

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/>



The container terminal of Mombasa Port in Republic of Kenya, in which the Company has been involved followed by its 1st phase, is the largest commercial port in East Africa, and has a key role as the entrance to the "North Corridor" linking Kenya and surrounding island countries. In the 2nd phase of construction, we utilize the precast method for the jetty superstructure work and the building facilities, aiming for early completion as soon as possible by shortening construction period.



CORPORATE
REPORT

2021

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)



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

TOYO CONSTRUCTION CORPORATE REPORT 2021

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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 2020 to March 2021

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

October 2021

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 Koraibashi, Chuo-ku, Osaka-shi, Osaka
Capital	: 14,049,360 thousand yen
Employees	: 1,327 (non-consolidated), 1,658 (consolidated) (As of March 31, 2021)
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)

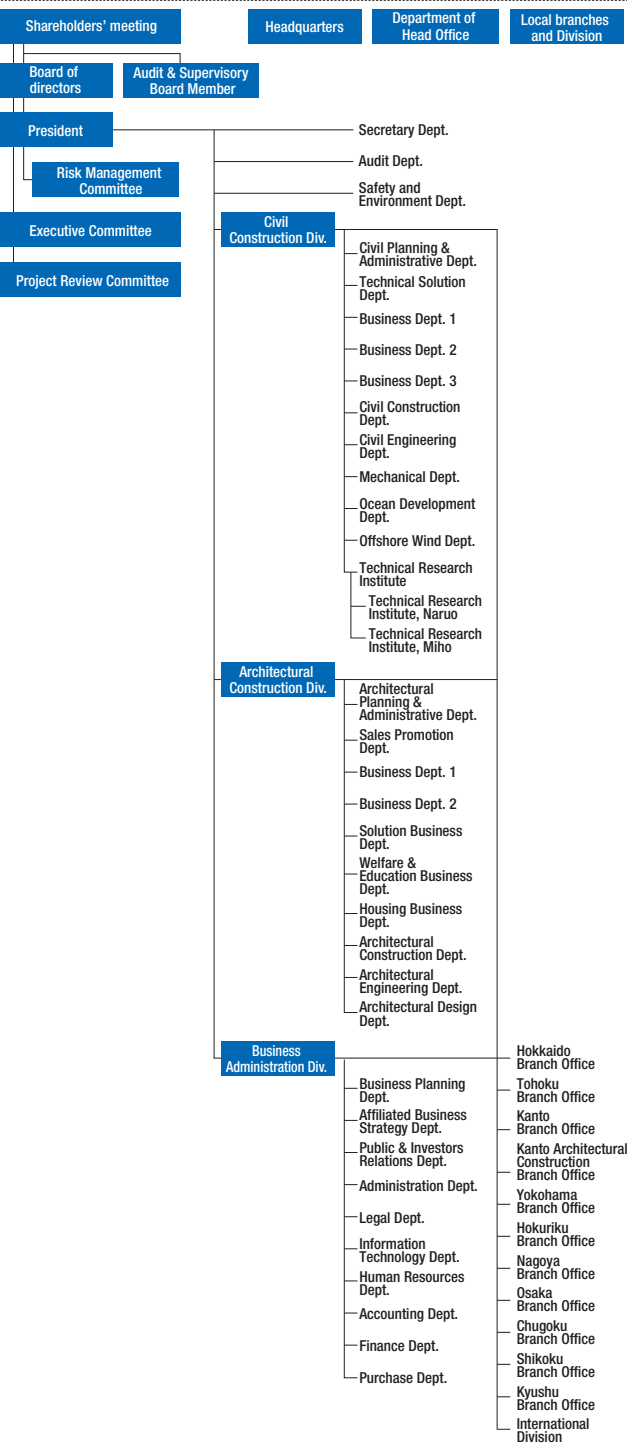
Group Companies

- Construction (marine Engineering, civil Engineering)**
TOMAC CORPORATION (2-1-8, Kandinishikicho, 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,METORO MANILA 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 Kandinishikicho, 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, 2021)

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	: 17,084
Shareholder registry administrator	: Mitsubishi UFJ Trust and Banking Corporation
Listed financial instruments exchange	: Tokyo Stock Exchange

Organization Chart

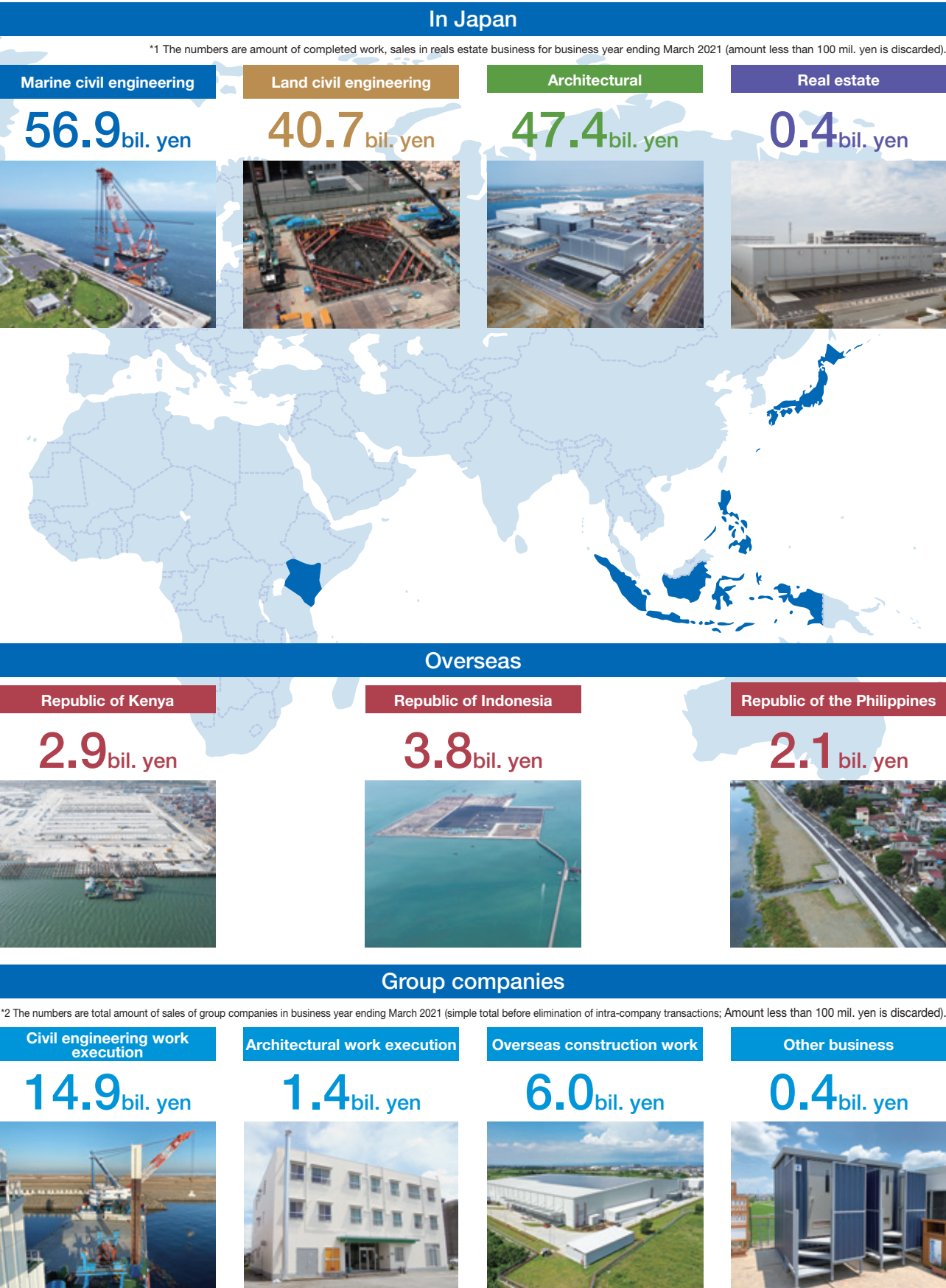


Big shareholders (As of March 31, 2021)

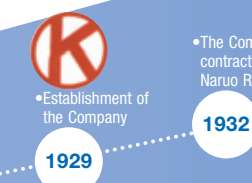
Name of shareholder	Status of shares	
	Number of shares held (thousand shares)	Ratio of share holding* (%)
MAEDA CORPORATION	19,047	20.19
The Master Trust Bank of Japan, Ltd. (account in trust)	4,999	5.29
Custody Bank of Japan, Ltd. (account in trust)	4,281	4.53
Toyo Construction Kyoei-kai	2,731	2.89
Reno	2,401	2.54
MSIP CLIENT SECURITIES	2,138	2.26
NOMURA AYA	1,649	1.74
Tomohiro YOSHIDA	1,377	1.46
MUFG Bank, Ltd.	1,300	1.37
DFA INTL SMALL CAP VALUE PORTFOLIO	1,291	1.36

*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



Reclamation planning drawing of that time



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

2nd stage 1945 – 1972

Emergence of dredging & 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.



Tonegawa River dredging project



Status of Naruo Reclamation Project
(April 1972)



Current Naruohama (Hyogo pref.)

3rd stage 1972 – 2000

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.



Reclamation work for Changi (Singapore)



Loisir Hotel, Naha (Okinawa pref.)



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

4th stage 2000 – 2022

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.



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



Quay construction & dredging of
anchorage work in Wakamatsu area of
Hakodate Port (Hokkaido)



Sea Forest Waterway (Tokyo)



Construction work of new main
government building of Tottori City
(Tottori pref.)



Development construction of container
terminal of Mombasa Port (Kenya)



Channel dredging work of Lach Huyen
Port (Vietnam)

Achieving the highest profits in the first year of the new Mid-term Business Plan.
Always valuing the corporate identity as our consistent linchpin, we will make the Company stronger and more resilient.



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

First of all, how was FY 2020 as the first year of the new Mid-term Business Plan?

We achieved the highest profits in FY 2020 thanks to the efforts of all officers and staff of the Company.

Let me explain the status of each business. In the area of domestic civil engineering, the public projects, including National Resilience measures, are steadily created, and the private businesses are also pretty busy because there were urgent renewal needs for facilities. Profit-wise, in addition to offshore works as our strong point, the profitability of some works at land was improved, which became the driving force leading to enhancing the company-wide results. As for the domestic architectural business, there was actually some concern about possible decrease in facility investment due to the expansion of the COVID-19, however, we secured a certain level of orders, mainly for distribution warehouses and environment-related facilities. Compared to the previous fiscal year, the profit actually decreased, but we achieved better results than the annual plan. I think we have done well in a difficult condition.

On the other hand, the overseas construction business was significantly affected by the COVID-19. Some countries imposed a lockdown, and overseas health systems are poor. So, we placed ultimate priority on the safety of our staff and took measures such as returning to Japan. As a result, we had to suspend or slow down works and also book standby costs, which put us in a difficult situation in terms of revenue.

As a whole, we were able to make up for the impact due to the COVID-19 by the performance of domestic business, and we can say that it was a good year as the first year of the Mid-term Business Plan (hereinafter, the Plan). However, I think we have challenges in the contents, that is, the implementation of measures, instead of in the figures. Though I don't think we will get excited only over the numerical result as the highest profits, what is important is that we should address the measures steadily. So, I give a strict order not to be shaken. Since

the first year of the Plan was largely helped, we should advance our efforts remembering that the year was too good to last.

How did you handle the situation against the COVID-19?

As for office workers, we can handle it in the same way as other industries. However, as we are a construction company, on-site handling is most important. Sites are the source of profits, and I really feel a lot of admiration for those who are working hard wearing masks in the hot weather. Last year, we had to be fearful over the COVID-19 outbreak, in addition to heatstroke. As a result of working with taking utmost precaution, we didn't suspend any works in Japan.

However, as I said before, in overseas countries, lockdown caused a temporary suspension of works. For the works in Kenya in Africa, we decided to suspend the offshore works and proceed with other remaining land and architectural works by Kenyan workers while the Company provided instructions remotely from Japan for the management of the site. Since more than 1,000 Kenyan workers are engaged in the work at its peak, we are challenged to manage the site. With our experience during the 1st phase for five years and our achievement of training to Kenyan workers, we were successfully able to manage the work. Currently (as of early August 2021), the COVID-19 is also spreading in Indonesia, therefore, we are remotely operating and managing the site, in the same way as for Kenya. I think the biggest change for us is our capability to remotely manage the sites, compared to our previous experience.

Domestically, we are also reducing the risk of infection accompanied with transit to the site, by introducing internal check using the Web camera. Such measure is introduced mainly for private works, but is also being introduced for public works, which will contribute not only to just infection control measures, but also to the reform of working practices.

Review of FY 2020 results

Achieve the highest profits. 1.4 times increase in operating profit

Goals

Net sales	175 bil. Yen
Gross profit	17.3 bil. Yen
Operating profit	8.1 bil. yen
Ordinary profit	7.7bil. yen
Curent net profit	5 bil. yen
Equity raito	8.7%

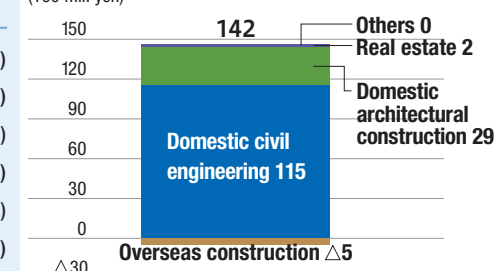
Results

*Numbers are on a consolidated basis. Amount less than 100 mil. yen is discarded.

Net sales	172.9 bil. Yen	(△2.1 bil. Yen)
Gross profit	23.2 bil. Yen	(+5.9 bil. Yen)
Operating profit	14.2 bil. Yen	(+6.1 bil. Yen)
Ordinary profit	14.1bil. yen	(+6.4 bil. Yen)
Curent net profit	9.1 bil. yen	(+4.1 bil. Yen)
Equity raito	15.3%	(+4.6%)

Segment operating profits

(100 mil. yen)



What is your forecast for environment for each business area in FY 2021?

I expect the environment for domestic construction market is not bad. Since the 5-year Measures for Accelerating National Resilience is approved, a certain level of budget has been created for the civil engineering business. In addition to marine civil engineering as our strong area, we are trying to improve competitiveness of works at land. So, we actually take this as a big opportunity and understand that it is a good thing that a certain amount of works is expected. Also, for private civil engineering works which we are strengthening in the same way as land civil engineering, the connection with customers is being considerably strengthened. Because there is a potential demand, as long as we continue to reinforce customer relationship, we will have more opportunities to demonstrate our presence.

As most of our customers for architectural business are in the private sector, they are sensitive to change of economic environment. Though competition is becoming more severe partly due to the impact of the COVID-19 outbreak, markets are still big and have many fields, so, we believe we will be able to secure a certain amount of business. In particular, we receive many business inquiry for distribution warehouses and food factories, driven by nesting demand. Also, since the renovation of environment-related facilities such as refuse disposal facilities is going on nationwide due to their deterioration, we are making efforts in collaboration with the engineering firm for receiving orders. For overseas construction business, there still remains the impact by the COVID-19, however, there are two large projects in Philippines right before signing the contract, and all of order receipt, sales, and profits is expected to exceed those of the previous fiscal year.

As a whole, slightly below the previous year though, we expect a result that exceeds the numerical target for the second year planned in the Plan.

Would you give us your forthright views on the “goals at the 100th anniversary of the founding”?

What was aimed for the goals at the 100th anniversary of the founding was “a sustainable company that maintains a consistent linchpin, responds flexibly to ever-changing environment, and is able to stand up to adversity”.

Recently, the idea of sustainability or the SDGs, or some global targets have been highlighted, however, what is fundamentally important for companies is to continue the business contributing to the society while making profits.

