

**Build
the
Culture.**
Creation from ideas,
rooted in passion



Integrated Report

CORPORATE REPORT 2023



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

2022 fiscal year (April 1, 2022 – March 31, 2023)

* 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.

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About our brand logo and slogan

Our slogan “Build the Culture” expresses our desire not only to construct buildings and structures, but also to be a force that supports activities directed at the future. Our brand slogan “Creation from ideas, rooted in passion” expresses our strong sense of mission in pursuing this goal, as well as our sincere attitude to all stakeholders. The logo uses a motif that represents both people and truss structures. It symbolizes our desire to build a new future based on strong connections between our diverse human resources.



Issue Date

September 2023

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.

About the Cover

The key visual depicts the new communication that will take place based on our brand slogan, with the aim of enhancing corporate value over the medium to long term.

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

Genji Seisuke



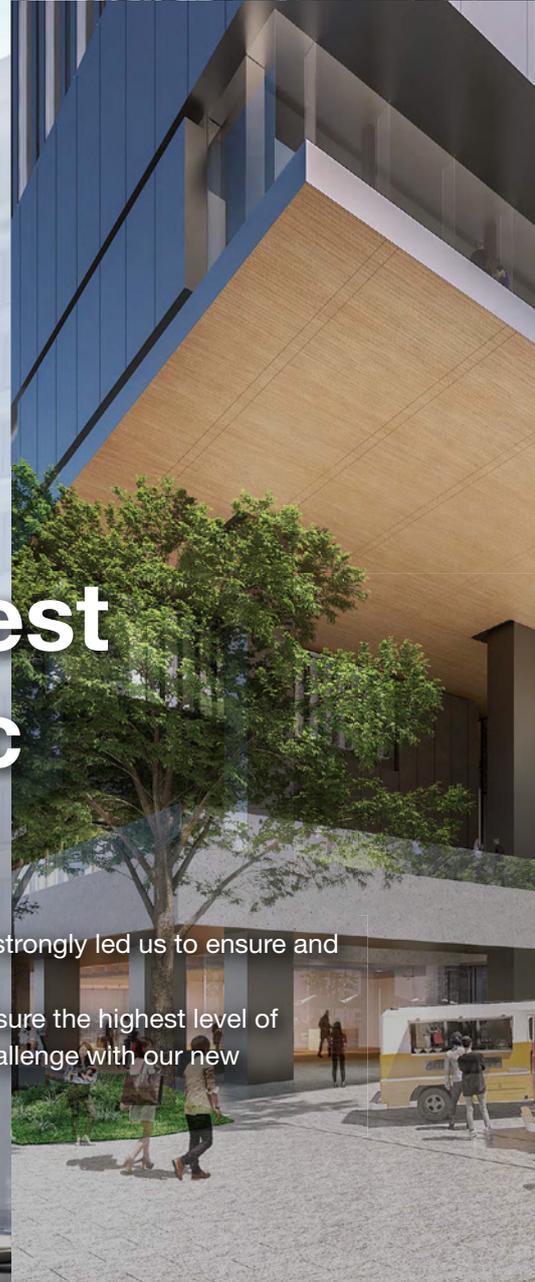
Special Feature 1

The Toda Building New Construction Project

Achieving the Highest Standard in Seismic Resistance

Japan is one of the world's most earthquake-prone countries, which has strongly led us to ensure and improve the seismic resistance of buildings.

One of several challenges in construction going forward is the need to ensure the highest level of seismic resistance for skyscrapers in Japan, and we are taking on this challenge with our new headquarters, the Toda Building, currently under construction.



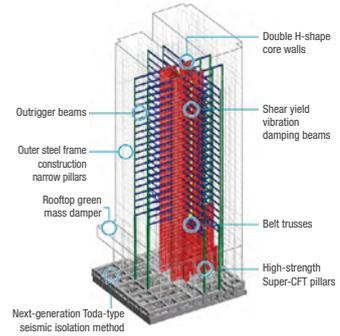


Relevant Main SDGs



Aiming for the highest standard in seismic resistance

The design adopts a core-wall seismic isolation structure that significantly reduces swaying and deformation in the upper structure. Additionally, a seismic isolation layer is built under the first floor using the next-generation Toda-type seismic isolation method. To achieve the highest level of seismic resistance in Japan, we are engaging in cutting-edge initiatives that have few precedents in the construction industry.



Core wall seismic isolation structure

A continuous-layer seismic isolation wall (core wall) serves as the core of the building. This functions as a central axis to which the outrigger beams and vibration damping beams are connected. This significantly reduces sway and deformation up to the upper floors, and dramatically improves isolation performance compared to standard steel-frame seismic isolation structures. This building is the first example of our work in leveraging our accumulated technological research and development to realize next-generation seismic-resistant structures. Our in-house involved in the project, including the design, technology development, and construction department, work closely together to solve issues and advance the art of construction.



Overall view of the core wall (as of April 2023)

Next-generation Toda-type seismic isolation method

Over time, we have built a long track record of results with the Toda-type seismic isolation method, which combines elastic sliding supports, natural laminated rubber, and oil dampers. We have built on this experience to develop the “next-generation Toda-type seismic isolation method” utilizing two types of high-performance dampers in order to handle a wide range of seismic events, from small to medium-sized tremors up to major earthquakes. In the new headquarters building, oil dampers designed to handle major earthquakes are combined with semi-active oil dampers, which can instantly change the damping performance according to the scale of seismic event.



Oil dampers to handle major earthquakes



Semi-active oil dampers

Using the new headquarters building to create value

The construction of a new headquarters is a once-in-a-century opportunity. It enables us not only to ensure cutting-edge seismic resistance, but also to explore a range of fields that the future construction industry should prioritize. Furthermore, it allows us to establish a revenue base for the company while responding to the demands of the times.



Project Summary

Building name	The Toda Building New Construction Project
Location	1-7-1 Kyobashi, Chuo-ku, Tokyo
Structure	Above ground: Earthquake-resistant core-wall structure (reinforced concrete structure, steel-frame structure) Underground: Reinforced concrete structure, steel-frame reinforced concrete structure
Size	3 basement floors, 28 above-ground floors, 1 penthouse floor
Height	Approx. 165 m
Total floor area	Approx. 94,813 m ²
Owner	Toda Corporation
Design and supervision	Toda Corporation First-Class Architect Office
Construction	Toda Corporation
Completion	September 2024 (scheduled)

Special
Feature

2

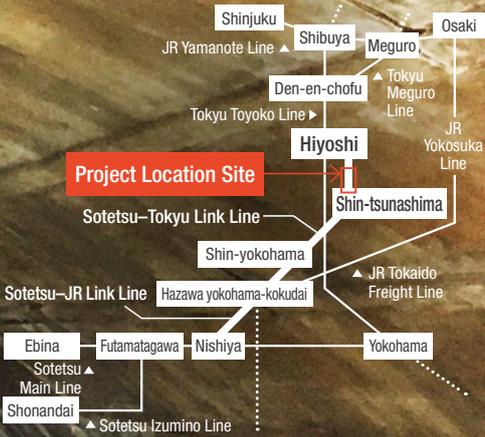
The Sotetsu-Tokyu Direct Line Tsunashima Tunnel and Other Projects

Combining Smaller Square Tunnels to Form Large Underground Spaces

The Sotetsu-Tokyu Link Line project is an approximately 10-km-long connecting line from Hazawa yokohama-kokudai Station on the Sotetsu-JR Link Line to Hiyoshi Station on the Tokyu Toyoko Line. As part of this, we built a new tunnel to serve as platform for Shin-tsunashima Station, and a railway tunnel extending approximately 1 km on the Hiyoshi side.

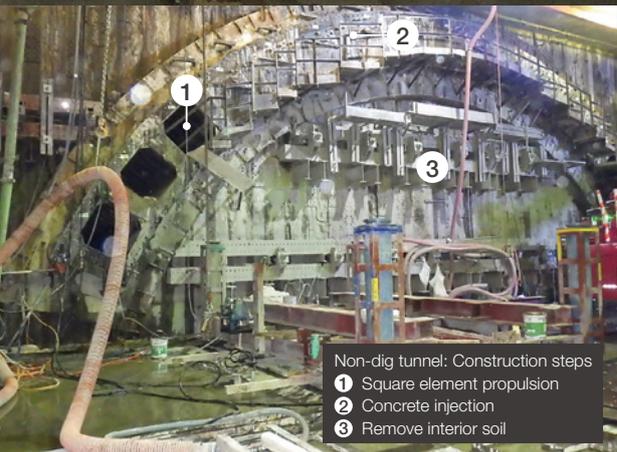
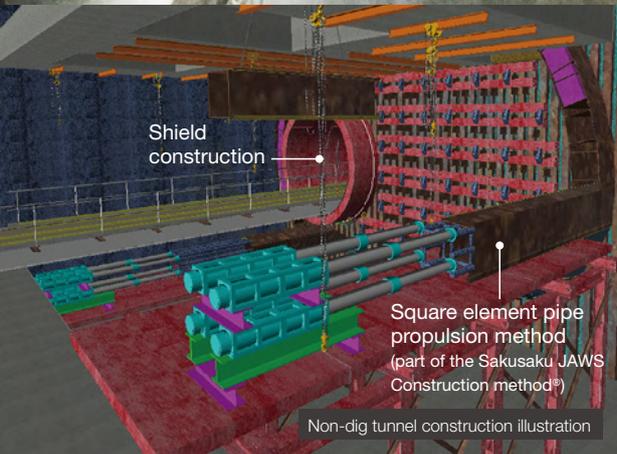
The tunnels went into operation on March 18, 2023, and are used by many passengers every day.

Railway Map



Project Summary

Project name	Sotetsu-Tokyu Link Line Tsunashima Tunnel and Other Projects
Project location	1 Tsunashima-higashi, Kohoku-ku, Yokohama, Kanagawa
Client	Japan Railway Construction, Transport and Technology Agency
Design	Pacific Consultants Co., Ltd. Toda Corporation
Constructors	Toda Corporation Iwata Chizaki Inc. Rinkai Nissan Construction Co., Ltd. Nara Construction Co., Ltd.
Work schedule	November 24, 2015, to January 25, 2023
Construction details	<ul style="list-style-type: none"> Mud pressure shield method (segment outer diameter 6.8 m, length 1,065 m x 2 segments) Station non-dig construction section (length 34.5 m) Square element propulsion method (□1,000 mm x 1,000 mm x 42 elements) Joint propulsion method (Φ600 x 84 elements) Gable wall concrete (389 m³)

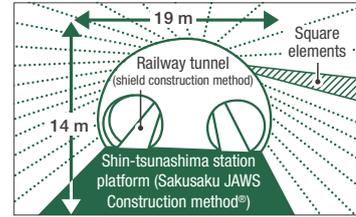


Relevant Main SDGs



Large underground space with a special shape

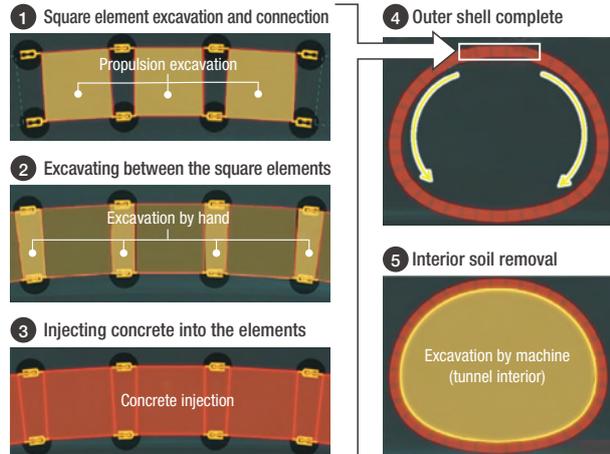
We constructed a large, horseshoe-shaped tunnel with a length of 34.5 m and interior cross section of 224 m² (14 m high and 19 m wide) at the point where the new Shin-tsunashima Station platform will be located. We looked at construction methods that would have a minimal impact on a hospital and other buildings on the surface above. We proposed our proprietary technology, the Sakusaku JAWS Construction method® to the client, and this was adopted.



Our proprietary technology, the Sakusaku JAWS Construction method®

With normal shield-tunneling and mountain-tunneling methods, the soil is evacuated first before the main structure, the tunnel wall, is built. In contrast, the Sakusaku JAWS Construction method® involves building the main structure before any soil excavation takes place. It is creating using a pipe propulsion method to form small 1-meter-wide square tunnels. The square elements are connected in sequence to form the specified tunnel shape. Concrete is then injected into the square elements and the interior earth is excavated to complete the tunnel.

The tunnel made in this project was horseshoe shaped, but this method can be used for any kind of tunnel shape. The square element joints are designed to prevent groundwater seeping into the tunnel, which ensures safe construction even at significant depths.



TOPICS

The JAWS of the Sakusaku JAWS Construction method® stands for Joint All Water Shutting. The name was chosen to emphasize the fact that the element joints are watertight, and is also a play on words, conjuring the image of a shark with a voracious appetite chomping its way through the ground. This playful name is one of the distinguishing features of this technology.



The history of our square tunneling

Since 1988, demand has grown for underground space utilization and large-cross-section tunnels. In response, we focused on the practicality and logic of square-shaped tunneling, and developed a series of methods to construct outer shell tunnels using box shield methods and box shield machines. Up to the present, we have continued to develop new construction methods to solve issues, apply them to construction sites, and respond to issues that emerge. In this way, we constantly create new technologies adapted to various construction sites.

Our Sakusaku JAWS Construction method® is the technology that was developed as we applied our own pioneering square-shaped tunneling technologies to worksites. As societal needs have changed over time, it has become one of our most popular technologies. It is rated highly by society at large, and has won the Outstanding Civil Engineering Achievement Award from the Japan Society of Civil Engineers (JSCE).

Special
Feature **3**

To the Future of Floating Offshore Wind Power Generation

As Japan seeks to further expand green energy use, wind resources are seen to offer the greatest potential. Expectations are growing for floating offshore wind power, which could play a leading role in harnessing this potential. Our company continues to contribute to the realization of carbon neutrality and the development of local communities through various efforts, including the development of large machines that improve productivity and lower costs, compatible with an aging society.

2007

1/100 scale Two-dimensional tank experiment
(Kyoto University)

2008

1/20 scale Deep-sea tank experiment
(National Maritime Research Institute)

2009

1/10 scale Real-sea area experiment
(Sasebo City, Nagasaki Prefecture)

2010

Demonstration project commissioned by the Ministry of the Environment
(Off the coast of Kabashima, Goto City)

2012

Small-scale test equipment installation
(1/2 scale, 100 kW)

2013

Demonstration unit installation (2 MW)
Haenkaze



Photo: Nishiyama Hoichi

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)

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 commencement

Mid-term Report on Cost Reductions for Offshore Wind Power Generation Project
(NEDO Green Innovation Fund)

Relevant Main SDGs



Expectations for floating offshore wind power aimed at realizing carbon neutrality

As Japan seeks to further expand green energy usage, wind resources are seen to offer the greatest potential. Expectations are growing for floating offshore wind power, which could play a leading role in harnessing this potential.

Also, with the aging of society and declining birth rate of recent years, developing low-cost, highly productive large machines is one of the tasks facing the country.

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, operated without emitting CO₂ during its operation, thanks to 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.

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)

Future offshore wind power generation initiatives - Selected for NEDO's Cost Reductions for Offshore Wind Power Generation Project -

There are growing expectations that offshore wind power generation can be the "ace up the sleeve" in Japan's efforts to make renewable energy the country's main source of power. Going forward, we will leverage the results we achieved off the coast of Goto City over the last 10-plus years, which were made in cooperation with local governments and residents, and bring them to bear as we take on sustainability initiatives that will lead to next-generation technologies, such as the deployment of large-scale offshore wind turbines, hydrogen-related technologies, and implementing models for the local production and use of energy. As a leader in the floating offshore wind power generation field, we will contribute to the popularization and expansion of these technologies.

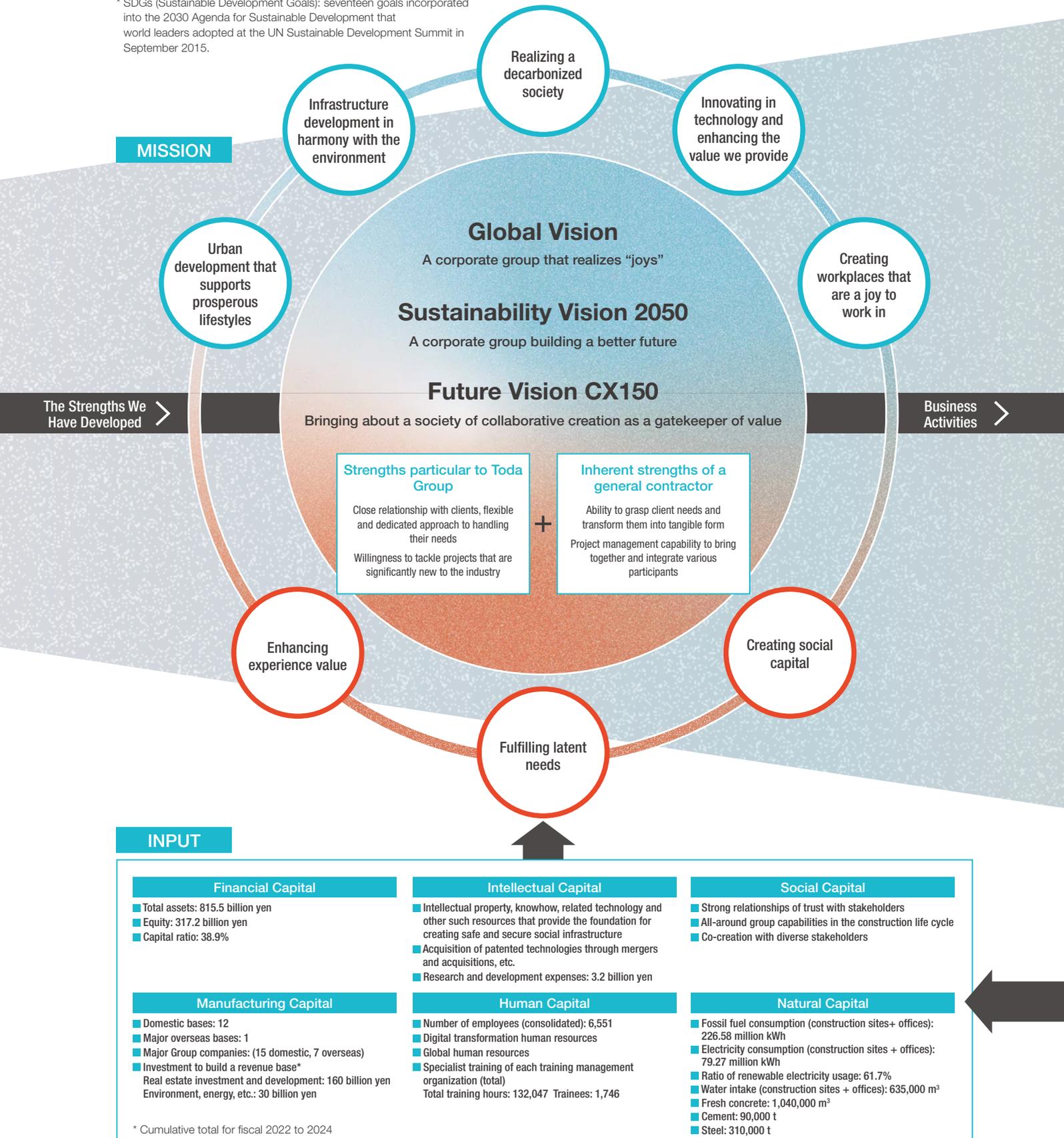
As part of this, the following two projects have been selected by the New Energy and Industrial Technology Development Organization (NEDO) for inclusion in the 2022 Mid-term Report on Cost Reductions for Offshore Wind Power Generation Project (Green Innovation Fund Business).

- 1 **Technology Development Project for Cost Reduction in fabricating and installing floating foundations**
Development of low-cost hybrid spar floating mass production system for large 15 MW-class wind turbines
- 2 **Offshore wind power operation and maintenance enhancement project**
Development of production-stage preventive maintenance technology, etc. using digital twins/Al

The Value Creation Process

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

* 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.



Direction to Aim for



Basic Policies of the Rolling Plan

- Provide truly appreciable value to all stakeholders by realizing Future Vision CX150.
- Promote growth investment in the Toda Building (scheduled for completion in 2024), floating offshore wind power generation projects, etc. to strengthen business portfolios.

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 2022 Performance —
- Scope 1+2 reduction rate (compared to FY2020): 14.5%
 - Scope 3 reduction rate (compared to FY2020): 0.8%
 - Total accident frequency rate: 4.22
 - Accident frequency rate: 0.40
 - Labor productivity per hour: 5,567 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 2022 Performance —
- Consolidated net sales: 547.1 billion yen
 - Operating income: 14.1 billion yen
 - Operating margin: 2.6%
 - Net income: 10.9 billion yen
 - ROE (return on equity): 3.5%

OUTCOME

Financial Capital

- DOE (dividend on equity ratio): 2.7%
- Dividend payout ratio: 75.8%
- TSR (Total Shareholder Return): 105.1%
- Issuer rating, etc.: A⁺ (R&I)

Manufacturing Capital

- Provision of advanced construction products
- Environmentally friendly business to support a carbon-free economy
- Safe and productive construction sites
- “Green Office Building” at the Tsukuba Research and Development Center: 2022 Good Design Award

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.
- Patent filings: 109

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
- Proportion of women in management positions: 3.7%
- Proportion of male employees taking childcare leave: 100%
- Proportion of foreign nationals among all employees: 0.9%

Social Capital

- Improving customer satisfaction
- Stronger relationships of trust with stakeholders
- Building the Toda Group brand
- Improving appeal of the construction industry
- Resilient social infrastructure
- Construction career advancement registration rate: 77.0%
- Serious violations of laws and regulations: None

Natural Capital

- Reduction of environmental impacts such as greenhouse gas emissions and construction waste
- Conservation of biodiversity
- Landfill disposal rate for construction waste: 4.1%

Capitalizing on value created

Note: Figures on this page are for FY2022.



A gatekeeper of value working to realize a society of collaborative creation under our Future Vision CX150

In fiscal 2022, although socioeconomic activities started to normalize in the post-pandemic world, global monetary tightening and geopolitical risks continued to demand the world's attention. The construction industry, too, faced a challenging business environment, with factors such as the sudden rise in prices impacting business performance. Amid such conditions, companies are increasingly being asked to respond more quickly to ever-accelerating social and economic changes by gaining an accurate understanding of stakeholder and market conditions.

Our Future Vision CX150 (July 2021) was formulated as a vision of what the Group should aim for in preparation for

its 150th anniversary in 2031. The issues faced by stakeholders are becoming increasingly diverse and solutions need to be provided at an ever-faster pace. 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.

With the agility to act in a true and swift manner, we will continue to thoroughly pursue this direction as a corporate group that creates the future and solves social issues.

*For an overview of CX150, please refer to P. 26.

With an eye on social issues, we are thoroughly committed to being a corporate group that builds the future

President and Representative Director

Osami Seisuke

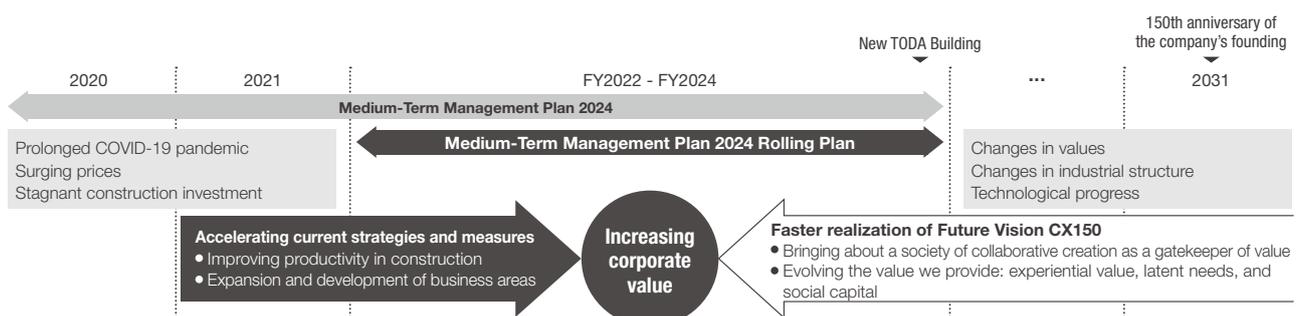
Medium-Term Management Plan 2024 Rolling Plan (Released May 2022)

In Medium-Term Management Plan 2024 announced in May 2020, the Group positioned the five-year period from fiscal 2020 to 2024 as a “transformation phase” for building a new revenue base. While work has progressed on this project, the Medium-Term Management Plan 2024 Rolling Plan (hereinafter, “Rolling Plan”) was formulated in 2022 in

order to respond to the rapid changes in the business environment and to clarify strategies for achieving the Future Vision CX150 that had been created with a view to the Group’s 150th anniversary. The Group is now working on this Rolling Plan, which spans the three-year period up to 2024.

Background to the Development of the Rolling Plan

Strengthening Strategy in Light of Changes in the Environment, Aiming to Increase Corporate Value



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.
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Group Performance Targets and Results

In Japan in fiscal 2022, socioeconomic activities started to normalize and the economy continued to recover in the post-pandemic world, but exchange rate fluctuations, price movements, and other issues driven by global monetary tightening and geopolitical risks continued to demand the world's attention.

In the construction industry, orders received were up year on year due to steady construction demand in the public and private sectors, but on the earnings front, soaring material prices and other factors created a difficult business environment.

In such circumstances, Group results for fiscal 2022 were as follows.

Consolidated net sales rose by 9.1% year on year to 547.1 billion yen, due to factors such as an increase in our overseas investment and development business.

In terms of operating income, the overseas investment and development business drove up gross profit, but rising prices for steel frames and other materials caused by changes in the construction business market environment necessitated provisions for losses on construction projects, which drove gross profit down 8.5%, to 57.3 billion yen. Selling, general and administrative expenses increased by 12.8% year on year to 43.1 billion yen, driven by expenses such as labor costs, depreciation, and other expenses, as well as costs resulting from the easing of restrictions on activities in the wake of the COVID-19 pandemic. As a result, operating income decreased by 42.0% year on year to 14.1 billion yen. Therefore, despite an increase in non-operating income due to factors such as dividend income and foreign exchange gains, ordinary income fell 32.3% year on year to 19.0 billion yen.

Despite an increase in extraordinary income due to gains earned on sales of investment securities, etc., impairment losses taken on fixed assets in the environment and energy business drove net income down 40.8% year on year to 10.9 billion yen.

As a result, ROE fell to 3.5% (5.9% the previous year) and labor productivity (non-consolidated) was 11.71 million yen (14.58 million yen the previous year). However, the dividend for fiscal 2022 was increased to 27 yen per share (full year; 26 yen the previous year), resulting in total dividends of 8.4 billion yen (8.0 billion yen the previous year). The new dividend on equity ratio (DOE) return target that was reviewed last year was 2.7% (2.6% the previous year), and the total return ratio was 76.5% (43.2% the

Performance Targets and Results

	2022		2023	2024 Target (medium-term plan)	
	Initial forecast	Result	Forecast		
Profitability	Consolidated net sales	520.0	547.1	540.0	600 billion yen
	Operating income	20.5	14.1	16.0	33.0 billion yen
	Operating margin	3.9	2.6	3.0	5.5 %
Capital efficiency	Net income	18.8	10.9	19.5	26.0 billion yen
	ROE	6.0	3.5	6.1	8.0 %
Productivity	Labor productivity* (Non-consolidated)	13.50	11.71	12.50	15 million yen
Shareholder returns	DOE*	2.6	2.7	2.7	2.5 %
	Total return ratio	44.1	76.5	44.3	40.0 %

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

* 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

Results by Segment

	2022		2023	2024 Target (medium-term plan)	
	Initial forecast	Result	Forecast		
Consolidated net sales	520.0	547.1	540.0	600 billion yen	
Building construction business	322.0	343.8	290.0	350.0	
Civil engineering business	130.0	141.6	130.0	145.0	
Strategic businesses	Domestic investment and development / Environment and energy	20.7	21.0	22.0	32.0
	Group companies	54.0	52.3	55.0	55.0
	Overseas investment and development (Global)	2.5	26.4	52.0	28.0
	Operating income	20.5	14.1	16.0	33.0 billion yen
Building Construction Business	5.1	(2.0)	1.6	9.8	
Civil engineering business	11.1	11.7	9.4	14.2	
Strategic businesses	Domestic investment and development / Environment and energy	1.0	3.3	1.6	0
	Group companies	2.2	1.9	1.5	3.5
	Overseas investment and development (Global)	1.0	1.7	3.0	5.5

* Sales and operating income by segment figures do not match totals due to the inclusion of consolidated eliminations.

previous year), all up on the previous year. Overall construction orders (non-consolidated) decreased by 5.7% to 426.7 billion yen, mainly due to a decrease in private-sector construction orders for domestic construction.

Looking ahead, although we see a moderate upwards trend in the economic situation, the outlook remains uncertain due to price increases and geopolitical risks driven by ongoing global monetary tightening and other factors. In the construction industry, the order-taking environment is expected to remain robust, but it will be necessary to continue to closely monitor trends in material prices and rising labor costs. As a Group, we will work to prevent a recurrence of performance slumps caused by rising prices and other factors, and recover performance by enhancing our agility and organizational responsiveness to changes in the business environment, with the aim of achieving our forecasts for fiscal 2023.

