Sumitomo's Business Philosophy

【Business Principles】

〈Article 1〉 Sumitomo shall achieve strength and prosperity by placing prime importance on integrity and sound management in the conduct of its business.

〈Article 2〉 Sumitomo shall manage its activities with foresight and flexibility in order to cope effectively with the changing times. Under no circumstances, however, shall it pursue easy gains or act imprudently.

Business Principle

【Corporate Mission Statement】

We will aim to become a machinery manufacturer that continues to provide excellent products and services to the world. With integrity being a key principle in the Group, we will contribute towards society by gaining high respect and confidence from all stakeholders.

【Our Values】

Customer First ………… We exceed customer expectations by providing sophisticated efficient products and services, giving the utmost consideration to their needs and requirements.

Embrace Changes ………… We will continue to drive and embrace changes without accepting the status quo.

Commit to Technology and Innovation …… We are passionate about contributing to society by further developing our unique, in-house technologies.

Respect People ………… We will nurture an organizational climate that fosters mutual respect, tolerance and learning for growth.

【PURPOSE】

Enhance society and those within it with compassion through our ownership and vision

Our Ideal State in 2030

A company that contributes to an affluent society through core technologies and realizes CSV

By continuously driving the evolution of energy, industrial, and social infrastructure through our proven technological capabilities, we aim to achieve a ROIC of 10% or higher in fiscal 2030.

Upon Publication of Integrated Report 2026

The Sumitomo Heavy Industries Group enhances society and those within it with compassion through our ownership and vision.

Director, Executive Vice President, and General Manager, Corporate Global Strategy Group

Masaki Arai

The Sumitomo Heavy Industries Group publishes integrated reports as a vital communication tool to help stakeholders deepen their understanding of the Group's initiatives and to foster constructive dialogue.

In this report, we aim to convey, in an integrated manner, our thinking on what value we seek to deliver to society in line with the Group's Purpose and exactly how we intend to do so. The story we seek to tell connects the direction of our management, derived by backcasting from the ideal state we aspire to achieve in the long term, with our near-term actions, while maintaining consistency with our management strategies and sustainability initiatives.

Meanwhile, under the new management structure, the Group is driving transformation, including a review of its financial strategy and business portfolio. This report also outlines the direction of these initiatives, alongside the background and rationale behind them. We believe that enhancing financial value and creating social value are both crucial to sustainably improving corporate value. In compiling this report, we took particular care to disclose, with the greatest possible transparency, not only our achievements but also the progress of our efforts to address challenges and advance our initiatives. By continuing to engage with stakeholders through dialogue and incorporating their input into our management, we will further enhance our value creation.

We hope this report will serve that purpose.

Integrated Report 2026 : Highlights

Deep Dive into the Present and Future of the Sumitomo Heavy Industries Group from 5 Angles

1 Management Resolve and Responsibilities

Key Point

In the message from the CEO, President Watanabe, who has 40 years of experience on the ground and in business management, expresses his commitment to squarely facing tough valuation by capital markets and steering the Group toward re-building its profitability. He discusses the need to transform the Group's business portfolio in order to create a cycle of growth. He also presents the principles of selection and concentration that led to the decisions to close or scale down certain businesses and to allocate substantial resources to specific areas.

Featured Pages

Message from the CEO (P15-19)

2 Strategic Business Unit (SBU) Structure

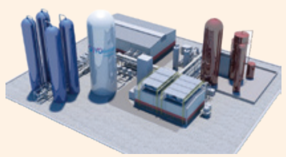
Key Point

In January 2026, we launched the Strategic Business Unit (SBU) structure as a new organizational framework for achieving the transition to a customer-centric business model. This report illustrates exactly how the units share their technologies and customer bases to create businesses, clearly defining the foundational businesses and growth areas in the four new segments.

Featured Pages

Launch of SBU Structure (P10)
Growth Strategy (P33-38)



3 Priorities for Capital Efficiency

Key Point

In his message, the General Manager of the Corporate Finance, Accounting & Administration Group discusses in detail how the Group ensures business management that uses ROIC as a shared metric to achieve a greater numerator (profit) and an improved denominator (invested capital) aimed at improving PBR. He illuminates our policy for stable shareholder returns that aims to maintain the total return ratio of 40% or higher, citing priorities to create operating cash flow and changes in cash allocation.

Featured Pages

Message from the General Manager, Corporate Finance, Accounting & Administration Group (P20-22)

4 Maximizing Intangible Assets

Key Point

The Vice Presidents in charge present the Group's approaches to value creation, including the qualitative transformation of patents by the Corporate Technology Management Group and the monetization of digital transformation (DX). They also mention our efforts toward the transformation of our human resource portfolio and organizational development, which underpin our business transformation. They illustrate how these intangible assets turn into our competitive advantages in the markets, citing specific examples.

Featured Pages

Technology, Intellectual Property, and DX Strategy (P27-28)
Message from the Director in charge of Human Resources (P55-56)
Human Capital (P54-58)


5 Effective Governance

Key Point

This report presents how the Board of Directors effectively works as the command center for the Group's growth strategy and resource allocation. The report also discusses in detail how Outside Directors rigorously watch for any potential lack of speed and keep the management team alert through the selection of the CEO and decisions on the remuneration structure. Messages from the Board Chair, and the Chairs of the Nomination Committee and the Compensation Committee, are included.

