

# Pioneering the *Future*

TOYO CONSTRUCTION CO., LTD. INTEGRATED REPORT 2024

INTEGRATED REPORT  
**2024**

Corporate Identity

Everybody working together with dreams and youth, devoted to customers and public society with new and productive technology, striving toward the Company’s consistent growth and employees’ welfare promotion.

(Established in the “Plan 50” at the 50th anniversary of the founding in 1979)

Respect for Human Dignity

- Training people
- Developing individuality and strength

Invention and Innovation

- Adapting to changes
- Always coming up with a fresh idea

Awareness of Responsibility

- Clarifying vision and responsibility
- Always demonstrating leadership

Fulfill Our Social Mission

- Construction activity to meet social demands
- Ensuring quality and improving construction technology
- Thorough prevention of general public accidents and response to natural disasters

Ensure Fair and Reliable Business Activities

- Strict adherence to laws, regulations, and standards
- Fair bidding and equitable competition
- Establishment of appropriate production system
- Elimination of antisocial forces
- Ensuring reliability of corporate accounting; disclosure of information
- Maintenance of proper relationships with politics and administration
- Protection of intellectual property rights, etc.

Value People and Maintain a Good Relationship with Society

- Adherence to management that respects human rights and individuality
- Strengthening measures for safety and health and creating attractive working environments
- Harmony with society
- Contribution to environmental conservation
- Contribution to international society

(Established in January 2005, revised as of August 1, 2014)

Code of Conduct

| Editorial policy  |
|---|
| <b>Purpose of publication</b><br>This report is issued to provide the Toyo Group’s corporate identity, business policy, business strategies, and current status of achievement for ESG, etc., for various stakeholders such as shareholders, institutional investors, clients, and students.  |
| <b>Subject organization</b><br>In principle, information in this report pertains to Toyo Construction Co., Ltd., but some content covers the Toyo Construction Group.   |
| <b>Subject area</b><br>The report provides the basic policy of economic/social/ environmental dimensions and activity record for fiscal 2023 of the organization stated above.  |
| <b>Period covered</b><br>From April 2023 through March 2024 (fiscal 2023)<br>Note: Some information includes the latest information just before the publication of this report.   |
| <b>Reference guidelines</b> <ul style="list-style-type: none"><li>• IIRC “International IR Framework”</li><li>• Ministry of Economy, Trade and Industry “Guidance for Collaborative Value Creation 2.0”</li></ul>   |
| <b>Date of publication</b><br>March 2025  |
| <b>Disclaimer</b><br>The descriptions contained in this report relating to future events such as projected earnings are based on the information currently available to the Company and on certain assumptions that the Company deems reasonable, and will not provide any commitment to achievements. Also, they include risks and uncertainty associated with economic trends, market conditions, foreign exchange rates, taxation systems, and other systems. Therefore, actual results may vary significantly due to various factors. |

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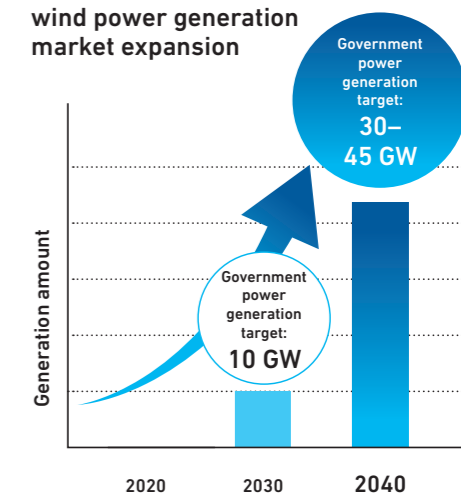
# Propelling Our Future

## —Offshore Wind Power

Investment and technology development in growth-driver offshore wind power construction business

Offshore wind power generation is expected to play a major role in realizing a carbon-neutral society. The Toyo Construction Group, with strength in marine civil engineering, seeks to capture a top share in the offshore wind power construction market with a focus on subsea cable laying. To expand its presence in a range of fields, the Company is keen to enhance and reinforce assets such as vessels and equipment, develop technologies, and cultivate human resources for the future, thereby contributing significantly to the offshore wind power value chain.

Forecast for offshore wind power generation market expansion



Source: "Vision for Offshore Wind Power Industry (1st)," published by Public-Private Council on Enhancement of Industrial Competitiveness for Offshore Wind Power Generation

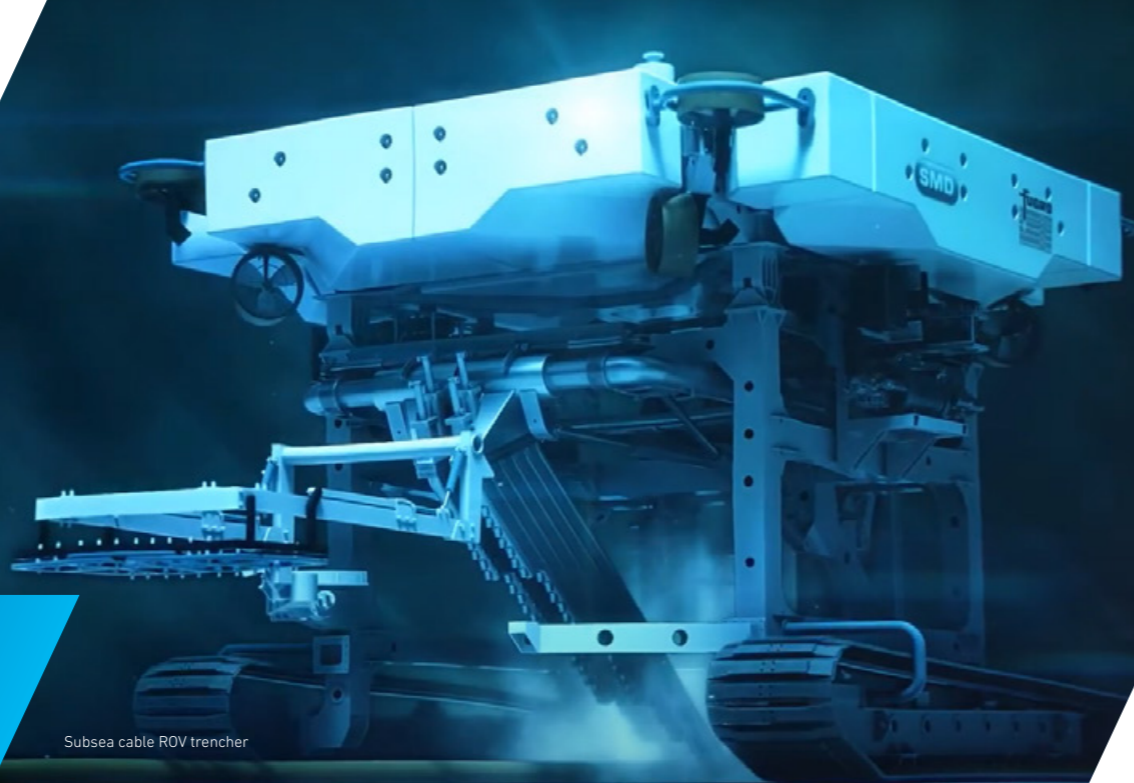
### Growth potential of offshore wind power generation market

Surrounded by the sea, Japan is geographically well positioned to capitalize on the huge potential demand for offshore wind power generation. In addition, in 2024, the national government approved legislation to expand offshore wind power generation into Japan's exclusive economic zone (EEZ). The Group intends to take advantage of this environment to grow its business. Looking to achieve net sales of 12 billion yen by fiscal 2029, we will move steadily forward on our initiatives.

# 01 OUR FUTURE

## Offshore Wind Power Construction Business

Work on Japan's  
largest self-propelled,  
cable-laying vessel  
currently in progress



Subsea cable ROV trencher

### Seeking top share in marine construction sector of expanding offshore wind power market

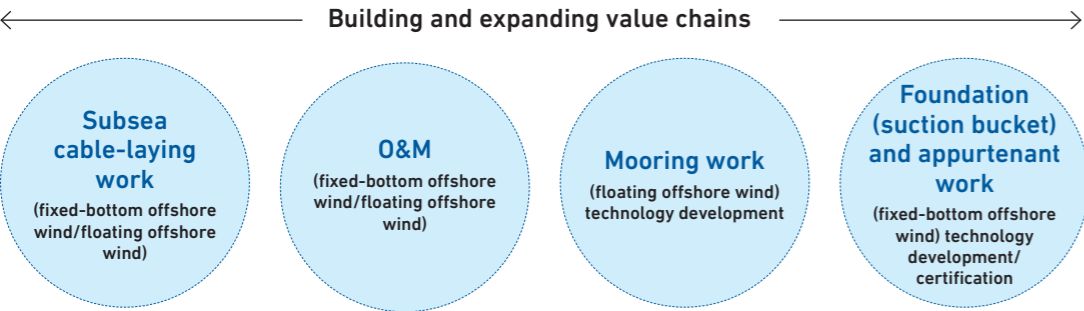
To shift from a defensive posture to a more proactive business approach in the offshore wind power market, we are having Japan's largest self-propelled, cable-laying vessel built with scalability. We anticipate that this vessel, scheduled for completion in the first half of fiscal 2026, will play a vital role in our operations as a core component of the engineering value chain. In addition, we will accelerate efforts to enhance and reinforce assets such as vessels and equipment needed for construction work in the open sea. Looking toward the long term, we aim to earn an excellent reputation for offshore wind power-related services and grow this business into a pillar of profit.

## Propelling Our *Future*



Leveraging strengths—  
extensive knowledge,  
technological excellence, and  
working vessels—to achieve  
further business growth

Aim to use diverse approaches to build and expand value chains to  
enter huge market of marine construction sector



# Building Social Infrastructure for *a Prosperous Tomorrow*

Utilizing reliable technical capability to participate in infrastructure improvement and building construction for the private sector in emerging countries

In 1972, Toyo Construction took steps abroad, starting in Singapore and then elsewhere, including Malaysia, the Philippines, the Middle East, and Kenya, on infrastructure improvement projects. We continue to develop businesses with a local community focus, primarily in the Philippines and other countries where we already enjoy an established presence. In the Philippines, we are not only involved in highly public infrastructure improvement projects such as fishing ports, irrigation facilities, and river flood-control measures but also work on building construction for the private sector, especially factory and warehouse construction, with our local subsidiary, CCT CONSTRUCTORS CORPORATION. We are also actively engaged in developing local human resources.

More details on our activities appear on page 38.






# Top Performer

*in Marine Civil Engineering*

Building safe and secure social infrastructure backed by high-level expertise and know-how

Since our earliest days, we have played a central role in constructing infrastructure such as airports and port facilities, while constantly polishing our construction technologies. In addition, in the aftermath of the Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake, it was all hands on corporate deck with collective and concerted efforts to help affected areas rebuild as quickly as possible. In recent years in Japan, the need to prepare for natural disasters has grown, along with a heightened sense of urgency. Against this backdrop, the Group has stepped up efforts to contribute to various disaster prevention and mitigation measures and is helping improve social infrastructure to better protect people's lives and property.

 More details on our activities appear on page 34.



## *and Proposals Fine-Tuned*

Since the full-scale start of operations in 1976, Toyo Construction has put together a significant portfolio of construction projects across many sectors, including factories, warehouse and logistics facilities, and educational, research, and cultural facilities. As lifestyles and business environments change and diversify, we not only respond to requests for new construction and upgrades to existing buildings but also offer the best possible solutions for any and all scenarios, including renovations that deliver new value attuned to the times as well as innovative utilization of buildings through conversions that meet client needs.

 More details on our activities appear on page 36.

## Message from Executive Chairperson & CEO

**Our goal, underpinned by a forward-thinking corporate governance structure, is to turn the Toyo Construction Group into a corporate group able to grasp the changing times and boldly embrace challenges arising in the evolving environment.**

### Changes brought about through management restructuring

Toyo Construction embarked on fundamental corporate governance reforms in fiscal 2023. The process began with a streamlined relationship between the Board of Directors and the executive branch, based on a policy of separating the supervision and execution functions. This decision prompted changes to the management structure, notably, having an outside director serve as chairman of the Board of Directors, an outside director chair the Director Nomination & Compensation Committee, and the majority of directors be outside directors. I am pleased to note here that a woman was elected to the position of director for the first time in our corporate history. Through these reforms, we have created one of the most progressive corporate governance structures in the domestic construction industry.

In fiscal 2024, we went a step further, shifting our focus to strengthening the governance system within the executive branch through various reforms. First, we introduced the concept of institutional decision-making and ended individual approval by the head of the executive branch. More precisely, the Executive Committee—the highest executive meeting body—transitioned from an advisory body to the president to a decision-making body and was restructured to allow it to discuss all important decision-making matters granted to the executive branch.

In June 2024, Toyo Construction transitioned to a CEO- and COO-driven corporate structure, where the role of drafting and promoting Companywide strategies and strategic policies such as capital policy and M&A strategy is separate from the role of promoting specific businesses and projects based on these strategies. I fill the CEO position, where my many years in corporate planning and new business development at a general trading company and experience in the real estate sector can be put to advantageous use. Meanwhile, the president, who brings extensive knowledge of Group operations and has extensive experience in the construction industry, has taken the COO position. Together we draw on respective areas of expertise and share responsibilities, complementing each

other's strengths to create a rock-solid operating foundation. Both of us possess unique knowledge. If we combine our respective capabilities, the result could produce new perspectives that will take the Toyo Construction Group on a successful trajectory into the future.

### Looking back on fiscal 2023 and noteworthy topics

In fiscal 2023, business volume trended favorably, fueled by solid public investment and continued recovery in private capital investment. Against this backdrop, Toyo Construction posted higher sales and profits year on year, on a consolidated basis, with particularly noticeable improved profits, as operating profit climbed 8% and profit attributable to owners of parent rose 17% over the initial forecast. The dividend also increased, to ¥74 per share, up ¥11 over earlier expectations.

That said, we still encountered issues that required attention, namely, the rising cost of construction materials, higher labor costs, and the impact of a worker shortage, problems that we earnestly tackled.

In the offshore wind power construction business, which we have tapped as a growth driver, we decided, after a thorough risk analysis, to focus on cable-laying. Taking the industry lead, we ordered a self-propelled, cable-laying vessel in December 2023. This investment is the largest we have ever committed to

but we expect the vessel to contribute significantly to consolidated performance when it goes into full-scale operation in fiscal 2027.

Also, in response to the second takeover bid (TOB) by Yamauchi-No.10 Family Office (YFO), we quickly established a special committee comprising independent outside directors who considered the proposal in accordance with the Ministry of Economy, Trade and Industry's "Guidelines for Corporate Takeovers," announced in August 2023. Ultimately, the Board of Directors unanimously opposed the TOB. As a result, YFO announced the same month that it would withdraw its TOB proposal. YFO is our largest shareholder, holding approximately 30% of our shares. We are continuing to engage in dialogue with its representatives and will maintain this emphasis on dialogue while ensuring fairness vis-à-vis other shareholders.

### Seeking steady growth in a changing environment

We expect the business environment to remain generally favorable in fiscal 2024. At the beginning of the fiscal year, we anticipated year-on-year improvement in sales and profit. But after the performance forecast was announced, the domestic civil engineering business experienced project delays, prompting management to revise the full-year sales forecast downward as of second-quarter reporting. No changes were

made, however, to the initial forecast for operating profit, profit after tax, or annual dividends.

For policy measures, we are directing particular efforts into responding to the "2024 Problem," the upper limit on overtime work that went into effect in the construction industry in April 2024. For example, we have to make private-sector clients understand the regulatory challenges we are dealing with. Our goal is to secure appropriate time for construction work when an order is placed, presenting such factors as the need for eight days off per four weeks to keep overtime work within specified limits. We will submit bids that reflect the operational cost increase that tends to accompany longer construction periods. We are also promoting enhanced operational efficiency by using new technology such as DX and AI, as well as building on-site support systems.

Regarding the offshore wind power construction business, we will launch a new division independent of the existing Civil Construction Division in April 2024 and strengthen capabilities, particularly for human resources.

### Changes in the business environment going forward

The business environment for the Toyo Construction Group should be extremely favorable in the short to medium term. In the public works sector, order volume should remain brisk,



**Shinya Yoshida**

Representative Director,  
Executive Chairperson & CEO

buoyed by defense-related construction projects in line with Japan's national defense strategy and further complemented by the government's "Five-Year Acceleration Plan for Disaster Prevention, Disaster Mitigation, and Building National Resilience." In the private sector, we expect a significant increase in carbon neutral-related projects, paralleling the GX (Green Transformation) trend, with a particular emphasis on constructing offshore wind power generation facilities, laying direct current transmission lines, and building hydrogen and ammonia supply chain facilities. Although the industry is grappling with chronic labor shortages due to the aforementioned "2024 Problem," I believe Toyo Construction can move forward while maintaining high profit margins by carefully approaching profitability management and wisely selecting projects to undertake.

But in the long term, changes in Japan's demographic structure will surely impact the construction industry, and we have to be alert to such changes and their consequences. Changes impact a labor-intensive business like construction not only on the demand side but also on the supply side. That is an unavoidable fact. Therefore, we will utilize DX and AI to boost work efficiency and productivity, and further reinforce efforts overseas, especially in the Philippines, where population growth is expected.

## Diverse business opportunities at home and abroad

Our earnings structure has the advantage of a stable earnings base supported by a long track record and advanced technological capabilities. Our business foundation comprises two key building blocks: the civil engineering business, notable in that 80% of sales come from public works, and the building construction business, which has a stable customer base and a high rate of repeat business. Both segments boast operating profit margins exceeding the industry average and maintain high profitability.

In the overseas construction business, a process of selection and concentration has put the Philippines in the spotlight. Our track record in the Philippines is built on a presence spanning more than 50 years, earning us a solid reputation in the local market. Outstanding name recognition gives us a competitive advantage over our rivals. Looking to the future, we aim to expand our client base from Japanese, European, and U.S. companies to blue-chip local companies, which will underpin significant sales growth.

In addition, the market for offshore wind power construction, which is likely to be a central part of the national GX strategy, has recently emerged and is expected to become a new revenue base for the Group. There are risks such as the possibility that the power providers' operations may not begin as initially scheduled. For our part, though, we have narrowed our business focus to laying subsea cables and have already

moved ahead of other construction companies in ordering work vessels. We will gain an advantage as a pioneer in this field in Japan. In the future, we also plan to become involved in new marine construction projects such as laying direct current transmission lines and pursuing carbon dioxide capture and storage (CCS), while looking to expand our presence overseas. After 2030, we aim to cultivate activities in new markets and build a third pillar of operations with operating profit of about ¥10 billion.

## Promoting sustainability management

For the Toyo Construction Group to realize stated goals such as "solving social issues through business activities" and "enhancing the business foundation," we organized issues of materiality according to Environmental, Social, and Governance (ESG) factors and defined key performance indicators (KPIs) that will serve as guideposts along our business activity path. To advance related initiatives, we must re-examine the meaning of sustainability management from a corporate perspective.

My view is that the value a company provides goes beyond economic and social value to include environmental value. A company has an obligation to view society and our planet as stakeholders and create value with these stakeholders in mind. But creating social and environmental value does not come from volunteer activities or community service projects alone. I accept it as true that social and environmental value should evolve within the context of corporate activities that generate economic value. You could also say economic value that cannot create social or environmental value will not last.

From a social value perspective, we seek to leverage exceptional expertise and know-how in constructing key components of social infrastructure such as port facilities and airports, thereby improving the social foundation that underpins the safety and security of citizens. In addition, we contribute to solving social issues through concerted efforts to develop technology that supports disaster prevention and mitigation measures and strategies to strengthen national resilience to natural disasters. In the wake of the Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake, Toyo Construction took a full-effort, whole-company approach to support the speedy recovery of affected areas. We are also involved in activities targeting full-scale recovery of areas affected by the 2024 Noto Peninsula Earthquake.

These efforts showcase our commitment to improving social infrastructure and fulfilling our social responsibility to protect people's lives and their property.

From an environmental value perspective, our participation in the offshore wind power construction business presents huge value-driving potential. The self-propelled, cable-laying vessel we are having built is designed with the environment in

mind, incorporating a highly effective, CO<sub>2</sub>-reducing, energy-saving, next-generation electric propulsion system and adheres to European standards that reduce SO<sub>x</sub>, NO<sub>x</sub>, and other greenhouse gases. A green loan was used to finance construction of this vessel.

Efforts to boost environmental value extend to the building construction business as well. We actively encourage clients to consider ZEB (Zero Energy Building) and ZEH (Zero Energy House) proposals and embrace plans for highly energy-efficient buildings.

## Expectations about employees

Over the past few years, Toyo Construction has been the target of takeover bids by multiple companies. Some proposals were supported by the Board of Directors, some were opposed, and others were approved but never completed. Rough seas in the capital market have buffeted us over the past few years, and I have no doubt that more than a few of our employees worried about the Company's future. I am convinced that it is management's responsibility to create an environment where people can work with peace of mind, but at the same time, I tell employees that while they may feel secure, they should not become complacent.

M&A activity in Japan has rapidly increased over the past decade. "Guidelines for Corporate Takeovers," announced by the Ministry of Economy, Trade and Industry in August 2023, marked a pivotal turning point for how Japanese companies handle M&As. As a listed company, we must deal with shareholders appropriately as we strive to achieve corporate growth. We must also work harder to ensure that shareholders properly understand the future we see for ourselves. When a company grows, it creates work, that is, jobs that make employees grow, which in turn protect the household incomes of employees. Growth requires the courage to embrace change head-on. I tell employees, "Don't be the frog in the well that knows nothing of the great ocean." I want people to become more and more interested in what is going on in society and what other companies are doing. I want everyone to look at our own industry and beyond, to other industries and the world around us. Opportunities for corporate growth lie "outside." But what is "outside"? Knowing the answer to that question is the key that opens the door to those opportunities. In addition, being sensitive to change is essential. Employees should delve deep into their own areas of expertise but also be on the lookout for new knowledge and skills in other fields by assuming a broad, high vantage-point perspective across

various disciplines. I hope employees will grow as "T-shaped talent," that is, individuals with specialist capabilities and a wealth of know-how outside their specialist domains.

## Improve value across entire supply chain

To ensure the sustainability of the construction industry as a whole, cooperation is essential across the entire supply chain, including subcontractors, and not limited to companies within the Toyo Construction Group. We will also take concrete steps to enhance engagement with business partners, an approach that will underpin efforts to realize a sustainable construction industry.

As an example, to improve payment terms across the entire construction work-related supply chain, we ensure full cash payment to subcontractors, as of April 2024, and are implementing other approaches as well. We hope to contribute to further development of the entire construction industry by reinforcing relationships of trust and cooperation with our business partners and achieving sustainable mutual improvements in corporate value.

## To our stakeholders

In July 2029, Toyo Construction will celebrate its 100th anniversary. Sharing the goal of realizing sustainable social infrastructure through technology, all executives and employees will work as a cohesive team to accelerate growth and enhance capital return to meet diverse stakeholder expectations. Be assured that our activities will lead to a bright future for all.





**Tatsuyoshi Nakamura**

Representative Director,  
President & COO

**The business environment surrounding the Toyo Construction Group remains brisk, fueled by a broadening range of new opportunities such as the trend toward carbon neutrality. Against this backdrop, we will robustly invest in facilities, equipment, and human resources to ensure sustainable growth and solve social issues through our business activities.**

### Seeing market changes as opportunities, boldly taking on challenges

The construction market in Japan is enjoying a huge uptick in demand, buoyed by national resilience measures and national defense strategies, as well as the return of semiconductor production and other manufacturing operations to Japan. That said, the rapid population decrease is seriously affecting the labor-intensive construction industry. Challenges abound, especially enforcement of upper limits on overtime work and soaring construction material costs and labor costs, factors that will only compound the impact of a worsening labor shortage across the supply chain. In addition, domestic construction demand could suffer as the population shrinks.

Given this situation, there is an increasingly urgent need to cultivate new markets. For our part, we see business opportunities in the trend toward achieving carbon neutrality and will focus on winning orders for GX- and EX (energy transformation)-related construction projects, including offshore wind power facilities, carbon dioxide capture and storage (CCS), and electric furnace conversion at steelworks.

We are also eager to promote ZEB (Zero Energy Building) and ZEH (Zero Energy House) proposals for new construction and energy-saving proposals for existing buildings. A special focus, however, is the offshore wind power construction business, which we expect to contribute to consolidated results beginning in fiscal 2027. We will complement accumulated knowledge and technology in marine civil engineering and our own vessels with additional assets, namely, the construction of a self-propelled, cable-laying vessel—a growth investment—as well as procure a high-performance ROV trencher, building an organizational structure conducive to success in the offshore wind power construction business. By engaging in various emerging sectors such as cable-laying, we aim to cement our position as a front-runner holding a top share in this domain. In overseas markets, we will grow and expand our construction business, primarily in the Philippines, where we have a history of more than 50 years.

### Seeking to expand domain activities, including construction of carbon-neutral facilities

In the domestic civil engineering business, the order environment remains favorable, reflecting an increase in defense-related construction projects in line with a national defense strategy and disaster prevention and mitigation projects spurred by policies to strengthen national resilience to disasters.

In Japan, 2024 actually opened with a disaster—the Noto Peninsula Earthquake—on January 1. The Company entered the area immediately after the earthquake, directing all-out efforts to emergency restoration of Wajima Port and returning other facilities to operation as quickly as possible. Going forward, we will take the lead in reconstruction efforts, fulfilling our social mission to expedite full-scale restoration in affected areas.

In the private civil engineering sector, inquiries related to carbon-neutral projects have increased since the GX Promotion Act came into effect in June 2023, and environmental initiatives are gaining momentum. In this context, our proposal to build and implement a scheme using technology to capture CO<sub>2</sub> from

factory exhaust gas and the atmosphere and immobilize it in water stored at marine final disposal sites drew high praise for innovation, timely importance, and co-creation features in the Aichi Environmental Innovation Project, an initiative organized by Aichi Prefecture. Our plan was adopted in September 2024. We hope that this technology will be widely accepted and implemented and thus contribute to realizing a carbon-neutral society.

In the domestic building construction business, the market is booming with notable demand from the private sector. The Group boasts particular strengths in logistics facilities and production facilities, for which we have been able to raise profits through sustained sales activities with an emphasis on profitability. In addition, despite the impact of soaring construction material prices, we could balance client satisfaction with stable profits by honing our proposal-making skills and appropriately estimating risks.



In August 2024, construction successfully commenced on a large project under ReReC® (Renewal, Renovation, Conversion), a business initiative we have been promoting for some time. As a result, progress has exceeded the target set for the second year of the medium-term business plan. I am realizing that the engineering capabilities—planning proposals, structural technology, and construction technology—we have cultivated are beginning to yield results. We will continue to refine our engineering capabilities and expand domain activities to differentiate ourselves from the competition.

In the overseas construction business, in September 2024, we received an order for a large-scale ODA project, a continuation of ongoing river improvement work in the Philippines, our most important base of operations overseas. Since entering this market in 1973, we have been involved in a variety of projects and acquired extensive construction experience that we take great pride in. Our local subsidiary, CCT CONSTRUCTORS CORPORATION (CCT), focuses primarily on

logistics and production facilities for Japanese, European, and U.S. companies, and continues to expand its business, recording its highest-ever sales in the fiscal year ended March 31, 2024. We will continue to contribute to the Philippines' economic development by developing infrastructure and constructing private-sector facilities.

Project operators have been selected for the offshore wind power construction business in many sea areas, and work is scheduled to begin in 2027. Planning for an operational start in 2027, Toyo Construction made a contract with Norway's VARD in December 2023 to build a self-propelled, cable-laying vessel. In September 2024, representatives attended the keel-laying ceremony at the company's facility in Romania and confirmed that construction was progressing smoothly. In October 2024, we made the decision to procure our own ROV trencher for burying subsea cables, using knowledge and technology underpinned by involvement in numerous marine construction projects and excellence in deepwater engineering.

## Working to achieve further business growth at home and abroad in fiscal 2025 and beyond

The order environment for Japan's construction industry is booming, presenting excellent opportunities in both the civil engineering and building construction businesses. This demand is expected to continue for the time being. In the domestic civil engineering business, we are actively involved in large-scale projects, including national initiatives, as a major player in marine construction. Extensive participation in such projects has allowed us to build a stable earnings base. Against this

backdrop, we aim to expand business volume by further strengthening our organizational structure and sales system.

In recent years, our construction work has also included ocean development facilities in the open seas. Our self-propelled, multipurpose vessel AUGUST EXPLORER has a proven track record, especially for the installation of fish reef blocks and tidal turbine facilities, and we plan to reinforce our presence in this area. In addition, we will respond to

private-sector capital investment plans, including GX fund formation to redesign industrial facilities for a different purpose, and promote various R&D projects related to carbon neutrality.

