# 2024 CSR Report

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• 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.

This year marks the final year of Vision 24, the Medium-term Management Plan launched in April 2020. In this final year, the Sumitomo Densetsu Group is intensifying its focus on key initiatives, including '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,' to achieve our objectives. Through these efforts, we aim to realize the Vision 24 theme, 'Sustainable Development through a New Growth Strategy and Comprehensive Strength!' with a unified approach.

Our Group is committed to realizing its vision: 'To become a comprehensive engineering enterprise that truly meets the needs of society through the growth of people and technology.' We continue to advance initiatives in the areas of Environmental, Social, and Governance (ESG) management, as well as the Sustainable Development Goals (SDGs), with a strong focus on human resource development, health management, and enhancing employee satisfaction. In order to consistently meet the expectations of all stakeholders, we are dedicated to continuously improving our corporate value.

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, 2023, to March 31, 2024 (FY2023)

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 strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.
- Article 2. Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.

\*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

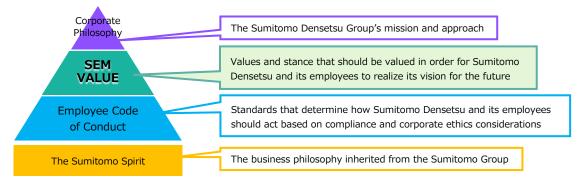
### Employee Code of Conduct

(Enacted November 2003 and revised June 2020) \*Headings only

### 1. Purpose

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

### Sumitomo Densetsu Management Principles



# About Sustainability Management



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

### Policy for Sustainability Management of Sumitomo Densetsu Group

As our corporate philosophy, the Sumitomo Densetsu 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" mediumterm management plan, we identified the following six materiality items as necessary for both solving social issues and ensuring sustained growth for the Sumitomo Densetsu Group.

	Materiality	Principal Measures	Related SDGs Items
Environmental (E)	<ul> <li>Active contributions to society- wide decarbonization through environmental impact reductions</li> </ul>	<ul> <li>Reducing environmental impacts by reducing energy resource consumption and waste and improving resource efficiency in business activities, products, and services</li> <li>Strengthening our presence in the renewable energy market</li> </ul>	7 strengthere     9 strengthere     11 attransmitter       102 strengthere     13 strengthere     13 strengthere
()	<ul> <li>Contributions to the building of resilient and sustainable infrastructure</li> <li>Ensuring safety and quality while making improvements to technical capabilities</li> </ul>	<ul> <li>Strengthening technical proposal capabilities</li> <li>Hiring and retaining human resources and assigning them flexibly in ways that transcend departments</li> <li>Ensuring quality (providing high-quality services)</li> <li>Incorporating new technologies and techniques</li> <li>Working to prevent and mitigate disasters</li> <li>Strengthening the foundation of our overseas business to foster deep connections to the communities we serve</li> </ul>	9 Inter-Station
Social (S)	<ul> <li>Promoting health and productivity management, and creating workplaces where all employees can enjoy peace of mind and feel excited by their jobs</li> <li>Respect for human rights, and promoting diversity and inclusion</li> </ul>	<ul> <li>Ensuring a safe workplace environment and practicing health and productivity management</li> <li>Respecting human rights, protecting privacy, and preventing all forms of harassment</li> <li>Enhancing social education structures</li> <li>Pursuing workstyle reforms</li> <li>Implementing gender equality measures</li> <li>Hiring and training global human resources</li> <li>Tapping the abilities of older employees</li> </ul>	3 Marrier A marrier B restaurant Marrier B restaurant B restaurant
Governance (G)	<ul> <li>Promoting equitable and transparent management operations based on compliance rules and regulations</li> </ul>	<ul> <li>Practicing fair, transparent management based on compliance</li> <li>Information security</li> <li>Corporate governance</li> </ul>	10 ANCOUNT 16 ANSWER



# About Sustainability Management

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.



### Each specialized project/subcommittee

	Materiality	KPI	Target	FY2021 Result	FY2022 Result	FY2023 Result
iental (E)	<ul> <li>Active contributions to society-wide decarbonization</li> </ul>	CO₂ emission	Scope 1 + 2: 46.2% reduction in FY2030 (compared to FY2021)	5,766 (t-CO <sub>2</sub> )	5,100	(Calculation pending as of August 31)
Environm	<ul> <li>Active contributions to society-wide decarbonization through environmental impact reductions</li> </ul>	reductions	Scope 3: 27.5% reduction in FY2030 (compared to FY2021)	688,809 (t-CO <sub>2</sub> )	771,341 (t-CO <sub>2</sub> )	(Calculation pending as of August 31)
	<ul> <li>Contributions to the building of resilient</li> </ul>	Frequency rate	0.00 (improvement compared to previous year)	0.57	1.05	0.20
	<ul> <li>and sustainable infrastructure</li> <li>Ensuring safety and quality while making improvements to technical capabilities</li> </ul>	Severity rate	0.00 (improvement compared to previous year)	0.02	0.02	0.00
Social (S)		Number of accidents requiring time off from work	0 (improvement compared to previous year)	6	10	2
Socia	<ul> <li>Promoting health and productivity</li> </ul>	Periodic health checkup participation rate	100%	100%	100%	100%
	management, and creating workplaces where all employees	Annual paid leave acquisition rate	80% or higher	58.5% (12.1 days)	64.4% (13.4 days)	61.5% (14.0 days)
	can enjoy peace of mind and feel excited by their jobs	Male childcare leave acquisition rate	100%	14 employees (34.1%)	19 employees (44.2%)	29 employees (70.7%)
	<ul> <li>Respect for human rights, and promoting diversity and inclusion</li> </ul>	The proportion of women in managerial positions	3.0% or higher by Mar. 31, 2031	1.6%	2.1%	2.4%
Governance (G)	<ul> <li>Promoting equitable and transparent management</li> </ul>	Number of workplace compliance training sessions (implementation rate)	Once per month for each department (100%)	12 (100%)	12 (100%)	12 (100%)
Governa	operations based on compliance rules and regulations	Number of information security training sessions (implementation rate)	Once per quarter for each department (100%)	4 (100%)	4 (100%)	4 (100%)

