

TAISEI

ANNUAL REPORT 2023



150th
ANNIVERSARY



Report on the Incident Regarding Our Failure to Satisfy Steel Erection Accuracy Requirements and the Incident Regarding Our Delay of Construction Schedule

We hereby report on the incidents above that occurred recently in the publication of the Annual Report 2023.

First of all, as timely disclosed in March 2023, the failure to satisfy steel erection accuracy requirements was found in the last fiscal year, in the ongoing construction work for the (Tentative Name) Sapporo Kita 1 Nishi 5 Project undertaken by our Sapporo Branch. We have decided to remove and reconstruct all aboveground portions and the non-conforming portion of the underground structure. Please accept our sincerest and deepest apologies for the great inconvenience and concerns caused to the owner and all other concerned parties.

We deeply regret the incident since it should never occur in a company like ours, which centers its activities on construction business. In response to the incident, the Compliance Committee as a Special Committee, with the participation of outside experts, investigated the cause and developed measures to prevent the recurrence of a similar issue. In addition, we have established a Technical Verification Committee whose members are third parties with technical knowledge. The Committee has implemented assessment of the quality control process. At present, the entire company is working on measures to prevent recurrence of a similar incident, such as re-enforcing compliance and strengthening the system to ensure the function of the quality control process, thereby striving to ensure proper quality control.

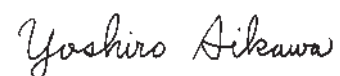
Furthermore, in May this year, our Tokyo Branch faced delay in the construction work for the Setagaya City Government's main office building, primarily due to insufficient verification of detailed construction schedule at the worksite. It resulted in our request to the owner for an extension of time for completion. Again, we apologize for the inconvenience and troubles we have caused to the owner and all the concerned parties.

With regard to this incident, we will review our organizational structure and staff assignment, and strengthen the backup system at the head office and the branch office, thereby ensuring thorough implementation of the construction work at the project through concerted efforts across the company.

We take both incidents as a serious matter that shakes the Company's trust. In order to prevent similar incidents from occurring again, all executives and employees are reminded of the Group's mission of "contributing to the development of a resilient society where people can live affluent and cultural lives," and take pride in being a member of a company responsible for building social capital, in engaging in work with integrity. I will lead the way and do my best to restore the trust of our clients and all stakeholders involved.

We are grateful to all of our stakeholders for the continued and invaluable cooperation and support.

TAISEI CORPORATION
Yoshiro AIKAWA
President and Chief Executive Officer,
Representative Director



About the Taisei Group

- 05 About This Report
- 07 Value Creation Story
- 09 Message from the President
- 17 Tales of Past and Present of the Taisei Group
- 20 The Taisei Group's Now / Present
- 21 Financial and Non-Financial Highlights

Taisei Group's Growth Strategy

- 23 Message from the Chief Financial Officer
- 27 Medium- to Long-Term Recognition of External Environment
TAISEI VISION 2030
- 29 Medium-Term Business Plan (2021–2023)
 - Key Issues
 - Numerical Targets and Progress
- 31 Materiality (Issues to Be Dealt with)
- 35 Business-Related
 - Group Domestic Building Construction Business
 - Group Domestic Civil Engineering Business
 - Group Overseas Construction Business
 - Group Real Estate Development Business
 - Group Engineering Business
- 45 Sustainability-Related
 - Technological Development / DX
 - TOPICS:
 1. Solving Sustainability Issues in Society
 2. Management of Human Capital
 3. Human Rights Due Diligence Initiatives

Sustainability Section

- 57 Special Feature: SDGs Dialogue
 - MURC Fellow Mari YOSHITAKA × CSO Jiro TANIYAMA
- 61 Message from the External Members of the Board
- 63 Sustainability Management
- 65 Materiality
 - Environment
 1. Realization of a Sustainable and Environmentally Friendly Society
- 75 •Social
 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 of Human Resources
 7. Realization of an Attractive Working Environment That Is Good to Work in
- 81 •Governance
 8. Thorough Compliance / Restructuring of the Group Governance System

Governance Section

- 82 Message from the Chairman of the Board
- 83 Message from the External Audit & Supervisory Board Members
- 85 Corporate Governance
- 93 Compliance
- 96 Risk Management
- 99 Management Members

Data Section

- 103 Key Financial Data and Performance History
- 105 Consolidated Financial Statements
- 112 ESG Data
- 116 Corporate Data / Stock Information
- 117 Overseas Network
- 118 Glossary

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.

Medium to Long-Term Vision [TAISEI VISION 2030]

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

The Ever-Evolving CDE³ (cubed) Company

Construction, Development, Engineering, Energy, Environment

In 2021, taking into account the medium- to long-term external environment and structural changes, we established our vision for the next 10 years, “TAISEI VISION 2030,” grounded in the Taisei Group Philosophy and Taisei Spirit.

We will proactively respond to these significant shifts in the landscape and are committed to fulfilling our mission of “contributing to the development of a resilient society where people can live affluent and cultural lives.”

Taisei Spirit

Active and Transparent Culture

We value diversity and, through open and active communication lines and networks both internal and external to the Taisei Group, seek to cultivate a transparent and active corporate culture in which all of our officers and employees are able to reach their full potential.

Value Creation

Not limited to our understanding of society at large, we carefully take into account the needs of our clients and using all of the technology and know-how at our disposal, together with our passion for innovation and ingenuity, seek to construct innovative and valuable engineering projects that inspire and impress our clients.

Evolution of Tradition

We aim to instill within the Taisei Group the Japanese tradition of *monozukuri* (precise, superb craftsmanship) and continually challenge ourselves to provide ever more valuable contributions to society and ensure our continued development and growth as a respected corporate group.

As a close-knit team made up of dedicated corporate professionals, we engage in our corporate activities with passion, enthusiasm and sincerity.



Corporate Emblem & Group Slogan Regarding the Symbol Mark & Group Slogan



The symbol mark embodies the Taisei Group's management philosophy. It symbolizes the natural environment, such as the invaluable earth, sea, and sun. While maintaining a balance with these elements, the continuous, higher, deeper, and broader activities of both people and the Group are depicted with vibrant energy and dynamism in three colors: blue, green, and orange. The Group Slogan, "For a Lively World," serves as a succinct message that conveys the Group's philosophy to society. It's a distilled representation of the Group's philosophy, crafted to be approachable and easily remembered.

About This Report

Overview of Communication

	Information for Shareholders and Investors	Information for ESG and Sustainability
Report	<p>Annual Report</p> <ul style="list-style-type: none"> • Annual Securities Report • Business Report • Taisei Circle (Shareholder Newsletter) • Corporate Governance Report 	<p>Environmental, Social Governance (ESG) Report</p>
Web	<p>Shareholder and Investor Information https://www.taisei.co.jp/english/ir/</p> 	<p>Sustainability https://www.taisei-sx.jp/english/</p> 
Dialogue	<ul style="list-style-type: none"> • Financial results briefing for institutional investors and analysts • Individual Meetings • Overseas Investor Relations (IR) • Domestic conferences sponsored by securities firms • General Meeting of Shareholders 	<p>Stakeholder dialogue</p>

Overview

Editorial Policy:	This publication aims to provide shareholders, investors, and other stakeholders with a clear overview of the Taisei Group's endeavors to enhance sustainable corporate value. It incorporates management strategies geared towards realizing the Taisei Group's Philosophy, and foundational ESG and financial information for growth.
Report Scope:	Covers the Company and its Group entities (consolidated subsidiaries) as of March 31, 2023. (Note: Any deviations from this scope are clearly annotated.)
Reporting Period:	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023). (Note: Information from periods slightly before or after this range is also included.) Release Date: September 2023
Third-Party Assurance:	P. 105 – 111: Assurance on Financial Information by KPMG AZSA LLC. P. 112 (Environmental Data): Assurance on Environmental Information by Ernst & Young ShinNihon LLC

Reporting Framework

The Annual Report and the Sustainability Report (Web Sustainability) are prepared in accordance with the following frameworks.

● ●	GRI Standards
●	SASB Standard
●	Guidance for Integrated Corporate Disclosure and Company Investor Dialogues for Collaborative Value Creation (by the Ministry of Economy, Trade, and Industry)
● ●	Task Force on Climate-related Financial Disclosures (TCFD)
●	Environmental Reporting Guidelines (2018 version) (by the Ministry of the Environment)
●	ISO 26000 (Guidance on Social Responsibility for Organizations)
●	Annual Report
●	Sustainability Report (Web Sustainability)

Major External Evaluation



FTSE Blossom
Japan Index








FTSE Blossom
Japan Sector
Relative Index

2023 Constituent MSCI Japan Empowering Women Index (WIN)

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.

Key Stakeholders

Acknowledging the principles of ESG and SDGs, the Taisei Group deeply understands that we are supported by our shareholders, investors, clients, communities, employees, business partners, and a range of other stakeholders.

Stakeholders	Principles of conduct
 Shareholders and Investors	We respect the rights of shareholders, ensure their genuine equality, and cultivate a conducive environment for the exercise of their rights. We endeavor to enrich our constructive dialogues and engagements with shareholders and investors and are committed to providing accurate and timely information for these interactions.
 Clients	Understanding the broader societal landscape, we stand in our clients' shoes. By pooling our technology and know-how, and persistently pursuing further technological innovation and creative efforts, we aim to deliver optimal construction products and services that align with our clients' needs and budgets, thereby meeting their expectations and gaining their trust.
 Communities, NPOs, and NGOs	We seek to establish robust relationships with local communities. As responsible corporate citizens, we prioritize dialogue and collaboration with society, aiming to contribute positively to its growth and development.
 Employees	Valuing diversity, we promote active communication and networking both inside and outside our organization. Our goal is to nurture an open and vibrant corporate culture where every member can maximize their potential. Furthermore, we strive to develop and retain our human capital* for the future, ensuring heightened employee engagement.
 Business Partners	We emphasize clarity in our mutual roles and responsibilities, aiming to foster fair and trustworthy relationships. With our commitment to the Declaration of Partnership Building, we work diligently to promote mutual growth and added value across our entire supply chain.

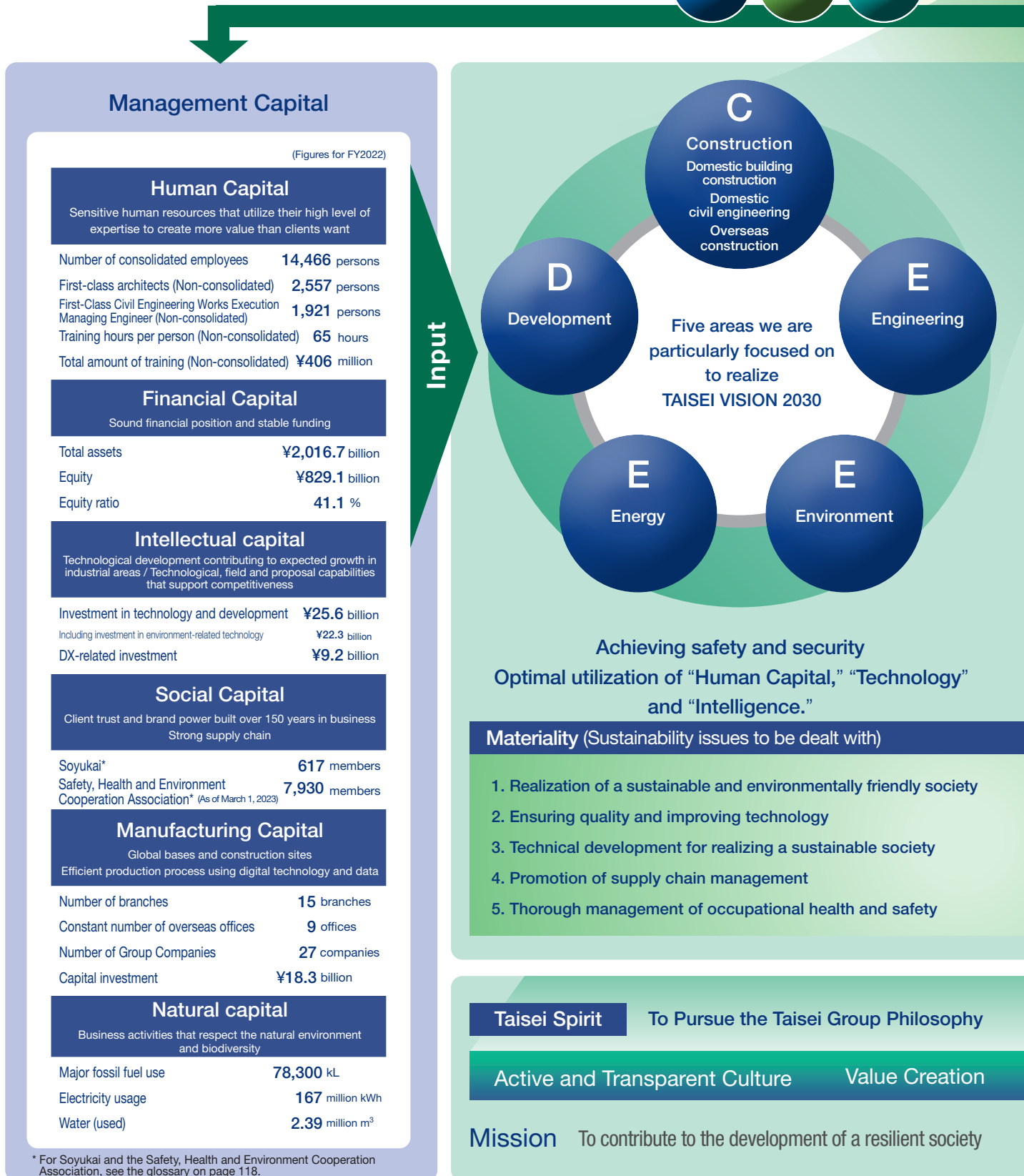
*Note on terminology: We view our human resources as invaluable assets. Thus, in this Annual Report, we refer to "human resources" as "human capital."

Value Creation Story

Under the Taisei Group Philosophy, “to create a vibrant environment for all members of society,” the Taisei Group is dedicated to forging a resilient society where people can live affluent and cultural lives.

By building high-quality social infrastructure through our business endeavors and by addressing the challenges faced by our clients and the broader society, we aspire to foster a cyclical enhancement of both corporate and societal value, aiming for sustainable growth in harmony with society.

Medium- to long-term external environment and structural changes



To Create a Vibrant Environment for All Members of Society

Taisei Group's long-term environmental target

TAISEI Green Target 2050

Realization of a sustainable and environmentally friendly society

Medium- to long-term vision "TAISEI VISION 2030"

The Ever-Evolving
The CDE³ (cubed) COMPANY

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

Output

FY2022 Results

Group net sales	¥1,642.7 billion
Group operating income	¥54.7 billion
Group net income	¥47.1 billion
ROE	5.6 %
Dividend payout ratio	53.9 %
Net interest-bearing debt	substantively debt-free
Number of ZEB building orders	10 cases
Number of patent applications filed	283 cases
Accident frequency rate	0.31
Number of female managers	314 persons
Rate of taking childcare leave by males	100 %

Output as Load

Scope 1 + 2 Total CO ₂ emissions	291,000 t-CO ₂
Construction byproduct emissions	2.42 million t
Water (discharge)	3,134,000 m ³

Outcome

Performance Numerical Outlook

Group net sales	About ¥2.5 trillion
Group net income	About ¥150 billion
ROE	Around 10%

Return 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.

- Cultivation of technical staff and securing human resources
- Realization of an attractive working environment that is good to work in
- Thorough compliance and restructuring of the Group governance system

Thoughts that all Group executives and employees value

Evolution of Tradition

where people can live affluent and cultural lives

TAISEI Green Target 2030 Goals

Decarbonized Society	Reduction in CO ₂ emissions per unit of sales (compared to FY2019): Scope 1 + 2: Decrease by 50% Scope 3: Decrease by 32%
Recycling-Oriented Society	Promotion of green procurement Final disposal rate of construction waste: 3.0% or lower
Nature Co-Existing Society	Implementing proposals and projects that contribute to Nature Positive

Contribution to the SDGs



We Will Fulfill Our Mission of “Contributing to the Development of a Resilient Society Where People Can Live Affluent and Cultural Lives,” in Order to Enhance Corporate Value and Achieve Sustainable Growth.

Yoshiro Aikawa

Yoshiro AIKAWA

President and Chief Executive Officer,
Representative Director



Introduction

As mentioned at the outset of this report, I wish to reiterate our apologies for the recent incidents related to the failure to satisfy steel erection accuracy requirements and the delay of construction schedule in the ongoing construction projects. Restoring the trust we have lost due to each incident will require an exceptional effort, and we anticipate a challenging journey ahead.

In order to overcome this difficult situation and lead to new growth, all of the Group's executives and employees must align their minds under the mission of “contributing to the development of a resilient society where people can live affluent and cultural lives,” and approach their daily work with integrity, valuing the basics of quality, process, and safety. It is important that we continue to provide our clients with value, satisfaction, and excitement that exceed their expectations and imaginations, and solve social issues through our corporate endeavors.

As President and Chief Executive Officer, I will take the lead and do my best to restore the trust.

Progress of the Medium-Term Business Plan (2021–2023)

Construction investments, driven by steady public investment and brisk private capital investment mainly in the manufacturing industry, in anticipation of a post-COVID surge of business in mind, are now recovering to the levels exceeding pre-COVID ones. However, as sharp rises in the prices of a wide range of construction materials tremendously affected the profit/loss of construction projects, the management environment surrounding the Taisei Group was extremely harsh.

Under these circumstances, FY2022, the second year of the Medium-Term Business Plan (2021–2023), saw the Group's net sales increase, owing to a steady progress in the initial backlog of projects for the fiscal year. However, concerning the profit/loss, operating profit and other figures were lower than the previous fiscal year's results, due to the recording of costs related to the corrective work for the aforementioned failure to satisfy steel erection accuracy requirements, etc., and the decline in profit margins in the construction business, affected by the higher prices of construction materials.

The forecast for FY2023, the concluding year of the Medium-Term Business Plan, appears to be less promising with the Group's net sales, operating income, and net income expected to fall short of the numerical target of the Medium-Term Business Plan.

The shortfall in operating income can be attributed to three primary reasons. The first is "the delay in establishing production systems." The current Medium-Term Business Plan aimed to increase profits by expanding business volume on the assumption that certain profits could be secured, but the expected improvement in productivity and the securement of sufficient personnel were not achieved. The second is "the impact of several large low-profit construction projects." As competition intensified due to the expansion of the size of projects, profits were depressed by several projects that were awarded at low profitability. The third is a "delay in passing the soaring prices of construction materials on to our contract prices with clients." Profit margins declined, due to a failure to pass the soaring prices of construction materials and higher oil costs at some group companies on to the contract prices, in design and construction projects that required time between the selection of a contractor and the commencement of the works.

Based on these unachieved factors, we have been working on the following measures since this fiscal year, ahead of the next Medium-Term Business Plan. The first step is "to secure an appropriate business volume and to rebuild the production systems." Based on the working environment of our employees, we will operate, balancing between the volume of construction projects and profitability. In addition, considering the profit decline due to heightened competition after the Tokyo Olympics, we will re-enforce our profit-oriented approach, apply strict screenings upon receiving orders, and assign personnel to priority areas. Finally, we will continue persistent negotiations to pass on to prices in response to the surging costs, and endeavor to restore profits.

Towards Enhancement of Corporate Value and Sustainable Growth

Over the years, the Taisei Group has faced numerous challenges. Each time, our executives and employees have overcome the difficulties together and taken those experiences in further growth. In our current challenging situation, it is crucial to draw upon the resilience and adaptability—the DNA we have inherited from our predecessors—and transform these challenges into opportunities, and embrace challenges, using our past failure as stepping stones to future growth. I will lead myself and foster an environment where our executives and employees can confidently address new challenges.

For the Taisei Group's construction business, we firmly believe in the pillars of quality, process, and safety, and that the key issues are "to build a business foundation for sustainable growth" and "to enhance human capital." The details are explained as follows.



1. Quality, Process, and Safety: To Work with Integrity and Pride as an Engineer

For the Taisei Group, which plays a pivotal role in constructing social infrastructure through its core construction business, quality, process, and safety are fundamental themes, and serve as a foundation for growth.

The Taisei Group's projects are important social infrastructure that supports peoples' lives, and our business can only thrive when it garners the trust of the public. As engineers dedicated to societal contributions, while upholding the legacy of craftsmanship, all executives and employees involved in construction work must reaffirm the importance of the basics and work with pride and integrity. By consistently and diligently making these efforts, we hope to secure the trust among our clients and society, and build a stronger foundation for growth.

As to quality, the entire company is currently working to re-enforce compliance and strengthen the system to ensure the quality control process functions. All executives and employees will return to their roots of TAISEI QUALITY—Quality is our pride—again, and implement appropriate quality control.

As to process, progress and problems of each construction project are to be shared among the head office, branch offices, and worksites, and we will ensure a robust backup system for worksites to ensure reliable process management.

As to safety, based on our policy "Safety first," our Medium-Term Business Plan (2021-2023) emphasizes the objectives of "Zero fatal accidents and zero serious accidents." We are working to improve safety and health management, in order to create a working environment where everyone involved in the Taisei Group's business can work with peace of mind. In 2022, the accident frequency rate of the Company alone (a number that indicates the frequency of injuries) was 0.31, representing an improvement of over 50% in the past decade. We will continue to carry out our safety and health management with diligence and sincerity, ensuring safety first.

2. To Build a Business Foundation for Sustainable Growth: For Exceeding Clients' Expectations and Imaginations

1 To Promote Businesses That Contribute to Building a Resilient Society

The Taisei Group's path to further growth is to invest resources from a medium- to long-term vision in each of the CDE^{3(cubed)} (Construction, Development, Engineering, Energy, Environment) areas, to refine its technologies and businesses, to continue to provide value, satisfaction, and excitement that exceeds clients' expectations and imaginations, and to contribute to society by supporting growth of the well-being of even more stakeholders. We believe that our continued efforts to pursue these goals will lead to an enhancement of the Group's corporate value and sustainable growth.

With regard to the building construction business and the civil engineering business that form the core of CDE^{3(cubed)} in the Taisei Group, it is important to work with a passionate sense of mission to contribute to society as well as to satisfy and impress clients in any construction projects. While observing the basic principles of quality, process, and safety, we will promote the transformation of our production system through DX (Digital Transformation), as well as the development of innovative technologies to solve environmental and social issues, thereby enhancing our competitive advantage. At the same time, we will work to enhance our capabilities to design and make proposals that exceed our clients' expectations and imaginations. With regard to the overseas construction business, we are working to establish a system that ensures profits in priority countries and regions based on local interests.

The development business and the engineering business are positioned as a growth engine for the Taisei Group. In the development business, we are building a stable profit base by optimizing our real estate portfolio and pursuing investment efficiency. In the engineering business, we are making efforts to expand our business areas by taking advantage of the strengths we have cultivated in the pharmaceutical and food products sectors. In both fields, we hope to accelerate growth by maximizing the Taisei Group's comprehensive capabilities.

Regarding the area of energy and environment, we aim to be a frontrunner in the environmental field. We have made organizational change for initiatives such as "Carbon Neutrality," "Circular Economy," "Nature Positive" and "Renewable Energy," and are working on them.

In all fields, the key concept of contributing to the development of a resilient society is to solve social issues through CSV (Creating Shared Value), namely through corporate activities. In terms of striking a balance between social and corporate values, the Taisei Group can substantially contribute to society through the construction of social infrastructure. The social infrastructure we provide is designed to last, enduring for decades—50, 100 years or even longer. Looking ahead, we will implement CSV by adding social value to the structures we create and by commercializing them.

2 To Realize Sustainable and Environmentally Friendly Society and Promote Regional Cooperation

We believe that "To realize a sustainable and environmentally friendly society" and "To Promote of regional cooperation" are particularly important areas in contributing to the resolution of social issues.

In March of this year, the Taisei Group revised its Environmental Policy and the Group's long-term Environmental Targets. Towards the Realization of a Sustainable and Environmentally Friendly Society, we are deepening our commitment to three key areas: "Carbon Neutrality," "Circular Economy," and "Nature Positive." Through these initiatives, we endeavor to contribute to society by conducting our businesses.

Regarding carbon neutrality, our specific goal is to achieve a 2050 target of "virtually net-zero" CO₂ emissions from business activities, not only the emissions of Scope 1 and 2, but also those of Scope 3 (which includes the supply chain). We will pursue further development and dissemination of a wide range of Net Zero Energy Building (ZEB) technologies such as Newly constructed ZEB, Green Renewal ZEB,

Net Zero Energy Factory (ZEF), Net Zero Energy Houses (ZEH), and Net Zero Energy House Apartment Buildings (ZEH-M), as well as environmentally friendly concrete “T-eConcrete®” and steel materials with reduced CO₂ emissions. We have also begun to verify the results of the “T-ZCB (Zero Carbon Building)”, which aims to achieve “virtually net-zero” CO₂ emissions in the life cycle of buildings. We will hone our decarbonization technologies in each phase: “Zero Carbon Design” in the procurement phase, “Zero Carbon Construction” in the construction phase, and “Zero Carbon Operation” in the operation phase.

Regarding the regional cooperation, being faced with the challenges of a declining population and the advent of a super-aging society, the national and local governments are making various efforts to enable each local community to take advantage of its unique characteristics to create an autonomous and sustainable society. We, as a company, carry an important responsibility to cooperate with local communities to solve problems and contribute to the revitalization of local communities. Taking the construction business as a foundation, we hope to utilize the Taisei Group’s comprehensive capabilities in engineering technology and environment-related technologies, and work together to resolve issues from a medium- to long-term perspective.

Achieving profitability while making significant societal contributions is challenging. Yet, overcoming this challenge provides us with a unique advantage, strengthening the Taisei Group’s competitive edge. However, if it can be realized despite its difficulties, it will be an advantage that cannot be easily copied, thereby leading to a competitive advantage of the Taisei Group. This April, we initiated a new internal framework to bolster regional collaboration, and we are dedicated to building partnerships across various industries.

3 To Accelerate Open Innovation

The source of the Taisei Group’s competitive advantage is its technological expertise. Technological progress in the world is becoming faster and changing more discontinuously than we imagined. Relying solely on traditional practices and an in-house mindset would not allow us to keep up with this rapid pace of change. Innovation arises not just within our industry or adjacent sectors, but also from merging our expertise with insights from diverse industries.

We constantly brush up the wide range of technologies and know-how related to construction and production processes, facility management, and decarbonization. These have been cultivated over the years in the tradition of manufacturing. We are proud of the mindset of the Taisei Group employees being the best in the industry, as they never stop aiming for even better results. Equipped with advanced technology and a fervent commitment as two main wheels, we aim to identify latent societal needs that many might overlook. By collaborating with partners from various industries who share our vision, we seek to accelerate open innovation, and to create unparalleled value that satisfies and delights our clients.

4 To Take Initiatives across the Supply Chain

For the Taisei Group, our subcontractors and suppliers are not just crucial partners in delivering work that exceeds our clients’ expectations and imaginations; they are allies in our mutual endeavors to address societal challenges through business endeavors. We aim to fortify our collaboration with the Soyukai, a collective of key cooperative companies, and the Taisei Corporation Safety, Health, and Environment Cooperation Association, which encompasses all partner firms. This collaborative effort seeks to enhance a shared commitment to our Group’s mission of “to contribute to the development of a resilient society where people can live affluent and cultural lives,” and to advance initiatives throughout the supply chain.

At this moment, the construction industry is grappling with significant hurdles, including “the shortage of construction workers due to the shrinking working population and aging society,” and “the legal upper limit on overtime working hours from April 2024, with penalties for infringements.” As a member of the Japan Confederation of Construction Industry, we are actively championing measures across the industry. Collaboratively with Soyukai and the Taisei Corporation Safety, Health, and Environment Cooperation Association, we will pool our insights to prevent extensive work hours and remain worksites closed during holidays. Beyond that, our focus extends to enhancing the compensation and working conditions for skilled construction workers, all in our pursuit of providing an attractive work environment.



3. To Enhance Human Capital: To Invest in the Group's Future

1 To Improve Employees' Job Satisfaction and Engagement

To fulfill the Taisei Group's mission, it is paramount that our employees and their families feel high level of well-being. For this well-being to be realized, it is vital that the Company understands every individual employee, offering each of them opportunities to maximize his/her unique strengths and talents. This ensures that each member of our team places trust in the Company and is motivated to contribute proactively and independently towards our shared goals.

When the Company and its employees are tied each other with the mind of strong engagement, we can truly harness our collective potential to deliver exceptional value, surpassing our clients' expectations and imaginations. In this regard, our employees can be rightly termed as our "human capital." The driving force enhancing the Taisei Group's corporate value resides in each employee's sense of purpose and fulfillment in their work. As President, one of my top priorities is to create an attractive working environment that is good for all our employees to work in.

Last fiscal year, we started engagement survey, administered by an external consultant, which targeted employees across all the companies within the Group. We have taken the results of this survey to heart, pinpointing areas of discrepancy between our current state and our ideal one. From these insights, we are rolling out initiatives tailored to boost job satisfaction, taking into account factors such as age, position, and organizational affiliation.

Moving forward, we will periodically evaluate the level of employee engagement, striving relentlessly for improvement. Our goal is to amplify the psychological safety within our workplaces, fostering an environment where every employee can take pride in both the company and their individual roles. In such an atmosphere, they can, with genuine enthusiasm, make meaningful societal contributions through their exceptional work.

2 To Promote Women's Active Participation and Advancement, and Ensure Diversity in Human Capital

For a long time, the Taisei Group has instituted a specialized section in Human Resources Department to foster an attractive working environment that is good for a variety of employees to work in, especially focusing on enhancement of women's active participation. We have been steadily increasing the number of female engineers and female employees in managerial positions, yet when compared to other industries, there is still significant potential for improvement. In a society that is rapidly changing, becoming complicated, and where values are diversifying, maintaining a workforce predominantly of "new graduate Japanese men with no job change experience" can be a latent risk. In order to adapt to these societal shifts, grasp business opportunities, and achieve sustainable development, we are committed to further bolstering the roles of our female employees, refining our career hiring processes, and actively recruiting foreign national employees.

Moreover, as part of our strategy to create an environment conducive to women's active participation, we have placed great emphasis on encouraging male employees to take childcare leave. Due to our concerted efforts, the percentage of male employees taking childcare leave has consistently reached 100% since the fiscal year of 2017, with the average number of days for childcare leave reaching 11.6 days (as of the end of March 2023). Moving forward, we aim to maintain this 100% uptake and increase the average number of days for childcare leave taken.

My vision is to establish a "company where employees can confidently choose to marry, have children, and raise their families without any hesitation." Towards this end, we are dedicated to creating an attractive workplace where a variety of employees actively work in, comprehending the evolving needs of society and our clients through varied lenses, and consistently delivering superior quality work.

3 To Enhance Human Capital Development

We regard human capital development as a crucial investment in the future of the Taisei Group. In nurturing our employees, our approach transcends mere technical proficiency; we are committed to personal development considering the whole personality of each employee. In this era of rapid change, increasing uncertainties, and compounded complexities where predicting the future is challenging, succeeding in business requires not just logic but also a rich sensibility, visionary thinking, and creativity. Improving these qualities is contingent upon mastering the liberal arts.

Moreover, in a world where there are no right answers, the essence of "Fair Play," which underpins the very foundation of business, assumes even greater significance. We aim to support our employees not just in their immediate roles but also in personal growth by broadening their knowledge base and familiarizing themselves with liberal arts. This approach ensures they can deliver work of superior quality with utmost integrity and, concurrently, lead a fulfilling life.

We have an enduring tradition of recognizing and rewarding exceptional business achievements through our internal award system. In addition, we founded the "TAISEI VISION 2030 Award" two years ago to provide timely accolades for remarkable endeavors that resonate with our corporate aspirations. This includes businesses that make substantial contributions, even if they don't always receive the spotlight; proactive risk-taking and innovative efforts; and societal contributions that enhance the Company's credibility. We anticipate that this recognition system will spur heightened engagement and motivation among our employees, leading to a constructive cycle where they consistently challenge themselves to produce better results while also striving for personal growth.

Last year, we introduced the "TAISEI Next-Generation VISION Proposal Working Group," primarily led by our younger and mid-tier employees. This group was entrusted with offering recommendations on initiatives imperative for the realization of the "TAISEI VISION 2030." Besides leveraging the fresh perspectives and candid feedback of the younger generation in management strategies, we aspire to consistently channel our efforts towards the professional development and enhancement of awareness among our upcoming talent. This includes involving them in activities like revising our Materiality and drafting our forthcoming Medium-Term Business Plan.

Regarding the training of our future managerial candidates, some potential employees were chosen to participate in the Management Committee as observers. This enabled them to gain firsthand insights into intricate managerial decision-making processes and partake in the meeting to exchange opinions with External Members of the Board, enriching their understanding of our business operations, strategic direction, and overarching corporate governance. Furthermore, we expect these chosen individuals to ardently pursue liberal arts education and cultivate a deep-seated appreciation for the principles of truth, virtue, and aesthetics. Our unwavering commitment is to systematically develop the managerial leaders of tomorrow, ensuring the Taisei Group's enduring prosperity.

Closing Remarks

– Marking Our 150th Anniversary as a Launchpad for Future Leaps

The Taisei Group celebrates 150th anniversary of its foundation this year. This momentous occasion has been made possible due to the tireless efforts of our predecessors and the trust and recognition from our clients and stakeholders. We owe them our deepest gratitude. As we move forward, our commitment to sustainable development remains unwavering, emphasizing open dialogue with all our stakeholders.

Our founder, Kihachiro OKURA, was characterized by his “insight to read the changing times,” “courageous spirit of adventure underpinned by thoughtful consideration,” and “innate pioneering spirit to embrace unprecedented challenges.” Navigating through the turbulent transitions from the Meiji to the Showa era, he ventured boldly into uncharted business territories. He played instrumental roles in establishing and managing a variety of companies including the Taisei Group, leaving an indelible mark on the modernization and growth of Japan. Today, we inherit and honor his legacy, cherishing the Taisei Spirit of “Active and Transparent Culture,” “Value Creation,” and “Evolution of Tradition.”

At a time when the Taisei Group faces a variety of challenges, it is imperative for us to reinforce the Taisei Spirit. We are poised to seize this milestone year, our 150th anniversary, as a springboard towards a prosperous future that spans another 50 or even 100 years. Recognizing the inherent risks and challenges of our current situation, all our executives and employees work together to actualize the Taisei Group Philosophy: “To create a vibrant environment for all members of society,” while upholding our mission to “contributing to the development of a resilient society where people can live affluent and cultural lives.”

We are grateful to all our stakeholders for the continued and invaluable cooperation and support.





The Taisei Group celebrates the 150th anniversary of its foundation in 2023

The history of the Company began in 1873, when our founder, Kihachiro OKURA, established Okura Gumi Shokai. Ever since, we have earnestly embraced the mission of the construction industry and have contributed to societal advancement through our operations. We reflect on the Group's 150-year journey, dedicated to building a society where people can live affluent and cultural lives.

Pioneer Spirit Handed Down through Generations

Founder Kihachiro OKURA

In 1873, Kihachiro OKURA established the "Okura Gumi Shokai," laying the foundation of the Company. He led the construction of projects like the Rokumeikan. Then, in 1887, he went on to establish the Nippon Doboku Co., Ltd., marking it as the first incorporated construction company in Japan. With a focus on rational management, this company attracted the era's brightest engineers. Over the years, they achieved significant successes with projects such as the Tokaido Line and the Lake Biwa Canal, playing a pivotal role in the modernization efforts during the Meiji period Japan.

Construction Projects That Paved the Way for Japan's Modernization

1873~ Foundation

Evolution of Management

1873

Our founder, Kihachiro OKURA established the "Okura Gumi Shokai" in Ginza. He led a broad spectrum of endeavors encompassing trade, commerce, building construction, and civil engineering, successfully executing one groundbreaking project after another.

- 1873** Kihachiro OKURA Established Okura Gumi Shokai.
- 1883** Rokumeikan.
- 1887** Established the Nippon Doboku Co., Ltd. (a first in the construction industry)
- 1890** Lake Biwa Canal Sluice Gate (Lock Gate).
- 1917** Established Okura Civil Engineering Co., Ltd. (a first in the construction industry)
- 1927** Underground Railway Tokyo (Ginza line's original enterprise) [Ueno - Asakusa segment].
- 1933** Nagoya City Hall.



Rokumeikan



Lake Biwa Canal Sluice Gate



Underground Railway Tokyo [Ueno - Asakusa segment]



Nagoya City Hall

1946~ Challenge

Evolution of Management

1956

First Construction Company to List on the Tokyo Over-the-Counter Market

Driven by the necessity to secure funding for large-scale projects and increased mechanization amidst the postwar economic boom, we pioneered the construction industry's debut in public offerings.



Attorney General's Office (Homu-cho) Building



National Stadium

From Postwar Reconstruction to Rapid Economic Growth

- 1946** Renamed as Taisei Corporation.
- 1947** President Takeo FUJITA and directors elected by employee vote.
- 1949** Implemented the employee shareholder system, becoming a non-family-owned company.
- 1956** Restoration of the Attorney General's Office (Homu-cho) Building. Shares listed on the Tokyo over-the-counter market (a first in the construction industry).
- 1958** Completion of the Ginza Taisei Building; head office relocated. National Stadium.
- 1960** Opened the Technology Research Institute in Toyosu, Koto-ku.
- 1961** Kansai Electric Power Co., Inc., Kurobegawa No.4 Hydropower Plant [5th segment].
- 1962** Hotel Indonesia Kempinski.
- 1964** Hotel New Otani Tokyo The Main. Mt. Fuji Summit Radar Site.



Mt. Fuji Summit Radar Site



Kansai Electric Power Co., Inc., Kurobegawa No.4 Hydropower Plant [5th segment]



Hotel Indonesia Kempinski



Hotel New Otani Tokyo The Main

1973~ Growing

Evolution of Management

1990

Establishment of Management Philosophy, Action Guidelines, and Symbol Marks

Introduced the group's management philosophy "To create a vibrant environment for all members of society." We were committed to building a global society filled with dreams and hopes by creating value through our business endeavors.



Joetsu Sinkansen Line Daishimizu Tunnel



Shinjuku Center Building

Technological Innovation and Execution of National Projects

- 1978** Joetsu Sinkansen Line Daishimizu Tunnel.
- 1979** Completion of the Shinjuku Center Building. Relocated the Head Office. Moved the Technology Research Institute to Totsuka-ku, Yokohama.
- 1985** Minami & Kita Bisan-Seto Bridges [substructure, North segment].
- 1987** Seikan Tunnel [Yoshioka section].
- 1988** Cirata Hydroelectric Power Plant, Indonesia.



Cirata Hydroelectric Power Plant, Indonesia



Minami & Kita Bisan-Seto Bridges [substructure, North segment]



Seikan Tunnel [Yoshioka section]

1991~ Flying

Evolution of Management

1997

Established a dedicated environmental department, a first in Japan's construction industry, enhancing the structure to address environmental challenges.



Tokyo Metropolitan Government No.1 Bldg.



Kobe Awaji Naruto Expressway Akashi Kaikyo Bridge 3P [substructure part 2]

Challenging Construction Spaces to Create New Value

- 1991** Tokyo Metropolitan Government No.1 Bldg.
- 1992** Kobe Awaji Naruto Expressway Akashi Kaikyo Bridge 3P [substructure part 2]
- 1996** Tokyo International Forum Hall Complex
- 1997** Tokyo Bay Aqua-line [Kaze no Tou]
- 2000** Saitama Super Arena
- 2005** CHUBU Centrair International Airport



CHUBU Centrair International Airport
© Courtesy of Central Japan International Airport Co., Ltd.



Tokyo International Forum Hall Complex



Tokyo Bay Aqua-line [Kaze no Tou]



Saitama Super Arena

2010~ Evolving

Evolution of Management

2015

Establishment of a Corporate Governance System

We have put in place a system that aims for sustainable growth and enhancement of corporate value, achieved through the formulation of the Fundamental Corporate Governance Policy, among other initiatives.

2021

Formulation of TAISEI VISION 2030

As the Ever-Evolving CDE³ (cubed) Company, we are striving to be "a pioneering corporate group contributing to the development of a resilient society where people can live affluent and cultural lives."

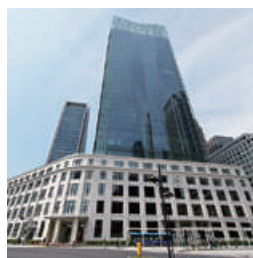
2022

Establishment of the Sustainability Division (Integrated)

By unifying the organizational structure and clarifying the strategic and business advancement functions, we are accelerating the Group's efforts in sustainability management.

Towards Realizing a Sustainable Society

- 2010** Tokyo International Airport Runway D
- 2012** JP Tower
- 2013** Bosphorus Tube Crossing Railway Tunnels and Station, Istanbul, Turkey
- 2014** Noi Bai International Airport 2nd Passenger Terminal, Hanoi, S.R. Vietnam
- 2019** The Okura Tokyo
Japan National Stadium
- 2021** National Highway 325, Shin-Aso
Ohashi Bridge



JP Tower



Bosphorus Tube Crossing Railway Tunnels and Station, Istanbul



Tokyo International Airport Runway D



Noi Bai International Airport 2nd Passenger Terminal, Hanoi, S.R. Vietnam



The Okura Tokyo



Japan National Stadium

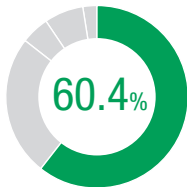


National Highway 325, Shin-Aso Ohashi Bridge

The Taisei Group's Now / Present

Group Domestic Building Construction Business

Net sales composition Sales **¥991.8 billion**



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

Major new orders received



Fukuoka Airport International Terminal Buildings, Extension and Renovation Work (Fukuoka-shi, Fukuoka)
Owner: Fukuoka International Airport Co., Ltd.

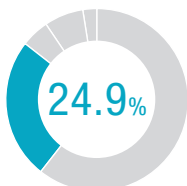
Major projects completed



New Building Construction Work for Nishi-Shinjuku 5-chome Kita Project (Shinjuku-ku, Tokyo)
Owner: Business Association of Nishi-Shinjuku 5-chome North Block Disaster Prevention Improvement Project

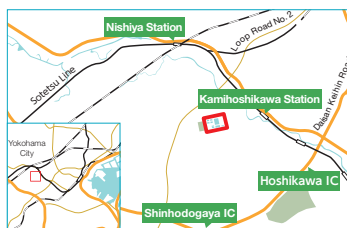
Group Domestic Civil Engineering Business

Net sales composition Sales **¥408.5 billion**



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

Major new orders received



Construction for Nishiya Water Purification Plant Redevelopment Project (Sludge Treatment Facilities in Purification Plant) (Yokohama-shi, Kanagawa)
Owner: Yokohama Waterworks Bureau

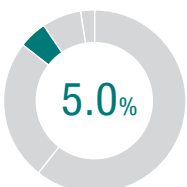
Major projects completed



Taketoyo Thermal Power Station Unit 5, Civil Engineering & Building Construction Work (Chita-gun, Aichi)
Owner: JERA Power TAKETOYO LLC.

Group Overseas Construction Business

Net sales composition Sales **¥82 billion**



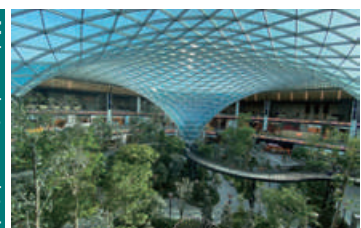
Civil engineering and construction work in Taiwan, Vietnam, Singapore, the Philippines and other overseas countries

Major new orders received



CONTRACT P103 DESIGN AND CONSTRUCTION OF RIVIERA INTERCHANGE STATION AND TUNNELS FOR CAR-PUNGGOL EXTENSION (Republic of Singapore)
Owner: Land Transport Authority (LTA)

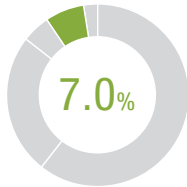
Major projects completed



Hamad International Airport Expansion Project: Passenger Terminal Expansion Works—Central Concourse Building and Early Works (State of Qatar)
Owner: Qatar Company for Airports Operation and Management (MATAR)

Group Real Estate Development Business

Net sales composition Sales **¥115.3 billion**



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

Major new orders received



Construction for Todoroki Green Space Redevelopment, Operation, Etc. Project (Kawasaki-shi, Kanagawa)
Owner: Kawasaki Todoroki Park Co., Ltd.

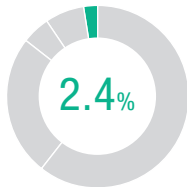
Major projects under construction



(Tentative name) Honmachi 4-Chome Project (Osaka-shi, Osaka)
Owner: Taisei Corporation and Soai Gakuen
* Joint development project

Group Engineering Business

Net sales composition Sales **¥39.4 billion**



Development facilities in the pharmaceutical and logistics fields and Engineering of production facilities

Major new orders received



Tokyo Electron Miyagi Ltd. 3rd Development Building (Taiwa-Town, Kurokawa-gun, Miyagi Prefecture)
Owner: Tokyo Electron Miyagi Ltd.