In the domestic building construction business, orders as well as inquiries for ultra-large projects are on a rapid upswing, presenting us with a major opportunity to achieve stable growth in the future. We will strive to expand orders for logistics facilities and production facilities—projects where we have always demonstrated strength—but we will also prioritize growth markets such as ReReC®, where our engineering capabilities can shine, and invest resources in non-contract work, aiming for business models different from those applied to contract work. ReReC® holds particular promise, and we anticipate a significant increase in related proposals as a growing need to renovate and convert the use of existing buildings replaces faltering interest in new construction. Toward this end, we are eager to raise our profile to secure more orders and establish a solid position in the market.

In the overseas construction business, our focus had been on civil engineering projects under ODA initiatives, but we plan to pursue more private-sector projects in the Philippines. The country has great renewable energy potential, and the government is actively promoting the shift to green power. By participating in infrastructure development there, we are also contributing to community-driven solutions to environmental issues. In the local construction sector, CCT is the No. 1

## Robust efforts to solve environmental and social issues through business activities

The Group identified "realization of a carbon-neutral society" as an issue of materiality, and we acknowledge that global warming is a major social issue. Our participation in the offshore wind power construction business described above offers a remedy for global warming. Other solutions are ZEB and ZEH proposals to construct buildings with low environmental impact, immobilize CO<sub>2</sub> emissions from work vessels, and use low-carbon fuels in construction machinery. In addition, for more than 20 years, we have been cultivating beds of eelgrass that encourage CO<sub>2</sub> absorption and immobilization through a blue carbon ecosystem and contribute to a nature-positive world. We are looking to expand the area of this activity. We will also seek to leverage initiatives other than eelgrass bed cultivation such as algal reef blocks and artificial tidal flats that support blue carbon ecosystems.

At the same time, given the fast-decreasing birthrate and the rapidly aging population, the keys to ensuring the sustainability of the construction industry will be to invest in human capital

Japan-affiliated general contractor. Since the significant economic growth that the Philippines is now experiencing is expected to continue, our goal will be to expand business by maximizing current resources while working to secure orders from blue-chip companies and orders for logistics and production facilities for mainstay Japanese, European, and U.S. corporate clients.

In the offshore wind power construction business, we are developing a supply chain for work vessels and offshore construction using these vessels. I sense the market is expecting great things from the Toyo Construction Group.

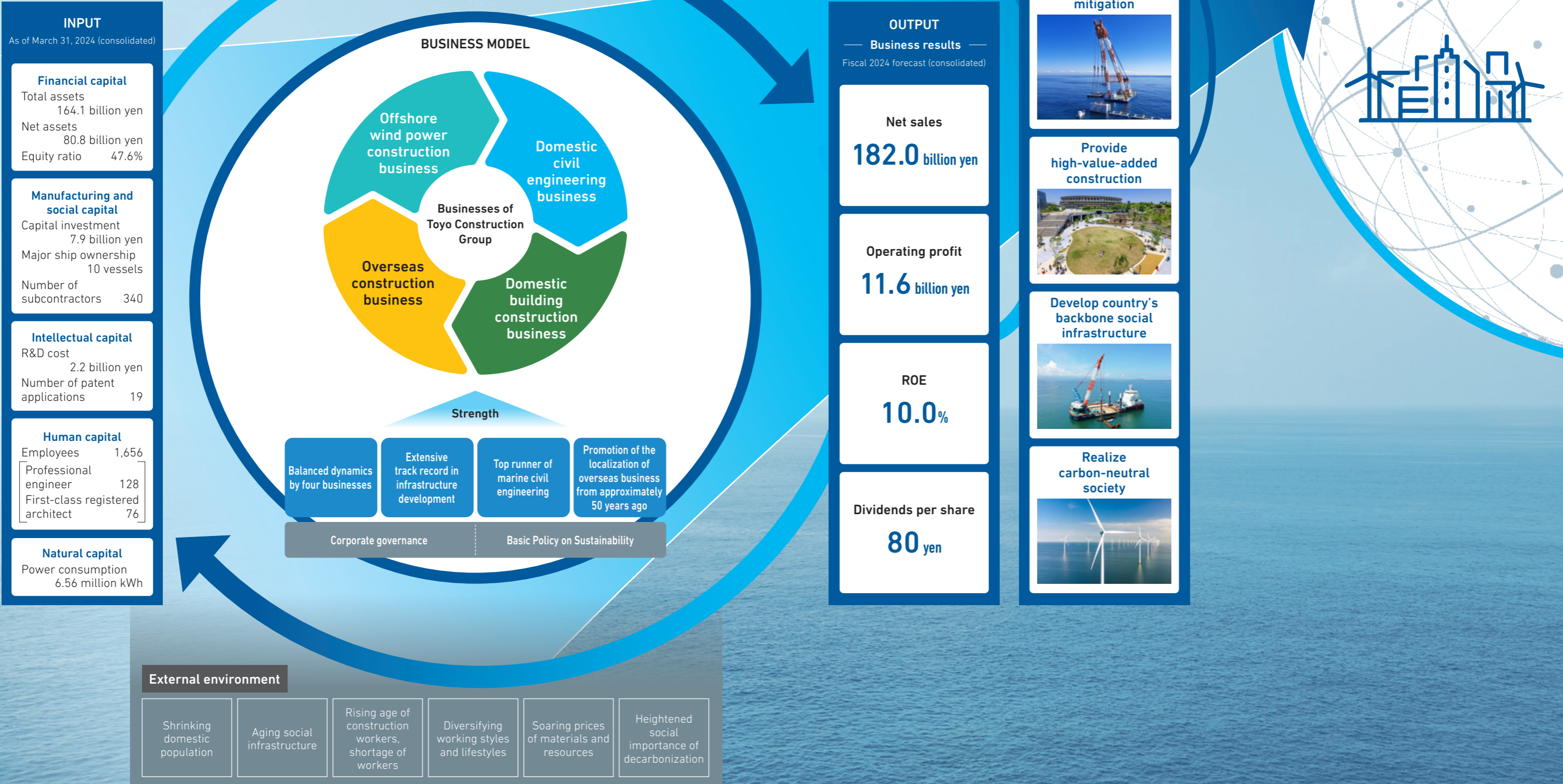
We have earned a high reputation in the market through capital investment in the self-propelled, cable-laying vessel and for the success of our R&D efforts in suction bucket foundations and TLP-type floaters. Going forward, we aim to enhance our engineering capabilities in offshore construction, including related businesses, starting with the market launch of the self-propelled, cable-laying vessel currently under construction, and will maximize future profitability by accurately pinpointing business-specific market needs. We will also work to improve the corporate infrastructure through alliances with leading companies both in Japan and overseas to steadily advance mutual use of our fleet of vessels and the promotion and commercialization of technology development. Through these activities, we aim to capture top share in offshore wind power construction, which will begin in earnest in 2027.

and strengthen ties with business partners. The Group will utilize the Construction Career Up System (CCUS) of the Japan Construction Industry Promotion Fund to improve the work environment and working conditions, while striving to boost productivity and profitability through DX and ICT technologies. In addition to measures such as work-style reforms and the creation of a safe work environment, we will enrich our human capital by updating educational programs and promoting other approaches that will turn "just human resources" into "human resources as assets." By ensuring that we fulfill our "Declaration of Partnership Building" and by having our business partners comply with and practice our Sustainability Procurement Policy, we can contribute to the healthy development of the entire construction industry and realization of a sustainable society.

Through these efforts, we will balance "solving social issues through business activities" with "enhancing the business foundation" and, in so doing, fulfill our social mission.

Value Creation Process

We will become “a company that takes on the challenge of moving from the defensive to the proactive” and seek to achieve sustainable corporate growth while solving social issues.

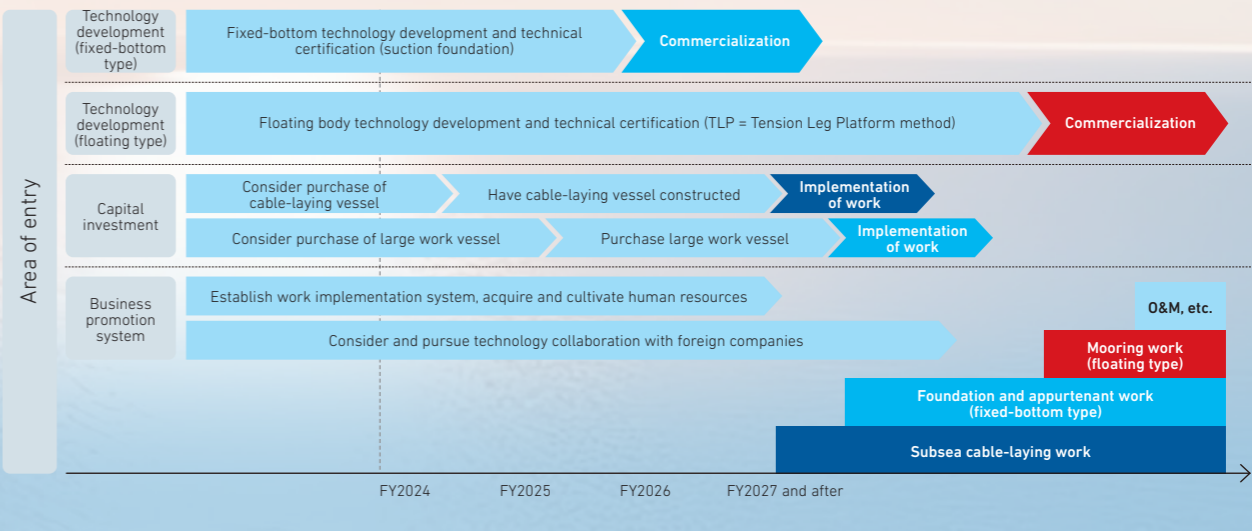


Special Feature 1: Offshore Wind Power Construction Business

Seeking top share in market for offshore wind power subsea cable construction

To contribute to realizing a carbon-neutral society by 2050, the Toyo Construction Group is accelerating its efforts in the offshore wind power construction business, which has been tapped as a growth driver. Toyo Construction established the Offshore Wind Division in April 2024 to vigorously leverage enhanced asset composition specifically for this business, including building the self-propelled, cable-laying vessel as well as having a more developed technology portfolio and better trained human resources for the future. Teruhisa Izumi, General Manager of the Offshore Wind Division, is energetically leading the division and readily embracing challenges. The next few pages highlight his perspective on the division's progress in promoting the offshore wind power construction business.

Offshore Wind Power Construction Business Development Roadmap



Accelerating efforts to establish offshore wind power construction business

Japan's Seventh Strategic Energy Plan, approved by the Cabinet in February 2025, targets a 73% reduction in greenhouse gas emissions by 2040 and a renewable energy ratio of 40–50%. Offshore wind power is expected to be the trump card for renewable energy.

At the same time, global inflation has pushed up the cost of materials and construction work, prompting the government to change public bidding rules and encouraging private companies to streamline business costs and expedite establishment of integral supply chains. In addition, since locations suitable for offshore wind power construction are limited in areas off Japan's coast, the government is looking to utilize the waters of Japan's exclusive economic zone (EEZ). As a designated engineering, procurement, and construction (EPC) company, we need to be able to respond with technologies specific for wind farm construction in high seas and deep water.

With this thinking, the Toyo Construction Group will strive to develop construction technologies and build and expand value chains key to realizing and further expanding the offshore wind power construction business, thereby contributing to the nation's goal of being a carbon-neutral society by 2050.

Around 2012, Toyo Construction began directing offshore wind power-related efforts toward technologies, possible capital investments, and upcoming projects matched to corporate capabilities. In April 2021, we established the Offshore Wind Department within the Civil Construction Division, and in April 2024, we set up the Offshore Wind Division. We are now accelerating steps to turn the offshore wind power construction business into a driver of corporate growth. Looking to participate in related construction projects from fiscal 2027, we are focusing on capital investment, developing technology, constructing a business framework, and setting the stage for higher sales both domestically and internationally.

Construction of Japan's largest self-propelled, cable-laying vessel

The cable-laying vessel, scheduled for completion in 2026, features an optimal hull design suited to Japan's marine topography and our construction specifications. This design will allow high-operating-rate construction in diverse ocean environments, from shallow waters to very deep waters, where floating offshore wind power generation and DC power transmission projects will take place.

|                        |  |
|------------------------|--|
| Primary specifications | Gross tonnage: approx. 19,000 t; thrust power: approx. 13,000 kw; DPS Class 2<br>Ship's classification: Class NK |
| Dimensions of vessel   | Accommodation capacity: 90 persons (all private rooms, fully equipped with shower & toilet)                      |
| Cable tank             | 150 m long x 28 m wide x 12 m deep; maximum draft: 7.0 m   |
| Main/sub crane         | Capacity: 9,000 t (including portable type)  |
| Other equipment        | Lifting capacity: 250 t / 100 t (with the rolling alleviation function)  |
| Investment value       | Helideck, 4-point mooring device (for work in shallow sea area), 2xROV system, storage battery system            |
|                        | Approx. 30 billion yen   |



Active capital investment, including construction of world's largest cable-laying vessel

Toyo Construction was one of the first in the industry to commission construction of a self-propelled multipurpose vessel AUGUST EXPLORER when self-propelled work vessels were rare in Japan. Since the vessel was launched in 2016, we have amassed good results in open seas, including areas within Japan's EEZ.

While other companies are building self-elevating platform vessels one after another, we decided to have a self-propelled, cable-laying vessel built, taking into account the development of our ocean technology and a track record with AUGUST EXPLORER, as well as market conditions and applicability not only to fixed-bottom offshore wind power installations but also to floating offshore wind power installations and marine businesses in general.

Construction of the self-propelled, cable-laying vessel began at a Romanian shipyard in December 2023. Work is progressing smoothly toward launch in the first half of 2025 and completion

in the first half of 2026. The goal is to put the vessel into service for offshore wind power construction operations slated to begin in earnest in 2027.

The vessel will be capable of carrying out subsea cable installation in diverse ocean environments and suitable for both floating and fixed-bottom systems, as well as for a direct current (DC) power transmission business between Hokkaido and Tohoku. The vessel will further enhance our competitive excellence in marine construction for offshore wind farms.

Also, to address soil conditions unique to Japan, Toyo Construction decided to purchase a trencher for burying subsea cables. Construction of this machine is also scheduled for completion in 2026. In combination with the self-propelled, cable-laying vessel, these assets will underpin our efforts to maximize cable installation technologies and reduce installation costs.

Development of subsea cable-burying technology

Since offshore wind power facilities extend over an extremely wide area, the construction process must adapt to changes in the seabed. Toyo Construction is working with Sekikaiji Industry Co., Ltd., which has an extensive track record and know-how in subsea cable construction, to develop construction technology for burying subsea cables.



Subsea cable ROV trencher (Photo provided by SMD)

Teruhisa Izumi  
Executive Officer  
General Manager,  
Offshore Wind Division



Adapting and introducing advanced technologies from Europe to suit harsh conditions in Japan

Domestic offshore wind power construction requires the application of various new technologies. But we must remember that Japan is subject to earthquakes, tsunami, typhoons, and other natural phenomena that carry significant risk to operations. Ground conditions are extremely complex and rock layers are harder than in Europe, where wind power is better established, so offshore wind power construction is said to be more difficult in Japan than in Europe.

To shorten technology development times and rein in development costs, we adapt leading European technologies to match Japanese conditions. One example is fixed-bottom type construction. We are developing suction foundation technology that can handle the complex soil conditions of Japan. Also, in

consideration of marine areas used by the fishing industry, we are developing mooring technology for TLP-type floating structures that reduces the number of mooring components.

The process of developing these technologies begins with desktop studies and analysis, followed by large soil-tank experiments, and finally large-scale experiments in actual open waters.

The greatest strength of technology development at Toyo Construction is that it does not stop at the laboratory level. We conduct experiments and verification in the actual field, and we increase the reliability of our technology through experiments in actual marine environments.

Strengthening business structure by collaborating with domestic and overseas companies

We are also eager to reinforce our supply chain in terms of technology, ships, and O&M (offshore wind power maintenance and management) by collaborating with domestic and overseas partner companies.

Since there is little information about the seabed in the open ocean areas where offshore wind power construction projects take place, it is important to evaluate the risks and feasibility of construction in advance. We worked together with Kiso-Jiban Consultants Co., Ltd., to perform geotechnical surveys and engineering services and establish risk assessment methods

for burying subsea cables near and farther off the coast of Japan.

In addition, while projects to commercialize offshore wind power are unfolding steadily in various sea areas, the domestic supply chain, particularly the number of work vessels, is insufficient to handle the large number of projects. Therefore, we are considering collaboration on work vessels with Singapore-based Cyan Renewables and the France-based Jifmar Group. Furthermore, we will complement reciprocal use of vessels necessary for offshore wind power construction

with the exchange of technologies and human resources. Using our self-propelled multipurpose vessels and the cable-laying vessel currently under construction, we will work with partner companies to mitigate the problem of a shortage of work vessels.

Offshore wind farms generally begin operations after a construction period of about two years. In addition to construction, we aim to participate in various operations and

maintenance (O&M)-related businesses, such as transporting maintenance personnel and repair parts during the 20-year operation. In October 2023, we established a joint venture—MOL-TOYO Offshore Wind Power Services, Ltd.—with Mitsui O.S.K. Lines, Ltd. We are currently working to expand sales to various business operators and to submit technical proposals in response to public tenders for offshore wind power projects, with a view toward participating in the O&M business.

Enriching diverse human resources and making steady progress toward ambitious goals

Many overseas players, including SPCs, EPCs, and suppliers, are entering the offshore wind power construction business. The execution of a project requires collaboration across a wide range of stakeholders, including those in the technical fields of land, ports, civil engineering, oceans, and electricity, as well as those in professional services such as insurance, lending, and legal affairs. Against this backdrop, expansion of our offshore wind power construction business requires multinational resources and diverse expertise, underscoring the importance of securing and developing such human resources.

The Offshore Wind Division not only hires new graduates but also actively seeks experienced and global talent, and has added personnel with experience in shipbuilding, oceans, and plants, as well as people with extensive overseas careers. Currently, foreign nationals compose about one-third of the workforce in the Offshore Wind Division, representing a range of nationalities and deepening the diversity of human resources.

With strengths in marine civil engineering, the Toyo Construction Group is expected to play a major role in efforts to achieve carbon neutrality. We will continue to contribute to realizing a sustainable society.

Fixed-bottom suction bucket foundation method

The suction bucket foundation method can be used where a thin sedimentary layer covers bedrock. It does not require large construction machinery, an advantage that reduces both environmental impact and installation costs. We have been conducting verification tests on an actual machine basis since 2022.

| Typical foundation structures | Suction bucket          | Monopile  | Jacket                    | Gravity based   |
|-------------------------------|-------------------------|---|---------------------------|---|
|                               |                         |   |                           |   |
| Track record                  | A few projects overseas | Most common   | Many                      | Not many  |
| Coping with bedrock           | Thin sedimentary layer  | Auxiliary method required   | Auxiliary method required | Yes   |
| Cost                          | Aim to be lowest        | Low   | Moderately high           | Extremely high  |
| Noise and vibration           | Minimal                 | Studies, mitigation measures may be needed                            |                           | Small amount  |
| Removability                  | Yes                     | Some components cannot be removed or removal method must be developed |                           | Yes, but requires dismantling and incurs costs for associated processes |

Development of TLP-type floating structure

In Japan, where water depth increases near the coast, the practical application of floating wind turbines is essential for expanding offshore wind power operations. There is no proven track record that used an actual machine for the TLP-type floating structure in Japan, but the method presents many advantages, such as minimizing impacts on fishing and ship operations. Currently we are conducting on-site demonstration experiments, including the installation of seabed mooring foundations at great depths.

| Typical floating types                         | Tension Leg Platform (TLP)                                     | Semi-submersible                    | Spar |
|--|--|-------------------------------------|------|
|  |  |                                     |      |
| Mooring type                                   | Taut mooring   | Catenary mooring (loose mooring)    |      |
| Mooring foundation                             | Piles, suction anchors, etc. (technology development required) | Drag anchors, suction anchors, etc. |      |
| Floater oscillation                            | Small  | Large                               |      |
| Occupied area (impact on fishing and shipping) | Small (minor impact)   | Large (major impact)                |      |
| Track record (Japan)                           | None   | Yes                                 |      |

Special Feature 2: Roundtable Discussion with Outside Directors



**Kazumichi Matsuki**  
Outside Director (Chairman of the Board of Directors)

**Yoshiko Fujii**  
Outside Director (Member of the Director Nomination & Compensation Committee)

**Masato Uchiyama**  
Outside Director (Chairman of the Director Nomination & Compensation Committee)

Following the 102nd Annual General Meeting of Shareholders, held on June 26, 2024, Toyo Construction shifted to a management structure under which six of the 11 members of the Board of Directors are independent outside directors. Three of the outside directors met for a discussion about the roles that outside directors should play within the organization and offered their perspectives on business growth.

Shift to structure that promotes active discussion by directors responsible for oversight and execution and encourages collaboration

**Matsuki:** Mr. Uchiyama and I assumed our roles as outside directors in June 2023. Initially, I was wondering how appropriate Toyo Construction’s approach to governance had been up to that point. With that in mind, I extensively studied governance practices here, applying a legal perspective as well, and concluded that there were no issues to speak of. Building on this result, we have endeavored to reinforce governance with an emphasis on the separation of responsibilities for business oversight and those for business execution, and we believe the formal aspects for this are in place. Governance is not one-size-fits-all but varies according to circumstances specific to each company. I feel we outside directors have to work with inside directors to make sure our involvement acts as a positive force for enhanced corporate value.

**Uchiyama:** The change in structure that followed the general shareholders’ meeting definitely sparked a shift in attitude within the Company. I am sure the new management structure

that went into effect in 2023 also caused some confusion. But with the majority of seats on the Board of Directors now filled by independent outside directors and Mr. Matsuki serving as chairman, and also with the roles of CEO and COO more clearly defined, the Company has been completely revamped at the top level, fueling a movement within the Company to work as a cohesive team toward corporate growth. Going forward, I believe we need to deepen discussion on strategies to realize management with a more market-conscious perspective. I think it is possible that, given the nature of the Company’s business, management may not have developed a suitable level of market awareness in certain areas. In that sense, having Mr. Yoshida in the role of CEO, where he can apply his experience implementing market-conscious business practices to drive the Company forward, will be a positive step toward change.

**Fujii:** I assumed my position as an outside director after the organizational changes took place. At that time, I viewed Toyo

Construction as a company with a long history and a stable management foundation, and my opinion remains unchanged today. However, such strengths also have the potential to work against a company embarking on new challenges. A company sometimes needs inducement or a jolt of momentum from outside to venture into uncharted territory with the power to deny its past or to create a sense of urgency. Directors responsible for business execution acquire information from daily interactions, but outside directors do not have the same access to information. For exactly this reason, I think the executive team should be more receptive to our opinions. We are a step removed from corporate issues needing discussion and see situations from a different perspective. It would be ideal if our opinions could be the fuel that enables the executive team to drive the organization forward.

**Uchiyama:** I get the impression that communication, vertically and horizontally, is not as efficient as it could be, due to the homogeneous management style maintained by the Company to date. In that sense, we outside directors are quite literally outsiders. What we say could spark a sense of urgency—in a positive way, I hope—that brings about change, including more robust communication.

**Matsuki:** There may well be a separation of the oversight and execution functions, but if the Board of Directors focuses solely on supervision, a top-down approach might be perceived. Cooperation between directors with oversight responsibilities and directors with execution responsibilities is vital to prevent the execution team from falling into the trap of responding only to requests from the board. Therefore, I would encourage efforts to promote discussions at board meetings that support the execution team in contributing to higher corporate value. On this point, I think it is significant that the Executive Committee, previously an advisory body to the president, transitioned to a decision-making body with approval authority. As a result, the corporate posture is crystal clear. The execution team no longer just implements decisions made by higher-ranking directors. Rather, the decision-making process is inclusive, with all directors considering the issues and discussing options.

**Fujii:** The atmosphere at board meetings is extremely free and open, but as an outside director, I have to ask the many questions I inevitably have. When I ask questions, I take care to ensure that inside directors understand why I need clarification on a topic. At times, I feel communication between inside directors and outside directors, and between directors responsible for oversight and those responsible for execution, could be better. It is like we are playing catch but dropping the ball a lot. I too must endeavor to express my thoughts clearly and fully. Reducing the number of resolutions at board

Management decisions to drive growth in offshore wind power construction business

**Matsuki:** The Company has always been able to generate steady profits even without a strong desire to make changes or grow the business portfolio. However, if the status quo is allowed to persist, the Company’s survival 20 or 30 years down



I believe that decisions made with all stakeholders in mind and efforts to enable directors to demonstrate the multifaceted and extensive insights and expertise each possesses are crucial to the quality of board discussions, which in turn facilitate dynamic management decisions.

— Kazumichi Matsuki

meetings would be helpful by allowing more time for discussing key issues. It is important that we do not end board meetings with discussion of an issue left unsettled because, ultimately, back-and-forth discussions will organically lead to the next step in addressing an issue.

**Matsuki:** Outside directors possess backgrounds that differ from the knowledge and career history of directors who have always worked within the Company. If we ask questions that inside directors have never heard before in their work, they might wonder, “Why ask that?” and try to sidestep the question. It is my hope that such “why” moments are the precursor to in-depth dialogue.

**Uchiyama:** Until now, the Board of Directors has focused on its role as a decision-making body, which may have restricted dialogue opportunities. When I once participated in an internal executive meeting as an observer, my impression was that while the reports were excellent in content, few questions were raised and there was little disagreement or discussion about the future direction. Board meetings to date may have been an extension of this refrained engagement format. In certain situations, then, the simple question “Why?” might be rather difficult to answer. I hope that we outside directors can have more input and, with fuller access to materials for discussion, offer a wider range of comments.

the road could be in jeopardy. There is also a chance that the market itself will shrink, and some businesses will not be able to expand.



I hope that directors, inside and outside, in both oversight and executive roles, will attempt back-and-forth dialogue, evaluate it, and make efforts to understand each other’s intentions. This approach will foster a strong and shared desire to expand the business portfolio, which will lay the foundation for growth.

—— Yoshiko Fujii

**Uchiyama:** The Company has always pursued order-based projects particularly for clients in the public sector, so efforts have undoubtedly been directed toward securing market share in this sector. While public works are extremely important as a source of profits, we need to help management recognize where the potential for growth lies and acquire the ability to turn this potential into real growth.

**Matsuki:** Management must picture a Toyo Construction of the future, think about what is needed to become that company, then clearly lay out a strategy and a path to growth for each division. Our role as outside directors is to point out such issues from an external perspective. A good place to start would be to raise awareness of a vision for the future within the Company.

**Uchiyama:** The Company has tapped the offshore wind power construction business as a growth driver. Indeed, this business presents enormous growth potential. The decision to zero in on the niche segment of cable construction appears to have been a good one, in that this segment allows the Company to demonstrate its accumulated expertise in marine construction. The Company has also earmarked funds for large-scale investments, including construction of a self-propelled, cable-laying vessel scheduled for completion in fiscal 2026. It must be noted, however, that this business is still at the up-front investment stage and has not yet generated any profit, and there are ongoing risks to consider. I am confident that this business will become a stable source of revenue once it is operational and the Company can secure a certain slice of the market pie. That said, it will take several years to see a return on investment, which means management has to constantly

revise strategies on all fronts, notably, people, materials, and capital. If the Company can deliver results in offshore wind power construction, the gateway to peripheral growth areas will open up. To capitalize on emerging opportunities, management must strengthen discussions on strategy and figure out how to translate these discussions into tactical moves.

**Fujii:** Offshore wind power construction projects require longer lead time and more significant investment than civil engineering and building construction projects, and consequently demand unprecedented approaches and systems to manage risk. In-depth discussions will be more crucial than ever before. Management will also have to accelerate organizational decision-making and set priorities. To avoid letting time pass without making any decision, I believe the best way to manage risk is to make a decision, take action, and amend the decision later if factors that led to the initial decision no longer apply.

**Uchiyama:** I think investment in the offshore wind power construction business is probably the largest outlay of capital in the Company’s history, so there may be room for improvement in terms of the financing scheme. Since it will take time to recoup investment of that scale, management must repeatedly engage in discussions about handling risk associated with invested capital.

**Matsuki:** We need to discover areas other than cable-laying where the Company can demonstrate its technological expertise and also explore entry into new domains. Going forward, management must look beyond offshore wind power construction and engage in multifaceted discussions with a view toward inorganic growth. Management must also actively communicate with shareholders, investors, and other people outside the Company so that these stakeholders understand the challenges it faces. The fact that profits are not currently increasing could negatively affect the stock price and other indicators of investor sentiment if that information is communicated incorrectly. It is therefore important to present the future potential of this business as accurately as possible.

