# Sumitomo Mitsui Construction Group Mid-term Management Plan 2022-2024

March 4, 2022

# SUMITOMO MITSUI CONSTRUCTION CO.,LTD.

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#### Introduction

Under the "Mid-term Management Plan 2019-2021," we have pushed ahead with various measures with the theme of "Accelerate Changes," but the business environment surrounding the SMCC Group dramatically changed in the aftermath of the spread of the new coronavirus. Moreover, we logged hefty losses in the Plan's final year of FY2021 due to worsened profitability of major building construction projects. However, we took concrete measures swiftly to address the problem, striving to prevent its recurrence.

The "Mid-term Management Plan 2022-2024" positions this period as the second stage in the path toward the long-term vision, "Vision 2030," setting the theme of "Toward new growth - Realizing a sustainable society." Amid radical social changes, we will seek to realize a sustainable society and sustained growth of the SMCC Group by continuing to meet requests from society with technological expertise and services.

Mid-term
Management Plan
2022-2024
"Toward new growth"

FY2025

By executing the Plan based on sincerity and good faith, the SMCC Group will strive to boost its social presence and establish itself as a company balancing "corporate growth" and "employee well-being" while valuing care for the work front that constitutes the origin of manufacturing.

Mid-term Management Plan 2022-2024 FY2022

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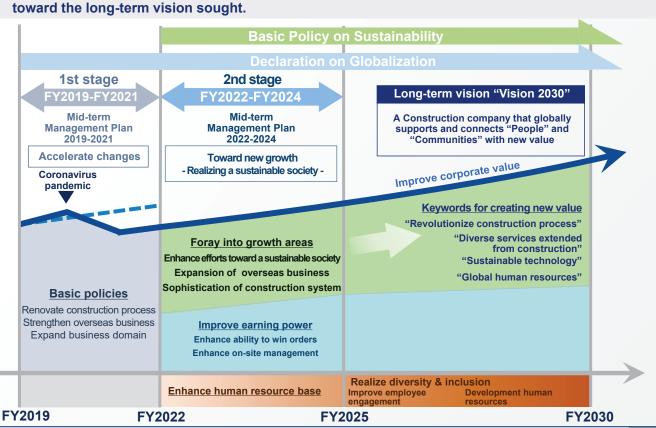
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FY2030

# Path to long-term vision "Vision 2030"

By completing the Plan, the second stage of attaining "Vision 2030," we will ensure the path toward the long-term vision sought.

Present



# Mid-term Management Plan 2019-2021: Review (basic policies & measures)

Under the previous plan, we took initiatives based on three basic policies under the theme of "Accelerate Changes"

#### Main results of basic policies

#### Main initiatives & results

# Renovate construction process

- Automated reinforcing steel bar assembly system "Robotaras<sup>®</sup>" put to practical use, tower crane operations Individual measures such as support system development make headway
- Bridge construction technology featuring "ultra-high durability" (Dura-Bridge®), made of nonferrous materials, commercialized

# Strengthen overseas business

- Construction contracts won continuously despite the coronavirus pandemic
- Overseas ocean civil engineering company turned into a subsidiary, giving SMCC Group an advantage in major bridge projects & access to the ocean civil engineering market
- Two more global human resource development centers set up (Japan, India), helping to promote fostering of local core employees through a 3-center system

# Expand business domain

- Sumitomo Mitsui Construction Steel Structures Engineering, DPS Bridge Works were made into subsidiaries, enhancing the domestic bridge business base
- Investments made to strengthen own factories, promote renewable energy business, etc.

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# 3 Mid-term Management Plan 2019-2021: Review (KPIs)

### Consolidated business results in the plan period

|                        | FY2019                                  | FY2020           | FY2021<br>estimates  | (targets)              |
|------------------------|---|------------------|----------------------|------------------------|
| Net sales              | les 472.4 billion yen 421.6 billion yen |                  | 410.0 billion<br>yen | (500.0 billion<br>yen) |
| Operating profit       | 24.8 billion yen                        | 15.6 billion yen | - 8.3 billion yen    | (30.0 billion yen)     |
| ROE                    | 16.7%                                   | 8.8%             | - 9.3%               | (12% or higher)        |
| Capital-to-asset ratio | 27.1%                                   | 27.2%            | 22.5%                | (30% or higher)        |
| Total return ratio     | 30.8%                                   | 43.8%            | -                    | (30% or higher)        |

