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Cover photo:
Students from a nearby elementary school participating
in the harvest of rice grown at the head office



SANGO Group Report
2021



CORPORATE PROFILE

An automotive parts manufacturer supporting the development of all countries and regions

Head office

1-3-1 Mutsuno, Atsuta-ku, Nagoya-shi, Aichi-ken, 456-0023
TEL: 052-882-0035 FAX: 052-882-3562
[ECO35 Contact] TEL: 052-882-3575 FAX: 052-882-3562



Plants



Toyota Technical Center + R&D Center
Established in June 1963
3-1 Konosu-cho, Toyota-shi, Aichi-ken, 471-0836
TEL: 0565-28-3535 (main) FAX: 0565-28-9080



Miyoshi Plant
Established in August 1967
47 Inoguchi, Miyoshi-cho, Miyoshi-shi, Aichi-ken, 470-0224
TEL: 0561-32-3511 (main) FAX: 0561-34-0157



Fukuta Plant
Established in August 1973
1-1 Miyashita, Fukuta-cho, Miyoshi-shi, Aichi-ken, 470-0294
TEL: 0561-34-0035 (main) FAX: 0561-34-1240



Toyohashi Plant
Established in December 1986
3-33 Akemi-cho, Toyohashi-shi, Aichi-ken, 441-8074
TEL: 0532-23-3515 (main) FAX: 0532-23-3519



Yawatayama Plant + R&D Center
Established in May 1990
5-35 Yawatayama, Miyoshi-cho, Miyoshi-shi, Aichi-ken, 470-0224
TEL: 0561-32-3501 (main) FAX: 0561-32-0235



No. 3 Miyoshi Plant
Established in August 2002
63 Ikemori, Miyoshi-cho, Miyoshi-shi, Aichi-ken, 470-0224
TEL: 0561-33-3595 (main) FAX: 0561-33-3594



Inabe Plant
Established in March 2008
1-1 Fujigaoka, Fujiwara-cho, Inabe-shi, Mie-ken, 511-0508
TEL: 0594-46-5135 (main) FAX: 0594-46-3560



Komeno Plant
Established in March 2002
2438-1 Kamiaba, Fujiwara-cho, Inabe-shi, Mie-ken, 511-0502
TEL: 0594-46-8635 (main) FAX: 0594-46-8636

Domestic and Overseas Companies



A Sango Hokkaido Co., Ltd.
Established in February 2007
41-2 Masago-cho, Tomakomai-shi, Hokkaido, 059-1373
TEL: 0144-51-5135



B Sango Kanto Co., Ltd.
Established in November 2008
1100-5 Hanya, Shimotsuma-shi, Ibaraki-ken, 304-0005
TEL: 0296-45-0035



C Sanpuku Co., Ltd.
Established in January 2003
185-8 Koishihara, Oaza, Buzen-shi, Fukuoka-ken, 828-0044
TEL: 0979-84-0735



D Sango Technical Research Institute
Established in April 2014
17-12 Sakurada-cho, Atsuta-ku, Nagoya-shi, Aichi-ken, 456-0004
TEL: 052-884-3531



1 Turkey (STI)
Sango Turkey, Inc. (TUR)
Established in March 2002



2 India (SIAP)
Sango India Automotive Parts Pvt. Ltd. (IND)
Established in December 2012



3 Thailand (STEM)
Sango Thai Engineering & Manufacturing Co., Ltd. (THA)
Established in July 2020



4 Indonesia (SID)
PT. Sango Indonesia (IDN)
Established in April 2012

Outline (as of March 31, 2021)

Company name	Sango Co., Ltd.
Representative	President Kozo Tsunekawa
Head office	1-3-1 Mutsuno, Atsuta-ku, Nagoya-shi, Aichi-ken
Founded	June 1, 1928
Incorporated	June 1, 1950
Capital	608 million yen
Sales	Non-consolidated gross sales: 209.6 billion yen Consolidated gross sales: 420.8 billion yen
Number of employees	Non-consolidated: 2,676 Consolidated: 7,106

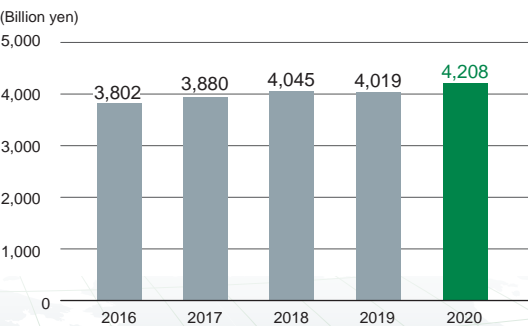
Main Banks

MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Bank of Nagoya, Ltd.

Customers

Toyota Motor Corporation, Hino Motors, Ltd., Daihatsu Motor Co., Ltd., Nissan Motor Co., Ltd., Mitsubishi Motors Corporation, Isuzu Motors, Ltd., Subaru Corporation, Mazda Motor Corporation, (random order)	Toyota Industries Corporation, JTEKT Corporation, KYB Corporation, Toyota Tsusho Corporation, Sumitomo Corporation, Asai Sangyo Co., Ltd., Metal One Corporation, Canox Corporation,
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Sales (Consolidated)

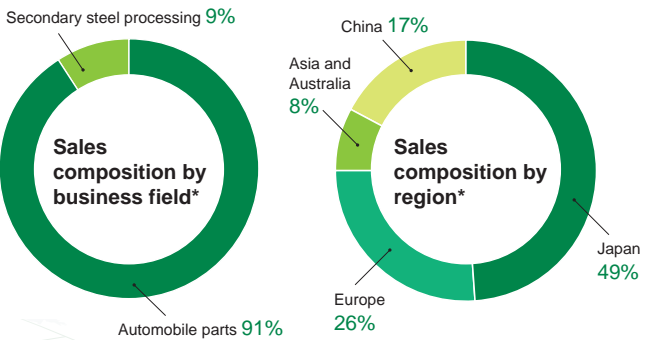


Main products

Mufflers, exhaust systems, exhaust manifolds, vehicle body products, door impact beams, other automotive parts, cold forged products, cold finished steel bars, drawn pipes, carbon steel pipes for mechanical structures, machined / ground steel bar products

History

Jun. 1928	Founded Tsunekawa Ironworks. Began stamping business
Sep. 1934	Began business relationships with Toyoda Automatic Loom Works, Ltd.
Aug. 1937	Began business relationships with Toyota Motor Corporation
Jun. 1950	Incorporated to form Sango Co., Ltd.
Sep. 1950	Established Takakura Plant (former Nagoya Plant, current Head Office)
Mar. 1954	Commenced production of the muffler and exhaust system
May 1962	Established the muffler and exhaust system laboratory at Nagoya Plant
Aug. 1967	Established Miyoshi Plant (plant specializing in cold finished steel bars)
Nov. 1973	Completed the engineering and technical research center at the Toyota Plant
May 1976	Introduced the Toyota Production System in Sango operations
Jan. 1987	Arvin Sango, Inc., a joint venture with Arvin Industries, was founded in the United States (started overseas operations)
Aug. 1994	Built the Technical Center at Yawatayama Plant
Nov. 2008	Completed the Muffler Museum at the head office (formerly ECO35)
Jun. 2015	Built the 2nd Technical Center at Sango's Toyota Technical Center (former Toyota Plant)
May 2016	Built the Guangzhou Sango R&D Center in China
Oct. 2017	Built the ASI Technical Center in the United States



Countries where technical assistance is provided to foreign companies

Mexico	Malaysia	Portugal
Brazil	Indonesia	Spain
Argentina	Taiwan	South Africa
Thailand	UK	
India	Czech Republic	



5 China Guangzhou (GSC)
Guangzhou Sango Automotive Parts Co., Ltd. (CHN) + R&D Center
Established in August 2004



6 China Xiangyang (XSC)
Xiangyang Sango Automotive Parts Co., Ltd. (CHN)
Established in April 2012



7 China Tianjin (TSC)
Tianjin Sango Automotive Parts Co., Ltd. (CHN)
Established in April 2003



8 Canada (ASCI)
Arvin Sango Canada, Inc. (CAN)
Established in June 2011



9 USA (5 plants) (ASI)
Arvin Sango, Inc. (USA) + R&D Center
Established in January 1987



10 Mexico (SAM)
Sango Auto Parts Mexico, S.A. de C.V. (MEX)
Established in December 2014

➤ Exhaust system

[Exhaust manifolds]



Single wall tubular manifolds

Air gap manifolds

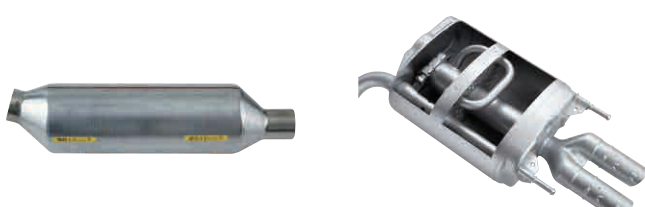
[Emission control devices]



Catalytic converters (spin formed)

Urea SCR system

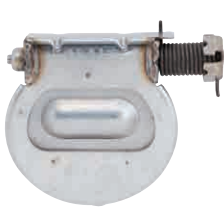
[Mufflers]



Spin-formed sub-mufflers

Dual mode mufflers
(internal valve)

[Exhaust system parts]



Exhaust control valves

[Heat recovery devices]



Heat collectors

➤ Body, chassis



A-pillars



Roof side rails



Floor cross members



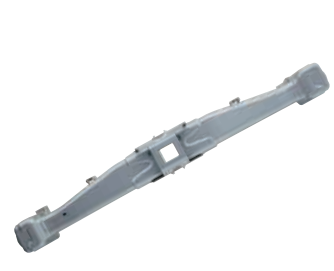
Radiator supports



Front floor reinforcements



Door impact beams



Cross members



Door hinges

➤ Drive system



Reduction gears



Differential intermediate shafts



Propeller shafts

➤ Secondary steel



Cold finished bars



Carbon steel pipes for mechanical
structure purposes



Cold finished bars (drawn)



Steel wire for cold heading and
cold extruding (drawn)



Cold forged products

SANGO products manufactured with cutting-edge processing technologies





Special Feature Thinking about the present and future of Sango

Even as the world changes in infinite ways, we will survive and stay profitable, and we will contribute to the world of manufacturing.