Featured Pages

Messages from Outside Directors (P23-26)
Evaluation of Effectiveness of the Board of Directors (P66)




Editorial Policy and Contents

CONTENTS

Editorial Policy

This Integrated Report 2026 aims to deepen the understanding of a broad spectrum of stakeholders, including shareholders and investors, regarding the Sumitomo Heavy Industries Group's unique strengths and sources of medium- to long-term growth. Guided by our Corporate Purpose–"Enhance society and those within it with compassion through our ownership and vision"–we present our initiatives from both financial and non-financial perspectives, illustrating how we aim to deliver value to customers and society through our business operations while simultaneously enhancing corporate value.

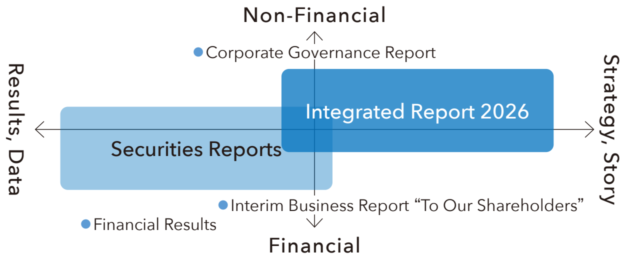
■ **Scope of Report** : This report covers Sumitomo Heavy Industries, Ltd. and consolidated subsidiaries. Context changes are duly noted in the text.

■ **Timeline** : This report covers FY2025 (January 1, 2025–December 31, 2025), with the exception of one overseas subsidiary. Some content makes references to dates outside of this time period.

Reference Guidelines

- "International Integrated Reporting Framework," IFRS Foundation
- GRI Standards
- "WICI Intangibles Reporting Framework Version 1.0," World Intellectual Capital Initiative
- "Guidance for Collaborative Value Creation," METI of Japan

Positioning of Integrated Report 2026



Cautionary Note Concerning Forward-Looking Statements : This report includes forward-looking statements regarding the future performance of Sumitomo Heavy Industries, Ltd. These forward-looking statements are based on information currently available to the Company and determined subjectively. All information contained herein is subject to changes in actual business performance.

Our History of Value Creation

Known initially as Izumi-ya, Sumitomo began its operations in the fields of copper refining, trading, and mining. Its Shikoku Besshi Copper Mine first opened in 1691, and by 1888, mining operations had expanded enough to warrant the introduction of the "shop practice" concept as a way of manufacturing and repairing equipment and tools used at the mine. This marked the beginning of the Sumitomo Heavy Industries Group.

In 1934, the company was established as Sumitomo Machinery Co., Ltd., which was renamed Sumitomo Machinery Industries Co., Ltd. in 1952. Then Sumitomo Machinery Industries merged with Uraga Heavy Industries Co., Ltd. in 1969, giving birth to Sumitomo Heavy Industries, Ltd. (SHI) today. SHI has maintained its DNA of an industrial infrastructure company that started as a machinery and shipbuilding business, and it has continued to achieve growth by expanding its business areas into the fields of plastics machinery, gear reducers, medical equipment, and Ion implanter, among others.

In 2020, we adopted backcasting to develop the Medium-Term Management Plan, and in 2024, we established our Purpose.

With social issues in mind, we define our ideal future and work toward sustainable growth and greater corporate value to turn the vision into reality.

Establishment

1888
Launched as a machinery production and repair shop for the Besshi Copper Mine

1934
Incorporated as Sumitomo Machinery Co., Ltd.

1952
Renamed Sumitomo Machinery Industries Co., Ltd.

1969
Merged Sumitomo Machinery Industries Co., Ltd. and Uraga Heavy Industries Co., Ltd. to form Sumitomo Heavy Industries, Ltd.

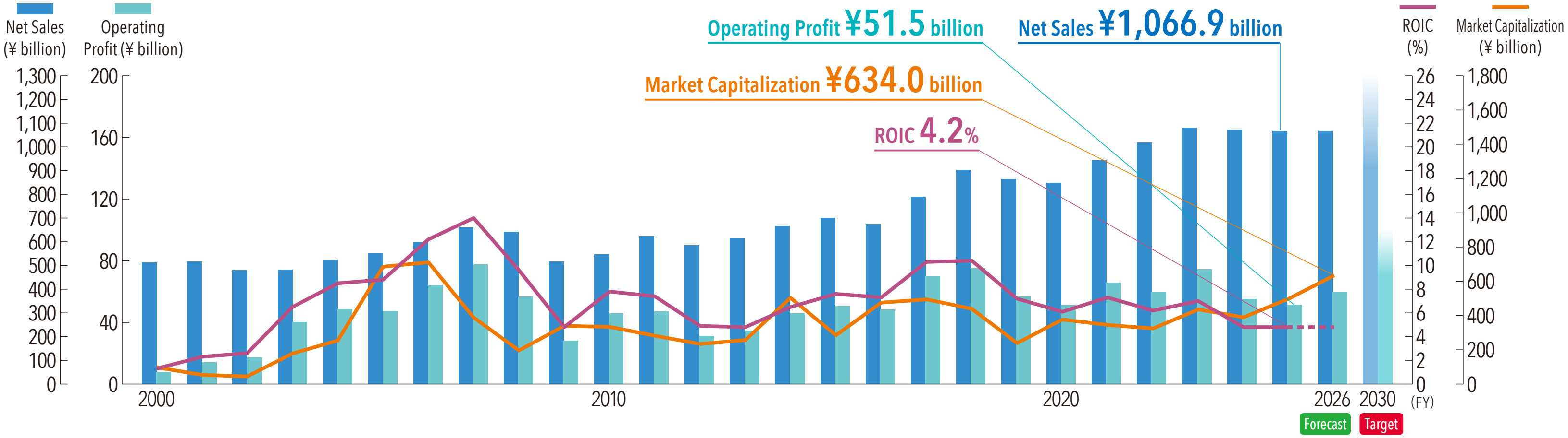
Evolution of Our Management Strategies and Key ESG Measures

