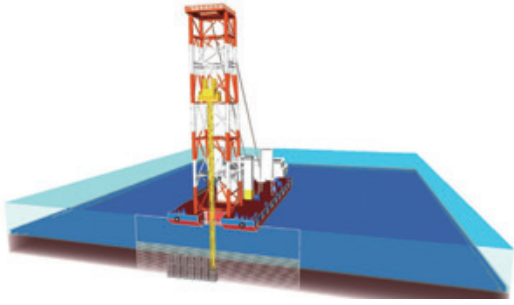


TOYO CONSTRUCTION CO., LTD.
Business Administration Div., Public & Investors Relation Dept.
Jinbocho Mitsui Building
1-105, Kandajimbocho, Chiyoda-ku, Tokyo 101-0051
TEL. 03-6361-2691
<https://www.toyo-const.co.jp/>



A project to construct a new container terminal in Yokohama Shin-Honmoku region has been going on since FY 2019, and two of our own soil improvement vessels, DCM No.6 and No.8, are working in the project. Though not shown in the cover page photo, the DCM vessels are working on the construction (soil improvement) to stabilize soft seabed, as shown in the picture above.

CORPORATE REPORT 2020



Be a company to fulfill responsibility towards human and the planet Earth.

Toyo Construction's basic principle is put in the "Corporate Identity" announced in the business plan released in 1979, and it aims for fulfilling a social mission through our occupation, i.e., construction business.

And the behavioral guideline for officers and staff for achieving the goal is the "Code of Conduct" established in 2005 based on the Corporate Identity. Implementation of the Corporate Identity by all officers and staff will lead to our commitment to realization of a sustainable society.

■ Toyo Construction's Corporate Identity / Code of Conduct

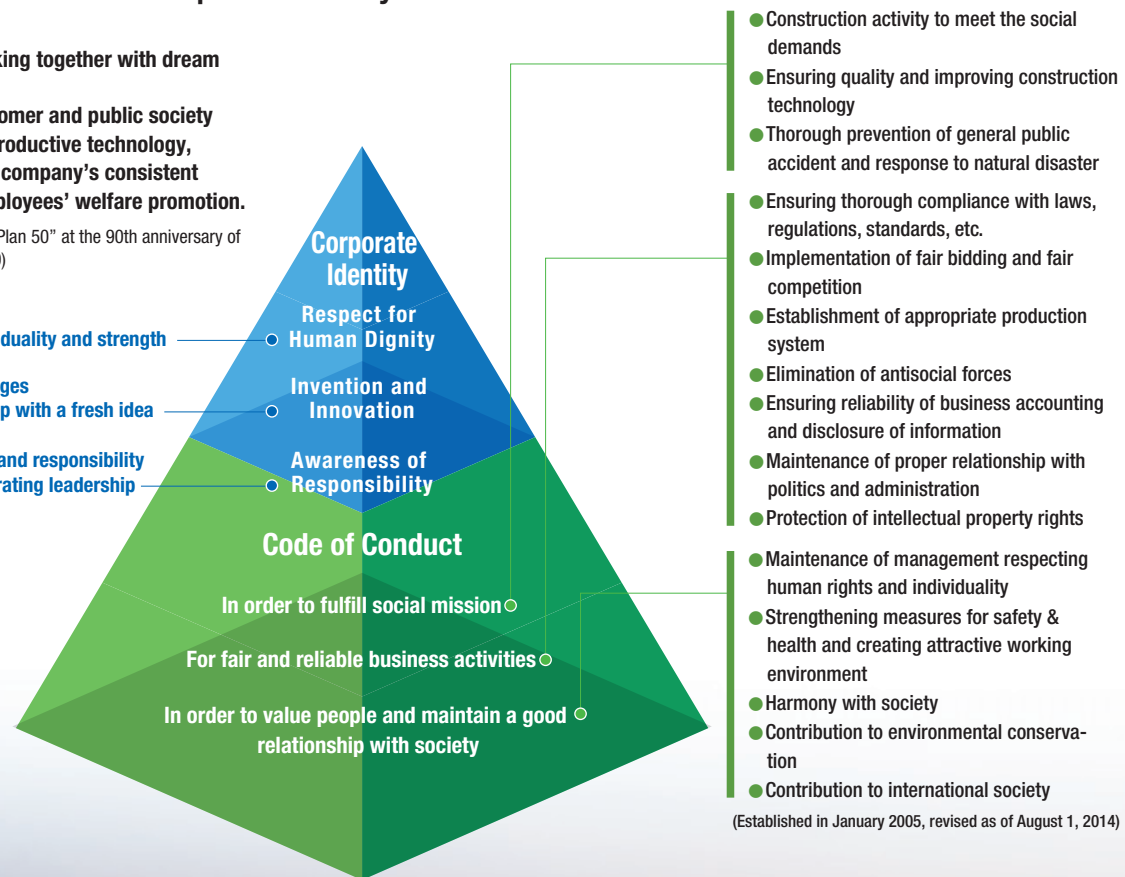
Everybody working together with dream and youth, devoted to customer and public society with new and productive technology, striving toward company's consistent growth and employees' welfare promotion.

(Established in the "Plan 50" at the 90th anniversary of the founding in 1979)

Training people
Developing individuality and strength

Adapting to changes
Always coming up with a fresh idea

Clarifying vision and responsibility
Always demonstrating leadership



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■ Editorial policy

The Company is engaged in various environmental and social activities based on the "CSR Basic Policy of Toyo Construction". In order to widely inform you of our activities, we have issued the environmental report since 2000, the environmental & social report by adding description of social dimension since 2009, and the CSR report to report our activities for establishment of a sustainable society since 2011. Finally, since 2014, we have issued the "CORPORATE REPORT" for providing our past year's activities comprehensively and gaining your understanding about our overall business activities by adding financial information such as the performance trend and business overview. We position the CORPORATE REPORT as an important tool for disclosure and will continue to make it more reader-friendly and easier to understand referring to your valuable feedback. Please feel free to send us your frank feedback on this report. We will listen sincerely to your voices and use them for future reference.

■ Subject organization

TOYO CONSTRUCTION CO., LTD. is the subject of this report. Some items include information of consolidated subsidiaries.

■ Subject area

The report provides the basic policy of economic / social / environmental dimension and activity record for FY 2019 of the subject organization stated above.

■ Period covered

From April 2019 to March 2020

Note: Some information is reported including the latest information just before the issue of this report.

■ Reference guideline

- "Environmental Report Guideline (2012 edition)", Ministry of the Environment
- GRI standards
- "Environmental Accounting Guideline in Construction Industry (2002 edition)", Three construction contractors (Japan Federation of Construction Contractors, Inc.)

■ Year and month of publication

September 2020

Umi-no-Mori Water Stadium

Company Profile

| | |
|---|--|
| Company Name | : TOYO CONSTRUCTION CO.,LTD. |
| Date of Establishment | : July 3rd, 1929 |
| President | : Kyoji Takezawa |
| Head Office: | : 1-105, Kandajimbocho, Chiyoda-ku, Tokyo |
| Main Office | : 4-1-1 Koraihashi, Chuo-ku, Osaka-shi, Osaka |
| Capital | : 14,049,360 thousand yen |
| Employees | : 1,294 (non-consolidated), 1,619 (consolidated) (As of March 31, 2020) |
| Construction Business License | : Minister of Land, Infrastructure, Transport and Tourism (Special - 29) No. 2405 |
| Real Estate Brokerage Business License: | : Minister of Land, Infrastructure, Transport and Tourism (13) No. 1385 |
| Business Domain: | : Construction (Marine & Civil Engineering, Building Construction), Real Estate and Others |

Primary offices

Head Office: 1-105, Kandajimbocho, Chiyoda-ku, Tokyo
 Hokkaido Branch Office (Sapporo city), Tohoku Branch Office (Sendai city), Kanto Branch Office (Chiyoda-ku, Tokyo), Kanto Architectural Construction Branch Office (ditto), Yokohama Branch Office, Hokuriku Branch Office (Kanazawa city), Nagoya Branch Office, Osaka Branch Office, Chugoku Branch Office (Hiroshima city), Shikoku Branch Office (Takamatsu city), Kyushu Branch Office (Fukuoka city), International Division (Chiyoda-ku, Tokyo)

Technical Research Institute

Technical Research Institute, Naruo (Nishinomiya city, Hyogo pref.), Technical Research Institute, Miho (Miho village, Inashiki county, Ibaraki perf.)

Overseas offices

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

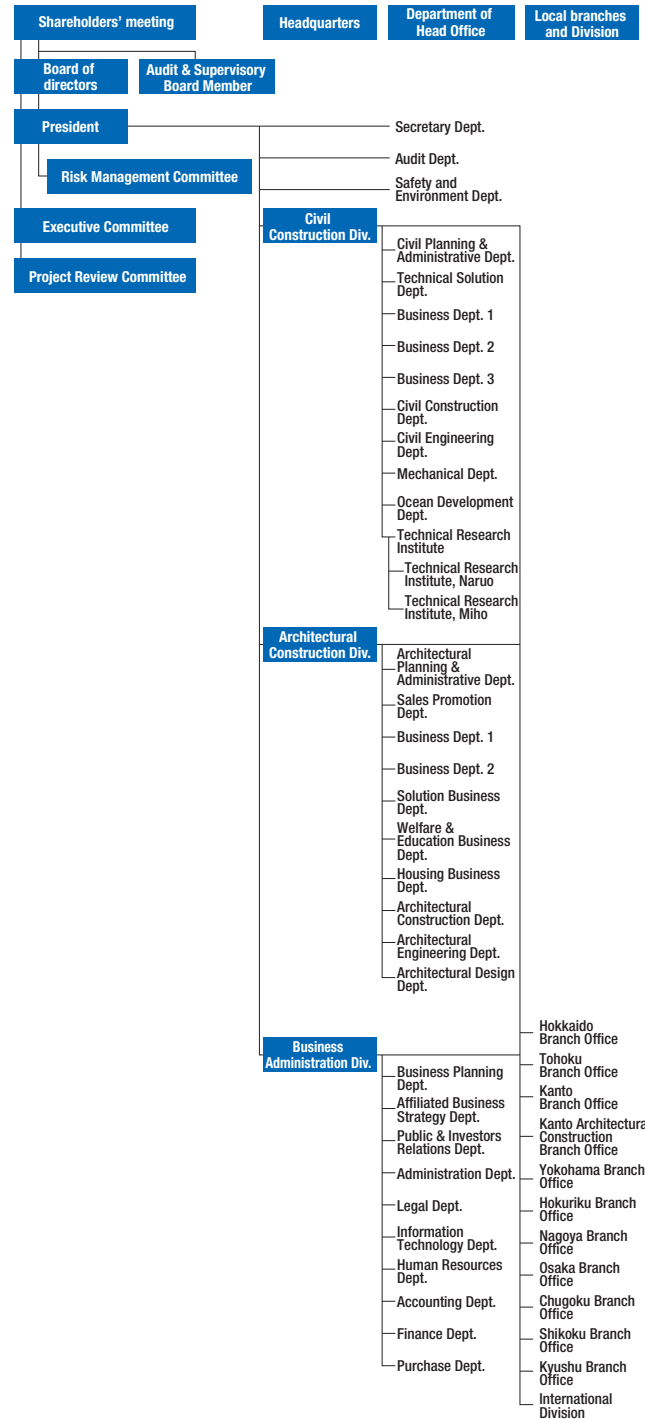
Group Companies

- Construction (marine Engineering, civil Engineering)**
 TOMAC CORPORATION (2-1-8, Kandanshikicho, Chiyoda-ku, Tokyo)
 Tachibana Kogyo Co., Ltd. (32-45, Asahishinmachi, Takamatsu-shi, Kagawa)
 Kusakabe Maritime Engineering Co., Ltd. (5-1-14 Hamabedori, Chuo-ku, Kobe-shi, Hyogo)
- Building Construction (Architecture / Maintenance, renovation, etc.)**
 Token Service Co., Ltd. (2-20-4 Kandamisaki-cho, Chiyoda-ku, Tokyo)
 Token Techno Co., Ltd. (1-25-1 Naruohama, Nishinomiya-shi, Hyogo)
- Building Construction (overseas subsidiary in Philippines)**
 CCT CONSTRUCTORS CORPORATION.
 (109 ESTEBAN ST.,LEGASPI VILLAGE,MAKATI CITY 1229,PHILIPPINES)
- Real Estate Business**
 Token Real Estate Co., Ltd. (5-28-7 Shimbashi, Minato-ku, Tokyo)
- Agent for Life and Non-life insurance firms, Lease & Merchandising, Travel agency**
 Token Shoji Co., Ltd. (3-19 Kandanshikicho, Chiyoda-ku, Tokyo)
- Manufacture, sales, rental, and maintenance of indoor & outdoor toilet facilities**
 Orient Ecology Co., Ltd.
 (1-105, Kandajimbocho, Chiyoda-ku, Tokyo)

Stock information (as of March 31, 2020)

| | |
|---------------------------------------|--|
| Total number of authorized shares | : 320,000,000 shares |
| Total number of issued shares | : 94,371,183 shares |
| One unit of shares | : 100 shares |
| Number of shareholders | : 16,334 |
| Shareholder registry administrator | : Mitsubishi UFJ Trust and Banking Corporation |
| Listed financial instruments exchange | : Tokyo Stock Exchange |

Organization Chart

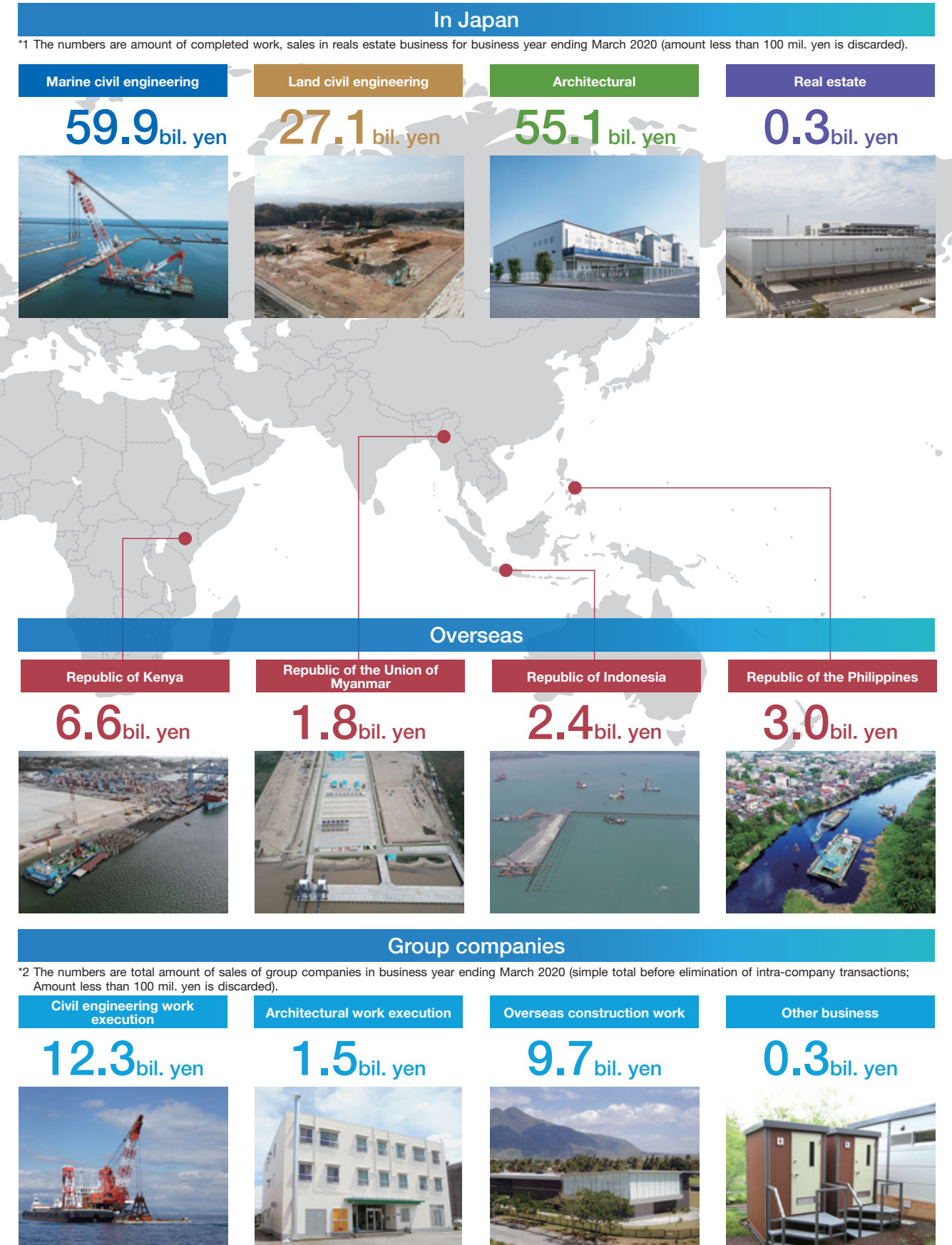


Big shareholders (as of March 31, 2020)

| Name of shareholder | Status of shares | |
|---|---|-----------------------------|
| | Number of shares held (thousand shares) | Ratio of share holding* (%) |
| MAEDA CORPORATION | 19,047 | 20.19 |
| Custody Bank of Japan, Ltd. (account in trust) | 5,218 | 5.53 |
| The Master Trust Bank of Japan, Ltd. (account in trust) | 4,762 | 5.04 |
| Toyo Construction Kyoei-kai | 2,563 | 2.71 |
| BNY GCM CLIENT ACCOUNT JPRD AC ISG(FE-AC) | 1,847 | 1.95 |
| Custody Bank of Japan, Ltd. (account in trust 9) | 1,602 | 1.69 |
| DFA INTL SMALL CAP VALUE PORTFOLIO | 1,578 | 1.67 |
| MSIP CLIENT SECURITIES | 1,540 | 1.63 |
| Custody Bank of Japan, Ltd. (account in trust 5) | 1,449 | 1.53 |
| MUFG Bank, Ltd. | 1,300 | 1.37 |

*Ratio of share holding is calculated by deducting the treasury shares (42,567 shares).

The Company's group, setting civil engineering and architectural construction business as our core business, develops construction-related business such as real estate rental business, toilet rental business for construction sites, and agent business of construction work insurance at home and abroad, and will further deepen and expand our business domain toward the 100th anniversary of the founding.



We introduce the history of Toyo Construction, expanding its range of fields from marine to land, and toward overseas and architecture.