President

Kozo Tsunekawa *Kozo Tsunekawa*

CSR = What is the social responsibility of Sango

As described in our company creed and corporate principles, Sango's mission is to "contribute to society by developing our human resources, manufacturing skills, and environmental policy." COVID-19 has seriously damaged the economy and drastically changed our lifestyle. However, the daily corporate activities that embody our mission remain unchanged as our social responsibility.

One of our FY 2020 management initiatives is to begin a review of the division of duties. Since its founding, Sango has had a family-like bond at its roots, and we should preserve this corporate culture. However, if it is only our family-like atmosphere that takes the lead, this could easily result in such problems as vagueness in where responsibility lies, rampant

improper use of authority, or people working according to their own individual values, which in turn, could lead to a decline in Sango's organizational capabilities.

Therefore, we have decided to review the division of duties for the purpose of sound organizational management, human resource development, improving manufacturing efficiency, and risk management. As president of Sango, the purpose of the management education that I conducted at the beginning was to ask all departments the following question: "The mission of the company is clear. So what is your department's mission?" The first step for Sango to fulfill its social responsibilities is for its employees to clearly recognize his or her own mission and role.

Formulating a mid-term vision as we look to a long-term vision

"Long-term 2030" is a management vision that was formulated in FY 2018, and we made subtle steps forward with it last fiscal year. However, the COVID-19 crisis is causing the majority of companies to struggle with their long-term outlooks. With this in mind, Sango formulated the "Mid-Term Business Plan 2025" that proposes goals to achieve after five years—it has a shorter time axis to allow for course correction in response to changes, and enables a more concrete Long-term 2030, which was relatively abstract.

For the 2025 Mid-term Business Plan, I would like all group companies to know that it is essential to generate profits first and to strengthen the company's business foundation as the premise for all other activities. Keeping an eye towards the near future, let's continue the "Company-wide earnings improvement activities" that we launched in 2020, as we all strive towards our goals together.

[Progress of long-term 2030]

New approaches

- Development of motor shafts, etc. for electrification
- New products that make use of pipe processing technology, such as air-conditioning pipes

Maintaining existing business and building new business growth

- Completion and operation of the SAM Plant in Mexico
- Expansion of sales to new customers

Business reform

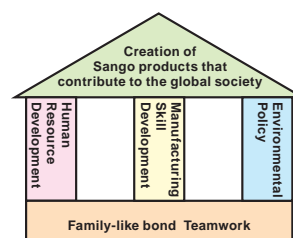
- Based on a newly clarified division of duties, three elements of education: company planning (Hoshin), organizational HR, and profit planning
- Distribution of PCs to plants, web conferencing systems, and improvement of the IT environment for telecommuting, and more

Company Creed

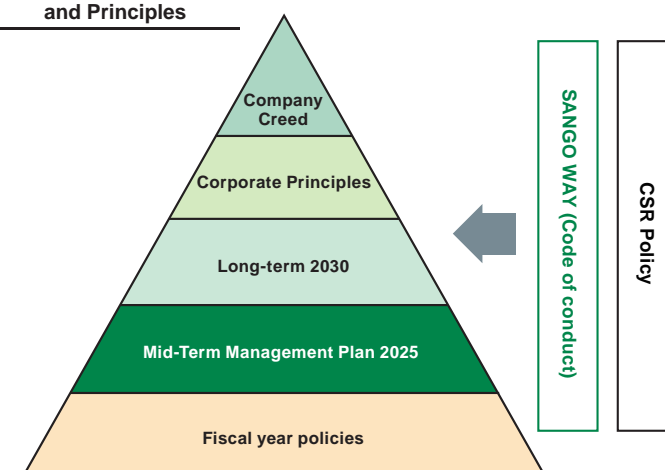
Three intertwined elements of prosperity
Prosperity for our country,
for our company and for ourselves.

Corporate Principles

With a steadfast commitment to the preservation of our family-like bond and teamwork, and the development of our human resources, manufacturing skills, and environmental policy, we shall persevere in our challenge to create Sango products that contribute to the global society.



Hierarchy of Our Policies and Principles



Mid-Term Business Plan 2025

Basic stance

We aim to identify the path and shape of our business for the future (1), contribute to society and the community, and to become a company that enables the employees of Sango to play an active role (5). To this end, while flexibly responding to changes in business conditions, we will build a solid earnings base (3) and manufacturing capabilities ((2) and (4))" to grow into a sustainable company ((1) to (5)).

Management policy / Basic outline (Enhancements for 2025)

- (1) Reform business structure
- (2) Strengthen engineering and R&D capabilities
- (3) Reform the earnings structure
- (4) Promote manufacturing innovations that ensure safety and quality
- (5) Enhance human resource development and workplace capabilities



President
Kozo Tsunekawa

By looking objectively
at Sango's CSR,
we are considering our future and
social raison d'etre.

Professor, Faculty of Law,
Politics and Economics, Chiba University
External director of Sango
Kaoru Shimizu

What does an overview of Sango's CSR reveal?

Shimizu: Sango is a company that is fully implementing CSR initiatives in terms of both quality and quantity. As far as I can see, top management has led the CSR initiatives themselves.

The location of the head office is on the site of an old plant. When it was decided to close the plant, there were proposals to sell the site or build commercial facilities, but President Tsunekawa remained steadfast in his view that, "No, we will build our own facilities that contribute to environmental conservation." No one could have imagined it at the time, but in the 15 years since then, the trees everyone planted have grown thickly to create the "Sango Forest." This wooded area is home to wild ducks and fireflies, and students from local elementary schools come to experience rice planting. Seeing how this land has changed, I can see how this was a practical implementation of CSR.

Tsunekawa: We also asked you to take part in an inspection of our overseas companies.

Shimizu: I remember being impressed when I visited the company in Turkey about eight years ago. After satisfactorily completing a plant tour on a Saturday, the president of Sango Turkey, Inc. then said, "We will meet at 7 a.m. tomorrow." I wondered what was going on. We went to a park

outside of Istanbul, and then all of us gathered acorns. "We plant these around the plant," he said.

In this way, Sango has been working around the world to "plant trees and restore nature," and I think the motivation behind these actions is based on nothing but passion.

Tsunekawa: There's no greater sense of purpose, though.

Shimizu: Employees don't need to be very aware of the moment when they gather seeds and plant trees. They'll see their president working next to them and feel a sense of teamwork. They'll then realize that "This was the purpose the whole time" only after seeing the trees that grow up over time. This is Sango's CSR, as repetition of these activities is passed on vertically through the hierarchy and spreads horizontally as well.

"Hard work with uncertainty on what it will accomplish in the future will benefit someone over the years." It's similar to the essence of "learning," which I teach at university.

Impressive ESG activities in FY 2020

Tsunekawa: The WAY² activities, which won the "gold prize at the QC Circle Championship" had quite an impact.

The Tokai area is the backyard of TOYOTA, so the competition was tough. Winning the gold prize for a first-time entry was an outstanding achievement.

We requested that a QC professional who has been at Sango

Hokkaido for several years, handle QC activities. We had good results when there was a boost in internal awareness.

I think it was a good example of acceleration occurring if there was an overwhelming driving force.

People in the field support the manufacturing of Sango, so I was pleased with the praise regarding the production site.

Shimizu: That is one of the positive results achieved by actual worksite operations. It is often thought that CSR is a different approach from actual worksite operations, but corporate social responsibility is primarily based on the pursuit of profit. To fully carry out CSR is to implement operations to employ

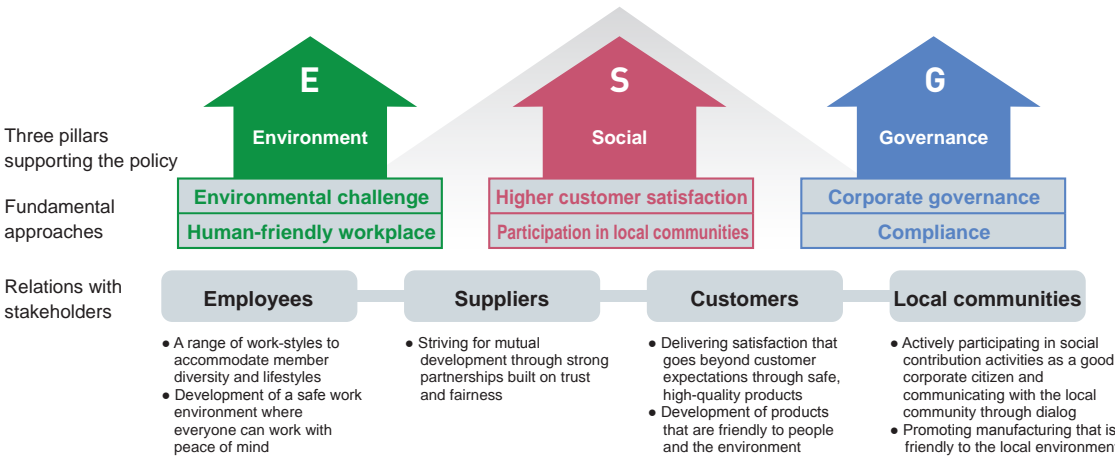
and educate employees with the profits gained from actual worksite operations, and then carry this on to start the next job.

Therefore, there is soundness in the assumption that "compliance and governance are in place, and profits are made by actual worksite operations," and there are also social contribution activities such as tree planting. These could be said to be two important pillars.

Tsunekawa: I see. Eiichi Shibusawa wrote about similar matters in his book "Rongo (Analects of Confucius) and Soroban (abacus)." "Human beings need to refine their character and pursue their profits through capitalism."