	- 1999	2000 -	2020 -	2024 -
Management Strategies	Adopted an ROIC-based management approach (1999)	Actively implemented business restructuring in Japan and overseas	Started business portfolio reformation and introduced the segment system (2023)	• Established our Purpose (2024) • Implemented business portfolio reformation and introduced the SBU structure under our business segments (2026)
ESG Framework			• Identified material issues of sustainability (2020) • Developed a basic sustainability policy (2021)	Signed the UN Global Compact (2025)
Environmental (E)	Developed an environmental policy (1999)	Completed more environmental ISO certifications	• Declared support for the TCFD recommendations (2021) • Set targets for carbon neutrality (2022)	Obtained SBTi Validation (2026)
Social (S)		Developed CSR procurement guidelines (2017)	Developed a human rights policy (2023)	Launched the HR Development Center (2024)
Governance (G)	Adopted an executive officer system (1999)	Formulated a Corporate Governance Basic Policy (2015)	Appointed the first female director (2023)	Established Outside Corporate Auditors as the majority of the Board of Corporate Auditors (2025)

2027
Published the next medium-term management plan

Future Ideal State

Changes in Consolidated Net Sales, Operating Profit, ROIC, and Market Capitalization



Our Products to Support Society

In daily life scenes such as office buildings, condominium buildings, and commercial facilities, and in industrial activity scenes such as port facilities, construction sites, factories, and warehouses. You can find the products of the SHI Group, which are classified into four segments, actively working around you.

SUSTAINABLE DEVELOPMENT GOALS

A Industrial Manufacturing Facilities

Gear Reducer

Gear reducers that decrease the rotation rate of motors to an appropriate speed and increase their torque are used in a variety of applications, including factory production lines, conveyors and cranes.


CYCLO®Drive

For more information, see page [Mechatronics Segment] (P39)

B Semiconductor Factory

Ion Implanter

This is one of the most important pieces of equipment used to manufacture the semiconductors installed in the electrical products around us, such as mobile phones and household appliances. We support the manufacturing process with cutting-edge technologies that facilitate the miniaturization of semiconductors.


High-Energy Ion Implanter

For more information, see page [Industrial Machinery Segment] (P41)

C Logistics Warehouse

Logistics System

The system can manage a series of processes, from inventory control via tags and barcodes to shipping. This contributes to labor savings, work safety, and efficiency.


Automated Storage System

For more information, see page [Logistics & Construction Segment] (P43)