1st stage 1929 - 1945 Establishment of company and advance into contract business

On July 3, 1929, the Company was established as Hanshin Harbor Construction Co., Ltd. with joint-funding by the South Manchuria Railway and Yamashita Kisen Co., Ltd. (present Mitsui O.S.K. Lines, Ltd.) for the purpose of reclaiming a site fronting on Naruo village of Muko county, Hyogo pref. (present Nishinomiya City) and constructing a big industrial harbor. The Naruo Reclamation Project started in October 1933, however, was suspended due to the outbreak of the China-Japan War. Later, the Company advanced into contract business to utilize its own dredgers, and strengthened its credibility by completing the reclamation work for Saeki naval air corps site. By the end of the World War II, it became one of the best contractors in the area of reclamation & dredging.



First President: Kamesaburo Yamashita



• Establishment of the Company

1929

1932

• The Company advanced into contract business, including Naruo Reclamation Project



Reclamation planning drawing of that time



Reclamation work for Saeki naval air corps site (Oita pref.)

2nd stage 1945 - 1972 Emergence of dredging and reclamation boom

After the war, the Company was put in a difficult position in reversal, however, extricated itself from adverse circumstances triggered by receiving the order for embankment work of Tonegawa River area in 1946. From around 1960, the budget for port improvement was increased, and so-called "dredging & reclamation boom" emerged, then the Company also participated in many reclamation projects in coastal industrial zones that served as a basis of Japan's rapid growth, including Mizushima port in Okayama pref., etc. The Naruo Reclamation Project, suspended during the war, was resumed in 1967 after discussions with related parties, then completed the last section for reclamation in 1976. Although the Company experienced difficulties selling the land due to the changes in the economic environment during the project, it completed the sale in 1982. This reclaimed area is named as "Naruohama" and many companies are located now.

• Received order for Tonegawa River dredging project (Chiba Pref.) as first project after the war

1946

1962

• Listed in Second Section of Tokyo Stock Exchange

1964

• Trade name changed to Toyo Construction Co., Ltd.
• Listed in First Sections of Tokyo and Osaka Stock Exchanges

1972

• Singapore Sales Office opened (start of advance into overseas markets)



Status of Naruo Reclamation Project (April 1973)



Current Naruohama (Hyogo pref.)

3rd stage 1973 - 1999 Advance into architecture and overseas

The Company, after establishing a solid position as a marine contractor, advanced into overseas business in 1972. Particularly, in Philippines, the Company has the longest history among Japanese construction companies, and Philippines has been the key base. In 1976, the Company also advanced into architectural construction business, and achieved growth as a general contractor. At the Great Hanshin Awaji Earthquake, occurred on January 17, 1995, the Company, as a company of Kansai origin, performed a pivotal role for early recovery and reconstruction of Kobe port.

• Overseas Business Dept. established (current International Division)
• Received order for Navotas Fishing Port Construction Project (Philippines)
• Manila Sales Office (Philippines) opened

1973

1976

• Architectural Construction Dept. and Sales Dept. established (advanced into construction field)
• Joint venture company CCT established in Philippines
• Name of Tokyo Headquarters changed to Tokyo Head Office



Navotas Fishing Port Construction Project (Philippines)



Loisir Hotel, Naha (Okinawa pref.)



Rokko Island quay disaster relief urgent work (Hyogo pref.)

4th stage 2000 - 2020 Toward the 100th anniversary of the founding

With advent of the 21st century, importance of ensuring people's safety and security, enhancing international competitiveness, and constructing infrastructure in developing countries are growing. In particular, natural disasters occur frequently in recent years, therefore, making efforts to prevent and mitigate disasters is a major theme. The Company will, in the future as well, continue to contribute to improvement of infrastructure that is diversifying at home and abroad, by making efforts to demonstrate advanced technical capability, and will be a company able to meet your expectation toward the 100th anniversary of the founding.

• Received company-wide ISO14001 certification

2001

• Announcement of business cooperation with Maeda Corporation

2002

2011

• Engaged in Great Tohoku Earthquake recovery

2019

• the 90th anniversary of the founding

2020

• The new Mid-term Business Plan started (FY 2020 - 2022)



Tokyo International Airport (Haneda Airport) Runway D construction (Tokyo)



Waste materials landfill, embankment & construction work for Central pier area of Hitachinaka port area of Ibaraki harbor (Ibaraki pref.)



Umi-no-Mori Water Stadium (Tokyo)



Musashino Co., Ltd., Okinawa factory (Okinawa pref.)



Development construction of container terminal of Mombasa Port (Kenya)



Construction of container terminal of Thilawa Port (Myanmar)



We hereby have commenced the new Mid-term Business Plan looking ahead ten years, the 100th anniversary of the founding, in order to develop resilient and buoyant capacity of the Company.

TOYO CONSTRUCTION CO., LTD.
Kyoji Takezawa,
 Representative Director, President

business is different from domestic business. Lockdowns or travel restrictions have been imposed, but most importantly, the problem is the medical system. It varies among countries, but anyway, we have made actions placing ultimate priority on the safety of our staff.

I think this infection spread may be a turning point for us. If those things which were considered as difficult, like telework or web meeting, become “quasi-standard”, then they will lead to new development in the future, and also to the strength of the Company.

Please tell us about your evaluation of the previous mid-term Business Plan up to March this year.

When the previous plan started, the goal for 3 years seemed difficult to achieve, but fortunately, it was successfully achieved. Favorable winds actually blew, but I do thank officers and staff for their effort.

On the other hand, some measures raised in the area of non-numeric domain had less progress than expected. In domestic civil engineering business, it is the portfolio strategy, and we recognized the challenges again. This has been forwarded to the new mid-term Business Plan. Domestic architectural business contributed to the Company's performance through the three years. The segment profit has grown to the level comparable with the domestic civil engineering.

Domestic civil engineering business for the first year, and domestic architectural business for the second year, led the Company's profit, which has built the framework for mutual complement. And, when overseas business joins, it will be what we want to become.

The basic policy raised in the previous mid-term Business Plan, “Challenge to a new Stage”, was the same one in the mid-term Business Plan before the previous plan. This is because we thought that the “Strengthening management foundation by ensuring stable profit” was only halfway through, but now, we think we have reached to a certain level over the last three years. With this, we

can move on to a new challenge and have already stood on the “Stage” toward the goal in ten years.

Could you explain the point of the new mid-term Business Plan?

One of the major characteristics is that the new mid-term Business Plan (hereinafter “the Plan”) has been finalized looking toward the 100th anniversary of the founding in 2029. At first, we determined what Toyo Construction group wants to be at the 100th anniversary, then, we set the goals backward from it. The Plan is positioned as the first step for the three years.

The word “resilient” in the slogan “Being a resilient company” as adopted in the Plan means “strong and flexible.” By using this word, we show our determination “to be a sustainable company that maintains a consistent linchpin, responds flexibly to ever-changing environment, and is able to stand up to adversity”. On that basis, we have determined the basic policy as “In order to be transfigured to a resilient company, we will have a linchpin (origin), cultivate human resources, face the issues, increase value-added productivity”.

Concretely speaking, we have set the five themes as our top priority actions, that is, “Investment in Precious Human Resources”, “Maintaining Production System”, “Improvement in Value Added Productivity”, “Strengthening Profitability in Overseas Construction Markets”, and “Growth by Resolving Social Issues”. Particularly, “Growth by Resolving Social Issues” is aiming at so-called implementation of CSR management. Previously, we discussed the way of thinking about and dealing with CSR and SDGs (Sustainable Development Goals) and took a process of trial and error, and now, we are able to raise this theme in the Company's mid-term Business Plan for the first time.

First of all, please tell us how your company reacts to COVID-19.

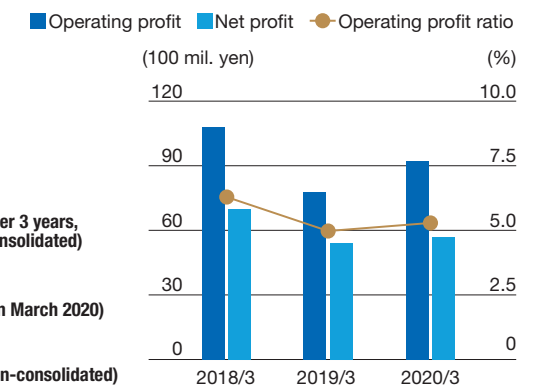
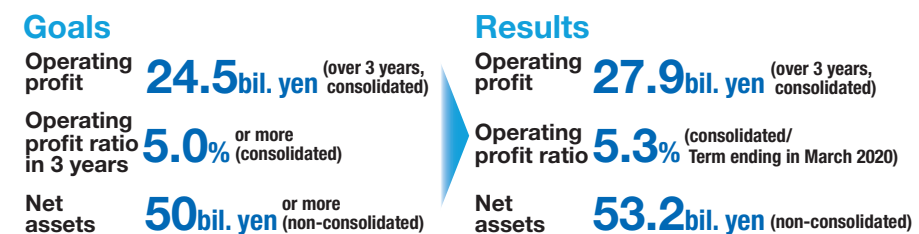
We have started information gathering since around February 2020 with a sense of crisis, and in March, we established a task force based on the business continuity plan. Fortunately, as no one is found to have an infection at our sites, we are continuing the works by taking measures to ensure the prevention of infection of construction workers. As for office workers, telework and flextime, or web meetings have been implemented. Currently, productivity is not unexpectedly decreased, however, I believe it is important to continue with maintenance of productivity.

What do you think COVID-19 will affect your business in the future?

As for the impact on our business, for domestic civil engineering, there will be little impact because public works are the major portion and there comes up social demand like disaster-prevention, disaster-mitigation, or the National Resilience. In domestic architectural business, the impact will be small during the first half of FY 2020, however, I am afraid there will be some movement to reduce capital investment. The issue is how we compensate for the decline. We discussed countermeasures in its early stage of COVID-19 and already implemented them. On the other hand, overseas

Review of the previous Mid-term Business Plan

Achieved all numerical targets. Achieved record profits in the term ending in March 2018.



Could you explain some of the details of the five themes?

"Investment in Precious Human Resources" is a measure to promptly cultivate precious human resources who will implement "Respect for Human Dignity", "Invention and Innovation" and "Awareness of Responsibility" as the behavioral guideline of Corporate Identity and will embody the Corporate Identity. The investment of 10 billion yen is planned over three years, and 2 billion of that will be allocated to educational training, personnel system reformation, friendly work environments, etc.

In the "Maintaining Production System", we will reinforce cooperation with subcontractors for securing the rising generation for civil engineering & architectural business, and also will realize a complete 5- day work week at all sites. This is related with the enhancement of business capability of group companies, which will lead to a cooperative structure to share business information and also aim at reviewing projects and optimizing alliance.

"Improvement in Value Added Productivity" means further strengthening of business improvement by utilizing IT, symbolized by front-loading or BIM/CIM*. "Strengthening Profitability in Overseas Construction Markets" is a plan to raise the share of overseas business in company-wide operating profit to more than 20% in ten years.

Finally, "Growth by Resolving Social Issues" means our efforts for development of good-quality social foundation such as high-quality infrastructure improvement in developing countries or realization of work environment for women's active participation. These efforts include the rental business of comfortable toilets carried out by our subsidiary, Orient Ecology. Under the conditions where environment improvement of sites is required, this business can become a big business. Also, we focus on the development of technologies which contribute to global environmental conservation, such as lowering construction cost of ZEB* or offshore wind power generation facilities. Moreover, we are planning to contribute to regional community by establishing the scholarship system in Kenya and Philippines.

What area are you focusing on for the three business domains, domestic civil engineering business, domestic architectural business, and overseas construction?

For civil engineering business, we will enhance commitment to private markets and regenerated energy business, and also increase profitability from public offshore works and increase order receipt of public works at land, then, ten years from now, we will, by business portfolio and technologies, be able to secure profits at a high level as our core business. This has been an issue for more than thirty years and has to be absolutely accomplished. So, we will increase effectiveness by continuing problem consciousness sharing and verification.

For domestic architectural business, we will deepen the measures to hold more than one area with competitive advantage such as logistic facility and food factory. Also, in order to compete with other contractors larger than

us, we must make efforts to "be given challenges from customers". "To be given challenges" means the ultimate proof of trust, and a key to advancement is depending on the degree to which we can increase our customer base.

For overseas construction, it is absolutely important to build the community-based business. Up until now, the major area has been ODA-related business, but if it continues this way, we will have to advance into a new region again and again whenever the eligible country for ODA is shifted, and we cannot expect the down-to-earth business activities.

The reason why we have been so successful in Philippines is that we have a long history for more than forty years and have deep ties each other. Currently, we have advanced into Myanmar, Indonesia, and Kenya, and we believe that we will be able to make consistent growth of overseas business by community-based business deployment and precious human resources development, which is the same as in Philippines.

Finally, do you have a message for stakeholders?

I think a company should be a "container" that creates people's happiness. If going against it, the company will lose its existence value. The "container" for creating happiness will not be completed overnight, however, I believe that Toyo Construction must not stop thinking what kind of "container" it should be like. Also, the word "resilient" raised in the Plan has actually another meaning as "buoyant". In addition to becoming a sustainable company, by making all staff and concerned parties enjoy working buoyantly and actively, the Company will be a "container" which we are proud of to all of you.

*BIM/CIM Building/Construction Information Modeling, Management: A production system that promotes operational efficiency and sophistication by sharing information with all staff of planning, design, construction, and maintenance & management, through the use of the three-dimensional model utilizing IT.
*ZEB Net Zero Energy Building: Buildings that over a year are neutral, meaning that they deliver as much energy to the supply grids as they use from the grids

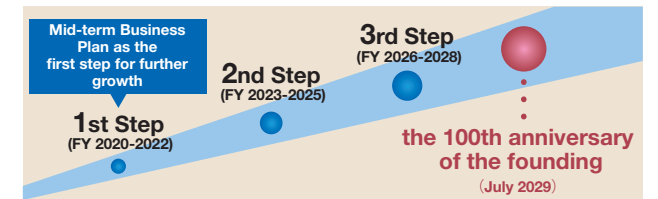


Highlights of the new Mid-term Business Plan (2020-2022)

Positioning

Toward the goals at the 100th anniversary of the founding

This three year is positioned as the first step for further growth toward the 100th anniversary of the founding after ten years. Over the next ten years, we will change into a "resilient company" powered by resilience enabling to respond flexibly to changes of environment surrounding the construction industry.



Overview

Toward the realization of "Being a resilient company"

Basic policy

In order to be transfigured to a resilient company, we will have a linchpin (origin), cultivate human resources, face the issues, and increase value-added productivity.

Linchpin (Origin) = Implementation of Corporate Identity

Goals

In 3 years (business year ending March 2023) *consolidated

| Operating profit | Net assets | Capital ratio | ROE |
|---|------------|---------------|-------------|
| 30bil. yen (over 3 years) 6% or more | 70bil. yen | 45% | 10% or more |

Basic Strategy and Top Priority Actions

Investment in Precious Human Resources

Cultivating precious human resources who will implement "Respect for Human Dignity", "Invention and Innovation" and "Awareness of Responsibility" as the behavioral guideline of Corporate Identity and will embody the Corporate Identity.

Maintaining Production System

For securing the rising generation, strengthening ties with subcontractors / realizing a 5- day work week at all sites

Growth by Resolving Social Issues

Resolving social issues through implementation of Corporate Identity (business activity) / Social issues are seeds for growth opportunity, and further development for resolving issues.

Improvement in Value Added Productivity

Continuous Challenge to Front-loading, BIM/CIM, i-Construction, Automation, Solution-oriented Sales

Strengthening Profitability in Overseas Construction Markets

Raising the target share of overseas business in company-wide operating profit to more than 20% in ten years

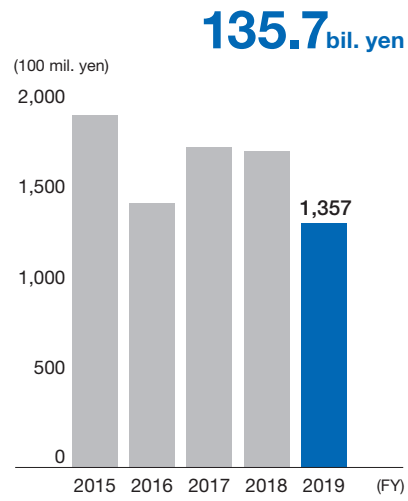
Goals in 10 years

Being a resilient company

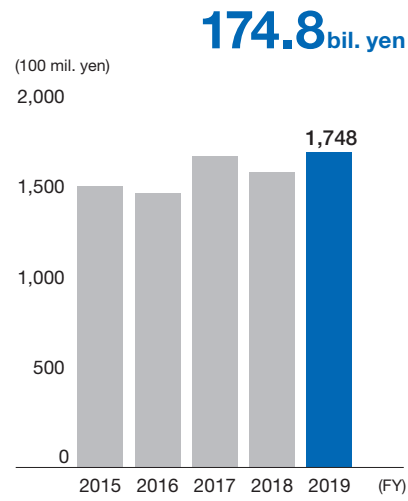
A sustainable company that maintains a consistent linchpin, responds flexibly to ever-changing environment, and is able to stand up to adversity

