

Our Commitment to Sustainability

Approach to Sustainability

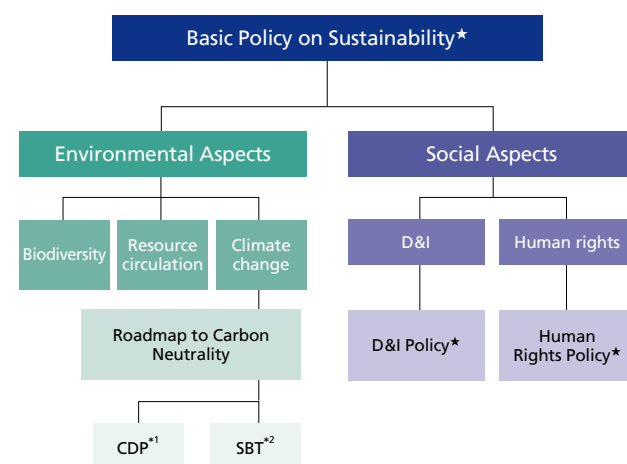
As a company that aims to realize a sustainable society, we formulated the Basic Policy on Sustainability in December 2021 to serve as guidelines for our company's sustainability initiatives from the perspective of improving our corporate value in the medium to long term. In February 2024, we expanded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

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.**

Basic Policy on Sustainability



★ Shared throughout the Group
*1 Responses from 2020
*2 Obtained in 2023

Initiatives to Date

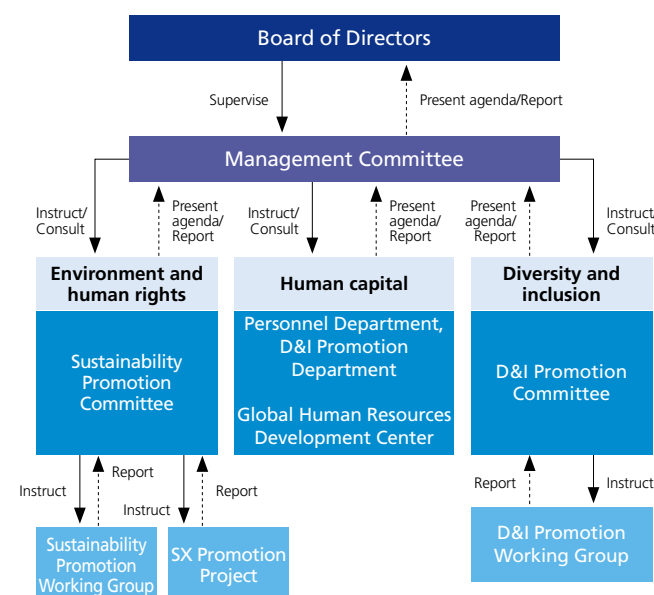
In 2019, we formulated the Environmental Policy "Green Challenge 2030," and in 2021, we created the "Roadmap to Carbon Neutrality by 2050." We started responding to CDP inquiries in 2020 and obtained SBT certification in 2023.

	Company Policy	Main Initiatives
Before 2019	<ul style="list-style-type: none"> Environmental policy formulation Quality policy formulation 	
2020		<ul style="list-style-type: none"> Start of CDP responses
2021	<ul style="list-style-type: none"> Formulation of Basic Policy on Sustainability Formulation of Roadmap to Carbon Neutrality by 2050 Establishment of Human Rights Policy 	<ul style="list-style-type: none"> Endorsement of TCFD recommendations
2022		<ul style="list-style-type: none"> Participation in the United Nations Global Compact
2023	<ul style="list-style-type: none"> Establishment of D&I policy 	<ul style="list-style-type: none"> SBT certification
2024	<ul style="list-style-type: none"> Revision of the Basic Policy on Sustainability for the Sumitomo Mitsui Construction Group Revision of the Human Rights Policy for the Sumitomo Mitsui Construction Group 	

Sustainability Promotion System

Sustainability measures, including those related to climate change and human rights, are discussed by the Sustainability Promotion Committee, which is 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.

Sustainability Promotion System



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 contenders for 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

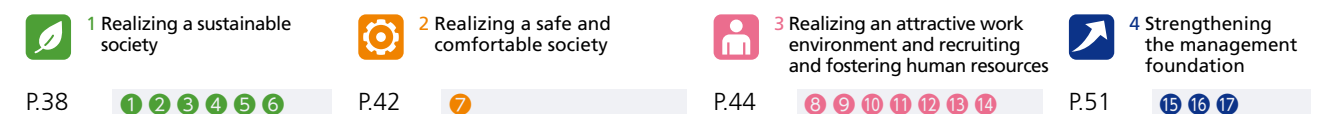
We established KPIs for the identified material issues and set specific target values and years to achieve them.

Please visit the company's website for details on the materiality identification process.

[WEB](#) Materiality

Perceiving Importance Using the 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.



Material Issues That Underlie All Our Business Activities

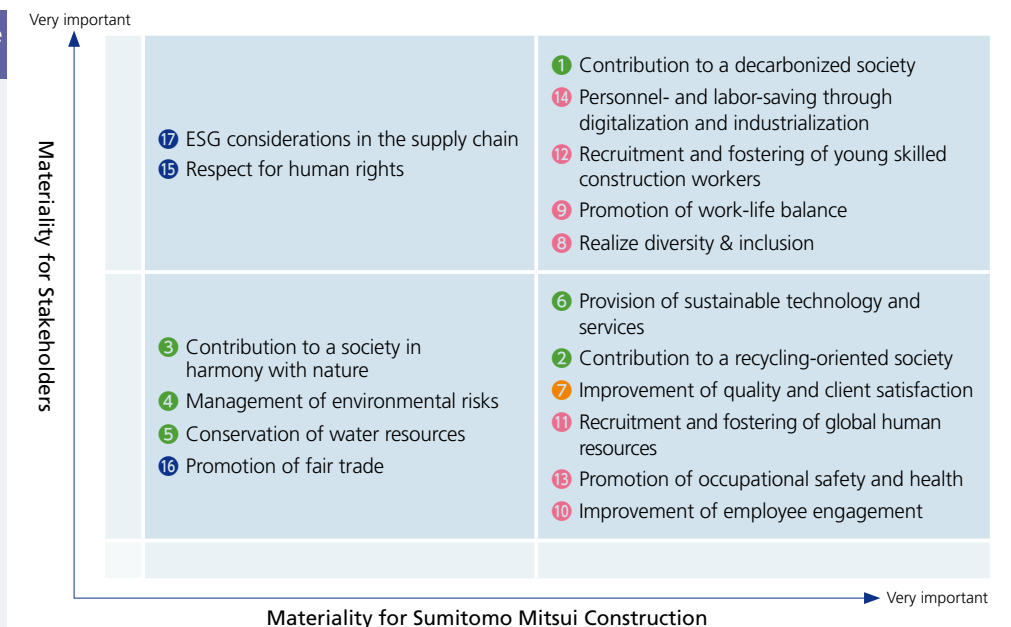
Material issues that form the foundation of corporate management

- 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

→ P.53



Material Issue Initiatives



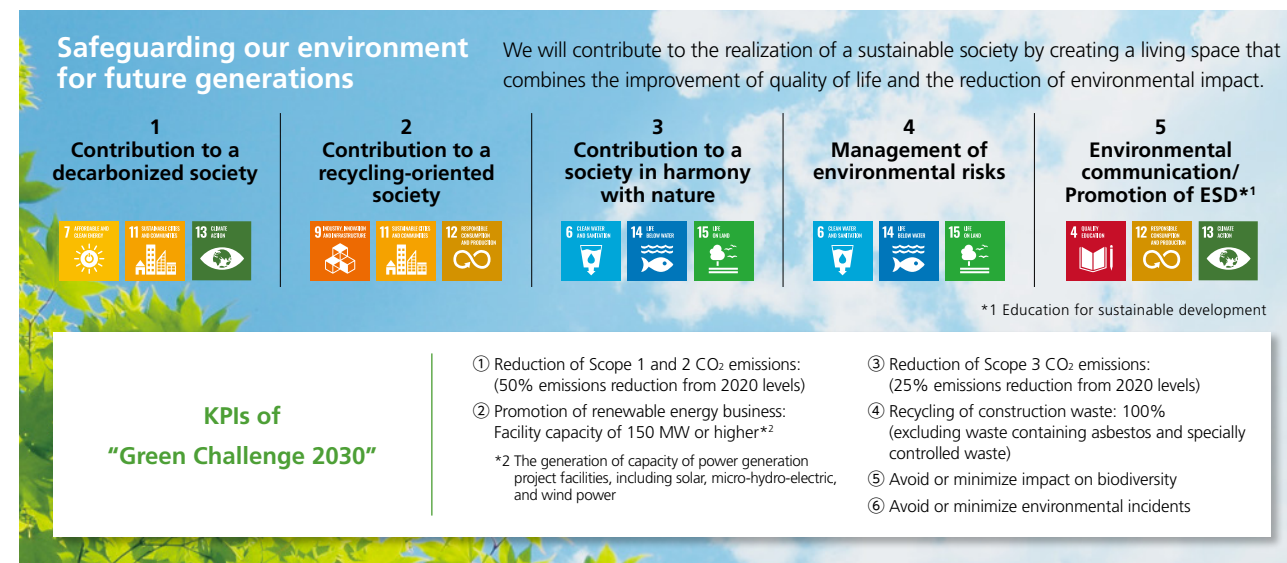
Materiality 1

Realizing a Sustainable Society

With “contribution to global environment” as one of its Corporate Principles, Sumitomo Mitsui Construction seeks to always be friendly to people and the Earth in its operations as a construction company and values harmony between the living environment and nature. Furthermore, recognizing demands for contribution to the environment on a global scale, we are proactively working to conserve, maintain, and improve the environment.