Major projects completed

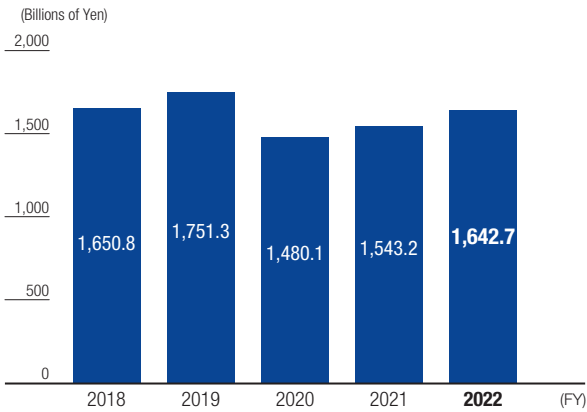


Construction of Takasago Chemical iFactory (Kakegawa-shi, Shizuoka)
Owner: Takasago Chemical Corporation

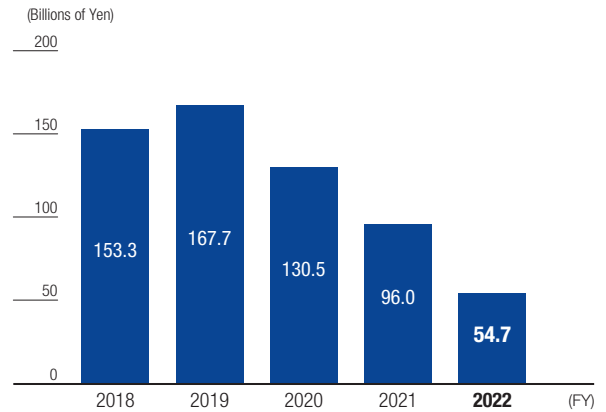
Note: Net sales from other businesses (incidental businesses, etc.) other than the above were ¥5.7 billion (0.3% of total net sales)

Financial Highlights

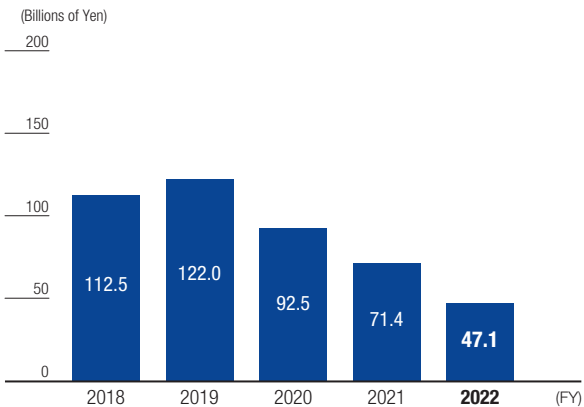
Net Sales



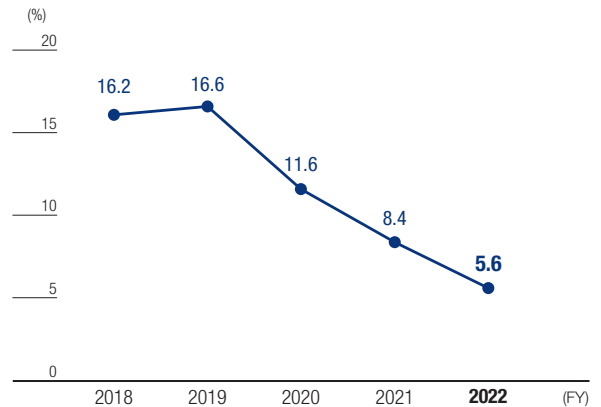
Operating Income



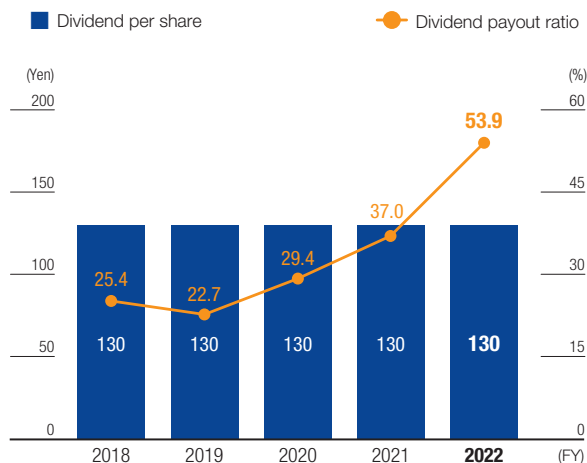
Net Income Attributable to Owners of Parent



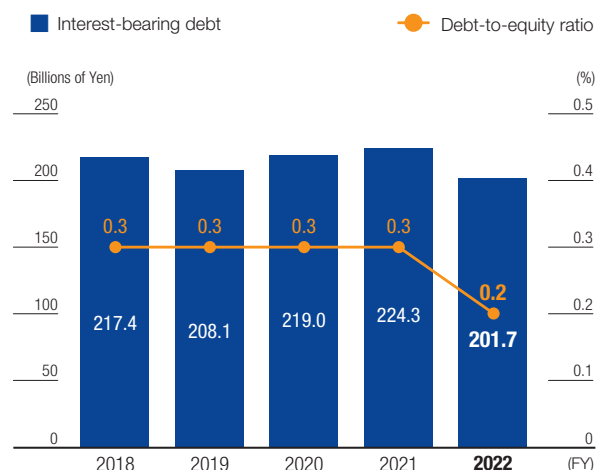
Return on Equity (ROE)



Dividend per Share / Dividend Payout Ratio



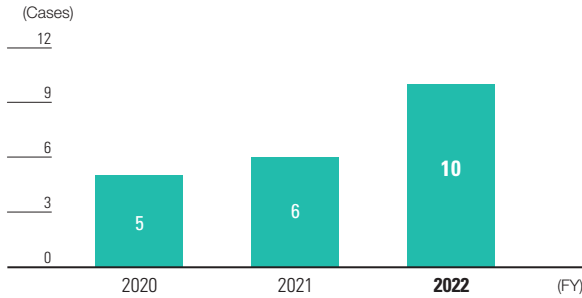
Interest-Bearing Debt / Debt-to-Equity Ratio



Non-Financial Highlights

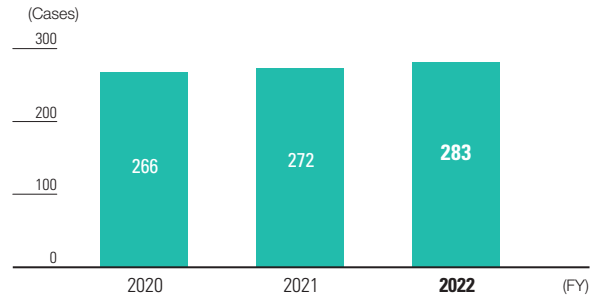
KPI

Number of Orders Received for Net Zero Energy Buildings (ZEBs)



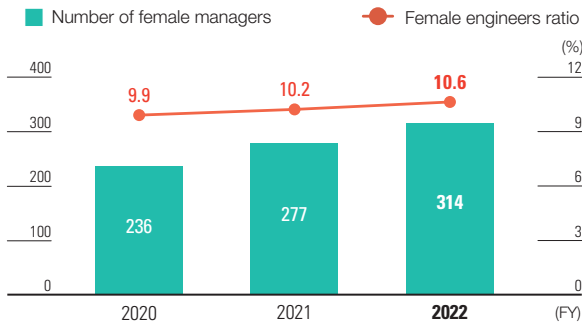
KPI

Number of Patent Applications Filed



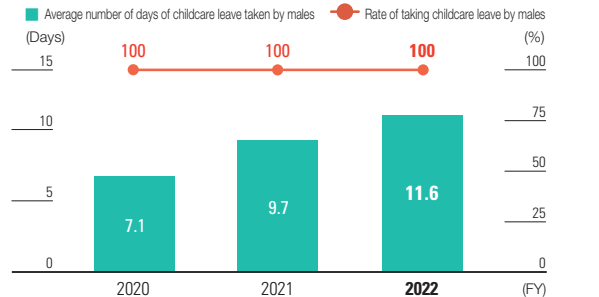
KPI

Number of Female Managers / Female Engineers Ratio

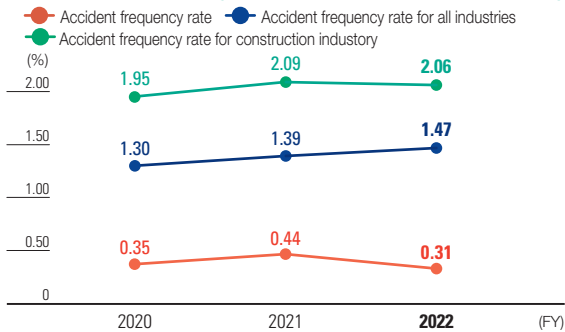


KPI

Average Number of Days of Childcare Leave Taken by Males / Rate of Taking Childcare Leave by Males



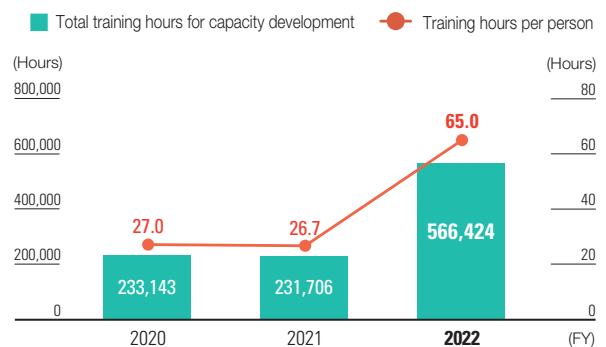
Accident Frequency Rate / Accident Frequency Rate for All Industries / Accident Frequency Rate for Construction Industry



Accident frequency rate: The number of deaths and injuries due to industrial accidents per 1 million man-hours of work represents the frequency of accidents.

*Figures for all industries and construction industry are based on one or more days off (calendar year), while those for the Company are based on four or more days off (fiscal year).

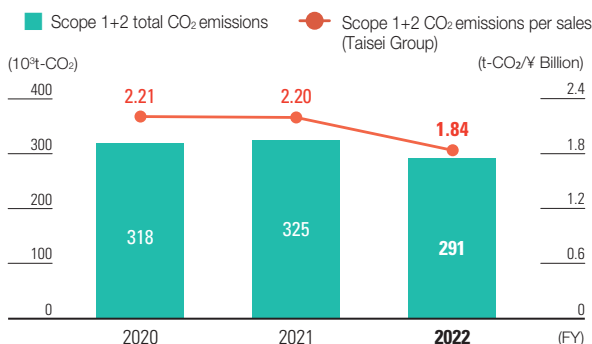
Total Training Hours for Capacity Development / Training Hours per Person



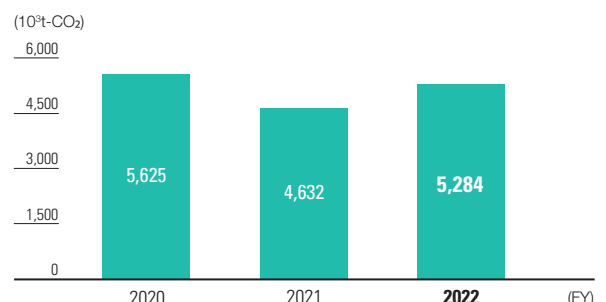
*Through FY2020, data from training programs hosted by the head office were collected.

*From FY2021 onwards, data also includes results from branch-hosted training and company-wide e-learning.

Scope 1+2 Total CO₂ Emissions / Scope 1+2 CO₂ Emissions per Sales (Taisei Group)



Scope 3 Total CO₂ Emissions (Taisei Group)



To Promote Financial Strategies in Response to Medium- to Long-Term External Environment and Structural Changes, and to Maintain and Improve a Strong Financial Foundation

Masahiko OKADA
Representative Director,
Senior Managing Executive Officer;
Chief of Business Administration Division;
In Charge of New Business Planning



Looking Back on FY2022

I assumed the role of Chief of Business Administration in April 2023.

As Chief Financial Officer, I will consistently strive to support the initiatives of the Taisei Group in its contribution to the development of a resilient society where people can live affluent and cultural lives.

To all our stakeholders, we sincerely look forward to your continued support and guidance.

Although the Japanese economy has generally maintained a moderate recovery trend thanks to the progress in the normalization of socioeconomic activities, uncertainty is growing induced by the reinforcement of monetary tightening in developed countries, associated with the worldwide inflation and concerns of slowdowns in overseas economies triggered by financial instability originated from the United States.

In the domestic construction market, private construction investment has been restored and public investment is expected to remain robust. The business environment surrounding our Group, however, is extremely challenging, as the costs of construction materials across a wide range of products remained high, severely affecting construction profits and losses in consequence.

Under these circumstances, the Group's net sales of FY2022 (the fiscal year ended March 31, 2023), the second year of our Medium-Term Business Plan (2021-2023), surpassed the results from the previous fiscal year. This outcome is primarily attributed to an increase in the balance of ongoing construction projects at the beginning of the fiscal year and a boost in revenue in the domestic building construction business, where projects progressed as planned.

However, with regard to profit and loss, the operating profit and other profits at each stage turned out to be lower than the results from the previous year. This downturn is mainly due to the cost increase associated with the works required for correcting our failure to satisfy steel erection accuracy requirements for the (Tentative Name) Sapporo Kita 1 Nishi 5 Project currently undertaken by our Sapporo Branch, and the price escalation of construction materials adversely affecting the profit margins in the construction business.

Although the ROE came out to be 5.6%, dropped by 2.8% from that of the previous year with decline in earnings, our financial position is in good standing. We have upheld our status of being "substantively debt-free," with a

robust equity ratio of 41.1% (a 3.3% decrease from the prior fiscal year).

Regarding operating cash flow, the decline in income before income taxes and an uptick in advance payments for the construction projects accompanied by business expansion, have led this year's figures fell short of last year's.

Nevertheless, even amidst these challenges, the robust financial foundation we have established over the years continues to serve us well. In addition to implementing investments outlined in the Medium-Term Business Plan, we have acquired ¥50 billion of treasury stocks, the scale of which is larger than ever before.

Moving forward, while ensuring ample liquidity for sustained business operations, our focus remains on investing in areas that enhance our corporate value and providing continuous returns to our shareholders.

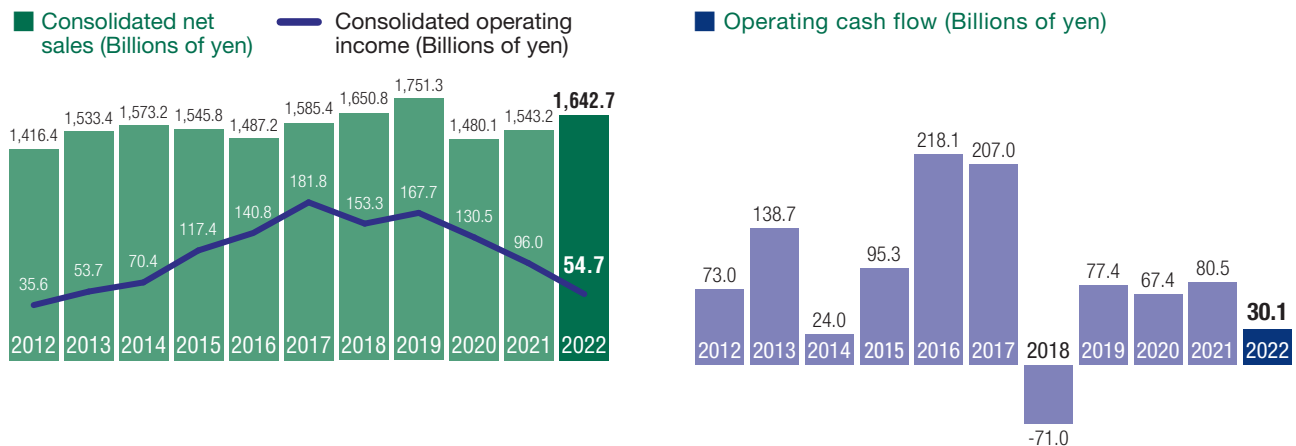
Our primary sources for funding investments and

shareholder returns are operating cash flow and available cash reserves. However, for significant undertakings such as mergers and acquisitions, external financing from financial and capital markets may also be considered as a viable option.

Regarding the current Medium-Term Business Plan (2021-2023), we, with our great regret, anticipate that it will fall short of our numerical targets for the concluding year, FY2023, owing to delays in organizing our production systems and external environmental changes.

In FY2023, we will undertake a comprehensive analysis on our failure to accomplish current Medium-Term Business Plan. Based on this analysis, we will strategize for the forthcoming Medium-Term Business Plan initiated from FY2024 considering both capital costs and capital profitability in order to respond to the expectations of our stakeholders.

Transitions of Net Sales / Operating Income and Operating Cash Flow



Investment Plan and Progress in the Medium-Term Business Plan

The Group has positioned the Medium-Term Business Plan (2021-2023) as the initial phase towards the realization of the TAISEI VISION 2030. Within this framework, we have developed an investment plan, based on the priority issues to be addressed intensively over the next three years.

As per our original projections, the accumulated investment in these three years is expected to reach ¥250 billion, and as of the end of FY2022, we have achieved approximately 50% of this numerical target.

Primary areas of investment include: investments in development projects, predominantly focused on the acquisition of office buildings and other real estate both in Japan and overseas; investments aimed to adapt to new business sectors, which encompass the renewal and transformation of the Group-owned facilities to Zero Energy Building (ZEB) standards, the establishment of a group next-generation technology research institutes, and the development of construction technologies related to offshore wind power generation; and

investments that further enhance productivity, such as the advancement of construction automation and labor-saving technologies and the increased utilization of Building Information Modeling (BIM).

Pertaining to environment-related investments contained in each investment category, we aim to channel ¥63 billion in the three years (an uptick of ¥3 billion from initial plans). By the end of FY2022, we had allocated around ¥38 billion. Beyond technical development investment in environment field, we are also shifting resources to procuring renewable energy sources to fulfill our power consumption needs.

Along with overseeing the progress of our investments, we consistently monitor the return status for each project within business-related investments, as well as anticipate outcomes from both technical development and investment in information. In case any issues arise, we promptly implement necessary measures.

Investment Plan

(Billions of Yen)

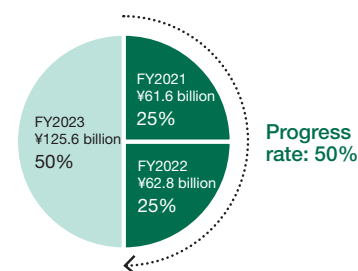
Field	FY2021 Results	FY2022 Results	FY2023 Implementation Plan	Three-Year Implementation Plan	Medium-Term Biz Plan Target
1. Investment in technical development	20.4	25.6	26.0	72.0	60.0
2. Investment in information	15.1	18.2	25.7	59.0	60.0
3. Capital and personnel-related investment	4.7	4.7	5.6	15.0	15.0
4. Business-related investments	23.2	16.8	70.0	110.0	125.0
Overlap of investment in technical development and investment in information	(1.8)	(2.5)	(1.7)	(6.0)	(10.0)
Total investments	61.6	62.8	125.6	250.0	250.0

Of the above, environment-related investments:

Technical development contributing to industrial sectors expected to grow from the virtuous circle of the economy and environment	12.3	22.3	19.4	54.0	42.0
Investments in renewable energy business	0.9	2.4	5.8	9.0	18.0
Total investments	13.2	24.7	25.2	63.0	60.0

Investment Results and Plans

FY2022	Investment in technical development:	Green Renewal ZEB (including T-Green Multi Solar) of Yokohama Branch, Kansai Branch, TAISEI U-LEC Co., LTD.
	Investment in information:	Development of a data integration platform.
	Business-related investment:	Acquisition of trust beneficiary rights in a large office building in central Tokyo [(tentative name) Mita Building, etc.]
FY2023	Investment in technical development:	Establishment of the Group new next-generation technology research institute.
	Investment in information:	Development and implementation of a procurement management system.
	Business-related investment:	Investment in large office buildings in central Tokyo and continuous investment in overseas projects.



Shareholder Return Policy

Our guiding principle emphasizes long-term stable dividends. While enriching retained earnings to support anticipated business expansion, we remain committed to distributing profits to our shareholders in line with our operational results.

For the current fiscal year, considering both our recent performance and anticipated business conditions, we have set the annual dividend at ¥130 per share, maintaining consistency with the previous fiscal year's payout (consolidated dividend payout ratio: 53.9%).

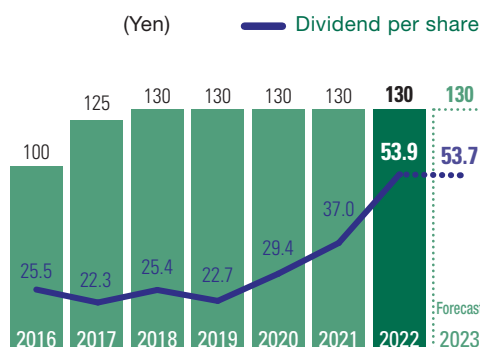
From May 15, 2023, through March 31, 2024, we have executed a share buyback program, repurchasing up to 6

million shares, equivalent to ¥20 billion or 3.19% of the total issued shares.

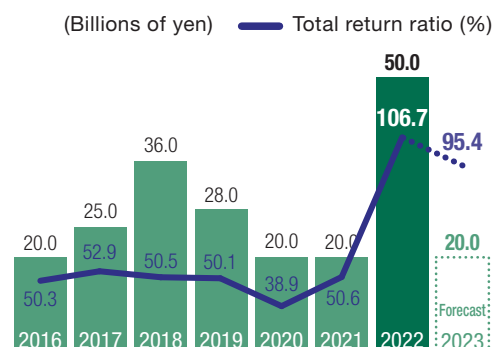
Since FY2016, we have consistently undertaken the acquisition and cancellation of shares amounting to roughly ¥200 billion annually, while demonstrating our commitment to enhancing shareholder value and optimizing capital efficiency.

From now onward, we pledge to uphold our shareholders' expectations by not only elevating our operational performance but also by boosting our dividend yields and overall share value.

Dividend per Share*1



Acquisition Amount of Treasury Share*2



*1 The dividends per share for FY2016 and FY2017 have been adjusted to reflect the consolidation of shares conducted on October 1, 2017, where five shares of the Company's stock were consolidated into one share.

*2 The listed total return ratio corresponds to the profit of the previous fiscal year.

Policy on Cross-Shareholdings

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

For all listed securities and those unlisted which we consider continuous assessment is required, the Board meticulously evaluates whether or not to keep on holding each individual stock through comparison of the acquisition cost against the business return, using the capital cost as a yardstick.

In addition to quantitative evaluation, qualitative factors such as anticipated future construction orders, are also considered when making decisions.

As a result, if any shares are determined not to be consistent with the objectives to have cross-shareholding because it is not economically reasonable and promising in the medium to long run to maintain them, we have a policy to sell them in a timely and appropriate manner.

In FY2022, we divested 11 listed securities amounting to ¥3.6 billion and 9 unlisted securities in total of ¥100 million (including partial sales).

Looking ahead, with the aim to specify our divestment targets, we intend to methodically reduce our cross-shareholdings: aiming for them to be less than 30% of our consolidated net assets by the end of FY2026 and under 20% by the end of FY2030.

For Future Growth

The Group has consistently advanced financial strategies, primarily in the aim to improve and strengthen the financial foundation that suffered significantly from the collapse of the bubble economy and the collapse of Lehman Brothers.

As an outcome of these efforts, we have maintained a substantively debt-free status since FY2013, and our equity ratio has been around 40% since FY2018. We believe that this marks a certain degree of attainment in milestone, with indication of financial robustness.

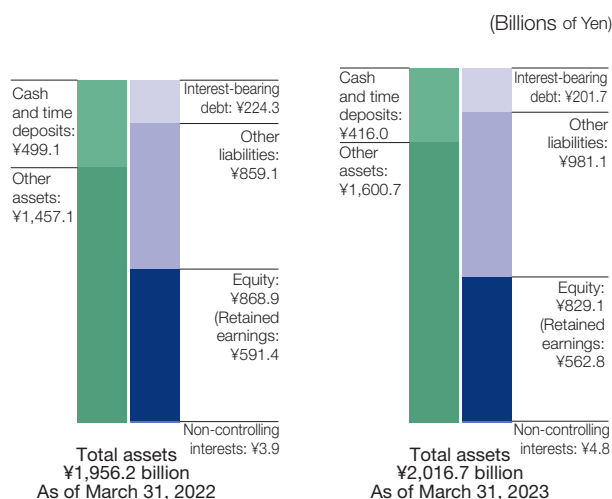
The current enlargement tendency in project size is inducing extreme cash flow fluctuation trend, which can typically be seen in the construction business, has been intensified.

In addition, the current business environment is facing increasing uncertainties, marked by the manifestation of

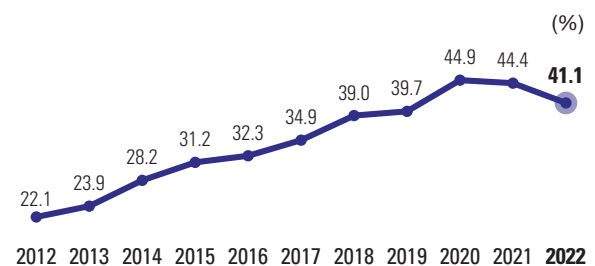
global inflation effects, the situation in Ukraine, and a deceleration in overseas economies due to the monetary tightening in developed countries.

Nevertheless, amidst these challenges, we remain committed to our vision with a strong financial foundation as the backdrop. In the aim to embody "The ever-evolving CDE³ (Cubed) Company," stipulated in TAISEI VISION 2030 as an ideal figure to be achieved through the Group's medium- to long-term aspiration, we will appropriately allocate resources generated from our core construction business to ensure sustainable, steady corporate management, increase our corporate value in the medium-to long-term, and further enhance both our financial foundation and capital efficiency.

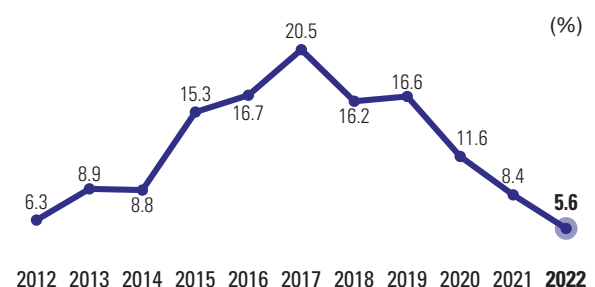
Balance Sheets



Equity Ratio (Full-Year)



ROE (Full-Year)



Medium- to Long-Term Recognition of External Environment

Current External Environment Insights

The Taisei Group has identified the challenges highlighted by the COVID-19 crisis as “Three Xs” (where ‘X’ stands for transformation). We recognize that the intertwining of these challenges will lead to a significant wave of change. For each of these transformations, we have set up specialized departments to undertake cross-departmental initiatives and investments.



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**.

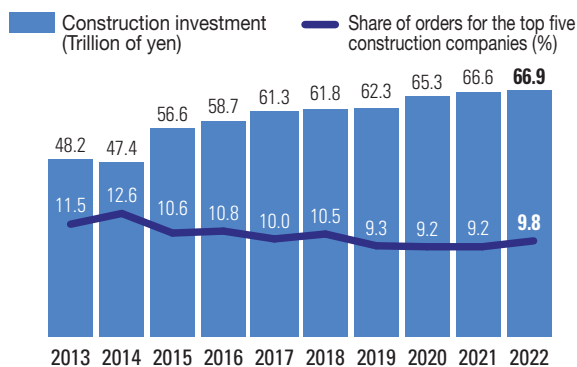


Digital Transformation

Towards an Era Where Digital Transformation Determines Competitiveness

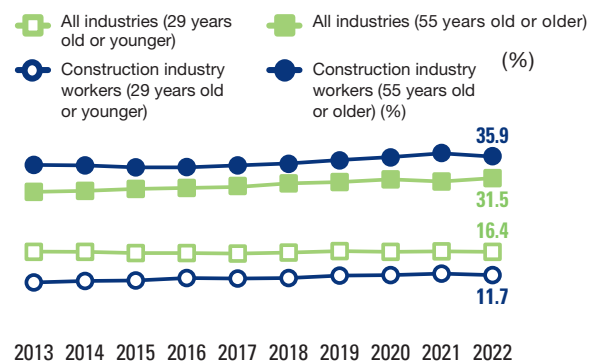
- **Digital technologies are evolving** in the production process, including BIM/CIM and unmanned construction.
- For the Company and **in the construction industry as a whole, digital technology and the utilization of data are still at a developing stage.**
- The application of these technologies to 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.

Share of Orders Received by Major Construction Companies in Construction Investment



*Sources: “Current Survey of Orders Received for Construction” by The Ministry of Land, Infrastructure, Transport and Tourism, and “Survey of Order Performance” by the Japan Federation of Construction Contractors.

Aging of Construction Industry Workers



*Source: “Labour Force Survey” by The Ministry of Internal Affairs and Communications

TAISEI VISION 2030

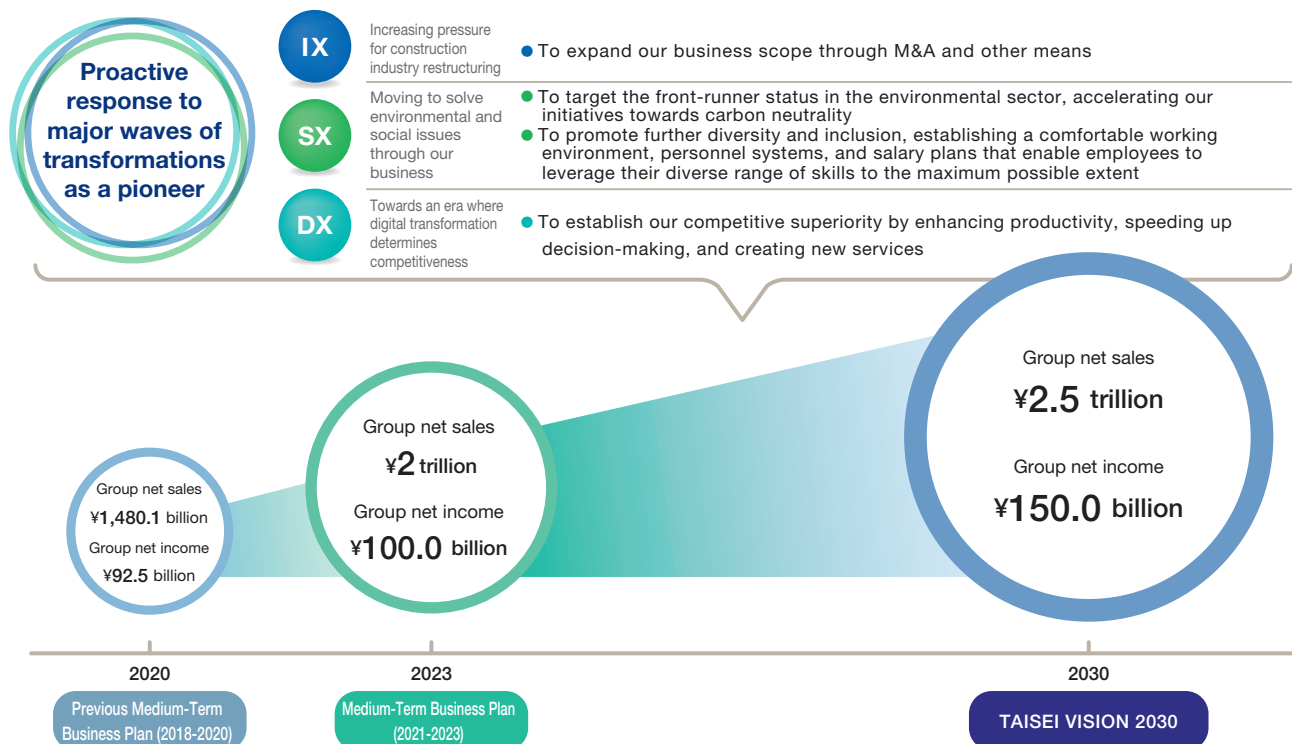
Based on the “Three Xs,” we have formulated the TAISEI VISION 2030, our vision for the medium- to long-term based on the Group’s philosophy and Taisei Spirit, and all officers and employees are working as one.

The Ever-Evolving The 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

Basic stance	Achieving safety and security Optimal utilization of “Human Capital,” “Technology” and “Intelligence”		
	Group net sales	Group net income	ROE
Rough indicators of numerical performance	About ¥2.5 trillion	About ¥150.0 billion	About 10%
Returns to stakeholders	Customers, suppliers, and society	Returns through CDE ³	
	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	

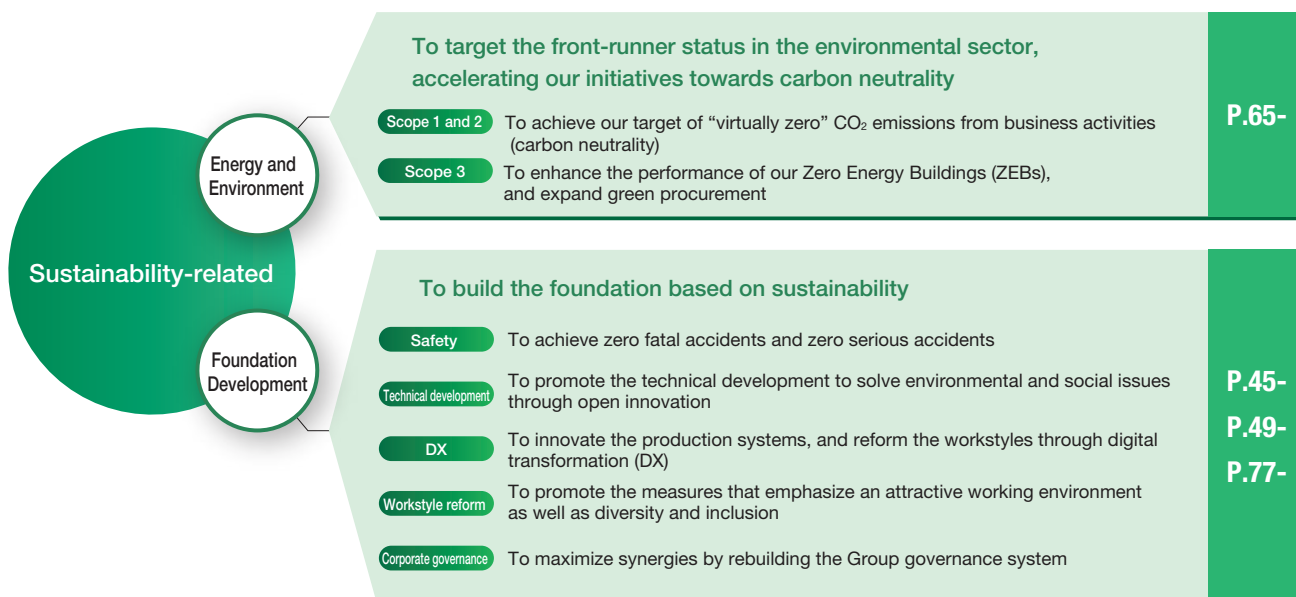


Medium-Term Business Plan (2021–2023)

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

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.
- In addition to the initiatives targeting our existing business, the initiatives expanding our business scope through M&A will be implemented



Numerical Targets and Progress of Medium-Term Business Plan (2021 -2023)

Numerical targets for FY2023



Group net sales: **¥2 trillion**



Group operating income: **¥140.0 billion**

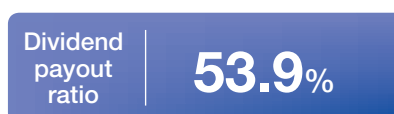


Group net income: **¥100.0 billion**

FY2022 results



Group net sales: **¥1.64 trillion**



Group operating income: **¥54.7 billion**



Group net income: **¥47.1 billion**



P.23

Message from the Chief Financial Officer
Taisei Group's Growth Strategy

* Net interest-bearing debt = Interest-bearing debt - Cash and deposits (End of FY2022: -¥214.3 billion = ¥201.7 billion - ¥416.0 billion)

While it was anticipated that construction investments might decrease in the medium-to-long-term due to the spread of COVID-19, the decline has not been as drastic. The industry is showing signs of recovery, surpassing pre-pandemic levels, thanks to strong public investments and buoyant private capital expenditures, especially in the manufacturing sector, looking ahead to the post-COVID era.

Nevertheless, the considerable surge in construction material prices across a broad spectrum has had a profound impact on the profitability of projects. This has rendered the operational environment for the Group exceptionally challenging.

Amidst these circumstances, we are undertaking the Medium-Term Business Plan (2021-2023), set to conclude in FY2023. However, due to delays in establishing a production structure aimed at business expansion, an inability to transfer the increased costs of construction materials, and the acceptance of several large-scale construction projects at reduced profit margins amidst stiff competition, we anticipate our performance for FY2023 to fall short of the numerical targets set for the final year of the Medium-Term Business Plan.

In FY2023, we will analyze the causes of the shortfall in the achievement of the Medium-Term Business Plan and formulate the next Medium-Term Business Plan starting in FY2024.

Numerical Targets for the Final Year (FY2023) of the Medium-Term Business Plan (2021-2023) (Consolidated)

	Medium-Term Business Plan (2021-2023) Final Year (FY2023) (Consolidated)		
	Numerical target	Performance forecast	Variance in amount
Group net sales	2,000 billion	1,760 billion	-240 billion
Group operating income	140 billion	64 billion	-76 billion
Group net income attributable to owners of parent	100 billion	45 billion	-55 billion
ROE	About 10%	5.4 %	—
Dividend payout ratio	About 25%	53.7 %	—
Net interest-bearing debt	Substantively debt-free	—	—

We will implement the following measures for this fiscal year and for the upcoming Medium-Term Business Plan:

- 1 Securing appropriate business volume and rebuilding the production systems
- 2 Re-enforcing the “profit-oriented approach”
- 3 Continuation of company-wide negotiations for price pass-through

Materiality (Issues to Be Dealt with)

Taisei Group's Materiality

In alignment with TAISEI VISION 2030 and our Medium-Term Business Plan for 2021–2023, which outline our medium to long-term objectives, Taisei Group has identified its materiality. We take into consideration the impact on our management while recognizing the importance of societal concerns, stakeholder interests, and challenges facing society. These material issues have been selected based on their alignment with the Group philosophy and various policies.

As we prepare for the next Medium-Term Business Plan, set to commence in FY2024, we are currently reviewing the Group's materiality.

Process of Identifying Materiality

When pinpointing key issues, we considered a range of sustainability challenges, integrating diverse perspectives from both within and outside the Company. Discussions and deliberations took place at the management level. Within the context of the Medium-Term Business Plan (2021–2023), we have established focused initiatives linked to the identified materialities and have been advancing our sustainability initiatives. The progress of KPIs associated with each materiality is monitored and discussed by the Sustainability Committee, enhancing the effectiveness of initiatives.

Step 1

Extracting Sustainability Issues

Key sustainability issues are identified from the SDGs, GRI, United Nations Global Compact, ISO 26000, SASB, ESG external evaluation criteria, and the Group's medium- to long-term management strategies.

Step 2

Conducting Internal and External Interviews

Based on feedback from internal and external interviews, the Corporate Planning Office and the Sustainability Division collaboratively draft a plan.

Step 3

Internal Discussion

Using the draft as a foundation, alongside formulating a medium- to long-term management strategy and a Medium-Term Business Plan, deliberations are held at the Management Committee and the CSR Committee (now known as the Sustainability Committee). Decisions are then finalized by the Board.

Step 4

Rolling Out Internally

Within the Medium-Term Business Plan, priority measures associated with materiality are established, and KPIs and action plans are designed.

The Sustainability Management Promotion Division periodically summarizes the progress of the KPIs and presents their findings to the Sustainability Committee. Continuous improvement is pursued through the rotation of the PDCA cycle.

Materiality and Direction of Initiatives

Materiality		Direction of Initiatives
E	① Realization of a sustainable and environmentally friendly society	Understanding fully the environmental implications of our business activities, as well as the influence the environment has on them, we aim to achieve the three visions outlined in the TAISEI Green Target 2050: the “Decarbonized Society,” the “Recycling-Oriented Society,” and the “Nature Co-Existing Society.” Furthermore, we are committed to addressing two specific issues: “Forest Resources/Forest Environment” and “Water Resources/Water Environment.”
	② Ensuring quality and improving technology	We advance research and development of cutting-edge technologies that anticipate societal needs. Through enhancing our quality management systems, we are dedicated to consistently and efficiently delivering high-quality construction products and associated services to both our clients and society at large.
	③ Technical development for realizing a sustainable society	We consistently develop technologies that address societal challenges from a sustainability standpoint, generate new businesses and markets through innovation, and bolster quality, productivity, and safety. Through these efforts, we contribute to the realization of a sustainable society.
	④ Promotion of supply chain management	Viewing all our business partners as crucial, we promote efforts throughout the supply chain to tackle environmental and societal issues. By doing so, we aspire to foster mutual growth with our business partners, contribute positively to society, and establish our reputation as a trustworthy corporate group.
S	⑤ Thorough management of occupational health and safety	Guided by a “Safety First” principle, we leverage the managerial expertise and safety-focused enthusiasm nurtured within the Group and among our business partners. Our goal is to enhance and maintain a safe working environment, striving to be a corporate group that earns societal trust and empathy.
	⑥ Cultivation of technical staff and securing human resources	We view human resources as our paramount management asset. Our goal is to harness the potential and foster the growth of professionals across various fields by recruiting a diverse workforce and nurturing and positioning them strategically. Additionally, by enhancing the working conditions and benefits for our business partners, and amplifying our support, we aim to cultivate and retain skilled construction workers vital for the future of the construction industry.
	⑦ Realization of an attractive working environment that is good to work in	In our pursuit of diversity management, we are committed to fostering a work environment where diverse talents can fully unleash their potential. By respecting various work styles and enhancing productivity, we strive to realize true work-life harmony.
G	⑧ Thorough compliance and restructuring of the Group governance system	We uphold our social responsibilities by adhering to laws and regulations and conducting ourselves with social integrity. In our pursuit of realizing the TAISEI VISION 2030, we are establishing a unified group approach, aiming to maximize synergies, elevate the corporate value of the entire Group, and achieve sustainable growth.

Materiality and Medium-Term Business Plan Initiatives

Risks and opportunities related to each materiality are described separately in the Sustainability Section | Materiality (P.65-81). We will prevent and reduce risks and create business opportunities through the following key measures in our Medium-Term Business Plan.

Materiality (Related ISO 26000)	Key measures under the Medium-Term Business Plan	Relationship with SDGs, etc.
E 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) Environment To enhance the performance of our Zero Energy Buildings (ZEBs), and expand green procurement (Scope 3) Environment To establish a system to manage the Group's environmental targets Environment To conduct environmental patrols and education to eliminate environmental accidents Safety 	 Energy  Climate change
② Ensuring quality and improving technology (Consumer issues)	<ul style="list-style-type: none"> Technical development where the Company has a competitive edge Technical Development To establish Digital Twin based on coordination with the BIM/CIM design and construction cloud DX To establish the production process in a visualized and efficient way through state-of-the-art digital technology DX 	 Infrastructure
③ Technical development for realizing a sustainable society (Environment / Consumer issues / Community)	<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 Technical development contributing to industrial sectors expected to grow, through a virtuous cycle for the economy and environment Technical Development To establish a business in the operations and maintenance (O&M) area DX To shift to a style of data-based sales by making proposals at the optimal timing DX 	 Sustainable city
S ④ Promotion of supply chain management (Fair operating practices / Human rights)	<ul style="list-style-type: none"> To promote supply chain management aimed at solving environmental and social issues, etc. Safety <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 DX 	 Employment
⑤ Thorough management of occupational health and safety (Labor practices)	<ul style="list-style-type: none"> To enhance patrols by the Company and officers of the Safety, Health, and Environment Cooperation Association, etc., ensuring thorough education in order to prevent designated disasters, etc. Safety To promote the health and safety and environmental management through the utilization of digital technologies, etc. Safety 	Compliance with the Revised Labor Standards Act (FY2024)
⑥ Cultivation of technical staff and securing human resources (Human rights / Labor practices / Consumer issues)	<ul style="list-style-type: none"> To promote roadmap to FY2024 for "addressing long working hours" Work Style Reform To enhance the support for all member companies of 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) Safety 	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)
⑦ Realization of an attractive working environment that is good to work in (Human rights / Labor practices)	<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 Work Style Reform <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 DX 	
G ⑧ Thorough compliance and restructuring of the Group governance system (Organization governance / Fair operating practices)	<ul style="list-style-type: none"> To clarify the functions of the Group Head Office Governance To establish effective systems to manage Group companies, etc. Governance To build an integrated platform DX 	

* For Soyukai and the Safety, Health, and Environment Cooperation Association, see the glossary on page 118.

I Materiality and KPIs

For KPIs, the Board regularly monitors the progress and achievement of KPIs, following prior deliberations by the Sustainability Committee, and takes measures as necessary. The progress and achievements of KPIs are also used in dialogue with shareholders and investors.

Materiality	KPI				Page	
	Indicators	FY2022		FY2023		
		Target	Results	Target		
E	Scope 1+2	Reduction rate of CO ₂ emissions per sales* ¹	—	-13.8%	-15%	P.65
		Reduction rate of total CO ₂ emissions* ¹	—	-20.9%	-6%	
	① At construction stage:	Reduction rate of CO ₂ emissions per sales* ^{2,3}	-38%	-47.5%	-41%	
		Reduction rate of total CO ₂ emissions* ^{2,3}	-51%	-60.5%	-46%	
	At building operation stage:	Reduction rate of design-build estimated CO ₂ emissions* ^{2,3}	-42%	-49.8%	-43%	
S	②	Customer satisfaction (Civil Engineering)* ³	100%	95.8%	100%	P.75
		Customer satisfaction (Building Construction)* ³	100%	85.9%	100%	
		Productivity (Net sales/number of employees)	¥77 million	¥67 million	¥83 million	
	③	Number of patent applications filed* ³	280 cases	283 cases	280 cases	P.77
		Number of orders received for net Zero Energy Buildings (ZEBs)* ³	5 projects/year	10 projects/yea	8 projects/year	
	④	Supplier's conformity rates with the Taisei Group Sustainable Procurement Standards	100%	91.3%	100%	P.78
	⑤	Number of fatal accidents	0 cases	0 cases	0 cases	P.79
	⑥	Worksite registration rate of Construction Career Up System (CCUS)* ³	100%	100%	100%	P.80
		Health management overtime hours* ³	720 hours/year (No exceedance)	720 hours/year (18.2% employees exceed)	720 hours/year (No exceedance)	
		Worksite implementation rate of a five-day work week (closed eight days in four weeks) (Civil Engineering)* ³	100%	52.2%	100%	
		Worksite implementation rate of a five-day work week (closed eight days in four weeks) (Building Construction)* ³	100%	27.8%	100%	
	⑦	Number of female managers* ³	310 persons	314 persons	330 persons	P.51-54, P.81
		Rate of taking childcare leave by males* ³	100%	100%	100%	
G	⑧	Number of major information security accidents	0 cases	0 cases	0 cases	P.81, P.93-98
		Attendance rate at compliance training including anti-corruption* ³	100%	100%	100%	

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

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

*3 Non-consolidated



Group Domestic Building Construction Business

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

Mayuki YAMAURA

Major Group Companies in Charge:

TAISEI U-LEC Co., LTD.

TAISEI SETSUBI CO., LTD.

TAISEI HOUSING CORPORATION

Decarbonization Provides Significant Business Opportunities

The increasing demand for Zero Energy Buildings (ZEBs) in line with society's trend towards decarbonization provides excellent opportunities for our Group's building construction business to grow further. Especially, we foresee a significant market in retrofitting existing buildings into ZEBs in the coming years. In addition, there is a growing demand for real estate development projects and for the construction of buildings like data centers and semiconductor-related facilities, which are pivotal in the digitization of society. We perceive these trends as significant business opportunities.

On the other side, we acknowledge the severe shortage of skilled construction workers as a considerable risk, due to the declining birthrate and aging society, and the subsequent reduction in the working-age population as a considerable risk. Furthermore, as the legal ceiling on overtime hours will be enforced in the construction industry starting in 2024, it is crucial to improve productivity and decrease the workload at worksites. This can be achieved through the introduction and use of mechanized construction technologies such as welding robots, precast concrete methods, and digital solutions and technologies. It is imperative to systematically achieve and maintain optimum productivity for both our employees and on-site workers.

To Enhance Our Competitive Advantage by Technological and Comprehensive Capabilities

One of the featuring competitiveness in the Company's building construction business is our state-of-the-art ZEB related technologies. In addition to introducing ZEB technologies onto new buildings, as we renovated three existing buildings owned by the Group and converted them into ZEBs last year, we have established a system to provide the additional value through converting existing buildings into ZEBs, while offering our clients an opportunity to observe the actual ZEBs. We will pursue our competitive advantage in the urban redevelopment projects and large-scale logistics facilities with our comprehensive capabilities, where we offer business proposals based on our in-house expertise and know-how in collaboration with various internal specialized sections that exceed the clients' expectations and imaginations.