Rolling Plan Basic Strategies

- 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 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)

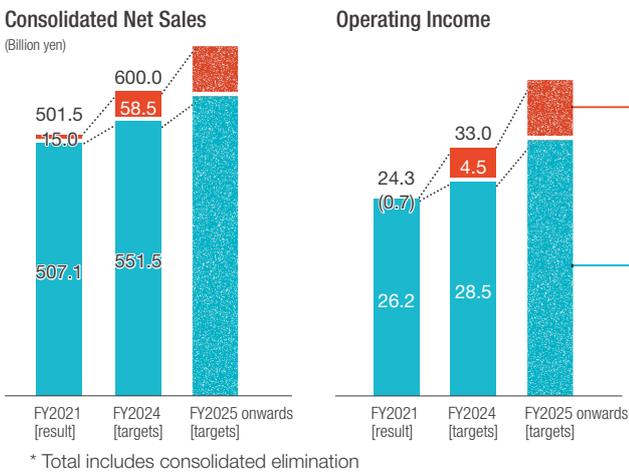
Aiming to enhance our value as a company that sells technology, we plan to invest approximately 20 billion yen (approximately 6.6 billion yen per year) over the three years from 2022 to 2024 in technological R&D to improve safety and productivity through mechanized construction, new technology and ICT 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



Priority Management Businesses

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

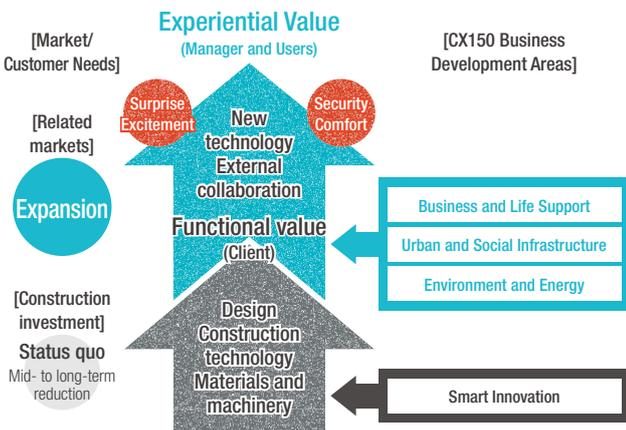
- New TODA Building
- Overseas business
- Renewable energy business (offshore wind)

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

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.

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.

We are utilizing the TODA Building (our new headquarters building) to accelerate the construction of a new earnings base with various value creation measures (see Special Feature 1, on P. 4). Investment will be fully committed in fiscal 2023 aimed at completion of the building in fiscal 2024.

With regard to our overseas business, we undertook a reorganization in March 2023 and established a Global

Business Administration Division, responsible for central management of our overseas subsidiaries. We will further promote our overseas business by concentrating management resources on Southeast Asia, which has been bolstered by our new subsidiary, TATA Indonesia. (See Overseas Business on P. 49)

As for our floating offshore wind power generation business, we have taken impairment losses due to problems with the project in Goto, currently under construction. However, as we complete this project, we will be able to leverage the experience to position ourselves as a leader in floating offshore wind power generation and take on the challenges of scaling up and reducing costs. (See Special Feature 3 on P. 7)

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). (See Financial Strategy on P. 29)

Progress of Investment Plan

In fiscal 2022, we invested in intangible assets, including growth investment in the construction of future earnings bases, human resource training, and R&D investment for boosting our technology capabilities as a general contractor, aimed at achieving our Rolling Plan goals. This investment amounted to 48.9 billion yen.

● Growth investment

For fiscal 2023, we are planning growth investments of 103 billion yen. This will consist of 77 billion yen of real estate development investment beginning with the new TODA Building (30 billion yen for the TODA Building itself), and 26 billion yen in environment and energy and elsewhere.

● Investment in intangible assets

In terms of intangible asset investment, we aim to invest a total of 18 billion yen through active investments in technological research and development (13.5 billion yen), as well as in digitalization (3.5 billion yen) and human resources (1 billion yen).

Investment Planning and Capital Allocation

Classification and purpose	Area of investment	Investment (3-year cumulative total)
Investments for growth	Real estate development (recovered through sales)	160 billion yen (65 billion yen)
	Environment, energy, etc. (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]

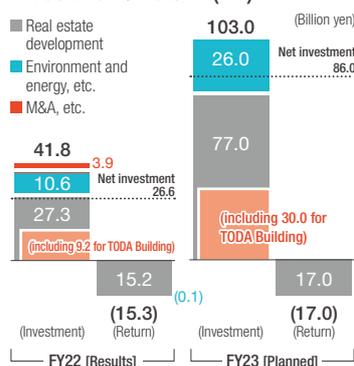
* Investment in intangible assets is the sum of general and administrative expenses and capitalized assets.

Progress of Investment Plan

		2022		2023	Medium-term target (2022-2024)
		Initial plan	Result	Plan	
Investments for growth	Real estate development	42.0 (including 9.2 for TODA Building)	27.3 (including 30.0 for TODA Building)	77.0 (including 30.0 for TODA Building)	160 billion yen
	Environment and energy	12.0	10.6	26.0	30 billion yen
	M&A, etc.	4.0	3.9	0	0 billion yen
Intangible assets	Human resources	1.0	0.5	1.0	3 billion yen
	Technological R&D	4.0	3.1	13.5	20 billion yen
	Digitalization	3.5	2.9	3.5	9 billion yen
Machinery, equipment, etc.	1.0	0.6	1.0	3 billion yen	
Total	67.5	48.9	122.0	225 billion yen	

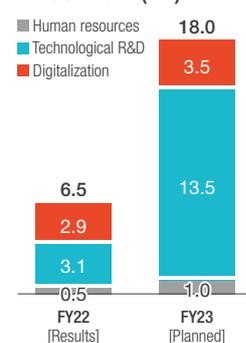
* Figures are the sum of general and administrative expenses and capitalized assets.

Growth Investment/Return (FY)



* Net investment = Investment - return

Intangible Asset Investment (FY)



* Figures are the sum of general and administrative expenses and capitalized assets.

3 Promulgation of ESG Management

In accordance with our Basic Policies on Sustainability, under the Rolling Plan we have redefined our key management indicators for non-financial targets in each of E (Environment), S (Society), and G (Governance), and are extending our efforts in this initiative. Our target figures for E 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, as a company that aims to be No. 1 in safety, we quantify our serious incident frequency rate so it can be compared with that of other companies. For G, meanwhile, labor productivity per hour has been established as a new indicator that can improve employees' motivation to work.

As for initiatives in each area, under E we are seeking to brand ourselves as an environmentally advanced company with our work in the environment and energy business and decarbonization initiatives, etc. Under S, we are reforming our personnel evaluation system for fiscal 2023 and undertaking other initiatives to promote “Job Satisfaction Reform” to enable employees to experience growth, and strengthening various risk management measures, including environmental, occupational health and safety, investment, and compliance. In G, we are raising the effectiveness of our governance by continuing to develop management organizations and systems, and through other work.

The Group's efforts to address various societal issues have received high acclaim from CDP and other external evaluation organizations. (See External Assessment on P. 75)

Non-Financial Targets and Results

Quantitative evaluation indicators	FY22		FY23 Target	Medium-term targets (FY24)	
	Target	Result			
E CO ₂ emissions, Scopes 1+2	Reduction rate (compared to fiscal 2020)	(8.4)	(14.5)	(12.6)	(16.8%)
	Basic unit (/100 million yen)	14.1	13.6	13.0	11.2 t-CO ₂
E CO ₂ emissions, Scope 3	Reduction rate (compared to fiscal 2020)	(5.0)	(0.8)	(7.5)	(10.0%)
	Category 1: Basic unit (/100 million yen)	651.6	700.4	609.2	540.7 t-CO ₂
	Category 11: Basic unit (/m ²)	4.2	2.9	3.9	3.5 t-CO ₂
Total accident frequency rate	2.50	4.22	2.50	1.0	
S Serious incident frequency rate	0.30	0.40	0.20	0.10	
G Labor productivity per hour	6,621	5,567	6,150	7,500 yen	

- * 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

A Corporate Group That Realizes “Joys”

Our global vision is to realize “joys” for all our stakeholders, and our CX150 vision for the future aims to fulfill this mission by 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.



Initiatives to Make the Sustainability Vision 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.”



Sustainability Promotion Policy/Promotion System

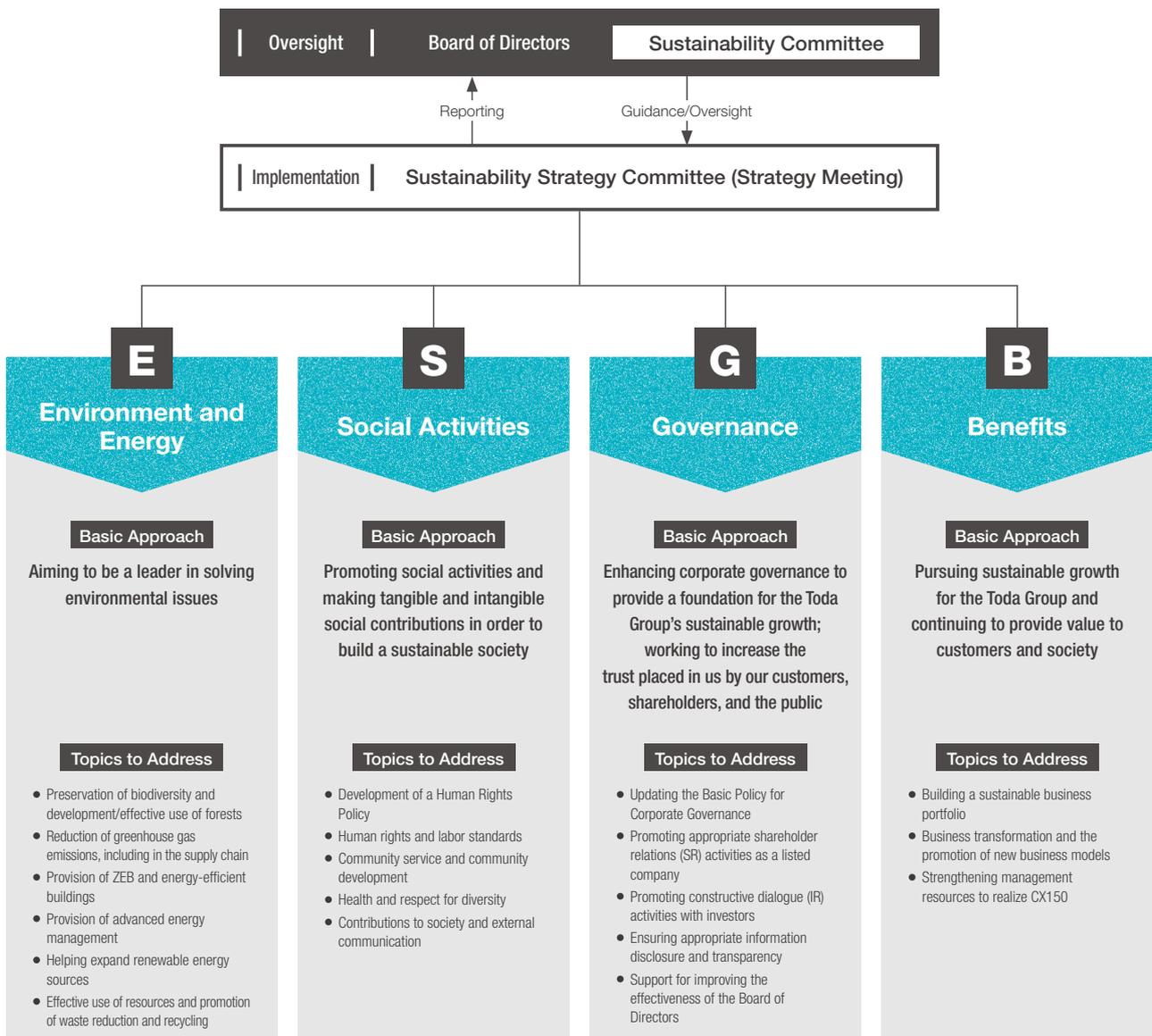
The Toda Group has established the Sustainability Promotion Policy to define how we should work toward the realization of a sustainable society.

Establishing and Operating a Sustainability Promotion System

The Sustainability Committee was established as an advisory body to the Board of Directors to oversee and give guidance on sustainability efforts. On the executive side, a Sustainability Strategy Committee has been established. This committee defines topics to be addressed from the four perspectives of “ESG+B” (E: Environment and Energy; S: Social Activities; G: Governance; B: Benefits), and furthers discussions about reflecting them in our business strategies, based on an appropriate allocation of management resources. Efforts to resolve issues identified by the Sustainability Strategy Committee are prioritized and implemented by executive departments such as groups and divisions.

Public Outreach

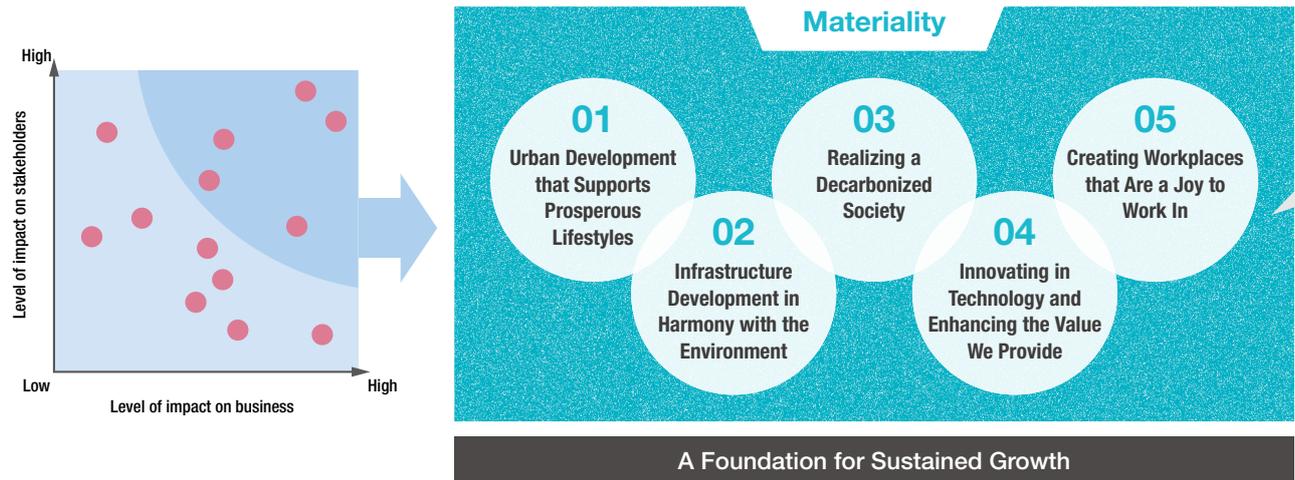
Our efforts to resolve sustainability issues, as well as risks and the opportunities for profit associated with those issues, will be disclosed to our stakeholders through this report and the company’s official website (on the sustainability pages) as appropriate.



Topics for Materiality-Based Initiatives

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

- STEP 1** Social issues and business-related challenges identified by cross-company members from a variety of perspectives
- STEP 2** The issues are categorized and discussed in terms of importance
- STEP 3** Confirmation is made of how these issues relate to company policies and the medium-term management plan, etc.
- STEP 4** A range of opinions are received from the Sustainability Committee, which includes outside directors, and their views are reflected as appropriate
- STEP 5** The materialities are finalized by the Sustainability Strategy Committee and approved by the Board of Directors
- STEP 6** The materialities undergo regular review to reflect changes in society

* Exchanges of opinions with external experts and other stakeholders are planned for future reviews.

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.

Sustainability Vision 2050

A Corporate Group Building a Better Future

Materialities (Key Issues)		
Materiality	Address through CX150 (target figures/strategies)	Address through non-financial targets
Urban Development that Supports Prosperous Lifestyles	○	
Infrastructure Development in Harmony with the Environment	○	
Innovating in Technology and Enhancing the Value We Provide	○	
Realizing a Decarbonized Society	○	○
Creating Workplaces that Are a Joy to Work In		○
A Foundation for Sustained Growth		○

Main Initiatives Under Each Topic

	Materiality	Initiative Topic	Related SDGs
<p>01 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 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 Realizing a Decarbonized 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 	
<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			
<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 	

Special Features

The Value Creation Story

Strategy for Value Creation

Materiality-Based Initiatives

Plan and Results of Sustainability Activities for FY2022

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

Materiality 01 Urban Development that Supports Prosperous Lifestyles



Priority Activity Items/ Plans for FY2024 (Targets)	FY2022 Plan (Targets) PLAN	FY2022 Results DO	Assessment CHECK	FY2023 Plan (Targets) ACTION	Priority Targets (KPIs)
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 	<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 	○	<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 	
	<ul style="list-style-type: none"> Mécénat and support for cultural activities 	<ul style="list-style-type: none"> Sponsorship of the EU-Japan Fest Sponsorship of the Japan Philharmonic Orchestra Sponsorship of various university activities 	○	<ul style="list-style-type: none"> 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) Strengthening of disaster response for all possible cases Expansion of the scope of cooperation with partner companies Establishment of methods of communication 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"> Company-wide comprehensive disaster drills (100% training participation rate of officials in charge) Drills for possible Mt. Fuji eruption and cyberattacks Creating manuals for response sequences, including setting up CSIRT, cyberattack responses from prevention to recovery, providing explanations to stakeholders Implementation of information sharing drills using satellite phones, HazardTalk, and chat rooms to confirm multiple means of communication when ICT functions are unavailable Drills for returning home on foot Implementation of safety confirmation drills twice a year (100% reporting rate during comprehensive disaster drills) Linking the "Yurekanchi" building monitoring system and headquarters signage in order to build a system that makes it possible to use the signage to view fixed-point camera images of disaster sites Use of the "Yurekanchi" building monitoring system to send 820 emails to facility managers in the event of a general earthquake drill, 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 multi-hazard response Expansion of the scope of cooperation with partner companies Increasing participation in drills for returning home on foot Expansion of the scope of use of the map function to cooperating companies Provision of email delivery in the event of an earthquake, periodic delivery drills 	

Materiality 02 Infrastructure Development in Harmony with the Environment



Priority Activity Items/ Plans for FY2024 (Targets)	FY2022 Plan (Targets) PLAN	FY2022 Results DO	Assessment CHECK	FY2023 Plan (Targets) ACTION	Priority Targets (KPIs)
Support for Biodiversity	<ul style="list-style-type: none"> Number of business projects proposing biodiversity-friendly technologies, etc.: 21 	<ul style="list-style-type: none"> Number of business projects proposing biodiversity-friendly technologies, etc.: 23 	◎	<ul style="list-style-type: none"> Number of business projects proposing biodiversity-friendly technologies, etc.: 20 	☆
Promotion of Environmentally Friendly Design	<ul style="list-style-type: none"> Proposals for environmental conservation plans (design) with 35 or more items per property 	<ul style="list-style-type: none"> Proposals for environmental conservation plans (design) with 38.3 items per property (average) 	◎	<ul style="list-style-type: none"> Proposals for environmental conservation plans (design) with 35 or more items per property 	
Disaster Recovery for the Next Generation	<ul style="list-style-type: none"> Continued cooperation in earthquake recovery and reconstruction projects 	<ul style="list-style-type: none"> litate Village temporary storage recovery, etc. construction 	○	<ul style="list-style-type: none"> Continued cooperation in earthquake recovery and reconstruction projects 	

Materiality 03 Realizing a Decarbonized Society



Priority Activity Items/ Plans for FY2024 (Targets)	FY2022 Plan (Targets) PLAN	FY2022 Results DO	Assessment CHECK	FY2023 Plan (Targets) ACTION	Priority Targets (KPIs)
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 Strengthening of promotion and support for reducing CO₂ emissions at construction sites E-learning for young employees to understand environmental laws and regulations 	<ul style="list-style-type: none"> ISO 14001 re-certification audit and receiving certification Enhancement and upgrading of support for environment-related activities at construction sites through the operation of an environmental management system Promoting and strengthening CO₂ emissions reductions at construction sites, beginning with the introduction of RE100 power Promotion and support for employees to understand environmental laws and regulations through job rotation, hierarchical education, etc. Education and support for changes to construction site responses in line with government regulations regarding the promotion of effective utilization of resources 	○	<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 Strengthening of promotion and support for reducing CO₂ emissions at construction sites Support for employees to understand environmental laws and regulations through job rotation, hierarchical education, etc. 	
Reduction of Construction By-Products and General Waste	<ul style="list-style-type: none"> Reduction of the final 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 	<ul style="list-style-type: none"> Final disposal rate for construction waste: 4.1% Achieved at least six categories of waste separated at offices (office average: 10 categories) 	◎	<ul style="list-style-type: none"> Reduction of the final disposal rate for construction by-products (To build a recycling-oriented society, setting a target of 3.0% or less final disposal rate for construction by-products by 2030, and a long-term target of zero by 2050) Thorough separation of general waste, at least six categories of waste separated at offices 	☆
Thorough Risk Management for Hazardous Substances	<ul style="list-style-type: none"> Zero violations of contaminated soil disposal laws and regulations Thorough implementation of proper hazardous substance management 	<ul style="list-style-type: none"> Thorough management by sharing cases of occurred delays in submitting plan changes Ensuring full compliance with asbestos-related laws and regulations at construction sites 	△	<ul style="list-style-type: none"> Zero violations of contaminated soil disposal laws and regulations Thorough implementation of proper hazardous substance management 	
Limiting Greenhouse Gas Emissions	<ul style="list-style-type: none"> Scope 1, 2 emissions (consolidated) of 77,857 tons CO₂ or less Scope 1, 2 emissions per basic unit (consolidated: construction sites) of 13.9 tons CO₂/100 million yen or less Use of electricity generated from renewable energy sources: 45% or more Use of electricity generated from renewable energy sources: 60% or more Greenhouse gas reduction of 2,500 tons CO₂ through the use of environmentally friendly fuels 	<ul style="list-style-type: none"> Scope 1, 2 emissions (consolidated) of 79,971 tons CO₂ Scope 1, 2 emissions per basic unit (consolidated: construction sites) of 13.6 tons CO₂/100 million yen Use of electricity generated from renewable energy sources: 61.7% Greenhouse gas reduction of 1,100 tons CO₂ through the use of environmentally friendly fuels 	◎	<ul style="list-style-type: none"> Scope 1, 2 emissions (consolidated) of 81,787 tons CO₂ or less Scope 1, 2 emissions per basic unit (consolidated: construction sites) of 12.5 tons CO₂/100 million yen or less Use of electricity generated from renewable energy sources: 53% or more Greenhouse gas reduction of 1,800 tons CO₂ through the use of environmentally friendly fuels 	☆
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% or more of total office supply purchases 	<ul style="list-style-type: none"> Construction: 16.3 items; civil engineering: 15 items Design division: 9.8 items per property (average) Green office supplies purchase rate: 81% 	○	<ul style="list-style-type: none"> Construction: 15 items; civil engineering: 17 items Design division: 8 items or more per property 80% or more 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 0.79 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"> CASBEE compliant: Average BEE value of 1.504 Reduction of primary energy consumption: BEI value of 0.73 (average) Offices, schools, factories, etc. with a floor area of 10,000 m² or more: BEI value of 0.69 (average) Hotels, hospitals, department stores, restaurants, meetings places, etc. with a floor area of 10,000 m² or more: BEI value of 0.77 (average) 	◎	<ul style="list-style-type: none"> CASBEE compliant: Average BEE value of 1.50 or higher Reduction of primary energy consumption: BEI value 0.75 or lower (average) Offices, schools, factories, etc. with a floor area of 10,000 m² or more: BEI value of 0.80 or lower (average) Hotels, hospitals, department stores, restaurants, meetings places, etc. with a floor area of 10,000 m² or more: BEI value of 0.85 or lower (average) 	

Materiality 04 Innovating in Technology and Enhancing the Value We Provide



Priority Activity Items/ Plans for FY2024 (Targets)	FY2022 Plan (Targets) PLAN	FY2022 Results DO	Assessment CHECK	FY2023 Plan (Targets) ACTION	Priority Targets (KPIs)
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 	<ul style="list-style-type: none"> Promotion of 29 environment-related projects Consideration of 10 technological development projects in collaboration with other industries 	○	<ul style="list-style-type: none"> Promotion of environment-related projects in the Research and Development Division 	
Quality Assurance	<ul style="list-style-type: none"> 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"> ISO 9001 re-certification audit and receiving certification Continuation of thorough construction management for structural framing (piles, reinforcing steel, concrete) Creation of a database of quality defect cases and company-wide deployment, promoting building of systems 26 technological development projects that contribute to quality improvement (Example: In tunnel construction, development of technologies related to automated construction and prevention of concrete cracking) 	○	<ul style="list-style-type: none"> 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, operation of systems 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 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 	<ul style="list-style-type: none"> Development and deployment of "Hyarepo" application, for new construction accident near-miss reporting method 33 technological development projects contributing to safety and security Update of external website (technology) Update of the comprehensive development technology pamphlet Thorough company-wide deployment of developed technologies through 12-branch technology briefings, project report meetings, etc. Update of the list of owned technologies (building construction and civil engineering) and update of search system Production of technology showcase video Participating in exhibitions as an exhibitor Proposal of "semi-active oil dampers," which improve building safety by mitigating sway from a wide range of earthquakes Proposal of "AI-based underground exploration systems" to prevent failure accidents of underground excavation construction 	○	<ul style="list-style-type: none"> Thorough company-wide deployment of developed technologies Promotion of technological development to provide safety and security Active communication of development technology proposals that are of value to customers 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 (response rate: 100%) 	<ul style="list-style-type: none"> 100% inquiry response during business days, at night, and on holidays 	○	<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 (response rate: 100%) 	

Materiality 05 Creating Workplaces that Are a Joy to Work In



Priority Activity Items/ Plans for FY2024 (Targets)	FY2022 Plan (Targets) PLAN	FY2022 Results DO	Assessment CHECK	FY2023 Plan (Targets) ACTION	Priority Targets (KPIs)	
Human Resource Initiatives	<ul style="list-style-type: none"> New recruitment aimed at the revised 2.5% statutory rate for employment of people with disabilities Continuing education and training programs for the development of female executives and managers 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 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 	<ul style="list-style-type: none"> Achievement of the statutory rate for employment of people with disabilities (2.47%) Organization of training programs for the development of female executives and managers and dispatch training Organization of training mainly focused on unconscious bias (223 participants at deputy general manager level) Maintenance of MHLW "Eruboshi" accreditation As an internal system, establishment on October 1, 2022, of new Postnatal Papa Leave (28 days of paid leave available) and Postnatal Papa Special Leave Achievement of a 100% childcare leave take-up rate for male employees (143 employees) and promotion of its long-term use (12 employees) Organization of learning to instill correct LGBTQ understanding and ideas for communication methods Implementation of various measures to reform work styles and improve job satisfaction - Introduction of new personnel system, updating work administration system, establishment of new on-site work allowance Promotion of health management - Health Management Declaration, enhancement of the health management system, and establishment of KPIs (see website for details), introduction of new health administration system Recognized as an Outstanding Health and Productivity Management Organization for five consecutive years 	○	<ul style="list-style-type: none"> New recruitment aimed at the revised 2.5% statutory rate for employment of people with disabilities Training programs for the development of female executives and managers and dispatch training Organization of social events for female employees working outside the office Organization of training on unconscious bias Maintenance of MHLW "Eruboshi" accreditation Maintenance of a 100% male childcare leave take-up rate and promotion of its long-term use Continuation and expansion of LGBTQ initiatives 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 		
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 	<ul style="list-style-type: none"> Ongoing improvement and promotion 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"> Ongoing improvement and promotion 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: 0.20 or lower; Total accident frequency rate: 2.50 or lower 	☆	
Collaboration with Partner Companies	<ul style="list-style-type: none"> Spreading of the "Declaration of Respect for Labor Cost Estimates" MLIT model scoring conditions to the private sector Construction Career Development System Rates 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. 	<ul style="list-style-type: none"> Compliance with the "Declaration of Respect for Labor Cost Estimates" MLIT 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"> Rates of operator registration and technician registration for secondary and subordinate subcontractors: 100% Construction site tap-in rate: In principle, 100% Training sessions for outstanding technicians scheduled at all branches in June/July 	<ul style="list-style-type: none"> Compliance with the "Declaration of Respect for Labor Cost Estimates" MLIT model scoring conditions With respect to the Construction Career Development System, at the end of March 2023: <ul style="list-style-type: none"> Rate of operator registration (including secondary and subordinate subcontractors): 77.0% Rate of technician registration (including secondary and subordinate subcontractors): 81.2% Construction site tap-in rate: 77.9% Training sessions for outstanding technicians completed at all branches in June/July 2022 At the end of FY2022 training sessions, 799 outstanding technicians were confirmed (eligible for "A" allowance: 643; "B" allowance: 95; "C" allowance: 121) 	○	<ul style="list-style-type: none"> Compliance with the "Declaration of Respect for Labor Cost Estimates" MLIT model scoring conditions With respect to the Construction Career Development System, ensure the following by the end of March 2024: <ul style="list-style-type: none"> Rate of operator registration (including secondary and subordinate subcontractors): 100% Rate of technician registration (including secondary and subordinate subcontractors): 100% Construction site tap-in rate: 100% Training sessions for outstanding technicians organized at all branches in June/July 2023 	

A Foundation for Sustainable Growth

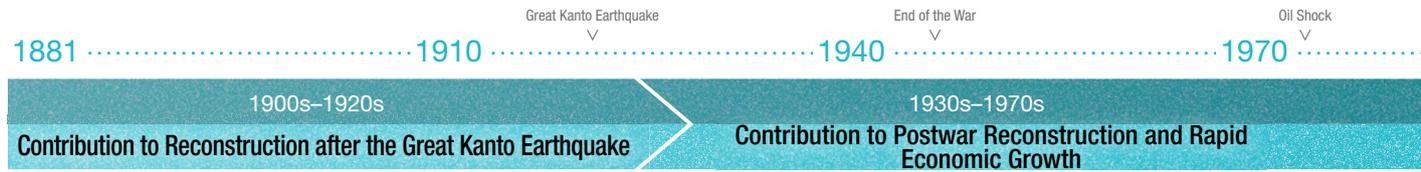


Priority Activity Items/ Plans for FY2024 (Targets)	FY2022 Plan (Targets) PLAN	FY2022 Results DO	Assessment CHECK	FY2023 Plan (Targets) ACTION	Priority Targets (KPIs)
Providing Information to Stakeholders and Promoting Dialogue	<ul style="list-style-type: none"> Enhancement of IR and PR activities Briefings 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"> Provision of disclosure in English Two briefings for analysts held (May, November) Individual/small meetings (51 sessions) Briefings for individual investors (one session) Dialogue with institutional investors (11 sessions) Regular official site updates 	○	<ul style="list-style-type: none"> Enhancement of IR and PR activities Briefings for analysts (two sessions) Individual/small meetings (about 10 companies per quarter) Dialogue with institutional investors about capital policies (10 sessions/year) Provision of information through the media 	
Corporate Governance/Internal Control	<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 Establishment and operation of internal control systems 	<ul style="list-style-type: none"> Assessment of the effectiveness of the Board of Directors (Once per year, as part of this, conduct director self-evaluation, overall evaluation of the Board of Directors, evaluation of responses to issues from the previous fiscal year) 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 Hold group company general meetings three times a year, have group company presidents report on annual plans and business conditions Implementation of training for group company directors and auditors Evaluation of internal control operations, measures to address deficiencies, and implementation of improvements (Head Office, 13 branch offices, and 4 group companies) 	○	<ul style="list-style-type: none"> Measures based on the Basic Policy for Corporate Governance (assessment of the effectiveness of the Board of Directors, and implementation of initiatives based on the results of the previous fiscal year's assessment) 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 Establishment and operation of internal control systems 	
Risk Management (Investment/Information)	<ul style="list-style-type: none"> Continuation and improvement of risk management activities throughout the company Implementation of risk management and monitoring by the Investment Screening Division 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"> Total of 6,498 risks identified in 952 departments and construction sites, and risk reduction measures examined by Head Office administrative divisions based on the results Holding Investment Committee meetings 10 times, monitoring investment projects 2 times Implementation of information security education e-learning (2 times) Implementation of targeted attack e-mail training (1 time, including at group companies) (Not distributed all at once; rather, sent out in batches over a period of time to small groups of individuals) 	○	<ul style="list-style-type: none"> Continuation and improvement of risk management activities throughout the company Implementation of risk assessment and monitoring by the Investment Screening Division Implementation of information security education e-learning (twice a year) Implementation of targeted attack e-mail training (twice a year, including at group companies) 	☆
Compliance	<ul style="list-style-type: none"> Implementation of compliance training by job level 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) 	<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 (34 times total across 3 job levels) and training for individual departments (3 times) Implementation of e-learning training (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) 	

Our History of Value Creation

The value that our group provides 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.

