Vision 2030

In 2019, we established “Vision 2030” with the aim of achieving sustainable growth for the Group’s business alongside the development of society.

Vision 2030 for the SMCC Group

Four New Values

1 Revolutionize construction process —Next-generation construction system

Realize “SMile Construction System*1” through the use of BIM/CIM, automation technology, data, etc., thereby improving productivity

2 Diverse services extended from construction

Expand our business domain through the provision of services and solutions contributing to a sustainable society, while also considering M&A deals

3 Sustainable technologies

In accordance with the Sumitomo Mitsui Construction Group Basic Policy on Sustainability, provide society with technologies contributing to the sustainability of the environment and society, including those associated with climate change and human rights

4 Global human resources

Nurture globally active, diverse human resources, establishing a foundation that supports the expansion of overseas business, a driving force of growth

Target

High productivity

Efficient production process and comfortable work environment

30% improvement in productivity

Strong foundation for overseas business

Global business fields (provision of construction work and services)

Consolidated overseas sales ratio: 30%
(Domestic sales ratio: 70%)

Business portfolio transformation

Diverse services arising from our craftsmanship (Energy and infrastructure operations)

Ratio of New Business & Construction Peripheral Business*2: 30%
(Traditional building construction business: 70%)

Achieving Green Challenge 2030

Contributing to the environment

Achieving “Green Challenge 2030” KPIs

WEB https://www.smcon.co.jp/en/csr/csr-environment/

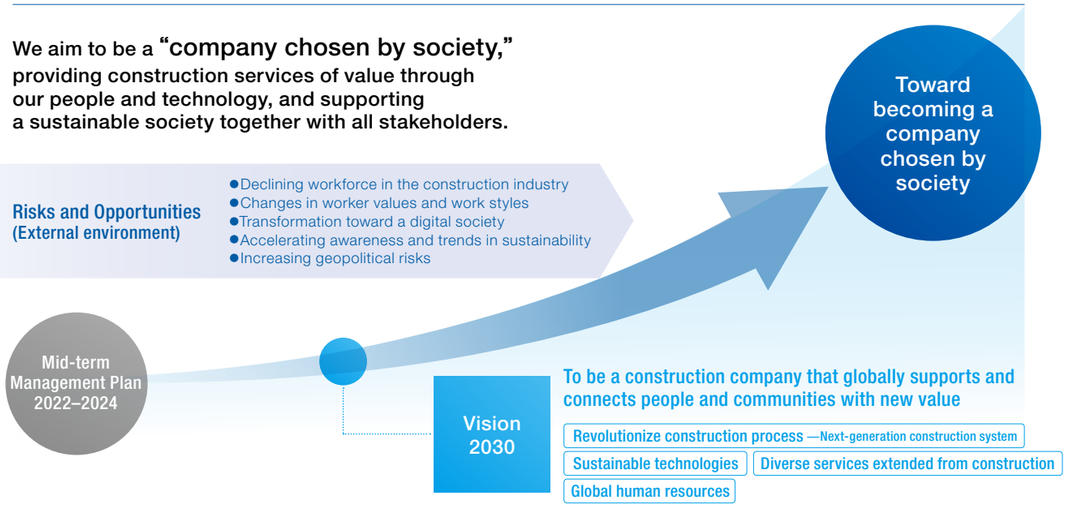
*1 Next-generation digitalized construction system that connects project sites using ICT, including IoT, AI, and robots, with 3D design/construction plans Formulated in the 2019-2021 Mid-term Management Plan
*2 Scope not covered by simple contracts (domestic and overseas)

Toward realizing Vision 2030 and beyond

We aim to be a “company chosen by society,” providing construction services of value through our people and technology, and supporting a sustainable society together with all stakeholders.

Risks and Opportunities (External environment)

- Declining workforce in the construction industry
- Changes in worker values and work styles
- Transformation toward a digital society
- Accelerating awareness and trends in sustainability
- Increasing geopolitical risks



Materiality

Materiality Matrix

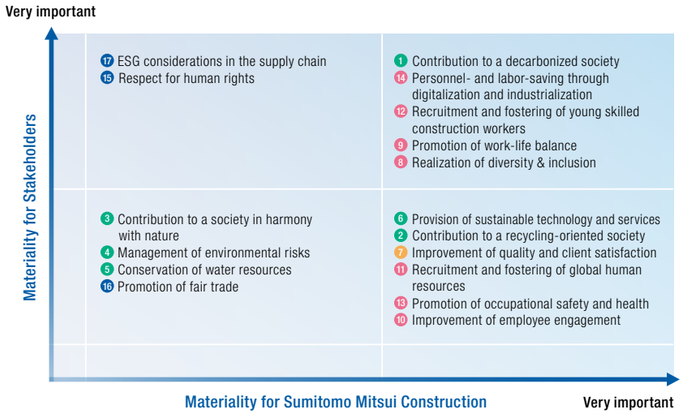
We perceive our identified material issues based on their importance to both our stakeholders and our company, and work to address issues in cooperation with our affiliates and business partners, with the aim of creating a sustainable society and achieving our own sustainable growth.

1 Realizing a sustainable society
1 2 3 4 5 6
▸P.44~47

2 Realizing a safe and comfortable society
7
▸P.50~51

3 Realizing an attractive work environment and recruiting and fostering human resources
8 9 10 11 12 13 14
▸P.34~35, 51~53

4 Strengthening the management foundation
15 16 17
▸P.48~49



Material Issues That Underlie All Our Business Activities

Material issues that form the foundation of corporate management

- Sophistication of governance
- Strengthening of compliance
- Promotion of risk management
- Establishment of a stable revenue base

Material issues linked to our mission as a construction company

- Urban and residential development to support improvement in quality of life
- Establishment of long-lived, disaster-resistant infrastructure
- Supporting socioeconomic development through infrastructure development

Process for Identifying Material Issues

In 2019, we set out Vision 2030 and aim to realize this vision through our Mid-term Management Plan. In fiscal 2020, we identified materiality through backcasting and set KPIs and targets. In March 2022, we formulated the Mid-term Management Plan 2022-2024 and also took the opportunity to review our material issues, KPIs, and target values.

1. Organization of issues

Based on international standards and frameworks for conduct (SDGs, ISO26000, etc.), the evaluation frameworks of sustainability organizations (SASB Standards, etc.), challenges facing the construction industry, and a thorough understanding of risks and opportunities, we identified keywords related to social issues and changes we expect to occur by 2030. Then, in line with the SMCC Group’s Corporate Principles and Vision 2030, we selected potential material issues.

2. Evaluation of materiality

We evaluated the material issue candidates based on two criteria: “importance to our company” and “importance to stakeholders.”

3. Material issue identification

We have categorized material issues into four areas: 1) Realizing a sustainable society; 2) Realizing a safe and comfortable society; 3) Realizing an attractive work environment and recruiting and fostering human resources; and 4) Strengthening the management foundation. The corporate management foundation and our mission as a construction company were separately positioned as material issues that underlie all our business activities.

4. Formulation of KPIs

We established KPIs for the identified material issues and set specific target values and years to achieve them. Please visit the company’s website for details on the materiality identification process.

WEB https://www.smcon.co.jp/investor/materiality/ (Japanese only)

Materiality and KPIs

Materiality and KPIs

Evaluation **S:** ≧150%, **A:** ≧100%, **B:** ≧80%, **C:** ≧60%, **D:** ≧40%, **E:** <40%

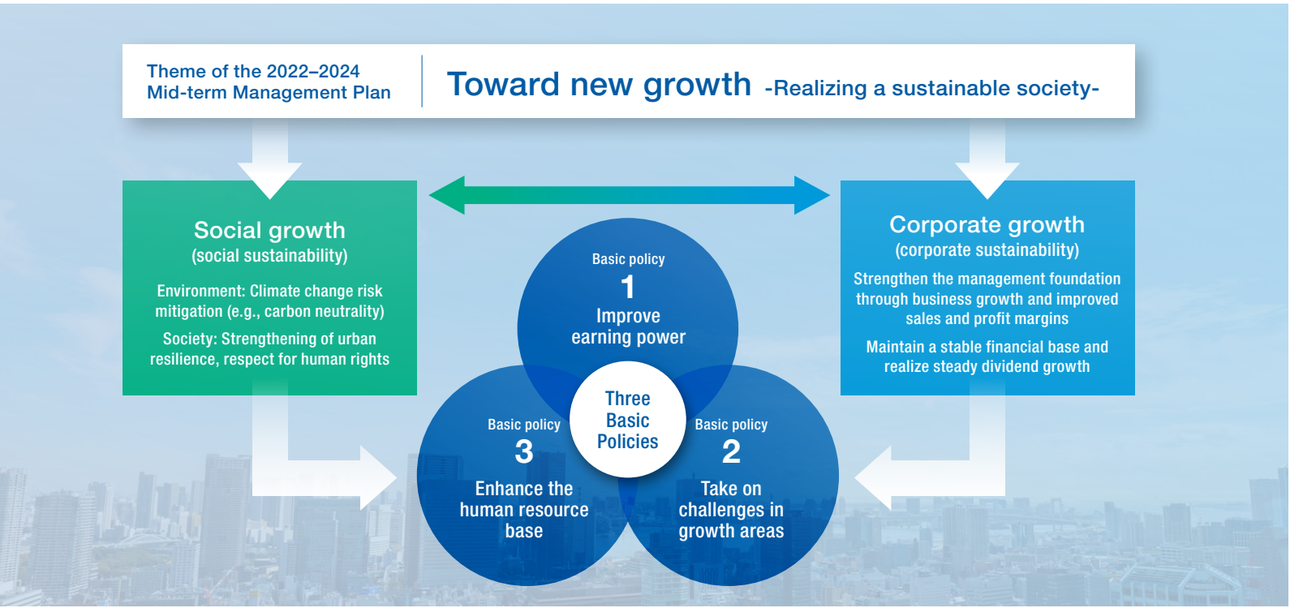
Materiality	KPIs		FY2022 Target	FY2022 Results	FY2023 Target	FY2023 Results	FY2024 Target	FY2024 Results	Evaluation*
1 Realizing a sustainable society									
1 Contribution to a decarbonized society	Reduction in CO_2 emissions (Scope 1 and 2) (t-CO_2) *Compared to base year of 2020		-10%	4.4%	-15%	-26.3%	-20%	-43.1%	S
	Reduction in CO_2 emissions (Scope 3) (t-CO_2) *Compared to base year of 2020		-5%	-9.3%	-7.5%	-7.7%	-10%	0.3%	E
	Energy generation capacity (energy generation projects)		12MW	10.4MW	30MW	15.9MW	40MW	15.9MW	E
2 Contribution to a recycling-oriented society	Construction waste recycling rate	Civil engineering	Over 99.2%	99.3%	Over 99.3%	99.3%	Over 99.4%	99.1%	B
		Building construction	Over 98.8%	97.8%	Over 99.0%	98.7%	Over 99.2%	97.1%	B
3 Contribution to a society in harmony with nature	Implementation rate of biodiversity preservation activities (%) *Project sites implementing biodiversity preservation activities / Project sites requiring biodiversity preservation activities		100%	100%	100%	100%	100%	100%	A
4 Management of environmental risks	Serious violations of environmental regulations (fines/sanctions)		0	0	0	0	0	3	E
5 Conservation of water resources	Implementation rate of water quality management for wastewater (%)		100%	99.8%	100%	100%	100%	100%	A
6 Provision of sustainable technology and services	Percentage of budget related to SX technology development (Strengthening technologies related to 1 through 5)		30%	47%	32%	68%	35%	53%	S
2 Realizing a safe and comfortable society									
7 Improvement of quality and client satisfaction	Average inspection score based on internal standards	Civil engineering	Over 77 points	78.4 points	Over 77 points	80.1 points	Over 78 points	80.9 points	A
		Building construction		78.1 points		77.7 points		79.6 points	A
	Civil engineering: annual average points in engineering performance evaluations		Over 80 points	83.3 points	Over 80 points	82.2 points	Over 80 points	82.0 points	A
	Building construction: customer satisfaction survey		Over 80 points	83.0 points	Over 80 points	73.0 points	Over 85 points	74.9 points	B
3 Realizing an attractive work environment and recruiting and fostering human resources									
8 Realize diversity & inclusion	Percentage of women general managers		Over 1.5%	1.6%	Over 2.0%	1.88%	Over 5.0%	1.90%	E
	Percentage of women managers		Over 2.6%	2.6%	Over 2.8%	2.72%	Over 3.0%	2.99%	B
	Percentage of women career-track employees from regular recruitment		Over 20%	27.0%	Over 20%	28.7%	Over 20%	28.41%	A
	Percentage of women career-track employees from mid-career recruitment		Over 20%	29.0%	Over 20%	33.3%	Over 20%	21.21%	A
	Employment rate of people with disabilities		Over 2.3%	2.4%	Over 2.3%	2.2%	Over 2.3%	2.57%	A
	Rehiring rate at retirement age and continuous employment rate		Over 90%	91.9%	Over 90%	90.1%	Over 90%	88.70%	B
9 Promotion of work-life balance	Average monthly overtime and holiday hours worked by employees (excluding managers and supervisors) during the year		Less than 45 hours	22 hours	Less than 45 hours	19 hours	Less than 45 hours	17 hours	S
	Average annual paid leave usage rate		Over 50%	55%	Over 50%	58%	Over 50%	51%	A
	Rate of men employees using childcare leave		100%	118%	100%	101.7%	100%	100%	A
10 Improvement of employee engagement	Value of work engagement indicator in employee engagement survey (5-point average)		Over 3.8	3.6	Over 3.9	3.6	Over 4.0	Not yet implemented (scheduled for June 2025)	E
11 Recruitment and fostering of global human resources	Recruitment of students from overseas universities and students from overseas studying in Japan (regular recruitment assistance)		3 to 5	3	3 to 5	5	3 to 5	1	E
	Cross-Functional Team recruitment		25	12	30	3	30	0	E
	Recruitment of Japanese overseas personnel (through domestic agencies)		5	12	5	0	5	2	D
	Overseas local recruitment (through overseas agencies)		5	0	5	6	5	4	B
	General education (position-specific training, etc.)		350	364	350	694	350	761	S
	Language education (English and Japanese)		500	463	500	515	500	143	E
	Global training		200	184	200	269	200	168	B
	GLOBAL KENTEI®		500	1,104	500	967	500	647	A
	Domestic to overseas (GHR system)		0	0	5	2	5	5	A
	Overseas to domestic (study abroad system)		5	0	5	1	5	4	B
	Overseas to overseas (transfer between bases)		5	7	5	6	5	6	A
12 Recruitment and fostering of young skilled construction workers	Two days off per week (8 or more days per 4 weeks)	Civil engineering	80%	88.6%	90%	92.6%	100%	97.3%	B
		Building construction		58.8%		66.2%		87.6%	B
	Promote registration with the Construction Career Up System (primary subcontractors)	Civil engineering	100%	93.8%	100%	98.7%	100%	95.5%	B
		Building construction		85.0%		88.7%		89.7%	B
	Promote registration with the Construction Career Up System (secondary subcontractors)	Civil engineering	80%	83.0%	100%	92.8%	100%	92.5%	B
		Building construction		81.0%		81.6%		89.0%	B
	Promote registration with the Construction Career Up System (tertiary subcontractors)	Civil engineering	80%	70.8%	100%	87.0%	100%	92.2%	B
		Building construction		73.0%		79.4%		87.8%	B
13 Promotion of occupational safety and health	Cases of serious disaster		0	0	0	0	0	1	E
	Frequency rate		0.5 or less	0.51	0.5 or less	0.68	0.5 or less	0.7	B
14 Personnel- and labor-saving through digitalization and industrialization	Completion productivity (Domestic) = Completed construction amount / Total hours worked by paid personnel in Japan		1.0%	-3.0%	3.0%	0.4%	5.0%	8.7%	S
4 Strengthening the management foundation									
15 Respect for human rights	Rate of participation in human rights awareness education		100%	70%	100%	70%	100%	100%	A
	Implementation of human rights due diligence		Implementation of human rights due diligence	Completed in the company in Japan Implementing to overseas/ affiliated companies	Implementation of human rights due diligence and start of relief mechanisms	Implementation of human rights due diligence and start of relief mechanisms	Implementation of human rights due diligence	Implementation of human rights due diligence	A
16 Promotion of fair trade	Collecting written pledges to eliminate bid-rigging		100%	100%	100%	100%	100%	100%	A
17 ESG considerations in the supply chain	Confirmation of the status of consideration of the CSR Procurement Policy (compliance items) when evaluating partner companies		100%	100%	100%	100%	100%	100%	A