The word of “linchpin” that I said earlier means the origin, and also means the corporate identity that was established more than 40 years ago, which defined the meaning as “serving customers and public society with new and productive technology”. This means our contribution to the improvement of social infrastructure through the construction business as our main business, and this is exactly the SDGs.

On the other hand, companies are intended to pursue profits, and also exist to increase happiness of people, however, it does not necessarily mean that they can do whatever they want for such purposes. The corporate identity exists for the company’s achievements of goals, and if you can come back to this origin whenever you get lost, your way of thinking will never be shaken. Actually, the word of “flexible” is somewhat tricky. We, over a long period of our history, actually used to go through a bitter experience when we tried to tap into a flow. In short, when responding flexibly, you must have a criteria for your decision-making according to whether the action is in line with the corporate identity or not. As such, as long as we operate business along with the corporate identity, we don’t have to be too conscious of sustainability or the SDGs, and we should conduct business activities with the same sense of value as before.

What is important is to maintain a consistent linchpin and respond flexibly with the identity.

Please tell us the current status of achievement for resolving social issues and your view of sustainability.

As for the sustainability, the best way would be to work just ordinarily, not too eagerly. As I said, since there are many characteristics in common with our corporate identity, we should organize our business contents and just take measures. Though we need to uniform our staff’s consciousness, most of what we have achieved up to now is actually linked with the spirit of the SDGs. The vital thing is not to end up as a mere theory and to do proactively what we can do.

I actually empathize with many points of detail in the SDGs. Particularly, as our contribution to solve the problem of poverty, we have a couple of plans such as the resolving worldwide toilet problems and the establishment of the scholarship system. I am giving instructions to approach those problems with a sense of urgency. For example, the toilet handled by our subsidiary is a recirculating toilet, which is environmentally friendly and gives out almost no odor. We are making an investment in equipment with estimating that there are considerable needs mainly for construction sites in Japan, and also discussing whether we can provide this toilet for overseas. Overseas, there are problems such as sanitary defect or restrooms with no door, and even a risk of putting people’s life in danger. We just have to do what is desired and requested. So, we should just do it.

At the same time, education is essential for an escape from poverty. The Company has been assisted by many local countries in numerous ways for our overseas construction. In gratitude for such assistance, we are planning to provide scholarships for those who have few chances for education due to their poverty. Unfortunately, discussion with concerned parties tends to fall behind due to the COVID-19, however, within this fiscal year, we would like to form something concrete such as the establishment of a scholarship at a private engineering college in Philippines. And, we are expecting that our scholarship will help them get higher education and become precious human resources, even one or two at the beginning, for their society as well as the Company.

As for the carbon neutral as a major social issue, we are focusing on offshore wind power. By developing construction method for cost reduction and procuring work vessels, we will establish a position in the offshore wind power generation facility business and contribute to the realization of a decarbonized society.

You are saying that the Company is focusing on the development of precious human resources in the Plan. How is the progress?

Of the five basic strategies outlined in the Plan, top priority is given to the “Investment in Precious Human Resources”. Our personnel structure is distorted in that the staff around 40 years old as the middle layer are scarce. The problem is how to cover the layer.

Until now, we have implemented the post-retirement re-employment and the 10-year program for fostering young staff. Especially, I believe the 10-year program is very effective. In the near future, more young staff will graduate from the program, and I look forward to seeing it. Also, it is important how to utilize overseas people. For example, Filipino engineers regularly get on-the-job training in Japan and learn Japanese-style construction management, and also get Japanese-language education. We expect that globalization will progress by enhancing such education.

Regarding the advancement of women’s empowerment, we are targeting the female share of 20% in total grad hiring and the target has been achieved it for the last two years. Also, last year, we were awarded the “Eruboshi certification (2-star)” under the Act on the Promotion of Female Participation and Career Advancement in the Workplace. I believe, though only gradually, the Company is realizing women-friendly workplace.

“People” is the most important factor for management. Shortage of rising generation including skilled labor of professional companies is in serious situation, therefore, in order to maintain our production system, we will continue to invest in precious human resources.

Finally, do you have a message for stakeholders?

The Company, through the construction business as our main business, has made efforts to fulfill a social mission. It is the same as for our stakeholders, including customers, shareholders, and employees. As I said about the corporate identity, I think both of the “company’s consistent growth” and the “employees’ welfare promotion” should be pursued at the same time.

We will, based on this idea, continue to make efforts to resolve social issues and increase our corporate value. Thank you for your support.



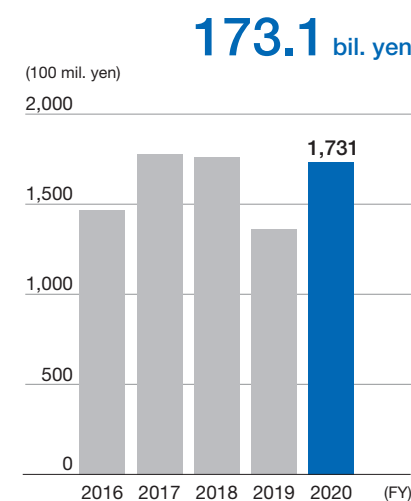
Growth Strategy and Targets for FY 2021

The Mid-term Business Plan for three years, setting FY 2020 as the first year, set out the Company’s goal at the 100th anniversary of the founding (2029) and formulated the five basic strategies. In the plan for FY 2021 as the second year, we clarified our growth strategy toward the 100th anniversary of the founding.

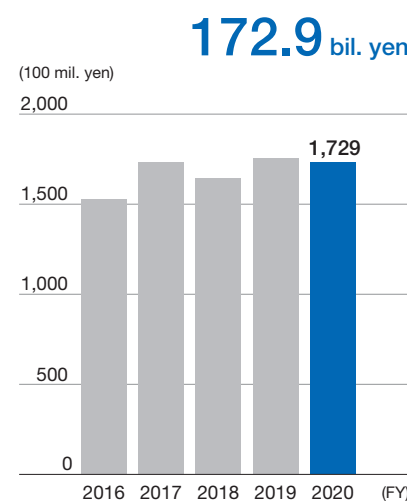
Growth Strategy		Goals (consolidated)
Civil engineering business	Offshore wind power	•Development of low cost technology (Bottom-mounted type: Suction bucket foundation, Floating type: TLP method) •Review of work organization •Construction technology acquisition, development of precious human resources •Implementation of capital investment such as large work vessels, etc.
	Architectural business	•Accumulation of know-how for increasing order receipt •Measures to create stable profit by non-contract business
Overseas construction		•Community-based business development •Development of precious human resources
Overseas		
		Net sales 170 bil. Yen
		Gross profit 19.2 bil. Yen
		Operating profit 9.2 bil. yen
		Ordinary profit 9.1bil. yen
		Curent net profit* 6 bil. yen
		Equity raito 9.2%
		*Current net income attributable to parent's shareholders

Financial highlights

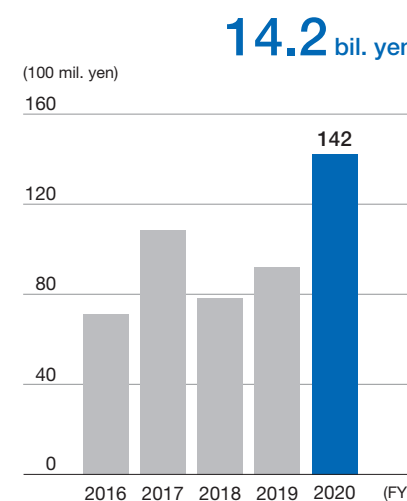
Orders received



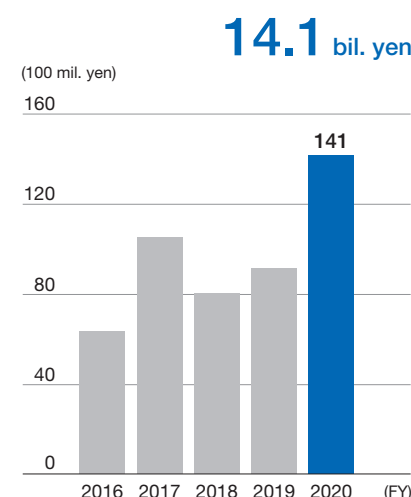
Sales



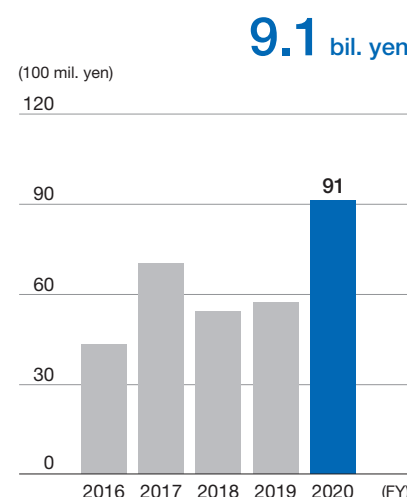
Operating profit



Ordinary profit

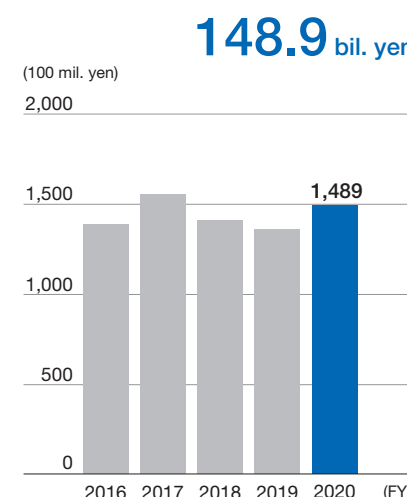


Current net profit*

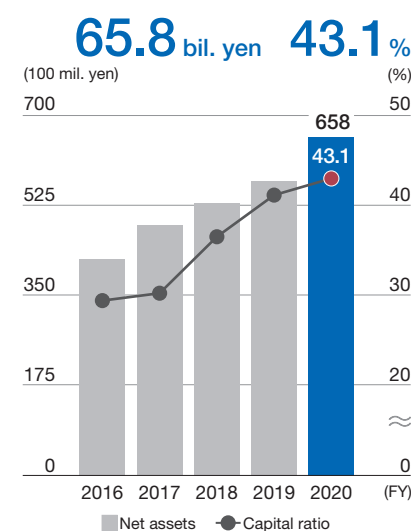


*Current net income attributable to parents shareholders

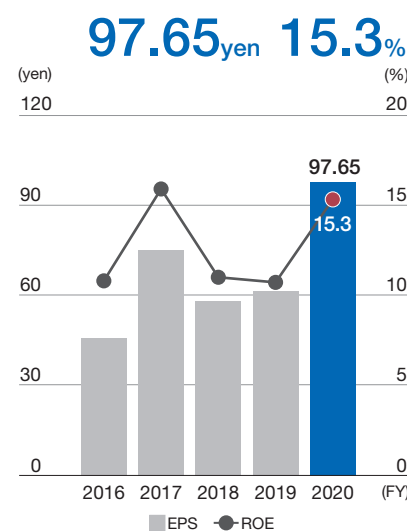
Total assets



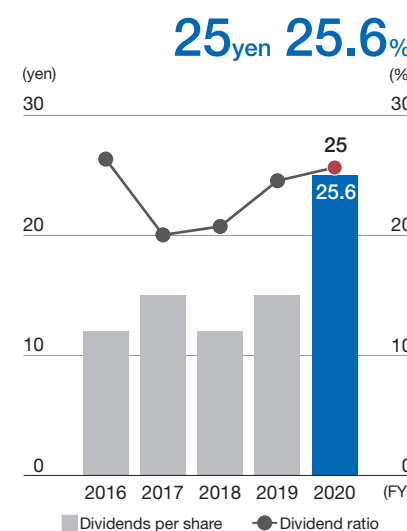
Net assets / Capital ratio



EPS / ROE

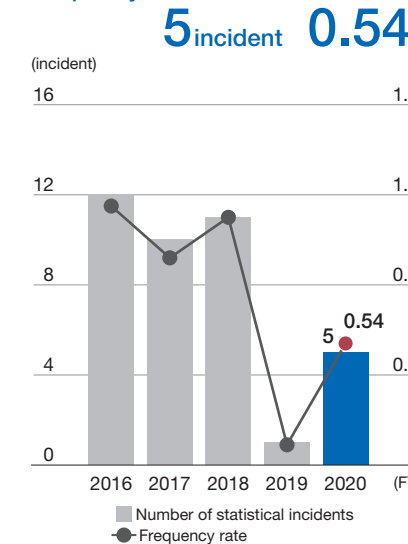


Dividends per share / Dividend ratio

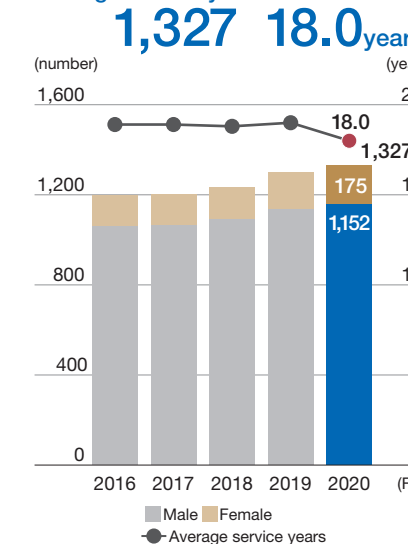


Non-financial highlights

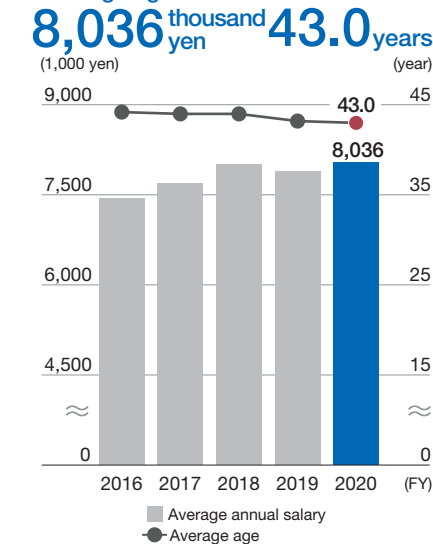
Number of statistical incidents / Frequency rate



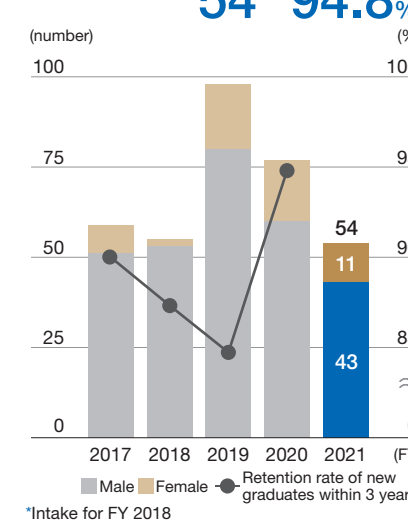
Number of employees / Average service years



Average annual salary of employees / Average age

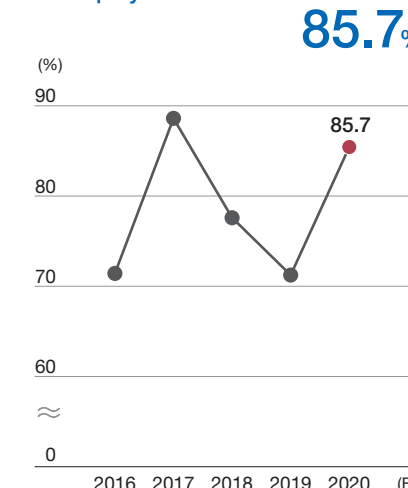


Number of hiring of new graduates / Retention rate of new graduates within 3 years