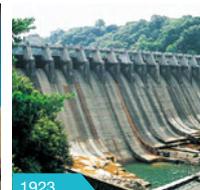
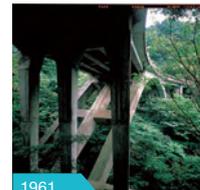
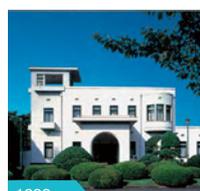
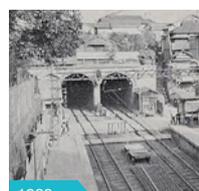
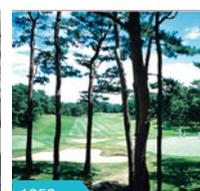
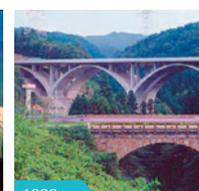
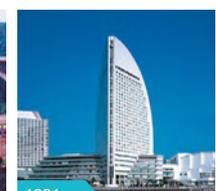
Values and Major Works that Have Contributed to Society



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).

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.

 1912 Keio 50th Anniversary Memorial Library	 1927 Waseda University Okuma Auditorium	 1923 Ooi Dam	 1961 Hakone Bypass Tengu Bridge	 1964 Komazawa Olympic Park General Sports Ground Athletic Field	 1970 Japan World Exposition, Osaka — Swiss Pavilion
 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	 1983 Tsushima Air Terminal	 1988 Oinosaka Kameoka Bypass Bridge	 1991 InterContinental Yokohama Grand

History:

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

Progressive Initiatives as a Responsible Company (ESG Initiatives)

Environment: Environment

1994	Toda Global Environment Charter established	2019	Joins the RE100 initiative
1998	First Environmental Preservation Activity Report (predecessor to the Corporate Report) issued		Expresses our support of TCFD Recommendations
1999	ISO 14001 certification obtained	2020	Appointed Chair of the Eco-First Promotion Council
2000	First company in Japan and in the construction industry to achieve zero emissions		Award for Excellence in Climate Change Reporting received at the Environmental Communication Awards
2002	Green Procurement Guidelines established	2022	Issues Climate Emergency Declaration
2010	Certified as an Eco-First Company		Updates the greenhouse gas emission reduction targets to the “1.5°C level”
2017	Construction of an environmental technology demonstration building for ZEB conversion completed		Issues Sustainability Linked Bonds
	SBT approval received for CO ₂ emission reduction targets (the first in the construction industry)	2023	Certified as an A List company by the CDP (for the sixth time, and for five consecutive years, following 2016 and 2018 to 2021)
	Issues Japan's first Green Bonds for the company's own business		Selected as an Environmentally Sustainable Company in the ESG Finance Awards Japan



1980 2000 2020 2031

Great Hanshin Earthquake

2011 Tohoku Earthquake and Tsunami

COVID-19 Pandemic

1980s–2000s

2010s onwards

Toward Becoming an “Environmentally Advanced Company”

A Corporate Group that Realizes “Joys”

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.

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



2020 Yokohama Municipal Citizen's Hospital



2021 Construction of the Kelani River New Bridge



2021 Tokiwabashi Tower

Social: Social

1965	Toda Disaster Prevention Cooperative Association established	2014	Establishes the Value Creation Promotion Office (now the Innovation Group)
1989	Occupational ability reflected in the personnel system	2016	Joins the IkuBoss Corporate Alliance
1990	Toda Riyukai association established		Toda Mirai Foundation established
1991	Full 2-day holiday workweek system introduced	2017	Strategic Business Promotion Office established (now the Strategic Business Promotion Group)
1995	First in the construction industry to receive ISO 9001 certification	2018	Obtains “Eruboshi”: L-boshi certification
2001	Performance-focused evaluation introduced in the personnel system	2021	Receives silver in PRIDE Index for LGBTQ initiatives
2006	BCP (Business Continuity Plan) established	2022	Selected as a member of the “FTSE Blossom Japan Index”
2008	Toda Tokyo Foremen’s Association established	2023	Certified as a 2023 excellent enterprise (White 500) under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (five consecutive years)
2009	Performance and behavioral evaluation introduced in the personnel system		
2012	ISO 27001 certification acquired		
2013	Customer center established		

Governance: Governance

1967	Management Policy established	2018	Charter of Corporate Behavior revised
1994	Code of Conduct established		Basic Policy for Corporate Governance revised
2002	Establishes Corporate Ethics Committee (now the Compliance Committee) and Audit Division (now the Internal Audit Division)	2021	Code of Conduct revised
			Basic Policy for Corporate Governance revised
2003	Charter of Corporate Behavior established		Basic Sustainability Policy established
2005	Executive Officer System introduced	2022	Board of Directors reduced in size (7 members, with a majority of outside directors)
2014	Risk Management Division established (now the Legal and Risk Management Division)		Joins the United Nations Global Compact
2015	Procurement Policy established		Human Rights Policy established
	Basic Policy for Corporate Governance established	2023	Procurement Policy reformed
2017	Corporate Philosophy revised		

Special Features

The Value Creation Story

Strategy for Value Creation

Materiality-Based Initiatives

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.

Business Environment and Social Changes	Impact on the Toda Group	
 <p>Changes in Demographic Structure/Labor Force</p> <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 	<p>Risks</p> <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 	<p>Opportunities</p> <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
 <p>Changes in the Market Environment</p> <ul style="list-style-type: none"> Surging prices of construction materials Changes in cities and communities National resilience/Regional revitalization Globalization The information society/progress of digital technology 	<p>Risks</p> <ul style="list-style-type: none"> Reductions in demand for offices environment and dysfunctional supply chain Reductions in construction investment Surging purchase prices for construction materials Slowdown in material supply due to a tight work Weak real estate market Delays in construction progress Declining profitability Information leaks 	<p>Opportunities</p> <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
 <p>Change in People's Sense of Values</p> <ul style="list-style-type: none"> Diversification of sense of values Emphasis on experiential value Focus on long-term value for all stakeholders 	<p>Risks</p> <ul style="list-style-type: none"> Development of industrialized construction methods and modularization Commoditization of buildings Declining value of the contracting business model 	<p>Opportunities</p> <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
 <p>Laws, Regulations and Policies</p> <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 	<p>Risks</p> <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 	<p>Opportunities</p> <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
 <p>The Global Environment</p> <ul style="list-style-type: none"> Climate change Progressing global warming Escalating environmental problems Incidence of major natural disasters 	<p>Risks</p> <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 	<p>Opportunities</p> <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* needs for renewable energy power plants Increases in sales due to proliferation of ZEB construction Growing demand for disaster prevention and mitigation work

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

Toda Group's Direction to Aim for: Outline of Future Vision CX150

Conceptual Framework

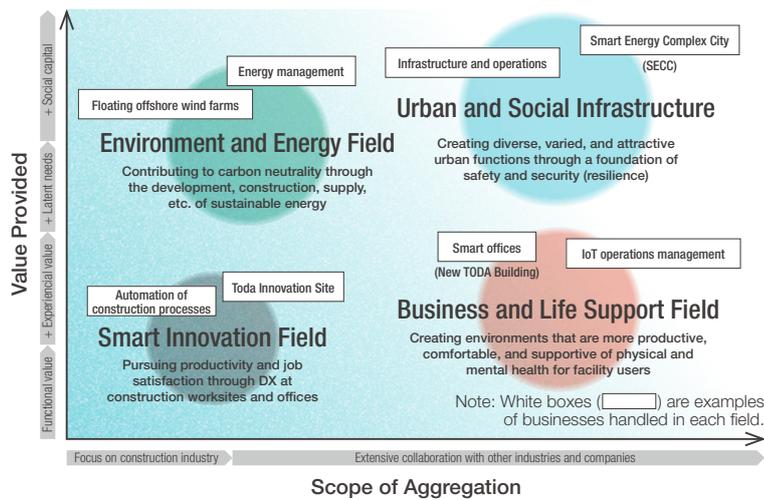
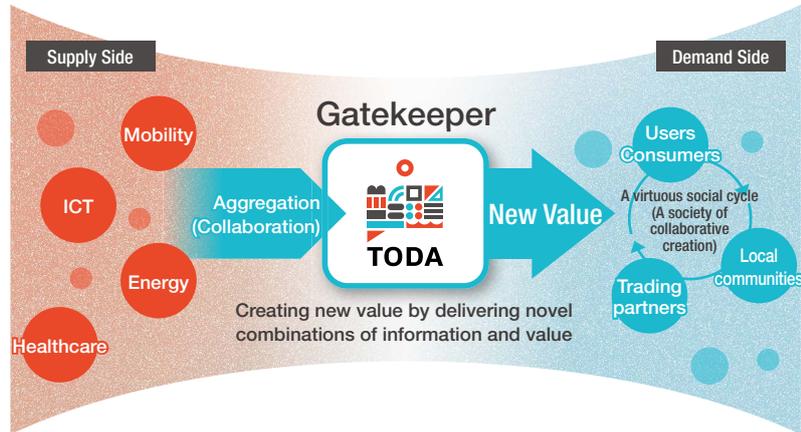
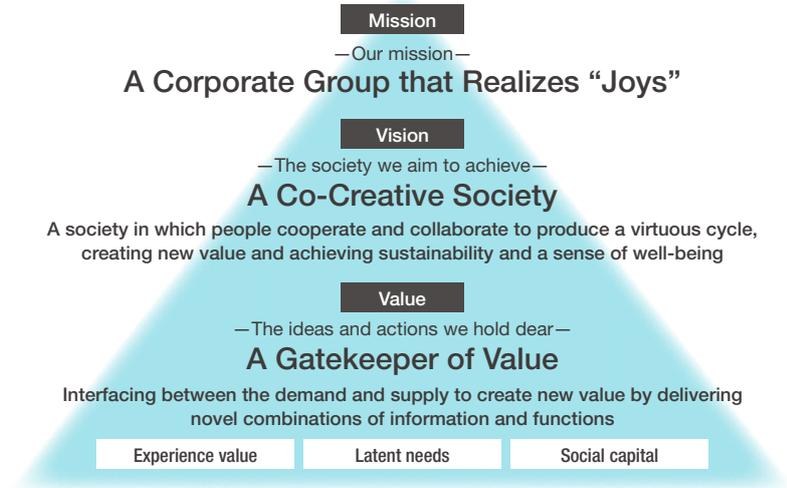
In our Future Vision CX150, we see the ideal state of our group as “a gatekeeper of value that brings about a co-creative society” as we approach our 150th anniversary.

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.12-16)

Special Features

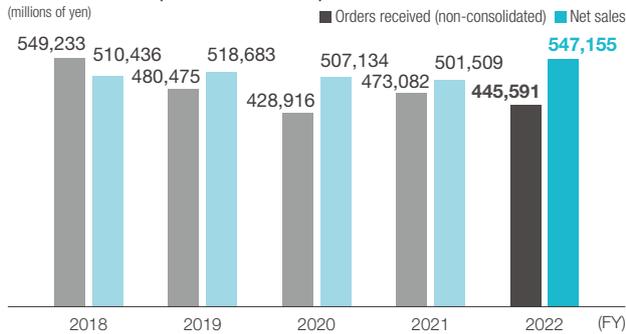
The Value Creation Story

Strategy for Value Creation

Materiality-Based Initiatives

Financial and Non-Financial Highlights

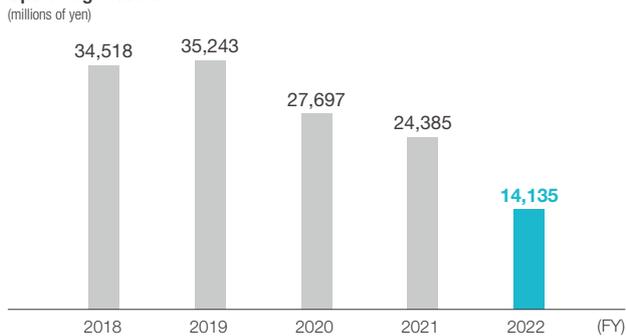
Orders Received (Non-Consolidated) and Net Sales



In the construction business, the environment for orders received was robust for public-sector and private-sector construction work.

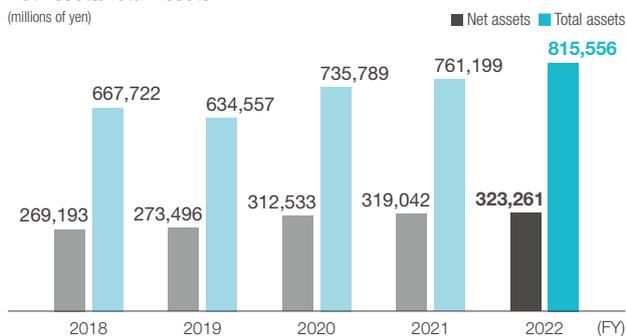
Our orders received (non-consolidated) decreased by 11.3% year on year in the building construction business primarily due to declining orders for domestic private-sector projects, while they were up 8.4% year on year in the civil engineering business. The result was an overall decrease of 5.8% to 445.5 billion yen. In terms of consolidated net sales, there was a 13.5% increase in the building construction business and a 14.3% decrease in the civil engineering business, but other factors such as an increase in the overseas investment development business (24.1 billion yen) led to an overall increase of 9.1% to 547.1 billion yen.

Operating Income



In the building construction business, rising prices for steel frames and other materials caused by changes in the construction business market environment necessitated provisions for losses on construction projects, which drove gross profit down 8.5% year on year. Other additional negative factors included expenses such as labor costs, depreciation, and other expenses, as well as costs resulting from the easing of restrictions on activities in the wake of the COVID-19 pandemic. As a result, operating income was 14.1 billion yen, down 42.0% year on year.

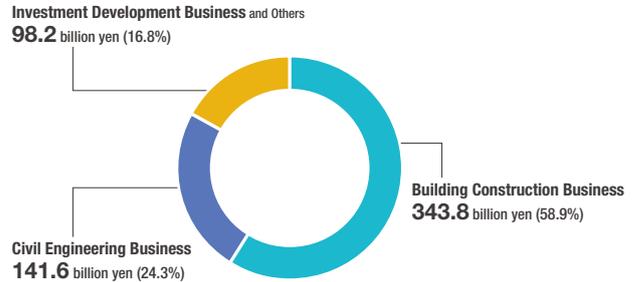
Net Assets/Total Assets



Net assets at the end of the current fiscal year were 323.2 billion yen, up 1.3% year on year, and the capital ratio was 38.9%, due to a recorded net income of 10.9 billion yen and a 3.5 billion yen increase in non-controlling interests from the consolidation of PT Tatamulia Nusantara Indah as a subsidiary and other moves, and despite a 9.1 billion yen decrease in earned surplus due to dividend payments.

Total assets increased 54.3 billion yen year on year to 815.5 billion yen (7.1% increase) due to increases in bills receivable/uncollected money from completed projects, etc. (73.9 billion yen), real estate for sale (7.3 billion yen), buildings and structures (6.3 billion yen), construction in progress (10.4 billion yen), and other factors. Negative factors included decreases in cash and deposits (23.6 billion yen), securities (9.5 billion yen), and investment securities (7.5 billion yen).

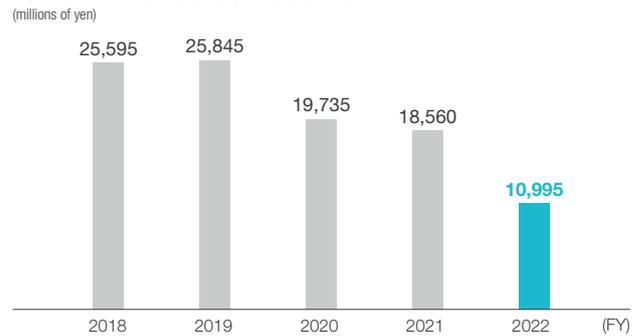
Net Sales by Business Segment and as Percentages of Net Sales



*Figures do not include consolidated eliminations.

Sales by segment have conventionally been focused on the building construction business. While no major shifts in sales to other segments are anticipated, we are focusing on strengthening our investment and development businesses as part of our medium- to long-term business strategy. Due to increases in the overseas investment development business and other factors, net sales in the investment and development business and others were up to 98.2 billion yen (51.2 billion yen the previous year).

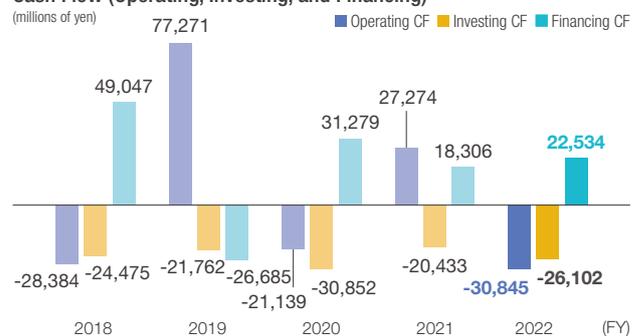
Net Profit Attributable to Owners of the Parent



Despite an increase in non-operating income compared to the previous fiscal year due to factors such as dividend income from held investment securities and foreign exchange gains, ordinary income was down by 19.0 billion yen.

Also, despite a year-on-year increase in extraordinary income due to marginal gains on step acquisitions and sales of investment securities, impairment losses taken on fixed assets in the environment and energy business drove net profit attributable to owners of the parent down 40.8% year on year, to 10.9 billion yen.

Cash Flow (Operating, Investing, and Financing)

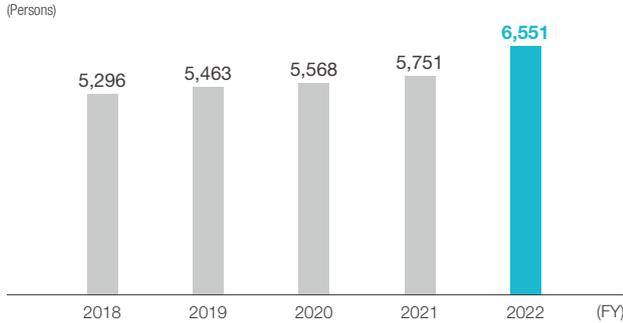


Cash and cash equivalents (hereinafter, "funds") at the end of the current fiscal year amounted to 95.8 billion yen, a decrease of 33.4 billion yen year on year.

Cash flows from operating activities decreased by 30.8 billion yen due in part to a decrease in funds caused by a 57.3 billion yen increase in trade receivables, and despite increases in funds due to income before income taxes, etc. of 17.8 billion yen and other factors. Cash flows from investing activities decreased by 26.1 billion yen, due to factors such as a decrease in funds of 35.8 billion yen for the purchase of property, plant and equipment, and despite increases in funds of 12.0 billion yen from the sales and redemption of investment securities.

Cash flows from financing activities increased by 22.5 billion yen due in part to 23.1 billion yen in short-term borrowings and 33.6 billion yen in long-term borrowings, and despite a decrease in funds of 20.0 billion yen due to the redemption of commercial papers.

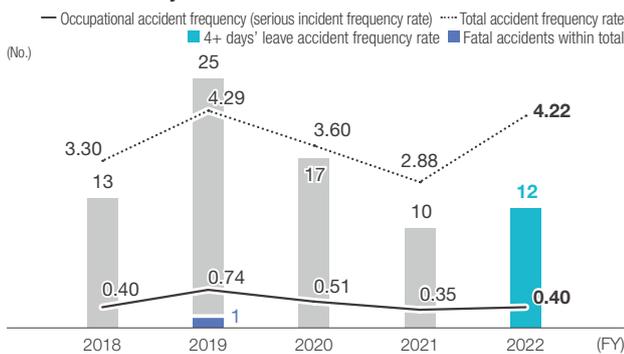
Number of Employees (consolidated)



The consolidated number of employees increased by 800 year on year. The main reason for this was the acquisition of additional shares in PT Tatamulia Nusantara Indah, an equity method affiliate, that made the company and its subsidiaries consolidated subsidiaries.

By segment, the total includes 3,014 (2,661 non-consolidated) employees in building construction, 1,010 (1,010 non-consolidated) in civil engineering, 1,215 (9 non-consolidated) in domestic group companies, and 779 (7 non-consolidated) in overseas investment and development. The non-consolidated number of employees for the company stood at 4,215, an increase of 40 persons from the previous year.

Occupational Accident Frequency/Occupational Accidents Resulting in 4 or More Days' Leave

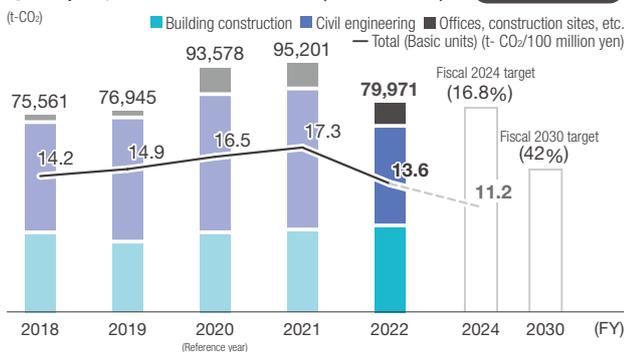


The serious incident frequency rate in fiscal 2022 was 0.40. Also, we achieved zero serious accidents and deaths for three years running. In fiscal 2023, looking toward our target of 0.20 or less, we are promoting front-loading of the work environment in all our business activities and aiming to become the No. 1 company for safety.

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

* 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)

Scope 1, 2 Emissions/Basic Unit (Consolidated)

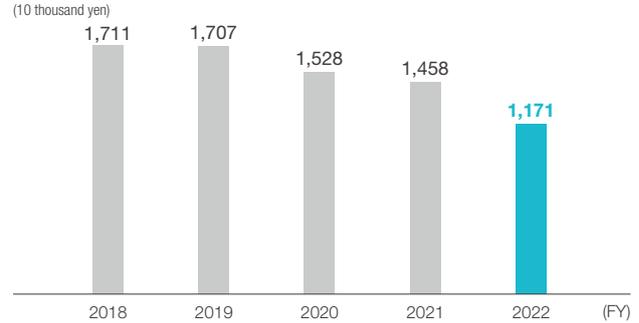


For fiscal 2022 Scope 1 and 2, our use of environmentally friendly fuels (biodiesel fuel, combustion accelerant K-S1, GTL fuel), renewable electricity, etc. resulted in reductions in both total volume and basic unit.

This had a significant impact on reducing approximately 25,000 tons of CO₂ emissions. This is largely due to a dramatic increase in our renewable energy usage rate (RE rate) from 35.7% last year to 61.7% this year.

We are committed to further reduction action to achieve the greenhouse gas reduction targets set out in our Medium-Term Management Plan 2024 Rolling Plan.

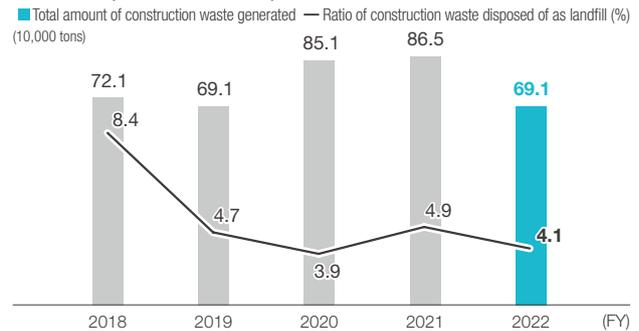
Labor Productivity (Non-Consolidated)



Labor productivity for fiscal 2022 was 11.71 million yen (target for fiscal 2024 in the medium-term management plan is 15 million yen), mainly due to a decrease in the profit margin on completed projects in the building construction sector. We are working to meet our targets 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.

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

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



In fiscal 2022, we reduced both waste volume and the landfill disposal rate compared to the previous fiscal year. The main reason for this was a decrease in large-scale development projects, including mega-solar projects.

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.

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

Environmental Performance Data (Consolidated)

	Unit	2018	2019	2020	2021	2022
Scope 1	t-CO ₂	50,926	52,798	69,816	69,521	62,872
Scope 2 ^{*1}	t-CO ₂	24,635	24,147	23,763	25,680	17,099
Scope 1/2 total	t-CO ₂	75,561	76,945	93,578	95,201	79,971
Construction sites	t-CO ₂	72,767	74,542	83,469	85,624	71,330
Offices, workshops, etc.	t-CO ₂	2,794	2,404	10,109	9,578	8,641
Scope 3 ^{*2}	t-CO ₂ e	6,897,759	7,678,706	6,243,548	6,011,192	6,196,349
Ratio of renewable energy electricity usage (RE ratio)	%	-	5.1	25.2	35.7	61.7

Figures for fiscal 2022 are as recorded in March 2023 for all 39 consolidated subsidiaries.

In the wake of the Indonesian construction business company PT Tatamulia Nusantara Indah (TATA Company) becoming a consolidated subsidiary in October 2022, the environment performance data from fiscal 2020 and on was recalculated.

*1 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 are posted on our official site.

*2 Shows totals for categories 1, 2, 3, 4, 5, 6, 7, 11, 12, and 13. The greenhouse gas emissions for each category are published on our official site.

Third-party assurance

Environmental performance data is third-party assured by Sustainability Accounting Co., Ltd.

Financial Strategy

Raising corporate value through dialogue with shareholders and human resource/capital allocation

Executive Vice President and Group General Manager, Corporate Administration Group
Yamazaki Toshihiro



As uncertainty around social and economic conditions increases, we must be nimble in reforming our business and organizational profile in response to the business environment. While continuing to improve our current business performance, we will pursue company-wide strategies aimed at medium- to long-term growth and the achievement of KPIs in the final year (FY2024) of our medium-term management plan. The Corporate Administration Group will enhance links between the three business units and the Innovation Group, identify roadblocks to improving business results and achieving medium- to long-term strategies, and develop plans and

responses aimed at eliminating them. Also, it will promote the allocation of human resources and capital (appropriate allocation) in order to accelerate company-wide action on selecting and concentrating resources.

We engage in transparent target setting and are accountable to stakeholders. In concrete terms, this means recognizing the importance of disclosing and sharing well-grounded stories about our group's goals, and the policies and results aimed at achieving them, and strengthening constructive dialogue with all stakeholders, including customers, employees, business partners, shareholders and investors, and communities.

Overview of Financial Strategy

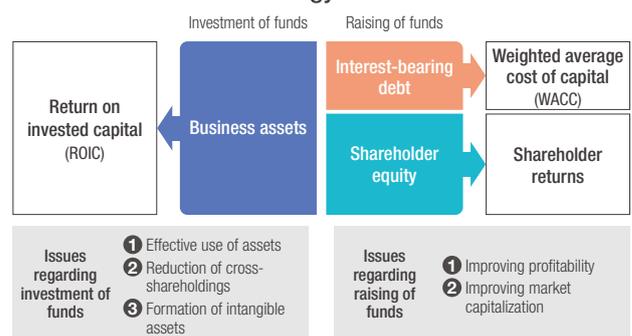
In order to implement business strategies relating to the group's core construction business and priority management projects as growth investments (see p.14), the underlying technology, DX, human resources, and financial strategies that serve as the foundation for these businesses are critical. The 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.