To Ensure Clients' Trust through Utilizing Human Capital

First and foremost, we must make our best effort to restore the clients' trust that has once been lost due to the recent incidents of the failure to satisfy steel erection accuracy requirements and the delay in our construction project. Without the trust of our clients, the Group's businesses would not last. The most essential management resource for restoring clients' trust is our "human capital". It is our employees in charge of the construction works at site, who conduct the careful work, provide value that exceeds the clients' expectations, and eventually gain the clients' trust. We will proceed for restructuring our production system trustworthy for our clients, by maintaining a working environment in which our employees can best perform with no constraint, including appropriate personnel allocation in consideration of work load and strengthening systematic functions to ensure implementation of our quality control process.

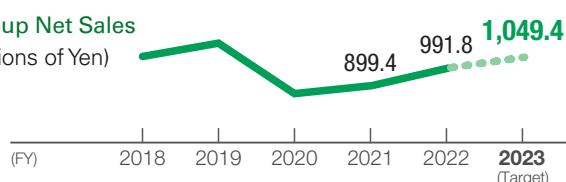
It is also an urgent issue to secure proper profits. As a result of the prolonged COVID-19 pandemic and the increase in energy and construction material prices due to the emergence of geopolitical risks, which we could not foresee when the current Medium-Term Business Plan was formulated, we continue to face severe business circumstances where the clients' budget frequently fall short compared to our construction costs. As our key measures of "expansion of building renovation business through organizational restructuring" and "improvement of productivity through the use of digital technology and the consolidation of operations" have come near the accomplishment, we will further accelerate the implementation of the said measures and enhance the business foundation to secure appropriate profits.

Segment Overview

Net sales reached ¥991.8 billion, an increase of 10.3% from the previous period, due to the growth of both the Company and its consolidated subsidiaries.

Group Net Sales

(Billions of Yen)



Medium-Term Business Plan (2021–2023) Key Initiatives

- To establish a framework to enhance the competitiveness of new construction orders.
- To expand the renewal sector through organizational restructuring.
- To boost productivity by leveraging digital technologies and consolidating operations.
- To broaden business domains by utilizing M&As.

TOPICS



Completed Construction of New Buildings and Other Facilities Related to the New Building Construction Work for Nishi-Shinjuku 5-Chome Kita Project

This redevelopment project began in 2006, with the establishment of the Nishi-Shinjuku 5-Chome Kita Area Town Development Study Group by the local volunteers. The old city blocks with high fire risk were redeveloped to be incombustible, and secured vacant land by building skyscrapers. We have created a water park that takes advantage of the scenery of the Kanda River, as well as a well-watered and green excursion space. The Company has demonstrated its comprehensive capabilities, such as with the ingenuity of our worksites, backup work of the building construction division, and support work of the civil engineering division in seawall construction. We have overcome the shortage of personnel, materials, and equipment, caused by the COVID-19 pandemic, and the long dream has come true for the local community.



Start of Construction of a Next-Generation Technical Laboratory towards the Realization of Zero-Carbon Buildings

The Company and Taisei Rotech Corporation have begun construction of the Group's Next-Generation Technology Laboratory in Satte City, Saitama Prefecture, for various technological developments and demonstration tests that will contribute to the realization of carbon neutrality. We will complete the construction of each facility by the end of October 2024, and start operating them one after another, with the aim of becoming the first zero-carbon building in Japan as a new research and management facility.



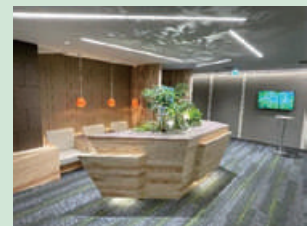
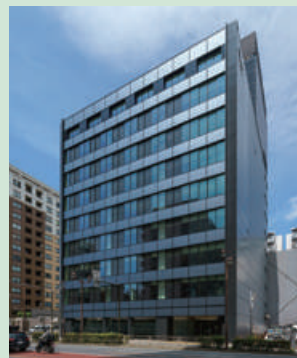
Reusable solar panel installed on roof surface of temporary office



Complete image provided by: The Ministry of Land, Infrastructure, Transport and Tourism Osaka Civil Aviation Bureau/Azusa Design Co., Ltd.

Start of Efforts to Achieve Net-Zero CO₂ Emissions in Construction of the New Fukuoka Airport Office Building and New Control Tower

Acquired "Nearly ZEB" certification for the temporary office. We also aim to realize a recycling-oriented society by utilizing reusable solar panels. We will use tracking non-fossil certificates derived from our own power plants to convert electricity into real renewable energy, and use credits including the Fukuoka City Forest Offset Credit for fuel to reduce CO₂ emissions from construction to virtually zero. We also use environmentally friendly concrete developed by our company for the foundation of the building to reduce CO₂ emissions at the material procurement stage.



Green Renewal[®] of the Group-Owned Facilities ZEB Construction Completed to Realize a Decarbonized Society

The green renewal[®] ZEB construction has been completed for the Company's Kansai Branch Building, Yokohama Branch Building (above), and TAISEI U-LEC Co., LTD. Kawagoe Plant.

Please refer to this section for details of the initiatives such as the Renewal ZEB.



P.69-70

Taisei Group's ZEB
Sustainability Section

Progress and Achievements for FY2022

- Strengthened the support systems of the Digital Product Center and Construction Sitework Promotion Center established at the Division, enhancing the division of labor and efficiency in worksite operations.
- Centralized the estimation tasks for renewal construction to the Building Renovation Dept. in branch offices. (consolidation rate increased from 36.7% at the start of FY2022 to 65.3% at the end of the fiscal year).
- Implemented operational improvements by fundamentally reviewing the workflow and content, including redesigning standard drawings and introducing a facial recognition system at worksite entrances.
- Advanced the development of the BIM standard model.
- Advanced the transformation into back-offices for the Mechanical & Electrical Division and branch Mechanical & Electrical Department.

Future Measures

- Enhance collaboration with the design department to better address customer demands and further enrich proposal contents.
- Added showroom function to the Kansai Branch, Yokohama Branch, and the Kawagoe Plant of TAISEI U-LEC Co., LTD., aiming for active utilization and increasing orders for Green Renewal[®] ZEB construction projects.
- In view of the upcoming 2024 overtime regulations, the Company seeks to balance workload and staffing while concurrently improving productivity.
- Initiated the pilot phase for the "DX Start Model," a BIM model that integrates "Design, Structure, and Equipment," aiming to augment front-loading*.

* Front-loading: The process that can be brought forward in the process is carried out at the initial stage.



Group Domestic Civil Engineering Business

Managing Executive Officer
Chief of Civil Engineering Division
Kenji SHIRAKAWA

Major Group Companies in Charge:

Taisei Rotech Corporation
SEIWA RENEWAL WORKS CO., LTD.
J-FAST Co., Ltd.

Growth Opportunities through Building National Resilience and Carbon Neutrality

It is an urgent issue in Japan to deal with severely escalating natural disasters due to climate change, large-scale earthquakes, and the aging infrastructure facilities. Building national resilience initiatives and the trend towards carbon neutrality are anticipated to expand demand for civil engineering projects including highway renovation projects and renewable energy-related facilities and to generate momentum for medium- to long-term business growth.

On the other hand, as for the labor shortage issue due to the declining birthrate and aging society, business environment including that of suppliers and subcontractors continues to worsen. As the legal ceiling on overtime hours will be enforced in the construction industry to adhere to overtime regulations starting in 2024, it is a crucial challenge for us to achieve both preventing excessive overtime hours and maintaining operational capacity simultaneously. Furthermore, it is imperative to proactively adapt to the enhanced environmental regulations for the purpose of the decarbonization in future.

To Utilize Our Technologies for Environmental Sustainability and Enhancing Resilience

Our strengths are rooted in our vast project accomplishments, brand reputation, technical innovation & development, and our capability to design and execute projects tailored to our clients' various needs. Particularly in the realm of technology, we distinguish ourselves from competitors by developing and adopting our state-of-the-art technologies onto respective construction methods. These include automated and mechanized construction for tunnels, optimized and automated shield tunneling technologies, and ICT-driven construction methods for bridge projects. Moreover, we are proactively introducing newly developed technologies for environmental sustainability and enhancing infrastructure resilience. These encompass T-eConcrete®, our solution to reduce a remarkable volume of CO₂ emissions; CCS, a technology to capture and store discharged CO₂; and Floor Slab Replacement Machines (Semi-sectional works) and Head-bar Joints to improve work efficiency of floor slab replacement works for expressways.

To Strengthen Our Systems to Receive Orders for the Future

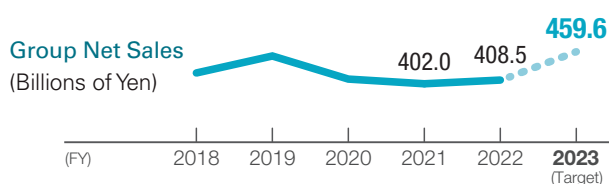
In our current Medium-Term Business Plan, we concentrate our resources on "developing the systems to enhance the Group's competitiveness in receiving orders," and thereby intend to identify more ECI projects (ECI: Early Contractor Involvement; A method where the contractor participates from the design stage), etc. where we can utilize our strengths as a Group, and in addition, develop the organization to win bids thereof increasing employees in respective sections. In the realm of wind power generation projects, we have proactively initiated research and development, particularly with the foresight of the potential expansion of floating offshore wind power generation facilities in future. As we move forward, it is imperative to further enhance our competitiveness in receiving orders, improve our productivity, and further develop an efficient organization for better work implementation.

To Thoroughly Maintain Top-Priority on Worksites as Principle and Aim for Sustainable Growth

In TAISEI VISION 2030, our domestic civil engineering business stands as a cornerstone functioning for generating profits and maintaining sustainable growth, and civil engineering worksites are the source for them. We consistently uphold the principle of maintaining top-priority on works at project sites, ensure quality and safety well controlled with our pride and responsibility, and maximize the profits by overcoming various constraints with our efforts to pursue operational efficiency and enhance productivity. As we build a robust business foundation, we will also actively engage ourselves in new business areas in order to achieve a sustainable and resilient society.

Segment Overview

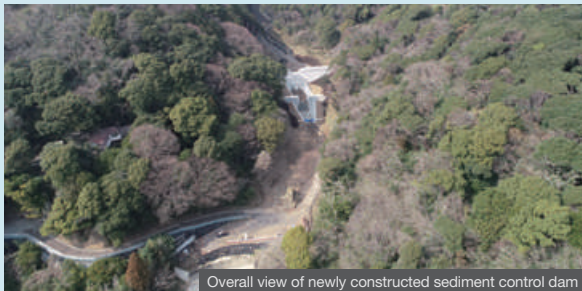
Net sales increased 1.6% year on year to ¥408.5 billion, despite the impact of rising raw material prices at Group company Taisei Rotech Corporation.



Medium-Term Business Plan (2021–2023) Key Initiatives

- To develop the systems to enhance the Group's competitiveness in receiving orders
 - Identify more ECI* projects, etc. where we can utilize our strengths as a group, and develop the organization to win bids thereof
 - 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.
 - Enhance the teams and personnel to win bids for the projects related to dams, wind power generation facilities, and expressway renewal
 - To expand our business areas through M&A
 - Strengthen expertise in core areas and address weaker sectors
 - Leverage the Group's capabilities in PPP projects

TOPICS

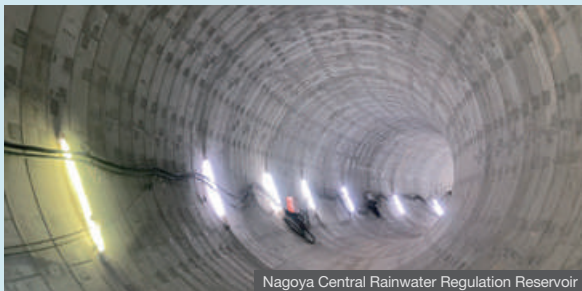


Overall view of newly constructed sediment control dam

Two Years Post the Atami Debris Flow—Completion of Emergency Measures for the Aizome River System

Following the heavy rainfall in July 2021, debris flows were triggered in the affected areas of Atami-shi, Shizuoka Prefecture. The emergency sediment control construction, aimed at preventing secondary disasters and enabling swift restoration, has now been successfully completed.

To forestall further disasters, facilitate search operations downstream, and ensure the safety of local inhabitants, we embraced the use of ICT and DX technologies, employed helicopters for sediment removal, integrated unmanned construction methods, and erected temporary dam barriers. Through proactive planning and expedited construction efforts targeting the rapid rehabilitation and rejuvenation of the afflicted areas, we managed to successfully finalize the new sediment control dam constructions.



Nagoya Central Rainwater Regulation Reservoir

Completion of the Nagoya Central Rainwater Regulation Reservoir: Aiding in Flood Prevention around Nagoya Station

Beneath the primary arterial road running north-south to the east of Nagoya Station, a rainwater retention pipe has been constructed. This pipe boasts an internal diameter of 5.75 meters, delves approximately 50 meters deep, and stretches around 5,000 meters in length. Given the past flood damages resulting from heavy rainfalls, Nagoya City has been proactive in implementing measures against rainwater. The aim is to substantially mitigate the effects of inundation when faced with rainfall intensities nearing 100 millimeters per hour. The Nagoya Central Rainwater Regulation Reservoir was built overcoming challenging conditions such as its significant depth, high water pressure, and extended length. Utilizing innovative technologies, the project was not only expedited but also completed without any accidents or incidents.



Taketoyo Thermal Power Station

Completion of the Taketoyo Thermal Power Station Upgrade: Contributing to a Stable and Efficient Electricity Supply in the Region

The Taketoyo Thermal Power Station, located in Chita County, Aichi Prefecture, has completed its upgrade to transform into an environmentally conscious coal-fired power station by co-firing with wood biomass.

In the wake of the increased electricity demand and surging electricity costs following the Great East Japan Earthquake, there was a pressing need for the station to promptly resume its operations to ensure a reliable and efficient power supply to the region. Through this project, by proactively adopting precast construction methods for both offshore and onshore components, we were able to achieve various benefits, including a notably shortened construction timeline.



Example of construction of pavements made from wood (lignin)

Initiatives of Taisei Rotech Corporation

Taisei Rotech Corporation is actively pursuing the creation of pavements made from wood as part of its efforts towards a decarbonized society. Lignin, which comprises 30% of wood's composition, has a significant history of being utilized as a fuel for biomass power generation. By incorporating it into pavement production, it is possible to decrease the consumption of petroleum-based asphalt. This results in a reduction of CO₂ emissions by 20% to 30% during the manufacture of the composite materials.

Progress and Achievements for FY2022

- Strengthened our order acquisition capabilities
 - Handled more projects due to an enhanced bidding organizational structure
 - Secured substantial orders for NEXCO's highway-related projects
- Improved production capabilities
 - Evolution and broader application of T-iDigital Field (a construction management support system utilizing digital data) enhanced productivity
 - Undertook trials and validation for unmanned and labor-saving technologies on-site
 - Continued efforts to consolidate and streamline worksite operations
- Expanded bid-related organizations in promising growth sectors
 - Increased staffing for teams focused on dams, wind energy projects, and related areas
 - Using the Group's distinct technologies, secured numerous orders for floor slab replacements and seismic reinforcement projects

Future Measures

- Expand the scope of Group company ventures
 - Continue collaborative technological development with Group entities to establish unique and differentiated technologies
 - Enhance the bid organization structure to target and secure more government contracts
- Promote initiatives in anticipated growth areas
 - Engage proactively with the government's new "Hybrid Dam (tentative name)" project, an initiative spurred by recent frequent and severe flood events
 - Accelerate efforts to secure fixed-bed wind power generation projects, and speed up technical development for floating offshore wind energy project design and construction
- Broaden business domains
 - Engage in PPP/PFI ventures and concessions, leveraging the Group's collective strengths
 - Expand orders in renewable energy to support infrastructure initiatives aimed at a decarbonized society. Also, fast-track ventures into the Carbon Capture and Storage (CCS) sector



Group Overseas Construction Business

Managing Executive Officer
Chief of International Operations Headquarters

Tatsuya SUGAWARA

To Seize Opportunities from Development and Infrastructure Needs in Emerging Countries While Mitigating Risks

For the Taisei Group, the economic upswing in emerging Asian countries represents significant opportunities for our business expansion, which is further propelled by increased demands for infrastructure. The increase in capital investments among the countries enjoying the growth of the middle-class income population or proactively seeking foreign direct investments is also contributing to our potential business growth.

However, it is crucial in the international market to generate profits while managing business risks. It is imperative to properly analyze, assess, and respond to a variety of risk elements and situations, including the financial catastrophe in Official Development Assistance (ODA) recipient countries with economic instability; the geopolitical risks as exemplified by the crisis situation in Ukraine; and the financial risks associated with abnormal volatility in currency exchange rates.

To Earn Recognition for Our Superiority in Technical Capabilities, Quality and Safety Control

In many cases, our competitors in the overseas markets are local contractors. Whereas we have traditionally faced fierce price competition in the international construction market, the importance of not only the price but also technical proposal is increasing especially in the countries and regions experiencing economic growth. We have well-recognized as our business competitiveness our strengths in advanced technological capability, quality control, process and safety management, all of which we acquired through both domestic and international projects, while we have accomplished various projects including airports and shield tunneling projects. We see challenges for our business in future so as to increase our construction capacity and to train our engineers and further improve their capabilities. In addition to assigning our employees from the head office abroad, it is essential to find and employ well talented personnel locally, and to increase their retention rate through training. We are committed to fostering a working environment where all employees can appreciate the value and attractiveness of being part of the Group, thereby nurturing a strong sense of belonging.

To Establish a System for Ensuring a Balanced Mix of Different Project Sizes by Promoting Localization and Operations at Overseas Offices

Previously, our international operations were influenced by the fluctuation of work volume in domestic construction market so that we continuously managed to run unstable operations. Therefore, under the current Medium-Term Business Plan, we are focusing on establishing stable business foundations, while promoting localization and operations at overseas offices and cooperation with alliance partners by utilizing their resources and supply chains.

While two years have passed since the Medium-Term Business Plan was initiated, we are not yet satisfied with our business outcome during those years because our business has been affected by the impact of the COVID-19 pandemic and the emergence of geopolitical risks in Myanmar and Ukraine. We will continue to improve our price competitiveness and construction capacity to secure orders, through the development of human capital and enhanced collaboration with our alliance partners.

To Share the Attractiveness and Joy of Achievement in Our Business, and Further Create Significant Value

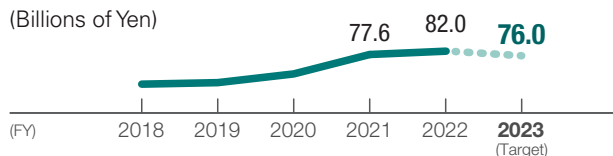
Although overseas construction business can be challenging, it is a compelling endeavor that contributes to national development by improving social and living infrastructures. Moreover, it holds the potential to become a core component of Taisei Group's future business, creating significant value. We aim to share our vision and values with younger employees as we strive for new heights in the next era.

Segment Overview

Net sales increased by 5.7% year on year to ¥82 billion, primarily due to the steady completion of ongoing construction projects.

Group Net Sales

(Billions of Yen)



Medium-Term Business Plan (2021–2023) Key Initiatives

Common

- 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 localization 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

TOPICS

Completion of the Qatar Hamad International Airport Expansion Project to Make a Bridge to the World as a Hub Airport in the Middle East

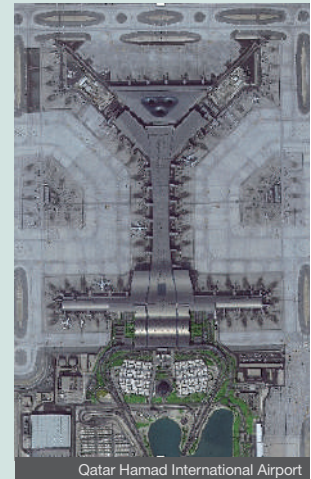


Construction Overview

Location	Qatar
Owner	Qatar Company for Airports Operation and Management (MATAR)
Constructor	Midmac, TAV, Taisei JV
Construction period	From November 2019 to December 2022
Construction overview	Extension of the central concourse: Total floor area 122,135 m ² Pavement of apron, renovation of existing concourse, utility equipment, etc.

Adjacent to the Hamad International Airport Passenger Terminal Building, which was completed in 2013, this construction will extend the central concourse to accommodate passengers increasing year by year. The offer for use began in October 2022 in conjunction with the FIFA World Cup Qatar held in the same year.

This facility has a huge greenhouse garden called Orchard, which is a lush green facility. Hamad International Airport, which officially opened in 2014, is expected to contribute significantly to Qatar's economic development by consolidating its position as a hub airport in the Middle East through the expansion of its central concourse to accommodate 58 million passengers per year, compared with existing 38 million passengers.



Singapore Subway Cross Island Line—Punggol Branch Line: Order Received for Construction Related to Riviera Station on Contract P103

In September last year, in collaboration with China State Construction Engineering Corporation Limited, we received an order for construction related to Riviera Station on Contract P103 Punggol Extension of the Cross Island MRT Line, a metropolitan railway (station building and tunnel construction, about 4.3 km long).

In the tunnel construction, a large-section earth pressure balanced (EPB) shield excavator with a diameter of about 12 m is used to construct a tunnel with a total length of 4.3 km, in which two tracks are laid.

Since the Riviera Station at which the construction will be carried out will be installed along Punggol East and Punggol Central districts, it is expected to improve traffic access for suburb residents. The Cross Island Line Punggol Extension is a 7.3 km section with four stations: Punggol, Riviera, Elias, and Pasir Ris. After its completion, the railway will be more convenient to use for more than 40,000 families living nearby.



CSR activities at IID (PT. INDOTAISEI INDAH DEVELOPMENT)



IID, an equity method affiliate in Indonesia, installed a water purification tank in the Kamojang district jointly with partner companies and tenant companies (August 2022).



In the Cianjur district, we collaborated with IID's tenant companies for support activities, including provision of school bags, stationery, drinking water, milk, and bedding mats to earthquake victims (December 2022).

Non-contracting

- To commit human capital towards the establishment of business models beyond traditional construction, drawing inspiration from the operational frameworks of global contractors in Europe and the United States.

Progress and Achievements for FY2022

- Secured construction contracts for the CONTRACT P103 DESIGN AND CONSTRUCTION OF RIVIERA INTERCHANGE STATION AND TUNNELS FOR CAR-PUNGGOL EXTENSION in Singapore, in collaboration with global partners.
- Deployed staff to pioneering companies within the non-contractual sector.

Future Measures

Beyond the primary strategies outlined in our Medium-Term Business Plan, we are prioritizing the following initiatives:

- Recruitment and training of talent to bolster construction capabilities.
- Strengthening partnerships to enhance both our construction capacity and price competitiveness.
- Seeking greater business opportunities by expanding into new sectors and targeting a broader clientele.



Group Real Estate Development Business

Executive Officer
Chief of Urban Development Division

Takashi YAMAZAKI

Major Group Companies in Charge:

Taisei-Yuraku Real Estate Co., Ltd.

To Catch up with the Rapidly Changing Market Environment

In recent years, we have seen a surge in large-scale real estate investment opportunities in the Tokyo metropolitan area, driven by growing demands for urban redevelopment and new development projects. This is a response to aging facilities and buildings, as well as functional mismatches resulting from a change in environments surrounding urban areas. Meanwhile, our business environment is becoming increasingly challenging in terms of profitability because fierce competition for rare and valuable projects is intensifying, particularly in the core regions of the Tokyo metropolitan area where there is strong demand from foreign investors, while the level of market rent for residences and offices has not risen as much as that of project costs such as construction costs.

To Demonstrate Our Strengths by Utilizing the Business Platform as the General Contractor for Real Estate Development

Our business as the real estate developer can enjoy an advantage of utilizing our business platform as a general contractor including a multitude of advanced technologies possessed by Taisei Group in areas such as design, building, engineering, and decarbonization. Our business advantage can be further enhanced because Taisei Group can provide a total coordination throughout the life cycle of the project from design and building services to maintenance and operation services after delivery of the building. Furthermore, by participating in real estate development projects as a joint developer, we are acquiring a series of premium development projects with our advantageous capability to push forward the projects while being involved throughout the project cycle from the proposal to the implementation in addition to an involvement with our business platform of the general contractor in initial stages. In domestic and international investments and development projects, we offer a range of services from technical assistance to design and building services thereby making optimal use of our business platform in order to meet our business partners' expectations.

To Optimize Our Real Estate Portfolio by Increasing Investment Balance

Based on the key measures of our Medium-Term Business Plan, we aim to optimize our real estate portfolio and secure stable development profits while acquiring premium real estate and increasing our investment balance through earlier-stage business involvement in urban redevelopment and major development projects. We plan to optimize our portfolio as swiftly as possible by balancing our flow business, which involves the sale of properties, with our stock business that generates ongoing revenue, such as rental offices and logistics facilities, and by considering the area, usage, and business structure.

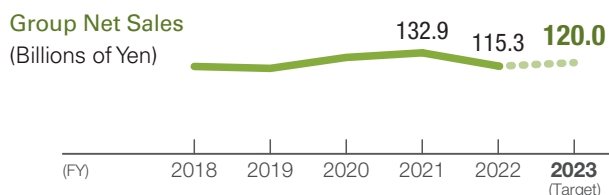
In addition, in order to diversify our sources of revenue, we plan to intensify our efforts in areas like PPP projects and operation-oriented businesses, which we expect to expand in the future as new business fields. By establishing such expertise promptly, we aim to offer more differentiated asset utilization proposals to our clients in the building construction and the civil engineering businesses. We will also strengthen cooperation among our Group companies and share project information to expand investment opportunities.

To Become a Group in Charge of "D" in CDE³ (Cubed) for Realizing Our Dreams

We are the division in charge of "D = Development" in "The Ever-Evolving CDE³ (Cubed) Company" as stated in "TAISEI VISION 2030." We will take the lead in realizing a mechanism to develop urban infrastructure, facilities and buildings that support a prosperous future through our civil engineering and building construction businesses, and continue to create value that leads to sustainable growth of society.

Segment Overview

Net sales decreased 13.2% year on year to ¥115.3 billion as a reaction to the sale of large properties in the Company in the previous fiscal year.



Medium-Term Business Plan (2021–2023) Key Initiatives

- Real estate: To build the optimal portfolio based on real estate market conditions, and develop the systems to ensure stable profits from development
 - Acquire premium real estate through project control from the upstream stages of urban redevelopment projects and major development projects
 - Optimize our real estate portfolio based on a balance of area, application, asset efficiency, and stable revenues
 - 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
 - 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
 - Establish the operational systems for airport concession projects, and tackle new infrastructure operation business

TOPICS



Grand Opening of CENTARA GRAND HOTEL OSAKA and HOTEL KEIHAN NAMBA GRANDE in Conjunction with the Development of Namba Parks South

In the Osaka Namba area, the Company promoted the development of new city block Namba Parks South, which partially opened in March 2023 and had its grand opening in July. The Company also invested in the development of the following two properties.

●CENTARA GRAND HOTEL OSAKA

Main use: Hotel Location: Osaka City, Osaka

This property is a hotel operated by Centara Hotels & Resorts based in Bangkok, Thailand, which is making its debut in Japan. Based on the concept "the fusion of Thai and Japanese beauty and culture," the hotel offers 515 guest rooms, an authentic Thai spa, and a rooftop restaurant on the top floor with a spectacular view of Osaka. The Company invested in the development of this property through investment in a special-purpose company established jointly with other companies.

●HOTEL KEIHAN NAMBA GRANDE

Main use: Hotel Location: Osaka City, Osaka

This property is a hotel operated by Hotel Keihan Co., Ltd. Based on the design concept "a garden standing on a green hill," it has 227 guest rooms as well as restaurants. The Company invested in the development of this property jointly with other companies.



Initiatives of Taisei-Yuraku Real Estate Co., Ltd.

●Terrace Kamishakujii West

Main use: Apartment house Location: Nerima-ku, Tokyo

This property is a new rental condominium development project for which Taisei-Yuraku Real Estate Co., Ltd. acquired ZEH-M Oriented for the first time, and is a group collaboration project with TAISEI U-LEC Co., LTD. (design and construction). It is located nine minutes on foot from Kamishakujii Station on the Seibu Shinjuku Line, which has good access to central Tokyo. The area is convenient for living with supermarkets and restaurants around the station. Although it is located within the 23 wards of Tokyo, it has a quiet living environment rich in nature. All 49 rooms are occupied, as their spacious floor plan and energy-saving performance have been recognized. (As of April 2023)



Hakata East Terrace



(Tentative Name) Mita Building

Completion of Hakata East Terrace

Main use: Office Location: Fukuoka City, Fukuoka Prefecture

This property is located in the Hakata Station Chikushi-guchi area, which is close to Hakata Station, the gateway for ground transportation to Kyushu, and highly convenient for transportation. This has been a new base for business and crowds with a plaza space abundant with nature that serves as a place for crowds and daily relaxation, as well as one of the largest office floors in the Hakata area and work spaces equipped with support functions for diversified workstyles. The Company promoted and invested in the development of this property jointly with other companies.

Acquisition of Office Building, (Tentative Name) Mita Building

Main use: Office Location: Minato-ku, Tokyo

This property is located a three-minute walk from Sengakujii Station on the Toei Asakusa Line, highly convenient for transportation, along Daiichi Keihin with excellent visibility. It has a large common-use space and a multi-story parking lot in the building, making it a highly competitive office building in the area. The Company invested in the development of this property through investment in a special-purpose company established jointly with other companies.

In the future, we will further improve the value of this property by renovating it to further enhance its leasing capacity.

Progress and Achievements for FY2022

- Target Investment of ¥59 billion in prime properties in good locations such as CENTARA GRAND HOTEL OSAKA, HOTEL KEIHAN NAMBA GRANDE, Hakata East Terrace and (tentative name) Mita Building to build a portfolio. At the same time, participate in new investment areas such as value-up investment and set up offices
- Participated in a rental housing development project to convert part of an existing office building into rental housing in Los Angeles, California, USA
- Established Taisei Real Estate Asset Management Co., Ltd., an asset management company, to prepare for the start of private REIT operations in FY2023
- Started participating in the development, operation, maintenance and management of public and private facilities in the Todoroki Green Space Redevelopment, Operation, Etc. Project

Future Measures

As in FY2022, we will continue to focus on the following measures in addition to the key measures in the Medium-Term Business Plan.

- Continue investments in line with the Medium-Term Business Plan to build a stable earnings base for the Group's development business (planned investment of ¥118 billion in FY2023)
- Overseas investments are made mainly in the United States, where the real estate market is highly stable, and Vietnam and Taiwan, where growth is high.
- FY2023 start of private REIT management (Initial asset size expected to be approximately ¥15 billion)
- In the PFI and PPP fields, we will promote the development and operation of facilities under the Todoroki Green Space Redevelopment, Operation, Etc. Project.
- In the facilities management business, in addition to involvement from the design stage, the Group maximizes its capabilities by adopting AI/IoT technologies and expanding its O&M business.



Group Engineering Business

Managing Executive Officer
Chief of Engineering Division

Shinichiro TAKAHAMA

Major Group Companies in Charge:

Network Alliance Corporation

As a Pioneering General Contractor in Engineering

We established the engineering division in 1968, ahead of other general contractors. Our core business model focuses on comprehending manufacturing processes and plant operations at manufacturing facilities, with the aim of optimizing entire facilities, beginning with the selection of production equipment.

For the manufacturing facilities we specialize in, our goal is to secure orders for the whole manufacturing facilities including buildings. This is achieved by merging our construction capabilities, with which we provide the manufacturing space and environment, and our technical expertise in production, logistics, and information technology.

Moving forward, we intend to adapt to the ever-changing market conditions. Leveraging our extensive technical knowledge and expertise, we will target a broad range of industries and sectors. We aim to continuously and stably meet the demand for capital investment, thereby realizing our business growth.

To Expand Orders Received by Catching Favorable Trends towards Our Business

In recent years, with rapid changes in the society and the market, accelerated by the COVID-19 pandemic and advancements in digitalization, we have seen favorable conditions for our engineering business. Investments have actually grown in several business fields: biopharmaceutical production facilities such as vaccine production lines in the pharmaceutical sector; manufacturing facilities for primary products of electronic devices related to semiconductor production; and labor-saving and automated facilities aimed at enhancing productivity in the food industry.

We strive to expand our business opportunities across various sectors by offering our unique technologies and problem-solution capabilities, which we have acquired through our extensive experience in designing and construction, as well as optimal solutions to the latent challenges and needs of our clients for manufacturing facilities.

To Achieve JPY 100 Billion in Received Orders and Net Sales

Looking beyond the current Medium-Term Business Plan, we aim for the numerical target that the amount of orders received and net sales should reach ¥100 billion by FY2030. This is double the orders received and quadruple the net sales compared to those of FY2021 results, aligning us with the business performance levels of our competitors specialized in the engineering field. One of our critical challenges is to establish the systems to achieve these increased orders and sales.

Firstly, in line with our employment plan aimed at the expansion of our business, we will enhance our team's strength by continuing to recruit new graduates as well as mid-career professionals and by strengthening our training methodologies.

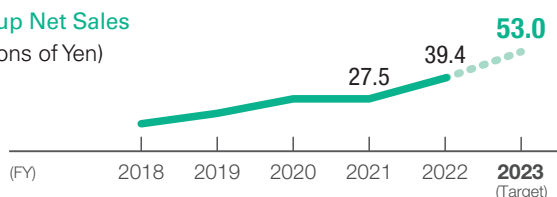
Particularly, we will concentrate on urgently training project leaders who possess in-depth understanding of our clients' manufacturing processes and specialized expertise in plant operations, and facilitating the transfer of this technical know-how to the next generation. Further, by enhancing alliances with external partners, we aim to develop collaborative systems and expand our capacity to manage increased business volume.

By creating and offering new value beyond the traditional confines of the construction industry, our Engineering Division aims to establish itself as a new pillar of Taisei Group, alongside the building construction business and the civil engineering business. This will enable us to produce unique significance not found in other general contractors in the market.

Segment Overview

Net sales increased 43.3% year on year to ¥39.4 billion, despite cancellations and postponements of planned projects due to the corona crisis.

Group Net Sales
(Billions of Yen)



Medium-Term Business Plan (2021–2023) Key Initiatives

- To strengthen the existing sectors
 - Pharmaceuticals sector: Utilize our strengths in terms of technology and expertise to enter the next-generation medical sector, including biopharmaceuticals and regenerative medicine
 - Food products sector: 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: Utilize the technology from the pharmaceuticals sector to enter markets in areas such as semiconductor and electronic device materials manufacturing facilities
 - Logistics sector: 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
 - Utilize external human capital to expand our production capabilities

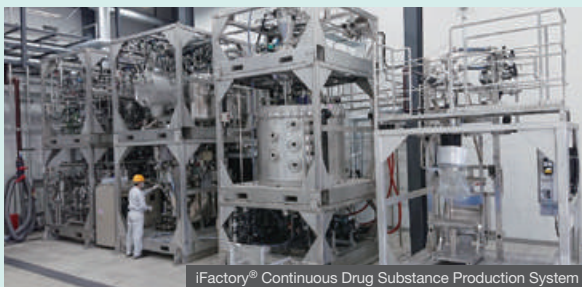
TOPICS



New Solid Dosage Form Facility at the 2nd Kyushu Factory, Sawai Pharmaceutical Co., Ltd.

Start of construction of a new solid dosage form facility at the 2nd Kyushu Factory, a large generic drug factory of Sawai Pharmaceutical Co., Ltd.

The construction of a new solid dosage form facility started on the premises of the 2nd Kyushu Factory of Sawai Pharmaceutical Co., Ltd. This facility will be very important for achieving stable supply of generic drugs by securing space for the production of up to three billion tablets in advance, initially launching the production of two billion tablets, and planning to proceed with implementation according to market conditions and in-house development. This facility is large in size including production equipment, and the construction period must be short. We are, therefore, working on it by joining forces.



iFactory® Continuous Drug Substance Production System

Completion of a demonstration plant for the iFactory® continuous drug substance production system. We participated in the development of iFactory®, a pharmaceutical manufacturing facility that adopts a continuous production system instead of the current batch system.

iFactory® enables continuous production of high-performance chemicals by modularizing unit operations. Depending on the item, it can change the type and arrangement of modules and produce the only necessary amount of product only when they are needed.

The past verification revealed that the developed system can significantly reduce energy and waste compared to the conventional system.

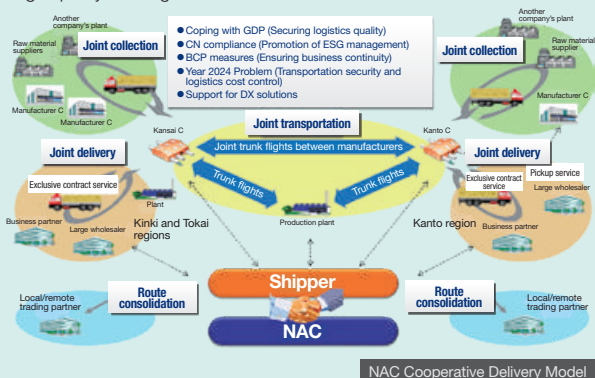
In the future, we aim to commercialize production facilities that contribute to energy conservation and the creation of a sustainable society in Japan.

*This project is subsidized by the New Energy and Industrial Technology Development Organization (NEDO).



Receipt of the order for the 3rd development building of Tokyo Electron Miyagi Ltd.

We received an order for a new development building at the head office plant of Tokyo Electron Miyagi Ltd. (Miyagi Prefecture), and started its construction. In the semiconductor market, which is expanding due to the digitalization of society, the semiconductor manufacturing equipment developed and manufactured by this company is expected to continue growing significantly in the future. This new building is attracting major expectations and attention, as it is constructed for the purpose of providing products equipped with features demanded by clients in a timely manner, with an eye to further reinforcement of technological development capabilities and expansion and diversification of technological needs. The Company will continue to make every effort to provide high-quality buildings that meet clients' needs.



Initiatives of Network Alliance Corporation (NAC)

Network Alliance Corporation (NAC) is a 3PL* business company established in 2003 to provide joint distribution services to pharmaceutical manufacturers.

Pharmaceutical distribution requires strict temperature control and other logistics quality in accordance with the Good Distribution Practice (GDP) Guideline (the Ministry of Health, Labour and Welfare), resulting in increased outsourcing from pharmaceutical manufacturers.

NAC is working to resolve a variety of issues through joint delivery.

*3PL (third-party logistics): A service in which a third party other than the shipper and transportation companies is comprehensively entrusted with the shipper's distribution operations, or companies that provide such a service.

Progress and Achievements for FY2022

- Deepening of Traditional Sectors:
 - Pharmaceuticals: Expanded orders leveraging our strong track record in biopharmaceutical manufacturing facilities, combined with differentiation strategies that include automation and labor-saving technologies.
 - Food Industry: Expanded order activity starting from the early phases, including feasibility study (FS*) operations.
 - Manufacturing Facilities: Consistent performance, especially in the electronic devices sector.
- Pursuits in Growth Sectors:
 - Fine Chemicals: Expansion in orders for manufacturing facilities focused on fine chemicals, including pharmaceutical active ingredients and electronic materials.
 - Logistics: Secured orders for logistics facilities linked with manufacturing plants.
- Structural Preparations for Business Expansion:
 - Broadened collaborative structures with external companies, inclusive of alliances.

* FS (Feasibility Study): Involves promoting consulting and evaluating the feasibility during the business planning phase.

Future Measures

Continuing from the core strategies of our Medium-Term Business Plan, we will emphasize the following:

- Broad application of our distinctive technologies and expertise.
- Intensified focus on feasibility studies and consulting services.
- Agile and timely proposals in line with shifts in societal contexts and market trends.
- Assurance of hiring and nurturing employees according to a future-oriented personnel strategy and cultivating project leaders swiftly to establish a foundational support for business expansion.

Technological Development

The Taisei Group has identified “Promoting the technical development to solve environmental and social issues through open innovation” as a key initiative in its Medium-Term Business Plan (2021–2023). As part of its strategic priorities, the Group is strategically allocating resources to “technological development that contributes to industries anticipated to grow from a harmonious balance between the economy and the environment” and “technological development that offers a competitive edge.”

Page P.49 Solving Sustainability Issues in Society
Taisei Group's Growth Strategy

Page P.77 Technical Development for Realizing a Sustainable Society
Sustainability Section

Web Q Securities report [Research and development]

DX

1. Vision (How We Want to Be in 2030):

By 2030, we aspire to realize high-quality and efficient construction by bolstering and broadening our internal and external ties. Furthermore, we aim to manifest new value that positively impacts society at large, such as managing smart city projects on both city and urban scales.

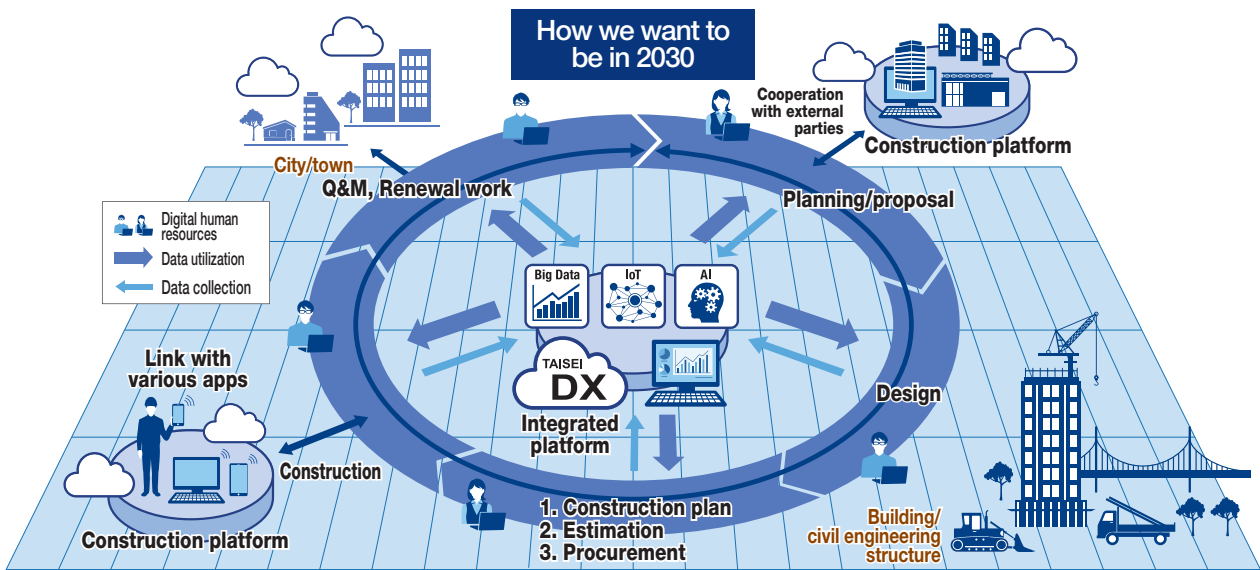


illustration by Hideki Tanaka

The Taisei Group's DX endeavors to enhance corporate value and make a societal contribution by addressing the challenges faced by society, clients, and employees.

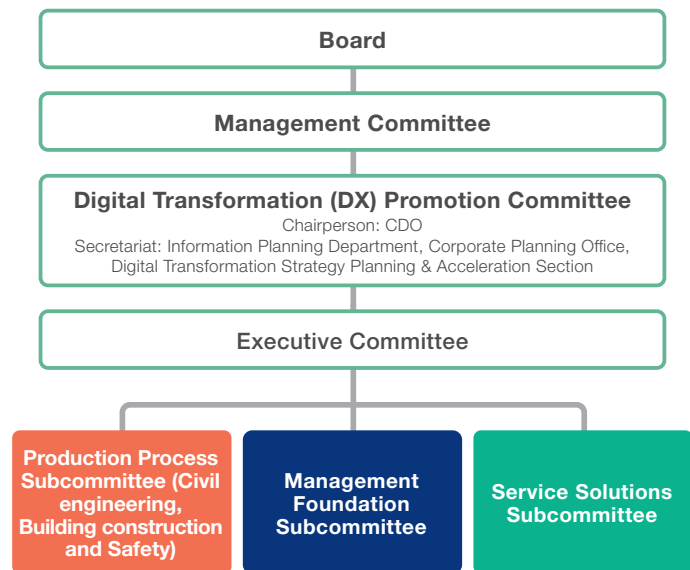
Social	Clients	Employees
<p>Achieving sustainable and optimal cities and buildings, considering various aspects such as the natural environment and lifestyles.</p> <ul style="list-style-type: none"> ✓ Implementation of environmentally friendly construction and operations management. ✓ Collaborating with local governments to address sustainability challenges and develop new projects. 	<p>Offering consistent support to ensure the safety and security of buildings and civil structures.</p> <ul style="list-style-type: none"> ✓ Delivering extensive value to building owners, tenants, and users even post-handover. ✓ Establishing a continuous sales and support framework that maintains a connection with clients. 	<p>Providing an attractive work environment where diverse talents can thrive in “manufacturing” roles.</p> <ul style="list-style-type: none"> ✓ Utilizing “remote inspections” to support on-site QCDSE (Quality, Cost, Delivery Time, Safety, and Environment). ✓ Enhancing management efficiency by centralizing information across the head offices, branches, and worksites through an integrated platform.

2. Promotion Structure

In 2020, the Taisei Group established its Digital Transformation (DX) Policy and DX Strategy in line with the Ministry of Economy, Trade and Industry's Digital Governance Code. It then set up the cross-functional "Digital Transformation (DX) Promotion Committee" and took a pioneering step in the construction industry by appointing a Chief Digital Officer (CDO).

The Digital Transformation (DX) Promotion Committee is responsible for developing and planning DX promotion measures and monitoring their execution. Subcommittees under the committee, composed of IT managers from various departments and external experts, work on addressing challenges.

From FY2022 onwards, the "Digital Transformation Strategy Planning & Acceleration Section" was inaugurated within the Corporate Planning Office to enhance the promotional framework. This step was aimed at bolstering the acceleration and monitoring of various DX initiatives, facilitating collaboration across departments, and amplifying support for the CDO.

