of flooding in the Flood Control Economic Research Manual and the “Revised Proposal for Flood Control Planning in Light of Climate Change” by the Ministry of Land, Infrastructure, Transport and Tourism.•Overseas: Based on a survey of insurance companies, seven sites were identified with an exceptionally high risk of flooding and other water damage (Brazil, etc.). Thailand and Germany have suffered flood damage, resulting in opportunity losses of 20-150 million JPY per occurrence.
Measures	<ul style="list-style-type: none">◆We have already formulated a focused BCP plan for manufacturing sites and implemented an employee training program specifically on disaster countermeasures. In addition, along with adding flood insurance for high-risk sites, we have invested 2.2 billion JPY in flood countermeasures, such as installing watertight panels at the existing plant and physically elevating the new plant at our Oharu Works location.

Reference: Business Continuity Plan (BCP)

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Initiatives for sustainability at our overseas group companies

Developing new products and tools to save time and resources

During our daily business at HWS, we are always looking for the small things we can do to protect our environment, produce our equipment in a sustainable way, and make our products more sustainable. Reducing waste, separating waste, and changing to environmentally friendly materials have become a matter of course in recent years, and this is something every employee keeps in mind. With an external consultant and internal teams, we optimize and reduce manufacturing time in our steel and mechanical workshop with special tools and optimization, which not only saves time but also saves energy and reduces our carbon footprint. In addition, with R&D for our products as part of our daily business, we are able to develop new sustainable systems, such as a spray system that reduces the volume of needed spray-in agent by 20-40% and the usage of compressed air by up to 80%, saving on materials and energy to bring big benefits to our customers and to the environment.



Andreas Klein

President & Managing Director of Heinrich
Wagner Sinto Maschinenfabrik GmbH



Michael Halsband

Executive Officer of Sintokogio, Ltd.
CEO of Sinto America, Inc.

Continuing initiatives for sustainability through workplace
and technology improvements

As the push for manufacturers to achieve environmental sustainability goals (ESGs) intensifies across the U.S., so have our efforts at Sinto America, Inc. (SAI). We focus on both behaviors and processes, as well as developing newer, smarter, and more eco-friendly technologies. Changing everyday habits within our workspace is key, and we take measures to reduce energy consumption, carbon emissions, and waste, including programmed light and heat management, elimination of air leaks in manufacturing, and more. As for technology, we are adopting new technologies with reduced environmental impact and increased ROI, and developing machines and equipment that consume less energy, such as replacing hydraulics with electric systems. And with our Sinto Smart Foundry technology, we help customers reduce wasteful energy consumption by minimizing downtime and scrap while improving efficiency. SAI, as part of One Global Sinto, is committed to sustainability and carbon emission reduction to preserve our planet for future generations.

Sustainability in production and waste disposal to
protect the environment

As part of our efforts for sustainability, we are continuing our efforts for waste reduction and recycling in our production processes. We send waste from steel shot production to co-processing instead of landfills, and the various waste materials are used as fuel in furnaces in the cement industry. Along with reducing the impact on the environment, we also have major savings in disposal expenses. We are also proposing to nearby shot peening and surface treatment customers the free collection of their discarded shot, which can be recycled and reused for new shot, reducing manufacturing costs. Sustainable changes are also applied at our own plant, such as effective use of LED and natural lighting, and management of drainwater and exhaust gas. Through these innovative initiatives, we contribute to the local community, earning the trust of customers.



Julius Nascimento

President of Sinto Brasil
Produtos Limitada

Human Resources

In order to expand our business globally and continue growing our company, it is essential to strengthen human resources management throughout the entire group in personnel-related areas. This includes important items such as respecting human rights, developing human resources, encouraging diversity, ensuring a good work environment, and more. Amid diversifying values and major changes in work styles, our group strives to foster a corporate culture in which each and every employee finds their work rewarding and constantly advances and takes on challenges.

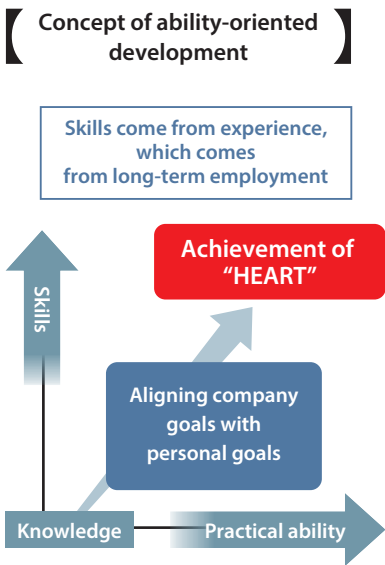
Human Rights

We strive to fulfill our corporate responsibility and achieve our management philosophy by promoting group-wide initiatives to respect the human rights of all individuals who are affected by our business activities. Our group respects the diversity, personality, and individuality of employees, and we prohibit discrimination in wages, working hours, and other working conditions on the basis of nationality, ethnicity, religion, gender, creed, political opinion, place of origin, social class, and any other attributes unrelated to work. We also prohibit any harassment. Furthermore, we do not tolerate any forced labor or child labor. Furthermore, we promote respecting human rights throughout our supply chain through our “Sinto Business Partner Guidelines for our future comrades”.

Basic Approach (Ability-oriented Development System)

Our “ability-oriented development philosophy” is a fundamental concept that guides our group’s human resource system. We want every employee to work with vitality. We believe that human resources are a company’s greatest asset, and based on the belief that their growth and achievement is what drives the company’s overall development, we are promoting initiatives to motivate employees and help them grow, to provide them with opportunities to demonstrate the capabilities that they have cultivated, and to enable them to contribute to the company’s development. Therefore, we have been improving our human development system that encourages employees to enhance their abilities and skills while aligning the company’s goals with their own personal goals. This is done from a long-term perspective encompassing their entire career, from the start of employment up to retirement. Our ability-oriented development philosophy is not based on seniority or performance, but rather on individuals’ efforts to improve their own abilities and skills.

Philosophy	Through our management philosophy HEART, ability-oriented development system, mid-term management plan, company policy, top management’s thoughts, and our unique ideas and ways of thinking, we nurture our employees’ sense of pride (sense of belonging).
Knowledge	We offer training for management knowledge and specialized knowledge necessary for the execution of business duties through off-the-job training based on our human resource development system, and we provide motivation by encouraging employees to earn skill development points. These initiatives are linked to the human resources system.
Skills	By repeatedly training based on knowledge that has been understood and acquired in theory, it becomes skills in practice. This skill education is developed in conjunction with the Sinto Career System.
Practical ability	We aim to impart experience through on-the-job training in the workplace, and cultivate wisdom, ingenuity, and creativity through SS Kaizen (small group improvement) activities. In addition, we will improve employees’ abilities by promoting personnel rotations and reviewing work through personnel evaluation (performance evaluation) interviews.

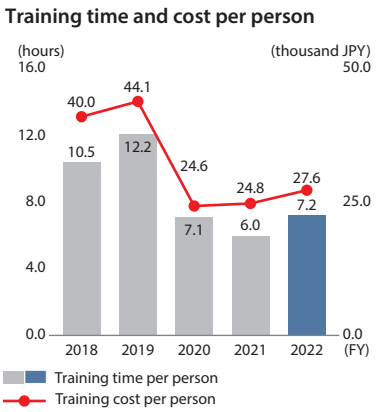


Human Resource Development

In order to react properly to changes in the business environment and create new technologies and products, our group has arranged our framework for our human development system on the basis of our ability-oriented development philosophy.

Enhanced human resource development system

Employee growth is essential for the sustainable development of a company. In order to encourage the growth of individual employees, we have prepared 53 different kinds of training by rank, specialized training, etc., suitable for each rank and occupation so they acquire the knowledge and specialized skills necessary to carry out their work. The training time and investment per person has decreased as a result of the continued postponement of group trainings due to the COVID-19 pandemic, but we are gradually resuming these trainings and continuing to enhance our human resource development, including the use of online training.



»» Human resource development system

Training by rank	We offer training for new employees and have them review their own abilities at milestones in their company life. Upon promotion, training is conducted with the aim of recognizing new roles based on the job-grade ability standard table and imparting new knowledge and skills.
Specialized training	We offer training programs tailored to the issues and learning themes of each employee, with the aim of enhancing individual expertise.
Selective training	This training is mainly for managers, with the aim of acquiring the knowledge and skills necessary to manage organizations and teams.
Self-development	This is a training program in which employees choose to participate voluntarily and pay tuition fees themselves. It can also be used for training by rank, and as preparation and review of specialized training to improve the efficacy of the training.

»» Plus One Training

In 2021, we introduced “Plus One Training” as part of our specialized training to develop professionals for business diversification. Due to the rapid changes in the business environment, the specialized skills required for each individual are diverse. In this training, in order to proactively develop their own skills, trainees select the necessary knowledge and skills for the current issues they face from a rich menu of external training. We are working to strengthen individual expertise by deepening the specialized skills acquired by trainees and expanding their horizons.

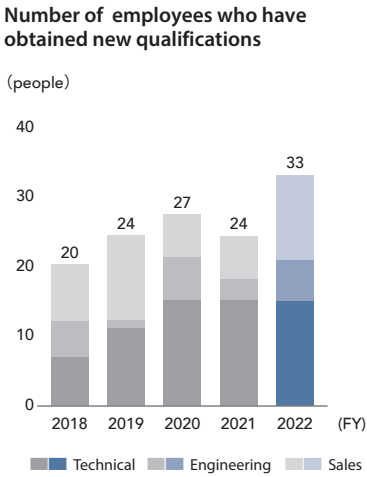
»» Sinto Management Training

We conduct “Sinto Management Training” for management candidates to strengthen their management skills. Trainees learn the essentials of management through classroom lectures and discussions, and they are trained in both human nature and skills.



