

# Kumagai Gumi's ESG/SDGs Strategy

To realize long-term growth and to contribute to the formation of a sustainable society, the Kumagai Gumi Group has adopted the Medium-Term and Long-term Management Direction announced in November 2017, and has expressed that we will strengthen management from an ESG perspective.

In April 2019, we formulated the ESG Initiative Direction, identified key issues in our group's long-term business development, and clarified our targets concerning related SDGs.

Based on the long-term vision presented in the Medium-Term Management Plan (FY2021-FY2023) formulated in May 2021, we organized the relationships between our business activities and the SDGs, and will engage in promotion of the SDGs in accordance with our ESG initiatives. As a group, we will contribute to solving social issues.

## ESG/SDGs Matrix

ESG Initiative Direction			Business initiatives and specific actions	Indicators	Targets	Performance	SDGs*2																			
Perspectives	Key issues (Materiality)	Specific issues					FY2021	FY2020	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
E (Environment)	Formation of environmentally considerate business *1 Initiatives aimed at carbon neutrality	Addressing climate change risks	Promotion of CO <sub>2</sub> emissions reduction activities	CO <sub>2</sub> emissions (Scope 1+2) reduction rate (compared with FY2019)	-25% (FY2029)	-9.1%																				
		Achievement of zero emissions	Promotion of mixed waste discharge reduction activities	Mixed waste discharge rate (total intensity)	2.0% or less	1.2%																				
		Initiatives with consideration of biodiversity	Environmental conservation activities	Serious environmental accidents during construction	0 cases	0 cases																				
		Initiatives for wooden architecture projects	Promotion of medium- to large-scale wooden structure initiative	Number of orders for wooden architecture and structures	2 or more projects	1 project																				
		Initiatives in the forest conservation business	Initiatives for forest conservation in collaboration with other companies	Number of forest conservation projects	6 or more projects	6 projects																				
		Initiatives in the renewable energy business	(Project-leading) Renewable energy business	Number of operation projects in the renewable energy business (domestic)	5 projects (FY2023)	1 project																				
		Development of environmentally considerate technologies	Initiatives for environmentally considerate architecture (ZEB, etc.)	Number of environmental accreditation projects	7 projects	5 projects																				
S (Society)	Creation of rewarding workplaces for all	Securing and developing human resources	Promotion of action plan for active participation by women	Ratio of women in new graduate hires	25% or more	24.4%																				
		Succession of technology	Support for acquiring architect, construction management engineer, and other national qualifications	Rate of acquisition of First-Class Engineering Works Execution Managing Engineer qualifications	88%	83%																				
				Rate of acquisition of First-Class Architect qualifications (Design)	50%	43%																				
				Rate of acquisition of First-Class Building Operation and Management Engineer qualifications (Building)	90%	82%																				
		Promotion of DX	Renovation of core systems	Rate of progress of system development	100% (FY2023)	-																				
		Promotion of diversity	Fostering of an organizational climate for understanding of diversity	Number of female managers	10% increase	7.4% increase																				
		Achievement of work-life balance	Promotion of work style reform	Number of overtime work hours (compared with April 2020)	30 hours or less	29.2 hours																				
	Achievement of sustainable communities	Contribution to local communities	Infrastructure renewal business	Number of expressway renewal construction projects	13 projects	10 projects																				
			Initiatives for urban redevelopment	Number of initiatives	3 projects	2 projects																				
			Social contribution activities	Number of projects/total participants in social contribution activities	Increase in number of projects/participants	87 projects/1,307 participants																				
Response to natural disasters (resiliency)	Disaster prevention/mitigation, national resilience	Automated operation through AI	1 project	(New initiative)																						
Development of technologies that lead to resolution of social issues	R&D that contributes to a decarbonization and a recycling oriented society	High-seismic-resistance structural system/design and diagnostic technology for early post-earthquake recovery	Number of technology development initiatives (cumulative total, FY2021-FY2025)	6 projects	4 projects																					
		R&D expenses as a percentage of sales	Number of environmental technology patents held (cumulative total, FY2021-FY2025)	10 projects	3 projects																					
G (Governance)	Enhancing of corporate governance	Improvement of the effectiveness of the Board of Directors	Continued evaluation and improvement of the effectiveness of the Board of Directors	Evaluation level by outside experts	Improvement of effectiveness	Securing of effectiveness																				
		Enforcement of compliance	Construction of an Antimonopoly Act compliance system that includes group companies	Enforcement of compliance	Number of case of serious legal violations	0 cases	0 cases																			
		Strengthening of risk management	Initiatives for Business Continuity Planning (BCP)	Safety confirmation system response rate	100%	98.1% (in December 2020)																				
	Proactive communication with stakeholders and others	Active dialogs with investors	Enhancement of dialogs with institutional investors	Rate of increase in number of participants in financial briefings and other opportunities for dialog	10.0%	-2.4%																				
		Improvement of CS (Improvement of stakeholder satisfaction)	Improvement of customer satisfaction	Strengthening of information communication capabilities	Primary response to complaints within 24 hours	100%	100%																			
		Promotion of CSR procurement	Compliance with Procurement Policy and Procurement Policy Guidelines	Zero irregular transactions	0 cases	0 cases																				

\*1 The key issue "Formation of environmentally considerate business" refers to a strengthening of initiatives for carbon neutrality.  
 \*2 Of the relationships between Kumagai Gumi's business and the 169 targets of the SDGs, the primarily relevant ones are noted.  
 \*3 The content of the ESG/SDGs Matrix covers Kumagai Gumi only.

### ESG Initiative Direction

1. Kumagai Gumi identifies key issues (Materiality) to be resolved from the perspective of Environment, Social, and Governance, and pursues sustainable business activities.
2. Kumagai Gumi creates new value by leveraging the group's technologies, experience and expertise. We engage in business activities that contribute to the resolution of social issues represented by the SDGs.
3. Through its business activities, Kumagai Gumi aims to build relationships of trust with its stakeholders and to increase its corporate value.

### ESG/SDGs Matrix\*3

We indicated the relationships between business activities based on ESG and the 169 targets of the SDGs (numbers in the table), and visualized the fields in which Kumagai Gumi contributes to solving social issues through its business, in the ESG/SDGs Matrix.

The ESG/SDGs Matrix is used for innovation ideas and as a list for long-term risk management to achieve further problem solving. It also serves as a tool for dialog with stakeholders from the approach of ESG and the SDGs.