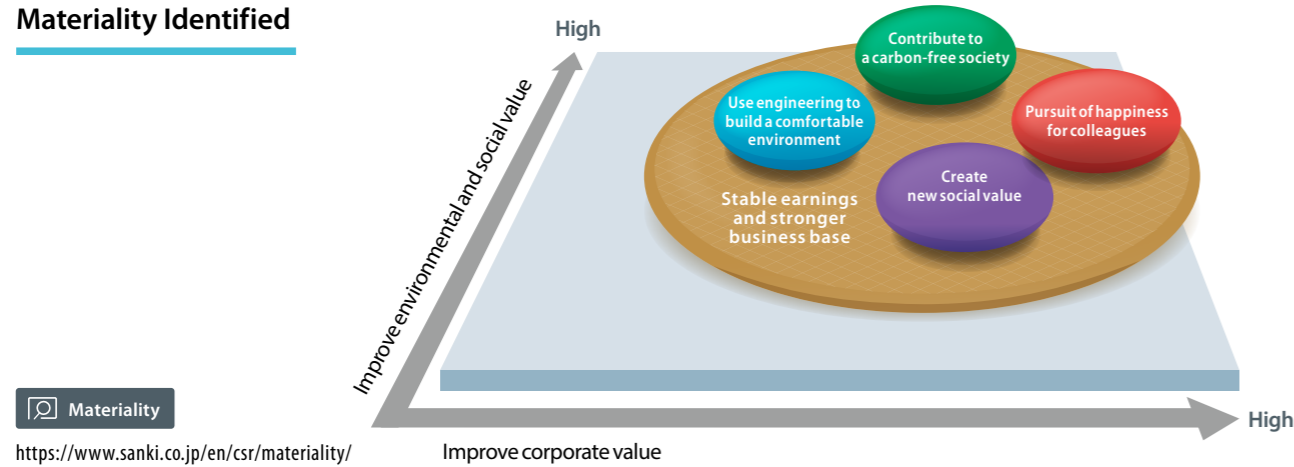


# Sanki Engineering Group Materiality

The Sanki Engineering Group identified its five key issues of materiality in February 2022, based on an assessment of issues selected from a broad perspective in terms of "improving environmental and social value" and "improving corporate value." By strategically allocating management resources to measures corresponding to the five issues, we aim to realize a resilient management foundation and sustainable society.

## Materiality Identified



## Materiality Identification Process, Advancement, and Review

- STEP 1**  
Identify issues
- Evaluate business activities and their impact based on the following considerations, and identify 34 issues
    - Value chain status, risks and opportunities, long-term vision, and strategy of the Group's business activities
    - International guidelines, external conditions encompassing economic, social, and environmental factors, and social demands
- STEP 2**  
Prioritize and validate
- Evaluate and prioritize the issues identified on the two axes of improving corporate value and improving environmental and social value and designate them as the five material issues
  - Examine whether issues important to the Group have been addressed and whether stakeholder expectations have been reflected, then finalize
- STEP 3**  
Final review and approval
- Confirmation and review by each department
  - Review and approval by the Sustainability Committee
  - Deliberation and decision by the Board of Directors

**Guidelines and other references cited in STEP 1**  
 (In-house) Long-term vision, business strategy, management plan, exchange of opinions with officers and departments, in-house surveys  
 (External) ISO 26000, SDGs, GRI standards, SASB standards, examination and evaluation of ESG (DJSI, etc.), integrated report survey, opinions and advice from outside experts and advisers, The Global Risk Report

- Advancement**
- Incorporated materiality into the Medium-Term Management Plan and set KGI and KPI targets
  - Held a progress review by the Sustainability Committee and submitted a report to the Board of Directors
- Review**
- Conducted a survey on materiality (key issues)
    - Survey was conducted in April 2023 for all Group employees to disseminate understanding of materiality and gather feedback
    - Results were published internally and incorporated into sustainability measures
  - Conducted a review to confirm the necessity of upgrading our materiality
    - Progress in activities, revisions\* to the GRI Standards 2021, revisions to regulations such as Japan's Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc., and global sustainability trends

\*Particularly those areas in which an organization has the most significant impact on people (including economic, environmental, and human rights)

## Our Contributions to Sustainability

Materiality (Key Issues)	Initiatives	Relevant SDGs
<b>Contribute to a carbon-free society</b>	We will contribute to realizing carbon neutrality by applying the energy conservation and energy creation technologies we have cultivated to diverse fields in facilities construction, and plants and machinery systems. <ul style="list-style-type: none"> <li>Promote decarbonization</li> <li>Promote the renewable energy power generation business</li> <li>Expand the decarbonization-related market</li> </ul>	
<b>Pursuit of happiness for colleagues</b>	We will aim to achieve sustainable growth by creating an environment in which our human resources, our invaluable assets and fellow workers, can pursue happiness through their work. <ul style="list-style-type: none"> <li>Improve human resource development and technology</li> <li>Promote work style reforms</li> <li>Respect human rights</li> <li>Promote diversity</li> </ul>	
<b>Use engineering to build a comfortable environment</b>	We will contribute to constructing a diverse array of comfortable environments that support society by developing comprehensive engineering capabilities that integrate our component technologies across the Group. <ul style="list-style-type: none"> <li>Build strong social infrastructure</li> <li>Diversify the water treatment business</li> </ul>	
<b>Create new social value</b>	We will rise to the challenge of creating new social value by mobilizing all our technologies and knowledge in a continuous effort to take the initiative in meeting the changing needs of society. <ul style="list-style-type: none"> <li>Promote activities that contribute to society</li> <li>Expand the automation and labor-saving market</li> <li>Expand consulting services</li> </ul>	
<b>Stable earnings and stronger business base</b>	We will strive to build a resilient and flexible management base that generates stable earnings to remain a company that meets the needs of society and contributes to its sound development for years to come. <ul style="list-style-type: none"> <li>Strengthen the governance system</li> <li>Enforce thorough compliance</li> <li>Promote occupational safety and health</li> <li>Improve quality</li> <li>Increase productivity</li> <li>Promote DX</li> <li>Secure stable long-term business</li> <li>Provide returns to stakeholders</li> </ul>	

### Sanki's Carbon Neutral Declaration

The Sanki Engineering Group is making serious efforts to address the climate change crisis and aims to achieve carbon neutrality for the Group's own GHG emissions (Scope 1 and 2) by 2030 and for GHG emissions including the supply chain (Scope 1, 2, and 3) by 2050.

Initiatives for energy conservation and energy creation aimed at decarbonization are also directly linked to the Sanki Engineering Group's core business as a total engineering company. Accordingly, we have positioned "Contributing to a Decarbonized Society" as a top priority among the material issues identified. We have established interim and long-term targets to achieve carbon neutrality by 2050.