Financial highlights

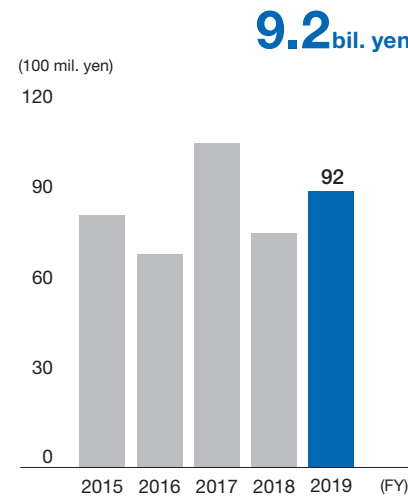
Orders received



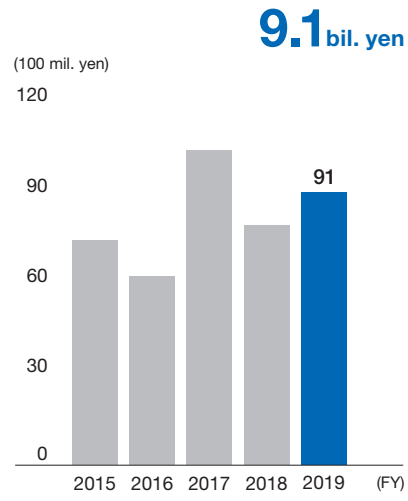
Sales



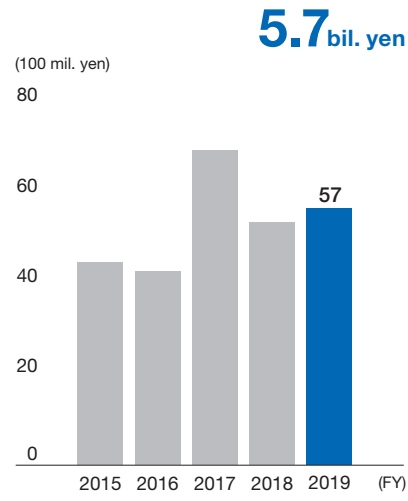
Operating profit



Ordinary profit

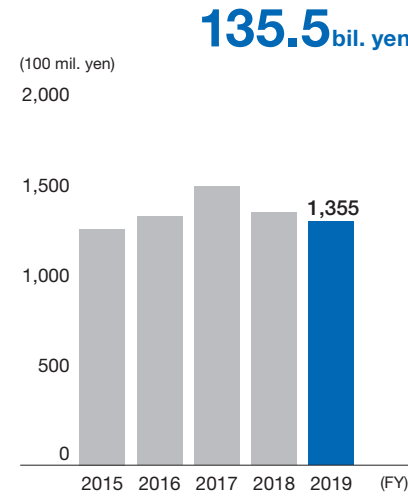


Current net profit*

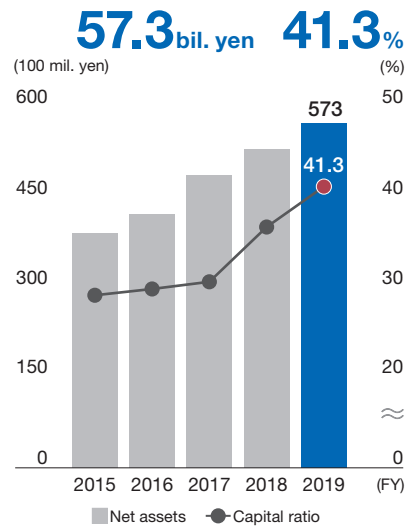


*Current net income attributable to parent's shareholders

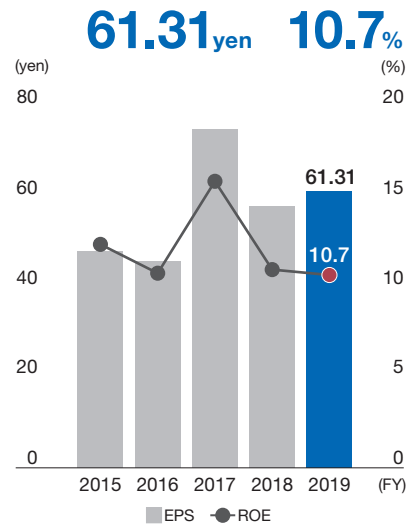
Total assets



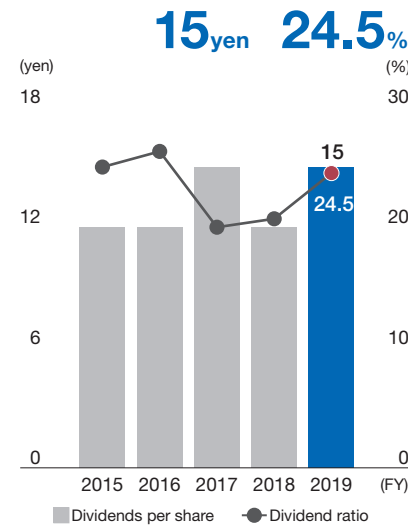
Net assets / Capital ratio



EPS / ROE

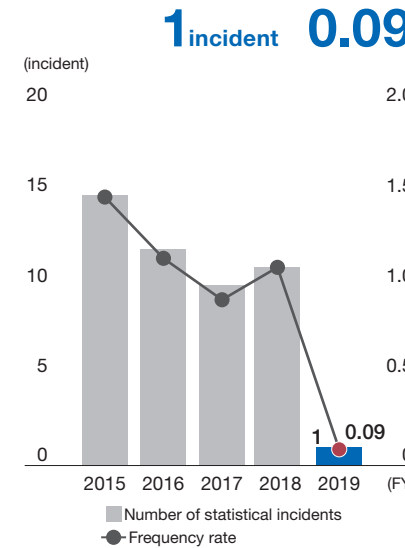


Dividends per share / Dividend ratio

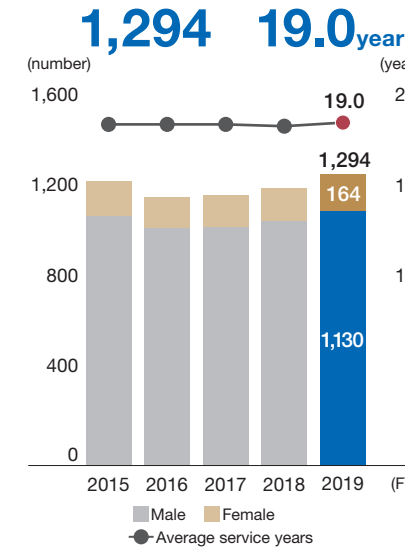


Non-financial highlights

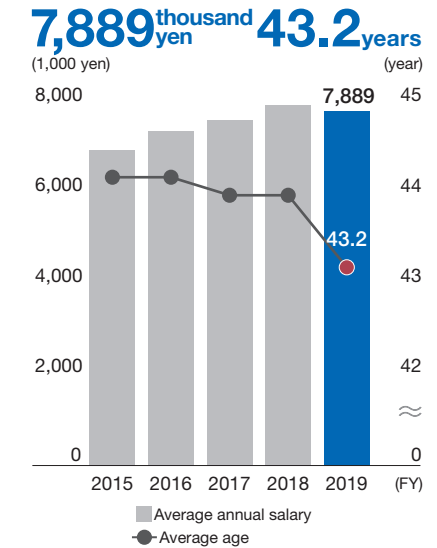
Number of statistical incidents / Frequency rate



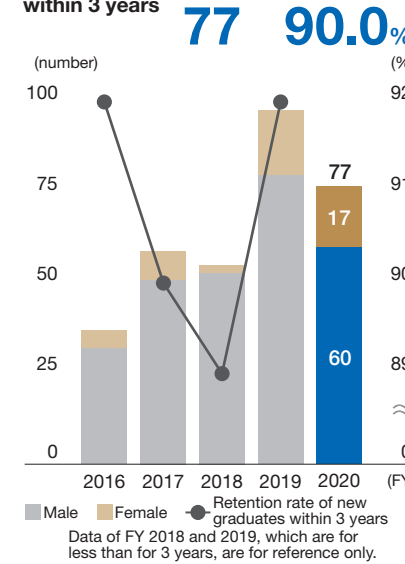
Number of employees / Average service years



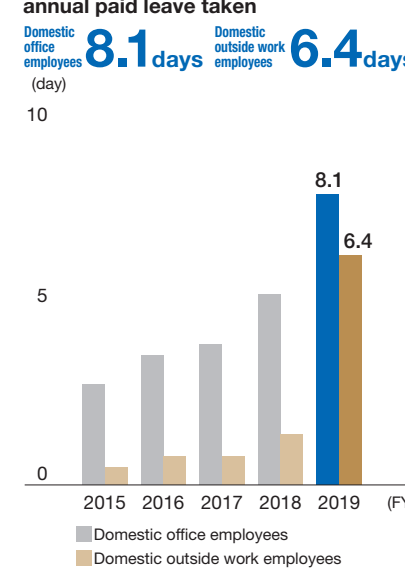
Average annual salary of employees / Average age



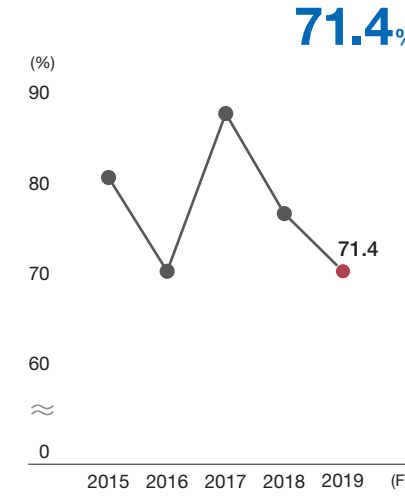
Number of hiring of new graduates / Retention rate of new graduates within 3 years



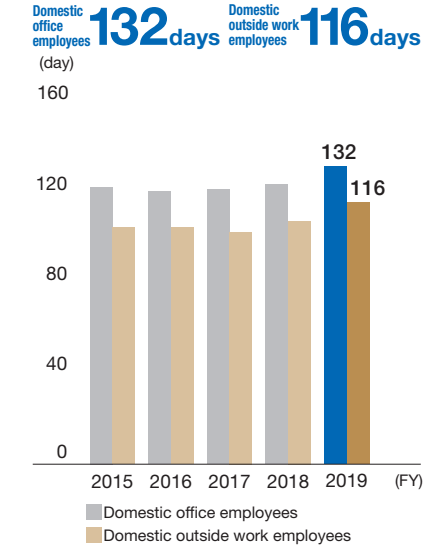
Average number of annual paid leave taken



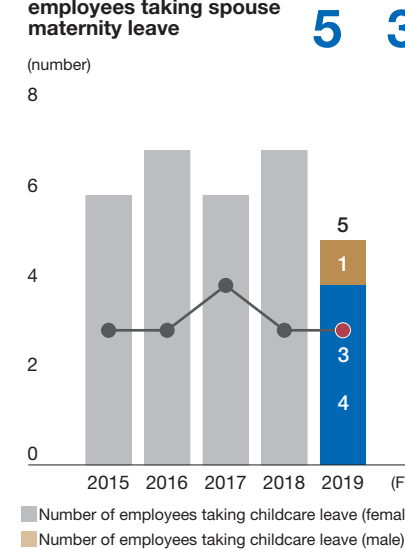
Ratio of post-retirement re-employment



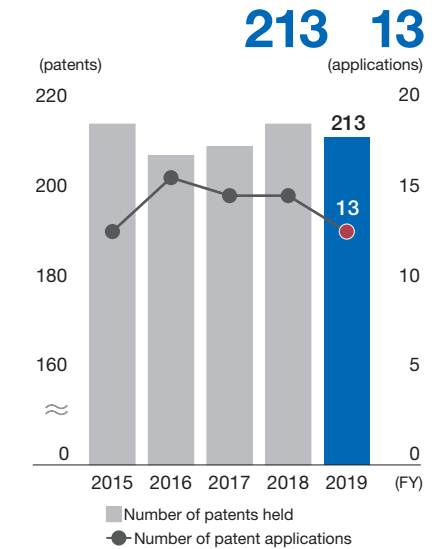
Average number of annual holidays taken



Number of employees taking childcare leave / Number of employees taking spouse maternity leave



Number of patents held / Number of patent applications



Toyo Construction Group raises the “priority issues” through implementation of Corporate Identity (business activity) and makes efforts to resolve social issues with initiating SDGs activities.

CSR policy of Toyo Construction

The Company, in order to be a company trusted by you, will implement “devotion to customer and public society” as our Corporate Identity, will train ourselves in construction technology to meet social demands as a company engaged in the construction business, and will aim at building better-quality and more-valuable social infrastructure. Our CSR is the compliance with the Code of Conduct based on this Corporate Identity, and in our business activities, from a global perspective including global environment protection, we will voluntarily and proactively promote efforts to fulfill our social responsibility.

Our CSR lies in the contribution to sustainable social development by deploying fair and reliable business activities with better relationship with society.

Top management, in the acknowledgement that realization of this basic policy is its own role, will not only demonstrate leadership along with this policy but also give thorough instructions to all persons concerned inside the company. And, always perceiving internal and external voice, we will establish and maintain a workable company structure.

Contributing to sustainable social development by resolving social issues

Social Issues

Global Environment

- Global warming
- Contamination of aquatic environment
- Increase of wastes
- Atmospheric pollution

Natural disaster

- Earthquake, Tsunami
- Typhoon, Storm surge
- Concentrated downpour

Social infrastructure

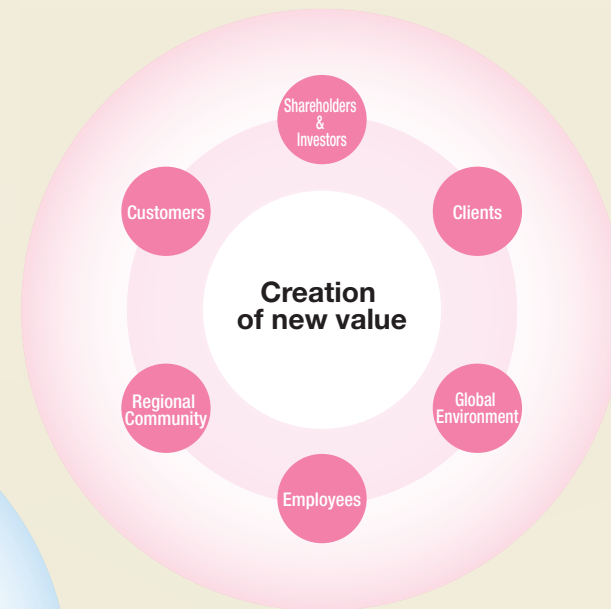
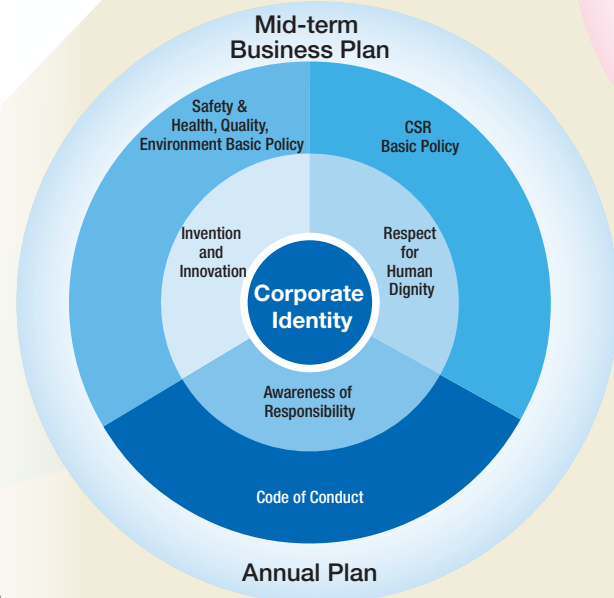
- Deterioration of infrastructure
- Disaster-prevention and disaster-mitigation technology
- Regenerated energy
- Utilization of ocean & seabed resources
- Flimsy infrastructure in developing countries

Reform of working practices in the construction industry

- Shortage of the rising generation and successors
- Demographic aging
- Diversity
- Labor accident
- Long working hours

Poverty problem

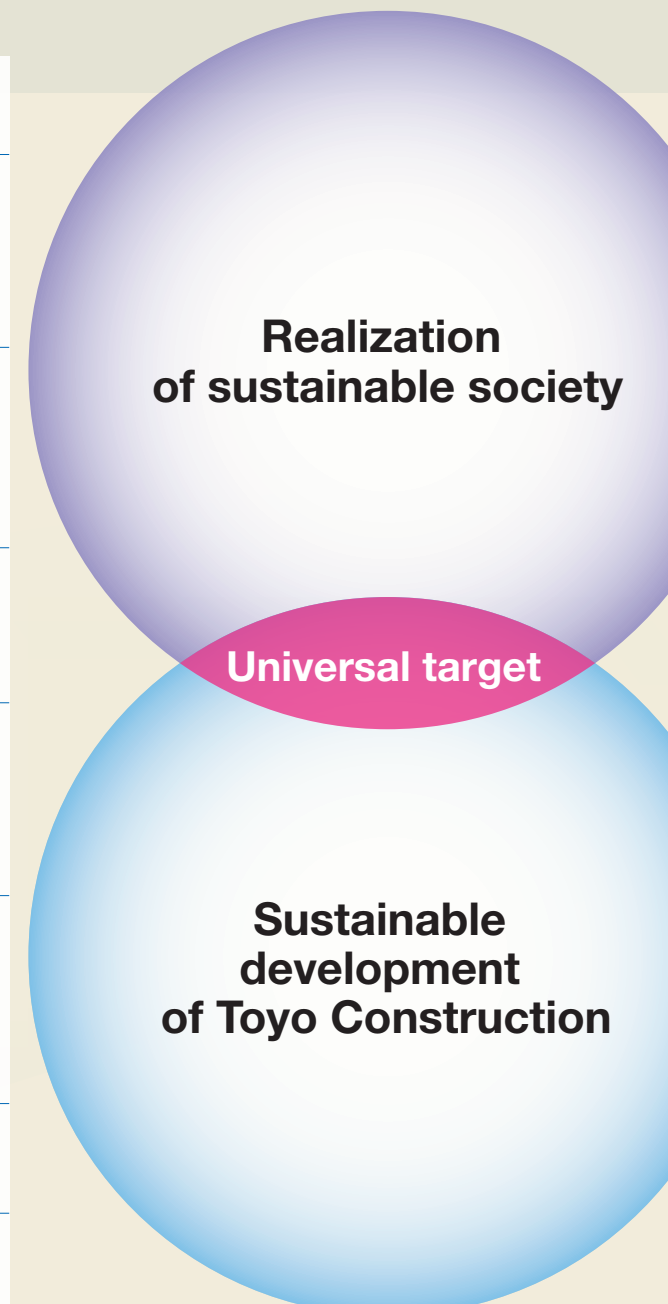
- Loss of educational opportunities



| Priority issues of Toyo Construction Group and efforts to solve the issues | Related Sustainable Development Goals (SDGs) |
|---|--|
| Realization of good-quality social foundation <ul style="list-style-type: none"> • Infrastructure construction in developing countries • Resolving worldwide toilet problems | |
| Contribution to global environmental conservation <ul style="list-style-type: none"> • Establishment of architectural technology of ZEB • Development of low cost & environmental-load technology for offshore wind power generation | |
| Development of precious human resources <ul style="list-style-type: none"> • Cultivating precious human resources who embody the Corporate Identity • Commitment to diversity | |
| Development of technologies <ul style="list-style-type: none"> • Utilization of BIM/CIM • Approach to i-Construction • Acceleration of developing automated operation and the like | |
| Securing the rising generation <ul style="list-style-type: none"> • Realization of a complete 5- day work week at sites • Realization of work environment for women's active participation • Reinforcement of cooperation with subcontractors (Maintaining production system) | |
| Eradication of labor accident <ul style="list-style-type: none"> • Provision of safe and secure work environment | |
| Penetration of compliance <ul style="list-style-type: none"> • Enlightenment and education of compliance | |
| Contribution to regional community <ul style="list-style-type: none"> • Establishment of the scholarship system in Kenya and Philippines • Activity for development of eelgrass field | |