**Uchiyama:** Human resources are the key to creating new pillars of business. Human resources management is likely to take on greater importance given the need to boost the mobility of human resources within the Company, secure the input of outside experts, and, with an eye toward business overseas, attract foreign talent. There is also a chance that human resources involved in a new business might feel like outsiders within the Company, like newcomers anywhere. The division responsible for the offshore wind power construction business employs many mid-career hires and foreign talent—people with different outlooks or perspectives than employees in traditional business segments. I hope this trend in recruitment becomes a positive force for revitalizing the corporate culture.

**Matsuki:** This will also prompt a review of the salary system. The current structure has a low performance-linked

component that ensures wage stability but offers less of a reward for taking on big challenges. Changing the salary system is a painstaking process that will require in-depth

discussions to determine an appropriate direction on compensation.

Every individual, every division is united in aiming to achieve corporate growth

**Matsuki:** The Company is pushing forward on a medium-term business plan that runs through 2027, but medium-term plans are not just for management. A successful plan must have good discussion opportunities with business divisions at every milestone and must also ensure that every employee understands the goals that management has set and the actions that are required for the Company to grow. Also, in taking action, we must all be conscious of what is happening beyond corporate walls.

**Fujii:** It is important that everyone across the organization shares a strong desire for growth and works heart and soul to achieve the stated goals of the medium-term business plan. Enabling employees to feel an affinity for the details and the direction of the medium-term business plan while being aware that they are valued participants will be a big step toward success. Personally, I have always looked at business from a numbers’ perspective. I would like management to focus on leading the Company and pay particular attention to consistency between actual results and forecasts and associated strategies.

**Matsuki:** Solid sales capabilities are, of course, a priority for a company to grow and reinforce operations. But a company also needs a strong Corporate Section. I know firsthand the importance of systematically building up the capabilities of the Corporate Section when a company is orienting itself for growth because this division forms the backbone of business activities. Creating a corporate environment conducive to the active exchange of opinions between the Business Section and the Corporate Section without thinking too much about protecting respective territory is integral to effective governance as well. This situation is sometimes referred to as a “healthy violation of airspace.” I believe it is the kind of collaboration to strive for, since both parties help each other but also keep each other in line.

**Uchiyama:** Until now, most projects have been order based, an approach that did not really require the Company, particularly the Corporate Section, to watch market trends or think much about growth strategies. We spoke earlier about human resources, but in the future, employees will have to consider how they, as individuals, will pursue personal growth and career development. In terms of support, the Company should proactively reinforce the capabilities of in-house human resources and cultivate the next generation of executive candidates with an eye toward future business. I hope that as employees consider the career path, some will seek to climb the corporate ladder and become executives. As I pointed out in the discussion about the offshore wind power construction



The offshore wind power construction business will be a challenge of unprecedented scale for the Company. However, venturing into uncharted territory will undoubtedly be an opportunity to enhance the capabilities of in-house human resources, foster momentum in transforming the corporate culture, and drive changes throughout the Company.

—— Masato Uchiyama

business, management must recognize the increasing mobility of human resources across society and, with that knowledge, promote the mobility of human resources within the Company and sharpen the capabilities of in-house human resources by optimizing overall human capital. I would like to see management tackle this with the understanding that it will ultimately lead to business success and corporate growth.

**Matsuki:** Since Mr. Uchiyama and I were appointed as outside directors on the request of activist investors, we might be viewed within the Company as agents of change to push the activists’ agenda. However, the Board of Directors’ decisions must be made with all stakeholders in mind and should not be influenced by the opinions of a few. In fact, we have expressed opposition to proposals made by the activist groups that recommended us for positions as outside directors. We want it noted for the record that we take a neutral stance regarding management of the Company. Toyo Construction benefits from the diverse experience and knowledge of its directors, as the expertise and experience of each individual fuel lively dialogue that enhances the quality of discussions. We will continue to aim for the Board of Directors to operate by making swift, dynamic management decisions.

Special Feature 3: Human Resources Roundtable Discussion

A priority measure for strengthening the management foundation at Toyo Construction is “acquisition and cultivation of human resources to support transformation of business.” One officer and three employees met to talk about human resources-related issues at the workplace in each division and to consider steps that should be taken to transform the Company into one that encourages employees to embrace challenges and enables them to thrive.



**Haruki Saiyama**  
Senior Staff,  
Digital Promotion Department,  
Civil Construction Division

**Haruna Yaegashi**  
Senior Staff,  
Architectural Design Department,  
Architectural Construction Division

**Ryo Shimosato**  
Senior Staff,  
Administration Department,  
Osaka Main Office

**Hisashi Tokimizu**  
Executive Officer in charge of  
Administration Group,  
Corporate Section

Teamwork to overcome staffing shortage, and future recruitment efforts

**Yaegashi:** I used to work in the Facilities Management Department, where my responsibilities included on-site construction management. Two years ago, I was transferred to the Architectural Design Department, which has 43 people. The Facility Design Supervision Group, where I work, is staffed by four people. My job is to create facility designs for specific projects. I meet with people from outside my group, including other Toyo Construction employees, people from subcontractors, and government authorities, and together we strive to identify customer needs and determine how best to meet them.

**Shimosato:** I work in the Administration Department at the Osaka Main Office, where I currently oversee a staff of six people involved in construction project administration. My responsibilities include approving and confirming all construction project administration activities, mentoring young staff, and supporting construction departments. I am also in charge of setting up Company information sessions, internships, site tours, and other recruitment-related activities.

**Saiyama:** I began working at the Head Office in April 2024, when I was transferred to the Digital Promotion Department, which has five members, including the general manager. My superior and I work together as the data utilization promotion team. Our focus is to create an environment for data-based discussions that facilitate decision-making within the Company. For example, we are trying to consolidate disaster case studies compiled at each work site up until now to use as data for cross-departmental analysis and discussion of preventive measures in the future.

**Tokimizu:** I recognize that the shortage of human resources is a situation not limited to your own departments but one affecting the entire Company. What issues do you see arising from this situation?

**Yaegashi:** The limited number of people with the skills required to design facilities is an industrywide problem. When I consider the current size of the Company, I think we should probably have twice the number of people we do now. On my current team, we keep close tabs on each other’s workload and

progress. I support others as they all support me to keep projects moving forward regardless of who is actually responsible for the work. However, more than a few times, I have thought that I might have been able to correct an issue if only I had been involved at an earlier stage.

**Shimosato:** My team is well staffed with essential personnel. But we have a lot of inexperienced young staff and no mid-level staff, so the primary responsibility for providing guidance and advice to the young staff falls to me. In my own career, I have worked at the Head Office and at several branch offices. But young employees—those who have yet to be transferred anywhere else—have no reference point for comparison. All they know is what they have experienced here, at the Osaka Main Office. Some knowledge can be acquired only through hands-on involvement at different job sites, so at present I am trying to give others the benefit of my own experiences and accumulated knowledge.

**Saiyama:** Before I was transferred to the Head Office, I was involved in construction management at the Shikoku Branch Office. If I encountered problems, someone at the branch office or one of my superiors always reached out to help me. It is nice to know that people within the organization are available to offer support. I want to contribute to that peace of mind for others as well.

**Tokimizu:** The construction industry is characterized by a strong sense of working as a team, and this creates an atmosphere conducive to lending others a hand. Our business is labor intensive, and without human resources, it simply would not be viable. From a corporate perspective, we want to hire as many people as possible and enable everyone to thrive. But the recruitment environment is fiercely competitive, and other companies are just as eager as we are to attract people with the right skills. I acknowledge the gravity of our inability to reach our recruitment target, but there is no magic bullet—no quick and effective solution—that would put the Company in the perfect places to meet and hire people interested in working here.

**Shimosato:** Even here at the Company, it is difficult to differentiate general contractors and marine contractors from each other on the basis of business content, despite the

differences in their detailed technical capabilities. This is especially true for students, who tend to judge companies according to the work environment, salary, and employee benefits. Indeed, a recent survey of prospective employees revealed that 60 to 70% were attracted by the Company’s corporate culture and personality. Our recruitment activities do go beyond the usual information sessions, with opportunities for students to visit job sites and spaces where students and staff can talk candidly. The goal is to help prevent a mismatch that might arise if a student accepts employment at the Company without understanding the job site environment or the kind of people who work here. I think the positive feedback we got from prospective employees reflects the fact that they were privy to some aspects of the organization, particularly our attitude toward work.

**Yaegashi:** Yes, I think it is unfortunate when people accept employment but quit because the work does not suit them or is more difficult than they had imagined. If people join the Company because they have an interest in what we do, accomplish what they want to achieve, and then leave, that is fine. But if our corporate goals do not mesh with an individual’s goals, then both sides suffer.

**Saiyama:** I think the shortage of human resources is a pervasive issue affecting every workplace, so it is important that we deepen our ability to demonstrate on-site teamwork and find innovative approaches. The Digital Promotion Department is currently introducing generative AI and other tools into operations that should enhance efficiency. I hope we can spread the word about the benefits of using such tools in-house.

**Shimosato:** I can imagine greater operational efficiency and fewer mistakes as technologies such as generative AI become more firmly established in corporate activities. But concerns also accompany progress, namely, that people will lose the ability to think for themselves and that the work will become less appealing. A sense of crisis looms because a drop in motivation could prompt key talent to leave. I think we should allow for more consideration about how new approaches to work are implemented.

Diverse learning opportunities that lead to personal growth

**Saiyama:** Before my transfer, I rarely had the opportunity to use computer programs such as Excel or databases, so I am still learning the fundamentals. Right now, my approach is to admit I do not understand what I do not understand and just try to do my best. My superior has digital skills, but I see him studying every day to obtain statistical qualification. His commitment has had a positive influence on me, encouraging me to keep studying as well.

**Yaegashi:** Obtaining a first-class architect license is one requirement for promotion. In the Architectural Design Department, anyone who reaches a certain level on a mock exam can participate in a study group to prepare for the first-

class architect exam as part of the workday for five days immediately before the exam. Normally you have to study for exams while continuing your daily work, so having time to concentrate on exam preparation immediately before the test is great. In addition, since the Architectural Construction Department hosts training sessions to help employees acquire first-class building works execution manager qualification and the Company provides other support as well, I feel there are plenty of opportunities for training and learning relevant to the job. Also, during training for newly promoted employees and other similar situations, you might meet people from the same recruitment year and employees of the same age group as



yourself who were assigned to different locations across the country. For me, this in-person time is energizing and also motivating, as I see someone already doing a certain kind of work. That encourages me to work toward such a goal as well.

**Shimosato:** I joined the Company at the same time as Ms. Yaegashi, and we were in the same group for new employee training. Even after we moved into our assignments, we ran into each other at training sessions and on other occasions. With branch offices and job sites all over the country, the only chance for us recruits of the same hiring year to get together is during training sessions. When we meet, we catch up on what kind of work each of us is doing and ask for advice. I find this quite motivating. I think one appealing feature of the Company is that people of the same generation and colleagues of the same hiring year get along well with each other regardless of job type. Meanwhile, the Osaka Main Office ran its own training program for mid-level staff. With all participants from the same branch, there was a strong sense of unity. I believe the training program has had an extremely positive impact in fostering the kind of teamwork attitude that drives efforts to reach targets across the whole branch.

### Concept of treating employees in a way that ensures fairness and provides motivation

**Saiyama:** Since I foresee a long career at the Company, I would certainly welcome more objective opportunities for evaluation. It would be good to have an evaluation structure in place that looks beyond results alone and considers actions taken by employees that have a positive impact on the Company. When your efforts in day-to-day operations are recognized, you are more inclined to work harder. That inevitably helps the Company achieve greater success, right?

**Yaegashi:** I think the people around you notice if you work hard. If you receive feedback from your superior at annual review time, that makes you feel that your efforts and any difficulties you faced have been recognized, and you will probably be more inclined to work just as hard or harder. Maybe we should have a structure that enables subordinates to evaluate their superiors.

**Shimosato:** It is easy to gauge success at job sites and by sales positions with numbers, such as profits and orders received, but evaluating clerical work is a challenge because the

**Saiyama:** When I was working at the Shikoku Branch Office, training sessions were held for young staff there too. What struck me about this initiative was that it brought people in the branch together with others in the branch with whom they had little work interaction. Afterward, the group started to keep in touch daily, creating a deep bond.

**Tokimizu:** Listening to your stories reaffirms my feeling that the very act of employees of the same generation gathering together for training has an impact. If that is the case, I would think we have to try harder to turn these gatherings into opportunities for growth. Since participants still have to perform their duties while attending training, it is unlikely that the number of meetings will increase, but I am sure content can be enriched. Naturally, we will continue to prioritize efforts to improve the skills required for everyday work, but we are also planning to implement a management training program that will enable all employees to evaluate their career goals and gain a deeper understanding of corporate management. This approach is sure to increase engagement and motivate employees to remain with the Company over the long term.

expectation is that people tasked with office duties should be able to execute those duties properly. It is easy to see the results of a large-scale system installation or a business improvement project. But it is hard to differentiate individual daily tasks and hard to quantify the performance of clerical workers, so evaluating the performance might vary depending on who is evaluating.

**Yaegashi:** Even if you are working at job sites, you could probably handle a lot of work if you happen to be assigned to projects that are not particularly difficult. On the other hand, you might be in charge of a difficult project, and since you are focusing all your energy on that project, your performance results might seem low. You yourself do not have a say in which site you work at or which project you are assigned to, so evaluation is complicated for that reason as well.

**Saiyama:** It seems equally difficult to compare a young employee in one branch to one in another. How can you determine which employee performs better?

**Tokimizu:** We need to create an evaluation system and inherent mechanisms that are highly satisfactory from an employee perspective to ensure that individuals achieve personal growth and feel motivated. In addition, since we have targeted the offshore wind power construction business as a new pillar of growth, our recruitment efforts have to include people with work experience and skills not previously considered priorities for our business. For example, the jobs of a captain and crew on a cable-laying vessel differ in many ways from jobs in the construction industry, so the question is can employees engaged in that kind of work receive equitable treatment under our existing compensation and evaluation framework. To make the Company an appealing employment choice and thereby build a diverse workforce with wide-ranging expertise, we have to take some time to adjust various systems. We are currently considering how best to do this.

### Renewed resolve as member of “a company that can take on challenges”

**Tokimizu:** Listening to your comments, I understand clearly that decision-makers must understand whether the policies the Company is promoting actually match the expectations of employees. Going forward, additional measures such as employee engagement surveys should be introduced to gauge sentiment, but you have made me realize that more thought must be given to the survey idea, including which indicators to set. Of course, working conditions must be regularly reviewed to account for changes in lifestyles over time. At the same time, resources for improved programs and initiatives are limited. Your comments have renewed my resolve to listen closely to what employees have to say and to respond quickly and in the best way possible. So what challenges are you all going to tackle at the Company?

**Saiyama:** For me, my recent transfer itself is a challenge, so I want to be aware of changes in the social environment as I engage fully in my work. I have had more opportunities to interact with staff from other departments since my transfer and will be very pleased if these experiences lead to new discoveries.

**Yaegashi:** I also feel that being transferred—in my case, to the Architectural Design Department—has given me the opportunity to approach architecture from a different

**Shimosato:** With regard to work style, there is not much support for employees on maternity leave or childcare leave or for those returning to work after such leave. Employees who are physically and mentally able could utilize the time on leave to upgrade their skills. If employees maintain contact with the Company while on leave and know what to expect when they return to work, the burden on both returning employees and the Company can certainly be reduced.

**Yaegashi:** We also need more role models for female employees—women who have long careers at the Company even after going through various stages of life. Everyone has a different work situation and personal environment, and as more examples emerge, more guideposts will appear for those who follow. It is important for everyone, myself included, to be conscious of the need for female role models.

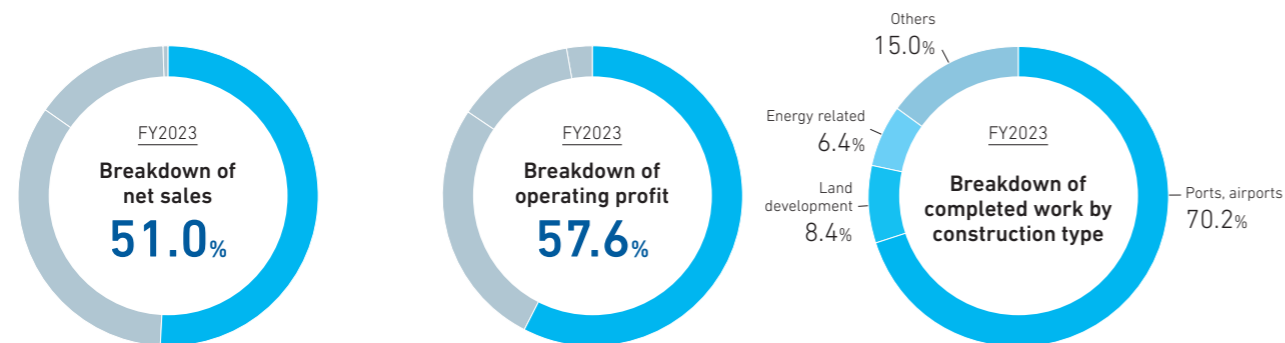
perspective. Being in a new workplace is like setting off on an exploration. There is new fun as well as new responsibilities to discover in a different kind of work. Inevitably that leads to personal growth. From now, my goal is to be involved in projects of greater difficulty. I believe that if the chance to be transferred to another office arose, I would be able to expand my knowledge even more.

**Shimosato:** I do not think the Company has been exposed to particularly fierce competition up until now, but it will not be able to survive going forward by maintaining the status quo. We are seeing an increase in large-scale construction projects and projects in new fields. Against this backdrop, I want to be a valuable human resource involved in such projects and will continue to embrace challenges to achieve that goal.

**Tokimizu:** I am very encouraged by your attitudes. Those of us involved in management must address such perspectives with the resolve to transform the Company so that employees actively embrace challenges. That will lead to personal growth, while future efforts to become more competitive might cause some internal tension. However, a clear demonstration of management’s intention to restructure the Company for the future should persuade every employee to keep working hard even as—or precisely because—the Company evolves.

## Domestic Civil Engineering Business

As a leading company in marine civil engineering, we are accelerating efforts in businesses related to social issues such as carbon neutrality, disaster prevention, and disaster mitigation.



### Strengths

- Technologies that underpin excellence in marine engineering sector
- Research facilities and special work vessels
- Business development using extensive track record of projects in the open sea

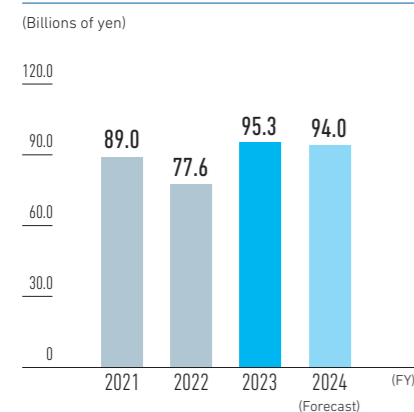
### Risks

- Accelerating shortage of members of the rising generation for the construction industry
- Social demand for rectification of long working hours
- Uncertainty about private-sector capital investments due to drastic changes in global situation

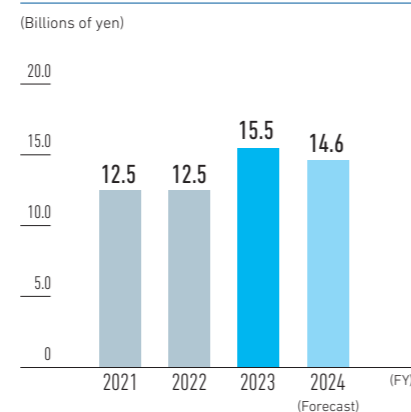
### Opportunities

- Promotion of the "Five-Year Acceleration Plan for Disaster Prevention, Disaster Mitigation, and Building National Resilience"
- Expansion of the renewable energy market based on CN2050
- Increase in defense-related works due to the government's "National Defense Strategy"

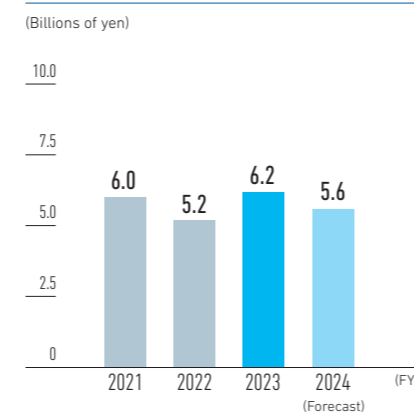
### Net sales of completed work



### Gross profit



### Operating profit



## Growth Strategies for the Future

We will utilize accumulated technology and achievements to pave our entry into new fields and thereby contribute to realizing a sustainable society.

**Akira Tateshita**  
Managing Executive Officer  
General Manager,  
Civil Construction Division



The Toyo Construction Group has strengths in marine construction that we utilize in the Civil Construction Division to execute infrastructure construction projects for both government agencies and the private sector. In the government-related civil engineering market, demand is stable, supported by strategies to strengthen national resilience to natural disasters, but a downturn in public investment is inevitable in the medium to long term, paralleling the population decrease. Meanwhile, in the private sector, the push toward carbon neutrality through energy conversion is gaining momentum, prompting changes in the market, and while we are a leader in marine civil engineering, the times require us to apply our expertise in new areas as well. As an example, in Japan's first large, commercial-scale tidal turbine demonstration project, we are tasked with procurement and reinstallation of the generator. Plans are for the turbine-produced electricity to be transmitted to the power grid on Narushima, one of the Goto Islands in Nagasaki Prefecture. Also of note, we have teamed up with the Offshore Wind Division to promote development of power transmission networks and communications infrastructure for offshore wind power generation. In civil engineering onshore, we are seeing increased interest from corporate clients eager to switch from blast furnaces to electric furnaces and alternative fuels, spurring demand for construction of energy-related facilities that connect the sea to the land, a task at which we excel. Going forward, we will continue to draw on accumulated technology and achievements to contribute to realizing a sustainable society.

Toyo Construction also has a role to play in disaster prevention and mitigation. The Company owns a variety of work vessels, including self-propelled multipurpose vessels, and undertakes diverse construction projects, from on the coast to the open seas. In the wake of the 2024 Noto Peninsula Earthquake, for example, when access to the affected area was cut off, we supported recovery efforts using a marine approach. In addition, at corporate facilities—the Technical Research Institute, Naruo, in Naruohama, Nishinomiya, Hyogo Prefecture, and the Technical Research Institute, Miho, in Mihomura, Ibaraki Prefecture—research goes beyond construction technologies to multifaceted exploration into disaster prevention and mitigation technologies. Looking ahead to the development of coastal and open-sea areas, we will seek to reinforce activities from a disaster prevention and mitigation perspective.

To enhance our capabilities, we established the New Business & Marketing Department within the Civil Construction Division that extends Groupwide business reach into new fields, notably, carbon neutrality, energy conversion, disaster prevention and mitigation, and carbon dioxide capture and storage (CCS). Given a very significant rise in collaborations with national, corporate, and university research institutes, the new department will enable Toyo Construction to translate research results into project formation.

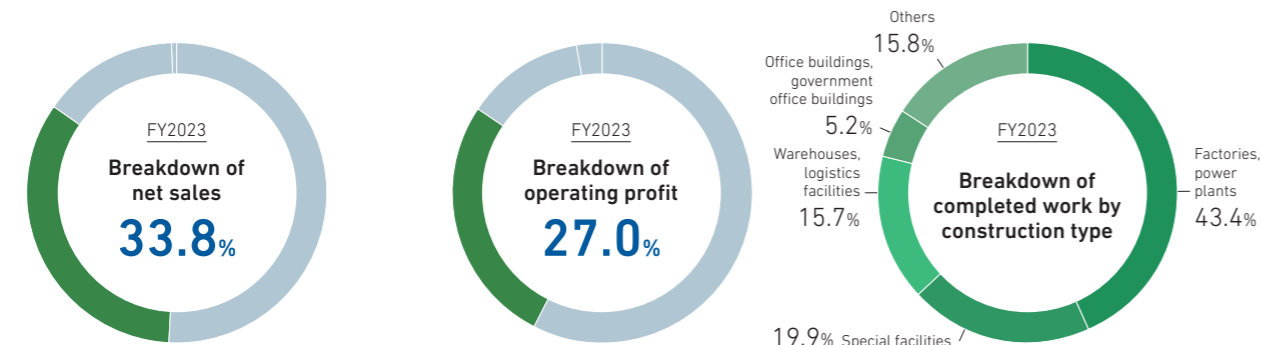
Toyo Construction has built civil engineering into a large-scale business directly connected to solving social issues. We remain fully committed in our efforts to convey the social importance of civil engineering to the younger generation and encourage job seekers to consider a career in this industry.



Installation of Japan's first large, commercial-scale tidal turbine in Naru Strait of Goto Islands

## Domestic Building Construction Business

In the changing market, we will define areas of focus where we can utilize accumulated technological capabilities and proposal strengths to establish a more extensive presence.



### Strengths

- High solution and engineering capabilities and proposal-making skills
- Independent organization with effective headquarters control (highly efficient, small-team structure)
- Amoeba management (structure that facilitates flexible responses as required)

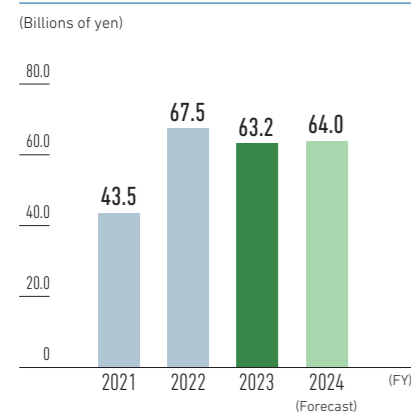
### Risks

- Accelerating shortage of members of the rising generation for the construction industry
- Increased safety and quality risks due to shortage of engineers
- Continued rise in unit prices for construction materials and labor

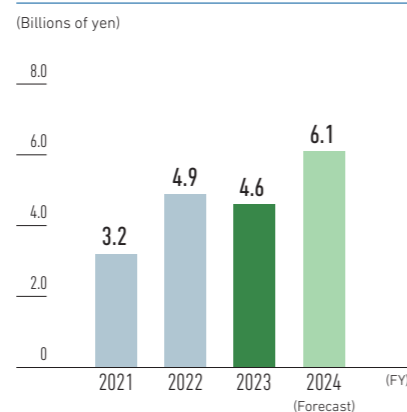
### Opportunities

- Expansion of existing stock of properties for renewal and reconstruction (ReReC® business)
- Growing demand for proposal and engineering capabilities amid trend toward higher prices
- Increasing demand for building construction with high environmental performance such as ZEB or ZEH

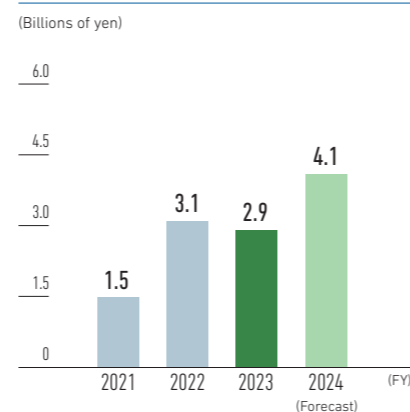
### Net sales of completed work



### Gross profit



### Operating profit



## Growth Strategies for the Future

In both new construction and ReReC® activities, we aim to increase market trust and improve profitability through an enhanced ability to offer total proposals from engineering work to solutions.

**Hiromi Hirata**  
Executive Vice President  
General Manager,  
Architectural Construction Division



The Toyo Construction Group is directing concerted efforts into multiple sectors of the domestic construction market, including production facilities, logistics facilities, and environmental facilities, to accelerate sales expansion. The Group has particular strengths in cold storage warehouses and food factories. Demand for this expertise has been driving performance over the past few years.

However, a look at the market environment shows that demand for new construction is likely to retreat significantly due to the accelerating rate of the population decrease. Moreover, in recent years, construction costs have continued to climb, dramatically increasing the number of projects being scaled back, postponed, or even canceled, and some planned new construction has even been changed to renovation or reconstruction.

Therefore, the Group's response to these market changes and evolving client needs has been to emphasize solution-driven sales highlighting diverse options backed by technology and experience and tailored to client requirements. Despite an environment characterized by such factors as rising costs, we have been receiving many orders for special projects. This trend undoubtedly reflects the sincerity of our approach to proposal formation that supports transitions to project realization.

In addition, with future market changes in mind, we strengthened sales activities by establishing a dedicated department for ReReC® (Renewal, Renovation Conversion), a business designed to improve the value of existing buildings and facilitate a change in use or application. We are already seeing results.