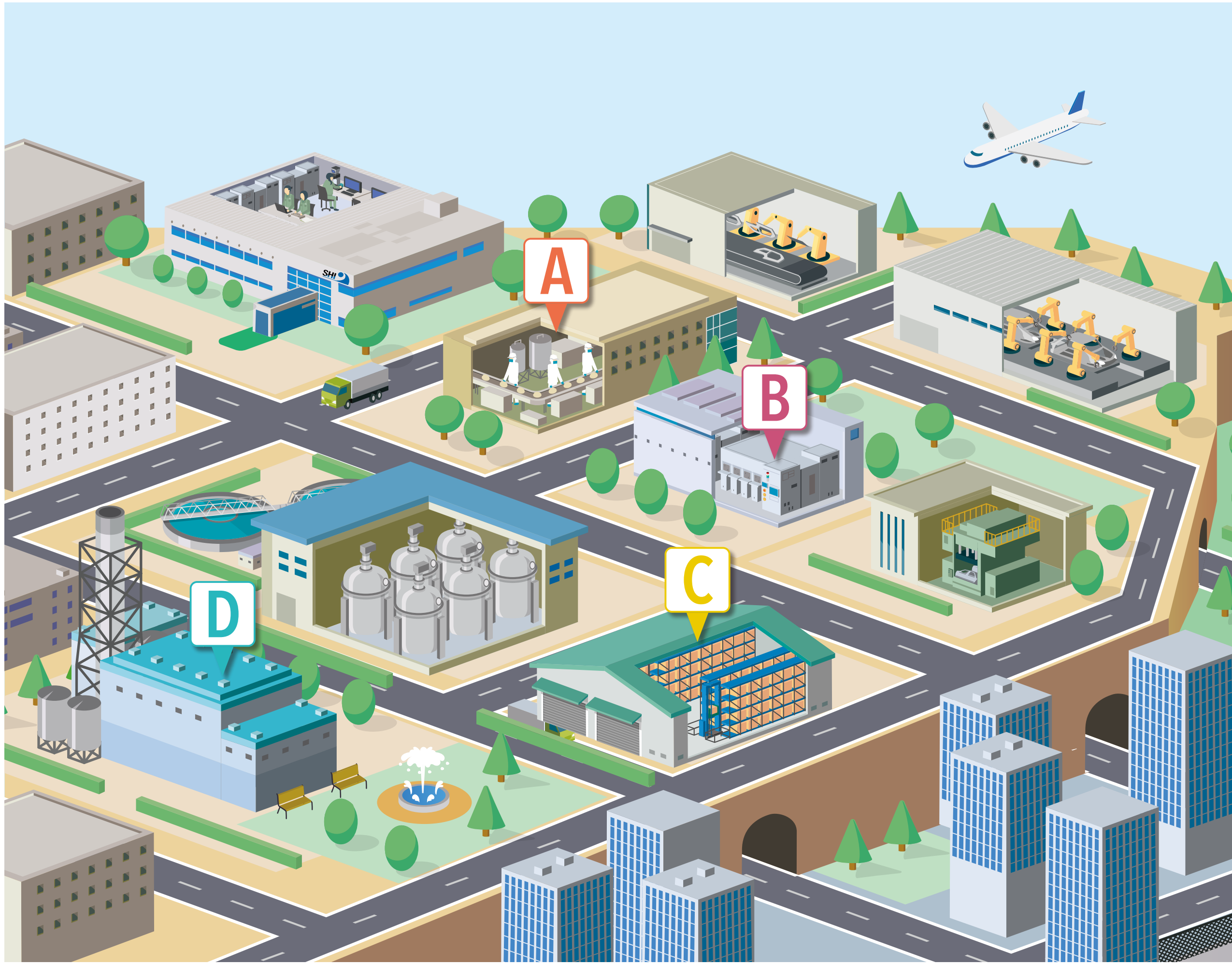
D Power Plant

Circulating Fluidized Bed (CFB) Boiler

Efficiently and stably combusting local non-fossil fuels, such as unutilized forest biomass (e.g., thinned wood) and agricultural residues. This achieves local production and consumption of energy while contributing to reduced CO_2 emissions.


CFB Boilers (Circulating Fluidized Bed Boilers)

For more information, see page [Energy & Lifeline Segment] (P45)