Evaluating hard work and willingness to develop skills

We have a system in which an employee’s efforts for skill development are scored as points that contribute to their personnel evaluation. Skill development points are awarded to employees who have made efforts to develop their own skills through self-development training, acquisition of technical qualifications and public certifications, and so on. Since the system was introduced, employees have become more motivated to undertake self-development training and other personal development, leading to more proactive participation by employees. Employees who have earned a certain number of points receive a “special allowance” added to their monthly salary. In addition, we have established the “Sinto Career System” as a unique system for honing specialized skills for each type of job, and encourage employees in technical, engineering, and sales positions to acquire either of three qualifications. This system evaluates the skills of employees regardless of their job grade or age, and is being developed globally as a common qualification for employees not only in Japan but also around the world. This system has become one of the driving forces behind increasing momentum for improving the abilities and skills of the entire Sinto Group.



Diversity and Inclusion

- Our group respects the human rights and individuality of each employee. We consider diversity to be a source of new value creation, and we promote diversity and inclusion.
- We foster a corporate culture that understands and respects a diversity of values, transcending differences in gender, age, nationality, ethnicity, creed, religion, cognitive and physical abilities, etc.
 - We create new value by encouraging each employee to think freely, bringing out their strengths and allowing them to leverage those strengths to the fullest extent.
 - We promote diverse working styles to accommodate diverse lifestyles, creating a workplace that is efficient, fulfilling, and easy to work in.

Promoting career advancement for female employees

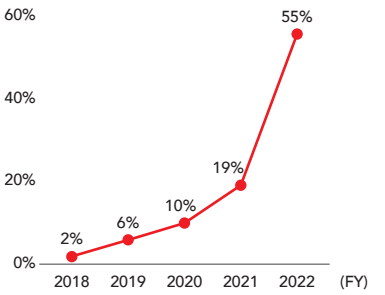
In April 2022, we launched a women’s empowerment promotion project team to promote the active participation of women in their work lives. The members were selected from each department as pairs consisting of female employees in general office work positions and their managers. The members discuss measures to further empower female employees from the perspectives of female employees and managers. Focusing on women’s careers, we are planning to develop role models and provide training for female employees in managerial positions. It is also important to create an environment in which employees can have their own vision for the work they want to do, and to allow them to acquire those skills and certifications to apply them in their work. Our goal is to offer a fulfilling environment in which all employees at every life stage, regardless of gender, can make the most of their abilities. For example, for women who choose to have children, this means ensuring them the opportunity to use their specialized knowledge after finishing childcare, and preparing an environment in which they can take the next step up based on their own desires, skills, and experience. For that reason, we work to create opportunities to make it easier

for female employees to develop their career plan, with efforts such as setting role models, designing support systems for skill and certification acquisition, and planning trainings to develop managerial-level female employees. In terms of employment, we are stepping up our recruiting activities for managerial-level employees with a high level of specialized knowledge, including three mid-career employees hired during FY2022, and new graduates for technical and engineering positions (factories). In addition, we had female managers participate in various external organizations and university programs in order to raise awareness of female employees’ careers, share information with female managers of other companies, and acquire specialized knowledge. Through lively exchanges of opinions and interactions among members, they are sharing within the company what they have learned as pioneers in the empowerment of women, leading to improved career awareness and a better corporate culture. We have set a goal of increasing the ratio of female managers from 3.5% in 2022 to 5.0% or higher in April 2024. We will continue to promote activities aimed at achieving these targets.

Childcare leave for male employees

In order to provide a better work-life balance and raise awareness regarding childcare support, we declared our commitment to achieving “100% childcare leave for male employees” in April 2022. While nearly 100% of women take childcare leave, only a few men have been taking it. For this reason, we held study sessions for managers with the aim of deepening understanding of male childcare leave, and worked to familiarize general employees with the childcare support system. As a result, the understanding of childcare among managers and workplaces has deepened, and in FY2022, the rate of male employees taking childcare leave reached 55%. Going forward, we will continue to create a corporate culture that makes it easier for all employees to take childcare leave.

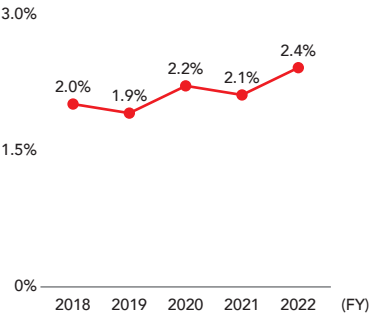
Percentage of men taking childcare leave



Employment for people with disabilities

We aim to expand employment opportunities for employees with disabilities and to create workplaces where they can feel confident and proud of their work. To do this, we are working to provide workplaces in which all employees are comfortable working in accordance with their abilities and aptitudes. We hope to create work environments that allow diverse human resources to enjoy successful careers. In addition to supporting employees working hard for the Abilympic World Championships, in 2020, we opened the Sinto Farm, a corporate farm in which individuals with intellectual and mental disabilities in particular are employed to grow crops for our welfare facilities and for other uses. As of March 2023, the percentage of our group employees who have disabilities was 2.4%. We will strive to further expand job opportunities and job fields for disabled people in the future.

Percentage of employees with disabilities



Employment for the elderly

We have had an “expert program” in place since the 1990s, even before relevant laws were updated in Japan, through which we would rehire employees who wished to continue

working past the mandatory retirement age. Today, the following post-retirement working arrangements have been well established.

Expert employees	Under our post-retirement rehiring program, in order to maintain high motivation levels, we have a system for individuals to create action plans based on their position, rewarding them according to their results. Employees who reach the mandatory retirement age and who stay at the company are also given a one-month break (special paid leave) to give them time to reset their working style and think about the rest of their life.
Technician and craftsman certification program	We have a program in place to certify employees with advanced expertise and skills as technicians (technical personnel) and craftsmen (production personnel), and to hire them without establishing a basic mandatory retirement age. These senior employees are responsible for passing on the techniques and skills they have cultivated to younger employees.
Senior vitality program	This is a reduced-hour work program that allows people who have retired and left the company to work part-time. The purpose of this program is to help retirees to maintain their health and zest for life and to lead fulfilling lives as well as to utilize their knowledge and skills to help the business of the company. Today, about 40 people are regularly working under this program, and it has been well received by our retirees, so we are working to enhance the system by further expanding the types of jobs that are available.

Health Management

Recognizing employee health as a management resource, the Sinto Group places great importance on the health of our employees. We aim to revitalize our organization by maintaining and improving the health and vitality of our employees. Our system for promoting health involves the establishment of a Health Promotion Committee that consists of departments responsible for health management (including occupational physicians, public health nurses, and clinical psychologists), our health insurance association, and health-responsible personnel at each business site. Through this system, we provide support and educational activities that improve both mental and physical health. In recognition of our efforts to promote health management, we have been certified as a “Health & Productivity Management Outstanding Organization”. Through these activities, we are also satisfying our social obligation to extend healthy life expectancy.



Certification as a Health & Productivity Management Outstanding Organization by the Ministry of Economy, Trade and Industry

Health management declaration

In 2022, we established a health management declaration for our group company employees. Our goal is to deploy measures for improving work-life balance and to increase our support for measures regarding lifestyle-related diseases, mental health, and other illnesses, in order to create a more comfortable workplace for employees.

Health Management Declaration

As a company, we will strive to keep our invaluable employees in the best of health and to manage their health so they can achieve their dreams and live prosperous lives.

1. We will improve employees' work styles.
2. We will support health initiatives that help employees maintain their physical and mental health.
3. We will create workplaces that promote the health of employees.

Hosting plogging events

To commemorate the 88th anniversary of our company's founding, we held “One Global Sinto Plogging” at each of our locations for all employees of Sinto Group companies in Japan and overseas. Plogging is a new fitness activity that combines jogging (walking) and trash pickup. It is an SDGs sport that allows people to contribute to solving environmental problems by running (and walking) and becoming healthy, while also cleaning up the city by picking up trash. The purpose of this event was to promote communication between employees, raise health awareness, and raise awareness of environmental issues. Through this event, participants were able to increase their awareness of physical exercise, develop personal relationships by interacting with a variety of people, and create an effective foundation for improving their mental health. This event provided an opportunity to reaffirm the importance of communication, which had been diluted by COVID-19, and participants greatly enjoyed the event as a way to maintain and promote physical and mental health.

This event enables us to address three of the 17 Sustainable Development Goals: (iii) Good Health and Well-being, (xiv) Life Below Water, and (xv) Life on Land. We plan to continue holding this event in the future.



Support for health initiatives

We are promoting initiatives to raise employees' health awareness so that each and every employee will consider health maintenance as a personal responsibility and voluntarily engage in health activities. In particular, we established our company's Health Month in April 2022, and we are developing a variety of initiatives, including the following activities:

Initiatives for health promotion month:

- Hosting workshops for better-quality sleep
- Hosting walking events for employees and families on public holidays
- Setting a health promotion day (every Wednesday, throughout the year)
*Company recommends employees go home without working overtime
- Providing healthier menu options at the cafeteria (every Wednesday, throughout the year)



Workshop on comfortable sleep

»» Hosting VegeCheck* (vegetable intake estimation device) event

As part of our health maintenance and promotion measures, we held a wellness fair in the cafeteria at our offices to give employees an opportunity to reflect on their dietary habits. Under the theme of getting enough vegetables, we provided information through VegeCheck (vegetable intake estimation device) and panels, and offered a dish plenty of vegetables.

*VegeCheck is a sensor that is pressed into the palm of one's hand for 30 seconds to estimate vegetable intake.



