

ESG Initiatives

Seeking to realize a sustainable society, we will advance the development of sustainable cities and communities through the improvement of social infrastructure, which is the YBHD Group's business, in an effort to solve various issues faced by local communities. Furthermore, we will help to solve social issues such as global warming, effective use of limited resources, declining birth rate and aging population, and reform of work practices, which are required regardless of industry.

Focus initiatives under the Sixth Medium-Term Plan

1 Environment

To achieve carbon neutrality by 2050, we will switch to a CO₂ emission reduction plan for purchased electricity and install solar power facilities. By carrying out these climate change countermeasures, we plan to reduce CO₂ emissions in our business activities (Scopes 1 and 2) by 20% from the fiscal 2020 level by fiscal 2024. We will also work with relevant parties to reduce CO₂ emissions during the manufacturing process of steel and other raw materials (Scope 3). As part of our long-term efforts, we will actively engage in the development of technologies for reducing environmental impacts, including the effective use of low-carbon materials, offshore wind power facilities, and more efficient water processing facilities.

Furthermore, as a countermeasure against natural disasters, which have been increasing in recent years, we will focus on developing disaster-resistant products and providing upgrading services and maintenance for urban infrastructure.

2 Social

As the aging of urban and transportation infrastructure becomes a social issue, we will contribute to safe and secure city and community development and maintenance by providing high-quality and highly durable infrastructure. We also help to build a strong, risk-resistant economic foundation by providing and maintaining a high-quality logistics network to prepare for new risks that could have a significant impact on economic activities. In the event of large-scale natural disasters, in particular, such as an earthquake or torrential rain, we will conduct emergency inspections of our products, and we will also establish a system to provide prompt support to affected areas based on disaster-relief support agreements.

Meanwhile, in light of the fact that new working practices, such as teleworking, have taken root due to the spread of COVID-19, we will examine ways of working that can cope with various situations, as well as develop an environment and systems that enable diverse human resources to play active roles.

3 Governance

As a Prime Market-listed company, we will establish a strong governance system that complies with the Corporate Governance Code, including implementation

of board effectiveness evaluations and enhancement of cooperation with outside directors.

In addition, in order to respond to the accelerating digitalization of society, we will actively promote DX and expand the adoption of new IT services while re-examining and continuously strengthening our measures for information security, the risks of which are feared will increase.

Environment	
<ul style="list-style-type: none"> Capture demand from national resilience plans Develop underground river structures, seawalls, and bridge deck replacement methods Develop green energy and technologies with low environmental impact Make effective use of offshore wind turbines, next-generation water treatment facilities, low-carbon materials, etc. Reduce CO₂ emissions Switch to renewable energy, install solar power facilities, etc. FY2024 20% reduction FY2030 50% reduction FY2050 Carbon neutral * vs. FY2020, Scopes 1 & 2 TCFD-based information disclosure 	
Social	
<ul style="list-style-type: none"> Promote diversity Reform work practices Train human resources, pass on technical skills Support disaster recovery Carry out emergency checks and provide temporary bridges Eliminate serious workplace accidents and incidents Enforce safety measures, improve on-site installations, and use DX to improve safety 	
Governance	
<ul style="list-style-type: none"> Reinforce risk management Group internal control system, voluntary audits Enforce compliance Compliance Committee, internal whistleblower system Strengthen the corporate governance system Evaluate board effectiveness, improve cooperation with outside directors Implement IT security measures Reevaluate and strengthen current measures 	

Basic Sustainability Policy

Basic Approach

Under the corporate philosophy of "Contribution to society and the public, and sound management," the YBHD Group aims to realize its management vision of "long-term protection of bridges," "multifaceted steel structure engineering," "creation of a resilient social environment and harmonious coexistence with the natural environment," and "construction of a robust operational foundation," as well as the pursuit of sustained expansion. Based on this vision, our basic sustainability policy is to contribute to the development of society by creating and protecting high-quality products and passing them on to future generations.

We will actively and proactively work to resolve social, environmental, and other sustainability issues with a view to not only reducing risk but also increasing corporate value over the medium to long term, based on our recognition that this will lead to new revenue opportunities.

