**Integrity** is Shinsho Corporation's company motto. We are committed toward securing prosperity for our clients and shareholders through the creation of new values.

Ongoing globalization and diversifying customer needs are rapidly changing the business environment. How do we conduct our business so that products get to customers? How do we make connections between technology and society to create new value? We at Shinsho Corporation have a distinct advantage: as part of the Kobe Steel Group, we view the world from the perspective of a global manufacturer dedicated to high quality production. We create perfect designs that will add value to your business.

1. To build the world of tomorrow as the core trading company of the Kobe Steel Group both in name and reality.
2. To accept challenges of the future, and meet them with flexible solutions that help better society.
3. To obtain complete customer satisfaction by judging wisely and acting promptly.
4. To seek fair action and a reasonable profit, while strictly conducting ourselves in an ethical manner.
5. To utilize our full capabilities to maximize corporate growth and promote a harmonious environment for all individuals and their relations.

**Core Values**

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03 PRESIDENT’S MESSAGE
07 CORPORATE PROFILE
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11 GLOBAL NETWORK

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(Overview, Business Strategy, Topics, Global Operating Locations, Products, Main Customers, Main Suppliers)
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(Overview, Business Strategy, Topics, Global Operating Locations, Products, Main Customers, Main Suppliers)
35 CHINA, TAIWAN AND KOREA
37 SOUTHEAST ASIA AND AUSTRALIA
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41 INDIA, UNITED ARAB EMIRATES AND GERMANY
43 JAPAN

45 ESG REPORT
(Corporate Governance, Compliance, Environmental Policy, Security Trade Control System, Credit Control, Oversea Training Programs, CSR Activities)
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Corporate Philosophy

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(Company Governance, Compliance, Environmental Policy, Security Trade Control System, Credit Control, Oversea Training Programs, CSR Activities)
Aiming for new growth founded on an inherited legacy

Shinsho was established in 1946 as the trading arm for Kobe Steel products, and in 2016 we celebrated our 70th anniversary. All through this time we have worked with Kobe Steel Group companies to satisfy clients’ expectations and broaden our business base. Shinsho is now looking towards new growth opportunities, building on the legacy inherited from our predecessors and re-examining our role as a trading company in the manufacturing sector. A particular characteristic of the company is our spirited determination to play our part in support of manufacturing in the Kobe Steel Group. Each and every employee takes pride in the extent of his or her knowledge of Kobe Steel Group business, which in turn generates the drive to move into more diversified fields. We want our clients to appreciate that a trading house’s contribution is indispensable. Fulfilling our role as the trading arm for manufacturing business is quite simply Shinsho’s mission.

Pressing ahead to global-scale business

To accomplish our 2020 management vision to become a global trading firm central to the Kobe Steel Group, Shinsho has identified three strategies to promote our business activities: accelerating global business, strengthening trading company functions, and reinforcing our management base. Shinsho has been working actively to expand our presence overseas to pioneer global business expansion for the Kobe Steel Group. Gaining information on possible new business ventures may involve some risk, but I believe it’s part of our role to be a step ahead of manufacturing firms. Moving forward, responding to changing times and market requirements, we have seen our global business accelerate. One recent example is the full start-up of a manufacturing and sales company in Mexico, Kobelco CH Wire MEXicana, S.A. de C.V., that produces steel wire for cold heading. Since Mexico has strong ties with the US markets and manufacturing bases, this will allow us to meet demand for materials from carmakers in a timely fashion. At Kobelco Precision Parts (Suzhou) Co., Ltd., a processing base in China for aluminum used for the vacuum chambers of LCD production equipment, we are adding more facilities to strengthen processing functions as we build our readiness to meet high demand from the IT equipment field.

Since 2017, our global strategy has reached beyond business expansion in North America/Mexico and China, to encompass demands for infrastructure in the newly developing ASEAN region and India. We aim to boost business dealings while bringing synergy benefits to companies in the Shinsho Group. And we are looking at investment and loan programs needed in the various sectors for future implementation.
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Enhancing links across the Group and creating a stronger business presence

While pursuing our three overall strategies Shinsho will bolster our links with other companies in the Kobe Steel Group and strive for greater presence in the Group.

Shinsho projects in the iron and steel sector include supplying billets and strengthening sales support for KobeSteel Micron Steel Co., Ltd., a Kobe Steel company in Thailand undertaking wire rod rolling work.

In the iron and steel raw materials sector, we have been working to function effectively as the Kobe Steel Group’s core trading arm in prime raw material supply for Kobe Steel. In the nonferrous sector, we are strengthening downstream logistics and processing functions for KobeSteel Automotive Aluminium Rolled Products (China) Co., Ltd., a Kobe Steel company that makes sheet aluminum for automotive use, for a better response to the considerable demand for aluminum processed products.

In the machinery and IT sector, we plan to tighten cooperation with Kobe Steel in sharing roles promoting industrial machinery businesses. For high-tech products, I hope that clarifying responsibility will lead to more business. And for general-use compressors and rotary equipment, we plan to work closely with Sintionia Technology and other Kobe Steel Group companies to expand business.

In the welding sector we aim to make closer links with SC Welding and KobeSteel Welding Solutions and grow our markets in Japan and overseas.

In these changing times, serving a global community, so much more will be expected from trading houses. In conjunction with the Kobe Steel Group, Shinsho will focus on developing proposal-type business further, to deliver greater value to our many clients.
Strengthening our management base to implement viable strategies

With regard to strengthening trading company functions, we plan to expand our business operations style of working while strengthening our proposal-style business. During the 2016 financial year, production got underway at Pertama Ferroalloys SDN BHD, a ferrous alloy manufacturing plant in Malaysia for which we provided funding.

Within Japan, we have made several mergers and acquisitions. In the iron and steel sector we acquired MORIMOTO KOSAN Co., Ltd., a firm that processes and wholesales steel sheet products. After making these two companies wholly owned subsidiaries, in July 2019 they were merged to create a single entity, under the new name of Shinsho Metals Corporation. In the welding sector, SC Welding Corporation, a firm trading in welding materials and equipment, was acquired from Kobe Steel to become a Group company.

To implement wide-ranging policies a solid management base is essential. In Shinsho we have upgraded our systems for employing and training staff so that we will be better able to handle global business. Under our overseas training program, all employees must spend time working outside Japan within their first ten years in the company. Getting this valuable experience while they are young has a significant effect later of upgrading their skills and boosting their motivation. And for the growing numbers of nationals of other countries, training is provided in Japan that gives opportunities to deepen their understanding of the parent organization. To run effective management, it’s vital to build more efficient links between the network hubs in countries all over the world and our headquarters in Japan. Network hubs in the various regions are the frontline of Shinsho’s business, but adaptation to different regulatory systems and business styles is needed to boost efficiency. It is the job of head office to provide back-up, and I’m instigating measures to upgrade head office management functions.

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As the core trading company for the Kobe Steel Group, Shinsho Corporation operates five divisions: Iron & Steel, Ferrous Raw Materials, Nonferrous Metals, Machinery & Electronics, and Welding. We are dedicated to being a business partner that supports high-quality manufacturing.

**Company Information**

<table>
<thead>
<tr>
<th>Name</th>
<th>Shinsho Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established</td>
<td>November 12, 1946</td>
</tr>
<tr>
<td>Paid-in Capital</td>
<td>¥5,650.28 million</td>
</tr>
<tr>
<td>President and CEO</td>
<td>Takafumi Morichi</td>
</tr>
<tr>
<td>Head Offices</td>
<td>Osaka, Yodobashi Square, 6-18, Kihama 2-Chome, Chuo-ku, Osaka 541-8557, Japan (Tokyo) Museum Tower Kobeishi, 7-2 Kyobashi 1-Chome, Chuo-ku, Tokyo</td>
</tr>
<tr>
<td>Employees</td>
<td>1,604 (Consolidated), 466 (Non-Consolidated)</td>
</tr>
<tr>
<td>Average Age of Employees</td>
<td>39 years 1 months</td>
</tr>
<tr>
<td>Offices</td>
<td>Head Office 2, Branch Office 3, Branch 6, Office 3, Overseas Office 4</td>
</tr>
<tr>
<td>Consolidated Subsidiaries</td>
<td>38</td>
</tr>
</tbody>
</table>

**Organization**

- Board of Directors
- President and CEO
- Management Committee
- Corporate Planning
- Personnel Department
- Audit Department
- General Affairs Department
- Credit & Legal Department
- Finance Department
- Audit & Supervisory Board
- Audit & Supervisory Board Member

**Segment Sales**

- **Component Distribution**
  - Iron & Steel: 36.2%
  - Machinery & Electronics: 28.9%
  - Nonferrous Metals: 23.8%
  - Ferrous Raw Materials: 6.6%

**Business Lines**

- **Iron & Steel**
  - Ferrous Raw Materials
  - Nonferrous Metals
  - Machinery & Electronics
  - Welding

**Key Facts**

- **Total Sales**
  - 952,507 million yen (Turnover for year to March 2019)

**Major Financial Institutions of the Borrowed Money**

- Mizuho Bank, Ltd.
- Sumitomo Mitsui Banking Corporation.
- MUFG Bank, Ltd.
- MUFG Mizuho Bank, Ltd.

**Certified Public Accountants**

- KPMG AZSA LLC

**Listing of Shares**

- Tokyo Stock Exchange (1st Section)

**Shinsho Corporation**

Because of our close connection to manufacturing, Shinsho has the unique ability to offer manufacturing proposals to customers. Using our integrated strength as the core trading company of the Kobe Steel Group, we contribute to the business growth of our customers and to the creation of a prosperous society.

**GROUP SYNERGY**

Realizing an Effective Supply Chain Covering All Phases of Business

**Customer Fields**

- Automobiles
- Ships
- Iron & Steel
- Nonferrous metals
- Construction
- Machine tools
- Electronic components
- Semiconductors
- Home appliances
- Precision machinery
- Wharf engineering
- Foundry
- Power & Pulp
- Electrical power
- Aeronautics and space

**SHINSHO CORPORATION**

With expertise and an ability to make proposals based on our manufacturing perspective, we provide customers with guidance for business growth.

**SPECIALTY**

- Supporting customers worldwide with a thorough understanding of high-quality manufacturing
- Providing a comprehensive support system that includes marketing, sales, and service

**MARKETING**

- Tailored solutions that include after service
- Taking advantage of our strengths as a manufacturer-affiliated trading company

**GLOBALIZATION**

- Sharing customer needs using our global network
- Enhancing specialized knowledge through personal experiences

**MANAGEMENT**

- A global supply chain that provides products of uniform high quality everywhere in the world
- A thorough commitment to risk management
- A business model oriented toward operations
- Nurturing human resources who can effectively conduct global business
As the core trading company for the Kobe Steel Group, Shinsho Corporation operates five divisions: Iron & Steel, Ferrous Raw Materials, Nonferrous Metals, Machinery & Electronics, and Welding. We are dedicated to being a business partner that supports high-quality manufacturing.

