

# SANKI REPORT

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サステナブルに。



# Contents



<b>04</b>	<b>Introduction</b>
04	Management Philosophy
06	History of Sanki Engineering
08	Business Overview by Segment
12	Financial and Non-Financial Highlights
<b>14</b>	<b>Message from the President</b>
<b>18</b>	<b>Value Creation through Sustainability Management</b>
18	Sanki Engineering Group's Ultra-Long-Term Vision
20	Our Value Creation Process
22	Management Resources of the Sanki Engineering Group
24	Sanki Engineering Group Materiality
<b>26</b>	<b>Growth Strategies and Sustainability Management</b>
26	Status of the Medium-Term Management Plan "Century 2025" Phase 3 (FY2022–2025)
30	Message from the Chief Financial Officer
33	Facilities Construction Business
36	Facility Systems Business
38	Plants & Machinery Systems Business

<b>42</b>	<b>Foundation of Sustainability Management</b>
42	Sustainability Management
44	Sanki Engineering Group Value Chain
<b>Environment</b>	
46	<b>Feature 1</b> Contributing to the Achievement of Carbon Neutrality through the SANKI YOU Eco Contribution Point System
48	Environment
<b>Social</b>	
58	<b>Feature 2</b> Initiatives for Our DX Vision
60	Roundtable Discussion with External Director and Female Employees Women's Challenges as a Force for Corporate Growth
64	Quality Control
68	Occupational Health and Safety
70	Supply Chain
73	Human Rights
74	Human Resources
81	Local Communities
<b>Governance</b>	
84	Roundtable Discussion with External Directors Promoting Sustainability Management and Reinforcing the Governance Structure
86	Corporate Governance
95	Compliance
98	Risk Management
101	Dialogue with Shareholders and Investors

<b>102</b>	<b>Financial Report and Corporate Information</b>
102	Financial Report
110	Corporate Information, Business Locations, and Group Companies
112	Share Information

<b>113</b>	<b>Third-Party Opinion</b>
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## Editorial Policy

### Boosting Understanding of the Sanki Engineering Group

The Sanki Engineering Group has positioned the SANKI REPORT, the annual report of Sanki Engineering, as a key, integrated communication tool for reaching all our stakeholders. We hope it will boost understanding of the Group's business activities and future direction, and we welcome feedback for enhancing our operations and information disclosure.

Key content included in the 2024 report is listed below.

- "Message from the Chief Financial Officer," which explains the financial and capital policies of the Sanki Engineering Group, was expanded from one page in the past to two pages (pp. 30–31).
- "Roundtable Discussion between External Directors and Female Employees" offers an exchange of views on promoting women's careers in the Sanki Engineering Group (PP. 60–63).
- "Roundtable Discussion between External Directors" offers an exchange of views on the sustainability management and governance system of the Sanki Engineering Group (pp. 84–85).

Major information added to our disclosure includes the following.

- Status of human rights due diligence (P. 73)
- Skills matrix of directors and auditors (P. 89)
- Establishment of the SANKI Secure Hotline for Women (P. 95)
- Risk management when using generative AI services (P. 100)

### Reference Guidelines

- "International IR Framework" of the IFRS Foundation
- Ministry of Economy, Trade and Industry's "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation 2.0"
- GRI Sustainability Reporting Standards 2016, 2018, 2019, 2020, and 2021
- Ministry of the Environment's "Environmental Reporting Guidelines 2018"
- ISO 26000

### Organizations Covered by the Report

The Sanki Engineering Group, which consists of Sanki Engineering Co., Ltd. and its eight subsidiaries.

- Non-financial information is based on non-consolidated figures for Sanki Engineering Co., Ltd. When the information concerns the Group, organizations covered by the data are specified in the text, list, or graph.

### Reporting Period

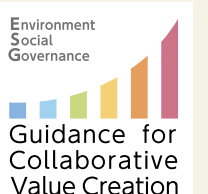
April 2023–March 2024 (Some information from outside this period has also been included.)

### Publication Date

September 2024 (previous issue: September 2023; scheduled release of next issue: September 2025)

### Precaution on Performance Outlooks

In addition to past and present information concerning the Sanki Engineering Group, this report includes the targets, plans, outlooks, strategies, forecasts of future performance, and other information drawn from our long-term vision "Century 2025," Medium-Term Management Plan "Century 2025" Phase 3 (FY2022–2025), and other sources. Please be aware that these forecasts are the best estimates by Sanki Engineering management and based on information available at the time and that actual performance may differ significantly from these forecasts, owing to changes such as in economic conditions, market trends, and exchange rates.







Sanki Engineering Group Management Philosophy

**Sanki Standard**

**We create comfortable environments through engineering and widely contribute to social development.**

We will refine our skills and wisdom with the aim of increasing client satisfaction.

We will place significance on communication and mutual respect.

We will remain aware that we are a member of society and will act accordingly.





# HISTORY

## History of Sanki Engineering

### Origin of Our Corporate Name

Sanki Engineering has its origins in the Machinery Division of the former Mitsui & Co. and was named by taking one.

	1920	1930	1940	1950	1960	1970	1980	1990	2000	2010	2020	2025
History of Sanki Engineering	<b>April 22, 1925</b> • Sanki Engineering is established • Capital of 500,000 yen and 12 employees	<b>1931</b> Moves the head office to Hibiya <b>1935</b> Celebrates the tenth anniversary of its founding, with five branches, six field offices, three affiliates, and around 300 employees		<b>1950</b> The Japanese economy takes a favorable turn, and the expansion in demand for building construction and equipment results in a dramatic improvement in the Company's business performance, lists shares on the Tokyo Stock Exchange <b>1958</b> Capital exceeds 1 billion yen	<b>1963</b> Completes the Sagami plant (currently the Yamato Product Center), which tailors production equipment for conveyor mass production	<b>1972</b> Sets up the Environmental Administration Office <b>1973</b> Spins off the sash business	<b>1982</b> Builds the Technical Research Laboratory		<b>2000</b> Opens the Shonan Training Center <b>2005</b> Moves the head office to Nihonbashi	<b>2011</b> Moves the head office to Tsukiji <b>2015</b> 90th Anniversary <b>2016</b> Launches the long-term vision "Century 2025" and the Medium-Term Management Plan "Century 2025" Phase 1 <b>2018</b> Begins operations at all facilities of the Sanki Techno Center <b>2019</b> Begins operations at the Yamato Product Center	<b>2022</b> Announces the Sustainability Policy Sanki's Carbon Neutral Declaration	
World Events	<b>1923</b> Great Tokyo Earthquake		<b>1945</b> End of World War II	<b>1958</b> Opening of Tokyo Tower	<b>1964</b> Tokyo Olympics	<b>1970</b> Japan World Exposition, Osaka <b>1972</b> Reversion of Okinawa	<b>1986</b> Japan's Equal Employment Opportunity Law	<b>1991</b> Collapse of Japan's bubble economy <b>1995</b> Great Hanshin Earthquake <b>1997</b> Adoption of the Kyoto Protocol	<b>2008</b> Lehman Brothers bankruptcy	<b>2011</b> Great East Japan Earthquake <b>2015</b> Adoption of SDGs <b>2019</b> Japan changes era name to "Reiwa"	<b>2020</b> COVID-19 global pandemic <b>2021</b> Tokyo 2020 Olympic and Paralympic Games <b>2022</b> Russia invades Ukraine	

100<sup>th</sup>  
Anniversary

### Founding Era



Mitsui main building



First President, Meijiyo Yasumoto



Sanshin Building



Nippon Life Insurance Company Tokyo Office

#### 1925

- Begins businesses including heating, plumbing, and building materials
- Launches the electrical systems business
- Installs Japan's first centralized air conditioning system for an entire structure at Mitsui's main building

#### 1930

- Develops and installs a proprietary incinerator for facilities in the Sanshin Building
- Establishes Toyo Carrier Industries together with U.S.-based Carrier Engineering and launches the air conditioning business
- Completes work on the Tokyo Office of Nippon Life Insurance Company (currently Nihombashi Takashimaya Shopping Center)

### Contributing to Accelerating Postwar Reconstruction



Main building of Dai-ichi Life Insurance



Night-soil treatment plant

#### 1940

- Starts manufacturing conveyors
- Concludes sales contracts for machinery used in mining-related chemistry with U.S.-based Dorrr Inc. and Oliver, Inc.
- Completes work on the main building of the Dai-ichi Life Insurance Company, Japan's first building with the special high-voltage power reception of 22 kV

#### 1950

- Completes work on Japan's first all-fluorescent lighting system in the Taisho Marine and Fire Insurance Building
- Becomes involved in night-soil treatment plant disposal facilities in response to urban hygiene needs
- Delivers a roller conveyor to the Japanese Antarctic Research Expedition II

### Supporting the Period of High Economic Growth



Yoyogi National Stadium (at the time)



6S sash



Clean room

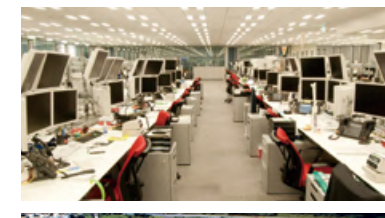
#### 1960

- Completes work on HVAC, plumbing, and electrical systems for Japan's first skyscraper, the Kasumigaseki Building
- Develops the standardized "6S sash" and gains the top market share among steel sash manufacturers
- Completes work on HVAC and plumbing for the Yoyogi National Stadium used in the Tokyo Olympic and Paralympic Games

#### 1970

- Completes work on Japan's first large-scale clean room at NEC's Sagami-hara plant
- Develops the world's first completely unmanned automatic sorting system and airport baggage handling system
- Provides HVAC equipment for satellite communication ground stations in the Middle East and other regions and builds automotive testing equipment in Russia

### Rising to the Challenge of New Businesses



Facility Systems Business



Advanced sewage treatment system



Clean conveyor

#### 1980

- Launches the information and communications business
- Launches the facility systems business to deal with office integration and moving
- Established a Group company to handle operations and management as well as the repair and maintenance of Sanki facilities

#### 1990

- Develops environment-related technology, including an ice thermal storage system, advanced sewage treatment systems, fuzzy combustion control technology, and gasification and melting furnaces
- Develops technologies related to clean rooms for pharmaceutical and semiconductor manufacturing plants

#### 2000

- Advances network systems, including LAN, building monitoring, and automated control
- Establishes the Energy Solution Center to promote and develop the energy-saving business and provide sales support
- Develops and begins sale of clean conveyor facilities in response to growing demand for liquid crystal displays and organic EL panels

### Toward a Sustainable Future



Yoyogi National Stadium 1st Gymnasium



Toranomon Hills Business Tower

#### 2010

- Promotes the LCE\* Business, which is intended to sustain the life cycle of buildings and facilities, from planning, design, and construction work to maintenance, operation/management, renovation, and reconstruction
- Wins order for the DBO project, a bulk contract encompassing design, construction, management, and maintenance
- Completes HVAC, plumbing, and electrical systems (renewal) for Yoyogi National Stadium 1st Gymnasium used in the Tokyo 2020 Olympic and Paralympic Games

\*Life-cycle engineering

#### 2020

- Completes the HVAC, central monitoring, and automated control systems for the Toranomon Hills Business Tower
- Develops automation and labor-saving technologies



# Sanki Engineering Group Business Overview by Segment

(Year ended March 2024)

## Facilities Construction Business

Net Sales **182.5 billion yen\*** Net Sales Composition Ratio **82%**



### HVAC and Plumbing for Building, Industrial HVAC, and Electrical Systems

Net Sales Composition Ratio

**75%**

Our Facilities Construction Business is conducted in ways that are friendly to both people and the environment and through systems that are convenient, comfortable, and efficient, and also save energy. We are engaged in wide-ranging fields, including HVAC and plumbing systems for buildings, industrial HVAC systems, and electrical systems.

Main Sales Items

#### ● HVAC and Plumbing for Buildings

- HVAC systems
- Industrial HVAC systems
- Clean rooms
- Environmental control systems
- Pharmaceutical and food manufacturing facilities
- Freezing and refrigeration
- District heating and cooling plants
- Nuclear power-related facilities
- Semiconductor manufacturing facilities
- Battery manufacturing facilities
- Plumbing system for water supply and drainage
- Food service equipment
- Disaster prevention systems

#### ● Electrical Systems

- Electrical systems
- Telecommunication systems
- Electrical civil engineering

### Facility Systems Business

Net Sales Composition Ratio

**7%**

We serve the needs of offices and other workplaces by providing design and project management for construction and relocation as well as strategic and operational consulting services.

Main Sales Items

#### ● Facility Systems

- Project management and designing of fit-out and relocation of offices and workplaces
- Consulting involving overall work style

#### ● Smart Building Solutions

- Central monitoring and automated control systems
- ITC solutions
- Crisis management (BCP) solutions
- IP phone solutions
- Security-related solutions

## Plants & Machinery Systems Business

Net Sales **37.0 billion yen\*** Net Sales Composition Ratio **17%**



### Machinery Systems Business

Net Sales Composition Ratio

**5%**

We provide material handling systems and conveyance systems that meet customer needs and challenges in supply chain management.

Main Sales Items

#### ● Conveyance Systems

- Lightweight conveyors
- Distribution-related conveyors
- Sorting devices
- Automated warehouse

#### ● Material Handling Systems

- FA systems
- Clean conveyance systems
- Material handling systems
- Airport baggage and cargo handling systems
- Medical handling systems
- Handling information control systems

### Environmental Systems Business

Net Sales Composition Ratio

**12%**

We develop unique facilities and systems for water and sewage treatment and waste treatment to enhance living environments while conserving energy and reducing CO<sub>2</sub> emissions.

Main Sales Items

#### ● Water Treatment

- Water and sewage treatment facilities
- Sludge incineration facilities
- Industrial wastewater and waste gas treatment facilities
- Plant facilities for the food and chemical industries

#### ● Waste Treatment

- Waste incineration facilities
- Landfill wastewater treatment facilities
- General and industrial waste disposal and recycling facilities
- Sludge recycling facilities



## Group Companies

### Facilities Construction Business

- Sanki Techno Support Co., Ltd.
- Sanki Construction Engineering (Shanghai) Co., Ltd.
- Thai Sanki Engineering & Construction Co., Ltd.
- CAD-KENDORO Co., Ltd.

### HVAC and Plumbing for Buildings Business



### Industrial HVAC Business



### Electrical Systems Business



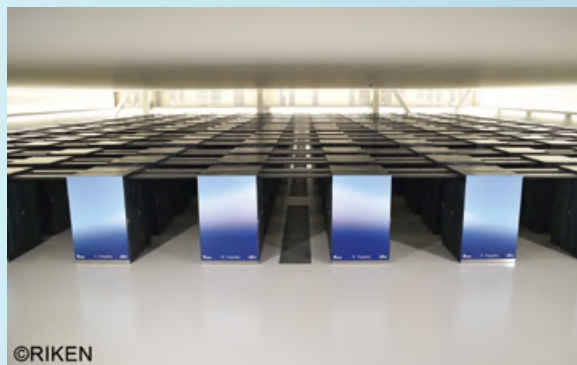
### Smart Building Solutions Business



### Facility Systems Business



## Major Projects



Supercomputer Fugaku



Toranomon Hills Business Tower



Nippon Life Yodoyabashi Building

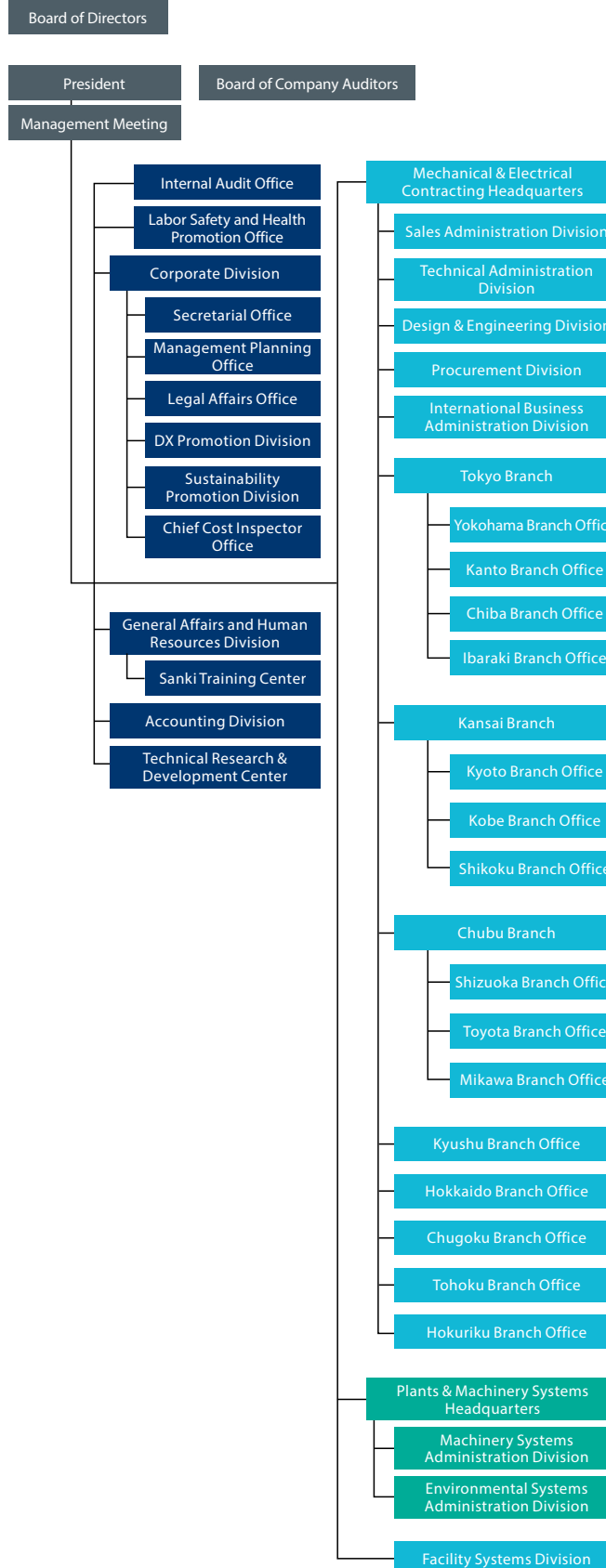


Kurita Innovation Hub, Kurita Water Industries Ltd.



Kanae Tochigi Factory No. 3 Factory Building

## Organization (as of April 1, 2024)



## Group Companies

### Machinery Systems Business

- Sanki Sangyo Setsubi Co., Ltd.

### Environmental Systems Business

- Sanki Greentech Co., Ltd.
- Sanki Aquatech Co., Ltd.
- AQUACONSULT Anlagenbau GmbH
- Sendai Kankyo Hozen Co., Ltd.
- PFI Okubo Techno Resource Co., Ltd.

### Machinery Systems Business



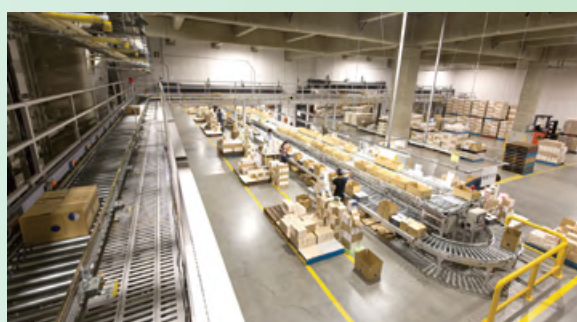
### Environmental Systems Business



## Major Projects



South Wing of Narita International Airport's Terminal 1



Tohan Wako Center



Okubo Water Purification Plant

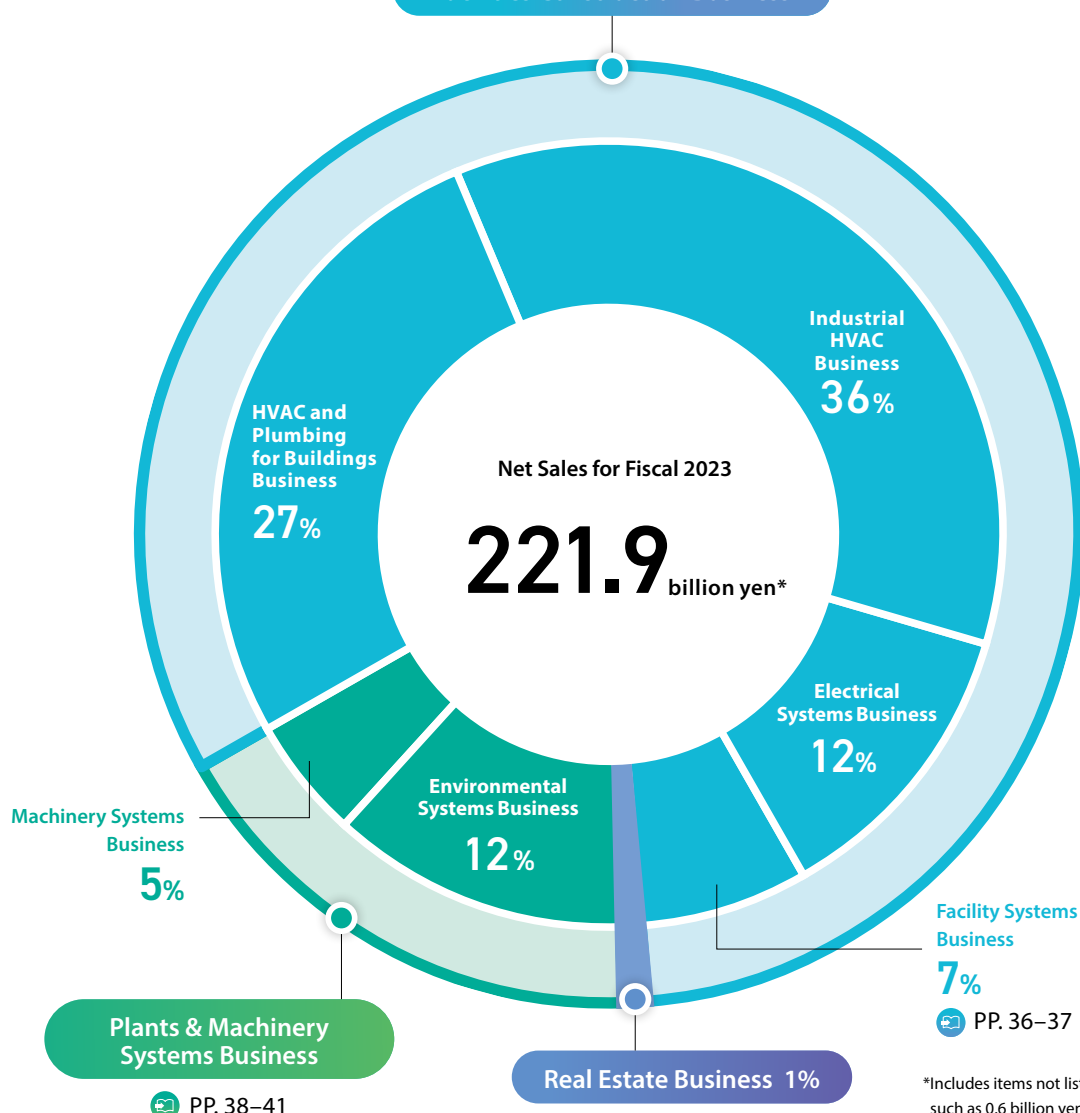


Clean Hill Tenzan



PP. 33–35

## Facilities Construction Business



\*Includes items not listed in the graph, such as 0.6 billion yen in other net sales and 0.7 billion yen in elimination of intersegment transactions.

## Real Estate Business

Net Sales

**2.4** billion yen\*

Net Sales Composition Ratio

**1**%

Our Real Estate Business includes operations in the areas of real estate leasing and building management. We are striving to expand into higher value-added real estate while taking advantage of our current technology.

### Main Sales Items

- **Real Estate Leasing**
  - Land leasing
  - Building leasing
- **Building Maintenance and Management**
  - Facility maintenance and upgrades

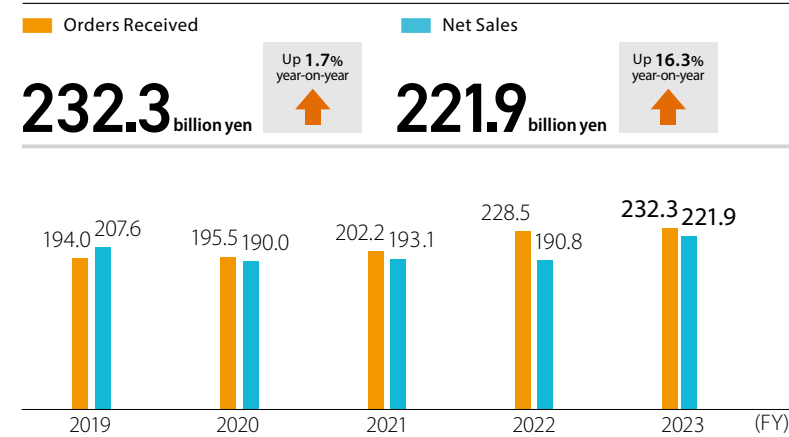




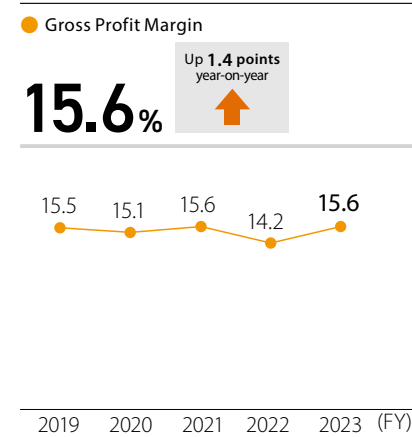
# Financial and Non-Financial Highlights

## Financial Data (Consolidated)

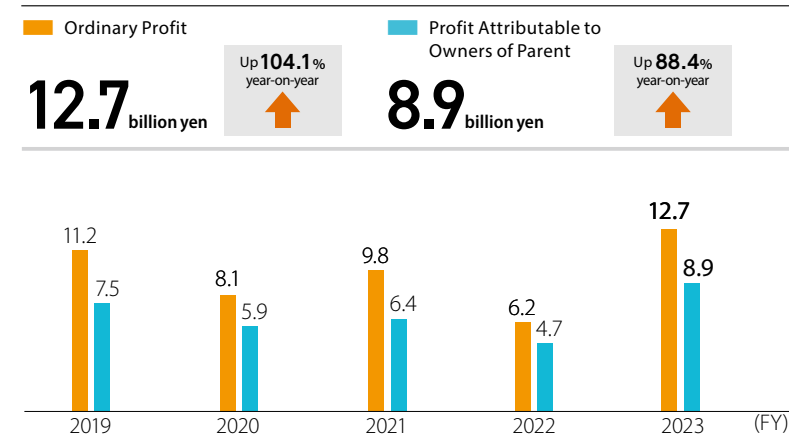
### Orders Received and Net Sales



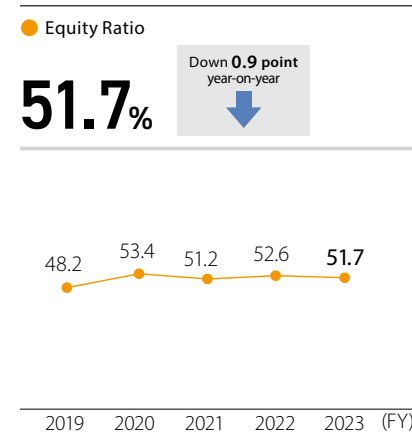
### Gross Profit Margin



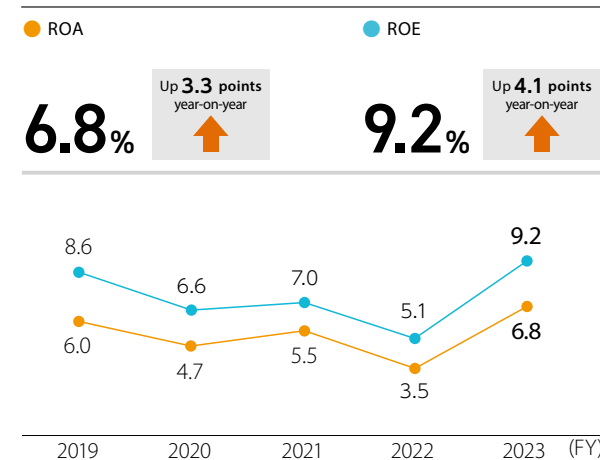
### Ordinary Income and Profit Attributable to Owners of Parent



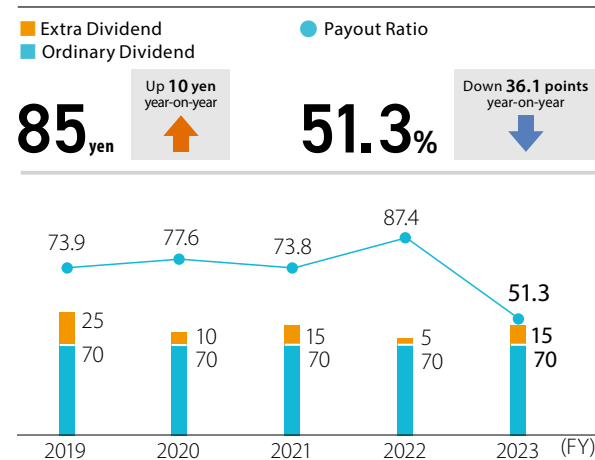
### Equity Ratio



### ROA/ROE

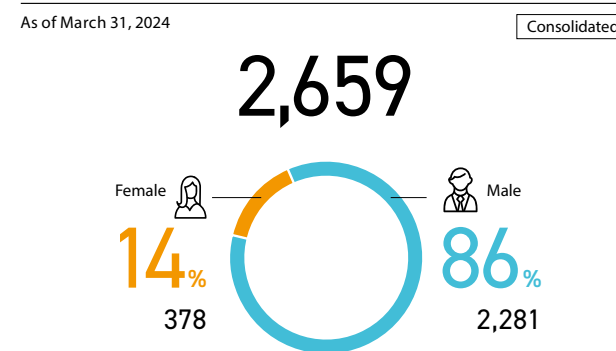


### Annual Dividend per Share and Payout Ratio

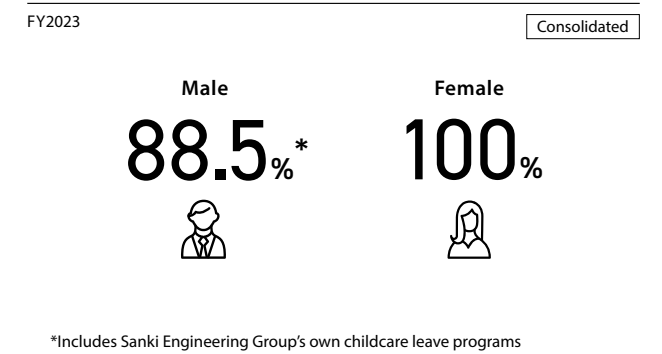


## Non-Financial Data

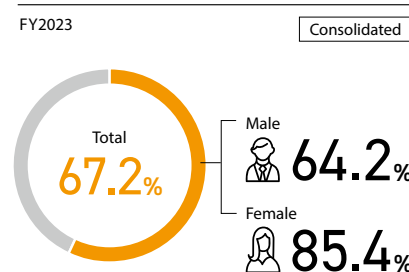
### Number of Employees



### Rate of Childcare Leave Taken



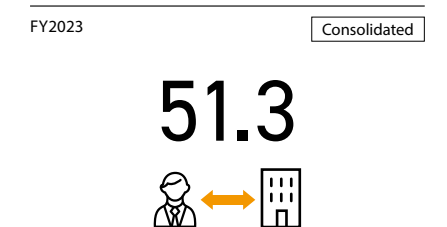
### Rate of Annual Paid Leave Taken



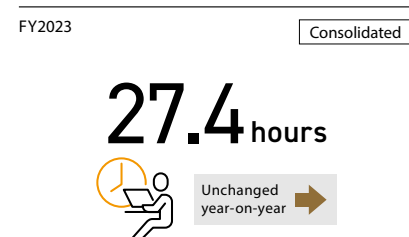
### Average Age of Managers



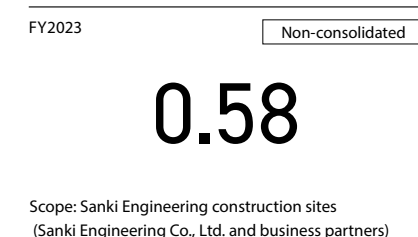
### Engagement Score



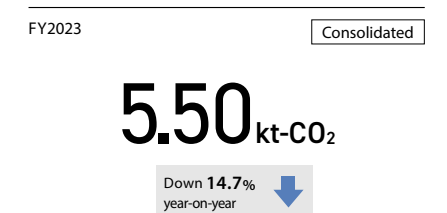
### Average Monthly Overtime Work per Person



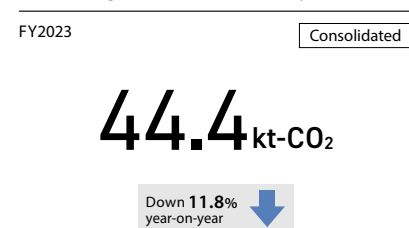
### Industrial accidents frequency rate



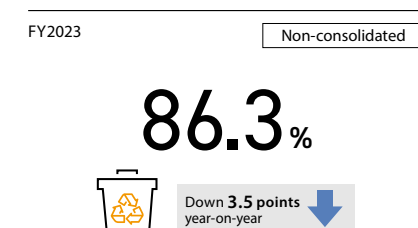
### Volume of GHG Emissions (Scope 1 and 2)



### Contribution to CO2 Reductions at Customers through Sanki Products and Technologies (for Ordered Projects)



### Recycling Ratio of Industrial Waste at Sites where Sanki Engineering is the Prime Contractor



### Number of Registered Patent





# Message from the President



Hirokazu Ishida  
President

With our eyes firmly fixed on the future,  
we will continue to take on the challenges  
of remaining the Enduring company of choice.

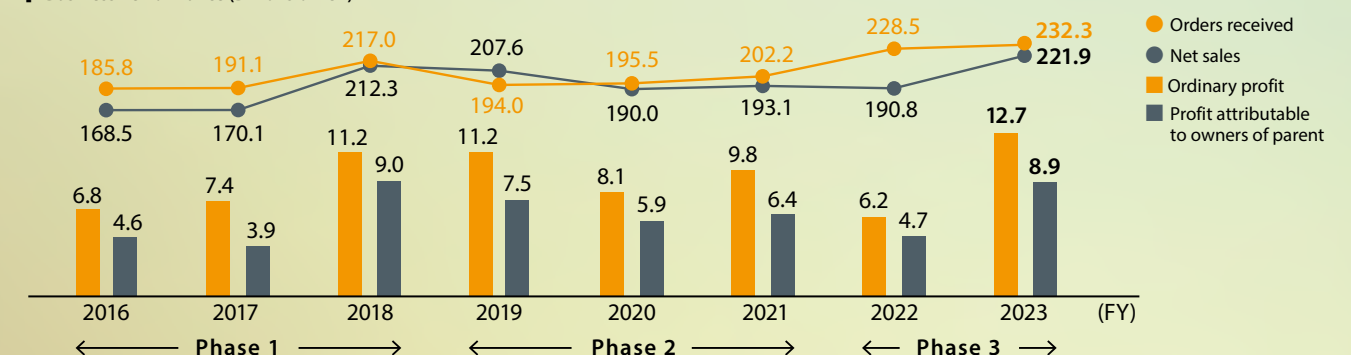
## Operating Environment Surrounding Sanki and Business Results for Fiscal 2023

With the end of the more than three-year period of the COVID 19 pandemic and the full return of normal social and economic activities, we are seeing a growing appetite for capital investments from the private sector in the Japanese construction market, which constitutes a major focus for the Sanki Engineering Group. Large-scale redevelopment projects are underway in major cities across Japan, while the return of manufacturing industries from overseas has also become more pronounced, leading to a surge of investments in the growth industries of semiconductors, EV batteries, and data centers. Furthermore, we are also observing robust DX investments, which overlap with initiatives for decarbonization, as well as labor and energy savings, and we expect this trend to continue steadfastly into the future.

Under these circumstances, the Sanki Engineering Group performed well in fiscal 2023, maintaining high levels of net sales and profits due to the progress of abundant

carryover construction projects and improvement of profit margins focused on the mainstay Facilities Construction Business. As a result, we were able to exceed the targets for the final year (fiscal 2025) of the Medium-Term Management Plan “Century 2025” Phase 3, with net sales of 220 billion yen and ordinary profit of 12 billion yen. Labor costs have remained high due to shortages in labor, and the costs of construction materials and equipment have also remained high, due in part to the surge in international raw material prices and the higher cost of imports associated with the weak yen. Nevertheless, we were able to improve our overall profit margin by passing on these costs to customers with their understanding and by actively taking orders and improving profitability during construction work. We expect the business environment to remain favorable for the time being, with ample construction work to be carried over to the next fiscal year and beyond.

Business Performance (Billions of Yen)



## Status of the Medium-Term Management Plan “Century 2025” Phase 3 in Fiscal 2023

In fiscal 2023, we completed the second year of the Sanki Engineering Group’s four-year Medium-Term Management Plan “Century 2025” Phase 3 (FY2022–2025), thus reaching the plan’s halfway point. Phase 3 marks the culmination of our efforts to become the company of choice, as stated in our long-term vision “Century 2025,” which covers a ten-year period. As mentioned earlier, while we were able to achieve most of our management targets ahead of schedule, we are engaged in ongoing efforts to further enhance the quality of each of the basic policies of Phases 1 and 2: strengthening core businesses; promoting growth strategies; enhancing the Sanki brand;

strengthening information dissemination capabilities; and disclosing financial and capital policies (PP. 26–29).

As a major topic particularly relevant to strengthening core businesses and promoting growth strategies, we have established the new Design & Engineering Division in our mainstay Facilities Construction Business to handle the growing scale of properties and specialized assets, such as facilities related to semiconductors and EVs. By establishing a system for efficiently providing an intra-organizational response from the design stage, I believe we will be able to boost our competitiveness in anticipation of the future evolution of the business environment.



