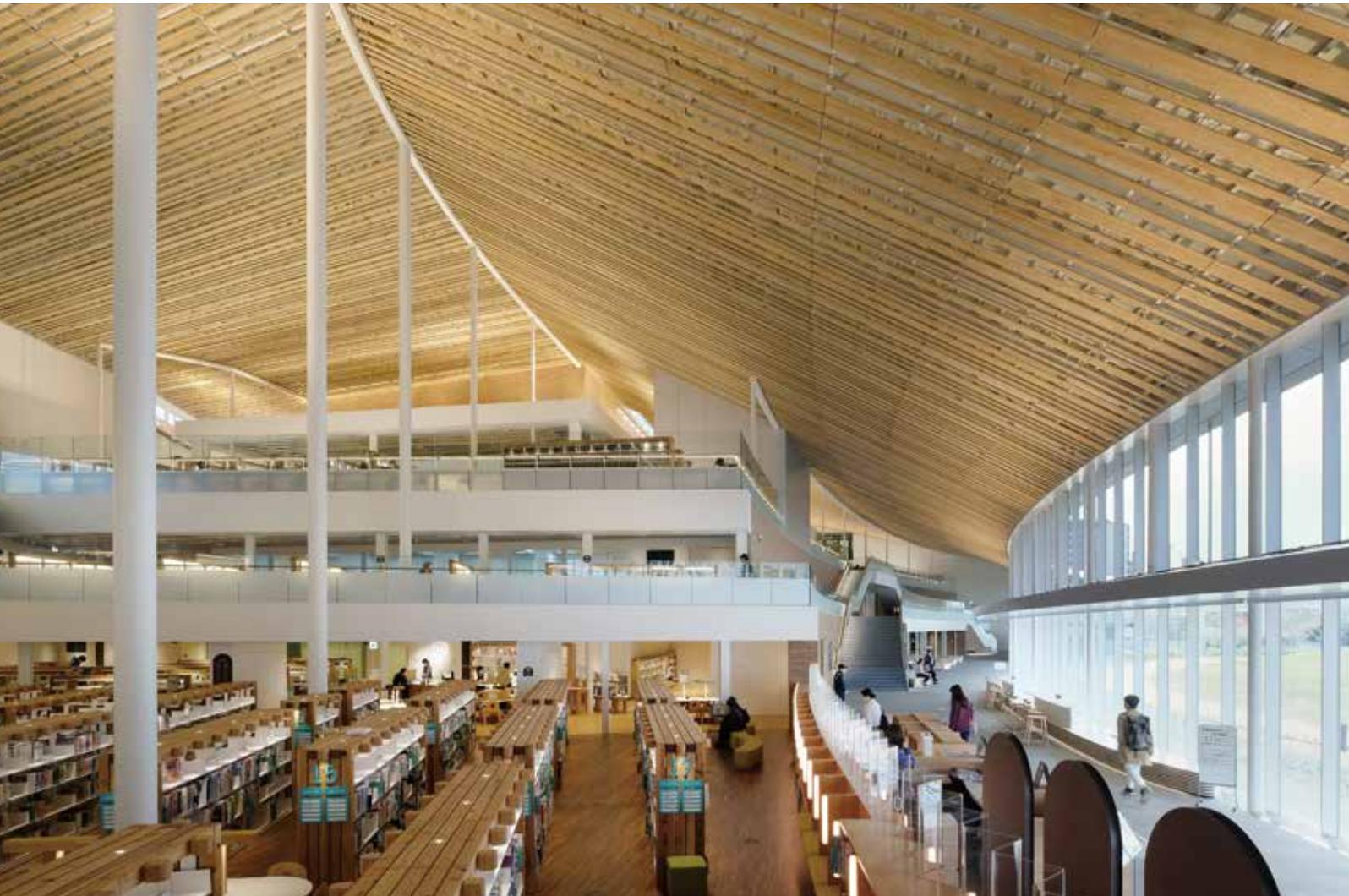


CORPORATE REPORT 2022



Global Vision

A corporate group that realizes “joys”

For the satisfaction of our customers

We will build strong, reliable partnerships with our customers by delivering precise technical expertise and comprehensive human resources.

For work we can be proud of

We will create the workplace that allows every individual to bring passion and a strong sense of responsibility to each project we undertake.

For future generations and our planet

We will create an environment-friendly society that is both safe and secure by aggressively tackling challenges posed by changing times and social circumstances.

Editorial Policy

The "Toda Corporation Corporate Report" is published in an easy-to-understand, concise format so that all stakeholders can understand our philosophy, management strategy, sustainability achievements, and the specific value we create. Along with the sustainability information (Sustainability Site) and financial information (IR Site) posted on our website, we regard this report as one of our most important tools for communicating with our stakeholders, and we will continue to work on further enhancing it in the future.

Reference Guidelines

- IFRS Foundation "International Integrated Reporting Framework"
- Ministry of Economy, Trade and Industry "Guidance for Collaborative Value Creation"
- Japanese Standards Association "ISO 26000: 2010 Guidance on Social Responsibility"
- Global Reporting Initiative (GRI), "Sustainability Reporting Standards"
- Ministry of the Environment "Environmental Reporting Guidelines (2018)"



Reporting Period

2021 fiscal year (April 1, 2021 – March 31, 2022)

* Some information from before and after the reporting period is included.

Scope

The report focuses on the activities of Toda Corporation, while also including group companies and overseas initiatives.

Issue Date

December 2022

Forecasts, Projections and Plans Concerning the Future

This report contains not only the past and present facts regarding Toda Corporation Group, but also plans and forecasts as of the date of publication, as well as future projections based on management policies and strategies. These forward-looking statements are based on assumptions and judgments made in light of the information available at the time they were made, and changes in conditions may cause the results of future business activities and events to differ materially from those forecasts. We ask our readers for their understanding regarding the above.

Cover Photograph

Mirai On (Nagasaki Pref. & Omura City Library, Omura City History Museum; Omura City, Nagasaki Prefecture)

Winner of the 62nd BCS Prize (awarded by the Japan Federation of Construction Contractors)



Photo: Nakamura Kai

Production and Content of This Report

As detailed above, in preparing this report, each division across the company collaborated in editing while referring to guidelines such as the IFRS Foundation's "International Integrated Reporting Framework" and the Ministry of Economy, Trade and Industry's "Guidance for Collaborative Value Creation," etc. I have verified the legitimacy of the production process and the content of the report.

Our goal in producing the "Toda Corporation Corporate Report," an integrated report that combines financial and non-financial information, is to enhance our corporate value in a sustainable manner by helping our stakeholders understand the ESG and SDGs management that we are conducting and by using it as a tool for dialogue.

President and Representative Director

Gami Seisuke

Detailed sustainability information and investor relations information are available on our website.

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Special Feature 1

Our First Skyscraper over 200 Meters High

[New Construction of Building A of the Tokyo Ekimae Tokiwabashi Project, etc.]

Construction was completed on our first large-scale building of more than 200 m, with a total floor area of approx. 140,000 m². In preparation for the unprecedented height of the construction, we proceeded with construction while conducting meticulous advance planning and prior testing of the technologies to be used. In addition to using 100% renewable electricity for construction in an effort to combat climate change, we also pursued unconventional ways of working made possible only by the COVID-19 disaster, such as remote work and dispersed morning meetings.

Tokiwabashi Tower

“TOKYO TORCH” is a large-scale mixed-use redevelopment project with a total floor area of approx. 740,000 m², situated on an approx. 3.1 ha block in front of Tokyo Station. The first building in this project to reach completion was the “Tokiwabashi Tower,” which we undertook.

Project Summary

Project name:	New construction of Building A of the Tokyo Ekimae Tokiwabashi Project, etc.
Project location:	2-6-4 Otemachi, Chiyoda-ku, Tokyo, Japan
Publisher:	Mitsubishi Estate Co., Ltd.
Design supervisor:	Mitsubishi Jisho Design Inc.
Constructor:	Toda Corporation
Work schedule:	January 2018–End of June 2021
Building use:	Offices and commercial facilities
Building summary:	38 floors above ground, 5 basement floors, 3 tower floors
Floor area:	Approx. 31,400 m ²
Total floor area:	Approx. 146,000 m ²
Maximum height:	212 m



Distinctive Construction Methods and Technologies Used in This Project



Concrete Filling of Underground CFT*¹ Columns Drop-in Method Exceeding 30 m High

Preliminary test construction confirmed the workability of the 30-meter-high drop-in method, filling at the bottom of the columns, and filling under the diaphragm*² to ensure quality and improve productivity.



Experiments on Workability and Properties of Lightweight Concrete with Pumped from Heights Exceeding 200 m

We conducted preliminary tests to replicate the effects of pipe length and pressure in the pipe to confirm concrete properties, compressive strength, pressure in the pipe during pumping, and workability after pumping to ensure quality and improve productivity.



Development and Use of Waveguide LAN System*³

We installed a new communication system at this site that can establish a stable communication network even on the upper floors of a skyscraper under construction. The system is simple to configure, easy to install, inexpensive, and creates a stable, high-performance wireless communication environment over a wide area. By eliminating the risk of disconnections, this leads to improved productivity.

*1 CFT: Concrete-Filled Steel Tube Structure.

*2 Diaphragm: A steel plate required to join a column and beam together.

*3 Waveguide LAN system: Technology to create a robust and comfortable wireless communication environment inside a building without laying LAN cables. This is achieved by connecting a single pipe (waveguide) used for temporary construction materials at a worksite to an antenna unit that emits radio waves.

Commitment to No. 1 Productivity and No. 1 Safety



Remote Work Initiatives

Mobile computers were provided to employees working at the construction site so that they could do desk work on site, thereby avoiding unnecessary travel time for employees. Overtime work has also been reduced by about 10%, contributing to improved employee productivity.



From Full Group Gatherings to Dispersed Morning Meetings

By installing monitors for morning meeting videos in worker rest areas, each of the specialized construction companies can set the start times of their morning meetings freely. This staggers workers' travel times, contributing to improved work efficiency. Allowing repeated playback of the videos also enabled employees to review the instructions from the morning meeting at any time, improving safety.



Measures against Heat Stroke and COVID-19

In order to seamlessly measure the body temperatures of approximately 2,000 workers, non-contact thermal cameras were installed, and a proprietary system was developed to turn on a rotating warning light if a temperature exceeding 37.5°C was detected. This was effective as a measure against both mass infection of COVID-19 and heat stroke.

RE100 Initiatives

The use of 100% renewable energy for all temporary power sources at this construction site has made a significant contribution to reducing CO₂ emissions. This workshop was the first of its kind in Japan for a large-scale construction project, and improved the environmental awareness of our employees.



Special Feature 2

Demonstrating Innovative, Integrated Technological Expertise in Mountain Tunnel Construction

Nine years ago, we launched the New Tunnel Technology Development Working Group as a cross-divisional organization within the company, and have been working to establish technologies that differentiate us from our competitors. Over the past decade, our tunneling projects have been on the rise, and in recent years we have demonstrated our technological capabilities in infrastructure development, including the Linear Chuo Shinkansen Project and numerous tunneling projects for the Hokkaido, Kyushu, and Hokuriku Shinkansen lines.

Our Technological Strengths in Mountain Tunnel Construction

Tunnel construction has been on the rise over the past decade, and the 65 orders received are among the highest of any semi-major company in the industry. We have also produced 36 technological developments.



Technological developments in tunneling

36 projects /10 years

Tunnel project orders

65 orders /10 years

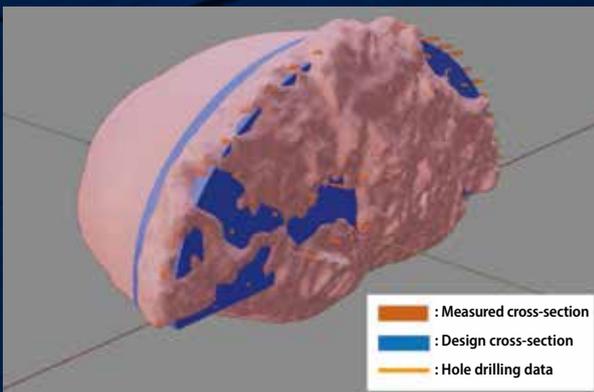
Cumulative Number of Orders Received for Mountain Tunneling Projects



Technical Development in Mountain Tunnel Construction

Blasting Design System (Charging and Blasting)

Blasting design (setting the number of holes, drilling positions, amount of charge, etc.), which used to be performed by skilled technicians, has been systematized using AI models to minimize the amount of extra excavation. This reduces the amount of debris to be removed after blasting and the amount of concrete to be sprayed, thereby improving productivity by shortening construction time, etc., as well as reducing costs.



Blasting Design System (Charging and Blasting)

Real-Time Sprayed Concrete Thickness Measurement System

We have developed a system that measures the spraying position and thickness in real time and provides machine guidance for spraying nozzle operation for shotcrete operations in mountain tunnels. Highly accurate detection of the spraying position is achieved through the application of motion capture camera technology. This will improve the work environment and safety, as well as increase the accuracy in finished products and productivity. The system was jointly developed by four general contractors and FTS., Ltd.



Real-Time Sprayed Concrete Thickness Measurement System



Special Feature

The Value Creation Story

Strategy for Value Creation

ESG Management

**OPTISS®
(Unmanned Construction System for Erecting Steel Support Structures at Cutting Faces)**

We have developed an unmanned face construction system that helps to improve the safety and productivity of steel support erection work in tunnel construction. By upgrading the integrated concrete sprayer and erector used in tunnel construction, the new machine enables erection, jointing, and positioning of steel supports through remote control by a single operator, without the need for workers to enter the area directly under the face, thereby realizing unmanned construction of the face.



Unmanned Tunnel Face Construction System

**Rail Walker System II
(Automatic Rail Movement System for Tunnel Lining Center)**

We have developed a system that automates the movement of the rails of the lining center, which was conventionally performed by a combination of construction equipment such as a backhoe and multiple workers, with only one worker's button operation. In combination with previously developed technology, all rail moving work for a sequence of waterproofing, rebar, and concrete lining operations can be performed automatically, dramatically improving productivity and safety.



Rail Walker System II

To the Future of Floating Offshore Wind Power Generation

— The challenge of Japan's first floating offshore wind farm —

We regard climate change adaptation as an important issue and are pursuing various initiatives to address it. The floating offshore wind power generation is a cutting-edge project which we are undertaking to protect the beautiful global environment for future generations and to achieve harmony between various human activities and the environment. Toda Corporation will continue working to achieve carbon neutrality and contribute to the development of local communities.



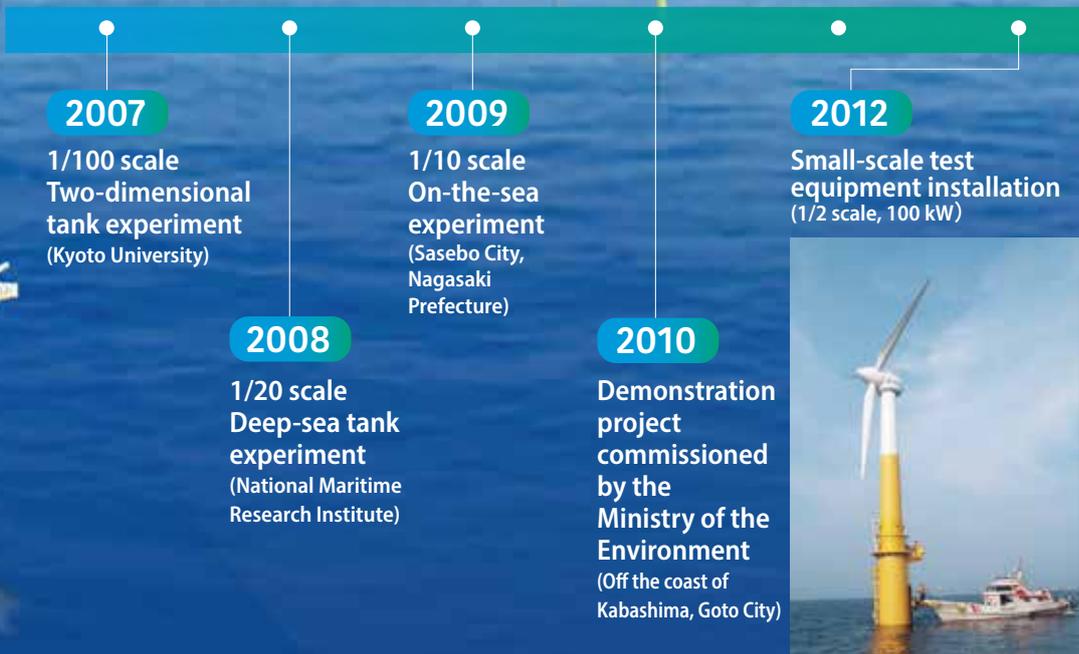
Photo: Nishiyama Hoichi

Haenkaze (Sakiyama 2 MW Floating Offshore Wind Farm) — First commercial operation in Japan started October 2013

Haenkaze, Japan's first 2 MW-class floating offshore wind power generation facility, was conducted as a facility that emits no CO₂ during operation, with the understanding and cooperation of local residents and others in the Ministry of the Environment's floating offshore wind power generation demonstration project from fiscal 2010 to fiscal 2015. Since then, Goto City and our subsidiary have started joint management of the facility, Japan's first floating offshore wind power generation plant, and it continues to operate commercially.

Facility Summary:

Installation location:	Fukuejima, Goto City, Nagasaki Prefecture (moved from off the coast of Kabashima, Goto City in 2015)
Shape dimensions:	Total length 172 m, maximum floating diameter 7.8 m, rotor diameter 80 m
Weight/max output:	Approx. 3,400 t/2 MW (2,000 kW)





Floating Wind Power Generation Project off the Coast of Goto City — The first commercial floating offshore wind farm in Japan (under construction)—

In June 2021, a consortium consisting of six companies, including Toda Corporation, became the first Japanese operator to be selected under the “Guidelines for Publicly Offered Occupancy of Offshore Renewable Energy Power Generation Facilities Development Promotion Areas in Goto City, Nagasaki Prefecture.” The consortium has since established Goto Floating Wind Farm LLC, which is comprised of the above six companies with Toda Corporation as the representative member, and is constructing a power plant with the aim of becoming the first floating offshore wind farm in Japan to begin commercial operation.

Facility Summary:

Installation location:	Off the coast of Goto City, Nagasaki Prefecture
Output:	16.8 MW (eight units of 2.1 MW turbines)
Schedule:	Commercial operation to start in January 2024

Future Offshore Wind Power Generation Initiatives

By capitalizing on our track record with floating offshore wind power generation facilities off the coast of Goto City, which we have built up over the past 10 years with the cooperation of the local government and local residents, we will deliver Japan's first commercial floating offshore wind farm, while further developing technology and reducing costs.

Going forward, we will take on the challenge of sustainable initiatives that will lead to the next generation, such as integration with hydrogen-related technology and technology for introducing large offshore wind turbines, as well as implementing a model of local production for local consumption of energy. As expectations grow for offshore wind power generation, the key to making renewable energy the main source of power in Japan, Toda Corporation, as the leading player in this field, will help to promote its widespread adoption.

2013
Demonstration unit installation (2 MW)
Haenkaze



2015
Demonstration unit moved to off the coast of Sakiyama

2016
Ministry of the Environment project concludes
Handover to Goto City
First practical application in Japan

2018
Semi-submersible spud barge (float raiser) completed



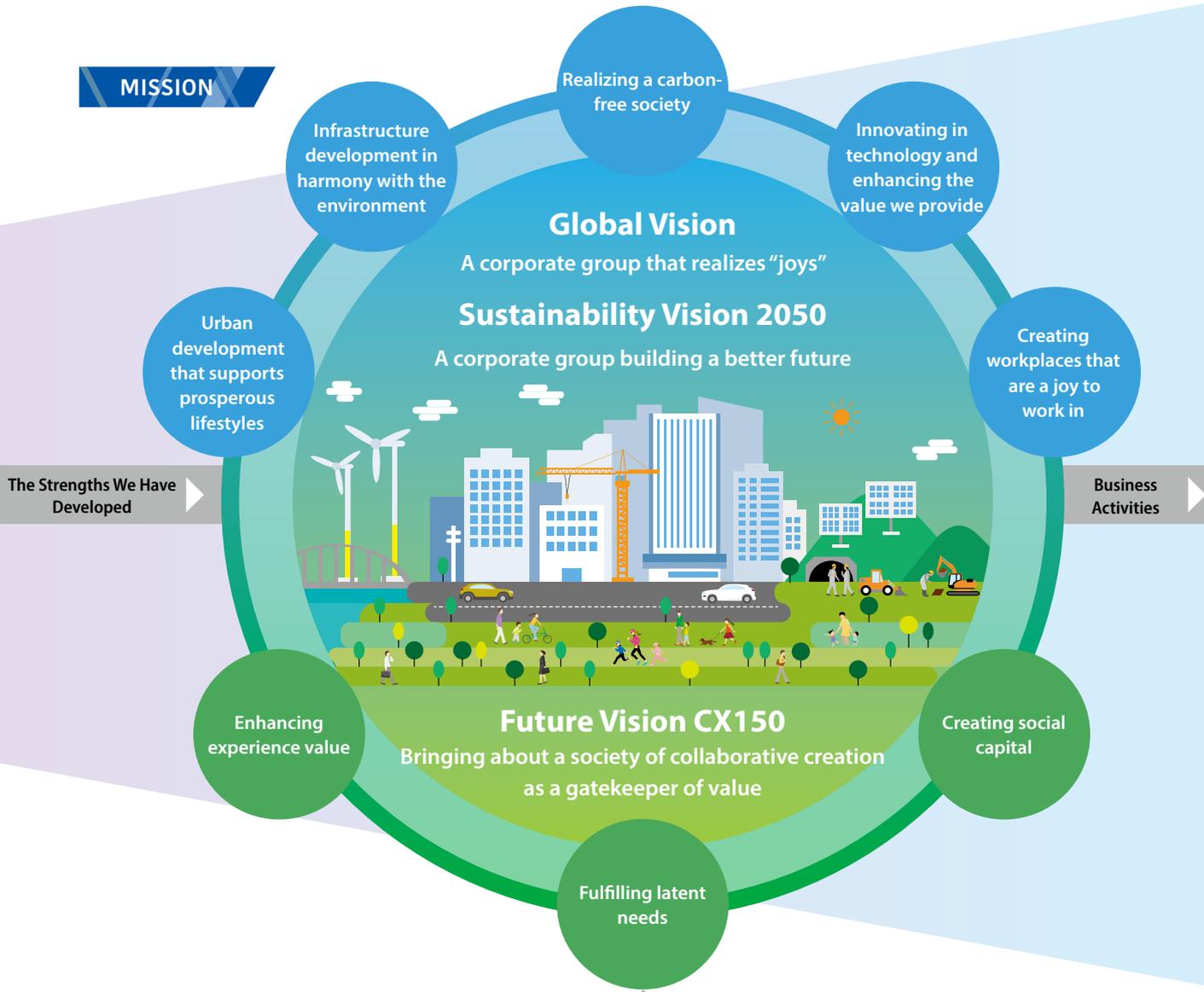
2021
Promotion area wind farm (16.8 MW)
Operator selected

2022
Offshore construction work begins

2024
Scheduled start of operations

The Value Creation Process

The Group is pursuing the forms of value creation processes to advance ESG/SDGs*1 management. Together with our stakeholders, we are striving to be “a corporate group that realizes ‘joys’” and to deliver sustainable growth of corporate value.



INPUT

Financial Capital

- Total assets: 761.1 billion yen
- Equity: 316.5 billion yen
- Capital ratio: 41.6%

Manufacturing Capital

- Domestic bases: 13 • Major overseas bases: 2
- Major Group companies: (14 domestic, 8 overseas)
- Investment to build a revenue base*
- Real estate investment and development: 160 billion yen
- Environment, energy, etc.: 30 billion yen
- * Cumulative total for fiscal 2022 to 2024

Intellectual Capital

- Intellectual property, knowhow, related technology and other such resources that provide the foundation for creating safe and secure social infrastructure
- Acquisition of patented technologies through mergers and acquisitions, etc.
- Research and development expenses: 2.8 billion yen

Human Capital

- Number of employees (consolidated): 5,751
- Digital transformation human resources
- Global human resources
- Average training time per person:
Building construction: 61.9 hours
Civil engineering: 11.4 hours
Administration: 8.0 hours

Social Capital

- Strong relationships of trust with stakeholders
- All-around group capabilities in the construction life cycle
- Co-creation with diverse stakeholders

Natural Capital

- Fossil fuel consumption (construction sites+ offices): 256.42 million kWh
- Electricity consumption (construction sites + offices): 73.17 million kWh
- Ratio of renewable electricity usage: 38.3%
- Water intake (construction sites + offices): 594,000 m³
- Fresh concrete: 1,010,000 m³
- Cement: 210,000 t
- Steel: 194,000 t

Direction to Aim for

SUSTAINABLE DEVELOPMENT GOALS



Medium-term Management Plan 2024 — Rolling Plan

Basic Policies of the Rolling Plan

- Provide truly appreciable value to all stakeholders by realizing Future Vision CX150.
- Strengthen our business portfolio by promoting growth investments such as the new TODA building (scheduled for completion in 2024) and the floating offshore wind power generation business (scheduled to start operation in 2024).

OUTPUT

Practicing Management That Prioritizes Both Social and Financial Value

Social Value Indicators (Non-Financial Indicators)

- Contribution to the construction industry and global environment
- Identification of positive impacts on society
- Commitment through non-financial indicators and evaluation

Fiscal 2021 Performance

- Scope 1+2 reduction rate (compared to FY2020): 0.4%
- Scope 3 reduction rate (compared to FY2020): 0.7%
- Total accident frequency rate: 2.88
- Accident frequency rate: 0.35
- Labor productivity per hour: 6,884 yen

Synergistic Effects

Economic Value Indicators (Financial Indicators)

- Added value to business activities
- Improved revenue by incorporating solutions to social issues into our business
- Securing increased market competitiveness and financial returns

Fiscal 2021 Performance

- Consolidated net sales: 501.5 billion yen
- Operating income: 24.3 billion yen
- Operating margin: 4.9%
- Net income: 18.5 billion yen
- ROE (return on equity): 5.9%

OUTCOMES

Increasing Corporate Value

Value Created and Effects on Capital

Financial Capital

- Creation of long-term shareholder value
 - DOE (dividend on equity ratio): **2.6%**
 - Dividend payout ratio: **43.0%**

Manufacturing Capital

- Provision of advanced construction products
- Environmentally friendly business to support a carbon-free economy
- Safe and productive construction sites

Intellectual Capital

- Enhanced systems for promoting innovation
- Improvement of technological development capabilities that contribute to creating a carbon-free and recycling-oriented society
- Increase in innovative assets and information technology assets
- Improvement of economic competitiveness of construction expertise, etc.

Human Capital

- Establishment of world-class organization and management systems
- Development and production of human resources with a variety of specialized knowledge and expertise
- Improvement of job satisfaction

Social Capital

- Improving customer satisfaction
- Stronger relationships of trust with stakeholders
- Building the Toda Group brand
- Improving appeal of the construction industry
- Building a resilient social infrastructure

Natural Capital

- Reduction of environmental impacts such as greenhouse gas emissions and construction waste
- Conservation of biodiversity

●: External impacts
○: Internal impacts

Capitalizing on value created

*1 SDGs (Sustainable Development Goals): seventeen goals incorporated into the 2030 Agenda for Sustainable Development that world leaders adopted at the UN Sustainable Development Summit in September 2015.

Message from Management

We Are Fully Committed to Becoming a Corporate Group That Paves the Way Toward the Future and Solves Social Issues



President and Representative Director

Otani Seisuke

Our Journey to Becoming a Gatekeeper of Value that Enables a Society of Collaborative Creation

Realizing Future Vision CX150 with a view to our 150th anniversary

In the coming years, as society and people's sense of values change, so too will the roles that companies are expected to play. The construction industry also has an increasingly important part to play, such as in efforts to strengthen national resilience, responding to changes in working styles in the post-COVID era, and further promoting diversity and inclusion, such as encouraging the active participation of women. In addition, the ongoing globalization of society and the economy requires strategic and dynamic action.

As the issues faced by our stakeholders become increasingly diverse, the need for speed in resolving these issues is greater

than ever before. Against this backdrop, in July 2021 we drew up our "Future Vision CX150" (see p.28) as a vision of what the Group should aim for in preparation for its 150th anniversary in 2031. In this vision, we have defined the "society of collaborative creation" as the image of the society we wish to realize in the future, and we are moving forward in our efforts to become a "gatekeeper of value" that can most effectively realize such a society. Ahead of our upcoming 150th anniversary, we will thoroughly pursue this direction as a corporate group that paves the way toward the future and solves social issues.

Drawing up the Medium-Term Management Plan 2024 Rolling Plan

Revising the Medium-Term Management Plan 2024 in light of recent changes in the business environment

In the Medium-Term Management Plan 2024 announced in May 2020, the Group has positioned the five-year period from fiscal 2020 to 2024 as a “transformation phase” for building a new revenue base, and has been working to reform its business portfolio by strengthening the competitiveness of its construction business and investing in growth.

Meanwhile, against the backdrop of the prolonged COVID-19 pandemic, soaring prices, stagnant construction investment and other factors, the assumptions underlying the

plan are changing rapidly. It is also important to clarify the strategy to make the previously announced Future Vision CX150 a reality and to undertake group-wide efforts to achieve it.

Based on this understanding, we have drawn up a “Medium-Term Management Plan 2024 Rolling Plan” covering the three-year period through fiscal 2024. Accordingly, we have revised some of our performance targets, enhanced our strategies to achieve them, and will conduct further reforms to realize sustainable growth.

Background to the Development of the Rolling Plan



Medium-Term Management Plan 2024 — Interim Review

Growth in earnings stalled due to rapid changes in planning assumptions amid a challenging environment

Group Performance Targets/Investment Plan

In fiscal 2021, amidst a harsh domestic business environment caused by the re-emergence of COVID-19, the Toda Group saw both sales and operating income decline overall, with growth in earnings stalled by factors such as soaring material prices. Although consolidated net sales increased to 147.9 billion yen (up 8.5% year on year) for the civil engineering business and to 21.4 billion yen (up 64.9% year on year) for the investment and development business, the construction business saw a decrease to 304.6 billion yen (down 7.1% year on year), resulting in an overall 1.1% year-on-year decrease to 501.5 billion yen.

As for operating income, due mainly to a decrease in profitable construction projects in the domestic construction and civil engineering businesses, segment income for these businesses was 7.8 billion yen (down 14.7% year on year) and 11.9 billion yen (down 15.6% year on year), respectively, while selling, general and administrative expenses were 38.2 billion yen (up 3.0% year on year) due to increases in labor costs, depreciation, and other expenses. As a result, operating income was 24.3 billion yen (down 12.0% year on year).

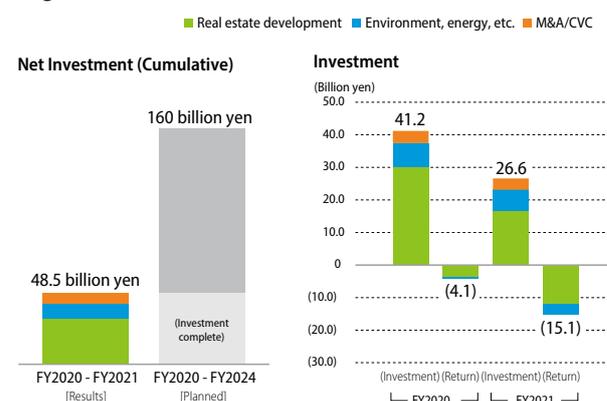
The investment plan calls for a cumulative total of 160 billion yen over the plan period, with steady investment in real estate development, environmental energy, CVC (corporate venture capital), and other areas, with cumulative investment through fiscal 2021 totaling 48.5 billion yen.

Key Financial Results

	FY2020 results	FY2021 results	FY2024 targets
Consolidated net sales (Billion yen)	507.1	501.5	600.0
Operating income (Billion yen)	27.6	24.3	42.0
Operating margin	5.5%	4.9%	7.0%
ROE (return on equity)	6.8%	5.9%	8.0%
Labor productivity (non-consolidated; unit: 10 thousand yen)	1,528	1,458	1,750 and above
Dividend payout ratio	31.1%	43.0%	(Approx.) 30.0%

* Target values are as of May 29, 2020 announcement.

Progress of Investment Plan



* Net investment = investment - return

* Planned values are as of May 29, 2020 announcement.

Message from Management

Practicing ESG/SDGs Management to Enhance Corporate Value

The Toda Group regards initiatives to solve social issues as important corporate activities and has set targets to promote ESG/SDGs management. As part of this commitment, in February 2022 we became a participant in the Global Compact proposed by the United Nations, and we are striving to further enhance our efforts.

In terms of the environment, in addition to long-term targets for reducing CO₂ emissions, we have also set short-term targets through fiscal 2024, and are conducting initiatives accordingly. Although the improvements were slight, the figures for the previous fiscal year showed a trend towards reduction. With respect to social issues, we have set key targets for the development of a safe and attractive work environment and the implementation of reforms for job satisfaction. Of these, the rate of 8 days off per 4-week work cycle at construction sites and average total actual working hours deteriorated slightly from the previous year.

In governance-related matters, we have established indicators for risk management and enhancing the transparency of the Board of Directors.

Non-Financial Indicators

	Quantitative evaluation indicators	FY2020 results	FY2021 results	FY2024 targets ⁵
Environment	CO ₂ emission reduction rate (compared to FY2019) ¹	2.4%	0.4% ⁶	(10% or more)
	Total accident frequency rate ²	3.60	2.88	1.00 or lower
Social	Construction sites: Implementation rate of 8-days off per 4-week work cycle	38.8%	35.7%	100%
	Construction career advancement registration rate ³	58.2%	72.5%	100%
	Employees' average total actual working hours	2,115 hours	2,119 hours	1,900 hours or less
Governance	Proportion of Outside Directors and Outside Corporate Auditors	47.1%	47.1%	50% or more
	Proportion of non-Japanese employees (non-consolidated)	0.6%	0.7%	1.5% or more
	Risk assessment implementation rate ⁴	100%	100%	100%
	Serious violations of laws and regulations	0 cases	0 cases	0 cases

¹ CO₂ emissions are the total for Scopes 1 and 2

² Total accident frequency rate = total occupational accidents (including minor occupational injuries requiring no more than 1 day of leave including business owners and sole traders) ÷ total working hours (million hours)

³ Construction career advancement registration rate: Technician registration rate (including 2nd-tier subcontractors and below)

⁴ Risk assessment implementation rate: Implementation and execution status of quantitative and qualitative assessments of investment projects (projects approved by the Board Meeting), and exit strategies implemented by the Investment Committee

⁵ Target values as of May 29, 2020 announcement

⁶ Due to the consolidation of Showa Construction Co., Ltd. as a wholly owned subsidiary in fiscal 2021, the base year is set to fiscal 2020 from the results for fiscal 2021.

Basic Policies of the Medium-Term Management Plan 2024 Rolling Plan / Group Performance Targets

Basic Policy

Realizing Future Vision CX150

By realizing the Future Vision CX150, which shows what the Toda Corporation Group should be in 10 years (2031), we will provide truly appreciable value to all our stakeholders.

Strengthening the Business Portfolio

By promoting growth investments such as the new TODA Building and the floating offshore wind power generation business, we will strengthen our overall business portfolio, including construction and other core businesses.

Group Performance Targets

In light of the future business environment, we are revising some of our performance targets to secure bottom-line profits and improve capital efficiency, as well as reviewing and reinforcing our shareholder returns policy.

Despite the downward revision for the building construction business, we plan to achieve our performance targets through

Net Sales and Profit by Business

(Billion yen)

	FY2021 results	FY2024 targets
Consolidated net sales	501.5	600.0
Building construction business	304.6	360.0
Civil engineering business	147.9	145.0
Strategic businesses		
Investment and development/ Environment and energy	24.4	50.0
Group companies	45.1	55.0
Operating income	24.3 (4.9)	33.0 (5.5)
Building construction business	7.8 (2.6)	10.0 (2.8)
Civil engineering business	11.9 (8.1)	14.2 (9.8)
Strategic businesses		
Investment and development/ Environment and energy	3.8 (15.8)	5.3 (10.6)
Group companies	1.9 (4.2)	3.5 (6.4)

* Consolidated net sales and operating income include consolidated elimination

* () indicates profit margin

earnings growth in the civil engineering and strategic businesses. We have maintained our initial targets of consolidated net sales of 600 billion yen or more, net income of 26 billion yen or more, and return on equity (ROE) of 8.0% or more. We have reviewed our shareholder returns policy and included the total return ratio as a new target. (See p.31–32 for “Financial Strategy”)

Consolidated Net Sales / Operating Income, etc.

	FY2021 results	FY2024 targets
Consolidated net sales	501.5 billion yen	(Approx.) 600.0 billion yen
Operating income	24.3 billion yen	33.0 billion yen or more
Operating margin	4.9%	5.5% or more
Net income	18.5 billion yen	26.0 billion yen or more
ROE (return on equity)	5.9%	8.0% or more
Labor productivity (non-consolidated)	14,580,000 yen	15,000,000 yen or more

* Labor productivity = Amount of added value (operating income + total human resource expenses) ÷ number of employees (average for the period, including temporary employees, etc.)

Shareholder Returns

	FY2021 scheduled	FY2024 targets
DOE (Dividend on equity ratio)	2.6%	2.5% or more
Total return ratio	43.0%	40.0% or more

* DOE (dividend on equity) = total dividends ÷ equity

* Total return ratio = Total amount returned to shareholders (total dividends + total share buybacks) ÷ Net profit attributable to owners of the parent

Basic Strategy of the Medium-Term Management Plan 2024 Rolling Plan

- Create customer value based on “value units” linked to the Future Vision CX150
- Enhance investment activities. Asset replacement as a source of funds, accelerated sale of cross-shareholdings
- Upward revision of CO₂ emission reduction targets for decarbonization
- New “labor productivity per hour” measurement to promote reforms for job satisfaction

1 Improving Added Value

In order to achieve our performance targets, we will aim for growth on two fronts by improving the added value of our core businesses and our newly identified priority management businesses.

