TOYO CONSTRUCTION CO., LTD.

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CORPORATE REPORT

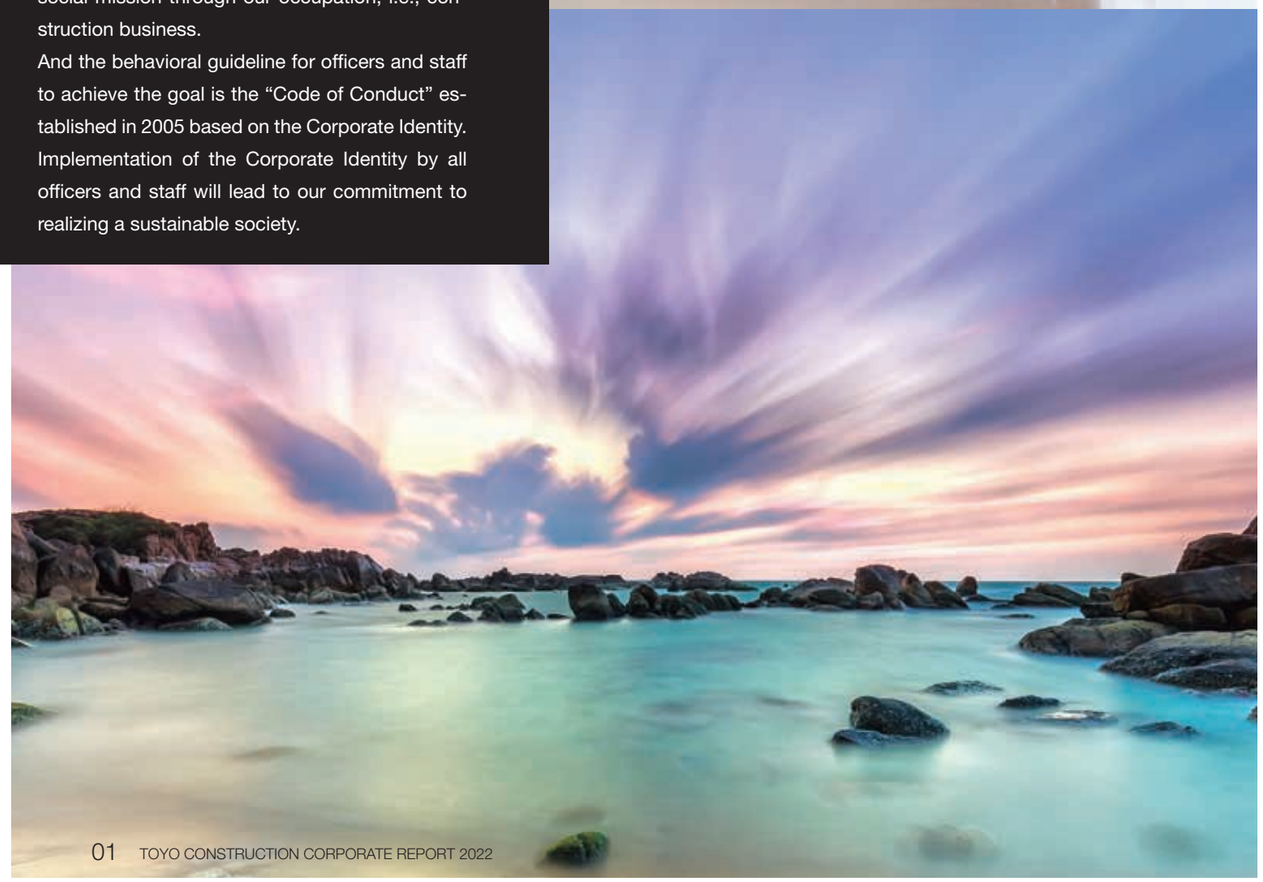
2022

Being a resilient company

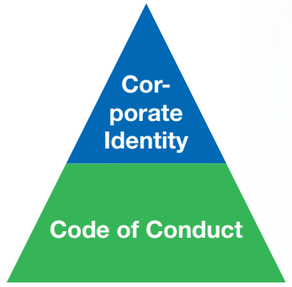
TOYO CONSTRUCTION CO., LTD.

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 to achieve 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 realizing a sustainable society.



Toyo Construction's Corporate Identity / Code of Conduct



Corporate Identity

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)

Respect for Human Dignity
Training people
Developing individuality and strength

Invention and Innovation
Adapting to changes
Always coming up with a fresh idea

Awareness of Responsibility
Clarifying vision and responsibility
Always demonstrating leadership

Code of Conduct

In order to fulfill social mission
- Construction activity to meet the social demands
- Ensuring quality and improving construction technology
- Thorough prevention of general public accident and response to natural disaster

For fair and reliable business activities
- Ensuring thorough compliance with laws, regulations, standards, etc.
- Implementation of fair bidding and fair competition
- Establishment of appropriate production system
- Elimination of antisocial forces
- Ensuring reliability of business accounting and disclosure of information
- Maintenance of proper relationship with politics and administration
- Protection of intellectual property rights

In order to value people and maintain a good relationship with society
- Maintenance of management respecting human rights and individuality
- Strengthening measures for safety & health and creating attractive working environment
- Harmony with society
- Contribution to environmental conservation
- Contribution to international society

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

Steps toward the goals at the 100th anniversary of the founding after seven years

Toward the realization of Being a resilient company

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

On publication of the “Corporate Report 2022”

Editorial policy

This report is issued for various stakeholders such as shareholders, institutional investors, clients, students to understand Toyo Group’s corporate identity, business policy, business strategies, and current status of achievement for ESG, etc.

The main contents include recent achievements of the 3 core business domains as a special feature, and from this issue, include explanation of the business summary by the officer in charge of each business domain, the materiality of business, and the financial data for the past ten years.

We hope that this report will help you deepen your understanding of our efforts aimed at raising corporate value of our group.

Also, 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 2021 of the subject organization stated above.

Period covered

From April 2021 to March 2022 (FY 2021)

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

Reference guideline

- GRI (Global Reporting Initiative)
- “Environmental Report Guideline (2018 edition)”, Ministry of the Environment
- “Environmental Information Disclosure Guidelines(2021)” Japan Federation of Construction Contractors, Inc.

Year and month of publication

November 2022

Disclaimer

The descriptions contained in this report relating to future events such as projected earnings are based on the information currently available to the Company and on the certain assumption that the Company deems reasonable, and will not provide any commitment to achievements. Also, they include risks and uncertainty associated with economic trend, market conditions, foreign exchange rates, taxation systems or other systems. Therefore, actual results may vary significantly due to various factors.

Reporting structure

CONTENTS

From marine to land, overseas, and toward architecture. Riding out the waves of various challenges, creating values all the time, Toyo Construction Group is moving toward the 100th anniversary of the founding.

1929-1945

Establishment of the Company

On July 3rd of 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 proposer of this business was Kamesaburo Yamashita, who was the president of Yamashita Kisen and became the first president of the Company.

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 became one of the best contractors in the area of reclamation & dredging.

First President: Kamesaburo Yamashita

Reclamation planning drawing of that time

1945-1964

Expansion of business

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. In order to meet increasing number and size of dredging & reclamation works, the Company constructed a number of vessels to improve the construction capacity.

The Company was listed on the Osaka Securities Exchange in 1961, and was listed on the Tokyo Stock Exchange next year, and in May 1964, changed its name to “Toyo Construction Co., Ltd.”, and steadily expanded its business operations and credibility.

Advertisement of company name change

Dredging work as a flood-prevention project of Tonegawa River (Chiba pref.), which had been suffered from flood disaster since the Edo era.

The reclamation work of Hachirogata, which was conducted for solving food shortage after the war, was a struggle against mud. (Akita pref.)

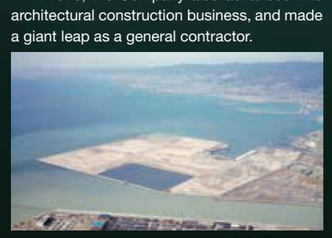
1965-1984

Leap – toward overseas and architecture

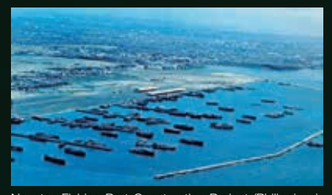
The Naruo Reclamation Project, suspended during the war, was resumed in 1967 after discussions with related parties, then completed the last section for reclamation in 1976. This reclaimed area, sale of which was completed in 1982, is named as “Naruohama” and many companies are located now.

The Company 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 of our overseas business.

In 1976, the Company also advanced into architectural construction business, and made a giant leap as a general contractor.



Nearly-completed Naruohama in 1975. Becoming an industrial park that houses 75 users when sold. (Hyogo pref.)



Navotas Fishing Port Construction Project (Philippines), contributing to improvement of food situation in Philippines

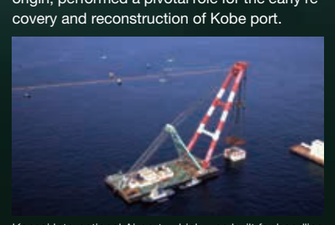
Early works right after entering into the architectural business. Yukigaya company house of Yamashita Shin Nippon Kisen (Tokyo Metropolis)

1985-1998

Participation in national projects

In 1980s, the domestic economy, which had been stagnated, moved gradually toward recovery, and the bubble economy came out. The construction industry became a driving force of the domestic demand-led economy, and the Company participated in numerous national projects such as Akashi-Kaikyo Bridge, Tokyo Bay Aqua Line, and Kansai International Airport, etc. However, when the bubble economy came to an end, the Company that was devoted to real-estate development business was burdened with huge non-performing assets and suffered a great loss later.

On the other hand, at the Great Hanshin Awaji Earthquake, occurred on January 17, 1995, the Company, as a company of Kansai origin, performed a pivotal role for the early recovery and reconstruction of Kobe port.



Kansai International Airport, which was built for handling the increasing number of international flights, contributed to buoying up economy in Kansai area. (Osaka pref.)

Construction scene of Shibushi oil storage base that has a nine-day supply for current domestic consumption (Kagoshima pref.)

Rokko Island quay construction work; providing the earliest commencement of service among the quays damaged by the Great Hanshin Awaji Earthquake (Hyogo pref.)

1999-present

Toward the 100th anniversary of the founding

With advent of the 21st century, the importance of ensuring people’s safety and security, enhancing international competitiveness, and constructing infrastructure in developing countries is growing. In particular, natural disasters occur frequently in recent years, therefore, the effort to prevent and mitigate disasters is a major theme.

Furthermore, while there are many challenges such as carbon neutrality or energy issue, 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, with continuous value creation, toward the 100th anniversary of the founding.

Runway D construction of Tokyo International Airport, which raised its transportation capacity from 300,000 to 410,000 (Haneda Airport) (Tokyo Metropolis)

New main government building of Tottori City, which became a new landmark. (Tottori pref.)

Circumferential revetment & breakwater construction works for Patimban New Port, which will be a new hub for marine logistics (Indonesia)

Breakwater in baymouth area of Kamaishi, which once damaged by the Great Tohoku Earthquake, was restored after seven years, and protecting the city from tsunami again. (Iwate pref.)

FRIEND BUILDING, which achieved the first ZEB-Ready in the area of design & construction (Tokyo Metropolis)

Container terminal of Mombasa Port, one of the biggest logistics hub in East Africa, supporting the development of African economy (Kenya)

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.

In Japan

Marine civil engineering

Net sales

51.9 bil. yen

Land civil engineering

Net sales

27.6 bil. yen

Architectural

Net sales

42.7 bil. yen

Real estate

Net sales

0.6 bil. yen

Overseas

Republic of the Philippines

Net sales

4.6 bil. yen

Republic of Indonesia

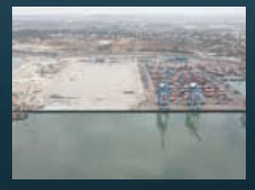
Net sales

3.0 bil. yen

Republic of Kenya

Net sales

5.8 bil. yen

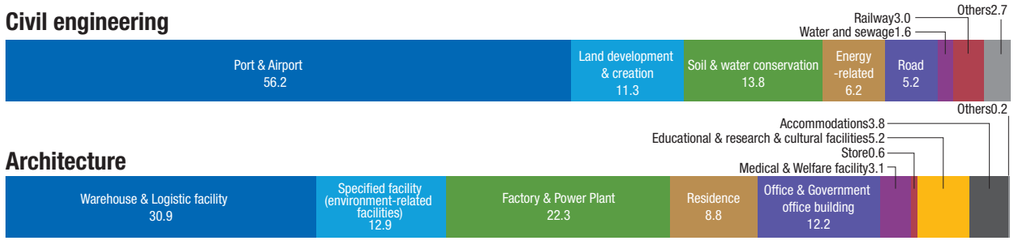


*The numbers are amount of completed work, sales in reals estate business for business year ending March 2022 (amount less than 100 mil. yen is discarded)

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

(%)

* As of March 2022



Overview of group companies

*The numbers are total amount of sales of group companies in business year ending March 2022 (after eliminating consolidation; Amount less than 100 mil. yen is discarded)

Civil engineering work execution

Net sales

9.4 bil. yen

Architectural work execution

Net sales

0.8 bil. yen

Overseas construction work

Net sales

5.5 bil. yen

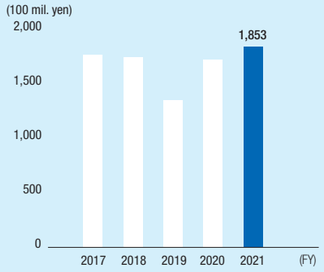
Other business

Net sales

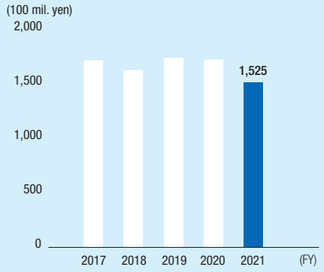
0.3 bil. yen

Financial highlights (consolidated)

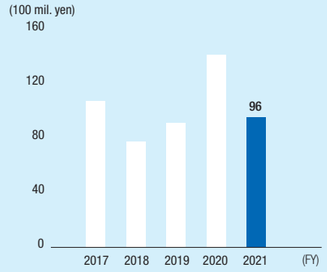
Orders received
185.3 bil. yen



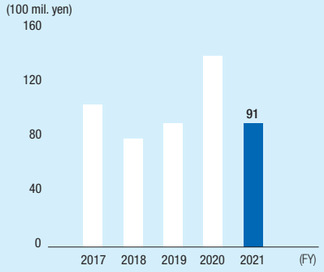
Sales
152.5 bil. yen



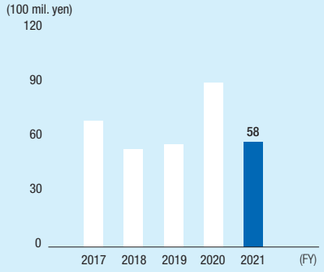
Operating profit
9.6 bil. yen



Ordinary profit
9.1 bil. yen

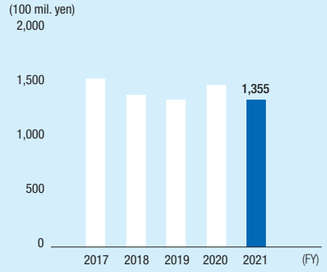


Current net profit*
5.8 bil. yen

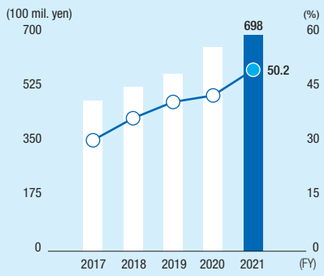


*Current net income attributable to parent's shareholders

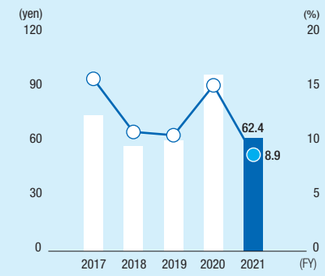
Total assets
135.5 bil. yen



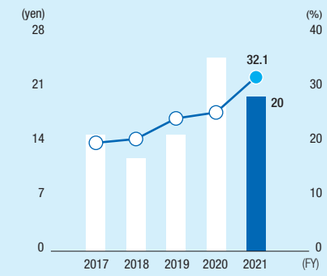
Net assets / Capital ratio
69.8 bil. yen 50.2 %



EPS / ROE
62.4 yen 8.9 %

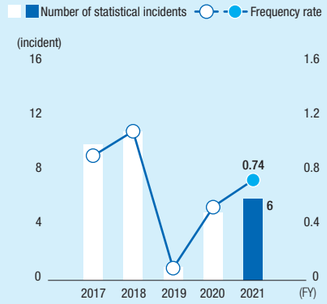


Dividends per share / Dividend ratio
20 yen 32.1 %

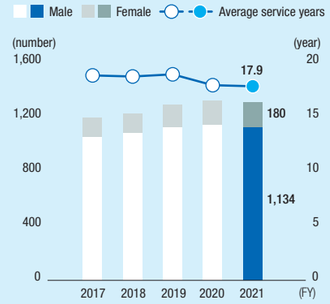


Non-financial highlights (non-consolidated)

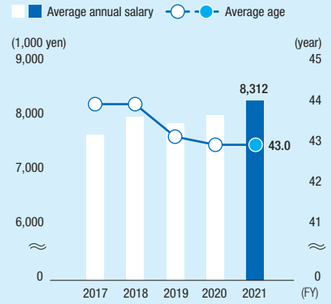
Number of statistical incidents / Frequency rate
6 incident 0.74



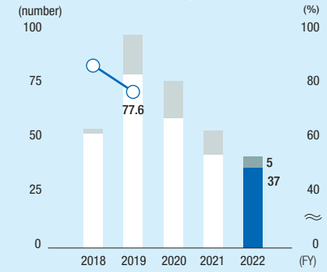
Number of employees / Average service years
1,314 17.9 years



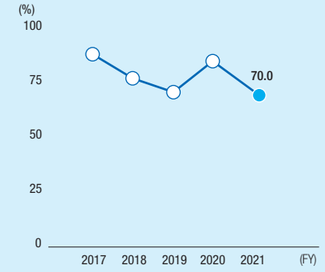
Average annual salary of employees・Average age
8,312 thousand yen 43.0 years



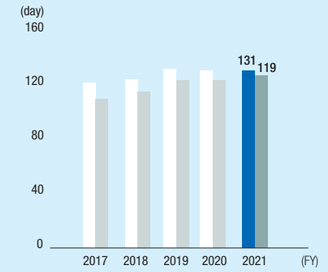
Number of hiring of new graduates / Retention rate of new graduates within 3 years
42 77.6 % * Intake for FY 2019



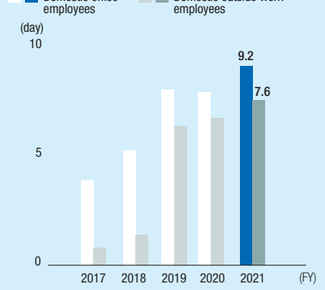
Ratio of post-retirement re-employment
70.0 %



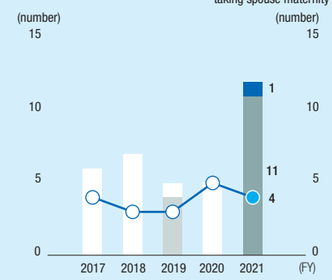
Average number of annual holidays taken
131 days 119 days



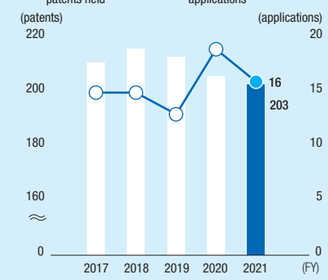
Average number of annual paid leave taken
9.2 days 7.6 days



Number of employees taking childcare leave / Number of employees taking spouse maternity leave
1 11 4



Number of patents held / Number of patent applications
203 16



We serve for the “devotion to public society” as our corporate identity through resolving social issues, and will be transfigured to a resilient company toward the 100th anniversary of the founding.

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

Review of FY 2021

Prospects for achieving the numerical targets of the mid-term business plan

The performance of our group companies for the FY 2021 resulted in decreased sales and profit compared with those for FY 2020, the year achieving the highest profits, however, for the annual plan, we have mostly achieved the goal of profit while not achieved that of sales.

Domestic civil engineering business*1 remained strong in the area of public construction investment such as the 5-year Measures for Accelerating National Resilience, however, missed the target of order receipt. In terms of profit, the division has mostly achieved the goal while decreased from the previous term, which can be called a high contribution to the performance.

Domestic architectural business*2 increased its order receipt of design and construction works mainly for the area of logistic facilities and environmental facilities. This is considered as a sign that we have the system and capabilities to respond to customers’ needs or tasks promptly and to propose an appropriate solution, which can be considered as the year having achieved a big result.

On the other hand, sales decreased because it took a long time to review the design due to the escalating price of materials for design and construction works, and profits also remained approximately 80% of the plan due to the increased cost burden ratio, etc.

Overseas construction business*3 drastically improved profits from FY 2020, the fiscal year affected by the spread of the COVID-19 pandemic. Even though the impact of COVID-19 has not become zero, the improvement was largely because of our good progress on the works with securing almost normal level of our work organization by implementing the protection measures against infection and the periodic antigen tests, etc. On the other hand, the severe conditions for staff’s physical and mental health continued because of the travel restrictions or quarantine for temporary homecoming, etc. We are pleased that we made an achievement even under such circumstances.

