

[On the Cover]

This mountain range with its color gradation
and spectacle perspective expresses
“expansiveness,” “harmony” and “resilience.”

TAISEI ANNUAL REPORT 2022

 **TAISEI GROUP OF COMPANIES**
For a Lively World

TAISEI CORPORATION
Planning Section,
Sustainability Planning Department,
Sustainability Management Promotion Division
URL : <https://www.taisei.co.jp/english/>

SIAA
ISO 21702
Anti Virus

Natural Inorganic antiviral agents,
printing, printing surface,
JP0612643X0001E

It can reduce the number of
specific viruses on the product.

the SIAA brand mark is borne on products evaluated
according to ISO 21702 and they are under quality
control and information disclosure by the
guidelines of the Society of International sustaining
growth for Antimicrobial Articles.

Caution!
The antiviral surface treatment does not aim to cure or
prevent viral diseases.
It conforms to SIAA's safety requirements.



22.11.1900.A.S.



Taisei Group Philosophy

To Create a Vibrant Environment for All Members of Society

The Taisei Group Philosophy of “to create a vibrant environment for all members of society” represents our objectives (goals) to be pursued by the Taisei Group. We seek in an environmentally sustainable manner to create safe and attractive spaces with exceptional value and to create a global community filled with hopes and dreams for the benefit of future generations.

In response to the rise of environmental problems on a global scale, it clarifies the values that we should cherish and the future state that we should achieve as a company. Based on the Philosophy, the Group is committed to addressing changing social needs and issues and to contributing to a sustainable society through the creation of high-quality social capital.

Group Slogan

For a Lively World

The Taisei Group Philosophy, the Taisei Spirit and the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole can be summed up in this slogan.

It shows our desire to fulfill our responsibilities to society and continue to be a leader in the development of a sustainable society through efforts to achieve the Taisei Group Philosophy.

For more on the Taisei Group Philosophy, the Taisei Spirit and the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole:
<https://www.taisei.co.jp/english/profile/philosophy/>

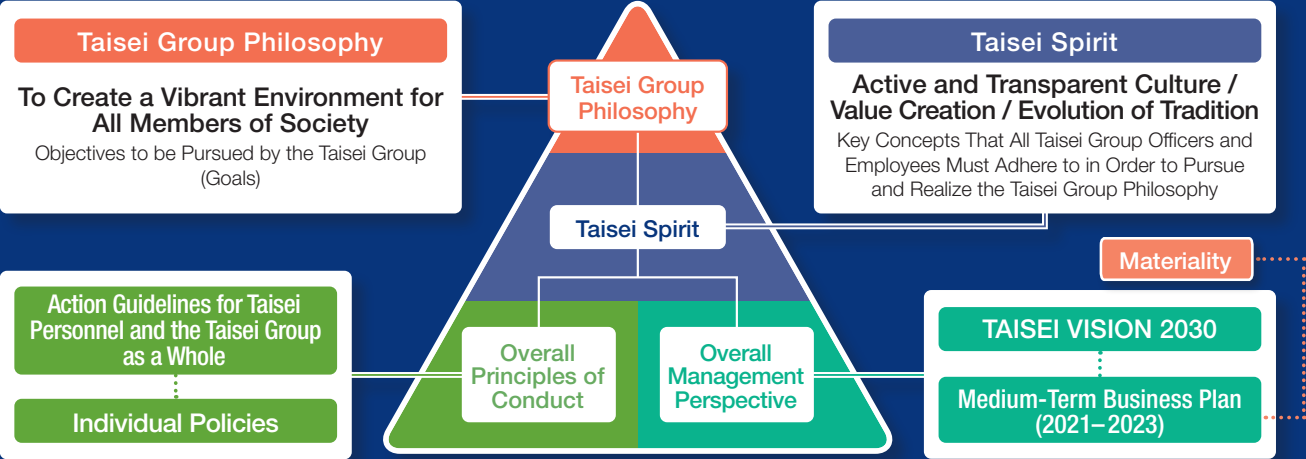
TAISEI VISION 2030

The Ever-Evolving CDE³(cubed) Company

In 2021, we formulated our 10-year vision that the Group aims at, “TAISEI VISION 2030,” on the basis of the medium to long-term external environment and structural changes, as well as the Taisei Group Philosophy and Taisei Spirit. CDE³(cubed) expresses domains in which we are making efforts to realize the VISION, and we aim to be “The Ever-Evolving CDE³(cubed) Company—A pioneering corporate group contributing to the development of a resilient society where people can live affluent and cultural lives.”

“CDE³(cubed)” (Construction, Development, Engineering, Energy and Environment) expresses the five business domains in which the Taisei Group makes particular efforts in order to realize “TAISEI VISION 2030.”

Our Structure of Values and Policies



Value Provided to Key Stakeholders

Employee* / Labor Unions
“Works Remaining on the Map”: A Proud life

Engagement methods
Delivery of the President's Message (monthly) / Exchange of opinions with labor unions / Engagement survey / Establishment of various consultation contacts

Shareholders / Investors
Sound financial position and increased corporate value

Engagement methods
General meeting of shareholders, Securities report, IR briefing, Website/Annual report

Clients
Construction of safe, secure and comfortable infrastructure

Engagement methods
Customer satisfaction survey, Website, Annual report, CS (Customer) Center

Business Partners*
Provision of a fair and equitable business environment and the development of capacity building

Engagement methods
Holding various training and seminars / Establishment of consultation contacts / Sustainable procurement questionnaire survey

Communities / NPOs / NGOs
Sustainable and abundant earth

Engagement methods
Tours of project sites and the Taisei Advanced Center of Technology / Open innovation / Natural environment conservation activities / Promotion of construction culture

*Supplemental information on employees:
We consider employees as invaluable assets and refer to them as “human capital” in this Annual Report.

*Supplemental information on business partners:
“Business partners” refers to companies such as subcontractors to whom business contracted by clients is outsourced, specialized construction companies, and suppliers.

Six Types of Management Capital

Human Capital
The Taisei Group's greatest asset is its human capital. In order to promote the company's value creation, we share the Taisei Group Philosophy to ensure that each staff member stays highly engaged and work on various measures such as enhancing human resources development, training programs and re-skilling.

Social Relationship Capital
We integrate the needs of various stakeholders and the expectations of society into our business activities and work to help resolve social issues through our business activities while adapting to changes in the market environment.

Intellectual Capital
Taisei's proprietary technological development and patented technologies that contribute to resolving environmental and social issues will lead to the company's sustainable competitive advantage. We will build a solid foundation through further promotion of DX and open innovation initiatives.

Natural Capital
In addition to promoting efforts to address climate change issues, we will consider the impact of our business activities on ecosystems, strive for sustainable procurement, waste management, and conservation of water resources and biodiversity, and promote better nature-positive initiatives.

Manufacturing Capital
We have construction sites all over the world. We will provide our clients with excellent buildings and construction services that are resilient and pioneering in consideration of the environment and social issues.

Financial Capital
See pp.86 to 94.

Eight Issues to Be Dealt with as Materiality

The Materiality of the Taisei Group represents important issues to be dealt with that have the potential to have a significant impact on both society and the Group from short, medium, and long-term perspectives. We consider them as what connects global issues such as SDGs with the Group's structure of values and policies.

- Environment (E)**
① Realization of a sustainable and environmentally friendly society
- Social (S)**
② Ensuring quality and improving technology
③ Technical development for realizing a sustainable society
④ Promotion of supply chain management
⑤ Thorough management of occupational health and safety
⑥ Cultivation of technical staff and securing human resources
⑦ Realization of an attractive working environment that is good to work in

- Governance (G)**
⑧ Thorough compliance and restructuring of the Group governance system

Towards value creation
Based on the Taisei Group Philosophy, which expresses our objectives to pursue, the Taisei Group works together with all stakeholders to integrate six types of management capitals and realize “The Ever-Evolving CDE³(cubed) Company.” We help resolve various social issues through corporate activities including initiatives for The Materiality to contribute to society. This is our “value creation story.”

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Information Structure and Information Provision on Websites

IIRC	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>
United Nations Global Compact	<div><div></div><div></div><div></div></div>
GRI Standards	<div><div></div><div></div><div></div></div>
ISO 26000	<div><div></div><div></div><div></div><div></div></div>
Environmental Reporting Guidelines	<div><div></div><div></div></div>
TCFD	<div><div></div><div></div><div></div><div></div></div>
Integrated Report	<div><div></div></div>
Website (Sustainability)	<div><div></div></div>
Website (To Shareholders and Investors)	<div><div></div></div>
Corporate Governance Report	<div><div></div></div>
Securities Report	<div><div></div></div>
Medium-Term Business Plan	<div><div></div></div>

Taisei Group Annual Report 2022

Editorial Policy This report is intended to provide investors, shareholders, and other stakeholders with an easy-to-understand overview of the Taisei Group's value creation process as a whole, such as business models, competitive advantages, strategies, and foundations for realizing the Group Philosophy, and initiatives for sustainable enhancement of corporate value and resolution of social issues. Further details about the initiatives related to Environment, Society, and Governance (ESG) and sustainability are available in the sustainability section on Taisei Corporation's official website.
<https://www.taisei-sx.jp/english/>

Scope of Coverage This report covers the activities of Taisei Corporation and the Taisei Group companies (consolidated subsidiaries) as of March 31, 2022, unless otherwise noted.

Period of Coverage The fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022). Some contents concern the data for the previous fiscal year or the most recent activities.

Date of Issue November 2022

Note Regarding Forward-Looking Statements

Opinions and predictions, etc., expressed in this report are based on the judgment of the Company at the time of preparation of this document. Therefore, please be aware that there is a possibility that the results of the actual target values, etc., could be different from the stated future estimates, due to changes in various factors.

Referenced Guidelines

Integrated Reporting Framework (The International Integrated Reporting Council [IIRC])

As disclosure guidelines for materiality that lead to the preparation of this report and the value creation process, we refer to this framework, which is a guideline for disclosure of non-financial information.

Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation (Ministry of Economy, Trade and Industry)

This guidance is widely used in Japan to improve the quality of dialogue with investors.

GRI Standards for Sustainability Reporting

We refer to this standard, which is a guideline for information disclosure regarding sustainability. The status of information disclosure can be found in the ESG data of this report and the Comparative Table with Global Reporting Initiative (GRI) Standards on our website.

ISO 26000


We refer to this International Organization for Standardization (ISO) guidance standard as a guideline for our activities. The status of our activities is reported on our website.

Environmental Reporting Guidelines (2018 Version) (Ministry of the Environment)

Environmental reports have been prepared with reference to these guidelines, and some of them are also included in this report.

Task Force on Climate-Related Financial Disclosures (TCFD)

In July 2020, we endorsed the TCFD Recommendations and disclosed information based on the recommendations in this report.

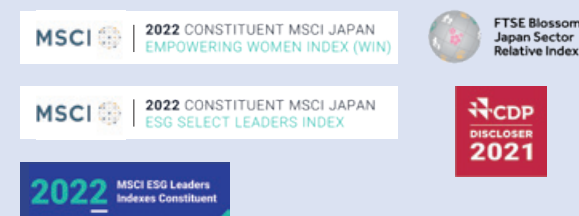
 **GRI Standards for Sustainability Reporting**
<https://www.taisei-sx.jp/english/gri>

 **ISO26000**
<https://www.taisei-sx.jp/english/iso26000/>

 **Third-Party Assurance on This Report***
https://www.taisei-sx.jp/english/iso26000/pdf/independent_assurance.pdf

* "Independent Assurance Report" on the environment data and indices by Ernst & Young Shin Nihon LLC

Major External Evaluation (As of July 1, 2022)



Note: The inclusion of Taisei Corporation in any MSCI index, and the use of MSCI logos, trademarks, service marks, or index names herein, do not constitute a sponsorship, endorsement, or promotion of Taisei Corporation by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

| Message from the President

| To Our Stakeholders

Last year, identifying the medium to long-term external environment and structural changes, the Taisei Group formulated the “Medium to Long-Term Vision: TAISEI VISION 2030, The Ever-Evolving CDE³ (cubed) Company—Construction, Development, Engineering, Energy, Environment—A pioneering corporate group contributing to the development of a resilient society where people can live affluent and cultural lives” based on the Taisei Group Philosophy among other things, and kicked off the “Medium-Term Business Plan (2021-2023).” The three “Xs” (transformations: IX (Industry Transformation), SX (Sustainability Transformation), and DX (Digital Transformation)) that have been identified as the medium to long-term external environment and structural changes have been increasingly focused on over the past year, and we believe it is an important factor that critically influences the competitive advantage and sustainable growth of the Group to address those issues as a pioneer.

Yoshiro Aikawa

Yoshiro AIKAWA

President and Chief Executive Officer,
Representative Director



● Summary of the First Year of the Medium-Term Business Plan

It has been one year since the launch of the “Medium-Term Business Plan (2021-2023).” I would like to explain the management environment surrounding the Taisei Group and an overview of the first year of the Medium-Term Business Plan.

The Japanese economy has been on a moderate recovery path as the suppression on consumption and capital investment due to COVID-19 eases. However, uncertainty about the future has not been eliminated due to concerns over the risk of inflation arising from soaring raw material and energy prices globally, as well as downside risk to the global economy resulting from Russia's invasion of Ukraine.

In the construction industry, public investment has remained firm, driven by the government's disaster prevention and mitigation measures for national resilience, as well as the demand for maintenance and renewal of deteriorating infrastructure. Private capital investment has also been in a recovery phase, supported by increased capital investment in anticipation of post COVID-19 pandemic and large-scale redevelopment projects in urban areas. However, it has become an urgent issue to respond to the changes in the market environment resulting from sharp rises in the costs of construction materials and the crisis in Ukraine.

Under these circumstances, in terms of the operating results, orders received were decreased, net sales were increased, and operating income, ordinary income, and net income attributable to owners of parent were decreased.

As addressing ourselves to environmental issues and respecting human rights are increasingly more important these days, it is necessary to address ourselves to sustainability-related issues more strategically. Accordingly, we have centralized our organizational structure for sustainability management to establish “Sustainability Division (Integrated)”, and appointed Chief of the Division to serve as Chief Sustainability Officer (CSO) to strengthen our efforts on sustainability issues and the SDGs. We also formulated the “Taisei Group’s Fundamental Policy on Sustainable Development” whose basic policy is to realize sustainability transformation by working to resolve sustainability issues through businesses centered on the construction business, and to contribute to the creation of a resilient society in which people can live affluent and cultural lives.

Achieving carbon neutrality by 2050 is a challenge to be addressed seriously by the construction industry as well. The Group has set a new environmental target for 2030 to reduce CO₂ emissions per unit of sales by 50% from FY2019 levels. In addition, we are making full-fledged efforts to achieve the Group’s long-term environmental target of “realization of a sustainable and environmentally friendly society.” Such efforts include the introduction of ICP (Internal Carbon Pricing), the issuance of green bonds whose use of proceeds is investment in renewable energy projects and investment in technological development related to decarbonization, and the participation in the “Green Transformation (GX) League Initiative” by the Ministry of Economy, Trade and Industry.

We also recognize human rights as an important issue to be addressed throughout the value chain. We have revised our “Human Rights Policy” with the aim to commit ourselves to contributing to the realization of an inclusive society by voluntarily, aggressively, and proactively fulfilling our corporate responsibilities to prevent negative impacts on human rights from our business activities. The revised Human Rights Policy clearly states the introduction of a human rights due diligence process and identifies human rights risks to be addressed with priority. We will continue our efforts to prevent and mitigate human rights risks by implementing various measures and conducting follow-up surveys related to the prevention and mitigation of human rights risks, and reporting the results to the Board after deliberation by the Sustainability Committee.

● Future Order Environment and Forecasts for FY2022 Operating Performance

The Japanese overall economy during FY2022 is expected to stay on a recovery trend as social and economic activities normalize towards recovery from the COVID-19 pandemic and corporate earnings regains strength gradually. However, it is assumed that the heightened uncertainty will continue due to concerns about a downward spiral stemming from soaring global prices and the crisis in Ukraine. In the construction industry, private construction investment, led by large-scale projects in the Tokyo metropolitan area, is expected to remain at the same level as the previous fiscal year in addition to solid public investment based on various policies. Meanwhile, we need to be careful of risk factors such as fierce price competition and further increases in raw materials and fuel prices.

In this environment, we assume an increase in orders received during FY2022 due to a larger number of projects expected compared to those during FY2021. We also expect net sales to increase because our large-scale construction projects will progress. On the other hand, operating income, etc., is expected to remain approximately at the same level as that during FY2021, due to the fact that not all of potentially positive factors, such as the acquisition of additional work order in construction projects, have been incorporated while the proportion of large-scale construction projects with low profit margins, which were ordered in a highly competitive environment, will also be increasing.

● Regarding Materiality

The Group identifies and periodically reviews materiality (important issues to be addressed) in light of SDGs among other things, in order to clarify what social issues it should help resolve to contribute to society by using its business characteristics and business model in response to demands from society. In the “Medium-Term Business Plan (2021-2023)” we established priority policies and specific measures aimed at addressing the eight material issues. While the details of the initiatives related to materiality are provided on other pages, I will provide an outline of the initiatives related to natural capital, including decarbonization, and human capital here.

● Initiatives Related to Natural Capital

As for our initiatives aimed at realizing a decarbonized society, we are working to reduce CO₂ emissions at the operation stage of buildings after delivery and to expand green procurement. Specifically, we are focusing on (i) the

development of ZEB (Zero Energy Building) and ZEF (net Zero Energy Factory), (ii) the promotion of green renewal ZEB initiatives, (iii) research and development for the commercialization of environmentally friendly concrete, including carbon-recycle concrete that fixes CO₂ inside concrete, and (iv) the promotion of “T-ZCB (Zero Carbon Building)” (aiming to conduct Japan’s first demonstration at the Group’s facility), which will reduce CO₂ emissions throughout the entire lifecycle of a building, from the procurement and construction stages to the operation stage, to net zero emissions in total. We feel all of these initiatives are attracting keen interest externally too.

As for our initiatives aimed at realizing a society coexisting with nature, we have received high praise for our practical efforts on “development coexisting with nature” in collaboration with industry, government, academia, and the private sector. We believe it is necessary to utilize the knowhow obtained at the Mt. Fuji Nanryo Industrial Park, which received the Minister of the Environment Award (sponsored by the National Institute for the Environment and Nikkan Kogyo Shimbun with the support of the Ministry of the Environment), to continue to promote initiatives that lead to the conservation of biodiversity.

Environment-related measures present a business opportunity to secure a competitive advantage for a company. As the market is expected to expand in the future, we intend to focus our efforts on this area.

● Initiatives Aimed at Strengthening Human Capital

For the Group, which does not have a fixed production facility, it is human resources that are the source of earnings and strengthening human resources is an urgent matter to be addressed.

I am convinced that the company and its employees being connected through strong engagement will also lead to increased productivity and contribute significantly to the Group’s sustainable growth and evolution. We conducted an engagement survey for our employees during the first quarter of this fiscal year in order to first understand the current situation. We will continuously implement improvement measures based on the results.

In addition, with the aim of improving the morale and remuneration, and further enhancing the attractiveness of the construction business and the Company, we will work to improve our personnel and salary systems, enhance our human resource development and training systems, and promote diversity and inclusion. Through these and other measures, we will secure future human resources and improve job satisfaction, thereby strengthening the Company’s competitiveness.

● Mission of the Taisei Group

In the vision of the Group, I give utmost importance to the “contributing to the development of a resilient society.”

A resilient society is a “society in which social infrastructure withstands the impact of various natural disasters/extreme weather, pandemics, and sharp changes in the economy, etc., and maintains its flexibility and tenacity so that people can live safe and secure lives.” I believe it is indeed the Group’s mission to build better social infrastructure by combining the Group’s advanced technological capabilities and accumulated expertise to develop infrastructure, making cities resilient to disasters, provide high-quality buildings, engage in disaster recovery, and realize a sustainable and environmentally friendly society, in order to make people’s lives safe, secure, and affluent.

● Closing Remarks

FY2022 will be the year in which we will accelerate our efforts to achieve our targets for FY2023, the final year of the Medium-Term Business Plan and the 150th anniversary of our foundation, while taking swift measures to address newly emerging challenges without failing to detect changes in the business environment, such as the effects of the COVID-19 pandemic and the crisis in Ukraine.

Our founder Kihachiro OKURA chose a career as an entrepreneur with his foresight in the turbulent era, and was involved in the establishment and management of a variety of companies including Taisei Corporation to contribute to the economic growth of Japan. In line with the pioneer spirit of Kihachiro OKURA, who saw the era of transformations as an opportunity to make a leap forward and took on unprecedented challenges, I will take the lead in overcoming the current highly uncertain management environment, providing new value, satisfaction and excitement to our customers, and striving to resolve social issues and obtain trust and credibility.

The “Taisei Group Annual Report 2022” introduces some of our efforts for the next generation. We would appreciate your understanding of and support to our efforts aimed at realizing the Taisei Group Philosophy of “to create a vibrant environment for all members of society.”

History of the Taisei Group

Since its foundation in 1873, the Taisei Group has been responding to the needs of the times, by creating a safe and comfortable living environment, to continue to develop. We will continue to work towards the realization of a sustainable society by capitalizing on our technologies and experience accumulated over 150 years of history.

1873~
1945

Construction Business that Supported Japan's Modernization

The history of the Company began in 1873, when our founder, Kihachiro OKURA, established Okura Gumi Shokai. Since then, it has been contributing to Japan's modernization and social development by building numerous infrastructure, industrial facilities, cultural facilities, and others.



Established the first corporation
in the construction industry in Japan

Kihachiro OKURA,
the founder



Kihachiro OKURA, the founder of the Company, made a significant mark on the development of the Japanese economy. In 1872, he became the first private citizen to make a long-term overseas inspection tour and gained knowledge on progressive corporate organizations and modern industrial production. Returning to Japan, he started a wide variety of companies that had not existed in Japan and participated in the management. In 1887, he joined hands with Eiichi SHIBUSAWA, Denzaburo FUJITA and others, to establish the first corporation in the construction industry in Japan, Nippon Doboku Co., Ltd. Nippon Doboku Co., Ltd. was joined by up-and-coming engineers from all over Japan and completed projects including the Inner Palace of the Imperial Palace, Hepburn Hall of Meiji Gakuin University, the Tokaido Line and the lock and tunnel at Lake Biwa, making a significant contribution to the modernization of Meiji Japan.

Making Ginza, the commercial center, a fireproof district Ginza Renga-Gai (Brick Street)

1873

The entire Ginza and Tsukiji area was destroyed by the Great Fire of 1872. It triggered the new government to launch an epoch-making plan to make Ginza a fireproof Western-style district. In 1873, it was revived as a modern Western-style brick street. Okura-Gumi Shokai, the predecessor of the Company, took charge of Ginza 1-chome. While unfamiliar work required in the Renga-Gai project resulted in some buildings in some places to experience subsidence, the sites where Okura was contracted did not suffer subsidence, resulting in its painstaking work and technology to be highly evaluated.



Daiichi daiku Kyobashi yori Shinbashi made Rengaishi zukuri shoka hanjo kisen sotaku seikei Utagawa Kuniteru (National Diet Library, Japan)

Pioneering modern civil engineering project by Japanese hands Lake Biwa Canal

1890

The construction of Lake Biwa Canal was planned to draw water from Lake Biwa to Kyoto for use in hydroelectric power generation and water transportation to restore the vibrancy of Kyoto lost due to the transfer of the capital to Tokyo. Okura-Gumi Shokai undertook the construction of the First Tunnel, which was the longest in Japan at that time, and Otsu Lock Gate. It is Japan's first modern civil engineering project which was entirely carried out by Japanese hands. The canal continues to be used as a water resource in Kyoto, and are also popular as a place for citizens to relax.

1946~
1969

From Post-War Reconstruction to High Economic Growth

After the war, the Company changed its name to Taisei Corporation. It engaged in reconstruction projects and made every effort for Japan's recovery. It is social infrastructure that supported the rapid economic development that followed. The Company worked on challenging construction projects to undertake a number of infrastructure development projects.

Overcoming the crisis of the Company's existence to make a fresh start Change of Company Name and Listing of Shares

1946, 1956

In the midst of the crisis of its survival due to the dissolution of the *zaibatsu* (financial cliques) after the war, the Company changed its name to Taisei Corporation, and launched a series of innovative measures such as the employee shareholder system and the election of the President to modernize management. Further, it listed its shares in 1956, the first in the construction industry. Following the Company's successful public offering, other construction companies that had been working to strengthen their management bases began to go public one after another.

Column Origin of Corporate Name

Derived from the Dharma name (posthumous Buddhist name) of the founder Kihachiro OKURA. "Taisei" is taken from a line in the Chinese classic texts, "Mencius." It has a meaning of the "corpus" of people's virtues, which can be associated with accomplishing something, or gathering many pieces to build up something. As such, it was chosen as the most suitable for our company name.

Constructing a major typhoon monitoring facility Mt. Fuji Summit Radar Site

1964

Mt. Fuji Summit Radar Site is a weather observation facility built based on the lesson learned from the loss of many lives due to huge typhoons. The construction was done under extremely harsh conditions such as permafrost and sudden blizzards. It was completed in 1964 as a result of desperate endeavor of a total of 9,000 workers. The radar site had actively worked as a major typhoon monitoring facility for 35 years. As time went by, it was succeeded by a meteorological satellite to end its role in 1999.

1970~
2000

Technological Innovation and Expansion into Overseas Businesses

As the Japanese economy matured, the Company has been working to improve its technological and comprehensive capabilities to meet diversifying construction needs. It also actively expanded into overseas and worked on infrastructure export to overseas markets.

Minimizing damage from the Indian Ocean tsunami Male Island Revetment Project (Republic of Maldives)

1987 and onwards

Male, the capital of the Republic of Maldives, has a low average sea level of about 1.5m, and has suffered flooding damage due to storm surges repeatedly in the past. Maldives also faces the danger of being submerged due to rising sea levels caused by global warming. With grant aid from the Japanese government, the Company constructed revetments of 6km in total length. As a result, it suffered no human damage from the earthquake in the Indian Ocean off Sumatra in 2004, with property damage also reduced significantly.



Building safe high-quality skyscrapers Ultra High-Strength Concrete

2000 and onwards

We started research and development on high-strength concrete in the 1980s and, in 2000, adopted ultra high-strength concrete with design strength of 100N/mm² to a skyscraper apartment building. The use of ultra high-strength concrete allows the columns supporting the load of a building to be reduced in number or be thinner, realizing a comfortable space with a higher degree of freedom.

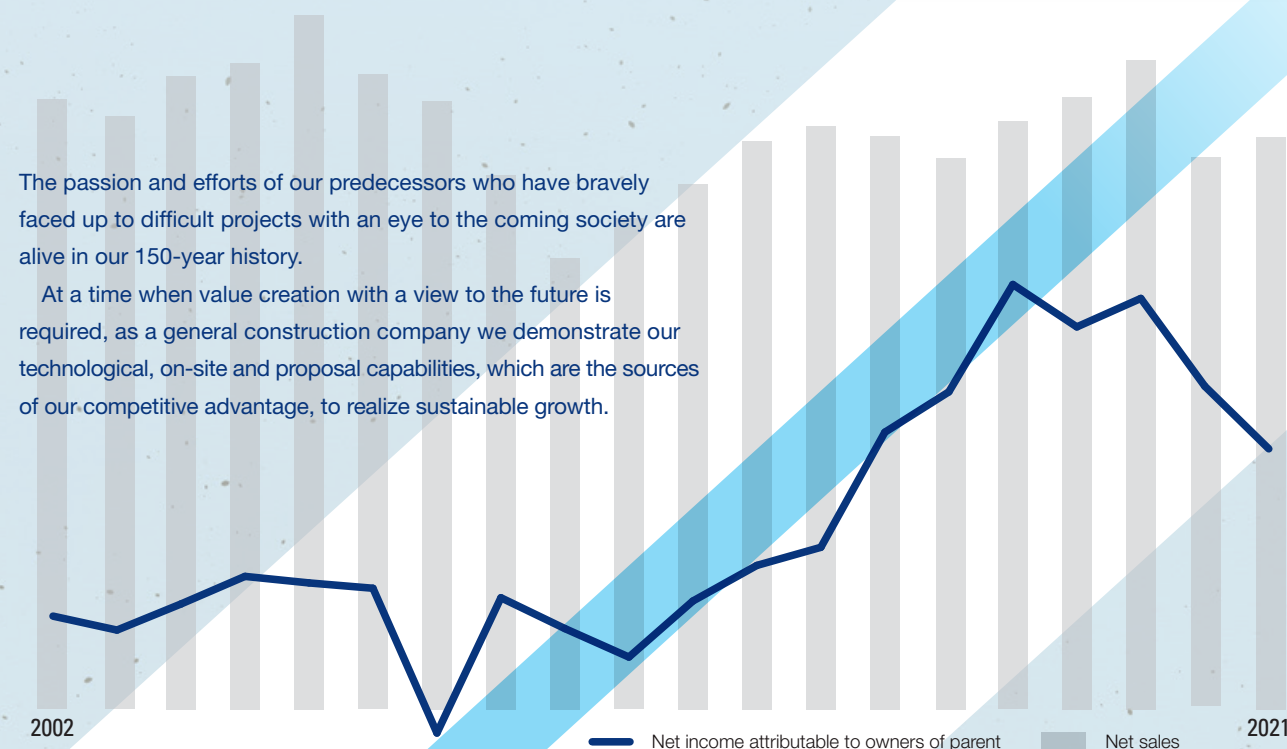


Strengths accumulated over the years

Pioneer Spirit Passed on

The passion and efforts of our predecessors who have bravely faced up to difficult projects with an eye to the coming society are alive in our 150-year history.

At a time when value creation with a view to the future is required, as a general construction company we demonstrate our technological, on-site and proposal capabilities, which are the sources of our competitive advantage, to realize sustainable growth.



Towards the Realization of a Sustainable Society

2001~

In 1997, the Company became the first in the construction industry in Japan to establish a department dedicated to the environment, and has been working to reduce its environmental load. We will continue to work to realize a sustainable society through ongoing efforts to address environmental issues.

Environment-symbiotic stadium looking at 100 years from now

Japan National Stadium

2019

“Stadium in forest” being open to everyone and blending with the green environment of the historic Outer Garden of Meiji Jingu Shrine, the Japan National Stadium has been born in 2019 and is looking at 100 years from now. Eaves—one of the features of traditional Japanese construction—located around the outer perimeter of the stadium, proactively using domestic lumber procured throughout the country. The Environment-symbiotic stadium takes full advantage of natural energy, such as channeling natural breezes into the stadium during the humid Japanese summer.



Symbol of the reconstruction from Kumamoto earthquake completed

Shin-Aso Ohashi Bridge

2021

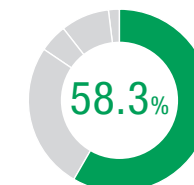
The Shin-Aso Ohashi Bridge to replace the former Aso Ohashi Bridge, which collapsed in the Kumamoto earthquake in April 2016 opened in March 2021, nearly 5 years after the earthquake. As a disaster recovery project executed by the national government on behalf of local government, we applied highly sophisticated technologies and thoroughly streamlined construction operations to complete the construction 16 months earlier than the standard construction period. The opening of the Shin-Aso Ohashi Bridge has greatly improved the convenience of local people's lives and is expected to revitalize the local economy.



The Taisei Group's Now / Present

Group Domestic Building Construction Business

Net sales composition Sales **¥899.4 billion**



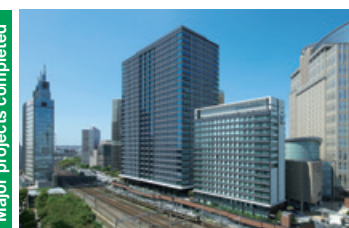
Construction of offices, commercial facilities, factories, schools, hospitals, etc.

Major new orders received



Musashino Red Cross Hospital Development Project (Extension・Renovation・Demolition Works and Others) (Musashino-shi, Tokyo)
Owner: Japanese Red Cross Society

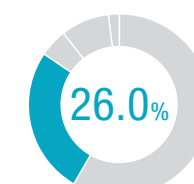
Major projects completed



Kawasaki Station West Area Development Plan, New Building Construction Work (Kawasaki-shi, Kanagawa)
Owner: East Japan Railway Company・NIPPON HOTEL Co., Ltd.・JR East Sports Co., Ltd.

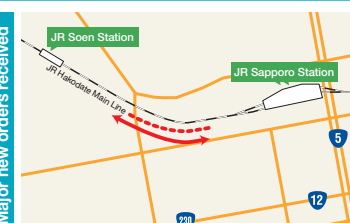
Group Domestic Civil Engineering Business

Net sales composition Sales **¥402.0 billion**



Construction of tunnels, bridges, dams, railways, expressways, etc.

Major new orders received



Hokkaido Shinkansen, Sasson Tunnel (Soen) and Others (Sapporo-shi, Hokkaido)
Owner: Japan Railway Construction, Transport and Technology Agency

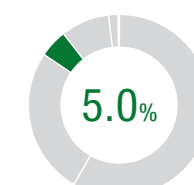
Major projects completed



Koto River Comprehensive Development Project, Kabagawa Dam Body Construction Work (Takamatsu-shi, Kagawa)
Owner: Kagawa Prefecture

Group Overseas Construction Business

Net sales composition Sales **¥77.6 billion**



Construction in Taiwan, Vietnam, Singapore, and the Philippines

Major new orders received



Vientiane Capital Water Supply Expansion Project CP-1: Construction of Water Treatment Plant and Pipelines (Lao People's Democratic Republic)
Owner: Department of Public Works and Transport, Vientiane Capital

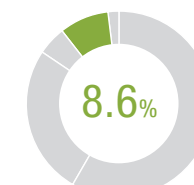
Major projects completed



Contract T226 Construction of Marina Bay Station and Tunnels for Thomson-East Coast Line (Republic of Singapore)
Owner: Land Transport Authority

Group Real Estate Development Business

Net sales composition Sales **¥132.9 billion**



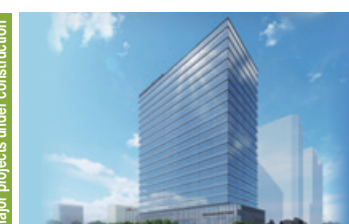
Redevelopment, public-private partnership / private finance initiative (PPP / PFI), property management, and condominium sales projects

Major new orders received



Tegarayama Sports Facility Development and Management Project (PFI Project) (Himeji City, Hyogo)
Owner: HIMEJI TEGARAYAMA PFI CO. LTD.

Major projects under construction

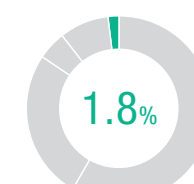


TAISEI HANOI OFFICE TOWER
Hanoi, Socialist Republic of Vietnam
Owner: Taisei Development Hanoi Co. Ltd.

* In-house development project

Group Engineering Business

Net sales composition Sales **¥27.5 billion**



Engineering of production facilities and warehouses in the fields of pharmaceuticals, food products, and logistics

Major new orders received



(Tentative Name) Kyushu Factory No.2 of Sawai Pharmaceutical CO., LTD, New Factory Construction Work (Fukuoka-shi, Fukuoka, Izuka-shi, Fukuoka)
Owner: Sawai Pharmaceutical Co., Ltd.

Major projects completed



Daiichi Sankyo Chemical Pharma Co., Ltd. Onahama Plant Antibody ADC Building (Iwaki-shi, Fukushima)
Owner: Daiichi Sankyo Chemical Pharma Co., Ltd.

Note: Net sales from other businesses (incidental businesses, etc.) other than the above were ¥5 billion (0.3% of total net sales).

TAISEI CORPORATION and Consolidated Subsidiaries
Years ended March 31, 2012 through 2022

Financial Highlights (Consolidated)												Thousands of U.S. Dollars*1 (except for per share figures)	
	Millions of Yen (except for per share figures)						Millions of Yen (except for per share figures)						
	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016		March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2022
Revenue:													
Net sales:													
Construction business	¥ 1,171,927	¥ 1,254,291	¥ 1,321,289	¥ 1,404,530	¥ 1,394,677		¥ 1,342,455	¥ 1,445,277	¥ 1,511,724	¥ 1,612,498	¥ 1,326,663	¥ 1,385,516	\$ 11,320,507
Development projects	151,577	162,205	212,184	168,740	151,212		144,798	140,221	139,154	138,833	153,479	157,723	1,288,699
Total	1,323,504	1,416,496	1,533,473	1,573,270	1,545,889		1,487,253	1,585,498	1,650,878	1,751,331	1,480,142	1,543,240	12,609,207
% change from previous year	8.7%	7.0%	8.3%	2.6%	(1.7)%		(3.8)%	6.6%	4.1%	6.1%	(15.5)%	4.3%	
Costs and expenses:													
Cost of sales	1,206,014	1,304,677	1,402,446	1,425,295	1,348,302		1,260,968	1,318,880	1,409,418	1,492,654	1,261,344	1,355,503	11,075,282
Selling, general and administrative expenses	81,004	76,213	77,254	77,558	80,119		85,462	84,758	88,136	90,922	88,282	91,659	748,915
Total	1,287,018	1,380,890	1,479,700	1,502,853	1,428,421		1,346,430	1,403,638	1,497,554	1,583,576	1,349,626	1,447,163	11,824,198
Operating income	36,486	35,606	53,773	70,417	117,468		140,823	181,860	153,324	167,755	130,516	96,077	785,008
Income before income taxes	16,673	32,828	46,593	66,980	117,797		135,190	182,297	160,777	174,785	135,417	103,503	845,683
Income taxes	15,480	12,399	14,120	28,755	40,996		44,793	55,508	48,075	52,601	42,820	31,935	260,931
Net income attributable to owners of parent	¥ 1,181	¥ 20,051	¥ 32,089	¥ 38,177	¥ 77,045		¥ 90,566	¥ 126,788	¥ 112,572	¥ 122,088	¥ 92,554	¥ 71,436	\$ 583,679
Per share data of common stock (in yen and dollars):													
Net assets	¥ 255.60	¥ 299.84	¥ 335.42	¥ 418.61	¥ 442.67		¥ 2,483.01	¥ 2,975.02*2	¥ 3,302.86	¥ 3,550.03	¥ 4,084.81	¥ 4,335.78	\$ 35.43
Net income attributable to owners of parent	1.04	17.60	28.17	33.52	65.85		392.87	561.36*2	511.90	573.14	442.66	350.88	2.87
Cash dividends	5.00	5.00	6.00	8.00	16.00		20.00	85.00*3	130.00	130.00	130.00	130.00	1.06
Financial ratios:													
Net income attributable to owners of parent as a percentage of total revenue	0.1%	1.4%	2.1%	2.4%	5.0%		6.1%	8.0%	6.8%	7.0%	6.3%	4.6%	
Total costs and expenses as a percentage of total revenue	97.2%	97.5%	96.5%	95.5%	92.4%		90.5%	88.5%	90.7%	90.4%	91.2%	93.8%	
Dividends paid as a percentage of net income	482.3%	28.4%	21.3%	23.9%	24.3%		25.5%	22.3%	25.4%	22.7%	29.4%	37.0%	
Financial position data:													
Current assets	¥ 982,931	¥ 1,012,639	¥ 1,076,213	¥ 1,136,497	¥ 1,112,305		¥ 1,223,572	¥ 1,327,487*4	¥ 1,200,437	¥ 1,299,023	¥ 1,241,013	¥ 1,296,356	\$ 10,592,012
Current liabilities	921,196	907,281	946,097	984,762	927,777		986,994	1,022,626	924,791	957,438	841,147	926,363	7,568,947
Total tangible fixed assets	212,639	206,076	181,051	169,973	177,529		175,983	188,397	219,745	204,400	206,199	207,435	1,694,876
Long-term liabilities	219,101	292,514	268,802	258,373	211,767		202,271	218,952*4	198,995	178,642	185,055	157,002	1,282,802
Shareholders' equity	284,714	299,336	327,067	370,140	437,533		485,396	563,913	610,565	673,730	718,593	743,609	6,075,737
Net assets	292,602	343,300	384,166	492,114	521,278		570,814	669,020	722,390	753,916	844,420	872,835	7,131,589
Other data:													
New orders received during the year	¥ 1,379,572	¥ 1,404,407	¥ 1,645,896	¥ 1,765,743	¥ 1,671,061		¥ 1,655,036	¥ 1,743,498	¥ 1,693,859	¥ 1,680,052	¥ 1,650,627	¥ 1,589,745	\$ 12,989,176
Contract backlog at the end of the year	1,663,459	1,651,370	1,763,793	1,956,266	2,081,438		2,249,221	2,407,221	2,450,202	2,378,923	2,549,408	2,595,912	21,210,169
Shares issued (thousands)	1,140,269	1,140,269	1,140,269	1,171,269	1,171,269		1,146,753	224,541	224,541	224,541	224,541	200,803	

*1 U.S. dollar amounts were translated from yen, for convenience only, at the rate of U.S. \$ 1 = ¥ 122.39

*2 The net assets per share and the net income per share are calculated assuming that the consolidation of shares took place at the beginning of the year, 2017, because the consolidation of shares, at the ratio of 1 share for 5 shares, was implemented on October 1, 2017.