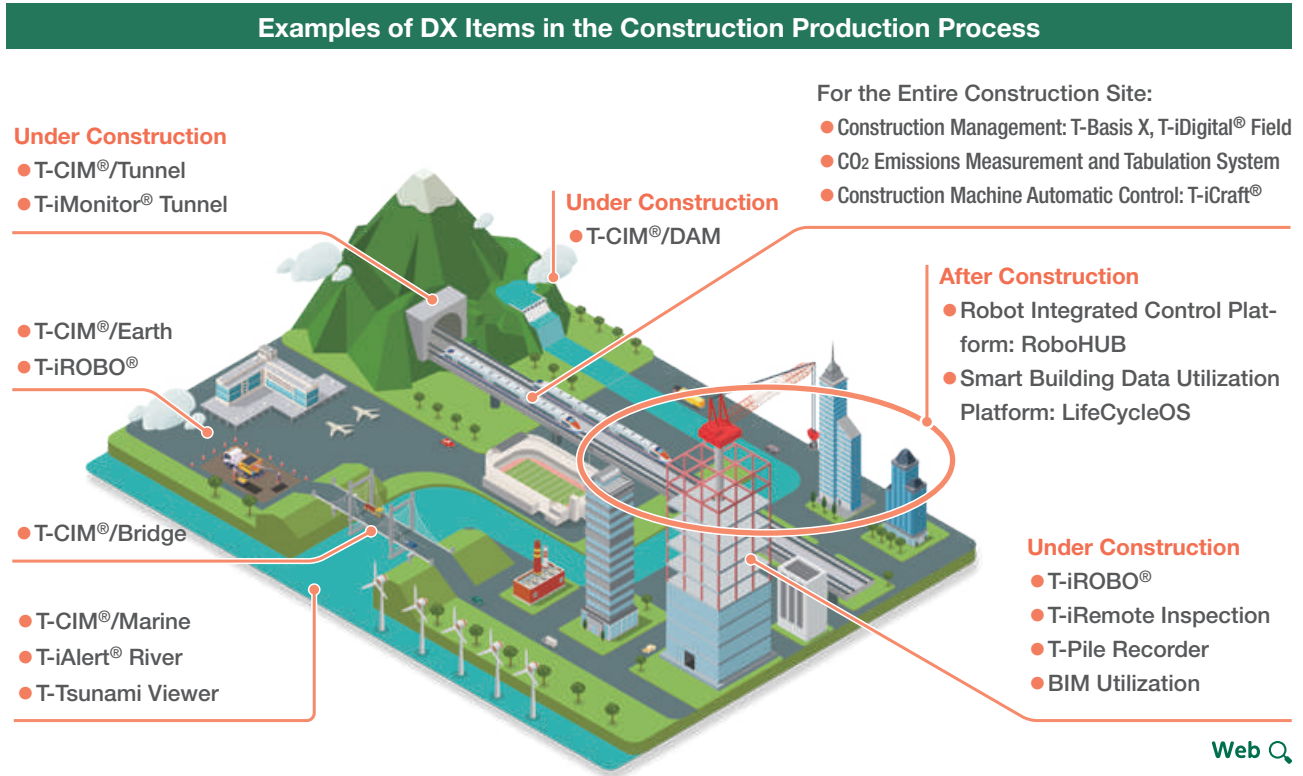


3. Initiatives and Progress

Key Initiative: Realize a transformation in the production system and work style through DX

	Core DX-Related Initiatives	Progress
DX in Production Process	<ol style="list-style-type: none"> Building digital twins via BIM/CIM design and construction cloud integration. Enhancement of the procurement-related information system. Streamlining and making the production processes transparent using advanced digital technologies. 	<p>Incremental roll-out of digital solutions to enhance productivity, safety (with methods for efficiency and manpower reduction), and quality.</p> <ul style="list-style-type: none"> Also pushing forward initiatives like monitoring CO₂ emissions.
DX in Management Foundation	<ol style="list-style-type: none"> Establishment of an integrated platform. Securing digital talents and introducing a rotation system. 	<p>Progression in sophisticated management and business operations using data, facilitated by an "integrated platform" system that allows various departments and worksites to extract and utilize data as required.</p> <ul style="list-style-type: none"> Launched the integrated platform, allowing effective use of data stored across different in-house systems. Accelerating data usage in managerial decision-making processes with the deployment of business intelligence tools tailored for managerial metrics overview. Full-scale roll-out of DX Academia: Initiated digital literacy training tailored for experts skilled in both digital realms and the DX operations of each division. Plans to introduce training for all employees are also in the pipeline. Proposals to introduce digital mechanisms that bolster autonomous learning are also on the table.
DX in Services & Solutions	<ol style="list-style-type: none"> Monetizing the O&M domain. Transitioning to a sales approach based on timely proposals, informed by data analytics. 	<p>Launching the digital facility management (DFM) initiative, embodying the concept of a "go-to doctor for buildings," offering continued support through the building's life cycle.</p> <ul style="list-style-type: none"> Developed "LifecycleOS," a platform optimized for data utilization in smart buildings. Continual development, execution, and maintenance of digital service solutions tailored to cater to the diverse needs of all stakeholders in the building domain.

4. Details of the Initiative



Building Construction

The T-BasisX is a DX standard platform integrating the Wi-Fi environment with AI & IoT. It seeks to transform production processes by enhancing collaborations with various DX systems.

Data collection and analysis from the commencement of construction to its completion within the site have been made easier, with the deployment of remote-controlled robots. Collaboration with systems like the T-iRemote Inspection is expected to further optimize construction progress and enhance management efficiency.

Value Proposition

- ✓ Effortless and comprehensive deployment of internet infrastructure, fundamental for digital technology applications in the field.
- ✓ Operational automation and labor saving on-site via real-time data collection sensor and robot deployment.

[Web Q](#)

Initiated the development of a CO₂ emission measurement and management service for construction sites, aiming for widespread adoption in the construction industry.

A dedicated CO₂ emission measurement and collection system has been developed for construction sites. Leveraging image recognition and other technologies, this system automates the tracking of CO₂ emissions. Moving forward, our objective is to minimize user inconvenience, ensuring the system is user-friendly and aiming for its widespread adoption within the construction industry.

Value Proposition

- ✓ Significantly reduces manual data entry by automating the capture of various metrics like construction machinery and vehicle numbers, fuel consumption, etc.

[Web Q](#)

Civil Engineering

Ensure quality and enhance productivity and safety with applications that feature the T-iDigital® Field, a worksite management system that utilizes data.

As a platform for civil engineering DX, it's deployed in approximately 30 different construction projects.



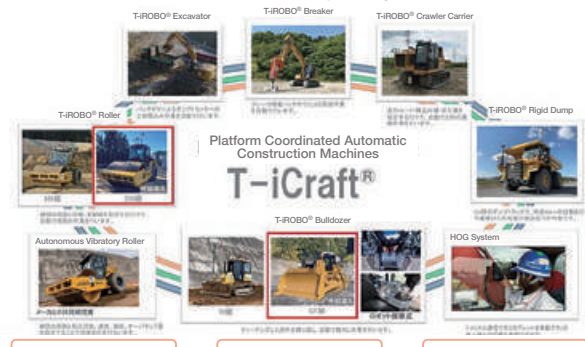
Value Proposition

- ✓ Assist in the quality, cost, delivery time, safety, and environment (QCDSE) management of construction, enhancing productivity and safety while contributing to CO2 reduction.
- ✓ By collecting and formalizing data from various types of construction, we aim to preserve technical expertise and further the automation of construction management and processes through AI.

[Web Q](#)

T-iCraft®: A Coordinated Control System for Construction Machinery. Introduced at dam construction sites, it emphasizes the expansion of unmanned and labor-saving operations.

The T-iCraft system controls the coordinated operation of various types and models of construction machinery, integrating different control systems and multiple units of autonomous construction equipment. By coordinating operations with the T-iROBO series of construction machinery, a notable enhancement in productivity has been achieved. In 2022, it was utilized during the construction of the Namma Dam's primary structure.



- Controls the coordinated operation of various types of automatic construction machines.
- Achieving PF with a high degree of freedom in applicable construction equipment.
- The HOG system can be used to coordinate with manned construction equipment.

Value Proposition

- ✓ Boosting productivity and quality via the collaborative efforts of humans, construction machinery, and robots.
- ✓ Amplifying on-site safety through unmanned construction methodologies

[Web Q](#)

DX in Production Process

DX in the Service Solution

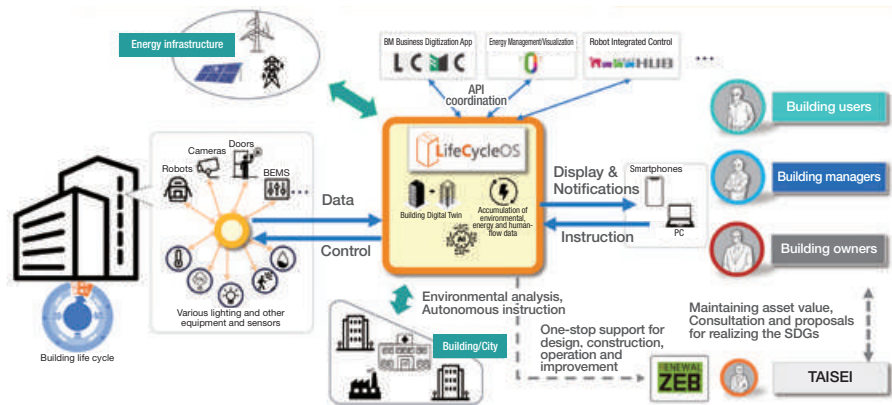
LifeCycleOS: A data utilization platform for smart buildings. Supporting the transition to advanced facility management grounded in data.

LifeCycleOS aggregates data from facilities, users, energy, and more, enabling data utilization and analysis. As of July 2023, the system is implemented at Taisei Advanced Center of Technology, Kansai Branch, Yokohama Branch, and Kawagoe Factory of Taisei U-LEC Co., Ltd. In conjunction with solution services tailored for each application, we aim to deliver digital facility management "DFM" that aspires to be an "ever-evolving smart building."

LifeCycleOS

Building data platform as a basis for building data

- ① **Flexibly and easily connectable**
- ② **Sustainably evolving**
- ③ **Human-centric and user-friendly**



Value Proposition

- ✓ Delivering diverse value to all stakeholders during the facility's operational phase:
 - For clients: Enhancing facility asset value
 - For managers: Cutting down on maintenance expenses and energy usage, aiding in the transition to carbon neutrality
 - For users: Ensuring safety and comfort, boosting convenience

[Web Q](#)

Taisei Group's Solution Technology

The Taisei Group has developed numerous solution technologies over the years that have contributed to addressing various societal challenges.

Decarbonized Society

ZEB and Supporting Technologies

- T-ZCB (Zero Carbon Building): Launching the construction of the next-generation technology research center aiming for the first zero carbon building in Japan.
- Green Renewal[®] ZEB transformation for three facilities owned by the Group.
- ZEF: Evaluate energy balance across the entire plant (excluding production facilities).
- Acquisition of ZEB Oriented Certification for large commercial establishments.
- Demonstration project for a Renewed ZEB model aimed at constructing a "Regional Circular and Ecological Sphere": Selected for the Ministry of Environment's "FY2022 Regional Co-creation and Sector-crossing Carbon Neutral Technology Development and Demonstration Project."
- T-Green[®] Multi Solar: Multi-functional solar power system integrated with glass railings for balconies.
- Efforts for a model project showcasing renewable energy visibility at Tokyo Metropolitan Government-owned facilities using T-Green[®] Multi Solar.

Promotion of Clean Energy

- Solar power plant: Began commercial operations in Watarai-cho, Mie.
- Biomass power plant exclusively using wood: Initiation of development in Ishikari, Hokkaido.
- Demonstration project initiated for building a hydrogen supply chain in Muroran, Hokkaido.
- Basic agreement concluded on decarbonizing construction material plants using P2G (Power-to-Gas) system in Yamanashi.
- Development and demonstration of a power supply system capable of storing and utilizing renewable energy.
- Achieved to create microalgae that produce "oil," a fuel substance, outside the cells, contributing to the broader adoption of algae-based biofuels.
- T-iPower Road: A wireless power transmission road that can be installed on highways.

CO₂ Reduction in Material and Construction Phases

- T-CARBON[®] Navios: CO₂ emission prediction system during material manufacturing and construction stages.
- Efforts towards Zero Carbon Construction, aiming for near-zero CO₂ emissions during construction.
- T-CARBON[®] E-Site: Real-time monitoring and recording of CO₂ emissions derived from electricity.
- T-CARBON[®] SoilReme: A method to compute and display CO₂ emissions based on soil purification techniques.
- T-Carbon[®] Mixing: Technique to spray and bind CO₂ during concrete mixing.
- Application of "T-eConcrete[®]/Carbon-Recycle" to client structures.
- Collaboration with ITOCHU Corporation and Mineral Carbonation International for the implementation of T-eConcrete[®].
- Technical certification secured for the "T-EAGLE[®] Piling Method" that utilizes T-eConcrete[®].
- Worksite demonstration of "Carbon-Recycled Concrete Reinforcement Blocks."
- Development of environmentally friendly concrete suitable for 3D printing in construction.
- Utilization of the Green Innovation Fund: Production of synthetic limestone for cement through carbonation techniques.



Recycling-Oriented Society

Promoting the Circular Economy

- Zero-Water Building: Technology demonstration in the Human and Space Lab (ZEB Demonstration Building).
- Construction byproduct patrol and collection system
- Zero Carbon Steel Initiative: Efforts towards decarbonizing steel and recycling resources.

Promoting Sustainable Timber Use

- Saitama Forest Creation Agreement: Afforestation in areas where timber for building is sourced.
- Semi-fire-resistant steel column members that are fire-resistant coated only with wood
- Wood-related technologies: T-WOOD[®] TAIKA, Flame-Resistant Wood Coating, T-WOOD[®] Silent Wall.

Environmental Regeneration Technology

- T-SoilReme HeatBio: Ground heating microbial purification technology.
- T-SoilReme-Biobarrier: Prevention of VOC-contaminated groundwater spread.
- T-Quick Dorai: Material that rapidly absorbs soil moisture.
- High activity photocatalyst: Rapid decomposition and removal of airborne chemicals.

This page provides an overview of some of these technologies. In the PDF version, each item links to a release on our company website for more details. (Japanese only)

Digitizing Facility Management

- LifeCycleOS: Integrated management of BIM and building operation data.
- LCMC: Building lifecycle management service via subscription.

Enhancing Production Efficiency

- RoboHUB: Integrated platform connecting robots to building facilities.
- T-GreenVegeunit: Radiant plant cultivation unit enhancing indoor plant quality and efficiency.
- SLAM autonomous driving for lunar conditions: Chosen for the "Unmanned Space Construction Innovative Technology Development Project" by the Ministry of Land, Infrastructure, Transport, and Tourism.

Pursuit of Comfort & Emotional Enrichment

- T-Optimus® Noise: AI-driven optimal noise reduction system for machinery.
- T-Optimus® TMD: AI-driven floor vibration-damping device design system.
- T-Optimus® Control System: Optimal HVAC control for clean rooms.
- T-Clean Skylight: Blue sky lighting solution for clean rooms.
- T-Silent® Wind Noise: Component to reduce wind-induced vibrations.
- T-Silent® CFRP Frame: Vibration-dampening and soundproofing structural frame.
- Indoor positioning system: Uses building's magnetic field distribution to enhance user convenience and safety.

Productivity & Comfort

Improving Construction Safety

- Remote Safety Management Application KIZUKIAI: Monitor, verify, and enhance safety at construction sites from distant locations.
- T-iSafety® Truck: An AI-driven system to prevent collisions between vehicles and workers.
- Tunnel face-related technology: T-KIRIHA VR, TN-Monitor®, T-Quick Shot, T-iROBO® Remote Shotcreting.
- T-iAlert® River: Enhancement of the flood warning system for river construction projects. Uses AI to predict river levels 24 hours in advance.

Improving Safety for Building Users

- TASS Rack®-Pallet: A simplified earthquake isolation system designed specifically for flat pallets.
- T-Flexible Cleanroom Membrane: Cleanroom system using fabric ducts.
- Hot exhaust gas diffusion prediction technology.

Safety and Disaster Prevention

Co-creation and Coexistence of Eco and Community

- Comprehensive collaboration for boosting tourism and strengthening disaster resilience (Unzen-shi, Nagasaki).
- Comprehensive partnership agreement to promote the creation of attractive communities (Okazaki-shi, Aichi).
- Vortex City: A town designed for innovative resource recycling (Kamakura-shi, Kanagawa).
- Comprehensive collaboration towards achieving carbon neutrality (Muroran-shi, Hokkaido).

Regional Cooperation

Enhancing Biodiversity

- T-GI Rain Garden: A technology that utilizes planting base materials that both absorb and retain rainwater, facilitating the landscaping creation.
- Monitoring the aquatic presence of rare amphibians using environmental DNA analysis technology.
- Development of a new conservation method for the rare Kinran orchid.
- Mizube Concierge: A conservation planning tool for rare flora and fauna.
- Ikimono Concierge: A simplified tool for assessing biodiversity.
- Mori Concierge: A planning tool for designing green spaces with consideration to local character.

Nature Co-Existing Society

X



Learn more about Green Renewal ZEB and ZEF initiatives here.

Web Q Technology & Solutions (Japanese only)

The solution technology of the Taisei Group is described in detail on the website "Technology & Solutions."

Web Q TAISEI Green Target (Japanese only)

We have created the TAISEI Green Target (FY2023 edition) environmental pamphlet, which summarizes our various initiatives aimed at solving our client's environmental problems.

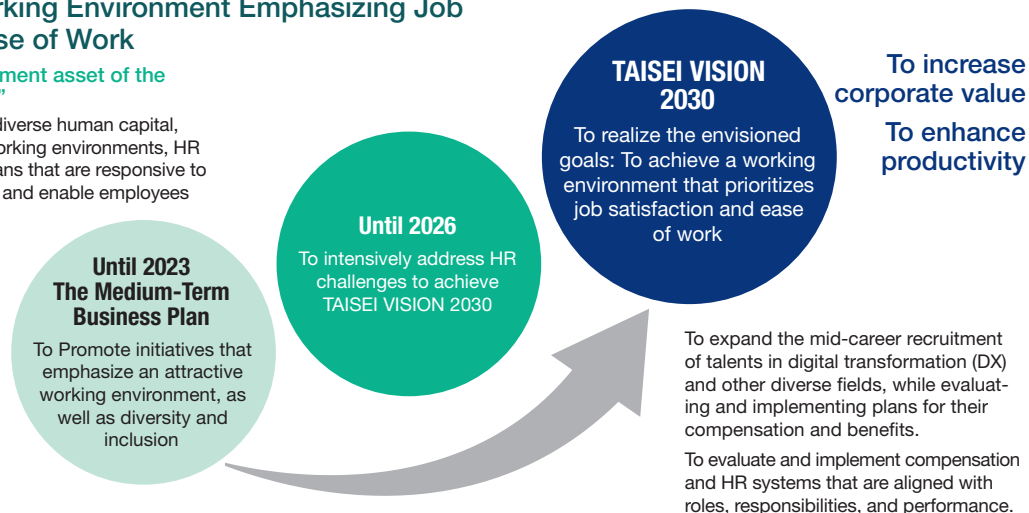
Approach to Human Resources and Human Capital

In line with the TAISEI VISION 2030, which represents the Taisei Group's medium- to long-term vision, one of our key priorities is to promote diversity and inclusion to create an attractive working environment. By fully leveraging the abilities of our diverse workforce and by establishing working styles and environments where every employee can excel while experiencing job satisfaction and ease of work, we aim to improve productivity and, thereby, enhance corporate value.

Realization of a Working Environment Emphasizing Job Satisfaction and Ease of Work

The most valuable management asset of the Taisei Group is its "people."

We aim to recruit and develop diverse human capital, and to establish comfortable working environments, HR systems, and compensation plans that are responsive to the evolving needs of the times and enable employees to fully utilize their abilities.



[Personnel policy]

Basic policy Personnel Policy that Contributes to the Creation of Corporate Value and Sustainable Growth

Concept of the organization to be aimed at

Organization with high engagement focusing on job satisfaction and ease of work

[Medium- to long-term external environment and structural changes]

- IX** Growing pressure for industry restructuring
- SX** Moving towards addressing environmental and social challenges through business
- DX** Entering an era where DX dictates competitiveness

[Medium- to long-term personnel issues]

- Recruitment and development of human capital**
 - To strengthen the recruitment of talent in civil engineering and building construction
 - To recruit human capital and build new HR systems to facilitate expansion into new business areas
 - To enhance development of human capital
- Diversity, equity, and inclusion**
 - To create an environment where talent with diverse perspectives can thrive
- Workstyle reform**
 - To promote flexible work arrangements tailored to the unique constraints on work location and hours in the construction industry

Job Satisfaction

- To Strengthen Recruitment of Diverse Human Capital**
 - To enhance the recruitment of professionals and talents in new domains, in addition to maintaining a stable workforce in existing areas (Year-round recruitment, promotion of reemployment for early retirees through "Job Return")
- Development and Strategic Placement of Talent**
 - To maximize abilities and growth through the establishment of comprehensive training programs and strategic placement
- To Enhance Personnel Assessments to Increase Motivation and Job Satisfaction**
 - To clarify individual employee goals based on the TAISEI VISION 2030, and strengthen reward mechanisms for high-performing employees
 - To award recognition to employees and business locations within the Taisei Group that have contributed to the realization of the TAISEI VISION 2030.



Ease of Work

- To Embed Diversity, Equity & Inclusion**
 - To develop flexible work environments that allow diverse human capital like female, elderly employees and non-Japanese employees to excel as they navigate through different life stages.
- Realization of Workstyle Reform**
 - To implement flexible workstyles tailored to the unique needs of the construction industry (staggered work hours, flextime for childcare, visibility of work hours through a monitoring system).
- Advancement of Health Management**
 - To continue to offer preventive measures and information to improve both mental and physical well-being. This includes the promotion of Femtech, subsidizing gynecological cancer screening costs, expanding infertility treatment support, pre-conception care, and mental health initiatives.
- Support for Life Planning**
 - To continue to offer seminars on asset building and planning for a second life phase.

Initiatives to Develop Human Capital

Enhancement of “Human Skills” and “Specialization”

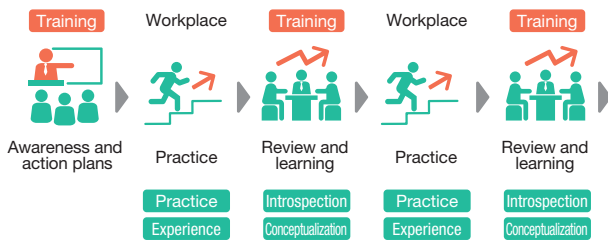
We are advancing training programs focused on “human skills” to help individuals develop a well-rounded set of capabilities—encompassing mind, skill, and body—in a balanced manner. Through these programs, we aim to instill a broad perspective and cultivate individuals who are not just technically proficient but also socially and culturally informed.

To Boost Productivity through Online and On-Demand Training

We have implemented online and on-demand training modules that can be accessed at the convenience of the employees.

Promotion of Action Learning

We are focused on translating classroom learning into actionable insights in the workplace. Through a cycle of experiential learning that includes experience, introspection, conceptualization, and application, we aim to convert acquired knowledge into meaningful behavioral changes.



Development of Digital Human Capital through DX Academia

DX Academia is a systematized form of digital education that aims to develop human capital who uses digital technologies and data to improve productivity and create new value. We will provide a comprehensive learning environment for purposes ranging from improving the literacy of all employees to developing human capital who promotes DX.

“Wellness-Oriented” Training Centers

We have integrated biophilic design elements into our training spaces to create an environment that not only lowers stress but also enhances focus and well-being through interaction with natural elements.



Classroom: “T-Light Blinds” for natural indoor lighting
Common conversation space: Designed with wood and plants

Support for Professional Certification

To cultivate employees with high levels of expertise, we support the acquisition of various professional certifications, such as First-Class Architect and First-Class Civil Engineering Construction Management Engineer. We provide financial assistance for the necessary costs of these certifications and offer additional incentives to encourage skill enhancement.

Executive-Employee Interviews

To ensure the well-being of employees stationed at remote worksites, promote interactions between employees and executives, and boost employee morale, our executives engage in one-on-one interviews with team members.

Meister System

Aimed at preserving and passing down technical know-how, we have instituted a “Meister System.” Under this system, individuals with robust experience and demonstrable technical aptitude are appointed as “Meisters,” who then provide hands-on coaching at worksites.

Column 1

Promotion of Understanding of SDGs

In June 2023, we held a workshop for employees of Taisei Corporation to experience “The Action!—SDGs Card Game”—developed by SOMPO JAPAN Insurance Inc. It is a game in which all participants are divided into teams to start, in a setting where they live in the same area, use cards (time, money, projects) they receive, and work together to achieve SDGs that the teams set.

They deepened their understanding of SDGs and learned that it was important for each individual to take action.



Column 2

Improvement of Sustainability Literacy

We published the TAISEI Sustainability Handbook in August 2022 to share the awareness of sustainability as a fundamental part of our corporate activities among all Group officers and employees and lead it to their own action. Based on that, executives from the Sustainability Division (Integrated) visited more than 30 divisions, branches, and group companies individually, and held the Sustainability Management Briefing twice.

The first briefing session (September and October 2022) focused on basic approaches to sustainability and social trends, and the second briefing session (February and March 2023) provided explanations and opinion exchanges focusing on specific initiatives implemented by executives and employees.

The TAISEI Sustainability Handbook will be revised accordingly and will continue to be used for induction training after this fiscal year.

Advancing Diversity, Equity, and Inclusion

To fulfill the Taisei Group Philosophy of “to create a vibrant environment for all members of society,” it is essential to first establish a work environment where every employee can flourish. In 2006, ahead of other companies, we initiated diversity promotion measures with an eye towards the challenges of a declining population and the need for new value creation. Through ongoing evaluation and adaptation of these initiatives, our focus on diversity has evolved into a broader commitment to diversity, equity, and inclusion, with an enhanced emphasis on “job satisfaction” and “ease of work.” Moreover, recognizing the male-dominated nature of the construction industry, we are placing special emphasis on strategies that actively “engage men” in these efforts.

“100% Male Childcare Leave Adoption” – A Continuous Effort since FY2017

To ensure that everyone feels secure in taking leave, we have made the days off paid, sent encouraging emails to target employees and their supervisors, and showcased examples of those who have taken leave. As of March 2023, more than 1,550 employees have benefited from this, translating to one in five male employees. We are committed to enhancing this environment further to allow leaves of over 14 days for all.

“Leadership Training for Male Managers” – Transitioning from D&I to DEIB

For everyone to fully utilize their unique attributes (D: Diversity) and thrive, it is essential to establish a psychologically safe workplace that embodies fairness (E: Equity), acceptance and respect (I: Inclusion), and a sense of belonging (B: Belonging). Primarily aimed at male managers, our training focuses on building awareness and introducing management practices that contribute to such an environment.

“Support for Balancing Childcare with Career” – Creating a Space for Couples to Strategically Plan Together

Mutual understanding and cooperation are essential for both partners to be able to raise children and have fulfilling careers. In order to achieve this, we conduct “Seminars Joined by Both Partners for Achieving Work and Life Balance” to support the creation of a support system that avoids losing opportunities for growth at work, such as reviewing the division of daily childcare and housework, and sharing a medium- to long-term career vision, including the meaning of work.

Medium- to Long-Term Goals

[Recruitment]

01 Percentage of female employees in the recruitment of new graduates: At least 25% by 2024 and at least 30% by 2030
22% in FY2023 (21% in FY2022).

[Women's participation and advancement in the workplace]

02 More than 10 times more female managers by FY2025 than the level in FY2015
The number increased eight times from 39 in FY2015 to 314 in FY2022. (The target for FY2023 is 330)

03 Percentage of female engineers: At least 15% by 2030
809 employees or 10.6% in FY2022 (767 or 10.2% in FY2021) Of these, the number of female employees working at our worksites increased from 110 in FY2015 to 170 in FY2022.

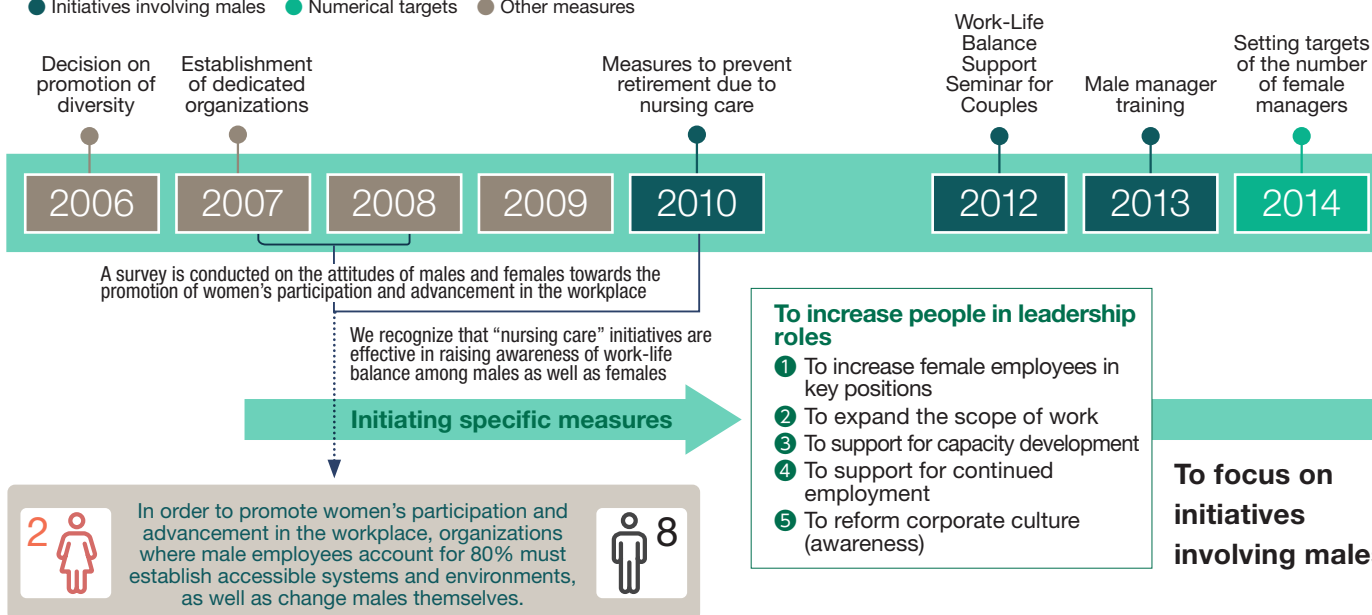
[Childcare support for males]

04 Rate of taking childcare leave by males: 100%
We have achieved 100% continuously since FY2017.

05 The average number of childcare leave days taken by males: At least 14 days
11.6 days in FY2022

Taisei Corporation's initiatives for DE&I

● Initiatives involving males ● Numerical targets ● Other measures



Promotion of Health and Productivity Management

Taisei Corporation acknowledges that the well-being of its employees is not only essential for cultivating a vibrant work environment but also for ensuring the happiness and welfare of both the employees and their families. With this understanding, we provide comprehensive support for the physical and mental health of our staff. Specifically, we emphasize post-health checkup interventions and personalized consultations based on the levels of physical and mental fatigue, with the aim of reducing health-related issues. Moreover, we have introduced an educational pension benefit system that provides educational support for families in the event that an employee becomes unable to work due to death, injury, or illness and has to retire.

For mental well-being, we have established an Employee Assistance Program (EAP) consultation room, where employees can easily seek advice. We offer consultation services, including face-to-face meetings with external counselors as well as phone and email consultations that are available to both employees and their families. Especially for our younger staff, we regularly administer health awareness surveys and encourage consultations with counselors if they are experiencing stress or anxiety. Moving forward, we will continue to advance our health management initiatives, focusing on engaging with younger employees, raising awareness of mental health, and providing support to balance medical treatments with work commitments.

Improvement of Employee Engagement

To achieve the goals of TAISEI VISION 2030, further enhancement in productivity is essential. We believe that it is crucial for each individual employee to maintain high levels of engagement, built upon a foundation of psychological safety in the workplace.

In FY2022, we conducted an engagement survey using Motivation Cloud, a service provided by Link and Motivation Inc., targeting employees of Taisei Corporation and its major Group companies. Based on the issues identified, we have been implementing incremental improvements. We have also established the TAISEI Next-Generation VISION Proposal Working Group to consider immediate challenges, their solutions, and strategic actions for the medium-to-long-term.

Starting from FY2023, we plan to increase the frequency of engagement surveys to twice a year. We will periodically monitor improvements and integrate the findings into various management initiatives, aiming for a continuous improvement in engagement scores.



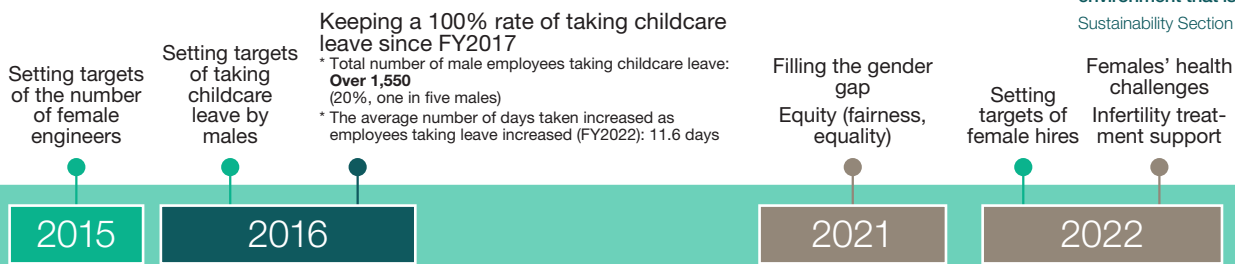
TAISEI Next-Generation VISION Proposal Working Group
A scene in a meeting



P.81

Materiality^⑦

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



① **Supervisor (male manager) training**

- To address unconscious bias
- To learn how to build an organization to ensure psychological safety

② **Outreach to families**

- To gain the understanding and cooperation of spouses for work-life balance
- To support the creation of a system for sharing roles within the household

③ **Childcare support for males**

- To gain the understanding and cooperation for employees balancing work with life
- To promote male employees' 100% rate of taking childcare leave

④ **Prevention of retirement due to nursing care**

- To gain the understanding and cooperation for employees balancing work with life
- To establish systems and environments where employees can use easily with a wide variety of options



Approach to Respecting Human Rights

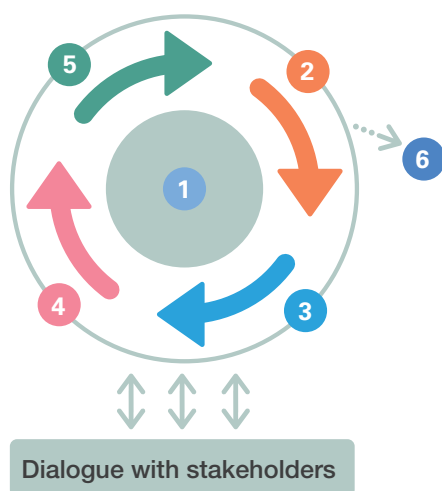
The Taisei Group's fundamental attitude towards respecting human rights is to contribute to the realization of an inclusive society by fulfilling our corporate responsibilities voluntarily, positively, and proactively so as not to cause adverse impacts on human rights in relation to our business activities.

Based on the recognition that respecting human rights is fundamental to sustainability management, which seeks to achieve both social and corporate sustainability, we will play our role as a good corporate citizen by promoting human rights due diligence initiatives and other measures to respect human rights.

Human Rights Due Diligence Initiatives

In order to prevent and mitigate the adverse impact of our business activities on human rights, we have established and continue to implement a human rights due diligence system based on the United Nations Guiding Principles on Business and Human Rights (the Guiding Principles) and other principles. When operating the system, we review and improve it as necessary to deepen our efforts to respect human rights.

Flow of Conducting Human Rights Due Diligence



- 1 Guiding Principle 16
Maintain a commitment to meet the responsibility to respect human rights

- 2 Guiding Principle 18
Identify and assess adverse impacts on human rights

- 3 Guiding Principle 19
Prevent and mitigate adverse impacts

- 4 Guiding Principle 20
Assess the effectiveness of activities

- 5 Guiding Principle 21
Provide explanations and disclose information

- 6 Guiding Principle 22
Remediation

1 Maintain a Commitment to Meet the Responsibility to Respect Human Rights

In April 2022, we revised our Human Rights Policy to internally and externally clarify the Group's commitment to fulfilling our responsibility to respect human rights, and launched human rights due diligence initiatives.

[Web Q](#)
Human Rights Policy

2 Identify and Assess Adverse Impacts on Human Rights

Under the guidance and advice of SOMPO Risk Management Inc., an external expert, we extracted human rights risks related to the Group's business based on international guidance on human rights (the Human Rights Guidance Tool of the United Nations Environment Programme Finance Initiative). The human rights risks identified were quantitatively analyzed and evaluated with respect to two aspects: "Impact on human rights (severity, number of people affected, possibility of remedy, and likelihood of occurrence)" and "connection with the Company." Based on them, we identified human rights issues to be addressed as priority after deliberation by the Sustainability Committee and the Board.

[Web Q](#)
Human Rights Risk Map

3 Prevent and Mitigate Adverse Impacts

With regard to the identified human rights issues to be addressed as priority, the Divisions in charge of each issue take the lead in implementing various measures to prevent and mitigate adverse impacts.

[Web Q](#)
Prevention and mitigation of adverse impacts

4 Assess the Effectiveness of Activities

We regularly assess the effectiveness of activities to prevent and mitigate adverse impacts and improve them as necessary. In particular, we are focusing on the following activities for respecting human rights in the supply chain.

Web Q
Management and Assessment of Supply Chain management Risks

Human rights issues to be addressed as priority and key responses (specialized contractors and suppliers)

	P Priority human rights issues →	D Major prevention and mitigation activities →	C Assessment of the effectiveness of major activities
Specialized contractor workers	Health and safety (occupational accidents)	<ul style="list-style-type: none"> ● Thorough safety management ● Order at the right price, right construction period, and right delivery time ● Embed the Taisei Group Sustainable Procurement Guidelines ● Provision of various education and training 	<ul style="list-style-type: none"> ● Statistical violation analysis ● Sustainable procurement questionnaire surveys and interviews ● Questionnaires of employers of foreign technical interns ● Interviews with foreign technical interns ● Visit surveys of overseas subcontractors and suppliers
	Working conditions (wages / long working hours)		
	Discrimination and harassment		
	Migrant labor (foreign workers)		
	Forced labor (overseas)		
	Child labor (overseas)		
Supplier workers	Working conditions (wages / long working hours)	<ul style="list-style-type: none"> ● Thorough safety management ● Order at the right price, right construction period, and right delivery time ● Embed the Taisei Group Sustainable Procurement Guidelines ● Provision of various education and training 	<ul style="list-style-type: none"> ● Statistical violation analysis ● Sustainable procurement questionnaire surveys and interviews ● Questionnaires of employers of foreign technical interns ● Interviews with foreign technical interns ● Visit surveys of overseas subcontractors and suppliers
	Migrant labor (foreign workers)		
	Forced labor (overseas)		
	Child labor (overseas)		

5 Provide Explanations and Disclose Information

The status of human rights due diligence is regularly reported to the Management Committee, the Sustainability Committee, and the Board, and disclosed in a timely and appropriate manner on the Company's website.

Web Q
Human rights due diligence

6 Remediation

We have established various consultation contacts regarding violation of human rights, and accept consultation from all internal and external stakeholders, including foreign workers. In the unlikely event that the Taisei Group is found to have caused or facilitated an adverse impact on human rights, we will promptly remedy and correct it by appropriate means in accordance with our Human Rights Policy.

Web Q
List of human rights due diligence remedy consultation contacts

Dialogue with Stakeholders

Based on the understanding that dialogue with stakeholders is crucial for advancing our efforts to respect human rights, we actively engage in dialogues and discussions with stakeholders as appropriate. In FY2022, we conducted dialogues with external experts and our Chief Sustainability Officer (CSO), as well as discussions with specialized contractors and suppliers both in Japan and overseas, and interviews with foreign technical interns, among other activities. We will utilize the insights gained from these dialogues and discussions in our future activities to respect human rights.



Discussion by CSO (left) and outside expert (lawyer OMURA) (right) regarding SDGs and human rights



Briefing for business partners on the Philippines North-South Commuter Railway Project



Interview with foreign technical interns

To Become a Leading Company of Choice for the Customers through the Implementation of Sustainability Management

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

Jiro TANIYAMA

Fellow (Sustainability),
Mitsubishi UFJ Research and
Consulting Co., Ltd.

Mari YOSHITAKA

CSO × Expert
SDGs
Dialogue



The Taisei Group has targeted the front-runner status in the environmental sector, accelerating its initiatives towards carbon neutrality, and aims at the enhancement of corporate value and sustainable development by solving environmental and social issues through its business.

This time, we invited Ms. Mari YOSHITAKA, an environmental financial consultant and a pioneer in environmental business, to have a dialogue with Mr. Jiro TANIYAMA, Chief of Sustainability Division (Integrated) and Chief Sustainability Officer (CSO). They discussed the prospect of roles the Taisei Group is currently expected to play in sustainability management, and future possibilities.

Global Trends in Decarbonization

YOSHITAKA: Since July 2022, the government has been hosting the meetings of the GX (Green Transformation) Implementation Council chaired by the Prime Minister. In February 2023, the Cabinet approved a Basic Policy aimed at implementing GX. The policy sets advancing decarbonization efforts and implementing “growth-oriented carbon pricing schemes” to realize the economic growth, while mitigating climate change and ensuring a stable energy supply. Efforts towards GX are accelerating, for

instance, the policy has been announced to realize GX investment of more than ¥150 trillion by the public and private sectors combined over the next decade.

Over 20 years ago, I studied environmental economics and business management, including emissions trading, in the United States. Although the significance of environmental management was not as widely recognized as it is today, the environment surrounding the green business has dramatically changed over the last two decades. For instance, companies are now required to include sustainability issues such as the measures to mitigate climate

change in their Annual Securities Reports, in accordance with TCFD recommendations. It goes without saying that companies shall take such measures to mitigate climate change and it is also required for the companies to undertake proactive efforts and disclose information, being connected to improve their corporate value beyond such initiatives.

Similarly, Mitsubishi UFJ Financial Group has established specialized departments focusing on sustainable business. We are assessing investment and loan recipients and expanding our business through ongoing engagement with companies. I have a keen interest in the sustainability initiatives and future prospects of the Taisei Group.

TANIYAMA: Concerning the national policy of GX investment of ¥150 trillion, we definitely want to leverage it to expand our business opportunities. I have heard that you attended the 27th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27) held in Egypt in November 2022. How was it going there?

YOSHITAKA: While COP27 did have some achievements, such as the decision to establish a dedicated fund to support measures against “loss and damage” in developing countries affected by climate change, I feel that numerous issues to be discussed continuously remained, such as conflicts between developed and developing countries as well as among developed countries themselves.



TANIYAMA: Our Company participated in the Japan Pavilion for the first time and exhibited our T-Green® Multi Solar and T-eConcrete® technologies. I heard that the booth attracted a large number of visitors throughout the event, making it quite a success.

YOSHITAKA: I was there, and it was indeed favorable. I was aware of a high level of interest from developing countries, particularly in technologies such as T-eConcrete®, that absorb CO₂ through concrete. Despite some negative media coverage in Japan, citing that Japan received the Fossil Award for its substantial public funding for fossil fuels, environmental technologies from Japan are highly valued globally. I think Taisei Corporation should more actively promote such technologies.

Challenges to Achieving Carbon Neutrality

YOSHITAKA: In October 2020, the government declared its aim to achieve carbon neutrality and decarbonized society by 2050 by reducing overall greenhouse gas emissions to net zero. Evolving further initiatives by private companies is crucial for achieving this target, but I believe there are multiple challenges facing companies as well. First, let me ask about your supply chain initiatives. The construction industry has a broad reach, involving companies of various sizes and types—from the leading general contractors such as your company to small and medium-sized contractors in regions. How do you plan to achieve carbon neutrality throughout the supply chain, by involving these companies that are upstream of Scope 3 on your business? When I spoke with the top management of another construction company before, they said that supply chain was a challenge, and while their own efforts could be effective, it was very challenging to instill such awareness into the end of the supply chain.

TANIYAMA: Unlike general manufacturing business, the construction business lacks fixed production facilities, and supply chain changes depending on the projects construction companies undertake. It is a significant challenge to instill our sustainability practices consistently into such a diverse range of companies, some of which are publicly

traded and others are family-owned. However, we believe it is part of our duty as the prime contractor to continue with persistent efforts such as briefings, surveys, and interviews.

YOSHITAKA: Cautiousness might also be required in routine operations, for instance, to what extent the prime contractor may intervene in the business activities of the companies in the supply chain or instruct to such companies, or if such operations are regarded as abusing a superior bargaining position.

Next, I would like to talk about the issue of cost. Innovative technologies such as T-eConcrete® which we mentioned before will contribute to solving social issues only if they are widely adopted. Many companies still operate under the notion that it costs for environmental initiatives, and I think there are cost-related challenges in being widely adopted environmental technologies such as T-eConcrete® and connecting them to the business within the Taisei Group.

TANIYAMA: Absolutely, the cost of using those technologies is currently higher than that of traditional methods and materials. We need efforts to seek understanding from our customers as part of their Scope 3 decarbonization efforts. We believe the key to broader adoption lies in reducing the costs by continuing to run demonstration experiments, identify and address issues, and collaborating with various companies.

Carbon Neutrality and Regional Cooperation

YOSHITAKA: Carbon neutrality is not an issue that can be resolved by companies alone. Naturally, it requires support from the national government as well as co-creative activities with local governments. The Ministry of the Environment has selected “Decarbonization Leading Areas,” focusing primarily on local governments and also involving local companies and financial institutions, has resolved regional issues in accordance with each area’s unique characteristics, and will indicate a direction towards decarbonization while improving the quality of life for residents. I serve on the Evaluation Committee for these Decarbonization Leading Areas and have observed very interesting initiatives being launched in various regions. For construction companies whose operational field includes both domestic and international locations, I believe such initiatives offer a business opportunity to simultaneously enhance corporate value and solve issues.

TANIYAMA: I fully agree with you. In April of this year, we established a specialized department focusing on regional cooperation within our Sustainability Division (Integrated), and have started to reinforce such cooperation throughout the entire company. We have received various requests and inquiries from local governments and have made proposals that utilize our cutting-edge technologies towards achieving carbon neutrality. Some of these initiatives are already underway. In “Medium- to Long-Term Vision: TAISEI VISION 2030” formulated in 2021, we aim to be “a

pioneering corporate group contributing to the development of a resilient society where people can live affluent and cultured lives,” and consider that it is our crucial duty to contribute to regional revitalization and development through our business activities.

YOSHITAKA: While there is a strong public perception that “measures to mitigate climate change equals decarbonization,” and thus interest in clean energy tends to dominate, adaptation to climate change is also a significant global challenge. To achieve carbon neutrality is a goal for the future—2030 or 2050—but natural disasters due to climate change are happening right now, and accordingly a balanced approach that also includes disaster prevention and recovery initiatives is essential.

Even in the case of renewable energy initiatives, each local government is seeking not only reduction of electricity cost but also solutions that can serve as infrastructure during disasters, as part of its Business Continuity Plan (BCP). I believe that the expertise of construction companies is indispensable not only for the energy sector but also for comprehensive urban planning that anticipates natural disasters.

The selection criteria of local governments for Decarbonization Leading Areas which I mentioned earlier emphasize how to incorporate energy-saving and energy-creating measures into existing facilities and evolving such facilities. I believe your company’s environmental technologies, including “Green Renewal ZEB,” offer valuable solutions for local governments, both from the perspectives of carbon neutrality and BCP in times of disaster.

Initiatives for Environmental Due Diligence

YOSHITAKA: I would like to shift our discussion from carbon neutrality to broader environmental issues. I understand that Taisei Corporation has begun considering environmental due diligence, is that correct?

