TOYO CONSTRUCTION CO., LTD.

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INTEGRATED REPORT 2023





Strategy for value creation

Toyo Construction's Corporate Identity / Code of Conduct



Corporate Identity

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

Fulfill Our 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

Fair and Reliable Business Activities

- Strict Adherence to Laws, Regulations, and Standards • Fair Bidding and Equitable Competition
- Establishment of Appropriate Production System Elimination of Antisocial Forces
- Ensuring Reliability of Corporate Accounting; Disclosure of Information
- Maintenance of Proper Relationships with Politics and Administration
- Protection of Intellectual Property Rights, Etc. Value People and Maintain a Good Relationship

with Society

- Adherence to Management that Respects Human Rights and Individuality
- Strengthening Measures for Safety & Health and Creating Attractive Working Environments Harmony with Society
 - Contribution to Environmental Conservation Contribution to International Society (Established in January 2005, revised as of August 1, 2014)

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. Toward the 100th anniversary of the founding in 2029, Toyo Construction will keep on running.



Strategy for value creation

On publication of the "INTEGRATED **REPORT 2023**"

Toyo Construction Group issues this report as a communication tool with stakeholders. It describes recent activities of three core business domains and explanation of the business summary by the officer in charge, as well as the outline of the mid-term business plan setting FY 2023 as the first year and the measures for governance system enhancement.

We hope that this report will help you deepen your understanding of our efforts aimed at increasing corporate value of the Group.

Also, we position the "INTEGRATED 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.



Representative Director, Chairma Shinya Yoshida

Representative Director, President Haruhisa Obayashi,

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- Efforts to make civil engineering sites more attrac-27 tive
- Domestic architecture 29

Special feature

- Fulfilling customers' desire from a software and 31 hardware perspective, based on extensive experi-
- ence in construction of university buildings
- Overseas construction 33 **Special feature**
- Protecting people's safety and contributing to im-35 proving Quality of Life of the area around, by river channel improvement works

Editorial policy

Purpose of the issuance

This report is issued to provide Toyo Group's corporate identity, business policy, business strategies, and current status of achievement for ESG, etc. for various stakeholders such as shareholders, institutional investors, clients, students, 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 2022 of the subject organization stated above.

Period covered

From April 2022 to March 2023 (FY 2022)

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

Reference auideline

IIRC "International IR Framework"

Ministry of Economy, Trade and Industry "Guidance for Collaborative Value Creation 2 0"

GRI (Global Reporting Initiative)

"GRI Sustainability Reporting Standards"

Ministry of the Environment "Environmental Reporting Guidelines 2018" Japan Federation of Construction Contractors. Inc. "Environmental Information Disclosure Guidelines 2021

Year and month of publication

January 2024

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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

Business and fina	ancial info	ormation		Sustain	ability related information
Medium-term busin	ess plan	INTEGR	ATED	REPORT	Governance Report
Summary of Consoli- dated Financial Results	Financi briefing	ial results g material]		Sustainability site
Financial statements	Re	ports		In	ternal Control Report
FACT BOOK	(to sha	reholders)			

2000~

Our History

1929~

Company.

tract business

Establishment of compa-

ny and advance into con-

On July 3rd of 1929, the Company was es-

tablished as Hanshin Harbor Construction Co.,

Ltd. with joint-funding by the South Manchuria

Railway and Yamashita Kisen Co., Ltd. (pres-

ent 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 Yamashi-

ta Kisen and became the first president of the

The Naruo Reclamation Project which started in October 1933 was suspended due to the

outbreak of the China-Japan War. Later, the

Company advanced into contract business to

utilize its own dreda-

ers, and by the end of the World War II, it became one of the

best contractors in

the area of reclama-

tion & dredging

First President Kamesaburo

Since its foundation, Toyo Construction Group has tried to resolve various social issues. From now on, we will not change the stance and continue to try to create new values.

1945~

Expansion of business during the postwar reconstruction period

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.

Also, since the company had operations across the country, it changed its name to "Toyo Construction Co I td "



Tonegawa River dredging project as a key factor to o come a period of turmoil after the war (Chiba Pref.)



pump dredger completed with the technol-ogy offered by the Company (in 1964)

1965~

Advance into overseas and architecture business

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.



Sales advertising for Naruohama Industrial Center



Leyte Harbor project (Philippines)



Mukogawa Junior High School (Hyogo pref.)

1985~

Entry into the development business during the bubble period

In the late 1980s, the domestic economy which had been stagnated moved gradually toward recovery, and the bubble economy began. The construction industry became a driving force of the domestic demand-led economy, and the Company also participated in numerous national projects such as Akashi-Kaikvo Bridge. Tokyo Bay Aqua Line, and Kansai International Airport, etc

In addition, we made a full-scale entry into the development business, including development of golf courses. 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, which affected the company's business performance



Installation of No. 1 caissons for Kansai International Airport revetment work (Osaka pref.)



el Naha (Okinawa pref.)

became a new landmark. (Tottori pref.)

Trend of current net profit attributable to owners of parent

FY 1985 to 1994



business

Expanded Naha Airport (Okinawa pref.)





Reclamation planning drawing of that time

Company reorganization and business recovery

Since 2000, due to the collapse of the bubble economy and considerable reduction in construction investment, the company's earnings drastically declined and the company faced difficulty surviving. In such a situation, in June 2003, the company released the "TOYO Value Plan" centering on the third-party allocation of shares to Maeda Corporation, strengthening the financial base (including debt relief), and withdrawal from real estate development business and thereafter, made efforts to build up its financial strength. Moreover, we made the approach for growth such as the entry into Kenya in Africa and the commencement of offshore wind power



New main government building of Tottori City, which

* Non-consolidated current net profit for the period from

2010

2005

Present

Contributing to the realization of sustainable society

Toward the 100th anniversary of the founding, we have developed the five-year mid-term business plan starting in FY 2023. On the theme of "the company taking on a challenge from the defensive to the proactive", we will implement three big transformations of management.

Also, while climate change becomes a global issue, we are working on offshore wind power, ZEB/ZEH and immobilization of CO2, and will contribute to the realization of a carbon-neutral society and a sustainable society.



2015

2020 2022

Business opportunities

Our Presence

Strength of Toyo Construction Group supports the challenge to make the Company a resilient company, and enables further business expansion.



Management foundation to support value creation

Aiming for the ideal state toward the 100th anniversary of the founding by improving the strength and evolving and deepening each business domain

About Toyo Construction Group

Our Business

Business domain

Toyo Construction Group operates construction business not only in Japan, but also in Southeast Asia and Africa. Centering on marine civil engineering works with nation's top-class technical capability and achievements, we aim to contribute to resolving various social issues in a wide range of business including land civil engineering and architecture.

Sales in FY 2022 (Amount less than 100 mil. yen is discarded)

Marine civil engineering

45.1 bil. yen



This is the core business of Toyo Construction Group, including construction of port, quay, and breakwater as well as channel dredging, construction of an offshore airport, etc. Construction of the offshore wind power generation facilities is also included in this domain.

Architectural





We operate in a wide range of business such as logistic facilities (warehouses, etc.), food factories, school buildings, residential buildings (condominiums, etc.), hospital buildings, and welfare facilities.

Also, needs for environment-related facilities such as reconstruction of refuse incineration plant, are increasing.

Land civil engineering



This business includes development of social infrastructure such as expressway, tunnel, railway, water and sewage, as well as river channel improvement works, etc. Recently, renewal needs for roads and bridges constructed during the high economic growth period are increasing.

Overseas construction (marine and land civil engineering / architecture)

11.9 bil. yen



For civil engineering business, we conduct construction works of the harbor facilities and flood prevention works in Kenya and Southeast Asian countries including Philippines and Indonesia.

For architecture, CCT, our overseas subsidiary in Philippines, is engaged in various projects including logistic facilities and factories, and achieves top results among Japanese construction companies.



Kenya

7.6 bil. yen

Overseas subsidiary 10.5 bil. yen

Ratio of construction type in the completed works of FY 2022 (individual; including overseas works)







Real estate business and others 0.6 bil. ven



Our Performance

Financial highlights (consolidated)







Ordinary profit 8.5 bil. yen

500

Ω



Net assets / Capital ratio

(100 mil. yen)

700

525

350

175

0

73.9 bil. yen 46.7%

Net assets ---- Capital ratio



2018 2019 2020 2021 2022

(FY)



EPS / ROE

(yen) 120

90

60

30

Sales



60.17_{yen} 8.1_%

EPS ---- ROE

 \bigcirc



Operating profit

8.9 bil. yen



Dividends per share / Dividend ratio



(%)

16

12

8

(FY)

60.17

2018 2019 2020 2021 2022



Non-financial highlights (non-consolidated)

(FY)





(inciden

20

15

10

5

Ω





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

2018 2019 2020 2021 2022



88.1



2018 2019 2020 2021 2022

(FY)





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2018 2019 2020 2021 2022

739

(%)

46.7

60

45

30

15

(FY)

Average annual salary of employees · Average age



Ratio of post-retirement re-employment



Average number of annual holidays taken



Number of employees taking childcare leave / Number of employees taking spouse maternity leave ---- Number of employees t aking spouse maternity lea (number) 15 10

(FY)





Strategy for value creation

we will be transfigured to "the company taking on a challenge from the defensive to the proactive" and will realize the increase of corporate value through resolving social issues.

Review of the previous mid-term business plan and FY 2022

Having achieved all managerial numerical targets

In the previous mid-term business plan beginning in FY 2020 (FY 2020 ~ FY 2022), we focused on the following subjects based on our basic policy, i.e., "In order to be transfigured to a resilient company, we will have a linchpin (origin), cultivate human resources, face the issues, and increase value-added productivity":

- Investment in Precious Human Resources
- Maintaining Production System
- Improvement in Value Added Productivity
- Strengthening Profitability in Overseas Construction Markets
- Growth by Resolving Social Issues

Meanwhile, as the external environment surrounding the Group, there were many issues to be handled: restrictions on movement of personnel and impacts on economy due to COVID-19, drastic changes in global situation such as the invasion of Ukraine by Russia, and spikes in resource and material prices. Even under such environments, the Group has worked toward the transfiguration to a "resilient company", by strengthening its finances with achieving the highest profits in FY 2020, and by enhancing its business portfolio consisting of the three businesses, i.e., domestic civil engineering, domestic architecture, and overseas construction. During these three years, we felt that the business portfolio as our key objective started working, in that the business affected by external environment was supported by other businesses, i.e., while overseas construction business was negatively affected by the suspension of construction works due to COVID-19, good performance by domestic civil engineering and domestic architecture business supported the Group overall.

In addition, regarding the activities of Offshore Wind Dept., which will contribute to the realization of carbon neutral society, we are steadily advancing various technical developments, including the consideration of large capital investment such as the construction of a self-propelling cable-laying vessel, and the deepening of the collaboration scheme with Mitsui O.S.K. Lines, Ltd.Through such activities, we have achieved all managerial numerical targets set in the previous mid-term business plan. Thank you very much.

ntative Director. President Haruhisa Obayashi

nview

Top message

21 1

Toward the 100th anniversary of the founding,



Previous mid-term business plan

🗢 P.19

About the new mid-term business plan

nterview

Transformation of our business strategy from the "defensive" to the "proactive"

The achievement of managerial numerical targets in the previous mid-term business plan was an extremely meaningful goal for the Group. That is because the term was positioned as the final stage to finish "strengthening financial basis", which was a prior and existing business challenge of the Group, i.e., so-called the "defensive" portion. The achievement of this goal enabled us to shift to the "proactive" stage as the original purpose, e.g., "Challenge for Growth" and "Realization of Growth Driver". The five-year mid-term business plan starting in FY 2023 (2023-2027) was established with the strong prospect of the transformation from the "defensive" to the "proactive" and "challenge".

Specifically, the five years of this mid-term business plan is very important period for making the final preparation before our offshore wind power business as a growth driver of the Group contributes to the bottom line of the Group after the full-scale commencement. The Group aims to be a leading company in this business area and contributes to the realization of carbon neutral society, by unstintingly and effectively investing in human capital, technology development and fund for growth in offshore wind power business more than ever, and by establishing firm collaboration schemes with various domestic and international partners.

The businesses that firmly support this preparation period of offshore wind power business are our domestic civil engineering business, domestic architecture business, and overseas construction business

In the domestic civil engineering business, we will build more solid foundations of business, by focusing on critical infrastructure improvements centered on ports and harbors based on the "National Defense Strategy" as well as the "Fundamental Plan for National Resilience", and by supporting private-sector customers' various activities for the realization of carbon neutral society. In the domestic architecture business, we will continue to strengthen efforts for ReReC® that will improve the sustainability of architectural structures and reduce the life cycle cost, in addition to efforts for logistic facilities and production facilities as our specialty. Moreover, we will contribute to the drastic reduction of environmental load in local society by continuing to actively work on building new refuse incineration plants (environmental facilities). Through these kinds of initiatives, our domestic architecture business will steadily grow.

In the overseas construction business, we will conduct stable operations with reduced volatility, mainly in the Republic of the Philippines, where we have a history of more than 50 years since our establishment. We will establish this business as the thick third pillar of our group's business while contributing to local community development, by working on our specialty such as the improvement of large scale port facilities, the river channel improvement works to drastically reduce flood damage in a flood-prone area, and the large scale factory construction works for which we have achievements of approximate 300 buildings.

In order to ensure this "proactive" business strategy, we will also tackle the enhancement of management foundation, by obtaining and cultivating various precious human resources and making company-wide efforts for ICT*1/DX*2.

Engagement in sustainability

Toward hiring of various precious human resources for new challenges

Our corporate identity provides "devoted to customer and public society with new and productive technology", which indicates our fundamental policy of our efforts for sustainability. For example, the aforementioned offshore wind power business is consistent with this policy, and therefore, we are advancing efforts because of a strong drive to contribute to prevention of global warming with "new technology". Since offshore wind power business in Japan is still in the early days, and because of characteristic geographical features as well as climate &

Medium-term business plan(2023-2027) P19

Offshore wind power business P23

Domestic civil engineering business - Special feature P.25-28

Domestic architecture business Special feature P29-32

ReReC® P.30

Overseas construction business - Special feature P.33-36

*1 ICT Information and Communication Technology A collective term for the related technologies in the area of information processing & information communication

*2 DX Digital Transformation An abbreviation of digital transformation. An international organization that recommends establishment of competitive advantage by reforming not only business model itself, but also even organization, corporate culture, and corporate climate.

Engagement in sustainability

■ P51-52

nautical conditions, it is difficult to build large facilities with existing technology and knowledge. However, we are making efforts to overcome a number of hurdles, based on our construction technology for marine civil engineering that has been cultivated since the foundation as well as our construction achievements.

On the other hand, it is needless to say that precious human resources is most important for us to challenge new approaches for the realization of sustainable society. In order to do this, it is also necessary to recruit various precious human resources including women and foreign people and be transformed to an organization that respects new paradigms. In addition, there are more diverse requirements for companies such as the TCFD*3 and the TNFD*4, or respect of human rights in a supply chain, and, the importance of engagement in sustainability is increasing more and more. We will thoroughly inform each and every officer and staff of the importance of this matter at training sessions so that they will act accordingly.

Message for stakeholders

For further increase of corporate value toward the 100th anniversary of the founding

In the construction industry including the Group, in addition to the realization of carbon neutrality, there are also other urgent issues such as the "Reform of Working Practices" accompanied with the "Overtime Cap" to be imposed in FY 2024 and the "Securing the Rising Generation" due to decrease in newly employed personnel in the construction industry. Unless people working in the construction industry or the Group cannot truly realize their happiness, we cannot say that we are "devoted to customer and public society" as mentioned above. Since the Group's managerial linchpin is always the Group's corporate identity, we will directly address and definitely resolve this issue. We will continue to make efforts to increase corporate value further toward the 100th anniversary of the founding in 2029, and we are looking forward to your continued support.



Hiring of various precious human resources ➡ P.64

Respect of human rights P.65

*3 TCFD

Task Force on Climate-related Financial Disclosures Task Force on Climate-related Financial Disclosures, An international organization that recommends specific disclosure of tackling to climate change by companies

*4 TNFD

Taskforce on Nature-related Financial Disclosures

Taskforce on Nature-related Financial Disclosures. An organization that aims to establish the framework for evaluation and disclosure of impact by economic activities of companies on natural environment and biodiversity.

Reform of	Working	Prac
➡ P.62		

Securing the Rising Generation P.63

Corporate Identity P01

Clients

Customers

Intellectual capital

Number of patent applications 15

▶ P.25.27.33.35



Value Creation Process

Toyo Construction Group, based on the "Corporate Identity", has contributed to resolving various social issues through its construction business.

In FY 2023, we start the new mid-term business plan, and will be transfigured to a resilient company and contribute to the realization of sustainable society.



Employees

Regional

Collaborative value creation with stakeholders



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atural

Global

Universal target Realization of sustainable society

Sustainable development of Toyo Construction

Outcome

Financial capi	tal	Hu	ıman capital	
Consolidated net sales16Domestic civil engineering10Domestic architecture10Overseas construction12Real estate10Others12	58.3 bil. yen 77.6 bil. yen 67.5 bil. yen 22.5 bil. yen 0.4 bil. yen 0.2 bil. yen	Employment of the handid Ratio of post re-employm Percentage positions of Rate of male	t rate capped t-retirement ent of women in gene new graduates e childcare leave	2.84% 88% ral 11% 34%
Operating profit	8.9 bil. yen			
Ordinary profit	8.5 bil. yen	Social	& related capi	tal
Current net income ROE Dividends per share	5.6 bil. yen 8.1% 25 yen	Letter of cor & Appreciati Number of c	nmendation on received omplaint manage	76 ment 0

Natural capital

Final disposal rate 2.4% of construction waste Reduction rate of CO₂ emission (vs. FY 2013) Scope1.2

45.7% (Land civil engineering work) 30.2%(marine civil engineering work) 41.5% (Architectural construction work)



Output

(Goods & services generated in business activities)



Results of FY 2022 as of March 2023 Consolidating only financial capital

Making the big transformations of management, and evolving further into a "resilient company" toward the 100th anniversary of the founding

Toyo Construction Group has established the mid-term business plan setting FY 2023 as the first year (the Plan). While succeeding the basic policy of the previous Plan, i.e., "In order to be transfigured to a resilient company, we will have a linchpin (origin), cultivate human resources, face the issues, increase value-added productivity", we will extend the term of the Plan from traditional three years to five years to steadily implement and realize the big transformations of management. Toward the 100th anniversary of the founding in 2029, we will respond flexibly to environment change, evolve into a "resilient company" to tackle the challenging environment by itself, and aspire to our corporate identity, i.e., "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".

