

We will take further steps to transform ourselves into "Sango the Environmental Company" in pursuit of building a sustainable society, gaining affection and trust from local communities, making our customers smile radiantly, and securing a happier future for our employees.

Pure More.



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SANGO GROUP VISION 2040 Aims and Positioning of the Vision

Introduction

What is VISION 2040?

Clear statement of the Sango Group's vision for 2040, 16 years from now, which it hopes to achieve through its business

Aims of the formulation of VISION 2040

- To show the Group's purpose-driven vision in response to the growing public expectation for companies to perform "purpose management" as drivers of a shared effort toward a sustainable global society
- To overcome the current headwinds against the exhaust business and evolve our business and corporate culture so that they will match the times

Positioning of VISION 2040

Positioning of VISION 2040 in the Sango Group's mid- to long-term strategies

Approaches to formulating mid- to long-term strategies

- Backcasting: Devising strategies through backward consideration from a long-term vision
- **Forecasting**: Forecasting the future and devising strategies from the present

Midterm Management

Plan 2030

The Group will proceed with both backcasting and forecasting approaches.

Forecasting (Forecasting the future and devising strategies from the present)

VISION

2040

Next Midterm

Management Plan ***

2024 (present)

Backcasting (Devising strategies through backward consideration from a future vision)

Guidepost to an aggressive Midterm Management Plan

Future vision for our Group

Pure AIR & More.

As a provider of environmental solutions, we will continue to purify the air and take further steps to transform ourselves into "Sango the Environmental Company," which works for the sake of local communities, customers, and employees in pursuit of building a sustainable society.

Revised Midterm

Management Plan 2025

SANGO GROUP VISION 2040 Our History and Corporate Philosophy

Sango's "DNA" Inherited from Our Predecessors

Our predecessors' aspiration of persevering with challenges has enabled us to solve social issues related to the environment and create value.

Invented an epochal

spinning method

1950s Pioneered the introduction of continuous drawing machines and took on the challenge of producing affordable high-quality cold finished steel bars Took on the challenge of making engine sounds more pleasant by developing silencers and mufflers as solutions to noise issues Founded **Tsunekawa** Iron Works 1950 1970s 1928 Took on the challenge of Established developing and producing Sango Co., catalysts with a purifying Ltd. function in response to exhaust gas 1920s regulations Shifted from manual pipe

1990s

Took on the challenge of providing a solution to the increasing number of fatal traffic accidents

by producing door impact beams. which enhance passenger safety

1980s

Took on the challenge of overseas business expansion in response to the trend toward globalization,

as one of the first Japanese automotive parts manufacturers to do so

2020s

Took on the challenges of addressing the declining working population and contributing to achieving carbon neutrality by commercializing a new architectural piping system (FP35)

2010s

Took on the challenge of developing and producing pressed advanced-highstrength steel products as a solution for carbon neutrality

2000s

Took on the challenge of developing and producing heat collectors, which contribute to improving fuel efficiency (thereby reducing CO₂ emissions), as an action against global warming

bending to mechanical

pipe bending. thereby achieving the mass-production

of bent pipes

Sango Philosophy

Company Creed

Sango Group's elements of prosperity Prosperity for our planet, for our company, and for ourselves

Corporate Principles (Purpose)

To achieve a sustainable society, we aim to be "Sango the Environmental Company," and a "Corporate Group that Cares about People."

- ·Human Resources Development: form international players who carry on the spirit of challenge, action, and tradition
- Manufacturing: create unique products through technical innovation and world-class skills
- •Environmental Creation: work together with local communities so that individuals can live in harmony with the Earth

Company Creed SANGO WAY Corporate Principles CSR Policy Sango Group Code of (Purpose) SDGs Action Policy Conduct **Long-term Vision** Midterm Management Plan **Annual Global Policy Human Resources Development Environmental Manufacturing** Creation

SANGO GROUP VISION 2040 Slogan and Mission

Direction We Should Take under VISION 2040

Slogan

Pure AIR & More.

