

[Foundation Strategies]

Establishing a Safety Culture and Achieving Supreme Quality Assurance



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Establishing a safety culture

The Company’s critical missions required by the society are to improve the work environment in which construction workers can work safely with peace of mind and to preserve the living environment in which neighboring residents can live in peace. Together with the partner-composed Shineikai, the Company implements the Occupational Safety and Health Management System and takes appropriate safety and health measures. Each fiscal year, we select a safety and health slogan among entries from employees and partners, and create and put up a poster in the head office, branches and sites to improve on-site workers’ awareness of safety and health activities.

Safety and health slogan in fiscal 2021

Let’s nip danger in the bud and develop a safety consciousness together.

- Gargle, wash your hands, keep a social distance, wear a mask, and ventilate a room to prevent you from getting COVID-19.
- Carry out the thorough 5S movement and the Kiken Yochi (work injury prevention) practice every day to keep our workplace safe.

Promoting occupational safety and health (Materiality #12)

Occupational Safety and Health Management System

The Company has established the Sumitomo Mitsui Construction Occupational Safety and Health Management System, and promotes occupational safety and health. In this system, we aim to improve the level of safety and health control in accordance with the Sumitomo Mitsui Construction Safety and Health Management Regulations. Specifically, we promote voluntary safety and health activities by continuously implementing the system, eliminate or reduce risks and harmful factors, promote worker health, and develop a pleasant workplace environment in cooperation with employees and the partner-composed Shineikai. To implement the system, we set safety and health targets based on the Basic Safety and Health Policy, perform a risk assessment with all people involved, and ensure that we go through the PDCA cycle in the safety and health plan based on the results of the risk assessment to help improve the level of safety and health control.

Safety patrols

Even when on-site employees ensure safety management, accidents still may occur due to unsafe facilities and behavior resulting from oversights. The Company's head office, branches and partners conduct safety patrols in a planned manner, helping remove overlooked risk factors and eliminate accidents. The Company's President takes the initiative in joining safety patrols. This helps convey top management's commitment to safety to all employees and raise their awareness of safety.

Safety performance

In fiscal 2020, the frequency rate^{*1} was 0.54, which met the target of 0.6 or less, while the severity rate^{*2} was 0.03, which did not meet the target of 0.02 or less. There were 14 accidents resulting in absence from work for four days or longer: four cases involving pinching, three cases involving a fall to the ground, two cases involving a falling object, and five other cases.

■ Frequency rate^{*1}

Fiscal 2020 Target	Fiscal 2020 Result	Fiscal 2021 Target
0.6 or less	0.54	0.6 or less

■ Severity rate^{*2}

Fiscal 2020 Target	Fiscal 2020 Result	Fiscal 2021 Target
0.02 or less	0.03	0.02 or less

*1 The frequency rate represents the frequency of occupational accidents. The rate shows the number of fatal or serious injuries due to occupational accidents per one million hours worked.

*2 The severity rate represents the severity of accidents. The rate shows the number of lost workdays per 1,000 hours worked.

Priority measures in fiscal 2021 and efforts beyond

In fiscal 2021, we set “taking thorough measures to prevent the spread of COVID-19,” “eliminating accidents through zero risks,” and “developing a healthy and pleasant working environment” as the priority measures of our basic plan, and continue to improve the working environment. We also strive for safety and health management of the new era while taking into account the government’s policies and cooperating with contractees and organizations involved to address issues across the construction industry. Specifically, we prevent employees from working too much by managing their working hours in light of work style reforms; take measures to keep mental health (pay more attention to warning signs); develop a pleasant workplace to promote diversity; and launch safety control by developing an accident data platform with ICT and Smart Safety & Quality that prevents accidents.

Basic Safety and Health Policy

Under the principle of “zero-accident” infrastructure building, Sumitomo Mitsui Construction aims to protect the lives and health of its workers by providing a safe, healthy and pleasant workplace environment.

1. To eliminate accidents, we observe laws and regulations related to occupational safety and health as well as the Sumitomo Mitsui Construction health rules, and establish workplace rules.
2. To improve operational safety, we ensure the performance of repeated cycles of plan, do, check and act in all processes from planning to completion.
3. To improve the level of safety and health control, we cooperate with partners and carry out voluntary safety and health activities, eliminate or reduce risks and sources of harm, promote worker health, and develop a pleasant workplace environment, with the Sumitomo Mitsui Construction Occupational Safety and Health Management System as the basis of safety and health control.