### Corporate Profile

**Name** | Shinsho Corporation  
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**Established** | November 12, 1946  
**Paid-in Capital** | ¥5,865.28 million  
**President and CEO** | Takafumi Morichi  
**Head Offices** | Osaka Yodoyabashi Square, 6-18, Kitahama 2-Chome, Chuo-ku, Osaka 541-8557, Japan (Tokyo) Museum Tower Kyobashi, 7-2 Kyobashi 1-Chome, Chuo-ku, Tokyo  
**Employees** | (Consolidated) 1,604 (Non-Consolidated) 466  
**Average Age of Employees** | 39 years 1 months  
**Offices** | Head Office 2, Branch Office 3, Branch 6, Office 3, Overseas Office 4  
**Consolidated Subsidiaries** | 38  
**Equity Method Affiliated Companies** | 15  
**Net Sales** | 952,507 million yen (Turnover for year to March 2019)  
**Fiscal Year** | From April 1 to March 31 of the following year  
**Main Business Lines** | Import/export and trading of products such as iron and steel, raw materials, nonferrous metals, machinery, information industry and welding  
**Major Financial Institutions of the Borrowed Money** | Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corp., MUFG Bank, Ltd.  
**Certified Public Accountants** | KPMG AZSA LLC  
**Listed on Shares** | Tokyo Stock Exchange (1st Section)

### Organization

- **Board of Directors**  
- **President and CEO**  
- **Management Committee**  
  - **Corporate Planning**  
  - **Personnel Department**  
  - **Audit Department**  
  - **General Affairs Department**  
  - **Credit & Legal Department**  
  - **Finance Department**

### Segment Sales

**Segment Component Distribution (FY2019)**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Sales (unit: millions of yen)</th>
<th>Sales (unit: millions of yen) as a ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron &amp; Steel</td>
<td>296,519</td>
<td>36.2%</td>
</tr>
<tr>
<td>Ferrous Raw Materials</td>
<td>104,519</td>
<td>12.6%</td>
</tr>
<tr>
<td>Nonferrous Metals</td>
<td>242,519</td>
<td>28.9%</td>
</tr>
<tr>
<td>Machinery &amp; Electronics</td>
<td>194,819</td>
<td>23.8%</td>
</tr>
<tr>
<td>Welding</td>
<td>66,923</td>
<td>8.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>952,507</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

We maintain close contact with our customers to get an accurate picture of their needs. Then, taking advantage of our strengths as a manufacturer-affiliated trading company, we provide tailored solutions that include after service.

### Group Synergy

Because of our close connection to manufacturing, Shinsho has the unique ability to offer manufacturing proposals to customers. Using our integrated strength as the core trading company of the Kobe Steel Group, we contribute to the business growth of our customers and to the creation of a prosperous society.

**Realizing an Effective Supply Chain Covering All Phases of Business**

**Customer Fields**

- Automobiles  
- Ships  
- Iron & steel  
- Nonferrous metals  
- Construction  
- Machine tools  
- Electronic components  
- Semiconductors  
- Home appliances  
- Precision machinery  
- Plant engineering  
- Food  
- Pharma & P&L  
- Electrical power  
- Aeronautics and space  
- Oil and chemicals  

**Shinsho Corporation**

**SPECIALITY**

With expertise and an ability to make proposals based on a manufacturing perspective, we provide customers with guidance for business growth.

**MARKETING**

Taking advantage of our physical presence in operating centers around the world, we help customers discover latent needs and create new business opportunities.

**GLOBALIZATION**

Using our global network, we develop business projects that are tailored to specific countries and regions.

**MANAGEMENT**

We maintain close contact with our customers to get an accurate picture of their needs. Then, taking advantage of our strengths as a manufacturer-affiliated trading company, we provide tailored solutions that include after service.

**Distinctive Products and Technologies**

- Iron & Steel  
- Welding  
- Aluminum & Copper  
- Machinery  
- Engineering  
- Construction  
- Machinery  
- Electric Power  
- Other Businesses
Shinsho Corporation's history goes back to November 1946 with the founding of its precursor company Taihei Corporation. Established to handle Kobe Steel products, Taihei was Japan's first postwar trading company exclusively affiliated with a manufacturer. At this time, many Japanese manufacturers had lost their production facilities in World War II, and distribution functions were paralyzed. Company founders passionately believed that trading companies exclusively affiliated with manufacturers would provide crucial support to the manufacturing sector, and strive to supply the market with high-quality products. This spirit of high-quality manufacturing has been transmitted for more than 70 years.

Today, Shinsho Corporation remains committed to the cause of high-quality manufacturing and, in partnership with Kobe Steel and the Kobe Steel Group, pursues business opportunities by proposing projects to client companies. In today's quickly changing world, new demand must be discovered and developed. Never forgetting the aspirations of our founders, Shinsho will continue to develop as a trusted corporation that contributes to the wellbeing of society.

The Shinsho Corporation is listed in one in Tokyo.

**HISTORY**

- **Japan**
  - **November 1946**
    - Taihei Corporation founded in Kihachome, Osaka, capitalized at 2.5 million yen. Tokyo Branch (now Tokyo Head Office) also opened.
  - **January 1947**
    - Tokyo Branch (now Tokyo Head Office) opened.
  - **June 1950**
    - Company name changed to Shinsho Corporation.
  - **September 1950**
    - Shinsho Corporation shares selected as a margin trading issue.
  - **April 1951**
    - Kakogawa Office (now Kakogawa Branch) opened.
  - **April 1954**
    - Fukuoka Office (now Fukuoka Branch) opened.
  - **October 1954**
    - Gunma Office opened.
  - **March 1955**
    - Toyama Office (now Hokuriku Branch) opened.
  - **May 1955**
    - Fukusuka Office (now Kyushu Branch) opened.
  - **March 1956**
    - Sandai Office (now Tohoku Branch) opened.
  - **May 1955**
    - Kita Office (now Chugoku Branch) opened.
  - **April 1957**
    - Operational rights to Sanwa Sangyo Co., Ltd. acquired. July 1957
    - Sapporo Office (now Sapporo Branch) opened.
  - **October 1958**
    - Yuasa Corporation acquired.
  - **June 1959**
    - Company name changed to Shinsho Corporation.
  - **July 1960**
    - Toyama Office (now Hokuriku Branch) opened.
  - **May 1955**
    - Fukuoka Office (now Kyushu Branch) opened.
  - **March 1956**
    - Toyama Office (now Hokuriku Branch) opened.
  - **May 1955**
    - Kita Office (now Chugoku Branch) opened.
  - **April 1957**
    - Operational rights to Sanwa Sangyo Co., Ltd. acquired.
  - **July 1957**
    - Sapporo Office (now Sapporo Branch) opened.
  - **October 1958**
    - Yuasa Corporation acquired.

- **March 1970**
  - Acquired a 50% stake in Asia Chemical Engineering Co., Ltd.
  - **September 1970**
    - Shinsho Corporation shares selected as a margin trading issue.
  - **April 1972**
    - Kikugawa Office (now Kikugawa Branch) opened.
  - **April 1974**
    - Kumamoto Office opened.
  - **October 1975**
    - Capitalization increased to 3,930 million yen.
  - **June 1977**
    - System of two head offices adopted, one in Osaka and one in Tokyo. April 1979
    - Gifu Office opened.

- **April 1980**
  - Tokuyama Office opened.
  - **July 1982**
    - Shinsho Metal Processing Corp. (now Shinsho Non-Ferrous Metals Corp.) established.
  - **January 1985**
    - Shinsho Metal Products Corporation (now Shinsho Steel Products Corporation) established.
  - **February 1987**
    - Kobe Branch Office opened.
  - **September 1987**
    - Shinsho (Malaysia) Sdn. Bhd. established.
  - **May 1989**
    - The Bescop Ltd. established.

- **February 1990**
  - Shinsho Shoji Singapore Pte. Ltd. established.
  - **November 1990**
    - Taiwan Shinsho Corporation established.
  - **November 1996**
    - Shinsho Australia Pty. Ltd. (now Kobelco Trading Australia Pty Ltd) established.
  - **April 1998**
    - Shanghai Shinsho Trading Co., Ltd. established.
  - **September 1998**
    - Shinsho Business Support Co. Ltd. established.

- **October 2000**
  - Certified as compliant with ISO 14001 environmental management criteria.
  - **November 2001**
    - Shinsho Meltech Wire, Inc. acquired.
  - **January 2002**
    - Grand Blanco Processing, L.L.C. acquired.
  - **January 2005**
    - Shinsho Korea Co., Ltd. established.
  - **August 2005**
    - Shinsho Philippines Corporation established.
  - **January 2006**
    - Capitalization increased to $5,650 million yen. June 2006
    - Saito Shinko-Shoji Material Co., Ltd. established.

- **February 2006**
  - Shinsho Trading (Shanghai) Co., Ltd. established.

- **October 2010**
  - Certified as compliant with ISO 14001 environmental management criteria.
  - **November 2001**
    - Shinsho Meltech Wire, Inc. acquired.
  - **January 2002**
    - Grand Blanco Processing, L.L.C. acquired.
  - **January 2005**
    - Shinsho Korea Co., Ltd. established.
  - **August 2005**
    - Shinsho Philippines Corporation established.
  - **January 2006**
    - Capitalization increased to $5,650 million yen. June 2006
    - Saito Shinko-Shoji Material Co., Ltd. established.

- **October 2010**
  - Middle Eastern Representative Office opened.
  - **April 2010**
    - Kobelco Precision Parts (Guthoz Co., Ltd.) established.
  - **March 2011**
    - Kobelco Trading India Private Limited established.
  - **May 2011**
    - P.T. Kobelco Trading Indonesia established.
  - **June 2011**
    - Kobelco Trading Vietnam Co., Ltd. established.
  - **December 2011**
    - Matubo Corporation acquired.
  - **January 2012**
    - Kobelco Plate Processing India Private Limited established.
  - **January 2013**
    - Shinsho Osaka Seiko (Nantan) Corporation established.
  - **September 2013**
    - Shinsho Europe GmbH established.

- **July 2014**
  - Kobelco Tsutsunaka Trading Co., Ltd. acquired as subsidiary.
  - **May 2015**
    - MC Tech de Mexico, S.A. de C.V. established.
  - **July 2015**
    - KTN Co., Ltd acquired as subsidiary.
  - **September 2014**
    - Kobelco CH Wire Mexico, S.A. de C.V. established.

- **January 2016**
  - Shinsho Meihoku Wire, Inc. acquired as subsidiary.
  - **May 2016**
    - Sydney Office & Brisbane Office opened.
  - **April 2017**
    - MORMOTO KOSAN Co., Ltd. acquired as subsidiary.
  - **July 2019**
    - Merged Nakayama Corporation and Kobelco Tsutsunaka Trading Co., Ltd. and changed company name to Shinsho Metals Corporation.