### Review of the previous plan

FY2019 Both results & basic policies generally fare well

FY2020 Spread of COVID-19 greatly affects the progress of the plan

While earnings performance worsened due to the coronavirus pandemic, digitalization of business duties and remote control made progress in response to social requests

#### FY2021 Losses logged due to worsened profitability of major building construction projects

- Major factors behind worsened profitability are insufficient risk detection at the time of contract conclusion & inadequate response to risks during construction
- Measures to be taken to prevent recurrence: stricter screening of orders received & work risk minimization through the promotion of front-loading of construction work

#### Reflection in future

- Enhance sustainability initiatives through business, not just contributing to SDGs
- Strengthen work process management to prevent construction profitability from worsening, enhance work execution system focused on expanding overseas business
- Early realization of newly developed technology application to on-site work, creation of new businesses, etc.



# Long-term Vision: Vision 2030

Building on "Vision 2030," which is in place to realize a sustainable society and achieve SMCC Group's sustained growth, we will give shape to what is being sought for our earnings performance and sustainability.

"Vision 2030" being pursued by SMCC Group

A Construction company that globally supports and connects "People" and "Communities" with new value

# "Vision 2030" pursued with four new values

1. Revolutionize construction process
-Next-generation construction system-

Realize "SMile Construction System\*" through the use of BIM/CIM, automation technology, data, etc., thus improving productivity

### 3. Sustainable technology

Provide society with technologies contributing to the sustainability of the environment and society, including those associated with climate change and human rights

# 2. Diverse services extended from construction

Expand our business domain through the provision of services and solutions contributing to a sustainable society, with M&A deals in sight as well

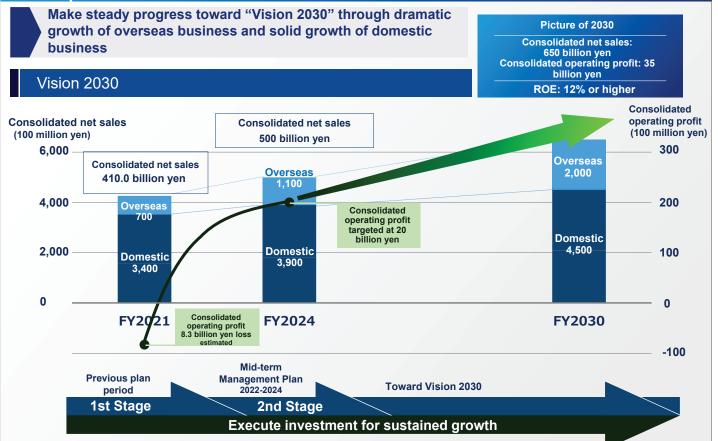
#### 4. Global human resources

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

\*SMile Construction System: Next-generation construction system that connects construction sites digitalized with ICT, including IoT, Al and robots, to 3D design/construction plans



# Projected growth in 2030



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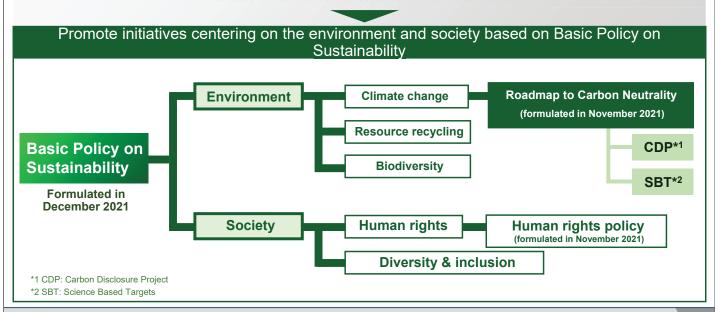
Long-term Vision: Vision 2030

# Basic Policy on Sustainability

Formulate basic policies showing SMCC Group's posture to realize environment, society & economic value simultaneously Add achievement of targets based on basic policies to "Vision 2030," proactively contributing to realizing a sustainable society

#### Basic Policy on Sustainability

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

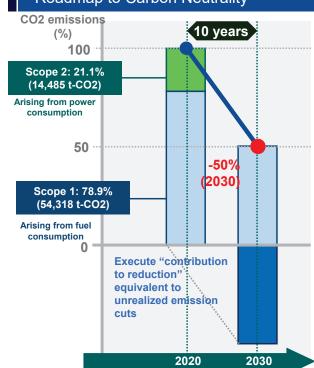


Long-term Vision: Vision 2030

# Basic Policy on Sustainability Roadmap to Carbon Neutrality

Proactive initiatives toward carbon neutrality, championing ambitious targets

### Roadmap to Carbon Neutrality



✓ Scope 1 + Scope 2

- 1. Realize carbon neutrality by 2050
- 2. 50% reduction by 2030(Base year: 2020)
- 3. Realize <u>carbon neutrality</u>\* in effect by 2030 \*Including emission cuts through renewable energy-based power generation, etc.