With this change, we are making our expertise even more appealing to clients. Whether a project is for new

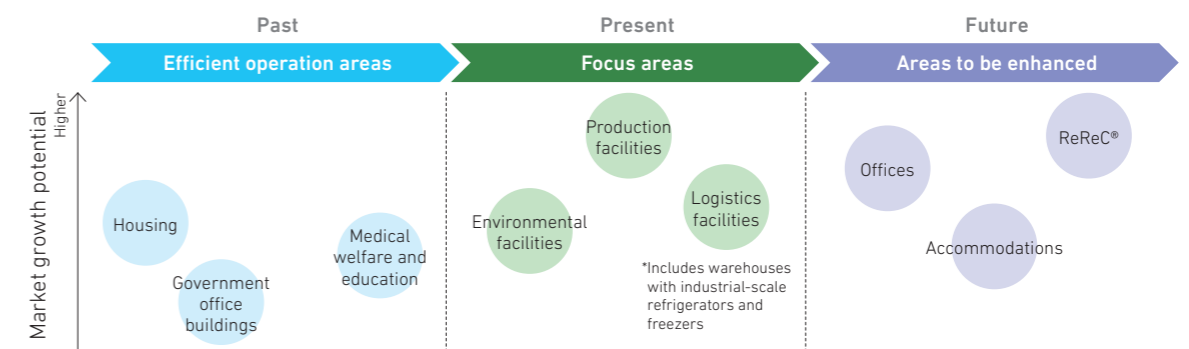
construction or repairs or renovation to an existing structure, we are saying, "When you engage Toyo Construction, you receive a wide range of whole-package, highly cost-effective proposals addressing everything from problem solving to engineering."

Furthermore, to deal with medium- to long-term changes in the business environment, we must explore areas beyond traditional contracting. Toward this end, we have launched new businesses. One component of our business expansion plan is building renovation. We have already been involved in a building revitalization project where we completely remodeled an old medical building into fully furnished office space, increasing its added value as an income-generating property and then reselling it.

That project showcases our ability to effectively read emerging trends in society. We will continue to pursue business opportunities that reflect the times.

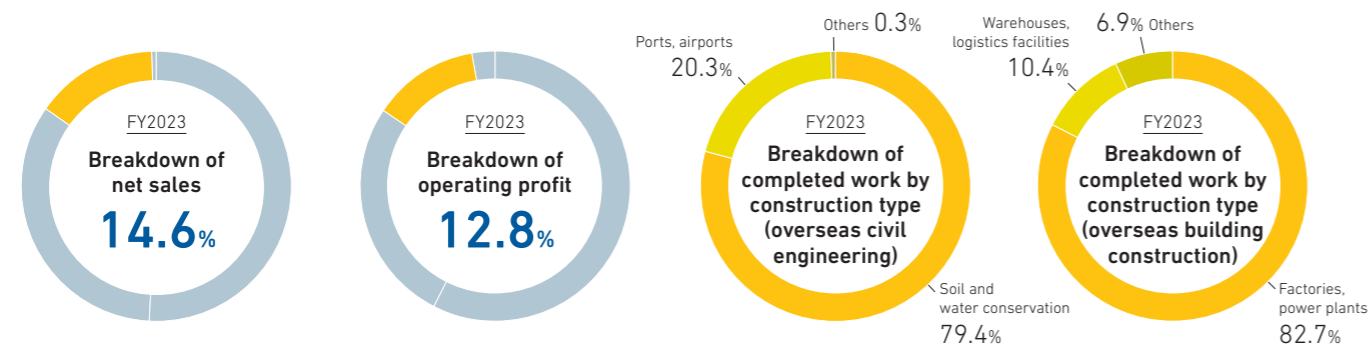
Meanwhile, the labor shortage in the construction industry is growing more severe every year. Upper limits on overtime work, applied in the construction industry in fiscal 2024, have made improving productivity an urgent task. Groupwide, we are proactively adopting cutting-edge ICT technologies such as BIM (Building Information Modeling) and promoting labor-saving technologies and strategies to reduce manpower needs. We must strive to boost productivity, limit working hours to create a more comfortable work environment, and attract more people, not just men but also women, to the construction industry. On the recruitment front, since competition for job seekers is intensifying not only among peers within the construction industry but with companies in other industries as well, we know how important it is to improve the work environment and enhance training content in the medium to long term.

### Positioning of our focus areas



## Overseas Construction Business

We will apply our domestic portfolio of technologies and achievements to overseas pursuits and contribute to realizing a sustainable society globally.



### Strengths

- Community-based business activities in the Philippines, where the Company has been engaged for more than half a century
- Extensive proven experience in ODA-funded large-scale port construction
- Private-sector business activities based on many years of experience
- Overseas local staff with extensive experience

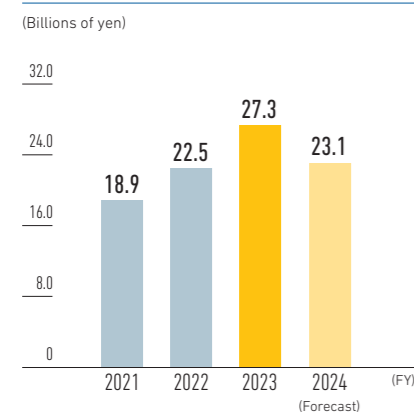
### Risks

- Political instability and possible defaults in countries where the Company has a presence
- Sharp exchange rate fluctuations
- Lost opportunities to develop Japanese and overseas local staff into managerial candidates and pass on skills due to staff shortage
- Concerns over impact of negative factors on balance of supply and demand of construction materials and associated price hikes

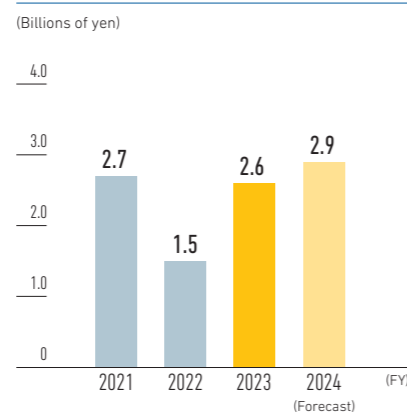
### Opportunities

- Robust infrastructure demand in countries where the Company has a presence
- High-quality infrastructure exports by government of Japan
- Private investment in port development and full-scale renewable-energy projects in the Philippines

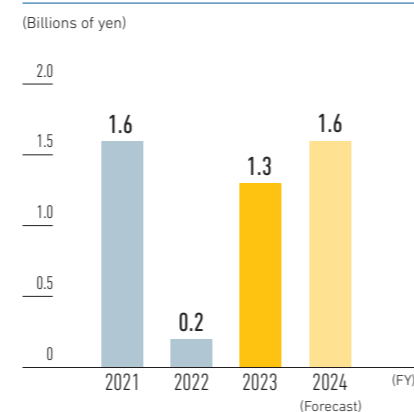
### Net sales of completed work



### Gross profit



### Operating profit



## Growth Strategies for the Future

Toyo Construction will contribute to infrastructure improvement in the Philippines through business expansion rooted in the community and will also strive to develop and consolidate technological strengths and solution capabilities through personnel exchanges involving local staff.



**Hiromi Hirata**  
Executive Vice President  
General Manager,  
Architectural Construction Division

**Akira Tateshita**  
Managing Executive Officer  
General Manager,  
Civil Construction Division

### Civil engineering

Civil engineering is integral for developing social infrastructure across many fields, including port development and river improvement. Marine construction requires a different level of expertise than civil engineering onshore does. Toyo Construction's long track record in this specialized branch of civil engineering is a major strength.

The Philippines bears the brunt of an extremely high number of natural disasters, and large-scale river constructions are being implemented one after another to help mitigate the risk of major flooding caused by frequent typhoons and heavy rains. Toyo Construction has been involved in infrastructure improvement in the Philippines, including most recently an order for Phase IV of the Pasig-Marikina River Channel Improvement Project in Metro Manila in June 2024, after completing work on Phase II and Phase III of the project.

Toyo Construction will continue to build a presence through business activities deeply rooted in the local community and contribute to the social and economic development of the Philippines. While our emphasis had been on ODA projects, we will be accelerating our entry into the private sector to take advantage of heightened activity in port development and renewable energy initiatives through private-sector investment.

### Building construction

In the Philippines, we maintain a presence in building construction through CCT CONSTRUCTORS CORPORATION (CCT), one of our overseas subsidiaries.

This local representative is soon to mark its 50th anniversary. CCT boasts a track record highlighting construction of about 300 buildings, including factories and warehouses for Japanese as well as U.S. and European companies and local businesses, and has established itself as the No. 1 Japan-affiliated general contractor in the Philippines. In addition, CCT prioritizes local hiring, having recruited more than 300 employees from within the community. The company enjoys the trust of clients as well as that of the local community.

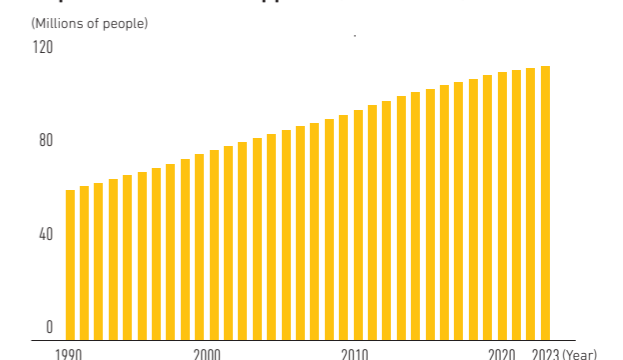
The Philippines has grown remarkably over the past 30 years. Its population is still increasing, and its economy is expected to post 5% growth or more. Of construction markets in Asia, the market in the Philippines is likely to see some of the biggest movement in terms of growth and expansion. CCT is working under a long-term growth strategy targeting corporate scale more than three times what it is now within 10 years by maximizing a sales network built over many years and by reinforcing human resources and management resources.

This expansion will require Toyo Construction to boost efforts to develop and consolidate technological strengths and solution capabilities accumulated in its domestic operations for active application by CCT in the Philippines. Toward this end, we will promote long-term personnel exchanges with CCT. In addition, we will strive to reinforce cost competitiveness to enable CCT to provide Japanese-level construction quality, for which demand is expected to grow, at prices acceptable to the local market.



Brother Industries' Philippines factory

### Population of the Philippines (1990–2023)



\*Prepared by Toyo Construction using estimates from data released by the World Bank

# G

## Governance

We position the realization of an optimum corporate governance structure as one of our top-priority management issues and are working to establish an effective management structure to respond promptly to changes in the management environment.

Please refer to the website below for information on our corporate governance.



Toyo Construction's Corporate Governance Guideline  
<https://www.toyo-const.co.jp/en/company/governance>



Corporate Governance Report  
<https://pdf.irpocket.com/C1890/BSCD/i4Dg/v8lh.pdf>

### Toyo Construction's governance structure based on a fundamental policy of separation of supervision and execution

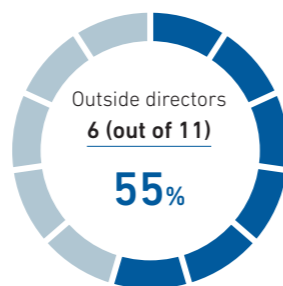
#### Basic concept

We promote optimum corporate governance based on the separation of management supervision and execution. To continue to survive as a company trusted by stakeholders, including shareholders, and society as a whole, we will work to ensure the efficiency and transparency of management and increase medium- and long-term corporate value.

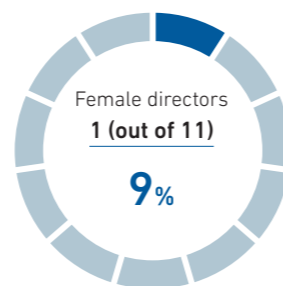
#### Corporate governance structure (as of June 26, 2024)

|  |                                 |
|--|---------------------------------|
| Corporate governance system                    | Company with corporate auditors |
| Number of directors/term of office             | 11/1 year                       |
| Of which, number of outside directors          | 6                               |
| Chairman of the Board of Directors             | Independent outside director    |
| Number of corporate auditors/term of office    | 4/4 years                       |
| Of which, number of outside corporate auditors | 3                               |
| Number of independent outside officers         | 9                               |

#### Percentage of outside directors



#### Percentage of female directors



#### Evolution of corporate governance

|               | Main initiatives   | Number of directors* | Number of corporate auditors* |
|---------------|--|----------------------|-------------------------------|
| June 2014     | Appointed first outside director   | 11 (1)               | 4 (3)                         |
| November 2015 | Established the Corporate Governance Guideline   | —                    | —                             |
|               | Established the Director Nomination & Compensation Committee   | —                    | —                             |
| April 2016    | Conducted an effectiveness evaluation of the Board of Directors (subsequently, evaluated annually by self-assessment)  | —                    | —                             |
| June 2022     | More than one-third of the members of the Board of Directors are outside directors, first female outside corporate auditor appointed   | 8 (3)                | 4 (3)                         |
| June 2023     | More than a majority of the members of the Board of Directors are outside directors<br>Changed the chairman of the Board of Directors from Representative Director, President to Representative Director, Chairman | 13 (7)               | 4 (4)                         |
| June 2024     | Appointed first female outside director<br>Changed the chairman of the Board of Directors to an outside director   | 11 (6)               | 4 (3)                         |

\*Figures in parentheses indicate the number of outside officers included in the respective total numbers of directors and corporate auditors.

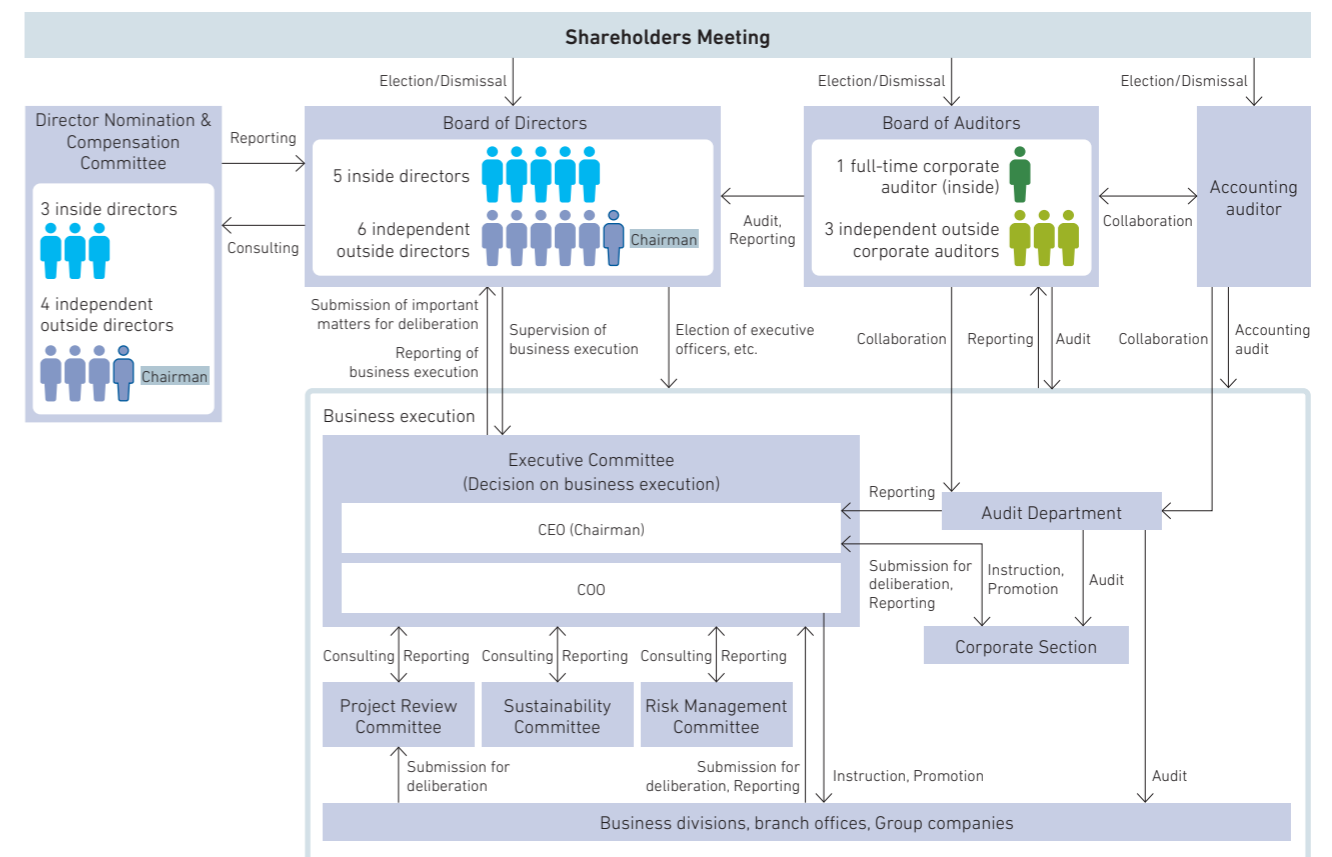
#### Initiatives to strengthen the corporate governance structure in fiscal 2023

After the 101st Annual General Meeting of Shareholders, held on June 27, 2023, a new Board of Directors commenced operations. For approximately six months after the new structure was set up, a review of the corporate governance structure was conducted. Using the results, the Board of

Directors engaged in extensive discussions on the optimum governance structure for the Company and decided measures to further evolve and improve its governance structure. In fiscal 2024, we are continuing these efforts as we remain committed to promoting optimum corporate governance to achieve medium- and long-term corporate value enhancement.

| Recognition of major issues   | Details of initiatives  |
|---|---|
| (1) Promotion of an optimum corporate governance structure  | <ul style="list-style-type: none"> <li>Appointed an outside director as the chairman of the Board of Directors</li> <li>Established the Board of Directors with a majority of the members independent outside directors</li> <li>Appointed an independent outside director as the chairman of the Director Nomination &amp; Compensation Committee</li> <li>Introduced the concept of "decision made by bodies" in the decision-making process of business execution</li> <li>Redefined the functions and operations of various meeting bodies, keeping in mind the separation of management supervision and execution</li> <li>Establishment of CEO and COO positions</li> <li>Proposal of female director candidates</li> </ul> |
| (2) Enhancement of deliberations and improvements in efficiency at meetings of the Board of Directors | <ul style="list-style-type: none"> <li>Reviewed agenda items for meetings of the Board of Directors</li> <li>Reduced the number of meetings and allocated more time for deliberation</li> <li>Simplified board meeting materials</li> </ul>   |

#### Organization chart of corporate governance (as of June 26, 2024)



Board of Directors

The Board of Directors consists of 11 directors, including six outside directors, and four corporate auditors, and is chaired by an outside director, an arrangement that enhances the independence and objectivity of its functions and provides highly effective supervision of business execution. In addition, important matters relating to the Company’s management are deliberated and decided by the Board of Directors, which convenes monthly to make appropriate and prompt decisions as well as extraordinary Board of Directors meetings, as necessary, in a system enabling flexible operations.

|                              |  |
|------------------------------|--|
| Number of meetings in FY2023 | 28 times   |
| Matters deliberated          | <div><ul style="list-style-type: none"><li>Review of the medium-term business plan</li><li>Review of management issues</li><li>Review of the corporate governance structure</li><li>Proposal of director candidates, executive officers, etc.</li><li>Establishment of the Sustainability Procurement Policy and Guidelines</li><li>Decision on building a cable-laying vessel</li><li>Establishment of the Offshore Wind Division</li><li>Examination of takeover bids by major shareholders</li><li>Introduction of an interim dividend system</li></ul></div> |

Board of Auditors

In line with the stewardship responsibility to shareholders, the Board of Auditors implements audits of business execution of duties by the directors, in an independent and objective position for the Company and the common interests of shareholders. The Board of Auditors consists of four corporate auditors, including one full-time corporate auditor and three outside corporate auditors.

|                              |   |
|------------------------------|---|
| Number of meetings in FY2023 | 19 times  |
| Priority audit items         | <div><ul style="list-style-type: none"><li>Verification of the status of monitoring and supervising the Group’s internal control systems by the Board of Directors (with a majority of the members outside directors)</li><li>Understanding of the status of addressing impediments to achieving the planned consolidated financial results</li><li>Verification of management decisions by the Board of Directors concerning takeover bids by major shareholders</li></ul></div>   |
| Details of activities        | <div><ul style="list-style-type: none"><li>Attendance at meetings of the Board of Directors and other important meetings</li><li>On-site audits of the Company’s branch offices and Group companies</li><li>Exchange of opinions with representative directors, general managers of divisions, and officers in charge of the Corporate Section</li><li>Exchange of opinions with the Audit Department and Legal Department</li><li>Interviews with the accounting auditor</li><li>Gathering of opinions from execution departments (irregularly)</li><li>Inspection of important documents for approval, etc.</li></ul></div> |

Director Nomination & Compensation Committee

To enhance the independence and objectivity of the functions of the Board of Directors regarding the nomination, compensation, etc., of directors and executive officers, the Company has established the Director Nomination & Compensation

Committee as an advisory body for the board to consult on nominations and compensation. The committee of three representative directors and four outside directors is chaired by an outside director, thereby ensuring appropriate involvement by and advice from outside directors.

|                              |   |
|------------------------------|---|
| Number of meetings in FY2023 | 5 times   |
| Matters deliberated          | <div><ul style="list-style-type: none"><li>Proposal of candidates for directors and corporate auditors and appointment of executive officers</li><li>Revisions to the internal rules of the Director Nomination &amp; Compensation Committee</li><li>Examination of criteria for the appointment of directors and executive officers</li><li>Examination of criteria for officer compensation, evaluation process, etc.</li></ul></div> |

Executive Committee

In addition to the Board of Directors, in order to promptly respond to changes in the business environment and improve the efficiency of business operations, the Executive Committee was established as a decision-making body for the execution of business delegated by the Board of Directors. The committee deliberates and determines policies for the execution of business and initiatives for business projects of a certain scale. The Executive Committee is chaired by the Executive Chairperson & CEO and consists of the Executive Vice Chairperson, President & COO, Executive Vice President, officers in charge of each group of the Corporate Section, general managers of divisions, deputy general managers of divisions, and the general manager of the Corporate Planning & IR Department, with one full-time corporate auditor attending as an observer.

Risk Management Committee

With the Legal Department serving as its secretariat, the Risk Management Committee formulates the Compliance Policy, identifies key risks of the whole Group, gives instructions to relevant departments, and reports its activities to the Executive Committee and the Board of Directors.

📖 More details on the committee’s activities appear on page 50.

Independent Outside Committee

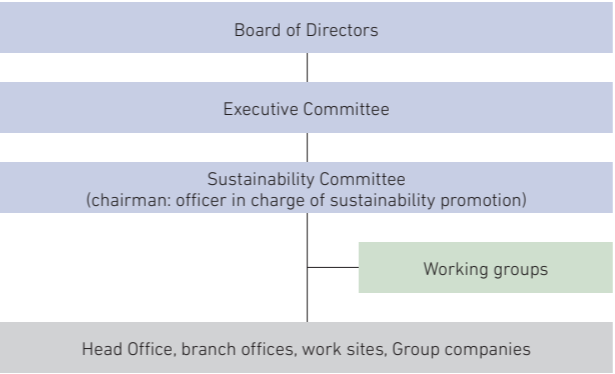
We have established the Independent Outside Committee to exchange information and share common perceptions among outside directors. The committee consists of all outside directors, with one selected as the head.

|                              |        |
|------------------------------|--------|
| Number of meetings in FY2023 | 1 time |
|------------------------------|--------|

Sustainability Committee

The Sustainability Committee was established as a permanent body directly under the Executive Committee. The Sustainability Committee is chaired by the officer in charge of sustainability promotion and consists of the general managers of the Civil Construction Division, Architectural Construction Division, and Offshore Wind Division, as well as officers in charge of each group of the Corporate Section. The status of initiatives and future policies related to sustainability risks and opportunities are deliberated by the Sustainability Committee, reported to the Executive Committee and the Board of Directors, and incorporated in management plans and business operations.

System for promoting sustainability management



|                              |   |
|------------------------------|---|
| Number of meetings in FY2023 | 2 times   |
| Details of activities        | <div><p>First meeting</p><ul style="list-style-type: none"><li>Fiscal 2022 KPI performance and proposed KPI for fiscal 2023 related to materiality</li><li>Status of examination of GX league, SBT, human rights due diligence, etc.</li></ul><p>Second meeting</p><ul style="list-style-type: none"><li>Proposed procurement policy and guidelines related to sustainability</li><li>Proposed KPI for fiscal 2024 related to materiality, etc.</li></ul></div> |

Effectiveness evaluation of the Board of Directors

The Company conducts a questionnaire on the effectiveness of the Board of Directors based on the self-assessment of each director and corporate auditor every year, and reports the results at the Board of Directors meeting.

The summary of results of effectiveness evaluation in fiscal 2023 is that the directors and corporate auditors actively made remarks and discussed in a free and open-minded manner, which is evaluated as generally sufficient for the role of the Board of Directors.

However, there were opinions requesting improvements to the operations of the Board of Directors, including thorough follow-up on comments at board meetings and early provision and simplification of meeting materials. Using those opinions, we will continue our efforts to further improve the effectiveness of the Board of Directors.

Items evaluated in fiscal 2023 (number of questions: 45)

|                        |                |                       |                          |                    |
|------------------------|----------------|-----------------------|--------------------------|--------------------|
| 1. Roles and functions | 2. Composition | 3. Operational status | 4. Status of discussions | 5. Self-assessment |
|------------------------|----------------|-----------------------|--------------------------|--------------------|

- Period covered by questionnaire: June 2023 through May 2024
- Questionnaire response period: May through June 2024
- Questionnaire results report: June 2024

Officer compensation

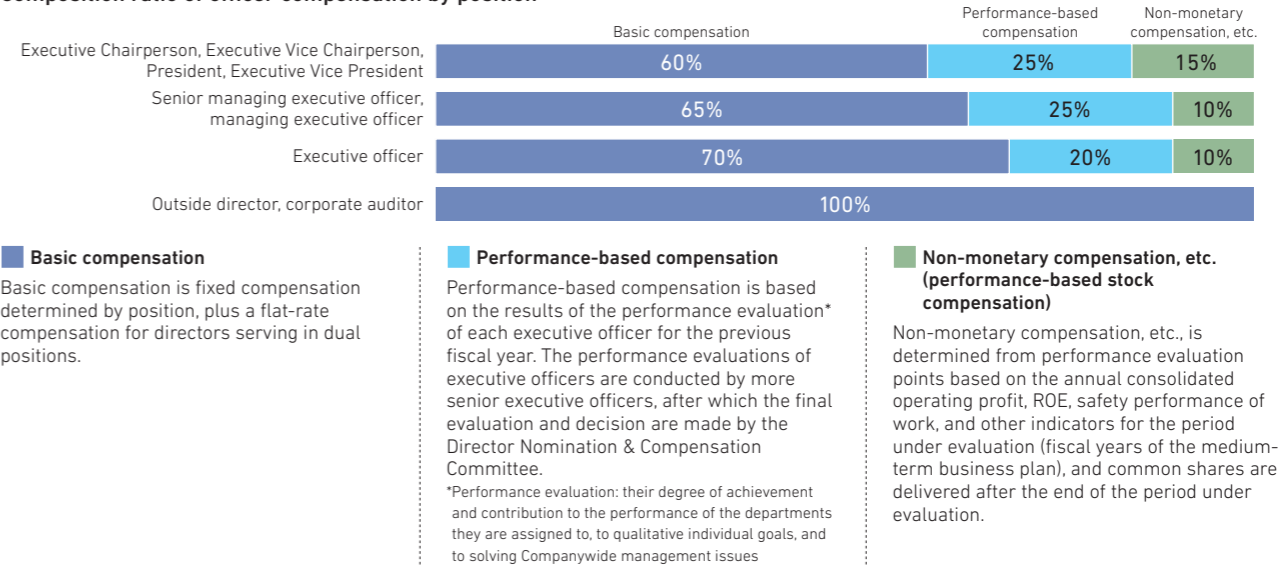
The Company’s policy on determining the amounts of compensation, etc., paid to officers and the calculation method thereof are set by the Board of Directors. When deciding this policy, we consult with the Director Nomination & Compensation Committee in advance, and a report is submitted to the Board of Directors.

Further, in determining compensation, etc., for individual officers, the Director Nomination & Compensation Committee deliberates matters including whether the compensation is in

line with the relevant decision-making policy. The Board of Directors respects the report of the Director Nomination & Compensation Committee and has determined that the compensation, etc., is in line with the relevant decision-making policy.

At the Board of Directors meeting on June 26, 2024, the compensation system for officers was partially revised. An outline of the revised system is as follows.