CSR Policy

To be a company
that contributes to
society, is trusted,
and grows
sustainably



Major initiatives for FY 2020 based on ESG *Details of each initiative are available on the following pages

E



Tree planting



Best Practice Certification

S



WAY² activities



Certification of Health and
Productivity Management Organization

G



Survey for compliance awareness



Workshop for preventing power harassment

Ideas and experiences obtained from the COVID-19 crisis



Shimizu: In FY 2020, the world is trending toward DX^{*1}, as remote operations have rapidly advanced both at work and in school.

However, there's no need to digitalize everything, although it does make sense not to fear adopting only those things that make life easier. In Sango's case, for example, you could reduce costs if you could provide technical guidance to overseas companies online.

Tsunekawa: Yes, that has been the plan. Since there are significant hurdles to starting on a global scale from the get

go, we would like to start by connecting the head office and the Fukuta plant remotely.

Another challenge triggered by the COVID-19 crisis was mask production at Sango for the first time in our history. It would have cost us billions of yen to buy the appropriate equipment, so in the end, we decided to manufacture masks the Sango way with the equipment we had, which we achieved after some hardship. With the lack of masks in 2020, we distributed 30 masks each to all of our employees. Other companies also asked to purchase some of our masks for their employees. We hope that this valuable experience will be useful in the future of Sango.

The value of being a sustainable company

Tsunekawa: About this time a year ago, our sales declined by approximately 40% together with the decline in domestic vehicle production. It was an unprecedented crisis. At that time, Mr. Shimizu, our external director, said, "President Tsunekawa, Sango is a company with assets." His words helped me a little, because it is my role to protect the interests of our employees. Up until then, I thought it was normal for a company to have assets. As such, it was very valuable once again to receive advice from a person who

was able to view us objectively from outside the company.

Shimizu: Sango is a rare company in that it has no debt and possesses a number of assets. Even throughout the COVID-19 crisis, Sango hasn't had to resort to going to the banks for help. However that's why now, after some of these assets have been depleted during the crisis, they will need to be built up again. It's never easy for companies to survive.

Tsunekawa: For a sustainable society, it is necessary for Sango to survive, isn't it. Even for the SDGs that have been frequently mentioned recently, Sango would like to be constantly aware that its corporate activities contribute to them, and that the daily labor and activities it carries out are

linked to society and the world.

I have made the decision that Sango will contribute to society in an everlasting way as a sustainable company.



In an ever-changing environment,
Sango continues to contribute
as a member of society in a way
that is true to itself.



COMMENT : President Tsunekawa

Change ourselves, change our company.

01 Individual growth

Have a sense of responsibility for the work one has been assigned, and take work quality and improvements a step further, regardless of title or age.

02 Taking on challenges

To have each and every one of us change our mindset and take on challenges for new initiatives to overcome these difficulties, despite the surrounding environment being very harsh.

03 Teamwork

To create a cross-departmental team regardless of hierarchical relationships, and to put systems in place for cooperative work to overcome difficulties. Among these initiatives, to promote communication to unify Sango.

In the automotive industry, the CASE wave has surged ahead, the COVID-19 crisis has occurred on a global scale, and our work environment has changed completely in FY 2020. Now, with everyone having to make changes, "Change ourselves, change our company" is the message I gave to my employees. This is a good opportunity to change both the values we have built and the way we are used to carrying out our duties. Division of duties and earnings improvement activities are also part of this effort. However, even though people understand that they have to change themselves, they back down when those changes will have an impact on their position and work. I want them to overcome this hurdle. "Change" is not a matter of theory, rather it is an "actual change in words and actions." Once a change in behavior takes root, the future of the company will naturally become brighter.

➤ Manufacture of Sango's masks

A project that was launched amid a serious lack of masks.

We achieved in-house mask production of 90,000 units per month. Everything was done from scratch.



Mask with SANGO's logo



Members involved in the project



Sango's own mask production equipment

CSR Activity Report

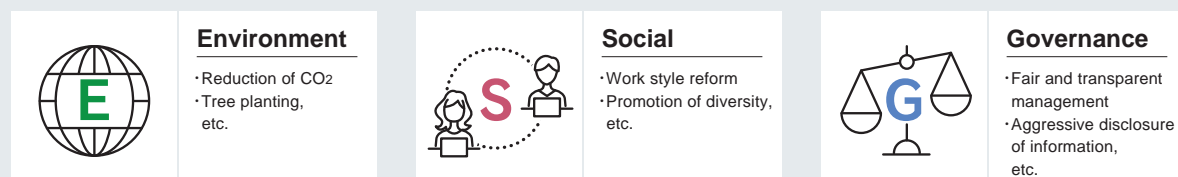


CSR stands for

C : Corporate
S : Social
R : Responsibility

CSR stands for "Corporate Social Responsibility." Companies are members of society, and they are deeply involved with and constantly influencing many people. This includes employees, customers, and local residents, as well as suppliers located domestically and overseas. There is the concept that companies not only pursue profits, but also take responsibility in consideration of their impact on society. The objective of companies engaging in CSR is to gain social trust.

ESG stands for



ESG is an acronym for Environment, Social, and Governance, which are essential for companies to continue to grow sustainably.
This is a term that is relevant to CSR.

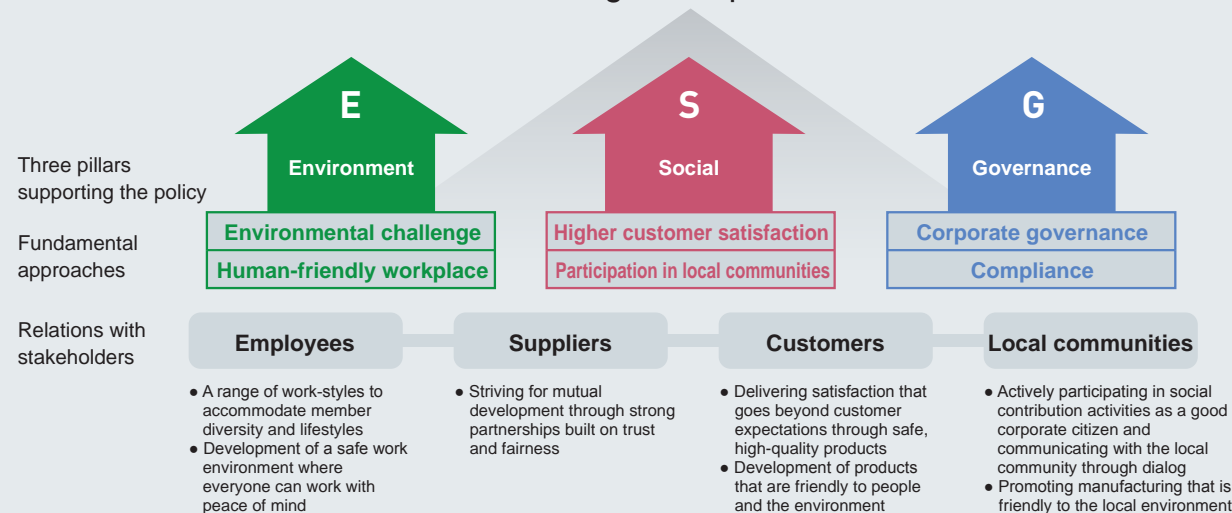
CSR Policy of Sango

Sango aims to make ESG the three pillars supporting its policy, contributing to local society through six initiatives that serve as the basis for the pillars, and becoming a company that is indispensable for society.



To be a company that contributes to society, is trusted, and grows sustainably

Solving social problems



CSR is familiar to all employees of the Sango Group. As part of CSR activities, this report reports on ESG activities.

