

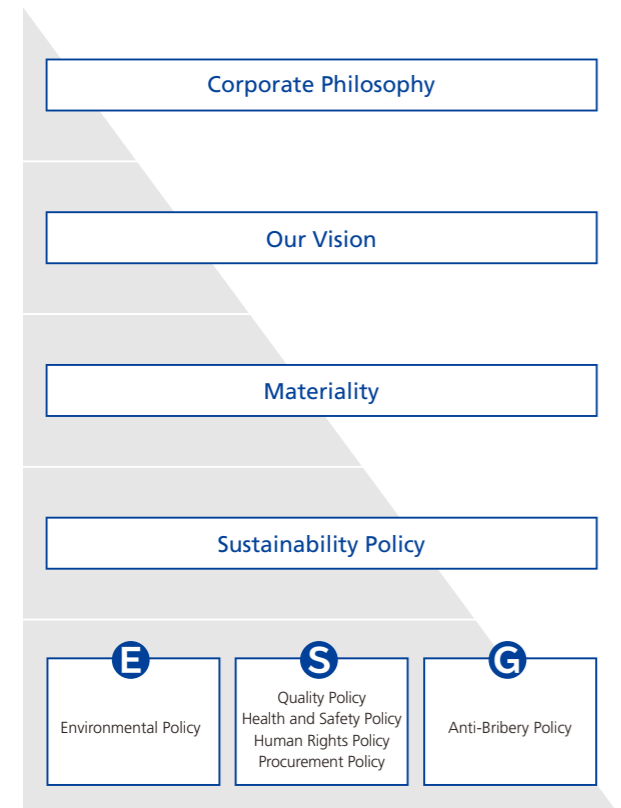
# Sustainability of SHO-BOND

## Basic Concept for Sustainability

With its Corporate Philosophy at the core of management, the Group has designated material issues (Materialities) to get close to its vision. Four designated Materialities involve internal activities and how business activities affect society. We believe that all of these activities are sustainability management that contributes to accomplishing the SDGs and achieving our Corporate Philosophy. We have established a Sustainability Policy and ESG-related policies to provide guidelines for constant activities in accordance with materiality priorities. In August 2022, we set KPIs for each of the priorities to measure their progress and disclosed targets and results.

We will enhance our corporate value over the medium to long term and contribute to creating a sustainable society by continuing to upgrade sustainability initiatives with the input of our internal and external stakeholders. Specifically, we will improve our promotion framework, consider measures, and regularly review them to upgrade the initiatives.

### ● Sustainability Philosophy



## Strengthening Our Sustainability Promotion Framework








The Group has established a Sustainability Committee, chaired by the President and Representative Director and composed of all inside and outside directors. The Committee meets once a year as a general rule to discuss sustainability issues including social and environmental issues. The Committee also submits and reports the results of discussions to the Executive Committee and the Board of Directors. The Committee mainly discusses general important matters related to

sustainability such as the development of policies and measures related to sustainability, the identification, assessment, and management of climate-related risks and opportunities, and the management of KPIs for non-financial information.

We have also established an ESG Promotion Office to integrate activities related to sustainability. The ESG Promotion Office holds meetings with ESG promoters from each department and Group

company as needed to ensure that the Group as a whole collaborates at the practical level. Under such a structure, we are committed to staying and becoming more sustainable through organic cooperation among the management team, the ESG Promotion Office, respective departments, and Group companies.

### ● KPIs Related to Sustainability

Materiality	KPIs	Target year	FY2022	FY2023	FY2024	FY2025	
<b>Contribution to the development of sustainable cities</b>  	Number of violations of environmental laws and regulations	Every year	0	0	0	0	
	CO <sub>2</sub> emissions (Scope 1 and 2) (vs. FY2022 [5,238t])	FY2031	3,929t [-25%]	5,238t [±0.0%]	5,474t [+4.5%]	5,012t [-4.3%]	5,108t [-2.5%]
	(CO <sub>2</sub> emissions intensity*)			(6.5 t-CO <sub>2</sub> / 100 million yen)	(6.5 t-CO <sub>2</sub> / 100 million yen)	(5.9 t-CO <sub>2</sub> / 100 million yen)	(5.6 t-CO <sub>2</sub> / 100 million yen)
<b>Comprehensive maintenance system backed by the organizational capabilities</b>  	Average scores for contractor performance evaluation in construction industry	Every year	MLIT: 78 or higher NEXCO: 80 or higher	MLIT: 80.0 NEXCO: 86.0	MLIT: 80.6 NEXCO: 86.5	MLIT: 80.1 NEXCO: 86.5	MLIT: 81.1 NEXCO: 84.0
	Percentage of construction sites where "8 days off in 4 weeks" is achieved (according to the Japan Federation of Construction Contractors)	Every year	100%	85.9%	94.3%	96.3%	96.4%
	Number of fatal accidents	Every year	0	0	0	0	0
	Lost Time Injury (LTI) frequency rate	Every year	0.7 or lower	0.67	0.00	1.13	0.63
<b>Productivity improvement through technology development</b>  	Percentage of female employees in regular recruiting	Every year	15% or more	9.5%	16.2%	25.8%	19.0%
	Number of female engineers	FY2026	52	26	30	36 (Target: 38)	45 (Target: 42)
	Percentage of employees with disabilities	Every year	2.8% or more	3.3%	3.1%	4.3%	3.1%
	Childcare leave rate of new fathers	Every year	100%	100.0%	74.0%	66.0%	82.0%
<b>Sound governance and measures for more improvements</b> 	Rate of response to safety confirmation	Every year	100%	100%	100%	100%	100%
	Compliance training participation rate	Every year	100%	98.8%	100%	100%	100%
	Number of serious violations of laws and regulations	Every year	0	0	0	0	0
	Information security training participation rate	Every year	100%	90.3%	100%	100%	100%

\* (Reference value) CO<sub>2</sub> emissions per consolidated net sales (100 million yen)

# Environment

## Climate-related Financial Disclosure Based on the TCFD Recommendations

The SHO-BOND Group (the "Group") expressed its support for the TCFD recommendations and joined the TCFD Consortium in July 2022. Based on its corporate philosophy of "Inheriting and passing on social infrastructure to the next generation in good condition," the Group is committed to "contribution to the development of sustainable cities" as one of its Materialities and is aware that combatting climate change is an important management challenge.

Based on the recognition that a longer service life of infrastructure contributes to reducing greenhouse gas emissions, we will make efforts so that we can contribute to realizing a sustainable society. These efforts include information disclosure and other initiatives related to climate change, in addition to core business activities as an infrastructure maintenance specialist.



### Strategy

The Group conducted a scenario analysis to identify and assess the impact on its overall business management of the risks and opportunities associated with the "transition" to a low-carbon economy and those associated with the "physical" changes brought about by climate change.

As assumptions for the scenario analysis, we selected the 2°C or lower and 4°C scenarios by referring to several existing scenarios published by the International Energy Agency (IEA), the Intergovernmental Panel on Climate Change (IPCC), and other organizations. Businesses subject to the analysis are the domestic construction business and the manufacturing and sales business of repair and reinforcement materials; the time horizon is assumed to be up to the year 2030. For the climate-related risks and opportunities identified, we have sorted out necessary countermeasures as shown in the table below.

By implementing the countermeasures identified in this report, we will contribute to developing sustainable cities and will achieve sustainable growth by enhancing the resilience of our business.

Risks / Opportunities covered		Countermeasures
Changes expected	Description	
Introduction of carbon pricing Introduction of more aggressive targets / policies for CO <sub>2</sub> emissions reduction by countries around the world	Risks	<ul style="list-style-type: none"> <li>Promote green procurement, including switching to low-carbon materials</li> <li>Switch to renewable energy and promote energy conservation during construction</li> <li>Invest in solar power generation for own consumption, etc.</li> <li>Develop low-carbon and decarbonization technologies</li> <li>Develop new technologies that support the preventive maintenance of infrastructure</li> </ul>
	Opportunities	
Changes in customer behaviors Rises in raw materials costs Acceleration of national resilience measures	<ul style="list-style-type: none"> <li>Increased price competitiveness with the delivery of low-carbon construction services and products in the field of repair and reinforcement</li> <li>Due to CO<sub>2</sub> emissions regulations, the number of life-extending works of buildings and infrastructures increases while the amount of overall investments in construction decreases</li> <li>Increased order opportunities, as low CO<sub>2</sub> emissions of maintenance work are highly regarded</li> <li>Increased demand for infrastructure maintenance to counter natural disasters</li> </ul>	
Changes in reputation among shareholders and investors	<ul style="list-style-type: none"> <li>Increased ESG investment in the SHO-BOND Group as an infrastructure maintenance specialist due to being highly regarded for its low CO<sub>2</sub> emissions</li> </ul>	
Increase in average temperature	Risks	
	Risks	<ul style="list-style-type: none"> <li>Develop technologies for improving on-site working environments and implement heat stroke countermeasures</li> </ul>
Growing severity of weather disasters	Risks	<ul style="list-style-type: none"> <li>Work together with the entire supply chain to strengthen BCP measures in preparation for disasters</li> <li>Manage sanitation related to water in a sustainable manner</li> </ul>
	Risks	

### Metrics and Targets

#### ● CO<sub>2</sub> Emissions Reduction Targets

Metrics		Base year	Targets	
		FY2022	FY2031	FY2051
CO <sub>2</sub> emissions (Scope 1 and 2)	Total emissions	5,238t-CO <sub>2</sub>	3,929t-CO <sub>2</sub> (-25%)	Net zero

To realize a decarbonized society—the basic principle underlying the Act on Promotion of Global Warming Countermeasures, the Group has set targets of reducing its CO<sub>2</sub> emissions (Scope 1 and 2) 25% from FY2022 levels by FY2031 and ultimately achieving carbon neutrality by FY2051.

#### ● CO<sub>2</sub> Emissions (Scope 1, 2, and 3)

(Unit: t-CO<sub>2</sub>)

Category	FY2023	FY2024	FY2025
Scope 1	2,805	2,595	2,879
Scope 2	2,669	2,417	2,229
Scope 1 + 2	5,474	5,012	5,108
CO <sub>2</sub> emissions intensity (t-CO <sub>2</sub> /100 million yen)	6.5	5.9	5.6
Scope 3	110,468	106,550	106,120
Scope 1 + 2 + 3	115,942	111,562	111,228

Coverage: Domestic group companies

### Environmental Initiatives

#### Biomass product development

SHO-BOND MATERIAL CO., LTD., whose main business is the manufacture and sale of construction materials, had two products become "Biomass Mark" certified in October 2025. Both are resin-based products that incorporate biomass-derived raw materials. The Group will contribute to the realization of a sustainable society by developing environmentally friendly products.