Review of the Previous Mid-term Management Plan

Mid-term Management Plan 2022–2024

Overview

In the 2022–2024 Mid-term Management Plan, we set the theme “Toward new growth—realizing a sustainable society” and steadily advanced toward our Vision 2030. This plan aimed for new growth by connecting social growth with corporate growth, and pursued a sustainable society through a wide range of initiatives based on three fundamental policies: improving earning power, taking on challenges in growth areas, and enhancing the human resource base.



Achievements and challenges

Over the course of the period, results fell short of the initial plan, primarily due to significant losses recorded on large-scale domestic building projects. On the other hand, we achieved certain successes, including the expansion of our overseas operations—a key strength—the enhancement of construction production systems through initiatives such as the centralized management system for precast concrete, and the growth of our floating solar power business in pursuit of a sustainable society. To address changes in the external environment, such as labor shortages, population decline, and shifts in worker values, we took steps to create a workplace where diverse talent can thrive, including establishing a D&I policy and revising our personnel system. Going forward, we will build a foundation for early and stable profitability, while also recognizing the importance of investing in our greatest asset—our people.

Performance Targets and Results

(100 millions of yen)

	Mid-term Management Plan 2022–2024			
	Results		Targets	Results
	2022	2023	2024	2024
Consolidated net sales:	458.6	479.5	467	463
Domestic civil engineering (Company)	104.1	107.4	101	105.2
Domestic building construction (Company)	182.2	185.7	169	174.8
Overseas	92.7	103	102	95.3
New business & construction peripheral area	–	–	–	0.3
Domestic Group companies, etc.	79.6	83.4	95	87.4
Consolidated operating income (profit margin)	(18.8)	8.5	16	7.6
	-4.1%	1.8%	3.4%	1.6%

Financial KPIs

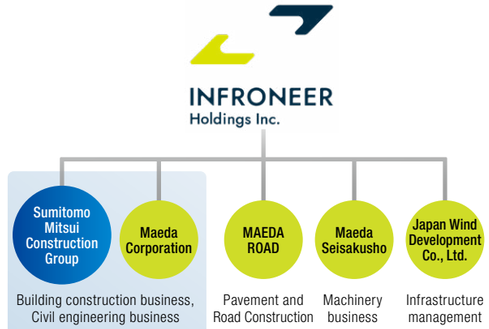
	Mid-term Management Plan 2022–2024			
	Results		Targets	Results
	2022	2023	2024	2024
ROE	-33.2%	6.0%	9% or more	1.2%
Total return ratio	–	54.7%	Approx. 50%	256.5%

About the business integration

Overview and objectives

INFRONEER Holdings Inc. and Sumitomo Mitsui Construction successfully completed a tender offer on September 18, with Sumitomo Mitsui Construction becoming a member of INFRONEER Holdings. Through this integration and the establishment of a capital relationship, both companies aim to fully leverage their business connections, operational foundations, and customer relationships in growth markets. This initiative is designed to enable them to steadily secure orders for public-sector projects, private-sector clients, and infrastructure projects in emerging countries—areas where both companies have established strengths—even amid the rapidly changing construction industry.

Based on a simple calculation of combined annual sales from their construction businesses alone, the total would be approximately 1 trillion yen. Including the infrastructure operations business, the two companies would be able to cover the full lineup of services from upstream to downstream, creating a uniquely positioned entity in the industry. We believe that, through this business integration, we can achieve significantly greater synergies than if we were to continue independently, resulting in a more certain and accelerated enhancement of corporate value.



Group-wide sales of approximately
1.3 trillion yen

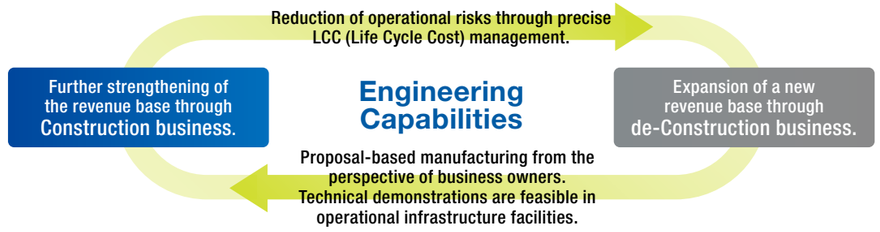
Ranked **6**th in the industry
after major general contractors

Strengthening the engineering capabilities of the INFRONEER Group

As the construction market shifts from new projects to maintenance and management, and challenges such as funding shortages and workforce decline intensify competition within the industry, differentiation has become essential. At the core of this differentiation is engineering capability, which refers to the ability to efficiently and safely advance projects by leveraging technical knowledge and skills, from design and planning to construction management.

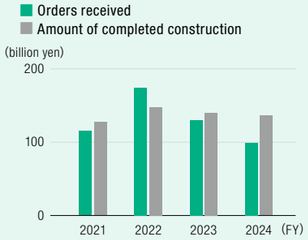
Through the recent business integration, INFRONEER Holdings Inc. aims to further strengthen its engineering capabilities and establish a unique model as an “integrated infrastructure service company,” combining Construction and de-Construction business models, and driving continued evolution.

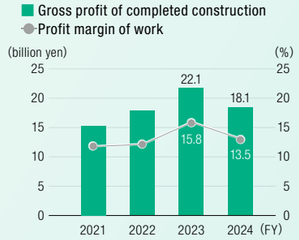
The enhanced engineering capabilities will serve as a driving force for differentiation in both Construction and de-Construction business models.

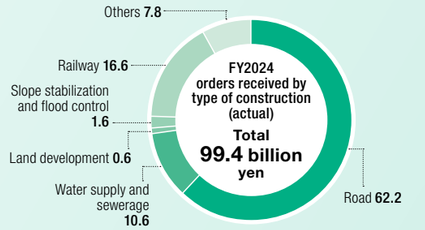


Domestic Civil Engineering Business

Domestic Civil Engineering Business results (non-consolidated)







(Note) Includes orders and sales for the civil engineering of Overseas Business divisions

Characteristics and Strengths of the Business

Based on our extensive experience, we provide the optimal design and construction technology in the construction and maintenance and renewal of civil engineering structures that support societal infrastructure, such as bridges, tunnels, river improvements, land development, and water supply and sewerage facilities. In the prestressed concrete (PC) bridge sector, we take pride in being one of the industry's leading firms in terms of design and construction achievements. We promote technological development such as new structural forms and construction methods using precast concrete (PCa) to shorten construction periods and streamline constructions. Through these, we can offer high-quality, durable, and easily maintainable bridges.

In Japan, we are focusing on large-scale rehabilitation (such as deck slab replacements for bridges) and new tunnel construction, while overseas, we have been steadily building up a track record of large-scale construction projects such as subways and high-speed railways to gain a competitive edge.

Mid- to Long-term Policy

In the domestic market, orders for disaster prevention, disaster mitigation national resilience-related construction, and renovation of aging infrastructure have remained strong. Our domestic civil engineering business continued to receive orders and secure high-quality work backlogs. In addition, thanks to the steady progress of several major construction projects, both net sales and profits surpassed the record levels of the previous fiscal year.

In our strategy for winning orders in fiscal 2025, we will maintain good performance in technical proposals in the comprehensive evaluation bidding system and aim to win orders for projects with high productivity and profit margins. In addition, we will continue technology development and DX promotion, and reduce the workload at work sites by supporting work sites through cooperation between head office and branch offices.

Risks	Opportunities	Responses to Risks and Opportunities
● Stricter overtime regulations and shortage of skilled labor	● Growing need for labor-saving and productivity-enhancing technologies	● Expansion of automation technology (Robotaras® II), DX, next-generation construction system, and the project site support system ● Development and expansion of rapid construction and labor-saving technologies using precast concrete technology
● Declining demand for new domestic infrastructure construction	● Expansion of CN (Carbon Neutrality) market ● Increased demand for maintenance-free technologies	● Initiatives for renewable energy and CN projects utilizing our proprietary technologies, such as floating offshore wind turbine foundations and ammonia storage facilities ● Development and expansion of high value-added technologies, such as the DuraSeries of ultra-durable bridges
● Business impact of introducing carbon tax, carbon pricing, etc.	● Expansion of the decarbonization related demand	● Development and application expansion of low-carbon, high-strength materials such as Sustain-Crete®

FY2024 Construction Results

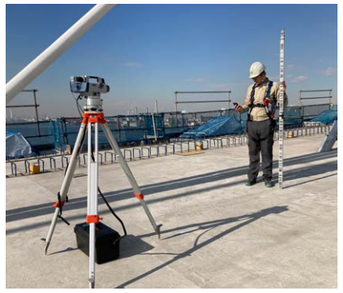
Daidogawa Bridge and Two Other Bridges (PC Superstructure Construction) on the Shin-Meishin Expressway

This project serves as part of the Otsu Junction (tentative name) on the Shin-Meishin Expressway. Spanning over 1,300 meters, this consists of four bridges together with a ramp bridge for merging and separating the inbound and outbound lanes. The main girders with asymmetric cross sections to handle three lanes on each side were constructed rationally using precast materials.

Major Initiatives for FY2024

Promoting Personnel- and Labor-Saving for Work Site Technicians through the Development of DX Technologies

We are responding to the urgent need for personnel- and labor-saving measures at work sites by promoting the development of DX technologies. In fiscal 2024, we released two DX technologies news and are actively deploying these at work sites. Specifically, our Raku Camera®, a real-time automatic reinforcement form inspection system, incorporates new artificial intelligence (AI) and has significantly improved measurement accuracy and work efficiency and made a large contribution to labor savings. Meanwhile, our One Man Leveling Survey System was developed as a device and system that enables leveling survey to be undertaken by one person, which reduces the number of workers required for conventional surveying work from two persons. We are currently developing numerous other DX technologies and will accelerate our development efforts to contribute to the realization of "i-Construction 2.0," a new initiative advocated by the Ministry of Land, Infrastructure, Transport and Tourism to improve productivity (labor savings) at construction sites.



