



Sanken Setsubi Kogyo Co., Ltd.

CORPORATE REPORT 2025

An Environmental Innovation Company

Sanken Setsubi Kogyo is dedicated to providing comfortable and safe environments through air-conditioning, sanitation, electricity, and architecture services. We are committed to developing technologies that efficiently utilize energy to benefit the global environment and continuously strive to achieve ZEB. As an "Environmental Innovation Company" that creates sustainable air and water environments, we partner with our clients to work toward achieving a decarbonized society.

Core Values

Policy

Our construction services aim to create a new societal environment by contributing to industrial efficiency and enhancing people's lives.

We take pride in our service and are committed to giving our best in all endeavors. Through honing our skills and making relentless efforts, we build trust, promote sound management, strive for mutual prosperity, and engage in social service.

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Editorial policy
In preparing this report, our editorial priorities were to focus on accessibility, while also clearly highlighting our company's strengths and characteristics with a refreshed design. While the core content remains largely the same, we hope our sustainability goals will be felt more approachable. We will continue to enhance the content based on feedback and opinions from our stakeholders and remain committed to improving our communication efforts.

Reference Guidelines
■ GRI Sustainability Reporting Standards
■ ISO26000:2010 Guidance on Social Responsibility
■ Integrated Disclosure and Dialogue Guidance 2.0 for Value Creation

Reporting Period
This report covers our fiscal year 2024, from April 1, 2024, to March 31, 2025, although some activities may include periods before or after these dates.

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History of Sanken Setsubi Kogyo



Sanken Setsubi Kogyo was founded in March 1946 (Showa 21) with 17 employees. By the Showa 20s (1945-1954), we had expanded our operations nationwide, gaining extensive experience and building a strong track record. As part of our commitment to addressing global warming, we were early adopters in the industry for developing Zero Energy Building (ZEB) technology. In 2014, we achieved a milestone by being the first company in the industry to transform one of our centers, Tsukuba Mirai Technology Center, into a ZEB. We also successfully transformed our Hokkaido Branch and Saitama Technology Center into a ZEB and actively promoted ZEB adoption overseas. As an "Environmental Innovation Company," we are dedicated to developing environments that align with the evolving needs of society. [Learn more about our history](#)

• 1940

• 1946 (Showa 21)

- Founded Sanken Kogyo Limited Partnership Corporation in Nihonbashi Kabutocho by our first president, Minoru Matsui, with 17 employees **1**



- Opened Sendai Office (current Tohoku Branch)

• 1947 (Showa 22)

- Reorganized into Sanken Setsubi Kogyo Co., Ltd., with a capital of 1 million yen
- Opened Sapporo Office (current Hokkaido Branch)

• 1950

• 1950 (Showa 25)

- Opened Nagoya Office (current Nagoya Branch)

• 1952 (Showa 27)

- Opened Osaka Office (current Osaka Branch)

• 1953 (Showa 28)

- Opened Hiroshima Office (current Chugoku Branch)

• 1954 (Showa 29)

- Opened Fukuoka Office (current Kyushu Branch)
- Relocated the head office to Nihonbashi Hakozakicho, Chuo-ku, Tokyo **2**



• 1960

• 1961 (Showa 36)

- Held 15th Anniversary Ceremony at Chinzanso, Tokyo **3**

• 1962 (Showa 37)

- Opened Yokohama Office (current Yokohama Branch)



• 1965 (Showa 40)

- Newly built head office in Nihonbashi Kakigaracho, Chuo-ku, Tokyo **4**



• 1970

• 1976 (Showa 51)

- Opened Saitama Office (current Kitakanto Branch)

• 1980

• 1981 (Showa 56)

- Seiichi Mifune appointed as President

• 1984 (Showa 59)

- Osaka Branch building completed

• 1985 (Showa 60)

- Akio Teramoto appointed as President

• 1990

• 1992 (Heisei 4)

- Completed Tsukuba Research Institute (current Tsukuba-Mirai Technology Center) **5**



• 2000

• 1996 (Heisei 8)

- Celebrated 50th Anniversary

• 2010

• 2010 (Heisei 22)

• 2010

(Heisei 22)

- Renovated Tsukuba-Mirai Technology Center aiming for ZEB compliance

• 2020

• 2021 (Reiwa 3)

• 2020

• 2021 (Reiwa 3)

- Closed Myanmar local company

• 2022 (Reiwa 4)

- Established a local company in the United States
- Completed Saitama Technology Center **7**



- Achieved Nearly ZEB at Sapporo Sanken Building (results from fiscal year 2021)

- Obtained BELS (ZEB Ready) certification for Saitama Technology Center

• 2023 (Reiwa 5)

- Recognized as the KIH Outstanding Organization 2023 (Large Enterprise Category)
- Saitama Technology Center received the CASBEE Wellness Office S Rank
- Qualified as a DX-Certified Corporate



MESSAGE FROM THE PRESIDENT



President & CEO
Eiichi Matsui

Reflection on the Previous Year

Changes in the External Environment and Building a Sustainable Society

Various environmental changes occurred globally in fiscal year 2024. The inauguration of US President Trump has led to global economic turmoil, primarily due to executive orders that enforce reciprocal tariffs. Furthermore, the world is facing an unstable and uncertain international landscape with heightened geopolitical risks, as seen in the ongoing Russo-Ukrainian and Gaza-Israel wars, for which no resolution is currently in sight. This instability, along with the rise of populism, has triggered a surge in the prices of raw materials and energy. Additionally, the increasing frequency of natural disasters caused by climate change, along with resource depletion, poses serious challenges to the global environment, making the path to decarbonization more difficult. The 29th Conference of the Parties to the UN Framework Convention on Climate Change (COP29) that was held in late November saw a decline in momentum for building consensus compared to previous years. Notably, key nations and regions, including the United States, the European Union, and Japan, were absent from the leaders' summit. Despite this setback, the central goal of the Paris Agreement remains unchanged: to limit the global temperature increase to 1.5°C above pre-industrial levels, thereby mitigating the adverse impacts of climate change. Achieving this goal requires a 60% reduction in global greenhouse gas emissions by 2035 compared to 2019 levels. Given the challenges to building a decarbonized society, it is crucial to closely monitor the world's trajectory in the coming years.

Fiscal Year 2024 Performance

On the domestic front, Japan's economy experienced a gradual recovery. We have observed an increase in capital investment, primarily driven by the reorganization of global supply chains in the semiconductor industry and the rising demand for data centers to support the growth of AI. This favorable environment has provided our company with numerous opportunities to engage in new projects. As a result, both the value of orders received, and our net sales have exceeded ¥100 billion. Furthermore, our ordinary profit has shown a V-shaped recovery from fiscal year 2023, surpassing ¥10 billion. While the business environment remains challenging due to rising material costs and labor expenses, we extend our deepest gratitude to our partner companies, all related parties, and every one of our employees, including our back-office teams, for their relentless efforts and ingenuity.

We acknowledge that climate change is a significant challenge impacting our business, and we are committed to addressing this issue through various environmental initiatives. To this end, we have disclosed climate-related information following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Concurrently, we have submitted a commitment letter to the Science Based Targets initiative (SBTi) to obtain certification for our science-based targets aimed at reducing greenhouse gas emissions, which align with the levels set by the Paris Agreement. Moving forward, we will intensify our efforts to lower greenhouse gas emissions throughout our supply chain and increase our use of electricity from renewable sources, as we strive to achieve carbon neutrality by 2050.

Value Creation Initiatives

Propelling Sustainability Transformation (SX)

As we advance our business activities toward building a sustainable society, we have reached a crucial point in reevaluating our operational foundation. This fiscal year, we have reorganized our Engineering Management Division by reallocating employees into seven specialized departments: the Design Management Department, the Engineering Management Department, the Safety & Quality Control Management Department, the Sustainable Procurement Promotion Department, the Electrical and Instrumentation System Engineer Department, the Technical Development Department, and the BIM Estimate System Development Department. This restructuring aims to strengthen our business capabilities and enhance productivity across all areas of our operations, including designing, construction, quality, safety, environmental management, and procurement. This will enable us to respond effectively to changes in the external environment and meet the evolving needs of our clients as we pursue further growth. To improve the agility of our business operations, we have merged the Corporate Planning Department with the CSR Promotion Department. The newly integrated Corporate Planning Department will now operate as a department under the direct supervision of the President.

In our construction business, we are focusing on private-sector renovation projects where we serve as the prime contractor. These projects demand cost competitiveness, strong proposal skills, and the ability to meet strict deadlines, all of which will enhance our overall productivity. Expanding our client base to include more direct contracts that are awarded based on the merit and future potential of our projects is essential for our success. Our goal is to increase the proportion of both prime-contractor private projects and private-sector renovation projects involving design and construction to 50% of our portfolio. With several large-scale projects currently underway across the nation and many more planned, we are committed to elevating our project management capabilities and increasing productivity. Through these initiatives, we aim to transition from a subcontractor to a specialized Mechanical, Electrical, and Plumbing (MEP) general contractor.

We continue to promote creating a sustainable society through various initiatives. These include the construction of Zero Energy Buildings (ZEB) in Japan, promoting ZEB adoption in Southeast Asian countries such as Indonesia, Thailand, and Singapore, alongside joint research and development with various Japanese universities. We are also pursuing business development based on joint research between our North American affiliate, Global Environmental Technologies (GET), and universities in the United States.

Creating a Motivational Workplace that Respects Diversity

In April 2024, new regulations on overtime work were fully implemented in the Japanese construction industry. In response, our company has applied various initiatives for Work Style Reform, resulting in a successful reduction of overtime hours by more than 30% compared to the previous fiscal year. However, there are limits to what a single company can achieve. The construction industry is facing significant challenges that need to be solved, including ensuring reasonable construction periods and securing a stable workforce.

We firmly believe that establishing a rewarding workplace is essential for corporate sustainability in the modern era. We are developing a system that supports diverse working styles and enables individuals from various professional backgrounds to excel without being constrained by factors such as gender, age, nationality, work location, or organizational hierarchy by utilizing telework. We are committed to fostering an environment where all employees can lead fulfilling lives, grow professionally, and feel a sense of purpose and motivation in their work. We will also continue to actively recruit professionals from diverse international backgrounds.

The benefits of face-to-face dialogue have become clear as we pursue diverse working styles. Direct dialogue is a fundamental means of human communication nurtured over millions of years, and is considered particularly vital for sparking creativity, allowing us to discover new ideas through interaction with others. However, social perceptions and communication norms have changed, and in some situations, casual remarks might be perceived as harassment. To foster an organizational culture that promotes aggressive business activities without developing a tendency for harassment, it is crucial to cultivate the management mindset at all levels of the company. We hold workshops called the Sanken Management Dojo (Sanken Management Academy) several times a year on various themes, aimed at fostering the management mindset and promoting cross-departmental collaboration. Beyond the Sanken Management Dojo, we will continue to create opportunities for interaction among all our frontline employees.

A Future Made Possible by "KIKAI"

At the Sanken Management Dojo held last year for young employees in their 20s, participants were asked to create a tagline that spreads our company's appeal to a third party. The tagline that gained the most support was "キカイで叶う未来" (A Future Made Possible by "KIKAI"). This slogan embodies three distinct concepts, all pronounced "KIKAI" in Japanese, that are central to realizing the ideal future for all our stakeholders: 機械 (Kikai, meaning Machines) representing the MEP service we provide to our clients, 機会 (Kikai, meaning Opportunities) representing the chances we create for our employees to grow, and 毀壊 (Kikai, meaning Destruction) repre-

MESSAGE FROM THE PRESIDENT

senting the breaking down of outdated conventions and systems to ensure we do not fall behind in an evolving world. The tagline embodies the idea that our company's core appeal lies in our commitment to continuously supplying these three "KIKAI" in their most ideal forms. While the Sanken Management Dojo is designed to input managerial mindset, we, the executive team, are pleased to find that it provides many insights for us as well, serving as a valuable opportunity to update mindsets on both sides. We will continue to actively create opportunities for mutual growth with employees at all levels.

● Transparent and Fair Business Activities

Our company positions compliance as a key management issue, and we have established the Sanken Group Ethical Charter and CSR Procurement Policy and Standards, to raise awareness and promote these values among our officers, employees, and partner companies. Unfortunately, harassment incidents occurred within our company and its affiliated groups in fiscal year 2024. We must address, clarify, and resolve these issues to improve our working environment and uphold fair business practices. This year in January, we have upgraded our previous whistleblowing system and launched the Sanken Partner Company Hotline to enhance compliance and strengthen partnerships with partner companies. This system allows officers and employees of partner companies to report incidents such as misconduct or legal violations related to our business without fear of adverse treatment. Strengthening our corporate governance, promoting compliance, and implementing risk management are necessary to ensure that business activities can be conducted as expected. Building trust with stakeholders and conducting fair transactions lead to gaining trust from society. Our company will continue to value integrity and promote responsible business activities.

● Promoting DX

Digital Transformation (DX) is essential for our company to earn societal trust. It is a key to building efficient business processes for a sustainable society, enabling flexible work styles that contribute to better work-life balance, increasing data transparency, and ensuring fair transactions. DX has been a major challenge and reform for our company since its founding. While we value our history of steady, incremental improvements, DX demands a new dimension of knowledge, skills, and effort. Last year, we established the DX Promotion Headquarters and the CE (Concurrent Engineering) Department (CED). Together with the CE/DX General Managers, CE/DX Managers, and Front-loading & Back Office (FAB) Managers at each branch, our entire company is united in advancing DX. Digitalization is closely linked to AI utilization, but instead of being used by AI, we aim to master digital technology using AI. We will continue to advance internal education to develop skilled human resources that meet SANKEN ICT stan-

dards and SANKEN DX standards.

We plan to establish a high-level information security system and operate a highly accurate database through the promotion of DX. We aim to operate all data related to our projects, such as design plans, budgets, procurement, processes, safety, and quality management, through an integrated platform, advancing system development centered on the SANKEN Construction System (SCS). This year will be a year to accelerate DX initiatives by promoting and operating the trial version of SCS.

● SANKEN Challenge 2030

SANKEN Challenge 2030 is a mid-term goal that embodies social issues derived from the social risks and opportunities our company faces. In an era of increasing uncertainty, our company has set the SANKEN Challenge 2030 as a compass for sustainable management.

Previously structured around five themes, the plan was renewed in fiscal year 2025 into three ESG-compliant materialities. One of our core strengths is our ability to leverage the unique, community-focused business activities of our branches across the country. To become the leading environmental innovation company, we must enhance our collective strength. We will accelerate the themes of SANKEN Challenge 2030 and its initiatives to build a sustainable society, be the company of choice for our clients, employees, and partners, and continue to achieve our management goals.

Future Outlook and Challenges

● Unpredictable Impact of Trump's Tariffs on the Japanese and Global Economies

Significant stock market and exchange rate fluctuations caused by President Trump's tariff policies are unsettling the global economy and financial markets. His administration has introduced measures that drastically alter the existing international trade framework, causing the global economy to react to every piece of tariff-related news. This situation, including its impact on the Japanese economy, is expected to be prolonged.

For Japan, we anticipate a tangible and significant deterioration of the export environment to the United States. Concerns over a global economic downturn and the uncertainty of Trump's policies will also hinder companies, leading to downward pressure on capital investment. The United States is the world's largest demand source, and a fundamental shift in export destinations is not easy. As a construction company, we must prepare to respond flexibly to changes or postponements in projects that are either directly susceptible to tariff policies, such as export-related production plants, or sensitive to rising construction costs, such as healthcare facility projects. We must also closely monitor the movements of supply chain restructuring

due to these tariff policies. If the export environment to the U.S. worsens globally, it could accelerate a "de-Americanization" trend, leading to market diversification. In such a scenario, Japan may be viewed as a new, stable market. Japan's Monozukuri (production) culture, which emphasizes quality and reliability, could lead to increased opportunities for partnerships with foreign companies through technology transfer and joint development, as well as the expansion of sales channels if Japan becomes a more important export destination.

However, we must not forget the risks. If overseas companies with price competitiveness enter the Japanese market, there is a risk that we may be forced out of the market with our current level.

● Our Own Transformation

Future price trends and monetary policy are not solely domestic issues; we believe the key factor to watch is the economic policy of the Trump administration in the United States. In such an uncertain economic climate, client investment in construction can change rapidly, making it impossible to predict. Nevertheless, we must adapt our sales activities to this reality, along with continuing to refine our cost management capabilities for inflation.

We ourselves must change and drive our own transformation. What we need to change is how we generate profits (how we earn, where we earn, and the mechanisms for earning). To reiterate, our company will focus on securing orders for private-sector renovation projects where we act as the general contractor in MEP design and construction. Expanding our base of clients who award us contracts directly, based on the project's content and future potential, is the key to our company's future.