Up to the second year of the mid-term business plan, it is progressing well, partly because of the good performance in the first year. Consolidated operating profit is now accumulated to 80 percent of the target of 30 billion yen for three years, and consolidated net assets are 69.9 billion yen, mostly reaching the target level of 70 billion yen even in the second year.

In our approach to the offshore wind power generation business set as a growth driver*4, we concluded a memorandum of discussion with Mitsui O.S.K. Lines regarding consideration of collaboration of work vessels for offshore wind power generation, and also decided to construct a cable-laying vessel. We are making steady progress in technology development of the foundation engineering for bottom-mounted and floating type. Please look forward to future development.

*1 Domestic civil engineering business: see p.17-p.20 for details
*2 Domestic architectural business: see p.21-p.24 for details
*3 Overseas construction business: see p.25- p.28 for details
*4 Offshore wind power generation facility construction: see p.43- p.44 for details

Challenge to be addressed in FY 2022

Toward goal achievement as an overall finish of the current mid-term business plan

FY 2022 is the last fiscal year of the current mid-term business plan, and each business division and administration division is setting it as a theme to complete the planned measures without leaving anything. As stated above, the numerical targets are expected to be achieved, however, instead of stating “the end justifies the means”, it should be worthwhile to achieve a result only after completing the proper process to the goal. Some business areas have started to bring about their results, and some have not. However, we will never fail to achieve our targets so that we can pass the baton to the next mid-term business plan in an optimum manner.

We expect the public construction investment to remain strong this fiscal year, and as a company that has a good track record in public work projects, we recognize that there is no concern in the business environment for domestic civil engineering. As for the domestic architectural business, while there is some concern such as the deterioration of corporate earnings due to changes in the global economic status or the dull private capital investment due to commodity prices hovered at a high level, we forecast that there will continue to be many inquiry mainly in the area of logistic facilities and food factories. For overseas construction business, since Fumio Kishida, the prime minister, stated “pumping total of 30 billion dollars of public and private funds over the next three years” at TICAD8[*5], we forecast that there will be continued investment, mainly ODA (official development assistance), in construction investments in the future.

Under such business environment recognition, the earning forecast of our group for FY 2022 is set as an increase both in sales and profits. Although there is some concern about escalating prices of raw materials, we will achieve our goals this year as the final year of the current mid-term business plan, and finish the first step to be transfigured to a resilient company.

*5 TICAD8 (TICAD The Eighth): an abbreviation of Eighth Tokyo International Conference on African Development, which is the international conference that discusses the development in Africa.

FY 2022 Consolidate performance goals

Net sales	182 bil. Yen
Gross profit	20.3 bil. Yen
Operating profit	9.7 bil. yen
Ordinary profit	9.6 bil. yen
Curent net profit[*6]	6.5 bil. yen
ROE	9.1%

*6 Current net income attributable to parent's shareholders

Engagement in sustainability

Resolving social issues based on the Corporate Identity

In the current mid-term business plan, we set the goals at the 100th anniversary of the founding to be “a sustainable company that maintains a consistent linchpin, responds flexibly to ever-changing environment, and is able to stand up to adversity”. The “linchpin” means our corporate identity, and we think that “devotion to customer and public society with new and productive technology” asserted there shall be the basis of our efforts for sustainability.

On the other hand, mainly in Europe, there is an accelerated move toward sustainability, therefore, in order for Japan to continue the global business activities, the demand for similar countermeasures is increasing to attract investments from overseas. The Corporate Governance Code was revised in June 2021, which resulted in requiring the active involvement of the board of directors in the issues on sustainability such as act on climate change or securing diversity.

As previously stated, the Company has made efforts to resolve social issues based on the Corporate Identity for a long time, and in order to respond proactively to the diversifying sustainability issues, we established the “Sustainability Committee” as a subordinate organization of the board of directors in December 2021. In February this year, we decided on the Basic Policy on Sustainability of our group[*7], which had been discussed since last year, and in August, we decided on the Materiality[*8].

The Basic Policy states our Group’s sustainability means “our contribution to sustainable social development in compliance with our Code of Conduct based on our Corporate Identity and by deploying fair and reliable business activities with better relationship with the society”. And, it also states that top management will demonstrate leadership for realization of the Basic Policy and give thorough instructions to all persons concerned inside the company.

Currently, since it is not certain that all staff understand the efforts for sustainability of our group at the same level, we will make efforts through trainings for sharing a common view of what the Company aims to achieve and how the Company takes the measures.

*7 Basic Policy on Sustainability: see p.29 - p.30 for details
*8 Materiality: see p.31- p.32 for details

Message for stakeholders

Accelerating change to a resilient company

Events beyond conventional common sense, including the invasion of Ukraine by Russia, are happening. When confronted with such events, people all over the world are watching us to see how we, as a company, will respond to the event, and if we fail to tackle the event, it may cause not only a rebuke, but also we may not be regarded as suitable for investment.

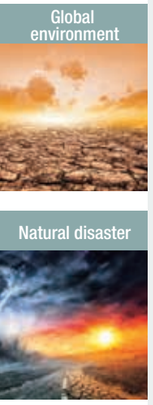
Criteria on the value may depend on countries or companies, however, our standard is the Corporate Identity, and the sole point is whether our business contributes to creating happiness of people.

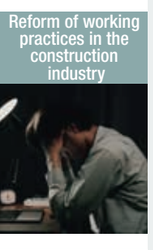
Based on our understanding that a company shall serve as a public organ of society, we will deploy sincere business activities for creating happiness of all stakeholders, accelerate change to a resilient company, and make efforts to raise corporate value further. We are looking forward to your continue support.

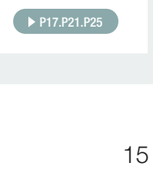
Value Creation Process of Toyo Construction Group

Toyo Construction Group, based on the “Corporate Identity”, has contributed to resolving various social issues through the construction business.
Toward the 100th anniversary of the founding in 2029 and beyond, we will aim for sustained improvement in the corporate value with our stakeholders.

External environment







▶ P17.P21.P25

Materiality

Social problem solving through business activities

■E ■S

- Realization of carbon-neutral society
- Lowering environmental-load
- Provision of high-quality construction works that meet customers’ needs
- Contribution to disaster-prevention and disaster-mitigation

Enhancement of business foundation

■G ■S

- Continued enhancement of governance system
- Realization of attractive construction industry
- Thorough respect of human rights and promotion of diversity
- Realization of sustainable society by CSR activities

▶ P19.P23.P27.P29.P31.P33.P41.P51

Input

(April 2021)

Financial capital

Total assets	148.9 bil. yen
Net assets	65.8 bil. yen
Cash and cash equivalents	16.6 bil. yen

Instrumental capital

Capital investment	1.2 bil. yen
Main facilities	32.7 bil. yen

Intellectual capital

Investment in R&D	0.7 bil. yen
The number of patents held	206
R&D bases	2 bases

Human capital

Employees	1,658

Social & related capital

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

Natural capital

Electric power	3.42 mil. kWh
Light oil	12,482 kl
Heavy oil	3,889 kl
Kerosene	52 kl
Ready-mixed concrete	207,313m³
Asphalt concrete	25,645 t
Rebar	15,500 t

Business model

Toyo Construction’s Corporate Identity / Code of Conduct

Expanding the range of fields from marine to land, and toward overseas and architecture

Domestic civil engineering | Domestic architecture | Overseas construction

▶ P17.P21.P25

Fiscal year plan／Medium-term business plan ▶ P11

Technology development / Safety & Health, Quality, Environment Basic Policy

Corporate governance ▶ P35

Basic Policy on Sustainability ▶ P29

▶ P1.P7.P11-14.P17-20.P21-24.P25-28

Output

FY 2021

Civil engineering business (domestic, overseas)

▶ P17.P25

Architectural business (domestic, overseas)

▶ P21.P25

Outcome

Consolidated net sales	152.5 bil. yen
Domestic civil engineering	89 bil. yen
Domestic architecture	43.5 bil. yen
Overseas construction	18.9 bil. yen
Real estate	0.6 bil. yen
Others	0.2 bil. yen
Operating profit	9.6 bil. yen
Ordinary profit	9.1 bil. yen
Current net income	5.8 bil. yen
ROE	8.9%
Dividends per share	20 yen

*Current net income attributable to parent’s shareholders

Amount of capital investment	1.4 bil. yen
Number of patent applications	16
Amount of R&D investment	0.9 bil. yen
Number of biodiversity-friendly proposals & R&D	14
Final disposal rate of construction waste	3.3%
Reduction rate of CO_2 emission (vs. FY 1990)	
Land civil engineering work	49.2%
Architectural construction work	53.5%
Letter of commendation & Appreciation received	54
Number of complaint management	7
Training hours per person	31.1 hours
Employment rate of the handicapped	2.49%
Ratio of post-retirement re-employment	70%
Percentage of women in general positions of new graduates	12%

Universal target

Realization of sustainable society

Sustainable development of Toyo Construction

Director, Senior Managing Executive Officer, General Manager of Civil Construction Div. and In charge of Safety and Environment Dept.

Haruhisa Obayashi

Domestic civil engineering

We will develop safe and secure social infrastructure while strengthening technical capabilities, on-site capabilities and organizational capacity.

FY 2022 business policy

- Promotion of portfolio (public marine civil engineering, public land civil engineering, private sector) strategy
- Strengthening commitment to offshore wind power generation business
- Promotion of ICT/DX for improving productivity and safety

Risks and opportunities of domestic civil engineering business

Opportunities

- Promotion of the "5-year Measures for Accelerating Disaster-prevention, Disaster-mitigation and National Resilience"
- Expansion of recyclable energy market based on the 2050 Carbon Neutral Declaration
- Expansion of large-size renewal and repair works, such as tsunami protection measures by private companies, etc.

Risks

- Accelerating shortage of the rising generation for the construction industry
- Social demand for rectification of long working hours
- Decrease in the private-sector capital investment due to drastic change of global situation

Review of FY 2021 / Challenge to be addressed in FY 2022

In FY 2021, the COVID-19 outbreak did not subsided, and field works still had some constraints. It was a year in severe environments. In terms of performance, the order receipt drastically decreased, which resulted in negative impact on the construction amount carried-forward to FY 2022.

Regarding the offshore wind power generation business as our growth driver, while the demand for cost-cutting was rapidly increasing, we take pride in the fact that we are able to provide a means for growth by announcing the procurement of the work vessel for oceanic region such as a cable-laying vessel, in addition to our development of technologies for lowering cost.

In FY 2022, we will expand business in each segment of public marine works, public land works and private works, and also will further promote the portfolio strategy. By these measures, we will further improve our presence as a pioneer of marine construction, and also contribute to the public society through our business.

Particularly, for the offshore wind power generation business, in addition to laying a submarine cable, we will work to build a cable-laying vessel that allows adaptation to various ocean works. Furthermore, by the collaboration with Mitsui O.S.K. Lines, Ltd., we will contribute to the spread of offshore wind power generation by producing synergistic effects of our technological development capacity and their rich experience in constructing and operating vessels. Regarding technology development, we will accelerate development of technologies for lowering cost such as the suction bucket basic technology, the floating mooring basic technology (TLP* method), the development & mounting of equipment to mitigate up-and-down motion of suspended load for AUGUST EXPLORER (a company-owned vessel), and the upgrading of the fixed-point retention device to the world-class level, etc., and will contribute to reduction in the cost of offshore wind power generation.

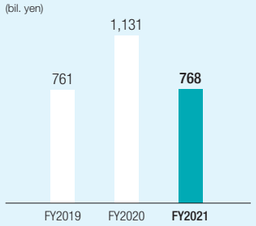
In order to meet the social challenges such as the shortage of the rising generation for the construction industry and the rectification of long working hours, we are working to improve productivity by utilization of ICT technologies, etc. In FY 2022, five cases of ICT/DX tool implementation are going on. By continuous digitization in various scenes of construction sites, we will promote operational efficiency and visualizing & sharing of experienced engineers' know-how.

In order to continue being a company that contributes to the society by technologies now and in the future, we will further accelerate these efforts.

* TLP:Tension Leg Platform

Orders received

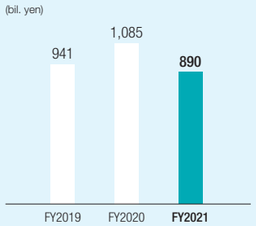
76.8 bil. yen



- Down by 36.3 bil. yen on YoY due to a failure to receive an order of the focused work
- For the fiscal year ended March 31,2021, drastically increased by the order receipt of a new construction work of which the Company is one of the JVSB and the order receipt of a large-size design change

Amount of completed works

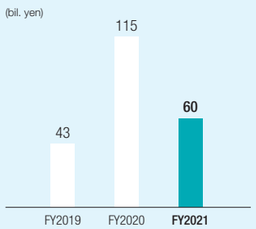
89 bil. yen



- Good progress on the works brought forward from the previous term
- Down by 19.4 bil. yen on YoY that were received and completed during the current term due to the underperformance for the March 2022 term

Operating profit

6.0 bil. yen



- Absence of the profit posted in the previous year by large-size design change of JVSB work
- Despite of decrease by 5.5 bil. yen YoY, the profit was mostly as planned.

Topics

Construction works that contributed to disaster recovery

R1 Low-water revetment & disaster-relief work on right bank of Nakagawa river, downstream area at Ogawa (Tochigi pref.)

Urgent flood control measure project for Nakagawa river the banks of which collapsed due to the concentrated downpour caused by the Typhoon 19 in 2019

Restoring the damaged revetment and clearing the deposited sand, etc. (total length: approx. 1,300m)

Job number: FY 2017 Prefectural bond 311 seismic disaster No. 1464-001, Disaster relief work of Nonoshima area coast (Miyagi pref.)

Bank protection of Nonoshima area coast damaged by the Great East Japan earthquake, and restoration work of tide embankment (restored length: 482.4m)

Installation work of wave-dissipating concrete block (#1 section) for Kansai International Airport, 1st-term Island (Osaka pref.)

Manufacturing & installation work of blocks for measures against storm surge at Kansai International Airport that was damaged due to flooding by Typhoon 21 in 2018 (approx. 20,000 blocks)

Introduction of "Comfortable Toilet" to sites

Orient Ecology Co., Ltd., one of our subsidiaries, has developed a recirculating toilet that will not exert a bad influence on the environment and has installed it in natural parks, such as Shiretoko natural park. Now, it develops rental business of "Comfortable Toilet" that contributes to environment reform at construction sites, and the toilet is installed at many sites of others as well as at our group's sites.

Approaches to improving environment of construction sites through evolution of work vessels

Pertinent materiality | Realization of attractive construction industry

AUGUST EXPLORER, having capability of navigation without stopping at a port for a long time, and equipped with a state-of-the art fixed-point retention function that enables works in strong winds or strong underwater currents.

"Work vessels" is a collective term for construction vessels used for various marine civil engineering works such as dredging of coast, port or seabed. Toyo Construction is daily conducting marine civil engineering works by various work vessels such as a dredger that dredges water bottom sediment, a soil improvement vessel that improves the strength of soft seafloor, and a crane ship that lifts heavy load.

By making efforts for the evolution of work vessels that are integral to marine civil engineering, the Company secures greater safety, improves operation rate and productivity, provides manpower-saving, improves work environment at construction sites, and promotes CO_2emission reduction, etc.

Promotion of research and technology development toward safer, high-quality, and environment-friendly marine construction works

Work vessels for offshore operation are required to evolve in accordance with changes in the work environment (from traditional area such as coastal area to oceanic region), or in accordance with more complicated work description. In 2016, "AUGUST EXPLORER", a self-propelling multi-purpose vessel*1, was completed, enabling navigation without stopping at a port for a long time, and contributing to various works such as, not only construction works, but also research service and disaster recovery assistance, etc. Also, "Takumi", a grab bucket dredger*2 completed in 2018, is equipped with various new technologies and equipment, e.g., improved environmental performance and productivity, and women-only room for promoting diversity, etc.

We, the Technical Research Institute*3, is working day in, day out on the R&D for enhancement of work vessel's safety, working accuracy and quality, while listening to the opinions and requests of construction sites. Furthermore, we contribute to the sustainability by promoting the technology of CO_2 emission amount reduction. From now on, we will proactively make efforts to the utilize natural energy such as the offshore wind power generation that will become mainstream, by making use of the results obtained from further understanding & research about the difference between coastal wave and ocean wave and the difference of seabed's characteristics.

*1 Self-propelling multi-purpose vessel: a work vessel that navigates by its own power and realizes various civil engineering works at the offshore or subsea
*2 Grab bucket dredger: a work vessel that is equipped with a slewing crane on the hull and realizes the works of dredging water bottom ground by the grab bucket
*3 Technical Research Institute: located at Naruo (Hyogo pref.) and Miho (Ibaraki pref.)

Executive officer, General Manager of Technical Research Institute & Technical Research Institute, Naruo

Yasuo Kotake

Column

Commitment to diversity in a work vessel

We established a working group by female technical staff (civil engineering and mechanical engineer) to discuss difficulties or necessary facilities, etc., and through the discussions, we are making a proposal to the company. One of the proposals is to make female working space in a work vessel. Since the number of female staff is increasing recently, we firstly made a proposal to establish a women-only room as part of the efforts for women-friendly environment in a ship. Especially, the women-only room of "Takumi", a grab bucket dredger, is equipped with not only a restroom but also a modular bath and a washer, as well as facilities enabling on-board accommodation. By those efforts, I strongly believe that we will have an environment where all employees comfortably work, regardless of gender.

Modular bath installed in the women-only cabin inboard of "Takumi"

Civil Construction Div Mechanical Dept.

Nanase Toyosawa

Current status of evolution of work vessels

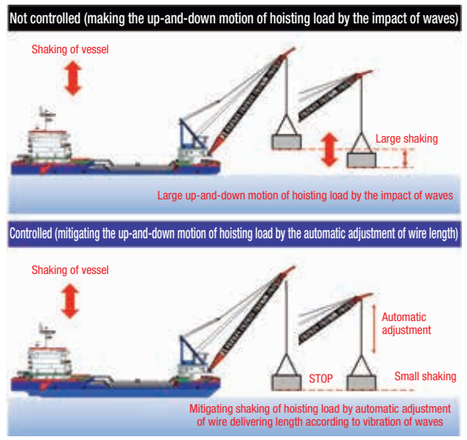
Civil Construction Div Mechanical Dept. Assistant General Manager

Atsuhiko Nobeta

Equipment to mitigate up-and-down motion of suspended load「AHC-RMP」

Aiming for improvement of operation rate and safety by technological evolution

The equipment to mitigate up-and-down motion of suspended load, installed in the "AUGUST EXPLORER" (AHC-RMP), a self-propelling multi-purpose vessel, controls the shaking of hoisting load by forecasting the shaking a few seconds later by the shaking forecasting system, and by sending the value to the winch control system, and by controlling the rotation of winch. Though it may vary depending on the conditions of wave or weight of hoisting load, the effect of reducing by 10 to 40 percent is confirmed, and we expect that this technology will lead to improvement of operation rate and safety in the oceanic region.



Overview of the AHC-RMP construction method

Deep Cement Mixing vessel "DCM vessel No.6"

Aiming for work-saving and improvement of productivity and quality by automated construction

The DCM vessel No.6 has realized the automation of the deep cement mixing vessel's work. The skills of experience workers can be reproduced on the program by collection and analysis of workers' operation information and addition of other conditions such as various external factors.

By this, it became possible to improve productivity and to have an even quality as well as save the work.

Efforts by Research Institute to support work ~~vessels~~

Technical Research Institute of Civil Construction Div. Hydraulic Engineering Research Group of Technical Research Institute, Naruo Chief Scientist

Yoko Shibutani

Aiming for improvement of safety by wave forecast and database compilation of construction results

The Technical Research Institute I belong to provides various research and support for technique succession or safe construction. One of them is wave forecast. We think that we will be able to contribute to a construction plan by forecasting the monthly average wave height with the mid-to-long term prediction and estimating the operation rate with the past observed waves. Wave forecast by AI can be utilized for decision-making process for the appropriateness of construction next day, and during the construction, the real-time recognition of incoming wave by image analysis supports the risk aversion and safe construction.

Also, we are developing a support tool that will be used for decision-making process for the appropriateness of construction by compiling a database of the construction results and combining it with the observed wave analysis. By quantifying the "skill" of experienced engineers, we will contribute to the productivity improvement while using it as the educational materials for young engineers as well as information for decision making.

Vice President Executive Officer, General Manager of Architectural Construction Div. and In charge of Safety and Environment Dept.

Hiromi Hirata

Domestic architecture

We will face the changing social needs and continue to contribute to the public society using our advanced technology and sophisticated ability to make proposals to commit ourselves to customers.