In the Facility Systems Business, we established a new office in Shiodome, and reinforced our sales capabilities to expand the business. In the Machinery Systems Business, we focused on developing new technologies and products that meet customer needs, in the hope that the growing demand for labor and energy savings serves as a tailwind for future business expansion. In fiscal 2023, we constructed a clean room at the Yamato Product Center and began the development and manufacture of high value-added products. We are also actively pursuing R&D in collaboration with startup companies and other entities.

In the Environmental Systems Business, we reorganized

the operations of two Group companies to strengthen and promote the LCE business by creating a structure that enhances the expertise of both entities. We also anticipate an expansion in the water treatment business in Japan and overseas, and we are expanding production facilities in Japan and strengthening the functions of our Austria plant to increase the production capacity of AEROWING as a strategic product. While issues such as soaring labor costs and social circumstances remain, we are seeking to advance our overseas business even more boldly in the near future and intend to make the necessary preparations now, while we are able to continuously secure profits.

## Addressing the “2024 Problem” and Promoting DX

**W**hat is referred to as the “2024 problem” and promoting DX are important aspects of the new key initiatives set forth in Phase 3—accelerating work-style reform and investing toward the “Next Era.” Since April 2024, a cap on overtime has been applied to the Japanese construction industry, where long working hours have been considered a problem throughout the industry. The Sanki Engineering Group recognized early on that eliminating long working hours had to be addressed in light of the declining workforce in the construction industry. In 2015, we launched the Smile Project for implementing Company-wide work-style reform, and we have sought to establish the relevant systems and working environment while raising employee awareness. We have also promoted the Smile Site Plan to specifically target construction sites and a Smile Plan for each business segment. By implementing measures such as work content analysis and work sharing, we have been preparing to address the construction industry’s “2024 problem” as a milestone into the future.

Application of the regulatory cap has just begun, and while we will continue to closely monitor and flexibly respond to the situation, we recognize that the immediate

issue is to secure personnel and level the volume of work as the scale of construction projects becomes noticeably larger. In addition, when considering our own sustainability in this era of a declining population, I believe that improving productivity and raising operational efficiency are unavoidable issues and that promoting DX constitutes an essential investment in the “Next Era” to address them.

In April 2023, the Sanki Engineering Group established the DX Promotion Division (now the DX Promotion Office) to promote initiatives for reforming work styles and improving productivity, as well as achieve further growth, by striving to become an organization that connects all Group employees through a Co-Creation Cycle of knowledge. In January 2024, Sanki Engineering was certified as a DX Certified Business Operator by Japan’s Ministry of Economy, Trade and Industry, and we are pursuing such actions as constructing new digital infrastructure, applying generative AI to internal operations, and strengthening data collaboration. Speed is of the essence in all these measures, and we hope to accelerate our DX by first gaining expertise by actually applying the technology.

## Promoting Sustainability Management and Enhancing Corporate Value

**T**he Sanki Engineering Group has been promoting sustainability management under its Sustainability Policy, which was established in February 2022 based on its management philosophy. As a company that creates comfortable environments and offers them to society at large, our contribution to sustainability overlaps with our business activities in many ways, and I believe this also has a great deal to do with enhancing our corporate value as well.

In particular, we are currently focusing on the SANKI YOU Eco Contribution Point System as an initiative that symbolizes the stance taken by the Sanki Engineering Group (pp. 46–47). The system provides a mechanism for customers to earn points by adopting our CO<sub>2</sub> reduction proposals and to donate these points to environmental conservation activities. We believe it is highly significant that the promotion of our business

is directly linked to expanding the circle of carbon neutrality throughout society.

Meanwhile, the Sanki Engineering Group is aware of its own need to continuously tackle climate change as a priority issue. Under Sanki’s Carbon Neutral Declaration, linked to our materiality of contributing to a carbon-free society, we are making steady progress toward achieving net zero Scope 1 and 2 emissions for the Group in 2030 (p. 52). With regard to environmental issues, there are now a variety of regulations and requirements, and we have been implementing initiatives, including maintaining the Ministry of the Environment’s 30 by 30 Alliance for Biodiversity, meeting TCFD requirements, applying for SBT certification, and remaining on the CDP’s Climate Change A List. I feel we should continue to heighten our awareness of these throughout the Group, since such requirements are expected to become more sophisticated in the future and we must always be ready to respond.

Before we vigorously accelerate our activities, we must first ensure that our employees are fully aware of the significance of promoting sustainability. In addition to passing on the technologies at the foundation of our business, we must also raise our in-house literacy of environmental issues as well as DX, which will underpin our future business activities. To that end, we will continue to invest in appropriate human capital. I hope this will instill the Sanki spirit and brand in every employee and be passed on to the next generation.

We have been dispatching personnel to the Antarctic Research Expedition since 1991 to support environmental conservation. We primarily handle maintenance and management of on-site wastewater and waste treatment



facilities as well as the HVAC and plumbing system, which significantly enhances the development of our human resources as well. We would like to continue to participate in the expedition as an opportunity to bring back new knowledge, experience, and inspiration.

In terms of governance, we endeavored to improve the effectiveness of our corporate governance to further reinforce credibility by establishing the new Corporate Division in April 2024, which integrates and manages the Secretarial Office, Management Planning Office, Legal Affairs Office, DX Promotion Office, Sustainability Promotion Office, and Chief Cost Inspector Office. In the past, each organization with corporate functions in the Sanki Engineering Group had independently formulated and executed their respective measures. Henceforth, we plan to have the Corporate Division manage coordination among organizations, thereby deepening inter-organizational collaboration and facilitating prompt action.

## To Our Stakeholders

**F**or the Sanki Engineering Group to be the company of choice for our stakeholders now and in the future, it is important for us to continue providing solutions through our business for social issues such as carbon neutrality. We are also aware that we must keep abreast of social trends that emphasize return on capital in corporate financial strategy, through efforts such as advancing our response to management with due consideration of capital costs and share price, as required by the Tokyo Stock Exchange (pp. 30–31).

The component technologies we have cultivated over the years will no doubt remain a great asset for years to come. However, I also realize we will need to take on further challenges beyond the conventional framework and

change the way we think. To that end, I believe we should actively invest in diverse areas, including the search for new technologies (p. 28), collaboration with other companies, open innovation, and M&A.

The Sanki Engineering Group will celebrate its 100th anniversary in April 2025. While this is an important milestone, it is by no means the goal. We will boldly look beyond that milestone to our ideal vision for 2050, of becoming “Sanki, the Enduring Company of Choice,” and we will advance with vigor and achieve growth into the next era by reinforcing our management base to maximize our strengths.

# Sanki Engineering Group’s Ultra-Long-Term Vision

The Sanki Engineering Group is committed to achieving its ultra-long-term vision of becoming the “Enduring Company of Choice” by 2050.

We leverage our strengths in creating comfortable environments through engineering to realize a sustainable society while promoting sustainability management based on our five material issues.

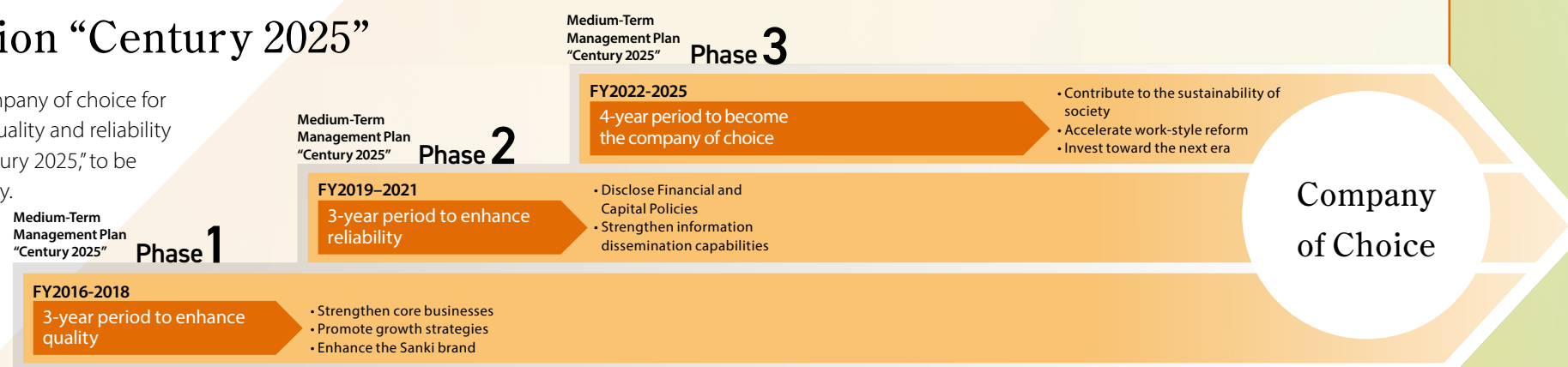
## Sustainability Policy

Aiming to realize a strong business base and a sustainable society by “creating comfortable environments through engineering and widely contributing to social development”

## Long-Term Vision “Century 2025”

We endeavor to become the company of choice for our stakeholders by enhancing quality and reliability under our long-term vision, “Century 2025,” to be achieved by our 100th anniversary.

**PP. 26–29**  
Medium-Term Management Plan  
Status of “Century 2025” Phase 3  
(FY2022–2025)



## Management Philosophy

We create comfortable environments through engineering and widely contribute to social development.

## Long-Term Vision “Century 2025”

## Five material issues

## Sanki’s Carbon Neutral Declaration

## MIRAI 2030

## Ultra-Long-Term Vision

To promote sustainability management, we determined our five materiality issues by identifying issues selected from a broad perspective in terms of “improving environmental and social value” and “improving corporate value,” and then sorting high-priority issues into groups.



**PP. 24–25** Sanki Engineering Group Materiality

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.

## 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.

# Ultra-Long-Term Vision for 2050

## Sanki, the “Enduring Company of Choice”

Striving to be a company that contributes to the realization of a sustainable world by using engineering to resolve social issues such as carbon neutrality and create a pleasant environment





## Our Value Creation Process

Guided by the Sanki Standard management philosophy, the Sanki Engineering Group strives to fulfill its mission of realizing all types of comfortable environments and contributing to the development of a sustainable society by creating value at each step of the business process and in every business area.

## Social Issues

Climate change / Resource and energy constraints / Declining population, falling birthrates, and aging population / Human rights risks / Aging infrastructure

## Stakeholder Needs

Decarbonization / Disaster prevention, mitigation, and resilience / Sustainable use of resources / Automation, labor-saving, and higher productivity / Safe working environments / Infrastructure maintenance and upgrades / Work-style reform / Digital transformation (DX)

## Continuous Enhancement of Corporate Value

### Creation of comfortable environments



# Management Resources of the Sanki Engineering Group

The capital accumulated by the Sanki Engineering Group over nearly a century supports our daily business operations and represents the wellspring for our next stage of growth. We will continue to enhance our management resources while improving the quality of our total engineering capabilities, the greatest value offered by the Sanki Engineering Group, to ensure our own sustainable growth.

PP. 26–29  
Status of the Medium-Term Management Plan “Century 2025” Phase 3 (FY2023–2025)

## Human Capital



### The Group’s human assets for shouldering future technologies

The Sanki Engineering Group has been pioneering in each era through the power of technology and considers its people, who possess that technology, to be its greatest asset and the source of its business competitiveness and corporate value. By steadfastly investing in human capital, we strive to create working environments for the development and use of our human resources.

- Secure and foster diverse and highly skilled human resources as part of Phase 3 of the Medium-Term Management Plan, which focuses on enhancing the Company’s quality and reliability.
- Provide career development and classroom training for qualification acquisition, as well as practical technical and safety training with actual equipment, at the Sanki Techno Center, our comprehensive training and research facility.
- Provide training and offer the use of research facilities for subcontractors who work with us to support on-site construction operations.
- Maintain efforts for creating working environments that enable each individual employee to work with vigor and pursue self-directed career development by fully demonstrating their capabilities, including accelerating work-style reform by developing systems for supporting site operations and DX, offering a rewarding personnel system, and establishing programs for balancing personal life and work.
- Develop and enhance digital human resources based on the SANKI DX Vision.

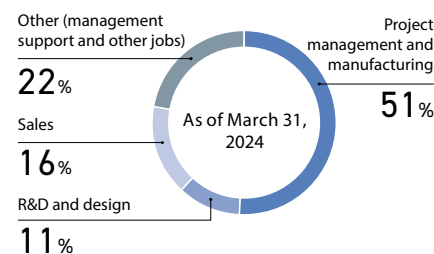
#### Related policies and measures under the Medium-Term Management Plan Phase 3

- ▶ **Related Policies**
  - Smile Work Guideline
  - SANKI DX Vision
- ▶ **Measures under the Medium-Term Management Plan Phase 3**
  - Strengthen core businesses
  - Accelerate work-style reform
  - Invest toward the next era

#### Human resource investment (FY2023, Consolidated)

Approx. **31.2** billion yen

#### Ratio of employees by job classification



#### Project management technician (civil works, construction, electrical construction, pipe laying works) (Consolidated, as of April 1, 2024)

**1,253** persons

## Manufactured Capital



### Manufacturing technologies cultivated across Sanki’s long history

The Sanki Engineering Group maintains locations in Japan and overseas that serve as base camps for promoting business and cultivating human resources, passing down technical skills, and for production and R&D.

- We have operations throughout Japan, and in Asia and Europe. Our 18 domestic branch and branch offices, as well as our five domestic and three overseas consolidated Group companies, also serve as base camps for human resource development to support on-the-job training at construction sites.
- We regard the Sanki Techno Center, which houses the R&D Center, as our “temple of learning” for passing down and developing technical skills.
- The Yamato Product Center, the main production base for conveyors, functions as a site for improving quality, productivity, and development capabilities, with a new clean room constructed within the facility.

#### Related Policies and Measures under the Medium-Term Management Plan Phase 3

- ▶ **Measures under the Medium-Term Management Plan Phase 3**
  - Strengthen core businesses
  - Promote growth strategies
  - Accelerate work-style reform
  - Invest toward the next era

#### Capital investment (FY2023, Consolidated)

**1.69** billion yen

#### ICT investment (FY2023, Consolidated)

**1.76** billion yen

## Social and Relationship Capital



### Close relationships with customers and business partners

We receive orders for various types of construction work based on the trust we have cultivated over the years with a diverse range of customers throughout Japan, and we carry out construction work in cooperation with our business partners, including construction companies and subcontractors.

- Maintain and strengthen the customer base cultivated over the years, including building owners, developers, manufacturers, and government agencies.
- To strengthen the construction system, establish a certification and commendation programs as well as regular meetings and training opportunities to maintain and strengthen relationships of trust with members of subcontractor groups throughout Japan that support on-site construction operations.
- Improve payment terms to safeguard a stable business environment for our business partners.
- Actively communicate with governments and other relevant stakeholders in each region in which we operate, and conduct a variety of social contribution activities that benefit regional development.

#### Related Policies and Measures under the Medium-Term Management Plan Phase 3

- ▶ **Related Policies**
  - Sanki Engineering Group Procurement Policy
- ▶ **Measures under the Medium-Term Management Plan Phase 3**
  - Enhance the Sanki brand
  - Contribute to the sustainability of society

#### Members of Subcontractor groups

**860** companies

## Intellectual Capital



### Research and development that capture global trends

By maximizing the use of elemental technologies involving air, water, heat, electricity, machinery, and information, we contribute to meeting customer needs as well as to the resolution of diverse issues faced by society.

- The R&D Center takes the lead in collaborating with business units to pursue new technologies, improve and enhance the functionality of proprietary technologies, conduct basic research, and investigate new technologies.
- Develop solutions that meet the most advanced needs based on the elemental technologies of total engineering encompassing design, construction, and maintenance in diverse fields, and combine them with the latest IoT and AI technologies while also utilizing open innovation.
- Properly manage and operate intellectual property generated through R&D after compiling a database, including patent summaries and gazettes. Regular internal information sharing and education and training on patents and the like actively promote the utilization and protection of intellectual property.

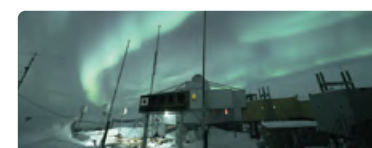
#### Related Policies and Measures under the Medium-Term Management Plan Phase 3

- ▶ **Measures under the Medium-Term Management Plan Phase 3**
  - Strengthen core businesses
  - Accelerate work-style reform
  - Invest toward the next era

#### R&D Expenditures (FY2023, Consolidated)

**1.53** billion yen

## Natural Capital



### Contribution to the global environment

The Sanki Engineering Group contributes to the creation of a decarbonized society by installing energy-saving and energy-creating equipment in buildings, factories, stores, hospitals, and infrastructure facilities.

- Develop environmentally sound products and construction methods.
- Engage in environmental conservation activities by promoting the SANKI YOU Eco Contribution Point system.
- Quantitatively assess the environmental impact of electricity, and fuel and other energy and water resources used in the Group’s business activities, as well as CO<sub>2</sub> emissions and waste, and take steps to improve them, as part of our role in conserving the global environment.
- Promote initiatives to reduce our own environmental impact, including the use of renewable energy.
- Dispatch personnel to the Antarctic Research Expedition for preserving biodiversity in the Antarctic region by maintaining and managing wastewater treatment and HVAC facilities.

#### Related Policies and Measures under the Medium-Term Management Plan Phase 3

- ▶ **Related Policies**
  - Sanki Engineering Group Environmental Policy
  - Sustainability Policy
  - Sanki’s Carbon Neutral Declaration
- ▶ **Measures under the Medium-Term Management Plan Phase 3**
  - Contribute to the sustainability of society
  - Invest toward the next era

#### CO<sub>2</sub> emissions by Scope (Consolidated, FY2023)

Scope 1 and 2 **5.50** kt-CO<sub>2</sub>  
Scope 3 **4.08** million t-CO<sub>2</sub>

## Financial Capital

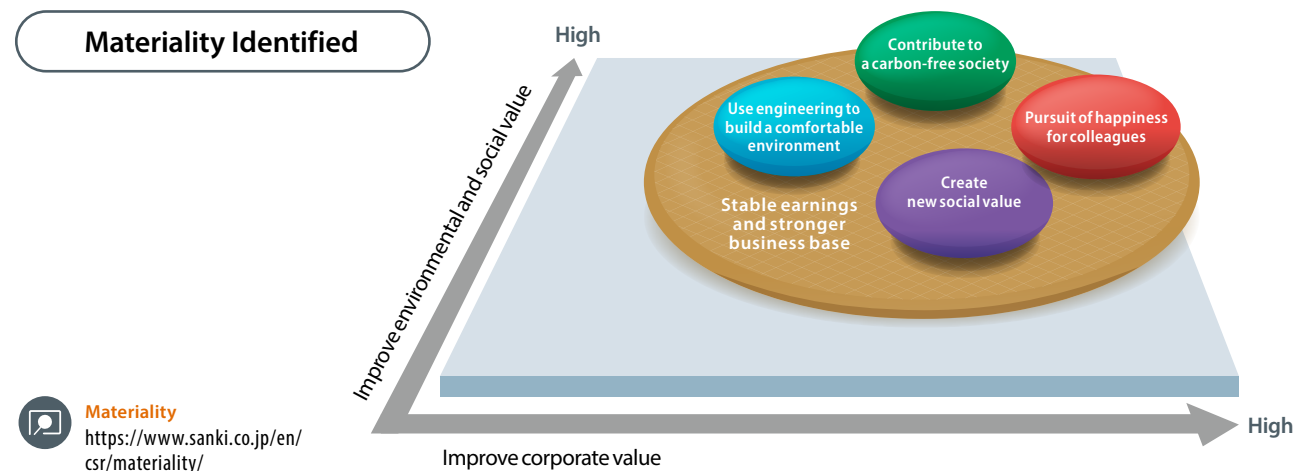
For more information on financial capital, see: “Message from the Chief Financial Officer.”

PP. 30–31 Message from the Chief Financial Officer

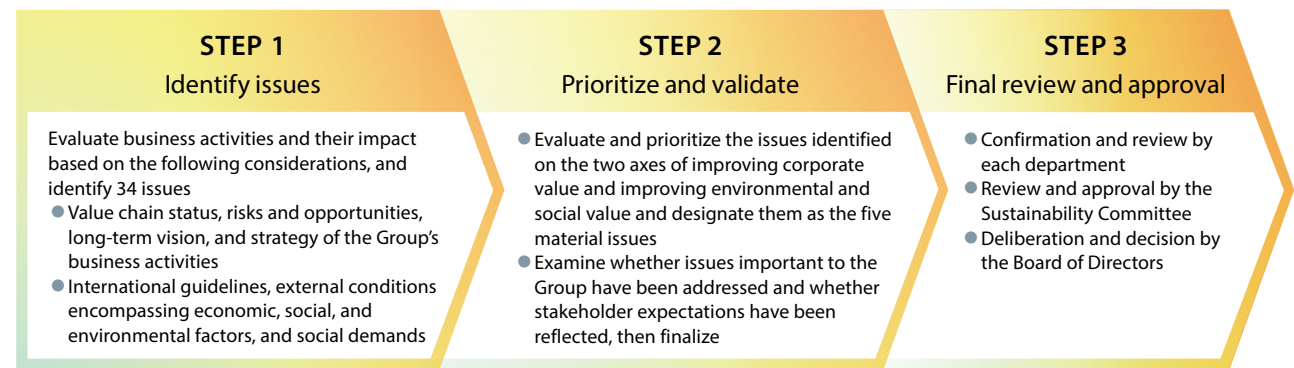


# Sanki Engineering Group Materiality

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,” and then sorted the high-priority issues into groups. By strategically allocating management resources to measures corresponding to the five issues, we aim to realize a resilient management foundation and sustainable society.



## Materiality Identification Process, Advancement, and Review



**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	<ul style="list-style-type: none"> <li>Incorporated materiality into the Medium-Term Management Plan and set KGI and KPI targets</li> <li>Held a progress review by the Sustainability Committee and submitted a report to the Board of Directors</li> </ul>
Review	<ul style="list-style-type: none"> <li>Conducted a survey on materiality (key issues)               <ul style="list-style-type: none"> <li>Survey was conducted in April 2023 for all Group employees to disseminate understanding of materiality and gather feedback</li> <li>Results were published internally and incorporated into sustainability measures</li> </ul> </li> <li>Conducted a review to confirm the necessity of upgrading our materiality               <ul style="list-style-type: none"> <li>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</li> </ul> </li> </ul> <p><small>*Particularly those areas in which an organization has the most significant impact on people (including economic, environmental, and human rights)</small></p>

Our Contributions to Sustainability		
Materiality	Initiatives	Relevant SDGs
Contribute to a carbon-free society	<p>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.</p> <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>	
Pursuit of happiness for colleagues	<p>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.</p> <ul style="list-style-type: none"> <li>Improve human resource development and technology</li> <li>Promote work-style reform</li> <li>Respect human rights</li> <li>Promote diversity</li> </ul>	
Use engineering to build a comfortable environment	<p>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.</p> <ul style="list-style-type: none"> <li>Build strong social infrastructure</li> <li>Diversify the water treatment business</li> </ul>	
Create new social value	<p>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.</p> <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>	
Stable earnings and stronger business base	<p>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.</p> <div> <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> </ul> <ul style="list-style-type: none"> <li>Increase productivity</li> <li>Promote DX</li> <li>Secure stable long-term business</li> <li>Provide returns to stakeholders</li> </ul> </div>	

# Status of the Medium-Term Management Plan

## “Century 2025” Phase 3 (FY2022–2025)

We completed the second year of our Medium-Term Management Plan “Century 2025” Phase 3 (FY2022–2025) and have now reached the halfway point toward the final year of the plan. In the current phase, we are working to achieve maturity and evolution for the Key Initiatives we have been implementing in Phases 1 and 2, while introducing new measures for enhancing the Company’s quality and reliability. We plan to further increase corporate growth to become the company of choice, the goal of our long-term vision.

Phase 3 Targets and Results					
Phase 3 Targets by FY2025		FY2022 Results		FY2023 Results	
Net sales	220.0 billion yen	Net sales	190.8 billion yen	Net sales	221.9 billion yen
Gross profit (ratio)	36.0 billion yen (16.5%)	Gross profit (ratio)	27.0 billion yen (14.2%)	Gross profit (ratio)	34.6 billion yen (15.6%)
Ordinary profit (margin)	12.0 billion yen (5.5%)	Ordinary profit (margin)	6.2 billion yen (3.3%)	Ordinary profit (margin)	12.7 billion yen (5.7%)
Phase 3 Targets FY2022–FY2025		FY2022 Results		FY2023 Results	
Ordinary profit margin	5.0% or higher	Ordinary profit margin	3.3%	Ordinary profit margin	5.7%
Dividend policy	Dividend payout ratio of 50% or more Annual dividend per share of 70 yen or more	Dividend policy	Dividend payout ratio of 87.4% Annual dividend per share of 75 yen	Dividend policy	Dividend payout ratio of 51.3% Annual dividend per share of 85 yen
Acquisition of treasury stock	About 5 million shares*	Acquisition of treasury stock	1.5 million shares (cumulative total of 1.5 million shares during the plan period)	Acquisition of treasury stock	1.42 million shares (cumulative total of 2.92 million shares during the plan period)
ROE	8.0% or higher	ROE	5.1%	ROE	9.2%
Growth investment	About 20.0 billion yen*	Growth investment	3.2 billion yen (cumulative total of 3.2 billion yen during the plan period)	Growth investment	2.7 billion yen (cumulative total of 5.9 billion yen during the plan period)
		(Breakdown)		(Millions of Yen)	
		ICT investment	1,086		331
		Human capital investment	504		951
		R&D investment	887		959
		M&A investment	255		17
		Capital investment	456		491

\*Cumulative total during the plan period



### Phase 1 Enhance Quality

- Strengthen Core Businesses**  
Improve component technologies and achieve stable growth
- Promote Growth Strategies**  
Pursue future growth in the areas of technology and business
- Enhance the Sanki Brand**  
Develop human resources that possess the Sanki spirit

FY 2016–2018

### Phase 2 Enhance Reliability

- Further Pursue Quality**
  - Improve construction productivity
  - Meet energy-saving and labor-reduction needs
  - Promote technological research and development
  - Improve internal communication

- Disclose Financial and Capital Policies**
- Strengthen Information Dissemination Capabilities**

FY 2019–2021

### Phase 3 Company of Choice

- Contribute to the Sustainability of Society**
- Accelerate Work-Style Reform**
- Invest toward the Next Era**

FY 2022–2025

Maturity and Evolution of Measures to Enhance Quality and Reliability

\*The ESG Policy in Phase 2 has evolved into the Sustainability Policy in Phase 3.

## Status of Key Initiatives

### Measures Carried Over from Phase 1

### Maturity and Evolution of Measures to Enhance Quality

In Phase 3, we will continue to work on the three measures as we have done in Phase 1 and 2 to further improve quality.

#### Measure 1 Strengthen Core Businesses

##### Facilities Construction Business PP. 33–35

- Developed next-generation clean rooms for semiconductor and EV battery manufacturing facilities
- Engaged in initiatives for reducing overtime work by streamlining site operations through the use of DX
- Established the Design & Engineering Division to handle larger and more specialized properties

##### Facility Systems Business PP. 36–37

- Expanded consulting service offerings
- Strengthened the total integration business of building ICT
- Expanded onsite information and the communication infrastructure business
- Collaborated with a startup company to boost the productivity of office design operations

##### Plants & Machinery Systems Business PP. 38–41

- Machinery Systems Business**
  - Expanded marketing of sorting systems for the logistics market
  - Constructed a clean room at the Yamato Product Center and began development and manufacturing of high value-added products
- Environmental Systems Business**
  - Restructured the operations of Group companies to enhance expertise and become more efficient and competitive

#### Measure 2 Promote Growth Strategy

- Developed a BIM computation coordination platform
- Received the FY2023 Local Invention Commendation for the Chugoku Region
- Selected for the Ministry of Land, Infrastructure, Transport and Tourism FY2023 Applied Research on Sewage
- Adopted a feasibility study for the FY2024 Breakthrough by Dynamic Approach in Sewage High Technology Project of the Ministry of Land, Infrastructure, Transport and Tourism
- Launched the Earth MIRAI Project to explore new technologies
- Worked with startup companies in an acceleration project

#### Measure 3 Enhance the Sanki Brand

- Continued to support environmental conservation in Antarctica
- Continued to support the Earthquake Recovery Project

### Long-Term Vision “Century 2025”

Becoming even more the company of choice for stakeholders



### Measures Carried Over from Phase 2

### Maturity and Evolution of Measures to Enhance Reliability

We will focus on further raising awareness of Sanki Engineering measures under Phase 2 to broaden the understanding of our stakeholders.

#### Measure 1 Disclose Financial and Capital Policies

- Provided stable and sustainable returns for stakeholders
- Disclosed cost of shareholder equity

#### Measure 2 Strengthen Information Dissemination Capabilities

- Designated as a DX Certified Business Operator by Japan’s Ministry of Economy, Trade and Industry

### Measures Carried Over from Phase 3

### Enhance the Company’s Quality and Reliability

In Phase 3, which will mark the culmination of our long-term vision, we are implementing new measures for achieving sustainable future growth.

#### Measure 1 Contribute to the Sustainability of Society

- Expanded recipients of donations from the SANKI YOU Eco Contribution Point System
- Certified by CDP as an A List company for the second consecutive year
- Continued to participate in the Ministry of the Environment 30 by 30 Alliance for Biodiversity
- Launched the PPA project at the Sanki Techno Center and Yamato Product Center
- Began the application process for SBT\* certification

\*Science Based Targets are greenhouse gas reduction targets that certified by the SBTi, an international climate action organization, as targets that meet levels set by the Paris Agreement.

#### Measure 2 Accelerate Work-Style Reform

- Raised salary levels and increased benefits
- Formulated the SANKI DX Vision

#### Measure 3 Invest toward the Next Era

- Invested 5.9 billion yen out of the total five-year investment budget of 20.0 billion yen.
- Started operating a clean room for developing conveyors at the Yamato Product Center
- Made capital investments for decarbonization based on Sanki’s Carbon-Neutral Declaration



# Promoting the Earth MIRAI Project

The Earth MIRAI Project is underway to explore new technologies as part of our efforts to promote growth strategies, a key initiative of the Medium-Term Management Plan “Century 2025” Phase 3.

We are engaged in a Group-wide effort that invites all employees to propose ideas for shaping the future from the perspective of new and unique comfort. We consider the 100th anniversary of our founding in 2025 as a milestone representing the shift toward further increasing corporate growth by pursuing new technologies and business areas to shape the next 100 years.

## Earth MIRAI Project

The first stage of the Earth MIRAI Project was launched in fiscal 2023, with employees submitting a total of 122 ideas for new technologies and concepts aimed at opening up new business areas, drawing upon our existing technologies. After interviews with applicants and a voting process, four projects were selected, and a camp was organized for discussions. Camp participants exchanged ideas, refining them to clearly align with the goal of delivering value. The results were then reported at the Management Meeting in January 2024. As the next step, an external organization is currently conducting a survey to explore feasibility.

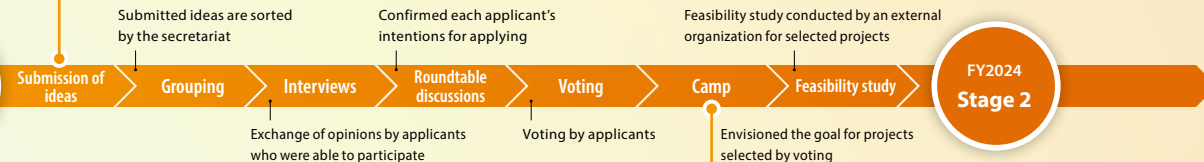
### Status of Applications for Stage 1

Number of applications: 122 Number of applicants: 82 Number of themes: 43

### Projects selected through voting

- 1 Proposal for unit-based facilities for closed-space environments
- 2 Provision of site management tools for improving productivity and customer satisfaction
- 3 Direct Air Capture (DAC, carbon dioxide capture)
- 4 Expanded number of suitable sites for biomass gasification and power generation technology, utilization of waste heat and exhaust gas

## Stage 1

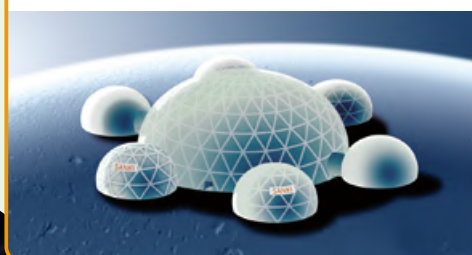


## PROJECT 1 Living on the Moon Some Day—Development of Unit-Based Facilities for Closed-Space Environments

Space travel is expected to become normal in the near future, and there could be one million immigrants to Mars by 2050. In anticipation of such times, we proposed providing facility units in which people could live comfortably inside enclosed environments on Earth that mimic space. The Sanki Engineering Group currently provides environmental test chambers for objects and animals. We will explore the development of enclosed facility units that could be used as training facilities for space



travelers to further expand this business by taking advantage of the technology we have cultivated to date.



President Ishida also participated in the camp.

## PROJECT 2 Developing Productivity-Boosting Tools to Facilitate Operational Reforms at Construction Sites

Regulations on long working hours in the construction industry have recently spurred the development of tools to support staff at construction sites. Additionally, the Sanki Engineering Group aims to develop a construction management platform that could eventually become the de facto standard in the industry and thereby improve operational efficiency for onsite managers. As a total engineering company involved in a wide range of businesses, we believe the Sanki Engineering Group is uniquely positioned to develop tools that broadly support work-style reform.



## Materiality and KPIs for Phase 3 (FY2022–2025)

Materiality	KPIs for Phase 3 (FY2022–2025)	FY2023 Results
Contribute to a carbon-free society	● Scope 1, 2 emissions: 40% reduction from FY2020 levels *	● 5.50 kt-CO <sub>2</sub> (41% reduction from FY2020 levels)
	● Scope 3 emissions: 10% reduction from FY2020 levels *	● 4.08 Mt-CO <sub>2</sub> (36% reduction from FY2020 levels)
	● Reduce CO <sub>2</sub> emissions based on the SANKI YOU Eco Point system by an additional 10% compared to the three-year average from FY2018 to FY2020 *1	● 16% increase
Pursuit of happiness for colleagues	● Rate of childcare leave taken: male 50%*2, female 100%	● Male 74% (90% by including Sanki Engineering's own leave program), female 100%
	● Raise the ratio of women in managerial positions to 3.0% by April 2026	● 2.4% (as of April 2024)
	<b>Promotion of younger employees</b> ● Average age of managers (reduce by one year from average age levels as of April 2022 by April 2026): Manager 45.8, General Manager 50.2, Executive Manager 53.5	● Manager 46.7, general manager 52.2, executive manager 54.3
	● Monitoring based on employee satisfaction survey: maintain at least a 90% ratio of respondents who wish to continue working at the Sanki Engineering Group*3	● Ratio of engagement survey respondents who said they wish to continue working at the Sanki Engineering Group: 91.7%
	● Respond to Japan's revised Labor Standards Act in 2024	● Average monthly overtime work Construction work: 39.7 hours per person (5.9% decrease from FY2022) Other work: 16.3 hours per person (6.3% decrease from FY2022) Average number of paid leaves taken Construction work: 11.8 days per person (11.3% increase from FY2022) Other work: 14.0 days per person (6.1% increase from FY2022)
Use engineering to build a comfortable environment	● Attendance at corporate ethics training including human rights issues: 100% *	● 100% (attendance including Individuals who did not participate due to reasons such as maternity leave and medical treatment: 97.4%)
	● Implementation (market launch) of open innovation-based research outcome: 5 projects	● Joint research with universities and research institutions: 18 projects ● Collaborative projects with private and venture enterprises: 15 ● Collaborations with startup companies: 5 companies
Create new social value	● Decide on a research field to be explored under the Earth MIRAI Project: 20 projects to be conducted in 4 years *	● Selected 4 research fields (explored trends in technology and markets, and other areas)
	<b>Contribute to society by supporting sports and the arts</b> ● Sports: maintain 4 programs per year	● 8 programs
	● Arts: maintain 2 programs per year	● 2 programs
Stable earnings and stronger business base	● Support for cultural activities: maintain 1 program per year	● 1 programs
	● Number of serious accidents: 0	● 3
	● Incidents involving suspension of production: 0	● 2
	● Implement preventive measures to achieve zero accidents involving suspension of operations	● 4
	● Creation of safety education materials reflecting accident tendencies: at least 2 sets of materials each in the east and west regional blocks per year	● Creation of safety education materials: 3 (2 sets of materials each for east and west regional blocks, 1 set for the national conference)
	● Hold exchange between the east and west regional blocks: at least 2 times a year	● 3
	● Safety education conducted for staff of subcontractors and supporting staff: 100%	● 100%
	● Develop digital and robotic technologies related to construction: 5 projects per year	● FY2023 development themes: 7 projects
	● Actual cases of application of developed technology: 5 projects per year	● 5 projects
	● Large-scale projects based on business headquarters system: 5	● 5 projects
Facilities Construction Business	● Orders received for consulting/facility engineering: 400 million yen	● 110 million yen
	● Orders received for projects related to NeWSICT (Next Work Style with ICT): 500 million yen	● 100 million yen
	● Orders received for project management and construction work resulting from consulting and other sales approaches: 2.1 billion yen	● 1.1 billion yen
Facility Systems Business	● Net sales of robot systems: 5.0 billion yen (cumulative)	● 1.9 billion yen
Machinery Systems Business	● Orders received (cumulative): AEROWING: 3.6 billion yen, G3 decanter centrifuge: 20 units, fluidized bed incinerator: 2 units	● AEROWING: 400 million yen, G3 decanter centrifuge: 2 units, fluidized bed incinerator: 1 unit
	● AQUACONSULT: net sales of 1.2 billion yen	● 1.39 billion yen
Environmental Systems Business	<b>Raise labor productivity based on DX, Smile Plan, and other initiatives</b> ● Annual work hours per person (hours per person per year): 1,951 (FY2025)	● 2,005 per year (reduction of 10 hours, down 0.5% year on year)
	● Investments for the next era (decarbonization technology, automation and labor-saving technologies, LCE business, DX): 20.0 billion yen *	● Approximately 2.7 billion yen (cumulative total during Phase 3 period: 5.9 billion yen)
	● Payout ratio: 50% or more *	● 51.3%
	● Annual dividend per share: 70 yen or more *	● 85 yen
	● Acquisition of treasury stock over the term of Phase 3: about 5,000,000 shares *	● Acquired 1,420,000 shares in FY2023 (cumulative total during Phase 3 period: 2,920,000 shares, remaining 2,080,000 shares to be acquired during FY2024–2025)
Other	● ROE: 8.0% or more *	● 9.2%

Scope: KPIs marked with an asterisk ( \*) apply to the Sanki Engineering Group, while the rest apply to Sanki Engineering on a non-consolidated basis.

