

Message from the President

We are committed to honing our ownership and building upon our corporate culture to create a business model geared to our ideal state in 2030. The starting point of this commitment is fulfilling the purpose and restoring profitability.



Shinji Shimomura
Representative Director,
President and CEO

My starting point as corporate manager: on-the-ground experience

Since I joined Sumitomo Heavy Industries more than 40 years ago, I have built my career mostly in manufacturing on the ground. At Saijo Plant (Ehime Works), in particular, I spent over 26 years and experienced all the manufacturing processes—from production technologies and order management to process control, procurement and quality assurance. At

that time, jobs were not subdivided, so I could engage in a variety of work across divisions.

In my second year, I worked on developing cyclotrons with Riken. In this project, I came to understand the true joy of manufacturing as I witnessed how technology development led to on-site production. I was able to gain experience this way and I became fully acquainted

with production processes. At the time of the stronger-yen era, this knowledge enabled me to help boost our cost competitiveness by making international purchases at just the right time. There were times where I had to scramble for parts and materials from Italy.

These experiences were learning opportunities for me to gain first-hand knowledge of the importance of groundwork, the origin of the Company's strength. Other projects I worked in include pressure vessel production for a North American oil company, and one in the space industry. Through the Saijo Plant's large-scale work, I began to have a sense of responsibility for and pride in manufacturing. In particular, the experience of working on the infrared telescope, which was used in a NASA project, gave me great confidence as an engineer.

Regarding the quality assurance framework, I was involved in the efforts to obtain and update the ASME Certification Mark we had acquired in view of atomic energy machinery manufacturing. This experience allowed me to observe how a quality assurance framework following international standards works on the ground. All these experiences still help me make management decisions.

In 2008, I was transferred to the Head Office. I was scheduled to join a project to build an excavator plant in India under the President's direct supervision. Yet the project was postponed because of the collapse of Lehman Brothers, and I was assigned to the launch of a plant in China. The China plant began mass production in 2009, and it rapidly increased production from a few to 32 units of machinery a month. Increased demand was due to the Chinese government's stimulus package. When the economy slowed after the boom, the plant's monthly production took a deep dive from around 20 to the range of four to six.

This experience made me keenly aware of how a local business environment could be insecure and highly volatile. In this instance in China, our competitors also had to increase or decrease their production over a short period. All parts manufacturers and other related businesses considered scaling down or closing their businesses. This experience taught me the risks involved in business expansion, coupled with the importance of prudent and flexible local actions. What I underwent on the ground trained my intuition and judgment, which I rely on today as a business manager.

Building a business model toward 2030

The SHI Group's core competencies lie in our ownership. I don't simply mean our technical progressiveness and high product performance. These ownership also show our commitment to pursue a balance between precision and practicality that no other company can achieve. These ownership also serve as the critical foundation of our ideal state in 2030, presented in MTMP26. We are clearly aware of the mission of resolving social issues through our technological capabilities to create shared value (CSV).

Our competitive advantage comes from our technologies, including our design and manufacturing capabilities, for control equipment, cryogenics, and cyclotron equipment. Also, we continue to develop technologies for cyclotron equipment, mainly at Niihama Plant where SHI was founded, as part of our advanced medical devices initiatives. I believe that driving the further evolution of these competitive technologies will give us a clearer reason for our existence.

At the same time, we are convinced that people come before technology. Our corporate culture values honest communication with customers and employees based on Sumitomo's business philosophy. Our business was first founded as a machinery production and repair shop for the Besshi Copper Mine. Ever since, the business has continued to pass down its core values to date: groundwork and kindness to people.

To convey this corporate culture, we are focusing on creating workplaces where our employees find their work rewarding. In 2025, I interviewed middle-level employees to hear directly the voices of the employees and gain an accurate picture of our people's motivations and the issues they are aware of across the organization. Furthermore, as part of our efforts to foster a full awareness of the Purpose, established in 2024, which is meant to be more than a mere slogan, our business unit heads initiate dialogues as an approach to prompting actions.

To maintain sustainable competitiveness, the



ROIC dipping below 5% for the first time has caused a sense of crisis across the Company. We urgently need a strong core business to restore our profitability.

Company must continue enhancing this corporate culture, in addition to the specialist skills. With our unwavering core values and ever-evolving technologies

combined, I hope that we will remain a company that is needed by people and society.

Revision of MTMP26 and our commitment to restructuring

When MTMP26 was first published, it presented our plan to have a clear growth direction to achieve sustainable growth by adding key investment areas on top of a stable revenue base. It was a balance-oriented strategy that aimed to take up the challenge of advancing into new fields while maintaining and boosting the profitability of existing businesses.