### **Materiality KPIs**

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, our company announced its support for the Task Force on Climate-related Financial Disclosures (TCFD). In accordance with the revised Corporate Governance Code, effective June 2021, we are disclosing key information related to climate change and our initiatives for FY2023, in alignment with the recommendations of the TCFD.

\* 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)

We have analyzed the impacts of climate change on our business (risks and opportunities) based on the TCFD framework, focusing on the scenarios leading up to 2050. This includes "risks related to the transition to a low-carbon economy," "risks related to physical impacts of climate change," and "opportunities arising from climate change mitigation and adaptation measures." 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

STEP1	STEP2	STEP3	STEP4
• Gathering information We organize risks and opportunities in the construction industry while taking into account external information based on the TCFD's recommended disclosure items.	• Identifying risks and opportunities We study the impacts of climate change on our businesses and identify risks and opportunities with a substantial potential impact.	• Studying and deciding on countermeasures Our TCFD Promotion Project Team leads the development of measures related to identified risks and opportunities through discussions and collaboration with relevant departments. The team reports directly to the Sustainability Management Committee.	<ul> <li>Disclosing information</li> </ul>

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

 $\cdot$  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

Governance structures related to climate change



Trans	Transition risk Risks of a transition to a low-carbon economy						
Risk type	Risk	Likely impact	Degree of impact	Time frame	Results of FY2023 initiatives		
	Introduction of a carbon tax	<ul> <li>Tax on CO<sub>2</sub> emissions from business activities</li> <li>Increases in construction material procurement costs due to the introduction of carbon pricing; associated deterioration in profitability and reduced price competitiveness</li> </ul>	High	Short-, medium-, and long-term	<ul> <li>Implementing energy-saving initiatives across departments</li> <li>Promoting green purchasing</li> <li>Promoting the adoption of hybrid vehicles</li> <li>Considering the installation of charging stations for the transition to electric vehicles</li> <li>Signing a contract for the supply of electricity sourced from renewable energy for the Head Office</li> </ul>		
Policy and regulatory	Strengthening of energy-saving policies	<ul> <li>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</li> </ul>	High	Short-, medium-, and long-term	<ul> <li>Considering the introduction of new technologies related to renewable energy and energy conservation in each department</li> <li>Internally disseminating information on new laws and regulations</li> </ul>		
	Information disclosure obligations	<ul> <li>Growth in the cost of complying with expanded information disclosure obligations</li> </ul>	Medium	Short- term	• Externally disclosing information via the company website		
Technology	Adoption of new technologies related to renewable energy and energy conservation	• 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> <li>Promoting the development of new technologies across departments</li> <li>Actively proposing new technologies to customers at exhibitions (JECA FAIR and others)</li> </ul>		
Markets	Changes in customer preferences	<ul> <li>Loss of order opportunities as a result of failing to accommodate customer needs, for example for reduced GHG emissions or ZEB designs</li> <li>Loss of order opportunities as a result of intensified competition against the backdrop of a general preference for lowering environmental impacts</li> </ul>	High	Short-, medium-, and long-term	<ul> <li>Exchanging and sharing information on new technologies within the company</li> </ul>		
Reputation	Changes in stakeholder expectations	<ul> <li>Loss of order opportunities as a result of delays in accommodating high-level expectations from customers related to sustainable management</li> <li>Deterioration in the Company's reputation among investors as a result of delayed or insufficient information disclosure</li> <li>Inevitable withdrawal from market as a result of a failure to satisfy stakeholders' expectations</li> </ul>	High	Short-, medium-, and long-term	<ul> <li>Implementing initiatives to promote sustainable management</li> <li>Actively disclosing information through various media, including IR briefing sessions, etc</li> </ul>		

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

Physic	Physical risk Risks related to physical changes caused by climate change						
Risk type	Risk	Likely impact	Degree of impact	Time frame	Results of FY2023 initiatives		
Acute	Intensification of natural disasters	<ul> <li>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</li> </ul>	Medium	Short- term	<ul> <li>Implementing disaster countermeasures at our training facility (KTC)</li> <li>Implementing waterproofing measures in accordance with flood hazard maps</li> <li>Installing emergency generators for infrastructure disruptions</li> <li>V2X backup power supply</li> <li>Equipping emergency supplies for 200 people</li> <li>Establishing a network environment to support remote working</li> </ul>		
Chronic	<ul> <li>Intensification of extreme weather Rising average temperature</li> <li>Increased health risk at construction sites (from heat illness, infectious disease, etc.)</li> <li>Reduced work efficiency, delays in transfers of completed projects to customers, increased limits on summer-season work, and growth in countermeasure costs</li> <li>Increased technical problems caused by rising temperatures around equipment (electrical and machinery)</li> <li>Growth in costs such as utilities used to power equipment</li> </ul>		Medium	Medium- and long- term	<ul> <li>Providing information on various health management initiatives and implementing corresponding measures</li> <li>Implementing energy-saving measures through the visualization of power consumption</li> </ul>		