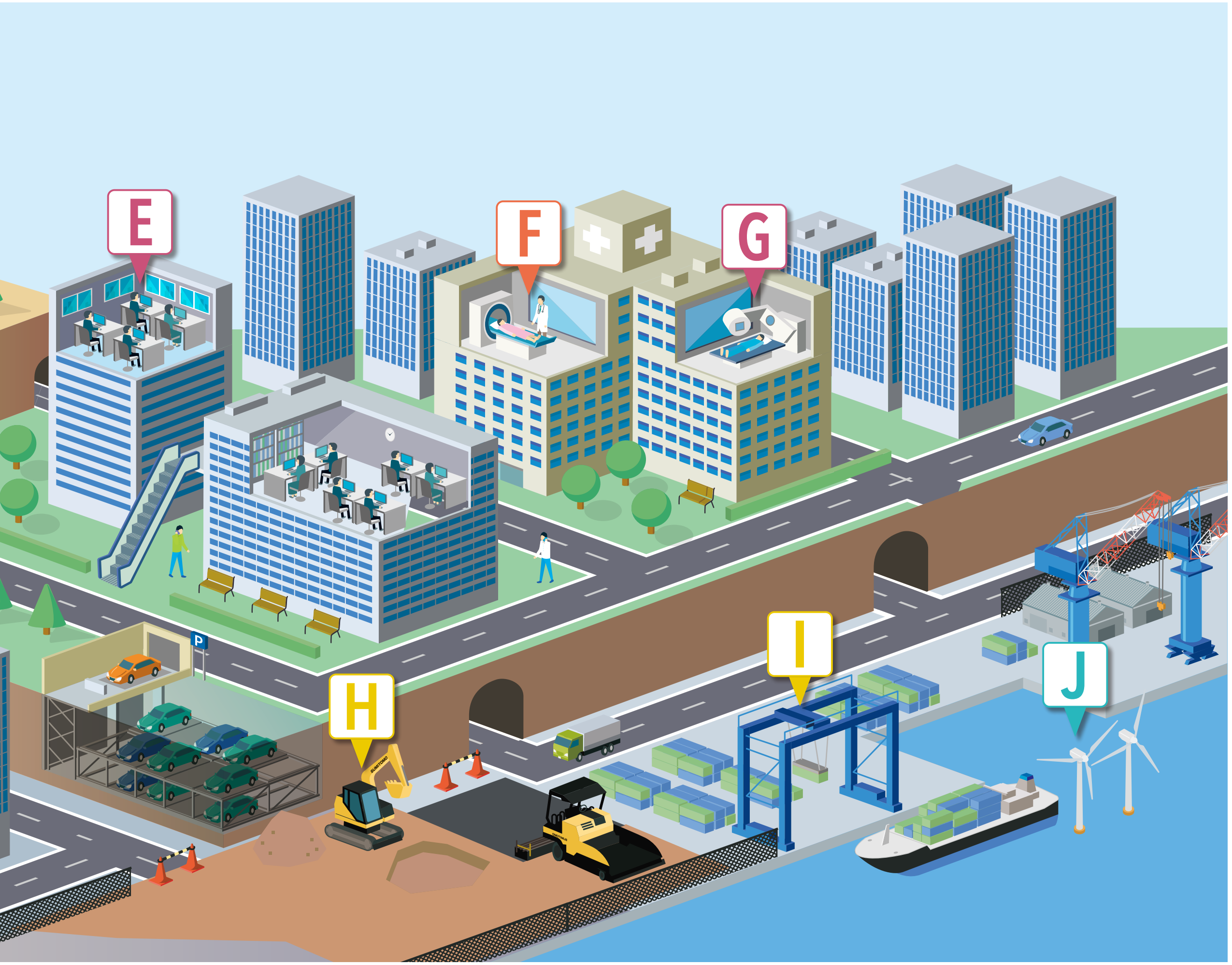
E Office

Plastics Machinery

Plastics machinery excels at ultra-precise and difficult molding. They are used to mold plastic products that are indispensable to daily life. These products include electronic parts, such as CDs, DVDs, PCs, and smartphones, as well as lenses, switches, medical parts, and PET bottles.

Ultra-High Speed and Response Injection Molding Machine

For more information, see page [Industrial Machinery Segment] (P41)



F Hospital

Cryocoolers for Medical MRI

This equipment can cool down to -269°C by compressing and expanding helium gas. Cryocoolers for medical MRIs dominate the global cryocooler market with a share of more than 90%.

4KGM Cryocoolers

For more information, see page [Mechatronics Segment] (P39)

G Hospital

Proton Therapy Device

This device uses the properties of proton beams to deliver an adequate dose of radiation directly to cancerous tissue. Proton therapy has been used to treat various diseases and is gaining popularity in Japan and overseas.

Proton Therapy Systems

For more information, see page [Industrial Machinery Segment] (P41)

H Construction Site

Hydraulic Excavators

Our excavators offer high performance, quality, and safety features through our proprietary technology. They are used in a wide range of fields, including maintaining lifelines indispensable to our daily lives and infrastructure such as transportation and communication networks.

Hydraulic Excavators

For more information, see page [Logistics & Construction Segment] (P43)

I Harbor

Gantry Cranes

These self-propelled cranes are used to transport containers at ports and harbors. The remotely-controlled, automated RTG system allows an operator to control and monitor the crane from a remote control room, away from the container yard.

Rubber Tired Gantry crane

For more information, see page [Logistics & Construction Segment] (P43)

J Offshore Wind Power Generation

Foundation Structures of Offshore Wind Power Generation

In recent years, as awareness of climate change measures has grown, we have been proactively expanding into the clean energy sector. Leveraging our large-scale docks, we are developing and commercializing foundation structures for offshore wind power facilities and related vessels.

Image of marine structure

For more information, see page [Energy & Lifeline Segment] (P45)

Highlights of Our Segments

The Sumitomo Heavy Industries Group is working to boost its profitability through business portfolio reformation, which revolves around our four flagship segments, in order to reach our ideal state in 2030, thereby actively offering sustainable social value.

Mechatronics

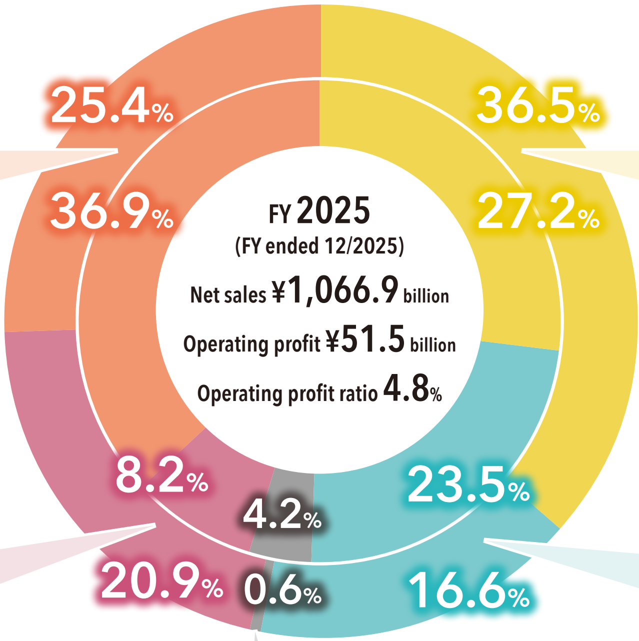
Net sales ¥271.2 billion
Operating profit ¥19.0 billion
(operating profit ratio 7.0%)

Ideal State in 2030: Help society and customers solve problems through mechatronic innovation and drive solutions

Logistics & Construction

Net sales ¥388.9 billion
Operating profit ¥14.0 billion
(operating profit ratio 3.6%)

Ideal State in 2030: Business group leveraging technological innovation to construct social infrastructure using logistics and construction machinery that is friendly to both people and the environment



The outer ring shows net sales composition by segment
The inner ring shows operating profit composition by segment

Industrial Machinery

Net sales ¥222.6 billion
Operating profit ¥4.2 billion
(operating profit ratio 1.9%)

Ideal State in 2030: Highly profitable business entity that uses advanced technologies to respond to the global growth market and features an evolving portfolio

Other

Key Businesses
- Real estate, Software, etc.