#### ✓ Scope 3

4. 25% reduction by 2030 (Base year: 2020)

#### Investment in climate change

Have in place an investment framework for climate change measures and introduce ICP to assess investment projects

\*ICP: Internal Carbon Pricing

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(CO2 emission cut by solar power generation: 535t-CO2/MW)

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Long-term Vision: Vision 2030

# Basic Policy on Sustainability Enhancement of Execution Framework

Strengthen the framework for creating & promoting businesses contributing to a sustainable society through organizational restructuring

#### **Establish "Business Creation Division"**

### **Organization of "Business Creation Division"**

[Main targets for business creation] Projects related to decarbonization, circular economy, enhanced community resilience, decentralized society, etc.

#### New Business Planning

Create new businesses contributing to realizing a sustainable society

#### **Carbon Neutral Promotion**

Create businesses contributing to realizing carbon neutrality (ZEB/ZEH, low-carbon materials, other environment-friendly technologies, etc.)

# Renewable Energy Promotion

Promote renewable energy businesses (solar & wind power, microhydroelectric generation)

(including contribution to emission cuts toward realizing virtual carbon neutrality in 2030 by securing power output equivalent to reduction)

### Advanced Construction Development & Technology

- Promote industrialized construction process based on precast concrete method (shorter work period, digitalization)
- Improve productivity in the manufacture of precast components (automation, digitalization)

Mid-term Management Plan 2022-2024

# **Business Environment & Directionality**

Set directionality of initiatives, with further changes in the business environment in sight

#### Business environment

### Changing

Digital technology makes it possible to provide various services, causing digital transformation (DX) to progress rapidly in the construction industry as well.

## Changing awareness of the natural

Consciousness to seek a sustainable society grows, with companies required to consider mitigation of and adaption to climate change, for example, as premises for corporate activities.

Lifestyles and senses of value change among workers, spurring momentum to seek social contributions through job satisfaction and work.

# Long-term vision

#### Vision 2030

A Construction company that globally supports and connects "People" and "Communities" with new value

### communities

Importance grows to "build national resilience" to protect communities from increasingly severe natural disasters.

# Changing international

While medium- to long-term economic growth is expected, care for human rights and the environment is sought strongly.

#### Directionality in which SMCC Group pursues initiatives based on business environment & long-term vision

#### Improve productivity through digitalization

Resolve shortage of players ■ Improve on-site labor safety

■ Enhance competitiveness through greater speed, efficiency

#### Contribute to sustainable society

- Reduce environmental load ■ Respect human rights
- Acquire business opportunities in response to new social needs

#### Accelerate globalization

- Establish infrastructure, create iobs in developing countries
- Expand overseas business in line with economic growth

#### Develop human resources Reform work styles

■ Realize diversity

social growth (sustainability Secure competent human

resources by improving employe To corporate engagement

growth

То

Lead "society's growth" to "company's growth" by executing respective initiatives



Picture of "new growth"

# Mid-term Management Plan 2022-2024: Overview

Mid-term Management Plan 2022-2024: Themes

# Toward new growth

-Realizing a sustainable society-

Society has been changing at an accelerating pace, as seen in growing worldwide awareness over sustainability as well as in digital technology evolving day by day and its practical applications.

By precisely understanding these trends and acting accordingly, we connect them to new growth, which in turn leads to realizing a sustainable society.

The SMCC Group will seek to be a company that grows along with society toward realizing a sustainable society.

#### Society's growth(society's sustainability)

Company's growth(company's sustainability)

Environmental: Reduce climate change risk (carbon neutrality, etc.)