»» Hosting workshops on health

As part of our health awareness activities, we regularly hold in-house workshops that cover subjects on both physical and mental health. In the mental health care workshops, we explain self-care for all employees and line care for managers. Workshops have led to the prevention and early detection of mental health problems. For example, employees themselves have noticed mental health problems and consulted with industrial physicians and clinical psychologists, and managers have also consulted more often about the daily conditions of their department members. In addition, workshops on health issues specific to women are held regularly as well, in which more than 80% of female employees participate. Female employees lead in everything from planning to operation, and in 2022, a workshop was held on the theme of hyperlipidemia.

Occupational Safety and Health

Basic approach

Safety Policy

We respect humanity and aim to be a company that receives trust and understanding from all customers, based on the basic principles of prioritizing safety and promoting and maintaining health. All employees will work together to promote safety and health activities.

Actions

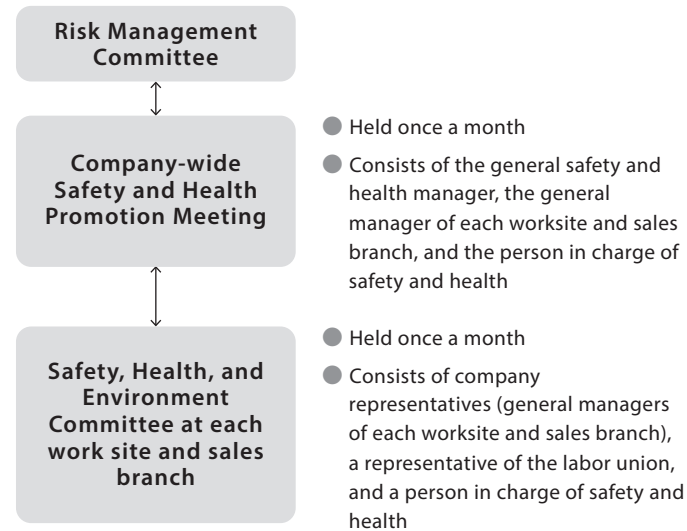
1. Properly understand and comply with safety and health related laws and regulations
2. Promote the creation of a comfortable work environment with attention to safety, hygiene, and health
3. Conduct periodic audits and promote continuous improvement of the health and safety management system
4. Prevent lifestyle-related diseases among employees
5. Provide guidance, education, and support for safety and health management for subcontractors
6. Participate in government and community activities related to health and safety

Foundation for Value Creation

Human Resources

Promotion structure

A company-wide safety and health promotion meeting is held every month to inform employees of the safety and health activity policy, promote expansion of ideas across divisions, and report results. The general managers and safety representatives of each business division attend the meeting, and they transfer the content of the meeting to the Safety, Health, and Environment Committee at each worksite and sales branch to promote company-wide policies and initiatives. By collecting employee opinions and applying these ideas, labor and management work together to promote safety and health activities.



Safety-oriented personnel training

»» Increasing safety awareness

We have obtained OSHMS (Occupational Safety and Health Management System) certification at all eight of our facilities in Japan. This helps us to ensure that all employees work together to promote safety and health activities. As a result, we have created a work environment in which all employees can independently work on safety activities. In addition, meetings for safety and encouragement are held for supervisors and subcontractors prior to construction work carried out during long holidays. Words of encouragement are given by top management, subcontractors attend the safety meetings, emphasizing their strong commitment to safety, and all the workers pledge to be able to say "I'm home" with a smile", with the goal of finishing work without any accidents.

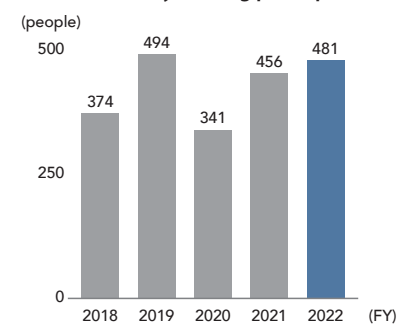


»» Safety education

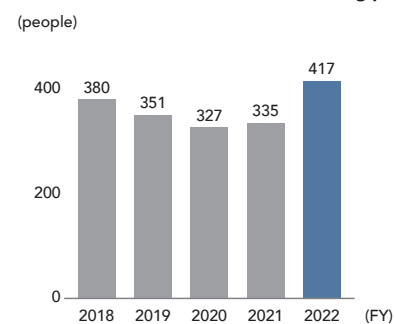
As a place to share our philosophy on safety and quality and to pass on company-specific skills through education and training, we opened the Skill & Safety Training Center in 2008, and over 13,000 trainees have taken these training courses. We regularly offer safety training sessions for not only company employees but also our group companies, suppliers, and subcontractors in order to continuously improve safety awareness. By reviewing past accident cases and conducting risk prediction meetings, we all work together to ensure safe operations. The center has

also set up a Hazard Prediction Training (KYT) area, where 38 types of hazardous acts and situations are reproduced to provide training on how to predict hazards. This center aims to achieve zero accidents by enabling trainees to improve sensitivity to danger, learn safe work practices, and practice them in the workplace. In addition to our companies in Japan, we are extending these safety initiatives globally. For example, we recently opened a Skill & Safety Training Center at Qingdao Sinto in our efforts to promote a culture of safety in China.

Number of safety training participants



Number of Hazard Prediction Training participants



Fostering a Comfortable Workplace

Our group has been developing policies from a variety of perspectives, including compliance with labor laws, providing a better work-life balance, and revitalizing internal communication, in order to create work environments in which employees can work safely and with peace of mind.

Initiatives to increase job satisfaction

It is essential for the company and its employees to increase job satisfaction in order to continue growing and developing. To accelerate initiatives to improve job satisfaction, we hold a meeting to develop "Sinto-ism" once a month, enabling executives, managers, and the labor union to come together as three parties to exchange opinions and address issues in a frank and honest manner. Managers and the labor union

confirm problems and issues by listening to frank feedback from individual committee members at the actual worksite and enact specific actions. In addition, based on the idea that we create our own workplaces, we have also established a new Better Workplace Committee in 2022, and are working to resolve the issues faced by each of our workplaces.

Initiatives to eradicate harassment

Although we have held workshops on harassment in the past, after the Revised Comprehensive Labor Policy Promotion Act (CLPPA) took effect in June 2020, we are now holding regular workshops for employees and managers in order to eliminate all types of harassment — not only power harassment, but also sexual harassment and pregnancy discrimination — and to raise awareness of these problems. Furthermore, we have established internal and external consultation services with a manager route, labor union route, Human Resources department route, Governance Promotion department route, external lawyer route, and external auditor route, to organize an environment that makes it easier for employees to consult with experts on issues.



Streamlining business through utilization of digital tools

To improve competitiveness, which is necessary for the sustainable growth of the company, we are systematically developing digital human resources and promoting the improvement and streamlining of business processes through the use of digital tools. The main targets of the project are the active use of 3DCAD data in each section and the automation of office work through RPA. Through these activities, we aim to reduce operation lead time by one-third and increase productivity per worker by 10%. In the sales department, the use of presentation materials and digital catalogs that shows product images with 3D data and CG enables easier sharing of images with customers and

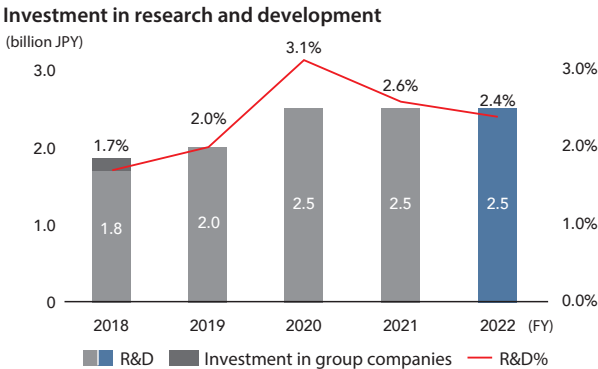
significantly reduces the time required for meetings and specification determination. Engineering and production departments will be able to optimize designs through structural analysis and check with related departments even without actual equipment. These benefits enable reduction of the time required for modification of the actual product and the number of prototypes, allowing us to achieve shorter lead time throughout the manufacturing process. We are also working on business reengineering in line with the new normal, such as establishing satellite offices and promoting web meetings to accelerate ease of work for employees and improve employee engagement.

Technology, Development, and Manufacturing

Research and Development

Promoting technological development, including the creation of new business areas

Based on our long-standing approach to technology development and manufacturing, we actively conduct R&D with the aim of expanding into new business domains. To create businesses linked to the promotion of SDGs and carbon neutrality, which continue to receive attention as social issues, we have made an R&D investment of 2.5 billion JPY, or 2.4% of the consolidated sales in FY2022. Specifically, we focus on the robotics, energy, and materials fields as elemental technology development themes and actively invest in developing new technologies and products in these fields. We are also making efforts for joint development with universities and research institutions, and we are using our Joint Research Course in Advanced Integrated Robotics with Toyohashi University of Technology as an opportunity for human resource development.



Strengthening collaboration in technological development with bases in each country

Currently, our primary development bases exist in Japan, but we are working to accelerate development in other regions and create a global development system as One Global Sinto. Today, we are also engaged in regular technological exchange with our bases in Asia in the foundry and surface treatment businesses, and we have

been discussing business strategies from a global perspective and deploying these strategies in each region. We are developing appropriate strategies for specific regions by utilizing our customer service bases in each country and capturing customer needs.

Intellectual Property

Realization of a patent network with a view to future business

In addition to developing new technologies in existing businesses, we focus on actively acquiring intellectual property rights in conjunction with new business initiatives. We also strive to file applications and obtain rights with a view to future business, and for business development overseas, we select the most appropriate countries to file applications, considering the size of the business, intellectual property risks, and cost-effectiveness.