\*1 The indicator had been based on the three-year average from fiscal 2020 to 2022, but since we significantly exceeded the targets, it was updated to the most recent three-year average, starting in fiscal 2023.

\*2 Since we achieved the target rate for childcare leave taken by male employees in fiscal 2023, a new target rate of 100% has been set, starting in fiscal 2024.

\*3 We designated engagement scores as a new human capital KPI starting in fiscal 2024.

# Message from the Chief Financial Officer

**We will boost net sales through proactive growth investments and further enhance profitability and capital efficiency.**

**Yoshio Kawabe**

Director, Managing Executive Officer, General Manager of the Accounting Division, and Chief Financial Officer



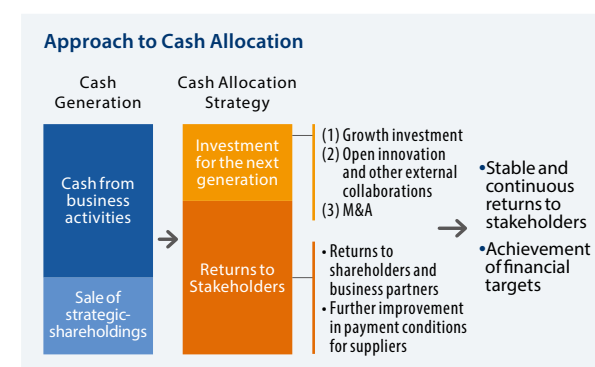
## Business Results for Fiscal 2023

In fiscal 2023, the second year of our Medium-Term Management Plan “Century 2025” Phase 3, we made steady progress toward our financial targets, largely meeting them while closing the year with increased sales and profits. Notably, we achieved a ROE of 9.2%, surpassing the 8% target set for the final year of Phase 3. I believe this is the result of our steadfast efforts to reform work styles amid a seemingly endless rise in onsite staff workloads, as well as our ongoing efforts to improve profitability both when receiving orders and during construction. Looking ahead, we will continue to make solid progress in acquiring treasury stock, for which we have set a cumulative target for the Phase 3 period.

The Sanki Engineering Group has upheld as a key materiality goal the making of growth investments totaling 20 billion yen during Phase 3, with 5.9 billion yen invested over the first two years through fiscal 2023. Most of these investments are intended to strengthen our management foundations, including ICT investments to promote DX, human resources, and R&D. However, we recognize the importance of further accelerating investments in the foundations for growth, such as M&A and alliances with startup companies. While long-term growth investments may not yield immediate results, we are confident that continuing these investments will maximize the compounding effect, leading to greater profits and increased shareholder value. In particular, investments in human resources—the most vital management resource of the Group—will drive sustainable corporate growth, and we will work to create a virtuous cycle that returns the benefits of these investments to our shareholders and other stakeholders.

Meanwhile, having achieved most of our financial targets, I believe now is the time to set new strategies and quantitative targets for ongoing improvements. We will continue to carefully consider our targets for realizing

an optimal capital structure that integrates our business, management, and financial strategies, while also reducing the cost of capital.



## Capital Policy for Supporting Rapid Business Growth

We acknowledge the significance of the changes taking place in the social environment surrounding the Sanki Engineering Group in recent years. Primarily, the development and utilization of information technology has led to changes in the social structure, leading to active investments in manufacturing facilities for semiconductors and EV batteries. While we have been involved in semiconductor manufacturing facilities for many years, these structural changes have resulted in the projects now accounting for a large portion of the orders we receive. From the perspective of the finance division, considering the shift in the content of orders and overall increase in workload, I believe we have progressed from seeking stable business growth to once again expanding our business.

I am well aware of the importance of my own role in controlling and allocating cash flow during this critical time. Additionally, we will need to procure funds to support

the rapid business growth associated with this renewed expansion. We will promote a cycle of strategic growth investments to achieve robust sales growth, which in turn will improve profitability and capital efficiency and generate resources for further growth. While I anticipate we will be selling strategic-shareholdings and utilizing leverage, my focus will be on intrinsic profitability rather than increasing ROE through excessive leverage.

When we announced our earnings results in May 2024, we also introduced new initiatives on the cost of shareholder equity and strategic-shareholdings as part of our efforts to realize management with due consideration of capital costs and share price, as required by the Tokyo Stock Exchange. Although the cost of shareholder equity is influenced by factors such as market interest rates, total interest-bearing debt, and market capitalization, we estimate our medium- to long-term cost of shareholder equity to be around 6–7%. To maintain awareness of the cost of shareholder equity, we calculate the return on invested capital (ROIC) for each business and refer to it as an indicator for continuously improving profitability. For instance, we discuss ROIC and how it compares to the cost of shareholder equity during Board of Directors’ meetings.

In relation to capital efficiency, we have also announced our policy of reducing strategic-shareholdings to less than 20% of net assets. Although we have not specified a time frame, we will proceed with this policy quickly and appropriately while carefully allocating funds to growth investments and other areas. Furthermore, the Tokyo Stock Exchange’s requirement for companies with a P/B ratio below 1 has drawn attention. Sanki Engineering’s P/B ratio for fiscal 2023 was approximately 1.1, partly due to the booming stock market. To ensure this is not a temporary phenomenon, we will work to improve our investment and capital efficiency by maintaining open and constructive dialogue with our investors to meet their expectations.

## Financial Risk Management

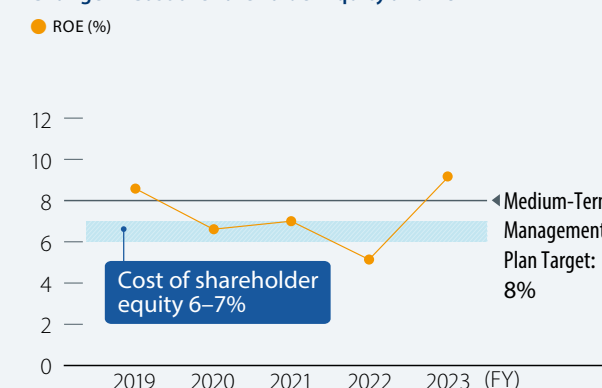
Since the Sanki Engineering Group operates in an industry dependent on orders received, uncertainties in the economic outlook pose a significant risk to our performance. We must therefore anticipate and prepare for such risks in advance. As a specific risk management measure, we reviewed the Risk Management Committee’s monitoring sheet for fiscal 2023, adding financial indicators such as working capital status, confirmation of changes in the balance, and monitoring allowances for construction losses to closely monitor any fluctuations. Furthermore, we are reducing financial risks and strengthening governance by leveraging our core enterprise system to enhance the internal sharing of financial information, including future forecasts, that will be used in individual sales activities.

In addition, to raise the level of employee financial literacy, we are cultivating human resources who can play a practical role in the financial field, particularly in the accounting and finance departments.

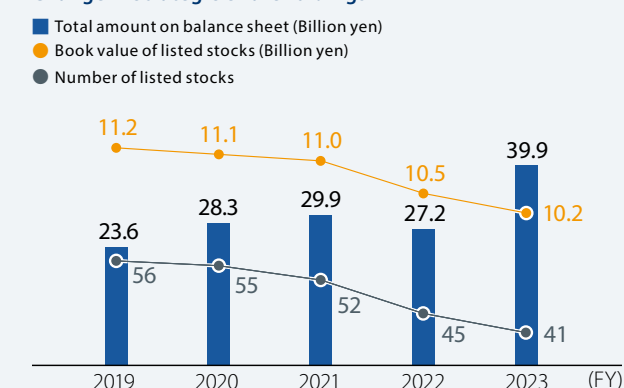
## Dialogue with Stakeholders

Engaging in continuous dialogue with our shareholders, investors, and other stakeholders is crucial for the sustainable growth of our Group. From past stakeholder dialogues, we have recognized the need to enhance our disclosure of non-financial information. Therefore, we intend to proactively share this information to energize our discussions. We will also offer more detailed information on market trends, progress toward achieving our targets, and other relevant matters. Our management team will review stakeholder feedback and incorporate it into future management and corporate activities.

### Change in Cost of Shareholder Equity and ROE



### Change in Strategic-Shareholdings







## Facilities Construction Business



I assumed the post of General Manager of the Mechanical & Electrical Contracting Headquarters on April 1, 2024. Since joining the Company, I have participated in many projects in the Facilities Construction Business across Japan. Throughout my experience in this work, which has also involved sales, design, and construction, I have been building relationships of trust by developing closer ties with customers. Starting in 2019, as I turned my attention to the overall future of the Facilities Construction Business, I encouraged cross-divisional business management with the goal of aligning the operation of businesses undertaken by each site in Japan. As a result, I have established a solid organizational structure that allows each site to engage in advanced business activities based on a shared understanding. For the Sanki Engineering Group to become the enduring company of choice, the Facilities Construction Business at the core of the Group will consistently meet the needs of society for years to come, as we remain ever mindful of our bond with subcontractors. Also, as every member of the Facilities Construction Business works with the understanding of being an environmental expert with a sense of mission, we will contribute to the sustainability of society as a whole.

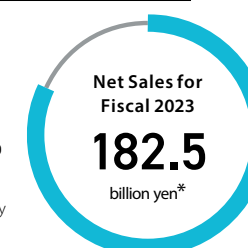
In fiscal 2023, net sales and profits remained high due to progress in abundant carry-over construction work and successfully improving profit margins in the face of numerous factors squeezing profits, such as soaring material and labor costs. In terms of orders, our view is we were able to secure a sufficient volume of orders for future growth by conducting sales with due consideration for the overall balance of factors, such as the amount of work to be carried over to fiscal 2024 and subcontractor workload.

**Junichi Shimbo** Director, Senior Executive Officer and General Manager of the Mechanical & Electrical Contracting Headquarters

### Net Sales Composition Ratio

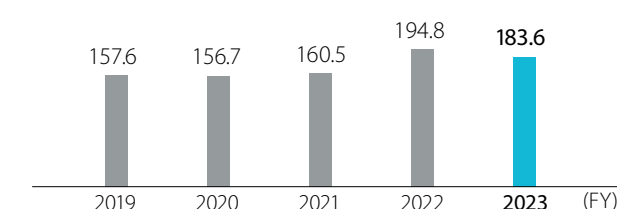
82%

\*Includes the results of the Facility Systems Business.



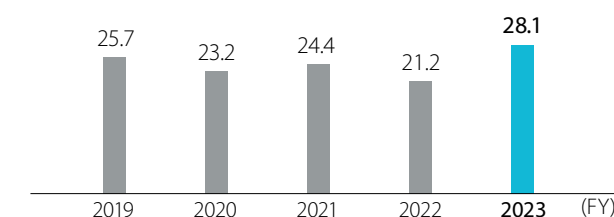
### Orders Received (Billions of Yen)

183.6 billion yen



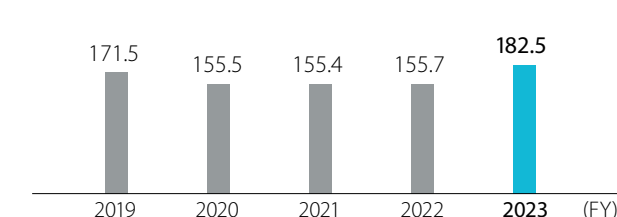
### Gross Profit Margin (Billions of Yen)

28.1 billion yen



### Net Sales (Billions of Yen)

182.5 billion yen



### Opportunities and Risks in the Business Environment

- Increased demand for environmentally sound facilities for realizing a decarbonized society
- Expanded investments in manufacturing facilities for semiconductors, EV batteries, and other products, and in data centers
- Continuation and expansion of redevelopment projects in the Tokyo metropolitan area and core regional cities
- Increase in materials costs caused by fluctuating foreign exchange rates and geopolitical risks
- Increase in labor costs due to work-style reform and shortage of labor
- Staff shortages, including at subcontractors, and lack of specialized construction companies caused by increasingly large-scale properties

33 Facilities Construction Business

36 Facility Systems Business

38 Plants & Machinery Systems Business



Key Initiatives of the Medium-Term Management Plan “Century 2025” Phase 3

Key Initiatives for Strengthening the Business Foundation

Key Initiative 1 Improve construction quality

Strengthen the Company-wide division of labor system for construction work and enhance construction quality by promoting occupational health and safety in unison with the Health and Safety Cooperative Association.

Key Initiative 2 Improve productivity

Reduce the workload of site managers and improve operational efficiency by promoting the Smile Site Plan and DX in construction management, pass down technical skills, and increase productivity through human resource development.

Key Initiative 3 Boost competitive strength

Boost competitive strength by using the Sales Force Automation systems and information sharing to clarify and more accurately respond to customer needs, implement thorough cost and delivery time management through the collection of procurement data for materials and equipment, and develop technologies in collaboration with the R&D Center.

Major Results for Fiscal 2023

- Focused on manufacturing facilities for semiconductors and EV batteries, which will lead to future growth; both orders and sales were strong.
- Focused on proposing the use of energy-saving technologies to promote the SANKI YOU Eco Contribution Point system, which helps customers reduce CO<sub>2</sub> emissions; 205 proposals were adopted.
- Advanced the development of a labor-saving robotic technology for construction sites through integration with technologies of the Machinery Systems Business.
- Promoted development of super-low dew point dry rooms for semiconductor clean rooms and EV battery manufacturing facilities.
- Promoted the Smile Site Plan toward the application of Japan’s revised Labor Standards Act in fiscal 2024, implemented division of duties based on a Company-wide collaborative system, and reviewed work classifications. In addition, site operations were streamlined through the use of DX.
- Measures were implemented to prevent problems and complaints during and after construction by raising the awareness of site staff, and preventive measures were discussed from the design stage, which resulted in lowering the ratio of problems and complaints to net sales. The cause of problems and complaints that arose were analyzed by the Technical Administration Division, and action was taken to prevent recurrence.
- Strengthened sales activities by utilizing the Sales Force Automation systems introduced in fiscal 2022 to centralize sales information and visualize the progress and flow of sales activities.

- Promoted in-house training at all branches and branch offices to encourage the use of BIM to improve productivity and quality in design and construction work, and expanded hiring at BIM-compatible work sites.

Major Projects

- New Construction of Toyota Industries Corporation Ishihama Plant E02 Plant
- SUMCO TECHXIV Nagasaki Factory N6 Building Extension, 6F Installation Project
- Construction of New Head Office Building for Docon Co., Ltd.
- RIKEN Brain Science Central Research Building Renovation Phase 3 Machinery Construction Project
- Ibaraki City Hall Site Area Maintenance Project
- PHENITEC SEMICONDUCTOR Kagoshima Plant Building 5 3F Cleanroom Conversion Project
- Hokuhoku Sapporo Building New Construction Project



Docon Co., Ltd. Head Office Building

Status of Business Operations and Future Outlook toward Achieving Phase 3

Continuation of work-style reform through Promotion of the Smile Site Plan

Amid the increasingly chronic labor shortage, we will continue our Smile Site Plan to comply with the revised Labor Standards Act, which came into effect in April 2024, and promote further work-style reform at construction sites, including subcontractors. We will also improve construction quality and productivity by actively embracing ICT tools and digital reform, and reduce the workload through systematically allocating personnel to ensure both legal compliance and efficient construction work.

Boosting Competitiveness by Establishing the Business Headquarters System

In April 2024, we established the Design & Engineering Division to oversee the design divisions of each branch and branch office. It will play a central role in technological aspects as a think tank for clients and the Company and will strive to boost competitiveness by raising the level of design divisions nationwide and promoting our handling of large-scale, specialized properties. The Energy Solution Center, which specializes in energy conservation, was transferred to the Design & Engineering Division to promote energy saving proposals that are integrated with facilities construction design.

Further Promoting Project Proposals that Contribute to Carbon Neutrality and Technological Development

We will continue to propose energy-saving renovation and operation to customers to help achieve carbon neutrality for society as a whole through the SANKI YOU Eco Contribution Point system.

We will steadfastly pioneer in and accumulate cutting-edge technologies for customers by developing optimal HVAC systems for semiconductor clean rooms and super-low dew-point dry rooms for EV battery manufacturing facilities as promising growth industries.

Enhancing Reliability by Securing Construction Quality, Safety, and Labor

In our efforts to become the enduring company of choice, we recognize that we must constantly strive to ensure and improve construction quality, reduce the incidence of problems and complaints, and prevent accidents, which are the key factors directly affect reliability. In addition to enhancing our reliability and brand power based on efficient, quality construction work, we will cooperate with our subcontractors to ensure safety, quality, and labor, thereby strengthening the reliability of the entire Sanki Engineering Group.

Focus

Ensuring Safety and Security with Due Consideration for the Environment Construction of Plumbing Systems for an International Center for Future Medicine

Nakanoshima Qross, an international center for the future of medicine, opened in June 2024 in Nakanoshima, Kita-ku, Osaka City, with the goal of industrializing future breakthroughs in medicine and making an international contribution through the provision of these advances. Sanki Engineering was responsible for constructing the plumbing system for the entire building. The building is composed of various facilities, including the Future Medicine R&D Center, which will house a cluster of companies involved in regenerative medicine as well as startup collaborations involving industry, academia, and medicine; the Future Medicine MED Center, which will provide a location for hospitals, clinics, and other medical institutions; and the Nakanoshima International Forum. The project therefore required constructing water supply and drainage systems to fully accommodate the respective purposes of each facility, securing flow lines inside the hospital, and conducting construction work to ensure that hygiene equipment was properly installed.

The plumbing system was designed to conserve and ensure the efficient use of water resources to protect the environment. To address possible lifeline disruptions in the event of a disaster, the facility is capable of storing approximately 72 hours of tap and non-potable water. We also installed a system to adjust the pH value of laboratory wastewater. Sanki Engineering will maintain its participation in projects that represent significant milestones by constructing state-of-the-art facilities that meet performance expectations with due consideration for the environment as well as safety requirements.



Nakanoshima Qross



# Facility Systems Business

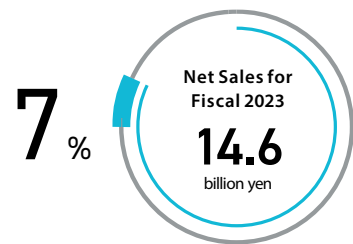


For the nearly three decades since I joined the Company, I have dedicated myself to developing the Facility Systems Business, once positioned as an in-house venture. In fiscal 2023, we reviewed our real estate costs and seized the opportunity to relocate to a more convenient site. We also continued to invest in the development of data centers and distribution centers and achieved steady progress in projects we initiated in fiscal 2022. As a result, we were able to report record-breaking results.

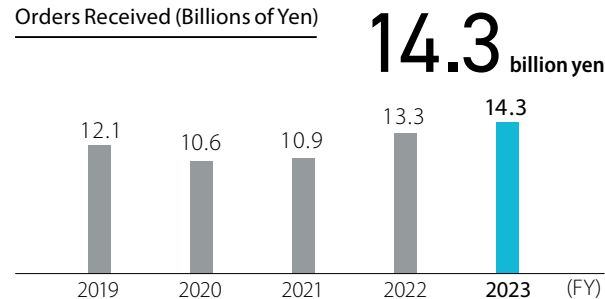
However, in order to transition to a new growth phase, I believe we must solidify our foundations, which include pursuing services and quality that meet customer expectations, raising the engagement of division members, and restructuring our organization. As part of this effort, we have been conducting a trial run with work styles in our own office, which also doubles as a showroom. And I actually feel that this has generated greater opportunities for us to address various social issues from a perspective closer to our customers. The division's mission for fiscal 2023 is to Shaping intangible things comfortable. As society embraces ever diversifying work styles, offices are no longer the "one-size-fits-all" space they used to be. We intend to be the company of choice by working alongside our customers to sincerely address each of their individual issues, and provide comfort that also takes into account the process and aspirations involved in office development.

Takayuki Tsukane Executive Officer, General Manager of the Facility Systems Division

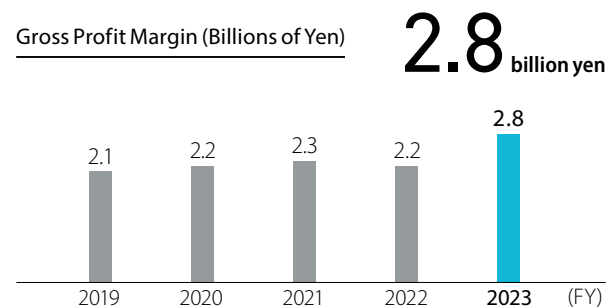
Net Sales Composition Ratio



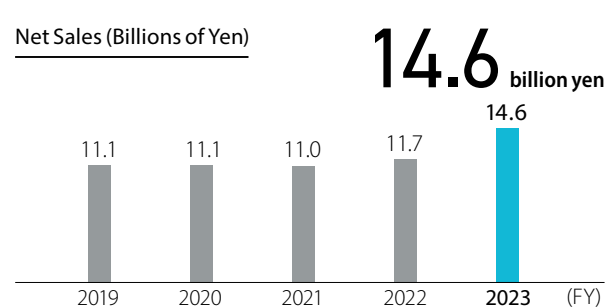
Orders Received (Billions of Yen)



Gross Profit Margin (Billions of Yen)



Net Sales (Billions of Yen)



## Opportunities and Risks in the Business Environment

- Changes in work styles resulting from the spread of teleworking and online conferences
- Growing demand for offices as places for face-to-face interaction
- Growing expectations for the total integration business of building ICT using advanced digital technology
- Increased opportunities for reconstructing and reviewing ICT infrastructure driven by DX

## Key Initiatives of the Medium-Term Management Plan "Century 2025" Phase 3

### Facility Systems

- | Key Initiative   | Description  |
|------------------|--|
| Key Initiative 1 | Expand consulting service offerings                            |
| Key Initiative 2 | Enhance sales and production structures for business expansion |
| Key Initiative 3 | Deepen existing business areas                                 |

### Smart Building Solutions

- | Key Initiative   | Description   |
|------------------|---|
| Key Initiative 1 | Strengthen the total integration business of building ICT               |
| Key Initiative 2 | Expand onsite information and the communication infrastructure business |
| Key Initiative 3 | Nurture specialized engineers   |

## Major Results for Fiscal 2023

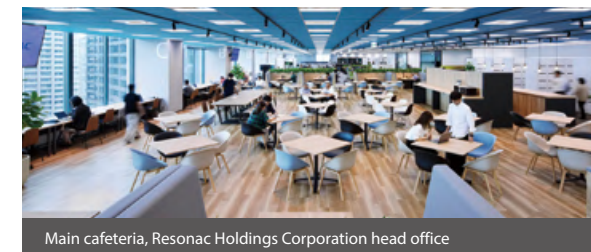
### Facility Systems

- Guided by the concept of creating an office that motivates a higher level of work, we relocated to the Shiodome office in September 2023. Customer visits to our office increased by nearly tenfold and have resulted in business transactions.
- Developed services that originate from consulting by effectively harnessing the four elements of systems, cultures, places, and tools, to drive new client development.
- Exhibited the smart office concept at the Digital Construction Expo.
- Worked on business matching with a startup company and initiated a project for creating new services.

### Smart Building Solutions

- Leveraging our knowledge as a system integrator, we focused on proposals for adding value to buildings through total integration, and won major projects.
- In the area of building management solutions (instrumentation), we began collaborating with a system engineering company to develop monitoring and

control systems. In the area of network solutions (ICT), we are planning to expand our business scope through collaboration related to data centers.



### Major Clients

- Resonac Holdings Corporation (work style consulting, project management for head office relocation, and related construction work)
- Asset management company (project management for head office relocation, and related construction work)
- Building management company (work style consulting and design, project management for head office restructuring, and related construction work)

## Status of Business Operations and Future Outlook toward Achieving Phase 3

### Develop Services that Originate from Consulting

To further promote proactive sales and proposal activities that originate from consulting, we established a new Consulting & System Business Development Department in April 2024 to consolidate the planning and sales functions of the Facility Systems and Smart Building Solutions businesses. We will encourage active communication across business areas to create new services and develop new clients by leveraging the knowledge and strengths of both businesses.

### Develop New Services with Expanded Scope

To develop new services, we will explore possibilities for collaboration with a startup company and expand business through M&A. We will generate new value by linking the

innovative ideas and technologies of the startup company with Sanki Engineering's component technologies toward sustainably enhancing our business value.

### Promote Appointment and Development of Human Resources in Specialized Areas

Although we are still receiving a robust volume of orders for services originating from consultation, we will consistently rise to the challenge and gain new experience by focusing on appointing and training human resources in consulting, specialized engineers, and other areas of expertise. To move on to the next level from a position of strength, we will quickly invest in human capital and meet market needs to expand our business in the future.

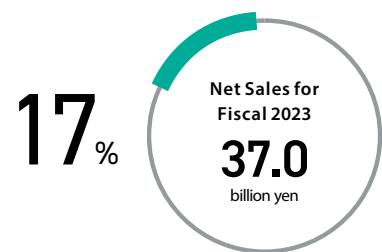
# Plants & Machinery Systems Business



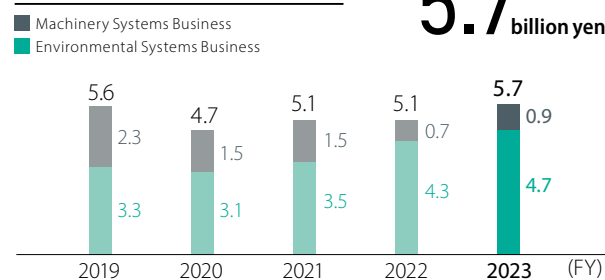
In fiscal 2023, although the Machinery Systems Business achieved higher sales and profit compared to the previous fiscal year, profitability remained low in the wake of soaring material and equipment prices. On the other hand, we have begun to see positive results from sales activities in our focused areas related to EV batteries, semiconductors, medical services, and others. In the Environmental Systems Business, orders received increased due to orders for large-scale construction for water and sewage treatment facilities and waste treatment facilities. In addition, steady progress in carry-over projects and other factors led to increases in both sales and profit. The Machinery Systems Business provides material handling technologies in response to automation and labor-saving needs arising from the dwindling working population and will contribute to improving productivity and promoting work-style reform for customers. As the Sanki Engineering Group's manufacturing department with a long history, we will maintain public awareness of our presence by consistently introducing new products to meet society's needs. The Environmental Systems Business has been given the most motivating responsibility for supporting environmental social infrastructure such as water treatment and waste treatment facilities. We will focus on technology development for resolving social challenges, such as realizing carbon neutrality and a circular economy, to create comfortable environments as stated in our management philosophy. Both Machinery Systems and Environmental Systems are key businesses that address the materiality of the Sanki Engineering Group and will continue to contribute to the sustainable growth of the entire Group.

Kazuaki Iijima  
Director, Senior Executive Officer and General Manager of the Plants & Machinery Systems Headquarters

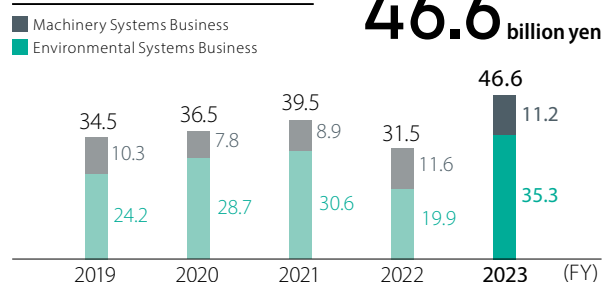
Net Sales Composition Ratio



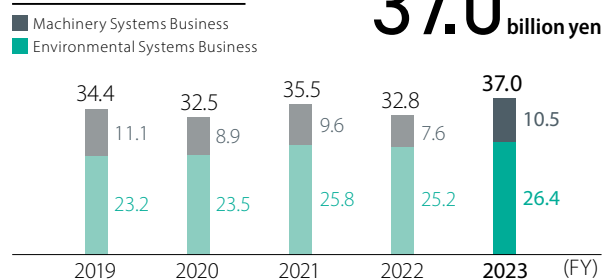
Gross Profit Margin (Billions of Yen)



Orders Received (Billions of Yen)



Net Sales (Billions of Yen)



## Opportunities and Risks in the Business Environment

### Machinery Systems Business

- Growing need for automation and labor-saving solutions arising from the decline in Japan's working population
- Steady investment in logistics facilities and manufacturing facilities for semiconductors and EV batteries
- Increase in materials and equipment prices, rise in labor costs
- Expansion in decarbonization needs in Japan and overseas
- Expansion in energy conservation needs resulting from rising energy prices
- Japanese government policy for promoting PPPs and PFIs\*

### Environmental Systems Business

\*A public private partnership is a public-private sector collaboration to provide public services, while a private finance initiative is a representative PPP approach.

## Key Initiatives of the Medium-Term Management Plan "Century 2025" Phase 3

### Machinery Systems Business

- Key Initiative 1** Increase orders for standard conveyors
- Key Initiative 2** Accelerate entry into the automation and labor-saving market and logistics market
- Key Initiative 3** Establish a network of maintenance and servicing businesses

### Environmental Systems Business

- Key Initiative 1** Promote the energy conservation and energy creation businesses
- Key Initiative 2** Expand the LCE business
- Key Initiative 3** Expand business in overseas markets

## Machinery Systems Business

### Major Results for Fiscal 2023

- Cultivated the automation and labor-saving market using technologies such as AI, IoT and robotics.
- Built a clean room in the Yamato Product Center, and started development and manufacturing of high-value-added products.
- Developed the "Branch Ball" three-way sorting system to meet automation and labor-saving needs, and exhibited it at the Smart Logistics EXPO 2024 held in January.
- Collaborated with four startup companies to promote the development of new services for expanding business.
- Promoted the Smile Plant Plan (machinery) ahead of the enactment of Japan's revised Labor Standards Act in fiscal 2024 and achieved zero cases, exceeding the legal overtime cap.



### Major Projects

- SRL Inc. Central Laboratory (operation of building management system)
- Japanese Red Cross Society Kanto-Koshinetsu Block Blood Center (introduction of new manufacturing facility, relocation of facility)
- SUMCO Corporation Imari Factory Kubara Plant (stockers for purification materials and carbon parts)
- Narita International Airport Corporation, Terminal 1 North Wing (in-line system refurbishment for the baggage handling system)

### Status of Business Operations and Future Outlook toward Achieving Phase 3

#### Continuous Expansion in Sales of Core Products

To expand sales of standard conveyors and various conveyance systems for logistics, factory automation, airports, and medical facilities, we will implement energy-saving technology and AI technology in addition to the component technologies and product lineup developed over the years to add further value to these core products while also developing the automation and labor-saving market.

#### Enter Growth Markets in Automobile, Semiconductor, and Overseas Businesses

We will promote research and sales activities toward entering markets for semiconductor and EV battery manufacturing facilities, where demand is expected to continue to grow, as well as overseas markets such as Thailand. We will also develop new services such as market analysis and AI-based predictive maintenance systems through business alliances with startup companies and other partners.



### Promote Business Reform

To strengthen our business foundation, we will reform business with a primary focus on improving operational efficiency by incorporating technologies developed by startup companies and boosting the productivity of the Yamato Product Center. Working in collaboration with

the DX Promotion Office and the Technical Research & Development Center, we will effectively use 3D-CAD, introduce emulators, create a database of design results, and consider adopting the latest technologies in such fields as AI, drones, and 5G.

## Environmental Systems Business

### Major Results for Fiscal 2023

- Concluded a basic agreement and a basic contract under the DBO\*1 method with the Tokyo Metropolitan Government Bureau of Sewerage with respect to a project at the largest water reclamation center in Japan, "Morigasaki Water Reclamation Center Digestion Gas Power Generation Project."
- Our project on the conversion of sewage sludge into feed and fertilizer using insects was selected by Japan's Ministry of Land, Infrastructure, Transport and Tourism's Applied Research on Sewage in fiscal 2023, and following feasibility studies, was set to continue in fiscal 2024.
- Carried out restructuring of Group company businesses. The private water and waste water business, chemical engineering business, and sludge recycling business of Sanki Chemical Engineering & Construction Co., Ltd. were transferred to Sanki Kankyo Service Co., Ltd. to enhance their respective expertise. The two companies also changed their trade names.\*2
- Promoted investment in plant expansion at AQUACONSULT Anlagenbau GmbH to expand global sales of AEROWING.
- Promoted the Smile Plant Plan (environment) ahead of the enactment of Japan's revised Labor Standards Act in fiscal 2024 and achieved zero cases, exceeding the legal overtime cap.



Okubo Water Purification Plant upgrade work for the Seibu system 3B sludge collector

#### Major Projects

- Okubo Water Purification Plant, upgrade work for the Seibu system 3B sludge collector
- Okubo Water Purification Plant, upgrade work for the Seibu system 3B flocculator
- Kasai Water Reclamation Center, construction work for sludge dewatering equipment
- Kiyose Water Reclamation Center, reconstruction work for sludge transportation system

\*1 Design Build Operate is a method of engaging a single private contractor to undertake the entire task of designing, construction, operation, and maintenance.

\*2 Sanki Chemical Engineering & Construction Co., Ltd. → Sanki Greentech Co., Ltd.  
Sanki Kankyo Service Co., Ltd. → Sanki Aquatech Co., Ltd.

### Status of Business Operations and Future Outlook toward Achieving Phase 3

#### Expand Sales of Products that Meet Energy Conservation Needs

We will strive to expand sales of strategic products, such as the AEROWING ultrafine bubble air diffuser, which contributes to significant energy savings, the highly efficient G3 decanter centrifuge, and the fluidized bed incinerator. At the same time, we will work to expand into businesses related to energy creation.

#### Promote LCE Business

Under the stronger cooperative framework of the Environmental Systems Business group, including the reorganized subsidiaries, Sanki Greentech Co., Ltd. and

Sanki Aquatech Co., Ltd., we will present business proposals primarily focused on reducing greenhouse gas emissions and promote comprehensive LCE projects, from facility maintenance to operation. In the Morigasaki Water Reclamation Center Digestion Gas Power Generation Project (DBO method), for which we signed a basic contract in February 2024, we will strategically establish a framework for steadily developing a long-term business.

#### Develop Overseas Markets for Water Treatment Facilities

AQUACONSULT Anlagenbau GmbH, a Group company based in Austria, will spearhead our efforts to expand sales

of strategic products mainly in Europe and the Middle East, with a focus on AEROWING, which meets the needs for decarbonization. We are also taking measures such as seconding personnel from the Environmental Systems Business group to AQUACONSULT to secure and develop human resources capable of demonstrating their talent

overseas.

Furthermore, in Southeast Asia, where large-scale water treatment facilities are not widely available, we will promote a broad range of proprietary technologies, centered on the drainage treatment unit based on the DHS method, to seek out potential needs for water treatment technology.

### Focus

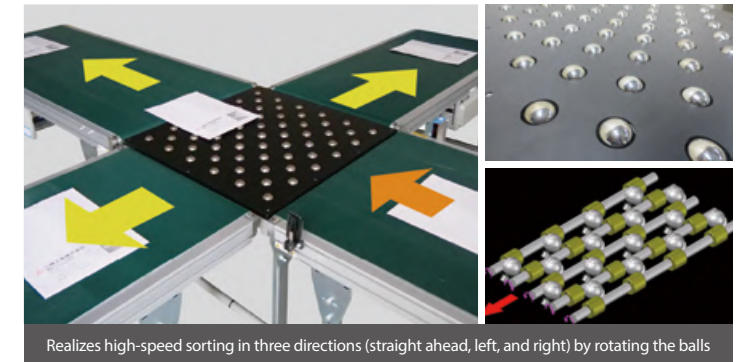
#### Machinery Systems Business

##### Meeting the automation and labor-saving needs of logistics facilities

##### Development of the "Branch Ball" Three-Way Sorting System

We developed the "Branch Ball" three-way sorting system to meet automation and labor-saving needs in the context of labor shortages, such as the so-called "2024 problem."

Balls are placed in a staggered arrangement on the conveyor surface and supported at three points, two of which are in contact with the drive shaft. Objects are conveyed by controlling the rotation of the drive shaft to roll the ball in the desired direction. When the drive shaft is rotated in the same direction, the object is conveyed straight ahead. When the adjacent drive shafts are rotated in opposite directions, the object is conveyed in a direction branching off from the line. The system also smoothly transports thin items such as envelopes and bags containing small items and apparel products as well as cardboard boxes. Thanks to the incorporation of a high-performance magnet motor, the system also saves energy.



Realizes high-speed sorting in three directions (straight ahead, left, and right) by rotating the balls

### Focus

#### Environmental Systems Business

##### Constructing an advanced wastewater treatment facility to meet strict regulations

##### Promoting the Horizontal Recycling of PET Bottles

Far Eastern Ishizuka Green PET Corporation, which undertakes the horizontal recycling of used PET bottles into raw materials for PET bottles, established a new production site in Himeji City to expand its business. Group company Sanki Chemical Engineering & Construction Co., Ltd. (currently Sanki Greentech Co., Ltd.) was responsible for the design and construction of advanced treatment facilities for factory wastewater generated in the process of producing recycled flakes from crushed and washed PET bottles. Sanki Greentech's private water and waste water business involved in this project has since been transferred to Sanki Aquatech Co., Ltd.

In addition to complying with the Water Pollution Prevention Act, the project also satisfies the even stricter regulations of the Act on Special Measures concerning Conservation of the Environment of the Seto Inland Sea. To meet the stringent standards required by beverage manufacturers, we constructed a facility that can automatically control all processes, from pretreatment to biological and sludge treatment. Thus, we succeeded in creating a labor-saving system that efficiently handles advanced wastewater treatment. We will continue to contribute to the realization of a sustainable society by developing technologies that can meet strict regulations that vary from region to region.