Composition ratio of officer compensation by position



Directors and Corporate Auditors (as of June 26, 2024)



|   |  |  |  |   |   |   |  |
|---|--|--|--|---|---|---|--|
| <div><div>A</div><div>Shinya Yoshida</div><div>Representative Director,<br/>Executive Chairperson &amp; CEO</div></div> <div><div>April 1985</div><div>Joined Mitsubishi Corporation<br/>Executive Officer</div></div> <div><div>April 2013</div><div>Managing Executive Officer</div></div> <div><div>April 2016</div><div>Representative Director &amp;<br/>Managing Executive Officer</div></div> <div><div>June 2019</div><div>Joined Nippon Densan Co., Ltd.<br/>(currently NIDEC Corporation)</div></div> <div><div>February 2022</div><div>Managing Executive Officer</div></div> <div><div>April 2022</div><div>Senior Executive Officer</div></div> <div><div>July 2022</div><div>Representative Director,<br/>Executive Officer and<br/>Chairperson, the Company</div></div> <div><div>June 2023</div><div>Representative Director,<br/>Executive Chairperson &amp; CEO<br/>(current position)</div></div> <div><div>June 2024</div><div></div></div> | <div><div>B</div><div>Haruhisa Obayashi</div><div>Director and<br/>Executive Vice Chairperson</div></div> <div><div>April 1982</div><div>Joined the Company</div></div> <div><div>April 2016</div><div>Executive Officer</div></div> <div><div>April 2019</div><div>Managing Executive Officer</div></div> <div><div>April 2019</div><div>Director and Managing<br/>Executive Officer</div></div> <div><div>April 2021</div><div>Director and Senior<br/>Managing Executive Officer</div></div> <div><div>June 2023</div><div>Representative Director,<br/>Executive Officer and<br/>President</div></div> <div><div>June 2024</div><div>Director and Executive Vice<br/>Chairperson (current<br/>position)</div></div>  | <div><div>C</div><div>Tatsuyoshi Nakamura</div><div>Representative Director,<br/>President &amp; COO</div></div> <div><div>April 1985</div><div>Joined the Company</div></div> <div><div>April 2019</div><div>Executive Officer</div></div> <div><div>April 2022</div><div>Managing Executive Officer</div></div> <div><div>June 2023</div><div>Director and Managing<br/>Executive Officer</div></div> <div><div>June 2024</div><div>Representative Director,<br/>President &amp; COO (current<br/>position)</div></div> <div><div>June 2024</div><div></div></div>   | <div><div>D</div><div>Hiromi Hirata</div><div>Representative Director and<br/>Executive Vice President</div></div> <div><div>April 1979</div><div>Joined the Company</div></div> <div><div>April 2011</div><div>Executive Officer</div></div> <div><div>April 2014</div><div>Managing Executive Officer</div></div> <div><div>June 2014</div><div>Director and Managing<br/>Executive Officer</div></div> <div><div>April 2016</div><div>Director and Senior<br/>Managing Executive Officer</div></div> <div><div>July 2022</div><div>Director and Vice President</div></div> <div><div>June 2023</div><div>Executive Officer</div></div> <div><div>June 2023</div><div>Representative Director and<br/>Vice President Executive<br/>Officer</div></div> <div><div>June 2024</div><div>Representative Director and<br/>Executive Vice President<br/>(current position)</div></div> | <div><div>I</div><div>Masaharu Okada</div><div>Outside Director</div></div> <div><div>April 1979</div><div>Joined Taisei Corporation</div></div> <div><div>April 2013</div><div>Executive Officer</div></div> <div><div>April 2015</div><div>Managing Executive Officer</div></div> <div><div>June 2020</div><div>Senior Executive Officer</div></div> <div><div>June 2023</div><div>Outside Director, the<br/>Company (current position)</div></div> | <div><div>J</div><div>Katsuya Natori</div><div>Outside Director</div></div> <div><div>April 1986</div><div>Joined Masuda &amp; Ejiri (currently Nishimura &amp; Asahi)</div></div> <div><div>January1998</div><div>Director, Sun Microsystems K.K. (current Oracle Information Systems (Japan) G.K.)</div></div> <div><div>March 2002</div><div>Executive Officer, Fast Retailing Co., Ltd.</div></div> <div><div>January 2004</div><div>Director &amp; Executive Officer, IBM Japan, Ltd.</div></div> <div><div>April 2010</div><div>Executive Officer</div></div> <div><div>February 2012</div><div>Established Natori Law Office</div></div> <div><div>April 2016</div><div>Head of Natori Law Office</div></div> <div><div>June 2020</div><div>Supervisory Officer, Global One Real Estate Investment Corporation (current<br/>position)</div></div> <div><div>June 2020</div><div>Independent Audit and Supervisory Board Member, Recruit Holdings Co., Ltd.<br/>(current position)</div></div> <div><div>December 2020</div><div>Outside Corporate Auditor, Pasona Tquila Inc. (currently Circlace Co., Ltd.) (current<br/>position)</div></div> <div><div>December 2020</div><div>Established ITN Partners</div></div> <div><div>June 2021</div><div>Managing Partner, ITN Partners (current position)</div></div> <div><div>June 2021</div><div>Outside Director, Tokyo Rope Mfg. Co., Ltd. (current position)</div></div> <div><div>June 2023</div><div>Outside Director, the Company (current position)</div></div> | <div><div>K</div><div>Yoshiko Fujii</div><div>Outside Director</div></div> <div><div>April 1988</div><div>Joined Orient Leasing Co.,<br/>Ltd. (currently ORIX<br/>Corporation)</div></div> <div><div>January 2018</div><div>Executive Officer, ORIX<br/>Corporation</div></div> <div><div>April 2018</div><div>Supervisory Board Member,<br/>ROBECO INSTITUTIONAL<br/>ASSET MANAGEMENT<br/>ADVISORS (the Netherlands)</div></div> <div><div>January 2020</div><div>Joined Nippon Densan Co.,<br/>Ltd. (currently NIDEC<br/>Corporation)</div></div> <div><div>June 2021</div><div>Vice President</div></div> <div><div>June 2022</div><div>Executive Officer, CFO,<br/>Enewill Inc. (current<br/>position)</div></div> <div><div>June 2024</div><div>Outside Director, the<br/>Company (current position)</div></div> |  |
| <div><div>E</div><div>Takashi Gunjishima</div><div>Director and<br/>Senior Managing Executive Officer</div></div> <div><div>April 1984</div><div>Joined The Sanwa Bank,<br/>Limited (currently MUFG<br/>Bank, Ltd.)</div></div> <div><div>January 2014</div><div>Joined the Company</div></div> <div><div>April 2014</div><div>Executive Officer</div></div> <div><div>June 2014</div><div>Director and Executive<br/>Officer</div></div> <div><div>April 2019</div><div>Director and Managing<br/>Executive Officer</div></div> <div><div>June 2019</div><div>Managing Executive Officer</div></div> <div><div>April 2023</div><div>Senior Managing Executive<br/>Officer</div></div> <div><div>June 2024</div><div>Director and Senior<br/>Managing Executive Officer<br/>(current position)</div></div>  | <div><div>F</div><div>Takashi Narusawa</div><div>Outside Director</div></div> <div><div>October 1973</div><div>Joined Nomura Research<br/>Institute, Ltd.</div></div> <div><div>June 1994</div><div>Director</div></div> <div><div>April 2000</div><div>Managing Director</div></div> <div><div>April 2002</div><div>Representative Director and<br/>Senior Managing Executive<br/>Officer</div></div> <div><div>April 2007</div><div>Representative Director and<br/>Vice President</div></div> <div><div>April 2008</div><div>Representative Director and<br/>Deputy Chairperson</div></div> <div><div>April 2009</div><div>Director and Deputy<br/>Chairperson</div></div> <div><div>June 2023</div><div>Outside Director, the<br/>Company (current position)</div></div> | <div><div>G</div><div>Kazumichi Matsuki</div><div>Outside Director</div></div> <div><div>April 1976</div><div>Joined Mitsubishi Corporation</div></div> <div><div>April 2011</div><div>Executive Officer, Hokuetsu<br/>Kishu Paper Co., Ltd.<br/>(currently Hokuetsu<br/>Corporation)</div></div> <div><div>June 2011</div><div>Director</div></div> <div><div>June 2013</div><div>Executive Managing Director</div></div> <div><div>March 2019</div><div>Outside Director, Nissha Co.,<br/>Ltd. (current position)</div></div> <div><div>June 2020</div><div>Outside Director (Auditor and<br/>Supervisory Committee<br/>Member), Anest Iwata<br/>Corporation (current position)</div></div> <div><div>June 2023</div><div>Outside Director, the<br/>Company (current position)</div></div> | <div><div>H</div><div>Masato Uchiyama</div><div>Outside Director</div></div> <div><div>April 1978</div><div>Joined Electric Power<br/>Development Co., Ltd.<br/>(J-Power)</div></div> <div><div>June 2009</div><div>Executive Officer</div></div> <div><div>December 2011</div><div>Executive Managing Officer</div></div> <div><div>June 2013</div><div>Director and Executive<br/>Managing Officer</div></div> <div><div>June 2015</div><div>Executive Vice President<br/>and Director</div></div> <div><div>June 2016</div><div>Executive Vice President<br/>and Representative Director</div></div> <div><div>April 2019</div><div>Representative Director and<br/>Executive Vice President</div></div> <div><div>April 2020</div><div>Director</div></div> <div><div>June 2023</div><div>Outside Director, the<br/>Company (current position)</div></div>                     | <div><div>L</div><div>Katsunori Tanabe</div><div>Full-time Corporate Auditor</div></div> <div><div>April 1988</div><div>Joined the Company</div></div> <div><div>June 2024</div><div>Full-time Corporate Auditor<br/>(current position)</div></div>   | <div><div>M</div><div>Shiho Boda</div><div>Outside Corporate Auditor</div></div> <div><div>January 2014</div><div>Registered with the Tokyo<br/>Bar Association</div></div> <div><div>April 2020</div><div>Joined a law office in Tokyo</div></div> <div><div>June 2022</div><div>Joined SAKURADA DORI<br/>PARTNERS (current<br/>position)</div></div> <div><div>June 2022</div><div>Outside Corporate Auditor,<br/>the Company (current<br/>position)</div></div> <div><div>February 2023</div><div>Outside Auditor, Metaplanet<br/>Inc. (current position)</div></div>  | <div><div>N</div><div>Satoko Nonaka</div><div>Outside Corporate Auditor</div></div> <div><div>April 1995</div><div>Registered with the Tokyo<br/>Bar Association</div></div> <div><div>February 2018</div><div>Joined Kawabata Law Office</div></div> <div><div>June 2019</div><div>Managing Lawyer, Nonaka &amp;<br/>Kawarabayashi Law Office<br/>(current position)</div></div> <div><div>June 2019</div><div>Outside Director, Fukuyama<br/>Transporting Co., Ltd.<br/>(current position)</div></div> <div><div>June 2023</div><div>Outside Corporate Auditor,<br/>the Company (current<br/>position)</div></div>  | <div><div>O</div><div>Koichi Kawaguchi</div><div>Outside Corporate Auditor</div></div> <div><div>April 1982</div><div>Joined ITOCHU Corporation</div></div> <div><div>June 2017</div><div>Director and Executive<br/>Officer, ITOCHU-SHOKUJIN<br/>Co., Ltd.</div></div> <div><div>April 2019</div><div>Director and Managing<br/>Executive Officer</div></div> <div><div>April 2022</div><div>Director and Officer</div></div> <div><div>June 2023</div><div>Outside Corporate Auditor,<br/>the Company (current<br/>position)</div></div> |



Composition of each meeting body and skill matrix of officers (as of June 26, 2024)

| Name                | Position   | Board of Directors | Director Nomination & Compensation Committee | Executive Committee* <sup>1</sup> | Number showing attendance at Board of Directors meetings (Board of Auditors meetings) in FY2023 | Number showing attendance at Director Nomination & Compensation Committee meetings in FY2023* <sup>2</sup> | Areas in which expertise and experience can be demonstrated |                 |               |        |                 |  |             |
|---------------------|--|--------------------|--|-----------------------------------|---|--|---|-----------------|---------------|--------|-----------------|--|-------------|
|                     |  |                    |  |                                   |   |  | Management strategy/business development                    | Sales/marketing | Technology/DX | Global | Human resources | Finance/ accounting/ investment management | Legal/RM/CG |
| Shinya Yoshida      | Representative Director, Executive Chairperson & CEO | ■                  | ■  | ★                                 | 18/18   | 2/2  | ✓   |                 | ✓             | ✓      | ✓               | ✓  | ✓           |
| Haruhisa Obayashi   | Director and Executive Vice Chairperson              | ■                  |  | ■                                 | 28/28   | 2/2  | ✓   | ✓               | ✓             | ✓      |                 |  | ✓           |
| Tatsuyoshi Nakamura | Representative Director, President & COO             | ■                  | ■  | ■                                 | 18/18   |  | ✓   | ✓               | ✓             | ✓      |                 |  | ✓           |
| Hiromi Hirata       | Representative Director and Executive Vice President | ■                  | ■  | ■                                 | 28/28   | 2/2  | ✓   | ✓               | ✓             |        | ✓               |  | ✓           |
| Takashi Gunjishima  | Director and Senior Managing Executive Officer       | ■                  |  | ■                                 | New   |  | ✓   |                 |               | ✓      | ✓               |  | ✓           |
| Takashi Narusawa    | Outside Director                                     | ■                  | ■  |                                   | 18/18   | 2/2  | ✓   |                 | ✓             |        | ✓               |  | ✓           |
| Kazumichi Matsuki   | Outside Director                                     | ★                  |  |                                   | 18/18   |  | ✓   |                 | ✓             |        |                 | ✓  | ✓           |
| Masato Uchiyama     | Outside Director                                     | ■                  | ★  |                                   | 18/18   | 2/2  | ✓   | ✓               |               | ✓      | ✓               |  | ✓           |
| Masaharu Okada      | Outside Director                                     | ■                  | ■  |                                   | 18/18   | 2/2  | ✓   | ✓               | ✓             | ✓      |                 |  | ✓           |
| Katsuya Natori      | Outside Director                                     | ■                  |  |                                   | 18/18   |  | ✓   |                 | ✓             |        |                 | ✓  | ✓           |
| Yoshiko Fujii       | Outside Director                                     | ■                  | ■  |                                   | New   |  | ✓   |                 | ✓             |        | ✓               |  | ✓           |
| Katsunori Tanabe    | Full-time Corporate Auditor                          | ■                  |  | Observer                          | New   |  |   |                 | ✓             |        | ✓               | ✓  | ✓           |
| Shiho Boda          | Outside Corporate Auditor                            | ■                  |  |                                   | 28/28 (19/19)   |  |   |                 | ✓             |        |                 | ✓  | ✓           |
| Satoko Nonaka       | Outside Corporate Auditor                            | ■                  |  |                                   | 18/18 (13/13)   |  |   |                 |               |        |                 | ✓  | ✓           |
| Koichi Kawaguchi    | Outside Corporate Auditor                            | ■                  |  |                                   | 18/18 (13/13)   |  | ✓   |                 | ✓             | ✓      | ✓               | ✓  | ✓           |

(1) ■ means a member, ★ means the chairman, respectively. (2) Because the corporate auditors are obliged to attend the Board of Directors meeting and state their opinion, they are marked ■.  
\*1 The Executive Committee appoints executive officers, etc., in addition to those listed above. \*2 Two meetings were held after the Annual General Meeting of Shareholders in 2023.

| Skill                                    | Definition   |
|--|--|
| Management strategy/business development | <ul style="list-style-type: none"><li>Through experience in business management or organizational operations, has the ability to understand social and economic trends as a manager, envision a company's medium- to long-term growth by utilizing the resources of the Company and other companies, formulate management strategies that contribute to improving the Company's corporate value, make appropriate decisions, and lead execution.</li><li>In terms of the Company's resource allocation, has the ability to identify new investments and focus areas, and make decisions and advise on areas for downsizing or withdrawal.</li><li>Has the ability to lead the proposal and execution of M&amp;A strategies to realize discontinuous growth, and to indicate a direction for new business development and discuss the allocation of resources for it.</li></ul> |
| Sales/marketing                          | <ul style="list-style-type: none"><li>Has experience as a head of sales in the construction business and offshore wind power generation business, and the ability to make proposals on how sales should be conducted to achieve the acquisition of very sophisticated and large-scale projects.</li><li>To shift away from contracting and strengthen private-sector projects, has the ability to formulate marketing strategies for the Company's business, create a foundation for securing projects, collect and analyze market customer needs, and indicate the approach for developing new businesses, technologies, and services.</li></ul>  |
| Technology/DX                            | <ul style="list-style-type: none"><li>Has a high level of specialized knowledge and thorough experience in civil engineering and architectural technologies, and is able to establish overwhelming superiority in terms of technological capabilities as the "TOYO of Technology," by bringing together wisdom both inside and outside the Company and indicating the direction of research and development.</li><li>Has deep knowledge and expertise in digital technology, and the ability to lead the realization of "TOYO DX" by improving efficiency through the development of BIM/CIM and construction management tools, and creating customer experiences using VR and digital twins.</li></ul>  |
| Global                                   | <ul style="list-style-type: none"><li>Has experience in business development (negotiation, problem-solving, and local management) in global markets (particularly Southeast Asia), and the ability to expand and develop overseas business mainly in Southeast Asia, including the Philippines, based on the understanding of legal, tax, human resources management issues, and risk unique to overseas.</li></ul>  |

| Skill                                      | Definition   |
|--|--|
| Human resources                            | <ul style="list-style-type: none"><li>Has experience leading organizational and human resources transformation, as well as the ability to lead the proposal and execution of human resources strategies for acquiring and developing human resources to support our "offense" business style to realize the Company's transformation and medium- to long-term targets.</li><li>Has the ability to lead to the creation of a state in which human resources with diverse attributes are highly engaged and motivated to achieve management goals (realizing a strong human resources base).</li></ul> |
| Finance/accounting/investment management   | <ul style="list-style-type: none"><li>Has considerable knowledge and practical experience in finance, accounting, and investment management and the ability to objectively analyze the Company's situation from a quantitative perspective, formulate and execute financial and investment strategies aimed at shifting to capital efficiency management, and provide advice and recommendations on business policies.</li></ul>   |
| Legal/risk management/corporate governance | <ul style="list-style-type: none"><li>Is proficient in corporate legal affairs and has the ability to lead prior risk assessment and legal evaluation in the formulation and execution of management strategies, prevention of compliance violations, and strengthening of the governance system in order to achieve both corporate growth and social trust.</li><li>Has the ability to take proactive legal actions, including foreseeing strategic responses, implementing regulatory compliance, and engaging in lobbying with relevant parties.</li></ul>  |
| ESG/sustainability                         | <ul style="list-style-type: none"><li>Has the ability to understand social demands regarding the global environment and lead sustainable management that contributes to improving the Company's corporate value through solving issues with initiatives including disaster mitigation and decarbonization (offshore wind power construction business, Zero Energy Building (ZEB)).</li><li>Has the ability to communicate the Company's sustainability initiatives internally and externally, and to win recognition and trust from society.</li></ul>   |

Ensuring sincere and fair business activities

Basic concept

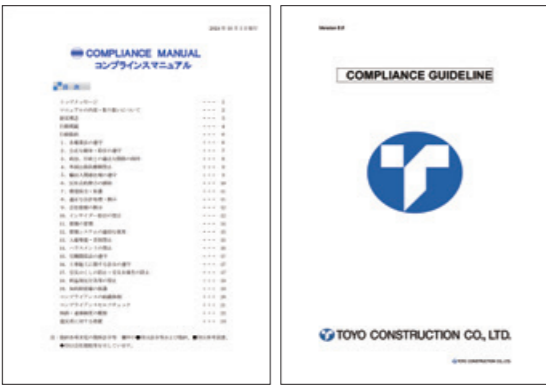
It is the basic policy of the Company to act with the sense of values and ethics required as a member of society as well as to meet the needs of society by observing laws and regulations and implementing fair and sincere business activities based on business ethics. We issue the Code of Conduct, which should be the standard of business activities for each and every officer and staff, and the Behavioral Guidelines, which should be complied with by all officers and staff. Also, we provide concrete content in the Compliance Manual and are making efforts as a whole group to promote compliance in order for all officers and staff to always act sincerely and perform their duties.

Compliance Manual

The Company, in addition to the Corporate Identity, the Code of Conduct, and the Behavioral Guidelines, has prepared the Compliance Manual to prevent any violation of laws, scandal, and harassment. The Company makes necessary revisions every year and provides an environment in which if officers and staff feel some doubt about their own actions, they can make a confirmation.

Moreover, we require all officers and staff to carry the Compliance Self-check Card so that they can always check if their own conduct may be problematic. Also, we designate every October as the month to enhance promotion of compliance. Accordingly, we are making efforts at all workplaces to improve awareness of compliance by implementing compliance activities such as reviewing the Compliance Manual, confirming possession of the Self-check Card, and discussing issues.

We created the Compliance Guidelines for overseas local staff and implemented them in fiscal 2024. The Compliance Guidelines have been distributed to overseas local staff and are shared during compliance education.



Compliance Manual and Compliance Guidelines

Compliance training

The Company systematically provides compliance education for officers and staff to always act sincerely based on compliance and conducts stratified training for staff. Also, once every year, we are holding a management seminar for our directors, corporate auditors, and executive officers, given by an outside lawyer.

Results of the compliance training

| Type of training   |                        | FY2021 | FY2022 | FY2023 |
|--|------------------------|--------|--------|--------|
| New employee<br>*including mid-career hire   | Number of participants | 54     | 75     | 85     |
|  | Number of sessions     | 2      | 2      | 2      |
| Stratified training  | Number of participants | 223    | 191    | 171    |
|  | Number of sessions     | 6      | 6      | 6      |
| Management<br>*Officers, general managers of branch offices, general managers of Head Office, etc. | Number of participants | 38     | 47     | 44     |
|  | Number of sessions     | 1      | 1      | 1      |
| Sales representative<br>*Once every two years  | Number of participants | 0      | 213    | 0      |
|  | Number of sessions     | 0      | 2      | 0      |

Training for sales representatives scheduled for fiscal 2024

Result of management seminar

| Subject covered |   | Number of participants |
|-----------------|---|------------------------|
| 2021            | Insider trading                         | 38                     |
| 2022            | Compliance with the Anti-Monopoly Act   | 47                     |
| 2023            | Risks to businesses from climate change | 44                     |

Provision of e-learning

Launched in 2017, e-learning is provided to all officers and staff including those at Group companies, with questions about compliance and harassment once a month, presenting an opportunity to reflect on appropriate behavior. The participation rate in fiscal 2023 was approximately 99%.

Promotion of fair transaction

The Company is making efforts to prohibit any act in violation of the Penal Code or the Anti-Monopoly Act, etc., striving to eliminate dumping bids for orders, and promoting fair and free competition. We are ensuring transparency, for example, by schedule management of officers and staff on the intranet, prior approval for contact with other companies in the same industry, provision of compliance training for those officers and staff who are in charge of sales promotion, and periodic surveys on compliance.

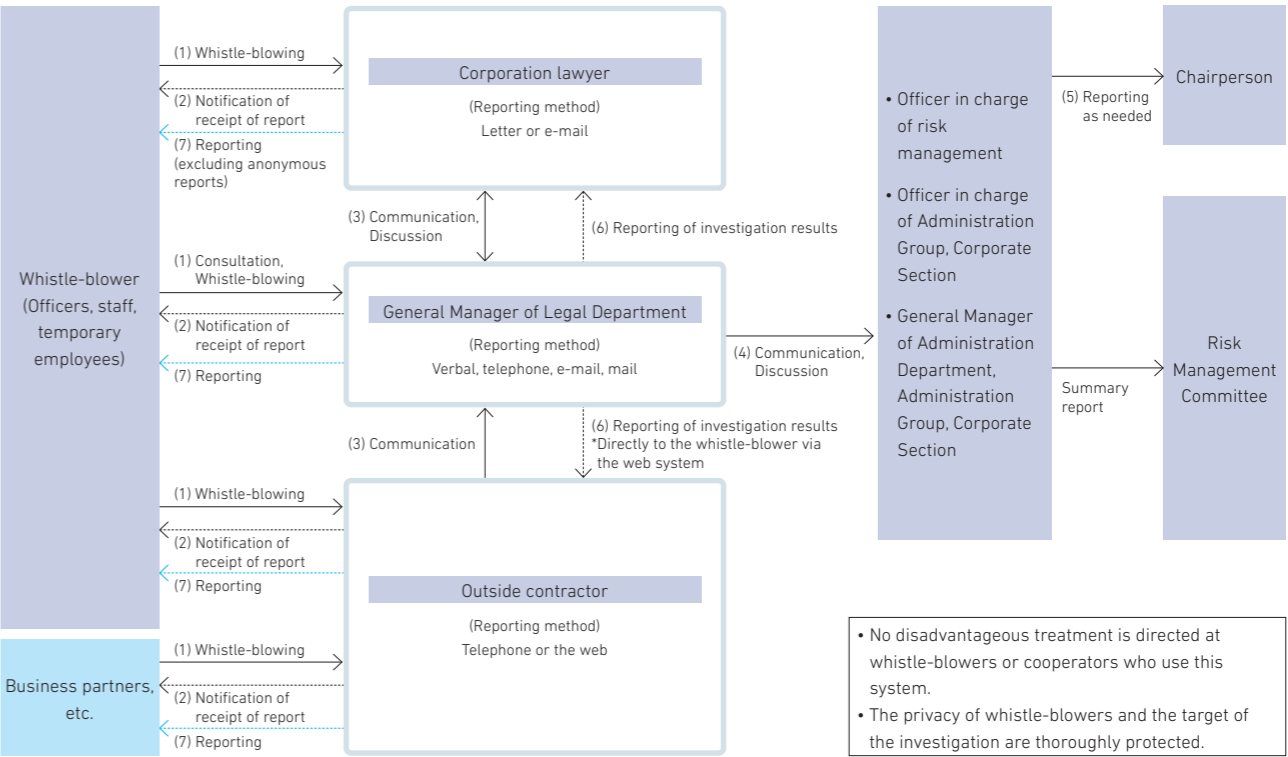
Whistle-blowing system

The Group has established a whistle-blowing system to receive reports from officers and staff who learn of a possible violation of laws and regulations, Company rules or business ethics, and has set up an in-house contact point and an external contact office (law office). In October 2024, a new contact point was established at an outside contractor to also accept reports from business partners and other stakeholders.

In the Whistleblower Policy of the Company, we are making efforts to improve the effectiveness of the system through initiatives such as thorough measures to ensure the secrecy of the whistle-blower, prohibiting any disadvantageous treatment of the whistle-blower or cooperators because of their reporting, and allowing anonymous reporting, following the revision of the Whistleblower Protection Act in June 2022.

The number of whistle-blowing reports in fiscal 2023 was seven and one for the first half of fiscal 2024. If a case is reported, we will conduct a factual investigation and handle it in accordance with the Company rules.

Flowchart of the whistle-blowing system

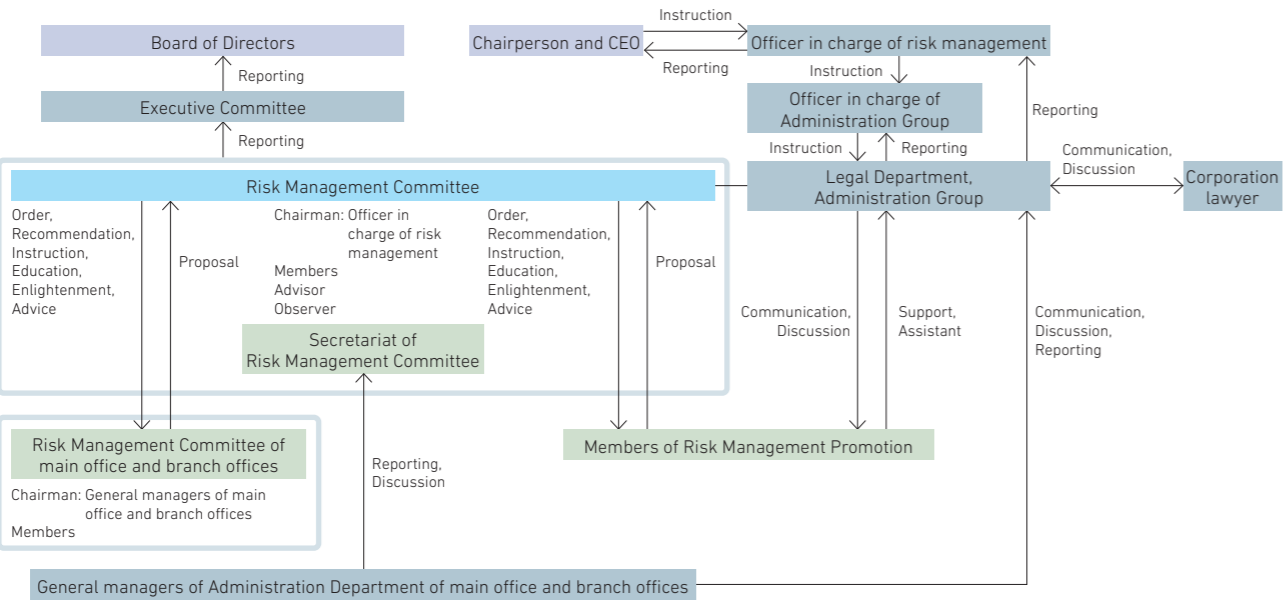


Establishment of a system to manage diverse risks

Basic concept

Setting compliance as a base, the Company is working to eliminate or reduce factors that hinder its sustainable development, while promoting the sustainable growth of the entire Group.

