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**Sanyo Trading Co., Ltd.**

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Securities code: 3176

<https://www.sanyo-trading.co.jp/eng/home/>

The corporate governance of Sanyo Trading Co., Ltd. (the “Company”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

### 1. Basic Views

Our mission is “We foster an open, down-to-earth, and entrepreneurial corporate culture that drives our collective efforts to deliver the best solutions flexibly and timely so that we can help achieve the sustainable development of the global community and fulfill employees’ aspirations for well-being.” We believe that realization of this ideal would, in itself, be meeting the expectations of all stakeholders. To execute our basic policy, we have adopted the following guidelines: complying with laws and regulations with integrity, aiming for future development and creativity, making and executing decisions promptly and accurately, and catching the business trends and staying ahead of the curve. We are strengthening our corporate governance through the implementation of these guidelines.

#### [Reasons for Non-compliance with the Principles of the Corporate Governance Code] Updated

[Supplementary Principle 4-1-3: Succession Plan for the CEO and Other Top Executives]

At present, we do not have a specific plan regarding the successor to the Chief Executive Officer, but we are conducting multi-level training aimed at developing and selecting future executive candidates. We also conduct effective planned programs for successors to acquire appropriate knowledge, problem-solving, and judgment in multi-faceted areas including EQ, legal affairs, finance and sustainability.

[Supplementary Principle 4-8-1: Meetings Consisting Only of Independent External Directors]

Of the Company’s nine Directors, five are Independent Outside Directors with a management audit and supervisory function. The Company believes that, even at meetings of the Board of Directors, they carry out their duties effectively through active participation in discussions from an independent standpoint. Accordingly, the Company does not think that an organization or meetings consisting solely on Independent Outside Directors is necessary at present.

#### [Disclosure Based on each Principle of the Corporate Governance Code] Updated

[Principle 1-4: Cross-Shareholdings]

In order to achieve sustained enhancement of corporate value, when necessary, we engage in cross-shareholding in relevant business partners with whom we have a collaborative relationship, for example, for procuring or providing materials, with overall consideration of maintaining and strengthening stable business relationships and strategies, etc. Regarding shares held by the Company in business partners, we take into consideration the overall picture, examining share valuation, credit rating, size and trends of transactions, etc., and the capital costs of ownership. We determine the overall rationale for ownership from a medium- to long-term perspective, and report this to the Board of Directors, which verifies the appropriateness of ownership each year.

The exercise of voting rights is based on a composite decision in view of enhancing corporate value for the issuer and compliance.

[Principle 1-7: Related Party Transactions]

The Company’s policy on transactions between the Company and Corporate Officers is that the Board of Directors checks the appropriateness of transaction conditions in accordance with laws and internal rules. The Company also checks whether there are any related party transactions in relation to Directors once a year.

[Supplementary Principle 2-4-1: Ensuring Diversity in the Promotion of Core Human Resources, etc.]

<Approach to human resources diversity>

The Sanyo Trading Group workforce is diverse. In addition to differences in gender, nationality and age, employees have different backgrounds and values. The Company believes that to realize the Sanyo Trading Group’s mission (“We foster an open, down-to-earth, and entrepreneurial corporate culture that drives our collective efforts to deliver the best solutions flexibly and timely so that we can help achieve the sustainable development of the global community and fulfill employees’ aspirations for well-being.”) at a time of rapid business diversification and globalization, it is necessary that diverse human resources respect each other’s values and individual capabilities are maximized.

As a trading company, treasure each of our employees as our most valuable asset. To ensure that all employees can work comfortably, the Company positions diversity & inclusion as an important corporate policy, and endeavors not to focus on characteristics such as gender, nationality and age in its recruitment activities or in the promotion of core human resources.

<Status of ensuring diversity and voluntary measurable targets for ensuring diversity>

At the Company, mid-career hires occupy the majority of management-level employees (75.5%), with 71 out of a total of 94 management-level employees being occupied by mid-career hires. The Company is also building up a track record of deploying female and non-Japanese managers through the promotion of human resources development. We have not set a target for mid-career hires as we have sufficient management-level employees, including those serving as Corporate Officers; however, the Company has set a target for the deployment of female managers of 10% or higher. We will continue developing human resources as candidates for management-level employees.

<Policies for human resource development and improving the internal environment for ensuring diversity, and their status>

Under the long-term management plan SANYO VISION 2028 ("SV2028"), the Company has specified human capital as one of its priority measures. With the aim of aligning the vectors of employees' individual career development and company growth, the Company is implementing three human capital strategies: Sanyo Growth Style, Sanyo Governance Code and Sanyo Work Style.

## 1. Human Resource Development Policy

We define our ideal human resources as self-motivated people who can take on new challenges and provide the BEST solution while acting with integrity, and we have adopted Sanyo Growth Style as a strategy for increasing the number and quality of human resources. In the recruitment, development, evaluation and assignment of personnel, the Company implements measures to increase self-motivated human resources.

### (1) Sanyo Academy

The Company provides Sanyo Academy as a human resources development and education system for encouraging employees to master new knowledge and skills that will help the company achieve its management targets. It offers the following programs under the system. Going forward, the Company will continue offering employees opportunities for autonomous career development.

(1) OJT provided in each department by a designated person in charge

(2) Off-JT including training by selection, choice and age

(3) Support for personal development and the acquisition of qualification related to work

In the fiscal year ended September 30, 2025, the Company focused especially on nurturing talent for business development, local employees overseas, and management personnel. To nurture talent for business development, the Company launched the Human Resources Development Program for New Business Creation. It aims to develop human resources who will help identify and commercialize business seeds. Additionally, by stepping up the development of the next-generation management personnel critical for corporate growth and human resources development, the Company will strategically develop "self-motivated human resources" who will create corporate value.

### (2) Career development of diverse human resources

To reflect the wishes of employees in their career development, the Company provides career interviews with supervisors on themes such as the open recruitment system and personal career development.

To promote the career advancement of female employees, the Company conducts questionnaire surveys to assess awareness of women's career advancement among those in managerial positions and to gain an understanding of the career aspirations of individual female employees. The Company also has a career change system, allowing individuals to switch from operational positions to the main career track or area-specific main career track if they so wish. Use of DX, increased operational efficiency and other factors are creating opportunities for those in operational positions to get involved in planning operations or sales. The number of employees changing to the main career track is increasing as they satisfy the criteria for changing career track.

The Company offers two types of careers within the main career track: managers who are responsible for running organizations and specialists who demonstrate high levels of expertise and skills. It ensures that individuals can choose whichever career track they prefer.

### (3) Active recruitment of women

To recruit more female graduates on its main career track, the Company appoints women who are on the main career track as staff in charge of recruitment and recruiters. It features these women on its recruitment website to show that the Company is a great place to work for women and increase its talent pool.

## 2. Workplace Environment Improvement Policy

The Company has set forth the Sanyo Governance Code to support an open and inclusive culture and Sanyo Work Style to support the diverse work styles of diverse human resources. It provides frameworks and systems to enable diverse human resources to feel at ease and to continue working and advancing their careers over the long term.