Panoramic view of Far Eastern Ishizuka Green PET Corporation's Himeji Plant

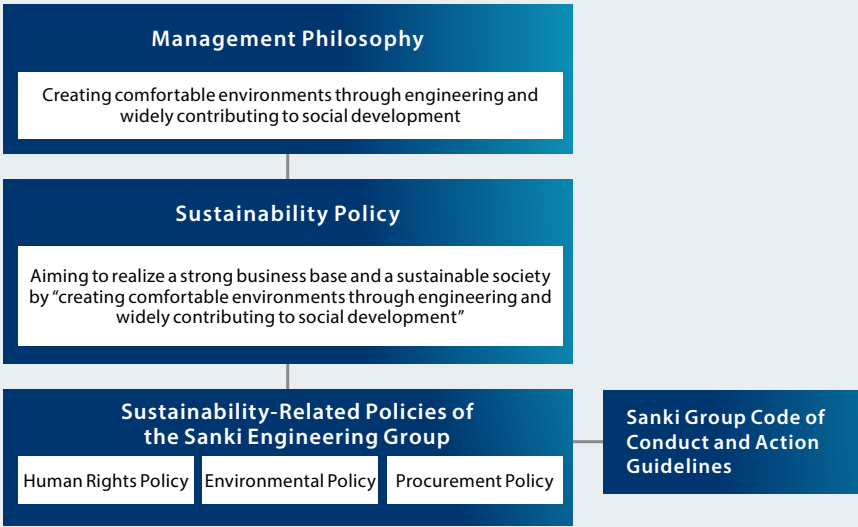
# Sustainability Management



## Sanki Engineering Group’s Sustainability Management

The Sanki Engineering Group has formulated the Sustainability Policy based on its management philosophy to promote sustainability management and maintain sustainable, long-term development by balancing its environmental and social contributions with securing profits.

We promote sustainability management by identifying the five materiality issues of the Sanki Engineering Group and formulate and implement measures under our Medium-Term Management Plan “Century 2025” Phase 3. We will continue to address stakeholder demands and expectations and incorporate them in our corporate activities to contribute technological solutions for social issues.



## System for Promoting Sustainability

The Sanki Engineering Group has established the Sustainability Committee to address sustainability issues including climate change.

The committee deliberates and decides on key issues and measures for realizing sustainability management and reports them to the Management Meeting, and the Board of Directors for supervision. Agenda items that significantly impact business and management strategies are also submitted to either the Management Meeting or the Board of Directors for decision and approval, depending on their relative importance.

A Sustainability Promotion Council, consisting of personnel in charge of sustainability from each division, was established as a subordinate body of the Sustainability Committee to disseminate the agenda and decisions of the committee throughout the entire Group and to discuss, promote, and review progress of specific activities for achieving sustainability. This system enables us to address sustainability issues in all our business activities, including throughout the supply chain.

**PP. 24–25**  
Sanki Engineering Group  
Materiality

**Stakeholder Engagement**  
<https://www.sanki.co.jp/en/csr/governance/engagement/>

**Sustainability Committee**

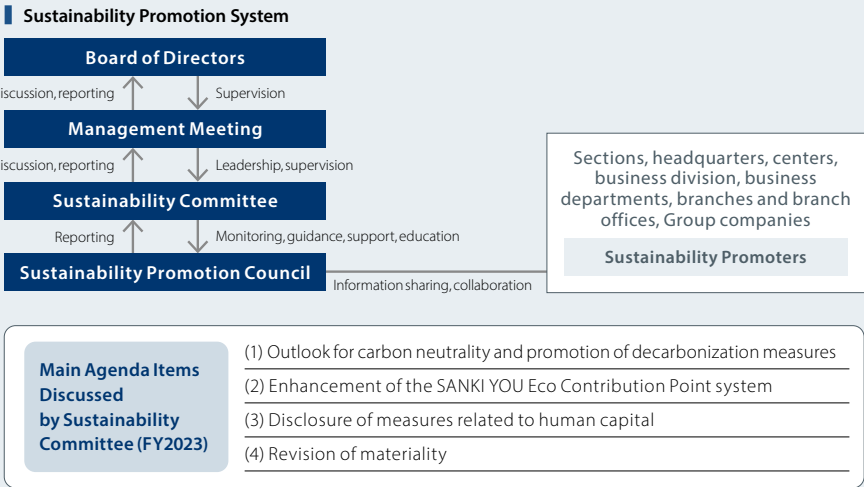
**Composition**  
Chairperson:  
President and Representative Director  
Members:  
Directors and persons nominated by the chairperson

**Frequency**  
Number of meetings in FY2023: 2

**Sustainability Promotion Council**

**Composition**  
Members:  
Sustainability promoters from each division

**Frequency**  
Number of meetings in FY2023: 2



## Deepening Awareness at the Company

We are raising employee awareness across the Company to further strengthen our sustainability management.

We conduct a survey on materiality for all employees of Group companies to raise employee awareness of materiality and gather their feedback. We use the feedback to review our actions related to materiality and consider how those actions can be reflected in our business activities, while further enhancing employee awareness of materiality.

Moreover, we distribute information on our sustainability initiatives and training videos through our in-house newsletter and intranet site. We also visualize our energy consumption and CO<sub>2</sub> emissions.

## Risk Management

The Sanki Engineering Group convenes Risk Management Committee meetings to comprehensively identify risks that may impede the Group’s regular business operations, with the intention of preventing them from materializing and minimizing losses if they do. The committee then determines the subcommittees in charge and content of control plans, assesses the risks by quantifying their impact and frequency insofar as possible, formulates and implements priorities and response policies, and conducts periodic reviews.

Decisions on risk management actions are submitted to the Sustainability Committee, Management Meeting, or Board of Directors for approval, depending on the relative importance of the assessed risk, and the approved actions are then rolled out to all Group departments. Measures included in the Medium-Term Management Plan are incorporated into the execution plans of each division to manage their progress.

Results of Company-wide Materiality Questionnaire	
Survey period: April and May 2023	
Participants: All directors and employees of the Group	
Percentage of respondents who said the following material issues are relevant to their daily work and that they are already working on them.	
Contribute to a carbon-free society:	49%
Pursuit of happiness for colleagues:	71%
Use engineering to build a comfortable environment:	42%
Create new social value:	44%
Stable earnings and stronger business base:	70%

**P. 98**  
Risk Management



# Sanki Engineering Group Value Chain

The Sanki Engineering Group is engaged in the life cycle engineering (LCE) business, where we handle the entire process from facility planning and design to procurement, construction, operational management, maintenance and inspection, and renovations and renewal. In response to opportunities and risks identified in the value chain of our business, we implement measures and initiatives that align with the Group's materiality and sustainability management policies.





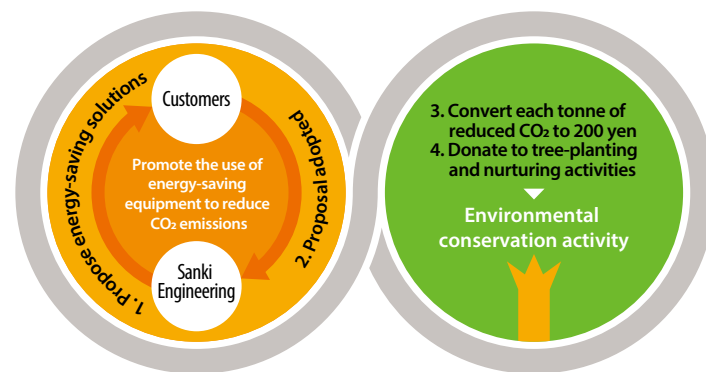
## Contributing to the Achievement of Carbon Neutrality through the SANKI YOU Eco Contribution Point System

The Sanki Engineering Group remains committed to contributing to a carbon-free society as one of its materiality (key issues) and is working to achieve carbon neutrality by 2050 by reducing CO<sub>2</sub> emissions in all areas of its business operations, including its supply chain. As a company with technologies that advance decarbonization through total engineering, we are promoting energy conservation and energy creation proposals to our customers. In fiscal 2010, we launched the SANKI YOU Eco Contribution Point system, which converts the reductions in CO<sub>2</sub> emissions that customers have achieved based on our proposals into points as a means of supporting environmental conservation activities. This unique initiative helps to reduce customer CO<sub>2</sub> emissions and protect the environment.

Special Feature  
01



### SANKI YOU Eco Contribution Point System



The logo of the SANKI YOU Eco Contribution Point system expresses our aspiration to contribute to social development and create harmony with the natural environment.  
ECO2: We reduce CO<sub>2</sub> emissions through our contribution to ecology.

- Propose energy-saving solutions**  
We actively propose energy-saving solutions that help customers reduce their CO<sub>2</sub> emissions in projects handled by Sanki Engineering, such as the construction of facilities.
- Proposal adopted**  
When a customer adopts one of our energy-saving solutions for a facility, SANKI YOU Eco Contribution Points are issued according to the level of CO<sub>2</sub> reductions achieved by implementing it.
- Convert each tonne of reduced CO<sub>2</sub> to 200 yen**  
SANKI YOU Eco Contribution Points are converted to 200 yen per tonne of CO<sub>2</sub> reduction and donated to support environmental conservation activities.
- Donate to environmental conservation activities**  
We cooperate with environmental conservation groups and other concerned organizations to support tree-planting projects around Japan and promote conservation of biodiversity.



## Sanki Engineering Group's Technologies Contribute to Realizing a Carbon-Free Society

Sanki Engineering constructs systems and facilities, including HVAC for buildings, industrial HVAC, water treatment plants, waste treatment facilities, and conveyors and conveyance systems, which use electricity and other forms of energy to operate. Since many of these also operate over long periods of time, energy-saving measures and the installation of energy-generating equipment will significantly reduce CO<sub>2</sub> emissions while also affording considerable cost advantages.

### Energy-Saving HVAC Technology for Industrial Clean Rooms

The DOUP® energy-saving HVAC system for industrial clean rooms provides specifically designed air conditioning methods for the operation area, which requires high levels of cleanliness, and the maintenance area, subject to high temperatures generated by production equipment. The system improves the performance of the heat source equipment by efficiently processing heat and contributes to reducing the power required for the cold heat source by approximately 10% per year compared to conventional clean rooms.



### ESCO Projects for Large-Scale Energy-Saving Renovation

We recommended ESCO financing, through which expenses for energy-saving renovations are covered by the reduction in utility costs, for large-scale projects such as educational and medical facilities. In the case of Gunma University's Showa Campus, the university, the current administrator, and the ESCO enterprises will work together to improve the operation of existing facilities, which is expected to have a significant energy-saving effect.



Gunma University Showa Campus



### Decarbonization Using Woody Biomass Gasification Power Generation and Biogas Power Generation

Woody biomass gasification power generation facilities, which use gasified woody biomass, can generate power with higher efficiency and stability than other renewable energy power generation options. Biogas power generation facilities use organic waste such as sewage sludge and raw garbage to generate power. We contribute to the realization of a carbon-free society by providing these types of facilities.



Woody biomass gasification plant

### AEROWING Significantly Contributes to Saving Energy at Sewage Treatment Facilities

Sewage treatment facilities require enormous amounts of energy, and technologies are being introduced to reduce power consumption at each stage of the sewage treatment process. The AEROWING aeration system requires less air to decompose and purify sewage contaminants through the diffusion of ultrafine bubbles, thereby achieving significant energy savings.



AEROWING



Ms. Atsuko Suzuki  
Chairperson, Certified NPO  
Environmental Relations

## VOICE

### Contributing as a Partner to the Global Environment through Reforestation

The Present Tree project was launched in 2005 to collect donations for planting trees in places where new or revived forestlands are needed. This includes forests recovering from disasters, former development sites, and open fields scattered across Japan in areas where few people are available to take responsibility for forest care due to an aging and declining population. We began collaborating with Sanki Engineering as our Present Tree reforestation partner since my participation in its environmental seminar and the creation of the SANKI YOU Eco Contribution Point system.

Beyond donating money through SANKI YOU Contribution Points, Sanki Engineering also organizes annual events in which its own employees participate in reforestation, and we recognize it as one of the few companies that is actively involved in both planting and nurturing trees. While Sanki Engineering serves society by providing technologies and services that contribute to decarbonization, I also hope its proactive approach to environmental conservation will spread throughout society and further expand the network for carbon neutrality.




# Environment



### Basic Philosophy

In accordance with the Sanki Engineering Group Environmental Policy, we strive to conserve the global environment in all our business activities, including the supply chain, with the intention of realizing a decarbonized society, recycling-oriented society, and society in harmony with nature. Having identified our efforts in response to environmental issues as a key management concern, we are primarily working to contribute to a decarbonized society as our top-priority material issue as well as to use engineering to build a comfortable environment.

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

## Environmental Management System

### Basic Policy and Management System

Our integrated management system, consisting of an EMS and a QMS, manages the impact in terms of risks and opportunities of our business activities on the environment, including the natural environment that surrounds the Group. In fiscal 2024, we rolled out the system at all Group companies in Japan. Under our system for implementing environmental management, headed by the president, each division sets targets and formulates plans for the implementation of measures in accordance with its annual action plan. Progress is reviewed at the divisional and general meetings. In addition, to bolster the reliability of the management system, Group companies obtain ISO 14001 certification based on their respective situation.

### Virtuous Cycle in Management System

In addition to providing training programs on EMS, we are working to improve the level of management by encouraging our employees to acquire qualifications required by environment-related laws and regulations.


In fiscal 2023, we created new training programs for employees who take leadership roles during internal audits, and we conducted 12 environmental management training sessions (1 for new employees, 3 for internal auditors, and 8 for internal audit leaders), which also included Group companies.

We ensure the effectiveness of our management system through internal audits and checks during ISO certification audits. In fiscal 2023, no nonconformities were found in the internal or external audits, and there were no violations of environmental laws and regulations or issues reported regarding noise, dust, or odor at construction sites, confirming that our management system is operating properly.

### Environmental Aspects Assessment

We endeavor to reduce our environmental impact by assessing environmental factors and analyzing risks, including potential ones, at each construction site, including those overseas, before construction begins. In assessing its environmental impact, the Sanki Engineering Group uses its own unique JOB Environmental Aspects Assessment List to conduct an accurate and efficient review of the wide variety of applicable environment-related risks and regulations, depending on the nature of work and the surrounding environment. In fiscal 2023, we made major revisions to the list to revise the items and improve sustainability elements, after taking into account local bylaws. In fiscal 2024, we began applying the revised list by adding new items under the category of countermeasures. We seek to reduce risks through linkages with specific countermeasures in addition to assessing the environmental risks.

 **Scope of ISO 14001 Certification**  
<https://www.sanki.co.jp/en/csr/environment/management/>

 **P. 64**  
Quality and Environmental Management System

#### Number of Employees with Environment-Related Qualifications (as of April 1, 2024)

- **Certified environmental measurer**  
Non-consolidated: 8  
Consolidated: 9
- **Supervisor of management of industrial waste subject to special control**  
Non-consolidated: 227  
Consolidated: 255
- **Pollution prevention manager (cumulative total)**  
Non-consolidated: 62  
Consolidated: 91
- **Qualified person for energy management**  
Non-consolidated: 91  
Consolidated: 99

#### Environmental Aspects Assessed under the JOB Environmental Aspects Assessment List

1. Reduced use of resources and energy for customers and users
2. Reduction and proper disposal of waste
3. Abnormal situations and outflow of contaminants
4. Consideration for areas surrounding construction sites
5. Consideration for unique environmental needs
6. Natural disasters
7. Legal compliance
8. Local bylaws governing job location
9. Temporary materials and equipment, and office and other supplies
10. Other aspects

## Addressing Climate Change toward a Decarbonized Society

### Information Disclosure Based on TCFD Recommendations

The Sanki Engineering Group endorses the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and discloses climate-related information in accordance with the required framework.

Among the material issues identified, the Sanki Engineering Group places the highest priority on contributing to a decarbonized society, and it is addressing climate change from the perspectives of both risks and opportunities by integrating them into the Group's overall sustainability management and risk management. With regard to climate-related risks, the Risk Management Committee's Climate Change Risk Subcommittee conducts scenario analysis to assess their impact.

We have also received recognition from the CDP, an international non-profit organization that oversees the global disclosure system for companies in managing their environmental impact. Sanki Engineering has been recognized as an "A List" company, the highest rating given by the CDP in the area of climate change, for two consecutive years since fiscal 2022.

### Strategies

Scenario analysis is conducted to gain an understanding of the medium and long-term impact of climate change on business. Risks and opportunities identified through the analysis are incorporated into Phase 3 of the Century 2025 medium-term management plan and addressed as part of the plan.

### • Risk Management Promotion System

We estimated the impacts of the transition associated with changes in policy and market trends, as well as physical risks caused by disasters and other factors, under the 1.5°C and 4.0°C scenarios. For each scenario, we identified risks and opportunities for the Sanki Engineering Group, verified their degree of impact on business, and rated them high, medium, or low.

Adopted Scenarios	Reference Scenarios
<b>1.5°C scenario</b> Net zero is reached by 2050 by taking stringent measures against climate change, and the temperature increase in 2100 is limited to 1.5°C or below from the level of the Industrial Revolution	● IEA*1: Net Zero Emissions by 2050 (NZE) ● IPCC*2: Shared Socioeconomic Pathways (SSP1-1.9)
<b>4°C scenario</b> Stringent measures against climate change are not taken, and the temperature increase in 2100 is around 4°C from the level of the Industrial Revolution	● IPCC: Representative Concentration Pathways (RCP8.5) ● IPCC: Shared Socio-economic Pathways (SSP5-8.5)




Task Force on Climate-related Financial Disclosures (TCFD)



CDP

 **Click here for details (in Japanese)**  
<https://www.sanki.co.jp/news/release/article534.html>

 **PP. 42-43**  
Sustainability Management

 **P. 98**  
Risk Management Promotion System

\*1 International Energy Agency: An international organization that covers all aspects of energy policy under the Organization for Economic Cooperation and Development (OECD), with the goal of ensuring energy security.

\*2 Intergovernmental Panel on Climate Change: An international body established in 1988 by the World Meteorological Organization and the United Nations Environment Programme to comprehensively assess climate change and its impact, as well as adaptation and mitigation measures.

Risks and Opportunities

Risks	Transition Risks								
	Category	Policy and Legal				Technology		Reputation	
	Possible event	Increase in carbon taxes and prices for renewable energy certificates (RECs) and stricter CO <sub>2</sub> emission regulations				Advances in energy conservation and renewable energy technologies		Increased demand for climate action and information disclosure	
	Impact on business	Increase in carbon tax burden and costs of purchasing RECs		Increase in construction costs due to rising costs of materials and equipment, and other expenses		- Technological obsolescence - Delayed technological support due to lack of technical capabilities and engineers		Concerns over a possible washout and decline in corporate brand image due to insufficient climate action and information disclosure	
	Timeline	Medium- to long-term		Medium- to long-term		Medium- to long-term		Short-term/ medium- to long-term	
	Impact	1.5°C scenario:	Moderate	1.5°C scenario:	Major	1.5°C scenario:	Major	1.5°C scenario:	Major
		4°C scenario:	Minor	4°C scenario:	Moderate	4°C scenario:	Moderate	4°C scenario:	Minor
	Response	Promote decarbonization measures and capital investment		Strengthen procurement capabilities through centralized purchasing, DX, etc.		- Promote development of energy conservation and renewable energy technologies - Promote open innovation - Secure human resources and enhance engineer training		- Promote decarbonization measures and capital investment - Proactively disclose information	
		Physical Risks							
	Category	Acute				Chronic			
Possible event	More frequent and severe natural disasters				Rising temperatures				
Impact on business	- Delays in procurement of materials and equipment - Suspensions or delays in construction - Stagnation of business operations due to infrastructure failures				- Increased risk of heat stroke and other occupational hazards - More severe labor shortages due to deteriorating working conditions at construction sites		Increased construction costs due to decreased productivity and increased costs for countermeasures		
Timeline	Short-term/medium- to long-term				Medium- to long-term		Medium- to long-term		
Impact	1.5°C scenario:	Moderate	4°C scenario:	Major	1.5°C scenario:	Moderate	1.5°C scenario:	Minor	
					4°C scenario:	Major	4°C scenario:	Major	
Response	- Operate BCMS for maintaining effective BCPs - Strengthen cooperation with partner companies				- Promote occupational health and safety in cooperation with partner companies - Develop technologies to prevent occupational hazards and robot replacements		Improve productivity through DX promotion		

Opportunities	Category	Markets				Resilience	
	Possible event	Expansion of energy conservation and renewable energy markets		Growing need for greater cooling capacity		Expansion of climate services market	
	Impact on business	- Increased demand for ZEB and other energy conservation projects - Increased demand for energy creation projects		Increased demand for renovation work to boost cooling capacity		- Increased demand for renovation projects to cope with disasters - Increased demand for construction projects and services to cope with disasters	
	Timeline	Short-term/medium- to long-term		Medium- to long-term		Medium- to long-term	
	Impact	1.5°C scenario:	Major	1.5°C scenario:	Minor	1.5°C scenario:	Minor
		4°C scenario:	Moderate	4°C scenario:	Moderate	4°C scenario:	Moderate
	Response	- Promote development of energy conservation and renewable energy technologies - Promote open innovation - Strengthen the SANKI YOU Eco Contribution Point system		- Strengthen system to quickly respond to customer needs - Strengthen the maintenance system		- Promote LCE Business - Strengthen the total integration business of building ICT - Expand consulting services - Operate BCMS to maintain an effective BCP	

Indicators and Targets

The Sanki Engineering Group considers greenhouse gas emissions to be the key indicator related to climate change. We established the Sanki Carbon Neutral Declaration as a long-term goal, and we have incorporated our carbon transition plan into the medium-term management plan. Additionally, we have submitted our greenhouse gas reduction targets to the Science Based Targets initiative (SBTi), an organization that certifies science-based targets consistent with the levels set by the Paris Agreement (as of August 2024).

Greenhouse Gas Reduction Targets

Scope	Base Year	FY2025 (medium-term management plan)	FY2030	FY2050
Scope 1 and 2	FY2020	40% reduction	Carbon neutrality	Carbon neutrality
Scope 3	FY2020	10% reduction	—	Carbon neutrality
Reductions through the SANKI YOU Eco Contribution Point system*1	FY2018–FY2020 (average)	30% increase	—	—

Greenhouse Gas Emissions

Category		Emissions (t-CO <sub>2</sub> )				Changes (%)	
		Base Year FY2020	Results*2			Compared to the base year	YoY
Scope 1 and 2		9,382	9,292	6,455	5,504	−41%	−15%
Scope 1	Direct emissions from businesses owned or controlled by the Company	2,956	3,146	2,829	2,521	−15%	−11%
Scope 2	Indirect emissions caused by use of purchased electricity or heat	6,426	6,146	3,626	2,983	−54%	−18%
Scope 3		6,395,143	5,230,828	4,001,444	4,076,450	−36%	+2%
Category 1	Products and services purchased	349,779	351,192	362,454	474,682		
Category 2	Capital goods	7,419	5,518	7,763	5,771		
Category 3	Fuel and energy activities not included in Scope 1 and 2	1,642	1,653	1,587	1,351		
Category 4	Upstream transportation and distribution	819	1,123	846	1,016		
Category 5	Waste generated in operations	1,506	1,771	1,891	1,884		
Category 6	Business travel	388	401	402	421		
Category 7	Employee commuting	688	1,006	1,000	968		
Category 11	Use of sold products	6,027,209	4,862,448	3,621,085	3,584,779		
Category 12	End-of-life treatment of sold products	1,500	1,394	1,565	2,115		
Category 13	Downstream leased assets	4,193	4,322	2,851	3,463		
Total		6,404,525	5,240,120	4,007,899	4,081,954	−36%	+2%

Scope: Sanki Engineering Group

\*1 Reductions through the SANKI YOU Eco-Contribution Points: Having already achieved the target of the medium-term management plan, we have begun working to reach the new target of a 10% increase over the average number of cases adopted for the past three fiscal years.

PP. 46–47 Feature 1

Scope: Sanki Engineering Group

Notes:  
• Categories 8, 9, 10, 14, and 15 are not applicable.  
• Emissions for the base year (FY2020) and for FY2021 and FY2022 have been recalculated following a review of the scope of aggregation at construction sites.

\*2 We have obtained third-party assurance for the results.

Independent Third-Party Assurance Report  
[https://www.sanki.co.jp/en/csr/environment/tcdf/doc/assurance\\_report2023.pdf](https://www.sanki.co.jp/en/csr/environment/tcdf/doc/assurance_report2023.pdf)



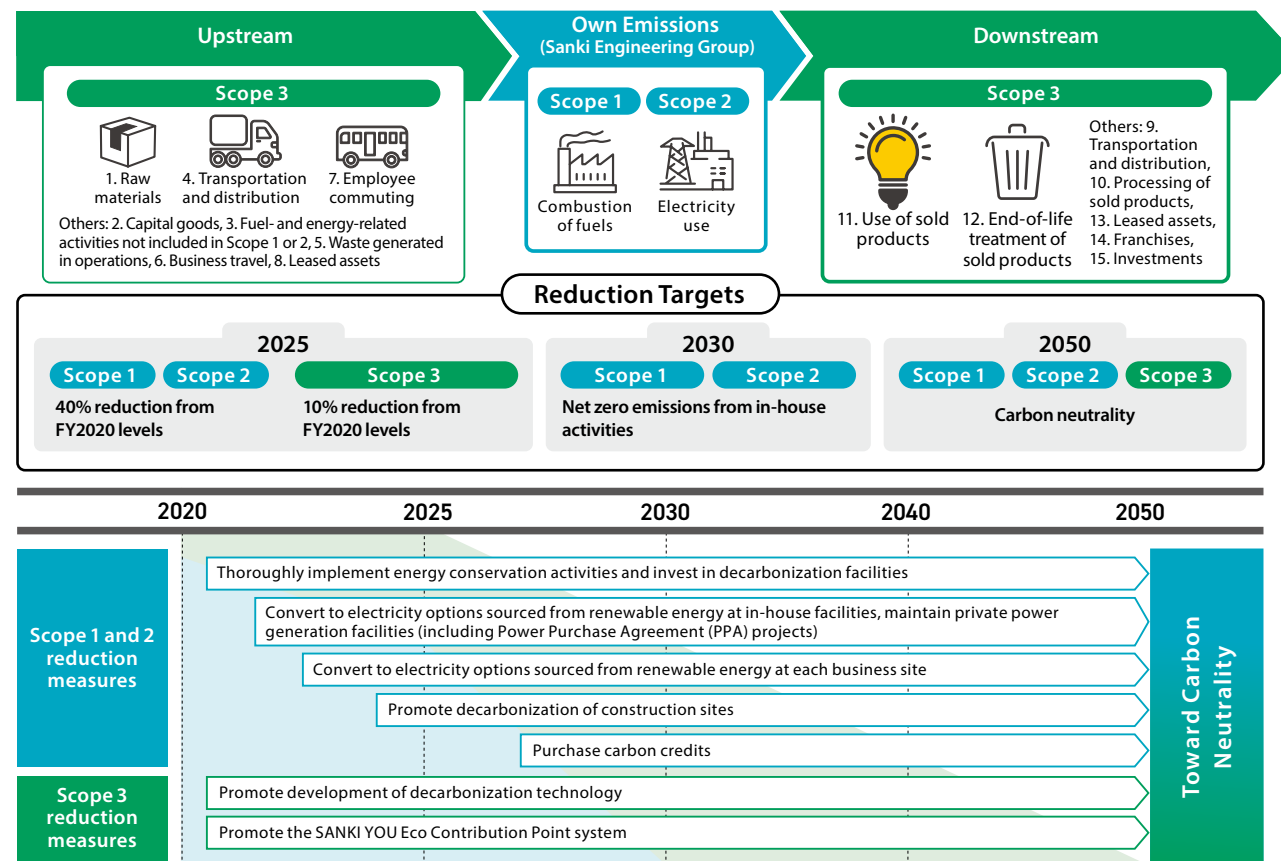
### Roadmap for Achieving Carbon Neutrality

The Sanki Engineering Group has declared its goal of achieving carbon neutrality for its Scope 1 and 2 emissions by 2030 and for its Scope 1, 2, and 3 emissions by 2050 in Sanki's Carbon Neutral Declaration. It is also endeavoring to attain its targets under the medium-term management plan, of a 40% reduction in Scope 1 and 2 emissions and a 10% reduction in Scope 3 emissions, compared to the fiscal 2020 level, respectively, by fiscal 2025, through the planning and implementation of decarbonization measures.

In Scope 1 and 2, we will promote reduction measures focused on energy conservation and renewable energy, while in Scope 3, we will further promote decarbonization measures such as providing equipment and products that produce lower emissions.

Note: GHG emissions refers not only to emissions by the business operator itself but also to the total volume of all emissions related to its business activities, and are classified into Scope 3 emissions (upstream) + Scope 1 and 2 emissions (in-house) + Scope 3 emissions (downstream). Of the 15 categories under Scope 3, "11. Use of sold products" accounts for approximately 90% of greenhouse gas emissions by the Sanki Engineering Group.

#### Sanki Engineering's GHG Emissions\* and Roadmap for Achieving Carbon Neutrality by 2050



### Initiatives for Emissions Reduction (Scope 1 and 2)

We are working on reducing emissions by effectively operating facilities and conducting energy conservation activities at all our business sites, including plants, offices, and construction sites. At the Sanki Techno Center and Yamato Product Center, which we own, we have installed several energy-saving systems to reduce energy, including those that apply our proprietary technologies, while also introducing solar power generation systems in fiscal 2023. We consequently reduced our total amount of Scope 1 and 2 emissions in fiscal 2023 by 41% compared to the fiscal 2020 level. The Sanki Engineering Group also received an S Class evaluation as an excellent business operator under the Business Class Evaluation System based on Japan's Energy Conservation Act. We will continue efforts to conserve energy while also considering renewable energy sources to meet energy needs at our branches and other locations.

#### Energy-Saving Systems Installed at Sanki Engineering Facilities

- **Sanki Techno Center**
  - EcoSearcher® real-time heat source optimization system (proprietary technology)
  - selfFort® smart HVAC system for offices (proprietary technology)
- **Yamato Product Center**
  - Periloop thermal stratification HVAC system (proprietary technology)
  - Solar photovoltaic panels

### Energy Consumption

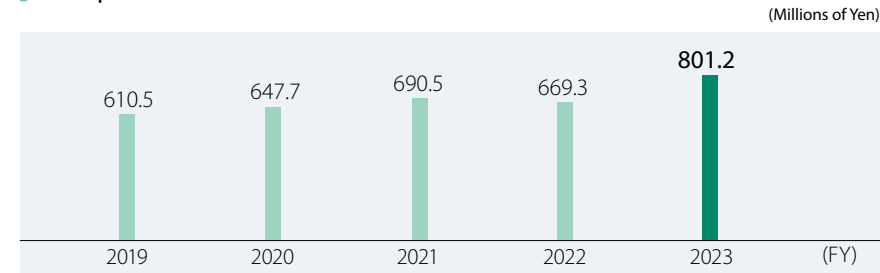
	FY2022	FY2023
Energy consumption	27,254	24,383

### Initiatives for Emissions Reduction Related to Business Activities (Scope 3)

The Sanki Engineering Group's Scope 3 emissions are predominantly Category 11, at 90%. We therefore seek to help customers reduce their CO<sub>2</sub> emissions through the energy-saving and energy-creating facilities and products we provide. We assist in shifting to a decarbonized society by reducing environmental impact across the entire product lifecycle, from planning and design of facilities to operational maintenance after completion and also renovation, and by providing energy-creating facilities including biomass power generation plants. To promote environmental conservation activities throughout our business operations, we are also focusing on research and development related to environmental conservation, including climate change mitigation. Through these efforts, we have achieved ahead of schedule the reduction targets of our medium-term management plan.

In fiscal 2023, we reduced our Scope 3 emissions by 36% compared to fiscal 2020. In external recognition, we were awarded the Energy Conservation Grand Prize for fiscal 2023 for activities such as the installment of energy-saving facilities at a hospital affiliated with the Gunma University Showa Campus integrated management ESCO project. We will maintain efforts to reduce CO<sub>2</sub> emissions through our technologies and products.

### R&D Expenditures Related to Environmental Preservation



### Registered ZEB Planner

Sanki Engineering is a registered ZEB Planner, which seeks to promote the widespread introduction of ZEBs\* introduced by Japan's Agency for Natural Resources and Energy, under the Ministry of Economy, Trade and Industry. As a ZEB Planner, we act as the contact point for customers planning to adopt ZEB in construction projects and play our part in developing a decarbonized society by supporting ZEB planning.

### SANKI YOU Eco Contribution Point System

The Sanki Engineering Group focusses on presenting energy-saving proposals by internally operating its SANKI YOU Eco Contribution Point system. When we propose an energy-saving solution that reduces CO<sub>2</sub> emissions to a customer and that proposal is adopted, the amount of the achieved emissions reduction is converted to Eco Contribution Points, used to support environmental conservation activities.

Under the Medium-Term Management Plan "Century 2025" Phase 3, which began in fiscal 2022, we aim to bolster this system as a measure for reducing Scope 3 emissions. Since fiscal 2023, we have been striving to achieve the new target of a 10% increase over the average number of cases adopted for the last three fiscal years. In fiscal 2023,



Yamato Site solar power generation PPA project

Notes:  
• Emissions for FY2022 have been recalculated following a review of the scope of aggregation at construction sites.  
• We have obtained third-party assurance.

**Independent Third-Party Assurance Report**  
[https://www.sanki.co.jp/en/csr/environment/tcfd/doc/assurance\\_report2023.pdf](https://www.sanki.co.jp/en/csr/environment/tcfd/doc/assurance_report2023.pdf)



Morigasaki Water Reclamation Center Digestion Gas Power Generation Project

PP. 46–47 Feature 1



\*Net-Zero Energy Buildings maintain comfortable environments while reducing annual energy consumption to as close to zero as possible by enhancing energy-saving performance using solar power generation and other measures.

we received 278 orders (on a consolidated basis) and reduced CO<sub>2</sub> emissions by 44,428 tonnes, up 16% from the average of the three-year period from fiscal 2020 to 2023, thereby achieving our target. The cumulative volume of CO<sub>2</sub> emissions reduced since the first year (fiscal 2010) on a consolidated basis reached 362,120 tonnes, with over 29,900 trees planted for environmental conservation.

Proposals for CO<sub>2</sub> Reduction and Outcomes

(CO<sub>2</sub> reduction unit: t-CO<sub>2</sub>)

	FY2019		FY2020		FY2021		FY2022		FY2023	
	Numbers	CO <sub>2</sub> reduction	Numbers	CO <sub>2</sub> reduction	Numbers	CO <sub>2</sub> reduction	Numbers	CO <sub>2</sub> reduction	Numbers	CO <sub>2</sub> reduction
Proposals										
Consolidated	405	45,685	379	68,810	431	134,399	488	131,820	385	68,393
Non-consolidated	377	44,756	352	68,243	367	112,550	452	105,116	312	44,736
Orders received										
Consolidated	181	27,624	214	28,430	263	35,848	322	50,382	278	44,428
Non-consolidated	163	27,221	200	28,296	218	14,355	294	24,533	224	22,241

Contributing to a Zero-Waste Society

Taking on the Challenges of Achieving a Circular Economy through Business

In addition to promoting waste reduction and recycling, the Sanki Engineering Group strives to contribute to achieving a zero-waste society through our business activities. Since fiscal 2023, we have participated in the Circular Partners program led by Japan's Ministry of Economy, Trade and Industry and are applying the Group's unique technological capabilities to further bolster our efforts.

In terms of sewage, we are conducting research and development on the use of sewage sludge as a recyclable resource, including the conversion of ash produced by incinerating sewage sludge into fertilizer\*<sup>1</sup> and the conversion of sewage sludge into fertilizer and feed\*<sup>2</sup> using insects, each of which has been adopted as a project by Japan's Ministry of Land, Infrastructure and Transport (MLIT).

Current State of Industrial Waste

With respect to industrial waste discharged at our construction sites, we seek to understand the current status by compiling data on waste discharged at sites where Sanki Engineering Group is the prime contractor.

We have maintained the recycling rate for industrial waste, excluding waste disposed at final landfill sites, at 86.3% (non-consolidated) and 86.9% (consolidated) in fiscal 2023. We will continue to promote proper disposal by monitoring and analyzing the discharge of industrial waste. In fiscal 2023, our waste disposal cost was 387,186,000 yen (non-consolidated) and 420,529,000 yen (consolidated). Furthermore, we have been properly disposing waste CFC and halons, the cost of which was 21,934,000 yen (non-consolidated) and 31,110,000 yen (consolidated) in fiscal 2023.

With the aim of ensuring the proper disposal of industrial waste, we have made digital manifests available to all departments for waste management. The rate of introduction of digital manifests was 98.9% on a non-consolidated basis and 98.1% on a consolidated basis in fiscal 2023.

We work to reduce emissions of waste plastics and promote the recycling of plastics in accordance with the Plastic Resource Circulation Act.



The logo of the SANKI YOU Eco Contribution Point system expresses our aspiration to contribute to social development and create harmony with the natural environment.  
ECO2: We reduce CO<sub>2</sub> emissions through our contribution to ecology.