Sustainability Promotion Structure

- (1) Among the various sustainability issues, we will identify those that the YBHD Group should give priority to as materiality (key issues) and reflect them in our medium-term management plan. Each materiality will be reviewed as necessary.
- (2) Materiality identification will be discussed by the Sustainability Committee and approved and monitored by the Board of Directors.
- (3) The Board of Directors will monitor the progress of goals and initiatives with respect to individual sustainability issues.

Disclosure of Information

We will strive to disclose information to stakeholders in a timely and appropriate manner and ensure transparency.

Assigning of priority order to materiality candidate items

Blue: Opportunities Black: Risks

Environment

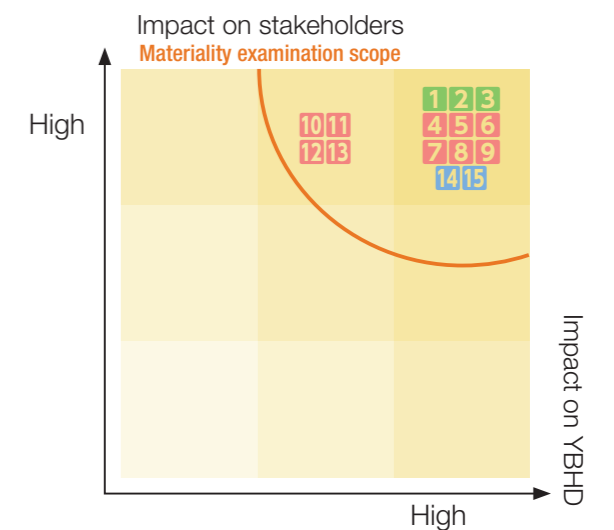
- 1 Responding to the material risk associated with climate change and natural disasters
- 2 Responding to demand for the development of disaster-resistant products
- 3 Responding to demand for retrofitting services and maintenance associated with National Resilience Promotion

Social

- 4 Ensuring the stable supply of products
- 5 Quality assurance
- 6 Support for disaster recovery
- 7 Safeguarding occupational health and safety
- 8 Responding to global health issues
- 9 Securing talent and promoting diversity
- 10 Strengthening of talent management
- 11 Labor productivity enhancement
- 12 Respecting the human rights of our employees, and the employees of partner companies and suppliers
- 13 Prevention of overwork and promotion of work-life balance, and realizing equivalent compensation for equivalent work

Governance

- 14 Fair transactions and prevention of corruption
- 15 Information security management



List of Materiality Items and KPIs

From an ESG viewpoint and in light of the various Sustainable Development Goals (SDGs) and the direction of the YBHD Group's business, we have identified materiality (key issues) that should be prioritized by the Group and are working actively to resolve various issues in society to help realize a sustainable society.