Enhance management foundations through business growth & greater sales/better profitability

Maintain a stable financial base & realize steady payout growth

Society: Enhance community resilience, respect human rights

### Three Basic Policies

Basic Policy-1

Improve earning power

Basic Policy-2

Foray into growth areas

Basic Policy-3

Enhance human resource base

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Mid-term Management Plan 2022-2024

Numerical Management Plan

Performance Targets



Build solid management foundations capable of responding to business environment changes

### **Performance targets**

|                               | FY2021<br>estimate |
|-------------------------------|--------------------|
| Consolidated net sales        | 410 billion yen    |
| Consolidated operating profit | -8.3 billion yen   |

| Mid-term Management Plan 2022-2024 |  |  |  |
|------------------------------------|--|--|--|
| FY2024 targets                     | Remarks                                    |  |  |
| <b>500</b> billion yen             | ■ Improve corporate value by               |  |  |
| <b>20</b> billion yen              | maintaining & boosting stable profit level |  |  |

#### **Financial KPIs**

|                    | FY2021<br>estimate           |
|--------------------|------------------------------|
| ROE                | -9%approx.                   |
| Total return ratio | (targeting at 30% or higher) |

| Mid-term Management Plan 2022-2024 |   |  |  |  |
|------------------------------------|---|--|--|--|
| KPIs for FY2024                    | Remarks   |  |  |  |
| <b>10</b> % or higher              | ■ Restore ROE to 10% or higher early by (1) improving profit, (2) boosting capital efficiency and (3) achieving optimum capital composition |  |  |  |
| <b>50</b> % approx.                | <ul><li>Expand shareholder returns while retaining financial strength</li></ul>   |  |  |  |

# Numerical Management Plan Philosophy of Financial Strategy

Optimum capital composition by use of newly created cash flow and borrowings (growth investment & shareholder returns)

#### Shareholder returns

- Realization of steady payout growth
- Expeditious treasury stock purchases

Benchmark: 50% in total return ratio Approx. 15 billion yen (for 3 years)

Business growth & better sales/profitability

Creation of operating cash flow

Use borrowed money based on financial discipline, reduce cross-shareholdings, etc.

Fund procurement (bank borrowings, sales of cross-shareholdings, etc.)

Benchmark: 1 or less in D/E ratio

#### Growth investment

- Further enhancement & growth of existing businesses
- Growth investment from medium- to long-term perspective

Growth investment 40 billion yen (for 3 years)

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Numerical Management Plan Shareholder Returns & Financial Measures

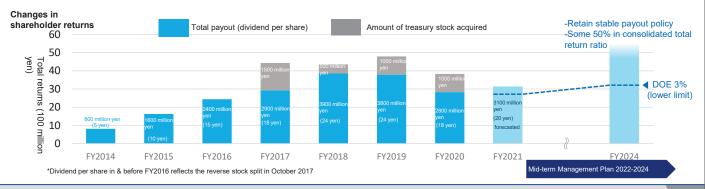


### Financial measures

- · Maintain financial soundness permitting response to growth investment and changing business environment
- · Procure necessary funds in an expeditious & stable manner
- Retain credit rating, which represents assessment from an objective, third-party perspective ("A-" rating obtained for long-term debt from Japan Credit Rating Agency)

#### Shareholder returns

- Make it fundamental to maintain a stable payout policy while strengthening corporate standing and improving
  internal reserves in preparation for business development, deciding profit distribution in consideration of performance
  trends and future management environment in general
- Implement stable shareholder returns under Mid-term Management Plan 2022-2024, based on the benchmark of 50% in total return ratio and setting a lower limit of 3% in dividend on equity (DOE) ratio



### Investment Plan

Execute growth investment totaling 40 billion yen in three years, based on the basic principle of investment high in capital efficiency

In making investment decisions, the capital cost is taken into account to realize a greater return than the

#### Mid-term Management Plan 2022-2024

**Investment size** (total amount)

40 billion yen

1. Investment to shore up construction **business** 

15 billion yen

- Realize SMile Construction System (promote construction DX)
- Technological development to improve competitiveness
- Enhance business foundations, expand business scale
- 2. Investment to foray into new/peripheral business areas

15 billion yen

- Businesses contributing to a decarbonized society
- Businesses contributing to a more resilient social infrastructure & longer life span
- Businesses peripheral to construction that contribute to the growth of construction business
- 3. Investment to enhance foundations

10 billion yen

- Related to human resources (e.g., educate & secure globally capable human resources, DX talent)
- Data/information computerization, information security enhancement
- Other capital investment, etc.

#### Investment areas with top priority

Sustainability-related investment Investment size 30% or more of total

- Decarbonization, energy conservation, longer operating life, reuse-related technological development, capital
- Business creation contributing to a sustainable society
- Renewable energy business (solar & wind power, micro-hydroelectric generation)

Growth investment to be rendered with different set of budget

#### M&A investment

M&A investment, etc., to enhance construction business foundations, expand business domain, etc.