### (1) Development of the corporate culture

The Company believes that a win-win-relationship between employees and employer is important for surviving in a changing market environment. To assess where the employee-employer relationship is at, the Company has been conducting an engagement survey with the following survey categories as indicators since the 77th fiscal year. The survey results are shared with management and the Company considers improvement measures as appropriate in relation to major issues. The Company will use the engagement survey to aim to be a great place for employees to work and foster a positive corporate culture.

#### Survey categories

1. Management's goals and direction
2. Immediate supervisors
3. Work (duties)
4. Communication in the workplace
5. Skill building
6. Work environment and benefits
7. Personnel system, etc.

### (2) Support for balancing pregnancy, childbirth, childcare and nursing care with work

The Company has developed an environment that allows employees to balance pregnancy, childbirth, childcare and nursing care with work by introducing staggered work hours and remote working and allowing employees to take childcare leave and nursing care leave in whole day, half day and hour increments. The Company subsidizes the cost of babysitting services for employees who are taking care of infants or toddlers to alleviate the burden of at home childcare or childcare center drop-off and pickup.

Additionally, as part of its in-house project activities, the Company has established a D&I Promotion Committee made up of members recruited through open recruitment. This committee plays a central role in making bottom-up system proposals and raising awareness within the company through rewards recognizing managers who are proactive about D&I. Partly thanks to bonuses to the employees who remain in a workplace when a colleague takes childcare leave proposed by the committee, the number of men utilizing childcare leave increased sharply from one in 2021 to nine in 2025 (percentage of men utilizing childcare leave: 69.2%).

### (3) Promoting diverse working styles

To realize diverse work styles not limited by time or place, the Company has introduced staggered work hours and remote working and has also adopted an office layout geared towards hot desking at head office. Hot desking deepens communication among employees which tends to be weaker due to remote working and also helps increase opportunities for conversations that lead to innovation.

#### [Principle 2-6: Roles of Corporate Pension Funds as Asset Owners]

The Company has adopted a defined contribution pension plan to mitigate future financial risks for the employer and support employees in building assets freely based on economic reasoning and their individual life plans.

We use Defined Contribution Plan Consulting of Japan Co., Ltd. as the operational management institution due to its high level of expertise, and educates employees about enrollment periodically.

#### [Principle 3-1: Full Disclosure]

(1) Company objectives (e.g., Mission), business strategies, and business plans

The Company announced SV2028 in November 2023, and revised its core Mission. The Company's mission is "We foster an open, down-to-earth, and entrepreneurial corporate culture that drives our collective efforts to deliver the best solutions flexibly and timely so that we can help achieve the sustainable development of the global community and fulfill employees' aspirations for well-being," while its vision is to "Deliver tangible solutions to social issues to make the world a better place for everyone."

The Company will aim for sustainable growth and improvement in corporate value through the implementation of priority measures under SV2028 on the themes of "strengthening the earnings base" and "corporate management."

The Company's management strategies and management plan are as disclosed on the Company's website.

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

### (2) Basic views and policies on corporate governance

Please refer to I. 1. "Basic Views" in this report.

### (3) Board policies and procedures in determining the remuneration of the senior management and Directors

Please refer to II. 1. "Disclosure of policies for determining the amount of remuneration and methods for its calculation" in this report.

(4) Policies and procedures by which the Board of Directors appoints and dismisses senior management and nominates candidates for Director  
Please refer to "II.1. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)" in this report.

### (5) Explanation of appointment, dismissal, and nomination of individual Directors

With respect to appointment and nomination, the Company discloses individual reasons in the Notices of the General Meeting of Shareholders. In addition, when a senior management or Director is dismissed, the reason for dismissal is also disclosed in a timely fashion.

<https://sanyo-trading.co.jp/ir/stock/soukai/>

#### [Supplementary Principle 3-1-3: Initiatives for Sustainability, etc.]

##### 1. Initiatives for Sustainability

###### <Basic policy on initiatives for sustainability>

At Sanyo Trading, we have set our Management Mission, "We foster an open, down-to-earth, and entrepreneurial corporate culture that drives our collective efforts to deliver the best solutions flexibly and timely so that we can help achieve the sustainable development of the global community and fulfill employees' aspirations for well-being." Sanyo Trading's vision is to "Deliver tangible solutions to social issues to make the world a better place for everyone."

In promoting this mission and vision, the Sanyo Trading Group has positioned sustainability initiatives as a material management issue. We will work to solve social problems such as reducing environmental impact, aiming to build a sustainable international society and achieve medium- to long-term corporate growth.

###### <Material issues (Materiality)>

The Company has identified material sustainability issues (materiality) as follows.

###### - Reducing the Environmental Impact

Contribute to climate change countermeasures and a circular economy by handling environment-friendly products

###### - Providing a Fulfilling Lifestyle

Contribute to healthy, secure, and comfortable lifestyles through discovery of new products and stable supply

###### - Reinforcing Solid Management Structure

Ensure financial soundness and strengthen corporate governance and legal compliance

###### - Active Participation of Diverse Motivated Human Resources

Develop human resources that create new value, respect their diversity, and provide them with opportunities for active participation

###### <Sustainability promotion system>

At the Company, the Sustainability Committee directly under the president is involved in the planning, formulation and recommendation of management's basic policy and business activities in relation to climate change and corporate policies and strategies.

The Sustainability Committee is chaired by an officer responsible for sustainability who is appointed by the President. The chairperson appoints several members of the Committee who are chosen from the administrative division, business division, corporate planning department, and departments directly under the President. The chairperson may ask persons of Group companies to participate in committee meetings as needed. The committee exchanges opinions with external experts. The chairperson gives final approval to the Sustainability Committee's discussions. In principle, the committee holds a regular meeting every three months and may also have ad hoc meetings as needed. The committee approves policies and plans for various measures to address sustainability issues, including climate change, and monitors and decides on measures. The Sustainability Committee Chair reports to the Board of Directors at least once a year on the policies and results of activities approved by the Sustainability Committee. Material issues are brought up for discussion at Board of Directors meetings.

The Company has established a system for disseminating information regarding the activities of its Sustainability Committee throughout the

company. The activities are reported as appropriate to the monthly SV2028 Achievement Committee, and the members of that committee subsequently share this content during regular meetings within their respective divisions and departments. The Board of Directors discusses and makes decisions on important matters, including management policies and annual budgets, taking into consideration sustainability issues, including climate change. The Company established a human rights policy in September 2024 to ensure it respects human rights and promote fair and appropriate business activities for all stakeholders, including employees.

#### <Environmental Policy>

In recent years, global environmental issues have become a major social problem. It has become increasingly important that companies take action to address environmental concerns. Sanyo Trading Co., Ltd. adheres to the basic principle of actively focusing on protecting the global environment and doing its utmost to contribute to the development of a sustainable society through sound business activities. The Company's environmental policy is as follows.