Review of the "mid-term business plan 2020-2022"

For the previous Plan, we focused on following five themes based on the "Basic Policy".

- (1) Investment in Precious Human Resources
- (2) Maintaining Production System
- ③ Improvement in Value Added Productivity
- (4) Strengthening Profitability in Overseas Construction Markets
- (5) Growth by Resolving Social Issues

Even affected by COVID-19 and drastic changes in global situation, we accomplished the goals for a second consecutive term from the second preceding year, achieving the highest profits in FY 2020.



• Accomplishing the goals of the Plan for a second consecutive term

- Accomplishing the goals of net assets and capital ratio
- Improving financial health

Mid-term business plan 2023-2027

Themes and their background

In the New Plan, we will make the big transformations of management under the following three themes. In implementing the transformations of management, we have identified our group's business challenges, in recognition of the changes in the business environment and various external environment requested from the capital markets.

THEME 1 Transformation from the "defensive" to the "proactive

Well-balanced utilization of accumulated assets and external capital, and proactive investment in highgrowth areas

THEME 2 Transformation to "more profitable model"

Transforming our business structure into a higher earning capacity, by marking a major move into the offshore wind power business and expanding the Re-ReC®

THEME 3 Transformation to "capital efficient management"

Investing proactively in growth areas, and transforming into capital-efficiency oriented management in consideration of the recent trend for corporate governance

Business challenges imposed by external environment recognition

Business challenges due to business environment changes Acquisition and cultivation of precious human resourc-

- es, and productivity improvement • Technology development to resolve social and environ-
- mental issues
- Establishment of revenue base by balancing between existing businesses and growth areas
- · Sophistication and enhancement of management monitorina system

Business challenges requested from the capital markets

- Improvement of capital efficiency, including utilization of external funds
- Setting of KPI focusing on capital efficiency
- Implementation of proper fund allocation
- Development of optimum disclosure and governance system



Basic policy and priority measures

mestic construction contract field



business



P.21-22

- · Reinforcement of distribution to growth investment

Managerial numerical targets of the "Mid-term business plan 2023-2027"

	Results of the whole company (FY 2022)	company-wide goals (FY 2022)	company-wide goals (FY 2027)
Sales	168.3 bil. yen	192.5 bil. yen	235.0 bil. yen or mor
Operating profit	8.9 bil.yen	10.1 bil. yen	15.0 bil. yen or mor
Current net profit	5.6 bil. yen	6.0 bil. yen	9.0 bil. yen or mor
ROE	8.1 %	8.1 %	12.0% or more
D/E ratio	0.06	around 0.1	around 0.
Shareholder return	25 yen/share	63 yen/share	1st year ~ 3rd year: Dividend ratii 100% / Lower limit 50 ye 4th year ~ 5th year: Continuin aggressive payout based on th equity ratio at 40% / Lower limi 50 ye

Management foundation to support value creation creation



During the term of the Plan, domestic architecture business shares a major portion of profits, however, in the medium-and-long term, overseas construction and offshore wind power will be 3rd and 4th primary sources of revenue.

Domestic civil engineering

Securing a firm revenue base, mainly in the marine works, owing to the good business environment such as National Resilience and National Defense Strategy

Domestic architectural

Strengthening the business model with the interrelation of new construction contracting and new areas of "ReReC®" "non-contracting"

Overseas construction

Committing to the establishment of a local revenue base other than ODA by accelerating the localization. Allocating resources after clarifying the strategic positioning of each country.

Offshore wind power

In addition to in marine works, in order to establish a strong position in the service business related with offshore wind power, we consider and promote any and all measures including M&A and cross-industrial collaboration, from the medium and long term perspective.

Medium-term business plan2023-2027

TOPICS

01

Transformation to capital efficient management

The Group set forth the transformation to "capital efficient management" in the "mid-term business plan 2023-2027". While focusing on "earning power", we will transform our management into more capital efficient one, based on proactive investment in growth areas and in consideration of the recent trend for corporate governance.

- The transformation to capital efficient management means:
- to a new management style positioning "capital efficiency" as an important performance indica While valuing profitability, placing importance on return on investme
- Optimizing growth investment, shareholder return, and balance sheet (e.g., capital and debt)
- Business activities, contract negotiation, and business operations aimed at improving operating cash flow and operating profit

Investment principle

Growth investment

bil. yen or more

Based on the policy of "from defensive to proactive", we will proactively invest mainly in offshore wind power business, establish the revenue base of growth areas, and further strengthen existing businesses.

	Offshore wind power Investment in vessels includ- ing cable-laying vessels P.24	26.0 bil. yen or more~
Growth investment 34	Domestic architec- ture Investment related with ZEB	2.0 bil. yen or more~
bil. yen of more	R&D, DX, etc. • Technical Research Insti- tute (advance investment in technological R&D) • DX/ICT, M&A, etc.	6.0 bil. yen or more~
Other investmen Replacement investm	nt ient in existing assets	4.0 bil. yen
		*Five years total

Capital policy

The Group's previous capital plan focused on building up net assets and bolstering financial health. As a result, it expanded to "capital ratio of 46.7%" and "net assets of 73.9 bil. yen".

Previous capital plan

Focused on building net assets to shore up financial foundation to be able to engage in growth fields





In the mid-term business plan, we will optimize the balance sheet by transforming to the capital efficient management.

Capital policy in the mid-term business plan 2023-2027

Implementing proactive growth investment

- 1 For proactive growth investments, injecting funds including external loans at appropriate levels (with an eye toward using loans up to the same level as competitors)
- 2 While valuing profitability, placing the most importance on return on investment



Shareholder Return Policy

While maintaining financial soundness (capital ratio of around 40%), we will significantly expand the previous return policy and implement proactive shareholder return during the term of the Plan.

Significant expansion of shareholder return

Continuing high-level dividend payout

- 1 st ~3rd year of the Plan: Dividend ratio 100% / Lower limit 50 yen
- 2 From 4th year onward: Continuing aggressive payout based on the equity ratio at 40% / Lower limit 50 yen

TOPICS

02

Offshore wind power business

-Promotion of growth driver

Projects of offshore wind power generation are progressing well mainly in the area of bottom-mounted type, and further together with technology development of floating type and consideration of EEZ expansion, are steadily advancing towards the realization of the 2050 Carbon Neutral in line with the government target.

Setting offshore wind power business as a "growth driver" under such circumstances, the Group is working proactively on capital investment and technology development.

We will participate in various areas such as laying of submarine cables, foundation work of bottom-mounted type windmills, and construction of floating offshore wind power generation facilities expected to become popular after 2030, and contribute to the realization of carbon neutral society.



Self-propelled cable-laying vessel

As the first shot of "Aggressive Growth Investment", we have decided to construct a self-propelled cable-laying vessel. We will ensure our participation in submarine cable-laying projects by strengthening our engineering capability.

	Gross tonnage: approx. 19,000 t Thrust power: approx. 13,000kw
Primary	DPS Class2
specifications	Ship's classification: Class NK
	Accommodation capacity: 90 persons (all private rooms, fully equipped
	with shower a resuborily
Dimensions of Vessel	150 m long x 28 m wide x 12 m deep, max.draft: 7.0 m
Cable tank	Capacity: 9,000 t (including portable-type)
Main/Sub crane	Lifting capacity of 250 t / 100 t (with the rolling alleviation function)
ther equipment	Helideck, 4-point mooring device (for works in shallow sea area)
ullel equipilient	2xROV system, Storage battery system

Collaboration Scheme

The Company and Mitsui O.S.K. Lines, Ltd. established a joint venture for offshore wind power generation business, "MOL-TOYO Offshore Wind Services, Ltd." on October 3, 2023. By combining the Company's extensive knowledge and human resources in offshore construction, as well as its technological development capabilities in offshore wind power generation with MOL's decades of experience in ship construction, ownership, and operation, the JV will meet the demand for work vessels expected to increase at home and abroad, and will make significant contributions to the value chain as an engineering and solutions company that will meet demands in a wide range of businesses related to offshore wind power.

Technology development

The Group is working on technology development to participate in both bottom-mounted and floating types.

Basic technology of bottom-mounted type

"Suction bucket foundation" being developed by the Company and Hitachi Zosen Corporation was awarded an assessment certificate by a third party organization^{*1}.

*1 Review and assessment operations by the Coastal Development Institute of Technology for port-related pri vate-sector technologies





Multi-type suction bucket with multiple buckets



Image of the cable-laying vessel



①Large crane ships ②Transporting vessel ③Cable-laying vessel ④AHTS (Anchor Handling & Tug Supply Vessel, towing) ⑤AHTS (installing anchor) ⑥SEP (Service Operation Vessel) ⑦MPSV (Multi Purpose Supply Vessel) ⑧SOV (Service Operation

The Company is developing TLP*2 dation. mooring foundation technology, oc- *2 Tension Leg Platform cupying smaller space under the sea compared to other floating systems, and causing less impact on environment including fishery. We conducted a demonstration experiment for verification of the workability of large-diameter & long steel pipe piles in a deep water offshore at Ishikari Bay in Hokkaido, which is a great step toward the establishment of design & construction



Floating type foundation technology technologies for TLP mooring foun-



Conceptual illustration of construction demonstration experiment of mooring foundation pile in a deep water



Results of FY 2022

Orders received

102.9 hill year

(bil. yen)		
FY2020		113.1
FY2021	76.8	
FY2022		102.9

• While failing to achieve the annual plan (114.3 bil. yen) due to slowdown in the order receipt as well as design change works during the first half, increasing by 26.1 bil. yen from the previous term by receiving the focused large orders.



· Decreasing by 11.4 bil. yen from the previous term due to the decrease in works brought forward from the previous term and works completed within the

Risks

Opportunities • Promotion of the "5-year Measures for Accelerating Disas-

Risks and opportunities of domestic civil engineering business

- ter-prevention, Disaster-mitigation and National Resilience"
- Expansion of the recyclable energy market based on the CN2050*1
- Increase in defense-related works due to the "National Defense Strategy" by the government
- *1 CN2050: 2050 Carbon Neutral Declaration

FY 2023 business policy

• Promotion of portfolio strategy • Strengthening commitment to offshore wind power business • Promotion of ICT/DX for improving productivity and safety

Message



Strengthening our technological capability and organizational power of the top-class among marine contractors, and promoting productivity improvement. Responding flexibly to environment change and develop safe and secure social infrastructure

Director, Managing Executive Officer, General Manager of Civil Construction Div. and in charge of Safety and Environment Dept. Tatsuyoshi Nakamura

Review of FY 2022

About the market environment

The market environment in FY 2022 for domestic civil engineering remained strong in public construction investments including the 5-year Measures for Accelerating National Resilience. Regarding private-sector capital investments, though some re-examination of business and reviews of reorder time was seen due to price escalation of major raw materials such as structural steel, however, on the other hand, since new demands such as renewal of equipment for carbon neutral were also created, the business environment was generally good as a whole.

Increasing the amount of received order and balance carried by the contribution of large-size works

By winning a targeted large-size project, both of received order and balance carried greatly increased, which will provide a means for future growth.

On the other hand, both completed works and profits underperformed the plan due to the decrease in carried-forward from the previous term and the slackened growth of order receipt in the first half.

Examining various opportunities for entry in offshore wind power business

Regarding the offshore wind power business as our growth driver, while a cost-cutting movement was rapidly increasing, we examined various opportunities for entry including the procurement of the work vessel for oceanic region such as a cable-laying vessel and the collaboration with Mitsui O.S.K. Lines, Ltd., in addition to our development of technologies for lowering cost of the bottom-mounted and floating foundation engineering.

Challenge to be addressed in FY 2023

Increase of corporate value by promotion of portfolio strategy

In order to promote our portfolio strategy further, we will work on 1) for public offshore works, maintaining stable revenue base with our competitive edge, 2) for public works at land, increasing order receipt and profitability by utilizing our strength, and 3) for private works, improving the risk management function in addition to increasing order receipt and profits by deepening customer-oriented sales. By these measures, we will further improve our presence as a pioneer of marine construction, and also contribute to the public society as well as increase our corporate value through our business.

·Accelerating shortage of the rising generation for the construction industry

Operating profit

11.5

6

5.2

• While obtaining some profit from large-size works, de-creasing by 0.8 bil. yen from the previous term due to

decrease in overall completed works

5.2

(bil. yen)

FY2020

FY202

FY2022

108.5

- Social demand for rectification of long working hours
- Uncertainness in private-sector capital investments due to drastic changes in global situation

Measures towards the resolution of social issues

For offshore wind power business, we will significantly contribute to the value chain of offshore wind power generation business by proceeding with design of cable-laying vessels towards implementation in FY 2027, and by realizing participation at various positions such as from construction to O&M*3 with a synergy effect generated by the collaboration with Mitsui O.S.K. Lines, Ltd., in addition to the differentiation by developing technologies for lowering costs such as suction foundation technology or TLP*2 floating mooring foundation technology.

Also, in order to contribute to resolving environmental issues, we will continue to work on the technology to reduce and reuse dredged soil and the technological development of impervious material at an offshore waste disposal site and CO₂ immobilization, and towards carbon neutrality, we will work on technological development to maximize the amount of CO2 immobilized into cement or ground on the work vessel through the recovery of CO2 emitted from work vessels.

*2 TLP:Tension Leg Platform *3 O&M:Operation & Maintenance

Maintaining & advancing of our advanced technical capability of the top-class among marine contractors

In order to solve the shortage of rising generation and realize the reform of working practices in the construction industry, we are working to improve productivity by cultivating precious human resources and utilizing ICT technologies. For the cultivation of precious human resources, we have introduced a mentorship to foster young employees' motivation for higher job performance. In addition, we will newly introduce training programs according to the years since joining the company, in order for young staff to acquire the capability to play a role as a general manager early. For improving productivity, we implemented a follow-up training to deepen the utilization of nine ICT/DX tools installed in the previous fiscal year, and three tools are newly being installed. By digitization in various scenes of business, we realize the operational efficiency and visualizing & sharing of experienced engineers' know-how, and we are working to maintain and improve our advanced technical capability and construction management capability of the top-class among marine contractors as our strength In order to continue being a company that contributes to the society by technologies now and toward the future, we will further accelerate these efforts

Special Contents

Business summary Domestic civil engineering

Efforts to make civil engineering sites more attractive

----- Utilization of ICT/DX tools to contribute to productivity improvement, streamlining, and manpower-saving



Provision of high-quality construction works that meet customer needs

With the keyword of Digitizing "Toyo of Technology", Toyo Construction is promoting the "TOYO DX Vision". For our domestic civil engineering, we are developing various strategies including the further promotion of ICT-ization and DX-ization, the digital device utilization using iPhone distributed to all staff, and the response to the promotion of works utilizing BIM*1/CIM*2 by MLIT. We are working on realizing the attractive civil engineering industry as well as streamlining works at sites, improving labor productivity, and promoting manpower-saving.

Sophisticated DX-ization will dramatically change the future of civil engineering operations

As the urgent issues of civil engineering industry, there are "application of the cap regulation on overtime work" and "improvement of labor productivity", and from the social and environmental aspects, the "carbon neutrality" to prevent global warming, and the "National Resilience & Defense Buildup" with the background of recent intensification of damage and unstable global situation. In order to address these issues, our division is pursuing the ICTization and CIM-ization such as the visualization of construction management in civil engineering works and the establishment of business management system, and is working on the development of new construction technologies and devices merged with digital technology. We believe that by incorporating our long-accumulated experience and know-how into con-

struction technologies after digitization, we will be able to connect them to new construction

methods or construction DX to provide value added, such as automation and autonomy of

work vessels, construction by underwater robot, and platform of construction data. As Gen-

erative AI becomes a hot topic, we would like to increase Toyo Construction's corporate value

further by precisely utilizing the remarkably advancing information processing technique, and

by responding to the DX-ization that is related with not only construction technologies but also



Column

Civil Construction Div General Manager of Technical Solution

Ichiro Osugi

*1 A production system that promotes operational efficiency and sophistication by sharing information of planning, design, construction, and maintenance & management with all staff, through the use of the three-dimensional model utilizing IT.

*2 An initiative aimed at streamlining civil engineering and architectural operations. It was recommended by MLIT in 2012, and effects such as "speedup and sophistication of consensus formation" and "prevention of the occurrence of a trouble by front loading" are expected by the visualization of information by sharing information with related staff focusing on the information management that comprehensively covers whole cycle and the three-dimensional model.

Our target is to raise the level of staff's capability by utilizing digital techniques!

ICT Promotion Section aims to raise the level of staff's capability by utilizing digital techniques. iPhone Pro distributed to all technical staff are installed with various applications such as "streamlining-related/remote-related/construction management-related/3-dimensional measurement", and I wish that this will be such a terminal as "extremely cool like the Doraemon's pocket" and anything can be done by just one terminal. In addition, I proceeded with the integration of documents and cloud computing of work data, and then by incorporating "Al Knowledge Retrieval" into this, it has become possible for anyone to easily acquire information everyone wants to know. We can raise the level of staff's capability by starting with converting tacit knowledge into organizational knowledge. I will proceed with this, strongly believing that this initiative to improve work efficiency will inevitably improve our corporate competency and also impose a positive effect on well-being in the office.