① Contribution to a Decarbonized Society

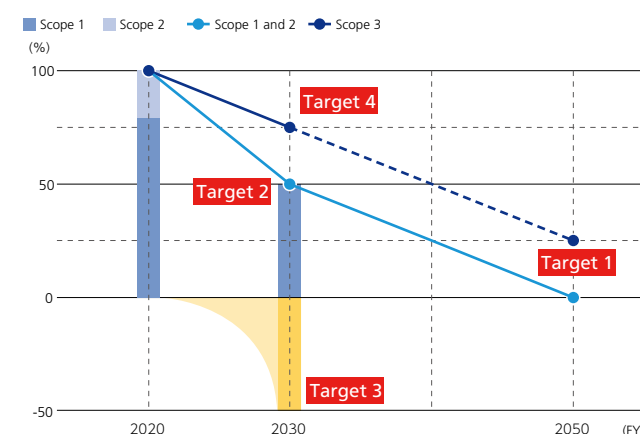
► Environmental Policy “Green Challenge 2030”



► The Roadmap to Carbon Neutrality in 2050

We established the Roadmap to Carbon Neutrality by 2050. The Roadmap was formulated with reference to the 1.5°C standard of the SBTi.*3 (Refer to page 54 for CO₂ emissions data.). In fiscal 2023, we obtained third-party assurance for CO₂ emissions from our consolidated Scope 1 and Scope 2 as well as non-consolidated Scope 3 Category 1 and 11 emissions.

*3 The Science Based Targets Initiative, which verifies 5- to 15-year corporate greenhouse gas emissions targets as being soundly aligned with the standards required by the Paris Agreement.

CO₂ Emission Reduction Targets (CO₂ emissions in FY2020 indexed to 100)

Background of target setting

- Japanese government target 46% reduction in 2030 (compared to base year of 2013) while aiming higher for 50% reduction



Target needs to be set at the same or higher level than the government's target

- SBTi 1.5°C pathway (interim target)
4.2%/year for Scope 1 and 2
2.5%/year for Scope 3

	Details
Target 1	Achieve the carbon neutrality of Scope 1 and 2 CO ₂ emissions by 2050
Target 2	Reduce Scope 1 and 2 emissions 50% by 2030 (from 2020 levels)
Target 3	Implement initiatives that contribute to reducing emissions by an amount equivalent to Scope 1 and 2 emissions to achieve substantial carbon neutrality by 2030
Target 4	Reduce Scope 3 emissions 25% by 2030 (from 2020 levels)

Scope 1: Direct emissions of greenhouse gases from the organization itself (from fuel combustion, industrial processes, etc.)
Scope 2: Indirect emissions of greenhouse gases associated with electricity or steam supplied to the organization
Scope 3: Indirect emissions other than those in Scope 1 and Scope 2, classified into 15 categories (emissions from other entities associated with the organization's activities)

► Scope 1 Emissions Reduction Measure

We are taking measures related to fuels used by construction machinery, including gas-to-liquid (GTL) fuels. Further, utilizing construction machinery certified under the Ministry of Land, Infrastructure, Transport and Tourism's low-carbon certification and fuel economy standard compliance certification systems for construction machinery as well as electric construction machinery expected to be developed going forward. At our Notogawa plant, we have introduced hydrogen boilers, hydrogen production equipment, and storage facilities, and we are working to reduce CO₂ emissions during the production of precast concrete (PCa) components.

► Scope 2 Emissions Reduction Measures

Switching to green power for all electricity used at temporary and permanent project sites (such as the Head Office, branch offices, and PC plants) of the company and affiliates by fiscal 2025.

► Scope 3 Emissions Reduction Measures

Reducing the CO₂ emissions from construction materials, such as by developing low-CO₂ concrete (Category 1).

We are also promoting the construction of ZEB/ZEH buildings and have registered and renewed our status as a ZEB Planner and ZEH Developer. In fiscal 2023, three ZEB series buildings were completed. (Category 11)

**LaLa Terrace TOKYO-BAY**

Client: Mitsui Fudosan Co., Ltd.
Purpose: Mixed-use facility within HARUMI FLAG commercial facility.
ZEB-Oriented

**DPL Okayama Tamashima**

Client: Daiwa House Industry Co., Ltd., Okayama Branch
Purpose: Logistics warehouse facility
Net Zero Energy Building “ZEB”

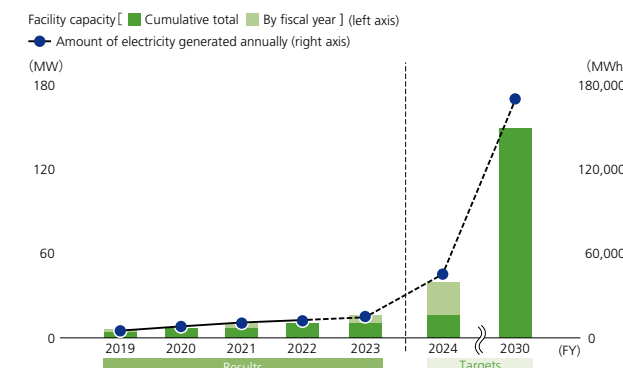
► Measures to Improve CO₂ Emission Data Acquisition Accuracy and Reduce Labor

In collaboration with fuel companies, we are working to introduce a system that enables the automatic acquisition of diesel fuel purchase slips. Furthermore, we are working on both a system for registering the amount of work done for overseas projects, and a system for CO₂ emissions calculation.

► Initiatives to Contribute to Emissions Reduction

Engaging renewable energy generation projects and promoting the sale of electricity.

In fiscal 2023, we completed the “Izumisano Nagasaki No. 1 and No. 2 floating solar power plants” and “Izumisano City Gohnike Floating Solar Power Plant” off-site corporate PPA projects and the “Honda Motor Company Kumamoto Plant No.1 Floating Solar Power Plant” on-site PPA project, and these have started generating power. Their cumulative installed capacity has reached 15.9 MW, with annual power generation at 14,707 MWh. The CO₂ reduction effect of this power generation is estimated at 6,442 t-CO₂.

Renewable Energy-related Business
Facility Capacity and Power Generated

► Establishment of Internal Carbon Pricing (ICP)

We have established an investment framework for handling climate change measures, and introduced ICP*4 for the evaluation of investment projects. ICP has been set based upon values from the IEA World Energy Outlook. The ICP for fiscal 2023 was set at \$95.0, with the previous year's exchange rate for settlement of \$1 = ¥151.41, resulting in ¥14,384 per t-CO₂.

*4 The setting of an internal price for carbon emissions to promote investment in carbon emissions reduction and related measures

► Issuance of Sustainability Bonds

We issued sustainability bonds in June 2022. The proceeds from this issuance will be used as capital and for refinancing by businesses that address climate change and other environmental problems and solve social issues caused by such factors as the low birthrate, aging population and serious shortage of skilled construction workers. The procurement amount, excluding issuance expenses, was 4,965 million yen, and was fully allocated in fiscal 2022.

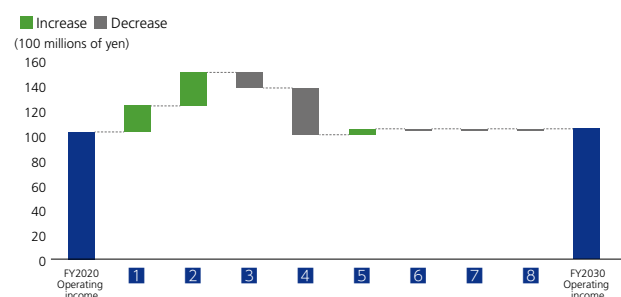
Overview of Sustainability Bonds

Name	Sumitomo Mitsui Construction Co., Ltd. Second Series Unsecured Corporate Bonds (with inter-bond pari passu clause) (sustainability bonds)		
Date of determination of covenants	June 8, 2022	Date issued	June 14, 2022
Amount issued	5,000 million yen	Term	5 years
Interest rate	0.520%/year		
Use of funds	(1) Refinancing of the funding for construction of onshore and offshore solar power generation facilities (2) Funding the construction of a ZEH-M employee dormitory (3) Funding and refinancing of expansion of facilities and equipment related to the automation of factory prefabricated production (precast concrete)		
Rating	A- (Japan Credit Rating Agency, Ltd.)		

