

[Foundation Strategies]

Human Resources (=Human Assets) and Diversity



[Securing and Development of Young Skilled Construction Workers \(Materiality #8\)](#) ▼

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Securing and Development of Young Skilled Construction Workers (Materiality #8)

Promoting two days off per week (eight-day or longer closure per four weeks)

The Company has been working to secure days off for employees at project sites as part of its work style reforms. We will create a shorter hours policy document to promote voluntary initiatives for shorter working hours at project sites, introduce and use IT tools to reduce the workload at project sites, reduce the volume of documents and promote online documentation, and review division of work before launching effective measures at all offices. In fiscal 2020, we promoted “six-day or longer closure per four weeks” with a target implementation rate of 100% at new projects sites, and achieved 83.6% implementation (including ongoing projects). For fiscal 2021 onward, we will further strengthen the initiative to achieve 100% implementation of “two days off per week (eight-day or longer closure per four weeks)” at new project sites.

■ Holidays at new project sites

Fiscal 2020 Target	Fiscal 2020 Result	Fiscal 2021 Target
Promote six-day or longer closure per four weeks Implementation rate: 100%	Implementation rate: 83.6% (including ongoing projects)	Promoting two days off per week (eight-day or longer closure per four weeks) Implementation rate: 100%

Support for partner companies

In order to address aging skilled construction workers and a shortage of younger workers, the Company has been working together with its partner company organization, Shineikai, to secure and develop young skilled construction workers.

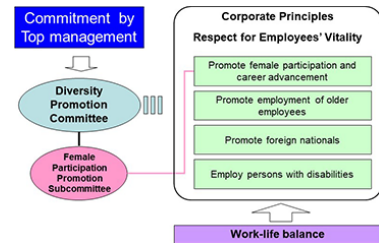
Promotion of Diversity (Materiality #9)

Toward the establishment of a corporate culture where diverse workers can play even more active roles

The most valuable asset of the construction industry is human resources (=human asset). Creating an environment and corporate culture where all those involved in the Group can feel joy and work with motivation will lead to increasing our corporate value.

The Company upholds “Respect for Employees’ Vitality” as one of its Corporate Principles and established the Diversity Committee in December 2014, with an aim to create a corporate culture where diverse workers can play even more active roles. Under the strong commitment of top management, the committee serves as an advisory organ on matters including improvement of employment environment for female, foreign national and older employees and those with disabilities, and new establishment and revision of systems. It is composed of the Representative Director Executive Vice President (officer supervising Administration Division), who chairs the committee, and Division Directors.

We have also set up the Female Participation Promotion Subcommittee under the Diversity Committee to accurately reflect opinions of female employees in its policies (January 2015). The subcommittee consists of female committee members who have worked at project sites and raised children, with the Manager of Personnel Department as the Chair and Administration Managers of divisions as members. We believe that the presence of diverse human resource will bring perspectives that are new in the construction industry and contribute to various improvements as well as to the creation of new technologies and business.



Promotion of female participation and career advancement

We are aware that the promotion of female participation and career advancement is a driving force for corporate growth from the perspective of sustainability, and it is an urgent business challenge for us to make it happen. We are making active efforts to sweep away the conventional image of a construction company and support the advancement of women in the industry from both tangible and intangible aspects. The efforts from the tangible aspect include building more female restrooms and changing rooms and saving labor through the use of machines and IT devices, whereas those from the intangible aspect include achieving work-life balance, developing systems to support work-life balance and increasing the ease of utilizing such systems. Through such efforts, we are aiming to create a comfortable workplace so that all employees regardless of gender can fully demonstrate their abilities.

We also provide training to improve skills of female employees and raise awareness among employees, especially among managers. Further, we have been implementing measures that lead to increasing the motivation of female employees with reference to the findings of employee engagement surveys. As such, we will develop more female manager candidates early on and actively appoint female managers.