Note: Investment amount budgeted separately (but D/E ratio subject to the benchmark of one or

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Mid-term Management Plan 2022-2024

# Non-financial Targets

|                     | Item  | Initiatives' policy                                   |   | FY2024 targets  |                                |  |                   |
|---------------------|---|---|---|---|--------------------------------|--|-------------------|
| Safety /<br>Quality | Safety  | Realize "safe," "healthy" and "comfortable" workplace |   | Deaths/serious accidents: "None" Frequency rate: 0.6 or less (construction divisions), 0.5 or less (company-wide) |                                |  |                   |
|                     | Quality "Supreme quality" prioritizing construction processes |   |   | _   | Defective results: "None"      |  |                   |
|                     |   | Item  |   | FY  | Y2021 estimates FY2024 targets |  | gets              |
|                     |   | CDP assessment  |   |   | В                              | A  |                   |
| Rasic Policy on     | Human rights Human rights                                     |   | Scope 1+2   |   | -                              | -20%   | B                 |
| Sustainability      |   |   | Scope 3   |   | -                              | -10%   | Base year<br>2020 |
|                     |   |   | Human rights due diligence (DD)   |   | rights DD launched             | Human rights DD in place (response to human rights risk) |                   |
|                     |   | ghts protection<br>Inism*2                            | (efforts for this project launched after human rights DD was put into place)  To be put into ope FY2023 |   |                                |  |                   |

Item FY2024 targets **Productivity** Amount of work completed per employees' total 5% improvement (Base year: FY2020) work time\*3

\*3 Productivity indicator = Amount of work completed (domestic) / employees' total work time (payroll listed in securities report)

**Employee Engagement**  Item

FY2024 targets

Work engagement indicator\*4

4.0 or more (average based on a total score of 5)

\*4 Indicators on work engagement in organizational diagnosis survey

# Basic Policies & Respective Measures

Realize "new growth" by taking measures based on three basic policies

## Three basic policies & specific measures

### **Basic Policy-1**

Improve Earning Power (1) Enhance Ability to Win Orders

(2) Enhance On-Site Management

### **Basic Policy-2**

Foray into Growth Areas

(1) Enhance Efforts toward a Sustainable Society

- (2) Expansion of Overseas Business -Make Bases Selfsubsistent & Enhance Networking
- (3) Sophistication of Construction System

### **Basic Policy-3**

Enhance Human Resource Base

- (1) Realize Diversity & Inclusion
- (2) Improve Employee Engagement
- (3) Development of Human Resources

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Mid-term Management Plan 2022-2024 Basic Policy-1 Improve Earning Power

# (1) Enhance Ability to Win Orders

Enhance competitiveness by proactive use of digital technology, thus maintaining & improving an order-accepting environment of good quality

#### Order-winning strategy in construction business

Civil engineering business On the strength of superior technology (PC), priority is focused on tunnel construction, whose market is big, and on the growing area of energy-related facilities.

Priority areas

PC (new area)/tunneling/shield/energy-related facilities/large-scale refurbishing projects

Building construction business

On the strength of our specialty (superhigh-rise residential buildings), priority is focused on logistics, demand for which is expected to grow, as well as environmental and pharmaceutical areas

Priority areas

Superhigh-rise residential buildings (redevelopment, regional cities)/logistics facilities/drug-manufacturing facilities/environment-related facilities

Overseas business Expand the scale of orders received, as a driving force for our corporate growth through aggressive overseas application of our domestic superior technologies, etc.

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[Civil Engineering] Urban rapid transit railways (elevated bridges, subways)/large, long bridges/ocean civil engineering/renewable energy

Priority areas

[Building construction] Acquire new customers (foreign firms, local companies) & foray into other applications (housing, etc.) besides overseas production facilities of Japanese companies

#### Establish a competitive edge that supports the order-winning strategy

Enhance information power (sophistication of data use)

Enhance cost competitiveness

Seek closer partnership with the "Shineikai" group of partner companies

Enhance environment-friendly technology

Enhance precast concrete technology

Enhance technologyproposing ability

# (2) Enhance On-Site Management

Seek to minimize construction risks and secure stable earnings from construction work by enhancing on-site management

#### Enhance system of on-site management

- Build on-site framework permitting concentration on core duties (safety, quality, process and cost management)
- Enhance power to address construction risks (detection & response measures)

