



SHO-BOND

President and Representative Director

Tatsuya Kishimoto

A Resolute Dedication to Using Knowledge and Technologies Backed by Many Years of Accomplishments to Contribute to Society

Q. Why is SHO-BOND issuing an integrated report for the first time?

A. The public's interest in infrastructure maintenance is increasing year after year. I believe that SHO-BOND, as a leading company in this business sector, should provide even more information within our organization and to the public about business activities.

For more than 60 years, the SHO-BOND Group has contributed to society as a company specializing in the repair and reinforcement of infrastructure. We did not place emphasis on public relations activities because we operated mainly as a subcontractor in prior years and most of our work is public-sector projects. However, the frequency of calls from other countries about our services is increasing along with the importance of infrastructure maintenance. MITSUI & CO., LTD. contacted us about working together and we have recently started a joint overseas business. These events made us realize that we needed to give the public even more information about our organization.

Our integrated report is also a means of explaining to our workforce the philosophy and commitment of the SHO-BOND Group's senior management. We are determined to continue taking on new challenges. Most of our operations are currently in Japan. I believe that expanding our activities outside Japan will be vital to our ability to continue to grow. This is why the senior executives have a strong commitment to taking on the challenge of launching and enlarging operations in other countries. We want everyone in our group to be aware of this goal and understand the thinking behind it.

I believe that this report will help our employees and their family members to share the SHO-BOND's Purpose and to realize that we are contributing to society through our business activities of infrastructure repair and reinforcement.

Q. How would you describe SHO-BOND from your standpoint as the president?


A. We are a unique company that specializes in repair and reinforcement work and is capable of providing a full line of services for these projects.

Repair and reinforcement projects differ from the construction of new structures with regard to designs. For new construction, a company is basically required only to finish the project as designed. At our projects, there is a drawing but we cannot know the true status of a structure's deterioration until we start working at the site. Only then can we know what types of procedures will be needed as well as the volume of work. For instance, what initially appears to be a mild sprain may turn out to be a broken bone requiring a completely different type of treatment. Another difference regarding repair and reinforcement work is time constraints because a structure often continues to be used during a project. This makes our work very difficult and explains why our customers seek a company with a broad range of expertise. SHO-BOND has a long record of providing customers with a full line of services, extending from analysis of deterioration to proposals for reinforcement, the supply of materials, and the actual repair and reinforcement procedures. I believe this breadth of our capabilities is why we have earned a reputation for reliability among our customers. Earning and retaining this trust is not easy. At SHO-BOND, this reputation is largely backed by our team of highly skilled engineers. We have a large number of engineers who are repair and reinforcement work enthusiasts and find this to be an extremely interesting and rewarding job.

Our Technical Research Institute (note 1) is one of our greatest strengths. Repair engineering (note 1) is a registered trademark of ours. This term expresses our commitment to shifting the basis of repair and reinforcement work from simply the experience of workers to the level of scientific research. Furthermore, this institute does not use our company name. This is because we want to advance repair and reinforcement technologies for society overall rather than only for

ourselves. The institute has a full lineup of state-of-the-art analytical equipment used for this field of study. I believe that no other laboratory anywhere is better equipped to study the degradation of concrete structures. To some extent, we accept requests for experiments or analysis from people outside our group to support progress involving repair engineering. One recent accomplishment is the use of knowledge acquired over many years to develop *AI Shindanshi*, an artificial intelligence diagnosis system (note 2) for the degradation of concrete structures.

 [Comprehensive Maintenance System ▶P11](#)

 [Research and Development ▶P39](#)

Notes:

1. Repair engineering (“補修工学[®]”) and the Technical Research Institute (“補修工学研究所[®]”) are registered trademarks of SHO-BOND CORPORATION in Japan.
2. *AI Shindanshi* (“AI診断士[®]”) is a registered trademark of SHO-BOND CORPORATION in Japan as of March 2023.

Q. What are you doing now to make SHO-BOND even more powerful?

A. SHO-BOND is a unique company in the construction industry as a provider of a comprehensive maintenance services. But we should not become complacent. We want to preserve our competitive edge of being able to provide the same high level of work anywhere in Japan precisely because we specialize in maintenance. This is why we need to constantly upgrade our capabilities.


Our highest priority is human resource development. Large projects on expressways require advanced skills. The size of bridges, volume of traffic and other characteristics of these projects present big challenges. Only engineers with the necessary know-how and experience can handle this type of work. Years ago, we at times accepted expressway project orders where our



Safety patrols by the president

skills were inadequate. We learned difficult lessons as projects were delayed, we lost the trust of customers and our employees were overworked. To prevent this situation from happening again, we have been strengthening training programs, including by opening the Tsukuba Training Center in 2021. We are already receiving positive feedback from people who attend classes at this center.

In addition to human resource development, we are taking many other actions based on the current Medium-term Business Plan for building an even stronger foundation for our operations. Reinforcing our safety-first culture is one of our most important initiatives. Even a small oversight regarding safety can result in a fatality. A serious accident could also impact our sales and earnings if clients force us to suspend business operations. To reinforce everyone's commitment to safety, our entire group is conducting initiatives for creating SHO-BOND culture of safety. Training programs at the Tsukuba Training Center based on actual jobsite tasks and safety awareness campaigns have proven to be effective. We are also implementing other strategic initiatives to create a stronger foundation for more growth.