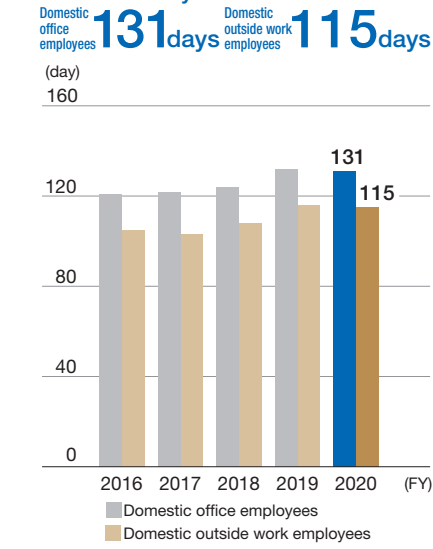


*Intake for FY 2018

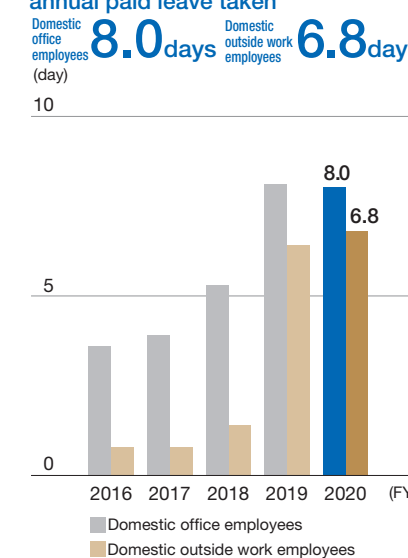
Ratio of post-retirement re-employment



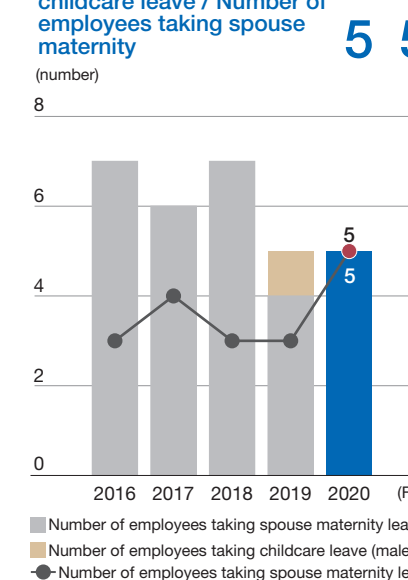
Average number of annual holidays taken



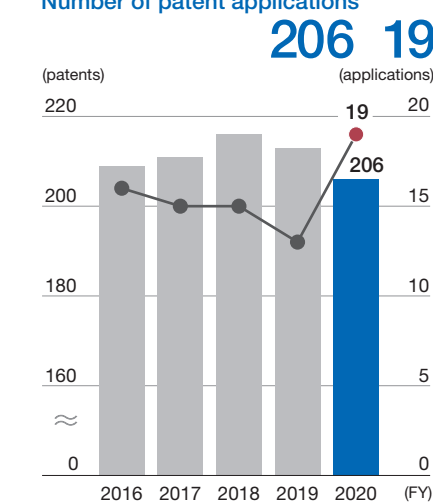
Average number of annual paid leave taken



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



Number of patents held / Number of patent applications



Value Creation Process of Toyo Construction Group

Since its foundation, Toyo Construction Group, having its linchpin (origin) as implementation of the corporate identity in the environmental changes surrounding the construction industry, has contributed to resolving various social issues through construction of “marine civil engineering”, “land civil engineering” and “architecture”, and through technological development and R&D. Toward the 100th anniversary of the founding in 2029 and beyond, we will aim for sustained improvement in the corporate value.

Input

Management capital (April 2020)

Financial capital

Total assets	135.5 bil. yen
Net assets	57.3 bil. Yen
Cash and cash equivalents	26.1 bil. Yen

Instrumental capital

Capital investment	2.7 bil. yen
Main facilities	34.4 bil. yen

Intellectual capital

Investment in R&D	0.5 bil. yen
The number of patents held	213
R&D bases	2 bases

Human capital

Employees	1,619
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Social & related capital

Domestic bases	15 bases
Overseas bases	5 bases
Subsidiaries	9 (1 overseas)

Natural capital

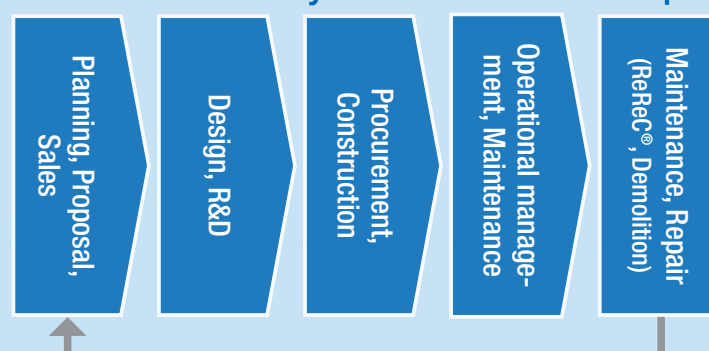
Electric power	6.68 mil. kWh
Light oil	14,494 kl
Heavy oil	3,344 kl
Kerosene	67 kl
Ready-mixed concrete	267,538 m³
Asphalt concrete	33,587 t
Rebar	17,861 t

Recognition of social issues

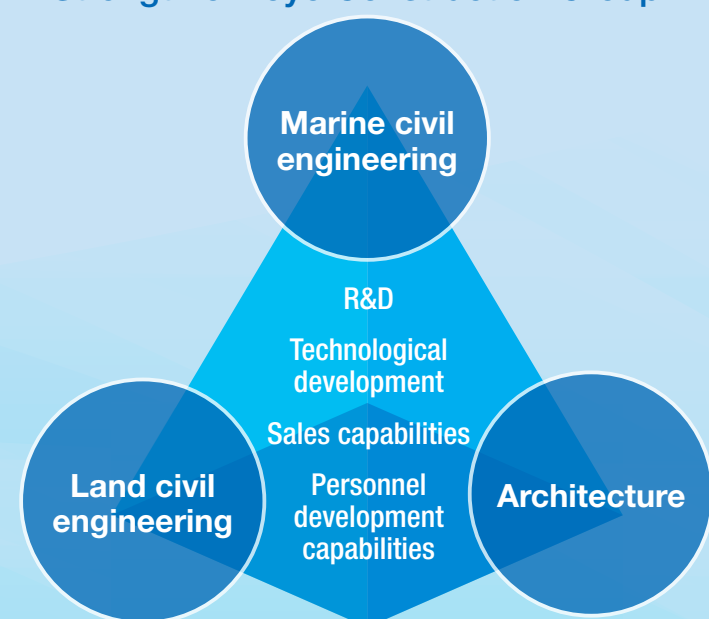
Global environments	Natural disaster	Social infrastructure
Reform of working practices in the construction industry		Poverty problem

Corporate Identity / Code of Conduct of Toyo Construction Group

Value chain of Toyo Construction Group



Strength of Toyo Construction Group



Output

FY 2021 (Results as of March 2021)

Imaginary picture of output created by the Company



Ratio by type of construction in the completed works (individual) (unit: %)

As of March 31, 2021

Civil engineering



Architecture



Outcome

FY 2021 (Results as of March 2021)

Consolidated net sales	172.9 bil. yen	Number of patent applications	19
Domestic civil engineering	108.5 bil. yen	Amount of R&D investment	0.7 bil. Yen
Domestic architecture	48.5 bil. yen	Number of biodiversity-friendly proposals & R&D	18
Overseas construction	15.1 bil. yen	Final disposal rate of construction waste	2.6%
Real estate	0.5 bil. yen	Reduction rate of CO2 emission (vs. FY 1990)	
Others	0.2 bil. Yen	Land civil engineering work	34.0%
Operating profit	14.2 bil. yen	Architectural construction work	63.8%
Ordinary profit	14.1 bil. yen	Letter of commendation & Appreciation received	46
Current net income	9.1 bil. yen	Number of complaint management	7
ROE	15.3%	Training hours per person	20.98 hours
Dividends per share	25 yen	Employment rate of the handicapped	2.55%
Amount of capital investment	1.2 bil. yen	Ratio of post-retirement re-employment	86%
		Percentage of women in general positions of new graduates	20%

Approach to ESG management



Toyo Construction Group will promote efforts to ascertain the realization of the SDGs in 2030 by developing an approach to the “priority issues” and resolution of issues through implementation of Corporate Identity (business activities).

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 hour

Poverty problem

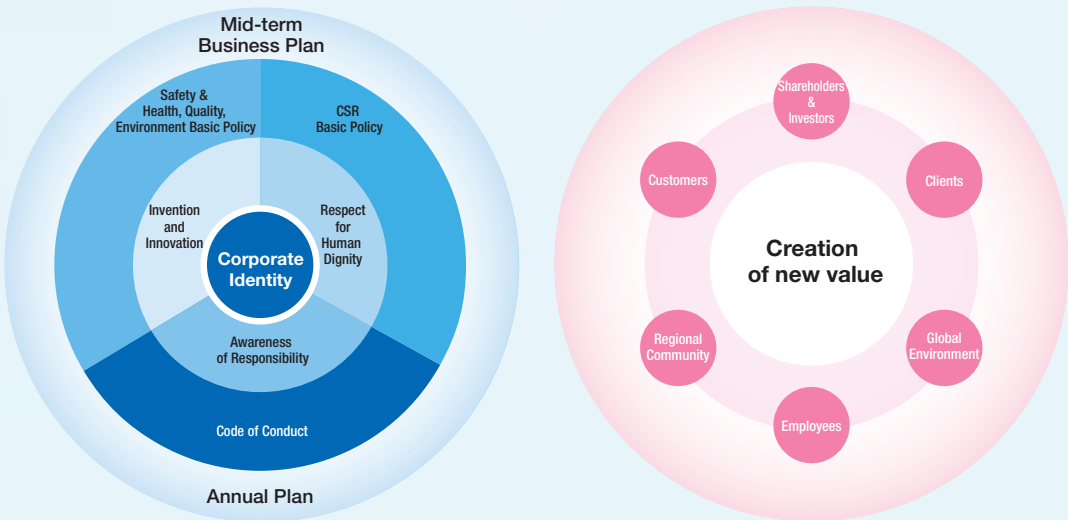
- Loss of educational opportunities

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.



Stakeholder engagement of Toyo Construction

Major stakeholders	Purpose / Responsibility	Means of communication
Customers	•Providing high-quality and safe construction products & services	•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	•Return of reasonable profits •Proper information disclosure and ensuring transparency •Corporate governance, appropriate implementation of internal control	•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	•Respect of human rights and individuality •Realization of friendly working environments	•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	•Fair conclusion of a contract •Establishment of appropriate production system	•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	•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	•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

Priority issues of Toyo Construction Group and efforts to solve the issues

E Contribution to global environmental conservation

- Establishment of architectural technology of ZEB
- Development of low cost & environmental-load technology for offshore wind power generation



S Realization of good-quality social foundation

- Infrastructure construction in developing countries
- Resolving worldwide toilet problems



Development of precious human resources

- Cultivating precious human resources who embody the Corporate Identity
- Commitment to diversit



Development of technologies

- Utilization of BIM/CIM
- Approach to i-Construction
- Acceleration of developing automated operation and the like



Securing the rising generation

- 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

- Provision of safe and secure work environment



Contribution to regional community

- Establishment of the scholarship system in Kenya and Philippines
- Activity for development of eelgrass field



G Compliance

- Enlightenment and education of compliance



Realization of sustainable society

Universal target

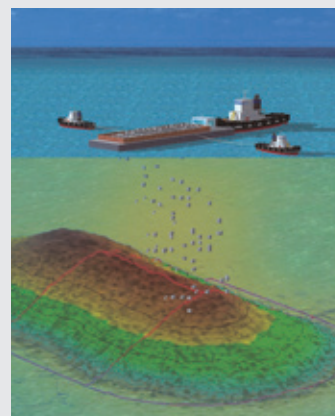
Sustainable development of Toyo Construction



Significant accuracy improvement in the Construction Control System for Stone Material Throw-In. Resuscitating the bountiful sea by constructing the mound reef.

Further honing of the inherited technology

The first order was made in 2007, but the base of this technology was actually built in the 1990's, at the circumferential revetment work for the Kansai Airport handled by the Company. The revetment work of the Kansai Airport was partly done by the construction method of throwing stone material from the vessel and heaping up them. This means that the technology developed in offshore construction and the accumulated efforts by our predecessors for a long time are applied in the technological development this time.



Imaginary picture of stone material throw-in. Automatically set for depositing the stone material at the target

The important point in the mound reef construction is how the stone material is thrown under severe environment. It is the "Construction Control System for Stone Material Throw-In" that programmed it. We firstly created a plan, and replicated it at the site, then programmed it with obtaining feedback from the site and analyzing them, and finally it became possible to surely heap up stone material at the target.

According to the verification record of the mound reef developed in the west offshore area to the Goto Islands in Nagasaki prefecture, the size of fish was 1.4 times larger than that of other water areas, and the haul of fish was two times more than that before creating the mound reef, showing significant achievements.

Recently, an increasing number of mound reefs have been built "in a smaller size" and "in fast ocean or tidal stream area". Also, we will surely have an opportunity to utilize this technology for construction of port facilities and the like. For such occasions, we will continue to challenge to the development and evolution of more precise and assured system.

Naoyuki Kato
Assistant General Manager
Civil Engineering Dept.
Civil Construction Div.

Current status of fishery resources, and the mound reef

Japanese fishery resources have been declining from its peak in 1984. The Fisheries Agency is conducting the "Frontier Fishing Ground Enhancement and Development Project" aiming at recovering fishery resources and improving productivity by enhancing the environment for fish. The mound reef construction by Toyo Construction is one of them.

The mound reef is built by firstly heaping up a full load of stone material and concrete blocks on the seabed, and lifting up nutritive salts, ample at the bottom of sea, to near the surface of the water and increasing plankton, and finally increasing fish, which feeds on such plankton. Toyo Construction, since the first order received in 2007, has been building them at more than 10 points.



Fishing ground built by the "Frontier Fishing Ground Enhancement and Development Project"

Realizing more accurate construction by introduction of "Michibiki"

The quasi-zenith satellite system "Michibiki" is the satellite positioning system unique to Japan that began operation from November in 2018. When we used the differential GPS positioning method that used to be a dominant method, we received the adjusted data offshore away from the land and observed errors of around 50 cm to 1 meter. It was found that when we used the "Michibiki", the accuracy improved up to within 10 cm, so, we decided to introduce it.

Since a positioning system is directly associated with construction quality, high accuracy and stable positioning technology are essential. As all the demonstration experiment of the "Michibiki" released by the government were conducted on land, we conducted an experiment of our own whether such accuracy can be reproduced in the sea area. Firstly, we conducted experiments on land, and conducted accuracy tests at the real sites comparing with the existing system..., and then after about three years, we finally reached the completion of



Masanao Kusakari
Manager
Mechanical Dept.
Civil Construction Div.

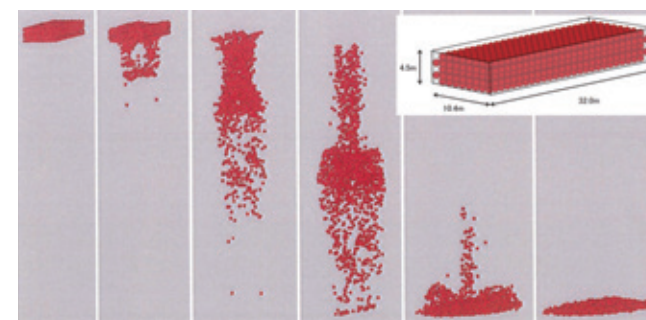


Dedicated vessel to throw in stone material to the seabed. The ship's bottom (shown at the top of picture) will open, and stone material will be thrown in.

What is It is the "Construction Control System for Stone Material Throw-In"?

The method for building a mound reef on the deepwater seabed is to carry stone material to the target area by the bottom-opening vessel and throw in them there. For accurate throw-in, it is important to surely predict the shape of the seabed, prepare the throw-in plan, and guide the vessel. Toyo Construction has established the "Construction Control System for Stone Material Throw-In" using ICT to streamline works.