Our determination embodied in the slogan



Determination to continue to provide the value of pure and clean air as "Sango the Environmental Company"



Determination to provide various forms of new value in addition to pure air

Mission

External Business

Contribute to a safe, secure, and sustainable society as a manufacturer (Monozukuri) and an experience provider*1 (Kotozukuri)

*1: Provider of added value in the form of the experiences that users expect to have through products, instead of being just a designer and manufacturer of the products themselves (e.g., creating more pleasant engine sounds)

Internal Workplace

Provide employees with a workplace where they can find satisfaction and happiness in their work through their own personal growth

Mutual

deepening



Two Business Fields We Focus on

To fulfill our mission, we focus on the mobility solution field and the energy and infrastructure solution fields.



Four Evolutions in Mobility Society



Evolution of environmental value

Age of accelerating carbon pricing and growing public expectation for companies to be committed to protecting the environment Carbon neutrality to be achieved throughout the product lifecycle, from manufacture, through transportation, to use



2

Evolution of energy

Widespread use of energy sources other than gasoline, including hydrogen and electricity

Diversification of energies





Evolution of transportation

Coordination between various modes of mobility, not only public transportation

Expansion of flying cars, drones, and personal mobility devices

Diversification of transportation means





Evolution of social infrastructure

Expansion of air transportation by flying car, drone, etc.

Minimization of road congestion through coordination between various kinds of infrastructures using connected cars and other means Changes in the infrastructural environment



Future Vision for the Mobility Solution Field

Future vision



Implement an omnidirectional strategy that does not cling to the power train



Take on the challenge of developing and manufacturing next-generation mobility products

Our aspirations

- Further broaden our lineup of body and drive system products in line with a multipathway approach
- Explore new possibilities for our exhaust business (including M&A and collaboration)
- Add a greater depth to our existing products so that they are more environmentally friendly and create new products of this kind in anticipation of future regulations
- Create parts and services associated with next-generation mobility
- Promote an integrated process of product creation, from development to processing, including both existing and new materials, and scale it out to a wider range of areas

Two Evolutions in Terms of Energy and Social Infrastructure



Widespread use of renewable energies

Space-based solar power, biomass power, geothermal power, etc.

Large-scale introduction of distributed power generation

Nuclear fusion power generation in practical use

Widespread use of clean energies



Emergence of nextgeneration energies





Utilization of hydrogen or ammonia power generation

Installation of non-contact power supply systems and hydrogen stations

Large-scale works for replacing old infrastructure facilities (roads and water supply and sewerage systems) with new facilities

Hydrogen society to be realized

Sustainable infrastructure networks required



IV - Future Vision for Our Business Fields SANGO GROUP VISION 2040

Future Vision for the Energy and Infrastructure Solution Field

Future vision



Expand our business related to public infrastructure



A

Take on the challenge of exploring the next-generation energy frontier

Our aspirations

- Expand our infrastructure business that helps resolve the issues of deteriorated infrastructure (with increased demand for maintenance and replacement) and labor shortages (e.g., making our products comply with Japan Industrial Standards and other standards)
- Enter business fields related to urban infrastructure and living environments
- Create products associated with next-generation energy (e.g., hydrogen- and smart-city-related products)



Corporate Culture We Aim to Create



Management Foundation That Supports Our Business

Human resources

- Establishing a system for encouraging employees to take on transformative challenges
- Developing professional talent and utilizing external resources
- Achieving diversity and inclusion
- Establishing personnel-related systems

Finance

- Generating cash by enhancing our financial strength and resilience
- Investing in efficient equipment and R&D
- Investing in new businesses

Governance

- Constructing and firmly establishing a group structure
- Establishing a governance system at an equivalent level to that of a listed company
- Raising employee awareness of compliance



Research and development

- Creating technologies that help solve social issues
- Promoting open innovation and co-creation with external parties (abandoning excessive adherence to insourcing)
- Further evolving and deepening our core technologies
- Utilizing intellectual property in our technological strategy

Supply chain

- Establishing a change-resistant system for a stable supply (by adopting BCP measures and increasing our resilience)
- Establishing optimal production and supply systems from a global perspective
- Building a foundation for fairness- and equityoriented environmentally friendly procurement