Introducing the CIM with generous support. Promoting on-site utilization

The CIM Group of Civil Engineering Dept, supports construction technologies that utilize the BIM/CIM. By introducing the BIM/CIM, we aim for manpower-saving, labor-saving, burden reduction at sites, and improvement of productivity. Since a work utilizing the BIM/CIM enables staff of various areas to have a discussion while monitoring a screen that displays 3D pictures, they can easily share the image of work status, and it is highly expected to improve safety. However, the BIM/CIM is just one of the tools; therefore, the key point is how it is utilized at a construction site. While watching closely the movement of MLIT, in order for everyone to easily use it with further advancement of our original efforts as a business transformation tool, we will make various technical proposals and implement our generous support.

"Visualization by 3D" to improve safety and productivity

At our site, we are proceeding with the work by repeating split construction while operating the container yard. When we provided a work area for multiple users of the container yard, I explained it by using the CIM model. The explanation visualized by 3D helped them intuitively understand the real height and rerouting of trailers, which is difficult for them to understand by using a plan (2D). This explanation strongly contributed to the mutual consensus building. Moreover, in an area under strict security control such as a restricted area, a drone carrying laser equipment helps us collect the point cloud data and we can transform them into 3D, which is expected to provide many opportunities for utilizing CIM model. While leaving to the digital what it can do, we will let our staff focus on their work process and safety and proceed with works with higher productivity.



data-driven by information analysis or sales know-how.



Civil Construction Div Technical Solution Dept. Assistant General Manager and Deputy Manager of ICT promotion Section Takashi Shirakawa

Example of work progress control by iPhone Pro

- · Easy control of bar arrangement by the SVGtype corresponding to lavering
- Automatic sorting of photos & collaborative work by multiple people by the cloud computing
- On-site Real-time preparation of work progress / quality control table
- Measuring soil volume of excavation or embankment without fixing (3-dimensional measurement)



Civil Construction Div. Civil Engineering Dept. Manage

Kuratoshi Maeda



Osaka Branch Office Civil Construction Dept., Kobe PI Site General Manager

Toshiyuki Morikawa

Business summary Domestic architecture



Results of FY 2022



62.4 bit voi

FY2021 67.2

• Maintaining good performance in production facilities and logistic facilities Accomplishing the annual plan (60 bil. yen) while decreasing from the previous ter



Increasing by 24.0 bil. yen from the previous term due

crease of construction amount carried-forward

to the increase of ongoing works as well as the in-

Risks

industry

67.5

change of global situation

Operating profit (bil. yen FY2020 2.9 FY202 1.5 FY2022

> Increasing by 1.6 bil. yen from the previous term due to the drastic increases of completed works

• Hike in unit price of construction materials and labor

• Decrease in private-sector capital investment due to the

· Growing shortage of the rising generation in the construction

Risks and opportunities of domestic architecture business

Opportunities

- Expansion of the stock market
- Increasing demand for the architectural structure with high environmental performance such as ZEB*1 or ZEH*2
- Increase of private-sector capital investment accompanied with the recovery of inbound demand

FY 2023 business policy

• Diversification by focusing on the "Stock market (ReReC®*3)" + "Non-contracting"

• Continuous enhancement of the focused 8 areas

• Improvement of work efficiency and promotion of working practices reform by improving business process

Message



tomers

Representative Director, Executive Vice President GM of Architectural Construction Div., in charge of Risk Management and in charge of Safety and Environment Dept. Hiromi Hirata

Review of FY 2022

Accomplishing the plan, while affected by the spike in construction materials

In FY 2022, though some recovery was seen in private-sector capital investment with the end of COVID-19, we were significantly affected by the spike in construction materials and labor cost

In terms of order receipt, in addition to the recovery of private-sector capital investment, because of the results of strengthening the solution sales capabilities to which we had devoted much effort, we accomplished the goal due to good performances mainly in the areas of production facilities as well as logistic facilities as our specialty.

In term of revenue, in spite of the spike in construction materials, both sales and profits increased due to the increase of works carried-forward compared with the previous term and the good progress of ongoing works.

Building up the low environmental-load technology

In our efforts aimed at reducing environmental load toward the realization of carbon neutrality as part of the measures for the future, following the achievement of ZEB Ready*4 for design and construction works of a building for rent in FY 2021, and also in 2022, we made efforts to build up the low environmental-load technology and improve our proposal capability, e.g., we obtained the ZEB Ready on a design stage for an order of production facility, in addition to completing a ZEH apartment building.

Challenge to be addressed in FY 2023

Continuous enhancement of technical capability and cost competitiveness

Changes in external environment are expected to continue, however, even in such a situation, we will enhance our technical capability and cost competitiveness to continue being a company that provides services to be chosen and satisfied by customers.

Aiming to be a reliable partner trusted by customers

We will improve our response capability to meet changing various customer needs through strengthening our approach to various areas such as office buildings or accommodations, in addition to production facilities, logistic facilities, environ-

*1 ZEB:Net Zero Energy Building

- *2 ZEH:Net Zero Energy House *3 ReReC®: The collective term referring to Renewal, Renovation, and Conversion. Toyo Construction's registered trademark for an approach to the whole repair works
- *4 ZEB Ready: Certification for a building that reduces the consumption energy to 50% or less by energy-saving

We will face the changing social needs and continue to contribute to the public society using our advanced technology as well as sophisticated capability to make proposals to commit ourselves to cus-

mental facilities as our specialty. Our business will steadily grow even in market fluctuations and increasingly competitive environments by holding multiple areas of our specialty, and our architectural business will continue to challenge with the motto of becoming a reliable partner through planning, design, construction, and aftercare after completion.

Improving working environment and providing various education programs for securing the rising generation

We also working on maintaining the stable production system. While improving working environment, we are making efforts to secure good skilled workers and build their capacity by introducing the Excellent Foreman System and providing various educational opportunities. In addition, renovating the 10-year educational program carried out to date, we have begun anew the 7-year educational program in FY 2023. Raising the level of contents further than the previous 10-year education, and aiming for young staff to acquire the site management skills required for a site manager by his 7th year, we will contribute to the improvement of technical capability of young staff. Moreover, we will be proactively engaged in streamlining operations by utilizing the ICT tools and BIM at sites, and we will optimize the distribution of our resources by achieving the improvement of staff's technical capability and streamlining of operations, which will lead to the sustainable growth of the company.

Strengthening response capabilities to cope with the stock business (ReReC® business)

We will proactively work on proposals to improve value, not only of new buildings, but also of existing buildings. In addition to creating new value-added by the conversion, we will work on saving energy and reducing the carbonization in production facilities and office buildings, and toward the realization of carbon neutral society, we will provide the optimal solution in every aspect of architecture and aim for the architectural business that contributes to the public society.

Special Contents

iness summarv

Fulfilling customers' desire from a software and hardware perspective, based on the extensive experi-ence in new construction of university buildings

- New construction work for Tokyo Information Design Professional Un versity, The Jikei Group of Colleges



Provision of high-quality construction works that meet customer needs

The Company was in charge of the design and construction of Tokyo Information Design Professional University that opened in April 2023, and created an unprecedented place of leaning and gathering with the exterior appearance integrating design and functionality based on the concept of "space to cultivate creativity and communication skills", the cheerful and easy-to-get-around interior space, the specious patio, and the landscape design in harmony with its surroundings.

Constructing facilities to forge the future by meeting the needs of the times with the experiences and technical capabilities

Business Dept. 3 is in charge of private houses and medical/welfare/educational facilities. For school facilities, since the intention of individuals such as chairperson or president are quite often reflected, communication capability is important not only for sales representatives, but also staff in charge of design or construction. For this project, we take pride in having built a satisfactory facility,

in that each of our staff proceeded with a series of function being particular about his own function, i.e., the sales representative fully understood the client's thought, and the Design Dept. carefully established the designs, then the Construction Dept. specifically built it.

Given the aging of the population and the low birthrate, student recruitment is the highest priority issue for a newly established university, therefore, for getting students, it will be a great advantage to build attractive facilities excellent in design and with high functionality. On the other hand, nowadays, the baby boomers become the old-old (person in later old age: 75 or older), and the importance of welfare facilities is increasing.

By enhancing knowledge of the assigned area and contributing to everybody, I will continue to perform my function as a pillar to support the future of Toyo Construction.



Column

Architectural Construction Div. General Manager of Business Dept. 3 Kenii Okamoto



Architectural Construction Div. Business Dept. 3 Assistant General Manager Atsushi Kashimura

Solving various problems by making full use of the empirical value obtained from building universities

In order to establish a university, an "Approval of the Establishment of Universities" must be obtained from the Minister of Education, Culture, Sports, Science and Technology.Accordingly. our department supported the owner by using our accumulated substantial experience to facilitate the approval process and the on-site review by the council. As a result, the approval was successfully obtained in spite of the tight schedule, which brought us a great joy. Also, since there was a huge apartment complex around the site, we held hearings to explain the construction work thoroughly and sincerely. We felt that we were able to provide such facilities loved by the community because we were able to conduct the works based on the evaluation by the residents, which brought us another joy. We certainly hope that a new community centering on the new university integrated with the area is born and will grow more and more.



Architectural Construction Div. Architectural Design Dept. Assistant Manage Satoshi Kashimoto

Creating a space to cultivate creativity and communication skills

For the design, I paid a lot of attention to "brise-soleil (solar shading device)", where the vertical and the horizontal intersect. Since the university is surrounded on all sides by residential apartments, we configured it to establish compatibility between the functionality of gaze control & solar shading and the shaded design. Also, the external environment by

design is also quite distinctive.

Sticking to the plan for the allocation of glass opening and softscape as well as the composition of tree species in addition to the lighting, we created a sense of unity where the interior is connected to the exterior space and further to the adjacent park. We would be happy if this could be a place for cultivating free thinking and rich emotions of students while enjoying the comfortableness of spacious and easy-to-getaround space.

To be a university as the model school of professional university

Since its foundation, under the mission of "contributing to the society through professional education", we have developed human resources, confirming the significance of our 3 principles of "Practical Education", "Human Education", and "International Education". A professional university is a university that focuses on professional education and develops human resources who have both rich creativity and practical skills required by the society. I aim to create a university that will be an excellent model school of professional university as a new type of school, collaborating with President Ryoji Chubachi, and now, I am most grateful for the construction of beautiful school buildings for the realization of the desire

the landscape design and the lighting



Kanto Architectural Construction Branch Office Construction Dept. New construction work for Tokyo Information Design Professional University General Manager

Hideki Shinzaki

Integrating design and functionality by the special construction

For the west front facade representing the university, the south building is finished with white aluminum expand metal with the concept of technology. and the north building is finished with woody vertical louver with the concept of nature. Being particular about this project, we used our construction achievements and experience to build the residential apartments we worked on in the past, e.g., to construct the building to be used beautifully for a long period by not only embodying the design through the introduction of various new materials and details, but also giving consideration to antifouling property and weathering performance by applying photocatalytic clear coating and fluorinated clear coating. During the construction, we adopted the ivy-print temporary enclosures and the LED sign panel with luminance sensor to care for the neighborhood as well as secure safety



Chairperson of the Jikei Group of Colleges Dr. Kunihiko Ukifune

Business summary Overseas construction



Results of FY 2022





Completed works

22.5 bil ven

 Accomplished the plan by receiving one new order in Indonesia, despite of a reactionary fall to the largesize order receipt in the previous term. Good per formance in receiving orders by CCT, our overseas subsidiary in Philippines

Good progress of ongoing works mainly in Philippines; increasing by 3.5 bil. yen from the previous term

Risks and opportunities of overseas construction business

Opportunities

- Economic recovery of the target county after the settlement of the COVID-19
- Increase of new investment in the target country

Risks

18.9

22.5

• Global spike in material price Foreign exchange volatility • Default in the target country Securing and developing local staff

Operating profit

(bil. yen)

FY2021

FY2022

FY2020 _0.5

• Decreasing by 1.4 bil. yen from the previous term due to recording the defect repair costs for the completed

works in the past fiscal year

1.6

FY 2023 business policy

• On-site capabilities and negotiation skills to enhance business foundation • Unification of the organization by activation of communication • Community-based business development and deepening of the local network • Planning of local business strategies and sales approach based on the strategies • Promotion of foreign precious human resources and cultivation of young staff

Message

We will develop community-based business, and contribute to the target country's economic development through infrastructure improvement





Representative Director, Executive Vice President GM of Architectural Construction Div. in charge of Risk Management and in charge of Safety and Environment Dept.

Hiromi Hirata

Review of FY 2022

Revenue significantly affected by the spike of construction materials

In FY 2022, while investments from overseas were activated and economic recovery was accelerated by the deregulation on foreign capital in the target countries to attract vigorous foreign investment after the settlement of COVID-19, the revenues of ongoing works were significantly affected by the spike of construction materials such as structural steel and the strong exchange rate fluctuations.

Cagayan de Oro River Improvement work in Philippines - successfully completed

Though we won a design change work for the ongoing works in addition to an order for port development, order receipt of overseas business (non-consolidated) remained at 9.2 bil. yen, due to the reactionary fall to two river improvement works in Philippines in the previous year. On the other hand, the revenue from completed works was 22.5 bil. yen (consolidated) exceeding by 3.5 billion yen from the previous fiscal year, due to good progress of ongoing works including Cagayan de Oro River Improvement work in Philippines (P.35~36) and architectural construction works of large factories and warehouses by CCT, our overseas subsidiary in Philippines. While operation profit decreased by 1.4 bil, from the previous year due to the repair costs for the work completed in the previous fiscal year (approx 1.1 bil. yen), revenue was secured by improving profitability of each construction work and obtaining payment for price escalation claims.

Achieving the highest profits at CCT, our overseas subsidiary in Philippines

CCT received a factory expansion work at the record high level in 2022, and order receipt was 16.2 bil, ven, the highest level. Also, with good progress on their extensive ongoing works, sales exceeded 10 bil. yen, and in addition, with high profitability of the ongoing works, the current net profit reached a record high for the company. In Philippines, which is the most important base for the Group's overseas business, we will establish a stronger business foundation that is based on the community and generates profits.



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



General Manager of International Div.

Tatsuyoshi Nakamura

Shuichi Aikawa

Challenge to be addressed in FY 2023

Securing a stable revenue base, mainly in Philippines

The Group has business operations in 4 bases, mainly in Philippines as the most important base, Indonesia, Indochina, and Kenya, and is deploying the business model in Philippines having a history for a half century, to other operation bases. We are making efforts to establish a stronger business foundation in each base, by developing the network with local general contractors and suppliers and finding business through matching our technologies or know-how with local needs. During the term of the Plan, we will secure a stable revenue base by deploying our business mainly in Philippines. Also, since active construction investments are expected in our bases including Kenya in Africa as a long-term business development, we will keep on our business activities.

Contributing to the economic development of the region through infrastructure improvement for the target country

The Group have contributed to the realization of a society that is resilient to disasters through the ODA projects for disaster-prevention and disaster-mitigation in Philippines, as well as to the economic development of the country by constructing factories etc. We will continue to make our contribution to Philippines, Also, we are deploying the know-how for regional contributions accumulated in Philippines to other operation bases

CCT has started civil engineering business in the private sector in addition to the architectural business as a big pillar, as a new source of earning. Same as in the architectural business, we will establish a management system mainly consisting of local staff, and promote the collaboration with local partners to increase profit through the expansion of opportunities for receiving orders. In addition to the architectural business, by establishing the business of civil engineering, we will firmly establish our position as the No.1 Japanese construction company in Philippines.

Strategy for value creation

Special Contents

Business summary Overseas construction

Protecting people's safety by river channel improvement works, and contributing to improving Quality of Life of the area around

Provision of high-quality construction works that meet customer needs Contribution to disaster-prevention and disaster-mitigation Realization of attractive construction industry



itive photo of Mr. Aikawa GM) and Mr. Ito (GM) (center), and staff

Philippine, suffering from severe flood damage recently due to typhoons. Particularly, at Cagayan de Oro River through the northern part of Mindanao, there are problems in that when it rains, flooding tends to happen in a short time due to its steep inclination and seawater tends to come back at full tide, therefore, as it is deemed urgent, the food prevention work started in May 2019 as a loan aid project of JICA and successfully completed on March 15, 2023.



For this project, we constructed a flood wall with a two-lane road and a promenade. Since the area around the site had so many closely packed houses and was categorized as the stratum having a risk of liquefaction of sandy soil layer up to 20 meters underground, in order to avoid damage such as destruction of structures caused by liquefaction, the static sand compaction pile (SCP) method* was introduced, first in Philippines. During the construction, despite the concern about the impact on neighboring houses due to upward thrust of the peripheral ground by the impact of forced injection of the sand into the ground, we minimized the displacement by conducting observations during and after the construction and with various ideas such as installing cushioning holes to absorb the bulging.

The most important mission of river channel improvement is to protect people's lives, and when we see that the completed road is easing traffic congestion in the city and local citizens are jogging or walking along the promenade, we strongly feel that our work makes a significant mark on Cagayan de Oro and is very well worth doing.

The Company has a history of 50 years here in Philippines, and has fostered many key human resources through various construction works. Although this project was conducted in such a rough time as COVID-19, I am proud that high quality work was done in a short period by collaboration of Japanese staff and local staff as one. We will further use the technologies and creativity cultivated here, and will work on the promotion of projects that will lead to contribution to the society.