However, in reality, we had to face unforeseen changes in the external environment. These multiple changes include a sudden downturn in the European automotive market, a continuing slowdown in the Chinese market, and sluggish growth of the semiconductor market, which had a considerable impact on our business plans. The structural decline in demand across Europe—mostly in Germany—was particularly notable because it plunged to the level far lower than our initial forecast, forcing us to redevelop our European market strategy. Our ROIC dipped below 5% in 2024 for the first time, and it is causing a sense of crisis across the Company, coupled with concern about our slow reaction.

The market for semiconductor-related equipment, for which we have had a strong capability, did not grow as much as we hoped, partly because the equipment is only remotely related to generative AI requiring mostly logic semiconductors. This slow market growth led to temporary stagnation of the areas we had initially assumed to grow, making it imperative to revisit MTMP26 as soon as possible.

The SHI Group has operated a wide range of businesses. They were connected in such a way that one struggling Group company's underperformance would be covered by another Group company. However, current environmental changes affected multiple businesses of ours at the same time, showing that the structure for mutual support does not always work. This experience renewed our awareness of the critical need to develop a strong core business for greater profitability, instead of simply diversifying our business.

Under these circumstances, we have acknowledged the urgent need to speed up the business portfolio reformation. We have revisited MTMP26 to restructure each business in each region, starting from Europe. Especially, we have decided that the restructuring of Lafert was urgent. Lafert has a strong capability for high-efficiency servomotors. Yet the company depends heavily on a certain industry, and it suffered a direct blow from the market changes. With this lesson learned, we intend to work toward maximum synergy with the gear reducer business we have always had while leveraging Lafert's strengths. We are currently reviewing the product mix and revenue structure with speed.

These reforms should not be limited to mere restructuring. Rebuilding to create new value is the key. For example, our product, combining a high-efficiency servomotor and a gear reducer, could help save manpower and create a decarbonized society as a highly energy-saving solution. From this medium- to

long-term perspective, we will continue restructuring, with the focus on how to leverage our existing resources to create sources of future revenue.

However, we remain careful about additional investments in our business in China. China's markets today are full of uncertainty, with a striking rise in local manufacturers. With electric vehicles advancing, demand for engine vehicle components is declining. Even European manufacturers are struggling to remain competitive. In Southeast Asian markets, which will continue to grow, our focus will be on offering products and services designed to meet local needs. Since some of our products enjoy good reputations from local customers, we are certain there are areas where we can make a strong showing of our advantages.

The updated MTMP26 continues pursuing the goals

of at least 10% ROIC and operating profit of ¥130 billion toward 2030. We are advancing reforms that revolve around exploring new business creation and efforts to boost the profitability of our existing businesses. Since maintaining business scales is not our priority, we intend to reconsider any unprofitable areas as soon as possible. Even if that leads to smaller sales volume to some extent, we will transition to a business structure that will reliably generate profit, thereby establishing a more solid business base.

I take this business restructuring as the starting reformation point to become a stronger corporate group for the future, rather than a temporary course of action. The whole Company will work as one team on the reformation to reach the next stage of growth that we believe will appear once we rise to this challenge.

Challenge to meet in order to revive profitability

We recognize the declining profitability of the existing core businesses (gear reducers, plastics machinery, hydraulic excavators, etc.) as a significant challenge. Although our businesses used to cover each other's underperformance when the economy fluctuated and the markets changed, this structure has not worked in recent years. Now, declining profit among some of the flagship businesses tends to considerably affect the performance of the entire Group. In business such as gear reducers and plastics machinery, more models have notably caused inefficiency, and the difficulty of cost pass-through is a factor behind the whole issue. We concluded that, to conquer this situation, we would need to further speed up "selection and concentration" to revive our profitability.

The gear reducer and plastics machinery businesses

are taking a practical course of action, which is to cut off unprofitable models and focus solely on the models that steadily generate profit in the markets. We also plan to reflect added value in the prices of the models we will retain in line with customer needs.

The construction machinery business faced changes in the North American market, especially for hydraulic excavators. Since demand rapidly rose in 2023, our dealers assumed the momentum would continue into 2024 and added stocks. Yet the market plateaued, and the inventory had to be adjusted. As a result, production declined, causing an operating loss. In the coming years, we plan to improve the accuracy of our market forecasts and work more closely with our dealers to optimize our overall operation.