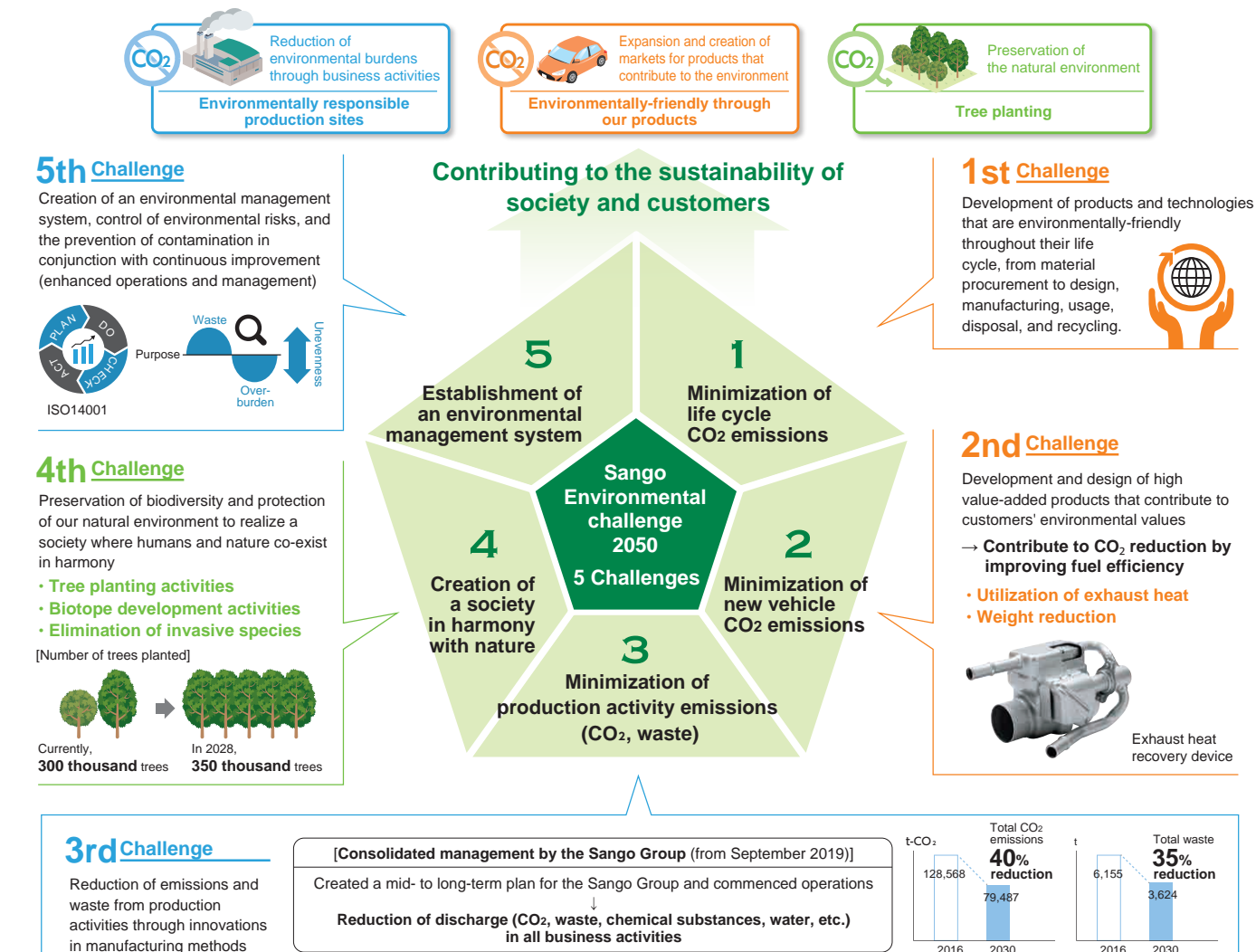


ESG ENVIRONMENT

Approach for environment

Long-term environmental vision: Sango Environmental Challenge 2050

Towards a better global environment in 2050, the Sango Group will strive for a balance in economic growth and preservation of the global environment. For the realization of a sustainable society, the Sango Group will work on 5 challenges aimed at creating 3 areas of value.

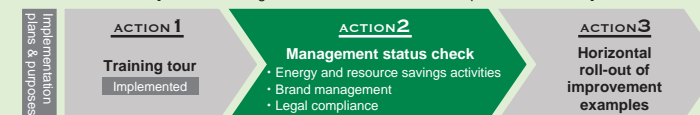


Promoting Sango Environmental Challenge 2050 activities by the entire corporate group

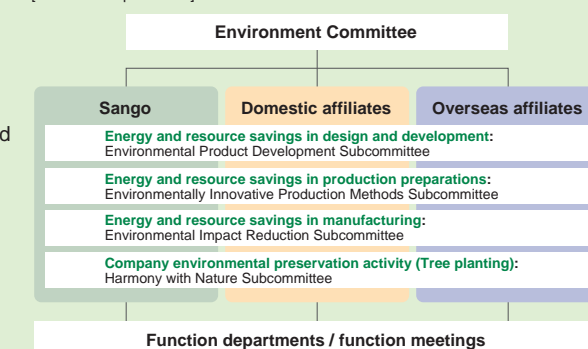
The Sango Group is conducting environmental challenge activities based on the plans below. In FY 2020, as ACTION2, we conducted a voluntary inspection of the environmental management status of the entire corporate group, and confirmed issues at a web conference. In FY 2021, the entire corporate group will share the targets and plans outlined in the "1st Environmental Action Plan (mid- to long-term environmental action plan)" and further promote Groupwide activities. (Creation of a foundation linked to ACTION3 "Horizontal roll-out of improvement examples")

* See pages 13 and 14

[Action to strengthen activities of affiliates in Japan and overseas]



[Structure for promotion]



(See P15 to 16 for the activities of each subcommittee.)



Sango Group Targets in 2022: The 1st Environmental Action Plan (Mid- to Long-Term Environmental Action Plan)

○: Target achieved △: Still some issues, but target expected to be achieved in 2022 ✕: Not achieved

Category	Five challenges for the "2050 Environmental Vision"		Initiative items for business risks and opportunities		Specific implementation matters		Target for FY 2022	Target for FY 2020	Results for FY 2020	Evaluation
Expansion and creation of markets for products that contribute to the environment	1	Challenge towards the minimization of life cycle CO2 emissions	Development of products and technologies that are environmentally-friendly throughout their life cycle, from material procurement to design, manufacturing, usage, disposal, and recycling				Receive the External Environmental Promotion Award	Receive the External Environmental Promotion Award	Gave a presentation at the Final Qualifying Competition for the External Environment Promotion Award	△
	2	Challenge for minimization of new vehicle CO2 emissions	Development and design of high value-added products that contribute to customers' environmental values	Product development that contributes to top-class fuel efficiency	a. Product weight reduction b. Development and mass-production of new products that utilize exhaust heat		Achieve 100% of each development goal Two or more new items	Achieve 100% of each development goal Find one or more new item(s)	With regard to each development target, there are delays in achievement for some items this fiscal year due to changes in the business environment Development will continue towards reestablished targets to recover from the delay	△
				Product development for next-generation vehicles	c. Development and mass-production of thermal management products for next-generation vehicles		One or more new item(s)	One or more new item(s) with the prospect of transitioning to project implementation	Of the items under consideration, one item has the prospect of transitioning to project implementation	○
Reduction of environmental burdens through business activities	3	Challenge for minimization of production activity emissions (CO2, waste)	Reduction of emissions and waste from production activities through innovations in manufacturing methods	(1) Development of innovative low CO2 emission production technology	d. Development of production technology to reduce CO2 emissions of newly introduced equipment [Main reductions] • Process consolidation / reduction • Mfg method change (new processing method) • Improved productivity • Shift to equipment / tooling that is simpler, slimmer, more compact • Optimization (reduction) of weld / processing parameter • Improved operational availability of robots / equipment • Optimization of logistics and layout		Planned CO2 emissions reduction: -40% (compared to benchmark) Note: The target value is the reduction ratio compared to the manufacturing method in the benchmark year (around 2013)	Planned CO2 emissions reduction: -35% (compared to benchmark) Take up reduction item in each product group (business) and achieve: At least 1 item	• Reduction by making equipment simple, slim, and compact : ○ Exhaust systems ⇒ -71.1% (27.5 t) • Reduction achieved by reducing number of processes: ○ Shaft parts ⇒ -75.4% (133 t) • Reduction achieved by increased productivity (autonomation): ○ Cross members (single component) ⇒ -46.7% (10.7 t) * Average for target projects in each product group: -63%	○
				(2) Development for low waste production technologies	e. Development of production technology to reduce waste emissions of newly introduced equipment [Main reductions] • Reduction of processing oil / cleaning fluid • Change from hydraulic cylinder to electric system / reduce hydraulic oil use with a servo-based system • Reduction of waste water in the cation coating line		Planned waste reduction: -30% (compared to benchmark) Note: The target value is the reduction ratio compared to the manufacturing method in the benchmark year (around 2013)	Planned waste reduction: -30% (compared to benchmark) Take up reduction item in each product group (business) and achieve: At least 1 item	• Reduction of sludge and waste fluid by using simplified lubrication: ○ Shaft parts ⇒ -100% (2.1 t) * Revised to achieve a process that does not generate waste	○
				Reduction of CO2 emissions in daily production activities (current mass production lines and infrastructure)	f. Thorough elimination of waste when using energy ▶ Activities to eliminate air leaks ▶ Activities to turn off power to equipment when not in operation		Reduce power consumption to less than 50% during lunch breaks (compared to peak power usage) (2018 benchmark was average of 68%, it was 65% in 2019)	Power consumption during lunch breaks (compared to peak power usage): 58%	Power consumption during lunch breaks (compared to peak power usage): 59% -6% reduction compared to last year	△
					g. Tracking of energy consumption "gentan'i" (basic consumption unit) by process and by product and activities to reduce energy usage		Energy consumption unit (gentan'i) per product group: -5%	Track gentan'i (basic consumption units) and carry out energy consumption reduction activities for new lines	Installation of D/B line in Fukuta Plant	○
					h. Introduction of energy-saving equipment with a high return on investment i. Renewal of old equipment		Always introduce the top of class item	Scheduled equipment renewal: 22 items	Renewed equipment: 14 items	×
				Promotion of the use of renewable energy	j. Study potential expansion of areas introducing renewable energy in accordance with economical efficiency and CO2 reduction effects		Introduce a centralized monitoring system	Collect information on panels and equipment, etc. (Freeze put on solar power generation facility installation)	Collected information at Web exhibitions and manufacturer's briefings	○
				Reduction of waste in daily production activities	k. Introduction of equipment to reduce oil-containing wastewater l. Introduction of hydrochloric acid waste treatment equipment		Oil-containing wastewater: -20% Hydrochloric acid waste: -20% (compared to 2016)	k. Introduction of reduction equipment at Fukuta Plant l. Verification of introduction to Inabe Plant	k. Toyohashi Plant is working on an in-house purification system for hydroforming lubricants and waste fluids l. Began a study of investment reduction due to the long investment recovery period of 10 years	△
				Reduction of water consumption and waste in the production process	m. Study water use reduction activities, taking into account the water conditions in each country and region Promotion of effective utilization of water resources, use of stored rain water, and water conservation		Water consumption: -3% (compared to 2017)	Investigate leaks and promote countermeasures	Investigation of leaks Inabe Plant: -1,000 m³/month Yawatayama Plant: -800 m³/month	○
	Management and reduction of environmentally hazardous substances	n. Strengthening of the management of chemical substances contained in products		No prohibited substances used	No prohibited substances used	No prohibited substances used	○			
	Preservation of the natural environment	4	Challenge for creation of a society in harmony with nature	Preservation of biodiversity and protection of our natural environment to realize a society where humans and nature co-exist in harmony	(1) Forest creation activities aimed at increasing the amount of CO2 absorbed / sequestered (*) (*) Amount of CO2 absorbed / sequestered is a value calculated by the Company's calculation formula, which corresponds to CO2 absorbed by planting trees	o. Support and guidance for the promotion of tree planting at each group company p. Provide cooperation for the "Forest of Life 2020" Initiative q. Study ways to cooperate with government entities in tree planting		• Total number of trees planted: 322,000 • Amount of CO2 absorbed / sequestered: 458 t (total)	• Target number of trees planted for FY 2020: 11,814 trees Target number of trees planted in total: 300,608 trees • Total amount of CO2 absorbed / sequestered: 357 t	• Actual result for number of trees planted in FY 2020: 9,238 trees Actual result for total number of trees planted: 299,284 trees • Total amount of CO2 absorbed / sequestered: 356 t
r. Growing of seedlings for areas affected by the Great East Japan Earthquake					• Total number of shipments: 22,000 seedlings • Amount of CO2 absorbed / sequestered: 23.8 t (total)	• Scheduled number of shipments: 158 seedlings • Amount of CO2 absorbed / sequestered: 0.026 t	• Actual shipments: 158 seedlings • Amount of CO2 absorbed / sequestered: 0.026 t	○		
(2) Conservation of the natural environment through the development of a biotope within the company premises					s. Promotion of conservation of the natural environment through the development of the ECO35 biotope and rice fields t. Promotion of conservation of the natural environment through development of the Yawatayama biotope		Implement the maintenance management plans 100%	Implement the maintenance management plans 100%	Annual activity plan: 100% implemented	○
(3) Environmental conservation activities in cooperation with outside parties					u. Promotion of conservation of the natural environment through participation in activities for the All Toyota Harmony with Nature Working Group Conservation of Yawatayama Plant's biotope ecosystem as Yawatayama strives to be "a plant coexisting in harmony with nature"		Implement plan 100%	Implement plan 100%	Plan implementation 100%	○
Reduction of environmental burdens through business activities	5	Challenge for establishment of an environmental management system	Build a consolidated environmental management system, manage environmental risk, and carry out prevention and continuous kaizen (strengthen operations and management)	Compliance with the environmental laws of different countries and regions and implementation of activities to prevent environmental accidents	v. Periodic check on the status of compliance with environmental laws w. Periodic check on the status of preparations for emergencies x. Development of people who have environmental awareness		Zero (0) abnormalities (problems) or complaints	Zero (0) abnormalities (problems) or complaints	There was 1 abnormality / complaint (It was a minor complaint (within regulation values), and a measures were taken)	×
				Sango Group periodic audit of environmental activities	y. Field study on of environmental activity implementation, sharing of kaizen information, application companywide, and confirmation of effectiveness (check of activities that spans the corporate group plants in Japan and overseas)		Visit each group company once a year Hold global environmental meeting	Visit group companies	Implemented the field survey regarding environmental activities via Web conference (Method changed due to the impact of COVID-19)	○
				Promotion of environmental activities in collaboration with business partners	z. Promotion of green procurement with all suppliers ▶ Requests for establishment and operation of an environmental management system ▶ Management and reduction of environmentally hazardous substances contained in materials and parts		Hold a supplier meeting once a year	Hold a supplier meeting once a year	Distributed documents to suppliers on raising awareness of chemical substance management (Method changed due to the impact of COVID-19)	○
				Proactive disclosure of environmental information and enhancement of communication	aa. Further enhancement of the provision of environmentally related information ▶ Continuing issuance of the SANGO Group Report ▶ Update of the homepage bb. Communication with government offices and local residents		• Issue the group report annually and post it on the homepage • Hold events regarding harmony with nature with government and civic groups	• Issue the group report annually and post it • Hold events three times a year	• Issued in July and posted on the homepage	○
					cc. External evaluations based on active disclosure of information and improvement of the corporate image		CDP Supply Chain Program: Acquire "Rank B" for climate change and water	Acquire "Rank B" for climate change and "Rank B" for water	Acquired "Rank B" for climate change and "Rank B" for water	△



