



Quality Control

Basic Principle

We will raise customer satisfaction and deliver new value for society by fully demonstrating the Sanki Engineering Group's comprehensive capabilities and proposal-making capabilities to provide products that meet customer needs in each business area and for high-quality systems.

Initiatives for Ensuring Quality

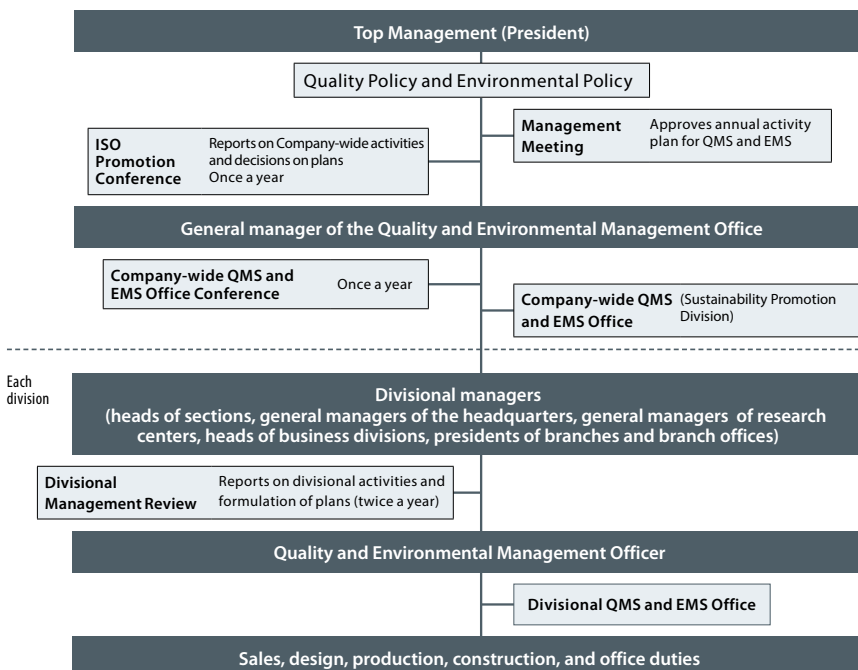
● Management System

We have integrated and implemented QMS (ISO 9001) and EMS (ISO 14001) at each division in the Facilities Construction Business, Plants & Machinery Systems Business, and Environmental Systems Business.

Risk management is conducted in advance of the actual work for construction and production to maintain and enhance quality. We also recognize that responding to problems and complaints promptly and appropriately is a fundamental aspect of quality management, and we take actions to consistently raise the standards of our management system.

In fiscal 2019, the quality management of the division in charge of a Sanki Engineering Group project was found to be out of compliance. Activities put in place to prevent recurrence are now practiced as standard procedure to maintain and improve our quality management system.

■ Quality and Environmental Management System



● Major Management System Strengthened in Fiscal 2022

The Facilities Construction Business worked on reducing the workload of site operations as well as on improving design and construction quality in accordance with the revision of operational flow carried out in fiscal 2021. These efforts helped improve design reviews, clarified quality targets, and led to fewer problems and complaints. Furthermore, we strengthened the quality management system by reviewing and

Group Companies with ISO Certification

- **ISO 9001**
2 companies:
Sanki Engineering Co., Ltd.
Sanki Kankyo Service Co., Ltd.
- **ISO 14001**
3 companies:
Sanki Engineering Co., Ltd.
Sanki Chemical Engineering & Construction Co., Ltd.
Kankyo Service Co., Ltd.

Scope of ISO 9001 Certification

<https://www.sanki.co.jp/en/csr/social/quality/>

Our Response to ISO 9001 and ISO 14001 Noncompliance (FY2019)

- Voluntary suspension of ISO 9001 and ISO 14001 certifications
- Penalty for directors (reduced compensation)
- Conducted ethics seminars for relevant divisions

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Environmental Management System

standardizing the format for function test results provided to customers.

The Plants & Machinery Systems Business advanced its initiative to create a database of construction undertaken by the Company to boost the effectiveness of its quality control. As for the Environmental Systems Business, it continued to improve the checking system for each process, including stricter design reviews.

● **Sharing Information and Preventing the Occurrence of Problems and Complaints**

We accumulate and share our quality-related experiences across the Company by means of technical documents in order to prevent the occurrence of problems and complaints or, in the event they do occur, to handle them quickly and effectively. We strive to prevent recurrences by distributing information about problems and complaints to construction engineers through a flash bulletin, a weekly bulletin (a weekly meeting of the Problems and Complaints Review Committee, which is also attended by Group companies in and outside Japan), and a monthly bulletin, which not only reports the occurrence of issues but also discusses their causes, corrective measures, and preventive measures. In fiscal 2022, we revised the format for the flash bulletin and strengthened our engagements to identify the root cause of issues to implement the necessary measures.

In addition to efforts to share information, quality risk assessments are conducted by the Quality Risk Subcommittee set up under the Risk Management Committee. We also endeavor to prevent problems and complaints by identifying risks that may affect quality and quickly taking action.

We set a target to achieve zero problems and complaints attributable to us in the ongoing construction, and in fiscal 2022 we reduced them by 25% (down 18 cases) year-on-year thanks to various measures for providing onsite support. In fiscal 2023, we plan to reinforce the analysis and feedback procedure of our Quality Control Center to reduce initial errors.

● **Understanding Customer Satisfaction and Reflecting Feedback**

In our work to improve construction quality, we conduct a customer satisfaction survey at the completion of construction work and reflect the feedback in our operations. In fiscal 2022, we received highly positive feedback from about 92%* of the 653 respondents. Looking ahead, we will continue to incorporate customer opinions into our operations to enhance construction quality.

Initiatives for Ensuring Quality at Construction Sites

● **Operational Support to Improve Productivity and Maintain High Quality**

Sanki Engineering implements the Smile Site Plan, intended to create a rewarding workplace that encourages staff to focus on their tasks by reducing workloads at construction sites and creating effective working environments, to satisfy both customers and the Company while maintaining high quality.

Under the Smile Site Plan, we are leveling operations by establishing and effectively implementing an operational support system for the processes of sales, design, procurement, construction management, and quality management to improve productivity while maintaining high quality. In an effort to simultaneously improve productivity and maintain high quality, we particularly emphasize design verification and pre-construction reviews before starting construction work, to raise productivity and avoid quality risks and to prevent rework, problems, and complaints. In addition, we are promoting digitalization, including the adoption of BIM, to further boost productivity.



A poster for raising awareness of preventing problems and complaints is created each month and displayed at worksites.

*Calculated by regarding the following responses as "highly positive feedback." Facilities Construction Business: score of 4 ("Somewhat satisfied") or higher out of 5; Plants & Machinery Systems Business: score of 3 ("High") out of 3; Environmental Systems Business: score of 70 points or higher out of 100.

P. 68 Promoting the Smile Project

● **Initiatives for Improving Quality by Promoting DX**

The BIM Promotion Center leads BIM efforts within the Company and subcontractors and in improving the usage rate of BIM-linked software as well as the participation rate in BIM education. In fiscal 2022, we conducted in-house education to encourage the use of BIM. We also implemented the M&A of a company that has proven expertise in BIM.

In April 2023, we established the DX Promotion Division. We will advance the application, research, and development of digital tools for planning, construction, and acceptance inspections to save labor in construction work while improving construction quality by alleviating the burden of management operations. By bolstering the application of DX to operations across the Company, including construction sites, we will establish more comfortable workplace environments.