- **January 2016**
  - Shinsho Meihoku Wire, Inc. acquired as subsidiary.
  - **May 2016**
    - Sydney Office & Brisbane Office opened.
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  - **July 2019**
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Shinsho Corporation's history goes back to November 1946 with the founding of its precursor company Taihei Corporation. Established to handle Kobe Steel products, Taihei was Japan's first postwar trading company exclusively affiliated with a manufacturer. At this time, many Japanese manufacturers had lost their production facilities in World War II, and distribution functions were paralyzed. Company founders passionately believed that trading companies exclusively affiliated with manufacturers would provide crucial support to the manufacturing sector, and strive to supply the market with high-quality products. This spirit of high-quality manufacturing has been transmitted for more than 70 years. Today, Shinsho Corporation remains committed to the cause of high-quality manufacturing and, in partnership with Kobe Steel and the Kobe Steel Group, pursues business opportunities by proposing projects to client companies. In today's quickly changing world, new demand must be discovered and developed. Never forgetting the aspirations of our founders, Shinsho will continue to develop as a trusted corporation that contributes to the wellbeing of society.

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<th>Year</th>
<th>Event</th>
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<td>1946</td>
<td>Taihei Corporation founded in Kishamata, Osaka, capitalized at 2.5 million yen. Tokyo Branch (now Tokyo Head Office) also opened.</td>
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<td>1947</td>
<td>Taihei gave birth to Taihei Corporation.</td>
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<td>1948</td>
<td>Yuasa Corporation acquired.</td>
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**GLOBAL NETWORK**

As of July, 2019
The world market continues to change from day to day, with diversifying needs. We at Shinsho Corporation conduct global business operations that are tailored to local customer needs throughout the world.
Our Global Network Enables Us to Lead the Way

Shinsho’s Iron & Steel Division utilizes the Kobe Steel Group’s global network to satisfy customer requirements in all phases of their business, from overseas start-ups to stable product supply. We offer not only localized market information but also the kind of technical and production expertise that only a trading company affiliated with a manufacturer can provide. By tapping into the vast and varied sources of the Kobe Steel Group, we can supply the ideal products to meet diverse customer needs.

Active Expansion into Fields and Regions of Growth

Mexico is of growing importance as a manufacturing base for exports to the US market. With numbers of auto parts makers expected to move in, we have set up a local enterprise for import/export of steel products. This allows faster access to local information, which feeds into a support structure for clients. To further expand business opportunities we have also set up a plant for secondary processing of wire rod. Similarly, we have opened a new factory in the suburbs of Chennai, India that processes steel plate used to manufacture boilers. Infrastructure is being built at a rapid pace in India, and this has increased demand for construction machinery. Our new plant will enable us to reliably supply construction machinery manufacturers with high-quality steel plate at a reasonable cost.

Taking advantage of technical expertise and information that only a trading company closely affiliated with a manufacturer can provide, we help our client companies pursue their businesses in fields and regions that promise future growth.

Providing Support for Overseas Business Development Right from the Start

One of Shinsho’s greatest strengths resides in the unique characteristics of products manufactured by Kobe Steel, which are backed by a wide array of purchasing sources through which we can reliably supply the steel products our customers need anywhere in the world. We are currently establishing joint ventures in North and Central America, China and Southeast Asia so that we can supply Japanese-owned automakers and auto parts manufacturers operating abroad with products of the same high quality as those bought in Japan.

One of our most important missions is to support client companies as they set up their own business operations abroad. We provide parts makers and other companies who are looking to expand abroad with information we’ve gathered from our own overseas operating bases as well as from other members of the Kobe Steel Group, with whom we maintain close ties. In this way we become a true partner in our customers’ enterprises by advising them about siting and plant construction and providing them with information about the purchase of equipment and furnishings.

Accelerating Overseas Business Growth While Satisfying Japanese Domestic Demand

Our Strategy
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Kobelco Plate Processing India Private Limited
In September 2014 Kobe Steel México S.A. de C.V. was set up in Mexico’s Santa Fe industrial zone as a joint venture for the manufacture and sales of cold heading (CH) wire. The plant was formally opened and began operations in October 2016, moving to mass production.

With vehicle production in Mexico expected to see steady growth, and more Japanese automakers moving in, there is anticipated demand for a local supply of CH wire. The new company is manufacturing CH wire for automotive fasteners, cold-forged parts, and other applications, and will largely supply Japanese-owned auto parts manufacturers in Mexico.

More than 20 million vehicles are now sold in China annually, making it the largest automotive market in the world. Against this background, Shinsho has established two joint ventures in Nantong, China that manufacture automotive parts. Ondo Shinsho Precision Technology Corporation primarily manufactures and sells parts used in automotive differential gear units. The forgings, special steel round bar, and cut-processed materials used to make those parts are supplied by Shinsho Osaka Seiko (Nantong) Corporation.

Because automotive demand is also expected to rise in Thailand and Indonesia, Shinsho is establishing other joint ventures in those countries that will quickly serve the needs of Japanese automakers and related companies who are expanding operations there.
Main Products Handled by the Iron & Steel Division

### Wire Rods and Bars
KOBELCO wire rod and bars are used in the automobile industry and other fields. Working with secondary processors, Shinsho provides customers with a reliable supply of high value-added wire rod and bar products.

| Wire Rods and Bars | KOBELCO yields pipes, rods, and bars with high mechanical properties and excellent elongation, made through direct casting, continuous-casting, and other methods.
|--------------------|--------------------------------------------------------
| Half-finished Steel Plates | Known for its superb processability and weldability, KOBELCO plate products are used in various industries, including construction, shipbuilding, and automotive.

### Steel Plates
KOBELCO steel plates provide the foundation for a wide range of industries.

| Steel Plates | KOBELCO steel plates are used in various fields, including power generation, oil and gas, petrochemical, and consumer products.
|---------------|---------------------------------------------------------------------

### Steel Sheets
KOBELCO steel sheets are used in various fields, including power generation, oil and gas, petrochemical, and consumer products.

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### Steel Powders
We provide a steady supply of various KOBELCO steel alloys powders, which are highly regarded overseas as material for manufacturing and other industries.

| Steel Powders | KOBELCO steel powders are used in various fields, including power generation, oil and gas, petrochemical, and consumer products.
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### Wire Rods
KOBELCO steel wire rods, bars in coil, steel plates, hot rolled steel strip, cold rolled steel strip, surface seamless steel sheets, cold rolled steel sheets, steel pipes, round reinforcement bars, deformed bars, Seamless tubes, steel wire ropes, spring wires, stainless steel wires, annealed steel wires, nuts, bolts, washers, plated steel bolts, screws, blinds, nuts, bolts, binding wire, cold forged products.

### Titanium
Applications for Titanium are expanding in many fields. KOBELCO Titanium is the front-runner in developingTitanium for commercial use. Shinsho supplies KOBELCO Titanium to provide a wide variety of material needs.

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Meeting Customer Needs While Expanding Markets and Operations

Although the Ferrous Raw Materials Division has grown alongside Japanese steelmakers, the market has changed dramatically in recent years. Japanese manufacturers are increasingly shifting their production facilities abroad, and new steelmakers are starting up overseas, further increasing the scale of the industry. To meet customer needs, Shinsho must serve the international market. Therefore, the Ferrous Raw Materials Division is expanding its bases of operation in such locations as Australia, the U.S., China and Singapore to accommodate localized demand, while building systems to ensure our customers have a stable supply.

Moving forward, we will make unified efforts together with our suppliers, working to create demand and provide a reliable supply of materials by expanding the scope of our operations. Adopting a long-term perspective that looks five to ten years ahead, we provide the support our customers need to expand their business by analyzing market trends using massive amounts of high-quality information.

Earning Customer Trust Through Reliable Product Supply

The Ferrous Raw Materials Division indirectly supports economic growth in Japan and throughout the world by supplying the iron ore and coal needed to operate blast furnaces, and the iron scrap needed for electric furnaces.

Slag is one of the byproducts of the steelmaking process. It can be combined with recycled waste plastic and other materials to make RPF (Refuse Paper and Plastic Fuel) that can be used as a coal replacement. We expect the market for RPF to grow as the world tries to conserve limited fossil fuels and reduce CO₂ emissions.

The strength of the Ferrous Raw Materials Division lies in its physical presence in many locations around the world. While maintaining close ties with purchasing departments within Kobe Steel’s Iron & Steel Business as well as iron and steel manufacturing departments, we often visit production sites to get a first-hand view of what is needed. Seeking out materials that are ideally suited to our clients, we ensure them a stable supply through appropriate, fine-tuned service that earns their trust.

OUR STRATEGY

We Supply the Energy That Moves Society

The Ferrous Raw Materials Division handles a wide range of resources needed by society and provides our customers with business support. We supply the coal and iron ore that go into blast furnaces and iron slag that is melted in electric furnaces. Keeping the environment in mind, we also focus on recycling slag, waste plastic, and other materials to make RPF (Refuse Paper and Plastic Fuel) that can be burned instead of coal.

Using Our Physical Presence in Locations Throughout the World to Help Guide Client Businesses

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The strength of the Ferrous Raw Materials Division lies in its physical presence in many locations around the world. While maintaining close ties with purchasing departments within Kobe Steel’s Iron & Steel Business as well as iron and steel manufacturing departments, we often visit production sites to get a first-hand view of what is needed. Seeking out materials that are ideally suited to our clients, we ensure them a stable supply through appropriate, fine-tuned service that earns their trust.
Meeting Customer Needs While Expanding Markets and Operations

Although the Ferrous Raw Materials Division has grown alongside Japanese steelmakers, the market has changed dramatically in recent years. Japanese manufacturers are increasingly shifting their production facilities abroad, and new steelmakers are starting up overseas, further increasing the scale of the industry. To meet customer needs, Shinsho must serve the international market. Therefore, the Ferrous Raw Materials Division is expanding its bases of operation in such locations as Australia, the U.S., China and Singapore to accommodate localized demand, while building systems to ensure our customers have a stable supply.

Moving forward, we will make unified efforts together with our suppliers, working to create demand and provide a reliable supply of materials by expanding the scope of our operations. Adopting a long-term perspective that looks five to ten years ahead, we provide the support our customers need to expand their business by analyzing market trends using massive amounts of high-quality information.

Earning Customer Trust Through Reliable Product Supply

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Using Our Physical Presence in Locations Throughout the World to Help Guide Client Businesses

The Ferrous Raw Materials Division handles a wide range of resources needed by society and provides our customers with business support. We supply the coal and iron ore that go into blast furnaces and iron slag that is melted in electric furnaces. Keeping the environment in mind, we also focus on recycling slag, waste plastic, and other materials to make RPF (Refuse Paper and Plastic Fuel) that can be burned instead of coal.

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**TOPICS 1**

Investment in the Moranbah North Coal Mine in Australia

Coal is an indispensable material for the production of iron and steel, which is a mainstay of Japan. In 1996, the Ferrous Raw Materials Division became a joint venture partner in the Moranbah North Coal Mine Project in Australia, from which it provides a steady supply of coking coal to Japan and other major steel-producing countries throughout the world. While accurately grasping the raw material needs of Kobe Steel and working in partnership with that company, the Division will continue to seek out other investment opportunities in the field of ferrous raw materials.