Regarding products for which cost pass-through will

With this business restructuring as the starting point of reformation, we will move on to the next stage of growth.



not work in the SHI Group, we will broaden the scope of service to offer them as comprehensive solutions. In doing so, we hope to establish a new business model. We will collaborate with sales departments on proposals to advance the understanding that energy prices, shipping cost, and other indirect costs also constitute added value. We will offer comprehensive value that

includes after-sales support so that we can gain proper profit for products that are difficult to secure revenue only with the product itself. The SHI Group plans to increase net sales from its service businesses, which enjoy an operating profit ratio of 20% to 25%, to the level of 250 billion yen in 2026. We are fully committed to achieving this goal.

Evolving specialist skills and passing down corporate culture

The SHI group's products have continuously evolved to meet the needs of society and industry. We envisage that some of our products will undergo dramatic changes to keep up with various technological trends, including AI, automation, and carbon neutrality. For example, using AI for plastic forming constitutes a groundbreaking technology, enabling high-quality shaping regardless of the operator's skills. This directly leads to high productivity and quality at the same time.

There is also something that must remain unchanged. It is our corporate culture. Our central values rooted in the Sumitomo Business Philosophy are being faithful to customers, being uncompromising on quality, and people-oriented manufacturing. We must not relinquish them no matter what technological innovation the SHI Group achieves.

For example, some efforts contributing to decarbonization are gasification technologies with an eye to CO₂ recovery, including our biomass power

generation. Also, our cryogenic technology is anticipated to be applied as a vapor suppression technology in a hydrogen energy society. I believe that steadily developing a technology like this will provide the groundwork for the pillars of our businesses going forward.

Exploring new technologies for refinement is also essential to our evolution as an enterprise. We should consider accepting challenges in advanced areas in addition to the technologies that already give us advantages, primarily cryogenic technologies and medical cyclotron equipment. Therefore, Cs'-Lab, the research and development center which opened in 2025, will play an increasingly critical role. The functions of our research institute is based on the concept of a "space for cocreation." We are strengthening them while we establish a framework to discover and nurture seeds that will lead to future businesses.

Awareness of the Purpose and sustainability-oriented management

The SHI Group is committed to fostering Group-wide awareness of the Purpose established in 2024. The Purpose is not a mere philosophy. It takes on significance only when each executive and employee connects it to their work and acts to fulfill it through their daily routines. To ensure that everyone is aware of this, we measure the level of penetration on a five-point scale and identifying the status of initiatives and challenges at each workplace. In the survey conducted in January 2025, approximately 70% of the respondents replied that they were aware of our purpose. However, when it came to whether individuals had internalized the purpose as their own and were linking it to their work and actions, differences were observed across job types and departments. Given these findings, I set up opportunities for dialogues with employees, and I have been raising awareness through two-way communication. My goal is to make the Purpose serve as the guiding principle for all executive and employees and take root as part of our corporate culture.

The SHI Group also leads various initiatives to meet global requests in connection with sustainability-oriented management. Regulatory changes, mostly in Europe, are expected to gain speed in the long term. Recent years have seen the emergence of new areas requiring action, including human rights due diligence and the Taskforce on Nature-related Financial Disclosures (TNFD). To respond to these changes, we must establish and prioritize a stronger internal framework combined with strategic actions among all

companies.

In terms of diversity, our issues lie especially in hiring and training women. The number of women in science and technology we have hired remains unsatisfactory. We plan to increase career growth opportunities and training programs for all employees, including female engineers, to enhance our workplace environments.

In dialogues with shareholders and investors, we are sometimes compared to companies that have achieved results through structural reforms. We have received numerous comments pointing out the complexity of our business structure and the perceived lack of speed in implementing selection and concentration. Going forward, we will accelerate the transformation of our business portfolio with a strong sense of urgency. From a financial perspective, we will communicate quantitative and convincing results such as increased service revenue and improved ROIC. At the same time, we will enhance integrated disclosure by visualizing progress toward non-financial targets, such as CO₂ emissions reduction and the ratio of female managers.

With the reformation and challenges we have taken up as the driving force, the SHI Group will continue evolving toward the next stage to achieve our ideal state in 2030, moving ahead with restructuring and growth investments. I personally believe that a stock price of over ¥6,000, exceeding a PBR of 1, represents the corporate value we should aim for, and I am committed to leading the entire company in taking on the challenge of achieving it.