DX involves advancing transformation using IT, and our company will enhance design capabilities in line with DX. We will strengthen our planning and proposal strategies for our customers and serve as the command center for concurrent engineering, front-loading, and cost control. To achieve this, we reorganized the headquarters' design organizations into a single department, the Design Management Department, to enhance the order-receiving functions of our branches.

● Addressing the Aging and Decline of Construction Industry Workers

The declining birthrate and aging population have led to labor shortages across various industries, particularly in the construction sector. According to data from the Ministry of Land, Infrastructure, Transport and Tourism, the number of construction workers in Japan fell by approximately 30%, from a peak of 6.85 million in fiscal 1997 to 4.79 million in fiscal 2022, with further declines anticipated. In the future marked by inevitable demographic decline, we must consider our response. Our strategy focuses on pursuing productivity improvements centered on DX. On construction sites,

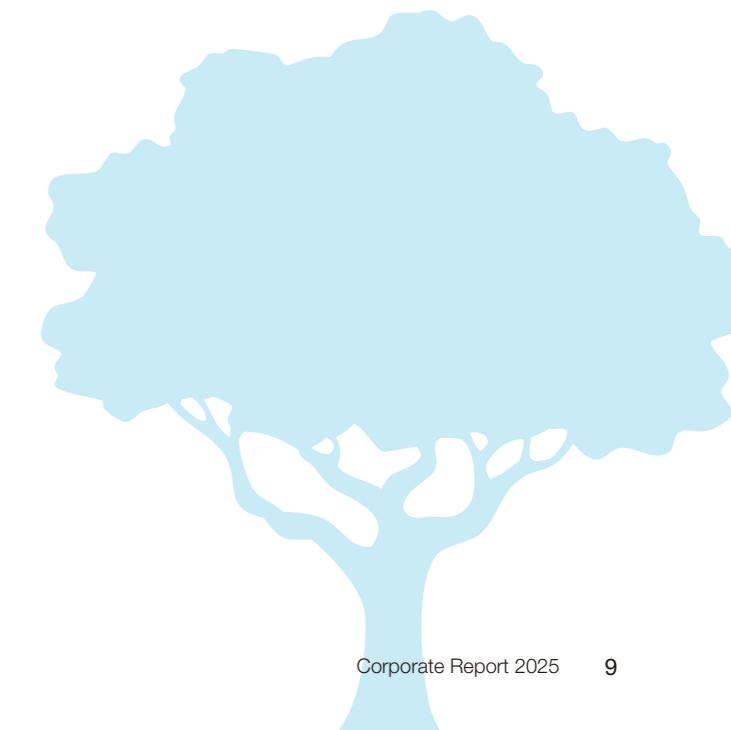
tasks traditionally performed by humans are gradually being replaced by robotics. While the robotization of construction work may seem distant, we must begin considering and working toward this future now. This requires our company and our partner companies to unite, engage in discussions, and build necessary frameworks.

The declining birthrate is also making it more difficult to recruit new graduates. We are positioning the development and securing of personnel who can adapt to the changes in business style brought by DX as a key strategy. We will strengthen our initiatives to be an attractive company in the MEP industry.

The Growth of the Sanken Tree

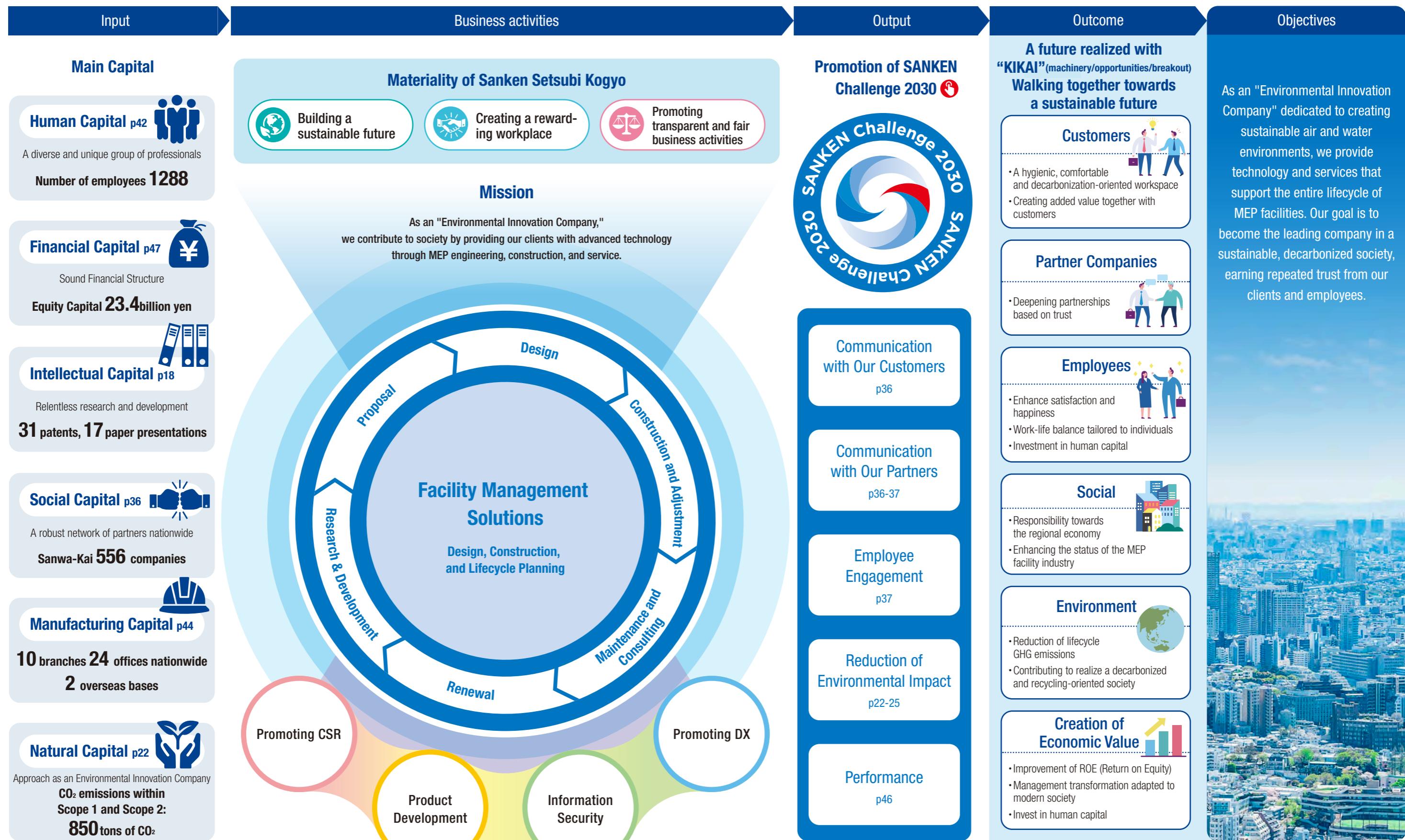
The Sanken Tree is a keyword that represents the growth of the Sanken Group. Our unwavering corporate philosophy, mission, and vision serve as the roots planted in the earth, with governance, safety, quality, technology, trust, and DX as the trunk, allowing all stakeholders, including employees, families, partner companies, and customers, to exhibit better interactions and extend their branches and leaves. We envision continuing to promote sustainability transformation within the limited society of Earth.

Next year, our company will celebrate its 80th anniversary. We remain dedicated to working alongside all our stakeholders to ensure the Sanken Tree grows steadily and becomes even more vibrant as we work toward the achievement of SANKEN Challenge 2030 and look ahead to our 100th anniversary in 2046.



Value Creation Process

We will adapt to societal changes and promote sustainable transformation as an Environmental Innovation Company.





SANKEN Challenge 2030

We have established the SANKEN Challenge 2030 to achieve our goals by 2030.

This year, we consolidated the previous five themes into three, to organize and clarify our objectives.

We will continue to advance initiatives aimed at pursuing a sustainable society.

* Evaluation Legend
 ○ Achievement of 80% or more
 ○ Achievement of 50% or more but less than 80%
 △ Achievement of less than 50%
 * All branches: 4 divisions, 1 main branch, 8 branches

Materiality	FY2024 Targets/Indicators	FY2024 Results	Evaluation	FY2025 Targets/Indicators	FY2030 Targets/Indicators	ESG	ISO26000 Core Subjects
Theme 1 Building a Sustainable Future							

1.1	Create a Sustainable Society						Environment	
	Technology to improve the global environment	● Installation of proprietary technologies ECOSALA: 5 units ● R&D and technical cooperation: 15 projects	● Installation of proprietary technologies ECOSALA: 7 units ● R&D and technical cooperation: 20 projects	○ ○	● Installation of proprietary technologies ECOSALA: 5 units ● R&D and technical cooperation: 15 projects	● Installation of proprietary technologies (total amount until FY2030) ECOSALA: 40 units ● R&D and technical cooperation: 15 projects		
	Promote ZEB	● ZEB planner activities: 5 achieved ● Internal ZEB planner development: 1 person per branch ● ZEB project orders received: 15% of order target	● ZEB planner activities: 0 achieved per year ● Internal ZEB planner development: 2 persons in 2 branches ● 7.67 billion out of 93.7 billion (8.2%)	△ △ ○	● ZEB planner activities: 3 achieved ● Internal ZEB planner development: 1 person per branch ● ZEB project orders received: 10% of order target	● ZEB planner activities: 25 achieved (total amount until FY2030) ● Internal ZEB planner development: 30 persons (total amount until FY2030) ● ZEB project orders received: 45% of order target		
1.2	SC emissions reduction	● SC emissions target Scope 1&2: 3,043t-CO ₂ Scope 3: 761,215t-CO ₂ ● Submit Commitment Letter to SBTi ● Prepare for information disclosure based on TCFD recommendations (scheduled for FY2025)	● SC emissions performance Scope1&2: 3,087t-CO ₂ Scope3: 717,366t-CO ₂ ● Complete the submission of Commitment Letter to SBTi ● Prepare Statement of Support for TCFD recommendations, and information disclosure (scheduled for FY2025)	○ ○ ○	● SC emissions target Scope1&2: 2,849t-CO ₂ Scope3: 733,022t-CO ₂ ● Obtain SBTi certification ● Disclose information based on TCFD recommendations	● SC emissions target aligned with Paris Agreement levels for FY2030 (reduction rate compared to FY2023) Scope1&2: 1,877t-CO ₂ (42% reduction) Scope3: 592,056t-CO ₂ (25% reduction) ● Continued SBTi certification ● Disclose climate-related information with reference to SSBJ standards	E	
1.2	Create a Sustainable Future for Our Planet with Our Customers							
	GHG emissions survey and reduction proposal	1 proposal per branch	7 proposals in 7 branches	○	1 proposal per branch	1 proposal per branch		
	Provide reliable products and services	● Customer-centric sales activities: 4 projects per branch ● Implement Concurrent Engineering (CE): 2 projects per branch ● Advance construction process through off-site production: 5 projects per branch ● Visualize construction process using BIM: 1 project per branch	● Customer-centric sales activities: 23 projects in 9 branches ● Implement CE: 23 projects in 10 branches ● Advance construction process through off-site production: 36 projects in 10 branches ● Visualize construction process using BIM: 5 projects in 5 branches	○ ○ ○ ○	● Customer-centric sales activities: 1 project per ¥3 billion completion target for each branch ● Implement CE: 1 project per ¥3 billion completion target for each branch ● Advance construction process through off-site production: 1 project per ¥5 billion completion target for each branch ● Visualize construction process using BIM: 1 project per ¥5 billion completion target for each branch	● Customer-centric sales activities: 1 project per ¥3 billion completion target for each branch ● Implement CE: 1 project per ¥600 million completion target for each branch ● Advance construction process through off-site production: 1 project per ¥700 million completion target for each branch ● Visualize construction process using BIM: 1 project per ¥700 million completion target for each branch		
	Achieving consistent quality	● Provide quality education at employee/employer training: 2 times per branch	● Provide quality education: 2 times at 10 branches	○	● Provide quality education: 3 times at each branch	● Provide quality education: 3 times at each branch		
	Become a partner to our customers	● Promote private prime contract acquisition: 20% of order target ● Promote renovation work contract acquisition ● Promote one-stop private prime contract acquisition for plumbing, electric, and construction work: 10% of order target	● 18.3 billion out of 93.7 billion (19.5%) ● 37.7 billion out of 93.7 billion (40.2%) ● 5.7 billion out of 93.7 billion (6.0%)	○ ○ ○	● Private prime contract acquisition: 25% of private order target ● Renovation work contract acquisition: 40% of order target ● One-stop contract acquisition: 10% of order target	● Private prime contract acquisition: 40% of private order target ● Renovation work contract acquisition: 50% of order target ● One-stop contract acquisition: 10% of order target		

2.1	Theme 2 Create a Rewarding Workplace						Social
	Promote Health and Productivity Management	Maintain recognition as the KIH Outstanding Organization	Maintain recognition as the KIH Outstanding Organization: maintain certification status	○	Maintain recognition as the KIH Outstanding Organization	Maintain recognition as the KIH Outstanding Organization	
2.2	Promote Diversity and Equity	Create a workplace where diverse individuals can thrive regardless of nationality, gender, age, etc.	● Utilize company TMS (Talent Management System) - Internal unification of human resource information and talent discovery - Appropriate placement of human resources to excel according to their capabilities ● Improve working hours and work styles criteria in Eruboshi Certification ● Men's engagement in childcare. Paternity leave uptake rate: 60%	● Utilize TMS Reconstruct company database Appropriate placement of construction employees ● Improve working hours and work styles criteria: Improved ● Men's engagement in childcare, paternity leave uptake rate: 53%	○ ○ ○	● Utilize TMS Provide opportunities to contribute nationwide (reduce mismatches) ● Improve work styles criteria towards Eruboshi Certification in FY2026 ● Men's engagement in childcare, paternity leave uptake rate: 70%	● Utilize TMS Provide opportunities to contribute from nationwide operations (optimal placement of human resources) in FY2029-2030 ● Eruboshi Certification third stage certification acquisition ● Men's engagement in childcare, paternity leave uptake rate: 100%
2.3	Create New Value Through Digital Technology and Data Utilization	Collect, analyze, disseminate, and operate project data	● Collect and deploy construction data such as construction plans and completion reports	● Collect and analyze construction data such as construction plans and completion reports Utilize and disseminate CE data	○	● Appropriately manage decisions through visualization of management data	● Appropriately manage decisions through visualization of management data
2.3	Create new value through DX	● SCS (Sanken Construction System) Trial operation of construction visualization: 1 project per branch Develop and operate a pre-construction review system	● SCS (Sanken Construction System) Trial operation of construction visualization: 4 projects in 5 branches Trial operation of ACC (Autodesk Construction Cloud): 1 case Quality and safety management system: define requirements and start development	○	● SCS (Sanken Construction System) Trial operation of construction visualization: 2 projects per branch Trial operation of ACC (Autodesk Construction Cloud): expand operation Quality and safety management system: start development and trial Construction simulation system: start development	● SCS (Sanken Construction System) Trial operation of construction visualization: operate at all construction sites Trial operation of ACC (Autodesk Construction Cloud): operate at all construction sites Quality and safety management system: operate at all construction sites Construction simulation system: expand operation	Human Rights Labor Practices Community Involvement and Development
2.4	Cultivate Talent	● Develop new training programs for FY2025 and beyond ● Secure practitioners and qualified personnel related to piping, electrical, and construction work Successful applicants + number of qualified personnel hired (First-class plumbing works execution management engineering are excluded): 6 persons ● Develop DX personnel capable of communicating departmental DX requirements to ICT engineers: 2 persons at the head office, 1 person per branch	● Establish and implement sales training ● Successful applicants + number of qualified personnel hired (First-class plumbing works execution management engineering are excluded) IT engineers: 3 persons First-class civil engineering construction management engineer: 1 person ● Develop DX personnel: 10 people at head office, 7 persons in 4 branches	○ ○	● Review and implement sales training, develop administrative training ● Successful applicants + number of qualified personnel hired (First-class plumbing works execution management engineering are excluded): 6 persons	● Provide employees with new programs and polish current programs ● Total number of qualified personnel other than first-class piping construction management engineer from FY2021 to 2030 - Architects, construction management engineers, professional engineers and doctortates: 10 persons each - Electrical work construction management engineers: 20 persons - Telecommunications construction management engineers: 5 persons - Information technology engineers 11 qualifications: 3 persons ● DX personnel: 10% of personnel in each department by FY2030	Human Rights Labor Practices Community Involvement and Development
2.5	Volunteer Work and Disaster Relief Activities	● Continue planning volunteer activities ● Keep disaster relief agreements	● Volunteer activities: 76 times ● Keep disaster relief agreements: 17 locations	○ ○	● Continue volunteer activities ● Keep disaster relief agreements	● Continue volunteer activities ● Keep disaster relief agreements	Human Rights Labor Practices Community Involvement and Development

3.1	Theme 3 Promoting Transparent and Fair Business Activities						Governance
	Enhance Corporate Governance	● Environmental Initiatives and information disclosure content to be approved at the board meeting	● Environmental initiatives and information disclosure content were deliberated and approved at the meeting	○	● Evaluate and improve governance structure	● Evaluate and improve governance structure	
3.2	Promote Compliance	● Implement compliance training	● Implemented training on relevant laws, harassment, CSR, and whistleblowing system operation	○	● Implement compliance training	● Implement compliance training	G

New Approach to Site Management Captured in University of the Ryukyus Hospital's Mechanical Construction



In January 2025, University of the Ryukyus Hospital opened its doors after relocating to Ginowan City, Okinawa. This facility serves as the core of the Okinawa Health and Medical Hub; a national project aimed to promote the reconstruction of Okinawa and restore its reputation as "the prefecture of longevity" through advanced medical care. Sanken Setsubi Kogyo led the HVAC and sanitary works for this project. In this overview, we reflect on the challenging days experienced during this long-term endeavor as we worked to establish a new standard for on-site project execution.