In terms of promoting management that is conscious of the cost of capital, we are currently introducing hurdle rates

that are based on certain standards in investment decisions.

Going forward, we will calculate ROIC by business sector and manage business results through ROIC tree factorization and the setting of KPIs. This will enable us to build allocations optimized for the strategies of each segment. Further, we aim to achieve a company-wide ROIC of 5% or more in order to exceed the cost of capital, and thereby grow corporate value sustainably.

Overview of Financial Strategy



Maintaining a sound financial position and increasing corporate value

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), 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.



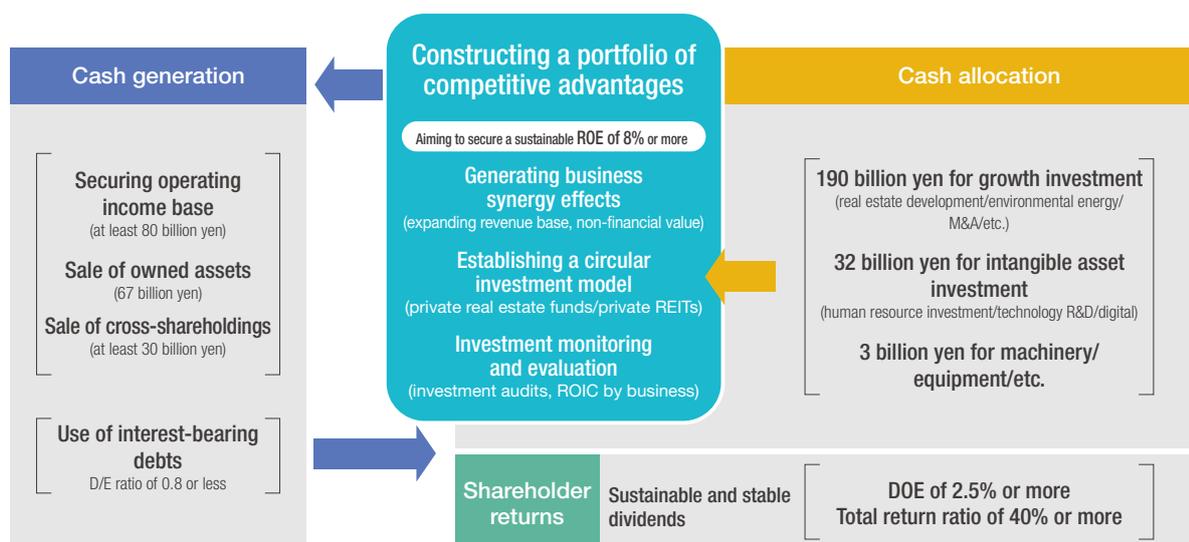
Relationship with the Medium-Term Management Plan 2024 Rolling Plan

Due to changes in current economic circumstances and the announcement of our Future Vision CX150 in July 2021, the group reassessed the Medium-term Management Plan 2024 that had been announced in May 2020, and formulated a Medium-Term Management Plan 2024 - Rolling Plan (hereinafter, the “Rolling Plan”), which was announced in May 2022.

In order to raise our corporate value in the medium to long term, we believe that it is necessary to expand into new business fields while strengthening our core businesses. In this context, we have positioned projects that we especially need to promote across the company as priority management projects. One of these is the new Toda building construction, for which we plan to invest 9.2 billion yen in fiscal 2022 and 30 billion yen in fiscal 2023.

Also, in order to secure our target ROE of 8% or more, we are strengthening our business portfolio through growth and intangible asset investments, and pursuing appropriate capital allocation. In addition to operating income for each period, we secure investment resources through sales of cross-shareholdings and owned assets, and the use of interest-bearing debt (D/E ratio of 0.8 times or less).

As a measure to sell owned assets, we have started to engage in the private REIT business. By selling real estate after we have developed it to a private REIT, we are able to quickly recover investment capital for use in the next investment opportunity. The goal is to help slow the growth in interest-bearing debt and the expansion of real estate on our balance sheet, and thereby boost capital efficiency. We established the first private fund in January 2023 to secure properties for inclusion in the fund.



- In order to secure a sustainable ROE of 8% or more, we will construct a portfolio of competitive advantages through strategic cash allocation.
- As a result of our investments, we will generate business synergy effects and establish a recycling investment model that includes the use of private funds of owned real estate and private REITs.

- Also, we will perform investment audits and ROIC evaluations at the individual business level as a means of monitoring investment activities. Through this, we can build a portfolio of competitive advantages and aim for sustainable growth in our corporate value through new cash generation and positive allocation cycles.

Introducing Sustainable Finance

We are working to further raise awareness of our group's sustainability initiatives among a broad range of stakeholders. To strengthen these efforts, we are promoting the use of sustainable finance* when procuring capital.

In December 2017, we issued Japan's first Green Bonds (equivalent to corporate bonds) worth 10 billion yen for the company's own business. These were issued to procure capital for the construction of the offshore wind power generation facility near the coast of Goto City, Nagasaki Prefecture. (They were redeemed in December 2022.) In the years following up to fiscal 2020, we issued two more sets of Green Bonds for a total of 25 billion yen. These included retail bonds (5 billion yen) for individuals. "Realizing a decarbonized society" is one of the materiality issues for the Toda Group. To further strengthen our commitment to this goal at every stage of our business activities, we issued 10 billion yen worth of Sustainability-Linked Bonds in June 2022, and in October 2022, we procured 30 billion yen of capital through Sustainability-Linked Loans (loans from

financial institutions) via the general syndication method, which enables us to solicit loans from a wide range of investors. In both, carbon emissions are used as a KPI (Key Performance Indicator) and the reduction rate of the same is used as an SPT (target to be achieved with respect to KPI). Adding in two other financing cases totaling 5 billion yen, by the end of fiscal 2022 the amount of interest-bearing debt procured through sustainable finance stood at 60 billion yen (total of 70 billion yen).

* Sustainable finance: Short for "financing aimed at realizing a sustainable society," this is a general term for financial services that solve environmental (E), social (S), and governance (G) issues, and integrate various considerations aimed at addressing them.

Balance of interest-bearing debt procured from sustainable finance

(Billion yen)

	2017	2018	2019	2020	2021	FY2022
Procured	10.0	5.0	-	10.0	-	45.0
Returned	-	-	-	-	-	10.0
Balance	10.0	15.0	15.0	25.0	25.0	60.0

Securing Financial Soundness

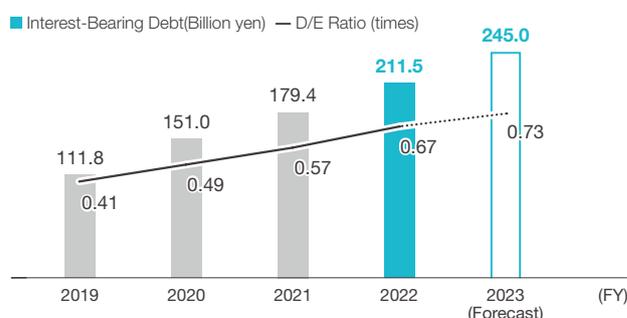
As a financial rule to ensure financial soundness, our group sets the D/E ratio (interest-bearing debt/equity) to 0.8 or less.

With regard to the interest-bearing debt, we formulate long-term business income and spending plans, predict future cash flow, and assess our ability to repay interest-bearing debt and interest rate fluctuation risks. We establish appropriate risk countermeasures and procure capital at the appropriate time while considering capital efficiency and the balance between long- and short-term borrowings.

Also, in terms of investment necessary for sustainable growth, we appropriately assess such investment based on investment criteria and procure capital within the scope of our financial rules. At the same time, we actively seek out ESG-related financing when procuring capital.

Going forward, we will continue to engage in capital procurement that leads to sustainable growth and increased corporate value, while fulfilling our social responsibilities.

Interest-Bearing Debt and D/E Ratio



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.

With an eye to stock-holding risk mitigation and capital efficiency, our basic policy is to reduce stock-holding balances. We examine the reason for and economic rationality of holding any given stock. If holdings are deemed to fall short of our criteria, we sell the holdings after due discussion with our business partners.

The economic rationality assessment is undertaken by the Board of Directors, which determines the appropriateness of the company's holdings once a year based on set indicators.

In May 2022, we announced our Medium-Term Management Plan 2024 - Rolling Plan. Under this, we have a policy to sell at least 30 billion yen (market value basis) of cross-shareholdings over three years up to fiscal 2024, with an eye to securing resources for growth investment by maintaining capital efficiency and financial soundness.

In fiscal 2022, we are proceeding to sell 10 stock issues for 11.5 billion yen, engaging in respectful and thorough discussions with our business partners.

Sales of Cross-shareholdings (Individual)

	2019	2020	2021	2022	2023	FY2024
Sold value	2,882	5,770	4,520	11,584		
No. of issues	13 issues	21 issues	12 issues	10 issues		

(million yen)

Over 30 billion yen worth over 3 years

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.

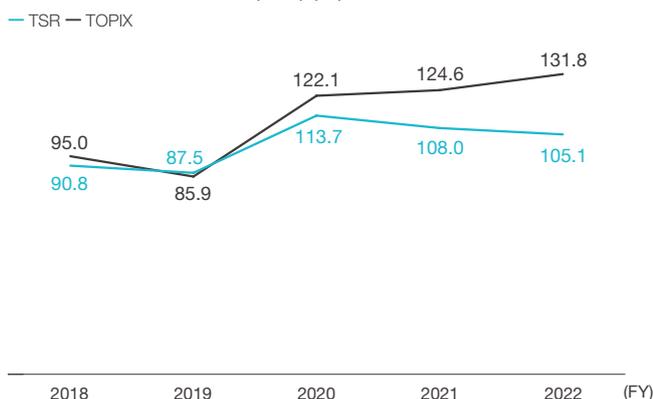
In February 2022, we changed our new target for shareholder returns from a DOE (dividend on equity ratio) of about 2.0% and payout ratio of about 30% to a DOE of at least 2.5% (but with a total return ratio of at least 40%). This move is aimed at returning profits directly to shareholders, and returning 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.

We use internal reserves for growth investment to increase corporate value, and are always considering

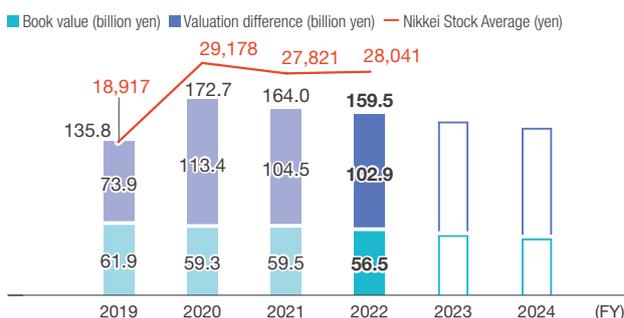
Total Shareholder Return

Our Total Shareholder Return (TSR) is given below. This includes dividends and stock price changes. Over the past five years, the rate of return has been lower than that of the TSE index. We are analyzing and assessing our current financial strategies, pursuing management that is conscious of capital costs and share prices, and working to raise shareholder value.

Total Shareholder Return (TSR) (%)



Cross-shareholdings Owned Balance (Individual)



additional shareholder returns. With regard to the repurchase of treasury stock, we take a comprehensive look at all factors, including investment needs, financial health, business results, and stock prices, to make such repurchases in a flexible manner, supplemented by dividend payments, at the appropriate times and scale.

DOE/ROE and Total Return Ratio (%)



Past 5 Years

	2017	2018	2019	2020	2021	FY2022
Share price	771	680	629	811	741	691
Dividend	-	20	26	20	26	27
Cumulative dividend	-	20	46	66	92	119
Share price + cumulative dividend	-	700	675	877	833	810
Total shareholder return	-	90.8%	87.5%	113.7%	108.0%	105.1%
TOPIX (including dividends)		95.0%	85.9%	122.1%	124.6%	131.8%

Simulation to FY2024

	2019	2020	2021	2022	2023	FY2024
Share price	629	811	741	691	774	774
Dividend	-	20	26	27	28	28
Cumulative dividend	-	20	46	73	101	129
Share price + cumulative dividend	-	649	787	764	875	903
Total shareholder return	-	103.2%	125.1%	121.5%	139.1%	143.6%

Note: Share prices and dividends (forecast) for FY2023 and FY2024 are based on figures available on July 10, 2023.

Human Resources Strategy

Increase Investment in Human Resources to Enhance Their Value

Corporate Administration Group
Executive Officer (Personnel)

Ohi Kiyoshi



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 human resources

(our employees). As such, we have defined our human resources strategy as an investment, and targeted five areas: human resources development, personnel system innovation, reforms for job satisfaction, diversity and inclusion, and globalization. Through developing measures in conjunction with the different areas, going forward we aim to achieve continuous production of more high-value human resources (next-generation management personnel) who can realize our management vision, and work to ensure the effectiveness of our measures and maximizing our organizational strength and human resources value through organization development and human resource allocation.

Overall view of our human resources strategy



Personnel System Innovation

We introduced a new personnel system starting in fiscal 2023 under which 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.

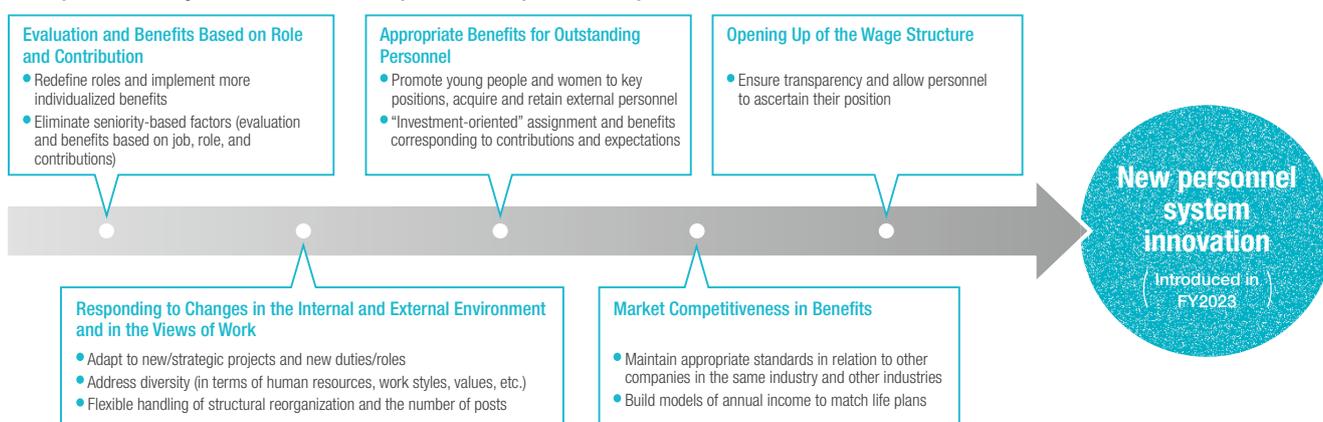
The new grade and compensation system eliminates the traditional seniority-based factors and shifts to a merit-based system in which positions are assigned and compensation awarded on the basis of role and contribution. By setting market-competitive levels of compensation, we aim to ensure the retention 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 have developed new 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 fairer, introducing optional retirement up to age 65 (extending the retirement age) and extending the re-hiring system to age 70, and bringing in term limits on managerial positions to promote the mobility of human resources.

Going forward, we will work on the new personnel system to promote human resources strategy initiatives such as organizational development and formulating personnel portfolios.

New personnel system innovation 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.

At our company, we consider “work” to be a means to realize the ideal “life” as envisioned by each employee. Accordingly, we are focused on the idea of “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.

In anticipation of the overtime cap that will be applied to the construction industry starting in FY2024, in recent years, we have been promoting work-style reforms across the company, such as reducing total actual working hours and increasing vacation day uptake. Also, we are focusing on

initiatives aimed at achieving health management. As a result, we have received Health & Productivity Management Outstanding Organization certification since FY2019, including selection as a White 500 corporation from FY2019 to FY2022.

Furthermore, in FY2023 we introduced our in-house venture business system. The goal of the system is to provide employees with opportunities to experience greater satisfaction and growth, through such experiences as considering business proposals from the perspective of management and taking on challenges in fields unavailable to them in their previous work. (See Job Satisfaction Reform Initiatives on P. 61)

We will continue to build environments in which our employees can pursue Work in Life and find fulfillment in their day-to-day work.

Results from past 3 years

	FY2020	FY2021	FY2022
Total actual working hours	2,115	2,119	2,103
Average hours of overtime	23.1	23.8	23.3
Average amount of paid leave taken (days)	11.2	10.7	11.7
Average proportion of paid leave taken (%)	60.5	57.9	63.3

Note: Total actual working hours includes dispatched employees.
 Note: Average hours of overtime excludes management and supervisory personnel.
 Other data includes all employees.

Labor Productivity Results and Targets

	FY2022 (results)	FY2024 (targets)
Labor productivity per person (10,000 yen)	1,171	1,500 or more
Labor productivity per hour (yen)	5,567	7,500

* See p.13 and p.16 for calculation formulas and details

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 been undergoing wide-ranging reform starting in fiscal 2022, and the number of trainees and hours of training are increasing year by year. Also, we are re-assessing our specialized job-specific education and actively increasing investment in human resources in each business area.

The career consulting and re-skilling systems are part of these efforts. They are aimed at all age ranges and job types and are designed to foster a sense of autonomous career building and promote awareness of learning. They are being continuously improved in order to raise individual abilities and value.

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.

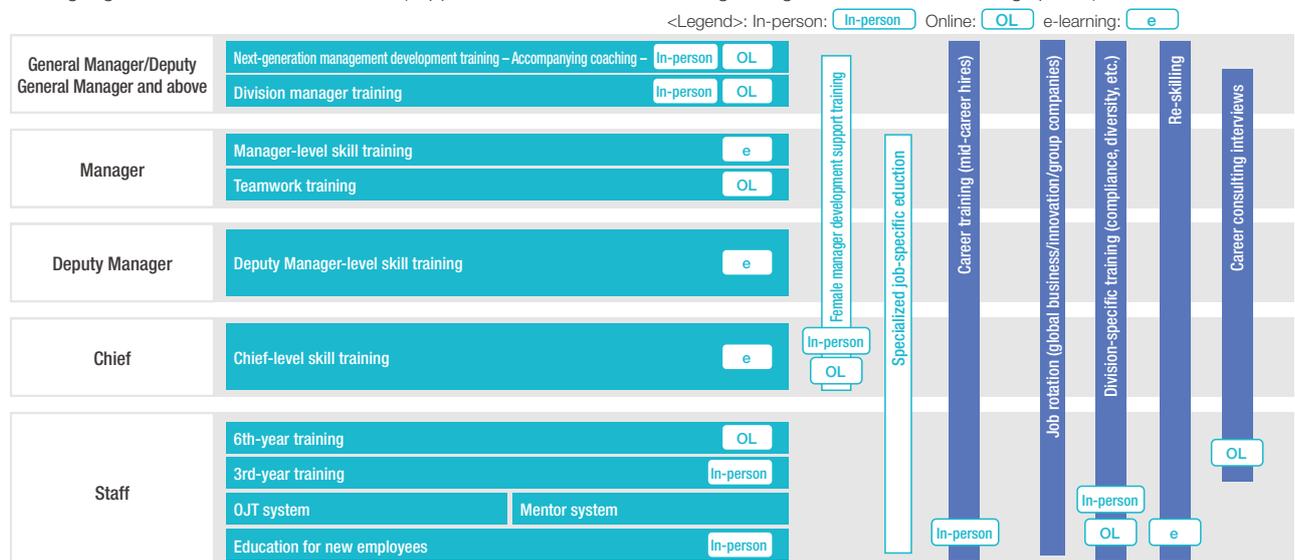
Our Achievements in Human Resources Training and Development

	FY2020	FY2021	FY2022	
Leadership development-related training: Training hours per person (In parentheses: No. of trainees)	18.8 (230)	18.9 (336)	19.0 (523)	
Training hours per person belonging to organizations under the respective training jurisdictions (In parentheses: No. of trainees)	Building construction	117.0 (754)	88.3 (1,071)	103.6 (1,044)
	Civil engineering	13.3 (333)	15.8 (510)	35.2 (588)
	Administrative	10.6 (179)	9.6 (416)	28.2 (114)

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

Overall view of training by grade

Training organization reforms since FY2022 (support autonomous career training through awareness and learning spaces)



Next-Generation Management Development / Succession Plan

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.

In addition, we have begun formulating a succession plan for the president as part of a corporate governance system established from the point of view of stakeholders. In preparation for the appointment of the next president, the current president is leading the Board of Directors, the Personnel and

Compensation Committee, and the Human Resources Administration Division in assessing and formalizing a plan, including drawing up an overall road map for the process.

The succession plan will integrate with and enhance the next-generation management development training system (which is provided through current accompanying coaching support). This will form a comprehensive training plan that also covers the executive level positions such as Group General Managers and Senior GM-Administration Div.

Accompanying Coaching Support



Introducing 1-on-1 Meetings

Our company introduced a new personnel system in fiscal 2023. As part of this, we reformed and began operating a new personnel evaluation system.

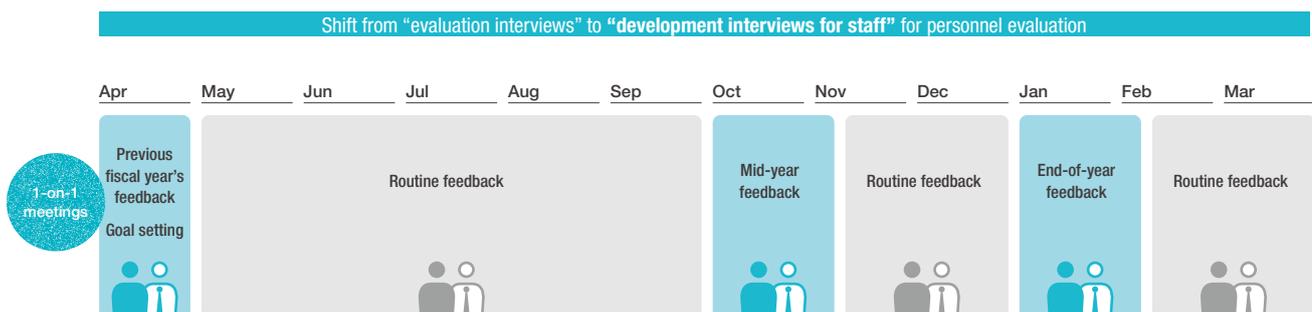
The new personnel evaluation system improves fairness and credibility, ensures more appropriate evaluations, and fairly reflects the results in follow-ups. Furthermore, promoting human resource training and energizing organizational communication is a key concept of the system, and the “1-on-1 meetings” have been introduced to achieve this.

Under the previous system, conversations between supervisors and subordinates were made part of the evaluation process and held three times a year at the beginning, middle, and end of the fiscal year. Under the new system, 1-on-1 meetings are mandatory at least six times a year. The stated goal of the meetings have been changed from “evaluation interviews for personnel evaluation” to

“routine development interviews for staff,” and the Human Resources Administration Division supports both supervisors and subordinates with evaluator training and other programs throughout the year. In this way, we are raising awareness of staff development as a company-wide issue and ensuring that the 1-on-1 meetings are established and implemented.

The introduction of 1-on-1 meetings is intended to foster a culture in which supervisors engage frequently in two-way conversations with subordinates to motivate them to take on new challenges, provide feedback to help them achieve results, and offer advice on how to realize career plans, all aimed at the growth of the subordinate from a medium- to long-term perspective. In addition to building relationships of trust between superiors and staff, the initiative aims to promote human resource development and energize organizational communication.

How 1-on-1 meetings work



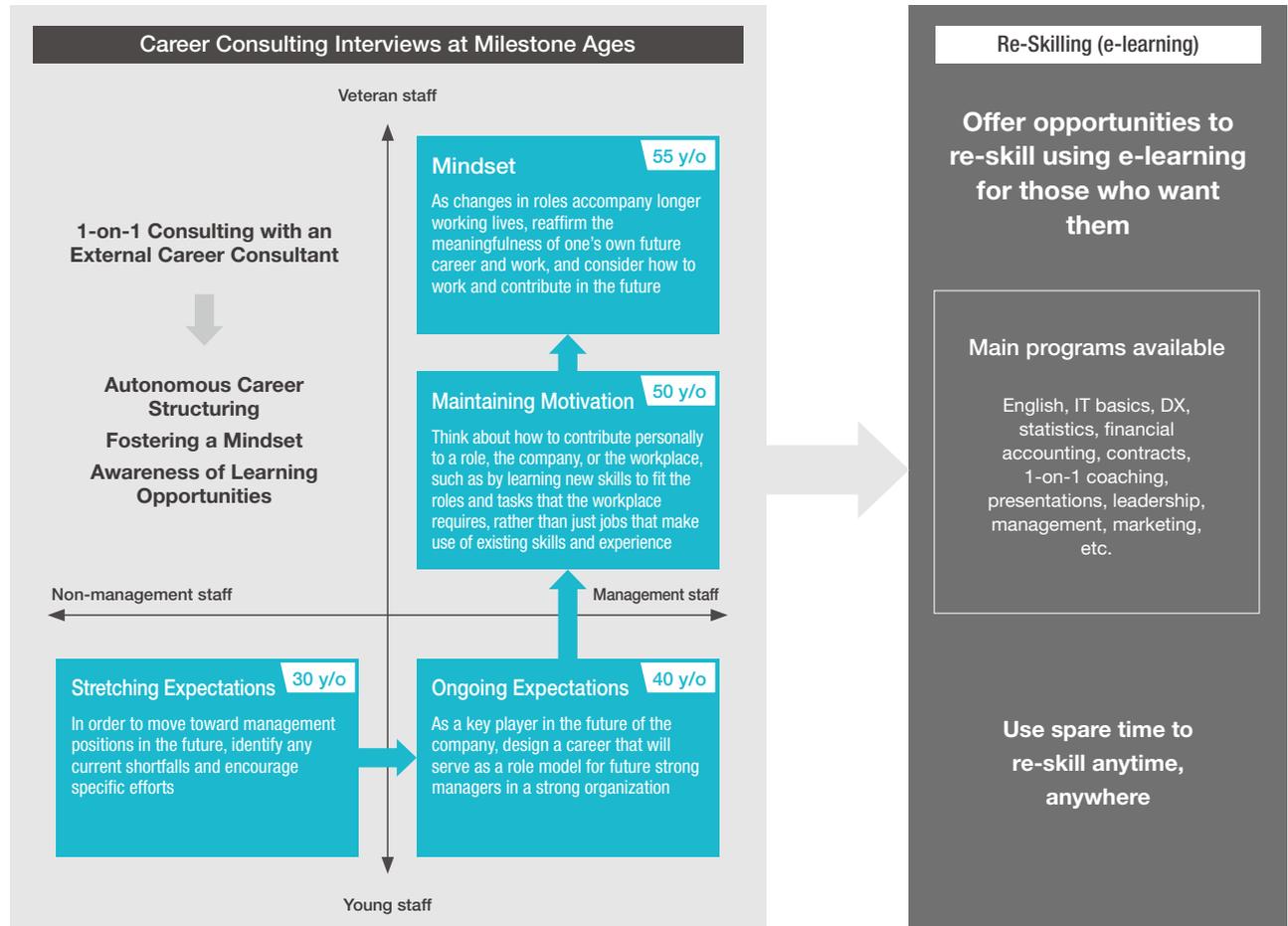
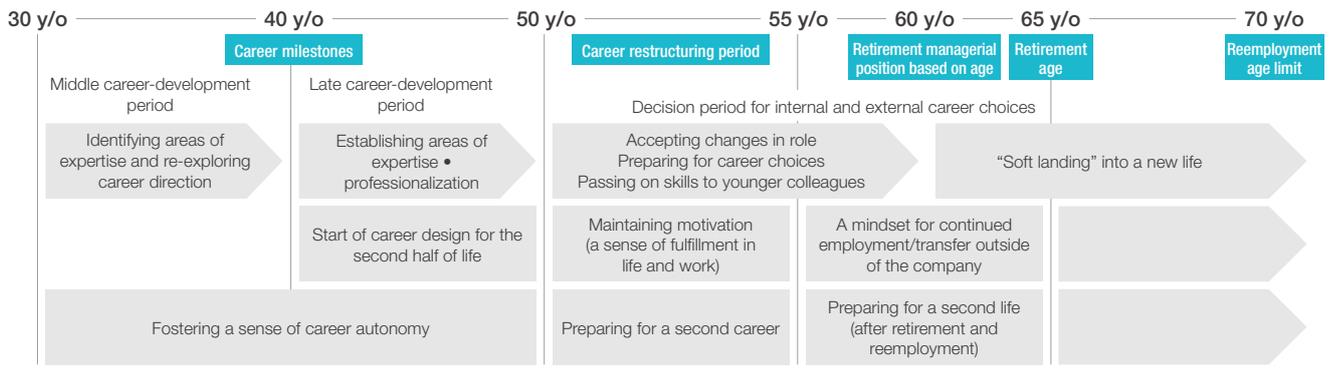
Career Consulting/Re-Skilling

As we enter an era of 100-year life expectancy, in fiscal 2023 we introduced an optional retirement age system to age 65, extended the re-employment system to age 70, and introduced a mandatory retirement system for managerial positions. 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 3.7% in FY2022 as a result of promoting the appointment of excellent human resources and enhancing training aimed at facilitating women's career development. In addition, the ratio of female executives has risen to 16.7%, driving the advancement of women in the company.

Appointment of Female Employees

	FY2020	FY2021	FY2022
Proportion of women among all employees (%)	14.8	15.4	16.1
Proportion of women in management positions (%)	2.6	3.1	3.7
Proportion of women in officer positions (%)	11.8	11.8	16.7

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 stood at 100% for three years in a row now, dating back to FY2020.