#### Environmental education

The Group incorporates environmentally themed training into its rank-specific training programs. We encourage each employee to share a sense of crisis about the global environment, focusing on climate change issues, and to take environmental conservation into consideration in their daily work. Additionally, we conduct environmentally themed e-learning courses to all employees every year.



# Human Capital

## Basic Views

Employees are the most valuable asset of the SHO-BOND Group. For the Group to survive and grow while fulfilling its social responsibilities and contributing to the development of a sustainable society, we believe every employee of the Group must have a dream and feel a sense of fulfillment by demonstrating their abilities.

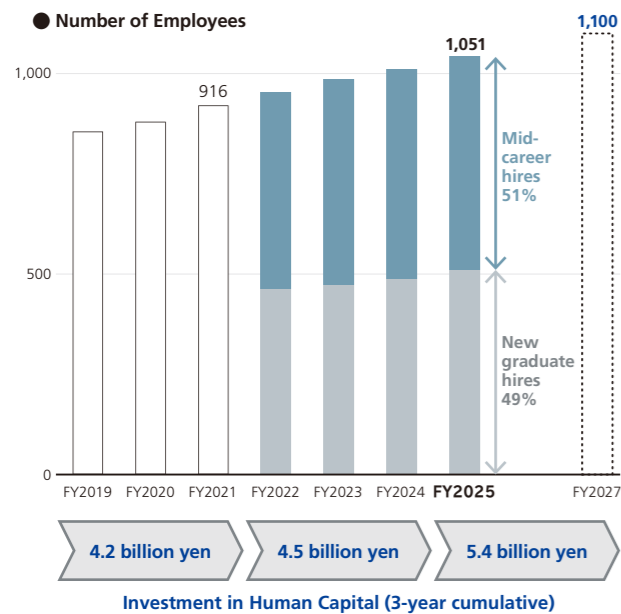
Therefore, we aim to create a workplace where every employee is mentally and physically healthy and can continue their work for a long time with peace of mind while having the opportunity to maximize their abilities and potential.

## Further Investment in Human Capital

The construction industry is currently facing a persistent shortage of workers. Our ability to continually secure outstanding human resources under these circumstances is crucial to our Group's sustainable growth. Over the three years of the Medium-term Business Plan 2027, we have set a target of 1,100 employees based on an aggressive hiring policy, and plan to invest approximately 5.4 billion yen in human capital over three years.

In line with this plan, we are promoting our human capital strategies for recruitment, training, and retention. As of the end of June 2025, we increased the number of our employees by 32 from the previous fiscal year-end to 1,051, marking steady progress toward achieving our target. We are also steadily promoting investments in areas such as increasing our workforce, raising pay, recruitment, and education and training.

These efforts have also been recognized, with our company being selected as a constituent stock on the JPX-Nikkei Index Human Capital 100, which is a stock index focused on human capital. We will continue to focus on securing top talent and strengthening our human capital to support the realization of our management strategies.



\* Increase in personnel expenses due to an increase in the number of employees and wage hikes  
\* Recruitment costs  
\* Education and training expenses, etc.

## Recruiting

We are strengthening our recruitment activities to achieve the targets set out in the Medium-term Business Plan 2027. In terms of new graduate recruitment, we believe that outreach activities to civil engineering and architecture students promoting the necessity and social significance of repairing and reinforcing infrastructure directly contribute to our Group's ability to secure outstanding human resources. That is why we are strengthening our public relations activities for students by extensively offering work experience programs and internships, as well as organizing events such as outreach lectures and facility tours.

For our mid-career recruiting, we are working to secure a diverse range of human resources in line with our business strategy by establishing various recruiting channels, such as an employee referral system, as well as hiring through recruitment agencies.

### Outreach lectures and facility tours

Researchers and other technical personnel from our Technical Research Institute (TRI) visit technical colleges and universities to conduct outreach lectures on the current state and deterioration of infrastructure, and commensurate repair and reinforcement measures. We offer specialized lectures for students studying fields closely related to infrastructure maintenance, such as civil engineering and architecture.

We also conduct facility tours for faculty members at TRI and the Tsukuba Training Center (TTC). We strive to provide a hands-on experience of our Group's repair and reinforcement technologies by utilizing exhibits such as the training bridge and concrete deterioration models, allowing visitors to see actual infrastructure rather than just classroom lectures.



TRI and TTC faculty facility tour

## Talent Development

Experience is a critical component of repair and reinforcement construction activities. For this reason, we provide education mainly through on-the-job training, entrusting our trainees with tasks from a young age and giving them responsibility for their own work while encouraging them to solve work-related problems on their own to improve their abilities.

As for off-job training, we select effective and efficient learning methods for each theme, and offer our employees various training opportunities according to their stage of growth, such as internal/external education programs and e-learning. In 2021, we opened the Tsukuba Training Center, which is adjacent to the Technical Research Institute, for practical training programs. We will continue to develop the skills of everyone in the SHO-BOND Group from a long-term perspective while upgrading our training programs and encouraging our employees to learn new skills in a well-planned manner.

Starting in FY2025, we have updated our training programs to include not only technical curriculum but also sustainability-related topics such as human rights and the environment.

	General staff	Junior/middle managers	Department managers and higher positions
<b>Rank-specific training</b>	<ul style="list-style-type: none"> <li>Training for new employees</li> <li>Follow-up training</li> <li>Training outside the group</li> <li>Job-specific training</li> <li>Safety training</li> </ul>		
<b>OJT</b>	<ul style="list-style-type: none"> <li>Interviewing system</li> <li>Skill and performance evaluation system</li> <li>Self-declaration system</li> <li>Job rotation</li> </ul>		
<b>Self-development</b>	<ul style="list-style-type: none"> <li>Support for earning public qualifications</li> <li>Reference book recommendations</li> <li>Information about correspondence courses</li> </ul>	<ul style="list-style-type: none"> <li>Information about correspondence courses</li> <li>Reference book recommendations</li> </ul>	

### Rank-Specific training

SHO-BOND has training programs structured to equip employees with the required knowledge and skills according to their specific job levels. These follow-up training programs extend from training for new employees to training for people with more experience, and cover subjects selected to enable the participants to advance their careers. Furthermore, the Tsukuba Training Center allows employees to obtain practical knowledge by providing training that closely mirrors the actual conditions at job sites.

Starting in FY2025, we introduced a joint training system for administrative and technical staff, and conducted joint training for a total of 109 employees during the fiscal year.

### Construction Engineering Technology Conference

Each year in June, SHO-BOND holds the Construction Engineering Technology Conference. Each regional office selects three to four of its construction projects for that year, and a representative gives a presentation on a technically-outstanding advanced case study. The conference is a major event that is attended by around 100 employees from across Japan to the head office building, and is streamed online to all regional offices and branches. As each presenter is representing their own regional office, they rehearse thoroughly with the support of their office before the day of the presentation. After the presentations, awards for excellence are presented and employees interact with one another, thereby encouraging and motivating participants to do their best. We also offer other programs as the need arises to broaden the knowledge of our engineers, such as special lectures by outside academics.

### Support for obtaining qualifications

The SHO-BOND Group gives employees a variety of support for earning professional qualifications and other certifications required for their jobs. In addition to covering the cost of qualification tests and registrations, SHO-BOND also provides monthly salary increases to employees who obtain certification. For Professional Engineer and other difficult qualifications, we provide supplementary lessons by qualified employees and award commendations at the time of certification. Through these measures, the number of those qualified has been steadily increasing.

We will continue to expand these programs in order to enable our staff to earn both the qualifications required for their work and also advanced ones.

## Employee Retention

SHO-BOND conducts monthly surveys of employee job satisfaction, goals, and other items with an emphasis on younger employees and individuals returning from leave. Using the results, human resources personnel perform timely interviews and support those in need with the cooperation of their supervisors and others. These activities let employees know that there is a framework in place to help them deal with various problems and relieve their anxiety.

We maintain a high employee retention rate by listening to our employees' needs such as childcare, eldercare, and relocation, and by continuously improving our workplace environment through measures such as remote work and staggered shift systems.

To maintain this high retention rate in the future, the Medium-term Business Plan 2027 has established the "Retention Management through the New Personnel System" policy as a key initiative. We have reformed our HR system in line with the changing times and environment, and have launched a new system emphasizing growth, fulfillment, a sense of security, and a sense of satisfaction based on an awareness of issues identified in our organizational analysis.

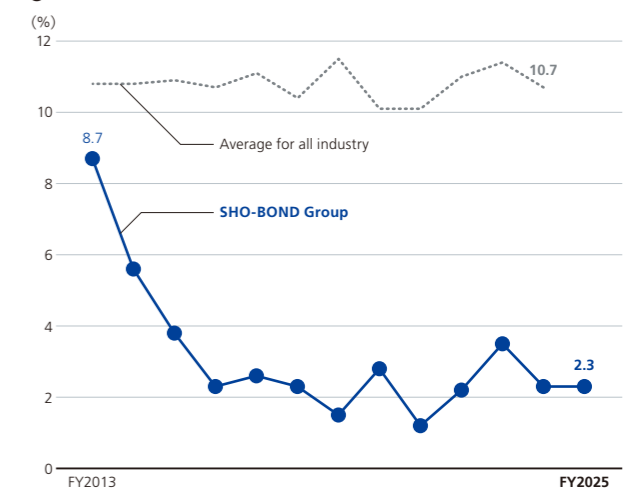
We were also conducting employee satisfaction surveys on an irregular basis, but starting from FY2024, we conduct them every fiscal period. By conducting surveys each period, we have established a system to continuously gather employee feedback on workplace culture, job satisfaction, and compensation in a timely manner, thereby enabling us to pursue continuous improvements.

We will maintain a high employee retention rate by continuing to improve the workplace environment, expanding career development awareness activities and employee training programs, and proactively enhancing employee engagement.

### Employee surveys and human resource interviews

Time	Employee surveys			Interviews by HR personnel
	Target employees (total)	Respondents (total)	Response rate	Target employees (total)
April 2023-March 2024	2,793	2,699	96.6%	74
April 2024-March 2025	2,521	2,338	92.7%	70

### Attrition rate



\*Attrition rate only counts for employees who resign voluntarily. Average for all industry is determined by SHO-BOND using Ministry of Health, Labour and Welfare data.