Furthermore, we also conduct periodic in-depth surveys in all relevant industries and are well-prepared in our efforts to avoid violating other companies' rights. In FY2022, we proceeded with efforts to obtain rights for approximately 90 domestic patent applications and 172 foreign applications and have invested about 520 million JPY in intellectual property.

Quality

Basic approach

Quality Policy

We want to be a trusted company that continues to provide reliable products with reliable technology to customers worldwide.

Actions

1. Comply with legal and regulatory requirements to maintain customer safety

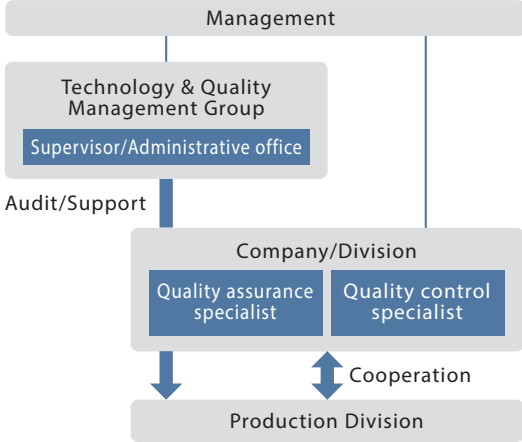
2. Meet customer requirements and improve customer satisfaction

3. Deploy quality policy and quality objectives throughout the organization

4. Work on continuous improvement of the system

Structure for promoting quality

By establishing a quality management system and thoroughly implementing the PDCA cycle in each organization, we strive to ensure product safety, secure product quality, and prevent quality problems. The Technology & Quality Management Group handles the promotion of quality across Sintokogio, overseeing the entire system. Each in-house company and business division also has quality assurance and quality control managers who prepare quality plans for each project and work to ensure quality. The entire company, from management to production divisions, implements our quality policies.



Initiatives to improve quality

In our efforts to prevent the same problem from happening again, we strive to diligently investigate the root causes of problems that have occurred and to prevent recurrence by implementing the “five whys”, digging deeper to find ways to resolve issues. We also conduct regular quality patrols to see whether preventive measures are properly in operation, and this leads to higher levels of customer satisfaction.

In recent years, we have also been continuously improving our quality management system in order to satisfy customer requirements, which are only becoming more and more complex. Furthermore, for our commitment to quality, we have established an appropriate system with the help of internal audits and third-party organizations.

Providing safe products

We promote the acquisition of Safety Assessor certification based on international safety standards to improve safety and security at customer sites where equipment is used. In FY2022, eight employees were newly certified as Safety Sub-Assessors. A performance training session was also held, and 76 participants acquired knowledge of hardware and software on control-based risk reduction measures.

Total qualified employees	
Safety Assessor	14 employees
Safety Sub-Assessor	134 employees

Stakeholders

Customers

Customer satisfaction

To always be chosen by customers, we have an internal slogan of “not just selling products”. We make regular visits to all customers who have purchased products or services from us, work together to resolve their problems and issues, and ultimately aim to contribute to our customers’ growth. We offer detailed after-sales maintenance that our customers can trust, and as a result, they order parts and consumables from us. Through these efforts, we aim to improve customer satisfaction so that we keep our customers happy for many years to come.

To always be chosen by customers

Proposals to customers

We have established an online solution site to communicate our proposals to customers. We also actively participate in various exhibitions to directly communicate new products and recommendations to customers who visit our booths. In FY2022, we launched six new products with a focus on surface treatment equipment to solve customers’ problems. We will continue to launch new product line-ups based on customer needs.

Immediate response

Sudden breakdowns can have a significant impact on customers’ production plans. We provide remote support for such breakdowns with our corrective maintenance that supports early recovery. In FY2022, we received contracts from three new companies, and we are currently supporting the operation of 71 facilities. To prevent customers’ equipment from stopping, we are strengthening our internal manufacturing system to ensure a stable supply of parts to our customers.

Good advisor

By becoming a good advisor, we offer the best solutions for customer concerns and potential projects. We provide training to improve the skills of each of our sales representatives to become the best partner for our customers, utilizing our in-house training facilities. By delivering more practical training, we will continue to make proposals that help our customers avoid equipment stoppages.

»» Launch of Online Solution Site (Japanese)

Sintokogio has launched the “Sintokogio Online Solution Site” on our website to disseminate information that will help solve issues faced at manufacturing sites. The manufacturing industry faces various and complex challenges, including responding to changes in the way work is done, along with cost reduction, quality improvement, and other traditional problems. This site introduces Sinto’s technologies and products that can help solve these issues.



Supply Chain

Basic Procurement Policy

We have established the following basic procurement policy, seeking to procure cost-competitive products and services that are high quality and environmentally friendly in order to achieve our corporate philosophy.

Basic Procurement Policy

- 1. Social Responsibility (Compliance)**
We work to trade in consideration of corporate social responsibility that includes respect for human rights, compliance with laws, regulations, and social norms, and conservation of the environment.
- 2. Open and Fair Dealing**
We have a widely open door to companies in Japan and around the world and strive to always deal fairly and justly, with 7 perspectives (quality, cost, delivery time, technological development, management, environment, and society) considered comprehensively to select the best supplier in each case.
- 3. Mutual Development with Mutual Trust**
We seek mutual prosperity over the long term through trading based on mutual trust with our suppliers.
- 4. Promoting Green Procurement**
We work to actively stop pollution and reduce environmental burdens in all areas of our business activities to achieve a circulating, sustainable society.
- 5. Creating a Safe Workplace with Peace of Mind**
We work to achieve a safe work environment with peace of mind.

Green procurement based on Sinto Business Partner Guidelines

Our group complies with each country’s environmental laws and regulations and conducts procurement activities that fulfill our corporate social responsibility to reduce environmental impact. For environmentally hazardous substances, we comply with the REACH Regulation, Act on the Regulation of Manufacture and Evaluation of Chemical Substances, etc., and have established a system to confirm and report the content of such substances. We also confirm the non-inclusion of banned substances and track their actual use. In FY2022, we issued the “Sinto Business Partner Guidelines for our

future comrades” to specify what our domestic and overseas suppliers have been asked to comply with, such as considerations for human rights, ensuring safety and health, promoting conservation of the environment, etc. We have asked members of Shin-boku-kai (consisting of suppliers and vendors for purchased and manufactured parts) to abide by the guidelines, and all member companies (86 companies) have agreed to disclose environmental data. We will continue our efforts to reduce environmental impact and disclose information throughout the supply chain.

Collaboration with suppliers (Shin-boku-kai activities)

We are committed to manufacturing while sharing our thoughts and feelings with our many customers, who are important business partners for us. We regularly hold information exchange meetings with our suppliers’ association, “Shin-boku-kai”, to spread our ideas and understanding about fair and equitable transactions, legal compliance, and safety, quality, and the environment. In FY2022, we engaged in activities to further improve quality by sharing with our suppliers our improvement activities based on our concept of quality. For example, we work with our suppliers on improvement activities in order to produce drawings for easier manufacturing, and our engineers make visits to each supplier to help improve their welding and processing capabilities. We also monitor the amount of electricity each member company generates to realize a sustainable, recycling-oriented society. In these ways, we are proactively working on initiatives from the perspective of society as a whole. Other Sinto networks for strengthening cooperation include the Shin-ko-kai (installation subcontractors) and SSV companies, and through these networks, we aim to mutual prosperity with our business partners.



Information exchange meetings

Communication with Shareholders and Investors

We aim to achieve sustainable growth and enhance our corporate value over the medium to long term by promptly, accurately, and fairly disclosing important information on our business activities and strengthening communication with our shareholders and investors. In FY2022, we published our first integrated report, held semi-annual online briefings for analysts and institutional investors, and conducted individual IR interviews with a total of 26 companies. We also held a tour of our facilities, giving visitors an opportunity to inspect our manufacturing site

(Toyokawa City, Aichi Prefecture) and providing explanations focusing on our initiatives for future growth. Furthermore, for individual investors, we actively engaged in dialogue by participating in an IR fair for the first time in three years. We will link the valuable opinions we receive from everyone to the enhancement of our quality of management, and work to engage in dialogue actively to deepen our business activities for shareholders and investors.

Social Contributions

»» Donation to local food banks (Germany)

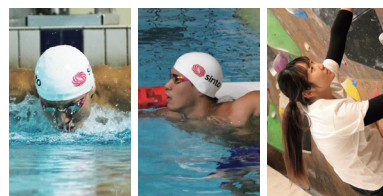
Heinrich Wagner Sinto has been supporting local food banks since 2020. This year, they made a donation of 5,000 euros in support of local people in need. Food banks collect food that cannot be sold on the market or would otherwise be discarded, and distribute it to people in need, helping to resolve hunger and malnutrition in the community. With growing demand for these services, support of these organizations is indispensable. In FY2022, this donation from HWS was used for the purchase of a bus to transport food as well as the establishment of a new service center.



Donation to Die Tafeln food bank

»» Sports promotion

At Sintokogio, we employ athletes to support their athletic activities. In addition to swimmers Takaya Yasue and Akira Namba, we have welcomed Nanako Kura, a sport climber, as an athlete employee. We are working to promote various sports through support for competitive activities.



From left: Athlete employees Yasue, Namba, Kura

»» Sinto Welfare Fund

Through the Sinto Welfare Fund, which is a collection of good will from management and employees of our domestic group companies, we donate to the local community services administration as a show of gratitude in place of a thank you gift for ceremonial occasions. We have made a donation every year since 1992, and proceeds are used to support social welfare activities.



