

2023 CSR Report

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Published August 2023

 住友電設株式会社

Our history began with the restoration of underground power lines during the recovery following World War II and later expanded to encompass indoor electrical, communications, telecommunications, and plant air-conditioning work. In keeping with the Sumitomo Spirit and the Corporate Philosophy of the Sumitomo Densetsu Group, we contribute to the development of society by striving to maintain social infrastructure, including by ensuring a stable supply of electricity.

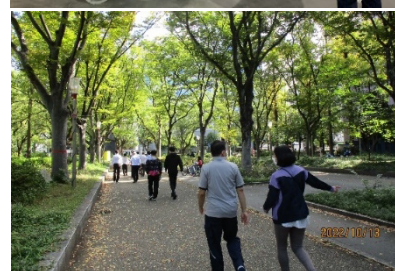
In April 2020, we formulated Vision 24, a Medium-term Management Plan whose theme is "Sustainable Development through a New Growth Strategy and Comprehensive Strength!" Key measures include "Safety, quality, and compliance," "Securing and developing human resources and implementing work style reform," "Pursuing improved customer satisfaction," and "Enhancing enterprise value in anticipation of the future." As a comprehensive facilities corporate group, we're making a concerted effort to boost each department's installation and technical capabilities while boosting growth and expanding operations.

To ensure the Group can continue to fulfill all stakeholders' expectations, we will continue to work to improve our corporate value by pursuing initiatives in areas such as environmental, social, and governance (ESG) management, the Sustainable Development Goals (SDGs), human resource development, health management, and employee satisfaction.

Going forward, we will continue to work to help build a sustainable society and to improve our corporate value by pursuing fair and highly transparent management and corporate activities that harmonize with society and the environment, and we look forward to stakeholders' understanding and support as we do so.

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Time period covered

April 1, 2022, to March 31, 2023 (FY2022)

Scope

Sumitomo Densetsu Group

The Sumitomo Densetsu Group carries out its businesses in accordance with the Sumitomo Spirit and Corporate Philosophy of the Sumitomo Densetsu Group, both presented below, so that it can earn the trust of customers, shareholders, the general public, and other stakeholders.

The Sumitomo Spirit

Sumitomo Spirit is based on the Founder's Precepts ("Monjuin Shiigaki"), which Masatomo Sumitomo, the founder of the Sumitomo family, wrote and handed on to describe how merchants should conduct business. They were first compiled as part of a series of Sumitomo family rules in 1882 and later summarized as a pair of "Business Principles" as part of the rules in 1891.

Business Principles

Article 1. Sumitomo shall achieve prosperity based on solid foundation by placing prime importance on integrity and sound management in the conduct of its business.

Article 2. Sumitomo's business interest must always be in harmony with public interest; Sumitomo shall adapt to good times and bad times but will not pursue immoral business.

*From the Sumitomo Goshi Kaisha Rules (formulated 1928).

Integrity and sound management

Article 1

The article explains that Sumitomo businesses shall make integrity and trust the most important considerations in all operations.

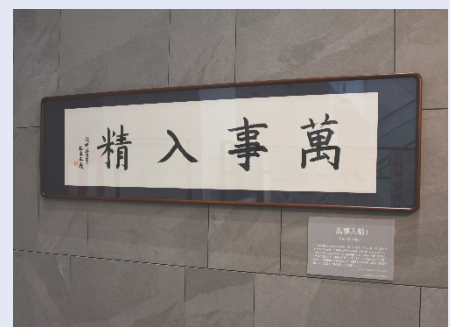
Avoidance of shortsighted conduct

Article 2

The articles describe how the company should accommodate changes in society quickly and precisely as it pursues profit. It notes the importance of adopting a proactive approach by continuously working to develop businesses, without resting on the laurels of existing businesses. At the same time, the article offers a strict warning against pursuing temporary, shortsighted, or morally questionable profits, or acting in an imprudent or halfhearted manner.

"Be sincere in all things."

The philosophy exhorts employees to be sincere, painstaking, and meticulous not only in business, but in all things, while avoiding a lax or halfhearted attitude, and to refine one's character by respecting sincerity and hard work before trying to become a merchant.



Corporate Philosophy of the Sumitomo Densetsu Group
(Enacted January 2000 and revised January 2016)

Recognizing its social mission and responsibility, the Sumitomo Densetsu Group:

- Aims to develop a favorable environment to support a prosperous and secure society.
- Values its technical prowess and the customer's confidence in it, and provides high quality engineering service that gives a high level of customer satisfaction.
- Practices fair and transparent management based on compliance in keeping with a high standard of corporate ethics.
- Seeks to create a vibrant and pleasant business environment while fostering employees rich in creativity.

In addition, we've formulated a statement of "SEM VALUE" and an Employee Code of Conduct that set forth the company's approach for employees to ensure they act in the spirit of sincerity based on the moral values required of adult members of society and company workers while adhering to laws and corporate policies and rules.

SEM VALUE (Enacted January 2022)

Sincerity: Employees should devote themselves to satisfying society's needs in a spirit of sincerity

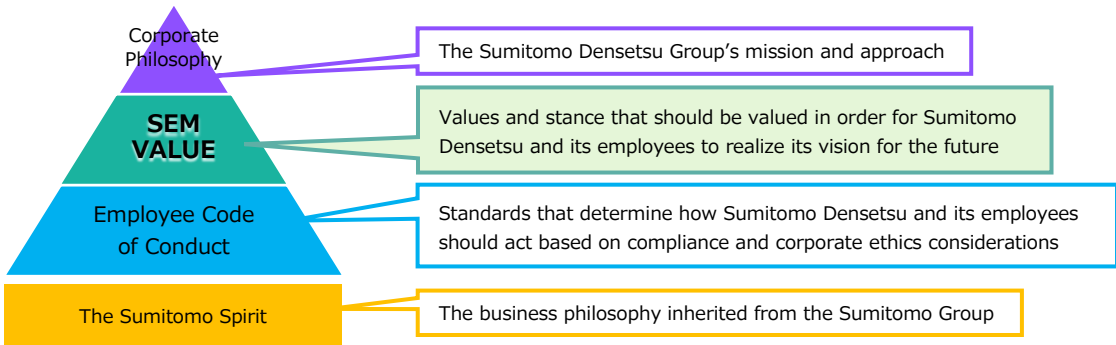
Teamwork: Employees should recognize diversity and strive to leverage teamwork

Creation: Employees should create a sustainable future through sophisticated technologies

Employee Code of Conduct
(Enacted November 2003 and revised June 2020) *Headings only

1. Purpose	2. Respect for Human Rights
3. Assurance of Safety and Quality	4. Appropriate Accounting
5. Appropriate Business Transactions	6. Treatment of Gifts and Business Entertainment
7. Avoidance of Conflicts of Interest	8. Treatment of Company Information
9. Treatment of Company Assets	10. Tackling of Environmental Problems
11. Opposition to Anti-social Forces	

Sumitomo Densetsu Management Principles



In November 2021, we established Policy for Sustainability Management of Sumitomo Denetsu Group, and based on that policy we have been actively pursuing sustainability-related activities.

Policy for Sustainability Management of Sumitomo Denetsu Group

As our corporate philosophy, the Sumitomo Denetsu Group "aims to develop a favorable environment that supports a prosperous society, and contribute to the prosperity of society." Based on this philosophy, we strive to earn even greater trust from customers, shareholders, members of society and all other stakeholders through equitable and highly transparent business activities in harmony with society and nature, while also contributing to the building of a sustainable society and growing our corporate value over the medium term. To these ends, we pursue sustainability-related activities in accordance with the guidelines listed below.

- Aim to reduce the environmental impact of our business activities, products and services, and expand business fields with a low environmental impact
- Provide engineering services that earn high customer satisfaction while emphasizing trustworthiness and technological capabilities
- Further strengthen the foundations of our overseas business ventures while expanding our business fields
- Strive for safe and rewarding workplaces characterized by respect for human rights and diversity
- Emphasize compliance and pursue equitable business dealings while striving to guarantee transparency through suitable disclosure

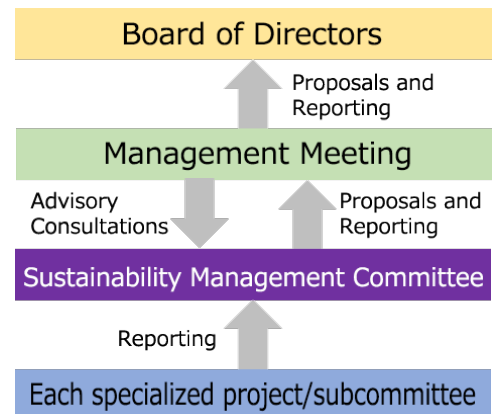
Materiality

Following revisions to the environmental, social and governance (ESG) considerations in our "Vision 24" medium-term management plan, we identified the following six materiality items as necessary for both solving social issues and ensuring sustained growth for the Sumitomo Denetsu Group.

	Materiality	Principal Measures	Related SDGs Items
Environmental (E)	<ul style="list-style-type: none"> ■ Active contributions to society-wide decarbonization through environmental impact reductions 	<ul style="list-style-type: none"> • Reducing environmental impacts by reducing energy resource consumption and waste and improving resource efficiency in business activities, products, and services • Strengthening our presence in the renewable energy market 	
Social (S)	<ul style="list-style-type: none"> ■ Contributions to the building of resilient and sustainable infrastructure ■ Ensuring safety and quality while making improvements to technical capabilities 	<ul style="list-style-type: none"> • Strengthening technical proposal capabilities • Hiring and retaining human resources and assigning them flexibly in ways that transcend departments • Ensuring quality (providing high-quality services) • Incorporating new technologies and techniques • Working to prevent and mitigate disasters • Strengthening the foundation of our overseas business to foster deep connections to the communities we serve 	
	<ul style="list-style-type: none"> ■ Promoting health and productivity management, and creating workplaces where all employees can enjoy peace of mind and feel excited by their jobs ■ Respect for human rights, and promoting diversity and inclusion 	<ul style="list-style-type: none"> • Ensuring a safe workplace environment and practicing health and productivity management • Respecting human rights, protecting privacy, and preventing all forms of harassment • Enhancing social education structures • Pursuing workstyle reforms • Implementing gender equality measures • Hiring and training global human resources • Tapping the abilities of older employees 	
Governance (G)	<ul style="list-style-type: none"> ■ Promoting equitable and transparent management operations based on compliance rules and regulations 	<ul style="list-style-type: none"> • Practicing fair, transparent management based on compliance • Information security • Corporate governance 	

In January 2022, we established the Sustainability Management Committee with the president as chairperson and Management Meeting members as committee members, and we are promoting initiatives such as discussing and verifying important issues and goals related to sustainability.