TANIYAMA: Yes, we revised our Environmental Policy in March 2023 to include “Continuous Implementation of Environmental Due Diligence.” We have already implemented risk measures related to the environment, such as establishing an environmental management system (EMS) and formulating the Taisei Group Sustainable Procurement Guidelines. Currently, we are identifying environmental risks as a part of systematically implementing a PDCA

(Plan-Do-Check-Act) cycle, including the identification and assessment of environmental risks, the implementation of preventative and mitigative measures, the verification of their effectiveness, and disclosure of the information.

YOSHITAKA: Historically in Japan, there has been an attitude that all we have to do is to comply with environment-related laws and regulations. However, from an ESG perspective, compliance with environment-related laws and regulations falls under Governance (G). To strive for more ambitious goals for the future is part of the Environmental (E) aspect. Therefore, I think it is commendable that you are establishing a mechanism for environmental due diligence. I look forward to continuing to monitor your company’s progressive initiatives.

Sustainability Management Attracts Human Capital

YOSHITAKA: I am also a lecturer at several universities, and when I talk to students, I find that they tend to be more interested in finding a job or starting a business in

the IT or environmental fields rather than in joining a large company, and have high expectations of being able to do something new, demonstrate their abilities, and contribute to society. My biggest concern is the gap between the values of sustainability natives like them and our generation. I believe that if companies continue to manage

themselves with being tied down to conventional values, they will eventually lose the interest of these students, making it difficult to secure human capital in the future.

TANIYAMA: I share similar concerns. I was deeply involved in the formulation of TAISEI VISION 2030 which I mentioned earlier, as the then Chief of Corporate Planning Office. The focus was on solving sustainability issues through our business, and we had an in-depth discussion how to link this to the power to generate capital for growth for the Taisei Group over the long term and continuously. It is important to equate corporate value with indicators such as net sales and profits. But, not only do we have to emphasize such short-term corporate value, but also do we have to take various measures by backcasting what our future goals should be, in more long-term; otherwise, sustainability natives like the ones you mentioned may not join our Group. TAISEI VISION 2030 embodies the idea that one major issue is to seriously address both business challenges and sustainability.

Additionally, our Company established the Taisei Group Philosophy “to create a vibrant environment for all members of society” in 1990. More than 30 years have passed since this Philosophy was established, and I believe it serves as both a guide and *raison d’être* that the current Taisei Group’s sustainability management should aim at.

YOSHITAKA: The term “ESG investment” was first introduced as an official phase at the United Nations in 2006. Financial institutions had been conducting screening to prevent negative societal impact even before that time, but the idea that ESG investment shall be linked to economic growth became common between 2010 and 2015, following the global financial crisis, “the collapse of Lehman Brothers.” This means your company had integrated sustainability into its management even before such an approach became mainstream globally. That is probably why your company was able to celebrate its 150th anniversary this year.



How are your diversity initiatives? I am currently researching the correlation between companies advancing in climate change countermeasures, TCFD disclosures, and other initiatives, and those that are working to close the gender gap. Reports from overseas suggest a correlation exists. There is also data indicating that when female participation in management increases and diversity is enhanced, innovation in climate change countermeasures and technology is more likely.

TANIYAMA: As we believe that a major point for promoting active participation and advancement of women in the workplace lies in changing men’s attitudes, we ensure that male employees take childcare leave following giving birth by their spouses.

YOSHITAKA: The term “women’s participation and advancement” is often misunderstood as telling women to “work more.” While it is natural for women to work, the current situation is that it is difficult for them to fully realize their potential unless men share responsibilities as you pointed out. It is said that it is crucial to close the gender gap. It may appear irrelevant at first glance, but in construction industry, which has a strong “male society” image, I believe that diversity initiatives could potentially lead to solutions for environmental issues.

Taisei Group’s Challenges and Expectations

YOSHITAKA: How do the ESG initiatives of your company distinguish themselves from those of your competitors in the construction industry? As the materiality in this sector tend to be quite similar across companies, I often find it hard to identify a unique angle. It is crucial for the investors to see that there are distinct strengths and unique strategies identified as the character of the Taisei Group, even when the Company’s identifiers are masked. I expect the Taisei Group to demonstrate such differentiated initiatives and public disclosures. Also, it is essential to present not only your current initiatives but also a roadmap and future vision outlining further evolutions and steps. In the current circumstances that various sustainability issues such as climate change and geopolitical risks are

complicatedly tangled up, the Ministry of Economy, Trade and Industry has initiated a program to select and recognize companies, as the “Sustainability Transformation Brands (SX Brands),” that effectively integrate sustainability issues and societal needs into their business strategies and can enhance their corporate value. I serve on the evaluation committee for this program, and I fully believe that the Taisei Group has the potential not only to elevate its sustainability management and recognized under this program, but also to solve this country’s environmental and social issues and to lead sustainability thereof. I have high expectations that the Taisei Group will accelerate its initiatives for the future.

TANIYAMA: Thank you for your valuable advice and your time today.

To Expect Development by Solving Environmental and Social Issues



External Member of the Board
Atsuko NISHIMURA
 Elected since 2017

As we are in a period where evaluations of business efforts towards environmental and social issues directly impact corporate value and sustainable development, the Taisei Group has an important role to play and responsibility to lead these initiatives. Pioneering efforts in this field are crucial as they offer various growth opportunities.

The Taisei Group has clarified its emphasis on sustainability management through policy formulation, organizational centralization, and feeding issues back into our Medium-Term Business Plan, and intends to enhance our specific goals and initiatives.

On the other hand, environmental and social issues are broadly correlated, making it difficult to easily assess the effectiveness of our initiatives. Trends in information disclosure and evaluation criteria are also changing. I wish the Company to continuously update its approach, paying close attention to the assessment of the effectiveness of its actions, issue analysis, and appropriateness of information disclosure, and thereby to further develop as a business corporation that pioneers a sustainable future by enhancing the competitiveness and advantages of its technologies and services.

To Evaluate Sustainability Measures from the Perspective of Worksites



External Member of the Board
Norio OTSUKA
 Elected since 2019

When it comes to sustainability, while climate change and human rights have attracted attention previously, issues have now become broader, such as biodiversity, and more urgent issues to be resolved. It can be said, therefore, that the larger the scale of the business, the greater the burden on companies to take measures against them.

I feel that Taisei Corporation's sustainability measures are earnest and sincere, as it has taken effective measures with keen awareness of worksites, even though it has many construction sites under a multi-layered contracting system with subcontractors. It is commendable that the Company has set realistic numerical targets for environmental and social issues towards the realization of SX (Sustainability Transformation), and is working to achieve them straightforwardly.

In order to further enhance sustainability measures in the future, I believe it is important to continue steady efforts while acquiring sufficient understanding from worksites that it is also significant to work on those new issues at worksites, rather than regarding them as problems unique to the head office.

To Address Challenges with a Broad Perspective and Holistic Solutions

In recent years, as the focus on achieving the Sustainable Development Goals (SDGs) has grown, companies are increasingly expected to tackle sustainability challenges. Taisei Corporation, since its foundation, has always addressed social issues, thereby providing value and expanding its business. Thus, one could say that initiatives related to sustainability have been integral to its operations from the beginning. This fine balance between enhancing corporate value while broadly meeting customers' needs and societal demands seems to account for the company's longevity—sustaining it for over 150 years.

While the spotlight often falls on decarbonization when discussing sustainability themes, numerous other challenges like human rights, poverty, and food crises are becoming apparent, too. What I look forward to as the future Taisei Group is its role as a leading company that tackles these issues through holistic solutions and a broader perspective.

As the chairperson of the Sustainability Committee, I will continue to lend my support to these endeavors.



External Member of the Board

Fumiya KOKUBU

Elected since 2019

Newly Elected
External Member of
the Board

To Contribute to the Enhancement of Corporate Value with Awareness of Sustainability

As a former President in a manufacturing company in the fields of alcoholic beverages, food, and soft drinks, I have aimed to provide enriching experiences for worldwide consumers, and have also been to work with a wide range of stakeholders to contribute to the development of a sustainable society. The Taisei Group shares these values, emphasizing connections with local communities and dialogue with them, and working towards the development of a resilient society where people can live affluent and cultural lives. I intend to leverage my past experiences in this new role.

As I take on the position of an External Member of the Board for Taisei Corporation, celebrating its 150th anniversary, I see it as my duty to enhance the effectiveness of the Board. This involves building a relationship of trust with the management, conveying candid opinions and perspectives, and properly overseeing both the proactive and defensive aspects of management.

Looking ahead to the future of the Taisei Group, and with the awareness of sustainability based on global trends, I will support the acceleration and realization of growth strategy and contribute to the achievement of "TAISEI VISION 2030" and the enhancement of the corporate value of the Taisei Group.



External Member of the Board

Tsutomu KAMIJO

Elected since 2023

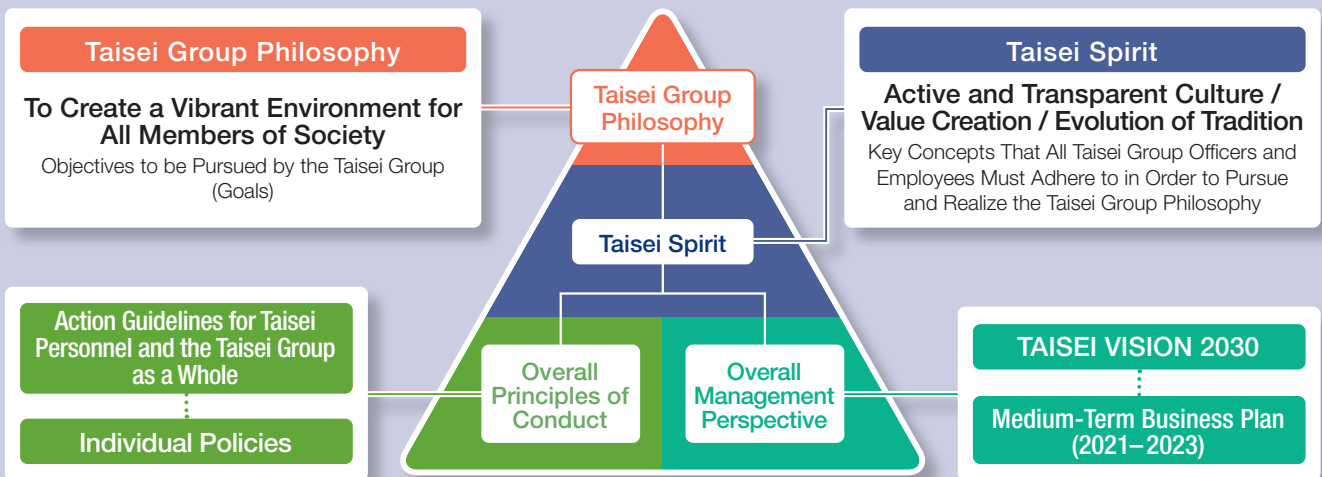
Sustainability Management

Structure of Value and Policies and Taisei Group's Fundamental Sustainability Policy

The Taisei Group operates under the Group Philosophy of “to create a vibrant environment for all members of society,” as well as three tenets of the “Taisei Spirit”: “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 addressing sustainability challenges through businesses centered on the construction industry. The goal is to contribute to the development of a resilient society where people can live affluent and cultured lives.

Through our business activities, by producing quality social capital and addressing the challenges faced by our clients and society, we aim to foster a cycle of increasing both corporate and social value. Our aspiration is to achieve sustainable growth alongside society.

Our Structure of Values and Policies



Individual Policies and Standards on Sustainability

E Environment	F Fundamental Policy on Sustainable Development	<ul style="list-style-type: none"> ● Environmental Policy ● Declaration of Biodiversity Preservation by Taisei Group
S Social		<ul style="list-style-type: none"> ● Multi-Stakeholder Policy ● Quality Policy ● Safety and Health Policy ● Procurement Policy ● Human Rights Policy ● Digital Transformation (DX) Policy ● Technology Development Policy ● Human Resources Development Policy (Diversity & Inclusion Policy)
G Governance		<ul style="list-style-type: none"> ● Risk Management Policy ● Policy on Business Continuity in Times of Disaster ● Fundamental Policy to Enhance Operational Compliance Systems ● Information Disclosure Policy ● Policy on Intellectual Property ● Policy on the Protection of Personal Information ● Code of Conduct on the Use of Social Media ● Fundamental Corporate Governance Policy ● IR Policy ● Tax Policy ● Declaration of Partnership Building

M Materiality (Issues to be dealt with)
<ol style="list-style-type: none"> 1 Realization of a sustainable and environmentally friendly society 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 8 Thorough compliance and restructuring of the Group governance system

[Web Q](#)

Our Structure of Values and Policies

[Web Q](#)

Individual Policies

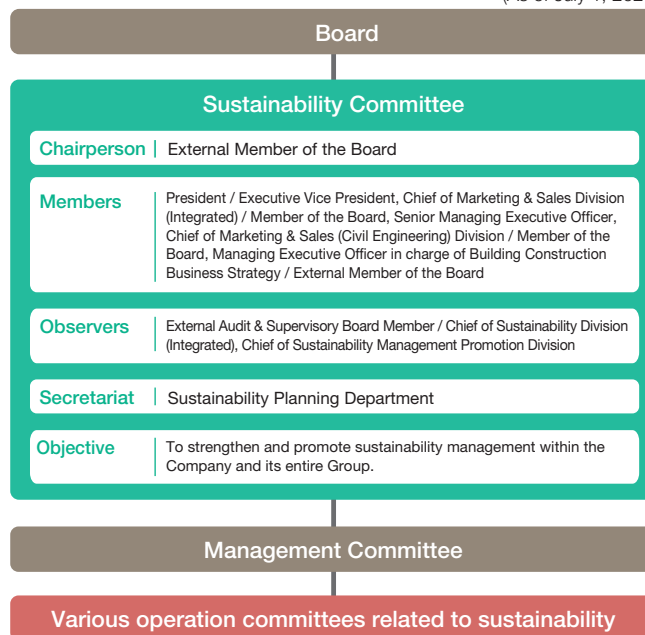
Sustainability Management Promotion System

The Sustainability Committee has been set up as a committee within the Board to bolster sustainability management throughout the Group. This committee deliberates on significant policies and specific measures concerning sustainability challenges, enhancing the effectiveness of our initiatives. Moreover, under the umbrella of the Management Committee, we have instituted various committees, such as the Sustainability Promotion Committee and the Personnel Committee, to discuss crucial matters related to sustainability, ensuring discussions are both timely and comprehensive.

To centralize responses to sustainability challenges, in April 2022, the Group founded the Sustainability Division (Integrated). Additionally, the chief of this division was appointed as the Company's Chief Sustainability Officer (CSO), amplifying our efforts to tackle these challenges.

Sustainability Management Promotion System Chart

(As of July 1, 2023)



Overview of the Sustainability-Related Committees

For significant matters such as sustainability, corporate ethics, and technology strategies, specific committees develop policies and strategies and drive their respective initiatives. Below is an outline of the various committees associated with sustainability.

Category	Terms of Reference	Chairperson	Meeting Frequency (FY2022)
Committee within the Board ● Sustainability Committee	Strengthens and advances sustainability management within the Company and its entire Group.	External Member of Board	Twice a year
Management Committee	Preliminary deliberation of items for the Board and decision-making on tasks delegated by the Board.	President	Once a week
Special Committees ● Compliance Committee	Upon receiving updates about compliance promotion, highlights issues in the compliance system, and suggests measures to fortify the system, including preventive actions against potential violations of laws and regulations.	External Expert (Lawyer)	Once a year
Business Committees ● Technical Committee	Encourages innovative technical development, establishes and contemplates various measures, and monitors their execution.	President	Eight times a year
● Central Safety Committee	Discusses and advances matters concerning the Company's safety management, prevention of environmental accidents, and guidance about safety, health, and environmental management for specialized contractors.	Executive Vice President	Five times a year
● Sustainability Promotion Committee	Discusses important environmental and social issues, shares information on sustainability management initiatives, and makes recommendations to the Management Committee	President	Four times a year*
● Risk Management Committee	Selection and deliberation of significant risks throughout the Company, and verification of the status of risk management for both company-wide critical risks and those risks that should be overseen as a headquarters.	Chief of Business Administration Division (CRO)	Once a year
● Central Labor Affairs Committee	Deliberates on the Company's basic policies and advances various initiatives on labor issues, concerning professional contractors.	President	Twice a year
● Digital Transformation (DX) Promotion Committee	Establishes, contemplates and monitors the progress of DX advancement measures.	Chief of Corporate Planning Office (CDO)	Five times a year
● Personnel Committee	Discusses various personnel strategies, and follows up and monitors their execution.	Executive Vice President	Twelve times a year

* Frequency of meetings of the former Environment Committee (now the Sustainability Promotion Committee)

Materiality and the Medium-Term Business Plan

The Group has identified three transformative axes (IX, SX, DX) as shifts in the medium- to long-term external environment and structure. Among them, SX emphasizes "Moving to solve environment and social issues through our business." In line with this understanding, in our Medium-Term Business Plan (2021-2023), we have laid out priority initiatives connected to sustainability issues we identified as materiality. These efforts are now being integrated into our overall business strategy.

Materiality 1
Realization of a Sustainable and Environmentally Friendly Society
 Policies and Basic Approach

Related SDGs

The Taisei Group is committed to building quality social capital through its construction-centered corporate activities, harmoniously with nature. This aligns with its Group philosophy of “to create a vibrant environment for all members of society” and its Taisei Group’s Fundamental Sustainability Policy.

As a corporate group with its core in the construction industry, we fully recognize both the impact our business activities have on the environment and the impact the environment has on our business activities. With this understanding, we aim to realize a sustainable and environmentally friendly society.

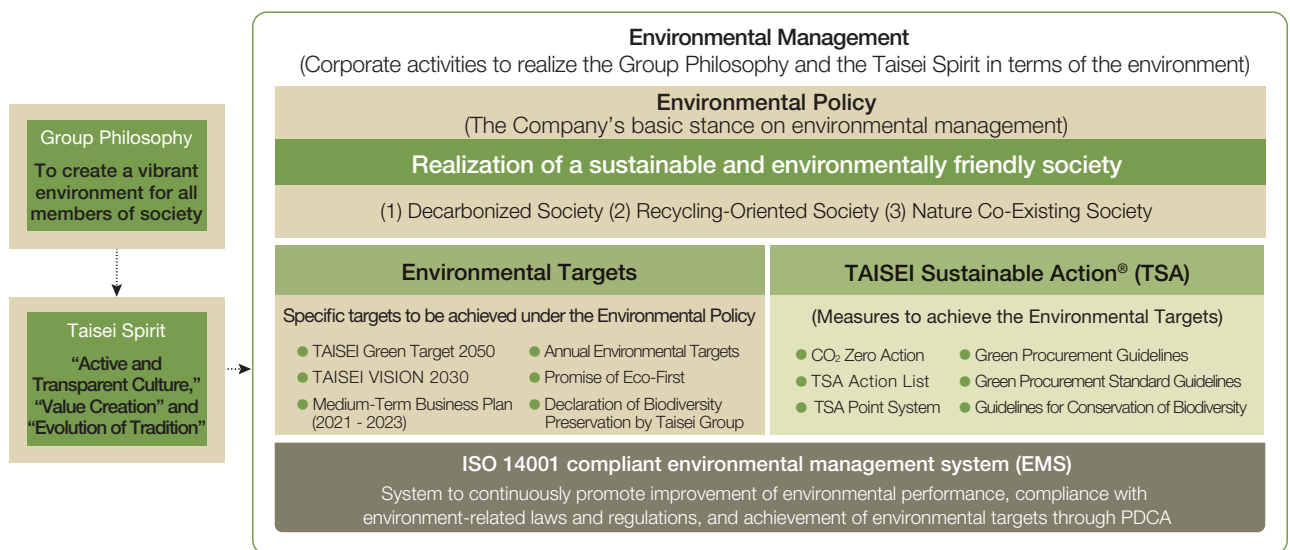
Responsibilities and Contributions through Business

We believe that it’s the Group’s responsibility to adhere to environment-related laws and regulations and to meet the Group’s long-term environmental targets. Simultaneously, we aim to precisely identify risks and opportunities related to climate change and other environmental challenges. By advancing the development and promotion of environmental technologies and services, we are committed to contributing to the realization of “Decarbonized Society,” “Recycling-Oriented Society,” and “Nature Co-Existing Society” through our business endeavors.

Environmental Management

The Group defines environmental management as the corporate activities aimed at realizing the Group’s philosophy concerning the environment. We have set the Environmental Policy as the foundational stance of environmental management, and we have established the TAISEI Green Target 2050 as the Group’s long-term environmental targets, along with the Environmental Action Plan for meeting the annual environmental targets. We also advance our environmental management through the PDCA cycle of our Environmental Management System (EMS) that aligns with the international standard ISO 14001. In recent times, environmental challenges, such as global climate change, depletion of natural resources, and loss of biodiversity, have intensified. These challenges demand comprehensive, long-term measures, as well as collective efforts across the entire supply chain. Responding to these societal expectations, in 2023, we revised our Environmental Policy, the TAISEI Green Target 2050, and the Declaration of Biodiversity Preservation by Taisei Group to fortify our commitment and actions.

[Web Q Environmental Management](#)



Environmental Management System (EMS)

Taisei Corporation operates an Environmental Management System (EMS) that conforms to the international standard ISO 14001, both at its head office and across all its domestic and overseas branches (achieving a 100% certification acquisition rate). The top management of the EMS consists of the Sustainability Promotion Committee, the President, and the Chief of Sustainability Management Promotion Division. Under this leadership, the EMS secretariats at division and branch, as well as the environmental officers of every department, carry out and monitor environmental initiatives. They engage in a continuous PDCA (Plan-Do-Check-Act) process, the outcomes of which influence the environmental targets set for the upcoming fiscal year.

Environmental Due Diligence

Aligned with our core philosophy of the “Realization of a Sustainable and Environmentally Friendly Society,” we adhere to the OECD Due Diligence Guidance for Responsible Business Conduct. Consequently, we have established and continue to execute an environmental due diligence framework.

Collaboration with Subcontractors and Suppliers

The Taisei Group has formulated the Taisei Group Sustainable Procurement Guidelines. In partnership with our entire supplier base, we’re committed to initiatives that progress towards “Decarbonized Society,” “Recycling-Oriented Society,” and “Nature Co-Existing Society.”

[Web Q Supply Chain \(Environment\)](#)




Realization of a Sustainable and Environmentally Friendly Society

TAISEI Green Target 2050

Taisei Group's Long-Term Environmental Targets



The Taisei Group has established the TAISEI Green Target 2050 as its long-term environmental targets, aiming for the vision of the “realization of a sustainable and environmentally friendly society,” as expressed in the core principles of its Environmental Policy. This target encompasses “responsibilities,” “contributions through business activities,” and “initiatives” towards three types of societies: the “Decarbonized Society,” the “Recycling-Oriented Society,” and the “Nature Co-Existing Society.” Additionally, the Group addresses two individual issues: “Forest Resources & Forest Environment” and “Water Resources & Water Environment.” As part of its responsibility to these targets, the Group proactively collaborates with stakeholders across the entire supply chain.

● Targets for achieving the three types of society

	 Decarbonized Society Develop and disseminate technologies and services relating to energy savings, decarbonization of construction materials, renewable energy, etc., in order to contribute to achieving carbon neutrality.	 Recycling-Oriented Society Increase the green procurement rate for construction materials, etc. and promote recycling of construction byproducts, in order to contribute to achieving a circular economy.	 Nature Co-existing Society Develop and disseminate technologies and services relating to conserving and creating natural environments, increasing biodiversity, etc., in order to contribute to achieving Nature Positive.												
FY2050 Target	CN: Achieving and deepening carbon neutrality <ul style="list-style-type: none"> • Scope 1+2: Zero CO2 emissions • Scope 3: Zero CO2 emissions of the supply chain 	CE: Achieving and deepening circular economy <ul style="list-style-type: none"> • Green procurement rate: 100% • Final disposal rate of construction byproducts: 0% 	NP: Achieving and deepening Nature Positive* <ul style="list-style-type: none"> • To minimize negative impact of construction business • To maximize positive impact of business in harmony with nature 												
FY2030 Target	CO2 emissions (compared to FY2019) <table border="1" data-bbox="303 1131 683 1243"> <tr> <td>Emissions per sales</td> <td>Scope 1+2</td> <td>-50%</td> </tr> <tr> <td></td> <td>Scope 3</td> <td>-32%</td> </tr> <tr> <td>Total emissions</td> <td>Scope 1+2</td> <td>-40%</td> </tr> <tr> <td></td> <td>Scope 3</td> <td>-20%</td> </tr> </table>	Emissions per sales	Scope 1+2	-50%		Scope 3	-32%	Total emissions	Scope 1+2	-40%		Scope 3	-20%	<ul style="list-style-type: none"> • Promotion of Green procurement • Reduce final disposal rate of construction waste: 3.0% or less 	<ul style="list-style-type: none"> • Implementation of Proposals and construction that contribute to Nature Positive
Emissions per sales	Scope 1+2	-50%													
	Scope 3	-32%													
Total emissions	Scope 1+2	-40%													
	Scope 3	-20%													

* Nature Positive: Halting and reversing biodiversity loss in order to put nature on a path to recovery.

● Targets for addressing two individual issues

 Forest Resources & Forest Environment	 Water Resources & Water Environment
<ul style="list-style-type: none"> • To minimize negative impact on forest resources and forest environment through wood procurement based on zero deforestation concept • To maximize positive impact on forest resources and forest environment through conservation and restoration efforts 	<ul style="list-style-type: none"> • To minimize negative impact on water resources and water environment by ensuring proper management and reducing usage • To maximize positive impact on water resources and water environment through conservation and restoration efforts

Compliance with Environment-Related Laws and Regulations, Etc.

Beyond ensuring compliance with environment-related laws and regulations throughout the Group, our ambition at each worksite is to achieve “zero environmental accidents.” This goal is set in line with the “priority management items for worksites” as determined by our Safety Administration Division.

[Web Q Compliance with Environmental Laws and Regulations](#)

Activities to Mitigate Environmental Impact TSA: TAISEI Sustainable Action®

The Group is steadfastly committed to the TSA: TAISEI Sustainable Action®. This is an eco-impact reduction endeavor, calling upon the collective participation of all Group members, to realize our environmental ambitions. Beyond the “CO2 zero action” initiative, launched in 2011 as a fundamental commitment at our worksites, we compiled the “TSA action list” in 2018. This list encapsulates specific endeavors, spotlighting technologies and activities potent in minimizing environmental impacts. 2020 saw the introduction of the “TSA point system,” a tool that transparently visualizes and quantifies the efficacy of these endeavors, fostering an evolution in our employees’ perspectives and behaviors. Moreover, to promote the broader adoption of TSA and facilitate the horizontal deployment of its specific activities, we distribute “TSA Communications” to all executives and employees, on a quarterly basis.

[Web Q Activities to Reduce Environmental Impact](#)

Realization of a Sustainable and Environmentally Friendly Society

For Realization of a Decarbonized Society

Responsibilities

As construction is the core business of the Taisei Group, the Group has a keen awareness of the effect of its business activities on the transition to a decarbonized society and the impact of the transition to a decarbonized society on business activities. We consider it to be our responsibility to reduce CO₂ emissions from business and related activities to Zero by 2050.

Contribution through Our Business

The Taisei Group identifies the risks and opportunities in anticipation of the achievement of a decarbonized society. We strive to develop and disseminate technologies and services relating to energy-savings, decarbonization of construction materials, renewable energy and so on, and to promote possession of renewable energy power sources, so as to contribute to “Decarbonized Society.”

Risks and Opportunities

Information regarding risks and opportunities related to climate change can be found in the Information Disclosure Based on TCFD section of our company website.



P.74

Information Disclosure Based on the TCFD Recommendation Sustainability Section

Policy / Commitment

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

Initiatives

- TCFD ● SBT
- GX League
- United Nations Global Compact “Environment”
- Challenge Zero (Japan Business Federation)
- Voluntary Environmental Action Plan for the Construction Industry (Japan Federation of Construction Industry)

Performance

Efforts Towards Reduction:

- **CO₂ Emissions through Business Activities:**
Scope 1: We promote energy-efficient operations for heavy machinery, the adoption of hybrid construction equipment, and the introduction of alternative fuels. Additionally, we are exploring the utilization of new energy sources like hydrogen and ammonia.
Scope 2: To accommodate the Group’s electricity consumption, we are advancing the acquisition of renewable energy sources.
- **CO₂ Emissions Associated with Business Activities:**
Scope 3 - Upstream: Collaborating with companies from diverse sectors like steel, cement, and chemicals, we are progressing in the development of construction materials that emit less CO₂.
Scope 3 - Downstream: We are advancing the development and popularization of Zero Energy Building (ZEB) technology.
- **Contributing to the Reduction of CO₂ Emissions:**
 We highlight our contributions to CO₂ reduction achieved through the transformation of existing buildings into ZEB—a contribution not assessed within scopes 1, 2, and 3—and we are working to expand the adoption of eco-friendly ZEB renewals.

KPIs

Scope 1 + 2: CO ₂ emission reduction rate per sales	Group target	-15% (Compared to FY2019)
Scope 1 + 2: Reduction rate of total CO ₂ emission	Group target	-6% (Compared to FY2019)
At construction stage: Reduction rate of CO ₂ emission per sales	Non-consolidated target	-41% (Compared to FY1990)
At construction stage: Reduction rate of total CO ₂ emission	Non-consolidated target	-46% (Compared to FY1990)
At building operation stage: Reduction rate of design-build estimated CO ₂ emissions	Non-consolidated target	-43% (Compared to FY1990)

TAISEI Green Target 2050 Roadmap to a Sustainable and Environmentally Friendly Society

FY2023



Decarbonized Society

CN (Carbon Neutrality)

Scope 1	Construction machinery, vehicles, etc. New energy (hydrogen/ammonia)	● Hybrid construction machinery, energy-efficient construction machinery,
Scope 2	Possession of renewable energy power sources (RE) Zero Carbon footprint Buildings (T-ZCB)	● Possession of power sources ● Development and demonstration of T-ZCB
Scope 3	Construction materials that contribute to decarbonization Net Zero Energy Building (ZEB)	● Promotion of development and dissemination of environmentally friendly concrete ● Promotion of development and dissemination of T-Green® Multi Solar ● Promotion of development and dissemination of ZEB for new building
Avoided emissions	Green Renewal ZEB CCUS* Regional cooperation	● Promotion development and dissemination of Green Renewal ZEB ● Development of CCUS technologies ● Development of other cooperative activities for decarbonization and use of local resources

* CCUS (Carbon Dioxide Capture, Utilization, and Storage): A technology for capturing CO₂ emissions from sources such as thermal power plants and cement factories, and then utilizing or storing them.

Decarbonization Technologies for Each Phase of Construction

The Group is working towards decarbonization in various phases of construction.

T-ZCB (Zero Carbon Building) Aiming for Zero CO₂ Emissions in the Building Life Cycle

To promote the construction of Zero Carbon Buildings that achieve net-zero CO₂ emissions during the life cycle of the structure, Taisei first visualized the CO₂ emissions throughout the building's life cycle and the effectiveness of CO₂ reduction technologies at the initial planning stage, and then constructed a T-ZCB (Zero Carbon Building) as a system that systematically evaluates the decarbonization of the structure.

[Web Q T-ZCB \(Zero Carbon Building\)](#)

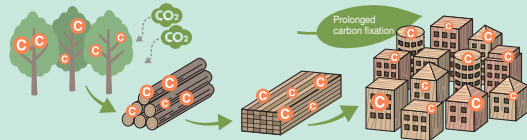
CO₂ emissions throughout the life cycle of the building



I. Zero Carbon Design: Reducing CO₂ in the Procurement Phase

- T-eConcrete® environmentally friendly concrete that dramatically reduces CO₂ emissions

Page P.77 T-eConcrete® Sustainability Section



- Use of Wood Materials That Fix CO₂

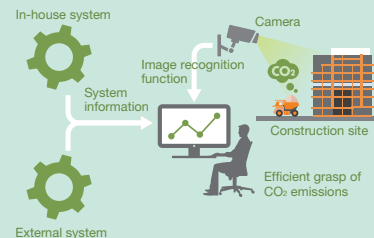
Promotion of wood use can mitigate climate change through CO₂ fixing. At the same time, Wooden spaces will help to maintain physical and emotional health. TAISEI promotes the construction of wooden buildings using lumber, laminated wood, and other wooden materials that absorb and fix CO₂ from the atmosphere as they grow.

II. Zero Carbon Construction: Reducing CO₂ in the Construction Phase

- TSA : TAISEI Sustainable Action®, Environmental Impact Reduction Activities
- System to Measure and Aggregate Worksite CO₂ Emission Data

We are promoting the development and operation of the System to Measure and Aggregate Worksite CO₂ Emission Data, 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.

CO₂ Emissions Data Aggregation System



III. Zero Carbon Construction: Reducing CO₂ in the Operation Phase

- Total Management of ZEB

We realize ZEB by utilizing architectural technology to minimize the load on buildings and diminish the overall energy demand. This is further enhanced through our efficient facility planning that incorporates Taisei Construction's distinctive energy-saving and energy-generating eco-friendly techniques.

FY2030

FY2050

Scope 1+2: Total emissions -40%
Scope 3: Total emissions -20%

Scope 1+2: Zero CO₂ emissions
Scope 3: Zero CO₂ emissions of the supply chain

introduction of GTL, introduction of innovative construction machinery (electric, hydrogen etc.)

- Introduction
- Possession of RE to cover Group power consumption needs
- Promotion of development and promotion of dissemination of T-ZCB
- Increased dissemination and commercial application of construction materials that contribute to decarbonization
- 100% ZEB rate for TAISEI design buildings
- Increase in orders along with increased market size
- Development and dissemination of CCUS

- Use
- Contribute to the realization of zero emissions through increased possession and supply of RE
- Increased dissemination of T-ZCB
- Permeation throughout society of construction materials that contribute to decarbonization
- Tremendous advance in ZEB performance
- Increased dissemination of Green Renewal ZEB
- Commercialization of CCUS



Realization of a decarbonized society

ZEB of Taisei Group



New Construction ZEB

Experience with New Construction ZEBs across Diverse Buildings

At Taisei Group, leveraging our vast experience in converting not just office buildings but a wide array of structures into ZEBs, we propose and deliver the most optimal ZEB solutions tailored to the surrounding environment of the building and the specific needs of our clients.



Green Renewal ZEB

Three Facilities Owned by the Group Have Completed Their Green Renewal® for ZEB Conversion

The Taisei Group calls for promoting the use of ZEB in existing buildings Renewal ZEB, and is implementing initiatives to improve the health of people, buildings, and the planet under six key words: energy conservation, energy creation, decarbonization, wellness, smart, and peace of mind.

Kansai Branch



(ZEB Ready)
BEI=
0.93⇒0.37

Practicing Advanced + General-Purpose ZEB Technology to Meet Diverse Client Needs

ZEB technology for facades

Exterior power generation, line cell, solar suppression and greening

Line Cell



Biophilic Design

Connection with nature, wellness, and ABW

Inner Cell



Radiant air conditioning and brightness control

Achieving both comfort and energy-saving

T-Green® Radiant Duct



T-Green® DI Window

Yokohama Branch



(ZEB Ready)
BEI=
0.70⇒0.39

Practicing General-Purpose ZEB Technology in Medium Stock Offices

ZEB facade

Exterior wall/window power generation/insulation strengthening/general equipment ZEB

T-Green® Multi Solar

See-through type



Solid type

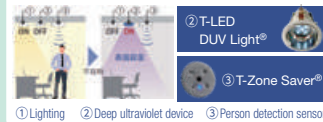
Wellness

Wooden interior and biophilic design



New Normal

Infectious disease control measures in offices and training institutes, etc.



① Lighting ② Deep ultraviolet device ③ Person detection sensor

Taisei U-LEC Co., Ltd., Kawagoe Plant



(ZEB (Office Building)) BEI=0.47⇒-0.09

Carbon Neutral Factory with Mega Solar

Rooftop solar power

Effectively utilizing the large factory rooftop

Mega solar



Low CO₂ material

Carbon-Recycled Concrete CLT

PC Louver

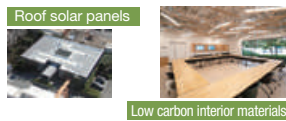


CLT windproof beam

Convert to ZEB

Realization of 100% ZEB in office building

Roof solar panels



Low carbon interior materials

* BELS (Building Energy-Saving Performance Labeling System)
A third-party certification system dedicated to the energy-saving performance of buildings led by the Ministry of Land, Infrastructure, Transport and Tourism. The BEI (Energy Efficiency Performance Index) value is calculated in accordance with the calculation method specified by the national government, and the number of stars is determined in five levels according to the value, and buildings with even better energy efficiency among the highest rank of five stars are certified as ZEB.

Web Q ZEB

Within the Technology & Solutions section, ZEB introduces the ZEB roadmap and case studies on newly constructed ZEBs.

Web Q Green Renewal ZEB

Under Green Renewal ZEB in the Technology & Solutions section, you will find further detailed information and videos not covered above.

ZEB, which stands for Net Zero Energy Building, aims to achieve a comfortable indoor environment while balancing the annual primary energy consumption consumed by buildings to zero. The Taisei Group has obtained certification for office buildings, public research facilities, renovations, and other facilities, and is working to promote and expand ZEB in a variety of facilities by proposing solutions to customers that lead to environmental considerations and the improvement of real estate values.



New Construction ZEB

ZEF, a Unique Index for Zero Energy in Production Facilities

Taisei Corporation has incorporated the evaluation of air conditioning, ventilation, lighting, water heating, elevators, and other elements in the production area of factories, which were previously excluded from the ZEB assessment. As a result, we defined the ZEF (short for "Net Zero Energy Factory") as a factory that appropriately evaluates the energy consumed within, aiming to make the annual primary energy balance required by the production factory zero through energy conservation and energy creation. The OKI Honjo Factory Building H1 achieved the highest rank in the five-tiered Building Energy Efficiency Labeling System (BELS*), and simultaneously became the first large-scale production facility in Japan to receive ZEB certification.



OKI Honjo Plant, Building H1

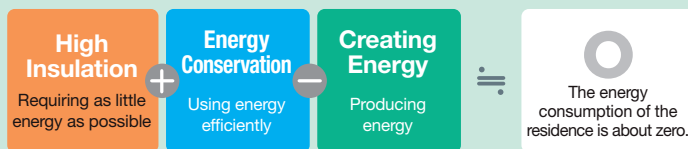


New Construction ZEB

ZEH

SMART Palcon ZEH: Building Environment- and Budget-Friendly Homes

TAISEI HOUSING CORPORATION, which specializes in concrete housing, is actively promoting ZEH (short for Zero Energy House). They offer homes constructed using the durable and disaster-resistant precast concrete method known as Palcon. With the addition of the ZEH specifications, these residences are both environmentally friendly and budget-friendly.



New Construction ZEB

ZEH-M

Promotion of ZEH-M in Apartment Buildings

TAISEI U-LEC Co., LTD., which is engaged in apartment building construction, is registered as a ZEH developer (C-registered building contractor) with the Sustainable Open Innovation Initiative and is advancing the construction of ZEH-M (short for ZEH-Mansion).

Taisei-Yuraku Real Estate Co., Ltd. is committed to promoting ZEH in condominiums. The ZEH-M Oriented condominium project is an instance where Taisei-Yuraku Real Estate Co., Ltd. placed the order, and it was constructed in collaboration with a group company of the TAISEI U-LEC Co., LTD.



ZEH-M-Ready: SHINRYO CORPORATION's employee dormitory



ZEH-M Oriented: Terrace Kamishakuji West

Web Q ZEF

Details about the ZEF initiative can be found in the Technology & Solutions section.

Web Q SMART Palcon ZEH

For more on the ZEH initiatives, please visit the TAISEI HOUSING CORPORATION website.

Web Q ZEH-M

For further details on ZEH-M, please visit the TAISEI U-LEC Co., LTD. website

Realization of a Sustainable and Environmentally Friendly Society

For Realization of a Recycling-Oriented Society

Responsibilities

As construction is the core business of the Taisei Group, the Group has a keen awareness of the effect of its business activities on the transition to a recycling-oriented society and the impact of the transition to a recycling-oriented society on business activities. We consider it to be our responsibility to increase the green procurement rate and reduce the final disposal rate of construction byproducts, in order to achieve a circular economy.

Contribution through Our Business

The TAISEI Group identifies the risks and opportunities in anticipation of the achievement of a recycling-oriented society. We strive to develop and disseminate technologies and services relating to soil and groundwater contamination countermeasures, appropriate management of wastes and final disposal sites and so on, and to promote recycling of industrial byproducts, in order to contribute to a recycling-oriented society.

Risks and Opportunities

The transition to a circular economy is becoming a critical global challenge. Companies are now expected to adopt sustainable procurement practices throughout their supply chains. These practices include conserving resources, utilizing renewable materials, and addressing the environmental pollution caused by plastics.

If the shift to a circular society is delayed and the mass-waste economy persists, our corporate group anticipates potential risks. These include increasing prices of materials due to resource scarcity and rising waste disposal costs. Furthermore, if our efforts are inadequate, we face the potential risks of diminished our reputation among our stakeholders and decreased opportunities for securing orders.

Conversely, as society moves towards circularity, our corporate group anticipates more opportunities to secure orders, particularly in projects like the construction of waste disposal sites and soil and groundwater purification, all contributing to the circular economy's realization. Additionally, our ongoing initiatives to develop and socially implement systems, products, and technologies that efficiently utilize resources and construction materials will bolster the Group's competitive advantage. We believe that for the Group, the transition to a recycling-oriented society offers a significant opportunity to enhance our corporate value and elevate our reputation among our stakeholders.

Policy / Commitment

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

Initiatives

- 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, Trade and Industry, Japan Business Federation)

Performance

Efforts to Make Effective Use of Resources

Promotion of recycling of building materials through a patrol collection system

- In addition to using the National Permit System*, Taisei has developed a construction byproduct patrol and collection system in which the same vehicle patrols to multiple worksites, sharing the same rules for transporting scrap materials among building materials manufacturers, in order to improve transportation efficiency.
- In Tokyo, we are helping to promote a circular economy in the construction industry by recycling construction materials, including plastic waste, and other valuable materials.

* National Permit System: A system in which building materials manufacturers, etc. are certified by the Minister of the Environment to collect waste materials from their products (product scraps, etc.) over a wide area and recycle or properly dispose of them as product raw materials, etc.

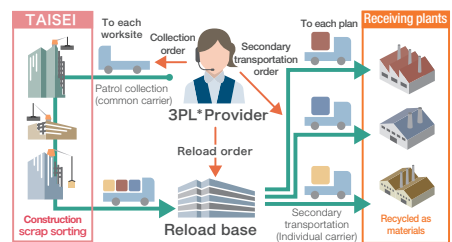
Promote recycling of steel materials through T-Near Zero Steel

- In collaboration with Tokyo Steel Corporation, we will utilize T-Near Zero Steel, a steel product made from scrap steel. By promoting the recycling of steel materials, we will contribute to the reduction of new natural resources.
- The use of green power in the electricity used in the manufacturing process using electric furnace steel also contributes to the reduction of CO₂ emissions.

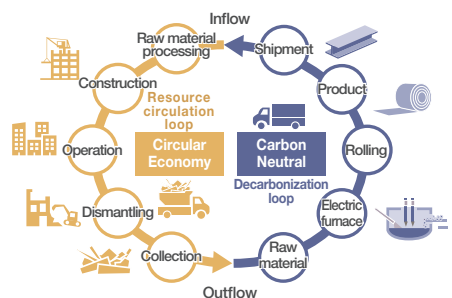
Column

"Stationery x SDGs" at the Worksites

As part of its SDGs efforts at its worksites, Taisei Corporation collects unwanted office supplies, such as tube files, and distributes and reuses them to departments of choice. This initiative also helps to expand the opportunities for employees with disabilities. In FY2022, approximately 12,600 tube files were reused.



Efficient Resource Circulation and Transportation through a Patrol and Collection System



Roadmap
Web Q Recycling-Oriented Society

Realization of a Sustainable and Environmentally Friendly Society

For Realization of a Nature Co-Existing Society

Responsibilities

As construction is the core business of the Taisei Group, the Group has a keen awareness of the effect of its business activities on the transition to a nature co-existing society and the impact of the transition to a nature co-existing society on business activities. We observe the Declaration of Biodiversity Preservation by Taisei Group and consider it to be our responsibility to minimize the adverse impact of construction business on the natural environment and biodiversity.

Contribution through Our Business

The Taisei Group identifies the risks and opportunities in anticipation of the achievement of a nature co-existing society. We strive to develop and disseminate technologies and services relating to conserving and restoring natural environments and enhancing biodiversity, and to promote activities that, co-exist with nature and maximize the positive impact on the natural environment and biodiversity, in order to contribute to the realization of a nature co-existing society.

Risks and Opportunities

To protect and harness the natural capital and biodiversity, which serve as the bedrock for the planet's sustainability and the crux of human security, achieving a Nature Positive stance has emerged as a pressing global challenge. Companies are now expected to undertake initiatives contributing to this goal.

Should the shift towards a society co-existing harmoniously with nature falter, and if the depletion of natural capital persists, our corporate group could potentially face risks. These include increasing prices of materials due to resource scarcities and elevated expenses from heightened levies imposed for environmental conservation efforts. Furthermore, if our initiatives are deemed inadequate, we face the potential risks of diminished our reputation among our stakeholders and decreased opportunities for securing orders.

Conversely, as society gravitates towards the nature co-existing society, we anticipate more opportunities to secure orders in areas like conserving and cultivating abundant natural environments and establishing green infrastructure, aligning with Nature Positive goals. Moreover, the Group's ongoing development and social implementation of technologies and services will bolster the Group's competitive advantage.

We believe that, for our corporate group, this shift towards a society intertwined harmoniously with nature represents an opportunity to enhance our corporate value and elevate our reputation among our stakeholders.

Policy / Commitment

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

Initiatives

- 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 (JBIB)
- 30 by 30 Alliance for Biodiversity (Ministry of the Environment)
- TNFD Forum

Performance

● Technology to Conserve High-Quality Natural Environments

Creating a forest inspired by natural woods from seedlings

During the development of the Fujisan Nanryo Industrial Park, we undertook a "10-Year Forest Creation" initiative, utilizing trees suitable for the local environment and emulating natural woods. Using the "natural planting" method that fosters forest growth by allowing trees to compete with each other, seedlings are planted during tree planting festivals. Ten years after the initial planting, it has been verified that the new forest boasts richer biodiversity than the existing surrounding forests.



Tree planting festival conducted



Five years post-planting



Ten years post-planting

● Various Technologies to Support Green and Waterside Development

Biodiversity Concierge Series

An interactive app designed to assist with plans that consider biodiversity. It is structured around three unique concierges with distinct focuses: "Ikimono (live creatures)," "Mori (forest)," and "Mizube (watersides)."