General Employer Action Plan based on the Act on Promotion of Female Participation and Career Advancement

Period for the plan: Three years from April 1, 2019 to March 31, 2022

Target 1

Ensure that female career-track employees account for 20% or higher and 10% or higher of all new employees hired as part of regular recruitment and midcareer recruitment, respectively.

Target 2

Achieve 2.5% or higher percentage of female managers.

Target 3

Reduce the average hours of overtime work and work on holidays among non-managerial career-track employees to less than 45 hours per month in fiscal 2021.

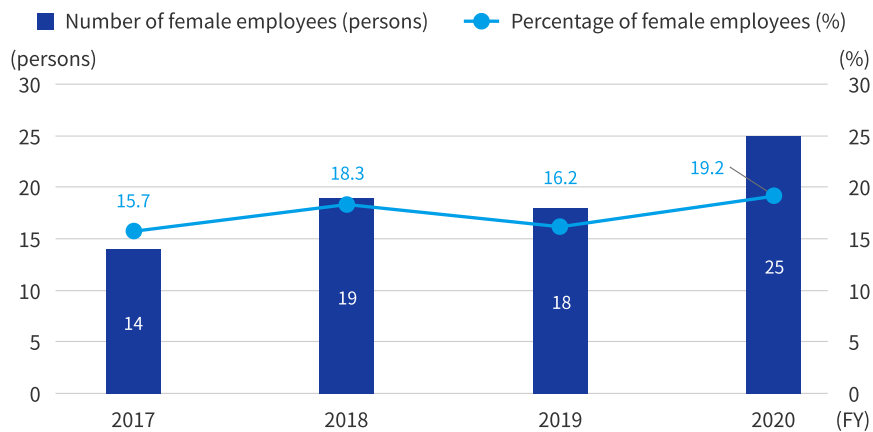
▶ [Action Plan of Sumitomo Mitsui Construction Co., Ltd. \(Japanese only\)](#)



Recruitment, education and promotion

As for recruitment, we recruit people regardless of gender or nationality, aiming to be an organization where diverse human resources can play active roles. In 2020, we hired 130 additional employees including 25 females and four foreign nationals as part of regular recruitment. With an overall target of achieving 20% or higher percentage of female employees among all newly hired employees, we have set a target for each job category: civil engineering 15%, building construction 20% and office work 40%. We hired more female recruiters and are promoting the attractiveness of the Company as a potential employer to female students, telling them that we have various systems for providing work-life balance support more than legally required and offer a working environment where they can work for a long time.

Regular recruitment (female employees on the major career track)



To promote female participation in the workplace, it is necessary to raise awareness not only among female employees but also among all employees, including managers. We therefore offer various training to establish such a corporate culture. We will continue to make a creative effort to provide educational programs tailored as necessary.

- Diversity training for managers (with a different theme for every occasion)
- Training for managers in charge of female employees
- Career training for female leader candidates
- Career training for general office employees

During a period between fiscal 2016 and fiscal 2018, the number of female managers increased from 12 to 25, and 16 female general office employees were promoted to career-track positions under a system that allows general office employees to change their employment category. Under the Action Plan based on the Act on Promotion of Female Participation and Career Advancement for a period between fiscal 2019 and fiscal 2022, we have set a target of achieving 2.5% or higher percentage of female managers and successfully increased the percentage from 1.96% in fiscal 2019 to 2.2% in fiscal 2020. We will continue to actively promote general office employees to career-track positions. In April 2021, two female employees were promoted to the position of Department Manager for the first time. We will systematically appoint female employees to the positions of key management personnel.

TOPIC 1

Putting efforts on female specific health issues

We are offering a wide range of support for female specific health issues according to their life stages and actively providing employees with opportunities to think about their health to prevent diseases among them.

- Launched a healthcare consultation service for female employees
- The Company bears the cost of testing for detecting hidden anemia (ferritin and TIBC), which is frequent in women, for female employees who apply for financial aid for female medical checkup and female cancer screening.
- We provide an educational program about “women and hormones” to managers and female employees.