● **Initiatives for Design and Technical Operations**

We are working on improving quality throughout the construction process from planning and design to completion. In design, we identify and resolve issues at an early stage to ensure quality by enhancing design reviews and improving the design accuracy.

In technological management, we facilitate onsite operations after the start of construction work by holding commencement discussions to decide on construction methods, procedures, and policies that result in higher quality and productivity. Moreover, we avoid falsifications and deficiencies in quality across all processes by having line staff and the Quality Control Center conduct stringent checks and follow-ups. We will continue to improve quality and hand down technical expertise by having highly skilled quality assurance administrators and technical experts conduct audits during and after construction, implement quality confirmation and corrections, and mentor junior employees.

As a result of the revision of our quality manual and standards and reviewing of operational processes undertaken in fiscal 2021, the number of design reviews doubled in fiscal 2022. We also strengthened risk assessments at the upstream stage. These efforts have led to fewer problems, complaints, and corrections after construction and have helped prevent profitability from deteriorating.

Initiatives on Design and Technical Operations at Construction Sites

Upon Receiving Orders	At Start of Construction	During Construction
<p>Design Review</p> <p>The Design Division's Design Center and Quality Control Center lead the design reviews to confirm whether the required level of quality is met, by scrutinizing construction operations from the aspects of quality and cost. Also, design drawings will be more accurate.</p>	<p>Commencement Discussions</p> <p>Divisions related to technology, onsite managers, and divisions related to branches and branch offices determine the construction method (procedures) and quality targets. The Quality Control Center checks aspects concerning quality, construction work, costs, processes, and safety; identifies items requiring changes in specifications and plans; instructs on concrete measures; and considers design changes.</p>	<p>Construction Audits</p> <p>Confirmation of construction work, including design changes, is led by divisions related to technology, onsite managers, divisions related to branches including branch offices, and the Quality Control Center.</p>
<p>Quality Risk Assessment</p> <p>The Quality Risk Subcommittee of the Risk Management Committee assesses quality risk. Divisions related to technology and the Quality Control Center set the quality targets and identify and address quality risks.</p>		<p>Completion Audits</p> <p>Check whether quality targets for the design are being achieved and offer instructions for corrections as needed.</p>

Enhancing Our Technologies

● **Technical Awards for Improving Construction Methods and Operational Processes**

We have been presenting awards for excellent ideas that improve operational processes, such as raising efficiency, in addition to ideas that improve construction work. In fiscal 2022, we received 2,087 applications.

Digital Tools Developed by the Sanki Engineering Group

- **Automated robotic air flow meter**

Automatically measures the air flow from air conditioner vents. Expected to reduce manhours by 75% compared to the conventional process.



Air-flow measurement by an automated robot



Quality check by a quality assurance administrator

Fostering Human Resources to Sustain Our Technological Competence

The Sanki Techno Center provides training to help employees acquire basic skills, brush up on their skills, and attain qualifications. New employee training was conducted in person by implementing tighter infection prevention measures in the accommodation area, lecture area, and experience area. We also conduct training for construction managers every three years, with content corresponding to number of years of experience. We develop the skills of our engineers through hands-on practice and drills using actual machinery and facilities at the Sanki Techno Center.



Training for new employees

Number of Personnel with Quality-Related Qualifications (as of April 1 of each fiscal year)

Qualification	FY2022		FY2023	
	Non-consolidated	Consolidated	Non-consolidated	Consolidated
Professional engineers	92	102	80	93
Construction managing engineers (civil works, construction, electrical construction, pipe-laying works)	1,125	1,277	1,061	1,225
Architect	37	42	38	42
Facilities construction architect	201	210	179	190
Electrical engineers	162	236	150	230
Chief electrical engineers	26	34	24	36
First class instrument engineers	297	306	284	294
Fire protection engineers	699	783	662	722
Qualified managing engineers	1,635	1,921	1,529	1,806

Note: Cumulative figures are shown for all qualifications.



21st conference on electrical construction quality

Major Skill Development Activities for Fiscal 2022

Initiatives	Training	Description of Training	Results
Initiatives at the Sanki Techno Center	Training for new employees	• Seminar for new employees, basic skills training	64 participants
	Correspondence course for attaining qualifications	• Preparation for qualification exams for construction managing engineers and fire protection engineers	125 participants
	Training based on operational experience Third (fourth) year in construction work Sixth (seventh) year in construction work Ninth (tenth) year in construction work	• 3- to 5-day training sessions that are held 2 to 5 times per year at 3-year intervals • Standardized group-based training according to operational experience • Technical training using actual equipment and mock-ups • Drills for preventing problems and complaints required in construction management	Held 8 times 114 participants
Initiatives for passing on technology	On-the-job training by technical experts	• Practical on-the-job training offered by technical experts selected from all branches who participate in onsite commencement discussions and construction audits	25 technical experts made 1,343 site visits (cumulative total)
Initiatives for Group companies and subcontractors	Conference on electrical construction quality	• Test of practical skills for electrical technicians from subcontractors of all branches, written exam based on past cases. Participants receive the Sanki Engineering-certified Class A Electrical Engineer qualification	17 participating technicians from 18 subcontractors
	Explanation of problems and complaints	• Case studies at liaison meetings held at branches and branch offices	Number of sessions Tokyo branch: 12, Kansai branch: 25, Chubu branch: 11, Kyushu branch office: 43, Hokkaido branch office: 5, Chugoku branch office: 10, Tohoku branch office: 12, Hokuriku branch office: 3

Collaborating in the Industry through Open Technology

Construction instructions for the Aluminger** aluminum refrigerant piping method developed by Sanki Engineering have been made available to the Aluminum Plumbing Equipment Association. By promoting the adoption of our method, which reduces labor by 25% compared to conventional methods, we are contributing to standardizing environmentally sound technology across the entire industry.

**A new construction method whereby lightweight aluminum pipes, instead of copper pipes, are connected with specialized tools to save labor.

Occupational Health and Safety



Basic Principle

Our construction site operation relies on the organic connection of the many people working there. Occupational health and safety are the foundation for the Sanki Engineering Group and are of the highest priority. Under the Sanki Engineering Group Basic Health and Safety Principles, we partner with subcontractors in a range of health and safety activities.

Basic Health and Safety Principles
<https://www.sanki.co.jp/en/csr/social/safety/>

Initiatives for Ensuring Occupational Health and Safety

Management System

We conduct risk assessment and analysis that correspond to the specific circumstances of accidents that occurred in the previous fiscal year, as well as to social and industrial trends, in order to formulate annual guidelines for safety and health activities. By formulating a Company-wide health and safety activities plan based on these guidelines, we seek to visualize our PDCA cycles, including the analysis of risk factors and implementation of remedial and preventive actions.



New uniforms

Key Items Implemented in Fiscal 2022

As part of our efforts to create comfortable working environments, we updated our uniform in June 2022. The new uniform was tailored with consideration for the various needs of all employees working at construction sites, such as fabric type and pocket location, which we identified through a questionnaire.

To reduce the number of accidents, we conducted all-division safety patrols at 22 construction sites and increased training opportunities for safety managers and workers. In fiscal 2022, however, the number of accidents increased by two from the previous year. Many of them were caused by inadequate operational procedures (insufficient risk assessment) or human error.

In view of the accidents in fiscal 2022 and the required responses to the Revised Labor Standards Law scheduled for enforcement in 2024, we will work in fiscal 2023 on implementing appropriate risk assessments based on job reports and work procedures and provide education related to the revised law.