Roadmap
Web Q Nature Co-Existing Society

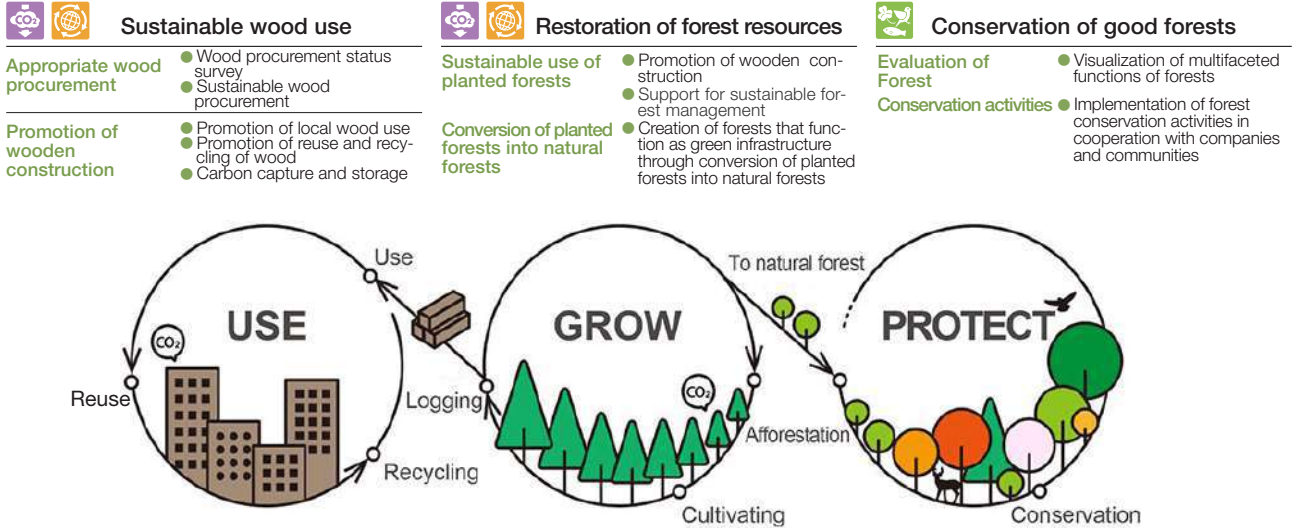
Plant Mat

A mat embedded with ground cover, consisting of the forest floor and grassland vegetation appropriate for the projected site's environment. Simply by laying them down, it facilitates the creation of native-species grasslands and forest floors, promising healthy growth.



Realization of a Sustainable and Environmentally Friendly Society

For Resolving Issues Related to the Forest Resources and the Forest Environment

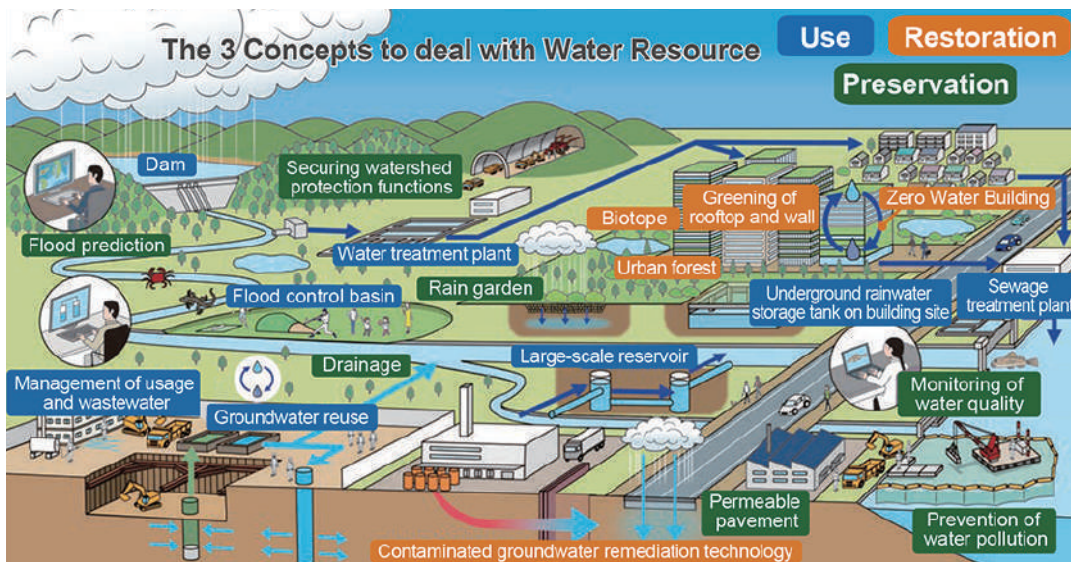


*For information on our responsibilities, contributions through our businesses, and various initiatives, please visit our company website, "Forest Environment and Forest Resources."

[Web Q Forest Resources / Forest Environment](#)

Realization of a Sustainable and Environmentally Friendly Society

For Resolving Issues Related to the Water Resources and the Water Environment



*For information on our responsibilities, contributions through our business activities, and various initiatives, please visit our website, "Water Resources / Water Environment."

[Web Q Water Resources / Water Environment](#)

Information Disclosure Based on the TCFD Recommendations

The Taisei Group recognizes the impact of climate change on its business as a significant management challenge. In July 2020, we endorsed for the TCFD recommendations, and since May 2021, we have been disclosing information in line with the TCFD guidelines. For more information, please visit our website, "Information Disclosure Based on the TCFD Recommendations."

Governance

[Web Q](#) Information Disclosure Based on the TCFD Recommendations

We have established both the Sustainability Committee and the Sustainability Promotion Committee to discuss and consider matters related to climate change.

Strategies



P.64

Sustainability Management Promotion System
Sustainability Section

There are thought to be two types of risks and opportunities associated with climate change. One is the result of "transitions" that include market changes and the tightening of regulations to minimize temperature rise. The other is the result of "physical" changes such as acute abnormal weather occurring due to temperature rise. To devise business strategies that can deal flexibly with climate change, multiple scenarios are used to identify risks and opportunities and evaluate the impact on business, and then business strategies are formulated and reflected in the Medium-Term Business Plan and the like.

Risks and Opportunities

Type	Risks/Opportunities	Descriptions	Impact level
Transitions	Market shrinkage and increase in construction cost due to the introduction of carbon pricing and tightened CO ₂ emission regulations	Risks <ul style="list-style-type: none"> Decrease in private construction investment and equipment investment due to the introduction of carbon pricing and the reinforcement of CO₂ emission regulations Increase in construction costs due to a hike in the prices of building materials and electricity 	Medium
			Low
	Increase in demand for renewal	Opportunity <ul style="list-style-type: none"> Increase in demand for renewal to improve energy efficiency of existing facilities 	Medium
	Increase in demand related to energy-saving and renewable energy	Opportunities <ul style="list-style-type: none"> 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	Risks <ul style="list-style-type: none"> 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
	Rise in severity and frequency of natural disasters	Risks <ul style="list-style-type: none"> Work suspension, process delay, and increase in labor and temporary work costs due to damage to construction worksites, etc. Increase in procurement costs and process delays due to damage to suppliers 	Medium
		Opportunities <ul style="list-style-type: none"> Increase in demand to improve the resilience of equipment and infrastructure against intensified disasters Increase in new construction and relocation works due to growing demand for relocation from disaster hazard areas 	High
	Rise in sea level	Opportunity <ul style="list-style-type: none"> 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

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	<ul style="list-style-type: none"> Possession of renewable energy power sources for the purpose of covering the Group's electricity consumption Examination and introduction of fuel improvement measures (biodiesel fuel/fuel additives) at construction worksites Enhancement of green procurement such as development and utilization of carbon-recycle concrete
Response to the increase in demand related to renewal, energy-saving and renewable energy	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 Center Reform the production process at worksites by developing and deploying unmanned construction technology, robot construction technology, etc.
Response to abnormal weather, increase in the severity and frequency of disasters and sea level rises	<ul style="list-style-type: none"> 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/Indicators and Targets

For more information on governance, as well as risk management/ indicators and targets, please visit our website.

[Web Q](#) Risk Management / Indicators and Targets

Materiality 2

Ensuring Quality and Improving Technology

Related
SDGs

Policies and Basic Approach

In its Quality Policy, Taisei Construction defines its critical mission as the efficient and ongoing delivery of high-quality construction products and associated services to its clients and the broader society. Each division—Building Construction, Civil Engineering, Design, Engineering, and Nuclear Facility—operates under distinct policies, pushing forward their production activities effectively. Each division and group company has achieved ISO 9001 certification. They implement quality management, and both the Civil Engineering Division and Building Construction Division have formulated manuals and operational procedures. We collaborate closely with all relevant departments to uphold stringent quality control, aim to eliminate any defects attributed to quality, carry out customer satisfaction surveys post-project completion, and prioritize fostering stronger relationships with our clients.

Quality Policies of Relevant Divisions

Building Construction Division

Following the revision of ISO 9001 in its 2015 edition, we have aligned the Construction Operation Standards as the benchmark for our quality control manual. We champion quality control by executing workflows in accordance with this standard. Our divisional quality policies are centered on consistently offering construction products and services of high caliber that cater to the expectations of clients and society. We commit to ensuring customer satisfaction and trust and place emphasis on nurturing enhanced relationships with our clientele.

Civil Engineering Division

Aiming to deliver superior civil engineering structures tailored to client needs, we harness our expertise and organizational strength as a general contractor. With the genuine and swift collaboration of everyone involved in a project, we strive to achieve a standard of quality and service that resonates with client satisfaction. We also endeavor to enhance customer satisfaction by perpetually refining the efficiency of our quality management system, targeting its more proficient application.

Engineering Division

Aiming for customer satisfaction, and in line with the Company's Quality Policy, the department has established its quality policy as: "Delivering TAISEI QUALITY through innovative services for the growing engineering business domain." We are actively engaging in the following specific quality activities:

- (1) Precisely identify and address client requirements
- (2) Develop human capital capable of delivering innovative services
- (3) Adhere to all laws and regulations
- (4) Implement and continuously maintain a suitable quality management system

Design Division

Both the Design Division and its eight branch departments have collectively achieved ISO 9001 certification. This ensures a consistently high standard of design quality across all our departments nationwide. In 2016, we founded the Taisei Construction's First-Class Architect Supervision Office, granting it independent authority to oversee construction projects. With the swift advancements in ICT and the evolving nature of work, it is essential to reassess our systems to manage emerging risks tied to these changes.

Back in 2002, our Design Division was a pioneer in the construction sector by securing the Information Security Management System Certification (previously BS 7799, now ISO 27001). We are holistically advancing our quality standards through ISO-driven initiatives spanning quality, environment, and information security.

Nuclear Facilities Division

Under the umbrella of the Company's Quality Policy, this division is committed to elevating the safety, reliability, and environmental preservation of nuclear-related facilities. This commitment extends to designing, surveying, researching and developing, conducting demonstration tests, and offering technical support to nuclear facilities.

As required, we adhere to the Rules of Quality Assurance for Safety of Nuclear Power Plants JEAC 4111 (by the Japan Electric Association), the Guidelines for Quality Improvement of Analysis Services Pertaining to Licensing at Nuclear Facilities (by the Japan Nuclear Safety Institute), and the Quality Assurance Requirements for Nuclear Facilities NQA-1 (by The American Society for Mechanical Engineers or ASME). We ensure alignment with the unique quality assurance expectations of our clients, which include major electric power corporations.

Web Q

ISO14001/ISO9001/ISO45001

Risks and Opportunities

If our commitment to quality assurance falls short, risks such as harming the health and safety of our clients due to quality deficiencies and malfunctions may arise. This can also result in devaluation of assets, and there is the associated risk of cost escalations and reduced productivity due to the need for rework or modifications. Furthermore, with the demographic shifts of a declining birthrate and aging population, there is an impending risk of a decreasing pool of skilled technicians and a diminished labor force, leading to potential lapses in quality control.

Conversely, adopting new technologies like automation and robot utilization, and leveraging digital technology to enhance quality control and productivity can bolster the Group's competitive advantage. This not only enhances our corporate value but also elevates our reputation among our stakeholders.

Towards an Effective System

Having reflected upon our failure to satisfy steel erection accuracy requirements highlighted last year, we are steadfast in our dedication to bolstering mechanisms that prevent a reoccurrence. This includes bolstering mechanisms to reliably operate the quality control process. All our executives and employees are recommitting to the ethos of “TAISEI QUALITY—Quality is Our Pride” and reinforcing the fundamental principles.

As part of our action plan, we have inaugurated a new Quality Control Division. Distinct from the Building Construction Division and directly overseen by the president, its mandate is to rigorously uphold the quality control processes related to building projects. This division, with its specialized focus on quality control supervision and monitoring, takes the lead in forestalling construction-related quality issues. They also ensure adherence to customer specifications and contracts. If and when quality issues arise during or post-construction, the division steps in, offering expert oversight and guidance.

Specifically, the head office's Quality Patrol, along with interim and final inspections, evaluates the implementation status of the quality control processes from an impartial third-party perspective, adhering to the Construction Operation Standards. When on-site construction does not align with these standards or when issues arise, the site supervisor is given clear directives and deadlines for rectifications. If these issues remain unaddressed, the branch receives orders to halt the construction and ensure necessary corrections.

Additionally, periodic reviews are conducted on the tasks of branch technical departments. These checks and balances, combined with continual support and guidance, ensure the sustained effectiveness of our quality control processes and offer invaluable assistance to dedicated quality control personnel at both worksites and branches.



Policy / Commitment

- Action Guidelines for Taisei: Pursuing customer satisfaction, ensuring and improving safety and quality
- Quality Policy
- Medium-Term Business Plan (2021–2023): To innovate the production systems and reform the workstyles through DX

Initiatives

- ISO9001

Performance

● Customer Satisfaction: Building Construction Division

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 FY2022 was 85.9%. 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.

● Customer Satisfaction: Civil Engineering Division

Calculated based on the owner's construction evaluation scores as a metric, the satisfaction rate for FY2022 was 95.8%. We also conduct interviews, and each branch shares these results in construction review meetings, aiming for improvements. Both the head office and branches are united in their commitment to continually enhance customer satisfaction.

● Productivity Enhancement

One of the KPIs used to gauge the outcomes of technological advancement is per capita productivity, calculated as net sales divided by the number of employees. By making these outcomes transparent and fostering a heightened awareness of “productivity” among every employee, our entire group collaboratively reviews business processes to strive for enhanced productivity. For FY2022, the productivity figure stood at ¥67 million.

2023 KPI

- Customer satisfaction rate

Non-consolidated target **100%**

- Productivity (Net sales/number of employees)

Taisei Group target **¥83 million**



P.34

Customer satisfaction rate
Productivity (Net sales/number of employees)

Materiality and KPIs

Materiality 3

Technical Development for Realizing a Sustainable Society

Related SDGs



Policies and Basic Approach

The Taisei Group, in its Technology Development Policy, grounds its core strategy on realizing technological advancements based on the priority challenges, business strategies, and the medium- to long-term vision set out in its Medium-Term Business Plan. Under the Medium-Term Business Plan (2021-2023), a primary focus is to “promote the technical development to solve environmental and social issues through open innovation.” To this end, the Group is actively pursuing the development and application of next-generation, high-performance ZEB, exploiting carbon-recycled concrete, and spearheading technologies expected to invigorate industries benefiting from a harmonious cycle between the economy and the environment.

Risks and Opportunities

If we do not sufficiently engage in technological development for the realization of a sustainable society, there is a risk of not being able to provide our clients with high-quality, high-performance construction products and associated services that meet their needs.

Conversely, pursuing innovation through the development and societal integration of technologies—whether to establish new businesses and markets, address diverse sustainability challenges, or enhance quality, productivity, and safety—bolsters the Group’s competitive advantage. It also contributes to enhancing our corporate value but also elevating our reputation among our stakeholders.

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): To promote the technological development to solve environmental and social issues through open innovation

Initiatives

- The Japan Intellectual Property Association

Performance

- Based on our strategy for intellectual property, our proactive efforts in rights establishment and utilization have resulted in a patent assessment rate of 87.7%. This figure is notably high when compared to the average rate of 74.7% for all industry sectors over the past three years, as reported in the 2022 edition of the Annual Report of Patent Administration.
- Thanks to our client’s appreciation and understanding of our initiatives in renewable energy and other decarbonization measures, we secured orders for 10 net Zero Energy Buildings (ZEBs) in FY2022.

2023 KPI

- Number of patent applications filed
Non-consolidated target **280 cases**
- Number of orders received for net Zero Energy Buildings (ZEBs)
Non-consolidated target **8 projects**

P.69 Taisei Group’s ZEB Sustainability Section

Technology Topics

Autonomous Construction Machine

T-iROBO® Bulldozer

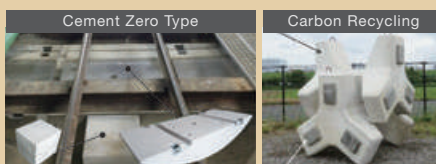


Since 2013, the Company has been advancing the development of the T-iROBO series, which encompasses construction machinery that can be remotely operated or function autonomously. We have successfully developed and implemented a bulldozer with autonomous control that can detect piles of dirt and sand and autonomously determine its earth-moving route.

T-eConcrete® Series—Pioneering the Use of Environmentally Friendly Concrete That Substantially Cuts CO₂ Emissions



Gate fence of SMC Corporation’s Shimotsuma Plant 2

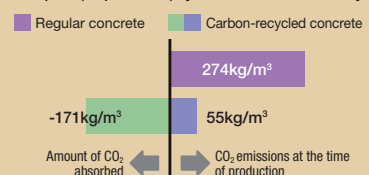


Pedestrian floor block, Invert block
Construction of a new tunnel in the Inzai area of Chiba Prefecture (Part 2)
Owner: TEPCO Power Grid, Incorporated

Root consolidation block
Right bank levee of Arakawa River
Ministry of Land, Infrastructure, Transport and Tourism, Kanto Regional Development Bureau

Aiming to achieve carbon neutrality by 2050, we are pushing forward with the introduction of various types of T-eConcrete®. This includes the T-eConcrete®/Carbon-Recycle which boasts a net-negative CO₂ emission balance.

CO₂ Absorption (Sequestration) by T-eConcrete®/Carbon-Recycle



CO₂ Intensity = Emissions - Absorption = 55 - 171 = -116 kg/m³
CO₂ reduction rate = CO₂ intensity of regular concrete - CO₂ intensity of carbon-recycled concrete = 274 - (-116) = 390 kg/m³

Materiality 4

Promotion of Supply Chain Management

Related
SDGs



Policies and Basic Approach

For the Taisei Group, specialized contractors, suppliers, and other business partners play a pivotal role as essential business collaborators in addressing environmental, human rights, and other societal challenges. In our “Action Guidelines for Taisei Personnel and the Taisei Group as a Whole,” which emphasizes promoting partnerships with business associates, we are committed to forging fair and mutually trusting relationships. Aligned with our Declaration of Partnership Building announced in 2020, we aim to amplify value and champion mutual growth and harmony throughout the entire supply chain.

To be specific, we are advancing our sustainability initiatives based on the Taisei Group Sustainable Procurement Guidelines. By enhancing the reach and understanding of these guidelines—which outline collaborative efforts between the Group and business partners to solve societal sustainability issues through our business—we endeavor to further our sustainability goals.

I Risks and Opportunities

Efforts towards addressing sustainability challenges must be advanced not only within the Group but also throughout the entire supply chain. If these endeavors fall short, there is a risk of adverse impacts on our stakeholders due to potential environmental degradation and human rights breaches within the supply chain. This could subsequently lead to diminished corporate value and our reputation among our stakeholders.

Conversely, initiatives aimed at resolving sustainability issues across the full supply chain help to achieve mutual growth and harmony with our business partners, further bolstering the Group’s productivity and competitive advantage.

Policy / Commitment

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

Initiatives

- United Nations Global Compact, “Human Rights,” “Labor,” “Environment,” and “Anti-Corruption”
- Supply Chain Sub-Committee (GCNJ)
- HRDD Sub-Committee (GCNJ)
- JBIB (Japan Business Initiative for Biodiversity)
- EcoVadis

Performance

- The core cooperative company association, Soyukai, has established several councils with the Company both nationwide and at various branches. Regularly, these councils exchange opinions and conduct training sessions. During these discussions, we deliberate on initiatives aimed at fostering the next generation of leaders and improving the treatment of employees within our partner companies. The outcomes of these discussions are then integrated into our broader policies and measures. As a subsidiary body of the Branch Soyukai, we have established the Youth Management Study Group that conducts study sessions and networking events with the objective of enhancing the qualifications of managers and Soyukai leadership. Moreover, we offer training on societal challenges, encompassing sustainability training through safety conventions and e-learning modules based on the Taisei Group Sustainable Procurement Guidelines.
- When initiating transactions with new business partners, we make them aware of various policies and guidelines. Additionally, we evaluate the implementation status of these guidelines using a self-assessment method, conducting interviews and exchanging feedback for necessary improvements. In the fourth quarter of FY2022, we carried out self-assessments with 50 new business partners.

- Number of branches offering training to business partners about sustainability activities: 12 domestic branches in January 2023.
- Number of participants and companies engaged in e-learning on sustainable procurement: January to February 2023: 2,579 participants from 1,142 companies
January to February 2022: 7,391 participants from 3,200 companies.

2023 KPI

- Supplier’s conformity rates with the Taisei Group Sustainable Procurement Standards

Taisei Group target

100%



P.34

Supplier’s conformity rates with the Taisei Group Sustainable Procurement Standards

Materiality and KPIs



Visits and interviews with subcontractors and suppliers

Materiality 5

Thorough Management of Occupational Health and Safety



Policies and Basic Approach

The Taisei Group, in its “Action Guidelines for Taisei Personnel and the Taisei Group as a Whole,” emphasizes maintaining a safe and health working environment, and strive to prevent occupational accidents. Especially in construction activities, the Group commits to adhering to laws, regulations, internal standards, and safety plans. We prioritize ensuring the safety of construction personnel and give utmost importance to ensuring community safety, which includes preventing accidents that may affect third parties. This commitment is deeply ingrained, ensuring strict adherence by all the Group’s executives and employees.

Additionally, within the Group’s Medium-Term Business Plan (2021-2023), we underscore the aim to “achieve zero fatal accidents and zero serious accidents.” Our Safety and Health Policy designates the Occupational Health and Safety Management System (TAISEI OHSMS), executed in a systematic and organized manner, as the cornerstone of our safety and health management approach. Group executives, employees, and professional contractors collaboratively work towards these aims. We are also pioneering the adoption and enhancement of safety management and monitoring systems leveraging ICT and AI technologies. In collaboration with professional contractors, we are establishing a safety and health management system that clearly defines “responsibility and authority.” Our ultimate goal is to create a work environment where individuals feel secure and to be recognized as a company that earns the trust and empathy of the wider community.

Risks and Opportunities

The construction industry faces challenges, such as the aging of skilled workers, an influx of foreign labor, escalating natural disasters, and persistent severe heat. These challenges necessitate a higher level of commitment to occupational health and safety management. Inadequate attention to this critical aspect might lead to industrial mishaps, regulatory infringements, diminishing corporate value, and our reputation among our stakeholders.

Conversely, elevating our occupational health and safety standards, inclusive of our partners, aids in securing commendable partners and attracting top-tier talent. Innovative measures, like the automation of hazardous tasks and leveraging digital technologies, not only enhance safety standards but also fortify our Group’s productivity and 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

Initiatives

- United Nations Global Compact, “Human Rights” and “Labor”
- ISO45001

Performance

- Between January and December 2022, Taisei Construction experienced 35 lost-time injuries (compared to 46 in 2021), with an accident frequency rate of 0.31 (0.44 in 2021), and recorded 0 fatal injuries. Even though the total hours worked increased by about 10% compared to the previous year, the number of lost-time injuries decreased, and the accident frequency rate improved.
- An analysis of accidents in 2022 revealed that the most common cause of lost-time injuries was related to machinery, followed by falls. We are determined to prevent similar incidents by rigorously identifying the fundamental causes of each accident and implementing the appropriate corrective measures and preventive actions. To mitigate risks, we undertake risk assessments based on the Occupational Health and Safety Management System (TAISEI OHSMS). Furthermore, we rigorously carry out various worksite patrols and safety and health education for employees, workers, and all individuals associated with the worksites. In 2022, a total of 1,298 employees involved in on-site operations participated in various safety training sessions.
- We prioritize employee training to avert accidents and injuries, enhance safety and health consciousness, and foster a deeper comprehension of safety-related laws and regulations. Training is customized based on an employee’s tenure and role, ensuring that they receive education tailored to their specific requirements and responsibilities. Moreover, we disseminate Accident and Injury Reports monthly via our intranet, facilitating the sharing of insights derived from accident analyses, incident case studies, and their corresponding preventive strategies.

2023 KPI

● Number of fatal accidents
Taisei Group target **0 cases**

P.21-22 Accident Frequency Rate
Financial and Non-Financial Highlights

Type of Education	No. of persons
Offsite training for head office in-house employees	458 persons
Basic, intermediate and supervisory management courses	599 persons
Administrator, supervisor and former manager training	160 persons
Supervisor training	46 persons
New employee introductory training (at time of hire)	35 persons
Total	1,298 persons

(2022)

Materiality 6

Cultivation of Technical Staff and Securing of Human Resources

Related SDGs



Policies and Basic Approach

The Taisei Group, in its Human Resource Development Policy (Diversity & Inclusion Policy), defines diversity management as the management that creates innovations and values by effectively using diverse human capital and providing opportunities to maximize their abilities.

To realize this vision, we actively recruit individuals with varied skills and ensure an environment where their full potential can be maximized. Furthermore, we have established a framework to bolster career development, skills enhancement, and skills transition, enabling diverse talents to thrive in accordance with their life stages, abilities, and ambitions. As we focus on nurturing the next generation of engineers, this approach is crucial.

In adherence to our Declaration of Partnership Building with business associates, our goal is to augment value and foster a mutualistic relationship throughout the entire supply chain. In collaboration with organizations like Soyukai and the Safety, Health, and Environment Cooperation Association, we are dedicated to both securing and nurturing skilled construction workers.

Risks and Opportunities

Should we fall short in our efforts to educate engineers and secure adequate staffing, there is an inherent risk that we may fail to establish an efficient production framework capable of delivering the high-quality, superior-performing construction outputs and related services catering to our client's needs.

Conversely, steadfast dedication to the training of engineers and staffing ensures the acquisition of top-tier talent and esteemed business partners. Moreover, by championing the development of innovative construction techniques and technologies as a remedy for workforce shortages, we significantly bolster the Group's productivity and competitive advantage.

Policy / Commitment

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

Initiatives

- United Nations Global Compact, "Labor"

Performance

- In May 2021, in line with the new targets set by Nikkenren, we established the "CCUS Dissemination and Promotion Roadmap for FY2021 to FY2023." We have been progressing well towards our annual targets. For this fiscal year, which is the last of the period, we are aiming for a 100% rate across three indicators: business operator registration, skilled worker registration, and accumulation of employment history. As of a survey conducted in March 2023, the rates stand at 95% for business operator registration, 88% for skilled worker registration, and 87% for accumulation of employment history.

2023 KPI

- Worksite registration rate of Construction Career Up System (CCUS)

Non-consolidated target **100%**



P.34

Health management overtime hours / Worksite implementation rate of a five-day work week (closed eight days in four weeks)

Materiality and KPIs

- The Soyukai is comprised of core contractors for Taisei Construction. These member companies are vital partners, striving for mutual growth and prosperity alongside the Company. Regular discussions are held to address various challenges, and they are dedicated to offering solutions and support.
 - In terms of securing the next generation of skilled workers, we have arrangements such as accommodating interns from member companies at Taisei Construction worksites and accepting member successors for temporary assignments at Taisei Corporation.
 - For human capital development, a diverse range of training sessions—from skills courses for new recruits to managerial workshops—are conducted to foster and retain talent among our member company employees. Furthermore, to nurture future leadership of each company, we have instituted the "Youth Management Study Group." This sub-organization promotes engagement between company executives and members, organizing regular study sessions and interactions to energize the Group.
 - At Taisei Corporation, an accreditation initiative has been launched to enhance the conditions for member construction technicians. In the Civil Engineering Division, aiming to bolster facets like quality, safety, and technology, we have introduced a reward system to acknowledge exemplary civil engineers contributing to on-site projects at Taisei Corporation. In the Building Construction Division, with the goal of elevating the construction management competencies of site supervisors, the "First-Class Foreman System" has been operational since 1995, and the "Special-Class Foreman System" since 2015, emphasizing skill transmission and personnel training.

System name		Amount paid (Daily)	Cumulative number of awardees (Certifications)	System inception date
Civil Engineering	Excellent Civil Engineer Compensation System (BMT System*)	¥2,000	1,274 (annually)	Jan. 2013
Building Construction	First-Class Foreman System (with some revisions)	¥2,000	833 (annually)	Apr. 1995
	Special-Class Foreman System	¥4,000	100 (annually)	Sept. 2015

*As of March 2023

Materiality 7

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



Policies and Basic Approach

The Taisei Group has established principles in its “Action Guidelines for Taisei Personnel and the Taisei Group as a Whole,” aimed at securing a pleasant working environment and respect for diversity. The Group is actively promoting these principles. We have also laid out the Human Resources Development Policy (Diversity & Inclusion Policy) and are pushing forward with various initiatives to foster an environment that respects diversity and ensures every executive and employee can maintain high levels of engagement and perform optimally. Based on this policy, as well as the TAISEI VISION 2030 and the Medium-Term Business Plan, we set self-directed goals for the utilization of human capital. The Board regularly monitors the execution of these goals and ensures timely and accurate disclosure to our stakeholders.

Risks and Opportunities

If efforts to harness the skills and capabilities of diverse personnel—including women, elderly employees, and non-Japanese employees—are inadequate, we risk not being able to secure top talent. Consequently, endeavors to uplift corporate value, such as through innovation, might stagnate, and our reputation among our stakeholders could diminish.

Conversely, by actively promoting Diversity & Inclusion initiatives to realize an attractive working environment that is good to work in, we aim to attract and retain stellar human capital, boost the engagement levels of our executives and employees, and invigorate the organization as a whole.

Performance & 2023 KPI

Page P.34 Number of female managers / Rate of taking childcare leave by males
Materiality and KPIs

Page P.51 Management of Human Capital
Taisei Group's Growth Strategy

Materiality 8

Thorough Compliance / Restructuring of the Group Governance System



Policies and Basic Approach

The Taisei Group has outlined in its “Action Guidelines for Taisei Personnel and the Taisei Group as a Whole” the importance of complying with laws and regulations (i.e., laws, regulations, ordinances, administrative guidance, customs, and other social rules, as well as internal rules and regulations such as company rules). The Group emphasizes acting with societal integrity. In executing its business activities, there is a continual focus on ensuring that actions and words serve the best interests of clients, the company, shareholders, business partners, and the broader society.

As part of our fundamental approach to corporate governance, we prioritize the speed, accuracy, fairness, and transparency of managerial decision-making. This ensures the sustainable growth of the Company and helps in securing the trust of the community. To maximize the synergies throughout the Group, we have rebuilt the Group governance framework. This includes the initiation of a Group Personnel Exchange System and the rebuilding of the Group meeting structures.

Risks and Opportunities

Establishing solid compliance is foundational to our management. Insufficient efforts in this area can lead to risks such as a diminished societal reputation, constraints in our business operations, a decline in the perceived corporate value, and potentially lower our reputation among our stakeholders.

If we do not adequately strengthen the Group governance, there is a risk that, while aiming for individual company optimization, the Group may not make decisions that are in the collective best interest.

Conversely, by building and enhancing the Group governance, we ensure transparent, swift decision-making and appropriate risk-taking throughout the entire Group. This approach amplifies the Group's strength by maximizing synergies.

Performance & 2023 KPI

Page P.34 Number of major information security accidents / Attendance rate at compliance training including anti-corruption
Materiality and KPIs

Page P.85 Corporate Governance
Governance Section

Page P.93 Compliance
Governance Section

I Will Contribute to Increasing the Group's Corporate Value by Enhancing Trust between the Execution Side and the Supervision Side.

Shigeyoshi TANAKA

Chairman of the Board,
Representative Director



On the Occasion of Assuming the Chair

Starting in April 2023, I succeeded Mr. YAMAUCHI as Emeritus Counselor and assumed the role of Chairman of the Board. I feel quite honored and humbled since I take on this crucial role at the milestone of our 150th anniversary.

In April 2020, the Company undertook a review of governance, which is aiming at strengthening the Board's supervisory function, enhancing deliberation, and accelerating decision-making in business execution, in order to fortify governance. I see my role as continuing along this path, striving to further refine the governance structure of the Group.

I will deepen communication between External Members of the Board and Internal Members of the Board. Leveraging my practical understanding of the Group's business and operations specifically at the work-site, I will work to enhance the effectiveness of our Board as its Chairman and aim to increase corporate value.

Role of the Chairman of the Board

The Company's Board currently comprises twelve (12) Members of the Board, four (4) of whom are External ones. Internal Members of the Board and Executive Officers are responsible for explaining agenda items. We carry out highly objective and transparent deliberations by respecting the opinions of External Members of the Board and External Audit & Supervisory Board Members who bring specialized expertise and experience to the Board. In this context, my role as Chairman is to select appropriate agenda items and facilitate discussions to ensure that they serve as a forum for constructive debate and exchange of diverse opinions, thereby enhancing the quality of the discussions.

Concerning the agenda brought to the Board, we are delegating authority to the executive side based on annual analysis of the Board's topics. However, there is room for improvement. The Board primarily focuses on

its supervisory function, and we will continue to review the agenda to further enrich discussions on the broader strategic direction of the Company, including its "desired state" and "medium- to long-term value increase."

Moreover, for the purpose of fostering deeper mutual understanding between External and Internal Members of the Board, we regularly hold board opinion-exchange meetings and open discussions. We plan to further rejuvenate these board discussions by increasing such opportunities.

In addition, another important aspect of my role is to secure diverse human capital with the knowledge, specialized skills, and experience that will contribute to our medium- to long-term vision for the Company, which is to be a "pioneering corporate group contributing to the development of a resilient society where people can live affluent and cultured lives." We will review the composition of the Board, considering diversity in terms of internal and external candidates, gender, etc., in anticipation of our future vision for the Company.

Initiatives for This Fiscal Year

This fiscal year is crucial for the Group to restore the trust and credibility we have with our stakeholders. We will work towards increasing the corporate value of the Group by implementing effective monitoring measures for business execution. This will allow us to surpass clients' expectations in the value we deliver. In addition, we will focus on building stronger trust between the execution side and the supervision side, while also providing the necessary support for our executives and employees in the execution side to take appropriate risks aimed at driving growth. Through implementation of all those measures, I will contribute to increasing the corporate value of the Group.

To Support the Company's Growth from an Auditing Perspective



Yasuhiro SATO

External Audit & Supervisory Board Member
Elected since 2020

The roles of Audit & Supervisory Board Members have significantly expanded compared to the past. Now, it is not only about traditional auditing of the duties executed by Members of the Board but also providing insights into the Company's overall management. In other words, a new aspect of the roles is to support the Company's prospective growth from an auditing perspective. Based upon this understanding, I actually engage in discussions about each project, offering candid opinions while keeping Taisei Corporation's leading position in the construction industry in mind.

So far, the governance reforms at Taisei Corporation have positively impacted the Board's operations and invigorated its discussions, showing that we are moving in the right direction. However, it seems that the execution side is not yet accustomed to incorporating the perspectives and concerns of External Members of the Board. I feel that there is an opportunity here to more actively integrate the external viewpoints of these External Members into our management strategies.

Governance and growth strategies are inextricably linked, and I aim to contribute to shaping the new governance framework that will support the Company's future.

To Enhance the Effectiveness of Audits from an External Perspective



Seishi TASHIRO

External Audit & Supervisory Board Member
Elected since 2020

The Audit & Supervisory Board Members and the Audit & Supervisory Board have a duty to audit the performance of Members of the Board, taking into account their fiduciary duties to shareholders. This is fulfilled to respond to societal trust through actions that contribute to both the integrity of corporate management and the enhancement of corporate value. In this context, External Audit & Supervisory Board Members play a crucial role in enhancing the effectiveness of these audits. They do this by offering perspectives and insights from an external viewpoint, while collaborating with full-time Audit & Supervisory Board Members, the internal audit department, and the accounting auditors.

It has been three years since I took on the role of an External Audit & Supervisory Board Member. I have noticed significant improvements in the selection of topics discussed during Board meetings and the amount of time allocated for meaningful deliberation, compared to when I first assumed this position. These more dynamic discussions have contributed to enhanced governance. Within the Audit & Supervisory Board, we scrutinize the agenda items prior to meetings at the Board and engage in post-meeting discussions to assess the adequacy of the deliberations.

Moving forward, as an External Audit & Supervisory Board Member, I am committed to making contributions that bring joy to all stakeholders such as clients, shareholders, employees and society at large.

To Expect Greater Diversity as the Key to Future Success

There are two elements I particularly pay attention to in my role as an Audit & Supervisory Board Member. The first is the concept of individual accountability among Audit & Supervisory Board Members. This implies that we should constantly question how well we are fulfilling our responsibilities, not just towards the executive management but also towards our fellow Audit & Supervisory Board Members. The second is to be fully familiar with Taisei Corporation. By comprehending not just the business operations but also the company culture, we can better promote governance mechanisms that are truly suitable for our organization. In this context, the synergy between Internal and External Audit & Supervisory Board Members is paramount.

At the Board meetings, Audit & Supervisory Board Members often have many opportunities to opine and are seen as proactive contributors to the collective decision-making process. I also notice that various committees aim to bolster governance by actively involving both Internal and External Audit & Supervisory Board Members as observers. However, I feel that there is still room for improvement in terms of diversity, especially concerning the gender and international background of Members of the Board and Executive Officers. I anticipate that enhancing the diversity of human capital across the organization and fostering a wide range of skills and perspectives will be crucial for the future growth and success of the Taisei Group.



Keiko OHARA

External Audit & Supervisory Board Member
Elected since 2020

To Pursue Right Decisions from an Impartial Standpoint

External Audit & Supervisory Board Members are highly expected to maintain an impartial and independent position in relation to the company. While auditing the Members of the Board's execution of duties, we remain acutely aware of this impartiality. We meticulously evaluate whether the internal control system is functioning as it should. Should any irregularities arise, we engage in comprehensive discussions with the Company to both address the issue at hand and devise preventive measures for the future. In addition, I believe it is crucial to continually ensure that the Audit & Supervisory Board receives timely and appropriate reports, enabling us to make informed decisions.

At the Board meetings, I look forward to increasingly meaningful discussions informed by the hands-on experience of Internal Members of the Board and the broader perspectives of External Members of the Board. The synergy from these discussions, I believe, will further enhance the Company's corporate value.

Currently, we are facing with challenges such as optimizing and streamlining work processes in compliance with labor hour regulations, and properly allocating human resources. I am committed to contributing, in whatever way I can, to providing employees with an organizational environment where they can find satisfaction and fully dedicate themselves to their work.



Masamitsu MIURA

External Audit & Supervisory Board Member
Elected since 2021

Corporate Governance

Our Fundamental Approach

The Taisei Group’s fundamental approach to corporate governance is to ensure the swiftness, appropriateness, fairness, and transparency in management decision-making in order to earn the trust of society while pursuing sustained development as a business.

[Web Q Corporate Governance / Internal Controls Fundamental Corporate Governance Polity](#)

Evolution of the Company’s Governance

1999	● Jun. 1999	Introduced the executive officer system
	● Aug.	Established the Ethics Committee (now Sustainability Committee)
2006	● Nov. 2000	Established the Executive Personnel Committee
	● Jun. 2003	Elected an External Member of the Board for the first time
	● May 2006	Formulated the Fundamental Policy to Enhance Operational Compliance Systems
	● Jun.	Established the Remuneration Committee Abolished the executives’ retirement benefits system
2015	● Jun. 2010	Elected an Independent External Audit & Supervisory Board Member
	● Apr. 2014	Elected an Independent External Member of the Board
	● Nov. 2015	Formulated the Fundamental Corporate Governance Policy
	● Jan. 2020	Established the Governance System Review Committee
	● Apr.	Established the Management Committee Introduced a performance-based compensation (stock compensation) system

Overview of Corporate Governance System

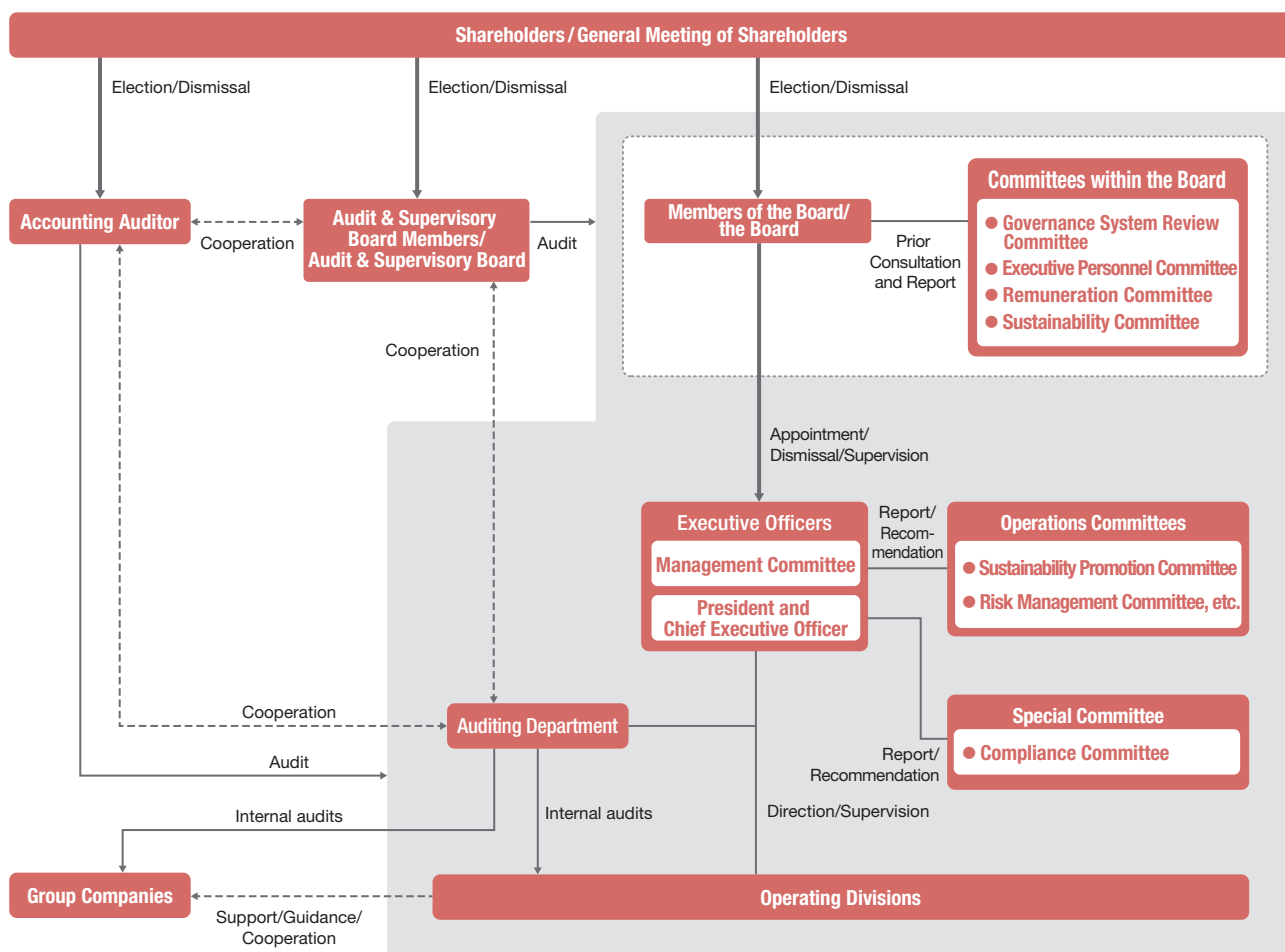
Taisei Corporation has chosen a company structure with an Audit & Supervisory Board. The board of directors (the “Board”) focuses on the Company’s sustainable growth and the enhancement of corporate value in the medium-to-long-term. Its primary roles are: (i) to indicate the future directions from wide viewpoints in respect of the corporate strategy, (ii) to establish an environment that supports appropriate risk-taking by the senior management, and (iii) to effectively oversee the management and Members of the Board from the independent and objective viewpoints. The board comprises twelve (12) members: eight (8) from within the Company and four (4) external members. These external members of the Board, consisting of three (3) men and one (1) woman, provide an objective perspective, enriching board deliberations with diverse views and strengthening management oversight.

To invigorate its operations, the Board has established several internal committees: the Governance System Review Committee, the Executive Personnel Committee, the Remuneration Committee, and the Sustainability Committee. The Management Committee, serving as the highest decision-making body on the execution side, deliberates and resolves business execution matters delegated by the Board. Chaired by the President, the Committee includes eleven (11) members chosen by the Board.

Furthermore, the Company has set up the Sustainability Promotion Committee and the Risk Management Committee. These operational committees deliberate on matters concerning consultations with the Management Committee and the President. To ensure thorough compliance, the Compliance Committee, chaired by an external expert, has been established as a special committee to address consultations with the President.

The Audit & Supervisory Board receives reports from each member about the status and outcomes of their audits. They discuss and decide on statutory issues and those related to the performance of Audit & Supervisory Board members' duties. Periodic reports on audit plans and results are also received from both the internal Auditing Department and the external Accounting Auditor. This board includes six (6) members: two (2) internal and four (4) external, ensuring a neutral and objective oversight mechanism with the help of External Audit & Supervisory Board Members who possess specialized knowledge and maintain a high level of independence.