1. We will propose and provide products and services for reducing the environmental impact when we sell rubber products, chemical products, machines and equipment, industrial materials and scientific instruments, among other products.
2. We will prevent environmental pollution in our business activities and will continue to improve the environmental management system.
3. We will comply with laws and regulations, ordinances, and other requirements that we have accepted related to the environment and will work on environmental management.
4. We will reduce the environmental impact caused by business activities, focusing on the items below. We will periodically review these items and change them as needed.
  - (1) Actively selling environmentally friendly products and equipment
  - (2) Reducing waste and promoting recycling
  - (3) Advocating energy saving and resources saving
  - (4) Facilitating green purchasing
5. We will document the environmental management system and will operate, maintain and manage the system based on the documentation.
6. We will expand the awareness all officers and employees about these environmental policies and will publish them.

#### <Sale of environmentally friendly products>

Regarding the chemical raw materials handled by the Company, the Company is actively seeking to shift away from petrochemical-based chemical raw materials towards environmentally friendly materials and naturally derived raw materials. It also handles environmentally friendly products such as the following, with the aim of contributing to reduce environmental impacts.

##### ■ Rubber Business Unit

Using recyclable resources and expanding high performance materials that contribute to resource recycling

- Plasticizers (Mesamoll/Lanxess)  
Reducing risk to people and the environment through phthalate-free plasticizers
- Recycled rubber  
Contributing to resource recycling through the recycling of scrap tires
- Epoxidized natural rubber and acrylic-modified natural rubber  
Replacing petrochemical-based materials with plant-derived raw materials
- Carbon neat  
Contributing to reducing CO<sub>2</sub> emissions through plant-derived carbon
- Rice husk silica  
Reducing waste and reducing energy consumption in production through the use of an agricultural byproduct

##### ■ Chemical Business Unit

Continuously working to reduce GHG and reduce VOC, etc. through international certification

- Wax (Maxwax, Bioslip/Shamrock)  
PTFE-free, plant-derived PFAS-compliant products
- Specialty methacrylates (TERRA series/Evonik)  
Expanding sustainable products incorporating bio raw materials
- Admixtures (Protectsil/Evonik)  
Contributing to extending the service life of infrastructure lifespan through products with low toxicity and products applied in small amounts
- TMP and Pentaerythritol (Evyron, Voxtar/Perstorp)  
Reducing GHG emissions through a mass balance method using ISCC PLUS certification
- Composites made of recycled material (Ginar)  
Reducing waste by using recycled resins
- Latex raw materials (MMG Polymer)  
Products from natural rubber that help reduce VOC emissions

##### ■ Green Technology Business Unit

Generating energy from waste and promoting the use of biomass

- For the production of pellet mills/compost and organic fertilizer  
Turning waste into resources and promoting cyclical use
- RDF production machinery  
Using solid recovered fuel to generate energy from waste
- Wood pellet gasifier cogeneration equipment  
Contributing to more widespread use of renewable energy

#### ■ Mobility No. 1 Business Unit

Contributing to decarbonization in the transportation sector

- Electric buses (Alfabus)  
Reducing CO<sub>2</sub> emissions from public transportation and contributing to zero emissions

#### ■ Mobility No. 2 Business Unit

Expanding new materials that contribute to realize a circular economy

- 100% polyester surface materials (QUARTECH)  
Contributing to improve recyclability and reduce waste  
(For mobility, apparel and interior applications)

#### ■ Life Science Business Unit

Contributing to resolve social issues by promoting recycling and monitoring the environment

- Greenhouse gas analyzer  
Strengthening monitoring that contributes to climate change countermeasures
- Metal and plastic discrimination/Oil recycling diagnosis devices  
Realizing more efficient resource sorting and higher recovery rate
- Films that include PCR resin  
Reducing CO<sub>2</sub> emissions through the use of recycled materials
- OBP raw materials (TIDE)  
Addressing the issue of marine plastic waste
- Product stickers that use advanced technology to preserve freshness (STIX FRESH/Ryp Labs)  
Helping reduce food waste

#### <ISO 14001>

The Company achieved ISO 14001, certification (registration), an environmental management system international standard, on September 10, 2004, for the business activities, products and services below at the head office, Osaka branch, Nagoya branch and Hiroshima office (certified in 2020).

Importing, exporting and sale of rubber products, chemical products, machines and equipment, industrial materials, scientific instruments and related services

The Company's sustainability initiatives are disclosed on the Company's website and in Integrated Report 2024.

Website	<a href="https://sanyo-trading.co.jp/sustainability/">https://sanyo-trading.co.jp/sustainability/</a>
Integrated Report 2024	<a href="https://sanyo-trading.co.jp/ir/library/#01">https://sanyo-trading.co.jp/ir/library/#01</a>
Environmental Contribution Activities	<a href="https://sanyo-trading.co.jp/sustainability/environment/">https://sanyo-trading.co.jp/sustainability/environment/</a>
Social Contribution Activities	<a href="https://sanyo-trading.co.jp/sustainability/activities/">https://sanyo-trading.co.jp/sustainability/activities/</a>

#### 2. Investment in human capital

Under SV2028, the Company has adopted "Human capital" as a priority measure, and has said it will strengthen investment in people including enhancing education and training to support employees' autonomous career development, promoting diverse human resources and diverse work styles, and promoting safety and health. As a trading company, the Company treasures each employee as a most valuable asset. The Company will focus on various measures to ensure that all employees can continue working with peace of mind over the long term, while at the same time advancing their careers.

#### 3. Investment in intellectual property

Consolidated R&D expenses for the entire Group totaled ¥141 million in the 79th fiscal year. In the Life Science segment, the Company is involved in the technological development and evaluation of new applications and analysis platforms as well as clinical research.

#### 4. Information disclosures based on the TCFD recommendations

The Company believes that responding to climate change is a material issue, namely reducing its environmental impact, and expressed its support for the recommendations of the TCFD in December 2022. Under the TCFD recommendations, the Company will assess climate change risks and opportunities to incorporate the assessment into its management strategies while promoting disclosure.

For details of information disclosure based on the TCFD recommendations, please refer to the Company's website.

<https://www.sanyo-trading.co.jp/sustainability/environment/>

#### [Supplementary Principle 4-1-1: Scope of Matters Resolved and Delegated by the Board of Directors]

The Company is a company with an Audit and Supervisory Committee, and its Articles of Incorporation state that it may by resolution of the Board of Directors delegate all or part of decisions on the execution of important business to certain Directors; however, matters that require a resolution at a meeting of the Board of Directors are those stipulated in laws and regulations and the Articles of Incorporation as well as matters stipulated in the Authorization Authority Standards that take into consideration importance for management and depend on factors such as the amount to be approved.

#### [Principle 4-9: Independence Standards and Qualification for Independent Outside Directors]

The Company judges independence in accordance with the criteria established by the Companies Act and by the Tokyo Stock Exchange. Additionally, the Company selects as candidates for Independent Outside Directors individuals with extensive experience and broad insight in each field who can be expected to give appropriate opinions and advice at meetings of the Board of Directors.

#### [Supplementary Principle 4-10-1: Use of Optional Systems]

The Company has established a voluntary Nomination and Compensation Committee. For details of the view, authority, roles, and other elements of the independence of the composition of the committees, please refer to "II.1. Voluntary Committees" in this Report.

