

Sunstar Group Report

January-December 2023

2024



Our Purpose

Mission and Vision

Through enhancing oral and physical health and beauty,
and creating safe and comfortable living environments

“Leading happier lives and building healthier futures”



Who we are

Sunstar is a global conglomerate of oral care, health and beauty, indoor air quality, adhesives and metal parts for mobility and living environments. We offer a wide range of products and services focused on enhancing well-being through enhancing oral and physical health, reducing pollutants in the air we breathe, and creating safe and comfortable living environments. Through our global operations, we help people lead happier lives and build healthier futures.

Origin of the Sunstar group

Sunstar has evolved considerably since it was founded in 1932 as a bicycle components wholesaler in an era when bicycles were a status symbol for the aspirational Japanese consumer. Our subsequent expansion into new market segments was often made possible by identifying potential new applications for our existing technology portfolio – finding new purposes for our innovations.

For example, one of our earliest product success stories – a rubber glue supplied in a metal tube for easier application – was the source of inspiration for our first tubed toothpaste product. By adapting our existing metal tube manufacturing equipment, we helped revolutionize oral care with the creation of a new consumer product that would become the cornerstone of our business.

In subsequent decades, we continued to develop our Consumer Business with the addition of further oral care products, alongside cosmetics, health foods, and more. Meanwhile, having recognized the limited future growth potential of bicycle maintenance, the Industrial Business began to focus on metal components for motorcycles, in addition to adhesives and sealants for use within the automotive, construction, and electronics industries.

Our strengths in chemical engineering, metal processing, and design and manufacture of product packaging have put Sunstar in an excellent position to take a leading role in emerging markets. We have been relentless in seizing the challenge of developing new products and businesses, constantly seeking to adapt and expand our business.

At Sunstar, we are continually aiming to forge new relationships with other innovators, collaborating with experts from around the world. Together we keep developing new solutions to help fulfill our customer needs.





Leading happier lives and building healthier futures

Sunstar Group Representative
Yoshihiro Kaneda

Throughout 2023, the world has continued to be a challenging place to do business, with increased energy, transportation, and raw material costs, with this price inflation fueled in part by the eruption of conflicts across the globe. These pressures have emerged as we continue to work on addressing social and environmental challenges such as global warming, natural disasters, and the threat of infectious diseases.

Undeterred, Sunstar Group has been harnessing the skills and experience accumulated over our long history to continue to create shared value through driving innovation across the consumer and industrial markets while living up to our ESG responsibilities.

Ultimately, 2023 was a strong year for Sunstar excluding the effect of exchange rate. In the Consumer Business, increasing awareness of the critical role oral care plays in healthy living has fueled the continued growth of the GUM brand across Latin America, North America, and Europe.

The Industrial Business also experienced increased organic sales and profits across all segments, including within the automotive adhesives business, where solutions to support the decarbonization of the automotive industry were key growth contributors.

We continue to be proactive in addressing our carbon footprint, introducing measures to reduce greenhouse gas emissions associated with our operations. The introduction of plant-based materials for mouthwash bottles in the Japanese market, and the installation of solar panels at our plants in Germany and Singapore, are just a couple of the initiatives we have pursued to make our businesses more sustainable.

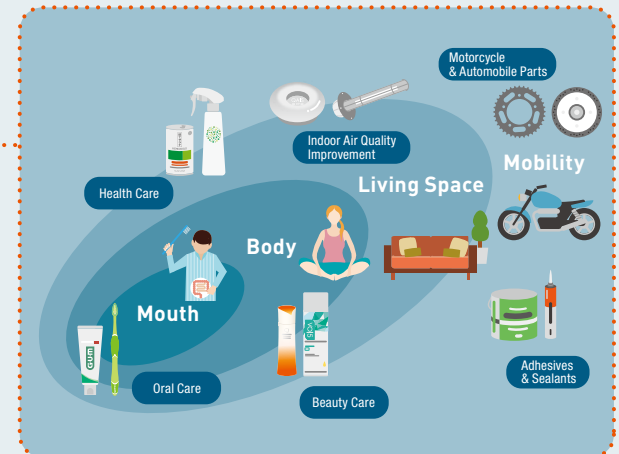
Sunstar shares consumer concerns about environmental and social challenges, and we continue to reform our business structures, culture, and other aspects of our organization. By developing our organizational capabilities, we are confident of fulfilling our purpose of helping people across the world “lead happier lives and build healthier futures.”

As we approach the 100th anniversary of the founding of Sunstar Group, we pledge to accelerate our work toward realizing this long-term vision and medium to long-term environmental objectives. We will continue to be a growing company, with innovation at its heart, that plays an invaluable role in the world, like the sun and the stars.



Sunstar's well-being and ESG-driven management

	E (Environment)	S (Society)	G (Governance)
Creating opportunities	<ul style="list-style-type: none"> •Products and businesses that solve environmental issues •Low-environmental-impact manufacturing processes •Improvement of logistics efficiency •Reduction of packing materials 	<ul style="list-style-type: none"> •Creating lifestyle habits that support health and beauty •Improving indoor air quality •Enhancing the comfort and safety of buildings and vehicles •Supporting the health and wellness of local communities 	<ul style="list-style-type: none"> •M&A •Investment strategy •Fundraising •Fund management
Contributing to SDGs			
Controlling risks	<ul style="list-style-type: none"> •Reduction of CO₂ emissions •Low-environmental-impact raw materials •Resource recycling •Waste reduction •Prevention of environmental pollution •Biodiversity conservation 	<ul style="list-style-type: none"> •Product quality control •Customer relations •Respect for the human rights of employees and business partners •Enhancement of employee engagement and motivation •Enhancement of employee well-being and productivity •Contribution to local communities 	<ul style="list-style-type: none"> •Financial soundness •Tax transparency •Corporate governance integrity •Risk management •Compliance



Sunstar Group Long-Term Vision

Our vision for the company in 2032

Sunstar is a company that contributes to enhancing healthy life expectancy and quality of life (QOL), starting from good oral health to preventive medicine and holistic wellness.