Stakeholder engagement of Toyo Construction

| Major stakeholders | Purpose / Responsibility | Means of communication |
|--------------------------|--|--|
| Customers | <ul style="list-style-type: none"> • Providing high-quality and safe construction products & services | <ul style="list-style-type: none"> • Implementing high-value-added solution-oriented sales • Providing high-quality services based on "Quality Policy" • Providing information on website • Setting up inquiry contact (on website) |
| Shareholders / Investors | <ul style="list-style-type: none"> • Return of reasonable profits • Proper information disclosure and ensuring transparency • Corporate governance, appropriate implementation of internal control | <ul style="list-style-type: none"> • Holding of results briefing meetings for analysts and investors by the president (twice per year in May and November) • Conducting of individual interviews with domestic and international analysts and institutional investors • Holding of conference calls, conducting small meetings • Holding of seminars for private investors • Issue of "Corporate Report" • Disclosure of "Corporate Governance Report" • Publication of various IR materials on website (News release, Financial statement, Results briefing material, FACT BOOK, Financial results supplementary material, Mid-term Business Plan, etc.) • Arranging of site visit for analysts and institutional investors |
| Employees | <ul style="list-style-type: none"> • Respect of human rights and individuality • Realization of friendly working environments | <ul style="list-style-type: none"> • Instruction of "Corporate Identity", "Basic Policy of Safety & Health", "Environmental Policy", and "Quality Policy" • Periodical discussion with workers union • Conducting employee satisfaction survey research • Provision of various training programs • Setup of whistle-blowing contact point • Issue of house organ • Publishing topics such as events on intranet • Setup of various consultation channels (health consultation, etc.) • Implementation of the Expert Committee for Shorter Working Hours composed of labor and management |
| Clients | <ul style="list-style-type: none"> • Fair conclusion of a contract • Establishment of appropriate production system | <ul style="list-style-type: none"> • Implementation of activities for preventing labor accidents by collaboration with Safety Conference • Discussion with members of Toyo-kai (Company's subcontractors association) • Periodical discussion with procurement sources |
| Regional Community | <ul style="list-style-type: none"> • Establishment of good relationship with society • Performance of CSR activities • Compliance with standards including international rules and laws and regulations and standards including human rights of each country and region | <ul style="list-style-type: none"> • Community exchange activity at each office (Opening research facilities to the public, cleaning activity, tree planting, participation in and support of community events, etc.) • Site visit • Acceptance of internship |



We are developing the automation of soil improvement vessels for productivity improvement, work-saving, and ensuring higher quality.



State-of-the-art technology to cover from coast to ocean and isolated islands

Toyo Construction has developed originally by dredging works, and accordingly, owns many work vessels. Currently, Mechanical Dept. is responsible for the four areas. Firstly, maintenance of work vessels and land-based machine, secondly, development of new equipment to realize so-called "visualization", thirdly, field support, and fourthly, development of precious human resources.

We own several types of work vessels, and among them, our main vessel is AUGUST EXPLORER that was built in 2016 as a self-propelling multi-purpose vessel in the genre of special vessel. It has the DPS, the fixed-point retention function for works in the isolated island or ocean, and was awarded the special vessel prize of "Ship of the Year" by the Japan Society of Naval Architects and Ocean Engineers.

In the stream of recent "reform of working practices" or ICT construction, we are addressing the challenges of how to shift from the traditional type of works relying on old pro's experience or hunch, to works with less workers' burden by all possible automation. Various data have been collected at the field works and analyzed for automation of each construction flow.

Given skilled operators are aging, I think we need to surely realize this automation, and at the same time, we have to make efforts for developing next-generation human resources, succession of skills and expertise, and also aggressively applying new technologies such as drone or underwater robot.

Challenging to automation of high technologies, used to be possible only by skilled workers

The important thing in the challenge of automating soil improvement vessel is to ensure quality as well as work-saving. The currently realized automation is just a part of construction flow though, it is certainly decreasing operator's load, and is leading to reduction of variation caused by human error. Concretely, it becomes possible to double-check the numbers provided from a machine by skilled operator's monitoring and makes it possible to ensure high quality. In the future, we will further develop this and aim at automating whole process of processors on grab bucket dredgers and pump dredgers, and as for ship handling, we will make efforts to automate the advanced works that were possible only by skilled operators.



Monitoring Operation by operator

Civil Construction Div.
Section Manager,
Mechanical Dept.
Takafumi Ode

About Cement Deep Mixing (CDM method)

CDM Method is a construction method to improve the strength of soft ground by chemical solidification after mixing soft soil formed through natural sedimentation or reclamation with hardening-material, at the position as they are. It is a method to systematize a set of technologies for slurring hardening-material on the plant, sending it to the agitating part at machine edge through squeeze pump, and making the whole soil layer at the uniform strength as prescribed, and the construction is possible either on land or water. The process consists of set up, penetration, treatment at the lower tip, pull-out, and solidification. Toyo Construction owns three dedicated vessel for CDM Method, and has performed many construction works.



DCM vessel No.8 (left) and DCM vessel No.6 (right)

Aiming for passing the specialized level and the advanced level as a welder

I joined Manila Office of Toyo Construction in 2010 and have been working as a technical intern for welding in Japan since May 2018. Currently, I am taking the specialized level examination, and my goal is to pass the next level, the advanced level. As I have been a welder since joining Manila Office, I am confident about my skill and knowledge, but Japanese language is still difficult. Written examination is harder than practical examination (lol). However, everyone around me is very kind to me. As I am taught many things at the site, I would like to make myself contribute more not to cause trouble to others. Hopefully, I would like to continue working in Japan.



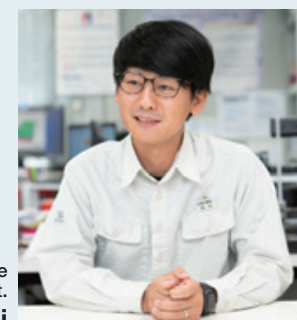
Fieldwork of welding

DUMAGUIT ROMNICK VALCURZA
From Philippines

Voice

Expected automation of whole process of soil improvement work

It is my fifth year at the company. I was working at the site in Kobe, where the DCM vessel No.8 was commissioned, by April of this year, and from May, I have been engaged in cement deep mixing works at Yokohama Shin-Honmoku Pier. Our DCM vessel is automated in penetration, grounding, leading end treatment, and pull-out slurry injection among construction stages. Also, it is equipped with the automatic ballast device for the hull to keep the verticality of processor and the automatic grease injector to bearings of the processor. These makes productivity improvement and work-saving, and the maximum benefit is decrease of human error. In the future, I would like to work on the automation of whole construction process by developing an AI cleaning device through image processing.



Kanto Branch Office
Civil Construction Dept.
Ren Kikuchi

Quality controlling with 3D data coming in real time

I joined the company in 2019. As I majored in mechanics at university, I did not know a site of civil engineering before joining the company. After experiencing another site for around one year, I have been engaged in the work here at Yokohama Shin-Honmoku Pier since April this year. 3D data by BIM/CIM are coming to the site office and the vessel in real time, and my main job is to control quality with checking them. It is really good study as I can have practical experience in mechanism and structure of soil improvement. In the future, I would like to engage myself in the works on board our flagship, AUGUST EXPLORER.



Kanto Branch Office
Civil Construction Dept.
Sohei Hirose

Paving the way for the future using my experience since the first year of CIM

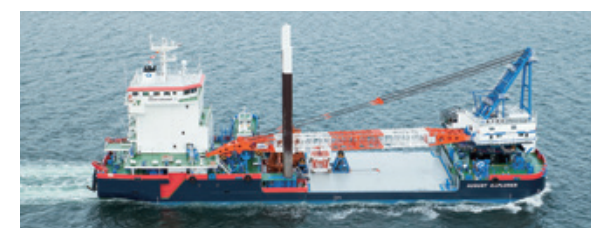
I am in charge of BIM/CIM at Kanto Branch Office. The year when I joined the company, 2016, is called as the first year of CIM, and I have been engaged in BIM/CIM at Kanto Branch Office since joining the company. The work at Yokohama Shin-Honmoku Pier is the first work as Kanto Branch Office utilizing CIM. As our work is the first one of the project at Shin-Honmoku, we are groping for the utilization of CIM, which motivates and interests us. As I am given the opportunity to study the leading-edge technologies for the company, I would like to lead the know-how to the utilization and prevalence of BIM/CIM in many situations.



Kanto Branch Office
Civil Construction Dept.
BIM/CIM representative
Megumi Miyashita



Civil Construction Div.
General Manager,
Mechanical Dept.
Katsumasa Takeuchi



AUGUST EXPLORER (self-propelling multi-purpose vessel)

Technical Research Institute, Miho, is developing various technologies jointly with Architectural Construction Division.



Reaction wall (left) and Large scale loading frame (right)

Triune R&D by Research Institute, Architectural Construction Dept., and Architectural Design Dept.

Toyo Construction has two technical research institutes, Technical Research Institute in Naruo for civil engineering, and Technical Research Institute in Miho for civil engineering & architecture. Technical Research Institute, Miho was established in 1992, and went into full-scale operation in 1995 when the laboratory building was completed. All laboratories are involved in both of architecture and civil engineering and are working in a cross-sectoral manner, which characterizes them as the distinctive department in the company.

As internal research institutes, we are working bearing in mind that all results will eventually be utilized at the sites. Particularly, in the area of architecture, the Architectural Technology Development Subcommittee was established in 2017, and the three departments of Miho Research Institute, Architectural Construction Department, and Architectural Design Department are collaborating on planning through execution of technologies development. As the results up until now, we have achieved development and improvement of RCS joining method for structural system, countermeasure technique to restrain cracks in concrete and development of special concrete for material system, and for architectural environment, development of technology to measure and restrain noise and vibration. From FY 2020, we are addressing two challenges as major issues for the Architectural Technology Development Subcommittee, that is, the architectural technology aiming at zero balance of energy by ZEB, and the realization of work-saving and cost-saving by precasting RCS joining method.

For these R&D, it will become more important in the future to encourage communication between Research Institutes, Architectural Department, and Design Department, and also coordinate them. Toward such a goal, I wonder if things would go smoother with an inter-department organization covering all related departments.

Civil Construction Div.
Technical Research Institute
General Manager,
Technical Research
Institute, Miho
Eiji Sueoka



Technical Research Institute, Miho

ZEB, expected as strong tool for business promotion

ZEB is an abbreviation for Net Zero Energy Building, which means a building that over a year aiming at delivering as much energy to the supply grids as they use from the grids. It was incorporated in the Technology Development and Promotion Plan by the Technology Development Subcommittee in 2019, and this fiscal year, the ZEB Subcommittee composed of Miho Research Institute, Architectural Construction Department, and Architectural Design Department was established. ZEB has merits such as not only contribution to global environment, but also decrease of running cost, increase in real estate value, and leading to occupant comfort and improvement of operating efficiency. Therefore, in the future, a proposal for ZEB-ization will be a strong tool for business promotion.



Architectural Construction Div.
Architectural Construction Dept.
Toshihiro Kusano

Voice

Aiming for establishment of Toyo-style ZEB by developing original technologies

ZEB utilizes energy-saving technology and recyclable energy technology, and consists of four defined phases, including ZEB Oriented, using an index of the BEI (Building Energy Index). One of the important things for realization of ZEB is to enhance the thermal insulation performance of external wall and reduce air-conditioning load. We are dealing with the installation of blind linked with the sunlight tracking system that efficiently let in the sunlight and the method for recycling air from air-conditioner. Moreover, we analyze the energy-saving effect of a ZEB Ready building under construction and find the area for improvement. In the future, we would like to establish Toyo-style ZEB by developing original technologies, collaborating with Miho Research Institute.



Architectural Construction Div.
Architectural Design Dept.
Yuto Imayasu

Realizing shortening construction period and saving cost by precasting

RC structure columns that have excellent compression force and steel structure beams that are light and superior in tensile force. A hybrid structure method that utilizes their respective advantages by joining them, is the Toyo-style RCS joining method. In 2017, the new construction of Kasukabe warehouse for LogiSquare was the first application case of the method. We, looking further into the future, raised various improvement ideas, and in order to realize them, Architectural Construction Department of Head Office, Architectural Design Department, and Miho Research Institute are jointly collaborating and working on development of "weight-saving of precasting in RCS joining method" to realize shortening construction period and saving cost. In the future, we will further improve technologies such as weight-saving of precast components, seismic shock absorbers, elongation of span, etc.



Kasukabe warehouse for LogiSquare

Voice

Weight-saving of precasting by the RCS Subcommittee

RCS joining method was independently developed by the Company in 2000, and has been refined through collaborative research with Maeda Corporation. In 2014, the performance certification of precasting for rapid construction was obtained, however, because the component weight is still heavy, we are trying for further weight-saving in this development. The merits are short construction period, better habitability, less cracks in the floor, etc. The new construction of Kasukabe warehouse for LogiSquare was the first application case, and the further-developed method based on the achievement is the weight-saving of precasting by the RCS Subcommittee. From now on, we will continue to develop technologies through collaboration between the three departments, each of which is in a different position.



Technical Research Institute, Miho
Head of structural laboratory
Naoki Aragane

Countermeasure against cracks in floor concrete

Prevention of crack in concrete of floor slab is an eternal theme though, as countermeasures, there are three measures that Toyo Construction are taking. Measures for materials by using expansive materials, limestone aggregate, or shrinkage reducing agent and the like, innovation in design and construction by increasing reinforcement ratio or reinforcement for opening, and curing to restrain contraction crack of plastic or drying shrinkage. We prepare the "Crack Countermeasure Check Sheet" by collecting them, and the "Report of Construction Examples" for a warehouse with a few cracks. These materials reflect demonstration results by experiments at Miho Research Institute.



Experiment of countermeasure against cracks in floor slab (ongoing)



Test specimen for crack test

Crack Countermeasure Check Sheet quantifying on-site feeling

I was working at a building site in my first year, then was transferred to Miho Research Institute next year, and have made research on countermeasure against cracks in floor slab by March this year as in my third year. It is difficult to reduce cracks in floor concrete to zero though, the issue from the viewpoint of construction is to what extent we can reduce them. I am mainly making research on curing material and curing method, and conducted actual experiments at the Research Institute about what was traditionally relying on on-site experience or feeling, and finally have compiled the experimentally demonstrated results as the Crack Countermeasure Check Sheet. I majored in concrete at university, and also currently, am making research on high-fluidity concrete. In the near future, based on this achievement, I would like to contribute to improvement of quality and production at sites.



Technical Research Institute, Miho
Material laboratory
Gota Kishimoto

We develop our original safety culture and aim for zero incident by education to improve ability for all staff.

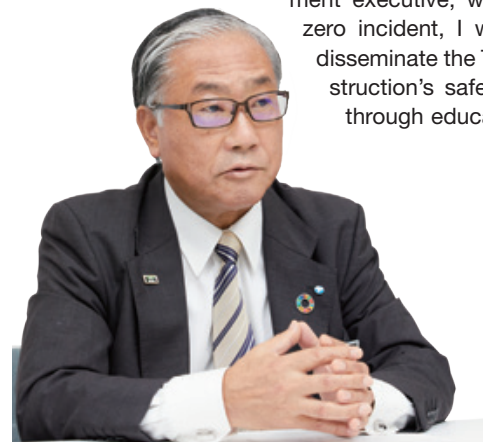
Pursuit of establishment and succession of Toyo Construction's original safety culture

Control of Safety and Environment Department of Head Office was transferred from Human Resources Department (Safety Department at that time) to the Business Administration Division as Safety and Environment Department, then in 2009, became an independent department under the direct control of the president. It collaborates with each Safety and Environment Department of 11 branch offices and is responsible for risk management of safety & health and environment across the divisions. The most basic objective of the education to improve staff's ability is to promote staff's understanding and compliance with laws and regulations, however, it should be for improving comprehensive awareness and ability of health and environment, not limited to safety only, and is for assuming responsibility as a company.

In this education, we set a goal to comply thoroughly with "Standards for accident prevention of Toyo Construction", higher standards than laws and regulations, and pursue the goal of establishment and succession of the Company's original safety culture. Analysis of past incidents of the Company are visualized by photos, drawing, or videos, etc., and are made to be shared among staff and related parties from cause investigation through recurrence prevention. This is aiming for not fading the memory of negative legacy and succeeding the lessons as safety culture.

It is very meaningful that staff of civil engineering, architecture, and administration, who usually do not have a chance to see each other, do get together and take training and hold a group discussion, however, there is a limit to what classroom lecture can provide. I would like to increase the education level more in the future by using such facilities as they can experience the bodily sensation of real risk, as well as by introducing more videos and CG.

The most important thing for safety is leadership and passion of the top. Since a keen desire for safety by general managers of sites, as well as by management executive, will lead to zero incident, I will further disseminate the Toyo Construction's safety culture through education.



Executive Officer
General Manager of Safety and Environmental Dept.
Masashi Tsukamoto

Outline of the education to improve staff's ability aiming for zero incident

The education to improve staff's ability aims for "Development of the Company's original safety culture aiming for zero incident" and "Compliance with laws and regulations related with safety & health and environment", and is the program for learning basic knowledge necessary for those purposes and learning cause investigation and recurrence prevention measures of accident examples.

This education is intended for all staff, except for executives, for 8 hours in May every year, and is also participated in by staff of affiliate companies and dispatched employees from construction companies. Also, in response to structure changes in the construction industry and new laws and

amendments, we are setting the education as an opportunity for their mutual understanding and awareness, by examining fatal accidents or law violations in the past as well as in recent, by holding group discussions about recurrence-prone disaster including other company's examples, and by presenting their findings from group discussions. After the education, all participants are requested to submit their training reports, and we determine their level of understanding education and use them as reference for preparation of education materials for the next fiscal year.



Contents of the education curriculum to improve Staff's Ability 2019

The main curriculum is as follows.

- 1) Explanation of annual plan and report of previous year**
Explanation of the basic safety & health plan and the basic environmental plan for the fiscal year. Explanation of the previous year's disaster statistics and the company-wide application to similar incidents, etc.
- 2) Past fatal accidents**
Examination and analysis of the cause of incident using dramatization and CG, etc. and recurrence prevention measures.
- 3) Group discussion and presentation**
In 2019, group discussion was held for the factor analysis and the development of countermeasures for incidents that actually happened.