#### [Supplementary Principle 4-11-1: View on Balance, Diversity and Appropriate Board Size, etc.]

Please refer to "II.1. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview

of Current Corporate Governance System)” in this report. The so-called skills matrix that lists the knowledge, experience, abilities, etc. of each Director is disclosed in the Notice of the General Meeting of Shareholders.  
<https://sanyo-trading.co.jp/ir/stock/soukai/>

[Supplementary Principle 4-11-2: Status of Concurrent Holding of Managerial Positions of Other Listed Companies by Directors]  
The Company’s Outside Directors do not concurrently hold positions as officers at other listed companies. Any concurrent positions will be limited to a reasonable number and disclosed in the Note of the General Meeting of Shareholders.  
<https://sanyo-trading.co.jp/ir/stock/soukai/>

[Supplementary Principle 4-11-3: Overview of Results of the Evaluation of the Board of Directors]  
For details of the analysis and evaluation of the effectiveness of the Board of Directors, please refer to the Company’s website.  
<https://www.sanyo-trading.co.jp/sustainability/governance/>

[Supplementary Principle 4-14-2: Training Policy for Directors]  
On welcoming new Outside Directors, the Company provides them with opportunities to gain necessary knowledge including information about the industry the Company belongs to, the Company’s history, business activities and management plan. Directors are also provided as appropriate with in-house training delivered by outside lecturers to help them acquire the knowledge they need to fulfill their roles and responsibilities and they are also encouraged to participate in various types of external training at the Company’s expense.

[Principle 5-1: Policy for Constructive Dialogue with Shareholders]  
The Company is proactive in having dialogue with shareholders and investors with an aim to contribute to its sustainable growth and to the medium- to long-term enhancement of its corporate value. Our policy on the development of a structure and initiatives for promoting constructive dialogue with shareholders and investors is as follows.

- (1) IR structure
- (i) In our IR structure, the President serves as the responsible person and the Director and General Manager of Corporate Planning Department serves as the officer in charge of IR. We engage in dialogues with shareholders and investors via the Corporate Planning Department, which is in charge of IR, with the leading role played by the President and the General Manager of Corporate Planning Department.
  - (ii) For dialogues with shareholders, the Corporate Planning Department serves as the front office and, where necessary, we collect and analyze management information in cooperation with the General Affairs Department, Finance Accounting Department, Risk Management Department, and business divisions. We have thus established a structure that enables to provide appropriate information on a timely basis.

(2) IR activities  
In addition to holding a financial results briefing for investors twice a year, we provide the latest information proactively via our website, integrated reports, and other materials. We also accept requests for individual meetings where possible. At the same time, we hold overseas IR meetings and give facility tours, thus creating opportunities for dialogue with domestic and overseas shareholders and investors. We also have opportunities to engage in dialogue with individual shareholders and investors, such as by participating in IR events.

(3) Compliance with the fair disclosure rule  
We strive to ensure fair, timely information disclosure and comply with the fair disclosure rule.

(4) Feedback  
The opinions and concerns, etc. of shareholders obtained through dialogue are reported as needed to directors and executive officers via governance bodies, emails, or the similar.

(5) Management of insider information  
In addition to ensuring thorough management of insider information in accordance with our Regulations on Management of Material Internal Facts and Insider Trading, we strive to avoid information gap between shareholders.

### [Action to Implement Management That Is Conscious of Cost of Capital and Stock Price]

Content of Disclosure <b>Updated</b>	Disclosure of Initiatives (Update)
Availability of English Disclosure <b>Updated</b>	Available
Date of Disclosure Update <b>Updated</b>	December 18, 2025

The Company has formulated its business strategy, investment strategy and capital strategy based on an accurate understanding of its cost of capital, and has separately published a release entitled Management with Awareness of Cost of Equity and Stock Prices on its website on November 17, 2025. Cost of capital has been calculated based on CAPM and its disclosed value has been 5% to 6%. Given that the value varies according to the way the parameters used for the calculation, among other factors, the perceived range of the values has been revised upward to a certain extent. The cost of capital is estimated every year, and the Company analyzes factors for change from the previous year at a meeting of the Board of Directors. Under SV2028, the Company is targeting a ROE of 10 - 12% as a financial target. While the Company has secured capital profitability that exceeds the cost of capital, it will pursue further improvement with respect to its P/B ratio target of over 1.0x. In specific initiatives for achieving a P/B ratio of over 1.0x, from the fiscal year ended September 30, 2025 we revised our reporting segments, and worked for the optimal allocation of management resources, together with appropriate and timely business performance management. Our disclosure of the status of our business was clearly in line with investors' expectations. The Company also spelled out a clearer dividend policy based on a fundamental policy of increasing dividends and maintaining a stable dividend on an ongoing basis. Besides continuing to step up IR activities, the whole Company will work together in steadily addressing the priority measures under SV2028 of "Strengthening the earnings base" and "Corporate management" and, by realizing growth strategies through the appropriate allocation of management resources and disclosing this to the market, the Company will achieve improvement in its share price and sustainable improvement in its corporate value. In addition, the Company recognizes the return of earnings to shareholders as one of management's highest priorities, with a fundamental policy of increasing dividends and maintaining a stable dividend on an ongoing basis while also considering its consolidated financial results and financial standing. Under this fundamental policy, the Company will continue to pay a progressive dividend with a target payout ratio of 30% or more during the period of SV2028. The Company will continue to increase its dividend per share by further strengthening its management structure to continuously enhance corporate value, thereby bolstering its ability to generate stable earnings. The Company will purchase treasury stocks in an agile and flexible manner, based on comprehensive consideration of a range of factors, including share price and demand for funds for growth investment

[Status of Dialogue with Shareholders, etc.]

We hold a financial results briefing for institutional investors every six months, which provides an opportunity for dialogue with the management team. The main themes at briefings include details of financial results, growth strategies, human capital strategies and shareholder returns. The Corporate Planning Department (the department in charge of IR) also holds separate IR meetings after the release of quarterly financial results, as well as overseas IR meetings. Overall, we hold over 50 meetings a year for institutional investors and sell-side analysts. Through these activities, we verify our appraisal in capital markets, while also receiving external feedback on disclosure materials. Following repeated in-house discussions, we reflect the findings in our disclosure materials in a timely manner, and seeks to communicate in a way that raises greater market awareness of its corporate value. In 2024, based on dialogue with investors, we revised our reporting segments, and worked for optimal allocation of management resources, appropriate and timely business performance management, and clearer disclosure to capital markets.

Going forward, we will continue to incorporate the opinions of investors, etc. in order to produce clearer briefing materials. Furthermore, we will share information regarding business progress and new projects in a clear and timely manner through the Company's website and in disclosure documents, also improving our Integrated Report, to further promote constructive dialog with all of our shareholders.