*3 Total annual dividends per share as of March 31, 2018 is ¥ 85.00 ,which is the sum of the interim dividend per share of ¥ 10.00 and the year-end dividend per share of ¥ 75.00. Due to the consolidation of shares at the ratio of 1 share for 5 shares implemented on October 1, 2017, the year-end dividend per share of ¥ 75.00 reflects this consolidation, while the interim dividend per share of ¥ 10.00 does not.

If the interim dividend per share is calculated based on the consolidation of shares, it would be ¥ 50.00, making the total annual dividends per share ¥ 125.00.

*4 Effective from the year ended March 31, 2019, the Group retrospectively applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018).

The Group applied this change retrospectively and restarted the 11-Year Summary from the year ended March 31, 2018, accordingly.

Major Non-Financial Data

(FY)		2017	2018	2019	2020	2021
Number of employees	(Consolidated / Persons)	14,032	14,433	14,562	14,620	14,518
Male	(Non-consolidated / Persons)	6,977	6,949	6,937	6,970	6,955
Female	(Non-consolidated / Persons)	1,524	1,541	1,570	1,602	1,624
Female managers ratio	(Non-consolidated / %)	1.7	3.2	3.8	4.5	5.2
Frequency rate*1, 3	(Taisei Group / %)	0.44	0.58	0.64	0.37	0.56
Frequency rate*1, 3	(Non-consolidated / %)	0.41	0.43	0.62	0.35	0.44
Severity rate*2, 3	(Non-consolidated / %)	0.22	0.14	0.26	0.34	0.08

*1 Frequency rate: The number of fatalities and injuries at worksites per one million cumulative working hours

*2 Severity rate: The severity of illnesses and injuries represented by the number of workdays lost over one thousand cumulative working hours

*3 Actual results from January to December in 2017-2021

(FY)		2017	2018	2019	2020	2021
Research and development expenditure	(Consolidation / Billions of Yen)	11.6	12.4	13.5	14.2	15.1
Number of patent applications filed	(Non-consolidated / Cases)	235	219	188	266	272
Number of patent rights registered	(Non-consolidated / Cases)	191	250	169	202	209
Total CO2 emissions	(Taisei Group / 10 ³ tCO ₂)	340	361	368	318	325
Total CO2 emissions	(Non-consolidated / 10 ³ tCO ₂)	245	261	267	216	224
At construction stage: Reduction rate of CO2 emissions per sales*	(Non-consolidated / %)	-28.4	-28.9	-32.0	-30.3	-30.1

* Compared to FY1990 (a base year for emissions target)

Developing the Company from a Long-Term Perspective Aiming at Enhancing Fundamental Value

Visiting Professor, The Open University of Japan
Visiting Professor, The Graduate School of Social Design
Senior Advisor on Sustainability, SOMPO JAPAN Insurance Inc.

Masao SEKI

President and Chief Executive Officer,
Representative Director

Yoshiro AIKAWA

In order to survive in an era when the global environment and social structure are undergoing major global transformations, the Taisei Group has formulated the “Taisei Vision 2030,” our vision in 10 years, and set management goals through backcasting.

Through a dialogue with Mr. Masao SEKI, who studies sustainability management from a perspective encompassing Japan and overseas, and the President Yoshiro AIKAWA, we seek to map out a path the Company should take in the pursuit of enhancing corporate value by using the SDGs as a tool for management transformation, together with pioneer spirit that we inherit since its foundation.

At the Core of Sustainability Management

AIKAWA: Shortly after I became President in 2020, the Ministry of Economy, Trade and Industry announced the “Green Growth Strategy for Carbon Neutrality in 2050.”

As it coincided with the timing of the Company’s formulating a new business plan, we incorporated deepening of sustainability management in light of the decarbonization declaration and our responses to SDGs and ESG in the “TAISEI VISION 2030” and the “Medium-Term Business Plan (2021-2023)” which were announced in the following year, 2021. I think it was a very good timing.

However, as a year has passed since then, I am amazed at the rapid changes in the world. I believe that, in the next era, we need to forecast what the world will become more quickly than ever before and accurately.

SEKI: When we talk about management now, the word of sustainability always comes up. On the other hand, when we look at actual society, we see that many issues are emerging not only in an environmental area, but also area in all sorts of areas including human rights and biodiversity.

How do these developments relate to each other and affect sustainability? I believe that it is now required to have a firm understanding of global trends that lie at the root of such developments. If the employees fully understand this, it should allow them to make forward-looking proposals and have discussions that would lead to enhanced corporate value for both you and your clients, when responding to clients’ requests.

AIKAWA: For carbon neutrality for example, I certainly feel that it is required to take a fundamental approach from a long-term perspective, not just to treat the symptoms.

SEKI: I think so, too. Since climate change is a global issue, we need to take actions that would completely reconstruct today’s society toward decarbonization, and to further do them in the span of 20 to 30 years that has never been experienced by humans. This is a major transformation of the socioeconomic system that must be undertaken with considerable resolve.

Another important environmental issue is biodiversity. Research by scientists in the field of biology has also pointed out that biodiversity is currently deteriorating at a rapid pace and that it will become a serious problem if the trend continues. A global goal of “Nature Positive” to “halt the deteriorating trend of biodiversity and put biodiversity on the path to recovery by 2030” is being promoted internationally. We need a response similar to climate change measures.

And the last thing we should not forget is human rights issues. As the global environment has been undergoing such drastic changes, people’s lives and dignity are under threat. How can companies make sure to respect human rights in the global socioeconomic system? I think it has become a major theme on the same level with climate change and biodiversity.

AIKAWA: While they used to be considered as issues between advanced and developing countries, human rights and inequality issues cannot be overlooked given that the phenomenon of uneven distribution of wealth now exists within Japan as well.

SEKI: When we seek to deal with the inequality issue, it is indeed necessary to change the socioeconomic system itself. Industry leaders are also interested and trying to address this. I think it has been rare for the industrial world to try to tackle poverty issues, however there is a sense of crisis that it would also impact the stability of the society as a whole if such issues are left untackled.

The three themes of climate change, biodiversity, and human rights are not irrelevant to each other; they are all connected somewhere. Because they are interrelated, we have to think about solutions by looking at the whole thing. It is SDGs that translate them into specific goals and make them clear.

Instead of working on initiative for the environment, human rights, and SDGs because laws are being developed or it becomes mandatory, we need to face those issues for corporate viability. I think it will become necessary to recognize that stance and act proactively.

Pursuing Sustainable Development with Ambitious Goals

AIKAWA: We have set out eight issues to be dealt with as the Materiality for sustainability management based on the two vectors of impact on the Taisei Group, including the Taisei Group Philosophy and the Medium-Term Business Plan, and the interests of society and stakeholders.

We are striving to help resolve social issues and create value through business activities based on them.

We review the Materiality periodically on an ongoing basis and pursue sustainability management in our own way. However, we still sometimes feel baffled by the speed of changes in the society. Mr. SEKI, as you have continuing discussions with many corporate executives and leaders, what characteristics do you think sustainable companies have?

SEKI: There are three points when we think about sustainability management.

The first is how seriously you engage with stakeholders and whether you try to create value together through dialogue. External views, as well as internal discussions, are very important in determining the Materiality. It gives you an objective view of your company as well as an opportunity to realize your company's strengths and weaknesses. You can sense the expectations of the society.

The second is employee engagement. In companies where sustainability management is thoroughly embraced, each and every employee considers sustainable development as his or her own matter and incorporates it into daily activities.

The Japan Association of Corporate Executives studied the SDGs and published a report, which contains a unique point of view. It argues that SDGs are a tool for management and organizational reform from the management's point of view. When SDGs and sustainable development are thoroughly understood, employees realize that they are the main actors in value creation, not a cog in the wheel. I fully agree with this analysis.

The third is to challenge yourself to ambitious goals. It may be what Japanese companies that place importance on the consistency of words and deeds are not good at, but companies that are globally respected in the field of sustainable development journey to set ambitious goals and take on challenges. Even if you only achieve 60 or 70% as a result, I think it would garner much higher praise than the attitude of achieving steady results with a low goal.

It was about 10 years ago when Unilever, which provides daily necessities such as detergents and foods to consumers around the world, launched the "Unilever Sustainable Living Plan" with commitment "To Make Sustainable Living Commonplace." With the goal of reaching 1 billion people, it worked under the Plan for 10 years and reached out to governments and stakeholders. Not all the goals have been met as it aspired to do, however its bold attempt garners immense praise.

AIKAWA: It is certainly important to challenge high goals. We had many discussions on "our vision in 10 years that we aim at" and have formulated the "TAISEI VISION 2030." From there, we developed the Medium-Term Business Plan (2021-2023) through backcasting.

Setting ambitious targets and thinking about what needs to be done now, instead of piling up what you will be able to do every year. It makes it easier for us to understand the meaning of our work, and also improves employee engagement. Above all, I think it generates a much stronger sense of excitement about work and leads to increased motivation.

Our company traditionally had a tendency of short-termism in that we tend to place the highest importance on achieving annual goals. Sustainability, however, is based on a long-term perspective to start with, and the



awareness for social contribution among employees has been on the rise. That's why we live today by backcasting while imagining the future 10 years ahead. I feel that we have finally begun to break away from short-termism.

SEKI: Millennials and Generation Z are very interested in such things.

AIKAWA: Yes. Their values on sustainability will surely bring out positive chemical reaction for the Company. I highly expect them to lead the Company in the future.

Construction Business Is To Create the Future

AIKAWA: Taisei Corporation will celebrate its 150th anniversary next year. I think it is important for us to know our history first so that we can continue to exist in the future. The Company started as "Okura Gumi Shokai", which Kihachiro OKURA founded in 1873. Kihachiro was a man with full of pioneer spirit. Having established himself from an apprentice at a dried bonito wholesaler, he made great achievements in various fields including the electric power business, woolen textile business, lumber and paper business, hotel business, and education business, in addition to construction business. It is not an overstatement that he built part of the foundation of the Japanese economy in the turbulent era from Meiji to Showa.

Inheriting such spirit of our founder, we cherish the Taisei Spirit comprising three of "Active and Transparent Culture," "Evolution of Tradition" and "Value Creation."

Speaking from the perspective of history, "Evolution of Tradition" is important. While succeeding the Company's tradition of manufacturing over more than 100 years, at the same time we must take on the challenges of innovation. However, innovation that begins from scratch rarely exists. As innovation is achieved over technologies and knowhow accumulated so far, it is necessary to cherish the tradition built by our predecessors.

SEKI: "Pioneer spirit" is a very good phrase, isn't it? That is indeed the tradition and innovation that we need the most today. I think this story leads to the core of sustainability management.

AIKAWA: The CSV (Creating Shared Value) concept proposed by Michael Porter is just that, and I think today's corporate activities all come down to this. In terms of resolving social issues of a community and gaining trust, we can contribute deeply to the creation of a resilient society by building infrastructure in a tangible manner.

SEKI: The CSV is required precisely because we are in the age of SDGs, and I think that companies engaging in the development of infrastructure such as your company, in particular, can generate substantial impact. Infrastructure that you build will stay for as long as 50 or 100 years. In that sense, it can be said to be an "industry that anticipates and creates the future" with a view to the future further ahead. How do you express sustainability and social value required for the future in your works? It must be a very rewarding job for all the employees.

AIKAWA: In order to achieve carbon neutrality in 2050, the Japanese government is accelerating measures to save energy in buildings and houses and to expand the introduction of renewable energy. Taisei Corporation is promoting "Green Renewal ZEB," which introduces ZEB that has been adopted for newly constructed buildings into existing buildings. It is a proposal to convert office buildings, factories, and production facilities into ZEB by



making full use of the most of technologies accumulated by us, such as energy conservation, energy creation, and decarbonization.

The reason why we can resolve environmental issues with buildings and manufacturing facilities as one package is that the Company has a wide range of technologies that enable manufacturing from a comprehensive engineering perspective.

We provide proposals that are beyond customers' imagination or create something that exceeds their expectations, to make them happy. We call this "PBCE&I (Proposal Beyond Customers' Expectation and Imagination)" and intend to further develop it in the future.

SEKI: It's a great service for the owners of existing facilities, and "Green Renewal ZEB" is an excellent solution that meets the needs of the society. Provide service as a total system, rather than thinking in parts. It comes alive as a component system in the system of the entire society. Listening to you, an image of such society has come to my mind.

Long-Term Thinking as a Corporate Entity That Continues to Develop

SEKI: We are in a period of systemic social changes, and the construction business is the field that supports its foundation, thus should have many business opportunities as well. From a global point of view, there is a topic of how to turn megacities in developing countries into smart cities. On the other hand, there are problems in Japan such as the aging population with a low birth rate, depopulation, and the survival of local communities. With so many themes, it is worth trying.

AIKAWA: Recently, the Company entered into collaboration with Muroran, Yamanashi Prefecture (Kofu), Nagasaki, and other local governments around the country, and has been working on projects related to sustainable development, such as offshore wind power generation. When you engage in this kind of work, you start to act together with local companies. I feel this naturally leads to support for regional revitalization.

Needless to say, the survival of local communities and the aging society with a low birth rate are major themes in Japan. We can contribute in various ways, and I believe this will also lead to enhance corporate value. We want to continue doing this for many years.

SEKI: I would like very much to encourage dialogue and collaboration with various external stakeholders, including local governments. I believe that sustainability management will be embraced more widely and lead to the creation of corporate value over the long term by taking actions on a long-term time horizon, rather than by reacting nervously to short-term results.

In addition, isn't it the role of Annual Reports that provides an opportunity to discuss such matters internally? How do you enhance corporate value in this new era? It is a very difficult topic, but the process of producing Annual Reports activates internal discussions. The more you discuss, the more it becomes matured and developed, and the results are incorporated in Annual Reports. The process of engaging and exchanging ideas with many employees is very important, and it increases employee engagement with the company.

As with my own experience, employees are familiar with their own work, but surprisingly they don't know what other departments are doing. It is important the company to convey employees "how is your department



evaluated" from an external perspective, and the employees also should increase opportunities to learn the works of other departments from each other. Activating internal communication is a seemingly simple field, however it's actually important and works steadily like traditional Chinese medicine. I believe the buds of development and the evolution of sustainability management will be nurtured from those things.

AIKAWA: It is each and every employee who creates corporate value and, in that sense, they are indeed "human capital." The Taisei Group, which is a collective body of them, resolves social issues over the long term, leading to value creation and contributing to the improvement of operating performance. I hope we can further strengthen this virtuous cycle. For that, I felt strongly also from your words that we should dare to continue to take on challenges and that we should remember the pioneer spirit that our founder Kihachiro OKURA had to push forward. Thank you very much for your time today.

Growth Strategy and Sustainability

Medium- to Long-Term External Environmental Recognition and Risks p.20

We identified the “3 Xs” (Transformation) as the medium- to long-term environmental and structural changes that are expected to occur over the next 10 years, such as the outlook for the future construction market and the deepening of sustainability management based on the Sustainable Development Goals (SDGs).

Materiality of the Taisei Group p.21

The Materiality (issues to be dealt with) were reviewed with reference to international codes and standards of conduct. Based on this Materiality, we have established key measures and specific step for the Medium-Term Business Plan to clarify the overall picture of the Group’s sustainability management.

TAISEI VISION 2030 p.23

We have formulated our 10 year vision: TAISEI VISION 2030 based on the “3 Xs” (Transformation) that emerged due to the coronavirus crisis, the Group Philosophy and the Taisei Spirit.

Medium-Term Business Plan (2021-2023) p.25

- Key measures
- Numerical targets
- Investment plans

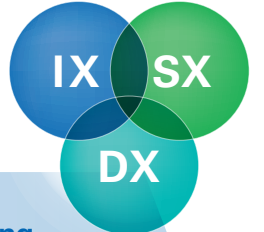
Group Business Strategy p.27

With regard to key measures related to our business, we have formulated business strategies for each Group business segment and are proceeding with initiatives with the expansion of business domains through M&A in mind.

Sustainability p.33

To target the front-runner status in the environmental sector, accelerating our initiatives toward carbon neutrality, and we are developing the infrastructure to anticipate changes in the business environment, including technology development and DX.

Medium- to Long-Term External Environmental Recognition and Risks



Industry Transformation

Increasing pressure for construction industry restructuring

- **The industry lacks vitality due to a fierce competitive environment**, because the construction market is expected to shrink over the medium- to long-term.
- **The issue of securing labor will become apparent** in the construction industry, as Japan’s population ages and the birthrate falls over the medium- to long-term.
- **There is business scope for expansion of both the Group’s growth sectors and the sectors where we lag behind competitors**, as the market share among the five major construction companies including the Company is relatively small compared with other industries.



Sustainability Transformation

Moving to solve environmental and social issues through our business

- New growth industries and sectors will be established through a “virtuous cycle for the economy and environment,” following the Japanese government’s declaration of **carbon neutrality** by 2050.
- Revolutionary technical development through **open innovation** will be required to achieve this goal.
- Transformations will be required for several types of employment tailored to the needs of a new generation such as **diversity**.



Digital Transformation

Towards an era where digital transformation determines competitiveness

- **Digital technologies are evolving** in the production process, including BIM/CIM and unmanned construction.
- For the Company and **in the construction industry as a whole, digital technology and the utilization of data are still at a developing stage**.
- The application of these technologies to the whole construction business would offer opportunities for drastically increasing the productivity of the production process, speeding up management decision-making, and creating new services.

Business and Other Risks

(1) Market Risk

- ①Trend of the construction market
- ②Fluctuations in prices of materials
- ③Asset holding risk
- ④Retirement benefit obligations
- ⑤Fluctuations in interest rates
- ⑥Risks of related or incidental businesses

(2) Risk of violation of laws and regulations in the Civil Engineering business and the Building Construction business

- ①Risk of violation of the Construction Business Act and related laws and regulations
- ②Risk of violation of the Anti-monopoly Act
- (3) Risk of infringement of intellectual property rights
- (4) Risk of inappropriate financial reporting
- (5) Risk related to anti-social forces
- (6) Risk associated with quality due to construction failure
- (7) Risk of design flaw
- (8) Risk of process delays
- (9) Risk of accidents

(10) Risk of information leakage and system trouble

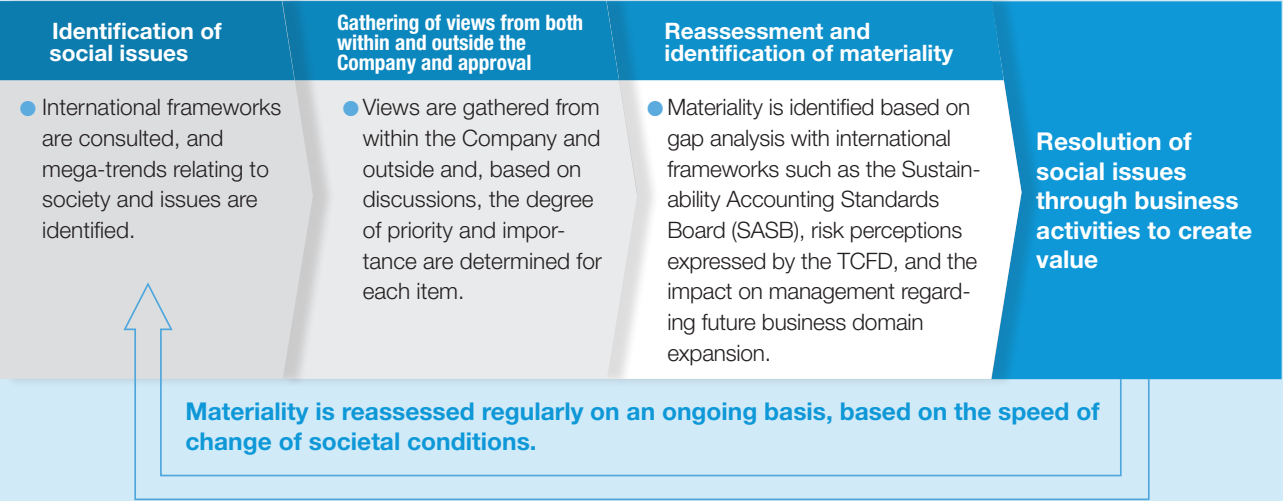
- (11) Risk of large-scale disasters
- (12) Risk associated with the working environment
- (13) Risk of violation of environmental laws and regulations
- (14) Risk associated with climate change issues
- (15) Risk associated with the response to sustainability issues
- (16) Credit risk
- (17) Contract risk
- (18) Risk of the spread of infectious diseases
- (19) Country risk

Materiality of the Taisei Group

The Taisei Group identified eight important issues (materiality) to be addressed through deliberations by the Management Committee, the CSR Committee (currently the Sustainability Committee), and the Board. The eight material issues clearly define solutions to social issues and value creation through business, and are mutually strengthened by complementing each other. In addition, key performance indicators (KPIs) in line with materiality are established to make efforts visible.



Materiality Identification Process



Message from Chief Sustainability Officer (CSO)

As CSO, I Will Lead Sustainability Activities to Resolve Social Issues and Create New Value.

Addressing sustainability, which is represented by key terms such as SDGs (Sustainable Development Goals) and ESG, is a global issue, and it is becoming increasingly more important for companies to increase their sustainable value. The Taisei Group has identified eight material issues (Important issues to be addressed) as the Materiality in promoting sustainability management. In response to changes in the external environment and the interests of society and stakeholders, we will review the Materiality periodically and on an ongoing basis to realize a sustainable society.

In April 2022, the Sustainability Division (Integrated) was established to promote sustainability management, and I was appointed as CSO (Chief Sustainability Officer) to lead its activities. The establishment of an organization and a position that bears a name that includes “sustainability” exemplifies the Group’s commitment to placing importance on sustainability.

In November 2021, the Group formulated the “Fundamental Policy on Sustainable Development” and the “Human Resources Development Policy (Diversity & Inclusion Policy)” to further promote initiatives to realize a sustainable society. In February 2022, it revised its long-term environmental target “TAISEI Green Target 2050” to accelerate initiatives toward decarbonization. In addition, in conjunction with the establishment of Sustainability Division (Integrated), the CSR Committee chaired by an External Member of the Board was renamed the Sustainability Committee. Further, the “Human Rights Policy” was revised to establish the framework for human rights due diligence and stipulate that it be carried out on an ongoing basis. Under these policies and organizational structure, we will promote sustainability activities from a variety of perspectives.

The Medium-Term Business Plan (2021-2023) sets key sustainability issues under six themes: “Energy and Environment,” “Safety,” “Technical development,” “DX,” “Workstyle reform,” and “Corporate governance.” Within the Sustainability Division (Integrated), the Sustainability Management Promotion Division, which is in charge of all strategic functions, and the Clean Energy and Environment Business Promotion Division, which is responsible for project promotion functions, have been established with the common mission of promoting carbon neutral operations, a goal set out under “Energy and Environment,” and will be making every effort to achieve this goal.

The Taisei Group Philosophy of “to create a vibrant environment for all members of society” is indeed a message that precisely describes sustainability. We will continue to engage in dialogue and cooperation with our stakeholders that consist of shareholders and investors, customers, business partners, employees, and local communities, in order to achieve sustainable development for society and the Group.

Senior Managing Executive Officer,
Chief of Sustainability Division (Integrated);
Chief of Clean Energy & Environment
Business Promotion Division

Jiro TANIYAMA



TAISEI VISION 2030

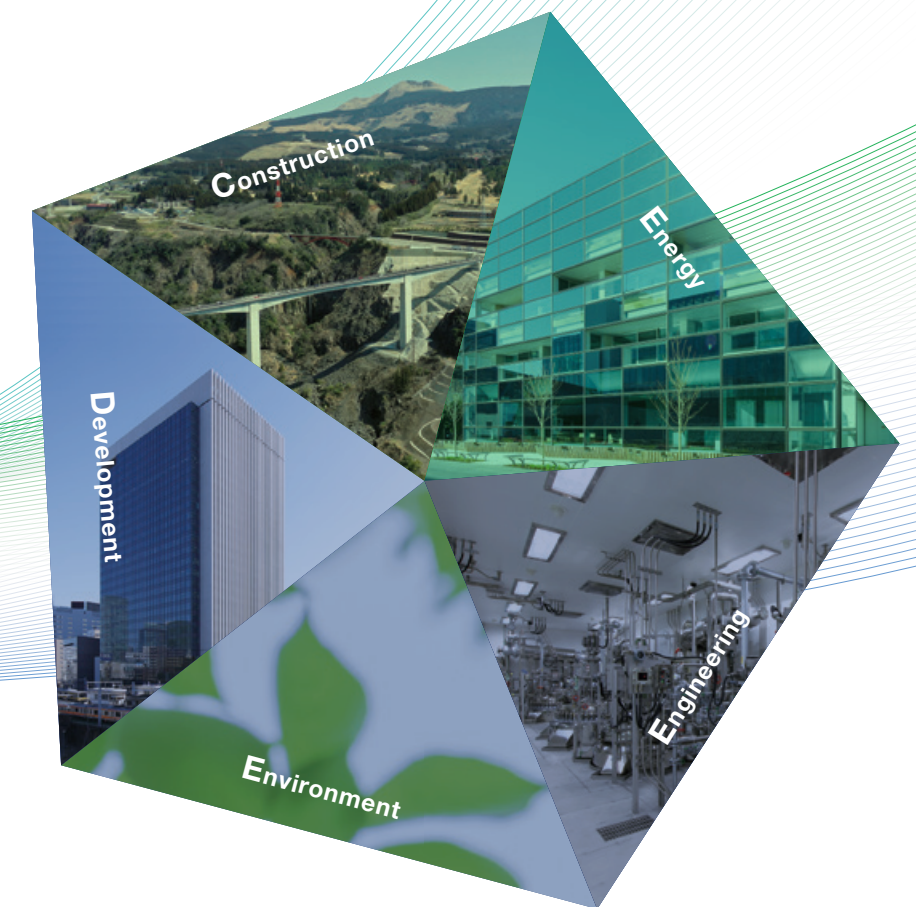
The Taisei Group analyzed the reasons for the failure to achieve the goals of the previous Medium-Term Business Plan, and identified the medium- to long-term external environment and structural changes. Based on this analysis, we formulated TAISEI VISION 2030, our medium- to long-term vision in line with the Taisei Group Philosophy and other factors. As for the newly launched Medium-Term Business Plan (2021–2023), we have positioned it as “Focus on efforts to realize TAISEI VISION 2030.”

The Ever-Evolving CDE³(cubed) Company

Construction, Development, Engineering, Energy, Environment

A pioneering corporate group contributing to the development of a resilient society where people can live affluent and cultural lives

Proactive response to major waves of transformations as a pioneer



Basic stance	Achieving safety and security Optimal utilization of “Human Capital,” “Technology” and “Intelligence”		
Rough indicators of numerical performance	Group net sales About ¥2.5 trillion	Group net income About ¥150.0 billion	ROE About 10%
Returns to stakeholders	Customers, suppliers, and society Returns through CDE³	Shareholders Dividend payout ratio 25-30%	Employees To promote further diversity and inclusion, establishing a comfortable working environment, personnel systems, and salary plans that enable employees to leverage their diverse range of skills to the maximum possible extent

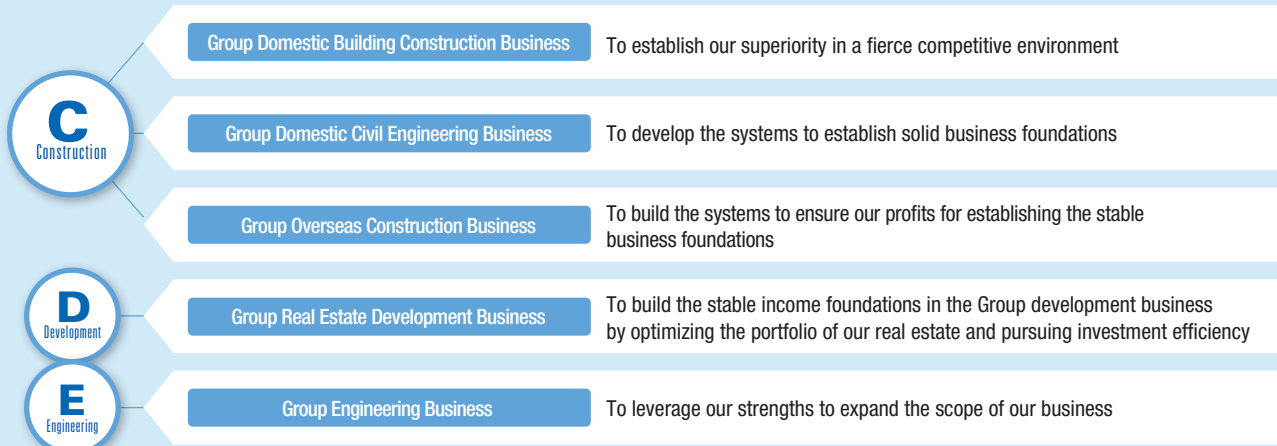
IX Industry Transformation	SX Sustainability Transformation	DX Digital Transformation
IX Increasing pressure for construction industry restructuring <ul style="list-style-type: none"> To expand our business scope through M&A and other means 	SX Moving to solve environmental and social issues through our business <ul style="list-style-type: none"> To target the front-runner status in the environmental sector, accelerating our initiatives toward carbon neutrality To promote further diversity and inclusion, establishing a comfortable working environment, personnel systems, and salary plans that enable employees to leverage their diverse range of skills to the maximum possible extent 	DX Towards an era where digital transformation determines competitiveness <ul style="list-style-type: none"> To establish our competitive superiority by enhancing productivity, speeding up decision-making, and creating new services
Group net sales ¥1,480.1 billion Group net income ¥92.6 billion 2020 Previous Medium-Term Business Plan (2018-2020)	Group net sales ¥2 trillion Group net income ¥100.0 billion 2023 Medium-Term Business Plan (2021-2023)	Group net sales ¥2.5 trillion Group net income ¥150.0 billion 2030 TAISEI VISION 2030

Medium-Term Business Plan (2021–2023)

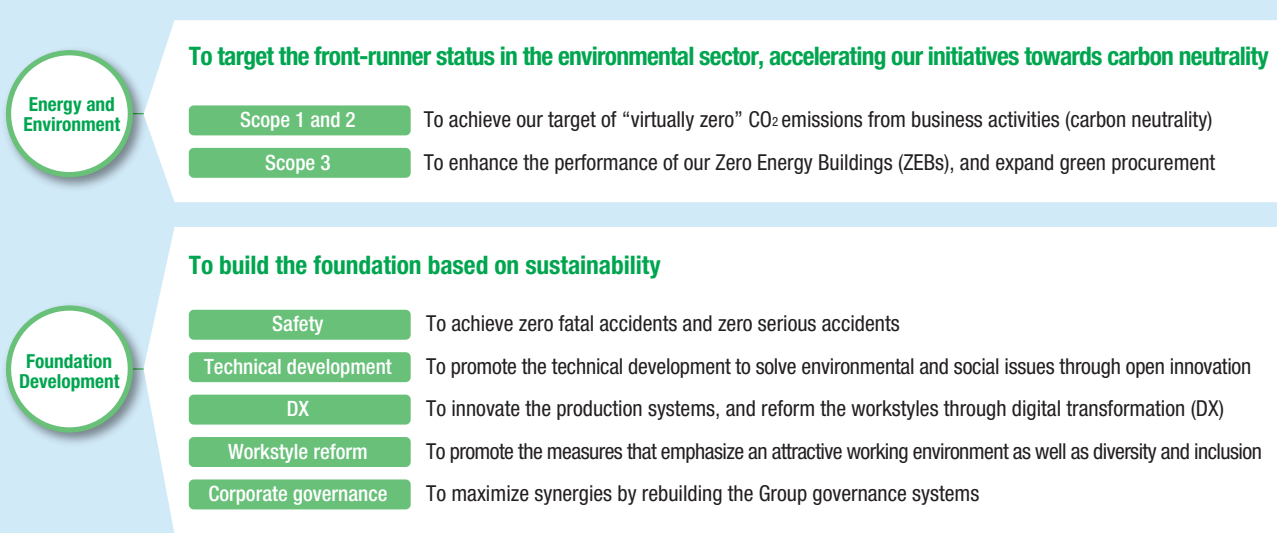
Medium-Term Business Plan (2021–2023) | Key Issues

- **Key issues to be focused on over the next three years are identified** in order to achieve TAISEI VISION 2030, considering the current business environment.
- The key issues are classified into **business issues and sustainability issues**.
- In addition to the initiatives targeting our existing business, the initiatives **expanding our business scope through M&A** will be implemented.

Business-related

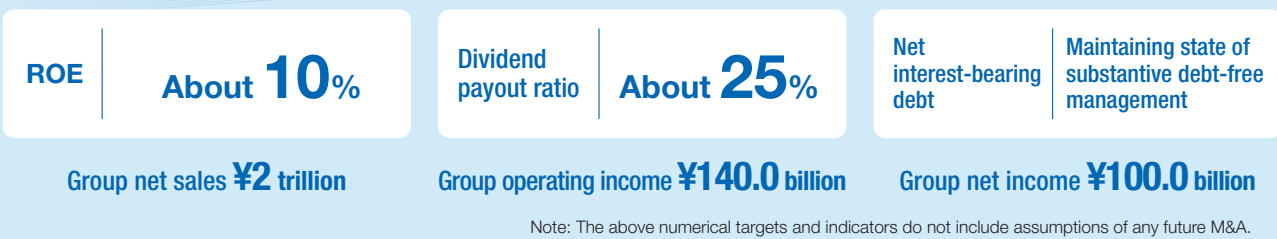


Sustainability-related

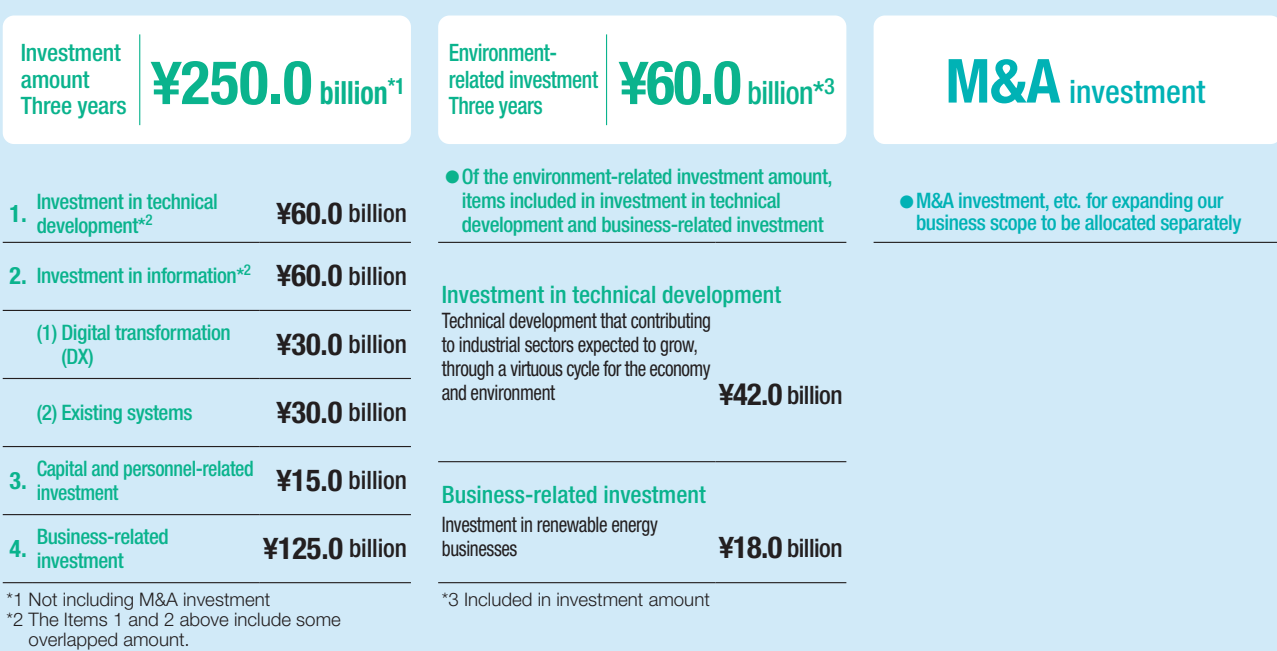


Medium-Term Business Plan (2021–2023) | Numerical Targets and Investment Plans

Numerical targets for FY2023



Investment plans



Group Domestic Building Construction Business

Creating Value for the Future
by Responding to the Needs of Society and Our Clients
with Comprehensive Capabilities.

Senior Managing Executive Officer,
Members of the Board;
Chief of Architecture & Engineering
Division (Integrated);
Chief of Building Construction Division

Yoshihiro TERAMOTO



Group Domestic Building Construction Business

Key Issue
To establish our superiority in a fierce competitive environment

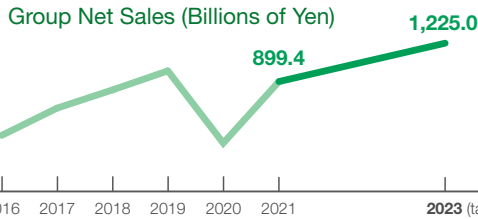
Market Scenario

- **General Building Work:**
The impact of the coronavirus pandemic is expected to recover gradually even though it will take some time. However, the competitive environment remains difficult as the future outlook remains unclear.
- **Building Renovation Work:**
The potential demand for building renovation works is large and is expected to exceed average yearly performance from FY2022.

Key Measures

- **To enhance the systems to improve the Group's competitiveness in securing orders for new construction**
 - To develop the systems for Value Engineering (VE) proposals and construction proposals by adding more staff to specialist teams and utilizing digital technologies and data
 - To deepen relationships with customers by such measures as returning to our origins in prioritizing outward-facing activities, and set our sales policies and targets more promptly
- **To expand the sector specialized in building renovation through organizational restructuring**
 - To establish the teams specialized in building renovation at Head Office and branches, and unify the organizations for promoting building renovation
- **To enhance productivity by utilizing digital technology, and consolidating operations, etc.**
 - Nationwide rollout of consolidated worksite operations utilizing specialist teams
- **To expand the business scope through utilization of M&A, etc.**
 - To achieve success in the telecommunications sector, where growth is expected, as well as the sectors and areas where the Group lags behind

Segment Overview



Net sales increased 4.9% from the previous fiscal year to ¥899.4 billion due to steady progress in on-hand construction projects.

Achievements in FY2021

- Establishment of a system to improve the competitiveness of new orders
 - Development of a proposal system by establishing and increasing the number of staff in the Strategic Design Department
 - General construction work is transferred to the head office estimation department, and renewal projects are transferred to Building Renovation Dept. in branch offices.
- Expansion of building renovation business through organizational restructuring
 - Establishment of the Building Renovation Division at the head office and Building Renovation Dept. at each branch office to enhance the system
 - Achieved the target by increasing bids for large-scale competitive building renovation projects.
- Improvement of productivity through the use of digital technology and the consolidation of operations
 - Expanded the scope of BIM utilization for facility and renovation works by the specialized organization at the head office.
 - Achieved a 100% support rate for general construction works by the head office support organization. Expand the scope of support for large-scale building renovation works in the future.
- Began business process reengineering (BPR) activities to promote consolidation and elimination of business lines.

Initiatives for the Future

Based on the policies of the Medium-Term Business Plan, in addition to continuing to implement measures in FY2021, we will create value for the future through the following initiatives, leveraging our integrated strengths from project start to construction and commercialization.

- Expand our proposal sales such as green renovations and strengthen the renovation field by shifting personnel to the renovation business.
- Expand our proposals to include environmental technologies in cooperation with the Sustainability Division (Integrated).
- Promote presentation and specification decision in virtual reality space.

Group Domestic Civil Engineering Business

Aiming to Address Social Issues and
Demonstrating the Corporate Value That
Is Unique to the Group.

Executive Vice President,
Representative Directors;
Chief of Civil Engineering Division;
In charge of Safety

Shigeyoshi TANAKA



Group Domestic Civil Engineering Business

Key Issue
To develop the systems to establish solid business foundations

Market Scenario

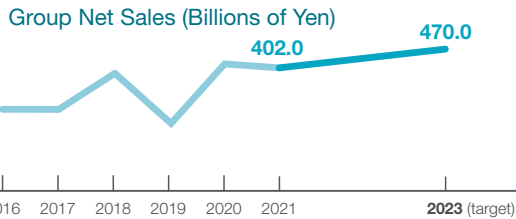
- **Private Sector:**
The market is expected to shrink as a result of COVID-19 and recovery will take time. Growth is expected in the renewable energy sector, but it will be after FY2024 that there is an affirmative effect on our business.
- **Public Sector:**
Affirmative impact on the Group is limited by public investments, such as the measures for prevention and mitigation of disasters, and the measures aimed at building the national resilience of Japan. It is expected that the weight of expressways and other renewal construction will increase.