President engaging in dialogue with employees to raise the awareness of the Purpose in Europe and China

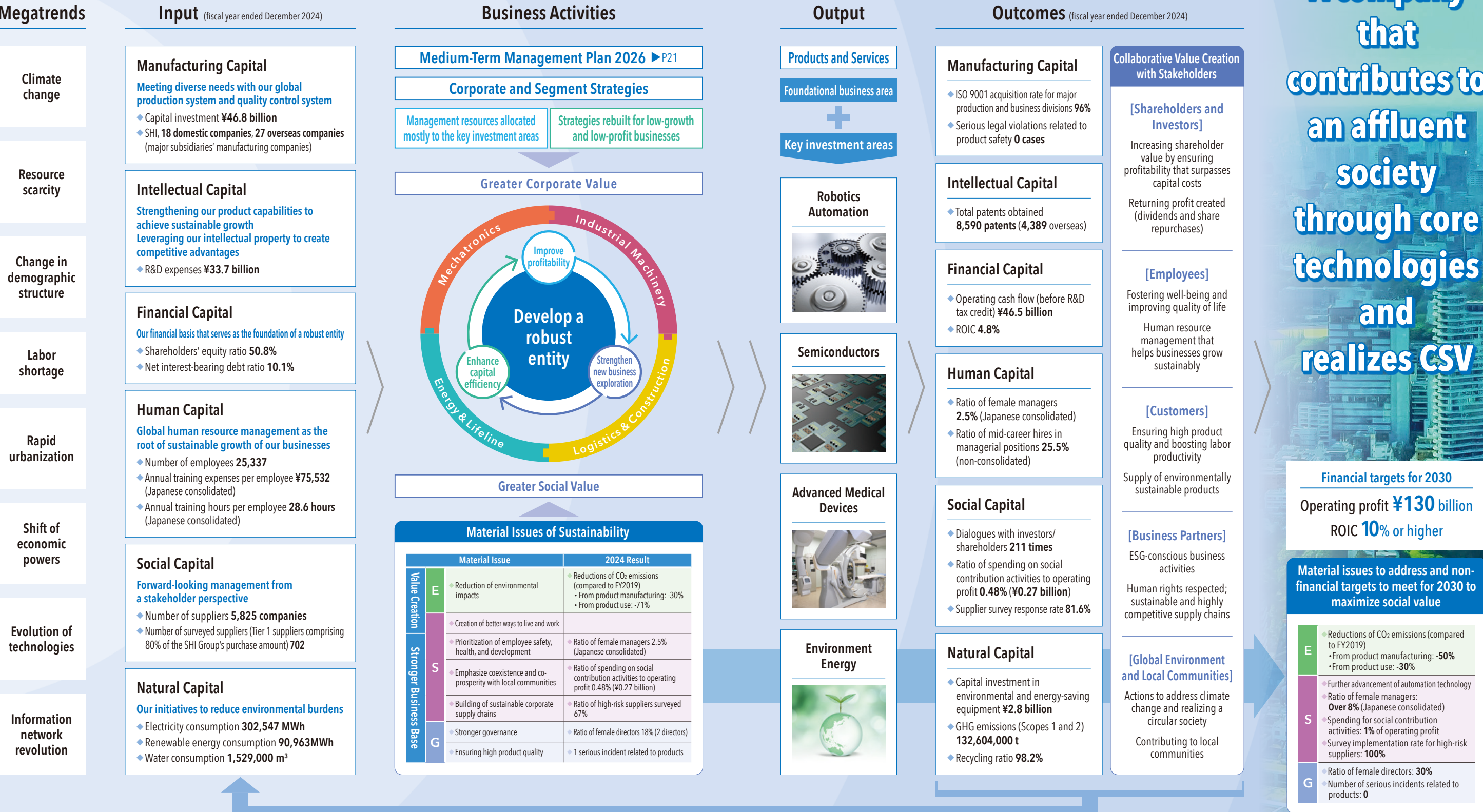


We are determined to complete business portfolio reformation tasks with speed in order to evolve toward our ideal state in 2030.



Value Creation Process

The SHI Group helps create value for customers and contributes to the sustainable development of society through products and services. This has been made possible by the diverse management resources that we have cultivated through our long history, as well as our superior management capabilities that leverage these resources to create social value and corporate value. We view our Purpose as a guidepost for management as we contribute to the realization of sustainable society.



Sumitomo Heavy Industries Group's Value Creation

The Sumitomo Heavy Industries Group has established the ideal state it should achieve by 2030 as being “a company that contributes to an affluent society through core technologies and realizes CSV.” To reach this ideal state, we are committed to sustainability-oriented management with the focus on collaborative value creation with stakeholders.