1 Promoting Smart Innovation (Core Businesses)

Aiming to enhance our value as a company that sells technology, we plan to invest approximately 20 billion yen (approximately 6.6 billion yen per year) in technological R&D to improve safety and productivity through mechanized construction, new technology and ICT applications, and to create a new business model through DX with BIM/CIM, i-Construction, and other technologies.

2 Enhancing Experiential Value (Core Businesses)

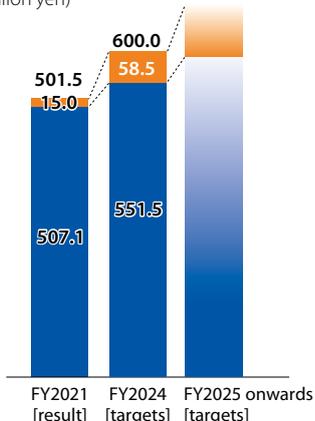
We aim for profitable growth by designing the “experience” of the customer's use of buildings and facilities, with an eye toward experiential value (customer experience) which creates new customer value that goes beyond the traditional provision of functional value.

The fields where this will be deployed will be the three areas indicated in CX150 other than Smart Innovation. In each area, we will establish specific experiential values (value units) to be provided by the Group, and promote the development of technologies and solutions based on these value units through such means as internal and external collaboration and open innovation.

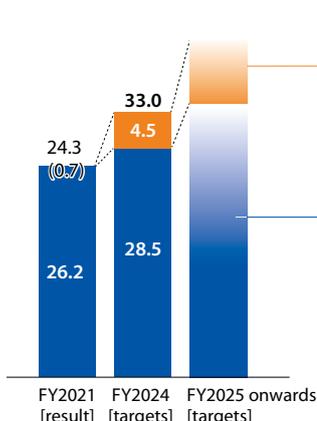
Achieving Growth Through Both Core Businesses and Priority Management Businesses

Consolidated Net Sales

(Billion yen)



Operating Income



Priority Management Businesses

Businesses targeting medium- to long-term growth
Active involvement by top management

- New TODA Building
- Overseas business
- Renewable energy business (offshore wind)

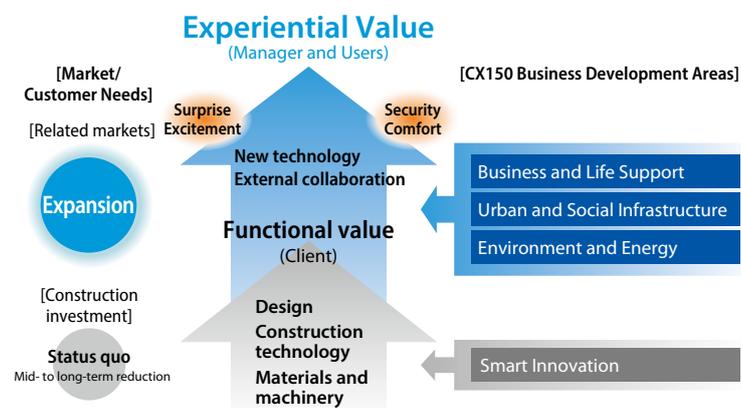
Core Businesses * Figures exclude priority management businesses

Creating customer value based on value units
Strengthening technological development through internal and external collaboration

- Building construction business
- Civil engineering business
- Strategic businesses: Investment and development/ Environment and energy/Group companies

* Total includes consolidated elimination

Enhancing Experiential Value (Customer Experience)



CX150 Business Development Areas

CX150 Business Development Areas	Value units	Focus areas (applications)
Business and Life Support	Intellectual productivity	Offices, schools
	Increased efficiency	Production facilities, logistics facilities
	Wellness	Hospitals, accommodation and entertainment facilities
Urban and Social Infrastructure	Urban revitalization	Redevelopment
	Regional development	Land development (zone development)
	Transport networks	Roads, railways (tunnel shields)
Environment and Energy	Energy	Renewable energy

* Value unit: Classification of customer value (experiential value) to be provided in each business development area.

Special Feature

The Value Creation Story

Strategy for Value Creation

ESG Management

Message from Management

③ Priority Management Businesses

We have identified the new TODA building, overseas business, and renewable energy business as priority management businesses, and with the active involvement of top management, we aim to strengthen our business portfolio through medium- to long-term growth.

Priority Management Businesses

Business	Main initiatives
New TODA Building	<ul style="list-style-type: none"> As a flagship building showcasing our technological capabilities, we will construct a smart building that will not only meet the highest standards of safety and environmental performance, but also make full use of digital technology. * Construction to be completed in 2024
Overseas business	<ul style="list-style-type: none"> Develop the construction and development business with a focus on the growing market of Southeast Asia. Promote cash generation and reinvestment by replacing assets as appropriate.
Renewable energy business	<ul style="list-style-type: none"> Commercialize and deploy hybrid spar floating offshore wind power generation and wind farms, one of our proprietary technologies. * Scheduled to begin operation in 2024 (wind farm off the coast of Goto City, Nagasaki Prefecture) Promote technological development to win orders for bottom-mounted offshore wind power generation.

② Investment Planning and Capital Allocation (Appropriate Allocation)

In terms of investment plans, along with strengthening the business portfolio through growth investments and investments in intangible assets, we will improve capital efficiency by adopting ROIC (return on invested capital) for each business and establishing an Investment Screening Division in order to secure our target ROE (return on equity) of 8% in the medium to long term.

Moreover, as a source of investment funds, we will promote sales of assets (67 billion yen), sales of cross-shareholdings (10 billion yen or more per year, based on market value), and the use of interest-bearing debt (D/E ratio of 0.8 times or less), based on securing operating income (80 billion yen or more for the three-year cumulative period).

Investment Planning and Capital Allocation

Classification and purpose	Area of investment	Investment (3-year cumulative total)
Investments for growth	Expansion of business fields (recovered through sales)	160 billion yen (65 billion yen)
	Increasing the value of assets held (recovered through sales)	30 billion yen (2 billion yen)
	Subtotal	190 billion yen
Investment in intangible assets	Human resources (recruitment, training, etc.)	3 billion yen
	Technological research and development	20 billion yen
	Digitization	9 billion yen
Subtotal	32 billion yen	
Machinery, equipment, etc.		3 billion yen
Total [net investment]		225 billion yen [158 billion yen]

* Investment in intangible assets is the sum of general and administrative expenses and capitalized assets.

④ Strengthening of ESG Management

Strengthening in accordance with the Basic Policies on Sustainability

We are strengthening our efforts with regard to ESG management based on the Basic Policies on Sustainability drawn up in December 2021. In terms of E (Environment), we will strive to establish our brand as an environmentally advanced company through efforts such as our environmental and energy business and decarbonization initiatives. For S (Society), we will continue to undertake reforms for job satisfaction, allowing each and every employee to feel a sense of growth, while strengthening risk management in such areas as the environment, occupational health and safety, investment, and compliance. With regard to G (Governance), we will separate oversight and execution through a review of the composition of the Board of Directors and other measures to strengthen each function.

In terms of the non-financial indicators that we have set as targets, we have redefined our key management indicators on the basis of the Basic Policies on Sustainability. Our target figures for E (Environment) have been clearly defined by dividing them into Scope 1+2 and Scope 3, as well as setting target values for basic units, making it easier to set targets for individual organizations, such as offices, branches, and sites. In terms of S (Society), as a company that aims to be No. 1 in safety, we have added a new indicator, serious incident frequency rate, which can be compared with other companies. For G (Governance), meanwhile, labor productivity per hour has been established as a new indicator that can improve employees' motivation to work.

Non-Financial Indicators and Targets

	Quantitative evaluation indicators	FY2024 targets
E	CO ₂ emissions, Scopes 1+2 Reduction rate (compared to fiscal 2020) Basic unit (/100 million yen)	(16.8%) or more 11.2 t-CO ₂ or lower
	CO ₂ emissions, Scope 3 Reduction rate (compared to fiscal 2020) Category 1: Basic unit (/100 million yen) Category 11: Basic unit (/m ²)	(10.0%) or more 540.7 t-CO ₂ or lower 3.5 t-CO ₂ or lower
	Total accident frequency rate	1.00 or lower
S	Serious incident frequency rate	0.10 or lower
G	Labor productivity per hour	7,500 yen or more

* Scope 1: CO₂ emissions directly emitted from the use of diesel oil, etc.

Scope 2: Indirect CO₂ emissions from power plants resulting from the use of purchased electricity and heat
Scope 3: Indirect emissions other than Scopes 1 and 2
Category 1: Emissions during the production of construction materials; Category 11: Emissions during the operation of constructed buildings

* Basic unit, Scopes 1+2: Emissions per 100 million yen of sales

Category 1: Emissions per 100 million yen of transaction value; Category 11: Emissions per m² of completed total floor area

* Total accident frequency rate = total occupational accidents (including minor occupational injuries requiring no more than 1 day of leave including business owners and sole traders) ÷ total working hours (million hours)
Serious incident frequency rate = number of occupational accidents requiring 4 or more days of leave ÷ total working hours (million hours)

* Labor productivity per hour = amount of added value (operating income + total human resources expenses) ÷ number of employees ÷ average total working hours

Organizational Reform of Executive Divisions

Aiming for company-wide optimization

An organizational reform was implemented in March 2022 as one of our company-wide optimization measures. Specifically, the structure in which each group, etc. oversaw disparate branches has been changed, and a new "Corporate Administration Group" has been established, adding top management and strategic functions to the existing Administration Group. In

addition, organizations including the former Value Creation Promotion Office have been reorganized into a new "Innovation Group" to centralize our technology development (innovation) capabilities, forming a new organization to facilitate company-wide optimization by connecting the three business divisions of construction, civil engineering, and strategic.



Our New Brand Slogan

The thinking behind “Build the Culture. Creation from ideas, rooted in passion.”

Companies in the future will face further demands to provide value through the use of new technologies and expertise. Recognizing that providing people with satisfaction and peace of mind amidst rapid changes in lifestyles and society is an even greater responsibility, we will place more emphasis than ever on a corporate stance that takes people into consideration. With this in mind, we have developed a new brand slogan, combining the following two phrases to express our attitude toward the future.

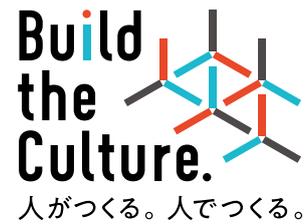
“Build the Culture” expresses our desire to not only create buildings and structures, but also to be a force that supports a variety of future activities. “Creation from ideas, rooted in passion,” meanwhile, expresses the strong sense of mission that each and every one of our employees has long upheld, as well as our commitment to engaging sincerely with the aspirations of our stakeholders. As such, it represents our belief that the value of passing on this spirit will only increase going forward.

The New Brand Slogan and Logo

The new brand slogan is accompanied by a motif expressing people and a truss structure*, while the “i” in Build is designed to represent people. Placing people at the center, this logo symbolizes our commitment to creating a new future based on the strong connections among our diverse workforce.

To express a sense of unity, the brand slogan logo uses the same three colors used in the CI logo: “TODA BLUE” (advanced technology), “TODA RED” (creativity and challenge), and “TODA GREY” (cooperation and symbiosis).

* Truss structure: a structural method in which members are assembled in a triangular shape.



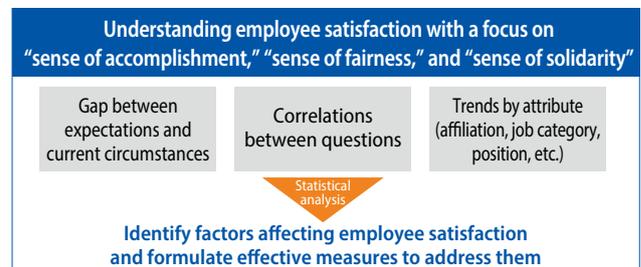
Companies that Make the Most of Their People Will Build the Future

Initiatives to maximize the value of human resources

As indicated by our new brand slogan, the TODA Group has always emphasized the value of people. To thoroughly ensure the efficacy of our human resource initiatives, we conduct Employee Satisfaction Surveys covering all employees to ascertain their level of satisfaction (e.g. the gap between their expectations and current circumstances), focusing on their sense of accomplishment, sense of fairness and sense of solidarity, and develop human resource strategies based on the findings. In particular, we plan to invest a cumulative total of 3 billion yen in human resource development over the three years to 2024, and starting in fiscal 2022, we are substantially revamping our training system with the aim of fostering next-generation management personnel and autonomous growth on the part of our employees. As part of these efforts, we will

make continuous improvements to our career consulting and reskilling systems, as well as promoting job satisfaction reforms and diversity/globalization initiatives to maximize the value of our human resources. (See p.33 for “Human Resources Strategy”)

Concept Behind the Employee Satisfaction Survey (Conducted September 2021)



A Corporate Group That Realizes “Joys”

Realizing the global vision by achieving Future Vision CX150 based on the basic policies on sustainability

Our global vision is to realize “joys” for all our stakeholders. Our vision for the future, CX150, is a vision of how we will fulfill this mission, looking ahead to our 150th anniversary and pursuing true satisfaction of our stakeholders in an era of diverse change.

The Toda Group, while taking into account sustainable corporate activities with an emphasis on ESG management under our Basic Policies on Sustainability, aims to act as a gatekeeper of value to realize a society of collaborative creation.

Developing a Sustainability Vision and Initiatives to Make It a Reality

Together with our stakeholders, the Toda Group uses its business activities to contribute to building a better future society toward 2050 and beyond.

The management policy of the Toda Group calls for “contributing to the development of society,” “achieving sustainable growth of the company’s business,” and “enhancing stakeholder value.” With our stakeholders in mind, we have always managed our business in line with the concept of sustainability, paying full attention to the impact of our business activities on customers, employees, partner companies, local communities, shareholders, investors, and the global environment, and building relationships of trust through dialogue. As part of our

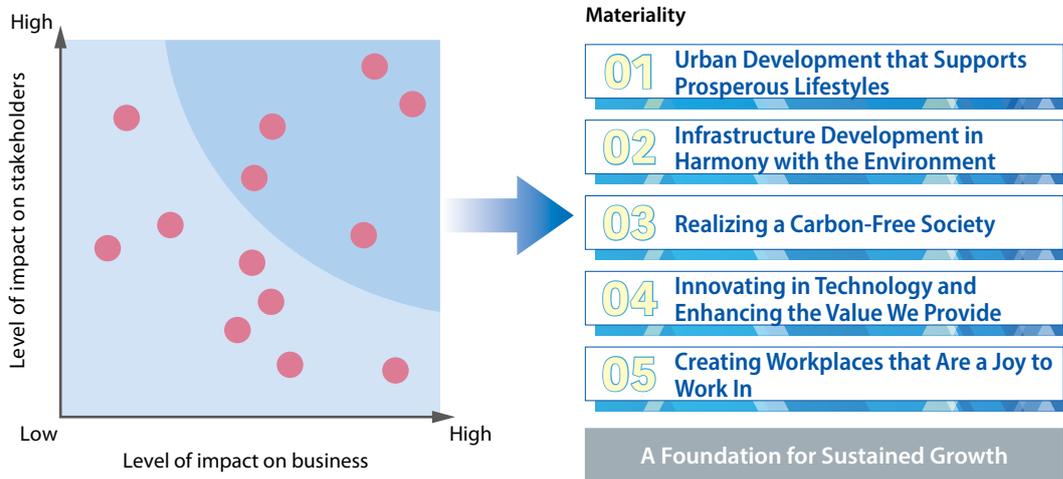
efforts to protect the global environment from climate change, we have endorsed the TCFD, and are conducting analysis and disclosure in accordance with its recommendations.

Under the Global Vision we laid out in 2015, the Toda Group operates its business based on our ongoing desire to be a corporate group that realizes “joys” for all its stakeholders. In order to realize a sustainable society, we have once again identified materialities (key issues) and defined our management vision for the year 2050 as “Sustainability Vision 2050.”



The Toda Group's Materialities (Key Issues)

Looking ahead to the year 2050, the Toda Group has evaluated various social issues and business-related challenges on the two axes of "impact on business" and "impact on stakeholders," and identified them as "Toda Group Materialities."



The Materiality Identification and Review Process



Developments after Materiality Identification

To achieve our management vision for 2050, which we have defined as Sustainability Vision 2050, we will pursue our "Future Vision CX150" and promote ESG management.



Developing a Sustainability Vision and Initiatives to Make It a Reality

Topics for Materiality-Based Initiatives

	Materiality	Initiative Topic	Related SDGs
<p>01</p> <p>Urban Development that Supports Prosperous Lifestyles</p> <p>Towns Building towns that brighten lives</p> 	<p>In order to create resilient towns and buildings, Toda Group will draw on its experience and technology to carry out building construction business. Meanwhile, by staying at the side of the people who live there, we will work to revitalize these communities, including promotion of culture and the arts. In the field of medical and welfare services, which is one of our strengths, we provide valuable services not only as a builder, but also through our comprehensive support for medical and welfare management. Through these efforts, we are working to create a society where people can live with peace of mind.</p>	<ul style="list-style-type: none"> ● Responding to a declining population and an aging society ● Improving resilience of towns and buildings ● Building smart energy complex cities ● Helping to further enhance the value of medical services ● Revitalizing local communities and generating prosperity 	
<p>02</p> <p>Infrastructure Development in Harmony with the Environment</p> <p>Social Infrastructure Ensuring safe and secure infrastructure that lasts</p> 	<p>The Toda Group will undertake technological development to extend the service life of buildings and infrastructure. Meanwhile, with a view to the next generation, we will engage in activities to help improve disaster prevention and mitigation capabilities and provide support for disaster recovery and reconstruction. In addition, we will take into account biodiversity, on which construction work can have a significant impact, and work actively to conserve forests.</p>	<ul style="list-style-type: none"> ● Maintaining, renewing, and extending the service life of infrastructure ● Disaster recovery for the next generation ● Biodiversity conservation, and management and effective use of forests 	
<p>03</p> <p>Realizing a Carbon-Free Society</p> <p>Decarbonization Realizing a carbon-neutral society</p> 	<p>In order to achieve carbon neutrality by 2050, the Toda Group will reduce greenhouse gas emissions in its business activities, including the supply chain, construct ZEB (Net Zero Energy Building) and energy-efficient buildings, and provide advanced energy management. We will also undertake the construction and operation of renewable energy power generation facilities, with a focus on floating offshore wind power generation plants, an area in which we have been a pioneer relative to our competitors. In addition, we will contribute to the transition to a recycling-oriented society by ensuring the effective use of resources throughout our operations.</p>	<ul style="list-style-type: none"> ● Reducing greenhouse gas emissions, including in the supply chain ● Providing ZEB and energy-efficient buildings ● Providing advanced energy management ● Contributing to the growth of renewable energy sources ● Ensuring effective use of resources, reducing waste, and promoting recycling 	

	Materiality	Initiative Topic	Related SDGs
<p>04 Innovating in Technology and Enhancing the Value We Provide</p> <p>Value Providing value that opens up the future</p> 	<p>In addition to ensuring the quality of our buildings, infrastructure, and services, the Toda Group is committed to creating buildings with higher added value by collecting data from the planning to the operational phases of building construction and putting it into practical application. We will pursue the digitalization of all our operations to improve the overall efficiency of our business, as well as the value we provide. To make these innovations a reality, we will engage in value co-creation with a wide range of business partners.</p>	<ul style="list-style-type: none"> Ensuring the quality of the products and services we provide Advancing the digitalization of construction Transitioning to smart buildings Streamlining and automating the construction process Making use of open innovation 	
<p>05 Creating Workplaces that Are a Joy to Work In</p> <p>People Creating a vibrant workplace</p> 	<p>As well as ensuring safety during construction work, the Toda Group respects the human rights of all people involved in the supply chains of our business activities, including the procurement of materials. In addition, through our relationships with our partner companies, we will strive to reform working styles at construction sites, secure human resources, and create workplaces where a diverse range of personnel feel joy in their work.</p>	<ul style="list-style-type: none"> Pursuing safety in construction work Addressing the shortage of construction workers Conducting supply chain management Respecting human rights Respecting diversity Improving employees' QOL (quality of life) and pursuing rewarding and comfortable workplaces 	

A Foundation for Sustained Growth

	Initiative Topic	Related SDGs	
<p>Foundations Building a foundation for our business operations</p> 	<p>As a foundation for sustainable growth, Toda Group will strive to further strengthen the trust placed in us by our customers, shareholders, and society by enhancing corporate governance, maximizing brand value, promoting globalization, and strengthening information dissemination to our stakeholders and dialogue with them.</p>	<ul style="list-style-type: none"> Enhancing corporate governance Promoting information dissemination to our stakeholders and dialogue with them Building brand value assets Addressing globalization 	

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Strategy for Value Creation

ESG Management

SDGs Initiatives

Each of the SDGs includes many areas where we can help reach solutions by drawing on the technologies that we have developed. As such, the Toda Group will contribute to the development of society through its business activities, while also helping to meet the SDGs. Here, we introduce examples of initiatives in areas highly relevant to how our business contributes to solving social issues.

7 Climate Action [Issue of Bonds to Raise Funds for Projects that Help Solve Environmental Problems, Including Global Warming]

Issue of Sustainability-Linked Bonds

We have issued Sustainability-Linked Bonds with SPTs*1 that reflect our sustainability initiatives. With this issue, we aim to promote decarbonization, realize a sustainable society, and enhance our corporate value, as well as to make our efforts more fully known to a wide range of stakeholders.

*1 Sustainability Performance Targets (SPTs): Targets to be achieved with respect to key performance indicators (KPIs).

9 Industry, Innovation and Infrastructure [Shikoku Regional Development Bureau, Kubokawa Saga Road, Hiragushi Tunnel]

Improving Safety and Productivity in Mountain Tunnel Construction

We have developed an unmanned tunnel construction system that does not require workers to enter directly under the cutting face during the erection of steel supports, and have confirmed its applicability in actual construction. This is an improved version of the integrated-erector spraying machine*2 used in tunnel construction, which enables erection, jointing, and positioning of steel supports by remote operation by only one operator, without the need for workers to enter directly under the cutting face, thereby allowing for unmanned construction. By applying this system, the company will improve productivity in tunnel construction through enhanced safety and labor savings.

*2 Integrated-erector spraying machine: Construction machine used for erection of steel supports and concrete spraying.



Hiragushi Tunnel

13 Climate Action [Development and Verification of Environmental and Energy-Saving Technologies]

A Demonstration Office Aimed at Carbon-Negative Buildings Completion of a "Green Office Building" at the Tsukuba Research and Development Center

The Environmental Technology Demonstration Building at the Tsukuba Research and Development Center (Tsukuba City, Ibaraki Prefecture) has been renovated, and in August 2021, it began operations as the "Green Office Building," aiming for carbon-negative operation not only by saving energy, but also by, for example, reducing CO₂ emissions. The Green Office Building is operated as a next-generation office for research staff, and the indoor environment is designed to accommodate new ways of working, etc. It has also acquired "ZEB" certification*3 through the use of many energy-saving and advanced technologies such as task & ambient air conditioning, natural ventilation, and AI control, as well as renewable energy sources such as solar power generation and geothermal heat utilization. As such, it has been adopted as a subsidy project*4 by the Ministry of the Environment.

*3 ZEB status was obtained through third-party certification based on the BELS (Building-Housing Energy-efficiency Labeling System).

*4 FY2020 subsidy for projects to control carbon dioxide emissions (project to promote net zero energy buildings (ZEB) and CO₂ emission reductions in commercial facilities).



Green Office Building

11 Sustainable Cities and Communities [Effective Use of Public Facilities, Contribution to Community Development]

Use of Public Facilities Owned by Saitama City as a Base for Tourism, Local Business, and Public Outreach

Bibli, operated by a four-company group (OMIYA COMMON LIBRARY) consisting of Toda, Campsite inc., General Incorporated Association Bikelore, and Toda Bldg. Partners Co., Ltd., opened in December 2021. Under the "Former Omiya Library Facility Utilization Project," Saitama City leases the former Omiya Library in its entirety to a private-sector company, which takes the lead in using the facility as a new hub, thereby contributing to urban development by enhancing the value of the surrounding area and creating new vitality.



Bibli

13 Climate Action [Update of SBT Initiative Accreditation]

Updating Greenhouse Gas Emission Reduction Targets to the "1.5°C Level"

In April 2022, we updated our greenhouse gas emission reduction targets to the "1.5°C level," receiving certification from the SBT Initiative accordingly. With the movement toward carbon neutrality by 2050 gaining momentum, we have raised the greenhouse gas reduction targets for our business activities from the previous "2°C level" to the "1.5°C level" for Scope 1+2 and "Well Below 2°C : WB2°C level" for Scope 3.

We will continue to create and expand business opportunities that will contribute to combating climate change, thereby helping to realize a carbon-free society.



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Developing a Sustainability Vision and Initiatives to Make it a Reality

Plan and Results of Sustainability Activities for FY2021

Materiality	SDGs	ESG	Priority Activity Items/Plans for FY2024 (Targets)	FY2021 Plan (Targets) ACTION
01 Urban Development that Supports Prosperous Lifestyles		S	Revitalizing Local Communities	<ul style="list-style-type: none"> ● Ongoing implementation of community service activities at Head Office and branches ● Participation in and support for local disaster prevention activities ● Participation in and support for local events ● Mécénat and support for cultural activities
			Improving Resilience of Towns and Buildings	<ul style="list-style-type: none"> ● Strengthening and enhancement of BCP initiatives (100% training participation rate of officials in charge) ● Enhancement of response to complex disasters ● Expansion of the scope of cooperation with partner companies ● Establishment of methods of communication for when ICT functions are unavailable ● Provision of uninterrupted email delivery in the event of an earthquake ● Deployment of a disaster preparedness demonstration using a map function
02 Infrastructure Development in Harmony with the Environment		E	Support for Biodiversity	● Number of business projects proposing biodiversity-friendly technologies, etc.: 15
			Promotion of Environmentally Friendly Design	● Proposals for environmental conservation plans (design) with 35 or more items per property
03 Realizing a Carbon-Free Society		E	Disaster Recovery for the Next Generation	● Continued cooperation in earthquake recovery and reconstruction projects
			Environmental Risk Management	<ul style="list-style-type: none"> ● Maintenance and improvement of environmental conservation activities through EMS ● Operation of an environmental management system to enhance support and efficiency of environment-related activities at construction sites ● Compliance with environmental laws and regulations and improvement of expertise ● E-learning to help understand environmental laws and regulations
			Limiting Greenhouse Gas Emissions	<ul style="list-style-type: none"> ● Reduction of the landfill disposal rate for construction waste (setting of a long-term target of 5.0% or less to build a recycling-oriented society by 2050) ● Thorough separation of general waste, at least six categories of waste separated at offices ● Zero violations of contaminated soil disposal laws and regulations ● Thorough implementation of proper hazardous substance management ● CO2 emissions (consolidated: construction sites, offices, workshops, etc.) 80,637 tons CO2 ● CO2 emissions per basic unit (consolidated: construction sites) 17.50 tons CO2/100 million yen or less ● Use of electricity generated from renewable energy sources: 9.0% or more ● * CO2 emissions actual value for fiscal 2020 and the plan (target) for fiscal 2021 were revised following the acquisition of Showa Construction Co. Ltd. as a wholly owned subsidiary in fiscal 2021. ● Consumption of environmentally friendly fuels ● BDF: 170,000 liters or more; Diesel fuel containing K-S1: 6.6 million liters or more; GTL fuel: 5.2 million liters or more
			Promotion of Green Procurement	<ul style="list-style-type: none"> ● Construction: 15 items; civil engineering: 15 items ● Design division: 8.0 items or more per property ● 80% of total office supply purchases
			Promotion of Environmentally Friendly Design	<ul style="list-style-type: none"> ● CASBEE compliant: Average BEE value of 1.50 or higher ● Reduction of primary energy consumption: BEI value 0.82 or lower (average) ● Buildings with a floor area of 10,000 m² or more: BEI value of 0.85 or lower (average)
04 Innovating in Technology and Enhancing the Value We Provide		S	Research and Development of Environment-Related Technologies, Promotion and Implementation of Projects	<ul style="list-style-type: none"> ● Promotion of environment-related projects in the Research and Development Division ● Promotion of technological development through collaboration with other industries
			Quality Assurance	<ul style="list-style-type: none"> ● Continuation and improvement of quality assurance activities through QMS ● Underwent ISO 9001 combined surveillance and maintained certification registration ● Continuation of thorough construction management for structural framing (piles, reinforcing steel, concrete) ● Planned adoption of quality improvement techniques at construction sites ● Demonstration of QMS activities in MLT's model construction project using ISO ● Development and proposal of quality improvement techniques
			Initiatives for Safety and Security (Technology & Solutions)	<ul style="list-style-type: none"> ● Promotion of technological development to provide safety and security to customers and its widespread application outside of the company ● Thorough company-wide deployment of developed technologies ● Proposal of Toda's unique safety and security technology
			Pursuit of Customer Satisfaction	<ul style="list-style-type: none"> ● Providing ongoing peace of mind by accepting inquiries 24 hours a day, 365 days a year, reliably communicating information to relevant personnel even during the night and on holidays, and executing initial response ● Enhancement of the Toda Group's comprehensive aftercare ● Maintenance of the statutory rate for employment of people with disabilities ● Planning and organizing of new training programs for the development of female executives and managers ● Organization of training on unconscious bias
05 Creating Workplaces that Are a Joy to Work In		S	Human Resource Initiatives	<ul style="list-style-type: none"> ● 30% female recruitment rate ● 50% increase in the number of women in management positions (starting March 1, 2020) ● 2.5% statutory rate for employment of people with disabilities ● Implementation of various measures to reform work styles and improve job satisfaction ● Promotion of health management ● Selection under METI's Certified Health & Productivity Management Outstanding Organizations Recognition Program
			Health and Safety Management	<ul style="list-style-type: none"> ● Ongoing improvement and promotion of health and safety management through TODA-OHSMS ● Thorough health and safety management based on the Health and Safety Management Implementation Plan ● Serious accidents and deaths: 0; Serious incident frequency rate: 0.10 or lower; Total accident frequency rate: 1.0 or lower ● Accidents involving falls from height: 0; Accidents involving contact between construction machinery and people: 0
			Collaboration with Partner Companies	<ul style="list-style-type: none"> ● Ongoing improvement and promotion of health and safety management through TODA-OHSMS ● Thorough health and safety management based on the Health and Safety Management Implementation Plan ● Serious accidents and deaths: 0; Serious incident frequency rate: 0.30 or lower; Total accident frequency rate: 2.80 or lower
06 A Foundation for Sustainable Growth		G	Providing Information to Stakeholders and Promoting Dialogue	<ul style="list-style-type: none"> ● Compliance with the "Declaration of Respect for Labor Cost Estimates" MLT model scoring conditions to the private sector ● Construction Career Development System <ul style="list-style-type: none"> ● Rate of operator registration and technician registration for secondary and subordinate subcontractors: 100% ● Construction site tap-in rate: 100% ● Training sessions for outstanding technicians held at each branch every year since 2015. Outstanding technicians who have worked at Toda construction sites receive an outstanding technicians' allowance. Make the system one that will further motivate excellent foremen and lead to strong partnerships between the company, partner companies, and foremen.
			Corporate Governance/Internal Control	<ul style="list-style-type: none"> ● Spreading of the "Declaration of Respect for Labor Cost Estimates" MLT model scoring conditions to the private sector ● Construction Career Development System <ul style="list-style-type: none"> ● Rate of operator registration and technician registration for secondary and subordinate subcontractors: 100% ● Construction site tap-in rate: 100% ● Training sessions for outstanding technicians held at each branch every year since 2015. Outstanding technicians who have worked at Toda construction sites receive an outstanding technicians' allowance. Make the system one that will further motivate excellent foremen and lead to strong partnerships between the company, partner companies, and foremen.
			Risk Management (Investment/Information)	<ul style="list-style-type: none"> ● Compliance with the "Declaration of Respect for Labor Cost Estimates" MLT model scoring conditions ● With respect to the Construction Career Development System, ensure the following by the end of March 2021: <ul style="list-style-type: none"> ● Rate of operator registration and technician registration for secondary and subordinate subcontractors: 80% or higher ● Construction site tap-in rate: 80% or higher ● Training sessions for outstanding technicians to be held in October/November
			Compliance	<ul style="list-style-type: none"> ● Compliance with the "Declaration of Respect for Labor Cost Estimates" MLT model scoring conditions ● With respect to the Construction Career Development System, ensure the following by the end of March 2021: <ul style="list-style-type: none"> ● Rate of operator registration and technician registration for secondary and subordinate subcontractors: 80% or higher ● Construction site tap-in rate: 80% or higher ● Training sessions for outstanding technicians to be held in October/November

* Legend <Self-assessment> ◎ Target achieved (exceeded plan) ○ Target achieved (as planned) △ Target not achieved <Key target (KPI)> ☆