► Quantification of Financial Impacts Caused by Climate Change

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.

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

► Assessment Results of CDP

Achieved an “A-” rating for our CDP*1 Climate Change Report 2023 and the Supplier Engagement Rating (SER). We will continue to work on reducing GHG emissions throughout our entire supply chain and strive to make further contributions in countering climate change. Past evaluations are as follows:

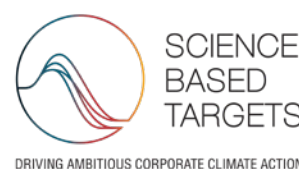
Evaluation Item	FY2020	FY2021	FY2022	FY2023
Climate change	B-	B	A-	A-
Supplier engagement	C-	A	A	A-

*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).

We will continue to work on reducing greenhouse gas emissions within our Group to achieve the SBTs for the Group, and will strive to further contribute to measures to counter climate change.



*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.

2 Contribution to a Recycling-oriented Society

We intend to recycle 100% of construction waste by 2030 (excluding waste containing asbestos and specially controlled waste). (Refer to page 54 for our recycling ratio of construction waste)

We are disseminating information to our branches and project sites in order to reduce the generation and promote the reuse of construction by-products in response to the revision of the Act on the Promotion of Effective Utilization of Resources.

3 Contribution to a Society in Harmony with Nature

To “avoid and minimize” the impact on biodiversity, at our construction sites we are implementing protection, relocation, and conservation of breeding grounds, as well as environmental preservation. Furthermore, our “construction and conservation education at project sites utilizing the results of ecosystem monitoring” was selected for an award at the Japan Nature Conservation Award 2022.

WEB Our activities received an award at the Japan Nature Conservation Award 2022



Invasive alien plant removal activities for ecosystem conservation

In constructing a tunnel that passes through the Nakaikemi Wetlands, a Ramsar Convention wetland in Tsuruga City, Fukui Prefecture, we continuously conducted ecosystem monitoring from before construction in collaboration with a local nature conservation NPO, and fed the results of this back into the site construction and into ecosystem conservation education for related personnel.

4 Management of Environmental Risks

Our environmental management system (EMS), which began operation in fiscal 2022, identifies laws, regulations, and ordinances that apply to each project site to prevent the occurrence of environmental accidents and incidents.

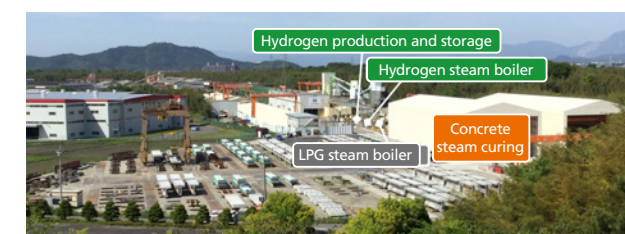
5 Conservation of Water Resources

We properly treat strongly alkaline wastewater associated with the use of concrete to conserve soil and groundwater. We conduct environmental patrols at project sites.

6 Provision of Sustainable Technology and Services

► Introduction of Hydrogen Production Equipment Aimed at Achieving Carbon Neutrality at Our PCa Plant

As part of our efforts to achieve carbon neutrality at our Notogawa plant (Higashiomi City, Shiga Prefecture) which manufactures precast concrete (PCa) components, we have introduced new hydrogen production equipment and storage facilities. As a result of combining the hydrogen steam boiler currently in place with a switch to effectively 100% renewable energy for all electricity purchased by the plant, we have started operation of a steam boiler using green hydrogen as fuel.

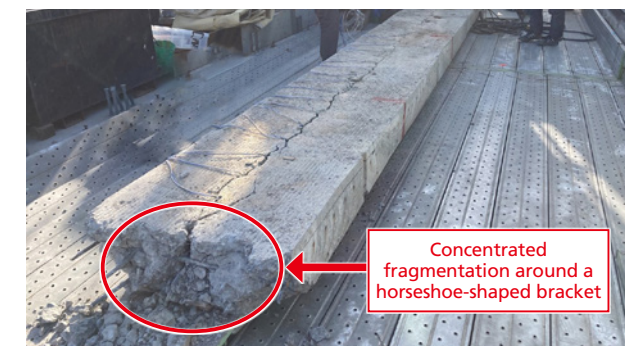


The Notogawa plant where hydrogen production equipment has been introduced

► First Application of the “SMartD®” Precision Shockwave Demolition Method in Floor Slab Replacement Work

The “SMartD®” *3 precision shockwave demolition method was used for the first time in deck replacement work on the Nagara River Bridge on the Meishin Expressway. “SMartD®” is a precision shockwave demolition method in which explosive charges are designed to form a fracture surface (crack) in a position and direction optimal for efficient demolition of concrete structures, and then small-scale impacts are applied to the position of the charge to break up the structure. Given that this method is environmentally friendly, being efficient and not generating polluted water, we will continue to promote its further application at project sites.

*3 SMartD: Abbreviation for Sumitomo-Mitsui Advanced shock wave Reflecting Technique for Demolition



Material Issue Initiatives



Materiality 2

Realizing a Safe and Comfortable Society

We have designated the “Pursuit of Client Satisfaction” and “Social Emphasis” as Corporate Principles, and through innovation we are developing and providing technologies and solutions that are safe and useful to society, thereby contributing to sustainable economic growth and solving social issues. Furthermore, we are working to promote social contribution activities, and aim to become a company in harmony with society.

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 implementation process, and we aim to embed this as part of our corporate culture.

In the future, project management procedures such as work, safety and quality inspections, record keeping, and confirmations will be carried out in accordance with the established work standards, and that all officers and employees will continue to refine the safety and quality of the project site with tenacity and meticulous attention to detail.

► Improving Quality

To improve quality, we develop and set a slogan and annual Basic Production Control Policies, Basic Production Control Targets, and Basic Production Control Plans for the final approval by the Production System Improvement Committee. From the realization of Supreme Quality Assurance to its dissemination, we will work to ensure that all our officers and employees, affiliated companies and partner companies through Shineikai, an organization of the partner companies, are fully aware of the concept.

In the event of a quality defect in day-to-day construction management work, we distribute a defect bulletin in real time, share the information with all employees, analyze the cause and formulate measures to prevent recurrence, and then disseminate the information at the project manager meeting and the quality meeting to thoroughly prevent recurrence.

FY2024 Slogan

Working together to thoroughly implement the 5Ss and carry Supreme Quality Assurance forward to the future

FY2024 Basic Production Control Policy

Instilling Supreme Quality Assurance with a focus on construction processes and passing on our safety and quality culture as we work toward new growth.

FY2024 Basic Production Control Targets

- Zero quality defects
- Promoting Supreme Quality Assurance

► Thorough Implementation of 5S Activities

The “5S (sort, set in order, shine, standardize, and sincere)” is a management method comprising the fundamentals of work standards that maintain tension within the organization. It makes it easier to find latent areas for improvement in work, and forms the basis of our management for construction process that greatly contributes to safety, quality control, and productivity improvement. In addition to repeatedly educating employees on “5S,” we are working to instill the values of “doing what you normally do in a thorough manner” and “giving on-the-spot reprimands.”

► Patrols

We conduct Safety, Environment & Production Management Division Director patrols, division patrols, safety and quality inspections, and quality safety auditors (QSA)*1 inspections. By repeatedly conducting highly detailed inspections based on past accidents and quality defects, calling attention to potential issues, and issuing instructions for revisions, we are working to prevent industrial accidents and quality defects. Information on issues and flaws in construction processes identified by patrols and inspections is shared at QSA meetings, and then disseminated through meetings that include project manager meetings, briefings for Shineikai, and chief and staff meetings.

*1 Quality safety auditors, the main duties of whom are to appropriately confirm and inspect the safety and quality management activities conducted in order for project sites to meet product requirements, thereby preventing accidents and quality problems during construction work and in the future, after completion.

FY2023 Patrols and Inspections

	Civil engineering	Building construction	Issues pointed out
Safety, Environment & Production Management Division Director patrols	22 times	39 times	761
Division patrols*2	3 times	30 times	299
Safety and quality inspections*3	86 times	60 times	1,725
QSA audits	812 times	977 times	9,062

*2 The average score in fiscal 2023 was 82.6.

