

Third-Party Opinion



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1. Promotion of Sustainability Management

Fiscal 2023 marks the halfway point of Phase 3, which is the final stage of Sanki Engineering's "Century 2025" long-term vision, and the results of the medium-term management plan that spanned the past ten years are now mostly in sight. Judging from performance to date, the financial and capital policy targets for Phase 3 are mostly within reach, and the Company is close to realizing the stable earnings and stronger business base that this long-term vision set out to achieve.

The keynote of the vision is sustainability management, which the Company has sought to integrate with its business strategies. Along with the goal of contributing to the realization of a sustainable society by implementing sustainability management to create value, the vision also guides the Company toward achieving further growth in a sustainable society.

With regard to sustainability management, the Company made several changes to its organization in fiscal 2023 and 2024. One example is the establishment of the new Corporate Division. Each department that comprises this division is essential for sustainability management, and placing them under integrated management is expected to boost the efficiency of promoting sustainability management. The same applies to the integrated implementation of the EMS and QMS, which is a timely reform that anticipates the coming of a sustainable society. The promotion of DX through the establishment of the DX Promotion Division is another measure that will benefit sustainability management. Investment in DX will lead to increased productivity and operational efficiency, which are expected to support the work-style reform required to solve the so-called "2024 problem." Additionally, construction of a digital infrastructure and effective operational utilization of generative AI will contribute to further improving the labor environment.

2. Arctic Observation Partner Company

One of the activities that has enhanced Sanki Engineering's

standing is its contribution of human and technological resources to Japan's Antarctic Research Expedition. For many years, the Company has dispatched engineers as members of the wintering party and supported the smooth operation of the Antarctic Research Expedition by providing maintenance and management for machinery and environmental safety facilities. In recognition of these achievements, Sanki Engineering was designated as an Antarctic Observation Partner Company by the National Institute of Polar Research in February 2024, adding yet another page to its history of contribution to the Antarctic Research Expedition. Along with the SANKI YOU Eco Contribution Point system, this has become a proud example of creating social value.

3. Multifaceted Whistleblowing System

The Sanki Engineering Group's whistleblowing system has two characteristics. The first is the multiple reporting and consultation channels that are available. The Fair Trade Hotline, Corporate Ethics Hotline, Women's Hotline, and the Consulting Office for Harassment and Other Concerns have been set up to address the individual purpose and attributes of the person reporting or consulting, including human rights issues in the supply chain. In addition, the SANKI Secure Hotline for Women was established in fiscal 2024, and an external contact point that previously did not exist exclusively for women was also set up. The second characteristic is that these contact points are available to anyone who works for the Group, regardless of whether or not they are employees, which further enhances the effectiveness of the whistleblowing system.

4. Future Considerations

I have observed improvement in your company's employment rate of persons with disabilities. However, the Company has yet to meet the statutory requirement, both at the non-consolidated and consolidated levels, and the situation remains a matter of concern. The statutory employment rate will be raised further starting in July 2026, and I hope the Company will address the urgent need to establish a system and suitable work environment for recruiting and maintaining the employment of persons with disabilities. With regard to the Act of Promotion of Women's Participation and Advancement in the Workplace, although the gender wage gap has been somewhat reduced, it is still too large, requiring the Company to consider drastic measures. Meanwhile, the ratio of women in managerial positions has declined over the past year, which is a concern toward achieving the action plan.

Response to Third-Party Opinion

We are deeply grateful for your valuable insights on the SANKI REPORT 2024. This was the 13th year since we began publishing an integrated report, and we appreciate your evaluation of issues, such as our efforts to promote sustainability management and organizational restructuring, designation as an Antarctic Observation Partner Company, and our multifaceted whistleblowing system. We will work with sincerity to make improvements in the areas you pointed out, including the employment rate of persons with disabilities, the gender gap in wages, and the ratio of women in managerial positions. Furthermore, we are resolved to further promote sustainable management and enhance our corporate value to help realize a sustainable society.

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