FY 2022 Business Policy

- Focusing on the stock market (ReReC®*1)
- Continuous strengthening the focused 8 areas*2
- Promoting efforts for the reform of working practices and the improvement of work efficiency

*1 ReReC®:
- Renovation・Conversion

*2 Focused 8 areas
1) logistics 2) production facilities 3) welfare and medical 4) housing 5) accommodations 6) environmental facilities 7) offices 8) government

Risks and opportunities of domestic architectural business

Opportunities
- Expansion of the stock market
- Increasing demand for the architectural structure with high environmental performance such as ZEB or ZEH
- Fluctuations in building demand that corresponds to the with/after COVID-19

Risks
- Escalating prices of raw materials
- Decrease in the private-sector capital investment due to the economic slowdown
- Accelerating shortage of the rising generation for the construction industry, gradual decrease in the total business volume due to the acceleration of demographic aging

Review of FY 2021 / Challenge to be addressed in FY 2022

In FY 2021 as the second year of the mid-term business plan, the order receipts were far ahead of the annual goals, mainly in the areas of the environmental facilities, the production facilities as well as the logistic facilities as our strong field, because of the result of strengthening solution sales capabilities to which we had devoted much effort as well as the recovery of private-sector capital investment from the spread of the COVID-19 pandemic. In the approach for lowering environmental-load for the realization of carbon-neutral society as part of the measures for the future, we achieved the ZEB Ready by a building with space to rent completed by our design & construction. Also, we completed the registration of ZEB Planner and ZEH Developer, and at the same time, we started construction of a ZEH apartment building for accumulating technical capability to lower environmental-load (see p.23 for details).

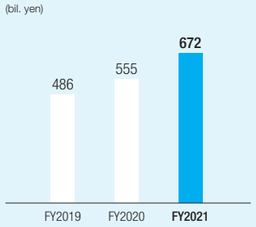
Unclear outlook for the external environment is expected to continue into the future, however, even in such a situation, we are enhancing technical capability and cost competitiveness to continue being a company that provides services to be chosen and satisfied by customers. We are improving our response capability to changing customer needs through our approach to the focused 8 areas, and by doing so, our business will steadily grow even in market fluctuations and increasingly competitive environments. Also, our architectural business will continue to challenge with the motto of becoming a reliable partner through planning, design, construction, and aftercare after completion. Moreover, we are making efforts to maintain a stable production system. While improving working environment, we are trying to secure good skilled workers and capacity-building of them by introducing the Excellent Foreman system and providing various educational opportunities. Internally, the 10-year educational program for those staff who worked at the Company for 10 years or less has reached its ninth year from the start, and the technical capability of young staff is certainly improving. In addition, we are proactively engaged in the promotion of operational efficiency by using ICT tools and BIM*3 at sites, etc., and by achieving them, the resource can be optimally distributed, which will lead to the sustainable growth of the company.

The Company will provide the optimal solution in every aspect of architecture, and aim for the architectural business that contributes to public society.

*3 BIM: an abbreviation of Building Information Modeling. 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.

Orders received

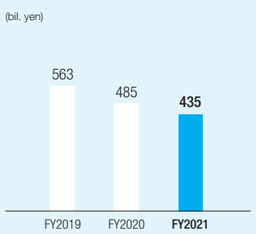
67.2 bil. yen



- Good performance mainly in environment-related facilities and distribution facilities
- Drastically increased on YoY as well as vs. plan; ongoing works increased.

Orders received

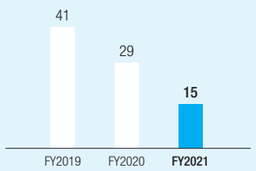
43.5 bil. yen



- Decreased by 4.9 bil. yen on YoY due to carry-over of the timing of commencement of design & construction works

Operating profit

1.5 bil. yen



- Decreased by 1.3 bil. yen on YoY due to decrease of completed works and increase of cost burden ratio

Topics

Retrofitting & seismic works of existing buildings

Renovation work of the stand building in boat race stadium of Karatsu City (Saga pref.)

A renewal project of 46-year-old "public playing field". Implementing measures against deterioration: restoring it by building a boat race watching spot on the second floor, and a community area open for the community on the first floor.

Construction of environment-related facilities

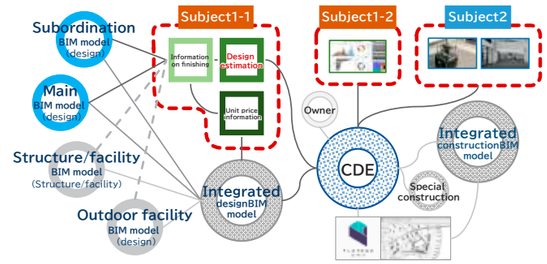
Conceptual perspective drawing of the ongoing work, "the next term waste disposal facility for Saga prefecture east environmental facility cooperatives" (Saga pref.)

Environment-related facilities such as a waste incineration plant have a high environmental performance, and the demand for renovation into large facilities that meet expansion or high efficiency is increasing. The Company will be proactively engaged in construction of environment-related facilities in collaboration with the engineering firm, and will contribute to lowering environmental-load of the community.

Promotion of operational efficiency, realization of more accurate and higher quality

Adoption of our activity by MLIT as a BIM model project of FY 2022

Our activity was adopted by MLIT as a BIM model project (Model project for building production and operation & maintenance process facilitation by utilizing BIM), which has been implemented by MLIT since FY 2020, for three consecutive years from the first year. For FY 2022, the "valuation & verification concerning the speeding up of cost calculation by a new design estimation method and the AI cost estimation and the valuation & verification concerning the remote supervision method of works by utilizing an autonomous drone and the BIM model" was adopted as a "leading entrepreneur type" and we are examining and verifying the subjects.



Subject 1: Establishment of the input rules for the BIM model attribute information and collaboration for setting the unit prices
Verification and valuation of price variation parameters by AI algorithm
Subject 2: Valuation & verification concerning the remote supervision method of works by utilizing an autonomous drone and the BIM model

Constructing a building “at zero balance of consumption energy” Registered as a ZEB Planner by the construction of a ZEB-certified building

Pertinent materiality | Realization of carbon-neutral society

“Net Zero Energy Building (ZEB)” aiming for zero balance of primary energy consumed at office buildings, etc. Toyo Construction is registered as a “ZEB Planner”, having a role in design & construction of buildings that satisfy the ZEB certification criteria, and opened a new door for the building construction in the carbon neutral era.

Toyo Construction was registered as a ZEB Planner for the “FRIEND BUILDING” that was newly built in Chiyoda city of Tokyo Metropolis. For ZEB, there are four levels of certification in accordance with the amount of energy reduction, and this case was certified as “ZEB Ready”, reducing the consumption energy to 50% or less by energy-saving. In Tokyo Metropolis, there are only 20 buildings of medium-sized and with ZEB Ready or above (as of the end of 2021, an internal investigation).

Executive Officer, General Manager of Architectural Design Dept., Architectural Construction Div.

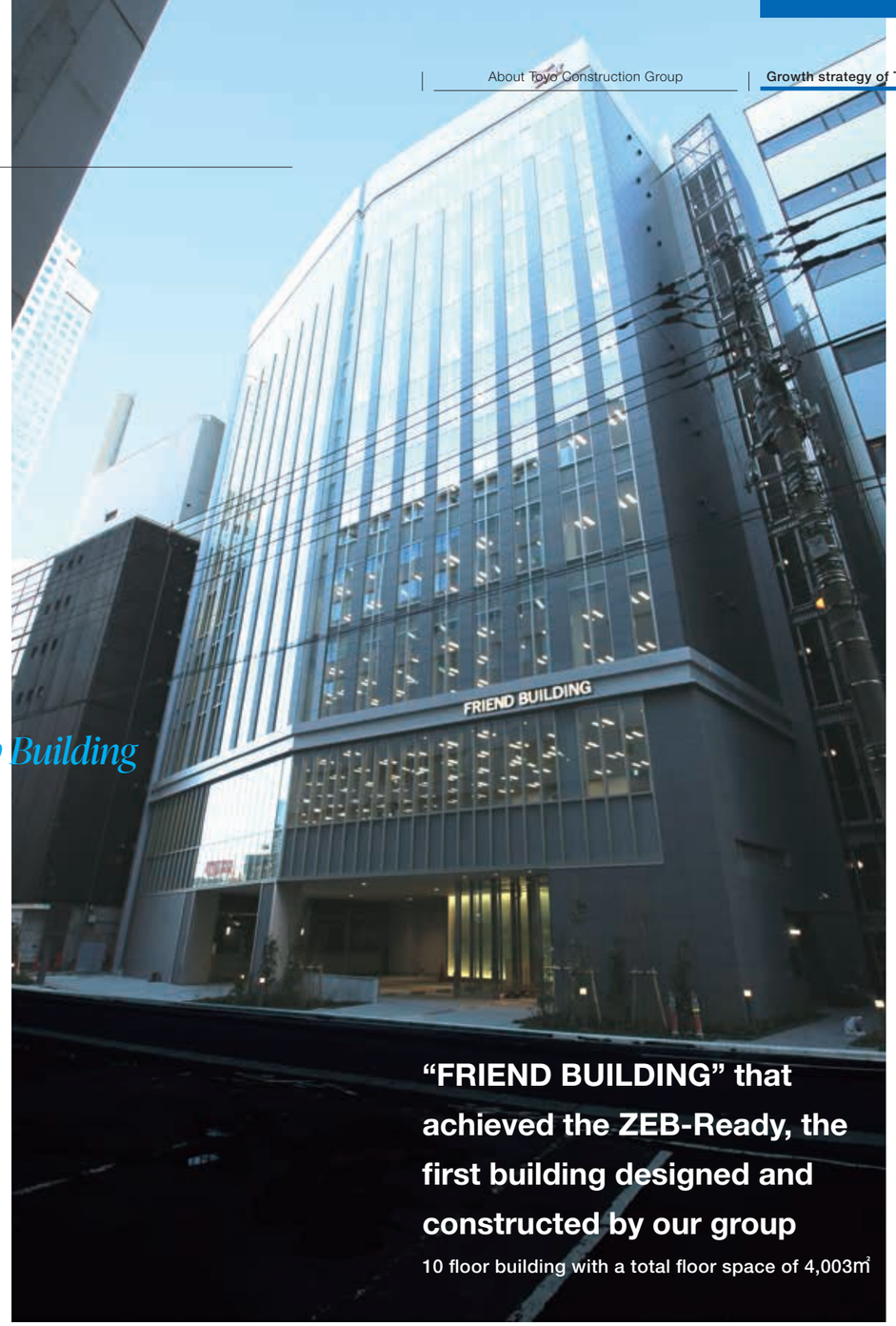
Masahiko Furuichi

As the first step to challenge the complex social issues of buildings

Emission reduction of greenhouse effect gas is going on in the manufacturing or transportation sector, however, in the “operation sector”, i.e., regarding the operation of office buildings or commercial facilities, there is a report that the emission is increasing in 2011 by approximately 50% from the 1990 levels. On the background of this, our commitment to ZEB started.

A survey shows that for a ZEB-certified building, while the initial investment is quite large, the running cost will be drastically reduced and that the rent increase tends to be easily accepted. Also, a construction company will have a great advantage by which it can accumulate the environment-related technologies. ZEB evaluates the energy saving performance only, however, other than the energy saving, there are multiple issues for office buildings, such as improvement of intellectual productivity, business continuity, or infection control measures, etc. In other words, for these social issues, a new type of building construction aiming for solving multiple issues is requested. There is a new mission of building construction in that, and we will be engaged in the new mission with the strong and flexible ideas and stance.

Net Zero Energy Building



“FRIEND BUILDING” that achieved the ZEB-Ready, the first building designed and constructed by our group

10 floor building with a total floor space of 4,003㎡

Realizing ZEB Ready in cooperation of the architecture and the mechanical & electrical

For ZEB certification, saving energy is realized by reducing the thermal load on the building by the improved performance of exterior, and by promoting the optimization & efficiency of capacity of equipment such as air conditioner or lights, etc. For a small plane scale building like this, since the ratio of wall area to floor area is relatively large, it becomes more important to improve the performance of exterior. The FRIEND BUILDING satisfies both of the reduction of solar load and the saving of lighting facilities energy, by filling it with natural light while blocking out direct light by using the “solar tracking window blind with automated control”, as well as by lowering the aperture ratio by the “exterior design” that takes account of the locality of Chiyoda city.

Architectural Construction Div. Architectural Design Dept.

Yuto Imayasu

Selecting good equipment to realize ZEB

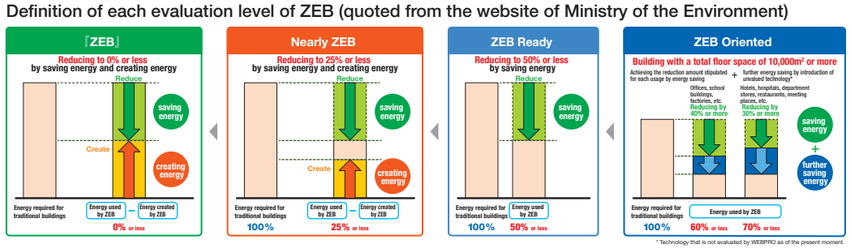
I was in charge of selecting and managing various equipment installed at FRIEND BUILDING, such as ventilation & air conditioning and lights, etc.

Though we select the equipment of high environmental performance in the design stage for realizing the ZEB numerical targets, it is not enough to just install them at the site. Based on requests from the customer which changed as the work progressed, it was also necessary to consider the consumption energy compression, etc., in the construction stage in order not to exceed the ZEB numerical targets. Also, in order to install large-scale equipment in a limited space, we made careful examination and adjustment frequently through discussion with on-site staff and subcontractors.

Kanto Architectural Construction Branch Office, Equipment Dept.
(present Architectural Design Dept., Architectural Construction Div.)

Haruna Yaegashi

Definition of each evaluation level of ZEB (quoted from the website of Ministry of the Environment)



Column

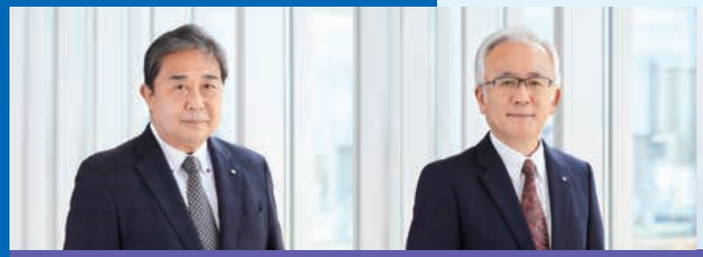
Registration of ZEH-M Oriented certification for apartment building

Similarly to ZEB, there are certification systems, “ZEH*1” for private houses and “ZEH-M*2” for apartment buildings. We received the certification of “ZEH-M Oriented” for an apartment building under construction. It is characteristic of ZEH-M that the design and selection of equipment is determined by centering on energy management of the whole apartment building, and the airtightness of the whole apartment building, not only of each individual apartment, is increased by thickening insulator. ZEH-M is becoming the industry standard of Japanese housing. The Company, ahead of rivals, would like to build up results of the energy-saving housing project.

*1 ZEH : Net Zero Energy House
*2 ZEH-M : Net Zero Energy House-Mansion

Housing Business Dept., Architectural Construction Div.

Nobuhiko Inamura



Director, Vice President Executive Officer, General Manager of Architectural Construction Div. and In charge of Safety and Environment Dept.

Hiromi Hirata

Director, Senior Managing Executive Officer, General Manager of Civil Construction Div. and In charge of Safety and Environment Dept.

Haruhisa Obayashi

Executive Officer, General Manager of International Div.

Shuichi Aikawa

Overseas construction

We will promote the community-based business deployment and will contribute to the economic development through improving infrastructure of the country.

FY 2022 Business Policy

- Community-based business deployment (deepening of network in each hub country)
- Establishment of a system to ensure stable profits
- Ensuring safety & quality by using ICT, improvement of productivity
- Enhancement of on-site capabilities of young staff & local staff

Risks and opportunities of overseas construction business

Opportunities

- Export of high-quality Infrastructure (ODA project)
- Increase of new investment due to economic growth of the target country
- Business opportunities arising from industrial structure changes due to each country's green growth strategy

Risks

- Change of government and amendment of laws and regulations of the target country
- Insolvency or default of the target country
- Decrease in the private-sector capital investment due to economic slowdown
- Price increase, exchange fluctuation, and supply restrictions on the international logistics due to the influence of the situation in Ukraine, etc.
- Pandemic of new infectious diseases

Review of FY 2021 / Challenge to be addressed in FY 2022

During the first half of FY 2021, there was a strong influence of COVID-19, particularly, in the work of Patimban New Port in Indonesia, we were directly affected by the pandemic, which resulted in the evacuation of all staff from the country, and we had a moment of difficulty for a while, when it was doubtful whether we would be able to continue the work. However, later on, the situation influenced by the COVID-19 became stable, and we had good progress on the large works such as the work of Patimban New Port and the development construction of container terminal of Mombasa Port (2nd term), etc., and finally, the earnings of overseas business have improved by the earning design change works, etc. In terms of order receipt, we have received the two work orders of large river improvement project in Philippines, as planned.

On the other hand, CCT, a subsidiary in Philippines, underperformed in terms of the amount of completed works due to the influence of COVID-19, however, some bright signs have emerged, e.g., CCT was notified of an unofficial award of a large work at the end of FY 2021. In terms of order receipt in FY 2022, we are working on obtaining the ongoing project of Patimban New Port in Indonesia and the infrastructure project of Mombasa in Kenya.

The Company's activities are mainly focused on the four sites, i.e., in Philippines, Indonesia, Indochina, and Kenya, and are aiming for the thorough community-based business deployment, and we will deepen the network with local companies in each hub country, through which we will conduct the marketing and identify the needs, and we will aim to establish a stronger business foundation.

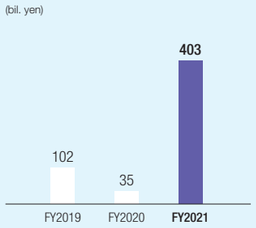
Also, in order to establish a system that will secure stable profit, we are making efforts to strengthen the site support system and enhance the organic coordination of the organization so that we will be able to surely correspond until the completion of ongoing works.

As for utilization of ICT, we will implement it on a full scale for the ongoing works, and we will share the results with the owner and lead them to the activities to develop our presence. Also, we will improve the "remote safety & quality patrol" using wearable cameras.

For training our Japanese expatriate, we will continue trainings based on the existing curriculum for young staff this year in light of the results and reflections up to now, and at the same time, for the executive trainees of local staff in the hub countries, we will improve their engagement by sharing the vision.

Orders received

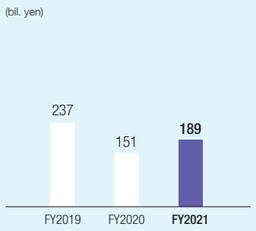
40.3 bil. Yen



- Drastic increase on YoY by receiving two work orders of the focused river improvement project in Philippines

Orders received

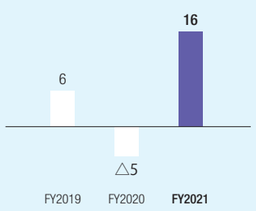
18.9 bil. Yen



- Increase by 3.8 bil. yen on YoY with good progress on the ongoing works and by earning the design change works, etc.

Operating profit

1.6 bil. Yen



- Drastic increase by 2.1 bil. yen on YoY by the increase of the completed works and by the improvement in the gross profit margin by the earning design change works, etc.
- Went negative due to the standby cost for the COVID-19 booked in the previous year.

Topics

Works that contribute to the development of countries and regions

Patimban New Port development project (Republic of Indonesia)

Building the foundation of the revetment by using "bamboo pile", one of the traditional Indonesian construction methods

Provision of the container terminal surrounded by the circumferential revetment (left end) has started.

Disaster relief work of slipway quay (Republic of the Philippines)

We have quickly recovered the quay of a private company damaged by the Typhoon No. 22 (local name: Odette) that passed the southeast area of Philippines in December 2021

FPIP factory of Ichinomiya Electronics (Republic of the Philippines)

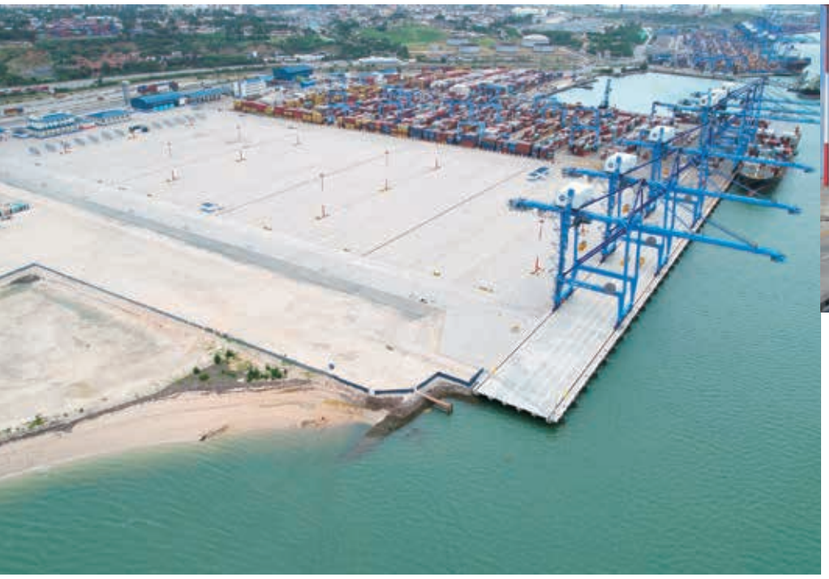
CCT, a subsidiary in Philippines, has a number of results of factories and warehouses, etc., and is contributing to the economic development of the country.