\*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	Results of FY2023 initiatives
Resource efficiency	Adoption of efficient buildings	<ul> <li>Growth in order opportunities as demand for energy conservation, renewable energy, ZEB-compliant buildings, and related products and services grows</li> <li>Growth in the number of inquiries for ZEB planner-registered companies</li> </ul>	High	Short-, medium-, and long- term	<ul> <li>Strengthening sales and construction structures related to renewable energy, along with enhancing technical capabilities</li> <li>Collecting various information for ZEB planner registration (Nearly ZEB, 'ZEH,' obtained by KTC [limited in scope])</li> </ul>
Energy sources	Increased use of renewable energy	<ul> <li>Growth in demand for renewable energy-related construction</li> <li>Growth in the number of inquiries and orders as a result of the development and introduction of new technologies</li> </ul>	High	Short-, medium-, and long- term	<ul> <li>Strengthening internal collaboration on large-scale wind power, solar energy, and grid-connected storage battery projects</li> <li>Establishing a renewable energy project promotion office</li> </ul>
Products and services	Development and expanded use of low-carbon- compatible products and services	<ul> <li>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.)</li> <li>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</li> <li>Growth in the level of need for using sensors, IT, and related technologies to monitor infrastructure from a disaster prevention standpoint</li> </ul>	High	Short-, medium-, and long- term	<ul> <li>Actively advancing the renewable energy business and sharing information, including our construction track record (solar systems, perovskite panels, etc.)</li> <li>Establishing a new gas processing plant business based on the SF6 gas recovery operations</li> <li>Identifying customer needs through the collection of information from both new and existing clients</li> <li>Building sales structures to provide products and services that address climate change.</li> <li>Conducting research and development on monitor sensor technology</li> </ul>

Markets	<ul> <li>Growth in demand for renewable energy</li> <li>Expansion of need for disaster- resistant buildings and equipment</li> <li>Formation of sustainable cities and regions</li> <li>Stakeholder assessments</li> </ul>	<ul> <li>Growth in inquiries and order opportunities as demand for renewable energy-related equipment and facilities grows</li> <li>Growth in infrastructure-related solutions and order opportunities</li> <li>Inspiration of trust on the part of customers by undertaking decarbonization initiatives and earning various certifications (ZEB planner, etc.)</li> <li>Growth in demand and opportunities in areas such as workstyle reform and solution services like information and communications technology (ICT) management based on ICT</li> </ul>	High	Short-, medium-, and long- term	<ul> <li>Addressing renewable energy projects through inter-departmental collaboration</li> <li>Establishing a renewable energy project promotion office</li> </ul>
	investment decision-making by investors (growth in ESG investment)	• Improvement in corporate value as a result of efforts to address climate change and the appropriate disclosure of related information	Medium	Short-term	<ul> <li>Continuously addressing climate change initiatives and appropriately disclosing information, including efforts to accommodate TCFD recommendations</li> </ul>
Resilience	Growth in demand for resilient technologies	<ul> <li>Growth in demand for resilient services</li> <li>Growth in equipment update demand</li> <li>Increased trust from customers as a result of proposing BCP-compatible technologies during planning</li> </ul>	High	Short-, medium-, and long- term	<ul> <li>Implementing construction work in response to customer needs</li> </ul>

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

#### 3. Metrics and targets

We're redoubling our efforts to reduce  $CO_2$  emissions in keeping with the Japanese government's policy of achieving carbon neutrality by 2050. In addition, we've established the following  $CO_2$  emissions reduction targets, and we're working to achieve carbon neutrality by 2050:

### CO<sub>2</sub> emissions reduction targets (vs. FY2021)



### Greenhouse gas emissions reductions (as compared to reference year FY2021) (unit: t-CO<sub>2</sub>)

Scope	Actual emissions		Target emissions	Remarks
	FY2021	FY2022	2030	
Scope1+2	5,766	5,100 (11.5% reduction)	3,102	_
(Scope1)	(3,087)	(2,413)		Major emission sources: vehicle fuel, etc. Reduced fuel usage by switching leased vehicles from gasoline to hybrid vehicles.
(Scope2)	(2,679)	(2,687)	_	Major emission sources: electricity used in the Head Office, and on-site workplaces. Slight increase in electricity usage due to the resumption of activities after the pandemic.
Scope3	688,809	771,341 (11.9% increase)	499,387	Increase in emissions due to expansion of order activities.

Scope: Sumitomo Densetsu affiliates, consolidated basis (FY2022)

Calculation standard: Calculation based on GHG Protocol

Calculation scope: [Scope 1] Direct emissions of greenhouse gases from the business itself

[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.

# TOPICS

### Mangrove tree-planting activities

Taiyo Sinar Raya Teknik, our subsidiary in Indonesia, participated in a mangrove tree-planting program at Taman Wisata Alam in North Jakarta on January 23, 2024.