One Man Leveling Survey System

Developing New Technology that Utilizes AI

As a new technology in the SMC-Tunneling series that improves tunnel construction productivity, we developed AI de Sakiyama (blasting version), which uses AI to automatically select blasting patterns. By incorporating the tacit knowledge of skilled workers through AI, we were able to alleviate skilled workers shortages and improve the efficiency and safety of blasting work. Additionally, we have newly equipped our Raku Camera® real-time automatic rebar inspection system with AI, which automates rebar recognition and enables measurements even under adverse conditions such as direct sunlight or backlight.

AI de Sakiyama (blasting version)

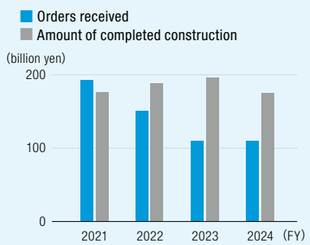
Developing Young Human Resources Who Will Become the New Leaders of the Company

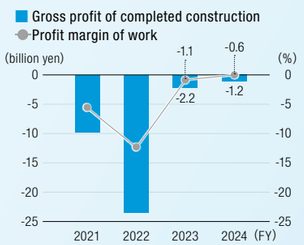
In the Civil Engineering Division, the number of employees between the ages of 35 and 45 is small while the number of younger employees is large, so the early training of young employees is an urgent issue. We have been holding practical training camps for new employee education since 2017. At these training camps, employees are divided into groups to build structures with their own hands to cultivate their ability to think on their own from planning to construction. Additionally, in fiscal 2024 we launched an on-site support group within our Head Office. This group equalizes on-site workloads mainly by supporting busy worksites nationwide while creating an environment where on-site employees can focus on their core tasks and improve their own skills.

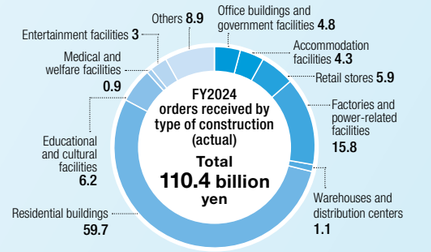
New employee education: practical training camps

Domestic Building Construction Business

Domestic Building Construction Business results (non-consolidated)







(Note) Includes orders and sales for the Building Construction of Overseas Business divisions

FY2024 Construction Results

PROUD Jingu-mae

Overlooking the Meiji Shrine forest, this luxury residence with a total of 76 units was designed and built by Sumitomo Mitsui Construction under the design supervision of Kengo Kuma.

Characteristics and Strengths of the Business

In the housing business, we have an extensive track record in super high-rise residential buildings using our proprietary SQRIM construction method, which achieves high quality and short construction time. Technology that enables high-speed construction allows single floors to be built in as little as three days utilizing the Group's precasting plants are becoming Sumitomo Mitsui Construction's strength. We are further strengthening this technology to improve construction efficiency and productivity.

For warehouses, data centers, and large factories, we use MIC (Mitsui Sumitomo Integrated Composite System), a hybrid steel-frame-reinforced concrete construction method, to provide buildings that are resistant to vibration while providing large spaces.

In addition, we are focusing on ZEB/ZEH construction to achieve carbon neutrality, and have obtained ZEH-M certification for our company's single-employee dormitories, which operate with a zero energy balance.

Mid- to Long-term Policy

In the domestic building construction market, brisk investment is continuing thanks to robust demand. On the other hand, supply-side constraints are increasing due to restrictions on maximum overtime work.

For this reason, the supply capacity of general contractors is unable to keep pace with construction demand. This situation is particularly conspicuous among facility construction companies and this supply-demand imbalance is expected to persist for the time being.

We have restricted new orders to prioritize the completion of our order backlog. We are steadily progressing with the completion of the order backlog. We will now strive to rebuild our construction structure and thoroughly implement initiatives that emphasize profitability while undertaking sales activities for securing new construction work with the aim of increasing profit levels.

Risks	Opportunities	Responses to Risks and Opportunities
● Declining numbers of engineers and skilled workers, tight labor market	● Investing in increased resilience, strong capital investment in decarbonization, etc., and continued demand for urban redevelopment ● Further progress in DX/RX, including AI adoption	● Expand the use of precast technology, which enables high quality, short construction time and labor savings ● Study and investment in automation of PCa materials production ● Productivity improvement through DX/RX technology
● Growing demand for decarbonization of construction projects	● Growing need for decarbonization on the client/user side	● Technology development and commercialization of ZEB/ZEH
● Rising prices for construction materials	● Enhancement of the attractiveness of the construction industry through progress in price shifting throughout the supply chain	● Establish contract terms that are flexible in response to price fluctuations ● Strict cost control in the short term

Major Initiatives for FY2024

Restarting and Moving Toward the Next Stage of Growth in the Building Construction Business

Large-scale domestic building construction projects were successfully completed thanks to a Company-wide support system and the implementation of prevention measures based on past failures. Furthermore, buildings that exemplify Sumitomo Mitsui Construction's technology capabilities were successively completed in regions across Japan. Taking this as an opportunity, the Building Construction Business will restart efforts toward building an efficient system that achieves both reliability and speed and will raise the quality of all processes from customer service to construction.

Moreover, we will further solidify the earnings base of the entire Building Construction Business by thoroughly implementing initiatives focused on profitability, strengthening our construction system, and implementing strict target management. Looking ahead, we aim for further growth of the Building Construction Business by ensuring high productivity in response to an age of shrinking workforces and by promoting technology development and strategic investments.

Left: Japan's tallest residential building (263m above ground)
Top center: Japan's number-one (largest) multi-store outlet mall
Bottom center: Kyushu's largest logistics center
Right: Asahikawa's first tower (residential) apartment building (Japan's northernmost)

Efforts for Appropriate Staffing and Training of Young Employees

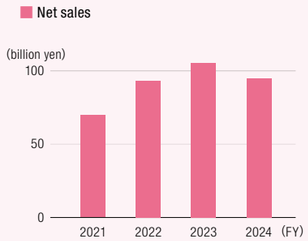
In order to enable systematic staffing after the construction system shortage is resolved, we have systematized the staffing status of project execution engineers, and we are implementing the appropriate staffing of engineers in all branches. Additionally, we aim to further expand our overseas business and are systematically shifting our technicians from Japan to overseas locations.

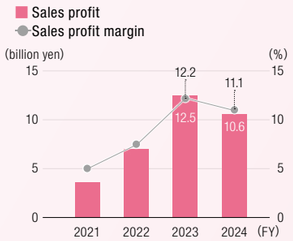
In addition, in order to quickly develop young engineers who can fill the shortage of middle level employees, we will systematically train young engineers in conjunction with annual training. For design engineers, we have shifted from traditional on-the-job training to intensive training from the first year to promote early development and rotational training to develop independent project supervisors.

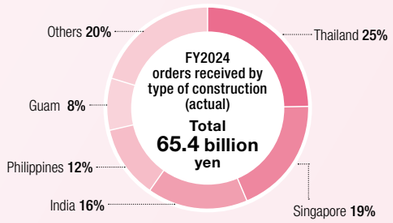
New employee training

Overseas Business

Overseas Business results (consolidated)







FY2024 Construction Results

Bangabandhu Sheikh Mujib Railway Bridge Construction Project WD2 Construction

The Jamuna River, where the bridge is being constructed, is a large river that is 4.8 km wide. This large-scale railway bridge forms an important part of the rail transport network connecting neighboring regions.

Characteristics and Strengths of the Business

We started our overseas business in Thailand with a bridge project in 1971, and we have built a history spanning more than 50 years. During this time, we accumulated experience in Japanese ODA projects, learned the customs and cultures of each country, deployed Japan's advanced technologies, and established organizational structures. Currently, we are working on a super-large railway project in the Philippines, and carrying out direct management of construction using Japan's high-quality technology. In India, we are proposing optimal construction designs and methods to many private clients, and are carrying out a range of construction projects. These projects in Southeast and South Asia see the participation of multinational employees, and we are enhancing and passing on technology.

Mid- to Long-term Policy

Several transportation infrastructure projects funded by Japanese ODA were completed, including a large bridge project in Bangladesh and a subway project in Vietnam. These projects enable us to contribute to the development of local communities worldwide.

Securing labor is an unavoidable issue in the overseas construction industry just as it is throughout Japan. Besides recruiting foreign nationals for our bases in Japan and overseas, the Company continually works on global cross-nation human resource development, with efforts centered on Japan's technology and know-how, and is promoting "Localization" aimed at the autonomy and sustainable growth of each base. Through these efforts, we plan to enhance our organizational structure to appropriately respond to the dramatically changing business environment of our overseas business.

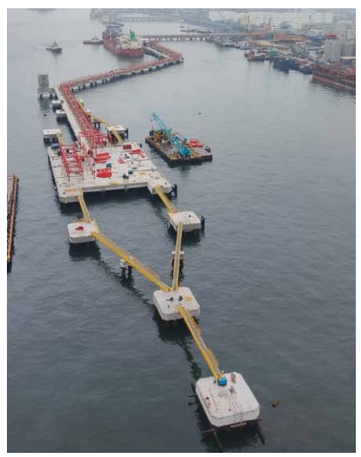
Risks	Opportunities	Responses to Risks and Opportunities
● Changes in the political, economic, legal, and exchange rate environments of countries where we operate, especially geopolitical risks originating from Russia and China ● Natural disasters, climate changes, and infectious diseases unique to each country where we operate	● Relocation of production bases and increased private investment in new countries and regions ● Growing demand for infrastructure-related investment	● Secure talent through enhanced global human resources training ● Increase opportunities of receiving orders by expanding overseas network
● Control and education in organizations with multinational, multilingual, and diverse cultures	● The internal mobility of employees to facilitate leverage of technical expertise established by the Japan's division in overseas construction ● The effectiveness of the activities of the Human Resources Development Center (HDC), which operates in five locations worldwide, with the aim of nurturing global talent and promoting the appointment of outstanding local employees as management executives	● Collaboration with local partners allows the creation of business models better suited to local areas ● Discover new customer segments such as local outstanding companies

Major Initiatives for FY2024

Taking on Challenges in New Growth Areas

In our Overseas Business, Antara Koh Private Limited, which has brought new strengths in marine civil engineering fields, boasts a top-class track record in Singapore and the ASEAN region based on its extensive marine construction know-how cultivated for over 40 years. This company's driving force is its diversity in the form of its richly diverse organizational structure made up of employees from approximately 10 countries.

This has created a corporate culture that can analyze projects and issues from diverse perspectives and actively promote new reforms and innovations. Concurrently, besides synergies created through highly complementary marine civil engineering capabilities, abundant human resources possessing adaptability and flexibility have also been a key force driving our advance into new markets.



Port of Johor, Malaysia Oil Transport Jetty Construction Project (New Liquid Jetties Project)

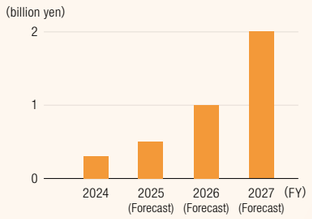
The Active Participation of Foreign National Employees in Supporting Business Globalization

We emphasize human resource development in its Overseas Business and works to promote the independence of each base and strengthen its network. First, we implement HDC Global Training with the aim of cultivating global human resources who will lead our Overseas Businesses. We solicit participants from all our bases and provide training on a variety of themes while deepening international exchange and networks. We also implement HDC Local Training, which provides more-practical content to strengthen the overall capabilities of each base. We have established and are currently providing training at Human Resources Development Centers (HDCs) in five countries. Furthermore, to optimally allocate outstanding human resources and build strong networks, we certify foreign local employees suitable for management positions as Management Members (MM) and actively assign them to overseas bases. We also certify Operation Members (OM) to support MMs. These members demonstrate leadership such as by serving as instructors at HDC Global Training, which features the participation of local employees from all bases. Through these activities, we further strengthen networks between our overseas bases and promote the development of and secure human resources essential for our Overseas Businesses.

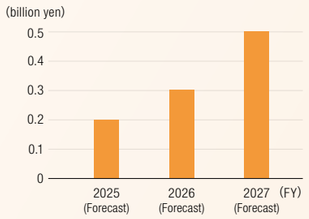
Global Education

New Business & Construction Peripheral Business

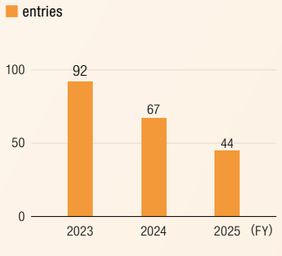
Net sales



Gross profit



Number of Plus One Challenge entries



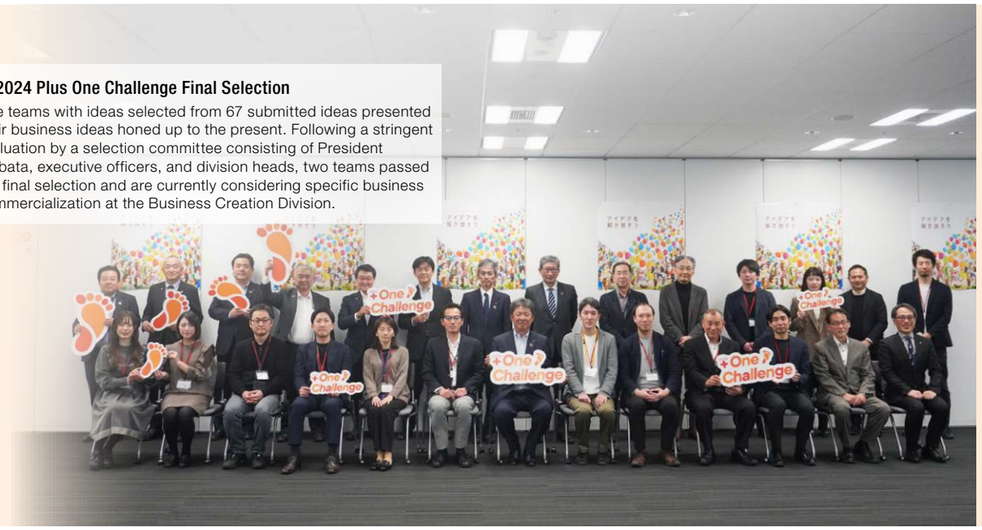
Characteristics and Strengths of the Business

The New Business & Construction Peripheral Business is working to create new businesses with the aims of "creating new revenue sources" and "contributing to a sustainable society." In the renewable energy business, we are expanding our floating solar power generation business utilizing our own floating solar power system as a strength. As other businesses, in bio-toilet manufacturing and sales and tree maintenance support, we are undertaking business utilizing the sales network and technologies accumulated in our Building Construction Business. Additionally, as an initiative for creating business ideas, from fiscal 2023 we have been implementing the Plus One Challenge, a business idea submission system.