Donation to Chunichi Shimbun

»» Mangrove planting activities (Thailand)

The mangrove forest in the area around Thai Sintokogio is very important for the local eco-system as it acts as the habitat for many kinds of living creatures. It is also a source of local fishing for people in the community. To protect against coastal erosion and maintain the balance of the ecosystem, the company planted 88 mangrove trees in Samut-Songkhram Province.



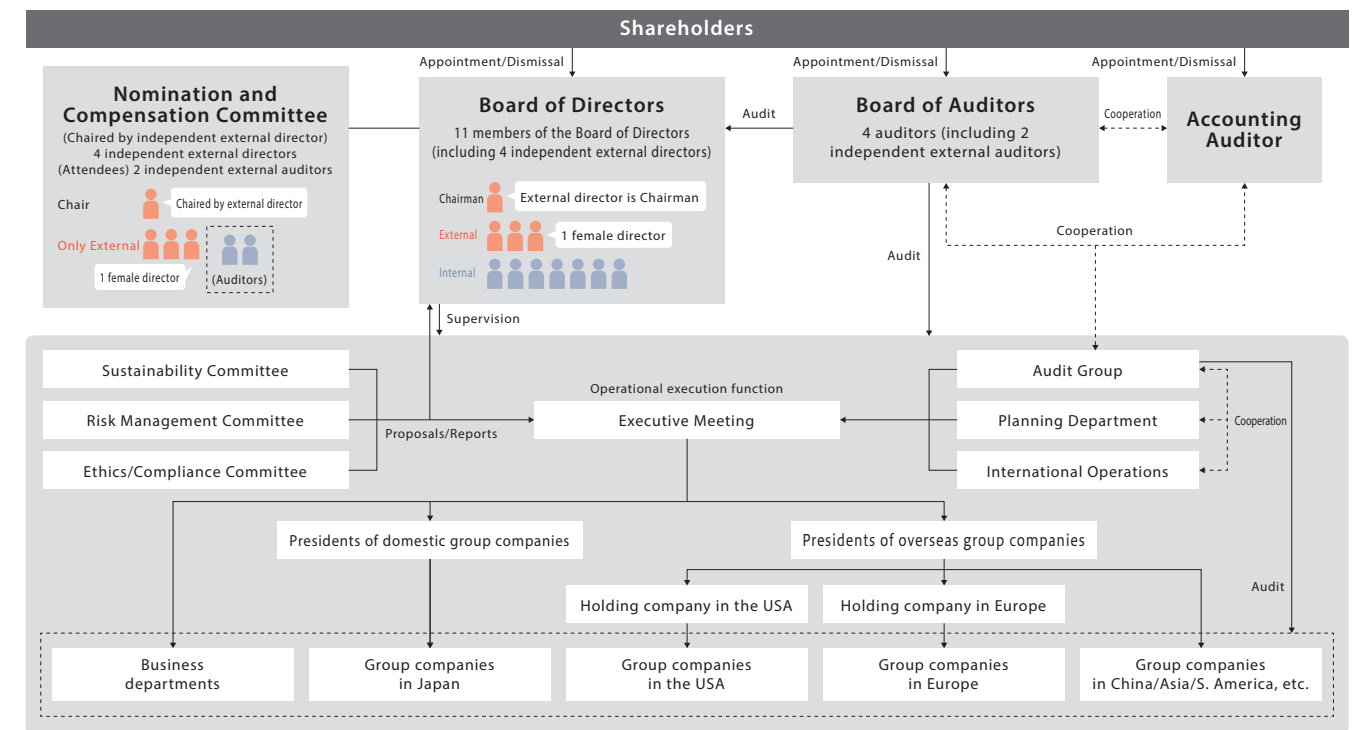
Members of Thai Sintokogio who participated in planting activities

Corporate Foundation

Basic approach

The company's basic management policy is to enhance corporate value from a long-term perspective and to ensure appropriate and efficient business execution. We are establishing a corporate governance system that enhances the transparency of decision-making and appropriately incorporates monitoring and supervisory functions.

Corporate Governance System



Changes in Governance Structure

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of directors	9 Internal: 9	8 Internal: 8	9 Internal: 8 External: 1	10 Internal: 8 External: 2	11 Internal: 8 External: 3	11 Internal: 8 External: 3	10 Internal: 7 External: 3	11 Internal: 7 External: 4	11 Internal: 7 External: 4	11 Internal: 7 External: 4	11 Internal: 7 External: 4
Ratio of external directors	0%	0%	11%	20%	27%	27%	30%	36%	36%	36%	36%

2001	● Establishment of Management Advisory Committee as voluntary system	2018	● Establishment of Compliance Committee
2013	● Establishment of risk management system ● Establishment of CSR Committee	2019	● Increase in the number of external directors: 3 ⇒ 4
2014	● Introduction of external directors: 1 ● Establishment of Nomination and Compensation Committee ● Establishment of Management Advisory Council (former name: Management Advisory Committee)	2021	● Establishment of Sustainability Committee (formerly known as CSR Committee) ● Clarification of the distinction between the Board of Directors (decision-making function) and the Executive Committee (business execution function) ● Establishment of Risk Management Committee ● Addition of corporate auditor as a contact point for the internal reporting system (Sinto Speak-Up System)
2015	● Increase in the number of external directors: 1 ⇒ 2 ● Strengthening internal control systems ● Introduction of a corporate value-linked stock compensation plan	2022	● Establishment of Ethics/Compliance Committee (formerly known as the Compliance Committee) ● Introduction of restricted stock compensation
2016	● Increase in the number of external directors: 2 ⇒ 3		
2017	● External director appointed Chairman of the Board of Directors ● Nomination and Compensation Committee reorganized with only external directors as members		

Board of Directors

Our Board of Directors is composed of 11 directors and an external director as the Chairman. The directors are decided by resolution of the Board of Directors after they receive reports from the Nomination and Compensation Committee, which selects the candidates. Four out of 11 directors (more than one-third of the total) are external

directors. In consideration of diversity in our Board of Directors, a female external director has been appointed since FY2021. The Board of Directors met 16 times in FY2022 to make important decisions for our group and provide oversight for the operating conditions of the directors and executives.

» Evaluation of the effectiveness of the Board of Directors

● Sintokogio’s Board of Directors operates effectively as follows:

- 01

In accordance with the Regulations of the Board of Directors and the Internal Rules for the Operation of the Board of Directors, important matters are selected without omission, and the Board of Directors meets at least once a month to discuss them in a timely and appropriate manner.
- 02

Prior to the deliberations of the Board of Directors, directors participate in internal meetings that clarify issues, challenges, risks, and countermeasures to enhance the effectiveness of discussions.
- 03

In order to facilitate smooth and active discussion and sufficient deliberation at Board of Directors meetings, meeting materials are distributed in advance, and the contents are explained in advance, especially to external directors.
- 04

The company receives regular reports on the management status and monitors appropriate risk management and business execution.
- 05

To ensure appropriate deliberation of important matters, the agenda items for the Board of Directors meetings are reviewed from time to time in response to changes in the business environment.

Board of Auditors

The Board of Auditors is composed of four auditors. Two out of the four are external auditors, who ensure the appropriateness of decisions made by the Board of Directors with their objective perspectives. The Board of Auditors also

works with financial auditors as necessary to ensure the accuracy of the financial audit, and with internal control departments to improve audit quality and effectiveness. In FY2022, the Board of Auditors met 16 times.

Executive Meeting

Sintokogio has 21 executive officers, with five concurrently serving as directors. The Executive Meeting is a body that deliberates on matters related to business execution. Its members include the top management of in-house companies, business divisions, and sales, production, development, and administrative divisions, along with the responsible parties representing each relevant committee. It makes resolutions, reports, and discussions on the status of business execution every month. The meeting was held 28 times in FY2022.

Nomination and Compensation Committee

We have established a Nomination and Compensation Committee as a private body to select candidates for directors/auditors and discuss the compensation system. This committee consists of four external directors and two external auditors and is operated only by independent external directors. The Nomination and Compensation

Committee met three times in FY2022. The committee reported to the Board of Directors after discussing the evaluations of internal directors who are also executive officers, nominating candidates for director with a high degree of independence and objectivity.

External directors/external auditors

In order to promote fair and transparent administration, we have four external directors and two external auditors. There is no special interest between the company and its external directors/external auditors. They are independent directors for which there is no worry of conflict of interest with general shareholders, and their appointment is reported to the Tokyo Stock Exchange.

	Name	Reason for Selection	Attendance at Board of Directors	Attendance at Board of Auditors
External Directors	Yoshiki Ueda	With a wealth of experience as a corporate executive and insight in management, including experience in trading company management, he was selected to fulfill the position of external director in order to supervise our management appropriately and strengthen the supervisory function of the Board of Directors.	16/16 times	—
	Masatoshi Ozawa	With a wealth of experience as a corporate executive and broad perspective in corporate management, including experience in management in the materials industry, he was selected to fulfill the position of external director.	16/16 times	—
	Yasuhito Yamauchi	With a wealth of experience in manufacturing and broad perspective in corporate management as a corporate executive of an automotive company, he was selected to fulfill the position of external director.	16/16 times	—
	Yukako Uchinaga	With a wealth of experience in corporate management and broad perspective and deep insight in IT and diversity, she was selected to fulfill the position of external director.	16/16 times	—
External Auditors	Toshiro Kojima	With a wealth of experience and deep insight in corporate risk management, he was selected to audit the business execution of directors from an objective perspective.	16/16 times	16/16 times
	Kazuhiko Hasegawa	With deep insight based on financial business and a wealth of experience as the auditor at a listed company and educational institution, he was selected to audit the business execution of directors from an objective perspective.	16/16 times	16/16 times

Skills and diversity of our directors

In order to ensure appropriate decision-making and management supervision, the Board of Directors ensures diversity in accordance with management plans and strategies, and appoints directors with a wealth of experience, a high level of insight, and a high degree of expertise. Internal directors are appointed with expertise in sales, development/engineering/production, and administration, to ensure a balance to knowledge, experience, and ability. The four independent external directors have experience as representative directors of listed companies and have a track record in corporate management. They provide advice and recommendations based on their diverse backgrounds in sales, technology, manufacturing, information, and sustainability.