We will continue our efforts to contribute to the preservation of Indonesia's natural environment through various initiatives.



# TOPICS

### Purchase of green electricity

As part of our efforts to reduce environmental impacts and in alignment with TCFD activities\* (Scope 2 – Reduction of electricity consumption), we have decided to purchase green electricity. In the first year, FY2023, we purchased 515,000 kWh of renewable energy through non-fossil certificates. Moving forward, we will continue to promote efforts to reduce electricity consumption, as well as maintain the purchase of green power.





# 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.

We have established our " Health and Safety Policy " and "Quality Policy." Under these policies, our Medium-term Management Plan, VISION24, sets forth the basic principles and slogans for safety and quality. We are actively promoting efforts to create a workplace that is safe, secure, and in line with the evolving times.

#### **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 that field operations proceed without any accidents is the responsibility of all those involved in management, and it is essential to foster a "safety-first" mindset and acquire the necessary knowledge.

At the Kawasaki Technical Center, which officially started operations in FY2023, we have created a "Safety and Quality Creation Area" to promote safety awareness



activities such as reviewing past accidents and safety histories. Additionally, we have developed a variety of curricula aimed at knowledge acquisition and are implementing safety and quality education tailored to each employee's role, from management to frontline staff, with the goal of cultivating a safety culture.



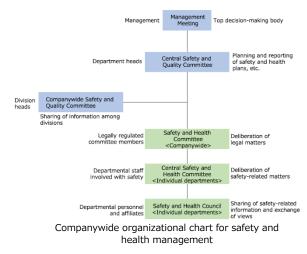
As part of our commitment to safety, on-site patrols are conducted by the president, executives, safety officers, and other key

personnel. These patrols provide diverse perspectives on the conditions at the frontline of our operations, promoting shared awareness of safety and risk management. This collaborative approach ensures that both management and on-site teams work together to proactively prevent potential incidents. In terms of sharing information on safety and quality-

related information, we publish the "Safety & QC Issue," which highlights key safety activities, in six languages in addition to Japanese. This initiative aims to raise awareness among all workers, including foreign employees. Additionally, our safety and quality webpage offers a variety of resources, such as topical updates,



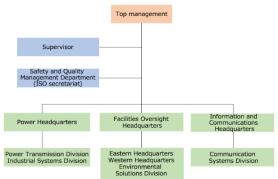
accident case studies, and educational materials, to provide accessible opportunities for engaging with safety and quality information. Through these efforts, we are committed to fostering high-level safety and quality activities throughout the organization.



#### 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

# ESG Management Initiatives

Social

### S Diversity & Inclusion

The Sumitomo Densetsu Group recognizes the importance of continuous personal and technological development in achieving sustainable growth and enhancing corporate value in a rapidly changing business environment. Our goal is to operate as a general engineering company that truly meets society's expectations. To achieve this, we are committed to consistently recruiting, training, and promoting a diverse workforce, encompassing a wide range of experiences, skills, careers, and other qualities. Additionally, we strive to create a workplace environment that allows employees to fully utilize their unique talents and capabilities.

### Gender equality

We are committed to creating workplaces where female employees can perform their roles in an energetic and dynamic manner. We actively hire women and work to increase the percentage of women in key career track (management) positions by strengthening career development programs, such as career change programs and training. Additionally, we are reviewing structures and programs based on awareness reform, environmental improvements, and recommendations from the working group. This aligns with our belief that an environment that enables female employees to thrive is one that benefits all employees.

### Activities of the Gender Equality Working Group

In January 2020, we established a working group composed of female employees from diverse departments, roles, ages, experiences, and family backgrounds, with the goal of revitalizing our gender equality initiatives. The group is tackling various tasks, including: (1) proposing specific policies to promote gender equality, (2) recommending policies to drive workstyle reforms, (3) supporting the recruitment of female employees for key career track positions, and (4) contributing to the development of action plans in accordance with the Act on the Promotion of Women's Active Participation in Professional Life and the Act on Advancing Measures to Support the Raising of Next-Generation Children. Many of the group's recommendations to management have led to the development of human resources policies.

### Career change program

For employees who joined the company in regular positions but wish to transition to key career track or management roles as they advance in their careers, we have introduced a program that allows them to move into an 'area main career track' position (a position limited to a specific area) after undergoing a screening process, which includes a performance evaluation and interview.

< Number of employees changing their positions from regular positions to "area main career track" positions >

FY2019	FY2020	FY2021	FY2022	FY2023
5 employees	6 employees	3 employees	2 employees	3 employees

#### Implementation of training

We provide training that empowers female employees to take ownership of their careers by encouraging selfreflection on their personal and professional lives. Additionally, we offer training for line managers to help them recognize unconscious bias and manage all employees, including women, in a manner that fosters an energetic and engaged work environment. Furthermore, we offer programs to support female employees in maintaining and improving their health.



#### Hiring women for main career track positions

We have set the goal of hiring women for at least 10% of our new-graduate main career track positions and are working to increase their understanding of and interest in the construction industry including Sumitomo Densetsu. To achieve this, we host company information sessions and site tours for female students and provide detailed information on our recruiting website, including videos and profiles of our female employees.