ESG ENVIRONMENT

Energy-saving activity to reduce power usage of equipment on standby

Environmental Impact Reduction Subcommittee

Due to there being day and night shifts, equipment power was always left on except on weekends. Furthermore, power was being consumed and energy lost even when the equipment was in standby mode. Therefore, we took up "activities to switch off power for non-operating equipment." We monitor the status of equipment operations using the internal power monitoring system on an hourly basis, and quickly follow it up with the appropriate department if someone forgets to turn off the power during lunch breaks or after production ends. We compile the number of times power was not switched off for each plant and department and manage accordingly. We have also implemented measures to prevent forgetting to switch off power by using a timer control function, and we have also replaced the transformers for air-conditioning equipment and power substations with more efficient ones. These steady efforts have enabled us to achieve our CO₂ reduction targets in FY 2020.



■ The environmental strategy of our production site was reported in a newspaper article

The Nikkan Kogyo Shimbun reported on our activities to reduce the environmental impact of production sites. The report detailed these initiatives: activities to reduce power consumed by equipment on standby, charging unmanned transport vehicles with the power generated by the force of water falling into the plant cooling tower reservoir, and reusing waste water from a washing process for parts stamped on an 800 ton press. We have also introduced activities to raise environmental awareness by placing posters in the public places that describe the June environmental month, and writing individual workers' names on gloves so they will be used with care until they are worn out.



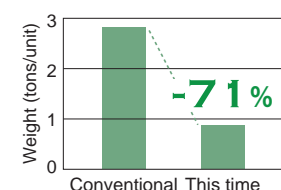
[Introduced by] Erika Kochi

Activities to make equipment simple, slim, and compact

Environment Innovative Production Methods Subcommittee

By simplifying equipment structure and reducing its size, less material, such as steel, is used for components, which leads to reductions in CO₂ emissions, resource depletion and waste throughout the entire supply chain. The newly improved equipment was used in exhaust system assembly and compared with conventional equipment, it was lighter by about 2 tons per unit (a reduction rate of 71%), which also allowed a significant reduction in the number of air cylinders used to operate the equipment.

[Comparison of CO₂ emissions]



Equipment Department
Tsuyoshi Uemae (left)
Jun Watanabe (right)

Development of a power generation system utilizing windmills and other non-automotive sectors

Environment Product Development Subcommittee

To reduce CO₂ emissions through improved fuel efficiency in automobiles, in different product groups such as exhaust systems, exhaust manifolds, and body parts, we have focused our development on weight reduction and the use of exhaust heat. Now we have turned our attention to reducing CO₂ in the non-automotive sector, and we are developing a Darrieus-type wind-powered generator, which was originally developed by members in our 4th Pre-Management program, and we have been installing the generator in our plants. In addition to CAE analysis and manufacturing technology, we are also taking on the challenge of new electronic control technology, as we study this as one technology potentially capable of reducing CO₂.

[CO₂ reduction amount]

0.054 t-CO₂/year

* Equivalent to CO₂ absorption by 3.8 cedar trees



Windmill (installed at Head Office (ECO35))



Kei Inoue,
Technology Strategy Section

STEM creates a biotope

Harmony with Nature Subcommittee

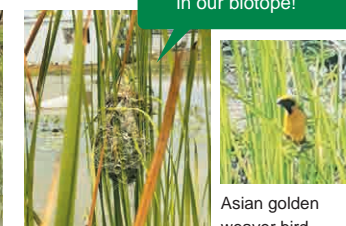
The Harmony with Nature Subcommittee is making progress with creating biotopes as part of the effort to develop production plants coexisting in harmony with nature. On July 1, 2020, STEM was born as a result of the merger of YSP and STA, which were Sango group companies in Thailand. To commemorate the new start, a biotope was created at Banpho plant. We have aimed to link our biotope with the nearby Toyota Motor Thailand (TMT) Ban Pho Plant's forest, to create an environment where birds can fly between them. At the September fish release ceremony, participants released 150 fish which included five different species. In March of the following year, we were able to confirm the nesting of the Asian golden weaver bird, a quasi-endangered species. We feel that the activities have already been a success.



STEM's biotope



Fish release ceremony

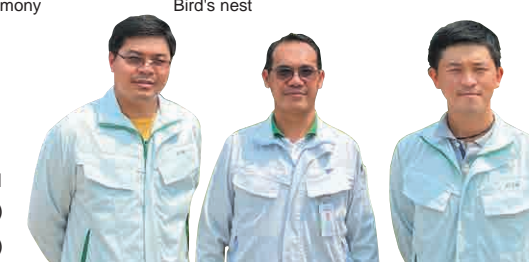


Bird's nest

A wild bird nested in our biotope!



Asian golden weaver bird



STEM

Uthen Intasaneha (left)

Natthakit Charuwatthanakit (middle), Kenji Sakai (right)

Awarded

Sango's forest and biotope are certified as "Aichi-Nagoya Biodiversity Best Practices"

Kaoru Takano, ESG Promotion Section



As excellent initiatives promoting biodiversity, the activities for Sango's forest and the biotope conservation activities have been certified as an example of "Aichi-Nagoya Biodiversity Best Practices". This is the title given to 20 particularly outstanding initiatives in Aichi Prefecture. In addition, two examples of our lanceleaf tickseed elimination activities and the rice planting experience provided to elementary school students were also selected as "Good Practices."

On October 15, an awards ceremony was held at the Aichi Prefectural Assembly Building, where we received a commendation certificate from the Aichi Prefectural Vice Governor and a collection of examples from the Nagoya City Deputy Mayor. "This commendation is the result of the activities carried out by your employees as a whole. I express my sincere gratitude for your hard work." said Vice Governor Aoyama.



Wooden certificate



From the left, Deputy Mayor Ito, Department Manager of Corporate Planning Department Ito, and Vice Governor Aoyama



Sango's forest and biotope (Head Office (ECO35))



Awarded the gold prize at the QC Circle Championship and the Minister of Education, Culture, Sports, Science and Technology Prize for Creativity

The Sango Group has implemented "WAY2 activities" at all workplaces with the aim of revitalizing the workplaces. In FY 2020, the Inabe Plant, Komeno Production Department's Spoma Circle participated in the "6253rd QC Circle Championship" in which the top circles selected from the four districts of Aichi, Shizuoka, Mie, and Gifu competed, and they won the gold prize despite Sango participating for the first time ever. The theme was "An approach for lightening work load in visual inspections.". The new approach replaced the manual lifting of heavy sports mufflers in inspection work by using a device that makes the inspection work easy to carry out. Invention members of the Inabe Plant—Mr. Toru Ogawa and Mr. Yusuke Kobayashi—were also selected for the prestigious Minister of Education, Culture, Sports, Science and Technology Prize for Creativity in the fields of science and technology.