 [Medium-term Business Plan ▶P25](#)

Q. Why did you decide to leave your position at another company to join SHO-BOND?

A. After graduation, I started working at Kumagai Gumi, a large general contractor, because I wanted to work on big civil engineering projects. My 15 years at this company were very fulfilling as I participated mainly as a design engineer at tunnel, levee and other projects. During the construction sector downturn that began when Japan's bubble economy collapsed, I realized that the industry was likely to shift from building new structures to the repair and reinforcement of existing ones. My visit to SHO-BOND's Technical Research Institute convinced me that I wanted to become part of this organization.

Another reason I chose Kumagai Gumi was the large scale of the company's operations outside Japan. The company had the intention of expanding their civil engineering business to other countries. In fact, overseas orders were a large share of their total sales. This may partly explain why I decided that we should expand SHO-BOND's operations to other countries.



Q. What were some of your most memorable jobs at SHO-BOND?

A. My first job at SHO-BOND was a repair project of about ¥50 million at the Sennin Tunnel in Iwate prefecture. Traffic restrictions at the two-lane tunnel, which is about 2.5km long, made this project very challenging. We had to work on one side while vehicles used the single lane on the other side. Drivers had to wait as long as 15 minutes to enter the tunnel. I came up with the idea of providing a rest area to allow drivers to get out of their vehicles to relax and enjoy the beautiful scenery of this area. In addition, I hired a person who was friendly and particularly good at communicating as a guard at the tunnel project. With these measures in place, work to repair the tunnel went well. This type of challenge would not exist when building something new. I learned a valuable lesson about the importance of maintaining close ties with people living near a jobsite in order to complete a project.

Complaints that force a suspension of work are one of the biggest problems at construction projects. Work must take place in a manner that does not disturb nearby residents or create concerns for anyone else associated with the project. This is especially important for repair and reinforcement work on roads where traffic

needs to be restricted. A skillful field representative who can manage these matters differs somewhat from others.

In addition, the Sennin Tunnel project showed me where improvements were needed at SHO-BOND. In those days, there was little education and follow-up support for workers at the jobsite. As a result, there were differences in the skills of the people assigned to manage construction sites. This is one reason that I am now placing so much emphasis on human resource development.

Another memorable job is a bridge project where I learned a lesson by overcoming a mistake. We were driving large steel parts into a road but had not sufficiently checked what was underneath the road. We hit a water pipe that spewed water high into the air. Until then, most of SHO-BOND's projects were at bridges and there were not many engineers accustomed to placing materials in the ground. Though I was not in charge of the project, I rushed to the jobsite and help them as an excavation expert. I used my soil excavation know-how acquired at Kumagai Gumi and was able to stop the leak after about one month.

My experience at Kumagai Gumi was very helpful for the underground work. This taught me the importance of a workforce with diverse backgrounds. When an unfamiliar accident happens, someone with the know-how to respond properly will be needed. Maintaining a team of engineers encompassing many types of skills and experience reduces our exposure to risk concerning these accidents. Therefore, I always tell people to keep this diversity of backgrounds in mind when hiring new employees.

Q. What is your view of the current business climate and the outlook?

A. Repair and reinforcement projects are accounting for a steadily larger share of the demand in the construction industry. In Japan's expressway sector, the large-scale renewal and repair projects, totaling about ¥5 trillion between 2015 and 2030, are progressing. The outlook is positive, but we are always looking ahead to after these projects are completed. Local governments are responsible for the maintenance of most bridges in Japan. Many governments are encountering difficulties finding people with the right skills and the funding for maintenance. I believe that we can help them to solve these problems by using our decades of experience and highly skilled workforce. Other countries have similar problems concerning infrastructure maintenance. There is an increasing awareness that preventive maintenance can lower the total cost of the utilization of a bridge or other structure. However, most governments are not yet establishing budgets for these maintenance procedures. We need to pay attention to these issues and try to assist them by using our knowledge and experience.


In other countries, we are at the stage of raising awareness of the importance of preventive maintenance in order to start receiving orders. To accomplish this, we are working with MITSUI & CO., LTD. and seeking prominent partner companies in countries where we want to do business. We want to share our unique technologies, construction methods and materials with these partner companies that perform construction activities in other countries. We are also seeking to utilize our AI diagnosis expertise as we expand overseas. Our main targets are Thailand and other Southeast Asian countries, as well as North America. Every region has its own distinctive needs. In Thailand, for instance, we plan to use materials that are easy to work with because construction workers may have little or no experience at repair and reinforcement projects. In North America, we can share our exclusive earthquake resistance technologies that we have acquired over the years at our projects in Japan. Receiving orders there will require receiving official certifications and explaining our technologies and other innovations to design consultants. This process takes time, but I am confident that creating a sound base for our operations like this will start producing significant benefits in the near future.

I am also thinking about what kind of organization SHO-BOND should be 10 or 20 years from now. First of all, we must continue to make our highway and bridge maintenance business, which is our key strength, the



central component of our growth. Furthermore, although this is still only a rough idea, we should think about using this maintenance expertise to extend operations to railways, electric utilities and other market sectors in Japan. Building a network of relationships with companies in various industries could allow us to raise the awareness of the necessity of repair and reinforcement and to increase utilization of the technologies and knowledge we have cultivated. The market for the maintenance of structures is enormous. The SHO-BOND cannot cover all categories of this market by itself. Expansion to more markets will therefore require the creation of networks with other companies.