## 2. Capital Structure

Foreign Shareholding Ratio **Updated** 10% or more but less than 20%

[Status of Major Shareholders] **Updated**

Name or Company Name	Number of Shares Held (shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd.	3,251,300	11.29
Custody Bank of Japan, Ltd.	1,962,300	6.81
Toagosei Co., Ltd.	1,497,330	5.20
Susumu Tamaki	985,574	3.42
MUFG Bank, Ltd.	939,484	3.26
Meiji Yasuda Life Insurance Company	675,328	2.34
Sumitomo Mitsui Banking Corporation	569,484	1.98
Sumitomo Mitsui Trust Bank, Limited	568,000	1.97
The Nomura Trust & Banking Co., Ltd.	551,875	1.92
RE FUND 107-CLIENT AC	520,200	1.81

Name of Controlling Shareholder, if applicable (excluding Parent Companies) \_\_\_\_\_

Name of Parent Company, if applicable None

### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	September
Business Sector	Wholesale Trade
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	500 or more but fewer than 1,000
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with the Controlling Shareholder

### 5. Other Special Circumstances Which May have a Material Impact on Corporate Governance

None

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

### 1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee
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#### [Directors]

Number of Directors Stipulated in Articles of Incorporation	14
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors <span>Updated</span>	5
Number of Independent Officers from among Outside Directors <span>Updated</span>	5



Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hiroataka Sugihara	From another company											
Mitsuo Ogawa	From another company											
Narumi Sakuma	From another company											
Asako Hasegawa	CPA											
Kuniaki Kobayashi	Lawyer											

\* Categories for “Relationship with the Company”.

\* Use “○” when the director presently falls or has recently fallen under the category; “△” when the director fell under the category in the past.)

\* “●” when a close relative of the director presently falls or has recently fallen under the category; and “▲” when a close relative of the director fell under the category in the past.

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

Name	Audit and Supervisory Committee member	Independent officer	Supplementary explanation about relationships with the Company	Reason for appointment
Hiroataka Sugihara		○	No applicable information	The Company has determined that Mr. Sugihara will fulfill his duties from a neutral position, taking advantage of his extensive experience and knowledge and deep insight, which he has achieved through work at a trading company for many years. We examined his personal, capital and business relationships with the Company and his stake in the Company and have determined that he is independent and is not at risk of having conflicts of interest with general shareholders.
Mitsuo Ogawa		○	No applicable information	The Company has determined that Mr. Mitsuo Ogawa will fulfill his duties from a neutral position, taking advantage of the wealth of experience and knowledge and deep insight, which he gained through human resources and organizational consulting for many years. We examined his personal, capital and business relationships with the Company and his stake in the Company and have determined that he is independent and is not at risk of having conflicts of interest with general shareholders.
Narumi Sakuma	○	○	No applicable information	The Company has determined that Ms. Narumi Sakuma will fulfill her duties from a neutral position, taking advantage of the expertise and experience she gained from working at a trading company for many years and being involved in internal audits, building the compliance structure and serving as an Audit & Supervisory Board member. We examined her personal, capital and business relationships with the Company and her stake in the Company and have determined that she is independent and is not at risk of having conflicts of interest with general shareholders.
Asako Hasegawa	○	○	No applicable information	Ms. Hasegawa is conversant with financial accounting and tax practice as a certified public accountant. The Company has determined that she will fulfill her duties from a neutral position, taking advantage of her insight and experience. We examined her personal, capital and business relationships with the Company and her stake in the Company and have determined that she is independent and is not at risk of having conflicts of interest with general shareholders.
Kuniaki Kobayashi	○	○	No applicable information	The Company has determined that Mr. Kobayashi will fulfill his duties from a neutral position, taking advantage of his extensive experience and knowledge and deep insight as a lawyer. We examined his personal, capital and business relationships with the Company and his stake in the Company and have determined that he is independent and is not at risk of having conflicts of interest with general shareholders.

**[Audit and Supervisory Committee]**

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	3	1	0	3	Outside Director
Appointment of Directors and Employees who shall assist with the duties of the Audit and Supervisory Committee	Not Appointed				

## Reasons for Adoption of Current System

The Audit and Supervisory Committee has reported that it will not have any Directors or employees who shall assist the committee with its duties for some time to come.

## Cooperation among the Audit and Supervisory Committee, Accounting Auditors and Internal Audit Department

The Audit and Supervisory Committee and the accounting auditors meet regularly, and make reports and exchange opinions as necessary. The Audit and Supervisory Committee and the Internal Audit Section cooperate closely with each other and hold discussions as appropriate on organizational and functional issues in light of internal audit results. The Audit and Supervisory Committee, accounting auditors and the Internal Audit Section hold three-way meetings regularly, exchange opinions whenever necessary and endeavor to strengthen cooperation.

## [Voluntarily Established Committee(s)]

Voluntarily Established Committee Equivalent to Nomination Committee or Remuneration Committee	Established
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## Status of Voluntarily Established Committee(s), and Attributes of Members on the Committee and the Committee Chairperson

	Committee's Name	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	3	0	1	2	0	0	Inside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Committee	3	0	1	2	0	0	Inside Director

## Supplementary Explanation

We established an optional nomination/remuneration committee in May 2020 as an advisory panel for the Board of Directors for the purposes of enhancing the independence, objectivity, and accountability of the functions of the Board of Directors concerning the appointment and dismissal of the President & CEO Director and Directors with specific titles and nomination of Director nominees as well as the appropriateness of remuneration of Directors (except Directors of the Audit and Supervisory Committee), etc. and enriching further the corporate governance system. The committee, which consists of three or more Directors appointed by the Board of Directors (a majority of them are Independent Outside Directors), deliberates matters concerning the nomination/remuneration of Directors, including drafting proposals for the appointment and dismissal of Directors to be discussed at the General Meeting of Shareholders, drafting the Policy on Decisions on the Content of the Remunerations etc. for individual Directors (excluding Directors who are members of the Audit and Supervisory Committee) to be discussed at the Board of Directors, and proposing the nomination and remunerations of individual Directors (excluding Directors who are members of the Audit and Supervisory Committee) including proposed details of the Content of the Remunerations etc. for each Individual Directors to be discussed at the Board of Directors, and reports to the Board of Directors. The Board of Directors' Regulations stipulate to the effect that the Board of Directors shall respect the content of reports of the nomination/remuneration committee when making decisions. This nomination/remuneration committee functions as both a nomination committee and a remuneration committee.

## [Matters Concerning Independent Officers]

Number of Independent Officers	Updated	5
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## Other Matters Concerning Independent Officers

The Company uses the independence criteria of the independent officer system of Tokyo Stock Exchange as a reference and, as a general rule, designates anyone who does not fall under the conditions of dependence as independent officers.

## [Incentives]

### Implementation Status of Measures related to Incentives Granted to Directors

Introduction of a performance-linked remuneration scheme/other

### Supplementary Explanation for Applicable Items

Based on a resolution at the 76th Ordinary General Meeting of Shareholders held on December 22, 2022, the Company obtained approval for the introduction of a restricted stock remuneration plan for the Company's Directors (excluding and Directors who are Audit and Supervisory Committee members) to replace a stock remuneration-type stock option plan. Stock acquisition rights already granted as stock options that have not yet been exercised will remain effective; however, no new stock options will be granted.

### Persons Eligible for Stock Options

No disclosure for any directors

### Supplementary Explanation for Applicable Items

Executive officers will by resolution of the Board of Directors be granted restricted stock with similar terms as that granted as restricted stock remuneration to Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee members).