FY2021 Results DO	Assessment CHECK	FY2022 Plan (Targets) ACTION	Priority Targets (KPIs)
<ul style="list-style-type: none"> ● Kyobashi area comprehensive disaster prevention drills ● Ongoing implementation of community cleanup activities ● Involvement in town association activities, such as provision of security around Kyobashi during the Hakone Ekiden ● Sponsorship of the EU-Japan Fest ● Sponsorship of the Japan Philharmonic Orchestra ● Sponsorship of various university activities 	○	<ul style="list-style-type: none"> ● Ongoing implementation of community service activities at Head Office and branches ● Participation in and support for local disaster prevention activities ● Participation in and support for local events ● Mécénat and support for cultural activities 	
<ul style="list-style-type: none"> ● Company-wide comprehensive disaster drills (100% training participation rate of officials in charge) ● Implementation of task force training simulating a Nankai Trough earthquake to identify issues related to tsunami disasters, and revise basic manual for disaster countermeasures ● Expansion of DR-MAP use by partner companies and growth in the number of participating companies (58 companies participated, up 47 from last year) ● Implementation of information sharing drills using satellite phones, HazardTalk, and chat rooms to confirm multiple means of communication when ICT functions are unavailable ● Implementation of safety confirmation drills twice a year (100% reporting rate during comprehensive disaster drills) ● Devised the Construction Site Overlay Hazard map, which enables visualization by overlaying the location of construction sites on hazard maps, to identify sites located in hazardous areas ● Use of the "Turekanchi" building monitoring system to send e-mails to facility managers in the event of an earthquake and confirm response status 	○	<ul style="list-style-type: none"> ● Strengthening and enhancement of BCP initiatives (100% training participation rate of officials in charge) ● Strengthening of disaster response for all possible cases ● Expansion of the scope of cooperation with partner companies ● Development of alternative means for when ICT functions are unavailable ● Expansion of training programs (e.g. drills for returning home on foot) ● Linkage with the existing disaster information system using the map function and expansion of its use ● Provision of uninterrupted email delivery in the event of an earthquake 	
<ul style="list-style-type: none"> ● Number of business projects proposing biodiversity-friendly technologies, etc.: 30 ● Proposals for environmental conservation plans (design) with 37.3 or more items per property ● Restoration work for the Ministry of the Environment's temporary storage facility in Namie 	◎	<ul style="list-style-type: none"> ● Number of business projects proposing biodiversity-friendly technologies, etc.: 21 ● Proposals for environmental conservation plans (design) with 35 or more items per property ● Continued cooperation in earthquake recovery and reconstruction projects 	☆
<ul style="list-style-type: none"> ● Underwent ISO 14001 surveillance and received approval for maintenance of certification registration ● Enhancement and upgrading of support for environment-related activities at construction sites through the operation of an environmental management system ● E-learning to help understand noise vibration and water pollution ● Support for EMS operations at construction sites through hierarchical education ● Landfill disposal rate for construction waste: 4.9% ● Recycling rate: 99.1% (target of 98.8% or higher) 	△	<ul style="list-style-type: none"> ● Maintenance and improvement of environmental conservation activities through EMS ● Operation of an environmental management system to enhance support and efficiency of environment-related activities at construction sites ● E-learning for young employees to help understand environmental laws and regulations ● Reduction of the landfill disposal rate for construction waste (setting of a long-term target of 5.0% or less to build a recycling-oriented society by 2050) 	☆
<ul style="list-style-type: none"> ● Achieved at least six categories of waste separated at offices (office average: 10 categories) ● No occurrence of problems in dealing with contaminated soil and hazardous substances ● Support for measures to be taken at construction sites in response to the revision of asbestos-related laws and regulations ● CO₂ emissions (consolidated: construction sites and offices) 83,872 tons CO₂ ● CO₂ emissions per basic unit (consolidated: construction sites) 16.54 tons CO₂/100 million yen or less ● Use of electricity generated from renewable energy sources: 38.3% 	○	<ul style="list-style-type: none"> ● Thorough separation of general waste, at least six categories of waste separated at offices ● Zero violations of contaminated soil disposal laws and regulations ● Thorough implementation of proper hazardous substance management ● CO₂ emissions (consolidated: construction sites and offices) 77,102 tons CO₂ or less ● CO₂ emissions per basic unit (consolidated: construction sites) 14.11 tons CO₂/100 million yen or less ● Use of electricity generated from renewable energy sources: 45% or more 	☆
<ul style="list-style-type: none"> ● Consumption of environmentally friendly fuels ● BDF: 80,000 liters; Diesel fuel containing K-S1: 2.9 million liters; GTL fuel: 420,000 liters ● Construction: 18 items; civil engineering: 15 items ● Design division: 9.8 items per property ● Office supplies: 84% ● CASBEE compliant: Average BEE value of 1.55 ● Reduction of primary energy consumption: BEI value 0.68 ● Buildings with a floor area of 10,000 m² or more: BEI value of 0.63 	◎	<ul style="list-style-type: none"> ● Environmentally friendly fuels ● BDF: 70,000 liters or more; Diesel fuel containing K-S1: 2.6 million liters or more; GTL fuel: 700,000 liters or more ● Construction: 15 items; civil engineering: 15 items ● Design division: 8.0 items or more per property ● 80% or more of total office supply purchases ● CASBEE compliant: Average BEE value of 1.50 or higher ● Reduction of primary energy consumption: BEI value 0.79 or lower (average) ● Offices, schools, factories, etc. with a floor area of 10,000 m² or more: BEI value of 0.83 or lower (average) ● Hotels, hospitals, department stores, restaurants, meeting places, etc. with a floor area of 10,000 m² or more: BEI value of 0.85 or lower (average) 	
<ul style="list-style-type: none"> ● Promotion of 28 environment-related projects ● Consideration of 13 technological development projects in collaboration with other industries ● Underwent ISO 9001 surveillance and received approval for maintenance of certification registration ● Continuation of thorough construction management for structural framing (piles, reinforcing steel, concrete) ● Support for QMS activities in MLT's model construction project using ISO ● 27 technological developments that contribute to quality improvement ● Development of anti-condensation technology, establishment of comprehensive concrete cracking countermeasures, development of AI technology for shield construction, etc. 	○	<ul style="list-style-type: none"> ● Promotion of environment-related projects in the Research and Development Division ● Promotion of technological development through collaboration with other industries ● Continuation and improvement of quality assurance activities through QMS ● Continuation of thorough construction management for structural framing (piles, reinforcing steel, concrete) ● Creation of a database of quality defect cases and its deployment to Head Office and all branches ● Development and proposal of quality improvement techniques 	
<ul style="list-style-type: none"> ● 32 technological developments that contribute to safety and security ● Update of external website (technology) ● Update of the comprehensive development technology brochure ● Thorough company-wide deployment of developed technologies through 12-branch technology briefings, project report meetings, next-generation technology workshops, technology evaluation questionnaires, etc. ● Update of the list of owned technologies (architectural and civil engineering) and addition of a search tool ● Deployment of a Worker Safety Monitoring System using sensor technology and IoT ● Personnel detection system using far-infrared cameras and AI to prevent accidents involving contact with construction equipment ● Responded to 3,042 inquiries per year (of which 1,036 were during nighttime and holidays, etc. 1,506 were made by phone, and 1,536 through external websites), achieving a 100% response rate ● Toda Corporation encouraged Toda Bldg. Partners to use outside call centers 	○	<ul style="list-style-type: none"> ● Promotion of technological development to provide security and safety ● Active communication of development technology proposals that are of value to customers ● Thorough company-wide deployment of developed technologies ● Proposal of Toda's unique safety and security technology ● Providing ongoing peace of mind by accepting inquiries 24 hours a day, 365 days a year, reliably communicating information to relevant personnel even during the night and on holidays, and executing initial response (response rate: 100%) 	
<ul style="list-style-type: none"> ● Achievement of the statutory rate for employment of people with disabilities (2.36%) ● Organization of training programs to support the development of female managers (8 participants) ● Organization of a training course focusing on unconscious bias (participation of 240 division heads) ● Maintenance of MHLW "Eruboshi" accreditation ● Achievement of a 100% childcare leave take-up rate for male employees (122 employees) and promotion of its long-term use (2 employees) ● Establishment of work rules regarding same-sex marriages ● Silver in the LGBTQ PRIDE Index 	○	<ul style="list-style-type: none"> ● New recruitment aimed at the revised 2.5% statutory rate for employment of people with disabilities ● Ongoing learning for female managers and organization of training programs to support their development ● Organization of training on unconscious bias ● Maintenance of MHLW "Eruboshi" accreditation ● Establishment of internal systems in response to the revised Child Care and Family Care Leave Act ● Maintenance of a 100% male childcare leave take-up rate and promotion of its long-term use ● Continuation and expansion of LGBTQ initiatives 	
<ul style="list-style-type: none"> ● Implementation of various measures for workstyle reform and ABW <ul style="list-style-type: none"> • Expansion of the work from home system (increase of the WFH limit from 2 days per week to 4, establishment of systems for satellite office work and mobile work) • Introduction of an hours-based paid leave system (used by 245 employees) ● Promotion of health management <ul style="list-style-type: none"> • Health Management Declaration, enhancement of the health management system, and establishment of KPIs (see website for details) • Implementation of workplace COVID-19 vaccination ● Recognized as a "White 500," Outstanding Health and Productivity Management Organization for four consecutive years 	○	<ul style="list-style-type: none"> ● Implementation of various measures to reform work styles and improve job satisfaction ● Promotion of health management ● Maintenance of "White 500," Health & Productivity Management Outstanding Organizations Recognition Program accreditation 	
<ul style="list-style-type: none"> ● Ongoing improvement of health and safety management through TODA-OHSMS ● Thorough management based on the Health and Safety Management Implementation Plan ● Serious accidents and deaths: 0; Serious incident frequency rate: 0.35; Total accident frequency rate: 2.88 	△	<ul style="list-style-type: none"> ● Ongoing implementation and improvement of health and safety management through TODA-OHSMS ● Thorough management based on the Health and Safety Management Implementation Plan ● Serious accidents and deaths: 0; Serious incident frequency rate: 0.30 or lower; Total accident frequency rate: 2.50 or lower 	☆
<ul style="list-style-type: none"> ● Compliance with the "Declaration of Respect for Labor Cost Estimates" MLT model scoring conditions ● Registration rate/tap-in rate for the Construction Career Development System as of the end of March 2022: <ul style="list-style-type: none"> • Rate of operator registration (overall: 72.9%, primary subcontractors: 99.2%, secondary and subordinate subcontractors: 71.8%) • Technician registration rate (overall: 76.6%, primary subcontractors: 92.0%, secondary and subordinate subcontractors: 75.0%) • Construction site tap-in rate (all branches: 74%, construction: 73%, civil engineering: 76%) ● Training sessions for outstanding technicians held at all branches in October/November (817 certified (down 9 from the previous year)) 	△	<ul style="list-style-type: none"> ● Compliance with the "Declaration of Respect for Labor Cost Estimates" MLT model scoring conditions ● With respect to the Construction Career Development System, ensure the following by the end of March 2022: <ul style="list-style-type: none"> • Rate of operator registration and technician registration for secondary and subordinate subcontractors: 100% • Construction site tap-in rate: 100% in principle ● Training sessions for outstanding technicians to be held at all branches in June/July 	☆
<ul style="list-style-type: none"> ● Provision of disclosure in English ● Two briefings for analysts held (May, November) ● Individual meetings (quarterly, 32 meetings) ● Briefing for individual investors not held (due to COVID-19) ● Dialogue with institutional investors (nine sessions) ● Regular website updates 	△	<ul style="list-style-type: none"> ● Enhancement of IR and PR activities ● Briefings for analysts (two sessions) ● Small meetings (about 10 companies per quarter) ● Briefings for individual investors (one session) ● Dialogue with investors on the subject of governance (10 sessions/year) ● Provision of information through the media 	
<ul style="list-style-type: none"> ● Measures based on the Basic Policy for Corporate Governance (implementation of self-evaluation, etc. for directors and the board of directors, and implementation of initiatives based on the results of the previous fiscal year's evaluation) ● Dispatch of Toda Corporation officers and employees to group companies as directors and auditors to deliberate and decide important matters at group company board of directors meetings ● Three group company meetings held a year, with the presidents of group companies reporting on annual plans and business conditions ● Implementation of training for group company directors and auditors 	○	<ul style="list-style-type: none"> ● Measures based on the Basic Policy for Corporate Governance (implementation of self-evaluation, etc. for directors and the board of directors, and implementation of initiatives based on the results of the previous fiscal year's evaluation) ● Strengthening of the business foundations of group companies for sound development of the group as a whole ● Ongoing strengthening of governance and internal control mechanisms at group companies 	
<ul style="list-style-type: none"> ● Evaluation of internal control operations, measures to address deficiencies, and implementation of improvements (Head Office, 13 branch offices, and 3 group companies) ● Total of 5,598 risks identified in 994 departments and construction sites through the new system, and risk reduction measures examined by Head Office administrative divisions based on the results. Revision of the Crisis Management Basic Manual ● Seven meetings of the Investment Committee held. Operations transferred to the Investment Screening Division newly established in March 2022. 	◎	<ul style="list-style-type: none"> ● Establishment and operation of internal control systems ● Continuation and improvement of risk management activities throughout the company ● Implementation of risk assessment and monitoring by the Investment Screening Division 	☆
<ul style="list-style-type: none"> ● Implementation of information security education e-learning (twice a year) ● Implementation of targeted attack e-mail training (twice a year, including at group companies) 	△	<ul style="list-style-type: none"> ● Implementation of information security education e-learning (twice a year) ● Implementation of targeted attack e-mail training (twice a year, including at group companies) 	
<ul style="list-style-type: none"> ● Head Office Compliance Committee meetings held (twice a year) ● Head Office and Branches Compliance meetings held (twice a year) ● Whole Office Compliance Committee Secretariat meetings held (twice a year) ● Implementation of training at all branches and group companies (45 face-to-face training sessions in total) ● Training by job level (total of 15 face-to-face and remote training sessions), individual department training (3 sessions) ● Internal whistleblowing system certification system suspended ● Implementation of e-learning training (at three group companies, and twice at Toda Corporation) ● Implementation of Compliance Awareness Survey (Toda Corporation) 	○	<ul style="list-style-type: none"> ● Head Office Compliance Committee meetings held (twice a year) ● Head Office and Branches Compliance meetings held (twice a year) ● Whole Office Compliance Committee Secretariat meetings held (twice a year) ● Implementation of training at all branches and group companies ● Implementation of personnel training by job level and training for individual departments ● Implementation of e-learning training (twice at Toda Corporation) ● Implementation of Compliance Awareness Survey (Toda Corporation) 	

Special Feature

The Value Creation Story

Strategy for Value Creation

ESG Management

Our History of Value Creation

The value we provide to society — buildings and infrastructure — will be part of the lives of the people living in those areas for decades. By taking into account not only the needs of our customers, but also the demands of the times and the next generation, we will continue to contribute to the creation of safe and comfortable social infrastructure.

1881-



1960-



Values and Major Works that Have Contributed to Society

1900s–1920s

Contribution to Reconstruction after the Great Kanto Earthquake

After the Great Kanto Earthquake of 1923, Toda received orders for the construction of 10,000 of the 120,000 emergency housing units for disaster victims, contributing to the reconstruction efforts. Schools and hospitals accounted for a large share of the reconstruction work, and it was during this period that the company established its tradition which was well-known for building schools and hospitals and described as the “Toda of Schools and Hospitals.” We have also made contributions to society by taking on the challenge of advanced technology, such as our pioneering and highly regarded work on a steel frame and reinforced concrete structure building (the Tokio Marine Building, one of the largest buildings in Japan at the time, completed in 1918).



1912
Keio 50th Anniversary
Memorial Library



1927
Waseda University
Okuma Auditorium



1923
Ooi Dam



1933
Residence of Prince
Asaka (now the Tokyo
Metropolitan Teien Art
Museum)



1933
Teito Dentetsu Line (Keio
Inokashira Line Shinsen
Station)



1958
Ryugasaki Country Club

1930s–1970s

Contribution to Postwar Reconstruction and Rapid Economic Growth

Before World War II, Toda was involved in the construction of many government buildings throughout Japan, and also contributed to the creation of social infrastructure, including the construction of dams and new electric railway lines.

During the post-war reconstruction, as the Japanese economy was getting back on its feet, Toda's construction of condominiums and commercial facilities contributed to the development of Japanese industry and the realization of secure and prosperous lifestyles for Japan's people.



1961
Hakone Bypass Tengu
Bridge



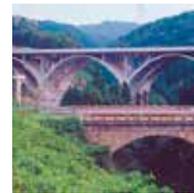
1964
Komazawa Olympic Park
General Sports Ground
Athletic Field



1970
Japan World Exposition,
Osaka — Swiss Pavilion



1983
Tsushima Air Terminal



1988
Oinosaka Kameoka
Bypass Bridge



1991
InterContinental
Yokohama Grand

Progressive Initiatives as a Responsible Company (ESG Initiatives)

History:

- 1881** • Contracting business launched as Toda-kata
- 1908** • Name changed to Toda-gumi
- 1924** • Sales offices opened in Yokohama, Nagoya, Osaka, Fukuoka, and Sendai
- 1936** • Reorganized as Toda-Gumi Co., Ltd.
- 1949** • Registered as a construction business under the Construction Business Act
- 1958** • Technology Research Dept. (now Toda Institute of Construction Technology) established
- 1963** • Name changed to Toda Corporation
- 1969** • Listed on the stock market
- 1972** • Full-scale overseas expansion begins (Construtora Toda do Brasil S.A. and Toda America, Inc. established)
- 1999** • Company website launched
- 2010** • Brand slogan “Created by People, Created with People.” announced
- 2015** • Toda Group global vision, “a corporate group that realizes “joys” announced
- 2019** • Toda Group logo mark established
• Temporary relocation of head office to Hatchobori, Chuo-ku, Tokyo due to building reconstruction
- 2021** • 140th anniversary
• “Future Vision CX150” established
- 2022** • Brand slogan “Build the Culture. Creation from ideas, rooted in passion.” announced

Environment:

- 1994** • Toda Global Environment Charter established
- 1998** • First Environmental Preservation Activity Report (predecessor to the Corporate Report) issued
- 1999** • ISO 14001 certification obtained
- 2000** • First company in Japan and in the construction industry to achieve zero emissions
- 2002** • Green Procurement Guidelines established
- 2010** • Certified as an Eco-First Company
- 2017** • Construction of an environmental technology demonstration building for ZEB conversion completed
• SBT approval received for CO₂ emission reduction targets (the first in the construction industry)
• Issues Japan's first Green Bonds for the company's own business
- 2019** • Joins the RE100 initiative
• Expresses our support of TCFD Recommendations
• Appointed Chair of the Eco-First Promotion Council
- 2020** • Award for Excellence in Climate Change Reporting received at the Environmental Communication Awards
- 2021** • Certified as an A List company by the CDP (for the fifth time, and for four consecutive years, following 2016, 2018, 2019, and 2020)
- 2022** • Issues Climate Emergency Declaration
• Updates the greenhouse gas emission reduction targets to the “1.5°C level”
• Issues Sustainability Linked Bonds



2000-



2020-



2031

1980s-2000s

Toward Becoming an “Environmentally Advanced Company”

As interest in conserving the environment grew worldwide in the 1990s, Toda, as a company that “thinks about the Earth’s tomorrow,” began to focus on preserving and restoring the global environment, becoming the first general contractor to achieve zero emissions in 2000. Under the banner of “Japan’s No. 1 in quality,” we have also helped to create a safe and comfortable society by providing superior construction that meets a wide range of societal needs.

2010s onwards

A Corporate Group that Realizes “Joys”

In 2015, we drew up the Toda Corporation Group Global Vision, “a corporate group that realizes ‘joys.’” In 2021, on the occasion of the 140th anniversary of the company’s founding, we developed the “Future Vision CX150” as our vision for the 150th anniversary in 2031, followed by the “Sustainability Vision 2050” in 2022.

The Toda Group will continue to emphasize the aspirations and warmth of all those involved in the construction industry, aiming to create a future in which all stakeholders can share in the joy of our work.



2004
Minatomirai Line
Bashamichi Station



2004
Marunouchi OAZO:
Marunouchi Kitaguchi
Building



2005
W Comfort Towers



2016
Miyazaki Kunitomi Mega
Solar Power Plant



2017
Toyo University
Akabanedai Campus



2018
Kamaishi City North
Block Reconstruction and
Development Project



2014
Nukata Tunnel



2016
Sakiyama Floating
Offshore Wind Turbine
(Photo: Nishiyama Hoichi)



2016
Otemachi Financial City
Grand Cube



2019
Museum Tower Kyobashi



2020
Yokohama Municipal
Citizen's Hospital



2021
Tokiwabashi Tower

Social:

- 1965** • Toda Disaster Prevention Cooperative Association established
- 1989** • Occupational ability reflected in the personnel system
- 1990** • Toda Riyukai association established
- 1991** • Full 2-day holiday workweek system introduced
- 1995** • First in the construction industry to receive ISO 9001 certification
- 2001** • Performance-focused evaluation introduced in the personnel system
- 2006** • BCP (Business Continuity Plan) established
- 2008** • Toda Tokyo Foremen's Association established
- 2009** • Performance and behavioral evaluation introduced in the personnel system
- 2012** • ISO 27001 certification acquired
- 2013** • Customer center established
- 2014** • Establishes the Value Creation Promotion Office (now the Innovation Group)
- 2016** • Joins the IkuBoss Corporate Alliance
- 2016** • Toda Mirai Foundation established
- 2017** • Strategic Business Promotion Office established
- 2017** • Flex-time system introduced
- 2018** • Obtains “Eruboshi”: L-boshi certification
- 2021** • Receives silver in PRIDE Index for LGBTQ initiatives
- 2022** • Certified as an excellent enterprise (White 500) under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (for the fourth time, following 2019, 2020, and 2021)
- Selected as a member of the “FTSE Blossom Japan Index”

Governance:

- 1967** • Management Policy established
- 1994** • Code of Conduct established
- 2002** • Establishes Corporate Ethics Committee (now the Compliance Committee) and Audit Division (now the Internal Audit Division)
- 2003** • Charter of Corporate Behavior established
- 2005** • Executive Officer System introduced
- 2014** • Risk Management Administration Division established
- 2015** • Procurement Policy established
- Basic Policy for Corporate Governance established
- 2017** • Corporate Philosophy revised
- 2018** • Charter of Corporate Behavior revised
- Basic Policy for Corporate Governance revised
- Code of Conduct revised
- 2021** • Basic Policy for Corporate Governance revised
- Basic Sustainability Policy established
- 2022** • Joins the United Nations Global Compact
- Human Rights Policy established

Special Feature

The Value Creation Story

Strategy for Value Creation

ESG Management

Our Understanding of the Business Environment

By analyzing changes in the business environment and society that may affect our business activities, we identify and evaluate risks and opportunities for the group, and then derive policies to respond to them and the directions we wish to take. We will also appropriately assess the impact of the COVID-19 pandemic to determine what impact it will have on these policies and directions.

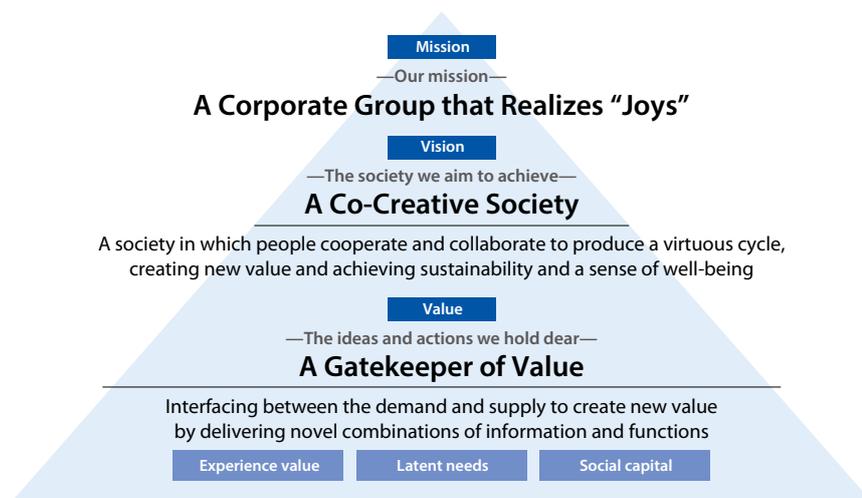
Business Environment and Social Changes	Impact on the Toda Group	
 <h3>Changes in Demographic Structure/Labor Force</h3> <ul style="list-style-type: none"> Continuation of declining number of children and an aging population Decrease in the working population Promotion of diversity Increase of the number of workers from abroad 	<h4>Risks</h4> <ul style="list-style-type: none"> Lack of future construction industry leaders Labor shortages Weak future demand Incidence of serious accidents Outflow of human resources 	<h4>Opportunities</h4> <ul style="list-style-type: none"> Promotion of operational efficiency Creation of awareness of improving safety Improvement of productivity with ICT Attractiveness of the construction industry by creating a more appealing work environment
 <h3>Changes in the Market Environment</h3> <ul style="list-style-type: none"> Surging prices of construction materials Changes in cities and communities National resilience/Regional revitalization Globalization The COVID-19 pandemic The information society/progress of digital technology 	<h4>Risks</h4> <ul style="list-style-type: none"> Reductions in demand for offices Reductions in construction investment Surging purchase prices for construction materials Slowdown in material supply due to a tight work environment and dysfunctional supply chain Weak real estate market Delays in construction progress Declining profitability Information leaks 	<h4>Opportunities</h4> <ul style="list-style-type: none"> Increases in demand for logistics facilities and data centers Increases in demand for renovation and remodeling of schools and hospitals Growing need for smart factories, logistics, hospitals, and office buildings Market expansion through regional revitalization Expansion of overseas markets
 <h3>Change in People's Sense of Values</h3> <ul style="list-style-type: none"> Diversification of sense of values Emphasis on experiential value Focus on long-term value for all stakeholders 	<h4>Risks</h4> <ul style="list-style-type: none"> Development of industrialized construction methods and modularization Commoditization of buildings Declining value of the contracting business model 	<h4>Opportunities</h4> <ul style="list-style-type: none"> Rising expectations to general contractors (e.g. the increasing role of public facilities in solving social issues) Creation of new value by promoting collaborative creation with a wide range of stakeholders Realization of latent needs Creation of social capital
 <h3>Laws, Regulations and Policies</h3> <ul style="list-style-type: none"> Rapid changes in political and economic conditions Fluctuations in currency exchange rates Interest rate policies Revitalization of ESG investment activity Carbon neutrality by 2050 	<h4>Risks</h4> <ul style="list-style-type: none"> Decline in market value and profitability of held assets Rising interest rates Rapid changes in political and economic conditions and tighter regulations Currency exchange risks Market changes in new areas 	<h4>Opportunities</h4> <ul style="list-style-type: none"> Expansion of the renewable energy market Expansion of the green infrastructure market Promotion of technological development to achieve carbon neutrality in construction work Growing need for ZEB and carbon-negative buildings
 <h3>The Global Environment</h3> <ul style="list-style-type: none"> Climate change Progressing global warming Escalating environmental problems Incidence of major natural disasters 	<h4>Risks</h4> <ul style="list-style-type: none"> Decline in work efficiency and increases in countermeasure costs due to rising temperatures Changes in labor laws Increases in material and fuel procurement costs due to higher carbon prices Increases in costs associated with disaster damage to buildings Impact of major disasters on business continuity 	<h4>Opportunities</h4> <ul style="list-style-type: none"> Growing demand for floating offshore wind power generation and wind farms Growing demand for construction of renewable energy power plants Increases in electric power sales and other business opportunities Growing O&M*1 needs for renewable energy power plants Increases in sales due to proliferation of ZEB buildings Growing demand for disaster prevention and mitigation work

* See p.61-63 for "Disclosure Based on TCFD Recommendations."

*1 O&M: Operation & Maintenance. A business that provides operation and maintenance services on behalf of the owner of a facility.

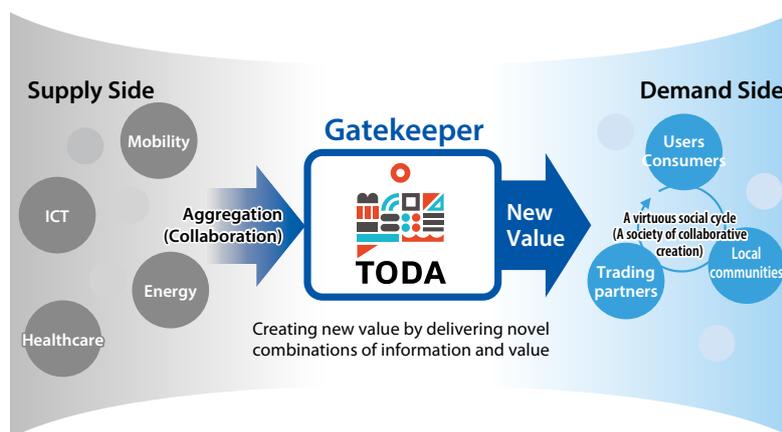
Conceptual Framework

In our Future Vision CX150, we see the ideal state of our group as “a gatekeeper of value that brings about a co-creative society” as we approach our 150th anniversary.



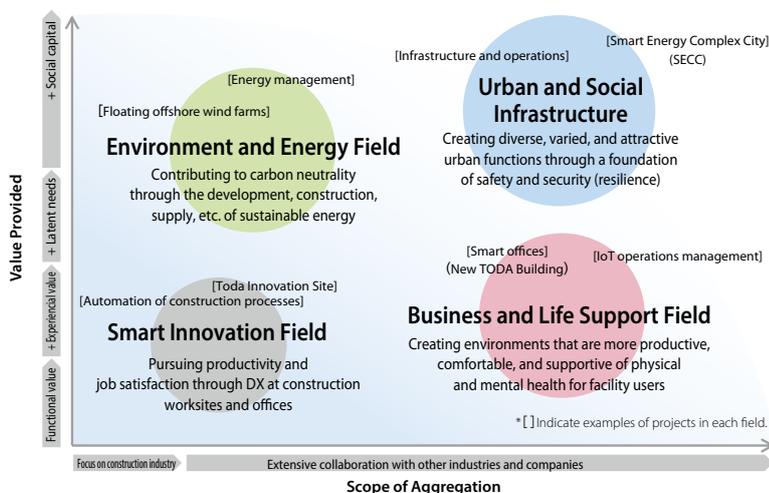
A Gatekeeper of Value

Creating new value through aggregation (collaboration) with our partners, serving as an intermediary between the demand and supply. The group has been taking on the challenge of creating new value in areas such as floating offshore wind power generation by leveraging the strengths it has developed over the years.



Fields of Business

We have identified four business directions as fields for development. As a gatekeeper of value, the Toda Group will create added value in these areas and take on the challenge of realizing a society of collaborative creation.



Strategy for Realization

Medium-Term Management Plan 2024 Rolling Plan (See p.12-15)

Special Feature

The Value Creation Story

Strategy for Value Creation

ESG Management

Financial and Non-Financial Highlights

Key Performance Indicators

Consolidated	Units	FY2017	FY2018	FY2019	FY2020	FY2021
Orders received (Non-consolidated) Graph	(millions of yen)	449,522	549,233	480,475	428,916	473,082
Net sales Graph	(millions of yen)	429,026	510,436	518,683	507,134	501,509
Operating income Graph	(millions of yen)	30,463	34,518	35,243	27,697	24,385
Ordinary income	(millions of yen)	33,037	37,493	38,272	30,363	28,111
Profit (loss) for the year attributable to owners of the parent Graph	(millions of yen)	25,455	25,595	25,845	19,735	18,560
Comprehensive income (loss)	(millions of yen)	29,652	26,066	10,456	47,028	14,559
Total net assets Graph	(millions of yen)	249,394	269,193	273,496	312,533	319,042
Total assets Graph	(millions of yen)	558,312	667,722	634,557	735,789	761,199
Per share of common stock	(yen)	803.43	868.13	883.35	1,011.02	1,027.12
Net assets	(yen)	82.71	83.49	84.30	64.36	60.43
Cash dividends applicable to the year	(yen)	20.0	20.0	26.0	20.0	26.0
Dividend payout ratio	(%)	24.2	24.0	30.8	31.1	43.0
Capital ratio	(%)	44.12	39.86	42.68	42.13	41.59
Return on equity	(%)	10.83	9.99	9.63	6.80	5.92
Price earnings ratio	(x)	9.32	8.15	7.46	12.60	12.26
Net cash provided by (used in) operating activities	(millions of yen)	19,331	(28,384)	77,271	(21,139)	27,274
Net cash provided by (used in) investing activities	(millions of yen)	(7,812)	(24,475)	(21,762)	(30,852)	(20,433)
Net cash provided by (used in) financing activities	(millions of yen)	(2,015)	49,047	(26,685)	31,279	18,306
Cash and cash equivalents at end of period	(millions of yen)	100,526	96,564	125,418	103,727	129,301

Data on Social Aspects (Non-Consolidated)	Units	FY2017	FY2018	FY2019	FY2020	FY2021
Number of employees (Consolidated)	(Persons)	4,994	5,296	5,463	5,568	5,751
Number of employees	(Persons)	4,016	4,078	4,132	4,160	4,175
Male/Female	(Persons)	3,479/537	3,510/568	3,537/595	3,544/616	3,533/642
Average age	(Age)	44.4	44.3	44.3	44.5	44.7
Average years of service	(Years)	19.4	19.1	19.0	19.1	19.1
Labor productivity*1 Graph	(10 thousand yen)	1,656	1,711	1,707	1,528	1,458
Serious incident frequency rate*2 Figures in parentheses () indicate the total accident frequency rate*3 Graph	(Frequency)	0.48 (3.93)	0.40 (3.30)	0.77 (4.29)	0.51 (3.60)	0.35 (2.88)
Number of occupational accidents resulting in four or more days' absence from work Figures in parentheses () indicate the number of occupational accidents involving fatalities	(Accidents)	14 (0)	13 (0)	25 (1)	17 (0)	10 (0)

Data on Environmental Aspects (Consolidated)	Units	FY2017	FY2018	FY2019	FY2020*7	FY2021
CO ₂ emissions (construction sites)*4 Graph	(t-CO ₂)	70,602	72,767	74,542	77,450	77,757
CO ₂ emissions (offices, workshops, etc.)*4	(t-CO ₂)	3,517	2,794	2,404	6,722	6,116
SCOPE 1	(t-CO ₂)	51,474	50,926	52,798	64,171	62,289
SCOPE 2	(t-CO ₂)	22,645	24,635	24,147	20,001	21,584
SCOPE 3*5	(t-CO ₂ e)	8,149,306	6,897,759	7,678,706	5,210,867	5,175,194
CO ₂ emissions basic units (construction sites)*4 Graph	(t-CO ₂ /100 million yen)	16.5	14.2	14.9	15.9	16.5
Total amount of construction waste generated Graph	(Non-consolidated) (10 thousand tons)	99.4	72.1	69.1	85.1	86.5
Ratio of construction waste disposed of as landfill Graph *6	(Non-consolidated) (%)	2.6	8.4	4.7	3.9	4.9
Ratio of renewable energy electricity usage (RE ratio)	(%)	-	-	5.1	27.8	38.3

[Third-party assurance](#) We have undergone third-party assurance of our environmental data by Sustainability Accounting Co., Ltd. in accordance with International Standards on Assurance Engagements ISAE 3000, ISAE 3410.

<Scope of consolidation for environmental data>

• Toda Corporation and 14 of its consolidated subsidiaries, including overseas subsidiaries. SCOPE 3 is non-consolidated only for categories 5 and 13.

*1 Labor productivity = Amount of added value (operating income + total personnel expenses) ÷ number of employees (average for the period, including temporary employees, etc.)

*2 Serious incident frequency rate = occupational accidents (resulting in injuries requiring 4 or more days' leave including fatal casualties) ÷ total working hours (million hours)

*3 Total accident frequency rate = total occupational accidents (including minor occupational injuries requiring no more than 1 day of leave including business owners and sole traders) ÷ total working hours (million hours)

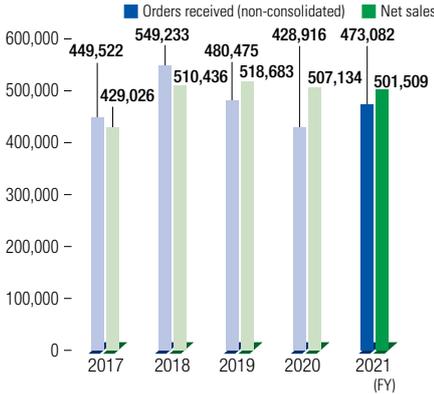
*4 CO₂ emissions: Indicates sum of SCOPE 1 and SCOPE 2. SCOPE 2 is calculated on a market-based approach (using adjusted emissions factors for each electricity retailer and different emissions factors for each item). Location-based (using national average coefficients) figures posted on a website.

*5 SCOPE 3: Indicates sum of categories 1,2,3,4,5,6,7,11,12, and 13. The figures for each category are published on our website.

*6 Ratio of construction waste disposed of as landfill is not covered by the third-party assurance.

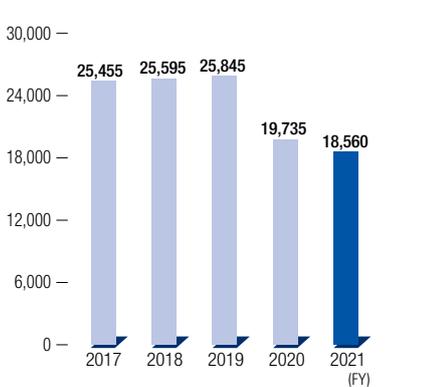
*7 With Showa Construction Co., Ltd. becoming a wholly owned subsidiary in fiscal 2021, we have revised the fiscal 2020 figures for CO₂ emissions (workplaces, offices, workshops, etc.); Scope 1 and 2, and CO₂ emissions basic units (workplaces).

Orders Received (Non-Consolidated) (millions of yen) and Net Sales



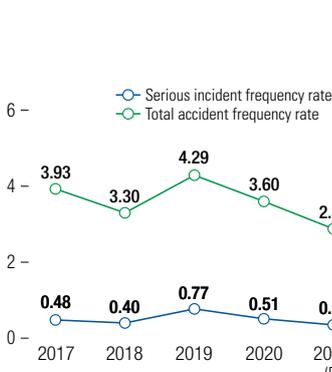
In the building construction business, the environment for orders received surpassed that of the previous year due to a recovery in the private sector's appetite for capital investment, despite a decline in public-sector construction work. Our orders received (non-consolidated) increased by 15.1% year-on-year in the building construction business and fell by 4.2% year-on-year in the civil engineering business, resulting in an overall increase of 10.3% to 473 billion yen. In terms of consolidated net sales, there was a 7.1% decrease in the building construction business and an 8.5% increase in the civil engineering business, producing an overall decrease of 1.1% to 501.5 billion yen.

Net Profit Attributable to Owners of the Parent (millions of yen)



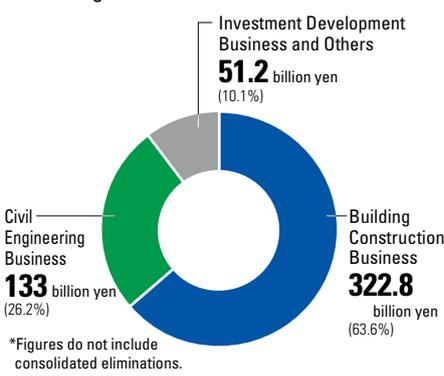
Non-operating income and expenses totaled 3.7 billion yen due to interest income and dividend income from investment securities, etc. Ordinary income and expenses decreased by 7.4% year-on-year to 30.3 billion yen. Despite losses on the disposal of fixed assets, etc., sales of investment securities were also recorded, producing an extraordinary profit of 100 million yen. As a result, annual net profit attributable to owners of the parent fell 6.0% year-on-year to 18.5 billion yen.

Occupational Accident Frequency (Non-Consolidated)



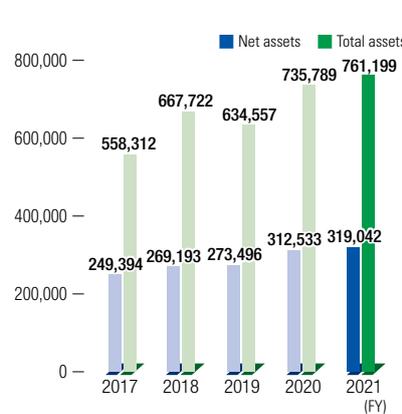
In fiscal 2021, we worked to achieve a serious incident frequency rate of 0.30 or less, a total accident frequency rate of 2.80 or less, and zero fatal accidents. As a result, we achieved a serious incident frequency rate of 0.35, a total accident frequency rate (which indicates the overall frequency of accidents, including those not accompanied by lost work time) of 2.88, and, for the second year running, zero fatal accidents. In fiscal 2022, we will set an even higher goal of "a serious incident frequency rate of 0.30 or less and a total accident frequency rate of 2.50 or less." In doing so, we aim to become the No. 1 company for safety and help make the construction industry more appealing.

Net Sales by Business Segment and as Percentages of Net Sales



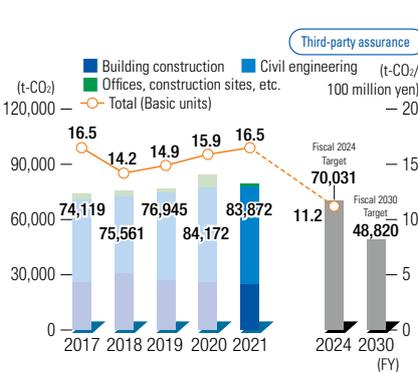
Sales by segment have conventionally been focused on the construction business. While no major shifts in sales to other segments are anticipated, we are focusing on strengthening our investment and development businesses as a part of our medium- to long-term business strategy.

Net Assets/Total Assets (millions of yen)



Net assets at the end of the current fiscal year were 319.0 billion yen, up 2.1% year-on-year, and the capital ratio was 41.6%, mainly due to the recording of net income, despite a 6.0 billion yen reduction in the valuation difference on available-for-sale securities. Despite a 7.6 billion yen decrease in investment securities, total assets increased 3.5% to 761.1 billion yen, mainly due to a 25.5 billion yen increase in cash and deposits and a 7.3 billion yen increase in buildings and structures.

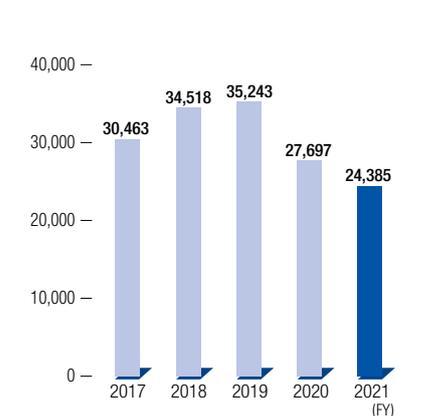
CO₂ Emissions/Basic Units (Consolidated: Construction Sites)



In fiscal 2021, the use of environmentally friendly fuels (BDF, K-S1, GTL), renewable electricity, etc. resulted in a reduction of approximately 15,000 tons of CO₂ emissions. Mountain and shield tunneling and land development work is scheduled to continue in fiscal 2022, and we will need to continue to implement measures to reduce CO₂ emissions. Approximately 60% of our total CO₂ emissions come from the diesel oil used at our construction sites.