Foundation for Value Creation

Corporate Foundation

Skill matrix

	Name	Assoc.	Expertise / Experience required for directors								
			Corporate Management	Industry Knowledge	Global Business	Environment/Sustainability	Sales/Marketing	R&D/Technology/Production	HR/Planning/Finance	DX/IT Security	Governance/Risk Mgt.
Directors	Yoshiki Ueda	External Independent	★	☆ (Trading)	☆		☆				★
	Atsushi Nagai		★	☆	★						★
	Tsuneasu Kuno			☆	☆			☆		☆	☆
	Yatsuka Taniguchi			☆					☆		★
	Toshikazu Morishita			☆			☆				☆
	Kenichi Nakamichi			☆	☆		☆				☆
	Hiromitsu Uchiyama			☆				☆			☆
	Mikio Nakane			☆		☆		☆			☆
	Masatoshi Ozawa	External Independent	★	☆ (Steel)	☆			☆			★
	Yasuhiro Yamauchi	External Independent	★	☆ (Automotive)				☆			★
Auditor	Yukako Uchinaga	External Independent	★	☆ (IT)	☆			☆	☆	☆	★
	Tsuyoshi Goto			☆				★			☆
	Yuji Okubo			☆	☆				★		☆
	Toshiro Kojima	External Independent		☆ (Electric)	☆						★
	Kazuhiko Hasegawa	External Independent		☆ (Bank)					☆		★

Notes:

- This table does not show all expertise/experience. ★ refers to a high level of expertise and experience that is particularly important for decision-making for the Board of Directors, and ☆ refers to other relevant expertise and experience.
- Experience is based on both past and current positions.
- Composition: 14 male directors, 1 female director (6.7% female)

Corporate Management	Three or more years of executive experience at a listed company in an effort to increase corporation value
Industry Knowledge	Three or more years of executive officer or supervisory experience in the relevant industry, with a high degree of insight
Global Business	Three or more years of experience in overseas assignments or business operation with overseas companies, with a high degree of insight
Environment/Sustainability	Three or more years of experience in environmental business or environmental response work, with a high degree of insight
Sales/Marketing	Three or more years of experience in sales in a trading company or sales department, with a high degree of insight
R&D/Technology/Production	Three or more years of experience in R&D, engineering, or production, with a high degree of insight
HR/Planning/Finance	Three or more years of experience in an administrative overhead department such as human resources, planning, or accounting and finance, with a high degree of insight
DX/IT Security	Three or more years of experience in an IoT company or IoT-related department, with a high degree of insight
Governance/Risk Mgt.	Able to make appropriate responses and judgments based on a high level of insight into the relevant industry and expertise

Internal control

We have established a fundamental policy for our internal control system to ensure appropriate business execution throughout the Sinto Group. The Ethics/Compliance Committee (with the president as the chair and internal directors as the members) was independently formed to focus solely on compliance and governance, and it is currently moving forward with its initiatives. In addition,

based on the Financial Instruments and Exchange Act's internal control reporting system, our audit section performs audits at regular intervals to confirm that internal control is being developed and administered properly. Subsequently, we receive an assessment from our auditing firm and submit an internal control report to the Financial Services Agency every fiscal year.

Executive compensation

We have four external directors and two external auditors in our Nomination and Compensation Committee to improve transparency regarding directors' compensation. This enables a fair and objective perspective for evaluating each director and the system and criteria for compensation.

» Compensation system

Compensation is made up of basic compensation based on position, restricted stock, director bonuses, and mid-long term incentives. We introduced restricted stock for the sustained improvement of corporate value and to promote corporate management from the perspective of shareholders. Director bonuses and mid-long term incentives are dependent on our business outcomes that indicate our earnings such as operating income and improved ROE, considering conventional paid amount and other factors. Under this system, the rate of change increases with each rise in rank.

» Determination process

The Nomination and Compensation Committee selects candidates for directors and auditors. It evaluates and discusses the compensation system of directors as well as compensation, bonuses, etc. for each director.

The final decision is made during the Board of Directors meeting. The director bonus is determined based on the amount decided at the Board of Directors and shareholders' meetings, the standard amount according to the position, and evaluation by the committee.

» Total amount of remuneration, etc. by officer category, total amount of remuneration, etc. by type of remuneration, etc., and number of eligible officers (FY2021)

Classification	Number of eligible officers	Amount of remuneration, etc. by type (thousands of yen)			Total remuneration (thousands of yen)
		Basic Remuneration	Performance-linked remuneration		
			Bonuses	Share-based remuneration	
Directors	13	167,295	30,000	0	197,295
Auditors	4	50,400	—	—	50,400
Total	17	217,695	30,000	0	247,695

*The above figures include remuneration for the indicated fiscal year of two directors who resigned as of the 124th shareholders' meeting on June 22, 2021.

Message from the Chairman of the Board of Directors

We will continue to push for change while strengthening our governance structure to enhance corporate value.



External Director and Chairman of the Board of Directors
Yoshiki Ueda

We will enhance the Board of Directors to improve its effectiveness for change.

With new risks such as COVID-19 and the invasion of Ukraine, as well as the growing diversity of needs, such as environmental orientation and expansion of human capital, the environment in all the surrounding areas is changing at high speed. Sintokogio is entering a phase in which we are transforming our business structure and accelerating our transformation with an eye to the future. We, as external directors, would like to contribute to the evolution and development of the company by actively working together while strengthening governance. To this end, it is necessary to revitalize the Board of Directors, the highest decision-making body, and increase its effectiveness. As an independent director, I chair the Board of Directors and strive to manage the Board of Directors,

considering the perspectives of various stakeholders. We have four external directors, each of whom has a background in a different field of management, and we have a well-balanced composition that combines expertise and diversity. The petitioning department explains the agenda items in advance on a different schedule from the Board of Directors meeting. Through Q&A sessions, we strive to understand the agenda items better and encourage employees to become aware of and educate themselves about them. The external directors then go to the Board of Directors meeting to express their opinions, make recommendations based on their knowledge and experience on the issues identified in advance, and strive to draw fair conclusions by stimulating active discussion.

We will strive to expand human capital through governance.

We have established an independent Nomination and Compensation Committee to strengthen governance. All committee members are external directors, and I chair the committee. The President submits candidate proposals for nomination, and the committee discusses and decides on the suitability of the candidates. Regarding compensation, we examine and review the mission of each director and executive officer. At the end of the fiscal year, we evaluate their compensation in

light of how well they have achieved their mission. In addition, we provide opportunities for interaction and exchange of opinions not only with upper management but also with the next generation of human resources. Every year, each external director takes turns conducting a seminar called the “Sinto Academy”. This is a valuable opportunity for external directors to experience firsthand what is happening on the front and hear directly from the people in charge.

We will work together to enhance corporate value and encourage our company’s development through aggressive governance.

While progress has been made in establishing a governance structure, we must overcome challenges that remain to increase corporate value. While working on new businesses for future growth is necessary, management resources are limited. We need to accelerate the restructuring of our business portfolio by re-examining our existing businesses, shifting management resources to priority businesses after establishing a firm foothold, and restructuring our organization. In addition, we need to catch up in achieving the operating income target set in our medium-term management plan. We urgently need to review our profit structure. In this regard, a task force has been established under the leadership of the President. It is

working diligently to analyze the situation, and the formulation of measures and organizational review is underway. The environment in all the surrounding areas is changing drastically, and now is the time to take a great opportunity for reform and breakthrough. Sintokogio has a sincere and honest corporate culture. If we all collaborate to discuss and act as one, a new Sintokogio will be born and evolve. In other words, we have high growth potential. As external directors, we want to collaborate by utilizing our accumulated knowledge and experience. We want to contribute to the development of our company by conducting aggressive governance that will encourage our company’s decisive decision-making.

Executives

Directors

As of April 2023



Executives (Biography)

As of April 2023

» Directors



① Yoshiki Ueda

Chairman of the Board

Apr 1976 Joined Mitsubishi Corporation
Apr 2008 Mitsubishi Corporation
Director, Senior Vice President
Jun 2010 Mitsubishi Corporation Technos
President and CEO
Jun 2016 Sintokogio, Ltd.
External Director
Jun 2017 Sintokogio, Ltd.
Chairman (present)



② Atsushi Nagai

President

Apr 1984 Joined Sintokogio, Ltd.
Jun 1996 Director
Jun 2000 Managing Director
Jun 2002 Chief Executive Officer
Senior Managing Director
Jun 2004 Vice President
Jun 2006 President
Apr 2021 Chief Executive Officer
President (present)



③ Tsuneyasu Kuno

Director

Apr 1980 Joined Sintokogio, Ltd.
Sep 1996 Thai Sintokogio Co., Ltd.
President
Jul 2006 Executive Officer
Production Center Manager
Jun 2014 Director in charge of
Production Center
Jun 2015 Managing Director
Sales Division
Deputy General Manager
Apr 2021 Managing Director
Senior Executive Officer
Aide to the President in charge of
Systems and Engineering
Apr 2023 Director
Aide to the President (present)



④ Yatsuka Taniguchi

Director

Jul 2007 Joined Sintobrador, Ltd.
Apr 2009 Executive Officer
Personnel & Labor Department
General Manager
Apr 2011 Executive Officer
Administration Center
Deputy Manager
Personnel & Labor Department
General Manager
Jun 2014 Director in charge of
General Administration
Human Resources Department
General Manager
Jun 2021 Managing Director
Senior Executive Officer in charge of
General Administration
Apr 2023 Director
Aide to the President (present)