## Human Capital

### Maintaining proper working hours

In 2014, we began improving our working system and implementing no-overtime days with the aim of mitigating long working hours and encouraging employees to take their paid leave. Since then, we have been managing our employees' working hours and leave uptake, improving HR operating efficiency through the introduction of IT tools, and promoting a reduction in total working hours. As a result of these steady efforts, the average monthly overtime hours for FY2025 declined to 18.0 hours.

To foster a working environment that encourages our employees to take their paid leave, we established a month encouraging paid leave and raised awareness within the Group. As a result, we achieved the goal of "0 employees with less than 110 days off per year" in FY2023. We have continued to implement measures encouraging our employees to use their paid leave, thereby maintaining a high level of leave days taken.

From FY2024, a work overtime limit regulation has been applied to the entire construction industry. Our efforts to shorten total working hours and increase the use of paid leave by closing the office for eight days in a four-week period have been successful, and we are fully compliant with the legal overtime work limit but we will continue our efforts to further decrease total working hours.

	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Average annual days off</b>	130.2	134.3	134.5	136.8	<b>135.3</b>
<b>Average monthly overtime</b>	24.2	23.9	22.8	21.7	<b>18.0</b>

### Selection of employment category and self-declaration system

The SHO-BOND Group allows employees to flexibly choose an employment category with or without transfers to different locations. Several of our employees switch their work courses each year to accommodate their different life stages. The self-declaration system allows individuals to confirm their employment category and job status once a year.

### Supporting work-life balance and childcare/nursing care

We provide an employee assistance program that exceeds the legal requirements, and promote the use of this program to allow employees to balance their work with their childcare or nursing responsibilities without anxiety. To increase the use of childcare leave by male employees, we started a system in 2019 of making one-off payments when they return from childcare leave. After creating a pamphlet and raising awareness of this system, the number of male employees taking childcare leave increased, along with the number of employees taking extended childcare leave.

We have also established a telecommuting system and introduced staggered work hours for childcare and nursing care, and we are also taking other measures to provide flexible work arrangements to meet our employees' individual circumstances.

In 2020, we received "Kurumin" certification as a "childcare support company."

We will continue to create a workplace where all of our employees can work comfortably while also considering their needs through our employee satisfaction surveys and other means.



Childcare leave rate of new fathers	FY2021	FY2022	FY2023	FY2024	FY2025
	65.0%	100.0%	74.0%	66.0%	<b>82.0%</b>



#### Narrative of a female engineer returning to work after maternity & childcare leave

**Rika Oie**  
Construction Department, Chubu Regional Office

After taking 18 months of maternity and childcare leave, I returned to work as a construction engineer and am currently balancing childcare and work.

During my pregnancy, I was anxious about whether I could continue working while raising a child, but my supervisor's recommendation to return to work before my maternity leave began was a major source of encouragement. Thanks to that, I was able to focus on childcare with a positive mindset during my childcare leave.

Balancing childcare and work is certainly not easy. Every morning, I make it to work just on time after getting my reluctant daughter out of bed and taking her to daycare. Although I sometimes have to leave workplace due to my child's sick or daycare events, I am able to enjoy raising my child while working thanks to the support and understanding of my supervisor and colleagues.

In the future, I want to continue challenging myself rather than having my career potential limited due to raising a child.



#### Narrative of a male employee who took paternity leave

**Kohei Otsuki**  
Chiba Branch

I took two months of paternity leave for the birth of my first child. At first, I thought childcare would be easier than work.

However, after experiencing our child's nighttime crying and the relentless days of feeding, diaper changes, and housework with no time for rest, I came to realize the immense burden on my wife and developed a profound understanding that childcare is something both parents must cooperate on.

Above all, being able to witness firsthand our child's growth together with my wife, who was also on childcare leave, was a priceless experience. Watching our child track objects and smile at people, and taking our first outing together to see the cherry blossoms—each moment was deeply moving, and I feel our family bond has grown stronger. My wife, who is also my work colleague, told me that I had supported her both mentally and physically.

I was able to spend this precious time thanks to the understanding and cooperation of my work colleagues.



## Diversity and Inclusion

To maintain diversity in our workforce, the SHO-BOND Group is striving to recruit diverse new employees, and follows non-discriminatory fair employment practices. We also select our management personnel based solely on each individual's capabilities and performance.

In terms of female participation in our workforce, SHO-BOND is striving to maintain a regular female recruiting rate of at least 15% with a medium- to long-term perspective of increasing our percentage of female managers. Since FY2024, we have continued to achieve this target. We have also set up workplace environment measures, training programs, and follow-up surveys for female engineers, which have resulted in a high employee retention rate. In October 2024, SHO-BOND CORPORATION received the "Eruboshi" second-level certification as a company that has made outstanding efforts in promoting female participation.

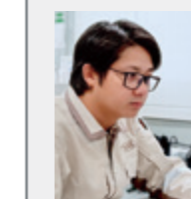
To retain senior employees and continue benefiting from their many years of experience, we significantly raised their remuneration in FY2021 and FY2023. We will continue to focus on creating an environment where our senior employees can fully and enthusiastically leverage their experience and expertise.

We have continued to actively recruit and promote mid-career hires for many years, and as of the end of June 2025, our mid-career hires accounted for 50.6% of all employees and 31.5% of all managerial positions.

The ratio of our foreign national employees was 1.9% as of June 30, 2025. We will continue to hire foreign nationals not only in Japan but also locally in other countries.



	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Number of female engineers</b>	23	26	30	36	<b>45</b>
<b>Percentage of female employees in regular recruiting</b>	17.2%	9.5%	16.2%	25.8%	<b>19.0%</b>
<b>Employee retention after mandatory retirement age</b>	80.0%	87.5%	100.0%	94.4%	<b>72.7%</b>



#### Narrative of a foreign national employee

**Yar Zar Ko Ko**  
Chiba Branch

Since coming to Japan from Myanmar in 2018, I have worked on various projects at seven different construction sites. I am currently working as a management

engineer on a bearing replacement project on a Warren truss bridge. I also had the opportunity to attend overseas bridge surveys and technical proposals at the request of the Overseas Business Department.

The SHO-BOND Group currently has employees from Indonesia, Vietnam, Thailand, China, Myanmar, and other countries. Even now, in my seventh year in Japan, there are still cultural differences and language gaps, but I am very happy to be part of a workplace environment where I can grow regardless of my nationality.

I will continue striving to support people's safety and peace of mind through the SHO-BOND Group's technologies, not only within Japan but also overseas.

## Human Rights

### SHO-BOND Human Rights Policy

In August 2022, we established a human rights policy in accordance with the United Nations Guiding Principles on Business and Human Rights to clarify the SHO-BOND Group's approach to human rights. Based on this policy, we will work together to respect human rights with all stakeholders including not only our Group companies but also partner companies.

In our Group workplaces, people of different genders, nationalities, corporate affiliations, ages, and years of experience all work together. We believe that respect for human rights is extremely important to ensure that all of our employees can work with peace of mind.

### Human rights initiatives

To broaden our employees' awareness of human rights, we provide training on human rights through new employee training, rank-specific training, and e-learning. In our human rights training, we strive to raise awareness among executives and employees of the importance of human rights, not only by providing conceptual explanations but also by addressing specific human rights issues, such as typical cases of harassment.

To prevent harassment, which is a human rights risk, we conduct periodic self-checks on employee harassment and also address these risks within the supply chain in cooperation with our partner companies.

Since 2022, we have been conducting a human rights survey of our partner companies. Based on the results of the human rights survey of our partner companies in 2025, we did not identify any cases of harassment, but we did identify several partner companies that had inadequate human rights systems or that perceived a risk of harassment. We will continue to assess the situation and strive to reduce these risks.



Rank-specific training on human rights

# Quality

## Quality Policy

The SHO-BOND Group will provide services and products that satisfy our customers by continuously striving to pass on social infrastructure to the next generation in good condition.

1. We will endeavor to improve customer satisfaction through a correct understanding of the quality sought by customers and society.
2. We will contribute to social infrastructure development by providing services and products that are suitable for the environment and local community while complying with laws and regulations.
3. We will endeavor to ensure and improve quality of our service and products through proactive engagement in technological development.

KPI		FY2024 Result	FY2025 Result
Average scores for contractor performance evaluation in construction industry	MLIT	78 or above	80.1
	NEXCO	80 or above	86.5
			<b>81.1</b>
			<b>84.0</b>

## Quality Management System

To deliver construction and products based on customer requirements and relevant laws and regulations, and to consistently provide services that satisfy our customers, SHO-BOND CORPORATION, the KAKO Group, and SHO-BOND MATERIAL CO., LTD. have established a quality management system based on ISO 9001. From the planning stage of construction and products through to post-completion inspections, we appropriately perform construction and manufacturing tasks according to established processes, and confirm their status through regular internal audits and implement the necessary improvements.

On construction projects, we hold pre-construction review meetings at each regional office for all project contracts. At these meetings, we examine quality-related risks and opportunities specific to each project, along with corresponding countermeasures. After project completion, we monitor customer satisfaction using the Construction Performance Evaluation Notice (for public works) and customer satisfaction surveys (for private-sector and subcontracted works). Upon receipt of a complaint, we document and retain the details and actions taken. We then implement company-wide preventive measures where necessary to establish a system that prevents the same mistakes from recurring.

In our construction material manufacturing operations, we manage customer feedback collected through satisfaction surveys and evaluate and analyze the content. In addition to these ISO-based systems, we have established a Quality Management Committee composed of senior management as a product-specific oversight organization. We hold quarterly meetings as a general rule to verify our processes from development through delivery and after-sales service from the customer's perspective in an effort to promote further quality improvements.

## Outstanding Construction Project Awards

Our quality, safety, and schedule management capabilities in public works projects have been recognized, and we have received various awards. We will continue striving to advance our technical capabilities and contribute to the realization of a prosperous and safe society through high-quality infrastructure maintenance.

### Major awards received in 2025

Ministry of Land, Infrastructure, Transport and Tourism (MLIT)	
FY2025 Outstanding Construction Performance Enterprise Certification	Tohoku Regional Development Bureau Kanto Regional Development Bureau Hokuriku Regional Development Bureau Kinki Regional Development Bureau
Regional Development Bureau Director's Award	3 awards
Expressway companies	
General Manager's Award	1 award
Safety Council Award	5 awards

## Quality Training

We conduct various training programs aimed at enhancing the construction management skills of our engineers involved in construction work. At the Tsukuba Training Center, we use construction training rooms and the training bridge to conduct hands-on training in environments closely resembling actual job sites. Trainees learn advanced quality control in themes tailored to their experience and skill level, such as hands-on experience in preparing and testing specimens for adhesives and cement, and actual construction using the training bridge. In addition to these company-wide training programs, we strive to improve quality through detailed education and training, such as holding unique study sessions at each regional office.