- 4) Aiming for zero incident**
Toward "zero fatal and critical accident", and prevention measures against "human error".
- 5) Environmental education**
Regarding revised points of environmental laws and regulations, topics related with environment, and revised points of Environmental Management System (EMS) promoted by the Company.



Voice

Building awareness of safety with the entire staff banding together

The ultimate goal of the education to improve staff's ability is to unify vectors of all staff for safety and aim for no accident and no disaster. Since safety is directly related with the company's management, we are racking our brains trying to make trainees keep their understanding after finishing the program. Attendance rate is almost 100%, and critical incidents are actually decreasing, which proves educationally effective to a certain degree. However, we will need to devise measures more effective to decrease minor incidents. The reason why we request general staff and administration staff to attend the program is that we want them to share the awareness that safety is critically important for the Company. I believe that this will serve as the basis to support safety culture of Toyo Construction.



Safety and Environment Dept.
Assistant General Manager
Shinya Kitajima

Thinking safety and environment from the point of view different from everyday routine

I have been engaged in the construction management at building sites for 11 years. When I was young and busy at sites, I felt it hard to be occupied with the lecture for 8 hours per day, however as I get older, I realized how important safety and environment are. Without a full understanding of revision of laws and regulations or internal standards, it is impossible to manage sites. So, this program really helps me check them. In a group discussion, I team up with staff of civil engineering and administration, and felt fresh because we discussed agenda from the point of view different from my everyday routine. Particularly, I learned a lot from the viewpoint of general staff and administrative staff about "safety".



Kanto Architectural Construction
Branch Office
Architectural Construction Dept.
Daisuke Fukuda

I wish to express my desire for "Work safely".

I have been working as a general staff for more than ten years, and since last year, general staff also began to attend the education to improve staff's ability. I learned a lot for the first time regardless of my long-serving with a construction company, and I'm very glad to have attended the program. Examples of past accidents were actually shocking, and I learned a lot of things I didn't know, for example, the things technical staff are paying attention to in their daily works, etc. I got a real sense of belonging to the construction industry. We routinely say "Work safely" at the end of speech, however, since my attendance to the program, thanks to this seminar, I have come to realize the words as heartfelt one for "Work safely".



Civil Construction Div.
Senior Staff, Civil Planning &
Administrative Dept.
Hiroko Mayuzumi

Environmental management



Environmental efforts

The Company is, in addition to making arrangement to protect and improve the global environment, making efforts to implement environmental management by promoting measures that contribute to creation and conservation of better environment and development of technologies.

Commitment to compliance with environmental laws and regulations

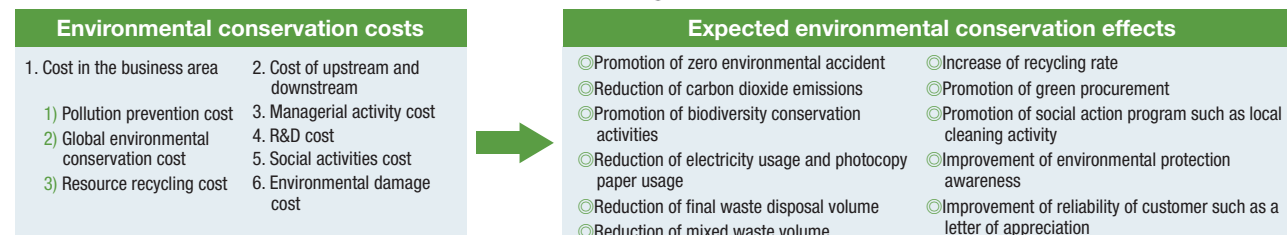
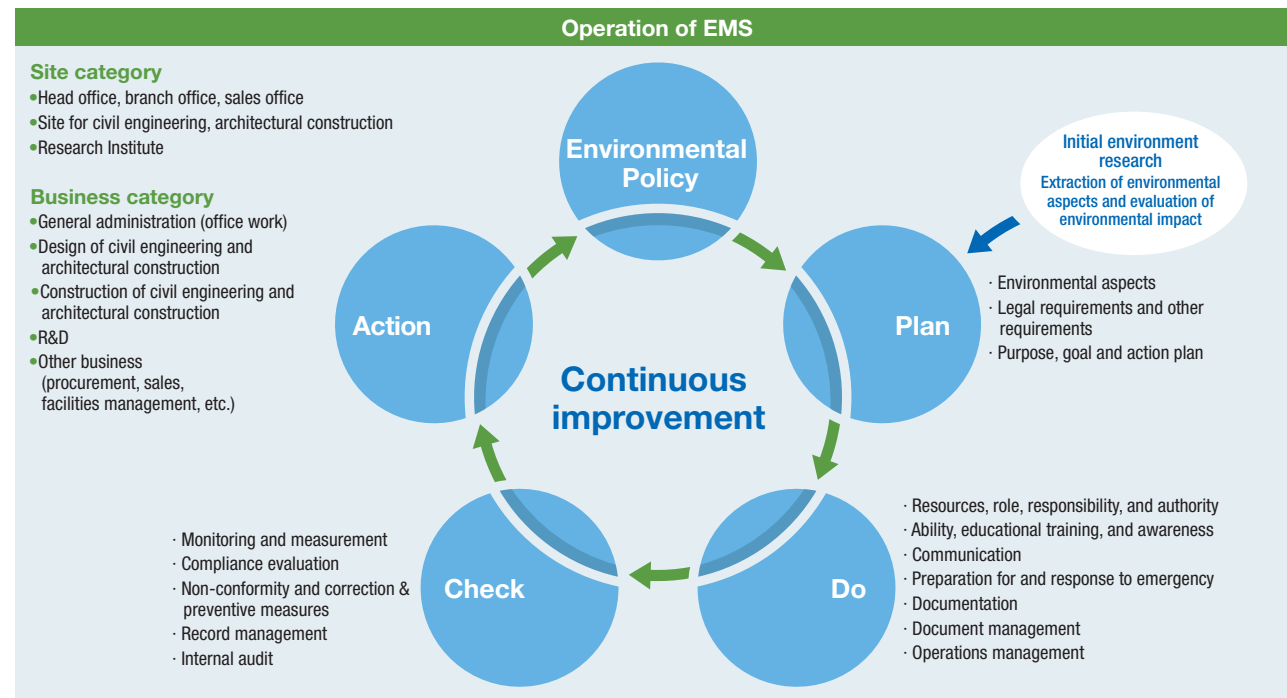
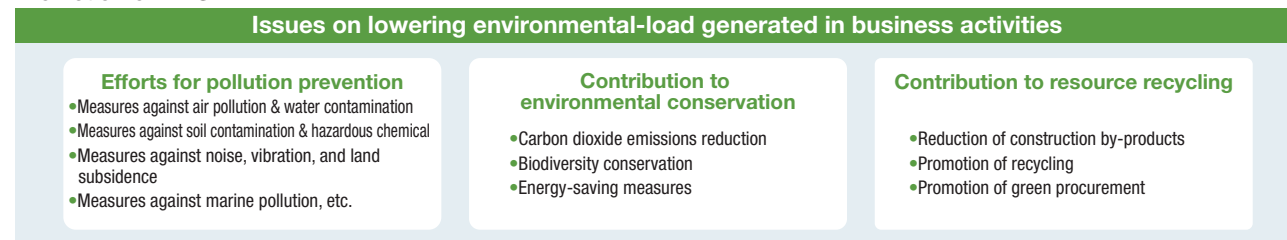
As a result of compliance evaluation, internal audit, and external audit of each department, no violation of

environmental laws and regulations was found in business activities of each department including their sites.

Efforts for pollution prevention

The Company, as a company centering on marine civil engineering for its business activity, raises water pollution prevention as the priority measures for pollution prevention. Though a minor oil spill accident happened in the closed water in 2019, there was no impact to any interested party, and it was properly handled.

Promotion of EMS



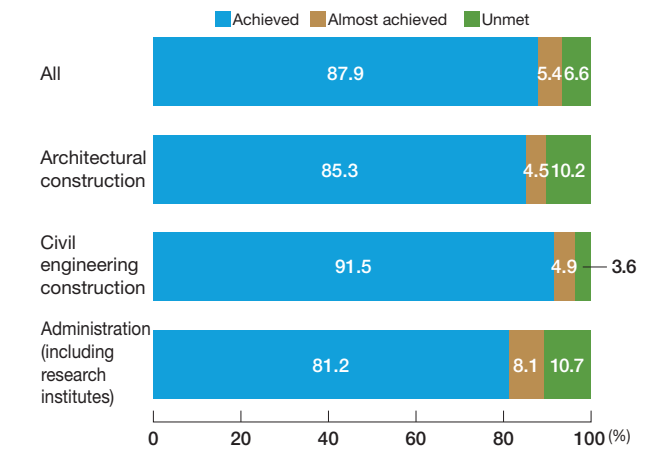
Achievement status of environmental goals and results of environmental monitoring items in FY 2019



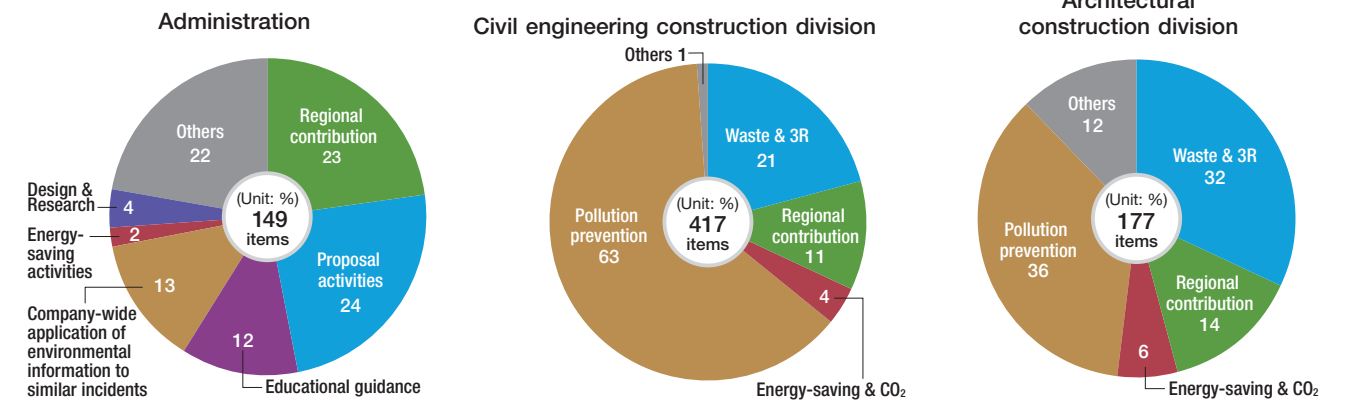
Results and evaluation

In FY 2019, as a result of promoting environmental activities by setting goals for each department of whole company, the level of goal achievement improved from the previous fiscal year by 2.0%, which is considered to demonstrate their activities. However, among the environmental monitoring items, the discharged amount of mixed waste from the architectural construction departments was much more than the control standard value. Regional problems are coming to light, we will handle them properly to achieve the goals. Also, the reason for low recycling & reducing rate of all waste by the research institutes is considered to be attributable to the very low recycling rate of waste plastics in the disposal site, despite of their proper waste separation. Other goals have been achieved or almost achieved, and we believe that the activities contributing to environmental conservation and improvement are successfully implemented.

Status of goal achievement



Divisional goal setting



Results of environmental monitoring items

● Achieved (100% or more) ▲ Almost achieved (80% to less than 100%) × Unmet (less than 80%)

| Environmental monitoring items | Measures | Division | Control standard value for FY 2019 | Results of FY 2019 | | Control standard value for FY 2020 | |
|--|--|--|------------------------------------|--------------------|-------------|------------------------------------|-------------|
| | | | | Result | Evaluation | | |
| 1) Discharged amount of mixed waste | Monitoring & measurement Discharge ratio of mixed waste to the total amount of waste, excluding debris such as concrete debris and asphalt debris and construction sludge | Civil engineering construction | 15.0% or less | 10.3% | ● | 15.0% or less | |
| | | Architectural construction | 15.0% or less | 20.0% | × | 15.0% or less | |
| | | Research institute | 15.0% or less | 10.4% | ● | 15.0% or less | |
| 2) Recycling & reducing rate of construction waste | Monitoring & measurement Recycling & reducing rate | Civil engineering construction | Construction wood waste | 95% or more | 98.8% | ● | 95% or more |
| | | | Construction sludge | 90% or more | 99.7% | ● | 90% or more |
| | | | All waste | 96% or more | 98.2% | ● | 96% or more |
| | | Architectural construction | Construction wood waste | 95% or more | 96.8% | ● | 95% or more |
| | | | Construction sludge | 90% or more | 98.3% | ● | 90% or more |
| | | | All waste | 96% or more | 95.2% | ▲ | 96% or more |
| Research institute | Construction wood waste | 95% or more | 95.0% | ● | 95% or more | | |
| | Construction sludge | 90% or more | 92.0% | ● | 90% or more | | |
| | All waste | 96% or more | 75.2% | × | 96% or more | | |
| 3) Usage of photocopy paper | Monitoring & measurement (sheet/person, month) | Administration | 867 or less | 823 | ● | 823 or less | |
| | | Research institute | 294 or less | 229 | ● | 229 or less | |
| 4) Electricity usage (Office, facilities) | Monitoring & measurement (kwh/m ² , month) | Administration | 6.1 or less | 6.0 | ● | 6.0 or less | |
| | | Research institute | 6.9 or less | 6.6 | ● | 6.6 or less | |
| 5) Prevention of oil spill accident | Monitoring & measurement Executing rate of countermeasures (including education) | Civil engineering construction (port & river work) | 100% | 98.7% | ▲ | 100% | |



Prevention of global warming

Material flow

In the construction business, while energy and materials are input for the business activities, CO₂ and construction by-products are discharged. For protection and conservation of global environment, it is important to quantify the amount of those inputs and discharges. The Company is, in order to establish a resource recycling society, aiming for reducing the discharged amount and is increasing the recycling rate by proper operation of the Environmental Management System.

In FY 2019, while the discharged amount of concrete

debris that has a high recycling rate greatly decreased because of the decrease in large demolition works in architectural business, the recycling rate of construction sludge was improved. This made the recycling rate of total construction waste improve by 2.3% from the previous fiscal year.

Among the INPUT items, the increase of input of crushed stone is considered due to good progress on embankment works. Similarly, the reason for the increased input of sediment is also considered to be led by increasing input in line with soil improvement works in revetment works, etc.

Business activities



Quay construction work for the new passenger ship pier in the area No. 13



Marine transportation of landfill sediment and soil-gathering work in Minami Honmoku



Funabashi factory of SFoods Inc.

| INPUT | |
|----------------------|------------------------|
| Electricity | 6,680,000 kWh* |
| Light gas oil | 14,494 kl* |
| Heavy fuel oil | 3,344 kl* |
| Kerosene | 67 kl* |
| Ready-mixed concrete | 267,538 m ³ |
| Asphalt concrete | 33,587 t |
| Reinforcing bar | 17,861 t |
| Crushed stone | 676,726 m ³ |
| Sediment | 693,557 m ³ |

Value created for society (amount of completed work)

| Civil engineering | |
|-------------------------------------|---------------|
| Port & Airport | 63.8 bil. yen |
| Road | 5.4 bil. yen |
| Energy-related | 4.9 bil. yen |
| Soil & water conservation | 8.5 bil. yen |
| Land reclamation | 2.1 bil. yen |
| Water and sewage | 2.0 bil. yen |
| Others | 14.4 bil. yen |
| Architecture | |
| Factory | 14.0 bil. yen |
| Warehouse & Logistic facility | 11.3 bil. yen |
| Office & Government office building | 9.0 bil. yen |
| Residence | 3.8 bil. yen |
| Specified facility | 8.0 bil. yen |
| Others | 9.1 bil. yen |

OUTPUT

| Gross CO ₂ emissions | 38,018t-CO ₂ * |
|---|---------------------------|
| Discharged amount of construction by-products | |
| Concrete mass | 60,849 t |
| Asphalt concrete mass | 16,373 t |
| Wood chip derived from construction | 4,504 t |
| Waste other than designated by-product | 28,956 t |
| Construction sludge | 40,220 t |
| Displaced soil at construction | 1,373,439 m ³ |

Recycled volume

| | |
|--|--------------------------|
| Concrete mass | 60,671 t |
| Asphalt concrete mass | 16,320 t |
| Wood chip derived from construction | 4,420 t |
| Waste other than designated by-product | 25,430 t |
| Construction sludge | 39,918 t |
| Displaced soil at construction | 1,292,742 m ³ |

Final disposal volume

| | |
|--------------------------------|-----------------------|
| Construction waste | 4,143 t |
| Displaced soil at construction | 80,697 m ³ |
| Recycling rate | 97.3 % |

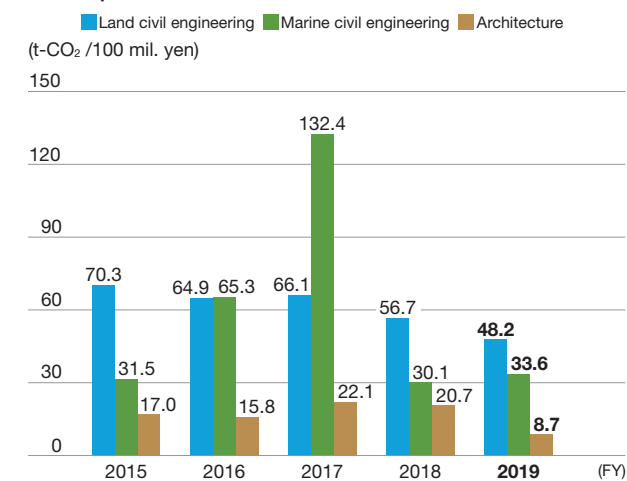
* Calculating the basic unit based on sampling investigation, and calculating by multiplying amount of completed work.

CO₂ emission reduction

The Company is promoting CO₂ emission-reduction efforts as well as measuring emission amount since FY 2005, under the goal of “reducing CO₂ emission during construction works by 20% by FY 2020 (based on the reference fiscal year 1990)” raised in the environmental action guideline “Action plan of construction industry for preservation of natural environment” established by Japan Federation of Construction Contractors, Inc.

In FY 2019, we sampled 30 sites and conducted the investigation of emission amount.