 Business Environment ▶P15


 Overseas Business ▶P38

Q. What is SHO-BOND's stance regarding sustainability?

A. The SHO-BOND Group is a provider of maintenance for infrastructure and many other types of structures. By extending the lives of structures with proper maintenance, we significantly lower the consumption of energy and resources. This is much more responsible than using a structure until it fails and then replacing it. Maintenance lowers CO₂ emissions too. A lower cost over a structure's entire life cycle is another benefit. Consequently, our business activities are supporting progress regarding sustainability.

The contribution of our core business activities is not our only involvement with sustainability. We also have a large number of initiatives based on ESG materiality. For example, we use our business activities to reduce CO₂ emissions, we have rigorous water quality and hygiene management programs, we provide our people with safe, pleasant, productive workplaces, and we are always seeking ways to strengthen our governance.

 Materiality ▶P29

 Sustainability of SHO-BOND ▶P43

Q. What is your message to the stakeholders of the SHO-BOND Group?

A. The importance of the SHO-BOND Group in society will continue to increase as the public becomes more aware of the need for infrastructure maintenance. We are one of only a very few companies specializing in this field. I believe that we have a responsibility to meet the expectations of shareholders, employees and all other stakeholders by resolutely dedicating ourselves to using knowledge and technologies backed by many years of accomplishments to contribute to society. This integrated report with information about our past, present and vision for the future is one way to express our commitment to fulfill this responsibility. I want everyone at our group to read this report so that we can all move forward as a unified team to accomplish the goals that we all share.

Our corporate philosophy is the fundamental guideline for all of our group's activities. The philosophy embodies the thinking of our founder Akira Ueda. The spirit of Mr. Ueda, who identified trends in the business climate and was first to recognize the need for

infrastructure repair and reinforcement services, lives on in our corporate philosophy. Our senior executives embrace this philosophy and make it an integral part of their words and actions. Our employees use the philosophy as a guiding principle for the activities needed to accomplish their respective missions. I want the SHO-BOND Group to continue advancing together by adhering to this philosophy.

I am very grateful for the support of our shareholders. We will continue to aim for sustained growth along with suitable distributions to shareholders. I hope that our shareholders will share with us the awareness of the importance of contributing to society through our business activities. I look forward to your continued support.

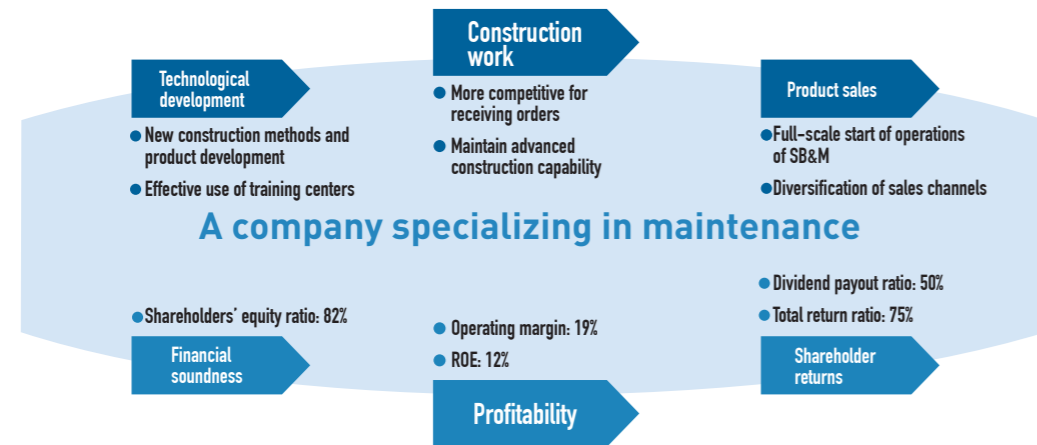


Medium-term Business Plan

In the "Medium-term Business Plan (the fiscal year ended June 30, 2022 - the fiscal year ending June 30, 2024)," we will work to achieve sustainable profit growth and the improvement of corporate value under the basic policy of "Honing our inherent strengths what it is that makes us SHO-BOND." We defined the "what it is that makes us SHO-BOND" in terms of business as "construction work capability," "technological development capability" and "product sales capability," and in terms of management as "profitability," "financial soundness" and "shareholder returns." In accordance with the Medium-term Business Plan, we are trying to refine SHO-BOND's strengths and proceeding with building a system ready for the stage of further accelerated growth. For the fiscal year ended June 30, 2022, we set steady results for "upgrade the order receipt strategy utilizing the in-house company structure" and "more activities for large projects and construction work capability" as business strategy. In terms of stronger foundations for growth, we focused on various measures related to human resources operation, such as "to become more competitive for capturing orders by developing human resources capable of adapting to changing markets" and "a strong safety culture and rigorous on-site training."