Securing the precious human resources and strengthening the organizational structure of BIM

Active participation of a foreign woman in Kenya

The development construction of container terminal of Mombasa Port (2nd term) included not only civil engineering works, but also many other works such as the construction of an administration office, etc. We tried to improve the productivity and introduce the BIM for ensuring quality, and made all working drawings of the architecture and the mechanical & electrical by the BIM, and there was a Myanmar female staff among those who performed a pivotal role. Since it was the first case to use the BIM overseas, we formed a BIM team and provided education of the operation procedure and working drawings. When commencing the work, we had been mostly prepared to make drawings by the BIM. She was in charge of making general drawings of architecture such as structural drawings and architectural drawings, including the list of reinforcement processing of reinforced concrete construction, and by the middle of the work, she had built her skills up to the point where she could give instructions to other countries' staff, and also contributed to improving the productivity by collaborating with other countries' subcontractors on the cloud. From now on, we will secure the precious human resources and aim for the enhancement of the BIM system under the mentorship of her and other skilled staff.

Wai Phyo Khing (left) and the BIM data drawn by her (right)



Large-Scale Container Terminal Construction at Mombasa Port in Kenya

Outline of the development construction of container terminal of Mombasa Port

Mombasa port, located in Mombasa city as the second largest city in Republic of Kenya, is an international trade port that utilizes the bay facing the Indian Ocean, and also is the port that supports the economic growth of the entire East Africa region including neighboring inland states such as Uganda and Rwanda, etc. By those two projects, the annual number of transshipped containers increased by approximately 1.16 million TEU*1.
Phase 1 (1st term work): in 2012-2016. Upper-right area of the left photo. Reclaiming 45 hectares and constructing three quays, a container yard, and 18 related facilities.
Phase 2 (2nd term work): in 2018-2022. Ground in the middle of the left photo. Reclaiming 17 hectares and constructing a quay, a container yard, and 16 related facilities.
*1TEU: a unit that represents the number of freight containers at a container terminal. 1 TEU means one 20-foot container.

International Div. Project manager of Mombasa Site

Haruo Yoshida

Contributing to the regional economy and the high-quality infrastructure investment by Japanese government through Mombasa Port development project

Pertinent materiality | Provision of high-quality construction work that meets customer needs

"Development construction of container terminal of Mombasa Port in Kenya", a civil engineering project of the size representing Africa. Toyo Construction has been in charge of the project for 11 years from the preparation stage, and in 2022, has successfully completed the Phase 2 and delivered it to Kenya Ports Authority as the owner. This project, which provides significant trade opportunities for not only Kenya, but also the East Africa region, is not just a contribution by excellent Japanese technologies, but an important opportunity that provides education for local people as well as encourages their learning of increasingly sophisticated technologies.

Enrooting the idea of safe and high-quality construction in local people's mind

In the development construction of container terminal of Mombasa Port, the "Phase 2" was completed in May 2022 following the "Phase 1", and successfully delivered. We, Toyo Construction, have been in charge of this enormous project that creates the largest commercial port in East Africa and the entrance to the "North Corridor" linking neighboring inland countries, for about 11 years since the preparation stage. Even though there were various challenges such as the soft ground of planned site for quay and yard or the requirement of securing 2,000 workers at the maximum, in the works of the 2nd term, a cumulative total of 15 Japanese employees of Toyo Construction and local staff excellently overcame the challenge .

What was most delightful as the Project Manager was the struggle of local staff. Though Japanese staff had returned home urgently due to the COVID-19 and absent for about six months from April 2020, meanwhile, local staff continued the land works, and furthermore, achieved high-quality works without any accident. It was the moment when I really realized that we could enroot the idea of Japanese safe and high-quality construction in local people's mind.

Accomplishing a work that contributes to local people from scratch in a far foreign country in Africa, where there is no convenience store or Japanese restaurant. I will share this "fulfilling interest" as a gift for the whole Toyo Construction.

Civil Engineering

International Div. Deputy Project Manager of Mombasa Site

Yoichi Yoshino

Creating a vast container terminal

In the 2nd term, we constructed a 300 meters long container berth, conducted 3 million cubic meters of land creation work, and built a approx. 17 hectare container terminal. Since the thick soft clay was accumulated on the sea bottom at the planned construction site, we applied a soil stabilization method called the "PVD method*2". Since the PVD method accelerates the consolidation settlement of soft clay layer and reduces the amount of residual settlement that may arise in the future, earlier provision of the container terminal is made possible.

A high-quality construction will not be realized without "safety". We focused on explaining and disseminating the Japanese safe work cycle to our local workers. Also, we familiarized them with the milestones of works, and instructed them about the importance of preparing the next, beyond the immediate goals, and the importance of "80% is in the preparation" and "keeping things tidy and in order". Moreover, under the integrated management by Japanese managers, Filipino staff and Vietnamese staff took a leading part in instructing local young staff and subcontractors, and engaged in the technology transfer with performing site management equivalent to the level of Japan. I believe that these efforts resulted in the achievement of the long-term project without any serious problems.

*2 PVD method: an abbreviation of Prefabricated Vertical Drain, meaning a plastic vertical drain pipe. A construction method to drain the moisture in soft ground through the PVD driven from the ground surface.

Architectural

International Div. Deputy Project Manager of Mombasa Site

Yoshihisa Hatano

"Learn at the first term, and exceed the first term" as our policy

The Architectural Construction Division completed 16 architectural structures including an administration building and a welfare building, etc. One of the greatest challenges in architecture is to construct a new building in a condition where ground subsidence progresses. Firstly, the civil engineering division makes the ground stable by promoting the subsidence of reclaimed area, and later on, through in-depth discussion with the civil engineering division based on the analysis result of residual volume in the ground subsidence, and after determining the height of construction ground of the building, then we started the foundation work. As a result, we were able to complete the building on the stable ground. Also, for this work, we introduced the BIM technology that enables three-dimensional drawing of working drawings for the architecture and the mechanical & electrical, and we established a borderless system that enables drawing in Kenya, Philippines, Sri Lanka, Myanmar and Vietnam.

By the introduction of BIM, it became easier to form a consensus among the owner, the consultant and the subcontractors, and the productivity of working drawings was enhanced by smooth discussion. The borderless system of drawing has led to securing the BIM operators and continuing the works in a stable manner even under COVID-19 situation, and all working drawings were completed by the BIM.

Column

Sophisticating infrastructure development for safety without stint

I have been engaged in architectural construction management as a local staff. I have been working since the commencement of the Phase 1, and what surprised me most was the improvement of "safety" and sophistication. Toyo Construction spares no investment in the matters as the basis for safety such as "highly safe water can be drunk" and "toilets are always clean" as well as the implementation of safety patrol. That enhanced employees' loyalty and became the basis on which all staff could make efforts toward a single goal. I learned a lot from the attitude of various local staff and workers from all over the world who initiatively addressed the safety with sharing information.

Chebole Bernard Kipngeno

Developing human resources, and making them create benefit by themselves

I am, as a staff of general affairs, in charge of negotiation with Kenya Ports Authority (KPA) as the owner and with the local police as well as various information collection, etc. Toyo Construction is the first major company for me, and I learned a lot of things such as Japanese company's strict but sincere efforts undertaken for management, and how the relations with subcontractors from various countries should be, etc. What I learned was the effort to develop local people and encourage them to create benefit by themselves, which is called "altruism" in Japan. Taking this opportunity of my participation in this project, I myself started learning of reskilling at a local university.

Mugesi Kennedy Onyango

Engagement in sustainability

Toyo Construction Group's Basic Policy on Sustainability

Toyo Construction Group 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 Group's sustainability means our contribution to sustainable social development in compliance with our Code of Conduct based on our Corporate Identity and by deploying fair and reliable business activities with better relationship with the society.

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

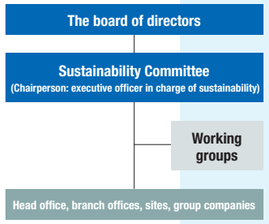
Sustainability promotion system and management

The Company's sustainability promotion system is carried out by the Sustainability Committee, a permanent organization under the direct control of the board of directors. The Sustainability Committee is chaired by the executive officer in charge of sustainability and consists of the general manager of civil construction division and the general manager of architectural construction division as members, and the Secretariat of the committee is provided by the public & investors relations department. Also, as a subordinate organization of the committee, a working group on sustainability is established from time to time.

The Sustainability Committee has been held four times as of September 1. 2022 since its establishment on December 17, 2021. The Committee makes decisions about the Company's Basic Policy on Sustainability and the materiality, consideration of draft KPI, and draft report to the board of directors, and these draft reports are finalized based on the opinion of the board of directors, with appropriate adjustments.

Henceforward, after confirming the progress status of sustainability issues or CO_2 emission amount, etc., in a timely manner, we will review the materiality and the KPI and prepare an action plan for resolving issues.

Organization chart of sustainability promotion system



Stakeholder engagement

Major stakeholders	Purpose / Responsibility	Means of communication
Customers	• Provision of high-quality construction work that meets customer needs	• 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	• Proper information disclosure and ensuring transparency	• Holding of results briefing meetings for analysts and investors by the president (twice per year) • Conducting of individual interviews with domestic and international analysts and institutional investors • Holding of web conferencing and 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, Summary of Consolidated Financial Results, Financial results supplementary material, Mid-term Business Plan, etc.) • Arrangement of site visit for analysts and institutional investors
Employees	• Promotion of occupational safety and health • Promotion of development of precious human resources • Improvement of workplace environment • Respect of human rights and individuality • Promotion of diversity & inclusion	• 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 • 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 social action program	• 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

All officers and staff making efforts to resolve social issues and realizing a sustainable society

Representative Director, Senior Managing Executive Officer, General Manager of Business Administration Division and in charge of sustainability

Takahiro Yabushita

Message

from

Director

Executive officer in charge of sustainability

Message

I believe that the construction industry we operate is a proud industry that protects people's lives and property through the infrastructure improvement, and also has contributed to the economic development. It is a business that is highly valued for its social significance. In our 93-year history, beginning with the reclamation of Naruohama as our start-up business, we have contributed to the development of a lot of countries as well as Japan by our "new and productive technology". Like this, it is needless to say that the construction industry itself is directly involved in resolving social issues. However, recently, I think that what is questioned here is what we can do for the sustainable social development.

For example, a port is necessary for development and growth of a country as the base for trade, however, the Company that builds the port uses various materials and work vessels. Blast furnace products such as steel pipe piles or steel pipe sheet piles are used for the construction of quay. For the construction of breakwater, a big concrete mass called caisson is installed, however, cement is used for the concrete, and a large work vessel is required for the installation. On the other hand, a great amount of CO_2 is emitted during the manufacture of blast furnace products or cement, and Bunker A is used as the fuel of work vessels, which also emits CO_2 at the time of combustion. As you understand from these points, while our business contributes to resolving social issues, however, on the other hand, there is nothing we can do to prevent the emission of CO_2 that would lead to global warming.

This is merely an example; however, steel manufacturers and cement manufacturers have already taken measures. The Company is also making efforts to reduce the CO_2 emitted from the heavy machinery or work vessels in operation, however, we are aware that there is a significantly high bar before the realization of carbon-neutral society. Even so, in order to save the gift of global environment enjoyed by our generation toward the future, we must accelerate the speed of our effort.

Now, the Company compiled the issues to be resolved in our business activities as the "Materiality of Toyo Construction Group". Of course, we have taken similar approaches before, however, this is the first time for us to set up the contents and goals of our commitment for the realization of carbon-neutral society.

As stated above, there may be some issues of which we can manage to clear the hurdle with a revolutionary innovation, however, in order to be "devoted to customer and public society with new and productive technology" as our corporate identity, all officers and staff of us would like to make efforts to resolve the social issues and realize a sustainable society.

For details of the "Materiality of Toyo Construction Group", please see p.31

Materiality of Toyo Construction Group

In FY 2022, the Company identified the issue to be resolved through our business activities as the Materiality of Toyo Construction Group. In this identification, the Company adopted the idea of "double materiality", which is prevalent in the EU that is leading the international movement for sustainability. The "double materiality" is a method to find the important issues through consideration of both the impact of the Company on society & environment and the impact of sustainability issues on finance. The Company will work on the derived materiality through our main business, and contribute to the sustainable society.

Process to identify the materiality

STEP 1 Multiple analysis

1) Listing the relationship of the Company with the society & environment by a value-chain analysis
2) Recognizing the issues & expectations of major stakeholders by a stakeholder analysis
3) Identifying the sustainability issues through a long-term plan by an analysis of management and business
4) Identifying the sustainability issues from long-term societal and environmental changes such as climate change by a megatrend analysis

Grasping the whole image of the sustainability issues related to the Company through 1)-4)

STEP 2 Impact evaluation

1) Impact evaluation of the Company on society & environment
2) Impact evaluation of the sustainability issues on finance

STEP 3 Prioritization

Based on the evaluation in STEP2, positioning the issues with a high degree of influence as the materiality

STEP 4 Setting the goals and KPI / Linkage with SDGs

Setting mid-term goals for each materiality, and determining the KPI, the management method and the concrete target values. Also, linking the immediate SDGs with the targets.

*The materiality will be reviewed and updated from time to time according to the changes in society and business.

		Materiality	Sub-subject
Social problem solving through business activities	E	Realization of carbon-neutral society See p.42 for the reason for the selection	Promotion of construction of offshore wind power generation facilities
			Engagement in ZEB/ZEH
			Reduction of greenhouse gas emitted from business activities
		Lowering environmental-load	Reduction of the load caused by business activities to the natural ecosystem
			Contribution to the circular economy by reducing construction waste
		See p.42 for the reason for the selection	Promotion of ReReC®
	S	Provision of high-quality construction works that meet customer needs See p.52 for the reason for the selection	Improvement of technological capability and proposal capability to meet customer needs
			Securing quality of construction work
		Contribution to disaster-prevention and disaster-mitigation See p.52 for the reason for the selection	Promotion of the R&D and technological development to contribute to the disaster-prevention, disaster-mitigation, and disaster-relief, etc.
Enhancement of business foundation	G	Continued enhancement of governance system See p.34 for the reason for the selection	Enhancement of governance
			Thorough compliance
			Promoting efforts of supply chains for ESG
			Enhancement of information security
	S	Realization of attractive construction industry See p.52 for the reason for the selection	Promotion of occupational safety and health
			Promotion of developing precious human resources & securing the rising generation
			Improvement of workplace environment
		Thorough respect of human rights and promotion of diversity See p.52 for the reason for the selection	Promotion of diversity & inclusion
			Improvement of understanding & prevention of infringement of human rights
		Realization of sustainable society by CSR activities See p.52 for the reason for the selection	

KPI	Target for FY 2022	Related SDGs
●Installed capacity of offshore wind power facilities involved with construction	●1,500NW or more (FY 2030 (cumulative), recording on construction year)	
●Order receipt of ZEB / ZEH-M building	●2 or more (Number of proposals: 8 or more)	
●Reduction rate of greenhouse gas SCOPE1･2 (Reduction rate from FY 2013, primary unit as of construction) SCOPE3 (Category 11) (Reduction rate of CO_2 emission from operation of design & construction building)	SCOPE1･2 / Reduction of 40% ●Reduction of 45% or more (FY 2030) SCOPE3 (Category11) / Reduction of 50% ●Reduction of 65% or more (FY 2030)	
●Number of biodiversity-friendly proposals & design	7 or more	
●Number of theses publicized on R&D contributing to lowering environmental-load of biodiversity and natural ecosystem	3	
●Number of constructions contributing to biodiversity	10 or more	
●Number of theses publicized on R&D on carbon neutrality and blue carbon	3	
●Number of oil spill accidents	0	
●Number of claims due to noise or vibration	0	
●Recycling rate of construction waste	98% or more	
●Number of ReReC® proposals for saving energy	2	
●Order receipt of ReReC®	7 bil. yen	
●Number of patent applications	15	
●Number of R&D theses publicized	18 or more	
●Number of non-conformity and claims	0	
●Average mark of the year for construction performance rating (Port works ordered by MLIT)	80 or more	
●Number of letters of appreciation and certificates of commendation on quality (private work)	10 or more	
●Number of R&D theses publicized on promotion of the R&D and technological development to contribute to the disaster-prevention, disaster-mitigation, and disaster-relief, etc.	10 or more	
●Number of meetings held by Director Nomination & Compensation Committee	4 or more	
●Number of effectiveness evaluation of the board of directors	1	
●Number of serious violation of law	0	
●Attendance rate of compliance training (of total number of persons required to attend)	100%	
●Attendance rate of e-learning on compliance	100%	
●Establishment of CSR procurement guidelines	—	
●Number of serious information security incidents	0	
●Number of fatal accidents	0	
●Frequency rate	0.5 or less	
●Attendance rate of education to improve staff's ability	100%	
●Attendance rate of e-learning on occupational safety	100%	
●Retention rate of new graduates within 3 years	85% or more for 3-year average	
●Number of newly qualified employees Doctorate Professional Engineer, Concrete Engineer, Supervisor of Operation and Maintenance of Offshore & Marine Structure First-class registered architect First-class architectural construction management engineer	1 or more Increase of 10% from FY 2019 (330 in FY 2019 → 365 in FY 2022) 3 20 or more	
●Number of introduction of ICT/DX tools contributing to productivity improvement	5	
●Registration rate of skilled worker of Construction Career Up System	100%	
●Implementation rate of the 8-day off per 4 weeks	Civil engineering site: 70% Architecture site: 40% All sites: no case for 5-day off per 4 weeks or less	
●Overtime work hours (all employees including supervisor)	50 hours or less per month / 600 hours or less per year	
●Annual vacation days taken by staff at site	120 days	
●Number of installation of comfortable toilet at domestic site (civil engineering)	—	
●Number of hired fresh female graduates for major career path	20% or more of hired fresh graduates	
●Increase rate of women in major career path (from FY 2020)	250% (FY 2030)	
●Increase rate of female managers (from FY 2020)	500% (FY 2030)	
●Employment rate of the handicapped / Ratio of post-retirement re-employment	Mandatory employment rate (2.3%) or more	
●Ratio of post-retirement re-employment	—	
●Number of male employees who took childcare leave	25%	
●Attendance rate of harassment training (of total number of persons required to attend)	100%	
●Establishment of policy on human rights	—	
●Establishment of the scholarship system in Kenya and Philippines	—	
●Provision of comfortable toilet overseas	—	
●Number of times of participation in Eelgrass field development project, etc.	—	
●Number of beach cleaning activities	—	
●Number of posting of handicapped person artwork	—	
●Amount of contribution to various groups Future of Children Support Fund (vending machine + matching contribution) ●The Blue Feather campaign	—	

Basic concepts in the “governance” of Toyo Construction Group

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

Materiality of Toyo Construction Group

Continued enhancement of governance system

Reason for the selection

The sustainability of Toyo Construction Group is stipulated as“our contribution to sustainable social development in compliance with our Code of Conduct based on our Corporate Identity and by deploying fair and reliable business activities with better relationship with the society”.
For deploying fair and reliable business activities, continuous enhancement of governance is essential, and for earning a reputation from society as a company listed on the Prime Market, we will continue to make sustained efforts.

Contents of measures

■ Enhancement of governance

For deploying fair and reliable business activities, enhancement of governance is essential.

■ Penetration of compliance

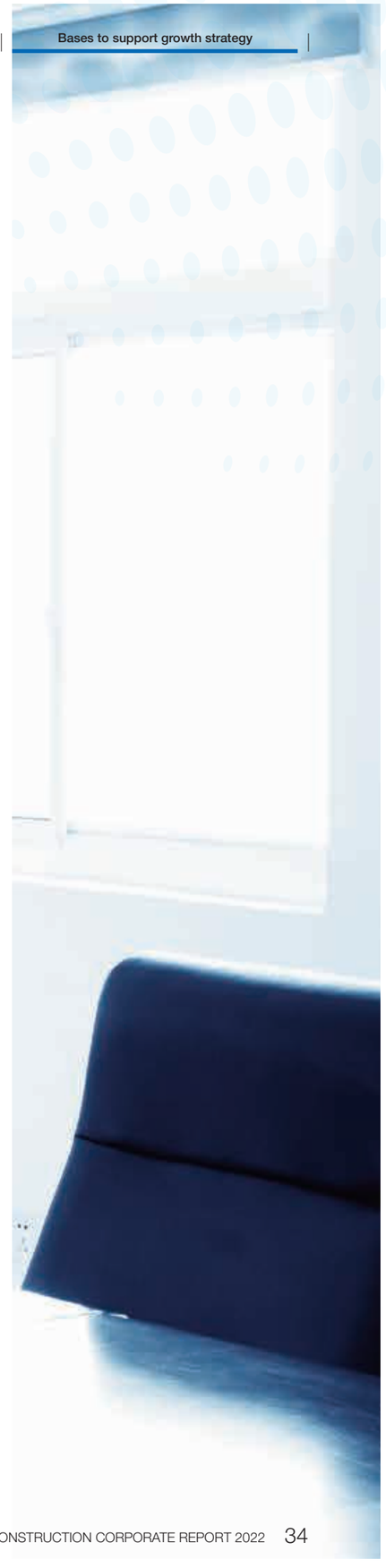
Fair and reliable business activities will be made possible by the compliance of officers and employees of Toyo Construction Group with the related laws and regulations such as the Construction Business Act, the Anti-Monopoly Act, the Industrial Safety and Health Act, etc.