Also, by introducing the quasi-zenith satellite system "Michibiki" for guiding the throw-in vessel which used to use GPS, more accurate position is calculated, and further improvement in accuracy is made possible.

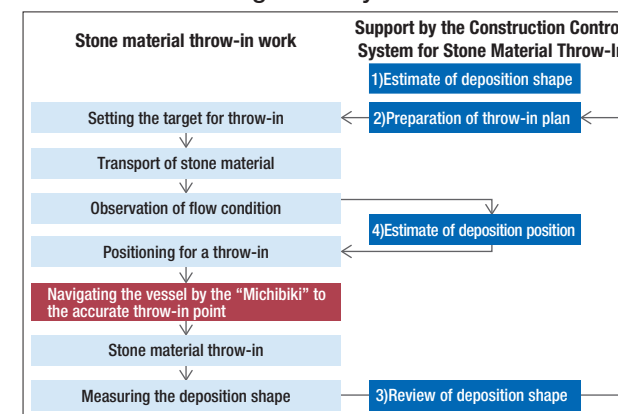


Simulation of deposition shape of stone material at the bottom of sea

the system with high accuracy using the "Michibiki". You might think that the difference between 50 cm and 10 cm is just slight. However, the effort to reduce the error of a few centimeters does contribute to resuscitation of the bountiful sea.

We, utilizing the advantages of the "Michibiki" and cultivated technology, would like to expand our field to various ones such as offshore wind power generation, tidal power generation, and resource development.

Workflow and Management System



Building places to raise fish. That's the on-site work.

I am currently working at the site for building a mound reef in Tsushima strait. The water depth is 107m, and the height of the mound reef is 21m, which can be said as a medium-scale one as a construction work. Thanks to the automation of data-input by recent improvement of the construction control system, and further by introduction of the "Michibiki", we can now throw in stone material with a small error in measurement and with no mistakes. By the way, the Chinese character meaning "fish" for a fish reef at the Japanese website of the Fisheries Agency does not have the "water" radical. I feel its social meaning very much because this character means that we are building a place for "raising fish", instead of "catching fish". Actually, I notice the effect – for example, I recognize the change of tide when the vessel is approaching to the mound reef and the fish finder detects a school of fish, which is one of the greatest pleasure at the site.



Kazushi Nishi
General Manager
Tsushima Site, Kyushu
Branch Office, Civil
Construction Dept.

Voice

For casting the needs of sites into shape

I have been engaged in the mound reef construction since 2019. My main job is to improve the guidance system of the vessel that throws in stone material. I listen to the needs and issues of sites and resolve them by transmitting them to the department for design. My role is like a bridge. The latest achievement by technological development is to provide the "manpower-saving" by reducing manpower for throw-in, and the "time-saving" by reducing operation time at the site with shortening of work hours for the tidal stream correction process that requires inputting the ever-changing nautical conditions.

I can watch the process in which what we planned is actually working and creating things. This is a really good experience, and I am learning very much.



Takumi Suzuki
Mechanical Dept.,
Civil Construction
Div.

Voice



The accelerating remote operation at sites is promoting the “real-time visualization”

Practice ▶ Promotion of the real-time visualization of the site

Early detection & resolution of issues by two pillars of the daily condition check and the remote inspection

For further promotion of quality control, risk management and operational efficiency, etc., Toyo Construction is working on various types of “real-time visualization of the site.”

Examples are: 1) “Site management by image processing”, where quality control, risk management and work progress check are concentrated by setting up multiple monitors at the head office and relaying & checking construction sites nationwide in real time, and 2) “Implementation of remote inspection by iPad” that contributes to reducing the risks of repair or reworking by identifying issues through implementation of remote inspection of each point of construction. I think that the remote management at building sites will be expanding.

Akira Sakai
General Manager,
Architectural
Construction Div.



Toward the improvement of work efficiency through the company-wide application of remote management

We have been working on the site management through image processing even before the pandemic of the COVID-19. By checking our sites nationwide, saying “Is the work progressing in line with the plan?”, or “Is there any danger spot?” etc. via multiple monitors, and by providing advice, we are aiming for improving safety & quality through the organizational collaboration.

As for the interim inspection and completion inspection, before the COVID-19 pandemic, we conducted them by visiting from the head office, however now, we are mostly conducting them remotely. Initially, we tested various cameras, but at last, we decided to use iPad, because it is capable of high-definition image transmission, and because we are used to using it, issued by the Company. Compared to the case where we are actually visiting for the inspection, there are some problems such as less-visible or difficult in communicating, however, I feel that it has a great advantage of resolving problems earlier by increasing the number of inspections. In addition to more clarified construction process by the increased number, we get an added benefit as recording the details of the work, therefore, we will continue to promote the company-wide application by remote management and also increase operational efficiency.

Norihiro Tenma
Assistant General Manager
(in charge of quality and management)
Architectural Construction Div.

Voice



By earlier checking, drastic reduction of reworking

Since the site is large, I determine the route for checking beforehand to conduct the remote inspection efficiently. As I can conduct the inspection in a short time by narrowing to the point, I can now make more efficient use of time than before. By increased number of inspections, we can check points for repair to the extent that we can handle earlier, and also, we can promptly make an arrangement for such repair, therefore, the risk of reworking and repair in the early stages of work is now drastically reduced.

Hidemasa Maeda
General Manager
New building construction of
KINBUTSU REX Niigata
branch

Voice



Utilizing records of the site for staff training

The remote inspection, at which close inspections are conducted one by one, leads to feelings of safely because we can confirm each result in a step-by-step manner. As we can keep detailed recorded data of works & inspections in our hands, we can provide concrete feedback to staff of the subcontractors who are working together, and this makes it easier for us to cooperate.

Though case material of other sites had been previously applied on a company-wide basis and shared, the material of sites under construction provides us with a sense of real experience, which can be used for staff training effectively.

Hiroshi Takao
General Manager, Architectural
work for Maishima Coil Center of
Konoike Transport Co., Ltd.

Voice



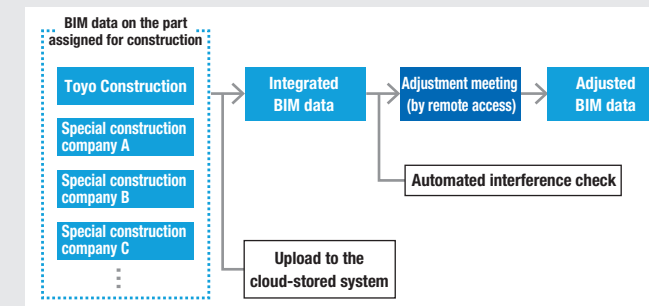
At the Architectural Construction Div. of the Head Office, multiple monitors that relay our construction sites nationwide in a real time are set, and the screens are refreshed by the minute. If any issue is detected, an immediate meeting will be held, and the issue will be handled at an early stage.

Practice ▶ Automation & remote access of the BIM adjustment conference

What is the “BIM adjustment conference”?

The process enabling early solution of issues, by discussing the interference & balance between components, in the 3D model that integrates the design model and the structural model & equipment model created by the special construction company. Toyo Construction is streamlining operations by enabling parties concerned to share and confirm the BIM model from anywhere with using cloud services over the Internet, accompanied with speed-up of information sharing and maintaining & advancing quality.

Sharing & visualization of the completion model



As the reliability in the BIM model is drastically improved and information necessary for the BIM adjustment conference is saved in the cloud computing system, it can be participated in from anywhere.

Developing an easy-to-use system by reflecting ideas of sites

Currently, I am working on the “Remote BIM adjustment conference using the automated interference check”, as part of the BIM Integrated Project initiated by MLIT. Previously, the dedicated personnel used to integrate each BIM model uploaded to the cloud. But now, by the automation of such process, the environment has been developed so that the new process enables us to check interference and confirm balance in the latest mode at all times. As it reduces reworking by the pre-check and provides confirmation in an easier manner than drawings as well as without fail, many positive responses from the sites are received. I will work on establishing the system as a new technological asset with streamlining the remote process.

Akira Ishikawa
DX Design Group,
Architectural Design Dept.
Architectural
Construction Div.

Voice



Practice ▶ Remote access to the architectural construction technology workshop

Expansion of audience will lead to expansion of technology

The architectural construction technology workshop is held every May, and this year is 28th year. Last year, when the COVID-19 pandemic began, we gave up the form of gathering, and we adopted the type where we received Power Point data with audio data from the speakers beforehand, and the organizer provided them online on the day, and only the Q&A session was held live. However, we changed the presentation into live this year. Until two years ago when it was held at the meeting room of Head Office, the audience was limited, however, this year, we received more than 100 hits, which means that the actual audience should be more than that. The greatest benefit is that anyone can participate in not constrained by time and location. This year, new employees also watched as part of their training program, and we received comments that they learned a lot and made it as a good goal. In order to make it viewed by more staff and apply technologies company-wide, we will continue to hold the workshop on the remote-live basis even after the settlement of the COVID-19.



Koichi Hara
Assistant Manager
Architectural Construction Div.

Toyo Construction, as a company serving the public society, will accept changes flexibly and continue to meet the needs of society.



Takahiro Yabushita

Representative Director, Toyo Construction
Senior Managing Executive Officer, General Manager of Business Adminis
Joined Toyo Construction in 1982 and took such positions as President and Representative Director of Orient Ecology Co., Ltd., General Manager of Business Dept. of Civil Construction Div., and General Manager of Corporate Business Administrative Dept. of Civil Construction Div., etc.

We will promote the sustainability management to become a company in which our staff have more pride.

Yabushita: We, Toyo Construction, as in the corporate identity, have a strong consciousness of “serving the public society”. Though we are doing business for private sector in the architectural area, based on our history that we have engaged ourselves in public civil engineering such as ports, breakwaters, container yards, etc., we have proud that the Company’s business has contributed to public society. I understand that this has a high affinity with the SDGs, so, I would like to positively look into the SDGs targeting 2030, the year beyond the 100th anniversary of the founding.

Saka: That’s a very impressive philosophy. Instead of doing something for the SDGs or ESG, the important thing is to clarify the original identity, in other words, what the company is aiming for by the business. Disclosing it to the society through the SDGs or ESG, or sharing the current position and the future direction with stakeholders. For organizing it, it may be helpful to use various frameworks.

Yabushita: Further, in FY 2021, we would like to take a new step toward the sustainability management. While the measures to address climatic variations and carbon neutral are required, I think the time has now come for recognizing the Company’s important issue in sustainability with the firm identity and for considering the Company’s next steps.

Saka: As one of the recent trends, there is a concept of “dynamic materiality”. It means that the materiality (important issue) changes according to the circumstances and we should respond flexibly. The draft plan of the Basic Energy Plan released in July 2021 and the road-map toward the Net Zero by IEA (International Energy Agency)^{*1} demonstrated the change to energy security and economic growth having the recyclable energy at its center. This can be a business opportunity for your company.

^{*1} IEA: Abbreviation of International Energy Agency. A subordinate agency to OECD (Organization for Economic Co-operation and Development) for securing safe and clean energy supply on the overall energy with a focus on petroleum.

^{*2} Green Bond: A type of fixed-income instrument that is specifically earmarked to raise money for the Green Project (the project contributing to the resolution of environmental issues) issued by a company or local government, etc.

For a long time, Toyo Construction Group has advanced sustainable efforts to various issues such as ESG. For promoting the strategic sustainability management along with global standards centering on the corporate identity in the future, Mr. Takahiro Yabushita, Representative Director & Senior Managing Executive Officer, held a dialogue remotely with Ms. Chika Saka, Professor of Kwansei Gakuin University, in July 2021.

Yabushita: In the near future, the domestic market will be formed for offshore wind as one of the recyclable energy sources. The place of offshore itself is closely related to our business, but our experience and knowledge of offshore wind is not sufficient. To seize this business opportunity, we are planning a capital investment including building a large work vessel. Also, we are seeking to raise funds through the Green Bond^{*2}.

Saka: As the Green Bond is currently receiving attention, I think it is good timing. In the sustainable financial market, a bid trend such as the mainstreaming of ESG investment and ESG finance has emerged. As it is said that they invest in such a company that satisfies both conditions for finance and ESG, it is necessary to clearly show that the ESG efforts is making a positive impact on its finance. There are many ESG rating agencies. According to FTSE Russell ESG Rating^{*3}, which I use for my research, your company is rated at 2.0 in July 2020 and 1.9 in July 2021. The rating is out of 5.0, and the number of 1.9 is slightly lower than the median of global 6,824 companies (2.7), however, it is exactly the same as the median of Japanese 1,789 companies (1.9). Individual evaluation shows, for both years, 2.5 for environment, 3.0 for society, and 2.3 for governance. This indicates that the evaluation for “society”, which tends to be low among Japanese companies, is quite high.

Yabushita: Receiving such rates, I feel the need for more proactive dispatch of information. When I once started a subsidiary, I wished I could make the subsidiary serve the society and be a company the employees are proud of. Unless a company cannot keep its business going with the technologies useful for the society, the company shall exit from the business. In the current era where the rapid change from fossil fuel to recyclable energy is required, we want to keep the company going, by flexibly responding to social demands.

^{*3} FTSE Russell ESG Rating: A measurement of how companies are performing with respect to their ESG (Environmental, Social and Governance) practices based on the business characteristics of companies covered by the survey, by FTSE Russell, which belongs to the information service division of the London Stock Exchange Group, UK.



Chika Saka

School of Business Administration, Kwansei Gakuin University
Professor (Doctor of Commercial Science)

Currently, Member of the Science Council of Japan, Managing Director of the Accounting and Economic Association of Japan, Director of the Japan Corporate Social Accounting and Reporting Association, Member of the Osaka Prefecture Environmental Advisory Council, and Member of the Osaka City Environmental Advisory Council, etc.



We will contribute to environmental issues through our various technologies.

Saka: Of social requests, the current prime concern would be the response to climate change. The report “10 New Insights in Climate Science 2020” by Future Earth^{*4}, The Earth League^{*5}, and World Climate Research Program^{*6} also pointed out that more ambitious CO₂ emission-reduction is required for achieving the Paris Agreement.

Yabushita: To the extent that our business is concerned, we have a considerable number of breakwaters and tide embankments. However, due to the sea level rise or the increasing size of typhoon and the like caused by global warming, the current structure may not be resistant to them. Because of this, climate change will greatly influence our business, therefore I am considering that we must take a proactive stance, including the TCFD^{*7}.

Saka: Regarding highly publicized water crisis, I know your company is engaged in many water issues.

Yabushita: As we have made a living by marine civil engineering, we have many technologies related to water, including water treatment accompanied with dredging. To the depletion of water resources, we are considering how we can utilize these technologies. Also, I imagine that our technology to purify and recycle water can contribute to problem-solving in such countries where it is difficult to secure daily life water.

Saka: Regarding the resource circulation, the subcommittee of the Science Council of Japan is discussing the diversification of demolition & separation for cyclic use of

resources & materials and the circular economy. I think this area is focused on by the whole construction industry, and I know your company is providing a solution, the “ReReC[®]”^{*8}.

Yabushita: Yes, thank you for knowing that. Previously, the method replacing old equipment with new equipment used to be dominant. Nowadays, there is a budding trend to continue using existing ones comfortably while reinforcing the weaker parts. It restrains more CO₂ emissions than building new ones. In order to make the continuous use of existing architectural structure as a pillar of our business in 10 years, led by the ReReC[®], the company is pursuing various research including the seismic strengthening technology. Moreover, in relation to the buildings, we are raising a challenge of strengthen efforts for the “ZEB”^{*9}.

Saka: Since the energy-related technology and knowledge will absolutely be the advantages in the future, enhancing customer (end user) relations and accumulating data would contribute to resolving social issues. Further, it would be desirable to link the use of such data in a business-academia collaboration to the problem-solving with a new way of thinking.