Trends in the CO₂ emission amount per 100 million yen of completed work



Civil engineering

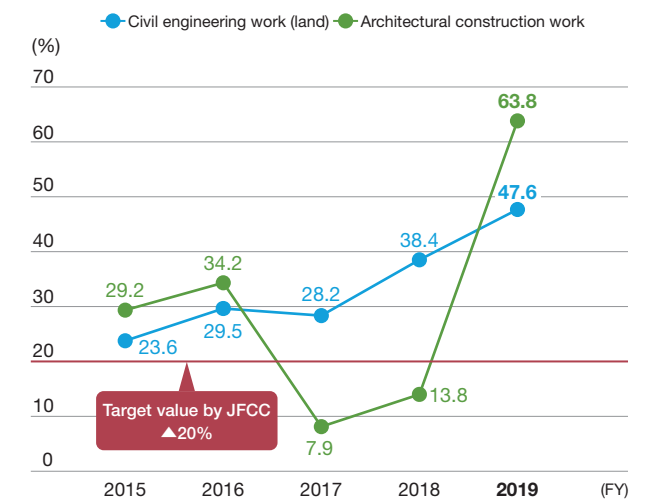
The emission amount per 100 million yen of completed work in FY 2019 was 48.2t-CO₂ per 100 million yen for land civil engineering works, which showed a decrease of 8.5t-CO₂ per 100 million yen from the previous fiscal year.

Also, the emission amount from work vessels in marine civil engineering was 33.6 t-CO₂ per 100 million yen, which slightly increased by 3.5 t-CO₂ per 100 million yen from the previous fiscal year. While the emission amount by electricity usage increased, the emission amount by light gas oil usage decreased. Overall civil engineering was on a slight downward trend.

Architecture

The emission amount per 100 million yen of completed work in FY 2019 was 8.7t-CO₂ per 100 million yen, which showed a massive decrease of 12.0t -CO₂ per 100 million yen from the previous fiscal year. We consider that this massive decrease of CO₂ emission in the use of light gas oil was due to the efficient use of heavy machine in large logistic facilities and the reduction of fuel consumption by using low-fuel-consumption type machine.

Reduction rate of CO₂ emission amount (vs. FY 1990)



Efforts to reduce CO₂ emission amount

For reducing CO₂ emission amount, we set the target value based on 92.0 t-CO₂ per 100 million yen for land civil engineering works and 24.0 t-CO₂ per 100 million yen for architectural works, which are the basic unit of emission amount in FY 1990, and has been promoting reduction efforts by thorough inspection & maintenance of construction machine, energy-saving driving, encouragement of idling stop practice, and adoption of hybrid-type heavy machine, etc.

The reduction rates of FY 2019 vs. FY 1990 were 47.6% for land civil engineering works and 63.8% for architectural construction works, which means that both divisions improved and achieved the goals.

The Company will, in order to improve the current status, continue to make proactive CO₂ emission-reduction efforts toward achieving the goal for FY 2020 proposed by JFCC, with reducing carrier vehicles by utilizing recycle of construction by-products, etc., in addition to improving the fuel efficiency by thorough inspection & maintenance of construction machine and vessels, energy-saving driving, encouragement of idling stop practice, and adoption of hybrid-type heavy machine.

Formulation of resource recycling society

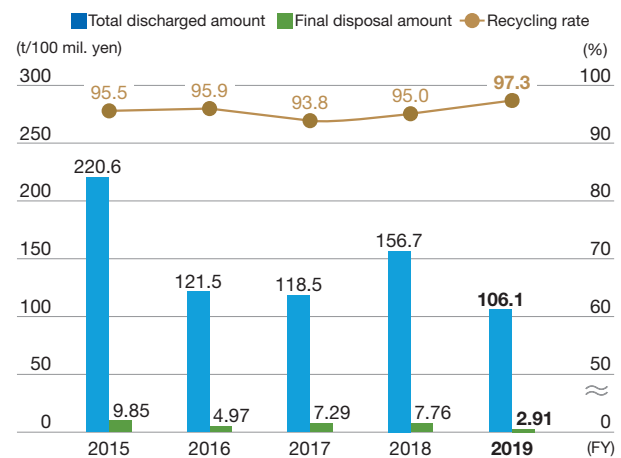
》》》 Trends in the discharged amount of construction waste

The discharged amount of waste of FY 2019 was 106.1t per 100 million yen, a decrease of 50.6 t per 100 million yen from the previous fiscal year, and the final disposal amount significantly decreased by 4.85t per 100 million to 2.91t per 100 million.

We consider that the reason for the drastic decrease of discharged amount of waste compared to FY 2018 was due to the fewer demolition works than the previous year in construction works, which led to the drastic decrease of concrete debris.

As for the target value of recycling rate, we have raised the company-wide target from 94% to 96% since FY 2016. In FY 2019, it improved further than the previous fiscal year, and achieved the goal with 97.3%. We consider that this achievement is due to the significantly improved recycling rate of construction sludge from 89.0% to 99.3%.

Trends in the discharged amount of construction waste per 100 million yen of completed work



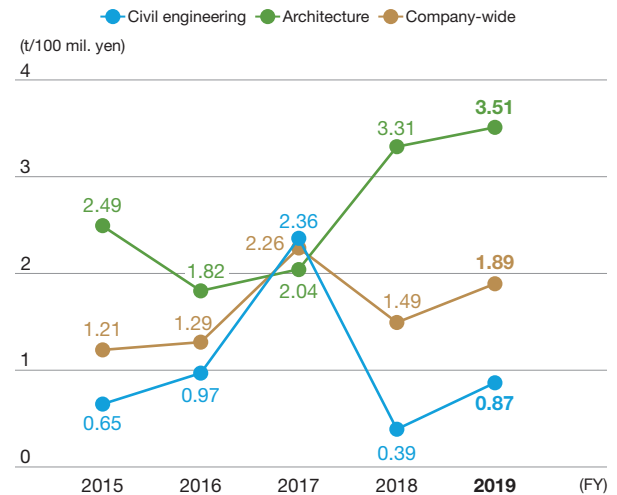
》》》 Trends in the discharged amount of mixed waste

The discharged amount of mixed waste per 100 million yen of completed work in FY 2019 was, 1.89t per 100 million yen on a company-wide basis, 0.87t per 100 million yen for the civil engineering construction, and 3.51t per 100 million yen for the architectural construction.

On a company-wide basis, it actually increased by 0.40t per 100 million yen compared to FY 2018, however, if the portion of massive discharge from plant-containing soil is not counted as an increase by regarding as a special work, the company-wide trend should be just a slight increase. For civil engineering construction, it is attributable to the factor that undersea debris during dredging is discharged as mixed waste. For architectural construction, we think that the main factor is an increase in renewal works with a relatively high discharge ratio of mixed waste. Overall, we consider that appropriate

disposal such as separation of mixed waste is continuously implemented effectively.

Trends in the discharged amount of mixed waste per 100 million yen of completed work

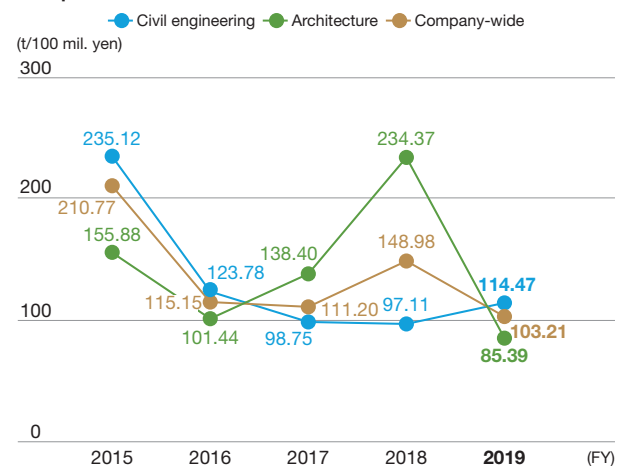


》》》 Trends in the recycled amount

The recycled amount per 100 million yen of completed work was, 103.21t per 100 million yen on a company-wide basis, 114.47t per 100 million yen for the civil engineering construction, and 85.39t per 100 million yen for the architectural construction. Compared to the previous fiscal year, the amount drastically decreased in architectural construction and slightly increased in civil engineering construction, and as a result, it decreased on a company-wide basis.

The reason is that the recycled amount per completed work in architectural construction decreased due to the decrease in quantity of highly recyclable concrete debris and asphalt debris because of decrease in large demolition works including works of waste disposal sites. We think that this drove down the company-wide amount.

Trends in the recycled amount per 100 million yen of completed work



Environmental accounting

》》》 Environmental conservation cost

We have introduced the environmental accounting since 1999 to implement environmental conservation activities and promote efficiency of environmental management resources. We compiled the environmental conservation cost based on our calculation basis, referring to "Environmental Accounting Guideline in Construction Industry, 2002 edition" (Three construction contractors) and "Environmental Accounting Guideline, 2005 edition" (Ministry of the Environment).

Basic items and data-gathering method

- Coverage
 - Toyo Construction on non-consolidated basis & for domestic activities
- Period covered
 - From April 1, 2019 to March 31, 2020
- Data-gathering method
 - Sampling & actual count survey or complete survey
 - 1) Cost in the business area
 -Sampling & actual count survey
 - 2) Cost of upstream and downstream
 -Complete survey
 - 3) Managerial activity cost
 -Sampling & actual count survey
 - 4) R&D cost.....Complete survey
 - 5) Social activities cost.....Complete survey
 - 6) Environmental damage cost
 -Sampling & actual count survey

Note: In an actual count survey, a special work in which one site significantly affects the basic unit if sampled is excluded and the cost is recorded independently.
In FY 2019, installation works of fish reef and mound-bank construction works fell under this category.

Results of environmental accounting

The total amount of environmental conservation cost in FY 2019 was 4,888 million yen, and the environmental cost ratio was 3.44%. Compared to FY 2018, the total amount of environmental conservation cost increased by 935 million yen and the cost ratio increased by 0.55%. The increase of cost ratio is mainly due to the increase of global environmental conservation cost. This is attributable to the smooth constructions in biodiversity conservation works such as installation works of fish reef, mound-bank construction works, and seagrass bed restoring works. Also, we consider that the decrease of resource recycling cost by 198 million yen is due to the decrease of the discharged amount of construction waste. We do not see major difference in other cost items and believe that environment activities are steadily implemented.

We will continue to implement environmental conservation activities in an efficient manner and reflect them in our environmental management.

FY 2019 environmental accounting

| Item | Main activities | FY 2017 expenditure | FY 2018 expenditure | FY 2019 expenditure |
|--|---|---------------------|---------------------|---------------------|
| 1. Cost in the business area | | 32.29 | 32.92 | 41.39 |
| 1) Pollution prevention cost | Atmospheric pollution, water pollution, noise, vibration, etc. | 9.56 | 13.42 | 12.26 |
| 2) Global environmental conservation cost | Prevention of global warming, biodiversity conservation, energy-saving, etc. | 5.37 | 2.29 | 13.90 |
| 3) Resource recycling cost | Reduction of construction by-products, waste disposal cost, etc. | 17.36 | 17.21 | 15.23 |
| 2. Cost of upstream and downstream | Cost of design for environment, etc. | 0.28 | 0.27 | 0.40 |
| 3. Managerial activity cost | Environment-related department cost, monitoring and measurement of environmental-load, etc. | 2.12 | 2.69 | 2.73 |
| 4. R&D cost | Environment-related R&D cost, etc. | 2.60 | 2.24 | 2.89 |
| 5. Social activities cost | Cleaning around the site, environment-related fund & donation, etc. | 0.04 | 0.04 | 0.05 |
| 6. Environmental damage cost | Restoration cost related to soil contamination or nature destruction, etc. | 1.41 | 1.37 | 1.42 |
| Total amount of environmental conservation cost | | 38.74 | 39.53 | 48.88 |
| Environmental cost ratio (%) | Environmental conservation cost / Completed work | 2.75% | 2.89% | 3.44% |

Quality

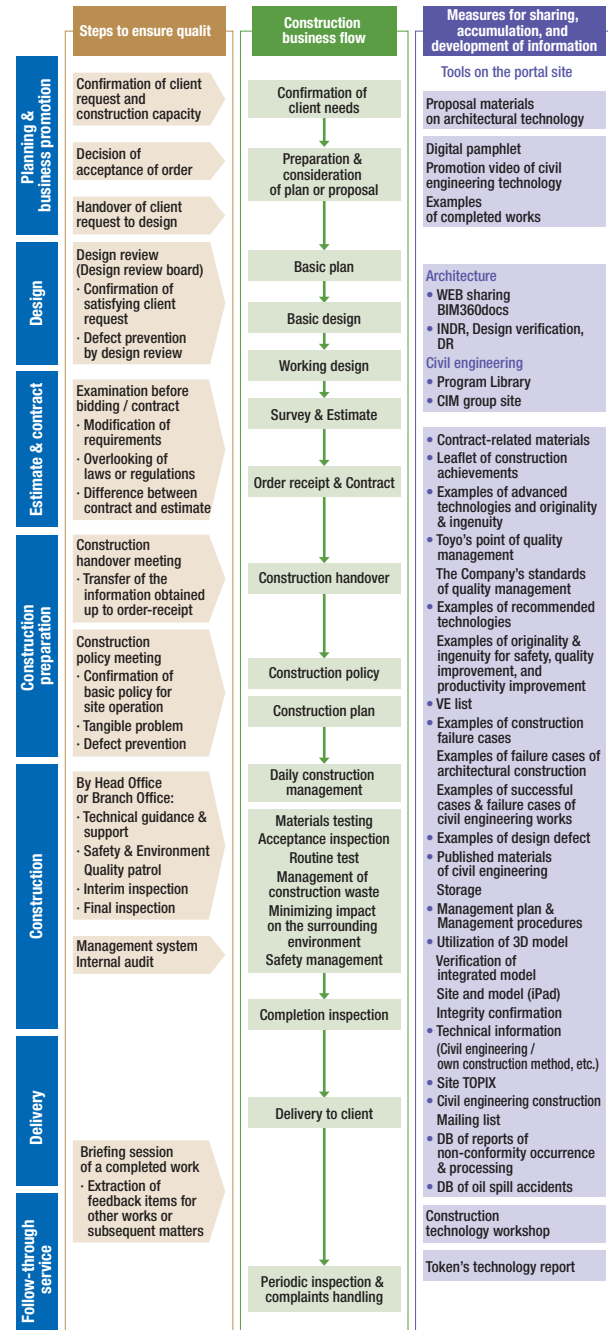


»» Efforts to ensure and improve quality

The Company is making efforts to ensure high quality, by operating three management systems as a package for quality, environment, and occupational safety & health, with due consideration for environmental and safety first.

We are ensuring quality from planning & proposal to order receiving, construction, delivery, and follow-through service, and also seriously take complaints or evaluation and comment from customers after construction and reflect them in our subsequent responses, quality control, and increase in customer satisfaction.

Structure for ensuring quality



Safety & Health

»» Thorough management of safety & health

Safety & Health is the basis of entire corporate activities and precedes everything. Particularly, works at a construction site, compared to production activity at a factory, are characterized as a single-part production, and the conditions such as place and environment are totally different. Also, it tends to be difficult to locate staff or members of subcontractors, which is one of the characteristics of difficulty in managing safety & health.

The Company is making efforts, for “zero fatal and critical accident” as a matter of course, and also for reducing the number itself of incidents, every year. We put the goal of safety & health into action, centering on the mid-term Business Plan and the annual plan, and the continuity of that is important for fostering a culture of safety. Regarding accidents that have occurred, we conduct cause investigation and recurrence prevention for all accidents and apply them to company-wide similar incidents. Also, depending on the type of accident, if the accident, even not accompanied by lost worktime, contains a factor that should never recur, the “Accident Investigation Committee” by both Head Office and the branch office is held. Moreover, regarding the type of accident that is suspiciously considered to recur as the same type of accident, we give a thorough instruction to all company offices to comply with the “Standards for accident prevention of Toyo Construction”, safety provision stricter than laws and regulations.

Questioning-operation-flow activity

For thorough management of safety & health, concrete measures and visualization of process are necessary.

The Company are continuously carrying out the activity, named as “Questioning-operation-flow activity”, for foreseeing risk of accidents like “falling”, “collapsing”, or “caught in”, by envisioning operation flow such as action of workers engaged, movement of heavy machine or equipment used, movement of suspended load during crane operation etc., and preventing actual accidents.

This fiscal year, we started conducting a group meeting for KY (“Kiken Yochi”, i.e., foreseeing risks) of each team after the morning assembly by checking the real conditions at the site for their actual work watching from the morning assembly field. Every worker, led by the foreman, after reconfirming the operating instruction and role-sharing arrangement, conducts own risk-check of his/her work by “questioning-operation-flow”, reading the “Self-questioning card”. Through workers’ own contemplation, they will become aware of risks and be able to prevent human error. We are working for accident prevention by continuing this activity.

Activities for preventing labor accidents by cooperation with subcontractors

As an effort for safety & health activities with subcontractors, we arrange site visits and conduct joint safety patrols every year. Also, since the number of labor accidents that occurred within one week after the new entry was more than 30% of the total in FY 2018, we, in FY 2019, requested our subcontractors to implement the “Site patrol within seven days of entry” by the management dispatching new entrants, and as a result, we achieved zero accident accompanied by lost worktime within one week of entry, which led a drastic decrease of the number of accidents. This fiscal year, we are continuing activities to prevent accidents within one week after the new entry.

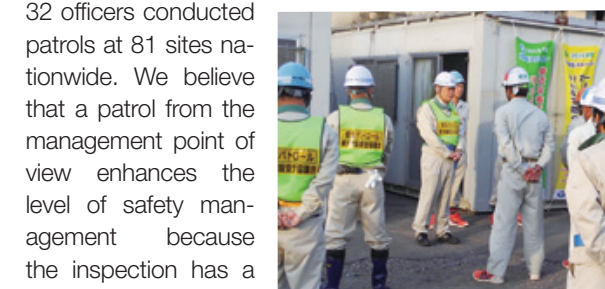
Additionally, we decided that the site patrol joined by branch managers including the general manager from the morning assembly should be conducted at least once a month, and the managers are raising awareness of safety by communicating their enthusiasm about accident prevention to all workers engaging in the site work before their start working. Also, the General Manager of Safety and Environmental Department of the office, as appropriate, participates in the Accident Prevention Committee held at site once a month, conducts training and provides guidance to the management of subcontractors regarding voluntary accident prevention activities, and seeks to improve environment at site by collecting feedback and demand from subcontractors.