Furthermore, we have established subcommittees under the Sustainability Management Committee to handle issues related to the SDGs, TCFD, carbon neutrality, etc., and each of these subcommittees are promoting specialized initiatives for each theme.



Materiality KPIs

Materiality		KPI	Target	FY2021 Result	FY2022 Result
Environmental (E)	<ul style="list-style-type: none"> Active contributions to society-wide decarbonization through environmental impact reductions 	CO ₂ emission reductions	Scope 1 + 2: 46.2% reduction in FY2030 (compared to FY2021)	5,766 (t-CO ₂)	(Calculation pending as of August 31)
			Scope 3: 27.5% reduction in FY2030 (compared to FY2021)	688,809 (t-CO ₂)	(Calculation pending as of August 31)
Social (S)	<ul style="list-style-type: none"> Contributions to the building of resilient and sustainable infrastructure Ensuring safety and quality while making improvements to technical capabilities 	Frequency rate	0.00% (improvement compared to previous year)	0.28%	0.90%
		Severity rate	0.00% (improvement compared to previous year)	0.02%	0.01%
		Number of accidents requiring time off from work	0 (improvement compared to previous year)	2	4
	<ul style="list-style-type: none"> Promoting health and productivity management, and creating workplaces where all employees can enjoy peace of mind and feel excited by their jobs Respect for human rights, and promoting diversity and inclusion 	Periodic health checkup participation rate	100%	100%	100%
		Annual paid leave acquisition rate	80% or higher	58.5% (12.1 days)	64.4% (13.4 days)
		Male childcare leave acquisition rate	100%	14 employees (34.1%)	19 employees (44.2%)
		The proportion of women in managerial positions	2.6% or higher by Mar. 31, 2031	1.6%	2.1%
Governance (G)	<ul style="list-style-type: none"> Promoting equitable and transparent management operations based on compliance rules and regulations 	Number of workplace compliance training sessions (implementation rate)	Once per month for each department (100%)	12 (100%)	12 (100%)
		Number of information security training sessions (implementation rate)	Once per quarter for each department (100%)	4 (100%)	4 (100%)

Disclosing information in accordance with TCFD recommendations

Recognizing that climate change and other global environmental problems are a top management challenge, the Company operates its businesses in accordance with the Basic Environmental Philosophy and Environmental Policy (see page 11), which it enacted in 2003.

In May 2023, the Company announced its support for the Task Force on Climate-related Financial Disclosures* (TCFD). Based on the Corporate Governance Code, which was revised in June 2021, we disclose the following important information related to climate change in line with the TCFD recommendations.

* The TCFD was established by the Financial Stability Board (FSB).

In June 2017, the TCFD announced a series of recommendations calling on financial institutions, companies, government agencies, and other bodies to disclose information about the impacts of climate change in their financial reporting.

Information whose disclosure is recommended by the TCFD

Governance	Strategy	Risk management	Metrics and targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

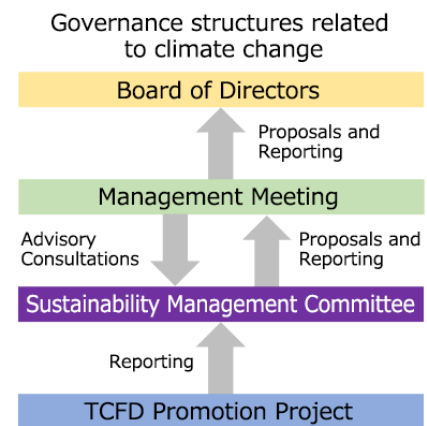


1. Governance

We actively pursue sustainability activities in line with Policy for Sustainability Management of Sumitomo Densetsu Group and its guidelines.

In January 2022, we established the Sustainability Management Committee, which is chaired by the president and which counts Management Meeting members as members, to serve as an advisory body to the Management Meeting. The committee deliberates and makes decisions concerning business strategies related to environmental problems, including the Company's response to climate change, and initiatives related to risks and opportunities. It offers proposals and reports to the Management Meeting and the Board of Directors on a quarterly basis.

We've created a TCFD Promotion Project under the aegis of the Sustainability Management Committee to pursue initiatives with company departments to reduce greenhouse gas (GHG) emissions. It regularly reports on progress and results to the Sustainability Management Committee.



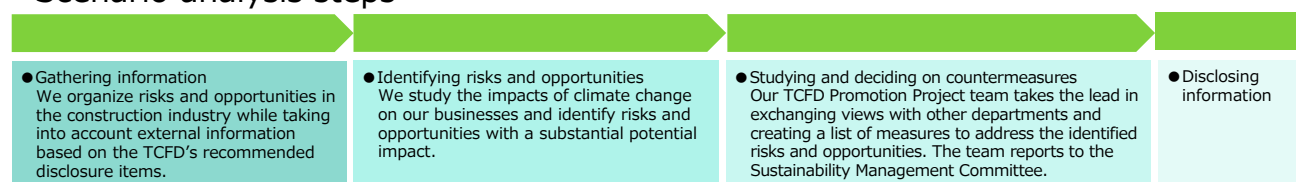
2. Strategy (scenario analysis)

Concerning the impacts (risks and opportunities) of climate change on our businesses, we've analyzed risks related to a transition to a low-carbon economy and risks related to the physical impacts of climate change occurring midway on the scenarios envisioning 2050 based on the TCFD framework.

We will work to continue refine our analytical techniques going forward by revising them on an ongoing basis.

In addition, we plan to disclose in the future how our strategies will impact our financial position.

Scenario analysis steps



*We refer to the following scenarios in our scenario analysis:

- Scenario in which humanity transitions to a decarbonized society
International Energy Agency: Scenario equivalent to a temperature increase of 1.5°C over preindustrial levels by the end of the current century
- Scenario in which natural disasters intensify
Intergovernmental Panel on Climate Change: Scenario equivalent to a temperature increase of 4°C over preindustrial levels by the end of the current century

Transition risk

Risks of a transition to a low-carbon economy

Risk type	Risk	Likely impact	Degree of impact	Time frame	Our response
Policy and regulatory	Introduction of a carbon tax	<ul style="list-style-type: none"> Tax on CO₂ emissions from business activities Increases in construction material procurement costs due to the introduction of carbon pricing; associated deterioration in profitability and reduced price competitiveness 	High	Short-, medium-, and long-term	<ul style="list-style-type: none"> Pursuing energy savings in corporate activities Reducing procurement costs by using construction materials that generate lower CO₂ emissions during manufacture (low-carbon materials); proposing VE/CD plans and equipment Regularly collecting information about new material development and making use of such information internally Lowering GHG emissions, for example by switching to hybrid and electric vehicles (HVs and EVs) and purchasing electricity derived from renewable energy
	Strengthening of energy-saving policies	<ul style="list-style-type: none"> Growth in countermeasure costs as a result of the strengthening of laws and regulations related to GHG emissions and energy use; changes in industry structure or capital investment demand as part of the transition to a decarbonized society; violations of laws as a result of delays in compliance or failure to implement suitable countermeasures 	High	Short-, medium-, and long-term	<ul style="list-style-type: none"> Developing new technologies and installation techniques related to renewable energy and energy conservation Actively proposing solutions to customers; collecting information about laws related to business activities in a timely manner
	Information disclosure obligations	<ul style="list-style-type: none"> Growth in the cost of complying with expanded information disclosure obligations 	Medium	Short-term	<ul style="list-style-type: none"> Assessing disclosure requirements in a timely manner and disclosing information in an appropriate manner
Technology	Adoption of new technologies related to renewable energy and energy conservation	<ul style="list-style-type: none"> Contraction in order opportunities as a result of declining customer trust or competitive capability due to delays in accommodating related technologies 	High	Short-, medium-, and long-term	<ul style="list-style-type: none"> Developing new technologies and installation techniques related to renewable energy and energy conservation Educating employees about new technologies and actively proposing them to customers
Markets	Changes in customer preferences	<ul style="list-style-type: none"> Loss of order opportunities as a result of failing to accommodate customer needs, for example for reduced GHG emissions or ZEB designs Loss of order opportunities as a result of intensified competition against the backdrop of a general preference for lowering environmental impacts Loss of order opportunities as a result of delays in accommodating high-level expectations from customers related to sustainable management 	High	Short-, medium-, and long-term	<ul style="list-style-type: none"> Ascertaining market trends and needs in a timely manner; assessing and developing new technologies for accommodating them and acquiring related permits and licenses
Reputation	Changes in stakeholder expectations	<ul style="list-style-type: none"> Deterioration in the Company's reputation among investors as a result of delayed or insufficient information disclosure Inevitable withdrawal from market as a result of a failure to satisfy stakeholders' expectations 	High	Short-, medium-, and long-term	<ul style="list-style-type: none"> Assessing customer expectations in a timely manner and disclosing information in an accurate and timely manner Addressing environmental issues on an ongoing basis and disclosing information in an appropriate manner, for example by complying with TCFD recommendations

*Time frame (short-term: 2025; medium-term: 2030; long-term: 2050)