It is important for us to be recognized as the most trustworthy company in the world, providing total support for people to live a healthy and comfortable life in all living environments including mobility and buildings.



Sunstar seeks to contribute to meeting social challenges through our business fulfilling our vision for the company in 2032. We are also working on initiatives through partnership with our stakeholders that prioritize challenges such as the minimizing the environmental impact of our business activities, helping our employees grow and prosper, establishing a sound management platform demanded by society at large.



Sunstar's SDGs key goals



We will provide products and services that will help people live healthier lives, from the promotion of oral and overall health to improving the living environments of people all around the world.



We will support people's comfortable and safe lives in all living spaces, including buildings and mobility.



We strive to prevent, reduce, and reuse waste products through the entire life cycle of our products—from procurement to manufacturing, logistics, sales, and even post-consumer use.

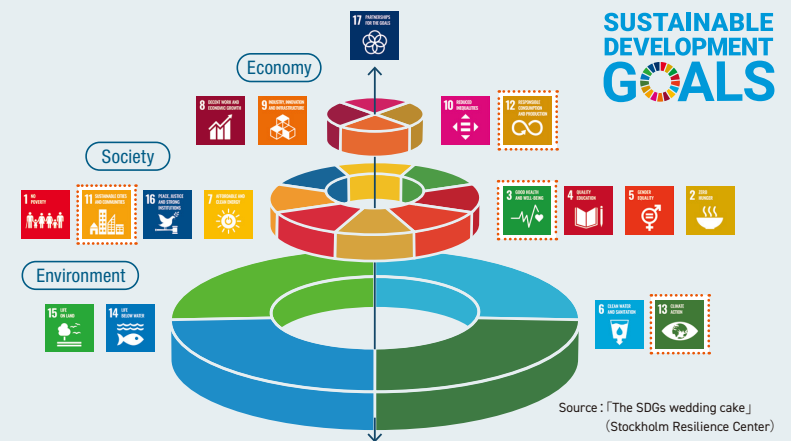


To contribute to achieving carbon neutrality, we will work to reduce CO₂ emissions throughout our supply chain including materials, products, manufacturing and transport.

*SDGs (Sustainable Development Goals) are 17 global goals set by the United Nations with UN member states to achieve a sustainable world with a balanced economy, environment and society by the year 2030.

Adding goal 13 to Sunstar Group's SDGs key goals

Sunstar is a longstanding advocate and contributor to UN SDGs and in 2023, we made a further pledge to contribute toward Goal 13, "taking concrete action to address climate change". This complements our existing objectives relating to Goal 3, "good health and well-being for all people," Goal 11, "building sustainable cities," and Goal 12, "responsible consumption and production". The diagram below illustrates the three-tiered relationship between the 17 SDGs, clearly illustrating that without the "environment," there is no "society" or "economy." Goal 13 is therefore an essential component to helping Sunstar realize its vision of helping people across the world "lead happier lives and build healthier futures." Recently, Sunstar has dedicated significant efforts to cutting its CO₂ emissions and making progress toward achieving carbon neutrality. In addition to greater use of renewable energy, we are also reducing the volume of oil-based plastics used in products and packaging.



How Sunstar's business contributes to UN SDGs

Sunstar has identified four major UN SDGs to contribute towards as part of our vision to help people across the world "lead happier lives and build healthier futures". Alongside Goals 12 and 13 (requiring contributions from all aspects of Sunstar group), the Consumer Business is primarily focused on Goal 3, and the Industrial Business on Goal 11.

Consumer Business

We are contributing to UN SDG 3 "ensure healthy lives and promote well-being for all". By providing products and services such as oral care, skin and hair care, health foods, and household products, we will support a holistic approach to healthy living.



How Sunstar is contributing to Goal 3

- Providing products and solutions to help improve oral health, with options to cater to different age groups and to treat different health conditions
- Encouraging healthy living by supplying health foods, hair care, and skincare products, and solutions to improve indoor air quality
- Educating the public about the risk of oral frailty (decrease in oral function) and providing preventative products
- Highlighting the risk of aspiration pneumonia during disasters, promoting disaster preparedness, and providing related products
- Promoting the adoption of healthy habits using IoT, AI, and other digital technologies
- Providing solutions for improving health through research into bacterial flora of the mouth and gut

Industrial Business

We are contributing to UN SDG 11, "build cities that continue to be livable," by offering a wide range of products and services focused on reducing pollutants in the air we breathe, enabling sustainable mobility, and creating safe and comfortable living environments.



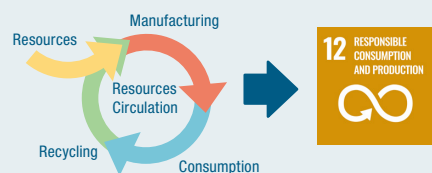
How Sunstar is contributing to Goal 11

- Supplying building materials that:
 - Aid in the construction of buildings that are resilient to the threat of earthquakes, fires, and other natural disasters
 - Extend the lifespan and improve the maintainability of buildings
 - Reduce waste generated in the process of upgrading and demolishing buildings
- Developing adhesives and metal components that:
 - Improve the resilience and safety of mobility equipment
 - Aid the sustainability of mobility equipment, contributing to decarbonization
 - Suppress noise and vibration indoors and inside vehicles
- Providing adhesives and disinfecting and deodorizing solutions to improve air quality inside buildings and vehicles

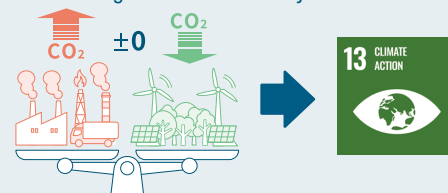
Across Sunstar

Sunstar is contributing to UN SDGs 12, "responsibility in creation and use," and 13, "take concrete action to address climate change," through efforts to prevent waste, promote the reuse of materials, and reduce CO₂ emissions. These initiatives will cover all aspects of the product life cycle, including procurement, manufacturing, logistics, sale, and disposal.