In addition, in October 2022 we introduced a new system to encourage the taking of childcare leave, adding our own "Postnatal Paternity Special Leave" system to the legally mandated "Parental Leave (Postnatal Paternity Leave)" system. (See Diversity and Inclusion Initiatives on P. 61)

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

(FY)	2017	2018	2019	2020	2021	2022
Number of employees using the childcare leave program	71 (52)	93 (68)	96 (74)	142 (120)	143 (122)	161 (141)
Number of employees using the shortened working hours for childcare program	48 (1)	56 (1)	51 (1)	60 (1)	66 (0)	60 (0)
Proportion of male employees taking childcare leave (%)	48.6	57.1	66.7	100	100	100

* The figures in parentheses indicate the number of male users

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.

Foreign Employees

	FY2020	FY2021	FY2022
Proportion of foreign nationals among all employees (%)	0.6	0.6	0.9

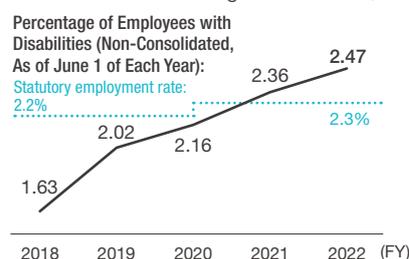
LGBTQ+ Initiatives

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.



General Overview by Business

Business Climate



Building Construction Business

In the building construction business, private-sector capital investment is expected to remain firm as social and economic activities return to normal in the wake of the COVID-19 pandemic. The appetite for capital investment is also increasing for semiconductor manufacturing facilities, data centers, logistics properties, production facilities that had been held back, as well as for accommodation facilities in response to the return of inbound traffic. Also, trends toward higher material costs, increased labor wages, and a shortage of facilities subcontractors are expected to continue for some time, due in part to redevelopment plans in the major metropolitan areas and World Expo 2025 in Osaka, Kansai.

As construction projects increase in size and the distribution of orders grows increasingly uneven between regions, strategies to win orders at early stages are becoming essential. To respond quickly to environmental changes, we

are building structures to facilitate cross-divisional information sharing. This will achieve “selection and focus” and an efficient investment of management resources.

In order to deliver customers more value than they anticipate, we are strengthening our proposal-making abilities and working to digitalize the entire business and boost productivity through the deployment of BIM for construction digitalization. We believe this is an essential move to make the construction industry more attractive to workers and tackle the anticipated aging workforce and shortage of skilled construction workers. Together with this, we are aiming 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.

As a lead runner for environmental general contracting, we are contributing to society and building a better future by achieving innovations aimed at a carbon-free society.



Civil Engineering Business

With respect to the Civil Engineering business, the market environment was healthy, due to the rehabilitation of aging infrastructure and construction related to disaster prevention, disaster mitigation, and national resilience measures, as well as the construction of renewable energy facilities and the enhancement of security against a backdrop of growing geopolitical risks. On the other hand, the industry is facing pressing issues, including an aging workforce and labor shortage due to the declining birth rate and aging population, and the need to address regulations capping overtime work that will come into effect in April 2024.

In the face of these circumstances and challenges, the Civil Engineering Business Group is formulating order-taking strategies that include expansion into new fields and, at the same time, is pursuing productivity improvements and actively responding to the overtime cap regulations.

In concrete terms, we will continue to take on the challenge of large-scale and difficult construction projects, and also focus on renewable energy such as offshore wind power generation, rehabilitation of aging infrastructure, and overseas infrastructure development. In addition to a business model centered on contract work, we are also strengthening our efforts in the Public Private Partnership (PPP) business and aiming to establish new sources of revenue.

With the ongoing shrinking of the working population, we will expand our use of BPO*, which is already being pursued as an answer to overtime capping regulations, and boldly embrace ICT and digital technology to solve a range of issues.

We are growing together with society by refusing to be bound by prior practices, accurately grasping customer needs, and providing a range of value.

*BPO: Business Process Outsourcing
A company batch outsources some of its business processes.



Strategic Businesses

Japan’s domestic economy is expected to recover as social and economic activities return to normal in the wake of the COVID-19 pandemic. On the other hand, our business group is being impacted by soaring material costs, and uncertainty continues about increased project costs and other issues in potential development projects.

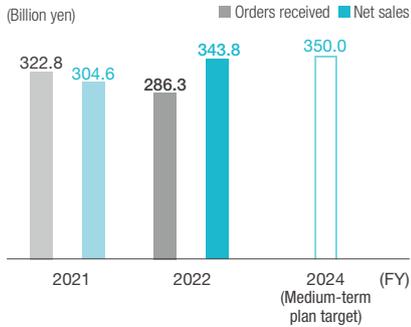
Against this backdrop, revenue and profits were up for the sixth consecutive year since the group’s formation, with net sales (before consolidated elimination) of approximately 100 billion yen. Going forward, we will work to create even more value, realize a carbon-free society and develop communities, and aim for net sales of 180 billion yen and operating income of 15 billion yen by 2030, thereby stabilizing and improving our consolidated performance.

Our business group is heavily involved in the company’s key management projects; namely, the rebuilding of our headquarters,

the floating offshore wind power business, and the overseas business. For the rebuilding of the headquarters, in addition to achieving high-level seismic resistance and environmental performance, we are differentiating the project from competing buildings by making it a center for arts and culture, and we are redoubling our leasing efforts in preparation for the building’s completion in the fall of 2024. The floating offshore wind power business took an impairment loss due to unanticipated problems at the Goto project during construction. However, floating offshore wind power is expected to play a key role in renewable energy in the future. The entire company is coming together to focus on successfully completing the Goto project, handling larger wind turbines, and reducing their costs. In our overseas business, we have completed the process of making Indonesia’s TATA a consolidated subsidiary, and we continue to strengthen the business’s foundations centered on Asia and Oceania.

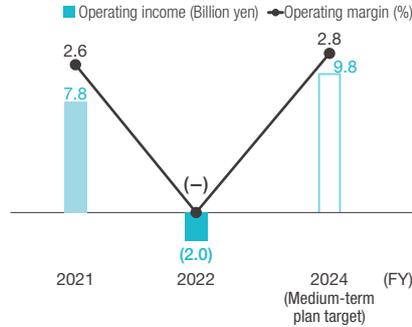
Orders Received and Net Sales / Operating Income and Operating Margin

Orders Received (Non-Consolidated) and Net Sales



Net sales for fiscal 2022 increased to 343.8 billion yen (up 12.9% year on year), but orders received (non-consolidated) amounted to 286.3 billion yen (down 11.3% year on year), due to a decline in private-sector construction and other factors.

Operating Income and Operating Margin



In terms of operating income for fiscal 2022, due to provisions for losses on construction contracts due to rising costs of materials, the construction-to-completion profit margin (non-consolidated) stood at 6.3% (a year-on-year decrease of 4.3 points), leading to a reduction in operating income of 2 billion yen.

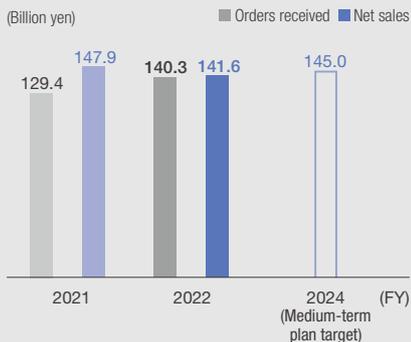


Meiji University
Izumi Learning Square



Yokohama Regional Government Office Complex
(provisional name)
Development Project

Orders Received (Non-Consolidated) and Net Sales



Net sales for fiscal 2022 amounted to 141.6 billion yen (down 4.3% year on year), but orders received (non-consolidated) amounted to 140.3 billion yen (up 8.4% year on year), largely due to an increase in public-sector.

Operating Income and Operating Margin



In terms of operating income for fiscal 2022, the construction-to-completion profit margin (non-consolidated) stood at 16.4% (a year-on-year increase of 2.8 points), with operating income coming in at 11.7 billion yen (down 1.0% year on year).

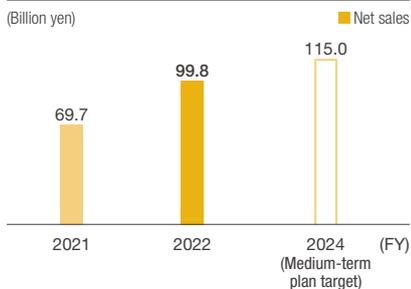


Road bridge maintenance (rehabilitation) project (tunnel)
(Hakase Tunnel (provisional name))



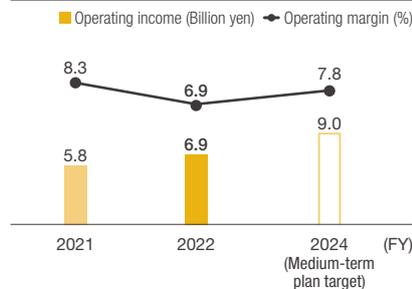
Yuasa Gobo Road Mizushiri Elevated Bridge
and one other bridge
(PC upper) project

Net Sales



Net sales for fiscal 2022 were 99.8 billion yen, up approximately 30 billion yen, largely due to an increase in our overseas investment and development business. Broken down, 21 billion yen came from domestic investment and development and the environment and energy business, 52.3 billion yen from the domestic group business, and 26.4 billion yen from our overseas investment and development business.

Operating Income and Operating Margin



In fiscal 2022, the operating margin was impacted by taking on impairment losses and stood at 6.9%, but overall operating income rose to 6.9 billion yen. Broken down, 3.3 billion yen came from domestic investment and development and the environment and energy business, 1.9 billion yen from the domestic group business, and 1.7 billion yen from our overseas investment and development business.



Toyota, Aichi, Logistics Project
Land and building sale



Marissa Resort Sazanseto Suo-oshima
Renewal

Note: Consolidated figures include eliminated inter-company transactions.

Special Features

The Value Creation Story

Strategy for Value Creation

Materiality-Based Initiatives



Building Construction Business

To bring happiness to everyone,
we solve real issues and build
a better future together.

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

Assessment of Current Situation

Opportunities	<ul style="list-style-type: none"> ■ Arrival of the digital society (advancement of telecommunications technology such as 5G) and "new lifestyles" ■ Growing expectations for eco-friendly building construction such as ZEB*1 buildings ■ Increased demand for smarter factories, schools, hospitals, and office buildings ■ Growing demand for BCP and sustainability (maintenance, management, renewal services, etc.) ■ Global demand for energy conservation and CO₂ reductions 	Building Construction Business Strengths	<ul style="list-style-type: none"> ■ Accumulation of expertise in executing IPD*2-style projects centered on BIM ■ Building systems with BIM at the core that integrate design, construction, facility operation, and FM from the planning stage ■ 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	<ul style="list-style-type: none"> ■ Surging material prices and tight labor conditions ■ Labor shortage due to declining birth rate and aging population and increased risks of personal injury and illness 	Countermeasures Against Risks	<ul style="list-style-type: none"> ■ Strengthening purchasing power using common specifications, labor saving, PC use, and automation of construction ■ Promoting introduction of worker safety monitoring systems ■ Taking on foreign workers, promoting hiring

*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 to achieve front loading

Medium- to Long-Term Strategy

Looking at the market in fiscal 2023 and beyond, while the impact of COVID-19 will fade, we can expect a continuation of external risk factors such as the uncertainty of the lengthening Ukrainian war and soaring prices. On the other hand, a steady recovery in domestic private capital investment is predicted. As new lifestyles increasingly become the norm, the market for logistics facilities, data centers, and frozen and refrigerated warehouses is expected to expand. Also, due to the need to take infectious disease countermeasures, we forecast mid- to long-term reconstruction demand for schools and hospitals, in which we specialize. Also, growth in global demand for electric vehicles (EVs) is likely to drive automobile-related investment.

In these circumstances, we need to get a clear picture of customers' latent needs and provide more value than they expect in order to have them choose us over other companies. In addition to developing human resources to bolster our proposal-making capabilities, we need to rapidly share accurate information about market conditions and management resources to achieve company-wide optimization. We will establish data usage platforms to improve the quality and speed of our decision-making. In order to share accurate information across the boundaries between concerned departments, build agile teams, and practice agile teamwork (Agile & Scrum), it is necessary to change the internal structures of the company. We are accelerating our BIM usage initiatives and reforming our building construction production processes. By using BIM for design from the initial stage and using all kinds of information (data) related to the model, we can increase the value provided to the customer. It is also important to link this to productivity improvements, including the digitalization of expertise and estimates and purchasing.

We aim to provide life-cycle consulting for buildings, including post-construction maintenance and renewal work.

We are also transforming sales by moving away from sales styles that lead to a single person dominating the process. Instead, we are strengthening our organizational sales capabilities with the help of digital technology. These initiatives will lead to a further uptake of digitalization in the building construction business.

We are also strengthening partnerships with group and partner companies.

At Vietnam's TOBIC Co., Ltd., we have bolstered BIM model creation and systems to respond to other company's design proposals. At the same time, we have brought frame fabrication blueprinting in-house. In Japan, we believe we can provide services in response to wide-ranging customer needs by strengthening cooperation with group companies, including Toda Bldg. Partners Co., Ltd., which is engaged in building maintenance, operation and management, and renewal work, APEC Engineering Co., Ltd., which engages in facilities construction, and Sato Kogyo Co., Ltd. and Showa Construction Co., Ltd., which are engaged in community-rooted construction projects.

In the energy field, we are not only implementing energy-saving measures for buildings (ZEB, etc.), we are also engaging in energy management such as micro-grids, collaborating with other industries on storage batteries and biomass projects, and pursuing other initiatives to solidify our position as a leading environmental general contractor.

The building construction business has been our core business since the company's founding, and we have built up its brand value by working in step with our customers. We will continue to solve real issues and build a better future in order to bring happiness to all stakeholders.

Project Summary



St. Marianna University School of Medicine Sugao Campus Refurbishment

Plan Overview



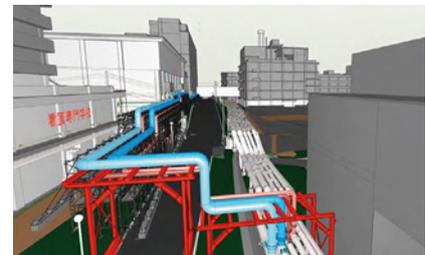
This project involves the sequential construction and renovation of a number of hospital facilities on the Sugao Campus of the St. Marianna University School of Medicine. The construction sites are moved around in order for hospital functions to be maintained during the approximately seven and a half years it will take to complete the project.

The campus site, with a height variation of approximately 17 meters, has existing buildings in close proximity to each other and these house a great deal of critical infrastructure. The major challenge is to safely proceed with the infrastructure piping replacement work within the confined site area.

Major Initiatives for Construction Construction Management Using ICT Technology

To fully understand the complex site geometry, we used 3D scanners to perform point cloud imaging and then used the results to create new BIM models of the buildings. We then added a time axis to create 4D simulation videos to examine each construction step and to help hospital personnel understand the project and inform the public.

Also, the data was compiled into a video that was shown in the hospital, which enabled us to showcase the appeal and benefits of the construction industry not only to hospital personnel, but also to visitors.



Assessing infrastructure piping replacement using BIM models

Nagasaki Stadium City Project

Plan Overview



This is a private-sector project led by the Japanet Group to develop a soccer stadium and surrounding facilities, including an arena, hotel, commercial facilities, and offices. We are responsible for the implementation design and construction of the arena facility and office building. The arena is a multi-purpose, transformable facility that can seat approximately 6,000 and serve as a concert hall, event venue, and more. The office building will be one of the largest in Nagasaki Prefecture, with a column-less space of more than 2,180 square meters per floor.

Several large buildings are planned for the same site, including a stadium constructed by another company. Since they are being constructed at the same time, detailed construction planning and smooth process coordination are very important.

Major Initiatives for Construction Front Loading Using BIM Modeling

For the construction of the large arena facility and office building, we made thorough use of the front-loading approach, using BIM models to resolve construction planning issues prior to the actual work.

For the steel frame construction of this large arena facility, our first priority was ensuring safety and high quality. In particular, we paid very careful attention to the construction plan for the steel frame of the roof. Also, we are undertaking a number of initiatives to improve productivity and tackle construction site labor shortages.

We are coordinating closely with other companies' construction sites in the adjacent parts of the construction zone and other areas, and proceeding smoothly toward the opening in the fall of 2024.



Large-scale arena facility steel frame construction



Civil Engineering Business

The Civil Engineering Business Group aims to achieve profitability and growth through continuous development.

We are building a base to generate quantitative and qualitative growth and stable earnings.

Executive Vice President and Group General Manager, Civil Engineering Business Group

Fujita Ken

Assessment of Current Situation

Opportunities	<ul style="list-style-type: none"> ■ Growing floating offshore wind power generation market ■ Promotion of national disaster prevention, disaster mitigation, and national land resilience ■ Essential renewal work to maintain social capital stock ■ Security and emergency supply chain maintenance response ■ Further increase interest in decarbonization and ecosystem maintenance 	Civil Engineering Business Strengths	<ul style="list-style-type: none"> ■ Wide range of capabilities developed through the construction of many renewable energy power plants ■ Track record and technical capabilities in construction of mountain tunnels ■ Corporate culture and growth potential to create new technologies ■ Cooperation and collaboration with all kinds of internal and external organizations ■ Technology and expertise relating to the conservation and regeneration of biodiversity
Risks	<ul style="list-style-type: none"> ■ Business model centered on contract projects ■ Increases in decarbonization costs above growth rates ■ Overtime capping regulations response ■ Safety and schedule of construction work underway due to earthquakes, extreme weather, etc. ■ Price increases due to international tumult and exchange rate fluctuations 	Countermeasures Against Risks	<ul style="list-style-type: none"> ■ Active engagement in PPP business ■ Technical research and development and collaboration with manufacturers aimed at significantly reducing emissions from heavy machinery and dump trucks ■ Promote DX technology use and BPO introduction ■ Nationwide development of workplace disaster countermeasures and risk management when contracting ■ Cooperation with Corporate Administration Group on currency management

Medium- to Long-Term Strategy

In terms of the civil engineering business, there are increasing calls to deal with aging infrastructure and infrastructure damaged by frequent natural disasters, and national land resilience measures are being put into place in response. In addition, the renewable energy market is expanding in response to environmental and energy issues, and security awareness is also increasing against a backdrop of growing geopolitical risks. Therefore, we expect the order-taking environment to remain robust for the time being. On the other hand, there is an urgent need to address issues such as an aging workforce and labor shortage due to the declining birth rate and aging population, and regulations capping overtime work that will come into effect in April 2024.

Amid these societal circumstances, we are promoting strategic technology management and taking on challenges in sectors that lead to the future in order to achieve medium- to long-term sustainable growth. The aim is to hone our value-proposing capabilities and be a company that customers choose. In concrete terms, we are looking to renewable energy such as offshore wind power generation, infrastructure rehabilitation, public-private partnerships (PPP), and overseas development as main targets, as well as continuing to tackle large-scale and difficult projects. At the Civil Engineering Business Group, we want to contribute to present and future society by developing differentiated technologies and active investment.

- ① [PPP Business] We take on the challenge of PFI and concession projects with the aim of contributing to regional development and establishing new sources of revenue.
- ② [Overseas] In addition to one-shot official development assistance (ODA) construction contracting, we are looking to develop a range of businesses, including PPP, and preparing systems (including bringing in external human resources) to systematically seek out various kinds of projects. Also, as we develop our business by making human and material investments and seeking collaborations

in growth countries and companies, we want to use that energy and expertise for regional development in Japan.

- ③ [Contributing to a Decarbonized Society] We want to make progress toward significantly reducing CO₂ emissions from heavy equipment and dump trucks by working with software development companies and heavy equipment manufacturers and leveraging the expertise we have accumulated in the environmental field. Our early involvement in the renewable energy field has increased our contacts with companies and organizations beyond civil engineering contracting, and this is giving us opportunities to further enhance the value we provide.
- ④ [Technology Development] As we engage in strategic initiatives that look to the future, we aim to collaborate with external parties, including overseas parties, and develop our human resources through that collaboration.
- ⑤ [Initiatives to Raise Productivity and Reduce Labor Hours] We are promoting the further use of DX technology and the introduction of BPO. We are assessing the results of that work as we complete our construction site support systems.
- ⑥ [Organization Building and Human Resource Training] We are working to strengthen our business foundations by securing and training securing diverse and varied human resources, including foreign engineers. Also, increasing engagement with our front-line employees is a priority task. One measure is to create and horizontally deploy truly gender-free* workplaces.

* Transforming awareness and creating an environment in which all employees can not only work, but also engage in housework, childcare, and community activities without distinction between men and women, and through this, to change the way people live and work.

This fiscal year, the Civil Engineering Business Group will promote its business under the slogan, “aiming to achieve profitability and growth through continuous development.” In order to build a base to generate quantitative and qualitative growth and stable earnings, we will continue to take on the challenge of meeting society’s expectations by keeping a firm footing and embracing change as a driver, not as something to be feared.

Project Summary



Simultaneous, Close-Proximity Construction of Japan's Largest Level Pneumatic Caissons

Johoku Central Park Regulating Reservoir

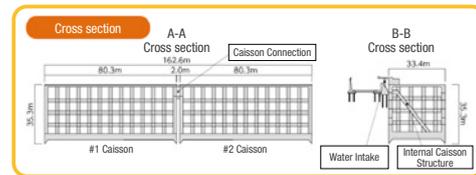
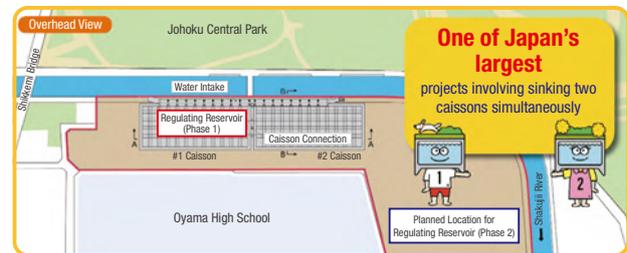
Plan Overview

The Tokyo Metropolitan Government is pursuing flood control measures, such as improving riverbanks and regulating reservoirs, in order to protect the lives and property of Tokyo residents from flood damage caused by typhoons and torrential rain.

Currently, the Shakuji River is able to handle 50 mm of rainfall per hour, but work is now underway to increase this to 75 mm. Rainfall of up to 50 mm per hour will be handled by the river system, while rainfall in excess of this will be handled by regulating reservoirs and other means.

Roads, parks, and other public spaces are to be effectively used for the building of regulating reservoirs. In this project, a site in Johoku Central Park has been chosen for the underground "Johoku Central Park Regulating Reservoir."

The reservoir will be constructed using a pneumatic caisson method in an underground box-type structure. The two caissons are among the largest in Japan, each measuring 80.3 m long, 33.4 m wide, and 35.3 m high, and are separated by a mere 2.0 m.



Construction Innovations

Narrow construction yard

A load-bearing platform was built above the construction access road that provides temporary materials storage and an additional vehicle route, thus enabling simultaneous construction of the two caissons.

Simultaneous construction 2 meters apart

As the caissons were separated by only 2 meters, there were concerns about mutual influence and subsidence. The potential impacts were studied in advance, plans were made to mitigate differences in subsidence depths, and real-time measurements and management were undertaken during construction.

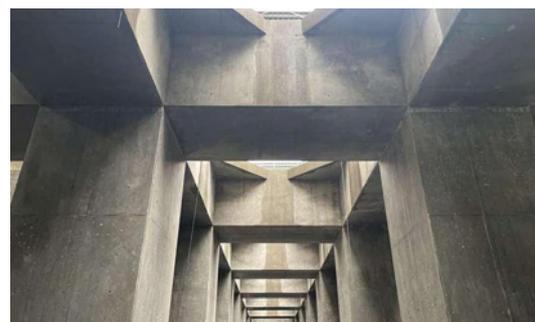
Responding to Neighbors

Since the construction site is adjacent to Johoku Central Park and a high school, an information center was established to increase understanding of the project in the neighborhood. Videos are shown and a communication robot provides explanations.

Currently, both caissons have been sunk into position without incident. Next, we are planning to start work on connecting the reservoir to the Shakuji River. We hope to apply the expertise we gained in the simultaneous construction of these two large caissons in future caisson projects.



Overall view of the site



Regulating reservoir



Strategic Business Promotion

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

Executive Vice President and Group General Manager,
Strategic Business Promotion Group

Uekusa Hiroshi

Assessment of Current Situation

Opportunities	<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 by fiscal 2030 (government GX Basic Policy) ■ Deployment of an integrated development business that includes land procurement, construction, leasing, operation/management, and sales (using private REITs) ■ Entering new markets through M&A, alliances with companies, etc. ■ Nationwide deployment of the sixth industrialization model (regional revitalization) of the agriculture sector 	Strategic Business Strengths	<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 ■ Creation of new business models through regional revitalization based on the sixth industrialization of the agricultural sector in Joso City, Ibaraki Prefecture ■ Real estate development and property expertise unavailable to investors
Risks	<ul style="list-style-type: none"> ■ Sluggish domestic and overseas real estate markets ■ Decreases in market value of held assets, profitability deterioration, foreign exchange fluctuations, rise in interest rates for funding ■ Expansion of unrealized capital gains on held real estate ■ Soaring construction costs due to rising material and labor costs ■ Deterioration of assets due to lifestyle changes ■ Rapid changes in political and economic conditions and tightening of regulations in countries invested in ■ Delays in development of governance structure relating to domestic M&A and alliances with overseas companies ■ Employee retirements 	Countermeasures Against Risks	<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 ■ Bolster effective use/replace assets to eliminate unrealized gains ■ Use and share business data acquired by Head Office and group companies to improve safety and productivity ■ Maintain and improve governance of group companies domestically and overseas ■ Build organizations in which individual growth is linked to results

Medium- to Long-Term Strategy

Six years have passed since the Strategic Business Promotion Division was established, during which time net sales before consolidated elimination have grown from 40 billion yen to over 100 billion yen.

This fiscal year we began operating with a new organizational system, comprising the Domestic Investment and Development Business, the Global Business, the GX (Green Transformation) Business, and the Domestic Group Business, under which we are continuing to work on completing past challenges and preparing for the future.

Domestic Investment and Development Business

■ Co-creation with Building Construction and Civil Engineering

With highly profitable development projects, in particular land adjustment projects, redevelopment projects, and such, we are planning and working on building construction and civil engineering co-creation models that are suited to the nature of the projects. In particular, we are aiming to expand the regional revitalization model implemented in Joso City, Ibaraki Prefecture, nationwide.

■ Promoting construction of our new Head Office building (the TODA Building)

We will undertake steadfast leasing activities leading up to the building's completion next fiscal year, differentiating the building by promoting ART POWER KYOBASHI and the best seismic resistance in Japan.

■ Preparing to launch our private REIT

We are progressing with a project to launch a private REIT, with the aim of further expanding business investment and creating a new business that is not limited to leasing and sales. We have been approved for registration as an investment advisory and agency business by the Financial Services Agency. We have used this to convert assets to a private fund, and are undertaking other preparations for the launch of the private REIT.

Global Business

■ Strengthening our overseas construction business

We are aiming to gain the loyalty of Japanese customers overseas by strengthening cooperation with our Building Construction Group and Civil Engineering Group and providing seamless customer service both in Japan and abroad, and using M&A to build profit structures.

■ Strengthening our overseas investment

We are conducting ongoing research and analysis, which includes using outside organizations, to optimize our business and asset portfolios, while making investments with the goal of boosting and stabilizing earnings.

GX Business

■ Floating offshore wind power generation business

We are working with the Civil Engineering Group and the Innovation Group to assess future business structures through the Goto PF business.

■ Strengthening other renewable energy businesses

We are taking on a full range of initiatives aimed at building new profit structures. These include promoting energy management in cooperation with the Building Construction Group, securing and using our own renewable energy sources (PPA), and pursuing the second phase of the Brazil land-based wind power generation project.

Domestic Group Business

■ Building a robust closed loop

We will use M&A and review group company operations to bolster sectors where we are lacking (planning and design, operations and management, construction trading companies, facilities, etc.). Also, we are taking a close look at factors such as profitability, performance, and future prospects when making choices and selecting points of concentration.

Project Summary



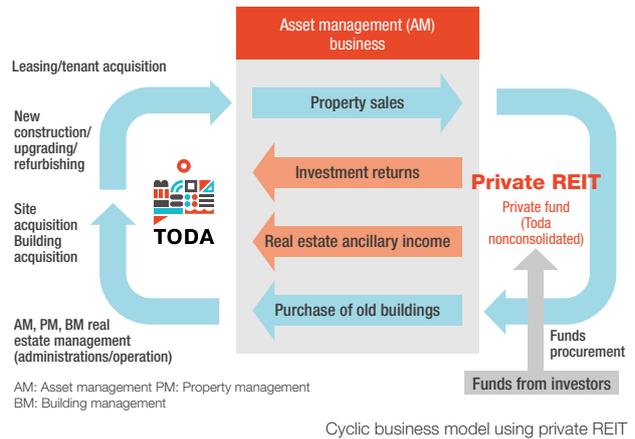
Private Fund/Asset Management Business

Initiative to create a private REIT by 2025

The Strategic Business Promotion Group is steadily advancing efforts toward the formation of a private REIT in 2025, which was announced in the summer of 2022.

In January 2023, we launched the private fund business by forming private fund No. 1, with our company as the sponsor. In June of the same year, we registered as an investment advisory and agency business, which allows us to fully engage in the asset management business.

Going forward, we will form a second fund and establish an asset management company that will be in charge of our private REITs. In preparation for this, we are hiring and training the necessary human resources to perform the work, preparing the organizational structure, and securing related certificates and permissions. Through our private fund and private REIT business, we aim to grow our real estate business and further expand our united three-part business model comprising building construction, civil engineering, and investment and development.