Mid- to Long-term Policy

With the aim of "providing new value to society and contributing to the Company's sustainable growth through the compensation we receive in return," we are implementing a policy of promoting the New Business & Construction Peripheral Business for addressing social issues by undertaking business centering on three main fields. The first is clean energy, where we will promote commercialization centered on expanding the floating solar power generation business, as well as commercialization of small hydroelectric power generation and biogas power generation. The second is infrastructure maintenance/disaster prevention and mitigation. In this field, we will expand our disaster prevention and mitigation business centered on our bio-toilet manufacturing and sales business. We also intend to develop broader infrastructure maintenance and management businesses, including tree maintenance support. The third is solving industry issues. Here we aim to realize solutions businesses for issues such as labor shortages that face the construction industry, which includes Sumitomo Mitsui Construction.

	Risks	Opportunities	Responses to Risks and Opportunities
Renewable energy business	● Deterioration of business viability due to a decrease in electricity selling prices ● Reduction in installation support such as subsidies, etc. ● Expansion of opposition from nearby and local government location regulations	● Sufficient subsidies for PPA, etc. ● Active support for low-environmental-impact floating solar power generation ● Promotion of renewable energy generation in untapped areas of local governments and businesses (locally produced and consumed)	● Active utilization of subsidies to secure business viability ● Realization of locally produced and consumed renewable energy businesses with water surfaces owned by local governments and companies
Others	● Emergence of competing products and services ● Failure in technology development and systems development ● Abandoning of business commercialization due to the emergence of leading companies (slow commercialization speed)	● Emergence of new needs and markets ● Generate ideas such as through business idea submission system ● Emergence of startups with technologies and services	● Strengthen competitiveness through improvements and entry into new markets ● Increase the probability of commercialization through the creation and elimination of numerous ideas ● Accelerate commercialization and reduce business risk through proactive collaboration (open innovation)



FY2024 Plus One Challenge Final Selection

Five teams with ideas selected from 67 submitted ideas presented their business ideas honed up to the present. Following a stringent evaluation by a selection committee consisting of President Shibata, executive officers, and division heads, two teams passed the final selection and are currently considering specific business commercialization at the Business Creation Division.

Major Initiatives for FY2024

"Plus One Challenge" Business Idea Submission System

In fiscal 2024 this was implemented for the second time under the solicitation theme "New business ideas in peripheral areas of our business." A total of 67 business ideas were submitted from across the Company. After an interim selection process in October, two ideas, including those arising from everyday work, were selected at the final selection meeting held in February. These business ideas are currently undergoing detailed commercialization considerations at the Business Promotion Department.

SMilet® Bio-Toilet Manufacturing and Sales Business

Our water circulation bio-toilet SMilet® that contributes to improving toilet environments in times of disasters underwent an operational check with prototypes. After testing, we built a manufacturing and sales system and commenced general sales in December 2024. Achievements in FY2024 included receiving an order for six units as part of the Ministry of Land, Infrastructure, Transport and Tourism's disaster prevention container toilet deployment program.

External view of SMilet®

tree AI™: Tree Maintenance Support Business

To eradicate the recent increasing number of fallen trees on streets and other tree accidents, we are working to commercialize tree maintenance support. Our AI-based diagnostic system, currently under development, is expected to significantly improve the efficiency of tree diagnosis and enable early diagnosis of more trees. We are currently working toward partial commercialization starting in fiscal 2026.

tree AI™ diagnosis (image)

Renewable Energy Business

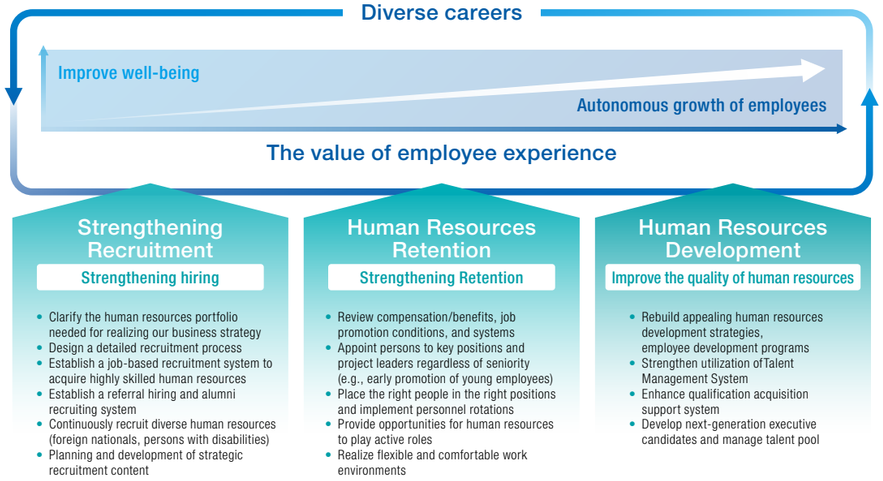
As an initiative in renewable energy, we are focusing on floating solar power generation, which has a low environmental impact, and small-scale hydroelectric power generation using rivers and existing dams. In fiscal 2024, our first Feed-in Premium (FIP)-based Power Purchase Agreement (PPA) floating solar power plant (1.6MW) at Hiraike Pond and Shinike Pond (agricultural reservoirs) in Kato City, Hyogo prefecture was completed and began operation on March 31.

Kato City (Hiraike Pond and Shinike Pond) floating solar power plant

Human Resources Strategy

Basic Approach

To become a company where employees can work with expectations, satisfaction, and pride, we base our human resources strategy on three pillars consisting of strengthening recruitment, strengthening retention, and improving the quality of human resources. Starting with recruiting and assigning the appropriate human resources and developing their skills, we aim to realize career development that allows employees to feel a sense of growth amid a diverse work environment to raise the motivation of individuals, improve employee engagement, and increase corporate value.



Strengthening Recruitment

Details of initiatives

We are promoting planned and effective recruitment of new graduates and mid-career hires by optimizing its recruitment process and strengthening our organization. Besides cultivating recruiters and strengthening internship programs, we have introduced referral recruitment through employee introductions and an alumni system aimed at reemployment of former employees. We are also making ongoing improvements through the visualization of recruitment activities and periodic reviews while strengthening recruitment content and communicating the Company's appeal. Sumitomo Mitsui Construction is also working to raise the level of Company-wide recruitment capabilities by digitizing recruitment management and expanding job types and the job candidate pool.

Guidance for unofficial job offers

Recruiting Diverse Human Resources

8 Realize diversity & inclusion
11 Recruitment and fostering of global human resources

We are strengthening our recruitment in new areas such as business development and sales while also continuing to focus on hiring foreign nationals. We promote the recruitment of diverse human resources regardless of gender, nationality, or job type. We are moving to secure global human resources through collaboration with overseas universities and are also working to improve Japanese-language education and our system for accepting foreign nationals. We aim to grow and transform the entire company by creating an organization that utilizes diversity.

Overseas job offer ceremony

Strengthening Retention

Achieving fair and appropriate evaluations and compensation

To ensure that motivated and excellent employees receive high evaluations regardless of their age and can play key roles on a new stage, we are fundamentally reviewing our current seniority-focused salary system, which is based on a grade system. We intend to begin operating this system from April 2026.

Regarding personnel evaluation, we are thoroughly committed to fair and appropriate evaluations through the well-balanced operation of our current system. We are also introducing on a trial basis a 360-degree evaluation for managers that raises awareness levels of supervisors and improves their behavior and management skills.

Creating a Flexible and Comfortable Workplace

9 Promotion of work-life balance

To enable each and every employee to work in a way that matches his or her life stage and values, we are promoting measures such as reducing overtime work and sharing tasks to prevent dependency on the individualization of tasks. This allows all employees to enrich their work and personal lives and achieve a work-life balance. We offer flexible work options through remote work and the use of satellite offices for employees who are at a life stage where they need support.

For employees with childcare responsibilities, we operate a system so that both the employee and their affiliated department are satisfied when taking leave, and we establish an environment where both men and women can take leave for as long as necessary. For employees providing care for family members we encourage the use of our work-life balance support system and our consultation desk that includes the provision of information.

For employees with D&I-related issues, we provide necessary support by actively encouraging the anonymous use of our consultation desk.

Moreover, we aim to create a work environment where employees can feel safe and demonstrate their abilities through continuous education on topics such as psychological safety and unconscious bias. Concurrently we aim to be a company where all employees can feel the joy of working for us by increasing organizational strength through mutual understanding and respect.

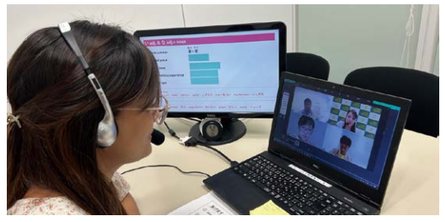
Enhancing the Quality of Human Resources

Upgrading education and training

12 Recruitment and fostering of young skilled construction workers

We provide a variety of training that includes level-specific and job-specific training, diversity education, and global education to enable employees to systematically acquire the knowledge and skills required for their jobs. We have developed programs to improve technical skills and management skills and provide learning venues linked to practical work. Additionally, we are also building a system that ascertains course completion history and official qualifications obtained and links this to promotions and evaluations. Moreover, we implement selection-based training and executive training and are reviewing our educational support system for sites where on-the-job training is difficult as we continuously undertake our human resource development.

HDC members at each base



Online Japanese-language education

New employee training

Enhancing the qualification acquisition support system

We support employees in obtaining qualifications necessary for their jobs, such as Professional Engineer, First-class Architect, First-class Civil Engineering Works Execution Managing Engineer, and Construction Industry Accountant. Through exam preparation courses and drafting and field preparation courses, we provide learning opportunities for practical work and increase the expertise of employees and promote their career development. We are also strengthening support for obtaining qualifications for a wide range of employees, including young employees.

Initiatives for Internal Reform Task Force and Toward a Better Workplace

Launched in October 2024, the Internal Reform Task Force consisting of 12 employees with various backgrounds held repeated discussions over the course of six months. We aim to further enhance corporate value by creating a workplace where each employee can work with pride and fully maximize their respective individual capabilities.

Personnel System Reform

Communicating employee feedback to management for continuous reform

Takato Takahashi
Yamakita Minasegawabashi Work Site (at the time),
Tokyo Civil Engineering Branch

Amid a severe business environment arising from a loss on the large-scale domestic building construction project, the Internal Reform Task Force's mission was to implement reforms aimed at restoring business results and increasing corporate value. Among these, reforming the personnel system was particularly important as well as a major theme. Specifically, we considered a wide range of issues, including improving the operation of the personnel evaluation system, reviewing various allowances, and supporting the formulation of career paths. We organized issues based on feedback from employee surveys and made recommendations to management. Toward fundamentally revising the system, we took time to delve deeper into issues with the current system and took immediate action to improve workplace allowances and other measures. I strongly feel the importance of having a system in place to continuously listen to the opinions of employees.

Redefining and Redistributing In-Office and Field Work

Work reforms starting with a shared awareness of issues

Takahiro Sone
Koiwa Station North Exit Redevelopment Project,
Tokyo Building Construction Branch

Besides a labor shortage and the start of the implementation of overtime work regulations, we are witnessing an increase in the scale of our projects and a polarization of the age composition of its workforce. I had a strong sense of crisis that maintaining on-site management and developing next-generation human resources could become difficult because of these factors. Based on this awareness, task force members visited each branch and exchanged opinions with department managers and group leaders. As a result, we confirmed that recognition of these issues is shared Company-wide. In the future, we will review, redefine, and redistribute the roles of our existing internal and field work departments to build a collaborative system that transcends branch boundaries, share know-how, improve work efficiency as well as promote the development of next-generation human resources.

Improving Compensation for Overseas Employees

Toward further strengthening our overseas business, which is a strength

Yu Okonogi
Metro Manila Subway Project Office,
Global Business Division

Our overseas business is positioned as a growth driver for Sumitomo Mitsui Construction and I am proud that this business has earned a respected presence among our competitors. Nonetheless, I was concerned that the number of applicants for overseas work was stagnating due to employees' concerns about the unique hardships of working overseas and the lack of clarity about the actual conditions of overseas work. As a member of the task force, based on feedback collected from fellow overseas employees, we proposed and implemented an increase in the amount of hardship allowances and expanded employee benefits to better reflect local conditions. I also created and shared content to inform even more employees about the actual conditions of overseas work. I hope that as many employees as possible will be attracted to our overseas business and join forces to contribute to Sumitomo Mitsui Construction's development.