Workplace safety poster



Workplace health poster

Outline of Activities in Fiscal 2022: Policies on Health and Safety Activities

Safety

Slogan: Making safety a reality. Each one of us is in charge—let's keep up the Stop & Check practice!

Key Actions

- Promote physical, real, and onsite hazard prediction activities**
 - Periodic accident prevention campaign
 - Focused patrols that address accident tendencies
- Visualize the Three as One activity**
 - Create a system where construction sites, subcontractors, and Sanki Engineering cooperate to prevent accidents; promote relevant activities
 - Revise criteria for health and safety awards
 - Develop the Sanki Occupational Health and Safety Management System
- Further enhance knowledge, awareness, and understanding**
 - Increase training opportunities for safety managers and workers
 - Brush up original educational programs for employees at construction sites
 - Systemize online health and safety training
 - Add content to the health and safety video

Health

Slogan: Create comfortable workplaces together for healthier minds and bodies

Key Actions

- Implement measures on health and productivity management**
 - Reduce long working hours, encourage employees to take days off
 - Take action against lifestyle-related diseases, strengthen activities to support more exercise
- Implement mental health measures**
 - Create a system for providing mental health care

● Safety Conventions and Safety Patrols

Every fiscal year, each branch, branch office, and division of Sanki Engineering holds safety conventions at 11 domestic sites and 2 overseas sites in June, the preparatory month for National Safety Week. Subcontractors from around the world participate in the convention. Executive officers from Japan, including our president, attended the convention, which took place at one of our sites in Thailand*. Employees and subcontractors who demonstrated outstanding efforts and achievements in safety management received awards. We also conduct special joint safety patrols, during which the president and directors tour 26 construction sites in the summer and before and after year-end.



Safety patrol by the president

*Thai Sanki Engineering & Construction Co., Ltd.

● Health and Safety Training

For Group employees and for staff employed by subcontractors, Sanki Engineering provides training led by in-house instructors or at designated training institutes. When accepting new foreign national technical intern trainees from their employers, we use standardized criteria for ensuring safety at all sites and carry out interviews by our employees to comply with these criteria. We also organize joint training sessions with the Sanki Health and Safety Cooperative Association.

In fiscal 2022, as in the previous year, we focused on conducting special training sessions using full harness-type equipment with the aim of preventing falls, in view of regulatory revisions. Sessions involving skill practice were conducted face to face by thoroughly implementing COVID-19 prevention measures. The mode and methods of training are determined by considering the risk of serious accidents and the importance of the topic. Online training is conducted to mitigate the burden of trainers by connecting multiple sites.

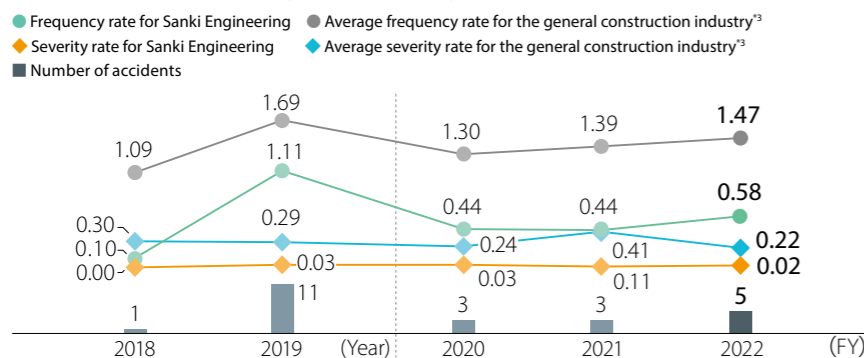
■ Number of Participants in Health and Safety Training (Fiscal 2022)*

Type	Number of Participants (from Subcontractors)
Special education and other courses	2,227 (1,809)
Health and safety training for foremen	114 (91)
In-house health and safety training	412 (0)
Position-based training for young and mid-career employees	111 (8)
Other client-focused training	536 (536)
Total	3,400 (2,444)

● Accidents in Fiscal 2022

In fiscal 2022, there were five accidents, an increase of two from fiscal 2021. A detailed analysis of the circumstances of these accidents revealed they were mostly the result of shortcomings in operational procedures, so a continuous effort will be required to promote thorough compliance with the rules and raise the level of our activities by sharing information.

■ Number of Accidents, Frequency Rate¹, and Severity Rate²



Instructional video on preventing falls to be viewed before using full harness-type equipment



Online health and safety training

*Limited to training by in-house instructors, not including training at designated educational institutions

Scope: Sanki Engineering construction sites (Sanki Engineering Co., Ltd. and business partners)

Number of accidents: interrupted work for one day or longer

Period: The data compilation period was changed from the calendar year to the fiscal year starting with fiscal 2020 results.

¹ Frequency rate: Calculated as the number of deaths and injuries caused by accidents in the construction site per one million working hours, this figure indicates the frequency with which accidents occur.

² Severity rate: Calculated as the number of lost workdays caused by accidents in the construction site per one thousand working hours, this figure indicates the severity of the accidents.

³ Source: Survey on Industrial Accidents, Ministry of Health, Labor and Welfare.

Supply Chain



Basic Philosophy

The Sanki Engineering Group Code of Conduct and Action Guidelines stipulate that we promote free market competition and engage in fair, equitable, and transparent transactions with all business partners. Moreover, under the Procurement Policy, Human Rights Policy, Multi-Stakeholder Policy, and Environmental Policy, we endeavor to build trust with our business partners to jointly provide high-quality systems and services to customers.

Sanki Engineering Group Procurement Policy
<https://www.sanki.co.jp/en/csr/social/scm/>

Multi-Stakeholder Policy
<https://www.sanki.co.jp/en/csr/governance/multistakeholder/>

Sanki Engineering Group Human Rights Policy
<https://www.sanki.co.jp/en/csr/social/human-rights/>

Sanki Engineering Group Environmental Policy
<https://www.sanki.co.jp/en/csr/environment/management/>

Building Fair, Equal, and Transparent Business Relationships

● Overview of Our Procurement Structure for Materials and Equipment and Our Procurement Management System

The procurement cost of materials and equipment used by Sanki Engineering for construction work is approximately 46.0 billion yen, with domestic suppliers representing the source for nearly all procurement.

The role of the procurement department includes contributing to profit by reducing costs and supporting orders, building and managing procurement databases, and collecting and disclosing information on material and equipment price trends and delivery dates. As the prices of materials and equipment surged and delivery delays continued due to global factors, including the COVID-19 pandemic and semiconductor shortage, the department raised the level of coordination with construction sites, thereby facilitating advance order placement and prompt in-house sharing of delivery information, among other efforts that have helped prevent or mitigate procurement risks.

● Thoroughly Ensuring Fair and Equitable Transactions

We engage in fair, equitable, and transparent transactions with all business partners in accordance with the Sanki Engineering Group Procurement Policy. Moreover, in the Multi-Stakeholder Policy, the representative director and president declares his commitment to the Partnership Building Declaration. In the fiscal 2022 trade environment shaped by marked increases in labor, raw material, and energy costs, we strengthened risk management by appropriately reflecting costs to suppliers and preventing violations of the Antimonopoly Act concerning the "abuse of dominant bargaining position." Furthermore, our basic contract includes provisions on product safety, quality control, intellectual property, legal compliance, and the exclusion of anti-social forces.

● Operation of Internal Whistleblowing Hotlines

In order to prevent improper transactions, we operate a Corporate Ethics Hotline that is available for anyone to use. Information is provided on the Company website.