External Environment Surrounding the SHI Group

The business environment surrounding us is rapidly changing and increasingly uncertain. Climate change and resource scarcity have a progressively severe impact on the economy and our day-to-day living. Aging population and labor mobility have caused demographic changes, leading to economic power shift as well as technological evolution and information network revolution. This has dramatically changed how society works.

Amid this changing environment, the SHI Group faces the need to correctly assess risks and opportunities as it engages in its business activities.

Business Activities for Value Creation

We are working to strengthening our segment system in order to develop a robust and sustainable entity capable of faring well in an uncertain external environment. (▶ P21, “Medium-Term Management Plan 2026”)

Our segments are committed to business activities that are keenly conscious of the following three essential elements: (1) Improving profitability; (2) Enhancing capital efficiency; and (3) Strengthen new business exploration), thereby offering competitive products and services. (▶ “Highlights of Our Segments” from P37 and descriptions of the segments)

Collaboration with Stakeholders

We actively create opportunities to communicate with each stakeholder. (▶ P60, “Stakeholder Engagement”) Based on feedback received through our engagement activities, we aim to grow further with stakeholders.

Value Creation to Address Material Issues of Sustainability

The SHI Group's material issues of sustainability constitute materiality that has been identified in terms of the impact that the environment and society have on the Company, and of the impact that the Company's businesses have on the environment and society. We have established “reduction of environmental burdens” and “creation of better ways to live and work” among the seven material issues of sustainability as our material issues for value creation.

Our Initiatives to Reduce Environmental Burdens

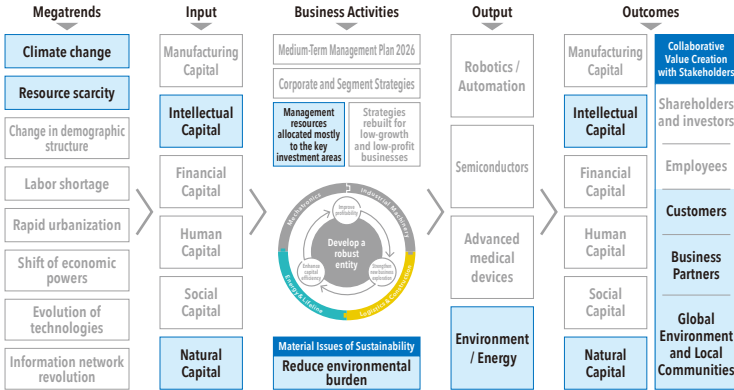
The SHI Group devotes considerable effort into the environment and energy field, which is one of its key investment areas, as the initiative to reduce environmental burdens. To give specific examples, we have launched Sustainability Plus Products (environmentally friendly products) and have been selling fuel cell (FC)-powered port cranes. Initiatives like these hinge on the evolution of intellectual capital.

The number of patents we obtained increased to 8,590 in 2024 from 7,010 in 2020, and the proportion of international patents is growing. (▶ P32, “Intellectual Capital”) The development project that was set up in 2018 aims to achieve the sales of ¥350 billion earned from “products aimed at the next 10 years” in around 2035. These products

revolve around the strategy for the intellectual property that the SHI Group aims to develop into products in 2030. Through these initiatives, we plan to contribute to the supply of customers' green products, business activities with partners geared to ESG, action against climate change, and the creation of a recycling-oriented society.



Liquid Air Energy Storage (LAES)



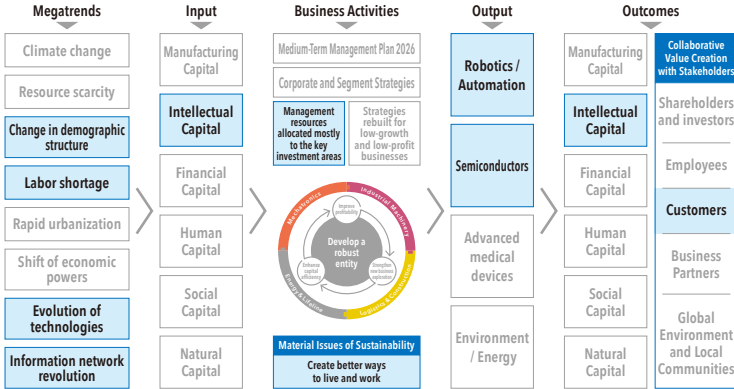
Efforts toward the Creation of Better Ways to Live and Work

The SHI Group focuses on robotics/automation and advanced medical device, which are the key investment areas, as part of its efforts to create better ways to live and work. More specifically, we Improve labor productivity through robotics technology and smart logistics, and develop devices for cancer diagnosis and cancer treatment, among others.