Furthermore, in FY2023, we set a new goal to increase the recruitment and mid-career hiring of female employees for management and main career track positions to at least 10% overall, and we are actively working toward achieving this goal.

< Percentage of female employees in new-graduate main career track positions >

	FY2019	FY2020	FY2021	FY2022	FY2023
Technical	5.9%	6.7%	4.1%	17.3%	4.5%
Administrative	14.3%	50.0%	25.0%	33.3%	25.0%
Total	7.3%	10.2%	5.7%	18.2%	6.1%



#### Hiring of workers with disabilities

We also support the activities of parasport athletes. We have hired top athletes in deaf table tennis, deaf soccer, and deaf volleyball, assisting them in achieving a balance between their athletic careers and professional life. Moving forward, we will continue to support individuals with disabilities by expanding their responsibilities at work and developing new occupational fields where they can make valuable contributions.

<Percentage of worker with a disability> \*Figures in parentheses indicate the legally mandated employment rate.

FY2019	FY2020	FY2021	FY2022	FY2023
2.42%	2.29%	2.44%	2.75%	2.60%
(2.20%)	(2.20%)	(2.30%)	(2.30%)	(2.30%)

### TOPICS

### Supporting parasport athletes

We hired Yumi Haseyama, a top athlete in deaf volleyball, on February 11, 2024.

She is the third athlete to join our company, following Ms. Riho Kamezawa (deaf table tennis player) and Mr. Keita Furushima (deaf soccer player).

Ms. Haseyama, a top athlete who competed in both the 2017 and 2022 Deaflympics\*, won the gold medal in the 2017 Deaflympics. She continues to train and compete with the goal of participating in the 2025 Deaflympics.

Ms. Kamezawa won the women's team gold, women's doubles gold, and women's singles silver at the World Deaf Table Tennis Championships held in July 2023. Mr. Furushima has been competing in numerous tournaments, earning accolades including the silver medal at the World Deaf Football Championships held in September 2023.

In addition to supporting these athletes' competitive efforts in both sports and their professional careers, we will continue to promote the 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.

	FY2019	FY2020	FY2021	FY2022	FY2023			
New	55	70	65	63	66			
graduates	employees	employees	employees	employees	employees			
Mid-career		24	52	35	42			
hires		employees	employees	employees	employees			
Total	101	94	117	98	108			
	employees	employees	employees	employees	employees			

<number and<="" graduates="" hired="" newly="" of="" th=""></number>
mid-career hires>

#### Tapping the abilities of older employees

In response to the declining working-age population due to an aging society, particularly in the construction industry, we are tackling significant challenges such as labor shortages and an increasing proportion of senior workers. In April 2021, we raised the mandatory retirement age from 60 to 65 and have continued to support our reemployment system. Through these initiatives, we are fostering a work environment where senior employees, with their extensive experience and advanced technical skills, can continue to thrive with a sense of purpose and motivation. Our goal is to provide engineering services that achieve high customer satisfaction by leveraging the capabilities of our senior workforce.

# TOPICS

# Removal of the upper age limit for re-employment

We removed the upper age limit (70 years old) for re-employing retired senior expert employees as of December 12, 2023.

On April 1, 2021, we raised the retirement age from 60 to 65 and introduced a re-employment program for employees aged between 65 and 70. With the removal of the upper age limit for re-employment, we are further expanding opportunities for senior employees to continue working actively.

# ESG Management Initiatives

Social

# VI VI

### **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 that addressing excessive overwork, a chronic issue in the construction industry, is one of our top priorities, we have implemented a variety of measures to reduce total actual working hours.

- Communicating messages from the Company's executive leadership
- 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
- Introducing telework, flex time, and hourly paid leave

# 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.

### <Percentage of childcare leave taken by male employees>

FY2019	FY2020	FY2021	FY2022	FY2023
2.8	17.1	34.1	44.2	70.7
(1 employees)	(16 employees)	(14 employees)	(19 employees)	(29 employees)

### External evaluation

On October 24, 2022, we earned Eruboshi (level 2) certification, which is given to a company in good standing in its efforts to promote the advancement of women and remains a certified company thereafter. 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.





### Conducting an employee satisfaction and engagement survey

Starting from this fiscal year, we are conducting an employee satisfaction and engagement survey with employees of Sumitomo Densetsu and its group companies in Japan.

By comprehensively and objectively grasping employees' attitudes toward their companies and jobs and by solving problems and issues, we strive to enhance the corporate environment that let them work in an energetic and engaged manner. Period: February 13 to 29, 2024

Target: Sumitomo Densetsu's 7 group companies in Japan

Number of responses: 2,006/2,244 persons (response rate: 89.4%)

### [Operational cycle]



### 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.

#### Utilization of companywide training facility

At our company-wide training facility, the Sumitomo Densetsu Kawasaki Technical Center, employees can learn not only through classroom training but also handson with actual equipment in various technical fields, including electrical, power, telecommunications, and HVAC systems. In addition, the facility is equipped with a safety and hazard experience room, featuring VR-based

training simulations to help enhance safety awareness. Through these training programs, employees gain both specialized knowledge and practical skills, fostering a strong sense of safety based on real-world experiences.