● Promoting Green Procurement

As part of our environmental management, Sanki Engineering procures goods that comply with Japan's Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Green Purchasing Act) and confirms the aggregate result.

Procurement Policies (excerpt)

1. Fair Market Competition and Trading
2. Protection of the Global Environment
3. Contribution to Society through Business Activity
4. Respect for Human Rights
5. Information Security Risk Management
6. Development of Partnerships

Major Components of the Partnership Building Declaration

- **Co-existence and co-prosperity across the entire supply chain and collaborations beyond scale and affiliation**
 - Strengthening of relationship via the Health and Safety Cooperative Association
 - Opening of the training facility for public use and support for human resource development
- **Compliance with the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises**
 - Appropriate determination of price, and negotiations
 - Considerations for payment terms
 - Not demanding the free transfer of intellectual property rights
 - Preventing any negative impact associated with work-style reform or other factors

P. 84 Whistleblowing System

Major Regulation-Compliant Goods Procured by Sanki Engineering

- Lighting equipment
- Transformers and condensers
- HVAC equipment

Raising the Efficiency of Procurement Operations

As part of our work style reform initiatives, the Procurement Division is focusing on raising the efficiency of procurement operations in the procurement and technical departments at each site of the Facility Construction Business by encouraging the adoption of a centralized ordering method based on exchanging data with major business partners and with a one-stop work-sharing* system that handles everything from price negotiations to ordering operations. In fiscal 2022, the Procurement Division widened the range of its centralized order placement and applied the one-stop work-sharing system to more business bases, thereby further easing workloads and improving productivity at construction sites.

Moreover, we digitized some operations by introducing online systems for placing orders to suppliers and allowing them to issue progress billings. Group companies began using these functions in fiscal 2022. As we had previously moved our own billing system for suppliers to the cloud for greater convenience, this meant that by fiscal 2022, 95% of all orders made by Sanki Engineering Co., Ltd. were processed electronically.

We continue to promote digital transformation for more efficient procurement.

Training for Procurement Staff

We provide monthly learning and presentation opportunities for procurement staff to promote appropriate procurement activities and enhance their purchasing, negotiating, and management skills. We also strive to develop their competence and knowledge through support as needed for the obtaining of registered qualifications for certified procurement professionals, construction business accountants, and fundamental information technology engineers, apart from education on fair trading and respect for human rights among other compliance and sustainability issues.

Strengthening Cooperation with Business Partners

Exchange of Views with Business Partners

We visit our major business partners and hold meetings to exchange opinions. We select the partners we visit each year according to their relative importance to our business and the monetary value of transactions. In fiscal 2022, we visited 26 equipment and materials manufacturers and specialized construction companies to exchange opinions. The discussions covered a wide range of topics, including sustainability initiatives, price and delivery date information, and their requests to Sanki Engineering, which will be incorporated into future procurement activities.

Providing Assessment Feedback to Business Partners

To raise quality and improve operations across the supply chain, we annually survey the status of our business partners and, as part of this initiative, assess their safety management. We pay visits to provide them with feedback on the assessment results and exchange information on improvements as needed to enhance their safety management capabilities.

Joint Improvement Activities with Subcontractor Groups

Sanki Engineering has established subcontractor groups at each branch, branch office, and division as part of our effort to bolster our construction system. In addition to monthly liaison meetings, we implement joint labor-saving projects and hold seminars to enhance technical skills and thoroughly enforce quality management and supervision of safety and health at construction sites. Moreover, we review the status of safety and health management and offer guidance by dispatching employees to



Procurement WEB

*A system in which a procurement department handles everything from price negotiations to ordering operations.

Main Themes of Online Study Sessions, Frequency, and Cumulative Participation (Fiscal 2022)

- **Basics of procurement, accounting, and sustainability issues including the environment and human rights**
Frequency: 21 sessions
Participation: 357 (100%*)
- **Critical thinking and self-development, communication skills improvement, and business skills**
Frequency: 40 sessions
Participation: 274 (100%*)
- Total**
Frequency: 61 sessions
Participation: 631 (100%*)

*Attendance rate among target employees

Main Topics in the Opinion Exchange Meeting (FY2022)

- CSR procurement
- Sustainability initiatives
- Trends in prices and project delivery schedules
- Requests to distributors
- Transactions with Sanki Engineering, etc.



Health and Safety Training

provide safety and health education as well as courses on obtaining qualifications and by conducting joint patrols.

In July 2022, the Sanki Health and Safety Cooperative Association held block meetings, with the association divided into eastern (seven cooperatives) and western (four cooperatives) blocks. It also held a national conference in January 2023. These were attended by a total of 26 employees from the Group and 31 from subcontractor groups. Sanki Engineering directors, including our chairman and president, also attended the meetings and stressed the importance of maintaining and improving safety awareness throughout the Group, including business partners. Led by subcontractors directly involved in construction, the meeting is expected to raise awareness about disaster prevention.

Awards Programs

We established the Sanki Super Meister System to certify and commend foremen of Group subcontractors whose superior construction techniques have significantly contributed to elevating the quality of our construction work and also the Sanki Best Partner Program to commend subcontractors who have significantly contributed through their superior levels of management and construction skills, and for having consecutive years of zero accidents. We provide subsidies designed to encourage further quality improvements to subcontractors to which the certified foremen belong, from the standpoint of promoting consistent contributions to quality improvements at construction sites.

Initiatives for Maintaining and Upgrading the Technical Skills of Subcontractors

To support subcontractors in the development of their technical skills, we subsidize the acquisition of qualifications, and we have been publicizing the system during Central Safety and Health Committee meetings to encourage its use. We have promoted the creation of a mechanism for enhancing technical skills based on collaboration between Sanki Engineering and subcontractors, in which the Sanki Techno Center is also used to train new hires and mid-career employees of subcontractors. Furthermore, as part of our technical training program, new hires at Sanki Engineering receive guidance from employees of subcontractors.

Providing Support to Stabilize the Management of Subcontractors

We revised the terms of payment to subcontractors with capital of under 40 million yen in fiscal 2019 and switched to making all payments in cash. Additionally, we have shortened the payment site for electronically documented payables for suppliers, including subcontractors with capital of at least 40 million yen from 120 days to 60 days starting in fiscal 2022. This is one of the financial and capital policies in the Medium-Term Management Plan "Century 2025" Phase 3.

Number of Sanki Super Meister Award Recipients

- FY2021: 9
- FY2022: 8

Number of Sanki Best Partner Award Recipients

- FY2021: 168
- FY2022: 164



Awards ceremony



Technical skills training by a subcontractor

VOICE

General Level of Safety Management Skills Raised

Sanki Engineering has been continuously and proactively supporting the activities of the Sanki Health and Safety Cooperative Association across Japan. We feel that the visualization of Three as One, a key safety practice that we place particular importance on at construction sites, has been realized through close cooperation between onsite workers, subcontractors, and Sanki Engineering. In response to construction site requests, Sanki Engineering has been organizing a workshop on first response to accidents, helping workers raise their safety management skills across the board.

Mitsuhsa Takayama
Chairman, Hokkaido Sanki Health and Safety Cooperative Association President, Pipetech, Inc.

Human Rights



Basic Philosophy

In April 2022, the Sanki Engineering Group established the Sanki Engineering Group Human Rights Policy. Under the policy, we will respect the human rights of all people in all our business activities, including throughout the supply chain, eliminate discrimination and acts that undermine individual dignity, and conduct human rights due diligence (identifying, preventing, and addressing impacts on human rights).