Moreover, SHO-BOND MATERIAL CO., LTD. conducts study sessions for each type of construction material that it handles. For couplings (pipe joints), our sales and manufacturing personnel from across the country regularly gather at our plant to investigate and discuss product concerns and complaints. This allows us to share information throughout the company about customer needs, and product specifications and performance, thereby contributing to the supply of better products.



Practical training on preparing organic material test specimens (resin adhesives)

# Partnerships with Partner Companies

## Procurement Policy

The SHO-BOND Group conducts procurement activities based on the following principles to realize a sustainable society guided by the philosophy of "passing on social infrastructure to the next generation in good condition."

### 1. Compliance with laws, regulations, and social norms

We will comply with the laws, regulations, and social norms of the countries and regions involved in the procurement activity.

### 2. Fair and correct transactions

We will carry out our procurement activities in a fair and correct manner as an equal partner.

### 3. Respect for human rights

We will respect basic human rights and endeavor to secure appropriate working conditions.

### 4. Promotion of health and safety

We will maintain a safe and sanitary working environment, and work to prevent workplace accidents.

### 5. Maintenance of quality

We will endeavor to maintain and improve the quality of our services and products.

### 6. Environmental conservation

We will carry out our procurement activities that give consideration to environmental conservation and the lessening of environmental burdens.

### 7. Information security measures

We will carry out the thoroughgoing management and protection of the confidential information obtained through the procurement activities.

### 8. Contribution to society

We will contribute to the development of society and the overall local community with an awareness that our procurement activities are deeply tied to the local community.

## Workplace Health and Safety Councils

To collaborate on improving construction quality and workplace health and safety, we have established workplace health and safety councils at each regional office comprising our Group companies and partner companies. These councils work in unison with Group employees to improve on-site management standards by conducting regular safety and health patrols at worksites, participating in the annual "Safety Training Sessions" and monthly "Safety Meetings" held at each regional office, sharing the Group's quality and safety policies, and striving to improve knowledge.

To improve overall health and safety standards throughout the workplace, we provide various training opportunities, such as participatory training by instructors visiting our work sites, and hands-on safety training at the Tsukuba Training Center (TTC). The hands-on training programs at TTC have been particularly well-received by participants and the circle of learning is expanding, with representatives who participated in the training bringing along other employees from their company. Through these training programs, the SHO-BOND Group and our partner companies share a common safety awareness, leading to safer and more efficient construction site operations.



Participatory safety training at construction site offices

## Declaration of Respect for Labor Cost Estimates

In line with the Japan Federation of Construction Contractors' Declaration of Respect for Labor Cost Estimates, the SHO-BOND Group requests that partner companies clarify the amount of the legal welfare expenses and labor costs, ensures that adequate wages are guaranteed, and respects the estimates provided.

## Partnership-building Declaration

Our subsidiary SHO-BOND CORPORATION has created and published a Partnership-building Declaration to foster collaboration and mutual prosperity with our supply chain partners and businesses engaged in value creation.



## Efforts to Secure Employees

Within the construction industry, the decline in construction workers, who are directly involved in on-site labor, has become a serious issue. In order to realize a sustainable construction industry, it is essential that prime contractors and partner companies work in unison to secure personnel.

In 2024, our Group company Kyna-Tech established the "T3 Construction Business Cooperative" alongside multiple construction companies, and began activities to help the recruitment of foreign technical intern trainees and specified skilled workers, and retention. The Cooperative accepts foreign nationals, provides job placement services and detailed support for daily living, and conducts training sessions for specialized tasks with the aim of helping foreign skilled workers adapt to Japanese construction sites as quickly as possible and establish themselves as valuable long-term personnel for our partner companies. While the Cooperative is currently operating in the Tokyo metropolitan area only, we are considering expanding nationwide in the future.

# Health and Safety

## Basic Views

In addition to complying with laws and regulations related to occupational health and safety, the SHO-BOND Group aims to create a comfortable work environment in which everyone strives to eliminate occupational accidents, while maintaining and improving their health, based on the philosophy that "respect for human life and safe construction take precedence over everything else."

Health and safety management is one of the most important management issues of the Group. In recent years, our contract volume of large-scale construction projects has expanded, and our volume of complex construction projects such as expressways has been increasing. Completing these projects without any accidents demands a high level of safety skills along with a strong commitment to safety by everyone at the SHO-BOND Group and our partner companies. Based on this stance, we have established the following Health and Safety Policy for the three years from FY2025 to FY2027. The president of SHO-BOND also issued a directive in January 2020 to commence the "Initiatives for Creating a SHO-BOND Culture of Safety."

## Initiatives for Creating a SHO-BOND Culture of Safety

Our goal is to raise SHO-BOND's safety culture from a "dependent" structure where supervisors oversee safety measures to an "interdependent" and "interdependent" structure in which individuals act independently and promote safety among themselves. We believe these changes will establish accident-free workplace environments where people can do their jobs with even greater safety and confidence. To accomplish these goals, we are promoting the Initiatives for Creating a SHO-BOND Culture of Safety.

### Training under the Initiatives for Creating a SHO-BOND Culture of Safety Roadmap

(employees and partner company management)

We are providing felt leadership training by external consultants to our Group employees and partner companies. This training aims to equip the trainees with the leadership skills to demonstrate their

### Health and Safety Policy

- Striving for zero serious accidents**  
We will ensure implementation of risk assessments.
- Realizing a stronger safety culture**  
We will develop our safety culture from dependence on supervision to interdependence by all individuals.
- Establishing a health and safety management system**  
Our offices, work sites, and partner companies will work in unison to prevent workplace accidents and create a comfortable work environment.

### Key Initiatives Based on the Health and Safety Policy

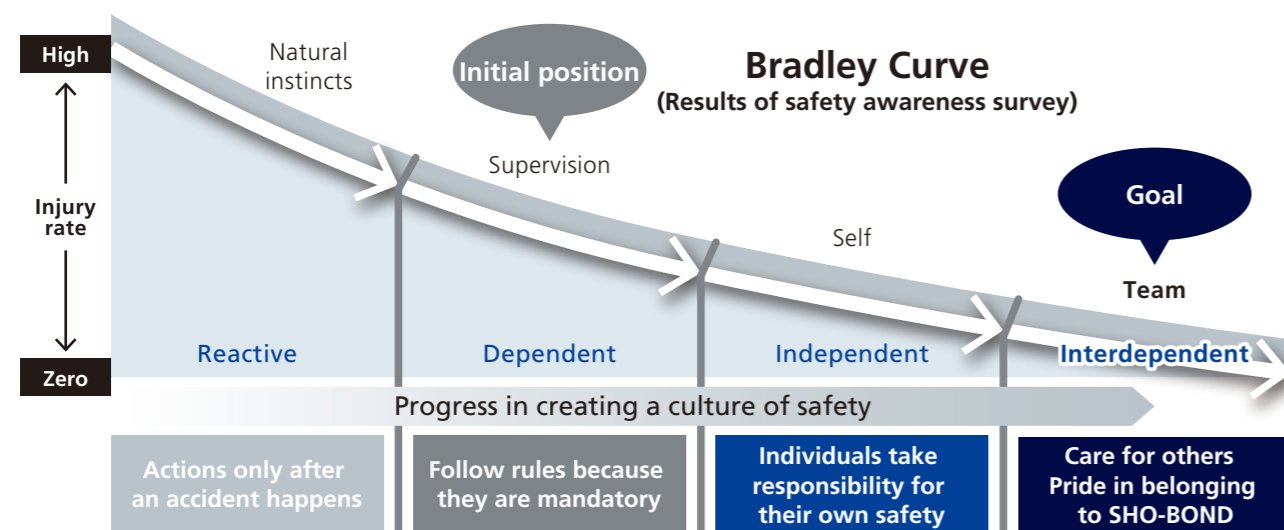
#### Priority Actions in FY2026

- Visualizing and ensuring implementation of measures to identify and mitigate risks for serious disasters and accidents, specifically prioritizing responses to the following events:**  
① Third-party accidents ② Fires ③ Falls  
④ Accidents during water-jetting work ⑤ Heatstroke  
Our offices and construction sites will implement these measures as part of their respective duties and responsibilities.
- Every manager with safety responsibilities shall conduct daily site inspections to nip accidents in the bud, and shall provide appropriate consideration and guidance to new site visitors and workers performing high-risk tasks.**  
They shall also provide clear guidance to subcontractors to enable them to fulfill their work responsibilities.
- Creating comfortable and smart workplaces and construction sites**

strong commitment to safety through action. By continuing the training and expanding its scope, we are aiming to bring about a company-wide shift in safety awareness and foster a safety culture.



Felt leadership training



## Targets and Accomplishments

The Group has set "zero fatal accidents" and a "lost time injury (LTI) frequency rate of no more than 0.7" as health and safety KPIs, and in FY2025 we achieved both of these targets. Going forward, all parties will work together in promoting measures to prevent occupational accidents to the best of their ability in order to continue achieving these targets.

Health & Safety KPI	FY2024 Result	FY2025 Result
Number of fatal accidents	0	0
Lost time injury (LTI) frequency rate*	1.13	0.63

\*Lost work time of 4 or more days

## Health and Safety Management System

SHO-BOND has a health and safety management system in which everyone from the president to supervisors at all levels has clearly defined roles, responsibilities, and authority. This system is used to perform well-planned health and safety management operations at all business sites. We conduct health and safety patrols at construction sites to improve the level of health and safety. In FY2025, the president, regional and branch office general managers, and other senior managers performed a total of 3,852 patrols. This is 252 more visits than in the previous fiscal year, representing an average of 1.4 visits per construction site per month.