■ Promoting efforts of supply chains for ESG

For the creation of a better society, efforts of supply chains such as clients and subcontractors for ESG are necessary, and the Company’s group will be actively involved.

■ Enhancement of information security

In the event of information leakage, computer virus infection, cyberterrorism, or website hacking, we may significantly lose our credibility or public esteem from stakeholders, therefore, continuous countermeasures are indispensable.



Continued enhancement of governance system

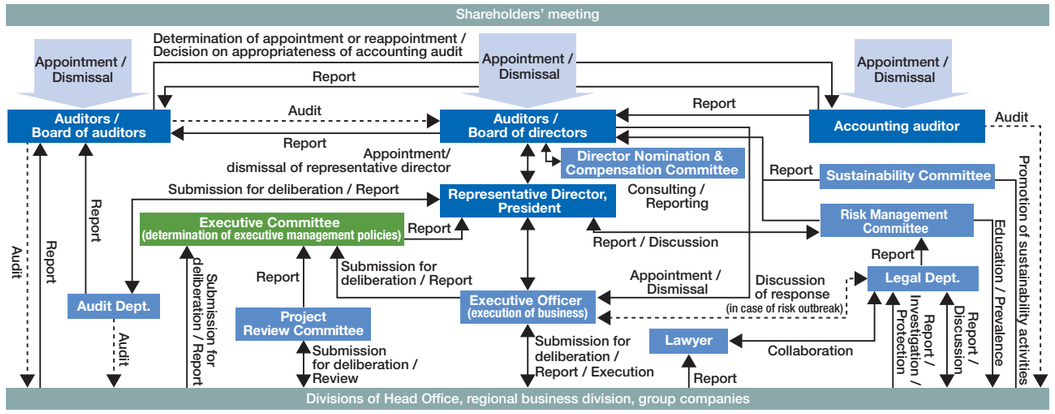
The Company's board of directors consists of five inside directors and three independent outside directors. For appointing a director, regardless of individual attributes such as sex or nationality, etc., a person who has the expertise in knowledge, experience and ability expected in light of our management strategy in order to accomplish the roles and responsibilities of the board of directors is supposed to be chosen. Also, three auditors of the four auditors are independent outside auditors. Thereby, we have established a framework for monitoring and supervising the management from an objective and neutral standpoint of view. The Company will continue our efforts to establish an optimal governance system.

Outline of corporate governance structure

Our corporate governance structure is as follows.

Organization chart of corporate governance

(As of June 24, 2022)



The contents and chairpersons of the board of directors and its optional committees

Name		The board of directors	Director Nomination /Compensation Committee	Risk Management Committee	Sustainability Committee	Executive Committee	Independent Outside Committee
Kyoji Takezawa	Representative Director, President	◎	◎			◎	
Hiromi Hirata	Director	○		○	○	○	
Takahiro Yabushita	Representative Director	○	○	◎	◎	○	
Haruhisa Obayashi	Director	○		○	○	○	
Mamoru Sato	Director	○				○	
Yoshio Fukuda	Director (outside)	○	○			○	◎ Head
Yutaka Yoshida	Director (outside)	○	○			○	○
Yasuyuki Fujitani	Director (outside)	○	○			○	○
Satoshi Otonari	Corporate Auditor	○		△		○	
Jiro Fukuda	Corporate Auditor (outside)	○					○
Kiyokata Somekawa	Corporate Auditor (outside)	○					○
Shiho Boda	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

Corporate Governance Guideline
https://www.toyo-const.co.jp/en/company/governance

Effectiveness evaluation of the board of directors

The Company engages in self-assessment of effectiveness of the board of directors by questionnaire every year,, 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.

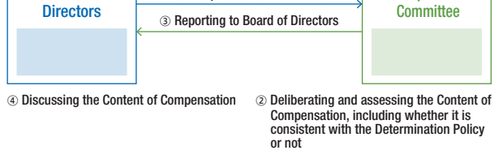
The summary of results of effectiveness evaluation in FY 2021 is that the directors and auditors actively made remarks and discussed in a free and open-minded manner, which is evaluated as generally sufficient for the role of the board of directors. On the other hand, there were opinions calling for enhancement of the supervisory functions of the board of directors.

Based on these opinions, we will continue our efforts to further improve the effectiveness of the board of directors.

System of individual compensation of directors

The details of the system are as follows.

Flowchart



Structure of compensation

Basic compensation

Fixed monetary compensation determined based on the index by position

Performance-based compensation

Monetary compensation according to the company's performance on a single-year basis, performance of the department in charge, and / or personal achievements.

【Performance measurement】
Consolidated operating profitPerformance of the department in charge

- Offering appropriate incentives to directors for sustainable increase of corporate value
- Value sharing with shareholders
- Provision of incentive for improving company's performance
- Prevention of unhealthy risk-taking biased in favor of only a short-term profitability
- Realization of management from a mid-to-long-term perspective

Non-monetary compensation, etc.
(Performance-based stock-based compensation)

Stock-based compensation according to the performance evaluation point based on the mi-term corporate performance

【Performance measurement】
Consolidated operating profit Safety performance of work

Director Nomination & Compensation Committee

To strengthen the independence and objectivity of the function of the board of directors pertaining to nomination and compensation of directors and executive officers, the Company has established the Director Nomination & Compensation Committee under the board of directors, and the members examine the terms of reference relating to the nomination and compensation reflecting the viewpoint of outside directors, and report to the board of directors.

Also, the composition of the committee consisted of two representatives directors and one independent outside director up to January 2022, and two representatives directors and two independent outside directors up to June 2022; however now, independent outside directors shall basically occupy the majority of the committee members, and the committee consists of two representatives directors and three independent outside directors.

The Committee was held eight times during the period from April 2021 to the annual general meeting of shareholders in June 2022, and the attendance rate of every meeting is 100%. The committee fairly examined the election & remuneration of director candidates and executive officers through the process of securing transparency and objectivity, and discussed the status of officer successor development and future issues.

Compensation for directors and auditors(mil. yen)

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	Other compensation	
Directors(excluding outside directors)	178	144	27	6	—	7
Auditors(excluding outside auditors)	15	15	—	—	—	2
Outside officers	55	49	—	—	6	4

Activity status of outside officers

Title	Name	The board of directors meeting (22 times held)		Board of auditors meeting (17 times held)	
		The number of attendance	Attendance rate	The number of attendance	Attendance rate
Director	Yoshio Fukuda	22	100%	—	—
Director	Yutaka Yoshida	22	100%	—	—
Corporate Auditor	Jiro Fukuda	22	100%	17	100%
Corporate Auditor	Kiyokata Somekawa	22	100%	17	100%

Directors, Auditors and Executive Officers (as of July 1, 2022)

Kyoji Takezawa

Representative Director, Executive Officer, President

April 1975 Joined the Company
April 2003 General Manager of Kanto Architectural Construction Branch Office
June 2006 Executive Officer
June 2008 Director, Deputy General Manager of Architectural Construction Div.
April 2010 Managing Executive Officer, General Manager of Architectural Construction Div.
April 2014 Representative Director, President, Executive Officer, President (current position)

Haruhisa Obayashi

Director, Senior Managing Executive Officer

April 1982 Joined the Company
April 2005 Kyushu Branch Office, General Manager of Civil Construction Dept.
April 2011 Kanto Branch Office, General Manager of Civil Construction Dept.
April 2015 Civil Construction Div. , General Manager of Civil Construction Dept.
April 2016 Executive Officer, Civil Construction Div. General Manager of Civil Construction Dept.
August 2017 Executive Officer, Deputy General Manager of International Division and General Manager of Construction Dept.
April 2019 Managing Executive Officer, General Manager of Civil Construction Div. and In charge of Safety and Environment Dept.
June 2019 Director (current position)
April 2021 Senior Managing Executive Officer, General Manager of Civil Construction Div. and In charge of Safety and Environment Dept. (current position)

Yutaka Yoshida

Director [Independent officer]

April 1977 Joined Ishikawajima-Harima Heavy Industries Co., Ltd.
July 2001 General Manager of Staff Group and International Finance Group of Finance Dept.
July 2003 General Manager of Redevelopment Project Off
April 2009 Executive Officer, General Manager of Corporate Planning Division of IHI Corporation (retired in March 2013)
April 2013 Joined IHI Transport Machinery Co., Ltd.
June 2003 Representative Director, President
June 2017 Advisor (retired in June 2020)
June 2018 Director of the Company (current position)

Hiromi Hirata

Director, Vice President Executive Officer

April 1979 Joined the Company
April 2006 Architectural Construction Div. , General Manager of Architectural Construction Dept.
April 2011 Executive Officer, Osaka Main Office, Supervisor of Architectural Dept.
January 2013 Executive Officer, Deputy General Manager of Architectural Construction Div. and General Manager of Architectural Construction Dept.
April 2014 Managing Executive Officer, General Manager of Architectural Construction Div.
June 2014 Director (current position)
April 2016 Senior Managing Executive Officer, General Manager of Architectural Construction Div.
April 2018 Senior Managing Executive Officer, General Manager of Architectural Construction Div. and In charge of Safety and Environment Dept.
July 2022 Vice President Executive Officer, General Manager of Architectural Construction Div. and In charge of Safety and Environment Dept. (current position)

Mamoru Sato

Director, Managing Executive Officer

April 1994 Joined the Company
February 2002 Orient Ecology Co., Ltd. (seconded), General Manager of Administration Dept.
April 2011 Business Administration Div., Manager of Purchase Dept.
July 2015 Manager of Corporate Strategy Office
April 2016 General Manager of Secretary Dept.
April 2020 Business Administration Div., General Manager of Administration Dept. and General Manager of Secretary Dept.
April 2021 Executive Officer, Deputy General Manager of Business Administration Div. and General Manager of Administration Dept. and General Manager of Secretary Dept.
April 2022 Managing Executive Officer
June 2022 Director
July 2022 Managing Executive Officer, Deputy General Manager of Business Administration Div. (current position)

Yasuyuki Fujitani

Director [Independent officer]

April 1982 Joined MITSUI & CO., LTD.
March 1996 General Manager Heavy Chemical Machinery Business Unit of MITSUI & CO. (U.S.A.), INC., New York Headquarters
April 2012 Deputy Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit of MITSUI & CO., LTD. and President of MITSUI & CO., MIDDLE EAST LTD.
April 2013 Executive Officer of MITSUI & CO., LTD.
April 2015 Chief Operating Officer of Corporate Development Business Unit
April 2016 Executive Managing Officer
April 2018 Senior Executive Managing Officer, Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit and President of MITSUI & CO. EUROPE PLC
April 2020 Counselor of MITSUI & CO., LTD. (retired in March 2022)
June 2022 Director of the Company (current position)

Takahiro Yabushita

Representative Director, Senior Managing Executive Officer

April 1982 Joined the Company
April 2001 General Manager of Purchase Dept. of Tokyo Branch
April 2002 Representative Director, President of Orient Ecology Co., Ltd. (seconded)
April 2010 Civil Construction Div., General Manager of Business Dept. 2
April 2014 Executive Officer, General Manager of Business Dept. 2
April 2016 Managing Executive Officer, Civil Construction Div., General Manager of Private Business Planning Dept. and General Manager of Business Dept. 2
April 2018 Managing Executive Officer, General Manager of Business Administration Div. and In charge of CSR)
June 2018 Director
April 2021 Senior Managing Executive Officer, General Manager of Business Administration Div. and In charge of Sustainability
June 2021 Representative Director (current position)
April 2022 Senior Managing Executive Officer, General Manager of Business Administration Div. and In charge of Sustainability

Yoshio Fukuda

Director [Independent officer]

April 1976 Joined Teijin Limited
May 2007 Corporate Officer, President & Director of P.T. Teijin Indonesia Fiber Corporation Tbk
June 2010 Director, Corporate Officer, General Manager of Corporate Strategy Division of Teijin Limited
June 2011 Director, Executive Officer, Chairman of Teijin DuPont Films
April 2012 General Manager of Electric Materials and Performance Polymer Products Business Group, General Manager of Resin & Plastic Processing Business Unit of Teijin Limited, President & Representative Director of Teijin Chemicals Ltd.
June 2013 Director, Senior Executive Officer, General Manager of Electric Materials and Performance, Polymer Products Business Group of Teijin Limited
April 2015 Director, Advisor
June 2015 Advisor (retired in March 2016)
June 2016 Director of the Company (current position)
June 2017 Auditor of Japan Indonesia Association, Inc.
June 2020 Outside director of Harmonic Drive Systems Inc.
March 2022 Auditor of Japan-Sri Lanka Association

Satoshi Otonari

Corporate Auditor

April 1986 Joined the Company
November 2006 Manager of Human Section of Personnel Dept. of Administration Div.
June 2014 General Manager of Accounting Dept. of Business Administration Div.
June 2021 Corporate Auditor (current position)

Kiyokata Somekawa

Corporate Auditor [Independent officer]

April 1978 Joined The Industrial Bank of Japan, Limited
April 2002 Advising Officer, International Planning Department, Mizuho Corporate Bank, Ltd. President of Mizuho Corporate Bank (Germany) A.G.
April 2005 General Manager of Asset Audit Division
March 2006 General Manager of Compliance Division (retired in March 2008)
April 2008 Executive Officer, Head of Risk Management and Finance Group, Mizuho Securities Co., Ltd.
June 2010 Full-time Audit & Supervisory Board Member
June 2012 Director and President, Mizuho Real Estate Inspection Services Co., Ltd. (retired in March 2013)
March 2013 Managing Executive Officer, Rating and Investment Information, Inc. (retired in June 2018)
June 2018 Corporate Auditor of the Company (current position)

Jiro Fukuda

Corporate Auditor [Independent officer]

April 1981 Joined The Sanwa Bank, Ltd.
January 2002 Manager of Corporate Division, UFJ Bank Limited
January 2004 General Manager of Corporate Banking Department of Harajuku Corporate Banking division
May 2005 General Manager of Corporate Administration Division
January 2006 Deputy General Manager of Corporate Administration Division, The bank of Tokyo-Mitsubishi UFJ, Ltd.
May 2009 General Manager of Public & Institutional Business Division (retired in May 2011)
June 2011 Representative Director, President, TOYO BLDG. MAINTENANCE CO., LTD.
April 2018 Corporate Auditor, Sanshin Co., Ltd. (retired in June 2019)
June 2018 Director, Advisor, TOYO BLDG. MAINTENANCE CO., LTD (retired in June 2019)
June 2019 Corporate Auditor of the Company (current position)

Shiho Boda

Corporate Auditor [Independent officer]

April 1988 Joined Yamaichi Securities Co., Ltd.
August 1992 Joined Salomon Brothers Asia Limited (currently Citigroup Global Markets Japan Inc.)
April 2014 Admitted to the bar of Japan (Tokyo Bar Association) Joined Ando Toshio Law Office
December 2017 Jeff Leong, Poon & Wong (Malaysia)
November 2019 Kasame & Associates (Thailand)
April 2020 Joined SAKURADA DORI PARTNERS (current position)
March 2022 Outside Auditor of DAIZ Inc. (current position)
June 2022 Corporate Auditor of the Company (current position)

Executive Officers

Executive Officer, President

Kyoji Takezawa

Vice President Executive Officer

Hiromi Hirata

Senior Managing Executive Officer

Takahiro Yabushita **Haruhisa Obayashi**
Toshiro Tanabe **Yoichi Kawashima**

Managing Executive Officer

Nobuyuki Kawase **Takashi Gunjishima**
Osamu Inoue **Narumi Motosugi**
Takuro Inoue **Tatsuyoshi Nakamura**
Mamoru Sato

Executive Officer

Seiichi Oyanagi **Fumio Ito**
Shuya Torii **Katsutoshi Ogura**
Mitsutoshi Seya **Masahiko Furuichi**
Hiroki Fujii **Akira Tateshita**
Shuichi Aikawa **Takayuki Goto**
Akira Nagaoka **Toshiyuki Takashima**
Tomohiko Kodama **Yasuo Kotake**
Manabu Tokita

Officers Skill Matrix

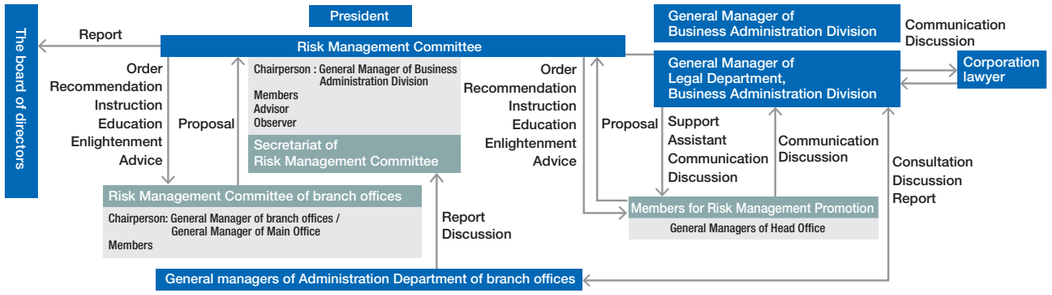
Name	Position at the Company	Knowledge / Experience						
		Corporate Management	Sales	Technology / ICT	Global Mindset	Sustainability	Finance / Accounting	Legal / Risk Management
Kyoji Takezawa	Representative Director, President	●	●		●	●		●
Hiromi Hirata	Director	●	●	●		●		
Takahiro Yabushita	Representative Director	●	●			●	●	●
Haruhisa Obayashi	Director	●	●	●	●	●		
Mamoru Sato	Director	●	●			●	●	●
Yoshio Fukuda	Director	●			●	●	●	●
Yutaka Yoshida	Director	●			●	●	●	●
Yasuyuki Fujitani	Director	●			●	●	●	●
Satoshi Otonari	Corporate Auditor						●	●
Jiro Fukuda	Corporate Auditor	●				●	●	●
Kiyokata Somekawa	Corporate Auditor	●			●	●	●	●
Shiho Boda	Corporate Auditor				●			●

Risk Management

Basic Concept

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, and promotes the continuous growth of the Company and the whole Company's group by proper risk management. The "Risk Management Committee" established at the Head Office is chaired by the General Manager of Business Administration Division, and is making efforts to prevent the risks, by supervising the Risk Item Administration Table that compiles the pickup of, the evaluation of, and the response to the management risks, and by extracting the risks to be jointly addressed by the whole group.

Risk management structure



Risk Monitoring

Our effort to manage risks is not limited to collecting materials or gathering data. Legal department staff visits the departments of Head Office, branches, sales offices and sites, and confirms 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 (monitoring). During the monitoring, a compliance inspection is also conducted for checking the compliance status with the internal rules of compliance and for providing instruction and education.

Results of risk monitoring(time)

	FY 2017	FY 2019	FY 2019	FY 2020	FY 2021
Head Office	2	2	—	—	—
Branches	6	1	3	1	2
Sales offices	10	7	4	5	3
Sites	19	5	2	1	—
Group companies	9	4	2	—	1
Total	46	19	11	7	6

Establishment of the Business Continuity Plan (BCP)

Assuming a large-scale earthquake and flood, etc., and putting the top priority on the safety of employees, their families, customers and community and on the prevention of secondary disasters, and also in order to contribute to the 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 or branches nationwide. Also, we have concluded a mutual aid agreement for emergency management with the national government and local governments, and have established the support system to restore the damaged social infrastructure immediately.

Efforts for overseas safety and security

To protect our employees and their families, we have prepared a manual that compiles the daily safety measures and emergency procedures for each country of residence, and have given thorough instruction. Also, 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 them.

Information security measures

Information security risks are increasing due to the sophisticated cyberattacks from outside or the changes in the usage environment of information system for staff accompanied with the diversification of working styles. In order to prevent leakage of confidential information such as sales or technology or personal information due to staff's human error, etc., our group has implemented the technological countermeasures in consideration of the degree of importance of information assets, system vulnerability and importance of threat, and is making efforts to improve staff's information security literacy by providing the security education and targeted email training every year.

Compliance

Basic Concept

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. And we provide the concrete contents in the "Compliance Manual" and are making efforts as a whole group to promote compliance by issuing the "Code of Conduct" that should be the standard of business activities by each and every officer and staff and the "Behavioral Guidelines" that should be complied by all officers and staff.

Compliance training

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

Results of the compliance training

Type of training		FY 2019	FY 2020	FY 2021
New employee *including mid career hire	Number of participants	106	82	54
	Number of sessions (time)	3	3	2
Stratified training	Number of participants	163	209	223
	Number of sessions (time)	6	6	6
Management *Officers, General Managers of branch offices, General Managers of Head Office, etc.	Number of participants	38	42	38
	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
FY 2021	About insider trading	38

Provision of e-learning

The e-learning that started in 2017 is provided for 1,700 people of all officers and staff including our group companies by asking 10 questions regarding compliance and harassment once every month, and provides an opportunity to consider what the right behavior is. The attendance rate is approximately 99%.