## [Director Remuneration]

### Status of Disclosure of Individual Director's Remuneration

No disclosure for any directors

### Supplementary Explanation for Applicable Items

Not in particular

### Policy on Determining Remuneration Amounts and Calculation Methods Updated

Established

### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

#### 1) Basic Policy

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

Remuneration for Directors (excluding Audit and Supervisory Committee members) consists of fixed remuneration (monetary remuneration) as basic compensation, performance-linked remuneration, and stock compensation as non-monetary remuneration. Outside Directors, who have a supervisory function, are paid only fixed remuneration (monetary remuneration) in light of their duties.

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

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

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

##### (i) Fixed remuneration (monetary remuneration)

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

##### (ii) Performance-linked remuneration

Performance-linked remuneration consists of monetary remuneration that reflects the business performance of the Company, in order to incentivize directors to improve business performance each fiscal year. Consolidated ordinary profit is used as the index of business performance, because it is used as a performance target when deciding internal budgets, and is also considered to be the most appropriate index for understanding the management status of the Group. Performance-linked remuneration is paid as a bonus in December each fiscal year and is calculated based on the consolidated ordinary profit that fiscal year.

Performance-linked remuneration is calculated by multiplying the base amount of bonus determined for each position by the performance-linked coefficient, which consists of the percentage of achievement against the business target (consolidated ordinary profit) for the current

fiscal year. The coefficient for performance-linked remuneration is capped at 150%, and is set at 0% if consolidated ordinary profit is below a certain threshold.

In addition, the method of reflecting performance evaluation in the remuneration amount is as follows: for the president, 100% of performance-linked remuneration shall reflect company performance; for other Directors, 80% of performance-linked remuneration shall reflect company performance and 20% on qualitative evaluation, with the qualitative portion determined by the president.

(iii) Non-monetary remuneration

Non-monetary remuneration consists of restricted stock, which is issued to registered Directors (excluding Outside Directors and Audit and Supervisory Committee members) every February with comprehensive consideration of the position, degree of contribution, and business performance (consolidated ordinary profit) that fiscal year. The purpose of issuing the stock is to provide an incentive to continuously improve the Company's corporate value and to promote further value sharing with shareholders. Through the remuneration plan, the Company grants the Company's common stock stipulating a certain restriction period, grounds for the Company's gratis acquisition of stock, and other conditions. The amount paid per share for the restricted stocks that will be issued or disposed of under this plan shall be determined by the Board of Directors of the Company based on the closing price of the Company's common stocks at the Tokyo Stock Exchange on the business day immediately before the day on which resolutions are made at a meeting of the Board of Directors (or the closing price on the immediately preceding day if no trades are made on this day), to the extent that the amount is not particularly advantageous to the Eligible Directors who will subscribe for the restricted stocks. The restriction period is the period from the date the stock is granted to the date of resignation or retirement from the position of Director or Executive Officer of the Company.

(iv) Approximate proportions of fixed remuneration, performance-linked remuneration and non-monetary remuneration in total remuneration for Directors (excluding Directors who are Audit and Supervisory Committee members) (assuming performance-linked compensation is the base amount)

	Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration
President	55%	35%	10%
Directors other than the President	65%	25%	10%

(v) Matters regarding resolutions of the General Meeting of Shareholders on remuneration, etc. for (excluding Directors who Audit and Supervisory Committee members)

It was resolved at the 79th Ordinary General Meeting of Shareholders, held on December 18, 2025, that the total amount of monetary remuneration (fixed remuneration and performance-linked remuneration) for Directors (excluding Directors who are Audit and Supervisory Committee members) should not exceed an annual total of 400 million yen (an annual total of 20 million yen for Outside Directors), and it was resolved at the 76th Ordinary General Meeting of Shareholders, held on December 22, 2022, that the amount of restricted stock should not exceed an annual total of 20 million yen. The number of Directors (excluding Directors who are Audit and Supervisory Committee members) eligible at the time of these Ordinary General Meeting of Shareholders' resolutions was six (including two Outside Directors) and five respectively.

3) Remuneration for Directors who are also Audit and Supervisory Committee members

At the 69th Ordinary General Meeting of Shareholders held on December 17, 2015, it was resolved that the amount of remuneration for Directors who are Audit and Supervisory Committee members should not exceed an annual amount of 40 million yen, and the amount of remuneration is decided within this limit through discussion among the Directors who are Audit and Supervisory Committee members. The number of Directors serving as Audit and Supervisory Committee members eligible at the time of this Ordinary General Meeting of Shareholders' resolution was three.

## [Support System for Outside Directors]

The Company provides Outside Directors with various support including distributing materials for meetings of the Board of Directors and the SV2028 Achievement Committee to them ahead of meetings and reporting the results of onsite visits to them through the Internal Audit Section.

## 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

The Company has established an Audit and Supervisory Committee to strengthen its functions to audit and supervise the Board of Director's execution of its duties and to increase agility and speed in decision making by separating auditing and supervision from business execution. The committee consisted of three Directors (a full-time Outside Director and two part-time Outside Directors) as of the time of preparing this report. These Directors audit and supervise the legality and adequacy of the execution of duties of the Directors who are not members of the Audit and Supervisory Committee. The committee holds a regular monthly meeting, as well as extraordinary meetings as needed. Each member of the Audit and Supervisory Committee follows the policies set by the committee and requests Directors who are not members of the Audit and Supervisory Committee, among others, to provide reports and conduct investigations as needed. They audit and supervise management in cooperation with the Internal Audit Section and the accounting auditor.

The Company's Board of Directors consists of six Directors who are not members of the Audit and Supervisory Committee, including two Outside Directors, and three Directors who are also members of the Audit and Supervisory Committee (Outside Directors). The Board of Directors makes decisions on important matters in Group management. It also audits and supervises business execution. Directors holds a regular monthly meeting, as well as extraordinary meetings in the event of occurrence of a fact that needs urgently addressing. The Company has also adopted an executive officer system. The committee consists of 12 members (including 4 Directors). The SV2028 Achievement Committee meets monthly to share information. Each Executive Officer strives to improve day-to-day operations in their area of responsibility.

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

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

For details of the remuneration of Directors who are not Audit and Supervisory Committee members and Directors who are Audit and Supervisory Committee members, please refer to “II.1. Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” in this report.