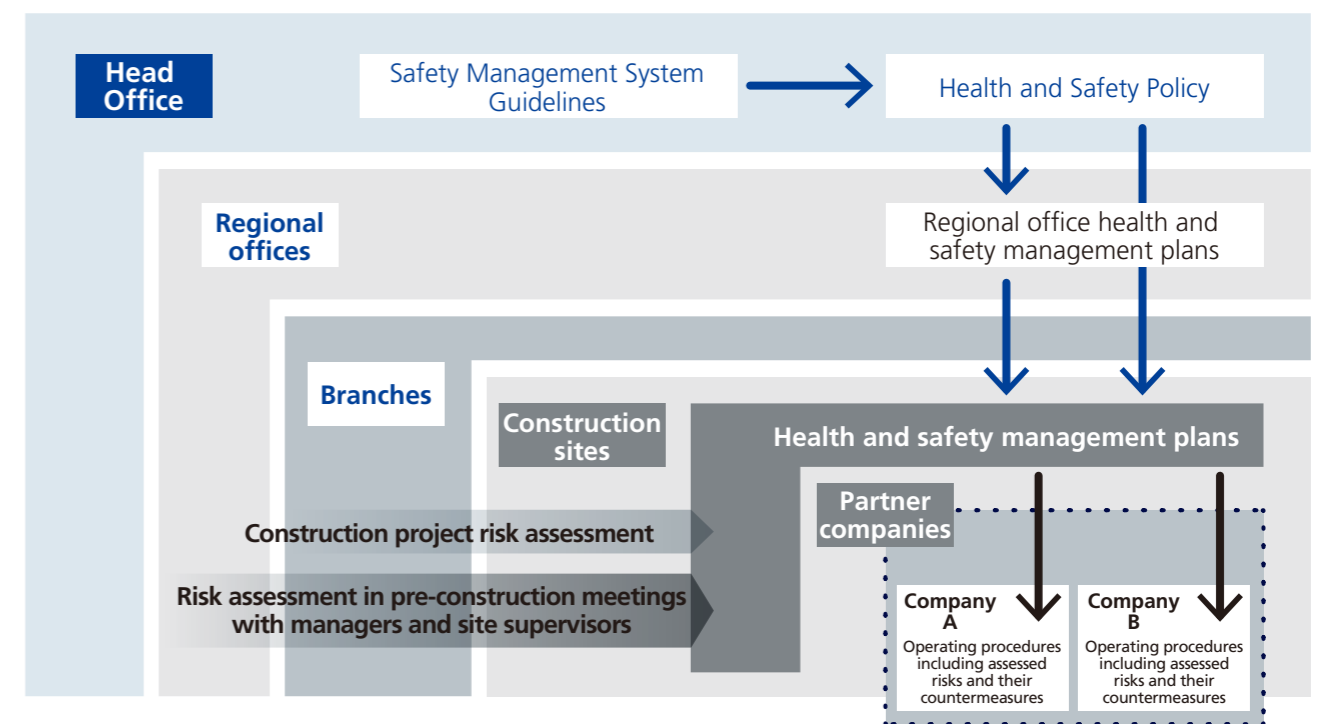
### Basic Responsibilities

President	Determine the Group's Health and Safety Policy and set health and safety targets
General Managers of Regional Offices	Create annual health and safety management plans for SHO-BOND's regional offices based on the Health and Safety Policy
Branch Managers and Site Supervisors	Create and announce a construction health and safety policy, and set targets for construction health and safety Create, implement, review, and improve construction health and safety management plans
Partner companies	Create risk assessment operating procedures



Health and safety patrols by the company president

### Health and Safety Management Organization Chart



Health and Safety

Key Initiatives

Health and Safety Training

The SHO-BOND Group provides safety training programs to employees of the Construction Department, Marketing and Sales Department, and Engineering Department in July every year. The July 2025 program included reports about workplace accidents and property damage caused by accidents during FY2025 and priority actions for the next fiscal year. We also provided special training as well as health and safety training by SHO-BOND instructors to our engineers and 967 employees from 216 partner companies in FY2025.

New employee safety training—Hands-on experience in scaffolding assembly

As part of our safety training for new employees, we provide a hands-on experience on how to assemble scaffolding. Although the scaffolding at actual worksites is assembled by workers from our partner companies, this hands-on training teaches our new employees what they need to know as SHO-BOND Group employees (such as the different applications and roles of scaffolding according to type and material). The fact that this is a hands-on program means that new employees can learn first-hand about the hazards involved in scaffold assembly.



Safety Culture Training (Communication Skills Training)

At our construction sites, ensuring proper communication with workers from various subcontracting companies affects not only construction efficiency but also the health and safety environment. That is why we invite external instructors to provide “communication skills training” to our junior to mid-level employees leading our on-site operations. Through this training, our employees are learning communication basics, as well as communication techniques that account for the personality traits of those they are communicating with.



Hands-On Safety Training for Partner Companies

We are conducting hands-on training at the Tsukuba Training Center for our Group’s major partner companies. This training is intended to raise safety awareness and develop risk perception among our major partner companies that frequently work at our Group’s construction sites. In FY2025, a total of 111 workers from 25 partner companies attended the training and directly experienced the severity of accidents and the importance of safety by using various hands-on content at the Tsukuba Training Center.

Participant comments included the following: “I thought I had a good understanding of safety after reading the precautions and accident case studies but the hands-on experience was more realistic and gave me new insights about safety”; “I want the other employees at my company to experience this training”; “The variety of training content exceeded my expectations”; and “I want to share my experiences within my company.” We intend to continue holding the training in the future.



Development and Adoption of SB+ (Safety Inspection App)

To promote labor-saving measures in our on-site operations through digital transformation (DX) in health and safety, and to enhance the effectiveness of our on-site safety inspections and equipment checks, we have developed a safety inspection app called “SB+.” By using this app on a mobile device to scan QR codes and input inspection forms, information can be shared without returning to the office, thereby enhancing coordination and reducing labor. We commenced formal operation of the app from FY2026 and are now deploying it at construction sites around the country.



The Road to Safety—Leaders’ Challenge— Vol. 3. Kita-Nihon Regional Office

As part of our “Initiatives for Creating a SHO-BOND Culture of Safety,” we are producing and distributing original e-learning content for use by our employees and partner companies. Our documentary, entitled “The Road to Safety,” follows the SHO-BOND employees who play a leading role in maintaining on-site safety and gives a full account of their efforts. As the third volume in the series, this documentary features the activities of the Kita-Nihon Regional Office.

Our Kita-Nihon Regional Office, which is responsible for operations in Hokkaido and the six prefectures of Tohoku, experienced a labor accident involving a partner company at a construction site under its management shortly after the start of FY2025. In light of this accident, this volume of our Road to Safety documentary focuses on the leaders at the Kita-Nihon Regional Office who are redoubling their efforts in order to prevent a recurrence.

Akihiro Okada, General Manager, Safety Management Department, Kita-Nihon Regional Office



Every single worker has a family, and we must ensure they all return home safely to their family members. To that end, we focused our efforts on determining how to deliver safety training that effectively reaches those working on the front lines. First, we conducted safety training under the theme of “Safety Day.” To prioritize the participation of our workers and all other employees and ensure that this was a “Safety Day” created by everyone, we developed the training curriculum with a priority on proactive two-way communication between the regional office and the site.

Recognizing that hands-on, participatory experiences are highly effective in improving safety awareness, we invited the management of our partner companies to the Tsukuba Training Center. To allow the participants to experience the moment an accident occurs, we conducted a training program incorporating the sounds, vibrations, and shocks of an accident. After witnessing many of the participants filming the training curriculum, I was convinced that they wished to share it with their fellow company employees. Managers from some partner companies who were impressed by the training have since visited the Tsukuba Training Center together with their own employees and partner companies. I think that these actions reflect a gradual improvement in safety awareness among our partner companies. I also believe that we must strengthen our initiatives through creative thinking in response to the efforts of our partner companies.

To speak directly with those involved in the accident, we traveled from Sendai, where our Kita-Nihon Regional Office is located, to meet the partner company and the disaster victim in Hokkaido. Although a report summarizing the accident was prepared immediately after it occurred, our decision to make this visit was based on the reasoning that new insights can emerge over time, and that certain aspects of the accident may not have been fully captured in the report. By doing so, we managed to uncover the underlying causes and identify new preventive measures. Based on the findings of our visit, we were able to identify what we, as the prime contractor, need to do in the future, which I felt was very useful.



Shigeru Uwajima, Construction Section Manager, Hokkaido Branch



As a unique rule within our group, we require employees to be present on-site during scaffold assembly to ensure health and safety. At the Kita-Nihon Regional Office, both the on-site supervisor and the construction section manager (CSM) must be present at the site. This rule was established by the Kita-Nihon Regional Office to improve safety based on the recognition that the CSM is the person at the regional office with the most comprehensive

understanding of local construction projects. While the site supervisor is obviously responsible for verifying the work, I believe it is also important for CSMs to verify work from a different perspective in order to identify any overlooked issues. I have also received feedback from site supervisors that having the CSM on-site provides reassurance and a sense of solidarity with the back office. As the person responsible for overseeing construction projects in the North Japan region, I will continue to lead our safety initiatives while remaining closely involved with our construction sites.



Yuta Hara, Safety Management Section Manager, Safety Management Department, Kita-Nihon Regional Office



Safety activities cannot be accomplished solely through the efforts of our company. By actively engaging our partner companies in our safety activities, we can comprehensively view on-site operations from multiple perspectives, thereby leading to better overall safety. To this end, the Kita-Nihon Regional Office implemented reforms to the curriculum and structure of safety training provided by partner companies to their workers. As a

result of these reforms, an increasing number of our partner companies has begun implementing their own unique initiatives. We are confident that establishing this proactive stance will significantly contribute to maintaining our accident- and disaster-free record.



Thanks to the efforts of our leaders, after the accident at the start of the period, the Kita-Nihon Regional Office ended FY2025 with an accident- and disaster-free record. I am convinced that this is not merely a coincidence, but rather the result of a shift in the mindset of each person involved in on-site operations. Going forward, all involved personnel, including our partner companies, will continue these efforts.

At the beginning of FY2026, we held a safety pledge ceremony to strengthen our resolve and awareness. We will continue our steady efforts along the path to safety, both in practice and in mindset, to ensure accident- and disaster-free operations into the future.

# Corporate Governance

## Basic Views

The SHO-BOND Group (the "Group") is engaged in comprehensive maintenance of infrastructure under its corporate philosophy of "With a sense of mission of 'inheriting and passing on social infrastructure to the next generation in good condition' we will contribute to the realization of a safe and affluent society by utilizing our advanced technological development capability as a leading company in the structure maintenance business."

As a leader in the maintenance industry, corporate governance is one of the most important management issues to earn the trust of stakeholders, including shareholders, investors, and employees, and to achieve sustainable growth and increase corporate value over the medium to long term. We will continue sound management by enhancing corporate governance that enables transparent, fair, prompt, and decisive decision-making.

## Progress in Strengthening Corporate Governance

We transitioned to the holding company system ahead of our industry peers and later became a company with an Audit and Supervisory Committee to strengthen corporate governance. We will continue maintaining a proper governance system while keeping a close eye on social circumstances.