"Honing our inherent strengths what it is that makes us SHO-BOND"

- 1 Further initiatives for large-scale construction by reinforcing organizational capabilities
- 2 Develop new technologies ahead of other companies and take on the challenge of a new product sales strategy
- 3 Increase orders through human resource development that can respond to market changes and the increase of productivity
- 4 Manage both profitability and financial soundness and enhance shareholder returns
- 5 More ESG activities and contributions to SDGs

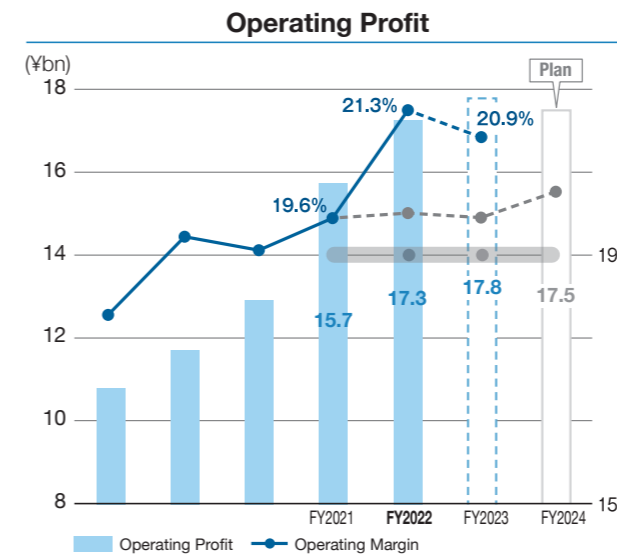


Business Strategy	
Strategic Initiatives	Progress in FY2022
Upgrade the order receipt strategy utilizing the in-house company structure	In-house companies hold the large project review meetings to discuss the order receipt strategy and check the optimal appointment of engineers, leveling of quarterly sales, and the construction work capability involving partner companies.
More activities for large projects and construction work capability	Both in-house companies have sought to secure construction work capabilities by appointing partner companies in larger areas than ever. SHO-BOND received 21 large orders of 1 billion yen or more (9 orders in the previous fiscal year), and the share of sales from expressway companies rose up to 60% (47% in the previous fiscal year).
Challenge a new product sales strategy by SB&M	We have worked on business activities in Thailand and North America, and approached new private companies and sales of foreign products in Japan though the impact of the COVID-19 crisis is still significant. In May 2022, we have started local manufacturing of our products in Thailand.
More joint activities by increasing cooperation among group companies and other companies	We as a whole have aimed to reduce construction costs by having Kyna-Tech undertake water jet construction work within the group. In addition, a new cross-company team has been established in order to strengthen partnerships with partner companies and to pursue further cost reduction measures.
New technologies for preventive infrastructure maintenance	We are researching new technologies in various fields, and some developed inorganic materials have been utilized in construction projects. We have also worked to shorten delivery time and reduce costs for existing products and to make resin-based ones non-poisonous.

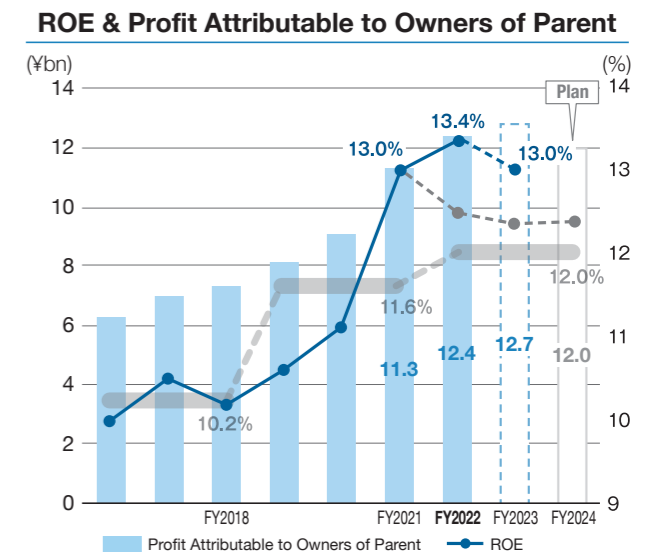
A Stronger Foundation for Growth	
Strategic Initiatives	Progress in FY2022
To become more competitive for capturing orders by developing human resources capable of adapting to changing markets	The workforce reached 951 at the end of June 2022 (916 at the end of June last year). The operation has been started at Tsukuba Training Center in January 2022, providing practical training for SHO-BOND young people and the staff of partner companies. Both in-house companies also have implemented their own human resource development measures to raise the level of personnel capabilities.
Personnel system reforms that reflect the changing business environment	With the keywords of "satisfaction", "growth", "confidence" and "sense of fulfillment", we have embarked on a reform of personnel systems. External consultants were brought in to ensure objectivity, and the project is being carried out while taking into account internal needs.
A strong safety culture and rigorous on-site training	The action plans for creating a safety culture are steadily progressing, and new initiatives such as remote and video-based training have been started. The frequency rate (0.67), the KPI, is below the national average.
Use of the digital transformation (DX) for higher productivity	In terms of on-site DX, we have encouraged broad use of digital tools such as construction management applications and 3D design software, and the development of an AI damage diagnosis system has advanced to the level of a practical study.
Build a framework for responding to ESG issues	In July 2022, we expressed our support for the TCFD recommendations and calculated our greenhouse gas emissions under the guidance of external consultants. In addition, we have promoted the disclosure of non-financial information, including the formulation of various policies and KPIs related to ESG.