Contributing to the circular economy



Contributing to carbon neutrality



How Sunstar is contributing to Goals 12 and 13

- Refining manufacturing processes to reduce waste creation and CO₂ emissions, starting from the product design stage
- Increasing the proportion of plant-based and recycled materials in products, containers, and packaging
- Reducing waste and creating frameworks to promote recycling at all stages of the product life cycle, including manufacturing, sales, product usage, and disposal
- Boosting the proportion of renewable energy used throughout the whole business and reducing other greenhouse gas emissions

Overview

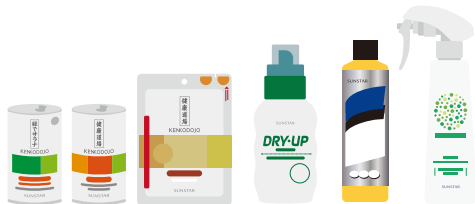
Consumer Business

- Toothpaste
- Mouthwash
- Toothbrushes
- Interdentals
- Electric toothbrushes
- IoT toothbrushes
- Mouth spray
- Dental treatment products
- Orthodontic and denture oral care products

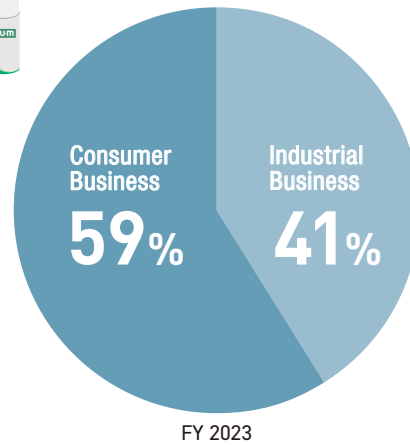


- Oral beauty care products
- Skin care cosmetics
- Beauty care foods
- Facial salons
- Body care products
- Hair care products

- Health drinks
- Health foods
- Household detergents
- Anti house dust sprays
- Fabric sprays

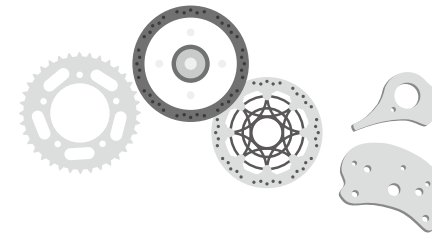
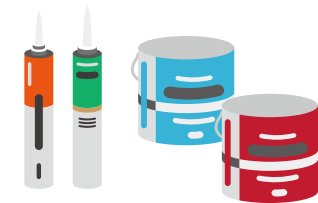


Sales by Business Sector



Industrial Business

- Adhesives / sealants for automobiles
- Adhesives / sealants for construction
- Adhesives for electronics
- Formed-In-Place Gasket (FIPG)



- Metal parts for motorcycles (sprockets, brake discs)
- Metal parts for automobiles
- Metal parts for various mobility

- Sterilization and deodorization systems
- Sterilization and deodorization sprays



Location

Based in **22** countries worldwide



Delivering products in **100** countries

Employees

4,000 employees



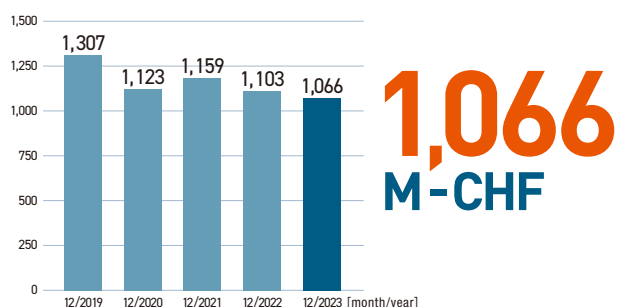
Group Business Performance 2023

For FY2023, the Group's global consolidated net sales and operating income in Swiss francs can be found below. Americas, Europe, and Japan (separate from the Asia region) all experienced year-on-year net growth in local currency terms. Excluding the impact of currency conversion, organic sales

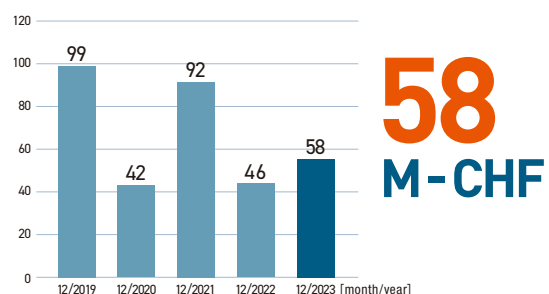
increased by CHF 66 million (+5.9%) from the previous year's CHF 1,103 million. Operating income also increased by CHF 20 million (+48%) from the previous year's CHF 46 million.

The financial information in this report complies with International Financial Reporting Standards (IFRS).