Key Measures

- **To develop the systems to enhance the Group's competitiveness in receiving orders**
 - To identify more ECI* projects, etc. where we can utilize our strengths as a group, and develop the organization to win bids thereof
 - To develop company-wide backup systems to win discretionary contracts and design changes

* ECI: Early Contractor Involvement; A method where the contractor participates from the design stage
- **To enhance the teams to win bids in the sectors where growth is expected, etc.**
 - To enhance the teams and personnel to win bids of the projects related to dams, wind power generation facilities, and expressway renewal
- **To expand the scope of our business through M&A and other means**
 - To expand the sectors where we have a competitive advantage, as well as to achieve success in the sectors where we lag behind

Segment Overview



Net sales decreased 2.1% from the previous fiscal year to ¥402.0 billion, mainly due to a decrease in construction projects at the peak of the production processes.

Achievements in FY2021

- Expansion of bidding organizations in fields where growth is expected
 - Received orders for onshore wind power projects by establishing a specialized organization.
 - Received orders for highway renovation projects.
- Improvement of productivity and securing of production capacity
 - Improved productivity in outside work by utilizing DX and information and communications technology (ICT).
 - Established the Projects Site Support Office.
 - Consolidated and improved the efficiency of projectsite operations.
- Expansion of proposal sales using differentiated technologies
 - Updated and improved the Taisei technical library.

Initiatives for the Future

In addition to continuing to implement the measures in FY2021, we will aim to disseminate and propose the Taisei Group's distinctive corporate value to resolve social issues, along with the following measures:

- Win fixed-bed wind power generation projects and promote technological development related to design and construction of floating offshore wind power generation facilities.
- Increase orders for highway renovation projects by developing an automatic design system for prestressed concrete (PC) slabs.
- Formulate growth strategies for the expansion of the civil engineering-related group companies (Taisei Rotec Corporation, SEIWA RENEWAL WORKS CO., LTD. and J-FAST CO., LTD.) (development of a system to respond to bids, expansion of orders beyond the Group, expansion of business areas, etc.).
- Participate in public private partner (PPP) projects utilizing group strengths.

Group Overseas Construction Business

Contributing to Local Economic Development and the Resolution of Social Issues in Cooperation with the International Community by Leveraging the Technologies and Know-How of the Taisei Group.

Senior Managing Executive Officer,
Chief of International Operations
Headquarters

Keiji HIRANO



Group Real Estate Development Business

Achieving Value Improvements of Cities through Urban Development by Listening to the Voices of the Next Generation and Taking Advantage of Diversity at a Turning Point in the Way the City Should Be.

Executive Officer,
Chief of Urban Development Division

Takashi YAMAZAKI



Group Overseas Construction Business

Key Issue
To build the systems to ensure our profits for establishing the stable business foundations

Market Scenario

Building (Priority countries and regions)

- **Taiwan:** The construction market remains strong.
- **Vietnam:** While the investment to factories by Japanese companies is limited, there is a vibrant real estate development market, and it is trending toward a moderate recovery.

Civil engineering (Priority countries and regions)

- **Singapore:** Recovery is expected from FY2021 onward, centered on public investment.
- **Philippines:** Demand related to Official Development Assistance (ODA) projects is relatively strong.

Key Measures

Common (Priority countries and regions)

- To shift from the systems focusing on large-scale projects to the systems striving to ensure an optimal mix of different project sizes, by promoting both local-ization and operations at overseas offices, and collaborating with alliance partners

Building

- To build local networks by placing more and younger local sales staff
- To focus on allocating human resources to the airport sector, where the Group is internationally competitive

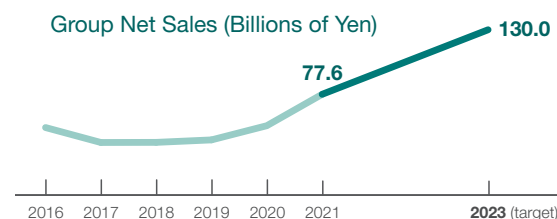
Civil engineering

- To cut the costs by utilizing the resources of alliance partners and our supply chain

New business

- To allocate human resources to the creation of business models besides the construction business, based on the business forms of global contractors in Europe and America

Segment Overview



Net sales increased 48.4%, to ¥77.6 billion, due to an increase in construction projects on hand.

Achievements in FY2021

- Won orders for luxury condominium in Indonesia in cooperation with local and global partners.
- Enhanced the sales sections in Taiwan and Vietnam.
- Promoted the airport construction project for which orders have been received.
- Dispatched employees to leading companies in non-construction fields.

Initiatives for the Future

In addition to continuing to implement the priority measures of the Medium-Term Business Plan, we will focus on the following:

- Increase the volume of projects undertaken by expanding business domains and customer segments.
- Employ external personnel to increase construction capacity.
- Further strengthen cooperation with alliance partners to enhance both construction capacity and price competitiveness.
- Expand into new countries, regions and business fields tailored to market trends.



Web
Overseas Network

Group Real Estate Development Business

Key Issue
To build the stable income foundations in the Group development business by optimizing the portfolio of our real estate and pursuing investment efficiency

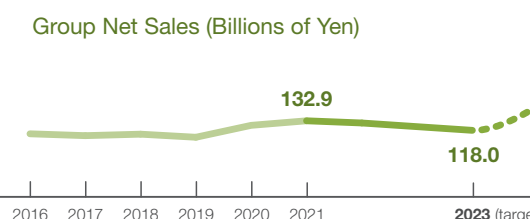
Market Scenario

While there are few concerns surrounding financing and there are no signs of major fluctuations in the real estate market, cautious judgments will continue to be required as the market outlook is very unclear.

Key Measures

- **Real estate: To build the optimal portfolio based on real estate market conditions, and develop the systems to ensure stable profits from development**
 - To acquire premium real estate through project control from the upstream stages of urban redevelopment projects and major development projects
 - To optimize our real estate portfolio based on a balance of area, application, asset efficiency, and stable revenues
 - To enhance the brand recognition and brand strength of "OBER" condominiums and "TERRACE" rental condominiums
- **Facility management: To secure the properties for facility management with planning and proposals tailored to customers' needs**
 - To establish an integrated customer support system that covers everything from building construction to facility management
- **PPP, etc.: To participate in the PPP business, etc. in order to diversify sources of revenue**
 - To establish the operational systems for airport concession projects, and tackle new infrastructure operation business

Segment Overview



Net sales increased 4.8%, to ¥132.9 billion, mainly due to the sale of large-scale real estate by the Company.

Achievements in FY2021

- Invested ¥76 billion in prime properties in favorable locations, such as the Otemachi Nomura Building and Ginza Yanagidori Building, to build the target portfolio. Also participated in new investment areas such as logistics.
- Started construction of (tentative name) TAISEI HANOI OFFICE TOWER in Hanoi, Vietnam's first large-scale office building developed solely by Japanese companies in November 2021.
- Decided to form a private REIT to realize asset-turnover based business models, optimize the real estate portfolio and pursue investment efficiency. Started composition procedures with the aim of commencing operations in FY2023.
- Conducted a demonstration test in Tokyo's Nishi-Shinjuku district for the practical implementation of an autonomous mobile service using fifth-generation communications (5G) in cooperation with infrastructures.

Initiatives for the Future

Continuing from FY2021, we will focus on the following measures in addition to the priority measures of the Medium-Term Business Plan.

- Continue to invest in line with the Medium-Term Business Plan to build a stable earnings foundation for the Group Real Estate Development business (planned investment of ¥88 billion in FY2022).
- Establish Taisei Real Estate Investment Advisors Co., Ltd., an asset management company, in preparation for the start of private REIT management in FY2023 and implement procedures to obtain approval necessary for the business.
- Promote participation in the operation of large-scale stadiums and arenas as a challenge to new infrastructure operation businesses in the private finance initiative (PFI) and PPP fields.
- Expand the facility management business by making the most of the Group's strengths, such as the adoption of artificial intelligence (AI) and the Internet of Things (IoT) technologies, in addition to involvement from the design stage.

Group Engineering Business

Contributing to the Advancement of the Industrial Structure with the Basic Philosophy of “Engineering That Captures the Changing Times and Creates True Value.”

Managing Executive Officer,
Chief of Engineering Division

Shinichiro TAKAHAMA



Group Engineering Business

Key Issue
To leverage our strengths to expand the scope of our business

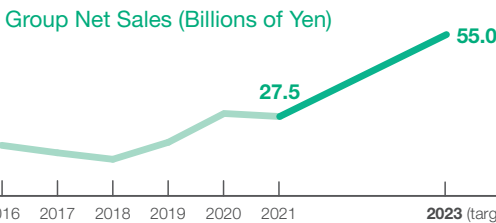
Market Scenario

There is generally strong capital investment demand in our target sectors of pharmaceuticals, food products, logistics, and energy.

Key Measures

- **To strengthen the existing sectors**
 - **Pharmaceuticals sector:** To utilize our strengths in terms of technology and expertise to enter the next-generation medical sector, including biopharmaceuticals and regenerative medicine
 - **Food products sector:** To enhance upstream consulting functions, and utilize technical expertise related to automation and labor-saving technology developed in the pharmaceutical sector
- **To take on new growth sectors**
 - **Fine chemicals sector:** To utilize the technology from the pharmaceuticals sector to enter markets in areas such as semiconductor and electronic device materials manufacturing facilities
 - **Logistics sector:** To secure competitive superiority in the logistics facility sector, and expand sales channels in the pharmaceuticals transportation and delivery business, by making use of our expertise related to proposals based on feasibility studies (FS) and the Guidelines on Good Distribution Practice (GDP)
- **To develop the systems for expanding the scope of our businesses**
 - To utilize external human resources to expand our production capabilities

Segment Overview



Net sales decreased 2.1% from the previous fiscal year to ¥27.5 billion as a result of revisions to investment plans and the postponement of plant construction due to the spread of the COVID-19 pandemic.

Achievements in FY2021

- **Expansion of order market share by cultivating existing business fields**
 - **Pharmaceuticals:** Received orders for large-scale projects by proposing differentiated technologies such as automation and labor-saving technologies.
 - **Food business:** Created a competitive advantage by actively receiving orders for the feasibility studies (FS) business and horizontally deploying technologies owned by the Company, and received orders without competitive bidding.
 - **Production facilities:** Continued the receipt of orders for existing customers, mainly for electronic device-related facilities.
- **Expansion of new order fields by challenging growth markets**
 - **Fine chemicals:** Received orders for large-scale projects such as manufacturing facilities for biopharmaceutical active pharmaceutical ingredients and raw materials for electronic devices.
 - **Logistics:** Acquired orders for logistics facilities attached to manufacturing facilities.
 - **Aquariums:** Won orders from renovation proposals for existing facilities.
 - **Energy infrastructure:** Received orders for wind power generation facilities and hydroelectric power generation facilities in the renewable energy field.

Initiatives for the Future

The Engineering Division’s strength lies in its ability to meet potential needs in all fields, capture the changing times, create true value and provide optimal solutions, based on its abundant experience and achievements. We consider all functions such as construction, production, logistics, information and utilities as an integrated system, and by responding to the full phase from project planning to schedule, design and construction, we realize customer needs and contribute to the stable supply of high-quality, safe and secure products. By implementing the following measures in addition to the continued implementation of FY2021 measures, we aim to provide even greater added value than our customers expect, gain their trust, and contribute to the advancement of our industrial structure.

- Further strengthen the horizontal deployment of our superior technologies and know-how and our FS and consulting operations.
- Implement flexible and timely proposal activities in response to changes in social conditions and market trends.

Technical Development (Taisei Advanced Center of Technology)

We aim to develop innovative technologies to resolve environmental and social issues.

Technical Development

Key Issue

To promote the technical development to solve environmental and social issues through open innovation

- **Technical development contributing to industrial sectors expected to grow, through a virtuous cycle for the economy and environment**

Industrial sector*	Details	
Offshore wind power	Bottom-fixed and floating	● Low-cost bottom-fixed and floating substructures and foundations
Logistics, people flow, and infrastructure	ICT construction Smart cities Disaster simulation	● Unmanned construction*1, robot construction technologies, 3D printer technologies ● Wireless EV-charging roads ● Realtime danger prediction (flooding, etc.)
Carbon recycling	Green procurement CO2 recovery and storage	● Developing and using concrete made with recycled carbon ● Evolution of technology related to storing CO2 underground
Housing and building, next-generation PV	Use of wood materials ZEBs Next-generation solar power cells (PV)	● Hybrid construction, combining wood with reinforced concrete and steel, and technology to utilize CLT*2 ● Next-generation high-performance ZEBs ● Power generation systems integrated with glass and related products for renewal
Lifestyle-related industry	Smart communities	● Technology for combining and coordinating regional renewable energy and devices that require energy
Hydrogen	Hydrogen storage and transportation	● Demonstration of low-pressure hydrogen transportation systems
Nuclear power	New light-water reactors (LWR)	● Technology to enhance the safety and economic efficiency of nuclear power facilities
Foods, agriculture, forestry, and fisheries	Plant factories	● Efficient cultivation systems that reduce light energy
Resource circulation	Energy recovery	● Technology for using methane gas

*1 Industrial sectors are quoted from “Growth Sectors” in the government of Japan’s “Green Growth Strategy”

*2 Cross laminated timber: The woody material is obtained by arranging wooden plates (laminar) in the width direction and laminating and adhering them in the thickness direction so that the fiber directions are orthogonal to each other. Cross laminated timber is a large, thick board used for construction materials as well as civil engineering materials and furniture.

Technology Topics

① Unmanned construction T-iROBO® Rigid Dump

It carries out a series of soil transport operations, from loading and transport to soil removal, automatically at a maximum speed of 30 km/h.

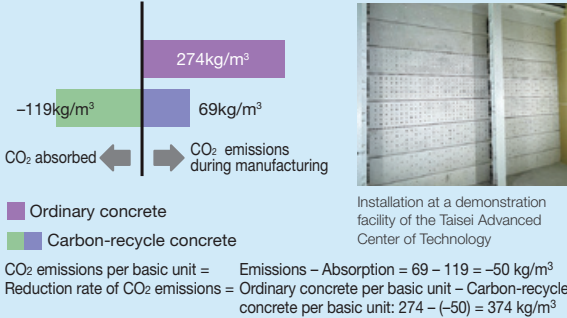


Web
“T-iROBO Series”

See the glossary on p.102 for the “T-iROBO Series”

② Development and use of carbon-recycle concrete T-eConcrete® / Carbon-Recycle

As a first step for the implementation in society toward the realization of carbon neutrality in 2050, wall materials manufactured using “T-eConcrete®/Carbon-Recycle” were applied to a building for the first time.



Installation at a demonstration facility of the Taisei Advanced Center of Technology

Page p.52 “T-eConcrete® / Carbon-Recycle,” “T-WOOD®” Environmental solution

③ Technology utilizing CLT T-WOOD® PC-BEAM

This composite beam combines laminated timber and prestressed concrete beams to improve beam design and structural performance. Since laminated timber also functions as a form and a decorative finishing material, it reduces waste generated during factory manufacturing.



Furubira Town Multi-Purpose Facility

Overview of Sustainability-Focused Management and Medium-Term Business Plan Initiatives

International disclosure standards, code of conduct, and standards of behavior:



- GRI Standards
- UN Global Compact
- ISO 26000



TAISEI Green Target 2050



Decarbonized Society

CO₂ emissions from business activities: virtually zero

Recycling Oriented Society

Final disposal rate of construction byproducts: 0%

Nature Co-Existing Society

Minimize the impact on the natural capital

Safety Secured Society

Provide value with zero social and environmental risks

	Materiality (Issues to be dealt with)		Key measures under the Medium-Term Business Plan		Relationship with SDGs, etc.
E S	1 Realization of a sustainable and environmentally friendly society	Environment	<ul style="list-style-type: none"> ● To achieve our target of "virtually zero" CO₂ emissions from business activities (carbon neutrality) (Scope 1 + 2) ● To enhance the performance of our Zero Energy Buildings (ZEBs), and expand green procurement (Scope 3) ● To establish a system to manage the Group environmental targets ● To conduct the environmental patrols and education to eliminate environmental accidents 	<div>Environment</div> <div>Environment</div> <div>Environment</div> <div>Safety</div>	<div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>13 CLIMATE ACTION</div> <div>Energy</div> <div>Climate change</div>
	2 Ensuring quality and improving technology	Consumer issues	<ul style="list-style-type: none"> ● Technical development where the Company has a competitive edge ● To establish Digital Twin based on coordination with the BIM/CIM design and construction cloud ● To establish the production process in a visualized and efficient ways through state-of-the-art digital technology 	<div>Technical Development</div> <div>DX</div> <div>DX</div>	<div>9 INDUSTRIAL INNOVATION AND INFRASTRUCTURE</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>Infrastructure</div> <div>Safe city</div>
	3 Technical development for realizing a sustainable society	<div>Environment</div> <div>Consumer issues</div> <div>Community</div>	<ul style="list-style-type: none"> ● To develop and commercialize next-generation high-performance ZEBs and develop and use the carbon-recycle concrete ● Technical development contributing to industrial sectors expected to grow, through a virtuous cycle for the economy and environment ● To establish a business in the operations and maintenance (O&M) area ● To shift to a style of data-based sales through making proposals at the optimal timing 	<div>Technical Development</div> <div>Technical Development</div> <div>DX</div> <div>DX</div>	<div>9 INDUSTRIAL INNOVATION AND INFRASTRUCTURE</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>Infrastructure</div> <div>Safe city</div>
	4 Promotion of supply chain management	<div>Fair operating practices</div> <div>Human rights</div>	<ul style="list-style-type: none"> ● To promote the supply chain management aimed at solving environmental and social issues, etc. <ul style="list-style-type: none"> ● To promote the procurement complying with the "Sustainable Procurement Guidelines" across the supply chain as a whole ● To coordinate with suppliers in a way complying with the "Declaration of Partnership Building" ● To improve the systems for providing procurement-related information 	<div>Safety</div> <div>DX</div>	<div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>Employment</div>
	5 Thorough management of occupational health and safety	Labor practices	<ul style="list-style-type: none"> ● To enhance the patrols by the Company and officers of Safety, Health, and Environment Cooperation Association, etc., ensuring thorough education in order to prevent designated disasters, etc. ● To promote the health and safety and environmental management through the utilization of digital technologies, etc. 	<div>Safety</div> <div>Safety</div>	<div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>Employment</div>
	6 Cultivation of technical staff and securing human resources	<div>Human rights</div> <div>Labor practices</div> <div>Consumer issues</div>	<ul style="list-style-type: none"> ● To promote Roadmap to FY2024 for "addressing long working hours" ● To enhance the support for all member companies of the Soyukai <ul style="list-style-type: none"> ● To enhance and maintain the training for Soyukai members at the Konosu Training Center ● To support the registration and use of the Construction Career Up System (CCUS) 	<div>Work Style Reform</div> <div>Safety</div>	<div>Compliance with the Revised Labor Standards Act (FY2024)</div>
	7 Realization of an attractive working environment that is good to work in	<div>Human rights</div> <div>Labor practices</div>	<ul style="list-style-type: none"> ● To establish the workstyles and the working environments that enable a diverse range of human resources to fully perform their abilities <ul style="list-style-type: none"> ● To expand mid-career recruitment, studying and implementing the plans for their compensation and other benefits ● To study and implement the plans to establish the workstyles where female employees, elderly employees, and others can fully perform their abilities ● To secure digital human resources, and establish a rotation system 	<div>Work Style Reform</div> <div>DX</div>	<div>Achievement of the targets of the General Employers Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace (FY2025)</div>
	8 Thorough compliance and restructuring of the Group governance system	<div>Organization governance</div> <div>Fair operating practices</div>	<ul style="list-style-type: none"> ● To clarify the functions of the Group Head Office ● To establish the effective systems to manage Group companies, etc. ● To build an integrated platform 	<div>Governance</div> <div>Governance</div> <div>DX</div>	<div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>9 INDUSTRIAL INNOVATION AND INFRASTRUCTURE</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>13 CLIMATE ACTION</div> <div>Infrastructure</div> <div>Safe city</div> <div>Climate change</div>

□ Represents the seven core subjects of ISO 26000.

■ Applicable items of the infrastructure development plan

Special Feature 1

To Enhance Innovation Capability through Digital Transformation (DX)

Professor
Rikkyo University Graduate
School of Business

Michiaki TANAKA

Chief Digital Officer (CDO),
Executive Officer,
Chief of Corporate Planning Office

Hiroki FUKASAWA



Recognizing the era in which DX critically affects competitiveness, Taisei Corporation is working on DX throughout the company, with keeping the reforms of production systems and workstyle as well as the development of new ways of interacting with society in mind.

A talk between Mr. Michiaki TANAKA, a professor at Rikkyo University's Graduate School for Business Administration, who is known for his research on leading DX cases around the world, and Mr. Hiroki FUKASAWA, Executive Officer and Chief of Corporate Planning Office, who serves as Chief Digital Officer (CDO) and the chairperson of the "Digital Transformation (DX) Promotion Committee", a company-wide organization, which explores digital transformation that enables the future Taisei Corporation to progress even more steadily.

Challenges in DX Initiatives of Taisei Corporation

FUKASAWA: Professor Tanaka studies companies and organizations around the world that have achieved outstanding results by using DX. Today, I would like to hear about examples of leading companies' efforts to think about our company's DX.

TANAKA: I have studied the activities of various leading companies, and excellent companies have something in common, whether they are digital native* or non-digital companies.

First of all, their way of using digital is very fundamental. They define what the axis of their business is and use digital to strengthen it. In doing so, they focus on enhancing customers' convenience and enhancing customers' asset value from the perspective of customers. At the same time, they use it to make it easier for employees to work and to increase employee engagement.

In the United States, initiatives based on stakeholder capitalism, including customers, employees, and local communities in addition to shareholders, began several years ago. I think it shows an approach that you start with customers and employees to think about how much you can strengthen your business.

FUKASAWA: Certainly, we need to remember it once again seriously so that we are not left behind in global competition.

For our company, the construction business is the backbone of the company and we will surely continue to develop it. However, I think the process of how we do so will change with the times.

In the past, employees' work hours were used as resources in a way to make jobs viable, but that will not work going forward. As a matter of course, improving productivity is an urgent issue.

We have been striving to improve productivity by transferring and consolidating some operations such as procurement and the preparation of construction drawings that used to be done at each project site to the head office. We have already been actively working to automate and streamline operations through the use of digital technology, and our company's production system is beginning to undergo significant changes.

Although, until 20 years ago, the number of skilled construction workers was more than 4 million, the number is

now less than 3.2 million. Further aging and a decrease in the number of workers are expected to continue. Therefore, we also have to go further into mechanization, automation, and robotization to improve productivity at project site.

TANAKA: The "TAISEI VISION 2030" sets out initiatives for three X's, that is, IX, SX, and DX. In fact, from what you have said, I see that Taisei Corporation has a very strong awareness of issues about DX. What triggered your accelerating DX?

FUKASAWA: The Ministry of Land, Infrastructure, Transport and Tourism designated 2016 as the first year of the productivity revolution to promote the wider use and establishment of i-Construction, resulting in the use of ICT in the industry to progress dramatically.

While our company had also been making preparations, such as research in this field and the automation of machinery, it prompted us to accelerate it further to start studying the automatic control of large heavy machinery and so on. For example, we developed "**T-iCraft**"*1 a system that automatically controls multiple construction machines and automatically carries out specified operations such as excavation, loading, and transportation. In this way ICT is now being used in a tangible manner at actual production field.

Meanwhile, skilled construction workers at our project sites are engaged in the construction business in a multilayered structure in the form of those hired by primary and secondary subcontractors. I believe that establishing DX among such subcontractors is the role of a general contractor because we coordinate the entire construction process. To this end, how do we cover the entire production system of the construction business and use DX to link them all?

The entire company is working to create systems and platforms for that with a sense of speed. The other day, we made substantial changes to a system called "**Project Site Net**" in which our employees and staff at the partner companies at project sites share drawings and key data for construction operations such as quality control and schedule control. This has been well received by our partner companies, who say they can feel the progress of DX.

*Digital native companies: Companies established in or after 1995 which provide services and businesses that are predicated on the use of IT and digital technologies

DX Initiatives That We Promote Together with Our Clients

TANAKA: Also in Japan, each general contractor seems to be working hard, and competition in the digital world will

become very severe in the future. First of all, I think DX should be speedy and comfortable. Shopping, for



example, is as simple as entering an automated convenience store, picking up what you want, and walking away. It's so comfortable that you may even forget you're shopping. Of course, the construction business actually builds structures, so I doubt everything will be digitized. However, I think how you connect with your clients will change.

FUKASAWA: Yes, I think so. We are in the built-to-order industry in which we start with the design of construction work after we received the order, and we have been focusing to produce and deliver products of better quality and higher satisfaction according to the work schedule while having meetings with the clients. In the future, we believe that it is important to provide services that enable us to manage buildings together with our clients, thereby extending their life cycles and sustaining their asset values over the long term. We are also working to maximize DX utilization in this respect.

There is a huge amount of data accumulated in the Company, including design, construction, and procurement. The goal is to aggregate innumerable pieces of

information, that have existed in a scattered manner and have not been shared, into a single database so that anyone could derive necessary information from that.

A building has a variety of events such as large-scale repairs even after the completion. For such occasions, we can identify the client's needs from the database or propose the optimal solution. We have established "[Life Cycle OS](#)"*2 that could be used for business after the completion of construction. [BIM](#) and IoT are integrated to provide necessary information services according to the lifecycle of a building. We want to take DX to a point where we can build closer relationships with our clients than ever before.

TANAKA: What is happening now with DX is that we can connect directly and digitally with each customer or client. The phrase "customer-centric" will now be coming to every industry as reality, not a mere message. Consumers can tell at a glance whether it is truly customer-centric, and that is exactly what is to be questioned.

And the word "connect" has become a more meaningful keyword. Even if you want to connect with a customer, they may not. What kind of company does a customer want to connect with? It is not a top-down company, but a flat, friendly company.

If you put yourself in the consumer's shoes, you'll see that quickly. I think it will be important going forward to build good relationships with your clients over the long term.

FUKASAWA: As you said, I think that will form the basis. We need to increase the number of fans of Taisei Corporation and receive orders continuously. It means building a win-win relationship that is not good only for us but also for our clients, doesn't it? I think it is important for all stakeholders to have sense of understanding and move in this direction.

with society, not just with the construction industry, we work on DX to reduce the load of skilled construction workers in light of the future trend in the labor force, and DX to provide the best services to our clients and end users.

The basic idea is indeed "DX for people." This kind of mindset should be further cultivated and shared throughout the company, shouldn't it?

TANAKA: I think so. How should Taisei Corporation be in 2030, what value should it provide, and what should it do for the next generation? If you have a clear sense of the mission and mindset, human resources education should also progress smoothly.

FUKASAWA: The speed at which we implement DX critically affects our competitiveness. Our company is also promoting the hiring of DX human resources and plans to develop DX human resources internally. However, there is a problem of insufficient knowhow to reskill employees to develop DX human resources, and it is also important challenge how to solve this problem. Our company has launched "[DX Academia](#)" as our proprietary system to develop DX human resources. I feel that Japan has some way to go to adequately develop education systems, etc., for DX human resources. How should the current situation be viewed compared to other developed countries?

TANAKA: I think Japanese society tends to think of DX as something special. For example, when I studied at Booth School of Business, the University of Chicago, one thing surprised me. People used data and mathematics to conduct advanced research at that time, too, but few of them majored in mathematics or computers in college. They have all studied liberal arts such as philosophy and sociology. There were many people who acquired fine education and broadened their perspectives in undergraduate studies, and came to the graduate school after gaining work experience.

I also studied a national human resources development program in Israel. Of course, there were young people with outstanding intelligence enrolled, but that's not the only thing that matters. It is whether they demonstrate leadership and excellent human qualities that the coaching side ultimately focuses on.



It is not the case that you can do DX if you are good at math. What's important is how heightened a sense of mission and awareness of problems each individual has.

FUKASAWA: Certainly, it becomes obvious what we should do if we have a clear sense of mission and problems. If digital technology is then needed, you can learn and use it according to the objective. I think it will make it much easier for each and every employee to work on.

TANAKA: Learning digital technology skills in a narrow sense is not so difficult in this age. On the other hand, people who do not have clear mission change what they're doing constantly. Such people do not have the consistent purposes and objectives between what they were doing yesterday and what they are doing today. In such case, even with digital technology, it won't lead to the kind of transformation we should be aiming for. In conclusion, I think the bottom line is that mindset education and liberal arts education are paramount.

When you think about what DX is all about, the key is to continue to pursue transformation. You should review your own issues seriously, update and execute your mission and vision according to the situation, and execute again. Repeating it will bring you closer to your goal. It's very important to have such mindset, and digital technology is the way to do it.

FUKASAWA: The transformation is to transform within an individual, that is, self-reformation. It was a very thought-provoking talk. Thank you very much for your time today.

Future Vision and DX Human Resources Development

FUKASAWA: Our company has established the [DX Promotion Committee](#), a company-wide organization, and the entire Group is working towards DX. In this context, it is necessary for each division or headquarters to proceed with the transformation on its own. Are there any excellent examples of leading companies in your research, Professor TANAKA?

TANAKA: Looking at the examples of overseas companies, they begin with the idea of how to share mindset and values throughout the company. An organization is, in other words, a corporate culture. Walmart's success with DX, for example, comes from its efforts to reinvent its corporate culture. Making thorough thinking about the purpose of reinventing, which part of the corporate culture to be left as

an excellent point that represents your own personality, and which part needs to be changed. This is truly a change in mindset and corporate culture. It is a serious effort, however I think it is necessary for management to first develop a common understanding, then work on it throughout the company and share it with all employees.

FUKASAWA: Our company has set out "A pioneering corporate group contributing to the development of a resilient society where people can live affluent and cultural lives" as its medium to long-term vision in the "TAISEI VISION 2030." In particular, the "development of a resilient society" is a major mission of a construction company.

At the same time, keeping an eye on wider cooperation

*1 "T-iCraft"

T-iCraft is an abbreviation of Taisei ict Construction Robot Automatic Fit Team, and is a system that controls the coordinated operation of multiple autonomous construction machines.

*2 "LifeCycleOS"

LifeCycle OS is a building platform of Taisei Corporation that combines BIM and IoT to provide information services for various building users throughout the lifecycle of a building.

Special Feature 2

To Enhance Organizational Capabilities through Human Rights Due Diligence

Attorney at Law admitted in Japan and the State of New York,
Partner, CLS Hibiya Tokyo Law Office

Emi OMURA

Senior Managing Executive Officer,
Chief of Sustainability Division (Integrated);
Chief of Clean Energy & Environmental Business
Promotion Division

Jiro TANIYAMA



How can we put the concepts, SDGs and human rights due diligence, that are essential in the future global trends at the heart of the company and embrace them in a concrete manner? This is an urgent issue for the Taisei Group.

A talk between Jiro TANIYAMA, Chief of the Sustainability Division (Integrated), who was deeply involved in the formulation of the Medium-Term Business Plan (2021-2023) and pursues initiatives for the SDGs, and Ms. Emi OMURA, a lawyer with extensive knowledge on human rights issues around the world, provides an overview of the Group's initiatives and their effectiveness, and the future vision we should aim for.

SDGs and Human Rights

TANIYAMA: "The Medium-Term Business Plan (2021-2023)" under which we make focused initiatives over the three years with a view to realizing "our medium to long-term vision (TAISEI VISION 2030)" was kicked off last year. I myself was deeply involved in the formulation of this Medium-Term Business Plan and had many discussions. The term SDGs was indeed an important keyword in the process.

As you know, the SDGs were adopted by the United Nations in 2015. Meanwhile, even before we started using the term SDGs, we were deeply committed to the concept.

In 1990, our Company formulated the Taisei Group Philosophy "to create a vibrant environment for all members of society" which states that "We seek in an environmentally sustainable manner to create safe and attractive spaces with exceptional value and to create a global community filled with hopes and dreams for the benefit of future generations." It embraces the idea of "leaving no one behind" for the future, which is, I believe, truly in line with the concept of the SDGs.

In addition, our Company's structure of values and principles includes the "Taisei Spirit" and the "Overall Principles of Conduct." Chapter 1 of the latter advocates respecting fundamental human rights and diversity, engaging in neither discrimination in any form nor any

action in violation of human rights, and cultivating an open and vibrant corporate culture in which everyone can fully exhibit their capabilities. The idea of aiming for a society in which diversity and inclusion can be realized is nothing else but our spirit, and is also one of our goals.

OMURA: The preamble of SDGs affirms that the world's universal challenge is to realize human rights for all and to achieve gender equality. So when companies address the SDGs, they address human rights, gender equality, diversity and inclusion. And as Mr. TANIYAMA says, it is important to "leave no one behind."

Your Company's "Human Rights Policy" contains the "Fundamental Attitude towards Respecting Human Rights" in the beginning. It says "We, Taisei Group, contribute to the realization of an inclusive society by fulfilling our corporate responsibilities voluntarily, positively, and proactively so as not to cause adverse impacts on human rights in relation to our business activities." This is nothing else but the goal of the SDGs. The Medium-Term Business Plan clearly shows internally and externally that sustainability is one of the pillars of management, by paraphrasing in the SDGs terminology what you have been practicing over the long history since the foundation.

Initiatives for Human Rights Due Diligence

TANIYAMA: After all, the construction business is made viable by people. In that sense, it is necessary to assess risks and their impacts and to take appropriate measures in relation to [human rights due diligence](#) ("Human Rights DD" hereinafter) which has become a global standard.

The "Human Rights Policy" you just mentioned was first formulated in 2015. It had clarified our fundamental ways of thinking on human rights and we had been conducting awareness-raising activities regarding discrimination and harassment, mainly targeting our employees. However, Human Rights DD stipulated in the "Guiding Principles on Business and Human Rights" (the "Guiding Principles" hereinafter) established by the United Nations was expanded to cover customers, the entire supply chain in Japan and overseas, as well as local communities, and we understood a need to introduce Human Rights DD.

In 2022, we revised the "Human Rights Policy" and also

introduced Human Rights DD, and are working on it as a major task.

As part of this effort, we assessed human rights risks from the two perspectives of "impact on human rights" and "connection with the Company," taking into account the risks unique to the industry of construction business, and identified, systematized and evaluated human rights risks in the supply chain. As a result, it was the areas of long working hours, and health and safety that emerged as the biggest issues for us. The fact that these areas are posing major risks came to light once again through quantification.

It is a labor-intensive job, so it is true that there was a problem peculiar to the industry that people tend to work long hours in order to keep construction deadlines. However, in today's society, such a stance is not accepted. We recognize once again that it is a major corporate challenge to express in writing quantified consideration to human rights after thoroughly explaining this to our clients.



OMURA: The construction business has a very long supply chain and a wide range of stakeholders, from raw material production and procurement to community relations. Human rights risks, that is, potential negative impacts on the human rights of stakeholders, are also diverse. I believe you have been working to address the issues of employees' working hours and health and safety for a long time, however there is an increasing trend that you have to pay attention to it as far as the working environment of suppliers. Your Company formulated the "CSR Procurement Guidelines" in 2013, which was renamed the "Taisei Group

Sustainable Procurement Guidelines" in 2022, updating the content for items such as respect for human rights. Just like the "Human Rights Policy," I thought the measure was taken in line with the essence of the "Guiding Principles."
TANIYAMA: Yes, exactly as you have said.
OMURA: In the past, CSR was thought of as a company's fulfilling its responsibility to society on a voluntary basis, which is at a different level from legal obligation. On the other hand, the "Guiding Principles" clearly state that the risk of causing or contributing to human rights violations is a matter of legal compliance, which is a major difference. The fact that your Company has updated the human rights policy and procurement guidelines shows your Company's determined stance towards compliance in recognition of the "Guiding Principles."
TANIYAMA: Thank you very much. Even for the term of CSR, this is an era in which the approach of a company on a standalone basis such as "disciplining yourself" as used in the past is not good enough. We clarify our stance on fulfilling our responsibility to respect human rights and are building a mechanism for Human Rights DD through concrete initiatives. I believe that the next challenge is how to continue implementing these.

Attempts to Promote Human Rights DD

OMURA: Looking at trends overseas, there has already been legislation that makes the disclosure of the results of Human Rights DD, or not only the disclosure but also the implementation of Human Rights DD itself, mandatory. Although national discussion has not reached at legislative measures in Japan, the Ministry of Economy, Trade and Industry is developing cross-industry guidelines on Human Rights DD (as of July 2022). In this context, companies, like your Company, voluntarily promote and implement Human Rights DD initiatives, rather than implementing them because they are legislated or mandated to do so. Thus, I think it is very important to show excellent advanced examples.
TANIYAMA: I agree. It is not that you follow requests from outside, but you do so voluntarily from inside. Then, how to have it take root in the Company's culture. That is the main point. Meanwhile it is necessary to establish a solid system, and I believe that balancing the two is a new challenge.
OMURA: What do you think about embedding the concept in the internal culture?
TANIYAMA: Measures to prevent and mitigate human rights risks have been incorporated into the "[Taisei Group Sustainable Procurement Guidelines](#)," and we have been conducting awareness-raising activities for not only

the Group's executives and employees but also our suppliers through training and e-learning. In addition, we continue to conduct activities to ensure the effectiveness of Human Rights DD through surveys/ interviews and interviews with foreign technical interns to confirm compliance with the Guidelines. It is, of course, important to have the clear commitment of the top management as the background of this. The President himself has made it clear that management will not be able to succeed unless the Company respects the human rights of all people involved in its business and proactively resolves human rights issues. It is important to ensure that this way of this thinking takes root in all the executives and employees.
OMURA: What should be considered as a human rights issue continues to evolve as society changes. Your Company is updating it on a periodic basis and has delivered a very clear message that management centered on human rights be conducted as top management's commitment. The "Human Rights Policy" presents your fundamental stance to "contribute to the realization of an inclusive society by fulfilling our corporate responsibilities" as a construction company. I believe such clarification of the commitment of top management is also important to get the concept of human rights embedded in the Company.

Towards a Vibrant Future Society

TANIYAMA: The construction business is a business that is made viable only by receiving orders from clients. As for Human Rights DD, I think the important point will also be how our Company's initiatives are supported by our clients.
OMURA: Human rights are an issue for every company in the world. The recent trend is that your client companies will also get asked by investors and financial institutions whether they are monitoring the human rights situation on the side of construction companies. Companies that are evaluated by evaluation agencies for overseas investors, in particular, are requested to address human rights issues constantly and cannot escape this trend. By promoting Human Rights DD, human rights initiatives should be evaluated more positively, and it naturally results in increased business opportunities for your Company.

Your Company's "Human Rights Policy" clearly states that "We urge our business partners, including clients as well as subcontractors and suppliers, to support this Policy and respect human rights." This is also what is requested by the "Guiding Principles" and is a stance that global companies aim for. By enforcing the principle of "respect for human rights" through mutual leverage, I believe that we can progress towards the achievement of the SDGs on a global scale.

TANIYAMA: The idea is that taking a resolute attitude towards human rights is good for us, and at the same time, for clients.

OMURA: Yes, I think so. I believe that each company will gain a competitive advantage in the process of not only formulating a "human rights policy" and working on Human Rights DD, but also disclosing how effectively they work.

In that sense, the fact that we had this talk this time, and the fact that the Annual Report contains featured reports and more detailed descriptions in the SDGs field is progressive and wonderful.

TANIYAMA: The Taisei Group sets out a goal of "[The Ever-Evolving CDE³ Company](#)" contributing to the development of a resilient society where people can live affluent and cultural lives. I believe that the key to realizing this goal is to have our Company's role firmly recognized in society.

We will continue to pursue carbon neutrality and environmental measures, promote diversity and inclusion for further



diversity, enrich the lives of many people in comfortable workplaces, and expand the happy lives of our clients, together with the structures we create and provide. I believe the above attitude is the starting point of our *monozukuri* (precisely speaking, superb craftsmanship).

OMURA: The construction business is very closely connected to where people reside and live and what people do in their lives. This is why your Company has been able to continue your corporate activities with people at the center and with your thoughts on the lives of each individual.

Under the "National Action Plan on Business and Human Rights" formulated by the Japanese government in 2020, companies are expected to "formulate human rights policies," "implement Human Rights DD," and "establish a mechanism for remedies." Regarding a mechanism for remedies, your Company already has a Corporate Ethics Helpline System that is recognized by your partners. A system has also been established to listen to the voices of workers in the field through monitoring and other means. I believe that dialogue with local communities has been practiced, and I hope that such dialogue will be further enhanced and disclosed.