Corporate Governance Structure (As of July 1, 2023)



Committees within the Board (As of July 1, 2023)

Name	Terms of reference	Members	Observers	Explanatory notes
Governance System Review Committee	Consideration of the development and operation of governance systems	Chairperson (1), 5 other members (5)	2 Observers (2)	EMB*1
Executive Personnel Committee	Consideration of personnel of Members of the Board and Executive Officers, etc.	Chairperson (1), 6 other members (6)	1 Observer (1)	EASBM*2
Remuneration Committee	Consideration of remuneration for Members of the Board and Executive Officers	Chairperson (1), 6 other members (6)	1 Observer (1)	IMB*3
Sustainability Committee	Consideration of strengthening the sustainability management of the entire Group, including the Company	Chairperson (1), 5 other members (5)	1 Observer (1)	FASBM*4

*1 External Member of the Board *2 External Audit & Supervisory Board Member *3 Internal Member of the Board
 *4 Full-Time Audit & Supervisory Board Member

Skill Matrix

● Expertise and experience expected from Members of the Board and Audit & Supervisory Board Members

		Business Management	Legal Affairs and Risk Management	Finance and Accounting	Global Experience	Sustainability	Sales/Marketing	Technologies	
Members of the Board	Shigeyoshi TANAKA	●			●	●	●	●	
	Yoshiro AIKAWA	●				●	●	●	
	Hiroshi TSUCHIYA	●				●	●	●	
	Masahiko OKADA	●	●	●		●			
	Hiroshi KIMURA	●				●	●	●	
	Mayuki YAMAURA	●				●		●	
	Yuichiro YOSHINO	●				●		●	
	Toshiyuki TSUJI	●				●	●		
	External members	Atsuko NISHIMURA		●		●	●		
		Norio OTSUKA	●		●	●	●		
		Fumiya KOKUBU	●			●	●		
		Tsutomu KAMIJO	●			●	●		
	Audit & Supervisory Board Members	Takashi HAYASHI	●		●		●		
		Shuichi OKUDA			●		●		
External members		Yasuhiro SATO	●		●		●		
		Seishi TASHIRO			●	●	●		
		Keiko OHARA		●		●	●		
		Masamitsu MIURA		●		●	●		

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 “Expertise and Experience”

Skills for management in General	● Business Management Experience as a top executive of a company or corporation, or practical insights related to our business operations.
	● Legal Affairs and Risk Management Expertise in legal affairs and risk management, or possessing attorney qualifications.
	● Finance and Accounting Expertise in finance and accounting, management experience in a financial institution, or credentials as a certified public accountant or tax accountant.
	● Global Experience Experience in overseas business or insights into global management, or a comprehensive understanding of international affairs.
	● Sustainability Knowledge and experience in renewable energy, environmental sectors, human resource development, diversity, social contributions, corporate governance, and other related fields.
Skills for the Company's business	● Sales/Marketing Insights and experience in sales and marketing pertaining to our business operations.
	● Technologies Knowledge and experience regarding technologies relevant to our business operations.

I Analysis and Evaluation of the Overall Effectiveness of the Board

The Board of the Company analyzes and evaluates effectiveness of the Board and discloses the results annually.

1. FY2022 initiatives based on FY2021 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 2020, which includes a review of agenda items to be resolved by the Board, and further delegation of its authority to executives accordingly.

Taking account of the review, since FY2020, we have strived to enhance the effectiveness of the Board, and we have been also trying to address the issues found in the effectiveness review in FY2021 as follows:

- a) **Enhancing discussions on the appropriate governance system, including the size and composition of the Board from a medium- to long-term perspective**
As an ongoing issue, the Executive Personnel Committee deliberated on the topics to be considered, including the composition of the members of the Board.
- b) **To the appropriate extent, further delegation of authority to executives and the implementation of deeper deliberations on important management issues**
Based on the analysis of the agenda items, the Board secured enough time for deliberations by narrowing down the number of agenda items, reviewing the matters to be reported, making documents and briefings in a concise manner.
- c) **Improving the effectiveness of deliberations at the Committees within the Board**
In accordance with the topics to be deliberated, we made efforts to deepen deliberations on important issues by ensuring sufficient deliberation time.
- d) **Discussing specific measures to strengthen the effectiveness of group governance**
In order to restructure its group governance, the Company implemented measures such as establishing the system to exchange personnel between the Company and the Group companies and setting up a management committee at each of the major Group companies.

2. Overview of the FY2022 evaluation

The method used to evaluate effectiveness in FY2022, 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 thereof from the Board, and all Members of the Board and Audit & Supervisory Board conducted the self-evaluations.
- The evaluation items in the questionnaire are as listed below. Items 1-5 consisted of five-grade assessments and free descriptions, and Item 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 result of the self-evaluations collated by the secretariat.
- At the same time, a lawyer prepared a third-party's opinion towards the result of self-evaluations.
- Then the Board deliberated on the effectiveness based on the overall assessment and the third-party's opinion.

(2) Overview of the Evaluation Results

- Since the Board was able to secure a considerable deliberation time towards medium- and long-term management issues, it was assessed that the functions of the Board were improving, while there were some matters which needed to improve from the standpoint of the roles and responsibilities of the Board. In order to further enhance the effectiveness of the Board, the Board will continuously work on the followings:
 - a) To enhance discussions on the size and composition of the Board and other aspects of the governance system
 - b) To delegate further authority to executives to the appropriate extent
 - c) To invigorate deliberations furthermore based on the roles and responsibilities of the Board from a medium- to long-term perspective

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.

Promotion of Internal Controls

At Taisei Corporation, in May 2006, the Board established the Fundamental Policy to Enhance Operational Compliance Systems, which was revised in July 2022. This policy is designed to ensure that as a Group, we conduct operations both appropriately and efficiently and maintain the reliability of financial reporting. To further enhance compliance and risk management, the Company undertakes various measures. This includes providing training on compliance with the Antimonopoly Act, conducted by external lawyers, primarily targeting executives and staff in the sales division.

Web Q

[Fundamental Policy to Enhance Operational Compliance Systems](#)

Election, Dismissal, and Development Plan of Executives

When nominating the Member of the Board candidates and appointing executive officers, we consider qualifications and overall balance based on individual backgrounds, achievements, personalities, knowledge, experience, and abilities. Additionally, we take into account diversity aspects, including gender, international exposure, career history, and age. Our aim is to select individuals who can contribute to the sustainable growth of the Company and enhance its value in the medium-to-long-term.

Furthermore, the Board identifies skills essential for achieving medium- to long-term objectives and the Medium-Term Business Plan. Nominations for Board membership are based on these identified skills. If the qualifications expected at the time of election are not recognized, the possibility of dismissal is considered.

Regarding the development plan for executives, we identify and nurture management candidates to ensure their retention and commitment. Our training programs focus on equipping them with a broad understanding of the external business environment and proficiency in corporate governance and management strategies.

In the program, we offer opportunities to gain insights from the management perspective from the early stages, such as participating as observers in important meetings including Management Committee, and organizing sessions to exchange opinions with external Members of the Board. By attending externally organized training sessions, our management candidates get the opportunity to interact with leaders from various industries, aiming to broaden their knowledge and network. We are actively working to develop this approach systematically.

Top Management Seminar

Top management convenes for keynote lectures by external speakers and to engage in discussions about management challenges, applying insights to organizational operations.

Support System for External Executives

The Secretarial Department supports our External Members of the Board, while the Audit & Supervisory Board Members' Department aids our External Audit & Supervisory Board Members. Before each monthly the Board meeting, relevant materials are distributed and pre-meeting briefings are held. These sessions allow for explanations by internal Members of the Board on agenda items. Regular opinion-exchange sessions and site visits further foster information sharing and collaboration among the Members of the Board. This support structure ensures thorough and lively discussions during Board meetings.

Dialogue with Shareholders and Investors

Taisei Corporation is committed to fostering constructive dialogues with shareholders and investors as we strive for sustainable growth and enhanced corporate value in the medium-to-long-term. Our timely and appropriate information disclosures lay the foundation for these dialogues.

In alignment with our Information Disclosure Policy and the Fundamental Corporate Governance Policy, we ensure compliance with legal and stock exchange regulations when revealing financial results, management strategies, risk factors, governance structures, human capital management, intellectual property, and sustainability initiatives. We also strive to share up-to-date insights about our business activities with stakeholders through our website and annual reports.

For dialogue with shareholders and investors, our actions are grounded in our IR Policy. We promote constructive dialogue with our stakeholders through interviews, IR briefings, and general meetings of shareholders. Specifically, we conduct semiannual financial results briefings, hold individual meetings for both domestic and foreign institutional investors, and engage in overseas IR activities. Our Taisei Circle newsletter serves as a communication tool, offering shareholders insights into our focused business activities and ESG initiatives.

Internally, we document these dialogues and interactions. Reports capturing these engagements are shared monthly with senior management and presented in detail to the Members of the Board at least twice a year, ensuring that our investor relations activities contribute to enhancing our management capabilities.



Taisei Circle
(Shareholder Newsletter)

Web Q

[Shareholder newsletter / Status of dialogue with shareholders, investors and others](#)

Remuneration, Etc.

① Matters Concerning Policies on Determination of the Remuneration, Etc. for Each Member of the Board

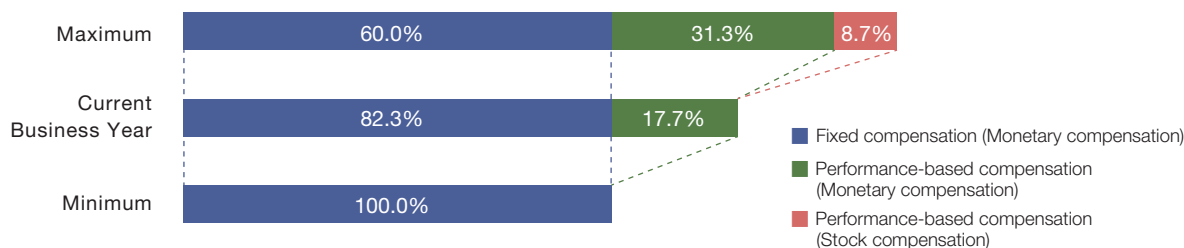
Based on the deliberation by the Remuneration Committee, the Board decided on a policy on determination of the content of compensation, etc. for each Member of the Board at the Board meeting held on February 25, 2021. The details are as follows:

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 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.

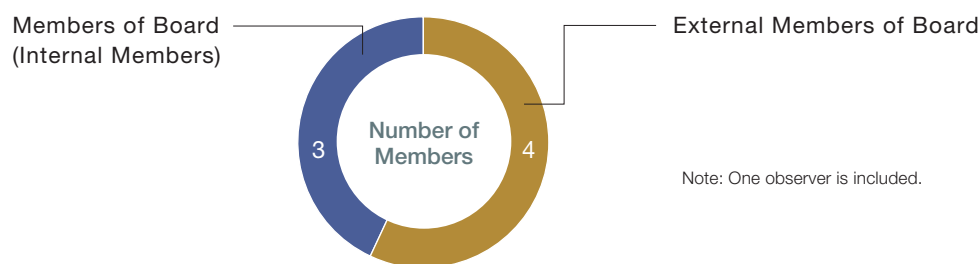
When determining the details of remuneration, etc. for each Member of the Board, the Board will decide the details of remuneration for each Member of the Board, taking account of the responsibilities and positions of each Member of the Board (including the concurrent positions as an Executive Officer, 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 the Board as those of Internal Members and shall be chaired by an External Member of the Board. Furthermore, an 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.

Schematic diagram of remuneration of Members of the Board of the Company



Notes: 1.The above ratio is the remuneration for President and Chief Executive Officer, Representative Director calculated as an example.
2.Remuneration for External Members of the Board is the Fixed Compensation only, and the Performance-based Compensations are not applicable to the remuneration.

Composition of the Remuneration Committee



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 our 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.

(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 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.

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.

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
Members 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 Members	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)			Numbers of eligible recipients (Persons)
		Monetary compensation		Non-monetary compensation	
		Fixed compensation	Performance-based compensation	Stock compensation	
Members of the Board (External Members)	669 (54)	564 (54)	105 (0)	0 (0)	12 (4)
Audit & Supervisory Board Members (External Members)	124 (57)	124 (57)	— —	— —	6 (4)

Notes:

- 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 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 parent in the consolidated statements of income for the most recent consolidated fiscal year is ¥47,124 million.
- 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 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 parent in the consolidated statements of income for the current consolidated fiscal year is ¥47,124 million.
- 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.

● Activities of the FY2022 Board and Audit & Supervisory Board by External Members

Category	Name	Major activities
Members of the Board	Atsuko NISHIMURA	Based on her perspective and broad insight as a diplomat, she oversaw the management of the Company and provided advice on the execution of business at the Board from an objective and neutral standpoint as an External Member of the Board. Additionally, as chairperson of the Governance System Review Committee, which is a pre-deliberative body of the Board, she led discussions on how the Group's governance system should adapt to changes in the business environment.
	Takao MURAKAMI*	During his tenure, based on his perspective and broad insight as a manager, he supervised the Company's management and provided advice on business operations at the Board from a neutral and objective standpoint as an External Member of the Board. Furthermore, until his resignation on September 30, 2022, as the chairman of the Executive Personnel Committee, a preliminary deliberation body of the Board, he spearheaded discussions on the skills Board members should possess and the plans for developing managerial personnel.
	Norio OTSUKA	From a managerial perspective and with extensive knowledge, he supervised the management of the Company and provided advice on business operations at the Board from an objective and neutral standpoint as an External Member of the Board. Moreover, as the chairman of the Remuneration Committee, a preliminary deliberation body of the Board, he led discussions on how executive remuneration should adapt to changes in the business environment. After his appointment in October 2022, he also chaired the Executive Personnel Committee, where he directed discussions on the required skills of Board members and managerial development plans.
	Fumiya KOKUBU	With his managerial viewpoint and vast knowledge, he supervised the Company's management and gave advice on business operations from an objective and neutral position as an External Member of the Board at Board meetings. Additionally, as the chairman of the Sustainability Committee, a pre-discussion entity of the Board, he led the discourse on the direction of sustainability management, among other topics.
Audit & Supervisory Board Members	Yasuhiro SATO	Drawing from his vast experience and comprehensive insight as a financial institution manager and his extensive knowledge of finance and accounting, he provides opinions as necessary.
	Seishi TASHIRO	Given his rich experience and wide-ranging expertise from the Board of Audit of Japan, along with his deep understanding of finance, accounting, and auditing, he voices his opinions as needed.
	Keiko OHARA	She provides her viewpoints when required, based on her specialized and advanced knowledge as an attorney, coupled with her extensive international experience and understanding of diversity.
	Masamitsu MIURA	Utilizing his comprehensive experience and profound insight into police administration, including international investigations, he offers his perspectives when necessary.

* Member of the Board Mr. Takao MURAKAMI resigned from his position as an External Member of the Board on September 30, 2022.

Note: In the ongoing "(Tentative Name) Sapporo Kita 1 Nishi 5 Project undertaken by our Sapporo branch, we failed to satisfy steel erection accuracy requirements. External Members of the Board Ms. Atsuko NISHIMURA, Mr. Norio OTSUKA, and Mr. Fumiya KOKUBU, as well as External Audit & Supervisory Board Members Mr. Yasuhiro SATO, Mr. Seishi TASHIRO, Ms. Keiko OHARA, and Mr. Masamitsu MIURA, did not recognize the fact until it was turned out, but had been drawing attention to the Company since early stage from the viewpoint of compliance and corporate governance. In addition, since the incident was found out, each of them has appropriately fulfilled their responsibility by offering suggestions to prevent the Company from repeating similar failures and expressing each view with respect to the necessity of enhancing internal controls and other matters.

● Attendance Situation of Board Meetings and Audit & Supervisory Board Meetings

Category	Name	Holding record and attendance situation					
		Board	Audit & Supervisory Board	Governance System Review Committee	Executive Personnel Committee	Remuneration Committee	Sustainability Committee
		13 meetins in total	15 meetins in total	4 meetins in total	4 meetins in total	2 meetins in total	2 meetins in total
Representative Directors	Takashi YAMAUCHI	12/13 (92%)	—	—	3 / 4 (75%)	2 / 2 (100%)	—
	Yoshiro AIKAWA	13/13 (100%)	—	4 / 4 (100%)	4 / 4 (100%)	2 / 2 (100%)	2 / 2 (100%)
	Shigeyuki SAKURAI	13/13 (100%)	—	4 / 4 (100%)	4 / 4 (100%)	2 / 2 (100%)	2 / 2 (100%)
	Shigeyoshi TANAKA	12/13 (92%)	—	3 / 4 (75%)	3 / 4 (75%)	1 / 2 (50%)	1 / 2 (50%)
	Norihiko YAGUCHI	13/13 (100%)	—	4 / 4 (100%)	—	—	—
Members of the Board	Hiroshi KIMURA	13/13 (100%)	—	—	—	—	—
	Atsushi YAMAMOTO	13/13 (100%)	—	—	—	—	—
	Yoshihiro TERAMOTO	12/13 (92%)	—	—	—	—	2 / 2 (100%)
	Atsuko NISHIMURA	13/13 (100%)	—	4 / 4 (100%)	4 / 4 (100%)	2 / 2 (100%)	2 / 2 (100%)
	Takao MURAKAMI*1	5 / 7 (71%)	—	1 / 2 (50%)	1 / 2 (50%)	2 / 2 (100%)	0 / 1 (0%)
	Norio OTSUKA	13/13 (100%)	—	4 / 4 (100%)	4 / 4 (100%)	2 / 2 (100%)	2 / 2 (100%)
	Fumiya KOKUBU	13/13 (100%)	—	4 / 4 (100%)	3 / 4 (75%)	2 / 2 (100%)	2 / 2 (100%)
Audit & Supervisory Board Members	Takashi HAYASHI*2	—	15/15 (100%)	4 / 4 (100%)	—	—	—
	Akihiko NOMA*2	—	15/15 (100%)	—	—	—	—
	Yasuhiro SATO	—	14/15 (93%)	—	4 / 4 (100%)	—	—
	Seishi TASHIRO	—	15/15 (100%)	—	—	2 / 2 (100%)	—
	Keiko OHARA	—	15/15 (100%)	—	—	—	2 / 2 (100%)
	Masamitsu MIURA	—	15/15 (100%)	4 / 4 (100%)	—	—	—

*1 Member of the Board, Mr. Takao MURAKAMI resign from his position as an External Member of the Board on September 30, 2022.

2 Mr. Takashi HAYASHI and Mr. Akihiko NOMA are the Full-Time Audit & Supervisory Board Members.

Compliance

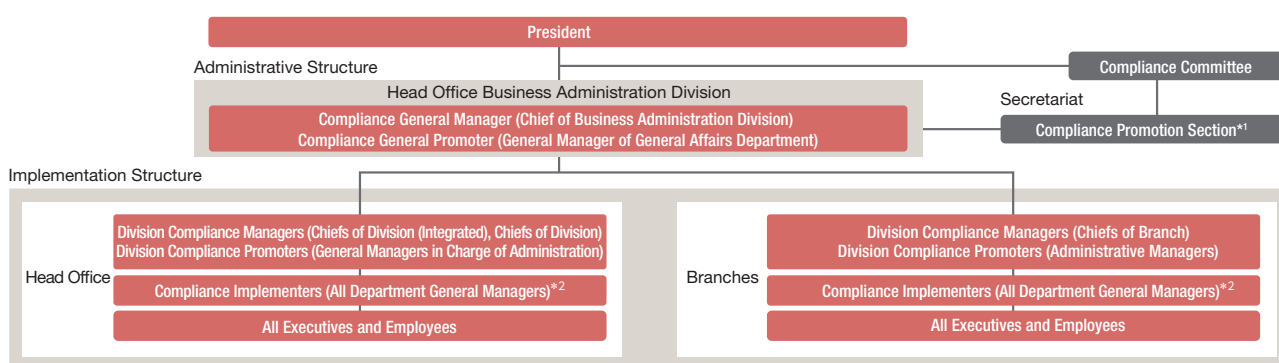
The Taisei Group has established the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole as the basic principles of organizational behavior and standards of behavior and judgment that should be actively practiced or strictly observed by executives and employees. These Action Guidelines 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.

Web Q
 Action Guidelines for Taisei Personnel and the Taisei Group as a Whole

Compliance Promotion System

As shown in the diagram below, 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.

Chart of Compliance Promotion System



*1 Promotes and embeds compliance awareness among executives and employees. Also functions as a secretariat for the Compliance Committee.

*2 All general managers of departments are appointed compliance implementers. The general managers of each department educate and inform all executives and employees in their own departments about compliance.

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 the 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.

*For more about Soyukai, see the glossary on page 118.

Education /training	Themes covered in recent years
Issuing of Compliance Newsletter (Once a month)	<ul style="list-style-type: none"> ● For advancing compliance ● Regarding the increased penalties for defamation ● Licensing in the construction industry and supervisory dispositions based on the Construction Business Act ● About bribery ● Regarding the results of Compliance Questionnaire ● Handling of trade secrets, among others
Compliance training via e-learning (Twice a year)	<ul style="list-style-type: none"> ● Regarding power harassment ● Concerning embezzlement, bribery, and harassment ● Measures for contacts with competitors and internal leniency program ● Regarding the Corporate Ethics Helpline (internal whistleblowing system) and more

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

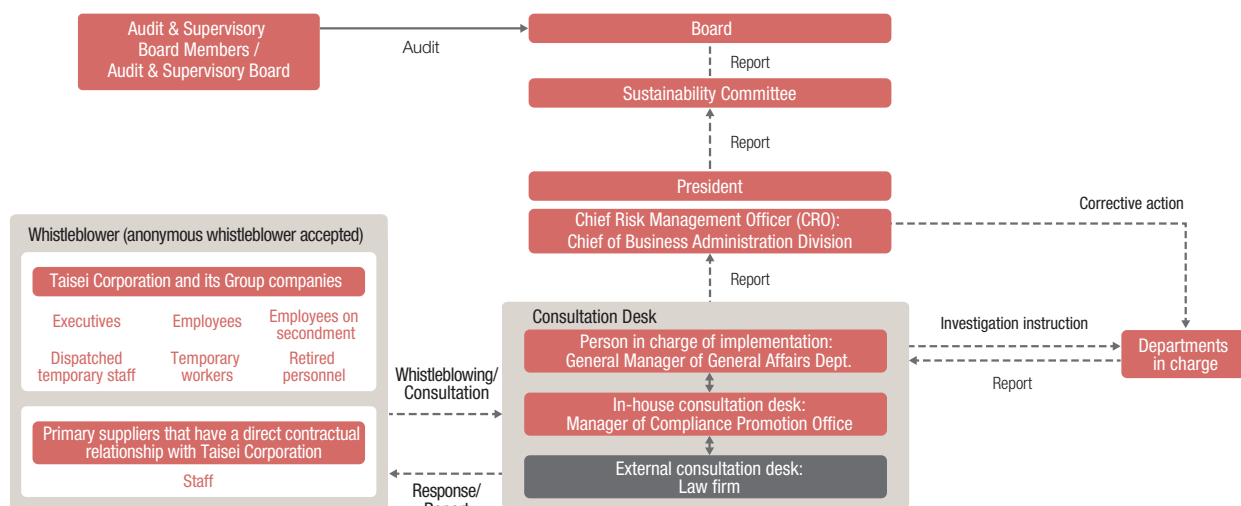
the system to all executives and employees and introducing the contents and operational results of the system through e-learning and Compliance Newsletter.

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 follows 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	FY2020	28 cases
	FY2021	30 cases
	FY2022	73 cases

Flow of Internal Whistleblowing Based on the Helpline System



Web Q

Taisei Corporation: Contact

Anti-Corruption Policy

Taisei Corporation supports Principle 10, Anti-Corruption, of the United Nations Global Compact, which we joined in 2018. The “Action Guidelines for Taisei Personnel and the Taisei Group as a Whole,” is designed to prevent all forms of corruption, including extortion, bribery, money laundering, and obstruction of justice. The policy emphasizes “ensuring fair transactions,” “maintaining sound relationships with politics and the administration,” and “dealing with antisocial forces and organizations.” This code explicitly states that the Group shall not provide illegal money or goods to the clients or any of its individual officers or employees. We shall also refrain from engaging in actions that violate criminal laws, such as bribery, or cause misunderstandings in our relationships with politicians and public officials, including those from foreign countries. Moreover, we shall not acquiesce to unreasonable demands from antisocial groups. Furthermore, we have established a code of conduct to comply with the Antimonopoly Act. We require our executives and employees to act responsibly, ensuring they do not violate criminal laws related to practices like bid rigging or breach the provisions of the Antimonopoly Act. We are committed to preventing any form of corruption.



To raise awareness and provide education about anti-bribery measures for politicians and public officials (including those from foreign countries), we have prepared a booklet titled “Quick Guide to Compliance.” This booklet covers topics like bribery and corruption in depth, aiming to prevent actions like collusion that undermine fair competition. Through e-learning and other methods, we aim to reinforce our executives’ and employees’ knowledge and consciousness about anti-corruption measures.

In relationships requiring special attention with foreign public officials and the like, we have introduced a pre-check system from the FY2020 to prevent bribery involving foreign public officials, and are working diligently to thoroughly prevent corrupt practices.

Web Q

United Nations Global Compact

Review of Adherence to the Group’s Action Guidelines and Response to Violations

At Taisei Group, the “Rules on Enforcement of the Compliance System for the Action Guidelines for Taisei Personnel and the Taisei Group as a Whole (“Action Guidelines)” explicitly specify that if an executive or employee breaches the Group’s Action Guidelines, the facts will be thoroughly and rigorously reviewed by the Board or the Management Committee, and appropriate disciplinary actions will be imposed in accordance with internal regulations.

In instances of significant compliance breaches, such as violations of the Group Action Guidelines, the Group implements comprehensive measures to prevent any reoccurrence. The Group conducts investigations to understand the context, the involved parties, the nature and details of the violation, the damage incurred, and the impact on stakeholders. Based on an accurate grasp of the facts, reports are filed with the pertinent governmental bodies when necessary. The violators are subjected to necessary disciplinary actions, which may include termination of employment.

Web Q Review of Adherence to the Group’s Action Guidelines and Response to Violations

Verification and Guidance on Compliance with Laws and Regulations

At Taisei Corporation, to ensure the propriety of bidding operations, branch managers are tasked with confirming that no inappropriate actions have occurred during the bidding process. They then create and preserve these records within an established internal system.

Furthermore, on an annual basis, the Legal Department reviews the propriety of the bidding operations and checks for adherence to the Construction Business Act, the Antimonopoly Act, and the Subcontractors Protection Act.

Fair and Equitable Transactions

Taisei Corporation has outlined in its Group’s Action Guidelines the “promoting partnerships with subcontractors and suppliers,” emphasizing the need to establish transparent and trusting relationships with our partners and to conduct business on an equal footing.

In August 2020, we introduced and publicly disclosed our Declaration of Partnership Building. This declaration promotes mutual growth throughout the entire supply chain and encourages new collaborations beyond distinctions of size or affiliation. It also emphasizes adherence to the “Promotion Standards” set by the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises. To guard against antisocial forces, we have outlined in our Basic Contract for Specialist Construction Work that our partners should neither be antisocial entities nor engage in transactions with such entities. In case of any breach, stipulations permit the termination of the contract without prior notice. Moreover, the Taisei Group Sustainable Procurement Guidelines specifically emphasize fair and equitable transactions, upholding legal and societal norms, and the reverence for human rights. By annually carrying out supplier self-assessments regarding these principles, we are diligent in our efforts to understand and mitigate the risk of involvement in transactions with antisocial elements, corruption, and organizations that partake in inhumane labor practices.

Web Q

Corporate Governance / Internal Control

Specific Initiatives for Compliance with the Antimonopoly Act

In light of the antimonopoly allegations the Company faced in 2018 related to the Linear Chuo Shinkansen construction project, we have undertaken initiatives below based on the deliberations of the Compliance Committee, led by an external attorney, and resolutions by the Board.

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)

Risk Management

Under the guidance of our Risk Management Policy and the Basic Risk Management Regulations, the Taisei Group has instituted a risk management system that is systematically implemented across the entire Company. Additionally, we have set up a robust management framework that addresses major ESG-related risks, including quality, compliance, information, safety, and environmental concerns.

To ensure the effectiveness of our company-wide risk management and maintain the integrity of our operations, we adhere to preventative risk measures outlined in internal policies and manuals. Should a risk manifest unexpectedly, we promptly take appropriate actions to minimize any losses, striving to ensure both the continuity of our business and the sustained trust of the community.

Risk Management System

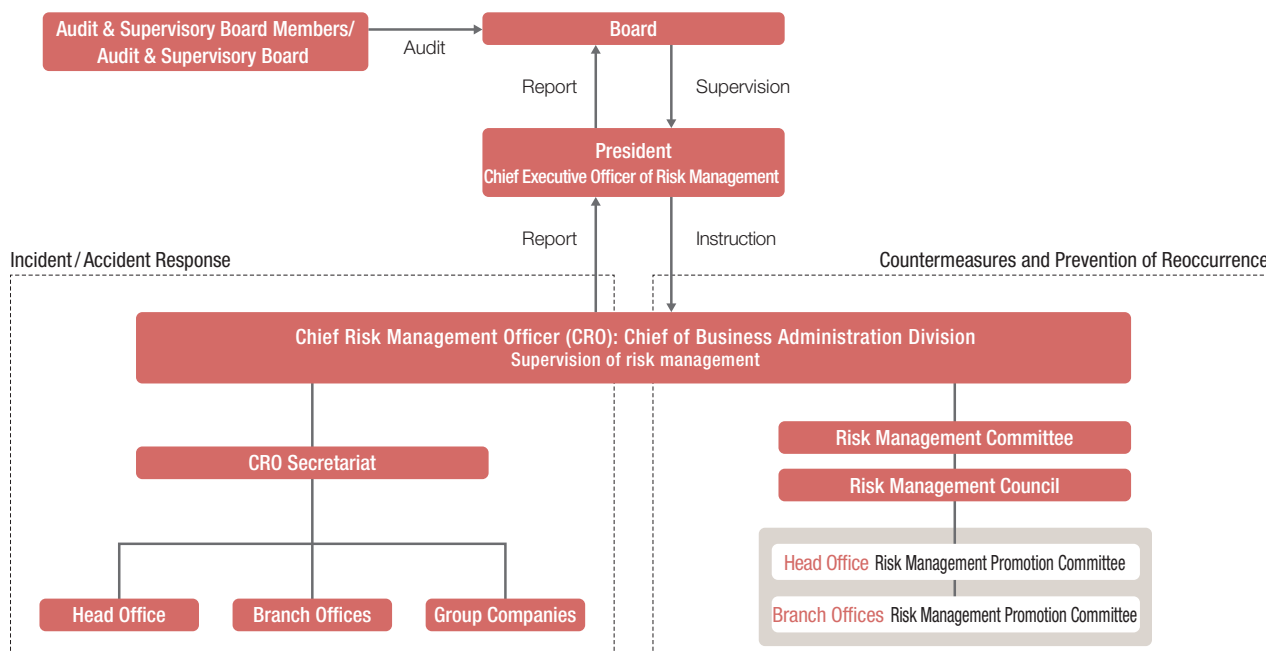
Promotion of Company-Wide Risk Management System

At Taisei Corporation, we work to continuously operate the risk management system to appropriately identify and manage risks associated with business operations. Under the risk management system, the President serves as Chief Executive Officer of Risk Management, and Chief of the Business Administration Division serves as the Chief Risk Management Officer (CRO). Each year, we take into account the risks that became apparent during the current fiscal year to review the risk management for the following fiscal year through the PDCA cycle and verify the effectiveness of the risk management system.

Based on the Basic Risk Management Rules, each division of the Head Office, in cooperation with the branches, reviews

and identifies all risks associated with their business activities and selects the "Head Office-governed risks." The "Head Office-governed risks" are then narrowed down to risks that can possibly have a material impact especially on corporate management. Such risks are selected as "key company-wide risks" and are subject to risk management across the entire company. The "key company-wide risks" are determined by the CRO after deliberation by the Risk Management Committee headed by the CRO. The President and the Board receive reports on the risks and confirm the operating status of the risk management system and maintain the effectiveness of the system.

Advancement of Company-Wide Risk Management



Web Q

Fundamental Policy to Enhance Operational Compliance Systems / Risk Management Policy

● **Business and Other Risks**

Risks that may significantly impact corporate management are reported to the Management Committee and the Board. They collectively review and decide upon a comprehensive strategy to address such risks. These risks are documented in the Business and Other Risks section of the annual securities report.

(1) Market Risks

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

(2) Risks of violation of legal controls over the civil engineering business and the building construction business

- ① Risk of violation of the Construction Business Act and related laws and regulations
- ② Risk of violation of the Antimonopoly Act

(3) Risk of infringement of intellectual property rights

(4) Risk of inappropriate financial reporting

(5) Risk related to antisocial 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 environmental issues including climate change

(15) Risk associated with human rights issues

(16) Credit risk

(17) Contract risk

(18) Risk of the spread of infectious diseases

(19) Country risk

(20) Geopolitical risk

Below is an excerpt of risks updated in the 2022 release.

(14) Risk associated with environmental issues including climate change

There is growing expectation for companies to engage in the resolution of environmental issues including climate change through their business operations. Inadequate efforts and information disclosure risk lowering our corporate competitiveness and our reputation among our stakeholders.

In order to deal with such risk, the Group has established a long-term environmental target, "TAISEI Green Target 2050" based on the concept of the "Realization of a sustainable and environmentally friendly society," as set out in the Environmental Policy and aims to achieve the three types of society (decarbonized society, recycling-oriented society, and nature co-existing society) and resolve two individual issues (forest resources/forest environment and water resources/water environment). The Group also conducts environmental due diligence based on the Environmental Policy to prevent and mitigate the negative impact of the Group's business activities on the environment as well as the negative impact of the environment on the business activities of the Group, including the impact on the supply chain.

To achieve carbon neutrality, which is our biggest challenge, we are engaged in TAISEI Sustainable Action® (TSA), a Group-wide environmental impact reduction initiative aimed at curbing our CO₂ emissions in Scope 1 and 2. We will strive to reduce CO₂ emissions in Scope 3 by pursuing green procurement, using environmentally friendly concrete, and developing and promoting ZEB technology as a means to contribute to realizing a decarbonized society.

The Group appropriately discloses its initiatives towards these environmental issues in its Annual Reports and website. Also, regarding climate change, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Group discloses the impact of the risks and opportunities associated with climate change on business activities, based on scenario analysis.



P.74

Information Disclosure Based on the TCFD Recommendations
Sustainability Section

(15) Risk associated with human rights issues

Companies are expected to engage in initiatives to respect the human rights of their stakeholders. Inadequate efforts and disclosure may risk violation of the human rights of stakeholders as well as a decline in the Company's competitiveness and reputation among stakeholders.

In order to deal with such risk, we carry out human rights due diligence based on the Human Rights Policy and continuously conduct initiatives for the respect of human rights including those of the supply chain by working to prevent and mitigate the negative impact of the Group's business activities on human rights, assessing the effectiveness of the measures, developing a grievance mechanism and disclosing information on these initiatives, among others.



P.55

Human Rights Due Diligence Initiatives
Taisei Group's Growth Strategy

(20) Geopolitical risk

Due to the increasing political, military, and social tensions in certain overseas regions, delivery may be delayed as a result of the risk of soaring material prices and logistics disruption.

In order to deal with such risk, we tackle the soaring prices of materials by monitoring pricing trends from an early stage by interviewing manufacturers and conducting market research, among other means, and take measures, as necessary, such as early procurement and switching to alternative products. To combat delivery delays due to logistics disruptions, we confirm production sites and transportation routes, consider natural, social, and legal risks, and manage the progress of procurement operations to prevent delays in delivery.

Web Q

Business and Other Risks in FY2022
Annual Securities Report

Information Security Measure

In the construction industry, it is imperative to share information with numerous stakeholders, including clients and collaborative entities like specialized contractors, during the construction process. Recognizing this, the Taisei Group has articulated the “Management of Information and Intellectual Property Rights” in its Action Guidelines for Taisei Personnel and the Taisei Group as a Whole. We have taken various steps towards information security and have formulated both the Policy on the Protection of Personal Information and the Code of Conduct for the Use of Social Media.

At Taisei Corporation, we have consolidated a set of core rules for managing electronic information into a booklet. This serves as a foundation for the education and guidance we provide to all our executives, employees, and business partners. In addition, we are actively enhancing the information security measures at our overseas branches and project sites, and we are particularly focused on bolstering safeguards against potential information leaks that could arise from telecommuting (working from home).

Moreover, to proactively prevent and lessen intellectual property risks—like rights infringements or technology outflows that could profoundly impact our business operations—we rigorously enforce risk management across all our business activities.

In light of the escalating threat of cyber-attacks, we remain vigilant. Central to this effort is our Taisei-Security Incident Response Team (SIRT), established in 2013. Collaborating with external agencies through the Nippon CSIRT Association, we continuously gather the most recent intelligence on cyber threats. Armed with this information, we strategize and implement advanced defensive measures, aiming to preemptively ward off potential attacks.

Web Q

[Policy on the Protection of Personal Information / Code of Conduct on the Use of Social Media](#)

Risk Management for Infectious Diseases and Pandemics

In response to infectious diseases like COVID-19, the CRO Secretariat spearheads efforts, centralizing information on infection statuses across both domestic and international business locations. This ensures that our entire Company can respond to crises both swiftly and cohesively.

Moreover, in November 2020, we revised and established the “Business Continuity Plan for Infectious Disease Outbreaks.” This new plan integrates the previously separate “Novel Influenza Response Guidelines” to ensure adaptability not only to COVID-19 but also to any potential future infectious diseases.

In practice, this involves educating our executives, employees, and specialized contractors about actions to take during an outbreak or if an infection occurs in the workplace. We are also actively stockpiling supplies essential for infection prevention.

Currently, COVID-19 has been reclassified as a Class 5 infectious disease under the Infectious Diseases Act. Nonetheless, we remain equipped to rapidly enact infection prevention measures should there be a resurgence.

Business Continuity Plan (BCP) Initiatives

To uphold our duty as a comprehensive construction company that underpins the foundation of socioeconomic activities, it is essential that we ensure the safety and well-being of our executives, employees, and their families, even in the face of significant disasters or accidents. To this end, we laid out our Policy on Business Continuity in Times of Disaster in 2005. In alignment with this policy, we have structured a business continuity plan for times of disaster. All the Company's executives, employees, and those of the Group companies participate in disaster preparedness training sessions. This training is held at least annually, and based on the outcomes, we periodically review and enhance the entirety of our business continuity plan.

Our persistent and routine endeavors towards bolstering business continuity have earned us the Resilience Certification.

Moreover, since 2015, we have annually collaborated with organizations like the Japan Federation of Construction Contractors in joint training exercises. This collaboration has enabled us to craft a company-wide recovery support structure that can swiftly address requests for aid.

Web Q

[Policy on Business Continuity in Times of Disaster](#)

Column Proactive Approaches to Business Continuity

Forming Disaster Prevention Agreements with Three Entities Possessing Advanced Drone Operation Skills

From a perspective of strengthening resilience during times of disaster, Taisei Corporation has entered into disaster prevention agreements with three bodies, each boasting specialized and advanced drone operation capabilities: 1) the DPCA, 2) the Regional Revitalization & Disaster Prevention Useful Drone Promoters Association, and 3) the Japan Unmanned Aerial Vehicle Application Council (JUAVAC).

Natural disasters in Japan have been intensifying in recent years. To swiftly ascertain disaster situations and draft responsive recovery plans, the deployment of technologies with superior immediacy and maneuverability is essential. With this agreement in place, we will utilize drones on disaster recovery sites to rapidly understand the conditions and devise appropriate recovery strategies.

Moving forward, by actively incorporating digital technologies during disaster recovery efforts and beyond, we aim to further enhance our resilience. In doing so, we are fulfilling our duty as a comprehensive construction firm that upholds the bedrock of socioeconomic endeavors.



Drone Operations

Management Members (As of July 1, 2023)

Members of the Board / Audit & Supervisory Board Members



Shigeyoshi TANAKA
Chairman, Representative Director
Elected since June 2015



Yoshiro AIKAWA
President and Chief Executive Officer, Representative Director
Elected since June 2019



Hiroshi TSUCHIYA New
Representative Director
Elected since June 2023
Chief of Marketing & Sales Division (Integrated); In charge of Safety

Masahiko OKADA New
Representative Director
Elected since June 2023
Chief of Business Administration Division; In charge of New Business Planning

Hiroshi KIMURA
Member of the Board
Elected since June 2019
Deputy Chief of Marketing & Sales Division (Integrated), Supervising Marketing & Sales (Civil Engineering); Chief of Marketing & Sales (Civil Engineering) Division

Mayuki YAMAURA New
Member of the Board
Elected since June 2023
Chief of Architecture & Engineering Division (Integrated); Chief of Building Construction Division



Yuichiro YOSHINO New
Member of the Board
Elected since June 2023
In charge of Building Construction Business Strategy; Deputy Chief of Corporate Planning Office

Toshiyuki TSUJI New
Member of the Board
Elected since June 2023
Chief of Marketing & Sales Promotion Division

Atsuko NISHIMURA
Member of the Board^{1, 3}
Elected since June 2017
Concurrent Position:
Outside Director of INPEX CORPORATION

Norio OTSUKA
Member of the Board^{1, 3}
Elected since June 2019
Concurrent Position:
Outside Director of Sojitz Corporation;
Outside Director of WORLD TRADE CENTER BUILDING, INC.



Fumiya KOKUBU
Member of the Board^{1, 3}
Elected since June 2019
Concurrent Position:
Chairman of the Board of Marubeni Corporation;
Outside Director of Honda Motor Co., Ltd.

Tsutomu KAMIJO New
Member of the Board^{1, 3}
Elected since June 2023
Concurrent Position:
External Member of the Board of Tohoku Electric Power Co., Inc.;
External Member of the Board of Okamura Corporation

Takashi HAYASHI
Audit & Supervisory Board Member (Full-Time)
Elected since June 2019

Shuichi OKUDA New
Audit & Supervisory Board Member (Full-Time)
Elected since June 2023



Yasuhiro SATO
Audit & Supervisory Board Member^{2, 3}
Elected since June 2020

Seishi TASHIRO
Audit & Supervisory Board Member^{2, 3}
Elected since June 2020

Keiko OHARA
Audit & Supervisory Board Member^{2, 3}
Elected since June 2020
Concurrent Position:
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}
Elected since June 2021

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 officers in accordance with the rules of the Tokyo Stock Exchange and the Nagoya Stock Exchange.