Promotion of fair transaction

The Company is making efforts to prohibit any act in violation of the Penal Code or the Anti-Monopoly Act, etc., and making efforts to eliminate the dumping for receiving orders, and is promoting fair and free competition. However, in February 2022, a director of sales (then) of Tachibana Kogyo Co., Ltd., one of our consolidated subsidiaries, was arrested and accused of obstruction of competitive bidding related to public contracts. We would like to extend our sincere apologies to every persons concerned for having caused many problems. In order to prevent recurrence, we will further strengthen and expand the compliance inspection that has been previously implemented for checking whether the internal rules to prevent violation of the antitrust laws are appropriately operated, and will establish a system so that we will never conduct the same violations.

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 June 2022, following the revision of the Whistleblower Protection Act, we are making efforts to improve effectiveness of the system by revising the Whistleblower Policy of the Company so that we take thorough measures to ensure secrecy of the whistle-blower, prohibit any disadvantageous treatment of the whistle-blower or cooperators because of their reporting, and allow anonymous whistle-blowers.

The number of whistle-blowing in FY 2021 was three, and we have handled the reported cases.

Toyo Construction Group's basic view on "environment"

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

Challenges to be addressed in FY 2022

- Promoting a sustainable resource recycling society by the 3R of construction by-products and appropriate disposal
- Making efforts toward CO_2 emission reduction in business activities and contributing to prevention of global warming
- Promoting the global environmental conservation and contamination prevention by the steady implementation of pollution prevention
- Promoting the community-based contribution activities for environment

Materiality of Toyo Construction Group

Realization of carbon-neutral society

Reason for the selection

Prevention of global warming is a global common theme. The Company will contribute to the realization of carbon-neutral society through various approaches such as reduction of CO_2 emitted from construction sites and construction of recyclable energy facilities, etc.

Contents of measures

■ Promotion of construction of offshore wind power generation facilities

Focusing on the technology development and construction of work vessels toward participation in the offshore wind power generation facility construction business

■ Engagement in ZEB/ZEH

Contributing to the reduction of CO_2 emission amount by increasing the number of proposals and constructions of ZEB and ZEH

■ Reduction of CO_2 emitted from business activities

Contributing to realization of carbon-neutrality by committing to reduction of CO_2 emitted from the whole supply chain

Lowering environmental-load

Reason for the selection

Through biodiversity-friendly measures and reduction of construction waste, we will continue to make efforts to reduce the load to the global environment as far as possible.

Contents of measures

■ Reduction of the load caused by business activities to the natural ecosystem

Contributing to the global environmental conservation by conducting biodiversity-conscious designs and constructions

■ Contribution to the circular economy by reducing construction waste

Contributing to the realization of circular economy by the thorough 3R toward no final disposal of construction by-products

■ Promotion of ReReC®

Promoting the engagement in renewal and renovation of existing buildings, which emits less CO_2 than constructing new buildings

Realization of carbon-neutral society

Basic Concept

In order to contribute to the “realization of carbon neutrality by 2050” declared by the Japanese government, the Company is proceeding with the efforts such as the offshore wind power generation business that is expected as an effective means of regenerated energy business, the ZEB-ization of new buildings including apartment buildings, and the proposal for saving energy of existing buildings, etc., as well as the reduction of CO_2 emitted from construction sites. We position the offshore wind power generation business and ZEB as our growth strategic sector, and increase our corporate value through the realization of carbon-neutral society.

Promotion of construction of offshore wind power generation facilities

The offshore wind power generation business of Japan is steadily advancing, e.g., commencing a full-scale construction in the offshore wind power generation project in port area. On the other hand, in Japan, the lack of work vessels suitable for ocean works is pointed out, and there are concerns that construction costs will be higher because the water near Japanese coast is deep and bedrock exists in a shallow ground, which is different from the situation in Europe as the advanced region of offshore wind power generation.

We would like to introduce to you our efforts for dealing with such unique situation in Japan.

• Work vessel collaboration with Mitsui O.S.K. Lines, Ltd.

The Company and Mitsui O.S.K. Lines, Ltd. (hereinafter “Mitsui O.S.K. Lines”) has started discussions regarding the consideration of work vessel collaboration for offshore wind power generation. By generating synergistic effects by the Company having rich experience and extensive knowledge of marine construction and technology development capacity of offshore wind power, and O.S.K. Lines having rich experience in constructing, possessing and operating vessels, we will meet the demand for work vessels in the offshore wind power generation business and aim at contributing further to the offshore wind power generation business.

Image of collaboration scope

• Construction of a cable-laying vessel

The Company decided to construct one of the largest self-propelling cable-laying vessels.

This vessel is capable of working on various ocean works necessary for the construction of offshore wind power generation facilities as well as laying a submarine cable, and is being built for completion in FY 2025 and implementation in FY 2027.

Image of a cable-laying vessel

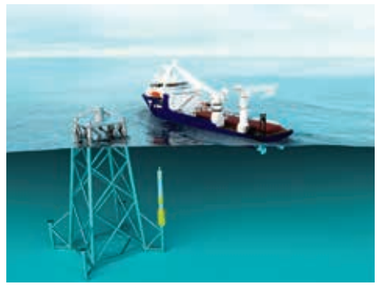
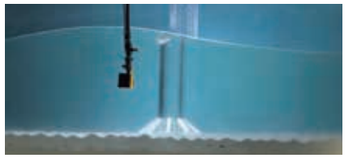


Image of an ocean work

• Development of the bottom-mounted type foundation engineering (suction bucket)

The Company is working on the verification of construction technology of suction bucket foundation that will lower the cost of bottom-mounted foundation. The suction bucket method is a method by which a bucket is penetrated into the ground by draining the sea water in the bucket. This method is suitable for the ground of Japan, and has characteristics in that it can contribute to expanding regions suitable for the offshore wind power generation facilities, in that it is environmentally superior because of no noise and vibration during the construction, in that it contributes to lowering the cost without a large vessel or construction equipment, and in that complete removal is possible.

After various laboratory experiments at our Technical Research Institute in Naruo, we conducted a demonstration experiment of mono bucket in a real sea area in FY 2021, and we established the workability of the suction technology. In FY 2022, in anticipation of the growing size of wind turbines, we will steadily make efforts for the commercialization and practical application in FY 2026, by conducting the demonstration experiment of multiple buckets connecting three buckets, etc.



Laboratory experiments at our Technical Research Institute in Naruo (FY 2020)

Experiment of mono bucket in a real sea area (FY 2021)

Experiment of multi buckets in a real sea area (FY 2021)

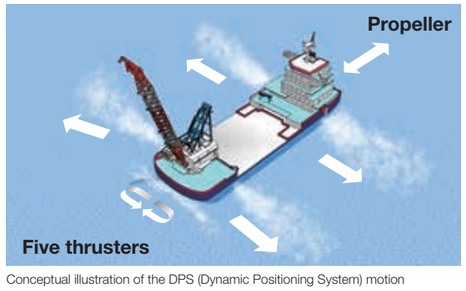
• Development of floating mooring method (TLP method)

The Company is engaged in the “Project to Develop Cost-Reducing Technology for TLP Floating Offshore Wind Turbines” of the Green Innovation Fund Program (NEDO Project). Because the installation location for bottom-fixed wind turbines is limited to shallow areas, there is a strong domestic demand for practical floating offshore wind turbines that can be installed in deep water further from shore. In addition, TLP mooring lines are expected to be more socially acceptable than other floating systems because they can reduce the space occupied under the sea, and it is expected to reduce failure risk of the wind turbine by the small dynamic response of floating body, we are advancing development with the aim of commercialization in the early 2030s.

Conceptual drawing of TLP method (Source: MODEC, Inc.)

• Utilization of AUGUST EXPLORER for the offshore wind power generation business

Offshore wind power generation facilities will be built in oceanic region in the future. However, such region may have inclement nautical conditions and the operation rate of work vessels used for the work will be lowered. The Company will realize the shortening of process and the reduction of costs by raising the operation rate by installing the equipment to mitigate the up-and-down motion of suspended load on our self-propelling multi-purpose vessel “AUGUST EXPLORER”. In addition, by upgrading the fixed-point retention device of the vessel to the world standard Class-B, and with higher construction capacity, certainty of systems, and excellent safety performance, we will participate in the offshore wind power generation facility construction business.



Conceptual illustration of the DPS (Dynamic Positioning System) motion

Material flow

Basic Concept

In the construction business, materials and energy are input, and buildings and structures (value created for the society) are created. On the other hand, because CO_2 and construction by-products are discharged in the course of business activities, it becomes important to quantify the amount of the discharges in an appropriate and accurate manner.

In order to realize a low carbon society and contribute to the circular economy, the Company aims at reducing the discharged amount of greenhouse gas and construction by-products and at increasing the recycling rate.

Input resources

Energy

		Marine civil engineering	Land civil engineering	Architectural construction	Total
Electricity*	(x 10,000 kWh)	62	114	219	395
Light gas oil*	(kl)	1,840	4,094	1,245	7,180
Heavy fuel oil*	(kl)	13,114	0	0	13,114
Kerosene*	(kl)	5	3	7	17

materials

			Portion of recycled materials
Ready-mixed concrete	(x 1,000 m³)	177,716	(9,356)
Asphalt concrete	(x 1,000t)	18,921	(13,163)
Reinforcing bar	(x 1,000t)	18,674	(18,674)
Crushed stone	(x 1,000 m³)	446,970	(67,381)
Sediment	(x 1,000 m³)	701,376	(135,012)

INPUT

Value created for society(amount of completed work)

Civi engineering	Port & Airport	52.2bil. yen	Road	4.8bil. yen	Architecture	Warehouse/Distribution	13.2bil. yen
	Soil & water conservation	12.8bil. yen	Railways	2.7bil. yen		Factory/Power plant	9.5bil. yen
	Land reclamation	10.5bil. yen	Water and sewage	1.5bil. yen		Specified facility	5.5bil. yen
	Energy-related	5.7bil. yen	Others	4.0bil. yen		Office &Government office building	5.2bil. yen
						Residence	3.7bil. yen
						Educational & research & cultural facilities	2.2bil. yen
						Accommodations	1.6bil. yen
						Others	1.6bil. yen

OUTPUT

Gross CO_2 emissions(Unit: t-CO_2)*

	Marine civil engineering	Land civil engineering	Architectural construction	Total
SCOPE1	40,943	10,745	3,285	54,973
SCOPE2	272	501	962	1,735
Total	41,215	11,246	4,247	56,708

Discharged amount of construction by-products

Concrete mass	53,229t	Waste other than designated by-product	20,993t
Construction sludge	33,223t	Asphalt concrete mass	9,337t
Wood chip derived from construction	2,480t	Displaced soil at construction	1,459,151m³

Construction waste	3,881t	Displaced soil at Construction	125,849m³

Final disposal volume

Recycling rate 96.7%

Recycled volume

Concrete mass	53,057t	Waste other than designated by-product	17,503t
Construction sludge	33,088t	Asphalt concrete mass	9,307t
Wood chip derived from construction	2,426t	Displaced soil at construction	1,333,302m³

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

Reduction of CO_2 emitted from business activities

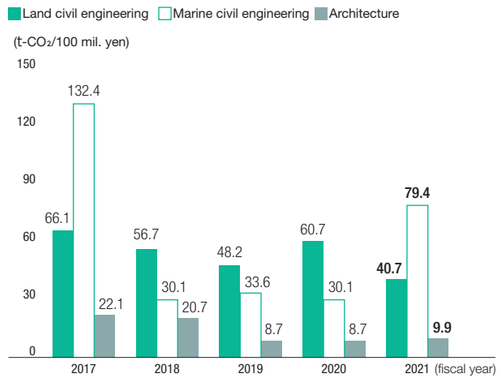
The Company contributes to the reduction of CO_2 emitted from business activities. Also, we contribute to the reduction of CO_2 emitted from operations of the buildings we designed and constructed.

As an effort to reduce CO_2 at construction sites, we are implementing the adoption of hybrid-type or electric heavy machinery, the encouragement of idling stop practice, and the installment of solar panels at sites, etc. Also, our group has a number of work vessels as a marine contractor, and particularly, uses Bunker A for our large work vessels as the fuel.

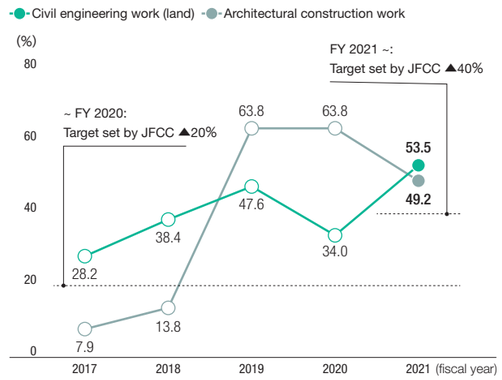
To date, we have been working on the replacement to environmentally friendly engines for improving fuel economy, the partial motorization of hydraulic drive, the introduction of electricity storage systems, and the change from Bunker A to light gas oil, etc., and now, we are considering the shift of fuel to biofuel or GTL and the shift of engines to dual-fuel engines, aiming at further reduction of CO_2 emission amount. We had referred to the guideline by Japan Federation of Construction Contractors, Inc. (hereinafter referred to as “JFCC”) for our target of reduction rate of CO_2 by FY 2020, however, in FY 2021, we set our target by referring to the “Action plan of construction industry for preservation of natural environment, the 7th edition: 2021-2025”.

In addition, for FY 2022, as our own CO_2 emission reduction target, we aim at reduction by 40% or more over FY 2013, and as the medium-term target, we aim at the reduction by 45% or more.

Trends in the CO_2 emission amount per 100 million yen of completed work



Target of reduction rate of CO_2 emission and results



Our engagement in the recommendation of TCFD

The Company is making efforts for the “realization of carbon-neutral society” as the materiality, and also is giving consideration of the Recommendations of “the Task Force on Climate-related Financial Disclosures”.

In this report, we report the results of the ongoing scenario analysis.

● Governance

At the “Sustainability Committee” as the organization that promotes sustainability activities, we examine the action plan concerning sustainability including the response to climate change.

Also, we review the activity results, etc., and report them to the board of directors.

● Strategy

In the construction industry, materials that emit a large amount of CO_2 during the manufacture such as iron or cement are used for the construction of buildings and structures. Moreover, since we use work vessels fueled by Bunker A, etc. at marine civil engineering works as our specialty, the CO_2 emission amount tends to be more than the amount at land civil engineering works or architectural construction works.

In such a background, based on the TCFD Recommendation, the Company is conducting an analysis of transition in the policies and market trends (transition risk, opportunity) and an analysis of the physical change of disasters (physical risk, opportunity), and is planning to fulfill the recommended disclosures within FY 2022.

* Of the scenarios used for the analyses, the “transition scenario” adopts the 1.5℃ scenario, and the “physical scenario” adopts the 4.0℃ scenario.

1.5℃ scenario
Of the scenarios formulated by the Intergovermental Panel on Climate Change (IPCC), the scenario to control the temperature rise at the end of 21st century up to 1.5℃ or less compared to the period preceding the Industrial Revolution (RCP1.9)

4.0℃ scenario
Of the scenarios formulated by the IPCC, the scenario in which the temperature rise at the end of 21st century will exceed 4.0℃ compared to the period preceding the Industrial Revolution (RCP8.5)

Category		Change of environment		Impact on business 1.5℃	Impact on business 4.0℃	Measures
Transition in the policies and market trends	Risks	"Introduction of carbon tax Enhancement of CO_2 emission reduction"	●Increase in cost due to the addition of carbon tax on construction materials and equipment price	High	Low	●Promotion of decarbonization of construction machinery and work vessel ●Use of low-carbon type materials
			●Decrease of private construction investment due to increase in construction cost			
	Opportunities	Expansion of demand for construction related to renewable & recyclable energy	●Expansion of construction investment in offshore wind power generation facilities	High	Low	●Participation in offshore wind power generation facility construction business
			●Increased demand for construction to clear the ZEB/ZEH standard			●Promotion of engagement in ZEB work
Physical change of disasters	Risks	Worse working environment at construction site due to temperature rise	●Increase of health damage due to heatstroke, etc.	Medium	High	●Promotion of creation of comfortable workplace environment ●Promotion of R&D and technological development for work saving at site
			●Decline in productivity due to worse working environment, critical shortage of skilled workers			
		Intensified natural disasters due to global warming	●Increased risk of damage generation at supply chain, own company facilities, construction site because of abnormal weather	Medium	High	●Establishment of BCP system
	Opportunities	Accelerating national resilience	●Increase of infrastructure improvement work such as the measures for accelerating disaster-prevention, disaster-mitigation and national resilience	High	High	●Promotion of R&D and technological development to make contribution in disaster-prevention, disaster-mitigation and disaster-relief

Lowering environmental-load

Environmental Management System

The Company operates the Environmental Management System (EMS) based on the international standard ISO 14001 on a company-wide basis.

A surveillance assessment by the Management System Assessment Center (MSA) was conducted in October 2021, and our environment management system was evaluated as effective.

In the management review by the president of the Company, it was stated that in response to the growing environmental protection needs such as the acceleration of global warming and the enhancement of biodiversity conservation, it is necessary to make commitments with a sense of urgency and dispatch information properly for appropriate recognition of our environmental activities.

Promotion of EMS

Issues on lowering environmental-load generated in business activities

Efforts for pollution prevention
- Measures against air pollution & water contamination
- Measures against air pollution & water contamination
- Measures against noise, vibration, and land subsidence
- Measures against marine pollution, etc.

Contribution to environmental conservation
- Carbon dioxide emissions reduction
- Biodiversity conservation
- Energy-saving measures

Contribution to resource recycling
- Reduction of construction by-products
- Promotion of recycling
- Promotion of green procurement

Operation of EMS

Site category
- Head office, branch office, sales office
- Site for civil engineering, architectural construction
- Research Institute

Business category
- General administration (office work)
- Design of civil engineering and architectural construction
- Construction of civil engineering and architectural construction
- R&D
- Other business(procurement, sales,facilities management, etc.)

Initial environment research Extraction of environmental aspects and evaluation of environmental impact
- Environmental aspects
- Legal requirements and other requirements
- Goal and action plan

- Resources, role, responsibility, and authority
- Ability, educational training, and awareness
- Communication
- Preparation for and response to emergency
- Documentation
- Document management
- Operations management

- Monitoring and measurement
- Compliance evaluation
- Non-conformity and correction & preventive measures
- Record management
- Internal audit

Expected environmental conservation effects
- Promotion of zero environmental accident
- Reduction of carbon dioxide emissions
- Promotion of biodiversity conservation activities
- Reduction of electricity usage and photocopy paper usage
- Reduction of final waste disposal volume
- Reduction of mixed waste volume
- Increase of recycling rate
- Promotion of green procurement
- Promotion of social action program such as local cleaning activity
- Conservation of regional environments
- Improvement of environmental protection awareness
- Improvement of reliability of customer such as a letter of appreciation

Environmental management activities

The Company is promoting the environmental activities with setting the environmental goals for each and all departments. In FY 2021, approximately 89% of all departments achieved the goals, indicating a high level of achievement.

Of the environmental goals set by the construction divisions, while the goals of around 80% was waste reduction and pollution prevention, the goals of energy saving and CO_2 reduction remains just a few percent. As we have steadily achieved the results in the biodiversity-friendly measures, newly raised as a goal, we consider that it is necessary to strengthen our efforts for CO_2 reduction from now on.