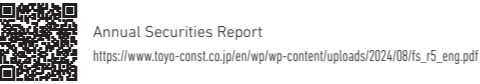
Risk management structure (As of October 1, 2024)



Risk Management Committee

The Risk Management Committee established at the Head Office is chaired by the officer in charge of risk management and is making efforts to prevent risks by supervising the Risk Item Management Table, which compiles the selection of, the evaluation of, and the response to management risks, and by extracting the risks to be jointly addressed by the Group.

Risks of businesses are indicated below, and the details of factors and countermeasures are described in the Annual Securities Report.



Risks of businesses

- Risk associated with laws, regulations, and compliance
- Risk of accidents or disaster during construction
- Risk of defects in products or services
- Risk of natural disasters or infectious diseases
- Risk associated with production system and securing human resources
- Fluctuation in price of construction materials and unit price of labor
- Risk of M&A without agreement
- Information security risk
- Risk in overseas business
- Risk of climate change
- Human rights risk

Duties of the Risk Management Committee

- Consideration and proposal of measures to prevent management risk
- Selection of key risks of the Group
- Consideration and proposal of issues found through compliance inspection and risk monitoring
- Development and revision of the Compliance Policy
- Decisions on policies of compliance education and risk management promotion
- Understanding of the tendency of various risks (emergency, risk information, whistle-blowing, comprehensive audit, consultation, etc.) and instruction to take risk reduction measures
- Instructions and orders to the Risk Management Committee of Head Office and branch offices, divisions of Head Office, and Head Office and branch offices
- Report on activities to the Executive Committee and the Board of Directors (at least twice a year)

Risk monitoring

Our effort to manage risks is not limited to collecting materials or gathering data. Legal Department staff visits the departments of the Head Office, branches, sales offices, and sites, and confirms whether there is any risk that will affect the whole Group, by making an on-the-spot check of various materials and by holding hearings (monitoring). During the monitoring, a compliance inspection is also conducted for checking the compliance status with the internal rules of compliance and for providing instruction and education.

In addition, every year, departments of the Head Office, branches, and Group companies establish themes and initiatives of major Group risks associated with their respective areas and conduct interim and fiscal year-end reviews. Using the results of the reviews, we check for any events that may constitute risks. If any risks of concern are identified, the Legal Department takes the lead in providing advice and implementing measures appropriately. In fiscal 2023, a measure to prevent harassment was requested.

Results of risk monitoring (times)

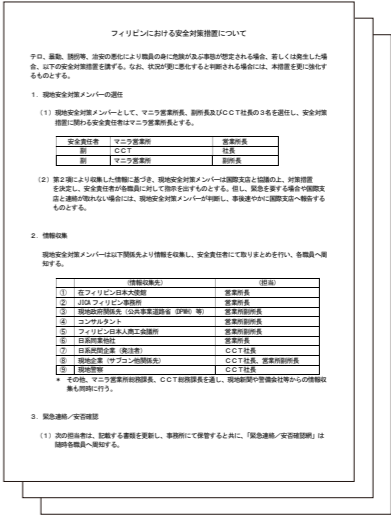
|                 | FY2021 | FY2022 | FY2023 |
|-----------------|--------|--------|--------|
| Head Office     | —      | —      | —      |
| Branches        | 2      | 2      | 3      |
| Sales offices   | 3      | 4      | 3      |
| Sites           | —      | —      | —      |
| Group companies | 1      | 1      | —      |
| Total           | 6      | 7      | 6      |

Establishment of the business continuity plan (BCP)

Assuming a large-scale earthquake and flood, etc., and putting the top priority on the safety of employees, their families, customers, and communities and on the prevention of secondary disasters, and also in order to contribute to society and support the customer's restoration and business continuity, the Company has developed the BCP in the event of a disaster at the Head Office, main office or branch offices nationwide. Also, we have concluded a mutual aid agreement for emergency management with the national government and local governments, and have established a support system to restore the damaged social infrastructure immediately.

Efforts for overseas safety and security

To protect our employees and their families, we have prepared a manual that compiles the daily safety measures and



Safety measures manual (excerpt)

emergency procedures for each country of residence and have given thorough instruction. Also, we liaise closely with the Japanese Embassy and Japan International Cooperation Agency (JICA) locally, and the Head Office and International Division are improving the overseas support system in collaboration with them.

Information security measures

Due to the sophisticated and diversified cyberattacks and the increase in business using a smartphone or mobile device, the IT usage environment is drastically changing. Accordingly, information security risks are increasing. In order to respond to such a situation, we are steadily implementing technical measures for information security, including measures for vulnerabilities at the end points (PC, servers, etc.), antivirus measures, or shutting down of Internet access to rogue sites.

Also, we understand the importance of security education, and implement it continuously. By periodical security education, we aim to improve the awareness of information security of all officers and staff of the Company.

In addition, in order to improve the information security literacy of the whole Group, we provide training for targeted attack emails every year. With these measures, we are endeavoring to help all officers and staff, including the whole Group, identify a security risk and respond appropriately. From now on, we will strengthen the defense system of the whole organization with the participation of overseas local staff.

Materiality

| Materiality                                       |   | Sub-subject   | KPI   | Targets for FY2023 (Interim targets)   | Results of FY2023                        | Targets for FY2024 (Interim targets)                                  |
|---|---|---|---|--|--|---|
| Solving social issues through business activities | E | Realization of carbon-neutral society                                       | Promotion of construction of offshore wind power generation facilities  | 1,500MW or more (FY2030 (cumulative), recording on construction year)  | —  | 1,500MW or more (FY2030 (cumulative), recording on construction year) |
|   |   |   | Engagement in ZEB/ZEH   | 10   | 6  | 10  |
|   |   |   | Reduction rate of greenhouse gas Scope 1 and 2 (Reduction rate by unit during construction from FY2013; domestic, parent only)      | Scope 1 and 2: 40% or more<br>45% or more (FY2030)   | Scope 1 and 2: 21.0%                     | Scope 1 and 2: 40% or more<br>45% or more (Year 2030)                 |
|   |   | Reduction of greenhouse gas emitted from business activities                | Scope 3 (Category 11) (Reduction rate of CO <sub>2</sub> emission from operation of design and construction building)               | Scope 3 (Category 11): 50% or more<br>65% or more (FY2030)   | Scope 3 (Category 11): 44.1%             | Scope 3 (Category 11): Reduction of 65% or more (Year 2030)           |
|   |   |   | Number of theses publicized on R&D on carbon neutrality and blue carbon   | 20 (cumulative through FY2027)   | 5  | 20 (cumulative through FY2027)  |
|   |   |   | Number of theses publicized on R&D contributing to lowering environmental load of biodiversity and natural ecosystem                | 15 (cumulative through FY2027)   | 2  | 15 (cumulative through FY2027)  |
|   | S | Lowering environmental burden   | Number of oil spill accidents   | 0  | 0  | 0   |
|   |   |   | Number of claims due to noise or vibration  | 0  | 0  | 0   |
|   |   |   | Contribution to the circular economy by reducing construction waste   | Recycling rate of construction waste   | 98% or more                              | 98% or more   |
|   |   | Promotion of ReReC®   | Number of ReReC® proposals for saving energy  | Implement energy-saving measures at existing buildings: 10 (cumulative through FY2027)   | 3  | 3   |
|   |   |   | Order receipt of ReReC®   | 6.0 billion yen  | 2.24 billion yen                         | 7.5 billion yen   |
|   |   |   |   |  |  |   |
|   | S | Provision of high-quality construction works that meet customer needs       | Number of patent applications   | 20   | 19                                       | 20  |
|   |   |   | Number of R&D theses publicized   | 100 (cumulative through FY2027)  | 16                                       | 100 (cumulative through FY2027)                                       |
|   |   |   | Number of non-conformity and claims   | 0  | 6  | 0   |
|   |   | Securing quality of construction work                                       | Average mark of the year for construction performance rating (port works ordered by MLIT)   | 80 or more   | 81                                       | 80 or more  |
|   |   |   | Number of letters of appreciation and certificates of commendation on quality (private works)                                       | 10 or more   | 10                                       | 10 or more  |
|   |   |   |   |  |  |   |
|   |   | Contribution to disaster prevention and disaster mitigation                 | Promotion of R&D and technological development to contribute to disaster prevention, disaster mitigation, and disaster relief, etc. | Number of R&D theses publicized on promotion of R&D and technological development to contribute to disaster prevention, disaster mitigation, and disaster relief, etc. | 40 (cumulative through FY2027)           | 10  |
|   |   |   |   |  |  |   |
|   |   |   |   |  |  |   |
| Enhancement of business foundation                | G | Continued enhancement of governance system                                  | Thorough compliance   | Number of serious violations of law  | 0  | 0   |
|   |   |   |   | Attendance rate of compliance training (of total number of persons required to attend)   | 100%                                     | 100%  |
|   |   |   |   | Attendance rate of e-learning on compliance  | 100%                                     | 99%   |
|   |   | Promoting efforts of supply chains for ESG                                  | Implement questionnaire (self-assessment) based on Sustainability Procurement Policy  | —  | —  | Implementation rate for self-assessment: 70% or more                  |
|   |   |   | Enhancement of information security   | Number of serious information security incidents   | 0  | 0   |
|   |   |   |   | Conduct targeted email-attack training for all employees   | —  | 2   |
|   | S | Realization of attractive construction industry                             | Promotion of occupational safety and health   | Number of fatal accidents  | 0  | 1   |
|   |   |   |   | Frequency rate   | 0.5 or less                              | 1.29  |
|   |   |   |   | Attendance rate of education to improve staff's ability  | 100%                                     | 100%  |
|   |   |   |   | Attendance rate of e-learning on occupational safety   | 100%                                     | 99%   |
|   |   |   |   | Turnover rate of new graduates within 3 years  | Within 5%                                | 6.5%  |
|   |   |   |   | Number of newly qualified employees  |  |   |
|   |   | Promotion of developing human resources and hiring and retaining employees  | Doctorate   | 5 or more (cumulative through FY2027)  | 1  | 5 or more (cumulative through FY2027)                                 |
|   |   |   | First-class civil engineering construction management engineer  | Second exam pass rate: 60% or more   | 71.0%                                    | 65% or more   |
|   |   |   | First-class building works execution manager  | Second exam pass rate: 60% or more   | 78.6%                                    | 65% or more   |
|   |   |   | Number of introductions of ICT/DX tools contributing to productivity improvement  | Add features/apply tools: 3 (cumulative through FY2027: 10)  | 7  | Add features/apply tools: 3 (cumulative through FY2027: 17)           |
|   |   |   | Registration rate of skilled workers of Construction Career Up System   | 100%   | 67%                                      | 100%  |
|   |   |   |   |  |  |   |
|   |   | Improvement of workplace environment  | Implementation rate of 8 days off per 4 weeks   | Civil engineering site: 85%  | 71.0%                                    |   |
|   |   |   |   | Architecture site: 60%   | 30.0%                                    | All sites: 8 days off per 4 weeks                                     |
|   |   |   |   | All sites: no case for 6 days off per 4 weeks or less  | Less than 6 days off per 4 weeks: 23%    |   |
|   |   |   | Overtime work hours (all employees including supervisors)   | 45 hours or less per month/480 hours or less per year  | 31 hours per month/378 hours per year    | Complying with laws and regulations                                   |
|   |   |   | Annual vacation days taken by staff at site   | 122 days   | 117 days                                 | 125 days or more  |
|   |   |   |   |  |  |   |
|   |   | Thorough respect for human rights and promotion of diversity                | Promotion of diversity and inclusion  | Number of hired new female graduates for major career path   | 20% or more of hired new graduates       | 23.8%   |
|   |   |   |   | Increase rate of women in major career path (from FY2020)  | 250% (FY2030)                            | 121.1%  |
|   |   |   |   | Increase rate of female managers (from FY2020)   | 500% (FY2030)                            | 133.3%  |
|   |   |   |   | Employment rate of the handicapped   | Mandatory employment rate (2.3%) or more | 2.65%   |
|   |   |   |   | Ratio of post-retirement re-employment   | —  | 88.6%   |
|   |   |   |   | Percentage of male employees taking childcare leave (total number of men eligible for leave)   | 50%                                      | 71.9%   |
|   |   | Improvement of understanding and prevention of infringement of human rights | Attendance rate of harassment training (of total number of persons required to attend)  | 100%   | 100%                                     | 100%  |
|   |   |   | Implement human rights due diligence  | —  | Implemented human rights risk assessment | Performed human rights due diligence                                  |
|   |   |   | Attendance rate of training sessions on human rights (all employees)  | 100%   | 100%                                     | 100%  |
|   |   |   |   |  |  |   |
|   |   |   |   |  |  |   |

# E

## Environment

The Toyo Construction Group sees the realization of a carbon-neutral society and efforts to reduce the environmental impact as priority issues and seeks to address climate change while engaging in R&D and other pursuits that contribute to preserving natural ecosystems.

### Efforts to tackle climate change

#### Basic concept

Climate change is one of the most pressing global environmental issues and an acknowledged management priority. Given the international scope of climate-oriented demands on society, typified by the Paris Agreement, Toyo Construction is keen to contribute to realizing a carbon-neutral society by lowering CO<sub>2</sub> emissions from business activities and by participating in offshore wind power construction projects. Toward this end, we are involved in the construction of a cable-laying vessel and technology development.

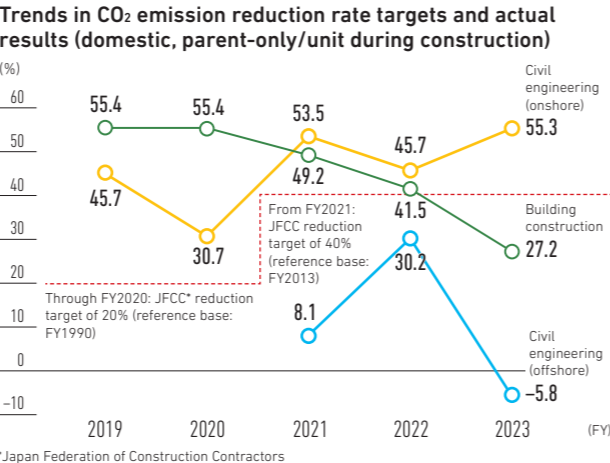
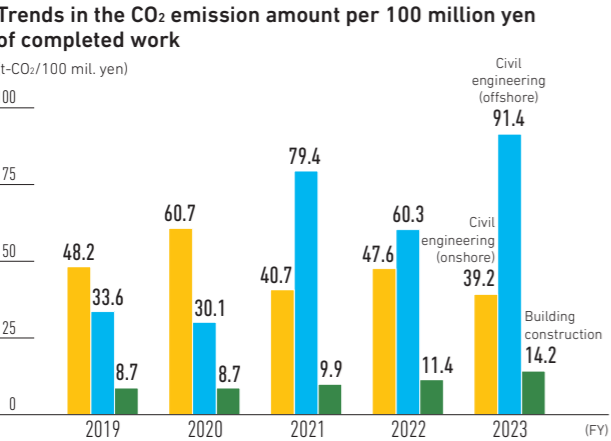
Offshore wind power initiatives are described on pages 22–25.

#### Initiatives in CO<sub>2</sub> emission reduction

The main source of CO<sub>2</sub> emissions at construction sites tends to be the heavy equipment and construction equipment in operation at these locations. In marine construction, which is our forte, work vessels running on Bunker A are the main source of CO<sub>2</sub> emissions.

As a marine contractor, we need to find ways to reduce CO<sub>2</sub> emissions from work vessels in operation and are taking steps to switch to environmentally friendly engines and shift away from Bunker A in favor of light oil, that is, diesel. Going forward, we will establish technologies for converting to GTL\*<sup>1</sup> and biofuels as well as for capturing and immobilizing CO<sub>2</sub> from work vessels.

We are developing technology to immobilize CO<sub>2</sub> captured from factory exhaust and the atmosphere in water stored at marine final disposal sites. In September 2024, this technology was adopted by Aichi Prefecture under the Aichi Environmental Innovation Project initiative. In addition, we are engaged in activities aimed at curbing CO<sub>2</sub> emissions, including marine demonstration tests on algal reef blocks, which have the potential to immobilize carbon as blue carbon, and the use of low-carbon, environmentally friendly concrete in construction projects. Also, as a member of the GX League, we will carefully track trends in climate change countermeasures and take a robust approach toward developing technology that helps prevent global warming.



### Climate-related information disclosure based on TCFD recommendations

**Strategy**

Toyo Construction discloses information related to climate change in accordance with information disclosure recommendations developed by the Task Force on Climate-related Financial Disclosures (TCFD).

**Governance**

The Sustainability Committee considers proposals for action plans related to sustainability, including measures to address climate change, reviews the status of their implementation, reports to the Executive Committee and the Board of Directors, and, when necessary, discusses sustainability-related action plans and their implementation status.

In line with guidance from TCFD, we analyzed and assessed the impact of climate change on our operations using a scenario analysis of our business environment through 2040. With the results, we are working to reduce construction-stage CO<sub>2</sub> emissions by promoting decarbonization of construction machinery and work vessels, wider use of low-carbon materials, the construction of cable-laying vessels needed in building offshore wind power facilities, and a decrease in LCCO<sub>2</sub>\*<sup>2</sup> by converting structures to ZEB/ZEH. In addition, we seek to capitalize on business opportunities by leveraging technology and R&D efforts that can contribute to infrastructure improvements, including disaster prevention and mitigation measures and strategies to strengthen national resilience to natural disasters.

### Risk monitoring results

| Category                                 | Change of environment | Impact on business  |   | Measures  |
|--|-----------------------|---|---|---|
|  |                       | 1.5°C   | 4.0°C   |   |
| Transition in policies and market trends | Risks                 | Introduction of carbon tax  | Enhancement of CO <sub>2</sub> emission reduction   | • Increase in cost due to the addition of carbon tax on construction materials and equipment price<br>• Decrease of private construction investment due to increase in construction cost  |
|  | Opportunities         | Expansion of demand for construction related to renewable and recyclable energy |   | • Expansion of construction investment in offshore wind power generation facilities<br>• Increased demand for construction to meet the ZEB/ZEH standard   |
| Physical change of disasters             | Risks                 | Worse working environment at construction site due to temperature rise          | Intensified natural disasters due to global warming | • Increase of health damage due to heatstroke, etc.<br>• Decline in productivity due to worse working environment, critical shortage of skilled workers<br>• Increased risk of damage generation at supply chain, own company facilities, construction site because of abnormal weather |
|  | Opportunities         | Accelerating national resilience  |   | • Increase of infrastructure improvement work such as the measures for accelerating disaster prevention, disaster mitigation and national resilience  |

### Risk management

All business risks, including climate change, are reviewed and assessed by the Risk Management Committee, which reports to the Executive Committee and the Board of Directors twice a year. The Head Office and business divisions properly address risks in their operations by formulating the measures needed to preclude and reduce risks inherent in their respective business processes.

### Indicators and goals

By fiscal 2030, we aim to cut CO<sub>2</sub> emissions produced during construction work (Scope 1 and 2) more than 45%, compared with the fiscal 2013 reference value (domestic, parent-only; basic unit during construction), and by 2030, to cut the Scope 3 Category 11 release (CO<sub>2</sub> operational emissions from buildings designed and constructed by Toyo Construction) more than 60%, compared with standard-design buildings.

### CO<sub>2</sub> emission results (domestic, parent-only)

| Subject Scope                        | 2019                     | 2020                     | 2021                     | 2022                      | 2023                      | Rate of reduction by basic unit during construction (compared with reference year) |
|--------------------------------------|--------------------------|--------------------------|--------------------------|---------------------------|---------------------------|--|
| Scope 1 and 2                        | 38,018 t-CO <sub>2</sub> | 45,956 t-CO <sub>2</sub> | 57,565 t-CO <sub>2</sub> | 47,827 t-CO <sub>2</sub>  | 74,841 t-CO <sub>2</sub>  | 20.1%  |
| Scope 3                              | —                        | —                        | —                        | 769,318 t-CO <sub>2</sub> | 989,467 t-CO <sub>2</sub> |  |
| Of which, Category 11 reduction rate | —                        | —                        | —                        | 37.6%                     | 44.1%                     |  |

Note: Sampling surveys used to calculate total emissions

\*1 GTL: Gas-to-liquids. Products derived from natural gas

\*2 LCCO<sub>2</sub>: Life cycle CO<sub>2</sub>. CO<sub>2</sub> emissions at all stages of a structure's life cycle, from manufacturing of materials and construction of the building to later stages, such as demolition and waste transportation and disposal

Contribution to the circular economy by reducing construction waste

Basic concept

Construction sites generate various types of waste during the construction and demolition of buildings and structures. We strive to decrease the amount for final disposal by promoting waste reduction and recycling through 4R (refuse, reduce, reuse, recycle) efforts targeting the by-products of construction projects. We also thoroughly ensure proper disposal of waste that cannot be recycled. In addition, we will actively utilize Wide Area Certification, a system established by Japan's Ministry of the Environment, and adopt standard-size and precut materials for transporting construction materials to minimize on-site waste and thereby contribute to realizing a circular economy.

Discharged amount of construction waste

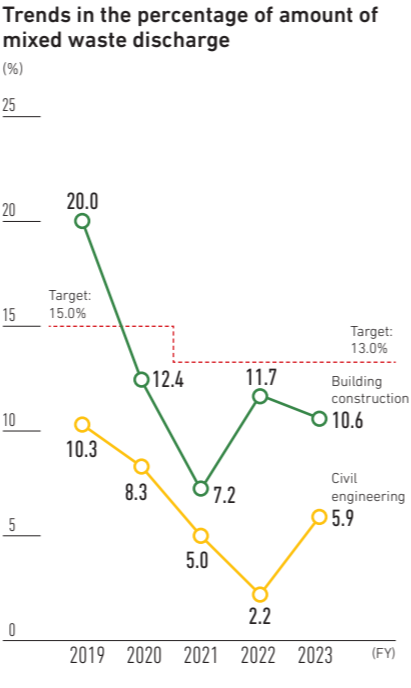
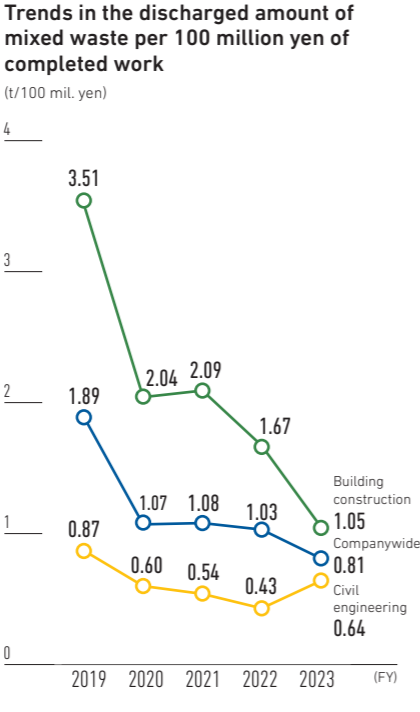
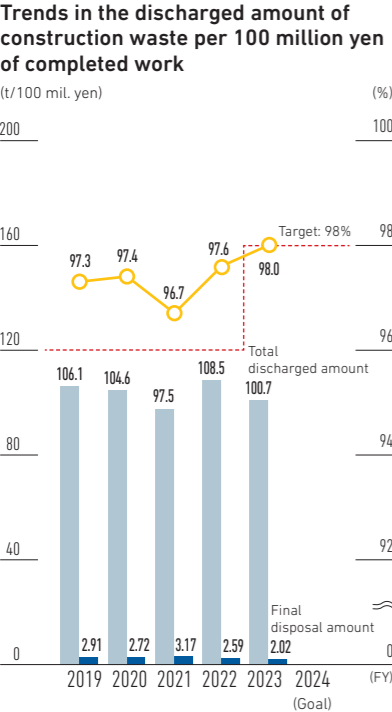
In fiscal 2023, construction waste per 100 million yen of completed work reached 100.7 tons, down 7.8 tons/unit from that of fiscal 2022, and the amount of construction waste for final disposal reached 2.02 tons, down 0.57 tons/unit. The recycling rate exceeded the Companywide target of 98%, demonstrating that our efforts are appropriate.

In addition, in accordance with the Act on Promotion of Resource Recycling Related to Plastics, we set a reduction target for waste plastic per 100 million yen of completed work in fiscal 2023 that was 5% lower than the level recorded in fiscal 2022, to 1.67 tons/unit, and a waste plastic recycling ratio of at least 75%. We achieved our volume target, with the amount of waste plastic/unit at 1.3 tons, but our recycling rate stalled, holding at 61.2% for civil engineering projects and 73.3% for building construction projects. The low recycling rate

for civil engineering projects reflects the fact that regional factors forced many construction sites to use disposal sites with poor recycling rates for waste plastics.

Mixed waste per 100 million yen of completed work in fiscal 2023 reached 0.81 tons, down from that of fiscal 2022. By ratio, the percentage of mixed waste discharged\*1 from civil engineering projects was 5.9% of the total, and from building construction projects 10.6%, both commendably lower than the target of 13% and confirming an effective approach to waste separation and other appropriate waste management measures.

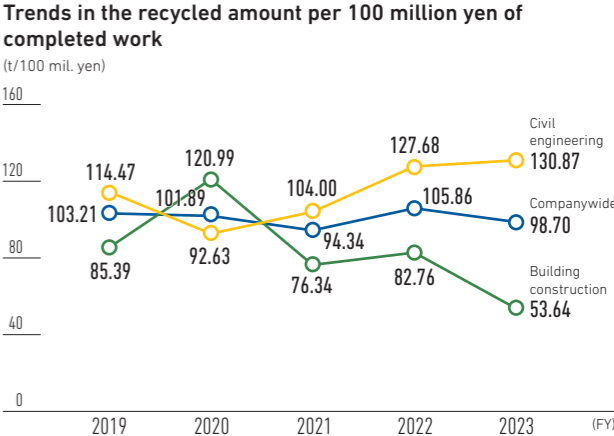
\*1 Percentage of amount of mixed waste discharge:  
Discharge ratio of mixed waste to the total amount of waste, excluding debris such as concrete debris, asphalt debris, and construction sludge.



Recycled amount

The recycled amount per 100 million yen of completed work in fiscal 2023 reached 98.7 tons Companywide. The recycled amount/unit for civil engineering projects was 130.87 tons, and for building construction projects 53.64 tons. This was a slight increase in the recycled amount for civil engineering projects and a decrease in the recycled amount for building construction projects, culminating in a slight drop Companywide.

The decrease in the recycled amount per 100 million yen of completed work on building construction projects is likely due to a significant reduction in the amount of concrete waste generated since the recycling rate is already nearly 100%.



Reduction of the burden caused by business activities to the natural ecosystem

Basic concept

Toyo Construction engages in activities that help protect the environment and leverages technology and the results of R&D to reduce the burden that its business pursuits place on natural ecosystems.

Participation in the utilization of the blue carbon ecosystem

Eelgrass and other types of seagrass as well as kelp and other types of seaweed play an integral role in shaping aquatic environments, absorbing CO<sub>2</sub> and supplying oxygen through photosynthesis, maintaining water purity by removing excess nitrogen and phosphorus—which are components in the development of red tides—and stabilizing bottom sediments. Also of note, a report by Japan to the United Nations indicated that the capacity of seagrass and seaweed to capture and immobilize CO<sub>2</sub> likely removed about 350,000 tons of CO<sub>2</sub> from marine environments in Japan in fiscal 2022. (Source: Ministry of Land, Infrastructure, Transport and Tourism press release dated April 12, 2024)

In 2001, Toyo Construction began laying eelgrass seeding sheets at Eigashima Beach, in Akashi, Hyogo Prefecture, to facilitate empirical research on eelgrass. After the start of this initiative, we teamed up with the Eigashima Fishery Cooperative Association and the nonprofit Eelgrass Seed Bank on the project "Eelgrass is the cradle of the sea!" to create a bed of eelgrass. This bed of eelgrass at Eigashima Beach is not only a habitat for diverse organisms but also helps maintain the blue carbon ecosystem. In fiscal 2023, we generated 4.5t-CO<sub>2</sub> of blue carbon credits, following up on a similar amount in fiscal 2022. (We joined Eigashima Fishery Cooperative Association and Eelgrass Seed Bank in applying to the Japan Blue Economy (JBE) Association for blue carbon credits.)

In cooperation with the Tokyo Bay UMI Project and the Nippon Television Network Corporation, we held an eelgrass seeding

event at Umi no Koen, a seaside park in Kanazawa-ku, Yokohama. About 50 people, including staff and children, participated in the event, with everyone working together to pack eelgrass seeds, sand, and compost into biodegradable bags made of nonwoven fabric. Divers then scattered the seed packs in the sea. We will continue our involvement in this event as it gives the children who participate an experience that could foster an interest in blue carbon and expand eelgrass bed restoration activities.