Physical risk Risks related to physical changes caused by climate change

Risk type	Risk	Likely impact	Degree of impact	Time frame	Our response
Acute	Intensification of natural disasters	<ul style="list-style-type: none"> ● Growth in the cost of operating our businesses and loss of order opportunities as a result of the impacts of more frequent and intensifying rainfall and typhoons, including damage to company buildings and construction sites, infrastructure outages, damage sustained by involved parties, and postponement of work 	Medium	Short-term	<ul style="list-style-type: none"> ● Strengthening business continuity planning (BCP) to ensure our businesses can continue to operate ● Maintaining structures that allow us to respond to disasters in a flexible manner (telework, etc.) ● Putting in place structures to facilitate support and cooperation with partners (affiliates, suppliers, and other companies) in the event of disasters
Chronic	Intensification of extreme weather Rising average temperature	<ul style="list-style-type: none"> ● Increased health risk at construction sites (from heat illness, infectious disease, etc.) ● Reduced work efficiency, delays in transfers of completed projects to customers, increased limits on summer-season work, and growth in countermeasure costs ● Increased technical problems caused by rising temperatures around equipment (electrical and machinery) ● Growth in costs such as utilities used to power equipment 	Medium	Medium- and long-term	<ul style="list-style-type: none"> ● Strengthening organizational mechanisms related to health management and introducing new technologies and products (wrist alarms, web cameras, etc.) ● Balancing quality and productivity improvements made possible by the digital transformation (DX) with limits on working time ● Developing comprehensive energy-saving technologies with other industries ● Working to reduce costs and implementing the Company's own energy-saving measures ● Ensuring new construction complies with ZEB standards

*Time frame (short-term: 2025; medium-term: 2030; long-term: 2050)

Opportunity Opportunities from measures to mitigate or adapt to climate change

Opportunity type	Opportunity	Likely impact	Degree of impact	Time frame	Our response
Resource efficiency	Adoption of efficient buildings	<ul style="list-style-type: none"> ● Growth in order opportunities as demand for energy conservation, renewable energy, ZEB-compliant buildings, and related products and services grows ● Growth in the number of inquiries for ZEB planner-registered companies 	High	Short-, medium-, and long-term	<ul style="list-style-type: none"> ● Strengthening renewable energy-related sales and construction structures and technical capabilities ● Developing technologies for implementing the viability and comfort of ZEB-compliant designs and strengthening our proposal capabilities ● Registering the Company as a ZEB planner
Energy sources	Increased use of renewable energy	<ul style="list-style-type: none"> ● Growth in demand for renewable energy-related construction ● Growth in the number of inquiries and orders as a result of the development and introduction of new technologies 	High	Short-, medium-, and long-term	<ul style="list-style-type: none"> ● Strengthening internal and external structures for accommodating renewable energy-related construction
Products and services	Development and expanded use of low-carbon-compatible products and services	<ul style="list-style-type: none"> ● Growth in the level of need for resilient infrastructure; growth in opportunities to generate revenue from moving up equipment replacement time frames (for equipment, products, and services geared toward preparing for disasters and extreme heat, etc.) ● Increased trust from customers as a result of proposing technologies for lowering various risks from the construction planning stage; growth in the number of inquiries and orders ● Growth in the level of need for using sensors, IT, and related technologies to monitor infrastructure from a disaster prevention standpoint 	High	Short-, medium-, and long-term	<ul style="list-style-type: none"> ● Actively pursuing the renewable energy business and communicating information, including about our construction track record (solar systems, perovskite panels, etc.) ● Creating a new business by establishing technologies for recycling SF6 gas ● Discovering needs by collecting information from customers (new and existing) ● Building sales structures so that we can provide products and services that are compatible with climate change ● Strengthening engineering monitoring technology so that it can be used to monitor sensors related to disaster prevention and mitigation (via the IoT)

Markets	<ul style="list-style-type: none"> ● Growth in demand for renewable energy ● Expansion of need for disaster-resistant buildings and equipment ● Formation of sustainable cities and regions ● Stakeholder assessments 	<ul style="list-style-type: none"> ● Growth in inquiries and order opportunities as demand for renewable energy-related equipment and facilities grows ● Growth in infrastructure-related solutions and order opportunities ● Inspiration of trust on the part of customers by undertaking decarbonization initiatives and earning various certifications (ZEB planner, etc.) ● Growth in demand and opportunities in areas such as workstyle reform and solution services like information and communications technology (ICT) management based on ICT 	High	Short-, medium-, and long-term	<ul style="list-style-type: none"> ● Strengthening renewable energy-related sales and construction structures and technical capabilities ● Promoting development of technologies that can accommodate new infrastructure and otherwise improving our technological capabilities
	Changes in investment decision-making by investors (growth in ESG investment)	<ul style="list-style-type: none"> ● Improvement in corporate value as a result of efforts to address climate change and the appropriate disclosure of related information 	Medium	Short-term	<ul style="list-style-type: none"> ● Addressing climate change on an ongoing basis and disclosing information in an appropriate manner, for example by complying with TCFD recommendations
Resilience	Growth in demand for resilient technologies	<ul style="list-style-type: none"> ● Growth in demand for resilient services ● Growth in equipment update demand ● Increased trust from customers as a result of proposing BCP-compatible technologies during planning 	High	Short-, medium-, and long-term	<ul style="list-style-type: none"> ● Strengthening structures that let us quickly respond to customer needs

*Time frame (short-term: 2025; medium-term: 2030; long-term: 2050)

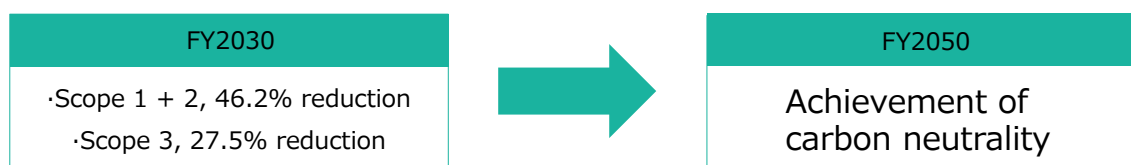
3. Risk management

We consider climate change to be a risk that will have a substantial impact on our management, and we manage it in an appropriate manner through the Sustainability Management Committee. In addition, we've established the TCFD Promotion Project under the aegis of the Sustainability Management Committee. Working with other departments, project members classify and assess the impacts of climate change-related risks on the Company and plan and implement countermeasures.

4. Metrics and targets

We're redoubling our efforts to reduce CO₂ emissions in keeping with the Japanese government's policy of achieving carbon neutrality by 2050. In addition, we've established the following CO₂ emissions reduction targets, and we're working to achieve carbon neutrality by 2050:

CO₂ emissions reduction targets (vs. FY2021)



FY2021 greenhouse gas emissions (unit: t-CO₂)

Scope	Actual emissions	Target emissions
	FY2021	2030
Scope1+2	5,766	3,102
(Scope1)	(3,087)	--
(Scope2)	(2,679)	--
Scope3	688,809	499,387

Scope: Sumitomo Densetsu affiliates, consolidated basis (FY2021)
 Calculation standard: Calculation method based on GHG Protocol
 Calculation scope: Scope 1, direct emissions of greenhouse gases from the business itself (vehicle fuel, etc.)
 Scope 2, indirect emissions from use of electricity, heat, or steam supplied by other companies
 Scope 3, indirect emissions other than Scopes 1 and 2 (emissions by other companies involved with the business's activities)

We pursue ESG initiatives to improve our corporate value in order to continue to live up to the expectations of all stakeholders.

E: Environmental

Sumitomo Densetsu operates its businesses in accordance with the Basic Environmental Philosophy and Environmental Policy in an effort to realize a sustainable society.

We also contribute to environmental conservation in business activities related to areas such as renewable energy and energy conservation.

Basic Environmental Philosophy (enacted February 2003)

We consider voluntary initiatives to address environmental issues and their ongoing improvement to be important management priorities, and we contribute to the creation of a society that can develop in a sustained manner by considering environmental impacts and working to protect the environment through all corporate activities.

Environmental Policy (Enacted February 2003 and revised September 2017)

- We strive to protect the environment by reducing the environmental impacts of our business activities, products, and services, including by reducing energy and paper resources, pursuing recycling and reuse initiatives, and working to limit and properly process waste.
- We actively utilize unique technologies related to environmental protection, and we strive to develop even more effective technologies.
- In addition to protecting the natural environment, for example by preventing pollution, we've built an environmental management system to improve environmental performance, set environmental targets, and review them on a regular basis while striving continuously to improve them.
- We adhere to laws and regulations related to environmental conservation and protection, as well as to other requirements to which we have agreed.
- We strive to improve awareness of environmental conservation and protection by spreading awareness of this Environmental Policy among all employees and everyone else who works on behalf of our organization, for example by offering environmental education.
- We make this policy available to the general public.

Topic



Tree-planting activities in La Mesa Nature Reserve, Philippines

As part of Sumitomo Philippines, Inc.'s CSR activities, 20 of the company's employees participated in a forest regeneration program overseen by the Philippines Department of Environment and Natural Resources in the La Mesa Nature Reserve, planting 40 mahogany trees under the slogan, "Let's give Mother Earth back her power."



Topic



Kawasaki Technical Center installs solar power system

Sumitomo Densetsu Kawasaki Technical Center, which opened in March 2023, has installed a captive-use rooftop solar power system. In addition to the system, the Center has installed a range of environmentally friendly equipment, including EV chargers. In addition, it has acquired Nearly ZEB and ZEH certification for its administrative offices and manager housing, respectively.



S: Social

Safety and Quality

Ensuring health, safety, and quality is of fundamental importance in managing a business, and the Sumitomo Densetsu Group considers doing so a top priority as it pursues an active program of related activities in close partnership with affiliates.

With regard to safety and quality activities, we've put in place a Health and Safety Policy as well as a Quality Policy, and in keeping with those policies, our Vision 24 Medium-term Management Plan sets forth a basic policy for safety and quality as well as a number of slogans. Along these lines, we're undertaking a range of activities to create safe workplaces that align with current attitudes so that employees can do their jobs with peace of mind.

Basic Policy

Give top priority to safety, quality, and health and strengthen the foundations of our business by cultivating a "safety first" culture.