Of the many meaningful activities, I think there are only a few that are visible to outsiders like us. You can lead the industry by actively disclosing your activities. I would also like to see your Company develop how a Japanese company should be and present a new and vibrant path for Japanese society as a whole.

TANIYAMA: Thank you for your valuable advice. Thank you very much for your time today.

Page **p.102** "[Taisei Group Sustainable Procurement Guidelines](#)"
Glossary

For more information, please visit our website.



Web Q

"Human Rights Due Diligence"



Web Q

"The CDE³(cubed) Company"

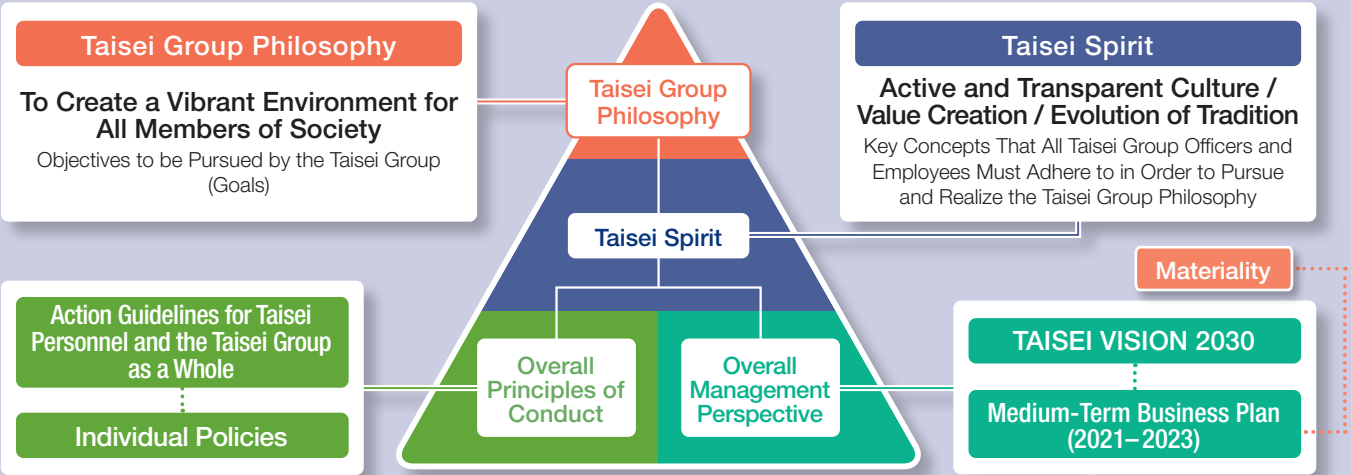
Sustainability Management

Structure of Value and Fundamental Policy on Sustainable Development

Based on the Taisei Group Philosophy of “to create a vibrant environment for all members of society,” and the Taisei Spirit of “Active and Transparent Culture,” “Value Creation” and “Evolution of Tradition” in pursuit of the Group Philosophy, the Taisei Group’s Fundamental Sustainability Policy is to realize sustainability transformation (SX) by working to resolve sustainability issues through businesses centered on the construction industry, and to contribute to the development of a resilient society where people can live affluent and cultured lives.

In resolving sustainability issues, we recognize that the efforts not only reduce risk but also lead to new opportunities for profit, and we make proactive efforts to address them.

Our Structure of Values and Policies



Individual Policies and Standards on Sustainability



Sustainability Management Promotion System

On April 1, 2022, Taisei Corporation newly established the Sustainability Division (Integrated), which unifies the Company’s response to sustainability issues, and appointed its Chief as Chief of Sustainability Officer (CSO) of the Group.

The Sustainability Division (Integrated) has two divisions. The Sustainability Management Promotion Division unifies strategic functions for overall sustainability, such as CSR, in addition to resolving issues for carbon neutrality.

The Clean Energy & Environment Business Promotion Division unifies functions for promoting businesses related to clean energy and the environment. We will accelerate our efforts to “acquire 100 MW of renewable energy in FY2030” and provide our clients with the latest environmental technologies.

To further clarify our stance of pursuing mutual sustainability in society and in the Group, we have renamed the CSR Committee, which was established within the Board Committees in 2004, to the Sustainability Committee. The Group will strengthen its sustainability activities from a variety of perspectives.

Various Committees

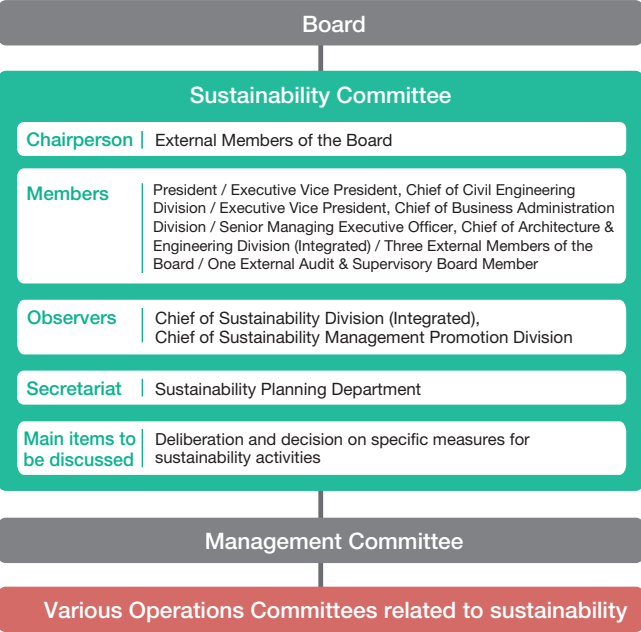
We have established various committees to discuss important issues related to sustainability, such as the Environment Committee and the Personnel Committee.

Matters to be deliberated on sustainability-related policies, systems and mechanisms are regularly discussed and reported to the Management Committee and the Board.

Sustainability Management Framework

We take a global perspective on sustainability and conduct business activities in accordance with international codes of conduct. In conjunction with the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole, the Group promotes activities in reference to ISO 26000 (the international standard for organizational social responsibility) and GRI (the guideline for disclosure of information related to sustainability), supports the 10 principles of the United Nations Global Compact, and develops business activities based on the Medium-Term Business Plan and materiality that incorporate the Sustainable Development Goals (SDGs) as activity goals.

Sustainability Promotion System Diagram

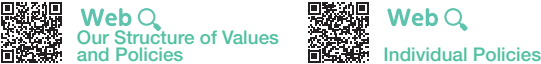


Page p.67 Chart of Corporate Governance System Governance Section

Various Committees Related to Sustainability (As of April 2022)

	Chairperson	Frequency
Committee within the Board		
● Sustainability Committee	External Member of the Board	Twice a year
Special Committee		
● Compliance Committee	External experts	Once a year
Business Committees		
● Technical Committee	President	12 times a year
● Central Safety Commission	Executive Vice President	Five times a year
● Environment Committee	President	Four times a year
● Risk Management Committee	Executive Vice President	Once a year
● Central Labor Affairs Committee	Executive Vice President	Twice a year
● Digital Transformation (DX) Promotion Committee	Executive Officer, Chief of Corporate Planning Office	Four times a year
● Personal Committee*	Executive Vice President	—

* The Personnel Committee was established in April 2022



I Materiality and KPIs 2021–2023

	Materiality (Related ISO 26000)	Scope of report	Key performance indicators (KPIs)					Contribution to the SDGs			Page													
								FY2021		FY2023														
								Target	Result	Target		4	5	6	7	8	9	10	11	12	13	14	15	16
E	① Realization of a sustainable and environmentally friendly society (Environment)	Taisei Group	Scope 1+2	Reduction rate of CO ₂ emissions per sales* ¹		—	3.3%	−15%																
				Reduction rate of total CO ₂ emissions* ¹		—	−11.8%	−6%																
		Non-consolidated	At construction stage:	Reduction rate of CO ₂ emissions per sales* ²		−36%	−30.1%	−41%			●	●	●	●		●	●	●	●	●		●		p.53
				Reduction rate of total CO ₂ emissions* ²		−52%	−52.7%	−46%																
			At building operation stage:	Reduction rate of design-build estimated CO ₂ emissions* ²		−41%	−44.6%	−43%																
		S	② Ensuring quality and improving technology (Consumer issues)	Non-consolidated	Customer satisfaction (Civil Engineering)				100%	97.6%	100%													
Customer satisfaction (Building Construction)						100%	90.0%	100%						●	●		●				●	p.60		
Taisei Group	Productivity (Net sales/number of employees)				¥71 million	¥65 million	¥83 million																	
③ Technical development for realizing a sustainable society (Environment / Consumer issues / Community)	Non-consolidated		Number of patent applications filed				260 cases	272 cases	280 cases															
			Number of orders received for net Zero Energy Buildings (ZEBs)				5 projects/year	6 projects/year	8 projects/year				●		●		●		●			●	p.61	
④ Promotion of supply chain management (Fair operating practices / Human rights)	Taisei Group		Supplier's conformity rates with the Taisei Group Sustainable Procurement Standards				—	—	100%	●				●	●		●	●	●				p.62	
⑤ Thorough management of occupational health and safety (Labor practices)			Number of fatal accidents				0 cases	1 case	0 cases						●	●		●	●	●		●	p.63	
⑥ Cultivation of technical staff and securing human resources (Human rights / Labor practices / Consumer issues)	Non-consolidated		Worksite registration rate of Construction Career Up System (CCUS)				100%	100%	100%															
			Health management overtime hours				—	Monthly target: 50 hours Persons who exceeded 720 overtime working hours per year: 22.6%	Monthly target: 50 hours Persons who exceeded 720 overtime working hours per year: 0%	●					●	●		●	●	●				
			Worksite implementation rate of a five-day work week (closed eight days in four weeks) (Civil Engineering)				—	49.5%	100%															
			Worksite implementation rate of a five-day work week (closed eight days in four weeks) (Building Construction)				—	26.6%	100%															
⑦ Realization of an attractive working environment that is good to work in (Human rights / Labor practices)	Non-consolidated		Number of female managers				260 persons	270 persons	330 persons	●	●											●	●	
			Rate of taking childcare leave by males				100%	100%	100%						●	●	●						●	●
G	⑧ Thorough compliance and restructuring of the Group governance system (Organization governance / Fair operating practices)	Taisei Group	Number of major information security accidents				0 cases	0 cases	0 cases					●	●	●	●					●	●	
		Non-consolidated	Attendance rate at compliance training including anti-corruption				100%	100%	100%				●	●	●	●	●					●	●	

*1 Compared to FY2019 (a base year for emissions targets). *2 Compared to FY1990 (a base year for emissions targets).

Sustainability **TOPIC 1**

Human Rights and Supply Chains

—Respect for Human Rights—

We clearly state “Respect for fundamental human rights and diversity” in the Action Guideline for the Taisei Group. In addition, we believe that supporting and respecting the protection of internationally agreed human rights, such as international standards, including ISO26000, is the premise of our corporate activities. Viewing that not infringing on human rights is our responsibility that we shall fulfill, in October 2015, we decided on our Human Rights Policy. Since then, we have been proceeding with initiatives. We acknowledge that recently the importance of the companies’ initiatives for respect for human rights has been increasing, and the activities related to human rights are required to involve the supply chain beyond the company itself. In April 2022, with the Board’s approval, we revised the Human Rights Policy to explicitly commit the Group’s stance that we will fulfill the responsibility to respect human rights internally and externally.

As a specific measure, we have established the framework for human rights due diligence and decided to implement it periodically.

We Began Human Rights Due Diligence.

The business activities of the construction industry are based on a multi-layered supply chain both in Japan and overseas, consisting of skilled construction workers of various industries as well as the companies that procure, process, and transport raw materials. For Taisei Corporation, it is a crucial task to respect and care about human rights in the entire supply chain that includes employees concerned, skilled construction workers, and local communities.

This time, to identify and assess the negative impact of the Company’s business activities on human rights and define important issues that should be addressed on a priority basis, we have introduced human rights due diligence as stipulated in the UN Guiding Principles on Business and Human Rights. With the advice of external experts, we have identified human rights risks in the supply chain.

Regarding the identified risks and measures to prevent and mitigate them, Taisei Corporation will report to the Board after deliberation by the Management Committee and the Sustainability Committee. We will also continue implementing the measures to avoid and reduce human rights risks in the Group.



Web Human Rights Due Diligence

Human Capital—For the Advancement of Management Capital

The Taisei Group poses the TAISEI VISION 2030 of which basic stance is “Achieving safety and security” and “Optimal utilization of ‘Human Capital,’ ‘Technology’ and ‘Intelligence.’” We believe that investing in human resources is one of the most important investments. For our employees, we are promoting diversity and inclusion, aiming to create a comfortable working environment and a personnel and salary system that allow them to perform at their full potential in various areas.

In May 2022, we conducted an engagement survey (Motivation Cloud provided by Link and Motivation Inc.) for all employees working at the Company. Under the top-down management approach, we recognize the gap between the values of the Company and its employees, strive for mutual understanding, and promote the creation of an attractive and rewarding work environment, aiming to realize the TAISEI VISION 2030.

Sustainability **TOPIC 2**

Information Disclosure Based on the Recommendations by The Task Force on Climate-Related Financial Disclosures (TCFD)

Climate change and resulting natural disasters are occurring more frequently and on a larger scale than before, and the safety and security of our homes and lives are threatened. These changes have created a major trend toward decarbonization leading to the adoption of the Kyoto Protocol, the Paris Agreement, and the SDGs. They have had a significant impact on the policies of countries around the world, including Japan, and there are growing expectations for the role that companies will play.

The Taisei Group recognized the impact of climate change on its business as a crucial management issue and endorsed the TCFD recommendations in July 2020. In response to the government’s Carbon Neutrality Declaration in October 2020, we have reviewed the TAISEI Green Target 2050 in 2021, and are aiming to achieve “virtually zero CO₂ emissions from business activities” by 2050. In addition to our efforts to reduce carbon emissions, we shall work with the value chain to contribute to the realization of a decarbonized society.

Furthermore, to contribute to the achievement of a decarbonized society, in February 2022, we established new Group Environmental Targets for 2030 as a milestone in our long-term environmental targets, the TAISEI Green Target 2050. While we will continue to promote information disclosure based on the TCFD recommendations, we will pay close attention to the impact of climate change and the government’s policies and social trends for the reduction of CO₂ emissions. We will take appropriate measures, and aim to achieve a sustainable society and the improvement of corporate value.

Governance

As meeting bodies to deliberate on proposals related to climate changes, we have set up the Sustainability Committee and the Environment Committee. After discussion by each meeting body, matters are discussed and determined by the Board.

Important policies and measures related to ESG in general are discussed by the Sustainability Committee, which is a committee of the Board. The formulation of basic policies and medium to long-term targets related to environmental management are deliberated on by the Environment Committee, which is an advisory body to the Management Committee.

Proposals deliberated on and decided by the Board are communicated by the Management Committee to each business division and Group company, and are reflected in their management plans and business operations. Then, the details are incorporated into the specific action items at a construction site. We will also request our suppliers to cooperate.

Governance System Related to Climate Change

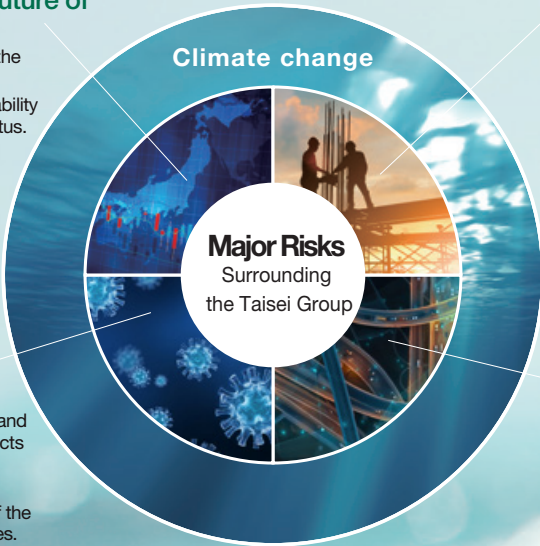


Uncertainty about the future of the Japanese market

Price competition intensifies as the construction market shrinks.
It may lead to a decline in profitability and deterioration of financial status.

Spread of infectious diseases

Infection of officers, employees and skilled construction workers affects business continuity.
Of concern is the impact of the cancellation or postponement of the client's construction plan on sales.



Shortage of workers

The shortage of construction workers due to the shrinking working population and aging society is directly linked to the decline in construction capacity.
There is an urgent need to improve productivity through technological development and business improvement, and to create an attractive working environment.

Intensifying competition for technological development

The utilization of digital technology and data is being accelerated in the construction industry as well.
Delays in technological development may result in declining competitive advantage.

Strategies

We recognize various medium- to long-term risks including the major ones above below. We conducted scenario analysis on one of them, climate change risk.

Climate change risk includes risk caused by transitions such as the reinforcement of regulations to minimize temperature increases and changes in the market, and risk that arises with physical changes such as acute abnormal weather that occurs due to higher temperatures.

To establish business strategies that flexibly respond to climate change, we use multiple scenarios to evaluate the impact on our business. For the scenario analysis, we refer to the Sustainable Development Scenario (SDS) by the International Energy Agency (IEA) for the scenario where transitions will progress, and the Representative Concentration Pathways (RCP) scenario by the Intergovernmental Panel on Climate Change (IPCC), etc. for cases where physical changes will progress. In this way, we verify the validity of our business strategy.

Major Risks and Opportunities Concerning Climate Change

Classification	Risk / Opportunity		Description	Impact level
Shift	Market shrinkage and increase in construction cost due to the introduction of carbon pricing and tightened CO ₂ emission regulations	Risk	● Decrease in private construction investment and equipment investment due to the introduction of carbon pricing and the reinforcement of CO ₂ emission regulations ● Increase in construction costs due to a hike in the prices of building materials and electricity	Medium
			● Increase in costs due to the application of carbon pricing to the CO ₂ that is generated by our business activities	Low
	Increase in demand for renewal	Opportunity	● Increase in demand for renewal to improve the energy efficiency of existing facilities	Medium
	Increase in demand related to energy-saving and renewable energy	Opportunity	● Increase in demand related to ZEB and smart cities ● Expansion of demand for renewable energy-related works such as offshore wind power	Medium
Physical	Increase in average temperature during summer	Risk	● Decline in productivity due to an increase in damage to the health (heat stroke, etc.) of skilled construction workers and the avoidance of extremely hot hours ● Accelerated worker shortage due to the decline in the number of new workers in the construction industry because of the degraded working environment	Medium
	Increase in severity and frequency of natural disasters	Risk	● Work suspension, process delay, and increase in labor and temporary work costs due to damage to construction worksites, etc.	Medium
			● Increase in procurement costs and process delays due to damage to suppliers	High
		Opportunity	● Increase in demand to improve the resilience of equipment and infrastructure against intensified disasters	High
			● Increase in new construction and relocation works due to growing demand for relocation from disaster hazard areas	High
	Rise in sea level	Opportunity	● Increase in the capital investment for improved resilience in areas with a flood risk and demand for relocation from areas with a flood risk	High

Note: Possible works are classified by the significance of impact as "High," "Medium" and "Low."

Sustainability TOPIC 2 Information Disclosure Based on the Recommendations by TCFD

Countermeasures required for the risks and opportunities identified with scenario analysis are reflected in the Medium-Term Business Plan (2021–2023). They are also incorporated into the business operations of each division. Accordingly, we will reduce the risks associated with climate change and expand opportunities.

Countermeasures for Climate Change

Response to the market shrinkage and construction cost increase due to the introduction of carbon pricing and the tightening of laws and regulations	● Owning renewable energy power sources for the purpose of covering the power consumption of the Group ● Consideration and introduction of fuel improvement measures (biodiesel fuel/fuel additives) for construction worksites ● Enhancement of green procurement such as the development and utilization of carbon-recycle concrete
Response to the increase in demand related to renewal, energy-saving and renewable energy	● Establishment of an organization dedicated to renewal, and expansion of the organization that handles work related to wind power generation ● Development and commercialization of next-generation high-performance ZEB and the development of energy support services ● Technological development that contributes to the industries that are expected to grow through a virtuous cycle of the economy and the environment
Response to the reduced productivity of construction worksites due to abnormal weather	● Reduction of health damage through the nationwide promotion of wellness worksites and the improvement of working environment during extremely hot hours ● Consolidate some of the operations of worksites into specialized organizations such as digital product centers ● Innovation of production processes at worksites through development and deployment of unmanned construction technology, robot construction technology, etc.
Response to abnormal weather, increase in the severity and frequency of disasters and sea level rises	● Advancement of infrastructure development technology for national resilience and the improvement of the proposing skills ● Development of real-time flood risk prediction/simulation for heavy rain, etc. ● Securing a business continuity system by building a BCP system with clients and suppliers and conducting regular training

Risk Management

As for climate change risk, we established a company-wide TCFD Working Group (TCFD WG) to identify the climate change risk related to each department's business and analyze the degree of impact on the business. We also conduct evaluations relative to risks other than climate change risk, and confirm that the necessary measures are being taken. The risks analyzed by the TCFD WG are deliberated by the Sustainability Committee and reported to the Board meeting.

In addition, it is consistent with the risks evaluated and identified with the environmental management system (EMS) based on the international standard ISO 14001.

Indicators and Targets

In the environmental targets for FY2050 "TAISEI Green Target 2050," we set the goal of "virtually zero" CO₂ emissions from business activities. Moreover, we set out "Realization of a Sustainable and Environmentally Friendly Society" as one of the materiality (our important issues), and set KPIs for FY2023 using the CO₂ emission reduction rate as an index.

We are aiming to reduce CO₂ emissions through the implementation of priority measures under the Medium-Term Business Plan (2021-2023).

Going forward, scenario analysis will be carried out in stages to identify potential risks and formulate and implement business strategies. We will also actively promote green projects through the issuance of green bonds.

CO ₂ emission reduction target for each fiscal year	FY2023	FY2030	FY2050
	KPI	TAISEI Green Target 2050	
Scope 1+2 reduction rate of CO ₂ emissions per sales* ¹ (Taisei Group)	−15%	−50%	We will aim for "virtually zero" CO ₂ emissions from business activities.
Scope 1+2 reduction rate of total CO ₂ emissions* ¹ (Taisei Group)	−6%	−40%	
At construction stage: Reduction rate of CO ₂ emissions per sales* ² (Non-consolidated)	−41%	−64%	
At construction stage: Reduction rate of total CO ₂ emissions* ² (Non-consolidated)	−46%	−66%	
At building operation stage: Reduction rate of design-build estimated CO ₂ emissions* ² (Non-consolidated)	−43%	−59%	In addition to our reduction efforts, we will work on the value chain, and contribute to the realization of a decarbonized society.

*1 Compared to FY2019. *2 Compared to FY1990.

Sustainability TOPIC 3 Examples of Environmental Solutions

In the Medium-Term Business Plan (2021-2023), “to target the front-runner status in the environmental sector, accelerating our initiatives toward carbon neutrality,” the Taisei Group identifies sustainability-related key issues. Utilizing various viewpoints and technical capabilities, we propose solutions and work together with our customers to create a global community filled with hopes and dreams for the benefit of future generations.



NET ZERO ENERGY BUILDING

Contributing to a Sustainable Society by Promoting the Conversion of Existing Buildings into Zero Energy Buildings (ZEBs) “Green Renewal ZEB”

Taisei Corporation calls the promotion of the conversion of existing buildings into Zero Energy Buildings “Green Renewal ZEB.” By posing six key words, we are implementing initiatives to improve the health of people, buildings, and the planet.

- Energy conservation:** Using the latest sensing technology to wisely select energy to use
- Energy generation:** Having solar power generation installed not only on rooftops but also on windows and walls
- Decarbonization:** Adopting building materials that reduce CO₂ emissions
- Wellness:** Promoting human wellness by actively using natural light
- Smart:** Utilizing data obtained with various sensors to provide information and control
- Security:** Protecting building users from risks of infectious diseases and earthquakes

Among these, we named the initiative to introduce technologies that lead to energy conservation and generation and renew existing buildings as Zero Energy Buildings (ZEBs) “Green Renewal ZEB.” Currently, to implement the plan, we are converting the existing buildings owned by the Group into a ZEB. We modify buildings by introducing the latest technologies to conserve and generate energy. After renewal, ZEB will be realized by utilizing operational data. We will continue to contribute to the popularization of renewal ZEBs and the achievement of a decarbonized society.

Concept of Green Renewal ZEB



Taisei Corporation Kansai Branch

Applying advanced and general-purpose ZEB technology to meet diverse customer needs

Power generation using building exterior, large storage batteries, AI control, total support including investigation, planning and operation, zero energy, zero CO₂, and zero stress



Taisei Corporation Yokohama Branch

Utilization of general-purpose ZEB technology for medium-scale stock offices customer needs

External wall/window power generation, reinforcement of thermal insulation, general-purpose equipment ZEB, conversion to wooden interior, biophilic design, and infectious disease control at offices and training centers



TAISEI U-LEC Co., LTD. Kawagoe Plant

Carbon neutral plan with mega-solar power facility

Rooftop solar power generation, carbon recycled concrete, CLT, Conversion to 100% ZEB for office buildings

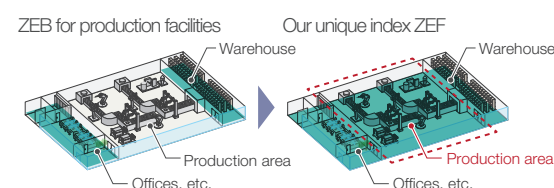
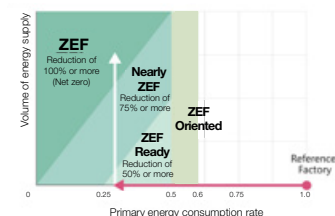


NET ZERO ENERGY FACTORY

Our Unique Index for Factories' Zero Energy Consumption, “ZEF”

Taisei Corporation defined Net Zero Energy Factory (ZEF) as a production facility aiming to reduce its required annual primary energy balance to zero with energy conservation and generation. For ZEF, we adequately evaluate the energy* consumed in the factory, including air conditioning, ventilation, lighting, hot water supply, and elevators in production areas of the plant, which had not been included in the ZEB assessment. By calling it “Green ZEF,” we will promote the promotion of the application of ZEF as well as the expansion of decarbonizing activities.

*Excluding energy consumption required for production facilities



ZEF's First Project

H1 Building of Oki Electric Industry Honjo Plant, where our first ZEF project began, obtained the highest rating on a 5-point scale under the Building-Housing Energy-efficiency Labeling System (BELS)*1, and became the first large-scale production facility in Japan to receive ZEB certification*2.



Oki Electric Industry Honjo Plant H1 Building

*1 Building-Housing Energy-efficiency Labeling System (BELS)

A third-party certification system led by the Ministry of Land, Infrastructure, Transport and Tourism that specializes in the energy-saving performance of buildings. The BEI (energy saving performance index) is calculated in accordance with the calculation method determined by the government. The number of ☆ is determined in five stages according to the value, and a building that has superb energy saving performance among the highest ranked ☆ 5 is certified as ZEB.

*2 ZEB

A building that reduces primary energy consumption by 50% or more from the standard primary energy consumption, excluding the amount of energy generated, and reduces the amount of primary energy consumption by 100% or more from the standard primary energy consumption by adding the amount of energy created.

T-WOOD®

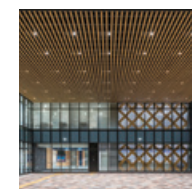
Taisei Corporation's Wooden Building Building Made of Wood with CO₂ Fixation Effect

The promotion of the utilization of wood contributes to control of global warming due to its carbon fixation property, and spaces made of wood are effective to keep the mind and body healthy.

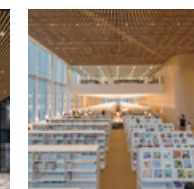
Taisei Corporation has a track record that contributed to the creation of new wooden architectural traditions through the succession of innovations working on both traditional and modern buildings. T-WOOD® series is the technology that we have developed for wooden buildings. They satisfy the performance and economic needs of modern architecture and can be used for a wide range of purposes from new construction to renovation.



Taisei Corporation's facilities



Maibara City Hall

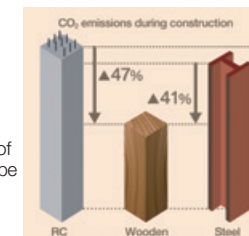


Omiya ward office, Omiya library

Reducing CO₂ Emissions during Construction

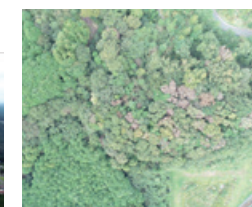
Compared to reinforced concrete (RC) structures or steel construction, wood products are easy to manufacture and transport. Therefore, they are a material that emits less CO₂ during construction. In addition, since the weight of buildings is lighter, the burden of the construction of foundation structure and earthwork can be reduced, thus reducing CO₂ emissions.

CO₂ emissions can be cut further by reusing wood products.



Conservation and Creation of Diverse Natural Environment “10-year Nurturing of Forests”

In the development of the Fujisan Nanryo Industrial Park, we conducted the “10-year nurturing of forests” project, modeled after the natural forest, using trees suitable for the local environment. It has been confirmed that a forest with biodiversity richer than those of the surrounding forests was formed 10 years after the planting of saplings. To create a forest, we used a method of “nature-type greening” that nurtures forests by having trees competing each other. As an industrial park that coexists with nature and interacts with the local community, it has received the Environment Minister's Award at the 49 Environmental Awards.



Ten years after the planting

T-eConcrete® / Carbon-Recycling

Recycling CO₂ as a Resource Development of Environmentally Friendly Concrete

Taisei Corporation has developed and commercialized the T-eConcrete® series, environmentally friendly concrete that reduces CO₂ emissions by replacing some or all of its cement with industrial by-products and carbon recycled products. In addition, we have developed the T-eConcrete® / Carbon-Recycling, carbon-recycled concrete that reduces CO₂ emissions to a negative level and achieves carbon negative.

T-eConcrete® / Carbon-Recycling uses calcium carbonate, which is produced by reacting calcium components with CO₂ recovered from factory exhaust gas, and solidifies calcium carbonate with binding materials consisting mainly of blast furnace slag, an industrial by-product, to fix CO₂ in concrete. As a result, problems such as corrosion of reinforcing steel inside concrete and deterioration of strength, which occurred when CO₂ was directly incorporated into concrete, have been improved. In addition, it has become possible to reduce the CO₂ balance of concrete by incorporating a large amount of CO₂.

The Company has developed a number of environmentally conscious concrete technologies, including the “T-eConcrete® / Zero-Cement Type,” which received the Japan Society of Civil Engineers' 2014 Environmental Award (Group I) and the Engineering Society of Japan's 2021 Engineering Incentive Special Award. T-eConcrete® / Carbon-Recycling was created by combining the previous technical research results and existing technologies.

Practical Application of Environmentally Friendly Concrete Technology

The Zero-Cement Type of the environmentally friendly concrete T-eConcrete® series is the first concrete in Japan to be used in the shield segment. Since then, it has been applied in various fields. The newly developed T-eConcrete® / Carbon-Recycling has also begun to be applied to on-site pavement, stone-like paving blocks and buildings, and the practical application of the environmentally friendly concrete T-eConcrete® is expanding.

Collaboration with a Study Group

The T-eConcrete® Research Group (core company: Taisei Corporation) was established in 2020 aiming to further contribute to the reduction of CO₂ emissions. Currently, more than 20 companies, including civil engineering and building material manufacturers, are participating in the group. We provide fundamental information such as a rich store of data and knowhow on materials and construction to the member companies in charge of product development. Then, each company integrates them into the manufacturing technology of its own products. In this way, we are working on the development of various concrete products used for the interior and exterior of civil engineering structures and buildings that satisfy customers' needs.



Carbon-recycled stone-like paving blocks

Materiality
1

Realization of a Sustainable and Environmentally Friendly Society

Basic Policy

Based on the Taisei Group Philosophy of “to create a vibrant environment for all members of society,” the Taisei Group has set environmental targets for 2050, TAISEI Green Target 2050, with the aim of realizing a sustainable, environmentally friendly society. In harmony with nature, the Group is working to build quality social capital through corporate activities centered on construction. We are also participating in initiatives in Japan and overseas, such as the United Nations Global Compact, the TNFD Forum, the Green Transformation (GX) League Initiative, and the 30 by 30 Alliance for Biodiversity, and are working together with a variety of stakeholders.

Environmental problems such as global climate change, depletion of natural resources, shortage of freshwater resources, loss of biodiversity, and soil and groundwater pollution are becoming increasingly serious, and long-term and drastic measures are required. Under TAISEI Green Target 2050, the Taisei Group has set forth four goals for the realization of a sustainable and environmentally friendly society: a decarbonized society, a recycling oriented society, a nature co-existing society, and a safety secured society. The Group has set 2030 targets as milestones and is implementing a range of measures.

We will continue to be a “pioneering corporate group contributing to the development of a resilient society where people can live affluent and cultured lives” by resolving environmental and other social issues through our corporate activities.



Environmental Management

The Taisei Group defines environmental management as corporate activities to realize the Group Philosophy and the Taisei Spirit in terms of the environment. The environmental policy, which is the basic stance of environmental management, is defined as the realization of a sustainable, environmentally friendly society, and we have set specific environmental targets and environmental actions to achieve these targets. We also promote environmental management through the plan-do-check-act (PDCA) cycle of our environmental management system (EMS), which conforms to the ISO 14001 international standard.



Environment Management System (EMS)

We operate an environmental management system (EMS) conforming to the international standard ISO 14001 at our head office and all of our domestic and overseas branches (100% certification rate). The top management of EMS is the Environment Committee, the President, and the Chief of the Sustainability Management Promotion Division.

Under top management, EMS secretariats in each division and branch office and environmental officers in each division promote and monitor environmental activities and implement a series of PDCA (Plan-Do-Check-Act) to be reflected in the Environmental Targets for the next fiscal year.

Sustainability Committee (a Committee within the Board)

We have established the Sustainability Committee to discuss and promote essential policies and measures concerning sustainability in general. It deliberates on important matters for environmental management that lead to the Environmental Policy, Environmental Targets, and external evaluations that are presented by the Management Committee, before submitting them to the Board.

Environment Committee (Operations Committee)

We have established the Environment Committee to promote environmental management and deliberate on important initiatives that lead to the Environmental Policy, Environmental Targets, and external evaluations, and present reports and advice to the Management Committee.

The Environment Committee has established subcommittees to respond to various environmental management issues. It promotes the handling of the matters in a way that transcends the boundaries of departments and Group companies with the subcommittee at the construction stage to promote CO₂ reduction in worksites, the subcommittee at building operation stage to promote decarbonization technologies and services, the subcommittee to promote the introduction of renewable energy power supply, the subcommittee to promote the development of CO₂ data aggregation and the Taisei Group Environmental Management Committee to establish Group targets and manage progress.

The Operations Committees including the Central Safety Committee and the Technology Committee are also working to resolve various environmental management issues.

Cooperation with Supply Chains

The Taisei Group has established the Taisei Group Sustainable Procurement Guidelines* and is working with the entire supply chain to realize a decarbonized society, a recycling oriented society, a nature co-existing society, and a safety secured society.

*See the glossary on p.102 for the Taisei Group Sustainable Procurement Guidelines.



Web Q
Supply Chain (Environment)



p.62 Promotion of Supply Chain Management
Sustainability Section

Realization of a Sustainable and Environmentally Friendly Society

For Realization of a Decarbonized Society

Basic Policy

As part of its long-term environmental target, TAISEI Green Target 2050, the Taisei Group has set a 2050 target of “virtually zero CO₂ emissions from business activities” and aims to realize a decarbonized society by widely contributing to the reduction of CO₂ emissions through transition technologies and initiatives for decarbonization. As a milestone, we have set the Group environmental targets for FY2030 to reduce CO₂ emissions per unit of sales by 50% from FY2019 levels in business activities (Scope 1+2), 32% in business activities-related CO₂ (Scope 3), 40% in business activities-related CO₂ (Scope 1+2), and 20% in business activities-related CO₂ (Scope 3), with the aim of realizing a sustainable, environmentally friendly society.

To achieve these targets, Scope 1+2 is working with suppliers to reduce the environmental impact by means of TAISEI Sustainable Action® (TSA). In addition to measures at construction sites such as recommending the use of highly energy-efficient heavy machinery and vehicles, net zero energy building (ZEB) is being implemented at temporary worksite offices. The Group is also promoting the possession of renewable energy sources to meet its electricity consumption. Scope 3 includes the development and promotion of low-carbon building materials and the promotion of new construction ZEBs and green renewal ZEBs.

To realize a decarbonized society, the Taisei Group is working to reduce CO₂ emissions throughout the life cycle of buildings, including the planning and design stages, the construction stage, and the operation stage of buildings completed and delivered to customers.

Risks and Opportunities

The Taisei Group analyzes risks and opportunities related to risk management and compliance with climate change in detail through the disclosure of information recommended by the Task Force on Climate-related Financial Disclosures (TCFD).

Page p.48 TCFD Sustainability Section

Policy / Commitment

- Action Guidelines for Taisei: Promoting environmental conservation and creation
- Environmental Policy ● Environmental Targets
- TAISEI Green Target 2050: Realization of a decarbonized society
- Promise of Eco-First ● Taisei Group Sustainable Procurement Guidelines
- Taisei Group Green Procurement Guideline ● Green Procurement Standard Guideline
- Medium-Term Business Plan (2021–2023): To target the front-runner status in the environmental sector, accelerating our initiatives toward carbon neutrality

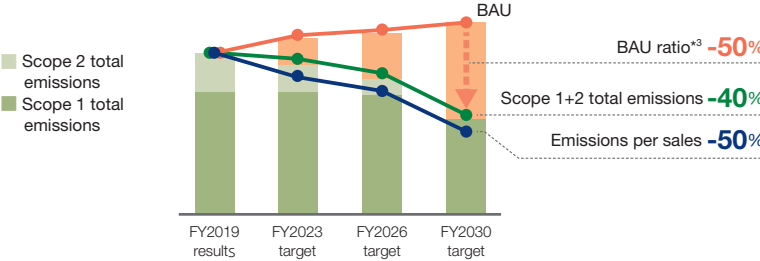


Milestone

2030 Group Environmental Targets

Compared to FY2019	Emissions per sales	Total amount of emissions
Scope 1 + 2*1 CO ₂ Emissions from business activities	-50%	-40%
Scope 3*2 CO ₂ Emissions from business activities	-32%	-20%

Scope 1 + 2 CO₂ Emission Reduction Target



*1 Scope 1 + 2: Direct emissions from fuel combustion, etc., and indirect emissions from the use of electricity, heat, etc.
*2 Scope 3: Indirect emissions other than Scope 1 and 2 (emissions from other companies related to our business activities)
*3 BAU ratio: Comparison between the estimated amount of CO₂ emissions (BAU) with and without additional reduction measures

Initiative

- TCFD ● SBT ● CDP (Climate Change)
- GX League Basic Concept (Ministry of Economy, Trade and Industry)
- United Nations Global Compact “Environment”
- Challenge Zero (Japan Business Federation)
- Voluntary Environmental Action Plan for the Construction Industry (Japan Federation of Construction Industry)

KPIs

- Scope 1 + 2: CO₂ emission reduction rate per sales
- Scope 1 + 2: Reduction rate of total CO₂ emission
- At construction stage: Reduction rate of CO₂ emission per sales
- At construction stage: Reduction rate of total CO₂ emission
- At building operation stage: Reduction rate of design-build estimated CO₂ emissions

Group targets (FY2023) -15% (Compared to FY2019)

Group targets (FY2023) -6% (Compared to FY2019)

Non-consolidated targets (FY2023) -41% (Compared to FY1990)

Non-consolidated targets (FY2023) -46% (Compared to FY1990)

Non-consolidated targets (FY2023) -43% (Compared to FY1990)



Towards the realization of a sustainable society

Performance

TAISEI Sustainable Action® (TSA), Environmental Impact Reduction Activities Conducted by All Employees of the Taisei Group

The Taisei Group is implementing TAISEI Sustainable Action® (TSA), an environmental impact-reduction initiative in which all employees participate. In addition to the CO₂ Zero Action*, which is our basic initiative that has been conducted at our worksites since 2011, we have created the TSA Action List in which effective technologies and activities for environmental impact reduction are presented in 2018. In 2020, we adopted the TSA Points System to visualize and quantitatively evaluate the impact of the initiatives and bring about a change in employees' awareness and behavior. In addition, TSA News is distributed quarterly to all executives and employees to promote TSA and expand specific activities horizontally.

* See the glossary on p.102 for the “CO₂ Zero Action.”