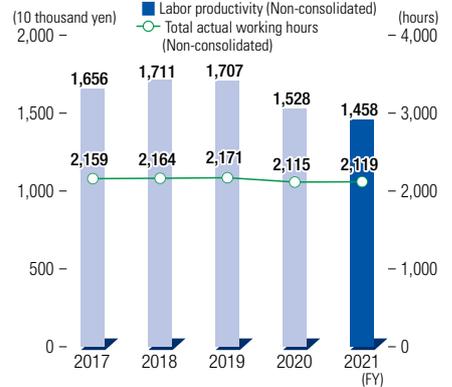
From fiscal 2021, we will set a target for the amount of environmentally friendly fuels to be used to further reduce CO₂ emissions at our workites. Furthermore, in March 2022, we updated our greenhouse gas emission reduction target from the 2.0°C level to the 1.5°C level and received certification from the SBT Initiative. To achieve this goal, we will further pursue the use of environmentally friendly fuels and renewable electricity, and engage in activities aimed at reducing CO₂ emissions.

Operating Income (millions of yen)



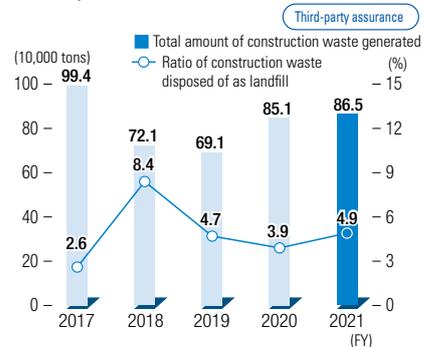
Gross profit declined by 3.4% year-on-year, mainly due to lower profits in the building construction and civil engineering businesses. Meanwhile, with selling, general and administrative expenses increasing by 3.0% for reasons such as increased human resources expenses and depreciation/amortization, operating income decreased by 12.0% from the previous fiscal year to 24.3 billion yen.

Labor Productivity (Non-Consolidated) / Total Actual Working Hours (Non-Consolidated)



Labor productivity for fiscal 2021 was 14.58 million yen (target for fiscal 2024 in the medium-term management plan is 15 million yen), mainly due to a decrease in net sales and a profit margin on completed construction projects in the domestic building construction sector, and in part due to the construction of the new TODA Building (headquarters building; tentative name), which is an in-house project, getting fully underway. In recent years, the total number of actual working hours has remained between 2,100 and 2,200 hours per year, but we are working to reduce this figure toward the target of 1,900 hours per year by fiscal 2024, as set out in the medium-term management plan. This will be accomplished by introducing a new management system based on "labor productivity per hour," which more directly reflects the efforts of each and every employee to improve productivity.

Total Amount of Construction Waste Generated/Ratio of Construction Waste Disposed as Landfill (Non-Consolidated)



Fiscal 2021 saw a slight year-on-year increase in the total amount of waste generated. This was mainly due to an increase in the amount of debris produced by demolition and other construction work in the building construction sector. The ratio of construction waste disposed of as landfill increased due to such factors as a year-on-year decrease in the amount of construction sludge (which can be recycled at a high rate) generated in the civil engineering sector. Although waste generated and landfill disposal rates are greatly affected by the type, amount, and size of construction projects in a given year, we will continue to strive to reduce emissions and landfill disposal by implementing waste reduction measures, adopting methods to curb the production of waste, and pursuing 3R activities.

Financial Strategy

Supporting growth investment with a view to company-wide optimization, achieving a healthy balance sheet that generates stable earnings

In order to achieve our business target of at least 8% return on equity (ROE) in the rapidly changing social environment surrounding the group, we must improve business strategies for each of our business units (the building construction business, the civil engineering business, and the strategic business), as well as strengthening top management and pursuing company-wide optimization.

As part of our efforts to strengthen top management, from this fiscal year, the existing Administration Group will be reorganized into the Corporate Administration Group to support the business strategies of each business unit from a company-wide optimization perspective. To this end, we will implement fundamental strategies for DX, human resources, and finance, as well as providing the necessary management and support. In terms of financial strategy, from the perspective of both maintaining a sound financial position and increasing corporate value, we will pursue growth investment that takes into account the cost of capital for each business, while at the same time conducting monitoring and implementing the replacement and revision of assets. To this end, we will focus our attention on capital efficiency management indicators, such as balance sheets for each business and ROIC calculations.



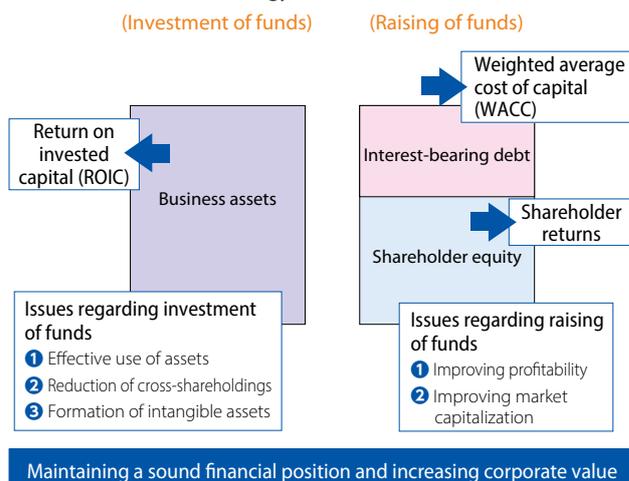
Senior Executive Officer and Group General Manager, Corporate Administration Group

Yamazaki Toshihiro

Overview of Financial Strategy

In order to implement business strategies relating to the group's core construction business and priority management projects as growth investments (see p.14), the underlying technology, DX, human resources, and financial strategies that serve as the foundation for these businesses are critical. The group's financial strategy can be imagined as a balance sheet, the cornerstone of financial accounting. Pursuing the ideal balance is our strategy, between business assets (investment of funds) on the debit side and interest-bearing debt and shareholders' equity (raising of funds) on the credit side, so that we can maintain a sound financial position and increase corporate value. In terms of investment of funds, we will promote effective use of assets, reduction of cross-shareholdings, and formation of intangible assets, while paying close attention to return on invested capital (ROIC). In terms of raising of funds, we will remain mindful of weighted average cost of capital (WACC) and shareholder returns, and aim to achieve our profitability target of at least 8% ROE.

Overview of Financial Strategy



Review and Management of Business Assets and Formation of Intangible Assets

Regarding "business assets" on the debit side of the balance sheet, the balance of business assets over the medium to long term is periodically checked from the perspective of consistency with the fundraising side.

New investments are subject to a comprehensive review by the Investment Screening Division. This consists of a combination of an evaluation of return on invested capital (ROIC) based on the weighted average cost of capital (WACC) given below, which take business risk into account, and a qualitative evaluation, which includes an assessment of climate change and other environmental impacts, as well as an analysis of exit strategies and individual risks. Institutional decisions are then made at meetings of the Board of Directors and other relevant bodies.



For ongoing businesses, we conduct periodic monitoring of each investment area to confirm return on investment and exit strategies. To ensure the effective use of assets, we also make decisions on matters such as the need to withdraw or review the scale of operations.

Meanwhile, in an increasingly uncertain business environment, the key to enhancing corporate value will be increasing the strength of our brand with respect to each of our core strategies, such as technology, DX, and human resources.

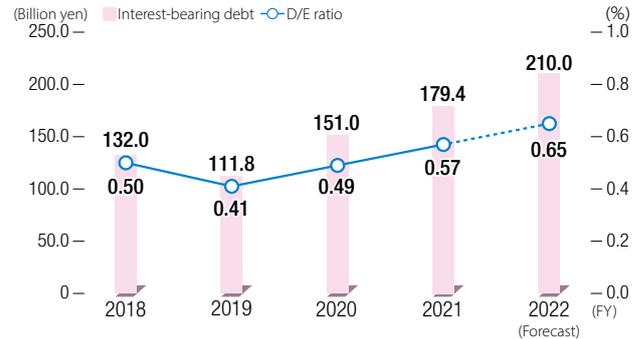
As a measure to increase the strength of our brand, we will invest in the development of new technologies and the creation of state-of-the-art systems to form intangible assets. One of our financial strategies is to examine how each of these investments will lead to an increase in corporate value.

In addition to investments in the environment, such as climate change action and biodiversity, and investments in ESG values, such as healthcare and community service, we will also monitor the effectiveness of our investments in intangible assets.

Upper Limit of Interest-Bearing Debt

As for “interest-bearing debt” on the credit side of the balance sheet, low interest rates over the past few years have made it possible to raise funds at low cost. However, given the risk of rising interest rates, it is also necessary to limit interest-bearing debt, and a D/E ratio of 0.8 or less (interest-bearing debt/equity capital < 80%) will be established to ensure financial soundness. In June 2022, among other fundraising efforts, we issued 10 billion yen in sustainability-linked bonds tied to our environmental goals.

Interest-Bearing Debt and D/E Ratio

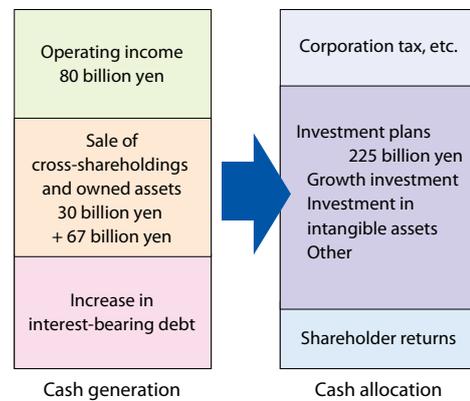


Relationship with the Medium-Term Management Plan 2024 Rolling Plan

On the basis of changes in the current economic situation and the Future Vision CX150 drawn up in July 2021, the group has reviewed the Medium-Term Management Plan 2024 announced in May 2020 and developed the Medium-Term Management Plan 2024 Rolling Plan (referred to below as the “Rolling Plan”).

In order to realize medium- to long-term growth, we believe it is necessary to strengthen our core businesses as well as expand business areas such as our priority management projects. For priority management projects, including the construction of the new TODA building, we will promote capital allocation and support the achievement of our goals. Funds from the sale of cross-shareholdings and owned assets will be allocated to growth investments. With respect to the sale of owned assets, we have started to engage in the private REIT business with the aim of improving capital efficiency.

Cash Allocation Policy (Cumulative Total for FY2022–24)

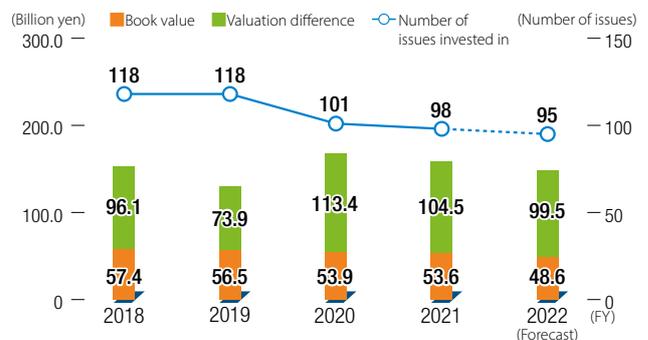


Reduction of Cross-Shareholdings

We maintain cross-shareholdings in order to strengthen important collaborations and business relationships in terms of pursuing our business strategies, and to contribute to the enhancement of our corporate value over the medium to long term. However, from the perspective of improving capital efficiency and controlling holding risks such as impairment, our basic policy is to reduce the balance. We will evaluate the significance and economic rationality of the holdings and engage in sufficient dialogue with our partner companies before proceeding with any sale.

Under the Rolling Plan, we plan to sell 30 billion yen’s worth of cross-shareholdings over three years, which will be used to fund investments in growth areas.

Cross-Shareholdings



Shareholder Returns

Our basic policy is to return profits to shareholders in accordance with our performance and the business environment, taking into consideration the payment of stable dividends to shareholders on an ongoing basis and the securing of the internal reserves vital for strengthening our competitiveness and financial position.

In February 2022, we changed our new target for shareholder returns from a DOE (dividend on equity ratio) of about 2.0% and payout ratio of about 30% to a DOE of at least 2.5% (but with a total return ratio of at least 40%). This move is aimed at returning profits directly to shareholders, and returning them by increasing share prices over the medium to long term. By securing an ROE of 8%, we will both maintain a sound financial position and continue to pay stable dividends.

In addition, since November 2021, we have also been paying interim dividends.

DOE/ROE and Total Return Ratio



Human Resources Strategy

Increase Investment in Human Resources to Enhance Their Value

In line with our mission of being “a corporate group that realizes ‘joys,’” we have drawn up the Future Vision CX150 as our management strategy for the next generation — our 150th anniversary. We have defined the ideal status of our group as a “gatekeeper of value” that creates new value by staying close to our customers and delivering novel combinations of information and functions. We aim to differentiate ourselves from our competitors and increase our corporate value by providing new “experiential value.”

The principal actors in fulfilling these missions and management strategies are none other than our employees. As such, we have defined our human resources strategy as an investment in five areas: human resources development, personnel system reform*, reforms for job satisfaction, diversity, and globalization. Through developing measures in conjunction with different areas, we are aiming to achieve continuous production of more high-value human resources (next-generation management personnel) who can realize our management vision, and we will ensure effectiveness by establishing and monitoring new human capital indicators.



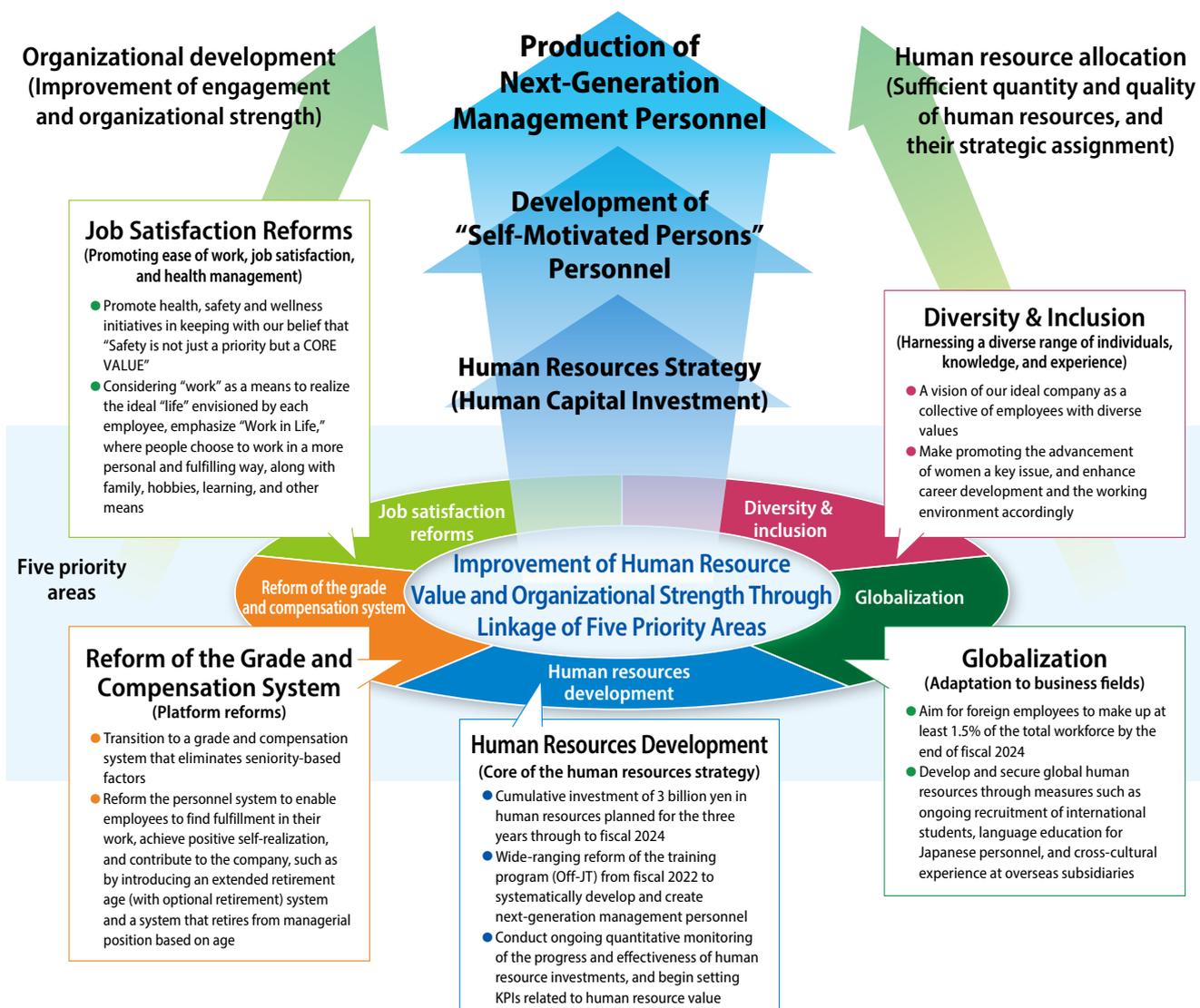
Corporate Administration Group
Executive Officer (Personnel)

Ohi Kiyoshi

* Personnel system reform: the restructuring of the entire personnel system, including grades, compensation, evaluation, etc., to implement our overall human resources strategy.

Links between Our Management Strategy and Human Resources Strategy

Mission: Realizing Our Management Vision and Strategy



Reform of the Grade and Compensation System

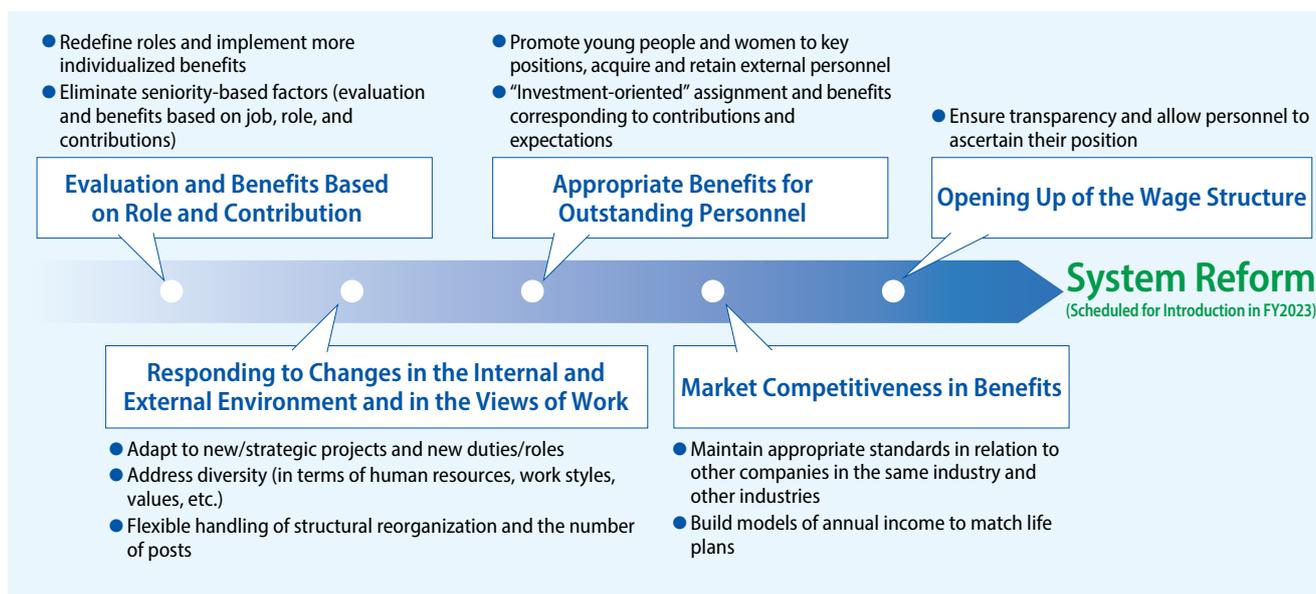
With a view to introduction in fiscal 2023, we are in the process of reforming our compensation and grade system so that each and every employee, from junior to senior, can find fulfillment in their work, achieve positive self-realization, and improve their engagement, which will help implement our management strategy and increase our corporate value.

The concept underlying the reform of the grade and compensation system is to eliminate the traditional seniority-based factors and shift to a merit-based system in which positions are assigned and compensation awarded on the basis of role and contribution. By setting market-competitive levels of

compensation, we aim to ensure the retention and performance of talented personnel and the acquisition of outside experts in strategic and priority areas, thereby strengthening the company's competitiveness over the medium to long term.

In addition, we are developing systems that will serve as a foundation for sustained improvement of corporate value into the future. This includes reviewing our evaluation system to make it more credible and fair, extending the retirement age (with optional retirement), and introducing a system that retires from managerial position based on age that promotes the mobility of human resources.

Restructure Evaluation and Compensation Systems to Promote Improved Corporate Value



Job Satisfaction Reforms

New value is created when each employee feels a sense of fulfillment in their daily work and takes on challenges with a single spirit. In keeping with our belief that safety is not just a priority but a core value, we have been conducting a variety of health, safety and wellness initiatives. This is reflected in our ongoing accreditation as a "White 500" outstanding health and productivity management organization since 2019.

We also consider "work" as a means to realize the ideal "life" envisioned by each employee. Accordingly, we are committed to promoting "Work in Life," in which alongside such avenues as family, hobbies, and learning, people choose to work in a way that is more personalized and fulfilling for them.

We strive to have employees ensure comfort in their work, which in turn increases their motivation and productivity at Toda Corporation. Our pursuit of "job satisfaction reforms" consists of balancing Work in Life with improved productivity.

Achievements in Job Satisfaction Reforms

	FY2019	FY2020	FY2021
Total actual working hours	2,171	2,115	2,119
Average hours of overtime	23.4	23.1	23.8
Average amount of paid leave taken (days)	10.1	11.2	10.7
Average proportion of paid leave taken (%)	55.1	60.5	57.9

Labor Productivity Results and Targets

	FY2021 (results)	FY2024 (targets)
Labor productivity per person (10,000 yen)	1,458	1,500 or more
Labor productivity per hour (yen)	6,884	7,500

* See p.29–30 for calculation formulas and details

Human Resources Strategy

Introduction of Flex Time

We are introducing this system as part of our company-wide efforts to reform the way we work, including “improvement of labor productivity,” “reduction of total working hours,” and “health management.”

On June 21, 2020, “core hours” were removed from the flex time system, allowing employees to autonomously take on the challenge of new, more efficient and effective ways of working. As well as helping to improve individual and organizational performance, the shift in working hour management from daily to monthly total actual working hours is intended to foster awareness of a more structured work style, reduce total annual actual working hours, and create time for employees to invest in themselves, including individual free time and self-development.

Introduction of Work from Home

The business challenge facing the company is to maximize and optimize ease of working by increasing the number of options in terms of systems that respect individual values and lifestyles, and allowing combinations of these options. With the COVID-19 pandemic, working from home is becoming established as one of the diverse ways of working. Starting in fiscal 2021, the system was completely revised and expanded to allow all employees to make use of working at home from the perspective of workstyle reform, rather than limiting its use only to purposes such as childcare and nursing care.

We are also expanding internal and external satellite offices to promote a more comfortable work environment.

Encouraging the Use of Leave

Toda Corporation has been working to create an environment in which each employee can take leave in a more systematic and self-directed way, with the aim of improving health and reviewing ways of working, which includes greater fulfillment in employees’ private lives.

- 1 Thorough use of planned annual leave (planned provision of annual paid leave)
- 2 An environment that allows flexible use of summer vacation by shifting from use in a single block to use over multiple periods
- 3 A new system of paid hours off (annual paid leave granted on an hourly basis)
- 4 Periodic disclosure of paid leave taken and individual follow-up

As a result of these measures, the amount of paid leave taken (the average number of days taken by all employees) has reached more than 10 days, and the proportion of paid leave taken remains high at 57.9%.

Human Resources Development

Our Basic Approach

As part of the Medium-Term Management Plan 2024 Rolling Plan, we have established a policy to enhance the training and development of human resources, and ahead of our upcoming 150th anniversary, we plan to invest a cumulative total of 3 billion yen in human resources over the three years through fiscal 2024. In addition, in order to encourage employees to feel a sense of growth, foster autonomy, and systematically develop and create next-generation management personnel who will carry Toda Corporation into the future, our training program (Off-JT) has undergone wide-ranging reform in fiscal 2022, so the number of trainees and hours of training are expected to increase. The career consulting and re-skilling systems, which are designed to foster a sense of autonomous career building and promote awareness of learning, are part of these efforts and will undergo improvements on an ongoing basis.

Our Achievements in Human Resources Training and Development

		FY2019	FY2020	FY2021
Leadership development (number of people undergoing related training)		288	228	272
Training hours per person belonging to organizations under the respective training jurisdictions	Building construction	71.6	57.8	61.9
	Civil engineering	14.7	6.3	11.4
	Administrative	5.0	3.8	8.0

*The figures for recent years have been affected by measures implemented to combat COVID-19

Reform of Our Training Program (Off-JT)

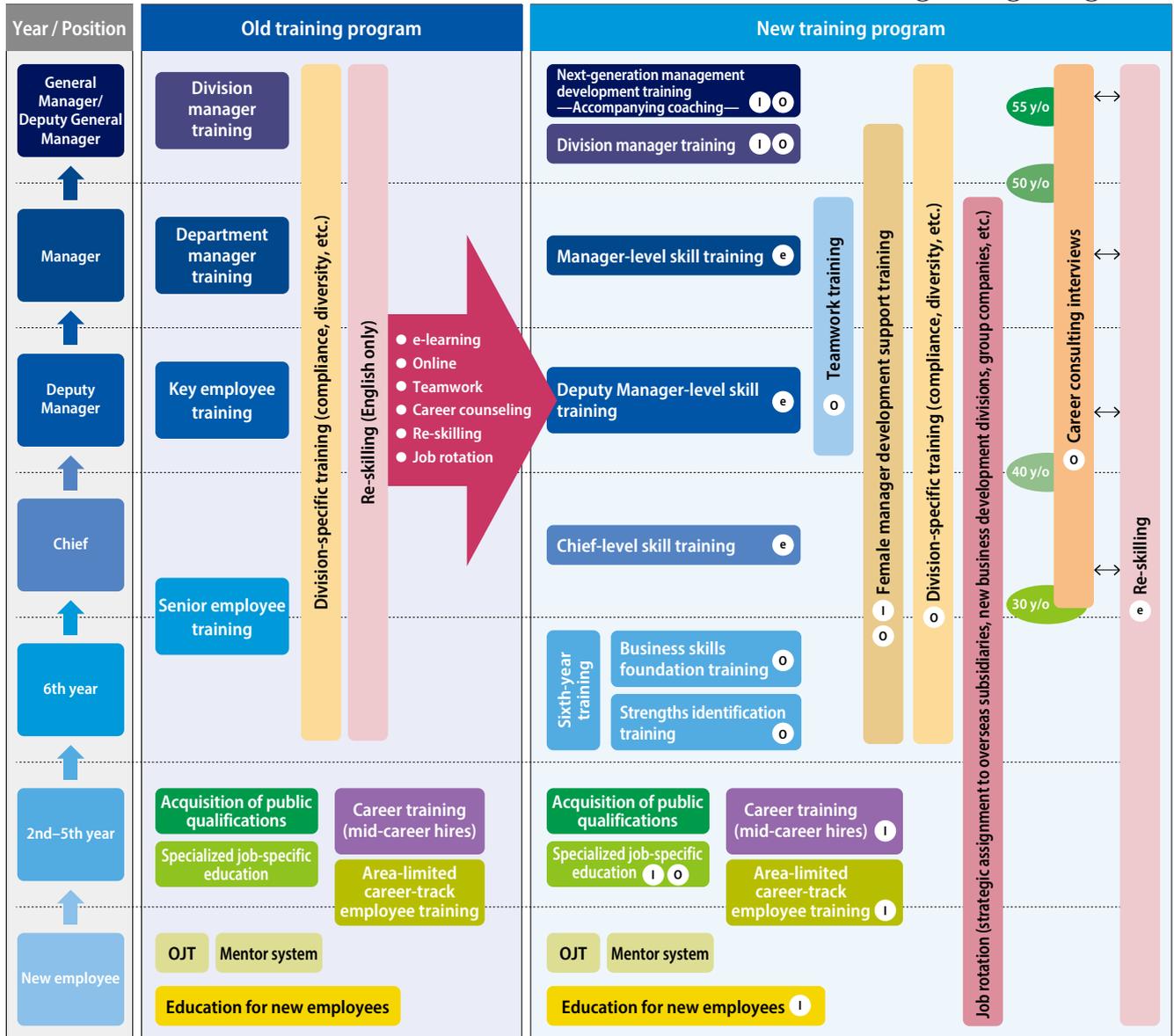
Our basic policy for human resources development and training is to strengthen the foundation of our business by fostering and securing a diverse and varied workforce. From this perspective, we believe that by primarily developing employees through on-the-job training (OJT) and entrusting them with tasks and assigning them a wide range of responsibilities from a young age, they will gain experience in solving work-related problems on their own, thereby helping each individual to improve their own abilities.

In terms of human resources development through Off-JT, we have established a training program aimed primarily at improving employees’ skills in their current duties and a development program that offers choices to suit each employee’s career aspirations, thereby encouraging individual growth over the medium to long term and not just in the immediate future.

Moreover, in an effort to strengthen the value of human resources and competitiveness by making learning a habit and encouraging the acquisition of more advanced specialized knowledge and abilities, we have expanded our subsidy program for the acquisition of public qualifications, licenses, and doctoral degrees, which now covers approximately 200 different types of qualifications. We have established a program that supports individual growth and encourages career autonomy throughout employees’ careers, including subsidizing the cost of acquiring particularly important qualifications prior to joining the company.

Reform of the Education and Training Program

[Legend] (I) : In-person (O) : Online (e) : e-learning



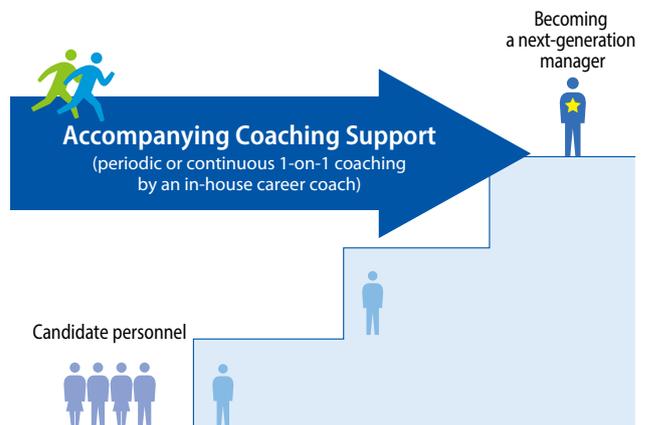
Fostering Next-Generation Management Personnel

We believe that by continuing to produce next-generation management personnel who will lead our company toward the realization of our mission, we will be able to increase the value we provide through technological and other innovation and ultimately enhance our corporate value.

We are implementing a company-wide initiative to achieve a pool of around 50 candidates for next-generation management personnel at any given time within the next three to five years (fiscal 2023–2025).

Specifically, the program is designed to drive management talent by implementing effective development measures focused on accompanying coaching for 50 candidates selected from our business units each fiscal year. The accompanying coaching consists of periodic or continuous 1-on-1 coaching by an in-house career coach from the Human Resources Administration Division.

Accompanying Coaching Support



Human Resources Strategy

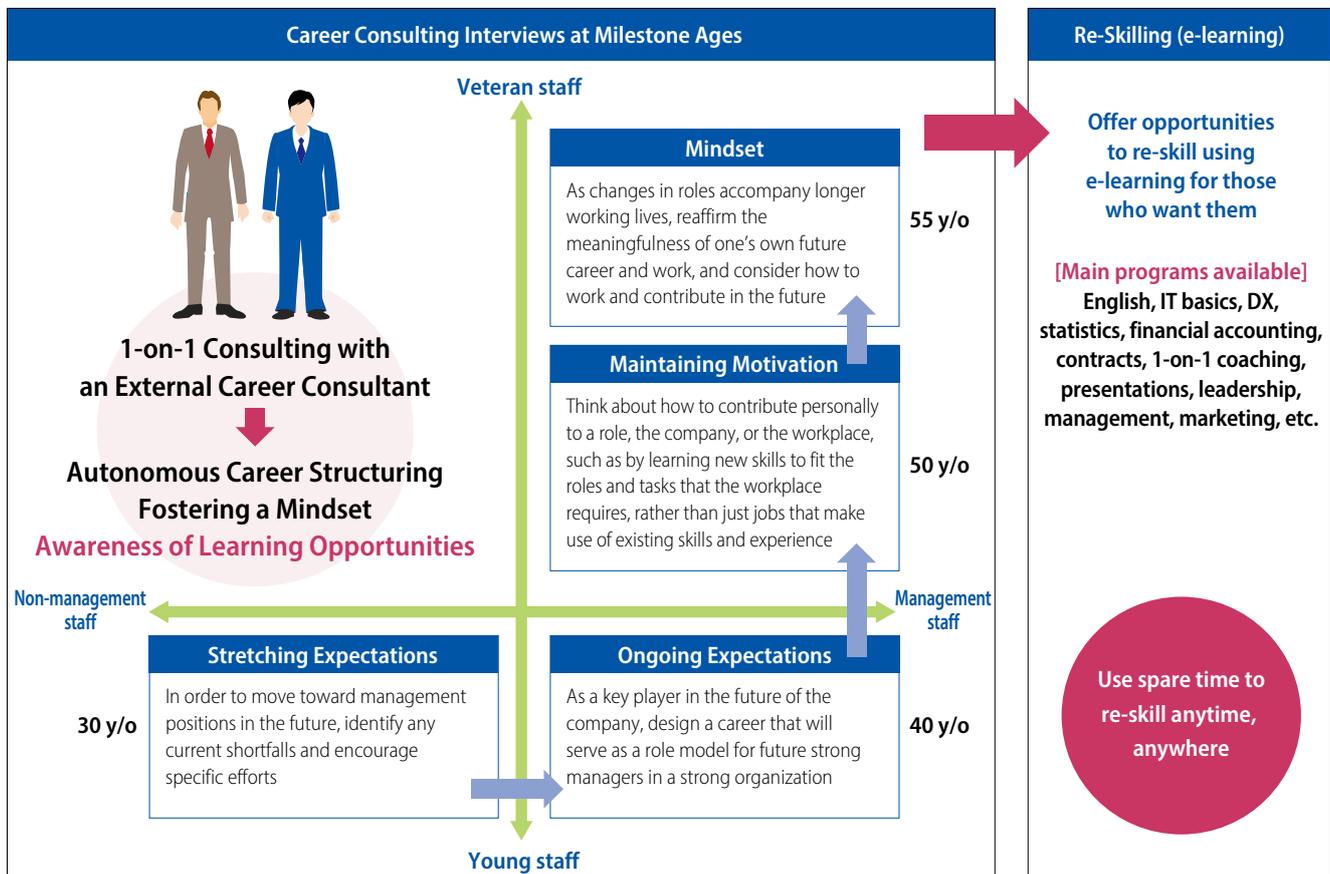
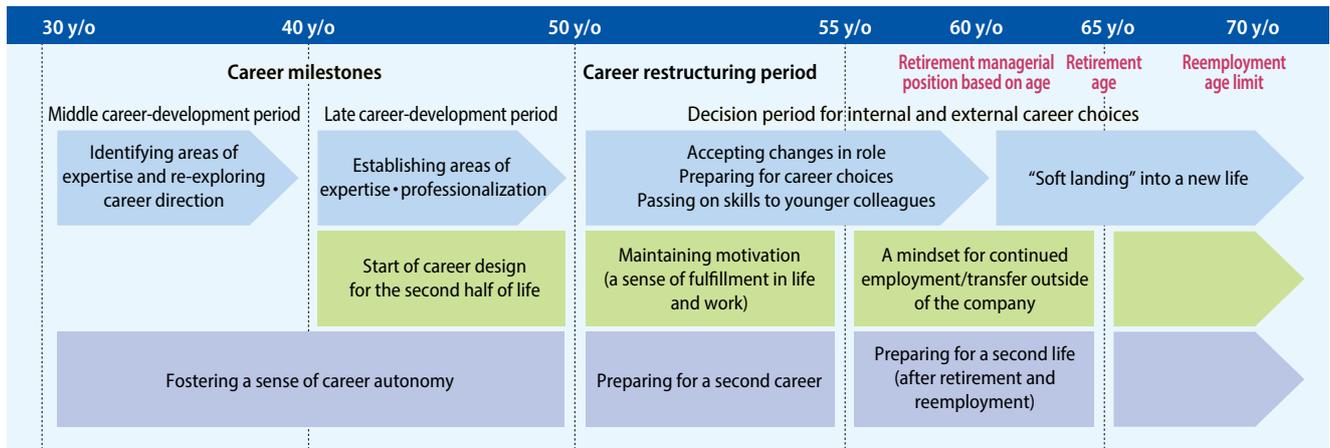
Career Consulting/Re-Skilling

As we enter an era of 100-year life expectancy, we plan to introduce an extended retirement age (optional retirement age system) and a system that retires from managerial positions based on age. As the length of people's working lives has grown, we have introduced 1-on-1 consulting provided by external career consultants for employees who reach milestone ages, with the aim of fostering a sense of autonomous career development on the part of employees, based on an appropriate awareness of their roles and contributions within

the company, and to encourage them to become aware of their learning opportunities.

In addition, with the advance of digitalization and the need to adapt to the age of VUCA, the process of value delivery is changing dramatically, as are the skills and competencies required. In order to help employees acquire the skills required for their current jobs as circumstances change, and thereby continue to create value, we have introduced a re-skilling program (e-learning) for those who have taken our career consulting course and wish to re-skill on their own initiative at any time.

Introduction of Career Consulting (Promotion of Re-skilling)



Diversity & Inclusion/Globalization

Our Basic Approach

In order to accurately identify a diverse range of personal needs among our customers and society, and to assess and provide the values and services that society needs, we believe that what we should be striving for is a group of employees with a broad range of values. As such, it is essential that an active role be played by a workforce diverse in terms of gender, nationality, race, religion, and skills. We are conducting various initiatives to this end, including the formulation of a human rights policy and the development of an environment in which LGBTQ people (sexual minorities) can work comfortably.

Promoting the Advancement of Women

We respect our employees' various lifestyles and values, and have strengthened our efforts to promote the advancement of women, which we regard as a particularly important issue, from the perspectives of both career development and the working environment. We are therefore developing an environment and policies designed to make it easier for women to play an active role from new angles and perspectives.