Collecting eelgrass seeds at Eigashima Beach



Mother and child putting eelgrass seeds, sand, and compost into a biodegradable bag made of nonwoven material



J-Blue Credit Certificates

In line with the social mission of the construction industry, the Group focuses on ensuring quality and eliminating occupational accidents. In addition, we recognize that resolving labor shortages at construction sites is an urgent issue. We are working to develop human resources, improve the workplace environment, ensure respect for human rights, and promote diversity.

### Provision of high-quality construction works that meet customer needs

#### Basic concept

The Basic Policy on Sustainability of the Company specifies that we will aim to earn customer satisfaction and trust by building a top-quality social foundation. The social foundation we have built as contractors is required to secure high quality for people's comfortable and convenient living and to protect life and property from natural disasters. The Company has established a quality control system to provide high-quality construction works that meet customer needs through operations.

#### Structure for ensuring quality

Following the Quality Policy, the Company has established and operates the Quality Management System in compliance with the international standard ISO 9001:2015.

We have obtained ISO certification from a third-party certification body, Management System Assessment Center Co., Ltd., and as a result of a review in fiscal 2024, our management system was deemed effective and we received an evaluation result that indicates continuation of certification on October 29, 2024.

#### Quality Policy

We will strive to improve customer satisfaction and social trust by operating our Quality Management System by responding flexibly to the ever-changing environment so that we meet the needs of society and customers in an accurate and speedy manner.

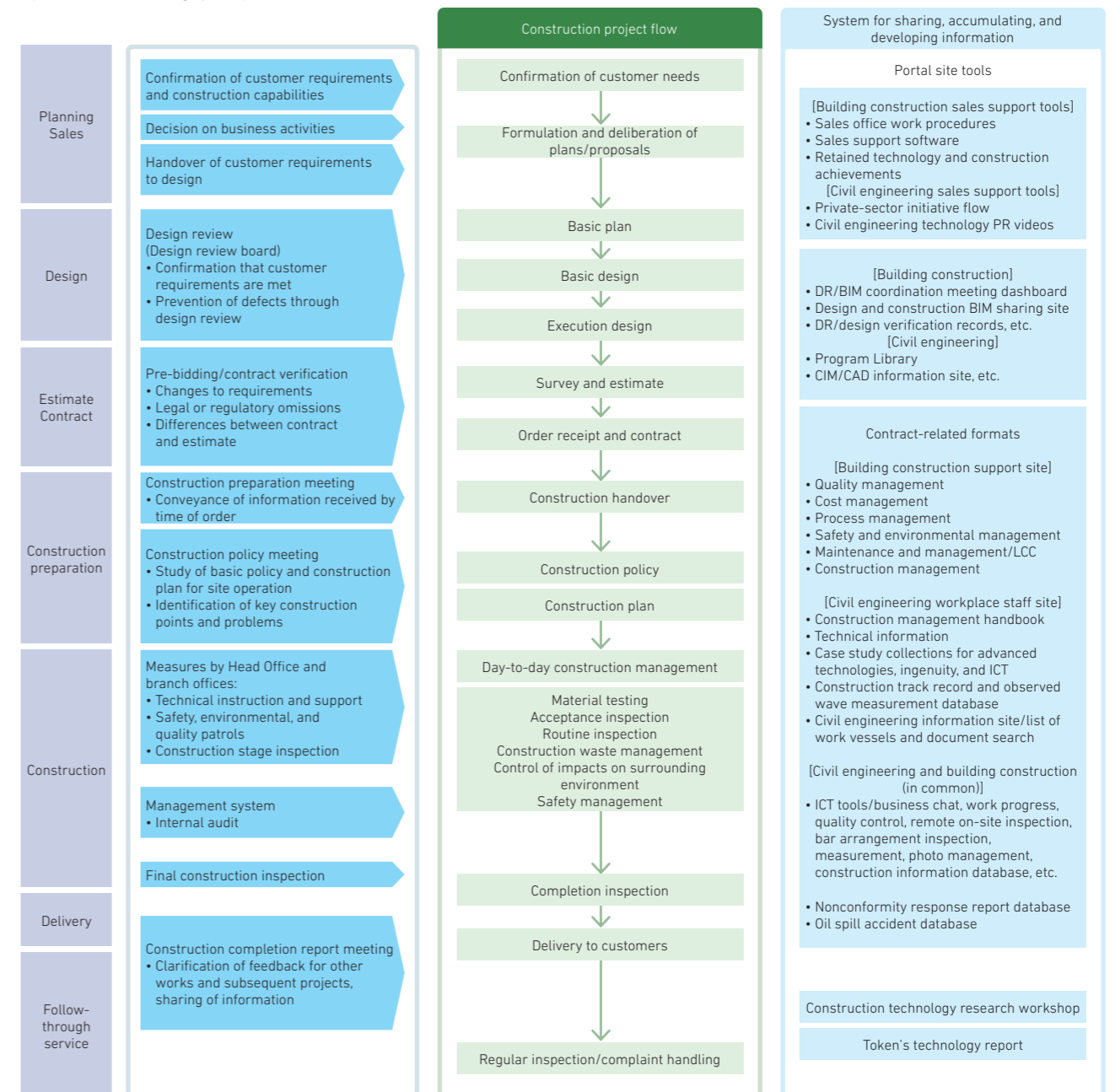
- We will improve our quality control system and provide construction products and services of optimum quality.
- We will conduct appropriate and secure production management by clarifying roles and responsibilities.
- We will actively work on technology development to meet customer and social needs.
- We will develop human resources with individuality and personal strength, and continuously provide reliable quality.

#### Dealing with feedback and responses from customers

As indicators of objective evaluation from our customers, we place importance on the construction performance rating for public works and the number of received letters of appreciation and certificates of commendation. In fiscal 2023, the construction performance rating and the number of received letters of appreciation and certificates of commendation were generally on par with those of the previous fiscal year. The number of certificates of commendation, which is deemed a plus score for overall judgment, has been increasing, and our efforts to ensure quality in public works have been well received.

On the other hand, in case of complaints from customers, we respond sincerely and share information Companywide to prevent a recurrence. In fiscal 2023, two complaints that were our fault arose. Those were cases that could have been prevented at the time of construction. We are using them as examples of failures at drawing review meetings, etc., to educate our staff.

#### System for ensuring quality



#### Construction performance rating for the works ordered by Ports and Harbors Bureau of MLIT (average) (FY)

|                        | 2021 | 2022 | 2023 |
|------------------------|------|------|------|
| Number of works        | 35   | 32   | 45   |
| Average rating (point) | 80.5 | 81.0 | 80.8 |

#### FY2023 breakdown of letters of appreciation and certificates of commendation (number)

| Category   | Certificates of commendation | Letters of appreciation | Total          |
|--|------------------------------|-------------------------|----------------|
| Point scoring object for overall judgment                        | 31 (25)                      |                         |                |
| Commendation by the government, institution, or academic society | 38 (37)                      | 17 (21)                 | 55 (58)        |
| Other than QMS (safety, environment, social contribution)        | 11 (14)                      | 9 (4)                   | 20 (18)        |
| <b>Total</b>   | <b>49 (51)</b>               | <b>26 (25)</b>          | <b>75 (76)</b> |

\*The number shown in parentheses is the number for fiscal 2022.

#### Main responsibility category for complaints (number) (FY)

| Cause                                   | 2021     | 2022     | 2023     |
|---|----------|----------|----------|
| Our mistake                             | 2        | 0        | 2        |
| Subcontractor's mistake in construction | 1        | 0        | 0        |
| Aging degradation, material problem     | 1        | 0        | 0        |
| Design problem                          | 0        | 0        | 0        |
| Insufficient maintenance and management | 0        | 0        | 0        |
| Others                                  | 3        | 0        | 0        |
| <b>Total</b>                            | <b>7</b> | <b>0</b> | <b>2</b> |

Initiatives for occupational safety and health

Basic concept

With the belief that “safety comes first,” we are trying to create workplace environments where all people are mentally and physically healthy and can perform to their maximum ability. In addition, we have established and are operating an occupational safety and health system in compliance with the international standard ISO 45001:2018 to eradicate accidents and disasters at workplaces.

Health & safety policy  
<https://www.toyo-const.co.jp/en/company/securityhygiene>



Fostering a culture of safety

Management patrol program

Since 2012, the Company’s officers have been inspecting the status of safety management at sites throughout Japan twice a year as part of the management patrol program. In addition, we conduct monthly branch office executive patrols, in which management executives of subcontractors and branch office executives inspect sites to directly communicate the Company’s strong commitment to safety to workers and raise their safety awareness.

Continuous implementation of safety education and training

Once a year, the Company provides education to all staff to improve their ability, and educates and informs them of internal rules as measures to prevent reoccurrences of previous accidents, as well as new matters that must be implemented at sites due to changes in laws and regulations. In addition, we continuously provide various safety training programs, including safety education and training for young engineers and risk simulation training for staff in their first to third years, mid-career training before staff become general safety and health managers, safety training at each level of promotion, and monthly e-learning for technical staff, to improve their safety management skills and awareness.

Trends in the number of safety education and training participants, etc.

| Course name   | 2021  | 2022  | 2023  |
|---|-------|-------|-------|
| Education to improve staff’s ability                            | 1,327 | 1,316 | 1,207 |
| Education to improve staff’s ability (including subcontractors) | 1,405 | 1,466 | 1,309 |
| Safety education and training for young engineers               | —     | —     | 313   |
| Risk simulation training  | 27    | 51    | 42    |
| Mid-career training   | —     | 10    | 9     |
| Safety training at the time of promotion                        | 181   | 188   | 217   |
| Attendance rate of e-learning on safety                         | 99%   | 99%   | 99%   |

\*Safety training at the time of promotion includes training at the time of entrance.  
\*From 2023, new engineering graduates have not participated in education to improve staff’s ability due to their occupational specialty training through June.



Risk simulation training  
(Experimental crash test of a dummy using a fall-control device)

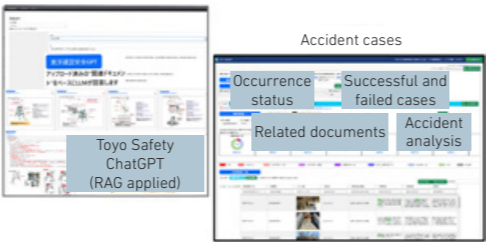
Visualization of safety-related data

Alongside continuous safety education, the Company collaborates with the Digital Promotion Department to visualize safety-related data and facilitate the acquisition of knowledge on occupational safety and health of young staff.

Data utilization

At least 95% of occupational accidents at sites are said to be recurring incidents. Many occupational accidents can be avoided when the causes of past accidents are understood and preventive measures are implemented. The Company has digitized accident cases from our own records and ones from the Ministry of Health, Labour and Welfare, the Ministry of Land, Infrastructure, Transport and Tourism, and affiliated organizations (Japan Federation of Construction Contractors, Japan Dredging & Reclamation Engineering Association) and has developed a system (K-SAFE Toyo RAG applied version) that allows searches via PCs or smartphones at sites. We utilize

the system for the creation of disaster prevention measures during the project-planning phase and for risk prediction activities before work begins. In addition, laws and regulations related to occupational safety and health, internal disaster prevention standards, and other relevant matters can be easily searched, helping prevent occupational accidents and increasing safety knowledge.



K-SAFE Toyo RAG applied version

Improvement of workplace environment

Basic concept

The Group’s Policy on Human Rights stipulates that efforts shall be made to create a safe, sanitary, and healthy working environment, and the Group strives to reduce overtime work by giving consideration to maintaining and improving the health of staff and controlling excessive workloads. In particular, we regard the reduction of overtime work and the granting of eight days off per four weeks at construction sites as important issues. We will contribute to improving the attractiveness of the construction industry by achieving these goals through various initiatives.

Limiting long working hours

In light of the “overtime cap” effective from April 2024, we are implementing various measures through the Expert Committee for Shorter Working Hours and the Committee for the Promotion of Shorter Working Hours, composed of labor and management.

The results of site closings in fiscal 2023 show an improving trend in both civil engineering works and building construction works. Further improvement of the closing rate is expected in

the future through efforts to secure reasonable construction periods when orders are received. Regarding overtime work, the Company will improve operational efficiency through ICT, DX, and BIM/CIM, establish a system for site support, and limit long working hours by promoting changes in mindsets and introducing systems to increase opportunities to take vacation days.

Status of site closing days

| Category              | 2021                           |                                | 2022                           |                                | 2023                           |                                |
|-----------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                       | 8 days off or more per 4 weeks | 6 days off or more per 4 weeks | 8 days off or more per 4 weeks | 6 days off or more per 4 weeks | 8 days off or more per 4 weeks | 6 days off or more per 4 weeks |
| Civil engineering     | 52%                            | 79%                            | 63%                            | 87%                            | 71%                            | 90%                            |
| Building construction | 16%                            | 63%                            | 3%                             | 61%                            | 30%                            | 75%                            |
| Total                 | 42%                            | 75%                            | 47%                            | 80%                            | 61%                            | 86%                            |

Outside-work employee's average annual working hours exceeding statutory working hours (hours)

| Category              | 2021  | 2022 KPI                   | 2022  | 2023 KPI                   | 2023  |
|-----------------------|-------|----------------------------|-------|----------------------------|-------|
| Civil engineering     | 482.0 | All outside-work employees | 465.8 | All outside-work employees | 457.7 |
| Building construction | 525.5 | 600 hours or less          | 557.7 | 480 hours or less          | 451.3 |

Outside-work employee's average number of annual holidays taken (day)

| Category              | 2021  | 2022 KPI                   | 2022  | 2023 KPI                   | 2023  |
|-----------------------|-------|----------------------------|-------|----------------------------|-------|
| Civil engineering     | 121.1 | All outside-work employees | 123.8 | All outside-work employees | 126.5 |
| Building construction | 116.7 | 120 days or more           | 112.0 | 122 days or more           | 121.6 |

Promotion of health management

To realize our corporate identity of “striving toward the Company’s consistent growth and employees’ welfare promotion,” the Company is working to create a workplace environment in which each and every employee can work vigorously and in good health, both physically and mentally. Besides enhancing social welfare programs that help improve

the health of staff, we conduct seminars to improve health literacy in stratified training and promote participation in walking events to establish exercise habits. In addition, the Health and Safety Committee, in which both labor and management participate, holds discussions on staff health and reflects the results in policies.

Response to the diversification of working style

In order to respond to the diversification of working styles, we are promoting the staggered working hours system, leave-taking on an hourly basis, and active utilization of web conferences. Also, we are developing a working environment that makes it easy to take the childcare leave or the short hours working for upbringing of children, and we have introduced a system that allows employees to take the partially paid childcare leave. In fiscal 2023, the rate of male staff taking childcare leave and paternity leave improved significantly compared to that of fiscal 2022 and exceeded the target. For improving the leave-taking rate by men, we will

continue to make efforts to promote leave taking for persons in question and explain the system to their superiors.

Rate of taking the childcare leave, the paternity leave (gender specific)

| Category |                 | 2022 KPI | 2022 | 2023 KPI | 2023 |
|----------|-----------------|----------|------|----------|------|
| Female   | Childcare leave | 100%     | 100% | 100%     | 100% |
| Male     | Childcare leave | 25%      | 23%  | 25%      | 50%  |
|          | Paternity leave |          | 20%  |          | 38%  |

Human capital/promotion of developing human resources and hiring and retaining employees

Basic concept

Through education and training, the Group aims to realize a sustainable construction industry by continuing to turn “just human resources” into “human resources as assets”—“human resources who can play an active role in various fields in the future”—as well as providing support to partner companies.

Education system and training program

Believing that improving the quality and ability of each and every staff is not only an essential element for corporate growth and development but also a factor leading to improving staff’s job satisfaction and motivation, the Company has various human resources development programs, such as stratified training, occupational specialty training, and training by purpose for acquiring technology, knowledge, and others, and a training program and support system for studying abroad and acquiring qualifications.

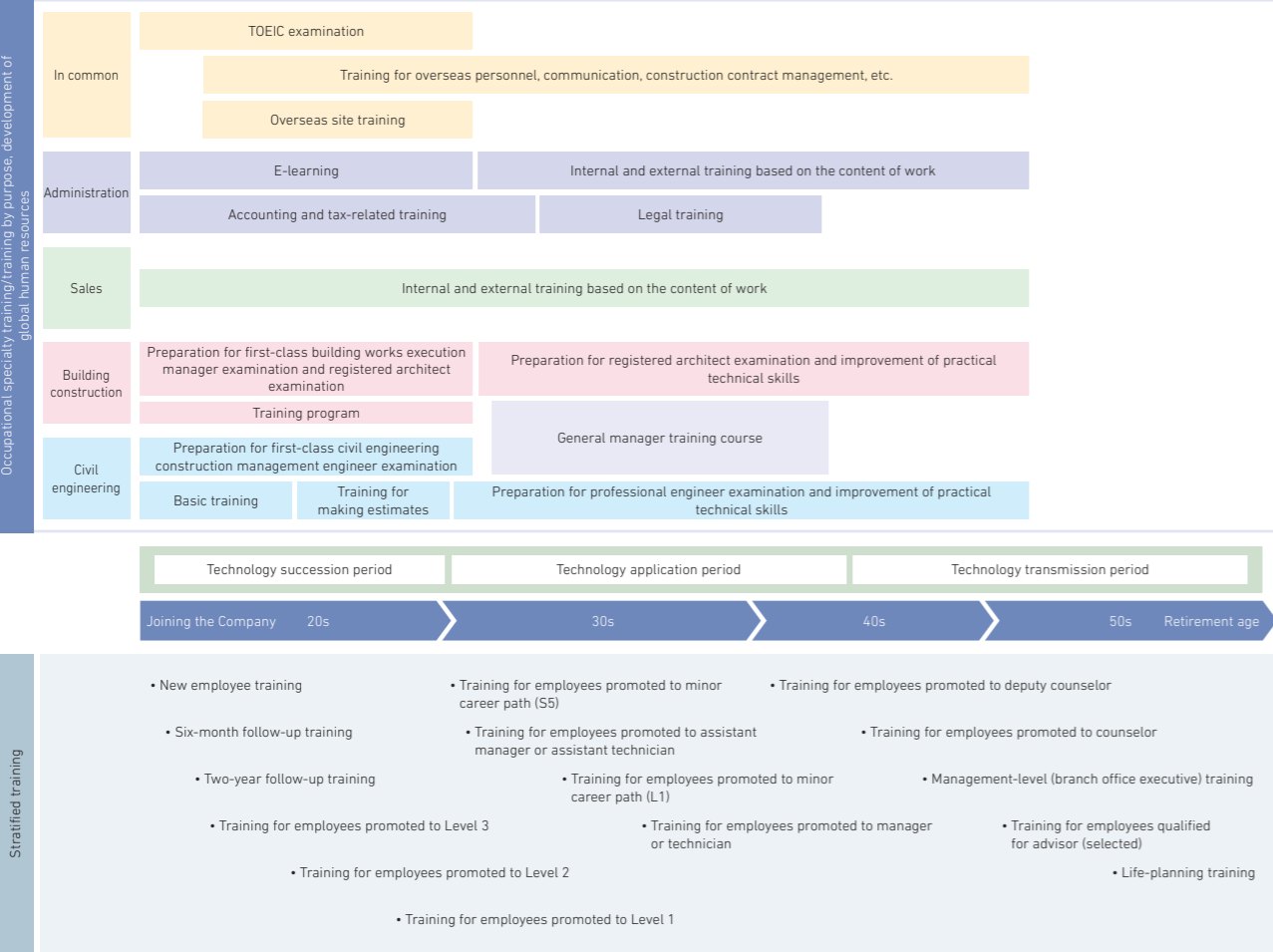
From now on, there will be various changes in the environment surrounding the business, e.g., external environment such as social and economic conditions, diversification of people’s sense of values and way of working, accelerated evolution of digital technology, and hence, it is easy

to imagine that the pace of change will be further accelerating. For this reason, we will, in addition to the above, aim to develop:

- human resources who can respond to the pace of change and lead it
- human resources who can make the optimum decision depending on the situation when facing a difficulty (situation beyond anyone’s experience, i.e., situation where there is no right answer)

and on the basis of the verification of ongoing training programs, we will introduce and implement an early development program for young technical staff and a development program for next-generation leaders.

In-house education and training programs



Support for acquisition of recommended qualifications

|                       |   |
|-----------------------|---|
| Civil engineering     | Professional Engineer, Civil engineering construction management engineer, Marine work operation and management engineer, Concrete engineer, Fisheries construction management engineer, Licensed electrical engineer, etc. |
| Building construction | Registered architect, Building works execution manager, Plumbing work operation and management engineer, Electrical work operation and management engineer, etc.  |
| Administration        | Construction industry accountant, Health supervisor, Residential land and building trader, etc.   |

Number of participants in training (cumulative total number)

| Training type                   | 2021 | 2022 | 2023 |
|---------------------------------|------|------|------|
| Stratified training             | 359  | 477  | 877  |
| Training by purpose             | 69   | 227  | 472  |
| Occupational specialty training | 786  | 944  | 884  |

Training hours and cost per person

|                        | 2021    | 2022    | 2023    |
|------------------------|---------|---------|---------|
| Training hours (hours) | 31.10   | 29.20   | 35.70   |
| Training cost (yen)    | 116,748 | 129,024 | 152,442 |

Results of development of global human resources

|   | 2021 | 2022 | 2023 |
|---|------|------|------|
| Number of participants in overseas training and English language training | 1    | 5    | 5    |
| Number of staff accepted from overseas branches/subsidiaries              | 0    | 0    | 2    |

\*In fiscal 2021, we stopped accepting staff from overseas including overseas training due to the COVID-19 pandemic.

Support for subcontractors

In the construction industry, affected by the fast-declining birthrate and rapid aging of the population, the shortage of the rising generation is notable and the maintenance of supply chain has become a critical issue. The Company is implementing and considering various supports so that the member companies of “Toyo-kai,” the Company’s subcontractors association, can continue their business and ensure their continued growth.

(1) Conducting training sessions for first-class and second-class civil engineering construction management engineer

We conduct training sessions for first-class and second-class civil engineering construction management engineer for the employees of member companies. In fiscal 2023, 46 people attended the training session for second-class civil engineering construction management engineer, and 102 people attended the training session for first-class civil engineering construction management engineer, and many of them successfully passed.

Number of successful examinees of those who attended the training sessions for first-class and second-class civil engineering construction management engineer in fiscal 2023

|   | First exam                                 |                                | Second exam                                |  |                                |
|---|--|--------------------------------|--|--|--------------------------------|
|   | Number of participants in training session | Number of successful examinees | Number of participants in training session | Of them, those who had one’s experience thesis corrected | Number of successful examinees |
| First-class civil engineering construction management engineer  | 53   | 27                             | 49   | 1  | 15                             |
| Second-class civil engineering construction management engineer | 25   | 16                             | 21   | 16   | 33                             |

(2) Support for the Construction Career Up System (CCUS)

The CCUS, which registers or accumulates the qualifications and on-site working history records of skilled workers at construction sites, is a system to lead to the improvement of treatment of skilled workers and their future career development. For improving the registration rate of skilled workers, the Company is taking care of the registration procedures for those subcontractors who wish to register their employees and is bearing the cost of procedure. The number of supported companies over the past three years is 48, the registered skilled workers are 234, and the registration rate of skilled workers at our sites reached 71% in fiscal 2023.

(3) Introduction of the Excellent Foreman System

A foreman plays a particularly important role in all areas of operation related to health and safety, the environment, and quality at the construction site. In fiscal 2023, the Company introduced a system that recognizes a foreman particularly excellent in achievements and contributions and a model for others as an Excellent Foreman. We certified five Excellent Foremen in civil engineering and nine in building construction in fiscal 2024. The Group will continue to strengthen collaboration with subcontractors and support the securing and developing of the rising generation to maintain the production system of our supply chain in the future.

(4) Terms of cash payments

The Company declares that to build new partnerships while promoting cooperation and mutual prosperity with supply chain partners and businesses engaged in value creation, we will ensure full cash payment to subcontractors and will not make unreasonable cost reduction requests.

A company where diverse human resources can demonstrate their individuality and ability

Basic concept

We believe that by developing workplaces where proactive collaboration is created with accepting diversifying individual personalities and values, human resources can demonstrate their creativity to the maximum, which will lead to the Company's activation and development, and therefore, we are considering and implementing various measures to improve the workplace environment.

Promotion of female participation

We have set a target of 20% for the female ratio of new graduates. Also, as an interim target, we set a goal to increase the number of women in the major career path in fiscal 2030 to 2.5 times compared with that of fiscal 2020, and the number of female managers to five times. In addition, we are developing the environment for women's active participation, by introducing a system that allows those staff who gave up continuing their career due to marriage or childcare to return to the Company when the matter is resolved (the Comeback System), a system of appointment from a minor career path to a major career path, and women's working wear, as well as by installing women-only comfortable toilets at sites (113 units at 62 sites in fiscal 2023) and conducting training for male staff (female participation, menses, etc.). In 2020, we were awarded the Eruboshi Certification as an excellent company promoting female participation.



| Trends in hiring women for major career path (new graduates) (FY) |       |       |       |
|---|-------|-------|-------|
|   | 2022  | 2023  | 2024  |
| Civil engineering   | 2     | 3     | 10    |
| Building construction   | 2     | 3     | 3     |
| Administration  | 1     | 2     | 6     |
| Total of women in major career path                               | 5     | 8     | 19    |
| Total number of hiring of new graduates for major career path     | 42    | 72    | 77    |
| Percentage of women in major career path (%)                      | 12%   | 11%   | 25%   |
| Increase rate of women in major career path (from FY2020) (%)     | 118%  | 121%  | 164%  |
| (Reference)   |       |       |       |
| Percentage of female managers                                     | 0.64% | 0.61% | 0.67% |

Creating an environment in which post-retirement re-employed employees can actively participate

In fiscal 2022, the Company reformed its personnel system to create a work environment in which post-retirement re-employed employees can work enthusiastically with higher salaries and other improvements. By reforming the re-employment system, we will continue to develop an environment in which post-retirement re-employed employees can maximize their ability to demonstrate their many years of knowledge and experience and transfer their skills to the next generation.

| Trends in the number of post-retirement re-employment (FY) |      |      |      |
|--|------|------|------|
|  | 2021 | 2022 | 2023 |
| Number of employees at the official retirement age         | 40   | 42   | 35   |
| Number of re-employment employees                          | 28   | 37   | 31   |

Development of global human resources

The Company provides practical OJT training in Japan for foreign engineers from the Philippines and Nepal, etc., with a goal of teaching sophisticated skills to develop excellent engineers who will be able to play active roles whether at home or abroad. Those foreign engineers are now playing a wide range of roles in various fields. We continue to develop foreign engineers and skilled workers in order to expand their job scope, and will hire and develop foreign engineers more actively, mainly for our growth driver such as the offshore wind power construction business and overseas construction business. In addition, local staff at our local subsidiary in

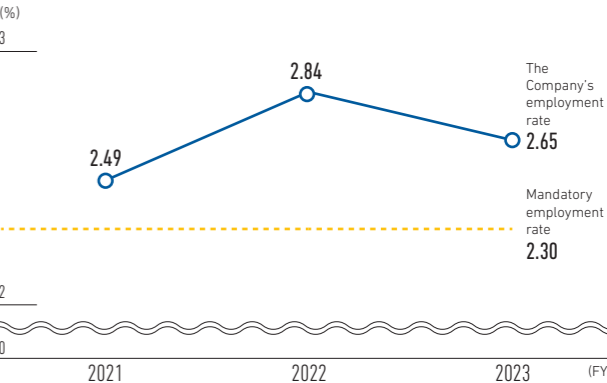
the Philippines have grown into core human resources responsible for management and administration.



Promotion of employment of the handicapped

We understand the handicap or characteristics of each person at the recruitment interview or the regular meeting to consider the type of employment and job type. Also, we develop the environment so that handicapped people feel comfortable to work by communicating with them before commencing the job and at closing time.

Employment rate of the handicapped (as of June 1, each year)



New graduate recruitment

We undertake recruitment activities with a student focus in mind, emphasizing candidates in their 20s and 30s, on whose shoulders the future of the Company rests, and more specifically, women who will serve as role models. Efforts include appointing young engineers to recruiter positions, providing recruiter training to young employees, and implementing information sessions by female employees.

Recruitment of new graduates remains extremely challenging in many industries, including ours. Against this backdrop, we aim to promote a deeper understanding of the businesses we pursue and provide insights into the construction industry itself through internships, tours at construction sites and research facilities, and social gatherings with young employees.

As a new approach to enhanced recruitment activities, we began airing a TV commercial in September 2024. Highlighting our people's enduring commitment to our planet, the commercial shows our employees at the Head Office, at research facilities, and at marine civil engineering and construction sites. It also showcases our self-propelled multipurpose vessel AUGUST EXPLORER and a self-propelled, cable-laying vessel under construction.

Our commercial is currently being aired on *news zero*, a late-night news program run on Nippon TV networks.