Key TSA Focus Items

	FY2023 target
Introduction of eco-friendly vehicles at worksites	100%
Introduction of energy-saving temporary offices	70% or more
Adoption of LED lighting	100%
Electrification of high-altitude work vehicles and forklifts	90% or more
Implementation of energy-saving operation training for construction machinery	100%
Adoption of TSA Point System at worksites	100%
Dissemination and implementation of education	100%
Introduction of T-CARBON Watch	All worksites

Measures towards Reduction

CO₂ Emissions from Business Activities (Scope 1 + 2)

Scope 1 is mainly the emissions from fuel use for heavy machinery used at construction worksites and fuel consumption at asphalt composite materials plants and PC factories that manufacture precast concrete. Scope 2 is the electricity and heat used at Head Office, branches, sales offices, plants and worksites. For the reduction of Scope 1 emissions, the Taisei Group is working on the conversion to hybrid and electric heavy machinery and the utilization of alternative fuels. To cut Scope 2 emissions, besides holding renewable energy sources, we are conducting the conversion of branch offices and precast concrete plants into ZEB (See p.51).

CO₂ Related to Business Activities (Scope 3)

Scope 3 is mainly CO₂ emitted until materials such as steel and ready-mixed concrete used in construction are produced and CO₂ released during the use of buildings after delivery. The Taisei Group is promoting the selection of materials with low CO₂ impact (green procurement) to reduce Scope 3 CO₂ emissions. In addition, we are actively conducting the development and dissemination of technology for environmentally friendly concrete, T-eConcrete®, which significantly reduces CO₂ emissions, and wooden construction using wood that stores CO₂. Moreover, to reduce CO₂ emissions from buildings after delivery, we are working on the advancement and popularization of ZEBs as a leader of ZEBs, and also working on the Green Renewal ZEB project, which renovates existing buildings to convert them into ZEBs.

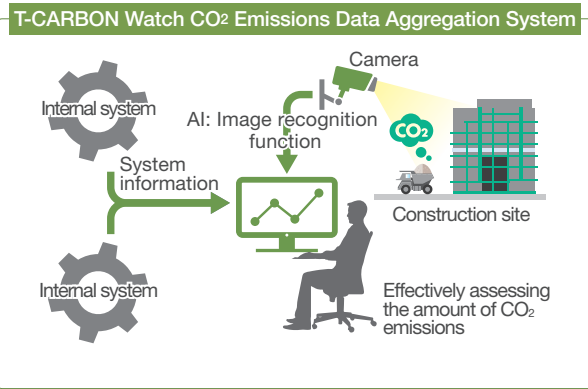
System Development to Promote Reduction

T-CARBON Watch (System to Measure and Aggregate Worksite CO₂ Emission Data)

We are promoting the development and operation of the T-CARBON Watch, which efficiently collects, consolidates, and visualizes Scope 1 and 2 at worksites utilizing cameras and AI image recognition functions installed at construction sites, external system information such as electricity consumption, electronic manifests, and in-house system information such as fuel purchases.

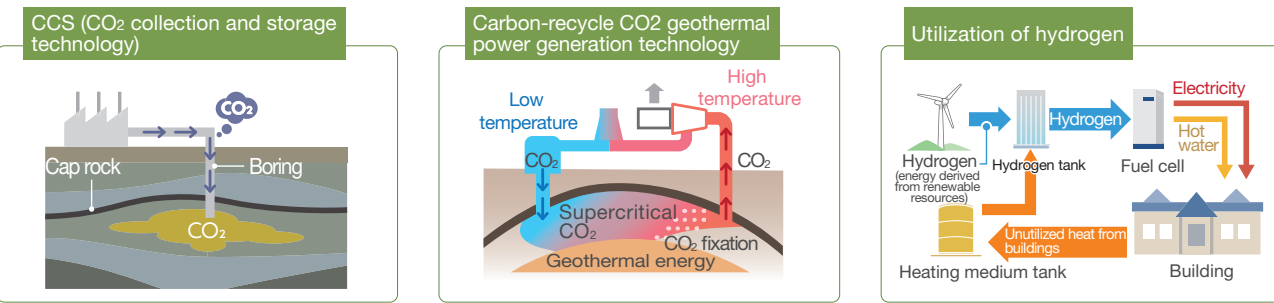
T-LCA Simulator CO₂

We have developed and are using the T-LCA Simulator CO₂, a tool for evaluating CO₂ emissions throughout the life cycle of buildings by visualizing CO₂ emissions and reduction effects through the phases of procurement, construction, operation, repair, and demolition of building at the initial stage of planning.



Efforts Related to Advanced Technologies to Achieve Decarbonization

Aiming to achieve carbon neutrality in 2050, we are participating in the development and verification projects of advanced technologies that are expected to be put to practical use.



Realization of a Sustainable and Environmentally Friendly Society

For Realization of a Recycling-Oriented Society

Basic Policy

As part of its long-term environmental target TAISEI Green Target 2050, the Taisei Group has set a 2050 target of 0% for the final disposal rate of construction byproducts, and has set a FY2030 target of 3.0% or less for the final disposal rate of construction byproducts as a milestone toward achieving the target.

We are working to sort, recover and recycle resources based on the “Construction Byproduct Treatment Manual.” At the design stage, based on the Taisei Corporation Green Procurement Guidelines*, we are promoting the application of materials, equipment and methods that reduce the environmental impacts of the design, construction, operation and demolition of buildings and structures.

Risks and Opportunities

As the transition to a recycling-oriented society becomes an important issue internationally, there is a requirement for sustainable procurement through the supply chain, such as resource conservation, the use of recyclable and reusable materials, and measures against the pollution of the natural environment caused by waste such as plastics. Inadequate efforts to create a recycling-oriented society may result in damage to the Company’s corporate value. The Taisei Group is committed to the effective use and recycling of resources at its worksites, including the proper separation and management of construction byproducts and the development of a recycling system. At the design stage, in accordance with the Taisei Green Procurement Guidelines*, we are promoting the use of materials and equipment with low environmental impacts, such as materials and equipment that generate less construction waste during construction and demolition, materials and equipment that use a large amount of recycled materials, and materials and equipment that are suitable for recycling after demolition. The Taisei Group will contribute to the realization of a recycling-oriented society by reducing construction byproducts and adding new value to promote the efficient and recyclable use of resources.

Policy / Commitment

- Action Guidelines for Taisei: Promoting environmental conservation and creation
- Environmental Policy ● Environmental Targets
- TAISEI Green Target 2050: Realization of a recycling oriented society
- Promise of Eco-First ● Taisei Group Sustainable Procurement Guidelines
- Construction byproduct processing manual ● Taisei Group Green Procurement Guideline
- Green Procurement Standard Guideline



Web Q
Overall Principles
of Conduct /
Individual Policies

Initiative

- United Nations Global Compact “Environment”
- Plastic Smart (Ministry of the Environment)
- Water project (Ministry of the Environment)
- Japan Partnership for Circular Economy: J4CE (Ministry of the Environment, Ministry of Economy, Japan Business Federation)
- CDP (Water Security)

Performance

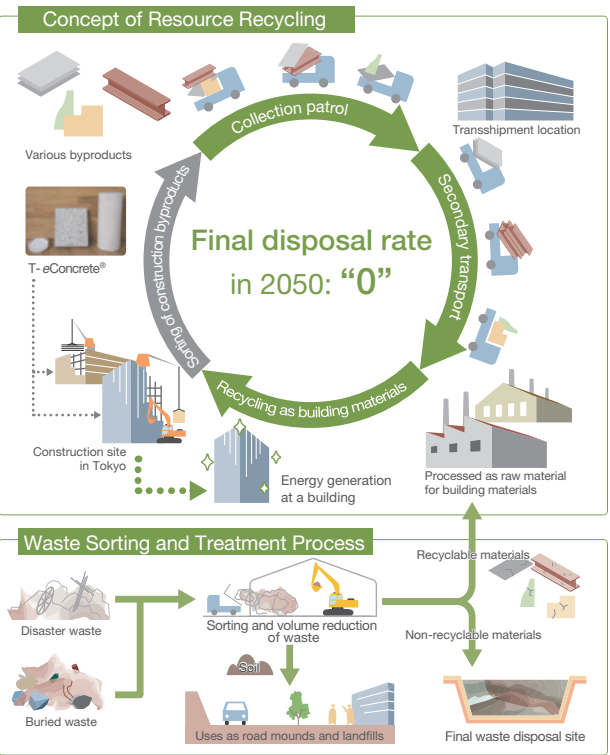
● Initiatives for the Effective Use of Resources
Promotion of Resource Recycling of Building Materials through Collection Patrol Systems

- We operate a “collection patrol system” for many types of construction edge materials and valuables, including waste plastics at our construction sites in Tokyo, and contribute to the recycling of construction resources.
- We are working to recycle soil from construction sites within and across worksites.
- T-eConcrete® That Utilizes Industrial Byproducts
- T-eConcrete® is environmentally friendly concrete that utilizes industrial by-products, such as blast furnace slag (a by-product of steelmaking) and fly ash (a by-product of coal-fired power plants) as cement substitutes.
- It is used as a construction material for tunnel segments and natural stone-like building materials (stone-like building materials used as secondary products of T-razzo zero cement type).

● Recycling of Water Resources

- Appropriate management of construction waste water is one of the key management items at our worksites. At all our worksites, we check the wastewater standards stipulated by local ordinances and regulations, and strictly observe them.
- At work sites equipped with storage tanks for rainwater and spring water, and sedimentation ponds, stored water is used for sprinkling to prevent dust, and other efforts are made to recycle water resources.

* See the glossary on p.102 for the “Taisei Group Green Procurement Guidelines.”



Realization of a Sustainable and Environmentally Friendly Society

For Realization of a Nature Co-Existing Society

Basic Policy

The Taisei Group’s long-term environmental target, TAISEI Green Target 2050, sets a 2050 target of “minimizing the impact on natural capital.” To achieve these targets, we will use our unique environmental DNA analysis technology and the Concierge series of biodiversity assessment tools* to make proposals and implement construction that takes biodiversity into consideration. At the construction planning stage, risks to the natural environment and biodiversity are identified, and related departments such as the design department, the construction department of Building Construction Division and Civil Engineering Division, and the Taisei Advanced Center of Technology work together to minimize the impact on the natural environment and biodiversity by using the various technologies they possess.

Risks and Opportunities

There are concerns that construction work will have a significant impact on the natural environment and biodiversity. For this reason, we provide customers with solutions that consider the natural environment and biodiversity and create a rich environment throughout the planning, design, construction and post-completion building operation stages. At the planning and design stages, we respond appropriately to environmental laws and regulations, create added value related to the conservation of the natural environment and biodiversity; at the construction stage, we work in consideration of the natural environment and biodiversity; and at the completion stage, we provide operational and management support to conserve the natural environment and biodiversity. We will contribute to the realization of a nature co-existing society by properly evaluating the value of natural capital, minimizing the impact of construction work as much as possible, and providing technologies to preserve the natural environment and preserve and create biodiversity.

Policy / Commitment

- Action Guidelines for Taisei: Promoting environmental conservation and creation
- Environmental Policy ● Environmental Targets
- TAISEI Green Target 2050: Realization of a nature co-existing society
- Promise of Eco-First ● Declaration of Taisei Corporation on Biodiversity Preservation
- Taisei Group Guidelines for Conservation of Biodiversity
- Taisei Group Green Procurement Guideline ● Green Procurement Standard Guideline
- Taisei Group Sustainable Procurement Guidelines



Web Q
Overall Principles
of Conduct /
Individual Policies

Initiative

- United Nations Global Compact “Environment”
- Initiative based on the Declaration of Biodiversity by Keidanren (Japan Business Federation, Keidanren Committee on Nature Conservation)
- Japan Business Initiative for Biodiversity
- 30 by 30 Alliance for Biodiversity (Ministry of the Environment) ● TNFD Forum ● CDP (Forest)
- Tokyo Greenship Action (Bureau of Environment, Tokyo Metropolitan Government)

Performance

Various technologies and experiences that contribute to the conservation and creation of nature

- Nature connects the remote mountains, the woodlands in villages, cities, and sea uninterrupted, and the conservation and generation require comprehensive measures that take a bird’s-eye view of the whole situation. Based on its diverse technologies and extensive experience in the natural environment, the Taisei Group is actively promoting sound nature conservation and the generation of green infrastructure.



What is Green Infrastructure?

- Green infrastructure is the concept of utilizing the diverse functions of nature for infrastructure development and land use. It is expected to be effective in a wide range of areas, from disaster mitigation, health and peace of mind, and biodiversity conservation to climate change measures.



● Natural Environment Conservation
Initiatives for Sustainable Virtuous Cycles in Local Communities Implemented by the Taisei Group

We jointly participated in the activities to build a forest circulation system for the H1 Building of the Oki Honjo Plant.

For the facility, we actively used timber from the Arakawa River basin in Chichibu. We are also engaged in a tree-planting initiative by bearing part of the cost to reforest the area where timber has been sourced. We are contributing to forest recycling by working with our customers and local communities to recover forests and recycle forest resources for the future.



● Technology to Conserve Quality Natural Environment
Environmental DNA

With DNA analysis technology derived from organisms contained in water and soil, we conducted a continuous habitat survey of rare amphibians (salamanders, etc.) living in the conservation target areas around construction sites. This analysis technology enables continuous monitoring of the underwater inhabitation status after the spawning season, which was difficult with conventional visual surveys.

* See the glossary on p.102 for the “Concierge” series.

Realization of a Sustainable and Environmentally Friendly Society

For Realization of a Safety Secured Society

Basic Policy

The Taisei Group has set a 2050 target of “providing value with zero environmental risk to realize a safety secured society” in its long-term environmental targets, TAISEI Green Target 2050. To realize the target, we are working to achieve zero environmental accidents through proper management of construction byproducts and compliance with environment-related laws and regulations.

Risks and Opportunities

Environmental pollution caused by construction work has a significant impact on the surrounding environment and society. Accordingly, compliance with environment-related laws and regulations is the most important environmental issue. We will reduce environmental risks during construction work by properly managing construction byproducts, developing and applying technologies that comply with regulations on soil and groundwater pollution, and promoting construction methods that reduce noise, vibration, dust and other environmental impacts. We will also contribute to the realization of a society in which the safety of people is ensured in terms of both hardware and software by providing technologies to prepare for natural disasters such as floods and tsunamis. In addition, as water risks such as droughts and water shortages due to economic development and climate change have become apparent around the world, we are assessing water risks in business activities in water-stressed areas.

Policy / Commitment

- Action Guidelines for Taisei: Promoting environmental conservation and creation
- Environmental Policy
- Environmental Targets
- TAISEI Green Target 2050: Realizing a Safety Secured Society
- Promise of Eco-First
- Taisei Group Sustainable Procurement Guidelines
- Taisei Group Green Procurement Guideline
- Green Procurement Standard Guideline
- Safety and Health Policy



Web Q
Overall Principles of Conduct / Individual Policies

Initiative

- United Nations Global Compact “Environment”
- Building Byproducts Subcommittee ([Nikkenren] Japan Business Federation)
- Civil Engineering Byproducts Subcommittee ([Nikkenren] Japan Business Federation)
- CDP (Water Security)

Performance

Key solutions to environmental risks

Revive contaminated soil and groundwater

1 Chemical decomposition method

2 Flushing Biosparging®

3 Multi-barrier® technique

4 T-CIM®/ SoilReme

Protecting the environment around construction sites

5 Tecolep-Light® System

6 TSounds®-Ambience

7 Chitoreat®

Protecting people from disasters

8 T-Flood® Analyzer

9 T-Tsunami Viewer®

10 T-Zone Saver®

11 T-LED DUV Light®



Web Q
Please see the Environmental concept book, “TAISEI Green Target 2050” for the details of the technology from 1 to 11.

Risk Measures at Worksites

The Safety Administration & Environmental Departments of Head Office and branch offices conduct internal audits to check the observance of the environment law at worksites. As for the findings, we establish corrective and preventative measures for continuous improvement.

Type	Action (Example)
Noise	Conducted communication with neighbors in response to complaints about nighttime concrete-related work.
Vibration	Changed to work during a factory holiday in response to complaints about heavy machinery work in the factory.
Dust	Implemented measures such as spraying water and installing sheets in response to complaints about dust from construction work.
Water pollution	Conducted communication with neighbors in response to complaints about nighttime concrete-related work.

* See the glossary on p.102 for the “T-CIM®,”Guidelines.

Materiality

2 Ensuring Quality and Improving Technology

Basic Policy

At Taisei Corporation, we have established the Quality Policy, and each department (Building Construction Division, Civil Engineering Division, Design Division, Engineering Division, Nuclear Facility Division, etc.) has set individual policies to efficiently promote production activities. Each division and group company receives ISO 9001 certification, carries out quality management, and prepares manuals and implementation guidelines for each Civil Engineering Division and Building Construction Division. We are working closely with all relevant divisions to ensure proper quality control, eliminate defects caused by quality, conduct customer satisfaction surveys after delivery, and build better relationships with customers.

Risks and Opportunities

While there is a decrease in the number of skilled engineers due to the aging population with a low birth rate in Japan, an increase in natural disasters, and the risk of a decline in quality control capabilities due to the normalization of intense heat, etc., the development of technologies that contribute to the productivity improvement of construction worksites, triggered by the use of robots and digital technologies, will enhance the competitive advantage of the Taisei Group.

Policy / Commitment

- Action Guidelines for Taisei: Pursuing customer satisfaction, ensuring and improving safety and quality
- Quality Policy
- Medium-Term Business Plan (2021–2023): Realize changes in production systems and work styles through DX



Web Q
Overall Principles of Conduct / Individual Policies

Initiative

- ISO9001
- Productivity Improvement Promotion Headquarters ([Nikkenren] Japan Federation of Construction Industry)
- International Committee ([Nikkenren] Japan Federation of Construction Industry)

Performance

- In the Building Construction Division, each branch conducts a questionnaire survey on customer satisfaction. The survey questions are on a five-point scale, and include those on workmanship, usability, and worksite office management during construction. The satisfaction rate in FY2021 was 90.0%.
- For low scoring items, we analyze their causes, establish countermeasures, and reflect them in post-construction review meetings. In this way, we aim for further improvement and the establishment of good relationships with customers.
- The Civil Engineering Division sets customers’ evaluation scores on the construction work as an indicator of customer satisfaction. Adding to that, the division conducts customer satisfaction interviews. The satisfaction rate in FY2021 was 97.6%.
- Each branch reflects the research results in the postconstruction review for further improvement. Going forward, the Head Office and branches will continue working as one for better customer satisfaction.

Performance

- As an index to measure the results of technological improvement, we visualize performance with productivity per person (sales/number of employees) to raise each member’s awareness on productivity. In this way, we are working together as one group to improve productivity.
- Productivity in FY2021 was ¥65 million, down from the previous year (¥67 million in the previous fiscal year). Due to COVID-19, which started expanding in 2020 all over the world, working style innovation including telework and online meetings accelerated. Meanwhile, there were discussions regarding the suspension of construction work with customers and the postponement of onsite tours, the relationship with our customers and people who work at construction sites was questioned during the year.

KPIs

● Customer satisfaction rate
Non-consolidated target (FY2023) 100%



Ensuring quality and improving technology

KPIs

● Productivity (Net sales/number of staff)
Non-consolidated target (FY2023) ¥83 million



Ensuring quality and improving technology

Materiality
3

Technical Development for Realizing a Sustainable Society

Basic Policy

The Taisei Group selects R&D themes with a view to contributing to the achievement of the SDGs. Under the supervision of the Technology Committee chaired by the President, the Group promotes technological development with a focus on technologies that contribute to industries which are expected to grow.

In addition, to further enhance the intellectual property capabilities of the Group companies, we have included “management of information and intellectual property rights” in the section “Fulfilling social responsibilities” of the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole, and also established the Taisei Group Policy on Intellectual Property. We are steadily implementing intellectual property strategies, including the creation, protection and utilization of intellectual property, the reduction of risks associated with intellectual property, and the strategic use of our brand.

Risks and Opportunities

The business environment is changing rapidly due to the intensification of natural disasters caused by climate change, the aging population with a low birth rate in Japan, global population growth and widening inequality, and the outbreak of pandemics. And also, social issues, including the environment, and human rights, are mounting. For this reason, technological development in areas where markets have yet to become apparent may lead to resolving these issues. Resolving social issues through the creation of innovation that goes beyond conventional ideas will lead to the creation of new value for the Taisei Group.

Policy / Commitment

- Action Guidelines for Taisei: Striving to create value, fulfilling social responsibilities
- Policy on Intellectual Property
- Policy on Technological Development
- Medium-Term Business Plan (2021–2023): Promote technological development to solve environmental and social issues through the use of open innovation



Performance

- To contribute to the development of industry, we are promoting management that emphasizes intellectual property. We are implementing strategic management and utilization of intellectual property in general, including copyrights and construction and business knowhow in addition to patent rights.
- By actively developing and utilizing rights based on the intellectual property strategy, the Company has achieved a patent assessment rate of 88.4%, which is higher than that for all industry sectors of 74.9% (the average for the past three years in Annual Report on Patent Administration 2021).
- By creating intellectual properties with new value, we will contribute to society through the development of new technologies, technical support for workplaces, and the utilization of intellectual property through the tripartite integration of our business strategy, research and development strategy, and intellectual property strategy.

Performance

- Improving ZEB performance is one of the priority issues in the Medium-Term Business Plan, and we are making every effort to evolve and popularize ZEB/ZEF as an area where we can expect growth in the future. We have customers understand our decarbonization efforts such as the utilization of natural energy. As a result, we had six orders to convert a building into a ZEB in FY2021.

Initiative

- The Japan Intellectual Property Association
- Construction Technology Development Committee ((Nikkenren) Japan Federation of Construction Industry)
- Engineering Work Operation Meeting ((Nikkenren) Japan Federation of Construction Industry)

KPIs

● Number of patent applications
Non-consolidated target (FY2023) **280 cases**



Technical development for realizing a sustainable society

KPIs

● Number of orders received for net Zero Energy Buildings (ZEBs)
Non-consolidated target (FY2023) **8 projects**



Technical development for realizing a sustainable society

Materiality
4

Promotion of Supply Chain Management

Basic Policy

For the Taisei Group, our subcontractors and suppliers are important business partners that are key to resolving social issues such as the environment and human rights. In response to the recent establishment of international standards for sustainable procurement and social demands, in April 2022 we revised our Human Rights Policy and the Sustainable Procurement Guidelines and requested compliance with them. Through these and other measures, we are making more thorough assessments of ourselves and our suppliers and are working to build effective sustainable procurement.

In addition to holding training and briefing sessions by class or divisions such as the Company’s executives and employees, chief of branch offices, procurement managers, project managers and overseas project sites, we hold briefings by the chief of branch offices for business partners, e-learning training on human rights, environmental issues and other social issues, as well as on-site audits and monitoring surveys. Through a variety of methods, we are working to strengthen suppliers’ capabilities and raise their awareness and effectiveness of sustainable procurement.

The plan for these activities, the results of their implementation, and future developments are discussed by the Sustainable Procurement Council, which is comprised of managers from related departments (Civil Engineering, Building Construction, Procurement and Safety), and reported to the Sustainability Committee.

Risks and Opportunities

It is a global standard for companies to address social issues such as the environment and human rights not only within their own group but also across the entire supply chain, including subcontractors and suppliers. While there is a risk that our reputation may deteriorate due to the emergence of environmental and human rights risks, promoting sustainable procurement by securing high-quality suppliers, working to resolve social issues throughout the supply chain, and actively disclosing the status of such efforts will lead to improved competitiveness.

Policy / Commitment

- Action Guidelines for Taisei: Promoting partnerships with subcontractors and suppliers, ensuring fair business transactions
- Procurement Policy ● Human Rights Policy
- Taisei Group Sustainable Procurement Guidelines
- Taisei Group Green Procurement Guideline
- Medium-Term Business Plan (2021–2023): To promote the supply chain management aimed at solving environmental and social issues



Performance

- The Taisei Group participates in the Human Rights Due Diligence (HRDD) Subcommittee and the Supply Chain Subcommittee of the Global Compact Network Japan (GCNJ), which consists of companies participating in the United Nations Global Compact. In addition, Taisei Corporation has become a EcoVadis’ registered supplier and started information disclosure in 2019. The Company was awarded “SILVER” in the 2020 evaluation.
- Since 2016, we have periodically conducted a questionnaire survey on our suppliers’ compliance with the CSR Procurement Guidelines (current Sustainable Procurement Guidelines) and their management status of foreign technical interns.
In 2021, we identified human rights risks in the supply chain and reported the introduction of human rights due diligence, including measures to prevent and mitigate risks and monitoring surveys to confirm their effectiveness, to the Board after deliberation by the Management Committee and the CSR Committee (current Sustainability Committee). In 2022, we will start implementing measures in accordance with the human rights due diligence process to prevent and mitigate human rights risks in the Group.
- In FY2022, we will expand the scope of monitoring surveys to include suppliers of the Group companies. With our suppliers, we are working to reduce environmental burden, prevent and mitigate human rights violations such as child labor, and manage compliance risks, with the aim of achieving sustainable growth throughout the entire Taisei Group supply chain.

Initiative

- United Nations Global Compact, “Human Rights,” “Labor,” “Environment,” and “Anti-Corruption”
- ISO26000
- EcoVadis—SILVER
- HRDD Sub-Committee (GCNJ)
- Supply Chain Sub-Committee (GCNJ)

KPIs

● Supplier’s conformity rates with the Taisei Group Sustainable Procurement Standards
Non-consolidated target (FY2023) **100%**



Promotion of supply chain management

Page **p.47** Human Rights and Supply Chain Sustainability Section

Materiality

5

Thorough Management of Occupational Health and Safety

Basic Policy

At Taisei Corporation, we have established the Central Safety Committee, which deliberates on matters related to safety management, prevention of environmental accidents, and safety, health and the environment of specialized construction companies, and reports to the President. The Branch Safety Committee, which consists of the branch supervisory health and safety managers, employees and the labor union, meets at each branch office, and regularly holds consultations with the labor union. In close cooperation with the Taisei Corporation Safety, Health, and Environment Cooperation Association, which is organized by partner companies throughout Japan, we hold the Thoroughgoing Safety Convention and Safety Promotion Convention to prevent accidents and injuries.

We are actively promoting the development and introduction of safety management and monitoring systems through the use of ICT and AI technologies, working together with partner companies to strengthen safety and health systems that resonate with people working at construction sites, striving to improve and maintain a safety and health environment that gives workers peace of mind, and aiming to become a company that is accepted by local communities with trust and empathy.

Risks and Opportunities

As the number of foreign workers increases with the aging of construction workers reflecting the aging population with low birth rate in Japan, the establishment of a safety and health system is becoming increasingly important. In addition, while the rise in natural disasters due to climate change and the normalization of extreme heat may lead to the risk of industrial accidents, the development of technologies that contribute to ensuring the safety and security of construction worksites, such as the robotization of hazardous work and labor-saving through the use of digital technology, will lead to the Group's competitive advantage.

Policy / Commitment

- Action Guidelines for Taisei: Securing a pleasant working environment, promoting partnerships with subcontractors and suppliers
- Safety and Health Policy
- Medium-Term Business Plan (2021–2023): To achieve zero fatal accidents and zero serious accidents



Performance

- Between January and December 2021, there were 45 accidents that required time off from work (35 last year), resulting in an occurrence rate of 0.44 (0.35 last year) on a non-consolidated base. In addition, to our deepest regret, there was one fatal accident.
- An analysis of the accidents in 2021 reveals that “falls” are the most common type of disaster, followed by “drop and falls from places less than 2 m height.” To ensure thorough safety and health management based on the TAISEI OHSMS*, we practice thorough workplace patrols and safety education for workers. In FY2021, a total of 1,200 employees who work at a construction site participated in various safety training programs.

	(Year)				
	2017	2018	2019	2020	2021
Reference) Frequency rate for all industries	1.66	1.83	1.80	1.95	2.09
Reference) Frequency rate for general construction	0.81	1.09	1.69	1.30	1.39
Frequency rate (Consolidated)	0.44	0.58	0.64	0.37	0.56
Frequency rate (Non-consolidated)	0.41	0.43	0.62	0.35	0.44
Severity rate	0.22	0.14	0.26	0.34	0.08

Frequency rate: The number of deaths and injuries due to industrial accidents per 100 million man-hours of work represents the frequency of accidents.

Severity rate: The number of working days lost per 1,000 man-hours of work represents the severity of the accident.

* See the glossary on p.102 for the “TAISEI OHSMS.”

Initiative

- United Nations Global Compact, “Human Rights” and “Labor”
- ISO45001
- Safety Measures Subcommittee ([Nikkenren] Japan Federation of Construction Industry)
- Labor Committee ([Nikkenren] Japan Federation of Construction Industry)

KPIs

- Number of fatal accidents
- Non-consolidated target (FY2023)



Thorough management of occupational health and safety

Materiality

6

Cultivation of Technical Staff and Securing of Human Resources

Basic Policy

At Taisei Corporation, we are focusing our efforts on disseminating and promoting the Construction Career Up System (CCUS)*, which makes it possible to objectively and continuously accumulate and confirm the experience and skills of each and every skilled construction engineer, through cross-industrial, unified rules.

In addition to focusing on securing and developing workers who will support the construction industry in the future, we have formulated a policy for a reduction in working hours, and are working to correct long working hours for staff and close work-sites on holidays. In addition, the Japan Federation of Construction Contractors (Nikkenren), to which the Company belongs, has formulated the Guidelines for Reducing Overtime Work and the Action Plan for the Realization of a Five-Day Work Week to strengthen industry-wide efforts to reduce overtime work. As a member company of Nikkenren, we are making concerted efforts to create a workplace where skilled construction engineers can work for a lifetime with pride.

Risks and Opportunities

The number of construction skilled workers (engineers) in Japan in 2021 was 3.09 million, and one in three is 55 years of age or older, making it an industry with many elderly people. Accordingly, it is essential to improve the training and treatment of the next generation of skilled workers. In addition, the construction industry's working hours are approximately 320 hours longer per year than the average for all industries, raising questions once again about how attractive the conditions are that Taisei Corporation can offer to engineers and workers at worksites.

Policy / Commitment

- Action Guidelines for Taisei: Promoting partnerships with subcontractors and suppliers, securing a pleasant working environment
- Medium-Term Business Plan (2021–2023): To enhance support for Soyukai member companies
- Declaration of Partnership Building



Milestone and Performance

- In June 2021, we formulated the CCUS Dissemination and Promotion Roadmap (FY2021 to FY2023).
- In line with the Japan Federation of Construction Industry's new targets, we target achieving 100% of the three indicators, the registration rate of business operators, the registration rate of skilled workers, and the employment history accumulation rate, by the end of FY2023. We also set yearly goals to reach these targets.
- As of March 2022, the registration rate of business operators was 90%, the registration rate of skilled workers was 81%, and the employment history accumulation rate was 79%.

KPIs

- Worksite registration rate of CCUS
- Non-consolidated target (FY2023)



Cultivation of technical staff and securing of human resources

Milestone and Performance

- We have formulated Roadmap to FY2024 for “addressing long working hours.”
- We set annual stepwise targets of “health management overtime hours (total of statutory overtime working hours and holiday working hours),” “regular leave and compensatory leave,” and “closures of worksites.” Then, we have worked under the leadership of internal consultation bodies including the Committee for the Reduction of Working Hours, etc.

KPIs

- Health management overtime hours
- Non-consolidated target (FY2023)
- Monthly target of 50 hours
Over 720 hours a year: 0%



Cultivation of technical staff and securing of human resources

Initiative

- United Nations Global Compact “Labor”
- Overtime Work Reduction Guideline ([Nikkenren] Japan Federation of Construction Industry)
- Plan to Realize a Five-day Working Week ([Nikkenren] Japan Federation of Construction Industry)

Milestone and Performance

- The number of employees who took “regular leave and compensatory leave” for 104 days a year (equivalent to 4 weeks and 8 days off) increased to 96.8% of the total (95.7% in the previous fiscal year). “Health management overtime hours” averaged 42.4 hours per month (42.5 hours in the previous fiscal year). For “closures of worksites,” we set a goal of “closed eight days in four weeks” and are working to reform the way we work.
- All employees will continue to discuss, select, and implement specific actions to reduce working hours in accordance with the situation in their respective workplaces. We will also arrange the activities that have been effective in reducing working hours to be spread horizontally across the entire company and established as ongoing activities.

KPIs

- Worksite implementation rate of a five-day work week (closed eight days in four weeks)
- Non-consolidated target (FY2023)



Cultivation of technical staff and securing of human resources

* See the glossary on p.102 for the “Construction Career Up System (CCUS)” and the “Health Management Overtime.”

Materiality
7

Realization of an Attractive Working Environment That Is Good to Work in

Basic Policy

In November 2021, the Taisei Group formulated the Group’s Human Resources Development Policy (Diversity and Inclusion Policy), and is working to further strengthen the development of a workplace environment in which diverse human resources can make the most of their abilities, taking advantage of not only gender, age, nationality, disability, sexual orientation and gender identity, religion, creed and values, but also diversity in their careers, experiences and work styles. In order to understand the state of employee engagement and to efficiently and continuously implement measures to improve organizational issues, in May 2022 Taisei Corporation started an engagement survey (a motivation cloud provided by Link and Motivation Inc.), replacing the previous employee satisfaction survey. Based on the top-down approach of the management, we will recognize the gap between the values of the Company and its staff, strive for mutual understanding, and promote the realization of a rewarding and attractive work environment.

In FY2022, in consultation with the employees’ union, we increased wages by raising salaries for all employees and by raising the starting salaries of new graduates. In the future, we will continue to emphasize diversity, fairness and inclusiveness, and work to improve the overall treatment of our employees to enhance their ease of work and job satisfaction.

Risks and Opportunities

The working-age population is decreasing due to the declining birthrate and aging population in Japan. In order to secure workers, it is indispensable to utilize women, the elderly and foreign nationals. Taking advantage of initiatives for employees with diverse attributes (such as the promotion of active participation by women), as well as initiatives to promote diverse work styles (such as support for balancing work with child care and nursing care), will lead to improved individual performance and business growth.

Policy / Commitment

- Action Guidelines for Taisei: Cultivating an open corporate culture, respect for fundamental human rights and diversity
- Human Resources Utilization Policy (Diversity & Inclusion Policy)
- Human Rights Policy
- Medium-Term Business Plan (2021–2023): To promote the measures that emphasize an attractive working environment, as well as diversity and inclusion



Initiative

- United Nations Global Compact “Human Rights” and “Labor”
- The Valuable 500
- My Declaration of Human Rights
- “Male Leaders Coalition for Empowerment of Women” by the Gender Equality Bureau, Cabinet Office
- Action Plan for the Act on the Promotion of Female Participation and Career Advancement in the Workplace (Cabinet Office)
- Voluntary action plans on the promotion of women to managerial and board positions ([Keidanren] Japan Business Federation)

Milestone and Performance

- The number of female managers increased approximately 7 times from 39 in FY2015 to 270 in FY2021.
- The number of female engineers in FY2021 was 767 (738 in the previous fiscal year). The number of female employees who work at worksites has increased significantly from 135 in FY2014 to 202 in FY2021.

2030 Goals for Women’s Participation and Advancement

	2024 target	2030 target
Ratio of newly hired female engineers	20%	25%
Ratio of newly hired female employees	25%	30%
Ratio of female engineers	—	15%

Performance

- At the Diversity Management Training Program, which is aimed at leaders who have subordinates with diverse attributes, training is conducted to learn how to nurture subordinates by making the most of their individuality. A total of 845 employees have participated in the program.
- Since FY2019, the percentage of male employees taking childcare leave has reached 100% for three consecutive years, with the average number of days taken for childcare leave reaching 9.7 (as of the end of March 2022).
- We will continue to provide information to support the balancing of work, childcare and nursing care, such as nursing care consultation meetings and work-life balance seminars to attend with a partner, in addition to disseminating various systems such as the childcare leave system and short-time work hour system for child care.



Realization of an attractive working environment that is good to work in

Materiality
8

Thorough Compliance / Restructuring of the Group Governance System

Basic Policy

The Taisei Group regards the implementation of compliance and risk management as one of the most important issues for the Group management, and the Governance System Review Committee has established a group governance system and is thoroughly committed to compliance and the prevention of bribery and corruption. We have identified “To maximize synergies by rebuilding Group governance systems” as a priority issue in our Medium-Term Business Plan, and are reviewing the Group governance structure and the basic framework for Group management.

In addition, as DX evolves, cybersecurity threats are becoming more serious and diverse each day. Taisei Corporation, together with its Group companies and suppliers, is implementing a variety of measures related to information security and aiming for zero information security incidents in all business processes.

Risks and Opportunities

The establishment of compliance is the foundation of management and a major prerequisite for sustainable corporate development. It is also essential to establish an effective Group company management system to maximize Group synergies. As the business environment changes rapidly and becomes more complex, it is becoming increasingly important for the Group to strengthen internal controls as it seeks to expand its business domain.

Policy / Commitment

- Action Guidelines for Taisei: Compliance with laws and regulations, management of information and intellectual property rights
- Policy on the Protection of Personal Information
- Code of Conduct on the Use of Social Media
- Code of Conduct on the Basic Policy regarding Group Operation
- Medium-Term Business Plan (2021–2023): To maximize synergies by rebuilding Group governance systems



Web Q
Overall Principles of Conduct / Individual Policies

Initiative

- United Nations Global Compact “Anti-Corruption”
- Nippon CSIRT Association
- Cyber Risk Intelligence Center—Cross Sectors Forum (CRIC CSF)
- Information Security Subcommittee ([Nikkenren] Japan Federation of Construction Industry)

Performance

- In FY2021, we conducted compliance education for the owners of the suppliers (specialized contractors) at all 12 branches in Japan, as well as compliance training in an e-learning format for all executives and employees twice.
- 100% of employees participated in e-learning compliance training. Compliance training has been regularly proved. To improve awareness, we will continue to educate employees on important topics.

KPIs

- Attendance rate at compliance training including anti-corruption
- Non-consolidated target (FY2023) **100%**



Thorough compliance and restructuring of the Group governance system

Performance

- The number of serious security incidents involving electronic information in FY2021 was 0 (1 in the previous fiscal year).
- We provide education to all executives and employees on new threats, such as risks associated with cloud services and targeted cyber-attacks, which have increased in recent years. In FY2021, information security education was conducted three times.

KPIs

- Number of serious information security incidents
- The Taisei Group target (FY2023) **0 cases**



Thorough compliance and restructuring of the Group governance system



p.74 Compliance/ Risk Management
Governance Section

Corporate Governance

Our Basic Approach to Corporate Governance

The Company aims to achieve sustainable development and improvement in the medium- to long-term value of the Company and its subsidiaries and affiliates (collectively, the Taisei Group) in accordance with the philosophy of the Taisei Group, being “to create a vibrant environment for all members of society” (the Taisei Group Philosophy) and the so-called “Taisei Spirit,” which embodies our commitment to “Active and Transparent Culture,” “Value Creation” and “Evolution of Tradition.”

The Company’s fundamental approach to corporate governance is to conduct the management and decision-making of the business in a swift, appropriate, fair and transparent manner in order to continue to grow as a corporation in a sustainable and socially responsible manner.