Foundation for Value Creation

Executives



5 Toshikazu Morishita

Director
Senior Executive Officer

Apr 1982 Joined Sintokogio, Ltd.
Jul 2006 Executive Officer
Foundry Business Division
Deputy General Manager

Apr 2012 Executive Officer
Foundry Business
Division General Manager

Jun 2016 Director in charge of Sales
Sales Division General Manager

Apr 2021 Director
Senior Executive Officer
in charge of Sales
Sales Division General Manager

Apr 2023 Director
Senior Executive Officer
in charge of Sales
CASTEC COMPANY Sales Manager
(present)



6 Kenichi Nakamichi

Director
Senior Executive Officer

Apr 1989 Joined Sintobrador, Ltd.
Apr 2012 Blast Division General Manager
Jul 2014 Executive Officer
Blast Division General Manager

Jul 2015 Senior Executive Officer
Blast Division General Manager

Jun 2020 Director
International Operations
General Manager

Apr 2022 Director
Senior Executive Officer
CASTEC COMPANY President
(present)



7 Hiromitsu Uchiyama

Director
Senior Executive Officer

Apr 1983 Joined Toyota Motor Corp.
Jan 2011 Toyota Motor Corp.
Engineering Dept.
Battery/FC Production
General Manager

May 2020 Sintokogio, Ltd. Advisor
Jul 2020 Managing Executive Officer
Development Division
General Manager

Apr 2021 Director
Senior Executive Officer
Development Division
General Manager

Apr 2023 Director
Senior Executive Officer
in charge of Business Development
Development Division
General Manager (present)



8 Mikio Nakane

Director
Senior Executive Officer

Apr 1985 Joined Sintokogio, Ltd.
Jul 2015 Environment Division
General Manager

Jul 2016 Executive Officer
Environment Division
General Manager

Apr 2018 Senior Executive Officer
ECOTEC COMPANY President

Apr 2023 Director
Senior Executive Officer
in charge of Environment Division
Production Division
General Manager (present)



9 Masatoshi Ozawa

External Director

Apr 1966 Joined Daido Steel Co., Ltd.
Jun 2004 Daido Steel Co., Ltd.
Representative Director and
President

Jun 2010 Daido Steel Co., Ltd.
Representative Director and
Chairman

Jun 2014 Sintokogio, Ltd.
External Director (present)



10 Yasuhito Yamauchi

External Director

Apr 1968 Joined Toyota Motor Corp.
Jun 1995 Toyota Motor Corp.
Director

Jun 2001 Toyota Motor Corp.
Executive Managing Director

Jun 2005 Aisin Seiki Co., Ltd.
(Current: Aisin Corp.)
President

Jun 2015 Sintokogio, Ltd.
External Director (present)



11 Yukako Uchinaga

External Director

Jun 1971 Joined IBM Japan Ltd
Apr 1995 IBM Japan Ltd
Director

Apr 2004 IBM Japan Ltd
Director
Senior Managing Executive Officer
in charge of Develop. and Manufacturing

Apr 2007 Specified Non-profit Corporation
Japan Women's Innovative
Network (J-Win) Chairperson

Apr 2008 Benesse Corp. Director and Vice Chairman
Berlitz Corporation
Chairman/President/CEO

Jun 2021 Sintokogio, Ltd.
External Director (present)

Jul 2022 Specified Non-profit Coporation
Japan Women's Innovative Network (J-Win)
Chairperson and Representative Director (present)

» Auditors



12 Tsuyoshi Goto

Full-time Auditor

Apr 1980 Joined Sintokogio, Ltd.
Jul 2015 Executive Officer
Production Center Manager

Jun 2016 Director
Production Center Manager

Apr 2019 Director
in charge of Production Division

Jun 2019 Auditor (present)



13 Yuji Okubo

Full-time Auditor

Apr 1976 Joined Sintokogio, Ltd.
Apr 1999 International Operations
Group Manager

Oct 2009 Administration Department
General Manager

Jul 2015 Executive Officer
in charge of Accounting & Finance

Jul 2018 Senior Advisor

Jun 2019 Auditor (present)



14 Toshiro Kojima

External Auditor

Apr 1977 Joined Hitachi, Ltd.
Jul 2000 Hitachi, Ltd.
Risk Countermeasures Dept.

Jul 2015 Kyodo News Digital Co., Ltd.
Executive Officer

Comprehensive Risk
Countermeasures Research
Institute Director (present)

Jun 2016 Sintokogio, Ltd.
External Auditor (present)



15 Kazuhiko Hasegawa

External Auditor

Apr 1975 Joined The Mitsubishi Bank, Ltd.
Jun 2005 The Bank of Tokyo-Mitsubishi, Ltd.
(by merger) Auditor

Jan 2006 MUFG Bank, Ltd. (by merger)
Auditor

Jun 2008 Mitsubishi Estate Co., Ltd.
Auditor

Jul 2016 The Kitasato Institute
Executive Director

Jun 2019 Sintokogio, Ltd.
External Auditor (present)

Senior Executive Officers/Executive Officers

As of April 2023



1 Senior Executive Officer
Hidemi Yamauchi

2 Senior Executive Officer
Noriyuki Murai

3 Executive Officer
Minoru Hirata

4 Executive Officer
Yoji Ikedo

5 Executive Officer
Takeshi Hirayama

6 Executive Officer
Akihiro Yoshimoto

7 Executive Officer
Toshiaki Yuba

8 Executive Officer
Hiroyuki Takeda

9 Executive Officer
Hideaki Morita

10 Executive Officer
Yoshinori Kawaguchi

11 Executive Officer
Asuka Ieda

12 Executive Officer
Kenichi Furuya

13 Executive Officer
Seiichiro Hoga

14 Executive Officer
Michael Halsband

15 Executive Officer
Takayuki Tatematsu

16 Executive Officer
Takashi Suzuki

Compliance

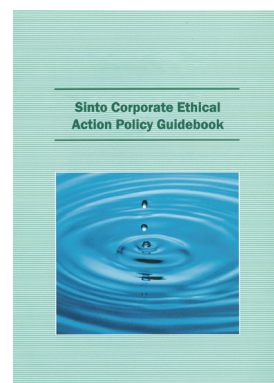
Basic approach

The Sinto Group regards compliance as the core foundation of management and promotes a compliance program that includes the dissemination of policies and messages by top management, the development of codes of conduct and

rules, the implementation of education and training, and the establishment of a reporting and consultation service. We work to prevent legal violations and corporate scandals.

Compliance initiatives

We systematically organized our corporate philosophy, and significance, code of conduct, brand message, Corporate Ethical Action Policy, and other important principles into Sinto Beliefs, which is the guiding principle for our actions shared among all group employees around the world. One part of Sinto Beliefs, the Corporate Ethical Action Policy, was established with a specific action policy for each employee, and it dictates our actions on compliance, safety, and the environment, providing guidelines on how executives and employees should act for business in good faith to meet our stakeholders' expectations. In order to ensure understanding of our compliance policy and to promote appropriate actions in daily operations, we have distributed a guidebook for this policy to all executives and employees. In addition, we have made a pocket edition that can be easily carried around to help ensure this understanding. For overseas group companies, we share the content of our ethical action policy, and each company establishes their own regulations according to the characteristics of the company and country/region they are located in.



Sinto Corporate Ethical Action Policy Guidebook (published in 1998)

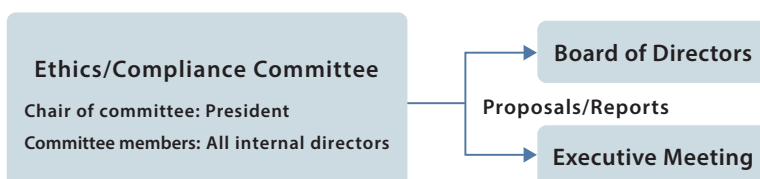
Education and enlightenment

Based on our Corporate Ethical Action Policy and action manual, we have been training new employees, mid-career employees, sales personnel, and management via level-based and position-based training to enable further enrichment in required knowledge and individual improvement from an ethical perspective. For our group

companies, we work to foster compliance awareness among directors and hold regular leadership meetings for domestic and overseas group companies, planned by the presidents of these companies, to share a thorough understanding regarding the ethical action policy.

Ethics/Compliance Committee

The Ethics/Compliance Committee has been established as a committee directly linked to the Board of Directors. The President chairs the committee, and internal directors serve as committee members to promote the enhancement of ethical standards and compliance awareness in the Sinto Group. The results of monitoring through the internal reporting system and other information are regularly reported to the Board of Directors.