#### Development of global human resources

To ensure the stable operation of the Group's overseas business, a major segment of its operations, we are focusing on developing human resources capable of contributing to global operations through programs that assign employees to overseas positions. By enabling employees to experience operations in countries outside of Japan and helping them enhance their multicultural understanding and global communication skills, these programs facilitate the smooth rotation of employees both in Japan and abroad, while nurturing future candidates for executive positions at overseas group companies.

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.

TOPICS

# Implementation of universal manners training

As part of our new employee training program, we introduced Universal Manner Training in 2023. In addition to classroom lectures, the training includes practical experiences, such as those simulating physical disabilities, visual impairments, and hearing impairments. This program deepens understanding of universal manners and fosters the development of a perspective on social contribution and business interactions with individuals with disabilities. Through this initiative, we are committed to cultivating employees who respect diversity. (Participants of the lecture receive a Class 3 certificate in the Universal Manners Test.)



# ESG Management Initiatives

Social



### 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

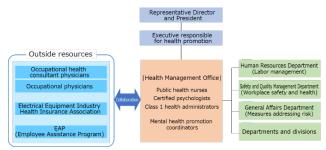
At the Sumitomo Densetsu Group, we believe that human resources are our greatest asset, and we consider the health of employees and their families to be essential for the Group's business operations.

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 supporting employees in reassessing their habits to prevent lifestyle-related diseases and cancer, we will implement a variety of measures to address issues that cause stress, such as overtime, workplace environment (including harassments), and interpersonal relationships, with the aim of promoting mental health.



### Outside evaluation

On March 11, 2024, we were honored to be recognized as a "2024 Certified Health & Productivity Management Outstanding Organization" in the large corporation category at an awards event hosted by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. We were honored to receive this award in recognition of our various initiatives to maintain and improve the health of employees across our group companies. This marks the third consecutive year we have received the award, following our initial certification in 2022.





### Promotion of initiatives to prevent passive smoking and support smoking cessation

In order to promote the health and well-being of both non-smokers and smokers, we have established a "Declaration Against Smoking" issued by the President. We are actively working on measures to prevent passive smoking and provide support for smoking cessation.

We have implemented a variety of initiatives, including hosting smoking cessation seminars and referring employees to smoking cessation clinics. As a result of enforcing the "No Smoking on Company Premises" policy in phases, smoking has been completely prohibited on company premises, in company facilities, and during work hours since April 1, 2024.

Declaration Against Smoking (February 1, 2022) Based on the "Sumitomo Densetsu Group Health and Productivity Management Declaration," we are committed to creating a workplace where our employees can work in good health, both physically and mentally. We strive to foster an organizational culture that prioritizes health just as much as safety. As one of our specific initiatives, our group will further promote measures to protect the health of our employees by addressing passive smoking.

We will also focus on smoking cessation support to reduce health risks for smokers. I kindly ask for everyone's continued efforts in creating

a healthier and more comfortable work environment.

Makoto Tani, President

# $\overrightarrow{\mathfrak{M}}$ 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.

### Community Contribution Activities

At our Osaka and Tokyo Head Offices, we participate in local clean-up activities organized by local governments and work together with community residents, school representatives, and neighboring companies to beautify the surrounding areas.

The Kawasaki Technical Center is certified as a Kawasaki SDGs Gold Partner by Kawasaki City. It is also registered as a disaster prevention cooperative business site in the city, contributing to local disaster prevention efforts both in normal times and during emergencies.

Additionally, we actively participate in local community activities and encourage our new employees in training to join local clean-up initiatives.



### TOPICS

### Visit to the Guardian Angels Home Orphanage

On March 7, 2024, Temacon Engineering, our subsidiary in Malaysia, visited the Guardian Angels Home Orphanage in Klang.

We interacted with the children by sharing meals and playing games together, while also deepening our understanding of their circumstances and the social background they face.

We will continue to promote social contribution activities while engaging with local communities.



### Donation Activities

We have implemented a matching gift program, where the company matches the amount donated by employees. Through this program, we have made donations to various organizations, including the Japanese Red Cross Society, UNICEF, and WWF (World Wide Fund for Nature). Additionally, we have contributed to relief efforts for the

"2024 Noto Peninsula Earthquake" disaster.

Furthermore, our subsidiary in Indonesia donated used personal computers and cameras to local temples and schools, thereby fostering good relationships with the local community.

### Eco Cap Collection Drive

We have been participating in the Eco Cap Collection Drive since 2011. The collected plastic bottle caps are sorted and sold as recycled plastic raw materials, with the proceeds supporting various community service activities. Additionally, the program helps reduce  $CO_2$ emissions that would otherwise be generated by the incineration of bottle caps.

< Cumulative total: 620, 247 caps,  $CO_2$  emissions reduced: 4,543.67 kg >

### Improving Customer Satisfaction

We provide engineering services that achieve a high level of customer satisfaction by enhancing our proposal sales, installation, and technical skills, while also strengthening our overseas business to better leverage the Group's full capabilities.

### TOPICS

### **Our First Exhibition at JECA FAIR**

We participated for the first time in JECA FAIR 2023, the 71st Electrical Construction Equipment and Materials Fair, held from May 23 to 25, 2023. JECA FAIR is Japan's largest electrical equipment exhibition, showcasing a wide range of information related to electrical equipment.

Under the concept of "Realizing a New Era with Technology," we introduced notable technologies across a broad range of businesses, including "private power transmission line design," "largecurrent busbars," "GUROSAPO- Growth Support Service", and "local 5G."