Financial Targets

SHO-BOND will aim for sustainable growth of 10% or more over three years with the operating profit target of ¥17,500 million in the final year by increasing net sales further and maintaining the operating profit ratio at a high level. By continuing management that prioritizes capital efficiency, return on equity (ROE) will be maintained at 12% or more through the medium-term period.

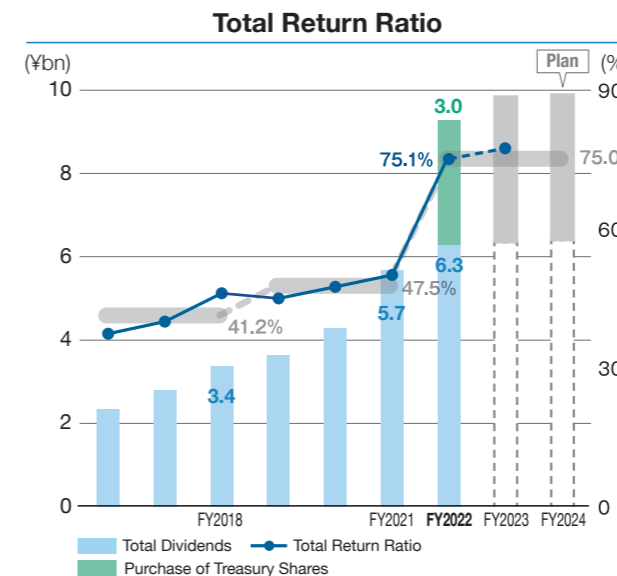


	FY2022 Results	FY2024 Targets
Net Sales	81.19 billion yen	87.5 billion yen
Operating Profit	17.26 billion yen	17.5 billion yen
Profit Attributable to Owners of Parent	12.36 billion yen	12.0 billion yen
ROE	13.4%	12.0%

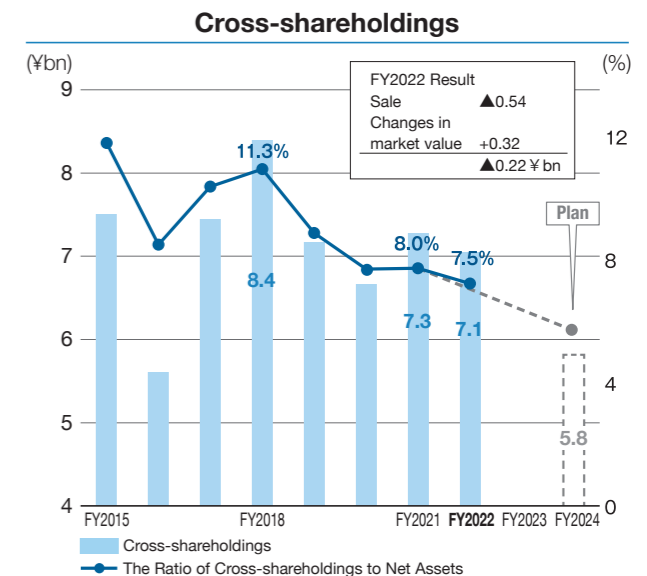


Capital Policy

About dividends for the continuous and stable return of profits, SHO-BOND will aim to steadily increase the dividend amount per share by maintaining a dividend payout ratio of 50% or more. Additionally, we will purchase ¥10,000 million of treasury shares over three years, and maintain a total return ratio of 75% or more. We will reduce the ratio of cross-shareholdings to net assets by selling 20% on a fair value basis.



	FY2022 Results	FY2024 Targets
Dividend Payout Ratio	51.1%	50.0%
Total Return Ratio	75.1%	75.0%



Message from the Chief Financial Officer



SHO-BOND is the only listed construction company in Japan that is a specialist in infrastructure maintenance. The stock has a high PBR due to this unique identity and financial management with emphasis on the ROE by prioritizing profitability and carefully selecting orders to accept.

Director and General Manager of Corporate Planning Department
Yasuhiro Sekiguchi

Results of Operations

The start of large-scale renewal and repair projects by all expressway companies has greatly changed Japan's infrastructure maintenance market. These very costly projects are difficult and will take a few years to complete. As a result, the characteristics of this market differ from prior years when most orders were from the national and local governments.

The SHO-BOND Group is taking many actions to take on these large expressway projects. One measure is revisions to the internal infrastructure for conducting business operations that began with the previous Medium-term Business Plan (FY2019-FY2021). As shown in Figure 1, the size of each new order has been increasing and expressway company projects rose to 60% of all construction sales in FY2022.

The large-scale renewal and repair projects of the expressway companies will not be based on the fiscal year of the Japanese government, which makes these activities different from public-works projects of the national and local governments. Orders can be received and work can proceed throughout the year. The resulting higher utilization rate of construction engineers is levelling off, as shown in Figure 2.

The increase in large projects, backed by benefits of numerous initiatives and the efforts of our engineers, has significantly raised our labor productivity, as shown in Figure 3. During the past six years, this figure has increased about 42%.