The proportion of female managers (percentage of women at the deputy manager level and above) rose to over 3% in FY2021 as a result of promoting the appointment of excellent human resources and enhancing training aimed at facilitating women's career development. In addition, the proportion of female managers at the chief level, who will be the next generation of deputy managers, is increasing year by year, reaching 17.1% in fiscal 2021. This indicates a growing depth to the foundation for promoting the advancement of female staff.

Balancing Work and Childcare

We believe that in order for women to comfortably balance work and childcare for many years, they must be actively supported not only at home but also by the company. Moreover, since childcare is a life event common to both men and women, we are also strengthening our support program for male employees. In order to enable both male and female employees to balance work and childcare, each time an employee reports the birth of a child, the Human Resources Administration Division informs the employee and their superior of the program, providing support so that the employee can take childcare leave based on full understanding and peace of mind for both parties. As a result, the number of employees taking childcare leave has increased, and the percentage of male employees taking childcare leave has reached 100%.

Development of Global Personnel

Toda Group is aiming to further expand our overseas business. As such, we have set a goal in our mid-term management plan to increase the proportion of foreign employees, who will play a key role in this expansion, to at least 1.5% of our total workforce by the end of fiscal 2024. To this end, we are actively recruiting not only foreign students in Japan, but also talented human resources from outside the country who have an in-depth understanding of overseas business. In addition, we are working to develop and secure global personnel through English-language education for Japanese staff and rotational transfers and strategic assignments to overseas subsidiaries. We also aim to energize individuals and organizations by combining knowledge and experience through a varied pool of people and cultures.

Appointment of Female Employees

	FY2019	FY2020	FY2021
Proportion of women among all employees (%)	14.4	14.8	15.4
Proportion of women in management positions (%)	2.3	2.6	3.1
Proportion of women in officer positions (%)	0	11.8	11.8

Number of Employees Using the Childcare Leave Program and the Shortened Working Hours for Childcare Program (FY)

	2016	2017	2018	2019	2020	2021
Number of employees using the childcare leave program	38 (25)	71 (52)	93 (68)	96 (74)	142 (120)	143 (122)
Number of employees using the shortened working hours for childcare program	50 (2)	48 (1)	56 (1)	51 (1)	60 (1)	66 (0)
Proportion of male employees taking childcare leave (%)	23.8	48.6	57.1	66.7	100	100

*The figures in parentheses indicate the number of male users

Foreign Employees

	FY2019	FY2020	FY2021
Proportion of foreign nationals among all employees (%)	0.6	0.6	0.6

LGBTQ+ Initiatives

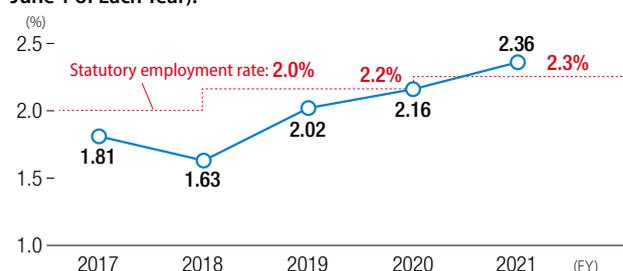
Toda Corporation has expressly prohibited discrimination on the basis of sexual orientation and gender identity in its Employee Work Rules, and a statement from the President has been issued aimed at eliminating all harassment associated with these issues. In fiscal 2021, we were awarded a Silver grade in the PRIDE Index as a result of our progressive initiatives, including the introduction of a same-sex partnership system.



Promoting the Employment of People with Disabilities

In order to help people with disabilities adapt to and settle in the workplace, we are continuously working to promote the employment of people with disabilities by providing employment conditions and work environments that take their disability status into consideration, and by offering jobs and workplaces that take their individual abilities into account. In addition, we began accepting children with mild intellectual disabilities for work experience training, mainly from special needs schools with the goal of employment at companies. In recent years, we have hired new employees with intellectual disabilities every year and launched initiatives including the establishment of a business support center where they can perform clerical work, cleaning, and other duties. Through these efforts, we are aiming to expand their job opportunities and to establish employment for them, aiming to realizing a truly normalized society.

Percentage of Employees with Disabilities (Non-Consolidated, As of June 1 of Each Year):



Special Feature

The Value Creation Story

Strategy for Value Creation

ESG Management

General Overview by Business

Building Construction Business

Business Climate

With the COVID-19 pandemic in its third year, the appetite for investment in data centers and logistics facilities remains high, as does the appetite for capital investment in semiconductor, pharmaceutical, food, and some other production facilities. In addition to these, there have been many major construction projects exceeding 10 billion yen in scale for office buildings, etc. This has made the construction management system more important than ever before in terms of winning orders. In addition, with price competition being more severe for large projects, combined with the rising cost of materials such as rebar and steel frames, steering the operations and strategies of the construction business in the future will be a difficult task on which the survival of the company depends. Even amid circumstances like these, we are actively working to create a workplace where people can experience joy in their work, implementing a work cycle with eight days off every four weeks and increasing wages. Furthermore, in preparation for the implementation of architectural DX in the near future, we are promoting the digitalization of our entire business by converting all processes, from design to construction, to BIM.

Results for Fiscal 2021 and Prospects for the Future

Results Net sales for fiscal 2021 declined to 304.6 billion yen (down 7.1% year on year). Meanwhile, the construction-to-completion profit margin (non-consolidated) stood at 10.6% (a year-on-year increase of 0.7 points), leading to a fall in operating income (segment income; the same shall apply hereinafter) to 7.8 billion yen (a year-on-year decrease of 14.7%). Orders received (non-consolidated) amounted to 322.8 billion yen (up 15.1% year on year), due mainly to an increase in private-sector construction.

Prospects There is growing concern that the profitability of the major construction projects for which orders were received in the previous fiscal year and that will begin in the future will deteriorate due to soaring material prices and other costs. However, despite the uncertain profit situation, we will work to achieve our targets. The medium-term plan for fiscal 2024 calls for net sales of 360 billion yen and operating income of 10 billion yen (an operating margin of 2.8%).

Civil Engineering Business

Business Climate

With respect to the Civil Engineering business, the market size is steadily expanding due to construction for disaster prevention, disaster mitigation, and national resilience measures, construction of renewable energy facilities, major renovations of expressways and other roads, local development and regional revitalization projects, and the enhancement of national security against a backdrop of geopolitical risks.

Economically, although there are concerns about the rising prices of construction materials due to such factors as the situation in Ukraine and rising interest rates in major countries, the economic impact of the COVID-19 pandemic is expected to gradually diminish.

The industry as a whole is facing the major challenge of reducing total working hours, and we are actively working to implement job satisfaction reforms, including ICT and AI to improve productivity, workstyle reforms to achieve a work cycle with eight days off every four weeks, and further improvement of the working environment at our field offices and other workplaces.

Results for Fiscal 2021 and Prospects for the Future

Results Net sales for fiscal 2021 remained strong at 147.9 billion yen (a year-on-year increase of 8.5%). Meanwhile, the construction-to-completion profit margin (non-consolidated) stood at 13.6% (a year-on-year decrease of 2.3 points), leading to a fall in operating income to 11.9 billion yen (a year-on-year decrease of 15.6%). Orders received (non-consolidated) stood at 129.4 billion yen (a year-on-year decrease of 4.2%), due mainly to a decline in private-sector construction.

Prospects With regard to future business prospects, we remain committed to achieving our goals, despite concerns about surging prices for construction materials. The medium-term plan for fiscal 2024 calls for net sales of 145 billion yen and operating income of 14.2 billion yen (an operating margin of 9.8%).

Strategic Businesses

Business Climate

Although the investment and development business remains uncertain due to the impact of COVID-19, there is a strong appetite for investment among domestic and overseas investors. However, the short supply of prime assets and continued low-yield transactions make for a challenging acquisition environment.

In terms of new fields, offshore wind is expected to play a leading role in renewable energy. The seas around Japan are deep, with excellent potential for floating offshore wind power generation, and we are committed to pioneering full-scale commercialization.

With our industry competitors seeking to improve their consolidated performance by diversifying their business, we will also pursue various ways to diversify and globalize the group's businesses, thereby improving consolidated performance both in Japan and overseas.

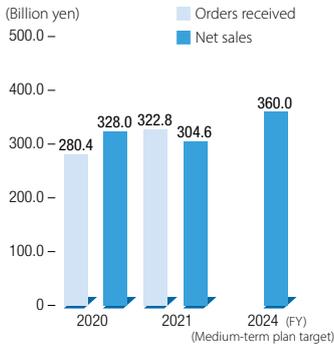
Results for Fiscal 2021 and Prospects for the Future

Results In fiscal 2021, net sales stood at 69.7 billion yen and operating income was 5.8 billion yen, mainly due to a decrease in net sales at domestic group company businesses resulting from a change in accounting policy. The breakdown of the results shows net sales of 21.4 billion yen for investment and development businesses, 45.1 billion yen for domestic group businesses, and 2.9 billion yen for new business fields. In terms of operating income, these figures are 4.1 billion yen, 1.9 billion yen, and -0.2 billion yen, respectively.

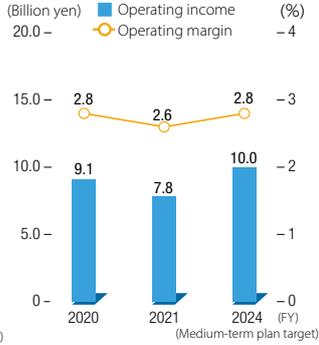
Prospects In terms of future business prospects, the impact of the COVID-19 pandemic also remains uncertain, but we will continue to implement initiatives to achieve the targets of the medium-term plan. The medium-term plan for fiscal 2024 calls for net sales of 105 billion yen and operating income of 8.8 billion yen. Broken down by sector, this is a combined 50 billion yen for investment/development and new business fields, and 55 billion yen for domestic group businesses. In terms of operating income, these figures are 5.3 billion yen and 3.5 billion yen, respectively.

Orders Received and Net Sales / Operating Income and Operating Margin

Orders Received (Non-Consolidated) and Net Sales



Operating Income and Operating Margin

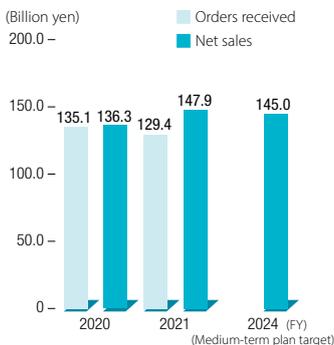


Major Achievements in Fiscal 2021

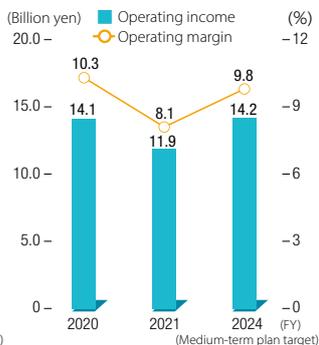


Orders Received and Net Sales / Operating Income and Operating Margin

Orders Received (Non-Consolidated) and Net Sales



Operating Income and Operating Margin

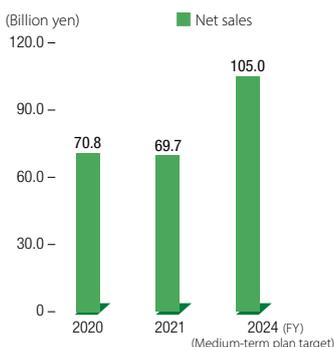


Major Achievements in Fiscal 2021

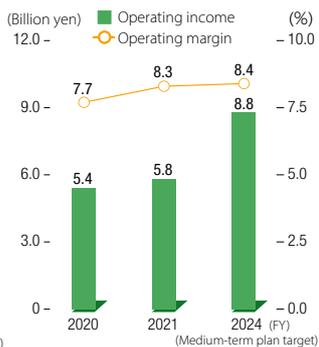


Net Sales / Operating Income and Operating Margin

Net Sales



Operating Income and Operating Margin



* Consolidated figures do not include eliminated inter-company transactions.

Major Achievements in Fiscal 2021



Building Construction Business

Thinking and acting together to enhance corporate value and achieve a sustainable society

Executive Vice President and Group General Manager, Building Construction Business Group | Sonehara Tsutomu

Assessment of Current Situation

Opportunities	Building Construction Business Strengths
<ul style="list-style-type: none"> Realization of a digital society (advancement of telecommunications technologies such as 5G) Growing expectations for the smart city concept and ZEB*1 buildings Increased demand for smarter factories, schools, hospitals, and office buildings Growing demand for BCP and sustainability (maintenance, management, renewal services, etc.) 	<ul style="list-style-type: none"> Accumulation of expertise in executing IPD*2-style projects centered on BIM Experience in community development and redevelopment, and ability to design and construct energy-efficient buildings Construction expertise and technology in our specialty areas and energy management capabilities Ability to meet customer needs by sharing information, and ability to act quickly based on strong relationships of trust with group companies and subcontractors
Risks	Countermeasures Against Risks
<ul style="list-style-type: none"> Surging material prices and tight labor conditions Decreased work efficiency and increased risk of death, injury, and disease due to rising temperatures 	<ul style="list-style-type: none"> Strengthening purchasing power using common specifications, labor saving, PC use, and automation of construction Promoting the introduction of worker safety monitoring systems

*1 Zero Energy Building: the concept of reducing the energy used in buildings to as close to zero as possible.

*2 IPD (Integrated Project Delivery): a method of project management in which parties involved in a construction project, such as the client, designer, and contractor, collaborate across processes, and BIM/CIM plays an important role in this process.

Medium- to Long-Term Strategy

The market for fiscal year 2022 and beyond is increasingly uncertain due to the two-and-a-half-year economic impact of COVID-19, as well as Russia's invasion of Ukraine and rapidly rising prices. Meanwhile, semiconductors are in short supply, causing manufacturers to lose sales opportunities, and the automotive sector's shift to EVs aimed at a sustainable society also has coincided with a rush to increase semiconductor production and invest in new markets, and demand growth is expected for those markets. In addition, with the increased data volume brought about by 5G, the provision of data centers and similar facilities has also shown robust performance. Furthermore, the repercussions from COVID-19 have caused changes in commercial distribution, and the demand for logistics facilities still continues to grow.

In order to remain the preferred choice of customers in this economic climate, it is vital for us to build relationships that allow us to stay close to our customers and maintain good communication with them. We must also identify latent needs and issues faced by our customers and solve them. To this end, it is necessary to share information across the boundaries of all specialized departments involved, promptly assemble teams, and respond with a sense of speed under a system (Agile & Scrum) that enables everyone to think and act together.

In order to speed up our proposals to customers using Agile & Scrum, our internal structure and systems must be changed. This will require a number of initiatives, including the establishment of a system for information sharing, standardization of specifications, switching to PCa conversion of frame, and digitization of schematics. BIM, in particular, forms an indispensable core to these efforts. BIM is not only about construction BIM, which is used in advanced and complex construction. Rather, it is important to design with BIM from the design stage and to use BIM in conjunction

with all kinds of data to improve construction quality, digitize expertise, and increase efficiency. BIM data must also be harnessed throughout the lifecycle of a building, including post-completion maintenance and renovation, and applied to achieve more efficient management. These will lead to the realization of DX in the building business in the next 10 years, which is a key priority for us. TOBIC Co., Ltd., established in Vietnam, creates BIM models for the initial stages of a project to streamline operations and enable prompt handling of other companies' design requests. In the domestic group companies, Toda Bldg. Partners Co., Ltd. is engaged in building maintenance, operation and management to renewal work, etc., APEC Engineering Co., Ltd. is engaged in facility construction-related activities, and Sato Kogyo Co., Ltd., and Showa Construction Co., Ltd are engaged in community-based construction projects. By further strengthening cooperation with these group companies, we are focusing on providing services that meet customers' needs through the effective functioning of our management resources.

In the energy field, we are also focusing on developing businesses that benefit our customers through the use of our Toda-style ESP*3 and EMS*4 businesses, as well as through our business activities as an energy management company and ZEB planner. In addition, we are participating in efforts to realize the concept of a smart city, implementing energy management including micro-grids, and conducting various initiatives and trials such as storage battery and biomass businesses in collaboration with different industries.

We will continue striving to deliver brand value in our design and construction, and to provide an inspiring experience to our customers by exceeding their needs and expectations.



Narita precast concrete factory: Started operation of a state-of-the-art PCa plant. Also support future BIM designs.

*3 ESP: Energy Service Provider *4 EMS: Energy Management System

Financial Targets

Net sales: **360** billion yen

Operating income: **10** billion yen

Operating margin: **2.8%**

Non-Financial Targets

Implementation of **100%** BIM design (for in-house design-build projects)

Project Summary



SAGA Arena

—Construction of a Complex Polyhedral Steel Structure Using BIM (Example of Agile & Scrum Application)—



SAGA Arena

Plan Overview

This project is to construct an arena facility that will serve as the main venue for the National Sports Festival and the Japan Disabled Sports Association to be held in 2024. The building features a polyhedral exterior design based on motifs such as traditional goods from Saga Prefecture, and a major challenge in the construction process was how to develop the complex shape of the building.

Major Initiatives for Construction Improving Productivity Using Construction BIM Models

By using BIM to examine the construction of a complex polyhedral steel frame structure, we were able to share images of the structure with subcontractors and their workers in advance, and by combining BIM with process chart software to create a process animation, we were able to study the relationship between the placement of heavy equipment and the construction site in more detail. In safety management, it could also be used as an effective tool for front-loading for safe work by sharing images in advance.



BIM Process Video

A Museum that Explores “Matsumoto Studies” and Creates Matsumoto’s Future — Matsumoto City Museum



Matsumoto City Museum

Plan Overview

This construction project is for the relocation and new construction of the Matsumoto City Museum, located within Matsumoto Castle in Matsumoto City, Nagano Prefecture. The relocation site is located approximately 800 m northeast of JR Matsumoto Station. Both the interior and exterior of the museum are rich in elaborate design, and there are a number of residential and commercial facilities, so in addition to considerations for the local community, the construction of the building itself presented a considerable challenge.

Major Initiatives for Construction Examination of Various Types of Finishes Using BIM

This building is at once the product of the designer’s dedication to its design and the expectations of Matsumoto’s citizens all along. For this reason, we continued to use BIM, which allows for easy visualization, to sketch out the finished design, and further confirmed the details with mock-ups. The result was a building that was highly acclaimed by the city of Matsumoto, the designer, and the supervisors, achieving both the desired design elements and quality assurance.



Interior Folded-Plate Ceiling



Preliminary Study Using a BIM Model

Special Feature

The Value Creation Story

Strategy for Value Creation

ESG Management



Civil Engineering Business

We are always aware of the corporate value of the Civil Engineering Division and deliver it through our work. What we are aiming for is quantitative and qualitative growth as well as stable earnings.

Executive Vice President and Group General Manager, Civil Engineering Business Group | **Fujita Ken**

Assessment of Current Situation

Opportunities	Civil Engineering Business Strengths
<ul style="list-style-type: none"> • Growing floating offshore wind power generation market • Increasing interest in environmental conservation and ecosystem maintenance • Promotion of disaster prevention, disaster mitigation, and national land resilience • Essential renewal work to maintain social capital stock • Security and emergency supply chain maintenance response 	<ul style="list-style-type: none"> • Track record and technical capabilities in construction of mountain tunnels • Wide range of capabilities developed through the construction of many renewable energy power plants • Cooperation and collaboration with all kinds of internal and external organizations • Technology and expertise relating to the conservation and regeneration of biodiversity • Corporate culture and growth potential to create new technologies
Risks	Countermeasures Against Risks
<ul style="list-style-type: none"> • Fluctuations in material and fuel procurement costs resulting from geopolitical risks • Safety and schedule of construction work underway due to earthquakes, extreme weather, etc. • Increases in decarbonization costs above growth rates 	<ul style="list-style-type: none"> • Expansion of overseas civil engineering business through acquisition and training of specialized human resources • Technical research and development and collaboration with manufacturers aimed at significantly reducing emissions from heavy machinery and dump trucks • Nationwide development of workplace disaster countermeasures and risk management when contracting

Medium- to Long-Term Strategy

In Japan, in addition to the usual construction and renewal of various kinds of infrastructure, national land resilience, and disaster prevention and mitigation, there is an increasing need for major projects such as (1) development of new infrastructure networks, (2) security and ODA as part of such projects, (3) expansion of renewable energy, etc. This is because the various events of the past two years have made us aware of the need for these projects, which should be invested in fully as a national risk response.

In terms of the forms of projects, it is expected that there will be an increase in the number of projects that make use of private-sector funds and technologies, both in Japan and overseas, as opposed to government-ordered contracting.

In order to address this trend, we have been working on projects such as the Second Seikan Tunnel Plan, overseas ODA projects, and floating offshore wind power generation, recruiting and training overseas personnel and highly specialized personnel, and building organizations. From this fiscal year, while managing all imaginable risks, we will not only expand into areas such as overseas business and PPP, but also aggressively invest business resources into the technological development and employee training that will support such expansion.

We are currently constructing Japan's first floating offshore wind farm off the coast of Goto City in Nagasaki Prefecture, and are pursuing partnerships and collaborations with various companies and organizations beyond the boundaries of the company. Technology is progressing at an ever-accelerating pace, and it is impossible for a single company to complete a major project on its own. With respect to the offshore wind power generation project in Goto and other ongoing projects, we will act as a node point and manage all aspects of the project, including capital, technology, and human resources, thereby playing the role of a "gatekeeper of value."

Meanwhile, there are two numbers that we in the construction industry are now under pressure to reduce drastically. The first of these is the amount of CO₂ generated at construction sites, which comes mainly from construction equipment and dump trucks. Ultimately, this is a problem that cannot be solved unless all construction equipment and dump trucks are hydrogen-powered or EVs. The Civil Engineering Business Group will not only use all currently conceivable hardware, but will also work on software to minimize CO₂ emissions by harnessing AI and ICT.

The second is total working hours, which has a great deal of relevance to job satisfaction reforms. With a set construction period, shortening working hours while also preventing delays due to weather and unforeseen circumstances is a very challenging problem, but we hope to achieve the reduction target by all possible means and through cooperation between Head Office, branch offices, and construction sites, building the foundation of an attractive construction industry for the future.

This fiscal year, the Civil Engineering Business Group will conduct its civil engineering business under the slogan, "always aware of the corporate value of civil engineering and deliver it through our work." The mission of civil engineers has fundamentally been to build structures of high public utility, but we intend to go beyond that by taking on the challenge of "creating value" that transcends conventional knowledge and accepted norms, such as new businesses, decarbonization, job satisfaction, and crisis preparedness.



Construction of OR Yamaguchi Mine Solar Power Plant

Financial Targets

Net sales: **145** billion yen

Operating income: **14.2** billion yen

Operating margin: **9.8%**

Non-Financial Targets

80 technology development topics

Project Summary



New Deck Slab Joining Method "Suisui C&T Method®" for The First Bridge Renewal Project Construction — East Nippon Expressway Yubari River Bridge Deck



East Nippon Expressway Yubari River Bridge

Plan Overview

This work involves the removal of aging existing deck slabs and installation of new precast concrete slabs on a 413.58 m section of the Yubari River Bridge (inbound line) located between the Ebetsu-Higashi and Iwamizawa interchanges of the Hokkaido Expressway. The volume of the main work consists of approximately 4,900 m² of deck slab replacement work and approximately 14,600 m² of repainting. This also includes a set of detailed designs. Continuous contraflow lane reversals will be in place day and night for this project. All deck slab replacement work will be completed within the spring construction period from May 9 to July 15, 2022 and the fall construction period from August 24 to October 12, 2022, avoiding the golden week and summer peak seasons, when traffic on the Hokkaido Expressway increases, as well as the winter season.

Major Initiatives for Construction

1 Adoption of the New Deck Slab Joining Method "Suisui C&T Method®"

The "Suisui C&T method®" was used for this project, and the allotted width for the deck slabs was 2.4 m/ sheet, with a factory product width of 2.38 m



"Suisui C&T Method®" Deck Slab Joining Method

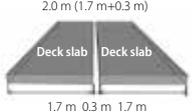
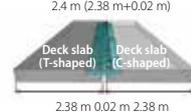
and a filling mortar width of 0.02 m. The allotted width for conventional deck slabs, however, is 2.0 m/ sheet, with a factory product width of 1.7 m and a filling concrete width of 0.3 m. In this method, C- and T-shaped joints (epoxy-coated) are embedded in the deck slab, and the 20 mm gap is filled with no-shrink mortar to integrate the slab. Therefore, factory products account for 99% of the total area, producing advantages in terms of load-bearing capacity and durability. It also leads to a reduction in construction time of approximately 20%.

2 Large-Size Suspension Swing Control Device "HyperGyan®" to Ensure Stability of Suspended Loads During Slab Removal and Installation Work

The removal of existing deck slabs and the installation of new precast concrete deck slabs for this project involves work with cranes that can lift loads of up to 20 tons or more. Usually, the unloading position must be adjusted by several workers using guide ropes. Furthermore, this construction site is in a windy area. To ensure the safety of crane operators and general vehicles traveling in the lanes being used, we adopted the "HyperGyan®" large-size suspension swing control device, which employs a gyroscope mechanism to safely stabilize the load for lifting work.



Large-Size Suspension Swing Control Device "HyperGyan®"

	Conventional precast concrete deck slab	Suisui C&T method®
Joint	Loop joint	C- and T-shaped metal fittings
Allotted deck slab width	2.0 m (1.7 m+0.3 m)  1.7 m 0.3 m 1.7 m	2.4 m (2.38 m+0.02 m)  2.38 m 0.02 m 2.38 m
Filling part	Concrete placement (rebar + wooden mold frame)	Mortar filling (no rebar, tape used for mold frame)
Precast concrete deck slab	Precast concrete products 80%, filling 20%	Precast concrete products 99%, filling 1%

Speeds up construction and shortens the process

Special Feature

The Value Creation Story

Strategy for Value Creation

ESG Management



Strategic Business

Establishing core businesses through striving and creating by each individual and co-creation with construction and civil engineering.

Senior Executive Officer and Senior General Manager, Strategic Business Promotion Office | **Uekusa Hiroshi**

Assessment of Current Situation

Opportunities	Strategic Business Strengths
<ul style="list-style-type: none"> Expectations for renewable energy and offshore wind power to achieve the government's targets of virtually zero greenhouse gas emissions by 2050 and a 46% reduction from fiscal 2013 levels by fiscal 2030 Acquisition of new business opportunities overseas through active involvement in overseas business and the partnership with TATA Indonesia Contributions to ESG and the SDGs through the Office's projects Expectations for regional revitalization, including sixth industrialization of the agriculture sector 	<ul style="list-style-type: none"> We are a leader in floating offshore wind power generation, and the waters around Japan have excellent potential for floating wind turbines, offering significant business opportunities Securing quality development projects through collaboration with the land readjustment business, which boasts among the best track records in the industry Horizontal expansion into new areas through the establishment of sixth industrialization of the agriculture sector The Toda Group's unique real estate development and property appraisal expertise
Risks	Countermeasures Against Risks
<ul style="list-style-type: none"> Distortions in the real estate market due to the COVID-19 pandemic Decrease in income from certain held assets due to the pandemic and risk of foreign exchange fluctuations Asset degradation due to changing lifestyles in a post-COVID society Rapid changes in political and economic conditions and tightening of regulations in countries invested in Necessity of governance in affiliated companies in relation to domestic mergers and acquisitions and alliances with overseas companies Soaring costs of construction materials and other basic commodities 	<ul style="list-style-type: none"> Conduct risk research and analysis using the Investment Advisory Council, external experts, consultants, etc. Diversify our portfolio by investing in a variety of assets with different risk-return profiles Secure quality assets and achieve investment returns through medium- to long-term development projects Proactively use business data acquired by Head Office and group companies to improve safety and productivity using methods appropriate for the DX era Maintain and improve governance of domestic and overseas group companies through a shared business philosophy

Medium- to Long-Term Strategy

Five years have passed since the Strategic Business Promotion Office was established, and we have continued to take on and create a wide variety of businesses, making many investments to achieve growth. In order to make the strategic business a driver of earnings alongside the construction and civil engineering businesses, we will establish core businesses through co-creation with construction and civil engineering ("co-creation" businesses).

The business areas that we must concentrate on are investment and development with a focus on real estate, which the Strategic Business Promotion Office can work on as a united three-part team alongside the Building Construction & Civil Engineering Groups, the Environment and Energy Business, which presents the greatest challenges and needs, and the Domestic and Overseas Group Businesses that support the Toda Group's sustainable growth and provide effective solutions to the complex issues facing society.

In the Investment and Development Business, we will work on regional revitalization based on land adjustment, redevelopment, PPP and other projects by working as a united three-part team of Building Construction, Civil Engineering, and Investment and Development to secure large profits and solve social issues. We will further focus on building model projects that can be undertaken by the entire Toda Corporation Group from upstream to downstream, such as the new TODA Building and the Joso Project. In addition, we will form a private fund (to be developed into a private REIT in the future) to achieve permanent investment development by circulating funds without expanding the balance sheet, thereby improving business efficiency.

In the Environment and Energy business, we continue to invest in floating offshore wind power generation projects (the Goto Project) in preparation for the establishment of Japan's first commercial offshore wind farm. With regard to the renewable energy market, the carbon-neutral policy announced in December 2020, which aims to achieve "virtually zero greenhouse gas

emissions by 2050," is anticipated to stimulate investment. Floating offshore wind power generation, in which we are an industry leader, shows particular promise for the future, and we can expect strong promotion by the government. As such, we will redouble our efforts in the renewable energy business, focusing on the full-scale commercialization of floating offshore wind power generation, aiming to contribute to a carbon-free society and the growth of local economies, including ripple effects on our supply chain.

In addition, we will pursue faster development of our overseas business in real estate investment and energy, promoting globalization, diversification and variety of our revenue base as one of our core businesses. We will also strengthen support for domestic group companies in resolving issues relating to human resources, business, technology, and information, and promote the sharing of ESG and SDGs principles. Additionally, mergers and acquisitions will be used to expand the scope of our business and stabilize our business foundation, contributing to improving our consolidated performance.

The Toda Group shares the values of its workers, with each individual taking initiative while exercising their individuality and continues to challenge and create in order to achieve our goals. In order to realize a safe, secure, efficient, and sustainable society, we will enhance our corporate value and the power of our brand by continuing to act and challenge independently.

Strategic Business Promotion Office

Domestic Investment and Development Business Division	• Domestic expansion of investment and development businesses with a focus on real estate
Overseas Investment and Development Business Division	• Overseas expansion of investment businesses with a focus on real estate, development, and new fields
GOTO Project Promotion Division	• Commercialization of floating offshore wind power generation (Goto Project)
Renewable Energy Commercialization Division	• Development of renewable energy businesses (solar and onshore wind) other than floating offshore wind • Development of businesses related to hydrogen, storage batteries, etc.
New Business Project Promotion Division	• Development of new businesses through collaboration with customers and other industries
Group Business Promotion Division	• Control of domestic group companies, partnership support, M&As

See p.74 for "Corporate Profile" for the status of group companies.

Financial Targets

Net sales: **105** billion yen

[Breakdown]
Investment and Development + Environment and Energy: 50 billion yen
Group companies: 55 billion yen

Operating income: **8.8** billion yen (8.4%)

[Breakdown]
Investment and Development + Environment and Energy: 5.3 billion yen (10.6%)
Group companies: 3.5 billion yen (6.4%)

Project Summary



Acquisition of Showa Construction as a Wholly Owned Subsidiary —Expansion of Business through Mergers and Acquisitions of Local Construction Companies—

In November 2021, Showa Construction Co., Ltd. was acquired as a wholly owned Toda Group company (acquired through an exchange of shares with Toda treasury stock).

The company, which will celebrate its 67th anniversary in 2022, is a major local construction company headquartered in Mito City, Ibaraki Prefecture, with branches in Tsukuba and Tsuchiura, maintaining a business foundation across a wide area of the prefecture. The company was founded in 1955 as Showa Doro Kogyo Co., Ltd., and excels in civil engineering, especially road construction and pavement work. In Ibaraki, the company owns two asphalt mixing plants in Mito and Tsuchiura for production and sales. It also has experience in the design, construction, and maintenance of a wide variety of buildings throughout the prefecture, including government facilities, educational facilities, and medical and welfare facilities. This merger is expected to produce a variety of synergistic benefits, including increased opportunities to win orders by drawing on local connections to improve information gathering, the formation of a new core base for sales, orders for construction work by JVs, expansion of business through asphalt mixing plants, which the Toda Group does not own, participation in regional revitalization businesses, and new construction by Toda Corporation combined with maintenance by Showa Construction Co., Ltd. We will continue to advance the integration process throughout the entire group, including Toda Road, and contribute to the expansion of our business.



Showa Construction Co., Ltd., Head Office



Asphalt Mixing Business Mito Mixing Plant

Company Overview

Name	Showa Construction Co., Ltd.
Location	1905 Senba-cho, Mito, Ibaraki Prefecture (Head Office)
Type of business	Construction (civil engineering, construction, paving, asphalt mixing, etc.)

The New TODA Building Plan, Combining a Large Office Building and an Art Business —Aiming to Improve the Cultural Value of the Community and Create a Resilient Urban Area—

Following the 2016 urban planning decision to construct the adjacent Museum Tower Kyobashi (operator: Nagasaka Sangyo Co., Ltd.; construction completed in 2019), the new TODA Building project started in late 2019 with demolition of the former TODA Building, followed by a groundbreaking ceremony in August 2021, with construction of the new building scheduled to be completed in 2024.

Among other specifications to meet the environmental and BCP performance requirements of its tenant companies, the building has obtained ZEB-Ready certification, which indicates its excellent environmental performance, and has adopted a core-wall seismic isolation structure that achieves the world's highest level of seismic resistance. It will also contribute to the development of a resilient urban environment by serving as a local disaster prevention center.

The lower levels of the building will consist of an arts and culture complex that will provide support for the development of artists and disseminating information. In particular, the public art installed in the common areas of the building is intended to provide unique added value that stimulates the intellectual curiosity and creativity of workers and visitors, and this is a program that we will continue to operate as our own art business. We aim to further enhance the cultural value of the area through large-scale development in Kyobashi, an area known for its art.



Illustration of the New TODA Building after Completion



Japan's First ZEB-Ready Certification for an Entire High-Rise Mixed-Use Building



Common Areas with Public Art

Special Feature

The Value Creation Story

Strategy for Value Creation

ESG Management



Research and Development

We aim to expand the “new possibilities” of the Toda Group by conducting research and development in anticipation of social changes, and to provide our customers with “valuable technologies” that will open up a new era.

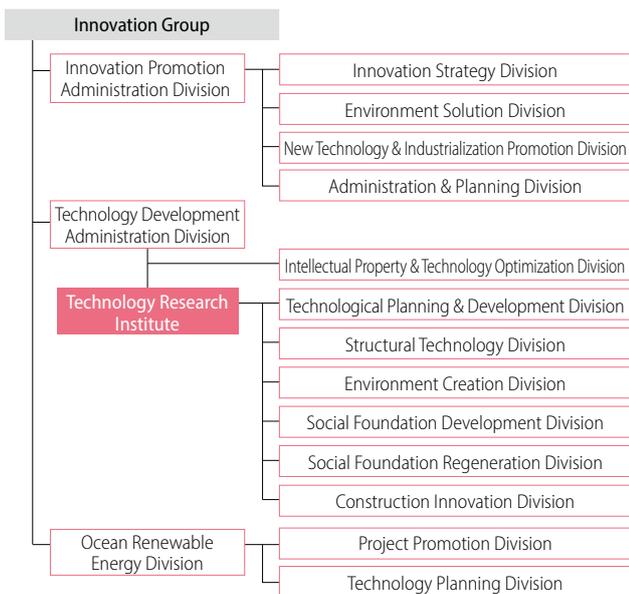
Executive Vice President and Group General Manager, Innovation Group | **Toda Morimichi**

Research and Development System

In March 2022, Toda Corporation established a new “Innovation Group” based on the previous “Value Creation Promotion Office,” with the aim of providing a cross-sectional technology-based link across profit centers such as the Building Construction Business Group, the Civil Engineering Business Group, and Strategic Business Promotion Office. The Innovation Group is made up of three major functional components: the Innovation Promotion Administration Division, the Technology Development Administration Division, and the Ocean Renewable Energy Division.

“The Innovation Promotion Administration Division” collects information on cutting-edge technologies around the world, administers corporate venture capital (CVC) investment, develops and publicizes the company’s environmental activities, and is responsible for the commercialization of new technologies. The “Technology Development Administration Division” will conduct technological research and development related to construction and civil engineering at the “Technology Research Institute.” In addition, it will establish a new “Intellectual Property & Technology Optimization Division” to better centralize technological development information and promote company-wide optimization for the effective use of intellectual property and limited business resources. The Ocean Renewable Energy Division will develop a pilot farm on Goto Island, Nagasaki Prefecture, and develop technologies for ultra-large floating wind turbines with an eye to the future.

Organizational Structure (as of May 1, 2022)



Technology Research and Development Trends and Medium- to Long-Term Strategy

Our Research and Development Division has determined our technological research and development strategy and conducted

development accordingly, paying particular attention to evolving our business activities and enhancing our corporate value through high-added-value competitiveness, which is a key goal of the Medium-term Management Plan 2024. Great emphasis is also placed on efficiency in technological development from the perspective of company-wide optimization, which means making the most effective use of limited business resources. While technologies that are fundamental to the construction industry are being jointly developed with other companies as “cooperative areas,” technologies that we should use to differentiate ourselves are being developed as “competitive areas” through the development of our own proprietary technologies.

One of our efforts is to intensify research and development related to the environment, energy conservation, and CO₂ reduction, which are of increasing interest as we work toward the realization of a carbon-free society.

In May 2021, the Environmental Technology Demonstration Building, which was used to develop and verify energy-saving technologies at the Tsukuba Research and Development Center, was renovated into a “Green



Green Office Building (Completed May 2021)

Office Building” aimed at carbon-negative*¹ operation, with full operation starting in August of the same year. The “Green Office Building” is used as an office for research staff to work in, while also being used for technological development of next-generation office space. With this building, we will also work to test a variety of cutting-edge technologies, including wall greening, rooftop greening, and energy-saving technologies.