Leveraging our gear reducers, which are our mechatronics segment's core products, we have made a roadmap to 2030 considering changes in the transportation/logistics market. Also, our advanced medical device business strives to win projects, so that proton devices and BNCT for cancer treatment and will come into wider use. These efforts are to develop the SHI Group's intellectual capital, facilitate change in how customers' employees work on the ground, improve labor productivity, and enhance the quality of life (QOL) of patients receiving treatment.



Remote-controlled Rubber Tired Gantry crane (RTG)



KPIs for Our Ideal State in 2030

To reach "Our Ideal State in 2030," we have set indicators for our financial and social value. As financial metrics, we aim for operating profit of ¥130 billion and 10% ROIC. To maximize our social value, we have set non-financial targets based on the seven material issues of sustainability. Our long-term plan is to continue enhancing our corporate and social value by offering solutions to social issues through our products and services, with the aim of raising our price-to-book ratio (PBR), which currently hovers between 0.5 and 0.6, to at least 1 in 2030.

Seven Material Issues of Sustainability

	Material Issue	Relations with Business	Opportunities	Risks	Major Initiatives	Related Major Indicators and Targets	FY2024 Result	Related Pages
Material Issues for Value Creation	Reduce environmental burden	<ul style="list-style-type: none"> The SHI pursues toward the future the reduction of environmental burdens from its business activities and from the use of the Group's products by customers. Given that the Group's products are meant for long-time use, they need to have long service life. In addition, reducing environmental burdens throughout each product lifecycle by cutting greenhouse gas emissions coupled with raw material consumption and waste, among others, leads to lower production cost and higher value added to the Group's products. 	<ul style="list-style-type: none"> Efficiency enhancement for customers' production equipment/facilities and components; energy-saving product sales expansion (e.g., high-efficiency motors) Raw material production from gasified biomass in the environment and energy field; sustainable aviation fuel (SAF) and other fuel production; CO₂ capture and reuse 	<ul style="list-style-type: none"> Decline in the competitiveness of our products and businesses if efforts to achieve high product efficiency and energy savings do not progress Product obsolescence if new fuels and/or new materials are not adopted fast enough Considerable cost incurred due to the occurrence of environmental pollution 	<ul style="list-style-type: none"> Launch of Sustainability Plus Products Effective use of electricity using renewable energy; introduction of solar power generation Application of recycled materials to products; reduction of hazardous substances contained in products 	<p>[Indicators]</p> <ul style="list-style-type: none"> CO₂ emissions Water consumption Waste generation Number of environmental accidents VOC emissions <p>[Targets]</p> <ul style="list-style-type: none"> CO₂ emissions during the manufacturing of our products in 2030 (Scopes 1 and 2): 50% reduction (compared to FY2019) CO₂ emissions during the use of our products in 2030 (Scopes 3 Category 11): 30% reduction (compared to FY2019) Aim to achieve carbon neutrality throughout the entire SHI Group by 2050 	<ul style="list-style-type: none"> CO₂ emissions during the manufacturing of products (Scopes 1 and 2) 30% reduction from 2019 → Achieved CO₂ emissions during product use (Scope 3 Category 11) 71% reduction from 2019 → Achieved 	<ul style="list-style-type: none"> Intellectual Capital (▶ P.31) Natural Capital (▶ P.48) The 4 Segments of SHI (▶ P.37 and 38)
	Create better ways to live and work	<ul style="list-style-type: none"> The SHI Group has performed tasks beyond the physical ability of humans (e.g., carrying heavy loads, resin treatment, semiconductor manufacturing). The SHI Group helps alleviate our customers' workloads, implement work-style reforms, and improve safety through the automation and digitalization of our products. We continue to keep up with advances in society to realize workstyle reforms in various industries and create better ways for people to live. 	<ul style="list-style-type: none"> Expansion of sales of inverters, motors, electric modules, and motion components that are essential for robotics and automation Expansion of sales of semiconductor production equipment that contributes to the manufacturing of semiconductors indispensable to the convenience of daily life 	<ul style="list-style-type: none"> Product obsolescence caused by slow progress of automation and digitization 	<ul style="list-style-type: none"> Improvement in labor productivity through robotics technology and smart logistics Development of medical devices for cancer diagnosis, cancer treatment, etc. 	<p>[Principles]</p> <ul style="list-style-type: none"> Reducing the on-site customer workload through automation and optimization Increasing the sophistication of medical care by utilizing advanced technology and promoting a digital society 	<ul style="list-style-type: none"> Examples of advances in automation technology *Steel wall-climbing robots certified; demonstration tests of the robots conducted *Application of the remote management system expanded (e.g., remote monitoring system integrated into SIRMS® large cranes) 	<ul style="list-style-type: none"> Intellectual Capital (▶ P.31) The 4 Segments of SHI (▶ P.37 and 38)