Net sales ¥6.5 billion
Operating profit ¥2.1 billion
(operating profit ratio 32.3%)

Energy & Lifeline

Net sales ¥177.6 billion
Operating profit ¥12.1 billion
(operating profit ratio 6.8%)

Ideal State in 2030: Solution provider in the decarbonized energy and resource recycling fields, built on the foundations of carbon neutrality and renewable energy promotion businesses

New Structure for Our Market Strategy (as of January 1, 2026)

We abolished the business divisions that comprised our segments, and in January 2026, we launched new Strategic Business Units (SBU) as organizations for market-centric value creation. By establishing greater synergy and enhancing operational efficiency through shared customer bases and technologies, we plan to create businesses that will be our new future-oriented growth pillars and will keep working to grow further.

Segment	Strategic Business Unit (SBU)	Flagship Model		
Mechatronics	Drive Technologies SBU (DT-SBU)	Gear reducers	Motors and inverters	
	Advanced Technologies SBU (AT-SBU)	Cryocoolers	Precision positioning equipment	
Industrial Machinery	Material Solutions SBU (MS-SBU)	Ion implanter	Laser annealing equipment	
	Medical & Quantum Solutions SBU (MQS-SBU)	Advanced medical devices		
	Metal Processing Solutions SBU (MPS-SBU)	Forging presses	Forging blades	
	Plastics Solutions SBU (PS-SBU)	Plastics machinery		
Logistics & Construction	Material Handling Systems SBU	Industrial cranes	Logistics systems	
	HSC Cranes SBU (HSC-SBU)	Mobile cranes		
	Link-Belt Cranes SBU (LBC-SBU)	Mobile cranes		
	Construction Equipment SBU	Hydraulic excavators	Road machinery	
Energy & Lifeline	Energy & Environment SBU	Boilers	Renewable energy	Resource recycling
	Process Plant SBU (PP-SBU)	Water treatment plant	Chemical equipment	Food machinery
	Marine & Steel Structures SBU	Ship-related engineering	Large steel structures	

*The figure presents only SBUs.

Value Creation Process

The Sumitomo Heavy Industries Group leverages the diverse management resources it has built over its long history as it engages in its business activities amid a rapidly changing business environment. With the SBUs in place, we clearly define foundational business areas and key investment areas for each of our segments. In doing so, we strive to achieve sustainable growth and greater corporate value by offering products and services with an eye to addressing material issues.

Megatrends

- Climate change
- Resource scarcity
- Change in demographic structure
- Labor shortage
- Rapid urbanization
- Shift of economic powers
- Evolution of technologies
- Information network revolution

Input (fiscal year ended December 2025)

Manufacturing Capital

Meeting diverse needs with our global production system and quality control system

- Capital investment **¥58.1 billion**
- **7 business divisions, 18 domestic companies, 27 overseas companies** (major subsidiaries' manufacturing companies)

Intellectual Capital

Strengthening our product capabilities to achieve sustainable growth
Leveraging our intellectual property to create competitive advantages

- R&D expenses **¥31.1 billion**

Financial Capital

Our financial basis that serves as the foundation of a resilient business

- Shareholders' equity ratio **51.6%**
- Net interest-bearing debt ratio **10.7%**

Human Capital

Global human resource management as a source of sustainable business growth

- Number of employees **25,123**
- Annual training expenses per employee **¥78,785** (Japanese consolidated)
- Annual training hours per employee **33.8 hours** (Japanese consolidated)

Social Capital

Forward-looking management from a stakeholder perspective

- Number of suppliers **5,773 companies**
- Number of surveyed suppliers (Tier 1 suppliers comprising 80% of the SHI Group's purchase amount) **598**

Natural Capital

Our initiatives to reduce environmental impact

- Electricity consumption **308,457 MWh**
- Renewable energy consumption **117,975 MWh**
- Water consumption **1,517,000 m³**

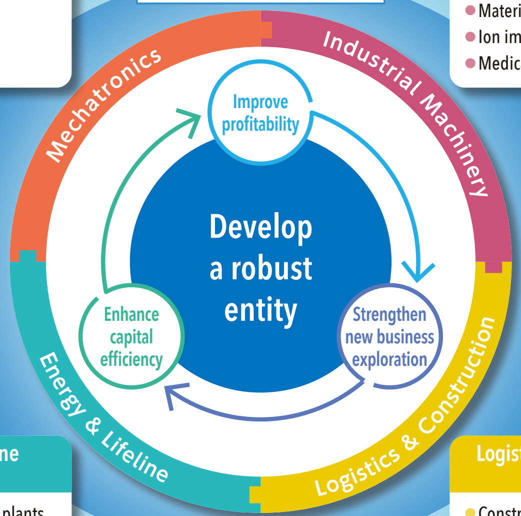
Business Activities

Business Plans Grounded in a Medium- to Long-term Perspective ➔P31

Key investment area
Foundational business area

Mechatronics (P39)
- Gear reducers
- Control equipment
- Cryocoolers

Industrial Machinery (P41)
- Material processing machinery
- Ion implanter
- Medical equipment



Energy & Lifeline (P45)
- Environment / energy plants
- Energy storage equipment
- Offshore Wind Foundations

Logistics & Construction (P43)
- Construction machinery
- Material handling and logistics equipment