# Measure 1 Build system of bac

Build system of backing up on-site duties

- Transfer on-site "peripheral duties" to head/branch offices, outsource them
- Enhance system of supporting on-site construction work (comprehensive support by Civil Engineering Management Office & Building Construction Management Office)
- On-site management duty improves in "quality"



#### Measure 2

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Construction business

New/peripheral businesses

Have in place work front-loading system

- Bring forward examination of high-precision construction work plans
- Grasp construction work risks early and reflect measures addressing them in work plans

#### Enhance education of technical experts

- Pass down implicit knowledge owned by veteran technical experts to mid-level & young employees through education
- Enforce highly flexible & effective education based on an online education system
- Improve risk detection & problem-solving ability, train up young technical experts early



Support "on-site power" with promotion of digitalization

Virtual completion of construction through BIM/CIM, making construction work visible

Sophisticated use of past record, other data

Digitalize construction work management

Use AI in safety management

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Mid-term Management Plan 2022-2024 Basic Policy-2 Foray into Growth Areas

# (1) Enhance Efforts toward a Sustainable Society

Realize growth by continuing to address newly arising social needs with technology & services

#### Category

#### \_

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Renewable energy-based power generation (biomass facilities, wind power facilities)

Main themes of initiatives

Storage facilities for hydrogen carriers (ammonia, MCH\*, etc.) \*MCH: methylcyclohexane, which carries hydrogen efficiently

**Products** 

Construction of

related facilities

- Structures of super-high durability (Dura Series) based on nonmetal technology
- Low-carbon materials (Sustain-Crete®, development of new materials)
- **✓ ZEB/ZEH technology**

Processes

- Processes restricting environmental load, impact on neighborhood)
- Use construction machinery powered by green electricity or environment-friendly fuels

Services

- Energy-saving repair, energy-saving solution services
- Services regarding earthquake retrofitting, BCP
- Evolving from "EPC-based contracting" to "infrastructure-managing/operating business"
- Promote the spread of environmental technology, etc., by licensing proprietary technology

Renewable energy business

- Expand solar power business
- ▼ Foray into micro-hydroelectric, wind power businesses

#### Targets of initiatives

Sustainability-related investment (FY2022-FY2024)

12 billion yen in scale

(30% or more of total investment amount)

CO2 emission cuts (2030 targets)

Scope 1+2

<u>-50%</u>

Scope 3

<u>-25%</u> (vs. 2020)

Renewable energy business (power output)

2024 target

40<sub>MW</sub>

2030 target

<u> 150мw</u>

Grow into a "construction company selected for sustainable technology"

### (2) Expansion of Overseas Business - Make Bases Self-subsistent & Enhance Networking - 1

Contribute to the development of sustainable regional communities through business, realizing growth together with communities

Fiscal year

• FY2021

Business scale 70 billion yen

- Operating in 14 countries centering on Asia
- Enhance Initiatives based on Declaration of Globalization
- Three global Human Resource Development Centers (HDCs) go into operation
- Competitiveness enhanced in areas of harbor works & super-long bridges by turning ocean civil engineering company (Singapore) into subsidiary

2022

2023

13

FY2022-2024 overseas business strategy

#### FY2024 target Business scale: 110 billion yen

#### **Basic policies**

- 1. Growth of overseas construction business
- Propose services & technologies in response to local needs
- Build strategic partnerships to find new possibilities
  - 2. Enhance business foundations supporting growth ("Localization" & "Global Identity"\*)
- Make bases self-subsistent, capable of addressing emergencies
- Forge "Global Identity"
  - 3. Promote initiatives in line with social changes
- CO2 reduction based on Basic Policy on Sustainability
- Improve productivity through investment in digital technology

- Overseas application of technology focused on precast concrete process
- Overseas application of safety & supreme quality policies
- Set up more HDCs & enhance networking
   Foster local core employees & appoint local staff to management posts
- Investment for solving environmental issues (carbon
- Initiatives for renewable energy business
- Expand business domain by use of M&A deals, etc.