Slogans

- Cultivate safety awareness.
- Practice safe conduct.
- Safe, secure workplaces built by all

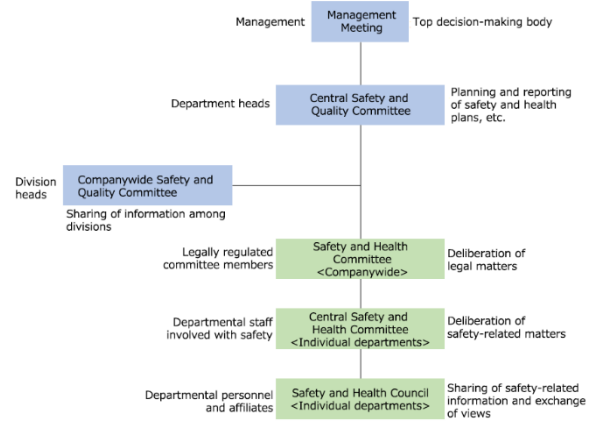
Ensuring safety is fundamentally important when working in the field, and it's essential to master the level of knowledge necessary to do so. In order to help workers master knowledge necessary to cultivate a "safety first" culture, we've put in place a diverse curriculum, and we offer practical safety and quality education for everyone, from management to front-line employees in the field, while welcoming outside instructors.



We work to share safety awareness and information about risks by verifying front-line conditions in the field from a variety of perspectives, from safety patrols by the president and other executives to patrols by staff members including department managers and safety coordinators, as part of an approach that seeks to prevent problems through close coordination between the Head

Office, branches, and field personnel.

With regard to the sharing of safety- and quality-related information, we strive to facilitate sophisticated safety and quality activities by exposing workers to a wide range of knowledge and creating opportunities for them to interact effectively with safety and quality information in a variety of ways, for example by raising awareness among all workers, including foreign workers, by publishing the Safety & QC Issue, which features key considerations in safety activities, in Japanese as well as six other languages and by including topical information, accident case studies, and various educational materials on our safety and quality website.



Companywide organizational chart for safety and health management

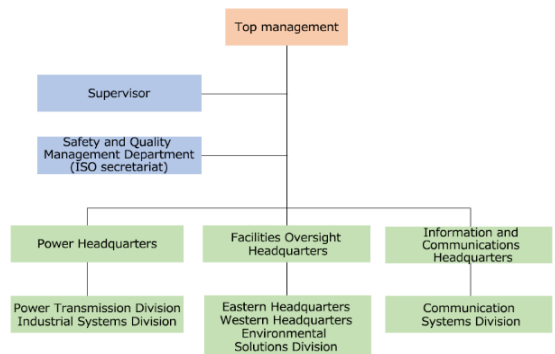


A safety patrol by the president

Quality management system

We've earned certification under ISO 9001, an international standard governing quality management systems.

We provide services with high customer satisfaction through ongoing improvement activities under this system.



Quality management organizational chart

Diversity & Inclusion

The Sumitomo Densetsu Group believes that in order to realize sustained growth and improved corporate value in a business environment characterized by sweeping change and to operate as a general engineering company that truly satisfies society’s expectations, it is necessary to achieve continuous personal and technological growth. As a result, we strive to hire, train, and promote a diverse workforce with different experiences, skills, careers, and other characteristics on an ongoing basis and to create a workplace environment that allows each employee to make the most of their characteristics and skills.

■ Gender equality

We strive to create workplaces where female employees can do their jobs in an energetic and dynamic manner. In addition to working to increase the percentage of main career track (management) positions held by women by actively hiring new graduates and strengthening career development programs for female employees, we’re working to transform awareness and revamp the working environment and related programs based on our belief that an environment that makes it easy for female employees to do their jobs is a workplace that makes it easy for all employees to do their jobs.

Activities of the Gender Equality Working Group

In January 2020, we launched a working group consisting of female employees representing different departments, occupations, ages, experiences, and household environments with the goal of revitalizing our gender equality activities. Many of the working group’s recommendations to management have led to the formulation of human resources policies as it (1) proposes specific policies to promote gender equality, (2) proposes specific policies to spur workstyle reforms, (3) supports hiring of female employees for main career track positions, and (4) participates in the formulation of action plans in accordance with the Act on the Promotion of Women’s Active Engagement in Professional Life and the Act on Advancement of Measures to Support Raising Next-Generation Children.

Career change program

For employees who joined their company in a regular position but later wish to move up to main career track or management positions as they pursue their careers, we’ve put in place a program that allows them to make the move to an “area main career track” position (a main career track position in a limited region) after a screening process (including a performance report and interview).

<Movement from regular positions to “area main career track” positions>

FY2018	FY2019	FY2020	FY2021	FY2022
5 employees	5 employees	6 employees	3 employees	2 employees

Training

We offer training to give female employees a chance to take responsibility for their careers by thinking about their own lives, as well as training that helps line managers with female subordinates understand their own unconscious bias and manage all subordinates, including female employees, in a way that lets them do their jobs in an energetic and engaged manner. We also offer training to help female employees maintain and improve their health.



Hiring new female graduates for main career track positions

Having established the goal of hiring women for at least 10% of our new-graduate main career track positions, we’re working to increase understanding of, and interest in, the construction industry and Sumitomo Densetsu, for example by hosting information sessions about the Company and site tours for female students and by offering more information on our recruiting website (by offering videos and introducing female employees).

<Percentage of women hired for new-graduate main career track positions>

*Figures in parentheses indicate the number of women hired for new-graduate main career track positions and the total number of new hires.

	FY2018	FY2019	FY2020	FY2021	FY2022
Technical	7.1% (3/42)	5.9% (2/34)	6.7% (3/45)	4.1% (2/49)	17.3% (9/52)
Administrative	20.0% (1/5)	14.3% (1/7)	50.0% (2/4)	25.0% (1/4)	33.3% (1/3)
Total	8.5% (4/47)	7.3% (3/41)	10.2% (5/49)	5.7% (3/53)	18.2% (10/55)

■ Hiring of workers with disabilities

We hire workers with disabilities to fulfill our social responsibility and to improve our organization’s diversity. In addition to supporting the activities of parasport athletes, we’ve hired top athletes in the sports of deaf table tennis and deaf soccer, and we help them balance competition with their jobs. Going forward, we will continue to support the activities of people with disabilities by further expanding the scope of their responsibilities at work and by developing new occupational fields in which they can make a contribution.

<Percentage of worker with a disability>

*Figures in parentheses indicate the legally mandated employment rate.

FY2018	FY2019	FY2020	FY2021	FY2022
2.48% (2.20%)	2.42% (2.20%)	2.29% (2.20%)	2.44% (2.30%)	2.75% (2.30%)

Topic



Supporting parasport athletes

We hired Keita Furushima, a top athlete in the sport of deaf soccer, on July 1, 2022. Furushima was the second athlete to join the Company, following Riho Kamezawa (deaf table tennis), who was hired on February 1, 2022.

Furushima, a top athlete who appeared consecutively in the 2013 and 2017 Deaflympics*, was the flag-bearer for the Japanese team and captain of the soccer team at the 2017 Deaflympics in Samsun, Turkey. Currently, he continues to compete with the goal of participating in the 2025 Deaflympics. Kamezawa has been competing at various tournaments with accolades including winning women’s team silver and women’s doubles bronze medals at the Deaflympics held in May 2022. In addition to supporting both athletes’ competitive efforts and work, we will continue to promote hiring of workers with disabilities and support the activities of parasport athletes.

*A global multi-sport competition for deaf athletes.



■ Hiring of foreign employees

We hire, train, and promote foreign employees for various reasons, including to secure a talented workforce, expand the horizon of employees through internal globalization and increase our organizational diversity, and strengthen our overseas business.

<As of March 2023: We have 15 foreign employees (representing 6 nationalities).>

■ Mid-career hiring

We make mid-career hires and train and promote those workers for various reasons, including to add human resources who can make an immediate contribution to the departments that employ them as well as human resources with specialized knowledge, for example digital transformation (DX) specialists and data scientists, and to increase our organizational diversity by hiring human resources with experience in a variety of careers.

<Number of newly hired graduates and mid-career hires>

	FY2018	FY2019	FY2020	FY2021	FY2022
New graduates	60 employees	55 employees	70 employees	65 employees	63 employees
Mid-career hires	34 employees	46 employees	24 employees	52 employees	35 employees
Total	94 employees	101 employees	94 employees	117 employees	98 employees

■ Tapping the abilities of older employees

Against the backdrop of a decline in Japan's labor force due to its aging population and shrinking birthrate and major challenges posed by environmental changes that particularly affect the construction industry, including labor shortages and an increase in older workers as a percentage of the workforce, we raised the retirement age from 60 to 65 in April 2021 and introduced a re-employment that allows employees to work until age 70. In this way, we’re striving to put in place a workplace environment in which veteran human resources with extensive experience and advanced technical skills can work in a highly motivated and engaging manner so that we can provide engineering services that earn an even higher level of customer satisfaction.

Work-life Balance

As part of our effort to create workplaces where employees can do their jobs in a healthy and energetic manner, we both take various opportunities to communicate messages from our executive leadership and work to rectify overwork through labor-management cooperation. We streamline and rationalize operations by assessing working hours in an appropriate manner and taking concrete steps such as engaging in model site activities and establishing a site support organization. In addition, as a mechanism to address the growing diversity of workstyles based on the characteristics of individual businesses and individual employees' personal circumstances, we've introduced telework and flex time structures, and we're working to boost productivity by pursuing workstyles whose rhythm can be modulated to accommodate fluctuations in the pace of our operations.

■ Promotion of workstyle reforms

Recognizing rectifying overwork, which has become a chronic problem for the construction industry, as one of our top priorities, we've taken a variety of steps to reduce total actual working hours, effectively moving up compliance with the Act on the Partial Revision to the Labor Standards Act one year from its entry into force in April 2024.

- Communicating messages from the Company's executive leadership
- Introducing a work management system (accurately assessing actual work conditions)
- Introducing telework, flex time, and hourly paid leave
- Setting action targets based on the characteristics of individual departments' operations and tracking their implementation
- Establishing an organization to allow the Head Office and branches to manage some site operations
- Engaging in model site activities
- Utilizing IT devices and operational support apps

■ Support for balancing work, parenting, and nursing care

We're introducing various mechanisms designed to facilitate flexible workstyles that can accommodate a variety of circumstances and offering economic support that utilizes social welfare structures with the goal of helping employees balance parenting and nursing care responsibilities with their jobs in ways that avoid the need to take extended time off from work. We particularly recommend that male employees do their share of household chores and parenting, and we've put in place programs that offer compensation for some leave and time off as a way to encourage employees to take spousal maternity leave and childcare leave. We're also working to enhance leave programs targeting pregnancy, child nursing care, family nursing care, and infertility treatment.