**TOPICS 2**

Further Expansion of Environmental Business Aimed at Realizing a Recycling Society

We are expanding our environmental business in the ferrous raw material field to help realize a society that's based on recycling. One way we do this is by selling iron scrap from demolition sites to steelmakers who use electric furnaces. Recognizing this use of cold steel resources as a growth field, we are currently expanding operations by engaging in bilateral trading between Japan and ASEAN countries such as Vietnam and Indonesia. We are also expanding our recycling business by handling RPF (Refuse Paper and Plastic Fuel), which can be burned instead of coal in the steelmaking process, as well as the slag that's a byproduct of the steelmaking process, which can be used as a constituent in cement.

**Global Operating Locations**

- Overseas representative office
- Overseas subsidiary

**Main Products Handled by the Ferrous Raw Materials Division**

- **Ferrous Raw Materials**
  - Shinko supplies Kobe Steel with a reliable supply of iron ore, coking coal, limestone and other materials used in the steelmaking process.

- **Slag**
  - Working in cooperation with Kobe Steel, Shinko provides a reliable supply of slag in Japan and around the world.

- **Titanium Materials**
  - Shinko supplies titanium sponge and scrap as a resource for such applications as the aerospace industry and water desalination plants.

- **Coke Breeze**
  - Coke breeze consists of small portions of coke that are a byproduct of the coke-making process. Shinko supplies it to steelmakers who use electric furnaces as well as to alloy steel manufacturers.

**Materials for Making Iron and Steel**

- Coal, iron ore, coke, pig iron for steelmaking, non-ferrous metals (aluminum, tin, lead, copper, zinc), steel scrap, metallic and nonmetallic materials, blast furnace dust, dolomite, alloy scrap, zinc, molybdenum, refractories, mill scale products, other auxiliary materials.

**Main Customers**

1. Kobe Steel, Ltd.
2. NSKK Denko Co., Ltd.
3. NKK Steel Ltd.
4. Osaka Special Steel Co., Ltd.
5. Osaka Steel Co., Ltd.
6. Kobe Steel, Ltd.
7. Nippon Steel & Sumitomo Metal Co., Ltd.
8. Kanto Steel Ltd.
9. Kobe Corporation
10. Viet Nam Huy Steel JSC

**Main Suppliers**

1. Kobe Steel Ltd.
2. NKK Denko Co., Ltd.
3. Sumitomo Osaka Cement Co., Ltd.
4. Osaka Steel Co., Ltd.
5. Kanto Steel Ltd.
6. Nippon Steel & Sumitomo Metal Co., Ltd.
7. Kobe Corporation
8. Viet Nam Huy Steel JSC

**Main Products Supplied**

- Steel scrap, pig iron, coke, coal, iron ore, limestone, dolomite, titanium sponge, coke breeze, slag products, secondary cement products, iron sand, plastic, chernil products, titanium sponge, other materials, other ferrous materials.
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Materials for Making Iron and Steel
- Coal, iron ore, coke, pig iron for steelmaking, hot-gated iron, iron scrap, steel scrap, dust from iron-making furnaces, and limestone, dolomite, alloy scrap, coke breeze, refractories, titanium sponge, iron scrap, and other auxiliary materials.

Main Customers

- Kobe Steel, Ltd.
- Nippon Denko Co., Ltd.
- Hitachi Steel Ltd.
- Osaka Special Steel Co., Ltd.
- Nipponkoa Intersteel Co., Ltd.
- Nippon Paper Lumber Co., Ltd.
- Osaka Steel Co., Ltd.
- Nippon Steel Co., Ltd.
- Kobe Steel, Ltd.
- Kanto Steel Ltd.
- Kobe Corporation

Main Suppliers

- Kobe Steel, Ltd.
- Nippon Denko Co., Ltd.
- Shinsho Slag Co., Ltd.
- Glencore Coal Sales Pty Ltd.
- Nihonka Mining Co., Ltd.
- Sunoltono Osaka Cement Co., Ltd.
- Taijo Co., Ltd.
- Sumitomo Osaka Cement Co., Ltd.
- Osaka Special Alloy Co., Ltd.
- Osaka Titanium Technologies Co., Ltd.
- Kobe Steel, Ltd.
- Nippon Denko Co., Ltd.
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Our Strategy Lies in Our Technical Expertise as a Member of the Kobe Steel Group

We at Shinsho fully understand the technical characteristics of the value-added aluminum and copper products we sell. Taking advantage of the technical resources we enjoy as a member of the Kobe Steel Group, we can go the extra mile to ensure that our customers get exactly what they need. Our processing facilities located in various locations throughout the world handle not just KOBELCO products but materials produced by other manufacturers in Japan and abroad. We are familiar with the characteristics of materials made by many different companies, which allows us to select and process the products that precisely match customer specifications. With a focus on operating locations in China and Southeast Asia, we have laid out a fine-tuned network that supplies products with the same high quality as those produced in Japan, giving customers the peace of mind that only comes from a trading company that is closely associated with quality manufacturing.

We Meet Customer Needs with High Value-Added Products Processed at Our Own Localized Plants

Aluminum has become essential in the transportation industry as a means of lightening the weight and improving the energy efficiency of automotive vehicles, rolling stock and planes. Making vehicles lighter is one way to reduce greenhouse gas emissions, and aluminum parts contribute to that goal. To date, the shift to aluminum has been seen primarily in Japan, North America and Europe, but because climate change is an issue that transcends national boundaries, it is fast becoming a global trend that includes newly developed countries.

Demand for copper is also on the rise, reflecting an increase in hybrid vehicles and automotive electronics, as well as the global dissemination of portable IT terminals that require connectors that are both strong and flexible. With our deep knowledge of various metal alloys, we serve as a crucial bridge between materials manufacturers and end users. To better serve diversifying customer needs.

Shinsho has established an aluminum processing plant in China that enables us to go beyond simply finding suppliers and selling materials; now we can actually process the material ourselves to meet specific customer requirements. In this way we act as an important link in our client companies’ supply chain.

Providing a Stable Supply of High-Quality Products That Support the Next Generation

The Nonferrous Metals Division constantly monitors global developments and stays in the forefront by satisfying emerging needs. The main products we handle are aluminum and copper, but aluminum in particular has recently been in the spotlight. To reduce the burden humankind places on the environment, there has been a worldwide trend toward using aluminum to make automotive vehicles more lightweight and energy efficient.
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Shinsho has made a number of acquisitions to further enhance its network for the supply of nonferrous metals, both in Japan and overseas. In July 2016, we acquired the new company Kobelco Tsubakianaka Trading Co., Ltd., which was established through the splitting of Tsubakianaka Metal Industry Co., Ltd. In May 2015, we acquired Korea Tsubakianaka & Namekawa Aluminum Co., Ltd. (KTN Co., Ltd.), formerly a subsidiary of Tsubakianaka Metal Industry. Additionally, in January 2016, we acquired Nakayama Metal Industries and its overseas subsidiaries. All of these companies became subsidiaries of Shinsho.

In July 2019, Kobelco Tsubakianaka Trading Co., Ltd. and Nakayama Corporation were merged to create a single entity, under the new name of Shinsho Metals Corporation.

Shinsho Metals Corporation sells nonferrous metal materials and processed products. It has many customers in fields such as automotive manufacturing, liquid crystal and semiconductor manufacturing equipment, and the motorcycle field, and we expect it to offer synergistic benefits. Kobelco, Inc. cuts, processes, and wholesales high precision aluminum sheet in South Korea. As the group’s first nonferrous processing and sales facility to operate in Korea, it contributes to a more efficient supply chain for overseas customers.

Overseas Locations

Promoting stable supply through augmentation of equipment and facilities at overseas locations

Kuala Lumpur Head Office, Penang Office

Shinsho has augmented its overseas network of production facilities, sales offices, and engineering services, and is contributing to the stable local supply of high-quality, high-strength aluminum parts.

The company received an increase in funding from Shinsho in 2019, and is contributing to the stable local supply of high-quality, high-strength aluminum parts.

Kolenko Precision Parts (Suzhou) Co., Ltd. was established in 2010, and engages in the machine processing of aluminum products, primarily for use in LCD and semiconductor manufacturing equipment. Its second production plant entered operation in 2018.

Vina Washin Aluminum Co., Ltd was established in 2013 through a merger with Washin Kogyo Co., Ltd. It is located in the northern part of Ho Chi Minh City, Vietnam, and engages in integrated production operations—ranging from melting, casting, and processing—to produce extruded and processed aluminum products. The company received an increase in funding from Shinsho in 2019, and is contributing to the stable local supply of high-quality, high-strength aluminum parts.
Bolstering Our Domestic Distribution System for Nonferrous Metals

Shinsho has made a number of acquisitions to further enhance its network for the supply of nonferrous metals, both in Japan and overseas. In July 2016, we acquired the new company Kobelco Tsutsunaka Trading Co., Ltd., which was established through the splitting of Tsutsunaka Metal Industry Co., Ltd. In May 2015, we acquired Korea Tsutsunaka & Namekawa Aluminum Co., Ltd. (now KTN Co., Ltd.), formerly a subsidiary of Tsutsunaka Metal Industry. Additionally, in January 2016, we acquired Nakayama Metal Industries and its overseas subsidiaries. All of these companies became subsidiaries of Shinsho.

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Promoting stable supply through augmentation of equipment and facilities at overseas locations

Suzhou Shinko-Shoji Material Co., Ltd. was established in Suzhou, China, in 2007. The company processes and cuts aluminum coils, which are basic material, primarily for applications in the fields of automotive manufacturing, IT, and construction materials.

With the strengthening of environmental regulations in China, there is a growing demand for more lightweight automobiles accompanying the shift towards electric vehicles (EVs). In October 2018, Suzhou Shinko-Shoji Material bolstered its equipment and facilities to enhance its capabilities for processing aluminum materials for automotive applications, and has since increased the diversity of its product lineup.

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Making materials for the world

Shinsho handles high-grade aluminum sheet traded by Kobelco, some of the world’s high-grade aluminum manufacturer. With the growth in sales, we seek out new ways to use aluminum material in keeping with the growing demands of the steel industry.

Main Customers

Main Suppliers

<table>
<thead>
<tr>
<th>Name</th>
<th>Main Products Supplied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kawasaki</td>
<td>Aluminum and copper sheets, bars, etc.</td>
</tr>
<tr>
<td>Kobelco &amp; Materials Copper Tube, Ltd.</td>
<td>Copper tubes for air conditioning, air conditioners, etc.</td>
</tr>
<tr>
<td>Mitsubishi Electric Corporation</td>
<td>Copper tubes and valves for air conditioning, air conditioners, etc.</td>
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- Leadframes
  - Leadframes are indispensable for semiconductor production. We equip semiconductor makers with high-quality KOBELCO leadframes, covering every phase of the manufacturing process, from raw materials to final products.