Nurturing an organizational climate to harness employees' individuality is the way for the higher external evaluation.

Saka: In earlier discussions, I felt that it really matches the awareness of Generation Z college students, who I am in touch with on a regular basis. As it contains many points they consider as important in their selection of a company, when you have a chance to directly talk with college students, it would be good to speak of such efforts.

Yabushita: Yes, that's for sure. In terms of precious human resources, there are issues concerning women's active participation as the whole industry. The company is proceeding with improvement of the workplace environment and improvement of various systems, and in FY 2020, we were awarded the 2-star of the “Eruboshi” certification^{*10}, however, I think it is still insufficient. From this fiscal year, we established the reinstatement system for women's further active participation. I also have thought, from the viewpoint of diversity & inclusion, that people with diverse values should participate actively, and it also has taken root as part of our DNA, so, I would like to take each step.

Saka: What makes them motivated than anything else is recognition as well as enhancement of systems. By looking at the pages of CORPORATE REPORT issued by your company, I notice that through the column “Voice”, your diverse employees are recognized and are feeling job satisfaction. And, as it is possible to attain professional skills and knowledge through your business, it is also attractive in terms of career enhancement. Additionally, in the area of civil engineering, there are unique jobs such as maintenance, which means that they will not be replaced by foreign companies in the future. Since infrastructure construction will remain important and also very attractive from the point of view of potentiality, with a system for fair recognition of various capabilities, it would be possible to secure a stable source of precious human resources.

Yabushita: Our company culture is frequently described as sincere or earnest by external parties. This is actually important, and there are many things such as frontier spirit which should be succeeded as the company that started its business from the reclamation, however, from my viewpoint, it seems that there are few “unconventional” precious human resources. It may be an opportunity to cultivate such precious human resources and restructure the organizational climate for facilitating them.

Saka: As you pointed out, it will be more important to utilize not only those who just do a flawless job, but also those who are sharp and have “something”. Under such ever-changing era of uncertainty, those who are slightly out of line should accomplish a creative job.

Even in this recyclable energy age, they will realize the sustainable growth.

Saka: I am impressed that your company started introduction of ICT earlier and has excellent technology. So, I imagine that in the future, your company will be able to drastically change how to create an infrastructure by evolving the technology from “closed digital” to “connected digital”. Also, by connecting with other areas that were not closely related, there should be some possibility to resolve social issues in a totally different area.

Yabushita: Currently, we are promoting the introduction of the “BIM/CIM”^{*11} for site operation by 3D digitalization of design drawings. As for the “connecting” them, though they have already started it at the sites, I understand it as one of the future challenges. We are proceeding with site management remotely by the remote camera, robotization, work-saving, etc., but actually, the utilization of

ICT as the whole industry is just at the real starting line. For example, I would imagine that the automation of work vessels is one of the issues in which we should engage ourselves proactively in the future. The automation of this area would lead us to a significant predominance, however, there are huge amount of issues to be solved.

Saka: Nowadays, as many start-up companies having interesting technologies in various areas have been established, it seems that there will be more business opportunities by collaborating with such companies. Faster response will be possible than doing by the company itself. Also, in terms of internal and external, I feel that as well as an external one, an internal publication is also important. The sustainability management and the big change surrounding ESG investment as I mentioned at the beginning also can be utilized for the internal reform of sense or the development of precious human resources. As I fully learned this time that your company has been continuing efforts soundly and steadily based on your identity since the foundation, I expect you to effectively transmit it internally and externally.

Yabushita: As you evaluate the company, we have proud that the company have been making efforts in an honest way, and by putting it out appropriately, we would like to enhance the relationship with various stakeholders. Also, breaking away from fossil fuel, and in the era centering on the recyclable energy, what the future of the company should be, and what materiality we will have, and also regarding the transmission from future viewpoint, we will tackle them with such spirit as if we declared the second founding. Thank you for your time today.



*4 Future Earth: A 10-year-schemed international research program of earth's environment for addressing various risk arising from changes in earth's environment, aiming at establishing a global sustainable society, proposed mainly led by the International Council for Science (ICSU) at the RIO+20 in 2012.

*5 The Earth League: A voluntarily established international alliance of institutional and individual members, who work together to respond to some of the most impressing issues by humankind including climate change, depletion of natural resources, land degradation, or water scarcity.

*6 World Climate Research Program: An international research program mainly led by the World Meteorological Organization (WMO). Aiming at greater scientific understanding of the fundamental climate system and key climate processes required for forecasting of climate and evaluation of the magnitude, and at execution support of Agenda 21.

*7 TCFD: Abbreviation of Task Force on Climate-related Financial Disclosures. Released the final climate-related disclosure recommendations on climate-related risks and opportunities to companies in June 2017.

*8 ReReC[®]: The collective term referring to Renewal, Renovation, and Conversion. An approach to the whole repair works.

*9 ZEB: Abbreviation of 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.

*10 “Eruboshi” certification: A certification system that certifies companies that meet certain standards based on the “Act on the Promotion of Female Participation and Career Advancement in the Workplace” and have implemented initiatives for the promotion of female participation. See this report pp.35.

*11 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.

Environmental management

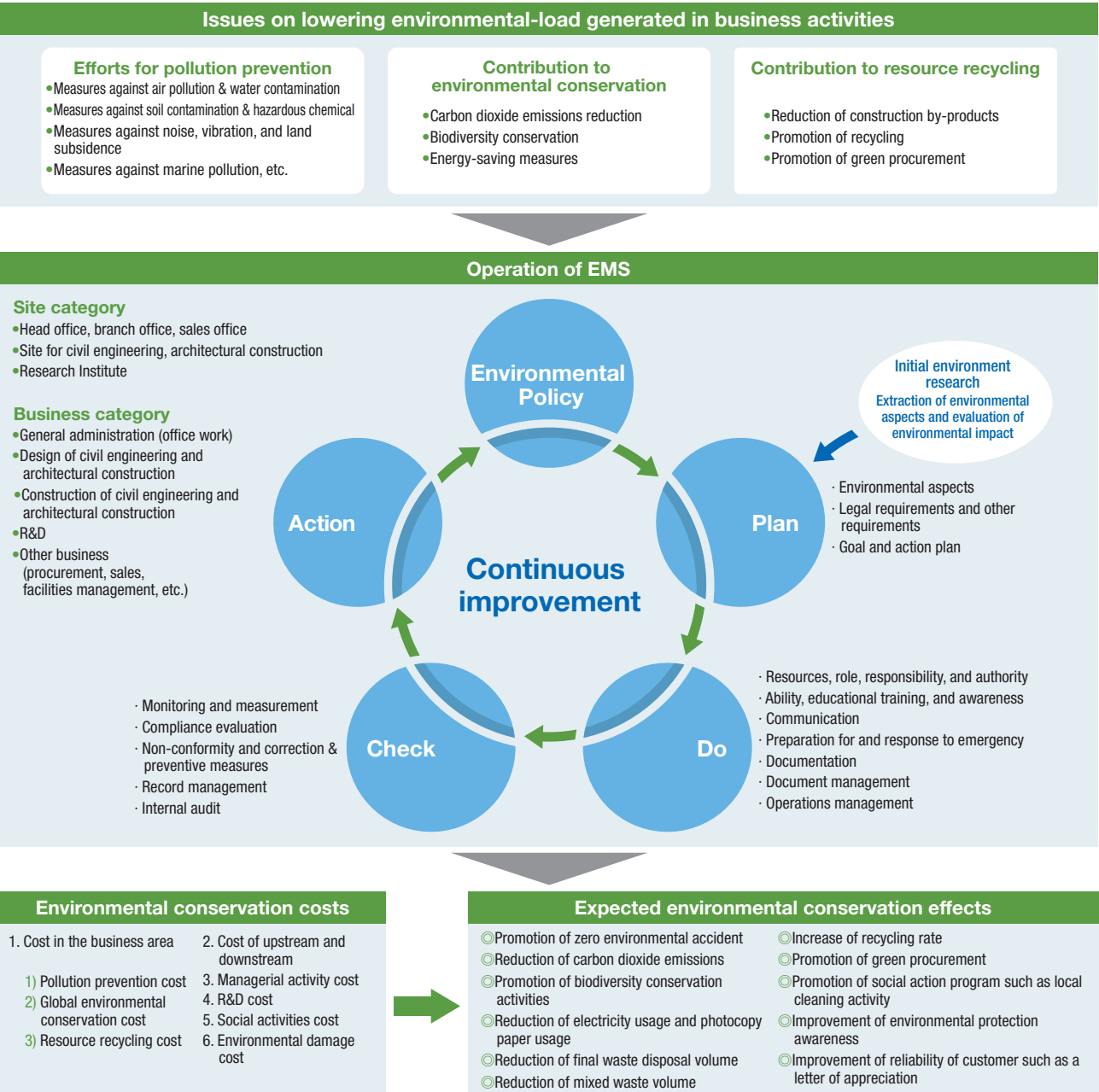
Environmental efforts

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

We have conducted business putting top priority on compliance at each department including the sites, however in FY 2020, two minor violations of the Wastes

Promotion of EMS



Disposal and Public Cleansing Act occurred. We will disclose the causes and countermeasures for both of them on a company-wide basis, and take action to prevent recurrence.

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. In FY 2020, as a result of conducting preventive measures to avoid water pollution by including the adjacent-water architectural work as well as the civil engineering works at ports, rivers, and lakes and marshes in the object works, no oil spill accident occurred in both areas of civil engineering and architectural works.

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



Results and evaluation

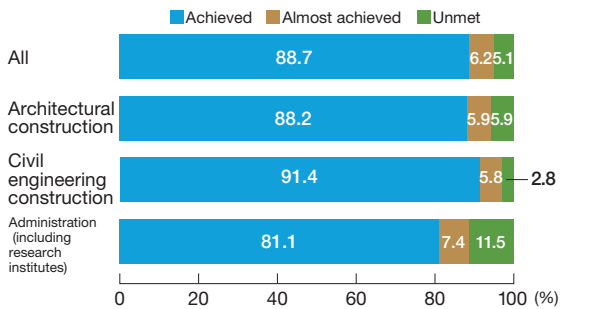
As a result of promoting environmental activities by setting goals for each department of the whole company, in FY 2020, the level of goal achievement was kept at high level of 88.7%, which is considered to demonstrate their achievement.

Regarding the environmental monitoring items, the discharged amount of mixed waste from both of the civil engineering construction departments and the architectural construction departments has improved from FY 2019, and the control standard value has been achieved.

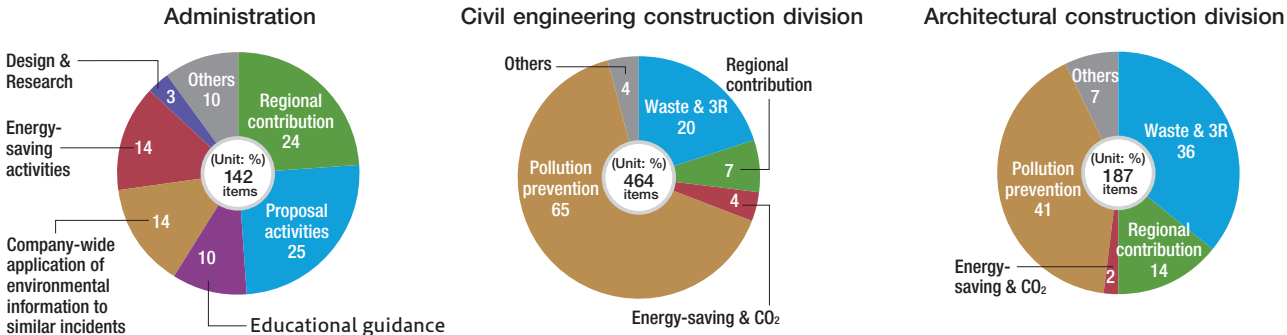
And the “number of biodiversity-friendly proposal & R&D” and the “number of construction contributing to biodiversity”, which are included in the environmental monitoring items from FY 2020, were much more than the

control standard value initially set as a result of a number of the proposals, researches and constructions such as the construction of seagrass bed, the installation of fish reef, the construction of the area that attracts migratory waterbirds, etc. Since positive results are achieved for other items, 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

Environmental monitoring items	Measures	Division	Control standard value for FY 2020	Results of FY 2020		Control standard value for FY 2021	
				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	8.3%	●	13.0% or less	
		Architectural construction	15.0% or less	12.4%	●	13.0% or less	
		Research institute	15.0% or less	0.3%	●	13.0% or less	
2) Recycling & reducing rate of construction waste	Monitoring & measurement Recycling & reducing rate	Civil engineering construction	Construction wood waste	95% or more	97.6%	●	97% or more
			Construction sludge	90% or more	99.4%	●	95% or more
			All waste	96% or more	98.1%	●	98% or more
		Architectural construction	Construction wood waste	95% or more	83.8%	▲	97% or more
			Construction sludge	90% or more	99.3%	●	95% or more
			All waste	96% or more	96.4%	●	98% or more
		Research institute	Construction wood waste	95% or more	95.0%	●	97% or more
			Construction sludge	90% or more	93.9%	●	95% or more
			All waste	96% or more	92.9%	▲	98% or more
3) Usage of photocopy paper (Office, facilities)	Monitoring & measurement In A4 equivalent (sheet/person, month)	Administration	863 or less	723	●	723 or less	
		Research institute	229 or less	167	●	167 or less	
4) Electricity usage (Office, facilities)	Monitoring & measurement (kwh/m ² , month)	Administration	6.0 or less	5.6	●	5.6 or less	
		Research institute	6.6 or less	6.5	●	6.5 or less	
5) Prevention of oil spill accident	Monitoring & measurement Executing rate of countermeasures (including education)	Civil engineering construction (port & river & lakes and marshes works)	100%	100%	●	100%	
		Architectural construction (adjacent-water works)	100%	93.8%	▲	100%	
6) Number of biodiversity-friendly proposal & R&D	Monitoring & measurement Number conducted	Administration	5 or more	18	●	10 or more	
		Research institute					
7) Number of construction contributing to biodiversity	Monitoring & measurement Number conducted	Civil engineering construction	5 or more	13	●	10 or more	
		Architectural construction					

Prevention of global warming

Material flow

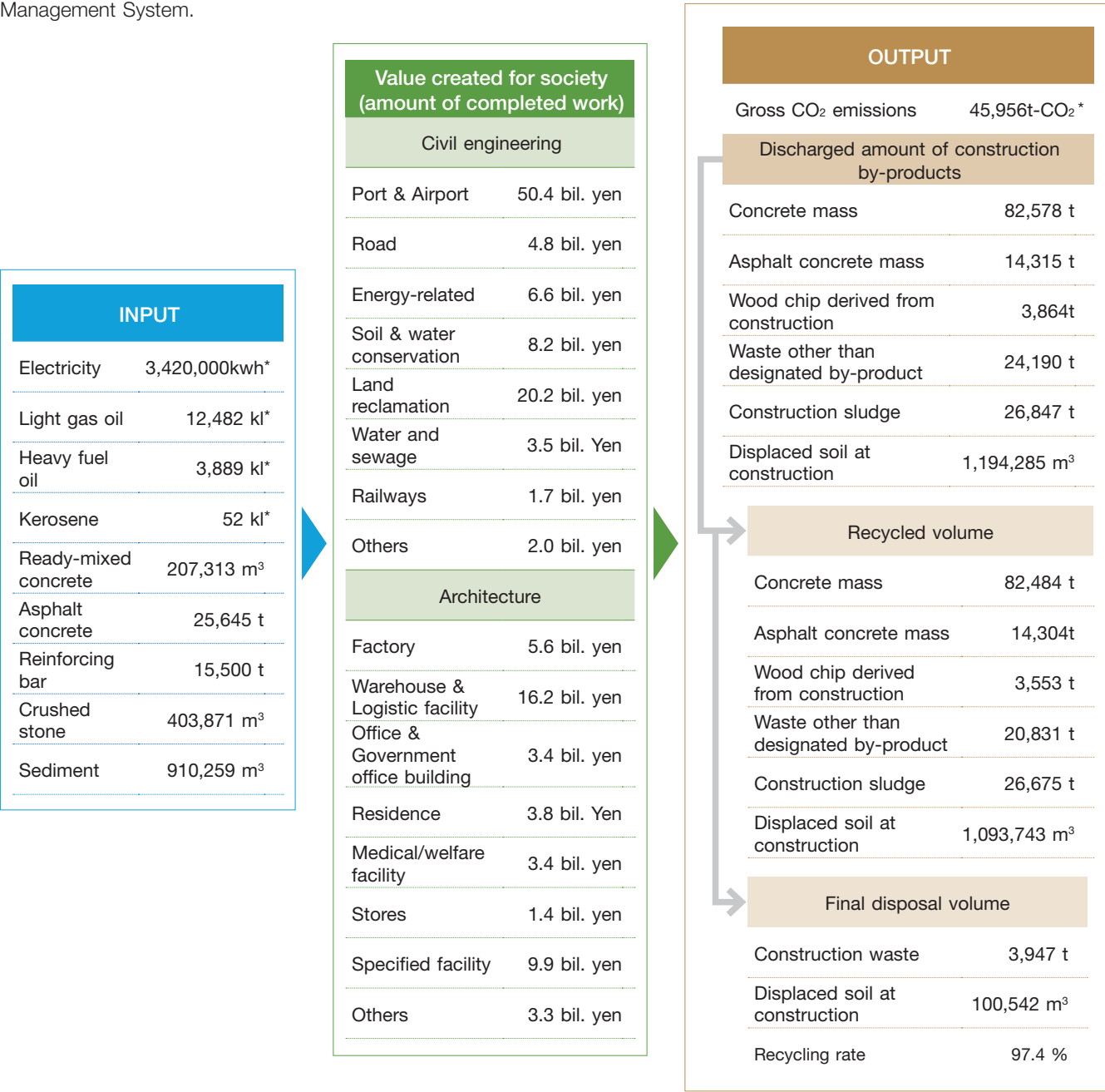
In the construction business, while energy and materials are input for the business activities, Greenhouse gas and construction by-products are discharged.