Patrol by General Manager (Kanto Branch Office)

Patrol by management

The Company started the inspection of safety management status (management system, facilities status, records, etc.) by all officers at all sites nationwide as the “Patrol by management” twice a year. In FY 2019, a total of 32 officers conducted



Patrol by Mr. Takezawa, President (Kyushu Branch Office)

Training of young staff

For relatively inexperienced young staff, we provide education for fostering the method and sensitivity for foreseeing risk by giving them personal experiences in the structural body construction from rebar & frame to concrete placement. Also, as for the knowledge required at site, the General Manager of Safety and Environmental Department of the office provides special curriculum as a lecturer and cultivates precious human resources with the basic knowledge necessary for accident prevention.



Special curriculum for handling low-tension electricity (Kanto Branch Office & Kanto Architectural Construction Branch Office)



Personal experience education for young staff (Tohoku Branch Office)

Education for divers

At offshore work, diving operation is essential in various situations, however, it can be the cause of fatal or critical accident. The Company has provided the education for divers for those staff who engage in diving operation since FY 2008. In this education, we support subcontractors by providing our original program for creating a diving work plan. We continuously provide this program as a special education only by us among marine contractors and are improving safety of diving operation by making divers recognize the level of dangerousness.



Education for divers (Kanto Branch Office)



Securing & developing precious human resources

»»» The precious human resources we look for

Our job is a single-part production by an order at each site, and we never produce the same one again. Therefore, because we always produce different one, our staff need to deepen their expertise and gain experience by engaging in various works. On the other hand, no matter what standpoint, nothing else could replace with the joy when the work engaged in by myself is successfully completed.

We want to hire many young employees who are ready to: contribute to people and society, “act aggressively”, “eager to accomplish things with others”, and “have more ambition”. So, we want to share our joy of craftsmanship.

Also, through education and training, we will promote the growth from just “human resources” to “precious human resources” and continue to foster the rising generation who will be active in each field.

»»» Education system & Training program

Improvement of ability and qualification of each employee is one of the integral elements for corporate growth. The Company provides stratified training or occupational specialty training such as “In-house group training” or “Outside training” and training by purpose such as “Overseas training” or “Diversity training”, and also develops employees’ ability by training program and support system for acquisition of recommended qualifications. Also, for young technical staff, who shoulder responsibility for the future of the Company, we provide education according to our independently prepared program, and aim for making them acquire ability to accomplish the task as a general manager of a site in ten years.

Educational program of civil engineering

Paring with a staff as a tutor for the first three years, addressing the 12 basic challenges related with civil engineering such as soil mechanics, steel structure, hydraulics, etc., and thereafter, going forward to practical challenges.

Educational program of architecture

Aiming for acquiring the abilities necessary for site management such as 1) ability to produce a progress schedule, 2) ability to prepare a working drawing and check the contents, and 3) ability to prepare a working budget (construction cost management).

Also, they will learn specialized management techniques of civil engineering or architecture as the next step for those staff who have learned the basic technological capability of civil engineering or architectural construction, and then they will go forward to the training program for a general manager of a site to develop management skills as such.

Training hours & cost per person

| | FY 2017 | FY 2018 | FY 2019 |
|----------------|-------------|-------------|-------------|
| Training hours | 20.51 hours | 21.83 hours | 28.52 hours |
| Training cost | 81,481 yen | 84,196 yen | 109,793 yen |

The number of participants in training (cumulative total number)

| Training type | FY 2017 | FY 2018 | FY 2019 |
|---------------------------------|---------|---------|---------|
| Stratified training | 250 | 254 | 369 |
| Training by purpose | 580 | 412 | 238 |
| Occupational specialty training | 410 | 568 | 961 |

»»» Development of precious global human resources

The Company provides overseas training mainly for younger employees for raising the awareness about overseas assignment through overseas practical experiences or life in a foreign culture, and also for the understanding of job as a project manager or staff who is working there.

Also, since FY 2020, we have started to develop precious global human resources who will work abroad by providing an opportunity to attend an intensive course on English at university for those executive candidates who will play a key role in our overseas business.

Results of development of precious global human resources

| | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
|---|---------|---------|---------|---------|---------|
| The number of participants in overseas training and English language training | 6 | 3 | 2 | 4 | 1 |
| The number of staff accepted from overseas branches & subsidiaries | 3 | 5 | 5 | 5 | 5 |

»»» Support for acquisition of recommended qualifications

The Company designates more than 250 licenses and qualifications closely related for employees to perform their tasks as the recommended qualifications to acquire. For those who acquire any of the recommended qualifications, we have established a system to support the examination fee and/or registration fee necessary for the acquisition subject to satisfying the prescribed conditions. In FY 2019, a total of 339 employees have acquired the recommended qualifications.

Main qualified persons

(as of March 31, 2020)

| Name of qualification | The number of acquirers | Name of qualification | The number of acquirers |
|---|-------------------------|--|-------------------------|
| PhD. | 15 | Professional Engineer | 154 |
| First-class architect | 76 | First-class civil engineering construction management engineer | 603 |
| First-class building construction management engineer | 296 | First-class landscaping construction management engineer | 41 |
| First-class construction machine operation engineer | 1 | First-class plumbing work operation and management engineer | 36 |
| First-class electrical work operation and management engineer | 24 | Marine work operation and management engineer | 297 |
| Concrete engineer | 173 | Fisheries construction management engineer | 138 |
| Soil contamination survey technology manager | 2 | JR construction manager | 40 |
| Residential land and building trader | 37 | Construction industry accountant (first-class) | 31 |

»»» Realization of a company valuing people

Efforts to restrict long working hours

In the construction industry, companies are making efforts to restrict long working hours as a priority issue for “securing the rising generation” and “healthy development of the industry”. The Company also organized the “Dedicated Committee for Time-shortening” comprising the labor and management, and has set and is promoting the policy for restricting long working hours and taking leave.

Main initiatives in FY 2020

- Preplanned grant of paid leave (surely to take five days per year)
- Planned annual leave + plus movement (to promote leave-taking in addition to planned annual leave)
- Preparation of vacation schedule & achievement chart (all sites)
- Promoting three-day consecutive leave-taking by business bachelors
- Promoting taking the completion-of-work leave
- Company-wide unified no overtime day, company-wide unified leave-office-at-19 o'clock day
- Conducting a poll regarding time-shortening

Also, we set our original goal of the “reform of working practices” toward a 5-day work week, and are taking measures to improve productivity by utilizing ICT and streamline internal documentation.

Attainment targets at the end of FY 2021

- Realization of two-day closing of sites (except sites with difficulty in application)
- Overtime work hours per year within 720 hours
- Average annual vacation days taken by staff at site 120 days or more

Status of site closing days (except sites with difficulty in application)

| Category | FY 2018 | | FY2019 | |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 8 or more per 4 weeks | 6 or more per 4 weeks | 8 or more per 4 weeks | 6 or more per 4 weeks |
| Civil engineering | 42% | 74% | 42% | 89% |
| Architecture | 13% | 58% | 22% | 66% |
| Total | 34% | 70% | 37% | 83% |

Outside-work employee

Average monthly overtime work hours

| Category | 2016 | 2017 | 2018 | 2019 |
|-------------------|------------|------------|------------|------------|
| Civil engineering | 49.1 hours | 51.4 hours | 46.4 hours | 47.2 hours |
| Architecture | 48.3 hours | 48.8 hours | 49.6 hours | 50.5 hours |

Outside-work employee

Average number of annual holidays taken

| Category | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
|-------------------|------------|------------|------------|------------|
| Civil engineering | 103.6 days | 101.1 days | 107.7 days | 117.1 days |
| Architecture | 107.5 days | 106.6 days | 107.1 days | 114.1 days |

Medical checkup and health screening

Considering health care as one of important issues for both of employees and the Company, we focus on ensuring employees’ health, and in addition to the cost of mandatory medical checkup, the Company bears standard cost of health screening, part of optional costs, and re-testing cost of medical checkup.

Participation rate in health screening

| FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
|---------|---------|---------|---------|---------|
| 56.5% | 56.9% | 63.4% | 67.4% | 68.0% |

»»» Relationship with workers union

The Company and the workers union of Toyo Construction have maintained the internal peace each other and contributed to the development of the Company, putting both on the “mutually dependent & mutually beneficial” relationship since entering into the enterprise agreement in 1964. The enterprise agreement provides the union-shop system specified by Labor Union Act, and it is our long-time corporate culture of the union and the company to cooperate with each other in a relationship of check-and-partner. (union membership: 972, union membership ratio: 70%, as of July 1, 2019)

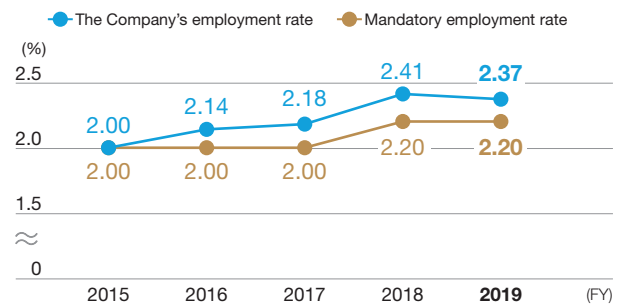
Diversity



»» Promotion of diversity

Accepting diversifying individual characteristics and each other's sense of values, we are making efforts to develop a workplace for cooperation. We believe that each employee will be able to comfortably demonstrate the individuality and creativity to the maximum in such a workplace where people enjoy working regardless of race, sex, age, nationality, or disability.

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



Elderly employment

We have introduced a post-retirement continued employment system for employees. This system enables the elderly after the official retirement age not only to make full use of their abilities and experience which have been developed over a long period of time, but also to hand down their techniques to the next generation.

Trends in the number of post-retirement re-employment

| | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
|--|---------|---------|---------|---------|---------|
| The number of employees at the official retirement age | 11 | 14 | 18 | 18 | 21 |
| The number of re-employment employees | 9 | 10 | 16 | 14 | 15 |

Advancement of women's empowerment

The Company has been steadily and continuously hiring women in general positions and they account for about 20 percent of new graduates. Also, we have prepared the "Action plan for promoting positive activities of women" and implemented "Career development training for women in general positions", one of the Action Plan programs, and we are committed to ensuring that women continuously enjoy working through work environment improvement and the childcare support system, etc., with networking beyond work location and finding issues of the Company from a female perspective.

Trends in hiring women in general positions (new graduates)

| | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---|---------|---------|---------|---------|---------|
| Civil engineering | 0 | 2 | 0 | 10 | 8 |
| Architecture | 3 | 3 | 1 | 7 | 6 |
| Administration | 2 | 3 | 1 | 1 | 3 |
| Total of women in general positions | 5 | 8 | 2 | 18 | 17 |
| Total number of hiring of new graduates | 37 | 59 | 55 | 98 | 77 |
| Share of women in general positions | 14% | 14% | 4% | 18% | 22% |

»» Provision of Diversity training

We are providing the "Diversity training" since FY 2019. For advancing women's empowerment, understanding and consciousness change by employees is necessary, and such training is the place for accepting mutual characteristics and each other's sense of values and for sharing such.

Also, we would like to further create environments where women as well as foreign employees and handicapped people can comfortably make full use of their abilities.



Scene of Diversity training

»» Development of foreign engineers

The Company provides practical OJT training in Japan for foreign engineers from Philippines and Kenya, etc., and develops excellent engineers who are able to work in Japan and abroad. Also, we are expanding the capability of Japanese staff to instruct foreign staff.

Every year since 2014, we are regularly providing practical training for two Filipino architectural engineers of CCT CONSTRUCTORS CORPORATION (overseas subsidiary in Philippines) for one year at an architectural construction site in Japan. Also, since 2018, we are accepting ten Filipino technical staff selected from our Manila Office for practical training at our group's work vessel and providing education programs of Japanese language, etc.

Moreover, Civil Engineering Department of Head Office and International Division have engineers from Philippines, Nepal, and Kenya, and those engineers are playing a wide range of roles in various fields such as CIM model building, design & examination of overseas construction projects, etc.

Contribution to society



»» Education for next generation

Holding a site visit for students - Kyushu Branch Office

Kyushu Branch Office held a site visit for students who major civil engineering. The site visit is aimed for their understanding on the construction industry and actual work on site, and forty students and one teacher at a technical high school of Oita participated in this visit. At the visit, after explanation by young staff regarding brief overview of the site utilizing the ICT, the visitors aboard a ship observed a workplace leveling foundation stone at a breakwater. We received some feedback from participating students, such as "I was struck by the ICT technology and enormity" and "It is helpful in thinking of my career after graduation" etc., by which we were able to show them the social role by the construction industry. We expect that this experience will be beneficial for schoolwork, and we will continue to make efforts to secure the rising generation.



Scene of explanation by young staff

»» Harmonious relationship with the community

Conducting an emergency drill at Naruohama industrial park - Technical Research Institute, Naruo

Many companies and factories are located in Naruohama region where Naruo Technical Research Institute is also located, and they are organizing the Naruohama liaison association. Once a year, the Naruohama liaison association conducts a regular emergency drill to confirm a series of actions such as tsunami evacuation activities after possible Nankai megathrust earthquakes. In FY 2019, our staff of Naruo Research Institute also conducted the Shake Out drill (securing personal safety) and dispersedly moved to neighboring two buildings designated as the tsunami evacuation points. The evacuation time was around 10 to 15 minutes for all staff of the Institution, which confirmed that everyone were able to evacuate by the time tsunami reaching there. On the same day, an emergency life-saving drill was also conducted under the mentorship of Naruo fire department, and our staff gained experience such as how to use an AED, etc. We will, making use of this experience, try to make a cool judgment and adapt to circumstances in case of disaster.



emergency life-saving drill using an AED

»» Contribution to environment

Joint participation in the activity for development of eelgrass field

Every year since 2014, Kanto Branch Office jointly participates in the "Activity for development of eelgrass field*" hosted by the Amamo Revival Collaboration in Kanazawa-Hakkei, Tokyo Bay Area. In this activity, we sow seeds together with local people in autumn, and transplant grown seedlings to the sea before the summer of next year. Once the number of eelgrass fields had drastically decreased due to deterioration of environment caused by water contamination, etc., but now, eelgrass fields are being revitalized throughout the country in light of the importance of fisheries and from the standpoint of environmental conservation, and the Company also has been taking a proactive stance. We hope that we, by making strenuous efforts, can contribute to conservation and revitalization of the marine.

*Eelgrass field: the place where eelgrass that plays a role in purifying water is flourishing. Since many sea creatures grow and lay eggs there, it is called the "cradle of the sea".



Trying to prepare a seedbed of eelgrass and sow seeds

Cleaning activities in Kenya, Africa - International Division

International Division performed cleaning activities in a resort beach facing the Indian Ocean in Mombasa county of Republic of Kenya as one of the conservation activities to clean the sea. A total of 160 people (Kenyan, Filipino, Indian, and Japanese), including Kenyan government officials and people engaged in the Mombasa Port Development Project, worked in collaboration to collect beachside garbage. Much of the garbage was plastic, regarded as a global environmental problem. The beach is a place of recreation and relaxation for local people, and also a place where many sightseers visit. We will, no matter how little, through the cleaning activities, continue to make proactive efforts to contribute to conservation of places of recreation and relaxation and development of economy of the country.



Cleaning activity in Mombasa beach, Kenya

Enhancement of governance

Basic concept

To realize the Corporate Identity, the Company, specifying “cultivating human resources”, “facing the issues”, and “increasing value-added productivity” in the Basic Policy, particularly positioning the enhancement of corporate governance as one of the highest management priority issues, is making efforts to establish the optimal management structure to respond promptly to change in management environment. We believe that enhancing corporate governance and ensuring efficiency and transparency of management will increase the Company’s value and will form a solid foundation for existing as a company trusted by stakeholders including shareholders and the general public.

Outline of corporate governance structure

Board of directors and directors

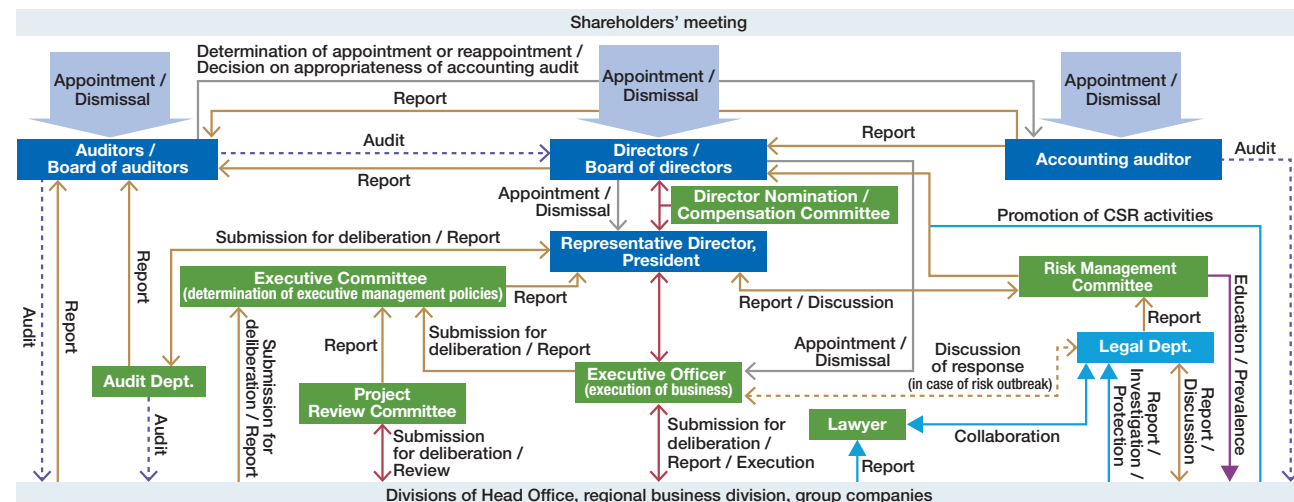
The board of directors discusses and passes resolutions on important matters related to the Company’s management, and each director supervises the execution of business. The board of directors is composed of all directors and all auditors including two outside directors, and in order to make fair and swift decisions, is structured for agile management such as holding an extraordinary meeting of the board of directors as necessary, in addition to the regular meeting of the board of directors which is held once a month.

Board of auditors and auditors

Based on the stewardship responsibility to shareholders, the board of auditors and auditors implement audits of business execution of duties by Directors, in an independent and objective position for the Company and the common benefit of shareholders. The board of auditors is composed of three corporate auditors including two outside auditors.