- Copper Sheets and Strips
  - Copper sheets and strips are vital to automotive terminals and connectors, semiconductors, IT, and construction materials. We supply these materials in a wide range of industrial fields.
MACHINERY 
& 
ELECTRONICS

OUR STRATEGY

Reliable Overseas Networks Are Our Strength
In the Machinery & Electronics Division we handle products from Kobe Steel Group companies and a wide range of other manufacturers in the machinery and electronics/IT fields. Our role is to match these manufacturers’ advanced technologies with user requirements across the world. We also offer a worldwide procurement service to supply steel works and other industrial plants with equipment and materials sourced from Japan and overseas. We have affiliated companies and overseas offices in China, Taiwan, South Korea, Southeast Asia, Dubai, Europe and America, and by linking them we are currently developing bilateral and trilateral business tie-ups and expanding our import and export business.

In addition we use our networks overseas for ventures to support Japanese customers locating manufacturing overseas, in joint investments in production sites and in funding for new projects. The Division’s overseas business already accounts for more than 50% of the total, and the pace of globalization is expected to accelerate in the future.

Using Our Global Networks for a Flexible Response to Customer Requirements Both in Japan and Overseas

Matching High-Grade Technologies with Market Needs to Generate New Business
Focusing on industrial machinery and electronic equipment and materials, we supply high-quality products and services by matching leading-edge technologies from the Kobe Steel Group and other companies with market requirements. We are also exploiting networks across China, Southeast Asia and elsewhere to promote our business worldwide.

Optimizing Use of Personnel, Equipment, Financial Resources and IT for All-Round Customer Support
The Machinery & Electronics Division provides customers with start-to-finish service. For Japanese customers planning to set up production outside Japan, we offer comprehensive service that provides support not only in sourcing and installing plant and equipment, but also addresses issues such as regulatory systems and import/export licenses, and offers after-service, once equipment has been installed, that covers maintenance, supply of parts, and plant overhaul.

Depending on requirements we can also provide assistance with financial planning for production start-ups, for an all-round package of support making optimum use of human resources, hardware, finance and information. As we consolidate this support function, we plan to strengthen our overseas networks in India, Vietnam, Indonesia and elsewhere, aiming to give our customers complete and full-fledged service.
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Matching High-Grade Technologies with Market Needs to Generate New Business

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We also offer a worldwide procurement service to supply steel works and other industrial plants with equipment and materials sourced from Japan and overseas. We have affiliated companies and overseas offices in China, Taiwan, South Korea, Southeast Asia, Dubai, Europe and America, and by linking them we are currently developing trilateral business tie-ups and expanding our import and export business.

In addition we use our networks overseas for ventures to support Japanese customers locating manufacturing overseas, in joint investments in production sites and in funding for new projects. The Division’s overseas business already accounts for more than 50% of the total, and the pace of globalization is expected to accelerate in the future.

Using Our Global Networks for a Flexible Response to Customer Requirements Both in Japan and Overseas
Global Operating Locations

**TOPICS 1**
Bringing Specialized European Machinery and Equipment to Meet Diverse Needs

Matsubo Corporation, a Group company, imports quality machinery and equipment sourced mainly from North America and Europe. For delivery to wide-ranging industrial sectors that include pharmaceuticals, foodstuffs, chemicals, and paper-making and liquefied crystal displays. We have created a complete service for customer peace of mind, from preliminary provision of technical and product information before delivery to an after-service including maintenance, modifications and upgrading. Also, through the tie-ups we have with local companies overseas we are focusing on export from Japan and other ways of expanding our global business.

**TOPICS 2**
A Full Line-Up in Environment and Energy Fields

In the steam energy field we have a full product line-up to meet wide-ranging customer requirements. The MSEG (screw-type compact steam generator) makes efficient use of excess steam vented into the atmosphere at industrial plants, to generate electricity and help reduce CO₂. Other major products include the MSRC screw-type steam compressor and Microbinary, a high-efficiency compact binary generating system. We are also aiming for business growth in the solar battery field, in part through increased sales of silicon processing equipment to Taiwan and China.

**Main Products Handled by the Machinery & Electronics Division**

- **Large-size and standard compressors**
- **Steam Star (screw-type micro steam generator)**
- **Vibratory equipment**
- **Tire and rubber machinery**
- **Arc ion plating (API) plant**

**Main Customers**

- **Kobe Steel, Ltd.**
- **Sumitomo Rubber Industries, Ltd.**
- **Sumitomo Electric Industries, Ltd.**
- **SK Materials Co., Ltd. (South Korea)**
- **Nitto Co., Ltd.**

**Main Suppliers**

- **Kobe Steel, Ltd.**
- **Sumitomo Electric Industries, Ltd.**
- **Sumitomo Rubber Industries, Ltd.**
- **SK Materials Co., Ltd. (South Korea)**
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**Target materials**

- Air and gas-related, chemical-related, electrical-related, water-related
- High-function products, brakes and clutches, vacuum and coating/painting machines, industrial furnaces, purge equipment, filling and packaging equipment, coating tanks, motors, induction gears, bearings, fabricated products.
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Main ProductsHandled by the Machinery & Electronics Division

- Large-size and standard compressors
- Tire and rubber machinery
- Arc ion plating (API) plant

Main Customers

Main Suppliers

*Includes overseas group companies.
WELDING

High Quality Welding

The Welding Division at Shinsho Corporation supports a diverse range of manufacturing industries. In particular in recent years, we have been active in fulfilling welding requirements in projects in Thailand and other ASEAN countries, China and other locations overseas. In addition to welding materials we supply equipment such as welding robot systems and automated welding plant in comprehensive proposals for our customers.

A Preeminent Lead in Value-Added Business Through Technical Prowess

The Welding Division supplies welding materials used on site in industries such as shipbuilding and construction, construction machinery and vehicle manufacturing, and at generating stations and chemical engineering plants. We also supply welding-related equipment such as welding robot systems. A characteristic feature of our business is our comprehensive approach putting together welding materials with automated systems for a complete advanced package.

Shinsho’s greatest strength lies in our affiliation with Kobe Steel, one of Japan’s leading companies. We supply some 800 welding-related branded items produced by Kobe Steel, and with our detailed technical support and capability to meet customers’ requirements, we are in a preeminent position in the high value-added business.

The Welding Division of Shinsho Corporation directs efforts to technical projects in which we can rapidly assess needs with the necessary technical know-how that has grown out of manufacturing, and offer realistic proposals matched to the application.

Selected by Customers for High Value-Added Manufacturing Support

Winning Customers’ Trust and Developing Overseas Business

One foreseeable trend in the Japanese market is the growth in demand for construction for the 2020 Tokyo Olympic Games and related growth in demand for welding for steel frame construction. Fulfilling these requirements will be vital for the expansion of the Welding Division. Overseas, we see greater importance in the future in our long-term relations with customers to whom we supply welding equipment and robots, and provide maintenance.

Shinsho currently places priority on setting up maintenance networks for our overseas locations. In Thailand, for example, we have a maintenance department set up with Thai Escorp Ltd. and we are building trust with our customers through regular checks and repairs of their equipment. We plan to extend such activities in the future, not just throughout the Asian region but also to North, Central and South America.
OUR STRATEGY

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Furthering corporate brand penetration in Japan and overseas

**TOPICS 1**
SC Tech de Mexico, S.A. de C.V. set up as auto industry expands

In line with the growing presence of Japanese vehicle and construction machinery makers in North America, the Welding Division is developing its business supplying welding equipment. Part of this is the setting up in Mexico of SC Tech de Mexico, S.A. de C.V., a company that will manufacture and market welding plant intended for Japanese vehicle body and auto parts manufacturers. Creating a business model based on close ties with customers is a new challenge.

**TOPICS 2**
SC Welding Corporation acquired to boost domestic business in welding materials

In April 2016 a Kobe subsidiary company, N.I. Welding K.K., was acquired and renamed SC Welding Corporation. With steadily growing demand predicted in Japan for welding materials, largely for steel-frame building construction and shipbuilding, it is essential we continue to boost our marketing capacity. SC Welding sells welding equipment and consumables, and other industrial machinery in the Japanese market. Through synergy benefits across our business fields, we aim to further strengthen trading functions in our corporate group.

**Global Operating Locations**

**Main Products Handled by the Welding Division**

- **Welding materials**
  - Kobe Steel welding materials we supply cover some 850 different branded items, from shielded metal arc welding rods to wire and flux for automated or semi-automated welding, and are widely acclaimed as technically sophisticated products suited to all welding needs.

- **Welding equipment**
  - Welding equipment generates the arc necessary for welding. We handle many different types including shielded metal arc welding and CO² arc welding kits.

- **Welding robot systems**
  - Our robots can be used for personnel-free welding for steel-frame building construction, bridges, machinery and others. The fast and stable-quality welding our systems offer can meet the most complex user requirements.

- **Laser welding equipment**
  - Laser equipment for cutting and welding. This is a new welding method and the market is expected to grow.

- **Main Industrial Fields**
  - **Steel frames**
  - **Construction machinery**
  - **Chemical engineering installations**
  - **Ship building & FA systems**
  - **Aerospace**
  - **Heavy electrical machinery**
  - **Automotive**
  - **Others**

**Materials for production**
- Alloys, metal powders, mining products, diamonds, copper materials, coppers, stainless steel, plastics, and plastic products, special steel wires, spools for welding wire, polypropylene, paper and paperboard products, packaging materials.
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- **Welding Robot Systems**
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- **Laser welding equipment**
  - Laser equipment for cutting and welding. This is a noted new welding method and the market is expected to grow.

- **Welding raw materials**
  - Raw materials such as minerals, various metals, alloys etc. needed to manufacture welding materials are procured worldwide.

Main Industrial Fields

- **Steel frames**
- **Construction machinery**
- **Chemical engineering installations**
- **Shipbuilding**
- **Bridges**
- **Automotive**
- **Chemical engineering**
- **Welding materials**

Global Operating Locations

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The company name change and establishment is providing valuable and support through services that ensure the satisfaction of our customers, with a focus on welding and arc welders business.

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Global Operating Locations
GLOBAL STRATEGY

Responding fast to requirements worldwide.
There is still much we can do.

Enhancing the Functions and Connections Among Overseas Operating Locations

We at Shinsho Corporation are working to achieve our long-term corporate vision of being a global trading company at the core of the Kobe Steel Group. We are also committed to tailoring our services to meet local needs throughout the world. To that end, we have established the “acceleration of global business” as one of our overall strategies and are bolstering our global network of operating locations, while enhancing their functions and connectivity.

General Priorities

- Further enhancing connections among all members of the Kobe Steel Group and strengthening our contributions and responses to new overseas projects
- Expanding and strengthening the supply chain to companies and operating locations (Japan, Mexico, China, South Korea, Thailand, Indonesia, etc.) that have recently joined the Group
- Continuing to survey and investigate potential new business areas in preparation for the future

Enhancing Functions and Connections in Three Major Regions

China
- Expanding transactions with Kobe Steel Group companies, automotive manufacturers, LCD panel manufacturers and others, primarily through Kobelco Trading (Shanghai).
- Expanding aluminum processing locations

ASEAN and India
- Expanding transactions in the automotive/bicycle industry and in the field of ferrous and nonferrous raw materials through an 11-branch network.
- Collecting information and promoting regional connections to capture infrastructure demand in Vietnam, Myanmar, Cambodia, etc.