	Seven Material Issues	2025 Results
E	Reduction of environmental impact	Reductions of CO_2 emissions (compared to FY2019) •From product manufacturing: -34% •From product use: -50%
S	Creation of better ways to live and work	—
S	Prioritization of employee safety, health, and development	Ratio of female managers (Japanese consolidated) 2.6% (2.8% as of January 1, 2026)
S	Emphasize coexistence and co-prosperity with local communities	Ratio of spending on social contribution activities to operating profit 0.5% (¥0.27 billion)
S	Building of sustainable corporate supply chains	Ratio of high-risk suppliers surveyed 88%
G	Stronger governance	Ratio of female directors 18% (2 directors)
G	Ensuring high product quality	1 serious incident related to products

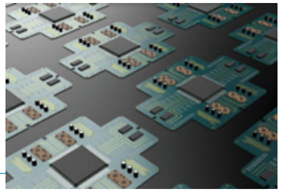
PURPOSE

Enhance society and those within it with compassion through our ownership and vision

Output

Products and Services

Robotics Automation



Semiconductors

Advanced Medical devices

Environment Energy

Outcomes

Collaborative Value Creation with Stakeholders

[Shareholders and Investors]

Enhancing shareholder value by boosting profitability with a strong focus on the cost of capital

Returning profits to shareholders

[Employees]

Fostering well-being and improving quality of life

Human resource management that helps businesses grow sustainably

[Customers]

Ensuring high product quality and boosting labor productivity

Supply of environmentally sustainable products

[Business Partners]

Building a sustainable and resilient supply chain with respect for the environment and human rights

[Global Environment and Local Communities]

Realizing a climate-resilient society

Preserving the environment through active participation in a circular economy

Manufacturing Capital

- ISO 9001 acquisition rate for major production and business divisions **96%**
- Serious legal violations related to product safety **0 cases**

Intellectual Capital

- Total patents obtained **8,808 patents** (**4,498** overseas)

Financial Capital

- Operating cash flow (deduction of R&D costs) **¥63.7 billion**
- ROIC **4.2%**

Human Capital

- Ratio of female managers (Japanese consolidated) **2.6%** (2.8% as of January 1, 2026)
- Ratio of mid-career hires in managerial positions (non-consolidated) **26.5%**

Social Capital

- Dialogues with investors/ shareholders **217 times**
- Ratio of spending on social contribution activities to operating profit **0.5%** (**¥0.27 billion**)
- Supplier survey response rate **81.6%**

Natural Capital

- Capital investment in environmental and energy-saving equipment **¥4.09 billion**
- GHG emissions (Scopes 1 and 2) **125,123 (t-CO_2)**
- Recycling ratio **92.6%**

Our Ideal State

A company that contributes to an affluent society through core technologies and realizes CSV

Financial Targets for 2030

Operating profit **¥130 billion**

ROIC **10% or higher**

Non-Financial Targets for 2030

E
- Reductions of CO_2 emissions (compared to FY2019)
  - From product manufacturing: **-50%**
  - From product use: **-30%**

S
- Further advancement of automation technology
- Ratio of female managers: **Over 8%** (Japanese consolidated)
- Spending for social contribution activities: **1%** of operating profit
- Survey implementation rate for high-risk suppliers: **100%**

G
- Ratio of female directors: **30%**
- Number of serious incidents related to products: **0**

Seven Material Issues of Sustainability

	Material Issues for Value Creation		Material Issues for Strengthening Our Business Foundation
Material Issue	**Reducing environmental impact**	**Create better ways to live and work**	**Prioritize employee safety, health, and development**
Relevance to Business	◆ We are aware that reducing the environmental impact of production activities and product use is our material issue, and we pursue our initiatives accordingly. ◆ We effectively use resources, reduce waste, and improve the efficiency of raw material use, thereby contributing to a circular economy.	◆ We work to resolve social issues through the technologies and solutions we offer to support the sustainable development of people's lifestyles and industry. ◆ We offer automated and digitalized products to increase productivity, reduce workload, and improve safety, which leads to new value creation.	◆ Guided by our belief that human capital is the bedrock of business growth, we prioritize our employees' safety and health. ◆ We work to establish a stronger organizational foundation for sustainable growth by training human resources and advancing diversity to create environments that enable diverse talent to achieve their potential.
Opportunities	◆ **Enhanced efficiency** of customers' production equipment and components, and **expansion of sales of energy-saving products (e.g., high-efficiency motors)** ◆ **Production of raw materials through biomass gasification, production of SAF and other fuels, and CO_2 capture and utilization** in the environmental and energy fields	◆ Expansion of sales of inverters, motors, electric modules, and motion components that are essential for robotics and automation ◆ Expansion of sales of Ion implanter that contributes to the manufacturing of semiconductors, which supports the convenience of daily life	◆ 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 solutions and producing business ideas across divisions)
Risks	◆ Decline in the competitiveness of our products and businesses if insufficient progress in improving product efficiency and energy savings ◆ Product obsolescence if delays in responding to new fuels and materials ◆ Substantial costs resulting from environmental pollution incidents	◆ Product obsolescence caused by slow progress of automation and digitization	◆ 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
Major Initiatives	◆ **Utilization of renewable energy and introduction of solar power generation facilities** ◆ Use of recycled materials in products, reduction of hazardous substances contained in products ◆ **Obtained SBTi validation (February 2026)**	◆ Improvement in labor productivity through robotics technology and smart logistics ◆ Development of medical equipment for cancer diagnosis, cancer treatment, etc.	◆ 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 that cover work-life balance ◆ Initiatives to promote employee health and safety ◆ **Introduction of an internal job posting system**
FY2025 Results	◆ CO_2 emissions from manufacturing of products (Scopes 1 and 2) **34%** reduction from 2019 ➡ **Achieved** ◆ CO_2 emissions from product use (Scope 3 Category 11) **50%** reduction from 2019 ➡ **Achieved**	◆ Advances in automation technology ∗ Delivery of remote-controlled RTG (wheeled cranes) ∗ Joint development of an in-mold coating system ∗ Launch of an asphalt finisher equipped with the automation equipment ASTRA1.0 ◆ Newly created business opportunities ∗ Capital and business alliance to commercialize equipment for Alzheimer's treatment ∗ Expanded application of a remote monitoring system integrated into SIRMS® large cranes	◆ Ratio of women among new graduate hires : Consolidated in Japan 23% ➡ **Achieved** ◆ Number of female directors : 2 ➡ **Achieved** ◆ Ratio of female managers ・Consolidated : 6.9% ・Consolidated in Japan : 2.6% ・Non-consolidated : 3.4% ◆ Ratio of mid-career hires among managers : Non-consolidated 26.5% ◆ Ratio of foreign employees among managers : Non-consolidated 0.6% ◆ Ratio of male employees taking childcare leave ・Consolidated in Japan : 89% ・Non-consolidated : 94.5% ◆ Percentage of highly engaged employees SHI and 29 consolidated subsidiaries : 49%
Related Pages	◆ Message from the General Manager, Corporate Technology Management Group (➡P.27) ◆ Environmental Initiatives (➡P.48) ◆ Highlights of Our Segments (➡P.9)	◆ Message from the General Manager, Corporate Technology Management Group (➡P.27) ◆ Highlights of Our Segments (➡P.9)	◆ Our Actions (➡P.57)