Date	Event
January 2008	Transitioned to the holding company system
September 2015	Transitioned to a company with an Audit and Supervisory Committee and shortened directors' term of office to one year
September 2017	Increased the number of Outside Directors to three
July 2018	Started evaluating the effectiveness of the Board of Directors
November 2018	Established the Nomination and Remuneration Advisory Committee
August 2022	Established the Sustainability Committee

## Overview of Corporate Governance System

### Board of Directors

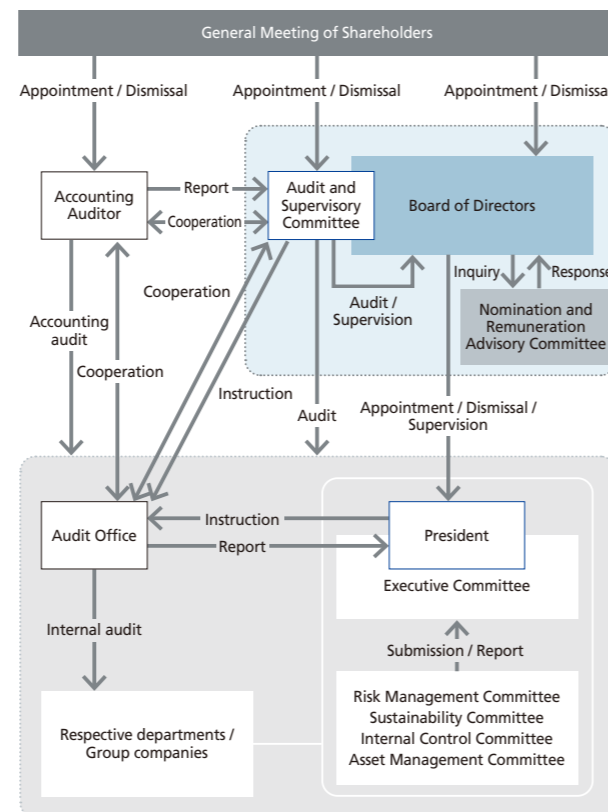
The Board of Directors has eight members including four directors who are members of the Audit and Supervisory Committee. The directors discuss and reach decisions about important matters involving management as prescribed by laws and regulations and the rules for the Board of Directors. As a rule, the board meets once every month and meets at other times as needed in order to reach decisions quickly.

(Number of meetings in FY2025: 11 times)

### Audit and Supervisory Committee

SHO-BOND is a company with an Audit and Supervisory Committee. The Audit and Supervisory Committee has four members, of whom

### Corporate Governance Structure



three are Outside Directors. As a rule, the committee meets once every month and meets at other times as needed. The Audit and Supervisory Committee, as an independent body, audits and supervises the performance of directors who are not members of the Audit and Supervisory Committee. The committee also prepares audit reports and reaches decisions on other stipulated matters based on laws and regulations, the Articles of Incorporation, and Audit and Supervisory Committee rules and audit standards. The Audit and Supervisory Committee works with the accounting auditor and the Audit Office to perform audits efficiently. (Number of meetings in FY2025: 10 times)

### Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee has four members: three Outside Directors and the President and Representative Director. This committee is actively involved in the formation and execution of the succession plan for the President and has adequate discussions on directors' nomination and remuneration while giving opinions and advice to the Board of Directors. (Number of meetings in FY2025: 7 times)

### Executive Committee

The President and Representative Director presides over the Executive Committee as a body to assist his decision-making in management. This committee consists of directors outside the Audit and Supervisory Committee and senior executives nominated by the President, including the executives of SHO-BOND subsidiaries. As a rule, the committee meets twice every month and meets at other times as needed in order to reach decisions quickly.

(Number of meetings in FY2025: 20 times)

### Internal Committees

Major committees related to business execution include the Risk Management Committee, Sustainability Committee, Internal Control Committee, and Asset Management Committee. Important management issues are continuously discussed by theme at these committees and submitted and reported to the Executive Committee as needed.

## Method of Evaluating Effectiveness of the Board of Directors

To evaluate the effectiveness of the Board of Directors, a third-party external adviser is invited every other year for objectivity considerations. The evaluation is performed by asking all directors, including members of the Audit and Supervisory Committee, to complete questionnaires, which will be analyzed and reviewed by the Board of Directors. The issues recognized here will be approached and reviewed with self-analysis and evaluation in the next year.

### Summary of evaluation results

For the fiscal year ended June 2025, we confirmed the effectiveness of the Board of Directors as a result of the evaluation based on the self-analysis. We have reviewed the criteria for submitting proposals in the Board of Directors Regulations for more speedy decision-making, as part of the action plan formulated based on the results of the questionnaire conducted by an external advisor in the previous fiscal year. In the fiscal year ending June 2026, we will strive to improve the effectiveness of the Board of Directors by continuously conducting executive seminars to enhance the executives' knowledge, experience, and skills, as well as holding small executive meetings to strengthen the business promotion capabilities.

## Details of Compensation for Directors (and Other Officers)

At the Board of Directors, the Company resolved the policy regarding the details of the compensation, etc. for each Director (excluding Directors serving as Audit and Supervisory Committee Members; hereinafter "Directors"), and the details of such are as follows:

As the Company is a holding company that is in charge of supervising Group companies, the compensation for the Company's Directors comprises basic compensation only. Furthermore, the payment of basic compensation shall be monthly fixed compensation in cash.

The Company's Directors concurrently serve as Directors of subsidiaries. Compensation is determined by proportionately taking into consideration the weight of the business of both the Company and its subsidiaries, and multiplying it by the monthly compensation of subsidiaries.

Furthermore, bonuses, which are paid depending on financial results, are paid by the subsidiaries to which the Directors belong.

In determining compensation, etc., the President and Representative Director prepares a compensation proposal, including the portion to be paid by subsidiaries, that is determined at a Board of Directors meeting after consulting the Nomination and Remuneration Advisory Committee, which comprises the Company's Outside Directors and the President and Representative Director.

### Total amount of compensation, etc. for the fiscal year ended June 30, 2025 (Million yen unless otherwise stated)

Category	Number of Directors (persons)	Amount	Total amount of remuneration by type: Basic remuneration
Directors (excluding Directors serving as Audit and Supervisory Committee Members) [of which, Outside Directors]	5 [-]	94 [-]	94 [-]
Directors (Audit and Supervisory Committee Members) [of which, Outside Directors]	5 [3]	44 [21]	44 [21]
Total	10 [3]	138 [21]	138 [21]

## Cross-shareholdings

As a rule, SHO-BOND 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. Stock holdings of other companies are examined individually by taking into consideration qualitative and quantitative benefits and risk factors, including holding purposes, the number of transactions with these companies, their operating environment, results of operations and financial position, dividend yields as a return of investments and stock price fluctuation risks. Stock holdings are reduced when there is little need to continue owning the stock. SHO-BOND will reduce the ratio of cross-shareholdings to net assets by selling about 30% of its stock holdings, worth approximately 3 billion yen based on the market value at the end of June 2024, as part of the Medium-term Business Plan 2027 (FY2025–FY2027). Voting decisions concerning the stock of other companies are based on the goals of increasing shareholder value for SHO-BOND and contributing to the medium- to long-term growth of the corporate value of the other companies.

### Sales of Cross-shareholdings

	FY2022	FY2023	FY2024	FY2025
Number of stock issues sold	3	3	3	3
Sales amount (million yen)	566	529	724	1,419

Corporate Governance

Internal Control

The SHO-BOND Group has a system of internal controls for ensuring that all business operations are conducted properly in accordance with the Companies Act and Ordinance for Enforcement of the Companies Act. In addition, the Board of Directors has established The Basic Policy for Constructing an Internal Control System that has the goals of efficient business activities, reliable reports, strict compliance with laws and regulations, and other items.

We are taking various measures, including the establishment of an Internal Control Committee and a department in charge of promoting internal control in FY2019, in order to further strengthen internal control within the Group and permanently ensure a favorable control environment.

The Internal Control Committee is held in principle twice a year, during which it evaluates the effectiveness of internal control based on reports from each department and group company, extracts issues related to internal control, and considers countermeasures, providing instructions to related departments.

In addition, we have established the Audit Office under the direct control of the President as the internal audit department. In accordance with the Internal Audit Regulations, the Audit Office audits the management and control system for the entire Group's operations and the status of business execution, and makes recommendations as necessary based on the results of internal audits to each department which implements self-control. The results of the internal audits are reported to the president, the Board of Directors, the Audit and

Supervisory Committee, and the Internal Control Committee.

SHO-BOND's Outside Directors

The Company elects three Outside Directors who are Audit and Supervisory Committee members.

Mr. Satoru Miura has knowledge and experience as a Certified Public Accountant as well as a corporate accounting advisor. Mr. Akira Hongo has knowledge and experience as an attorney as well as a corporate consulting attorney. Ms. Reiko Kuwano has considerable academic expertise and experience in the field of civil engineering as a professor at the University of Tokyo. The three of them play a role in ensuring the properness of the business execution of the Company by providing oversight and advice from an independent standpoint drawing on their respective knowledge and experience. None of the three Outside Directors has personal, capital, or business relationships or any other special interests with the Company. In addition, the standards for Independent Outside Directors in the Company's Corporate Governance Guidelines comply with the independence standards of financial instruments exchanges. We seek to provide the Outside Directors with information in an efficient and in-depth manner so that they can fully understand the Group and exercise their abilities to the fullest. In promoting smooth communication, relevant executive officers directly give explanations to the outside directors as needed when they make inquiries.



Message from Our Outside Directors (Audit and Supervisory Committee Members)

Satoru Miura

As an Outside Director, I have been involved in helping the SHO-BOND Group to grow and develop for eight years. The Group has grown steadily during this period, and has now set its sights on the global market. My fundamental mission is to help ensure sustainable corporate growth and sound governance. As an Audit and Supervisory Committee Member, I leverage my expertise as a Certified Public Accountant to ensure the reliability of the SHO-BOND Group's financial and non-financial information. I also review the effectiveness of risk management and internal controls from multiple perspectives to support appropriate decision-making by the Board of Directors.

Going forward, I will continue to be proactively involved in enhancing SHO-BOND's governance, and also in non-financial areas such as disclosures on human capital, and will fulfill my responsibilities as an Outside Director to act as a bridge between social regulations and norms and business operations. In my capacity as an independent outsider, I will contribute to the sound development of the SHO-BOND Group with a sense of sincerity and a professional perspective.