The Company entrusts its accounting auditing to Ernst & Young ShinNihon LLC.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company has established an Audit and Supervisory Committee to strengthen its functions to audit and supervise the Board of Director’s execution of its duties and to increase agility and speed in decision making by separating auditing and supervision from business execution. Since decisions on important matters at meetings of the Board of Directors and day-to-day business execution are overseen from an objective and neutral standpoint by Outside Directors who possess extensive insight and knowledge, the Company believes that the management oversight function is sufficiently ensured through the current system.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights Updated

	Supplementary Explanation
Sending the notice to call a General Meeting of Shareholders early	The Company aims to send notices calling a General Meeting of Shareholders 20 days ahead of the meetings.
Avoiding days on which many companies hold shareholders’ meetings	We hold our Ordinary General Meeting of Shareholders in December. We arrange the schedule to facilitate the attendance of many shareholders at the meeting.
Exercise of voting rights by electromagnetic means	It is possible to exercise voting rights via the Internet.
Participating in the electronic voting platform for investors Other initiatives to improve the environment for the exercise of voting rights by institutional investors	Those shareholders that are institutional investors can use the electronic voting platform for investors.
Providing convocation notice (summary) in English	A convocation notice (in English) is posted on our website. <a href="https://sanyo-trading.co.jp/eng/ir/news/">https://sanyo-trading.co.jp/eng/ir/news/</a>

### 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by representative
Creating and publishing the disclosure policy	We post the disclosure policy on the Company’s website.	
Holding regular explanatory meetings for analysts and institutional investors	We hold meetings after the closing of accounts for the first half and the annual closing.	Yes
Posting of IR materials on the website	On the website, we post materials such as accounting summaries, timely disclosure materials, annual securities reports and quarterly reports.	
Establishing the IR department (person in charge)	The Corporate Planning Department (Head of the Corporate Planning Department) is in charge of IR.	



### 3. Status of Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanation
Environmental conservation activities, CSR activities, etc.	We have achieved ISO 14001 certification and consider environmental conservation in our business activities. Registration date: September 2004; renewal date: September 10, 2025; expiration date: September 9, 2028
Formulation of policy, etc. on the provision of information to stakeholders	We believe that providing information to stakeholders appropriately in a timely manner is important, and offer the information on the website and at company information sessions.

## IV. Matters Concerning the Internal Control System

### 1. Basic Views on Internal Control System and Status of Development Updated

The Company has formulated a Basic Policy for Internal Control System as follows and discloses this policy to outside stakeholders such as investors.

#### 1. System to Ensure That the Directors and Employees of the Company and Its Subsidiaries Will Execute Their Duties in Compliance with Laws and Regulations and the Articles of Incorporation

(i) The Company has established Sanyo Trading Group's Code of Conduct Manual a code specifying how the officers and employees of the Company and its subsidiaries should act in accordance with the Group's mission and in compliance with laws and regulations and the Articles of Incorporation. To ensure the effectiveness of the manual, the Board of Directors appoints an officer responsible for compliance. In addition, the Company has established the Compliance Committee under its Compliance Regulations and has built a system where the committee supervises compliance companywide. The committee periodically reports the status of compliance to the Board of Directors. To increase understanding of laws and regulations and internal regulations among the Company's officers and employees, the Company distributes the Sanyo Trading Group Compliance Handbook and also provides a Self-Discipline Checklist for individuals to reflect on their own words and actions, based on the belief that the Company's free and open-minded culture is something that is created through an awareness of self-discipline, in other words, through individuals that act based on high ethical standards, in compliance with laws and regulations and with good sense and responsibility as members of society. In addition, the Company conducts a compliance awareness survey once a year to gain an understanding of levels of compliance awareness and the risk of compliance violations and also earmarks two months of the year as months for strengthening compliance, in an effort to strengthen the internal compliance system through the provision of internal training and departmental discussions on measures to address compliance violations and risks that might lead to violations.

The subsidiaries have a system where they report their situation periodically to the Board of Directors and the divisions in charge and may report their situation regularly by participating in meetings of the SV2028 Achievement Committee or by other means under the Overseas Base and Group Company Management Regulations and the Standards for Decision-Making Authority Related to Overseas Base and Group Company Management. Depending on the matters stipulated by related regulations, the Company secures compliance by making final decision at the headquarters' Board of Directors.

(ii) The Internal Audit Section audits whether the business activities of the Company and its subsidiaries are efficient and comply with laws and regulations, internal regulations and trade practices, among other rules, and reports the audit results to the Board of Directors.

(iii) Regarding whistleblower hotlines for reporting acts that violate laws and regulations or social norms or acts at risk of violating them, the Company's General Affairs Department is the supervising department internally and the Company appoints a third party (lawyer) externally to operate a whistleblower hotline. The Company has established internal regulations to prohibit the unfair treatment of informants and protect them.

(iv) To fulfill our social responsibilities as the Group and work to achieve both a sustainable international community and medium- to long-term corporate growth, we have established the Sustainability Committee. The committee will consider measures to solve social issues including reducing our environmental impact, and will ensure that the measures are taken. We have established a system for deliberating on environmental and social issues and evaluating measures the Group will implement, and the committee regularly reports the status of initiatives to the Board of Directors. In addition, we have positioned health and productivity management and respect for human rights in the S (social) domain. To promote health and productivity management, the Company formulated the Sanyo Trading Health and Productivity Management Declaration and has also considered policies and issues in relation to the health management of employees at meetings of the SV2028 Achievement Committee. In addition, we have established the Sanyo Trading Group Human Rights Policy to ensure we respect human rights and treat all stakeholders, including employees, fairly and equitably in our business activities. Furthermore, as a responsible company that supports and is a signatory to the United Nations Global Compact (UNGC), we have also committed to the Ten Principles in the four areas of responsibility.

#### 2. System for Storage and Management of Information on the Directors of the Company's Execution of Their Duties

The Company has established a system where important documents and electromagnetic records, including Board of Directors' meeting materials and the minutes of the Board of Directors meetings, are stored and managed and can be perused by the Directors as needed under the Document Handling Standards and other internal regulations.

#### 3. Regulations and Systems Related to Management of Risks of Losses at the Company and Its Group Companies

(i) The Company identifies a variety of risks caused by business execution using standards that are consistent as much as possible, and aims to have a comprehensive risk management while ensuring sound management and maximizing shareholder value.

(ii) Under the Risk Management Regulations, the Company clarifies its risk management system, specifying the divisions responsible for different types of risks and managing risks and managing risks exhaustively and comprehensively. The Board of Directors appoints an officer responsible for risk management. The Company has the Risk Management Committee, which monitors various risks attributable to the Company's operations and risks that the Company should avoid for business continuity, and promptly responds to changes. The committee regularly provides to the Board of Directors an overview of risk management, including countermeasures to be taken if risks to be avoided

occur.

(iii) For appropriate authorization and business execution according to business risk, the Company has established an internal consensus-based approval system (ringi system) based on the Administrative Authority Regulations. The Company has established an Investment and Loan Committee that, before discussion at the Board of the Directors, deliberates important investment proposals from the viewpoint of profitability, strategic importance, safety, feasibility, and compliance, evaluates risks associated with investment and financing both qualitatively and quantitatively, and seeks to mitigate or avoid them.

(iv) The Company has established a system where it prepares for losses at its subsidiaries through interviews with the representatives of the subsidiaries, among others, as needed, under the Risk Management Regulations.

#### 4. Systems to Ensure That the Directors of the Company and Its Subsidiaries Will Execute Their Duties Efficiently

(i) The Company has built a system where it sets management targets and formulates management plans for the Group and examines the plans, comparing them and progress towards their achievement. For efficient execution of duties based on decisions made by the Board of Directors, the tasks are assigned to each Director and Executive Officer under internal regulations, including the Organization Rules, Administrative Authority Regulations, and Standards for Decision-Making Authority. The Company seeks to clarify the decision-making rules by reviewing the relevant regulations and developing the delegation of authority system. In addition, the Company seeks to expand the checks and balances system developing a system to ensure that the Directors perform their duties systematically, properly and efficiently.