Agriscience Valley Joso

Creation of new regional revitalization based on the sixth industrialization of agriculture

We are participating in Agriscience Valley Joso, a town development project covering approximately 45 hectares around the Joso Interchange on the Ken-O Expressway, which opened in February 2017. The project aims to achieve the sixth industrialization of agriculture uniting primary, secondary, and tertiary industries.

Agriscience Valley Joso consists of approximately 14 hectares of agricultural land and approximately 31 hectares of urban areas. Profitable large-scale horticulture facilities and tourist farms are being developed in the agricultural area (about 30 times the production output in one third the area).

In urban area, on the other hand, industrial sites for companies that process and distribute agricultural products have been established. A roadside station opened in April 2023 that will serve as a sales outlet, and in May of the same year, Tsutaya Bookstore Joso Interchange, operated by our group as a franchise, opened. We had been expecting 1 million visitors per year, but so far the numbers have far outstripped our expectations. The number of visitors during the Golden Week holiday period, for example, placed it fourth among tourist facilities in the prefecture. An onsen facility with natural hot spring waters is currently under construction, and with its completion in fiscal 2024, even more visitors are expected.

As a group, we are creating an integrated, one-stop business by engaging not only in the construction business but also in the real estate and facilities management businesses. The project is having a beneficial ripple effect throughout the region, through job creation, increased tax

revenue, revitalization and development of local agriculture, population growth, and other benefits. This has made it a model regional development project that is attracting the attention of local governments across the country.



Bird's-eye view of Agriscience Valley Joso



Agriscience Valley Joso opening

Tsutaya Bookstore Joso Interchange



Innovation/Research and Development

Innovation/Research and Development

We aim to expand the “new possibilities” of the Toda Group by engaging in innovation and research and development in anticipation of social changes and provide “customer value” that will open up a new era for our customers.

Executive Vice President and Group General Manager, Innovation Group

Toda Morimichi

Innovation Group System

In March 2022, Toda Corporation established a new Innovation Group 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 Group. The mission of the Innovation Group is to provide appropriate solutions to society (which is to say, customers) by meticulously responding to customer issues amid the ever-changing social climate. To this end, we will engage in formulating strategies, conducting technology research and development, and commercializing technologies developed in-house.

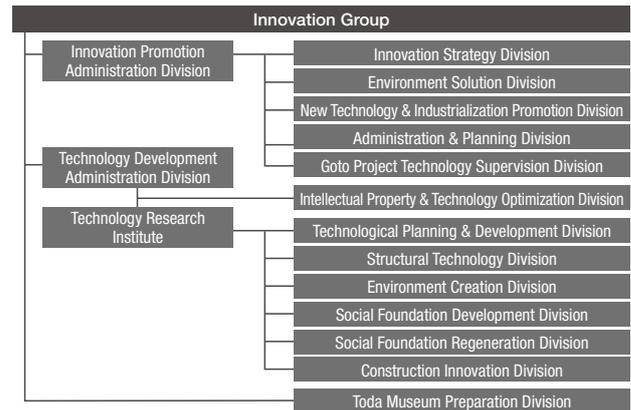
The Innovation Group is made up of two major functional organizations: the Innovation Promotion Administration Division and the Technology Development Administration Division. The Innovation Promotion Administration Division has the following set of functions: Investing in start-ups with the possibility of future growth, generating business from within the company, promoting the company’s environmental activities and communicating their status to society at large, and commercializing new technologies.

The Technology Development Administration Division consists of two sub-organizations. The Technology Research Institute performs technological research and development related to construction and civil engineering, while the Intellectual Property & Technology Optimization Division

works to better centralize technology development information and promote company-wide optimization to more effectively use intellectual property and limited business resources.

Also, we support the development of large-scale technology in the floating offshore wind power generation business and develop comprehensive business strategies for offshore wind power generation, including fixed-foundation offshore wind power generation.

Organizational Structure (as of May 1, 2023)



Efforts to Create 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 realized differentiated value. In fiscal 2023, we plan to invest 5.16 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. In fiscal 2020 we began operating a corporate venture capital (CVC) fund with an upper limit of up to 3 billion yen over three years. It invests in startup companies not only in the building 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.

In a new initiative, in 2023 we launched an in-house accompanying venture program for employees themselves to turn business ideas into businesses. Ten teams have been selected from 63 applicants to take on and commercialize solutions for issues being faced by the construction industry or by customers.

Elsewhere, we have concluded a comprehensive cooperation agreement with Shimokawa Town in Hokkaido.

As a model project for regional revitalization, we will collaborate on various initiatives aimed at building the town’s appeal.

Also, with the progressive use of our development technology, we are aiming to create a robot-friendly environment in which humans and robots coexist in harmony.

Meanwhile, we operate the Tsukuba Research and Development Center as a base for research and development, conducting testing of cutting-edge technology at facilities including the Green Office Building.

In order to enable more customers to gain a deeper understanding of our technologies, we are actively working on ways to make our technologies more visible and attractive. We are also developing and actualizing advanced technology in the construction of the new Head Office building, which is scheduled for completion in fiscal 2024.



Current progress on the construction of our new Head Office building. (June 30, 2023)

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 Office Building” aimed at carbon-negative* 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 are also assessing 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 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 highway deck slab replacement.

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

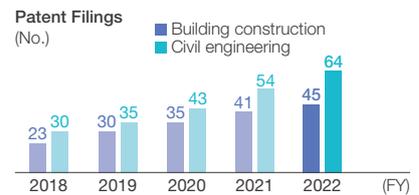


Green Office Building (Completed May 2021)

* 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.

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 Administration Division” to promote the strategic use of intellectual property.



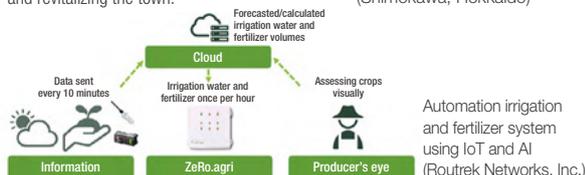
Examples of Developed Technologies

Taking on Rare Summer Strawberry Cultivation Rooted in the Region Comprehensive Cooperation Agreement with Shimokawa, Hokkaido

In July 2023, we signed a comprehensive cooperation agreement with Shimokawa Town, Hokkaido, aimed at regional revitalization. We are leveraging the know-how developed by TODA Noubou to cultivate rare sweet summer strawberries. In addition, we have begun to work on agricultural and welfare cooperation, forestry, and renewable energy, with the aim of becoming part of the community and revitalizing the town.



Summer strawberry cultivation (Shimokawa, Hokkaido)

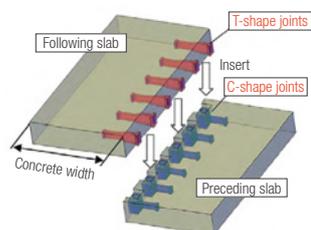


Shortened Construction Times for Large-scale Road Bridge Renewals The “Suisui C&T Method”

This method uses a new slab-joining technology for replacing aging slabs on older road bridges. The T-shaped joints of the following slab are inserted into the C-shaped joints embedded in the preceding slab, and a special mortar is injected into the joint to seal the slabs together. This method reduces construction times by about 20% compared to conventional methods. This has earned us the Engineering Achievement Award, which is given to groups that have contributed to the development of the engineering industry.



East Nippon Expressway Yubari River Bridge construction





TOPICS Overseas Business

MTL-NEW LAND PROJECT (Thailand)

Establishing the Global Business Administration Division

In accordance with our Overseas Basic Policy formulated in 2022, local subsidiaries involved in construction, which had been administered by former International Branch, were integrated into the Strategic Business Promotion Group and merged with local subsidiaries involved in investment that were already managed by the Strategic Business Promotion Group. Then in March 2023, the Global Business Administration Division was launched within the Strategic Business Promotion Group.

Concentrating internal resources has created a system that enables us to strengthen governance through unified management and to roll out single-vector measures. The division will promote the growth and improved profitability of local subsidiaries and invested companies, etc., to achieve further expansion of our overseas business.



*PT Tatamulia Nusantara Indah: Hereinafter referred to as TATA.

Growth Strategy in the Overseas Business

Making TATA a subsidiary in Indonesia has bolstered our management resources in Southeast Asia, which we consider a key area in our overseas business development. We are continuing to help Japan-based companies expand overseas while at the same time expanding the building construction, civil engineering, and investment and development businesses through localization and synergies with local subsidiaries.

In our real estate business in the U.S. we are expanding operations while also generating cash through the sale of real estate holdings and playing a role in contributing funds to other areas.

Also, we are leveraging the geographic and human networks of our subsidiaries and using strategic M&A to diversify our business, supplement the management resources of existing local subsidiaries, and stabilize management.

Growth Strategy Foundations (Southeast Asia/North and South America)

Overseas business key areas going forward

Oceania

- Secure business bases in developed countries with growth potential

Toda Asia Pacific Pte. Ltd. (provisional)

- TATA governance response
- Optimize management resources such as human resources
- Establish governance structures consistent with host countries

Southeast Asia

- Support Japan-based companies as they expand overseas
- Expand construction and development businesses via partner company synergies (take on civil engineering projects)
- Promote localization of Thai, Vietnamese management

Global business headquarters

Japan

- Formulate and deploy effective strategies
- Allocate domestic resources overseas as appropriate, train human resources
- Fully establish and engage in necessary governance
- Link with each business division, share leading technology and know-how

Generate steady cash flow

North America

- Expand income gains through the investment business
- Possibly provide business funding to other areas
- Respond flexibly in consideration of economic trends, etc.

Shift to new business models

South America

- Develop new areas of business by leveraging the potential (natural resources) of the area

Project Summary



Further Business Expansion in Indonesia

Acquiring Additional Shares of Leading Indonesian General Contractor to Make It a Subsidiary

TATA is a company engaged in the construction business in the Republic of Indonesia. In October 2020, we made it an equity-method affiliate (with an approximate 40% stake), and in September 2022, we made it a subsidiary by acquiring additional shares from existing shareholders (for a 67% stake post-acquisition).

Making this leading Indonesian company a subsidiary enables us to utilize the management resources and know-how of both companies and raise our presence in the country's growing markets. We also aim to promote growth and expand earnings at an early stage, not only in the construction business but also in the investment and development business.



MONUMEN PATUNG GARUDA WISNU KENCANA (Indonesia, Bali)

Gama Tower (Indonesia, Jakarta)

Company Overview

Name	PT Tatamulia Nusantara Indah
Location	Sapta Mulia Center, Jl.Rawa Gelam V Kav.OR-3B, Jakarta 13930 Indonesia
Established	December 1984
Type of business	General construction, frame fabrication/processing, real estate industry, hotel industry

Participation in Logistics Facilities Business in Arizona, U.S.

In March 2023, we acquired a multi-tenant logistics warehouse (lease floor area: 6,825 m², RC construction flat roof, completed December 2022) in Phoenix, Arizona, U.S. TSMC, the largest semiconductor foundry company, has built a plant in the area, drawing in a large number of other businesses as well. There is, however, a shortage of logistics facilities. Our entry into this business both contributes to the local community and expands our business.



2453 West Parkside (Arizona, U.S.)

Major Construction in Fiscal 2022



ONE GALAXY MIXED USED DEVELOPMENT SURABAYA PHASE 1 (Indonesia)

Construction: RC, partial S
 Scale: (Residential) 33 stories (Commercial) 5 stories, 2 underground floors
 Floor area: (Total) 397,500 m² (Residential) Approx. 148,500 m² (Commercial) 130,000 m² (Parking) 105,000 m² (Machinery rooms, etc.) 13,500 m²
 Use: Mixed-use facility (residential/commercial)



AN NAM MATSUOKA GARMENT FACTORY PHASE 3A, 3B (Vietnam)

Construction: RC, partial S
 Scale: 1 story
 Floor area: 23,486 m²
 Use: Factory (garment manufacturing)
 *Design and construction



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 (Côte d'Ivoire)

Construction: RC
 Scale: 4 stories, no underground
 Floor area: 10,375.09 m²
 Use: Hospital (136 beds)

Materiality 01

Urban Development that Supports Prosperous Lifestyles

Towns
Building towns that brighten lives



In order to create resilient towns and buildings, the Toda Group draws on its experience and technology to carry out the building construction business. By staying at the side of the people who live there, we work to revitalize these communities, including promoting 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.

Building Smart Energy Complex Cities

Public-Private Partnership (PPP) Project for “Echizen City Smart City”

We are working on a sustainable urban development project around the Echizen-Takefu Station on the Hokuriku Shinkansen line, scheduled to open in spring of 2024. The project draws on the history, traditions, culture, and rich natural environment of Echizen City to create functions and structures capable of generating various innovations, and thus form a city that adapts to societal changes and enables all people to continue to live and work in comfort. As part of this initiative, we joined forces with startup companies

in the “Idea Co-Creation Contest for Solutions to Local and Social Issues” in 2022, and continue to assess future trials and business collaborations with the winning companies.



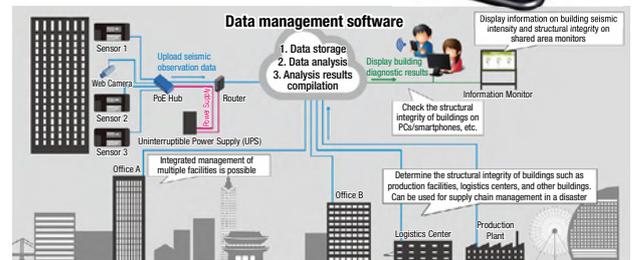
Improving Resilience of Towns and Buildings

“Yurekanchi” Seismic Monitoring System

We manufactured our original Yurekanchi sensors in 2016, and have installed them in a large number of customer facilities. Yurekanchi sensors in buildings measure the acceleration of an earthquake when it occurs, and send the data over the internet to cloud storage. The magnitude of the quake is calculated on cloud servers and compared to past disaster data in order to assess the soundness of the building. The assessment results can be easily viewed on a PC or smartphone.

Yurekanchi sensors measure seismic data around the clock at over 100 facilities across the country. Keeping

installation costs to a minimum allows the system to be widely deployed.



System Overview

Contributing to Further Enhance the Value of Medical Services

Hospital BCP Support System “Kikimi Yell”

When a hospital is facing a business continuity crisis due to an earthquake or other natural disaster, this system provides information to hospital staff via smartphone about infrastructure and facility damage, ELV operation restrictions, and other information. We developed the system in collaboration with Bunnyhop Inc. The system is linked to our Yurekanchi seismic monitoring system and provides visualization of the status of infrastructure in an emergency to help keep the hospital running. Also, the system can help prevent the spread of infectious diseases by providing body temperature monitoring information (compatible with COVID-19).

Going forward, we are looking at deploying the system not only to hospitals, but also to other buildings used by educational and public facilities, etc. where BCP measures are important.



Normal Mode

BCP Mode (major earthquake)

Materiality 02

Infrastructure Development in Harmony with the Environment

Social Infrastructure
Ensuring safe and secure infrastructure for lasting safety



The Toda Group undertakes technological development to extend the service life of infrastructure, etc. Meanwhile, with a view to the next generation, we engage in activities to help improve disaster prevention and mitigation capabilities and provide support for disaster recovery and reconstruction.

In addition, we take biodiversity into account and work actively to conserve forests.

Bolstering the Seismic Resistance of Infrastructure

Seismic Reinforcement Work on Takase Bridge and Five Other Bridges on Takamatsu Expressway

The aim of this project is to bolster the seismic resistance of all six bridges between the Mitoyo-Tossaka and Sanuki-Toyonaka interchanges on the Takamatsu Expressway. The expressway opened in 1987, making the infrastructure about 36 years old. A range of different seismic reinforcement methods were selected for each bridge to ensure that each of them can be quickly restored to functionality in the event of an earthquake, such as a Nankai Trough quake, of intensity “6 Lower” or “6 Upper” on the Japanese seismic scale.



Before Construction



After Construction

Improving Disaster Prevention/Mitigation Capabilities with a View to the Next Generation

Neyagawa Northern Underground River Shirokita Shaft Construction

Rapid urbanization in the Neyagawa River basin in Osaka Prefecture has dramatically transformed rainwater runoff patterns. At the same time, river widening and other renovation work has effectively become impossible due to the progress of urbanization. The project aims to reduce flood damage and other issues by making an underground river in the northern part of the Neyagawa River part of the river improvement planning, and using the underground space as a drainage channel and regulating reservoir. This project involves the construction of a shaft for the development of the underground river with the deep underground utilization.



Nature Positive and Biodiversity Conservation

Creation of Local Native Plant Biotope “Tsukuba Regeneration Village”

We have established Tsukuba Regeneration Village, a biotope with an area of about 500 m² comprising local native plants, on the grounds of the Tsukuba Research and Development Center (Tsukuba City, Ibaraki Prefecture). The aim is 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 habitat space for the wildlife consists of water areas, grassland, and woodland, and we have confirmed the presence of some of Ibaraki Prefecture’s semi-endangered insects, such as yellow damselflies, Shoryo grasshoppers, and jewel beetles. We have also observed 16 species of birds, including the arrival of spot-billed ducks at the ponds, as



Bird’s-eye View of Tsukuba Regeneration Village and Green Office Building

well as varied tits and long-tailed tits in the grass and trees.

This biotope serves to “connect to habitat and growth environments for wildlife” and “form an ecological network that harmonizes with the local landscape.”

30by30 Alliance for Biodiversity and TNFD Information Disclosures

We are a participant in the 30by30 Alliance*¹, and as part of this, our Tsukuba Research and Development Center is preparing to register land owned by the company centered on Tsukuba Regeneration Village as a “Nature Symbiosis Site*².” In addition, in preparation for “Nature-related Financial Disclosures” under the TNFD*³ that was scheduled for issue in September 2023, we have started to assess and analyze risks and opportunities, and are promoting ongoing biodiversity conservation activities aimed at achieving both business- and nature-positive activities.

*1 Volunteers that support the objective of effectively conserving at least 30% of both land and sea areas as healthy ecosystems, with the ultimate goal of halting and reversing biodiversity loss by 2030.

*2 An area certified by the government as one in which “private-sector efforts are being made to preserve biodiversity.”

*3 The Taskforce on Nature-related Financial Disclosures (TNFD) is an international organization established to develop corporate risk management and disclosure frameworks for natural capital, etc.

Special Features

The Value Creation Story

Strategy for Value Creation

Materiality-Based Initiatives

Realizing a Decarbonized Society



One of the materialities (key issues) for the Toda Group is “realizing a decarbonized society,” and we are working to reduce greenhouse gas emissions in our business activities. We joined the RE100 initiative in 2019, and are challenging ourselves to increase renewable energy usage to 50% by 2040 and 100% by 2050. In fiscal 2022, our renewable energy usage rate was 61.7%, meaning we had reached our 2040 target well ahead of schedule. We are now working toward the 100% target and contributing to the expansion of renewable energy generation facilities by seeking to procure renewable energy with additionality.*1

*1 Procurement method believed to be effective in encouraging the installation of new renewable energy generation facilities.

Disclosure of Information Related to Climate Change 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. We use the 4°C scenario (RCP 8.5 scenario*3, etc.) and Well-below 2°C (1.5°C) scenario (NZE scenario*4, etc.) in our scenario analyses and integrate the results into our business activities and financial planning.

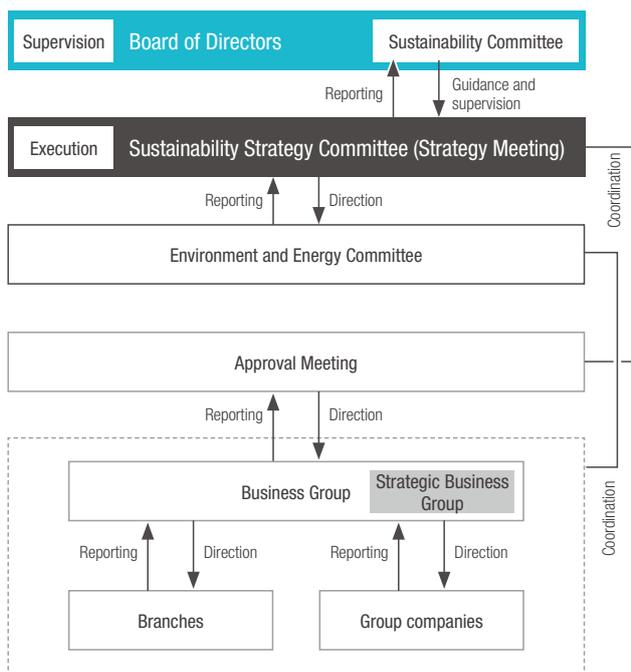
Governance/Risk Management

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*5” and “financial impact*6,” and their importance (priority) is set based on these two impact levels mentioned above.

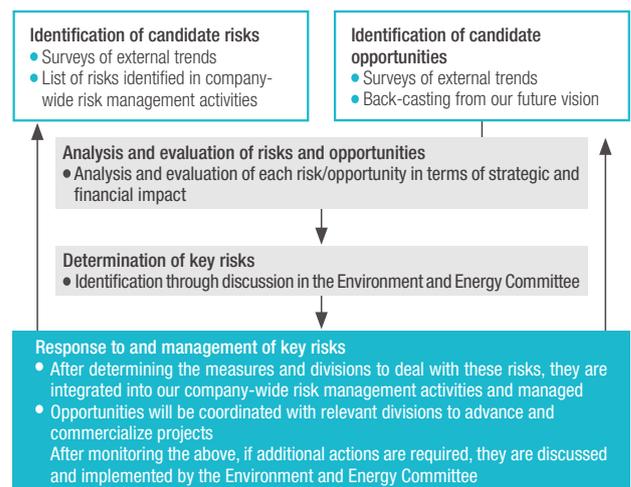
Our key risks are identified from among these risks and opportunities through discussions in the Environment and Energy Committee and reported to the Sustainability Strategy Committee. These key risks are then coordinated with the Risk Management, Financial, Corporate Planning, and Public Relations divisions,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

The Board of Directors receives reports on climate change-related matters from the Sustainability Strategy

Framework for Addressing Climate Change-Related Issues



Process for Managing Risks and Opportunities Associated with Climate Change



*2 Financial Stability Board (FSB) task force on the disclosure of climate-related financial information.
 *3 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 Net Zero Emissions by 2050 (NZE) transition scenario presented by the International Energy Agency (IEA). An ideal outlook, it is a scenario in which net zero CO₂ emissions are achieved by 2050 and the increase in temperature is limited to less than 1.5°C.
 *5 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).”
 *6 Evaluated based on the thresholds of the amounts set in “Income, Expenses, Assets and Liabilities, and Others” in the Risks and Opportunities section.

Committee and discusses them at Sustainability Committee meetings as necessary to oversee the progress of efforts to address climate change-related issues.

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 analyses conducted from short-term, medium-term (fiscal 2030), and long-term (fiscal 2050) perspectives, we have identified our company’s risks and opportunities in terms of climate change and assessed their financial impact. 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.” The results of the scenario analyses confirm that our business would benefit from aiming for a “Well-below 2°C,” or even better, a “1.5°C”

society, based on the NZE scenario. Strategies and financial plans for responding to these risks and taking advantage of opportunities are appropriately woven into our business strategy, which includes the Medium-Term Management Plan 2024 Rolling Plan.

In order to balance our business activities with the attainment of our greenhouse gas emission reduction targets, we are pursuing activities in accordance with our “Action Plan to Achieve Carbon Neutrality,” formulated in 2022.

Metrics and Targets

At Toda Corporation we have set fiscal 2030 as the target year for our greenhouse gas emission reduction target, and have acquired SBT*1 certification. The target is consistent with “1.5°C level” for Scope 1+2 and “WB2°C level*2” for Scope 3. In addition, the Medium-Term Management Plan 2024 Rolling Plan sets a reduction target for the target year of fiscal 2024 based on this SBT*3, and we are working on reductions accordingly. We have also joined the RE100 initiative and are pursuing steps aimed at achieving 100% renewable electricity for the power used in our business activities.

Greenhouse Gas Reduction Targets

	Target		Units	Reference year results*4 (FY2020)	Reporting year results (FY2022)		Target year	
				Emissions	Rate of progress	Emissions	FY2024	FY2030
Medium-Term Management Plan 2024 Rolling Plan	Scope 1 + Scope 2	Total emissions	t-CO ₂	93,600	-14.5%	80,000	-16.8%	—
	Scope 1 + Scope 2 (for construction work only)	Basic unit	tons CO ₂ /100 million yen*5	16.5	—	13.6	11.2 or under	—
	Scope 3	Total emissions	t-CO ₂ e	6.24 million	-0.8%	6.20 million	-10%	—
	Category 1	Basic unit	tons CO ₂ e/100 million yen*6	702.8	—	700.4	540.7 or under	—
	Category 11		t-CO ₂ e/m ² *7	4.9	—	2.9	3.5 or under	—
SBT/ECO First commitments	Scope 1 + Scope 2	Total emissions	t-CO ₂	93,600	-14.5%	80,000	—	-42%
	Scope 3		t-CO ₂ e	6.24 million	-0.8%	6.20 million	—	-25%

Targets for Renewable Electricity Use

	Target	Units	Reporting year results (FY2022)	Target year	
				FY2040	FY2050
RE100	Ratio of renewable energy electricity usage	%	61.7	50	100

Scenario Analysis Results

Outline of Envisioned Future Society

<p style="text-align: center; background-color: #00bcd4; color: white; padding: 5px;">Under 2°C (1.5°C) Scenario (NZE scenario, etc.)</p> <ul style="list-style-type: none"> 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 	<p style="text-align: center; background-color: #00bcd4; color: white; padding: 5px;">4°C Scenario (RCP8.5 scenarios, etc.)</p> <ul style="list-style-type: none"> 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
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*1 Science Based Targets. Company greenhouse gas reduction targets in accordance with the levels required by the Paris Agreement.

*2 A target well below 2°C (Well below 2°C), between the 2°C and 1.5°C levels

*3 We have adopted a system in which greenhouse gas reduction target attainment is linked to executive compensation. (See P. 66–67)

*4 Due to changes in the calculation boundaries resulting from M&A in fiscal 2022, emissions from the reference year (fiscal 2020) and on were recalculated when calculating the fiscal 2022 results.

*5 Emissions per 100 million yen of construction completed

*6 Emissions per transaction value of construction materials

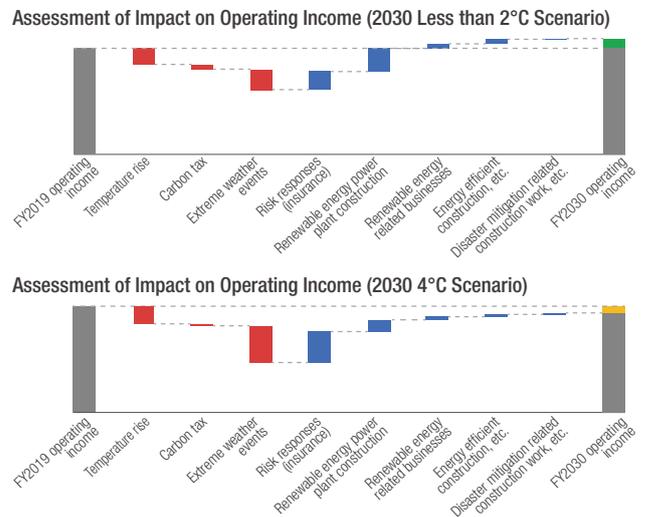
*7 Emissions per square meter of completed gross floor area

Key Parameters Used in the Scenario Analyses

		Present	2030		Remarks / Source
			4°C world	Well-below 2°C (1.5°C) world	
Carbon price	Carbon tax	289 yen/ton CO ₂	45 dollars	140 dollars	IEA WEO 2022 (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	3.9 EJ	3.5 EJ	3.2 EJ	IEA WEO 2022
Expansion of renewable energy sources	Solar and wind power generation (excluding roof-mounted)	45.5GW	76.6GW	111.2GW	Outlook for Energy Supply and Demand in FY2030 (Agency for Natural Resources and Energy)
	Floating offshore wind power generation	—	<10GW	10GW	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 Well-below 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 business strategies, including the Medium-Term Management Plan 2024 Rolling Plan.