Philippines

avan de Oro

International Division, Manila Office Cagayan de Oro River Improvement work General Manage Shugo Ito

Filled with pride in the "world-changing job"

For this project, I was in charge of construction site management (process and quality control, improvement of site environment, etc.) I feel proud of having participated in a high quality work that is quite characteristic of Japanese companies and having engaged in the infrastructure construction and improvement of living conditions. Also, it was most rewarding for me to learn a skill of the SCP method. In the future, I would like to use my experience obtained in the sites in Asia and Africa, and further develop precious human resources who will be competitive in Japan and Philippines, and globally.



International Division, Manila Office Cagayan de Oro River Improvement work Construction Manage **JOJO FABRIGER**

Supporting the project progress placing ultimate priority on the safety of our staff

As an administration staff of International Division, I was in charge of general administration including accounting, general affairs, personnel management, and finance. Since it was a huge project, I felt some pressure as an administration staff though, but, it was more rewarding accordingly. At the site, one's own judgment was always expected; therefore, I think I became able to have more choices, and I feel that my empirical value was steadily increased.

For this construction work, we imported all equipment from Japan due to the application of SCP method, first in Philippines. However, the import happened to be suspended because of an abrupt revision of regulations. Receiving cooperation and advice from the owner and my superiors, I visited frequently the local customs office, various related offices, and even the Bureau of the Treasury office in Manila. Finally, we were able to bring closure to the situation after a half year, which gave me the confidence to overcome difficulties. Moreover, I had to be engaged in extraordinary jobs including the arrangements of evacuation for Japanese staff to Japan due to COVID-19, the quarantine of affected staff and local workers, the preparation of the site protocol after the resumption. However, I am relieved to be able to ensure the safety of staff, the most important.

In the future, I would like to increase successors by telling such young staff who desire to work overseas of my experiences.

*Static Sand Compaction Pile (SCP) construction method

A construction method for soil improvement by pressing sand compaction piles into soft ground such as a sand layer. There are two types: dynamic and static. The dynamic SCP construction method is to create sand compaction piles hit by a vibrator, and the static SCP construction method is to create sand compaction piles without vibration by rotary press-in. For this work, we adopted the static construction method, which is commonly applied to construction works around urban areas, with reduced noises and vibrations, as well as environmentally friendly

To become a bridge between Japan and Philippines, and world

I am engaged in materials procurement, budget control, communication with the owner (e.g., preparation of invoices or discussion paper for variation) at Manila Office. Even though various problems occurred in this project including the spike of materials, it was an extremely valuable experience for me to proactively negotiate with the owner and control costs successfully. Also, I prepared the site protocol and learned a lot from the experience of working as a bridge between Japan and Philippines while watching the situation of the site. Connecting this experience to my job in Asia and Africa regions, I keep working so that I can further contribute to the international society.





nternational Division. Manila Office Cagayan de Oro River Improvement work Assistant Manage Naoki Shimamura



International Division, Manila Office, Cagavan de Oro River Improvement work Engineering Manage **ALMA ALSON**



We will optimize our corporate governance structure and aim to increase our corporate value as well as expand the common interest of shareholders.



Representative Director, Chairman

Shinya Yoshida

What is expected of the new board of directors

The Company has begun a new board of directors through the 101st annual general meeting of shareholders held on June 27, 2023.

At the annual general meeting of shareholders, several director candidates were proposed as a shareholder proposal from the Company's largest shareholder, and after the consultation at the shareholder meeting, 13 directors, including those directors supported by the Company, were elected. A new board of directors both in name and reality was established, including 3 directors reappointed and 10 other directors newly appointed. At the board of directors meeting held on the same day, I was appointed as the representative director chairman and also as the chairman of the board of directors. The structure of the board of directors is composed of 6 inside directors and 7 outside directors, with a majority of outside directors. Each of the elected directors not only has a wealth of experience and extensive knowledge, but also is making the best efforts to "increase the company's corporate value" as well as "maximize the common interest of shareholders".

The new board of directors, in consideration of the process of directors election, is fully aware that our shareholders specifically expect us to enhance our corporate governance structure and realize the 5-year mid-term business plan which began in FY 2023, therefore, promptly addressed those issues.

Enhancement of corporate governance structure

Promotion of mid-term business plan

For evolution and sophistication of our corporate governance structure

P.19~24

First of all, the new board of directors started with reviewing the corporate governance structure. Organizing the multiple review teams chaired by outside directors, and with the help of an external consultant, we understood the current situation, extracted the issues, and conducted a gap analysis of current and ideal, covering our corporate governance structure and further the management system in business operations. Through those processes, we reached an understanding that we needed to re-establish our corporate governance structure with awareness of the "separation of supervision and execution" more than ever, and held a series of discussions at the board meetings regarding the optimum corporate governance structure for the Company. Consequently, we decided to establish a new corporate governance structure, centered on various measures including that the board of directors shall maintain the structure with a majority of outside directors, that the Director Nomination & Compensation Committee shall have a structure with a majority of outside directors and also shall have an outside director as its chairman, that a decision-making process of business execution with awareness of the separation of supervision and execution shall be re-established, and that the function and positioning of various committees shall be redefined.

Thanks to our directors with various knowledge under the new board of directors, I believe that we have made a significant stride toward the enhancement of our corporate governance structure.

Further, the board of directors carried out the validation of the midterm business plan (5-year plan from FY 2023 to FY 2027) as the core of our management. With the help of an external consultant, we conducted the validation, confirming the preconditions of the plan and the strategy and issue of each business domain as well as making a comparison with the mid-term business plans of our competitors published at the same period as our mid-term business plan.

In this validation, since there are still uncertainties in the surrounding environment, the board of directors quantitatively recognized the influence of such uncertainties on our business planAs a result, we confirmed that our mid-term business plan is considered reasonable as the business perspective for 5 years at this moment and also is reasonable as the target level to be accomplished within 5 years, and that we will continue the current management policy and priority measures.

Each business domain is consistently implementing the measures of the mid-term business plan, and the performance by the 2nd quarter of FY 2023 is progressing, as disclosed on November 9, 2023.

There is no perfect corporate governance. I think it will keep changing forever along with the historical background or needs of society. We as directors will make our best efforts for the development of the Group to meet the expectations of any and all stakeholders including shareholders by seeking the optimum corporate governance structure all the time, and we are looking forward to your continued support.

Mid-term Business Plan 2023-2027 Corporate Governance P.39~42

Continued enhancement of governance system

Toyo Construction Group's basic policy of "governance

Toward the realization of the Corporate Identity, specifying "Transforming into a company that can take on challenges while continuing to be a resilient company" in the Basic Policy, and particularly, positioning the realization of optimum corporate governance structure as one of the top-priority management issues, we are working on the establishment of effective management structure to respond promptly to the changes in the management environment.

We believe that it will be the foundation of corporate survival as a company trusted by society including shareholders to ensure the efficiency and transparency of management and realize the increase of medium-and-long-term corporate value by promoting an optimum corporate governance structure based on the separation of supervision and execution.

Corporate Governance

Related materiality • Enhancement of governance

History of our corporate governance is as below:

History of Corporate Governance

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	FY2023
Corporate Identity (revised 1979)																				
Governance guidelines												enactm	ent				revised			revised
Chairpersons of the board	Represe Preside	entative D nt)irector,																	Representative Director, Chairman
											1									
													2							
Outside director																			1/3 or n board o	nore of the f directors
																				majority of the board of directors
	2																			
								3												
Outside auditor																	2			
																			3	
																				4
Executive committee (Installed in 1998)																				
												Establis	hed							
Director Nomination & Compensation												2 repres	sentative	directors	+ 1 indep	pendent o	utside dir	ector		
Committee																			2 repres director indepen director	sentative s + 3 ident outside *
Sustainability Committee																			Establis	hed
Risk Management Committee	Establis	hment of	Complia	nce Comr	nittee						Establis	shment of	risk man	agement	committe	e				

*January 2024 3 internal directors + 4 independent outside directors

Outline of Corporate Governance Structure Our corporate governance structure is as below:

Organization chart of corporate governance



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

Name		The board of directors	Director Nomination / Compensation Committee	Executive Committee	Head of Independent Outside Committee
Shinya Yoshida	Representative Director, Chairman	O	0	0	
Haruhisa Obayashi	Representative Director,	0	0	O	
Hiromi Hirata	Representative Director, Vice President	0	0	0	
Mamoru Sato	Director	0		0	
Tatsuyoshi Nakamura	Director	0		0	
Akira Tosaka	Director	0		0	
Takashi Narusawa	Director (outside)	0	0		O
Kazumichi Matsuki	Director (outside)	0			
Taizo Nishikawa	Director (outside)	0			
Masato Uchiyama	Director (outside)	0	O		
Masaharu Okada	Director (outside)	0	0		
Katsuya Natori	Director (outside)	0			
Shinichi Kato	Director (outside)	0	0		
Kiyokata Somekawa	Corporate Auditor (outside)	0		Observer	
Shiho Boda	Corporate Auditor (outside)	0			
Satoko Nonaka	Corporate Auditor (outside)	0			
Koichi Kawaguchi	Corporate Auditor (outside)	0			

Omeans a member, ©means the chairperson, respectively.
 Because the Auditors are obliged to attend the board of directors meeting and state their opinion, they are marked "O".

(as of December 20, 2023)

(as of June 1, 2024)

Established major bodies

Board of Directors

The Board of Directors makes a resolution provided in laws and regulations or the articles of incorporation of the Company, deliberates and decides important matters related to the Company's management, and supervises management through the reports of business execution.

Currently, the board of directors is composed of 13 directors, consisting of 6 inside directors and 7 outside directors and 4 outside auditors, and is chaired by the representative director. chairman.

Board of Auditors

Based on the stewardship responsibility to shareholders, the board of auditors implements audits of business execution of duties by the directors, in an independent and objective position for the Company and the common interest of the shareholders.

Currently, the board of auditors is composed of 4 outside auditors (1 auditor as a corporate auditor), and is chaired by an auditor who is elected by the resolution of the board of auditors. Also, an employee is elected for supporting the duties of the auditors.

Director Nomination & Compensation Committee

The Company establishes the Director Nomination & Compensation Committee as an advisory body for the board of directors, and the members examine the terms of reference relating to the nomination and compensation of directors and executive officers through the process of securing independence and objectivity, and report to the board of directors.

Also, the Director Nomination & Compensation Committee is chaired by an outside director, and with a majority of independent outside directors, we further enhance our corporate governance structure.

For appointing a director, a person who has various knowledge, experience, specialty and insight, and is familiar with our business activities is supposed to be elected. The majority of directors are elected with the direct referral of shareholders at the shareholder meeting, and is not examined by this Committee.

Executive Committee

The Executive Committee is established as a decision-making body for execution delegated from the board of directors, and deliberates and decides the business execution policy and the judgment on a certain size of project.

This Executive Committee is composed of Executive Officer Chairman, Executive Officer President, Executive Officer Vice President, the general manager of MX Promotion Div., the general manager of Administration Div., the general manager of Civil Engineering Div., the general manager of Architectural Construction Div., the deputy general manager of Civil Engineering Div., the deputy general manager of Architectural Construction Div., and the general manager of Business Planning Dept., and is attended by one corporate auditor as an observer.

Also, following committees are established as advisory bodies for the Executive Committee.

- Risk Management Committee (refer to p.47)
- Sustainability Committee (refer to p.52)
- Project Review Committee

The Project Review Committee is composed of the chairman and members elected by the Executive Committee, and deliberates the matters expected to significantly affect the management as well as conducts the preliminary review for decision making regarding development projects or order acceptances.

Effectiveness evaluation of the board of directors

The Company conducts a questionnaire on the effectiveness of the board of directors based on the self-assessment of each director and auditor 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 2022 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 some opinions calling for improvement of the meeting administration of the board of directors, e.g., thorough follow-up of the comments raised at the board meeting.

Based on those 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.



Compensation for directors and auditors (mil. ven)(FY2022)

Criteria		т				
	Total amount of compensation	Basic compensation	Performance- based compensation	Non-monetary compensation, etc. (Performance- based stock-based compensation)	Other compensation	The number of eligible officers (number)
Directors outside directors)	211 (32)	165 (32)	31 ()	14 (-)	5 (5)	9 (3)
Auditors outside auditors)	52 (35)	52 (35)	-	-	0 (0)	4 (3)
Fotal Outside officers)	264 (68)	217 (68)	31 ()	14 (-)	6 (6)	13 (6)

Activity status of outside officers (FY2022)

Title	Name	The board o meeting (30	of directors times held)	Board of aud (19 time	itors meeting es held)	Director Nomination / Compensation Committee (4 times held)		
		The number of attendance		The number of attendance	Attendance rate	The number of attendance	Attendance rate	
Director	Yoshio Fukuda	30	100%	-	_	4	100%	
Director	Yutaka Yoshida	29	97%	-	_	4	100%	
Director	Yasuyuki Fujitani*	17*1	94%	-	-	1 ^{*2}	100%	
Corporate Auditor	Jiro Fukuda	30	100%	19	100%	-	_	
Corporate Auditor	Kiyokata Somekawa	30	100%	19	100%	-	_	
Corporate Auditor	Shiho Boda*	18*3	100%	12*4	100%	_	_	

*Appointed as of June 24, 2022. *1 Out of 18 (all)*2 Out of 1 (all)*3 Out of 18 (all)*4 Out of 12 (all)

Structure of compensation

Basic compensation	Performance-based compensation			
Fixed monetary compensation determined based on the index by position	Monetary compensation according to the company's performance on a single-year basis, performance of the depart- ment 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.

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

Directors, Auditors and Executive Officers (as of July 1,2023)



Shinya Yoshida

Representative Director, Executive Officer, Chairman

- 1985 Joined Mitsubishi Corporation 2013 Executive Officer, General Manager of Corporate Planning, Mitsubishi April Corporation
- 2016 Managing Executive Officer, New Industry Financial Business Group April CEO
- 2019 Managing Executive Officer, Officer in Charge of Corporate (domes-April
- tic) & Kansai Branch President, 2019 Representative Director & Managing Executive Officer. Officer in June
- Charge of Corporate (domestic) & Kansai Branch President 2021 Advisor June
- February 2022 Advisor to the Chairman for Special Missions, Nippon Densan Co., Ltd.(currently known as NIDEC Corporation)
- May 2022 Managing Executive Officer, Chief Administrative Officer and Execu-
- tive Officer in Charge of Corporate Planning 2022 Senior Executive Officer, Chief Administrative Officer and Executive July
- Officer in charge of Corporate Planning October
- 2022 Part-time Advisor 2023 Representative Director, Chairman, Executive Officer, Chairman June (current position)



Hiromi Hirata

Representative Director, Vice President Executive Officer

- April 1979 Joined the Company
- 2006 Architectural Construction Div., General Manager of Architectural April Construction Dept.
- 2011 Executive Officer, Osaka Main Office, Supervisor of Architectural April Dept
- 2013 Executive Officer, Deputy General Manager of Architectural Construc-January tion Div. and General Manager of Architectural Construction Dept. 2014 Managing Executive Officer, General Manager of Architectural Con-
- April struction Div.
- 2014 Director June
- April 2016 Senior Managing Executive Officer, General Manager of Architectural Construction Div.
- 2018 Senior Managing Executive Officer, General Manager of Architectural Construction Div. and In charge of Safety and Environment Dept.) April
- 2022 Vice President Executive Officer, General Manager of Architectural Construction Div. and In charge of Safety and Environment Dept. July
- June 2023 Representative Director (current position) December 2023 Vice President Executive Officer, General Manager of Architectural
- Construction Div. and In charge of Risk Management and In charge of Safety and Environment Dept.