Akira Hongo

I am personally very fond of SHO-BOND's slogan of being "a construction company that doesn't construct." The SHO-BOND Group's philosophy of contributing to the realization of a safe and affluent society as a leading company in the structure maintenance business is ingrained in all of its employees. I leverage my professional expertise and experience as a lawyer to carefully monitor and, where necessary, provide advice and guidance from an objective and neutral company-wide standpoint in terms of the Group's compliance with its articles of incorporation, relevant laws and regulations, and also its legal and regulatory compliance frameworks. However, management decisions that promote business based on calculated risks are also essential to ensure the company's further growth. Therefore, my role as an Outside Director is not simply to apply the brakes but to monitor company practices so as to ensure a rational balance between the accelerator and brake, and to strive diligently toward the company's sustainable growth.

Reiko Kuwano

SHO-BOND has long been a pioneer in the highly public sector of social infrastructure maintenance, and I believe it is a company that possesses both field expertise and technological capabilities. I feel it is a trustworthy and stable organization with an entrenched corporate culture that is both sincere and steadfast. As an Outside Director, I hope to contribute to the Group's sustainable growth and social value creation by helping to uphold sound management practices and providing diverse opinions from an outside perspective. My expertise is in geotechnical engineering, so I believe it is my responsibility to share information on infrastructure management trends and cutting-edge technologies and to provide advice on risk management and related matters by leveraging my expertise in this civil engineering field and serving as a bridge between engineers and management. As a member of a company with a social mission, I also want to contribute to creating long-term value and passing on technologies to the next generation.

Directors



Tatsuya Kishimoto  
President and Representative Director

April 2001  
April 2011  
July 2012  
September 2012  
April 2013  
April 2015  
April 2017  
September 2017

Joined SHO-BOND CORPORATION  
Director and Executive Officer, and General Manager of Kinki Regional Office  
Senior Managing Director and General Manager of Kinki Regional Office  
Director of the Company  
Senior Managing Director and General Manager of Marketing and Sales Division of SHO-BOND CORPORATION  
Executive Vice President and Director  
President and Representative Director (current position)  
Director and General Manager of Corporate Planning Department of the Company  
President and Representative Director of the Company (current position)



Takayasu Shimada  
Director, Construction Management

April 1992  
April 2020  
April 2021  
April 2021  
April 2023  
September 2023  
September 2024  
September 2024  
September 2025  
October 2025

Joined SHO-BOND CORPORATION  
Director and General Manager of Chubu Regional Office  
Director and General Manager of Shutoken Hokuriku Regional Office  
Director, General Manager of Marketing and Sales Division, and General Manager of DX Promotion Office  
Managing Director, General Manager of Marketing and Sales Division, and General Manager of DX Promotion Office of SHO-BOND CORPORATION  
Director of Business Strategies of the Company  
Managing Director, General Manager of Marketing and Sales Division, and General Manager of the East Japan In-house Company  
Director of Construction Management of the Company (current position)  
Managing Director and General Manager of Marketing and Sales Division of SHO-BOND CORPORATION (current position)



Setsu Arai  
Director, Group Strategy  
General Manager of Corporate Planning Department

April 1995  
April 2021  
April 2023  
September 2023  
April 2024  
September 2024  
September 2025

Joined SHO-BOND CORPORATION  
Executive Officer and General Manager of Kinki Regional Office  
Senior Executive Officer and General Manager of Shutoken Hokuriku Regional Office  
Director and General Manager of Shutoken Hokuriku Regional Office  
Director and General Manager of Overseas Business Department (current position)  
Director of Sales Management of the Company  
President and Representative Director of SHO-BOND MATERIAL CO., LTD.  
Director of Group Strategy and General Manager of Corporate Planning Department of the Company



Michinori Yoshinaka  
Director, Administration  
General Manager of Human Resources Department and General Affairs Department

January 1995  
April 2023  
September 2023  
December 2024  
April 2025  
September 2025

Joined SHO-BOND CORPORATION  
Executive Officer and General Manager of Human Resources Department, Corporate Administration Division  
Director and General Manager of Human Resources Department, Corporate Administration Division of the Company  
General Manager of Human Resources Department and General Affairs Department of the Company  
Director and General Manager of Human Resources Department and General Affairs Department of SHO-BOND CORPORATION  
Director, General Manager of Corporate Administration Division, General Manager of Human Resources Department and General Affairs Department (current position)  
Director of Administration and General Manager of Human Resources Department and General Affairs Department of the Company (current position)



Masaaki Konomi  
Director and Full-time Audit and Supervisory Committee Member

April 1985  
April 2011  
July 2016  
April 2019  
April 2023  
September 2025

Joined SHO-BOND CORPORATION  
Executive Officer, General Manager of Kyushu Regional Office, and General Manager of Construction Engineering Department, Kyushu Regional Office  
Executive Officer, General Manager of Nishi-Nihon Regional Office, and General Manager of Construction Department and Sales Department, Nishi-Nihon Regional Office  
Director, General Manager of Nishi-Nihon Regional Office and Kyushu Branch  
Director, General Manager of Planning Department, the West Japan In-house Company (Stationed in Fukuoka), and General Manager of Kyushu Branch  
Director (Full-time Audit and Supervisory Committee Member) of the Company (current position)



Outside Director  
Satoru Miura  
Audit and Supervisory Committee Member

April 1981  
June 1990  
February 2015  
March 2015  
March 2017  
September 2017  
September 2021  
April 2025

Registered as Certified Public Accountant (to present)  
Established Miura C.P.A. Office (to present)  
Outside Corporate Auditor of NODA CORPORATION (current position)  
Corporate Auditor of Toukei Computer Co., Ltd.  
Outside Director (Audit and Supervisory Committee Member)  
Outside Director (Audit and Supervisory Committee Member) of the Company (current position)  
Corporate Auditor of SHO-BOND CORPORATION  
Corporate Auditor of SHO-BOND CORPORATION



Outside Director  
Akira Hongo  
Audit and Supervisory Committee Member

April 1988  
April 1995  
April 2010  
September 2017

Registered as attorney at law (to present)  
Established Hongo sogo Law Office (to present)  
Professor of Keio University Law School  
Outside Director (Audit and Supervisory Committee Member) of the Company (current position)



Outside Director  
Reiko Kuwano  
Audit and Supervisory Committee Member

April 1989  
March 1999  
October 2001  
October 2001  
April 2006  
July 2013  
September 2017

Joined TAISEI CORPORATION  
Research Associate of the University of Tokyo  
Senior Researcher of Public Works Research Institute  
Associate Professor, Institute of Industrial Science of the University of Tokyo  
Professor (current position)  
Outside Director (Audit and Supervisory Committee Member) of the Company (current position)

Knowledge, experience, skills, etc. of each Director (skill matrix)

No.	Name	Inside/Outside	Corporate management	Finance/Accounting	HR	Legal affairs/compliance/Risk management	Global	Technology R&D
1	Tatsuya Kishimoto	Inside	●		●	●		●
2	Takayasu Shimada	Inside	●		●	●		
3	Setsu Arai	Inside	●	●			●	
4	Michinori Yoshinaka	Inside	●	●	●	●		
5	Masaaki Konomi	Inside	●		●	●		●
6	Satoru Miura	Outside	●	●		●		
7	Akira Hongo	Outside			●	●		
8	Reiko Kuwano	Outside					●	●








\* The table is not indicative of all the expertise and experience possessed by the Directors.

# Communication with Stakeholders

## Basic Views

The SHO-BOND Group conducts its business activities with the support of various stakeholders. Through opportunities for dialogue with our various stakeholders, we not only convey our Group's perspectives but also ensure that the opinions and feedback received during these discussions are communicated to the Board of Directors and senior management so that they can be incorporated into management

decisions. The basic policy for investor relations is to provide accurate, fair, and timely information about our management strategies, business activities, financial conditions, and other items. The purpose is to build long-term relationships rooted in trust and receive a proper evaluation from all stakeholders. This policy is posted on our website.

Stakeholders	Approach	Major activities
 <b>Customers</b>	Our Group's customers include our clients that request infrastructure maintenance work, and the users and recipients of our finished products. We provide services and products that satisfy our customers in order to pass on social infrastructure to the next generation in good condition.	<ul style="list-style-type: none"> <li>● Sales activities . . . . . As requested</li> <li>● Facility tours (Tsukuba Training Center, etc.) . . . . . As requested</li> <li>● Exhibitions . . . . . As requested</li> <li>● Video streaming . . . . . As requested</li> </ul>
 <b>Employees and their families</b>	Our employees are our Group's greatest asset. We will create workplace environments and design personnel systems that ensure every employee is mentally and physically healthy and can continue their work for a long time with peace of mind while having the opportunity to maximize their abilities and potential.	<ul style="list-style-type: none"> <li>● Employee satisfaction surveys . . . . . Once/year</li> <li>● Company newsletter . . . . . Four times/year</li> <li>● Training and support for acquiring qualifications . . . . . As requested</li> <li>● Dialogue via self-declaration system . . . . . Once/year</li> </ul>
 <b>Shareholders and investors</b>	We strive to improve corporate value through constructive dialogue with shareholders and investors and by ensuring management transparency. We will also strive to maintain long-term, stable shareholder returns.	<ul style="list-style-type: none"> <li>● General Meeting of Shareholders . . . . . Once/year (Sep)</li> <li>● Information meetings for institutional investors . . . . . Twice/year</li> <li>● Information meetings for individual shareholders . . . . . Twice/year</li> <li>● One-to-one meetings . . . . . &gt;100 times/year</li> </ul>
 <b>Partners</b>	Our partners include our partner companies, business partners, and suppliers of materials and other goods. We will aim to achieve shared prosperity with our partners by conducting sincere and fair transactions based on equal relationships, while strictly adhering to relevant laws and regulations.	<ul style="list-style-type: none"> <li>● Workplace Health and Safety Councils . . . . . As requested</li> <li>● Various surveys . . . . . As requested</li> <li>● Training for partner companies . . . . . As requested</li> <li>● T3 Construction Business Cooperative (collaboration on recruitment of foreign workers) . . . . . As requested</li> </ul>
 <b>Next-generation human resources</b>	Securing outstanding human resources is essential for sustained growth. We will become a company of choice by explaining the social significance of infrastructure repair and reinforcement and the appeal of our Group.	<ul style="list-style-type: none"> <li>● Outreach lectures . . . . . As requested</li> <li>● Internships . . . . . As requested</li> <li>● Roundtable discussions . . . . . As requested</li> <li>● Facility tours (construction sites, Technical Research Institute, etc.) . . . . . As requested</li> </ul>
 <b>Communities</b>	In conducting our Group's business, we require the understanding and cooperation of the local community. We strive to strengthen our relationships of trust with local communities at every construction site.	<ul style="list-style-type: none"> <li>● Work experience, construction briefings, on-site tours . . . . . As requested</li> <li>● Assisting with cleaning, weeding, and snow removal . . . . . As requested</li> <li>● Traffic safety awareness activities . . . . . As requested</li> <li>● Cooperating on accident and disaster recovery . . . . . As requested</li> </ul>
 <b>External organizations</b>	External organizations include academic societies, universities, and other corporations. We will enhance our collaboration with these external organizations to address the social challenge of aging infrastructure.	<ul style="list-style-type: none"> <li>● Workshops on infrastructure repair . . . . . As requested</li> <li>● Joint surveys, joint research . . . . . As requested</li> <li>● Participating in meetings and academic conferences . . . . . As requested</li> <li>● Facility tours (Tsukuba Training Center, etc.) . . . . . As requested</li> </ul>