Formulating an action plan to support development of next-generation children

In keeping with the Act on Advancement of Measures to Support Raising Next-generation Children, we formulated our 7th Action Plan in March 2020, and we've been studying and implementing a variety of measures.

[Plan time frame]

3 years from April 1, 2020, to March 31, 2023

[Measures]

Objective 1:

To study and implement measures to encourage fathers to take time off for childbirth and parenting

- Changing some parenting leave or special leave related to a spouse's childbirth from unpaid to paid
- Implementing measures to encourage employees to take annual paid time off and other benefits

Objective 2:

To enhance programs such as reduced-hour work related to parenting and nursing care, and to study and implement measures to help employees return to work as quickly as possible after taking parenting or nursing care leave or using reduced-hour work

- Extending the amount of time employees can use programs such as reduced-hour work related to parenting or nursing care
- Studying how to enhance social welfare and other benefit programs

Objective 3:

To study and implement measures related to diverse workstyles in order to rectify overwork and help employees balance their jobs with parenting and nursing care

- Introducing telework (work at satellite offices, work from home)
- Introducing flex time and paid hourly time off

Topic



Workstyle reform: The Challenge 22 companywide campaign

We launched the Challenge 22 companywide campaign in FY2022 with the goals of facilitating the Company's ongoing development and adhering to limits on overtime during FY2024 by streamlining operations and boosting productivity.

Under the campaign, each department creates a voluntary working group; identifies specific problems with a focus on the characteristics of individual businesses and types of construction work, programs, mechanisms, practices, and operations; and works to resolve them over about a year.

Going forward, we will continue this initiative with the goal of advancing workstyle reforms.

Topic



Earning Eruboshi certification for gender equality

In October 2022, we earned Eruboshi (level 2) certification in recognition of our efforts to promote gender equality.

We're working to transform awareness and revamp the working environment and related programs based on our belief that an environment that makes it easy for female employees to do their jobs is a workplace that makes it easy for all employees to do their jobs, for example by actively hiring female new graduates for main career track positions, increasing the percentage of main career track positions (management positions) occupied by women, and enhancing programs related to childbirth and parenting.



Human Resource Development

Human resource development policy

In keeping with our educational philosophy of “Human Resource Development: Forging a Group of Professionals,” we’re building an educational system shaped by the basic policies listed below so that each and every employee can become part of just such a group.



Basic Policy on Human Resource Development

- Promoting development of technical and other skills
- Creating mechanisms and an organizational culture in which individuals can make the most of their skills and abilities
- Training “multi-engineers”
- Training global human resources

In addition, we’ve identified “securing and developing human resources and implementing workstyle reforms” as a key priority under the Medium-term Management Plan (Vision 24) that began in FY2020, and we’re working to further enhance our educational programs.

Creation of a companywide educational system

In addition to offering conventional knowledge-focused education and helping employees earn professional qualifications, we offer education focusing on development of skills such as the ability to identify problems, trace their root causes, categorize and organize related issues, and resolve problems and issues. Specifically, we're working to adopt an integrated, companywide approach to human resources development that organically combines level-specific training and various specialized courses with department-specific education, including on-the-job training covering content relevant to various departments’ operations.

Career development support for female employees

In FY2022, we launched a new training program designed to create career plans that would help female employees prosper professionally.

The program, which links training sessions for supervisors and their subordinates, will foster the development of role models for female employees and help individual employees advance their careers by having supervisors and subordinates alike think about specific career plans and articulate skills and experiences that are needed in the workplace.

Development of global human resources

To ensure that the Group’s overseas business, which is a major segment of its operations, can continue to operate in a stable manner, we’re focusing on fostering the development of human resources who can contribute to global operations through programs that assign employees overseas, for example training assignments (which last one year) and career advancement assignments (which last two years). By allowing workers to experience operations in countries other than Japan and helping them improve their multicultural understanding and global communication skills, these programs make possible smooth rotation of employees in Japan and overseas while fostering the development of human resources who will become candidates to serve as executives at overseas group companies in the future.

In addition, we offer executive education and training for employees assigned overseas and senior national staff with the goal of fostering the development of global human resources who can think and act from a managerial standpoint and contribute to the strengthening of the foundations of overseas group companies’ businesses, expand their business domains, and advance localization.

Establishment of a new companywide training facility

The newly completed Sumitomo Densetsu Kawasaki Technical Center, the Company's first training facility specializing in education, began full-scale operations on April 1, 2023. In addition to various training facilities, the center provides lodging for trainees. In addition to coursework and technical training using actual equipment including electrical and power, telecommunications, HVAC, and plumbing equipment, the center includes a room designed to let trainees experience safety hazards using VR devices and other equipment, allowing them to master both practical skills and specialized knowledge.

Going forward, we will take advantage of this companywide facility to offer training for new hires and other educational programs.



Health and Productivity Management

To give shape to our implementation of health and productivity management as part of the effort to “enhance enterprise value in anticipation of the future,” a key measure identified in the Vision 24 Medium-term Management Plan, we adopted the Sumitomo Densetsu Group Health and Productivity Management Declaration to serve as our basic policy on health and productivity management. Going forward, we will implement a range of policies to maintain and improve the health of the Group’s employees.

Sumitomo Densetsu Group Health and Productivity Management Declaration

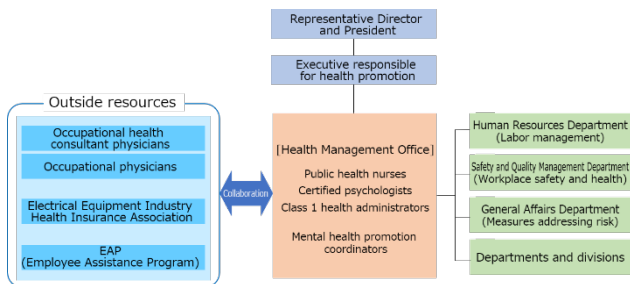
At the Sumitomo Densetsu Group, we believe that human resources are our greatest asset, and we consider the health of employees and their families to be essential for the Group’s business operations.

To improve workplace productivity and spur creativity, we will actively implement health and productivity management with the goal of creating workplaces where employees can work energetically with peace of mind as well as physical and mental health and fostering an organizational culture that gives top priority to health, just as it does to safety.

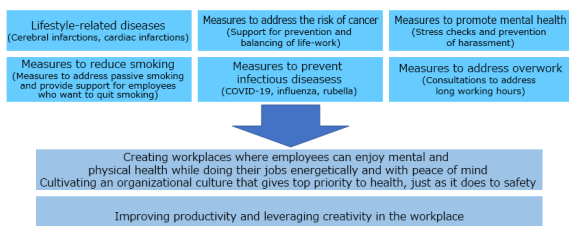
February 1, 2022
Sumitomo Densetsu Co., Ltd.

*Health and Productivity Management is a registered trademark of Nonprofit Organization Kenkokeiei.

We’re undertaking highly specialized, high-added-value initiatives by assigning public health nurses, certified psychologists, and worksite mental health promotion coordinators and facilitating collaboration with occupational health consultant physicians and occupational physicians.



In addition to helping employees reassess their habits in order to prevent cancer and lifestyle-related diseases, we will move forward with a variety of measures to solve problems like overwork and stress deriving from issues such as the workplace environment and interpersonal relationships.



Outside evaluation

On March 8, 2023, we were recognized as a “2023 Certified Health & Productivity Management Outstanding Organization” (large corporation category) at an awards event hosted by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi to honor companies and corporations implementing outstanding initiatives to maintain and improve employees’ health. We received the same certification last year for the first time.



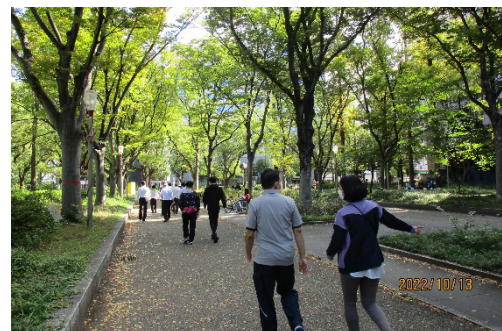
Topic



SEM Health Challenge Month

We designate the month starting on October 1 each year as SEM Health Challenge Month and conduct a series of activities with the goal of deepening individual employees’ understanding of the importance of preventing lifestyle-related diseases, fostering health, and spurring internal communication. Last year, the first fiscal year in which the month-long program was held, included exercise (walking) seminars, a pace-counting challenge, a quit-smoking seminar, and a quit-smoking challenge.

Going forward, we will continue to pursue initiatives to give employees opportunities to incorporate exercise into their daily lives, quit smoking, and otherwise promote health.



Community Service

The Sumitomo Densetsu Group carries out its business activities in accordance with the principle of “aiming to develop a favorable environment to support a prosperous and security society.” As a responsible member of society, we strive to coexist with the communities we serve, and we’re involved in an active program of community service activities.

Our Osaka Head Office has participated in local clean-up activities organized by local governments every year since 2006, allowing us to work together with local residents and people from local schools and neighboring companies to beautify the community.

We’ve introduced a gift-matching program under which the Company matches employee contributions and donates funds to the Japanese Red Cross Society, Unicef, and the World Wide Fund for Nature (WWF).

In addition, overseas subsidiaries in Thailand and Indonesia are working to maintain good relationships with local residents, for example by donating computers, cameras, and other equipment used in operations to local temples and schools.

Eco Cap Collection Drive

We’ve participated in the Eco Cap Collection Drive since 2011. Sorted plastic bottle caps are sold for use as recycled plastic raw materials and the proceeds are used to fund a variety of community service activities. In addition, the program helps reduce CO₂ emissions that would otherwise be produced by the incineration of the bottle caps.