Established Fundamental Corporate Governance Policy

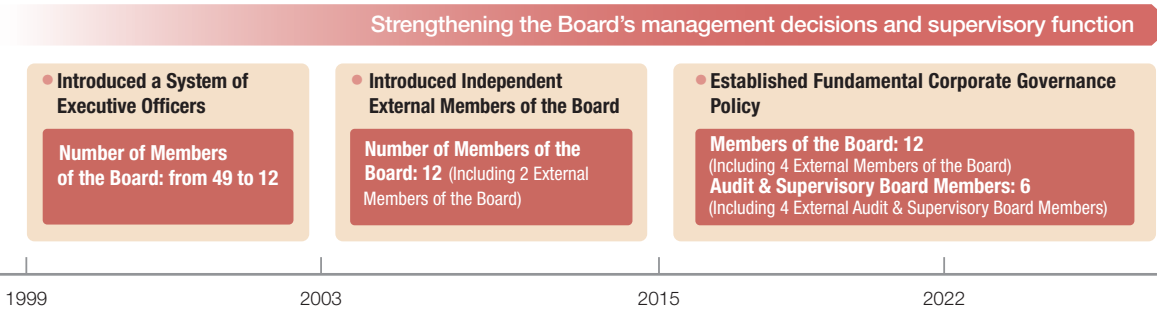
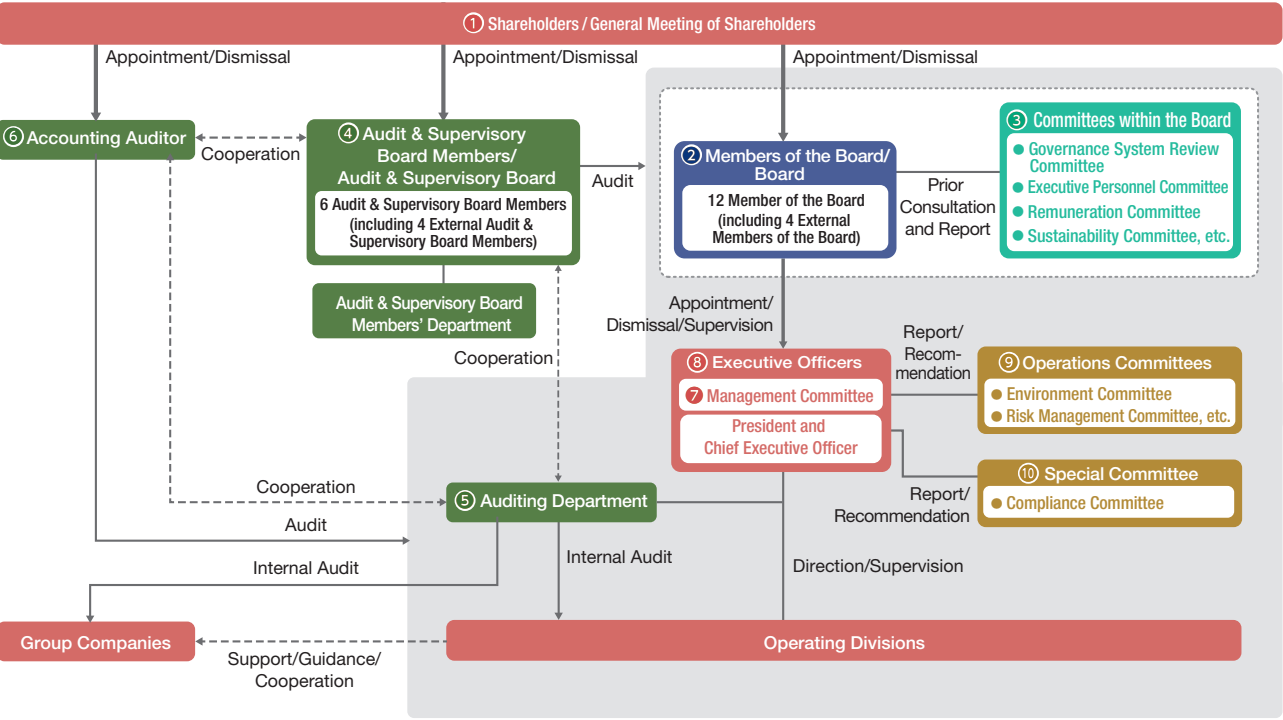


Chart of Corporate Governance System (As of July 1, 2022)



Overview of Corporate Governance System

① Shareholders / General Meeting of Shareholders

The Company shall endeavor to dispatch the convocation notice of its General Meeting of Shareholders* at least three weeks prior to the scheduled date of such General Meeting of Shareholders in order to provide its shareholders time to sufficiently consider the exercise of their voting rights.

In addition, the Company shall announce the information through its official website about one week prior to dispatching each notice and use a voting right exercise service by scanning a QR code for smartphones. We also participate in an electronic voting platform for institutional investors.

* Held on June 28, 2022 for FY2021

② Members of the Board / Board (Convened 14 times in FY2021)

To facilitate the growth of the Company in a sustainable manner and improve its corporate value in the medium to long term, the Board appropriately fulfills its roles and responsibilities mainly in (1) indicating the major direction of its corporate strategy, etc., (2) creating an environment that supports appropriate risk-taking by senior management, and (3) conducting highly effective supervision of management and directors from an independent and objective standpoint.

The Board is composed of 12 Members of the Board (eight Internal Members of the Board and four External Members of the Board). Nominations of candidates for Members of the Board are determined by the Board after deliberation by the Executive Personnel Committee established within the Board.

As of July 1, 2022, one-third of the Members of the Board were Independent External Members of the Board.

The External Members of the Board (three males and one female), who have objective viewpoints based on their experience and insight, bring diversity to the deliberations of the Board while contributing to the strengthening of the supervision of management.

③ Committees within the Board

For the purpose of invigorating deliberations by the Board, the Company has established the Governance System Review Committee, the Executive Personnel Committee, the Remuneration Committee, and the Sustainability Committee within the Board. The major members of each committee are Independent External Members of the Board to clarify independence and objectivity.

③ Committees within the Board (As of July 1, 2022)

Name	Authority	Members	Explanatory note
Governance System Review Committee	Consideration of the development and operation of governance systems	Chairperson	Member of the Board (External Member)
Executive Personnel Committee	Consideration of personnel of Members of the Board and Executive Officers, etc.	Chairperson	Audit & Supervisory Board Member (External Member)
Remuneration Committee	Consideration of remuneration for Members of the Board and Executive Officers	Chairperson	Member of the Board (Internal Member)
Sustainability Committee	Consideration of strengthening the sustainability management of the entire Group, including the Company	Chairperson	Audit & Supervisory Board Member (Full-Time)

④ Audit & Supervisory Board Members/ Audit & Supervisory Board (Convened 15 times in FY2021)

In accordance with the audit policy and audit plan established by the Audit & Supervisory Board, Audit & Supervisory Board Members audit the execution of duties by the Members of the Board independently from the Board by attending the Board and other important meetings, listening to reports from the Members of the Board, inspecting important documents, visiting business offices, etc. Four of the six Audit & Supervisory Board Members are independent external members with specialized knowledge, ensuring a neutral and objective monitoring system.

In principle, the Audit & Supervisory Board meets once a month or as otherwise necessary, and receives reports from each Audit & Supervisory Board Members on the status and results of audits. In addition to statutory matters, the Audit & Supervisory Board discusses and resolves matters related to the execution of duties by the Audit & Supervisory Board Members, and receives reports on audit plans and results from the Auditing Department and the accounting auditor as needed.

To assist Audit & Supervisory Board Members in the execution of their duties, the Company has established the Audit & Supervisory Board Member's Department, which is a dedicated organization independent from the Members of the Board and supports the appropriate collection of information by Audit & Supervisory Board Members.

⑤ Auditing Department

Based on the annual auditing plan, the Auditing Department conducts internal audits of administrative and management systems as well as the legality and rationality of the management of corporate affairs at all in-house departments and Group companies.

⑥ Accounting Auditor

The Accounting Auditors submit reports on the audit plan and the audit results to the Audit & Supervisory Board, the Accounting Department and other internal control departments as needed.

To ensure the external accounting auditors conduct fair and appropriate audits, the management of the Company, Audit & Supervisory Board Members, and the Auditing Department shall have meetings on a regular and as needed basis, and exchange their opinions with the external accounting auditors.

⑦ Management Committee

The Management Committee has been established as a decision-making organ for business execution. The authority to make decisions on business execution delegated to the Management Committee is set forth in the Regulations of Management Committee.

⑧ Executive Officers

For the purpose of enabling agile business execution, the Company has adopted the executive officer system.

⑨ Operations Committees

The Company has established operations committees such as the Environment Committee and the Risk Management Committee to deliberate on matters related to the consultation of the management meeting and the President.

⑩ Special Committee

To reinforce the promotion of compliance, the Company has set up the Compliance Committee chaired by an external expert as a Special Committee that responds to consultations with the President. (see p.74)

Skill Matrix

- Skills Required for Members of the Board and Audit & Supervisory Board Members to realize the vision of the Taisei Group in ten years

[illegible]

Note: The above matrix indicates skills particularly expected for Members of the Board and Audit & Supervisory Board Members and does not list all skills that Members of the Board and Audit & Supervisory Board Members currently have.

- Concepts behind the above “Specialization and Experience”

Skills for management in general	Business Management	Persons who have served as president or chairman at the Company or other companies or those who have considerable knowledge of the Company's or other companies' business and have the necessary knowledge and experience to formulate management strategy.
	Legal Affairs and Risk Management	Persons who have worked for a division in charge of risk management at the Company or other companies and are considered to have knowledge of and experience in legal affairs and risk management, or otherwise those who are licensed as a lawyer, or those who have worked for administrative agencies and possess profound knowledge of laws.
	Finance and Accounting	Persons who have worked for a finance and accounting division at the Company, other companies, or administrative agencies, etc. and are considered to possess knowledge of and experience in finance and accounting, those who have profound knowledge as the manager of a financial institution, or those who are licensed as a certified public accountant or licensed tax accountant.
	Global Experience	Persons who have experience in international business at the Company or other companies and are considered to possess knowledge of and experience in global management, or those who have worked for administrative agencies and possess extensive knowledge of the international situation.
	Sustainability	Persons who are considered to have specialized knowledge of and experience in renewable energy, the environment, human resource development, diversity, social contribution, corporate governance, etc.
Skills for the Company's business	Sales / Marketing	Persons who are considered to have knowledge of and experience in marketing and sales for the Company's business.
	Technologies	Persons who have worked for technology-related divisions at the Company and possess knowledge of and experience in technology related to the Company's business.

Analysis and Evaluation of the Overall Effectiveness of the Board

Taisei Corporation analyzes and evaluates effectiveness of the Board and discloses the results annually.

I. FY2021 initiatives based on the FY2020 evaluation

In order to strengthen supervisory functions and invigorate the deliberations at the Board, and to accelerate decision-making on business execution, the Company reviewed its governance system in March 2021, that includes a review of agenda items to be discussed by the Board and further delegation of its authority to executives accordingly.

During the FY2021, the following approaches were made towards the tasks derived from the evaluation of effectiveness conducted in the FY2020 considering such review:

- a) **Implementing follow-up on the Medium-Term Business Plan and discussing the important matters for the enhancement of corporate value**
The Board and the Management Committee discussed important matters such as the capital policy and personnel policy in addition to the progress of the Medium-Term Business Plan and measures for its accomplishment.

- b) Securing time for deliberation by narrowing down the number of agenda items, and making briefings in a concise manner, etc.

Based on the analysis of the agenda items, the Board secured enough time for the deliberation by narrowing down the number of agenda items, and by reviewing matters to be reported and making briefings in a concise manner.

- c) **Sharing awareness between External Members of the Board and Internal Members of the Board**
The number of meeting to exchange opinions between External Members of the Board and Internal Members of the Board was increased to share awareness at a deeper level*.
- * Audit & Supervisory Board Members and Executive Officers also joined some of the meetings.

- d) **Discussing specific measures to strengthen the effectiveness of group governance**
The Management Committee, the Governance System Review Committee, and the Board deliberated multiple times regarding the specific measures to activate the Group companies, and we have begun to take such measures (discussions about other measures are ongoing.)

- e) **Reviewing the structure and functions of the committees within the Board**
Independency, objectivity and transparency of the members of the Corporate Governance System Review Committee, Executive Personnel Committee, the Remuneration Committee and the Sustainability Committee were sought to be improved by adding External Audit & Supervisory Board Members to the said Committees within the Board.

- f) Improving even better environment by conducting online conference, etc.
From the viewpoint of the Business Continuity Plan ("BCP"), the online system was used for meetings of the Board and committees within the Board as needed.

II. Overview of the FY2021 evaluation

The method used to evaluate effectiveness in FY2021 and the results of the evaluation are as outlined below.

(1) Evaluation method and process

- The secretariat prepared a self-evaluation questionnaire (evaluation sheet for the Board) and obtained approval from the Board, and all Members of Board and Audit & Supervisory Board conducted self-evaluations.
- The evaluation items in the questionnaire are as listed below. Items 1–5 consisted of five-grade assessments and free descriptions, and Items 6 comprised free descriptions.

Evaluation Items

1. Self-evaluation as a member of the Board
2. Structure and operation of the Board
3. Effectiveness of the Board
4. Support system
5. Deliberation and monitoring regarding the Medium- to Long-Term Vision and the Medium-Term Business Plan
6. General evaluation of the Board

- The External Members of the Board conducted an overall assessment towards the results of the self-evaluations collated by the secretariat.
- At the same time, a lawyer prepared a third-party's opinion towards the results of the self-evaluations.
- Then the Board deliberated on the effectiveness of FY2020 based on the overall assessment and the third-party's opinion.

(2) Overview of the evaluation results

- There were many improvements on the operation of the Board through providing and sharing the information more elaborately to External Members of the Board, actively raising issues, and delivering advice and opinions by External Members of the Board based on his/her experience and knowledge. As a whole, it was evaluated that the Board improved its supervising function.
- In order to further enhance the effectiveness of the Board, the Board will continuously work on the followings:

- a) To consider suitable corporate governance systems including the size and the composition of the Board from the medium to long term perspective.
- b) To further delegate the Board's authorities to executives to the extent it is appropriate, and to make deeper deliberation on the important business issues.
- c) To enhance effectiveness of the deliberations at the Committees within the Board
- d) To consider specific measures to strengthen effectiveness of the Group governance

Ensuring the Credibility of Financial Reporting

Internal controls on financial reporting based on the Financial Instruments and Exchange Act are recognized as one of the most important issues for a corporation. We have set up the internal systems including daily monitoring to ensure the credibility of the financial reporting disclosed to the public. The effectiveness of the system is evaluated by the Auditing Department and audited by KPMG AZSA LLC. The results are disclosed in the Internal Control Report and in the Audit Report of Internal Controls. We will fulfill our social responsibility as a corporation by continuing to ensure the effectiveness of these internal controls.

In order to continue to operate the internal control systems relating to financial reporting in a sound manner, we are also publishing messages from the President, implementing e-learning, and other campaigns to raise awareness among executives and employees.

Support System for External Members of the Board and External Audit & Supervisory Board Members

The Secretarial Department supports the business execution duties of External Members of the Board, and the Audit & Supervisory Board Members' Department supports the business execution duties of External Audit & Supervisory Board Members. Materials and data will be distributed and made available for inspection prior to the meetings of the Board held in principle once a month. Prior briefings are also held to provide explanations by internal Members of the Board, etc. on proposals. Opinion exchange meetings between Members of the Board are held regularly to share information and promote cooperation.

These support systems enable the Board to fully and actively deliberate and express opinions.

Implementation of Executive Training

As necessary training for Members of the Board and Audit & Supervisory Board Members to fulfill their roles and responsibilities, training and materials on related laws and regulations, the articles of incorporation, the Board Rules and internal rules that stipulate the Company's important policies are provided at the time of appointment.

In addition to the training described above, we provide opportunities to receive training from outside organizations and experts on an ongoing basis.

When necessary, we hold worksite visit tours and other events for External Members of the Board and External Audit & Supervisory Board Members to deepen their understanding of the Group and business activities.



ESG study session

Promotion of Internal Controls

At Taisei Corporation, the Board established the Fundamental Policy to Enhance Operational Compliance Systems in May 2006 (revised in July 2020) to ensure the systems for conducting operations in an appropriate and efficient manner as a Group and the reliability of financial reporting. Through these systems, we deliver enhanced compliance and risk management. The Company implements various measures, including training relating to legal compliance with the Anti-monopoly Act with the participation of outside lawyers, mainly for executives and employees in the sales division.



Web Q

Fundamental Policy to Enhance Operational Compliance Systems

Regarding Cross-Shareholdings

(1) Our policy on cross-shareholdings

We maintain cross-shareholdings to establish and strengthen long-term, stable relationships of mutual cooperation with important business partners and improve our competitiveness and profitability.

We have a policy to timely and appropriately sell cross-holding shares which, as the result of verification by the Board, are considered not to be consistent with our policy on cross shareholdings because it is not economically reasonable and promising in the medium to long run to maintain them. Consequently, we consider our cross-shareholdings will be reduced as a whole.

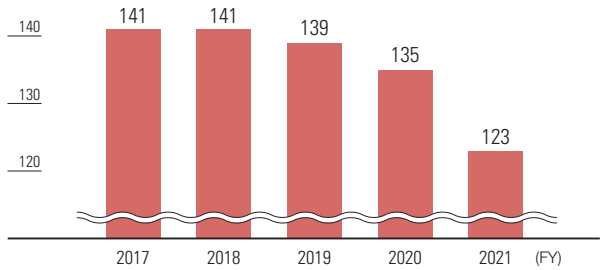
(2) Verification by the Board of the economic reasonableness of cross-shareholdings

The Board compares the acquisition prices with the business returns from all listed shares and from unlisted shares which the Board decides to verify continuously, while using capital costs as a yardstick. In June of each year, the Board decides on a case-by-case basis whether we should continue to hold the cross-shareholdings. In addition to quantitative verifications, the Board uses qualitative information such as economic benefits expected in the future for its decision.

As a result, in the FY2021, we sold 16 listed shares worth ¥2.9 billion and 5 unlisted shares worth ¥0 billion (including the cases where the Company sold part of the whole shares).

Reduction of Listed Shares

(Number of shares)



(3) Standards for Exercise of Voting Rights

Voting rights of cross-shareholdings will be exercised appropriately from the viewpoint of whether they contribute to enhancement of our corporate value.

Accountability

● Dialogue with Shareholders and Investors

Taisei Corporation established the Information Disclosure Policy, and has set forth principles for ensuring appropriate information disclosure and transparency in the Fundamental Corporate Governance Policy. These policies form the basis for our practice of timely and appropriate information disclosure.

In 2015, the Company established the IR Policy and has been promoting constructive dialogue through discussions with shareholders and investors, IR briefings, and the annual general meeting of shareholders.

Furthermore, we strive for fair information disclosure via the Taisei Corporation official website, where we publish explanatory material with commentary, summaries of the President's speeches and the main question and answer sessions (in

Japanese and English) on top of the Medium-Term Business Plan and materials distributed at results briefings. In addition, we disclose information to overseas investors in English in our annual reports and on the Taisei Corporation official English website. We also report on key business activities and environmental, social and governance (ESG) initiatives in the shareholder newsletter in order to further deepen our shareholders' understanding of our corporate activities.



Web Q

Information Disclosure Policy / Fundamental Policy to Enhance Operational Compliance Systems / IR Policy



p.02

Value Provided to Key Stakeholders

Providing sustainable value

Remuneration, Etc.

(1) Matters concerning policies on determination of the remuneration, etc. for each Member of the Board

Based on the deliberation by the Remuneration Committee, the Board decided on a policy on determination of the content of compensation, etc. for each Member of the Board at the Board meeting held on February 25, 2021. The details are as follows:

1. Fundamental policy on the determination of the details of remuneration, etc. for each Member of the Board

The remuneration, etc. for Members of the Board of the Company consists of fixed compensation and performance-based compensation, both of which are monetary compensation, as well as non-monetary performance-based compensation (stock compensation). The above policy of remuneration was decided comprehensively considering the 39 matters such as the business scale, content, and performance of both the Company and the Taisei Group, as well as the duties and responsibilities of each Member of the Board. When determining the details of remuneration, etc. for each Member of the Board, the Board will decide the details of remuneration for each Member of the Board, taking account of the responsibilities and positions of each Member of the Board (including the concurrent positions as an Executive Officer, if applicable; the same applies hereafter), based on deliberation at the Remuneration Committee, which is authorized to deliberate the details of remuneration, etc. before the Board's decision. The Remuneration Committee shall comprise of Members of the Board (internal) and the same numbers of External Members of Board as those of Internal Members and shall be chaired by an External Member of the Board. Furthermore, External Audit & Supervisory Board Member shall be added as a member of the Committee from the viewpoint of securing adequateness of the deliberations at the Committee. Thus, the Remuneration Committee establishes the system to properly consider the details of remuneration, etc. for each Member of the Board.

2. Policy on determination of the amount and the calculation methods of fixed Compensation

The fixed compensation shall be paid to each Member of the Board on a fixed date every month during his or her term of office, and shall be determined according to the responsibilities of each Member of the Board, comprehensively taking account of the Company's business scale, content, and the duties and responsibilities of each Member of the Board, and the fixed compensation to each Member of the Board other than External Members of the Board, shall be progressively increased according to his or her position.

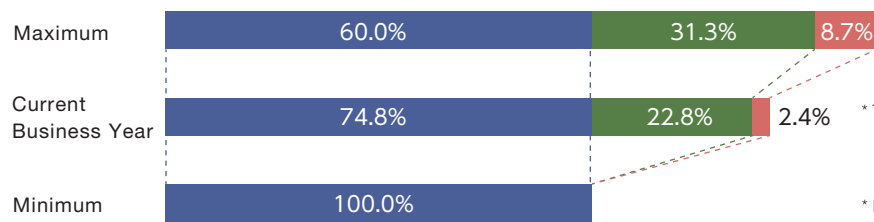
3. Policy on determination of the contents, and the calculation methods of the amount or the number of performance indicators for performance-based compensation; and policy on determination of the contents and the amount, or the number and the calculation methods for non-monetary compensation

The performance-based compensation is established for the purpose of raising the awareness of each Member of the Board to contribute to business performance improvement and enhancement of corporate value. However, External Members of the Board are not eligible for the performance-based compensation.

(a) Performance-based compensation (monetary compensation)

The performance-based compensation (monetary compensation) shall be paid to each Member of the Board on a fixed date every month during his or her term of office and the contents and the amount of the compensation shall be determined based on the Company's short-term performance. Net income attributable to owners of parent in the consolidated statement of income for the most recent consolidated fiscal year is used as a performance indicator because it is an indicator that shows the final results of Taisei Group's business activities, and provides the system so that the amount paid to each Member of the Board will be progressively increased according to his or her positional ranks.

Schematic Diagram of Remuneration of Members of the Board of the Company



■ Fixed Compensation (Monetary Compensation)
■ Performance-based Compensation (Monetary Compensation)
■ Performance-based Compensation (Stock Compensation)

* The above ratio is the remuneration for President and Chief Executive Officer, Representative Director calculated as an example.

* Remuneration for External Members of the Board is the Fixed Compensation only, and the Performance-based Compensations are not applicable to the remuneration.

(b) Performance-based compensation (stock compensation)

The performance-based compensation (stock compensation) is designed to raise the awareness of Members of the Board to contribute to improving medium- to long-term business results and enhancing corporate value by clarifying linkage between the remuneration of Members of the Board with Taisei Group's business results and the value of share, and by sharing with shareholders not only the benefits of a rise in share prices but also the risk of a decline in share prices. The stock benefit trust (= Board Benefit Trust) method is adopted, and the date of the annual General Meeting of Shareholders is the grant date. In accordance with the "Officers' Share Benefit Regulations" established by the Board, each year during his or her term of office, points are granted and accumulated to one (1) share per point. In the event that a Member of the Board retires and satisfies the beneficiary requirements specified in the "Officers' Share Benefit Regulations," the Company's shares equivalent to the cumulative number of points will be distributed after retirement through prescribed procedures to determine the beneficiary. A part of the payment may be made in cash equivalent to the market value of the Company's shares instead of the Company's shares. As well as the performance-based compensation (monetary compensation), net income attributable to owners of the parent in the consolidated statements of income for the most recent consolidated fiscal year is used as a performance indicator because it is an indicator that shows the final results of Taisei Group's business activities. 41 The points to be granted to

each Member of the Board are determined separately for Representative Directors and other Members of the Board respectively considering the status of achievement of business performance, duties and responsibilities.

4. Policy on determination of the ratio of each type of compensation to be applied to the amount of remuneration, etc.

With respect to performance-based compensation, the Company has set performance values that serve as criteria for monetary compensation and stock compensation and has established a rule that the ratio of performance-based compensation will increase when performance is favorable compared to the criteria. From a medium- to long-term perspective, the Company has a plan to review for reducing the proportion of fixed compensation and increasing the proportion of performance-based compensation. However, the compensation for External Members of the Board shall be fixed compensation only.

(2) Matters related to the policy on determination of the amount and the calculation methods of remuneration, etc. for Audit & Supervisory Board Members

The remuneration, etc. for Audit & Supervisory Board Members consists only of fixed remuneration, and the amount for each Audit & Supervisory Board Member is determined by the Audit & Supervisory Board through consultation.

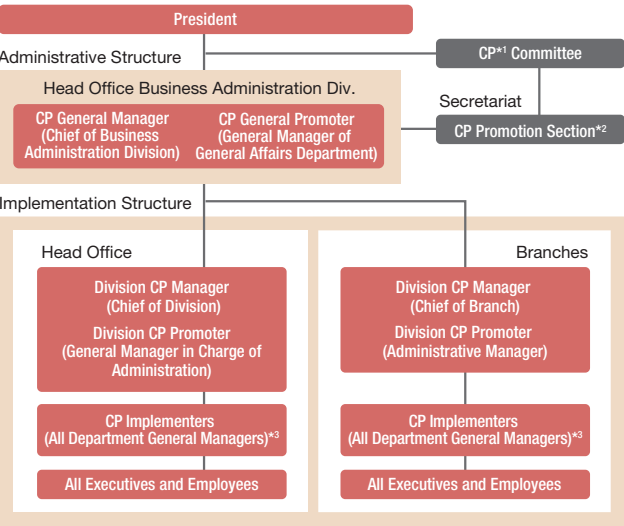
Compliance and Risk Management

The Taisei Group has established the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole as the basic principles of organizational behavior and standards of behavior and judgment that should be actively practiced or strictly observed by executives and employees. These Action Guidelines are the Group's code of compliance. In the Fundamental Policy to Enhance Operational Compliance Systems, they state that "Members of the Board shall recognize that compliance is at the core of good management and shall faithfully comply with all compliance-related regulations, including the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole." This is applied to all Group companies, including those in Japan and overseas.

Compliance Promotion System

As shown in the diagram on the right, the Company has appointed managers, promoters and implementers in each division, and has established an internal compliance promotion system. In addition, the Compliance Committee, chaired by an external expert (lawyer), has been established as the Special Committee that responds to consultations with the President. We are working to heighten the awareness among all executives and employees and further ensure compliance by establishing a system to set stricter disciplinary actions, etc., against any legal and other violations committed by executives and employees and to call for compliance with the Antimonopoly Act, implementing a range of measures based on the recommendations by the Compliance Committee and compliance training in each division, and taking other steps.

Compliance Promotion System



*1 CP: abbreviation of compliance
*2 Promotes and embeds compliance awareness among executives and employees. Also functions as a secretariat for the Compliance Committee.
*3 All heads of departments are appointed compliance implementers. The heads of each department educate and inform all executives and employees in their own departments about compliance.

Web Q Overall Principles of Conduct / Individual Policies

System and Framework

Compliance Education and Training

At Taisei Corporation, we conduct annual compliance training for all executives and employees to raise compliance awareness. In addition, to strengthen compliance across the entire Group, we regularly hold meetings for legal affairs managers to share information and opinions on legal affairs issues with Group companies in Japan. We also hold group compliance hearings to confirm the status of compliance promotion and exchange opinions, and strive to ensure thorough compliance and promote communication.

Furthermore, compliance training is conducted annually for business partners (specialized contractors) and new employees of the Soyukai* (Taisei Corporation's proprietary organization for core subcontractors) to ensure thorough compliance throughout the supply chain.

Conduct Compliance Questionnaire (Annually)

The Taisei Group conducts the Compliance Questionnaire for all executives and employees with the aim of understanding the current status and issues related to compliance and further promoting compliance. The results of the questionnaire are analyzed, measures are considered, reported to top management, and disclosed to all executives and employees through the Compliance Newsletter, and necessary measures are taken in cooperation with related departments to promote compliance.

Education/training	Themes covered in recent years	
Compliance Newsletter (monthly)	<ul style="list-style-type: none">Risk management of Taisei CorporationAnti-corruption (entertainment and gifts)Construction Business License and Supervision Disposition under the Construction Business Act	<ul style="list-style-type: none">About the Taisei SpiritResults of the compliance questionnaire
E-learning training (twice a year)	<ul style="list-style-type: none">Bribery, harassment and the whistleblowing systemPower harassmentRules related to contact with other companies in the same industry and the in-house leniency system, etc.	<ul style="list-style-type: none">Corporate Ethics Helpline (whistleblowing system) and others

*See the glossary on p.102 for details on the Soyukai.

(3) Matters concerning the resolution of the General Meeting of Shareholders on the remuneration, etc. for Members of the Board and Audit & Supervisory Board Members

Category	Type of remuneration, etc.	Compensation limit	Date of resolution at the General Meeting of Shareholders	Number of the Members applicable for payment at the time of resolution
Member of the Board	Fixed compensation	Up to ¥70 million per month	June 27, 2006 (The 146th General Meeting of Shareholders)	14 (including two External Members of the Board)
	Performance-based compensation (Monetary compensation)			12
	Performance-based compensation (Stock compensation)	Up to ¥100 million, 35,000 points per fiscal year (1 point = 1 share of stock)	June 24, 2020 (The 160th General Meeting of Shareholders)	8
Audit & Supervisory Board Member	Fixed compensation	Up to ¥12 million per month	June 29, 1994 (The 134th General Meeting of Shareholders)	5 (including two External Audit & Supervisory Board Members)

(4) The total amount of remuneration for Members of the Board and Audit & Supervisory Board Members, etc.

Category	Total Amount of remuneration, etc. (Millions of Yen)	Total amount of remuneration in kind (Millions of Yen)			Members of the Board (External Members) (Millions of Yen)
		Monetary compensation		Non-monetary compensation	
		Fixed compensation	Performance-based compensation	Stock compensation	
Member of the Board (External Members)	738 (62)	572 (62)	148 (0)	18 (0)	14 (4)
Audit & Supervisory Board Members (External Members)	119 (54)	119 (54)	—	—	6 (4)

Notes:
1. Among the types of monetary compensation, the performance indicator of the performance-based compensation should be an indicator that shows the final results of our group's business activities. Thus, the Company adopts the net income attributable to owners of the parent in the consolidated statements of income for the most recent consolidated fiscal year. The total sum of the net income attributable to owners of the parent in the consolidated statements of income for the most recent consolidated fiscal year is ¥71,436 million.
2. Stock compensation (non-monetary compensation) adopts the method of the Board Benefit Trust (=BBT), and the date of the annual General Meeting of Shareholders is the grant date. In accordance with the "Officers' Share Benefit Regulations" established by the Board, each year during his or her term of office, points are granted and accumulated to one (1) share per point. In the event that a Member of the Board retires and satisfies the beneficiary requirements specified in the "Officers' Share Benefit Regulations," the Company's shares equivalent to the cumulative number of points will be distributed after retirement through prescribed procedures to determine the beneficiary. A part of the payment may be made in cash equivalent to the market value of the Company's shares instead of the Company's shares. The stock compensation is also categorized as performance-based compensation, therefore, "net income attributable to owners of the parent in the consolidated statements of income" for the most recent consolidated fiscal year is adopted as the performance indicator of the stock compensation because it is an indicator that shows the final results of Taisei Group's business activities. The net income attributable to owners of the parent in the consolidated statements of income for current consolidated fiscal year is ¥71,436 million.
3. We judge that the contents of remuneration paid to Members of the Board during this fiscal year are within the maximum amount approved at the General Meeting of Shareholders subject to the basic policy determined by the Board on the determination of the details of remuneration, etc. for each Member of the Board, and also judge that the contents of remuneration determined by the Board are also in accordance with the determination policy, because the contents of remuneration were determined at the Board based on deliberations at the Remuneration Committee, which is authorized to deliberate the details of remuneration, etc. before the Board's decision.

Whistleblowing and Consultation System

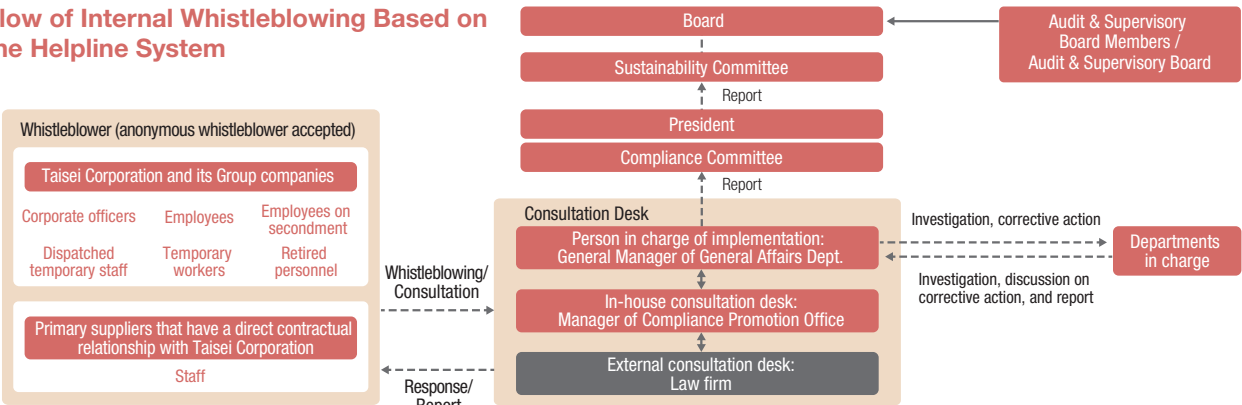
Based on the Whistleblower Protection Act, at the Taisei Group, we have established an internal whistleblowing system (the Corporate Ethics Helpline / Group Helpline / Whistleblowing System) in which executives and employees as well as external parties (staff of partner companies [primary suppliers] that have a direct contractual relationship with the Company) can report and consult on illegal acts including bribery and other corruption committed by executives and employees and acts that violate (or an act intended to violate) the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole, and we have established consultation desks in-house and at an external organization (a law firm). The system also allows anonymous reporting to obtain information clues on a wide range of violations. In addition, to enhance the effectiveness

of the system, we actively conduct educational activities such as distributing the Help Line Cards summarizing the outline of the system to all executives and employees, and introducing the contents and operational results of the system through e-learning and Compliance Newsletter.

In response to reports received, we will investigate the facts of the report received and take corrective action as required. In doing so, we ensure that the whistleblower's information is kept confidential and strictly follow internal regulations to ensure that the whistleblowers are not treated disadvantageously for reporting. For external stakeholders who do not have a direct contractual relationship with the Company, our website provides inquiries on human rights, environmental issues and other issues.

Internal whistleblowing system / Operational results	FY2019	24 cases
	FY2020	28 cases
	FY2021	30 cases

Flow of Internal Whistleblowing Based on the Helpline System



Web Q
Taisei Corporation: Contact

Anti-Corruption Policy

At Taisei Corporation, we support the anti-corruption principle of the United Nations Global Compact which we signed in 2018. Under the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole, we have set forth “Ensuring fair trade” and “Maintenance of proper relationships with individuals or entities engaged in politics and government.” This indicates that the Taisei Group and Taisei Personnel shall not offer or promise any unjust money or goods nor provide entertainment or gifts beyond the social norm to clients and individual executives and employees of the corporate client and shall not, in their dealings with politicians and government officials (including foreign government officials), engage in activities that would violate criminal laws, such as bribery, or activities that may be understood as such. We also conduct awareness-raising activities and training regarding prevention of bribery of politicians and government officials (including foreign government officials) for all executives and employees while engaging in activities with an awareness of not being involved in bribery or activities that may be understood as such at all times.



Web Q
Participation in the United Nations Global Compact

Review of Compliance with the Group's Action Guidelines and Handling of Violations

The Taisei Group specifies in its Rules on Enforcement of the Compliance System for the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole (“Action Guidelines”) that, in the event that a regular employee or executive has violated the Group's Action Guidelines (including anti-corruption, etc.), the facts are reviewed carefully and rigorously by the Board of Directors or the Management Council, and disciplinary action is taken in accordance with in-house rules.

In the event of a serious violation of compliance against the Action Guidelines, we thoroughly implement measures to prevent the recurrence of the violation. We also strive to accurately ascertain the facts by investigating relevant factors, including related persons, course of events, nature and details of the violation, amount of damage, and impact on persons of interest, and then report to relevant authorities as necessary. The perpetrators are subject to necessary disciplinary action, including dismissal.

In FY2021, there were no cases of legal action, including fines and penalties related to corruption. There were no cases of dismissal resulting from violations of the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole.

Verification of Compliance with Laws and Regulations (Guidance)

To ensure the legitimacy of bids, Taisei Corporation operates an in-house system whereby the heads of branch offices confirm that there are no inappropriate acts in the process of bidding operations, produce the documents, and keep all bids on file.

Every year, the legal department verifies the legitimacy of bids and checks compliance with the Construction Business Act, the Antimonopoly Act and the Subcontractors Protection Act.

Impartial and Fair Transactions

At Taisei Corporation, we have set forth “Promoting partnerships with subcontractors and suppliers” under the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole, and declare establishing fair and reliable relationships with our partners in the supply chain and conduct transactions on an equal footing.

Furthermore, we have set out Measures for Dealing with Anti-Social Forces and Organizations, stipulating that we will take a resolute stance against anti-social forces and will reject illegitimate demands. In order to eliminate anti-social forces, we have included a condition in our contracts, including the basic contract for specialized subcontractors, declaring that the supplier is not an anti-social force and that if revealed otherwise, the contract may be canceled without notice.

In August 2020, we prepared and announced the Declaration of Partnership Building which incorporates prosperous coexistence for the entire supply chain, new collaboration regardless of the company's scale and existing business relationships, and observance of “Promotion Standards” as defined in the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises. We disseminate our stance on impartial and fair transactions in connection with preventing corruption to employees of the Company and Group companies as well as to our suppliers, including sub-contractors and intermediaries.

We also cover impartial and fair transactions in our Sustainable Procurement Guidelines and work to reduce risks so as not to get involved in transactions with anti-social forces, corruption, bribery, and organizations engaging in inhumane labor.

Web Q
Corporate Governance

Thorough Awareness of Structure of Values and Policies

We created a portable card of the Structure of Values and Policies, which was updated in 2010, in an effort to spread and establish it. Since FY2011, we have been conducting an e-learning program on our Structure of Values and Policies each year to further disseminate and establish the structure while relating it to social needs and internal efforts.

In FY2021, we conducted an e-learning program for employees on the Taisei Group Philosophy, the Taisei Spirit and the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole, and the participation rate was 95%.

Web Q
Our Structure of Values and Policies

Tax Compliance

Taisei Corporation established its Tax Policy in August 2020 as a guideline for complying with tax laws and regulations and fulfilling its social responsibilities, and is striving to fulfill its tax obligations appropriately.

Tax Policy

At Taisei Corporation, we set forth the fulfillment of our social responsibilities by complying with applicable laws and regulations and in accordance with social norms under the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole (“Action Guidelines”).

Based on the Action Guidelines, we set out the following Tax Policy as a guide to comply with laws and regulations concerning tax affairs and carry out our social responsibilities.

- 1. Compliance with Laws and Regulations**
We will comply with the relevant laws and regulations concerning tax affairs at each country and each region where we are engaged in business activities on the basis of our Action Guidelines.
- 2. Proper Performance of Tax Obligations**
We will duly perform the tax obligations subject to the laws and regulations concerning tax affairs.
- 3. Enhancing Awareness of Compliance with Tax Laws and Regulations**
We will enhance the awareness of compliance with the tax laws and regulations through education regarding adequate tax practice and payment.
- 4. Relationship with Tax Authorities**
We will endeavor to maintain the relationship of mutual trust with tax authorities through faithful and adequate dealing with tax affairs.

Web Q
Tax Policy

Specific Measures for Compliance with the Antimonopoly Act

Taking the fact seriously that we were indicted on suspicion of violating the Antimonopoly Act in connection with the Linear Chuo Shinkansen construction project, we have implemented the measures indicated below based on deliberations by the Compliance Committee chaired by an external lawyer and resolution by the Board. We continued to operate and implement the measures below in FY2021.

1. Revision and tightening of internal rules relating to contracts with competitors (September 2018)
2. Reinforcement of procedures to confirm the appropriateness of the bidding process (September 2018)
3. Implementation of e-learning for all executives and employees (implemented every fiscal year since FY2018)
4. Implementation of training by an external lawyer for executives and employees in the sales departments and the technical departments that engage in operations related to taking orders (implemented every fiscal year since FY2018)

Management Members (As of July 1, 2022)

Members of the Board / Audit & Supervisory Board Members



Takashi YAMAUCHI
Chairman, Member of the Board
June 2021: Chairman of Member of the Board
Attendance at Board meetings:
14 out of 14 meetings (100%)



Yoshiro AIKAWA
President and Chief Executive Officer,
Representative Director
June 2020:
President and Chief Executive Officer,
Representative Director
Attendance at Board meetings:
14 out of 14 meetings (100%)



Shigeyuki SAKURAI
Representative Director
April 2021:
Executive Vice President, Representative Director
Chief of Business Administration Division;
In charge of New Business Planning
Attendance at Board meetings:
14 out of 14 meetings (100%)



Shigeyoshi TANAKA
Representative Director
June 2021:
Executive Vice President, Representative Director
Chief of Civil Engineering Division;
In charge of Safety Administration
Attendance at Board meetings:
14 out of 14 meetings (100%)



Norihiko YAGUCHI
Representative Director
June 2021:
Executive Vice President, Representative Director
Chief of Marketing & Sales Division (Integrated)
Attendance at Board meetings:
14 out of 14 meetings (100%)



Hiroshi KIMURA
Member of the Board
June 2020:
Senior Managing Executive Officer
Deputy Chief of Marketing & Sales Division (Integrated),
Supervising Marketing & Sales (Civil Engineering) Division;
Chief of Marketing & Sales (Civil Engineering) Division
Attendance at Board meetings:
14 out of 14 meetings (100%)



Atsushi YAMAMOTO
Member of the Board
June 2021:
Senior Managing Executive Officer
Chief of Marketing & Sales Promotion Division
Attendance at Board meetings:
11 out of 11 meetings (100%)



Yoshihiro TERAMOTO
Member of the Board
June 2021:
Senior Managing Executive Officer
Chief of Architecture & Engineering Division (Integrated);
Chief of Building Construction Division
Attendance at Board meetings:
11 out of 11 meetings (100%)



Atsuko NISHIMURA
Member of the Board*1*3
June 2017:
Member of the Board of Taisei Corporation
Attendance at Board meetings:
14 out of 14 meetings (100%)
Concurrent positions:
Outside Director of INPEX CORPORATION



Takao MURAKAMI*4
Member of the Board*1*3
June 2019:
Member of the Board of Taisei Corporation
Attendance at Board meetings:
13 out of 14 meetings (92.9%)
Concurrent positions:
External Member of the Board of Television
Hokkaido Broadcasting Co., Ltd.