Material Issues for Strengthening Our Business Foundation	Prioritize employee safety, health, and development	<ul style="list-style-type: none"> Human capital management is essential for the SHI Group to accelerate its globalization and provide products and services that meet the needs of society. Having established "Making safety and compliance our top priority" as its basic compliance policy, the Group prioritizes safety in any operations. We work on health and productivity management, talent development, and diversity promotion. 	<ul style="list-style-type: none"> Labor productivity enhancement by maintaining and improving employees' physical and mental health Issue resolution and creation of innovation by boosting employee engagement (injecting energy into problem solution and producing business ideas across divisions) 	<ul style="list-style-type: none"> Occupational accidents and employees' physical or mental problems that may disrupt smooth business activities and operation Slow talent development and low employee engagement Lack of fresh ideas and organizational inertia 	<ul style="list-style-type: none"> Regular discussions with the Central Committee on Safety and Health (collaboration between labor and management) Efforts to enhance organizational capabilities, such as strengthening the foundation of human resource development and promoting diversity Workstyle reforms, covering work-life balance, that serve as the foundation of enhancement Initiatives to promote employee health and safety 	<p>[Indicators]</p> <ul style="list-style-type: none"> Improvement in employee engagement Work-related Fatalities Occupational accident frequency rate Annual training hours and expenses per employee <p>[Targets by January 1, 2027]</p> <ol style="list-style-type: none"> Increase the number of newly employed women <ul style="list-style-type: none"> Ratio of women among new graduate hires: at least 20% per year Actively promote women <ul style="list-style-type: none"> Number of female directors: 2 Ratio of female managers: 3.7% on a consolidated basis in Japan; more than 5.0% on a non-consolidated basis Utilize diverse human resources <ul style="list-style-type: none"> Ratio of employees hired mid-career among managers: at least 30% Ratio of foreign employees among managers: 1.4% Childcare leave utilization ratio of male employees (including entitled leave): 100% on a consolidated basis in Japan; on a non-consolidated basis 100% Boost employee engagement <ul style="list-style-type: none"> Manufacturing industry average in Japan <p>[Targets by 2030]</p> <ul style="list-style-type: none"> Ratio of female managers: 10% on a non-consolidated basis; 8% on a consolidated basis in Japan 	<ul style="list-style-type: none"> Ratio of women among new graduate hires: 23% on a consolidated basis in Japan → Achieved Number of female directors: 2 → Achieved Female manager ratio <ul style="list-style-type: none"> Consolidated: 6.3% Consolidated in Japan: 2.5% Non-consolidated: 3.3% Ratio of employees hired mid-career among managers <ul style="list-style-type: none"> Consolidated in Japan: 25.5% Ratio of foreign employees among managers <ul style="list-style-type: none"> Non-consolidated: 0.3% Childcare leave utilization ratio of male employees <ul style="list-style-type: none"> Consolidated in Japan: 88.8% Non-consolidated: 98.9% Percentage of highly engaged employees <ul style="list-style-type: none"> SHI and 29 consolidated subsidiaries: 48% 	<ul style="list-style-type: none"> Human Capital (▶ P.53)
	Emphasize coexistence and co-prosperity with local communities	<ul style="list-style-type: none"> It is essential for the SHI Group, which operates its businesses across the globe, to emphasize coexistence and co-prosperity with local communities. We therefore grow with local communities by engaging in social contribution activities that leverage the resources and expertise in machine engineering, among others, that the SHI Group has. Through our local activities, we seek to boost employee engagement as well as to advance the understanding of social and environmental issues. 	<ul style="list-style-type: none"> Business activities stabilized by strengthening ties with local suppliers, municipalities, residents, etc., in the regions where our manufacturing sites are located Recruitment and retention of local talent 	<ul style="list-style-type: none"> Disruption to smooth operation caused by souring relations with a local community Shortages of human resources for production jobs that mostly hire local people 	<ul style="list-style-type: none"> Participation in local cleaning projects based on the Sumitomo Heavy Industries Group's Policy for CSR Activities; donations to international organizations 	<p>[Indicators]</p> <ul style="list-style-type: none"> Cooperation with NGOs / NPOs <p>[Targets by 2030]</p> <ul style="list-style-type: none"> Spending for social contribution activities Ratio to operating profit: 1% (e.g., cash/in-kind donations, personnel expenses) 	<ul style="list-style-type: none"> Ratio to operating profit: 0.48% (¥0.27 billion) 	<ul style="list-style-type: none"> Emphasize coexistence and co-prosperity with local communities (▶ P.60)