<Cumulative total: 596,597 caps / CO₂ reduction: 4,393.71 kg>

Improving Customer Satisfaction

We provide engineering services that earn a high level of customer satisfaction by improving our proposal sales, installation, and technical skills and strengthening our overseas business so that we can better leverage the Group’s total capabilities.

Topic



Beach clean-up

Thai Semcon (a Thai subsidiary) participated in clean-up activities at Pa Tong Beach organized by the local Phuket government in October and December. In addition to contributing to the community, the all-hands project served to boost morale among employees.

The company earned the gratitude of the local Phuket government for its participation.



Topic



Installing electrical equipment for a datacenter

We recently installed electrical equipment for a datacenter in Bangkok, Thailand. In addition to installing electrical equipment including incoming and transforming equipment and an uninterruptible power supply (UPS), the project, which was the Company’s first involving an overseas datacenter, extended to installation of telecommunications and other equipment in tenant-leased spaces.

In addition to an extremely high level of difficulty, the project, which was completed at a time of global instability, presented challenges including equipment shortages, changes in shipping methods, numerous delivery delays, and interruptions to the testing and commissioning process. Nonetheless, everyone involved came together under the watchword of “teamwork” to complete the job without any accidents or quality complaints, earning the customer’s praise.

Project overview	Project type	Installation of all facility electrical equipment (except generators)
	Dates	November 2021 to April 2023
	Location	Bangkok, Thailand
	Scale	9,983 m ² (3 aboveground stories)



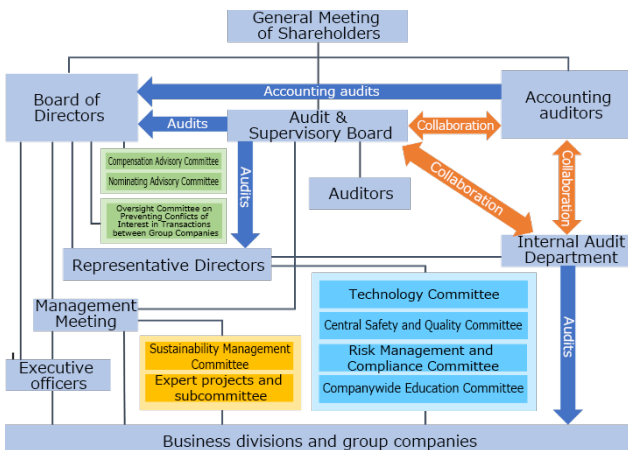
G: Governance

Corporate Governance

In addition to working to allow more timely and efficient management in accordance with the Sumitomo Spirit and “Corporate Philosophy of the Sumitomo Densetsu Group”, we strive to enhance our corporate governance in line with the following basic approach in order to secure sustained growth while improving our corporate value over the medium and long term in keeping with our belief in the importance of the interests of all stakeholders, including shareholders.

- a) We put in place an environment that allows shareholders to exercise their rights in an appropriate manner.
- b) We take the interests of stakeholders, including shareholders, into consideration and collaborate with stakeholders in an appropriate manner.
- c) We ensure transparency by disclosing corporate information in an appropriate manner.
- d) We emphasize the Board of Directors’ decision-making and oversight functions for basic policies related to management and other directions, and we focus on putting in place structures to ensure the effectiveness of those functions and on the operations of the Board of Directors. With regard to operational execution, we define clear lines of authority and responsibility, and we’ve introduced an executive officer system and divisional organization with the goal of establishing dynamic structures to ensure operational execution can respond to changes in the business environment. In addition to working to strengthen Audit & Supervisory Board members’ oversight from the standpoint of ensuring healthy and robust management, we’ve put in place structures that allow outside independent auditors and Full-time Audit & Supervisory Board Member to work together with internal audit departments and accounting auditors to provide oversight ensuring that the Group’s operations are conducted in an appropriate and legally compliant manner.
- e) We participate in constructive dialog with shareholders within a reasonable scope to contribute to sustained growth and medium- and long-term improvement in our corporate value.

Corporate governance structures



Board of Directors and operational execution structures

We’ve adopted an executive officer system in order to separate managerial decision-making (by directors) and operational execution (by executive officers). In principle, the Board of Directors meets monthly and otherwise as needed to deliberate important matters related to the Company’s management and to oversee operational execution.

The Board consists of a well-balanced selection of people who are well versed in fields that are important for decision-making involving corporate strategy, including finance and accounting, legal affairs and compliance, and personnel and human resource development; people who are well versed in business fields such as engineering and development; people with extensive experience in corporate management and global business; people with knowledge in other industries; and people with a level of independence that allows them to contribute to the improvement of corporate value from a comprehensive perspective. An appropriate number of members are appointed so that the body can carry out its functions effectively. In addition, at least one-third of the Board consists of independent outside directors.

With regard to operational execution structures, we’ve established a Management Meeting to support decision-making by the Board of Directors by deliberating Group-wide management strategy, medium- and long-term management policies, and other directions.

Audit structures

We’re organized to have an Audit & Supervisory Board, which in principle meets monthly and otherwise as needed. The body has five members, of which three are independent outside auditors with specialized knowledge or experience in areas such as finance, accounting, and legal affairs. We’ve put in place structures that allow outside Audit & Supervisory Board members, full-time Audit & Supervisory Board members, and full-time auditing staff to work together with internal audit departments and accounting auditors to provide oversight ensuring that the Group’s operations are conducted in an appropriate and legally compliant manner.

An Internal Audit Department has responsibility over internal audits. Department staff members investigate issues and propose improvements to facilitate appropriate and efficient operations through internal audits of business departments and Group companies, and they also work as necessary with Audit & Supervisory Board members and accounting auditors to conduct audits.

■ Advisory committees

To ensure objectivity in decision-making by the Board of Directors concerning the nomination of candidates for director and Audit & Supervisory Board positions and directors' compensation and to strengthen accountability, we've created a Nominating Advisory Committee and Compensation Advisory Committee to serve as advisory bodies for the Board of Directors.

Each committee consists of at least three members, and to foster deliberations from diverse perspectives, a majority of each must consist of outside directors. Additionally, each must be chaired by an outside director.

■ Director and Audit & Supervisory Board member skill matrix

The following skill matrix is designed to depict job descriptions for the entire Board of Directors by summarizing the skills brought by officers and candidates.

Name	Position	Independence	Specialization and experience						
			Corporate management	Finance and accounting	Legal affairs Compliance	Personnel Human resource development	International Global	Engineering Development	Knowledge of other industries
Masao Sakazaki	Chairman of the Board of Directors, Representative Director		●		●	●			
Makoto Tani	President, Representative Director		●	●			●		●
Tadashi Honda	Senior Managing Executive Officer		●				●	●	
Tetsunari Shimada	Director and Managing Executive Officer		●		●	●			
Ken'ichi Shimada	Director and Managing Executive Officer		●	●			●		
Hideyuki Takahashi	Outside Director	●		●					●
Ryoko Shimizu	Outside Director	●		●			●		●
Rikiya Hattori	Outside Director	●	●	●			●		●
Hirofumi Yasuhara	Outside Director	●	●	●			●		●
Wataru Matsushita	Full-time Audit & Supervisory Board Member		●					●	
Kazuhiko Uchiike	Full-time Audit & Supervisory Board Member		●	●	●				
Yasuaki Tarutani	Outside Audit & Supervisory Board Member	●		●					●
Yoko Koga	Outside Audit & Supervisory Board Member	●		●			●		●
Takuma Usui	Outside Audit & Supervisory Board Member	●			●				

Compliance

In keeping with our basic policy of treating compliance as the heart of management and giving top priority to compliance whenever there’s a conflict between profit and compliance, we pursue fair, transparent management by taking various steps such as establishing structures and rules to ensure legal compliance and offering training while working to eliminate legal violations and improve compliance awareness among executive staff.

Concerning the structures we put in place to ensure compliance, the Compliance Subcommittee meets five times a year to formulate specific plans, apply them to departments, and plan and implement various guidance measures with the goal of ensuring that business activities are carried out in accordance with applicable laws and corporate ethics.

In addition to establishing a Competition Law Compliance Department as part of the Sales Headquarters so that sales activities can be carried out appropriately and in keeping with the Anti-Monopoly Act and other laws, we’re working to strengthen the organization’s compliance structures, for example by appointing a competition law compliance officer and coordinator in each department.

Moreover, we offer compliance workplace training in each workplace, including legal affairs and compliance content, to help raise awareness of the importance of compliance and improve knowledge about applicable laws and regulations.

■ **Competition law compliance initiatives**

We’re implementing initiatives to address three key areas: competition law compliance training, audits, and crisis management.

Component	Overview	
Training	Special compliance training (yearly)	Offered once every three years with a competition law theme.
	Compliance workplace training (monthly)	Offered once every six months with a competition law theme.
Audits	Self-inspection (monthly)	Conducted to review inquiry management charts and reports. Employees review advance applications and after-the-fact reports covering contacts with other companies and attendance at trade association meetings.
	Audit (yearly)	Conducted to review compliance with rules, status of self-inspections, and compilation and retention of written records in keeping with the Competition Law Compliance Regulations.
Crisis management	Compilation and retention of records	Conducted to ensure that substantive records are being compiled and retained.

■ **Compliance Month**

We hold Compliance Month each July as an opportunity to regularly review our basic policy on compliance, specifically to give top priority to compliance whenever there’s a conflict between profit and compliance.

During the month, we pursue priority initiatives to encourage compliance, including by raising awareness, for example by offering special training on compliance; investigating business activities from the standpoint of compliance, identifying concerns, and organizing issues; and working to ensure compliance with competition law while preventing inappropriate conduct.



■ **Operational consultation and hotline programs**

We’ve put in place operational consultation and hotline rules that set forth mechanisms to ensure consultations and reports of fraudulent conduct and other issues are treated properly and in accordance with the Whistleblower Protection Act.