In the “medical and welfare services” field, which is one of our strengths, we are conducting integrated research with the Medical Welfare Division, the Design Division, and other relevant divisions at the head office to develop optimized medical spaces, equipment, and technologies to counter new types of infectious diseases. To “improve productivity” and to address the recent shortage of skilled construction workers, we are also focusing on the development of mechanization and automation technologies to protect workers from accidents, as well as ICT-based streamlining technologies for production management. Furthermore, we will use our large “Structural and Experimental Building” to improve the “safety and security” technologies aimed at preventing damage caused by earthquakes and typhoons that have become frequent in recent years, as well as to develop technologies for the maintenance and improvement of social infrastructure, such as tunnels and highways.

As such, we will strategically tilt allocation of our business resources toward technological development in an effort to enhance our competitiveness.

*1 Carbon-negative: An approach in which the reduction effect (negative factor) is greater than the CO₂ emissions (positive factor) over the life cycle of the facility, resulting in a negative balance.

❶ The “Muscat H Method®” Reduces the Environmental Impact of Building Demolition by Cutting Structures Using Hydrogen and Oxygen

We have developed the “Muscat H method®,” which adds environmental impact mitigation elements to our “Muscat Method®,” a technique for demolishing concrete structures. The Muscat Method® uses a hydrogen gas mixture as the combustible gas, but this new method uses only hydrogen gas, meaning that only water, and no carbon dioxide, is generated during combustion.



Construction Work in Progress (Cutting a Retaining Wall)

❷ The “Sakusaku JAWS Construction Method®,” for Constructing Underground Spaces with Large Cross-Sections or Free Cross-Sectional Shapes

This method is technology for constructing groundwater-responsive, non-open-cut tunnel construction in which excavation is performed underground using the propulsion method and the outer shell structural members (steel elements) are formed in advance. Even if the intended underground space has a large cross-section, the small cross-section of each steel element can reduce the impact on the surrounding area during construction, allowing for safe construction even in urban areas. This method was used in the construction of the Sotetsu-Tokyu Direct line Tsunashima Tunnel and other projects (ordered by the Japan Railway Construction, Transport and Technology Agency, Tokyo Regional Bureau).



Construction Work in Progress Inside a Non-Open-Cut Tunnel

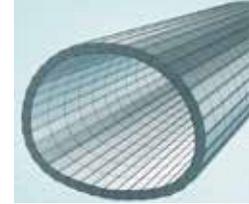


Illustration of Outer-Shell-Precedence-Type Tunnel Construction

❸ Efforts to Achieve Differentiated Value and Make Technology Visible to Customers

We are increasing our investment in research and development for the future in order to stabilize earnings and achieve differentiated value. In fiscal 2022, we plan to invest 3.76 billion yen in research and development.

We are also engaged in open innovation and cross-industry collaboration to capitalize on technological resources and ideas from outside the company, and in fiscal 2020 we have begun operating a corporate venture capital (CVC) fund with an upper limit of up to 3 billion yen. It invests in startup companies not only in the construction and civil engineering fields, but also in a variety of other areas where future growth is expected. Collaboration with venture companies is expected to speed up our research and development and produce innovative and differentiated value on an unprecedented level.

Meanwhile, we are operating the Tsukuba Research and Development Center as a base for research and development, conducting testing of cutting-edge technology at facilities including the aforementioned “Green Office Building.” In order to allow more customers to experience our technologies and gain a deeper understanding of them, we are actively working on ways to make our technologies more visible and “attractive.” Plans are also underway to link these efforts to the new Head Office building, which is scheduled for completion in fiscal 2024.

❹ Intellectual Property Strategy

We consider intellectual property strategy, business strategy, and R&D strategy as a single three-pronged initiative, and have established an “Intellectual Property Committee” within the company to create and maintain high-quality intellectual property. In order to further promote the acquisition of patents for technologies we have developed, in March 2022 we established the “Intellectual Property & Technology Optimization Division” within the “Technology Development Division” to promote the strategic use of intellectual property.

❺ Major Achievements in Technology Research and Development in Fiscal 2021

- ❶ Development of “Hybrid Fiber” fiber-reinforced mortar with superior pull-out force and toughness
- ❷ Achieving sustainable, earth-friendly agriculture Growing high-quality strawberries with “organic liquid fertilizer” manufactured from food waste

- ❸ The Green Office Building, a demonstration office aiming for carbon-negative performance, begins operations
- ❹ Realization of labor-saving in underground construction work Adoption of joints with no protrusions in the flange of the H-beam for the mountain retaining core material
- ❺ The “Muscat H Method®” reduces the environmental impact of building demolition by cutting structures using hydrogen and oxygen
- ❻ Started external sales of “Shizuka-chan®,” a pile head scraping treatment method by static crushing Exceptionally low-noise, low-vibration, low-dust pile head scraping treatment method registered with NETIS
- ❼ Use of our wealth of data and expertise to support to restore and conserve biodiversity Expansion of the “Tsukuba Regeneration Village,” a biotope for local native plants in the Tsukuba Research and Development Center
- ❽ Control of dust emissions at civil engineering construction sites Industry-academia collaboration confirms efficacy of new dust suppression technology with low environmental impact
- ❾ The “Sakusaku JAWS Construction Method®,” for constructing underground spaces with large cross-sections or free cross-sectional shapes

❻ Major Plans for Technology Research and Development in Fiscal 2022

- ❶ Promotion of digital transformation technology
- ❷ ZEB-ready technology
- ❸ Design method construction and BCP technology for medical facilities
- ❹ Seismic isolation and vibration damping technology
- ❺ Composite and wood structures technology
- ❻ Precast concrete technology
- ❼ Indoor noise-reduction technology
- ❽ Technology to improve productivity by using MR (Mixed Reality) technology
- ❾ Automatic control technology for building facilities using IoT and AI
- ❿ Automated tower crane construction technology
- ⓫ Automated transport technology for on-site materials and equipment
- ⓬ Various mass concrete crushing technologies
- ⓭ Automated tunnel construction technology
- ⓮ Automated construction technology for pneumatic caisson construction
- ⓯ Replacement method for highway slabs

More information is available on our website.



The Project for the Development of the University Hospital Center of Cocody for the Improvement of Maternal and Child Health Care Services in Greater Abidjan

TOPICS

Overseas Building Construction Business

Waiting for the Right Time to Make a Leap Forward while Continuing to Develop Human Resources

Human resource development is essential for facing various challenges in this era of rapid change, and we need to develop global personnel who can adapt to diversification and ICT to enhance our international competitiveness. What we are looking for are people with management skills who can unite organizations with diverse languages, religions, customs, and values, solve problems and lead them to successful results. In addition to language training for Japanese employees and job rotations in Japan and overseas, we will further globalize our operations by promoting the mobility of human resources regardless of their country of origin, for example, by promoting the mobilization of overseas national staff as engineers at construction sites in Japan and abroad.



International Branch General Manager

Nitahara Kazuyoshi

Business Climate

The spread of new coronavirus infections since 2020 has yet to abate, and overseas building construction projects have been affected in no small way. Furthermore, the invasion of Ukraine by Russia that began in February, and the resulting surge in prices have made a difficult market environment. Negative sentiment still prevails today, and we recognize that it will take some more time for business activity to recover.

Nonetheless, there are differences between regions, and we are working positively to ensure the safety of our employees, particularly in Southeast Asia, as our top priority. Thailand and Myanmar, where there has been political upheaval, are currently in a difficult situation; however, in Vietnam we have received new orders for production facilities and other projects, and we hope to continue advancing our business there.

In the field of civil engineering work, we completed the Kelani River New Bridge in Sri Lanka (awarded the Tanaka Prize by the Japan Society of Civil Engineers), and gained a great deal of experience. In order to grow our civil engineering business overseas, it is essential for us to make the most of this experience, and we are currently looking at expanding our focus to Bangladesh and other countries with an eye to win orders for new projects.

In the West African region, we have constructed public facilities in countries including Côte d'Ivoire, Guinea, and Senegal, and we continue to contribute to the development of the region.

While continuing to strengthen our business in our current overseas bases, we are aiming to develop markets in new countries and regions, and are firmly committed to the diversifying global market.

Pioneering a New Phase

Due to uncertain business environment overseas arising from factors such as the spread of COVID-19 infection, "new business strategies" have become indispensable.

One such initiative is using BIM to improve productivity through proactive front-loading. One of the companies playing a part in this is TOBIC Co., Ltd, a company in Vietnam that specializes in BIM and is expanding its business beyond construction work. In addition, the Strategic Business Promotion Office has launched a new onshore wind power generation and electricity sales business in Brazil. Our Group is committed to ESG management that addresses environmental issues on a global scale, and through this business we will promote SDGs initiatives and contribute to solving a variety of social issues.

A Bridge of Friendship between Japan and Sri Lanka - Construction of the Kelani River New Bridge



Kelani River New Bridge

Project Summary

Location:	Colombo, Democratic Socialist Republic of Sri Lanka
Publisher:	Ministry of Transport and Highways, Road Development Authority (RDA)
Built by:	JFE Engineering Corporation, Mitsui E&S Holdings Co., Ltd., Toda Corporation Joint Venture
Work schedule:	December 2017–November 2021
Project summary:	Construction length: 3,350 m (steel box girders: 2,535 m) Cast-in-place piles: 580, Steel pier foundations: 33, Abutments: 6, Piers: 17, Bridge surface pavement: 42,000 m ² , Barrier parapet: 7,053 m

In Sri Lanka, as a result of the increase in traffic associated with economic development, the city of Colombo is experiencing worsening traffic congestion, especially during the morning and evening rush hours. In particular, the Kelani River area had become a bottleneck for smooth traffic flow due to access being concentrated around the existing bridges. The Kelani River New Bridge project aimed to improve traffic congestion by dispersing traffic through the construction of a new bridge and an elevated access road on the Kelani River.

The project was comprised of two construction zones. This zone involved the construction of an elevated overpass connecting to the new bridge, and a composite girder made of steel girders and concrete slabs was erected as an elevated access road directly above and immediately adjacent to the main road. The overpass opened in November 2021, and is expected to make a significant contribution to the country's economic development by alleviating chronic traffic congestion.

Special Feature

The Value Creation Story

Major Achievements in Fiscal 2021



SUS BKK New Building Project (Thailand)
 Publisher: System Upgrade Solution BKK Co., Ltd.
 (Constructed by: Thai Toda Corporation Ltd.)

Construction of a four-story reinforced concrete building with a total floor area of 7,887 m² for a new head office and factory in Chonburi Province, eastern Thailand.



Salus Biocetical Factory & Lab Project (Thailand)
 Publisher: Salus Biocetical (Thailand) Co., Ltd.
 (Constructed by: Thai Toda Corporation Ltd.)

Renovation and expansion of a two-story reinforced concrete building with a total floor area of 3,522 m² belonging to a Thai company manufacturing medicinal plants in Chiang Mai Province, northern Thailand.



Key Technology Hanoi New Factory (Vietnam)
 Publisher: Key Technology Hanoi Co., Ltd. (Vietnam)
 (Constructed by: Toda Vietnam Co., Ltd.)

Construction of a two-story building with a total floor area of 10,686 m² for a new manufacturing plant in Vinh Phuc Province, northern Vietnam.



Daiwa Vietnam Rod Factory Construction Project (Vietnam)
 Publisher: Daiwa Vietnam Ltd.
 (Constructed by: Toda Vietnam Co., Ltd.)

Construction of a two-story reinforced concrete building with a total floor area of 32,951.1 m² for a new fishing tackle production plant in Da Nang City, central Vietnam.

Strategy for Value Creation

ESG Management

Corporate Governance

We are aware that continuously improving corporate value through proactive corporate governance initiatives is a major management issue. In response, we are putting management organizations and systems in place and implementing the necessary measures, with an eye to establishing a framework for the effective execution and supervision of business activities alongside ensuring the transparent and healthy management practices and strengthening compliance.

Formulation of Basic Policy for Corporate Governance

The Corporate Governance Code published by the Tokyo Stock Exchange in June 2015 requires companies to put in place a corporate governance infrastructure and establish a more rational and efficient management environment in order to sustainably increase corporate value. In August 2015, Toda Corporation established its Basic Policy for Corporate Governance and announced its basic approach, framework, and operating policies regarding corporate governance. Subsequently, with the publication of the revised Corporate Governance Code in June 2021, we reviewed our Basic Policy for Corporate Governance and revised it in December 2021.

Fortifying the Functions of the Board of Directors and Business Execution

Toda Corporation has adopted a corporate officer system to separate management decision-making and oversight (by directors) from business execution (by corporate officers). By clarifying the scope of their respective roles and responsibilities, we are working to strengthen both the oversight and execution functions of the company.

In order to further enhance the oversight role of the Board of Directors, the number of internal directors to be elected at the Company's 99th Annual General Meeting of Shareholders held on June 29, 2022 was reduced by five from the previous year. As a result, the Board of Directors now consists of seven directors (including four outside directors), making outside directors the majority.

In principle, the Board of Directors meets once a month to pass resolutions on important management matters and

oversee the execution status of corporate business. Since fiscal 2014, when the Board of Directors appointed its first outside director, we have worked to strengthen its transparency, objective validity, and accountability. The number of outside directors has been gradually increasing, reaching four in fiscal 2020, the same number as at present. The Personnel and Compensation Committee, chaired by an outside director, is responsible for examining important personnel matters regarding the Board of Directors and executive divisions and the remuneration of officers and other executives, as well as submitting reports on these matters to the Board of Directors.

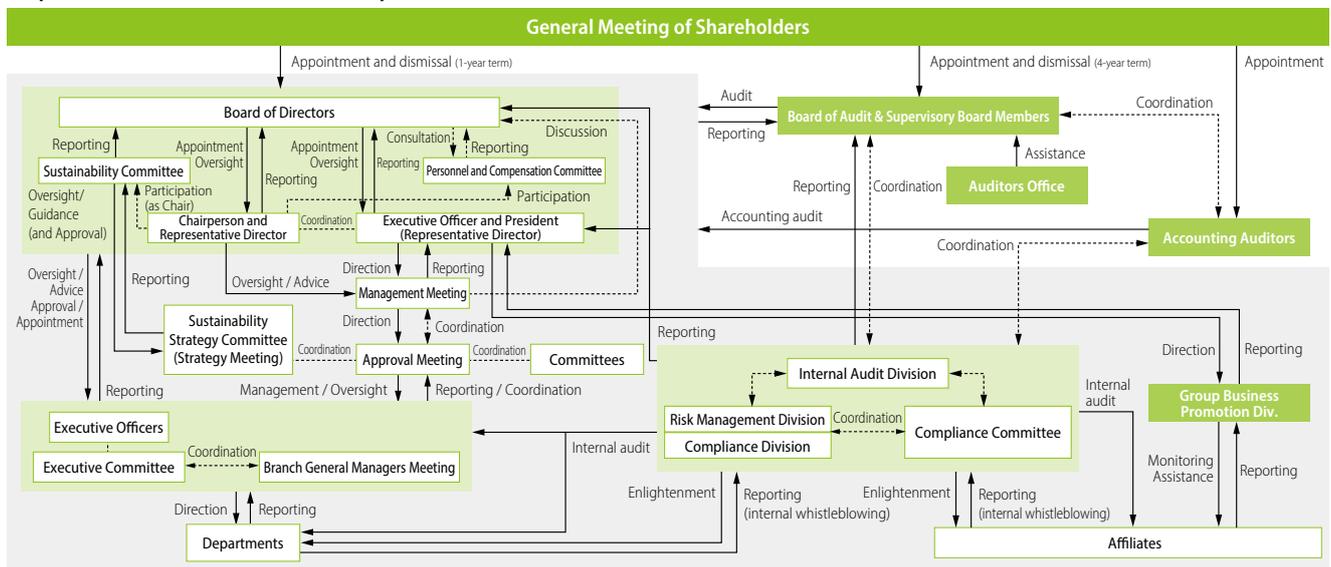
Meanwhile, in fiscal 2021, we established a Sustainability Committee within the Board of Directors in order to achieve sustainable corporate growth.

Evaluation of Effectiveness of the Board of Directors

In accordance with the Basic Policy for Corporate Governance, we have conducted an annual analysis and evaluation of the effectiveness of the Board of Directors based on directors' self-assessments. In fiscal 2020, we decided to enlist the support of a third-party evaluation organization for the first time and revised some of our evaluation methods, conducting interviews with all directors and audit & supervisory board members in addition to a preliminary questionnaire.

The effectiveness evaluation for fiscal 2021 consisted of self-assessment by the Board of Directors without using a third-party evaluation organization. However, we followed the method of the previous year's evaluation and conducted questionnaires for the directors and the corporate auditors, as well as interviews

Corporate Governance Structure (as of April 22, 2022)



The Basic Policy for Corporate Governance and the Standards for the Independence of the Outside Directors are published on our website (in Japanese).

with all outside officers. The results of these measures were reflected in the evaluation and the identification of issues.

Status of Response in FY2021 to Issues Identified in the Previous Fiscal Year

The four main points that were raised in the process of assessing the effectiveness of the Board of Directors in fiscal 2020 are as follows.

1. Review of governance structure
2. Review of board meeting agendas
3. Expansion of discussion on growth strategies
4. Improvement of appointment functions

The content of each of these points and the status of measures to address them for fiscal 2021 are as follows.

The first, “review of governance structure,” refers to the need to discuss the ideal form of the Board of Directors, examine its institutional design, and review its size and composition. As a result of active discussions on the ideal form of the Board of Directors, it was decided that the size and composition of the Board of Directors for fiscal 2022 would be significantly revised. We will continue to deliberate on reviewing the institutional design, including the need for such a review.

The second point, “review of board meeting agendas,” highlights the inadequate selection and discussion of important agenda items, while the third, “expansion of discussion on growth strategies,” addresses the lack of discussion regarding medium- to long-term growth strategies. With respect to these two issues, the Chair of the Board of Directors presented the “Chairing Policy,” which promotes medium- to long-term strategies, and an annual schedule for the “Priority Agenda,” which differs from the agendas for individual items. These were generally carried out as scheduled, and there was a positive response to the increased volume of discussion. However, the level of completeness of the materials used as the basis for such varied from division to division, and issues remained in terms of the quality of discussions.

The fourth, “improvement of appointment functions,” relates to the need for director appointments, succession planning for the President, and the development of next-generation management personnel. Although we have made progress in some areas, such as the introduction of a system to develop future management personnel, we will continue to examine such issues in more detail, including the involvement of the Personnel and Compensation Committee.

Issues Identified in FY2021

In fiscal 2021, items that received low scores in the internal directors’ self-assessment of effectiveness included “shareholder-oriented discussions” and “speed of execution.” Items that received low scores from outside directors included “sufficient discussion of the medium-term management plan,” “oversight of the next generation management plan,” and “support for director training.” As in the previous year, the auditors generally gave higher ratings than the directors for all items.

As a result of the effectiveness evaluation in fiscal 2021, the following four issues were identified as those for which stronger efforts should be made in the future.

1. Innovations for operating the Board of Directors in its new configuration.
2. Review of governance structure
3. Expanded discussion of important agenda items
4. Clarification and strengthening of the Personnel and Compensation Committee functions

We will continue our efforts to resolve issues in order to further improve the effectiveness of the Board of Directors.

Formulation of Board Chairing Policy

Based on the results of the evaluation of the Board of Directors, the Chairperson of the board presented the “Board of Directors Operation Policy” to govern its operations in fiscal 2022. A summary of this policy is given below.

Roles of the Board of Directors	<ul style="list-style-type: none"> • Manifest social issues and their impact to sustainably increase corporate value • Supervise the direction, activity, and execution of business resource investment • Guide the development of medium- and long-term strategies to build value-creating assets
Priority Agenda	<p>1. Board of Directors</p> <p>① Medium- to long-term issues ② Human resource strategy ③ Technology strategy ④ Financial strategy ⑤ Sustainability ⑥ Supply chains ⑦ Management that encourages medium- to long-term investment ⑧ Review of governance structure</p> <p>2. Personnel and Compensation Committee</p> <p>① Planning for the development of the next generation of managers ② Development of standards for appointment and a candidate selection process for outside directors</p>
Information Disclosure and Communication	<p>[External]</p> <ul style="list-style-type: none"> • Disclosure of financial and non-financial information that contributes to constructive dialogue with shareholders • Improving and expanding communication of non-financial information (e.g. sustainability) <p>[Internal]</p> <ul style="list-style-type: none"> • Creating opportunities for communication with employees • Instilling corporate governance appropriate for a company listed on the Prime Market

Personnel and Compensation Committee

The Personnel and Compensation Committee comprises four outside directors and one internal director. The committee fulfills the role of examining officer appointment and remuneration, evaluating succession plans from the President regarding candidates for important positions, and reporting to the Board of Directors as necessary.

Sustainability Committee

The Sustainability Committee, consisting of four outside directors and one internal director, is responsible for discussing issues and initiatives related to sustainability and providing oversight and guidance to the Sustainability Strategy Committee, which is comprised of executive officers, on the status of sustainability-related initiatives. It also engages in dialogues with shareholders and other stakeholders.

Appointment of Outside Directors and Status of Their Activities

With respect to the appointment of outside directors, Toda Corporation has stipulated an appointment policy in the Basic Policy for Corporate Governance, and also separately established “Standards for the Independence of the Outside Directors,” for whom independence is a particular priority.

Corporate Governance

Enhancement of Auditing Systems

We have adopted a system of audit & supervisory board members, under which five auditors (of which four are outside auditors) attend meetings of the Board of Directors and audit the status of the directors' execution of their duties by visiting the current business divisions. We also maintain the effectiveness of our audits by arranging opportunities to share management information with the representative directors and the accounting auditors on a regular basis and to attend various corporate meetings.

The Auditors Office is a division that supports audit & supervisory board members in their duties. Our rules call for personnel and organizational changes in this office to be determined in advance by the Board of Audit & Supervisory Board Members or in accordance with advice sought from auditors designated by the Board of Audit & Supervisory Board Members. This arrangement preserves the independence of staff of the Auditors Office from the directors and executive divisions.

(Refer to "Board of Directors, Audit & Supervisory Board Members, and Officers" on p.57-58, for attendances of the Personnel and Compensation Committee, Board of Directors meeting by each director, and Board of Audit & Supervisory Board Members meeting by each auditor in fiscal 2021.)

Enhancement of Internal Controls

In March 2014, Toda Corporation established a Risk Management Administration Division to enhance risk awareness, reform corporate culture, and upgrade to more advanced management practices on a company-wide basis. Through this office, we are promoting the reorganization of internal control and crisis management systems. We have also established an Internal Audit Division as an internal audit unit that conducts regular audits of the status of operations in the various internal departments and divisions. Audit results are reported to the Board of Directors and the President and the Board of Audit & Supervisory Board Members to ensure mutual coordination and regular exchange of opinions between accounting and internal auditors. Internal audits of Group companies are also conducted as needed, in accordance with the management rules of the companies concerned.

In March 2006, a corporate resolution was passed regarding basic policies on creating internal control systems as provided in the Companies Act, and we have taken measures accordingly to further strengthen our management foundation. We also worked in fiscal 2010 to develop and improve the internal control system in our Group companies, including local affiliates in other countries. In May 2015, we revised the above basic policies and took steps to enhance the internal controls of Toda Group as a whole.

Compensation for Directors and Corporate Officers

Compensation for directors and corporate officers is determined by the Board of Directors after a review by the Personnel and Compensation Committee, which is composed primarily of outside directors.

(Reference) Total Compensation for Directors and Audit & Supervisory Board Members (Fiscal 2021 result)

Board Member Category	Total Amount of Compensation
Directors (12 people)	423 million yen (of which, 4 outside directors, 48 million yen)
Audit & Supervisory Board Members (5 people)	67 million yen (of which, 4 outside auditors, 48 million yen)

Note: The figures above include 10 million yen recorded as expenses for performance-linked, share-based compensation to directors (excluding audit & supervisory board members).

We have decided that, beginning in fiscal 2022, we will review the levels and structure of compensation according to the roles, responsibilities, etc. expected of officers, and revise them with an emphasis on providing appropriate incentives in annual bonuses and share-based compensation. A general overview of the institutional changes is given below.

Overview of Institutional Changes

[Basic Approach]

- Under Toda Group's Global Vision, "a corporate group that realizes 'joys,'" the compensation system shall be designed to communicate with various stakeholders and contribute to sustainable growth over the medium to long term.
- In order to maximize the value of the company as a whole, the compensation system shall be designed to motivate employees to drive appropriate growth in each business with a view to overall optimization.
- Compensation shall be designed to ensure rationality and a transparent decision-making process.

Compensation Levels and Structure

Levels of compensation shall be set at standards competitive with listed companies of similar size in Japan. Compensation shall consist of basic compensation, annual bonuses, and share-based compensation, the proportions of which shall be commensurate with position, with two-thirds of the share-based compensation being performance-linked and one-third non-performance-linked. A comparison with the system pre-revision is given below.

Compensation Structure

		Pre-revision (FY2021)				Post-revision (FY2022)			
		Basic compensation	Annual bonuses	Share-based compensation		Basic compensation	Annual bonuses	Share-based compensation	
				Performance-linked	Non-performance-linked			Performance-linked	Non-performance-linked
Internal directors	Also serves as corporate officer	○	○	○	—	○	○	○	○
	Does not serve as corporate officer	○	○	○	—	○	—	—	○
Outside directors		○	—	—	—	○	—	—	○
Corporate auditors		○	—	—	—	○	—	—	—

Note: There is no change in the compensation structure for audit & supervisory board members before and after the revision.

Composition of Compensation Structure: Example of President and Representative Director's Compensation

Pre-revision (FY2021)	Basic compensation (1.0) 70%	Annual bonuses (0.38) 27%	Share-based compensation (0.05) 3%
Post-revision (FY2022)	Basic compensation (1.0) 53%	Annual bonuses (0.45) 24%	Share-based compensation (0.45) 24%
		Performance-linked (0.3) 16%	Non-performance-linked (0.15) 8%

Composition of Compensation Structure: (After Revision): Annual Bonuses and Share-Based Compensation (Performance-Linked) as 100% (Standard Amount)

	Basic compensation	Annual bonuses	Share-based compensation (performance-linked/non-performance-linked)
President and Representative Director	1.0	0.45	0.45 (0.3/0.15)
Other	1.0	0.35~0.4	0.35~0.4 (0.23~0.27/0.12~0.13)

Annual Bonuses

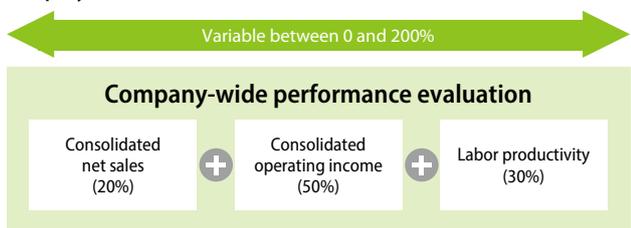
Bonuses are provided to raise awareness of the need to improve performance each fiscal year. The performance evaluation period is one year and payment is made at a certain time each year.

The President and Representative Director shall receive only a company-wide performance evaluation, while all others shall receive a company-wide performance evaluation (weighted at 70%) and an individual performance evaluation (weighted at 30%).

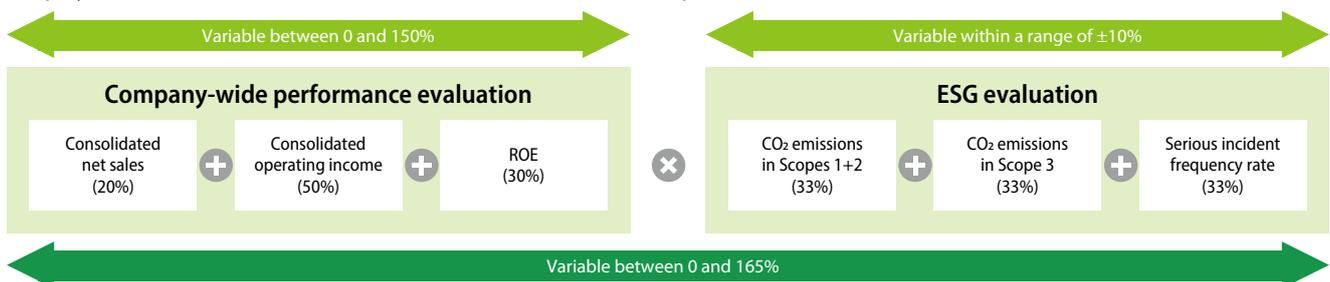
The indicators for company-wide performance will be operating income (weighted at 50%), labor productivity (weighted at 30%), and net sales (weighted at 20%). The amount paid will vary between 0 and 200% of the standard amount, depending on the achievement of targets for these indicators.

Individual performance evaluations consist of an evaluation of the performance of assigned responsibilities, which focuses on a financial performance of the work for which the individual is responsible, and a qualitative evaluation, which focuses on important initiatives (including ESG-related initiatives) that are not

Company-Wide Performance Evaluation for Annual Bonuses (Post-Revision)



Company-Wide Performance Evaluation and ESG Evaluation for Share-Based Compensation (Performance-Linked) (Post-Revision)



directly reflected in the financial performance for the current fiscal year but are important for the company's sustainable growth.

Share-Based Compensation

In fiscal 2016, we introduced a performance-linked share-based compensation system with the aim of improving medium- and long-term business performance, increasing corporate value, and promoting a shareholder-oriented management mindset. As a basis for calculating the number of company shares to be granted, new non-financial-linked factors based on the degree of improvement in CO₂ emissions over the previous fiscal year's result have been introduced from fiscal 2019, in addition to the performance-linked factors.

Beginning in fiscal year 2022, there will be two types of share-based compensation: a performance-linked portion intended to raise awareness of the need to improve medium-term performance, and a non-performance-linked portion intended to raise awareness of the need to improve corporate value over the long term.

The performance-linked portion is based on a system in which points are awarded at a certain time each year, and the number of shares to be granted varies within a range of 0 to 165% (assuming a rate of 100% when targets are achieved) depending on performance over a three-year period from the time the points are awarded. Shares are then granted three years after the award of the points. Performance evaluation shall consist of company-wide performance evaluation and ESG evaluation.

The indicators for company-wide performance will be consolidated operating income (weighted at 50%), ROE (weighted at 30%), and consolidated net sales (weighted at 20%), which are emphasized in the medium-term management plan. The number of shares to be granted will vary within a range of 0 to 150% (assuming a rate of 100% when targets are achieved), depending on the achievement of the targets set at the time points are granted (at the beginning of each performance evaluation period).

The ESG evaluation will be based on CO₂ emissions in Scopes 1+2 (weighted 33%), CO₂ emissions in Scope 3 (weighted 33%) and serious incident frequency rate (weighted 33%), which are emphasized in the practice of ESG management to enhance corporate value. The number of shares to be granted, calculated based on the company-wide performance described above, will vary within a range of ±10%, depending on the achievement of the targets set at the time points are granted (at the beginning of each performance evaluation period).

The non-performance-linked portion is based on points awarded at a certain time each year, and shares equivalent to the points awarded are delivered upon leaving the company.

Corporate Governance

Corruption Prevention Management

Structure

Toda Group's corruption prevention efforts are managed within the corporate governance and compliance structures. In 2015, we established the "Head Office Compliance Committee," which was the former "Corporate Ethics Committee," at Head Office and the "Branch Compliance Committees" at all branch offices to institute compliance-conscious business execution and oversight systems, as well as promoting awareness and education. Close cooperation between Head Office and our branches has been maintained up to the present day.

Chaired by the President, the Head Office Compliance Committee reports annually to the Board of Directors on activities to ensure compliance, including corruption prevention measures, as well as instances of violations, while also receiving oversight from them. By reporting to the Board of Directors, which includes outside directors, the Group has a system in place to ensure that it receives effective oversight based on outside perspectives.

Risk Assessment and Management

The Group considers compliance violations in the process of receiving orders to be a significant risk event. In order to ascertain and visualize compliance issues, we have established a "Compliance Confirmation Form," which requires the person in charge of each individual sales project to check for misconduct and corruption and submit the form to the Compliance Committee Secretariat, thereby ensuring that sales activities are conducted in compliance with laws and internal regulations.

In fiscal 2020, we also reviewed our approach to risk management activities and a new annual risk management system has been introduced in which each department and worksite identifies risks in the execution of its operations. As part of this process, risks related to misconduct and corruption are identified, countermeasures are implemented, inspected, and evaluated, and feedback is provided to the responsible divisions at Head Office and management to ensure compliance.

Response in High-Risk Areas

Southeast Asia and West Africa, where Toda Group conducts business, are considered to be regions with high levels of corruption risk on a global scale. In addition to regular corruption prevention management and risk assessment, we provide expatriate personnel with explanations of corruption risks, including bribery, as part of their training prior to overseas assignments.

Education for All Officers and Employees

The Compliance Division at Head Office conducts various training programs to raise awareness of compliance, including prevention of corruption (e.g. bribery, bid rigging, abuse of superior bargaining positions, and other improper restraints of trade), and to improve knowledge of laws and regulations

relating to our business operations. In fiscal 2021, through group training by the Human Resources Division, face-to-face training for all branches and group companies, and various training programs requested by individual divisions, we continued to disseminate information on recent issues related to compliance, such as the prevention of corruption, including revisions to laws and regulations, and our compliance system.

We also use an e-learning system to provide training on compliance, including prevention of corruption (e.g. bribery, bid rigging, abuse of superior bargaining positions, and other improper restraints of trade) for all officers and employees twice a year, and for newly hired employees (including temporary staff). Since fiscal 2016, e-learning has also been offered to officers and employees of group companies.

Thoroughly Enforce Compliance

Through the leadership of the Compliance Committee chaired by the President, we have developed Toda Group Corporate Code of Conduct and other related regulations, established and operated a reporting and consultation service (corporate ethics hotline*1), and are currently implementing educational awareness activities (e-learning training, various group training, etc.).

To objectively confirm the effects of compliance measures and activities for further improvement, the committee conducted a compliance awareness survey of all group companies. The survey aims to clarify the views of all the affiliates and partner companies and discern their degree of understanding.

*1 In order to further improve the system, we added a corporate ethics hotline for all Group officers, directors, and employees in November 2018 (outsourced to an outside private hotline operator).

Promoting Constructive Dialogue with Shareholders

Toda Corporation is pursuing more robust systems and initiatives to promote constructive dialogue with our shareholders, as set forth under our recently enacted basic policies on shareholder relations. All opinions and questions from shareholders and investors obtained through IR activities, which are deemed conducive to the Company's management, are given to the Board of Directors and senior management at regular meetings.

We intend to actively engage in dialogue with the institutional investors, who have announced our acceptance of the Japanese version of the Stewardship Code*2 and are seeking to realize our long-term, sustainable growth.

*2 Stewardship Code: Regulations (code) regarding pre-requisite qualities, skills, and track record for institutional investors. It was applied prior to the corporate governance code. "Steward" refers to a steward or administrator of property.

IR Activities Results

	FY2021
Results briefings	2
Corporate briefings (for individual investors)	None
Individual meetings, etc.	41

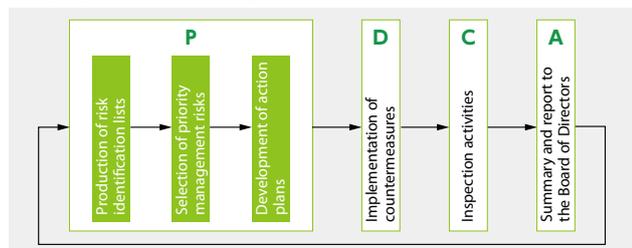
Risk Management

In order to make our operations safer and more efficient, we have a system in place to appropriately identify and assess internal and external risks related to our business and manage them accordingly. Going forward, we will continue to implement appropriate risk management, including the development and implementation of a business continuity plan (BCP) for responding to major natural disasters and pandemics of infectious diseases, as well as the development of a climate change risk management system.

Risk Management System

We have instituted a Crisis Management Basic Manual as a set of company-wide action guidelines for risk and crisis management. With the President assuming ultimate responsibility, each department throughout the company is responsible for identifying risks that could have a significant adverse impact on its management objectives and business activities, developing and implementing risk reduction measures, and taking the necessary cross-departmental measures to minimize damage and loss

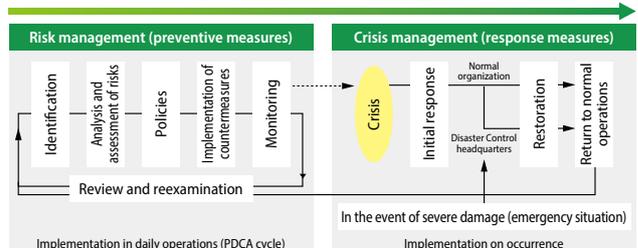
Company-Wide Risk Management Activities



in the event that a risk manifests itself. The Risk Management Division, in cooperation with the Head Office Compliance Committee, is responsible for the development, operation, and promotion of the Risk Management System. It reports on risk inspection activities, and summary reports based on internal audits are regularly submitted to the Board of Directors.

* Refer to "Corporate Governance" on p.51 for an overall view of the risk management system, and "Information Disclosure Based on TCFD Recommendations" on p.61 for information on the climate change risk management system.

Risk and Crisis Management Systems



BCP (Business Continuity Plan) Initiatives

Basic Approach

In this era of increasing uncertainty, events that could have a tremendous impact on society could occur at any time. These include not only natural disasters such as earthquakes, windstorms and floods, but also terrorism and global outbreaks of infectious diseases. In order to minimize the impact on our business, continue our operations and support the restoration of social infrastructure, we have instituted a business continuity plan. We continue to conduct annual drills to test and improve the effectiveness of our disaster response capabilities and create a framework for improvement, as well as training each of our employees, who will be the ones carrying out the response, to be able to act independently.

Basic BCP Policy

- Conduct the response with human life as the top priority
- Ensure safety and prevent secondary disasters at sites where work is in progress, and assist in the restoration of customers' facilities
- Support the restoration of social infrastructure
- Support local residents and contribute to community mutual aid

Risk Identification and Damage Estimates

We anticipate risks that could have a major impact on social activity and shut down our head office functions, such as major earthquakes (particularly those directly under the Tokyo metropolitan area), other natural disasters (major windstorms, floods, volcanic eruptions, etc.), fires and other facility accidents, terrorism and other man-made disasters, and global outbreaks of infectious diseases.