In order to consider and take measures to the risks and opportunities to environment & society for response to climate change, it is important to quantify the amount of those inputs and discharges.

The Company is, in order to promote a low carbon society and establish a resource recycling society, aiming for reducing the discharged amount and increasing the recycling rate by proper operation of the Environmental Management System.

In FY 2020, while the discharged amount of concrete debris having a high recycling rate increased by the large demolition works in the architecture & civil engineering business, the amount of construction sludge, likewise highly recyclable, actually decreased, and the total amount of construction waste excluding the displaced soil at construction slightly increased from FY 2019, and the recycling rate resulted in the same level of FY 2019.

Incidentally, of the items of INPUT, the increase of sediment is attributed to the large-sized land creation work of the land civil engineering works.



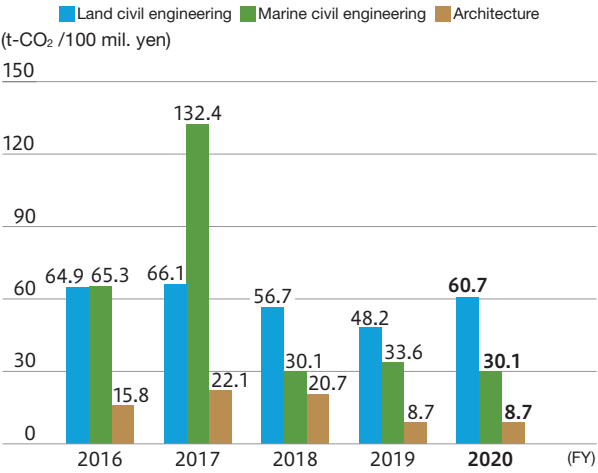
* Calculating the basic unit based on sampling investigation, and calculating by multiplying amount of completed work.

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 (the 6th edition: 2016-2020)” established by Japan Federation of Construction Contractors, Inc.

In FY 2020, we sampled 27 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 2020 was 60.7t-CO₂ per 100 million yen for land civil engineering works, which showed an increase of 12.5t-CO₂ per 100 million yen from the previous fiscal year. This is considered due to the construction of the large-sized land creation work in which the utilization ratio of heavy construction equipment is high.

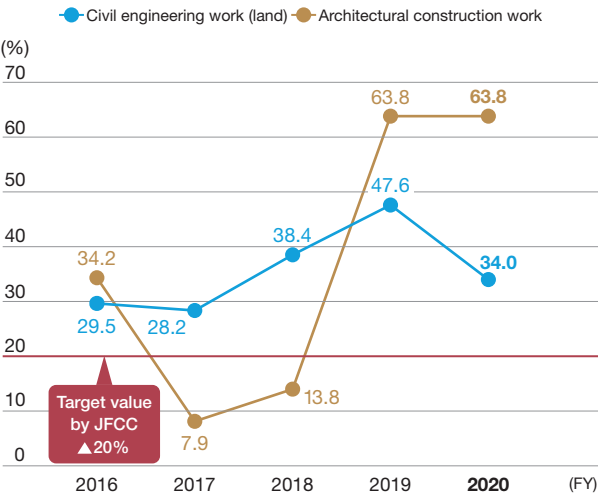
Also, the emission amount in marine civil engineering was 30.1t-CO₂ per 100 million yen, which showed a decrease by 3.5 t-CO₂ per 100 million yen from the previous fiscal year.

Overall civil engineering, as the emission amount by light gas oil usage increased, was on a slight upward trend.

Architecture

The emission amount per 100 million yen of completed work in FY 2020 was 8.7t-CO₂ per 100 million yen, which resulted in low level, as shown in FY 2019. Because of the reduced use of commercial power and the high proportion of large logistic facilities, at which the reduction of light gas oil consumption by the efficient use of heavy machine is expected, we believe we are achieving good results in CO₂ emission.

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 have been promoting the CO₂-reduction activity.

The reduction rates of FY 2020 vs. FY 1990 were 34.0% for land civil engineering works and 63.8% for architectural construction works, which means that the reduction rate of civil engineering works was decreased though, overall goals were achieved.

The Company will daily continue to conduct measures such as improving the fuel efficiency by thorough inspection & maintenance of construction machine and vessels, energy-saving driving, encouragement of idling stop practice, adoption of hybrid-type heavy machine, and reducing carrier vehicles by utilizing recycle of construction by-products, etc. Also, for the company-owned vessels, we are currently working on the conversion of fuel usage from heavy oil A to light gas oil and the partial motorization of hydraulic drive, and in the future, we will work on the conversion from light gas oil to biofuel or GTL* and the fuel-cell-driving auxiliary generator, etc.

The Japan Federation of Construction Contractors, Inc. established the “Action plan of construction industry for preservation of natural environment, the 7th edition: 2021-2025” in April 2021. The Company will proactively engage ourselves in “aiming to reduce the basic unit of emission amount by 40% during the early years of FY 2030-2040 (vs. FY 2013)” as the targets in “reducing the CO₂ emission during construction works” of this action plan, and “promoting efforts to reduce the CO₂ emission during construction works to zero by 2050”.

* GTL: Abbreviation of Gas to Liquids. Natural gas-derived product.

Formulation of resource recycling society

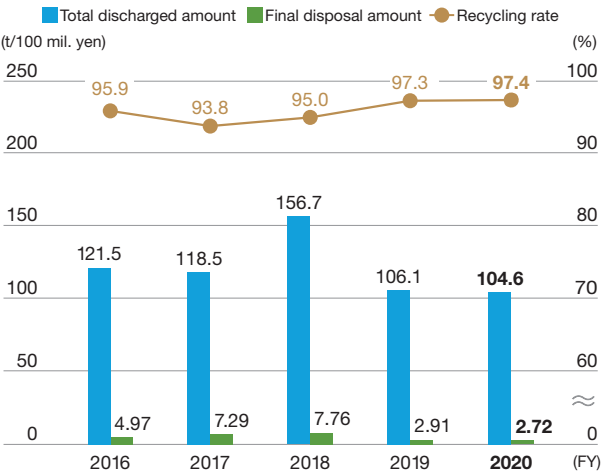
Trends in the discharged amount of construction waste

The discharged amount of construction waste of FY 2020 was 104.6t per 100 million yen, a decrease of 1.5t per 100 million yen from the previous fiscal year, and the final disposal amount was 2.72t per 100 million, a decrease of 0.19t per 100 million yen, which was about the same level as FY2019.

The amount of concrete debris increased due to the slight increase of demolition works in FY 2020, however, the construction sludge generated by soil improvement works was decreased, and as a consequence, we consider it kept at the same level as FY 2019.

As for the recycling rate, it was 97.4% compared to the company-wide target of 96%, which means that we achieved the target at the same level. We consider that this achievement is because of the increase of highly recyclable concrete debris and the maintenance of a high level of the recycling rate of construction sludge at 99.4%, the same level of FY 2019.

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



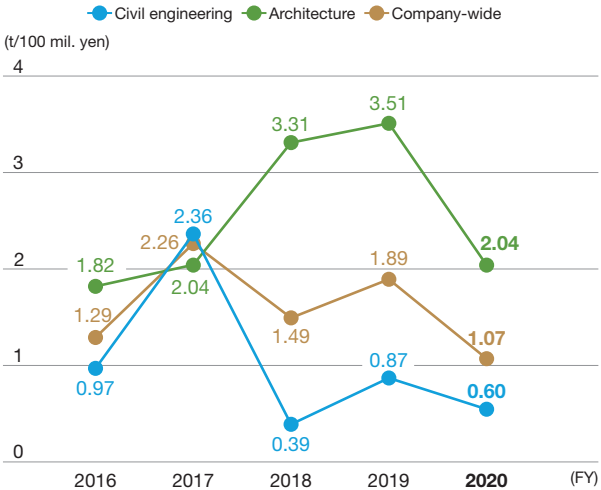
Trends in the discharged amount of mixed waste

The discharged amount of mixed waste per 100 million yen of completed work in FY 2020 was decreased on a company-wide basis: 1.07t per 100 million yen on a company-wide basis, 0.60t per 100 million yen for the civil engineering construction, and 2.04t per 100 million yen for the architectural construction.

The reason for the good result is that, as a result of our intensively implemented waste-sorting activities in FY 2020 triggered by the company-wide increase in FY 2019, most branches have achieved the target of “the ratio of mixed waste to targeted construction waste*: 15% or less” as the company-wide target, and we believe that appropriate management such as waste-sorting is effectively implemented.

*Construction waste excluding concrete debris, asphalt debris, rubble, and construction sludge.

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

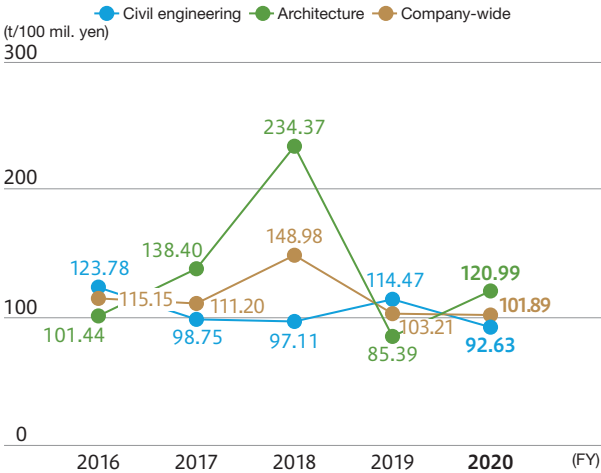


Trends in the recycled amount

The recycled amount per 100 million yen of completed work was, 101.89t per 100 million yen on a company-wide basis, 92.63t per 100 million yen for the civil engineering construction, and 120.99t per 100 million yen for the architectural construction. Compared to FY 2019, the amount decreased in civil engineering construction and increased in architectural construction, and as a result, it slightly decreased on a company-wide basis.

The reason is that because the quantity of highly recyclable concrete debris decreased due to the decrease in soil development works in civil engineering works, the recycled amount per completed work decreased. Also, in architectural construction works, due to the increase of demolition & improvement works, the quantity of highly recyclable concrete debris increased, and consequently, the recycled amount per completed work increased.

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, 2020 to March 31, 2021
- Data-gathering method
Sampling & actual count survey or complete survey
 - Cost in the business area
.....Sampling & actual count survey
 - Cost of upstream and downstream
.....Complete survey
 - Managerial activity cost
.....Sampling & actual count survey
 - R&D cost.....Complete survey
 - Social activities cost.....Complete survey
 - 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 2020, installation works of fish reef and mound-bank construction works fell under this category.

FY 2020 environmental accounting

		(unit: 100 mil. yen)		
Item	Main activities	FY 2018 expenditure	FY 2019 expenditure	FY 2020 expenditure
1. Cost in the business area		32.92	41.39	30.45
1) Pollution prevention cost	Atmospheric pollution, water pollution, noise, vibration, etc.	13.42	12.26	13.56
2) Global environmental conservation cost	Prevention of global warming, biodiversity conservation, energy-saving, etc.	2.29	13.90	2.86
3) Resource recycling cost	Reduction of construction by-products, waste disposal cost, etc.	17.21	15.23	14.03
2. Cost of upstream and downstream		0.27	0.40	0.71
3. Managerial activity cost	Environment-related department cost, monitoring and measurement of environmental-load, etc.	2.69	2.73	2.75
4. R&D cost	Environment-related R&D cost, etc.	2.24	2.89	6.3
5. Social activities cost	Cleaning around the site, environment-related fund & donation, etc.	0.04	0.05	0.13
6. Environmental damage cost	Restoration cost related to soil contamination or nature destruction, etc.	1.37	1.42	1.45
Total amount of environmental conservation cost		39.53	48.88	41.79
Environmental cost ratio (%)	Environmental conservation cost / Completed work	2.89%	3.44%	2.88%

Results of environmental accounting

The total amount of environmental conservation cost in FY 2020 was 4,179 million yen, and the environmental cost ratio was 2.88%. Compared to FY 2019, the total amount of environmental conservation cost decreased by 709 million yen and the cost ratio decreased by 0.56%. The decrease in cost ratio is mainly due to the decrease in global environmental conservation cost. This is attributable to the decrease in biodiversity conservation works such as installation works of fish reef, mound reef construction works, etc. The increase in the R&D cost by 341 million yen is due to the increase of the R&D cost on the construction of offshore wind power generation facility. 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.