Tatsuyoshi Nakamura

Director, Managing Executive Officer

- April 1985 Joined the Company April 2007 General Manager of Tokyo Sales Office
- April 2012 General Manager of Business Dept. 1 of Kanto Branch Office April 2016 Deputy General Manager of Kanto Branch Office and General Manager of
- Business Dept. 1 of Kanto Branch Office April 2018 Deputy General Manager of Kanto Branch Office
- April 2019 Executive Officer, General Manager of Kanto Branch Office April 2022 Managing Executive Officer, Deputy General Manager of Civil Construction Div. (in charge of sales) and General Manager of Kanto Branch Office April 2023 Managing Executive Officer, Deputy General Manager of Civil Construction
- Div. and in charge of Offshore Wind Dept. June 2023 Director, Managing Executive Officer, General Manager of Civil Construc-
- tion Div. and in charge of Safety and Environment Dept. (current position)



Haruhisa Obayashi

Representative Director, Executive Officer, President

1982 Joined the Company

- 2005 Kyushu Branch Office, General Manager of Civil Construction Dept. April
- 2011 Kanto Branch Office, General Manager of Civil Construction Dept. . April
- April 2015 Civil Construction Div., General Manager of Civil Construction Dept. 2016 Executive Officer, Civil Construction Div., General Manager of Civil April Construction Dept.
- August 2017 Executive Officer, Deputy General Manager of International Division and General Manager of Construction Dept. 2019 Managing Executive Officer, General Manager of Civil Construction Div.
- April and In charge of Safety and Environment Dept.
- 2019 Director (current position) 2021 Senior Managing Executive Officer, General Manager of Civil Construc-April
- tion Div. and In charge of Safety and Environment Dept. June 2023 Representative Director, President, Executive Officer, President (current
- position)



Mamoru Sato

Director, Managing Executive Officer

- April
 1994
 Joined the Company

 February
 2002
 Orient Ecology Co., Ltd. (seconded), General Manager of Administra tion Dept.
- Business Administration Div., Manager of Purchase Dept. 2011 April
- July 2015 Manager of Corporate Strategy Office 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 Administra-tion Div. and General Manager of Administration Dept. and General April Manager of Secretary Dept. 2022 Managing Executive Officer
- April
- 2022 Director (current position) 2022 Managing Executive Officer, Deputy General Manager of Business June July June
 - Administration Div. 2023 Managing Executive Officer, GM MX Promotion Div. In charge of Administration Div. and Sustainability (current position)

Akira Tosaka

Director, Managing Executive Officer

- April 1983 Joined Commenced employment at Fujita Engineering Co., Ltd. (currently known as Fujita Corporation)
- April 2008 General Manager of Construction Management Department, Construction Division, Apri
 - 2010 General Manager of Construction Management Department of the East Japan Regional Office & Deputy General Manager of the Kanto Branch, East Japan Regional Office 2012 General Manager of Construction Management Department of the
- April Tokyo Metropolitan Branch & Deputy General Manager of the Tokyo Branch
- 2017 Deputy Chief of Construction Headquarters & Director of Productivity Promotion & Director of Inspection April
- April 2020 Executive Member, Construction Headquarters 2022 Director & Executive Officer, Frontier Construction & Partners Co., . Februarv Ltd. (current position)
- April 2022 Director & Senior Executive Officer, Contec Ltd. (current position)
- June 2023 Director of the Company (current position)



Takashi Narusawa

Director [Independent officer]

ctober	1973	Joined Nomura Research Institute, Ltd.
lovember	1983	General Manager of Investment Investigation Dept. of Nomura
	1000	Research Institute Europe Limited (U.K.)
prii	1990	President of Nomura Research Institute Germany Limited (then)
une	1994	Director, General Manager of Management System Consulting Dept.
pril	1994	Director, General Manager of Consulting Div.
pril	2000	Managing Director, General Manager of Consulting Depts.
pril	2002	Representative Director, Senior Managing Executive Officer and
		General Manager of Consulting Depts.
pril	2004	Representative Director, Senior Managing Executive Officer and
		Supervisor of Business Depts.
pril	2007	Representative Director Vice President, Supervisor of Business
		Depts. of said company
pril	2008	Representative Director Deputy Chairperson
pril	2009	Director Deputy Chairperson
larch	2009	Outside Director of Tokyo Coca-Cola Bottling Inc. (current Coca-Cola
		Bottlers Japan Inc.)
une	2011	Outside Director of The Nisshin OilliO Group, Ltd.
ulv	2012	Senior Managing Executive Officer of Starts Corporation Inc.
une	2016	Outside Corporate Auditor of Ricoh Company, Ltd.
une	2016	Outside Director of Hirata Corporation
une	2018	Outside Director of Hirata Corporation (current position)
une	2018	Outside Director of LOTTE CO. LTD. (current position)
	20023	Director of the Company (current position)
une	2023	Director of the Company (current pOSItION)



Taizo Nishikawa

Director [Independent officer]

April	1979	Joined Ministry of International Trade and Industry (current Ministry of Economy. Trade and Industry)
July	1999	Manager of International Certification Section of Agency of Industrial Science and Technology
July	2001	Manager of International Certification Section of Agency of Industrial Science and Technology
October	2003	General Manager of Electronic and Information Technology Develop- ment Dept. of New Energy and Industrial Technology Development Organization (NEDO)
November	2005	Deputy General, Commerce and Information Policy Bureau of Minis- try of Economy, Trade and Industry
July	2007	Deputy General of Cabinet Office (in charge of Science Technology and Innovation Policies) and Deputy Director of Cabinet Nuclear Energy Policy Office
July	2009	Representative of Tokyo Office of United Nations Industrial Develop- ment Organization (UNIDO) Jan. 2012 Acting Secretary-General and Senio
January	2012	Acting Secretary-General and Senior Managing Director/Deputy Managing Director of said organization
January	2020	Representative Director of Kabushiki Kaisha UNSDGs Consulting Co., Ltd. (current position)
December	2022	Director and Vice Chairman of Machinery and Information Industry Roundtable (current position)

June 2023 Director of the Company (current position)



Kazumichi Matsuki

Director [Independent officer]

April	1976	Joined Mitsubishi Corporation
June	1979	Acquired L.L.M. at Harvard Law School
January	2003	General Manager of Legal Department, Mitsubishi Corporation
April	2007	Executive Member, Mitsubishi Corporation
May	2007	Chairman, The Association of Corporate Legal Department
April	2009	Assistant Officer in Charge of Corporate Affairs & General Manager of
		Compliance, Mitsubishi Corporation
April	2010	Visiting Professor, Graduate Schools for Law and Politics of the
		University of Tokyo
April	2011	Executive Officer, Hokuetsu Kishu Paper Co., Ltd. (currently known
		as Hokuetsu Corporation)
June	2011	Director, Hokuetsu Kishu Paper Co., Ltd. Member of the Special
		Working Group on the Criminal Justice System for a New Era, Com-
		mittee of the Legislative Council of the Ministry of Justice
June	2013	Executive Managing Director, Hokuetsu Kishu Paper Co., Ltd.
June	2016	Outside Director (Audit & Supervisory Committee Member), Dream
		Incubator Inc. Outside Corporate Auditor, Sanden Holdings Corpora-
		tion (currently known as Sanden Corporation)
June	2017	Board Member of Japan Criminal Policy Society (current position)
June	2018	Outside Director, Anest Iwata Corporation
March	2019	Outside Director, Nissha Co., Ltd. (current position)
March	2020	Executive Member, Japan International Dispute Resolution Center
		(current position)
June	2020	Outside Director, Anest Iwata Corporation (Auditor and Supervisory
		Committee Member) (current position)
June	2023	Director of the Company (current position)



Masato Uchiyama

Director [Independent officer]

April	1978	Joined Electric Power Development Co., Ltd. (J-Power)
March	2005	General Manager of Energy Operation
June	2009	Executive Officer & General Manager of Energy Operations Depart
		ment
December	2011	Managing Executive Officer
June	2013	Managing Executive Officer
June	2015	Director & Executive Vice President
June	2016	Representative Director & Executive Vice President
April	2019	Representative Director & Vice President Executive Officer
June	2023	Director of the Company (current position)

Directors, Auditors and Executive Officers (as of July 1,2023)



Masaharu Okada

Director [Independent officer]

- 1979 Joined Taisei Corporation 1996 Construction Work Site Manager, Kanto Branch
- August October 2005 General Manager of Construction Department, Kanto Branch
- 2009 General Manager of Sales Department, Kanto Branch (Construction) June
- 2013 Executive Officer & General Manager of Kanto Branch 2015 Managing Executive Officer & General Manager of Construction April
- April
- Sales Division, Taisei Corporation 2020 Senior Executive Officer & General Manager of Construction Sales June
- Division III, Taisei Corporation
- 2020 Advisor April June
- 2023 Director of the Company (current position)

Shinichi Kato Director

[Independent officer]

- 1986 Joined the Mitsui Bank, Ltd. (currently known as Sumitomo Mitsui April
- Banking Corporation) 1998 Deputy General Manager, Structured Finance Department, Tokyo August Branch, Credit Lyonnais (currently known as Credit Agricole CIB) General Manager of Sales Development Headquarters, GE Capital
- Apri 2004 Leasing K.K. (currently known as GF Japan K.K.)
- 2007 General Manager, Leveraged Finance Department, Tokyo Branch, July
- Calyon Bank (currently known as Credit Agricole CIB) 2011 Chief Financial Officer, Tokyo Star Bank, Ltd. June December 2016 Managing Director & COO, Equis Energy Japan K.K. (currently
- known as Vena Energy Japan K.K.)
- December 2017 Business Development Director Acacia Benewables K.K.
- 2018 Representative Director & CEO, juwi Nippon Energy K.K. July 2019 Japan Chair & President, RWE Renewables Japan G. K June
- March 2022 President & CEO, Progression Energy Japan G. K. (current position)
- 2023 Director of the Company (current position) June



April

Julv

Katsuya Natori

Director [Independent officer]

- 1986 Joined Masuda & Ejiri (currently known as Nishimura & Asahi)
- June
- July
- Joined Davis Wright Tremaine
 Joined Wilmer, Cutter & Pickering
 Joined Esso Sekiyu K.K. (currently known as ENEOS Corporation) Joined Apple Computer, Inc. (currently known as Apple Japan G.K.)
 Director, Sun Microsystems K.K. (currently known as Oracle Informa-January
- January
- tion Systems (Japan) G.K.) 2002 Executive Officer, Fast Retailing Co., Ltd. March
- January 2004 Director & Executive Officer, IBM Japan, Ltd.
- April 2010 Executive Officer
- February 2012 Established Natori Law Office Head of Natori Law Office
- April 2012 Outside Director, Olympus Corporation
- March 2015 Outside Director, MODEC, Inc.
- 2016 Supervisory Officer, Global One Real Estate Investment Corporation Aril (current position) 2019 Outside Director, Recruit Holdings Co., Ltd. (incumbent) Outside June
- Corporate Auditor, Pasona Tquila Inc. (currently known as Circlace Co., Ltd.) (incumbent)
- 2020 Outside Director, Recruit Holdings Co., Ltd. (current position) Outside Corporate Auditor, Pasona Tquila Inc. (currently known as Circlace June Co., Ltd.) (current position) December 2020 Managing Partner, ITN Partners (current position)
- 2021 Outside Director, Tokyo Rope Mfg. Co., Ltd. (current position) 2023 Outside Corporate Auditor, Hino Motors Ltd. (current position) June
- March
- June 2023 Director of the Company (current position)



Satoko Nonaka

Corporate Auditor [Independent officer]

April	1995	Registered with the Tokyo Bar Association Kawabata Law Office
April	1999	Managing Lawyer, Tokyo Ginza Law Office
April	2009	Instructor of Civil Defense at The Legal Training and Research Insti-
		tute of the Supreme Court of Japan
October	2013	Bar Examiner for New Bar Examination & Preliminary Bar Examina-
		tion (Code of Civil Procedure), Ministry of Justice
February	2018	Managing Lawyer, Nonaka & Kawarabayashi Law Office (current
		position)
June	2019	Outside Director, Fukuyama Transporting Co., Ltd (current position)
June	2023	Corporate Auditor of the Company (current position)

Executive Officers

Executive Officer, Chairman

Shinya Yoshida

Executive Officer, President Haruhisa Obayashi

Managing Executive Officer

Narumi Motosugi GM Osaka Main Office

Mamoru Sato

Tatsuvoshi Nakamura

GM MX Promotion Div. In charge of Administration Div. and Sustainability

Atsuhiro Tadokoro In charge of Civil Engineering GM Civil Construction Div. and In charge Executive Officer

Atsushi Miyazaki

GM Administration Div

Manabu Tokita

Deputy GM MX Promotion Div. GM

Business Planning Dept. and PR Dept.

of Safety and Environment Dept. Akira Tosaka

Deputy GM Architectural Construction Div.

Akira Tateshita GM Kanto Branch Office

Takayuki Goto GM Kanto Architectural Construction Branch Office

Corporate Auditor Independent officer]

Kiyokata Somekawa

- 1978 Joined The Industrial Bank of Japan, Limited April
- 2002 Advising Officer, International Planning Department, Mizuho Corporate April 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, Mim bo Securities Co... Ltd.
- 2010 Full-time Audit & Supervisory Board Member June
- June 2012 Director and President, Mizuho Real Estate Inspection Services Co., Ltd. etired 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)



Corporate Auditor Independent officer]

Shiho Boda

- 1988 Joined Yamaichi Securities Co., Ltd.
- 1992 Joined Salomon Brothers Asia Limited (currently Citigroup Global August 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)
- 2020 Joined SAKURADA DORI PARTNERS (current position) April
- March 2022 Outside Auditor of DAIZ Inc. (current position)
- 2022 Corporate Auditor of the Company (current position)
- February 2023 Outside Auditor, Metaplanet Inc. (current position)



Koichi Kawaguchi

Corporate Auditor [Independent officer]

April February	1982 2001	Joined ITOCHU Corporation Representative Director and President of ColinQ Corporation
April	2006	General Manager of Coal Dept. of Metal Company of ITOCHU Corporation
April	2013	General Manager of Coal, Nuclear and Solar Div.
April	2015	Assistant General Manager of ASEAN and Southwestern Asia of said company, and President of ITOCHU Indonesia
June	2017	Director and Executive Officer, General Manager of Occupational Function Div. and in charge of Compliance of ITOCHU-SHOKUHIN Co., Ltd.
April	2019	Director and Managing Executive Officer, General Manager of Admin- istration Supervisory Dept, General Manager of Administration Div. and in charge of Compliance
April	2022	Director and Officer
June	2022	Officer (current position)
June	2023	Corporate Auditor of the Company (current position)

Vice President Executive Officer

Hiromi Hirata GM Architectural Construction Div. In charge of Safety and Environment Dept.

Executive Officer

Shuya Torii GM Sales Promotion Dept., Architectural Construction Div.

Katsutoshi Ogura GM Civil Engineering Dept.

Mitsutoshi Seya Deputy GM Osaka Main Office and Supervisor of Architectural Dept.

Masahiko Furuichi GM Architectural Design Dept.

Hiroki Fujii GM Chugoku Branch Office

Shuichi Aikawa GM International Div.

Senior Managing Executive Officer

Yoichi Kawashima In charge of Architectural Design

Takashi Gunjishima

Deputy GM Administration Div. and GM Affiliated Business Strategy Dept. Managing Executive Officer

Akira Nagaoka

GM Shikoku Branch Office

Toshiyuki Takashima GM Kyushu Branch Office

Tomohiko Kodama GM Nagoya Branch Office

Yasuo Kotake GM Technical Research Institute Naruo, Civil Construction Div.

Risk Management Related materiali

Continued enhancement of governance system
 Enhancement of information security

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.



Risk Management Committee

The "Risk Management Committee" established at the Head Office is chaired by the Officer in charge of risk management, and is making efforts to prevent the risks, by supervising the Risk Item Administration Table that compiles the pickup of, the evaluation of, and the response to the management

Risks of businesses

- Risk associated with laws & regulations and compliance
- Risk of accidents or disaster during construction
- Risk of defects in products or services
- Risk of M&A without agreement
- Risk of climate change
- Risk associated with production system and securing precious human resources
- Fluctuation in price of construction materials and unit price of labor
- Information security risk
- Risk in overseas business
- Business risk caused by a global pandemic

risks, and by extracting the risks to be jointly addressed by the whole group.

Risks of businesses are picked up as below, and the details of factors and countermeasures are described in the financial statements.

Duties of the Risk Management Committee

- Consideration and proposal of measures to prevent management risk
- Selection of key risks of the whole group
- Consideration and proposal of issues found through the compliance inspection and risk monitoring
- Development and revision of the Compliance Policy
- Decisions on policies of compliance education and risk management promotion
- Understanding of the tendency of various risks (emergency, risk information, whistleblowing, comprehensive audit, consultation, etc.) and instruction to take risk reduction measures
- Instructions and orders to the Risk Management Committee of Head Office and branches, Headquarters Divisions, Head Office and branches
- Activity report to the board of directors (twice or more a vear)

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.

In addition, we quarterly request a condition report of "group risk" associated with its own division from the departments of Head Office and branches, and if any concerned risk is identified, we, led by Legal Dept., will provide proper advice and take appropriate responses. In FY 2022, a measure to manage the reputation risk was requested.

Results of risk monitoring (time)

	FY 2019	FY 2020	FY 2021	FY 2022
Head Office	-	-	-	-
Branches	3	1	2	2
Sales offices	4	5	3	4
Sites	2	1	_	_
Group companies	2	_	1	1
Total	11	7	6	7

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

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

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

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

Results of the training for the targeted attack email in FY 2022

- August in 2022: 1,689 persons
- February in 2023: 1,675 persons

Compliance

Thorough compliance

Basic Concept

It is the basic policy of the Company to act with a sense of values and ethics required as a member of society as well as to meet the needs of society, by observing the laws and regulations and implementing the fair and sincere business activities based on the business ethics. And, by issuing the "Code of Conduct" that should be the standard of business

Compliance Manual

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

Moreover, we require all officers and staff to carry the "Compliance Self-check Card" so that they can always check if their own conduct may be problematic.

Also, we designate every October as the month to enhance promotion of compliance, and accordingly, at all workplaces, we are making efforts to improve awareness of compliance through the implementation of compliance activities such as the confirmation of the Compliance Manual and the Self-check Card as well as discussion, etc.

activities by each and every officer and staff and the "Behavioral Guidelines" that should be complied by all officers and staff, we provide the concrete contents in the "Compliance Manual" and are making efforts as a whole group to promote compliance in order for all officers and staff to always act sincerely and perform their duties.

Compliance 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 sem

inar for our directors, auditors and executive officers, lectured by an outside lawyer.

Results of the compliance training

Type of tra	FY 2019	FY 2020	FY 2021	FY 2022		
New employee	Number of participants	106	82	54	75	
hire	Number of sessions (time)	3	3	2	2	
Stratified training	Number of participants	163	209	223	191	
Stratilied training	Number of sessions (time)	6	6	6	6	
Management *Officers, General Managers of branch	Number of participants	38	42	38	47	
offices, General Managers of Head Office, etc.	Number of sessions (time)	1	1	1	1	
	Number of participants	0	61	0	213	
Sales representative	Number of sessions (time)	0	1	0	2	

Result of management seminar

	Subject covered				
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			
FY 2022	Compliance with the Anti-Monopoly Act	47			

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 questions regarding compliance and harassment once every month, and it 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. We are ensuring transparency, for example, by schedule management of officers and staff on the intranet, prior approval for contact with other company in the same industry, provision of compliance training for those officers and staff who are in charge of sales promotion, and periodic survey on compliance.

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, and was sentenced to a prison sentence of 1 year and 6 months with a 3-year suspension in June 2022. The Company and Tachibana Kogyo Co., Ltd. investigated the cause and considered measures to prevent a recurrence. As a result, we decided the recurrence prevention measures in the table below.