Kyushu Branch Deputy Manager
and CE Promotion Center
Deputy Center Chief
Hideaki Toyoshima



Team Secretary
Kyushu Branch Deputy Manager
and Construction Department
Manager
Masao Yahata



Field Representative
Kyushu Branch
Engineering Department
Deputy Manager
Masanori Nanri

Completing a Major Project with All-Sanken Effort

In January 2025, University of the Ryukyus Hospital relocated to the former site of the Futenma U.S. military housing complex in Ginowan City, Okinawa. It serves as the central facility for the Okinawa Health and Medical Hub, where various initiatives are being implemented based on four pillars: Internationalization, Human Resource Development, Advanced Research and Industrial Promotion, and Improvement of Medical Standards. In this undertaking—which marks a rare complete relocation of a national university hospital along with its medical school—our company was responsible for the HVAC and sanitary works in the main hospital building. The on-site work commenced in December 2020 and was successfully handed over at the end of 2024. The building stands 14 stories tall, with 620 beds and 16 operating rooms, as well as advanced medical facilities. Even for our company, which has extensive experience in constructing large-scale hospitals, this project was both challenging and rewarding. As a result, engineers were dispatched from our branches nationwide to

approach it as a unified "All-Sanken" team.

"In addition to veteran engineers with rich experience in hospital construction, young engineers who will shape the future of Sanken Setsubi Kogyo joined the team. This diverse combination enabled us to approach the project with a strong and capable team," reflects Mr. Nanri.

Challenge Concurrent Engineering to Enhance Site Efficiency and Quality

In addition to strengthening our site organization, we implemented front-loading and achieved concurrent engineering*1.

Mr. Toyoshima states, "After securing the order, we utilized the underground construction phase of the seismic isolation structure to examine running costs and operational usability. This process allowed us to redesign the equipment for greater efficiency and promote unitization, streamlining on-site construction. Our back-office members at the Kyushu Branch supported the preparation of estimates and study reports. By

Construction Site Overview

Building Overview	
JV Constituent Company Name	Sanken-Kokuwa Specific Construction Joint Venture
Building Area	10,533.29m ²
Net Floor Space	67,751.97m ² (Volume Ratio 43.66%)
Building Maximum Height	GL+79.29m ²
Floors	14 above ground, 2 penthouses
Structure	SRC construction, partly S construction, partly RC construction, base seismic isolation structure
Number of Beds	620

Water Supply and Drainage Sanitation System	
Water Supply System	Water receiving tank (lifting pump) + gravity system with high tank (single system for water supply)
Sanitary System	Toilets, urinals, hand wash basins, wash basins, waste sinks, etc.
Drainage System	Combined sewage and miscellaneous drainage system (partly pump-up compatible)
Hot Water Supply System	Central hot water supply (low-rise system, high-rise system)
Firefighting System	Sprinkler system, inert gas fire extinguishing system (nitrogen), connected water supply pipe system, mobile powder fire extinguishing system (helipad section), simple automatic fire extinguishing device for hoods, etc.
Gas Equipment	Medium pressure gas, low pressure gas
Special Treatment System (Wastewater Treatment)	Kitchen, infection, testing/dialysis, RL, high temperature
Medical Gas System	Oxygen, high-pressure oxygen, nitrous oxide, air, suction (general/infection), carbon dioxide, nitrogen
Special Transport System	Large-diameter pneumatic tube system
Medical Water System	Washing equipment, testing equipment, RO water supply equipment for dialysis

HVAC System	
HVAC System	Electric-gas hybrid heat source (Separate construction by ESP business) Outdoor Air Treatment Air Conditioner + Heat Pump Package (Water-cooled, air-cooled)
Ventilation System	Type 1, Type 2, Type 3 ventilation, Kitchen Ceiling Displacement Ventilation System
Smoke Exhaust System	Natural smoke exhaust and mechanical smoke exhaust
Automatic Control System	Automatic control of equipment, central monitoring equipment

advancing this work concurrently, we successfully reduced the workload for the on-site team. With new limits on overtime work being applied in the construction industry starting in fiscal year 2024, we have been promoting efficient work processes internally, and this project enabled us to experience the tangible benefits of concurrent engineering.¹

Furthermore, the time freed up for on-site team members, thanks to the support from the Kyushu Branch, was invested in enhancing communication with the client and other contractors. This focus proved instrumental in developing successful Value Engineering (VE) proposals².

¹ Concurrent Engineering: A method that allows for simultaneous progress of design and construction processes, expected to shorten construction periods, reduce costs, and improve quality.

² VE Proposal: Value Engineering. A proposal to maintain and improve functionality and quality while reducing costs.

Establishing Off-Site Base S-LABO Kyushu Reducing On-Site Work and Improving Productivity

This project was done on the main island of Okinawa, where severe weather conditions such as typhoons were expected to affect the transportation of materials. To mitigate this risk, an intermediate warehouse was established within a 15-minute drive of the site to stockpile necessary components.

"With the expertise and cooperation of our specialist logistics partner, we managed and delivered materials while updating data in real-time on a cloud-based system. As this was our first time undertaking such a challenge, we began with a process of trial and error. Ultimately, we successfully established an integrated flow from warehouse management to on-site transport, which significantly reduced the workload for the site team," says Mr. Yahata.

In May 2024, we launched S-LABO Kyushu, a logistics and off-site hub located in Fukuoka City, building on the success of our intermediate ware-

house scheme. Originally established to support a project on Mageshima Island in the Osumi Islands, S-LABO Kyushu is now facilitating the adoption of off-site construction for multiple project sites throughout the Kyushu area.

Overcoming Labor Shortages Together with Partner Companies

As one of the largest construction sites in Okinawa Prefecture, our greatest challenge was securing a sufficient workforce. Initially, we expected to source 30% of our labor from mainland Japan. However, due to our company's extensive experience with projects in Okinawa and our strong network of partner companies, known as Okinawa Sanwakai, we were able to fill 90% of the workforce with local talent.

"To secure a peak workforce of 300 people, we collaborated with our partner companies from an early stage to ensure overall optimization and minimize disruption to other local projects. It was also beneficial that our construction plan proceeded smoothly, which helped us suppress the number of personnel required during peak times," notes Mr. Yahata.

Maximizing Technical Capabilities with "All SANKEN" Efforts

The four years since the project began in 2020 have brought significant changes to our work sites, driven by internal work-style reforms in anticipation of the 2024 regulations on overtime work, as well as the rapid advancement of digitalization.

"When tasks that were once done manually over long hours become automated, work can proceed and systems can be built, even if minor details aren't fully understood. However, without questioning 'why is this the case?' to gain a true understanding, our team members cannot develop

the ability to explain situations to clients or formulate VE proposals. For this project, we required our younger members to possess communication skills to explain complex situations clearly. We believe this is the foundation of Sanken Setsubi Kogyo's technical strength," states Mr. Nanri. Currently, Sanken Setsubi Kogyo is promoting its FAB (Front loading and Back office) initiative. FAB Managers,³ assigned to each branch, are re-

sponsible for ensuring overall optimization to support back-office members and on-site engineers perform to their maximum potential. With the collective technical capabilities of "All SANKEN," we will strive to be the company of choice for our customers.

³ FAB Manager: A leader within the back-office who utilizes concurrent engineering and DX methodologies to spearhead front-loading for on-site projects.



Director
Executive Officer (Nishi-Nihon Management/Marketing and Sales Management Division General Manager/Nishi-Nihon Business Division Manager)
Itsufumi Goto

One-Team Challenge

This project involved integrated HVAC and sanitary construction work for a national general hospital with a total floor area exceeding 67,700 m². As it was a competitive bid that included our own technical proposals, the thrill of winning the contract remains a vivid memory. At the same time, I felt the immense weight of our responsibility to see the project through to completion, which was a truly sobering thought.

This was a project that demanded a company-wide effort transcending the boundaries of individual branches. For our company, which has a strong presence in the Okinawa region, we began with the determination to succeed in this challenge and to have both the client and our local joint venture partners recognize that Sanken Setsubi Kogyo can achieve this.

A major factor in our success was the proactive approach taken by the executive team at our Kyushu Branch, which oversees the Okinawa region. They first established the project scheme and

immediately created an organizational chart to clarify needs. This allowed them to request cooperation from other branches and assemble a team of outstanding engineers.

I visited the site several times myself, and what remains most memorable is witnessing how the determination and leadership of the site director, Mr. Nanri, united all our employees' efforts toward a single, common goal. I still recall the sense of reassurance I felt as I headed home.

Towards the end of the project, we faced soaring material and labor costs. I am incredibly grateful to the clients for their understanding after we, including our back-office members, worked to prepare and present detailed explanatory documents.

To everyone involved in this project over these past four years, I extend my deepest gratitude. Thank you for your hard work and dedication.





Venue for R&D and Verification

Tsukuba-Mirai Technology Center

The Tsukuba-Mirai Technology Center was established in 1992 as a research center for Sanken Setsubi Kogyo. Dedicated to advancing research, development, and demonstration, the center focuses on balancing energy efficiency with comfort and has celebrated numerous successes. In January 2010, the center underwent renovation to transition into a Zero Energy Building (ZEB), and it has consistently introduced, tested, and refined new technologies. Tsukuba-Mirai Technology Center achieved full ZEB status for the entire building in 2013, and we continue to engage in ongoing verification efforts.

The center also serves as a tech hub for innovation, application, education, and providing information, thus being a resource center and venue for internal training. Visitors can also experience firsthand the cutting-edge technologies that constitute our ZEB. 



The Tsukuba-Mirai Technology Center also functions as a demonstration site for verifying various technologies and systems, helping innovations evolve into more reliable solutions. Established in 2024, our earthquake simulator dedicated to MEP systems is one of these examples.

The importance of seismic resistance for MEP systems has increased in recent years. Earthquake damage among systems has become more frequent, leading to loss of functions such as water supply and drainage, even if the building structure remains undamaged. It is necessary to conduct dynamic behavior reproduction and verification experiments using vibration tables to analyze the causes of earthquake-induced damage to building systems and identify issues in seismic design.

Our newly developed earthquake simulator for MEP systems is not limited to replicating the behavior of floor-mounted equipment during an earthquake. It also includes a compact vibrator on a steel frame to simulate the seismic motion of a ceiling slab, allowing us to easily test suspended equipment that

previously required a large, conventional shake table. Furthermore, it can simulate the amplification of seismic motion by various buildings with different natural periods and reproduce the phenomenon where seismic waves amplified by buildings are further amplified by suspended equipment. 



Earthquake simulator for facilities



Vibration amplification device and suspension support equipment

● Develop Machinery In-House to Show New Initiatives

We believe developing machinery to support each process of our proposed energy-saving systems is a crucial aspect of R&D for an MEP company. Machine manufacturers typically design their products based on market needs and general applicability, and commercially available machines may not exist for applications that deviate from new technologies or non-standard operating conditions. As part of our R&D efforts, we developed ECOSALA®, an air-conditioning unit that decouples latent and sensible heat. It is based on the system that was implemented at our Tsukuba-Mirai Technology Center, the first facility in the industry to achieve ZEB status. When integrated into generic machines, the original system faced challenges such as extended construction durations and limitations in handling large air vol-

umes. ECOSALA® overcame these obstacles and was awarded the Energy Conservation Center Chairman's Award in the 2021 Energy Conservation Grand Prize. This dehumidification air supply system features a distinct cooling dehumidification and reheating method. The incoming outside air is precooled using process air that has been cooled and dehumidified by a cooling coil and utilizes the heat from the outside air to reheat the cool, dry process air, enabling zero-energy pre-cooling and reheating. The unit is an all-in-one solution that includes all necessary components for operation, such as instrumentation equipment, control panels, and inverter panels. The test run is done at the factory, simplifying on-site construction and allowing quick installation. 



ECOSALA

ECOSALA: Ecological Sanken Latent-Heat System
(Acronym of "environmentally friendly latent heat treatment system")



[Product and business model category: Energy Conservation Center Chairman's Award]
Awarded Theme: energy-saving air-conditioning solution using a dehumidifying air-conditioning unit with zero-energy pre-cooling and reheating



Collaborative Research with Academic Institutions

We have been conducting ZEB-related research with numerous universities both in Japan and internationally. Our objective is to advance the development of ZEB in our pursuit of a carbon-neutral, decarbonized society.

● Past Research

Utsunomiya University

Verification of essential performance of ceiling radiant panels

University of Tsukuba

Development of ubiquitous sensors for indoor environments

Kanto Gakuin University

Performance evaluation of rainwater drainage systems

Niigata University

Evaluation of comfort in ventilation environments and visualization technology near radiant panels

Shinshu University

ZEB planning for campus

Kanazawa Institute of Technology

Research on rapid cooling of the human body after outdoor activities in radiant air-conditioned offices

● Collaborative Research during Fiscal Year 2024

Hokkaido University

Research on optimal operation control of energy storage and hot water supply systems in medium-sized offices

Kanazawa University

Feasibility study of an Aquifer Thermal Energy Storage (ATES) system with close-proximity well configuration

Nihon University

Feasibility study on indoor dehumidification using a Peltier element

Tokyo Polytechnic University

Fundamental study on the combined use of natural ventilation and radiant ceiling systems

Nagoya University

Performance evaluation of a self-precooling and reheating air conditioning system

Shinshu University

Research on effective well water utilization system

Kanazawa Institute of Technology

Research on rapid cooling of the human body after outdoor activities in radiant air-conditioned offices

Kobe University

Research on Intelligent CPC (Cell Processing Center)

Kyushu University

Research on the material transfer and natural decomposition characteristics of ozone

Kyushu Institute of Technology

Simulation of optimal operation of air-conditioning system

Saga University

Field survey of renewable energy (geothermal, solar thermal)

● International Research

University of California, Berkeley (U.S.)

Research on thermal comfort with a combination of ceiling radiant panels and ceiling fans

Princeton University (U.S.)

Demonstration experiment of ceiling radiant air-conditioning systems utilizing geothermal energy

BEARS*1 BCA*2 (Singapore)

Comfort evaluation of a latent and sensible heat separation air-conditioning system

*1: Berkeley Education Alliance for Research in Singapore

*2: Building and Construction Authority
(Singapore government agency)

National University of Singapore (Singapore)

Energy performance evaluation of a latent and sensible heat separation air-conditioning system

Atma Jaya University (Indonesia)

Demonstration and verification of a latent heat processing system



1 Kakeyu-Misayama Rehabilitation Center

Completion Date Phase 1 construction: September 2023

Phase 2 construction: October 2024

Location Ueda City, Nagano Prefecture

Construction type HVAC and sanitary plumbing system

A rehabilitation center for patients in recovery and those requiring long-term hospitalization. The facility incorporates Toji (therapeutic bathing), a traditional hot spring style. Its exterior design is characterized by a Japanese aesthetic suitable for a hot spring resort, featuring vertical lattices, shadow-creating roofs and eaves reminiscent of historic buildings. The heat source utilizes air-cooled HP chillers and vacuum-type water heaters, with geothermal heat from the hot springs used as a supplementary source for hot water.