Reviewing and Standardizing Business Processes

Turning small improvements into driving forces for major changes

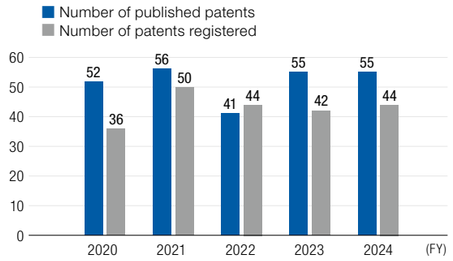
Kaori Miura
Administration Department,
Tokyo Building Construction Branch

In our day-to-day work, there are many instances when approval procedures increase each time new rules and systems are introduced. This places a significant burden on both the applicant and the approving parties. Moreover, there are also cases in which the implementation of rules results in inconsistencies in procedure details among departments, causing confusion for newly transferred members. Although just a few rules and systems have been improved through the activities of the task force, we are still at the midpoint. I feel that each review will lead to improvements in operational efficiency and to the elimination of organizational barriers. I believe that a constant awareness of issues and a willingness to flexibly reevaluate systems and ways of doing business are particularly important as the first step toward continuous reform.

The Source of Our Craftsmanship / Proprietary Technologies Supporting Our Strengths

We participate in urban development through civil engineering structures such as bridges and tunnels that support people's daily lives, and structures such as buildings, condominiums and commercial facilities that support affluent lifestyles. Since our founding, we have maintained the spirit of boldly taking on the challenge of creating unprecedented products. We will continue to challenge "Japan's first" and "world's first" technologies and work to provide "new value" in the future.

Trends in the number of published and registered patents



Our Key Proprietary Technologies

Civil Engineering	**Large scale renewal (deck slab replacement)**	SMartD®, precision shockwave demolition method Sustain-Joint®, precast deck slab jointing method SMC-Slab, a deck slab replacement design support program
	Productivity improvement on construction sites	Column Head SPER construction method, ultra-rapid installation of column heads Girder-type Compact Wagon, a mobile work vehicle for cantilevered erection SMC-Smart Measure®, a bridge formwork inspection and measurement system **Quick-re-Invert of the SMC-Tunneling Series** **Rationalization of main girder web structure [Butterfly web bridge]**
	Longer life and greater durability	Dura-Bridge®, ultra-durable bridges
Building Construction	**Achieving a decarbonized society (energy saving technology)**	ZEH-M ZEviewer™
	Earthquake disaster prevention technology	Swing vibration control system SQRIM-H construction method (U.S. Technology Certification Obtained)
	Engineering	SuKKiT (Multi-unit residential design system)
Common to Civil Engineering and Building Construction	**Achieving a decarbonized society (Initiatives addressing Scope 3 emissions)**	**Sustain-Crete®, an environmentally friendly concrete** Sustain-Geo™, a sustainable soil improvement material
	Productivity improvement on construction sites	Precast concrete (PCa) technology in general Robotaras® Ⅱ, automated rebar assembly system **PATRAC®, next-generation PCa production management system** Raku Camera®, real-time automatic reinforcement form inspection system Lock bolt placement interval measurement system
New Business & Construction Peripheral Area	**Use of renewable energy**	Floating solar power generation Use of hydrogen steam boiler for curing during PCa production SMilet®, water circulation bio-toilet

Recent Technological Developments to Meet Client Expectations and Solve Social Problems

Quick-re-Invert Method

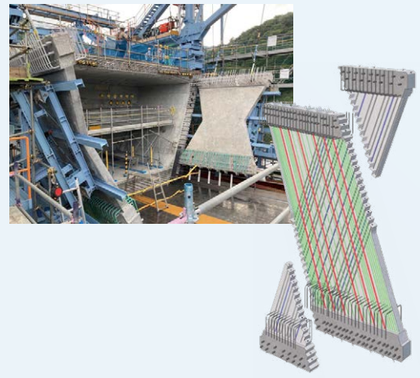
This method was jointly developed with the National Research and Development Agency, Public Works Research Institute (PWRI). It is used for renewing or adding inverts in tunnels that are in service. Instead of the conventional soldier-pile and lagging method for temporary earth-retaining works, it installs continuous U-shaped retaining structures using the open-pit construction technique. This approach reduces the time required for conventional earth-retaining work by approximately 35% and lowers the risk of traffic-related accidents.

Rationalization of Main Girder Web Structure [Butterfly Web Bridge]

We have developed a large butterfly web structure that accommodates high girder heights and enables long-span construction by varying the girder height. This was achieved by adopting a segmented butterfly web structure, in which the butterfly web is fabricated in three sections at the factory, transported separately, and then integrated and erected on site.

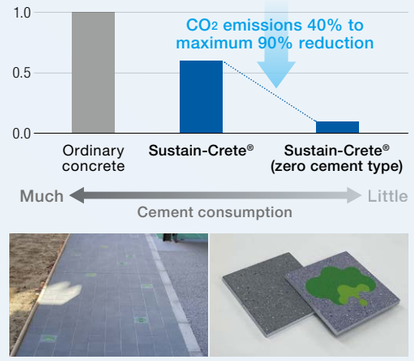
By adopting the segmented butterfly web, transport restrictions such as web height and weight are relaxed compared with conventional integral butterfly webs, allowing for longer spans to be implemented.

In the future, further adoption of butterfly web bridges, which are lightweight and highly durable, can be expected.



Sustain-Crete®

We have developed the environmentally friendly concrete Sustain-Crete® as a construction material that reduces CO_2 emissions, and we are promoting its application in civil engineering and building construction projects. SustaMarble®, an artificial stone product made using the zero-cement type Sustain-Crete, was used for the flooring of outdoor walkways at the Sumitomo Pavilion of Expo 2025 Osaka, Kansai, Japan. Zero-cement precast prestressed concrete floor slabs have also obtained the Environmental Product Declaration (EPD) certification.



RF Tag Integrated Spacer

This system utilizes Radio Frequency (RF) tags embedded in concrete to manage production progress and stock at PCa factories. The RF tags can be read from more than one meter away, making it easy to scan them during storage or shipment. By acquiring location information along with progress registration, the system enables map-based display of component locations and allows stock positions to be searched directly from the map. This visualization of production management contributes to the digital transformation (DX) of PCa production management.

Technology Strategy

The Market Environment and Addressing Challenges by Utilizing Technologies

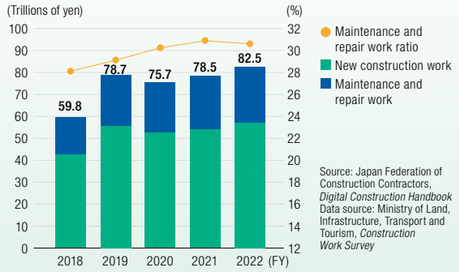
In the bridge field of civil engineering, we have advanced the development of technologies such as new structural forms that shorten construction periods and reduce labor requirements, thereby delivering high-quality bridges. In the building construction field, we have established a strong track record in high-rise residential projects and hold a broad range of precast concrete technologies. Amid labor shortages and rising labor costs in the construction industry, we will continue to develop and apply technologies to further enhance productivity and expand our strengths.

Civil Engineering

Market Environment, Risks, and Opportunities

In recent years, increasingly severe and frequent weather-related disasters, large-scale earthquakes, and the deterioration of infrastructure have posed serious challenges. Taking into account the environment surrounding the construction industry, and with a focus on improving productivity, we are advancing technical initiatives such as rapid construction methods and the shortening of traffic restrictions during renewal projects. Through these efforts, we aim to contribute to swift disaster recovery and reconstruction, the development of sustainable and resilient social infrastructure, and the safeguarding of regional safety and security.

Number of Maintenance and Repair Projects



Source: Japan Federation of Construction Contractors, *Digital Construction Handbook*
Data source: Ministry of Land, Infrastructure, Transport and Tourism, *Construction Work Survey*

Our Technical Responses

Renewal Work Securing Traffic Lanes on Expressways (Nagara River Bridge on the Meishin Expressway, etc.)

In expressway renewal projects, it is essential to maintain traffic lanes and minimize restriction periods. In bridge construction, we make use of the central median between the two carriageways and divide precast floor slabs to replace them while keeping all four lanes in each direction open. In tunnel construction, we employ the Quick-re-Invert method, which enables rapid invert construction while maintaining one traffic lane in operation.

Recovery and Reconstruction in Noto (Noto Ohashi Bridge, etc.)

Following the Noto Peninsula earthquake in fiscal 2024, we carried out emergency restoration work on the Noto Ohashi Bridge and Twin Bridge Noto (Nakanoto Agricultural Road Bridge) by leveraging our accumulated expertise in bridge repair and reinforcement. The work included concrete jacketing of piers, girder jacking, repair of bearings and other bridge appurtenances, and embankment retaining walls behind abutments. In addition, we have been awarded the main restoration project for Noto Ohashi Bridge, the "Construction Work of the Anamizu koshinohara Bridge Restoration in Noetsu Expressway section 1," in which we will employ our proprietary rapid pier construction method to ensure prompt reconstruction.

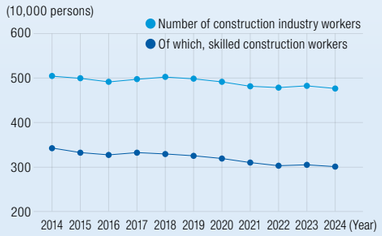
Building Construction

Market Environment, Risks, and Opportunities

In the domestic building construction market, construction demand continues to exceed supply capacity. In the high-rise residential field, where we have particular expertise, redevelopment projects remain active both in central urban areas and regional core cities, sustaining strong demand. At the same time, in an era of population decline, securing personnel has become increasingly difficult for construction companies, and the workforce is aging while new entrants are decreasing. Improving productivity through more efficient construction has therefore become an urgent issue.

In addition, societal demand for sustainability continues to grow, and building construction project clients are increasingly conscious of sustainability, including decarbonization. This has driven rising demand for reducing environmental impact, including initiatives such as Zero Energy Buildings (ZEB) and Zero Energy Houses (ZEH).

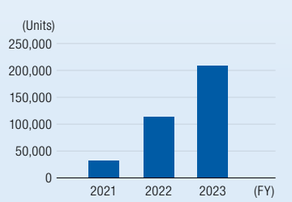
Number of Construction Industry Workers



Notes:
1. From 2014 onward, "temporary staff" are included.
2. Skilled construction workers: Total of workers in the construction industry according to the Ministry of Internal Affairs and Communications, *Labour Force Survey*, Table II 5 by industry and occupation, including:
Occupation code 24: Production process workers
Occupation code 32: Transport and machinery operators
Occupation code 33: Construction and excavation workers
Occupation code 37: Other workers engaged in transport, cleaning, packaging, etc.

Source:
Japan Federation of Construction Contractors, *Digital Construction Handbook* (Excerpt)
Data source: Ministry of Internal Affairs and Communications, *Labour Force Survey*, Long-Term Time Series Table 5

Number of Multi-Unit Residential ZEH-M Units



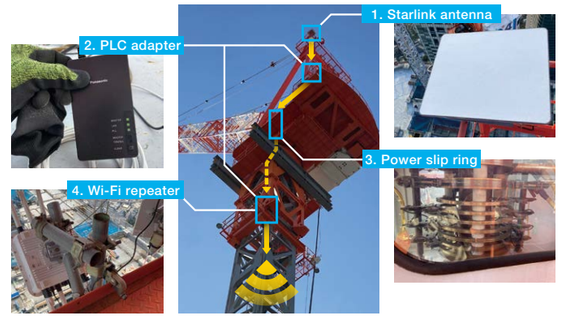
Source: Sustainable open Innovation initiative, *Net Zero Energy House Demonstration Project Survey Results – ZEH Developers*

Our Technical Responses

Establishing Communication Environment on High-Rise Construction Floors

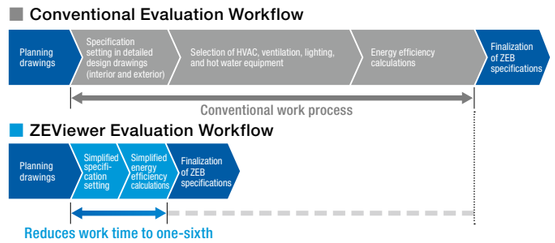
We have developed and applied a method that utilizes satellite internet communication to easily establish a communication environment on construction floors of high-rise buildings. This enables efficient information sharing and progress management on upper floors, achieving approximately a 30% reduction in manpower.

The method has been integrated into our unified precast construction management system, Precast Process Management System (PAE), to further enhance efficiency in construction management.



ZEViewer™

In response to growing demand for ZEB certification, we have developed and are operating ZEViewer™, a simplified evaluation system that can quickly determine energy-saving levels (Building Energy Index, BEI). This system reduces the time required for energy efficiency assessment to one-sixth of conventional methods, enabling rapid proposals during the planning and design stages to meet client needs and societal demands for sustainability.



Promotion of Sustainability Management

Approach to Sustainability Management -Sustainability Transformation-

As a company that aims to realize a sustainable society, we formulated the Basic Policy on Sustainability in December 2021 to serve as guidelines for our company's sustainability initiatives from the perspective of improving our corporate value in the medium to long term. In February 2024, we expanded the scope of this policy to all Group companies.