## Major Activities

### Shareholders and investors

The Corporate Planning Department and General Affairs Department are primarily responsible for dialogues with shareholders and other investors. Investor relations (IR) are handled by the Corporate Planning Department, with our Directors and executives with knowledge about specific business activities participating as needed to ensure that our Group's operations are explained correctly. The Group places importance on information disclosure and dialogue with shareholders, institutional investors, analysts, and other interested parties. For institutional investors, we hold an information meeting about financial results twice a year as well as one-to-one meetings held every quarter. In addition to such one-to-one meetings, we hold a small meeting attended by the President after announcing the full-year financial results. For individual shareholders, we hold information meetings in Tokyo and Osaka in March every year after transitioning to the holding company system in 2008. Dialogues are consistent with the spirit of fair disclosure, and care is exercised to prevent the disclosure of insider information. The Executive Committee and the Board of Directors periodically receive feedback concerning the opinions and concerns of shareholders, which helps achieve sustainable growth.

Activity	Frequency (FY2025)
Information meetings for individual shareholders*	2 times
Information meetings for institutional investors	2 times
One-to-one meetings	127 times

\*The meetings are held in Tokyo and Osaka in March every year.



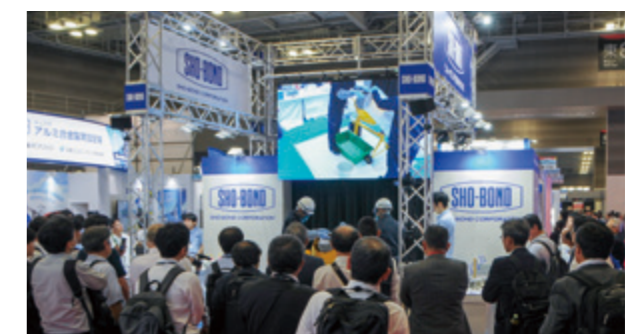
Information meetings for institutional investors (Tokyo)

### Customers

Our Group exhibits at trade shows held nationwide every year to introduce our products. At the Highway Techno Fair held at Tokyo Big Sight, many of our employees, mainly from our Head Office, participate to demonstrate the features of our products. We also provide demonstrations of how to use our products on video streaming sites.



Video introducing our construction methods (SHO-BOND official YouTube channel)



Highway Techno Fair 2025

### Communities

Our Group undertakes various activities to build and strengthen trust with local communities, such as participating in community activities near our construction sites, and providing work experience and project briefings to local children. We also contribute to resolving local challenges as members of the community, such as participating in recovery efforts when accidents or disasters occur near our construction sites.



Work experience for preschoolers from a daycare center that cooperated with road closure (Chiba Prefecture)

Participation in grass cutting organized by the local neighborhood association (Shizuoka Prefecture)



Cooperation in promptly reopening a road to traffic at an accident site (Tokyo)

# Risk Management

## Risk Management Framework

Our group aims to prevent the occurrence of risks and minimize losses in case risks do occur by establishing risk management regulations and setting up a Risk Management Committee.

The core entity responsible for our risk management is the Risk Management Committee. The Committee, chaired by the President, meets in principle once every quarter. It examines and deliberates on policies, measures, and the current state of group risk management as well as causes and recurrence prevention when risks occur while consolidating risks discussed in each internal committee and other risks reported by group companies. Results of the discussion are submitted and reported to the Board of Directors as necessary. The Committee periodically evaluates risk factors according to the established process and constantly reexamines the risk management process itself to reflect current changes in the social and business environment.

### ● Risk Management Process

Process	Explanation
① Risk identification	Business risk factors of the SHO-BOND Group are divided into Risk Categories and specific potential problems are identified for each risk factor. Magnitude of risk is defined as "the impact of an incident" multiplied by "the probability of the incident happening."
② Risk analysis and monitoring	Studies to determine numerical and other indicators for individual risk factors and the methods for monitoring them. Monitoring for changes in "the impact of an incident" and "the probability of the incident happening." Estimates of changes in risk exposure by using a qualitative analysis of changes in regulations, amendments to laws, government financial policies and other items that are difficult to measure numerically.
③ Risk control	Prepare lists of business tasks that every business unit performs periodically in order to measure and monitor risk factors. Next, check to confirm that risk factors are being controlled by these business tasks.
④ Risk evaluation	By using the reports from business units, the executive in charge of risk management assesses the magnitude of every risk factor and submits a report to the Risk Management Committee. The Risk Management Committee determines priorities concerning the magnitude and categories of risk factors and discusses methods for the efficient management of risk.
⑤ Responses to incidents	Emergency response manuals to be prepared for incidents. Perform studies concerning crisis management activities, such as direct responses to incidents, crisis management meetings, reports to government offices and agencies, public announcements about emergencies, and other responses to incidents.

## Risk Categories and Internal Committees

Each internal committee is responsible for collecting information from Group companies on the risks under their jurisdiction, examining them, and reporting them to the Risk Management Committee as necessary. The table below shows the relationships between risk categories and internal committees. Risks without a "responsible internal committee" are directly discussed in the Risk Management Committee.

	Responsible Internal Committee
1 Market risk	Asset Management Committee
2 Credit risk	
3 Financial risk	Asset Management Committee
4 Human risk	
5 Administrative risk	
6 Compliance risk	
7 Legal risk	Intellectual Property Committee
8 Quality risk	Quality Management Committee
9 Safety risk	Safety and Health Committee
10 IT risk	IT Promotion Committee
11 Natural and other disaster risk	
12 Country risk	
13 Reputation risk	

## Information Security Measures

With the acceleration of DX and changes in the usage environment of information systems, information security risk has been increasing these days, such as the growing sophistication of external cyberattacks. We have established basic policies and regulations regarding information security and are thoroughly managing risks against threats to information security. Additionally, we work to raise information security awareness throughout the entire Group through e-learning courses, spoofed e-mail training, and lectures in rank-specific training sessions. Additionally, we are working to improve our business continuity capabilities by developing response manuals and conducting training to deal with cyber attacks.

## Business Continuity Plan

The Group has a business continuity plan (BCP) to address disaster risks including great earthquakes. We strive to improve our capability to continue business operations based on the BCP on a regular basis to avoid the disruption of key operations as much as possible in the event of a major disaster and to return to normal operations early if disrupted.

As part of our BCP, we conduct an annual emergency drill, with the participation of bases other than the head office, assuming a large-scale disaster at the head office. We also conduct training to switch to backup servers in the event of a system failure, and other measures to check important elements for carrying out business operations in the event of a disaster and build a system for business continuity.

# Compliance

## Basic Concept for Compliance

The SHO-BOND Group believes that a sound compliance framework is vital to conducting business activities that meet high standards of social responsibility and are capable of sustainable growth. The SHO-BOND Group Code of Conduct enables all employees to do their jobs based on a thorough understanding of socially acceptable behavior, laws and regulations, internal rules, and other guidelines.

Everyone in the Group is dedicated to the achievement of the action principles "Corporate Credo" and the Corporate Philosophy by using a broad range of activities to earn the trust of society and all stakeholders.

## Compliance Promotion Framework

A compliance promotion program is in place throughout the Group. The SHO-BOND Group Code of Conduct clearly states the rules of behavior that all employees and executives are expected to follow. We also have a compliance manual to ensure that all employees are aware of the importance of compliance. In addition, we have close cooperation among Group companies by establishing a Compliance Office responsible for compliance matters and assigning a compliance leader to each site.

Further, we provide education and training to everyone in the Group to raise compliance knowledge and awareness.

## Compliance Training

We hold company-wide e-learning once a year. At the same time, we provide compliance education in training sessions such as new employee training and rank-specific training. The e-learning program explains basic compliance knowledge and the Group's policies and uses confirmation tests for better retention. In training sessions, we inform participants of the Construction Industry Law as well, which construction companies must comply with.

To prevent harassment, we conduct regular self-checks and e-learning programs to create a comfortable working environment by encouraging each personnel to be aware of the issue.



Lecture on rank-specific training

## Whistleblowing Contact Points

The Group has internal and external contact points for whistleblowers to report any kind of violation they detect, including harassment, regardless of its agent (individual or organization) and the type of regulations violated (applicable laws, the rules of employment, the SHO-BOND Group Code of Conduct, etc.). The purpose is to investigate and eradicate such violations as soon as we can.

We pay due care so that whistleblowers will remain anonymous as a general rule and will not suffer any disadvantages.

## Anti-corruption

Public works projects account for a large proportion of our Group's net sales, so ensuring the fairness and transparency of operations is particularly important to us. Regarding the prevention of bribery, we established an Anti-Bribery Policy in August 2022 to clarify our stance on preventing any corruption, in addition to the SHO-BOND Group Code of Conduct, in which stipulating a complete elimination of bribery. To ensure that nobody in our Group becomes involved in bribery, we have established standards for the use of entertainment expenses and are committed to acting ethically according to recipients. We also make all executives and employees aware of the risks of bribery and how to deal with them through training programs.

Based on the SHO-BOND Group Code of Conduct, we will continue to uphold high ethical standards to prevent corruption and continue to ensure fair and sound relationships with our customers and all other stakeholders.

## Elimination of Antisocial Forces

The Group has established "Eliminate antisocial forces" in the SHO-BOND Group Code of Conduct and stipulated that all unlawful demands by antisocial forces shall be eradicated and relationships shall be cut off.

We recognize that any relationship with antisocial forces, including unlawful demands from them, is a serious compliance risk. We manage risks following the policies and systems set forth in the risk management rules and strive to prevent damage by regular communication with the local police and companies to collect information on antisocial forces.

We also thoroughly educate all officers and employees on eliminating antisocial forces through compliance manuals, company-wide e-learning, and rank-specific training.