2 Aeon Food Supply LTD Construction of new Tokyo Delicatessen Center (Tentative Name)

Completion Date April 2024

Location Funabashi City, Chiba Prefecture

Construction type HVAC and sanitary plumbing system

A food processing plant that manufactures and distributes delicatessen items for supermarkets, designed with a strong focus on hygiene. In the distribution and production areas, a plenum space system is installed under walkable panels. To ensure sanitation, nearly all floors are waterproof for easy washing, hoods are fitted with angled plates to prevent water dripping onto food, and sinks are designed to prevent water from accumulating. The air pressure in each area is also adjusted to match its required level of cleanliness.

3 New Kagawa Prefectural Gymnasium (Tentative Name) HVAC Installation

Completion Date November 2024

Location Takamatsu City, Kagawa Prefecture

Construction type HVAC plumbing system

This is one of the largest multi-purpose arenas in the Chugoku and Shikoku regions. In the underground common trench of the main arena, we laid a 250A chilled water pipe, a 200A hot water pipe, and an outdoor air duct (up to 2000mm x 2000mm, with a maximum capacity of approximately 300,000 CMH) to supply air conditioning units throughout the arena. For the building's circular structure, the architectural, electrical, and plumbing contractors collaborated using 3D CAD to plan the system routes (piping and ductwork) and subsequently manufactured the processed pipes and air conditioning ducts.

4 Aomori Station East Exit Development Project

Completion Date January 2025

Location Aomori City, Aomori Prefecture

Construction type HVAC and sanitary plumbing system

A mixed-use facility developed on the former site of Aomori Station. It aims to attract tourists and serve as a symbolic landmark for the station area. The lower floors house commercial and administrative facilities, while the upper floors are a hotel. Considering the cold climate, Gas Heat Pumps (GHP) were installed for all air conditioners and outdoor air handling units. Machines were utilized to improve the efficiency of transporting and installing them on the rooftop.

5 Caress Memorial Hospital Construction Project (HVAC Installation)

Completion Date January 2025

Location Sapporo City, Hokkaido Prefecture

Construction type HVAC plumbing system

This is a general hospital with an attached regional medical mall, located within walking distance of Sapporo Station. It is in close proximity to the Hokkaido Gas Central Energy Center, which ensures a stable gas supply even during a disaster, thereby reducing the risk of power outages. All 320 hospital beds are in private rooms, ensuring thorough infection control measures. Leveraging our company's extensive experience as a leading general MEP contractor with the highest number of hospital construction projects, we spearheaded the on-site work and took a leading role among other sub-contractors.

6 Yamaguchi City New Main Government Building Mechanical System Construction Project

Completion Date March 2025

Location Yamaguchi City, Yamaguchi Prefecture

Construction type HVAC and sanitary plumbing system

This project involved the replacement of the old city hall, which suffered from aging systems and equipment, limited space, and fragmentation. The new building was designed to be a "human-, city-, and future-friendly" government office, aimed at providing efficient and effective administrative services. A hydronic radiant ceiling air conditioning system and a chilled water thermal storage system were adopted, achieving ZEB Ready certification at the construction phase.

Environment

Environment

As an "Environmental Creation Company" focused on air and water, we strive to create a sustainable society by reducing environmental impact and preventing pollution through our business activities with the local and global environment. 

Efforts Toward ZEB

Our company has been an early adopter of technologies aimed at reducing environmental impact related to ZEB (Zero Energy Buildings). In January 2010, we began renovating our research center, the Tsukuba-Mirai Technology Center, to achieve ZEB status, utilizing our proprietary technologies in radiant air conditioning and geothermal energy. By 2014, we successfully achieved Net ZEB status for the entire center. Throughout this process, we accumulated know-how from a variety of technologies introduced under the themes of load reduction, effective use of renewable energy, and high-effi-

cency operation. We have since implemented these cultivated technologies in the Sapporo Sanken Building (Hokkaido Branch). Additionally, the Saitama Technical Center, our training facility, was constructed as a ZEB that suppressed the initial cost of the HVAC system. It incorporates elements like biophilic design to enhance the wellness of facility users. Furthermore, we are building a track record as a ZEB Planner, including external projects (cumulative achievement as of March 2025: 9 projects). 

ZEB Promotion Activities Overseas

In January 2019, we held a ZEB technology training session at our Tsukuba-Mirai Technology Center for government engineers from 10 ASEAN countries. Since then, we have actively participated in ZEB seminars across five nations—Thailand, Malaysia, Vietnam, Indonesia, and the Philippines—and engaged in discussions at the CEFIA, an ASEAN+3 public-private partnership forum. To spread our technologies further, we have also presented our ZEB solutions at various exhibitions. In August 2024, we held a seminar on ZEB at Atma Jaya Catholic University of Indonesia *1 in South Tangerang. Following this, in September, we signed a Memorandum of Understanding (MOU) with the National Institute of Development Administration (NIDA) *2 in Bangkok, Thailand. This MOU establishes a partnership for joint research and development on building energy efficiency and ZEB technologies in Thailand, and we are currently working on an energy-saving plan for a building owned by NIDA. We remain contributed to the decarbonization of ASEAN regions and to develop ZEB technologies best suited for each area, train technical experts, and ultimately reduce environmental impact.

*1 Atma Jaya Catholic University of Indonesia
*2 National Institute of Development Administration



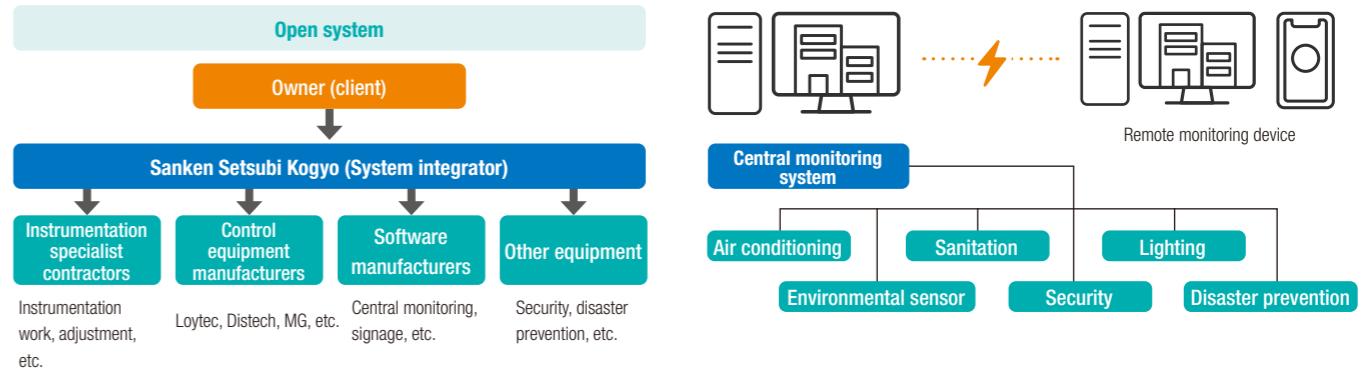
(From left) Mr. Sarawut Jansuwant, Vice President, NIDA, Ms. Tippawan Lorsuwanarat, President, NIDA, Mr. Oyanagi, Executive Managing Officer, Mr. Ozaki, Advisor

Major Products and Technologies that Contribute to Reducing Environmental Impact

Sanken Smart BA System®, an Integrated Management System for Equipment and Devices

The Sanken Smart BA System is a building automation system developed by our company (the system integrator), leveraging our many years of experience and diverse project track record as a MEP construction firm. Various systems, which include air conditioning, ventilation, sanitary, electrical, and security can be connected through the internet, regardless of the manufac-

turer, enabling integrated monitoring and control. By combining the optimal hardware and software according to the user's applications and needs, it is possible to provide a simple, easy-to-understand, and cost-effective system. [As of March 2025, 27 units have been implemented.] 

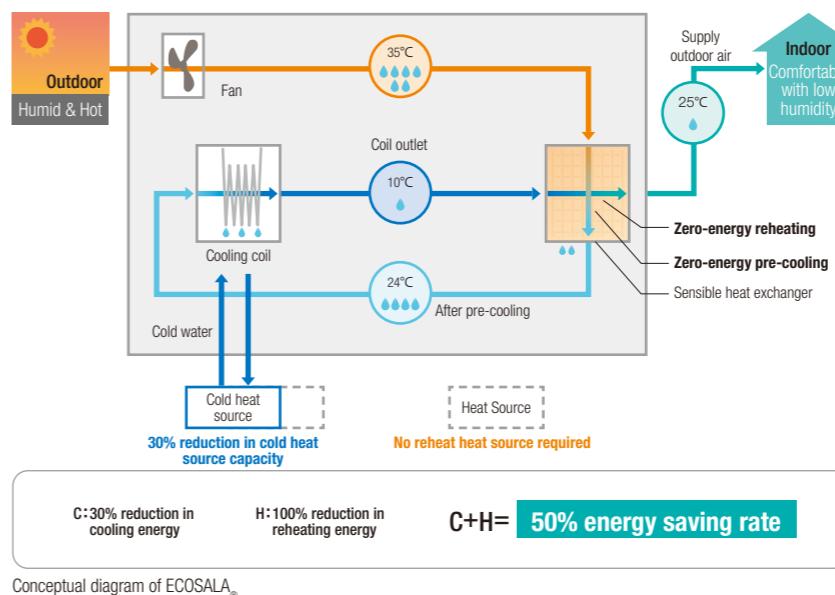


Eco-Friendly Dehumidification and Air Supply Unit ECOSALA®

ECOSALA® is an environmentally friendly dehumidification and air supply unit developed by Sanken Setsubi Kogyo. In Japan, where high temperatures and humidity are increasing, the importance of dehumidification is increasing year by year. In a conventional "overcooling and reheat" outside air dehumidification system, the process prioritizes humidity control, which leads to overcooling the air. Consequently, this consumes a large amount of energy during the reheat phase needed to bring the air back to a suitable temperature before supplying it indoors. ECOSALAR® is an energy-saving

system we have developed and commercialized that precools and reheats without using energy. With ECOSALAR®, the heat source for reheating that the conventional method requires is eliminated. Furthermore, the capacity of the cold heat source can be reduced by precooling, which does not require energy. In order to realize a carbon-free society, we are moving forward with the introduction of ECOSALA® for various building applications such as food factories, supermarkets, offices, and pharmaceutical companies.

[As of March 2025, 19 installations] 



Example of implementation in a pharmaceutical plant (indoor unit)

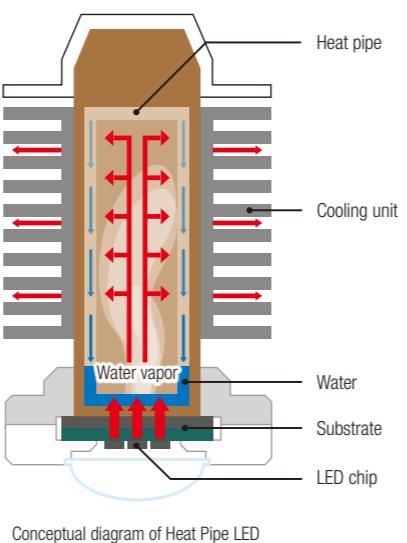


Example of implementation in a food plant (outdoor unit)

● Long-Life LED with Reduced Maintenance Burden Heat Pipe LED

The Heat Pipe LED offers superior heat dissipation performance compared to standard LEDs that rely only on a heat sink. The small amount of water inside the heat pipe vaporizes at the connection surface with the substrate, transfers heat to the cooling section (heat sink) to dissipate it, and then condenses back into water, repeating the cycle. Consequently, it is less prone to heat-induced degradation even with long-term continuous use, resulting in a longer lifespan than general LEDs. In high-ceiling areas, replacing lighting fixtures often requires scaffolding, which incurs additional costs each time they need to be updated. The Heat Pipe LED can reduce replacement frequency by approximately 50% compared to standard LEDs, significantly lowering the maintenance burden.

[As of March 2025, 8 sets have been implemented.] 



Carbon Neutrality Promotion Project Activities

To achieve a carbon-neutral society, we launched the Carbon Neutrality Promotion Project in October 2021. Since FY2023, we have begun company-wide calculation of Greenhouse Gas (GHG) emissions. We independently developed SGES (Sanken GHG Estimate System)*, a BIM-linked estimation system capable of calculating the Life Cycle GHG Emissions of planned

projects. This enables us to calculate all GHG emissions, including our own emissions (Scope 1 and Scope 2) and emissions from the upstream and downstream of our business activities (Scope 3). We will continue to calculate the Life Cycle GHG Emissions of our business activities going forward, accelerating our efforts toward achieving carbon neutrality.

Greenhouse gas emissions					
Scope/Category	Category description	GHG emissions (unit: t-CO ₂)			
		FY 2023*	FY 2024	FY 2023*	FY 2024
Scope 1	Direct emissions	143	133	143	133
Scope 2	Energy-derived indirect emissions	3,094	2,954	3,094	2,954
Total of Scope 1 and 2		3,237	3,087	3,237	3,087
Scope 3	Other indirect emissions	789,408	717,366	789,408	717,366
Category	1 Purchased products and services	73,167	45,418	73,167	45,418
	2 Capital goods	55	157	55	157
	4 Upstream transportation and distribution	2,502	1,652	2,502	1,652
	5 Waste generated in operations	2,636	2,435	2,636	2,435
	6 Business travel	171	180	171	180
	7 Employee commuting	923	922	923	922
	11 Use of sold products	706,906	663,225	706,906	663,225
	12 End-of-life treatment of sold products	3,048	3,377	3,048	3,377
	Total of Scope 1, 2, and 3	792,645	720,453	792,645	720,453

*Calculation figures as of July 2025 (The figures have been updated by changing to a more accurate calculation method that reflects the actual situation)

Independent third-party verification was conducted by Earth Tone Consulting Co., Ltd.

● TCFD Recommendation-Based Information Disclosure

Recognizing the impact of climate change on our business as a critical issue, we disclosed climate-related information in March 2024 based on the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). We aim to balance our response to climate change with the

development of our business and will continue to actively disclose information in line with the TCFD's recommended framework (governance, strategy, risk management, metrics, and targets related to climate change risks and opportunities).

● Submission of Commitment Letter to Obtain SBT Certification

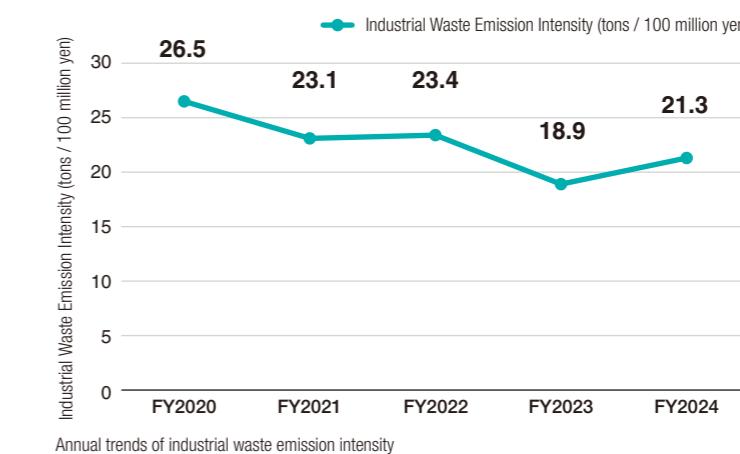
We have submitted a commitment letter to the Science Based Targets initiative (SBTi), the certifying body, to obtain certification for our Science Based Targets (SBT), a set of GHG emission reduction targets scientifically consistent with the level required by the Paris Agreement. In this commitment

letter, we have stated our commitment to setting and submitting targets that are compliant with SBT criteria within two years. We are committed to achieving carbon neutrality by 2050 by accelerating reductions in supply chain emissions and increasing our use of renewable energy.

Reduction of Industrial Waste

While scrap metal and plastic waste account for only a few percent of the total construction waste, we put effort into reducing our overall waste through recycling as much as possible. To achieve this, we implement sorted collection and disposal at our worksites, process valuable materials, and contract with specialized industrial waste companies that can separate mixed waste. In fiscal year 2024, our industrial waste intensity (emissions

per 100 million yen of prime contract amount) was approximately 21.3 tons. This was an increase from our fiscal year 2023 result of approximately 18.9 tons. In the next fiscal year and beyond, we will continue to work diligently with our partners to reduce this amount and contribute to the realization of a carbon-neutral society.



● Industrial Waste Electronic Manifest

We are promoting the use of electronic industrial waste manifests and entrusting them to excellent industrial waste disposal companies that are environmentally conscious. By using electronic industrial waste manifests, we

monitor the amount of industrial waste generated and track the appropriate disposal of emitted industrial waste.