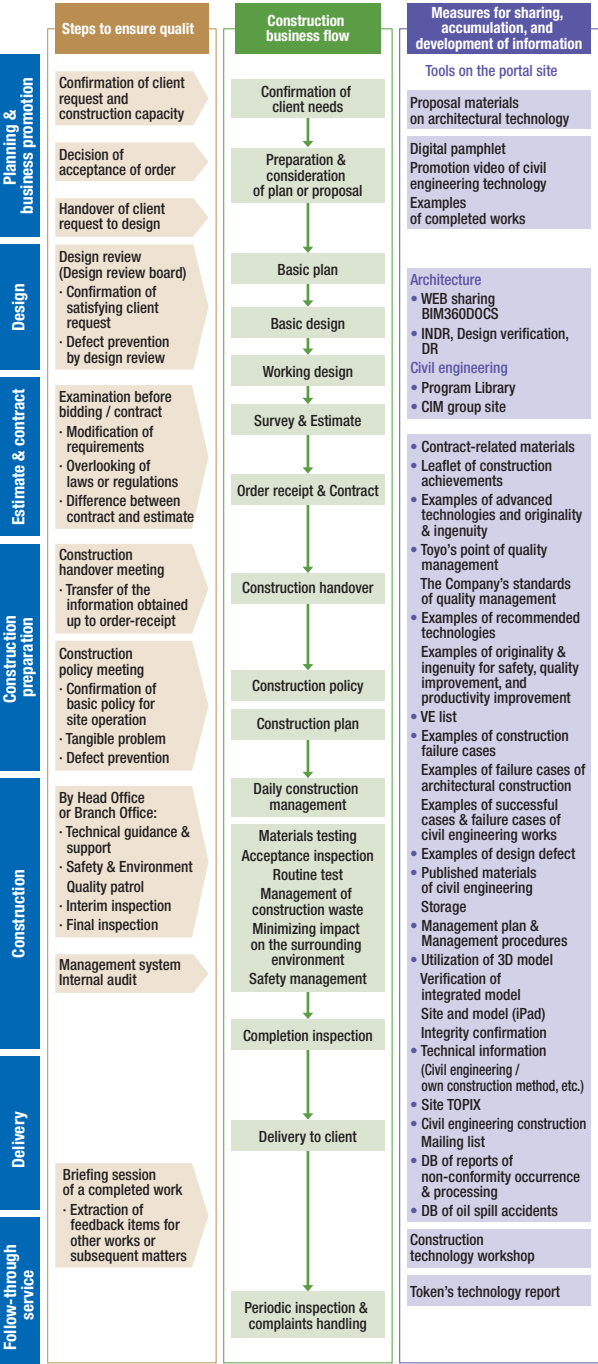
Quality

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 environment 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



Dealing with feedback & response from customers

Efforts to raise the reputation of technological proposals

The Civil Construction Division, the Architectural Construction Division and each branch office took an approach to raising the level of technical proposals and leading to increasing of order. They analyzed the results of technical proposals and provided their feedback for the proposals to customers aiming for receiving construction orders, and also clarified the reasons why the proposal was rejected, and reflected them to the next plan for receiving orders.

Summary of various commendations

Letters of appreciation and certificates of commendation: 29 letters of appreciation, and 17 certificates of commendation Total 46 (Aggregation period: from May 12, 2020 to Jan. 15, 2021)

Though the number was fewer than usual this time due to the shorter aggregation period, we evaluate it as maintaining the effectiveness of efforts made for the quality enhancement and the customer satisfaction improvement (performance of QMS). The following table shows the breakdown by categories.

Breakdown of letters of appreciation and certificates of commendation (number)

Category		Certificates of commendation	Letters of appreciation	Total
QMS-related	Point scoring object for overall judgment	10	21	30
	Commendation by the government, institution, or academic society	11		
Other than QMS (safety, environment, social contribution)		8	8	16
Total		29	17	46

Complaint Handling Report

(Aggregation period: from April 2020 to Jan. 2021)

Architecture - defect: Details of the Complaint Handling Reports (number)

Branches & sites	Kanto Architectural Construction	Chugoku	Kyushu	Total
Number	5	1	1	7

Contents of the complaint	Primary responsible party	Number of event
Water leakage (including crack-derived)	Our mistake	1
Crack (including efflorescence)	Our mistake	1
Dirt, scratch	Vendor's mistake in execution	1
Beaten floor / paving (subsiding or rising-up)	Our mistake	1
Others	Our mistake(2), Design problem(1)	3
Total		7

Safety & Health

Efforts to prevent the same type of accident

Improvement of site environment enabling all workers on-site to work in a healthy and safe manner is the foundation of corporate activity. For that purpose, worker's sensitivity to find a danger as dangerous, and the education, training, and calls on-site for raising awareness of working safely, and the visualization of safety activity are important. Construction sites have different conditions at each site, and also different staff, subcontractors and workers engaged in the work. To describe it in an extreme manner, it can be said that a site is a collaborative workspace where many new people get together to create one product. Therefore, the same type of accident tends to be repeated since old times. In order to achieve the goal of zero fatal accidents, the Company is making efforts by setting a goal for eradication of "fall or tumble" accidents and "heavy equipment, mobile crane, and work vessel"-related accident, which may lead to a fatal and crucial accident.



Disaster prevention measures for new entrant

30% of workers involved in accidents are those who had worked there for one week or less after their new entry. To prevent such accidents, it is requested to check if the worker allocation is optimized for the health condition and skill of their employees, by implementing the "Site patrol within one week of new entry" by the management of subcontractors dispatching new entrants. Also, for new entrants, we are conducting the "new-entrant-sticker handover activity" on every day for one week after their entry. In this activity, by handing out the sticker by the foreman to new entrants, it is aimed that new entrants put the sticker on their working clothes and heighten their safety consciousness like "I have to work carefully because I am still new here" by watching it, and also aimed that the foreman should heighten the awareness as the supervisor like "they are new here, so, I should instruct them clearly and carefully".



Safety patrol under the COVID-19 pandemic

For prevention of the COVID-19, the twice-yearly "Management Patrol" by all officers was conducted in a manner that for avoiding the long-distance migration

by officers, the officers in Tokyo conducted the patrol in Tokyo and the officers in Osaka conducted the patrol in Osaka, and in other area, the General Manager of each local branch office conducted the patrol. The first-round patrol was conducted in October by 28 people for 38 sites, and the second-round patrol was conducted in March by 14 people for 24 sites. Getting the feel of the site by participating in the morning assembly, the management, along with expressing their appreciation for workers' hard working and conveying the Company's enthusiasm for completion without accident, improved all on-site workers' awareness for safety.



Patrol by Mr. Takezawa, President (Kanto Branch Office: Disaster relief work of Nakagawa river)
<Morning assembly with social distancing to prevent infection>



Scene of the Web Patrol (Kyushu Branch Office: Embankment & construction work off the coast of Shinmoji)

Bulletin board "Safety Management Newssheet: Ikkyu-san"

We circulate the "Safety Management Newssheet: Ikkyu-san", a bulletin board that provides the current information on safety & health and environment for our sites nationwide at the end of every month. We are promoting workers' safety awareness by posting it at the site.



Request for and introduction of best practices

The Head Office organizes the best practices by our sites nationwide for safety & health and environment, reported from the general managers of the Safety and Environmental Dept. of the Main Branch and branches, and posts them to the website of the Safety and Environment Dept. By introducing those best practices devised by a site to all of our sites nationwide, we adopt the reference materials of practices by those sites and promote on-site activities for safety & health and environment.



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 staff is one of the integral elements for corporate growth. The Company is working on the effective competence development, by providing the stratified training, the occupational specialty training, the training by purpose, and the training program & support system for acquisition of recommended qualifications. Also, for young technical staff, who shoulder the responsibility for the future of the Company, we aim for making them acquire the ability to accomplish the task as a general manager of a site in ten years, and provide the education according to our independently prepared program.

Additionally, since FY 2021, we started to provide the long-term-perspective training program for new employees, aiming for equalization at a higher level of their stance on the job and their job skills.

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). As a next step, they will learn the specialized management techniques of civil engineering or architecture, and then they will go forward to the training program for a general manager of a site to develop their management skills as such.

The number of participants in training (cumulative total number)

Training type	FY 2017	FY 2018	FY 2019	FY 2020
Stratified training	250	254	369	359
Training by purpose	580	412	238	69
Occupational specialty training	410	568	961	786

Training hours & cost per person

	FY 2017	FY 2018	FY 2019	FY 2020
Training hours	20.51 hours	21.83 hours	28.52 hours	20.98 hours
Training cost	81,481 yen	84,196 yen	109,793 yen	71,880 yen

* Implemented by shortening the period and on web-based training in FY 2020.

Development of precious global human resources

The Company provides the overseas training mainly for younger staff for raising the awareness about overseas assignment through overseas practical experiences and living in a foreign culture, and also for their understanding of job as a project manager or staff working there. Also, we provide an opportunity to attend an intensive course in English at the university for the executive candidates who will play a key role in our overseas business in the future.

Results of development of precious global human resources

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
The number of participants in overseas training and English language training	3	2	4	1	2

Support for acquisition of recommended qualifications

The Company designates more than 250 licenses and qualifications closely related for staff to perform their tasks as the recommended qualifications. 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 2020, a total of 277 staff have acquired the recommended qualifications.

Expenses for support of qualification acquisition

FY 2017	FY 2018	FY 2019	FY 2020
9,012,658yen	12,637,608yen	13,005,672yen	10,050,685yen

Main qualified persons

(As of March 31, 2021)

Name of qualification	The number of acquirers	Name of qualification	The number of acquirers
PhD.	15	Professional Engineer	146
First-class architect	77	First-class civil engineering construction management engineer	595
First-class building construction management engineer	300	First-class landscaping construction management engineer	41
First-class construction machine operation engineer	1	First-class plumbing work operation and management engineer	37
First-class electrical work operation and management engineer	22	Marine work operation and management engineer	218
Concrete engineer	139	Fisheries construction management engineer	109
Soil contamination survey technology manager	2	JR construction manager	43
Residential land and building trader	38	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 2021

- 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
- Implementation of “TOYO Weekly Stance” (determining the way of working among staff, and performing the work in an efficient and systematic manner)

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.

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

Category	FY 2019		FY2020		FY 2021 KPI
	8 or more per 4 weeks	6 or more per 4 weeks	8 or more per 4 weeks	6 or more per 4 weeks	8 or more per 4 weeks
Civil engineering	42%	89%	53%	82%	100%
Architecture	22%	66%	10%	69%	100%
Total	37%	83%	44%	80%	100%

Outside-work employee

Average annual overtime work hours

Category	FY 2017	FY 2018	FY 2019	FY 2020
Civil engineering	617 hours	557 hours	566 hours	589 hours
Architecture	586 hours	595 hours	606 hours	565 hours

* Attainment targets at the end of FY 2021: Keeping overtime work hours of all outside-work employees per year within 720 hours.

Outside-work employee

Average number of annual holidays taken

Category	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 KPI
Civil engineering	101.1 days	107.7 days	117.1 days	114.1 days	120 days or more
Architecture	106.6 days	107.1 days	114.1 days	116.1 days	120 days or more

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. Incidentally, we regard the lower medical examination rate in FY 2020 as due to the impact of staying-indoors by the spread of the COVID-19.

Participation rate in health screening

FY2016	FY2017	FY2018	FY2019	FY2020
56.9%	63.4%	67.4%	68.0%	62.4%

Relationship with workers union

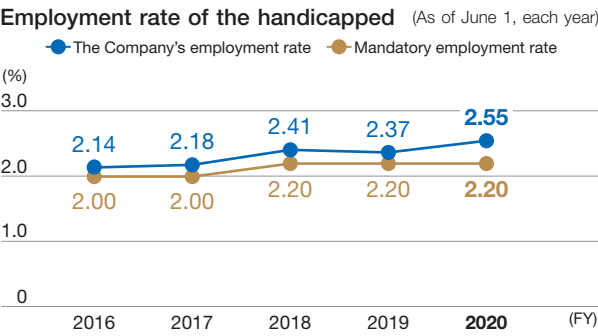
The Company and the workers union of Toyo Construction have maintained the internal peace each other and contributed to the development of the Company, putting both on the “mutually dependent & mutually beneficial” relationship since entering into the enterprise agreement in 1964. The enterprise agreement 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: 983, union membership ratio: 69%, as of July 1, 2021)

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.



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 2016	FY 2017	FY 2018	FY 2019	FY 2020
The number of employees at the official retirement age	14	18	18	21	28
The number of re-employment employees	10	16	14	15	24

Advancement of women's empowerment

The Company has been steadily and continuously hiring women in the general positions, and has set a target of about 20 percent of new graduates in the "Action plan for promoting positive activities of women".

Trends in hiring women in general positions (new graduates)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Civil engineering	2	0	10	8	6
Architecture	3	1	7	6	3
Administration	3	1	1	3	2
Total of women in general positions	8	2	18	17	11
Total number of hiring of new graduates	59	55	98	77	54
Share of women in general positions	14%	4%	18%	22%	20%

Also, we are networking the female staff in the general position beyond their work location and finding issues of the Company from a female perspective and are committed to ensuring that women continuously enjoy working in a female-friendly environment through the

work environment improvement and the enhancement of childcare support system. In November 2020, we were awarded the "Eruboshi certification" as an excellent company promoting female participation, by the Minister of Health, Labour and Welfare.

Comeback System

Since April 2021, we have introduced a system (the Comeback System) that allows those staff who leave office due to nursing care, childcare, or studying abroad, etc. to return to the Company when the issue is resolved.

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.

Development of foreign engineers and skilled-workers

The Company provides the practical OJT training in Japan for foreign engineers from Philippines and Kenya, etc., with a goal of learning sophisticated skills and acquiring Japanese language capability, and develops excellent engineers who will play active roles whether at home or abroad. Currently, the Civil Engineering Department of Head Office and International Division have many foreign engineers, and those engineers are playing a wide range of roles in various fields such as the CIM model building, design & examination of overseas construction projects, etc. Also, since 2018, we are accepting eight Filipino technical staff selected from our Manila Office for practical training at our group's work vessel, and providing the education programs of Japanese language, etc. Currently, all of the eight staff are actively working as the third generation of technical intern, and we are, in order to address the shortage of rising generation for the domestic business, taking account of certifying them as the Specified Skilled Worker, working on the continuous development.



Foreign engineers taking a survey (left: Kenyan, right: Filipino)



Technical intern taking safety education

Contribution to society



Education for next generation

Design & Construction plus Off-site lecture on application of BIM & VR – Head Office

We gave an off-site lecture for the students majoring in architecture at Setagaya campus of Kokushikan University. We started off-site lectures last year, and for this time, we conducted on both of face-to-face and online basis, and approximately 20 students participated (7 students for the face-to-face lecture). The subject of the lecture was "Application of BIM in design & construction", and after explaining the construction management and the initiative for ICT & BIM, we conducted the experimental learning using VR. At the VR experience learning, using our new construction in progress as a model, we demonstrated not only the details such as scaffolding or interior, but also the difference in vision over time. We will, through the off-site lectures, and by sending out information on our cutting-edge technology, continue to make efforts to arouse curiosity and interest of the next generation.



Scene of lecture by Mr. Maeda, Assistant General Manager of Architectural Design Dept.



Experiencing the VR

Holding an online tour – Technical Research Institute, Naruo

The Technical Research Institute at Naruo held an online tour for the students at National Institute of Technology, Gifu College. This tour is aimed at providing the students with learning of the construction industry and our technology research, and we explained the function with explaining the Naruo Institute's function and providing an opportunity for observation of the experimental equipment. And, as a new approach, we introduced the inside of the institution, which would not be normally introduced on an ordinary tour, by making the camera get closer to the experimental equipment or go in for a look-around. In the questionnaire replies after the tour, the real-time communication acquired a good reputation. For securing the rising generation, we will continue to endeavor to promote and provide information on the construction industry at such tours.



Making it possible to shoot various places by a combination of the web camera and gimbals.

Harmonious relationship with the community

Donation of AED (automated external defibrillator) – Shikoku Branch Office

The Shikoku Branch Office donated AEDs to Kochi City Nagahama Elementary School and Kochi City Misato Elementary School. We received a letter from the school saying "We feel very encouraged by your donation of the precious AEDs that save and protect lives for the school as a place where many people gather. By having more than one, it became possible for us to use it in an area other than existing one, such as taking it out for out-of-school activities or placing it at the pool for the swimming class".



Donation of AED (Misato Elementary School)

Offering of face shields – International Division

In August 2020, the Government of the Philippines announced the face shield mandate to public transport users. In accordance with this mandate, the International Division offered face shields to the neighborhood as part of support for the anti-COVID-19 measures.

By those activities by the Shikoku Branch Office and the International Division, we believe that we created opportunities to enhance relations with the communities under such conditions as the role of local communities is weakening under the COVID-19 pandemic.