Another big change due to the larger number of big projects is the ability to maintain large order backlogs at the end of every fiscal year, as shown in Figure 4. Most national and local government orders can be completed in the same fiscal year that the orders were received. Therefore, these orders generally do not become part of the fiscal year-end backlogs. The larger volume of this backlogs has raised the stability of sales and earnings. As a result, beginning with the previous Medium-term Business Plan, we have been increasing the workforce and further upgrading our ability to receive orders.

Figure 3: Labor Productivity

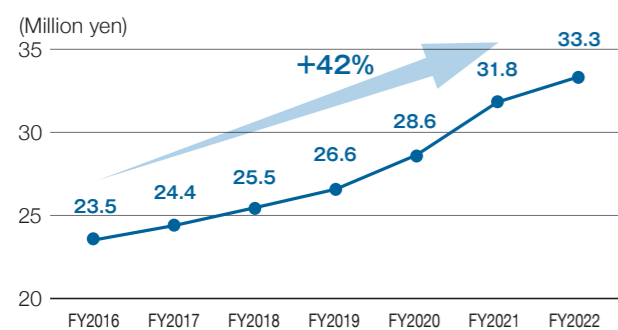


Figure 1: Percentage of Expressway Sales and Amount of Orders

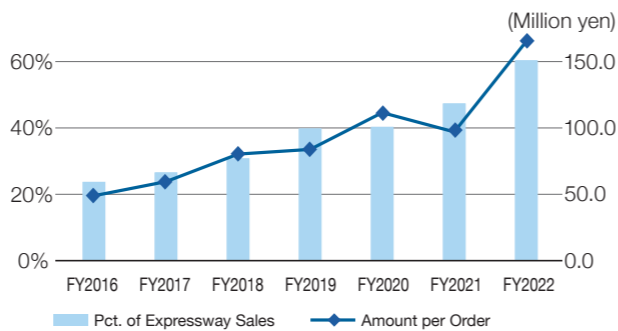


Figure 2: Quarterly Construction Sales

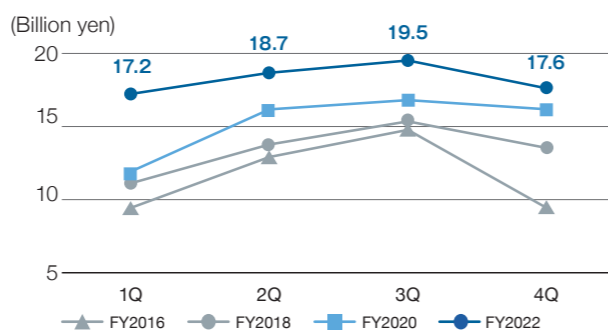
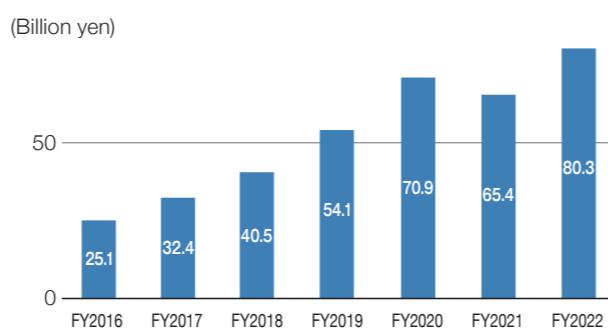


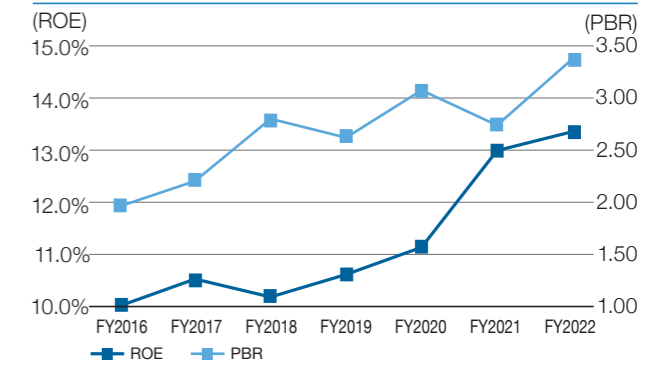
Figure 4: Order Backlogs (at the End of Fiscal Year)



Financial Management Policy

"Honing our inherent strengths what it is that makes us SHO-BOND" is the central theme of the current Medium-term Business Plan (FY2022-FY2024). In terms of finances, what makes us SHO-BOND are financial soundness, profitability and shareholder returns. Figure 5 shows our return on equity (ROE) and price-to-book ratio (PBR) during the past several years. For a high PBR, we must maintain an equity spread by keeping our ROE higher than the cost of equity. We will continue to place priority on the ROE. In addition, we will enhance the disclosure of non-financial information, including environment-related information, as we continue the IR activities that we have been focusing on. We believe that raising the visibility of the outlook for results of operations will hold down the cost of equity.