Executive Officers (AS of July 1, 2023)

Title Business in Charge	Name
President and Chief Executive Officer	Yoshiro AIKAWA
Executive Vice President <i>Chief of Marketing & Sales Division (Integrated); In Charge of Safety</i>	Hiroshi TSUCHIYA
Senior Managing Executive Officer <i>Chief of Sustainability Division (Integrated); Chief of Clean Energy & Environment Business Promotion Division</i>	Jiro TANIYAMA
Senior Managing Executive Officer <i>Deputy Chief of Marketing & Sales Division (Integrated), Supervising Marketing & Sales (Civil Engineering) Division; Chief of Marketing & Sales (Civil Engineering) Division</i>	Hiroshi KIMURA
Senior Managing Executive Officer <i>Chief of Kansai Branch</i>	Takeshi KAGATA
Senior Managing Executive Officer <i>Chief of Safety Administration Division</i>	Shun KITANO
Senior Managing Executive Officer <i>Chief of Marketing & Sales (West Japan) Division</i>	Shimpei OGUCHI
Senior Managing Executive Officer <i>In Charge of Marketing & Sales (Building Construction), Marketing & Sales Division (Integrated)</i>	Masao YOSHIKAWA
Senior Managing Executive Officer <i>Chief of Sapporo Branch</i>	Noriaki KON
Senior Managing Executive Officer <i>Chief of Business Administration Division; In Charge of New Business Planning</i>	Masahiko OKADA
Managing Executive Officer <i>Chief of Marketing & Sales (Building Construction) Division III</i>	Yuichi KITAGUCHI
Managing Executive Officer <i>Chief of Chubu Branch</i>	Atsushi SUZUKI
Managing Executive Officer <i>Chief of Tohoku Branch</i>	Iwao NISHIOKA
Managing Executive Officer <i>Chief of Chugoku Branch</i>	Akira NAKAYA
Managing Executive Officer <i>Deputy Chief of Marketing & Sales (Civil Engineering) Division</i>	Yoshio ABE
Managing Executive Officer <i>Chief of Yokohama Branch</i>	Akira EJIMA
Managing Executive Officer <i>General Manager of Design Department, Civil Engineering Division</i>	Yasushi KAMEZAWA
Managing Executive Officer <i>Deputy Chief of Marketing & Sales (Building Construction) Division I</i>	Shinsaburo SAWA
Managing Executive Officer <i>Deputy Chief of Marketing & Sales (Civil Engineering) Division</i>	Yoshihiko IKEUCHI
Managing Executive Officer <i>Chief of Taisei Advanced Center of Technology</i>	Ichiro NAGASHIMA
Managing Executive Officer <i>Chief of Civil Engineering Division</i>	Kenji SHIRAKAWA
Managing Executive Officer <i>Chief of Engineering Division</i>	Shinichiro TAKAHAMA
Managing Executive Officer <i>Deputy Chief Marketing & Sales (West Japan) Division, In Charge of Building Construction</i>	Koichiro OKUHATA
Managing Executive Officer <i>In Charge of Technology</i>	Shigeo OCHI
Managing Executive Officer <i>Deputy Chief of Clean Energy & Environment Business Promotion Division</i>	Miyoshi KATO

Title Business in Charge	Name
Managing Executive Officer <i>Chief of Building Renovation Division</i>	Tohru UEMATSU
Managing Executive Officer <i>Chief of Mechanical & Electrical Division</i>	Yuji TANIGAWA
Managing Executive Officer <i>In Charge of Technology</i>	Kazuhiro SAWADA
Managing Executive Officer <i>In Charge of Technology</i>	Akio TAKASE
Managing Executive Officer <i>Chief of Marketing & Sales (Building Construction) Division I; In Charge of Community Design Project</i>	Masaru KAMATA
Managing Executive Officer <i>Chief of Nuclear Facilities Division</i>	Yuji IJIRI
Managing Executive Officer <i>Chief of International Operations Headquarters</i>	Tatsuya SUGAWARA
Managing Executive Officer <i>Deputy Chief of Business Administration Division</i>	Junichi KASAHARA
Managing Executive Officer <i>Chief of Design Division</i>	Masato MATSUMURA
Managing Executive Officer <i>Chief of Corporate Planning Office</i>	Hiroki FUKASAWA
Managing Executive Officer <i>Chief of Architecture & Engineering Division (Integrated); Chief of Building Construction Division</i>	Mayuki YAMAURA
Managing Executive Officer <i>In Charge of Building Construction Business Strategy Deputy Chief of Corporate Planning Office</i>	Yuichiro YOSHINO
Managing Executive Officer <i>Chief of Marketing & Sales Promotion Division</i>	Toshiyuki TSUJI
Managing Executive Officer <i>Deputy Chief of International Operations Headquarters (Building Construction); General Manager of Building Construction Department</i>	Masamichi BABA
Managing Executive Officer <i>Chief of Tokyo Branch</i>	Yuko NAKAMURA
Managing Executive Officer <i>In Charge of Marketing & Sales (Building Construction), Marketing & Sales Division (Integrated)</i>	Shinya MATAKE
Executive Officer <i>In Charge of Marketing & Sales (Building Construction), Marketing & Sales Division (Integrated)</i>	Katsuhiko KITAGAWA
Executive Officer <i>In Charge of Technology</i>	Yasuji YAMAUCHI
Executive Officer <i>Deputy Chief of Civil Engineering Division; General Manager of Civil Engineering Department</i>	Hideki NISHIYAMA
Executive Officer <i>Chief of Urban Development Division</i>	Takashi YAMAZAKI
Executive Officer <i>Deputy Chief of Corporate Planning Office; General Manager of Corporate Planning Department; General Manager of New Business Planning Department</i>	Yukio HABA
Executive Officer <i>In Charge of Marketing & Sales, Marketing & Sales Division (Integrated)</i>	Masahiro YOSHIDA
Executive Officer <i>In Charge of Technology; In Charge of Energy & Environment</i>	Yoji UEDA
Executive Officer <i>Deputy Chief of Design Division (Structure)</i>	Yozo SHINOZAKI
Executive Officer <i>In Charge of Technology; General Manager of Construction Engineering Department, Civil Engineering Division</i>	Masami SHIMIZU

Executive Officer <i>Chief of Proposal & Solutions Division</i>	Yusuke HATAE
Executive Officer <i>Chief of Kanto Branch</i>	Yoshiyuki ASADA
Executive Officer <i>Chief of Marketing & Sales (Building Construction) Division II</i>	Shin SUZUKI
Executive Officer <i>Deputy Chief of Tokyo Branch; In Charge of Shinjuku Station West Exit Development Project</i>	Yoichi TAKASE
Executive Officer <i>Chief of Chiba Branch</i>	Junichi HIROSE
Executive Officer <i>Deputy Chief of Kansai Branch; General Manager of Marketing & Sales Department (Construction Building), Kansai Branch</i>	Kenji ADACHI
Executive Officer <i>General Manager of Secretarial Department</i>	Motoyuki MAKITA
Executive Officer <i>Chief of Kyusyu Branch</i>	Makoto NISHIKAWA
Executive Officer <i>Chief of Procurement Division</i>	Kozo MORITA
Executive Officer <i>Deputy Chief of Marketing & Sales (Building Construction) Division II</i>	Masaki ADO
Executive Officer <i>Deputy Chief of Marketing & Sales (Building Construction) Division III</i>	Shigehisa KOYAMA
Executive Officer <i>Chief of Quality Control Division; General Manager of Quality Control Department</i>	Kunihiko KAWAI

Executive Fellows (As of July 1, 2023)

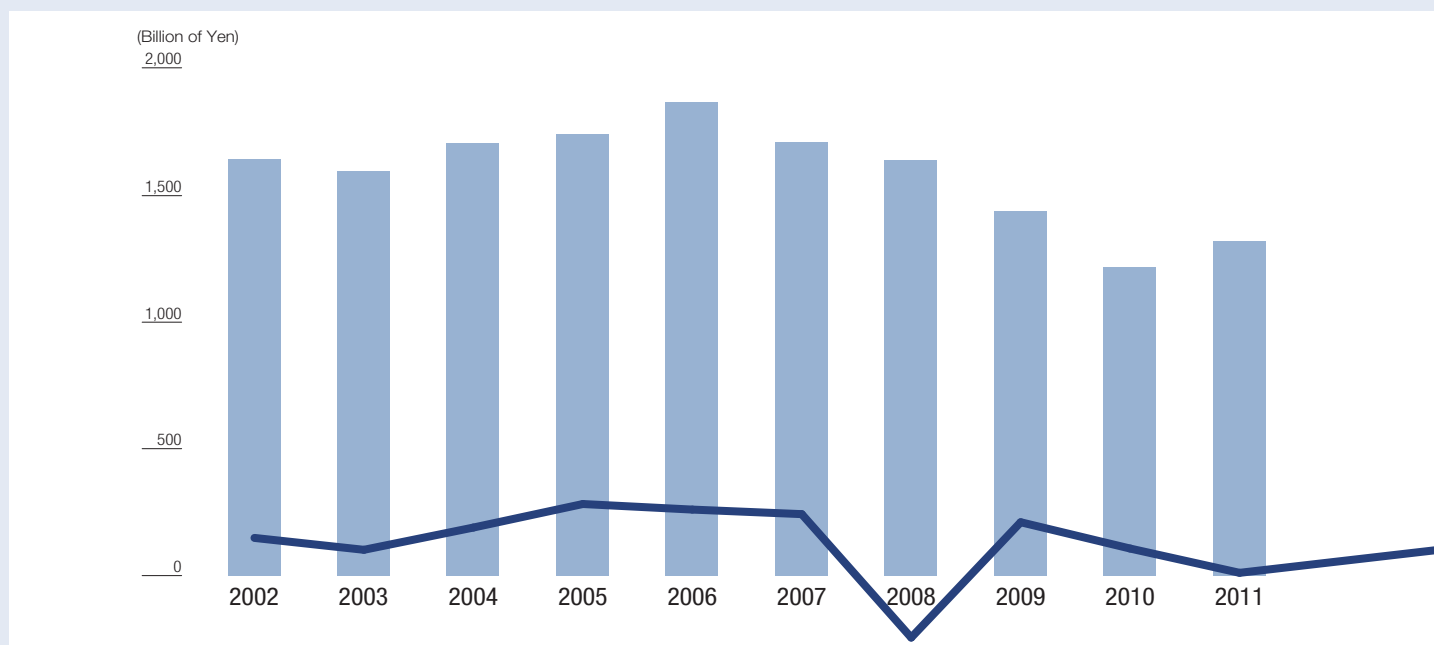
Title Business in Charge	Name
Executive Fellow <i>Deputy Chief of Taisei Advanced Center of Technology; General Manager of Infrastructure Technology Research Department</i>	Tsuyoshi MARUYA
Executive Fellow <i>Deputy Chief of Urban Development Division</i>	Akehiko TOMITA
Executive Fellow <i>General Manager of Construction Sitework Promotion Center, Building Construction Division</i>	Fujio FUNAMIZU
Executive Fellow <i>General Manager of Digital Product Center, Building Construction Division</i>	Jun HIROSE
Executive Fellow <i>Deputy Chief of Design Division (Mechanical & Electrical Construction)</i>	Akihiko DENO
Executive Fellow <i>General Manager of Machinery Department, Civil Engineering Division</i>	Hidetoshi SAKAMOTO
Executive Fellow <i>Deputy Chief of Design Division (Building Construction); General Manager of Design Department in Kansai Branch</i>	Hiroyuki HIRAI

Key Financial Data (Consolidated)

	(FY)	2012	2013	2014	2015
Order received	(Millions of Yen)	1,404,406	1,645,895	1,765,743	1,671,061
Net sales	(Millions of Yen)	1,416,495	1,533,473	1,573,270	1,545,889
Operating income	(Millions of Yen)	35,606	53,773	70,417	117,468
Ordinary income	(Millions of Yen)	35,063	56,756	74,467	117,703
Net income attributable to owners of parent	(Millions of Yen)	20,050	32,089	38,177	77,045
Comprehensive income	(Millions of Yen)	56,500	46,612	101,214	37,665
Net assets	(Millions of Yen)	343,300	384,166	492,114	521,277
Total assets	(Millions of Yen)	1,543,094	1,599,065	1,735,248	1,660,821
Net assets per share*	(Yen)	299.84	335.42	418.61	442.67
Net income per share*	(Yen)	17.60	28.17	33.52	65.85
Equity ratio	(%)	22.1	23.9	28.2	31.2
ROE	(%)	6.3	8.9	8.8	15.3
Cash flows from operating activities	(Millions of Yen)	73,081	138,749	24,078	95,360
Cash flows from investing activities	(Millions of Yen)	(4,703)	16,028	(13,975)	(25,070)
Cash flows from financing activities	(Millions of Yen)	(46,551)	(68,826)	(30,470)	(35,171)
Cash and cash equivalents at end of year	(Millions of Yen)	265,772	354,372	337,166	371,730
Interest-bearing debt	(Millions of Yen)	379,072	316,493	273,289	254,695

* As a consolidation of share was implemented at the ratio of 1 share for 5 shares of the Company stock effective October 1, 2017, net assets per share and net income per share are calculated assuming that the consolidation of share was implemented at the beginning of FY2016.

Performance History (Consolidated)



2016	2017	2018	2019	2020	2021	2022
1,655,035	1,743,497	1,693,859	1,680,051	1,650,627	1,589,745	1,810,445
1,487,252	1,585,497	1,650,877	1,751,330	1,480,141	1,543,240	1,642,712
140,822	181,859	153,323	167,755	130,516	96,077	54,740
144,591	185,349	157,936	173,347	135,937	103,247	63,125
90,566	126,788	112,571	122,087	92,554	71,436	47,124
92,788	148,657	119,290	86,343	138,303	74,765	36,600
570,813	669,019	722,390	753,915	844,420	872,835	833,944
1,760,078	1,910,597	1,846,176	1,889,995	1,870,622	1,956,200	2,016,717
2,483.01	2,975.02	3,302.86	3,550.03	4,084.81	4,335.78	4,402.01
392.87	561.36	511.90	573.14	442.66	350.88	241.24
32.3	34.9	39.0	39.7	44.9	44.4	41.1
16.7	20.5	16.2	16.6	11.6	8.4	5.6
218,158	207,020	(71,028)	77,475	67,494	80,507	30,101
6,296	(11,852)	(82,288)	33,260	(18,683)	(37,680)	(14,058)
(60,061)	(41,682)	(96,197)	(66,647)	(37,342)	(41,863)	(98,668)
534,787	687,346	437,584	482,655	494,274	496,760	415,863
238,145	247,379	217,423	208,146	219,017	224,323	201,700



CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETSTAISEI CORPORATION AND CONSOLIDATED SUBSIDIARIES
YEARS ENDED MARCH 31, 2022 AND 2023

(Note) Excluding the reversal of revaluation reserve for land.

Millions of Yen

	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2021	¥ 122,742	¥ 60,198	¥ 621,568	¥ (85,916)	¥ 718,593
Cumulative effects of changes in accounting policies			178		178
Restated balance at beginning of year	122,742	60,198	621,747	(85,916)	718,772
Changes during the period					
Dividends			(26,598)		(26,598)
Profit attributable to owners of parent			71,436		71,436
Acquisition of treasury stock				(20,007)	(20,007)
Disposal of treasury stock				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
Changes other than shareholders' equity, net (Note)					
Total changes during the period	—	(29,816)	(30,364)	85,017	24,837
Balance as of March 31, 2022	¥ 122,742	¥ 30,382	¥ 591,383	¥ (898)	¥ 743,609
Balance as of April 1, 2022	¥ 122,742	¥ 30,382	¥ 591,383	¥ (898)	¥ 743,609
Cumulative effects of changes in accounting policies					
Restated balance at beginning of year	122,742	30,382	591,383	(898)	743,609
Changes during the period					
Dividends			(25,722)		(25,722)
Profit attributable to owners of parent			47,124		47,124
Acquisition of treasury stock				(50,007)	(50,007)
Disposal of treasury stock		0		0	0
Cancellation of treasury stock		(49,999)		49,999	—
Transfer from retained earnings to capital surplus		49,999	(49,999)		—
Reversal of revaluation reserve for land			(11)		(11)
Changes other than shareholders' equity, net (Note)					
Total changes during the period	—	—	(28,609)	(7)	(28,616)
Balance as of March 31, 2023	¥ 122,742	¥ 30,382	¥ 562,774	¥ (906)	¥ 714,992

Thousands of U.S. Dollars

	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2022	\$ 919,210	\$ 227,534	\$ 4,428,844	\$ (6,731)	\$ 5,568,857
Cumulative effects of changes in accounting policies					
Restated balance at beginning of year	919,210	227,534	4,428,844	(6,731)	5,568,857
Changes during the period					
Dividends			(192,634)		(192,634)
Profit attributable to owners of parent			352,914		352,914
Acquisition of treasury stock				(374,501)	(374,501)
Disposal of treasury stock		0		2	2
Cancellation of treasury stock		(374,444)		374,444	—
Transfer from retained earnings to capital surplus		374,444	(374,444)		—
Reversal of revaluation reserve for land			(89)		(89)
Changes other than shareholders' equity, net (Note)					
Total changes during the period	—	—	(214,254)	(54)	(214,308)
Balance as of March 31, 2023	\$ 919,210	\$ 227,534	\$ 4,214,590	\$ (6,786)	\$ 5,354,548

Millions of Yen

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
¥ 103,215	¥ (15)	¥ 1,223	¥ (3,847)	¥ 21,675	¥ 122,251	¥ 3,575	¥ 844,420
103,215	(15)	1,223	(3,847)	21,675	122,251	3,575	844,599
							178
							(26,598)
							71,436
							(20,007)
							6
							—
							—
		(0)			(0)		—
(5,679)	7		1,944	6,754	3,026	372	3,398
(5,679)	7	(0)	1,944	6,754	3,026	372	28,236
¥ 97,535	¥ (8)	¥ 1,223	¥ (1,903)	¥ 28,429	¥ 125,277	¥ 3,948	¥ 872,835
¥ 97,535	¥ (8)	¥ 1,223	¥ (1,903)	¥ 28,429	¥ 125,277	¥ 3,948	¥ 872,835
97,535	(8)	1,223	(1,903)	28,429	125,277	3,948	872,835
							—
							(25,722)
							47,124
							(50,007)
							0
							—
							—
		11			11		—
(445)	1		2,140	(12,791)	(11,094)	807	(10,286)
(445)	1	11	2,140	(12,791)	(11,082)	807	(38,890)
¥ 97,090	¥ (6)	¥ 1,235	¥ 237	¥ 15,638	¥ 114,194	¥ 4,756	¥ 833,944

Thousands of U.S. Dollars

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
\$ 730,440	\$ (62)	\$ 9,164	\$ (14,256)	\$ 212,909	\$ 938,194	\$ 29,570	\$ 6,536,622
730,440	(62)	9,164	(14,256)	212,909	938,194	29,570	6,536,622
							—
							(192,634)
							352,914
							(374,501)
							2
							—
							—
		89			89		—
(3,335)	12		16,032	(95,792)	(83,083)	6,049	(77,033)
(3,335)	12	89	16,032	(95,792)	(82,993)	6,049	(291,252)
\$ 727,104	\$ (49)	\$ 9,253	\$ 1,775	\$ 117,116	\$ 855,200	\$ 35,620	\$ 6,245,369

CONSOLIDATED BALANCE SHEETSTAISEI CORPORATION AND CONSOLIDATED SUBSIDIARIES
AS OF MARCH 31, 2022 AND 2023

Assets	Millions of Yen		Thousands of U.S. Dollars
	2022	2023	2023
Current assets			
Cash and time deposits	¥ 499,113	¥ 415,950	\$ 3,115,033
Notes and accounts receivable trade	575,600	688,768	5,158,154
Cost on uncompleted contracts	47,443	67,658	506,691
Real estate for sale and development projects in progress	117,831	131,439	984,347
Other inventories	3,389	4,003	29,985
Other current assets	53,079	45,847	343,348
Allowance for doubtful accounts	(100)	(182)	(1,369)
Total current assets	1,296,356	1,353,485	10,136,191
Fixed assets			
Tangible fixed assets			
Buildings and structures	153,961	161,554	1,209,871
Machinery, vehicles and equipment	64,868	68,273	511,294
Land	120,914	120,488	902,330
Construction in progress	4,068	5,354	40,102
Accumulated depreciation	(136,376)	(142,320)	(1,065,831)
Total tangible fixed assets	207,435	213,349	1,597,767
Intangible fixed assets	16,016	17,581	131,667
Investments and other assets			
Investment securities	380,271	386,906	2,897,521
Net defined benefit asset	23,230	10,875	81,447
Deferred income tax assets	3,543	5,918	44,320
Other fixed assets	31,215	30,570	228,944
Allowance for doubtful accounts	(1,869)	(1,969)	(14,753)
Total investments and other assets	436,391	432,300	3,237,480
Total fixed assets	659,844	663,232	4,966,914
Total assets	¥ 1,956,200	¥ 2,016,717	\$ 15,103,106

Liabilities	Millions of Yen		Thousands of U.S. Dollars
	2022	2023	2023
Current liabilities			
Notes and accounts payable trade	¥ 423,349	¥ 476,115	\$ 3,565,605
Short-term borrowings	97,901	81,965	613,835
Short-term non-recourse loans payable	15	11	84
Straight bonds due within one year	20,000	—	—
Lease obligations	318	347	2,600
Advances received and progress billings on uncompleted contracts	160,733	181,226	1,357,197
Deposit received	156,315	170,995	1,280,579
Provision for warranties on completed contracts	3,250	3,325	24,907
Provision for losses on construction contracts	14,163	47,897	358,705
Other current liabilities	50,317	60,767	455,083
Total current liabilities	926,363	1,022,652	7,658,600
Long-term liabilities			
Straight bonds	40,000	40,000	299,558
Long-term borrowings	66,279	79,606	596,169
Long-term non-recourse loans payable	128	117	876
Lease obligations	592	716	5,364
Deferred income tax liabilities	12,824	1,711	12,814
Deferred income tax liabilities for revaluation of land	3,274	3,274	24,523
Retirement benefits for directors and corporate auditors	435	508	3,806
Provision for share-based remuneration for directors	48	48	363
Provision for environmental measures	1	—	—
Net defined benefit liability	15,054	15,037	112,615
Other long-term liabilities	18,363	19,100	143,044
Total long-term liabilities	157,002	160,120	1,199,137
Total liabilities	1,083,365	1,182,773	8,857,737
Net assets			
Shareholders' equity			
Common stock	122,742	122,742	919,210
Capital surplus	30,382	30,382	227,534
Retained earnings	591,383	562,774	4,214,590
Treasury stock.....	(898)	(906)	(6,786)
Total shareholders' equity	743,609	714,992	5,354,548
Accumulated other comprehensive income			
Unrealized gains on available-for-sale securities, net of taxes	97,535	97,090	727,104
Unrealized losses on hedging derivatives, net of taxes	(8)	(6)	(49)
Revaluation reserve for land	1,223	1,235	9,253
Foreign currency translation adjustments	(1,903)	237	1,775
Remeasurements of defined benefit plans	28,429	15,638	117,116
Total accumulated other comprehensive income	125,277	114,194	855,200
Non-controlling interests	3,948	4,756	35,620
Total net assets	872,835	833,944	6,245,369
Total liabilities and net assets	¥ 1,956,200	¥ 2,016,717	\$ 15,103,106

CONSOLIDATED STATEMENTS OF INCOMETAISEI CORPORATION AND CONSOLIDATED SUBSIDIARIES
YEARS ENDED MARCH 31, 2022 AND 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	2023	2023
Net sales			
Construction business	¥ 1,385,516	¥ 1,499,803	\$ 11,231,956
Development projects	157,723	142,909	1,070,244
Total net sales	1,543,240	1,642,712	12,302,200
Cost of sales			
Construction business	1,224,426	1,378,637	10,324,554
Development projects	131,077	116,301	870,979
Total cost of sales	1,355,503	1,494,939	11,195,534
Gross profit			
Construction business	161,090	121,165	907,401
Development projects	26,646	26,607	199,264
Total gross profit	187,736	147,773	1,106,665
Selling, general and administrative expenses			
Selling expenses	41,666	40,698	304,786
General and administrative expenses	49,993	52,333	391,926
Total selling, general and administrative expenses	91,659	93,032	696,713
Operating income	96,077	54,740	409,952
Non-operating income			
Interest income	1,680	543	4,069
Dividend income	4,701	5,366	40,187
Foreign exchange gains	428	1,024	7,669
Investment gain on equity method	893	2,054	15,385
Other non-operating income	719	721	5,402
Total non-operating income	8,423	9,709	72,714
Non-operating expenses			
Interest expenses	910	861	6,449
Taxes and dues	120	154	1,160
Other non-operating expenses	222	309	2,315
Total non-operating expenses	1,253	1,325	9,924
Ordinary income	103,247	63,125	472,741
Extraordinary gains			
Gains on sales of investment securities	1,760	2,405	18,012
Gains on sales of investments in capital of subsidiaries and associates	—	3,925	29,400
Other extraordinary gains	17	236	1,772
Total extraordinary gains	1,778	6,567	49,184
Extraordinary losses			
Loss on sales of fixed assets	128	485	3,639
Impairment losses on fixed assets	843	295	2,214
Loss on disposal of fixed assets	130	246	1,843
Loss on valuation of investment securities	52	198	1,487
Settlement payments	—	203	1,521
Other extraordinary losses	366	168	1,259
Total extraordinary losses	1,522	1,597	11,965
Income before income taxes	103,503	68,094	509,960
Income taxes - current	34,211	28,369	212,455
Income taxes - deferred	(2,276)	(7,630)	(57,143)
Total income taxes	31,935	20,738	155,312
Net income	71,567	47,356	354,647
Net income attributable to non-controlling interests	131	231	1,733
Net income attributable to owners of parent	¥ 71,436	¥ 47,124	\$ 352,914

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

TAISEI CORPORATION AND CONSOLIDATED SUBSIDIARIES
YEARS ENDED MARCH 31, 2022 AND 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	2023	2023
Net income	¥ 71,567	¥ 47,356	\$ 354,647
Other comprehensive income			
Unrealized gains on available-for-sale securities, net of taxes	(5,681)	(447)	(3,350)
Unrealized gains (losses) on hedges derivatives, net of taxes	(7)	(4)	(35)
Foreign currency translation adjustments	1,581	2,136	16,002
Remeasurements of defined benefit plans	6,729	(12,776)	(95,686)
Share of other comprehensive income of entities accounted for using equity method	575	337	2,524
Total other comprehensive income	3,197	(10,755)	(80,544)
Comprehensive income	¥ 74,765	¥ 36,600	\$ 274,102
Comprehensive income attribute to			
Owners of parent	¥ 74,462	¥ 36,030	\$ 269,831
Non-controlling interests	302	570	4,271

CONSOLIDATED STATEMENTS OF CASH FLOWSTAISEI CORPORATION AND CONSOLIDATED SUBSIDIARIES
YEARS ENDED MARCH 31, 2022 AND 2023

	Millions of Yen		Thousands of U.S. Dollars
	2022	2023	2023
Cash flows from operating activities			
Income before income taxes	¥ 103,503	¥ 68,094	\$ 509,960
Depreciation and amortization	10,907	11,478	85,965
Impairment losses on fixed assets	843	295	2,214
Increase (decrease) in allowance for doubtful accounts	146	183	1,372
Increase (decrease) in provision for losses on construction contracts ...	12,055	33,734	252,637
Increase (decrease) in net defined benefit liability	(2,847)	(24)	(184)
Decrease (increase) in net defined benefit asset	(11,559)	12,354	92,524
Interest and dividend income	(6,382)	(5,909)	(44,256)
Interest expenses	910	861	6,449
Foreign exchange losses (gains)	(428)	(1,024)	(7,669)
Losses (gains) on valuation of investment securities	52	198	1,487
Losses (gains) on sales of investment securities	(1,662)	(2,300)	(17,230)
Losses (gains) on sales of investments in capital of subsidiaries and associates ..	—	(3,925)	(29,400)
Losses (gains) on sales of fixed assets	117	329	2,464
Losses on disposal of fixed assets	130	246	1,843
Investment losses (gains) on equity method	(893)	(2,054)	(15,385)
Decrease (increase) in trade receivables	(35,560)	(112,919)	(845,650)
Decrease (increase) in cost on uncompleted contracts	3,833	(20,206)	(151,328)
Decrease (increase) in real estate for sale and development projects in progress ...	2,060	(13,761)	(103,062)
Decrease (increase) in accounts receivables - other	(19,229)	8,562	64,127
Increase (decrease) in trade payables	46,737	52,384	392,308
Increase (decrease) in advances received and progress billings on uncompleted contracts	(12,784)	20,312	152,121
Increase (decrease) in deposit received	14,453	14,639	109,636
Other, net	6,798	(7,058)	(52,861)
Subtotal	111,203	54,491	408,084
Interest and dividend received	7,248	8,123	60,833
Interest paid	(915)	(879)	(6,590)
Income taxes paid	(37,030)	(31,632)	(236,895)
Net cash provided by (used in) operating activities	80,507	30,101	225,432
Cash flows from investing activities			
Decrease (increase) in time deposits	(2,319)	2,539	19,021
Purchase of tangible and intangible assets	(13,230)	(16,163)	(121,050)
Proceeds from sales of tangible and intangible assets	263	759	5,688
Purchase of investment securities	(25,934)	(13,593)	(101,803)
Proceeds from sales and redemption of investment securities ...	3,525	12,300	92,114
Other, net	15	99	747
Net cash provided by (used in) investing activities	(37,680)	(14,058)	(105,281)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(3,462)	584	4,373
Proceeds from long-term borrowings	24,200	34,350	257,245
Repayment of long-term borrowings	(25,417)	(37,542)	(281,150)
Repayment of long-term non-recourse loans payable	(15)	(15)	(112)
Proceeds from issuance of bonds	9,942	—	—
Redemption of bonds	—	(20,000)	(149,779)
Acquisition of treasury stock	(20,007)	(50,007)	(374,501)
Dividends paid	(26,598)	(25,722)	(192,634)
Other, net	(505)	(315)	(2,361)
Net cash provided by (used in) financing activities	(41,863)	(98,668)	(738,920)
Effect of exchange rate changes on cash and cash equivalents	1,523	1,728	12,940
Net increase (decrease) in cash and cash equivalents	2,485	(80,896)	(605,827)
Cash and cash equivalents at beginning of year	494,274	496,760	3,720,212
Cash and cash equivalents at end of year	¥ 496,760	¥ 415,863	\$ 3,114,384

Data on Environmental Contribution

Environment

(FY)

	Indicators	Unit	2018	2019	2020	2021	2022
KPI ET	Scope 1+2 reduction rate of CO ₂ emissions per sales* ¹ (Taisei Group)* ⁴		—	—	—	3.3	(13.8)
	Scope 1+2 reduction rate of CO ₂ emissions* ¹ (Taisei Group)* ⁴		—	—	—	(11.8)	(20.9)
	At construction stage: Reduction rate of CO ₂ emissions per sales* ²	%	(28.9)	(32.0)	(30.3)	(30.1)	(47.5)
	At construction stage: Reduction rate of total CO ₂ emissions* ²		(44.7)	(43.7)	(54.5)	(52.7)	(60.5)
	At building operation stage: Reduction rate of estimated CO ₂ emissions* ^{2,3}		(40.2)	(39.5)	(41.4)	(44.6)	(49.8)
	Scope 1+2 CO ₂ emissions per sales* ¹ (Taisei Group)* ⁴	t-CO ₂ /¥billion	—	2.13	2.21	2.20	1.84
	Scope 1+2 total CO ₂ Emissions (Taisei Group)* ⁴	10 ³ tCO ₂	361	368	318	325	291
	Scope 3 total CO ₂ Emissions (Taisei Group)* ⁴		—	—	5,625	4,632	5,284
ET	Number of green procurement items adapted at building construction design stage	Item/PJ	9.7	10.0	11.7	11.7	12.8
	Final disposal rate of construction wastes	%	3.4	3.9	2.7	2.8	2.8
	Number of projects contributing to biodiversity improvement	Projects	—	52	44	72	50

*1 Compared to FY2019; *2 Compared to FY1990;

*3 Estimated CO₂ emissions from design and construction projects (including promotion of ZEB);

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

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

2. ET= Annual Environmental Targets

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

Web  Environmental Data

Data on Social Contribution

Human Capital Data

(FY)

	Indicators	Unit	2018	2019	2020	2021	2022		
	Number of employees (consolidated / full-time employees)	Persons	14,433	14,562	14,620	14,518	14,466		
	Civil Engineering business (consolidated)		4,108	4,161	4,257	4,263	4,268		
	Building Construction business (consolidated)		8,123	8,163	8,160	8,103	8,133		
	Real Estate Development business (consolidated)		2,056	2,074	2,044	1,979	1,898		
	Other businesses (consolidated)		146	164	159	173	167		
	Male (consolidated)		11,906	11,971	11,959	11,822	11,722		
	Female (consolidated)		2,527	2,591	2,661	2,696	2,744		
	Japanese employees (consolidated)		13,615	13,720	13,747	13,645	13,611		
	Non-Japanese employees (consolidated)		818	842	873	873	855		
	Number of employees (full-time employees)		8,490	8,507	8,572	8,579	8,613		
	Civil Engineering business		2,298	2,273	2,323	2,324	2,333		
	Building Construction business		6,040	6,072	6,084	6,084	6,109		
	Real Estate Development business		152	162	165	171	171		
	Male		6,949	6,937	6,970	6,955	6,939		
	Female		1,541	1,570	1,602	1,624	1,674		
	Japanese employees		8,439	8,456	8,512	8,514	8,538		
	Non-Japanese employees ¹		51	51	60	65	75		
			Twenties	%	16.5	17.1	18.0	18.5	18.6
			Thirties		19.0	19.2	19.7	20.4	21.3
Forties ²		30.1	26.3		22.9	21.0	19.7		
Fifties or more		34.4	37.4		39.4	40.1	40.4		
Number of non-regular employees ³		Persons	1,134		1,173	1,217	1,173	1,284	

*1 Figures for FY2018 to FY2021 have been retroactively adjusted. Consequently, the counts for non-Japanese employees (consolidated) and Japanese employees (both Non-consolidated and consolidated) have also been adjusted retroactively.

*2 Figures for FY2020 have been adjusted retroactively.

*3 Figures for both FY2020 and FY2021 have been adjusted retroactively.

Data on Recruitment, Annual Salary, Length of Service, and Average Age

(FY)

	Indicators	Unit	2018	2019	2020	2021	2022
	Number of hires (new graduates)	Persons	251	264	329	302	276
	Male		207	215	270	253	218
	Female		44	49	59	49	58
	Number of mid-career hires		30	27	11	28	69
	Male		29	22	11	23	60
	Female		1	5	0	5	9
	Average annual salary	Thousand yen	10,512	10,103	9,850	9,635	9,929

Data on Recruitment, Annual Salary, Length of Service, and Average Age

(FY)

	Indicators	Unit	2018	2019	2020	2021	2022
	Average age		43.0	43.0	43.0	43.0	43.0
	Male	Years old	43.3	43.3	43.3	43.3	43.4
	Female		41.8	41.8	41.6	41.5	41.2
	Average length of service		18.3	18.3	18.3	18.2	18.1
	Male	Years	18.6	18.7	18.8	18.8	18.7
	Female		16.6	16.5	16.2	15.9	15.6
	Turnover rate (Taisei Group)*1		—	—	—	2.1	2.3
	Turnover rate*2	%	1.1	1.2	1.2	1.5	1.6
	Turnover rate of employees within three years of hiring*2		5.4	7.4	7.6	8.3	10.0

*1 The scope of coverage: Taisei Corporation and seven major Group companies *2 Voluntary turnover rate

Diversity and Inclusion Data

(FY)

	Indicators	Unit	2018	2019	2020	2021	2022
KPI	Number of female managers*1,2	Persons	167	197	236	277	314
AC	Female managers ratio*2	%	3.2	3.8	4.5	5.1	5.9
	Number of female engineers	Persons	663	698	738	767	809
AC	Female engineers ratio	%	9.1	9.5	9.9	10.2	10.6
	Rate of employment of persons with disabilities (Taisei Group*3)	%	—	—	—	2.10	2.15
	Rate of employment of persons with disabilities		2.33	2.35	2.20	2.27	2.35
	Number of employees reemployed after leave retirement	Persons	739	800	862	878	905
	Number of former employees who took advantage of the Job Return*4		2	3	3	4	4

*1 Figures for FY2021 have been retroactively adjusted *2 Figures are aggregated as of July 1 *3 The scope of coverage: Taisei Corporation and seven major Group companies

*4 For "Job Return," see the glossary on page 118.

Notes: 1. KPI = Key Performance Indicator (2021-2023) 2. AC=Action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life (Cabinet Office)

Childcare and Nursing Care Data

(FY)

	Indicators	Unit	2018	2019	2020	2021	2022
	Number of employees taking leave for childcare	Persons	285	290	299	281	290
	Male		244	241	253	232	248
	Female		41	49	46	49	42
	Rate of taking childcare leave	%	94.9	100	100	100	99.6
KPI	Rate of taking childcare leave by males*1	%	94.2	100	100	100	119
AC	Average number of days of childcare leave taken by males	Days	—	—	7.1	9.7	11.6
	Rate of taking childcare leave by females	%	100	100	100	100	97.6
	Rate of return to work after childcare leave	%	97.7	99.7	100	99.7	96.6
	Male		100	100	100	100	100
	Female		97.5	97.9	100	97.9	95.6
	Number of employees who use flextime for childcare (cumulative)	Persons	12	27	35	45	58
	Number of employees taking nursing care leave	Persons	0	2	1	1	1
	Number of employees taking paid nursing care leave*2	Persons	—	—	—	175	179

*1 For the period from FY2018 to FY2021, calculations are based on an internal system that considers the percentage of male employees who have taken childcare leave during their entitlement period when their child was born. For FY2022, the calculations are based on the Act on Childcare Leave/Caregiver Leave, using a denominator of employees who had children during FY2022 and a numerator of employees who took parental leave for child-rearing purposes during FY2022. The rate keeps at 100% for male employees whose children were born in or after FY2017.

*2 Figures for FY2021 have been retroactively adjusted.

Notes: 1. KPI = Key Performance Indicator (2021-2023) 2. AC=Action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life (Cabinet Office)

Data on Working Hours and Holidays

(FY)

	Indicators	Unit	2018	2019	2020	2021	2022
	Total hours worked per month	Hours	192.8	193.9	194.1	190.9	187.5
	Average overtime hours per month	Hours	37.8	39.0	39.8	38.5	36.6
	Health management overtime hours (Rate of employees who worked exceeded 720 overtime hours per year)	%	—	—	25.8	23.5	18.2
KPI	Worksite implementation rate of a five-day work week (closed eight days in four weeks) (Building Construction)	%	—	—	—	26.6	27.8
	Worksite implementation rate of a five-day work week (closed eight days in four weeks) (Civil Engineering)	%	—	—	—	49.5	52.2
	Rate of paid leave utilization	%	47.5	46.2	46.5	49.3	54.5

* Figures for FY2020, FY2021 and FY2022 have been retroactively adjusted.

Note: KPI = Key Performance Indicator (2021-2023)

Data on Training and Career in Capacity Development

(FY)

	Indicators	Unit	2018	2019	2020	2021	2022
	Total training hours for capacity development	Hours	—	261,059	233,143	231,706	566,424*
	Training hours per person		36.6	30.5	27.0	26.7	65.0*
	Total training budget	Thousand yen	—	—	—	298,937	406,078*
	Total number of training attendees (annual cumulative count)	Persons	—	—	—	4,360	76,585*
	Number of regular employees promoted from non-regular employees	Persons	45	28	20	38	30
	Implementation rate of career development review	%	87.7	86.5	88.0	89.0	88.2

* Up to FY2021, data from training programs sponsored by the head office were collected. From FY2022, the results of training programs sponsored by branches and company-wide e-Learning are also included in the data.

Data on Health and Safety Relations

(FY)

	Indicators	Unit	2018	2019	2020	2021	2022
	Accident frequency rate (Taisei Group)*1,2	—	0.58	0.64	0.37	0.56	0.38
	Accident frequency rate*2		0.43	0.62	0.35	0.44	0.31
	Accident severity rate*2		0.14	0.26	0.34	0.08	0.01
	Number of occupational accident leaves (excluding fatal accidents)*2	Cases	50	74	35	45	35
KPI	Number of fatal accidents (Taisei Group)*1,2	Cases	—	—	5	1	0
	Number of fatal accidents*2	Cases	2	4	5	1	0
	Number of work-related employee fatalities*2	Persons	0	0	0	0	0
	Number of work-related contractor fatalities*2		2	4	5	1	0
	Number of employees receiving safety and health training		1,025	1,049	1,063	1,200	1,298
	Implementation rate of stress checks	%	89.8	90.2	91.6	91.0	92.0

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

*2 Aggregated from January to December

Note: KPI = Key Performance Indicator (2021-2023)

Data on Technical Development and Intellectual Property

(FY)

	Indicators	Unit	2018	2019	2020	2021	2022
	Research and development expenditure (consolidation)	Billion yen	12.4	13.5	14.2	15.2	16.8
	Number of patents registered	Cases	250	169	202	209	232
KPI	Number of patent applications filed	Cases	219	188	266	272	283
	Number of orders received for net Zero Energy Buildings (ZEBs)		—	—	5	6	10

Note: KPI = Key Performance Indicator (2021-2023)

Quality and Productivity Data

(FY)

	Indicators	Unit	2018	2019	2020	2021	2022
KPI	Customer satisfaction (Building Construction)	%	92	88	90.0	90.0	85.9
	Customer satisfaction (Civil Engineering)		96	98	98.6	97.6	95.8
KPI	Worksite registration rate of Construction Career Up System (CCUS*)	%	—	75	100	100	100
	Productivity (net sales/number of employees) (Taisei Group)*2	Million yen	—	—	67	65	67

*1 For "CCUS," see the glossary on page 118. *2 The scope of coverage: Taisei Corporation and 19 Group companies.

Note: KPI = Key Performance Indicator (2021-2023)

Data on Community Activities and Volunteering Investment Costs

(FY)

	Indicators	Unit	2018	2019	2020	2021	2022
	Community activities and volunteering investment costs	Million yen	700	838	492	787	673

Data on Procurement Practices and Human Rights

(FY)

	Indicators	Unit	2018	2019	2020	2021	2022
KPI	Supplier's conformity rates with the Taisei Group Sustainability Procurement Standards (Taisei Group)*1	%	74.2*2	—	92.1	—	91.3
	Human rights training precipitation rate	%	97.9	97.4	99.5	95.3	96.0
	Cases of violation of the rights of indigenous peoples	Cases	—	—	—	0	0

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

*2 Figures for FY2018 are the average implementation rate of sustainability activities.

Note: KPI = Key Performance Indicator (2021-2023)

Data on Stakeholder Engagement

(FY)

Indicators	Unit	2018	2019	2020	2021	2022
Percentage of all employees covered by collective bargaining agreements	%	—	90.6	90.8	90.1	89.8
Labor union participation rate		100	100	100	100	100
Employees satisfaction rate*		—	80.8	—	77.6	—

* The survey was conducted every other year by union members in Taisei Corporation.

Ratio of Female Wages to Male Wages*

(FY)

Indicators	Unit	2018	2019	2020	2021	2022
All employees (full-time employees)	%	—	—	—	58.2	59.2
Regular employees		—	—	—	57.4	59.4
Career-track positions		—	—	—	66.0	68.7
Professional-grade positions		—	—	—	72.1	69.5
Minor career-track positions		—	—	—	83.3	78.8
Non-regular employees		—	—	—	58.3	58.3

*The wage gap between men and women is due to differences in average age, etc., but not to the system.

For information on the female managers ratio, the percentage of male workers taking childcare leave, and the difference in wages between male and female workers, please visit our Company website.

[Web Q](#)
ESG Data

Governance Data

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

(FY)

Indicators	Unit	2018	2019	2020	2021	2022
Number of Members of the Board	Persons	12	12	12	12	12
Male		11	11	11	11	11
Female		1	1	1	1	1
Number of External Members of the Board		4	4	4	4	4
Female		1	1	1	1	1
Number of Audit & Supervisory Board Members	Persons	6	6	6	6	6
Male		6	6	5	5	5
Female		0	0	1	1	1
Number of External Audit & Supervisory Board Members		4	4	4	4	4
Female		0	0	1	1	1
Number of Executive Officers	Persons	58	59	58	63	64
Male		58	59	58	63	64
Female		0	0	0	0	0

Data on Officer Remuneration

(FY)

Indicators	Unit	2018	2019	2020	2021	2022
Members of the Board	Million yen	755	741	814	738	669
External Members of the Board		46	58	62	62	54

Data on Ethics, Political Donations, and Information Security

(FY)

Indicators	Unit	2018	2019	2020	2021	2022
Participation rate of e-learning for the Group's Structure of Values and Policies	%	97	94	94	95	97
Response rate of Corporate Ethics Helpline and Group Helpline (Taisei Group)* ¹	%	100	100	100	100	100
Operational results of the whistleblowing and consultation system* ¹	Cases	—	24	28	30	73
Political donations	Million yen	—	18	18	18	18
KPI Rate of participation in compliance training, including anti-corruption training	%	100	100	100	100	100
Number of dismissals due to corruption and bribery	Persons	—	0	0	0	0
KPI Number of major information security accidents (Taisei Group)* ²	Cases	0	0	1	0	0
Number of information security education sessions	Times	19	5	4	3	6

*1 The scope of coverage: Taisei Corporation and 21 Group companies. *2 The scope of coverage: Taisei Corporation and eight major Group companies.

Note: KPI = Key Performance Indicator (2021-2023)

Corporate Data (As of March 31, 2023)

Name

TAISEI CORPORATION

Established

December 28, 1917

Paid-In Capital

¥122,742,158,842

Number of Employees

8,613 persons (non-consolidated/full-time employees)

Representative

Yoshiro AIKAWA,
President and Chief Executive Officer

Major Offices (As of April 1, 2023)

● 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)
Chubu Branch (Nagoya City)
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
International Operations Headquarters (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)
Bangladesh Office (Dhaka)

● 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. TAISEI PULAUINTAN CONSTRUCTION
INRERNATIONAL
TAISEI MYANMAR CO., LTD.

Stock Information (As of March 31, 2023)

Number of Shares Authorized

440,000,000

Number of Shares Issued

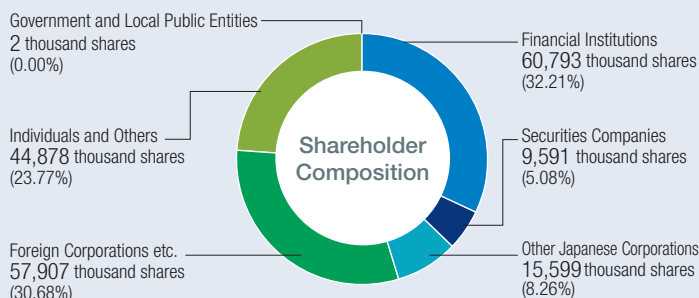
188,771,572 (including 301,634 treasury shares)

Number of Shareholders

57,413

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)	31,310	16.61
Custody Bank of Japan, Ltd. (Trust Account)	11,502	6.1
NORTHERN TRUST CO. (AVFC) RE SILCHES-TER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	6,123	3.25
Taisei Associates' Shareholding Plan	6,049	3.21
Retirement Benefit Trust in Mizuho Trust (Mizuho Bank, Ltd. Account)	5,857	3.11
Taisei Employees' Shareholding Plan	3,757	1.99
State Street Bank West Client-Treaty 505234	3,051	1.62
Meiji Yasuda Life Insurance Company	2,847	1.51
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	2,836	1.51
STATE STREET BANK AND TRUST COMPANY 505103	2,427	1.29

Note: The Company's own shares (301,634) are excluded in calculating the Ratio of Shares Held. The Company's own shares of 301,634 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 a 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.

[Web Q](#)

Sustainable Finance

Overseas Network (As of September 1, 2023)

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

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

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 Sektor 1A, Blok B, Kota Bukit Indah, Desa
Kalihurip, Kecamatan Cikampek 41373, Kabupaten Karawang, 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

Thailand

TAISEI (THAILAND) CO., LTD.

1550, 9th Floor, Thanapoom Tower, New Phetchaburi Road,
Makkasan, Ratchathewi, Bangkok 10400, Thailand
TEL 66-2-207-0330 FAX 66-2-207-0332

THAILAND OFFICE

1550, 19th Floor, Thanapoom Tower, New Phetchaburi Road,
Makkasan, Ratchathewi, Bangkok 10400, Thailand
TEL 66-2-207-0331

India

INDIA OFFICE (Delhi)

Office Number GRA133 WeWork - Platina tower, Mehrauli-Gurgaon
Road, A Block, DLF Phase 1, Sector 28, Gurugram, Haryana, 122001.
India

INDIA OFFICE (Mumbai)

A-802, Crescenzo, G Block BKC, Bandra Kurla Complex, Bandra
East, Mumbai - 400051, India.
TEL 91-22-6260-6800

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

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

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)

7th FL, VIETNAM CHAMBER OF COMMERCE AND INDUSTRY
TOWER, 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 C, 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., Vo Thi Sau Ward District 3,
Ho Chi Minh City, S.R. Vietnam
TEL 84-28-3932-1765 FAX 84-28-3932-1764

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

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

BANGLADESH 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

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

Egypt

NORTH AFRICA OFFICE

25th, Rd. No.10, Station Sqr, Maadi, Cairo, Egypt
TEL 20-2-2380-1362

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 attributes information including the specification, layout, and cost of building components and equipment.
CIM/T-CIM®	CIM stands for Construction Information Modeling, which involves using information and communication technology in construction. T-CIM® is our proprietary system that integrates CIM-based construction methods with attribute information related to the 3D models of each construction project.
Construction Career Up System (CCUS)	This system aims to strengthen cooperation with partner organizations in the construction industry. It allows for the registration and visualization of individual construction workers' skills, experience, and qualifications, as well as their enrollment status in social insurance programs, all under a set of uniform industry rules.
DX Academia	An educational institution focused on leveraging digital technology and data to develop human capital capable of leading digital transformation (DX) in business, operations, and corporate culture. It gathers human capital from across the company and nurtures their DX skills and mindset through project-based, hands-on education.
Health management overtime hours	These are the overtime hours used to determine whether preventive measures against health issues, such as one-on-one consultations with physicians, should be implemented. This total includes both statutory overtime hours and working hours on legal holidays.
Job Return	A system that offers reemployment opportunities by providing job listings from the Company and its Group companies to employees who have voluntarily retired and wish to return to work due to a change or improvement in their original reasons for retirement.
Scope 1, 2, 3	These categories break down all CO ₂ emissions related to business activities at each stage. Scope 1: Emissions from the use of fossil fuels like light oil during construction. Scope 2: Emissions from electricity usage at the head office, branch offices, and worksites. Scope 3: Emissions arising from the manufacturing of construction materials, the building's use by customers post-delivery, and emissions generated during the building's demolition.
Soyukai / Safety, Health, and Environment Cooperation Association	The Soyukai is an association formed between the Company and its key partner firms, aimed at strengthening cooperation. As of the end of March 2023, it has 617 member companies. The Safety, Health, and Environment Cooperation Association is a collaborative organization aimed at preventing worksite accidents and preserving the environment. It includes all specialized contractors who are contracted to perform construction work with the Company. As of March 1, 2023, the association has 7,930 member companies.
Green Procurement Guidelines	These guidelines are aimed at promoting the use of materials, equipment, and construction methods that reduce environmental impact during the design, construction, operation, and demolition of buildings and structures. Selection criteria include: 1. Low life-cycle CO ₂ (LCCO ₂) 2. Energy and resource conservation. 3. Minimized generation of construction waste during construction and demolition. 4. Consideration for the use of recycled and recyclable materials. 5. Absence of harmful substances. 6. Consideration for biodiversity and the local environment. * LCCO ₂ : Total CO ₂ emissions from construction to disposal throughout the entire period of use.
TAISEI Green Target 2050	These are the long-term environmental goals established by the Group for the year 2050. The objectives focus on achieving "three types of societies": Decarbonized society, Recycling-oriented society, and Nature co-existing society, as well as addressing "two individual issues" related to Forest Resources / Forest Environment and Water Resources / Water Environment. The Group commits to: •Carbon Neutrality: Reducing net emissions of CO ₂ and other greenhouse gases to substantively zero by accounting for absorption from afforestation and forest management. •Circular Economy: Beyond the traditional 3Rs (Reduce, Reuse, Recycle), this involves economic activities that create added value while efficiently utilizing and preserving resources, thereby reducing both resource input and consumption. •Nature Positive: Aims to halt and reverse the loss of biodiversity to put nature back on a path of recovery.
Taisei Group Sustainable Procurement Guidelines	A set of guidelines on what the Group, its subcontractors and 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 health, (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.
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 clients and society by ensuring quality with pride.



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.

