



**Hirokazu Ishida**  
President



**Tamami Umeda**  
External Director

Dialogue between President Ishida  
and External Director Umeda

## A Governance Structure that Supports Sustainability Management

President Ishida and External Director Umeda exchanged views on governance and the future direction of the Sanki Engineering Group in pursuit of sustainable growth through sustainability management.

**Governance Structure that Invigorates Diversity and Dialogue**

**How do you view Sanki Engineering as an external director?**

**Umeda** • In the year since becoming an external director, I have realized that in many of the buildings I've been in, there are facilities installed by Sanki Engineering, so I can now see my connection with the Company had been closer than I'd thought. As I learned more about Sanki Engineering's business, I increasingly felt that it deserves greater public recognition. For example, its contribution to achieving a decarbonized society through its SANKI YOU Eco Contribution Point system\* is a unique and wonderful initiative.

\*See page 51.

**Ishida** • Our business is linked to carbon neutrality in a number of ways, and our operations lead to sustainability from different perspectives. However, as a B to B business, we may not have been sufficiently communicating this to the general public.

**Umeda** • I was also given the opportunity to tour

drainage disposal and other facilities, and I gained a strong sense of the Company's efforts to add greater value to critical social infrastructure, such as actively introducing energy-saving facilities and effectively using sludge. When I toured the Sanki Techno Center, efforts to creatively change behavior were clearly evident throughout the training facility in addition to its focus on conveying safety-related skills and knowledge. The enthusiasm people seemed to have for their work gave me a powerful impression of a diligent company.

**Ishida** • We provide our external directors with opportunities to visit our facilities and construction sites to meet with employees face to face. I think you can gain insight into our corporate culture by directly interacting with employees in the field.

**How do you evaluate the effectiveness of the Board of Directors and the governance structure?**

**Ishida** • We have appointed Mr. Yamamoto, who is an independent director, as Chairman of the Board of Directors to strengthen its supervision functions. He also

attends the Management Meeting and various policy meetings and is responsible for setting appropriate board meeting agendas and proceedings from a high level perspective with a sound executive understanding of the situation. Our external directors speak out from their respective backgrounds, and I feel the Board of Directors' effectiveness has been significantly enhanced by the members engaging in dialogue stimulated by their own opinions, which at times are promptly reflected in management decisions. We have seen increasingly vigorous discussion on potentially high risk issues, such as sustainability.

**Umeda** • I have served in various administrative posts in healthcare, environmental, and other fields and have also been involved in international organizations and national diplomacy related to international healthcare. I therefore try to offer advice based not only on my field of expertise but also on knowledge accumulated through first-hand experience in such areas as effective collaboration between industry, government, and academia. Although I'm an outsider to the construction industry, I feel quite comfortable speaking up at the board meetings, and when I ask simple questions, the executives provide detailed explanations. What's more, I'm often inspired by the comments made by other external directors, who bring a wealth of management experience, and I feel that our discussions are very meaningful.

**Ishida** • An evaluation of the effectiveness of the Board of Directors for fiscal 2022 was conducted through an interview by a third party with expertise in corporate governance. Over the past two years, the evaluation had been conducted using a questionnaire, but since the responses tended to converge on similar ideas, we decided to use interviews this time to surface more detailed information. Looking ahead, we will continue to explore different methods to enhance the evaluations.

**Umeda** • The interviewer's awareness of the issues was reflected in questions following up on matters that had come up in past questionnaires, and it was clear that PDCA improvement cycles were being implemented. As for myself, the interviews provided a good opportunity to reaffirm my responsibilities and role as an external director.

**What would you emphasize as being effective for utilizing Sanki Engineering's management capital?**

**Ishida** • Sanki Engineering has grown on the strength of its technological capabilities, and I place the highest priority on utilizing the human capital that supports

this growth. In terms of investing in that, our policy is to spare no effort to ensure appropriate profits and improve the working environment so that our employees can work with a strong sense of purpose and motivation. Today, with the increasing diversity of life planning, we must continuously think about how we can make employees happy.

**Umeda** • I have the strong impression that Sanki Engineering employees are working diligently as the unsung heroes of society, but they may not be keenly aware that their daily work is directly connected to resolving social issues and contributing to sustainability. I think you could further raise their awareness and encourage each of them to demonstrate their capabilities by entering sustainability-related awards and other contests for the sake of gaining external recognition, and by communicating both internally and externally the value of government verification projects for resolving social issues in which the Company participates.

**Opening New Pathways into the Future with the Power of People and Technology**

**Finally, what are your expectations for the Sanki Engineering Group in the years ahead?**

**Umeda** • Continuing to achieve sustainable growth in an era of such rapid and dramatic social change will require being a company that accurately grasps the needs of society while responding with innovative ideas and technologies. Sanki Engineering's most appealing aspects are its honest corporate culture and down-to-earth management, and I expect it will improve these strengths by fully realizing the potential of the technology it has cultivated to develop business, enhance value creation, and open up new pathways into the future.

**Ishida** • As global issues continue to evolve, I believe the time has come to reevaluate our response as a total engineering company. While there is no doubt about the value of the unique technologies we have cultivated over nearly a hundred years and the relationships of trust we have forged with our stakeholders, the times require us to address social issues with a willingness to participate in open innovation and other forms of external collaboration. To that end, I want to pay even closer attention to the opinions and suggestions of our board members, who come from diverse backgrounds.