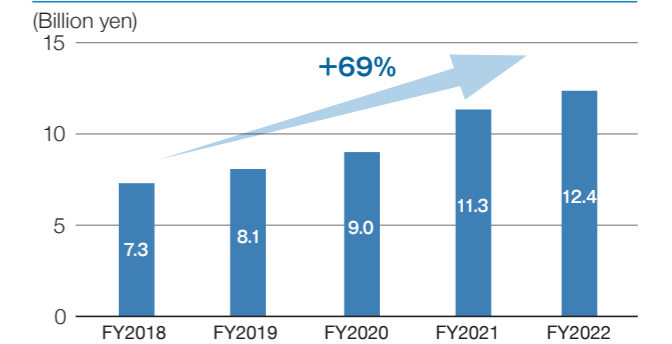
Figure 5: ROE and PBR



Shareholder Returns

Distributing earnings to shareholders is one of our highest priorities. The basic policy is to pay a dividend consistently that is based on results of operations. Figures 6 and 7 show our net income and shareholder returns during the past four years. Since FY2018, net income has increased 69% and shareholder returns, including the purchase of treasury shares, are up 176%. Furthermore, the average annual income of employees increased 35%. Based on our policy of distributing earnings to shareholders and employees, improving remuneration for employees is a priority along with raising shareholder returns.

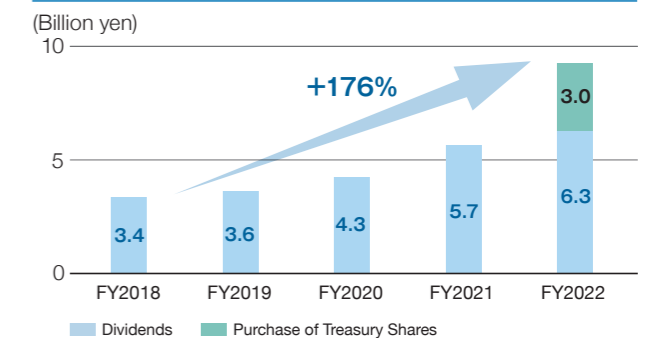
Figure 6: Profit Attributable to Owners of Parent



Cross-shareholdings

As a rule, the SHO-BOND Group does not purchase or hold the stock of suppliers and other business partners with the exception of cases where purchasing and holding stock helps conduct business operations efficiently and maintain and strengthen business relationships, thereby contributing to the medium to long-term growth of its corporate value. When a company that holds our stock as a cross-shareholding notifies us of the intention to sell this stock, we will never make any attempt to stop this sale. The current Medium-term Business Plan includes the plan to reduce the ratio of cross-shareholdings to net assets from about 8% to 6% by selling 20% on a fair value basis (as of June 30, 2021).

Figure 7: Total Amount of Shareholder Returns



Further Challenges for Improving Productivity

As was explained earlier, Japan's infrastructure maintenance market has been growing year after year since 2016. Sales and earnings of the SHO-BOND Group have increased significantly along with measures to receive orders for large-scale projects. We believe that the expansion of this market will continue at a moderate pace. Numerous activities are under way for more improvements in productivity. At the Tsukuba Training Center, our employees as well as people from partner companies receive training that will enable them to perform construction tasks even more efficiently. In addition, we plan to use the operations of our overseas infrastructure maintenance joint venture with MITSUI & CO., LTD. for raising earnings per employee in our construction material sales business. The SHO-BOND Group, as a specialist in infrastructure maintenance, will continue using productivity initiatives possible only at an organization with our expertise and resources in order to aim for the consistent growth of sales and earnings.

Materiality

The SHO-BOND Group has designated four Materialities based on social demands and the expectations of stakeholders. The Materialities are our priorities in order to achieve sustainable growth with our stakeholders as the SHO-BOND Group plays a role in solving social issues while continuing to increase corporate value.

To identify Materiality, we evaluated social issues from the standpoints of the importance to stakeholders and the importance to business operations. Then 22 social issues that were particularly important from both standpoints were selected as the issues that the SHO-BOND Group should target.

We have also established a Sustainability Policy to improve the medium to long-term corporate value, and contribute to creating a sustainable society by continuously implementing initiatives in accordance with materiality priorities.

Process to Identify Materiality



Materiality and the Sustainable Development Goals

Social issues	Materiality	Corresponding SDGs
<ul style="list-style-type: none"> Establish a resilient infrastructure Leverage comprehensive maintenance resources to contribute to society Ensuring occupational health and safety 	<p>Comprehensive maintenance system backed by the organizational capabilities</p> <p>Contribute to the development of social infrastructure by using partner companies interactions and the group's aggregate resources for all maintenance processes, whether large or small.</p>	<ul style="list-style-type: none"> 12 RESPONSIBLE CONSUMPTION AND PRODUCTION PATTERNS: Ensure sustainable consumption and production patterns. 17 PARTNERSHIPS FOR SUSTAINABLE DEVELOPMENT: Strengthen the means of implementation and revitalize the global partnership for sustainable development.
<ul style="list-style-type: none"> Develop and use technologies for social issues Activities to increase productivity Recruiting and training programs Employee retention and sound labor relations Improve economic performance 	<p>Productivity improvement through technology development</p> <p>Improve productivity by combining chemical and civil engineering technologies to create new technologies and by conducting training and education programs.</p>	<ul style="list-style-type: none"> 8 ECONOMIC GROWTH: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
<ul style="list-style-type: none"> Strengthen corporate governance Strengthen risk management Compliance with laws and regulations Fair business practices Information security measures Proper management of intellectual property 	<p>Sound governance and measures for more improvements</p> <p>Make sound and transparent governance to maintain the foundation for relationships with all stakeholders.</p>	<ul style="list-style-type: none"> 16 PEACE, JUSTICE AND STRONG INSTITUTIONS: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
<ul style="list-style-type: none"> Sustainable use of resources Assessment of environmental impact of projects Proper management of waste materials Measures to combat climate change Measures involving Japan's falling population Develop sustainable cities Health and safety of customers and consumers Community relationship 	<p>Contribution to the development of sustainable cities</p> <p>Position the social infrastructure maintenance business as a key component of the development of sustainable cities that are environmentally responsible.</p>	<ul style="list-style-type: none"> 11 SUSTAINABLE CITIES AND COMMUNITIES: Make cities and human settlements inclusive, safe, resilient and sustainable. 13 CLIMATE ACTION: Take urgent action to combat climate change and its impacts.