Contribution to environment

Participation as volunteers in the Umimori Karatsu-Beach cleaning-up project – Kyushu Branch Office

Since 2006, the Kyushu Branch Office has participated in the cleaning-up project at Higashi-no-Hama (east beach) in Karatsu City, Saga Prefecture as part of the Umimori activity*. It has been held 11 times now, and a total of 65 people, including 26 of our company staff, participated in the activity. While this is just a continuous activity, we will continue this activity believing that it contributes to conservation of marine environment as much as possible.



*Umimori activity: A voluntary information-provision activity for marine safety and environment.

Cleaning up of Umimori Karatsu-Beach

Enhancement of governance

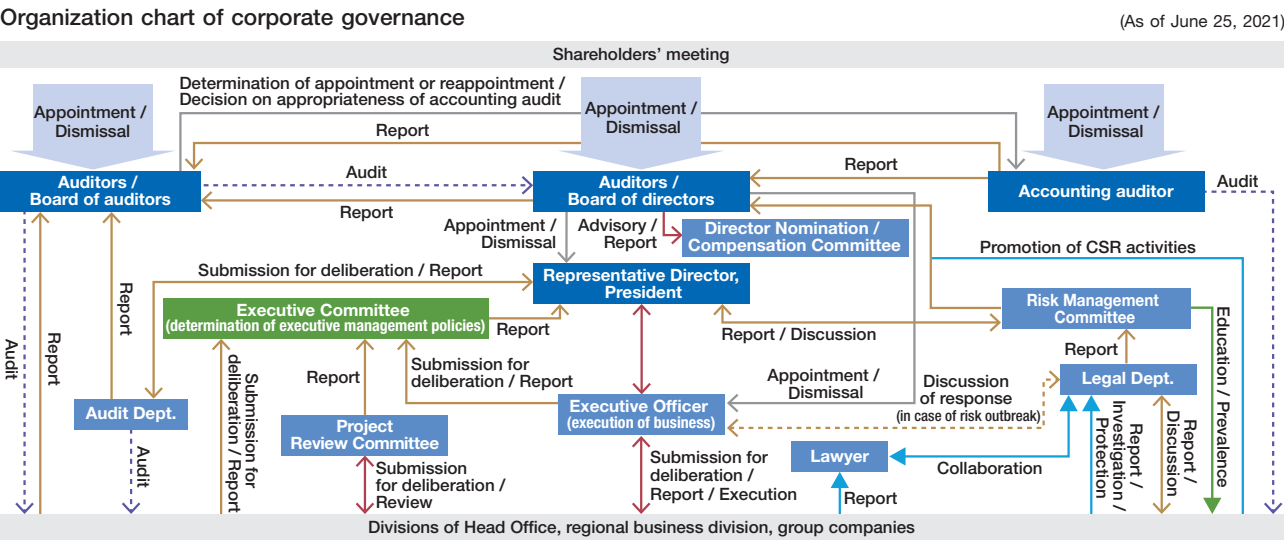
Basic concept

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

Our corporate governance structure is as described in the organization chart below.



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	◎	◎		◎	
Masakazu Kawanobe	Director	○			○	
Takahiro Yabushita	Director	○	○	◎	○	
Hiromi Hirata	Director	○		○	○	
Haruhisa Oobayashi	Director	○		○	○	
Yoshio Fukuda	Director (outside)	○	○		○	◎
Yutaka Yoshida	Director (outside)	○			○	○
Satoshi Otonari	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,

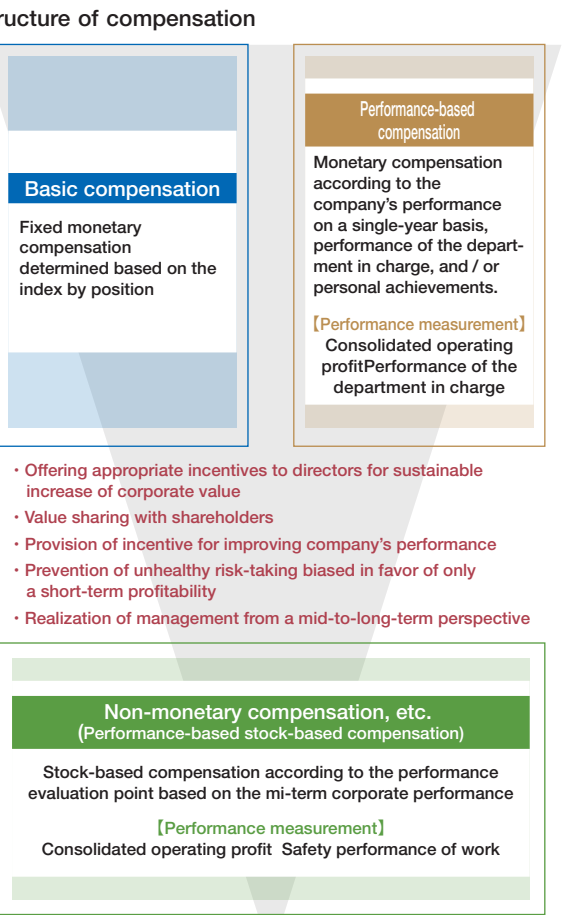
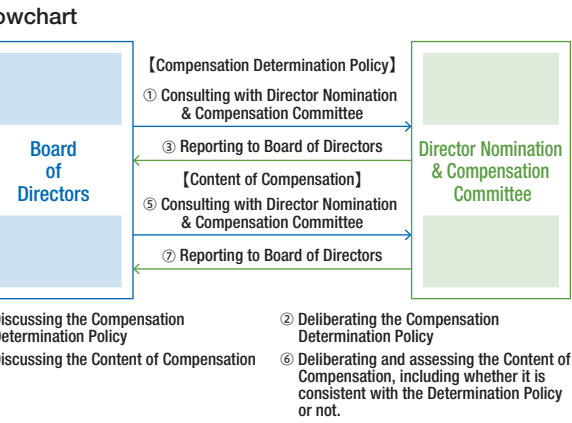
and eventually contribute to the common interests of stakeholders including shareholders.

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.

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

System of individual compensation of directors

The Company had reviewed the existing system for one year since 2015, and the resolution has been made at the 94th annual general meeting of shareholders held in June 2016 and is in operation. For your information, the details of the system are as follows:



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

Enhancement of diversity, including advancement of women's empowerment, is an issue for the whole construction industry, which has been traditionally male-dominated. Currently, there is no female director in the board of directors, however, the Company has been steadily and continuously hiring female employees, setting a target of 20 percent of total new graduates.

Since currently there are only a few female managers, the Company will continue to promote female participation, and we believe that developing senior managers by career-development program through job rotation as an immediate goal 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)	208	165	28	15	7
Auditors (excluding outside auditors)	15	15	—	—	1
Outside officers	50	50	—	—	5

Activity status of outside officers

Title	Name	The board of directors meeting (23 times held)		Board of auditors meeting (17 times held)	
		The number of attendance	Attendance rate	The number of attendance	Attendance rate
Director	Yoshio Fukuda	23	100%	—	—
Director	Yutaka Yoshida	23	100%	—	—
Corporate Auditor	Jiro Fukuda	23	100%	17	100%
Corporate Auditor	Kiyokata Somekawa	23	100%	17	100%

Message from an outside director

As an “active outside director”, I will shed light on the staff’s unconscious personality and link it to the promotion of growth.

Yutaka Yoshida

At Ishikawajima-Harima Heavy Industries (currently known as IHI Corporation), he conducted large-scale projects such as large-scale urban development, acquisition of aerospace division, and business withdrawal from South America. Tenure as outside director of Toyo Construction is three years. His extensive experience at the manufacturing company is fully utilized.



In my previous employment at IHI, I mainly engaged in finance, city development, and corporate planning. At the city development. I was in charge of a large-scale redevelopment project at Toyosu in Tokyo. I also served as the president of a group company.

Since I began engaging in the management of Toyo Construction as an outside director, what impressed me was its corporate culture of great gentleness and sincerity. This impression has not changed even now in my 4th year. However, on the other hand, it can be described as obedient and conservative. Honestly speaking, I sometimes feel some lack in it.

This is not because of this, however, at the board meeting, I proactively raise issues with the other outside director and generate heated debate without restraint. As may be typical for Japanese companies, discussions only by the executive officers, who daily see each other, tend to be held in a reserved attitude. Therefore, I endeavor to intentionally speak up as an outside director. My understanding is that activating discussions at the board meeting is also one of the most important roles for us having external point of view.

Also, though it is difficult due to the COVID-19 pandemic, I am trying to go to sites and listen to the voice of staff directly. I visit our sites nationwide for the safety check activity as the “Management Patrol” and also visited the subsidiary in the Philippines two times.



Visiting sites nationwide for the Management Patrol (center)

We would like to endeavor to be outside directors who do not only “speak up” but also “take action”.

The Mid-term Business Plan, “Being a resilient company”, which is in its 2nd this year, raises the “Investment in Precious Human Resources” at the top of the basic strategy. I understand that we must tackle this developing precious human resources as a matter of urgency. In order to foster the leaders of the next generation, I believe that introduction of a new system such as a “training for selected staff” for each generation may be necessary.

Also, for overseas business, I want the company, making use of the experiences in the Philippines, to expand the business in new countries or territories. Because, the expansion of overseas business makes a great benefit for the development of precious human resources. From my experience abroad for seven years, I found that on an overseas assignment, he/she has to wear more than one hat and will face various problems. This also makes the person grow substantially.

In order for Toyo Construction to ensure continued growth in the future, efforts in regard to social issues through the business will be an essential strategy. Recently, I notice that more SDGs-conscious and ESG-conscious comments are made at the board meeting. Toward the implementation of the Mid-term Business Plan, I have a gut feeling that a new change is occurring in Toyo Construction.

In my life, the IHI, for which I worked for more than 40 years, is actually has a major presence, but for me right now, “my company” means Toyo Construction, and I feel an attachment that much. That is exactly why I am quite sure that I can find out many beautiful characteristics of Toyo Construction of which the staff might not be aware. Therefore, I am confident that through the position of outside director, shedding light on and actualizing them will encourage the growth of our staff.

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.

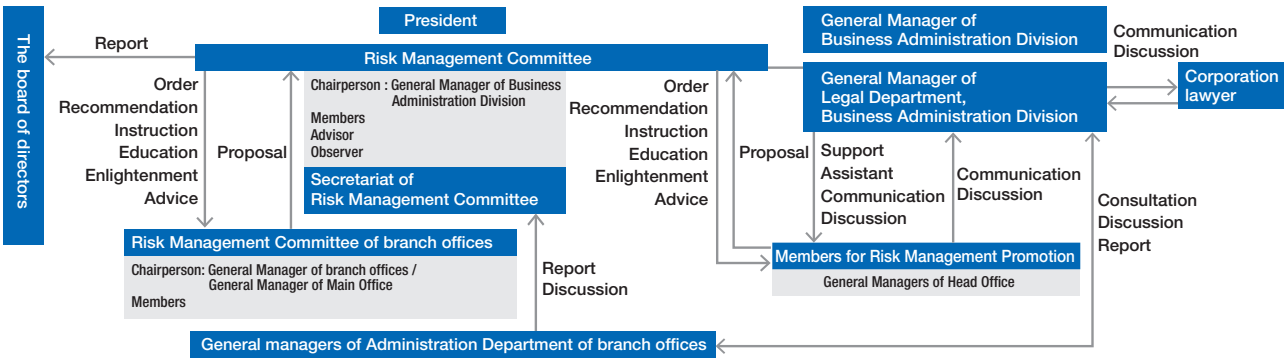
We have established the “Risk Management Committee” at the Head Office against the risks surrounding management.

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

risk management 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.

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.

Prevention of the spread of the COVID-19 pandemic

The Company established the Task Force for Epidemic specified in the Business Continuity Plan (Epidemic Edition) in March 2020 and is implementing various preventive measures. As measures to reduce the opportunity of infection, in addition to implementing telework, staggered working hours, and online conference, we have installed various equipment internally for the prevention of infection, and we will continue to create a workplace environment that allows everyone to work without undue worries even under the circumstances of pandemic and we will make efforts for our business continuity.

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 believes that compliance means not only observing laws and regulations but also meeting the needs of society including business ethics, and it is our basic compliance policy to act with a sense of values and ethics, which is required as a member of society.

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 19,247 people (executing rate: 99.0%) took it in FY 2020.

Results of the compliance training

Type of training		FY 2018	FY 2019	FY 2020
New employee *including mid career hire	Number of participants	61	106	82
	Number of sessions (time)	4	3	3
Stratified training	Number of participants	144	163	209
	Number of sessions (time)	6	6	6
Management *Officers, General Managers of branch offices, General Managers of Head Office, etc.	Number of participants	46	38	42
	Number of sessions (time)	1	1	1

Result of management seminar

	Subject covered	Number of participants
FY 2017	Whistle-blowing system	48
FY 2018	Management's responsibility according to specific examples	46
FY 2019	Power harassment in the workplace	38
FY 2020	Contact with a person in the same business, Anti-Monopoly Act	42

Prevention of harassment

The Company has been actively working on preventing harassment. Particularly in FY 2020, we conducted education aiming at prevention of power harassment, and 1,149 of officers and staff attended the session, which gave them a deeper understanding of power harassment.

Compliance Manual

The Company, in addition to the "Corporate Identity", the "Code of Conduct", and the "Behavioral Guidelines",

has prepared the "Compliance Manual" that compiles the whistle-blowing system, etc. to prevent any action that could lead to law violation, scandal, or harassment. The Company makes necessary revisions every year and provides an environment in which if officers and staff feel some doubt about their own actions, they can make the confirmation.

Moreover, we revised the "Compliance Self-check Card" required for all officers and staff to carry, and further clarified the "Behavioral Guidelines".

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 the compliance survey six times for each branch office and sales office in FY 2020, 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.

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

The Company is proactively promoting interactive and constructive dialogue with shareholders and investors to maintain the Company group's sustainable growth and increase our corporate value.

- (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) For the fair disclosure, the Company posts various information on the website in a timely and appropriate manner. Also, in view of the fact that the number of foreign investors is increasing, we translate the documents related to financial results into English and post them on the English website.
- (4) To enhance dialogue with shareholders and investors, we hold a financial results briefing and an individual interview, etc.

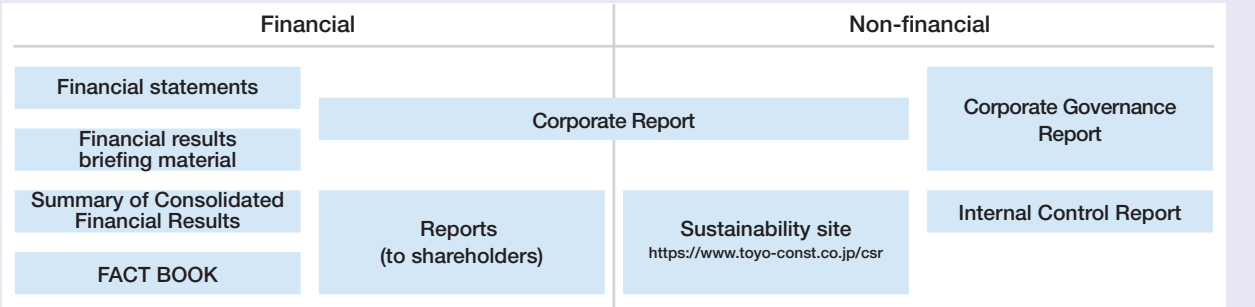
- (5) In the dialogue, we, based on the disclosed information, explain our current conditions, our policy in conducting business, growth strategy, capital policy, and efforts for sustainability etc.
- (6) Feedback received regarding our efforts is forwarded to our management in a timely and appropriate manner, and we refer to them for preparation of our medium-and-long-term management policy, etc.
- (7) Any insider information obtained from dialogue with shareholders or investors is appropriately controlled in accordance with the company rules.



A financial results briefing held simultaneously at the conference room and online

Reporting structure

To respond to the expectations of our shareholders and investors, we disclose information through the multiple media.



English version of the website



Posting the PDF of English version of Corporate Report