Sanki Engineering Group Human Rights Policy
<https://www.sanki.co.jp/en/csr/social/human-rights/>

Sanki Engineering Group Code of Conduct and Action Guidelines
<https://www.sanki.co.jp/en/csr/policy/conduct-code.html>

Human Rights Promotion System

The Risk Management Committee (Compliance Risk Subcommittee) identifies and monitors human rights risks among the managed risks while at the same time strengthening the promotion system.

Whistleblower Hotline and Consultation Service for Human Rights Issues

A whistleblower hotline and consultation service for human rights issues are made available for use by all employees of the Group as well as those at its subcontractors and supply chain members, with the information posted on the Company's website. Reporters will not be placed at a disadvantage for consulting or reporting issues, and any personally identifiable information will be protected.

Human Rights Training

We provide training and other opportunities to ensure that all employees have a good understanding of human rights. Employees who participated in the training held in fiscal 2022 learned about human rights initiatives and gained a deeper respect for the international human rights standards. The Sustainability Handbook, containing our policies and important explanations, is distributed to all Group employees, helping to raise awareness of human rights.

Addressing Human Rights Issues in the Workplace

In addition to formulating guidelines for preventing harassment, we conduct a workplace survey on compliance, including questions about harassment and human rights risks. We identify issues from survey findings and reports from employees and continuously provide employee training to prevent and eradicate harassment.

Addressing Human Rights Issues in the Supply Chain

In accordance with the Sanki Engineering Group Human Rights Policy and the Sanki Engineering Procurement Policy, we conduct due diligence on human rights issues relevant to the Group's business activities at every level of the supply chain.

P. 84 Whistleblowing System

Representative Topics in the Sustainability Handbook

- Direct and indirect impacts on the supply chain
- Major human rights issues and illustrative cases
- UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct

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Compliance Training and the Handbook for Cementing Respect for Compliance

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Compliance Workplace Survey

Human Resources



Basic Philosophy

Recognizing that human capital is the most important management resource for a company's existence and stable growth, we believe that securing and developing human resources is critical and spare no expense to invest in our personnel as the Company's future. With the "pursuit of happiness for colleagues" identified as one of our material issues and under the management philosophy of "placing significance on communication and mutual respect," we endeavor to create workplace programs and environments in which all employees grow with the Company, respect individuality, and are able to succeed and thrive.

Smile Work Guideline (Workplace Environment and Human Resource Development)
<https://www.sanki.co.jp/en/csr/social/smile-project/>

Sanki Engineering Group Human Rights Policy
<https://www.sanki.co.jp/en/csr/social/human-rights/>

Multi-Stakeholder Policy
<https://www.sanki.co.jp/en/csr/governance/multistakeholder/>

Sanki Engineering's Human Resource Strategy and Management System

Human Capital Strategy

In the context of Phase 3 actions with new indicators and targets based on the Human Resource Development Policy and Company Environment Improvement Policy, we are accelerating work style reforms and securing, nurturing, and allocating diverse human resources in line with our business strategy. Moreover, as stipulated in Multi-Stakeholder Policy, we are committed to human capital investment and sustainably giving back to them.

Developing Human Resources

We believe that the Company's growth is driven by the various employee viewpoints and values that reflect the rich variety of their experiences, qualifications, and attributes. We therefore promote diversity in our workplace, properly evaluate the skills of each individual employee, and provide suitable education and training. We also strive to ensure the diversity of core personnel as well as equal opportunities for promotion to managerial positions.

Improving Company Environment

We endeavor to create a working environment and a corporate culture in which all employees grow with the Company, respect individuality and are able to succeed and thrive. We support employee work-life balance and manage business with due consideration for employee well-being. We also seek to raise employee engagement by emphasizing communication with them.

Structure and New Personnel System

As one of the key measures for becoming the "Company of Choice" under the Medium-Term Management Plan "Century 2025" Phase 3, we launched a new personnel system to improve employee comfort and satisfaction in April 2022.

The launch involved defining and streamlining the organization. We significantly cut back the number of line managers and clarified their responsibilities so they could better concentrate on their managerial tasks, and then we revised our compensation system to reward employees for high performance in their own fields of specialization, which in turn enabled us to place the right people in the right jobs. We plan to conduct interviews in all branches and branch offices in fiscal 2023 to verify the effects of the revision, and we increased wages in fiscal 2022 by 4.6% (compared to fiscal 2021) to improve employee working conditions.

Measure for Phase 3: Accelerate Work Style Reforms

- Continuation of the Smile Project, led by top management
- Reform of the personnel system centered on the active appointment of young people and extension of the retirement age
- Utilize DX to balance improvements in quality and productivity with reduced working hours
- Secure and nurture human resources with due consideration for diversity

Indicators and Targets for Human Resource Development Scope: Non-consolidated

- Active promotion of younger employees

Indicator	Target (April 2026) Actual values as of April 2023 in Parentheses
Average age of those in managerial positions	Managers: 45.8 years old (46.4 years old) General managers: 50.2 years old (51.8 years old) Executive managers: 53.5 years old (54.1 years old)

- Acceleration of diversity

Indicator	Target (April 2026) Actual results for April 2023*1 in Parentheses
Ratio of women in managerial positions	16.4% (15.5%)
Ratio of non-Japanese employees	3.0% (2.5%)
Ratio of female employees	1.7% (1.2%)

Indicators and Targets for Company Environment Improvement Scope: Non-consolidated

Indicator	Targets (FY2025) Results for FY2022 in Parentheses
Employee satisfaction survey	Maintaining the ratio of respondents who want to keep working for the Group at 90% or more ²
Rate of childcare leave taken	Male: 50% (10.7% ³) Female: 100% (100%)

*1 Aggregated on a different date from that for the Employee Data on page 70.

*2 Not conducted in FY2022. The FY2021 response rate was 91.6%.

*3 44.6% of the Company's own leave programs.

Ensuring Diversity in Human Resources and Promoting Careers

● Respecting Diversity in Employment and Recruiting High-Level Human Resources

We seek to bring on board human resources that differ in gender and nationality as well as in talent and personality. Staff from the sales, design, technology, and other divisions join the Human Resources Department to ensure fairness based on multiple perspectives. Hiring criteria for fiscal 2022 were based on findings from interviews with the president, officers in charge, and the managers of direct departments to continuously and proactively hire people from a wide variety of backgrounds.

As of the end of March 2023, there were 184 mid-career hires in managerial positions (on a consolidated basis). In fiscal 2022, we introduced an exclusive hire contract system for R&D and other jobs requiring high-level expertise to secure correspondingly high-level human resources.

● Securing Human Resources through the Return to Career Program

To increase the diversity our working environment and more flexibly accommodate career development, we changed part of our Return to Job program and renamed it as Return to Career. The revised program, launched in October 2022, allows voluntarily retired employees to return to work and significantly relaxes other restrictions.

● Promoting Women's Careers

We formulated an action plan based on the Act of Promotion of Women's Participation and Advancement in the Workplace to create an environment in which our female employees can continuously develop their careers and have since implemented related measures. Our wages and promotion opportunities to managerial positions are solely based on employee competence or performance as fairly evaluated free from gender-based discrimination.

Gender Wage Gap (FY2022)¹ (%)

Gender wage gap		Non-consolidated		Consolidated	
Gender wage gap	All workers	60.8	61.0		
	Regular workers ²	59.8	60.7		
	Part-time/fixed-term workers	51.8	50.9		

● Career Change System

In 2019, we established new career types, namely the career-track position and operational position, and introduced a system that allows employees to switch between these career paths. Job relocation is excluded from the requirements for the career-track position, and the system is designed to enable a wider range of employees to thrive. In fiscal 2022, four employees changed their career type for a work style that better suits their particular stage in life.