ESG	Materiality (Key Issues)	Measures	Specific Content	KPI (Key Performance Indicator)	FY2022 Target	FY2022 Results	FY2023 Target	
Environment	1 Responding to the material risk associated with climate change and natural disasters	Establishing systems to facilitate business continuity	<ul style="list-style-type: none"> BCP formulation and continued effective utilization and training 	Implementation of BCP training	20 or more times per year	20 times per year	20 or more times per year	
		Reducing the environmental footprint of business activities	<ul style="list-style-type: none"> CO₂ emissions reduction Promoting the adoption of renewable energy Reducing wastage of materials and improving the recycling rate Developing products with minimal environmental footprint and providing related technologies Reusing materials and reducing electricity consumption at all facilities 	CO ₂ emission reduction rate, short-term target (20% in FY2024) (Base year: FY2020, Scopes 1 and 2)	—	Down 19%	—	
		Developing products and construction methods that will contribute toward reducing the damage suffered in a natural disaster	<ul style="list-style-type: none"> Development of earthquake-resistant products Development of products and construction methods that facilitate early recovery in the event of an unanticipated disaster 	Continuation of a 100% steel recycling rate	100%	100%	100%	
Social	2 Responding to demand for the development of disaster-resistant products	Developing technologies and products relating to the improvement, maintenance, and upgrading of the highway network	<ul style="list-style-type: none"> Development of technologies for enhancing and upgrading the functionality of existing infrastructure Development of maintenance-friendly aluminum and stainless steel products 	R&D expenses	0.8 billion yen	0.5 billion yen	0.9 billion yen	
		3 Responding to demand for retrofitting services and maintenance associated with National Resilience Promotion	Strengthening production and construction systems	<ul style="list-style-type: none"> Strengthening BCP-related investment, facilities, and personnel 	Bridge maintenance business net sales	24.0 billion yen or more	26.7 billion yen	26.0 billion yen or more
			Preventing the reoccurrence of quality non-conformance incidents	<ul style="list-style-type: none"> Quality management system utilization and continuous improvement Reflecting information obtained at every stage, from planning and design through to manufacturing and construction, and information obtained through inspections and diagnostics 	Capital expenditures (totaling at least 18.0 billion yen in FY2022–2024)	—	3.4 billion yen	—
	4 Ensuring the stable supply of products	Strengthening systems for providing rapid support	<ul style="list-style-type: none"> Building the systems needed to allow high-priority response in the event of an incident and the provision of related equipment 	Personnel (2,150 in FY2024)	—	2,017*	—	
				<ul style="list-style-type: none"> Reducing the incidence of fatal accidents to zero through measures to eliminate the danger from tasks that involve working at heights 	Construction grades for bridge business	Average of 80 points or higher	Average of 83.8 points	Average of 80 points or higher
	5 Quality assurance	Thorough prevention of serious accidents	<ul style="list-style-type: none"> Putting in place the environment needed for teleworking and flexible work hours and implementing these measures Promoting health management that makes effective use of "collabohealth" (collaboration between Health Insurance Society providers, companies, and employees) 	Conducting disaster response training	Once a year	Response training: once a year Support for disaster recovery: 3 cases	Once a year	
				6 Support for disaster recovery	<ul style="list-style-type: none"> Effective utilization of site visits, internships, and the holding of seminars in schools and colleges 	Fatal accidents	0	0
	7 Safeguarding occupational health and safety	<ul style="list-style-type: none"> Proactive recruitment and effective utilization of human talent regardless of nationality, gender, or age, including persons with disabilities and senior citizens 	Number of accidents causing four or more days of lost worktime			0	7	0
			8 Responding to global health issues	<ul style="list-style-type: none"> Job rotation using a self-directed application system, and appropriate personnel allocation Support to help employees secure professional qualifications and implement various types of training 	Frequency rate	—	0.98	—
	9 Securing talent and promoting diversity	<ul style="list-style-type: none"> Development of new, labor-saving construction methods, promotion of R&D, and promotion of digital transformation (DX) 			Severity rate	—	0.06	—
			10 Strengthening of talent management	<ul style="list-style-type: none"> Implementation of the YBHD Code of Corporate Behavior and continuing education 	Average number of lost workdays per casualty	—	63.9	—
	11 Labor productivity enhancement	<ul style="list-style-type: none"> Active promotion of incentive systems and of the various types of leave system Establishment of internal systems in relation to various laws 			Application for the Health & Productivity Management Outstanding Organization Recognition Program	Apply	Certified	Certified
			12 Respecting the human rights of our employees, and the employees of partner companies and suppliers	<ul style="list-style-type: none"> Formulation of manuals and rules, compliance with their stipulations, and related education Auditing of compliance status and appropriate utilization of the internal whistleblowing system 	Achievement of recruitment plan for the fiscal year	Recruitment plan: 55 hires Achievement rate: 100%	Recruitment plan: 53 hires Actual: 58 hires Achievement rate: 109.4%	Recruitment plan: 64 hires Achievement rate: 100%