	Build sustainable corporate supply chains	<ul style="list-style-type: none"> As a corporate group with a range of global supply chains, it is important to address ESG risks such as human rights and climate change, from the perspective of CSR and business continuity. The SHI Group established the CSR Procurement Guidelines. We are committed to carrying out activities together with our business partners, considering the environment and human rights as well as quality, cost, and delivery time. 	<ul style="list-style-type: none"> Stable procurement, coupled with quality maintenance and improvement, by establishing supply chains that are environmentally- and human rights-conscious Supplier cost reduction and human resources secured through activities to raise domestic and international suppliers' awareness of environmental and human rights issues 	<ul style="list-style-type: none"> Loss of public credibility and suspension of business with customers due to inadequate action to address ESG issues in supply chains 	<ul style="list-style-type: none"> Requesting suppliers to comply with the CSR Procurement Guidelines Carrying out supplier surveys Carrying out human rights due diligence 	<p>[Targets by 2030]</p> <ul style="list-style-type: none"> Ratio of potentially high-risk suppliers* surveyed: 100% <p>*High-risk suppliers: Determined on the basis of the number of foreign workers employed and the net sales proportion to the Company. The definition is regularly updated.</p>	<ul style="list-style-type: none"> 67% (to be complete in 2026 based on a 3-year plan) 	<ul style="list-style-type: none"> Human Rights (▶ P.58) Responsible Procurement (▶ P.59)
	Strengthen governance	<ul style="list-style-type: none"> It is vital to fulfill expectations of investors and other stakeholders in order to grow as a global company. We devote further effort to full compliance and risk management, thereby ensuring more transparent and sound management. 	<ul style="list-style-type: none"> Business management built on transparent, fair, prompt, and resolute decision-making Revitalizing the Board of Directors through diversity 	<ul style="list-style-type: none"> Administrative punishment (e.g., penal charges, business suspension) or public trust eroded by such punishment Delay in management decision making 	<ul style="list-style-type: none"> Reading sessions on the Compliance Manual and efforts to ensure full compliance using e-learning and other means Appointment of one more female director and outside corporate auditor each Establishment of BCM / BCP for business continuity 	<p>[Indicators]</p> <ul style="list-style-type: none"> Compliance training attendance rate <p>[Targets by January 1, 2027]</p> <ul style="list-style-type: none"> Number of female directors: 2 <p>[Targets by 2030]</p> <ul style="list-style-type: none"> Ratio of female directors: 30% 	<ul style="list-style-type: none"> Compliance training attendance rate <ul style="list-style-type: none"> Consolidated: 52.5% Number of female directors: 2 (18%) 	<ul style="list-style-type: none"> Corporate Governance (▶ P.65) Risk Management (▶ P.73) Compliance (▶ P.74)
	Ensure high product quality	<ul style="list-style-type: none"> It is our responsibility to continue to provide our customers with a stable supply of high-quality, safe, and reliable products and services. Product quality encompasses not only functional features, but also operational safety, environmental impact, and cyber security, among others. We pursue product quality that keeps up with social change. 	<ul style="list-style-type: none"> Boosting sales by increasing the competitiveness of our products, improving the brand value of our Group's products Efficiency enhancement across society achieved through customers' greater productivity and product quality, and enhanced quality of customers' products in which our products are built 	<ul style="list-style-type: none"> Guarantee work and product liability if any problems are found in quality 	<ul style="list-style-type: none"> Enhancement of quality management by obtaining certification for quality management systems, such as ISO 9001, and conducting internal audits Ensuring product safety Compliance with laws and regulations 	<p>[Indicators]</p> <ul style="list-style-type: none"> ISO 9001 certification acquisition rate for major production and business divisions Serious legal violations related to product safety <p>[Targets by 2030]</p> <ul style="list-style-type: none"> Number of serious incidents related to products: 0 	<ul style="list-style-type: none"> ISO 9001 certification acquisition rate: 96% Serious legal violations related to product safety: 0 cases Number of serious incidents related to products: 1 	<ul style="list-style-type: none"> Manufacturing Capital (▶ P.35)