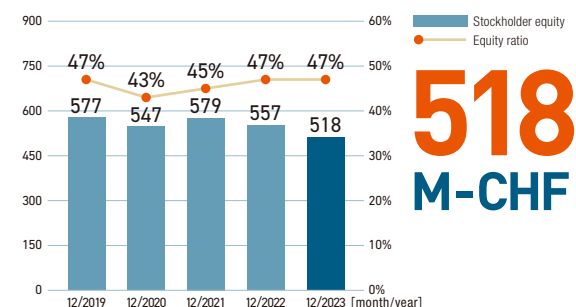
Net Sales



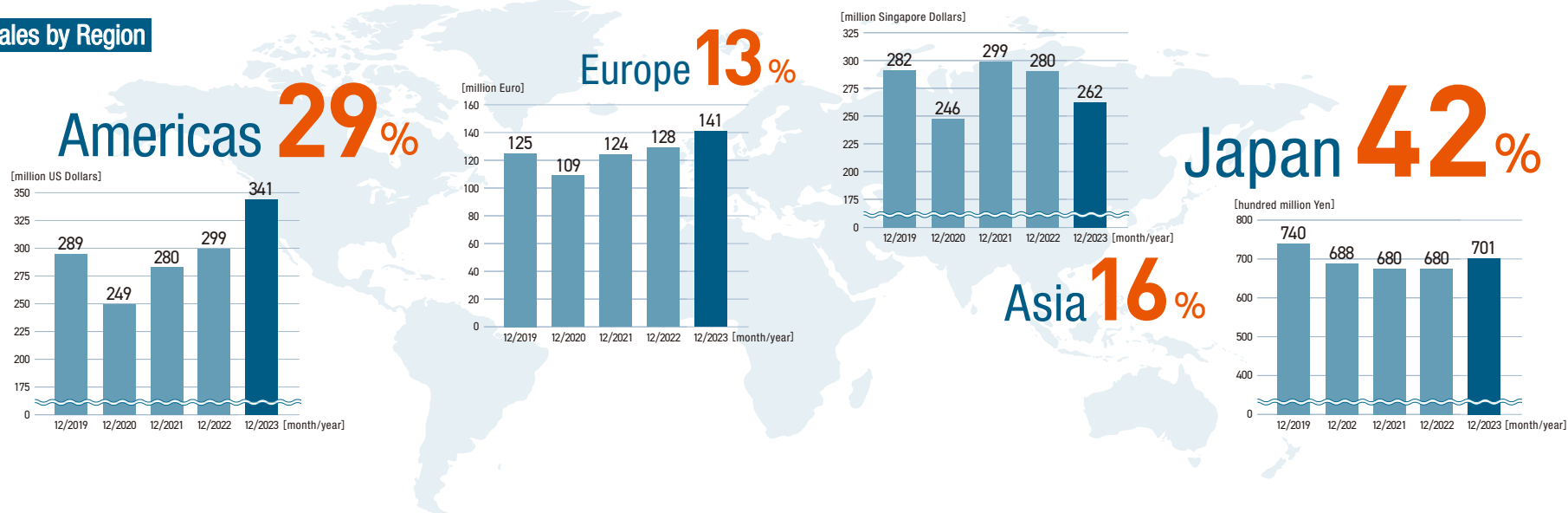
Operating Income



Stockholder Equity & Ratio



Net Sales by Region

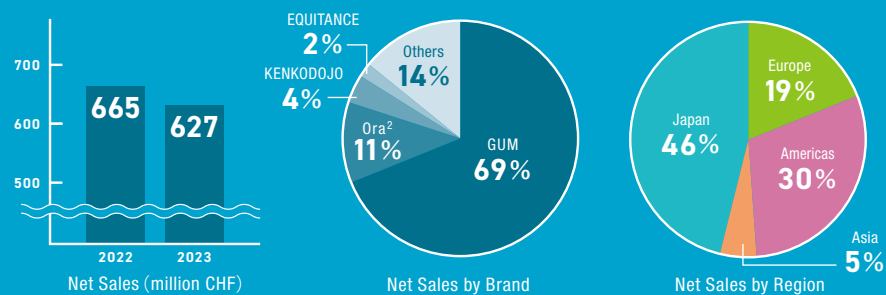


Consumer Business

Oral Care

Beauty Care

Health Care



Overview of the Consumer Business in FY2023

Even amidst inflation in energy, transportation, and raw materials costs because of global conflict, 2023 saw a second consecutive year of growth in sales in Europe and North America, despite decreased revenues in Japan and Asia. In recent years, our presence has expanded in the Latin American market. In 2023, effective marketing efforts in Mexico and Argentina focusing on key topics including interdental cleaning, oral care for children, and orthodontics, led to an increased awareness of the GUM brand. Europe has also seen strong sales performance across all countries, especially for interdentals and electric toothbrush products.

Future prospects

As we move into an era when people can regularly expect to live to 100 years old, Sunstar's Consumer Business is seeking to help people live healthier and richer lives. By taking a holistic view of health and well-being that begins with oral care, before going on to encompass greater whole health (including diet, beauty, and living environment), we can ensure that Sunstar customers are happy and healthy at every stage of their lives.

With the rising threat of infectious disease, repeated natural disasters, and an increasingly elderly global population, maintaining oral health is becoming more important due to its relationship with overall well-being. Sunstar Group is working with dentists and trusted community figures to educate the public about the importance of oral care, while accelerating our development of next-generation oral care products to meet changing market needs. We will expand Playbrush under the GUM brand in Europe, continuing our efforts to help people establish healthy toothbrushing habits with the aid of digital technology. We will also rebuild Playbrush's supply chain, including production sites, and further develop the brand in emerging markets. Meanwhile, in Japan, we will seek to address the growing health demands of consumers, responding to growth in skincare and other markets.

As part of our sustainability efforts, Sunstar has increased the proportion of plant-based materials used in the plastics used for product packaging. This complements initiatives to expand the usage of recycled materials, develop products that are both healthier and more environmentally friendly, and identify how to reduce the environmental footprint of all aspects of business operations.