*3 Approximately half of the inspections performed in fiscal 2023 were remote inspections due to the COVID-19 pandemic

Efforts to Improve Safety and Quality in FY2023 (education for employees and partner companies)

	Civil engineering	Building construction
Project manager meetings	975 persons	1,181 persons
Chief and staff meetings	23 persons	241 persons
Shineikai (partner company) briefings	673 companies	1,102 companies
Lectures given to workers	1,065 persons	3,348 persons

► Construction Supervision

For domestic building construction projects designed by our company, we have established the Design Audit Department within the Building Design Division of the head office to supervise construction, provide support for this, and to conduct audits. This aims to ensure the smooth completion of buildings with correct functionality in line with the intent of the design, and to streamline the construction process.

► Improving Client Satisfaction

In safety and quality inspections and QSA audits, we check if propositions on creative ideas and technologies have been implemented, and provide guidance in order to improve client satisfaction. (Refer to the box below for results)

► Emergency Disaster Recovery Response

As a result of the 2024 Noto Peninsula earthquake, significant cracks, large-scale road collapses, and damage to structures such as tunnels and bridges have occurred in

multiple locations, particularly in the Noto Peninsula region of Ishikawa Prefecture. The Noto Ohashi Bridge constructed by our company in 1978 also suffered significant damage, and emergency restoration work is currently underway.

As a company that performs emergency response operations called upon by the Hokuriku Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, we are conducting emergency responses such as surveying and design work in line with our disaster agreement in order to prevent worsening of the damage and to facilitate the early restoration of affected facilities.



Emergency restoration work resulting from major earthquake damage (Noto Ohashi Bridge)

Civil Engineering Construction results confirmation and guidance

Engineering performance evaluations that determine yearly targets use at essence a point-addition system. However, because accidents or other problems can lead to large deductions in points, the basic principle of this is to first continue delivering high-quality work on time using an appropriate construction systems, and without accidents or disasters.

Therefore, in cooperation with branches, we provide guidance through safety and quality inspections as well as quality safety auditors (QSA) inspections to prevent accidents and quality issues before they occur. Additionally, as adopting new technologies, creativity, and local contributions are all factors that add points in this evaluation, we share information on ingenuity and creativity tailored to each site by referring to past cases, and provide guidance and support so that we can earn high evaluations from customers.

Civil Engineering: Annual Average Points in Engineering Performance Evaluations

FY2022 result	FY2023 result	FY2024 target
83.3 points	82.2 points	80.0 points or more

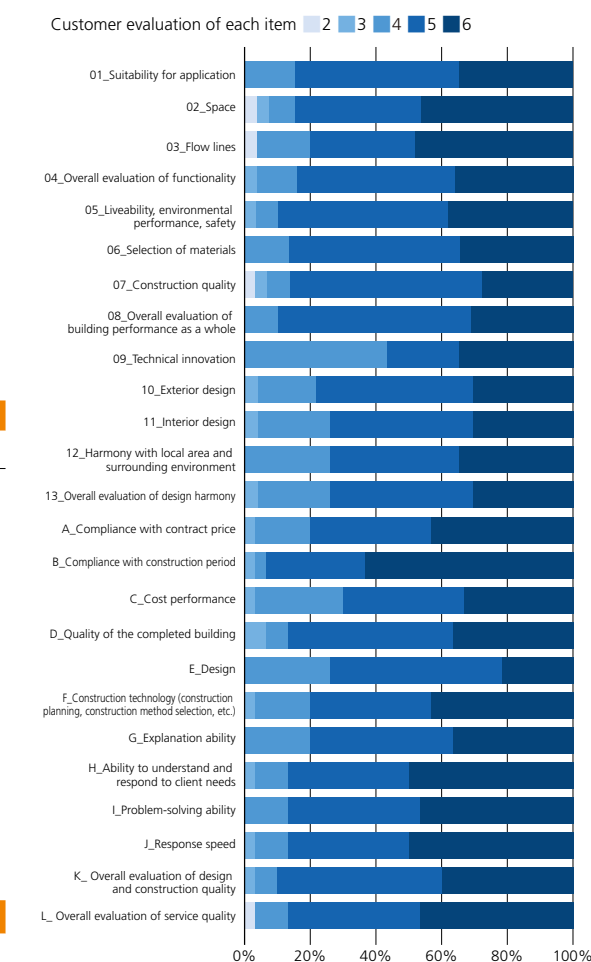
Building Construction Operation of the Project Evaluation System

With the goal of achieving long-term customer satisfaction and enhancing competitiveness, the Building Construction Division has established a “Project Evaluation System,” which has started accumulating and analyzing customer evaluation data from projects completed in fiscal 2021. Projects are evaluated based on three factors: “lead time” (design and construction periods), “productivity” (the labor input of engineers and skilled workers, profitability, etc.), and “overall product power” (index specified to understand customer evaluations and key project characteristics). Data accumulated up until this point has revealed changes in the composition of projects we have been awarded, our strengths and weaknesses, and issues with large-scale projects, and so by continuously identifying and providing feedback on these issues, our aim is to improve customer satisfaction.

Building Construction: Operation of a Project Evaluation System That Includes Client Satisfaction

FY2022 result	FY2023 result	FY2024 target
83.0 points	75.9 points	80.0 points or more

Output of Project Evaluation System



Material Issue Initiatives



Materiality 3

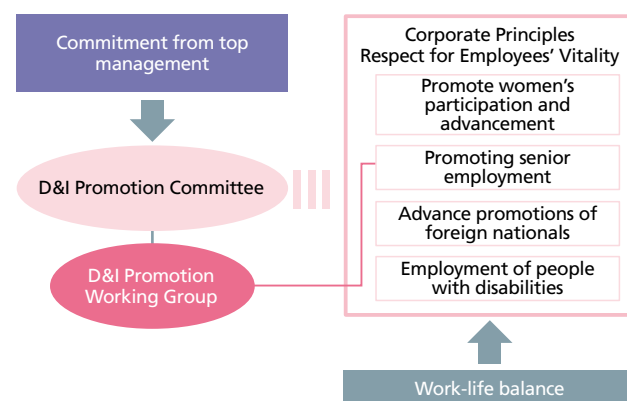
Realizing an Attractive Work Environment

We are developing measures based around our D&I policy aimed at creating an attractive workplace environment. We are committed to transforming employee awareness and fostering a new organizational culture through education and initiatives to enable diverse human resources to thrive.

8 Realize Diversity & Inclusion

► Foster a Corporate Culture in Which Diverse Human Resources Can Thrive

The business environment in which companies operate is changing in complex ways, and the active participation of diverse human resources has become a key issue. In December 2014, we established the “Diversity Promotion Committee,” which was reorganized into the “D&I Promotion Committee” in April 2022. With the President and Representative Director serving as the committee chair and backed by strong commitment from top management and a reform in employee awareness, we aim to create a corporate culture in which diverse human resources such as women, foreign nationals, seniors, and people with disabilities can progress, and that also promotes understanding and consideration for LGBTQ+ individuals.



► Formulating the D&I Policy

The company formulated the D&I Policy on January 25, 2023. The policy lays out our reasons for, and the direction we should take in, pursuing D&I, and serves as a foundation for decision-making when planning D&I strategies and measures.

Sumitomo Mitsui Construction Group
Diversity and Inclusion Policy

We will strive to build a pleasant workplace in which our employees each respect and accept individual differences and are able to realize their full potential, with the aim of becoming a corporate group where everyone can experience fulfillment, growth, and happiness in their work.

Three D&I Guidelines

1. Promote diverse human resources and mutual understanding

While welcoming diverse human resources, we will deepen our understanding of and show respect for employee diversity (in terms of gender, race, religion, age, disability, sexual orientation, experience, values, etc.).

2. Create a workplace where diverse human resources can participate to the full

We will strive to create a workplace in which our employees can work in a manner suited to their individual lifestyles and values, where consideration, trust, and cooperation flourish, and where psychological safety is assured.

3. Build a corporate group that offers fulfillment and growth

We will encourage employee autonomy to facilitate diverse career development and will build systems in which employees have fair access to challenging opportunities, are appropriately evaluated, and can experience a sense of fulfillment and growth. We will enhance employee engagement by helping all employees, individually, to reach their full potential.

Established on January 25, 2023

► Hosting D&I Workshops and Internal Awards for Best Practices

In fiscal 2023, which followed the establishment of our D&I Policy, we held D&I workshops to promote awareness and understanding of the policy, with 274 participants. After these were held, participants reviewed and implemented initiatives to bring about the D&I policy within their departments, with examples of good practices being recognized and announced internally.

► Education

We are conducting various training programs to further raise awareness among officers and employees toward achieving D&I.

D&I education

- LGBTQ+ training
- Unconscious bias training
- Training for managers with women subordinates
- Training on creating psychological safety
- Seminar on hiring those with disabilities
- Training on promoting the use of childcare leave
- Training on work-life balance support system
- Seminar for balancing work and nursing care

and Recruiting and Fostering Human Resources

► Recruiting Women

We have set an overall target of 20% or more women employees among all new graduate hires for career track positions with targets for each job category: 15% in civil engineering, 20% in building construction, and 40% in office work. In fiscal 2024 (as of April 1, 2024), 28% of our hires were women. We are increasing numbers of female recruiters and communicating the details of our D&I initiatives to appeal to female students.