Specific Action Items

Ongoing Company-Wide Comprehensive Disaster Drills

In fiscal 2021, which was the 17th annual drill, training was conducted to simulate a severe incident in the midst of a maximum intensity earthquake occurring in several areas at 5:00 am on a weekday. The Disaster Control Headquarters training for executives examined in detail the earthquake, tsunami, and other damage that could occur in the event of a Nankai Trough earthquake, while also testing and strengthening the decision-making process for supporting disaster-stricken areas. We will continue to conduct periodic drills to constantly maintain and improve our business continuity capabilities.



Obtaining Resilience Certification

Launched in February 2016, this scheme aims to certify business operators that support the government's goal of national resilience and that are actively engaged in business continuity as "organizations contributing to national resilience," as well as to promote the spread of such efforts. We received our certification in November 2017 and renewed it for the second time in November 2021. Our commitment to BCP and community service activities, which we have continued to improve, have been highly commended, earning us a Gold Logo.



Board of Directors, Corporate Auditors, and Officers

(as of July 1, 2022)

Directors

**Attendance at Board of Directors meetings* shows results for fiscal 2021.

 <p>Imai Masanori Chairperson and Representative Director</p> <p>* Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p>	 <p>Otani Seisuke President and Representative Director Chief Executive Officer General Manager, Human Resources Strategy Division</p> <p>* Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p>	 <p>Yamazaki Toshihiro Director Senior Executive Officer Chief Executive Officer General Manager, Corporate Administration Group</p> <p>* Attendance at Board of Directors meetings: — (Inaugurated in April 2022)</p>	 <p>Amiya Shunsuke Outside Director</p> <p>* Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p>	 <p>Itami Toshihiko Outside Director</p> <p>* Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p>	 <p>Arakane Kumi Outside Director</p> <p>* Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p>
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Career

June 2013
President and Representative Director, Toda Corporation
Chief Executive Officer, Toda Corporation
June 2020
Chairman of the Japan Construction Occupational Safety and Health Association
April 2021
Chairperson and Representative Director, Toda Corporation (to present)
October 2021
Co-Representative, Japan Climate Leaders' Partnership

Reasons for Appointment
Mr. Imai has a proven track record, including overseeing the development of the new medium-term management plan and taking the lead in enhancing corporate value, with the aim of becoming "a corporate group that realizes 'joys,'" as called for in Toda Group's global vision.

Career

June 2020
Director, Toda Corporation
April 2021
President and Representative Director, Toda Corporation (to present)
Chief Executive Officer, Toda Corporation (to present)
General Manager, Human Resources Strategy Division, Toda Corporation (to present)

Reasons for Appointment
In addition to his extensive experience and track record in the field of construction, having been in charge of the building construction department for many years, Mr. Otani has overseen large-scale construction projects and contributed to enhancing our corporate value.

Career

March 2021
Assistant General Manager, Management Administration Division, Toda Corporation
March 2022
Group General Manager, Corporate Administration Group, Toda Corporation (to present)
April 2022
Senior Executive Officer, Toda Corporation (to present)
Director, Toda Corporation (new appointment)

Reasons for Appointment
In addition to his extensive experience and track record in all aspects of financial operations in corporate management, having headed the Finance Division for many years, Mr. Yamazaki has contributed to the development of many investments and strategic businesses by drawing on his financial expertise.

Career

June 2008
Full-Time Audit & Supervisory Board Member, Nippon Telegraph and Telephone Corporation
June 2012
Chairperson, Information & Telecommunication Equipment Constructor's Association
June 2014
Director, Toda Corporation (to present)

Reasons for Appointment
Mr. Amiya has a wealth of experience and deep insight as a corporate manager, and we expect that he will make appropriate recommendations at meetings of the Company's Board of Directors from an objective perspective independent of the management team that conducts the Company's business.

Career

June 2018
Outside Director, Seven Bank, Ltd. (to present)
June 2018
Director, Toda Corporation (to present)
June 2020
Outside Director (Audit & Supervisory Committee Member), JP-HOLDINGS, INC. (to present)

Reasons for Appointment
After serving in prominent positions such as superintending prosecutor at the Osaka High Public Prosecutors Office, Mr. Itami has been involved in the field of corporate governance as an attorney at law and has a wealth of experience and knowledge in this area. As such, we expect that he will be able to provide accurate recommendations from an objective perspective.

Career

March 2020
External Director, Kagome Co., Ltd. (to present)
June 2020
Director, Toda Corporation (to present)
March 2021
Outside Director, Kubota Corporation (to present)

Reasons for Appointment
As a doctor of pharmaceutical sciences, Ms. Arakane has extensive expertise gained from her experience in corporate R&D, product development, and quality assurance, as well as her involvement in management as a director. As such, we expect that she will be able to provide accurate recommendations from an objective perspective.

Knowledge, Experience, and Abilities Expected of Directors

	Position in the company	Corporate management	Business strategy and marketing	Finance and accounting	Human resources strategy	Legal risk management	Global business	Technology development	ICT and DX	Environment and energy	Personnel and Compensation Committee member
Imai Masanori	Chairperson and Representative Director	●	●							●	●
Otani Seisuke	President and Representative Director Chief Executive Officer	●	●		●						
Yamazaki Toshihiro	Director Senior Executive Officer		●	●		●					
Amiya Shunsuke	Director	●					●		●		●
Itami Toshihiko	Director				●	●					●
Arakane Kumi	Director		●			●		●			●
Muroi Masahiro	Director	●			●				●		●

Knowledge, Experience, and Abilities Expected of Corporate Auditors

	Position in the company	Corporate management	Business strategy and marketing	Finance and accounting	Human resources strategy	Legal risk management	Global business	Technology development	ICT and DX	Environment and energy
Momoi Shunji	Audit & Supervisory Board Member (standing)			●		●	●			
Wakabayashi Hidemi	Audit & Supervisory Board Member (standing)			●	●	●				
Maruyama Keiichiro	Audit & Supervisory Board Member				●	●				
Sato Fumio	Audit & Supervisory Board Member	●	●			●				
Nishiyama Junko	Audit & Supervisory Board Member		●					●		●

* The above is a list of up to three areas of knowledge, experience and abilities of which we have particular expectations, and does not represent all the skills of each candidate.

Audit & Supervisory Board Members

**Attendance at Board of Corporate Auditors meetings* shows results for fiscal 2021.

 <p>Muroi Masahiro Outside Director</p> <p>* Attendance at Board of Directors meetings: — (Inaugurated in April 2022)</p>	 <p>Momoi Shunji Audit & Supervisory Board Member (standing)</p> <p>* Attendance at Board of Corporate Auditors meetings: 100% (18 out of 18 meetings)</p>	 <p>Wakabayashi Hidemi Audit & Supervisory Board Member (standing)</p> <p>* Attendance at Board of Corporate Auditors meetings: — (Inaugurated in June 2022)</p>	 <p>Maruyama Keiichiro Audit & Supervisory Board Member (outside)</p> <p>* Attendance at Board of Corporate Auditors meetings: 100% (18 out of 18 meetings)</p>	 <p>Sato Fumio Audit & Supervisory Board Member (outside)</p> <p>* Attendance at Board of Corporate Auditors meetings: 94% (17 out of 18 meetings)</p>	 <p>Nishiyama Junko Audit & Supervisory Board Member (outside)</p> <p>* Attendance at Board of Corporate Auditors meetings: 94% (17 out of 18 meetings)</p>
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<p>Career June 2018 Independent External Director, MARUI GROUP CO., LTD. June 2020 Audit & Supervisory Board, The Norinchukin Bank (to present) June 2022 Director, Toda Corporation (new appointment)</p>	<p>Career May 2005 Senior Partner, Ernst & Young ShinNihon LLC June 2019 Audit & Supervisory Board Member, Toda Corporation (to present)</p>	<p>Career September 2019 General Manager, Administrative Management Division, Administrative Management Group, Toda Corporation April 2021 Advisor, Toda Corporation June 2022 Audit & Supervisory Board Member, Toda Corporation (new appointment)</p>	<p>Career January 2001 Deputy Managing Partner, Nagawa-Okamura Law Firm (to present) June 2016 Audit & Supervisory Board Member, Toda Corporation (to present) April 2021 Chairman of the Board, Tokyo College of Music (to present)</p>	<p>Career May 2016 President and Representative Director, Chitose Kosan Co., Ltd. June 2020 Audit & Supervisory Board Member, Toda Corporation (to present)</p>	<p>Career March 2019 Independent Director, EBARA CORPORATION (to present) June 2019 Outside Director, JACCS CO., LTD. (to present) June 2020 Audit & Supervisory Board Member, Toda Corporation (to present)</p>
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<p>Reasons for Appointment Having served as the representative director of a major private think tank, Mr. Muroi has a wealth of experience and knowledge in corporate management, as well as a high level of expertise in the field of IT. As such, we expect that he will be able to provide accurate recommendations from an objective perspective.</p>	<p>Reasons for Appointment Mr. Momoi has professional expertise as a certified public accountant and abundant experience in corporate auditing, and we believe that he will draw on this knowledge to audit the directors' performance of their duties from a fair and objective standpoint.</p>	<p>Reasons for Appointment Mr. Wakabayashi has a wealth of experience in improving operational efficiency as the head of the General Affairs and Accounting Departments and the General Manager of the Administrative Management Division, and we believe that he will be able to audit the directors' performance of their duties from a fair and objective standpoint.</p>	<p>Reasons for Appointment As an attorney at law, Mr. Maruyama possesses expertise in general legal affairs, including corporate law. As such, we believe that he will be able to audit the directors' performance of their duties from a fair and objective standpoint.</p>	<p>Reasons for Appointment With Mr. Sato's extensive experience and achievements as the head of several companies and the corporate division of a major financial institution, we believe that he will be able to audit the directors' performance of their duties from a fair and objective standpoint.</p>	<p>Reasons for Appointment Having served in such posts as the head of research and development and environmental promotion for a major healthcare company, as well as working as a standing auditor, Ms. Nishiyama has a wealth of experience. As such, we believe that she will be able to audit the directors' performance of their duties.</p>
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Corporate Officers (as of October 1, 2022)

Chief Executive Officer	Otani Seisuke								
Executive Vice President	Toda Morimichi	Fujita Ken	Sonehara Tsutomu						
Senior Executive Officers	Yamazaki Toshihiro	Uekusa Hiroshi							
Executive Officers	Ichihara Takashi	Miyachi Atsuo	Asano Hitoshi	Kamio Tetsuya	Tateno Takano	Kouno Toshiyuki	Nakabayashi Masaaki	Nakayama Satoru	Nagai Mutsuhiro
	Shiraishi Kazutaka	Ohi Kiyoshi	Nakahara Masaki	Sugahara Shuuichi	Higuchi Shouchirou	Wakuda Kichirou			
Corporate Officers	Yoshioka Kouichirou	Machida Yoshinori	Nagashima Ushio	Kimura Sachihiko	Ukegawa Makoto	Shima Yoshirou	Nakai Tomomi	Kudou Masato	Sakuma Akio
	Sugawara Chiaki	Fukushima Hiroo	Hatanaka Yasuhiro	Hosokawa Kouya	Miwa Kaname	Takashima Toshinori	Atago Kazumi		

Attendance at Personnel and Compensation Advisory Committee Meetings (FY2021)

Imai Masanori (Committee member)	100% (6/6)
Amiya Shunsuke (Committee member)	100% (6/6)
Itami Toshihiko (Committee member)	100% (6/6)
Arakane Kumi (Committee member)	100% (6/6)

Proportion of Outside Directors and Outside Corporate Auditors (as of July 1, 2022)

66% (8/12)

Messages from the Outside Directors

Toward the Creation of New Value



Outside Director
Amiya Shunsuke

The construction industry is now approaching a major turning point. In order to survive in a challenging business environment presenting problems like declining demand, labor shortages, digitalization, and intensifying competition, it is not enough to simply repeat the success patterns of the past; rather, it is necessary to anticipate the future and make bold and quick changes to strategies and business activities. Toda Corporation has always been committed to making changes in its business activities, such as its early involvement in floating offshore wind power generation plants in anticipation of the coming carbon-neutral era, and its progressive approach to environmental issues.

Drawing on my experience in the information and telecommunications field, and always keeping the shareholders' perspective in mind, I will participate in Toda Corporation's management and strive to create new value for the future.

Expectations of the Board of Directors

The business environment is changing at a dizzying pace, including the outbreak of COVID-19. In order to properly respond to these changes, the composition of Toda Corporation's Board of Directors has undergone a major change, reducing the number of internal directors and increasing the number of outside directors to a majority, further strengthening the separation of its executive and supervisory functions.

In order to achieve sustainable growth and increase corporate value as "a corporate group that realizes 'joys,'" there is a need to speed up execution and take on challenges while taking risk management into account, based on business strategies that address the changing times while keeping the company's existing businesses on a firm footing. As a member of the Board of Directors, I intend to help enhance oversight of the company by applying my knowledge and experience as a legal professional, while encouraging boldness on the executive side to fully meet these challenges.



Outside Director
Itami Toshihiko

Achieving Further Development and Realizing Goals for the Future



Outside Director
Arakane Kumi

With the introduction of the new structure in fiscal 2021, active discussions have been held at Board of Directors meetings and other forums on the ideal form of the company and the roles it should fulfill. Moreover, since June 2022, the Board of Directors itself has undergone a major transformation to a system and role that allow executive divisions to take more responsibility and exercise more mobility, while ensuring that governance is fully functional. As outside directors, we are committed to gaining a clear understanding of the intent of this change in structure so that we can help expedite the company's progress toward further development and its goals for the future.

As well as sharing internally the expectations and challenges facing the company as seen from the outside, we will strive to manifest "competence" and "appeal (brand power)" based on the unique character and technical capabilities of Toda Corporation.

Expectations for Self-Innovation for the Future

In June 2022, I was appointed as an outside director of Toda Corporation. It is a great honor for me to be a member of this company, which is building on its 140-year history to boldly take on environmental challenges and aims to become a comprehensive construction company that paves the way toward the future and solves social issues. Toda Corporation is being called upon to keep creating new corporate value while further evolving its core businesses of construction and civil engineering. To achieve this, it is essential to have the ability to conceptualize businesses based on a medium- to long-term perspective and the ability to invest in and execute self-innovation.

As a management consulting and IT company manager myself, I will draw on my experience in supporting corporate governance reform and DX-based business reform to achieve self-innovation for Toda Corporation's sustainable development, while maintaining the perspective of an independent director.



Outside Director
Muroi Masahiro

For Customer Satisfaction, for Proud Work, for the Future of People and the Planet



Audit & Supervisory
Board Member (outside)

Momoi Shunji

It has been three years since I took up my position as one of Toda Corporation's audit & supervisory board members. During that time, the company has been facing a very difficult business environment due to the prolonged COVID-19 disaster, soaring prices, and a slowdown in construction investment.

Despite this situation, the Toda Corporation has been steadily implementing ESG and SDGs management. Furthermore, as a gatekeeper of value that can accurately identify various social needs, the entire group must work together to realize a society of collaborative creation.

To this end, each and every one of us, as members of this organization, must be aware of the challenges we face and seek to reinvent ourselves. As a standing audit & supervisory board member, I hope to continue to contribute to enhance our corporate value.

For the Next 100 Years

As an attorney at law, my main focus has been courtroom defense in a wide variety of cases, and I have also participated in the management of a private university as a trustee, as well as teaching junior attorneys as an instructor at the Legal Training and Research Institute of Japan.

At Toda Corporation, using my experience as an audit & supervisory board member, I will continue to monitor and supervise the company's execution of its business operations to ensure that the Board of Directors and other bodies do not make decisions that contravene the rules of business judgment. Furthermore, alongside the directors and audit & supervisory board members, I will work to produce a management strategy for the next 100 years so that Toda Corporation can fulfill its social responsibilities and achieve sustainable growth.



Audit & Supervisory
Board Member (outside)

Maruyama Keiichiro

Striving to Ensure Toda Corporation's Sustainable Growth and Enhance Its Corporate Value



Audit & Supervisory
Board Member (outside)

Sato Fumio

Two years have passed since I assumed the position of outside audit & supervisory board member, and during this time Toda Corporation has steadily continued to take on challenges and evolve toward the creation of new value and growth, while always keeping the sustainable development of "society, customers, and the Group" in mind.

This year, we started by establishing clear separation of management oversight and execution in the Board of Directors, strengthening the functions of both sides, and building a governance structure appropriate for a company listed on the "Prime Market."

As an outside audit & supervisory board member, I intend to use my experience in the finance, insurance, and real estate industries to contribute to Toda Corporation's sustainable growth and the enhancement of its corporate value by closely monitoring the effectiveness of the new Board of Directors and strengthening of corporate governance.

The Next 10 Years, Toward the Realization of a "CX150" Co-Creation Society

During the past two years, I have visited a number of Toda Corporation's branches as an audit & supervisory board member. A company with a long history, celebrating its 140th anniversary in 2021, will take on new challenges as it prepares for its upcoming 150th anniversary. I have had the opportunity to meet many people who are trying to make changes to achieve this goal, and not just on the basis of their previous experience. I felt strongly that one of Toda Corporation's assets is its large number of personnel with a wide variety of ideas and skills.

It is precisely in times of uncertainty that a company's fundamental strength will show through. I believe that we are a company capable of realizing a cooperative society where we can achieve sustainable growth alongside our customers by sincerely addressing their needs. As an audit & supervisory board member, I intend to support this effort, strive to improve the effectiveness of the Board of Directors, and contribute to the advancement of corporate governance.



Audit & Supervisory
Board Member (outside)

Nishiyama Junko

Disclosure of Information Related to Climate Change Based on TCFD Recommendations

One of the materiality issues for Toda Group is “realizing a carbon-free society” (see p.17-20). To achieve this goal, in March 2022, we raised our greenhouse gas reduction target to the 1.5°C level, reset the SBTs*1, and began working toward the further challenge of achieving carbon neutrality in 2050.

Regarding the disclosure of information related to climate change, we continue to enhance our information disclosure, including being selected as an A-list company under CDP2021 for the fourth consecutive year.

Through sustainable business operations that reduce environmental impact, and by creating and expanding businesses that help address environmental problems, we aim to be a leader in resolving environmental issues in all of our business activities.

*1 Science Based Targets

Information Disclosure Based on TCFD Recommendations

We will enhance our corporate resilience by properly identifying and addressing the physical and transition risks associated with climate change, while identifying business opportunities that need to be addressed and dealing with them in a planned and strategic manner.

In May 2019, we announced our support of TCFD*2 and began actively disclosing financial information relating to climate change based on the TCFD recommendations. Since our first scenario analysis in 2020, we have been reviewing our analysis every year to ensure that the social changes required to achieve our 1.5°C target are integrated into our business operations. For scenario analysis, we use a 4°C scenario (RCP8.5 scenario*3, public policy scenario*4, etc.) and a less-than 2°C (1.5°C) scenario (SDS scenario*5, etc.), and integrate the results into our business and financial plans.

Governance/Risk Management

We have established a system for identifying, evaluating, and managing risks and opportunities associated with climate change in our “Climate Change Risk Management Regulations.” These risks and opportunities are evaluated in terms of “strategic impact*6” and “financial impact*7,” and their importance (priority) is set based on these two impact levels mentioned above.

Our key risks are identified from among these risks and opportunities through discussions in the Environment and Energy Committee and reported to the Sustainability Strategy Committee. These key risks are then coordinated with the Risk Management, Financial, Corporate Planning, and Public Relations divisions, and integrated into the Company’s management strategy and other relevant plans.

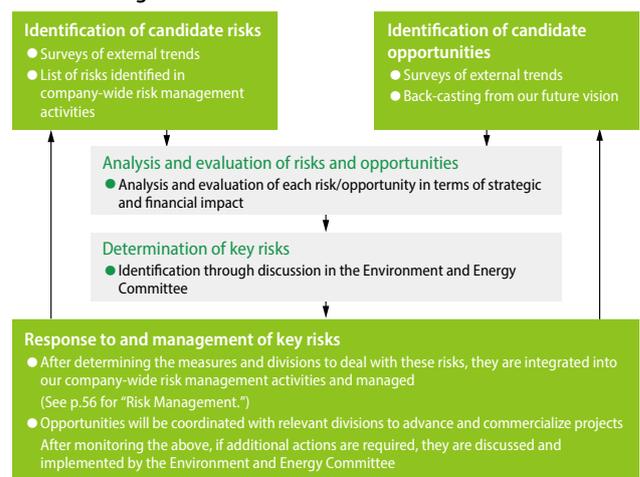
Framework for Addressing Climate Change-Related Issues



The Board of Directors receives reports on climate change-related matters from the Sustainability Strategy Committee and discusses them at Sustainability Committee meetings as necessary to oversee the progress of efforts to address climate change-related issues.

- *2 TCFD: Financial Stability Board (FSB) task force on the disclosure of climate-related financial information.
- *3 RCP8.5 scenario: A representative concentration pathway scenario presented by the Intergovernmental Panel on Climate Change (IPCC), an undesirable world with a temperature increase of 2.6–4.8°C by 2100.
- *4 Public policy scenario: Transition scenario expressed by the International Energy Agency (IEA). An undesirable world with a scenario that limits the increase in average temperature to 2.6–4°C by 2100.
- *5 SDS scenario: Transition scenario presented by the International Energy Agency (IEA). An ideal outlook, in a scenario where the increase in average temperature is limited to less than 1.75°C.
- *6 Strategic impact: Evaluates risks and opportunities based on their “impact (in addition to a five-point scale, also evaluates the impact on stakeholders)” and “likelihood of occurrence (four-point scale).”
- *7 Financial impact: Evaluated based on the thresholds of the amounts set in “Income, Expenses, Assets and Liabilities, and Others” in the Risks and Opportunities section.
- *8 Three other committees: The Social Activities, Governance, and Benefits committees in the Sustainability Promotion System.

Process for Managing Risks and Opportunities Associated with Climate Change



Strategy

We identify, analyze, and assess climate change-related risks and opportunities on a short-term (3 years or less), medium-term (3–10 years), and long-term (10 years or more) timescale.

Through scenario analysis conducted from short-term, medium-term (2030), and long-term (2050) perspectives, we

have identified our risks and opportunities related to climate change and assessed their financial impact on our company. In terms of risks, the items with the greatest impact on our company were “decreased work efficiency at construction sites due to increased temperatures” and “risk of damage to owned real estate due to the intensification of extreme weather events,” while the opportunities identified were “floating offshore wind power projects” and other “renewable energy generation projects.” Based on the results of the scenario analysis, we have confirmed that aiming for a society of “less than 2°C” or “1.5°C” under the SDS scenario will be beneficial for our business. Our approach to these risks and opportunities has been appropriately integrated into our financial planning. (See p. 31-32)

Accordingly, we have established an “Action Plan to Achieve Carbon Neutrality” to balance our business activities with the

attainment of our greenhouse gas emission reduction targets. (See p. 64)

Indicators and Targets

We, Toda Corporation, have updated our SBT, which was previously set at the “2°C level,” to the “1.5°C level” for Scope 1+2 and the “WB2°C level*1” for Scope 3, taking fiscal 2030 as the target year (as of March 2022). In line with the reset SBT, the “Medium-Term Management Plan 2024 Rolling Plan” sets a greenhouse gas emissions reduction target for the target year of fiscal 2024*2. We have also signed up for the RE100 initiative, and are pursuing steps aimed at achieving 100% renewable electricity for the power used in our business activities. (See p. 29–30 for actual figures)

*1 WB2°C level: A target well below 2°C (Well below 2°C), between the 2°C and 1.5°C levels
 *2 We link the degree of improvement in terms of CO₂ emissions over the previous year to executive compensation. (See p. 54 for “Corporate Governance” (Non-Financial-Linked Factors))

Greenhouse Gas Reduction Targets

	Target		Units	Reference year		Fiscal 2021 results		Target year		
				FY	Emissions	Rate of progress	Emissions	FY2024	FY2030	FY2050
Medium-Term Management Plan 2024 Rolling Plan	Scope 1 + Scope 2	Total amount	t-CO ₂	2020	84,172*3	-0.4%	83,872	-16.8%	—	—
	Scope 1 + Scope 2 (for construction work only)	Basic unit	tons CO ₂ /100 million yen*4		15.9*3	—	16.5	11.2 or under	—	—
	Scope 3	Total amount	t-CO ₂ e		5,210,867	-0.7%	5,175,194	-10%	—	—
	Category 1	Basic unit	tons CO ₂ e/100 million yen*5		707.8	—	739.6	540.7 or under	—	—
	Category 11	Basic unit	t-CO ₂ e/m ² *6		4.6	—	3.4	3.5 or under	—	—
SBT	Scope 1 + Scope 2	Total amount	t-CO ₂	2020	84,172*3	-0.4%	83,872	—	-42%	—
	Scope 3	Total amount	t-CO ₂ e		5,210,867	-0.7%	5,175,194	—	-25%	—
Eco-First Program commitments	Scope 1 + Scope 2 (for construction work only)	Total amount	t-CO ₂	1990	192,364	-59.6%	77,757	—	-70%	-80%
		Basic unit	tons CO ₂ /100 million yen*4		28.5	-42.1%	16.5	—	-50%	-60%

*3 Following the acquisition of Showa Construction Co., Ltd. as a wholly owned subsidiary in fiscal 2021, the base year figures were revised in fiscal 2022.
 *4 Emissions per 100 million yen of construction completed
 *5 Emissions per transaction value of construction materials
 *6 Emissions per square meter of completed gross floor area

Targets for Renewable Electricity Use

	Target	Units	FY2021 (actual results)	Target year	
				FY2040	FY2050
RE100	Ratio of renewable energy electricity usage	%	38.3	50	100

Scenario Analysis Results

Outline of Envisioned Future Society

Under 2°C (1.5°C) Scenario (SDS scenario, etc.)

- Further increase in construction investment in renewable energy, including floating offshore wind power generation
- As ZEB becomes more widespread, competition for orders based on ZEB technology, design, and construction results intensifies
- Increases in carbon prices affect construction investment contraction

4°C Scenario (RCP8.5 scenarios, etc.)

- Decreased labor productivity during the summer months, resulting in longer construction periods, lower profit margins, and increased health risks for workers
- Increased physical risks in the real estate business due to increasingly severe extreme weather events
- Increased infrastructure investment in disaster prevention and mitigation work due to the emergence of physical risks and heightened awareness of response measures

Disclosure of Information Related to Climate Change Based on TCFD Recommendations

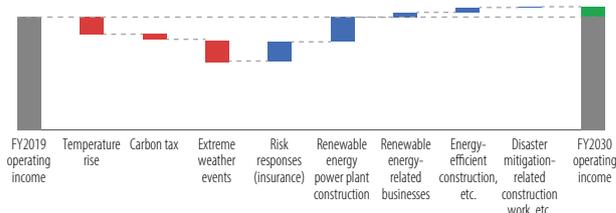
Key Parameters Used in the Scenario Analyses

		Present	2030		Remarks / Sources
			4°C world	Under 2°C (1.5°C) world	
Carbon price	Carbon tax	289 yen/ton CO ₂	40 dollars	130 dollars	IEA WEO 2021 (average of current policy scenarios, and values for developed countries under the 2050 zero emissions scenario)
Deterioration of construction conditions	Decreased labor productivity rate due to heat stress	0.4%	>0.99%	0.99%	ILO Working on a warmer planet
	Number of heat stroke victims transported to hospitals	1 time	1.4 times	1.26 times	Climate Change Adaptation Information Platform (A-PLAT)
Energy saving in buildings	ZEB targets	—	ZEB-level energy efficiency performance required for new buildings	ZEB-level energy efficiency performance required for new buildings	Study Group on Energy Efficiency Measures, etc. in Housing and Buildings toward a Decarbonized Society (MLIT, METI, MOE)
	Energy demand for buildings	3.7 EJ	3.6 EJ	3.4 EJ	IEA WEO 2021
Expansion of renewable energy sources	Solar and wind power generation (excluding roof-mounted)	45.5 GW	76.6 GW	111.2 GW	Outlook for Energy Supply and Demand in FY2030 (Agency for Natural Resources and Energy)
	Floating offshore wind power generation	—	<10 GW	10 GW	Floating offshore wind power industry vision (Stage 1) 2040: 30–45 GW
Increasingly severe extreme weather events	Damage to cities caused by flooding	200 billion yen	260 billion yen	220 billion yen	Estimated based on data from the National Institute for Land and Infrastructure Management

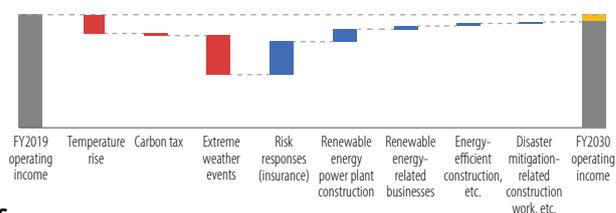
Financial Impact Assessment for 2030

Our assessment of the impact on operating income for fiscal 2030 shows that the increase in profits related to renewable energy is larger in the less-than 2°C (1.5°C) scenario than in the 4°C scenario, resulting in an increase in operating income. Our first assessment of the impact on operating income for the year 2030 was conducted in 2020. Since then, we have reviewed the results of our scenario analysis annually, but no significant changes have taken place in our assessment of the financial impact of our risks and opportunities, so the waterfall diagram on the right has remained unchanged. The results of the scenario analysis and financial impact assessment have been integrated into our strategy. (See p. 14)

Assessment of Impact on Operating Income (2030 Less than 2°C Scenario)



Assessment of Impact on Operating Income (2030 4°C Scenario)



Climate-Related Material Risks and Response Measures

We are working on measures to address the material risks we have identified.

Risk / Opportunity category		Major items	Time axis	Examination of risks and opportunities	Measures to responses to risks and opportunities	Affected businesses, strategies, financial plans, etc.	Areas of impact on strategy	
Risks	Physical	Chronic	Temperature rise	Medium/Long	<ul style="list-style-type: none"> Decreased work productivity and increased health risks for workers due to rising temperatures 	<ul style="list-style-type: none"> Promotion of construction labor conservation and automation Introduction of health management devices for workers 	See p. 47 (Research and Development)	<ul style="list-style-type: none"> Supply chain / Value chain R&D-related investments
	Transition	New regulations	Changing client needs	Short/Medium/Long	<ul style="list-style-type: none"> Risk of lost order opportunities due to inability to make technical proposals for low-carbon construction 	<ul style="list-style-type: none"> Promotion of identification and procurement of low-carbon products 	See p. 23 ("Promotion of Green Procurement" in Priority Activity Items)	<ul style="list-style-type: none"> Supply chain / Value chain Adaptation and mitigation activities
			Carbon price	Medium/Long	<ul style="list-style-type: none"> Reduced construction investment and increased construction costs due to higher carbon pricing 	<ul style="list-style-type: none"> Promotion of low-carbon construction through TO-MINICA 	See p. 64 (Action Plan to Achieve Carbon Neutrality)	<ul style="list-style-type: none"> Supply chain / Value chain Adaptation and mitigation activities
Opportunities	Products / Services	Energy-saving construction	Short/Medium/Long	<ul style="list-style-type: none"> Increase in sales from the proliferation of ZEB 	<ul style="list-style-type: none"> Promotion of technology development and accumulation of experience in construction 	Completed ZEB buildings in FY 2021: 3 "ZEB": Tsukuba Research and Development Center Green Office Building ZEB Ready: Yamatotakada City New Town Hall, Kaijo Gakuen New Science Building	<ul style="list-style-type: none"> Products / Services Adaptation and mitigation activities R&D-related investments 	
	Market	Changes in the energy mix	Short/Medium/Long	<ul style="list-style-type: none"> Increase in construction investment in solar and onshore wind power plants, etc. 	<ul style="list-style-type: none"> Construction of renewable energy power plants and concentration of resources on renewable energy projects 	See p. 14 (Toda Group's direction to aim for / Basic strategy)	<ul style="list-style-type: none"> Products / Services Adaptation and mitigation activities 	
			Medium/Long	<ul style="list-style-type: none"> Expansion of offshore wind power generation plants 	<ul style="list-style-type: none"> Building a track record in power generation through floating offshore wind power Concentration of resources and development of construction technology in floating offshore wind power generation 	See p. 14 (Toda Group's direction to aim for / Basic strategy)		
		Construction of flood control measures	Medium/Long	<ul style="list-style-type: none"> Increase in infrastructure investment relating to flood control 	<ul style="list-style-type: none"> Concentration of resources on construction work for disaster prevention and mitigation 	See p. 43 (Business Strategy/Civil Engineering Business)	<ul style="list-style-type: none"> Products / Services Adaptation and mitigation activities 	

Action Plan to Achieve Carbon Neutrality

Features of Toda Group's Greenhouse Gas Emissions

The sources of our Scope 1 and 2 emissions can be broadly divided into three categories: construction sites, offices, etc., and workshops, etc. At construction sites, which account for more than 90% of Scope 1 and 2 emissions, more than 70% of this amount is accounted for by diesel oil used in construction equipment (power shovels, dump trucks, etc.). Construction sites also use large amounts of electricity for tower cranes, shield tunneling machines, and other machinery, as well as for purposes such as temporary lighting. Aside from construction sites, our main sources of emissions are electricity used at the Head Office, branch offices, and the Tsukuba Research and Development Center, etc., as well as the fuel oil used at the asphalt concrete plants owned by our group companies.

Our Scope 3 emissions are much larger than our Scope 1 and 2 emissions, with the majority of our emissions particularly in Category 1 and Category 11. Our Category 1 emissions are associated with the production of procured construction materials (concrete, steel, interior and exterior materials, etc.), while our Category 11 emissions are associated with the use phase of the buildings that we have constructed. To achieve the Paris Agreement (1.5°C target), we believe it is important not

only to reduce emissions in Scopes 1 and 2, but also those in Scope 3 through the procurement of low-carbon materials and the construction of ZEBs.

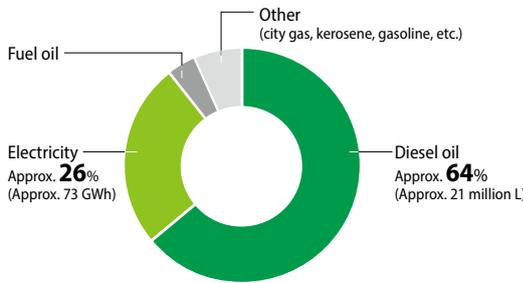
Action Plan Summary

Our efforts to reduce greenhouse gas emissions will focus on the following four activities.

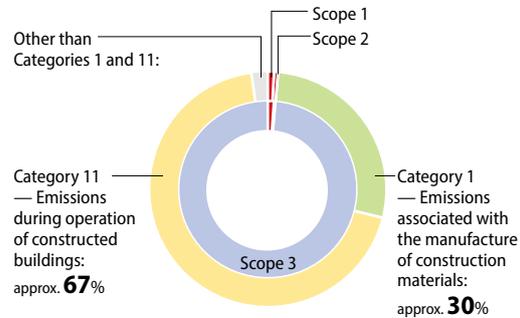
- 1 Reduce emissions associated with the use of diesel oil in construction equipment (Scope 1)
- 2 Promote procurement and use of renewable electricity (Scope 2)
- 3 Promote procurement of low-carbon materials (Scope 3, Category 1)
- 4 Expand construction of ZEB and energy-efficient buildings (Scope 3, Category 11)

By fiscal 2050, we aim to achieve carbon neutrality in our business activities by “neutralizing” (using forest-derived absorption and carbon removal technologies, etc.) less than 10% of residual emissions outside the value chain in accordance with the SBT Initiative's new Net-Zero Standard.

Breakdown of Scope 1 + Scope 2 Emissions by Energy Source
(FY 2021 Actual Total: 83,872 Tons CO₂)

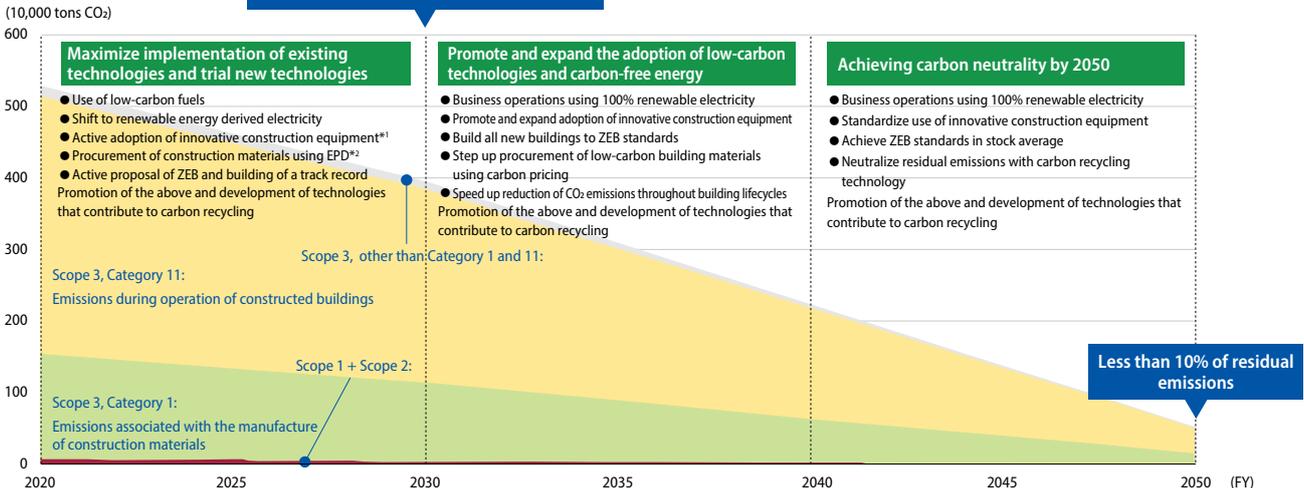


Breakdown of Scope 1 + Scope 2 + Scope 3 Emissions
(FY 2021 Actual Total: Approx. 5.26 Million Tons CO₂)



FY 2030 CO₂ reduction target (SBT)

- Scope 1 + Scope 2: 42% reduction (compared to FY 2020)
- Scope 3: 25% reduction (compared to FY 2020)



*1 Construction equipment using radically redesigned power sources (electric, hydrogen, biofuels, etc.).