Environmental Aspects

The preservation and restoration of the global environment are fundamental to social and economic activities, and companies are required to transform their operations to address climate change, biodiversity, and resource circulation.

As a construction company, we must work to reduce environmental impact across the entire life cycle, including the procurement of construction materials, construction processes, facility operation, and demolition and disposal.

Through the establishment, operation, maintenance, and improvement of our environmental management system, we pursue sustainable business activities. In our core construction business, we aim to balance the reduction of environmental impact with the expansion of business opportunities through measures such as extending the lifespan of structures, designing and constructing ZEB/ZEH buildings, developing low-carbon concrete technologies, and promoting new businesses such as floating solar power generation.

Social Aspects

Respect for human rights is fundamental to social and economic activities, and companies are expected to conduct business with full consideration for human rights.

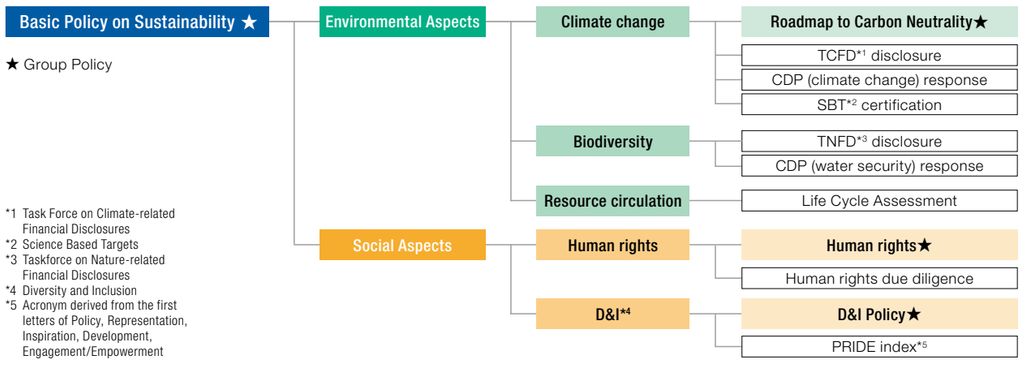
As a construction company, we address human rights issues across our entire supply chain, including improving working environment, ensuring occupational health and safety, reducing working hours, and eliminating child and forced labor. In expanding our business overseas, we also consider differences in religion, laws, customs, and social norms.

Providing a work environment that accommodates the growing number of female and foreign employees supports recruiting and promotes diversity, enabling sustainable business operations. While AI adoption and remote work help improve work-life balance, it is also essential to address emerging challenges such as online defamation and personal data leaks.

Sumitomo Mitsui Construction Group Basic Policy on Sustainability

To achieve a sustainable society, we strive to resolve social issues through our global business activities.

1) We contribute to creating a sustainable global environment by considering the impact of our businesses on society throughout their life cycle.
2) We respect human rights in all our business activities and strive to realize a society in which each and every individual can participate.
3) We build appropriate governance structure by measures including fair business practices and dialogue with stakeholders.



*1 Task Force on Climate-related Financial Disclosures
*2 Science Based Targets
*3 Taskforce on Nature-related Financial Disclosures
*4 Diversity and Inclusion
*5 Acronym derived from the first letters of Policy, Representation, Inspiration, Development, Engagement/Empowerment

Initiatives to Date

Environmental Aspects

Climate change

We have established a carbon neutral roadmap and set reduction targets for 2030 and 2050. We began responding to the CDP (climate change) inquiries in 2020 and obtained SBT certification in 2023. Since 2022, our CO_2 emissions have been verified by a third party. Based on evaluations of our initiatives, we implement improvement measures within our EMS. In 2021, we identified climate-related risks and opportunities, assessed their financial impact on our business activities, and disclosed information in accordance with the TCFD guidelines.

Biodiversity

Since 2024, we have begun responding to the CDP (water security) inquiries. We identify our dependencies and impacts on biodiversity, as well as related risks and opportunities, and disclose information in accordance with the TNFD guidelines.

Resource circulation

We set targets for recycling rates and green procurement and implement them through our EMS. We work to quantify environmental impact using LCA, and in 2024, we calculated the CO_2 reduction effect achieved through extending the lifespan of structures.

Social Aspects

Human Rights Initiatives

In 2021, we established our Human Rights Policy, and in 2024, we expanded its scope to include all Group companies. Since 2022, we have been conducting human rights due diligence, gradually extending its coverage to include the Company, domestic and overseas affiliates, and domestic primary suppliers. We created a heat map based on the likelihood and severity of potential impacts to evaluate management vulnerabilities. We have also established a contact point to receive reports of human rights violations from both inside and outside the Company and provide human rights education for all officers and employees.

D&I (Diversity & Inclusion)

In 2023, we established the Group D&I Policy. We promote the recruitment, development, and appointment of women employees in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace, and we work to improve workplace environments, support the "Kensetsu Komachi*" initiative, enhance work-life balance, encourage male employees to take childcare leave, reduce working hours, promote the use of paid leave, and support the employment of seniors, foreign nationals, and people with disabilities. We also foster understanding of and consideration for LGBTQ+ individuals. In 2024, we achieved Gold certification, the highest rating in the PRIDE Index.

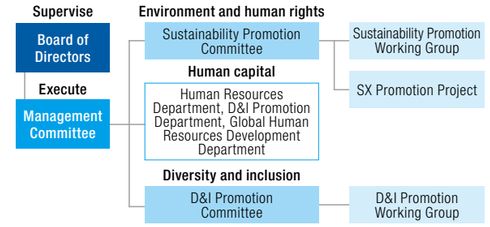
* Kensetsu Komachi: A nickname for all women working in the construction industry, established by the Japan Federation of Construction Contractors to promote women's participation in the construction industry.

Sustainability Promotion System

Sustainability measures, including those related to the environment and human rights, are discussed by the Sustainability Promotion Committee, chaired by the President, under the supervision of the Board of Directors. Important matters are discussed at the Management Committee and then resolved by the Board of Directors.

Initiatives related to human capital are implemented as needed by the Human Resources Department, D&I Promotion Department, and Global Human Resources Development Department.

D&I initiatives are discussed by the D&I Promotion Committee, chaired by the President. Important matters are discussed at the Management Committee and then resolved by the Board of Directors.



Meetings	Chair/Committee Chair	Secretariat	Functions and Roles
Board of Directors	President	Secretariat of the Board of Directors and the Appointment and Remuneration Advisory Committee	Deliberation and supervision of initiatives related to sustainability, human capital, and D&I promotion
Management Committee	President	Corporate Planning Department	Deliberation and execution of initiatives related to sustainability, human capital, and D&I promotion
Sustainability Promotion Committee	President	Sustainability Promotion Department	Deliberation of sustainability promotion initiatives
D&I Promotion Committee	President	D&I Promotion Department	Deliberation of D&I promotion initiatives

PJ・WG	Division/Section Head or Leader	Secretariat	Functions and Roles
Sustainability Promotion Working Group	Division Director, Corporate Planning Division	Sustainability Promotion Department	Review of sustainability promotion initiatives
SX Promotion Project	Division Director, Corporate Planning Division	Sustainability Promotion Department	Review and implementation of sustainability promotion initiatives at the operational level
D&I Promotion Working Group	General Manager, D&I Promotion Department	D&I Promotion Department	Review and implementation of D&I promotion initiatives at the operational level

Realizing Carbon Neutrality

Roadmap to Carbon Neutrality

1 Contribution to a decarbonized society

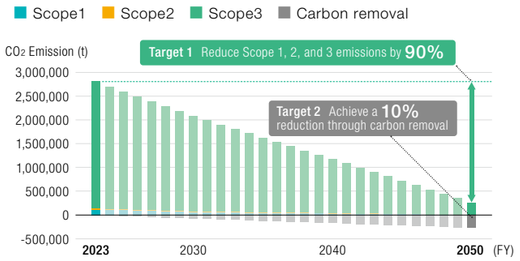
We revised the Roadmap to Carbon Neutrality by 2050 formulated in 2021. The Science Based Targets (SBT) certification obtained in December 2023 will be renewed based on the new targets.

WEB https://www.smcon.co.jp/en/csr/csr-environment/

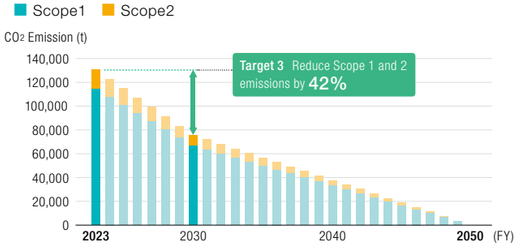
Roadmap to Carbon Neutrality (revised)	
Target 1	Reduce Scope 1, 2, and 3 CO_2 emissions by 90% by 2050
Target 2	Achieve carbon neutrality of Scope 1, 2, and 3 CO_2 emissions by 2050 through carbon removal
Target 3	Reduce Scope 1 and 2 CO_2 emissions by 42% by 2030.
Target 4	Reduce Scope 3 emissions by 25% by 2030

Note: The base year for all targets is 2023.

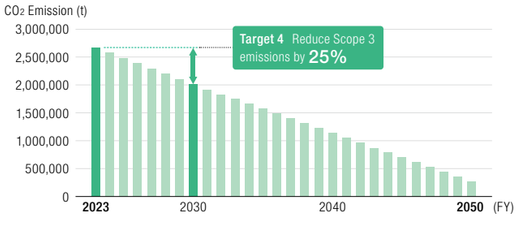
Roadmap to Carbon Neutrality (Target 1, 2)



Roadmap to Carbon Neutrality (Target 3)



Roadmap to Carbon Neutrality (Target 4)



Scope 1 Emissions Reduction Measure

Fuel: Promote the use of GTL, biodiesel fuels (B5/30/100), e-fuels, and other alternatives

FY2024 B5 Usage and CO_2 Reduction Effects

	Number of sites	B5 usage (L)	CO_2 reduction (kg-CO_2)
Civil engineering	2	2,523	▲331
Building construction	1	1,507	▲197
Total	3	4,030	▲528

Machinery: Promote the use of low-CO_2-emission machinery
Planning: Develop construction plans that minimize CO_2 emissions

Scope 2 Emissions Reduction Measures

Promote procurement of green power

FY2024 Green Electricity Usage and CO_2 Reduction Effects

	Electricity consumption (kWh)	CO_2 emissions (t-CO_2)	CO_2 reduction (t-CO_2)
Conventional electricity	12,746,315	6,981	0
Green power	17,467,856	0	▲7,371
Total	30,214,171	6,981	▲7,371
Share of green power (%)	57.8%		

Scope 3 Emissions Reduction Measures

Category 1: Adoption and R&D of low-carbon materials
Use of recycled construction materials / Promotion of timber construction
Category 11: Proposal and receipt of orders of ZEB/ZEH projects

FY2024 ZEB/ZEH Performance and CO_2 Reduction Effects

	Number of projects	Total floor area (m^2)	CO_2 emissions (t-CO_2)	CO_2 reduction (t-CO_2)
ZEB	5	70,384	245,678	▲127,221
ZEH	7	83,377	113,145	▲58,146
Total	12	153,761	358,823	▲185,367

ZEB PLANNER ZEB2022P-00191
ZEH developer ZM2022-00185-C

Sumitomo Densetsu Co., Ltd. Tokyo Construction Office Rebuilding Plan

Improving the Accuracy and Speed of CO_2 Emissions Data Collection

We are conducting a pilot project to automatically acquire diesel fuel purchase slips data in collaboration with fuel companies. Furthermore, we are working on both a system for registering the amount of work done for overseas projects, and a system for CO_2 emissions calculation.

Environmental Improvement Effects from Sustainability Bonds

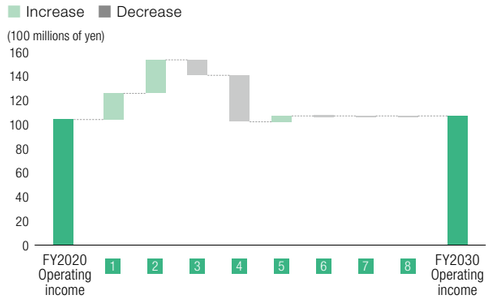
Of the funds raised through the sustainability bond issued in 2022, the portion invested in renewable energy projects generated a total of 24,113 MWh of electricity in FY2022 and FY2023. This corresponds to a reduction of 10,452 t-CO_2.

WEB https://www.smcon.co.jp/topics/2024/06241300/ (Japanese only)

Quantification of Financial Impacts Caused by Climate Change (TCFD Disclosure)

Based on scenario analysis, we quantified the factors behind significant climate change risks and opportunities, as well as the expected financial impacts. In the 1.5˚ C scenario, operating income is expected to increase due to the spread of ZEB and ZEH. In the 4˚ C scenario, we assessed that there would be no significant financial impact based on the countermeasures that are already in place.

Impact assessment results on operating income in FY2030 (1.5˚ C scenario)



Financial impact items

1 Increase in profit attributed to construction of ZEB
2 Increase in profit attributed to construction of ZEH
3 Increase in burden of carbon taxes
4 Fluctuating prices of construction materials
5 Increase in profit of renewable energy business
6 Increase in technology and development costs
7 Increase in cost due to reduced productivity
8 Increase in costs due to payment of insurance premiums

CDP Assessment

In the CDP*1 assessment for 2024, our ratings were B for climate change, B for water security, and A- for Supplier Engagement Assessment (SEA).