We have also set the target of 20% women mid career hires, and hired 33% in fiscal 2023. We are actively hiring women of ages and careers that have previously been underrepresented at the company.

► Promoting Women

We aim to have the percentage of women managers at 3.0% by the end of fiscal 2024, and as a result of active appointment of women employees to higher positions, this ratio stood at 2.7% as of the end of fiscal 2023.

We are actively appointing women general office employees who are interested in advancing their career to career-track positions, and 31 such appointments were made in fiscal 2023. With the goal of reliably bringing women into corporate officer positions, in fiscal 2021 we launched a program to develop women top management candidates. Based upon development plans individually tailored to candidates, two of them were promoted to General Manager and three to chief positions.

Moving forward, we will create and implement training plans not targeting General Manager as the end goal, but instead with a view to promoting women in General Manager positions to executive roles.

General Employer Action Plan based on the
Act on Promotion of Women's Participation
and Advancement in the Workplace

Period for the plan: Three years from April 1, 2022 to March 31, 2025

- Target 1** Appoint at least 20% of regular hire and mid career hire women employees to career-track positions
- Target 2** Bring the percentage of women managers to 3.0% or higher by the end of fiscal 2024
- Target 3** Keep the average hours of overtime work and work on holidays to less than 45 hours per month for career-track positions (non-managers) every fiscal year
- Target 4** Get 100% of men employees to take childcare leave each fiscal year

► Network Building for Women

To provide opportunities for women employees to communicate with one another and think about their careers, we hold discussion sessions.

Sessions held in FY2023

- Discussion sessions for women civil engineers in branch offices
- Role model exchange meetings (1st meeting: Those in sales positions, 2nd meeting: Those who have changed job categories, 3rd meeting: Those with experience balancing work and childcare)

► Improve the Environment for Women Working at Project Sites, Including Measures to Counter Harassment

Moving beyond simply supporting the retention of women, we are instilling in all employees the need to improve the working environment from the perspective of having women be fully accepted as colleagues. In addition to providing restrooms and changing rooms that women can use in comfort, we have also introduced education and awareness-raising measures, such as posters on harassment not only within the company but also at partner companies. We will conduct regular follow-ups and evaluations of our anti-harassment measures to continuously raise awareness within the organization.

► Kensetsu Komachi Activities

Through the Kensetsu Komachi activities of the Japan Federation of Construction Contractors (JFCC), we seek to help make the construction industry as a whole a pleasant working environment for everyone. Ten project sites that have women engineers on site were registered as Kensetsu-Komachi Construction Teams, and these implement activities leveraging women's perspectives.



Kensetsu-Komachi Construction Team
“Philinhinyera ☆ Taganito Project” (Philippines)

► Promoting Senior Employment

We are working to create an environment in which seniors can remain active, aiming for a reemployment target rate of 90% or above after retirement. To retain their motivation, we offer seniors work formats suited to their physical condition and lifestyle, such as shorter days and shorter hours.

► Support for Hiring and Retaining Foreign National Employees

We are actively recruiting foreign students to secure future staffing and to diversify our workforce, and as of fiscal 2022, we have started hiring new graduates from overseas universities.

We have created English translations of internal regulations and other materials, and have created a "Support Guidebook for Recruiting and Retaining Foreign Employees." This is aimed at helping them build good relationships with Japanese employees, and at ensuring that they feel satisfied and happy working at our company. We have implemented various retention support measures, such as regular interviews for employees from overseas universities in their first year of employment, and as a religious consideration we are also setting up prayer rooms. Since fiscal 2022, we have been holding networking sessions for foreign employees to deepen interactions amongst themselves, gathering opinions and requests, and utilizing this feedback in future actions.

► Employment of and Support for People with Disabilities

We proactively hire people with disabilities, regarding the statutory employment rate of such hiring as a bare minimum to achieve and maintain, and offer placements and support in consideration of their individual disabilities. For newly hired employees with disabilities, we have introduced a system where they first gain basic work experience in the D&I Promotion Department or the Personnel Department, before being assigned to other departments. As a retention support measure, in fiscal 2023 we held discussion sessions, support staff networking events, and seminars on hiring those with disabilities.

We will continue to focus on hiring more people with disabilities, and will strengthen support systems for their retention.

► Understanding and Consideration for LGBTQ+ Employees

As regards fostering understanding and consideration for LGBTQ+ employees, we conducted company-wide e-learning for employee education, along with face-to-face training featuring talks by individuals who are themselves LGBTQ+. Many participants expressed increased understanding, and

we plan to continue expanding awareness programs and improving related systems and initiatives.

9 Promotion of Work-life Balance

► Promoting a Healthy Work-life Balance and the Use of Childcare Leave

In "creating a workplace where diverse human resources can thrive," we are striving to create a workplace where each employee can work in a way that suits their own life stage and values.

We have expanded our work-life support systems beyond what is required by law. Along with distributing a handbook that explains support systems for balancing work with childcare or nursing care, or working while dealing with an illness, we have made this available on the company intranet, and are using explanatory sessions aimed at ensuring that no one is unaware of or unable to use these systems.

For childcare leave, our Childcare Leave Return Support Program aims to help employees seamlessly return to work after taking leave. This program provides opportunities for interviews with supervisors before taking maternity leave (women employees only), before and during childcare leave, and before and after returning to work. In particular, we are promoting more use of childcare leave among men employees, by having them notify their workplace around eight months in advance of their desired leave period to ensure that the requested period can be secured. Toward the target we set in fiscal 2020 to have 100% of men employees take childcare leave, 101.7% took leave in fiscal 2023.

Regarding annual paid leave, we have set a target of 50% or higher for the average annual paid leave usage rate for all employees, and in fiscal 2023 this reached 58%.

Starting from 2024, compliance with regulations on overtime work limits will become mandatory, and reducing overtime is a prerequisite for promoting D&I. We have in place a system to adjust uneven individual and organizational workloads through a consideration for individuals and organizational back-office support.

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

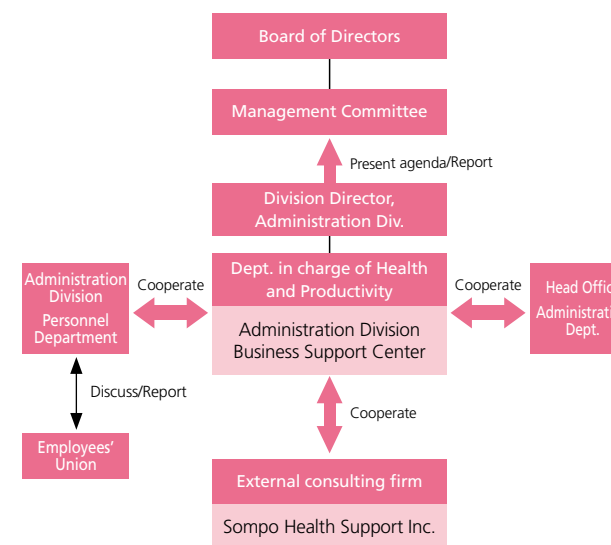
Period for the plan: Two years from April 1, 2023 to March 31, 2025

- Target 1** We shall improve the utilization rate of childcare leave at least to the following level by the end of the period for the plan. Men employees: Achieve 100% utilization by the end of the period for the plan.
- Target 2** Reduce the average hours of overtime work and off-hours work among employees (excluding managers and supervisors) to less than 60 hours per month throughout the year.
- Target 3** Achieve 50% or higher average utilization of annual paid leave among all employees.

► Promote Well-being Management

In our "Mid-Term Management Plan 2022-2024" launched in fiscal 2022, we are advancing beyond health management to promote well-being management so that, through the realization of D&I, we can tie improved employee happiness to corporate growth.

System for Promoting Health and Productivity Management



► Addressing Health Issues Specific to Women

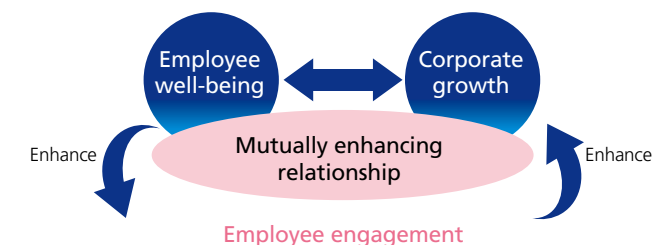
We offer a wide range of support for health issues specific to women at particular life stages, and actively provide employees with opportunities and specific knowledge to think about their health, thus providing the support to ensure they can work without enduring difficulties.

We also offer educational opportunities for managers to learn about health issues specific to women, so they can apply this knowledge in management.