● Promotion of "Not Bringing or Generating Unnecessary Materials"

In addition to reducing industrial waste, we promote factory processing of incoming materials and ordering materials and equipment using BIM. This helps prevent excessive material ordering caused by miscounts or over-

estimates, suppresses the generation of scraps during on-site handling, and reduces rework and corrective work due to interference with other systems.

Efforts to Reduce Environmental Waste in the Office

At each of our business sites, we purchase green procurement office supplies that our company has defined as having a low environmental impact as much as possible. In fiscal year 2024, we achieved an average procurement rate of 87.5% across all sites, successfully exceeding our 85% target. We will continue to raise awareness of environmental impact and strive to achieve the target in the next fiscal year. In other areas, as part of visual-

izing the use of copy paper, the aggregation of paper usage shows a 4.8% reduction in CO₂ emissions compared to last year, indicating a widespread awareness of going paperless.

We will continue to reduce environmental impact and ensure the sustainable use of limited resources.

Social

Human Rights

Sanken Setsubi Kogyo is committed to respecting human rights. To promote these efforts, we have established the Sanken Setsubi Kogyo Human Rights Policy based on the Guiding Principles on Business and Human Rights.

Under this policy, we advance human rights education, human rights due diligence*, and the development of grievance mechanisms to further respect for human rights. 

Identification and Assessment of Human Rights Risks

We reference international covenants and standards related to human rights and labor to identify risks that have been apparent or may arise in our operations. We assess the severity of these risks based on the likelihood and potential impact, identifying priority human rights issues for our company and implementing measures to address them.

Conducting CSR Surveys

As part of our human rights due diligence efforts, we conduct an annual CSR survey for all employees and value chain partners.

The employee CSR survey had a similar response rate to last year. For the partner company CSR survey, we improved the delivery method and significantly revised the scope of recipients.

Our analysis of the employee survey revealed a weakening trend in employee awareness of CSR initiatives. This may be due to the difficulty in connecting CSR activities, including respect for human rights, with their daily work. Conversely, the number of respondents for the partner company survey increased from 874 to 1,098. While the response rate itself declined, we believe this indicates a growing interest and commitment to CSR activities among our many partners. Moving forward, we will continue our CSR education and information disclosure to make these initiatives more accessible. By continuously conducting our CSR surveys, we aim to identify

1. Prevention of unintended excessive work hours (promotion of Work Style Reform)
2. Prevention of all forms of harassment (human rights education, appropriate operation of internal reporting system)
3. Prevention of occupational injuries and illnesses (occupational health and safety activities based on ISO 45001 standards)
4. Human rights education for employees (human rights education through role-specific training)

and rectify actual or potential human rights issues and problems within our company and among our partners.

CSR Survey

Employee response rate:

84.1% (1,065/1,265) (Previous year's response rate: 86.4%)

Partner company response rate:

39.0% (1,098/2,815) (Previous year's response rate: 54.7%)

* Human Rights Due Diligence: A continuous process in which a corporation proactively investigates and understands potential negative impacts on human rights within its operations, group companies, and business partners. This process involves taking appropriate measures to prevent or mitigate these impacts, correcting them through suitable means, and disclosing the progress and outcomes to external stakeholders.

Human Capital

Talent Development Activities

At Sanken Setsubi Kogyo, our greatest asset is our people. Employees who express their individuality and pave their paths toward their goals are the driving force behind our company. We support employees who are com-

mitted to their growth and provide them with opportunities that match their abilities and aspirations for greater achievements.

Internal Training Programs

Training Programs for Junior Engineer Employees



Role-Specific Training Programs

We conduct role-specific training annually for newly appointed employees, focusing on the responsibilities, necessary knowledge, and skills required for each position. Additionally, we provide compliance education to all employees to foster awareness and ensure adherence to compliance standards.

< List of Programs >

- Career Design Training
- Newly Appointed Chief Training
- Newly Appointed Section Chief Training
- Newly Appointed Assistant Manager Training
- Newly Appointed Managerial Position Training
- Employee Evaluator Training
- Sales Training

Human Resources Development Policy

We strive to train junior employees who are engineers to be capable of managing construction projects worth approximately 100 million yen within five years of joining.

A performance standard document is created, listing elements required to become a site manager, and employees review it semi-annually with their supervisors as a benchmark for development.

We support the growth of junior employees through group training and on-the-job training (OJT) until their fifth year. Furthermore, in 2023, we have developed a new curriculum focusing on educating employees up to their tenth year. We also launched a training program for junior sales staff in fiscal year 2024. 



Operation and Development of Talent Management System

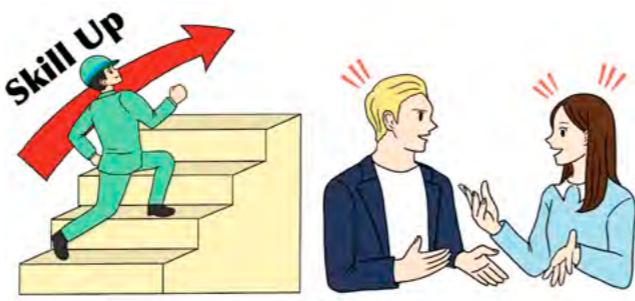
We have introduced a Talent Management System, a human resources management system designed to leverage individual abilities. Our goal is to create a workplace where a diverse range of employees—regardless of nationality, gender, or age—can thrive based on their capabilities. We are achieving this by further accumulating, visualizing, and analyzing information related to human capital management.

Currently, we are focusing on populating the system with new information. To ensure its effective use, we are not only planning for future functional and performance enhancements but also building the system with a strong focus on improved usability and visibility. The new Talent Management System is scheduled to be operational starting in fiscal year 2025.

● Skill Enhancement Support

We have established a website accessible on our intranet dedicated to educating employees, featuring materials from internal training sessions, information for certification acquisition, and self-study content. It is designed to help our employees enhance their knowledge and skills.

To strengthen our global presence, we also provide self-improvement courses for employees interested in learning and practicing conversations in English.



Promotion of Health and Productivity Management

Sanken Setsubi Kogyo is committed to ensuring the well-being of all employees. As a result of various efforts, we have been recognized as the KIH Outstanding Organization* 2025 (Large Enterprise Category) by the Ministry of Economy, Trade and Industry & the Japan Health Council.

* KIH (KENKO Investment for Health) Outstanding Organization: Certificate awarded to organizations investing in employee health as a part of managerial practice and strategically engaging in related activities.



● Health and Productivity Management Declaration

In our company, we believe that when employees are healthy, secure, and fulfilled, they can find purpose in their work and exert their full potential as members of an "Environmental Innovation Company". This belief drives

our commitment to uniting corporate officials, occupational physicians, employees, and their families and promoting healthy, productive management.



● Mental Health Measures

We partner with specialized EAP (Employee Assistance Program) providers to safeguard our employees' mental health. Our occupational health physicians and internal staff work together to solve mental health issues promptly.

We also conduct mental health courses in role-specific training and perform annual stress checks in compliance with the Industrial Safety and Health Act. We provide consultations with occupational physicians for those with high stress to improve work environments.

Pursuit of Work-Life Balance

We have established a range of systems to accommodate diverse work styles. Our goal is to create a work environment where all employees, regardless of their use of these systems, can operate comfortably and effectively.

● Personnel System

In response to the growing number of older adults who wish to continue working if they are healthy, companies in Japan are being asked to make efforts to extend employment until the age of 70. Our company was a pioneer in this societal trend, having already implemented a continuous employment system up to age 70.

However, it is essential for enhancing productivity and has a positive impact

on talent development to ensure that highly experienced employees remain motivated in their work.

Taking these factors into consideration, we have introduced a "selective retirement system" starting in fiscal year 2024, which allows employees to choose their retirement age between 60 and 65.

● Distribution of the Work-Life Balance Handbook

To support our employees who are balancing work with childcare and elder-care, we have established a variety of systems and programs.

To ensure these systems are understood by all employees, not just those who use them, we have published an easy-to-understand handbook on our internal portal site. This handbook is designed to improve comprehension through the inclusion of employee testimonials, detailed usage guides, and comprehension checks. We also use figures and tables to clarify complex policies, making the information visually appealing and easy to read.



● Parental Leave System

	Law of Japan	Sanken Setsubi Kogyo
Long-Term Parental Leave	Available until the child turns 1 year old, extendable to 2 years	Available until the child turns 1 year old, extendable to 3 years
Short-Term Parental Leave (Parental Leave for Medical Purposes)	Up to 5 days per year for one child, up to 10 days per year for two or more children (both can be taken until the child enters elementary school) • Unpaid leave • Legal name: Child Nursing Leave	Up to 15 days per year for 1 child, and up to 20 days for 2 or more children, until they end the 3rd grade of elementary school • Paid leave • Our Company's Name: Childcare Leave

● Caregiver Leave System

	Law of Japan	Sanken Setsubi Kogyo
Long-Term Caregiver Leave	Up to 93 days for 1 eligible family member, the leaving period can be divided into three segments	Up to 93 days for 1 eligible family member, extendable up to 90 additional days at most, the leaving period can be divided into three segments
Short-Term Caregiver Leave	Up to 5 days per year for 1 eligible family member and up to 10 days for 2 or more eligible family members	Up to 10 days per year for 1 eligible family member and up to 15 days for 2 or more eligible family members

● Adaptation to Various Work Styles

We advocate for teleworking to accommodate diverse work styles without time or location constraints. A flexible environment has been established to support employees who face challenges related to commuting, including those with childcare, caregiving, personal health issues, or when implementing BCP during large-scale natural disasters and disease outbreaks,

all while maintaining their professional commitments. We also offer special day-offs to employees on-site after construction completion, re-issue expired leave for non-work-related medical conditions, vacations for employees who have attained 25 years of service, and an anniversary holiday to encourage the practice of taking vacations.

Work-Life Balance Indicators

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Average Overtime Reduction Hours	0.7 hours	0.5 hours	11.3 hours
Parental Leave Usage Rate (Female) ¹	100% (6 persons)	87.5% (7 persons)	100% (12 persons)
Parental Leave Usage Rate (Male) ¹	14.7% (5 persons)	25% (6 persons)	52.6% (20 persons)
Number of Employees Taking Parental Leave ²	42 persons	49 persons	55 persons
Number of Employees on Shortened Working Hours ²	27 persons	29 persons	21 persons
Number of Employees Taking Caregiver Leave	29 persons	35 persons	35 persons

*Note 1: Parameter - Female: Number of female employees who gave birth; Male: Number of male employees whose spouses gave birth.

*Note 2: Applicable period - Until the end of the 3rd grade of elementary school

Work Style Reform

Promotion of Work Style Reform

In February 2025, we were honored with the Work Style Excellence Award from the Mynavi Tenshoku BEST VALUE AWARD, which recognizes companies that provide a vibrant and productive environment for their employees. Our entry was based on the following five initiatives:

- Appointing a Work Style Reform Supervisor at each branch to ensure thorough time management (utilizing time management sheets).
- Establishing a field support team (through front-loading and concurrent engineering).
- Promoting "Yamekatsu."

- Introducing diverse dress codes appropriate for various business settings.
- Thoroughly improving IT skills.

Our goal for work style reform is not merely to meet the cap on overtime hours. Instead, we are committed to building an environment where every employee can feel a sense of purpose and live a healthy, fulfilling life both at work and at home.



Promote Digital Transformation with SANKEN DX

In April 2024, the DX Promotion Division was established to advance the development of the SANKEN Construction System (SCS).

Utilizing BIM data within a Common Data Environment (CDE), the SCS aims to reduce management and labor costs by standardizing, optimizing, and moving "process and quality management" off-site. The system also enables "construction simulations," which will lead to a manufacturing-like approach in the construction industry, boosting productivity and optimizing our supplier network. We will drive this business transformation by creating a loop of positive feedback across all our business processes, with the SCS at its core.

- DX Strategy (DX Report 2023)

1. Promote Concurrent Engineering (CE) and utilize Building Information Modeling (BIM)

2. Introduce the Sanken Smart BA System_® to enhance facility value

- Improve productivity through digital technology and data utilization
- Develop digital talents for DX

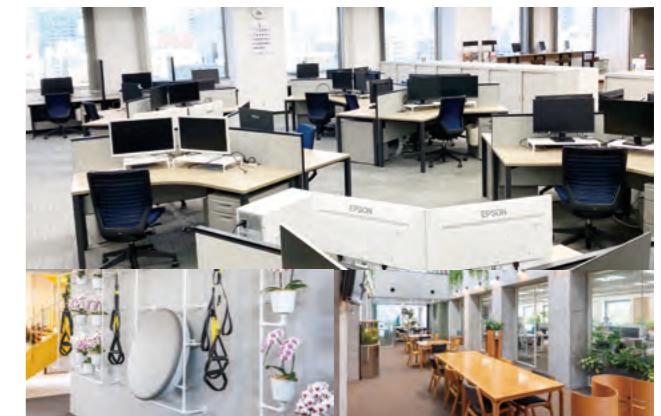


In November 2023, we were certified as a "DX Certified Business" by the Ministry of Economy, Trade and Industry



Office Environment Initiatives

To enhance employee health, comfort, creativity, and intellectual productivity, we have introduced activity-based working, a work model enabling employees to choose their workplace, and biophilic design, a concept incorporating natural elements like daylight and greenery at our centers and sections of our head office. Since 2021, we have also embraced diverse business attire, respecting each employee's individuality and promoting health maintenance by allowing attire choices based on personal condition.



Diversity Promotion Philosophy

Promotion of Women's Participation in the Workplace

To foster a work environment where female employees can thrive, we have formulated an action plan following the Act on Promotion of Women's Participation and Advancement in the Workplace (effective date: April 1, 2021 - March 31, 2026), publishing our objectives and goals on the Ministry of Health, Labor and Welfare's Women's Participation and Work-Life Balance Support Website. We are also preparing to obtain Eruboshi Certification, a recognition system established to certify companies actively promoting

women's participation.

Since fiscal year 2021, we have conducted the Career Design Training, a training dedicated to support and enhance awareness among female clerical employees who transitioned into administrative and managerial positions.

* Eruboshi Certification: A system where the Minister of Health, Labor and Welfare certifies companies that excel in promoting women's participation

Diversity Promotion Indicators

	Fiscal 2022	Fiscal 2023	Fiscal 2024
Ratio of female employees in senior positions	1.1%	1.4%	1.3%
Number of female employees who transitioned positions ¹	12 persons	12 persons	4 persons
Number of rehired annuitants (female) ²	2 persons	1 person	1 person
Number of rehired annuitants (male) ²	7 persons	13 persons	2 persons
Number of foreign employees	14 persons	12 persons	19 persons
Turnover rate	11%	12%	9.2%
Employment rate of employees with disabilities	2.39%	2.29%	2.33%

*Note 1: The number of female clerical employees who transitioned into administrative and managerial positions along with changes made in our HR system in fiscal year 2020

*Note 2: Retirement age: Starting in fiscal year 2024, we introduced a "selective retirement age system" that allows employees to choose their retirement age in one-year increments from 60 to 65

Recruitment of Para-Athletes

We promote para sports and disability employment through hiring para-athletes. We support their commitment to athletics and inspire us through their professionalism and achievements.



Para canoe



Wheelchair rugby



Deaf golf



Boccia

Quality

Sanken Setsubi Kogyo is dedicated to enhancing value across all quality management processes to meet our customers' needs. We adhere to relevant regulations and our quality management system to deliver responsible, high-quality products and services. 

Concurrent Engineering Department Initiatives

The Concurrent Engineering Department focuses on initiatives that enhance corporate value with a strategic focus on a 3 to 5-year horizon, ensuring we remain a preferred choice for our customers. Our commitment includes promoting concurrent engineering (CE)* for projects and strengthening internal engineering in the initial phase of projects. Our efforts involve proposing our

proprietary technologies, offsite construction, logistics hub development, BIM, digital twins, and ICT applications.

* Concurrent Engineering (CE): Methodology involving project managers with various expertise coordinating multiple processes simultaneously. By actively sharing information and collaborating across various departments, CE aims to reduce project duration, lower costs, and enhance overall quality.

S-LABO Kyushu: Kyushu-Based Logistics and Offsite Construction Hub

To spread our CE initiatives, we have established a logistics and offsite construction hub S-LABO Kyushu in Fukuoka Prefecture, targeting the Kyushu mainland and Yamaguchi Prefecture. By utilizing BIM and DX, we are implementing strategies such as prefabrication material management and visualizing construction operations and processes, to reduce operations due to labor shortage on-site and support work style reforms in response to the new overtime regulations. Our goal is to transition from construction management to production management, thereby enhancing quality, simplifying safety management, and minimizing industrial waste.