In addition to our internal hotline, we’ve established an external hotline administered by a law office and an external hotline for use by overseas affiliates. By accepting consultations and reports, responding to them appropriately, and ensuring that whistleblowers are protected from being penalized for reporting questionable conduct, we’re working to prevent, quickly discover, and rectify inappropriate conduct. Going forward, we will continue to carry out business activities in a fair, transparent manner founded on compliance so that we can earn the trust of society and customers.

Risk Management

We formed the Risk Management and Compliance Committee in September 2005 to provide an organizational basis for strengthening corporate ethics, legal compliance, and information security and dealing with urgent risks such as those posed by natural disasters such as earthquakes and quality accidents.

The committee, which encompasses three subcommittees (the Risk Management Subcommittee, the Compliance Subcommittee, and the Information Security Subcommittee), has responsibilities including the planning and implementation of measures to prevent risks and strengthen information security in a way that cuts horizontally across the Company's organization.

■ Dealing with infectious diseases

The Group has formulated a business continuity plan (BCP) for dealing with infectious diseases (in the form of Infectious Disease Action Plan Guidelines), and we're building crisis management structures.

■ Responding to accidents and natural disasters

We've formulated Crisis Management Regulations that provide for advance measures and after-the-fact responses as well as a series of standards for responding to accidents and natural disasters such as earthquakes to address risks affecting ongoing corporate activities. To enable individual employees to take specific action in accordance with these rules in the event of an accident or natural disaster, we conduct exercises that involve the creation of a companywide task force as well as general disaster-prevention exercises, including regular exercises focusing on how to account for the safety of personnel.

■ Information security

We're working to ensure information assets are managed in an appropriate manner in the course of our operations by putting in place various rules, including on the management of personal data and confidential information, in keeping with our Fundamental Policy for Information Security. We continue to implement appropriate information security measures as the workplace environment undergoes significant change, for example with the adoption of telework and other new workstyles. In addition to offering information security training when new employees and mid-career hires join the Company, we work to improve security and raise employee awareness of topics such as the importance of information security, including the hazards of information leaks and infection with computer viruses, by holding regular workplace training and targeted threat email exercises.

We also offer regular training for domestic and overseas affiliates, and we're working to improve their level of information security by conducting security diagnostics, holding interviews about the status of security measures, and offering guidance.

Human Rights

The Sumitomo Densetsu Group Employee Code of Conduct includes provisions concerning respect for human rights and privacy and the prevention of harassment, and the Group strives to raise employee awareness of human rights through a variety of training programs. We're working to create a positive, worker-friendly workplace for all employees and other people involved with our business activities by eliminating discrimination, unfavorable treatment, bullying, and harassment.

We've established hotlines through which employees and others (including seconded employees, contract employees, part-time employees, and temporary employees) can seek advice in the event they experience harassment or other human rights issues in the workplace. These hotlines include both our internal personnel department and an outside hotline (administered by a designated law office), and callers to both are able to remain anonymous as circumstances necessitate.

Callers' privacy is fully protected, and both callers and others who cooperate with efforts to review the facts are guaranteed not to suffer disadvantageous treatment, for example by being terminated.

■ Companywide human rights training

To promote everyday respect for human rights, we offer companywide training (lectures) for executives and managers on a wide range of topics during Human Rights Week from December 4 through 10 each year. We also offer introductory human rights training as part of the training of newly hired employees.



Profile

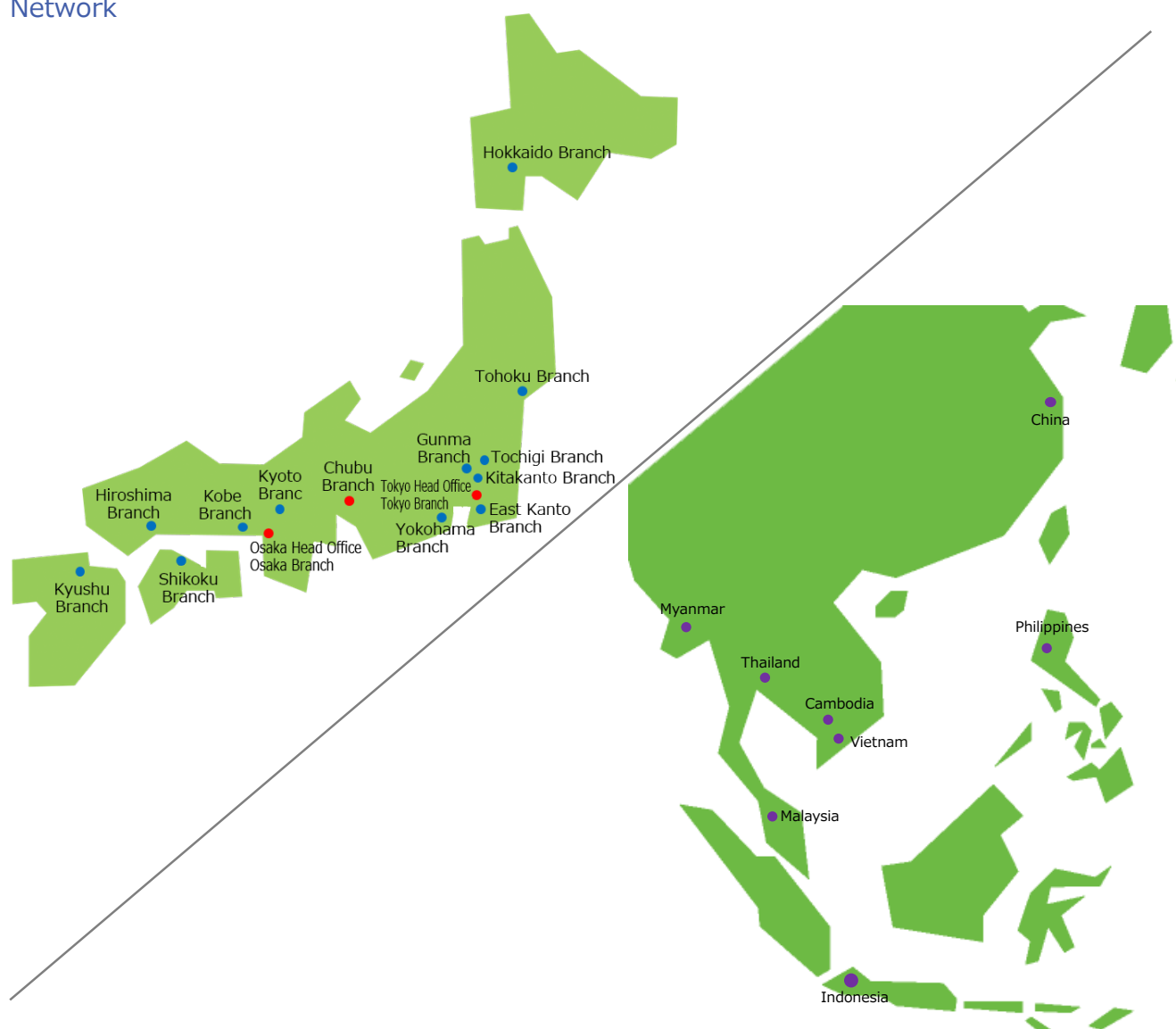
Name	Sumitomo Densetsu Co., Ltd.
Head Office	Osaka: 2-1-4 Awaza, Nishi-ku, Osaka 550-8550 Tokyo: 3-12-15 Mita, Minato-ku, Tokyo 108-8303
Founded	April 1950
President	Makoto Tani
Capital	¥6,440,430,000
Employees (As of March 31, 2023)	Consolidated: 3,518 Non-consolidated: 1,707
Construction permit numbers	[Specified construction business] Minister of Land, Infrastructure, Transport and Tourism permit (Special-3) No. 180 (Permit date: December 3, 2021) Civil engineering, construction, scaffolding and earthwork, electrical work, plumbing work, steel structural work, paving, interior finishing work, machinery and equipment installation, telecommunications work, water supply facility work, demolition work [General construction business] Minister of Land, Infrastructure, Transport and Tourism permit (General-3) No. 180 (Permit date: December 3, 2021) Painting work, firefighting equipment work
Electrical work submission number	Minister of International Trade and Industry Submission No. 46191
Offices	Osaka, Tokyo, Nagoya, Sapporo, Sendai, Utsunomiya, Ota, Chiba, Saitama, Yokohama, Kyoto, Kobe, Hiroshima, Niihama, Fukuoka, others
History	April 1950: Taiyo Densetsu Co., Ltd., is established. November 1962: The Company is listed on the Second Section of the Osaka Stock Exchange. March 1969: The Company changes its name to Taiyo Kudo Construction Co., Ltd. November 1972: The Company is listed on the Second Section of the Tokyo Stock Exchange. July 1985: The Company changes its name to Sumitomo Densetsu Co., Ltd. October 1985: The Company merges with Sumiden Kucho Co., Ltd. September 1995: The Company is listed on the First Section of the Tokyo and Osaka Stock Exchanges. April 2022: The Company's listing moves to the Prime Market.