Network

As part of initiatives undertaken by the Female Participation Promotion Subcommittee, we held an opinion exchange meeting among female engineers and female career-track employees. We facilitate communication among female employees, and thereby provide opportunities for them to reflect on their own careers by continuously undertaking such cross-sectoral initiatives.

At study group meetings called to discuss workwear and safety belt, female members of the Female Participation Promotion Subcommittee and volunteer female employees repeatedly discussed to create functional workwear with excellent design and made a proposal of redesign of existing workwear. Based on this proposal, we redesigned and adopted new workwear clothing in 2018.

As the number of female employees hired for career-track positions increases in recent years, female employees, who expect to experience life events such as marriage and childbirth, have voiced their concerns about their future ways of working. In response, we have set up a consultation service for female employees to offer advice on work and life careers in fiscal 2020. The service provides consultation not only for female career-track employees but also for female general office employees and contract employees. Also, when visiting a branch or project site, our officers arrange an opportunity to talk with female employees and ask their opinions and requests on life events and future career development. Such opportunities have helped female employees develop their careers as well as contributed to creating a working environment to realize a work-life balance.

TOPIC 2

Kensetsu Komachi

Kensetsu Komachi is a nickname of women who play active roles in the construction industry. In order to communicate to the public the active participation of women in the construction industry, the Japan Federation of Construction Contractors (JFCC) has been working to register and introduce Kensetsu-Komachi Construction Teams, in which women play a central role. The link below shows a list of Kensetsu-Komachi Construction Teams registered by the Company.

- ▶ [List of Kensetsu-Komachi Construction Teams \(Japanese only\)](#) 

With an aim to contribute to securing workers, promoting diversity and improving the industry's image, JFCC has hosted the Kensetsu Komachi Activity Promotion Awards to commend the initiatives undertaken by member companies. In 2019, the Company applied five initiatives to the fifth Awards and one of which won a special award (the awards ceremony was held in November 2020).

- ▶ [News Release: Received a special award \(the Global Award\) at the fifth Kensetsu Komachi Activity Promotion Awards \(November 6, 2020\) \(Japanese only\)](#) 

Improvement of working environment at project sites

With the “Sumitomo Mitsui Construction’s Manual for Working Environment Improvement for Female Engineers and Technicians Assigned to Project Sites” developed based on JFCC’s “Manual for Creating Kensetsu Komachi-friendly Working Environment at Project Sites,” we have been working to improve the working environment at project sites. In fiscal 2020, we once again started making efforts to ensure the installation of restrooms and changing rooms which can be used comfortably by female employees at project sites. We are targeting a 100% installation by the end of fiscal 2021.

In fiscal 2020, we conducted a questionnaire survey to ask female engineers (in civil engineering and building construction) about the improvement of working environment to promote their participation and career advancement. As a result, we found that there are some perception gaps between project managers and female engineers, especially about the installation of restrooms and changing rooms (break rooms). Accordingly, we shared with all project sites about what we had discussed based on many opinions from a female perspective, such as the installation of window blindfold sheets. In particular, we were able to obtain valuable opinions on the improvement of facilities and equipment not only for female employees but also for male employees, which had hitherto been overlooked.

We have resumed opinion exchange meetings, which had been suspended due to the COVID-19 pandemic, and thereby aim to truly improve our working environment for all employees working at project sites, regardless of gender, through consistent efforts for improvements.



Before the installation of window blindfold sheets



After the installation of window blindfold sheets



Resting room

Promotion of diversity in employment

With respect to the reemployment of employees after their retirement, we are targeting to achieve the reemployment of 90% of retired employees. Also, in order to encourage them to thrive with higher motivation, we are working to review existing systems to create a framework that allows them to continue working for a long time even after their retirement by introducing shorter working hours and days, improving the wage level and restructuring the wage system to make it commensurate with their workstyles.

To promote diversity in human resources, we recruit new foreign national graduates according to the plan. We pay adequate attention to new foreign recruits by preparing the English version of materials used in internal training for new recruits and assigning them to workplaces where they can work with colleagues with experience of working abroad so that they can easily adapt to their working environments.