	13 Prevention of overwork and promotion of work-life balance, and realizing equivalent compensation for equivalent work	<ul style="list-style-type: none"> Appropriate operation of the Compliance Committee and Sustainability Committee Further improvement of the system for appropriate risk management 			Employment rate of persons with disabilities (average for 5 operating companies)	2.3% or higher	2.39%	2.3% or higher
			14 Fair transactions and prevention of corruption	<ul style="list-style-type: none"> Improvement of the rules for preventing data leaks, and implementation of related training 	Percentage of female employees out of all employees	15% or higher	15.3%	15% or higher
15 Information security management	Preventing the leakage of corporate business secrets	Steady increase in the rate of male employees taking childcare leave			—	34.4%	—	
		16 Respecting the human rights of our employees, and the employees of partner companies and suppliers	<ul style="list-style-type: none"> Development of an internal certification system for DX personnel and certification of about 50 employees (50 in FY2024) 	Return-to-work rate after childcare leave	100%	100%	100%	
17 Prevention of overwork and promotion of work-life balance, and realizing equivalent compensation for equivalent work	<ul style="list-style-type: none"> Expansion of the area of ordered engineered structures through promotion of DX (1.3 million m² or more in FY2024) 			Utilization of foreign human resources (including transfers and trainees from Group companies)	36 or more	42	42 or more	
		18 Respecting the human rights of our employees, and the employees of partner companies and suppliers	<ul style="list-style-type: none"> Support for acquisition of necessary qualifications according to the type of job (Professional engineer / First-class architect / First-class civil engineering management engineer / First-class architectural construction management engineer / Construction accountant (1st and 2nd classes)) 	Support for acquisition of necessary qualifications according to the type of job (Professional engineer / First-class architect / First-class civil engineering management engineer / First-class architectural construction management engineer / Construction accountant (1st and 2nd classes))	Target: 267 people Support implementation rate: 100%	Target: 243 people Support implementation rate: 100%	Target: 324 people Support implementation rate: 100%	
19 Prevention of overwork and promotion of work-life balance, and realizing equivalent compensation for equivalent work	<ul style="list-style-type: none"> Percentage of harassment training provided through e-learning 			Establishment of an internal certification system for DX personnel and certification of about 50 employees (50 in FY2024)	—	0	—	
		20 Prevention of overwork and promotion of work-life balance, and realizing equivalent compensation for equivalent work	<ul style="list-style-type: none"> Expansion of the area of ordered engineered structures through promotion of DX (1.3 million m² or more in FY2024) 	Expansion of the area of ordered engineered structures through promotion of DX (1.3 million m ² or more in FY2024)	—	0.86 million m ²	—	
21 Prevention of overwork and promotion of work-life balance, and realizing equivalent compensation for equivalent work	<ul style="list-style-type: none"> Percentage of construction sites implementing 7 days off in a 4-week schedule: 100% (FY2022), 8 days off in a 4-week schedule: 100% (FY2023 and FY2024) 			Percentage of harassment training provided through e-learning	100%	97.1%	100%	
		22 Prevention of overwork and promotion of work-life balance, and realizing equivalent compensation for equivalent work	<ul style="list-style-type: none"> Number of serious noncompliance incidents 	Number of serious noncompliance incidents	0	0	0	
23 Prevention of overwork and promotion of work-life balance, and realizing equivalent compensation for equivalent work	<ul style="list-style-type: none"> Conducting independent audits in all departments of each Group company based on the Group's internal control system and auditing regulations, as well as identification of events and implementation of preventive, remedial, and recurrence-prevention measures 			Conducting independent audits in all departments of each Group company based on the Group's internal control system and auditing regulations, as well as identification of events and implementation of preventive, remedial, and recurrence-prevention measures	Once a year	Once a year	Once a year	
		24 Fair transactions and prevention of corruption	<ul style="list-style-type: none"> Auditing department personnel and implementation of education on internal controls 	Auditing department personnel and implementation of education on internal controls	Personnel: 31 Education implementation rate: 100%	Personnel: 38 Education implementation rate: 100%	Personnel: 41 Education implementation rate: 100%	
25 Information security management	<ul style="list-style-type: none"> Conducting meetings between the Group's auditors and the head of the Audit Office 			Conducting meetings between the Group's auditors and the head of the Audit Office	Twice a year	Twice a year	Twice a year	
		26 Information security management	<ul style="list-style-type: none"> Number of serious information security incidents 	Number of serious information security incidents	0	0	0	
27 Information security management	<ul style="list-style-type: none"> Implementation of training on data preservation in the event of a disaster 			Implementation of training on data preservation in the event of a disaster	Once a year	Once a year	Once a year	