Goals set by the construction divisions(%)

	Waste & 3R	Energy-saving & CO_2	Pollution prevention	Regional contribution	Others
Civil engineering construction division(443items)	21	2	70	4	3
Architectural construction division (199items)	40	4	39	8	9

Status of goal achievement(%)

	Achieved	Almost achieved	Unmet
All	88.9	4.0	7.1
Architectural construction	80.4	5.5	14.1
Civil engineering construction	95.3	2.0	2.7
Administration (including research institutes)	81.3	8.0	10.7

Results of environmental monitoring items

Environmental monitoring items	Monitor / Measurement item	Division	FY 2021 Target value	FY 2021 Result	FY 2021 Evaluation	Evaluation standard for target value ○100% or more	△100-80%	×Less than 80%	Control standard value for FY 2022
01 Promotion of low carbon society	① CO_2 emission amount per completed work	Civil eng. work at land	49.2t-CO_2/100 mil.	40.7 t-CO_2/100 mil.	○	49.2 or less	49.2-59.0	over 59.0	52.5t-CO_2/100 mil.
		Civil eng. work in sea area	30.1t-CO_2/100 mil.	79.4 t-CO_2/100 mil.	×	30.1 or less	30.1-36.2	over 36.2	51.8t-CO_2/100 mil.
		Architectural work	12.1t-CO_2/100 mil.	9.9 t-CO_2/100 mil.	○	12.1 or less	12.1-14.5	over 14.5	11.7t-CO_2/100 mil.
	② Number of activities of proposal, research and design on CO_2 emission-reduction	Sales, Research, Design	—	—	—	—	—	—	Number of cases of the entire company: 5 (Addition item for FY 2022)
	③ Number of works using construction method / materials to contribute to CO_2 emission-reduction	Construction	—	—	—	—	—	—	Number of cases of the entire company: 5 (Addition item for FY 2022)
	④ Electricity usage of offices, facilities (kwh/m² / month)	Administration	5.6	5.5	○	5.6 or less	5.6-6.7	over 6.7	5.5 or less
		Research	6.5	8.6	×	6.5 or less	6.5-7.8	over 7.8	8.6 or less
	⑤ Usage of copy paper at offices, facilities (paper/month-man)	Administration	723	679	○	723 or less	723-867	over 867	679 or less
		Research	167	373	×	167 or less	167-200	over 200	373 or less
02 Realization of recycling-oriented society	① Ratio of discharged mixed waste amount to the subject construction waste*	Civil eng. construction	13% or less	5.0%	○	13.0% or less	13.0-15.6%	over 15.6%	13% or less
		Architectural const.	13% or less	7.2%	○	13.0% or less	13.0-15.6%	over 15.6%	13% or less
		Research	13% or less	1.3%	○	13.0% or less	13.0-15.6%	over 15.6%	Research :13% or less
	② Recycling / reduction rate of construction waste	Civil engineering construction	Const. wood waste 97% or more	96.6%	△	97.0% or more	97.0-77.6%	less than 77.6%	97% or more
			Const. sludge 95% or more	99.6%	○	95.0% or more	95.0-76.0%	less than 76.0%	95% or more
			Waste plastics		–	—	—	—	75% or more (Addition item for FY 2022)
			All waste 98% or more	98.2%	○	98.0% or more	98.0-78.4%	less than 78.4%	98% or more
		Architectural construction	Const. wood waste 97% or more	98.5%	○	97.0% or more	97.0-77.6%	less than 77.6%	97% or more
			Const. sludge 95% or more	99.9%	○	95.0% or more	95.0-76.0%	less than 76.0%	95% or more
			Waste plastics	–	–	—	—	—	75% or more (Addition item for FY 2022)
			All waste 98% or more	93.1%	△	98.0% or more	98.0-78.4%	less than 78.4%	98% or more
		Research	Const. wood waste 97% or more	94.8%	△	97.0% or more	97.0-77.6%	less than 77.6%	97% or more
			Const. sludge 95% or more	97.5%	○	95.0% or more	95.0-76.0%	less than 76.0%	95% or more
			All waste 98% or more	97.2%	△	98.0% or more	98.0-78.4%	less than 78.4%	98% or more
	③ Effective utilization ratio of displaced soil at construction	Civil engineering construction	85%	91.1%	○	85% or more	85-68%	less than 68%	85% or more
		Architectural construction	85%	99.2%	○	85% or more	85-68%	less than 68%	85% or more
	④ Discharged amount of waste plastics per completed work	Construction	—	2.34t/100 mil.	–	—	—	—	2.22t/100 mil. (reduction of 5% on YoY) (Addition item for FY 2022)
03 Biodiversity conservation	① Number of biodiversity-friendly proposals & R&Ds	Sales, Research	10/year	14	○	10 or more	9-8	less than 8	Number of cases of the entire company: 10 or more
	② Number of works contributing to biodiversity	Construction	10/year	10	○	10 or more	9-8	less than 8	Number of cases of the entire company: 10 or more
04 Water pollution prevention activities	① Number of oil spill accidents	Civil eng. Const. (port & river &lakes and marshes works)	0	1	×	—	—	—	nil
		Architectural const. (adjacent-water works)	0	0	○	—	—	—	nil
	② Executing rate of countermeasures (including education)	Civil eng. Const. (port & river &lakes and marshes works)	100%	100%	○	100% or more	100-80%	less than 80%	100%
		Architectural const. (adjacent-water works)	100%	100%	○	100% or more	100-80%	less than 80%	100%
05 Activities for prevention of noise, vibration and pollution	① Number of claims due to noise or vibration	Civil eng. const.	0	1	×	—	—	—	nil
		Architectural const.	0	0	○	—	—	—	nil
	② Executing rate of countermeasures (education) to prevent claims	Civil eng. const.	100%	97.6%	△	100% or more	100-80%	less than 80%	100%
		Architectural const.	100%	100%	○	100% or more	100-80%	less than 80%	100%

*Subject construction waste: construction waste excluding concrete debris, asphalt debris, other rubble, and construction sludge

Contribution to the circular economy by reducing construction waste

Basic Concept

While various construction wastes are generated in the construction works and demolition works, the Company is working on promoting the 3R (reduce, reuse, recycle) by the focused waste-sorting activities and is reducing the final disposal volume, and also thoroughly disposes the non-recyclable wastes.

Discharged amount of construction waste

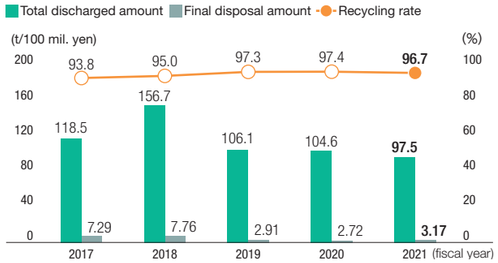
The discharged amount of waste per 100 million yen of completed work in FY 2021 was 97.5t, a decrease of 7.1t per 100 million yen from FY 2020, however, and the final disposal amount increased by 0.45t per 100 million to 3.17t per 100 million.

As a reason for this, it is considered that the non-recyclable waste plastics and solid waste containing asbestos generated from the demolition works were generated more than normal year.

As for the recycling rate, it was 96.7%, underperforming compared to the company-wide goal of 98%. We consider that this underperformance is due to the above-mentioned increase of non-recyclable wastes, and after eliminating the factor, we mostly met the goal and are properly implementing the measures.

In accordance with the enforcement of the Act on the Promotion of Recycling Resources Pertaining to Plastics on April 1, 2022, we will aim at reducing the waste plastics generation by 5% per 100 million yen of completed work and raising the recycling rate of waste plastics to 75% or more over FY 2021.

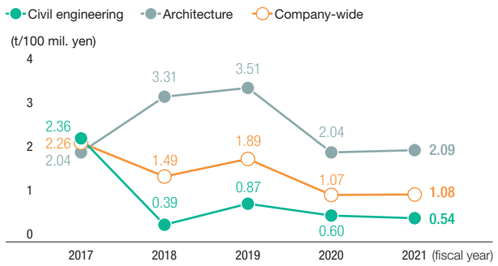
Trends in the discharged amount of construction waste per 100 million yen of completed work



Discharged amount of mixed waste

The discharged amount of mixed waste per 100 million yen of completed work in FY 2021 was 1.08t per 100 million yen on a company-wide basis, 0.54t per 100 million yen for the civil engineering construction, and 2.09t per 100 million yen for the architectural construction, which was at the same level as FY 2020. The ratio of the mixed waste to the subject construction waste was 5.0% for the civil engineering construction and 7.2% for the architectural construction, both of which are successfully far below the target level, therefore, we consider that appropriate controls such as waste-sorting are effectively implemented.

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

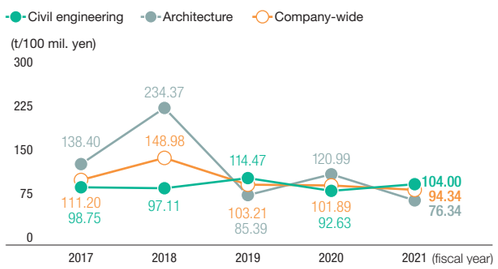


Recycled amount

The recycled amount per 100 million yen of completed work in FY 2021was 94.34t per 100 million yen on a company-wide basis, 104.0t per 100 million yen for the civil engineering construction, and 76.34t per 100 million yen for the architectural construction. The drastic decrease in the architectural construction resulted in the slight decrease even on a company-wide basis.

As one of the possible reasons, it can be considered that the amount of highly recyclable concrete debris decreased due to the decrease of the demolition & improvement works in FY 2021, which shared a major portion of the architectural works in FY 2020.

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



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

Participation in the utilization of the blue carbon ecosystem

In order to reduce the environmental burdens caused by business activities and contribute to protecting and improving the global environment, the Company is promoting activities and technology developments that contribute to the better environment and conservation.

Participation in the biodiversity conservation is one example. We are participating in the businesses leading to the maintenance and activation of the sea's ecosystem, such as littoral nourishment, installation of fish reefs, and revitalization of eelgrass fields, etc.

Efforts for revitalization of eelgrass field

Eelgrass is a kind of seaweed that is grown wild in an area of muddy sand one meter to a few meters below the surface, and in the past, a lot of eelgrass fields were flourishing on the beach throughout Japan, and called the "cradle of the sea" where various sea creatures grow and lay eggs. However, as the pollution and reclamation of sea area increased due to population concentration and factory construction with the rapid economic growth, etc., a number of eelgrass fields became extinct. Eelgrass fields are playing important roles in aquatic environment, by absorption of CO_2 and provision of oxygen by photosynthesis, and cleaning water and stabilizing bottom sediment by absorption of nitrogen (causing the red tide) and phosphorus, etc.

Particularly, in recent years, the effect that absorbs and fixes CO_2 by an eelgrass field is gaining attention as the "blue carbon".

In response to the growing calls for restoration of eelgrass fields, the Company developed the "eelgrass sowing sheet method" as a reconstruction technique of eelgrass field and the "SEADS" as a coastal engineering -wise right-spot evaluation system for the construction of eelgrass fields, etc., and has supported the reconstruction of eelgrass fields nationwide since FY 2001.

Currently, we are providing support for the activities in Osaka Bay and Hakata Bay, and we executed a construction work of a eelgrass field ordered by the town in Ooi town of Ooii county in Fukui prefecture.

Support for the activities at Yokohama Port

As an activity of the Tokyo Bay UMI Project, the Company is cooperating with the construction activity of eelgrass fields at Yokohama Port (coast area of Seto in Kanazawa ward) implemented by the fishery cooperative in Yokohama, the Umibe-tsukuri institute (a specified non-profit corporation), and the Amamo Revival Collaboration in Kanazawa-Hakkei, Tokyo Bay Area, and also is helping the preparation of a seedbed of eelgrass in Autumn and the transplantation of seedling grown in the planter in Spring. The above-mentioned three organizations received a certificate as the "J Blue Credit" from Japan Blue Economy Association in FY 2020 and 2021 for the amount of CO_2 absorbed by the blue carbon ecosystem through conservation activities of eelgrass fields. With the purchase of this credit by a company, a certified organization obtains funding and is able to continue its conservation activities. The Company would like to continue to cooperate with the conservation activities of eelgrass fields, and increase the amount of CO_2 absorbed by the blue carbon.

Support for the activities in Hakata Bay

At Hakata Bay of Fukuoka prefecture, Fukuoka city is implementing the construction project of eelgrass fields by citizen participation and the environmental experience learning for elementary school students. The Company has supported the experience learning since 2005, and is telling children about the relationship between the eelgrass field and the marine environment. Also, at the on-demand lecture, we promote the interest and understanding for marine environment and teach them the importance of protecting the environment, using the methods by which children can actually experience it, i.e., growing and observing eelgrass at the eelgrass spot, and preparing the sowing sheet, etc.

In June 2022, our efforts were evaluated, and we won the "Award for Excellence" of the "Fukuoka City Environmental Activity Award".

Also, Kyushu Branch Office who won the award purchased the "Hakata Bay blue carbon credit" and made it offset by the CO_2 emission amount from energy consumption of the office building housing the Branch Office.

Transplantation of eelgrass seedling (Kanagawa pref.)

Preparation of a seedbed of eelgrass (Kanagawa pref.)

Extraction of eelgrass seeds (Hyogo pref.)

Scene of the award ceremony

Toyo Construction Group's basic view on "society"

The Company, based on the Corporate Identity, has established the Code of Conduct "in order to fulfill social mission", "for fair and reliable business activities", and "in order to value people and maintain a good relationship with society".
And, we are working on the realization of sustainable construction industry by making efforts to review the working practices for developing precious human resources and securing the rising generation, to ensure safe construction sites, and to create a workplace for everybody to feel comfortable, etc. Also, we, as a member of key industries responsible for the infrastructure improvement, will make efforts to provide the high quality construction products & services with high ethical standards, will enhance the governance system continuously, and will promote the growth as a company that is capable of meeting the stakeholders' expectations.

Materiality of Toyo Construction Group

Provision of high-quality construction works that meet customer needs

Reason for the selection
Serving customers and public society with new and productive technology is our corporate identity. Since the high-quality construction that meets customers' needs will improve the Company's existence value, we will continue our R&D and technology development.

Contents of measures

■ Improvement of technological capability and proposal capability to meet customers' needs

To be a company that meets a wide variety of customers' demands, always making efforts for R&D and technological development to contribute to the resolution of social issues.

■ Securing quality of construction work

Making efforts to ensure high-quality construction for obtaining high external evaluation

Realization of attractive construction industry

Reason for the selection
Securing the rising generation of the construction industry is an urgent issue. We will increase the appeal of construction industry by promoting the realization of safe workplaces and the development of precious human resources as well as promoting the reform of working practices.

Contents of measures

■ Promotion of occupational safety and health

Since the realization of safe construction sites is indispensable for increasing the appeal of the construction industry, we will work on the education and automated construction aiming for zero incident.

■ Improvement of workplace environment

We will work on implementation of the 8-day off per 4 weeks, the reduction of overtime work hours, and the improvement of women-friendly workplace environment, etc.

■ Promotion of developing precious human resources & securing the rising generation

We will be realizing the sustainable construction industry by promoting the development of young engineers and the appropriate evaluation of skilled workers.

Contribution to disaster-prevention and disaster-mitigation

Reason for the selection
We will conduct the R&D and technological development based on the latest knowledge to contribute to the domestic and international projects for disaster-prevention, disaster-mitigation, and disaster-relief.

Contents of measures

■ Promotion of the R&D and technological development to contribute to the disaster-prevention, disaster-mitigation, and disaster-relief, etc.

Since the response to intensified natural disasters (disaster-prevention, disaster-mitigation, and disaster-relief) is a social mission imposed on construction companies, we will work on the R&D and technological development.

Thorough respect of human rights and promotion of diversity

Reason for the selection
The promotion of diversity is what a company is supposed to encourage. As it is required to respect human rights including supply chains, we will respond to it.

Contents of measures

■ Promotion of diversity & inclusion

By promoting the diversity & inclusion, we will utilize the diverse precious human resources and activate the organization.

■ Improvement of comprehension and prevention of infringement of human rights

We will set a policy on human rights, and conduct a consideration of the implementation of a survey on human rights including supply chain.

Realization of sustainable society by CSR activities

Reason for the selection
As part of our contribution to the SDGs, we will implement the social action programs.

Contents of measures

In addition to the marine activities concerned with our business, through the support for people with disabilities and the scholarship systems in overseas, etc., we will provide assistance for children, who may shoulder the task of the construction industry in the future.

Provision of high-quality construction works that meet customer needs

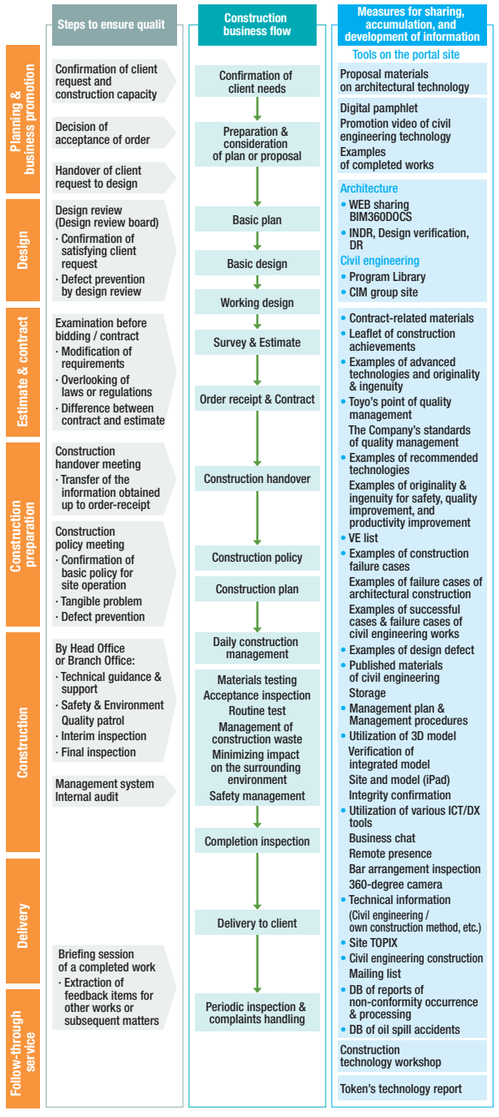
Basic Concept

The Basic Policy on Sustainability of the Company specifies that we will aim to earn customer satisfaction and trust through building a good-quality social foundation.

The social foundation built by us, a contractor, is required to secure the high quality for people's comfortable and convenient living and for protecting life and property from natural disasters, etc.

For precise and prompt response to those needs of society and customers, we are making efforts to create invention and innovation and provide a creative proposal at all times. Also, we are actively working on improvement of the quality control system and development of the advanced technology, and we believe that we will be able to obtain customer satisfaction and build credibility by providing high-quality and safe construction products & services.

Structure for ensuring quality



Securing quality of construction work

We are ensuring the 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.

Dealing with feedback & response from customers

As an indicator to measure the feedback from customers to the Company, we use the number of received letters of appreciation and certificates of commendation. Also, since the construction performance rating for public works is a comprehensive rating for the construction works by the Company, we are trying to improve the rating by all of the company.

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	11	27	8	35
	Commendation by the government, institution, or academic society	16			
Other than QMS (safety, environment, social contribution)		13		6	19
Total		40		14	54

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

	FY2019	FY2020	FY2021
Number of the subject works (work)	42	39	35
Average rating (point)	80.2	79.8	80.5

Each of us sincerely responds to complaints, and in order to prevent the recurrence, we compile the examples of failure cases and share them on a company-wide basis by posting them on the internal intranet, etc.

Improvement of technological capability and proposal capability to meet customer needs

The Company is not only meeting various customer needs, but also is making efforts to improve the technological capability and proposal capability in order to build a competitive advantage upon receiving an order.

Patent application and patent acquisition related with construction technology, etc. is also part of those efforts, and we will work on developing the new technology to meet the social needs as well as customer needs, and will build a competitive advantage of our technology.

See "Non-financial highlights (non-consolidated)" (p. 10) for the number of patents held and the number of patent applications

Contribution to disaster-prevention and disaster-mitigation

Basic Concept

In Japan, where there are many narrow and steep geographical features, natural disasters such as typhoon and downpour are happening year after year. Also, as the occurrence of great earthquake and following tsunami is expected, the preparations for natural disasters have become a pressing issue.

The Company recognizes the infrastructure improvement to ensure the safety and security of the people as the social mission imposed on contractors, and is working on the R&D and technological development concerning the disaster-prevention, disaster-mitigation, and disaster-relief, etc.

Promotion of the R&D and technological development to contribute to the disaster-prevention, disaster-mitigation, and disaster-relief, etc.

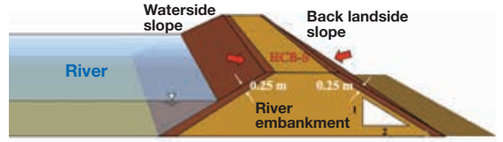
Technology under development (Reinforced earth method for slope face of dam body HCB-S)

Recently, concentrated downpours due to the global warming frequently occurs. Thus, the flooding due to erosion, seepage or overflow of the river embankment occurs in various regions, and many cases of serious flood damage to houses and fields are reported. The "Reinforced earth method for slope face of dam body HCB-S*" in the research pipeline is aimed to reinforce the embankment by making it tougher against the erosion by the increased river water or water permeation, and is a construction method for soil improvement by mixing the surface layer sediment of embankment with cement and a short fiber material, etc. (upper diagram) It is assumed that it will be applied to a remedial work after the collapse of river embankment or a preliminary preventive work, and we have finished the indoor basic experiment, and are verifying the workability and quality by conducting the demonstration experiment at site for practical use (photo at lower right). In March 2022, this construction method was designated as the "Reinforcement technology of slope face for streamlining and work-saving of the urgent embankment restoration in case of embankment disaster" as a technology sought from the public by Japan Institute of Country-ology and Engineering (JICE), and was published in NETIS (New Technology Information System).

*HCB-S: High Strength and Impermeable Soil Reinforcement Method by Cement and Bentonite Mixing on Site

Compounding agent

Reinforced soil after mixing compounding agent



Applied area of reinforced soil

Scene of the demonstration experiment at site

Technologies for the disaster-prevention and disaster-mitigation owned by Toyo Construction

Our Technical Research Institute (Technical Research Institute, Naruo) has excellent experimental apparatus such as the "Plane water tank / Wave generator of multi-directional random wave", the "Beam-type centrifugal model test experimental apparatus", and the "Drum-type centrifugal model test experimental apparatus", etc. At the Research Institute, those experimental apparatus are used for studying the countermeasures to mitigate the effect of tsunami, high sea, or high tide on port structures, and the remedial measures in case of embankment disaster, etc. Also, the Institute is working on the development and sophistication of technologies such as the realization of high accuracy simulation, by mutually complementing the model experiment technologies with the various numerical analysis technologies developed in collaboration with an open source or a research institute such as university, etc.

Stability experiment of overflow and breakwater (Drum-type centrifugal model test experimental apparatus)

Realization of attractive construction industry

Promotion of occupational safety and health

Basic Concept

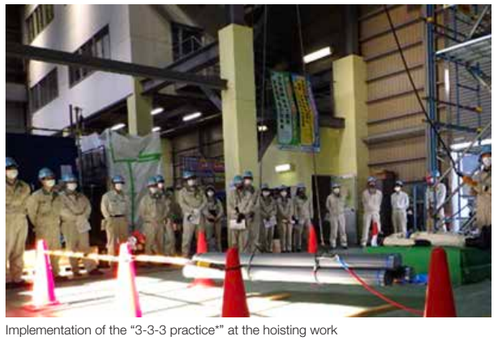
Based on the belief “Safety comes first”, we will create workplace environments where all people will be mentally and physically healthy and can show the maximum performance, and also we will aim at eradicating accidents and disasters at workplaces by operating the occupational safety and health system by all of the persons concerned.