Manufacturing

- Putting safety and quality first in manufacturing
- Making our plants more resilient to changes
- Utilizing next-generation technologies, such as the Internet of things (IoT) and digital transformation (DX)
- Realizing environmentally friendly zero energy factories (ZEFs)

Corporate culture

Achieving employee well-being, allowing them to feel happy and satisfied through their own personal growth, and increasing employee engagement



Qualitative (Non-financial) Targets



Promote CO₂ emissions reduction to achieve carbon neutrality by 2050



Social

- Increase employee engagement → Instill employees with empathy for the Group's initiative to create corporate value and happiness in contributing thereto
- Ensure diversity in personnel appointments → Proactively appoint women to executive and managerial positions and global talent to important positions
- Make a meaningful contribution to society through business activities and thereby become a company loved by local communities

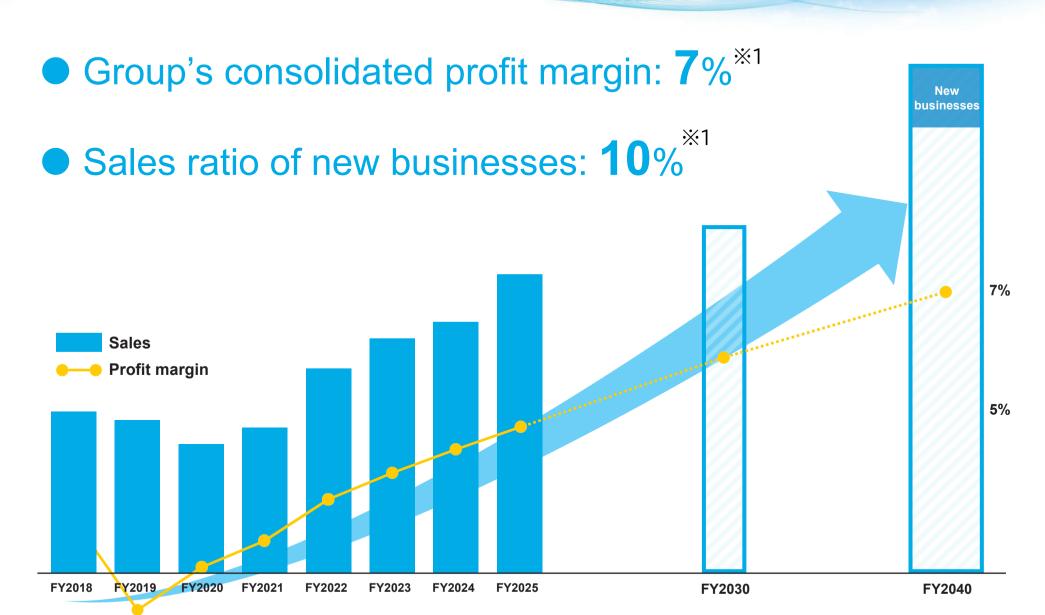


Governance

- Expand global compliance with laws, regulations, and corporate ethics to companies related to us, including those in our supply chain
- Build a sound management governance system (at an equivalent level to that of a listed company)



Quantitative (Financial) Targets



%1:excluding supplied catalysts

Overview of VISION 2040

Slogan

Pure AIR & More.

Mission

Fields

Business

Contribute to a safe, secure, and sustainable society as a manufacturer and an experience provider

Mobility Solution Field

- Implement an omnidirectional strategy that does not cling to the power train
- Take on the challenge of developing and manufacturing next-generation mobility products

Workplace

Provide employees with a workplace where they can find satisfaction and happiness in their work through their own personal growth

Energy and Infrastructure Solution Field

- Expand our business in the construction industry, including the public infrastructure sector
- Take on the challenge of exploring the nextgeneration energy frontier

Management Foundation That Supports Our Business

Future Vision for

Our Business

Toward a cheerful company filled with smiles

Human resources

Finance

Governance

Research and development

Supply chain

Manufacturing

Management Targets

Nonfinancial

- Promote CO₂ emissions reduction to achieve carbon neutrality by 2050
- S Increase employee engagement and ensure diversity in personnel appointments
- G Comply with laws, regulations, and corporate ethics and build a sound management governance system

Financial

Group's consolidated profit margin: 7%

Sales ratio of new businesses: 10% or higher