● Creating Workplaces for Persons with Disabilities

We continue to hire persons with disabilities and are working to create an environment in which they can work comfortably over long periods. As of June 2022, the employment ratios of persons with disabilities were 2.24% and 1.51% on a non-consolidated and consolidated basis, respectively. As of June 2023, the employment ratio of persons with disabilities was 2.28% on a non-consolidated basis. In recruiting, we expanded our channels and at the same time matched applicants with each department and provided care upon acceptance.

● Extension of Retirement Age and Post-Retirement Reemployment System

We have extended the retirement age to 65 as of April 2022. In conjunction with the introduction of an optional retirement age system, employees will receive full

Number of Non-Japanese Employees (as of March 31, 2023) (Consolidated)

The U.K., Thailand, Vietnam, Peru, Russia, South Korea, China, Austria, and Malaysia

128 people from 9 countries (male: 101, female: 27)



Employees of Thai Sanki Engineering

Website on the Promotion of Women's Active Engagement in Professional Life and Support for their Work-Life Balance (Ministry of Health, Labour and Welfare of Japan)

<https://positive-ryouritsu.mhlw.go.jp/> (Japanese only)

Action Plan Based on the Act of Promotion of Women's Participation and Advancement in the Workplace

Plan period: April 1, 2021 to March 31, 2026
Scope: Non-consolidated

Goals	Results in FY2022 ³
1. Increase the average length of service for women by 10% or more from April 2021	14.3 years (5.9% increase)
2. Raise the ratio of women in managerial positions ⁴ to the construction industry average of 3%	2.5% (1.6 percentage point increase)

*1 Calculated in accordance with a provision stipulated in the Act on the Promotion of Women's Active Engagement in Professional Life.

*2 Includes operational positions.

*3 As of April 1, 2023. In the parentheses are changes from April 1, 2021.

*4 Aggregated on a different date from that of the number of managers referred to on page 70.

Employment rate of persons with disabilities (non-consolidated) as of June 1, 2023

2.28%

Improvement of Workplace Environment

- Problem-solving seminars and opinion exchange sessions for employees who are hearing impaired
- Management training to promote understanding among managers
- Installing lamps in all offices that bear evacuation instructions for hearing-impaired employees in the event of a disaster
- Providing closed captioned presentations during Web-based training and financial results briefings

retirement benefits from age 60 to 65, even if they retire at their own request. In addition to improving the treatment of those about to retire, we are doing the same for those who are rehired under the reemployment system. Employees may also choose to be reemployed between the ages of 60 and 65. In fiscal 2022, we reemployed 172 retired employees on a consolidated basis.

Developing and Evaluating Human Resources

● Personnel System for Workplaces Where People Can Grow

Our personnel system ensures equal opportunity as well as fair evaluation and treatment for all employees while supporting employee initiatives for self-directed career development. Individual interviews and a mentor system are introduced for younger employees.

Once a year, all employees fill in a Career Development Sheet and receive feedback through an interview with their supervisors. To collect their opinions, we have another system that allows employees to bypass their superiors and speak directly with the Human Resources Department depending on the content of the sheet. Moreover, we have several employee award programs, including the president's commendation for boosting our technological capabilities and raising employee motivation, such as the Best Employee Award, Yano Technology Prize, and Award for Construction Method/Operation Improvement, as well as other programs including long service awards (25 and 50 years).

● Education and Training Systems

We maintain training systems associated with each career path, such as management training, technical training, and training by field of expertise, in order to strengthen specialized, technical, and management skills. We take advantage of the Sanki Technology Center to conduct various training programs.

Training Systems

	Younger Employees	Mid-Career Employees	Executives
Management Training	New employee training Second-year training Fourth-year training Seventh-year training	Leadership position training Management candidate training Section chief training	Department manager training
Safety Training	New employee training Qualification training Safety experiential training		
Corporate Ethics Training	Corporate ethics training Mid-career staff training		
Technical Training	Qualification training Technical experiential training		
	Facilities Construction	New employee training Third-year construction work training Sixth-year construction work training Ninth-year construction work training	
Plants & Machinery Systems	Qualification training		
	New employee training Inspector education Training on our products and systems		
Quality & Environment System Training	ISO 9001/ISO 14001 New employee training Mid-career staff training Education to develop internal auditors		

Personnel Systems Designed for Younger Employees

- Individual interviews by personnel managers in the third and fifth year of service
- Mentor system

Smile Work Guideline (Human Resource Development Guideline)

<https://www.sanki.co.jp/en/csr/social/smile-project/>



Awarding long years of service (25th year)

Average education and training costs per employee in FY2022 (consolidated)

55,000 yen/year

Employee Engagement

Questionnaire on the Working Environment and Individual Interviews

We gather opinions from employees about their workplace through a periodic questionnaire along with another questionnaire conducted by employees union, and we refer to their comments while creating a better working environment.

In fiscal 2022, prior to the launch of the revised personnel system, the Human Resources Department conducted individual face-to-face interviews with general managers and managers, seeking their opinions about the personnel system. We continue to maintain direct dialogue with employees to deepen mutual understanding and use their feedback to design personnel systems and training programs.

Century Communication Up Discussion Events

Since fiscal 2016, we have been holding Century Communication Up (CCU) discussion events in accordance with the Century 2025 long-term vision. Opinions and proposals obtained through the CCU have been applied to improving our operations and systems. In April 2022, we organized a new employee CCU to provide an opportunity for face-to-face dialogue between new employees and executive officers.

Sound Employer-Employee Relationships

We consider labor-management dialogues as a key channel to invest in human resources and continuously improve employee treatment. The Human Resources Department and employees union at Sanki Engineering meet monthly to discuss improvements in the working environment and operation of Company systems. Also, we provide the employees union with opportunities to present their proposals or requests to management and have been implementing measures based on the dialogues. For instance, we held labor-management exchanges in order to discuss and determine the fiscal 2022 wage increases.

Promoting Work Style Reform

Promoting the Smile Project

Sanki Engineering launched the Company-wide Smile Project, led by the president, in fiscal 2015 to promote work style reform. We have been implementing initiatives across the Company to create a better working environment. In fiscal 2017, we set up the Smile Site Plan, a committee dedicated to construction sites. In addition, we worked on efforts to lessen the operational load of construction managers and enhance capabilities and quality at our construction sites. In fiscal 2020, we launched the Smile Plan, consisting of four subcommittees, to establish a system that enables all departments to work together as one. Moreover, under the Medium-Term Management Plan "Century 2025" Phase 3, a KPI is set up to eliminate overtime work exceeding the limit stipulated in the revised Labor Standards Act. As a result of these efforts, we were rated 3 on a scale of 5 stars in the 6th NIKKEI Smart Work Management Survey, which selects advanced companies that challenge the productivity revolution through work style reform.

Measures on Health and Productivity Management

Understanding that reducing long hours of work is a primary consideration for managing employee health and productivity, we engage in activities for maintaining and improving employee well-being in tandem with other work style reforms. Apart from measures for reducing workloads and raising productivity, we carry out health improvement activities, conduct periodic stress checkups and identify the sources of

Results of a Questionnaire Survey on the Working Environment

Survey period: 2021
Participants: all Group employees

Do you think that the Sanki Engineering Group's business is contributing to society?