Mr. Yuki Ito and Mr. Yusuke Kobayashi from Inabe Plant



Mr. Yusuke Kobayashi and Mr. Toru Ogawa from Inabe Plant



It is possible for anyone to easily move the heavy products and carry out visual inspection

Making wooden-clad thermos bottles in a training exercise for selected employees (Pre-Management Juku)

Pre-Management Juku conducts a training program for selected employees who are mid-level and section managers, with the aim of developing candidates for future executive positions. FY 2020 was the sixth year for this program. With the goal of fostering personnel who can take on new challenges while responding to the changing times, this program provided participants with an experience outside their normal day-to-day work, as they spent a year working on the theme of "Creating Business based on Product Development", under the direction of a department manager level advisor. Over the course of a year, the students in the sixth term used Sango's core technology to develop stainless steel thermos bottles clad in real wood (WOOD BOTTLE), achieving prototype production and creating a business plan. Through Pre-Management Juku, we will continue to support the development of personnel willing to take on new challenges.



From left
Mr. Hirohisa Ichikawa, Mr. Yusuke Matsunaga,
Mr. Hideyo Shiomi, Mr. Daisaku Kido,
Mr. Masaru Wakugawa, Mr. Yusuke Nabetani,
Ms. Maki Kuribayashi



Sota Sugiura,
Human Resources Development Section

External awards

Sango won the Quality Control Excellence Award from Toyota Motor Corporation (TMC), which is their most prestigious quality control award.

[Major awards we received for technology development and quality control in FY 2020]

- **Sanpuku Co., Ltd. (Fukuoka)**
Quality Excellence Prize from the Kyuikai
- **ASI (USA)**
TMNA TEAM Award
- **STEM (Thailand)**
NPT Nissan Quality Improvement Award
TPCAP Total Service Parts Performances Award
- **SIAP (India)**
TDEM Quality Excellence Award, TKM Quality Award, etc.
- **TSC (Tianjin)**
TFTM Special Contribution Award
- **GSC (Guangzhou)**
Dongfeng Nissan Mass Production Quality Award /
GTE Quality Cooperation Award



Award and trophy received from Toyota Motor Corporation



Certified as an outstanding health & productivity management organization

Sango was certified as a "Health & Productivity Management Outstanding Organization 2021" (large enterprise category). This is an award system of the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi to publicly honor corporations that are engaged in particularly outstanding health & productivity management. Companies who win this award are recognized as a "corporation that is strategically engaged in the health management of employees from a managerial perspective." Based on the statement by President Tsunekawa that "Physical and mental health is the foundation for all activities," we have also begun new initiatives in FY 2020, such as providing opportunities through seminars on exercise, smoking, and women's health. We will continue to actively engage in activities to preserve and improve the health of our employees' minds and bodies.



Exercise seminar (Inabe Plant)



Tetsuya Aoyama,
Safety and Health Promotion Section

Accident prevention activities / Safety education initiatives

At the TPS Promotion Center, risk demonstration training is conducted every four years for all of our employees. However, as time passes, a person's sense of danger regarding risks diminishes and accidents occur. There is a need to experience the risks close by to gain an understanding of the danger and raise awareness. Thus, to prevent accidents, we established a risk-demonstration dojo in each plant, so that risk demonstrations can be carried out once a year. Because of the strong belief that "I am responsible for protecting my subordinates," the supervisor teaches the team leader, and the team leader teaches operators, thereby increasing the safety awareness of the workplace. At present, 31 demonstration machines at the various plants have been used for demonstration training with 1,227 employees. With a high level of safety awareness, the whole workforce is working towards zero-accident workplaces.



Risk-experience dojo



Toyohashi Plant



Yawatayama Plant



Hironao Matsumoto, Safety and Health Promotion Section



With Suppliers

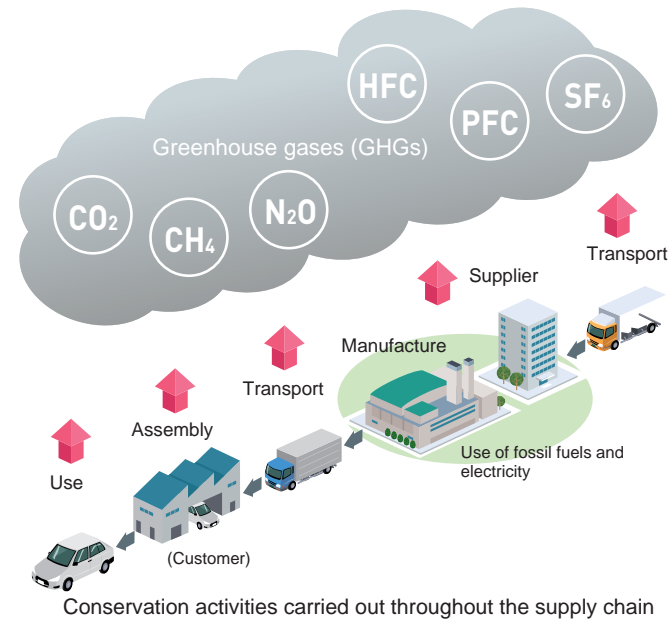
Promotion of the Sango Group Green Purchasing Guidelines

From Sango

The growing severity of environmental issues poses new risks for companies. Since 2018, we have issued the "Sango Group Green Purchasing Guidelines" to promote environmental management with our suppliers, as we actively promote procurement of environmentally friendly parts and materials, and work to improve environmental conservation. We will continue to implement conservation activities throughout the supply chain and continue to promote sustainable environmental conservation activities.

Requests to our suppliers

1. Establishment of an environmental management system
 2. Reduction of greenhouse gases (GHGs)
 3. Reduction of environmental impact on water
 4. Promotion of resource recycling
 5. Control of chemical substances
 6. Creation of a society in harmony with nature
- * "5. Control of chemical substances" is mandatory, and is the most important item.



Joint quality improvement activities with suppliers

From Sango

In order to ensure that Sango delivers 100% quality products to customers, we have engaged in joint quality improvement activities with individual suppliers who are supplying parts to us. Starting every January and continued over the course of the entire year, Sango staff from the Quality Assurance Department and Purchasing Department visit each supplier for the purpose of improving quality. The Sango staff works together with the supplier to create lines and systems that do not generate defects, using a genchi-genbutsu (on-site with actual item) approach from initial kaizen proposals all the way through implementation and confirmation of results. Taking place several times over a month's time, in addition to quality, to address the concerns and struggles faced by suppliers, Sango staff can tailor their advice to the supplier's size and systems, introducing kaizen ideas and using management tools also used by Sango to build systems that enable efficient production of good products.



Defect prevention activity
(Monitoring and kaizen for work requiring special attention or expertise)



Kaizen activity members

Social Contribution Activities

Masks and other supplies donated to medical sites

From Sango

On May 20 and 21, following the spread of COVID-19, Sango donated masks, rubber gloves, and other items to medical sites to help prevent infection by droplets that contain the virus. With the aim of an early end of the spread of COVID-19, Sango is continuing to work with governments and related organizations to maximize its support measures.

Summary of the donations

[Donated to]
Fujita Health University Hospital,
Toyota Kosei Hospital,
Miyoshi Municipal Hospital

[Contents]
50,400 N95 masks
208,000 rubber gloves
1,000 goggles



Masks and rubber gloves donated to medical institutions

10,000 yuan donated to leukemia patients

From GSC

The Nansha government put out a call for donations and GSC immediately donated 10,000 yuan to a child with leukemia in Dagang Zhen (village) in Nansha District, Guangzhou, where the company is located. The child's parents were disabled and could not afford to pay the high medical fees. On November 10, we were invited to a ceremony of gratitude held by the Nansha government, and we all prayed for the early recovery of the child.



Presented a catalog of donations to the Nansha government

Donation of face shields made by STI

From STI

In cooperation with our manufacturing engineering and medical office, and using a 3D printer, we manufactured face shields, which are one of the protective devices required by medical professionals during this difficult pandemic. STI delivered a total of 104 face shields to six hospitals which have been responding to COVID-19. We will continue to provide assistance as necessary.



Letter of appreciation from the hospitals and the 3D printer



Face shield

Donations given to facility for people with physical disabilities

From STEM

In 2020, due to COVID-19, we were unable to carry out our yearly activities including facility repairs for local elementary schools and making volunteer visits for recreation activities. Thus, on January 9, 2021, which is "Children's Day" in Thailand, we donated sweets, stationery, toys, and sports articles to a facility for people with physical disabilities located in the same province as STEM. We have a connection with the facility because we painted the walls five years ago and also made donations last year. We hope that we can carry out recreational activities together once again.



Passing on donations to officials of the facility for people with disabilities

1,000 fruit baskets distributed to employees and people in the region

From ASI

At the end of FY 2020, all employees received fruit baskets to enjoy with their whole family. This was to express our daily gratitude to them. Some fruit baskets were also delivered free of charge to less fortunate families in Madison City.