Basic Safety and Health Targets in fiscal 2021

**NO major accidents involving
deaths or serious injuries**

**Frequency rate:
0.6 or less**

**Severity rate:
0.02 or less**

1. Taking thorough measures to prevent the spread of COVID-19

Priority Measures

- (1) Protecting the lives and livelihoods of employees and officers, their families, and all concerned, and continuing business

2. Eliminating accidents through zero risks

- (1) Eliminating public accidents (third-party accident, property damage, public facility failure)
- (2) Eliminating three major types of accidents (falls to the ground and falls to the floor, collapsing and overturning, accidents caused by construction machinery, cranes, etc.)

Priority Measures

- (1) Improving operational safety with continued implementation of plan, do, check and act cycles
- (2) Preventing recurring accidents by using accident case studies and complying with rules
- (3) Complying with laws and regulations related to each site
- (4) Improving the level of safety and health control
- (5) Launching safety control using ICT

3. Developing a healthy and pleasant working environment

Achieving “Supreme Quality Assurance”

The Company has set “Pursuit of Client Satisfaction” as one of the Corporate Principles, and seeks to innovate our technologies and cultivate creativity. Meanwhile, the Company acquired ISO9001 and carries out quality management activities to deliver quality that gains trust of society and satisfies clients. Supreme quality aims for safety and quality in other manufacturing industries, not in the conventional construction industry. It means to unflinchingly follow management procedures for work, safety/quality inspection, recording, confirmation, and so on according to the designated operation standards. It means to carry out safety/quality control activities in order to continue to refine safety and quality in the field through the persistent efforts of all employees and officers with the utmost attention, allowing no dependence on subjective emotions or compromise in the process. We carry out such activities to establish supreme quality as Sumitomo Mitsui Construction’s common value, intangible asset and corporate culture.

Improving quality and client satisfaction (Materiality #7)

Improving quality

To improve quality, we develop and set a slogan, Basic Production Control Policy, Basic Production Control Targets, and Basic Production Control Plan every fiscal year, and decide on them upon approval of the Production System Improvement Committee. We inform all employees, officers and partners of the above, raise their awareness, and promote activities toward the shift from achieving supreme quality assurance to instilling it into them.

Slogan in fiscal 2021

Carry out the thorough 5S movement, the basis of everything else. Achieve supreme quality assurance with firm resolution.

Basic Production Control Policy in fiscal 2021

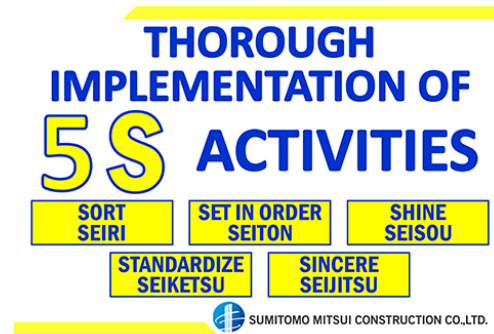
Taking on the challenge of transformation with a view to the future, instilling “Supreme Quality Assurance” focused on the construction process into workers, and continuing the safety and quality culture.

Basic Production Control Targets in fiscal 2021

- Zero quality defects
- Instilling supreme quality assurance into workers

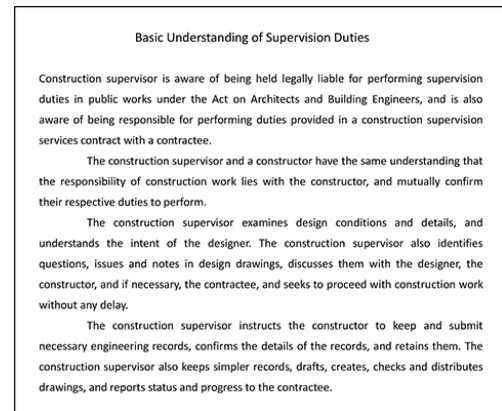
Thorough implementation of 5S activities

The 5S (Sort, Set in order, Shine, Standardize, and Sincere) movement is the core basis of operation standards and the management approach to keep a sense of tension within the organization. Without this sense of tension, we cannot ensure operation standards of safety and quality. The 5S movement is the very foundation of our construction, helping us identify potential areas of improvement in operations, and greatly contributing to safety, quality control and productivity improvement. While repeatedly educating employees about carrying out the thorough 5S movement, the basis of everything else, we seek to instill “doing what you normally do in a thorough manner” and “giving face-to-face and on the spot reprimands” into employees.