In January 2017, we held a meeting to exchange views among foreign national employees for the purpose of promote interchange among them and solving problems they have about working in a different country. Experienced employees gave younger employees advice on how to deal with problems they come across in daily work because they have to communicate in non-native language. They also made a proposal of how to deal with such problems to the Company. As such, the meeting gave us a good opportunity to talk about such issues. In October 2018, we launched a consultation service for foreign national employees and their families to provide consultation for problems that cause anxiety and worry. We also provide language training to teach business Japanese to support foreign national employees working in Japan and foreign students who have job offers from the Company.

Number of foreign nationals hired as part of regular recruitment

(persons)	FY2017	FY2018	FY2019	FY2020
Male	4	4	3	4
Female	1	1	1	0
Total	5	5	4	4

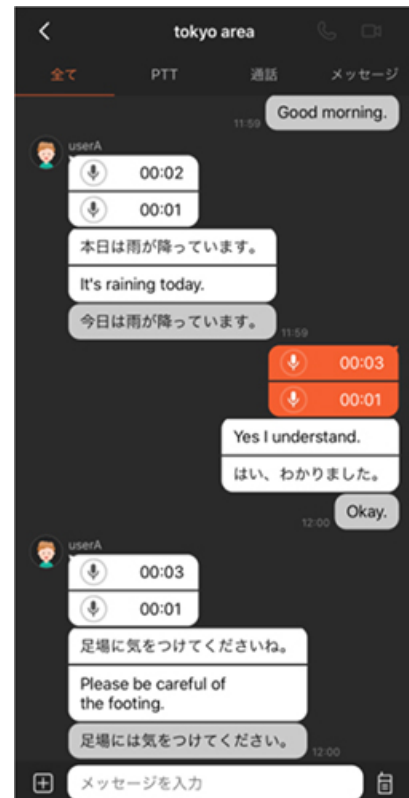
TOPIC 3

Development of DokoMinaPhone


We developed DokoMinaPhone, an automatic audio-call translator with simultaneous message broadcast feature — i.e., a communication tool that allows everyone in a community, where groups speaking many different languages coexist (e.g.: an environment like construction site), can talk with each other anywhere. In the midst of rapidly advancing globalization, we aim to eliminate a language barrier and achieve diversity at construction sites around the world so that people from different countries and speaking different languages can work together safely and securely. In addition to expanding the number of supporting languages, we will work to make DokoMinaPhone become an indispensable communication tool for construction workers around the world by adding a hands free feature in consideration of safety during work, adapting to technical terms and expressions unique to construction work, and moreover, by developing other new features required by construction sites, such as one that enables identification of speakers by ear by using translator's voices with different characteristics.



A scene of conversation using DokoMinaPhone



Application screenshot
(for an illustrative purpose only)

- ▶ [News Release: Developed an automatic audio-call translator “DokoMinaPhone,” a tool that allows everyone can talk with each other anywhere \(March 30, 2021\) \(Japanese only\)](#) 

We proactively hire people with disabilities to achieve the statutory employment rate by expanding their scope of work, creating a comfortable working environment and introducing job applicants with disabilities, especially to departments with lower employment rates, to encourage employment. As a result, our employment rate is expected to exceed the statutory employment rate of 2.3% in 2021. The Company decides where to assign people with disabilities according to the individuals' careers from the perspective of normalization and provides the necessary consideration and support.

Employment rate of people with disabilities

(%)	CY2017	CY2018	CY2019	CY2020
Sumitomo Mitsui Construction	1.96	2.07	2.06	2.06
National average	1.97	2.05	2.11	2.15
Statutory employment rate	2.0	2.2	2.2	2.2

Promotion of Work-life Balance (Materiality #10)

We are working to develop a culture of openness in our workplaces while honoring diverse values and lifestyles of individual employees through measures such as shortening working hours to improve working environment and conditions.