This first served as a hub for sorting and transporting prefabricated materials by building our area for the Mageshima Base construction project. We plan to expand the number of sites and hubs in the future, ultimately establishing an off-site hub for all projects.

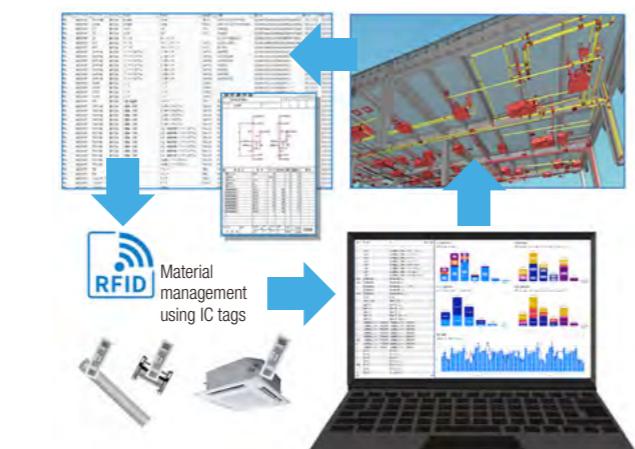


Diagram of utilizing BIM and visualizing the construction processes

BIM for Visualizing Construction Processes

We promote transitioning operations from on-site to offsite, including pre-processing traditional fabricated pipes and small-bore pipes. Material identification and management can be done efficiently using BIM parameters to quantify pipes and ducts and implementing IC tags on each item. By integrating BIM data with our capabilities in construction sites, adjustments and corrections can be made quickly and systematically, ensuring quality while reducing labor hours. We aim to standardize visualization of construction management through BIM, optimizing the entire construction and management process. We are striving to create initiatives that will maximize productivity and contribute to the sustainable development of the construction industry.

Initiatives for Quality Improvement

Preventing Major Quality Accidents

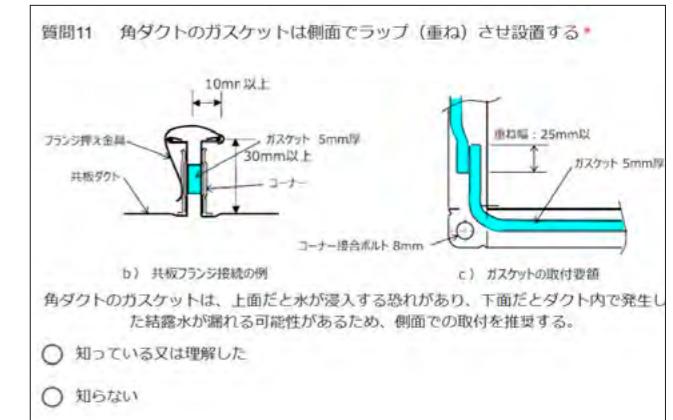
Maintaining organizational records of significant quality accidents and their societal impact is essential, ensuring that current and future employees are informed, engaged, and able to learn from them. We create educational video materials highlighting major quality accidents in the construction industry, alongside case studies, relevant background information, and technical insights. These resources are used annually in internal training for engineers to prevent accident recurrence that may arise from diminishing memories.



Example of a falsified major quality accident

Mastering Foundational Skills through Quality Orientation Training

New entrants to construction sites, particularly those with limited experience and skills, often express concerns, while more experienced employees may risk overlooking essential knowledge if not applied regularly. We offer e-learning solely for construction-related quality education, designed to equip employees with fundamental skills and reinforce core quality concepts, thereby reducing anxiety. This education is also provided to new entrants from partner companies, fostering clear communication about quality between our workforce and partners.



Example of quality orientation training

Construction Management System Development

Using our foundational data, we digitized monthly construction reports previously presented in paper format. This approach allowed the back office to monitor essential ISO-required progress meetings and inspections, along with visualizing the current management status derived from safety and quality patrols, enabling quick detection and resolution of on-site issues. The system also ensures financial management such as planned versus actual labor hours management, appropriate payment tracking to partner companies based on progress, and proper expenditure management with primary contractors. Conducting document reviews using this system before inspections has also enhanced productivity.



Example of our construction management system interface

Safety

Sanken Setsubi Kogyo is dedicated to fostering a safe, lively workplace where employees can achieve personal fulfillment by utilizing our occupational health and safety management system. We strictly adhere to health and safety fundamentals, conduct precise management activities, and aim for zero accidents and health assurance throughout the organization. 

Safety Initiatives

Setting Safety Performance Goals

In fiscal year 2024, the number of lost-time accidents was 23, and the number of accidents resulting in four or more days of lost time was six. This represents an increase in incidents from the previous year, and the rise in lost workdays has led to higher frequency and severity rates. We will thoroughly analyze the accidents from fiscal year 2024 and promote a greater awareness of safety by ensuring that employees and business owners are well-informed about and adhere to recurrence prevention measures, with the goal of achieving zero lost-time accidents.

2024 Safety Performance (Frequency and Severity Rates) as of the end of March 2025

Frequency Rate: 1.528 (Target: 0.000 or below) Severity Rate: 0.103 (Target: 0.000 or below)

Frequency Rate: An indicator that shows the frequency of accidents, based on the number of casualties and injuries from work-related accidents
Severity Rate: An indicator of accident severity, based on the number of lost workdays from work-related accidents

Raising Awareness and Distributing SANKEN's Safety Guide

To effectively resolve any uncertainties or questions regarding safety regulations encountered during site operations, we have published a comprehensive guide to enhance safety practices. This guide features our safety operation standards, which are presented in illustrations to ensure clarity. Rather than being merely distributed, we engage in continuous discussions about its content within the organization. In addition to the digital version, we provide a pocket-sized printed version for easy access, which is distributed to our partners to help prevent accidents in the workplace.



Distribution of Multilingual 13 SANKEN SAFETY RULES

Based on past cases, we have established the 13 SANKEN SAFETY RULES. With a diverse, multinational workforce, we have translated these safety regulations into six languages (English, Chinese, Thai, Vietnamese, Burmese, and Indonesian) alongside the original Japanese. These are used in training sessions and orientation programs to improve comprehension of the 13 safety measures, with the ultimate objective of achieving zero accidents.



Implementation of Safety and Health Education

We distribute monthly Zero Accident News and Sanken Safety and Health Environment Topic during safety councils held at construction sites. E-learning platforms dedicated to safety education are also available to

disseminate essential knowledge and regulations. By addressing existing knowledge gaps and ensuring an understanding of our distinct regulations, we promote a secure and safe work environment.

Conducting Safety Patrols

Collaborating with our partners, we conduct safety councils nationwide to prevent on-site accidents, ensure awareness of site rules, provide safety education, and hold discussions. We carry out joint safety patrols with our branch offices' safety council to assess and review safe work environments and procedures, including operations in high places, material management, and tool usage. We publish an annual newsletter titled Kakigara, to report safety and health-related information and public relations activities.



Hosting Annual Safety Conferences

We co-host safety conferences, a gathering dedicated to safety within construction sites with our branch offices and safety councils. Held annually in June, during the National Safety Week Preparatory Month, we gather employees and partners to communicate the year's safety slogan and critical measures, review recent safety performance, and discuss the importance of incident prevention. This gathering also provides a platform for the regular assessment of safety initiatives, thereby enhancing awareness and commitment to safety and health.



Safety Education at the Saitama Technology Center

Our Saitama Technology Center serves as a venue for enhancing safety awareness among employees and partner companies, along with fostering community engagement. The center features a first-floor training area equipped with 12 safety simulation devices and fall prevention harnesses for practical experience. These tools allow participants to experience potential operation risks in construction sites, thereby improving their safety awareness and predictive capabilities. We also conduct physical fitness assessments for older employees to aid them in understanding their physical capacities and preventing accidents that may result in serious injuries.



Safety Leader Skills Development Training

Based on the feedback from the 2024 safety culture survey, we are implementing skill-building training for safety leaders at each branch. By further enhancing the capabilities of these trainers, we are strengthening our in-house On-the-Job Training (OJT) and fostering a stronger safety culture.



Stakeholder Engagement

Communicating with Our Customers

● Implementing CS Activities and Proposal-Based Sales

Our customer service (CS) activities include proposal-based sales, maintenance, and renovation projects to address diverse customer needs and obstacles. We collaborate between divisions and branches to meet customer requests including ZEB transformation and initiatives aimed at reducing

energy consumption. Tours and presentations are held at the Tsukuba-Mirai Technology Center to promote our technical expertise. We are committed to delivering well-informed proposals that satisfy and foster trust with our customers.

● Exhibition Participation and Technical Publications

We showcase our technologies and products at various exhibitions to engage directly with attendees and gather feedback. This interaction enables us to attract interest from both existing and potential clients across different industries and professions. Through face-to-face communication, we address their challenges and needs while providing information about our

services. Our technical publication Eu features interviews with customers, focusing on technically significant projects and exploring solutions to both domestic and global challenges through collaborative efforts with our clients.

Communicating with Our Partners

● Hosting Business Owner Training Sessions

We organize training sessions for business owners of partner companies at each branch, with instructors dispatched from our head office. These sessions cover important safety and quality topics, including preventing occupational and quality accidents and raising awareness using our safety

guides. Our goal is to ensure rigorous safety management and maintain high construction quality.

Additionally, we produce and share videos with branches to support those who cannot attend.

● Operation of Sanwa-Kai

Serving as the secretariat, we operate the Sanwa-kai as a forum where we gather people from partner companies, including equipment manufacturers and distributors, to deepen friendships with each other to facilitate con-

struction. Through the planning and implementation of various social activities, we deepen our acquaintances and maintain close communication.

● Information Sharing via Our Website for Partner Companies

We have launched a website, "For Our Partner Companies," to facilitate information sharing with all our partners. On this site, we publish case studies from previous years, organized by trade and fiscal year, as well as chemical substance risk assessment sheets

categorized by manufacturer and application. We also share "Hiyari-Hatto" (near-miss) reports submitted by our members. This initiative is designed to raise awareness of safety management and quality improvement among both our partner companies and our own staff. 

● Declaration of Partnership Building

We have publicly announced our Declaration of Partnership Building dedicated to the development of our procurement policy. By publishing this

agreement on our web portal, we seek to enhance the transparency and visibility of our initiatives. 

● Multi-Stakeholder Policy

Co-creating value with shareholders and diverse stakeholders is essential and we are committed to engaging in appropriate collaboration with multiple stakeholders in our corporate management. The fair distribution of profits

and outcomes from value co-creation contributes to a sustainable society. Therefore, we engage in initiatives that benefit employees and other stakeholders. 

Communicating with Our Employees

● Conducting Employee Engagement Surveys

We conduct an annual employee engagement survey to visualize and quantify employee motivation and a sense of purpose. This fiscal year, 82% of responses were positive regarding employee satisfaction (ease of work), happiness (job satisfaction), and growth orientation. The survey results are used for our work style reform initiatives aimed at achieving well-being

● Yamekatsu Grand Prix Initiative

As part of our ongoing work style reform efforts, we invite employees to submit proposals for eliminating unnecessary tasks, known as Yamekatsu. A biennial contest is conducted in which directors serve as judges, evalu-

management. Additionally, we aim to create a more comfortable workplace by gathering employee opinions, suggestions, and requests, reflecting them in individual improvements or management measures where possible, and enhancing communication between employees and management.

ating and sharing suggestions made by employees. This event is held to promote an efficient, lively work environment for all individuals within the organization.

Social Contributions

We promote activities that make a positive impact on society, which includes the environment, the workplace, and our daily lives, and encourage employees to participate in these initiatives. In fiscal year 2024, we conducted 93 activities, exceeding our target of 55 social contribution activities.

<Notable Activities>

- Cleaning activities around business locations
- Donation initiatives (installing Red Cross donation vending machines, donating used stamps, books, calendars and emergency food)
- Recognized as a contributor to urban greening and urban park projects through Fukuoka City's One Flower Per Person Movement
- Delivered a lecture on airflow analysis and indoor environment prediction technology at a seminar at Atma Jaya University in Indonesia, receiving a letter of appreciation
- Sponsored the Industry-Academia Collaboration Project Dance Academy 2024
- Supported Asuhiro, a general incorporated association aiming to inspire children and revitalize communities through sports

Supporting Sports Activities

Through supporting sports activities, we contribute to the development of the next generation and enhance sports culture.

● SANKEN 30CLUB

Formed in 1998 by former Japan national team players, this adult water polo team has been sponsored by Sanken Setsubi Kogyo since 1999, adopting the name SANKEN 30CLUB. The team continues to promote sports culture and participate in national championships.



Governance

Corporate Governance

Our Philosophy on Corporate Governance

As an "Environmental Innovation Company" that creates sustainable air and water environments, we aim to contribute to society by offering advanced technology through MEP engineering, construction, and associated services.

To achieve sustainable growth and enhance corporate value under this mission, our fundamental approach to corporate governance is to promote compliance, balance management oversight with business execution, and

make decisions that are fair, transparent, swift, and decisive. We also consider corporate operations that address the looming social issues of global warming and the climate change crisis to be a crucial factor in our governance. In March 2025, we endorsed the TCFD recommendations and submitted our commitment to the SBTi.

We also established a corporate governance structure based on the Companies Act to foster trust among all stakeholders.

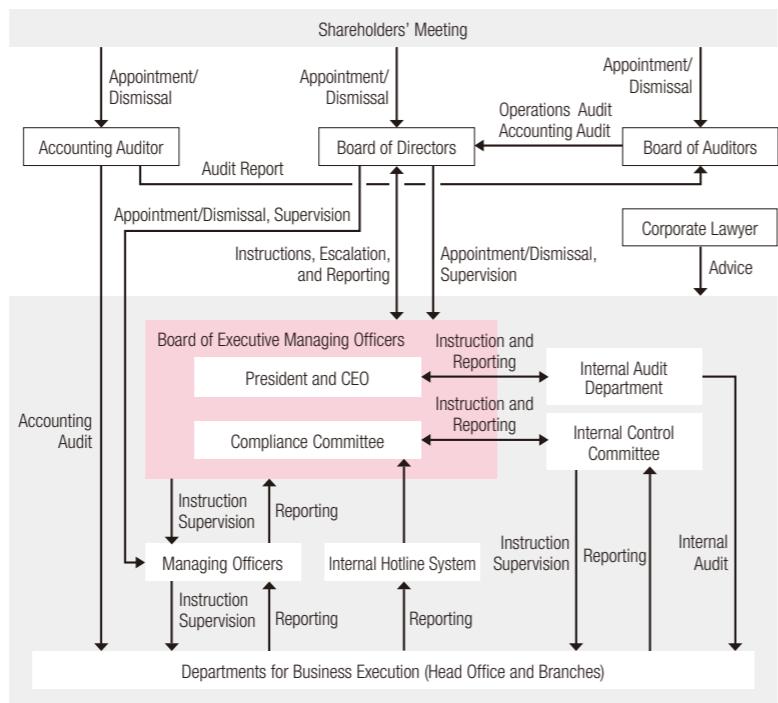
Corporate Governance System

Our governance structure comprises a Board of Directors responsible for decision-making and overall oversight, alongside an Executive Officer system designated for business execution. The heart of the business execution is the Executive Committee, which engages in deliberations and decision-making regarding critical management and sustainability issues, encompassing compliance, risk management, and initiatives related to carbon neutrality, thereby supporting the President and the Board of Directors. The Compliance Committee operates under the Executive Committee and monitors corporate compliance.

The Audit & Supervisory Board conducts audits under established plans and engages in discussions with directors, the internal audit department, and external auditors to enhance collaboration.

The Internal Audit Department is charged with auditing business execution across all departments, ensuring the appropriateness and effectiveness of the management systems.

Corporate Governance System Chart



Skills Matrix for Directors (expertise of directors and auditors)

	Name	Technology Development	Production	Market Development	Finance	Legal Affairs	Human Resources	Internationality
Directors	President and Representative Director President and CEO Eiichi Matsui	●		●	●		●	●
	Representative Director Senior Executive Managing Officer Hirosi Akase	●	●	●			●	
	Director Senior Executive Managing Officer Itsufumi Goto			●			●	●
	Director Executive Managing Officer Tomomi Sato		●		●		●	
Corporate Auditors	Senior Corporate Auditor Makoto Nishida				●			
	Auditor Masako Yokomizo					●		
	Auditor Sugio Baba			●			●	●
	Auditor Masahiro Mikawa				●	●		

*This matrix highlights only the primary expertise of our directors and auditors (marked ●).

Essential management skills such as strategy, sustainability, and governance are not listed.

Internal Control System

Under the Companies Act, our Board of Directors established a policy for our internal control system, ensuring legal compliance and promoting transparency and efficiency in management. 