Material Issues for Strengthening Our Business Foundation

Coexistence and co-prosperity with local communities	Build sustainable corporate supply chains	Strengthen governance	Ensuring high product quality	Material Issue
◆We emphasize coexistence and co-prosperity with local communities that support our business activities. ◆We contribute to regional growth through CSR activities and dialogue with local communities based on our sites' characteristics. We also leverage these activities and dialogue to raise employees' social and environmental awareness.	◆With the risks and responsibilities we have in our global supply chains in mind, we work to ensure sustainable procurement. ◆We address ESG issues (e.g., human rights, environmental, and ethical issues) and work collaboratively with our business partners to establish responsible supply chains.	◆We are committed to establishing stronger corporate governance as the foundation for our greater medium- to long-term corporate value. ◆By ensuring full compliance and advanced risk management, we maintain transparent and sound business management to establish a structure that meets public expectations.	◆We define offering safe and high-quality products and services as our social responsibility. ◆We fully enforce quality control that prioritizes safety and reliability in use in addition to functionality, thereby enhancing customer satisfaction and establishing greater brand value.	Relevance to Business
◆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	◆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 Japanese and overseas suppliers' awareness of environmental and human rights issues	◆Transparent and fair business management built on prompt and accurate decision-making ◆Revitalizing the Board of Directors through diversity	◆Boosting sales by increasing the competitiveness of our products, improving the brand value of our Group's products ◆Contributing to greater efficiency of society through enhanced quality of customers' products into which our products are built, in addition to customers' increased productivity and higher product quality	Opportunities
◆Disruption to operation caused by souring relations with a local community ◆Shortages of human resources for production jobs that mostly hire local people in the regions where our production sites are located	◆Loss of public credibility and suspension of business with customers due to inadequate action to address ESG issues in supply chains	◆Administrative sanctions, such as fines or business suspension, and erosion of public trust ◆Delay in management decision making	◆Compensation costs and product liability arising from quality issues	Risks
◆Participation in educational programs for the next generation and community services based on the Sumitomo Heavy Industries Group's Policy for CSR Activities; donations to international organizations	◆Requesting suppliers to comply with the CSR Procurement Guidelines ◆Carrying out supplier surveys ◆Carrying out human rights due diligence	◆Reading sessions on the Compliance Manual and efforts to ensure full compliance using e-learning and other means ◆Increasing the ratio of Outside Directors ◆Establishment of BCM / BCP for business continuity	◆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	Major Initiatives
◆Spending for social contribution activities Ratio to operating profit: 0.48% (¥0.27 billion) 〈2030 target : 1%〉	◆Ratio of potentially high-risk suppliers surveyed : 88% (to be completed in 2026 based on a 3-year plan)	◆Compliance training attendance rate : Consolidated 64.3% ◆Number of female directors : 2 (18%) 〈2030 target : 30%〉	◆ISO 9001 certification rate : 96% (main works in Japan) ◆Serious legal violations related to product safety : 0 cases ◆Number of serious incidents related to products : 1 case	FY2025 Results
◆Coexistence and Co-prosperity with Local Communities (➡P.61)	◆Respect for Human Rights (➡P.59) ◆Responsible Procurement (➡P.60)	◆Corporate Governance System (➡P.62) ◆Risk Management (➡P.69) ◆Compliance (➡P.69)	◆Quality Management (➡P.70) ◆Highlights of Our Segments (➡P.9)	Related Pages