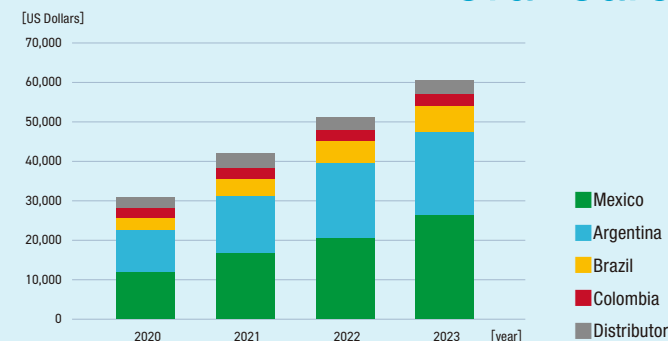
Oral Care

Consumer Business highlights:

“Latin American oral care business shows significant growth”

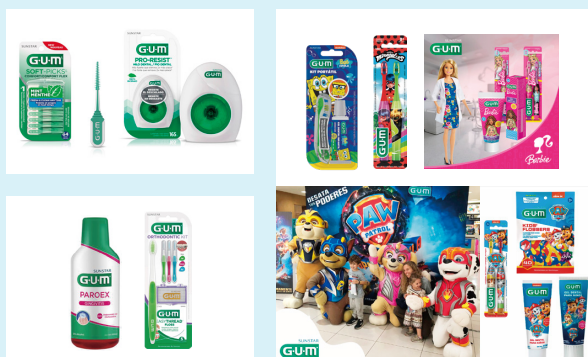
Growing the business through enhanced awareness of the GUM brand and educating the public on the important role of oral care in maintaining overall well-being

The Sunstar Group oral care business has seen incredible growth in Latin America in recent years, achieving a 45% increase in revenue over the past three years. Growth in the region has been driven by the strong performance of children’s toothbrushes and interdental brushes. GUM brand recognition among dentists and the general public has significantly increased because of our initiatives to raise awareness of the importance of oral care as part of overall well-being.



Interdentals and children’s toothbrushes driving market presence

We have grown our market share by focusing on interdentals and children’s toothbrushes, meanwhile, competitors have remained focused on general toothbrushes and toothpastes. The growth in children’s toothbrushes can largely be attributed to utilizing popular characters and other IPs, and offering a wide range of products and secure a larger market share. We have also developed distinctive products to address regional needs, such as Paoex in Mexico, and products for orthodontics patients in Argentina.



Building brand recognition for GUM through outdoor advertising, events, and digital advertising

Sunstar has been raising awareness of the GUM brand in Mexico through outdoor advertising and running a variety of events and campaigns. We also launched the “Change your Denticity” campaign to raise awareness of the importance of incorporating interdental brushing into your daily oral care routine. Meanwhile, in Argentina, our business has grown thanks to a coordinated digital campaign featuring social media posts, e-commerce-aligned sales promotions, and the launch of smartphone apps.



Raising awareness of the value of oral care through partnerships with dental professionals

Sunstar regularly engages with dental professionals, hosting seminars and product displays at many academic conferences and exhibitions in the region. We also deliver regular lectures on the importance of preventative dental care at major universities and dental schools in Argentina and Mexico, increasing awareness of the importance of oral care and how our products can help. These activities raise our social presence and the value of Sunstar, while also contributing to business development.



Oral Care



Toothpaste / Mouthwash / Toothbrushes / Interdentals / Dental treatment products

European growth thanks to product innovations and interdental product marketing

A revamped product portfolio in Europe has aided growth, including the release of the new GUM Soft Picks Pro, offering 50% increase in cleaning efficacy (compared to GUM Soft-Picks Advanced) thanks to a significantly increased number of softer, rubber bristles. Product innovation was complemented by a 360-degree campaign in key European countries, with social media, television, and in-store promotions designed to promote interdental usage and raise awareness of the GUM brand.



Integrating Playbrush into the GUM brand to strengthen connected healthcare offer

After the acquisition of Playbrush in 2021, the products are now marketed as part of the GUM brand, helping to emphasize our commitment to encouraging healthier brushing habits. We are preparing to expand product availability beyond its existing markets in Austria and Germany to the rest of Europe, beginning with France and Italy.



Launching vegan and organic-certified GUM Bio Mouthwash in Europe

Sunstar launched GUM Bio Mouthwash, its first mouthwash made with 99% organic ingredients. The formulation has received three vegan and organic certifications including V-Label.eu and COSMOS certification. With a gentle peppermint flavor, GUM Bio Mouthwash uses aloe vera's natural anti-bacterial and anti-inflammatory qualities for gum care, while containing just the right amount of fluoride to strengthen teeth and protect them from caries. This new product completes an organic product series designed to meet the needs of consumers who value organic products and natural ingredients.



Filling out the Japanese premium periodontal care product lineup with the GUM Labo series

With additional functionality to help prevent periodontal disease, Sunstar's GUM Plus Dental paste product has experienced market share growth in Japan. We have also expanded our premium periodontal care lineup with the release of GUM Labo Series toothpaste and toothbrush products, which benefit from improved formulas to help treat gum contraction due to periodontal disease. The range now also includes GUM Hypersensitivity Labo Dental Paste, formulated to address periodontal issues and hypersensitivity.



Beauty Care

Skin care cosmetics / Hair care products / Oral beauty care products



Ora² benefits from increased demand for on-the-go oral care products

With declining face mask usage and increasing social activity, consumer demand for portable oral beauty care products is growing. Oral algefacient Ora² Me Mouth Spray and portable toothbrush set Ora² Me Portable have experienced increased sales volume due to these trends.



A powerful new ally against visible aging from EQUITANCE

EQUITANCE Wrinkle Approach EX is a new medicated anti-wrinkle cream that uses niacinamide as an anti-wrinkle agent. The product has been praised for its ability to physically improve the appearance of age-related wrinkles.



Health Care

Health foods / Household goods



Pop-up stores and influencer engagement boost sales of KENKODOJO health foods

Disrupting our marcomm strategies and directly communicating with customers and Kenko Dojo fans has resulted in a major boost for the healthy food brand. Not only the follower base has doubled compared to the previous year, but also our 30% increase in pop-up stores openings at airports and department stores has led to a 70% boost in contracts signed.



First vegetable beverage to be awarded Japanese Disaster Food Certification

Six KENKODOJO vegetable-based beverage products have been awarded Japan Disaster Food Certification by the Japan Disaster Food Society. This is the first time a vegetable beverage has acquired this certification indicating that it can be stored for emergencies to provide valuable nutrition. These products are gaining recognition for their ability to help maintain nutritional balance during both normal times and in emergencies.