Internal Hotline System

To strengthen our compliance management, we have established a Compliance Hotline, a system for consultations and reports on matters such as legal violations, harassment, and any actions that deviate from the SANKEN Group Ethical Charter. This hotline is available to both our employees and our partner companies.

The Compliance Hotline is managed by a third-party organization that receives reports. Our Compliance Committee then takes the lead, ensuring the confidentiality of the report and protecting the reporter from any unfa-

voritable treatment while it investigates and resolves the issue. We have also established the necessary procedures for handling individual and organizational consultations and reports. We are committed to preventing misconduct, promptly detecting and correcting improper activities, and earning the trust of society.

Last fiscal year, we received five reports and worked to ensure a swift and appropriate response, with a focus on correction and improvement.

Risk Management

Under the Internal Control Committee's supervision, each division and department strive to minimize and prevent risks arising and recurrence from business operations. We establish and disseminate

necessary risk management regulations, while the Internal Audit Department audits risk management across departments and group companies to maintain effectiveness.

Concept of BCP*

Our disaster response policy reflects our dedication to meeting social responsibility objectives within the framework of business continuity. We actively participate in regional disaster agreements through industry associations and promote initiatives for disaster recovery.

*Business Continuity Plan (BCP): business continuity plans for companies and organizations in the event of a disaster or other emergency

1. Prioritize the protection of human life
2. Collaborate to continue business operations, maintain customer service, and support employees and their families
3. Minimize potential damage through daily preparations
4. Extend assistance to local residents, businesses, and government agencies when there are enough resources to spare
5. Develop BCPs addressing disasters that could significantly affect business operations and employees' lives

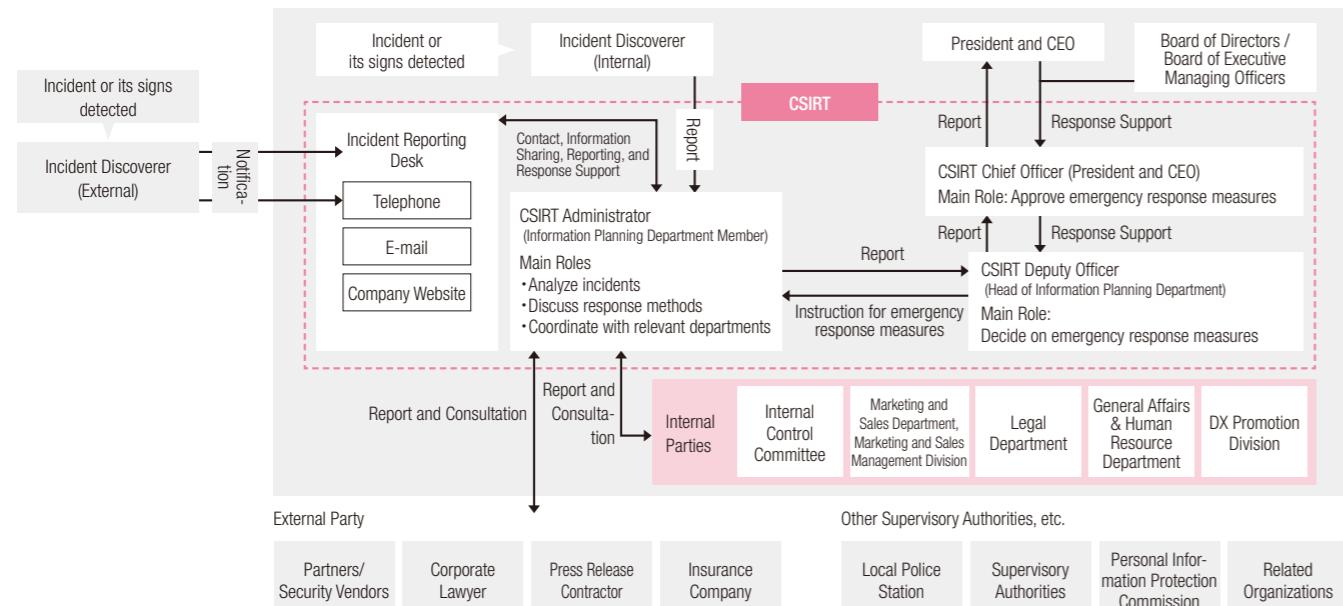
Information Security Promotion System

We have established a CSIRT* system to address information security incidents.

*CSIRT (Computer Security Incident Response Team)

A team dedicated to responding to incidents identified as security issues

Structure of the organization and CSIRT



Fair Business Practices

Commitment to Abide by the Antimonopoly Law

Our Board of Directors has resolved to conduct independent bidding activities without collusion, affirming our commitment to fair competition. Employees adhere to the SANKEN Group Ethical Charter, promoting compliance. We have also established regulations regarding antitrust compliance to prevent violations in business operations, including a whistleblower system to protect rights and privacy. Employees meeting with competitors

must prepare and submit a dedicated forum contact/report, with meetings approved by department heads to prevent bid-rigging. Internal audits are conducted semi-annually to ensure compliance, and annual training sessions with external lecturers are held to enhance understanding and awareness of antitrust laws.

Consideration for Business Partners in Digitization of Transactions and Contractual Work

To reduce our environmental impact and improve operational efficiency, we launched our e-commerce system, "SANKEN CloudEC," in February 2021, and expanded its use to our group companies in November 2024. This system provides significant benefits to our partners, including faster contract finalization, prevention of payment delays, a reduction in stamp duty fees, more efficient administrative processing, and the elimination of the need to purchase dedicated invoice forms.

The system is highly rated for its ease of use, with no fees or electronic

certificate costs for users. By the end of March 2025, the number of users exceeded 2,600 companies, with a 95.1% utilization rate for contracts (orders) and a 92.3% utilization rate for invoices.

We also remain flexible and continue to accommodate paper-based ordering, receiving, and basic contract agreements for partners who prefer not to use electronic transactions due to their security policies or other reasons.

Additionally, we ensure full compliance with all relevant regulations, such as the Japanese Invoice System and the Electronic Bookkeeping Act.

CSR Procurement Policy

We have established a procurement policy that underscores the significance of CSR procurement in sustainable management. We seek understanding and cooperation from our direct business partners to align with this policy.

1. Legal Compliance and Societal Standards We adhere to all applicable laws and societal standards.	6. Environmental Responsibility We actively work to reduce environmental waste and prevent pollution.
2. Fair Transactions In procurement, we conduct transactions based on mutual fairness and reliability, using a comprehensive evaluation system that prioritizes the company's integrity.	7. Information Security We appropriately manage customer, personal, and confidential information to ensure information security and prevent data breaches.
3. Respect for Human Rights We respect every individual's fundamental human right in our business.	8. Collaboration with Business Partners We build partnerships with our business partners to achieve mutual prosperity.
4. Quality Assurance We ensure quality that meets customer needs.	9. Request Cooperation from Business Partners (Promotion of CSR Procurement) We seek understanding and cooperation from our business partners regarding this procurement policy to promote CSR activities.
5. Health and Safety for Employees We create a safe, hygienic work environment to prevent occupational accidents.	

Corporate Data

Corporate Profile as of March 31, 2025

Company Name	SANKEN SETSUBI KOGYO CO., LTD.
Head Office	Kayaba-cho First Building, 1-17-21, Shinkawa, Chuo-ku, Tokyo
Telephone	03-6280-2561
Paid-in Capital	¥1 billion
Number of Employees	Technical staff 925 (826 men and 99 women) / Clerical staff 363 (233 men and 130 women)
Total Number of Employees	1,288
Net Sales	106.4 billion yen (as of March 2025)
President and CEO	Eiichi Matsui
Construction Business License	(Toku-4) No.1879 by Minister of Land, Infrastructure, Transport and Tourism
Line of Business & Service	Plumbing Business, Architectural and Construction Business, Electrical Construction Business, etc.
First-Class Architect Office Registration	Governor of Tokyo Registration No. 61948
ZEB Planner Registration	Sustainable open Innovation Initiative ZEB29P-00006-PGC (design and consultation)

Number of Employees with Major Technical Qualifications

Professional Engineer	12 persons
First-class Plumbing Works Execution Management Engineer	748 persons
Fire Defense Equipment Officer (A and B)	A 555 persons, B 25 persons
First-class Electric Works Execution Management Engineer	44 persons
First-class Electrician	4 persons
First-Class Architect	23 persons
First-class Building Execution Management Engineer	6 persons
Qualified Person for Energy Management	44 persons
Building Mechanical and Electrical Engineer	130 persons
First-class Instrumentation Engineer	178 persons
SHASEJ Engineer	288 persons
Qualified Person for Building Equipment Inspection	9 persons
CASBEE Architectural Assessor	4 persons
RST Trainer	14 persons
First-Class Certified Skilled Professional of Construction Industry Accounting	6 persons
Doctorate	8 persons

Membership Status in Major Industry Associations

- Air-conditioning & Plumbing Contractors Association of Japan
- The Society of Heating, Air-Conditioning and Sanitary Engineers of Japan
- Japanese Association of Building Mechanical and Electrical Engineers
- The Association of Japan Instrumentation Industry
- Japan Architecture Facilities Inspection Association
- Japan Society of Corrosion Engineering
- Energy Conservation Center, Japan
- Japanese Business Alliance for Smart Energy Worldwide
- Aluminium Plumbing Equipment Association
- Japan Facility Management Association
- Japan Air Cleaning Association
- buildingSMARTJapan

Signing of the United Nations Global Compact (UNGC)

We are registered as a signatory and participating business of the United Nations' UN Global Compact. Endorsing the Compact's ten principles in the four areas of Human Rights, Labor, Environment, and Anti-Corruption, we continue to pursue sustainability-driven initiatives under the commitment of our top management.



ISO Certification

- ISO9001:2015 Effective Date 2023/6/26
- ISO14001:2015 Effective Date 2023/11/9
- ISO45001:2018 Effective Date 2024/3/21
- ISO19650*:2018 Effective Date 2024/3/21

*ISO 19650: Engineering Management Division acquired the certification

Directors as of July 1, 2025

Director



Eiichi Matsui
President and CEO



Hiroshi Akase
Representative Director /
Senior Executive Managing Officer



Itsufumi Goto
Director /
Senior Executive Managing Officer



Tomomi Sato
Director /
Executive Managing Officer

Corporate Auditors



Senior
Corporate Auditor
Makoto Nishida



Auditor*
Masako Yokomizo



Auditor*
Sugio Baba



Auditor*
Masahiro
Mikawa

Former director, Sakura Bank
(currently Sumitomo Mitsui Banking Corporation)

* Outside auditors as stipulated in Item 16 of Article 2 of the Companies Act of Japan

Executive Managing Officers

Yuji Oyanagi
(Engineering Management Division General Manager)
Katsunori Nakane
(Nagoya Branch Manager)
Akinobu Hirose
(Kitanohon Main Branch Manager / Hokkaido Branch Manager)

Managing Officers

Hiromi Nagata
(Osaka Branch Manager)
Naritoshi Nakamura
(DX Promotion Division General Manager)
Katsuma Inoue
(Tokyo Branch Manager)

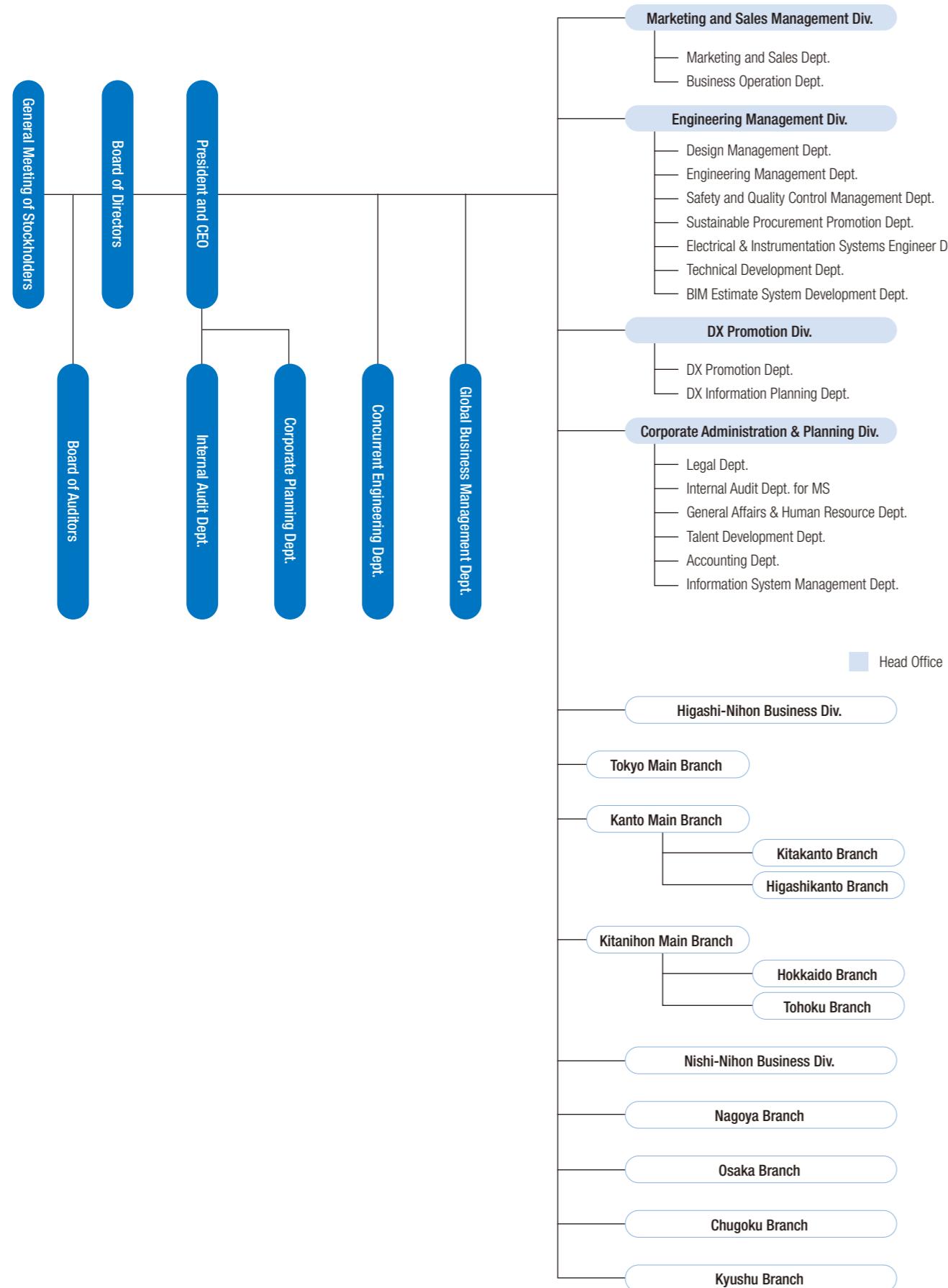
Yoshifumi Kano
(Accountant)
Hiromichi Katsuta
(Chugoku Branch Manager)
Yasushi Shinjo
(Global Business Management Department Manager)