- Healthcare consultation service for women employees
- Elective testing for detecting hidden anemia (ferritin and TIBC) added to health checkups
- Educational program about women and hormones for managers and women employees

10 Improvement of Employee Engagement

Guidelines in the D&I Policy are divided into stages 1, 2, and 3. As these progress, employee happiness increases, thereby building a relationship that is tied to growth in the company. We are working toward communication between employees through meetings to exchange opinions as well as through our own social media service, and regularly survey employees on their awareness of D&I. We implement initiatives based on the results of these to bring about communication between employees and the company.



- | | |
|--|--|
| Empathy with the company's vision and policies
Be positioned to understand and attain the specific trajectory that SMCC should take going forward as well as its vision | Improving the Goal-Setting Process <ul style="list-style-type: none"> • Set goals incorporating policies from the President, head office, and departments • Align vectors by holding head office meetings |
| Autonomous action
Each employee accepts the company vision for themselves and is motivated to take action | Promoting career autonomy <ul style="list-style-type: none"> • Career + Consultation Room • In-house idea solicitation program for new business development |
| Relationship of trust among employees
Each employee espouses the vision, possesses a feeling of camaraderie toward the company and their colleagues, and cooperates with affection and pride | Ensure sufficient internal communication <ul style="list-style-type: none"> • Networking including discussion sessions and roundtable meetings • Stimulate communication using our own social media service |
| Willingness to contribute to the organization
Each employee is motivated to contribute to the organization, sharing the company vision with peers, and making their own contribution | Human resource development and engagement <ul style="list-style-type: none"> • Leadership training for women • Core human resources development training • Position-specific training |

11 Recruitment and Fostering of Global Human Resources

► Foster Globally Capable Human Resources

Vision 2030 sets forth “Nurture globally active, diverse human resources, building infrastructure that supports the expansion of overseas business, a driving force of growth.” We believe that all Group employees can understand and coexist with diverse nationalities, ethnicities, religions, and values, thus realizing globalization, and to this end in 2020, we made a Globalization Declaration. We aim for all employees to become global human resources, and to become the driving force of our Group.

► Securing Global Human Resources (Domestic Recruitment)

We are actively recruiting foreign nationals through recruitment from Japanese universities, recruitment from overseas universities, recruitment of experienced personnel from overseas through agencies, and recruitment through dispatch agencies (as a registered of CFT^{*1}). Starting in fiscal 2022, we have been hiring new graduates from Myanmar, Bangladesh, and the Philippines.

^{*1} CFT: Cross-Functional Team, a team from different departments composed of foreign engineers specializing in conducting various inspections and in taking and organizing the progress photographs during construction.

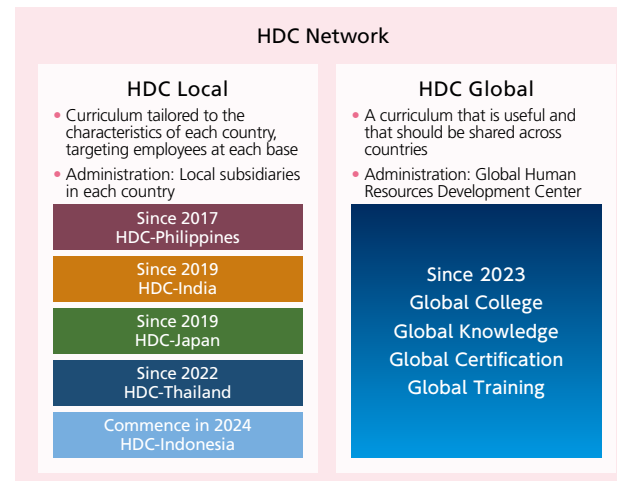
► Securing Global Human Resources (Overseas Recruitment)

Currently, about 3,000 local employees are working at our overseas bases, local subsidiaries, and project offices, and we hire approximately 400 employees annually on an ongoing basis across all locations. Through close cooperation with each base and head office, we are promoting the development of global human resources who will drive localization, and of personnel suited for future executive appointments.

► Developing Global Human Resources (Education)

In addition to language education programs for domestic and foreign employees, HDC^{*2} Global offers various educational programs targeting employees across all our Group locations, aimed at understanding international business operations. For local employees, we are developing educational content tailored to the unique characteristics of each country. Additionally, we hold regular meetings with HDC secretariats at each base to share information with participants and lecturers, aimed at improving the content of the training programs and solve any issues that may arise.

^{*2} HDC: Abbreviation of Human Resources Development Center



► Activity of Global Human Resources

Currently, about 40 employees are active across borders as International Members (IM) in the Group. In view of the labor shortage in Japan, we are not limiting our search to only Japanese workers—instead we are also actively recruiting foreign workers. By passing on the technical skills and know-how that our Group has cultivated so far, we aim to enhance our global workforce, improve the independence and networking of each location, and further develop our overseas business.



Restituto V. Villena
Project Manager
SMCC Philippines

Currently assigned as
PMS Coordinator
International Division
Sumitomo Mitsui Construction Co., Ltd.

Through the company's education program, I received Japanese language training, lectures, and case studies on various international business courses, and on our company's technology and operations. This comprehensive education program has helped each of us grow as employees, as well as being useful for the company's operations. Additionally, the global certification allowed me to measure my understanding of global knowledge, and determine which areas needed further improvement. By utilizing these educational programs and previous work experience, I support all projects across all of our bases in order to achieve “Supreme Quality Assurance” and zero accidents. I now work as an in-house instructor on safety and quality, and am dedicated to training the next generation.

12 Recruitment and Fostering of Young Skilled Construction Workers

► Promote Registration with the Construction Career Up System (CCUS)

In cooperation with the Ministry of Land, Infrastructure, Transport and Tourism and the Japan Federation of Construction Contractors (JFCC) and others, we are working to promote and spread the use of the CCUS so that the younger generation of skilled workers have a prospect of career paths and compensation, and are offered rising salaries according to their skills and experience. We are enhancing operational support by introducing a facial recognition system and setting up a CCUS support desk.

► Collaboration with Partner Companies

Together with our partner company organization, the Shineikai, we are hosting site tours for students at local technical high schools so that we can spark an interest among the next-generation in manufacturing in the construction industry.

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 lives and health of its workers by providing a safe, healthy, and pleasant work environment.

- 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.
- To improve operational safety, we ensure the implementation of repeated plan-do-check-act cycles in all processes from planning to completion.
- 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.

FY2024 Safety and Health 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 Shineikai. 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.

► FY2023 Safety Performance

There were 17 accidents (four days or more of lost work), including nine cases of falling from a high place, five cases of being caught, and one case each of flying or falling objects, collisions, and traffic accidents (on roads).

Frequency Rate^{*3}

FY2023 target	FY2023 result	FY2024 target
0.5 or less	0.68	0.5 or less

Severity Rate^{*4}

FY2023 target	FY2023 result	FY2024 target
0.02 or less	0.51	0.02 or less

^{*3} 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

^{*4} 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 2024 and Efforts Beyond

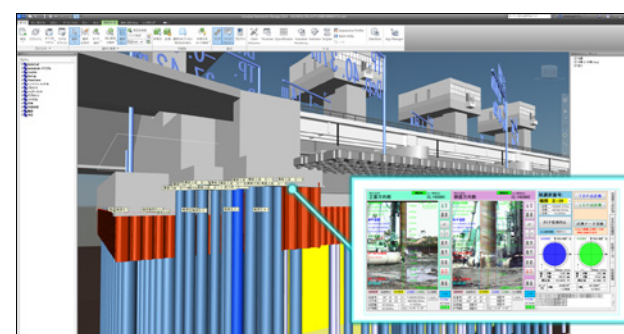
- Implement “safety harness training” and strictly enforce rules for safety harness usage to prevent accidents from falls.
- Hold ongoing “safety reminder” and “pointing and calling” exercises to prevent accidents from being caught.
- Promote the use of “Safety and Attention AI” at morning meetings,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

14 Personnel- and Labor-saving through Digitalization and Industrialization

► Promote Digitalization in the Construction Process

As of fiscal 2023, the use of BIM/CIM* has been introduced as a general rule in public works, however the system for creating BIM models from the planning stage is not yet fully in place, and so initially we are promoting its use in the construction phase. We anticipate that a comprehensive system, including for clients, will be established in a few years, with this using BIM/CIM from planning through to construction. In preparation for this, we are providing employees with education and training on 3D CAD operations. Additionally, we are promoting the use of "SMileSite," "Enken®," and "Raku Camera®" systems developed internally, while also using commercial systems such as "eYACHO" and "CheX" to promote the use of ICT in construction management, and to promote labor-savings in business processes.