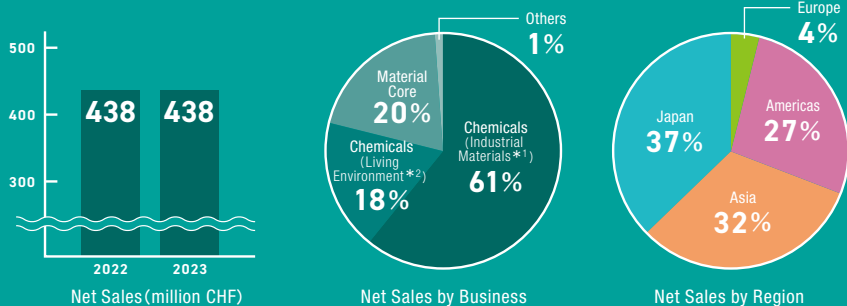


Industrial Business

Chemicals

Material Core

E-Science



*1 Adhesives for automobiles and electronics
 *2 Sealants for construction

Overview of the Industrial Business in FY2023

While 2023 may have resulted in declining sales in some markets due to the impact of conflicts in Ukraine and the Middle East, global organic revenue and profits for the Industrial Businesses increased. This success can be attributed to the progress made in supporting the automotive industry's decarbonization efforts, expanding the metal parts business across additional regions, and input price stabilization.

There has been strong sales growth in automobile and electronic adhesives, driven by demand from Chinese and European automakers, and for Japanese automakers with North American manufacturing facilities. Popular products included adhesives used to install large displays and cameras in automobiles, cavity fillers for noise and vibration damping of vehicle cabins, and cases for electric vehicle battery packs.

Demand for construction sealants and adhesives was also strong, with sales to large semiconductor factories in Japan and other major construction projects in China. To help the construction industry improve its environmental footprint we have also developed recyclable containers for products. Growth in metal parts sales has been aided by increased orders for brake discs for large motorbike OEMs in the US, China, and Europe and through aftermarket sales in Japan and Asia. Inquiries from US and European automobile manufacturers had also contributed to sales growth of metal parts. 2023 also saw the launch of QAIS brand photocatalytic sterilization and deodorizing systems in the US and China, alongside the existing Japanese market. This innovative technology is also being used to help us gain a foothold in the rapidly expanding global market for pet equipment.

We also installed solar panels at our Singapore and Germany manufacturing sites, allowing us to reduce associated greenhouse gas emissions by increasing the proportion of renewable energy consumed.

Future prospects

Sunstar's Industrial Business will continue to develop and market technologies to help create healthy, pleasant, and safe living spaces and mobility options. In addition to fulfilling our commitment to producing sustainable solutions, we will strive to improve the competitiveness of the business, expanding our geographic reach and pioneering new market opportunities that take advantage of our existing adhesive and metal processing technology platforms. This will include seizing opportunities to create new living environment businesses and building on the success of our efforts to improve indoor air quality.

As part of its efforts towards carbon neutrality, the automotive industry is seeking new adhesives to support lightweighting and the electrification of vehicles. To take advantage of this opportunity, we are working hard to improve our adhesive technology and production capacity. Alongside technology development, we will be seeking new automotive manufacturing customers from Europe, China, and developing countries.

In the construction sealants and adhesives segment, we intend to extend our product range to include adhesives for indoor use and a greater number of high efficiency one-component products, to expand our business in China and introduce more environmentally friendly packaging. Growth in the metal parts business will be achieved by expanding our product range to include brake discs for large motorbikes, luxury bicycles, e-bikes, small EVs (for the Chinese and Indian markets), 4x4s, and outboard motors. The indoor air quality business will seek to grow by improving its pet products and accelerating its global development. In support of our sustainability objectives, we will continue to install renewable energy sources at factories and seek to refine manufacturing processes to reduce their environmental footprint.

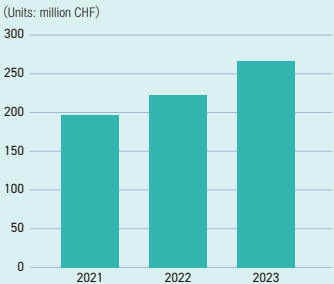
Chemicals

Industrial Business highlights: Automotive adhesives

Significant growth by meeting the three key demands of the automotive industry

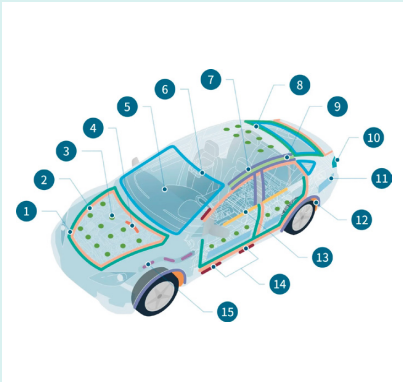
In recent years, the automotive adhesives business has grown dramatically. Sunstar has the product development capacity and expertise to meet the highly specific needs of different automobile manufacturers and now offers a wide variety of adhesive products. Our product portfolio addresses three core attributes desired by automobile manufacturers: 1) decarbonization 2) improved comfort, and 3) global availability.

[Sales of adhesives for automobiles]



[Sunstar adhesives for automobiles]

- 1. Hem flange adhesive
- 2. Body sealer
- 3. Mastic adhesive
- 4. Adhesive for electronics
- 5. Interior adhesive
- 6. Windshield adhesive (Direct glazing)
- 7. Structural adhesive (Weld bond)



- 8. Liquid applied UV curable masking material
- 9. Spot sealer
- 10. Formed-in-Place Gasket (FIPG)
- 11. Pumpable sheet metal stiffener (PSS)
- 12. Under body coating
- 13. Heat curing elastic adhesive
- 14. Pumpable sound deadener (PSD)
- 15. Cavity Filler

(1) Supporting the automotive industry net zero efforts and electrification

Sunstar has promoted the adoption of adhesives in place of welding and screw fixings illustrating how their use can support the automotive industry’s lightweighting efforts and help increase fuel efficiency. The industry’s focus on carbon neutrality (effective CO₂ emissions of zero), was a consistent theme throughout 2023; orders for EV battery cases increased, FIPG was adopted by European automakers, and Japanese automakers chose using urethane-based adhesives. The increasing prevalence of electronic control systems to support drivers has also fueled demand for adhesives suitable for fixing large displays and in-vehicle cameras.