Promotion of the use of childcare leave among male employees

The Company has long been promoting the use of childcare leave among male employees by setting conditions better than legally required, such as providing 10 days of paid childcare leave; and allowing the extension of childcare leave up until the child reaches three years of age for special reasons. However, the utilization rate hovered around 10%. In fiscal 2020, the utilization rate improved dramatically to 76.6% as a result of adding a new condition that allows employees to take a second childcare leave under any circumstances, while actively making approaches to the superiors of male employees to encourage the utilization.

We have also raised the maximum age of children at which parents are eligible for the exemption from non-scheduled work and child nursing care leave so that more employees can utilize these programs. We raised the maximum age of children at which parents are eligible for the exemption from non-scheduled work from the current “up until the child reaches three years of age” to “up until the child enters elementary school,” while, for child nursing care leave, from “up until the child finishes the third grade of elementary school” to “up until the child finishes the sixth grade of elementary school.” As such, we have striven to provide our own support for employees to balance child care and work.

Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children

To achieve the 100% utilization of childcare leave among male employees, we revised our Action Plan to change the target in April 2021 (the target under the Action Plan was set at 80%, given the difficulty of taking childcare leave in the same month as the birth of the child in March).

Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children

Period for the plan: Two years from April 1, 2021 to March 31, 2023

Target 1


We shall improve the utilization rate of childcare leave at least to the following level by the end of the period for the plan. Male employees: achieve 80% or higher utilization by the end of the period for the plan.

Target 2

Reduce the average hours of overtime work and work on holidays among employees (excluding managers and supervisors) to less than 60 hours per month over the year.

Target 3


Achieve 50% or higher average utilization of annual paid leave among all employees.

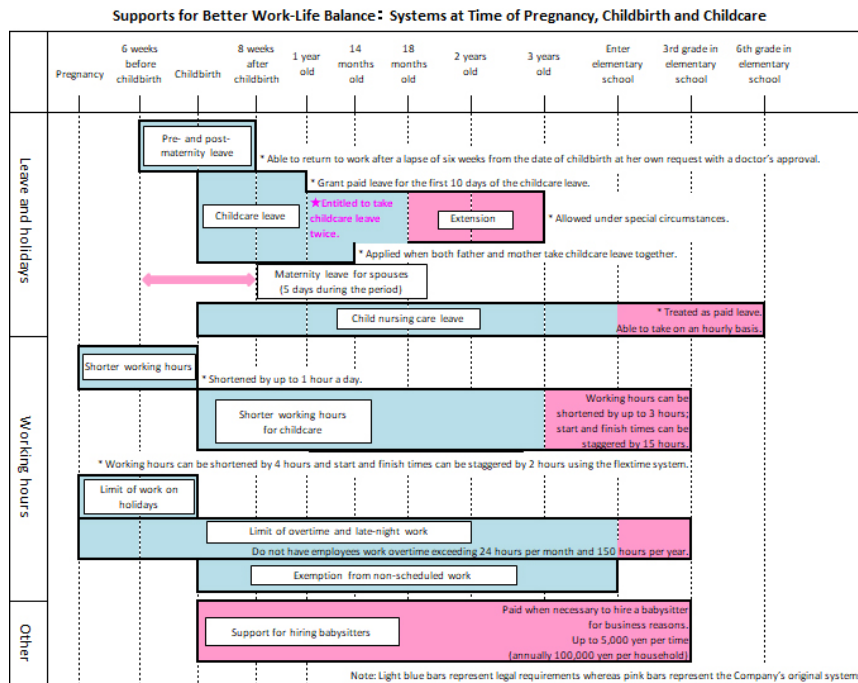
- ▶ [General Employer Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children \(Japanese only\)](#) 

Major systems

- New shorter working hours program
- No overtime day (Wednesday)
- Granting of site-change leave at the end of construction period
- Diversified working arrangements and systems compatible with a range of different lifestyles and life events
- Job return system
- System designated to support change of work location
- Maternity leave for spouses
- Distribution of Work-life Balance Support Handbook
- Introduction of the work-at-satellite-office system
- Work-at-home system



Our employees' flexible ways of working during pregnancy and after childbirth are introduced in the [“Maternity Health Management Guidebook in the Construction Industry”](#) (Japan Association for the Advancement of Working Women) (Japanese only). 