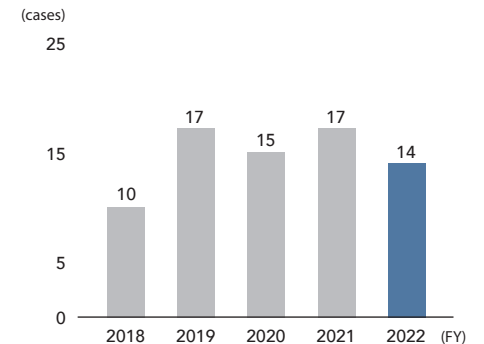


Internal whistleblower system (Sinto Speak-Up System)

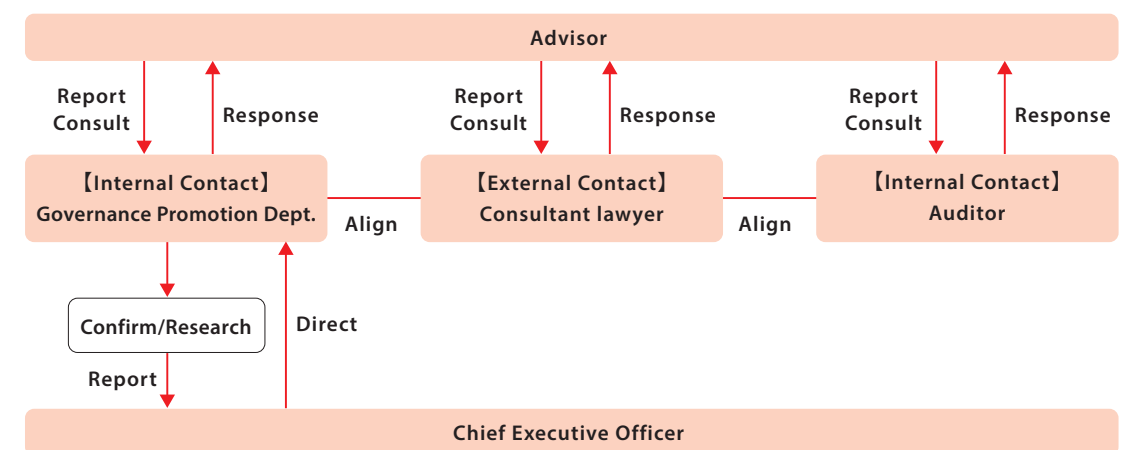
We have established an internal whistleblower (consultation) system with the purpose of prevention, early discovery, and correction of illegal or inappropriate actions. Our employees are able to report via three reporting (consultation) routes: Governance Promotion department, the internal auditors, and external legal counsel.

We received 14 cases in FY2022. We review each case to determine the appropriate response through a thorough investigation of the facts, and we report annual activities to the Board of Directors.

Speak-Up Cases



Basic operation flow of the hotline



Protection of internal reporters

When explaining the Sinto Speak-Up System to our employees, we also clarify the prohibition of unfair treatment of the reporter, as stated below.

- It is prohibited to treat the reporter unfairly in any way in response to an internal report made through the Sinto Speak-Up System.

Initiatives to prevent fraudulent acts such as bribery

Our Corporate Ethical Action Policy outlines specific initiatives to prevent all types of corruption, including fraud and graft. It requires not only complying with laws and regulations, but also determining and acting in good faith and in an ethical manner based on each situation, beyond what is required for legal compliance. With regards to relationships with suppliers, we regularly hold information exchanges with these important business partners and work to spread the understanding of

the concepts of fair trading, legal compliance, and other important items such as safety, quality, and the environment. To prevent unfair trading, we have released clear guidelines regarding strict limits for social expenses, business meals, and gifts to ensure full understanding among all group companies. We are also strengthening initiatives to prevent inappropriate actions, including the establishment of our internal whistleblower system (Sinto Speak-Up System).

Risk Management

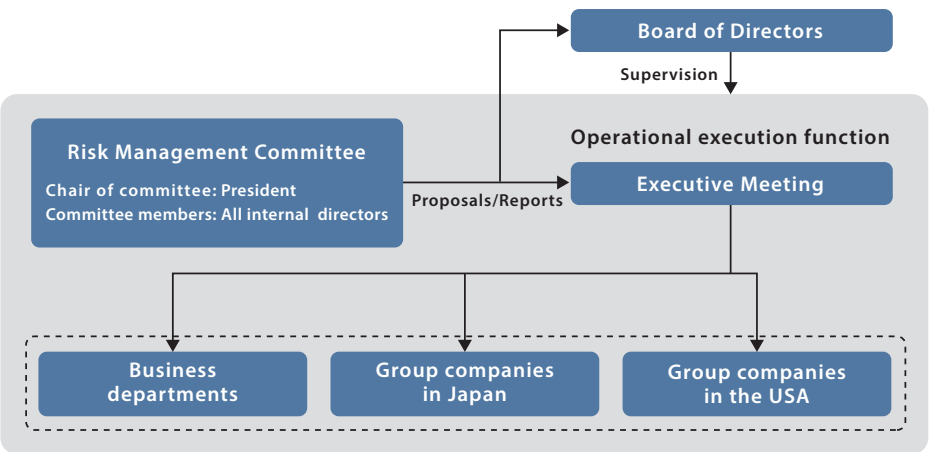
Basic approach

We promote our basic policy of acting with “the safety of human life as our top priority” and working toward prevention of secondary disasters, preservation of company assets, early restoration and continuation of business, prevention of recurrence, and contribution to local communities. We prepare

for various possible risks based on our risk management system, our risk management regulations that stipulate risk management implementation procedures, and our BCP manual that stipulates actions to take in case of an emergency.

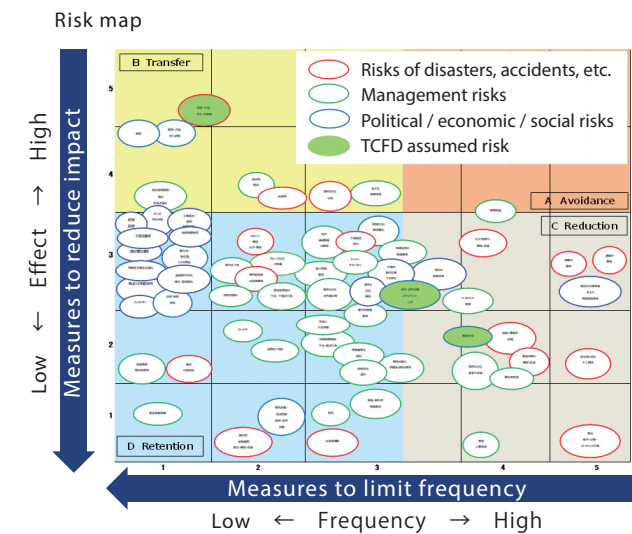
System

We have a Risk Management Committee under the Board of Directors, with our president acting as its chairman and the internal directors as its members, and the committee manages risks at each department. We have established a basic policy regarding risk management, and we have developed systems to reduce risks, enacting initiatives to raise awareness while monitoring the implementation status and reporting to the directors regularly.



Risk map

We have created a risk map that visualizes potential risks, their impact on business activities, and their frequency of occurrence in order to implement appropriate risk management. We create an annual action plan based on the map, and for risks that may have a large impact on our business, we create a business continuity plan including necessary preparation and countermeasures, working to reduce all relevant risks.



Risk management examples

» Business Continuity Plan (BCP)

In recent years, we have seen large-scale natural disasters occur regularly around the world. In considering what we can do for our employees and their families, our local communities, and our customers when emergencies occur, we established our Business Continuity Plan (BCP). We are working on preventing and reducing the impact of disasters in order to fulfill our supply responsibility to our customers.

As part of our initiatives to raise awareness and improve our disaster preparedness, on Disaster Prevention Day in Japan, we

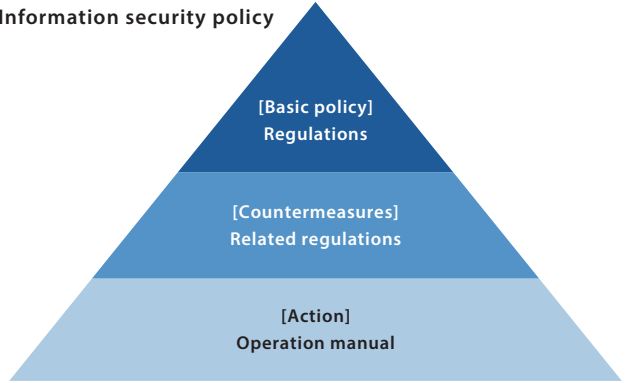
hold competitions for first-response fire fighting, first aid, and life saving and protecting by selected members of the company. Participants give demonstrations and compete on their disaster prevention abilities. We also hold disaster prevention training repeatedly based on the BCP manual so that we can take action swiftly when a disaster happens. In addition, in FY2021, to enrich our preparation for all kinds of emergency conditions, we established a new BCP manual that includes pandemic measures in case of a new infectious disease.

» Information security

We promote information/digital transformation for services to add value to our business, and we position information security as an important management issue. We have established the Information Security Working Group to work on creating our own information security regulations, related regulations, and an operation manual in order to protect our intellectual assets, comply with regulations, and educate our employees. As technical countermeasures, considering recent trends in cyber attacks, we have implemented multi-factor authentication and virus monitoring for each device alongside conventional security measures, based on a zero-trust* approach. At the same time, we offer trainings and educational opportunities for all of our employees on topics such as response to email attacks, with the goal of improving our information literacy company-wide. We will continue to take various measures comprehensively and

efficiently to appropriately protect the company against security risks.

Information security policy



* Zero trust: Discarding conventional boundaries for internal/external networks, entities attempting to access our information assets are not trusted automatically and instead must complete safety verification each time. This allows us to prevent threats to our information assets.

» Creating a safe workplace

The Safety and Health Promotion Committee plays a central role in promoting the creation of safe workplaces to eradicate occupational accidents at manufacturing sites. At Sinto, a daily calendar containing past accident cases and countermeasures is used to prevent the recurrence of accidents by introducing them at the daily morning meeting at each workplace. In addition, since the leading causes of occupational accidents include insufficient measures and rules in the workplace, we have trained and increased the number of RST trainers* and are promoting safety guidance at each workplace

through the appointment of “safety wardens”. For customers, we are working to strengthen on-site installation patrols by increasing the frequency of patrols at on-site installation worksites and reviewing checklist items during patrols.

* RST Trainer: Abbreviation for safety and health education trainers certified under the Ministry of Labor (now Ministry of Health, Labor and Welfare) method for the training of on-site supervisors