For climate change specifically, out of 16 categories, eight received an A, three an A-, two a B, one a B-, and two a C.

The lower ratings (C) were in the areas of Scope 1 and 2 verification and target setting.

For water security, out of 11 categories, one received an A, one an A-, five a B, two a B-, one a C, and one a C-. The lower ratings (C, C) were in the areas of water accounting and disclosure of opportunities.

We will continue to enhance our contributions to addressing environmental challenges, starting with climate change, by promoting initiatives to reduce GHG emissions across our supply chain and conserve water resources. Our past evaluations are as follows:

Evaluation Item	Response year				
	2020	2021	2022	2023	2024
Climate change	B-	B	A-	A-	B
Supplier engagement	C-	A	A	A-	A-
Water security					B

*1 CDP is an initiative where institutional investors around the world request companies to disclose information regarding their environmental strategies and measures to counter greenhouse gases.

Acquisition of SBT Certification

Our Group obtained SBT (Science Based Targets) certification in 2023 from the SBT initiative*2 (Science Based Targets Initiative) for our 2030 greenhouse gas reduction target (1.5˚ C level).

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

*2 The SBT Initiative is an international climate change initiative established in 2015 by CDP, an international NGO for environmental information disclosure, the United Nations Global Compact, the World Resources Institute (WRI), and the World Wildlife Fund (WWF) that encourages companies worldwide to set science-based greenhouse gas reduction targets (SBTs) toward achieving the goals of the Paris Agreement.

Nature Positive

Response to TNFD

3 Contribution to a society in harmony with nature

Strategy (LEAP approach)

We conducted a review based on the "LEAP Approach" to understand the relationship between our business and nature and to set concrete targets for a nature-positive society.

For the identification of sensitive locations (Locate), we focused on a total of four sites: three PC factories and the Research & Development Institute. In identifying dependencies and impacts (Evaluate), we analyzed the upstream value chain (excluding logistics), direct operations, and downstream activities.

For the identification of risks and opportunities (Assess), we focused on the upstream value chain and direct operations, which are assumed to have relatively significant dependencies and impacts, while downstream activities were excluded. The upstream value chain analysis targeted ready-mixed concrete made from cement, a key material in our business that is also included in the High Impact Commodity List (HICL) of the Science Based Targets for Nature (SBTN).

Dependencies on Natural Capital	Value chain		
	Upstream	Direct operations	Down-stream
Water purification	◎		
Rainfall pattern regulation	◎	◎	◎
Soil and sediment retention	○	○	
Flood mitigation	○	○	
Global climate regulation	○		
Water supply	○		
Water flow regulation	○		
Education, science and research services		◎	
Storm mitigation		○	
Solid waste remediation			◎
Visual amenity services			◎

Impacts on Natural Capital	Value chain		
	Upstream	Direct operations	Down-stream
Extraction of other abiotic resources	◎		
Emissions of harmful soil and water pollutants	◎	◎	○
Generation and release of solid waste	◎		
Freshwater use area	○	◎	
Disturbance (noise, light, etc.)	○	◎	◎
Greenhouse gas emissions	○	○	○
Seabed use area	○		
Emissions of non-greenhouse gas air pollutants	○	○	
Land use area	○	○	
Emissions of nutrient pollutants to soil and water			○

◎: very high, ○: high

* When a business process spans multiple areas, the one with the greatest impact has been prioritized. Please refer to the website for details.

Identification of Risks and Opportunities

Using ENCORE, we focused on the upstream value chain and direct operations and identified items rated high or above on the dependency and impact heat map. Downstream activities were excluded from the assessment due to their relatively low dependencies and impacts and the limited availability of information for analysis.

Based on the results, we consulted the risks and opportunities listed in the sector guidance for construction materials and construction published by the Taskforce on Nature-related Financial Disclosures (TNFD) and extracted those considered particularly relevant to our business.

Overview of Risks and Opportunities		Classification	Value chain		
			Upstream	Direct operations	Down-stream
Physical Risks	Worsening water scarcity and water quality	Acute/Chronic	○	○	
	Intensification of extreme weather events	Acute	○	○	
	Soil degradation	Chronic		○	
Transition Risks	Strengthening of laws, regulations, and certification schemes	Policy / Regulation		○	
	Increasing demand to transition to low environmental impact technologies	Technology		○	
	Growing expectations from investors and customers regarding nature	Market / Reputation		○	
	Increase in litigation and claims from affected stakeholders	Liability		○	
Opportuni-ties	Increased efficiency in production processes	Resource efficiency		○	
	Growing consumer demand for sustainable products	Market / Products and Services		○	
	Enhanced reputation through reduced environmental impact	Capital flows and financing / Reputation		○	

WEB https://www.smcon.co.jp/csr/biodiversity/ (Japanese only)

Realizing a Circular Economy

Conducting LCA

2 Contribution to a recycling-oriented society

Life Cycle Assessment (LCA) is a methodology for quantitatively evaluating the environmental impact of a product or service across its entire life cycle.

In fiscal 2024, we conducted an LCA to quantify the CO_2 reduction effect achieved by extending the lifespan of structures. Specifically, we calculated the CO_2 emissions (carbon footprint, CFP) over the life cycle of an ultra-durable bridge (Dura-Bridge®) that uses aramid FRP rods instead of conventional rebar and PC steel, and compared it with a conventional bridge. The assessment covered a 200-year period and focused on the superstructure, excluding the substructure.

As an example of Dura-Bridge®, we examined the Bessodani Bridge on the Tokushima Expressway. For the conventional bridge, we assumed a bridge of the same scale using traditional materials and considered two maintenance patterns: surface coating and cathodic protection.

The scope of the assessment included the pavement, segments, parapet walls, expansion joints, and bearings, excluding the substructure.

Reference Standards

The main standards referenced for the assessment are as follows.

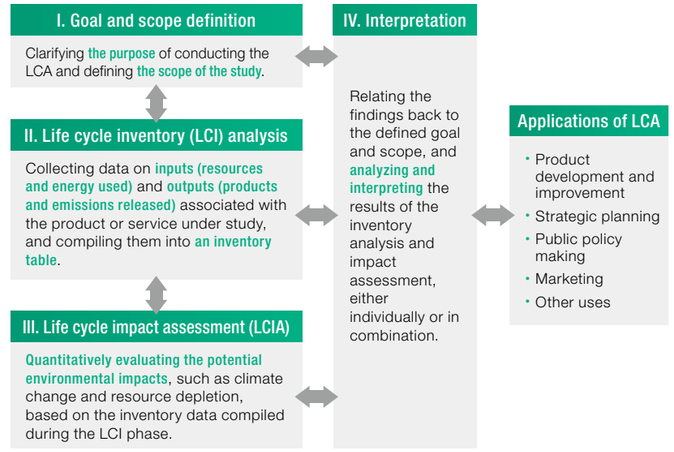
- EPD, C-PCR-022 ROAD INFRASTRUCTURE, 2024
- EPD, PCR 2019:14 CONSTRUCTION PRODUCTS, 2024
- EUROPEAN STANDARD, DS/EN15804 :2012+A2:2019, 2019
- ISO 14040: Environmental management – Life cycle assessment – Principles and framework
- ISO 14044: Environmental Management – Life cycle assessment – Requirements and guidelines
- SuMPO Environmental Label Program: Product Category Rules (PCR) Development Guide

Calculation results

• Dura-Bridge®
The process with the highest emissions was "A1. Raw material manufacturing stage," accounting for about 30% of total emissions.

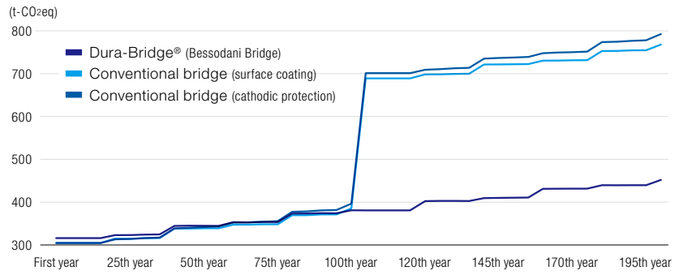
• Conventional bridge
The process with the highest emissions was "A3. Construction material manufacturing stage," accounting for about 13% of total emissions.

LCA phases as defined in ISO 14040:2006



When setting the reference study period (RSP) at 200 years, there was little difference between the two until year 100. However, since the conventional bridge requires replacement at year 100, the results showed that the life cycle CO_2 emissions ($LCCO_2$) of Dura-Bridge® remained lower from year 101 onward.

Change in CO_2 emissions with a reference study period (RSP) of 200 years

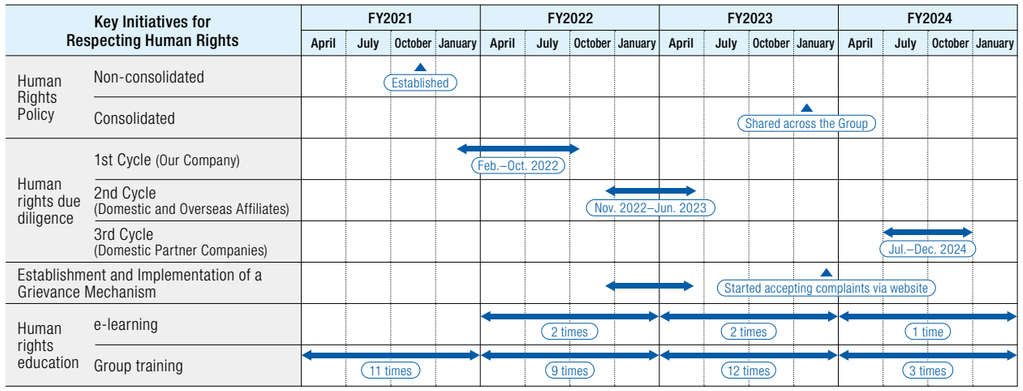


Respect for Human Rights

Establishment of the Human Rights Policy

15 Respect for human rights

Reflecting the expanding impact of corporate activities on society, corporations are increasingly expected to take a leading role in protecting human rights. In light of these expectations, and in line with the UN Guiding Principles on Business and Human Rights, Japan's National Action Plan on Business and Human Rights (2020–2025), and other international guidelines, Sumitomo Mitsui Construction established its own Human Rights Policy in November 2021. In February 2024, the policy was revised and renamed the Sumitomo Mitsui Construction Group Human Rights Policy, and it now applies to all Group companies.



WEB https://www.smcon.co.jp/en/corporate/human-rights-policy.html

Conduct Human Rights Due Diligence

Based upon this Human Rights Policy, we are conducting human rights due diligence in order to identify and assess the potential impacts that our business activities have on human rights and take measures to eliminate and mitigate those risks.

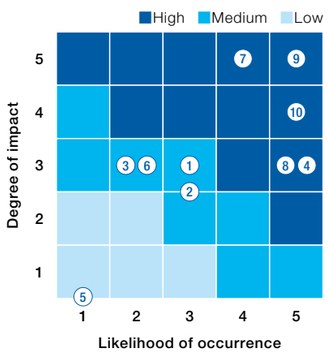
The first cycle, targeting the Company alone, was conducted from February to October 2022; the second cycle, targeting domestic and overseas affiliated companies, from November 2022 to June 2023, and the third cycle, targeting domestic primary partner companies, from July to December 2024.

Heat Map development

Based on the heat map plotting the likelihood of occurrence and degree of impact of human rights risks, the following were identified as high-risk areas: (9) rights of indigenous ethnic groups and community residents, (7) occupational safety and health, (10) consumers' rights, (8) work hours, and (4) harassment and abuse.

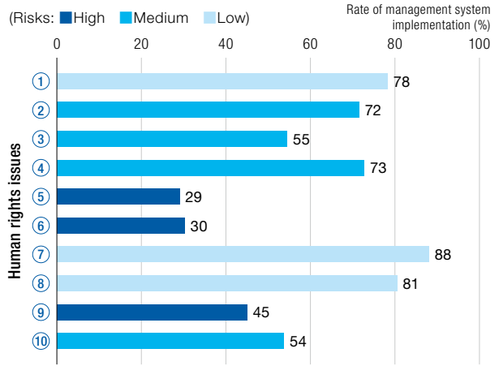
Vulnerability Assessment of Management Systems

In the vulnerability assessment of management systems and related frameworks, three items were assessed as high risk: (5) child labor (respect for the right to receive education), (6) forced labor, and (9) rights of indigenous ethnic groups and community residents.



No.	Human rights issues
①	Legal compliance and prevention of bribery/corruption
②	Prohibition of discrimination and equality under the law (including some of "Women's Rights")
③	Enforce good procurement practices (business partner management)
④	Harassment and abuse
⑤	Child labor (respect for the right to receive education)
⑥	Forced labor
⑦	Occupational safety and health (including some of "Proper Work Environments")
⑧	Work hours (rights concerning breaks and days off)
⑨	The rights of indigenous ethnic groups and community residents
⑩	Consumers' rights (consumer safety and the right to know) (including some of "Management of Consumers' Personal Information")

Evaluation of vulnerabilities in the management systems



Establishment of a Grievance Mechanism

To establish a complaint handling mechanism (Grievance Mechanism), we have set up a contact point on our website to receive consultations and complaints related to human rights. This mechanism is open to all stakeholders, including officers and employees of our Group, customers, workers in our supply chain, and members of local communities. All submissions are handled with consideration for anonymity and protection, and appropriate and necessary responses are taken. In addition, if it becomes clear that our Group's business activities have caused, contributed to, or been complicit in adverse human rights impacts, we strive to provide remedies and corrective measures through internal and external procedures.