Climate-Related Material Risks and Response Measures

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

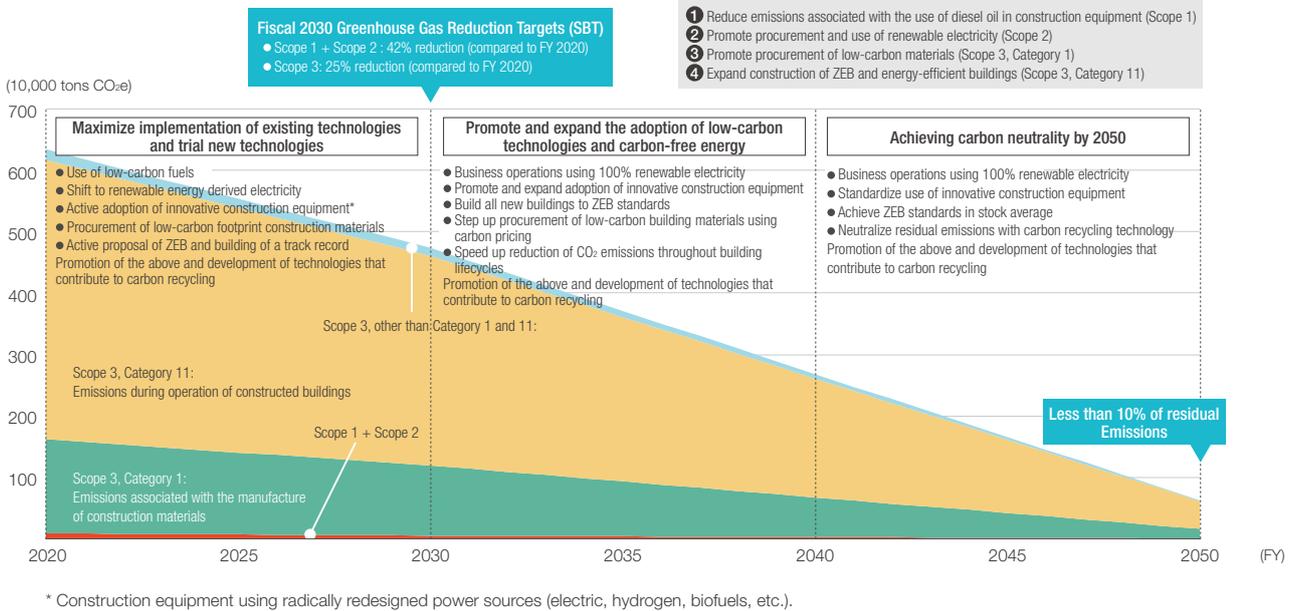
Risk / Opportunity category			Major items	Time axis	Examination of risks and opportunities	Measures to responses to risks and opportunities	Areas of impact on strategy
Risks	Physical	Chronic	Temperature rise	Medium/Long	<ul style="list-style-type: none"> Decreased work productivity and increased health 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 	<ul style="list-style-type: none"> Supply chain / Value chain R&D-related investments
			Risk of floods, etc.	Short/Medium/Long	<ul style="list-style-type: none"> Damage to owned real estate due to risk of floods, etc. 	<ul style="list-style-type: none"> Assessment of risk of floods, etc. on owned real estate and when purchasing real estate Flood control measures and acquisition of appropriate insurance 	<ul style="list-style-type: none"> Adaptation and mitigation activities
	Transition	New regulations	Changing client needs	Short/Medium/Long	<ul style="list-style-type: none"> Risk of lost sales opportunities due to insufficient ability to propose low-carbon design/construction technologies 	<ul style="list-style-type: none"> Promotion of identification and procurement of low carbon products Low-carbon building material R&D and expansion of applications Promotion of low-carbon construction through TO-MINICA 	<ul style="list-style-type: none"> Supply chain / Value chain R&D-related investments
			Carbon price	Medium/Long	<ul style="list-style-type: none"> Increased construction costs and reduced construction investment due to higher carbon prices 		
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 activities R&D to achieve carbon-negative building construction 	<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 	<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, and commercialization of same Concentration of resources and development of construction technology in floating offshore wind power generation 		
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 	<ul style="list-style-type: none"> Products / Services Adaptation and mitigation activities 			

Action Plan to Achieve Carbon Neutrality

Action Plan Summary

We aim to achieve carbon neutrality in our business activities by fiscal 2050, and we are working to reduce greenhouse gas emissions with a focus on the following road map and

four activities. We are also working to neutralize (using forest-derived absorption and carbon removal technologies, etc.) the less than 10% of residual emissions outside the value chain, in accordance with the SBT Initiative's Net-Zero Standard.



Slagrete®70 Receives EcoLeaf Certification

Jointly developed by us and Nishimatsu Construction Co., Ltd., Slagrete® uses granulated blast furnace slag, a by-product of steel mill blast furnaces, as a cement substitute. This reduces CO₂ emissions that occur during concrete production.

Slagrete®70 (nominal strength of 40*1) obtained EcoLeaf*2 certification from the Sustainable Management Promotion Organization (SuMPO) in April 2023.

This is the first time in Japan that a raw concrete product has been recognized under this program. Using EcoLeaf-certified building materials earns points in LEED certification*3 for structures, an added value that can boost the value of real estate.



Use of Slagrete®70 for pressure-resistant slabs in the TODA Building

*1 Concrete strength classification as specified by JIS A 5308

*2 A certification program operated by SuMPO. It visualizes quantitative environmental information over a product's life cycle using the Life Cycle Assessment (LCA) method. SuMPO Environmental Label Program <https://ecoleaf-label.jp/english/>

*3 Leadership in Energy & Environmental Design. A voluntary system for third-party certification of a building's environmental performance, run by the U.S. Green Building Council.



EcoLeaf Declaration

Reduced Carbon Concrete Structures with Slagrete®

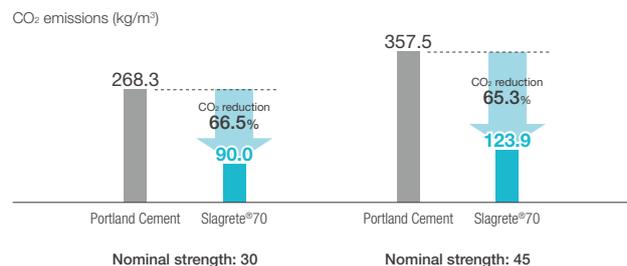
Currently, the Slagrete® lineup consists of the products shown below. The lineup enables building, structure, and infrastructure projects to use building materials that generate less CO₂ during manufacturing suited to the particular application and area, and thereby helps achieve Scope 3 Category 1 reductions.

In addition to helping to realize a carbon-free society, Slagrete® contributes to a recycling-oriented society by making effective use of by-products to reduce the intake of limestone resources for making cement.

Slagrete® Lineup

Category	Major applications/areas	Estimated CO ₂ emission reduction
Slagrete®70	Parapets, foundation beams, pressure-resistant slabs, retaining walls	65%
Slagrete®BA (equivalent to furnace cement type A)	General upper building construction	21%
Slagrete®BC (equivalent to furnace cement type C)	Piles	62%

Examples of CO₂ Emission Reductions in Concrete Manufacturing



Reduction of Construction Waste

Waste Plastic Initiatives

Plastic is widely used for construction materials and packaging, etc., which leads to the generation of plastic waste at construction sites. Reducing the large volume of generated and discarded plastic waste and promoting recycling are issues that the construction industry must tackle.

We are active in implementing measures such as high-level sorting and sales for profit. At the construction site of a large logistics facility in the Kanto region, we improved recycling by sorting out certain soft plastics that could be profitably sold after on-site intermediate processing. To facilitate this sorting, we also used IoT technology with smart waste bins (*Sma-go*) that were equipped with solar panels and batteries. These could automatically compress

soft plastics and reduce their volume to approximately 1/5 of the original size. This made collection more efficient and reduced CO₂ emissions from transportation.

We will continue to work to reduce waste plastic generation and promote recycling through various initiatives at other construction sites in the future.



Example of waste plastic high-level sorting



Using a smart waste bin

Development of Environmentally Friendly Technologies

Pulp Mold Material Made from Waste Paper Certified as a Noncombustible Material

We worked with Nippon Molding Co., Ltd. to improve pulp mold material made from waste paper and earn certification as a noncombustible material (NM-5548 certification).

Pulp mold material is an eco-friendly material with a low environmental impact. However, because it is highly flammable, it has been difficult to use as a building material in interiors and other applications. We solved this by introducing additives into the raw waste paper and applying flame-retardant treatment. The result is an eco-friendly building material that requires fewer fossil fuel-derived materials. It is also lightweight and stackable, which reduces CO₂ emissions from transportation and saves labor during installation. Also, because the material is molded, it can be formed into many shapes, including highly irregular surfaces that provide excellent sound-absorption qualities.

We are promoting its use in a range of properties, starting with our new TODA Building head office currently under construction.



Example of roofing material installation

Toward the Use of Biodiesel Fuel

In a first-ever experimental trial, we used a diesel fuel mixture with 30% biodiesel fuel (B30 fuel) to run construction machinery at a Kyushu Branch construction site.

Biodiesel fuel is made with oil from deep fryers and other waste plant-derived food oils. As a result, using 100% biodiesel fuel (B100 fuel) is deemed to produce zero CO₂ emissions.

However, B100 fuel is not expected to be used in construction machinery, and for this reason it is not widely used in the industry.

For this project, we received permission from Kumamoto Prefecture to blend fuels in order to conduct an experimental trial using a diesel fuel mixture with 30% biodiesel fuel (B30 fuel) to run construction machinery in cooperation with the High Purity Bio Diesel Fuel Companies Federation, Miraiju Co., Ltd., and AKTIO Corporation. We were able to complete the work without any issues, and we aim to promote the use of B30 fuel in the future.



Power generator used in the B30 experimental trial

Creating Workplaces that Are a Joy to Work In

People
Creating a vibrant
workplace



In addition to 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.

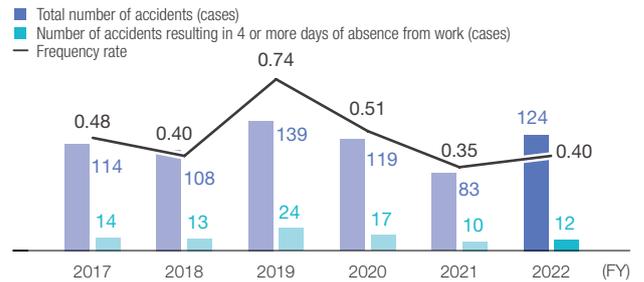
In addition, through our relationships with our partner companies, we are striving to reform working styles at construction sites, secure human resources, and create workplaces where a diverse range of personnel feel joy in their work.

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 our 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 work-style reforms.

Safety Record (Domestic Construction Business)



*Frequency rate = Index indicating the frequency of occupational accidents resulting in 4 or more days of absence from work per million total working hours.

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

At our company, the president delegates a director (or the general manager of the Safety Management Administration Division) to promote safety and health management throughout the company. In addition, we have established a Head Office Central Safety Committee made up of corporate officers, worker representatives, and other individuals to deliberate and decide on basic policies concerning occupational safety and health throughout the company.

Operating “Hiyarepo”

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 and operate the “Hiyarepo” application software, which enables more timely and accurate information collection by allowing the reporting method to be carried out from workers’ smartphones.

Operating 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 changes in working styles at workshops and safety management departments. Starting in fiscal 2022, we implemented upgrades so that forms related to safety management plans prepared by the Head Office, branches, and workshops are linked on the Safety Portal, and can be shared on the screen.

This software is sold under license.



Example of Near-Miss Reporting



Image of the Management Page

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 Up System

In June 2019, we opened the Career Up 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 are 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, 2023, CCUS business registration was 77% and CCUS technician registration was 81%, and we will continue to strengthen our cooperation with partner

companies to achieve a 100% CCUS registration rate by the end of fiscal 2023.

Construction Career Up System Registration Rate (Excluding those who do not wish to register)

	March 2020	March 2021	March 2022	March 2023	March 2024 target
Operator registration	28%	58%	73%	77%	100%
Technician registration	33%	58%	77%	81%	100%

* 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, visiting lectures and school visits, as well as support for the creation of the Riyukai official site and leaflets for students, parents and teachers. 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 Official Site

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.



3rd Japanese Speech Contest



Grant Programs for Education Promotion (Shrine gate model making)

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

Held 13 times February 2017–March 2023 | 97 grants (42 organizations, 55 companies)

2. Step-up Subsidy Program for Activities to Support the Recruitment and Training of Young Technicians

Held 4 times February 2020–February 2023 | 15 grants (5 organizations, 10 companies)

3. Subsidies for the Promotion of Construction-Related Education

Held 5 times May 2019–May 2023 | 142 grants (Grant A: 15 organizations, Grant B: 127 schools)

4. Projects to Promote Employment of Women Technicians

Held 2 times May 2017–May 2020 | 39 recipients (7 occupations)

5. Subsidy Program for the Intake of Technical Intern Trainees from Other Countries

Held 3 times February 2018–February 2020 | 26 companies, 50 trainees

6. Japanese Speech Contest for Technical Intern Trainees from Other Countries in the Construction Industry (Preliminary: First Round Essay Judging)

Held 3 times December 2020, November 2021, December 2022 | Total number of preliminary round participants: 199, Total number of finalists: 30

Improving Employees' QOL (Quality of Life) and Pursuing Rewarding and Comfortable Workplaces

Job Satisfaction Reform Initiatives

In 2023, we introduced an in-house venture program (called "GATE") largely focused on creating new businesses.

In the GATE program, employees propose new businesses to the company. For those that are approved, the company provides a certain amount of support, which can include backup, budget, or facilities, with the aim of commercializing the project or establishing a company. Employees that participate in the program may receive training and mentoring support from outside partners who are knowledgeable about the new business. A key feature of the program is that the company provides accompanying support that maintains passion and interest in the new business.

Fiscal 2023 was the first year for the project, and we began accepting applications starting in January 2023. Ten teams were invited to the second round of judging in August 2023, and of these, five have advanced to a new stage leading up to the judging scheduled for the end of the year.

The program represents a bottom-up approach with accompanying company support to foster employees' highly developed and thoughtful ideas. Through it, the company encourages employees to take on challenges in new areas, helps form a lively and energetic corporate culture, and cultivates human resources, etc. with a managerial perspective.

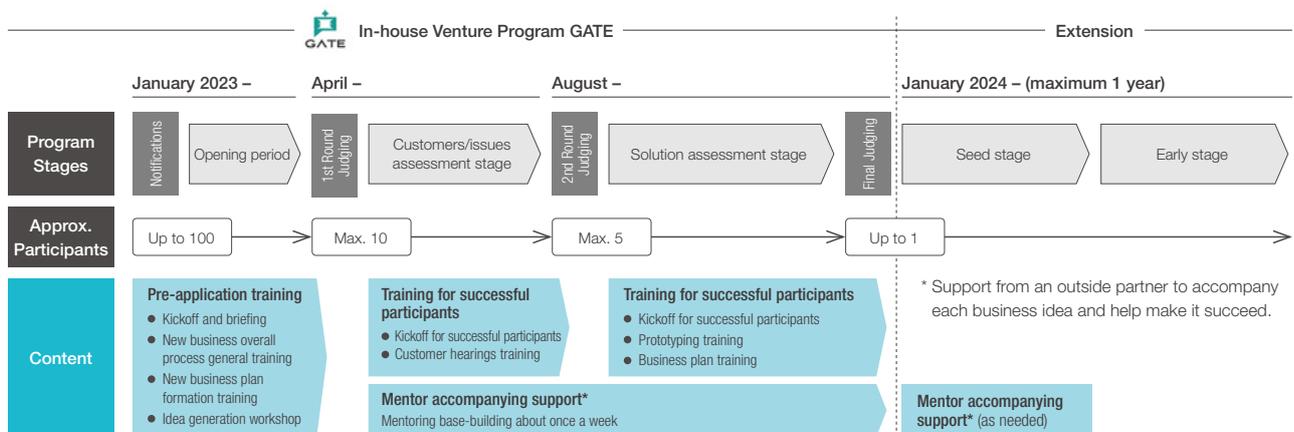
Going forward, we will continue to engage in initiatives to boost job satisfaction by creating opportunities for employees to experience meaningful work, a sense of accomplishment, and personal growth.



Kickoff meeting

Second round of judging

Overall Program



Diversity and Inclusion Initiatives

In October 2022, "Parental Leave (Postnatal Paternity Leave)" became available to employees in addition to the existing childcare leave system. Under the system, fathers who apply for leave two weeks or more in advance are eligible to take 28 consecutive days of paid leave within the first eight weeks after birth.

In addition to this, we established our own unique "Postnatal Paternity Special Leave" program, which provides for a total of 28 days of paid leave using the Postnatal Paternity Leave program. This goes beyond the legally mandated system by allowing employees to take the leave in several stages, rather than a single block. Employees can consider

their work situation, postpartum recovery, and the child's status, etc. when taking leave, and even take childcare leave in response to sudden changes in conditions.

Going forward, we will continue to provide support through guidebooks and other means to maintain a 100% uptake of male employee childcare leave.



Human Rights Initiatives

We consider respect for human rights to be a universal standard of conduct for all companies, and we support and respect all international human rights norms, beginning with the UN Guiding Principles on Business and Human Rights. We are also a signatory to the UN Global Compact and have committed ourselves to its 10 principles, including those that concern human rights, and we pursue initiatives relating to human rights in order to promote ESG-conscious management.

Human Rights Policy

Our global vision is to be “a corporate group that realizes ‘joys’.” At the Toda Corporation Group, we aim to create “joy” for customers, employees, partner companies, and society at large, and to use the pride and confidence this gives us to continue growing the company. To achieve this, we embrace the idea that people are at the center of what

we do as a company, an idea expressed in our brand slogan, “Build the Culture. Creation from ideas, rooted in passion.” Our Human Rights Policy clearly sets forth our thinking and responsibilities, based on our Group’s Corporate Philosophy and guided by the understanding that respect for human rights is a universal standard of conduct for all companies.

1 Compliance with laws, regulations, and international norms relating to human rights	2 Scope of application	3 Responsibility to respect human rights in all business activities
4 Human rights governance and implementation framework	5 Ongoing implementation of human rights due diligence	6 Correction and remediation
7 Dialogue and consultation with stakeholders	8 Education and training	9 Information disclosure

Human Rights Policy <https://www.toda.co.jp/sustainability/social/human-rights.html>

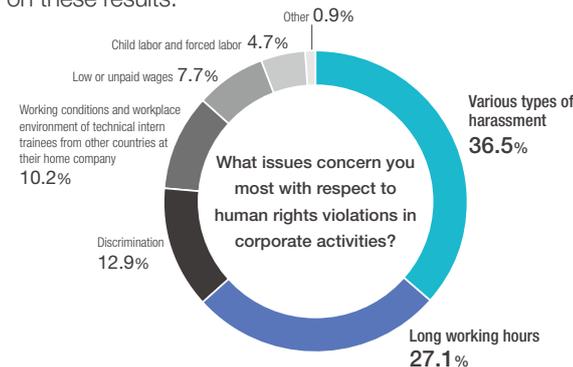
Establishment and Implementation of a Mechanism for Due Diligence on Human Rights

The Toda Corporation Group is creating and engaging in human rights due diligence processes in accordance with the UN Guiding Principles on Business and Human Rights. These are a series of ongoing processes that are based on the Toda Group Human Rights Policy (formulated in July 2022). The processes begin with the identification of human rights issues in the Toda Group value chain, and continue through to planning and implementing corrective measures, monitoring, disclosing information, and communicating with external stakeholders. We continue to cycle through this series of processes in order to maintain a sustainable business and respect human rights.

Conducting Human Rights Training for Executives and Employees

As a fiscal 2022 activity, we conducted “Business and Human Rights” e-learning training to instill understand of human rights that are affected by corporate activities. The training ran from December to January of the following year and targeted all officers and employees, including those of Group companies (and also including transferees and dispatched employees).

Approximately 5,400 people participated in this training program. Participants were asked about issues relating to human rights violations in corporate activities, and the survey responses indicated that “various types of harassment” and “long working hours” are receiving increased attention. We will continue to provide education about human rights based on these results.



Informing Business Partners and Suppliers

In order to solve societal issues throughout the entire supply chain and promote sustainability activities together with our Group companies and suppliers, we revised our Procurement Policy at the end of fiscal 2022 and formulated new procurement guidelines.

On April 1, 2023, we published our revised Procurement Policy on our official site, which is available for download along with our pamphlets.

We explained our sustainability initiatives and introduced the revised Procurement Policy to our Riyukai membership via the national Riyukai general meeting and other venues. We also distribute pamphlets to partner companies who are not Riyukai members, and in this way, we keep all our partners informed about our initiatives.

We are disseminating the Policy and guidelines within the company and to Group companies via project manager meetings at branches and other means to ensure their full implementation.

In the future, we plan to conduct surveys to confirm the status of initiatives, etc. among suppliers, particularly partner companies.

Corporate Governance

We are aware that continuous growth and raising medium- to long-term 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 to raise their effectiveness, with an eye to establishing a framework for the effective execution and supervision of business activities alongside ensuring transparent and healthy management practices and strengthening compliance.

Formulation of Basic Policy for Corporate Governance

Our company believes that the key elements of corporate governance are, in addition to ensuring transparency and fairness in management, making effective use of the management resources that we possess and expanding our management capacity through speedy and emphatic decision making. We are working to fully implement all these elements, and the ideas are instilled in our Basic Policy for Corporate Governance, which was formulated in August 2015 and which lays out our basic approach, framework, and operations policies for corporate governance. The policy was later reviewed and revised in December 2021 with the publication of the revised Corporate Governance Code in June 2021.

Board of Directors and Business Execution System

Toda Corporation uses the “Company with a Board of Company Auditors” system, one of the institutional systems described in the Companies Act of Japan. The Board of Directors makes decisions on important management matters and oversees the execution of business operations by corporate officers, while auditors and the Board of Audit & Supervisory Board Members oversee the execution of duties by directors and others. In addition, we endeavor to improve the speed and efficiency of management decision-making by appropriately delegating decision-making to corporate officers selected by the Board of Directors, to the extent allowed by the law.

The number of directors on the board was reduced after the 2022 general meeting of shareholders. As of July 1, 2023, the board has seven members (three internal directors and four independent outside directors), with a majority of outside directors.

Board of Directors Status of Activities

▶ Meetings and Attendance

In principle, the Board of Directors meets once per month and each fiscal quarter to make decisions on important management matters and oversee the execution of business operations. In fiscal 2022, the board met 17 times. Attendance for all board members was 100%.

Board of Directors Attendance

Role	Name	Meetings Attended	Attendance Rate	Committee Responsibilities
Chairperson of the Board (Representative Director)	Imai Masanori	17/17	100%	Personnel and Compensation Committee Sustainability Committee Chair
President and Corporate Officer (Representative Director)	Otani Seisuke	17/17	100%	
Executive Vice President and Director	Yamazaki Toshihiro	13/13	100%	
Outside Director	Amiya Shunsuke	17/17	100%	Personnel and Compensation Committee Chair Sustainability Committee
Outside Director	Itami Toshihiko	17/17	100%	Personnel and Compensation Committee Sustainability Committee
Outside Director	Arakane Kumi	17/17	100%	Personnel and Compensation Committee Sustainability Committee
Outside Director	Muroi Masahiro	13/13	100%	Personnel and Compensation Committee Sustainability Committee

▶ Major Matters of Discussion at Board Meetings

The Board of Directors makes decisions on important management matters of the Group and oversees the execution of business operations by corporate officers. In fiscal 2022, in addition to the standard matters to be decided according to the Companies Act, the Board of Directors discussed and made decisions on a number of important management matters. These included medium- and long-term management plans, sustainability policies, asset transfers and investments above a certain size (mainly in the investment and development business), and the restructuring of subsidiaries.

In concrete terms, the board actively debated, discussed, and approved the following proposals: in May, the Medium-Term Management Plan 2024 – Rolling Plan; in June, the acquisition of additional shares of PT Tatamulia Nusantara Indah, a general construction company in Indonesia, to make it a subsidiary; in July, the formulation of a human rights policy; in August, initiatives to engage in the asset management business and form a private REIT; in December, the conversion of two Japanese subsidiaries into wholly owned subsidiaries; and in February, revisions to procurement policies. In addition, following the evaluation of the effectiveness of the Board of Directors of the previous fiscal year, the board frequently receives progress reports on the new TODA building business, overseas business, and renewable energy business, which are three priority management businesses as identified by the Board of Directors, as well as on dialogue with institutional investors. The members of the board, especially the outside directors, then provide meaningful feedback on these reports.

The executive side undertakes investment screenings in advance for important investment proposals that are brought up for discussion at Board of Directors meetings. These screenings evaluate the merits of a given investment based on a risk-weighted hurdle rate and internal rate of return (IRR), so as to enable management to emphasize the cost of capital and return on capital. In addition to hearing reports on these investment screening results, the Board of Directors determines if the return on invested capital (ROIC) for each business segment exceeds the weighted average cost of capital (WACC), and engages in rigorous debate about the importance of an initiative within the overall business portfolio, before making decisions that aim to improve the efficiency of investments across the company.

Personnel and Compensation Committee

We have established a Personnel and Compensation Committee consisting of five directors, including four outside directors. Its purpose is to assess the eligibility of candidates for important positions (directors, audit & supervisory board members, corporate officers, branch general managers, etc.) and the appropriateness of compensation for directors and other officers, and to report the results to the Board of Directors. In addition, the Committee is responsible for hearing management succession plans from the president and reporting to the Board of Directors as necessary.

The Committee met six times in fiscal 2022. It debated, deliberated, and otherwise dealt with a number of matters, including renewal of the performance-linked share-based compensation system for directors, the appropriateness of basic and performance-linked compensation, etc. for directors, the eligibility of corporate officer and branch general manager candidates, and the next-generation management personnel development plan.

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.

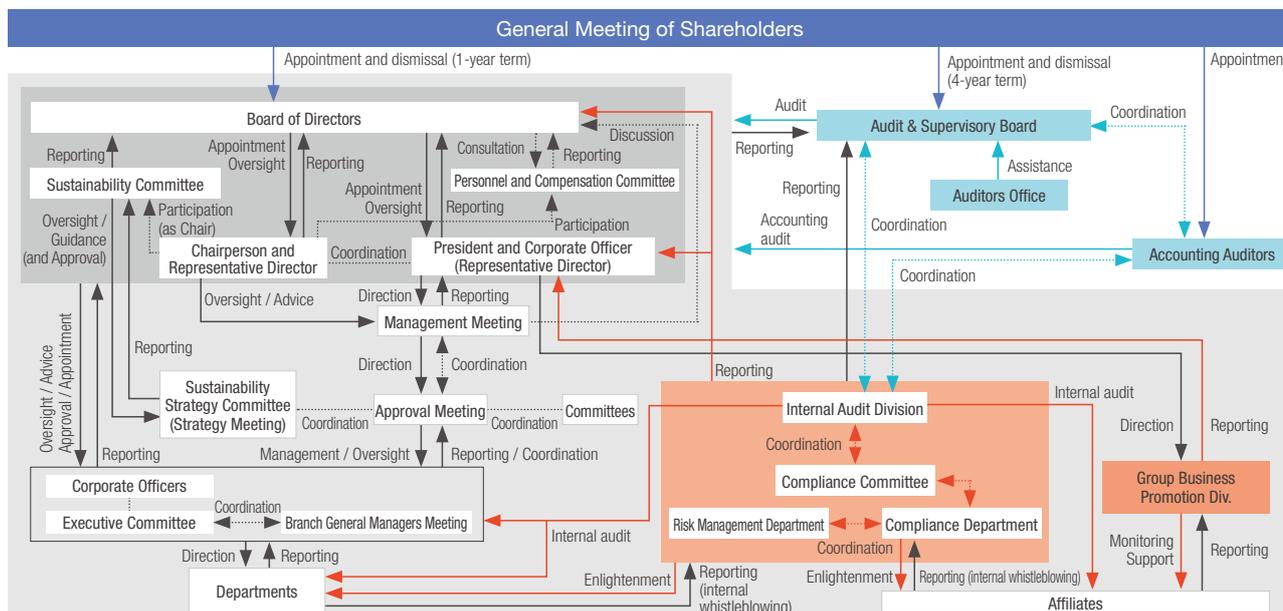
The evaluation of the effectiveness of the Board of Directors for fiscal 2022 (April 2022 to March 2023) was carried out according to the following procedure.

1. Purpose: Analyze and assess the effectiveness of the Board of Directors as a whole and reflect the results in initiatives for the next fiscal year
2. Procedure:
 - 1 Survey (all seven board members, five audit & supervisory board members)
 - 2 Interviews with all outside directors
 - 3 Third party (lawyer) review
 - 4 Report and discuss the results of the Board of Directors effectiveness evaluation

Overall Survey Results

- There were 47 questions with a five-point achievement scale. Of these, 39 had an average score of 4 or higher. In particular, "Overall effectiveness," "Board of Directors management contribution," "Number of Board of Director meetings," and "Dialogue and feedback with investors" all scored the highest, at 4.8 points. On the other hand, "Oversight of next-generation management personnel development plan" was the only item to score 3.5 or lower.
- Overall, evaluations improved over the previous year. In particular, "Overall effectiveness," "Consistency in awareness of the board's authority functions," "Transfer of authority from oversight to execution," "Board member composition (number, ratio, balance)," and "Information provision to outside directors" all had large improvements of 0.5 points or more. On the other hand, "Mutual understanding between each board member and executive" was down slightly.

Corporate Governance Structure (as of September 1, 2023)



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

► **Addressing Issues from the Previous Year’s Effectiveness Evaluation Results**

Notes in square brackets (“[]”) describe status of response.

1 Operational innovations for the new Board of Director configuration (majority of outside directors)

[After the purpose of the new board configuration (three internal and four outside directors) was shared, the role of the Board of Directors and operational methods to improve its effectiveness were discussed. Flexible operational methods, such as participation of appropriate corporate officers in explanations and reports of executive matters, were trialed. Also, the newly established Board of Directors Office provided improved administration.]

2 Knowledge acquisition and discussion for review of the governance structure

[A lecture was given by an outside lawyer in order to prompt discussion about the ideal form the Board of Directors should take based on a common understanding of basic board member knowledge and governance trends.]

3 Oversight of next-generation management personnel development

[A goal is for the president to regularly report (at least once a year) on the next-generation management personnel development plan to the Personnel and Compensation Committee, and such reporting took place once in fiscal 2022, in November.]

4 Full discussion of important agenda items

[The company provided an unofficial forum (directors’ roundtable) in order to have a venue for varied and flexible discussions about medium- to long-term strategies, and open discussions were held in a timely manner throughout the year.]

► **Survey Results: Content of Discussions (Importance and Volume)**

The Board of Directors was asked to rate, on a scale of 1 to 10, the importance and actual volume of discussion of the following eight items. These items were stipulated as priority agenda items in the Board of Directors Operation Policy for fiscal 2022.

1 Medium- to long-term growth strategies (including overseas strategy)

2 Human resource strategy

3 Technology strategy

4 Financial strategy (medium- to long-term business investment, capital procurement)

5 Sustainability initiatives (ESG+B)

6 Supply chains

7 Management that encourages medium- to long-term investment (Shareholder returns, cross-shareholdings, dialogue with investors, takeover defenses)

8 Review of governance structure

The results showed that the eight items were rated high in importance, from 8.5 to 9.9, while discussion volume was rated from 5.6 to 7.3. “Medium- to long-term growth strategies,” “human resource strategy” and “technology strategy” showed the biggest gaps. Of these, outside directors were particularly critical of the volume of discussion for “human resource strategy.”