Education to improve staff’s ability

The education to improve staff’s ability is provided for all staff once a year, and the education is aimed at instructing the construction staff at site to be able to perform the field management under the standardized rules, and instructing the administrative staff to understand the disaster occurrence status of the construction industry or the revision of relevant legislation on safety, etc. This education is provided in the form of online lecture from FY 2020 as a countermeasure against COVID-19, and was attended by 1,340 people in FY 2022.

“Risk Simulation Training” for young staff

A construction site is at high risk because people and construction machinery are working together in a mixed manner, however, it has become harder for young staff to understand “what kind of things is dangerous” due to the development of automation, etc., and we were concerned about the reduction in their risk precognition ability. To cope with such a situation, the Company has provided the “Risk Simulation Training” to promote their intuitive understanding by “seeing, hearing and feeling” and to improve their risk sensitivities by showing the various risks existing at site concretely and by letting them feel the sense of them. The training in FY 2021 was attended by 27 people. In FY 2022, it is planned that 50 staff of those young staff who are their 3rd year at the Company will take the training. We will continue this training as an opportunity to have them acquire the ability to prevent labor accidents.



Implementation of the “3-3-3 practice*” at the hoisting work

*3-3-3 practice: the act of confirming the stationary state of hoisted load for 3 seconds, at 3 meters away from the hoisted load, and at 30 cm above the ground, which is aimed at maintaining the stability of the hoisted load.

Improvement of workplace environment

Basic Concept

For the healthy development of the construction industry, the Company implements various measures regarding the realization of reduction of overtime work and the 8-day off per 4 weeks as our important issues. Moreover, based on the belief that a women-friendly workplace is also a men-friendly workplace, we will increase the appeal of the construction industry by improving workplace environments.

Limiting long working hours

The “overtime cap”, for which a grace period of 5 years was set, will be imposed on the construction industry as of April 1, 2024. The Company implements various measures toward the realization of reduction of overtime work and the 8-day off per 4 weeks, through the Expert Committee for Shorter Working Hours composed of the labor and management.

Major challenges to be addressed in FY 2022

Efforts by consciousness change & system

- Establishment of the leave-taking promotion week and display of the annual holiday calendar
- Planned grant of the 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 for 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
- Raising consciousness of shorter working hours utilizing the “final bell & alarm”
- Preparation of notice for raising consciousness of shorter working hours (no overtime day) at site

Implementation of measures for productivity improvement

- Improvement of work efficiency
  Utilization of various applications through tablets and smartphones (safety daybook, remote management, introduction of chat, control of work progress & quality)
- Promotion of BIM workflow (cloud cooperation, expanding BIM utilization for design, quantity survey and construction)
- Improvement of productivity during the work
  ICT construction, precasting, automatic & autonomous construction by work vessels and operating machine
- Enhancement of information sharing with the head office and branch offices by web camera
- Extension of assistance for the site operation of branches (operations at the commencement, application job to government offices, etc.)

Status of site closing days(%)

Category	FY2019		FY2020		FY2021	
	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	6 or more per 4 weeks
Civil engineering	33	80	45	76	52	79
Architecture	16	53	10	60	16	63
Total	28	72	37	73	42	75

Outside-work employee Average monthly overtime work hours(hours)

Category	FY2019	FY2020	FY2021	FY2022 KPI
Civil engineering	482.9	507.6	482.0	All outside-work employees 600 hours or less
Architecture	522.6	517.6	525.5	

Outside-work employee Average number of annual holidays taken(Day)

Category	FY2019	FY2020	FY2021	FY2022 KPI
Civil engineering	117.2	114.5	121.1	All outside-work employees 120 days or more
Architecture	113.6	115.5	116.7	

Completion-of-work leave

Employees who work at site are allowed to take the leave according to the construction period, at the completion of the work of which the person was in charge. (Basically, it shall be taken within a month after the completion of the work.)

- Construction period of 3-6 months: 3 straight days
- Construction period of 6 months or more: 5 straight days
- Construction period of 15 months or more: 5 straight days every one year

Realization of employee-friendly workplace

In order to respond to the diversification of working styles, we are promoting the staggered working hours system, leave-taking on an hourly basis, and active utilization of web conference. Also, we are developing working environment that makes it easy to take the childcare leave or the short hours working for upbringing of children, and from October 2022, we have introduced a system that allows employees to take the partially-paid childcare leave. We will continue to make efforts actively to raise the rate of childcare leave taken by men.

Rate of taking the childcare leave,the male childcare leave(gender specific)(%)

Category		FY2019	FY2020	FY2021	FY2022 KPI
Female	Childcare leave	100	100	100	100
Male	Childcare leave	4	0	4	25
	Male childcare leave	12	19	15	

Health making support

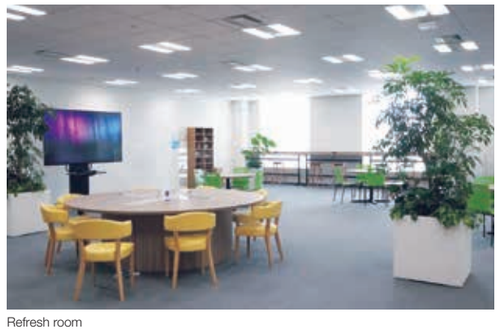
For the maintenance and promotion of mental and physical health of staff, the Company pays the cost of standardized testing of health screening, part of the cost of optional testing, and the reinspection fee of medical examination, and provides a mental health training according to the age as well as a statutory medical examination. Also, from FY 2022, the Company started to pay part of the health screening fee for the spouse.

Participation rate in health screening(%)

FY2017	FY2018	FY2019	FY2020	FY2021
63.4	67.4	68.0	62.4	62.4

Improvement of office environment

For activation of communication by removing the barriers between officers and employees, or for promotion of innovation in the way of thinking by refreshing mind and body, we opened the refresh room (commonly called as T-Room) at the head office.



Refresh room

Promotion of developing precious human resources & securing the rising generation

Basic Concept

The Company actively secures the rising generation through new grad hire, mid-career hire, or the next generation education in collaboration with universities, etc. Also, through the education and training, we aim at the realization of sustainable construction industry by promoting the “growth from just human resources to the precious human resources”, i.e., training the “rising generation who will be active in each field in the future”, as well as by supporting our subcontractors.

Education system & training program

Improvement of the ability and qualification of each and every staff is not only an essential element for corporate growth, but also an element that leads to the staff’s job satisfaction and motivation improvement. 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.

The number of participants in training (cumulative total number (number)

Training type	FY2017	FY2018	FY2019	FY2020	FY2021
Stratified training	250	254	369	359	597
Training by purpose	580	412	238	69	168
Occupational specialty training	410	568	961	786	992

Training hours&cost per person

	FY2017	FY2018	FY2019	FY2020	FY2021
Training hours / hours	20.51	21.83	28.52	20.98	31.10
Training cost / Yen	81,481	84,196	109,793	71,880	116,748

Results of development of precious global human resources(number)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
The number of participants in overseas training and English language training	3	2	4	1	2	1
The number of staff accepted from overseas branches & subsidiaries	5	5	5	5	0	0

*In FY 2020 and 2021, we stopped accepting staff from overseas including overseas training due to the spread of the COVID-19 pandemic.

Support for subcontractors

The Construction Career Up System (CCUS) is a system to register or accumulate the qualifications of skilled workers and on-site working history records, and to lead to the improvement of treatment of skilled workers who work at construction site and the visualization of future career. For improving the registration rate of skilled workers, the Company is making efforts to spread the CCUS, e.g., by taking care of the registration procedures of CCUS for those subcontractors who wish to register their employees.

Also, we are improving the treatment of skilled workers by requesting an estimate that specifies appropriate labor costs (labor wages) when asking for a quotation from subcontractors in accordance with the “Declaration of respect for labor cost estimates” by JFCC, and for new outsourcing contracts to be concluded on or after April 1, 2022, we are committed to realize the sustainable construction industry by getting rid of payment in notes and making payment by bank transfer on 25th day of the next month with settlement at the end of the month, etc.

Promotion of diversity & inclusion

Basic Concept

Under the principle of “Respect for Human Dignity” as one of our corporate identity, the Company aims to be a company where the diverse precious human resources can demonstrate their attractive features to the maximum by developing individuality and strength of each and every staff, regardless of sex, nationality, academic records, work experiences.

Thus, we are promoting the diversity & inclusion by the institutional environment improvement and the creation of company climate for the diverse precious human resources to be active for a long time.

Also, we will not enforce any and all discrimination, forced labor, and child labor and the like.

Improvement of understanding & prevention of infringement of human rights

As stated above in the “Basic Policy”, the Company respects human rights, and further, in order to enhance and clarify our commitment to human rights, we are planning to establish a human rights policy in FY 2022. After the establishment of the policy, we will consider implementing the human rights due diligence.

Prevention of harassment

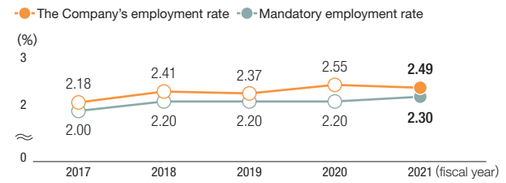
The Company is proactively working on the prevention of harassment, and is providing opportunities for periodical learning such as a harassment training or an e-learning about compliance.

Subjects
Prevention of maternity harassment
Prevention of sexual harassment at workplace
Prevention of power harassment at workplace

Promotion of diversity & inclusion

We are working on developing workplaces where proactive collaboration is created with accepting diversifying individual personalities and values. We believe that a workplace where everyone can enjoy working regardless of race, sex, age, nationality or disability is the place where each and every staff can comfortably demonstrate one’s individuality and creativity to the maximum.

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



We introduce a continuous employment system for staff reaching the official retirement age so that they can transfer their technology to the next generation by demonstrating their many years knowledge and experience.

Trends in the number of post-retirement re-employment (number)

	FY2017	FY2018	FY2019	FY2020	FY2021
The number of employees at the official retirement age	18	18	21	28	40
The number of re-employment employees	16	14	15	24	28

Promotion of female participation

In order to hire women for the major career path steadily and continuously, we have set a target of 20 percent share of the new graduates in our “Action plan for promoting positive activities of women”. Also, we are developing the environment for women’s active participation by introducing the system (the Comeback System) that allows those staff who gave up continuing their career due to marriage or childcare to return to the Company when the issue is resolved, the system of appointment from a minor career path to a major career path, and the women’s working wear, as well as the installation of women-only comfortable toilet at site, etc.

Trends in hiring women for major career path (new graduates)

	FY2018	FY2019	FY2020	FY2021	FY2022
Civil engineering	0	10	8	6	2
Architecture	1	7	6	3	2
Administration	1	1	3	2	1
Total of women in major career path	2	18	17	11	5
Total number of hiring of new graduates	55	98	77	54	42
Share of women in major career path	4%	18%	22%	20%	12%
(Reference) Percentage of female managers	0.00%	0.00%	0.43%	0.61%	0.64%

Development of foreign engineers and skilled-workers

The Company provides the practical OJT training in Japan for foreign engineers from Philippines and Nepal, etc., with a goal of learning sophisticated skills and acquiring Japanese language capability, and the Company 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, the design & examination of overseas construction projects, etc.

Also, since 2018, we have accepted eight Filipino technical staff selected from our Manilla Office for the 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 also passed the technical intern training evaluation examination of the Specified Skilled Worker (marine civil engineering). We will work on the continuous development of foreign engineers and skilled-workers.

Realization of sustainable society by the CSR activities

Harmonious relationship with the community

Posting handicapped person art on the temporary enclosure

The Company is promoting activities to post handicapped person art on the temporary enclosure of the construction sites. Four of our sites are participating as of August, and posting the works by the artists registered in the Shougaisha Jiritsu Suishin Kikou Association (Paralym Art), a project by a general incorporated association for promoting independence of persons with disabilities. Remuneration for the usage is paid to the artist whose work is selected, which serves as an aid for the independence support, and moreover, decorating the temporary enclosure with colorful works serves as an eye-pleasing for the pedestrians walking the vicinity of the site as well as the workers at site.

We would like to make many artists smile and to support their independence through our continued posting of works.

Support for typhoon damage in Philippines

International Division

In Cebu Island and Bohol Island seriously damaged by the typhoon No. 22 (local name: Odette) in December 2021, the Company provided emergency supply assistance for the government offices and Japanese companies located in the area. The Company shipped the relief goods including food by loading them onto two of our and our group's own vessels from the capital Manila around the year-end, hoping that we could be of any help to them.

We would like to express our heartfelt sympathies to all those affected by the disaster, and sincerely look forward to the earliest recovery of the affected areas.

Unloading at Bohol Island

Transportation route of relief supplies

Donation of rice

Osaka Branch Office

Osaka Branch Office donated rice to "Kobe Boys Town, a social welfare corporation" and "Foodbank Kansai, an authorized NPO".

"Kobe Boys Town" is a home for children of 0-18 years old who are unable to live with their parents due to various reasons, and the donated rice (10 kg×55 bags) will be provided as meals for the children living at the home, and also delivered for the graduates as food support.

Foodbank Kansai is an organization that receives food unused at companies or households and delivers them to those who need food. We delivered rice (10 kg×60 bags) for the households in need of economic assistance and the volunteer-run cafeteria that provides free or inexpensive meals, etc.

Contribution to environment

Participation as volunteers in the Arakawa river cleaning-up project

Kanto Branch Office

Kanto Branch Office participated in the "Arakawa river riparian supporter", an activity organization sought from the public, and exterminated exotic plants and cleaned up river litter as part of maintenance & conservation activities for the natural area in downstream part of Arakawa river, the place of recreation and relaxation visited by 15 million people per year. This is just a steady effort, however, by continuing the activities, we will continue to commit to it in order to create a future that leads to conservation of environment.

Corporate data of Toyo Construction Group

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	:	1,521 (non-consolidated), 1,631 (consolidated) (As of March 31, 2022)
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)

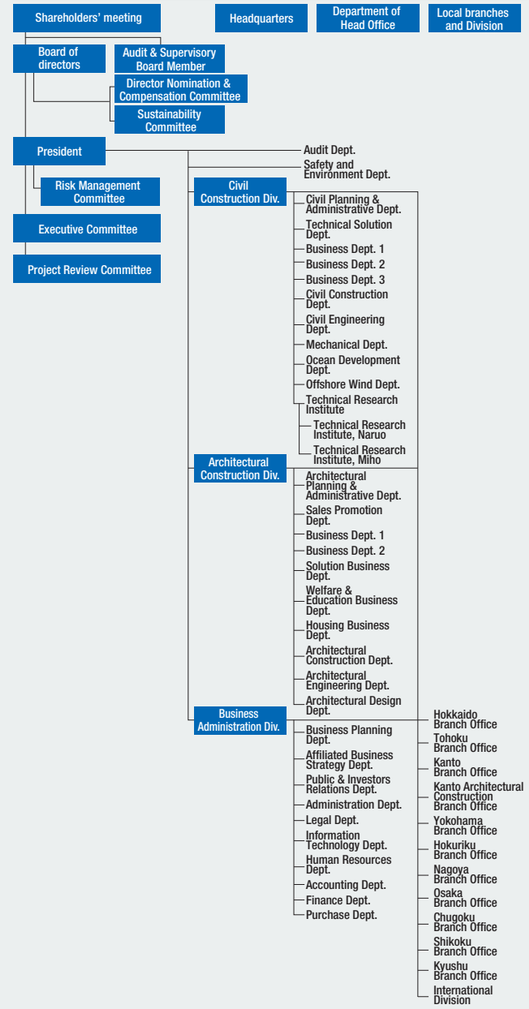
Group Companies

- **Construction (marine Engineering, civil Engineering)**
  TOMAC CORPORATION (2-1-8, Kandanishikicho, 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 (overseas subsidiary in Philippines)**
  CCT CONSTRUCTORS CORPORATION.
  (109 ESTEBAN ST.,LEGASPI VILLAGE,MAKATI METORO MANILA PHILIPPINES)
- **Building management, construction, real estate-related business**
  TECOS Co., Ltd (2-20-4, Kandamisaki-cho, Chiyoda city, Tokyo metropolis)
- **Agent for Life and Non-life insurance firms, Lease & Merchandising, Travel agency)**
  Token Shoji Co., Ltd. (3-19 Kandanishikicho, 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, 2022)

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	:	11,185
Shareholder registry administrator	:	Mitsubishi UFJ Trust and Banking Corporation
Listed financial instruments exchange	:	Tokyo Stock Exchange Prime Market

Organization Chart



Big shareholders (As of March 31, 2022)

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)	9,450	10.01
ISABEL 3 LIMITED	3,976	4.21
ISABEL 2 LIMITED	3,973	4.21
Custody Bank of Japan, Ltd. (account in trust)	3,972	4.21
PERSHING SECURITIES CLIENT SAFE CUSTODY ASSET ACCOUNT	3,900	4.13
MSIP CLIENT SECURITIES	3,081	3.26
Toyo Construction Kyoei-kai	2,829	2.99
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	1,703	1.80
ISABEL 4 LIMITED	1,507	1.59

*Ratio of share holding is calculated by deducting the treasury shares (43,284 shares).

Financial data for the past ten years (consolidated)

(million yen)

Fiscal year	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Orders received	121,350	148,243	152,032	195,592	146,637	177,932	175,841	135,703	173,110	**185,301**
Domestic civil engineering	65,286	78,323	93,120	104,160	90,544	99,605	90,491	76,147	113,199	**76,807**
Domestic architectural construction	38,970	45,002	42,424	53,770	51,780	53,015	56,739	48,654	55,524	**67,290**
Overseas construction	16,438	24,273	14,864	36,933	3,412	24,072	27,798	10,263	3,583	**40,306**
Subsidiary business	654	643	1,621	726	900	1,238	811	637	802	**897**
Net sales	128,003	144,838	148,468	156,235	152,587	172,635	163,860	174,805	172,976	**152,524**
Domestic civil engineering	70,791	76,674	81,821	91,382	82,773	104,429	92,559	94,114	108,553	**89,058**
Domestic architecture	37,462	41,966	45,064	39,616	49,035	46,275	53,707	56,347	48,519	**43,586**
Overseas construction	19,094	25,554	19,960	24,509	19,879	20,691	16,781	23,705	15,100	**18,981**
Side lines	654	643	1,621	726	900	1,238	811	637	802	**897**
Operating profit	2,846	4,026	5,921	8,464	7,123	10,828	7,815	9,268	14,259	**9,616**
Ordinary profit	2,173	3,362	4,607	7,501	6,326	10,534	8,069	9,168	14,103	**9,139**
Profit attributable to owners of parent	1,107	1,997	3,346	4,520	4,303	7,050	5,445	5,766	9,176	**5,863**
EPS(Yen)	13.84	24.96	41.20	47.92	45.71	75.01	57.92	61.31	97.65	**62.40**
Total assets	112,114	112,812	123,247	131,314	138,021	154,968	140,419	135,516	148,953	**135,582**
Shareholders' equity	23,245	22,192	34,467	38,287	41,293	47,534	51,662	55,952	64,269	**68,119**
Equity ratio(%)	20.7	19.7	28.0	29.2	29.9	30.7	36.8	41.3	43.1	**50.2**
ROE(%)	4.9	8.8	11.8	12.4	10.8	15.9	11.0	10.7	15.3	**8.9**
Net assets	24,140	23,172	35,351	39,069	42,116	48,640	52,966	57,329	65,875	**69,899**
BPS(Yen)	290.45	277.31	365.39	405.88	439.29	505.67	549.48	595.12	684.14	**724.81**
Interest-bearing debt	20,772	20,966	20,693	21,178	16,314	13,917	12,394	11,151	10,593	**5,591**
Dividends per share(Yen)	5	7	9	12	12	15	12	15	25	**20**
Dividend ratio(%)	36.1	28.0	21.8	25.0	26.3	20.0	20.7	24.5	25.6	**32.1**
Operating cash flow	△ 6,386	△ 951	△ 5,984	4,536	12,354	10,708	9,348	△ 269	△ 6,548	**22,287**
Investing cash flow	△ 892	△ 846	△ 1,674	△ 2,238	△ 3,017	△ 872	△ 2,239	△ 2,966	△ 961	△ **1,109**
Financial cash flow	△ 1,631	△ 420	5,748	△ 446	△ 6,264	△ 3,681	△ 2,967	△ 2,632	△ 2,095	△ **7,462**
Cash and cash equivalents at end of period	21,038	19,013	17,506	19,082	21,796	27,830	32,040	26,181	16,670	**30,485**
Employees(number)	1,528	1,545	1,566	1,610	1,506	1,517	1,564	1,619	1,658	**1,631**
R&D cost	319	366	352	357	487	464	515	561	692	**997**
Depreciation	1,164	1,274	1,689	1,251	1,838	1,903	1,794	1,911	1,727	**1,611**