Environment Social Governance

Sustainability Policy

Comprehensive Maintenance System backed by the organizational capabilities

- Comprehensive maintenance capabilities (investigation, designs, construction) for public safety and confidence**
 - We work closely with customers on every stage of maintenance projects, including investigation, designs and construction, and draw on the strengths of all group companies to provide services of the highest quality for ensuring infrastructure safety.
 - We use our expertise as an infrastructure maintenance specialist for infrastructure repair and reinforcement projects for resistance to natural disasters and other threats.

Workplace health and safety

- Our highest priorities are the protection of life and the safety of construction activities. Based on this philosophy, our goal is no workplace accidents at construction and manufacturing sites. We have rigorous health and safety measures that include activities for reducing vulnerability to risk factors.
- There are many programs for the physical and mental well-being of employees, including measures to eliminate long working hours and provision of mental health care.

Productivity improvement through technology development

Develop and use technologies for social issues

- We use advanced technologies combining technologies in the fields of chemistry and civil engineering for the development of environmentally and socially responsible materials and construction methods.

Recruiting and training programs

- We do everything possible to hire many types of people and make hiring decisions with fairness and no discrimination of any kind.
- We maintain a training and education infrastructure for giving people the knowledge to play key roles in the sustainable growth of the SHO-BOND Group. We are dedicated to giving everyone the opportunity to reach his or her full potential.
- We will use a fair personnel system for evaluating performance to retain talented people and ensure that knowledge is passed on. We will put focuses especially on giving younger employees opportunities to advance and providing many job opportunities for seniors.

Activities to increase productivity

- Strengthening technological skills and improving operating efficiency results in more added value and working style reform activities contribute to higher productivity.
- We use many types of equipment for raising productivity in order to raise the efficiency of all tasks required for investigation, design, construction and other types of work.

Employee retention and sound labor relations

- We comply with all labor laws and regulations and have established numerous programs and frameworks for maintaining pleasant and productive workplaces at group companies and our partner companies.
- We maintain sound labor relations by encouraging dialogues between labor and management, providing access to consultations and using other measures.

Sound governance and measures for more improvements

Strengthen corporate governance

- To meet the expectations of stakeholders for sustainable growth, our corporate governance is structured for transparency, fairness, and the ability to make management decisions with speed and confidence.

Strengthen risk management

- Numerous measures are taken for the proper management of risk, including a system of internal controls, a culture of recognizing and prudently taking on risk, and a risk identification, evaluation and monitoring system that incorporates ESG considerations.

Strict compliance with laws and regulations/fair and ethical business practices

- There are extensive education and training programs about compliance for employees as well as monitoring and other activities in order to maintain a framework for fair business practices.

Information security measures

- IT systems and other measures are used for information security and there are strict measures for the protection of personal and other confidential information. In addition, education and training programs are provided to employees in order to reinforce their commitment to information security.

Proper management of intellectual property

- We properly manage and protect our intellectual property rights and perform surveys and other procedures to prevent the infringement of the rights of others.

Contribution to the development of sustainable cities

Sustainable use of resources

- We contribute to the sustainability of public-sector resources by using advanced maintenance technologies for life extension of infrastructure.
- We are dedicated to playing a role in creating a society where resources are recycled. We use renewable resources and parts across the entire supply chain as much as possible and utilize resources in a manner that supports sustainability.

Proper management of waste materials

- We use proper and responsible activities for the management and disposal of waste materials created by our business operations.

Measures to combat climate change

- We are contributing to the fight against climate change by constantly working on the reduction of greenhouse gases generated by our business operations.
- We understand that life extension of infrastructure helps lower greenhouse gas emissions. Skills as an infrastructure maintenance specialist are used for the utilization of business operations to play a part in combating climate change.
- We are committed to using infrastructure reinforcement for natural disaster resilience and other business activities in order to play a role in the fight against climate change on the entire society.

Assessment of environmental impact of projects

- We will comply with the environmental requirements of every project and take other actions for minimizing the effects of our activities on the environment and society.

Development of sustainable cities as Japan's population ages and declines

- We will use our maintenance expertise to supply practical and effective solutions for problems involving aging infrastructure and other public facilities as Japan's population declines.

Health and safety of customers and consumers

- We will maintain the management systems required to ensure the health and safety of the people who use the infrastructure we help maintain and of customers who purchased building materials from us. We will respond properly if a problem occurs.

Community relationships

- We understand that the infrastructure can have a significant effect on communities and regions and will maintain strong lines of communication in order to earn the trust of the public.