Yes 98.6%



New employee CCU with executive officers

NIKKEI Smart Work

★★★ 2023

Certified as 3 stars in the NIKKEI Smart Work Management Survey

Major Initiatives of the Smile Project

- Clarify work responsibilities by reviewing the personnel system
- Follow up with employees who work long hours based on stress check results
- Raise efficiency by introducing a cloud-based accounting system

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Initiatives for Ensuring Quality at Construction Sites



Health & Productivity Management Organization 2023

stress through third-party assessment, provide employees with industrial physician advice for improving their life-style habits, and implement health-related campaigns using a pedometer app as well as other projects. Moreover, a 24-hour toll-free health consultation service is in place to offer advice on health, medical, nursing, and childcare issues for employees and their families. The service was set up outside the Company, and caller privacy is strictly protected.

We have been certified as a Health & Productivity Organization 2023 (Large Enterprise Category) in recognition of those efforts, by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

Promoting Work-Life Balance

We have been augmenting our programs in response to employee requests for broad support of a healthy balance of work and personal life so both male and female employees can continue to work with a sense of security while attending to various life events. In addition, we are promoting improvement of the environment that enables flexible work styles by reviewing our work and leave programs.

In fiscal 2022, we reviewed our Return to Job program and also conducted an online seminar and individual consultation on nursing care for employees across Japan. Furthermore, we introduced a new rule to expand the options of our postpartum paternity leave in response to revisions to the Act on Childcare Leave and Caregiver Leave, thereby allowing employees on paternity leave to work for a certain period of time even during the leave at their request.

Acquiring the Kurumin Mark and Recognition for Supporting Childcare by the City of Nagoya

In 2015, Sanki Engineering was granted an update for the Kurumin mark, a certificate granted by the Tokyo Labor Bureau of the Ministry of Health, Labour and Welfare and based on the Act on Advancement of Measures to Support Raising Next-Generation Children, for meeting certain criteria as a company supporting childcare. In 2014, the Chubu Branch became the first construction equipment company to be recognized by the City of Nagoya as a company supporting childcare, and the certification was updated in 2017.



Stretching class at Sanki Techno Center

FY2022 rate of paid leave taken (consolidated)

61.6%

Average monthly overtime work per person (consolidated)

27.4 hours



The Kurumin mark for support of raising next-generation children



City of Nagoya certification for companies supporting childcare

Major Programs Supporting Work-Life Balance (Non-consolidated) (as of April 2023)

Area	Program	Details
Work	Refresh leave	Five consecutive days of leave for each five-year period of employment using employee's reserved leave.
	Consecutive leave for construction managers	Three consecutive days of leave after staying at a construction site for more than six months or before moving to another site.
	Half day/hourly off	Paid leave for half a day or by the hour.
	Anniversary leave	A planned paid leave on special dates for employees or their families, requested at the start of the fiscal year.
	Sanki Smile Day	The Company's own Premium Friday, a scheme based on that launched by the Japanese government. Employees are encouraged to take a full or half day of paid leave on monthly payday and avoid overtime.
	Reserved leave	The use of reserved days off for childcare, nursing, or volunteer activities.
	Telecommuting and telework system	Aims to improve operational efficiency and business continuity during childcare and nursing care or in the event of emergencies such as natural disasters and pandemics.
	Sliding work hours	Employees can slide the start and end times forward or back for business or non-business reasons insofar as this does not interfere with their work.
Childcare and nursing care	Return to Career program	Employees who have left the Company for unavoidable reasons can apply for reinstatement.
	Childcare leave	Can be obtained for the requested period of time up to when the child turns one year old.
	Nursing leave	Can be obtained five times for up to 180 days per person on nursing leave.
	Shortened work hours	Employees caring for children or other family members can apply for shortened or sliding work hours. In the case of childcare, the program applies to children up to the third grade of elementary school.
	Support for childcare leave and reinstatement	An interview is held with the supervisor before and after applying for childcare leave.
	Special childcare/nursing leave	Can be obtained multiple times and up to 20 days in total for childcare and nursing care.
Postpartum paternity leave	Those on paternity leave can work during the leave only if they have requested to do so and with Company permission.	



Local Communities

Number of Employees on Leave and Work Hours

		FY2018			FY2019			FY2020			FY2021			FY2022		
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Childcare leave ^{*1}	Consolidated	7	11	18	9	27	36	7	33	40	10	32	42	7 (26)	13	20 (39)
	Non-consolidated	7	9	16	7	24	31	7	27	34	9	30	39	6 (25)	12	18 (37)
Rate of childcare leave taken ^{*1} (%)	Consolidated	-	-	-	-	-	-	-	-	-	-	-	-	43.3	100.0	53.4
	Non-consolidated	-	-	-	-	-	-	-	-	-	-	-	-	44.6	100.0	54.4
Reinstatement after childcare leave (%)	Consolidated	100.0	88.9	93.8	100	96.3	97.2	100.0	100.0	100.0	100	93.8	95.2	100.0	100.0	100.0
	Non-consolidated	100.0	88.9	93.8	100	100	100	100.0	100.0	100.0	100	100	100	100.0	100.0	100.0
Nursing leave (people)	Consolidated	1	0	1	1	1	2	0	0	0	0	0	0	1	0	1
	Non-consolidated	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1
Rate of paid leave taken (%)	Consolidated	54.0	76.1	57.1	54.3	76.3	57.4	53.4	67.1	55.3	53.2	69.7	55.6	58.8	77.9	61.6
	Non-consolidated	53.0	74.2	55.9	51.9	74.4	55.1	52.5	65.8	54.5	52.4	69.5	55.0	58.2	77.9	61.4
Average monthly overtime work ^{*2} (hours per person)	Consolidated	-	-	-	37.4	14.7	34.3	31.7	12.3	29.0	31.7	11.8	29.6	30.0	12.4	27.4
	Non-consolidated	35.0	14.7	32.0	34.5	13.6	31.3	33.0	13.3	29.9	33.0	12.8	29.7	31.6	13.7	28.8

Employee Data (as of March 31 of Each Fiscal Year)

		FY2018			FY2019			FY2020			FY2021			FY2022		
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employees																
Number of employees	Consolidated	2,072	322	2,394	2,152	349	2,501	2,190	358	2,548	2,226	381	2,607	2,244	383	2,627
	Non-consolidated	1,694	273	1,967	1,705	287	1,992	1,740	308	2,048	1,770	326	2,096	1,753	320	2,073
Number of non-Japanese employees	Consolidated	-	-	-	-	-	-	91	22	113	84	25	109	101	27	128
	Non-consolidated	-	-	-	-	-	-	17	6	23	19	5	24	20	5	25
Number of managers ^{*3}	Consolidated	630	7	637	676	9	685	683	11	694	672	13	685	687	18	705
	Non-consolidated	556	5	561	556	5	561	567	7	574	567	9	576	580	14	594
Average age ^{*2}	Consolidated	44.5	38.2	43.7	44.7	38.3	43.8	44.7	38.8	43.8	44.7	39.0	43.9	43.8	39.2	43.1
	Non-consolidated	43.9	37.1	43.0	44.1	37.6	43.2	44.2	38.0	43.2	44.2	38.2	43.2	43.0	38.3	42.3
Average years of service ^{*2}	Consolidated	17.3	13.0	16.7	17.3	12.9	16.7	17.5	13.2	16.9	17.6	13.3	17.0	16.7	13.6	16.2
	Non-consolidated	19.0	13.9	18.3	19.3	14.1	18.5	19.4	14.0	18.6	19.5	14.2	18.6	18.5	14.7	17.9
Employment																
Number of new recruits	Consolidated	-	-	-	70	15	85	73	18	91	79	20	99	82	6	88
	Non-consolidated	71	9	80	67	15	82	70	18	88	76	19	95	78	5	83
Number of mid-career hires	Consolidated	-	-	-	32	13	45	26	13	39	25	12	37	30	3	33
	Non-consolidated	4	2	6	7	8	15	5	9	14	5	3	8	5	0	5
Number of rehired employees after retirement	Consolidated	223	9	232	229	11	240	212	12	224	216	10	226	165	7	172
	Non-consolidated	161	5	166	169	8	177	173	9	182	176	10	186	124	6	130
Rate of persons with disabilities ^{*4} (%)	Consolidated	-	-	1.89	-	-	1.94	-	-	1.77	-	-	1.82	-	-	1.51
	Non-consolidated	-	-	1.93	-	-	1.97	-	-	1.99	-	-	2.10	-	-	2.24
Turnover rate due to personal reasons ^{*5} (%)	Consolidated	-	-	-	-	-	-	1.7	2.2	1.8	2.4	3.5	2.6	2.0	3.1	2.2
	Non-consolidated	-	-	-	-	-	-	1.5	1.6	1.5	1.7	2.3	1.8	1.7	2.7	1.9