*for illustrative purposes

(2) Helping create mobility options with reduced noise, vibrations, and odors

Many automotive manufacturers are now using our products as structural adhesives in car bodies to help suppress noise and vibration. In 2023, we increased sales of coated foamed noise-insulation materials for use in Japanese high-end cars, and our odor-eliminating water-based adhesives for use in vehicle interiors were also well received by electric vehicle manufacturers.

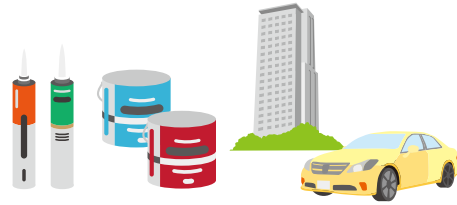


(3) Enhancing global production networks and availability

In recent years, Sunstar has increased its US adhesives production capacity and placed new production locations in Europe and Indonesia, and encourage greater collaboration between development, production, and sales locations in Japan, North America, Europe, and Asia. These efforts resulted in strong sales growth in 2023, with high demand from Japanese automakers with production facilities in North America, alongside the Chinese, Asian, and European locations of European and Chinese automakers.



Chemicals



Adhesives and sealants for automobiles, electronic components and construction

Long-life and low-volatility sealants specified for major Japanese construction projects

Sunstar secured significant new sealant orders for use in the construction of a major urban development project and large semiconductor factories in Japan. This follows the positioning of our long-life sealants as suitable for external applications, and the pitching of low-gassing sealants for internal applications.



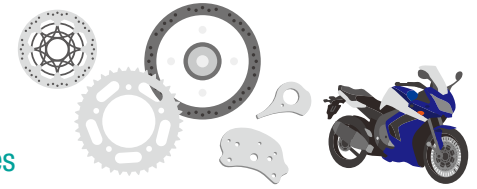
Photo courtesy of KIOXIA Corporation

Expanded sales of silicon-based sealants in China

Sales of silicon-based sealants doubled in 2023, reflecting progress in product approvals and business development. Technical exchanges with developers and design firms have accelerated the product approvals process. We also succeeded in securing the specification of silicon-based sealant SR2518 and flame-retardant sealant SR2519 for use in a major construction project in South China.



Material Core



Metal parts for motorbikes and automobiles

Increased orders for brake discs for large motorbikes from North America, China, and Europe

Throughout 2023, orders for brake discs for use in large motorbikes have increased in the US, China, and Europe. The introduction of new brake pads and strong orders for high-grade aluminum hub floating brake discs in China also contributed to growth in the segment.



Growing sales of race-grade brake discs in Japan and China

Sales growth in Japan and China was significant through the new products development. Our new range of EPTA discs, integrating Japanese race-grade brake disc technology and Sunstar European brand BRAKING, intended for racing use, have been welcomed by motorbike enthusiasts in Japan. We also began selling 10 aluminum hub floating brake disc product variants in China.



Material Core

A “Global Excellence Award” from Yamaha Motor

Sunstar received a “Global Excellence Award” from Yamaha Motor, a major customer for motorbike brake discs and sprockets (a gear component). This award recognizes suppliers for demonstrating excellence in both quality and business activities, including the horizontal deployment of quality improvement measures across global businesses.



Increased orders for metal parts for use in vehicles in Thailand and Indonesia

Sunstar experienced an increase in orders for automotive parts produced by its fine blanking and high-speed press facilities. These orders can be attributed to improvements in die machining technology and also helped us secure new customers in Europe and the US.



E-Science

Indoor air quality improvement business



Expanded customer contact points lead to sales growth among Japanese pet owners

Sales of our pet deodorizing system QAIS-air-04 have increased following an expansion of customer contact points, including online retailer listings, attendance at pet expos, and the installation of display units at pet-friendly hotels and home centers. The release of a dedicated stand for the product (for those who cannot wall mount the unit) has also helped increase adoption.



Ground-breaking pet deodorizer received an award for innovation

In Spring 2023, we launched our QAIS-air-04 pet deodorizer product in the US and China. The ground-breaking product subsequently won Cleaner and Deodorizer Product of the Year at the 2023 Pet Innovation Awards.



Well-being & ESG

Initiatives

Sunstar's recent progress toward environmental and social goals










For more detailed information, please visit the Sunstar website:
<https://www.sunstar.com/sustainability>



ESG Environment

The table below shows progress toward our Mid- to Long-Term Environmental Targets during FY2022*. Major environmental initiatives from FY2023 are highlighted on the next page.

Progress towards Sunstar Group's Mid- to Long-Term Environmental Targets

	2030 target	Achieved, 2021	Achieved, 2022
Plastics in containers and packaging: increase in plant-based/ recycled plastic usage rate 	50%	5%	6%
Used containers and packaging: increase in percentage of recyclable/ reusable material usage 	100%	73%	68%
Paper used in containers and packaging: increase in usage rate of FSC® certified or other certified paper products 	100%	53%	70%
Palm oil usage in products: increase in ratio of RSPO certified or other certified renewable palm oils 	100%	9%	14%
Energy use in own plants and offices: increase proportion of renewable (CO ₂ -free energy) energy 	100%	26%	27%
Water usage in own plants: reduce volume of water usage per production volume compared to FY2020 	-20%	1%	9%
CO ₂ emissions in own plants: reduce volume of emissions (scope 1+2) compared to FY2020 	-85%	-22%	-21%

*Figures for FY2023 are still being compiled and validated.