PP. 26–29  
Status of the Medium-Term Management Plan “Century 2025” Phase 3

PP. 46–47 Feature 1



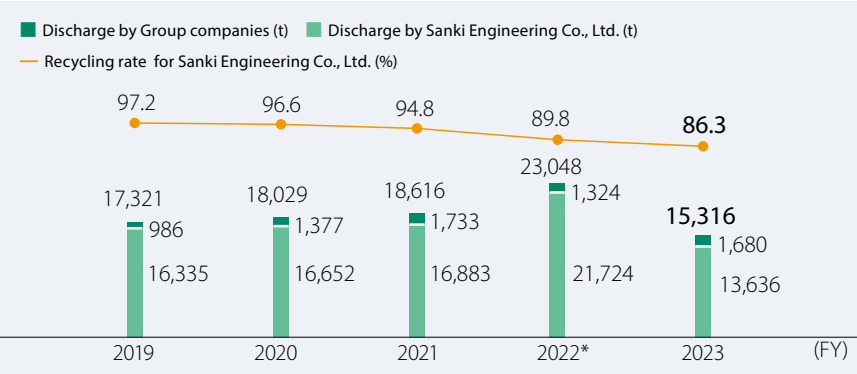
Circular Partners

- \*1 Research project on low-cost technology for converting incineration ash from sewage sludge into fertilizer was selected for a feasibility study for the FY2022 Breakthrough by Dynamic Approach in Sewage High Technology Project by MLIT.
- \*2 Research project on the conversion of sewage sludge into feed and fertilizer using insects was selected for the FY2023 Applied Research on Sewage Project by the MLIT.



Explanation for handling CFC during HVAC inspections

Changes in the Amount of Industrial Waste Discharged



Proper Disposal of Hazardous Substances

We properly dispose of hazardous substances in accordance with the laws and regulations while informing our employees about proper methods of managing these substances. We have created and distributed posters to inform them of the revisions in storage and disposal procedures for mercury-laced waste in accordance with the revision of the Waste Management and Public Cleansing Act\*. Regarding asbestos, we prepared a flow chart that is being used by site staff to ensure proper disposal of asbestos at construction sites for renovation work. Also, in accordance with the Air Pollution Control Law, we will properly report the presence or absence of asbestos-containing building materials at construction sites during demolition and renovation work.

Limiting Water Use

At facilities owned by the Sanki Engineering Group, we regularly monitor water use and continuously consider ways to improve the efficient use of our water resources to reduce usage, which also includes making capital investments with due consideration for water conservation. Most of the water used is potable and for offices and training accommodations. The Sanki Techno Center and Yamato Product Center are making efforts to use less tap water by combining it with well water.

Water Use

(m<sup>3</sup>)

	FY2021	FY2022	FY2023
Water use	42,680	47,591	33,984
Tap water	16,155	17,387	14,679
Well water	26,525	30,204	19,305

Realizing a Society in Harmony with Nature

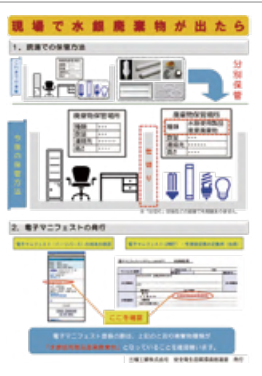
Our Response to Biodiversity

Recognizing that biodiversity is foundational for a sustainable society, the Sanki Engineering Group aims to realize a society in harmonious co-existence with nature by striving to preserve biodiversity. In addition to our ongoing activities for planting and nurturing trees, we participate in the 30by30 Alliance for Biodiversity\*<sup>1</sup>, spearheaded by Japan's Ministry of the Environment, and support Nationally Certified Sustainably Managed Natural Sites\*<sup>2</sup>. In fiscal 2024, we will start supporting a new coral project to

Scope:  
Industrial waste discharged at sites where Sanki Engineering is the prime contractor and at domestic Group companies  
Recycling rate: Sanki Engineering Co., Ltd.

\*Industrial waste emissions increased in fiscal 2022 due to the impact of large construction projects that involved demolition.

\*Waste Management and Public Cleansing Law



Poster: "How to handle mercury-laced industrial waste"

Scope:  
Eight sites including the Sanki Techno Center, Sanki Yamato Building, Yamato Product Center, Nasu Techno Station, and field offices

Water use has been recalculated to include the usage of tenants in owned facilities for which we provide overall management.

- \*1 Target for effectively preserving 30% of the land and sea as healthy ecosystems to prevent further losses and restore biodiversity by 2030.
- \*2 Areas designated by the Japanese government for preserving biodiversity through private-sector initiatives.



preserve the marine ecosystem. We will also apply to have the Sanki Environmental Garden, a publicly accessible project located in the Sanki Techno Center, designated as a Nationally Certified Sustainably Managed Natural Site, thus further contributing to environmental preservation.

Tree-Planting and Nurturing Activities

Since fiscal 2010, we have been supporting tree-planting and nurturing activities as environmental conservation activities under the SANKI YOU Eco Contribution Point system. In addition, we created the Sanki Forest in Kai City, Yamanashi Prefecture, in 2015 to commemorate the 90th anniversary of our founding, and a Kansha-no-Mori in 2020 to commemorate the 10th anniversary of the SANKI YOU Eco Contribution Point system. We support reforestation projects that take full advantage of the diversity of local vegetation and tree-planting activities that lead to enriching the bounties of the sea, and also engage in environmental conservation activities that include employee participation. In fiscal 2023, a total of 143 people from the Sanki Engineering Group, including executive officers, employees, and their families, participated in tree-planting and nurturing activities organized by the groups we support.

We facilitated donations to six projects by seven organizations in fiscal 2023 to support environmental conservation projects under the SANKI YOU Eco Contribution Point system. We will continue to promote reforestation, along with activities that bring us closer to the community, through tree-planting projects in which Group employees participate, and other community collaborations.

Donation History for Tree-Planting Projects

Project	Recipient	Location
Present Tree in Kumamoto Yamato III SANKI YOU Forest Kumamoto Yamato	NPO Environmental Relations	Yamato Town, Kumamoto Prefecture
Corporate Supporter System	More trees	Shibuya Ward, Tokyo
Shiga Prefecture/Lake Biwa Afforestation Partnership Agreement: SANKI YOU Forest Biwako Konze	Konze Forestry Association Ritto Tourism Association	Ritto City, Shiga Prefecture
Wakayama Prefecture/Forest Conservation and Management Agreement: SANKI YOU Forest Nanki-Shirahama	Ohechi Forest Association	Shirahama Town, Wakayama Prefecture
Planting trees in the Hikobae Forest on Mt. Yagoshi	NPO Mori wa Umi no Koibito	Ichinoseki City, Iwate Prefecture
Planting trees in a forest surrounding Shonan Village	Silva Association, Shinwa Gakuen	Yokosuka City, Kanagawa Prefecture
Kansha-no-Mori forestation to commemorate the 10th anniversary of the SANKI YOU Eco Contribution Point system	NPO Environmental Relations	Kai City, Yamanashi Prefecture
Creation of the Sanki Forest to commemorate the 90th anniversary of our founding	NPO Environmental Relations	Kai City, Yamanashi Prefecture
Creation of the Kijimadaira Beech Forest	NPO The Life style Research Institute of Forests	Kijimadaira Village, Nagano Prefecture
Creation of the Present Tree Forest	NPO Environmental Relations	Takayama City, Gifu Prefecture, Miyako City, Iwate Prefecture, Sammu City, Chiba Prefecture



Okinawa Institute of Science and Technology (OIST) Coral Project



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

Participation in External Initiatives for Biodiversity



Keidanren Initiative for Biodiversity Conservation



Ministry of the Environment's 30 by 30 Alliance for Biodiversity



Major project to explore the future of the global environment

Continuing to Contribute People and Technology to the Antarctic Research Expedition


For over six decades, Sanki Engineering has been continuously involved in the Antarctic Research Expedition, Japan's national project for understanding the environmental changes in the Antarctic region and the Earth's environmental system. Sanki Engineering's connection to this project goes back to 1957, when we delivered 30 roller conveyors for the second expedition to carry materials to the newly opened Showa Base in Antarctica. We have been actively dispatching our engineers to Antarctica since 1991, when the Protocol on Environmental Protection to the Antarctic Treaty was added to the Antarctic Treaty System, and we dispatched an engineer to the wintering party of the Antarctic Research Expedition upon request from the National Institute of Polar Research.

During the expedition, our engineers are mainly responsible for the maintenance and management of the base's environmental protection facilities (wastewater and waste treatment) and mechanical equipment (HVAC and plumbing facilities). Since the 2010s, we have also been involved in upgrading the wastewater treatment facility and constructing facilities for the Basic Observation Building. Furthermore, in August 2023, we began joint research with the National Institute of Polar Research on energy use data at Showa Station using ICT, further deepening our involvement in the observation project. Through these activities, we are playing an important role in research and environmental protection in Antarctica.

**Recognized as an Antarctic Observation Partner Company**

In February 2024, Sanki Engineering was recognized as an Antarctic Research Partner Company of the National Institute of Polar Research for having dispatched a total of 20 employees to the Antarctic Research Expedition, from the 33rd Expedition in 1991 to the 65th Expedition in 2023.

Sanki Engineering will continue to contribute its human resources and technologies to this research project and use the experience to enhance the development of its own business.



VOICE Important Work that Supports the Daily Life of the Expedition Team

**Shiobara:** As the environmental protection officer, I was engaged in the treatment and management of waste generated at the base and the maintenance of wastewater treatment facilities. The natural environment in Antarctica was breathtaking, and I still vividly remember the enchanting aurora. My standard work is also closely related to environmental protection, and I hope to continue taking on challenges while staying focused on the importance of my work and the weight of my responsibility.

**Arai:** I was responsible for the overall maintenance, management, and operation of facilities at the base. Soon after arrival, we encountered a blizzard and were placed in a tight spot when the pipes froze, and I was amazed at the competence of the 64th mechanics unit members, who had arrived before us and mobilized the entire team to complete the repairs. Through the various events I experienced during my stay, I strongly felt the importance and amazing power of teamwork.

**Kakiuchi:** In charge of the mechanical equipment, I maintained and managed various equipment for such purposes as ensuring there is potable water and air conditioning, as well as conducting piping work at the base. I have fond memories of soaking in a handmade outdoor bath in minus 20°C weather, gazing at the star-filled sky and aurora. In an environment where resources are not readily available, I was made keenly aware of the importance of using everything with care.



Team change ceremony



Launching the first dam



Transporting supplies over the ice by snowmobile

Photo courtesy of the National Institute of Polar Research



<b>Taisei Shiobara</b> 2nd Engineering Section, Water Engineering Department, Environmental Systems Administration Division	<b>Masanori Arai</b> 1st Cost Estimation Section, Cost Estimation Department, Tokyo Branch	<b>Masamitsu Kakiuchi</b> 2nd Field Engineering Section, 3rd Air-Conditioning & Plumbing, Tokyo Branch
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## Initiatives for Our DX Vision

By promoting operational reforms and DX in pursuit of the happiness of our colleagues as a key materiality of the Sanki Engineering Group, we intend to further boost productivity and ultimately ensure our own sustainable growth. To kick off these initiatives in fiscal 2023, we established the DX Promotion Division and announced the SANKI DX Vision of becoming an organization which connects all Group employees through a Co-Creation Cycle of knowledge. We subsequently obtained certification as a DX Certified Business Operator by Japan's Ministry of Economy, Trade and Industry in January 2024.

In fiscal 2024, we integrated the DX Promotion Division with the Information Systems Office to establish the DX Promotion Office, completing the framework for executing IT operational management and promotion. From this point on, we will proceed with concrete initiatives in conjunction with the execution plans of each division to implement the three key initiatives of business process reform, establishment of a digital infrastructure, and development and enhancement of digital human resources, as our first milestones.

Special Feature

02



### Key Initiative: Business Process Reform

We sought to optimize and streamline our business processes by conducting an organizational structure review of workflows and roles from the ground up, beginning with the Facilities Construction Business, where we took stock of and organized current operations into a business process map. We also examined current documents to revise, eliminate, and standardize content for consistency. In addition, we held an "ideathon" at each worksite and division to identify operational issues they needed to address.

#### Initiatives Planned for FY2024

- Begin trial operation based on the business process map (Facilities Construction Business division)
- Reorganize business processes in divisions other than the Facilities Construction Business division
- Promote operational reform in the management support division
- Eliminate unnecessary documents, unify and standardize forms
- Begin applying business data storage standards

- Business process reform
- Establishment of a digital infrastructure
- Development and enhancement of digital human resources

2023 » 2025

STEP 02

### Roadmap for Realizing the SANKI DX Vision

»2022

STEP 01

- Establishment of organization dedicated to DX
- Formulation of the DX Vision

### Key Initiative: Establishment of a Digital Infrastructure

We re-inspected current internal systems and reorganized their respective roles while at the same time rolling out new accounting and sales support systems. We also verified the construction of BIM-based operational workflows and business processes and developed the BIM Calculation Linkage Platform as a new solution for significantly improving the process efficiency of technical calculations.

We opened the DX Portal as an in-house desk to promote the use of ICT and began disseminating the latest information on DX and encouraging internal collaboration. We also set to work on providing support for more actively using standard in-house tools such as Microsoft 365 and assigned a DX Manager to each division to ensure that these digital measures become firmly rooted Company-wide. Furthermore, we initiated collaboration across divisions with the help of volunteer Digital Influencers\* and introduced digital contests for recognizing and broadly sharing the results of outstanding initiatives throughout the Company.

\*A group of volunteers who convey and spread the use of digital technology in their respective worksites.

#### Initiatives Planned for FY2024

- Renew the site documentation support system
- Promote data linkage between internal systems
- Disseminate ICT-related information and promote support for use of ICT
- Start Company-wide use of generative AI
- Renew system for managing and promoting the use of Company-wide IT assets



Poster for recruiting Digital Influencers

2030 »

NEXT STAGE

2026 » 2030

STEP 03

- Realization of DX
- Further growth

- Utilization of new infrastructure
- Active roles played by digital human resources
- Transformation of business style

### Key Initiative: Development and Enhancement of Digital Human Resources

To implement DX-based reforms continuously and effectively, we began developing a framework based on cultivating and strengthening digital human resources to lead these reforms. After clarifying their positioning within the Company and the level of required skills, we will incorporate them into concrete action.

#### Initiatives Planned for FY2024

- Add DX training to the curriculum for new employee training
- Conduct e-learning for all employees (Sanki IT Pass-port)
- Distribute learning tools for those who wish to continue self-learning
- Create practical learning opportunities such as in-house seminars and hands-on training



SANKI DX Vision

SANKI DX Vision (in Japanese)  
[https://www.sanki.co.jp/pdf/SANKI\\_DX\\_VISION.pdf](https://www.sanki.co.jp/pdf/SANKI_DX_VISION.pdf)



Roundtable  
Discussion with  
External Director and  
Female Employees

## Women's Challenges as a Force for Corporate Growth

The Sanki Engineering Group steadfastly promotes the appointment and advancement of women as a force for driving its own sustainable growth. Eight female employees representing various fields of Sanki Engineering joined with Tamami Umeda, an external director appointed in 2022, in a roundtable discussion to talk about the empowerment of women, respect for diversity, the appeal of the construction industry, and job satisfaction.



### ■ While change in mindset is still necessary, improvements in the workplace environment are progressing

#### — How do you view the current state of the working environment and the status of women as an aspect of a diverse workforce?

**Kaneda:** Ten years ago, after returning to the Company following childcare leave, I moved from the Sales Department to the CSR Department. While it was common at that time for women at Sanki Engineering to leave the Company after getting married, now with the constant evolution of employee programs and evaluation systems, all women return to work after childcare leave. In this environment, I believe that we are in the process of exploring and creating better work styles for the future

through trial and error.

**Kawano:** In terms of the prevailing understandings of workforce diversity, which includes women, I feel that Sanki Engineering is a little behind. I don't think we are using diversity as a weapon; I believe that we are covering for each other to do our best.

**Kaneko:** In fact, there are persistent gaps in the balance of male and female employees. For example, less than 20% of Chubu Branch employees are women. And there are particularly few women in technical positions.

**Ohashi:** When I joined the Company, there were no systems such as special leaves for childcare or nursing care, or sliding work hours, and I strongly feel that improvements have been made to the systems supporting childcare and returning to work. I hope that female managers will be selected purely for the content and results of their work, and not just for having more of

● **Tamami Umeda**  
External Director

● **Rie Ohashi**  
2nd Field Engineering Planning Section, Field Engineering Planning Department, Tokyo Branch

● **Mayumi Kaneko**  
Administration Section Manager, M&E Contracting Administration Department, Chubu Branch

them. It is often said that we need to serve as role models for encouraging the professional development of women, but I think they should grow freely at their own pace without feeling pressured.

**Kozawa:** The construction industry is facing a difficult time for hiring, regardless of gender, and is entering a period in which securing human resources will be harder than ever. The scarcity of female engineers was mentioned earlier, and I recognize that the challenge is greater than simply supporting women's opportunities to work on construction sites. We also have to essentially change the way construction is done, regardless of gender.

**Sakamoto:** Traditionally, construction sites entailed hard work with long hours, making it difficult for women to hold down a job. In recent years, however, work-style reform has made considerable progress even at construction sites. Now that work has become easier, regardless of gender, due to worksite improvements, I anticipate that women will have more opportunities to actively participate in the industry.

**Fujino:** When my first child was born, the general expectation was that I would then quit. Now, when I see my junior colleagues confidently saying that they are going to take childcare leave, I feel that we have shifted into a better period of time. Most of the younger generation, regardless of gender, fully understand that they have an obligation to work and the right to take time off. On the other hand, only some older workers grasp the concept of how things have changed but still follow the deeply rooted traditional ways of doing things, so I think that the reform of awareness still needs to be addressed.

**Mugitani:** While I felt it was difficult to take leave several years ago, it's easier now to do so at one's own discretion. Although we still work overtime, I feel that employees in general are becoming aware of working efficiently.

**Umeda:** I feel the overall direction of empowering women in the workplace has become clear, as systems have been established to balance work and childcare and a target has been set for the ratio of female managers. On the other hand, women still tend to hesitate in pursuing promotions. Part of this may be an unconscious bias affecting men's best intentions, causing women

to lose opportunities for growth and taking the next step to becoming a manager. Even though the need for women's advancement is generally understood, women themselves may need to speak up more to further instill this awareness throughout the workplace.

### ■ An Environment Where Women Can Thrive Benefits Everyone

#### — What do you think about the impact of women's active engagement in the Company?

**Fujino:** Women account for less than 20% of employees in the Facility Systems Division where I work. As the number of women in the division and those at partner companies has increased in recent years, it has become easier for women to be heard, and I feel that the atmosphere has been changing. Suggestions and requests for improvement originating from women are now being adopted, so the Company as a whole seems to be becoming more open.

**Ohashi:** I'm currently in the Field Engineering Planning Department, but when I used to work at construction sites, women were still in the minority. That type of work is physically demanding, and sometimes men are needed, for example, to carry heavy materials. It's also true that some men aren't suited for heavy labor, so gender differences are only one aspect in addition to personal aptitude. But I personally believe that men tend to be better at planning, while women are generally better at getting things done.

**Kozawa:** I think that men today have an advantage in construction site work styles. When I hear in the course of contract work that workers are sometimes asked in the evening to finish up by the next morning, it seems that men with physical advantages and more experience on construction sites are more capable of handling the request. Nevertheless, an environment that requires workers to overexert themselves must be improved first, and there are significant benefits to having more female leaders on-site. The increasing number of women working for prime contractors is evidence of gradual change.





● **Sayuri Kaneda**  
Sustainability Promotion Department  
Sustainability Promotion Office, Corporate Division

● **Yuko Kawano**  
2nd Procurement Section, Procurement  
Department, Procurement Division

● **Tomoko Kozawa**  
Deputy General Manager, General Affairs  
and Human Resources Division

● **Hiroko Sakamoto**  
Accounting Section Manager,  
Administration Department, Tokyo Branch

● **Mina Fujino**  
1st Engineering Section, 1st Project Management  
Department, Facility Systems Division

● **Kanae Mugitani**  
2nd Design & Engineering Section, 2nd Design  
& Engineering Department, Kansai Branch

**Kaneda:** Modern leadership styles emphasize dialogue and listening and require a collaborative approach that respects the opinions of team members. This approach is highly compatible with the way many women communicate. Therefore, I think the emerging trends are making it easier for women to demonstrate leadership.

**Kawano:** I think it's easier to approach female managers than males. Currently, only 2.4% of managers are women, and this situation tends to make women hesitate before seeking management positions. I myself once turned down such an opportunity before finally becoming a manager, although I decided to accept the position in the hope that I could open the way for others. I feel that the Company as a whole needs to become more supportive in this regard.

**Kaneko:** Although I wasn't a manager at the time, I was once directly acknowledged for the accuracy and care I had demonstrated for documents submitted in response to a construction work order, which led to winning the job. While that made me happy, I also realized that attention to detail is a strength too, as many women around me are just as meticulous in their work.

**Mugitani:** With the increasing participation of women, more perspectives have been available than ever before. Women notice things that men have a hard time seeing because of their different perspectives, and I think that women can also contribute to revitalizing communication. On the other hand, when I examine my own career, I sometimes feel I still have hurdles to overcome as an engineer. I work with CAD in the Design & Engineering Department, but I originally came from a humanities background. It's not uncommon for women in design to have a background similar to mine at our company, though I sometimes think that presents a rather high hurdle to becoming a site manager or to being in a senior position.

**Ohashi:** Many women have experienced similar challenges as Ms. Mugitani in pursuing their careers. But I think people require management skills and don't necessarily have to be well versed in everything.

**Sakamoto:** I was transferred to the Tokyo Branch as an accounting section manager this year, after having worked at the Corporate Communications Department

for over a decade. There are many things I don't know anything about, but I am able to get by with the help of my supervisors and section staff. Even in areas in which I lack competence, I can get through with teamwork. I think it is important to communicate with those around me.

**Umeda:** An environment in which it is easy for women to actively participate will also enable everyone to work comfortably. With the ongoing decline in population, sustainability requires changing the system itself so that everyone, regardless of their personal attributes, can easily and naturally play active roles. Men will also come to realize the hard work women are doing in their jobs, housework, childcare, and nursing care. I believe that your daily efforts and ingenuity will establish you as the key to promoting diversity and securing diverse human resources at Sanki Engineering.

## ■ The Appeal of the Construction Industry: It Produces Visible Results

### — What makes your work rewarding?

**Ohashi:** I was in charge of on-site construction management, so when a building was completed, I felt a great sense of satisfaction and accomplishment because the results were quite visible.

**Fujino:** I was also recently involved in the management of a project with a short deadline, and upon its completion, I also experienced a deep relief that defied description. The client's expression of gratitude for meeting an extremely challenging request made me feel it was all worth it. In retrospect, I think I've always been working for the joy of such moments.

**Kaneda:** During a time when women were rarely involved in proposal-based sales, I took part in a project to renovate surveillance camera equipment in a large building. My inclusion as a woman on the team brought about an unexpected change in the hierarchical structure unique to the construction industry. There was a sense of unity that transcended traditional barriers, allowing me to experience new perspectives and the power of

cooperation due to diversity. I felt that I may have been able to change the conventional concept of construction projects a little, and that's what motivates me now.

**Mugitani:** In my 20s and 30s, I was stationed on-site drafting construction drawings. I felt a sense of accomplishment when my drawings were used for construction for the first time. This experience helped me grow, thanks to those around me. I currently work on a variety of projects using CAD and find satisfaction in contributing to the sense of completeness within the group.

**Kaneko:** I think being directly thanked by clients reinforces the sense of contributing to the Company, but back-office employees do not have many opportunities to interact with clients. I happened to be blessed with such an opportunity, but I think words of encouragement and appreciation from supervisors and executives make you feel that you're in some way contributing to the Company.

**Kawano:** The Procurement Division, where I work, handles materials and equipment as well as specialized construction work for our sites nationwide. It is always nice to receive their appreciation for our efforts to reduce procurement costs at appropriate prices. It's very rewarding to hear the field side of our business operations express their thanks and tell us how helpful we've been since they are essentially our customers.

**Kozawa:** When the General Affairs and Human Resources Division revises the personnel system, employees are naturally confused about how to respond to the changes, and not everyone is happy. Even so, I'm very happy when I hear people say thank you or how glad they are for not quitting. Since taking on my current position, I've become more aware of how stakeholders view Sanki Engineering, and I feel rewarded by being entrusted with important work.

**Sakamoto:** In the course of working with many employees in my previous department, I have noticed many attractive aspects of Sanki Engineering, such as the kindness of its employees, how they value connections with people and sincerely deal with customers, and how proud they are as engineers. I strongly feel that I want to convey this both within and outside the Company, and

that has been a source of my motivation.

**Umeda:** In my long years in government, I experienced that even when new policies are introduced, issues remain with no end in sight. So what I appreciate about the construction industry is that you can see the results within a set period. I was impressed by how you all feel great about achieving goals as a team while exchanging opinions with stakeholders inside and outside the Company. Furthermore, even if you feel like you are in a sense biting off more than you can chew by pursuing a higher position, you will gain a fresh point of view and broaden your perspective even in the same workplace, and I'm sure that you'll all find the experience rewarding.

**Kawano:** In terms of empowering women in the workplace, there is a need to increase the number of women in managerial positions and immediately below that level. At the same time, we should not feel too pressured to serve as role models. We should simply be steadfast in doing what we can and should do. I felt this again through this dialogue with all of you.

**Mugitani:** I gained many insights from this discussion, and I was stimulated and reassured by the fact that each of us is struggling in different positions. The concerns of younger women must be different, so why not create more communication opportunities, such as setting up a mentor program on women's advancement? I hope awareness of women's advancement at Sanki Engineering will increase through a variety of actions, including trial and error.

**Umeda:** From today's discussion, I feel that everyone here is sincerely facing work challenges while closely monitoring their respective situations as well as and those around them, which seems to be associated with a strong awareness of work styles. I could also sense everyone's love for the Company. Now that the need for women to play an active role has become widely recognized, I think there is no reason to give up on the challenge as long as you have the ability and the opportunity. I want to view today as an opportunity to share experiences and insights, and to think together about how we can create an environment that makes it easy for women, and ultimately everyone, to play active roles at Sanki Engineering.



# Quality Control



We will raise customer satisfaction and deliver new value for society through our products and high-quality systems that best meet customer needs and by demonstrating the Sanki Engineering Group's technological capabilities and proposal skills. Additionally, to maintain and improve quality, we have established a quality management system (QMS).

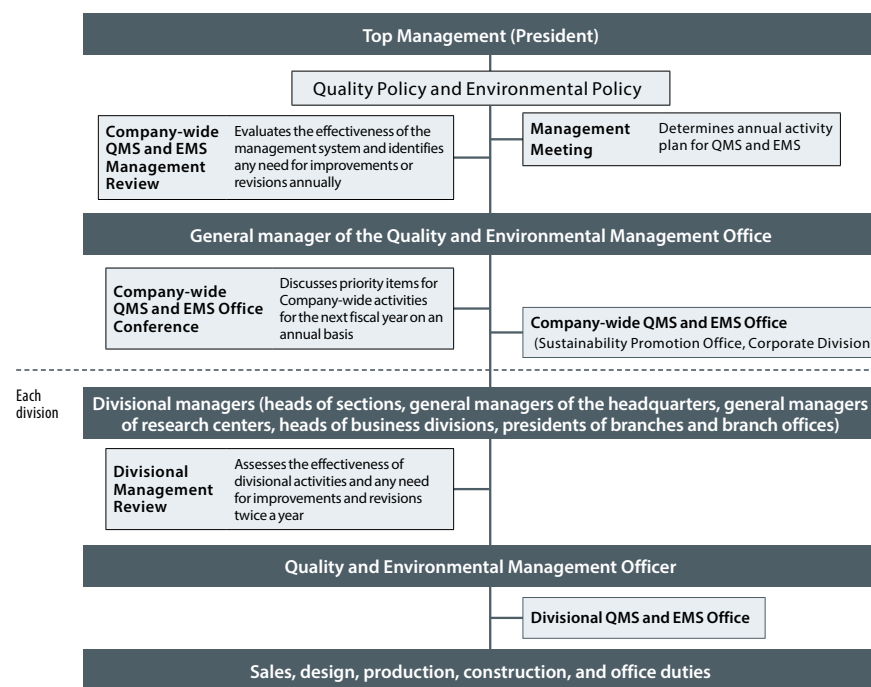
## Initiatives for Ensuring Quality

### Management System

We have integrated and implemented a QMS and EMS at each division in the Facilities Construction Business, Machinery Systems Business, and Environmental Systems Business. As of fiscal 2024, quality management across all domestic Group companies has been standardized, and we are promoting unified quality control throughout the Group.

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. In addition, taking into account past instances of non-conformities in quality control, we are continuously working to raise the level of our management system.

### Quality and Environmental Management System



### 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. In



**Scope of ISO 9001 Certification**  
<https://www.sanki.co.jp/en/csr/social/quality/>

### Major Management System Strengthened in Fiscal 2023

- Facilities Construction Business**
  - Enhanced design reviews
- Machinery Systems Business**
  - Assessed preliminary quality risks, planned and implemented countermeasures through JOB patrols
  - Investigated the causes of incidents at complaint elimination meetings and formulated and implemented plans to prevent recurrence
- Environmental Systems Business**
  - Further enhanced discussions at kick-off meetings



**P. 48**  
Environmental Management System

### Sharing Information and Preventing the Occurrence of Problems and Complaints

- Flash report
- Weekly report: A weekly trouble and complaint (TC) confirmation meeting is held with the participation of Group companies including overseas sites.
- Monthly report: Incident reports and other information, including causes, corrective actions, and preventive measures, are distributed to construction engineers to ensure Company-wide knowledge in an effort to prevent the recurrence of problems.

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. In fiscal 2023, we identified and investigated the root causes of problems and the substance of complaints and notified all worksites nationwide of the results. In addition, technical experts provide specific guidance to worksites with problems that continue to arise.

The Group set a target of zero problems and complaints that are attributable to us during construction. However, in fiscal 2023, the number of problems and complaints increased by about 25% (28 cases) compared to the previous fiscal year, and we are working to prevent recurrence by analyzing the trends and root causes of the problems and substance of complaints. In fiscal 2024, in order to ensure high quality regardless of the construction period or workload, we will require line managers to attend problem prevention meetings, strengthen management systems, and prevent the repeated incidence of problems and reporting of similar complaints by further spreading awareness at worksites.

### 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 2023, we received highly positive feedback from about 91%\* of the 768 respondents. Looking ahead, we will continue to incorporate customer opinions into our operations to enhance construction quality.

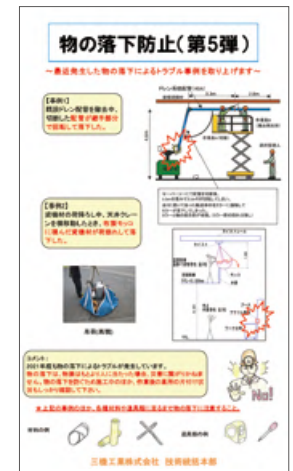
### Initiatives for Ensuring Quality at Facilities Construction Sites

We are implementing a comprehensive approach that extends from design to construction to maintain and improve quality at construction sites. We are also seeking to reduce workload and rework, which often accumulates at construction sites, by providing operational support and promoting DX. This will boost productivity from both design and engineering perspectives.

### Operational Support to Improve Productivity and Maintain High Quality

We believe it is important to reduce workloads that often accumulate at construction sites, create effective working environments, and improve conditions that encourage on-site staff to focus on their tasks while maintaining high quality. To achieve these goals, Sanki Engineering implements the Smile Site Plan, intended to create a rewarding workplace that satisfies both customers and the Company.

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 fiscal 2023, we also reviewed the division of labor to establish an environment where field personnel can concentrate on their work. As a means for simultaneously improving productivity and maintaining 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. Going forward, we plan to standardize operations across all sites in accordance with the process map to further improve operational efficiency.



A poster for raising awareness of preventing problems and complaints is created monthly 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  
**Machinery Systems Business**  
Score of 3 ("High") out of 3  
**Environmental Systems Business**  
Score of 70 points or higher out of 100



**P. 78**  
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 2023, we conducted training for each branch, branch office, and subcontractor to encourage the use of BIM. BIM has already been successfully integrated into construction sites, and we will continue to increase its utilization.

In addition, we have developed the BIM Calculation Linkage Platform as a new solution for supporting processes from design to construction. Advanced technical calculations, which used to be time-consuming and labor-intensive, are now automated, allowing for prompt calculation results as well as high-quality design and construction.

The DX Promotion Office, established in fiscal 2023, is advancing the application of digital tools for design, construction, and completion operations. We are also bolstering the application of DX to operations across the Company, including construction sites, to save labor in construction work while improving construction quality by alleviating the burden of operations for establishing 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 early by enhancing design reviews and improving the design accuracy to prevent and reduce design-related problems.

In regard to construction, 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. To further improve quality and hand down technical expertise, highly skilled quality assurance administrators and technical experts conduct audits during and after construction and confirm quality and corrective measures while also mentoring junior employees. In fiscal 2023, we established a system that allows us to work alongside and receive guidance from highly skilled senior experts with a wealth of experience.

In fiscal 2023, 189 design reviews were implemented, an increase from the previous year, covering all target properties. These efforts have led to fewer corrections after construction and have helped prevent profitability from deteriorating.

Initiatives on Design and Technical Operations at Construction Sites

Before or Upon Receiving Orders	At Start of Construction	During Construction
<div>Design Review</div> <p>The Design Division, Design &amp; Engineering Division, 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> <div>Quality Risk Assessment</div> <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>	<div>Commencement Discussions</div> <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; and instructs on concrete measures.</p>	<div>Construction Audits</div> <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> <div>Completion Audits</div> <p>Check whether quality targets for the design are being achieved and offer instructions for corrections as needed.</p>

Digital Tools Developed by the Sanki Engineering Group

- Automated robotic air flow meter
  - Automatically measures the air flow at the air conditioner vent.
  - 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

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. We received 2,078 applications in fiscal 2023.

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.

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.

Number of Personnel with Quality-Related Qualifications (as of April 1, 2024)

Qualification	FY2024	
	Non-consolidated	Consolidated
Professional engineers	84	101
Construction managing engineers (civil works, construction, electrical construction, pipe-laying works)	1,089	1,253
Architect	39	45
Facilities construction architect	180	190
Electrical engineers	160	237
Chief electrical engineers	27	36
First class instrument engineers	284	295
Fire protection engineers	675	733
Qualified managing engineers	1,537	1,821

Major Skill Development Activities for Fiscal 2023

Initiatives	Training	Description of Training	Results
Initiatives at the Sanki Techno Center	Training for new employees	•Seminar for new employees, basic skills training	68 participants
	Correspondence course for attaining qualifications	•Preparation for qualification exams for construction managing engineers and fire protection engineers	165 participants
	Training based on operational experience Third year in construction work Sixth year in construction work Ninth 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  123 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	24 technical experts made 1,187 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	19 participating technicians from 17 subcontractors
	Explanation of problems and complaints	•Case studies at liaison meetings held at branches and branch offices	Number of sessions Tokyo branch: 67, Kansai branch: 26, Chubu branch: 11, Kyushu branch office: 81, Hokkaido branch office: 4, Chugoku branch office: 12, Tohoku branch office: 12, Hokuriku branch office: 11
	Training for subcontractors	•Safety and quality training for new employees of subcontractors •Safety and quality training for mid-level employees of subcontractors •Hazard experience training for foremen	13 times 158 participants



Training for new employees



The 22nd Conference on Electrical Construction Quality

Note: Cumulative figures are shown for all qualifications.



# Occupational Health and Safety



## Basic Philosophy

Occupational health and safety are the foundation for the Sanki Engineering Group. Our construction site operation relies on the organic connection of the many people working there. 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

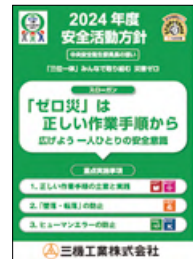
### Management System

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.

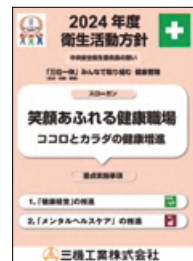
### Key Items Implemented in Fiscal 2023

In fiscal 2023, the number of accidents involving collisions and falls that could lead to serious injuries increased. To further reduce the number of such accidents, we expanded our collection of accident cases in fiscal 2023 and revised our procedures for hazardous situations to make them easier to understand. In fiscal 2024, we will focus on preventing accidents involving collisions or falls by developing video tools that can be viewed multiple times to reinforce learning.

In addition, we have been striving to reduce long working hours through the ongoing Smile Project, which has led to a decrease in average monthly overtime and an increase in the number of paid leave days taken. In fiscal 2024, we aim to further cut down on long working hours by, for example, implementing the checklist for Article 36 of the Labour Standards Law on Overtime Work and Work on Days Off.



Workplace safety poster



Workplace health poster

## Outline of Activities in Fiscal 2023: Policies on Health and Safety Activities

### Safety

**Slogan: Achieving zero accidents begins with correct work procedures. Let's foster the safety awareness of every employee.**


#### Key Actions

1. Plan and implement correct work procedures
  - Ensure appropriate risk assessment using work notifications and procedure manuals
  - Use hazard prediction tools
2. Prevent two categories of major accidents (collisions and falling, and being caught or entangled)
  - Use disaster prevention leaflets
  - Use hazard prediction tools
  - Perform priority checks during safety patrols by branch offices and subcontractors
3. Eliminate shortcuts
  - Cooperate with employers for training and guidance
  - Conduct training using videos of accident case studies
  - Conduct training on revisions to laws and regulations

### Health

**Slogan: Self-care for everyone—Let's improve your mental and physical health.**

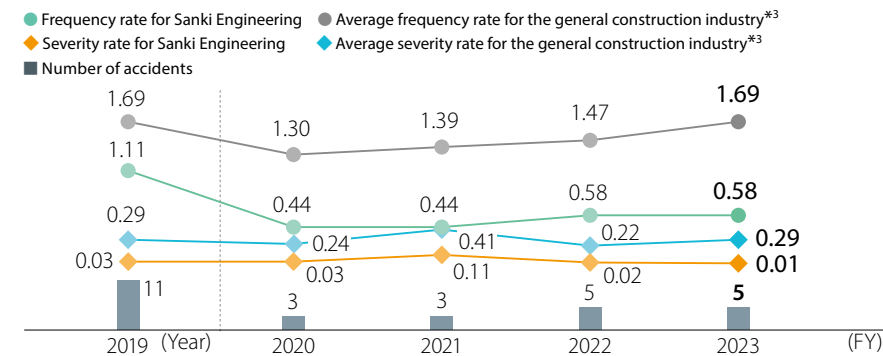
#### Key Actions

1. Promote health and productivity management  **P. 79**
  - Promote the reduction of long working hours in response to the fiscal 2024 overtime regulations
  - Promote measures to combat lifestyle-related diseases, with an emphasis on improving dietary habits
2. Promote mental health
  - Create a system for providing mental health care

## Accidents in Fiscal 2023

In fiscal 2023, five accidents were reported. We are visualizing and widely sharing information on the frequency and severity of such incidents by department in order to alert employees, and will continue these efforts to raise safety awareness.