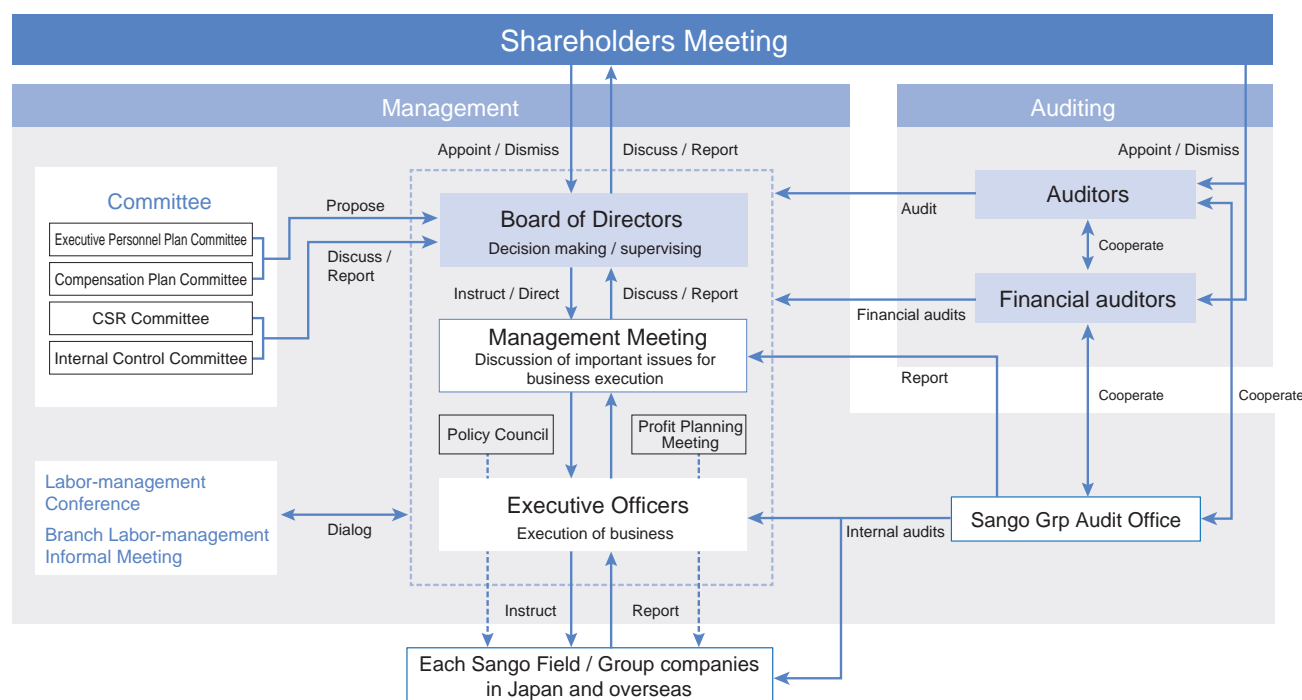


Hand-delivered to each employee by the head of the plant with gratitude



Corporate Governance System

Sango has established the corporate governance system shown below. This system enables us to make transparent and fair decisions quickly, taking into consideration all of our stakeholders, including our employees, shareholders, customers, suppliers, and local communities.



The highest decision-making body in the Sango Group is the Board of Directors, which consists of five directors, including one external director, and it directs and decides on critical issues concerning management and statutory matters. At the same time, to ensure fairness and independence, our auditors, including external auditors, supervise management and audit how directors are executing their duties.

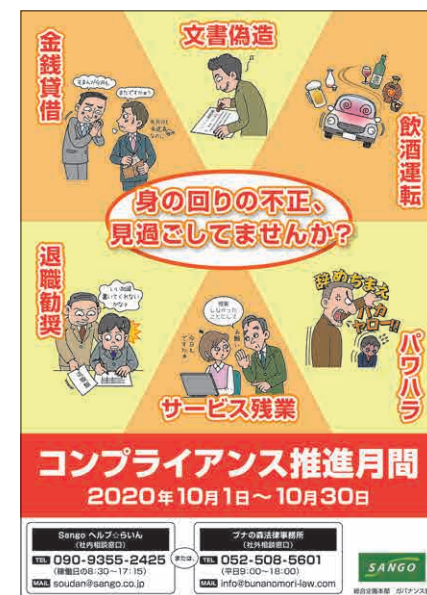
Internal Control Committee

In order for the corporate governance system to make transparent and fair decisions in a quick and decisive manner, and with a basic approach for internal control systems to ensure the propriety of work carried out within the organization, our Internal Control / Governance Committee will implement compliance and risk management initiatives.



Compliance Awareness Activities

Compliance Promotion Month was held again this year in October, and President Tsunekawa sent out the following message: "An important point in carrying out compliance is to communicate well with each other by having thorough discussions. We want employees to share their values within the workplace, and to strive to create a culture of openness and trust in the work environment". For the first time, we are also implementing compliance KYT activities at the manufacturing workplace and distributing a hand-carried Sango☆Helpline User Manual in order to promote compliance awareness among employees. We will continue to promote compliance awareness activities on a continuous and planned basis.



Poster for Compliance Promotion Month

2020年 コンプライアンス推進月間

社長メッセージ



会話を重ねて
相互理解を!
恒川 幸三

一年前のコンプライアンス推進月間で、従業員の皆さんには「一人ひとりが自覚と責任をもって、共にコンプライアンスの実践に注力する」とことをお願いしました。この一年を振り返ってみてどうでしたか。コンプライアンスの実践について真剣に考えた人は気づいているかもしれませんが、不正行為の早期発見もハラスメントの予防も、「良好なコミュニケーションが取れる職場環境」があってこそ、円滑に達成できると言われています。そこで、今年度の推進月間を開催するにあたり、従業員の皆さんに、一つお願いをしたいと思います。

◆ 上司・部下、同僚同士で、言葉を尽くした十分なコミュニケーションを取り、コンプライアンスに対する互いの価値観を共有してほしい。多種多様な価値観が存在する現代において、「どんな価値観の下で行動したのか」、「何が良く何が悪いと思うのか」などは、言葉で表現し合えなければ相手に伝わりません。職場の中で、「どんなことをハラスメントと感じるのか」、「どういったことが起きた場合に報告すべきなのか」などの具体的なコンプライアンスに対する価値観を共有し、コンプライアンスの実践に繋げてください。

会社は、皆さんが価値観を共有するために必要な題材を提供していきます。また、コンプライアンス意識調査の結果など従業員の皆さんの声を聴き取り、コンプライアンス教育や Sango ヘルプ☆らいん 利用方法の周知などの取り組みに反映し、進めていきます。共にコンプライアンスを実現していきましょう!!

Compliance workshop

We believe that workshops are crucial in helping avoid compliance risks, and in FY 2020, we started an introductory workshop for new employees. A workshop started by executive officers to prevent power harassment was expanded to include all professional positions including GLs, section managers, team leaders, project leaders and relief staff. As a result, the scale of the workshop was increased to include more than 600 participants. In the workshop, we effectively used the time available for dialog, asking lecturers (legal advisors) about specific problems. Along with plans to roll this program out to group companies in Japan, we will strive to provide even better versions of it so that employees will feel a more personal connection to compliance and so that it will be a program that can be carried out again and again.



Workshop for preventing power harassment (Miyoshi Plant)

Sango☆Helpline (Internal whistleblowing and consultation)

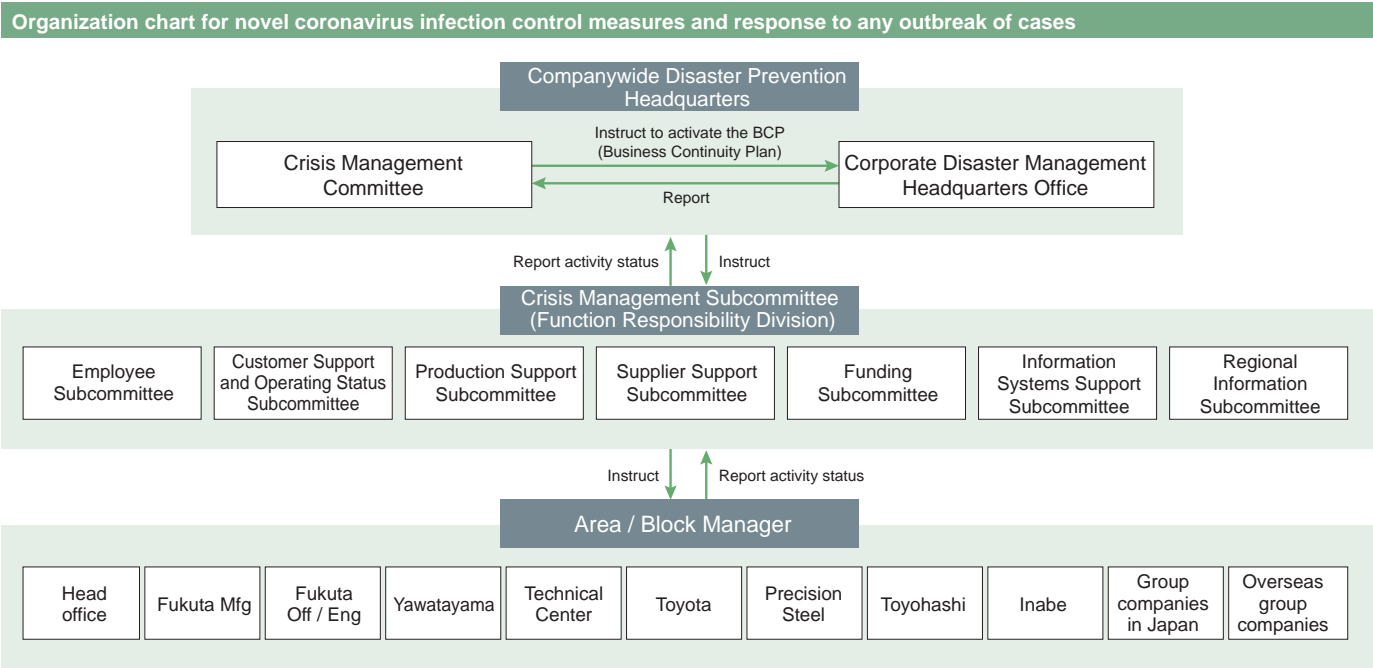
We established this system to prevent compliance violations (fraud) in Sango and group companies in Japan, to quickly detect and resolve them, and to strengthen the compliance system. It can be used by executive officers, employees, temporary employees, and dispatched employees. Compared to the past, new efforts to familiarize employees with the compliance system, such as reporting the number of cases in companywide morning meetings and distributing leaflets, have resulted in an increased number of reports that include specific facts and evidence from employees, and the number of reports leading to an improvement in the compliance system has also increased. While ensuring both the improvement and resolution of problems and the confidentiality of reports, we will continue running this program in an appropriate manner.