Recurrence prevention measures			
Establishment of Executive Committee	 Discussion by directors, auditors, executive officers, General Manager in charge, etc. whether to submit a tender; strengthening the checking function 		
Review of the decision-making standards, etc.	 Establishing the order management proce- dures while clarifying the decision-making standards 		
Regular full-time directors meet- ing	 Changing from arbitrarily held to regularly held and confirming their duties each other Prompt response to issues or matters that require rectification 		
Review of the organizational structure for compliance	 Establishment of a new post as director in charge of compliance Restructuring of compliance organization Re-publicizing the Compliance Manual 		
Ensuring internal communica- tion	Regular holding of the "Next-generation Committee" as a measure to enhance com- munication between officers and staff		
Strengthening the relationship with the parent company	 A members of the board of directors partic- ipates in the executive officer meeting as an observer and provides advice on business execution Sharing the situations in both sides by mak- ing a regular biannual report to the corporate auditor of the parent company 		

The Group will continue to educate all of officers and staff to improve their consciousness of compliance learning from our past violations, and will further strengthen and expand the compliance inspection.

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

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 2022 was zero, and one for the first half of FY 2023. If a case is reported, we will conduct a factual investigation and handle it in accordance with the company rules.

interview Sustainability Executive officer in charge of sustainability Message

We will make efforts to resolve social issues and exercise the social responsibility as a corporation.



Director Managing Executive Officer. GM MX Promotion Div. In charge of Administration Div. and Sustainability

Mamoru Sato

In order for all of officers and staff to work on the realization of sustainable society with the same consciousness, Toyo Construction established the "Sustainability Committee" in December 2021, and compiled the issues to be resolved in our business activities as the "Materiality of Toyo Construction Group" in August 2022.

In the "Environment", toward the realization of carbon neutral society and the reduction of environmental load, we are working on offshore wind power business as our growth driver and the promotion of ZEB/ZEH, and the reduction of construction waste, etc.

In the "Society", while aiming for the realization of attractive construction industry, working on the development of precious human resources and the securing the rising generation, and improving the workplace environment by reforming the working practices, we are promoting the diversity as well as creating the environment where various precious human resources actively work. Also, in order to fulfill our social mission as a construction company, we are making every effort to provide high-quality construction works and conduct the R&D and technological development contributing to the disaster-prevention and disaster-mitigation.

In the "Governance", conducting a review by our outside directors after the shareholders meeting, we review the separation of supervision and execution, the partial delegation of authority, and the positioning of sub-committees, and will continue our efforts to establish an optimal governance system. In addition, in order for all officers and staff to fulfill the duties with

high ethical standards, we are enriching the education on compliance.

Thus, we are making efforts for the realization of materiality in this way, and we also recognize that the "developing precious human resources & securing the rising generation", which is an urgent issue for the whole construction industry, is still in a severe situation.

Since the shortage of the rising generation at construction sites is becoming a serious problem due to the fast declining birthrate and rapid aging of the population in Japan, we must achieve the "realization of attractive construction industry" to solve the issue, and as shown in the long working hours or outdoor works in tremendous heat or extremely cold weather, etc., the reality is that the work environment of the construction industry is really poor, compared with other companies.

In order to remedy the situation to increase those who wish to work in the construction industry, it is an urgent task to reduce the working hours, secure the diversity, and improve the working environment. The Japan Federation of Construction Contractors is requesting customers to secure the appropriate construction period based on the 8-day off per 4 weeks, and we are getting along with it and making efforts to obtain the consent of customers to set a construction period based on the 8-day off per 4 weeks and an estimate in accordance with the construction period. Also, we would like to make the construction industry more attractive by improving the women-friendly workplace environment for the promotion of diversity, including setting a target to hire women for 20% or more of the hired fresh graduates, expanding the system of childcare leave, and setting up women-only restrooms at construction sites, etc.

The construction industry is expected to be responsible for the infrastructure improvement to ensure the safety and security of the people, and to promote a new approach to contribute to prevention of global warming as typified by the use of offshore wind power. The Company will be working on resolving social issues together with the supply chain, and will fulfill the social responsibility required of a construction company.

Sustainability promotion system

The Sustainability Committee is established as an advisory body of the Executive Committee to deploy business activities based on the "Toyo Construction Group's Basic Policy on Sustainability". The Sustainability Committee is chaired by the director in charge of sustainability, and composed of the general manager of the Civil Construction Div., the general manager of Architectural Construction Div., the general manager of Administration Div. and the general manager of MX Promotion Div. as members, and the Secretariat of the committee is provided by the Public & Investors Relations Dept. Also, as a subordinate organization of the committee, a working group on sustainability is established from time to time.

The Sustainability Committee is held once a half term. In FY 2022, it was held three times, and drafted the Materiality and KPI and the policy on human rights, then finalized them after reporting to the board of directors. As of December 20, 2023, the Sustainability Committee changed its status from a subordinate organization of the board of directors to an advisory body of the Executive Committee. Accordingly, the activities of the Sustainability Committee is reported at the Executive Committee, and the Executive Officer President became responsible for the policy on sustainability and the instruction and promotion of activities.

In order to realize the carbon neutral society and attractive construction industry, we will conduct the preparation, monitoring and improvement of the goals and activities, centering around the Sustainability Committee.

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

For the global environmental conservation, we:

- · Commit to the reduction of carbon dioxide to realize a low-carbon society.
- Work for the reduction & thorough reuse of waste to lower the environmental load.
- Work for biodiversity conservation to maintain a rich natural environment.

For all stakeholders, we:

- Aim to earn customer satisfaction and trust through building a good-quality social infrastructure. Also, in the event of a natural disaster such as a large-scale earthquake, we will get involved in disaster relief efforts in an immediate and organized manner to fulfill our social mission imposed on construction companies.
- Create an attractive working environment by respecting human rights, eliminating any and all irrational discrimination, and promoting reform of working practices and improvement of workplace environment.
- Secure and develop precious human resources as the basis of our business activity through education and training.
- and CSR activities.

For fair and reliable business activities, we:

- Undertake fair and sincere business activities in compliance with laws & regulations and spirit thereof as well as international rules.
- Establish an appropriate governance system that contributes to increasing corporate value. • Make efforts to gain a more precise understanding of our business activities by providing corporate information widely to the public.

- 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.

• Contribute to revitalization of local communities and realization of an affluent society through our business activities

Sustainability Materiality of Toyo Construction Group List of KPI progress status

		Materiality	Sub-subject	KPI
			Promotion of construction of offshore wind power generation facilities	Installed capacity of offshore wind power facilities involved with construction
So		Realization of carbon-neutral	Engagement in ZEB/ZEH	Order receipt of ZEB / ZEH-M building
cial problem		society	Reduction of greenhouse gas emitted from business	Reduction rate of greenhouse gas SCOPE1-2 (Reduction rate from FY 2013, primary unit as of construction)
	_		activities	SCOPE3 (Category 11) (Reduction rate of CO ₂ emission from operation of design & construction building)
	F			Number of biodiversity-friendly proposals & design Number of theses publicized on R&D contributing to lowering environmental-load of biodiversity and natural ecosystem
so			Reduction of the load caused by business activities to the	Number of constructions contributing to biodiversity
<u>S</u>		Lowering environmental-load	natural ecosystem	Number of theses publicized on R&D on carbon neutrality and blue carbon
ng t		🤹 🚠 🚠		Number of oil spill accidents Number of claims due to noise or vibration
hrough t		Bin Din	Contribution to the circular economy by reducing construction waste	Recycling rate of construction waste
			Promotion of ReReC®	Number of ReReC [®] proposals for saving energy
Sn				• Order receipt of ReReC [®]
j.		Provision of high-quality construction	Improvement of technological capability and proposal	Number of patent applications
es:		works that meet customer needs	capability to meet customer needs	Number of K&D theses publicized
s ac			Securing quality of construction work	Average mark of the year for construction performance rating (Port works ordered by MLIT)
Ť.	S			Number of letters of appreciation and certificates of commendation on quality (private work)
vities		Contribution to disaster-prevention and disaster-mitigation	Promotion of the R&D and technological development to contribute to the disaster-prevention, disaster-mitigation, and disaster-relief, etc.	 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.
				Number of montings hold by Director Namination & Componentian Committee
		Or attinue of a start start start start	Enhancement of governance	Number of affastivesees surjustice of the board of directors
		Continued enhancement of gover- nance system		Number of energiveness evaluation of the board of directors
				Conducting a review of the governance structure by outside director
	G			Attradence rate of econolising (of table purchas of economy conviced to attend)
			I norougn compliance	Attendance rate of compliance training (or total number of persons required to attend)
			Dromoting offerts of supply shains for ECC	Attendance rate or e-learning on compliance Establishment of CCD producement quidelings
			Enhancement of information accurity	Establishment of Con procurement guidemes
				Number of fatal accidente
			Promotion of occupational safety and health	Attendance rate of education to improve staff's ability
				Attendance rate of e-learning on occupational safety
				Retention rate of new graduates within 3 years
				Turnover rate of new graduates within 3 years
<u> </u>				Number of newly qualified employees
hai				Doctorate
				Professional Engineer, Concrete Engineer, Supervisor of Operation and Maintenance of Offshore & Marine Structure
em		Realization of attractive construc- tion industry	Promotion of developing precious numan resources & securing the rising generation	First-class registered architect
er			booking no hong generation	First-class Civil engineering construction management engineer
Ħ				First-class architectural construction management engineer
Ĕ		10 ====		Number of introduction of ICT/DX tools contribution to productivity improvement
2 L				
sine				Registration rate of skilled worker of consultation Career op System
SS				 Implementation rate of the 8-day off per 4 weeks
ð	S		Improvement of workplace environment	Overtime work hours (all employees including supervisor)
٦,				 Annual vacation days taken by staff at site
da				 Number of installation of comfortable toilet at domestic site (civil engineering)
li				 Number of hired fresh female graduates for major career path
3				 Increase rate of women in major career path (from FY 2020)
			Promotion of diversity & inclusion	Increase rate of female managers (from FY 2020)
		Thorough respect of human rights		Employment rate of the handicapped / Ratio of post-retirement re-employment
				Ratio of post-retirement re-employment
		🔟 🦸 í 🕀		Number of male employees who took childcare leave
			Improvement of understanding & prevention of	Attendance rate of harassment training (of total number of persons required to attend)
			infringement of human rights	Establishment of policy on human rights
				Attendance rate of training sessions on human rights (all employees)
				Establishment of the scholarship system in Kenya and Philippines
				Provision of comfortable toilet overseas
		Realization of sustainable society		Number of times of participation in Eelgrass field development project, etc.
		by CSR activities		Number of beach cleaning activities
				Number of posting of nanoicapped person answork

Target for FY 2022	t for FY 2022 Results of FY 2022		Targets for FY 2023 and Interim Targets
1,500NW or more (FY 2030 (cumulative), recording on construction year)	_	-	1,500NW or more (FY 2030 (cumulative), recording on construction year)
2 or more (Number of proposals: 8 or more)	2 (Number of proposal 4)	⊖(×)	10 (Number of proposals)
SCOPE1-2 / Reduction of 40%	SCOPE1-2 / 44.9%	SCOPE1+2/〇	SCOPE1 • 2 / 40% or more
SCOPE3 / Reduction of 50% Reduction of 65% or more (FY 2030)	SCOPE3 (Category11) / 37.6%	SCOPE3 (Category11) / ×	45% or more (FY2030) SCOPE3 (Category11) / 65% or more (FY2030)
7 or more	7	0	-
3	5	0	15 (cumulative up to FY 2027)
10 or more	6	×	0
3	6	0	20 (cumulative up to FY 2027)
0	0	0	0
0	0	0	0
98% or more	97.6%		98% or more
2	4	0	up to FY 2027)
7 bil. yen	4.6 bil.yen	×	6 bil.yen
15	15	0	20
18 or more	76	0	100 (Cumulative total until 2027)
0	4	×	0
80 or more	81	0	80 or more
10 or more	9		TO or more
10 or more	10	0	40 (Cumulative total until 2027)
A ex more			
4 01 11010	4		
-	- _	_	_
0	0	0	0
100%	100%	0	100%
100%	99%	Δ	100%
_	Unestablished	×	Establishment of the guidelines
0	0	0	0
0	0	0	0
0.5 or less	0.58	×	0.5or less
100%	100%	0	100%
100%	98%		100%
85% or more for 3-year average	/9%	_	
1 or more	0	×	5or more (Cumulative total until 2027)
Increase of 10% from FY 2019 (330 in FY 2019)	327 (-0.9% vs FY 2019)	×	Increase of 10% from FY 2019(365)
3	4	0	3
-	46.5%	-	The pass rate of 2nd examination: 60% or more
20 or more	9	×	The pass rate of 2nd examination: 60% or more
5	9	0	Function addition & Tools installed: 3
100%	60%	×	100%
Civil engineering site: 70%	63%		Civil engineering site:85%
Architecture site: 40%	3%	×	Architecture site:60%
All Sites: no case for 5-day off per 4 weeks of less	3/ hours or less per month / /10 hours or less per year	×	All Sites: no case for o-day on per 4 weeks or less
120 days or more	120 days	lõ	122 days
—	Total of 84 toilets at 59 sites		`
20% or more of hired fresh graduates	11%	×	20% or more of hired fresh graduates
250% (FY 2030)	118%	-	250%
500% (FY 2030)	133%		500%
Mandatory employment rate (2.3%) or more	2.84%	0	Mandatory employment rate (2.3%) or more
	88%	-	—
25%	34%	0	50%
100%	100%		100%
	Established as of April 1, 2023		100%
	- Net conducted	- ×	
	Not conducted	^	
_	13		
_	38 times (total of 285 particinants)		Implementing continuously
-	6 works at 4 sites		
-	318,274 yen	-	

Management foundation to support value creation



Process to identify the materiality https://www.toyo-const.co.jp/en/csr/materiality

Efforts to tackle climate change

Social problem solving through business activities

Basic Concept

Recently, natural disasters caused by climate change are increasing globally and have a major impact on society, including threatening the livelihoods of people. Since it is regarded that such climate change is caused by the global warming due to increase of CO₂ emissions, we, in order to

realize the carbon neutral society, are working on the technology development aiming to reduce the CO₂ emitted from business activities and participate in the offshore wind power* projects.

*Please refer to p.23 for our activities in the offshore wind power

Efforts to reduce CO₂ emitted from business activities

In general, the major emission source of CO₂ emitted from construction sites is heavy equipment and construction equipment used there. For the marine works as our specialty, the main source is working vessels that use Banker A as the fuel. Since it is important for the Company as a marine contractor how to reduce the emission amount of CO₂ during the operation of work vessels, we have been working on the replacement to environmentally friendly engines and the change from Bunker A to light gas oil, etc.In addition, we are developing the technologies to recover and immobilize the CO₂ emitted from work vessels, and at a demonstration experiment, we successfully immobilized CO₂ by producing highly-pure liquefied carbon dioxide and dry ice through the recovery of CO₂ emitted from the diesel generator and then mixing the drv ice into cement slurrv*. In the future, we will develop the technologies to maximize the amount of CO₂ immobilized into cement or ground on a work vessel through the recovery of CO₂ emitted from work vessels owned by the Company, and contribute to the reduction of CO₂ emissions at marine works. In our architectural construction business, we are not only actively working on the construction of ZEB/ZEH and the proposal for energy-saving of existing buildings, but also deploying business activities to prevent the global warming, including building such waste disposal facilities that will emit less CO₂ compared with existing facilities.

Also, for the electricity used at the building occupied by our Head Office and some branches, we introduced the "electricity with the non-FIT and non-fossil certificate" in April 2023. We believe that this will lead to the reduction of SCOPE2 after FY 2023

*Cement slurry: a mixed liquid that is composed of cement and water

Land civil engineering Marine civil engineering Architecture (t-CO2/100 mil. ven) (EV)

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





CO₂ recovery experimental equipment (ReCO₂ STATION and generator)

Immobilizing the recovered CO₂ (dry ice .. right photo) into cement slurry



mage of mounting ReCO₂ STATION" onto a work vesse

Target of reduction rate of CO₂ emission and results



Our engagement in the recommendation of TCFD

The Company is, upon request of the "Task Force on Climate related Financial Disclosures (TCFD)" for information disclosure, considering and responding to the governance related with climate change, the impact and countermeasure on our business, and risk management, etc.

• Governance

At the Sustainability Committee, we consider the action plan concerning sustainability including the response to climate change, review the activity results, and report to the board of directors, and if necessary, examine them.

Strategy

In the construction industry, materials that emit a large amount of CO₂ during the manufacture such as iron or cement are used for the construction of buildings and structures, and since buildings have a long operational life, the energy-saving measures at design time will greatly affect the

Cate	gory	Change of environment		Impact on busi- ness		Measures	
				1.5°C	4.0°C		
Transition	Risks	"Introduction of carbon tax Enhancement of CO ₂ emis-	 Increase in cost due to the addition of carbon tax on construction materials and equipment price 	High		Promotion of decarbonization of construc- tion machinery and work vessel	
in the policies		sion reduction"	•Decrease of private construction investment due to increase in construction cost	l		•Use of low-carbon type materials	
and market	Oppor-	Expansion of demand for	•Expansion of construction investment in offshore wind power generation facilities	Lieb Lev	1.8.1.	•Participation in offshore wind power gener- ation facility construction business	
utenus	tunities construction related newable & recyclab	newable & recyclable energy	 Increased demand for construction to clear the ZEB/ZEH standard 	Fight	LOW	Promotion of engagement in ZEB work	
		Worse working environment	Increase of health damage due to heatstroke, etc.			Promotion of creation of comfortable workplace environment	
	Risks at construction site due to temperature rise		•Decline in productivity due to worse working envi- ronment, critical shortage of skilled workers	Medium	High	Promotion of R&D and technological development for work saving at site	
Physical change of disasters		Intensified natural disasters due to global warming		Medium	High	 Establishment of BCP system 	
	Oppor- tunities	Accelerating national resilience	 Increase of infrastructure improvement work such as the measures for accelerating disaster-preven- tion, 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 	

Risk management

All business risks including climate change are discussed and evaluated at the Risk Management Committee and reported to the board of directors twice a year. Our Head Office and business divisions are operating with taking necessary measures to divert and decrease the risks inherent in the operation process.As of December 20, 2023, it was decided that the Risk Management Committee reports at the Executive Committee meeting.