Organizational Chart

(As of June 1, 2023)

Head Office Department	Technology Headquarters	Sales Headquarters	Materials Oversight Department	Power Headquarters	Facilities Oversight Headquarters	Information and Communications Headquarters	Machinery and Equipment Division	International Headquarters
General Planning Department	Technology Department	Competition Law Compliance Department	Eastern Materials Department	Safety and Quality Management Office	Planning Oversight Department	Safety and Quality Management Office	Safety and Quality Management Office	Business Administration Department
General Affairs Department	Carbon Neutrality Promotion Office	Planning Operations Department	Western Materials Department	Operations Department	Eastern Headquarters	Information and Communications Management Department	Business Planning Department	Operations Management Department
Tokyo General Affairs Department		Market Development Department		Education Promotion Department	Western Headquarters	Communication Systems Division	Operations Department	
Human Resources Department		Eastern Sales Department		Technology Sales Department	Environmental Solutions Division	Information and Communications Systems Division	Sales Department	
Human Resources Development Department		Western Sales Department		Renewable Energy Project Promotion Office			Cost Planning Department	
Safety and Quality Management Department		Information and Communications Sales Department		Power Transmission Division			Air-conditioning Environment Installation Department	
Accounting Department				Industrial Systems Division			Plan Design and Technology Department	
Information Systems Department							Facilities and Plant Department	
Internal Audit Department								
Insurance Department								

Network



Share Information

Share overview

Total number of authorized shares	73,000,000
Total number of outstanding shares	35,635,879 (including 230,084 shares of treasury stock)
Number of shareholders	3,812 (a decrease of 51 from the end of the previous fiscal year)

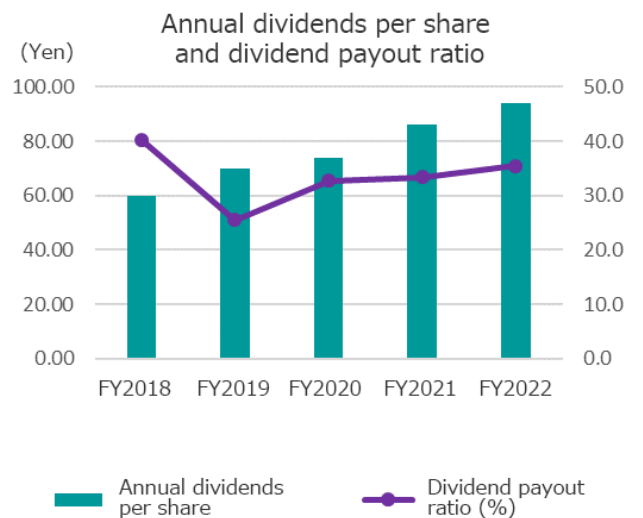
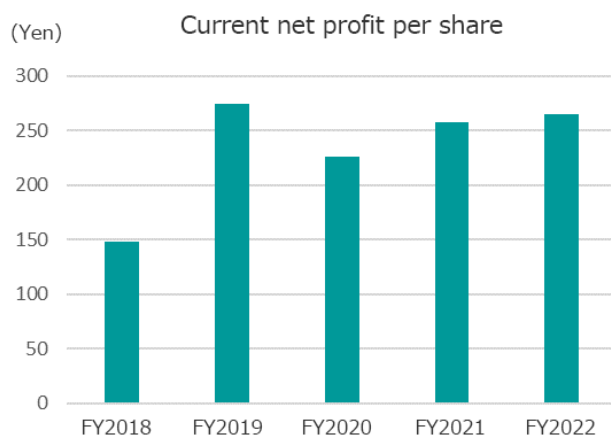
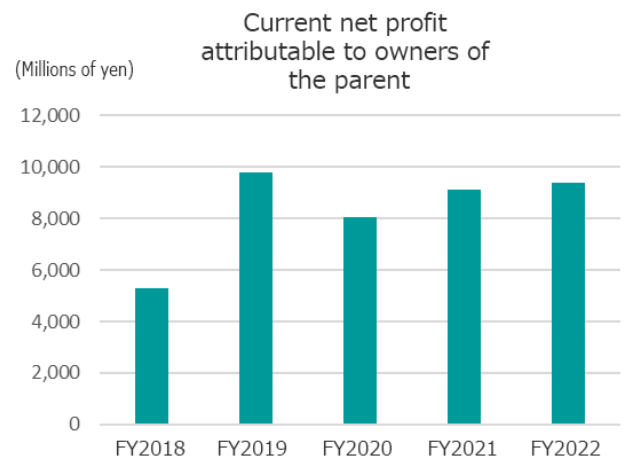
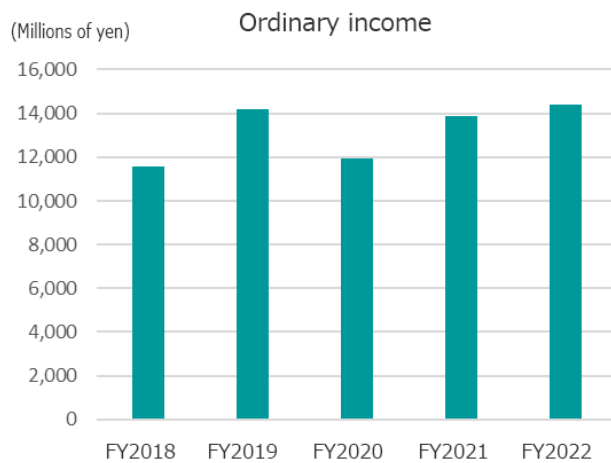
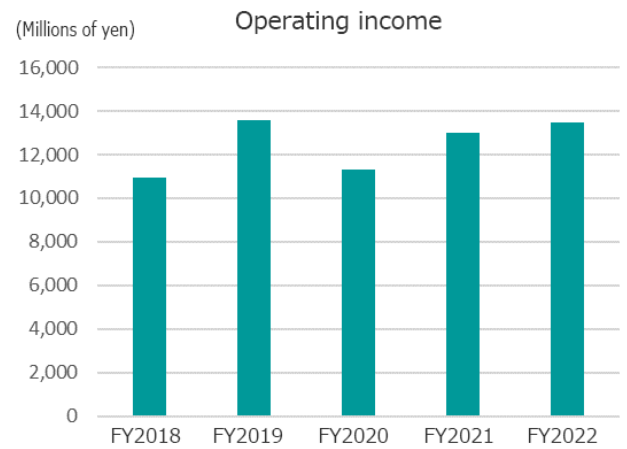
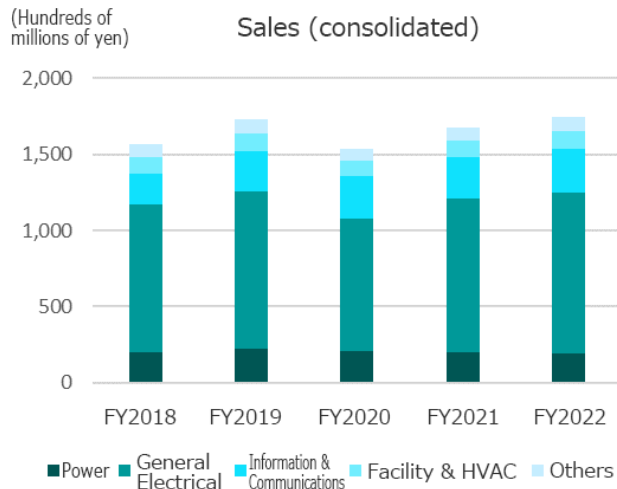
(As of March 31, 2023)

Major shareholders and number of shares

(Thousands of shares)

Sumitomo Electric Industries, Ltd.	17,828
The Master Trust Bank of Japan, Ltd. (trust account)	3,429
Custody Bank of Japan, Ltd. (trust account)	790
Sumitomo Densetsu Kyoekai	716
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	656
Hokkoh Transportation Inc.	624
Sumitomo Densetsu Employee Stock Ownership Association	559

Financial Information



Financial and Non-financial Data

		FY2018	FY2019	FY2020	FY2021	FY2022
● Finance						
Orders received (millions of yen)		160,225	167,277	162,140	179,019	188,787
Sales (millions of yen)		157,016	172,910	154,053	167,594	175,120
Operating profit (millions of yen)		10,952	13,581	11,319	13,005	13,461
Ordinary profit (millions of yen)		11,561	14,201	11,937	13,900	14,394
Current net profit attributable to owners of the parent (millions of yen)		5,292	9,772	8,048	9,140	9,384
Current net profit per share (yen)		148.73	274.67	226.22	257.43	265.05
Return on equity (ROE) (%)		7.9	13.8	10.3	10.6	10.2
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Net assets (millions of yen)		71,444	75,997	86,381	93,385	99,618
Total assets (millions of yen)		130,157	138,328	146,733	161,036	162,587
Shareholders' equity ratio (%)		52.7	52.7	56.5	55.5	58.4
Book value per share (yen)		1,926.22	2,047.89	2,331.62	2,526.98	2,681.14
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Cash flows from operating activities (millions of yen)		4,905	9,386	14,965	6,861	5,094
Cash flows from investing activities (millions of yen)		6,460	(1,275)	(2,711)	11,525	(2,388)
Cash flows from financing activities (millions of yen)		(2,107)	(2,626)	(2,929)	(3,382)	(3,502)
Cash and cash equivalents at end of period (millions of yen)		24,757	30,036	39,589	54,921	54,428
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Annual dividends per share (yen)		60.00	70.00	74.00	86.00	94.00
Dividend payout ratio (%)		40.3	25.5	32.7	33.4	35.5
Dividend on equity (DOE) ratio (%)		3.2	3.5	3.4	3.5	3.6
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● Human resources						
Number of employees moving from regular positions to "area main career track" positions		5	5	6	3	2
Percentage of women hired for new-graduate main career track positions (%)	Technical	7.1(3/42)	5.9(2/34)	6.7(3/45)	4.1(2/48)	17.3(9/52)
	Administrative	20.0(1/5)	14.3(1/7)	50.0(2/4)	25.0(1/4)	33.3% (1/3)
	Total	8.5%(4/47)	7.3%(3/41)	10.2%(5/49)	5.7%(3/53)	18.2% (10/55)
Percentage of available annual paid leave taken (%)		32.8% (6.0 days)	47.5% (7.0 days)	55.9% (11.7 days)	58.5% (12.1 days)	64.4% (13.4 days)
Number of newly hired graduates and mid-career hires	Newly hired graduates	60	55	70	65	63
	Mid-career hires	34	46	24	52	35
Percentage of male employees taking childbirth or parenting leave or time off (%), (number of employees)	Spouse childbirth leave	0.0% (0 employees)	0.0% (0 employees)	11.4% (4 employees)	23.1% (9 employees)	38.0% (16 employees)
	Parenting leave	0.0% (0 employees)	2.8% (1 employee)	17.1% (16 employees)	34.1% (14 employees)	44.2% (19 employees)
Percentage of employees with a disability (%)		2.48	2.42	2.29	2.44	2.75
Employees	Consolidated	3,042	3,444	3,466	3,485	3,518
	Non-consolidated	1,339	1,535	1,600	1,680	1,707
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● Safety						
Accident frequency rate (%)	Stoppage of 1 day or more	0.11	0.54	0.40	0.28	0.90
Accident severity rate (%)		0.00	0.82	0.01	0.02	0.01