\*Global Identity: "Sense of value unique to Sumitomo Mitsui Construction (safety, supreme quality, etc.)" to be shared by SMCC Group employees and common to overseas business

Picture in 2030

Business scale: Growing to 200 billion yen

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Mid-term Management Plan 2022-2024 Basic Policy-2 Foray into Growth Areas

(2) Expansion of Overseas Business - Make Bases Self-subsistent & Enhance Networking - 2

Investment

Enhance overseas business foundations by turning an ocean civil engineering company (Antara Koh Private Limited) into a subsidiary

#### Basic scheme

# SUMITOMO MITSUI CONSTRUCTION CO.,LTD.

Shareholding ratio 100%

Shares transferred in February 2022

Antara Koh Private Limited (Singapore)

#### Antara Koh Private Limited (AKPL)

- Business lines: Mechanical engineering (marine pile driving, etc.), ocean civil engineering (jetty/wharf works, etc.)
  \*Pile driving license "L6" (top rank)
- Has a fleet of piling barges, crane barges, work vessels, ordinary barges, etc.
- Has a track record of continuous transactions with SMCC as a contractor specializing in foundation works for the construction of large bridges
- Main areas of operation: Singapore, Malaysia, Myanmar, Bangladesh

### Synergy effects arising from 100% ownership

#### Create a competitive edge in large bridge construction projects

- Sophistication of construction technology for driving foundation piles (joint development, human resource exchanges, etc.)
- Enhance AKPL's business foundations through planned capital investment (reinforce vessels/equipment, expand business operations)
- Enhance certainty of winning contracts by tackling upper & bottom projects, including pile foundation work (3-company collaboration: SMCC's PC, SMCSSE's steel girders, and AKPL's foundation works)

# Acquire opportunities for entering the ocean civil engineering market

Efforts to enter a new area, ocean civil engineering

# Greater opportunities for winning overseas projects

Boost sales power through group cooperation

## (3) Sophistication of Construction System - 1



Enhance SMCC Group's competitive edge through pursuit of value provided in construction processes

Main themes of initiatives

#### **Construction system**

Automation of construction work

- Automation of construction machinery (tower cranes, lining concrete placing, etc.)
- ✓ ICT-based technology for supporting construction work (MR\*, etc.)

Automation of management

BIM/CIM

Interlock

operation

- Sophistication & adoption of remote control for construction management (EnKen@ <remote inspection>, etc.)
- ✓ Labor-saving & automation of surveys, construction progress inspection (Raku Camera®, etc.)
- Virtual completion of construction work based on BIM/CIM
- Unified management system integrating design, mfg. & construction

Sophistication of construction system in the precast concrete process (Take advantage of mfg. bases possessed)

- Design by BIM/CIM
   Standardized design of components
  - Promote automation, make mfg.
  - Automation of mfg. at factories (Robotaras®, automatic concrete placement)
  - Component management with the use of RFID tags (linked to BIM/CIM, inspection data)
    - Enhancement in inspection accuracy
    - Installation by automated
  - Secure traceability
     (Design information, component inspection information)

Enhance competitiveness by industrializing & automating on-site construction work

Picture sought

# Realize SMile Construction System

**Establishment of integrated system** 

Improve productivity

Achieve no fatal accidents

Secure quality

\*MR: Mixed Reality Technology that shows imaginary objects through a device as if they existed before one's eyes.

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Mid-term Management Plan 2022-2024 Basic Policy-2 Foray into Growth Areas

## (3) Sophistication of Construction System - 2

Establish a greater competitive edge based on precast concrete technology, taking advantage of manufacturing bases across Japan

Construction

#### **Expand application of precast**

- Expansion of component application portions: bridge piers, building foundations, etc.
- Expansion of applications: logistics warehouses, production facilities
- ► Technological development through collaboration between construction & production divisions

Enhance competitive edge arising from the precast concrete method

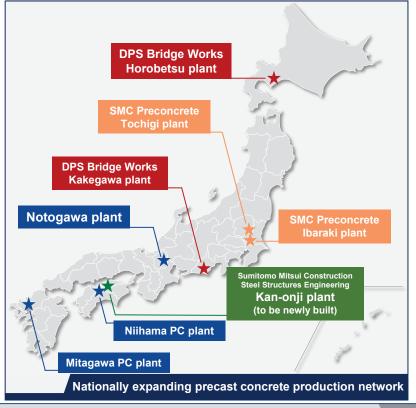
### Production



Enhance networking of respective production bases to build a strong precast component supply network

- Build a more reasonable component supply environment
- Stabilize production volume through closer partnerships among bases

Nationwide introduction of the latest systems such as automation
Further enhance the supply network by constructing more plants, or other means



### (1) Realize Diversity & Inclusion



Lead improvement in employee well-being to corporate growth through the realization of diversity & inclusion