55 TOYO CONSTRUCTION INTEGRATED REPORT 2023 emission amount of CO₂ for the customer. In addition, since we use work vessels fueled by Bunker A, etc. at marine civil engineering works as our specialty, the CO₂ emission amount tends to be more than the amount at land civil engineering works or architectural construction works. In such a background, we, based on the guidance recommended by TCFD, are analyzing and evaluating the impact of climate change on the Company, assuming the business environment up to 2040 with the methodology of scenario analysis. Also, we are considering how we respond to the risks and opportunities of potential influence.

Indicators and goals

The goal is to reduce the CO2 amount emitted during construction works (SCOPE 1 + 2) by 45% or more compared to FY 2013 by FY 2030. (primary unit as of construction) Incidentally, the SCOPE 3 is being calculated based on SCOPE 3 standards, and the results will be published in our website.

CO₂ emissions results

Subject SCOPE	FY2021	FY2022	% change from the pervious FY
SCOPE1+2	57,374 t-CO ₂	47,884 t-CO ₂	▲ 17%

(including administration divisions and research divisions)

Contribution to the circular economy by reducing construction waste

Related material Lowering environmental-load

Basic Concept

Various construction wastes are generated in the process of construction and demolition of buildings and structures. We work on the promotion of the 3R (reduce, reuse, recycle) by focused waste-sorting activities, and thoroughly dispose of the non-recyclable waste in an appropriate manner while

reducing the final disposal volume. In addition, for the delivery of materials, we make efforts to reduce the generated waste by using specified size materials and precut materials to realize the circular economy.

Discharged amount of construction waste

Although the discharged amount of waste per 100 million ven of completed work in FY 2022 slightly increased from the previous fiscal year, the final disposal amount decreased by 0.58t per 100 million to 2.59 per 100 million. As for the recycling rate, though it was 97.6% compared to the company-wide goal of 98% or more, we believe we are mostly implementing the measures properly.

Based on the Act on the Promotion of Recycling Resources Pertaining to Plastics that was enforced April 1, 2022, we set from FY 2022 the targets for the reduction of discharged amount of waste plastics per 100 million ven (discharged amount 2.22t / 100 mil. ven) and for the recycle rate (75% or more) for our operations. As a result, the discharged amount of waste plastics per 100 million ven of completed work was 1.76t/100 mil. yen and the recycle rate was 57.1% for the civil engineering works and 74.7% for the architectural construction works. The main reason for the low recycle rate in the civil engineering works is considered that the contamination preventing film used for water pollution prevention at marine works could not be recycled due to the attached oyster shells.

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 2022 decreased for both civil engineering and architectural construction from the amount in FY 2021. The percentage of the amount of mixed waste discharge* was also below the goal of 13%, and we consider that the appropriate controls including waste-sorting are effectively implemented.

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



Trend in the percentage of amount of mixed waste discharge



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

Recycled amount

The recycled amount per 100 million yen of completed work for FY 2022 was 105.86t per 100 million ven on a company-wide basis, 127.68t per 100 million yen for the civil engineering construction, and 82.76t per 100 million yen for the architectural construction, both of which showed increase of the amount.

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



Reduction of the load caused by business activities to the natural ecosystem Lowering environmental-load

Basic Concept

In order to reduce the environmental burdens caused by business activities and to contribute to protecting and improving the global environment, the Company promotes the

Participation in the utilization of the blue carbon ecosystem

Efforts for revitalization of eelgrass field

Eelgrass is a kind of seaweed that is grown wild in an area of sand at one meter to a few meters below the surface of the sea, and in the past, a lot of eelgrass were flourishing on the beach throughout Japan and called the "cradle of the sea" where various sea creatures grow and lay eggs. As the pollution and reclamation of sea area increased due to population concentration and factory construction with the rapid economic growth, a number of eelgrass fields became extinct. However, recently, the calls for restoration of eelgrass fields is growing due to a review of the importance in terms of fishery and from the viewpoint of environmental protection. The Company, which has consistently been engaged in marine works since its foundation, has been working on the restoration projects of eelgrass fields nationwide for more than 20 years to improve the aquatic environment. For a construction work of an eelgrass field, we are using the "Eelgrass Sowing Sheet" developed by the Company and the "SEADS" as a coastal engineering-wise right-spot evaluation system for construction of eelgrass fields.



Scene of laying of Eelgrass Sowing Sheet

Creation of Blue Carbon Credits

Eelgrass fields play important roles in the creation of aquatic environment by absorption of CO₂ and provision of oxygen by photosynthesis and cleaning water and stabilizing bottom sediment by absorption of nitrogen (causing the red tide) and phosphorus, etc., and the effect to absorb and fix CO₂ is gaining attention as the "blue carbon". Also, Japan Blue Economy Association [JBE] has established the "J Blue Credit®" program that quantify and credit the carbon absorbed and fixed in the marine ecosystem (blue carbon) to accelerate the efforts to mitigate and adapt climate change in the coastal area and oceanic region, which indicates the growing need for the con-

Realization of sustainable society by CSR activities

activities and technology developments that contribute to better environment and conservation.

struction of eelgrass fields. It is expected that the construction of eelgrass field, which had been conducted as volunteer activities, will become a more sustainable activity by the creation of the Blue Carbon Credits.

We have been laying the Eelgrass Sowing Sheet on the coast of Okubo-cho Taniyagi of Akashi city in Hyogo prefecture since 2001 to perform the experimental study for the construction of eelgrass fields, and then, in collaboration with the Eigashima Fishery Cooperative and the incorporated non-profit organization Eelgrass Seed Bank, we are conserving the eelgrass fields as part of the project of "Eelgrass is the cradle of the sea!".

We applied for the J Blue Credit to the JBE, jointly with the Eigashima Fishery Cooperative and others, regarding the absorbing and fixing of CO₂ at the eelgrass field on the coast of Taniyagi in FY 2022, and we became able to create a credit of 6.4t -CO₂ in total. Since the Company purchased the portion held by the Eigashima Fishery Cooperative, we currently have

a credit of 6.3t -CO₂. We will continue the activities to create the same degree of credit every year.



J-Blue Credit Certificates



Extraction of eelgrass seeds at Eigashima Eelgrass seeds



Securing quality

Related materiality • 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

Structure for ensuring quality

Based on the Quality Policy, the Company establishes and operates the "Quality Management System (QMS)" to secure and provide quality to fully satisfy our customers.

Quality Policy

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

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

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

Dealing with feedback & response from customers

As an indicator to measure the feedback from customers, we use the number of received letters of appreciation and certificates of commendation and the "Construction Performance Rating" for public works. In FY 2022, the Number of letters of appreciation and certificates of commendation on quality drastically increased, and also, the Construction Performance Rating was 81 points, increasing by 0.5 points, which indicates that our efforts to ensure quality was highly evaluated.

high quality for people's comfortable and convenient living and for protecting life and property from natural disasters, etc.In order to meet the expectations, we establish and operate systems to secure quality for customer satisfaction.

FY 2022 Breakdown of letters of appreciation and certificates of commendation (number)

Category		Certificates of com- mendation		Letters of apprecia- tion	Total
	Point scoring object for overall judgment	25(11)		21 (8)	58 (35)
QMS-related	Commendation by the government, institution, or academic society	12(16)	37 (27)		
Other than QMS (safety, environment, social contribution)		14(13)		4(6)	18(19)
Total		51 (40)		25(14)	76(54)

*The number shown in () is the number of FY 2021.

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

	FY2019	FY2020	FY2021	FY2022
Number of the sub- ject works (work)	42	39	35	32
Average rating (point)	80.2	79.8	80.5	81.0

On the other hand, while sincerely responding to complaints from customers, we compile the examples and share them on a company-wide basis to prevent the recurrence, e.g., by posting them on the internal intranet. The number of claims in FY 2022 was zero, which indicates the achievements of our various efforts.

Main responsibility category for complaints (number)

Cause	FY2019	FY2020	FY2021	FY2022
Our mistake	6	7	2	0
Subcontractor's mistake in construction	4	1	1	0
Aging degradation, material problem	2	0	1	0
Design problem	0	1	0	0
Insufficient maintenance and management	0	0	0	0
Others	5	0	3	0
Total	17	9	7	0

Contribution to disaster-prevention and disaster-mitigation Related materiality • Social problem solving through business activities

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

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

Data processing platform technology under development

The Infrastructure Data, which is recently disclosed and utilized, is saved in various forms depending on the year and objective of data acquisition. When those data are used for the disaster prevention simulation such as an earthquake response analysis, significant costs, e.g., for shaping of data will be reguired.Our Technical Research Institute (Technical Research Institute, Naruo) is participating in the "City-wide simulation technology research association" initiated by Kobe University and the University of Tokyo, and is conducting the R&D of the DPP (Data Processing Platform). DPP is a technology that can abstract (efficiently utilize various formats) the data format by







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.

automating the data conversion.

Technical Research Institute, Naruo is conducting the R&D of data utilization technology for disaster-prevention and disaster-mitigation with using the DPP.

The efficient utilization of the Infrastructure Data using the DPP will reduce the costs of and sophisticate a disaster simulation that used to be costly, as well as will enable a simulation that assumes various scenarios, e.g., a case where both damage caused by earthquake and tsunami and damage caused by high tide occurred simultaneously, or a simulation from a large-scale disaster to a small-size disaster with high resolution graphics. Also, it will enable to easily simulate the whole area of port, and it is highly expected that it will contribute to business activities by finding the vulnerable area promptly and making a proposal for disaster-prevention and disaster-mitigation

Promotion of occupational safety and health

Related materiality Realization of attractive construction industry

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.



Health & safety policy

Efforts for "zero" accidents within seven days after the new entry

At the Company, about 30% of workers involved in accidents are those who had worked there for seven days or less after their new entry. For this reason, we requested our subcontractors to implement the "Site patrol within seven days of entry" to check if the allocation of new entrants reflects the consideration of age or anamnesis. In addition, being aware that those who had worked there for seven days or less after their new entry tend to be affected by an accident, in order for their colleagues to keep tabs on the new entrants, since FY 2020, we have been promoting to establish a system by which the whole site can follow up the new entrants and to heighten the new entrants' safety consciousness, by various way including the "new-entrant-sticker handover activity" and

the "introduction of new entrants at the morning assembly" etc. Since the number of accidents within one week after the new entry in FY 2022 increased from the number in FY 2021 in which the number decreased to 10%, we will strengthen the measures to heighten the whole site's safety consciousness.



Percentage of the "accidents within 7 days after new entry" to the total number of accidents

	FY2020		FY2	.021	FY2022	
Category	Total number of accidents	Accident accompa- nied by lost worktime	Total number of accidents	Accident accompa- nied by lost worktime	Total number of accidents	Accident accompa- nied by lost worktime
Total (number)	46	8	40	10	62	16
Within 7 days after new entry(number)	14	5	4	1	15	5
Percentage(%)	30	63	10	10	24	31

*FY 2020: beginning of the "new-entrant-sticker handover activity" *Accident accompanied by lost worktime: Total of accidents that require 1~3 days off from work and accidents that require 4 days or more off from work

Education to improve staff's ability(All staff)

The Company provides the education to improve staff's ability for their recognition that every staff should play a role in the safety control. This education aims for zero incident, and for this purpose, the contents to be newly implemented at sites due to the changes in internal rules and laws and regulations to prevent the same type of accident are explained and delivered so that both the construction staff at site and the administrative staff have a common understanding to work together on the safety control.

https://www.toyo-const.co.jp/en/company/securityhygiene

Safety education & training for young staff (new employees, second-year employees)

At sites, skilled workers (workmen) may perform dangerous operations or activities that could lead to accident occurrence, and on such occasions, staff at sites must say "Watch out" to the worker and provide the safety guidance not to overlook the risk of the work. In order to do this, it is vital for young staff to improve the knowledge of safety and the capability of site management, therefore in FY 2023, we started the safety education & training for new employees and second-year employees. The staff of the Safety and Environment Dept. take the initiative in instructing the basic knowledge that must be obtained by young staff at sites and the work contents that are actually embarrassing young staff, in addition to the principle of

respect for people, in order to improve the safety management capability.



Education to improve staff's ability

Risk Simulation Training (construction staff at site in their 3rd year)

Due to technology development in automation of heavy machine or equipment at sites, it has become harder for young staff to understand "what kind of things is dangerous", and we are concerned about the reduction in their ability to sense danger.For this reason, the Company started providing the construction staff at site in their 3rd year with the "Risk Simulation Training" to promote their intuitive understanding such as "seeing, hearing and feeling", by concretely showing the various risks at sites and letting them experience such risks in FY 2021. Through the education, we are reducing the disaster risk by improving the risk sensitivity of staff who does not have much on-site experience.



Risk of stepladde



mpact experiment of a bucket by a turning backhoe

Improvement of workplace environment

Basic Concep

For the healthy development of the construction industry, the Company establishes a friendly workplace environment. Particularly, since we regard the realization of overtime work

Limiting long working hours

Toward the "overtime cap" to be imposed as of April 1 in 2024, we are implementing various measures through the "Expert Committee for Shorter Working Hours" and the "Committee for the promotion of Shorter Working Hours" composed of the labor and management.

As a result in FY 2022, while the number of sites that conduct the 8-day off per 4 weeks increased from the number in FY 2021 in civil engineering works, for which the proportion of public works is high, however, in architectural construction works, for which the main portion is private works falling behind in the five-day work week, the number of sites that conduct the 8-day off per 4 weeks drastically decreased.

The Company will endeavor to ensure reasonable construction period when receiving order of private works, and will limit the long working hours by further proceeding with the following measures.

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
- 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
- Display of closing time target at site

Status of site closing days (%)

	FY2020		FY2	021	FY2022	
Category	8 or more per 4weeks	6 or more per 4weeks	8 or more per 4weeks	6 or more per 4weeks	8 or more per 4weeks	6 or more per 4weeks
Civil engineering	45	76	52	79	63	87
Architecture	10	60	16	63	3	61
Total	37	73	42	75	47	80

Outside-work employee Average annual working hours exceeding the statutory working hours (hours)

Category	FY2020	FY2021	FY2022 KPI	FY2022	FY2023 KPI
Civil engineering	507.6	482.0	All outside-work	465.8	All outside-work
Architecture	517.6	525.5	employees 600 hours or less	557.7	hours or less

Realization of attractive construction industry

reduction and 8-day off per 4 weeks as our important issues, we will implement various measures and increase the appeal of the construction industry.

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

	-	-	-		
Category	FY2020	FY2021	FY2022 KPI	FY2022	FY2023 KPI
Civil engineering	114.5	121.1	All outside-work employees 120	123.8	All outside-work employees 122
Architecture	115.5	116.7	days or more	112.0	days or more

Respond to the diversification of working style

In order to respond to the diversification of working styles, we are promoting the staggered working hours system, leave-taking on an hourly basis, and active utilization of web conference. Also, we are developing a working environment that makes it easy to take the childcare leave or the short hours working for upbringing of children, and we have introduced a system that allows employees to take the partially-paid childcare leave. The rates of taking the childcare leave and the paternity leave significantly increased from those in FY 2021, and we have achieved the goal. For improving the utilization rate by men, we will continue to make efforts to promote the leave taking for subject persons and explain the system to one's superior.

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

Cagegory		FY2020	FY2021	FY2022 KPI	FY2022	FY2023 KPI
Female	Childcare leave	100	100	100	100	100
Male	Childcare leave/ Male childcare leave	19	15	25	34	50

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, part of the health screening fee for the spouse is borne by the Company. However, since the participation rate in health screening is on the decline, we will try to raise the rate by calling to persons who have not taken the health screening or notifying the departmental managers of the status of their subordinates' consultation, etc.

Participation rate in health screening (%)

FY2018	FY2019	FY2020	FY2021	FY2022
67.4	68.0	62.4	62.4	61.1

Human Capital / Promotion of developing precious human resources & securing the rising generation

Related materiality • Realization of attractive construction industry

Basic view on the growth from human resources to precious human resources

Through the education and training, we aim to realize the sustainable construction industry by promoting the "growth from just human resources to the precious human resources", i.e., training the "precious human resources who will be active in each field in the future", as well as by supporting our subcontractors.

Education system & training program

Based on the view that improvement of the ability 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 has worked 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.

From now on, there will be various changes in the environment surrounding the business, e.g., external environment such as social & economic conditions, diversification of people's sense of values and way of working, accelerated evolution of digital technology, and hence, it is easy to imagine that the pace of change will be further accelerating. For this reason, we will, in addition to the above, aim to develop the "precious human resources who can respond to the pace of change and lead it" and the "precious human resources who can make the optimum decision depending on the situation when facing a difficulty (situation beyond anyone's experience, i.e., there is no right answer) ", and based on the verification of the ongoing training program, we will introduce and implement the early development program for young technical staff and the development program for next-generation leaders.

Support for acquisition of recommended qualifications

Civil engineering	Professional Engineer Civil engineering construction man- agement engineer Marine work operation and manage- ment engineer Concrete engineer Fisheries construction management engineer Licensed electrical engineer etc.
Architecture	Registered architect Architectural construction manage- ment engineer Plumbing work operation and manage- ment engineer Electrical work operation and management engineer etc.
Administration	Construction industry accountant Health supervisor Residential land and building trader etc.