### Number of Accidents, Frequency Rate\*, and Severity Rate\*\*



## Safety Conventions and Safety Patrols

Every fiscal year, each Sanki Engineering branch, branch office, and division holds safety conventions at ten domestic sites and two overseas sites in June, the preparatory month for National Safety Week. Executive officers from Japan, including our president, and subcontractors from domestic and overseas sites, as well as representatives from the Sanki Health and Safety Cooperative Association, attend these conventions. In fiscal 2023, we strengthened the safety patrols conducted by each department and enhanced patrol content, such as pre-work checks and the review of work procedures and reports. Furthermore, during the summer and year-end periods, we conduct special joint safety patrols, joined by the president and directors, at 26 construction sites.

## 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. On top of our various health and safety training programs, in fiscal 2023 we disseminated additional information on the actions that should be taken when an employee shows signs of heat stroke. We also distributed safety-related videos via a portal that subcontractors can also view. Furthermore, we arranged for an external organization to conduct three asbestos-related seminars in association with the revision of the law, in order to raise the level of knowledge of on-site personnel. When accepting new foreign national technical intern trainees from their employers, we use standardized criteria for ensuring safety at all sites and interview them to make sure they comply with these criteria. We also organize joint training sessions with the Sanki Health and Safety Cooperative Association. In fiscal 2023, we created and distributed Safety and Health Handbooks translated into six languages\*1 for use in safety and health education and other activities.

### Number of Participants in Health and Safety Training (Fiscal 2023)\*2

Type	Number of Participants (including employees of partner companies)
Special education and other courses	1,512 (1,213)
Health and safety training for foremen	133 (103)
In-house health and safety training	498 (24)
Position-based training for young and mid-career employees	151 (2)
Other client-focused training	1,351 (1,247)
Total	3,645 (2,589)

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.

### Safety Convention (Fiscal 2023)

- Spread awareness of standardized and correct work procedures
- Presented safety awards for employees and subcontractors who have demonstrated outstanding safety management efforts and results
- Participants received towels made from unworn uniforms of the previous design



Safety patrol by the president



Safety and Health Handbook translated into six languages



VR-assisted health and safety training

\*1 Vietnamese, Chinese, Indonesian, Tagalog, Portuguese, and English

\*2 Limited to training by in-house instructors, not including training at designated educational institutions

# 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

### Procurement Management System and Response to Procurement Risks

The procurement cost of materials and equipment used by Sanki Engineering for construction work is approximately 49 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. The international situation has led to rising prices for materials and crude oil, and the shortage of semiconductors has further increased equipment and material prices and caused delays in delivery. In response to these challenges, we continue to strengthen cooperation with onsite staff and take action to avoid or mitigate procurement risks, such as placing orders in advance and promptly disseminating information on delivery dates across the company. We will also take necessary measures to address future procurement risks, such as rising logistics costs.

### 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. Furthermore, we include provisions on product safety, quality control, intellectual property, legal compliance, and the exclusion of antisocial forces in our basic agreement and ask our business partners to understand and consent to these provisions.

### Reporting and Consultation Desk

In order to prevent fraudulent activities and improper transactions, we operate a Corporate Ethics Hotline that is available for anyone to use. Information is provided on the Company website. In addition, we have set up and operated a portal site that can be accessed by our business partners. In fiscal 2023, there were four reports from our business partners, and all cases were handled appropriately.

### 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.

### Raising the Efficiency of Procurement Operations

As part of our work-style reform initiatives, the Procurement Division is focusing on

#### 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. 95  
Whistleblowing System

#### Major Regulation-Compliant Goods Procured by Sanki Engineering

- Lighting equipment
- Transformers and condensers
- HVAC equipment

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 procurement system\* that handles everything from price negotiations to ordering operations.

In addition, we are effectively implementing DX to further improve the efficiency of procurement operations. We digitized some operations by introducing online systems in our Group for placing orders to suppliers and allowing them to issue progress billings. In fiscal 2023, we developed additional features for the online price review system and began its operation in fiscal 2024. We also sought to enhance the system's convenience for business partners by moving it to the cloud, and 99% of total orders (non-consolidated) in fiscal 2023 were processed electronically. Moreover, in response to feedback from employees who wanted to place urgent orders while out of the office, we made it possible to issue orders from iPads. We will continue to reflect employee feedback and strive to improve operational efficiency.

### Training for Procurement Staff

We provide monthly online learning and presentation opportunities for procurement staff to promote appropriate procurement activities and enhance their purchasing, negotiating, and management skills. Furthermore, we requested relevant departments within the Company to conduct training to raise awareness of compliance and sustainability, covering areas such as fair trade and respect for human rights. We also strive to develop the competence and knowledge of procurement staff 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. Additionally, we plan to introduce training aimed at improving profitability in fiscal 2024.

## 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 2023, 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 shared within the company at meetings attended by procurement-related personnel and incorporated into daily procurement activities.

### Initiatives to Assess 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. For new partners, we conduct a comprehensive assessment at the start of the business, using a checklist commonly adopted by all locations, which covers their financial situation, quality management, and environmental management to ensure there are no issues.



**Procurement WEB (in Japanese)**  
<https://cwmc.sanki.azurewebsites.net/TEN100/TEN10020>

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

Participation Rate of Online Course for Procurement Staff Training in FY2023

**98%**  
(304 participants)

#### Additional Training Planned for FY2024

- Negotiation skills development through on-the-job training
- Training for all branch negotiators at each base

#### Main Topics in the Opinion Exchange Meeting (FY2023)

- Sustainability initiatives
- Work-style reform
- Trends in prices and project delivery schedules
- Requests to distributors
- Transactions with Sanki Engineering
- Ordering environment, etc.



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

In July 2023, 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 March 2024. These were attended by a total of 61 employees from the Group and 52 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, such as by organizing voluntary site tours by the subcontractors, 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

We offer a subsidy program for subcontractors, which is being appropriately implemented by each department. We are also promoting 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, new hires at Sanki Engineering receive guidance from employees of subcontractors through our technical training program.

## Providing Support to Stabilize the Management of Subcontractors

In fiscal 2019, we revised the terms of payment to subcontractors with capital of under 40 million yen to make 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.

### P. 69 Health and Safety Training



Sanki Super Meister Awards ceremony

#### Number of Sanki Super Meister Award Recipients

- FY2022: 8
- FY2023: 10

#### Number of Sanki Best Partner Recipients

- FY2022: 164
- FY2023: 188



Technical skills training by a subcontractor

#### Subsidy Program for Subcontractors

- Support for obtaining qualifications
- Half of training expenses covered at Sanki Techno Center (starting in fiscal 2024)

# Human Rights



## Basic Philosophy

Under the Sanki Engineering Group Human Rights Policy, established in April 2022, 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/>

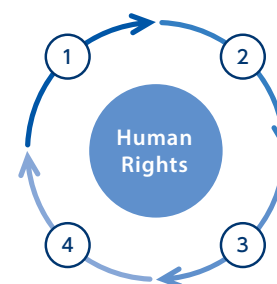
Sanki Engineering Group Code of Conduct and Action Guidelines  
<https://www.sanki.co.jp/en/csr/policy/conduct-code.html>

## Human Rights Promotion System

The Risk Management Committee (Compliance Risk Subcommittee), chaired by the president, identifies human rights issues within the Group and works to prevent and correct them. Progress in its efforts and other matters are reported to the Risk Management Committee.

## Human Rights Due Diligence

We are committed to respecting human rights by conducting human rights due diligence based on identified risks related to the Group's business throughout the supply chain, upstream to downstream. In fiscal 2023, we identified human rights risks related to the Group's business\*1. Going forward, we will promote our efforts by regularly conducting surveys of human rights risks among all Group employees.



- 1 Assessment of negative impacts**
  - Assess the impact of the Sanki Engineering Group's business activities on human rights based on the survey results of each department, and select human rights issues
- 2 Prevention and mitigation of negative impacts**
  - Inform employees of future measures to deal with human rights issues through corporate ethics training
  - Starting in fiscal 2024, enhance internal awareness of human rights issues and strengthen measures to prevent and mitigate negative impacts
- 3 Assessment of effectiveness**
  - Regular monitoring through workplace surveys
  - Distribute questionnaire to major subcontractors to prevent and correct human rights risks in the supply chain starting in fiscal 2024
- 4 Disclosure to stakeholders**
  - Report on the implementation status of human rights due diligence and efforts on human rights issues through integrated reports and other channels

### Selected Human Rights Issues\*2

1. Respect for individual dignity	2. Respect for workers' rights	3. Respect for privacy
<ul style="list-style-type: none"> <li>• Discrimination based on gender, age, place of origin, nationality, race, ethnicity, creed, religion, physical characteristics, disability and disease, sexual orientation, and employment status</li> <li>• Human rights issues in advertisements, including web-sites, commercials, and pamphlets</li> <li>• Discrimination caused by unconscious bias (unconscious assumptions and prejudices)</li> </ul>	<ul style="list-style-type: none"> <li>• Harassment</li> <li>• Long working hours and excessive overtime</li> <li>• Inadequate measures for employee physical and mental health</li> <li>• Non-payment of premium wages</li> </ul>	<ul style="list-style-type: none"> <li>• Violation of the rights of foreign national employees (technical intern trainees)</li> <li>• Human rights violations to consider in the supply chain, such as forced labor and child labor, including the use of overseas products</li> </ul>

## 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.

### P. 98 Risk Management Promotion System

\*1 A questionnaire on potential human rights risks was distributed to the heads of all Group companies. Based on the results, the risks were selected by the Compliance Risk Subcommittee.

### P. 97 Survey on Status of Compliance and Human Rights in the Workplace

\*2 Selected human rights issues will be reviewed in a timely and appropriate manner based on changes in the Group's business and social situation.

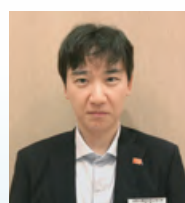
### P. 95 Whistleblowing System

## VOICE »

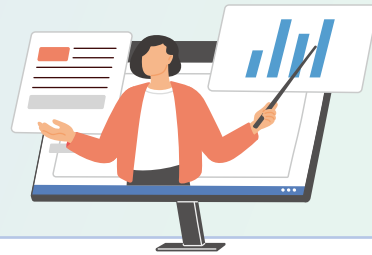
### Working Together for Future-Oriented Activities

The Hokuriku region was severely impacted by the Noto earthquake at the beginning of this year. Sanki Engineering has supported reconstruction efforts and carried forward the activities of the Sanki Health and Safety Cooperative Association, which assists with disaster prevention activities suited to the region in eastern and western blocks. The association has also been working to raise safety awareness through activities such as lectures on heatstroke and factory tours. We aim to further our collaborative efforts to ensure that the association's activities endure well into the future.

Mr. Manabu Sugino, Chairman of Hokuriku Sanki Health and Safety Cooperative Association, and President of Aero K.K.



# Human Resources



## Basic Philosophy

We are actively investing in human resources and prioritizing the recruitment and development of diverse human resources to maximize their power as the source of corporate value. 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 can 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

### Human Capital Strategy

In the context of Phase 3 actions with indicators and targets based on the Human Resource Development Policy and Company Environment Improvement Policy, we are accelerating work-style reform and securing, nurturing, and allocating diverse human resources in line with our business strategy.

### 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.

### Human Resource Development Policy

We develop human resources that are distinctive to Sanki, individuals who understand their roles as responsible members of society and who can use engineering to create comfortable spaces that advance society at large.

### Desired Human Resources

- Human resources who possess knowledge and expertise and are capable of creating wisdom through critical thinking
- Human resources with excellent communication skills
- Human resources who are socially conscious and proactive

### 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.

## Ensuring Diversity in Human Resources and Promoting Careers

### Recruiting Human Resources

We actively 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 recruit and select human resources based on multiple perspectives. Our hiring criteria are based on findings from interviews with the president and officers to secure the necessary human resources for achieving our medium-term management plan “Century 2025.”

As of the end of March 2024, there were 203 mid-career hires in managerial

### Measure for Phase 3: Accelerate Work-Style Reform

- Introduction of new personnel system
  - Extended retirement age to 65 in 2022
  - Defined and streamlined the organization and revised the compensation system in 2022
  - Implemented gradual wage increases at our domestic Group companies in April 2022 and 2024
- Launch of Return to Career program
  - Introduced in 2022
- Updated uniforms
  - Updated uniforms in 2022 and then revised winter uniforms in response to employee feedback



Updated winter uniform

### Indicators and Targets for Diversity Acceleration Scope: Non-consolidated

- Ratio of non-Japanese employees

Target (April 2026)	Result* (April 2024)
1.7%	1.1%

\*Aggregated on a different date from that for the Employee Data on page 80.

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.

### Retaining Human Resources

The Group operates a variety of systems to increase the diversity our working environment and more flexibly accommodate career development.

Since 2019, the career change system has made it possible to switch between career-track and operational positions. In addition, in fiscal 2022 we significantly revised the content of the system and established a new one by launching the Return to Career program.

In order to secure employment opportunities for older employees, we raised the retirement age from 60 to 65 in fiscal 2022 and revised our re-employment system to encourage employees to work until the age of 70.

## Developing Human Resources

### Education and Training Systems for Acquiring Skills and Experience

We maintain training systems associated with each career path, such as management training, technical training, and training by field of expertise, to strengthen the respective skills. We take advantage of the Sanki Technology Center to conduct training programs. To further reinforce these efforts, we established the Sanki Training Center, which will bring together organizations involved in education and training starting in fiscal 2024. Going forward, we will also periodically review the system in accordance with the human resources we require.

### Training Systems

		Younger Employees	Mid-Career Employees	Executives
Management Training		New employee training	Leadership position training	
		Second-, fourth-, and seventh-year training	Management candidate training Section chief training	Department manager training
Safety Training		New employee training	Qualification training Safety experiential training	
			Corporate ethics training Mid-career staff training	
Technical Training	Facilities Construction		Qualification training Technical experiential training	
		New employee training Third-, sixth-, and 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	



Employees of Thai Sanki Engineering

### Number of Users of Major Systems for Retaining Human Resources Scope: Consolidated

- Career Change System
  - Enables job transfers to both career-track and operational positions in accordance with life stages
  - FY2023: 1 employee
- Return to Career program
  - Allows former employees who resigned for unavoidable personal reasons to apply for reemployment
  - FY2023: 2 employees
- Selective retirement age system
  - Retirement benefits are paid in full from age 60 to 65, even if the employee retires at their own request
  - FY2023: 2 employees

FY2023: Average training cost per employee (consolidated)

78,000 yen/year



Developing Digital Human Resources

The Group formulated the SANKI DX Vision and is working on digital reform. We have started to develop a system for fostering digital human resources to raise digital literacy Company-wide for realizing the transformation. In addition, we have recruited “digital influencers” to play a key role in each department to promote Company-wide digital transformation measures, and 40 such influencers across the Company started their activities in fiscal 2024. We will continue to develop human resources with a wide range of both business and digital skills, with a focus on digital influencers.

Supporting Self-Directed Career Development

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. Once a year, all employees fill in a Career Development Sheet and receive feedback through an interview with their supervisors. They can speak directly with the Human Resources Department depending on the content of the sheet. Individual interviews and a mentor system are introduced for younger employees.

Employee Reward System

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).

Diversity

In order to realize our materiality of “pursuit of happiness for colleagues,” we will foster a corporate culture where diverse human resources recognize and respect each other and can make the most of their differences to make full use of their respective abilities for maximum impact.

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. Looking ahead, we will increase the ratio of female managers to close the wage gap.

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

Goals	Results in FY2023 *2
1. Increase the average length of service for women by 10% or more from April 2021	15.0 years (11.1% increase)
2. Raise the ratio of women in managerial positions*3 to the construction industry average of 3%	2.4% (1.5 percentage point increase)

PP. 58–59 Feature 2

Indicators and Targets for Active Promotion of Younger Employees  
Scope: Non-consolidated

- Average age of those in managerial positions

	Target (April 2026)	Actual (April 2024)
Manager	45.8 years old	46.7 years old
General manager	50.2 years old	52.2 years old
Executive manager	53.5 years old	54.3 years old

Personnel Systems Designed for Younger Employees

- Individual interviews by personnel managers in the second, fourth, and seventh year of service
- Mentor system

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



Presentation of the Best Employee Award



Award for many years of service (25th year)

Indicators and Targets for Diversity Acceleration  
Scope: Non-consolidated

- Ratio of female employees

Target (April 2026)	Actual*1 (April 2024)
16.4%	15.4%

\*1 Aggregated on a different date from that of the number of employees referred to on page 80.  
Scope: Non-consolidated  
\*2 As of April 1, 2024. In the parentheses are changes from April 1, 2021.  
\*3 Aggregated on a different date from that of the number of managers referred to on page 80.

Gender Wage Gap (FY2023)\*\* (%)

		Non-consolidated	Consolidated
Gender wage gap	All workers	61.4	62.0
	Regular workers*5	60.6	61.5
	Part-time/fixed-term workers	57.4	57.3

Support for Balancing Childcare Leave and Nursing Care

In 2015, Sanki Engineering was granted an update for the Kurumin mark, a certificate issued 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.

We have introduced our Special Childcare/Nursing Leave to support employees in balancing work and childcare. This allows for 20 days of special leave, which can be taken in installments of one day, in addition to regular paid leave. In fiscal 2023, as part of our support for employees balancing work and nursing care, every eligible employee received periodic consultations from a specialist. We also held seminars on three occasions on themes such as how to avoid resigning from a job due to nursing care as well as remote nursing care.

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 2023, the employment ratios of persons with disabilities were 2.28% and 2.06% on a non-consolidated and consolidated basis, respectively. As of June 2024, the employment ratio of persons with disabilities was 2.45% on a non-consolidated basis. In recruiting, we continue to look for new employees and at the same time matched applicants with each department and provided care upon acceptance.

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 2023, we conducted an engagement survey to gain insights into employee expectations and satisfaction levels. The results will be used as an indicator for improving the internal environment starting in fiscal 2024.

Engagement Scores\*1

Participants: all Group employees	
FY2025 Target	FY2023 Actual
55.0	51.3

\*4 Calculated in accordance with a provision stipulated in the Act on the Promotion of Women’s Active Engagement in Professional Life.  
\*5 Includes operational positions.

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

PP. 60–63  
Roundtable Discussion with External Director and Female Employees



The Kurumin mark for support of raising next-generation children



City of Nagoya certification for companies supporting childcare

Employment rate of persons with disabilities (non-consolidated) as of June 1, 2024:

2.45%

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

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

- Employee satisfaction survey

Target (FY2025)
Maintaining the ratio of respondents who want to keep working for the Group at 90% or more
Result (FY2023)
Percentage of employees who responded with “I want to continue working for the Group in the future”: 91.7%

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

- Rate of childcare leave taken

	FY2025 Target	FY2023 Actual
Male	100%	74.0%*2
Female	100%	100%

\*1 Deviation values that measure the degree of employee understanding and alignment with the Company’s goals and direction, calculated using the Motivation Cloud by Link and Motivation Inc. Standard score is 50.0.  
\*2 Including the Company’s own leave programs: 90.0%

Century Communication Up Discussion Events

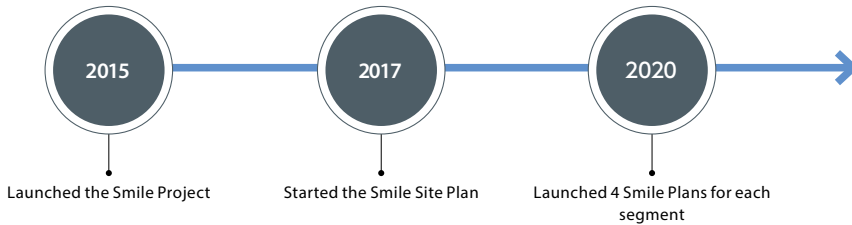
Since fiscal 2016, we have been holding Century Communication Up (CCU) discussion events in accordance with the Century 2025 long-term vision. Opinions and proposals obtained through the CCU have been applied to improving our operations and systems. In fiscal 2023, seven mid-level and young employees from three branches in Tokyo, Kansai, and Chubu participated in a two-hour dialogue with the president.

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 fiscal 2020, we launched the Smile Plan for each segment 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 7th NIKKEI Smart Work Management Survey, which selects advanced companies that challenge the productivity revolution through work-style reform.

History of the Smile Project



Operation Process Reform Using Digital Technology

Our Group is implementing operation process reform based on the SANKI DX Vision. In fiscal 2023, we inventoried various workflows. Going forward, we will review the role of each operation and further optimize and streamline operation processes by visualizing and leveling them.

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.



New employee CCU with executive officers



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

P. 65 Initiatives for Ensuring Quality at Construction Sites

PP. 58–59 Feature 2

FY2023 rate of paid leave taken (%) (consolidated):

67.2%

Average monthly overtime work (hours per person) (consolidated):

27.4 hours

Sanki Engineering's Own Major Programs Supporting Work-Life Balance\* (Non-consolidated) (as of April 2024)

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.
	Sanki Smile Day	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.
	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.
	Special childcare/nursing leave	Can be obtained multiple times and up to 20 days in total for childcare and nursing care.

Measures on Health and Productivity Management

Improving Employee Well-Being

We engage in activities for maintaining and improving employee well-being in tandem with promoting work-style reform. Apart from measures for reducing workloads and raising productivity, we carry out health improvement activities, provide employees with industrial physician advice for improving their life-style habits, and implement 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. In recognition of those efforts, we have been certified as a Health & Productivity Organization 2024 (Large Enterprise Category) by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

Mental Health Care

We have been promoting employee mental health through regular stress checks, manager training, and mentoring programs. In fiscal 2023, a training session was held for managers of each department, which included a presentation by a certified psychologist about ways to improve the workplace environment and the early detection and response to subordinates' ill health based on the results of stress checks. We also provided information to all employees on the themes of the importance of line care and harassment as well as mental disorder.

Labor Practices

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. Additionally, we provide employees with annual opportunities to exchange opinions with management. We also held labor-management exchanges in order to discuss and determine the fiscal 2024 wage increases.

\*Programs Supporting Work-Life Balance: The Group has established childcare and nursing care support programs that exceeds legal standards to provide an environment where employees can thrive.



Health & Productivity Management Organization 2024



Stretching class at Sanki Techno Center



Number of Employees on Leave and Work Hours

		FY2019			FY2020			FY2021			FY2022			FY2023		
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Childcare leave*1	Consolidated	9	27	36	7	33	40	10	32	42	7(26)	13	20(39)	38(46)	13	51(59)
	Non-consolidated	7	24	31	7	27	34	9	30	39	6(25)	12	18(37)	37(45)	12	49(57)
Rate of childcare leave taken*1 (%)	Consolidated	—	—	—	—	—	—	—	—	—	43.3	100.0	53.4	88.5	100.0	90.6
	Non-consolidated	—	—	—	—	—	—	—	—	—	44.6	100.0	54.4	90.0	100.0	91.9
Reinstatement after childcare leave (%)	Consolidated	100	96.3	97.2	100.0	100.0	100.0	100	93.8	95.2	100.0	100.0	100.0	100.0	83.3	96.0
	Non-consolidated	100	100	100	100.0	100.0	100.0	100	100	100	100.0	100.0	100.0	100.0	83.3	95.7
Nursing leave (people)	Consolidated	1	1	2	0	0	0	0	0	0	1	0	1	0	0	0
	Non-consolidated	0	0	0	0	0	0	0	0	0	1	0	1	0	0	0
Rate of paid leave taken (%)	Consolidated	54.3	76.3	57.4	53.4	67.1	55.3	53.2	69.7	55.6	58.8	77.9	61.6	64.2	85.4	67.2
	Non-consolidated	51.9	74.4	55.1	52.5	65.8	54.5	52.4	69.5	55.0	58.2	77.9	61.4	64.0	87.1	67.5
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	29.9	12.2	27.4
	Non-consolidated	34.5	13.6	31.3	33.0	13.3	29.9	33.0	12.8	29.7	31.6	13.7	28.8	31.2	13.1	28.4

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

		FY2019			FY2020			FY2021			FY2022			FY2023		
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employees																
Number of employees	Consolidated	2,152	349	2,501	2,190	358	2,548	2,226	381	2,607	2,244	383	2,627	2,281	378	2,659
	Non-consolidated	1,705	287	1,992	1,740	308	2,048	1,770	326	2,096	1,753	320	2,073	1,782	318	2,100
Number of non-Japanese employees	Consolidated	—	—	—	91	22	113	84	25	109	101	27	128	102	25	127
	Non-consolidated	—	—	—	17	6	23	19	5	24	20	5	25	20	4	24
Number of managers*3	Consolidated	676	9	685	683	11	694	672	13	685	687	18	705	821	21	842
	Non-consolidated	556	5	561	567	7	574	567	9	576	580	14	594	690	18	708
Average age*2	Consolidated	44.7	38.3	43.8	44.7	38.8	43.8	44.7	39.0	43.9	43.8	39.2	43.1	43.6	40.0	43.7
	Non-consolidated	44.1	37.6	43.2	44.2	38.0	43.2	44.2	38.2	43.2	43.0	38.3	42.3	42.9	39.3	42.3
Average years of service*2	Consolidated	17.3	12.9	16.7	17.5	13.2	16.9	17.6	13.3	17.0	16.7	13.6	16.2	18.2	14.4	16.6
	Non-consolidated	19.3	14.1	18.5	19.4	14.0	18.6	19.5	14.2	18.6	18.5	14.7	17.9	18.3	15.6	17.9
Employment																
Number of new recruits	Consolidated	70	15	85	73	18	91	79	20	99	82	6	88	87	8	95
	Non-consolidated	67	15	82	70	18	88	76	19	95	78	5	83	81	8	89
Number of mid-career hires	Consolidated	32	13	45	26	13	39	25	12	37	30	3	33	30	9	39
	Non-consolidated	7	8	15	5	9	14	5	3	8	5	0	5	7	2	9
Number of rehired employees after retirement	Consolidated	229	11	240	212	12	224	216	10	226	165	7	172	154	8	162
	Non-consolidated	169	8	177	173	9	182	176	10	186	124	6	130	98	5	103
Rate of persons with disabilities*4 (%)	Consolidated	—	—	1.94	—	—	1.77	—	—	1.82	—	—	1.51	—	—	2.06
	Non-consolidated	—	—	1.97	—	—	1.99	—	—	2.10	—	—	2.24	—	—	2.28
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	2.1	3.9	2.4
	Non-consolidated	—	—	—	1.5	1.6	1.5	1.7	2.3	1.8	1.7	2.7	1.9	1.6	3.1	1.8

\*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 and 2023 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, 2024)

		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		5	0	5	451	85	536	451	113	564	472	91	563	657	75	732	233	14	247	12	0	12	2,659
Non-consolidated		2	0	2	396	77	473	369	101	470	333	69	402	505	60	565	176	11	187	1	0	1	2,100

Local Communities



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 2023, we invited the Yamato City Fire Brigade, which participates in local firefighting activities, to use the premises of our facility and also helped them to provide training on basic firefighting skills.



Disaster-preparedness well at the Sanki Techno Center

Cleanup and Environmental Beautification Activities

Each branch and Group company participates in cleanups 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 40 local communities in fiscal 2023. The Group's presidents also actively participate in events and encourage greater turnouts for local cleanups.



President Ishida participating in a local cleanup

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 experience of hazardous construction works. In fiscal 2023, 1,204 people visited the facility for a cumulative total of 5,543.



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 2024, the total number of visitors reached 63,000. 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.



Children visiting the Sanki Environmental Garden



### Sanki Aquatech's Community Contribution Activities

Sanki Aquatech Co., Ltd., a Group company, conducts a variety of social contribution activities throughout the year, such as hosting social studies field trips for local elementary schools at its business locations nationwide; providing elementary, junior high, and high schools with opportunities for their students to experience work at the company as a part of social studies classes; assisting the local government office with its study group on sewerage projects; and participating in community cleanups. In fiscal 2023, a total of 113 elementary, junior high, and high school students from five schools in Hokkaido visited the company.

### Sponsoring the Chikyu Kyoshitsu Environmental Education Project

In 2023, 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 100 elementary school children from across Japan, we visited elementary schools in Fukuoka and Aomori prefectures. Under the title "Thinking about Comfortable Living and Energy Efficiency," the visiting lessons were provided for approximately 120 students to raise awareness about global environmental conservation through examples of the everyday comforts associated with air, water, and electricity.

### Participating in the SASUGAKU Academy to Create a Sustainable Future

In November 2023, we participated in the SASUGAKU Academy, a joint project between the Mitsui Group and the Japanese Red Cross Society's Junior Red Cross, as one of eight Mitsui Group companies. The project was conducted as part of the Mitsui Group's 350th anniversary and included group work based on examples of corporate climate change initiatives and peace education for 65 high school students from Japan and overseas members of the Youth Red Cross. Two of our employees with experience as members of an Antarctic research expedition enlivened the session by describing contributions of the equipment that supports the daily lives and observations of researchers and answering the children's questions.

### Hands-on Classroom Program

The Kanagawa Institute of Industrial Science and Technology operates a project in Kanagawa Prefecture that dispatches researchers and engineers to schools. We participated by providing volunteer lecturers for the program on two occasions in fiscal 2023 for elementary school students. Under the theme of making a squishy capsule to observe a chemical reaction, we explained the procedures and supported the experiments conducted. Afterward, we explained in more detail what happened and why, providing an opportunity for the students to broaden their interests.

### 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 and Japan Handball Association. By supporting these sports, we continue to contribute to the revitalization of local communities.



Welcoming students on social studies field trips



Chikyu Kyoshitsu



SASUGAKU Academy



Hands-on Classroom



Yamato Sylphid on Sanki Match Day

### Donations and Sponsorships

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. We also 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. Furthermore, each branch or branch office, as well as Group companies in Japan and overseas, support local activities and donate food and supplies. And we 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.

### Earthquake Reconstruction Project

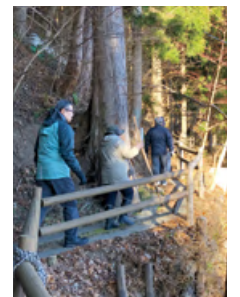
We launched the Earthquake Reconstruction Project in May 2012, a year after the Great East Japan Earthquake, as a Company-wide action team for contributing to the early recovery of the affected areas. Since then, we have conducted various activities each year to support the reconstruction effort, prevent memories of the disaster from fading, dispel harmful rumors, and share information on disaster prevention and mitigation. We also actively support these communities through ongoing donations, including funding the construction of tsunami evacuation routes in the Nehama areas of Kamaishi City, Iwate Prefecture.

#### Activities in Fiscal 2023

- Supported and participated in the "Forest is the Lover of the Sea" Tree Planting Festival
- Sponsored the National Shamisen Festival to commemorate the recovery from the Great East Japan Earthquake
- Visited earthquake-affected areas in Fukushima Prefecture
- Organized the Great Kanto Earthquake 100th anniversary commemorative event at the company cafeteria in September and March
- Supported the purchase of catalog gifts for the earthquake-affected areas
- Created and released a video related to the Kumamoto Earthquake entitled "Sanki at that Time"



Thai Sanki Engineering donated and installed solar power generation equipment, donated stationery, and planted trees at an elementary school.



Tsunami evacuation route in the mountain behind the Houraikan building

## VOICE »

### Appreciation for Contributions to the Local Community

Since 2018, Yamato City has been invited to use Sanki Techno Center facilities to conduct quality control and safety scenarios for city hall employees. When it opened, the center planned to include local residents, and the director at that time introduced the idea to us.

For city hall employees, there are many jobs related to the management of facilities operated by local governments, as well as in the design and supervision of public works. Knowledge of safety and quality management at construction sites is not acquired solely through classroom instruction. The training provided at the center is highly practical, enabling the participants to engage all five senses through reproductions of actual facilities and VR-based experience. Employees, including us, confidently share their learnings from these sessions at our own workplaces. And I think the overall experience is very meaningful in terms of our ability to communicate the importance of safety and quality control with contractors.

We are also aware of Sanki Engineering's contributions to carbon neutrality at sewage treatment plants and other facilities, which underlines the significance of having a company with this technology deeply rooted in the local community. We expect that Sanki Engineering will continue to take part in initiatives that lead to sustainability, such as providing technologies through its business and contributing to community revitalization.



Mr. Toshiya Shigehisa  
Deputy Chief,  
City Development Facilities  
Department, Yamato City Hall



Mr. Junichi Tanaka  
Chief,  
General Affairs Department,  
Yamato City Hall



Safety experience training



# Roundtable Discussion with External Directors

## Promoting Sustainability Management and Reinforcing the Governance Structure

Three external directors participated in a candid, forward-looking discussion on management challenges and governance with a view to the sustainable growth of the Sanki Engineering Group.



### A Company Built on the Power of People and Technology

— How do you see Sanki Engineering’s corporate culture and strengths?

**Matsuda:** I feel that most people at Sanki Engineering, including those on-site, tend to be quite calm and composed. I see this as a strength, as it’s beneficial in terms of maintaining relationships of trust with our customers and subcontractors.

**Kono:** Sanki Engineering is a conscientious company that places technology first, but there’s also a willingness to consider the more challenging proposals, rather than rejecting them outright. Additionally, perhaps because of our responsibility managing various construction sites, the Company excels in fostering teamwork and communication.

**Kashikura:** Sanki Engineering is built on its technological strengths, which are firmly entrenched across all its business areas, and this solid corporate culture is reflected in the general attitude of employees to continually improve their skills. The Company’s Management Philosophy and Sustainability Policy emphasize that human capital is the key management resource, taking priority in everything it does,

which I feel is a defining characteristic of Sanki Engineering.

— What management challenges must be addressed to achieve sustainable growth?

**Kashikura:** An important and pressing priority is to nurture a second pillar of business, as Facilities Construction currently accounts for 80% of our revenue. Sanki Engineering handles air, water, and other essential elements of human life, and our market is expanding globally. For example, in the Environmental Systems Business, we’re proposing infrastructure facilities to improve the lives of people in developing countries. Responding to automation and labor-saving needs, which is the strength of the Machinery Systems Business, is just one area where demand is increasing. Electrical Systems, which is part of the Facilities Construction Business, also holds great potential with the application of technology for wireless electricity supply. I believe the key to future growth is adopting a slightly broader perspective from our ongoing projects, centered around the elemental technologies we have cultivated. The Board of Directors should thoroughly discuss long-range planning as well as the immediate future.

**Kono:** Although Company performance remains robust, the redevelopment boom will eventually end and may

not return. DX, which we are currently pursuing to enhance productivity, should be established as a pillar of our management strategy in preparation for future developments. We also, of course, need to pay more attention to our business development overseas. However, it is also important to maintain our indirect international connections, such as our relationships with domestic export businesses, and remain vigilant about future opportunities.

**Matsuda:** Sanki Engineering is basically engaged in BtoB activities, but the potential benefits of BtoC should be considered, and we must keep pace with our customers as they expand overseas. Another current issue is improving the effectiveness of our sustainability management. In terms of environmental efforts, while the Company has a track record of pioneering initiatives such as the SANKI YOU Eco Contribution Point system and the Smile Site Plan for reducing long working hours, these efforts each seem to stand alone. I believe our sustainability management could be even more effective with a strategically structured system that integrates the entire process.

### Taking on Challenges to be the Enduring Company of Choice

— What would it take to improve the effectiveness of the Board of Directors and strengthen the governance structure?

**Matsuda:** My impression is that Sanki Engineering has been proactive in its governance efforts, as shown by the early formulation of its Corporate Governance Guidelines. Historically, the integration of execution and management has been a strength of Japanese companies. We are now, however, working to enhance the effectiveness of our Board of Directors, with more flexibility in terms of incorporating the perspectives of shareholders and external directors.

**Kono:** I feel that discussions on corporate governance have been more dynamic over the three years since my appointment as an external director. In this rapidly changing business environment, I hope to contribute to maintaining these discussions with the same sense of urgency that exists today.

**Kashikura:** While various questions have been asked in evaluating the effectiveness of the Board of Directors, some have become routine. It would be good to incorporate the Company’s unique perspective.

**Matsuda:** Beyond that, I also sensed a difference in enthusiasm between the comments made by external directors and those made by internal directors during board meetings. Internal directors may speak up less at these

meetings because they’ve already discussed the issues extensively within their divisions or at the Management Meeting. It will be difficult to generate meaningful discussions unless we address this imbalance.

**Kono:** I would welcome a process where discussions and topics from the Management Meeting are shared with external directors before attending a board meeting. Sharing ideas in advance, rather than on the spot, could lead to more dynamic board meeting discussions.

**Kashikura:** The key is the substance of the board meetings, and I feel that setting agendas that encourage more lively discussions would truly bolster the board’s effectiveness.

— To wrap up this discussion, could you share your expectations for Sanki Engineering.

**Matsuda:** I hope Sanki Engineering will steadfastly maintain its culture of valuing people. With the increasing importance of addressing future labor shortages, it is essential that we address this need through DX and other initiatives. I believe that Sanki Engineering’s path to survival lies in fostering enthusiastic human resources for the next generation and creating business models with a global perspective.

**Kono:** Sanki Engineering’s ultra-long-term vision is to become the “enduring company of choice,” and this will become even more crucial as the Japanese market contracts. I hope Sanki will maintain its bold and steadfast approach to taking on new challenges while also fully leveraging its position as a company that values its human capital.


**Kashikura:** Sanki Engineering’s technologies can address various challenging facing modern society, including issues related to everyday infrastructure such as electricity and water, as well as energy and labor. I hope Sanki employees will approach their work with a greater awareness that their efforts bring value to the world. This mindset will ultimately help Sanki become the enduring company of choice, and maintaining this stance will naturally broaden the scope of its businesses that contribute to society.