Major initiatives in FY2023

● Measures to reduce the environmental impact of containers and packaging

In Europe, Sunstar has introduced product packaging that uses at least 70% recycled materials; 53% of GUM brand sales in 2023 were of products using this new packaging. Meanwhile, in Japan, we have made the switch from oil-derived plastics to a 30% plant-based biomass PET (polyethylene terephthalate) in bottles used by 13 of our liquid toothpaste and mouth rinse products. This move will help reduce the volume of oil-derived virgin resin used in our products, reducing our CO₂ emissions.



● Employee-led biodiversity initiatives

Sunstar employees have taken the lead in promoting biodiversity initiatives around the world; German factory have donated for organizations focused on forest conservation, mangrove trees have been planted by Indonesian team members, and Thai employees have planted trees within the factory grounds.



Indonesia



Thailand

● Sunstar factories benefit from solar power expansion

Sunstar has installed solar panels at our Industrial Business factories in Germany and Singapore, in addition to our Consumer Business factories in Germany and Japan. The 910 panels at our German factories and 880 panels at our Singapore factories are sufficient to provide 30%-50% of the facilities' energy requirements. We are continuing to increase the proportion of self-generated and renewable energy used across our businesses as part of our efforts to further reduce the environmental impact of our operations.



Germany (Industrial Business)



Singapore (Industrial Business)

● Waste reduction initiatives

In Japan, Sunstar has identified the opportunity to recycle plastic trays used in our toothbrush manufacturing process which have become degraded due to repeated use. Meanwhile, our factory in Thailand now collects used PET bottles and caps for processing and use as recycled materials.



Japan



Thailand

ESG Human Resources

Sunstar is progressing its efforts to develop internal talent that meet new business demands and build an organization that embraces diversity worldwide



Sunstar Global HR Mission Statement

[HR Vision]

1. Create a vibrant work environment where employees are highly motivated and that is comfortable to work in
2. Create a team that respects diverse values and continues to evolve with changes

[HR Mission]

3. Enhance the well-being of individuals and organizations
4. Support the transformation to highly competitive and autonomous professional team
5. Promote teamwork management that brings diverse strengths of individuals together

[HR Strategy]

6. Enhance engagement
Maximize employee engagement by pursuing comfortable work environments and rewarding work
7. Enhance organizational and individual competencies
Support employee driven their career development, developing the expertise of each employee, and realizing the growth of the organization
8. Drive transformation
Draw out the potential of a diversity of individuals, and thoroughly implementing human resource management linked to business strategies, leveraging successor training plans

● Improving individual and organizational well-being

In January 2023, Sunstar Group defined its “Sunstar Global HR Mission Statement,” which is intended to improve employee well-being and help the business realize sustainable development. The policy outlines a shared global HR management vision and functions as the foundation for all HR policies across the group. We are determined to put in place HR management that generates value.

● Supporting the transformation to a highly competitive autonomous professional team

Sunstar has introduced an e-learning platform to support employee development in Europe, North America, and Japan. The platform provides a variety of educational content, creating a program that allows employees to independently develop their skills to support their career development. In addition to the optimization of operations and cost-reduction measures, business transformation is being accelerated through digital transformation initiatives, such as the Sunstar Summit. We are also encouraging cross-region deployments for trainees and greater HR networking.



● Promoting teamwork-oriented management and greater diversity

Our “Sunstar Connect” event in Europe every year is designed to deepen mutual understanding between corporate cultures and encourage greater and deeper communication between international teams. For International Women’s Day, we hosted a breakfast conference in Switzerland to exchange views on issues facing female employees in the workplace. Workshops in Singapore have also helped to promote mutual understanding between Japanese and local cultures; this program has also been used in Bangkok and Jakarta for new employees from 2023.



Switzerland

Singapore

● Improving employee health and performance

Sunstar has implemented programs to enhance the mental and physical well-being of its employees globally. Pilates lessons are hosted weekly in Switzerland, while German employees can attend sporting events and have access to exercise videos. Daily “Sunstar physical exercises” continue to be a fixture in Japan, with instructors directing participants on how to improve leg and lower back fitness, complemented by seminars for women’s health issues. These initiatives have been integral to Sunstar subsidiaries in Japan being certified as an outstanding organization for Health & Productivity Management for the seventh year running, and in 2023 we entered the top 500 ranking of companies.



Japan



Switzerland



Germany



ESG Partnership

Sunstar supports health initiatives in local communities, promoting dental and oral care, and using research to help increase awareness of the relationship between oral care and whole body health.

● Humanitarian support and disaster relief

Sunstar in Germany has donated oral care products to people displaced by conflict and natural disasters, including Ukrainian children. In China, we donated mouth rinses to help protect the health of medical personnel working at over ten medical institutions as they dealt with the Covid 19 pandemic, while also promoting the importance of routine oral care. In Japan, a portion of the sales of the Hairspray was donated to medical professionals.



Japan



Germany



China



China

In Indonesia, we have helped provide clean drinking water to regions impacted by droughts caused by climate change.



Indonesia

● Contributing to our local communities

Employees in the US grew food in the factory grounds for donation to local food banks. A partnership with the non-profit Mexican Diabetes Association allowed us to support low-income diabetics and their families through workshops and medical care.



USA



Mexico

● Promoting better dental and oral care, and raising awareness of the link between oral care and general health

For 22 years, the Sunstar/RDH Award of Distinction, organized by Sunstar USA and the dental industry magazine, RDH, has been recognizing outstanding work by dental hygienists. The Sunstar Foundation's partnership with the World Health Organization (WHO) helps improve access to dental care products for people in developing countries. The foundation donated 120,000 toothbrushes to the Republic of Palau in the Western Pacific in 2023, and will help test the effect of brushing instruction in elementary schools across the country. Each year, the Sunstar Foundation also awards the Hiroo Kaneda Research Grant research grant to young scientists who are engaged in investigating the connection between oral care and whole health. In 2023, the grant was given to two promising young scientists.



USA



Japan