Norio OTSUKA
Member of the Board*1*3
June 2019:
Member of the Board of Taisei Corporation
Attendance at Board meetings:
14 out of 14 meetings (100%)
Concurrent positions:
Outside Director of Sojitz Corporation



Fumiya KOKUBU
Member of the Board*1*3
June 2019:
Member of the Board of Taisei Corporation
Attendance at Board meetings:
14 out of 14 meetings (100%)
Concurrent positions:
Chairman of the Board of Marubeni Corporation
Outside Director of Honda Motor Co., Ltd.



Takashi HAYASHI
Audit & Supervisory Board Member
(Full-Time)
June 2019:
Audit & Supervisory Board Member of Taisei Corporation
Attendance at Board meetings:
14 out of 14 meetings (100%)
Attendance at Audit & Supervisory
Board meetings: 15 out of 15 meetings (100%)



Akihiko NOMA
Audit & Supervisory Board Member
(Full-Time)
June 2019:
Audit & Supervisory Board Member of Taisei Corporation
Attendance at Board meetings:
14 out of 14 meetings (100%)
Attendance at Audit & Supervisory
Board meetings: 15 out of 15 meetings (100%)



Yasuhiro SATO
Audit & Supervisory Board Member*2*3
June 2020:
Audit & Supervisory Board Member of Taisei Corporation
Attendance at Board meetings:
12 out of 14 meetings (85%)
Attendance at Audit & Supervisory
Board meetings: 13 out of 15 meetings (86%)



Seishi TASHIRO
Audit & Supervisory Board Member*2*3
June 2020:
Audit & Supervisory Board Member of Taisei Corporation
Attendance at Board meetings:
14 out of 14 meetings (100%)
Attendance at Audit & Supervisory
Board meetings: 15 out of 15 meetings (100%)



Keiko OHARA
Audit & Supervisory Board Member*2*3
June 2020:
Audit & Supervisory Board Member of Taisei Corporation
Attendance at Board meetings:
14 out of 14 meetings (100%)
Attendance at Audit & Supervisory
Board meetings: 15 out of 15 meetings (100%)
Concurrent positions:
Founding Partner, Kamiyacho International Law Office
Director, Member of the board (Independent)
of Financial Products Group Co., Ltd.
Outside Director of FUJI KYUKO CO., LTD.



Masamitsu MIURA
Audit & Supervisory Board Member*2*3
June 2021:
Audit & Supervisory Board Member of Taisei Corporation
Attendance at Board meetings:
11 out of 11 meetings (100%)
Attendance at Audit & Supervisory
Board meetings: 11 out of 11 meetings
(100%)

*1 External Member of the Board as defined by the Companies Act, Article 2-XV.
*2 External Audit & Supervisory Board Member as defined by the Companies Act, Article 2-XVI.
*3 Independent officer in accordance with the rules of Tokyo Stock Exchange and Nagoya Stock Exchange.
*4 Mr. Takao MURAKAMI resigned as a Member of the Board in September 2022.

Executive Officers (As of July 1, 2022)

Title Business in Charge	Name
President and Chief Executive Officer	Yoshiro AIKAWA
Vice Chairman and Executive Officer	Kazuhiko DAI
Executive Vice President Chief of Civil Engineering Division; In Charge of Safety Administration	Shigeyoshi TANAKA
Executive Vice President Chief of Business Administration Division; In charge of New Business Planning	Shigeyuki SAKURAI
Executive Vice President Chief of Marketing & Sales Division (Integrated)	Norihiko YAGUCHI
Senior Managing Executive Officer In charge of Marketing & Sales (Building Construction), Marketing & Sales Division (Integrated)	Yoshinobu SHIGEJI
Senior Managing Executive Officer Chief of Sustainability Division (Integrated); Chief of Clean Energy & Environment Business Promotion Division	Jiro TANIYAMA
Senior Managing Executive Officer Chief of Marketing & Sales (Building Construction) Division I; In charge of Community Design Project	Hiroshi TSUCHIYA
Senior Managing Executive Officer Deputy Chief of Marketing & Sales Division (Integrated), Supervising Marketing & Sales (Civil Engineering) Division; Chief of Marketing & Sales (Civil Engineering) Division	Hiroshi KIMURA
Senior Managing Executive Officer Chief of International Operations Headquarters	Keiji HIRANO
Senior Managing Executive Officer Chief of Marketing & Sales Promotion Division	Atsushi YAMAMOTO
Senior Managing Executive Officer Chief of Architecture & Engineering Division (Integrated); Chief of Building Construction Division	Yoshihiro TERAMOTO
Senior Managing Executive Officer Chief of Kansai Branch	Takeshi KAGATA
Senior Managing Executive Officer Chief of Safety Administration Division	Shun KITANO
Senior Managing Executive Officer Chief of Marketing & Sales (West Japan) Division	Shimpei OGUCHI
Managing Executive Officer In charge of Marketing & Sales (Building Construction), Marketing & Sales Division (Integrated)	Masao YOSHIKAWA
Managing Executive Officer Chief of Procurement Division	Noriaki KON
Managing Executive Officer Chief of Marketing & Sales (Building Construction) Division III	Yuichi KITAGUCHI
Managing Executive Officer Chief of Nagoya Branch	Atsushi SUZUKI
Managing Executive Officer Deputy Chief of Marketing & Sales (West Japan) Division, in charge of Building Construction	Shinji KAWAMURA
Managing Executive Officer Chief of Tohoku Branch	Iwao NISHIOKA
Managing Executive Officer Chief of Marketing & Sales (Building Construction) Division II	Akira NAKAYA
Managing Executive Officer Chief of Hokushinetsu Branch	Masahiko OKADA
Managing Executive Officer Deputy Chief of Marketing & Sales (Civil Engineering) Division	Yoshio ABE
Managing Executive Officer Chief of Yokohama Branch	Akira EJIMA
Managing Executive Officer General Manager of Design Department, Civil Engineering Division	Yasushi KAMEZAWA
Managing Executive Officer Deputy Chief of Marketing & Sales (Building Construction) Division I	Shinsaburo SAWA
Managing Executive Officer Deputy Chief of Marketing & Sales (Civil Engineering) Division	Yoshihiko IKEUCHI
Managing Executive Officer Chief of Taisei Advanced Center of Technology	Ichiro NAGASHIMA
Managing Executive Officer Deputy Chief of Civil Engineering Division; General Manager of Civil Engineering Department	Kenji SHIRAKAWA
Managing Executive Officer Chief of Engineering Division	Shinichiro TAKAHAMA
Managing Executive Officer Chief of Tokyo Branch	Koichiro OKUHATA
Managing Executive Officer Chief of Sapporo Branch	Shinichi HIRAJIMA
Managing Executive Officer In charge of Technology	Shigeo OCHI
Managing Executive Officer Deputy Chief of Clean Energy & Environment Business Promotion Division; General Manager of Renewable Energy Development Department; General Manager of Next Generation Energy Department	Miyoshi KATO
Managing Executive Officer Chief of Building Renovation Division	Tohru UEMATSU

Title Business in Charge	Name
Managing Executive Officer Chief of Mechanical & Electrical Division	Yuji TANIGAWA
Managing Executive Officer In charge of Technology	Kazuhiro SAWADA
Managing Executive Officer In charge of Technology	Akio TAKASE
Executive Officer General Manager of Marketing & Business Development Department (Taiwan), International Marketing & Business Development Division	Weiyu CHUNG
Executive Officer In charge of Marketing & Sales (Building Construction), Marketing & Sales Division (Integrated)	Katsuhiko KITAGAWA
Executive Officer Deputy Chief of International Operations Headquarters (Civil Engineering); General Manager of Civil Engineering Department	Toshihiko AOKI
Executive Officer In charge of Technology	Yasuji YAMAUCHI
Executive Officer Deputy Chief of Marketing & Sales (Building Construction) Division I	Masaru KAMATA
Executive Officer Chief of Nuclear Facilities Division	Yuji IJIRI
Executive Officer Chief of International Marketing & Business Development Division	Tatsuya SUGAWARA
Executive Officer Deputy Chief of Business Administration Division; General Manager of General Affairs Department	Junichi KASAHARA
Executive Officer Chief of Design Division	Masato MATSUMURA
Executive Officer Chief of Corporate Planning Office	Hiroki FUKASAWA
Executive Officer Chief of Shikoku Branch	Hideki NISHIYAMA
Executive Officer Chief of Chiba Branch	Mayuki YAMAURA
Executive Officer Chief of Urban Development Division	Takashi YAMAZAKI
Executive Officer Deputy Chief of Corporate Planning Office; General Manager of Corporate Planning Department; General Manager of New Business Planning Department	Yukio HABA
Executive Officer Chief of Chugoku Branch	Yuichiro YOSHINO
Executive Officer In charge of Marketing & Sales, Marketing & Sales Division (Integrated)	Masahiro YOSHIDA
Executive Officer In charge of Technology; In charge of Energy & Environment	Yoji UEDA
Executive Officer Deputy Chief of Design Division	Yozo SHINOZAKI
Executive Officer In charge of Technology; General Manager of Construction Engineering Department, Civil Engineering Division	Masami SHIMIZU
Executive Officer Chief of Proposal & Solutions Division	Yusuke HATAE
Executive Officer Deputy Chief of Marketing & Sales Promotion Division; General Manager of Marketing & Sales Promotion Department	Toshiyuki TSUJI
Executive Officer Chief of Kanto Branch	Yoshiyuki ASADA
Executive Officer Deputy Chief of International Operations Headquarters (Building Construction); General Manager of Building Construction Department	Masamichi BABA
Executive Officer Deputy Chief of Marketing & Sales (Building Construction) Division II	Shin SUZUKI

Executive Fellows (As of July 1, 2022)

Title Business in Charge	Name
Executive Fellow In charge of Information Planning, Corporate Planning Office	Toshihiko TSUKA
Executive Fellow Deputy Chief of Taisei Advanced Center of Technology; General Manager of Infrastructure Technology Research Department	Tsuyoshi MARUYA
Executive Fellow Deputy Chief of Urban Development Division	Akehiko TOMITA
Executive Fellow General Manager of Construction Sitework Promotion Center, Building Construction Division	Fujio FUNAMIZU
Executive Fellow General Manager of Digital Product Center, Building Construction Division	Jun HIROSE
Executive Fellow Executive Engineer, Building Construction Division	Junichi HIROSE

External Board Members' Message

External Member
of the Board

Atsuko NISHIMURA

Profile	1979 1999 2001 2004 2008 2012 2014 2016 2017	Joined the Ministry of Foreign Affairs of Japan Minister/Counsellor of Permanent Mission of Japan to the United Nations Minister of Embassy of Japan in Belgium Professor of Tohoku University Graduate School of Law Administrative Vice President of the Japan Foundation Adviser of Japan Oil, Gas and Metals National Corporation Ambassador Extraordinary and Plenipotentiary to Grand Duchy of Luxembourg Ambassador Extraordinary and Plenipotentiary for Women, Human Rights and Humanitarian Affairs External Member of the Board of Taisei Corporation (current position)
Concurrent positions	Outside Director of INPEX CORPORATION	
Reason for appointment	A broad range of insights, international sense, and objective point of view based on many years' experience as a diplomat	



To Be a Company Committed to the Value “Works Remaining on the Map” That Develops with Excellent Human Capital

As for the Board of Taisei Corporation, where one third of its members are Independent External Members, diverse members participate in discussions with their respective knowledge and experience. Having enough and appropriate information shared through extensive materials and detailed pre-meeting briefing sessions, the Board members make their comments and suggestions without any burden from a wide range of perspectives and deepen their discussions on major issues and risks.

As part of our recent initiatives, we have newly established the Governance System Review Committee, which I chair. This committee has initiated specific tasks such as identifying appropriate challenges of the Company and delegating some part of the Board’s authority to the Management Committee. Considering these, as for my evaluation of the Board’s overall performance, discussions and decisions are appropriately made to realize the sustainable improvement of the corporate value.

As can be observed with the formulation of the Fundamental Policy on Sustainable Development and the establishment of the Sustainability Division (Integrated), and as a new trend of recent discussions at the Board, we focused more on the perspectives for our contribution to overcoming global social issues. Since the Board is also increasingly interested in the corporate evaluation with respect to the contribution to the Sustainable Development Goals and non-financial information, we have more opportunities in the Board meeting to deliberate on the measures related to such aspects, and those measures continue to improve.

In addition to addressing ourselves to climate change issues, major changes in the external business environment, such as the impact of the pandemic and heightened geopolitical risks such as the invasion of Ukraine, which we have not encountered before, are accelerating and becoming more complicated. In these times, the Board recognizes the importance of its continuing and tireless efforts to grasp and evaluate the progress and issues of business plans appropriately, to deepen discussions on major risks and to firmly steer the management of the Company while promptly and appropriately ascertaining the situation and changes in the competitive environment.

While we have a number of issues that we should focus on in the future, it is one of the most important items to accomplish an attractive and rewarding work environment. It is our major initiative, which could have an influence in the future value of the Company, to secure competent human capital who could chart a path to the future in various fields, and to encourage them to vibrantly work and grow in the workplace in order to ensure the success of sustainability management in a rapidly changing business environment.

Being a professor in a university, I often see people in younger generation, who are more interested in a way to work to achieve self-fulfillment than ever before. At the same time, they have growing sense of value to consider that it is their responsibility to solve social issues.

I believe that our work, which the Taisei Group is undertaking, is very attractive because we can support the essential infrastructure that enriches the quality of people’s daily lives and contribute significantly to the realization of a sustainable society and community. “Works Remaining on the Map” does not only simply mean being on a map, but it tells us to create a foundation that will last and support the rich and sustainable life of humankind in the future.

I encourage the Company to proactively and confidently promote its attractiveness being engaged in the work that is directly linked to the accomplishment of our blissful future. I would also like to contribute positively to the Company through many years of experience on the diplomatic front line and research on global issues at universities.

External Board Members' Message

External Member of the Board Takao MURAKAMI

Profile	1969	Joined Sapporo Breweries Limited (Present: Sapporo Holdings Limited)
	1999	Executive Officer
	2001	Managing Executive Officer
	2003	Member of the Board; Senior Managing Executive Officer of Sapporo Breweries Limited (new company)
	2004	Managing Executive Officer, Member of the Board of Sapporo Holdings Limited
	2005	President and Chief Executive Officer, Representative Director, Group CEO
	2011	Chairman of the Board, Representative Director
	2018	Honorary Counsellor of Sapporo Holdings Limited (current position)
	2019	External Member of the Board of Taisei Corporation (current position)
Concurrent positions	External Member of the Board of Television Hokkaido Broadcasting Co., Ltd.	
Reason for appointment	Rich experience in managing multiple companies Note: He resigned as a Member of the Board in September 2022.	



To Survive in a Drastically Changing Society, I Expect the Group to Pursue Management That Cares About People Further

It is my fourth year as an External Member of the Board of Taisei Corporation. During this time, I have been constantly analyzing and evaluating the effectiveness of the Board, and observed that there has been considerable progress in restructuring the governance system and enhancing discussions from medium- to long-term perspective. As a reform of the Board, we had clear sense of a direction to sort the items of agenda to be handled by the Management Committee from those by the Board, and to stimulate discussion within the Board. I recognize that the effectiveness of the Board has been enhanced in this regard.

On the other hand, I also see a negative effect that we are now less informed about the discussion at the Management Committee. I feel it necessary to be reported in a little but more careful manners as to what was discussed at the Management Committee and other committees and what was the background to reach the final decision.

In addition, as is often the case with our Company, the contents of the meeting materials of the Board are provided extraordinarily in detail as if they were architectural design documents. I think that there is room for improvement because a heavily detailed plan may lead to irrational efforts to achieve them or make it difficult to recognize important points.

We have formulated the aimed image of our Company in ten years, “TAISEI VISION 2030” and the Medium-Term Business Plan developed through a backcasting method has gradually begun to take off. While we have many important issues that need to be addressed considering how the Taisei Group should be based on the ideal image in the future, what I consider especially important is to realize a sustainable and environment-friendly society. We may encounter various barriers, such as profitability and technology issues while we are taking company-wide initiatives including resolving issues toward carbon-neutral society.

When I was an executive officer of Sapporo Breweries, the company drastically reduced the annual energy-related costs at production facilities. I reviewed the work procedure and efficiency, and changed the way of work while presenting ideas. This was enough to reduce the costs.

I am sure that this kind of effort can also be carried out in Taisei without difficulty. Carbon neutrality is a major challenge, but I believe that human beings have excellent capabilities and ideas, thus, if we tackle it with adequate energies, I am sure that we can achieve it definitely.

Another important point is the reinforcement of the management of occupational safety and training of engineers. Having many years of experience in managing manufacturing plants, I believe that preventing the accidents at production facilities and maintaining the workers' health and safety are important matters that are critical to our business.

Our Company has enhanced our human rights due diligence efforts, illustrating the workers' safety and security at domestic and overseas project sites as a human rights risk related issues, with which we need to work with a priority. Although work is sometimes required within a limited time period, I expect the Company to improve quality of management and to be developed into an enterprise that can survive in a severe business environment, while creating a new mechanism such as a production system to achieve better quality of work more safely without any cost increase even if we comply with the statutory working hours.

External Member of the Board Norio OTSUKA

Profile	1973	Joined NSK Ltd.
	2000	Executive Officer
	2002	Managing Executive Officer, Member of the Board
	2004	Senior Managing Executive Officer, Member of the Board
	2007	Executive Vice President, Representative Director
	2009	President and Chief Executive Officer, Representative Director
	2015	Chairman, Member of the Board
	2018	Advisor of NSK Ltd.
	2019	External Member of the Board of Taisei Corporation (current position)
	2022	Honorary Advisor of NSK Ltd. (current position)
Concurrent positions	Outside Director of Sojitz Corporation	
Reason for appointment	Rich experience in managing multiple companies	



Aiming for Sustainability Management that Expresses the Unique Characteristics of the Taisei Corporation

Two years have passed since the Management Committee was established with the authority delegated from the Board. The Management Committee functions as the decision-making body for the execution of operations of the Company. As a result, we can focus on essential items on the agenda at Board meetings, and the effectiveness of the Board has been sufficiently enhanced.

Looking back over the last year in particular, I have been impressed by the efforts made in the process of formulating “the Medium-Term Business Plan (2021–2023).” I think it was very meaningful that the Board, in which consists mainly of the External Members of the Board, took time and had sufficient discussions. Each External Member of the Board understands the fundamental nature of the Medium-Term Business Plan and shares it with all employees of Taisei Corporation first, then with the people of the Group companies. This flow of the process forms an important step for the management of the Board.

In addition, the Governance System Review Committee which was established two years ago, has discussed and enhanced the measures to resolve various governance issues. Further growth is also expected in this regard.

Since our main business is construction, there is no doubt that environmental issues, particularly carbon neutrality, should be proactively addressed when considering sustainability management. The “Green Renewal ZEB” meets the needs of the society and will become an important part of our Company's business.

As for sustainability development, there are many other issues that need to be addressed, and the items on a to-do list keep increasing every year. Although examination of each issue shows that all items are important, we should discuss them thoroughly within the Company before trying to resolve them all at once. Instead, we will need to select the items to work on and those to put aside in the most appropriate manner. I believe we ought to have our style of sustainability development and governance.

There should be matters to be discussed about KPIs, including what kind of KPIs to establish internally and their definition, as well as a method of management accounting. It is clear that we must implement them for sustainable management as well.

Looking ahead to the future of the Company, what I would like it to tackle next is overseas business. Since I have experience in expanding overseas business, I understand the difficulty as well as the magnitude of potential. Therefore, looking at current Taisei Corporation's stance towards overseas business, I feel frustrated seeing major opportunities wasted.

When engaging in overseas business, the Company should make a clear decision on which countries to be targeted first, and then make a serious effort with the intention of putting permanent roots there. It takes 10 or 20 years to find, recruit, and train local partners. Of course, there are risks and it will be a long-term plan. That's why I want the Company to start very soon. I expect it to be actively discussed and the top management to take action.

External Board Members' Message

External Member of the Board Fumiya KOKUBU

Profile	1975	Joined Marubeni Corporation
	2005	Executive Officer
	2008	Managing Executive Officer
	2008	Managing Executive Officer, Representative Director
	2010	Senior Managing Executive Officer
	2012	Executive Vice President
	2012	Executive Vice President, Representative Director
	2013	President and Chief Executive Officer, Representative Director
	2019	Chairman, Member of the Board (current position)
Concurrent positions	2019	External Member of the Board of Taisei Corporation (current position)
		Chairman of the Board of Marubeni Corporation Outside Director of Honda Motor Co., Ltd.
Reason for appointment		Broad insight and an international perspective as the top management of a general trading company



Understanding Global Trends through Onsite Experience to Enhance Capabilities to Respond to Changes

It has been four years since I joined the Board. Nowadays, I am having a lively talk with other External Members of the Board, and I feel discussions are becoming more active every year due to the Company's open culture.

Since the beginning, the Board of Taisei Corporation has been provided substantial briefings and materials prior to meetings. Based on such pre-meeting briefings and materials, we, as External Members, express our opinions, but discussions tend to become complicated because the goals and initiatives to be deliberated in the Board meetings are enormous and diverse. At first, I was not always certain how the opinions of the External Members were recognized by and reflected in the management.

Prioritization of each initiative and application of it for employees would not be smoothly processed if such uncertainty remained. Thus, I proposed that the consequence of the discussion should be shared by all members of the Board.

Now, the Board has evolved based on my proposal to confront the opinions of External Members and proactively take them into consideration. In that sense, the Company's motivation to further improve the Board is clear, and the discussions are becoming deepened.

Taisei Corporation will celebrate its 150th anniversary in 2023 since the foundation. I believe the primary reason for such long-lasting management is that the Company has been sincerely dealing with social issues all along. If the Company had been only seeking profits, it could not have survived the turbulent eras in Japan from the Meiji to the Reiwa period. This is why Taisei Corporation still continues to be at one of the top companies, and this is indeed to embody the sustainability.

On the other hand, considering the future management style, we can observe various social issues and variable factors emerging on a global scale that are clearly different from those in the past. Of course, the way we deal with them will change gradually. Human rights and working environment issues are substantial matters that we must tackle. At the same time, we also must be sensitive to various trends. I suppose that Taisei Corporation needs to be aware of the presence of stakeholders in various fields and to separately handle the fundamental matters that are universal and unchanging for the Company and the matters that are to be flexibly handled responding to the demands of the times. While the Management Committee, which is independent from the Board, is currently functioning with certain authority delegated, I feel that it will be a task for the Board to clearly conduct strategy-related discussion and to clarify how to monitor it.

I, myself, handle business every day at the front line of a trading company, for which I have been working, and I also serve as a Japanese member of the APEC Business Advisory Council. Since my work is directly related to the field of international trade, I can recognize how business is conducted and how they approach to the sustainability management in other countries through my onsite work experience.

I would like to give some feedback at the Board meetings of Taisei Corporation based on what I have seen and heard on these occasions.

Explanation and Analysis of Business Results

Overview of Business Results

During the fiscal year ended March 31, 2022, as the impact of the COVID-19 pandemic on the Japanese economy gradually eased, consumption and capital investment began to recover. However, prospects remained uncertain in view of concerns about the downside risk to the economy due to soaring prices worldwide and the crisis in Ukraine. In the construction industry, robust public investment as well as growth of private-sector capital investment in anticipation of the post-pandemic period resulted in overall construction investment above the previous fiscal year's level.

Given this situation, the operating results of the Taisei Corporation Group were as follows.

Orders received in the Civil Engineering business and the Building Construction business decreased owing to intensifying competition for orders, especially for large-scale projects, and the postponement of the placing of orders. In addition, orders received in the Real Estate Development business decreased because an order for a large-scale property for sale was received in the previous consolidated fiscal year. Consequently, total orders received decreased 3.7% year on year to ¥1,589.7 billion.

Net sales increased 4.3% year on year to ¥1,543.2 billion as net sales of the Building Construction business increased, mainly owing to a higher contract backlog carried over from the end of the previous consolidated fiscal year and because overseas construction projects proceeded smoothly, reflecting a reduction in the impact of the pandemic.

Operating income decreased 26.4% year on year to ¥96.0 billion, owing to a decrease in gross profit. The main factors for the decrease were as follows. In the Building Construction business, the progress of large-scale construction projects for which orders were received in a severely competitive environment put pressure on gross profit. In addition, the profit margin decreased mainly because profitability of certain large-scale projects did not improve. Ordinary income decreased 24.0% year on year to ¥103.2 billion, reflecting lower operating income despite improvement of non-operating income (expenses) mainly due to an increase in interest income. Net income attributable to owners of parent decreased 22.8% year on year to ¥71.4 billion owing to improvement of extraordinary gains (losses), mainly because of the recording of loss on valuation of investment securities in the previous consolidated fiscal year. Return on equity (ROE) decreased 3.2 percentage points from the previous consolidated fiscal year to 8.4%.

Results according to the reporting segment are as follows (the results for reporting segments include internal transactions between segments).

(1) Civil Engineering
In the Civil Engineering segment, net sales decreased 2.1% year on year to ¥441.4 billion, mainly because fewer of the Company's construction projects peaked and the contract backlog carried over from the end of the previous consolidated fiscal year was lower at consolidated subsidiaries. Operating income decreased 14.6% to ¥47.9 billion owing to a decrease in gross profit on completed construction contracts due to a decline in the profit margin, mainly because the profitability of certain large-scale projects did not improve, in addition to lower net sales.

(2) Building Construction
Net sales in the Building Construction segment increased 4.3% year on year to ¥1,001.7 billion, mainly because the contract backlog carried over from the end of the previous consolidated fiscal year was higher and overseas construction projects proceeded smoothly, reflecting the reduced impact of the pandemic. The progress of large-scale construction projects for which orders were received in a severely competitive environment put pressure on gross profit. In addition, the profit margin decreased mainly because profitability of certain large-scale projects did not improve. As a result, owing to a decrease in gross profit on construction business, operating income decreased 47.0% year on year to ¥33.8 billion.

(3) Real Estate Development
In the real estate industry, although the vacancy rate in the building leasing market has increased and rents are on a downward trend mainly in central Tokyo owing to office consolidation and office space reduction, etc., the condominium market remained robust, reflecting high residential demand and continuing low interest rates.

Net sales of the Taisei Group in the Real Estate Development segment increased 4.4% year on year to ¥138.7 billion, mainly because of the sale of large-scale properties by the Company. Operating income increased 37.6% year on year to ¥13.3 billion, reflecting an increase in gross profit of real estate development operations, mainly because of the improvement of the profit margin of the real estate sales business of consolidated subsidiaries.

(4) Others
Net sales increased 3.8% year on year to ¥14.3 billion, and operating income increased 30.0% to ¥1.4 billion.

Major new construction orders in fiscal period under review

Client	Project	Location
Sawai Pharmaceutical Co., Ltd.	(Tentative Name) Kyushu Factory No.2 of Sawai Pharmaceutical Co., Ltd., New Factory Construction Work	Iizuka-shi, Fukuoka Prefecture
NTT Urban Development Corporation	(Tentative Name) Sapporo Kita 1 Nishi 5 Project	Sapporo-shi, Hokkaido
Japanese Red Cross Society	Musashino Red Cross Hospital Development Project (Extension / Renovation / Demolition Works and Others)	Musashino-shi, Tokyo
Japan Railway Construction, Transport and Technology Agency	Hokkaido Shinkansen, Sasson Tunnel (Soen) and Others	Sapporo-shi, Hokkaido
Department of Public Works and Transport, Vientiane Capital	Vientiane Capital Water Supply Expansion Project CP-1: Construction of Water Treatment Plant & Pipelines	Lao People's Democratic Republic

Major construction projects completed in fiscal period under review

Client	Project	Location
East Japan Railway Company, NIPPON HOTEL Co., Ltd., JR East Sports Co., Ltd.	Kawasaki Station West Area Development Plan, New Building Construction Work	Kawasaki-shi, Kanagawa Prefecture
Land Transport Authority of Singapore	Contract T226 Construction of Marina Bay Station and Tunnels for Thomson-East Coast Line	Republic of Singapore
Mitsubishi UFJ Trust and Banking Corporation	(Tentative Name) Aeon Mall Noritakeshinmachi New Building Construction Work	Nagoya-shi, Aichi Prefecture
MORI TRUST CO., LTD.	(Tentative Name) Okinawa Sesoko Project, New Building Construction Work	Kunigami-gun, Okinawa Prefecture
Kagawa Prefecture	Koto River Comprehensive Development Project, Kabagawa Dam Body Construction Work	Takamatu-shi, Kagawa Prefecture

Orders received			Millions of Yen
Reporting segment	2021	2022	
Civil Engineering	¥ 463,899	¥ 447,198	
Building Construction	1,040,641	1,017,751	
Real Estate Development	135,506	114,003	
Others	10,580	10,791	
Total	¥1,650,627	¥1,589,745	

Net sales			Millions of Yen
Reporting segment	2021	2022	
Civil Engineering	¥ 420,549	¥ 414,560	
Building Construction	922,254	984,944	
Real Estate Development	126,757	132,943	
Others	10,580	10,791	
Total	¥1,480,141	¥1,543,240	

Note: In orders received and net sales, transactions between segments have been eliminated.

Cash Flows

(1) Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥80.5 billion (versus ¥67.4 billion in the previous consolidated fiscal year), due mainly to ¥103.5 billion in income before income taxes. The main factors behind the ¥13.0 billion increase compared with the previous consolidated fiscal year included an improvement in the balance of construction-related items mainly due to an increase in trade payables.

(2) Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥37.6 billion (versus ¥18.6 billion in the previous consolidated fiscal year), due mainly to purchase of marketable and investment securities. Cash inflows decreased ¥18.9 billion compared with the previous consolidated fiscal year mainly owing to an increase in purchase of investment securities.

Financial Position

(1) Assets

Total assets were ¥1,956.2 billion, an increase of 4.6% or ¥85.5 billion from the end of the previous fiscal year, principally due to an increase in trade notes and accounts receivable (from completed construction contracts).

(2) Liabilities

Total liabilities were ¥1,083.3 billion, an increase of 5.6% or ¥57.1 billion from the end of the previous consolidated fiscal year, mainly reflecting an increase in accounts payable (for construction contracts).

(3) Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥41.8 billion (versus ¥37.3 billion in the previous consolidated fiscal year), due mainly to cash dividends paid and acquisition of treasury stock. The main factor behind the ¥4.5 billion deterioration compared with the previous consolidated fiscal year was a decrease in the amount of funds raised.

Accordingly, cash and cash equivalents at the end of the consolidated fiscal year under review amounted to ¥496.7 billion, up ¥2.4 billion over the previous consolidated fiscal year-end. The balance of interest-bearing debt for fund-raising purposes amounted to ¥224.3 billion, up ¥5.3 billion from the previous consolidated fiscal year. Of the interest-bearing debt for fund-raising purposes, non-recourse debt was ¥0.1 billion.

(3) Net Assets

Despite the acquisition of treasury stock, net assets amounted to ¥872.8 billion, an increase of 3.4% or ¥28.4 billion from the end of the previous consolidated fiscal year, principally due to recording of net income attributable to owners of parent. Consequently, the capital-to-asset ratio decreased 0.5 percentage points to 44.4%.

CONSOLIDATED BALANCE SHEETS

TAISEI CORPORATION AND CONSOLIDATED SUBSIDIARIES
AS OF MARCH 31, 2021 AND 2022

ASSETS	Millions of Yen		Thousands of U.S. Dollars
	2021	2022	2022
Current assets:			
Cash and time deposits	¥ 494,307	¥ 499,113	\$ 4,078,057
Notes and accounts receivable trade	539,837	575,600	4,703,000
Cost on uncompleted contracts	51,250	47,443	387,642
Real estate for sale and development projects in progress	119,828	117,831	962,752
Other inventories	2,888	3,389	27,690
Other current assets	33,028	53,079	433,687
Allowance for doubtful accounts	(128)	(100)	(818)
Total current assets	1,241,013	1,296,356	10,592,012
Fixed assets:			
Tangible fixed assets:			
Buildings and structures	149,826	153,961	1,257,954
Machinery, vehicles and equipment	63,430	64,868	530,011
Land	120,410	120,914	987,947
Construction in progress	2,780	4,068	33,243
Accumulated depreciation	(130,249)	(136,376)	(1,114,279)
Total tangible fixed assets	206,198	207,435	1,694,876
Intangible fixed assets			
Intangible fixed assets	14,807	16,016	130,867
Investments and other assets:			
Investment securities	364,029	380,271	3,107,046
Net defined benefit asset	11,670	23,230	189,806
Deferred income tax assets	3,367	3,543	28,953
Other fixed assets	31,230	31,215	255,050
Allowance for doubtful accounts	(1,694)	(1,869)	(15,273)
Total investments and other assets	408,603	436,391	3,565,583
Total fixed assets	629,609	659,844	5,391,327
Total assets	¥ 1,870,622	¥ 1,956,200	\$ 15,983,339

CONSOLIDATED STATEMENTS OF INCOME

TAISEI CORPORATION AND CONSOLIDATED SUBSIDIARIES
YEARS ENDED MARCH 31, 2021 AND 2022

LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S. Dollars
	2021	2022	2022
Current liabilities:			
Notes and accounts payable trade	¥ 376,099	¥ 423,349	\$ 3,459,018
Short-term borrowings	89,238	97,901	799,910
Short-term non-recourse loans payable	15	15	122
Straight bonds due within one year	—	20,000	163,412
Lease obligations	386	318	2,605
Advances received and progress billings on uncompleted contracts	173,361	160,733	1,313,286
Deposit received	141,860	156,315	1,277,192
Provision for warranties on completed contracts	2,394	3,250	26,554
Provision for losses on construction contracts	2,104	14,163	115,722
Other current liabilities	55,685	50,317	411,122
Total current liabilities	841,147	926,363	7,568,947
Long-term liabilities:			
Straight bonds	50,000	40,000	326,824
Long-term borrowings	79,621	66,279	541,539
Long-term non-recourse loans payable	143	128	1,048
Lease obligations	570	592	4,840
Deferred income tax liabilities	14,530	12,824	104,782
Deferred income tax liabilities for revaluation of land	3,274	3,274	26,758
Retirement benefits for directors and corporate auditors	495	435	3,558
Provision for share-based remuneration for directors	39	48	396
Provision for environmental measures	1	1	14
Net defined benefit liability	17,898	15,054	123,003
Other long-term liabilities	18,479	18,363	150,037
Total long-term liabilities	185,054	157,002	1,282,802
Total liabilities	1,026,201	1,083,365	8,851,750
Net assets:			
Shareholders' equity:			
Common stock	122,742	122,742	1,002,877
Capital surplus	60,198	30,382	248,244
Retained earnings	621,568	591,383	4,831,960
Treasury stock.....	(85,916)	(898)	(7,344)
Total shareholders' equity	718,593	743,609	6,075,737
Accumulated other comprehensive income:			
Unrealized gains on available-for-sale securities, net of taxes	103,215	97,535	796,925
Unrealized losses on hedging derivatives, net of taxes	(15)	(8)	(68)
Revaluation reserve for land	1,223	1,223	9,998
Foreign currency translation adjustments	(3,847)	(1,903)	(15,554)
Remeasurements of defined benefit plans	21,675	28,429	232,288
Total accumulated other comprehensive income	122,251	125,277	1,023,589
Non-controlling interests:	3,575	3,948	32,262
Total net assets	844,420	872,835	7,131,589
Total liabilities and net assets	¥ 1,870,622	¥ 1,956,200	\$ 15,983,339

	Millions of Yen		Thousands of U.S. Dollars
	2021	2022	2022
Net sales:			
Construction business	¥ 1,326,663	¥ 1,385,516	\$ 11,320,507
Development projects	153,478	157,723	1,288,699
Total net sales	1,480,141	1,543,240	12,609,207
Cost of sales:			
Construction business	1,133,661	1,224,426	10,004,299
Development projects	127,681	131,077	1,070,982
Total cost of sales	1,261,343	1,355,503	11,075,282
Gross profit:			
Construction business	193,001	161,090	1,316,208
Development projects	25,796	26,646	217,716
Total gross profit	218,798	187,736	1,533,924
Selling, general and administrative expenses:			
Selling expenses	39,653	41,666	340,437
General and administrative expenses	48,628	49,993	408,478
Total selling, general and administrative expenses	88,281	91,659	748,915
Operating income	130,516	96,077	785,008
Non-operating income:			
Interest income	437	1,680	13,734
Dividend income	4,509	4,701	38,410
Foreign exchange gains	839	428	3,499
Investment gain on equity method	278	893	7,303
Other non-operating income	926	719	5,875
Total non-operating income.....	6,991	8,423	68,824
Non-operating expenses:			
Interest expenses.....	970	910	7,438
Provision of allowance for doubtful accounts.....	214	10	88
Other non-operating expenses.....	384	332	2,713
Total non-operating expenses	1,570	1,253	10,241
Ordinary income	135,937	103,247	843,591
Extraordinary gains:			
Gains on sales of investment securities	1,771	1,760	14,383
Other extraordinary gains	10	17	146
Total extraordinary gains	1,782	1,778	14,530
Extraordinary losses			
Impairment losses on fixed assets.....	323	843	6,891
Loss on disposal of fixed assets.....	594	130	1,064
Loss on valuation of investment securities.....	1,159	52	432
Other extraordinary losses.....	224	495	4,050
Total extraordinary losses	2,302	1,522	12,438
Income before income taxes.....	135,416	103,503	845,683
Income taxes - current.....	39,648	34,211	279,530
Income taxes - deferred.....	3,170	(2,276)	(18,599)
Total income taxes.....	42,819	31,935	260,931
Net income.....	92,597	71,567	584,751
Net income attributable to non-controlling interests	43	131	1,072
Net income attributable to owners of parent	¥ 92,554	¥ 71,436	\$ 583,679

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

TAISEI CORPORATION AND CONSOLIDATED SUBSIDIARIES
YEARS ENDED MARCH 31, 2021 AND 2022

	Millions of Yen		Thousands of U.S. Dollars
	2021	2022	2022
Net income	¥ 92,597	¥ 71,567	\$ 584,751
Other comprehensive income :			
Unrealized gains on available-for-sale securities, net of taxes	28,683	(5,681)	(46,424)
Unrealized gains (losses) on hedges derivatives, net of taxes	5	(7)	(58)
Foreign currency translation adjustments	(711)	1,581	12,921
Remeasurements of defined benefit plans	17,810	6,729	54,985
Share of other comprehensive income of entities accounted for using equity method	(82)	575	4,698
Total other comprehensive income	45,706	3,197	26,123
Comprehensive income	¥ 138,303	¥ 74,765	\$ 610,875
Comprehensive income attribute to:			
Owners of parent	¥ 138,383	¥ 74,462	\$ 608,404
Non-controlling interests	(80)	302	2,470