# Corporate Governance



## Basic Philosophy

The Sanki Engineering Group views corporate governance as the framework and initiatives necessary for achieving sustainable growth and increasing corporate value over the medium to long term. This involves strengthening the functions of the Board of Directors with a system for supervising the CEO and ensuring transparent, fair, timely, and decisive decision-making while maintaining a robust dialogue with shareholders. We have also formulated the Sanki Engineering Corporate Governance Guidelines to clarify the Group's basic approach and policies, and we are committed to further enhancing these guidelines.

 Sanki Engineering Corporate Governance Guidelines  
<https://www.sanki.co.jp/en/corporate/governance/guideline.html>

## Corporate Governance System

### Institutional Design

We adopted a Company with Board of Company Auditors system with dedicated, full-time auditors as our form of corporate governance. Under this structure, the auditors and the Board of Company Auditors exercise oversight over the execution of duties by directors, the accounting auditors auditing the financial statements and other documents as well as the Board of Directors responsible for making decisions on material issues. Furthermore, we have employed an executive officer system to clearly divide the roles of management and execution, improve flexibility in executing business affairs, speed up the decision-making process, and strengthen supervisory functions.

### Status of Directors and Officers (as of June 21, 2024)

	Number of Persons
Chairperson of the Board of Directors	External director
Directors (women)	12 (1)
External directors (independent directors)	5 (5)
Executive officers (women)	38 (0)
Those also serving as directors	5
Auditors (women)	5 (0)
External auditors (independent auditors)	3 (3)

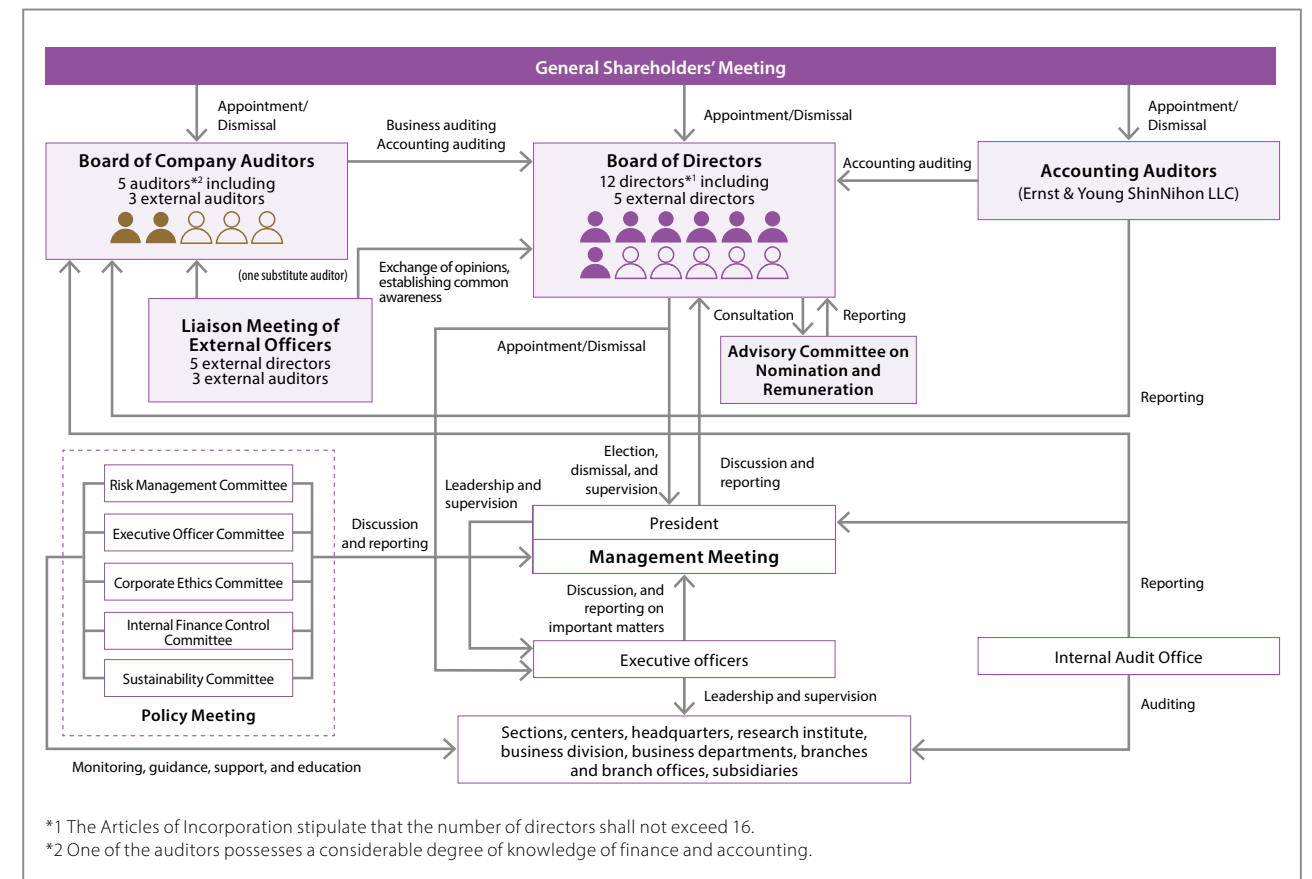
### Frequency of Major Meetings (FY2023)

Meeting	Frequency	Average Attendance of External Officers
Board of Directors	13	100%
Board of Company Auditors	9	100%
Advisory Committee on Nomination and Remuneration	3	100%
Management Meeting	28	100%*

 Corporate Governance Report (in Japanese)  
<https://www.sanki.co.jp/corporate/governance/report.html>

\*Attended only by the chair of the Board of Directors (full-time external).

### Corporate Governance System (as of June 21, 2024)



#### Board of Directors

The board consists of directors and is currently chaired by an external director. It meets at least once a month to decide on important matters and supervise the status of execution of business affairs.

#### Board of Company Auditors

The board consists of auditors, by and from whom a chairperson is selected. In principle, it meets at least eight times a year to monitor the status of governance and audits the execution of duties by directors as an independent body entrusted by shareholders. Members attend board and other important meetings, review the status of operations and assets, and maintain close contact with the accounting auditors, Internal Audit Office, and Accounting Division. A supplementary external auditor has been appointed to fill any future external auditor vacancies.

#### Internal Audit Office

The department conducts internal audits of the execution of operations by business execution departments in accordance with the Auditing Plan for that fiscal year. It verifies the internal management system including its appropriateness and efficiency. As necessary, it exchanges opinions with the Accounting Division and makes proposals concerning improvements or the correction of a problem. The department also reports the results of its audits to the president and auditors.

#### Advisory Committee on Nomination and Remuneration

The committee is chaired by an external director and consists solely of external directors. It meets as needed to deliberate on the nomination of candidates for directors and the system of remuneration.

#### Management Meeting

The meeting consists of directors and executive officers nominated by the president and, in principle, meets twice a month. As a decision-making body for fundamental and key matters related to the execution of business affairs, the meeting deliberates and makes decisions from the standpoint of overall management.

#### Risk Management Committee

The committee consists of members of the Management Meeting and chairpersons of subcommittees, appointed by the executive officer in charge of risk management, and the head of the Internal Audit Office, and is currently chaired by the president. The committee meets four times a year and oversees risk management for the entire Group.

#### Executive Officer Committee

Consisting of executive officers and presidents of the Group companies, the committee meets at least four times a year to communicate the policies expressed by the president and executive officers responsible for departments, report on the status of business execution by each executive officer and Group company president, and discuss initiatives for achieving the medium-term management plan.

#### Corporate Ethics Committee

The committee consists of the chairperson, president, and executive officers, and is chaired by the president. The executive officers responsible for corporate ethics and nominated by the president oversee all matters related to corporate ethics. The committee meets twice a year to deliberate on implementation plans for the pervasion and observance of the Code of Conduct and Action Guidelines.

#### Internal Finance Control Committee

The committee consists of the chairperson, president, and executive officers. It is chaired by the president and meets four times a year, assuming a central role in Group-wide control, including deliberation and decision-making concerning important matters regarding internal controls for financial reporting.

#### Sustainability Committee

The committee, consisting of the president and representative director and the directors, decides on key issues and measures related to sustainable management.



Disclosure Based on Principles of the Corporate Governance Code

We disclose information in accordance with each principle of the Corporate Governance Code, as follows.

Principle Requiring Disclosure of Certain Matters (Tokyo Stock Exchange)

Principle		Guideline*1	Report*2
Principle 1-4	Policies on cross-shareholdings and concrete standards for exercising voting rights	Article 10	P. 23
Principle 1-7	Procedures for preventing conflicts of interest with regard to transactions between related parties	Article 9 Article 18	P. 23
Supplementary Principle 2-4.1	Current status and targets for ensuring diversity with regard to assignments and other treatment of core personnel	Article 14	PP. 24–25
Principle 2-6	Details of efforts in terms of personnel and management to fulfill functions as the owner of corporate pension assets, and management of conflicts of interest	Article 16	P. 25
Principle 3-1	(i) The Company's aspirations (business principles), business strategies, and business plans	Article 32	PP. 26–27
	(ii) Basic views and guidelines on corporate governance	Article 2	PP. 1, 26–27
	(iii) Policies and procedures for determining the remuneration for executive managers and directors	Article 31	PP. 7–10, 26–27
	(iv) Policies and procedures for selecting or dismissing executive managers, and nominating directors and candidates for auditors	Article 18 Article 21 Article 24	PP. 9–10, 26–28
	(v) Reasons for selecting or dismissing individual executive managers, and reasons for nominating individual directors and auditors	Article 23	PP. 3–5, 6–7, 26–28
Supplementary Principle 3-1.3	Initiatives on the sustainability of the Company	Article 13	PP. 29–35
Supplementary Principle 4-1.1	Overview of the scope of matters delegated to management	Article 18	PP. 9–10, 35
Principle 4-9	Independence standards for external officers	(Appendix) Independence standards for external officers	PP. 35–36
Supplementary Principle 4-10.1	Basic policy on the independent composition of committees for nomination and remuneration, their authority and roles, and other related matters	Article 24	PP. 5, 8–9, 36
Supplementary Principle 4-11.1	Basic policy on balancing the overall knowledge represented by the Board of Directors, diversity, and scope, and policies and procedures for combining and selecting the skills and other qualities of directors	Article 19	P. 37
Supplementary Principle 4-11-2	Current status of concurrent positions held at other listed companies by directors and auditors	Article 26	PP. 3–5, 6–7, 38
Supplementary Principle 4-11-3	Overview of analysis and evaluation results of the board's effectiveness	Article 29	PP. 38–40
Supplementary Principle 4-14-2	Training policy for directors and auditors	Article 30	P. 40
Principle 5-1	Policies on systems and initiatives for promoting constructive dialogue with shareholders	Article 32	PP. 11, 40–41
Principle 5-2	Explanation that articulates the earnings plans and capital policies related to business strategies and business plans	Article 32	P. 41

Appointment of Directors and Independence of External Officers

We identified the skills we expect members of the Board of Directors to demonstrate in light of the management strategy, and the Board of Directors is composed of diverse members to ensure that all these skills are covered. At least one-third of the members are independent external directors.

The Advisory Committee on Nomination and Remuneration considers candidates for directors and submits the results to the Board of Directors for deliberation, while the nomination of candidates for auditors is deliberated by the Board of Directors after obtaining the prior consent of the Board of Company Auditors. Appointments are finalized by a resolution at the general shareholders' meeting. We have established standards on the independence of external officers to raise the objectivity of their oversight of management.

\*1 Company's Corporate Governance Guidelines


\*2 Company's Corporate Governance Report (June 25, 2024)

 **Sanki Engineering Corporate Governance Guidelines**  
<https://www.sanki.co.jp/en/corporate/governance/guideline.html>



 **Corporate Governance Report (in Japanese)**  
<https://www.sanki.co.jp/corporate/governance/report.html>



 **Independence Standards for External Officers (Appendix to the Sanki Engineering Corporate Governance Guidelines)**  
<https://www.sanki.co.jp/en/corporate/governance/guideline.html>

Skills, Careers, and Expertise of Directors and Auditors (Skills Matrix)

Name	Position	Corporate Management, Business Strategy	Engineering	Design, R&D	Sales, Marketing	International Business	Accounting, Finance	Risk Management, Corporate Governance, Legal Affairs	Sustainability	IT, DX	Labor, Human Resource Development
Tsutomu Hasegawa	Representative Director and Chairman	●	●	●	●	●		●			
Hirokazu Ishida	Representative Director and President	●	●	●	●				●		●
Eiji Mitsuishi	Director	●	●		●			●	●		
Masayuki Kudo	Director	●	●			●		●	●	●	
Kazuaki Iijima	Director	●	●	●					●	●	
Junichi Shimbo	Director		●	●	●	●					
Yoshio Kawabe	Director, Chief Financial Officer	●					●	●	●		●
Yukiteru Yamamoto	External Director, Chair of the Board of Directors	●					●				●
Kazuhiro Kashikura	External Director, Chair of the Advisory Committee on Nomination and Remuneration	●			●		●				
Keiji Kono	External Director	●				●	●			●	
Akihiko Matsuda	External Director	●	●		●						
Tamami Umeda	External Director					●		●	●		
Kunihiko Tachi	Full-time Auditor, Chair of the Board of Company Auditors						●	●			
Tsunemitsu Yamanaka	Full-time Auditor		●					●			
Shozo Fujita	External Auditor	●						●	●		
Yutaka Atomi	External Auditor	●						●	●		
Toshiaki Egashira	External Auditor	●					●	●			

External Officers' Terms in Office and Reasons for Selection

Position	Name	Independent Officer	Years Served	Reasons for Selection
External Director	Yukiteru Yamamoto	●	10	Mr. Yukiteru Yamamoto has served in positions including representative director and president of Mitsui Life Insurance Company Limited (currently Taiju Life Insurance Company Limited) and executive member of the Policy Board of the Japan Business Federation. He thus possesses abundant experience and insight regarding corporate management. The Company selected Mr. Yamamoto as an external director for his experience and insight developed through this background.
	Kazuhiro Kashikura	●	6	Mr. Kazuhiro Kashikura has served as an executive officer of Sumitomo Mitsui Banking Corporation and has managed several of its group companies as a top executive. He thus possesses abundant experience and insight regarding corporate management. The Company selected Mr. Kashikura as an external director for his experience and insight developed through this background.
	Keiji Kono	●	3	Mr. Keiji Kono, as a financial specialist, has held managerial positions in major departments of the Bank of Japan. He has also served as an executive officer at Chugai Pharmaceutical Co., Ltd., where he managed the IT management department as the head of the division and promoted social contribution activities overseas. He thus possesses abundant experience and insight in those fields. The Company selected Mr. Kono as an external director for his experience and insight developed through this background.
	Akihiko Matsuda	●	3	Mr. Akihiko Matsuda has served as an executive officer of Tokyo Gas Co., Ltd. and has managed several of its group companies as a top executive. He thus possesses abundant experience and insight across all aspects of energy-related businesses. The Company selected Mr. Matsuda as an external director for his experience and insight developed through this background.
	Tamami Umeda	●	2	Ms. Tamami Umeda has held positions such as director-general counsellor, Ministry of Health, Labour and Welfare, and director-general, Environmental Health Department, Ministry of the Environment, and she thus has abundant experience and insight regarding domestic and international public health administration and hygiene and organizational management. The Company selected Ms. Umeda as an external director for her experience and insight developed through this background.
External Auditors	Shozo Fujita	●	6	Mr. Shozo Fujita has served as a public prosecutor and attorney-at-law, as representative director and president of the Resolution and Collection Corporation, and as a director who serves as an audit and supervisory board member at other companies. He thus possesses abundant experience and insight. The Company selected Mr. Fujita as an external auditor for his experience and insight developed through his background to audit the Company.
	Yutaka Atomi	●	5	Mr. Yutaka Atomi has long been engaged in education and research at universities, serving in positions including president of Kyorin University. He thus possesses deep insight and abundant experience regarding university management. The Company selected Mr. Atomi as an external auditor for his experience and insight developed through his background to audit the Company.
	Toshiaki Egashira	●	5	Mr. Toshiaki Egashira has served in positions including representative director and president of Mitsui Sumitomo Insurance Company, Limited. He thus possesses abundant administrative experience and wide-ranging knowledge regarding corporate management. The Company selected Mr. Egashira as an external auditor for his experience and insight developed through his background to audit the Company.

Assessing the Effectiveness of the Board of Directors

Once a year, the Board of Directors is given the opportunity to verify its process for deliberating proposals and identifying areas for improvement, to analyze and evaluate the effectiveness of the Board of Directors as a whole and to use the results for improvements. In principle, this is done through a questionnaire, while once every three years we conduct interviews with individual officers instead of a questionnaire. In fiscal 2023, an assessment was conducted in the form of an anonymous questionnaire, and a third-party evaluation confirmed that the effectiveness of the Board of Directors was being ensured.

Major Initiatives in FY2023 (Addressing Issues Identified in FY2022)

Enhancement of training for directors and auditors	•Offered study sessions with outside experts, in addition to external seminars and visits to construction sites
Discussions on digital reform	•Held discussions on the DX vision, along with the milestones and strategies for achieving the vision, and formulated the SANKI DX Vision
Discussions on management with due consideration of capital costs and share price	•Analyzed and assessed the current situation by grasping the cost of capital and return on capital •Exchanged views on issues such as business portfolio analysis, reduction of cross-shareholdings, and active growth investment

Overview of Effectiveness Assessment for FY2023

Content	<p>1. Third-party analysis and evaluation conducted through individual questionnaires</p> <ul style="list-style-type: none"><li>• Questionnaires (unsigned) were sent to all directors and auditors and were collected, analyzed, and evaluated by a third party</li><li>• Evaluation items and implementation method</li></ul> <p>(1) Presented 20 questions on the five topics of Composition, Roles and Responsibilities, Monitoring, Operation, and Access to Information and Support Systems.</p> <p>(2) All directors and auditors were asked to respond to each question on a 4-point scale and express their views in a comment field. In addition, with regard to the question about access to information and support systems, external officers were asked to freely comment on the kind of support they expected for external officers.</p> <p>2. Discussion by the Board of Directors</p> <ul style="list-style-type: none"><li>• Results of individual questionnaires and third-party evaluation were reported at the Board of Directors meeting</li><li>• Held discussions on identified issues and future initiatives</li></ul>
Future initiatives	<p>1. Stimulate further discussion, address medium- to long-term management strategies and challenges</p> <ul style="list-style-type: none"><li>• Devise means for improving the management of Board of Directors meetings, such as more effectively using advance briefings and providing explanations of agenda items emphasizing key points</li><li>• Provide a separate opportunity for discussing important topics in depth without time limits</li></ul> <p>2. Strengthen support system for external officers</p> <ul style="list-style-type: none"><li>• Provide support for obtaining relevant information</li><li>• Provide support for deepening understanding of the Company's business</li></ul> <p>3. Discussions by the Board of Directors</p> <ul style="list-style-type: none"><li>• Discussed medium- to long-term management strategies</li><li>• Topics to be discussed</li></ul> <p>(1) Growth strategy and enhancement of corporate value (3) Consideration of portfolio based on capital efficiency</p> <p>(2) Human capital management, including securing human resources and fostering successors (4) DX strategy</p>

Training for Directors and Auditors

We conduct periodic training as part of our efforts to deepen knowledge and enhance the effectiveness of our officers. In addition to external seminars and visits to construction sites implemented in the past, in fiscal 2023 we also invited outside experts for a study session on effectively engaging with investors, focusing on the role of the Board of Directors.

Officer Remuneration

Sanki Engineering has established the Advisory Committee on Nomination and Remuneration under the Board of Directors, to nominate candidates for directors and to deliberate on remuneration. We revised the committee's structure in fiscal 2020 to consist only of external directors, to improve transparency and neutrality.

The remuneration for directors comprises, within the limits adopted by our general shareholders' meeting, of fixed remuneration, bonus, and restricted stock compensation. We abolished the stock compensation-type stock option system and introduced a restricted stock compensation system in fiscal 2022.

Each fiscal year, we decide on amounts, with due consideration for balancing each



Site visit by external officers

of the elements, in order to raise the level of motivation for maximizing corporate value in tandem with the long-term interests of shareholders.

Elements and Procedures for Remuneration for Directors and Auditors (as of June 25, 2024)

Category	Fixed Remuneration	Bonus	Restricted Stock Compensation	Procedure
Directors (excluding external directors)	○	○*1	○	Determined by the Board of Directors following deliberation by the Advisory Committee on Nomination and Remuneration
External directors	○	—	○	
Auditors (excluding external auditors)	○	—	○	Determined through consultation among auditors
External auditors	○	—	○	

Remuneration for Directors and Auditors\*2 in FY2023

Category	Persons Receiving Payment	Total Payment (Millions of Yen)
Directors (external directors)	12 (5)	583 (92)
Auditors (external auditors)	5 (3)	99 (36)

Internal Controls

Basic Policy and Systems for Internal Controls

Under its Basic Policy on Internal Control System, Sanki Engineering is developing and operating a system to ensure the legality, soundness, and transparency of its operational execution. Moreover, we have established a whistleblowing system that comprises contact points for corporate ethics in general, dedicated contact points for reporting violations of the Anti-Monopoly Act, and a system for reporting to the fulltime auditor as efforts to stringently enforce compliance.

The Board of Directors makes decisions on matters stipulated in laws, regulations, and the Articles of Incorporation as well as on matters related to the execution of operations while also supervising to ensure the proper execution of operations. The Management Meeting is held to ensure the effective execution of duties in accordance with the rules for discussion and reporting. Moreover, for the free exchange of opinions, the Liaison Meeting of External Officers is convened to exchange necessary information and share awareness of such information.

To ensure effective auditing, the auditors attend important meetings, offer their opinions as necessary, receive reports from accounting auditors and the Internal Audit Office, instruct that this office investigate and report on its findings if needed, and discuss matters as required.

In addition, the full-time auditor serves as the auditor of Group companies and seeks to ascertain the status of internal controls across the Group by regularly exchanging opinions with the Internal Audit Office and Group company presidents, receiving reports from the accounting auditors, and exchanging information.

Ensuring the Reliability of Financial Reporting

The Internal Finance Control Committee meets four times a year to conduct our financial reporting in accordance with the internal control framework stipulated by the Financial Instruments Exchange Act of Japan. Moreover, we promote the establishment and appropriate operation of an internal control system to safeguard the reliability of our financial reporting by having the committee deliberate on the assessment and response with respect to the accounting risks within each department and Group company. A report is produced in adherence with the internal control reporting system to ensure that internal controls related to financial reporting are being exercised effectively. In the report for fiscal 2023, accounting auditors expressed their opinion that our financial reports were presented in an appropriate manner in terms of all material aspects.

Composition of the Advisory Committee on Nomination and Remuneration

- Committee (report): all external directors
- Individuals who provide explanations:
  - President
  - Directors appointed by the president and committee members as necessary
- Meetings held in FY2023: 3

Composition of Officer Remuneration

- Fixed remuneration: paid according to rank and scope of responsibilities
- Bonus: portion linked to performance during the period
- Restricted stock compensation: granted according to rank as a long-term incentive

\*1 Excluding non-operational executive officers.

\*2 The number of officers covered includes one director who retired at the conclusion of the 99th Annual General Meeting of Shareholders on June 23, 2023.



Executives of the Sanki Engineering Group (as of June 21, 2024)

Directors



**Tsutomu Hasegawa**  
Representative Director and Chairman

Joined the Company in 1975. He has many years of experience in the division management of the Facilities Construction Business and Sales Administration Division. He assumed the post of representative director and president in 2015 and has served as representative director and chairman since 2020.



**Hirokazu Ishida**  
Representative Director and President

Joined the Company in 1983. He engaged in the Facilities Construction Business for many years. In 2018, he served in the key post of general manager of the Management Planning Office. He was appointed representative director and president in 2020 and has devoted his efforts to strengthen the management foundation and promote the "Century 2025" long-term vision.



**Eiji Mitsuishi**  
Director

Joined the Company in 1972. He has many years of experience in operation and division management of the Facilities Construction Business. He served as general manager of the Mechanical & Electrical Contracting Headquarters from 2017, and he has devoted his efforts to strengthen the management foundation and promote health and safety activities as vice president since 2024.



**Masayuki Kudo**  
Director

Joined the Company in 1985. He gained abundant experience as an engineer in the Facilities Construction Business, including many overseas assignments. He was appointed general manager of the Facility Systems Division in 2014 and general manager of the Sustainability Promotion Division in 2022. Was appointed general manager of the Corporate Division in 2024 and has contributed to improving the effectiveness of corporate governance.



**Kazuaki Iijima**  
Director

Joined the Company in 1984. Engaged in research and development and in energy conservation-related businesses. Appointed general manager of the Technology Research Institute in 2016 and General Manager of the R&D Center in 2018. He has served as general manager of the Plants & Machinery Systems Headquarters since 2021, contributing to the development of the machinery systems business and environmental systems business.



**Junichi Shimbo**  
Director

Joined the Company in 1988. He gained abundant experience as an engineer in the Facilities Construction Business, including many overseas assignments. Since 2024, he has served as general manager of the Mechanical & Electrical Contracting Headquarters and has focused on work-style reform at construction sites.



**Chief Financial Officer**  
**Yoshio Kawabe**  
Director

Joined the Company in 1984. He engaged in accounting and finance-related operations and the promotion of internal control. He currently serves as general manager of the Accounting Division. Since 2020, he has concurrently served as chief financial officer and has focused his efforts on capital and financial policies.

Independent External Director

Directors



**Chair of the Board of Directors**  
**Yukiteru Yamamoto**  
External Director

Served in positions including representative director and president of Mitsui Life Insurance Company Limited (currently Taiju Life Insurance Company Limited) and executive member of the Policy Board of the Japan Business Federation. He was appointed external director of the Company in June 2014 and has also chaired the Board of Directors since 2020.



**Chair of the Advisory Committee on Nomination and Remuneration**  
**Kazuhiko Kashikura**  
External Director

Served as an executive officer of Sumitomo Mitsui Banking Corporation and as chief executive of its group companies. Since 2018, he has been an external director of the Company.



**Keiji Kono**  
External Director

Held managerial positions in major departments of the Bank of Japan. He also served as an executive officer at Chugai Pharmaceutical Co., Ltd., heading the IT Supervisory Division and promoting social contribution activities. Since 2021, he has been an external director of the Company.



**Akihiko Matsuda**  
External Director

Served as an executive officer and advisor of Tokyo Gas Co., Ltd. and managed several of its group companies as a top executive. Since 2021, he has been an external director of the Company.



**Tamami Umeda**  
External Director

Served in positions such as director-general counsellor for medical policy and mental health care, Ministry of Health, Labour and Welfare, and director-general of the Environmental Health Department, Ministry of the Environment, and accepted the post of visiting researcher at the National Center for Global Health and Medicine in 2021. Since 2022, she has been an external director of the Company.

Auditors



**Chair of the Board of Company Auditors**  
**Kunihiko Tachi**  
Full-time Auditor


Joined the Company in 1983. Spent many years in the accounting and financial divisions. Served as general manager of the Internal Audit Department, CSR Promotion Division since 2013, focusing on legal compliance and other areas. Since 2022, he has been a full-time auditor.



**Tsunemitsu Yamanaka**  
Full-time Auditor

Joined the Company in 1982. Spent many years in the technology and sales sections of the Facilities Construction Business. Has served in positions that include head of the technical administration division. He was appointed full-time auditor in 2024.

Auditors

 Independent External Director



**Shozo Fujita**  
External Auditor

Became a prosecutor in 1976 and registered as a lawyer in 2011. He served in positions including representative director and president of The Resolution and Collection Corporation and as a director serving as audit and supervisory committee member of other companies. Since 2018, he has been an external auditor of the Company.



**Yutaka Atomi**  
External Auditor









Long involved in education and research at a university, he served as dean of the faculty of medicine at Kyorin University and later president, and is currently its honorary president. Since 2019, he has served as an external auditor of the Company.



**Toshiaki Egashira**  
External Auditor

Has served in positions including president and chief executive officer of Mitsui Sumitomo Insurance Company, Limited, and is currently its honorary advisor. Since 2019, he has been an external auditor of the Company.

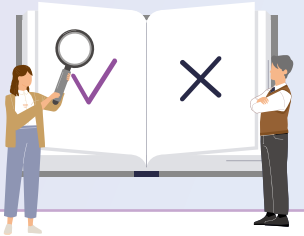
Members of Each Meeting (FY2024) and Attendance (FY2023)

Name		Board of Directors		Advisory Committee on Nomination and Remuneration		Board of Company Auditors	
		Chairperson	Attendance/No. of meetings	Chairperson	Attendance/No. of meetings	Chairperson	Attendance/No. of meetings
Directors	Tsutomu Hasegawa		13/13		—		—
	Hirokazu Ishida		13/13		—		—
	Eiji Mitsuishi		13/13		—		—
	Masayuki Kudo		13/13		—		—
	Kazuaki Iijima		13/13		—		—
	Junichi Shimbo		—*1		—		—
	Yoshio Kawabe		13/13		—		—
	Yukiteru Yamamoto		13/13	●	3/3		—
	Kazuhiko Kashikura		13/13	●	3/3		—
	Keiji Kono		13/13		3/3		—
	Akihiko Matsuda		13/13		3/3		—
	Tamami Umeda		13/13		3/3		—
Auditors	Kunihiko Tachi		13/13		—	●	9/9
	Tsunemitsu Yamanaka		—*2		—		—*2
	Shozo Fujita		13/13		—		9/9
	Yutaka Atomi		13/13		—		9/9
	Toshiaki Egashira		13/13		—		9/9

\*1 Appointed director of the Company in June 2024, and therefore no attendance in fiscal 2023.

\*2 Appointed auditor of the Company in June 2024, and therefore no attendance in fiscal 2023.

# Compliance



## Basic Philosophy

To meet public expectations, the Sanki Engineering Group strives to maintain legally compliant behavior based on corporate ethics across all aspects of its operations by upholding the Sanki Engineering Group Compliance Declaration, the Sanki Engineering Group Code of Conduct and Action Guidelines, and the Sanki Engineering Group Conduct Standards.



Sanki Engineering Group Compliance Declaration, Sanki Engineering Group Conduct Standards  
<https://www.sanki.co.jp/en/csr/policy/compliance.html#etc02>



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

## Compliance Promotion System

We have established a Corporate Ethics Committee, chaired by the president, who nominates officers responsible for corporate ethics to oversee the committee's activities. The committee reviews, monitors, and provides guidance with respect to compliance guidelines and action plans for the entire Group, and the Board of Directors regularly verifies the effectiveness of its activities.

## Compliance Audit

The Internal Audit Office monitors compliance by providing guidance on audits. In fiscal 2023, internal audits were carried out at 21 worksites, including 17 in Japan and 4 subsidiaries in Japan and overseas. In addition, we conducted hearings with onsite staff by visiting Company sites and via web conferencing to foster compliance awareness.

## Whistleblowing System

We set up the Fair Trade Hotline for reporting on violations of the Anti-Monopoly Act, the Corporate Ethics Hotline for reporting on compliance-related issues, the Women's Hotline for accepting consultations from women, and the Consulting Office for Harassment and Other Concerns. All hotlines are open to everyone who works at the Sanki Engineering Group, including those who are not employees, and information is also posted on the corporate website. In addition, the SANKI Secure Hotline for Women was established for female employees of the Group and began operations in fiscal 2024. Since the Women's Hotline offered only an internal contact point, an external contact point was set up in response to employee requests for a women's hotline that could be accessed more easily. All of these contact points are available to every individual working for the Group including non-employees. We also set up a reporting and consultation hotline for subcontractors on our corporate website for establishing more open relationships.

With regard to each hotline, we act swiftly to resolve the issues that are reported, with due consideration for the protection of anyone seeking consultation or providing information in accordance with the Corporate Ethics Regulations. All reported information and content of consultations are presented to corporate ethics officers, and important cases are reported to the Board of Directors. At the Corporate Ethics Hotline, the reporter's name is handled in secrecy by corporate ethics officers and will not be disclosed to others without the reporter's prior consent. The reporter will not be placed at a disadvantage for consulting or reporting to the hotline.

In fiscal 2023, there were 22 reported incidents (17 internally and 5 externally), and all incidents were handled appropriately.



**P. 87** Corporate Governance System



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三機工業株式会社  
サステナビリティ推進室内  
「通報・相談窓口」行



**Reporting and Consulting Channels**

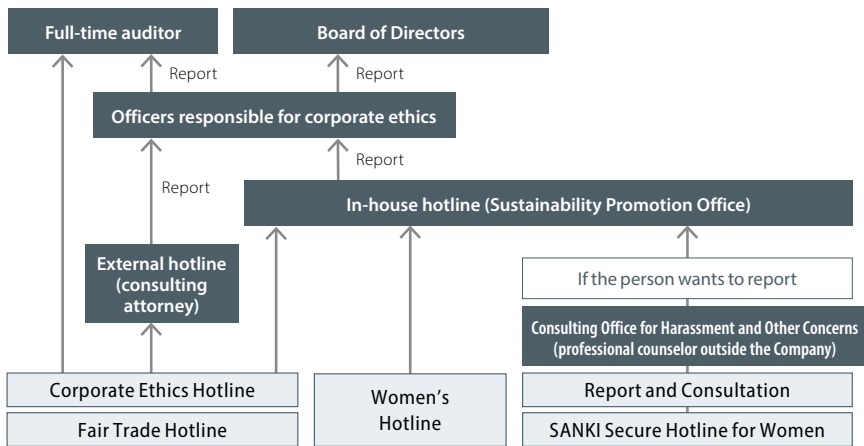
<https://www.sanki.co.jp/en/csr/governance/hotline/>



Number of Reports and Consultations in Fiscal 2023

	Number of Reports
Corporate Ethics Hotline	17
Fair Trade Hotline	0
Women's Hotline	0
Consulting Office for Harassment and Other Concerns	5
Consultations	4

Whistleblowing System



Compliance Promotion Activities

Compliance Confirmation Sheets from All Executives and Employees

In order for all Group executives and employees to refresh their awareness of the responsibilities they must fulfill in their respective positions and roles, compliance confirmation sheets covering items such as observance of the Code of Conduct and Action Guidelines, and eliminating antisocial forces, are submitted at the beginning of each fiscal year.

Number of People Submitting Compliance Confirmation Sheets (Fiscal 2024)

	Sanki Engineering (Target Employees)	Group Companies (Target Employees)
Compliance confirmation sheets concerning performance of duties*1	41 (41)	34 (34)
Compliance confirmation sheets*2	2,112 (2,154)	756 (761)

Response to Antisocial Forces

The basic agreements we conclude with our partners clearly state that severing relationships with antisocial forces is a condition for doing business.

Training and Handbook for Ensuring Thorough Compliance

Sanki Engineering conducts training for all executives and employees on a regular basis in order to ensure thorough dissemination of and compliance with the Code of Conduct and Action Guidelines. Separate special training is provided for mid-career hires when they join the Company and for new sales representatives when they start their position to encourage their acquisition of knowledge.



Poster promoting the reporting and consultation hotlines

\*1 Directors and executive officers submit compliance confirmation sheets related to the execution of operations.  
\*2 Individuals who did not submit compliance confirmation sheets were unable to do so due to reasons such as maternity leave and medical treatment.

The corporate ethics training sessions in fiscal 2023 addressed human rights issues to deepen understanding of the Sanki Engineering Group's human rights risks. With regard to harassment as one such risk, we designed our training to effectively raise awareness, since anyone can be a party to harassment.

We also distribute the Sanki Engineering Group Sustainability Handbook to all Group executives and employees for use as a reference on policies related to compliance and sustainability, including specific explanations for practical situations and information on hotlines for reporting and consultation.

Compliance-Related Training (FY2023)

Theme	Target	Frequency and Participation (Attendance Rate)
Compliance topics including the Code of Conduct and Action Guidelines, Anti-Monopoly Act, human rights, and preventing bribery	All Group executive officers and employees	10 sessions 2,685 employees (97.4%)*
	Mid-career hires	38 employees (100%)
Compliance with the Anti-Monopoly Act	Newly assigned sales staff	23 employees (100%)

Survey on Status of Compliance and Human Rights in the Workplace

We conduct a survey every fiscal year on the status of compliance and human rights in the workplace, targeting all Group executive officers and employees to monitor the situation while also incorporating employee voices. The survey includes questions on compliance and human rights risks, including about issues related to harassment in the workplace, by customers and business partners.

In fiscal 2023, we increased the frequency of surveys from once to twice a year, at the beginning and end of each fiscal year, to further improve compliance. Survey results are shared with the head of each division to encourage improvements in the workplace environment within the division and are disclosed to all Group executives and employees.

Initiatives for Preventing Bribery

We are working to prevent corrupt practices under the Sanki Engineering Group Action Guidelines, which prohibits bribing public officials and providing benefits such as excessive business entertainment. In addition to establishing a program specifically related to bribery as part of our corporate ethics training, we provide e-learning for all employees. Points to consider when making practical business decisions and points to keep in mind outside Japan are also explained in the Sanki Engineering Group Sustainability Handbook.

Reinforcing Compliance with the Anti-Monopoly Act

Thorough Measures for Recurrence Prevention

As a rigorous measure to prevent a recurrence of Anti-Monopoly Act violations, we refer to the Anti-Monopoly Act Compliance Manual and conduct compliance-related training. This ensures that all employees remain mindful of adhering to our policy of conducting business activities in accordance with laws, regulations, and corporate ethics.



Sustainability Handbook

\*1 Individuals who did not participate in training were unable to do so due to reasons such as maternity leave and medical treatment.