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

Training type	FY2018	FY2019	FY2020	FY2021	FY2022
Stratified training	254	369	359	597	477
Training by purpose	412	238	69	168	227
Occupational specialty training	568	961	786	992	944

Training hours & cost per person

	FY2018	FY2019	FY2020	FY2021	FY2022
Training hours / hours	21.83	28.52	20.98	31.10	29.20
Training cost ⁄Yen	84,196	109,793	71,880	116,748	129,024

Results of development of precious global human resources (nu	umber)	
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	FY2018	FY2019	FY2020	FY2021	FY2022	
The number of participants in over- seas training and English language training	4	1	2	1	5	
The number of staff accepted from overseas branches & subsidiaries	5	5	0	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

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

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

We conduct training sessions for first-class and second-class civil engineering construction management engineer for the employees of the member companies. In FY 2022, 58 people attended the training session for second-class civil engineering construction management engineer, and 110 people attended the training session for first-class civil engineering construction management engineer, and many of them successfully passed.

FY 2022 the number of successful examinees of those who attended the training sessions for first-class and second-class civil engineering construction management engineer (number)

	First	exam	Second exam			
	The number of participants in training session	The number of successful examinees	The number of participants in training session	Of them, those who had one's experience the- sis corrected	The number of successful examinees	
First-class civil engineering construction management engineer	60	32	50	0	11	
Second-class civil engineering construction management engineer	22	22	36	27	31	

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

The CCUS that registers or accumulates the qualifications and on-site working history records of skilled workers working at construction sites is a system to lead to the improvement of treatment of skilled workers and the future career development.For improving the registration rate of skilled workers, the Company is taking care of the registration procedures for those subcontractors who wish to register their employees and is bearing the cost of procedure. The number of supported companies over the past two years is 26, the registered skilled workers are 163, and the registration rate of skilled workers at our sites reached 60% in FY 2022.

Positive recruitment of the precious human resources in the next generation

In order to strengthen the precious human resources foundation to support the future growth, the Company is positively securing the rising generation through hiring of

Hiring of new graduates

We are conducting recruiting activities from the student's eye level mainly with staff in 20s ~30s, who will take the lead in the future of the Company, and with female staff as a role model, appointing a young engineer to a recruiter, providing the recruiter education for young staff, and holding an explanatory recruiting meeting by female staff.

Although the activities to hire new graduates remain in a very tough situation as seen in other industries, we are promoting students' understanding of the Company as well as the construction industry through providing the internship opportunities or observation tours at construction sites or research institutes and holding social gatherings with young staff.

Trend in the number of new graduates (major career path, number)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 plan
Planned number	90	80	70	70	70	92
Actual number	98	77	54	42	72	_

Realization of attractive treatment

Since we believe that ease of working or attractive treatment to increase job satisfaction should be necessary for recruiting precious human resources, we are making efforts to establish a personnel system to realize them. In addition,

Provision of competitive treatment

The Company has been constantly raising base pay since 2014. Moreover, in the personnel system reform implemented in FY 2022, We implemented the review of the grade system for enabling fast tracking of young staff, the expansion of reward addition for highly acclaimed staff, and the raising of the pay standard for elderly employees, and also, we implemented the measures to improve welfare including the revision of company housing system, the introduction of financial aid for health screening of employee's spouse, and in November 2023, we newly established the "relocation allowance system" that treats a transfer as a contribution to the company's business.In order to provide attractive treatment for our staff as

3 Introduction of the Excellent Foreman System

A "foreman" plays a particularly important role in all areas of operation related with health & safety, environment and guality at the construction site. In FY 2023, the Company introduced a system to recognize a foreman who is particularly excellent in achievement and contribution among foremen and is a model for others, as the "Excellent Foreman". With this, we will strengthen the collaboration with subcontractors and support the securing and developing of the rising generation to maintain the production system of our supply chain.

new graduates, mid-career hire, or the next generation education in the collaboration with universities, etc.

Mid-career hire

In addition to the existing business including civil engineering and architecture, for the promotion of business in high growth areas such as offshore wind power, we actively engage in the mid-career hire. Also, in order to respond to the diversification of precious human resources needs, we are considering the introduction of a non-conventional type of employment or a system.

Trend in the number of mid-career hire (number)

	FY2019	FY2020	FY2021	FY2022
Number of hire	2	1	1	3

based on the engagement status of employees to the Company, we are considering and developing the measures to contribute to the improvement of it.

well as those who wish to join the Company, we will improve our compensation level and expand our welfare.

Improvement of employee engagement

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

Thorough respect of human rights

Related materiality Improvement of understanding and prevention of infringement of human rights

Prevention of harassment

ing or e-learning about compliance.

Prevention of sexual harassment at workplace

Prevention of power harassment at workplace

Prevention of maternity harassment

Basic Concept

Under the principle of "Respect for Human Dignity" as one of our corporate identity, the Group 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. For that reason, we established the "Policy on Human

The Group prohibits any and all harassment.

Rights of Toyo Construction Group" in April 2023, which is the foundation to promote the attractive workplace environment

In order to prevent occurrence of harassment, we are pro-

viding regular opportunities to facilitate understanding of what

acts correspond to harassment, through the harassment train-

The Policy on Human Rights of Toyo Construction Group

The Group embraces the "Respect for Human Dignity" in the Corporate Identity established in 1979. The "Policy on Human Rights" clarifies the Group's concept of respect for human rights and will assume responsibility for respect for human rights by promoting business activities based on this policy.Also, we are planning to conduct a human rights due diligence, and after the completion, we will disclose the results in a timely manner.

Toyo Construction Group's efforts in regard to human riahts issues

- 1. We will preserve basic freedoms of individuals.
- 2. We will respect diversity and inclusivity, and prohibit any and all discrimination on the basis of sex, age, nationality, race, thought, religion, disease, sexual orientation or gender identity, handicap, or physical characteristics, etc.
- 3. We will prohibit any act of harassment or privacy invasion. 4. We will eliminate child labor, forced labor and human
- traffickina. 5. We will improve safe, sanitary and healthy working environments.
- 6. We will improve appropriate working conditions by prohibition of cheap labor and consideration of living wage.
- 7. We will respect freedom of association as well as collective bargaining rights, and protect workers' rights.
- 8. In case of a human rights violation caused by suppliers or subcontractors, we will encourage them to respect and not to violate human rights, and will make efforts to improve the situation in cooperation with them.

What would you do if a harassment case happens in your workplace?

Scene of a compliance training

Implementation flow of the human rights due diligence FY2023

FY2024

Establishment, disclosure, publication of the Policy on Human Rights Education of the Policy on Human Rights Policy on **Human Rights** Human rights impact assessment an rights due diliger Human rights risk assessment Foreign workers guestionnaire survey Risk assessment, identification of issues. analysis, implementation Disclosure of progress status



Toyo Construction Group Policy on Human Rights https://www.tovo-const.co.ip/en/csr/human-rights



Toward a company where the diverse precious human resources can demonstrate their individuality and ability

Basic Concept

We believe that by "developing workplaces where proactive collaboration is created with accepting diversifying individual personalities and values", precious human resources can demonstrate their creativity to the maximum, which

Promotion of female participation

We have set a target of 20% for the female ratio in the new graduates. Also, as an interim target, we set a goal to increase the number of women in major career path in FY 2030 to 2.5 times compared with FY 2020, and the number of female managers to 5 times. In addition, we are developing the environment for women's active participation, by introducing the 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 Comeback System), the system of appointment from a minor career path to a major career path, and the women's working wear, as well as by installing the women-only comfortable toilet at sites and conducting the training for male staff (female participation, menses, etc.), and in 2020, we were awarded the "Eruboshi Certification" as an excellent company promoting female participation.

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

	FY2019	FY2020	FY2021	FY2022	FY2023
Civil engineering	10	8	6	2	3
Architecture	7	6	3	2	3
Administration	1	3	2	1	2
Total of women in major career path	18	17	11	5	8
Total number of hiring of new graduates	98	77	54	42	72
Share of women in major career path	18%	22%	20%	12%	11%
Increase rate of wom- en in major career path (from FY 2020)	_	100%	115%	120%	122%

(Reference) Percentage of female managers	0.00%	0.43%	0.61%	0.64%	0.61%
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*In November 2020, we were awarded the "Eruboshi certification" as an excellent company promoting female participation, by the Minister of Health, Labour and Welfare.



Development of the environment for elderly employees

The Group changed the personnel system in FY 2022 to introduce a system that promotes the employees who have reached the official retirement age to continue to work enthusiastically, e.g., by raising of the pay standard of elderly employees and continuing to apply the personnel evaluation system Related materiality • Promotion of diversity & inclusion

will lead to the company's activation and development, and therefore, we are considering and implementing various measures to improve the workplace environment.

to elderly employees. Also, by reforming the re-employment system, we will continue to develop the environment in which elderly employees can maximize their ability to demonstrate their many-years knowledge and experience so that they can transfer their skills to the next generation.

	FY2018	FY2019	FY2020	FY2021	FY2022
The number of employees at the official retirement age	18	21	28	40	42
The number of re-employment employees	14	15	24	28	37

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

Development of foreign engineers

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 to develop excellent engineers who will be able to play active roles whether at home or abroad. Those foreign engineers are now playing a wide range of roles in various fields. We continue to develop foreign engineers and skilled-workers in order to expand their job scope, and will hire and develop foreign engineers more actively, mainly for our growth driver such as offshore wind power business and overseas construction business.

Promotion of employment of the handicapped

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



Realization of sustainable society by CSR activities

Education for next generation

Installation of donation-type vending machines **Head Office**

In May 2022, as part of the "National Movement to Support Children's Futures", we installed a donation-type vending machine at the multipurpose room on the 10th floor of the Jimbocho Mitsui Building housing the Head Office and Kanto Branch Office. 10 yen for the sale of a bottle will be donated to the Fund to Support Children's Future, which will be the operating fund for the NPOs supporting children nationwide

Since just buying a drink from the vending machine contributes to supporting children who will lead the future of society, we will promote the utilization of it by increasing recognition by our officers and staff. In addition, we will continue to offer as much cooperation as possible, by asking supporters for donations as well as donating the same amount of money as the donation amount by use of the vending machine.



The design of the donation-type vending machine is pop and eve-catching

Special observation-tour for children Holding the "Let's have a look at Tokyo Bay from the sea with your parents/children!" **Head Office**

Agreeing with the "National Movement to Support Children's Futures" promoted by the Children and Families Agency established in April 2023, we held an observation-tour, inviting 33 parents and children of 14 families who are registered with the authorized NPO "Single Mothers Forum". As part of the summer time social studies learning, we planned this tour for deepening their understanding of the roles of the port and harbor and the marine contractor's work by taking a cruise ship and watching the structures from the sea. In the questionnaire replies after the tour, we obtained feedback such as "The tour became a cherished summer memory for both of us". "Since we don't have opportunities to take a boat, I'm glad I made it



with my kids", and "It was nice for a change", etc. We will continue to hold this tour, hoping that this tour helps to create fun memories for the family and also serves as a reference for the children.

Deeply interested in the Rainbow Bridge

Contribution to environment

Fry releasing activity Nagoya Branch Office

Nagoya Branch Office has been participating in the fry releasing activities with community people and the fisheries at the Shinmaiko Marine Park (Chita city, Aichi pref.) since November 2022, for the purpose of contributing to the community and conserving the fishery resources. We conducted this activity also in September 2023. So far, the types of small fry released are four, i.e., flounder, rockfish, Hong Kong grouper and scorpion fish, and a total of 36,000 fry were released. Kids were thrilled to witness the small fry they don't usually see. We hope that through this activity, their interest in the sea increases and their awareness of the marine environment protection grows.



Releasing small fry to the sea with kids

Harmonious relationship with the community

NP021 Kumamoto Kinpo - Ariake Environmental Conference Tree-planting campaign Kyushu Branch Office

Kyushu Branch Office has been participating in the tree-planting campaign held by the NPO21 Kumamoto Kinpo - Ariake Environmental Conference since 2015 for the purpose of the environmental conservation of Mt. Kinpo in Kumamoto prefecture and the resuscitation of the Ariake Sea. Approximately 380 people of students, companies staff and community people participated in the tree-planting held in March 2023. Since timber growing will lead to resuscitation of the bountiful sea, we will continue to contribute to the environmental conservation of the community through this tree-plant-





Planting trees praying for growing up

Corporate data of Toyo Construction Group

Company Profile

Company Name	TOYO CONSTRUCTION CO., LTD.
Date of Establish- ment	July 3rd, 1929
President	Haruhisa Obayashi
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	1,527 (non-consolidated), 1,603 (consolidated) (As of March 31, 2023)
Construction Busi- ness License	Minister of Land, Infrastructure, Transport and Tourism (Special – 4) No. 2405
Real Estate Bro- kerage Business License	Minister of Land, Infrastructure, Transport and Tourism (14) No. 1385
Business Domain	Construction (Marine & Civil Engineering, Build- ing 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 (Chivoda-ku, Tokvo), 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 citv), International Division (Chivoda-ku, Tokvo)

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, Chivoda-ku, Tokvo) 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, toilet rental/ real estate-related businessConstruction

TECOS Co., Ltd. (2-20-4, Kandamisaki-cho, Chiyoda-ku, Tokyo metropolis) Agent for Life and Non-life insurance firms. Lease & Merchan-

dising, Travel agency)

Token Shoii Co., I td. (3-19 Kandanishikicho, Chivoda-ku, Tokvo)

Stock information (As of March 31, 2023)

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	7,201
Shareholder registry adminis- trator	Mitsubishi UFJ Trust and Banking Corporation
Listed financial instruments exchange	Tokyo Stock Exchange Prime Market

Organization Chart (As of December 20, 2023)



Big shareholders (As of March 31, 2023)

	Status of shares			
Name of shareholder	Number of shares held (thousand shares)	Ratio of share holding (%)		
MAEDA CORPORATION	19,047	20.19		
WK 1 Limited	9,200	9.75		
WK 2 Limited	9,190	9.74		
The Master Trust Bank of Japan, Ltd. (account in trust)	8,019	8.50		
WK 3 LIMITED	5,890	6.24		
PERSHING SECURITIES CLIENT SAFE CUSTODY ASSET ACCOUNT	3,455	3.66		
MSIP CLIENT SECURITIES	2,699	2.86		
Custody Bank of Japan, Ltd. (account in trust)	2,473	2.62		
Toyo Construction Kyoei-kai	1,818	1.92		
GOLDMAN SACHS INTERNATIONAL	1,743	1.84		

*Ratio of share holding is calculated by deducting the treasury shares (44,131 shares).

Financial data for the past ten years (consolidated)

Fiscal year	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Orders received	148,243	152,032	195,592	146,637	177,932	175,841	135,703
Domestic civil engineering	78,323	93,120	104,160	90,544	99,605	90,491	76,147
Domestic architectural construction	45,002	42,424	53,770	51,780	53,015	56,739	48,654
Overseas construction	24,273	14,864	36,933	3,412	24,072	27,798	10,263
Subsidiary business	643	1,621	726	900	1,238	811	637
Net sales	144,838	148,468	156,235	152,587	172,635	163,860	174,805
Domestic civil engineering	76,674	81,821	91,382	82,773	104,429	92,559	94,114
Domestic architecture	41,966	45,064	39,616	49,035	46,275	53,707	56,347
Overseas construction	25,554	19,960	24,509	19,879	20,691	16,781	23,705
Side lines	643	1,621	726	900	1,238	811	637
Operating profit	4,026	5,921	8,464	7,123	10,828	7,815	9,268
Ordinary profit	3,362	4,607	7,501	6,326	10,534	8,069	9,168
Profit attributable to owners of parent	1,997	3,346	4,520	4,303	7,050	5,445	5,766
EPS(Yen)	24.96	41.20	47.92	45.71	75.01	57.92	61.31
Total assets	112,812	123,247	131,314	138,021	154,968	140,419	135,516
Shareholders' equity	22,192	34,467	38,287	41,293	47,534	51,662	55,952
Equity ratio(%)	19.7	28.0	29.2	29.9	30.7	36.8	41.3
ROE(%)	8.8	11.8	12.4	10.8	15.9	11.0	10.7
Net assets	23,172	35,351	39,069	42,116	48,640	52,966	57,329
BPS(Yen)	277.31	365.39	405.88	439.29	505.67	549.48	595.12
Interest-bearing debt	20,966	20,693	21,178	16,314	13,917	12,394	11,151
Dividends per share (Yen)	7	9	12	12	15	12	15
Dividend ratio(%)	28.0	21.8	25.0	26.3	20.0	20.7	24.5
Operating cash flow	△ 951	△ 5,984	4,536	12,354	10,708	9,348	△ 269
Investing cash flow	△ 846	△ 1,674	△ 2,238	△ 3,017	△ 872	△ 2,239	△ 2,966
Financial cash flow	△ 420	5,748	△ 446	△ 6,264	△ 3,681	△ 2,967	△ 2,632
Cash and cash equivalents at end of period	19,013	17,506	19,082	21,796	27,830	32,040	26,181
Employees(number)	1,545	1,566	1,610	1,506	1,517	1,564	1,619
R&D cost	366	352	357	487	464	515	561
Depreciation	1,274	1,689	1,251	1,838	1,903	1,794	1,911

(million yen)

FY 2020) FY 2021	FY 2022
173,110	185,301	191,419
113,199	76,807	102,939
55,524	67,290	62,476
3,583	40,306	25,328
802	897	675
172,976	152,524	168,351
108,553	89,058	77,618
48,519	43,586	67,542
15,100	18,981	22,515
802	897	675
14,259	9,616	8,995
14,103	9,139	8,551
9,176	5,863	5,656
97.65	62.40	60.17
148,953	135,582	153,717
64,269	68,119	71,818
43.1	50.2	46.7
15.3	8.9	8.1
65,875	69,899	73,984
684.14	724.81	763.87
10,593	5,591	4,705
25	20	25
25.6	32.1	41.5
△ 6,548	22,287	11,785
△ 961	△ 1,109	△ 485
△ 2,095	△ 7,462	△ 2,872
16,670	30,485	39,008
1,658	1,631	1,603
692	997	1,055
1,727	1,611	1,652