*BIM: Abbreviation for Building Information Modeling
CIM: Abbreviation for Construction Information Modeling



Outline of BIM/CIM

► Training Human Resources for a Digital Transformation (DX)

We conducted a survey on the current state of IT literacy among all employees and provided face-to-face training to improve literacy for specific groups. Currently, we are renewing the digital tools used in daily operations, while introducing an employee communication platform that allows employees to take the initiative to share information, thereby creating an environment that promotes the uptake of DX.

We have also established the frameworks necessary to promote DX promotion within each department, and we plan to continue developing core personnel who will serve as key drivers of DX in each business area.

► Spread of Communication Tools

We are renewing the groupware functions at the core of our operations to be a flexible platform in order to create an environment in which information can be transmitted

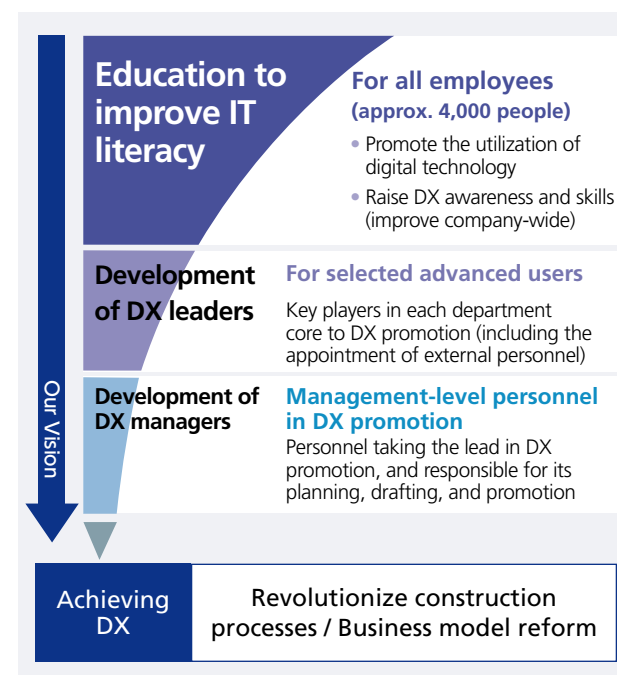
seamlessly. Last year, we began full-scale company-wide use of the Outlook emailer system, aimed at upgrading internal tools to the next generation in conjunction with Microsoft 365. We have started non-hierarchical information sharing using our employee communication platform, Microsoft Viva Engage, with tools like Microsoft Teams, Box, and Zoom improving the speed and convenience of information sharing, and we are working to upgrade our secure communication environment. Moving forward, we aim to unify the scheduling function using a common platform, and to further improve convenience, security, and global support across all operational systems with the goal of achieving new working styles.

► Development of a Digital Environment for Document and Information Management

We have made significant revisions to our document management regulations so that we can properly manage electronic documents in our operations. In doing so, we have clarified the rules for using the information-sharing platform for handling internal electronic data, and have achieved reliable, rapid, and efficient information sharing. Electronic data stored on Box can be used on multiple devices, allowing secure and seamless information sharing regardless of location or device. We aim to utilize this accumulated data using AI and analysis tools, and to both create new business value and achieve new working styles.

Improving DX awareness and skills

Promote the development of human resources to tackle DX company-wide



Material Issue Initiatives



Materiality 4

Strengthening the Management Foundation

In order that we can develop business activities that aim for coexistence and coprosperity with society in our Group companies and throughout the supply chain as a whole, we are promoting the avoidance and reduction of human rights risks, fair trading, and the building of partnerships.

15 Respect for Human Rights

► Human Rights Policy Established

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 and Japan's National Action Plan on Business and Human Rights (2020-2025), Sumitomo Mitsui Construction established its own Human Rights Policy in November 2021. Additionally, in February 2024, we revised the policy and renamed it as the Sumitomo Mitsui Construction Group Human Rights Policy to cover the entire companies of our Group.



Human Rights Policy

► 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 negative effects that our business activities have on human rights and take measures to eliminate and mitigate those risks.

► Human Rights Due Diligence Process

Step1 Step2

Based on international standards, guidelines, evaluation organizations, industry characteristics, case studies at other companies, etc., we identified 10 human rights issues considered to be material to our company from among a long list of 23 human rights issues.

Step3 Step4

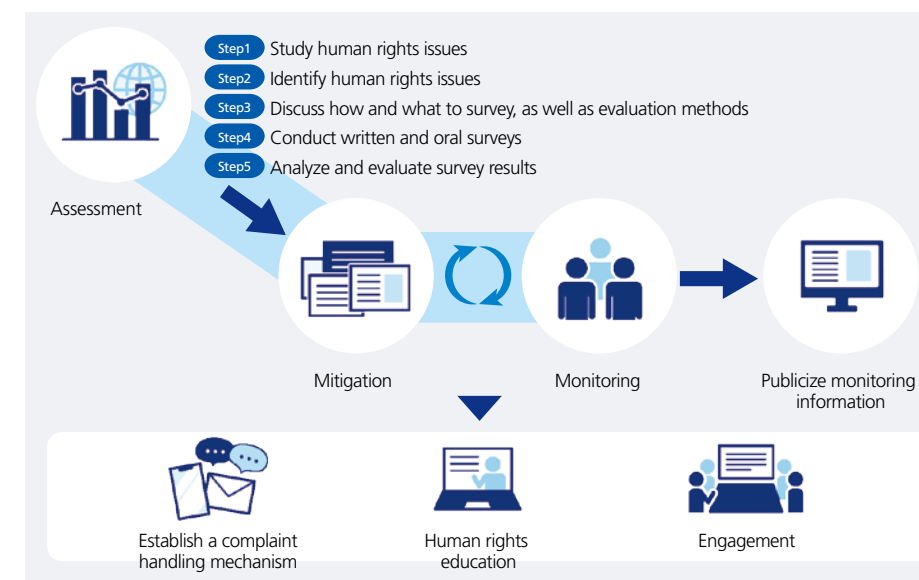
This survey was conducted in stages, with survey targets divided into domestic head office, branches and project sites, and overseas departments and affiliated companies. Since July 2024, we have been conducting surveys targeting subcontractors, suppliers and other business partners.

The results of these completed surveys were evaluated by assigning a score to the "degree of impact" (scope, scale, possibility of remediation) and the "likelihood of occurrence" (frequency, region, business potential, etc.), then using a heat map matrix analysis (refer to page 52) to evaluate the "vulnerabilities involving the company's management system and preventive and corrective measures."

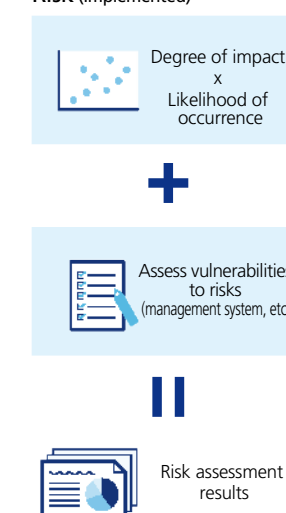
Step5

Based on these survey results, we identified five high-risk human rights issues — rights of indigenous ethnic groups and community residents, occupational safety and health, consumers' rights, work hours, and harassment and abuse.

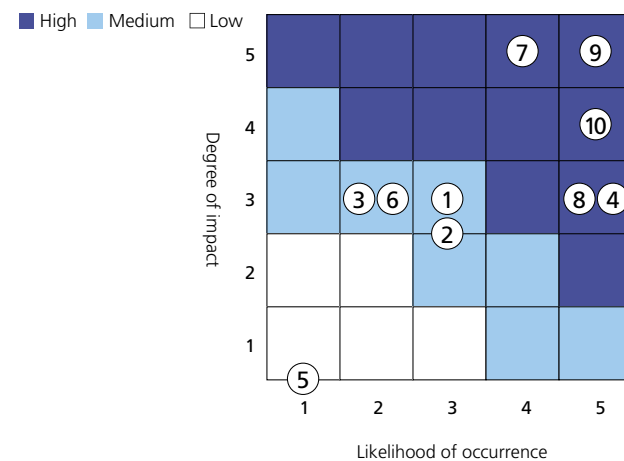
Human Rights Due Diligence Process



Method for Assessing Risk (Implemented)



Results of Analysis Using a Heat Map



No.	Human rights issues
①	Legal compliance and prevention of bribery/corruption
②	Prohibition of discrimination and equality under the law Includes 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: includes 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 knowledge) Includes some of "Management of Consumers' Personal Information"

► Corrective Measures and Monitoring

In fiscal 2024, as well as identifying human rights risks within our supply chain, we are analyzing the results of the survey, and prioritizing corrective measures for key human rights issues for our company, thereby constructing a management system for our human rights initiatives.

► Information Disclosure

Through the company's website and other means, we will disclose progress made in carrying out our activities to respect human rights, and will work at engaging in dialogue and discussions with stakeholders.