FY2023 Survey on Compliance in the Workplace

Survey period: February 2024  
Participants: all Group executive officers and employees

Do you think that compliance-conscious behavior has permeated our Group?	
• Yes.	33%
• Somewhat.	58%
• I'm leaning toward "no" here.	5%
• No.	2%

Please choose all of the following statements that apply to your current working environment. (Multiple answers are allowed.)	
• I think that personal relationships in the workplace are relatively good.	66%
• It seems easy to take various kinds of leave.	57%
• Your supervisor is willing to listen to your opinions and suggestions.	42%

What do you think is important for creating a workplace that is less prone to compliance violations? (Multiple answers are allowed.)	
• Improving personal morals and awareness	73%
• Improving communication in the workplace	50%
• Eliminating work overload and understaffing	45%

# Risk Management



## Basic Philosophy

The Sanki Engineering Group's daily risk management is undertaken by the Risk Management Committee based on the Risk Management Rules. We have also established an Enterprise Risk Management system that includes operation of the Business Continuity Management System, which safeguards the effectiveness of business continuity planning in the event of contingencies.

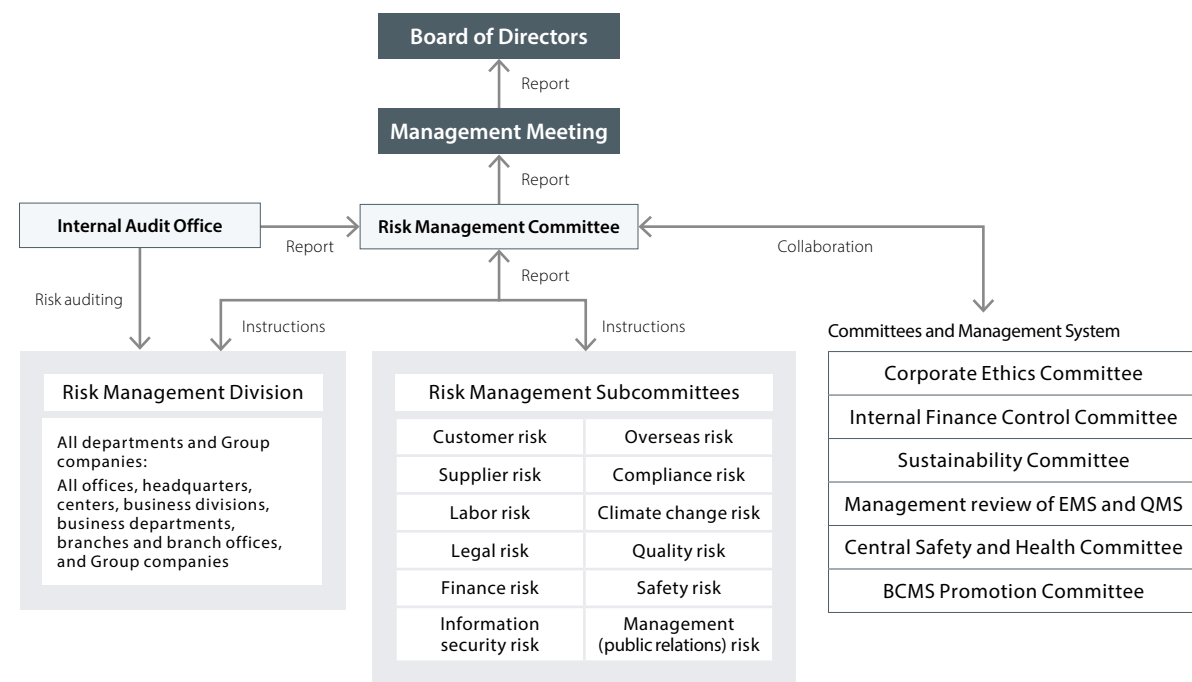
## Risk Management Promotion System

### Management Based on the Risk Management Rules

The Risk Management Committee meets quarterly, and risks are managed through the Risk Management Division and the subcommittees responsible for various risks. The Risk Management Division consists of representatives from each department and Group company and is responsible for discerning changes in the environment on a daily basis to identify emerging risk factors and managing signs of risk manifestation. The Risk Management Subcommittees monitor risks from a broader perspective and provide cross-sectional supervision for risks raised by departments, and they also consider and implement countermeasures.

At each meeting, the Risk Management Committee monitors and evaluates risks based on review sheets covering various risks and reports from each risk management division and Risk Management Subcommittee, and deliberates on how to control key risks identified in the process. The results of deliberation by the Risk Management Committee are reported to the Board of Directors, which bears responsibility for ensuring risk governance by verifying the adequacy of the risk management system and the effectiveness of controls over material risks.

### Framework of the Risk Management System (as of June 21, 2024)



## Roles of the Internal Audit Office

The status of risk management at each department is ascertained and verified by the Internal Audit Office during regular internal audits. In fiscal 2023, regular internal audits were conducted under the theme of sustainability\*.

## Risk Management Activities

### Major Issues Discussed by the Risk Management Committee

In fiscal 2023, the Risk Management Committee conducted a thorough review of the comprehensive list of potential risks. During this review, it identified key risks and issues that required attention and discussed various topics, including strengthening risk management related to generative AI services.

### FY2023 Operational Policy for Risk Management

Policy	Outline
Coordination with BCMS	Strengthen coordination with the Risk Management Committee to create a more unified operational structure for the BCMS, launched in fiscal 2022.
Expanded Risk Management Committee	Hold an expanded meeting of the Risk Management Committee by effectively utilizing the Executive Officer Committee to establish risk management and BCMS across the Group.

## Business Continuity Management System (BCMS)

To prepare against risks that could hinder business continuity, we have formulated a business continuity plan (BCP) to ensure the safety of all related persons, including employees, through the integrated efforts of all executives and employees. In fiscal 2022, we began operating a BCMS as a mechanism for the effective maintenance and management of the BCP.

Under the BCMS, we laid out an annual plan to periodically review the BCP through PDCA activities (business impact analysis, education, training, internal audits, management review, review, and improvement) and by coordinating with risk management undertaken by the Risk Management Committee. During the review process, we conduct a business impact analysis, from the perspectives of risk assessment and impact evaluation, to investigate and analyze the degree to which each target operation will be impacted in the event a risk materializes and to take concrete measures to strengthen corporate resilience.

Furthermore, to realize a system for rapid business recovery and maintenance, we formulated risk-specific response guidelines based on the BCP Common Version, which describes our basic response policy. The guidelines address the seven risks of natural disasters, infectious diseases, industrial accidents, cyberattacks, terrorism, misconduct, and communication failure. Since fiscal 2023, the scope of the BCMS has been expanded to include domestic Group companies. In addition, to prepare for contingencies, we continue to provide BCMS training for directors and employees, conduct periodic drills, and add to our emergency supplies. In fiscal 2023, we conducted new drills for industrial accidents, cyberattacks, and misconduct, in addition to drills for natural disasters, to strengthen our response capabilities.

\*Contribution to a carbon-free society, sustainability of suppliers (subcontractors)

### Major Business Risks

- Business Operation Risks
  - Common to all construction businesses
  - Securing human resources
  - Increase in materials and labor costs and delays in delivery of materials and equipment
  - Overseas business risks
  - Accidents and disasters during construction
  - Unprofitable construction
  - Risks related to litigation, etc.
- Facilities Construction Business
  - Overabundance of planned projects and increase in property size
  - Response to global challenges
- Machinery Systems Business
  - Decrease in capital investment
  - Decline in competitiveness
- Environmental Systems Business
  - Changes in market conditions
  - Long-term business risks
- Real Estate Business
  - Rent fluctuations
  - Decline in occupancy rate
- Financial and Other Risks
  - Customer credit risk
  - Stock market fluctuations
  - Interest rate fluctuations
  - Seasonal fluctuations in business performance
  - Legal violations
  - Overwork
  - Human rights violations
  - War, terrorism, and natural disasters
  - Climate change
  - Infectious disease epidemic
  - Data security breach
  - System failure
  - Intensifying digital competition

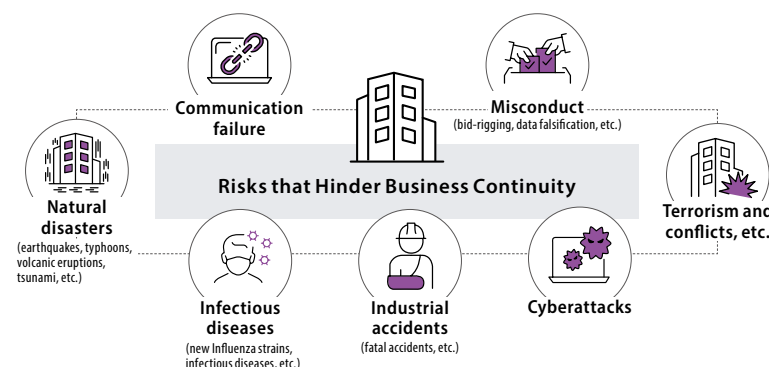
**Annual Securities Report for the 100th Business Term (from April 1, 2023 to March 31, 2024) (in Japanese)**  
[https://www.sanki.co.jp/ir/library/doc/securities\\_RS-4q.pdf](https://www.sanki.co.jp/ir/library/doc/securities_RS-4q.pdf)

### Drills in FY2023

- Industrial accidents
- Cyberattacks
- Natural disasters
- Misconduct



#### Seven Major Risks that Hinder Business Continuity



### Strengthening Risk Management in Overseas Operations

An Overseas Risk Subcommittee was set up within the Risk Management Committee to analyze risks and consider countermeasures. To ensure the safety of employees working outside Japan, we have formulated the Risk Management Manual for Overseas Operations for the head office and overseas bases as well as the Manual to Ensure Safety in Foreign Countries for overseas employees, those traveling overseas on business, and their families. Compliance training sessions for local staff at overseas sites have been conducted since fiscal 2021 to firmly establish governance across the Group. In fiscal 2023, we focused on providing compliance training for managers at our overseas bases in Shanghai and Thailand\*.

In addition, our auditors concurrently serve as auditors of Group companies, and we are working to improve our Group management system, including at overseas sites.

### Initiatives on Information Security

We have established the Information Security Risk Subcommittee within the Risk Management Committee to control information security measures across the Group and manage risks. We are taking action to respond quickly to cyber attacks by deploying information security software and installing software that constantly monitors the intrusion of malware and other malicious software. We are promoting the use of cloud services to address risks to construction site data storage involving many companies while also providing ongoing training through e-learning on information security for all Company employees and employees of subcontractors.

### Risk Management when Using Generative AI Services

Sanki Engineering is promoting the use of generative AI services in its internal operations. We plan to introduce the services in stages and make them available to all Group employees by the end of fiscal 2024.

Since there are potential risks in using generative AI services, such as information leakage and copyright infringement, we are also focusing on countermeasures. In fiscal 2023, we revised our information security measure guidelines regarding precautions for the use of generative AI services. In addition, we are striving to raise awareness of compliance by providing e-learning for all employees to inform them of the inherent dangers and appropriate use of generative AI services.



Drill for walking home in the event of a natural disaster

#### Risk Management Manual for Overseas Operations

- Response rules and procedures to be followed by the head office and overseas bases in the event of a crisis overseas

- Risks to physical well-being and life, violation of laws and regulations, response to mass media, litigation, etc.

#### Manual to Ensure Safety in Foreign Countries

- A practical guide on risk avoidance and emergency response for employees working overseas

- Actions required in the event of a terrorist attack or disaster, prevention of damage from crime and other risks, compliance with anti-corruption and other laws, personnel/labor management of locally employed staff, religion, and other related matters

\*Sanki Construction Engineering (Shanghai) Co., Ltd., Thai Sanki Engineering & Construction Co., Ltd.

#### Information Security Rules and Standards

- Information Security Management Rules
- Information System Usage Standards
- Information Security Risk Management Standards
- Information Security Risk Countermeasure Standards

## Dialogue with Shareholders and Investors



### Basic Philosophy

We clarified our basic approach to issues, including ensuring the rights and equal treatment of shareholders, appropriate disclosure of information and transparency, and dialogue with shareholders, in the Sanki Engineering Corporate Governance Guidelines, established in December 2015. We are resolved to fulfill our responsibilities to shareholders and investors by following these guidelines.

Sanki Engineering Corporate Governance Guidelines  
<https://www.sanki.co.jp/en/corporate/governance/guideline.html>



### Appropriate Information Disclosure and Constructive Dialogue

As stated in our Disclosure Policy, Sanki Engineering is committed to the timely and appropriate disclosure of corporate information. We proactively disclose information beyond legal mandates when we deem it to be useful to shareholders and investors and in order to ensure management transparency.

### Status of Dialogue with Shareholders and Investors

In addition to livestreaming the general meeting of shareholders, we are striving to provide greater convenience for shareholders and enhance information disclosure by accepting questions via the corporate website ahead of the general meeting of shareholders and providing videos of the president's business reports on the Company's website. In fiscal 2023, we conducted a total of 69 dialogues with shareholders and investors through results briefings for analysts and institutional investors, as well as IR meetings and shareholder surveys. The needs and opinions identified through such dialogue with shareholders and investors are regularly presented to the Board of Directors and the Management Meeting.

#### Major Dialogue with Shareholders and Investors in FY2023

In addition to questions and comments about business performance and the business environment, the following themes were discussed in the dialogue.

- Ordering environment and profitability of ordered property
- Response to and impact on earnings of overtime caps applied from April 2024
- Measures for achieving management with due consideration of capital costs and share price, and policies for reducing cross-shareholdings

### External Recognition

#### Selected as an Environmentally Sustainable Company

Sanki Engineering was selected as an Environmentally Sustainable Company in the 5th ESG Finance Award Japan, hosted by the Ministry of the Environment. The award was established to recognize institutional investors, financial institutions, and companies that incorporate significant opportunities and risks related to the environment into its management strategy to enhance corporate value, thereby generating positive effects on the environment, and to promote and expand ESG finance.

#### Nikkei SDGs Management Survey Rating of 3 Stars

In the 5th Nikkei SDGs Management Survey, Sanki Engineering was rated 3 on a scale of 5 stars. The survey comprehensively evaluates a company's contribution to realizing the SDGs in the four categories of SDG strategy and economic value, social value, environmental value, and governance.

**Disclosure Policy**  
<https://www.sanki.co.jp/en/ir/disclosure/>

#### Dialogues in FY2023

- Personnel responsible
  - President
  - Director and chief financial officer
  - General manager of the Management Planning Office
  - General manager of Corporate Communications Department
  - Staff in charge of IR

- Results briefings for analysts and institutional investors: 2
- Survey of individual shareholders: 1
- IR meetings: 66 times
  - Financial institutions: 13 meetings (7 companies)
  - Investment management companies: 42 meetings (26 companies)
  - Securities companies: 11 meetings (5 companies)

**Medium-Term Management Plan "Century 2025" Phase 3 (FY2022-2025)**  
[https://www.sanki.co.jp/en/ir/policy/doc/Medium-Term\\_Management\\_Plan\\_Century\\_2025Phase3.pdf](https://www.sanki.co.jp/en/ir/policy/doc/Medium-Term_Management_Plan_Century_2025Phase3.pdf)



Selected as an Environmentally Sustainable Company



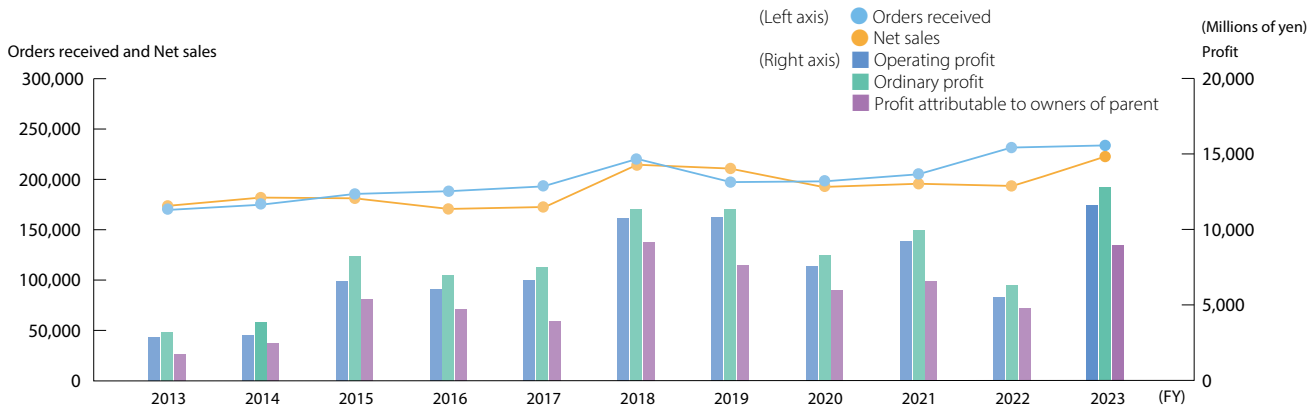
Nikkei SDGs Management Survey

Financial Report

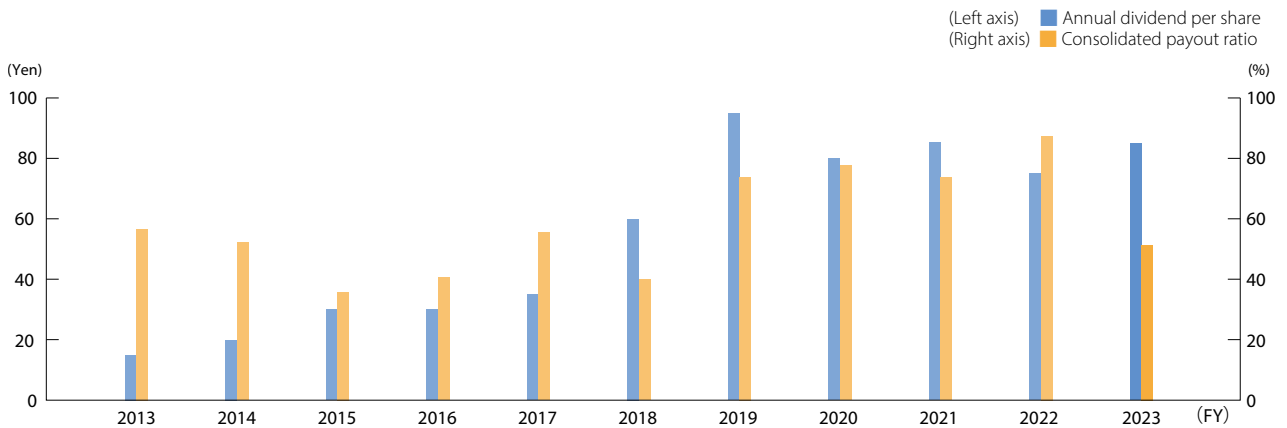
11-Year Consolidated Financial Summary

	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024
(Millions of yen)											
Fiscal year											
Orders received	168,295	173,398	183,270	185,880	191,113	217,096	194,018	195,580	202,250	228,554	232,396
Balance carried forward	108,219	102,019	106,388	123,756	144,712	149,495	136,163	141,676	150,737	188,426	198,902
Net sales	171,496	179,598	178,901	168,512	170,157	212,314	207,684	190,067	193,189	190,865	221,920
Selling, general and administrative expenses	15,604	15,015	16,419	16,526	18,466	21,046	21,436	21,255	21,110	21,603	23,055
Operating profit	2,818	2,951	6,509	6,012	6,593	10,637	10,674	7,498	9,112	5,409	11,586
Ordinary profit	3,146	3,809	8,135	6,880	7,434	11,204	11,224	8,196	9,817	6,247	12,750
Profit attributable to owners of parent	1,763	2,461	5,327	4,698	3,906	9,046	7,576	5,901	6,489	4,750	8,951
Cash flows from operating activities	(9,403)	(139)	5,220	10,845	6,306	6,786	11,940	(483)	18,529	(10,584)	1,285
Cash flows from investing activities	(3,506)	3,440	5,520	(1,644)	(2,510)	(3,775)	(303)	(1,423)	(3,384)	(969)	3,174
Cash flows from financing activities	(4,152)	(2,901)	(1,826)	(2,458)	1,814	(5,215)	(8,955)	(6,974)	(7,518)	(8,327)	(6,069)
Cash and cash equivalents at end of period	23,510	23,667	32,501	39,187	44,866	42,612	45,946	37,087	44,779	24,949	23,500
As of end of fiscal year under review											
Total assets	170,181	176,382	169,423	166,612	177,014	195,321	180,805	171,313	183,609	172,305	202,161
Net assets	74,917	84,869	84,557	85,961	86,191	89,772	87,364	91,699	94,278	90,913	104,621
Number of employees	2,283	2,282	2,309	2,339	2,384	2,394	2,501	2,548	2,607	2,627	2,659
Per share information											
Earnings per share (yen)	26.46	38.30	83.84	73.91	63.02	150.02	128.51	103.12	115.13	85.80	165.58
Book-value per share (yen)	1,142.74	1,334.65	1,328.60	1,350.08	1,419.77	1,502.53	1,510.59	1,611.76	1,685.20	1,666.36	1,967.03
Cash dividends (yen)	15.00	20.00	30.00	30.00	35.00	60.00	95.00	80.00	85.00	75.00	85.00
Other information											
Equity ratio (%)	44.0	48.1	49.8	51.5	48.6	45.8	48.2	53.4	51.2	52.6	51.7
Return on assets (%)	1.9	2.2	4.7	4.1	4.3	6.0	6.0	4.7	5.5	3.5	6.8
Return on equity (%)	2.3	3.0	6.3	5.5	4.5	10.3	8.6	6.6	7.0	5.1	9.2

Notes: The revised Accounting Standard for Business Combination and other standards have been applied since fiscal 2015. Accordingly, "Profit attributable to owners of parent," as listed in fiscal 2015 and after, is equivalent to "Net income" listed for the consolidated fiscal years between fiscal 2012 and fiscal 2014.



Change in Dividend Per Share and Consolidated Payout Ratio





Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
<b>Current assets:</b>		
Cash and deposits	¥24,949	¥23,500
Notes receivable-trade	407	307
Electronically recorded monetary claims-operating	4,603	5,427
Accounts receivable from completed construction contracts and other	48,286	55,803
Contract assets	23,843	36,011
Securities	4,000	1,000
Costs on construction contracts in progress	2,801	2,541
Raw materials and supplies	711	841
Other	5,908	6,133
Allowance for doubtful accounts	-	(1)
Total current assets	115,512	131,564
<b>Non-current assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures	43,955	44,432
Accumulated depreciation	(34,672)	(35,299)
Buildings and structures, net	9,283	9,133
Machinery, vehicles, tools, furniture and fixtures	2,111	2,258
Accumulated depreciation	(1,687)	(1,771)
Machinery, vehicles, tools, furniture and fixtures, net	424	486
Land	3,035	3,035
Lease assets	538	540
Accumulated depreciation	(266)	(264)
Leased assets, net	271	275
Construction in progress	22	36
Total property, plant and equipment	13,037	12,966
<b>Intangible assets:</b>		
Other	2,302	2,045
Total intangible assets	2,302	2,045
<b>Investments and other assets:</b>		
Investment securities	28,010	40,539
Long-term loans receivable	64	55
Retirement benefit asset	7,190	8,978
Leasehold and guarantee deposits	1,636	1,654
Insurance funds	1,011	636
Deferred tax assets	849	1,042
Other	3,026	3,019
Allowance for doubtful accounts	(337)	(341)
Total investments and other assets	41,453	55,584
Total non-current assets	56,793	70,596
Total assets	¥172,305	¥202,161

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Electronically recorded obligations-operating	¥1,667	¥3,447
Accounts payable for construction contracts	35,074	40,992
Short-term borrowings	6,674	6,386
Lease liabilities	97	97
Income taxes payable	839	4,344
Contract liabilities	15,027	14,058
Provision for bonuses	4,101	6,016
Provision for directors' bonuses	224	283
Provision for warranties for completed construction	1,405	436
Provision for loss on construction contracts	32	1,077
Other	4,505	4,456
Total current liabilities	69,649	81,597
<b>Non-current liabilities:</b>		
Long-term borrowings	1,400	2,374
Lease liabilities	300	299
Retirement benefit liability	3,861	3,357
Provision for loss on business of subsidiaries and associates	440	-
Deferred tax liabilities	64	4,097
Other	5,675	5,813
Total non-current liabilities	11,742	15,941
Total liabilities	81,392	97,539
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	8,105	8,105
Capital surplus	4,189	4,192
Retained earnings	73,051	75,769
Treasury shares	(5,335)	(5,630)
Total shareholders' equity	80,011	82,436
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	10,583	19,646
Foreign currency translation adjustment	101	295
Remeasurements of defined benefit plans	17	2,051
Total accumulated other comprehensive income	10,702	21,994
Share acquisition rights	199	190
Total net assets	90,913	104,621
Total liabilities and net assets	¥172,305	¥202,161

Consolidated Statements of Income and Comprehensive Income

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
<b>Net sales:</b>		
Net sales of completed construction contracts	¥188,258	¥219,308
Net sales in real estate business and other	2,607	2,611
Total net sales	190,865	221,920
<b>Cost of sales:</b>		
Cost of sales of completed construction contracts	162,217	185,758
Cost of sales in real estate business and other	1,635	1,519
Total cost of sales	163,853	187,278
<b>Gross profit:</b>		
Gross profit on completed construction contracts	26,040	33,550
Gross profit on real estate business and other	971	1,092
Total gross profit	27,012	34,642
<b>Selling, general and administrative expenses:</b>		
Employees' salaries and allowances	7,915	7,761
Provision for bonuses	1,744	2,530
Provision for bonuses for directors (and other officers)	217	283
Retirement benefit expenses	467	454
Provision of allowance for doubtful accounts	–	3
Depreciation	879	1,150
Other	10,377	10,871
Total selling, general and administrative expenses	21,603	23,055
<b>Operating profit</b>	5,409	11,586
<b>Non-operating income:</b>		
Interest income	17	35
Dividend income	628	720
Insurance claim income	66	220
Surrender value of insurance policies	109	209
Waste disposal income	194	161
Other	189	262
Total non-operating income	1,205	1,610
<b>Non-operating expenses:</b>		
Interest expenses	98	106
Construction repair expenses	13	86
Environmental expenses	–	70
Other	255	183
Total non-operating expenses	367	446
<b>Ordinary profit</b>	6,247	12,750
<b>Extraordinary income:</b>		
Gain on sale of non-current assets	22	–
Gain on sale of investment securities	1,027	550
Gain on liquidation of subsidiaries and associates	–	25
Total extraordinary income	1,049	575
<b>Extraordinary losses:</b>		
Loss on retirement of non-current assets	189	116
Loss on valuation of investment securities	31	52
Settlement payments	139	–
Total extraordinary losses	360	168
<b>Profit before income taxes</b>	6,935	13,157
Income taxes - current	2,282	5,263
Income taxes - deferred	(96)	(1,057)
<b>Total income taxes</b>	2,185	4,206
<b>Profit</b>	¥4,750	¥8,951
<b>(Breakdown)</b>		
Profit attributable to owners of parent	4,750	8,951
Profit attributable to non-controlling interests	–	–
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	(1,532)	9,063
Deferred gains or losses on hedges	5	–
Foreign currency translation adjustment	120	193
Remeasurements of defined benefit plans	282	2,034
Total other comprehensive income	(1,124)	11,291
<b>Comprehensive income</b>	¥3,626	¥20,242
<b>(Breakdown)</b>		
Comprehensive income attributable to owners of parent	¥3,626	¥20,242
Comprehensive income attributable to non-controlling interests	¥–	¥–

Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2023						(Millions of yen)	
	Shareholders' equity						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	¥8,105	¥4,181	¥75,097	¥(5,243)		¥82,140	
Changes during period							
Dividends of surplus			(4,743)				(4,743)
Profit attributable to owners of parent			4,750				4,750
Purchase of treasury shares				(2,347)			(2,347)
Disposal of treasury shares		(28)		239			211
Transfer of loss on disposal of treasury shares		36	(36)				—
Cancellation of treasury shares			(2,016)	2,016			—
Net changes in items other than shareholders' equity							
Total changes during period	—	8	(2,045)	(91)			(2,128)
Balance at end of period	¥8,105	¥4,189	¥73,051	¥(5,335)		¥80,011	
	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	¥12,116	(5)	¥(19)	¥(265)	¥11,827	¥310	¥94,278
Changes during period							
Dividends of surplus							(4,743)
Profit attributable to owners of parent							4,750
Purchase of treasury shares							(2,347)
Disposal of treasury shares							211
Transfer of loss on disposal of treasury shares							—
Cancellation of treasury shares							—
Net changes in items other than shareholders' equity	(1,532)	5	120	282	(1,124)	(111)	(1,235)
Total changes during period	(1,532)	5	120	282	(1,124)	(111)	(3,364)
Balance at end of period	¥10,583	—	¥101	¥17	¥10,702	¥199	¥90,913
Fiscal year ended March 31, 2024						(Millions of yen)	
	Shareholders' equity						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	¥8,105	¥4,189	¥73,051	¥(5,335)		¥80,011	
Changes during period							
Dividends of surplus			(4,083)				(4,083)
Profit attributable to owners of parent			8,951				8,951
Purchase of treasury shares				(2,549)			(2,549)
Disposal of treasury shares		2		104			107
Transfer of loss on disposal of treasury shares							—
Cancellation of treasury shares			(2,149)	2,149			—
Net changes in items other than shareholders' equity							
Total changes during period	—	2	2,717	(295)			2,425
Balance at end of period	¥8,105	¥4,192	¥75,769	¥(5,630)		¥82,436	
	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	¥10,583	¥—	¥101	¥17	¥10,702	¥199	¥90,913
Changes during period							
Dividends of surplus							(4,083)
Profit attributable to owners of parent							8,951
Purchase of treasury shares							(2,549)
Disposal of treasury shares							107
Transfer of loss on disposal of treasury shares							—
Cancellation of treasury shares							—
Net changes in items other than shareholders' equity	9,063	—	193	2,034	11,291	(8)	11,282
Total changes during period	9,063	—	193	2,034	11,291	(8)	13,707
Balance at end of period	¥19,646	¥—	¥295	¥2,051	¥21,994	¥190	¥104,621



Consolidated Statement of Cash Flows

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
<b>Cash flows from operating activities:</b>		
Profit before income taxes	¥6,935	¥13,157
Depreciation	1,511	1,919
Loss on retirement of non-current assets	189	116
Office relocation expenses	65	24
Increase (decrease) in provision for loss on business of subsidiaries and associates	–	(440)
Increase (decrease) in allowance for doubtful accounts	(26)	3
Increase (decrease) in provision for bonuses	(42)	1,915
Increase (decrease) in net defined benefit liability	799	636
Increase (decrease) in provision for loss on construction contracts	23	1,044
Interest and dividend income	(645)	(755)
Interest expenses	98	106
Loss (gain) on sale of property, plant and equipment	(22)	0
Loss (gain) on sale of investment securities	(1,027)	(541)
Loss on valuation of investment securities	31	52
Gain on liquidation of subsidiaries and associates	–	(25)
Decrease (increase) in trade receivables and contract assets	(10,328)	(20,326)
Decrease (increase) in costs on construction contracts in progress	125	274
Increase (decrease) in trade payables	(3,793)	7,671
Increase (decrease) in contract liabilities	263	(983)
Increase (decrease) in other current liabilities	(2,160)	43
Settlement payments	139	–
Other	1,142	(1,522)
Subtotal	(6,720)	2,373
Interest and dividends received	645	755
Interest paid	(98)	(105)
Income taxes paid	(4,213)	(1,897)
Income taxes refund	7	188
Office relocation costs paid	(65)	(28)
Settlement paid	(139)	–
Cash flows from operating activities	(10,584)	1,285
<b>Cash flows from investing activities:</b>		
Purchase of securities	(21,000)	(14,000)
Proceeds from redemption of securities	21,000	17,000
Purchase of property, plant and equipment	(1,007)	(1,337)
Proceeds from sale of property, plant and equipment	76	0
Payments for retirement of property, plant and equipment	(178)	(101)
Purchase of investment securities	(273)	(8)
Proceeds from sale of investment securities	1,503	872
Proceeds from liquidation of subsidiaries and associates	–	178
Proceeds from collection of loans receivable	12	24
Purchase of intangible assets	(1,185)	(222)
Subsidies received	20	20
Proceeds from maturity of insurance funds	555	735
Other	(491)	13
Cash flows from investing activities	(969)	3,174

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in short-term borrowings	258	(656)
Proceeds from long-term borrowings	1,750	2,000
Repayments of long-term borrowings	(3,140)	(670)
Purchase of treasury shares	(2,347)	(2,549)
Proceeds from exercise of share options	0	0
Repayments of lease liabilities	(105)	(109)
Dividends paid	(4,743)	(4,083)
Cash flows from financing activities	(8,327)	(6,069)
<b>Effect of exchange rate changes on cash and cash equivalents</b>		
	51	159
Net increase (decrease) in cash and cash equivalents	(19,829)	(1,449)
Cash and cash equivalents at beginning of period	44,779	24,949
Cash and cash equivalents at end of period	24,949	23,500

# Corporate Information, Business Locations, and Group Companies

(as of April 1, 2024)

The Sanki Engineering Group aims to build a comfortable environment for people and the Earth by leveraging “total engineering competency” in a wide range of regions and business domains. Together with our customers, we will strive as a group to contribute to the realization of a sustainable society.

## Corporate Information

**Company name**  
Sanki Engineering Co., Ltd.

**Date of establishment**  
April 22, 1925

**Share capital**  
8,105.18 million yen

**Representative**  
Hirokazu Ishida, President

**Principal lines of business**  
Facilities construction, plant and machinery systems, and real estate

**Number of Employees (as of March 31, 2024)**  
Consolidated: 2,659  
Non-consolidated: 2,100

**Offices**  
Branches: 3  
Branch offices: 15  
Training center : 1  
Laboratory : 1  
Factory: 1

**Head office**  
8-1 Akashi-cho, Chuo-ku, Tokyo

## Domestic Business Locations



## Representative Offices and Group Companies Overseas



## Consolidated Subsidiaries

**Sanki Techno Support Co., Ltd.**  
Established: April 1, 1980  
Capital: 100 million yen  
Business areas:  
• Design, construction, operation/management, repair and maintenance of HVAC, plumbing and electricity work  
• Energy saving diagnosis and consulting  
• Building IP phone systems, call center systems and networks

**Sanki Construction Engineering (Shanghai) Co., Ltd.**  
Established: July 20, 2005  
Capital: 3.80 million U.S. dollars  
Business areas:  
• Facility design, construction, maintenance and consulting

**THAI SANKI ENGINEERING & CONSTRUCTION CO., LTD.**  
Established: May 6, 2008  
Capital: 16 million baht  
Business areas:  
• Facility design, construction, maintenance and consulting

**Sanki Sangyo Setsubi Co., Ltd.**  
Established: May 1, 1980  
Capital: 20 million yen  
Business areas:  
• Safety management, installation, instrumentation work, renovation, periodic maintenance, and upkeep of general equipment (production, transportation, etc.) as necessary  
• Development and maintenance of computer software for transportation management

**SANKI GREENTECH CO., LTD.**  
Established: September 1, 1980  
Capital: 80 million yen  
Business areas:  
• Design, construction, operation/management, maintenance, upgrading and improving of waste treatment facilities

**SANKI AQUATECH CO., LTD.**  
Established: June 29, 1990  
Capital: 50 million yen  
Business areas:  
• Design, construction, management, operation and maintenance of environmental protection facilities, including water treatment facilities, water/wastewater treatment facilities, and waste treatment facilities  
• Design and construction of chemical machinery equipment, and manufacturing and sale of related equipment  
• Worker dispatching business

## Non-consolidated Subsidiaries

**CAD-KENDORO Co., Ltd.**  
Stock acquired in July 2022  
Capital: 3 million yen  
Business areas:  
• Production of design drawings and construction drawings related to pipelaying works  
• Sales of CAD software and support services  
• Site survey and 3D drawing by 3D scanner

**Sendai Kankyo Hozen Co., Ltd.**  
Established: November 7, 2016  
Capital: 100 million yen  
Business areas:  
• Management of operation and maintenance for the renovation work for key facilities of the Sendai Clean Center

## Affiliate Not Accounted for by the Equity Method

**PFI Okubo Techno Resource Co., Ltd.**  
Established: December 3, 2004  
Capital: 10 million yen  
Business areas:  
• Updating, maintenance, management and operation of wastewater treatment facilities and emergency generators at the Okubo Water Purification Plant, Saitama Prefecture  
Period of business:  
• 3 years and 4 months for design and construction; 20 years for operation, maintenance and management



Share Information

Share Information (as of March 31, 2024)

Fiscal year

Annual general meeting of shareholders

Trading unit

Number of authorized shares

Number of issued shares

Number of shareholders

Transfer agent and special account management institution

Stock exchange listing

Securities code

April 1 to March 31 of the following year

Late June each year

100 shares

192,945,000

56,661,156

12,869

Sumitomo Mitsui Trust Bank, Limited  
1- 4-1, Marunouchi, Chiyoda-ku, Tokyo

Tokyo Stock Exchange

1961

Ownership Statistics

Treasury stock: 1  
3,570 thousand shares  
(6.30%)

Financial institutions: 22  
20,583 thousand shares  
(36.33%)

Securities companies: 30  
1,681 thousand shares  
(2.97%)

Other corporations: 170  
3,884 thousand shares  
(6.85%)

Foreign corporations and other: 202  
12,549 thousand shares  
(22.15%)

Individuals and other: 12,444  
14,392 thousand shares  
(25.40%)

Major Shareholders

Name of Shareholder	Number of Shares Held (Thousand Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	6,437	12.13
Meiji Yasuda Life Insurance Company	5,290	9.96
Sanki Kyoueikai	3,133	5.90
Taiju Life Insurance Company Limited	3,037	5.72
Nippon Life Insurance Company	2,252	4.24
Custody Bank of Japan, Ltd. (Trust Account)	2,130	4.01
Sanki Engineering Employee Shareholding Association	1,479	2.79
State Street Bank and Trust Company 505001	1,319	2.48
JPMorgan Chase & Co. 380684	872	1.64
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM	752	1.42

Notes: Although the Company holds 3,570 thousand shares of treasury stock, it is excluded from the list of major shareholders. Calculation of shareholding ratio excludes treasury stock.

Third-Party Opinion



**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.

Takeshi Terazaki Executive Officer and General Manager, Management Planning Office, Corporate Division



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