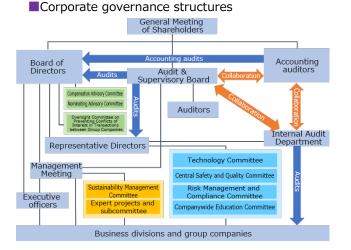


# **G: Governance**

### 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.



#### 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 decisionmaking by the Board of Directors by deliberating Groupwide 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.

	Position	Independence	Specialization and experience						
Name			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		•		•	•			
Makoto Tani	President, Representative Director		•	•			•		•
Tadashi Honda	Senior Managing Executive Officer, Representative Director		•				•	•	
Tetsunari Shimada	Director and Managing Executive Officer		•		•	•			
Ken'ichi Shimada	Director and Managing Executive Officer		•	•			•		
Hideyuki Takahashi	Outside Director	•		•	•				•
Rikiya Hattori	Outside Director	•	•	•			•		•
Hirofumi Yasuhara	Outside Director	•	•	•			•		•
Yumi Sano	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	•			•				

Independence: Individuals who have submitted, or plan to submit, a notification of their status as an independent officer to the Tokyo Stock Exchange, Inc.



# △ \_\_\_\_ 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 the internal hotline, we have established an external hotline managed by a law office, as well as a separate external hotline specifically for use by our overseas affiliates. Furthermore, we have an internal reporting hotline (compliance hotline) to receive consultations and reports from business partners, take necessary actions, and protect whistleblowers from retaliation. By thoroughly safeguarding whistleblowers, we aim to prevent, quickly detect, and address 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 that adapt to diverse workstyles, as workstyles and workplace environments undergo significant changes, including the adoption of telework. 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.

### \*<a><br/> ✓<br/> <br/> <br/>

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.



# **Company Information**

### 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	Consolidated: 3,492
(As of March 31, 2023)	Non-consolidated: 1,753
Construction permit numbers	<ul> <li>[Specified construction business]</li> <li>Minister of Land, Infrastructure, Transport and Tourism permit (Special-3) No. 180</li> <li>(Permit date: December 3, 2021)</li> <li>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</li> <li>[General construction business]</li> <li>Minister of Land, Infrastructure, Transport and Tourism permit (General-3) No. 180</li> <li>(Permit date: December 3, 2021)</li> <li>Painting work, firefighting equipment work</li> </ul>
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	<ul> <li>April 1950: Taiyo Densetsu Co., Ltd., is established.</li> <li>November 1962: The Company is listed on the Second Section of the Osaka Stock Exchange.</li> <li>March 1969: The Company changes its name to Taiyo Kudo Construction Co., Ltd.</li> <li>November 1972: The Company is listed on the Second Section of the Tokyo Stock Exchange.</li> <li>July 1985: The Company changes its name to Sumitomo Densetsu Co., Ltd.</li> <li>October 1985: The Company merges with Sumiden Kucho Co., Ltd.</li> <li>September 1995: The Company is listed on the First Section of the Tokyo and Osaka Stock Exchanges.</li> <li>April 2022: The Company's listing moves to the Prime Market.</li> </ul>

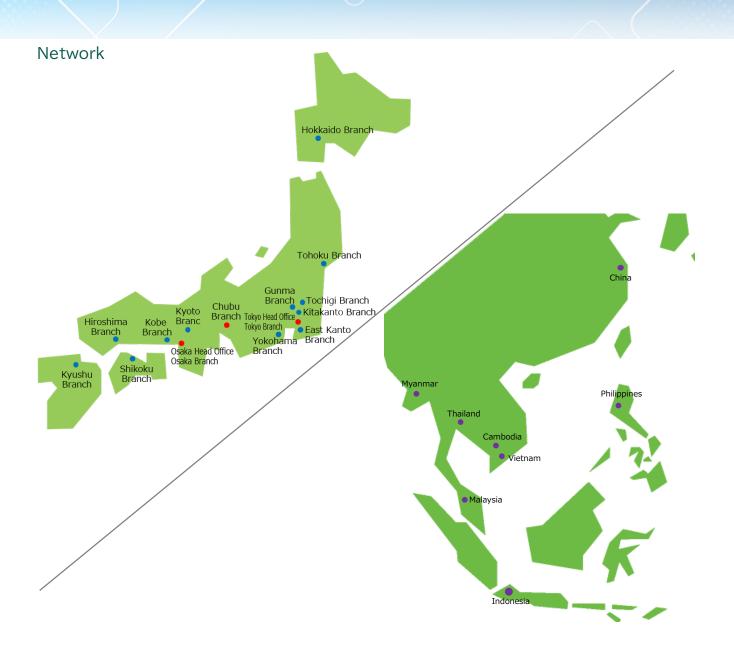
### Organizational Chart

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

(As of June 1, 2024)