*1 The numbers in parentheses for childcare leave, the male rate of childcare leave taken, and the total for childcare leave taken in fiscal 2022 are calculated by including the Company's own leave programs.

*2 The figure for FY2021 was retrospectively revised.

*3 The figures for the years from FY2018 to FY2021 were retrospectively revised due to a change in the aggregation method under the revised personnel system.

*4 As of June 1 of each fiscal year.

*5 Ratio of retired employees to all employees in each fiscal year.

Employees by Age (as of March 31, 2023)

	10s			20s			30s			40s			50s			60s			70s			Total
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	
Consolidated	8	0	8	404	97	501	468	111	579	492	94	586	631	65	696	232	16	248	9	0	9	2,627
Non-consolidated	8	0	8	354	87	441	384	100	484	344	72	416	490	51	541	171	10	181	2	0	2	2,073

Basic Philosophy

As stated in the Sanki Engineering Group Code of Conduct and Action Guidelines, "We seek to contribute to society in order to aid in the development of local communities as a good corporate citizen and member of society," and our activities reflect this principle. We will maintain active communication and continue to help with the development of the local communities where we operate.

Initiatives for Co-Existing with Local Communities

Agreement for the Provision of Facilities in Times of Disaster

Sanki Engineering has concluded an agreement with Yamato City in Kanagawa Prefecture to provide a temporary shelter for those unable to return home in the wake of a disaster. Under the agreement, Sanki Techno Center will, in the event of an earthquake or other calamity, serve as a base of operations for local disaster prevention and emergency firefighting teams, and the Company will work to restore facilities for water supply and sewage in Yamato City.

In fiscal 2022, we constructed a water well to ensure the supply of potable water for neighborhood residents in the event of a disaster until water supply and sewerage systems are restored. The well is registered as Yamato City's disaster preparedness well.



Disaster-preparedness well

Cleanup and Environmental Beautification Activities

Each branch, branch office, and Group company participates in cleanup activities in areas around their offices or construction sites as well as environmental beautification activities organized by municipal governments. On a Group-wide basis, we carried out activities in 42 local communities in fiscal 2022. The Group's presidents also actively participate in events and encourage greater turnouts for local cleanups.



Ocean cleanup in Hokkaido

Welcoming Study Tours to the Safety Experience Area and Other Training Facilities

The Sanki Techno Center welcomes study tours from government agencies, schools, and businesses to its Safety Experience area and other training facilities at the Techno Plaza. The Safety Experience area, which opened in fiscal 2019, gives visitors a first-hand visual experience of hazardous construction works. In fiscal 2022, 652 people visited the facility for a cumulative total of 4,336.

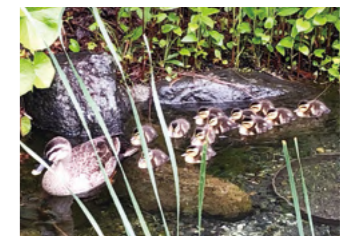


Receiving study visitors at the Sanki Techno Center

Supporting the Development of the Next Generation

Opening the Sanki Environmental Garden to the Local Public

The Sanki Environmental Garden, adjacent to the Sanki Techno Center, is open round the clock to members of the local community, providing a place to play for many children from neighboring daycare centers. In March 2023, the total number of visitors reached approximately 50,000. We expect that the Sanki Environmental Garden will continue to be used by the community as a place to relax, and to nurture the next generation over the long term.



Spot-billed ducks at the Sanki Environmental Garden

Sanki Kankyo Service Welcomes Social Studies Tours by Local Schools

Our Group company Sanki Kankyo Service actively invites elementary school children for field trips at its offices. In fiscal 2022, 70 children from four elementary



Environment



Social



Governance

schools in Hokkaido visited the offices and learned about the role and workings of the sewerage system. The company also helped some junior-high schools provide work experience for students in their social studies class.

● **Sponsoring the Chikyu Kyoshitsu Environmental Education Project**

In 2022, we participated as a special sponsor in Chikyu Kyoshitsu, an environmental education project hosted by The Asahi Shimbun Company for elementary and junior-high school children. In addition to serving as a teacher in the One-Day School on the Environment for some 80 elementary school children and 200 online participants across Japan, we visited elementary schools in Okinawa and Kumamoto prefectures. Under the title “Thinking about Comfortable Living and Energy Efficiency,” the visiting lessons were provided for 109 students to raise awareness about global environmental conservation through examples of the everyday comforts associated with air, water, and electricity.



Chikyu Kyoshitsu



Other Services to Society

● **Support for Sports Promotion and Revitalization**

We are an official sponsor of Yamato Sylphid, a women’s soccer team in Yamato City. We also sponsor the non-profit organization Japan Deaf Rugby Football Union (Deaf Rugby), Japan Handball Association, and East Hokkaido Cranes, an ice hockey team in Kushiro City, Hokkaido Prefecture. By supporting these sports, we continue to contribute to the revitalization of local communities.



Yamato Sylphid on Sanki Match Day

● **Donations and Contributions**

We extend donations to universities and research institutes and sponsor cultural activities, including those by the Japan Symphony Foundation and the Kokoro no Gekijo (theater of the heart) project by the Shiki Theater Company. In addition, we support nature conservation activities in developing countries in the Asia-Pacific and other regions, collect donations for training guide dogs, and encourage our employees to donate blood on an ongoing basis. We also help with Mitsui Group social contribution activities through our support for the Mitsui Volunteer Network, which promotes the voluntary efforts of former employees of Mitsui Group companies.



Japan Deaf Rugby Team at the World Championship 2023

● **Earthquake Reconstruction Project**

We launched the Earthquake Reconstruction Project in May 2012, a year after the Great East Japan Earthquake, as a Company-wide action team for contributing to the early recovery of the affected areas. Since then, we have conducted various activities each year to support the reconstruction effort, prevent memories of the disaster from fading, dispel harmful rumors, and share information on disaster prevention and mitigation.



Visiting an earthquake-stricken area

Activities in Fiscal 2022

- Provided a lunch menu featuring ingredients sourced from the Tohoku region at the Sanki Techno Center cafeteria
- Purchased products from a gift catalog supporting the affected areas, in collaboration with the employees union
- Co-sponsored a Tsugaru Shamisen competition
- Paid our seventh visit to affected areas
- Launched a permanent exhibit on reconstruction following the earthquake