Construction supervision

The Company has established the Design Audit Department under Building Design in the head office for the purposes of completing buildings with right functions as designed and intended and streamlining construction work for domestic building construction projects that the Company designs. The department performs construction supervision duties, and supports and audits construction projects.



Patrols

We conduct patrols by the Safety, Environment & Production Management Division Director, Division patrol, safety and quality inspections, and QSA* inspections. By repeatedly conducting highly detailed investigations based on past accident examples and quality defects, calls for attention, and instructions for revisions, we are preventing industrial accidents and quality defects before they happen. We then share information on matters identified and flaws in construction processes accumulated by patrols and inspections at QSA meetings. We also repeatedly provide information on them at the project manager meeting, briefings for the partner-composed Shineikai, chief/staff meeting, and other meetings. The Company and its partners share the same awareness and viewpoint, working together as one to improve safety and quality.

* QSA (Quality Safety Auditor): Our main duties are to appropriately confirm and inspect the safety and quality management activities conducted in order for sites to meet product requirements, thereby preventing accidents and quality problems before they happen during construction work and in the future after completion.

Fiscal 2020 status of implementation of patrols and inspections

	Civil engineering	Building construction	No. of issues pointed out
Patrol by the Safety, Environment & Production Management Division Director	30 times	74 times	1,251 cases
Division patrol	—	90 times	730 cases
Safety and quality inspections*	98 times	120 times	2,464 cases
QSA audit	843 times	1,260 times	9,352 cases

* Almost half of the inspections performed in fiscal 2020 were remote inspections due to the COVID-19 pandemic.

Efforts to improve safety and quality in fiscal 2020 (education for employees and partners)

	Civil engineering	Building construction
Project manager meeting	948 persons	1,491 persons
Chief/staff meeting	194 persons	553 persons
Shineikai (partner company) briefing	1,399 companies	1,432 persons
Lecture given to workers	Total 12,162 persons	

Improving client satisfaction

In safety and quality inspections and QSA audits, we check if propositions on creative ideas and technologies have been implemented and give guidance in order to improve client satisfaction.

Civil engineering: annual average points for engineering performance evaluation points

Fiscal 2020 Target	Fiscal 2020 Result	Fiscal 2021 Target
80.0 points	82.6 points	80 points or more

Building construction: operation of a project evaluation system that includes client satisfaction

Fiscal 2020 Target	Fiscal 2020 Result	Fiscal 2021 Target
—	—	Start of operation

CSR procurement

We believe that efforts from the stage of procuring the labor, materials, and equipment required to offer our Company's construction works and solutions are absolutely essential to carry out CSR. Therefore, based on the spirit of the Corporate Principles, we formulated our CSR Procurement Policy. We ask the companies that supply labor, materials, and equipment to our company to understand and cooperate with the guidelines. Also, we ask these companies to do the same with their own procurement activities. In this way, we advocate for the expansion of CSR procurement based on our CSR Procurement Policy.

Efforts in CSR procurement in fiscal 2020

Target	Specific measures	Management criteria and figures	Outcome and achievement rate
Increased awareness of and knowledge on environmental issues	<ul style="list-style-type: none"> Disseminating the CSR Procurement Policy Sharing the CSR Procurement Policy with partners and raising their awareness Holding promotional activities 	Including the policy in estimate terms and conditions and implementing it	100%

Efforts in CSR procurement in fiscal 2021

Confirming the status of consideration of the CSR Procurement Policy (compliance items) when evaluating partner companies (Related materiality: Materiality #14)

Fiscal 2021 Target
100%

CSR Procurement Policy

1. Offer fair and equitable business opportunities to suppliers
2. Develop good partnerships with suppliers
3. Establish a stable procurement system that is not affected by market trends, and pursue fair purchase prices
4. Procure labor, materials and equipment, which help develop the society
 - (1) Ensure the safety and quality of construction works and solutions to be offered
 - (2) Ensure the competitive edge in markets
 - (3) Ensure safety and health
 - (4) Hire people including foreigners, and properly manage their working hours (including respecting for human rights)
 - (5) Comply with laws, regulations and social norms (including eliminating anti-social forces and respecting for human rights)
 - (6) Ensure that confidential information and personal information are protected and properly managed
 - (7) Live together with communities
 - (8) Reduce environmental impacts

▶ [Sumitomo Mitsui Construction CSR Procurement Policy_\(Japanese only\)](#) 