Employee Education

We provide education to deepen officers' and employees' understanding of respect for human rights. Centered on "Business and Human Rights," we conduct e-learning for all officers and employees and have translated the content into English for overseas local staff. In addition, we regularly hold group training by year of entry, as well as compliance and harassment training for all employees. Going forward, we will expand these initiatives to Group companies and, through continuous education and awareness-raising, embed the Human Rights Policy and the principles of human rights respect throughout the Group.

Promotion of Fair Trade / ESG Considerations in the Supply Chain

16 Promotion of fair trade / 17 ESG considerations in the supply chain

Implementing the CSR Procurement Policy

The company formulated the CSR Procurement Policy in April 2020 to serve as a basic policy for enforcing the Charter of Corporate Behavior in the company's procurement practices. This establishes required procurement practices for companies, as well as rules for our business partners, which are equal partners. The Procurement Management Rules were formulated as a management system document in order to enforce this policy, and at project sites, we have selected business partners in consideration of this policy, and are familiarizing employees with this through such avenues as Safety and Health Councils. We also require suppliers to endorse this policy as a condition of submitting estimates, and only commence dealings with new suppliers after they have agreed to take this policy into consideration.

WEB https://www.smcon.co.jp/company/company-policy/procurement-policy/ (Japanese only)

Declaration of Partnership Building

The "Declaration of Partnership Building" is a program that promotes business continuity for small and medium-sized enterprises (SMEs) and ensures fair transactions. To participate, companies make a Declaration of Partnership Building, which must include commitments to: (1) co-existence and co-prosperity throughout the supply chain and new partnerships that transcend business scale and affiliation; (2) adhering to desirable business practices between parent companies and subcontractors in line with the "Promotion Standards" under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises; and (3) negotiating price transfers with attention to fair transaction pricing throughout the supply chain. The declaration is made in the name of a person with representative authority.

Based on the Sumitomo Mitsui Construction CSR Procurement Policy, the Company made its Declaration of Partnership Building in January 2025 in the name of the President. This declaration is publicly posted on the portal site of the National Association of Small and Medium Enterprise Promotion Organizations.

WEB https://www.smcon.co.jp/torihikisaki/assets/uploads/partnership-building-declaration.pdf (Japanese only)

Self-Assessment Questionnaire

To understand the sustainability initiatives of our primary partner companies, we conducted a Self-Assessment Questionnaire (SAQ). The survey covered seven areas: (1) governance, (2) human rights, (3) labor practices, (4) environment, (5) fair business conduct, (6) quality and safety, and (7) information security.

The results of the survey will be used as a reference when considering the support we provide to primary partner companies and the prioritization of such support.

Safety and Quality

Basic Approach

We prioritize safety and quality, continuously refining on-site standards to enhance client satisfaction and trust. By strengthening communication among our people, our most valuable asset, and actively utilizing digital technologies, we improve the transparency and speed of safety and quality information sharing.

Improvement of Quality and Client Satisfaction

7 Improvement of Quality and Client Satisfaction

In designating the “Pursuit of Client Satisfaction” as one of our Corporate Principles and while seeking to innovate our technologies and cultivate creativity, we have acquired ISO 9001 certification, and carry out quality management activities with the intent of delivering quality that earns the trust of society and satisfies clients. Additionally, our uniquely established concept of “Supreme Quality Assurance” is a quality management activity that prioritizes safety and quality first, with cost recognized as secondary in the construction process, and we aim to embed this as part of our corporate culture.

By having all officers and employees continuously refine on-site safety and quality, we aim to establish a next-generation safety and quality culture centered on the combination of people, technology, and engagement.

Improving Quality

To enhance quality, we establish annual production management plans and promote our “Supreme Quality Assurance” concept across all officers, employees, affiliated companies, and partner companies. In daily construction management, any quality defects are shared company-wide via a real-time defect report. We perform root-cause analyses, implement recurrence-prevention measures, horizontally share and disseminate findings through project manager meetings, employee training, and other channels to ensure thorough follow-up.

FY2025 Slogan

Thoroughly implement the fundamentals of manufacturing with 5S and carry “Supreme Quality Assurance” forward to the next generation

FY2025 Basic Production Control Policy
Leverage the power of people and technology to cultivate “Supreme Quality Assurance” that emphasizes the construction process and to carry on a culture of safety and quality.

FY2025 Basic Production Control Targets
- Zero quality defects
- Cultivate supreme quality

Initiatives to enhance client satisfaction and quality

Key measures to prevent quality issues
(1) Analyze causes of past cases
(2) Horizontally share effective examples, safety and quality audit findings, and QSA audit points
(3) Confirm quality-critical points in the construction process

Key actions to prevent quality issues

Common measures

1. Thorough implementation of 5S (sort, set in order, shine, standardize, and sincere)
2. Strict adherence to construction process rules and on-site capability enhancement through collaboration with QSA
3. Cultivation of “Supreme Quality Assurance” across the Group
4. Transmission of safety and quality culture and knowledge to future generations
5. Conduct remote and hybrid audits and patrols
6. Provide education on the importance of quality assurance

Civil Engineering

1. Verify the appropriateness of construction processes and drive continuous improvement through safety and quality audits.
2. Promote visualization of risks using a pre-risk process chart.
3. Activate and encourage the use of the root cause analysis of quality issues training sessions.
4. Strengthen risk assessments related to quality and build construction risk management capabilities, including detection and countermeasures.
5. Combine on-site inspections and remote audits to enhance the effectiveness of QSA/safety and quality audits, share information, and transfer knowledge.
6. Confirm responses to points raised in construction review meetings through QSA/safety and quality audits to prevent quality issues before they occur.

Building Construction

1. Focus on process management for critical quality control items and the construction quality plan.
2. Ensure strict adherence to the construction process in accordance with construction management standards, construction quality control sheets, and on-site inspection checklists.
3. Construction supervisors attend construction management plan review meetings to reinforce oversight duties, while the Building Design Audit Department conducts on-site patrols.
4. During on-site audits by Building Construction Division and QSA, work to prevent disasters and quality issues before they occur.
5. Strengthen training for young employees on key checkpoints for each construction technique before construction begins through QSA audits to prevent quality defects.

Safety, environmental, and quality management in overseas projects

7 Improvement of quality and client satisfaction
18 Promotion of occupational safety and health

Project Management System (PMS)

PMS is our unique, unified system designed to ensure safety, environmental protection, and quality control in overseas construction projects. PMS teams are assigned to each country office and project site to carry out related activities.

The PMS logo represents our project management system, PMS, which is implemented on overseas projects to manage quality, safety, and environmental performance. It symbolizes our firm commitment to ensuring construction quality, protecting the safety of project personnel, preserving the environment, and pursuing continuous improvement.

PMS Manual

The PMS manual provides guidelines for operating the system, specifying processes to ensure safety, environmental protection, and quality at every stage of overseas projects, from commencement to completion. Based on this manual and project specifications, each site prepares a detailed plan tailored to its operations, ensuring the consistent management of safety, environmental, and quality standards.

Education and Training (Safety Training)

Aiming to enhance and standardize the skills of PMS members from each country and on-site safety personnel, we conduct online training with a monthly theme. In addition, selected employees from each country participate in in-person training to learn overseas-standard knowledge on safety, environment, and quality by job type, fostering the development of talented personnel and strengthening their sense of belonging to the company.

Overseas project safety performance

FY2024 overseas projects achieved **zero** **serious accidents**
Total working hours: **35,166,975** **hours**

Frequency Rate

	FY2024	FY2025
Target	0.2 or less	0.2 or less
Result	0.0	–

Severity Rate

	FY2024	FY2025
Target	0.02 or less	0.02 or less
Result	0.00	–

PMS Audit

In addition to monthly audits conducted at all overseas project sites by local PMS members, international PMS audits are held twice a year in each country, carried out by auditors from Japan and other regions. These audits include site inspections, document reviews, safety training guidance, and client visits. Observations for improvement, best practices, and unique initiatives identified during the audits are shared via online broadcasts of the audit meetings held on the same day and further disseminated through PMS monthly international meetings. We also conduct direct client interviews and provide feedback to site staff as part of our continuous improvement efforts.

International PMS audit (on-site inspection)

STAFF COMMENTS

Rogie L. Vergara
SMCC Overseas Singapore Pte. Ltd.
PMS Management Representative

I recognize PMS as the key to project success. To achieve a high level of standardization on overseas sites where understanding of safety culture and quality is still developing, we are taking initiatives such as creating online tools using educational videos and QR codes, all aimed at realizing “Supreme Quality.” During on-site audits, we also check PMS operations and provide training to project staff.

PMS is a trusted brand for delivering safe and high-quality projects.

Promotion of Occupational Safety and Health

13 Promotion of Occupational Safety and Health

Basic Safety and Health Policy

Under the principle of zero-accident, safety-first infrastructure building, Sumitomo Mitsui Construction aims to protect the precious lives and health of its workers by providing a safe, healthy, and pleasant work 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 implementation of repeated plan-do-check-act cycles in all processes from planning to completion.
3. To improve the level of safety and health control, we cooperate with partner companies as we carry out voluntary safety and health activities, eliminate or reduce risks and sources of harm, promote worker health, and develop a pleasant work environment, with the Sumitomo Mitsui Construction Occupational Safety and Health Management System as the basis of safety and health management.

FY2025 Slogan

Look for and notice risks and stick to work procedures for zero accidents!

Occupational Safety and Health Management System

Based upon our safety and health management regulations, we are working at reducing and eliminating hazardous or harmful factors, promoting the advancement of worker health, and creating a comfortable work environment through voluntary activities of employees and with the cooperation of partner companies. In our operations, we set safety and health targets, and conduct risk assessments and implement the PDCA cycle on safety and health plans based on the results of these in an effort to increase the level of safety and health.

Implementation of Safety Patrols

In addition to safety management from on-site employees, the company's Head Office, branches, and partner companies conduct safety patrols in a systematic manner, helping to remove overlooked risk factors and thereby eliminate accidents.

FY2024 Safety Performance

There were 15 accidents (four days or more of lost work), including four cases of falling down, four cases of falling from a high place, three cases of being crushed in/caught in, and one case each of collapsing, being struck by object, cutting and scraping and reactionary force/overexertion.

Frequency Rate*1

FY2024 target	FY2024 result	FY2025 target
0.5 or less	0.59	0.5 or less

Severity Rate*2

FY2024 target	FY2024 result	FY2025 target
0.02 or less	0.31	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 2025 and Efforts Beyond

(1) Implement "safety harness training" and strictly enforce rules for safety harness usage to prevent accidents from falls.
(2) Hold ongoing "safety reminder" and "pointing and calling" exercises to prevent accidents from being caught.
(3) Promote the use of "Safety and Attention AI*" at morning meetings, etc. to prevent repeated accidents.
(4) Ensure working hour management to prevent ailments caused by long working hours, and comply with limits on overtime, etc.

* Safety and Attention AI: A system that, before on-site work, extracts and presents potential incidents based on past accident cases by entering simple information about the planned work.

Strengthening Partnerships with Partner Companies

Based on the revised Declaration of Partnership Building (January 2025), we are promoting initiatives to strengthen collaboration with Shineikai, an organization of the partner companies, on an ongoing basis to enhance competitiveness. Through joint site tours and other initiatives, we support the recruitment and retention of partner companies. We also aim to improve the working conditions and treatment of skilled workers and to create comfortable workplaces where diverse talent can thrive.

Shineikai website

Foundation Strategy | DX Promotion

DX Promotion

14 Personnel- and Labor-saving through Digitalization and Industrialization

Review of the previous Mid-term Management Plan

To advance digital transformation (DX), we developed a management dashboard and promoted data visualization, enabling faster and more accurate management decision-making. At the same time, we identified challenges in business process reform and data standardization. We also implemented initiatives to enhance IT literacy across the company, thereby strengthening our foundation.

Future Direction

Going forward, we will expand our digital infrastructure to promote the effective use of internal data and advance data-driven management. Through data analysis and system verification, we will improve productivity and enhance the accuracy of management decisions, while also developing digital talent. In addition, we will modernize our authentication infrastructure to ensure a secure environment, streamline on-site operations, and work to foster our engineers and enhance corporate value.

Management Foundation (Business Process) DX

1. Expand digital infrastructure for data management
2. Promote analysis and utilization through linkage with internal and external data
3. Build a data access environment that supports management decision-making
4. Strengthen information security to enable prompt response to threats

Specific Initiatives

We introduced a company-wide management dashboard to enhance management visibility and improve decision-making processes. By integrating data that had previously been managed separately by each division, we have been building an environment where key KPIs can be monitored in real time. At present, the linkage of performance and accounting data has enabled quicker management decisions, producing tangible results.

Going forward, we will accelerate the integration of remaining departmental data while focusing on improving analytical accuracy. We will also continue educational and awareness activities to instill a data-driven culture, steadily advancing this important step in our digital transformation. As part of our information-sharing tools, we have completed the migration of email and scheduling to Microsoft 365, and plan to enhance productivity by introducing the generative AI tool Copilot for selected users and exploring AI applications tailored to specific business operations.

DX Certification

In January 2023, our company was recognized as a DX certified business operator. This certification is granted by the government to companies that are prepared to advance digital transformation. It recognizes companies as being ready to transform their business using digital technologies. Certified companies also benefit from preferential treatment in areas such as taxation and financing.

DX認定