Executive Officers

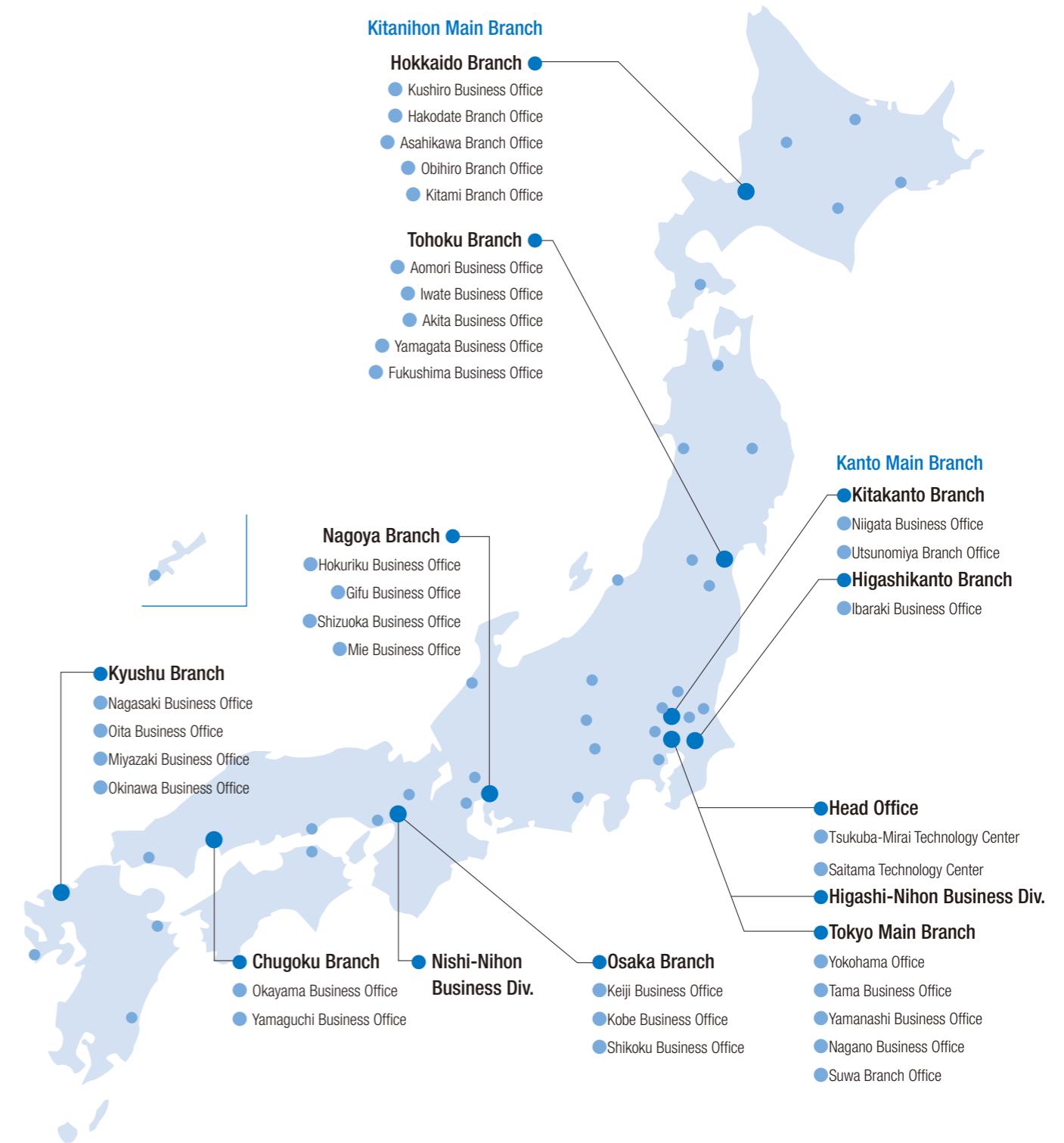
Yuji Fujioka
(Corporate Planning Department Manager / CSR Promotion Department Manager)
Koji Morikawa
(CE Promotion Center Manager / Corporate Planning Department MS Internal Audit Manager / Compliance Promotion Manager)
Minoru Shibata
(Kyushu Branch Manager)
Hideaki Toyoshima
(Kyushu Branch Manager / CE Promotion Center Deputy Manager)
Shohei Yamada
(Kitakanto Branch Manager)
Osamu Katsuyama
(Marketing and Sales Management Division Deputy Manager / Marketing and Sales Department Manager)
Takehiro Ohno
(Sales Representative)

Takao Okura
(Corporate Planning Department Personnel Development Manager)

Organization



List of Business Sites



Group Companies

SANKEN ENGINEERING SERVICE CO., LTD.

HOKKAIDO SANKEN ENGINEERING CO., LTD

TOHOKU SANKEN SE CO., LTD.

NISHINIHON SANKEN SERVICE CO., LTD.

SANKEN SHOKAI CO. LTD

WITCO INDUSTRIES LTD.

SANKEN SCUBE CO., LTD. <Vietnam>

Global Environmental Technologies Inc. <USA>

Overseas Sites

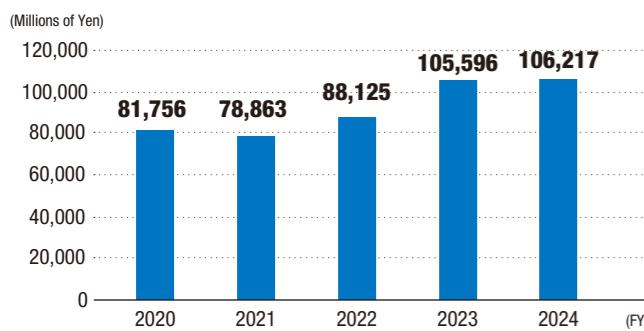
Thailand Representative Office <Thailand>

Jakarta Representative Office <Indonesia>

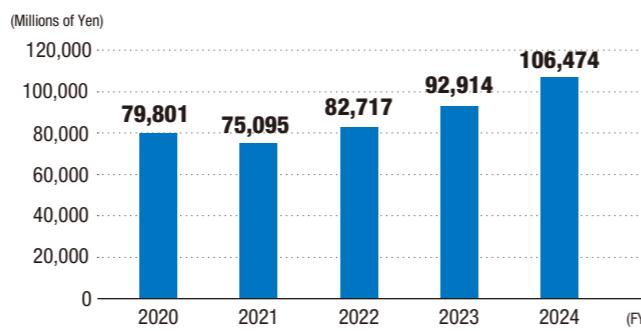
Financial Highlights

Business Performance Trends

Orders Received



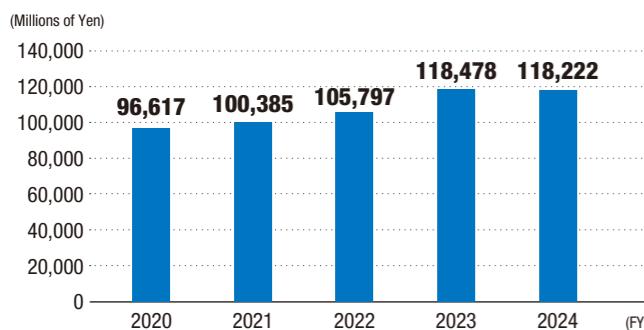
Completed Construction Contracts



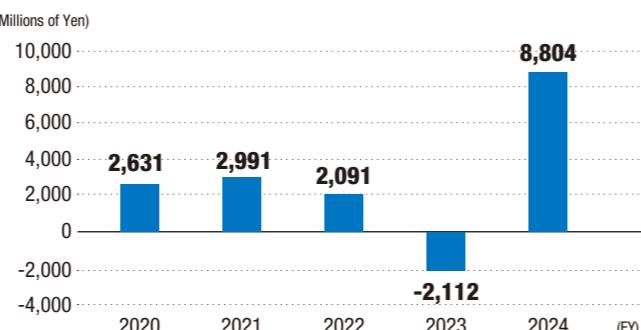
Balance Sheet

Assets		Liabilities	
Current Assets	84,141,631	Current liabilities	57,918,039
Non-current assets	11,519,784	Non-current liabilities	6,311,875
		Total liabilities	64,229,914
		Net assets	30,126,446
Shareholders' equity			30,126,446
Property, plant and equipment	484,647	Share capital	1,000,000
Intangible assets	260,118	Retained earnings	29,126,446
Investments and other assets	10,775,019	Legal retained earnings	222,748
		Other retained earnings	28,903,697
Valuation and translation adjustments			1,305,055
Total net assets			31,431,501
Total assets	95,661,416	Total liabilities and net assets	95,661,416

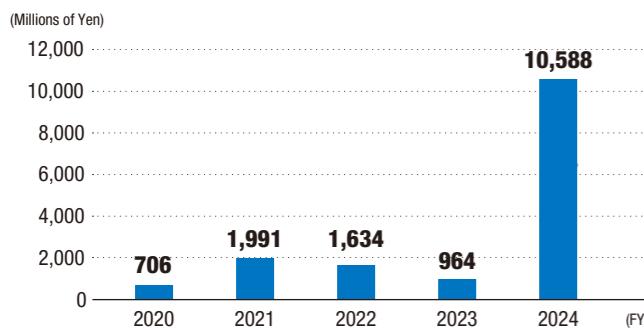
Orders Carried Over



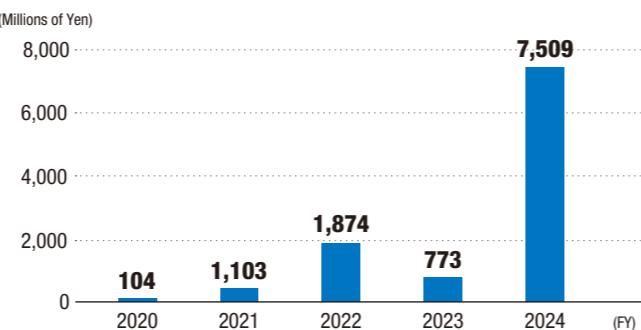
Operating Income



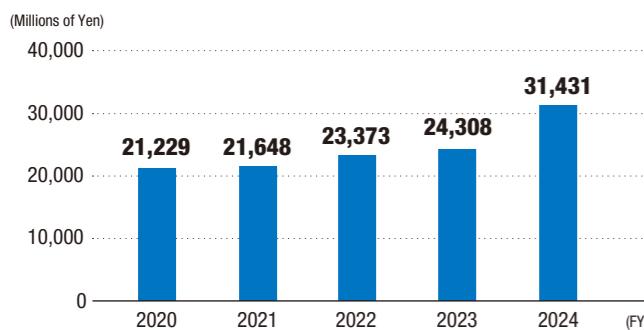
Ordinary Income



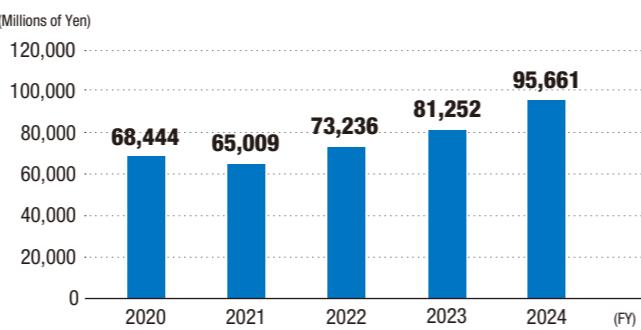
Net Income



Net Assets



Total Assets



Statement of Income

(April 1, 2024 to March 31, 2025)	
	Thousands of Yen
Net sales of completed construction contracts	106,474,026
Cost of sales of completed construction contracts	89,447,695
Gross profit on completed construction contracts	17,026,331
Selling, general and administrative expenses	8,221,974
Operating income	8,804,356
Non-operating income	1,839,503
Non-operating expenses	55,679
Ordinary income	10,588,181
Extraordinary income	234,392
Extraordinary losses	1,326
Income before income taxes	10,821,246
Income taxes-current	3,452,193
Income taxes-deferred	△ 140,888
Net income	7,509,941



Project Professor, Faculty of Economics, Shiga University
Ph.D. in Business & Commerce,
Professor Emeritus, Keio University

Daisuke Okamoto

Profile

He has served as a board member of the Japan Forum of Business and Society, a member of the Business Administration Examination Committee, the Certified Public Accountant Examination, and a member of the CSR Advisory Committee at Chugai Pharmaceutical, etc. He specializes in managemetrics and corporate appraisal. His published books include *Revisiting CSR (Shakaiteki Sekinin to CSR wa Chigau!)* (Chikura Publishing Co., Ltd, 2018)

Anticipating the Further Evolution of the Sanken Setsubi Kogyo Model

Sanken Setsubi Kogyo, a company that describes itself as the "Environmental Creation Company for Air and Water," has published its fourth Corporate Report. As the contributor to this column since its inception, I am glad to see the annual growth of Sanken Setsubi Kogyo's reporting. This fourth edition aligns with the stated editorial policy of highlighting Sanken Setsubi Kogyo's strengths, characteristics, and commitment to approachability and appears to deliver a document that is highly accessible to readers. The principle I advocated for in the first edition—treating the integrated report as an "entry point"—has been fully upheld. While this report is relatively compact for an integrated report, its strong linkage with the company's website ensures the richness of information and serves as a valuable resource for readers.

While the needs of those reading an integrated report vary, the opening message from President Matsui (p.6-9) offers a clear overview, allowing stakeholders to understand the company's status and future direction. The message declares the company's goal of transitioning from a subcontractor to an MEP general contractor. To achieve this, the Engineering Management Division was reorganized to better adapt to the changing external environment and client demands, and business development and project management capabilities were strengthened to enhance productivity.

Regarding DX promotion and digital talent development, areas Sanken Setsubi Kogyo consistently prioritize for human capital, the report outlines a clear and essential policy for the age of AI. It is articulated as: We will promote in-house digital education to elevate digital capabilities, fostering human resources who meet the SANKEN ICT Standard and SANKEN DX Standard—individuals who can master digital tools and leverage AI, rather than being managed by it. Furthermore, the core Value Creation Process has been renewed, condensing the SANKEN Challenge 2030 from five themes to three. This effectively summarizes the overall corporate strategy.

The Value Creation Process (p.10-11) introduces three new corporate materialities: "Creating an Earth-Friendly Future," "Building a Rewarding Workplace," and "Transparent and Fair Business Activities." These form the foundation of company operation within the value creation cycle, where "Inputs" are transformed into "Outputs" through business activities, ultimately resulting in "Outcomes." The report provides a detailed breakdown of these three themes in the SANKEN Challenge 2030 section (p.12-13) and includes a well-organized table that effectively links each theme to the three fields of ESG, which is a major feature of this report.

The latter half of the report features the Sanken Challenge Story, research and

development, and the new three themes of the SANKEN Challenge 2030. In the Environment (E) section (p.22-25), the report showcases our long-standing initiatives in ZEB, the Sanken Smart BA System_® (an integrated facility management system that demonstrates the company's strength as a system integrator), the environmentally friendly dehumidifying air supply unit ECOSALA_®, and the long-lasting, low maintenance Heat Pipe LED, clearly demonstrating Sanken Setsubi Kogyo's commitment to the environment.

The Social (S) section (p.26-37) outlines the company's human rights initiatives, including our human rights policy, education, due diligence, and grievance mechanisms. In the Governance (G) section (p.38-41), the report presents our fundamental approach to corporate governance. The introduction of the Director Skill Matrix, a feature from the previous report, confirms the trustworthiness of Sanken Setsubi Kogyo's governance structure.

Finally, returning to the Value Creation Process: at my suggestion, the standard Value Creation Process model (based on the International Integrated Reporting Council (IIRC) framework, where "Inputs" generate "Outputs" through "Business Activities" leading to "Outcomes") was introduced in the 2023 edition, the second corporate report. The annual evolution of Sanken Setsubi Kogyo's unique model is something to look forward to. While many reports globally lack such a model, confirming that this report has matured to a respectable standard, to pursue further excellence, it would be beneficial to more explicitly articulate the difference and connection between "Outputs" and "Outcomes."

Generally, "Outputs" are the direct results of business activities, whereas "Outcomes" describe how various stakeholders are impacted by and react to these outputs, and what tangible "achievements" are realized. For example, in one company's report, each of the six capitals detailed in the "Inputs" section were traced through the business activities, demonstrating how value was created, profits were expanded, and cost of capital was reduced, with a detailed explanation of the resulting Outputs and subsequent Outcomes. We look forward to the continued evolution of the Sanken Setsubi Kogyo model that is fully conscious of the Value Creation Process flow.



Representative Director /
Senior Executive Managing Officer
Hiroshi Akase

Towards a Corporate Report That Paves the Way for Our 80th Anniversary

We would like to express our sincere gratitude to Professor Okamoto for his invaluable feedback on each edition.

Next year, our company will celebrate its 80th anniversary. This report has been intentionally designed to be streamlined and highly readable, to enhance stakeholder awareness and approachability leading up to this significant milestone.

Despite the current unstable global situation showing signs of retreat in ESG and DE&I and an increase in uncertainty in business continuity and development, our company remains committed to building a decarbonized society with clear quantitative targets set within the SANKEN Challenge 2030.

To fulfill our ambition of becoming an MEP general contractor, we recognize that, as the Professor pointed out, we must advance beyond merely assessing "Inputs," "Business Activities," and "Outputs," and move toward a thorough analysis of "Outcomes." We intend to pursue the causes of results—such as how a project led to performance or why a certain outcome was not achieved compared to the previous year—to objectively re-evaluate our strengths and weaknesses, formulate improvement plans, and execute them for further evolution.

The editorial team has carefully incorporated insights from Professor Okamoto's previous feedback, applying numerous refinements to this report. While the Professor's current comments validate their efforts, they serve as a reminder that our Corporate Report is an essential tool for conveying the future of Sanken Setsubi Kogyo to the external world. We urge all employees to recognize that their daily activities contribute to the next Corporate Report.

We look forward to your continued guidance and feedback.

For consultation and inquiries regarding the Corporate Report:

SANKEN SETSUBI KOGYO CO., LTD.

〒104-0033

Kayaba-cho First Building, Shinkawa 1-17-21, Chuo-ku, Tokyo

Contact Information

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TEL 03-6280-2561

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