Leaflet

Addressing COVID-19 infection

COVID-19, which first occurred in December 2019, spread worldwide in 2020, causing many infections and deaths. We have implemented various measures to prevent infection under the organization shown below. Having now entered FY 2021, fortunately no clusters have occurred at our workplace. Our work methods and lifestyles changed significantly in 2020 and the following is a description of the main activities we have conducted with regard to preventing COVID-19 infection.



Main infection control measures implemented	
Approach	Items implemented
Set rules for use of the cafeteria	<ul style="list-style-type: none">Flexible eating hoursDining room may be used after hand washing and disinfectionSeats facing one direction, not face-to-face as beforeEmployees eat in silence, and leave as soon as the meal is finished
Set up partitions at office desks for protection against infection via airborne droplets	<ul style="list-style-type: none">In each department, a transparent film that does not feel oppressive was manufactured in-house and set up at the front, left and right sides of each desk or table
Video conferencing with customers to prevent infection	<ul style="list-style-type: none">Video conferencing was expanded not only to include customers, but also internal meetings, and tools used by the company such as Zoom, Teams and Skype were introduced
Introduced partitions for protection against infection via airborne droplets at meetings	<ul style="list-style-type: none">If two or more persons are seated at the desk, a portable partition is set up in betweenRoom ventilated by opening the door during meetings
Handed out notices	<ul style="list-style-type: none">Content about refraining from participating in dinner parties, how often to brush teeth, and explanation of the three CsBusiness trips and admission of visitors were restricted (See Note 1)
Health management	<ul style="list-style-type: none">Employees with a temperature of 37.5 degrees or higher were asked to stay homeInternal reporting rules were disseminated for infection of COVID-19 or for high-risk contact with infected people, including family
Set rules for disinfection methods in the workplace where an infected person was present	<ul style="list-style-type: none">"COVID-19 Disinfection Procedure Manual" was created and distributed
Working from home and irregular shifts with early and late attendance to prevent mass infection	<ul style="list-style-type: none">Introduced schedule management table for working from homeCorporate laptop PCs for use at home were registered and security measures were implemented

(Note 1) Responses regarding COVID-19 are comprehensively laid out in the "COVID-19 Response Guide".

We can do it! Sango's first mask production

At the end of April 2020, there were no masks available which caused confusion. President Tsunekawa remarked, "The number of masks we have stockpiled for employees is decreasing. We can't predict what will happen in the future. First of all, let's make masks at Sango to protect our employees and their families." This was the commencement of the mask production project.

We knew nothing about mask production, but we decided to make them anyway.

There were seven working members—four people (from sales, EG, and maintenance) who had to put off an overseas assignment to prevent COVID-19 infection, two experts in electrical and equipment fields, and myself, a member by virtue of a sudden recommendation by my superior to join. "Making masks" was a clear goal, but we started off without knowing anything about the manufacturing process. We had experience working with pipes and steel bars, but making a mask with a non-woven fabric and elastic strap was a different thing. We had countless discussions, designed equipment in-house using hints from YouTube, and built a clean room of our own using other companies as benchmarks. It was an unusual project. We had to gather materials from various places, while studying them at the same time.

The challenge of making this equipment became a valuable experience.

I was in charge of the material supply unit in the equipment manufacturing team. Although we had experience in repairing and improving equipment, we had never designed it ourselves. It was our first experience building equipment from scratch. We had to make a drawing of what we had imagined, but this was very difficult because many things were not clear to me at first. From the moving parts, shape and size of the frame, to individual bolts—I could not understand why some things were necessary, and why the shapes and sizes were



The completed mask production line



[Introduced by]
EG Section,
Miyoshi Administration Department
Masaru Wakugawa

determined as such. But when the project was completed, thanks to everyone's efforts, we learned that everything in our plans was supported by facts. Unlike iron, non-woven fabrics are soft and would not move in the way we wanted them to during adjustment work. It was a big challenge for us to take on different approaches, such as changing the tension of non-woven fabrics or moving the axes of movement—it was all different from metal processing, but the knowledge we gained was also significant. We were excited to be able to produce the equipment we had thought up ourselves, and we were excited to see the equipment actually move! When we were making adjustments, we felt as if we were caring for our beloved child.

I don't think there are many opportunities to take on challenges that are difficult or new in my daily work. But if there is an opportunity to do so, I advise you to take the step forward with courage, rather than avoiding it. The experience will lead to confidence and improve the quality of your work. Let us continue to take on challenges and contribute to the company and to society, revitalizing the Japanese and world economies that have suffered downturns following COVID-19.

Change in training style

In the past, the only way to provide education for different job levels was through group training, but since FY 2020, we have introduced online training with Zoom. Initially, it was part of the COVID-19 infection prevention measures, but it made it possible to participate from other locations such as plants, group companies, and from people's own homes, thereby expanding the opportunities for education. The fact that everyone's faces were visible also reduced the feeling of distance between the lecturer and the trainees, or between the trainees themselves. This made it possible for us to exchange opinions with more people compared to group training. In the future, we will examine the implementation methods according to the objectives of each education program and will provide education that is independent of environmental changes.



Online training scene



[Introduced by]
Human Resources Development Section
Rie Mibu

Approaches by group companies in Japan and overseas

This fiscal year, various projects have progressed at group companies in Japan and overseas.
Three were selected and are introduced here by each key person.



Arvin Sango Inc. **ASI**

RR-CI activities to improve profitability

RR-CI (an abbreviation for "Ryohin (good product), Renka (low price), Cost, Innovation") is an activity in which Toyota Motor Corporation and its parts suppliers work as a team to review components from the design stage. I took a leadership role in RR-CI activities for the Camry together with new project production technology and a cost plan. Through these activities, ASI was able to propose 54 improvement ideas to customers. We plan to horizontally expand similar activities to future projects to increase ASI sales and improve profitability.



The focus of these RR-CI activities was to benchmark current Toyota parts against parts from competitors in North America.



As a part of its activities, ASI members visited China and GSC (Guangzhou Sango, a group company). The goal was to carry out benchmarking in China.



We compared the GSC manufacturing process and the equipment to determine potential improvement opportunities.



Director, R&D Center
Thomas Christen



Sango Hokkaido Co., Ltd.

Taking on challenges in non-automotive fields

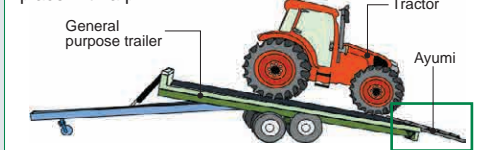
Since 2019, we have been promoting new sales to agricultural machinery manufacturers that are based in the Hokkaido region. We will continue to expand sales in Hokkaido, using the high rust protection and uniform film thickness of 'Cathodic Electrodeposition Coating', which is a coating method rarely used in Hokkaido.

Case study Ayumi, a general purpose trailer truck

From procurement of materials, to welding and cation painting, we have been working on "Ayumi (slope)," a general purpose trailer that is towed by tractors.

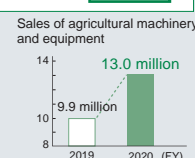
Ayumi

Ayumi is used for loading and unloading tractors and combines. When moving, Ayumi is raised and locked in place with a pin.



Sales in non-automotive fields are growing.

Business Department
Yuki Konagaya



Sango Turkey, Inc. **STI**

Next generation C-HR exhaust system sales activities

To win the exhaust system business for the next generation C-HR, which is the most important project of our major customer Toyota Motor Manufacturing Turkey Inc., we worked jointly with Japan Sango from the design stage. As a result, we were able to achieve this goal and ensure customer satisfaction.



Performing benchmarking activities for parts



Reviewing with peers regarding building methods and cost improvements

Starting from the design stage, we worked together on SE activities to increase our competitiveness!

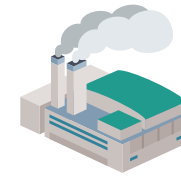
Based on an activity flowchart, we started cost planning activities earlier than previous projects, and progressed with SE activities with a focus on incorporating the SE ideas into the design. This allowed us to complete low-cost designs in cooperation with Japan Sango.

Sales Division Özhan Özdemir



A look at ESG 2020 by numbers

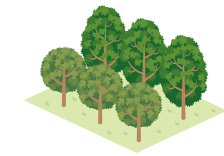
Environment



Total amount of CO₂ discharge
112,558t^{*1}



Total number of trees planted
299,284



Total amount of CO₂ absorbed / sequestered as a result of planting trees
356t

Social



Number of employees
7,121^{*1}



Average age
41.9



Ratio of female employees
7.38%^{*2}



Average number of years at the company
17.6^{*2}



Employment rate of persons with a disability
2.1%^{*2}



Ratio of females in management
0.07%



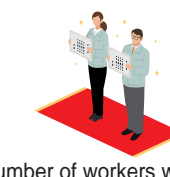
Rate of returning to work after maternity leave
100%^{*2}



Number of training courses
56



Number of educational correspondence courses
160



Number of workers who have acquired a National Trade Skill Test & Certification qualification
277



Rate of taking paid leave
79%



Average overtime work hours
21.2h

Governance



Directors (including 1 external director)
5



Auditors (including 2 external auditors)
3



Number of Board of Directors meetings held
15/year



Attendance rate at Board of Directors meetings
98.6%



Number of cases in internal reporting (Sango☆Helpline)
30/year^{*2}



Number of employees who took security training
1,277/year^{*1}



Number of participants in the workshop for preventing power harassment
798/year

^{*1} Results for Sango Co., Ltd. and consolidated subsidiaries for FY 2020. ^{*2} Results for Sango Co., Ltd. and Sango Corporation for FY 2020.