[WEB](#) Respect for Human Rights

► Establish a Complaint Handling Mechanism

To ensure the effectiveness of our complaint handling mechanism as defined under the UN Guiding Principles, we re-examined our existing system based on the eight requirements, and made adjustments to how our relief mechanism is accessed through the company's website.

[WEB](#) Contact

► Human Rights Education

We provide training around the theme of "business and human rights" aimed at helping all executives and local staff overseas develop a greater respect for human rights. In addition, we regularly provide human rights awareness education for new recruits and compliance and harassment education for all employees.

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](#) CSR Procurement Policy (Japanese only)

► Declaration of Partnership Building

The "Declaration of Partnership Building" is a mechanism that promotes both the continuation of businesses of and fair transactions for small and medium-sized businesses. 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 and 2. Compliance with preferred business practices between contractors and subcontractors (a "promotion standard" based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises). The submitted declarations are then published on a portal site by the National Association of Small and Medium Enterprise Promotion Organizations.

In March 2022, we made a Declaration of Partnership Building based on the Sumitomo Mitsui Construction CSR Procurement Policy.

Material Issues That Underlie
All Our Business ActivitiesMaterial Issues Linked to Our Mission
as a Construction CompanyUrban and Residential Development to
Support Improvement in Quality of Life

JR Koiwa Station North Exit District Type 1 Urban Redevelopment Project
New building construction (Tokyo)

We are currently involved in several redevelopment projects in the Tokyo metropolitan area. One of these is the redevelopment project for the JR Koiwa Station North Exit District, which we are engaged in as a designated business agent.

Although the idea is to develop a central block that will serve as a landmark area north of the station, the project faces emergency preparedness challenges arising from a lack of space in front of the station, insufficient road infrastructure leading to the station, and the aging buildings in the area. To this end, we are working to create vibrant, lively urban areas by making buildings fireproof and earthquake-resistant in order to create safe and secure pedestrian spaces.

On a site measuring roughly 8,675 m², about 730 residential units will be built on the upper floors, while stores and other businesses will be built on the lower floors to form a commercial hub in front of the station. Facing the station, there will be a traffic plaza with an underground public bicycle parking lot, and district roads will be established on the north and south sides of the site. Developing transportation infrastructure and separating pedestrians and vehicles in this way will create a safe and secure pedestrian network. As a construction company, we will contribute to revitalizing the local community by providing safe, high-quality buildings and infrastructure through our roles in providing construction management and construction techniques, handling cost management, and coordinating with design teams and with local residents.

Establishment of Long-lived,
Disaster-resistant Infrastructure

Replacement work of deck slabs on the Second Taden Bridge and three other bridges (Shimane Prefecture)

Expressways are an important part of our society's infrastructure, and their development has progressed rapidly since Japan's period of high economic growth began. However, several decades have passed since they were first put into service, and their deterioration now necessitates large-scale repairs and renovations.

We have been working to develop high-durability technologies since the 1990s. One such development is "Dura-Slab®," an ultra-durable deck slab, that we are using in our deck slab replacement operations for the Second Taden Bridge (outbound) on the Chugoku Expressway. Dura-Slab® uses non-corrosive aramid fiber (FRP rods) instead of rebars or PC steel for concrete reinforcement. This fundamentally solves the problem of rebar corrosion caused by antifreeze agents and salt from coastal areas.

With any new public infrastructure, it is important that it be built with high durability in order to minimize future burdens on public resources. The use of Dura-Slab® gives the deck slab high durability and extends its life.

Going forward, we will continue working to proliferate structures that utilize high-durability technologies and contribute to realizing better public infrastructure.


Materiality and KPIs




Materiality-related KPIs (established in FY2020) FY2023 results


Materiality and KPIs

Evaluation S: S≥150%, A: A≥100%, B: B≥80%, C: C≥60%, D: D 40%, E: E≥40%

Materiality	KPIs	FY2022		FY2023			FY2024	
		Target	Results	Target	Results	Evaluation	Target	
<div> 1 Realizing a sustainable society</div>								
① Contribution to a decarbonized society	Reduction in CO ₂ emissions (Scope 1 and 2) (t-CO ₂)		-10%	4.4%	-15%	-23.2%	S	-20%
	Reduction in CO ₂ emissions (Scope 3) (t-CO ₂)		-5%	-9.7%	-7.5%	-6.0%	B	-10%
	Energy generation capacity (energy generation projects)		12 MW	10.4 MW	30 MW	15.9 MW	D	40 MW
② Contribution to a recycling-oriented society	Construction waste recycling rate	Civil engineering	Over 99.2%	99.3%	Over 99.3%	99.3%	A	Over 99.4%
		Building construction	Over 98.8%	97.8%	Over 99.0%	98.7%	B	Over 99.2%
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%	A	100%
④ Management of environmental risks	Serious violations of environmental regulations (fines/sanctions)		0	0	0	0	A	0
⑤ Conservation of water resources	Implementation rate of water quality management for wastewater (%)		100%	99.8%	100%	100%	A	100%
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%	S	35%



2 Realizing a safe and comfortable society

<div>  <div> <div>Improvement of quality and client satisfaction</div> </div> </div>	Average inspection score based on internal standards	Civil engineering	Over 77 points	78.4 points	Over 77 points	80.1 points	A	Over 78 points
		Building construction	Over 77 points	78.1 points	Over 77 points	77.7 points	A	Over 78 points
	Civil engineering: annual average points in engineering performance evaluations		Over 80 points	83.3 points	Over 80 points	82.2 points	A	Over 80 points
	Building construction: customer satisfaction survey		Over 80 points	83.0 points	Over 80 points	73.0 points	B	Over 85 points



3 Realizing an attractive work environment and recruiting and fostering human resources

<div>8</div> Realize diversity & inclusion	Percentage of women general managers	Over 1.5%	1.6%	Over 2.0%	1.88%	B	Over 5.0%
	Percentage of women managers	Over 2.6%	2.6%	Over 2.8%	2.72%	B	Over 3.0%
	Percentage of women career-track employees from regular recruitment	Over 20%	27.0%	Over 20%	28.7%	A	Over 20%
	Percentage of women career-track employees from mid-career recruitment	Over 20%	29.0%	Over 20%	33.3%	S	Over 20%
	Employment rate of people with disabilities	Over 2.3%	2.4%	Over 2.3%	2.2%	B	Over 2.5%
	Rehiring rate at retirement age and continuous employment rate	Over 90%	91.9%	Over 90%	90.1%	A	Over 90%
<div>9</div> 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	A	Less than 45 hour
	Average annual paid leave usage rate	Over 50%	55%	Over 50%	58%	A	Over 50%
	Rate of men employees using childcare leave	100%	118%	100%	101.7%	A	100%

Materiality	KPIs		FY2022		FY2023			FY2024
			Target	Results	Target	Results	Evaluation	Target
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	B	Over 4.0
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	A	3 to 5
	Cross-Functional Team recruitment		25	12	30	3	E	30
	Recruitment of Japanese overseas personnel (through domestic agencies)		5	12	5	0	E	5
	Overseas local recruitment (through overseas agencies)		5	0	5	6	A	5
	General education (position-specific training, etc.)		350	364	350	694	S	350
	Language education (English and Japanese)		500	463	500	515	A	500
	Global training		200	184	200	269	A	200
	GLOBAL KENTEI®		500	1,104	500	967	S	500
	Domestic to overseas (GHR system)		0	0	5	2	D	5
	Overseas to domestic (study abroad system)		5	0	5	1	E	5
	Overseas to overseas (transfer between bases)		5	7	5	6	A	5
	⑫ Recruitment and fostering of young skilled construction workers	Two days off per week (project site closure of 8 or more days per 4 weeks)	Civil engineering	80%	88.6%	90%	92.6%	A
Building construction			80%	58.8%	90%	66.2%	C	100%
Promote registration with the Construction Career Up System (primary subcontractors)		Civil engineering	100%	93.8%	100%	98.7%	B	100%
		Building construction	100%	85.0%	100%	88.7%	B	100%
Promote registration with the Construction Career Up System (secondary subcontractors)		Civil engineering	80%	83.0%	100%	92.8%	B	100%
		Building construction	80%	81.0%	100%	81.6%	B	100%
Promote registration with the Construction Career Up System (tertiary subcontractors)		Civil engineering	80%	70.8%	100%	87.0%	B	100%
		Building construction	80%	73.0%	100%	79.4%	C	100%
⑬ Promotion of occupational safety and health	Cases of serious disaster		0	0	0	0	A	0
	Frequency rate		Less than 0.5	0.51	Less than 0.5	0.68	C	Less than 0.5
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%	E	5.0%

4 Strengthening the management foundation							
⑮ Respect for human rights	Rate of participation in human rights awareness education	100%	70%	100%	70%	C	100%
	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	A	Implementation of human rights due diligence
⑯ Promotion of fair trade	Collecting written pledges to eliminate bid-rigging	100%	100%	100%	100%	A	100%
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%	A	100%