Promotion of Health and Productivity Management

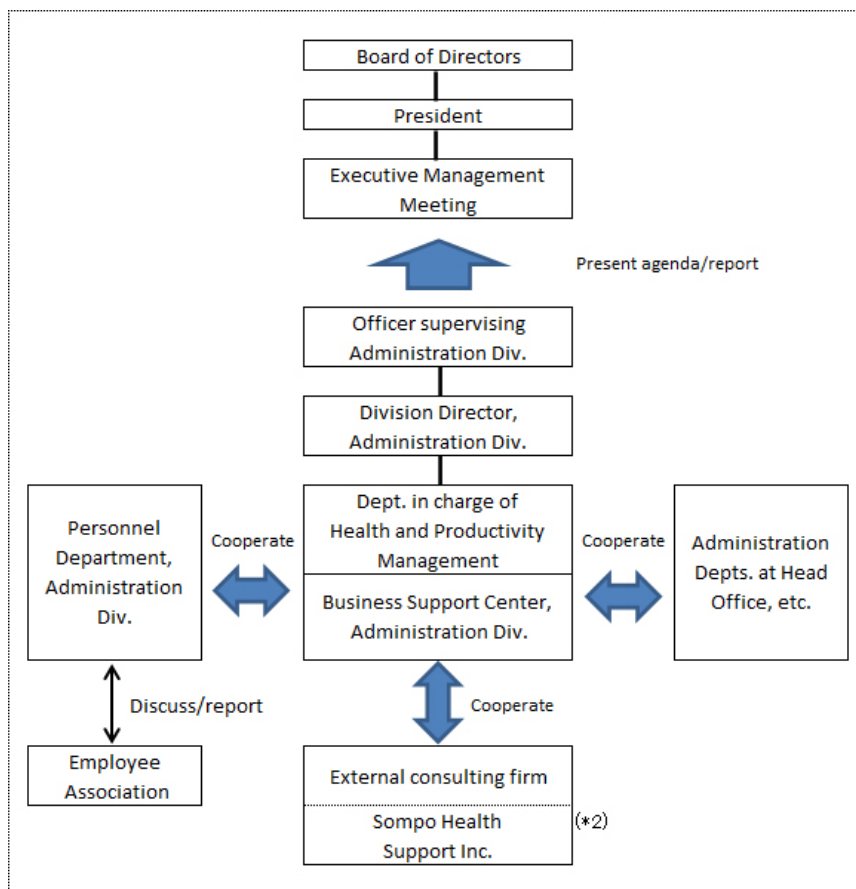
The Company has recently increased the reemployment of retired employees in response to the amendments to the Act on Stabilization of Employment of Elderly Persons. Generally speaking, the risk of lifestyle diseases increases as the age increases. Although having said that, it is also said that people can maintain or improve their health even they get old through active efforts made by individuals for health promotion.

Accordingly, the Company has actively participated in the Health Up Challenge program sponsored by its insurer, the National Health Insurance Society for Architecture and Civil Engineering Companies (hereinafter the “Health Insurance Society”). The Company has ranked up to the 26th place (30th place in the previous year) in the overall ranking of healthiest companies by office (among 91 large corporations in fiscal 2018) recently published by the Health Insurance Society. However, the abnormality rates have increased from the previous year in blood pressure (from 20.9% to 22.3%) and blood sugar level (from 14.5% to 16.2%) due to the effects of aging employees as mentioned above. It means that the ranking has also made it clear what problems the Company has to solve.

As such, the background and objectives of the Company’s efforts to promote Health and Productivity Management^{® *1} are to reduce risks associated with aging employees and mitigate the risk of mental health problems induced by an increasingly stressful society. The rise in employees with mental health problems will lead to declines in operational efficiency and productivity of their company. Therefore, the promotion of employees’ health has become an important management issue for many companies.