CONSOLIDATED STATEMENTS OF CASH FLOWS

TAISEI CORPORATION AND CONSOLIDATED SUBSIDIARIES
YEARS ENDED MARCH 31, 2021 AND 2022

	Millions of Yen		Thousands of U.S. Dollars
	2021	2022	2022
Cash flows from operating activities:			
Income before income taxes	¥ 135,416	¥ 103,503	\$ 845,683
Depreciation and amortization	10,459	10,907	89,118
Impairment losses on fixed assets	323	843	6,891
Increase (decrease) in allowance for doubtful accounts	145	146	1,198
Increase (decrease) in provision for warranties on completed contracts ...	(1,208)	849	6,941
Increase (decrease) in provision for losses on construction contracts	(164)	12,055	98,504
Increase (decrease) in net defined benefit liability	(27,143)	(2,847)	(23,261)
Decrease (increase) in net defined benefit asset	1,534	(11,559)	(94,451)
Interest and dividend income	(4,946)	(6,382)	(52,145)
Interest expenses	970	910	7,438
Foreign exchange losses (gains)	(839)	(428)	(3,499)
Losses (gains) on valuation of investment securities	1,159	52	432
Losses (gains) on sale of investment securities	(1,619)	(1,662)	(13,584)
Losses on disposal of fixed assets	594	130	1,064
Investment losses (gains) on equity method	(278)	(893)	(7,303)
Decrease (increase) in trade receivables	75,090	(35,560)	(290,554)
Decrease (increase) in cost on uncompleted contracts	3,600	3,833	31,325
Decrease (increase) in real estate for sale and development projects in progress	(14,780)	2,060	16,839
Decrease (increase) in accounts receivables - other	6,967	(19,229)	(157,115)
Increase (decrease) in trade payables	(115,304)	46,737	381,871
Increase (decrease) in advances received and progress billings on uncompleted contracts ..	51,811	(12,784)	(104,454)
Increase (decrease) in deposit received	(4,674)	14,453	118,092
Other, net	(2,131)	6,066	49,569
Subtotal	114,982	111,203	908,601
Interest and dividend received	6,142	7,248	59,227
Interest paid	(980)	(915)	(7,478)
Income taxes paid	(52,650)	(37,030)	(302,559)
Net cash provided by (used in) operating activities	67,494	80,507	657,790
Cash flows from investing activities:			
Decrease (increase) in time deposits	31	(2,319)	(18,952)
Purchase of tangible and intangible assets	(12,725)	(13,230)	(108,100)
Proceeds from sale of tangible and intangible assets	78	263	2,155
Purchase of investment securities	(12,075)	(25,934)	(211,904)
Proceeds from sale and redemption of investment securities	5,195	3,525	28,803
Other, net	811	15	123
Net cash provided by (used in) investing activities	(18,683)	(37,680)	(307,874)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	5,420	(3,462)	(28,286)
Proceeds from long-term borrowings	25,000	24,200	197,728
Repayment of long-term borrowings	(29,533)	(25,417)	(207,676)
Repayment of long-term non-recourse loans payable	(15)	(15)	(122)
Proceeds from issuance of bonds	19,882	9,942	81,236
Redemption of bonds	(10,000)	—	—
Acquisition of treasury stock	(20,400)	(20,007)	(163,469)
Dividends paid	(27,296)	(26,598)	(217,325)
Other, net	(398)	(505)	(4,133)
Net cash provided by (used in) financing activities	(37,342)	(41,863)	(342,049)
Effect of exchange rate changes on cash and cash equivalents	150	1,523	12,444
Net increase (decrease) in cash and cash equivalents	11,618	2,485	20,312
Cash and cash equivalents at beginning of year	482,655	494,274	4,038,516
Cash and cash equivalents at end of year	¥ 494,274	¥ 496,760	\$ 4,058,828

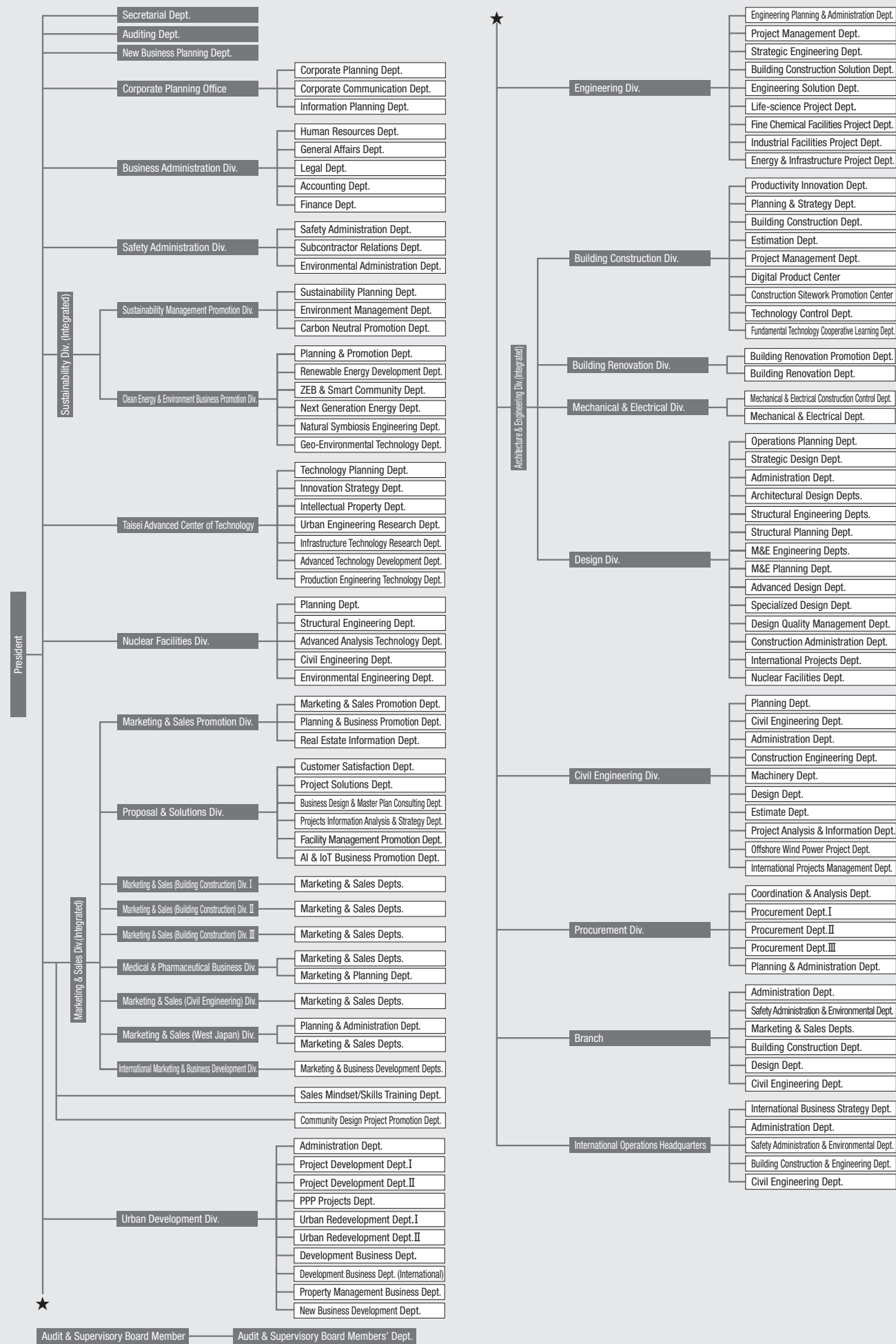
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

TAISEI CORPORATION AND CONSOLIDATED SUBSIDIARIES
YEARS ENDED MARCH 31, 2021 AND 2022

	Millions of Yen					Millions of Yen							
	Common Stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on available-for-sale securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance as of April 1, 2020	¥ 122,742	¥ 60,198	¥ 556,304	¥ (65,515)	¥ 673,729	¥ 74,536	¥ (43)	¥ 1,230	¥ (3,164)	¥ 3,869	¥ 76,428	¥ 3,757	¥ 753,915
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—	—
Restated balance at beginning of year	122,742	60,198	556,304	(65,515)	673,729	74,536	(43)	1,230	(3,164)	3,869	76,428	3,757	753,915
Changes during the period	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividends	—	—	(27,296)	—	(27,296)	—	—	—	—	—	—	—	(27,296)
Profit attributable to owners of parent	—	—	92,554	—	92,554	—	—	—	—	—	—	—	92,554
Acquisition of treasury stock	—	—	—	(20,400)	(20,400)	—	—	—	—	—	—	—	(20,400)
Disposal of treasury stock	—	(0)	—	0	0	—	—	—	—	—	—	—	0
Cancellation of treasury stock	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	6	—	6	—	—	(6)	—	—	(6)	—	—
Changes other than shareholders' equity, net	—	—	—	—	—	28,679	27	—	(683)	17,805	45,829	(181)	45,648
Balance as of April 1, 2021	¥ 122,742	¥ 60,198	¥ 621,568	¥ (85,916)	¥ 718,593	¥ 103,215	¥ (15)	¥ 1,223	¥ (3,847)	¥ 21,675	¥ 122,251	¥ 3,575	¥ 844,420
Cumulative effects of changes in accounting policies	—	—	178	—	178	—	—	—	—	—	—	—	178
Restated balance at beginning of year	122,742	60,198	621,747	(85,916)	718,772	103,215	(15)	1,223	(3,847)	21,675	122,251	3,575	844,599
Changes during the period	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividends	—	—	(26,598)	—	(26,598)	—	—	—	—	—	—	—	(26,598)
Profit attributable to owners of parent	—	—	71,436	—	71,436	—	—	—	—	—	—	—	71,436
Acquisition of treasury stock	—	—	—	(20,007)	(20,007)	—	—	—	—	—	—	—	(20,007)
Disposal of treasury stock	—	—	—	6	6	—	—	—	—	—	—	—	6
Cancellation of treasury stock	—	(105,018)	—	105,018	—	—	—	—	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	75,202	(75,202)	—	—	—	—	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	0	—	0	—	—	(0)	—	—	(0)	—	—
Changes other than shareholders' equity, net	—	—	—	—	—	(5,679)	7	—	1,944	6,754	3,026	372	3,398
Balance as of March 31, 2022	¥ 122,742	¥ 30,382	¥ 591,383	¥ (898)	¥ 743,609	¥ 97,535	¥ (8)	¥ 1,223	¥ (1,903)	¥ 28,429	¥ 125,277	¥ 3,948	¥ 872,835

	Thousands of U.S. Dollars					Thousands of U.S. Dollars							
	Common Stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on available-for-sale securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance as of April 1, 2021	\$ 1,002,877	\$ 491,859	\$ 5,078,590	\$ (701,987)	\$ 5,871,339	\$ 843,332	\$ (128)	\$ 9,998	\$ (31,438)	\$ 177,100	\$ 998,864	\$ 29,217	\$ 6,899,421
Cumulative effects of changes in accounting policies	—	—	1,462	—	1,462	—	—	—	—	—	—	—	1,462
Restated balance at beginning of year	1,002,877	491,859	5,080,052	(701,987)	5,872,801	843,332	(128)	9,998	(31,438)	177,100	998,864	29,217	6,900,883
Changes during the period	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividends.....	—	—	(217,325)	—	(217,325)	—	—	—	—	—	—	—	(217,325)
Profit attributable to owners of parent	—	—	583,679	—	583,679	—	—	—	—	—	—	—	583,679
Acquisition of treasury stock	—	—	—	(163,469)	(163,469)	—	—	—	—	—	—	—	(163,469)
Disposal of treasury stock	—	—	—	51	51	—	—	—	—	—	—	—	51
Cancellation of treasury stock	—	(858,061)	—	858,061	—	—	—	—	—	—	—	—	—
Transfer from retained earnings to capital surplus.....	—	614,446	(614,446)	—	—	—	—	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	0	—	0	—	—	(0)	—	—	(0)	—	—
Changes other than shareholders' equity, net	—	—	—	—	—	(46,407)	59	—	15,883	55,188	24,725	3,044	27,769
Balance as of March 31, 2022	\$ 1,002,877	\$ 248,244	\$ 4,831,960	\$ (7,344)	\$ 6,075,737	\$ 796,925	\$ (68)	\$ 9,998	\$ (15,554)	\$ 232,288	\$ 1,023,589	\$ 32,262	\$ 7,131,589

Taisei Corporation Organization Chart (As of May 1, 2022)



Overseas Network (As of September 1, 2022)

China CSCEC-TAISEI CONSTRUCTION, LTD. (Head Office) No.8 Yard, Zhonghe Road, Fengtai District, Beijing, P.R.C.100070 TEL 86-10-6845-1268 FAX 86-10-6845-1266	Taiwan TAIPEI OFFICE Zone B, 6F, No. 16, Sec. 4, Nan-Jing E. Road, Taipei, Taiwan R.O.C. TEL 886-2-2578-5656 FAX 886-2-2578-3300
Philippines PHILIPPINE OFFICE 9th Floor, BDO Equitable Tower, Paseo de Roxas, Salcedo Village, Makati City, Philippines TEL 63-2-8403-9105 FAX 63-2-8478-9542	TAISEI PHILIPPINE CONSTRUCTION INCORPORATED 23rd Floor, BDO Equitable Tower, Paseo de Roxas, Salcedo Village, Makati City, Philippines TEL 63-2-8886-0670 FAX 63-2-8886-0663
Vietnam VIETNAM OFFICE (Hanoi) 2nd Floor, Block A, Song Da Building Pham Hung Road, My Dinh1, Nam Tu Liem District Hanoi, S.R. Vietnam TEL 84-24-3553-5033 FAX 84-24-3553-5002	VIETNAM OFFICE (Ho Chi Minh City) VIETNAM CHAMBER OF COMMERCE AND INDUSTRY, Ho Chi Minh City Branch Building 7th FL, 171 Vo Thi Sau St Vo Thi Sau Ward, District-3, Ho Chi Minh City, S.R. Vietnam TEL 84-28-3932-1759 FAX 84-28-3932-1758
VINATA INTERNATIONAL CO., LTD. (Head Office) 3rd Floor, Block A, Song Da Building Pham Hung Road, My Dinh1, Nam Tu Liem District Hanoi, S.R. Vietnam TEL 84-24-3553-3839, -3840 FAX 84-24-3553-3788	(Ho Chi Minh City Branch Office) 7th FL, VIETNAM CHAMBER OF COMMERCE AND INDUSTRY TOWER, 171 Vo Thi Sau St., District 3, Ho Chi Minh City, S.R. Vietnam TEL 84-28-3932-1765 FAX 84-28-3932-1764
Indonesia JAKARTA OFFICE L'Avenue Office Tower, 28th Floor, Jl. Raya Pasar Minggu Kav. 16, Pancoran Jakarta Selatan, 12780, Indonesia TEL 62-21-8066-7320 FAX 62-21-8066-7312	PT. TAISEI PULAUINTAN CONSTRUCTION INTERNATIONAL L'Avenue Office Tower, 28th Floor, Jl. Raya Pasar Minggu Kav. 16, Pancoran Jakarta Selatan, 12780, Indonesia TEL 62-21-8066-7321 FAX 62-21-8066-7312
PT. INDOTAISEI INDAH DEVELOPMENT Kawasan Industri Indotaisei, Kota Bukit Indah Sector IA, Block B Karihurip, Cikampek, 41373, Karawan, Jawa Barat, Indonesia TEL 62-264-351-003 FAX 62-264-351-026	
Singapore SINGAPORE OFFICE 60 Paya Lebar Road, #04-57 Paya Lebar Square, Singapore 409051 TEL 65-6280-0833 FAX 65-6280-0869	Malaysia KUALA LUMPUR OFFICE 9-3, 9th Floor, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia TEL 60-3-2070-6155 FAX 60-3-2070-6010
Thailand THAILAND OFFICE 19th Floor, Thanapoom Tower, 1550 New Petchburi Road, Kwaeng Makkasan, Khet Rachtavee, Bangkok 10400, Thailand TEL 66-2-207-0331	TAISEI (THAILAND) CO., LTD. 9th Floor, Thanapoom Tower, 1550 New Petchburi Road, Kwaeng Makkasan, Khet Rachtavee, Bangkok 10400, Thailand TEL 66-2-207-0330 FAX 66-2-207-0332
Myanmar MYANMAR OFFICE 2nd Floor, Tokyo Enterprise Building, No.32, Pyay Road, 6 1/2 miles, Hlaing Township, Yangon, Myanmar TEL 95-1-654-838 FAX 95-1-654-838	Bangladesh DHAKA OFFICE Catharsis Tower, 10th Floor, House No.133, Road No.12, Block-E, Banani, Dhaka-1213, Bangladesh TEL 880-9606119911
Sri Lanka SRI LANKA OFFICE No.177, 3rd Floor, Galle Road, Colombo 03. Sri Lanka TEL 94-11-2446194 FAX 94-11-2446198	India INDIA OFFICE #602, 6th Floor, Tower B, Global Business Park, M.G. Road, Gurgaon, Haryana-122002, India TEL 91-124-466-9800 FAX 91-124-466-9888
Pakistan PAKISTAN OFFICE Office-A, 5th Floor, Block-A, Saudi Pak Tower, 61-A, Jinnah Ave., Islamabad, Pakistan TEL 92-51-8316620 FAX 92-51-8316629	Qatar MIDDLE EAST OFFICE (Doha) Corner Abdullah Bin Jassim St. United Bank Bldg. 4th Floor, Facing QNB Bldg, Doha - Qatar, PO BOX 47366 TEL 974-4443-4174 FAX 974-4443-7176
Arab Republic of Egypt NORTH AFRICA OFFICE 25th, Rd. No.10, Station Sqr, Maadi, Cairo, Arab Republic of Egypt TEL 20-2-2378-3609 FAX 20-2-2380-1362	

Data on Environmental Contribution

Environment Data

(FY)

GRI		Indicators	Unit	2018	2019	2020	2021
305-4	KPI	Scope 1+2 reduction rate of CO ₂ emissions per sales* ¹ (Taisei Group)* ⁵	%	—	—	—	3.3
305-5		Scope 1+2 reduction rate of CO ₂ emissions* ¹ (Taisei Group)* ⁵		—	—	—	− 11.8
305-4		At construction stage: Reduction rate of CO ₂ emissions per sales* ²		− 28.9	− 32.0	− 30.3	− 30.1
305-5		At construction stage: Reduction rate of total CO ₂ emissions* ²		− 44.7	− 43.7	− 54.5	− 52.7
		At building operation stage: Reduction rate of estimated CO ₂ emissions* ^{2,3}		− 40.2	− 39.5	− 41.4	− 44.6
305-1,2	ET	Scope 1+2 total CO ₂ Emissions (Taisei Group)☆	10 ³ tCO ₂	361	368	318	325
		Scope 1+2 total CO ₂ Emissions☆		261	267	216	224
Scope 1☆		204		198	159	162	
Scope 2☆		57		69	57	61	
305-3		Scope 3☆		—	—	—	3,878
302-1		Energy consumption☆	10 ⁹ MJ	4.14	4.39	3.60	3.77
302-3		In office divisions: Reduction rate of energy consumption per floor area (basic unit)* ⁴	%	− 21.0	− 23.3	− 22.4	− 22.2
303-3		Water (amount of water used)☆	10 ³ m ³	1,436	1,414	1,412	2,266
305-7		NO _x emissions☆	10 ³ tCO ₂	1,345	1,302	1,039	1,085
		SO _x emissions☆		205	200	158	162
306-2	ET	Final disposal rate of construction wastes	%	3.4	3.9	2.7	2.8
		Amount of construction waste☆	10 ³ t	2,020	2,411	1,787	1,976
301-2		Number of green procurement items adapted at construction design stage	Item/PJ	9.7	10.0	11.7	11.7
304-3		Number of projects contributing to biodiversity improvement	Projects	—	52	44	72
307-1		Number of environmental accidents	Cases	0	1	0	0
102-11		Acquisition rate of ISO 14001 certification	%	100	100	100	100

*1 Compared to FY2019; *2 Compared to FY1990 *3 Estimated CO₂ emissions from design and construction projects (including promotion of ZEB);

*4 Compared to FY2010; *5 The scope of coverage: Taisei Corporation and the Group companies.

Notes: 1. KPI = Key Performance Indicator (2021~2023)

2. ET= Environmental Targets

3. The FY2021 data of items with ☆ mark has obtained third-party assurance.

For calculation standards and third-party warranties for environmental data and indicators such as environmental targets (ET), material flows, and CO₂ emissions, please visit our website.



Web
Environmental Data

Data on Social Contribution and Governance

Human Resources Data (Non-Consolidated / Partial Consolidated)

(FY)

GRI		Indicators	Unit	2018	2019	2020	2021
102-7		Number of employees (consolidated)	Persons	14,433	14,562	14,620	14,518
		Civil Engineering business (consolidated)		4,108	4,161	4,257	4,263
		Building Construction business (consolidated)		8,123	8,163	8,160	8,103
		Real Estate Development business (consolidated)		2,056	2,074	2,044	1,979
		Other businesses (consolidated)		146	164	159	173
102-8		Male (consolidated)	Persons	11,906	11,971	11,959	11,822
		Female (consolidated)		2,527	2,591	2,661	2,696
405-1		Japanese employees (consolidated)	Persons	13,567	13,658	13,692	13,585
		Non-Japanese employees (consolidated)		866	904	928	933
102-7		Number of employees	Persons	8,490	8,507	8,572	8,579
		Civil Engineering business		2,298	2,273	2,323	2,324
		Building Construction business		6,040	6,072	6,084	6,084
		Real Estate Development business		152	162	165	171
102-8		Male	Persons	6,949	6,937	6,970	6,955
		Female		1,541	1,570	1,602	1,624
405-1		Japanese employees	Persons	8,391	8,394	8,457	8,454
		Non-Japanese employees		99	113	115	125
102-7		Twenties	%	16.5	17.1	18.0	18.5
		Thirties		19.0	19.2	19.7	20.4
		Forties		30.1	26.3	22.8	21.0
		Fifties or more		34.4	37.4	39.4	40.1
102-8		Number of non-regular employees	Persons	1,134	1,173	1,288	1,255

Data on Recruitment, Annual Salary, Length of Service, and Average Age (Non-Consolidated / Partial Consolidated)

(FY)

GRI		Indicators	Unit	2018	2019	2020	2021
401-1	Persons	Number of hires (new graduates)		251	264	329	302
—		Male		207	215	270	253
405-1		Female		44	49	59	49
401-1		Number of mid-career hires		30	27	11	28
—		Male		29	22	11	23
405-1		Female		1	5	0	5
—		Average annual salary	Thousand yen	10,512	10,103	9,850	9,635
—	Years old	Average age		43.0	43.0	43.0	43.0
		Male		43.3	43.3	43.3	43.3
405-1		Female		41.8	41.8	41.6	41.5
—	Years	Average service years		18.3	18.3	18.3	18.2
		Male		18.6	18.7	18.8	18.8
405-1		Female		16.6	16.5	16.2	15.9
401-1	%	Turnover rate (Taisei Group)* ⁶		—	—	—	2.1
		Turnover rate* ⁷		1.1	1.2	1.2	1.5
		Turnover rate of employees within three years of hiring* ⁶		5.4	7.4	7.6	8.3

*6 The scope of coverage: Taisei Corporation and seven major Group companies.

*7 Voluntary turnover rate

Number of Members of the Board, Audit & Supervisory Board Members, and Executive Officers

(FY)

GRI		Indicators	Unit	2018	2019	2020	2021
102-22	Persons	Number of Members of the Board		12	12	12	12
		Male		11	11	11	11
		Female		1	1	1	1
		Number of External Members of the Board		4	4	4	4
		Male		3	3	3	3
		Female		1	1	1	1
—	Persons	Number of Audit & Supervisory Board Members		6	6	6	6
		Male		6	6	5	5
		Female		0	0	1	1
		Number of External Audit & Supervisory Board Members		4	4	4	4
		Male		4	4	3	3
		Female		0	0	1	1
—	Persons	Number of Executive Officers		58	59	58	63
		Male		58	59	58	63
		Female		0	0	0	0

Data on Officer Remuneration (Non-Consolidated)

(FY)

GRI		Indicators	Unit	2018	2019	2020	2021
102-36	Million yen	Members of the Board		755	741	814	738
		External Members of the Board		46	58	62	62

Diversity and Inclusion Data (Non-Consolidated / Partial Consolidated)

(FY)

GRI		Indicators	Unit	2018	2019	2020	2021
405-1	KPI	Number of female managers	Persons	167	197	236	270
	AC* ⁸	Female managers ratio	%	3.2	3.8	4.5	5.2
	AC* ⁸	Number of female engineers	Persons	663	698	738	767
		Female engineers ratio	%	9.1	9.5	9.9	10.2
	Persons	Rate of employment of persons with disabilities (consolidated)	%	—	—	—	2.10
		Rate of employment of persons with disabilities		2.33	2.35	2.20	2.27
		Number of employees reemployed after leave retirement		739	800	862	878
		Number of former employees who took advantage of the Job-Return system* ⁹		2	3	3	4

*8 AC: Action Plan based on The Act on Promotion of Women's Participation and Advancement in the Workplace (Cabinet Office)

*9 See glossary on p.102 for job returns.

Childcare and Nursing Care Data (Non-Consolidated)

(FY)

GRI		Indicators	Unit	2018	2019	2020	2021
401-3		Number of employees taking leave for childcare	Persons	285	290	299	281
		Male		244	241	253	232
		Female		41	49	46	49
—	KPI*10	Rate of taking childcare leave	%	94.9	100	100	100
		Rate of taking childcare leave by males	%	94.2	100	100	100
	AC*11	Average number of days of childcare leave taken by males	Days	—	—	—	9.7
		Rate of taking childcare leave by females	%	100	100	100	100
401-3		Rate of return to work after childcare leave	%	97.7	99.7	100	99.7
		Male		100	100	100	100
		Female		97.5	97.9	100	97.9
		Number of employees who use flextime for childcare (cumulative)	Persons	12	27	35	45
—		Number of employees taking nursing care leave	Persons	0	2	1	1
—		Number of employees taking paid nursing care leave	Persons	—	—	—	168

*10 KPI: Key Performance Index (2021–2023)

*11 AC: Action Plan based on The Act on Promotion of Women's Participation and Advancement in the Workplace (Cabinet Office)

Data on Working Hours and Holidays (Non-Consolidated)

(FY)

GRI		Indicators	Unit	2018	2019	2020	2021
403-9		Total hours worked per month	Hours	192.8	193.9	194.1	190.9
—	KPI	Average overtime hours per month	Hours	37.8	39.0	39.8	38.5
		Health management overtime hours (Rate of employees who worked more than 50 overtime hours per month or 720 overtime hours per year)	%	—	—	25.4	22.6
		Worksite implementation rate of a five-day work week (closed eight days in four weeks) (Building Construction)	%	—	—	—	26.6
		Worksite implementation rate of a five-day work week (closed eight days in four weeks) (Civil Engineering)	%	—	—	—	49.5
		Rate of paid leave utilization	%	47.5	46.2	46.5	49.3

Data on Training and Career in Capacity Development (Non-Consolidated)

(FY)

GRI		Indicators	Unit	2018	2019	2020	2021
404-1		Total training hours for capacity development	Hours	—	261,059	233,143	231,706
		Training hours per person		36.6	30.5	27.0	26.7
—		Total training budget	Thousand yen	—	—	—	298,937
—		Total number of trainees	Persons	—	—	—	4,360
404-2		Number of regular employees promoted from non-regular employees	Persons	45	28	20	38
404-3		Implementation rate of career development review	%	87.7	86.5	88.0	89.0

Data on Health and Safety Relations (Non-Consolidated / Partial Consolidated)

(FY)

GRI		Indicators	Unit	2018	2019	2020	2021
403-9		Accident frequency rate (Taisei Group)*12 *13	—	0.58	0.64	0.37	0.56
		Accident frequency rate*13		0.43	0.62	0.35	0.44
		Accident severity rate*13		0.14	0.26	0.34	0.08
		Number of occupational accident leaves (excluding fatal accidents)*12	Cases	50	74	35	45
	KPI	Number of fatal accidents (Taisei Group)*13	Cases	—	—	5	1
		Number of fatal accidents*13	Cases	2	4	5	1
		Number of fatalities of regular employees*13	Persons	0	0	0	0
		Contract employees*13		0	0	0	0
		Number of fatalities at partner companies (specialized contractors)*13		2	4	5	1
		Number of employees receiving safety and health training		1,025	1,049	1,063	1,200
403-5		Implementation rate of stress checks	%	89.8	90.2	91.6	91.0
403-6		Response rate of health awareness survey	%	—	—	—	100
		Number of employees using the consultation services for female health problem (Femtech)	Persons	—	—	—	21

*12 The scope of coverage: Taisei Corporation and six major Group companies.

*13 Aggregated from January to December

Data on Technology Development and Intellectual Property (Non-Consolidated)

(FY)

GRI		Indicators	Unit	2018	2019	2020	2021
—		Research and development expenditure (consolidation)	Billion yen	12.4	13.5	14.2	15.1
		Environmental technology development expenses	Billion yen	—	1.1	3.7	12.3
		Number of patents registered	Cases	250	169	202	209
	KPI	Number of patent applications filed	Cases	219	188	266	272
		Number of orders received for net Zero Energy Buildings (ZEBs)		—	—	5	6

Quality and Productivity Data (Non-Consolidated / Partial Consolidated)

(FY)

GRI		Indicators	Unit	2018	2019	2020	2021
416-1	KPI	Customer satisfaction (Building Construction)	%	92	88	90.0	90.0
		Customer satisfaction (Civil Engineering)		96	98	98.6	97.6
416-2		Acquisition rate of ISO 9001 certification	%	100	100	100	100
—	KPI	Worksite registration rate of Construction Career Up System (CCUS*14)	%	—	75	100	100
		Productivity (net sales/number of employees) (Taisei Group)*15	Million yen	—	—	67	65

*14 See glossary on p.102 for CCUS. *15 The scope of coverage: Taisei Corporation and 19 major Group companies.

Community Activities, Volunteering Investment and Donations (Non-Consolidated)

(FY)

GRI		Indicators	Unit	2018	2019	2020	2021
203-1		Expenditure on Community activities and volunteering investment	Million yen	700	838	492	787
415-1		Political donations		—	18	18	18

Data on Ethics, Procurement Practices, and Human Rights (Non-Consolidated / Partial Group Companies)

(FY)

GRI		Indicators	Unit	2018	2019	2020	2021
102-16		Participation rate of e-learning for the Group's Structure of Values and Policies	%	97	94	94	95
205-1		Response rate of Corporate Ethics Helpline and Group Helpline (Taisei Group)*16	%	100	100	100	100
		Operational results of the whistleblowing and consultation system	Cases	—	24	28	30
205-2	KPI	Rate of participation in compliance training, including anti-corruption training	%	100	100	100	100
205-3		Number of dismissals due to corruption and bribery	Persons	—	0	0	0
418-1	KPI	Number of major information security accidents (Taisei Group)*17	Cases	0	0	1	0
—		Number of information security education sessions	Times	19	5	4	3
412-1	KPI	Supplier's conformity rates with the Taisei Group Sustainability Procurement Standards (Taisei Group)*18 *19	%	74.2*18	—	92.1	—
412-2		Human rights training precipitation rate	%	97.9	97.4	99.5	95.3
411-1		Cases of violation of the rights of indigenous peoples	Cases	—	—	—	0

*16 The scope of coverage: Taisei Corporation and 21 major Group companies. *17 The scope of coverage: Taisei Corporation and eight major Group companies.

*18 The scope of coverage: Taisei Corporation and seven major Group companies. *19 Figures for FY2018 are the average implementation rate of sustainability activities.

Data on Stakeholder Engagement (Non-Consolidated)

(FY)

GRI		Indicators	Unit	2018	2019	2020	2021
102-41		Percentage of all employees covered by collective bargaining agreements	%	—	90.6	90.8	90.1
		Labor union participation rate		100	100	100	100
102-43		Employees satisfaction rate*20		—	80.8	—	77.6

*20 The survey was conducted every other year by union members in Taisei Corporation. From FY2022, we plan to conduct an engagement survey (results) covering all employees.

Ratio of Female Wages to Male Wages*21

(FY)

GRI		Indicators	Unit	2018	2019	2020	2021
405-2		All employees	%	—	—	—	58.2
		Regular employees		—	—	—	57.4
		Career-track positions		—	—	—	66.0
		Professional-grade positions		—	—	—	72.1
		Minor career-track positions		—	—	—	83.3
		Non-regular employees		—	—	—	58.3

*21 The wage gap between men and women is due to differences in average age, etc., but not to the system.

Corporate Data

Name
TAISEI CORPORATION

Established
December 28, 1917

Paid-In Capital
¥122,742,158,842

Number of Employees
8,579 persons (non-consolidated)

Number of Public Qualification Holders

- 2,552 first-class architects
- 1,877 first-class civil engineering construction management engineers
- 262 first-class construction accountants

Representative
Yoshiro AIKAWA,
President and Chief Executive Officer

Major Bases

- **Head Office**
25-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo, Japan
TEL. 81-3-3348-1111 (main number)

- **Branches**
Tokyo Branch (Shinjuku-ku, Tokyo)
Kansai Branch (Osaka City)
Nagoya Branch
Kyushu Branch (Fukuoka City)
Sapporo Branch
Tohoku Branch (Sendai City)
Chugoku Branch (Hiroshima City)
Yokohama Branch
Hokushinetsu Branch (Niigata City)
Shikoku Branch (Takamatsu City)
Chiba Branch
Kanto Branch (Saitama City)
Kobe Branch
Kyoto Branch
Kokusai Branch (Shinjuku-ku, Tokyo)

- **Overseas Offices**
Taipei Office
Philippine Office (Manila)
Singapore Office
Kuala Lumpur Office
Jakarta Office
India Office (Gurugram)
Middle East Office (Doha)
North Africa Office (Cairo)

Taisei Advanced Center of Technology (Yokohama City)

Major Subsidiaries

- **Domestic subsidiaries**
Taisei Rotech Corporation (Shinjuku-ku, Tokyo)
Taisei-Yuraku Real Estate Co., Ltd. (Chuo-ku, Tokyo)
TAISEI U-LEC Co., LTD. (Minato-ku, Tokyo)
TAISEI SETSUBI CO., LTD. (Shinjuku-ku, Tokyo)
TAISEI HOUSING CORPORATION (Shinjuku-ku, Tokyo)
SEWA RENEWAL WORKS CO., LTD. (Minato-ku, Tokyo)
- **Overseas subsidiaries**
VINATA INTERNATIONAL CO., LTD. (Vietnam)
TAISEI PHILIPPINE CONSTRUCTION INCORPORATED
TAISEI (THAILAND) CO., LTD.
PT. INDOTASEI INDAH DEVELOPMENT (Indonesia)
TAISEI MYANMAR CO., LTD.

Stock Information

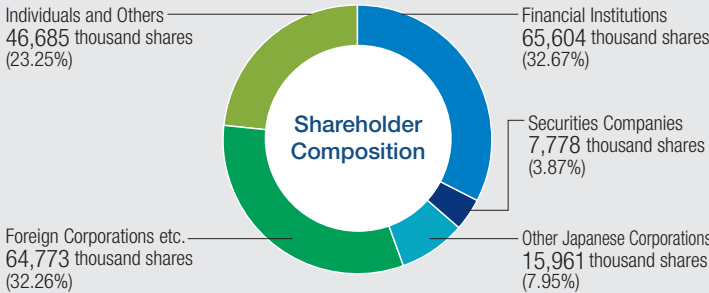
Number of Shares Authorized
440,000,000

Number of Shares Issued
200,803,372 (including 299,814 treasury shares)

Number of Shareholders
65,986

Ownership Distribution

- **Shareholder Composition**



- **Stock Listings**
Tokyo, Nagoya
- **Code**
1801
- **Transfer Agent**
Mizuho Trust & Banking Co., Ltd.

Major Shareholders (Top 10)

Name of Shareholder	Number of Shares Held (Unit: Thousand Shares)	Ratio of Shares Held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	32,450	16.18
Custody Bank of Japan, Ltd. (Trust Account)	10,850	5.41
Retirement Benefit Trust in Mizuho Trust (Mizuho Bank, Ltd. Account)	5,857	2.92
Taisei Associates' Shareholding Plan	5,839	2.91
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	4,967	2.48
Taisei Employees' Shareholding Plan	3,730	1.86
State Street Bank West Client-Treaty 505234	3,203	1.60
Meiji Yasuda Life Insurance Company	2,847	1.42
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	2,841	1.42
Mitsubishi Estate Co., Ltd.	2,426	1.21

Note: The Company's own shares (299,814) are excluded in calculating the Ratio of Shares Held. The Company's own shares of 299,814 exclude 104,300 shares of the Company held by the Board Benefit Trust (BBT).

- **Green Bonds / Sustainability Link Loans**
Taisei Corporation issued green bonds and signed sustainability-linked loans agreement with the aim of raising awareness among a wide range of stakeholders about its environmental initiatives and contributing to the realization of a decarbonized society.



Glossary

This glossary briefly introduces the Taisei Group's policies, unique terms related to technology and services, and initiatives of the construction industry.

BIM	Building Information Modeling (BIM) is a construction information database that links a 3D building model created with a computer and attribute information including the specification, layout, and cost of building components and equipment.
CIM/T-CIM®	Our proprietary system that integrates a construction system utilizing information and communications technology Construction Information Modeling (CIM) with attribute information related to a three-dimensional model of each construction project. T-CIMR® is construction method that employs CIM.
CO2 Zero Action	Environmental impact reduction activities conducted by all workplaces. There are seven actions such as eco-driving, inspection and maintenance of heavy machinery and vehicles, and temperature setting control of air conditioners.
DX Academia	An educational institution that leverages digital technology and data to develop digital talent that will drive business, operational and corporate culture change. It collects human resources across the Group and trains DX skills and minds through practical project training.
DX Promotion Committee	The Digital Transformation (DX) Promotion Committee is a cross-functional work committee established in 2020 to promote various measures. It is scheduled to be held four times a year (in FY2022) with the President and Chief Executive Officer as the chairman.
TAISEI OHSMS	Taisei Corporation's proprietary occupational health and safety management system developed with reference to guidelines from the International Labour Organization (ILO) and the Ministry of Health, Labour and Welfare.
TAISEI QUALITY®	A slogan that expresses in a few words the quality promotion activities of the Taisei Group as a whole. The Group aims to earn the trust of customers and society by ensuring quality with pride.
T-iROBO Series	A series of work robots developed by Taisei Corporation for the purpose of cooperation between humans and robots. Systems to be installed in construction equipment include the T-iROBO® Roller, an unmanned construction system in which vibrating rollers grasp the construction position and decide by themselves to automatically carry out the rolling operation; the T-iROBO® Breaker, an unmanned construction system in which construction equipment approaches the rock by itself and automatically crushes the rock simply by specifying the rock to be split; and the T-iROBO® Excavator, an unmanned construction system in which excavation and loading are carried out automatically by recognizing the earth and sand in the pit and the loading machine.
Taisei Group Green Procurement Guidelines	Guidelines for promoting the application of materials, equipment, and methods to reduce the environmental load during the design, construction, operation and demolition of buildings and structures. 1. Low life-cycle CO2: (LCCO2): Lifetime CO2 emissions during the entire period of use, from construction to disposal 2. Energy and resource conservation 3. Low amount of construction waste generated during construction and demolition 4. Consideration of the use of recycled materials and recycling 5. Freedom from harmful substances 6. Consideration of biodiversity and local environment
Green Purchasing Standard Guidelines	Guidelines that define important aspects of reducing the environmental impact when purchasing office supplies, equipment, office automation (OA) equipment, etc., or receiving services for use in offices.
Health management overtime hours	Overtime working hours used to judge whether or not measures to prevent health impairment (such as face-to-face guidance by physicians) should be taken. They are the total of statutory overtime working hours and holiday working hours.
Construction Career Up System (CCUS)	A system to register and visualize the skills, experience and qualifications, status of enrollment in social insurance programs, etc., of each of the skilled construction workers under uniform rules of the industry, to strengthen cooperation with partner organizations.
Concierge Series	Ikimono Concierge: Our unique tool for predicting and identifying animals that can be attracted by a planning site. Mori Concierge: Our unique tool enabling the selection of plants that can adapt to the environment of a planned site. Mizube Concierge: Our tool for developing a unique plan to conserve and compensate for waterside rare fauna and flora whose ecosystems may be affected by construction.
Worksite Net	An information sharing network that can be used by project participants inside and outside the Company, mainly at construction sites. In May 2022, it was completely renovated and started to operate as Taisei Construction's own service from the external cloud service, which has further strengthened the efficiency of construction management.
Taisei Group Sustainable Procurement Guidelines	A set of guidelines on what the Company and its suppliers should do together. They can be summarized as (1) compliance with laws, regulations, and social norms, (2) fair and impartial business dealings, (3) respect for human rights, (4) promotion of safety and hygiene, (5) commitment to environmental conservation, (6) ensuring and improving safety and quality, (7) information disclosure, (8) commitment to information security, (9) activities contributing to society, (10) business continuity in times of disaster, and (11) promotion of sustainable procurement.
Job Return	This is a system that provides employment information for the Company and its Group companies and offers opportunities for employees to return to work if they wish to reenter the workforce due to the elimination or alleviation of reasons for retirement after having resigned due to various reasons.
Soyukai	Originated from the Harusamekai established in 1917, Taisei Corporation's organization for its core subcontractors was reestablished in February 2014 to strengthen cooperation between the Company and Soyukai members. As of April 2022, approximately 700 companies have joined the organization. The main purpose of the organization is to promote the improvement of construction capabilities and stable management of member companies through cooperation with the Company's business.