North and Central America
- Strengthening the wire material business in North and Central America through sales locations (North America), secondary wire processing locations (North America) and closer connections with our operational center (Japan).
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North and Central America

- Strengthening the wire material business in North and Central America through sales locations (North America), secondary wire processing locations (North America) and closer connections with our operational center (Japan).
Targeting status as a manufacturer of forged parts

At the same time as supplying semi-finished differential gears to Ondo Shinsho Precision Engineering (Nantong), located in the same industrial complex, we aim to build a solid reputation as a forged Ondo Shinsho Precision Engineering (Nantong), located in the same zone, we expect further growth in cooperation with Kobelco Trading Jinqiao Export Processing Zone, designated a free trade model.

We play a major functional role in arranging bonded and brokered services for B to B in bonded district, commer-

Building networks to fulfill sophisticated requirements

Dealing in high value-added products, we are working to identify high-quality low-cost vendors. Utilizing our acknowledged strength in communications, Taiwan Shinsho is building cooperative networks between vendor companies and working to provide solutions for sophisticated technical issues.

Supporting customers in wide-ranging business

Our wide-ranging business covers all five of Shinsho’s divisions, and we are well-equipped to fulfill the demands of firms in the automobile industry and the high-tech industries. We are working to develop new businesses in cutting and welding. Commission substitution, facilities and related parts, materials of the electronics, machines, apparatus, materials, nonferrous metals, and semimanufactures of iron and steel, raw and processed products of titanium and other special metals.

Contributing to consumers supply chain in Korea

Acquired as subsidiary in July 2015, and building business in Korea with precision cutting of sheet aluminum and wholesaling, we supply high quality sheet aluminum sourced from Kobe Steel and Nippon Light Metals as cut lengths or customized sizes, helping customers reduce costs by eliminating front-end processing.

Creating networks to fulfill sophisticated requirements

We undertake cutting, processing and wholesaling of aluminum and other semi-finished products, and are set to exploit the huge potential of new initiatives developing out of cross-divisional business. We are also exploring ways to expand trade among overseas affiliated companies, establishing staff in Vietnam etc.

Shinsho Osaka Seiko (Nantong) Corporation

Aluminum coil center with 10-year history now targeting rapidly growing auto field

We undertake slitting, shearing and other specialized processing of base materials (from Kobe Steel, Chinese domestic steel mills, and European and US mills), supplying products of consistent quality thanks to our comprehensive testing facilities, under testing equipment that guarantees quality.

Ono Shinsho Precision Technology Corporation

Promoting new business in cutting and sales of aluminum plate

Ono Shinsho Precision Technology Corporation

Kobelco Trading (Shanghai) Co., Ltd.

Shanghai Shinsho Trading Co., Ltd.

Kobelco Precision Parts (Shanghai) Co., Ltd.

Kobe Special Steel Wire Products (Pinghu) Co., Ltd.

Shinsho Osaka Seiko (Nantong) Corporation

Suzhou Shinko-Shoji Material Co., Ltd.

Kobelco Precision Parts (Suzhou) Co., Ltd.

Kobalco Trading (Shanghai) Co., Ltd.

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Suzhou Shinko-Shoji Material Co., Ltd.

Kobelco Precision Parts (Suzhou) Co., Ltd.
### Shinsho Osaka Seiko (Nantong) Corporation

Targeting status as a manufacturer of forged parts

At the same time as supplying semi-finished differential gears to Ondo Shinsho Precision Engineering (Nantong), located in the same industrial complex, we aim to build a solid reputation as a forged parts manufacturer forming part of a supply chain for export to the Ondo Group (Japan, Thailand).

- **Established:** January 1993
- **Main activities:** Manufacture and sales of cold-wrought parts, semi-finished parts and other semi-finished products

### Cornerstone for Shinsho Corporation’s trade in China

**Shanghai Shinsho Trading Co., Ltd.**

We play a major functional role in arranging bonded and brokered services for B to B in addition to processing. We also plan to strengthen our production capacity.

- **Established:** April 1998
- **Main activities:** International trade and consulting of trade, proxy services for A to B & B in bonded district, container-stripping processing

### Promoting new business in cutting and sales of aluminum plate

**Kobe Precision Parts (Suzhou) Co., Ltd.**

Cutting, processing and wholesales of motorcycle parts, component for liquid crystal and solar power production device, bending of original metal, and cutting processing of the automobile parts and sale of products

- **Established:** December 1997
- **Main activities:** Manufacturing aluminum component for liquid crystal and solar power production device, bending of original metal, and cutting processing of the automobile parts and sale of products

### Using Chinese market to drive Shinsho Corporation’s global business

**Kobe Precision Technology Corporation

With trading rights for imports and sales activities within China, we cover all of Shinsho’s five business fields. We are developing business in China using the know-how we have built up as the central trading arm of the Kobe Steel Group. We aim to be a functional trading company placing particular emphasis on IT, distribution and maintenance functions.

- **Established:** September 2006
- **Main activities:** Import and export of iron and steel, nonferrous metals, machines, apparatus, raw materials, nonferrous metal materials, welding materials, machinery and components for chemical plant

### Contributing to consumers supply chain in Korea

**Allmet Co., Ltd.

Accrual as subsidiary in July 2015, and building business in Korea with precision cutting of sheet aluminum and thinning. We supply high quality sheet aluminum sourced from Kobe Steel and Nippon Steel to cut length for the construction site, helping customers reduce costs by eliminating front-end processing.

- **Established:** August 2013
- **Main activities:** Sales of titanium materials, processing and sales of products of titanium and other special metals

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**Shinsho Osaka Seiko (Nantong) Corporation**

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**Suzhou Shinko-Shoji Material Co., Ltd.**

Aluminum coil center with 10-year history now targeting rapidly growing auto field

- **Established:** July 2006
- **Main activities:** Aluminum coil center, sales of aluminum coil center, sales of aluminum products

**Shanghai Shinsho Trading Co., Ltd.**

Promoting new business in cutting and sales of aluminum plate

- **Established:** April 1998
- **Main activities:** Manufacture and sales of differential gears, engines, transmissions and special assemblies for vehicle use

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**Shinsho Korea Co., Ltd.**

Supporting customers in wide-ranging business

Our wide-ranging business covers all five of Shinsho’s divisions, and we are well positioned to capitalize on our partnerships developing out-of-case divisional businesses. We are also exploring ways to expand trade among overseas affiliated companies, stocking staff in Vietnam etc.

- **Established:** January 2006
- **Main activities:** Import/export and trade of electronic materials, nonferrous metal, steel plate, car component coating, raw materials, welding materials, heavy wood cutting, machinery and component for chemical plant
From our core business of nonferrous metals and welding materials to new product development

The strength of Shinsho in the Philippines lies in being able to import and market to the export-processing zone free of tax. Currently we speculate in sales of aluminum cast rods, steel copper for semiconductors and welding materials for the shipbuilding industry. In the future we aim to increase our copper for semiconductors and welding materials for the import and market to the export-processing zone free of tax.

Shinsho (Philippines) Corporation
Main activities: Import and trade of iron and steel, raw materials, nonferrous metals, machines, electronic materials and devices, and welding materials.

Established: August 2005
Main activities: Import and trade of nonferrous metals and welding products.

-founded in 1988, we continue to grow as a long standing enterprise well rooted in the region

The Escoy addresses diverse requirements in four business sections: steel and ferrous raw materials, nonferrous metals, machinery, and electronics, and welding materials. Our objective is to boost sales and air-conditioning-related business that is forecast as a growth area in Thailand, and to increase machinery business projects for Japanese corporate customers.

Thai Escoy Ltd.
Main activities: Import and trade of iron and steel, raw materials, nonferrous metals, machines, and welding products.

Established: August 1998
Locations: Bangkok Head Office, Bo Win, Chiang Mai Branch, Nakorn Pathom Branch, Nakhon Pathom Branch
Main activities: Import and trade of iron and steel, raw materials, nonferrous metals, machines, electronic materials and devices, and welding products, consulting services mentioned above.

Kobe Steel Group’s only operations base in Myanmar

The Asia region and India are important areas for global business development. Foreign companies have been moving into Myanmar since the switch to civilian rule in 2011, and rapid development is predicted. This branch office, a first for the Kobe Steel Group, acts as a center for market research and information gathering to boost sales of steel, non-ferrous products, welding materials and other items, and to support the growing presence of the Kobe Steel Group.

Established: August 2015
Main activities: Investment in coal production and sales, and import/export of steel products and other materials.

Yangon Branch

Established: May 2016
Main activities: Import and trade of iron and steel, raw materials, nonferrous raw materials, machinery, and other products.

Shinsho (Myanmar) Ltd.
Business activities: Sale of nonferrous metal materials, including raw materials and processed products.

Established: November 1999
Locations: Yangon Branch, Mandalay Branch
Main activities: Import and trade of iron and steel, raw materials, nonferrous materials, machinery, and welding products.

Kobe Steel Group’s operations base

Shinsho (Cambodia) Co., Ltd.
Main activities: Import and trade of iron and steel, raw materials, nonferrous materials, machinery, and welding products.

Established: May 2011
Main activities: Import and trade of iron and steel, raw materials, nonferrous metals, machinery, electronic materials and devices, and welding materials.

Kobe Steel Group’s operations base

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Main activities: Import and trade of iron and steel, raw materials, nonferrous materials, machinery, and welding products.

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From our core business of nonferrous metals and welding materials to new product development

The strength of Shinsho in the Philippines lies in being able to import and market to the export-processing zone free of tax. Currently we specialize in sales of aluminum can stock, sheet and welding materials for the semiconductor industry. In the future we aim to increase our business handling ferrous materials and steel products and take on new projects for robust support of customers’ businesses.

In addition to steel products and ferrous raw materials, we are developing business in other fields including nonferrous metals, welding materials, machinery and electronics. We recently invested in a joint venture with Washin Kogyo Group and set up Vina Washin Aluminum for aluminum extrusion processing. We are supplying high quality, high strength aluminum products to regional markets.

Currently we specialize in sales of aluminum can stock, sheet and welding materials. Our objective is to boost auto and air-conditioning related business that is developing in the region as the ASEAN region and India are important areas for global development. Foreign companies have been moving into Myanmar since the switch to civilian rule in 2011, and rapid development is predicted. This branch office, a first for the Kobe Steel Group, acts as a center for market research and information gathering to boost sales of steel, non-ferrous products, welding materials and other items, and to support the growing presence of the Kobe Steel Group.

The strength of Shinsho in Indonesia is that it covers all five divisions, unique among subsidiaries in the ASEAN region. We can supply the outs, co-molding, and energy sectors with wide-ranging flexibility. We are also involved in import/export of iron, stainless steel, aluminum and copper scrap.

The ASEAN region and India are important areas for global business development. Foreign companies have been moving into Myanmar in the past two years due to the switch to civilian rule in 2011, and rapid development is predicted. This branch office, a first for the Kobe Steel Group, acts as a center for market research and information gathering to boost sales of steel, non-ferrous products, welding materials and other items, and to support the growing presence of the Kobe Steel Group.