*1 : Health and Productivity Management[®] is a trademark registered by Nonprofit Organization KenkoKeiei.

System for promoting Health and Productivity Management



*2 : Starting from the fiscal 2019, we have hired an external consulting firm (Sompo Health Support Inc.) to strengthen our occupational health system by clarifying the Company’s concept of Health and Productivity Management and creating a network of public health nurses for all branches.

Efforts for Health and Productivity Management

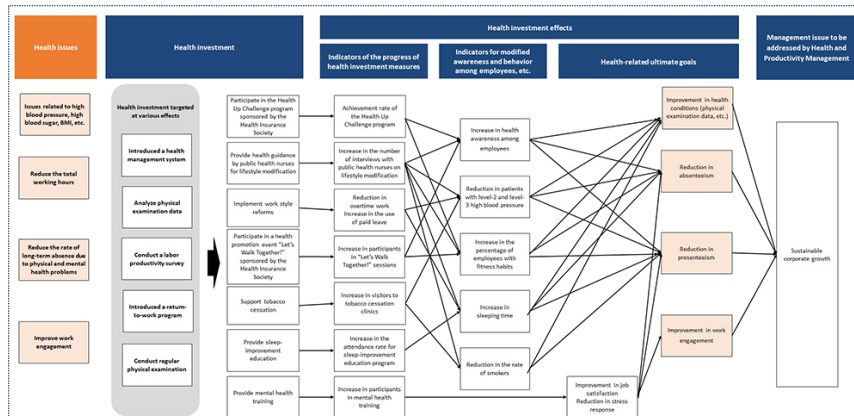
The Company has cited “S: Developing an attractive workplace environment (work style reforms, diversity promotion, Health and Productivity Management)” as an initiative for ESG management set forth in 11. Management Foundation Strategies of the Medium-term Management Plan 2019-2021. In fiscal 2021, the final year of the Medium-term Management Plan, we will strongly promote our efforts for Health and Productivity Management, aiming to be certified as a “White 500” enterprise, as follows.

Meanwhile, we collaborated with the Health Insurance Society to promote the health management of employees by introducing a health management system to start the shared use of physical examination result data in fiscal 2019. To solve employees’ lack of exercise and facilitate communication among them amid the COVID-19 pandemic, we have encouraged employees to actively participate in sessions of a health promotion event “Let’s Walk Together!” sponsored by the Health Insurance Society. The Company has been working to raise the awareness of health promotion among employees by holding our original events in conjunction with the said event (one in every four employees and officers, including top management and members of Executive Management Meeting, participated in the fall session of “Let’s Walk Together!” in 2020).

To prevent health problems and address mental health issues induced by long working hours, we have newly assigned an industrial psychiatrist to the Head Office in November 2020 to strengthen our occupational health system, in addition to ensuring that occupational health physicians provide face-to-face guidance and health consultation to detect employees with a higher health risk, so as to adequately respond to employees with mental health problems.

For the assessment and improvement of Health and Productivity Management issues, we outsourced the analysis of the health conditions and the risk of lifestyle diseases of employees to an external consulting firm using the physical examination results data and created visual representations of employees’ health issues. We are currently working to strongly promote a PDCA cycle for Health and Productivity Management by undertaking various measures to promote employees’ health with an improvement target set for each physical examination item based on the analysis results (e.g., zero untreated patient with level-3 high blood pressure).

Strategy map for Health and Productivity Management



Result of our effort (prevention of passive smoking)

The rate of smokers in the construction industry is said to be higher than the general population. We therefore believe that, to prevent passive smoking and also in terms of the health of smokers themselves, it is important to reduce the smoking rate. The Company has been making efforts to prevent passive smoking by preparing the “Passive Smoking Prevention Handbook” in fiscal 2018. As part of such efforts, we are working to help employees quit smoking by establishing a system to provide financial aid for costs to visit tobacco cessation clinic as a measure to ensure the reduction of passive smoking. As a result, the smoking rate reduced from 31.9% in fiscal 2016 to 29.8% in fiscal 2019 partly due to the above measure.