*2 Environmental Product Declaration: A mechanism for disclosing information on the environmental impact of a product over its lifecycle.

Other Environment-Conscious Activities

Declaration of a State of Climate Emergency

In January 2022, in order to communicate our sense of great urgency regarding climate change and our commitment to various activities to mitigate and adapt to it, Toda Corporation became the first construction company to declare a “climate emergency*.” Focusing on the activities outlined in this declaration, we will step up our efforts to resolve environmental issues and help realize a carbon-neutral society.

* Declaration of Climate Emergency: A movement in which various organizations, including national governments, local governments, and private companies, recognize that climate change has reached such an extraordinary level that it can be considered an emergency, and declare their determination to take action to combat climate change. The first such declaration was made in December 2016 in Darebin, Australia, and has since spread around the world.

Toda Group’s “Declaration of Climate Emergency”



The Sixth IPCC Assessment Report noted that “there is no doubt that human influence has caused warming of the atmosphere, oceans, and land.”

Indeed, in Japan, we are also experiencing heavy rains and other severe weather events, which are causing a growing impact on our lives and the economy. It is clear that if the situation is left unchecked, the impact will be even more extensive. As stated in the Paris Agreement, in order to limit the increase in average temperature to 1.5°C above pre-industrial levels, we must hurry to achieve carbon neutrality, which involves reducing greenhouse gas emissions to effectively zero.

Toda Group is aware of the great danger posed by global warming-induced climate change, and in order to further promote mitigation and adaptation to climate change, we have declared a climate emergency and will implement the measures listed below. We will also communicate our activities to society at large and engage in more active dialogue with our stakeholders.

IPCC: United Nations Intergovernmental Panel on Climate Change

1. Strive to achieve carbon neutrality in our business activities, including our supply chain, by 2050.
 2. Promote the construction of ZEB and energy-efficient buildings and advanced energy management.
 3. Promote the expansion of renewable energy sources through the construction of floating offshore wind power plants, etc.
 4. Promote the conservation of biodiversity and the development and effective use of forests through the expansion of green infrastructure, etc.
- We will continue to invest in the development of new technologies to implement the above measures.
5. By acting with a high level as individuals, we will contribute to a better future for 2050 and beyond.

Date of declaration: January 28, 2022

Results of “My Action Decarbonization” Survey of Our Employees

We also believe that changes in individual behavior are necessary to achieve carbon neutrality. We call our efforts to encourage these behavioral changes among our employees “My Action Decarbonization” and are conducting activities accordingly. To achieve the 1.5°C target, the carbon footprint from household consumption per person per year will need to be reduced by about 4,120 kg CO₂ by 2030 (from the current national average of 7,120 kg CO₂ to about 3,000 kg CO₂*). Based on this index (57 items in total) proposed by the National Institute for Environmental Studies, we surveyed our employees on their current efforts.

implemented at a high rate due to the housing conditions and the initial costs involved.

We will also encourage our employees to reduce the carbon footprint of their household consumption to achieve a carbon-neutral society.



“My Action Decarbonization” Survey

Survey Results (2,696 Responses)

**Total CO₂ reductions = Average value: 2,330 kg CO₂
(Median value: 2,080 kg CO₂)**

From the questionnaire survey, our employees’ current efforts resulted in reductions of 2,330 kg CO₂ compared to the target value of 4,120 kg CO₂. We found that many employees are consciously engaged in efforts to reduce CO₂ emissions in their daily lives, such as eco-driving, reducing food loss, and implementing warm/cool biz dress codes. However, the adoption of measures such as “installing solar panels on homes,” “making homes zero-energy homes,” and “switching to electric vehicles (recharged with renewable energy)” were not

* National Institute for Environmental Studies, “Decarbonized Lifestyle Options for 52 Cities in Japan 2021”: This presents various carbon-free lifestyle options in the categories of “housing,” “mobility,” “food,” and “consumer goods/leisure” and their respective benefits in terms of reducing greenhouse gas emissions.

Survey Results (Selected Excerpts)

Carbon-free lifestyle options		Reduction benefits (kg CO ₂)	Adoption rate (%)
Housing	Using LED light bulbs at home	90	46
	Warm/cool biz dress codes at home	110	40
	Installing solar panels at home	1,280	6.4
	Converting to a zero-energy home	1,820	2.4
Transfer	Eco-driving	150	63
	Switching to an electric vehicle (recharged with renewable energy)	470	0.7
Food	Cutting food loss to zero	50	74
Consumer goods/leisure	Saving on consumables	90	35

Reduction of Construction Waste

Reduction of Environmental Impact through the Use of Digital Mock-Ups

At construction sites, it is sometimes difficult to ascertain the look, finished texture, and function of a building from drawings alone, so mock-ups (full-size models) are sometimes created to review materials and fit-in. However, since the mock-up is a model used for review, it is dismantled and becomes waste after the review is complete.

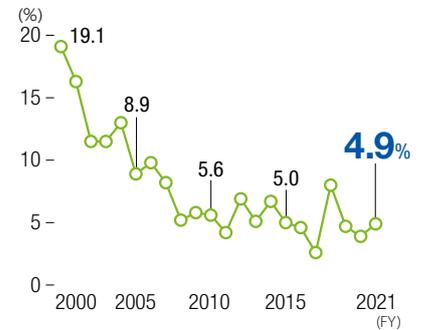
For the new TODA building project, a digital mock-up was created from the BIM model, and the effectiveness of the digital mock-up was confirmed through comparison and verification with the actual mock-up. The possibility of reducing the industrial waste (approximately 66.5 m³) generated by the production of the actual mock-up as well as the CO₂ emissions associated with the transportation and disposal of materials has been verified. As such, we will actively roll-out similar initiatives to other sites to reduce waste and environmental impact going forward.



Digital Mock-Up

Actual Mock-Up

Landfill Disposal Rate for Construction Waste



Development of Environmentally Friendly Technologies

Development of a Wall Greening Unit Combining Vine Plants and Louvers

In order to improve views and counter the heat island effect, greening is being implemented not only on building rooftops but also on exterior walls, and we have developed a new wall greening unit to meet this need.

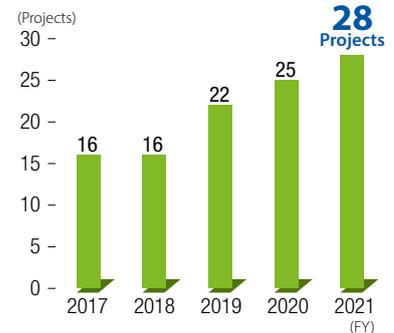
The wall greening unit consists of a greening area with 10 types of native vine plants and artificial wood louvers made of wood chips. In addition to their benefits in reducing environmental impact, such as CO₂ fixation and absorption by the plants, solar radiation control, and cooling by transpiration, the plants can be seen from the room, enhancing the well-being of those inside the building.

Currently, we have installed the units at the Green Office Building in the Tsukuba Research and Development Center, and we are working to help achieve a carbon-neutral society by verifying and testing them from various perspectives, such as CO₂ absorption and energy-saving effects.



Green Loggia (A Buffer Space between Inside and Outside)

Number of Environment-Related Technologies Developed (through In-House Technical Development Projects)



Conservation of Biodiversity

Creation of a Local Native Plant Biotope "Tsukuba Regeneration Village"

We have established the Tsukuba Regeneration Village, a biotope (biological habitat space) of approximately 500 m² of local native plants on the grounds of the Tsukuba Research and Development Center (Tsukuba City, Ibaraki Prefecture). In doing so, we aim to develop expertise on establishing and maintaining green spaces using only local native plants, and to provide environmental education for people inside and outside the company. The biotope consists of a waterside area of approximately 75 m² and a grassland/woodland area of approximately 425 m² around two artificial ponds, creating habitats for the wildlife in each area. We have confirmed the presence of some of Ibaraki Prefecture's semi-endangered insects, such as yellow damselflies, Shoryo grasshoppers, and jewel beetles, which we have identified as important species. We have also observed 16 species of birds, including the arrival of spot-billed ducks at the waterside, as well as varied tits and long-tailed tits in the grass and trees.



The Green Office Building Seen from Tsukuba Regeneration Village

In order to enhance biodiversity, we will place the biotope in development of an ecological network that harmonizes with the local landscape and functions as a habitat and growth environment for wildlife.

Number of Business Projects Proposing Biodiversity-Friendly Technologies, etc.



Initiatives for Becoming the No.1 Company in Safety and Productivity

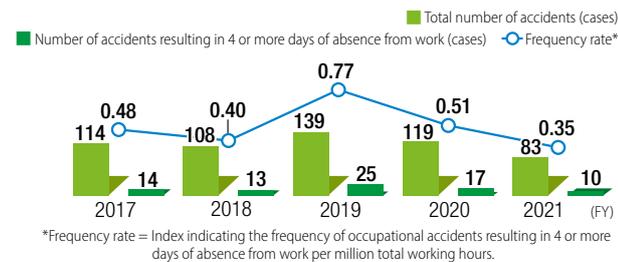
As the construction industry as a whole faces concerns about a shortage of workers in the future, reforms in work styles, including efforts to ensure safety and improve productivity, are vital for achieving sustainable growth. At the Toda Corporation, we are taking various steps to create a safer and more comfortable work environment.

Initiatives for Becoming the No.1 Company in Safety

Safety and Health Policy

We consider the prevention of occupational accidents, incidents and accidents involving the public as an absolute prerequisite for the survival and development of the company. Taking respect for human life as our starting point, we are committed to creating a workplace environment in which people can work with pride, ensuring safety and health by viewing safety as a “core value” in all corporate activities, and paying close attention to workstyle reforms.

Safety Record (Domestic Construction Business)



Initiatives for Improving Safety and Health

Establishing a Culture of Safety

In accordance with our company's idea that “Safety is not just a priority but a CORE VALUE,” we are working to eliminate occupational accidents by promoting “front-loading” of the work environment by implementing safety-centered initiatives from the initial stages of sales and design activities, which are further upstream from construction.



Framework for Supervision of Safety and Health by the Board of Directors

The company appoints a Director as the General Safety and Health Manager. In addition, the Head Office Central Safety Committee (composed of directors, corporate officers, worker representatives, etc.) has been established to deliberate and decide on basic policies concerning occupational safety and health throughout the company.

Development of “Hiyarepo” for Near-Miss Reporting

As part of our efforts to become the No. 1 company in safety, we are committed to highlighting near-miss incidents at our work sites. Until now, the reporting and tallying of near-misses has been done by filling in and reporting on a paper-based KY (hazard prediction) recording sheet, requiring time to check the reports and tally it afterwards, and resulting in a delay in the timing of filling out the sheet, which in turn reduces the

accuracy of the report. To address this issue, we have developed the “Hiyarepo” application software, which enables more timely and accurate information collection by allowing the reporting method to be carried out from workers’ smartphones.



Example of Near-Miss Reporting

Image of the Management Page

Development and Deployment of a Safety Portal

We have been operating a Disaster and Accident Information Sharing System (Safety Portal) since 2018. This system allows workers to report accidents, etc. that have occurred at their workshops that were previously reported by telephone or e-mail, to be instantly e-mailed to pre-registered parties by entering specified items on the page. The creation of a database of accident information enables us to perform accident analysis, which is useful for planning measures to prevent similar accidents and for developing annual plans, etc.

The time required to prepare reports, etc. can be significantly reduced, leading to a changes in working styles at workshops and safety management departments. In fiscal year 2021, the Safety Portal was upgraded so that forms related to safety management plans prepared by Head Office, branches, and workshops are automatically linked and can be created and edited on the page. This software is sold under license. It will greatly simplify the time required to build the system for the companies that implement the system, leading to reforms in work styles.



Image of the Safety Portal



Image of the Safety Portal Page



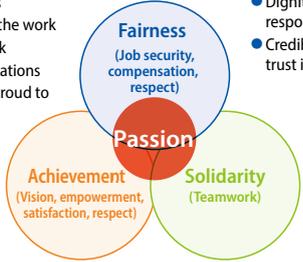
Initiatives for Becoming the No.1 Company in Productivity

Developing and Harnessing Human Resources to Meet the Changing Times

In order for companies to achieve sustainable growth in an era of uncertainty and rapid change, it is necessary to maximize the value of its human resources through such measures as improving productivity and implementing reforms aimed at job satisfaction. As part of our efforts to achieve a high level of integration and harmony between work and the lives of individual employees, we are promoting what we call reforms for “job satisfaction.” Specifically, we are improving the workplace environment through such measures as upgrading the office environment, increasing productivity through the implementation of ABW, and reviewing internal regulations, as well as developing systems, etc. that enable executives and employees to feel a sense of “fairness,” “achievement,” and “solidarity.”

To Achieve High Employee Morale and Strong Corporate Performance

- Job satisfaction in itself
- Learning new skills
- Ability to perform the work
- Importance of work
- Performance evaluations
- A company to be proud to work for
- Safety: a safety first attitude
- Dignity: treated as a responsible adults
- Credibility of management: trust in superiors/the company



*Reference: David Sirota, “The Enthusiastic Employee”

- Teamwork
- Positive interactions with others

Efforts to Improve Productivity

Completion of New Factory Building to Streamline Manufacturing of Precast Concrete Components

With the completion of the first phase of the Narita Precast Concrete Factory Redevelopment Project (Narita City, Chiba Prefecture), manufacturing of precast*1 concrete components at the new factory has begun.

The newly developed manufacturing management system uses RFID tags*2 attached to components to share and visualize the scanned data on the cloud for accurate and efficient production management. We are also using other smart sensor and image analysis technologies to further ensure quality and improve productivity.

*1 Precast concrete: A manufacturing method in which reinforced concrete components are manufactured in advance at a specialized manufacturing plant separate from the construction site, then transported and assembled at the construction site to construct a frame.
 *2 RFID tag: A radio frequency (RFID) tag embedded with ID data that exchanges information using electromagnetic fields or radio waves for short-range wireless communication.



Exterior View of the Office Building



Interior View of the Production Line in the Factory Building

Using IoT Technology to Optimize Training

At “TODA Innovate Lab,” a newly constructed training center with accommodation facilities on the site of the former Minamisuna Workshop, we are working to visualize training programs using emotion sensing.

Guided by the concept of enhancing creativity and promoting the development of human resources, wearable devices are distributed to participants in in-house training programs to measure their pulse rate and estimate their individual emotional state (arousal level).

In fiscal 2021, we are focusing on differences in training schedules and lecture formats to collect evidence for improving our training realization.



In-House Training



Emotion-Sensing Wearable Devices

Example of Analysis Results (FY2021)

- Arranging of important lectures should be set between 10 and 11 a.m. to allow for a high level of arousal.
- Lecture time should be about 40–50 minutes in length.
- While video-streamed lectures in participants’ own rooms can produce a high level of arousal, individual differences in arousal are likely to be greater than in group training sessions.

Special Feature

The Value Creation Story

Strategy for Value Creation

ESG Management

Enhancing the Appeal of the Construction Industry and Promoting Community Service Activities

In order to sustainably fulfill its social role in the construction industry, Toda Group, as a good corporate citizen, conducts a variety of activities specific to the characteristics of its business. In addition, to pass on the appeal and joy of manufacturing to the next generation, we are pursuing initiatives involving our supply chain, including partner companies, such as establishing a production system by securing and training a stable workforce.

Roadmap for Securing Leaders



Enhancing the Appeal of the Construction Industry

Initiatives to Secure Leaders in the Construction Industry

The construction industry plays an important role in creating the infrastructure necessary for safe and secure living and corporate activities. However, with the aging of the construction workforce, the number of skilled construction workers is expected to decrease by 1.2 million by 2025 (according to a 2015 estimate by the Japan Federation of Construction Contractors), giving rise to concerns about a shortage of future workers. In order to solve this problem, Toda Corporation is working to make the construction industry more appealing by improving productivity and the working environment, as well as actively supporting the training and employment of young construction technicians and foreign technical interns, etc.

The Construction Career Development System

In June 2019, we opened the Career Development Support Center TODA to assist our partner companies in operator and technician registration. As of the end of July 2022, the total number of operator and technician registrations that we provided support for stood at 5,736. In addition, from July 2022, we will be making use of a new Ministry of Health, Labour and Welfare subsidy program to register partner companies' technicians on their behalf.

As of March 31, 2022, CCUS* business registration was 73% and CCUS technician registration was 77%, and we will continue to strengthen our cooperation with partner companies to achieve a 100% CCUS registration rate by the end of fiscal 2022.

Construction Career Development System Registration Rate

(Excluding those who do not wish to register)

	March 2020	March 2021	March 2022	March 2023 target
Operator registration	28%	58%	73%	100%
Technician registration	33%	58%	77%	100%

* Construction Career Development System ("Construction Career Up System," CCUS): In order to create an environment where skilled workers are treated in accordance with their abilities and experience and to secure future leaders in the construction industry, the Ministry of Land, Infrastructure, Transport and Tourism is promoting the use of this system to register and collect information such as technician qualifications, social insurance enrollment status and work history across the industry.

Support for Recruitment Activities

In cooperation with the Riyukai, an organization formed by our partner companies, we actively support our partners in their efforts to recruit new graduates throughout the country. Specific support activities include assistance with site visits for students, parents, and teachers, visiting lectures, and school visits as well as support for the creation of the Riyukai website and leaflets. In addition, the Toda Mirai Foundation's Education Promotion Grant Program provides grants to high schools engaged in educational promotion activities related to construction.



Riyukai Website

Initiatives to Improve the Working Environment, Including in the Supply Chain

We are committed to making the construction industry more appealing, while also taking human rights into consideration, such as by improving working environments.

We have established contract amounts with our partner companies based on the "Declaration of Respect for Labor Cost Estimates" (Japan Federation of Construction Contractors, September 2018) and instruct them to pay appropriate wages to their skilled workers.

In addition, we are working to provide a safe working environment for construction workers from other countries by thoroughly checking their employment status and status of residence at work sites, posting safety signs and other information in foreign languages at work sites, and conducting VR health and safety training at our hazard experience facility (Matsudo City, Chiba Prefecture).



VR Health and Safety Training for Workers from Other Countries

Toda Mirai Foundation Initiatives

In October 2016, we established the Toda Mirai Foundation. The Foundation is engaged in a variety of initiatives aimed at addressing the issue of a shortage of future workers and contributing to the development of the construction industry as a whole by providing subsidies for the recruitment and training of young technicians by partner companies and organizations.



2nd Japanese Speech Contest



Grant Programs for Education Promotion (Model Bridge Making)

1. Subsidy Programs for Activities to Support the Recruitment and Training of Young Technicians

Held 11 times	February 2017–March 2022	80 grants (34 organizations, 46 companies)
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2. Step-up Subsidy Program for Activities to Support the Recruitment and Training of Young Technicians

Held 3 times	February 2020–February 2022	14 grants (5 organizations, 9 companies)
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3. Subsidies for the Promotion of Construction-Related Education

Held 4 times	May 2019–May 2022	101 grants (Grant A: 9 organizations Grant B: 92 schools)
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4. Projects to Promote Employment of Women Technicians

Held 2 times	May 2017–May 2020	39 recipients (7 occupations)
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5. Subsidy Program for the Intake of Technical Intern Trainees from Other Countries

Held 3 times	February 2018–February 2020	26 companies, 50 trainees
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6. Japanese Speech Contest for Technical Intern Trainees from Other Countries in the Construction Industry (Preliminary: First Round Essay Judging)

Held 2 times	December 2020, November 2021	Total number of preliminary round participants: 149 Total number of finalists: 20
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Social Contribution Activities

Community Service to Achieve Restoration of Namie As Soon As Possible [Tohoku Branch]

We have a work site located in Namie, Fukushima Prefecture, around which the restricted residence zone was lifted in March 2017. In order to ensure the smooth progress of construction work, we discussed requests and cooperative matters to contribute to the community with the local government and the Chair of the local community association. As a result, we participated in two road cleanups, the local Shiiba Festival, and the 4th Fukushima Tree Planting Festival, as well as donating playground equipment and picture books to the Namie Nijiuro Children's Center and "Hontoda!" study books to Namie Sousei Elementary and Junior High School. All of these efforts were well received and appreciated by local residents and the local government.



Donation of "Hontoda!" Study Books

Community Service Activities Offering a Place to Practice Rescue Skills in Emergency Situations [Tokyo Branch]

We offered an old demolished building as a place for the Mita Police Station's Security Division to practice emergency rescue techniques. By using an actual building to practice dismantling techniques for walls, fittings, and other solid parts in an emergency or disaster, the participants were able to get a taste of a real situation. The department expressed their gratitude, saying that the practice would be useful for quick rescue in emergency situations and could be applied to responses to future disasters.



Practical Rescue Skills Training

Support for Community Activities Using Temporary Enclosures [Kyushu Branch]

During the construction of the new Saga Sunrise Park Arena, artwork with the theme of "Change, Diversity, and the Vibrancy of Life" was displayed on temporary fencing as PR for new community development in collaboration with Saga Prefecture and Yamashita PMC Inc. The facility attracted a great deal of interest from residents of the prefecture during its construction, and after its completion, it has been enjoyed by many residents as a sports and cultural center for a wide range of uses.



Display of Artwork on the Theme of "Change, Diversity, and the Vibrancy of Life"

Community Service Activities [Kanto Branch]

The Joso Interchange Land Readjustment Association Development Project is part of the Joso City government's project to develop the area around the Joso Interchange on the Metropolitan Inter-City Expressway. In fiscal 2021, as part of its community service activities, this work site held a total of seven events, including tours based on the needs of local communities, such as measures to combat rural depopulation across Japan, and training sessions for the nearby Japan Ground Self-Defense Forces, with a total of 129 participants.



Training Session for Japan Self-Defense Forces

Human Rights Initiatives

Our Basic Approach

The Group's global vision, "a corporate group that realizes 'joys,'" has always been based on respect for human rights and understanding of diversity as stipulated in the Group's Code of Conduct. In addition, as part of our "Sustainability Vision 2050," which defines the kind of business management we want to achieve in order to realize a sustainable society, we have identified "creating workplaces that are a joy to work in" as one of our key issues, and are working to address respect for human rights as one of its themes.

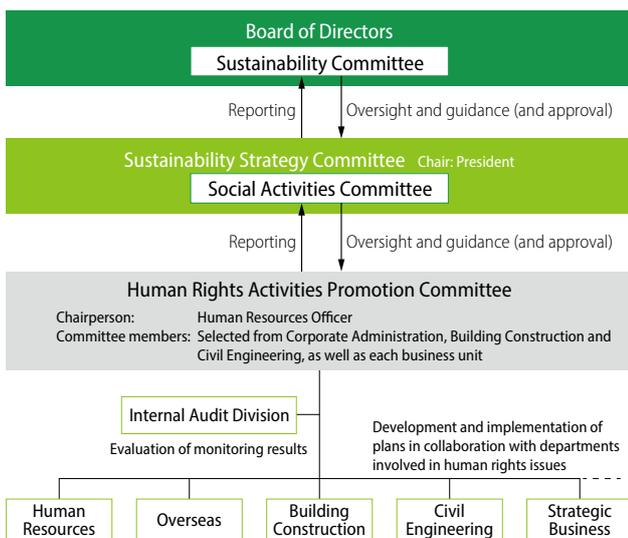
In line with our belief that respect for human rights is a global standard of conduct required of all companies, we have established a new human rights policy. We support and respect international human rights norms, including the UN Guiding Principles on Business and Human Rights, and as a signatory to the UN Global Compact, we will comply with its 10 principles, including human rights, while continuing our human rights initiatives aimed at advancing ESG-conscious management.

Implementation Framework

Under the supervision and guidance of the Board of Directors, the Social Activities Committee of the Sustainability Strategy Committee (chaired by the President) is promoting initiatives to respect human rights. The Human Rights Activities Promotion Committee has been established as a subordinate organization to pursue these initiatives further. The Human Rights Activities Promotion Committee will work with departments involved in the human rights issues it focuses on to develop and implement response plans.

In addition, the Internal Audit Division will evaluate the results of monitoring to ensure objectivity and transparency.

Implementation Framework



Human Rights Policy

Toda Group has long been committed to respecting human rights, and in July 2022 we developed a new human rights policy to further promote our efforts in this area.

In developing the policy, the Social Activities Committee and other internal and external members (selected from the Human Resources, Overseas, Building Construction, Civil Engineering and other business units, as well as outside experts) identified and sorted out human rights issues, evaluated their importance, and approval of the policy was given through a resolution of the Board of Directors.

Toda Group Human Rights Policy (Summary of Key Points)

Preamble

1. Positioning of the policy
2. Scope of application of the policy
3. Our commitment to respecting human rights
4. Governance and implementation framework
5. Human rights due diligence
6. Grievance mechanisms
7. Dialogue and consultation with stakeholders
8. Dissemination and promotion of the policy
9. Information disclosure

Priority Human Rights Issues

- Occupational health and safety
- Overwork and long working hours
- Discrimination
- Impact on local residents
- User safety
- Overseas: Child labor and forced labor

Future Initiatives and Due Diligence on Human Rights

In accordance with the Human Rights Policy, Toda Group will continue to conduct cross-functional initiatives in cooperation with related divisions, with the Human Rights Activities Promotion Committee taking the lead, and work toward the implementation of due diligence on human rights and similar initiatives.

Establishment and Implementation of a Mechanism for Due Diligence on Human Rights

- 1 Conduct assessments of actual and potential impacts on human rights
 - 2 Integrate assessment results into organization-internal functions and processes
 - 3 Prevent and mitigate potential impacts
 - 4 Monitoring
 - 5 Communication
- Conduct human rights training for executives and employees
 - Inform and engage with business partners and suppliers
 - Establish a point of contact for human rights issues

Addressing Human Rights Issues

Communication with Our Stakeholders

Society is facing an increasingly difficult set of challenges, including climate change.

By helping to resolve a variety of issues through our business, Toda Group will ensure that each and every employee has a clear understanding of the expectations and demands of society and stakeholders, as we strive to realize a sustainable society.

Stakeholder	Approach	Main activities and opportunities for dialogue	Issues / Explanations
Customers 	In order to provide buildings that meet our customers' expectations, we will put an emphasis on communication, think from the customer's point of view, and respond to customer feedback.	<ul style="list-style-type: none"> ● Sales activities ● Corporate report / Website ● Customer center service and support 	<ul style="list-style-type: none"> ● Provision of buildings that meet customers' expectations ● Timely and impartial disclosure of information
Shareholders and investors 	We will meet the expectations of our shareholders and investors through fair and equitable disclosure of corporate information, emphasizing highly transparent management and communication, and fulfilling our responsibility to provide accountability.	<ul style="list-style-type: none"> ● General Meeting of Shareholders ● Corporate report / Website ● Financial results briefings ● Individual meetings 	<ul style="list-style-type: none"> ● Held annually in June / Return of profits commensurate with performance ● Timely and impartial disclosure of information
Employees 	We will respect the qualities and individuality of each of our employees, strive to develop their abilities, respect the individuality of others, and create a mutually considerate work environment that provides job satisfaction.	<ul style="list-style-type: none"> ● In-house magazine / Website ● Labor-management conferences ● Training and seminars 	<ul style="list-style-type: none"> ● A work environment that provides job satisfaction ● Development of abilities and appropriate assignment ● Improvement and enhancement of systems
Suppliers 	We will build relationships of trust with our suppliers and fulfill our social responsibilities by dealing with them in good faith, complying with laws and regulations, and conducting fair and equitable transactions.	<ul style="list-style-type: none"> ● Toda Riyukai association ● Partnerships committee 	<ul style="list-style-type: none"> ● Fair business and co-creation relationships ● Training of young technicians ● Improving productivity
Local communities and external organizations 	Through our business activities, we will help develop local communities and make them prosperous. We will promote environmental initiatives not only in the construction industry but also through partnerships with NPOs, NGOs, and other organizations.	<ul style="list-style-type: none"> ● Community service activities ● Site tours and site briefings ● Receiving company visits ● Collaborative activities with NPOs and NGOs 	<ul style="list-style-type: none"> ● Participation in local events and volunteer activities ● Information dissemination ● Collaboration with related government agencies and municipalities

Special Feature

The Value Creation Story

Strategy for Value Creation

ESG Management

External Assessment/Inclusion in ESG Indexes

List of Major External Awards (FY2021) *Some awards from fiscal 2022 are also included.

Name	Host organization	Works awarded, etc.
FY2021 Excellent Safety Workplace	Central Nippon Expressway Company Limited Tokyo Regional Head Office	Tokyo Outer Ring Road Main Line Tunnel (northbound) Tomei Expressway North Construction Work
FY2021 Minister of Health, Labour and Welfare Awards, Encouragement Award	Ministry of Health, Labour and Welfare	Bunkyo University Tokyo Adachi Campus Architectural Plan
FY2021 Safety and Health Awards, Encouragement Award	Tokyo Labor Bureau	Bunkyo University Tokyo Adachi Campus Architectural Plan
FY2021 Excellent Construction Work	Tokyo Metropolitan Government Bureau of Waterworks	Construction of shafts for water distribution main between Oji 5-chome, Kita-ku, Tokyo and Showamachi 3-chome, Kita-ku, Tokyo
MSCI Japan Empowering Women Index (WIN)	MSCI Inc. (U.S.A.)	Toda Corporation
FY2021 Companies with Outstanding Construction Achievements	Ministry of Land, Infrastructure, Transport and Tourism Chubu Regional Development Bureau and Kanto Regional Development Bureau	Toda Corporation
Chairman of the Association of Radio Industries and Businesses Award, 32nd Meritorious Award on Radio Waves	Association of Radio Industries and Businesses	Waveguide LAN System
2021 Japan Concrete Institute Work Award	Japan Concrete Institute	Tokyo College of Music, Naka-Meguro/Daikanyama Campus
62nd BCS Prize PICK UP 1	Japan Federation of Construction Contractors	Fukuda Art Museum, Museum Tower Kyobashi Mirai On (Nagasaki Pref. & Omura City Library, Omura City History Museum)
ZEB Ready Certification PICK UP 2	The Association for Evaluating and Labeling Housing Performance	New TODA Building
FY2021 Award for Construction Work and Commissioned Work	Gunma Prefecture	Okashiwagi Tunnel Construction Dividing work No.1 (tentative name)
Grand Prize for Young Engineers and Female Engineers	Charming Construction's Identity	Toda Corporation employee
PRIDE Index (Silver companies)	work with Pride	Toda Corporation
Governor of Tokyo Cup Open Data Hackathon	Tokyo Metropolitan Government	Toda Corporation employee
FY2021 Award for Excellence Workshop	West Nippon Expressway Company Limited Kansai Branch Office Safety Council	Yuasa-Gobo Road, Mizushiri Viaduct and one other bridge Yuasa-Gobo Road Hirogawa Interchange
Selected for CDP "A List 2021" PICK UP 3	Nonprofit organization CDP (Headquarters: London)	Toda Corporation
FY2021 60th SHASEJ Award for Promotion and Advancement of Technology	The Society of Heating, Air-Conditioning and Sanitary Engineers of Japan	Museum Tower Kyobashi
Judge's Encouragement Prize, FY2021 Keidanren Recommended In-house News Letter Review	Keidanren Business Services In-House Public Relations Center	Toda Corporation
FY2021 Construction Station Genki Up Contest and Skilled Worker Awards	Kanagawa prefecture Charming Construction's Identity	Toda Corporation Metropolitan Area Civil Engineering Branch
CASBEE S-Rank	Institute for Built Environment and Carbon Neutral for SDGs	New TODA Building
2022 "Hataraku Yell" Certification	Welfare Awards and Certification Program Executive Committee	Toda Corporation
Healthcare Architecture Award PICK UP 4	Japan Institute of Healthcare Architecture	Yokohama Municipal Citizen's Hospital
Tanaka Award, 2021 Japan Society of Civil Engineers Awards	Japan Society of Civil Engineers	New Kelani River Bridge
Excellence Award, FY2022 Minister of Health, Labour and Welfare Awards	Ministry of Health, Labour and Welfare	Construction of the Murata Manufacturing Co., Ltd., Minato MIRAI Innovation Center
Selected as a Composition Stock of the FTSE Blossom Japan Index PICK UP 5	FTSE Russell (London)	Toda Corporation
FY2022 Award for Distinguished Service Related to Land, Infrastructure, Transport and Tourism	Ministry of Land, Infrastructure, Transport and Tourism Tohoku Regional Development Bureau	Toda Corporation employee
FY2022 Excellent Construction Work Award	Ministry of Land, Infrastructure, Transport and Tourism	New construction of an alternative facility for the Parliamentary Museum
FY2021 Excellent Construction Work Award	Ministry of Land, Infrastructure, Transport and Tourism Kanto Regional Development Bureau	Construction of the lower portion of the bridge on the Itako side of the Jingu Bridge replacement on R1 National Route 51, etc.

PICK UP 1
Winner of the 62nd BCS Award



PICK UP 2
ZEB Ready Certification



PICK UP 3
Selected for CDP "A List 2021"



PICK UP 4
Winner of the Healthcare Architecture Award



PICK UP 5
Selected as a Composition Stock of the FTSE Blossom Japan Index



FTSE Russell confirms that Toda Corp. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

Corporate Information / Major Disclosures / Share Information

Corporate Information (As of March 31, 2022)

Corporate Name	TODA CORPORATION
Head Office	8-5 Hatchobori 2-Chome, Chuo-ku, Tokyo 104-0032, Japan
Foundation Date	January 5, 1881
Establishment Date	July 10, 1936
Capital	¥23.0 billion
Total Employees	5,751 (Consolidated)
Business Description	<ol style="list-style-type: none"> 1. Research, planning, design, supervision, construction, and comprehensive engineering and consulting services related to all aspects of building construction, civil engineering work, etc. 2. Research, planning, design, supervision, construction, comprehensive engineering and consulting services related to regional development, urban development, etc. 3. Real estate sale and purchase, rental, intermediary services, management, and appraisal 4. Power generation and related business using renewable energies, etc.

Branches (Domestic)

Tokyo Branch (Minato-ku, Tokyo), Metropolitan Area Civil Engineering Branch (Chuo-ku, Tokyo), Chiba Branch, Kanto Branch (Saitama City), Yokohama Branch, Osaka Branch, Nagoya Branch, Sapporo Branch, Tohoku Branch (Sendai City), Hiroshima Branch, Shikoku Branch (Takamatsu City), Kyushu Branch (Fukuoka City), International Branch (Chuo-ku, Tokyo), Tsukuba Research and Development Center (Tsukuba City)

Major Domestic Group Companies

[Construction and Real Estate Business]

- Toda Bldg. Partners Co., Ltd. (comprehensive building management, construction, real estate, insurance agency services, etc.)
- Toda Road Inc. (road pavement construction, civil engineering work, etc.)
- Chiyoda Kenko Co., Ltd. (sales of construction materials)
- APEC Engineering Co., Ltd. (air conditioning and sanitary equipment installation, etc.)
- Offshore Wind Farm Construction Corp. (offshore construction related to floating wind power generation facilities, etc.)
- Sato Kogyo Co., Ltd. (general construction work)
- Misawa Environmental Technology Co., Ltd. (geothermal heat utilization facility construction business)
- Showa Construction Co., Ltd. (civil engineering, construction, paving, asphalt mixtures, etc.)

[Other Businesses]

- Toda Finance Co., Ltd. (intra-group finance, office automation equipment leasing, etc.)
- Towa Kanko Kaihatsu Co., Ltd. (management of Hotel & Resort Sunshine SazanSeto and Riverte Kyoto Kamogawa)
- Toda Staff Service Co., Ltd. (personnel dispatch business)
- Goto Floating Wind Power LLC (business related to power generation and sales)
- TODA Noubou Inc. (production of agricultural produce and agriculture-related business, regional development and local development business)
- Toda Solar Energy Fukaya LLC (supply of electricity from solar power generation)

Main Overseas Bases

Southeast Asia Regional Office (Vietnam), Yangon Branch Office (Myanmar)

Main Overseas Group Companies

- THAI TODA CORPORATION LTD. (building construction work, etc.)
- TOBIC CO., LTD. (BIM, etc.)
- PT TODA GROUP INDONESIA (real estate business)
- TODA ENERGIA DO BRASIL Ltda. (other business)
- TODA VIETNAM CO., LTD. (building construction work, etc.)
- TODA AMERICA, INC. (real estate business)
- TODA INVESTIMENTOS DO BRASIL Ltda. (business holding company)
- PT Tatamulia Nusantara Indah (construction business)

Share Information (As of March 31, 2022)

■ Total number of authorized shares
759,000,000

■ Total number of issued shares
322,656,796

■ Number of shareholders
11,573

	Name of shareholder	Number of shares held	Proportion of shares held (%)
	Daiichi Shokusan Co., Ltd.	41,049,953	13.29
	The Master Trust Bank of Japan, Ltd. (Trust Account)	38,112,600	12.34
	Northern Trust Co. (AVFC) Re Silchester International Investors International Value Equity Trust	16,136,200	5.22
	Custody Bank of Japan, Ltd. (Trust Account)	10,468,000	3.39
	General Incorporated Association Ali	8,977,916	2.90
	MUFG Bank, Ltd.	8,048,561	2.60
	Northern Trust Co. (AVFC) Re U.S. Tax Exempted Pension Funds	8,017,500	2.59
	Toda Hiroko	6,611,595	2.14
	The Master Trust Bank of Japan, Ltd. (Retail Trust Account 620090811)	6,002,000	1.94
	Toda Corporation Business Partners Shareholding Association	5,623,884	1.82

Note: 1. In addition to the above, the company owns 13,703 thousand shares of treasury shares. 2. The proportions of shares held are calculated excluding treasury stock.

Special Feature

The Value Creation Story

Strategy for Value Creation

ESG Management



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Cover photograph

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We have signed up to the RE100 initiative.



We have endorsed the recommendations of the TCFD.



We have been included on the CDP's 2021 Climate Change A List.



We have been named to the Leaderboard, the highest level in the CDP2021 Supplier Engagement Rating.



Our CO₂ emission reduction targets were certified as science-based targets (SBT).



In October 2016, we became a member of Japan-CLP. Going forward, we will continue to actively work to realize a sustainable society.

This product is made from forest sustainability certified products.