Kobe Steel Group’s only operations base in Myanmar

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GLOBAL STRATEGY

Building supply chains in raw materials

We are building supply chains in the automobile industry, from source materials to secondary processing and sales, and also parts manufacturing/field services. Our product quality is widely acclaimed in the industry. We are planning to widen our activities, including moving into the energy field.

Meeting growing demand from Japanese auto parts makers

With Shinsho American Corporation as its main investor, Grand Blanc Processing undertakes secondarily processing of steel wire and wire products, with online bidding currently swelling for fastener-use materials for auto parts makers. We are actively addressing expanding needs through cooperation with the Kobe Steel Group as production facilities are increased.

Production base for compact cars

Shinsho Mexico’s strength lies in our ability to supply wire material and steel rod for auto parts, manufacturing at excellent quality and price for on-time delivery. We are also able to market a broad selection of steel materials from Kobe Steel and other manufacturers around the world, including the US, Mexico and China.

Supplying influx of Japanese auto makers

Kobelco CH Wire Mexicana manufactures CH wire used in fasteners and cold-forged parts in the auto industry, and we largely supply local auto parts makers. Manufacturing where the demand exists, we can fulfill detailed orders swiftly and accurately, supplying CH wire with excellent surface quality and benefitting our customers.
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With Shinsho American Corporation as its main investor, Grand Blanc Processing undertakes secondary processing of steel wire and wire products, with order books currently swelling for fastener-use materials for auto parts makers. We are actively addressing expanding needs through cooperation with the Kobe Steel Group as production facilities are increased.

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Responding flexibly to customer requirements
Our business is mainly manufacture and sales of welding-related plant and equipment, which we supplement fulfilling customers’ orders for manufacturing jigs, making light-processed part, contracting for plant installations etc. Working with Japan companies, we have a thorough understanding of requirements without needing interpreters, and we win out over local companies with our tight, reliable delivery scheduling.

Shinsho-Meihoku Wire is largely a warehousing business handling materials for auto production. We stock and deliver materials traded by Shinsho American Corporation for Japanese auto parts makers, to meet our customers’ just-in-time production schedules. Customers benefit by avoiding excess production.

Aiken Precision Technologies, LLC manufactured and supplies parts for maintenance, welding robots, electric power sources and various consumables.

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**Breaking into European markets with value-added products**

As Shinsho Corporation Group’s sole base in Europe, we are importing and exporting steel, nonferrous metals, machinery and welding materials largely in European markets, as well as gathering information on European auto-makers, and undertaking surveys of markets and suppliers. We are aiming for global provision of high-value-added products to supply European auto-makers and parts makers.

- **Established:** January 2009
- **Main activities:** Import/export and trade of iron and steel, raw materials, nonferrous metals, machines and welding products

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**Linking countries of South Asia with the ASEAN region for business challenges in new fields**

With cooperative ties with Shinsho subsidiaries in the ASEAN region, we are developing trilateral business boosted by the fast-growing Indian market, linking up other South Asian countries with the ASEAN region. In addition to dealing in our main products of steel, nonferrous metals and industrial machinery, we plan to stimulate new demand by expanding our export business.

- **Established:** March 2011
- **Locations:** New Delhi Head Office, Chennai Office
- **Main activities:** Import/export and trade of iron and steel, raw materials, nonferrous metals, machinery and electronic materials, and welding materials

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**Creating a foundation for Shinsho Corporation in the Middle East**

Shinsho Corporation considers the Middle East an important base from which to develop global business, and set up the Middle East Representative Office as a starting point for Kobe Steel Group globalization. We are currently actively seeking business partners in the region, as we open up new business ventures in steel, nonferrous metals, and machinery.

- **Established:** July 2010
- **Main activities:** Products and sales of steel plate and parts for can manufacture

---

**Making a name in steel plate processing for Kobelco Group in India**

Kobelco Plate Processing India’s business is centered on steel plate welding and fabrication for construction machinery. With recently completed plant expansion/facilities installation to meet business growth, and boosting advanced processing technologies for steel plate products, we have increased fabrication productivity, and established a firm footing within the Kobelco Group.

- **Established:** January 2012
- **Main activities:** Products and sales of steel plate and parts for can manufacture
Kobelco Trading India Private Limited

1

**Linking countries of South Asia with the ASEAN region for business challenges in new fields**

We cooperate with Shinsho subsidiaries in the ASEAN region, developing trilateral businesses between India, South Asia, and ASEAN countries. We are active in the Indian market, the ASEAN countries, and other South Asian countries, aiming to achieve global sales of high-added-value products to supply auto makers, parts makers, and suppliers.

Established: March 2011

Main activities: Import/export and trade of iron and steel, raw materials, nonferrous metals, machinery, and electronic materials.

Kobelco Plate Processing India Private Limited

2

**Making a name in steel plate processing for Kobelco Group in India**

Kobelco Plate Processing India’s business is centered on steel plate welding and fabrication for construction machinery. With its recent plant expansion and facilities installation, it can meet the expanding demand for steel products. The company has increased fabrication productivity, and established a firm footing within the Kobelco Group.

Established: January 2012

Main activities: Products and sales of steel plate and parts for can manufacture.

Shinsho Europe GmbH

3

**Breaking into European markets with value-added products**

As Shinsho Corporation Group’s sole base in Europe, we are importing and exporting steel, nonferrous metals, machinery, and welding materials largely in European markets, as well as gathering information on European auto makers, and undertaking surveys of markets and suppliers. We are aiming for global provision of high-added-value products to supply European auto makers and parts makers.

Established: January 2009

Main activities: Import/export and trade of iron and steel, raw materials, nonferrous metals, machinery, and welding materials.

Middle East Representative Office

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Established: July 2010

Main activities: Products and sales of steel plate and parts for can manufacture.
GLOBAL STRATEGY

1. Shinsho Steel Products Corporation
   Trading company handling materials for building and construction produced by Kobe Steel Group companies, particularly Kobe Steel’s Engineering Construction Materials Co., Ltd., Shinsho Wire Company, Ltd., and Shinsho Bolt, Ltd.
   - Established January 1968
   - Main activities: Sales of secondary and tertiary steel products, welding materials, and core materials.
   - Locations: Osaka Head Office, Tokyo Head Office, Nagoya Office, Tochka Office, Chigakusa office, Hyakurnaku office

2. MORIMOTO KOSAN Co., Ltd.
   Acquired 60% of stock in April 2017, and the remaining 40% in April 2018. Sells steel plate products for construction material use largely in the Kansai region. Possesses the Shinsho Group’s quality and manufacturing capacity.
   - Established July 1948
   - Main activities: Sale of plate products, sheet steel processing
   - Locations: Osaka Head Office, Osaka (Osaka) works, Tsutsu (Kanagawa) office

3. Shinsho Non-Ferrous Metals Corp.
   A trading firm specializing in aluminum and copper materials that utilizes the Shinsho Group networks in Japan and overseas for its three main activities: selling unprocessed materials, selling processed products, and undertaking processing. High quality products and technical services are provided to meet client requirements.
   - Established July 1994
   - Main activities: Sale of raw materials and products of nonferrous metals
   - Locations: Head Office and Osaka Office, Tokyo Office, Gunma Office, Nagoya Office, Chigakusa Office, Kyoto Office, Osaka Con Center

4. Shinsho Metals Corporation
   Began operations under the new name of Shinsho Metals Corporation in July 2015, through the merger of the subsidiaries Kako Tozaike Trading Co., Ltd., and Nakayama Corporation (both supply nonferrous materials). The company has strengths in the automobile and LCD and semiconductor manufacturing equipment sectors. It also has subsidiaries in China (Shanghai), Thailand (Bangkok and Shanghai), as well as aluminium processing locations in Korea, enabling a swift response to overseas needs.
   - Established July 2015
   - Main activities: Sale of raw materials and products of nonferrous metals
   - Locations: Tokyo Head Office, Osaka Office

5. Matsubo Corporation
   Founded in 1949. A specialist trading company combining high performance equipment sales and engineering to serve wide-ranging industrial fields from iron and steel and chemicals to pharmaceuticals and environmental equipment. A separate technical center allows provision of a comprehensive service from installation to after-care.
   - Established July 1949
   - Main activities: Import and sale of industrial machinery and equipment, information devices, machine tools, precision instruments and facilities, and industrial steel products.
   - Locations: Tokyo Head Office, Osaka Branch, Nagoya Branch, Kyuya Office, Ebina Office, European Office, Indonesia Office

6. Asia Chemical Engineering Co., Ltd.
   Can meet requirements for plant and equipment at fields, based on know-how built up over long experience, and ensuring compliance with regulations and responsibilities that must be followed for various types of manufacturing plant (HVACP for food-processing, GMP for pharmaceuticals, validation etc.).
   - Established July 1944
   - Main activities: Design and installation and construction of chemical plant machinery and various types of industrial plants.
   - Locations: Osaka Head Office, Tokyo Branch

7. SC Welding Corporation
   The present company name was adopted after 80% of the stock of Y.U. Welding, a wholly-owned Kobe Steel subsidiary, was acquired in April 2016. Demand for welding in Japan in steel frame construction and shipbuilding is expected to grow strongly, and the company is strengthening its technical and marketing capability in Japan, while pursuing synergy benefits with Shinsho.
   - Established December 1941
   - Main activities: Selling welding machines, welding stocks, industrial machines, installation machines, and industrial consumables.
   - Locations: Head Office, Tokyo Office, Kanazawa Office, Osaka Office, Nagoya Office, Hyakurnaku Office, Osaka Con Center

8. Shinsho Business Support Co., Ltd.
   Providing personnel management services including training and computing, remuneration, staffing services such as temporary staff placement and personnel introduction, and internet-based services (including HR management, dispatching, and checking safety of employees in emergency situations).
   - Established September 1998
   - Main activities: Staffed business, temporary personnel business and WEB site business.
   - Locations: Osaka Head Office
ESG REPORT

[Environmental · Social · Governance]

Corporate Governance

The Shinsho Group regards the strengthening of corporate governance as an issue of the utmost importance to business management. Our fundamental thinking on corporate governance is to be worthy of the trust of shareholders and clients by upholding management integrity and strengthening competitiveness with fast and flexible responses to changes in the business environment. Furthermore, in the period up to 2003, great importance was placed on compliance management and has set up systems for compliance with laws and regulations as well as risk management. These include the establishment of a Compliance Committee, an Investment and Loan Committee, and an Environment Committee, as well as a security-related trade control system. In addition, in order to ensure transparency in business activities, the Head Office Staff Department utilizes its specialist knowledge based on rules and regulations on management authority to conduct preliminary reviews of proposals made. The Department also monitors how the Group carries out its business, keeping in touch with the Business Planning Offices positioned within each Sales and Marketing Department, and it makes suggestions for improvements or provides specific advice or instruction as necessary. External auditors, company auditors and comptrollers keep in close touch through periodic exchanges of views, and monitor to ensure each department carries out its business appropriately and legitimately. Through these structures and activities we aim not simply to be thorough in regulatory compliance, but also to promote and maintain integrity and transparency and avoid management risk.