Organization chart of corporate governance

(as of April 1, 2020)



Director Nomination / Compensation Committee

To strengthen the independence and objectivity of the function of the board of directors pertaining to nomination and compensation of directors and executive officers, the Company establishes the Director Nomination / Compensation Committee under the board of directors, and discusses matters relating to nomination and compensation. The committee is composed of two representative directors and one outside director, which establishes a structure to obtain appropriate advice and involvement by the outside director.

Risk Management Committee

The risk management committee is established as a department under the direct control of the President (representative director) consisting of three directors, General Manager of Audit Department, General Manager of Safety and Environmental Department and one auditor. It develops the compliance policy, selects key risks of the whole group, and reports their activities to the board of directors while instructing pertinent departments.

Executive Committee

To respond promptly to changes in management environments and promote efficiency of business operations, in addition to the board of directors, the Executive Committee that discuss and determine executive management policies is held twice a month. The Executive Committee is composed of all directors, General Manager of Business Planning Department of Business Administration Division and one auditor.

Independent Outside Committee

The Independent Outside Committee is established for the purpose of information exchange and recognition sharing between outside directors and outside auditors. The Committee is composed of all of outside officers. One outside director is appointed as the head.

The contents and chairpersons of the board of directors and its optional committees are as follows.

| Name | The board of directors | Director Nomination / Compensation Committee | Risk Management Committee | Executive Committee | Independent Outside Committee |
|---|------------------------|--|---------------------------|---------------------|-------------------------------|
| Kyoji Takezawa Representative Director, President | ◎ | ◎ | | ◎ | |
| Etsuro Moriyama Representative Director | ○ | ○ | | ○ | |
| Masakazu Kawanobe Director | ○ | | | ○ | |
| Hiromi Hirata Director | ○ | | ○ | ○ | |
| Takahiro Yabushita Director | ○ | | ◎ | ○ | |
| Haruhisa Oobayashi Director | ○ | | ○ | ○ | |
| Takuro Inoue Director | ○ | | | ○ | |
| Yoshio Fukuda Director (outside) | ○ | ○ | | ○ | ◎ |
| Yutaka Yoshida Director (outside) | ○ | | | ○ | ○ |
| Kanehito Akasaki Corporate Auditor | ○ | | △ | ○ | |
| Jiro Fukuda Corporate Auditor (outside) | ○ | | | | ○ |
| Kiyokata Somekawa Corporate Auditor (outside) | ○ | | | | ○ |

(1)○means a member, ◎ means the chairperson, △ means an observer, respectively.
 (2)Because the Auditors are obliged to attend the board of directors meeting and state their opinion, they are marked “○”.
 (3)For Risk Management Committee, besides the representation, one lawyer may be appointed as an adviser.

Toyo Construction Corporate Governance Guidelines

The Company established the “Corporate Governance Guidelines” in November 2015 (revised on June 26, 2020). This is to establish guidelines with respect to corporate governance in order to achieve sustainable growth, increase the Company’s medium-and-long-term value through the realization of the Corporate Identity, and eventually contribute to the common interests of stakeholders including shareholders.

The Guidelines consist of the six clauses, primarily of ensuring the shareholders’ right & equality, proper relationship with stakeholders, and effectiveness of the board of director. The Guidelines are published on our web site.

[Toyo Construction Corporate Governance Guidelines](https://www.toyo-const.co.jp/en/company/governance)
<https://www.toyo-const.co.jp/en/company/governance>

1. Effectiveness evaluation of the board of directors

Every year, the Company engages in self-assessment of effectiveness of the board of directors by questionnaire, and reports the results at the board of directors meeting.

The matters for evaluation cover a broad range of assessment of adequacy, centering on the four items such as (1) the number of directors, the makeup of the board of directors concerning qualification, etc., (2) the scope of matters to be discussed, volume of the materials, operations of the board of directors for ensuring time for prior explanation, etc., (3) provision of information to outside officers, and (4) improvements from the previous fiscal year.

With periodical self-assessment and feedback to the board of directors, we will head for the realization of effective corporate governance.

2. Our efforts for diversity in the board of directors

Currently, there is no female director in the board of directors, however, it is an issue for the whole construction industry, which is traditionally male-dominated, to secure diversity including advancement of women’s empowerment, and the Company continues to hire women, targeting the female share of 10% for technical fields and 30% for administration in the total intake.

Since currently there are only a few female managers, firstly as an immediate goal, we believe that raising up senior managers by career-development through job rotation will lead to the birth of our future female director.

Compensation for directors and auditors

| Criteria | Total amount of compensation (mil. yen) | Total amount by type of compensation (mil. yen) | | | The number of eligible officers (number) |
|---|---|---|--------------------------------|--|--|
| | | Basic compensation | Performance-based compensation | Performance-based stock-based compensation | |
| Directors (excluding outside directors) | 193 | 157 | 27 | 9 | 8 |
| Auditors (excluding outside auditors) | 15 | 15 | — | — | 1 |
| Outside officers | 54 | 54 | — | — | 6 |

Activity status of outside officers

| Title | Name | The board of directors meeting (20 times held) | | Board of auditors meeting (18 times held) | |
|-------------------|-------------------|--|-----------------|---|-----------------|
| | | The number of attendance | Attendance rate | The number of attendance | Attendance rate |
| Director | Yoshio Fukuda | 20 | 100% | — | — |
| Director | Yutaka Yoshida | 20 | 100% | — | — |
| Corporate Auditor | Jiro Fukuda | 15 | 100% | 12 | 100% |
| Corporate Auditor | Kiyokata Somekawa | 20 | 100% | 18 | 100% |
| Auditor | Mitsunori Makise | 20 | 100% | 18 | 100% |

Because Mr. Jiro Fukuda, Corporate Auditor, was appointed at the 97th annual general meeting of shareholders held on June 27, 2019, the number of meetings held and the number of attendance are the numbers after his appointment.

Message from an outside director

I will, as an “foreign engine”, accelerate the steps in pursuit of Toyo Construction’s reform and growth.

Yoshio Fukuda

He served as an officer at Teijin Limited and its overseas group companies and has a wealth of experience and extensive knowledge of global management. Tenure as an outside director of Toyo Construction is four years. He also serves as an outside corporate auditor of Harmonic Drive Systems Inc. and an auditor of Japan Indonesia Association, Inc.



I was reappointed to a 5th term as an outside director at the shareholders’ meeting in June 2020. At the company that I was once working for, I served as the president of its subsidiary in Indonesia and also was engaged in overseas business as a director. This is why I was asked by the President, Mr. Takezawa to accept a position as outside director for “strengthening the overseas business”.

Even though the title is “outside”, I am involved in various business judgments. Different from a corporate auditor who checks whether the company’s governance is appropriately working, a director makes commitments to business judgment, therefore, is required to have knowledge about the real business situation. Fortunately, Toyo Construction has a strong belief that “an outside director should not be just a figurehead”. So, I have opportunities to visit many sites, to hear from various staff, and to understand more about business.

In Philippines, I am continuously meetings with local managers to examine the challenges. There are many excellent precious human resources hired in Philippines. I deeply realize the achievement of activities for more than 40 years by Toyo Construction in Philippines. And at the same time, because I find it necessary for them to build awareness as a member of Toyo Construction by increasing opportunities to study in Japan, I am raising this issue at the board of directors meeting.

Also, I involved myself in developing the mid-term Business Plan “Being a resilient company”, using my experience as a former head of business planning division. One example is that the new mid-term Business plan is not so-called top-down, but bottom-up type. Young staff examine their own challenges and then construct the concept. Therefore, the board of directors played a role as an instructor providing management education for the young staff as well as discussed the plan. As such, I feel that the Plan has been made as a down-to-earth one.

While I think that the corporate culture of Toyo

Construction lies in its sincerity, gentlemanly attitude, homelike environment, and good old Japanese corporate tradition. However, it seems to me that there still is not sufficient employee training to give them new management skills from a young age.

The new mid-term Business Plan emphasizes educational investment, and now we are continuing discussion to transform the personnel system drastically. The essence of the reform of working practices is not simply reducing working hours, but has to be giving job satisfaction and improving motivation. The involvement in this major reform will be one of my big jobs during the 5th term as an outside director.

I believe that an outside director has to be a “good foreigner”. The good foreigner has to vitalize the board of directors as well as encourage diversification and sophistication of business judgment by introducing such a fresh point of view that the staff joining the company as a new graduate may not be aware of or come up with.

The fact that Toyo Construction is trying to change and grow by utilizing an outside director is considered to be evidence that the Company has already begun walking toward change and growth. I am, as an outside director, resolved to be another “foreign engine” to accelerate the movement.



At a party after the management forum in Philippines

Risk management

》》》 Risk management

The Company, setting its compliance as the base, positions the elimination or reduction of a limiting factor for company’s sustainable growth as the risk management.

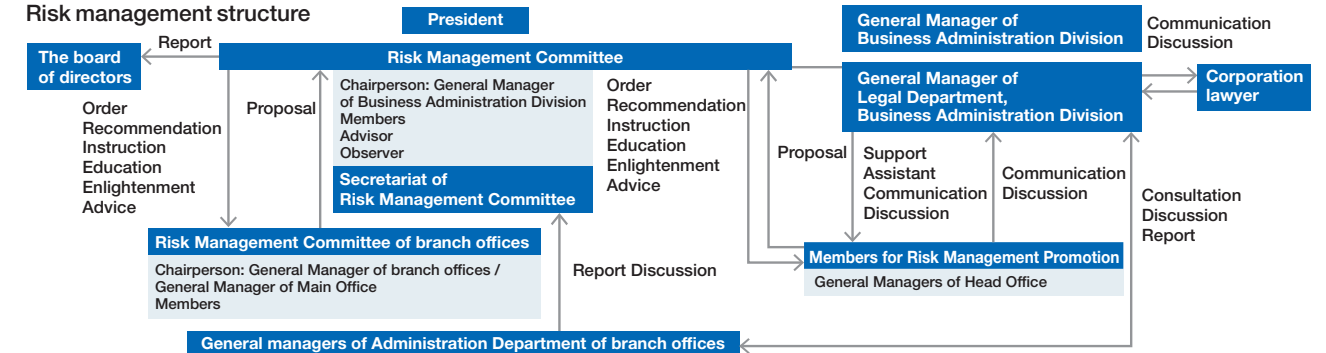
We have established the “Risk Management Committee” at the Head Office against the risks surrounding management.

The Committee is chaired by the General Manager of Business Administration Division and conducts examination and development of policies regarding the risk man-

agement activities such as supervision of the Risk Item Administration Table that compiles the pickup, evaluation and response to the management risks, preparation of a proposal of measures to prevent risk of the whole group, and development and revision of the Compliance Policy, etc., and the Committee periodically reports to the board of directors.

Also, the Committee selects “manipulation, falsification, concealment” as the risk to be jointly addressed by the whole group, and each of departments and group companies is making efforts to prevent the risks.

Risk management structure



》》》 Risk Monitoring

Our effort to manage risk is not limited to collecting materials or gathering data. Legal department staff visit the departments of Head Office, branches, sales offices and sites, and confirm whether there is any risk that will affect the whole company, by making an on-the-spot check of various materials and by holding hearings.

If any risk is found, it is reported to the Risk Management Committee seeking for company-wide measures. During the monitoring, a compliance inspection is also conducted for monitoring their compliance and for providing instruction and education.

Results of risk monitoring

| | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
|-----------------|---------|---------|---------|---------|
| Head Office | – | 2 | 2 | – |
| Branches | 3 | 6 | 1 | 3 |
| Sales offices | 8 | 10 | 7 | 4 |
| Sites | 5 | 19 | 5 | 2 |
| Group companies | 8 | 9 | 4 | 2 |
| Total | 24 | 46 | 19 | 11 |

》》》 Working on the Business Continuity Plan (BCP)

Large-scale earthquake, flood, etc.

Assuming a large-scale earthquake or flood, etc., and putting the highest priority on the safety of employees and their families, customers, community and the prevention of secondary disasters, and in order to contribute to society and support customer’s restoration and business continuity, the Company has developed the Business Continuity Plan in the event of a disaster at Head Office,

Main Branch and branches nationwide. In the event of disaster, we will, collaborating with the community, provide a land for site offices or temporary toilets, etc. Also, we have secured the immediate disaster recovery support system for social infrastructure by concluding a mutual aid agreement for emergency management with local governments throughout the country.

Infectious disease

Against various epidemic, the Company, thoroughly taking precautions against infection and blocking the spread for employees and their families, making efforts to continue business, performing contracts with customers, and cooperating with whole society against pandemic, has developed the Business Continuity Plan (epidemic section) by establishing infection control precautions, educational training, and the action plan according to the level, etc.

》》》 Efforts for overseas safety and security

To protect our employees and their families against terror threat that is recently spreading worldwide, we have prepared a manual regarding daily safety measures and emergency procedures for each country of residence, and have given thorough instruction to resident employees and concerned parties. Also, for dealing with various overseas risks, we liaise closely with Japanese Embassy and Japan International Cooperation Agency (JICA) locally, and Head Office & International Division are improving the overseas support system in collaboration with our local offices.

Compliance

》》》 Basic policy of compliance

The Company positions observance of company rules and business ethics as well as of laws and regulations as the compliance, and also adopts our response to the expectations of stakeholders and exercise of social responsibility through our practice of fair and sincere business activities based on the compliance as the basic policy of compliance.

》》》 Enlightenment and education of compliance

The Company systematically conducts compliance education for officers and staff to always act sincerely based on compliance, and in addition to stratified training for staff, also conducts training for officers, etc.

Also, since FY 2017, we are conducting e-learning for all officers and staff including group companies, and a total of 18,816 people (executing rate: 98.9%) took it in FY 2019.

Results of the compliance training

| Type of training | | FY 2017 | FY 2018 | FY 2019 |
|--|---------------------------|---------|---------|---------|
| New employee *including mid career hire | Number of participants | 60 | 61 | 106 |
| | Number of sessions (time) | 2 | 4 | 3 |
| Stratified training | Number of participants | 131 | 144 | 163 |
| | Number of sessions (time) | 6 | 6 | 6 |
| Management *Officers, General Managers of branch offices, General Managers of Head Office, etc. | Number of participants | 48 | 46 | 38 |
| | Number of sessions (time) | 1 | 1 | 1 |

Attendance result of e-learning

| | FY 2017 | FY 2018 | FY 2019 |
|---------------------------------------|---------|---------|---------|
| Subjects (cumulative total number) | 12,485 | 17,563 | 19,016 |
| Participant (cumulative total number) | 12,440 | 17,436 | 18,816 |
| Executing rate | 99.6% | 99.3% | 98.9% |

*started since July 2017

Result of management seminar

| | FY 2017 | FY 2018 | FY 2019 |
|------------------------|------------------------|--|-----------------------------------|
| Subject covered | Whistle-blowing system | Management's responsibility according to specific examples | Power harassment in the workplace |
| Number of participants | 48 | 46 | 38 |

》》》 Prevention of harassment

The Company has been actively working on preventing harassment. Particularly, we conducted education aiming at prevention of power harassment in FY 2019, and 1,356 participants including officers and staff of group companies attended the session, which gave them a deeper understanding of power harassment.

》》》 Compliance Manual

The Company, based on "Corporate Identity" and "Code of Conduct", has prepared the "Compliance Manual" that compiles an outline of the organizational structure and whistle-blowing system for enhancing compliance, in addition to the "Behavioral Guidelines" that request concrete action for performing a task, and the Company makes necessary revisions every year, publicizes them internally through the intranet, and provides an environment in which if officers and staff feel some doubt about their own actions they can make the confirmation.

Moreover, we distribute the "Compliance Self-check Card" to all officers and staff for their self-questioning about their own action or decision-making at all times, and request them to carry the card.

Also, October has been designated as month to enhance promotion of compliance, and accordingly, we are making efforts to foster and maintain sense of compliance at all workplaces through confirmation of the Compliance Manual and the Self-check Card as well as implementation of compliance activities such as discussion, etc.

》》》 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., and efforts to eliminate dumping for receiving orders, and also is 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 company in the same industry, provision of compliance training for those officers and staff who are in charge of sales promotion, and periodic survey on compliance.

We conducted a compliance survey six times for 21 persons in FY 2019, and there was no finding.

Also, we conclude a contract for transactions in business activities with a client in a fair manner, and work on establishing an appropriate production system by clarifying the roles and responsibilities, etc.

Results of compliance survey

| | | FY 2017 | FY 2018 | FY 2019 |
|----------------|---------------------------|---------|---------|---------|
| Head Office | Number of sessions (time) | 2 | 2 | — |
| | Subjects (number) | 4 | 4 | — |
| Branch offices | Number of sessions (time) | 6 | 1 | 3 |
| | Subjects (number) | 31 | 7 | 13 |
| Sales offices | Number of sessions (time) | 9 | 9 | 3 |
| | Subjects (number) | 19 | 14 | 8 |
| Total | Number of sessions (time) | 17 | 12 | 6 |
| | Subjects (number) | 54 | 25 | 21 |

》》》 Whistle-blowing system

The Company has a "whistle-blowing system" as a system for receiving reports from officers and staff, including group companies, who learn of an act in violation of laws and regulations as well as company rules and an act against business ethics, and the Company has set up an in-house contact point and an external contact office (law office). In responding to whistle-blowing, the Company takes thorough measures to ensure secrecy of the whistle-blower, prohibits any disadvantageous treatment of the whistle-blower or cooperators because of their reporting, and is making efforts to improve effectiveness of the system by measures such as allowing anonymous whistle-blowers.

Dialogue with shareholders and investors

In order to promote interactive and constructive dialogue with shareholders and investors for maintaining the Company group's sustainable growth and increasing our corporate value, the Company is promoting system improvement as follows:

- (1) Dialogue with shareholders and investors is managed by the General Manager of Business Administration Division.
- (2) For supporting the dialogue with shareholders and investors, supervised by Administration Department for shareholders, and by Public & Investors Relations Department for investors, we will exchange information and cooperate closely with relevant departments such as Business Planning Department, Civil Planning & Administrative Department, and Architectural Planning & Administrative Department, etc.
- (3) To fulfill dialogue with shareholders and investors, we hold an on-site briefing session, etc. in addition to a results briefing meeting and an individual interview.
- (4) Feedback at dialogue is forwarded to management in a timely and appropriate manner, and we are referring for preparation of our medium-and-long-term business plan.
- (5) Any insider information obtained from dialogue with shareholders or investors is appropriately controlled in accordance with the company rules.



A results briefing meeting held at the meeting room of Head Office



Presenting the latest information on the website all times