► **Third-Party Review**

For the third-party evaluation this year, we presented the results of the surveys and interviews to an outside lawyer with expertise in corporate governance. This lawyer reviewed our effectiveness evaluation methods and the issues derived from the evaluation results.

Most companies assess the effectiveness of boards of directors with written surveys only. However, the third-party review concluded that our use of more appropriate and effective methods, including interviews with outside directors, and the actual frank and unreserved comments from our board members and members of the Audit & Supervisory Board, ensured that our assessment method was effective.

The four issues for this fiscal year were as follows: “Full discussion of priority agenda items,” “augmenting

communication with corporate officers,” “ongoing discussion of how to implement the governance structure,” and “putting into practice oversight of succession planning.” With regard to “augmenting communication with corporate officers” specifically, concern was expressed about the lack of communication between outside directors and corporate officers due to the decrease in the number of internal directors, as well as the need for opportunities to exchange opinions with corporate officers. As for “ongoing discussion of how to implement the governance structure,” various opinions were expressed about the number of internal directors and the need to review the institutional design, and opinions were expressed about the need for ongoing discussion.

► **Results Summary**

- In fiscal 2022, our Board of Directors underwent a major change in its configuration, and we tackled various tasks in light of this, including operational innovations for the new board and expanding discussions.
- As a result, the overall effectiveness of the Board of Directors in fiscal 2022 was found (by all directors and auditors) to have improved significantly.
- On the other hand, several parties said that improvements are still needed in terms of succession planning initiatives, full discussions within the board (including holding roundtables), and communication with the executive side.

► **Future Tasks**

In order for us to achieve sustainable growth and increase corporate value over the medium to long term, it is extremely important to improve the effectiveness of the Board of Directors, which is responsible for overseeing our operations. With this in mind, it has been concluded that the following four tasks must be undertaken.

1 Have full discussions about the important agenda items

2 Augment communication between outside directors and corporate officers

3 Have ongoing discussions about the form institutional design should take

4 Put into practice oversight of succession planning by the Personnel and Compensation Committee

► **Including Tasks in the Board of Directors Operation Policy**

We have included our responses to the four tasks based on the above-described effectiveness evaluation results in our FY2023 Board of Directors Operation Policy. For the first of these, the following seven items will be taken up as important agenda items. They will be systematically discussed at board meetings and board roundtable discussions (free discussions that take place after the official board meetings).

Priority Agenda Items

1 Sustainability

2 Medium- to long-term strategies

3 Human resource strategy

4 Technology strategy

5 Financial and investment strategies

6 Review of governance structure

7 Succession planning (by the Personnel and Compensation Committee)

Board of Directors Support System

As a Prime Market-listed company, there was a need to enhance our corporate governance. We therefore established a new Board of Directors Office in October 2022, tasked with supporting the operation of the Board of Directors, which has consisted of a majority of outside directors since June 2022. A full-time staff member is responsible for secretarial duties for the Board of Directors, and actively pursues measures that help improve the effectiveness of the board. For outside directors, the office provides opportunities to supply and explain board meeting documents prior to meetings and facilitates the timely provision of information. In addition, the office is responsible for planning and running the aforementioned roundtable discussions, and also undertakes secretarial duties for the Personnel and Compensation Committee.

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 assists 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 Audit & Supervisory Board or in accordance with advice sought from auditors designated by the Audit & Supervisory Board. 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. 71-72 for attendance records of the Personnel and Compensation Committee, Board of Directors meetings for each director, and Audit & Supervisory Board meetings for each auditor in fiscal 2022.)

Enhancement of Internal Controls

In March 2014, Toda Corporation established a unit in charge of risk management administration 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 and May 2023, we revised the above basic policies and took steps to enhance the internal controls of the 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 2022 result)

Board Member Category	Total Amount of Compensation
Directors (14 people)	286 million yen (of which, 5 outside directors, 48 million yen)
Audit & Supervisory Board Members (5 people)	71 million yen (of which, 4 outside auditors, 50 million yen)

Note: The figures above include 57 million yen recorded as expenses for share-based compensation to directors (excluding outside directors).

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 the 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 driving 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.

Compensation Structure

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

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

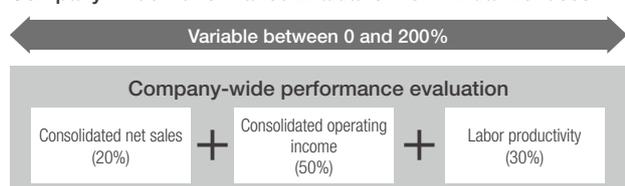
Bonuses are provided to raise awareness of the need to improve performance each fiscal year. The performance evaluation period is one year and payment is made at a certain time each year.

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%).

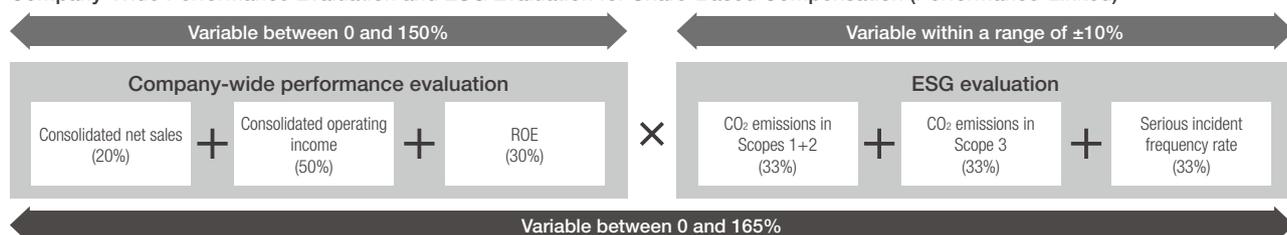
The indicators for company-wide performance will be operating income (weighted at 50%), labor productivity (weighted at 30%), and net sales (weighted at 20%). The amount paid will vary between 0 and 200% of the standard amount, depending on the achievement of targets for these indicators.

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



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



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.

As of fiscal 2022, there are 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.

Misconduct and Corruption Prevention Management

► Structure

The Toda Group's misconduct and corruption prevention efforts are managed within the corporate governance and compliance structures. In 2015, we established the "Head Office Compliance Committee," formerly the "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 promote 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 misconduct and 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 addition, starting in fiscal 2023, we are reassessing our risk management system, identifying risks from a company-wide perspective at the beginning of each fiscal year and reforming the system to share across the entire organization risks designated as those that should be actively managed by the company, according to risk information from the "risk management activities" undertaken by both departments and construction sites. 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 the Toda Group conducts business, are considered to be regions with high levels of misconduct and corruption risk on a global scale. In addition to regular misconduct and corruption prevention management and risk assessment, we provide expatriate personnel with explanations of misconduct and corruption risks, including bribery, as part of their training prior to overseas assignments.

Education for All Officers and Employees

The department in charge of compliance at Head Office conducts various training programs to raise awareness of

compliance, including prevention of misconduct and corruption (e.g. bribery, bid rigging, abuse of superior bargaining positions, etc.), and to improve knowledge of laws and regulations relating to our business operations. In fiscal 2022, too, we continued to disseminate information on recent issues related to compliance, such as the prevention of misconduct and corruption, and our compliance system, through face-to-face training for all branches and Group companies and various training programs requested by individual divisions.

We also use an e-learning system to provide training on compliance, including prevention of misconduct and corruption (e.g. bribery, bid rigging, abuse of superior bargaining positions, etc.) 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 the Toda Group Corporate Code of Conduct and other related regulations, established and operated a reporting and consultation service (corporate ethics hotline), 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.

Promoting Constructive Dialogue with Shareholders

Toda Corporation is establishing systems and working to promote constructive dialogue with our shareholders, as set forth under our 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.

As a means to engage in dialogue other than individual meetings, we hold financial results briefings twice a year for investors and analysts, in addition to briefings for individuals as needed. Also, we conduct a shareholder survey once a year in order to get a picture of shareholder opinions, particularly those of individual shareholders.

IR Activities Results

	FY2022
Results briefings	2
Corporate briefings (for individual investors)	1
Individual meetings, etc.	51

Communication with Our Stakeholders

Society is facing an increasingly difficult set of challenges, including climate change. By contributing to the resolution of a variety of issues through our business, the 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 / Official site • Customer center service and Support • Customer Satisfaction Survey (undertaken in fiscal 2022) 	<ul style="list-style-type: none"> • Provision of buildings that meet customers' expectations • Timely and fair 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"> • Annual General Meeting • Corporate report / Official site • Financial results briefings • Individual meetings 	<ul style="list-style-type: none"> • Held annually in June / Return of profits commensurate with performance • Timely and fair 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 / Official site • Labor-management conferences • Training and seminars • Employee Satisfaction Survey (undertaken in fiscal 2021) 	<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 • Business Partner Satisfaction Survey (planned for fiscal 2023) 	<ul style="list-style-type: none"> • Fair business and co-creation relationship • Training of young technicians • Improving productivity
Local communities and external organizations 	Through our business activities, we will contribute to the development of 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

Risk Management

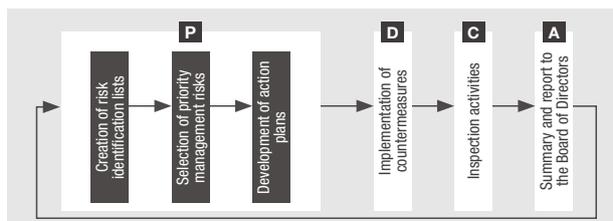
In order to enhance the safety and efficiency of Toda Group's operations, we have established a framework to appropriately identify and assess internal and external risks related to our business and manage them accordingly. Going forward, we will continue to implement appropriate risk management, including 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

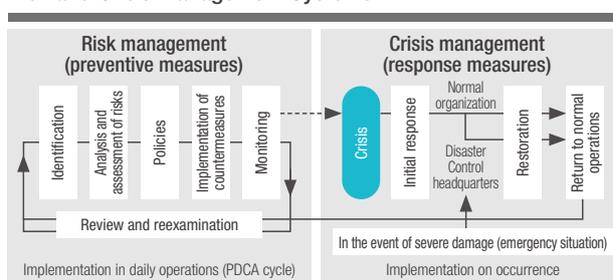
We have instituted a Crisis Management Basic Manual as a set of action guidelines for risk and crisis management shared across the company. With the President as the ultimate responsibility, each department throughout the company shall be responsible for identifying risks that may have a significant 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 in the event that a risk manifests. The Compliance Committee works with the Legal & Risk Management Division on the development, operation, and promotion of this system, reports on risk inspection activities, and regularly submits summary reports based on internal audits to the Board of Directors.

* Refer to "Corporate Governance" on p.64 for an overall view of the risk management system, and "Information Disclosure Based on TCFD Recommendations" on p.53 for information on the climate change risk management system.

Company-Wide Risk Management Activities



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 can occur at any time. These include not only natural disasters such as earthquakes, windstorms and floods, and volcanic eruptions, but also global outbreaks of infectious diseases and similar. 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.

- 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 Drill

In the 18th annual drill for the fiscal year 2022, the 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 damage that could occur in the event of a Mt. Fuji eruption, while also testing and strengthening the decision-making process of the Control Headquarters. 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. We have continuously worked on improving our BCP, and our commitment to social contributions has been highly praised. Currently, we have achieved the acquisition of the Gold Logo.

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

Directors/Audit & Supervisory Board members Note: Attendance records for Board of Directors and Board of Corporate Auditors are for FY2022.

 <p>Imai Masanori Chairperson and Representative Director</p> <p>Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p> <p>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</p>	 <p>Otani Seisuke President and Representative Director Chief Executive Officer</p> <p>Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p> <p>Career June 2020 Director, Toda Corporation April 2021 President and Representative Director, Toda Corporation (to present) Chief Executive Officer, Toda Corporation (to present)</p>	 <p>Yamazaki Toshihiro Director Executive Vice President Group General Manager, Corporate Administration Group</p> <p>Attendance at Board of Directors meetings: 100% (13 out of 13 meetings)</p> <p>Career March 2021 Assistant General Manager, Management Administration Division, Toda Corporation Group General Manager, Corporate Administration Group, Toda Corporation, Senior Manager, Investment Screening Division (to present) April 2022 Senior Executive Officer, Toda Corporation June 2022 Director, Toda Corporation (to present) April 2023 Executive Vice President, Toda Corporation (to present)</p>
 <p>Amiya Shunsuke Outside Director Independent Officer</p> <p>Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p> <p>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)</p>	 <p>Itami Toshihiko Outside Director Independent Officer</p> <p>Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p> <p>Career June 2018 Outside Director, Seven Bank, Ltd. June 2018 Director, Toda Corporation (to present) June 2020 Outside Director (Audit & Supervisory Committee Member), JP-HOLDINGS, INC. (to present)</p>	 <p>Arakane Kumi Outside Director Independent Officer</p> <p>Attendance at Board of Directors meetings: 100% (17 out of 17 meetings)</p> <p>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)</p>
 <p>Muroi Masahiro Outside Director Independent Officer</p> <p>Attendance at Board of Directors meetings: 100% (13 out of 13 meetings)</p> <p>Career June 2017 External Director, MARUI GROUP CO., LTD. June 2020 Audit & Supervisory Board, The Norinchukin Bank (to present) June 2022 Director, Toda Corporation (to present)</p>	 <p>Momoi Shunji Audit & Supervisory Board Member (standing) Independent Officer</p> <p>Attendance at Audit & Supervisory Board: 94% (17 out of 18 meetings)</p> <p>Career May 2005 Senior Partner, Ernst & Young ShinNihon LLC June 2019 Audit & Supervisory Board Member, Toda Corporation (to present) June 2022 Auditor (non-executive), SBI Regional Bank Holdings Co., Ltd. (to present)</p>	 <p>Wakabayashi Hidemi Audit & Supervisory Board Member (standing)</p> <p>Attendance at Audit & Supervisory Board: 92% (12 out of 13 meetings)</p> <p>Career September 2019 General Manager, Administrative Management Division, Administration Group, Toda Corporation Advisor, Toda Corporation April 2021 Audit & Supervisory Board Member, Toda Corporation (to present) June 2022 Audit & Supervisory Board Member, Toda Corporation (to present)</p>
 <p>Maruyama Keichiro Audit & Supervisory Board Member (outside) Independent Officer</p> <p>Attendance at Audit & Supervisory Board: 94% (17 out of 18 meetings)</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>Sato Fumio Audit & Supervisory Board Member (outside) Independent Officer</p> <p>Attendance at Audit & Supervisory Board: 100% (18 out of 18 meetings)</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>Nishiyama Junko Audit & Supervisory Board Member (outside) Independent Officer</p> <p>Attendance at Audit & Supervisory Board: 94% (17 out of 18 meetings)</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>

Knowledge, Experience, and Abilities Expected for Directors and Corporate Auditors

Name	Reasons for Appointment	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	Mr. Imai plays a leading role in raising the corporate value of the Toda Corporation Group and has also been active outside the company helping to solve social issues, including environmental problems. We expect him to leverage his wide-ranging managerial experience and insight, and contribute to the sustainable growth of the group by overseeing management with an awareness of all stakeholders and strengthening the decision-making of the Board of Directors.	○	○							○	○
Otani Seisuke	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. We expect him to contribute to future-oriented medium- to long-term growth strategies and raising corporate value.	○	○	○							
Yamazaki Toshihiro	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 managed human resources, administration, safety, the ICT department, and more as the head of the Corporate Administration Group, and he contributed to the development of many investments and strategic businesses as head of the Investment Screening Division. We expect him to further contribute to strengthening financial strategies and growth investment.		○	○	○						
Amiya Shunsuke	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. Since June 2022, he has been serving as the chair of the Personnel and Compensation Committee.	○				○		○		●	
Itami Toshihiko	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 supportive recommendations from an objective perspective.				○	○					○
Arakane Kumi	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.		○			○	○				○
Muroi Masahiro	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 general management oversight and advice for improving efficiency in operations.	○		○				○			○

Note: "●" indicates chair position.

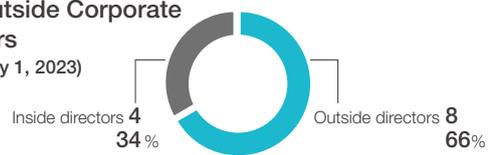
Momoi Shunji	Mr. Momoi has professional expertise as a certified public accountant and abundant experience in corporate auditing, and we believe that he will draw on this knowledge to audit the directors' performance of their duties from a fair and objective standpoint.		○	○	○						
Wakabayashi Hidemi	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.		○	○	○						
Maruyama Keiichiro	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.			○	○						
Sato Fumio	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.	○	○		○						
Nishiyama Junko	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.		○				○		○		

Attendance at Personnel and Compensation Committee Meetings (as of October 1, 2022)

Amiya Shunsuke	Chair	100% (6/6)	Imai Masanori	Committee member	100% (6/6)
Itami Toshihiko	Committee member	100% (6/6)	Arakane Kumi	Committee member	100% (6/6)
Muroi Masahiro	Committee member	100% (4/4)			

Proportion of Outside Directors and Outside Corporate Auditors

(as of July 1, 2023)



Corporate Officers (as of March 31, 2023)

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

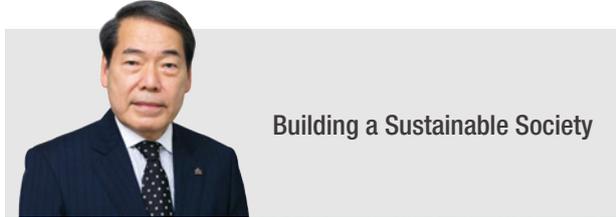
Special Features

The Value Creation Story

Strategy for Value Creation

Materiality-Based Initiatives

Messages from the Outside Directors



Amiya Shunsuke Outside Director

Our country's society and economy is facing many challenges, from a ballooning national debt and rapidly aging society to population decline, labor shortages, and declining markets. In the midst of this, Toda Corporation continues to work toward its mission to build a sustainable society, and it is proud to be second to none in its relationships of trust with customers and shareholders, its advanced technologies, and the efforts of its employees, all of which drive the company toward its mission. The company can expect robust growth in its core building construction and civil engineering businesses, and the development of the future-building renewable energy business, regional development business, and overseas business is bearing fruit. I believe that the role of an outside director is to suggest, when needed and from an objective point of view, changes and refinements to business operations and management strategies that create new value. I will continue to make use of my own knowledge and experience and work for the growth and development of Toda Corporation.



Itami Toshihiko Outside Director

With soaring prices of construction materials, labor shortages, and other factors, the construction industry environment continues to be a challenging one. In order to achieve sustainable growth and increase corporate value amid such a difficult business environment, I believe it is essential to accurately understand customer needs, propose ideas that provide 120% satisfaction, and have the superior technology to support these proposals. Toda Corporation patent filings are increasing, and the company recognizes the achievements of young designers and engineers, such as with the George Shimamoto Award. In the future, I want the company to continue to conduct research to further raise its technology capabilities and secure and develop excellent human resources, in order to share the joy of working together and produce the kinds of works that only Toda Corporation can. I will leverage all my past experience in working to make this happen.



Arakane Kumi Outside Director

It gives me great encouragement that under the new Board of Directors structure that began in fiscal 2022, we are having more discussions aimed at the further development of the company and realizing the future at which it is aiming. On the one hand, the company must respond flexibly to business portfolio strategies, the strategic allocation of management resources, and similar, in light of major global transformations. At the same time, such circumstances present an opportunity to carefully rethink how to use the company's strengths to help solve societal issues.

In order to become a company that can grow sustainably, I believe it is very important to show what kind of value the company can provide while achieving capital efficiency and ESGs together at the same time, rather than separately. As an outside director, I aim to encourage more thorough, constructive, and substantive discussions at meetings of the Board of Directors and provide effective support for growth strategies.



Muroi Masahiro Outside Director

I have now been serving as an outside director for one year. The company's Board of Directors holds in-depth discussions about how to evaluate businesses based on the cost of capital, investment strategies and business portfolios, ways to provide shareholder returns, and so on.

In addition to further strengthening its core businesses, the company must be able to conceptualize new businesses and take on bold challenges over the medium to long term in order to increase corporate value in a challenging business environment that includes soaring material prices, a shortage of skilled workers, and falling demand.

I plan to draw on my experience as a manager of a management consulting and IT company helping clients innovate their businesses, and my experience as an outside director helping to implement reforms for several Prime Market companies, to help Toda Corporation achieve value creation aimed at the future.



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

Momoi Shunji Audit & Supervisory Board Member (outside)

I have begun a new term of office after being reappointed at the annual general meeting of shareholders in June. The construction industry environment, and the environment surrounding the company, continues to be very challenging, beset as it is with soaring prices, stagnant construction investment, and other issues. 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 corporate value.



The Company's Corporate Value

Maruyama Keichiro Audit & Supervisory Board Member (outside)

As an auditor for Toda Corporation, every day I sense the seriousness of its employees. Although it is not something that is immediately apparent in financial statements and other numeric data, a serious approach to work is very important, and I believe that it enables the company to grow sustainably and meet the expectations of company stakeholders.

As a corporate auditor, I will draw on my experience as a lawyer to establish corporate governance that ensures that the Board of Directors and other bodies do not make decisions contrary to the expectations of stakeholders, monitor and oversee the execution of operations, and work for the sustainable growth of Toda Corporation.



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

Sato Fumio Audit & Supervisory Board Member (outside)

Three years have passed since I assumed the position of outside Audit & Supervisory Board member. During this time, the Toda Group has been looking ahead to the year 2050 and has evaluated various social issues and business-related challenges on the two axes of "impact on business" and "impact on stakeholders," and identified five issues as "Toda Group Materialities." Together with its stakeholders, the Group is taking on sustainability management to help build a better future society.

I have been impressed by everyone's sincere efforts in their respective positions through meetings of the Board of Directors and audits by visiting the headquarters, branches, Group companies, etc., and I will continue to monitor the effectiveness of these efforts. 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.



To Promote the Enhancement of True Corporate Value

Nishiyama Junko Audit & Supervisory Board Member (outside)

The situation in Ukraine and other uncertainties made 2022 a difficult year for the company, as prices of goods rose in all sectors. Amid all this, I traveled throughout the country in my position as outside auditor, and had the opportunity to meet many people who were taking on challenges without being afraid to change themselves.

It is precisely in difficult times that a company's brand value and technology capabilities come to the fore. My hope is that everyone will demonstrate the flexibility to quickly respond to social changes, and work toward the enhancement of true corporate value. As an outside director, I will support such efforts, and as an auditor, I will help to strengthen corporate governance and raise the effectiveness of the Board of Directors.

External Assessment/Inclusion in ESG Indexes

List of Major External Awards (FY2022) *Some awards from fiscal 2023 are also included.

Name	Host organization	Works awarded, etc.
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	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
2022 Achievement Award for Urban Renewal, etc.	Urban Renewal Association of Japan	Kanamachi 6-chome station area and Seya Station South Exit District 1 redevelopment
FY2022 "1st Town Development Award," Ministry of Land, Infrastructure, Transport and Tourism Minister's Award	Ministry of Land, Infrastructure, Transport and Tourism	Seya Station South Exit District 1 redevelopment, district in front of Hagoromo Station
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
Excellence Award, FY2022 Kanagawa Labor Bureau Director Awards	Kanagawa Labor Bureau	Seya Station South Exit District 1 redevelopment
FY2022 CFT Structures Award	Association of New Urban Housing Technology	TOKYO TORCH Tokiwabashi Tower
2022 Japan Concrete Institute Work Award	Japan Concrete Institute	Waseda University Honjo Senior High School gymnasium
FY2022 Land, Infrastructure, Transport and Tourism Award for Distinguished Service	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	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.
Selected as a Composition Stock of the FTSE Blossom Japan Index PICK UP ①	FTSE Russell (London)	Toda Corporation
3rd Civil Engineering Award (Special Prize) PICK UP ②	Japan Federation of Construction Contractors	Tottori Castle Ruins Giboshi Bridge restoration
70th Nikken Sekkei Excellence in Construction	Nikken Sekkei	Japanese Red Cross Tokyo Katsushika Perinatal Center, Miyamasu-Zaka Building
SEGES Sodate Green Excellent Stage 2 certification	Organization for Landscape and Urban Green Infrastructure	Tsukuba Research and Development Center
2022 Good Design Award	Japan Institute of Design Promotion	Tsukuba Research and Development Center "Green Office Building"
Safety and Health Award, 59th National Construction Safety and Health Convention	Japan Construction Occupational Safety and Health Association	Tokyo Metropolitan Toshima High School (31) reconstruction, Keisei Chiba Chuo West Exit new building construction, DPL Misato II new construction, Arida Kainan Road No. 5 Tunnel construction
57th Japan Industrial Advertising Award, Newspaper Category: Part 2, Section 1	The Nihon Kogyo Shimbun	Toda Corporation
Selected for CDP 2022 Climate Change A List PICK UP ③	Nonprofit organization CDP (Headquarters: London)	Toda Corporation
1st SDGs Construction Award, Ministry of Land, Infrastructure, Transport and Tourism Minister's Award	Institute for Built Environment and Carbon Neutral for SDGs	Tsukuba Research and Development Center "Green Office Building"
Selected as an Environmentally Sustainable Company in the 4th ESG Finance Awards Japan PICK UP ④	Ministry of the Environment	Toda Corporation
Selected as a CDP "Supplier Engagement Leader"	Nonprofit organization CDP (Headquarters: London)	Toda Corporation
20th Safety Award	Japan Railway Construction, Transport and Technology Agency	Toda Corporation

PICK UP ①

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.



PICK UP ②

3rd Civil Engineering Award (Special Prize)

We received a 3rd Civil Engineering Award (Special Prize) at the Nikkenren Awards 2022 sponsored by the Japan Federation of Construction Contractors for our restoration work on the Giboshi Bridge at the Tottori Castle Ruins.



PICK UP ③

Selected for CDP 2022 Climate Change A List

In 2022, we were one of 74 Japanese companies and 283 companies worldwide selected for the Climate Change A List. We are the only general contractor to have been selected five years in a row, starting in 2018. We were also selected for the second year in a row as a CDP Supplier Engagement Leader.



PICK UP ④

Selected as an Environmentally Sustainable Company in the 4th ESG Finance Awards Japan

We were selected as an Environmentally Sustainable Company in the 4th ESG Finance Awards Japan, sponsored by the Ministry of the Environment. The Toda Group continues to strengthen its ESG management initiatives and further work on solving priority issues (materiality).



Corporate Information / Share Information

Corporate Information (As of March 31, 2023)

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	6,551 (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), 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 Marissa Resort Sazanseto Suo-oshima and Riverte Kyoto Kamogawa, operation of Tsutaya Bookstore Joso Interchange)
- Toda Staff Service Co., Ltd. (personnel dispatch business)
- Goto Floating Wind Power LLC (business related to power generation and sales)
- Goto Floating Wind Farm LLC (business related to power generation and sales)
- TODA Noubou Inc. (farming agricultural products 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

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 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, 2023)

Name of shareholder	Number of shares held	Proportion of shares held (%)	Total number of authorized shares
Daiichi Shokusan Co., Ltd.	42,876,953	13.72	759,000,000
The Master Trust Bank of Japan, Ltd. (Trust Account)	34,231,900	10.95	Total number of issued shares 322,656,796
Northern Trust Co. (AVFC) Re Silchester International Investors International Value Equity Trust	13,667,100	4.37	Number of shareholders 13,671
Custody Bank of Japan, Ltd. (Trust Account)	10,897,600	3.48	
General Incorporated Association Ali	8,977,916	2.87	
MUFG Bank, Ltd	8,048,561	2.57	
Toda Hiroko	6,611,595	2.11	
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 620090811)	6,002,000	1.92	
Northern Trust Co. (AVFC) Re U.S. Tax Exempted Pension Funds	5,821,200	1.86	
Toda Corporation Business Partners Shareholding Association	5,776,684	1.84	

Note: 1. In addition to the above, the company owns 10,109 thousand shares of treasury shares.
2. The proportions of shares held are calculated excluding treasury stock.



Strategic Business Group

20-8 Hatchobori 2-Chome, Chuo-ku, Tokyo 104-0032, Japan
Phone: +81-3-3535-6140

Main overseas affiliated companies

TODA AMERICA, INC.

111 Pacifica, Suite 135, Irvine CA 92618 U.S.A.
Phone: +1-415-284-8242

THAI TODA CORPORATION LTD.

199 Column Tower 20th Floor, Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand
Phone: +66-2-261-6544 Fax: +66-2-261-6545

TODA VIETNAM CO., LTD.

10th Floor, Star Building, 33ter-33bis Mac Dinh Chi Street, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam
Phone: +82-28-6291-4129 Fax: +84-28-6291-4126

TOBIC CO., LTD.

KOVA Center 3F (SAIGON PEARL), 92G-92H Nguyen Huu Canh St., Ward 22, Binh Thanh Dist., Ho Chi Minh City, Vietnam
Phone: +84-28-3823-9326

PT.TODA GROUP INDONESIA

Sampoerna Strategic Square, South Tower 28 Floor, Jl. Jend. Sudirman Kav. 45-46, Jakarta 12930, Indonesia
Phone: +62-21-252-7897

PT TATAMULIA NUSANTARA INDAH

Sapta Mulia Center, Jl. Rawa Gelam v kav. OR-3B, Jakarta 13930, Indonesia
Phone: +62-21-460-6960

TODA INVESTIMENTOS DO BRASIL LTDA

Avenida Paulista 1079, Torre João Salem Conj. 92,
Jardim Paulista, São Paulo, S.P. BRASIL
Phone: +55-11-3287-2800



We have signed up to the RE100 initiative.



We have endorsed the recommendations of the TCFD.



We have been included on the CDP's 2022 Climate Change A List.



We have been named to the Leaderboard, the highest level in the CDP2022 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.