Compliance

We enacted Code of Compliance and Ethics of Shinsho Corporation, including its group companies, in August 2003 to clearly specify the compliance rules to be followed by all Managing Officers and Employees. In addition, Compliance Committee, which comprises the President, Managing Officers and External Lawyers, has been established as an Advisory Body to the Board of Directors. The Compliance Committee has two regularly scheduled meetings each year to formulate policies and measures for compliance and implementation of the policies. The Credit and Legal Department is responsible for carrying out company-wide compliance promotion and, if it focuses on the planning and implementation of stratified compliance training per theme, consultation for compliance, summarizing the status of compliance based on the survey result, and operation of whistleblowing system, etc.

Environmental Policy

As we play our part in support of manufacturing activities worldwide, we are active in our day-to-day business tackling issues related to the environment, wider society and corporate administration or governance. This report sets out our approach to these issues.

REPORT

On Appointments

Management Council

Department

Financial Auditors

Audit Department

Committee

Environmental

Environmental Policy

Basic Philosophy

Standing our Corporate Philosophy, “with our Corporate Motto of Integrity, we are committed toward securing prosperity for our clients and shareholders through the creation of new value”, we deeply recognize that strong drive against environmental issues is the most indispensable for the subsistence and activities of the Company and eventually challenge to realize Sustainable Growth.

Core Values

1. Concern for the Environment

When pursuing business activities, we will take the preservation of the global environment into account and work to prevent pollution. We will also promote the handling of products that contribute to a better environment both in Japan and abroad.

2. Compliance with Environmental Laws and Regulations

When pursuing business activities, we will comply with all international treaties related to the environment as well as all related laws and regulations both in Japan and abroad, including voluntary guidelines. We will also adhere to all agreements with stakeholders and work to strengthen mutual understanding and cooperative relationships.

3. Efficient Use of Resources and Energy

We will contribute to the realization of a recycling-based society through such means as efficiently using and reusing resources and energy, as well as protecting resources.

4. Establish and Continuously Improve Our Environmental Management System

Based on the environmental policies outlined here, we will establish an environmental management system and work toward continual improvement through the implementation of a ROCA cycle.

5. Disseminate and Publicize Our Environmental Policies

We will notify all of our employees about our environmental policies and publicize them outside the company.

Code of Compliance and Ethics of Shinsho Corporation and its group companies

I. Basic Policy

- We are committed to ensuring a high standard of corporate ethics and conduct business practices that are beneficial to the company.
- We are committed to complying with the laws, regulations and company rules, and conduct fair and equitable business.

II. Code of Conduct

1. Fair Trading: Observe social rules, laws, and regulations, and promote fair and free competition.
2. Compliance with International Laws and Regulations: Observe international laws and regulations and maintain the culture and customs of each country and region.
3. International Cooperation: Ensure smooth compliance with international cooperation; conduct business in compliance with the rules of each country and region.
4. Security Trade Control: Ensure strict compliance with security trade controls and contribute to the maintenance of national peace and security.
5. Disclosure of Corporate Information: Disclose corporate information in a timely and appropriate manner and maintain transparency of management.
6. Ensure the Reliability of Financial Reporting: Ensure the reliability of financial reporting, maintain the reliability of the information released, and establish a mechanism for ensuring the reliability of financial reporting.
7. Protect Confidential Information: Do not sell confidential information to third parties.
8. Prevention of Insider Trading: Do not engage in any unfair stock trading or other similar act that may be perceived as unfair stock trading.
9. Prevention of Environmental Preservation: Do not engage in any act that may cause environmental destruction.
11. Respect for Human Rights: Do not engage in any act that may cause human rights violations.
12. Prevention of Political Corruption: Do not engage in any act that may cause political corruption.

we will not engage in any act that may cause intellectual property rights infringement.

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The Shinsho Group regards the strengthening of corporate governance as an issue of the utmost importance to business management. Our fundamental thinking on corporate governance is to be worthy of the trust of shareholders and clients by upholding management integrity and strengthening competitiveness with fast and flexible responses to changes in the business environment. Furthermore, the group realizes great importance on compliance management and has set up systems for compliance with laws and regulations as well as risk management. These include the establishment of a Compliance Committee, an Investment and Loan Committee, and an Environment Committee, as well as a security-related trade control system.

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Observe social rules, laws, and regulations, and never do or attempt anything prohibited.

2. Compliance with International Laws and Regulations

Observe international laws and regulations, and never do or attempt anything prohibited.

3. International Cooperation

Respect the professional norms and behaviors of other national or international organizations.

4. Security Trade Control

Ensure strict compliance with security trade control, and contribute to the maintenance of international peace and security.

5. Disclosure of Corporate Information

Disclose corporate information in a timely and appropriate manner, and maintain transparency of management.

6. Ensure the Reliability of Financial Reporting

Maintain the integrity of financial statements and ensure proper financial reporting to enable stakeholders to make a risk-based evaluation.

7. Protect Confidential Information

Prohibit the disclosure of confidential information, such as financial information, and ensure the confidentiality of information that may be divulged to unauthorized third parties.

8. Prevention of Insider Trading

Do not engage in any illegal trading or any similar act that may be perceived as unfair.

9. Promotion of Environmental Preservation

Take an active approach to social environmental activities, and contribute to the betterment of the environment.

10. Respect for Intellectual Property Rights

Protect intellectual property rights, and respect the intellectual property rights of others.

11. Interaction with Local Communities

Conduct social contribution activities in the local community, and work to prevent pollution. We will contribute to the realization of a recycling-based society.

12. Respect for Human Rights

Respect the human rights of others, and do not engage in any form of unfair discrimination.

13. Prevention of Political Corruption

Do not receive any illegal or improper contributions for political activities.

14. Contribution to Internal Peace and Order

ModelAttributeирован against unlawful forces and organizations.

Basic Philosophy

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We will notify all of our employees about our environmental policies and publicize them outside the company.
Security Trade Control System

From the viewpoint of upholding international peace and security, we are actively implementing security trade control based on currency exchange and overseas trading legislation, in order to keep from terrorist hands weapons, commodities or technologies that could be turned to military use.

We have set up a voluntary control system related to security trade control as required by Japan’s Ministry of Economy, Trade and Industry (METI), and have obtained special trading authorization that bypasses the need for METI’s separate export licenses. This has meant in practice creating a trading monitoring system for export control throughout the company, sharing the latest regulations and export trends at meetings of representatives from all departments responsible for export control, and regular internal audits and staff training on export control.

Also, in March 2008 we obtained certification from the customs authorities as an Authorized Economic Operator (AEO), indicating full compliance with customs authorities. This eliminates customs inspections of exports and simplifies other procedures to speed up our exports.

For trade between Japan and other countries with which we have reciprocal agreements, customs procedures such as document screening and inspection are reduced both in Japan and the trading partner, which cuts logistical lead-times.

Effect of AEO Certification

<table>
<thead>
<tr>
<th>Without Agreement</th>
<th>With Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exporter</td>
<td>Importer</td>
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<tr>
<td>Export</td>
<td>Import</td>
</tr>
<tr>
<td>Lead time</td>
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</tr>
</tbody>
</table>

Credit Control

An electronic system is used for control of credit limits in Japan and overseas, for all procedures from application to approval, in order to boost speed and efficiency. In the case of credit control in overseas subsidiaries, we try as far as possible to preclude bad debt through periodic checks and sharing of information on the status of debt recovery etc. undertaken by the legal affairs screening department and the subsidiary’s relevant departments.

Overseas Training Programs

The Group is actively securing and training human resources with experience in global business, in order to create a sound business foundation from which to realize our long-term business management vision. As part of this in 2010 we launched a program to train young Japanese employees overseas. This program is designed for all non-specialist staff with careers of no more than ten years in the company. Those selected are sent to work with subsidiary companies in the US, China, Thailand and other locations.

The intention of overseas training is that participants acquire language skills and develop the ability to communicate easily with people from different cultural backgrounds. Young employees who have already completed this program are now working in our offices in Japan and overseas.

We are also recruiting foreign students in Japan to become part of our global team, as well as arranging training in Japan for staff in other countries. In this way we are fostering human resources competent in handling global business in the future.

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<tr>
<td>12-month course</td>
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<td>3-month course</td>
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The Group is actively securing and training human resources with experience in global business, in order to create a sound business foundation from which to realize our long-term business management vision. As part of this in 2010 we launched a program to train young Japanese employees overseas. This program is designed for all non-specialist staff with careers of no more than ten years in the company. Those selected are sent to work with subsidiary companies in the US, China, Thailand and other locations.

The intention of overseas training is that participants acquire language skills and develop the ability to communicate easily with people from different cultural backgrounds. Young employees who have already completed this program are now working in our offices in Japan and overseas.

We are also recruiting foreign students in Japan to become part of our global team, as well as arranging training in Japan for staff in other countries. In this way we are fostering human resources competent in handling global business in the future.

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<td>Type of training</td>
<td>Destination</td>
</tr>
<tr>
<td>12-month course</td>
<td>Language and business training</td>
</tr>
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CSR Activities

Stamped postcards for local elementary schools

With the spread of tablets and smartphones, children use handwriting less and less. Twice each year from 2012 to 2016 we provided stamped postcards to local elementary schools for children to send traditional midsummer and year-end greetings, so that they might discover the pleasures of handwriting and communicating this way, and learn the customs and culture behind it.

<table>
<thead>
<tr>
<th>Numbers of postcards distributed</th>
</tr>
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<tbody>
<tr>
<td>July 2012 Osaka City elementary schools (Chuo ward)</td>
</tr>
<tr>
<td>December 2012 Osaka City elementary schools (Chuo ward)</td>
</tr>
<tr>
<td>July 2013 Kobe City elementary schools (Higashi-nada, Nada and Nishi wards)</td>
</tr>
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</tr>
<tr>
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</tr>
<tr>
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</tr>
</tbody>
</table>

Donations to schools and schoolchildren in Thailand

On June 22 and 23, 2017 our subsidiary Thai Escorp Ltd. made donations of uniforms, stationery products and sports goods to needy schoolchildren and the schools they attend through the First Thai Escorp Ltd. Donation Project. Established in 1988, Thai Escorp has operated for many years throughout Thailand. As a CSR activity, this Project makes a contribution to Thai society by supporting disadvantaged schoolchildren and schools through donations.

There are plans to make similar donations under this Project once every year.

Supporting youth rugby

Japan is currently experiencing fast technological development, lifestyle changes and diminishing numbers of children. Outdoor play and sport are seen as less important for children, and there are fewer opportunities, locations and organized groups to encourage physical exercise.

Since 2013 we have supported the activities of NPO Heroes, and we endorse the underlying concept, which is to provide support through sport so that each child has the chance to become a hero, thereby creating a richer, more inclusive society and fostering the development of future generations.

Since 2016 we have also supported the Japan-wide Heroes Cup tournament, in which the rugby school we run for 5th and 6th grade schoolchildren participates.
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<td>July 2012</td>
<td>Osaka City elementary schools (Chuo ward)</td>
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<td>3,000</td>
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<td>July 2014</td>
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<td>3,420</td>
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<td>3,300</td>
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