Insurance Department



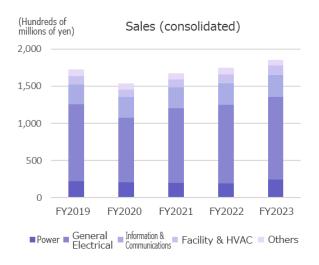


### Share Information

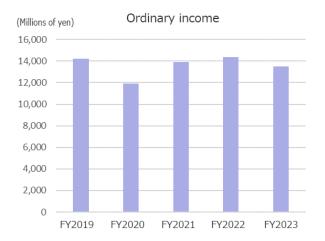
Share overview				
Total number of authorized shares		73,000,000		
Total number of outstanding shares	35,635,879 (including 219,66	0 shares of treasury stock)		
Number of shareholders	4,157 (a increase of 345 from the end	of the previous fiscal year)		
		(As of March 31, 2024)		
Major shareholders and number of sha	res	(Thousands of shares)		
Sumitomo Electric Industries, Ltd.		17,828		
The Master Trust Bank of Japan, Ltd. (trus	account)	3,094		
Custody Bank of Japan, Ltd. (trust account	)	990		
Sumitomo Densetsu Kyoeikai		740		
J.P. MORGAN BANK LUXEMBOURG S.A. 38	1572	561		
Hokkoh Transportation Inc.		624		
Sumitomo Densetsu Employee Stock Owne	rship Association	594		

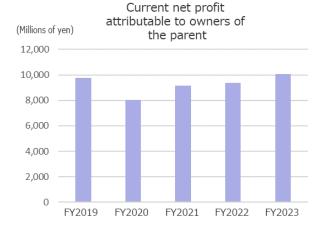
# **Company Information**

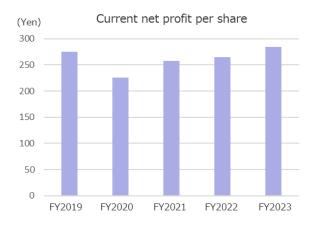
### **Financial Information**

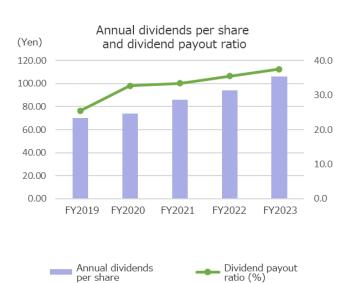












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### Financial and Non-financial Data

		FY2019	FY2020	FY2021	FY2022	FY2023
Finance						
Orders received (millions of yen)		167,277	162,140	179,019	188,787	
Sales (millions of yen)	172,910	154,053	167,594	175,120	185,524	
Operating profit (millions of yen)	13,581	11,319	13,005	13,461	12,548	
Ordinary profit (millions of yen)		14,201	11,937	13,900	14,394	13,502
Current net profit attributable to o parent (millions of yen)	wners of the	9,772	8,048	9,140	9,384	10,060
Current net profit per share (yen)		274.67	226.22	257.43	265.05	284.09
Return on equity (ROE) (%)		13.8	10.3	10.6	10.2	10.0
Net assets (millions of yen)		75,997	86,381	93,385	99,618	110,932
Total assets (millions of yen)		138,328	146,733	161,036	162,587	181,664
Shareholders' equity ratio (%)		52.7	56.5	55.5	58.4	58.3
Book value per share (yen)		2,047.89	2,331.62	2,526.98	2,681.14	2,988.28
Cash flows from operating activitie	es (millions of ven)	9,386	14,965	6,861	5,094	8,514
Cash flows from investing activitie	s (millions of yen)	△1,275	△ 2,711	11,525	△ 2,388	△ 499
Cash flows from financing activitie	s (millions of yen)	△2,626	∆2,929	△ 3,382	△ 3,502	△ 3,835
Cash and cash equivalents at end o	of period (millions of yen)	30,036	39,589	54,921	54,428	59,085
Annual dividends per share (yen)		70.00	74.00	86.00	94.00	106.00
Dividend payout ratio (%)		25.5	32.7	33.4	35.5	37.3
Dividend on equity (DOE) ratio (%)	)	3.5	3.4	3.5	3.6	3.7
Human resources						
Number of employees moving from positions to "area main career trac		5	6	3	2	3
Percentage of women hired for	Technical	5.9	6.7	4.1	17.3	4.5
new-graduate main career track positions (%)	Administrative	14.3	50.0	25.0	33.3%	25.0
	Total	7.3	10.2	5.7	18.2	6.1%
Percentage of available annual pai	d leave taken (%)	47.5 (7.0 days)	55.9 (11.7 days)	58.5 (12.1 days)	64.4 (13.4 days)	61.5 (14.0 days)
Number of newly hired	Newly hired graduates	55	70	65	63	66
graduates and mid-career hires	Mid-career hires	46	24	52	35	42
Percentage of male employees taking childbirth or parenting leave or time off (%), (number	Spouse childbirth leave Parenting leave	0.0 (0 employees) 2.8	11.4 (4 employees) 17.1	23.1 (9 employees) 34.1	38.0 (16 employees) 44.2	19.5 (8 employees) 70.7
of employees)	· · · · · · · · · · · · · · · · · · ·	(1 employees)	(16 employees)	(14 employees)	(19 employees)	(29 employees)
Percentage of employees with a disability (%)		2.42	2.29	2.44	2.75	2.60
Employees	Consolidated	3,444	3,466	3,485	3,518	3,492
Linployees	Non- consolidated	1,535	1,600	1,680	1,707	1,753
●Safety						
Accident frequency rate (%)	Stoppage of 1 day or more	0.54	0.59	0.57	1.05	0.20
Accident severity rate (%)	(including concerned contractors)	0.82	0.02	0.02	0.02	0.00





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