Scene from Toyo Construction's television commercial

Click the link below to view our commercial.



120-second version of Toyo Construction television commercial  
<https://www.youtube.com/watch?v=XPd6hqH9TGk>

Trend in the number of new graduates (FY)

|                | 2022 | 2023 | 2024 | 2025 (Plan) |
|----------------|------|------|------|-------------|
| Planned number | 70   | 70   | 92   | 100         |
| Actual number  | 45   | 75   | 83   | —           |

Mid-career hiring

In addition to the existing civil engineering and building construction businesses, we actively engage in mid-career hiring for entry into the offshore wind power construction business. Since fiscal 2023, the introduction of new hiring methods and the implementation of a selection and hiring process more attentive to job seekers have significantly increased the number of hires. Also, in order to respond to the diversification of human resources needs, we are considering the introduction of a non-conventional type of employment or system.

Trend in the number of mid-career hiring (FY)

|                  | 2021 | 2022 | 2023 |
|------------------|------|------|------|
| Number of hiring | 1    | 3    | 9    |
| Male             | 1    | 3    | 8    |
| Female           | 0    | 0    | 1    |

Thoroughly respecting human rights

**Basic concept**

Under the principle of “Respect for Human Dignity” as one aspect of our corporate identity, the Group aims to be a company where diverse human resources can demonstrate their attractive features to the maximum by developing individuality and the strength of each and every staff, regardless of gender, nationality, or academic record.

Implementation of human rights due diligence

**Conducting internal education and enlightenment activities**

The Company held a study session on business and human rights in January 2024 to raise awareness of our commitment to respecting human rights within the Company. The session had employees learn key points and procedures to consider when engaging in business and human rights initiatives.

**Three priority human rights themes**

Human rights theme 1: Unfair treatment of foreign workers in the supply chain

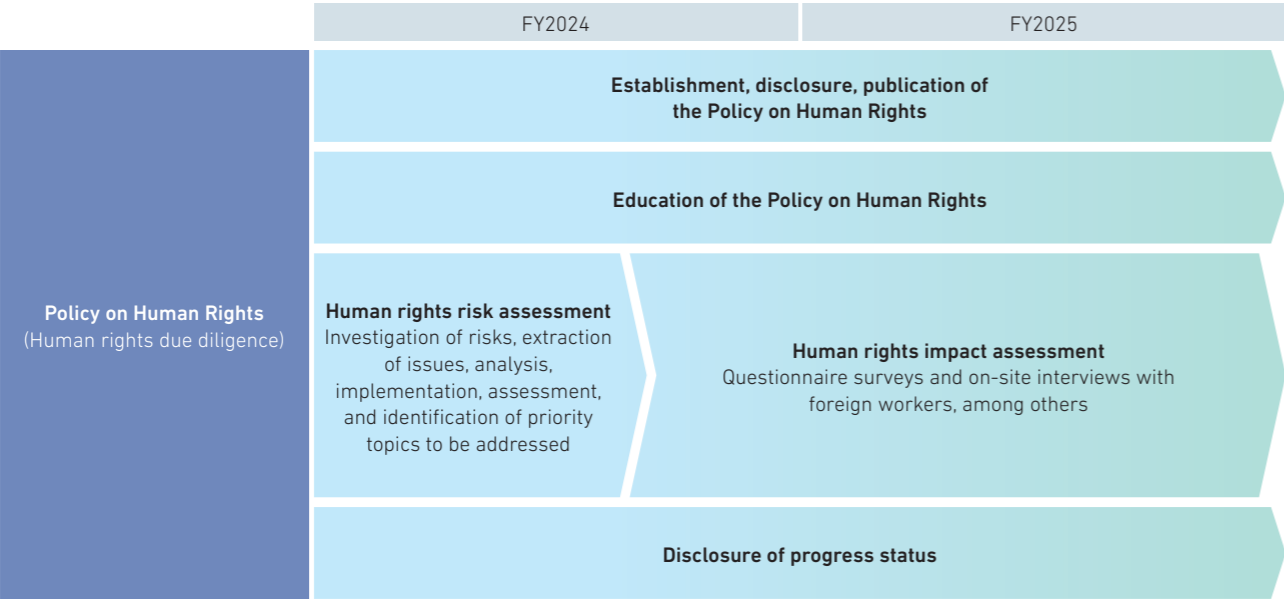
Human rights theme 2: Mental and physical effects of power harassment, etc., on workers in the supply chain

Human rights theme 3: Restrictions on access to remedies by workers within the Company, within the Group, and in the supply chain

**Human rights impact assessment**

In the second half of fiscal 2024, the Company conducted questionnaire surveys and on-site interviews with foreign workers at our construction sites under the theme “Human rights theme 1: Unfair treatment of foreign workers in the supply chain” to assess the impact on human rights. We will continue to identify issues that need to be addressed and take necessary measures.

Implementation flow of human rights due diligence



Achieving appealing treatment

**Basic concept**

Since the Toyo Construction Group believes that ease of working or appealing treatment to increase job satisfaction should be necessary for recruiting human resources, we are making efforts to establish a personnel system to realize them. In addition, taking into account the engagement status of employees in the Group, we are considering and developing measures to contribute to improving employees’ engagement.

Provision of competitive treatment

In addition to a review of the grade system for enabling fast-tracking of young staff and the expansion of additional rewards for highly praised staff, the Group has implemented new measures to improve welfare including revising the Company housing system, introducing financial aid for health screening of the spouses of staff, and introducing a welfare outsourcing service to help officers, staff, and their families lead healthy and fulfilling lives, both physically and mentally. Moreover, we treat a transfer as an achievement (contribution to the Company’s business) and have established a new relocation allowance paid separately from the existing allowance and a qualification allowance intended to promote early acquisition of official qualifications, improve the Company’s technical capabilities, and create a virtuous cycle of increased corporate value. To provide attractive treatment for our staff and for those wanting to join the Group, we will continue to improve our compensation level and expand our welfare.

Improvement of employee engagement

For corporate growth, a trust-based relationship between the Company and employees is vital, and it is essential to improve employee engagement by satisfying elements such as job satisfaction or motivation improvement as well as by providing attractive treatment. The Company will introduce a regular monitoring of employee engagement and will consider and implement measures to contribute to improving engagement.

Realization of sustainable society by CSR activities

Offered special child-oriented tours “See Tokyo Port from the sea with your family” and “Tokyo Port—Let’s learn from the sea” [Head Office]

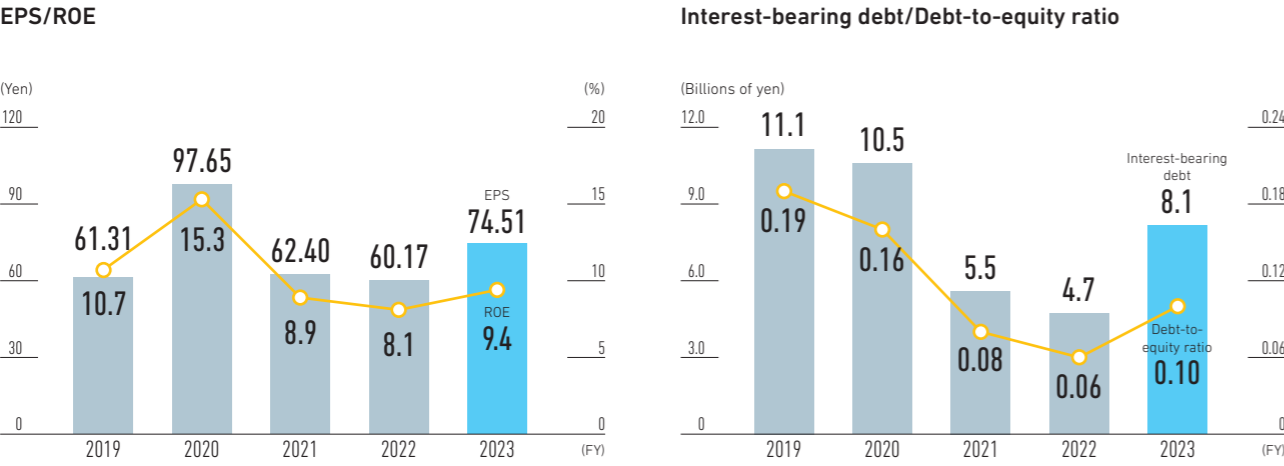
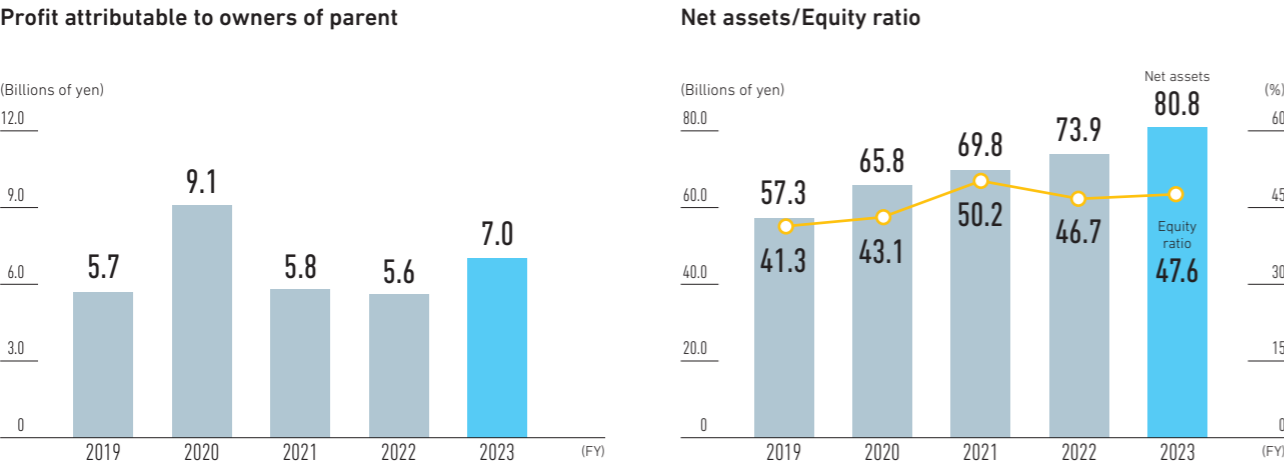
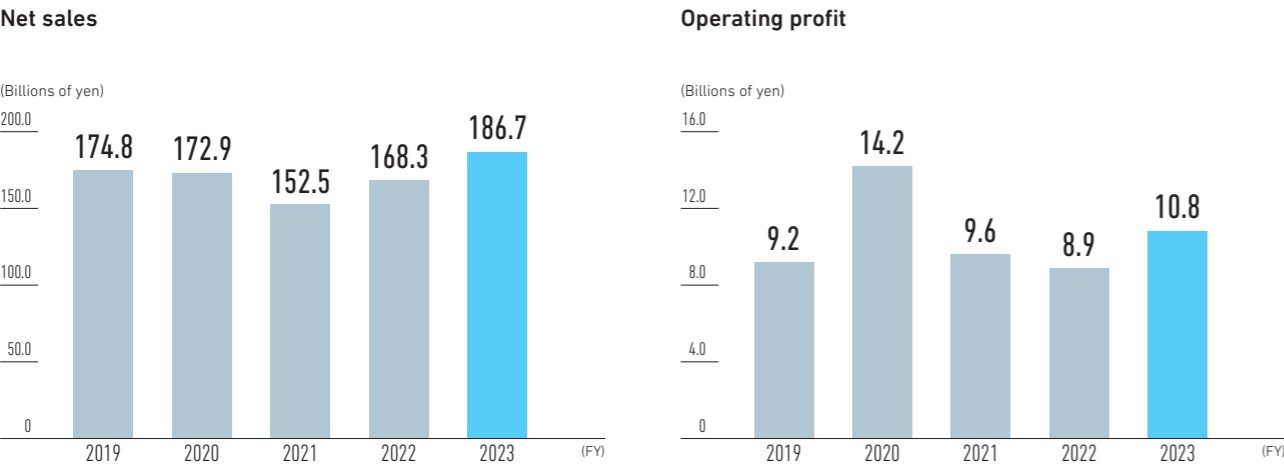
To assist the National Movement to Support Children’s Futures, being promoted by the Children and Families Agency, we have been organizing an observation tour of Tokyo Port since fiscal 2023. The purpose of the tour is to invite children and parents in economically difficult circumstances and deepen their understanding of the roles of ports and harbors and the work of marine contractors by viewing structures from the sea aboard a cruise ship as part of their summer vacation social studies learning. In July and August of 2024, we invited 13 groups of 31 parents and elementary school students and 18 groups of 36 parents and junior high school students registered with the Council of Organizations for Child Poverty and Educational Support. The tour for junior high school students included a visit to Tokyo Port and learning about the blue carbon ecosystem, as well as surveying as part of their experience of construction work. In the questionnaire replies after the tour, we obtained feedback such as “I enjoyed taking a cruise for the first time,” “I could think about global warming,” and “I learned about calculations to determine factors such as the elevation.” We will continue this program going forward in hopes that the experience will create memories and help the children’s future.



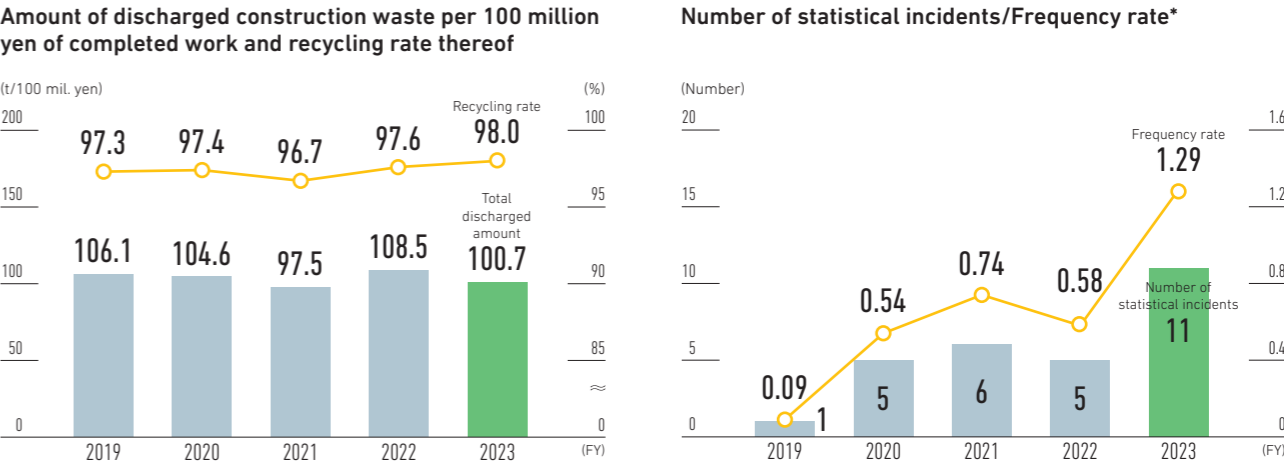
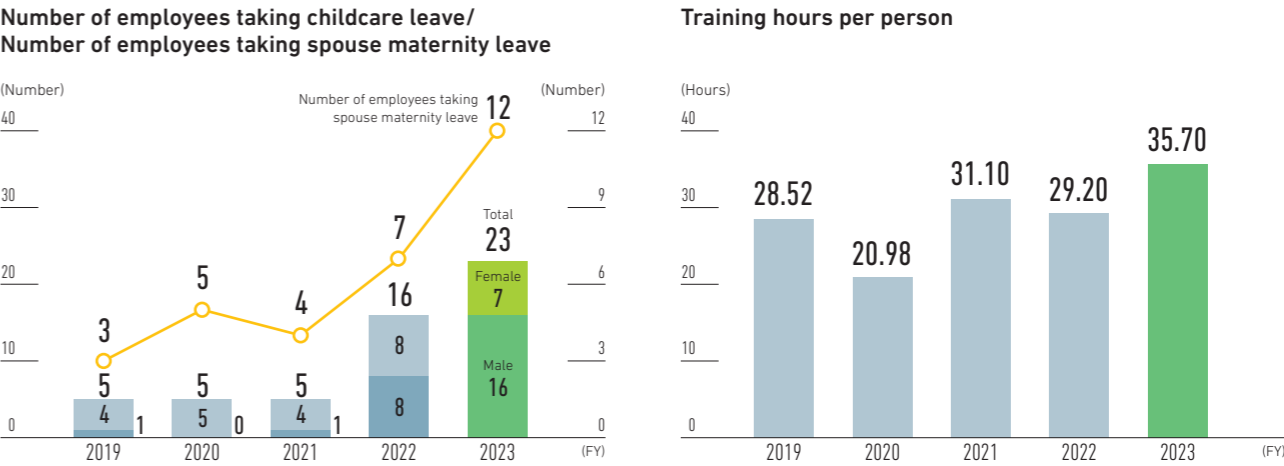
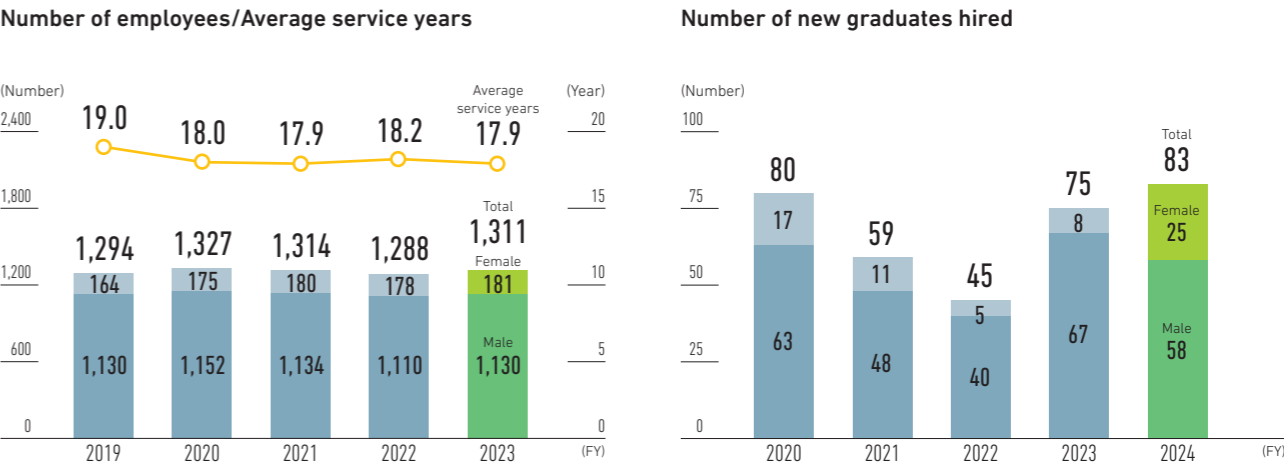
Photographing structures visible from the sea

Financial and Non-Financial Highlights

Financial highlights (consolidated)



Non-financial highlights (non-consolidated)



\*Frequency rate: The number of casualties caused by occupational accidents per million total actual working hours; an indicator that shows frequency of accident occurrence

Corporate Data of Toyo Construction Group (As of September 30, 2024)

Company profile

|  |  |
|--|--|
| Company name                           | TOYO CONSTRUCTION CO., LTD.  |
| Date of establishment                  | July 3, 1929   |
| Representatives                        | Shinya Yoshida, Representative Director, Executive Chairperson & CEO<br>Tatsuyoshi Nakamura, Representative Director, President & COO<br>Hiromi Hirata, Representative Director and Executive Vice President |
| Head office                            | 1-105, Kandajimbocho, Chiyoda-ku, Tokyo  |
| Capital                                | 14,049,360 thousand yen  |
| Employees                              | 1,395 (non-consolidated),<br>1,730 (consolidated)  |
| Construction business license          | Minister of Land, Infrastructure, Transport and Tourism (Special – 4) No. 2405   |
| Real estate brokerage business license | Minister of Land, Infrastructure, Transport and Tourism (14) No. 1385  |
| Business domains                       | Construction (Marine & Civil Engineering, Building Construction), Real Estate, and Others  |

Primary offices

Hokkaido Branch Office (Sapporo City), Tohoku Branch Office (Sendai City), Kanto Branch Office (Chiyoda-ku, Tokyo), Kanto Architectural Construction Branch Office (Chiyoda-ku, Tokyo), Yokohama Branch Office (Yokohama City), Hokuriku Branch Office (Kanazawa City), Nagoya Branch Office (Nagoya City), Osaka Main Office (Osaka City), Chugoku Branch Office (Hiroshima City), Shikoku Branch Office (Takamatsu City), Kyushu Branch Office (Fukuoka City), International Division (Chiyoda-ku, Tokyo)

Technical research institutes

Technical Research Institute, Naruo (Nishinomiya City, Hyogo Prefecture), Technical Research Institute, Miho (Miho village, Inashiki county, Ibaraki Prefecture)

Overseas offices

Manila Office (Philippines), Hanoi Office (Vietnam), Jakarta Office (Indonesia), Yangon Office (Myanmar), Phnom Penh Office (Cambodia)

Group companies

- **Construction**  
TOMAC Corporation (Chiyoda-ku, Tokyo)  
Tachibana Kogyo Co., Ltd. (Takamatsu City)  
Kusakabe Maritime Engineering Co., Ltd. (Kobe City)  
CCT CONSTRUCTORS CORPORATION (Makati, Metro Manila, Philippines)
- **Building management, construction, real estate-related business, environment, and sanitation**  
Tecos Co., Ltd. (Chiyoda-ku, Tokyo)
- **Insurance and services**  
Token Shoji Co., Ltd. (Chiyoda-ku, Tokyo)

Stock information

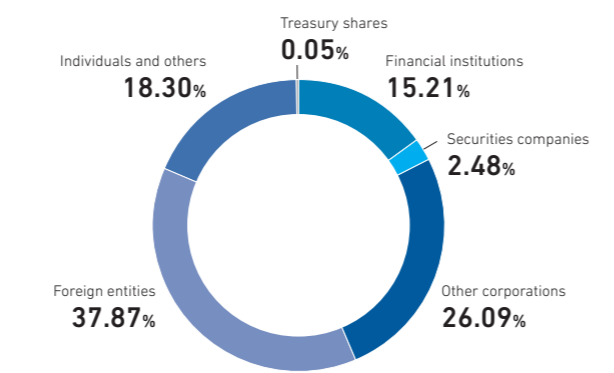
|                                       |  |
|---------------------------------------|--|
| Total number of shares authorized     | 320,000,000 shares                           |
| Total number of shares issued         | 94,371,183 shares                            |
| One unit of shares                    | 100 shares                                   |
| Number of shareholders                | 31,454                                       |
| Shareholder registry administrator    | Mitsubishi UFJ Trust and Banking Corporation |
| Record date of dividend payment       | March 31 (Interim: September 30)             |
| Listed financial instruments exchange | Tokyo Stock Exchange Prime Market            |

Major shareholders

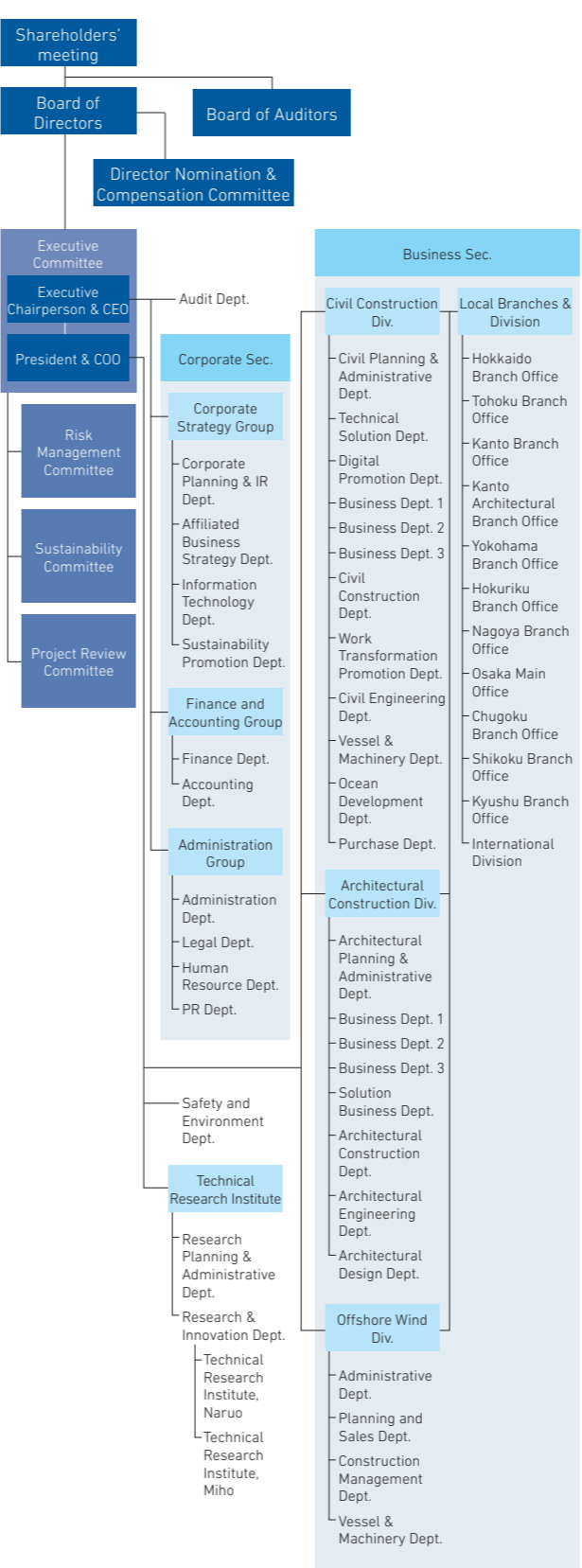
| Name   | Status of shares                        |                           |
|--|---|---------------------------|
|  | Number of shares held (thousand shares) | Ratio of shareholding (%) |
| MAEDA CORPORATION                                    | 19,047                                  | 20.19                     |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 9,804                                   | 10.39                     |
| WK 1 Limited   | 9,200                                   | 9.75                      |
| WK 2 Limited   | 9,190                                   | 9.74                      |
| WK 3 Limited   | 5,890                                   | 6.24                      |
| Godo Kaisha Yamauchi-No.10 Family Office             | 2,627                                   | 2.78                      |
| Toyo Construction Kyoei-Kai                          | 1,818                                   | 1.92                      |
| BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)           | 1,797                                   | 1.90                      |
| Custody Bank of Japan, Ltd. (Trust Account)          | 1,716                                   | 1.81                      |
| MUFG Bank, Ltd.                                      | 1,300                                   | 1.37                      |

Note: Ratio of shareholding is calculated by deducting the treasury shares (44,654 shares).

Shareholder distribution



Organization chart (as of October 1, 2024)



History

|      |  |
|------|--|
| 1929 | Establishment of Hanshin Harbor Construction Co., Ltd. with joint-funding by the South Manchuria Railway and Yamashita Kisen (Yamashita Steamship) Co., Ltd. for the purpose of reclaiming a site fronting on Naruo, Nishinomiya City, Hyogo Prefecture and constructing an industrial harbor. President: Kamesaburo Yamashita, Head Office: Sakaemachi-dori, Kobe |
| 1932 | Start of business as construction contractor in addition to Naruo reclamation project.   |
| 1938 | Naruo Reclamation Project interrupted due to war.  |
| 1946 | Received order for Tonegawa River dredging project (Chiba Prefecture) as first project after war.  |
| 1961 | Listed in Second Section of Osaka Stock Exchange.  |
| 1962 | Listed in Second Section of Tokyo Stock Exchange.  |
| 1964 | Decision to resume Naruo reclamation project.<br>Trade name changed to Toyo Construction Co., Ltd.<br>Listed in First Sections of Tokyo and Osaka Stock Exchanges.   |
| 1970 | Absorption merger of Hitachi Zosen Coastal Construction Co., Ltd.  |
| 1972 | Singapore Sales Office opened (start of advance into overseas markets).  |
| 1973 | Manila Sales Office (Philippines) opened.  |
| 1976 | Architectural Construction Dept. and Sales Dept. established (advanced into construction field).<br>Joint venture company CCT established in Philippines.<br>Name of Tokyo Headquarters changed to Tokyo Head Office.<br>Completed Naruo reclamation project.  |
| 1984 | Naruo Engineering Center opened (now Technical Research Institute, Naruo).   |
| 1995 | Participated in Great Hanshin-Awaji Earthquake recovery.   |
| 2002 | Announcement of business cooperation with Maeda Corporation.   |
| 2003 | Announcement of Toyo Value-Up Plan (strengthening of cooperation with Maeda Corp., capital increase, etc.).  |
| 2011 | Participated in Great Tohoku Earthquake recovery.  |
| 2016 | Completion of self-propelled multipurpose vessel AUGUST EXPLORER   |
| 2022 | Transition from First Section to Prime Market prompted by market restructuring of Tokyo Stock Exchange   |
| 2023 | Signed contract for construction of cable-laying vessel.   |
| 2024 | Established Offshore Wind Division.<br>Established CEO and COO positions.  |