(ii) Important investment and financing proposals are deliberated in advance by the Investment and Loan Committee so that decisions are made by the Board of Directors based on sufficient discussion. The administrative divisions and other specialist departments that make up this committee carefully examine the terms and conditions that will affect whether the proposal is approved or rejected and submit opinions from their respective specialist viewpoints. The proposing department then considers measures to address any issues in light of the results of deliberations at the Investment and Loan Committee and presents these to the Board of Directors.

(iii) The Company has its subsidiaries formulate management plans in line with the Group's management targets and compares the plans and progress towards their achievement.

#### 5. System to Ensure the Proper Business Operation of the Group Consisting of the Company and Its Subsidiaries

To ensure the proper business operation of the Group, the Company has defined a management mission shared by the Group companies and has formulated the Overseas Base and Group Company Management Regulations, which specify basic rules for the Company and its subsidiaries cooperating for the Group's prosperity and development of overall business operations, and the Standards for Decision-Making Authority Related to Overseas Base and Group Company Management. The Company has appointed supervisors in charge of each subsidiary who supervise the subsidiaries' business and receive reports from the subsidiaries about their operations as necessary.

#### 6. Systems to Ensure Effective Audits by the Audit and Supervisory Committee

(i) Directors and employees who shall assist with the duties of the Audit and Supervisory Committee

The Audit and Supervisory Committee has reported that it will not have any Directors or employees who shall assist the committee with its duties for some time to come.

(ii) Independence of Directors and employees who shall assist with the duties of the Audit and Supervisory Committee

Refer to (i).

(iii) Systems for reporting to the Audit and Supervisory Committee

The Group's Directors and employees submit statutory documents, resolutions and reports at important meetings, and important documents about the Directors who are not members of the Audit and Supervisory Committee on the Directors' execution of their duties to the Audit and Supervisory Committee and report matters that may have significant effects on the Company as necessary. In addition, the Company regularly receives reports from the managers of its subsidiaries and confirms the status of their management in cooperation with the Internal Audit Section and the corporate auditors of the subsidiaries.

(iv) System to ensure that persons who reported to the Audit and Supervisory Committee will not be treated unfairly as a result

The Group has established a whistleblowing system to prevent the unfair treatment of persons who give information to the Audit and Supervisory Committee and protect the informants.

(v) Policy on advance payments and other expenses resulting from the Audit and Supervisory Committee members' execution of their duties

If members of the Audit and Supervisory Committee claim advance payments of expenses for their execution of duties, the Company prepays the expenses unless it decides the expenses are unnecessary for the execution of duties.

(vi) System to ensure effective audits by the Audit and Supervisory Committee

The Audit and Supervisory Committee members participate in the meetings of the Board of Directors and the SV2028 Achievement Committee and other important meetings, and exchange opinions with the President & CEO, accounting auditor and Internal Audit Section as necessary.

## 2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development Updated

### (1) Basic Policy for Exclusion of Antisocial Forces

The Antisocial Forces Handling Regulations of the Company states that "We shall never have relationships with antisocial forces or make payments to them. Company's officers and employees shall not allow any unjustified involvement of antisocial forces and shall be determined to exclude them to adhere to social justice and win the trust.

### (2) Preparation for Excluding Antisocial Forces

The Company has adopted the Sanyo Trading Group's Code of Conduct Manual, Antisocial Forces Check Manual, among other regulations, and communicates its code of conduct for excluding antisocial forces to the entire Group to ensure full compliance.



**V. Other**

**1. Adoption of Anti-Takeover Measures**

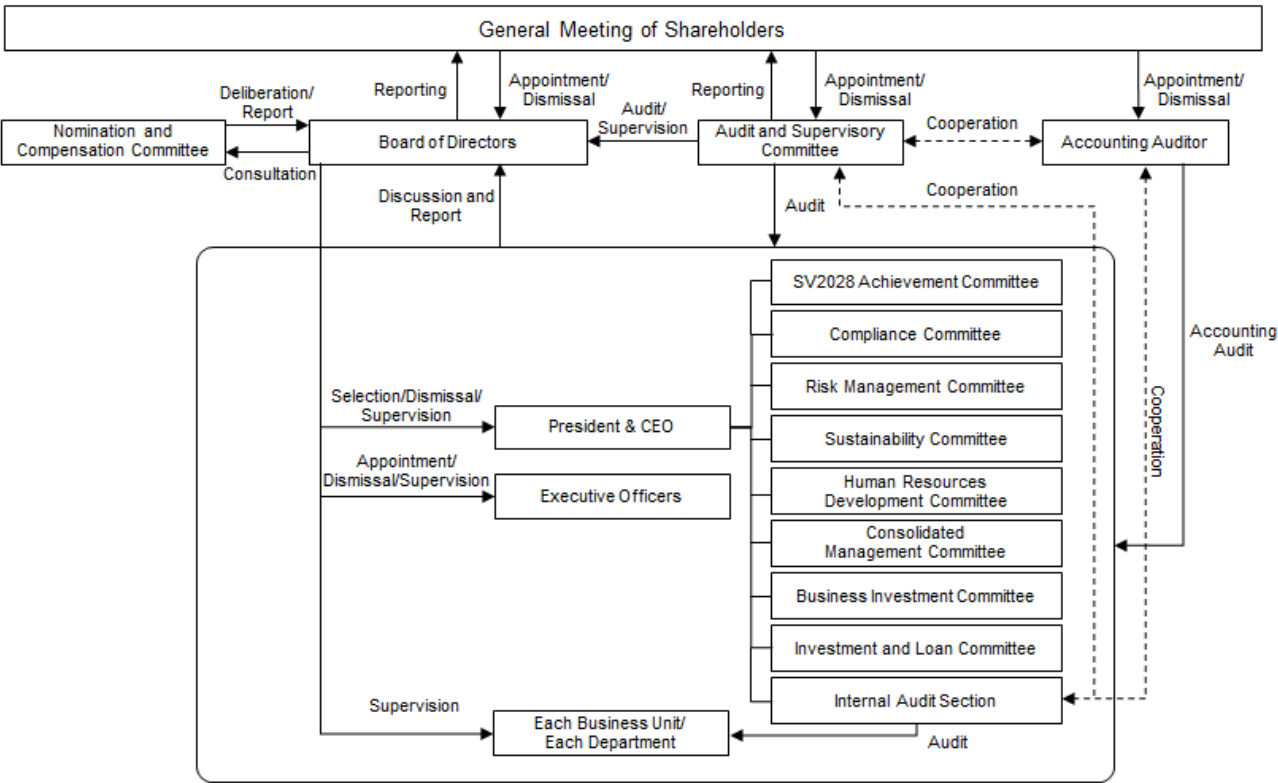
Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation for Applicable Items

**2. Other Matters Concerning the Corporate Governance System** Updated

The corporate governance system of the Company is illustrated in the figure below.

[Corporate Governance System (Diagram)]



[Overview of the Timely Disclosure System (Diagram)]