#### **Realize Diversity & Inclusion**

Diverse human resources

Diverse work styles

Diverse career development

#### Main measures for realization

#### Secure human resources

- Employ diverse human resources
- -Improve working environment to help employees keep commitment to company

#### Expand growth opportunities

- Step up early promotion of young employees to managerial posts
- Forge corporate culture, making it easy to take on challenges,
- Develop globally capable human resources

#### Reform work style

- Reduce working hours by DX
- Realize flexible work style by promoting telework

#### Improve job satisfaction

- -Promote well-being management, -Diversify career paths
- -Optimize personnel allocations by talent management

### Employee well-being

All employees can realize

Job satisfaction

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ease to work with

Growth

Mid-term Management Plan 2022-2024 Basic Policy-3 Enhance Human Resource Base

### Corporate growth

Utilize diversified senses of value, skills

Maximize employee performance

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# (2) Improve Employee Engagement

Build a relationship in which "employee well-being," "corporate growth" and employee engagement enhance each other

Employee well-being

**Enhance** 

Relationship enhancing

Corporate growth

**Enhance** 

# Employee engagement

each other

#### Empathy with the vision and policies

Possess posture to understand and attain specifics of directionality in which SMCC should proceed as well as of the vision

#### **Autonomous action**

Each & every employee accepts the company vision for himself/herself and possesses a willingness to take action

#### Relationship of trust among employees

Feels empathy for the vision, possesses a feeling of camaraderie toward the company & colleagues, and cooperates with affection and pride

#### Willingness to contribute to the organization

Willingness to contribute to organization together with peers sharing company vision, and realizes one's own contribution being made

# Ensure sufficient in-company communication

Transmission of impressive top management messages

Promote the use of in-company SNS, etc.

#### Adequate personnel evaluation

Personnel system favoring "taking on challenges" Expand in-company commendation system

#### Promote career self-reliance

In-company recruitment
Well-developed education system
(study at home or abroad, etc.)

Improve employee engagement by taking measures in response to the results of regular questionnaires

### (3) Development of Human Resources

people, who pla

Focus on efforts to foster and secure diverse human resources, including digital-savvy and globally capable people, who play a leading role in "new growth"

Types of human resources constituting "core" toward "new growth"

Specialists

Human resources well versed in sustainability transformation (SX) Management-level human resources

Digital-savvy human resources

Young leaders

Globally capable human resources

Foster & secure human resources by investing in them

### **Enhance DX awareness & skills**

Promote human resource development in a company-wide drive to realize DX

# Education to improve IT literacy

#### Covering all employees (about 4,000)

Promote use of digital technology Enhance DX awareness & skills (raise company-wide level)

Nurture DX leaders

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ht

Covering experienced staff (selected employees)

Leaders from respective departments who will constitute the core of DX promotion (incl. human resources from outside)

Nurture DX managers Management-level staff in DX promotion

Human resources playing leadership roles in DX promotion as well as responsible for planning, drafting & promoting related matters

#### Realize DX

Revolutionize construction process; renovate business model

### Foster globally capable human resources

Promote the development of globally active human resources, using HDCs as the axis

Human resource development program at HDCs

### Company-wide global education

Personnel training at HDCs (Japan, Philippines, India) covering all employees

#### Global Kentei (examination)

A system allowing examinees to understand their positions as globally capable human resources & promote their own growth

#### System for study abroad

System for employees to study abroad for global applications of our technology & greater mobility of human resources

#### Interactive training

Training for employees from various countries to share skills with one another and learn mutually for further growth

#### Networking of core human

Build a network of human resources playing central roles in the overseas bases, allowing them to share skills, management knowhow, etc.

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SMCR Co., Ltd.

SMC Preconcrete Co., Ltd.

Seiwa Co., Ltd.

Fibex Co., Ltd.

SMC Cosmo Solutions Co., Ltd.

SMC Civil Technos Co., Ltd.

SMC Tech Co., Ltd.

Aseismic Devices Co., Ltd.

DPS Bridge Works Co., Ltd.

SMC Co., Ltd.

Antara Koh Private Limited

Sumitomo Mitsui Construction Steel Structures Engineering Co., Ltd.

#### [Points of attention]

Matters related to the future, including plans, forecasts or estimates, contained in this material are based on the SMCC Group's strategies, targets, preconditions or assumptions as of the date of release of this material, and actual business results may differ from plans, forecasts, estimates or other matters described in this material due to various factors.